



2020 HALF-YEAR REPORT

PORT OF ROTTERDAM FULLY OPERATIONAL IN FIRST HALF OF 2020, COVID-19 PANDEMIC DEPRESSES CARGO THROUGHPUT

The port of Rotterdam achieved throughput of 218.9 million tonnes in the first six months of 2020, 9.1% less than in the first half of 2019, which was a throughput record at the time. Despite the disruptive impact of the COVID-19 pandemic on the economy, production and logistics, the port of Rotterdam remained 100% operational. The economic impact of the COVID-19 pandemic is the primary factor explaining the decrease in volume.

Highlights of the first half of the year:

- Total throughput 218.9 million tonnes (-9.1%).
- Significant reduction in throughput of coal, ores and mineral oil products, small reduction in container throughput, increase in throughput of biomass and LNG.
- Revenue increased 0.7% to € 360.4 million.
- Result on ordinary activities fell 4.8% to € 128.4 million.
- The Port Authority's healthy financial position makes it possible to continue to invest at a high level (gross investments amounted to € 136.4 million), for example in the Theemsweg Route, Container Exchange Route and Maasvlakte Plaza.
- Partly at the request of the central government, the Port Authority has reviewed investment projects that can both make the Netherlands more sustainable and accelerate the recovery of the economy (Starter Motor).

Allard Castelein, CEO of the Port of Rotterdam Authority: "The Dutch economy and the port of Rotterdam are dependent on developments in world trade. The negative economic impact of the COVID-19 pandemic is being felt worldwide. It should therefore come as no surprise that throughput volumes in the past six months were considerably lower than in the same period last year. On the positive side, the throughput volumes in the second quarter turned out to be better than initially expected. Nevertheless, it is not in Rotterdam's nature to sit back and watch. That is why the Port Authority has conducted a review to determine which public-private investment projects can be accelerated. In that way, the government and the port of Rotterdam can team up to further the sustainability of the economy, while giving it a kick-start at the same time."

DEVELOPMENTS BY CATEGORY OF CARGO THROUGHPUT

DRY BULK

The throughput of dry bulk amounted to 30.8 million tonnes, 19% less than in the first half of 2019. Dry bulk accounts for 14% of throughput in the port of Rotterdam. Falling volumes were seen primarily in the throughput of iron ore and scrap (-22%) and coal (-34%).

The steel factories that use the port of Rotterdam for the supply of ore are producing much less than usual. Demand for steel fell sharply from March onwards as a result of production stoppages in the automotive industry and construction.

A low gas price meant that more gas and less coal was used for power production. In addition, favourable weather conditions meant that there was an increase in the available wind energy, reducing the need to switch to coal-fired power stations.

There was a sharp increase in biomass (+109%) due to the continued rise in co-firing in power stations.

LIQUID BULK

Liquid bulk throughput amounted to 99.8 million tonnes. That is approximately 10 million tonnes less than in the first half of 2019, a fall of more than 9%. Liquid bulk accounts for 46% of throughput in Rotterdam. Throughput of mineral oil products fell sharply (-22%). In the case of crude oil, the fall was only slight (-4%) and LNG throughput actually increased slightly (+2.6%). Throughput of other liquid bulk in the first half of the year matched the level of last year.

The fall in the mineral oil products category related mainly to fuel oil.

The throughput of crude oil declined primarily because of falling demand. As a result, some large refineries were operating at less capacity than usual.

The COVID-19 pandemic led to a further drop in the gas price, making it appealing to use LNG from the North Sea and Atlantic Ocean for power production in Europe.

CONTAINERS AND BREAK BULK

Container throughput was only 3.3% down on 2019 (in tonnes, 7% in TEU). That is 2.5 million tonnes less cargo. Shipping companies cancelled up to 20% of all their services in May and June. The decline in throughput was nevertheless less pronounced due to the increased call sizes of vessels calling at Rotterdam. The number of empty containers was considerably lower than in the same period last year because imports of containers from Asia have fallen while exports have actually risen. Break bulk fell by 11% in the first half year. RoRo throughput was 12% lower. Most of the drop was at the beginning of the second quarter, when the lockdown was in place in most of Western Europe. Volumes increased again towards the end of the quarter.

PROGRESS IN ENERGY TRANSITION

In the past six months, meaningful steps have once again been taken in the phased transformation of energy supplies and the encouragement of circular activity in the port. For example:

- Zero Emission Services (ZES) was established by Engie, ING, Wärtsilä and the Port of Rotterdam Authority to operate inland shipping with exchangeable battery containers.
- The environmental impact assessment and all the necessary permit applications for the Porthos project were completed and submitted to the competent authority in June. The investment decision is expected to be made as soon as the permits are received (second half of 2021).
- The announcement of the construction of a site for electrolyzers (for the production of green hydrogen) on the Maasvlakte with Shell as the first customer, at the same time as the construction of a public hydrogen network in the port area by Gasunie and the Port of Rotterdam Authority.

PROGRESS ON THE DIGITAL TRANSITION

Our ambition is to be the smartest port and, in that way, to strengthen our competitive position. Good results have also been achieved in the area of the digital transition during the past six months. For example:

- The further implementation of the digital port infrastructure for smooth and safe shipping handling and the management of the port infrastructure.
- The international expansion of PortXchange is going well. In the past six months, pilot projects were implemented with Shell in Houston and Maersk in Felixstowe and Algeciras.
- With the addition of a new route engine and the use of data that come directly from carriers and operators, Navigate is now

more efficient and complete, and therefore more reliable.

- Nextlogic is operational.

FINANCIAL SITUATION OF PORT AUTHORITY HEALTHY, ONGOING HIGH LEVEL OF INVESTMENT

Revenue increased by 0.7% in the period under review to € 360.4 million. The increase was primarily attributable to an increase in contract income, in part from new rental contracts and in part from the price indexation of existing contracts.

Operating expenses were 3.5% higher than in the first half of last year, mainly because of higher exploitation and other expenses due to some one-off effects. Labour costs fell by € 1.8 million and this was also largely due to a one-off charge for the participation scheme for older employees in 2019. Depreciation and amortisation increased by € 3.6 million, mainly because of the substantial investment programme of recent years.

The result on ordinary activities before tax for the first half of 2020 was € 128.4 million, a decline of 4.8% by comparison with the first half of 2019. A result after tax of € 98.1 million was booked in the first half of 2020.

Gross investments in the first half of 2020 amounted to € 136.4 million. The Port of Rotterdam Authority has deliberately chosen to continue investing in the Port Industrial Complex during the COVID-19 period. The most important investments for the first half of 2020 were the construction of the Theemsweg Route, the construction of the Container Exchange Route and the extension of Maasvlakte Plaza. The level of investment for the whole of 2020 is expected to be in line with last year (2019: € 338.3 million).

STARTER MOTOR: A KICK-START FOR THE DUTCH ECONOMY

Investments are good for the economy and they can help it to recover faster.

That is why the Port of Rotterdam Authority has reviewed the investment projects to see which of them can be brought forward. These are the projects that can accelerate economic recovery, working like a sort of starter motor to get the economy going again. The Starter Motor cuts two ways: it accelerates forward-looking investments in growth and earning capacity while also accelerating the energy transition and efforts to make the economy more sustainable. Examples of Starter Motor projects are the construction of a hydrogen network, the roll-out of shore power and the construction of a heat roundabout.

OUTLOOK

There is considerable uncertainty about how long the recession will last and when recovery will begin. The recovery of the world economy depends very much on whether there will be a second wave of virus infections. And another factor is whether the EU and the UK will manage to conclude a post-Brexit trade agreement in the coming months. A cautious recovery of the economy is expected in the rest of the year. As a result, volumes in the port will not decline further but there will probably be no full recovery of volumes. The total throughput volume for the whole of 2020 is therefore currently expected to be significantly lower than in 2019.

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REPORT OF THE EXECUTIVE BOARD

THROUGHPUT AND DEVELOPMENTS IN THE PORT

In the first half of 2020, throughput in the port of Rotterdam amounted to 219 million tonnes. That was 9.1% less than last year. The fall in the second quarter was sharper than in the first. Volumes bottomed out in mid-June.

CARGO THROUGHPUT (GROOT ROTTERDAM) (X 1,000 METRIC TONNES)	JAN-JUN 2020	JAN-JUN 2019	DIFFERENCE IN %
Agricultural bulk	4,988	4,850	2.8%
Iron ore and scrap	11,168	14,241	-21.6%
Coal	8,265	12,518	-34.0%
Biomass	812	387	109.7%
Other dry bulk	5,551	6,112	-9.2%
SUBTOTAL DRY BULK	30,783	38,108	-19.2%
Crude oil	50,151	52,292	-4.1%
Mineral oil products	29,618	37,983	-22.0%
LNG	3,898	3,801	2.6%
Other liquid bulk	16,121	16,151	-0.2%
SUBTOTAL LIQUID BULK	99,788	110,227	-9.5%
CONTAINERS	74,691	77,235	-3.3%
Roll-on/Roll-off	10,821	12,336	-12.3%
Other break bulk, lash	2,862	3,072	-6.9%
TOTAL BREAK BULK	13,683	15,408	-11.2%
TOTAL THROUGHPUT (X 1,000 METRIC TONNES)	218,945	240,977	-9.1%
CONTAINER THROUGHPUT (IN TEU X 1,000)	7,002	7,529	-7.0%

To a large extent, the decline in throughput can be attributed to the consequences of the COVID-19 pandemic. Global lockdowns have led to less production, consumption and trade. As a consequence, there has been less throughput of many types of goods in the port. In addition, some structural developments are still being felt, in particular the decline in the use of coal for energy and the decline in the trading of fuel oil between Europe and Asia.



DRY BULK

The throughput of dry bulk amounted to 30.8 million tonnes, 19.2% less than in the first half of 2019. Dry bulk accounts for 14% of throughput in the port of Rotterdam.

The throughput of iron ore and scrap in the first half of 2020 was 21.6% lower than in 2019. Throughput fell in particular in the second quarter of the current year. The steel factories that use the port of Rotterdam for the supply of ore are producing much less than usual. Demand for steel fell sharply from March onwards as a result of production stoppages in the automotive industry and construction.

Coal throughput was 34% down on volumes in 2019. A low gas price means that more gas and less coal is being used for energy production. In addition, favourable weather conditions meant that there was an increase in the available wind energy, reducing the need to switch to coal-fired power stations. Coal supplies for steel production were also lower because the blast furnaces in Germany produced less, mainly because of stagnating demand during the lockdown.

Throughput of agricultural bulk was 2.8% up on last year. There have been hardly any supply disruptions, and food production and consumption have also remained at largely the same level. Other dry bulk declined by 9.2% by comparison with last year. Most of the fall was in the first quarter due to a slowdown in construction and less industrial production.

There was a sharp increase in biomass – +109% – due to the continued rise in co-firing in power stations.



with most growth being seen in biofuels. In the second quarter, volumes fell by 6%, with chemicals falling off in particular because of lower demand due to the COVID-19 pandemic.

CONTAINERS AND BREAK BULK

Container throughput was 3.3% lower than in 2019: cargo volume was 2.5 million tonnes less. The fall in terms of TEU was more pronounced: 527 thousand TEUs fewer, a decrease of 7.0%. Shipping companies cancelled up to 20% of all their services in

LIQUID BULK

Liquid bulk throughput amounted to 100 million tonnes. That is 10 million tonnes less than in the first half of 2019, a fall of 9.5%. Liquid bulk accounts for 46% of throughput in Rotterdam.

Throughput of crude oil was 4.1% less than in the first half of 2019 and it was lower in the second quarter of 2020 than in the first. Many refineries have reduced production due to lower demand and the low margins they can make.

Mineral oil products were 22.0% down on last year, a fall of 8 million tonnes. Most of this decline was in fuel oil: less and less fuel oil has been transported from Russia to Asia for a number of years now and Rotterdam is the logistics hub for this product. The decline in other fuels was related to changes in trade patterns and a reduction in the use of cars and aviation fuel.

LNG was up by 2.6% over 2019, rising to 3.9 million tonnes in the first half of 2020. The COVID-19 pandemic has led to a further reduction in the price of gas, making it appealing to use LNG from the North Sea and Atlantic Ocean for power production in Europe.

The throughput of other wet bulk goods – chemicals, edible oils and biofuels – was unchanged from last year in the first half of the year. Throughput was relatively high this year in the first quarter,

May and June. The decline in throughput was less pronounced due to increased call sizes and more vessels calling at Rotterdam. The sharper fall in the number of TEUs is mainly due to the throughput of fewer empty containers.

Break bulk declined by 11.2% in the first half year. RoRo throughput fell by 12.3%. Most of the drop was at the beginning of the second quarter, when the lockdown was in place in most of Western Europe. Volumes increased again towards the end of the quarter.

Other break bulk was 6.9% down on last year, which is broadly in line with the downturn in economic activity.

EXPECTATIONS

A cautious recovery of the economy is expected during the rest of the year, as a result of which volumes in the port will not decline further. However, there will probably be no question of a genuine recovery in volumes. The expectation is that total throughput volume at the end of the year will be markedly down on 2019.

FINANCE

A result after tax of € 98.1 million was booked in the first half of 2020. The profit on ordinary activities before taxation was € 128.4 million for the first half of 2020, a fall of 4.8% by comparison with the first half of 2019 (€ 134.8 million).



Revenue in the first half of 2020 rose by 0.7% (€ 2.7 million) by comparison with the first six months of the previous year due to an increase in income from contracts. That income rose by € 8.4 million because of new contracts and indexation. Sea port dues fell by € 5.7 million because of a drop in goods throughput of 9.1%, which is in part a consequence of COVID-19. The financial effect of declining throughput was attenuated by a reduction in the discounts given. The price per throughput tonne was therefore higher, which means that income from sea port dues was 3.8% lower than in the first half of 2019.

Operating expenses in the first half of 2020 were 3.5% higher (€ 4.5 million) than in the first half of 2019, mainly as a consequence of an increase in other charges (€ 4.3 million) due to a number of one-off effects. Labour costs as a part of total operating expenses fell by € 1.8 million. This is mainly the consequence of a one-off charge in 2019 of € 1.6 million for the reservation for the participation scheme for older employees introduced in 2019.

Depreciation and amortisation increased by € 3.6 million, mainly because of the substantial investment programme in recent years.

Gross investments in the first half of 2020 amounted to € 136.4 million. The Port of Rotterdam Authority has deliberately chosen to continue investing in the Port Industrial Complex during the COVID-19 period.

The most important investments for the first half of 2020 were the construction of the Theemsweg Route, the construction of the Container Exchange Route (CER) and the extension of Maasvlakte Plaza. Total investments for 2020 are expected to be in line with last year's investment level (2019: € 338.3 million).

The Port Authority requires a healthy cash flow to meet commitments and continue investing in the port's physical infrastructure and the digital transition in the port. The operating cash flow of € 154.2 million was € 7.1 million lower in the first half of 2020 than in the first half of 2019, mainly as a consequence of the lower operating result in 2020.

Investments (€ 139.4 million) and the first tranche of the dividend payment (€ 33.7 million) constituted the largest share of the cash flow for investment and financing in the first half of 2020. To strengthen the working capital position, € 70.0 million in loan capital was raised, € 45.0 million of which is for a term longer than 1 year. On balance, total cash and cash equivalents increased by € 52.1 million over year-end 2019.

HALF-YEAR FIGURES FOR 2020

BALANCE SHEET AS AT 30 JUNE 2020

(before result appropriation)

ASSETS	30-6-2020	31-12-2019
(AMOUNTS X € 1,000)		
Fixed assets		
Tangible fixed assets	3,967,905	3,915,027
Financial fixed assets	1,245,686	1,279,997
	5,213,591	5,195,024
Current assets		
Inventory	643	591
Accounts receivable	220,272	192,650
Cash and cash equivalents	188,218	136,093
	409,133	329,334
TOTAL ASSETS	5,622,724	5,524,358
LIABILITIES		
(AMOUNTS X € 1,000)		
Shareholders' equity	3,939,050	3,955,321
Provisions	57,150	59,726
Long-term debts	1,356,823	1,308,943
Short-term debts	269,701	200,368
TOTAL LIABILITIES	5,622,724	5,524,358

CONDENSED STATEMENT OF INCOME FOR FIRST HALF OF 2020

INCOME STATEMENT	JAN-JUN 2020	JAN-JUN 2019
(AMOUNTS X € 1,000)		
Total operating income	360,430	357,779
Total operating expenses	132,843	128,356
RESULT BEFORE INTEREST, DEPRECIATION AND TAXES	227,587	229,423
Depreciation and impairment of tangible fixed assets	77,399	73,758
OPERATING RESULT	150,188	155,665
Financial income and expenditure	-21,794	-20,818
RESULT FROM ORDINARY ACTIVITIES BEFORE TAXATION	128,394	134,847
Taxation	-30,137	-33,234
Results from participating interests	-157	-1,257
RESULT AFTER TAXATION	98,100	100,356

CONDENSED CASH FLOW STATEMENT FOR FIRST HALF OF 2020

CASH FLOW STATEMENT	JAN-JUN 2020	JAN-JUN 2019
(AMOUNTS X € 1,000)		
OPERATING RESULT	150,188	155,665
Depreciation and amortisation, and changes in provisions	82,098	89,939
Changes in working capital	-50,594	-41,968
CASH FLOW FROM OPERATING ACTIVITIES	181,692	203,636
Interest received and interest paid	-18,709	-18,448
Corporation tax paid	-8,746	-23,896
CASH FLOW FROM OPERATING ACTIVITIES	154,237	161,292
Gross cash flow from investment activities	-139,418	-156,876
Subsidies and other changes	5,893	15,405
Divestments	331	5,886
CASH FLOW FROM INVESTMENT ACTIVITIES	-133,194	-135,585
CASH FLOW FROM FINANCING ACTIVITIES	31,082	-101,722
NET CASH FLOW	52,125	-76,015
Balance of cash and cash equivalents as at 1 January	136,093	135,736
Balance of cash and cash equivalents as at 30 June	188,218	59,721
CHANGE IN CASH AND CASH EQUIVALENTS	52,125	-76,015

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 2019 Annual Report/Financial

Statements. The same accounting policies used to prepare the 2019 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 REQUIREMENT

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 2020, no changes were made in the adopted accounting policies that have an impact on the Port of Rotterdam Authority's capital position or earnings.

JUDGEMENTS 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 2020, there were no significant changes in the approach to these judgements and estimates.

SEASONAL FACTORS

To a limited degree, throughput volumes are subject to seasonal factors such as an increase in coal throughput in the winter months and the impact 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.

EXPLANATORY NOTE TO THE CONDENSED BALANCE SHEET AND INCOME STATEMENT

TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	BOOK VALUE 31 DEC 2019	COMMISSIONING JAN-JUN 2020	DEPRECIATION JAN-JUN 2020	DIVESTMENTS JAN-JUN 2020	BOOK VALUE 30 JUN 2020
(AMOUNTS X € 1,000)					
Land and infraplus	1,302,024	1,938	-11,501	-	1,292,461
Public infrastructure, port basins, etc.	745,864	3,537	-19,694	-	729,707
Quay walls, stone slopes, etc.	1,277,309	29,255	-25,054	-	1,281,510
Property, plant and equipment, and miscellaneous	395,845	31,765	-20,910	-	406,700
FIXED ASSETS	3,721,042	66,495	-77,159	-	3,710,378
		COMMISSIONING	DEPRECIATION	INVESTMENTS	
Assets under construction	193,985	-66,495	-240	130,277	257,527
TOTAL	3,915,027		-77,399	130,277	3,967,905

Tangible fixed assets increased by € 52.9 million in the first half of 2020 due to net investments (€ 130.3 million) and decreased as a consequence of depreciation of (-/- € 77,2 million) and impairments (-/- € 0,2 million).

The largest investments in the first half of 2020 were: the construction of the Theemsweg Route, the construction of the Container Exchange Route (CER) and the extension of Maasvlakte Plaza. A total of € 6.7 million in internal labour costs was capitalised in the first six months of 2020 (first half 2019: € 5.9 million). This relates to the labour costs that can be directly attributed to the production of assets.

On 30 June 2020, the Port Authority performed an impairment test on the valuation of the assets. This test did not result in a write-down. Clients in the port of Rotterdam pay sea port dues to the Port Authority for the use of the nautical infrastructure and pay leasehold for the use of port sites. If there is less activity, the Port Authority also receives less income from sea port dues. Income from leasehold is not dependent on use. As at 30 June 2020, income from sea port dues was € 5.7 million less than last year.

FINANCIAL FIXED ASSETS

Financial fixed assets decreased in the first half of 2020 by € 34.3 million, mainly due to the release of the HY1 2020 part of the deferred tax asset of € 16.0 million and the decrease in participating interests of € 15.9 million as a result of exchange rate differences as at 30 June 2020.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents consist of bank and current account balances of € 188.2 million. The changes in the cash and cash equivalents have been included in the cash flow statement.

In order to ensure that COVID-19 does not have an adverse effect on the continuity of the Port Authority in the short or medium terms, the management simulated the liquidity position on the basis of scenario analyses. In these simulations, the main parameters are (i) the impact of COVID-19 on economic activity in the Port of Rotterdam in 2020, (ii) the speed of recovery in 2021 and 2022, (iii) the size of payment arrangements the Port of Rotterdam Authority makes with clients and (iv) the volume of investment and management activities in the Port Industrial Complex.

On the basis of the results of these simulations, the working capital position was raised by € 70 million by borrowing capital.

SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY	ISSUED SHARE CAPITAL	SHARE PREMIUM RESERVES	STATUTORY RESERVES PARTICIPATING INTERESTS	STATUTORY RESERVES EXCHANGE RATE VARIATIONS	OTHER RESERVES	RESULT FOR APPROPRIATION	TOTAL
(AMOUNTS X € 1,000)							
31 DEC 2018	900,000	391,200	57,550	5,711	1,240,646	1,215,323	3,810,430
Result Jan-Jun 2019	-	-	-	-	-	100,356	100,356
Dividend paid 2018	-	-	-	-	-	-96,474	-96,474
Result appropriation 2018	-	-	-	-	1,118,849	-1,118,849	-
Exchange rate reserve	-	-	-	2,022	-	-	2,022
Reserve for participating interests	-	-	1,660	-	-1,660	-	-
TOTAL CHANGES JAN-JUN 2019	-	-	1,660	2,022	1,117,189	-1,114,967	5,904
30 JUN 2019	900,000	391,200	59,210	7,733	2,357,835	100,356	3,816,334
Result July-Dec 2019	-	-	-	-	-	138,504	138,504
Exchange rate reserve	-	-	-	483	-	-	483
Reserve for participating interests	-	-	7,590	-	-7,590	-	-
TOTAL CHANGES JUL-DEC 2019	-	-	7,590	483	-7,590	138,504	138,987
31 DEC 2019	900,000	391,200	66,800	8,216	2,350,245	238,860	3,955,321
Result Jan-Jun 2020	-	-	-	-	-	98,100	98,100
Dividend paid 2019	-	-	-	-	-	-98,458	-98,458
Result appropriation 2019	-	-	-	-	140,402	-140,402	-
Exchange rate reserve	-	-	-	-15,913	-	-	-15,913
Reserve for participating interests	-	-	3,113	-	-3,113	-	-
TOTAL CHANGES 2020	-	-	3,113	-15,913	137,289	-140,760	-16,271
30 JUN 2020	900,000	391,200	69,913	-7,697	2,487,534	98,100	3,939,050

The net result is € 98.1 million (first half of 2019: € 100.4 million).

PROVISIONS

The provisions consist of the provision for future soil remediation of € 38.7 million (31-12-2019: € 39.4 million) and the provision for employee schemes amounting to € 18.5 million (31-12-2019: € 20.4 million).

LONG-TERM DEBTS

LONG-TERM DEBTS	30 JUN 2020	31 DEC 2019
(AMOUNTS X € 1,000)		
Loans from credit institutions	950,889	956,138
Debts from capital market financing	125,000	80,000
LOAN PORTFOLIO	1,075,889	1,036,138
Redemption of leasehold	127,027	124,950
Other non-current items	153,907	147,855
OTHER LONG-TERM DEBTS	280,934	272,805
TOTAL	1,356,823	1,308,943

Debts owed to credit institutions have declined pursuant to regular repayments.

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 € 750 million). No collateral was issued for the facilities for long-term debts. Ratios have been agreed with financiers. As in 2019, the Port of Rotterdam Authority complied with the agreed norms.

Debts from capital market financing have been increased in order to strengthen the working capital position against the background of COVID-19. The redemption of leasehold has increased due to an incoming redemption and other long-term items associated with reservation fees received.

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 2019 Financial Statements for further details. In the first half of 2020, a range of multi-year financial commitments worth between € 20 million and € 25 million were entered into with suppliers for dredging work. In addition, several multi-year financial commitments and 'off-balance-sheet commitments and contingencies' have been entered into or amended for amounts of less than € 1.0 million on an annual basis.

FISCAL ENTITY

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.
- Nextflogic B.V.
- PortXchange Products B.V.
- Mainport Foreign Investments BV.
- Port of Pecém Participations B.V.
- MHR Commanditaire Vennoot B.V.
- MHR Silent Partner B.V.
- The Green Near Future 4 B.V.
- HbR CCS 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 corporation tax 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 2020 totalled –€ 400.6 million (as at 31 December 2019: –€ 381.4 million). The increase in the negative value is due to a fall 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 2019 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 2019 annual report. The main risks were updated early this year as part of the strategic planning process. There has been no change with respect to 2019.

The risk 'Incident on water and/or land' has manifested itself in the form of COVID-19.

TOTAL OPERATING INCOME

TOTAL OPERATING INCOME	JAN-JUN 2020	JAN-JUN 2019
(AMOUNTS X € 1,000)		
Net revenue		
Sea port dues	141,888	147,569
Inland port dues	7,248	7,189
Revenue from contracts	193,441	185,027
TOTAL NET REVENUE	342,577	339,785
Other operating income	17,853	17,994
TOTAL	360,430	357,779

Revenue from sea port dues has fallen by comparison with the first half of 2019 because of a fall in goods throughput of 9.1%. The decline is partly attributable to the COVID-19 pandemic. Throughput decreased more sharply in the second quarter in particular. The financial effect of declining throughput was attenuated by a reduction in the discounts given. The price per throughput tonne was therefore higher, which means that income from sea port dues was 3.8% lower than in the first half of 2019.

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

The other operating income consists mainly of proceeds from sand sales, dredging activities for third parties, sludge storage for third parties and the contribution for the Traffic Guidance System.

TOTAL OPERATING EXPENSES

TOTAL OPERATING EXPENSES	JAN-JUN 2020	JAN-JUN 2019
(AMOUNTS X € 1,000)		
Wages, salaries and social security	57,979	59,765
Operating expenses	71,882	69,861
Other operating costs	2,982	-1,270
TOTAL	132,843	128,356

Total costs increased by € 4.5 million. The increase is largely explained by non-recurring items recognised under Other operating expenses. The other operating expenses consist mainly of incidental expenses and income. The increase in operating expenses over 2019 is not related to COVID-19. Although expenses such as travelling and accommodation expenses, courses and congresses have fallen, this was offset by higher maintenance expenses. Nor has the fall in throughput had a direct effect on the volume of operational activities in the Port Industrial Complex.

FINANCIAL INCOME AND EXPENDITURE

FINANCIAL INCOME AND EXPENDITURE (AMOUNTS X € 1,000)	JAN-JUN 2020	JAN-JUN 2019
Interest income on long-term receivables	671	1,971
Other interest income	721	448
TOTAL FINANCIAL INCOME	1,392	2,419
Interest charges for financing	23,531	23,732
Calculated interest charges	323	416
Capitalised interest on tangible fixed assets under construction	-1,557	-2,045
Other interest charges	889	1,134
TOTAL FINANCIAL EXPENSES	23,186	23,237
TOTAL	21,794	20,818

The lower interest income on long-term receivables is attributable to a capital injection of a conversion of the €75.3 million loan to a holding company based in the Netherlands for the acquisition of the shares in the port of Pecém in Brazil. 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 2020 is 1.28% (2019: 1.36%).

INCOME FROM PARTICIPATING INTERESTS

The income from participating interests for the first half of 2020 was –€ 0.2 million (first half of 2019: –€ 1.3 million). The increase in the result is mainly attributable to a negative deferred result of € 1.6 million from Sohar recognised in 2019.

TAXATION

The taxes in the income statement for the first half of 2020 consist of deferred and current taxes. The deferred taxes relate to the release of the deferred tax asset for the first half of 2020 (–€ 16.0 million) and the allocation for the temporary difference in the amortisation of intangible fixed assets for 2017 and 2018 (–€ 2.8 million). The current taxes relate to the current corporation tax for the first half of 2020 (–€ 15.6 million), the tax correction in respect of the revised corporation tax return for 2018 (+€ 5.2 million) and the tax correction for the temporary difference in the amortisation of intangible fixed assets for 2017 and 2018 (–€ 1.0 million).

TAXES (AMOUNTS X € 1,000)	JAN-JUN 2020
Deferred taxation	
Release of deferred tax Jan-Jun 2020	-15,969
Allocation of deferred tax claim for intangible fixed assets	-2,763
	-18,732
Current taxes	
Estimate current corporation tax Jan-Jun 2020	-15,613
Current corporation tax 2018	5,179
Fiscal correction of amortisation of intangible assets	-971
	-11,405
TOTAL	-30,137

On 30 June 2020, the deferred tax asset was € 964.1 million. The deferred tax asset will be released in the following instalments:

RELEASE OF DEFERRED TAX (AMOUNTS X € 1,000)	1 YEAR	1–5 YEARS	5–10 YEARS	> 10 YEARS	TOTAL
	29,894	109,994	136,798	687,414	964,100
30 JUN 2020	29,894	109,994	136,798	687,414	964,100

The effective tax rate is the tax (current and deferred) divided by the result before tax. This results in an effective tax rate of 24.3%.

EFFECTIVE TAX BURDEN (AMOUNTS X € 1,000)	
Result of the corporation tax for the fiscal unity before tax	124,236
Taxation	30,137
EFFECTIVE TAX BURDEN	24.3%

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 2020 was € 98.1 million. It has been included in the 2020 half-year figures as 'Result for appropriation' under shareholders' equity. The profit on ordinary activities before taxation was therefore € 128.4 million for the first half of 2020 (first half of 2019: € 134.8 million).

With the resolution of the General Meeting of Shareholders in March 2020, part of the dividend for 2019 (€ 98.5 million including dividend tax) was paid out in June 2020 (€ 33.7 million including full dividend tax). The remainder will be paid out in July and October 2020 (€ 64.8 million). The remainder of the net result from 2019 (€ 140.4 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

20 July 2020

Executive Board

Drs. A.S. (Allard) Castelein	- Chief Executive Officer (CEO)
Ing. R. (Ronald) Paul	- Chief Operating Officer (COO)
Drs. V.D.I.V. (Vivienne) de Leeuw	- Chief Financial Officer (CFO)