



# Annual Investor Update

Year ended 31 December 2022

Issued: 2 May 2023

# Agenda

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# ABP Overview





# Executive Summary

## Overview

- Associated British Ports (ABP) is the **UK's leading and best-connected port** owner and operator, with a **network of 21 port locations** handling around a quarter of the UK's seaborne trade
- ABP's ports include **Immingham, the UK's largest port by tonnage**, and **Southampton**, the nation's third largest container port, and the **UK's number one port for cruise**
- The group's other activities include a **rail terminal** (Hams Hall Rail Freight Terminal), **port maintenance and dredging** (UK Dredging), and **marine and hydrographic consultancy** (ABPmer). Each port also offers a well established community of port service providers



Image: Port of Southampton

## Key Investment Highlights

<b>Critical UK Infrastructure</b>	UK Ports play an essential role in the UK economy, handling c. 95% of international trade
<b>UK's Leading Port Group</b>	UK's largest port group with 23% of international seaborne trade
<b>Geographical Advantage</b>	21 port locations across the UK positioned on <b>key global trade routes</b> and well developed road and rail links to hinterland locations
<b>Diverse Trade Volume</b>	<b>Highly diversified</b> cargo and customer base provides resilience
<b>Contracts</b>	<b>Long dated customer contracts</b> with minimum volume guarantees or fixed revenue arrangements
<b>Strong Performance</b>	FY 2022 Group <b>Consolidated EBITDA increased</b> by 12.7%YoY
<b>Funding</b>	<b>Diversified</b> long-term debt funding through secured, covenanted financing structure
<b>ESG</b>	Public commitment to achieve <b>Net Zero</b> GHG emissions from ABP's operations <b>by 2040</b>
<b>Credit Rating</b>	<b>Investment grade rating</b> Fitch A- and Moody's Baa2

# Sponsor Overview

ABP is owned by five pension and sovereign wealth investors which share our long-term perspective, fully support our growth strategy and continued investment in the business

	Overview	AUM	Relevant Experience	Ownership
	Canada Pension Plan Investment Board is a professional investment management organisation that invests funds on behalf of its 20 million contributors and beneficiaries	C\$523bn as of June 2022	Associated British Ports Ports America Group Arco Norte Chicago Skyway Pacific National	<b>33.9%</b>
	OMERS Infrastructure is the infrastructure investment arm of the Ontario Municipal Employees Retirement System (OMERS)	C\$119.5bn as of June 2022	Associated British Ports London City Airport Chicago Skyway	<b>30.0%</b>
	Cheyne Walk Investment Pte Ltd is a unit of GIC, an investment company set up in 1981 to manage Singapore's foreign exchange reserves. Over US\$100bn of assets in more than 40 countries worldwide	\$360bn as of 2022	Associated British Ports	<b>20.0%</b>
	Wren House Infrastructure acts as the global direct infrastructure investment vehicle of the Kuwait Investment Authority (KIA). The KIA is the oldest sovereign wealth fund in the world and manages certain assets and funds on behalf of the State of Kuwait	\$738bn as of April 2022 (KIA)	Associated British Ports London City Airport	<b>10.0%</b>
	Hermes Infrastructure is part of British based fund Hermes Investment Management	£34bn of AUM and £389bn in assets under advice as of 2022	Associated British Ports Scandlines Eurostar	<b>6.1%</b>

# 2022 Business Performance and Outlook

# 2022 Key Figures

## Volumes

### Bulk Cargo Tonnage

52.4Mt (-6.9%)

56.3Mt (+14.2%)

### Unitised Cargo

3.0m units (-1.1%)

3.0m units (+1.2%)

### Passengers

2,592.2k (+240%)

761.5k (+119%)

## Financials

### Revenue

£678.2m (+14.5%)

£592.5m (+4.8%)

### Consolidated EBITDA (pre exceptional costs)

£351.1m (+12.3%)

£312.7m (+6.8%)

### Consolidated EBITDA (post exceptional costs)

£349.5m (+12.7%)

£310.2m (+7.4%)

### Consolidated EBITDA Margin (pre exceptional costs)

51.8% (-1.0%)

52.8% (+1.0%)

## Covenant Ratios

### Interest Cover

2.39x

2.18x

### Leverage

(pre exceptional costs)

6.50x

6.72x

### Leverage

(post exceptional costs)

6.53x

6.77x

FY2022 (vs FY2021)

FY2021 (vs FY2020)

Source: ABPA Holdings Annual Report and Accounts, Investor Report and company information

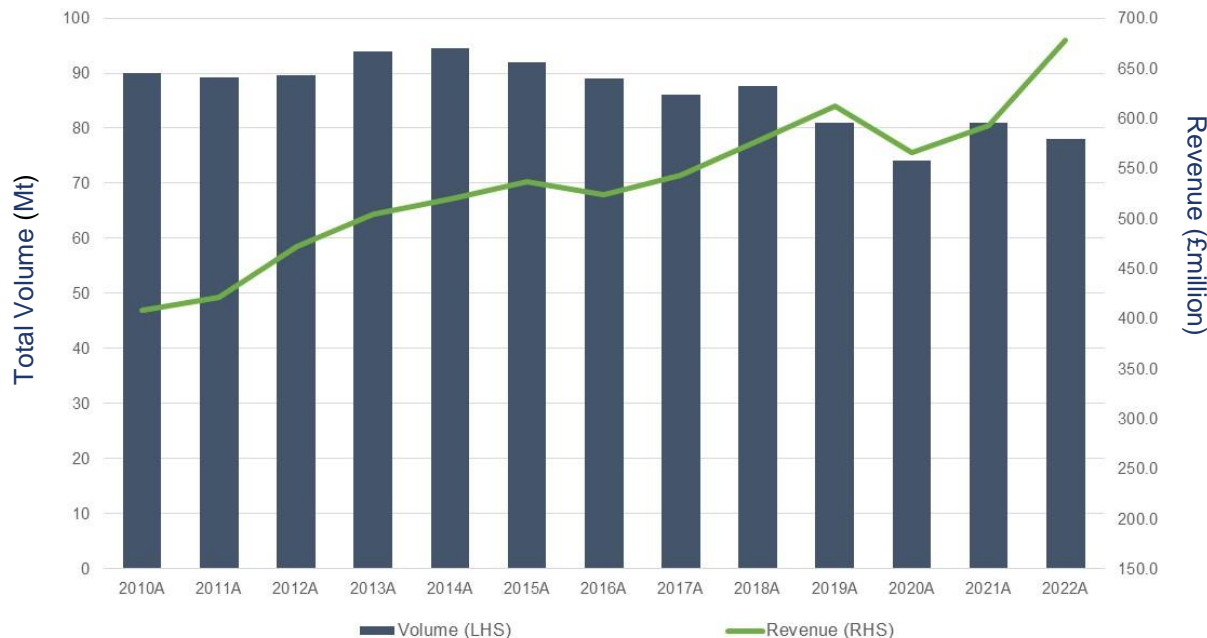


# Revenue Growth and Underlying Volumes

## Long-term volumes (excludes Ferry & Cruise passengers)

- ABP revenue is highly resilient to changes in volumes, with total volume decreasing over the last 10 years but revenues have continued to grow.
- The decrease in volumes reflects the significant decrease in electricity generation coal volumes over 2013 – 2019 that had been anticipated, underpinned by ABP’s diverse portfolio of sectors and strategy to capture new revenue streams in growth areas that represent high value but lower absolute volumes

Long-term Revenue CAGR = 5.5%  
Volume CAGR = - 1.11%



## Revenue Sources

- ABP is primarily a landlord port owner, handling certain port operations. Landlord model delivers higher EBITDA margins and lower operational risk.
- A substantial part of ABPs’ revenues relates to rents and revenues from customers that generate a guaranteed level of revenues irrespective of traffic or volumes. ABP is also the statutory harbour and river authority for most of its ports. Consequently, ABP has significant statutory revenue from pilotage & conservancy services.
- In 2022, Revenue increased by 14.5% to £678.2m (2021: £592.5m) primarily driven by an increase in cruise activity, increase in coal volumes, increase in RoRo revenue and an increase in the utility prices being charged through to ABP’s port customers.

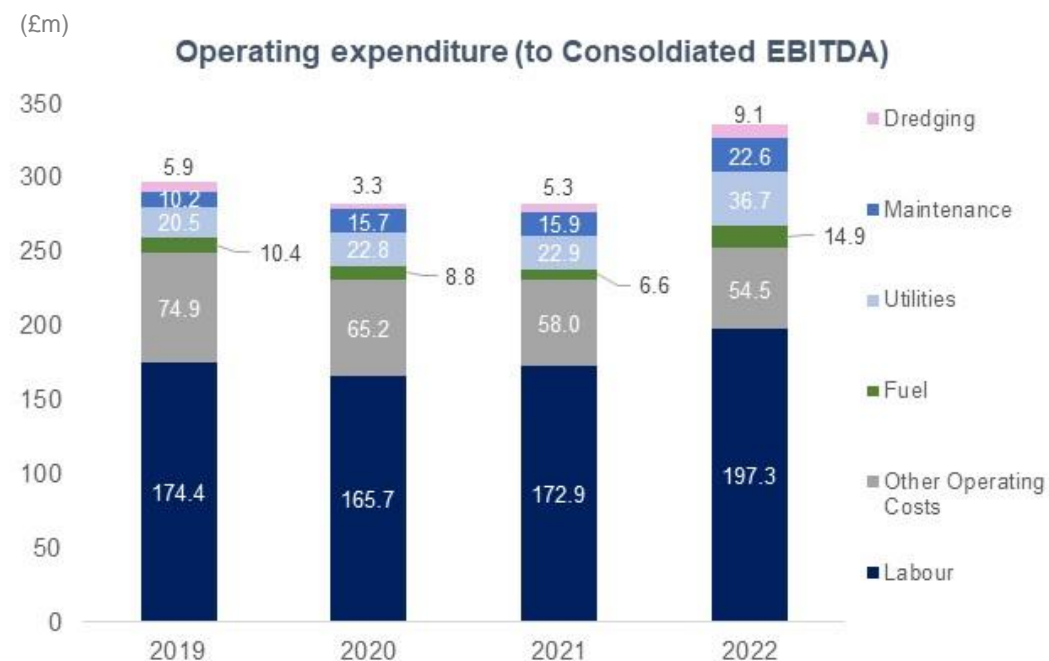
Revenue	Description	Proportion of 2022 Revenue
Property rental income	Lease of land and buildings	17%
Guaranteed Fixed	Fixed fees including access to infrastructure, service charges and other fixed fees	7%
Guaranteed Variable	Minimum volume guaranteed revenue	25%
Utility Revenue	Electricity, water and fuel supplied to port customers	5%
UKD and ABPmer	Dredging and consultancy work for third parties	1%
Statutory Authority Revenue	Pilotage & conservancy charges made by ABP	10%
Other Revenue	Includes contracted revenue over minimum guaranteed levels	35%



# Operating Expenditure and Cost Savings

## Overview

Operating costs increased significantly in 2022, reflecting increased staffing levels and higher equipment costs resulting from increased port activities. Staff costs represent 62% of operating expenditure and increased 14% from 2021 reflecting more employees, cost of living increases and ABP performance-linked compensation. Significantly higher utility and fuel costs reflected the impact of gas and oil prices across Europe.



Overall operating costs increased by 19% to £335.1m (2021: £281.6m).

## Permanent cost savings & productivity initiatives

- Throughout the last 4 years, ABP has delivered on cost saving and productivity initiatives keeping tight control of our cost base.
- Operating expenditure savings are identified recurrent savings and are in addition to one off savings of £1.9m in 2019 and £15.1m in 2020.
- Procurement savings delivered on capital expenditure.

Operating expenditure savings	£m
2019	10.2
2020	10.3
2021	9.8
2022	4.2
<b>Total group opex savings</b>	<b>34.5</b>
Procurement savings	£m
2020	6.4
2021	4.5
2022	10.5
<b>Total group procurement savings</b>	<b>21.4</b>
<b>Total group cash savings</b>	<b>55.9</b>

Source: ABPA Holdings Annual Report and Accounts, Investor Report and company information

- ABP's forecast for 2023 delivers a 7.7% increase in Revenue and a 5.3% increase in EBITDA versus 2022. This is a result of customer contract price escalation, activity growth in certain sectors and EBITDA generating capex delivery.
- Inflation impacts ABP's current and future performance through inflationary pressure on ABP's costs but also increasing revenues where a significant proportion of customer contracts are linked to either CPI or RPI. Revenue increases from price escalation are partially offset by inflationary cost pressures. ABP recently agreed a pay settlement with staff for 2023. Energy prices were budgeted based on the outlook in September 2022 when electricity prices were at all time highs. Prices have since fallen but remain high compared to historic levels prior to 2022.
- Electricity Supply Industry coal volumes, which have been unexpectedly high during 2022, are expected to decline in 2023. The strong Cruise recovery continues in 2023 with more vessel calls booked in and an increase in occupancy levels forecast by our Cruise customers. Automotive volumes are expected to see reasonable growth reflecting new business and improvement in supply chains.

As at 31 December 2022 - Financial Outlook	Actuals				Investor Report Forecast		
	2019	2020	2021	2022	2023	2024	2025
Adjusted Consolidated EBITDA <sup>1</sup> (£m)	328.1	294.0	311.9	344.2	344.2	362.2	384.3
Net Interest Payable (£m)	146.6	149.7	143.3	143.9	152.0	158.4	161.7
Ratio of Adjusted Consolidated EBITDA to Net Interest Payable	2.24x	1.96x	2.18x	2.39x	2.26x	2.29x	2.38x
Consolidated Net Borrowings (£m)	2,182.0	2,210.8	2,100.3	2,282.1	2,296.9	2,433.9	2,586.5
Consolidated EBITDA (£m)	315.4	301.9	310.2	349.5	367.9	388.2	412.2
Ratio of Consolidated Net Borrowings to Consolidated EBITDA	6.92x	7.32x	6.77x	6.53x	6.64x	6.71x	6.75x

Source: ABPA Holdings Investor Reports

<sup>1</sup>Adjusted Consolidated EBITDA is after adjustments for current tax (in 2019 and 2021 tax is a credit)

# Investment in our Ports





# Recently Completed Investments

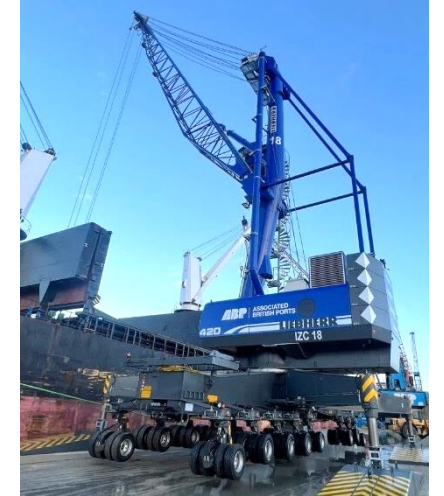
## Crane Investments - Immingham



5 year investment strategy in new mobile harbour cranes, hydraulic cranes and refurbishing existing cranes across the Humber region.

Deliveries in 2022 included a £3m investment in the world's largest hydraulic crane, the Mantsinen 300M Hybrilift which incorporates an energy storage and recovery system increasing energy efficiency by up to 50%.

2022 also saw delivery of a £9.7m investment in three new Liebherr 420 mobile harbour cranes. These new cranes utilise a hybrid system comprising a diesel generator which can run on HVO (hydrotreated vegetable oil) and the option to switch to all electric operation.



## Bulk Shed - Hull

£8m agribulk warehouse for Frontier Agriculture to import specialist grains. Grain is handled by ABP's stevedore service and investment is underpinned by a long-term contract.



## Plasterboard Manufacturing Facility - Newport

£15m investment completed in July and leased to the new tenant for fit out of their state-of-the-art port-centric manufacturing facility





# Major Projects in Progress

## Immingham Eastern RoRo Terminal

- ABP and Stena Line entered into a 50 year agreement to jointly develop a new freight terminal at the Port of Immingham.
- At the start of 2022, Stena Line relocated their Rotterdam freight service to the Port of Immingham utilising existing infrastructure and facilities at the port and new investment in an interim terminal solution in the inner dock.
- The next stage follows further investment which will see the relocation of Stena Line's remaining freight operations to the Port of Immingham in 2025. ABP is constructing a new purpose built terminal facility and jetty.

## Immingham CO2 Import Terminal for CCS



- In 2022, Harbour Energy and ABP announced an exclusive commercial relationship to develop a CO2 import terminal at the Port of Immingham.
- The terminal will provide a large-scale facility to connect CO2 emissions from industrial businesses around the UK to high-capacity CO2 geological storage sites under the North Sea.

## Immingham Green Energy Terminal



- Joint investment by ABP and Air Products announced in August 2022 underpinned by a long-term contract.
- ABP to construct a new jetty at the Port of Immingham to receive imports of green ammonia. Air Products lease land and access to the jetty to build a facility to convert the green ammonia back to hydrogen.
- First large scale facility green hydrogen production facility in the UK importing from production locations operated by Air Products and partners by 2026.
- In addition to handling green ammonia, the jetty is designed to accommodate other cargoes connected to the energy transition, including the import of liquified carbon dioxide from carbon capture for storage projects for sequestration in the North Sea.

# Enabling Offshore Wind

The UK Government has made UK based Offshore Wind manufacturing a strategic priority and is incentivising developers to source it locally. ABP is well placed to take advantage of this opportunity, by creating Offshore Wind supply chain clusters that include on-site manufacturing, pre-assembly, operations maintenance and industry research and development.

## Port Talbot - Floating Offshore Wind Hub



- The Crown Estate announced an interim target of 4+ GW of offshore wind in the Celtic Sea.
- ABP is working with partners to develop Port Talbot as a floating offshore wind manufacturing and construction hub.
- Port Talbot (as part of the Celtic Freeport bid) has recently been selected by the UK and Welsh Governments for Freeport status.

## Green Port Hull - Expansion



- Green Port Hull was a £310m joint investment between Siemens Gamesa and ABP completed in 2016.
- ABP is working with Siemens Gamesa on the scope and feasibility to expand the facility.

## Port of Barrow – Gateway to Offshore Wind in the Irish Sea



- Barrow is supporting existing Offshore Wind farms for Vattenfall and Orsted.
- Future opportunities supporting newly leased Irish Sea projects.

## Port of Lowestoft - LEEF



- Lowestoft Eastern Energy Facility (LEEF) will have capacity to support more than 10GW of Offshore Wind Construction and Operations in the southern North Sea



# ABP's Own Energy Generation & Storage

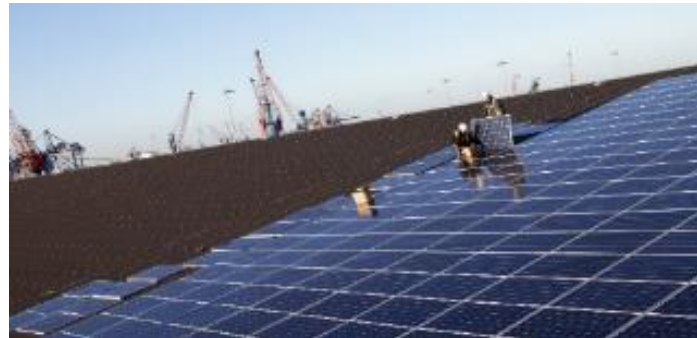
Existing 29MW of solar and wind generation capacity generated 22.5GWh of renewable energy.

Ambition is to install more than 50MW of onsite renewable generation over the next 5 years. 21 new projects in progress across 9 ports.

**Onshore Wind**



**Rooftop Solar**



**Ground Mounted Solar**



**Floating Solar**



**Energy Storage**



Significant capacity remains for renewable energy generation to be distributed across our networks and consumed by ABP and our port customers



On 31 January 2023, ABP Group acquired 100% of Solent Gateway Limited (“SGL”). Solent Gateway Limited manages and operates Marchwood Port (“MP”) through a concession agreement with the Ministry of Defence (“MOD”).

- The concession agreement to manage and operate the port was awarded to SGL and is effective for 35 years from December 2016. Concession Agreements are widely used in the global port sector.
- ABP was previously unsuccessful when bidding for the MP concession in 2014/15.
- Under the concession agreement, MOD remain in the port as a tenant under a long term revenue guarantee. SGL provides certain services to the MOD as well as being granted the capacity to develop the port commercially.
- ABP Southampton is constrained both in relation to land and berth capacity at peak times. The acquisition will provide immediate access to spare berth and land capacity (as MP is underutilised), adding c.95 acres of land which can be used commercially of which c.35 acres are already surfaced. The total site covers an area of 158 acres.
- The site includes 2 operational berths with 8m - 8.5m water depth and associated jetty, harbour cranes and significant commercial land.
- Further investment required to realise the full potential of the site. Planning approval is in place in relation to a defined landside development plan. Further approvals would be required to develop different commercial opportunities.
- STID proposal consent from lenders in April allows ABP to bring the concession agreement in to the debt ring-fence as part of the lender security package.



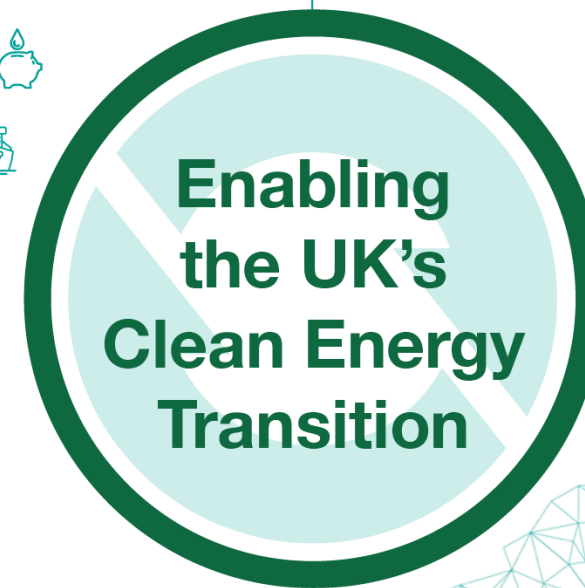
# Ready for Tomorrow



# Our contribution to a Sustainable Society

In February 2023, ABP launched its first sustainability strategy

## Ready for Tomorrow



## Decarbonising ABP

**£600m**



## Enabling the UK Energy Transition

**£1.4bn**

**£600m** to decarbonise  
our own infrastructure  
and equipment between  
now and 2040

**£2bn**

**£1.4bn** in new  
infrastructure and  
facilities supporting  
ABP customers  
involved in the UK  
energy transition



# ABP's Sustainable Ports: 5 key themes



## Net Zero

Our operations generate greenhouse gas (GHG) emissions from the fuel and electricity consumed by our vessels, equipment, vehicles, and facilities. We have a role to play in both reducing our own fuel and power consumption – and therefore emissions – and in enabling the UK's energy transition to limit the impacts of climate change.



## Air quality

Air quality is important as it affects not only our employees and customers, but also the local communities surrounding our ports. Therefore, we have a responsibility, together with the shipping lines and inland-logistics providers using our ports, to outperform national ambient air quality objectives.



## Biodiversity

Our port estate includes terrestrial and marine habitats for flora and fauna, which should be protected – and enhanced where possible. So we will seek to drive a net positive biodiversity impact from our development projects and day-to-day operations, which we will be able to measure and value.



## Waste

Our operations generate different types of waste. Partnering with our employees, we want to limit the amount of waste created, ensure we segregate and recycle as much of it as possible, and minimise the amount that ends up being incinerated or in landfills.



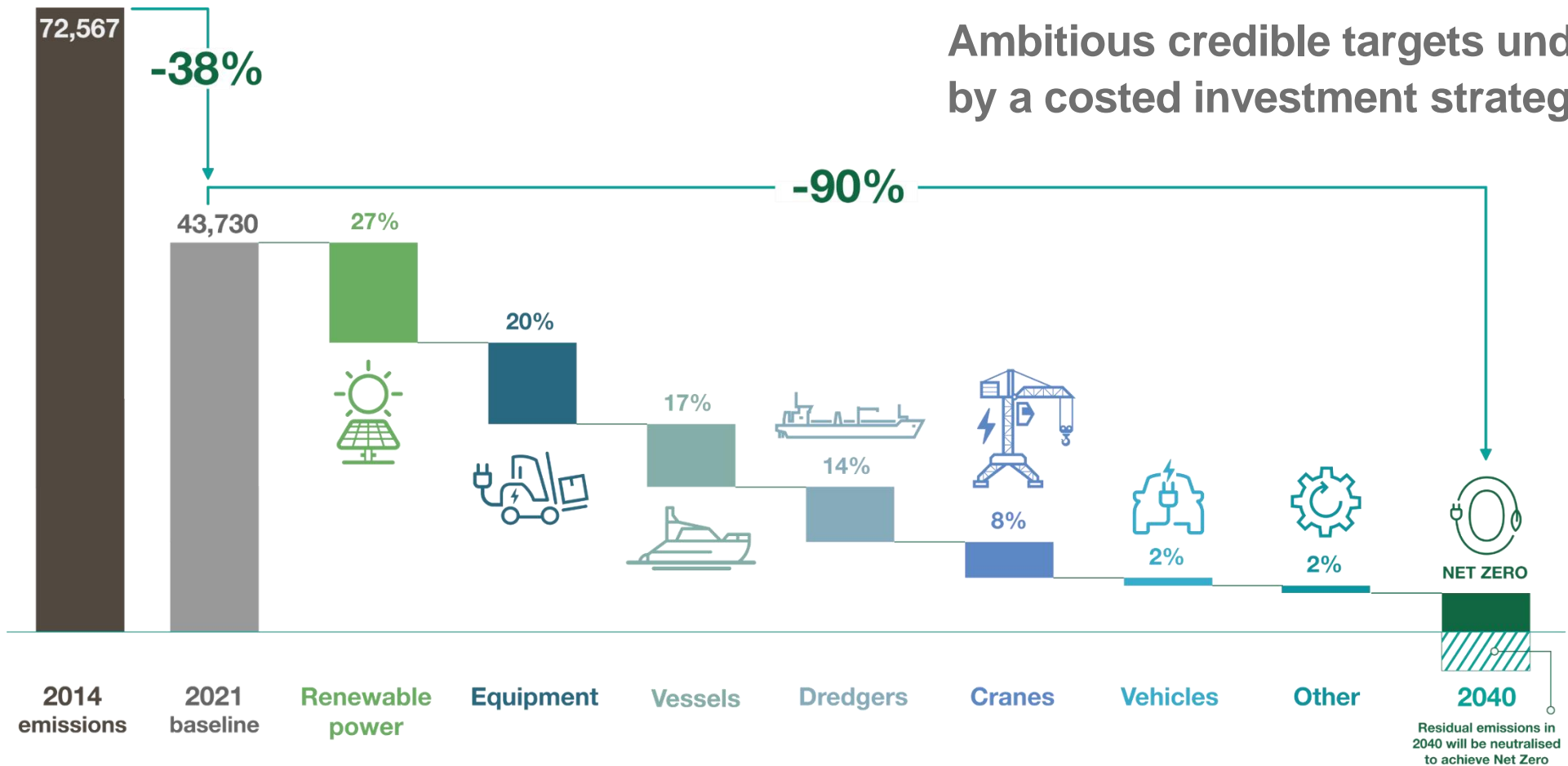
## Water

Water is an increasingly scarce resource that is vital for all of us, so we aim to look after it. We want to improve our water monitoring, reduce our consumption, and reuse it where possible.





# Our path to Net Zero



ABP's primary Net Zero scenario revolves around replacing our assets with zero-carbon alternatives and purchasing or generating our own renewable power. We have made the conscious decision not to incorporate use of offsets or biodiesel in our primary scenario.

We will use biodiesel only as an interim option where appropriate. We are tackling the decarbonisation challenge head on and the purest way to do that is to replace diesel-burning assets altogether.

# Our ports play a key role in UK Net Zero



Offshore Wind



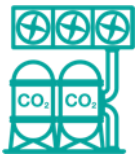
New nuclear



Hydrogen



Green steel



CCUS for heavy industry



Biomass

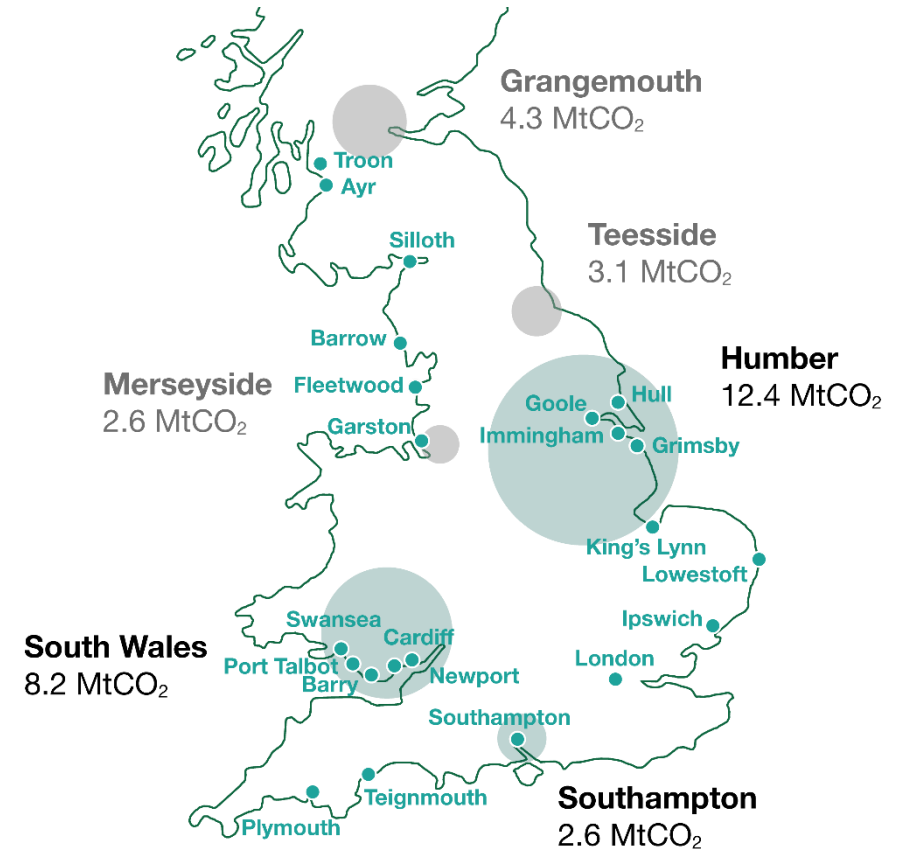


Decarbonisation of shipping



Switch to EVs

## Industrial decarbonisation is critical to the UK achieving Net Zero



# Financing



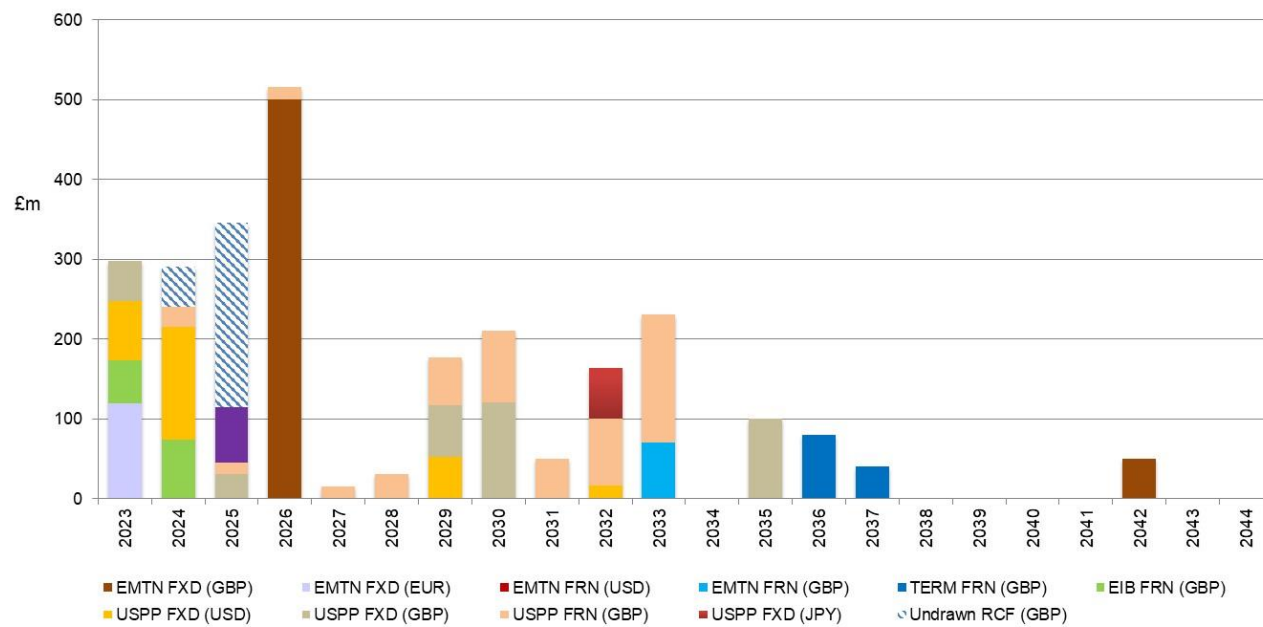


# Diverse funding sources and maturities

## Recent Financing

- In 2021, refinanced £300m syndicated revolving credit facility with bank group, extended the maturity of existing £80m of long-term debt and raised £64m of new long-term debt.
- In 2022, returned to USPP markets for the first time since 2015 and raised £100m of new long-term floating rate debt in addition to £40m raised earlier in the year.
- In 2023 to date, ABP has raised a further £100m of long-term fixed rate debt.

## ABPA Holdings Maturity Profile (Drawn Debt and Available Facilities)



Source (issuing currency)	Facility (£m)	Drawn (£m)
Revolving Credit Facilities (GBP)	350.0	70.0
Term Loans (GBP)	120.0	120.0
EIB Loans (GBP)	129.0	129.0
EMTN (GBP)	620.0	620.0
EMTN (EUR)	118.6	118.6
USPP (GBP)	908.3	908.3
USPP (USD)	283.3	283.3
USPP (JPY)	63.6	63.6
<b>Total</b>	<b>2,592.8</b>	<b>2,312.8</b>

In addition, there are £160m of debt service reserve liquidity facilities also in place.

Debt Basis	Drawn (£m)
Fixed Rate	915.0
Currency Fixed Rate (swapped to GBP floating)	465.5
Floating Rate	932.3
<b>Total</b>	<b>2,312.8</b>

96% of floating rate debt hedged with interest rate swaps

Source: Company Information as at 31 December 2022

# Debt-linked derivative positions

- Rising interest rates saw a significant decrease in the mark to market liability of the debt-linked derivative portfolio during 2022. ABP utilised its strong credit position to take advantage of the reduced mark to market to secure long-term break extensions.
- ABP continues to prudently manage the interest rate swaps that contain mandatory breaks. The mark to market liability on these swaps had reduced to £147.8m as at 31 December 2022.
- ABP has also been actively removing mandatory breaks from interest rate swaps. As at 31 December 2022, breaks had been removed from swaps with a notional of £905.8m and mark to market liability of £144.0 million.

Trade Type	Notional (£m)	Mark to Market (£m)	Fair Value (£m)
Total Interest Rate Swaps	1,985.8	(291.9)	(246.5)
Total Cross Currency Swaps (in place to hedge foreign currency debt)	465.5	85.7	84.3
<b>Total Derivative Position</b>	<b>2,435.2</b>	<b>(206.2)</b>	<b>(162.2)</b>

Source: ABPAH Investor Report, Information as at 31 December 2022

