



## Fitch Places DP World Plc on Rating Watch Negative

Fitch Ratings - London - 17 February 2020:

Fitch Ratings has placed UAE-headquartered ports and logistics operator DP World PLC's Long-Term Issuer Default Rating (IDR) of 'BBB+' and Short Term IDR of 'F1' on Rating Watch Negative (RWN). A full list of rating actions is at the end of this rating action commentary.

The rating action follows the recent announcement that DP World's parent company, Port and Freezone World FZE (together with DP World, the group,) plans to buy back the 19.55% minority shareholding in DP World, take the company private and re-leverage the group. This debt-funded transaction is likely to significantly increase Fitch-adjusted net debt to EBITDAR in 2020.

The group is strongly committed to bringing pre-IFRS net debt to adjusted EBITDA down to below 4x in the next two to three years. In our view, DP World has extensive balance sheet flexibility to deleverage and we expect it to maintain its investment grade ratings. However, we note that there is still limited visibility and execution risk on its deleveraging plan.

Fitch will resolve the RWN when the transaction is concluded and we will have more visibility on the group's deleveraging plan and medium-term capital structure.

### KEY RATING DRIVERS

Part of the transaction proceeds will be used to pay a one-time dividend of around USD5.2 billion to Port and Freezone World FZE's parent, Dubai World, in order to maintain the group's commercial ringfencing and independence from Dubai World following the delisting. Further, Dubai World has clarified that it does not expect dividends from the group until the group's pre-IFRS net debt to EBITDA returns to below management's target of 4x.

If/when the transaction closes, we will look at the group's consolidated credit profile to rate DP World. This is because DP World's cash flow generation and asset disposals will be the primary source to service any debt at the parent company. We continue to assess the group on a standalone basis, separated from Dubai World.

We expect DP World's leverage to peak in 2020 following the transaction and deleverage over the next three years. The deleveraging path could include tools such as monetisation of minority stakes, use of subordinated instruments including hybrids and the reduction/deferral of capex and M&A activities.

For an overview of DP World's credit profile, including key rating drivers, see the rating action commentary 'Fitch Affirms DP World at 'BBB+'. Upgrades Short-Term IDR to 'F1' dated 17 July 2019 at [www.fitchratings.com](http://www.fitchratings.com).

### RATING SENSITIVITIES

### Developments That May, Individually or Collectively, Lead to Negative Rating Action:

- Group consolidated Fitch-adjusted net debt on EBITDAR sustainably above 4.5x under Fitch's rating case
- The short-term ratings may be negatively impacted if the issuer fails to maintain adequate committed undrawn liquidity or balance sheet cash reserves

### Developments That May, Individually or Collectively, Lead to Positive Rating Action:

-Fitch will resolve the RWN once the transaction is concluded and we have more visibility on the group's deleveraging plan and medium term capital structure.

## TRANSACTION SUMMARY

DP World is the fifth-largest container port operator in the world by gross throughput. It operates, directly or via JVs, a portfolio of over 150 operations in more than 45 countries, with new developments underway in Asia, Africa, the Americas and Europe.

### RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
DP World PLC	LT IDR BBB+  Rating Watch On	BBB+ 
	ST IDR F1  Rating Watch On	F1
DP World PLC/Debt/1 LT	LT BBB+  Rating Watch On	BBB+ 
DP World Crescent Limited		
DP World PLC/Debt/1 LT	LT BBB+  Rating Watch On	BBB+ 

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## FITCH RATINGS ANALYSTS

Primary Rating Analyst  
Shyamali Rajivan  
Director  
+44 20 3530 1733  
Fitch Ratings Ltd  
30 North Colonnade, Canary Wharf  
London E14 5GN

Secondary Rating Analyst

Danilo Quattromani  
Senior Director  
+39 02 879087 275

Committee Chairperson  
Seth Lehman  
Senior Director  
+1 212 908 0755

## **MEDIA CONTACTS**

Athos Larkou  
London  
+44 20 3530 1549  
athos.larkou@thefitchgroup.com

## **Applicable Criteria**

Ports Rating Criteria— Effective Feb. 23, 2018–March 24, 2020 (pub. 23 Feb 2018)

Rating Criteria for Infrastructure and Project Finance — Effective July 27, 2018–Mar. 24, 2020 (pub. 27 Jul 2018)

Short-Term Ratings Criteria - Effective from 2 May 2019 to 6 March 2020 (pub. 02 May 2019)

## **Additional Disclosures**

Solicitation Status  
Endorsement Policy

## **DISCLAIMER**

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

## **COPYRIGHT**

Copyright © 2020 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial

services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

## **SOLICITATION STATUS**

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## **Endorsement Policy**

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

## **Fitch Updates Terms of Use & Privacy Policy**

We have updated our Terms of Use and Privacy Policies which cover all of Fitch Group's websites. [Learn more.](#)