

2022 HALF-YEAR REPORT



HALF-YEAR FIGURES OF THE PORT OF ROTTERDAM AUTHORITY

TOTAL THROUGHPUT SLIGHTLY HIGHER DESPITE DECLINING TRADE WITH RUSSIA

- 0.8% more cargo than in first half of 2021
- Russia: container volume halted, declining volume of coal, LNG and oil
- Increase in revenue and operating result of the Port Authority
- Energy transition: investment decisions by business approx. € 3 billion
- Solution for nitrogen issue still a pressing concern

The volume of total cargo throughput in the port of Rotterdam was 0.8% higher in the first half of the year (233.5 million tonnes) than in the same period in 2021 (231.6 million tonnes). In many segments, the war in Ukraine led to significant changes. For example, imports of both LNG and coal rose very sharply as an alternative to reduced European imports of Russian gas by pipeline. The throughput of crude oil increased, with oil products falling off. Throughput of iron ore, agricultural bulk and containers was lower than in the same period last year. Container transport to and from Russia has come to a halt, and persistent bottlenecks in global container logistics caused cargo to shift from large to smaller container ports. In anticipation of the sanctions on coal and oil, less Russian coal, crude oil, oil products and LNG were imported in recent months. Companies are increasingly importing from other countries.

Europe relies heavily on Russian energy. The current geopolitical situation makes Europe very vulnerable. The availability of energy and raw materials at reasonable prices cannot be taken for granted. A positive development is that concrete steps have been taken in recent months to make our energy supply more sustainable and to further our energy independence, particularly through investment decisions to build a large biorefinery and Europe's largest green-hydrogen plant. The business community has made a commitment in the last half year to invest € 3 billion in the energy transition. In addition to the vulnerability of the European energy system, nitrogen emissions continue to be a major bottleneck. Several major projects, including the CO₂ capture and storage project Porthos, are being delayed or threatened by delays due to uncertainty and restrictions associated with nitrogen emissions.

The Port Authority had a good first half of the year financially. Revenue increased by 6.3% (€ 24.6 million) to € 412.2 million and operating expenses decreased by 2.4% (€ 3.1 million), mainly due to lower expenditure on sand extraction. Gross investments in the first half of 2022 amounted to € 117.1 million, including capital injections in participating interests (first half of 2021: € 100.5 million). The most important investments for the first half of 2022 were the construction of quay walls in the Amaliahaven and the land reclamation operation in the Alexiahaven on Maasvlakte 2.

Our robust financial position is essential to continue investing in traditional hardware such as quay walls and jetties in the years ahead, but particularly in infrastructure for the energy transition. In addition, we are continuing to invest in digitalisation. By maintaining our position as a port with world-class infrastructure, we are ensuring that we remain an attractive location for companies to invest in the transition.

SAFETY AND SECURITY

Safety and security are a top priority in the port of Rotterdam. The Port of Rotterdam Authority works hard with public partners to maintain safety and security, both on the water and on land. Unfortunately, in the first half of the year, there was a very serious accident involving an inland vessel. There were no major environmental incidents. The Port Authority is committed to improving the digital security of systems and the cyber resilience of businesses and employees. Subversion and drugs crime constitute an increasing problem in the port of Rotterdam. Here also, the Port Authority plays a role, for example by making its own employees and companies in the port aware of integrity through the 'Port Integrity' programme. In addition, agreements were made with the partners and the Ministry of Justice and Security to extend and further develop the existing network of 225 cameras in the port. The images from this network are viewed by a range of public partners (Harbour Master's Division, Police and Customs).

DEVELOPMENTS BY CATEGORY OF CARGO THROUGHPUT

DRY BULK

The dry bulk segment saw an increase of 4.4% in the first half of the year. The throughput of agricultural bulk was down by 15.1%. This segment is always heavily influenced by the size of harvests in different parts of the world. In addition, there were strikes at one of the processing companies. Another factor was that less agricultural bulk was processed because of high energy costs. High energy costs also led to lower production by the German steel industry and, as a result, a fall of 20.6% in iron ore imports. The imports of cokes for the steel industry remained at the same level. Coal throughput for electricity plants rose sharply. On balance, this resulted in a 29.7% increase in coal throughput. Coal is currently cheaper than natural gas and it also reduces dependence on Russian natural gas. The 30.1% increase in other dry bulk is striking. It is primarily attributable to the high prices for the shipping of containers: cargo that can also be transported in bulk, such as industrial minerals and fertilisers, is therefore being transported in this way more often.

LIQUID BULK

In the first half of the year, the transport of liquid bulk rose by 4.6%. The 4.3% increase in crude oil was mainly caused by the flow of Russian oil through Rotterdam to India in particular. Refineries in Northwest Europe are switching to non-Russian oil, with the result that Russian oil is finding its way to other markets.

The 9.4% decline in the throughput of oil products is mainly due to the structural decline in the imports and re-exports of fuel oil. LNG rose by 45.8%. There is very strong demand for LNG as an alternative to the natural gas entering Europe by pipeline from Russia. The 22.5% increase in other liquid bulk goods can be attributed, on the one hand, to a shift from transport in tank containers to chemical tankers and, on the other, to stockpiling by purchasers of chemical substances. In the light of faltering transport chains, they are doing this to make sure they have adequate supplies of raw materials.

It was possible to see a shift in the origin of imports of coal, crude oil, oil products and LNG in the second quarter. Companies are sourcing these energy carriers and raw materials less and less from Russia and purchasing them elsewhere in the world.

CONTAINERS AND BREAK BULK

The throughput of containers was down 4.4% (in TEUs, the standard unit for containers). The decrease was 8.9% in terms of weight.

The difference between the two is attributable to an increase in the number of empty containers. There are two principal reasons for the decline in container throughput. The first is the loss of container traffic to and from Russia due to the sanctions, the uncertainty associated with the continuation of trade with Russian parties, and the discontinuation of scheduled services to Russia. The second is the ongoing disruption of container logistics. Two years ago, the COVID-19 pandemic led to lockdowns and changes in consumption patterns. Container vessels were no longer able to comply with their sailing schedules, with disruptions in pre- and post-transportation as a result. To make up time, large vessels are now often cancelling calls to ports in their itineraries (-5.5% calls in Rotterdam by comparison with last year), and loading and unloading more containers per call (+6.1%). This results in peaks in activity at the terminals, which were already very busy since containers are left there for longer times on average because ship arrival times are more unreliable. As a result of these developments, shipping companies are currently using smaller ports of call for transshipment relatively more often than large ports such as Rotterdam. A chain consultation platform was established to monitor developments with all players in the Rotterdam container sector and to respond in the best possible way.



Container ships at ECT

Roll-on/roll-off traffic rose by 16.8%. This figure paints a rosy picture because of the end of the Brexit transition period on 1 January 2021. At the time, that led to additional transport in late 2020 and a dip in RO-RO transport in early 2021.

Other break bulk rose sharply by 17.7%. A major factor consisted of imports of steel and non-ferrous metals. In response to the Russian invasion of Ukraine, steel and non-ferrous prices shot up. Alternative suppliers were soon found, particularly from Asia, where COVID-19 actually led to a slump in demand for steel. Imports of steel and non-ferrous metal therefore increased. In addition, high container rates mean that more cargo is being shipped as break bulk.

FINANCES OF THE PORT OF ROTTERDAM AUTHORITY

The revenue of the Port of Rotterdam Authority in the first half of 2022 rose by € 24.6 million compared with the first half of 2021 to € 412.2 million. The increase in port dues accounted for € 16.1 million. This increase is primarily attributable to a higher number of vessels, resulting in a higher price per throughput tonne. The increase in revenue from rental contracts of € 6.2 million is mainly due to contractual indexation.

Operating expenses fell by 2.4% (€ 3.1 million) in the first half of 2022 to € 124.4 million. In particular, the cost of sand extraction fell with the switch to a new concession party in 2022.

Investments, including capital injections in participating interests, amounted to € 117.1 million. The most important investments for the first half of 2022 were the construction of quay walls in the Amaliahaven (€ 32.7 million) and the land reclamation operation on Maasvlakte 2 (€ 19.8 million).

In June 2022, the dividend including dividend tax of € 122.7 million for the financial year 2021 was paid to the City of Rotterdam and the Dutch State.

DIGITALISATION

Data sharing and the digitalisation of processes are the key to solving the most common challenges in logistics. The Port Authority is therefore investing in the development of digital tools and programmes. All inland shipping, rail and short-sea operators in Northwest Europe are now connected to the planning tool Routescanner, as are several deep-sea shipping companies. They share their sailing and driving itineraries directly on the Routescanner platform, and this platform is therefore well on its way to becoming the global, neutral location for displaying container routes. Since the platform went live in October, 15,000 inland shipping calls have been scheduled using the Nextlogic planning tool. With players in the logistics chain, we are working on implementing integrated planning at the Port of Rotterdam and connecting new parties. In addition to investing in digital platforms to improve the logistics chains through Rotterdam, we are also investing in data solutions to optimise the infrastructure in the port. For example, a new data platform for earth-retaining structures is being developed with Delft University of Technology.

PROGRESS ON THE ENERGY TRANSITION

Large projects involve long preparation times. A large portfolio of projects for the energy transition has been built up in recent years. Now that it is gradually becoming clearer how the abstract climate goals will take shape in concrete European and national policy and regulations, it is becoming increasingly clear how this will affect the various projects. A number of important investment decisions were made in the past six months, the most significant being those for a major biorefinery and Europe's largest green-hydrogen plant. In addition, companies have made a definitive decision to expand an ammonia import terminal, increase battery recycling capacity, build a hydrogen refuelling station for trucks and implement a shore power project.

These investment decisions by the business community add up to a total amount of approx. € 3 billion. This kind of investment means that the energy transition is progressing across the entire spectrum. In addition, the Port Authority decided in this half year to accelerate the reduction of its own organisation's carbon emissions. The goal is to reduce our own carbon emissions by 75% by 2025 and 90% by 2030 compared with 2019.



Green-hydrogen factory Holland Hydrogen-1

NITROGEN EMISSIONS ISSUE SLOWS DOWN TRANSITION

A major concern is that, three years after the Dutch Council of State's ruling on nitrogen deposition, uncertainty persists about rules such as the 'construction exemption' and there are still restrictions associated with nitrogen emissions. This can act as an obstacle to the energy transition, even though projects of this kind often result not only in lower carbon emissions but also to lower emissions of nitrogen and other substances, in Rotterdam or elsewhere in the chain. It should be pointed out that industry in Rotterdam accounts for only 1% of nitrogen deposition in vulnerable Dutch nature areas.

OUTLOOK

The current geopolitical situation is generating numerous uncertainties. Reliable energy supplies in Northwest Europe can certainly not be taken for granted. Energy prices are high, and this is a major factor in the sharp rise in inflation. A recession may follow. This makes forecasting throughput volumes for the second half of the year very difficult. In the energy transition, which is so important for the future of the port and for achieving the national climate goals, the required measures are again expected to emerge in the second half of the year. Solving the nitrogen problem is very important if we are to continue to make progress.

REPORT OF THE EXECUTIVE BOARD

THROUGHPUT AND DEVELOPMENTS IN THE PORT

CARGO THROUGHPUT (GREATER ROTTERDAM)	JAN-JUN 2022	JAN-JUN 2021	DIFFERENCE IN %
(X 1,000 METRIC TONNES)			
Iron ore and scrap	11,921	15,011	-20.6%
Coal	14,566	11,226	29.7%
Agricultural bulk	3,854	4,542	-15.1%
Other dry bulk	9,020	6,934	30.1%
SUBTOTAL DRY BULK	39,361	37,713	4.4%
Crude oil	52,561	50,373	4.3%
Mineral oil products	27,816	30,715	-9.4%
LNG	5,413	3,713	45.8%
Other liquid bulk	19,670	16,058	22.5%
SUBTOTAL LIQUID BULK	105,461	100,859	4.6%
CONTAINERS	71,035	77,998	-8.9%
Roll-on/Roll-off	13,755	11,777	16.8%
Other break bulk, lash	3,862	3,282	17.7%
TOTAL BREAK BULK	17,617	15,059	17.0%
TOTAL THROUGHPUT (X 1,000 METRIC TONNES)	233,473	231,631	0.8%
CONTAINER THROUGHPUT (IN TEU X 1,000)	7,278	7,612	-4.4%

FINANCES

A result after tax of € 142.6 million was booked in the first half of 2022. The profit on ordinary activities before taxation was € 179.0 million in the first half of 2022, an increase of 16.9% by comparison with the first half of 2021 (€ 153.1 million).

Revenue in the first half of 2022 rose by 6.3% (€ 24.6 million) by comparison with the first six months of the previous year. This is mainly due to an increase in contract income of € 6.2 million owing to new contracts, the reduction of incremental discounts, price changes and indexation. Sea port dues were up by € 15.7 million due to the indexation of the rates. In addition, the number of vessels was higher, and so was the price per throughput tonne.

Operating expenses in the first half of 2022 were 2.4% (€ 3.1 million) lower than in the first half of 2021, mainly because of lower operating expenses and fewer one-off expenses than in the first half of 2021.

Regular depreciation rose by 6.2% (€ 4.9 million), mainly due to the commissioning of assets.

Gross investments in the first half of 2022 were € 117.1 million, including capital injections in participating interests (the first half of 2021: € 100.5 million).

The capital injections in participating interests amounted to € 6.4 million. The most important investments for the first half of 2022 were the construction of quay walls in the Amaliahaven (€ 32.7 million) and the land reclamation operation on Maasvlakte 2 (€ 19.8 million).

On balance, total cash and cash equivalents were € 113.9 million lower than at year-end 2021.

The repayment of € 100.0 million on the outstanding loan with the European Investment Bank led to a one-off drop in the financing cash flow.

In June 2022, the dividend including dividend tax of € 122.7 million was paid for the 2021 financial year. Despite the repayment and the dividend payment, an adequate cash flow remains for the Port of Rotterdam Authority to meet commitments and continue investing in the physical infrastructure and digitalisation of the port.



Oil tankers at Europoort

HALF-YEAR FIGURES 2022

BALANCE SHEET AS AT 30 JUNE 2022

(before result appropriation)

ASSETS	30-6-2022	31-12-2021
(AMOUNTS X € 1,000)		
Fixed assets		
Intangible fixed assets	80,105	79,269
Tangible fixed assets	3,935,594	3,915,969
Financial fixed assets	1,680,019	1,700,617
	5,695,718	5,695,855
Current assets		
Inventory	896	779
Accounts receivable	263,373	232,822
Cash and cash equivalents	177,230	291,179
	441,499	524,780
TOTAL ASSETS	6,137,217	6,220,635
LIABILITIES		
(AMOUNTS X € 1,000)		
Shareholders' equity	4,348,548	4,313,882
Provisions	50,662	53,181
Long-term debts	1,521,843	1,629,445
Short-term debts	216,164	224,127
TOTAL LIABILITIES	6,137,217	6,220,635

CONDENSED STATEMENT OF INCOME FOR FIRST HALF OF 2022

STATEMENT OF INCOME	JAN-JUN 2022	JAN-JUN 2021
(AMOUNTS X € 1,000)		
Total operating income	412,211	387,629
Total operating expenses	-124,400	-127,513
EARNINGS BEFORE INTEREST, DEPRECIATION AND TAXES	287,811	260,116
Depreciation and impairment of tangible fixed assets	-84,341	-85,257
OPERATING RESULT	203,470	174,859
Financial income and expenditure	-24,460	-21,776
RESULT FROM ORDINARY ACTIVITIES BEFORE TAXATION	179,010	153,083
Taxation	-40,171	-37,511
Results from participating interests	3,739	1,145
RESULT AFTER TAXATION	142,578	116,717

CONDENSED CASH FLOW STATEMENT FOR FIRST HALF OF 2022

CASH FLOW STATEMENT	JAN-JUN 2022	JAN-JUN 2021
(AMOUNTS X € 1,000)		
OPERATING RESULT	203,470	174,859
Depreciation and amortisation, and changes in provisions	83,675	85,547
Changes in working capital	-36,433	16,277
CASH FLOW FROM ORDINARY ACTIVITIES	250,712	276,683
Interest received and interest paid	-6,164	-221,806
Corporation tax paid	-30,877	-41,748
CASH FLOW FROM OPERATING ACTIVITIES	213,671	13,129
Gross cash flow from investment activities	-106,083	-98,704
Subsidies and other changes	5,709	4,070
Divestments	614	686
CASH FLOW FROM INVESTMENT ACTIVITIES	-99,760	-93,948
CASH FLOW FROM FINANCING ACTIVITIES	-227,860	126,364
NET CASH FLOW	-113,949	45,545
Balance of cash and cash equivalents as at 1 January	291,179	206,836
Balance of cash and cash equivalents as at 30 June	177,230	252,381
CHANGE IN CASH AND CASH EQUIVALENTS	-113,949	45,545



Coal

PRINCIPLES FOR VALUATION AND PROFIT/LOSS DETERMINATION

ACTIVITIES OF THE COMPANY

The Port of Rotterdam Authority is responsible for the management, operation and development of Rotterdam's port and industrial area. As a public company, the Port of Rotterdam Authority has two shareholders: the City of Rotterdam (with a holding of 70.83%) and the Dutch State (29.17%).

The Port of Rotterdam Authority's core tasks under its articles of association are:

- the development, construction, management and operation of the port and industrial area in Rotterdam;
- the promotion of the safe, effective and efficient handling of shipping in the port of Rotterdam and the offshore approaches to the port.

The Port of Rotterdam Authority creates economic and social value by achieving sustainable growth in the port in collaboration with clients and stakeholders.

The Port of Rotterdam Authority invests in the development of land and in the port infrastructure such as quay walls, jetties, roads and waterways, and cable and pipeline facilities. This infrastructure renders the site accessible and allows for the transshipment of freight.

The land and infrastructure in the port are rented or issued to companies on a long lease. This is one of our main sources of revenue. Port dues represent another important source of revenue. Shipping companies (national and international) pay port dues when their vessels call on the port of Rotterdam.

ACCOUNTING PRINCIPLES APPLIED IN THE HALF-YEAR REPORT

The half-year figures have been prepared in accordance with the financial reporting requirements of Part 9 Book 2 of the Dutch Civil Code and the statements in the Dutch Guideline for Annual Reporting on Interim Reports (RJ 394) issued by the Dutch Accounting Standards Board. As provided for in RJ 394, this half-year report does not contain all of the information required to be provided in the full financial statements and it should therefore be read in conjunction with the 2021 Annual Report/Financial Statements.

The same accounting policies used to prepare the 2021 Financial Statements were used to value the Port of Rotterdam Authority's assets and liabilities and determine the Port Authority's results for these half-yearly figures.

EXEMPTION FROM CONSOLIDATION OBLIGATION

The Port of Rotterdam Authority has made use of the exemption from the requirement to consolidate the details of participating interests if the participating interests jointly have a financial significance in the consolidation which is negligible to the Port of Rotterdam Authority as a whole (RJ 217.304).

CHANGES IN ACCOUNTING POLICIES

In the first half of 2022, no changes were made in the adopted accounting policies that have an impact on the Port of Rotterdam Authority's capital position or earnings.

OPINIONS AND ESTIMATES

When applying the principles and rules for the drafting of the half-year report, the management of the Port of Rotterdam Authority makes various judgements and estimates. In the first half of 2022, there were no significant changes in the approach to these judgements and estimates.

SEASONAL INFLUENCES

To a limited degree, throughput volumes are subject to seasonal factors such as the effects of the harvest season and of the Chinese New Year (in February) on container throughput. Seasonal factors have little impact on rental and lease contracts or operational costs, if any.



Bio fuel refinery

EXPLANATORY NOTE TO THE CONDENSED BALANCE SHEET AND STATEMENT OF INCOME

INTANGIBLE FIXED ASSETS

INTANGIBLE FIXED ASSETS	DEVELOPMENT COSTS (GENERATED INTERNALLY)	ACQUISITION COSTS FOR PERMITS AND INTELLECTUAL PROPERTY RIGHTS (PURCHASED)	INTANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAL
(AMOUNTS X € 1,000)				
Purchase price	99,715	51,577	20,432	171,724
Cumulative amortisation	-59,697	-32,758	-	-92,455
BOOK VALUE AS AT 1 JANUARY 2022	40,018	18,819	20,432	79,269
Gross investments	-	-	10,909	10,909
Disinvestments (purchase value)	-	-	-	-
Disinvestments (cumulative depreciation)	-	-	-	-
Subsidies	-	-	-	-
(Government) contributions	-	-	-	-
Depreciation/impairment	-6,710	-3,363	-	-10,073
Transfer of tangible and intangible fixed assets, purchase price	-	-	-405	-405
Transfer of tangible and intangible fixed assets, depreciation	-	-	-	-
Commissioning	6,135	1,629	-7,359	405
CHANGES IN 2022	-575	-1,734	3,145	836
BOOK VALUE AS AT 30 JUNE 2022	39,443	17,085	23,577	80,105
Purchase price	105,850	53,206	23,577	182,633
Cumulative amortisation	-66,407	-36,121	-	-102,528
BOOK VALUE AS AT 30 JUNE 2022	39,443	17,085	23,577	80,105
Amortisation periods in years	3 to 10 years	2 to 10 years	-	-

In the first half of 2022, intangible fixed assets increased by € 0.8 million owing to the balance of net investments (€ 10.9 million) and depreciation (€ 10.1 million).

TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	LAND AND INFRAPLUS	PUBLIC INFRASTRUCTURE, HARBOUR BASINS AND WATERWAYS	QUAY WALLS, STONE SLOPES, JETTIES AND OTHER DOCKING	PROPERTY, PLANT AND EQUIPMENT, AND OTHER ASSETS	TANGIBLE FIXED ASSETS UNDER CONSTRUCTION	TOTAAL
(AMOUNTS X € 1,000)						
Purchase price	1,629,780	1,314,443	1,981,724	861,472	122,852	5,910,271
Cumulative depreciation	-362,968	-566,768	-707,581	-365,985	-	-1,994,302
BOOK VALUE AS AT 1 JANUARY 2022	1,266,812	747,675	1,274,143	504,487	122,852	3,915,969
Gross investment	-	-	-	-	99,804	99,804
Disinvestment (purchase cost)	-201	-3,272	-	-	-	-3,473
Disinvestment (cum. depreciation)	-	3,272	-	-	-	3,272
Subsidies	-	-	-	-	-1,747	-1,747
(Government) contributions	-	-	-	-	-3,962	-3,962
Depreciation	-11,611	-20,860	-25,750	-15,946	-	-74,167
Impairment	-	-	-	-	-101	-101
Transfer of tangible and intangible fixed assets, purchase price	-	-	-	-	405	405
Transfer of tangible and intangible fixed assets, depreciation	-	-	-	-	-	-
Commissioning	25,143	16,385	9,824	8,748	-60,505	-405
CHANGES IN 2022	13,331	-4,475	-15,926	-7,198	33,894	19,626
BOOK VALUE AS AT 30 JUNE 2022	1,280,143	743,200	1,258,217	497,289	156,746	3,935,595
Purchase price	1,654,722	1,327,556	1,991,548	870,220	156,746	6,000,792
Cumulative depreciation	-374,579	-584,356	-733,331	-372,931	-	-2,065,197
BOOK VALUE AS AT 30 JUNE 2022	1,280,143	743,200	1,258,217	497,289	156,746	3,935,595
Depreciation periods in years	0 to 30 years	25 to 50 years	25 to 75 years	5 to 50 years	n/a	

Tangible fixed assets increased by € 19.6 million in the first half of 2022 due to net investments (€ 94.1 million) and expenditure for projects in the development phase (€ 1.3 million), and decreased as a consequence of depreciation (-/- € 74.2 million) and impairment (-/- € 0.3 million). The largest investments in the first half of 2022 were: the construction of the quay walls in the Amaliahaven and the land reclamation operation on Maasvlakte 2.



See through of Maasvlakte 2

A total of € 6.6 million in internal labour costs was capitalised in the first six months of 2022 (first half 2021: € 7.2 million). This relates to the labour costs that can be directly attributed to the production of assets.

FINANCIAL FIXED ASSETS

The financial fixed assets decreased by € 20.6 million in the first half of 2022. This is due in part to the amortisation of the capitalised component of the interest rate swap. For a further explanation of the restructuring of the interest rate swap, you are referred to 'Financial instruments'.

Other changes in financial fixed assets relate to the release of the deferred tax asset for the first half of 2022 of € 23.8 million and the increase in the value of participating interests of € 18.5 million, mainly as a result of exchange rate variations as at 30 June 2022.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents consist of bank and current account balances of € 152.3 million and a deposit of € 24.9 million. The changes in the cash and cash equivalents have been included in the cash flow statement.

SHAREHOLDERS' EQUITY

EQUITY	ISSUED SHARE CAPITAL	SHARE PREMIUM RESERVE	STATUTORY RESERVE PARTICIPATING INTERESTS	STATUTORY EXCHANGE RATE RESERVE	STATUTORY RESERVE INTANGIBLE FIXED ASSETS	OTHER RESERVES	RESULT BEFORE APPROPRIATION	TOTAL
(AMOUNTS X € 1,000)								
1 JANUARY 2022	900,000	391,200	61,114	-13,178	57,070	2,670,445	274,231	4,313,882
Result Jan-Jun 2022	-	-	-	-	-	-	142,578	142,578
Dividend paid 2021	-	-	-	-	-	-	-122,664	-122,664
Result appropriation 2021	-	-	-	-	-	124,567	-124,567	-
Exchange rate reserve	-	-	-	14,752	-	-	-	14,752
Reserve for participating interests	-	-	-2,530	-	-	2,530	-	-
Change in reserve for intangible fixed assets	-	-	-	-	-559	559	-	-
TOTAL CHANGES 2022	-	-	-2,530	14,752	-559	127,656	-104,653	34,666
30 JUNE 2022	900,000	391,200	58,584	1,574	56,511	2,798,101	142,578	4,348,548

The net result is € 142.6 million (first half of 2021: € 116.7 million).

PROVISIONS

The provisions consist of the provision for future soil remediation of € 35.9 million (31-12-2021: € 36.6 million) and the provision for employee schemes amounting to € 14.7 million (31-12-2021: € 16.5 million).

LONG-TERM DEBTS

LONG-TERM DEBTS	30 JUN 2022	31 DEC 2021
(AMOUNTS X € 1,000)		
Loans from credit institutions	909,895	1,015,144
Debts from capital market financing	191,928	191,875
LOAN PORTFOLIO	1,101,823	1,207,019
Redemption of leasehold	119,950	121,719
Other non-current items	300,070	300,707
OTHER LONG-TERM DEBTS	420,020	422,426
TOTAL	1,521,843	1,629,445

Loans from credit institutions have declined as a result of repayments on EIB loans of € 105.2 million.

Interest rates paid for loans from credit institutions are based on the 3-month Euribor reference rate plus a surcharge. This variable interest rate has been capped by means of an interest rate swap with a fixed interest percentage (underlying value of € 375 million).

No collateral was issued for the facilities for long-term debts. Ratios have been agreed with financiers. As at year-end 2021, Port of Rotterdam Authority compliance with the agreed norms was more than satisfactory.

OFF-BALANCE-SHEET COMMITMENTS AND CONTINGENCIES

The Port of Rotterdam Authority has agreed a number of contingent schemes and multi-year financial entitlements and commitments with municipal authorities, external parties and participating interests. These schemes and commitments mainly relate to the development, maintenance and servicing of the Rotterdam port and industrial complex, Rotterdam's Stadshavens district and internal operational management. We refer you to the 2021 financial statements for further details. In the first half of 2022, a conditional arrangement was entered into with a party in the Port Industrial Complex for the purchase of nitrogen certificates. The expected financial impact depends on the level of nitrogen deposition permitted in the future.

FISCAL ENTITY FOR CORPORATION TAX

The Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.) is part of a fiscal entity for the purposes of corporation tax with the following participating interests:

- Mainport Holding Rotterdam N.V.
- Cruise Port Rotterdam B.V.
- Portshuttle Rotterdam B.V.
- Blockchain Fieldlab B.V.
- Nextlogic B.V.
- PortXchange Products B.V.
- Mainport Foreign Investments B.V.
- Port of Pecém Participations B.V.
- MHR Commanditaire Venoot B.V.
- MHR Silent Partner B.V.
- The Green Near Future 4 B.V.
- HbR CCS B.V.
- HbR CCS BD LP B.V.

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- HbR CCS Pipeline LP B.V.
 - HbR Hydrogen B.V.
 - Cruise Port Shore Power B.V.
 - PXP Global Services B.V.

The Port of Rotterdam Authority is therefore jointly and severally liable for the tax liability of the tax entity as a whole. The Port of Rotterdam Authority bears the entire tax burden and the corporation tax due is paid through the Port of Rotterdam Authority.

FISCAL ENTITY FOR VAT

The Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.) is part of a fiscal entity for the purposes of VAT with the following participating interests:

- Mainport Holding Rotterdam N.V.
- Cruise Port Rotterdam B.V.
- Portshuttle Rotterdam B.V.
- Blockchain Fieldlab B.V.
- Nextlogic B.V.

The Port of Rotterdam Authority is therefore jointly and severally liable for the tax liability of the tax entity as a whole. The VAT due is paid through the Port of Rotterdam Authority.

FINANCIAL INSTRUMENTS

The Port of Rotterdam Authority has interest rate swap contracts with a number of credit institutions. The interest rate swaps serve to cover the interest rate risk for the Port of Rotterdam Authority on the variable loans as well as the long-term financing requirement that follows from the strategic ambitions of the Port of Rotterdam Authority.

The calculated market value of the interest rate swaps as at 30 June 2022 totalled – € 16.4 million (as at 31 December 2021: – € 132.7 million). The decrease in the negative value is due to the increase in the long-term variable interest rate. The Port of Rotterdam Authority does not intend to prematurely terminate the entire interest rate swap position since the interest swap covers the interest rate risk.

The Port of Rotterdam Authority uses cost-price hedge accounting. We refer you to the 2021 financial statements for further details.

RISK MANAGEMENT

The Port of Rotterdam Authority has a risk management and control system for the identification, management and reporting of risks. The system is based on the internationally accepted standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and it is described in the 2021 annual report. The main risks were updated early this year as part of the strategic planning process. We have added two top risks: nitrogen emissions and subversion. These challenges are not new to the port and they are already included in our other top risks. Including them separately as top risks explicitly underlines the priority and focus we already assign to them, and will continue to assign them in the future, with the aim of monitoring the business climate of, and security in, our port, and the welfare of our personnel. COVID-19 is still relevant but, for the time being, it is not generating any new peak risks. Finally, we are closely monitoring developments relating to the Ukraine-Russia conflict and taking action in anticipation where possible.

For further details, you are kindly referred to the Press Release.

TOTAL OPERATING INCOME

TOTAL OPERATING INCOME	JAN-JUN 2022	JAN-JUN 2021
(AMOUNTS X € 1,000)		
Net revenue		
Sea port dues	162,382	146,696
Inland port dues	7,933	7,500
Revenue from contracts	219,434	213,230
TOTAL NET REVENUE	389,749	367,426
Other operating income	22,462	20,203
TOTAL	412,211	387,629

Revenue from sea port dues rose by comparison with the first half of 2021 because of the indexation of the rates.

In addition, the number of vessels was higher, and so was the price per throughput tonne.

Revenue from contracts (including rental, leasehold and quay dues) increased as a result of new contracts, indexation, the reduction of incremental discounts and price changes. These are long-term contracts.

The other operating income consists mainly of proceeds from sand sales, dredging activities for third parties, sediment storage for third parties and the contribution for the Traffic Guidance System. The increase is due to a one-off return associated with the contribution from the City of Rotterdam for the restitution of Landtong Rozenburg of € 6.9 million. This was offset by a decrease in sand revenues of €5.2 million due to lower market demand.

The operating income is generated entirely in the Netherlands.

TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES	JAN-JUN 2022	JAN-JUN 2021
(AMOUNTS X € 1,000)		
Wages, salaries and social security	61,023	61,021
Operating expenses	62,404	64,306
Other operating expenses	973	2,186
TOTAL	124,400	127,513

Total costs decreased by € 3.1 million. The decrease is mainly attributable to a fall in the costs for sand. In addition, the one-off costs were lower than in the first half of 2021.



Windmills Calandkanaal

FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME AND EXPENSES	JAN-JUN 2022	JAN-JUN 2021
(AMOUNTS X € 1,000)		
Interest income on long-term receivables	84	90
Other interest income	581	1,411
Currency differences	202	24
TOTAL FINANCIAL INCOME	867	1,525
Interest charges for financing	25,196	24,762
Interest charges on provisions (employee schemes and soil decontamination)	-463	-676
Capitalised interest on tangible fixed assets under construction	-987	-2,058
Other interest charges	1,581	1,273
TOTAL FINANCIAL EXPENSES	25,327	23,301
TOTAL FINANCIAL EXPENSES	24,460	21,776

Interest on tangible fixed assets under construction is capitalised during the period of the asset's production. This capitalised interest is calculated on the basis of the weighted average interest rate of loan capital attracted by the Port of Rotterdam Authority. The percentage adopted for 2022 is 1.32% (2021: 1.19%).

RESULT FROM PARTICIPATING INTERESTS

The income from participating interests for the first half of 2022 was € 3.7 million (first half of 2021: € 1.1 million).

TAXATION

The taxes in the income statement for the first half of 2022 consist of deferred and current taxes. The deferred taxes consist primarily of the release of the deferred tax asset for the first half year of 2022 (– € 23.8 million). The current taxes consist of the current corporation tax in the first half of 2022 (– € 16.4 million). A corporation tax rate of 25.8% has been applied to the current tax burden for 2022.

TAXATION	JAN-JUN 2022
(AMOUNTS X € 1,000)	
Deferred taxes	
Release of deferred taxes Jan-Jun 2022	-16,480
Correction of deferred tax claim for intangible fixed assets	-7,195
Correction of fiscal depreciation for buildings 2022	-120
	-23,795
Current taxes	
Estimate of current corporation tax Jan-Jun 2022	-21,367
Current corporation tax 2020	4,991
	-16,376
TOTAL	-40,171

On 30 June 2022, the deferred tax asset was € 1,066.9 million. The deferred tax asset will be released in the following instalments:

RELEASE OF DEFERRED TAX	1 YEAR	1–5 YEARS	5-10 YEARS	> 10 YEARS	TOTAL
(AMOUNTS X € 1,000)					
	30,519	120,795	164,520	751,061	1,066,895
30 JUN 2022	30,519	120,795	164,520	751,061	1,066,895

The effective tax burden is the tax (current and deferred) divided by the result before tax. This results in an effective tax burden of 23.0%.

EFFECTIVE TAX BURDEN	TOTAL
(AMOUNTS X € 1,000)	
Result of the corporation tax for the fiscal entity before tax	174,948
Taxation	40,171
EFFECTIVE TAX BURDEN	23.0%

RELATED-PARTY TRANSACTIONS

All participating interests, as well as members of the executive board, the supervisory board and shareholders (the City of Rotterdam and the State) are considered to be related parties. All related-party transactions were conducted under normal market conditions.

APPROPRIATION OF THE RESULT

The result after tax for the first half of 2022 was € 142.6 million. It has been included in the 2022 half-year figures as 'Result before appropriation' under shareholders' equity. The profit on ordinary activities before taxation was therefore € 179.0 million for the first half of 2022 (first half of 2021: € 153.1 million).

With the resolution of the General Meeting of Shareholders in March 2022, the dividend for 2021 (€ 122.7 million including dividend tax) was paid out in June 2022, as was all of the dividend tax. The remainder of the net result from 2021 (€ 124.6 million) has been added to the other reserves.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance-sheet date resulting in further information about the actual situation as at the balance-sheet date or that are relevant to the judgement to be made by readers of the half-year report.

Port of Rotterdam Authority

21 July 2022

Executive Board

Drs. A.S. (Allard) Castelein	- Chief Executive Officer (CEO)
Drs. V.D.I.V. (Vivienne) de Leeuw	- Chief Financial Officer (CFO)
Ir. B. (Boudewijn) Siemons	- Chief Operating Officer (COO)