

Chairman's Statement

Audited Group Results for the Year Ended December 2017

The Board of Directors of Kingston Wharves Limited (KWL) is pleased to present the audited results for the twelve months ended December 31, 2017.

The Group recorded revenues of J\$6.4 billion as at December 31, 2017, an increase of J\$959 million over the corresponding period in the prior year. Profit before taxation increased from J\$1,489 million in 2016 to J\$1,892 million in 2017, representing a 27% growth. Net profits attributable to shareholders reflected a 25% or J\$335 million increase, moving from J\$1,313 million at the end of 2016 to J\$1,647 million at the end of 2017. As a result, in 2017, earnings per stock unit grew to \$1.14 from \$0.9 in 2016.

Terminal Operations

The annual operating revenue for KWL's terminal division - the leading multi-purpose terminal in the Caribbean – amounted to \$4.9 billion, an increase of 18% year on year. This performance was driven by the growth in domestic and transshipment container and motor vehicle cargo. Divisional operating profits increased by 21% over the prior year to \$1,567 million.

Logistics & Ancillary

KWL opened the doors to both its Total Logistics Facility (TLF) and its Global Auto Logistics Centre in the final quarter of 2017, a testament to the continued development of its logistics product. The Logistics and Ancillary division, which consists of services including, but not limited to, warehousing and inventory management, reefer management, and port security operations, continues to make notable advancements. Revenues earned in this division totaled \$1,451 million, a 17% increase year on year. These increases were realized largely as a result of the operationalization of the aforementioned facilities which handled a wide range of cargo types on behalf of local and international shippers. As a result, operating profit for the year amounted to \$449 million, an increase of 16% over 2017.



Outlook

In 2017, KWL realized a number of initiatives outlined in its strategic development plan. The Company operationalized its Total Logistics Facility, constructed and opened a Global Auto Logistics Centre, expanded its equipment fleet and not least, made significant strides in the training and development of staff. Equipped for the future, KWL's focus in 2018 will be to harness the benefits of its investment programme, gaining efficiencies in terminal operations, widening further its customer base particularly within the logistics division, and expanding and diversifying its logistics product offering.

Kingston Wharves paid out dividends of \$243 million to its shareholders in August 2017, at a stock unit value of \$0.17. Additionally, a dividend of \$300 million was proposed in December 2017 at \$0.21 per share and paid on January 19, 2018. The dividend per stock unit for 2017 was \$0.38, compared with a dividend per-stock unit of \$0.34 in 2016.

Closing the year in a strong financial position, Kingston Wharves remains confident about its future performance. On behalf of my colleague Directors, I take this opportunity to express gratitude to our management, staff and other stakeholders for their contribution to our achievements.

Jeffrey Hall
Chairman