

DP World powers into new territory with IPO

Confidence marks the operator's pivotal moment

Dominic Ellis
Dubai

DP World's initial public offering launch saw no major fanfare, save for some yellow balloons and gold-coloured containers outside. The city's notorious traffic, predictably thick in the morning rush hour, had surprisingly thinned out near the Dubai International Finance Centre. There was to be no stampede or frantic scramble for the 20% allocation. It was all so orderly, so Dubai in fact, that it could have been just another conference, not one that marked a pivotal moment in the Dubai operator's evolution.

The indicative price range, to be confirmed on or around November 21, was in line with projections and set at \$1-\$1.30 per share. The offering will generate 2.8bn shares and the final prices of the securities will be in US dollars and established through a bidding process with international institutional investors, which will set the market price.

The operator has also secured a 'green-shoe' over-allotment option of 498m shares in the event of an oversubscription.

The closing date for applications is November 15, and DP World's sole shareholder, Port & Free Zone World, will retain majority ownership. The minimum investment is Dirham20,000 (\$6,000), with a dividend policy of "not less than 20% of our profit for the year".

With three large cranes beavering away on tower blocks behind — which would not have looked out of place in any of the company's 43 terminals — chairman Sultan Ahmed Bin Sulayem kicked off proceedings in a bullish mood. "We expect our increase in volumes and the constraint in ports globally will continue to benefit our growth."

That growth was again illustrated towards the tail-end of last week, when DP World paid \$670m for Egypt Container Handling Co at Sokhna Port.

DP World's volumes grew 18% last year, 7% more than the market average, and it expects to double capacity to 90m teu in the next decade.

With the Sokhna acquisition, DP World is looking particularly strong in the Red Sea and East Africa, since it also operates Jeddah South Container Terminal and Djibouti's Port Autonome International. Jamal Majid Bin Thaniyah, executive

vice-chairman and group chief executive of Ports & Freezone World, said the indicative price range reflects DP World's reputation internationally as well as future confidence. "DP World is a long-term business and our pre-marketing has indicated that potential investors recognise that, and are interested in a correspondingly medium to long-term investment," he said.

DP World chief executive Mohammed Sharaf said it has a strong record in winning concessions globally and is constantly on the look-out for new opportunities in developed and developing markets. "More than 60% of the containers moving through our ports are origin and destination cargoes," he said. "We are growing faster than the market."

Mr Bin Sulayem, responding to a question about active trading, appeared to rule out a dual listing, saying shares will be listed on Dubai International Financial Exchange from November 26.

The only caveats could be found in the "summary of risk factors", which candidly spelled out the risks relating to DIFC and DIFX, DP World, its ports business and shares in just over two pages in the prospectus.

Chief among the market concerns are that the DIFC and DIFX are untested and the "legal framework applicable to us is untested", while the principal company issue related to controlling DP World's continuing expansion. "We may not be able to manage our growth and do not have a track record of operating the group in its current form."

Other points referred to exposure to political and economic factors, currency fluctuations, customers' credit risks, interest rates, terrorist attacks, wide variety of regulations and the "discontinuation of any of the preferential tax treatments currently available to us".

With its ports business, the report notes that DP World continues to face "significant competition in the container terminal industry for concessions" and "we depend on a small number of customers for a significant portion of our business".

But these warning signs could not detract from the widespread mood of optimism, as befits a company whose gross throughput topped 36.8m teu last year, and has already hit 20.3m teu in the first half of this year. DP World may be sailing into uncharted financial waters, but the operator is confidently powering ahead.

New York Honour for Lloyd's List



From left: Namma president Maggie Whittingham-Lamont; IMO secretary-general Eftimios Mitropoulos; Lloyd's List editor Julian Bray, North America correspondent Rajesh Joshi; SeaRiver Maritime president Will Jenkins. Eric Jeong

LLOYD'S List has been honoured with this year's Joe R Gerson Humanitarian Award given out by the North American Maritime Ministry Association.

The award specifically recognises the contributions of three members of the newspaper's editorial team — renowned columnist and former editor Michael Grey, editor Julian Bray, and North America correspondent Rajesh Joshi.

Mr Bray and Mr Joshi received the award, an elegant ship's wheel plaque, at a luncheon held at the Union Club in New York City from Eftimios Mitropoulos, secretary-general of the International Maritime Organization. The luncheon was part of Namma's observance of the North American edition of World Maritime Day.

The North American Marine Environ-

ment Protection Association was launched during a separate ceremony later that day.

Also honoured at the luncheon were ExxonMobil and its shipping arm SeaRiver Maritime, who received Namma's Seafarer's Salute Award for programmes and practices benefiting seafarers.

President of SeaRiver Maritime Will Jenkins accepted the award.

President of Namma Maggie Whittingham-Lamont said the Joe R Gerson Humanitarian Award recognised Lloyd's List's "continual support of the seafarer by highlighting risks they encounter and the environment in which they work".

"They keep the industry on its toes in valuing seafarers' worth and are dogged in keeping the spotlight on best and worst practices," Ms Whittingham-Lamont said

of the newspaper's work. Mr Bray, in his acceptance speech, said the newspaper was humbled by the honour and was accepting the award on behalf of the maritime press at large.

He described the working conditions and realities of seafarers, as well as the efforts of non-profits such as Namepa and faith-based organisations such as Namma, as issues critical to the shipping industry's evolution in the 21st century. He exhorted the gathering to offer unstinting support, moral as well as financial, to such organisations.

Today's highly profitable environment in many sectors of shipping would make a failure to offer such support especially unconscionable, Mr Bray said.

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Italian owners join forces for gas foray

John McLaughlin

TANKER operator Giuseppe Bottiglieri and Italian shipowners' president Nicola Coccia are understood to be putting together a consortium of Neapolitan shipowners for a sizeable joint investment in large gas carriers.

Sources close to the project said: "They are trying to do something together on big gas carriers, which represents the market of tomorrow. The aim is to start with two 150m cu m vessels, for an investment of \$500-\$600m."

The project's initiators are already discussing the possibilities with the government in Rome, with a view to securing

long-term, if not lifetime, charter contracts for the ships with Eni or other publicly-owned energy concerns.

Mr Coccia downplayed the significance of the project, commenting that "there are many orders. And this is at a very early phase."

Giuseppe Bottiglieri di Navigazione managing director Mariella Bottiglieri said: "We are at the very beginning, and can't really say anything until the everything is agreed."

Italian shipping sources, however, described the nascent deal as a significant development for an industry where the major players have long prided themselves on going it alone.

They added that almost all the big Ne-

apolitan shipowners are involved, with one or two exceptions.

And the hope is that if this goes ahead, it will be the beginning of future collaborations.

The shipowners of Naples and neighbouring Torre del Greco have shown considerably more willingness to come together over the last two years, in keeping with the increasing financial needs of growing companies in a booming market.

Most notably, a number of local players came together earlier this year to place \$720m in orders, including options, for post-panamax bulkers at the Jiangsu Yangzijiang yard in China.

Further orders have followed, taking Giuseppe Bottiglieri's quota alone to 10.

French fishermen keep up blockade

Andrew Spurrier
Paris

FRENCH fishermen prevented the 6,500 teu containership *Palena* from leaving the French port of Le Havre yesterday as they continued their campaign to win fuel price compensation measures from the French government.

The Le Havre fishermen, who delayed the start of the Transat Jacques Vabre race at the port on Saturday morning, took fresh action yesterday despite the promise of a meeting with Agriculture Minister Michel Barnier to discuss their grievances over rising diesel fuel prices.

Earlier, Breton fishermen were promised their own meeting with Mr Barnier after blockading accesses to ports and fuel depots yesterday morning.

Mr Barnier, who already has a meeting with national fishermen's leaders tomorrow, offered a separate meeting to mem-

bers of the Breton fishermen's crisis committee following yesterday's protests in which several hundred fishermen took part.

A Breton fishermen's leader said the meeting with Mr Barnier was "positive" but warned that fishermen would remain on the alert while they were waiting for tomorrow's meeting.

Breton fishermen blocked access to fuel depots at the ports of Brest, Lorient and Douarnenez for several hours early yesterday morning, while other protests were staged by their colleagues at other ports along France's western seaboard.

At the Channel port of Dieppe, ferry services were disrupted for four hours due to action by fishermen.

French fishermen do not pay tax on their diesel fuel and are currently paying about €0.50 per litre for it.

They estimate, however, that they operate at a loss once the price rises above €0.30.

They have already dismissed a €25.5m aid package announced by the government last week as insufficient.

Economy Minister Christine Lagarde said yesterday that she would be meeting oil companies to explore with them ways of "smoothing out" fuel price increases but warned that price reductions were unlikely in the context of current oil prices.

"It is a commodity that will become increasingly rare," she told Europe 1 radio.

"Oil is a commodity that will become increasingly rare"

Christine Lagarde,
Economy minister

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