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**WORKING TOGETHER ON  
TOMORROW'S PORT.  
MAKE IT HAPPEN.**

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## FOREWORD BY THE EXECUTIVE BOARD

The port and the Port of Rotterdam Authority can look back on 2017 with satisfaction. Total throughput increased by 1.3%, continuing the growth trend of recent years after the slight fall in 2016. The operating result (EBIT) increased by 0.5% to €303 million. This result puts us in a position to implement our ambitious investment programme with the aim of maintaining the position of the port as Europe's largest port and industrial complex, now and in the future.

The pace of change in many areas is accelerating around us. The port must respond across the board in order to continue fulfilling its role as an important driver of the Dutch economy: creating economic and social value for regional and national governments, as a job creator and as a player in the broader transition towards a more sustainable energy system. The coalition agreement of the third Dutch government under Prime Minister Rutte states that the port of Rotterdam will play a major role in the field of the energy transition and innovation. In collaboration with many other stakeholders and parties, we are eager to take on that challenge.

Safety and the efficiency of processes in the port are top priorities for the Port of Rotterdam Authority. There were no major nautical incidents in 2017 and the number of minor incidents declined, even against a backdrop of more ship movements. Some serious incidents involving our customers emphasise the importance of safety for everyone who works in the port and lives in the vicinity.

The Port of Rotterdam Authority has established a new Digital Business Solutions (DBS) department that focuses specifically on optimising logistical processes in the port and on the logistics chains involving Rotterdam. The aim is to facilitate companies, to make processes more efficient and in that way to strengthen Rotterdam's competitive position. Even though the Netherlands has been at the top of the 'port infrastructure quality' rankings of the World Economic Forum for six years, we continue the search for further improvements.

The Port of Rotterdam Authority aims to develop the port into the place where the energy transition takes shape. To fulfil that ambition, we have a comprehensive strategy: we provide fossil-based industries with the facilities they need to reduce their carbon footprint and, at the same time, we are fully committed to the development of sustainable, circular and bio-based industries and renewable energy. Against this backdrop, we are developing concrete activities in close collaboration with business and governments. For example, we are working on approaches to carbon capture and storage, converting waste into methanol, using residual heat for homes, greenhouses and companies as a substitute for natural gas, and facilities for offshore wind.

We asked the German Wuppertal Institute to develop scenarios for the decarbonisation of the Rotterdam complex. Their report showed that we can implement the energy transition in line with the 'Paris objectives' through different transition pathways. These transition pathways were the central focus in March 2017 when we organised an 'Energy in Transition' summit.

The ongoing process of digitisation is resulting in the efficient management and handling of processes in the port but the importance of cybercrime security has increased correspondingly. Last year, a container terminal fell victim to a cyber attack that had major consequences for cargo handling in the port. We have drawn lessons from this incident to improve the port's defences. The FERM initiative, which brings together Deltalinqs, the city of Rotterdam, the police and the Port of Rotterdam Authority, plays an important role here.

Never before have more goods been transhipped in the Port of Rotterdam than in the past year. The general growth rate of 1.3% for total throughput involves a wide range of developments in individual sectors. For example, container throughput in tonnes rose by 12.3% and break-bulk throughput increased by 7%. Obviously, we are very happy with this growth and with the good performance of the terminals on the Maasvlakte and in the rest of the chain. We expect container throughput to maintain the pattern of positive development in the years to come, albeit less strongly than in recent years. Growth in containers was offset by a decline in bulk throughput: -2.6% in dry bulk and -4.1% in liquid bulk. Developments in the throughput of crude oil, oil products and coal will, in the decades to come, be determined to a large extent by the speed of the transition from fossil to renewable energy.

With Deltalinqs and the Dutch Petroleum Industry Association (VNPI), we drew up a long-term agreement in 2017 to moderate increases in port dues in the period 2018-2020. An increase of 1% per year means that Rotterdam is committed to rates that are competitive relative to neighbouring sea ports. In an internationally competitive market, a healthy price-quality ratio is crucial. The same applies to land prices in the port area. In 2017, the Port of Rotterdam Authority engaged with a number of clients to review land prices.

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With a turnover of €712 million, the Port of Rotterdam Authority achieved a result before interest and depreciation (EBITDA) of €451 million, an increase of 2.1%. The net profit was very much affected by the fact that we were subject to corporation tax for the first time in 2017, cutting our net profit back to €187 million, as opposed to €224 million in 2016. We reserved €60 million for corporation tax. We can only determine the exact amount of the tax to be paid after the completion of consultations with the tax authorities about the fiscal opening balance sheet for 2017.

Healthy profit development is a prerequisite for the implementation of our ambitious investment plans. In 2017, the Port of Rotterdam Authority invested a total of €214 million in a large number of projects. Some striking projects included the Maasvlakte Offshore Centre (70 hectares of new land), the Stenaline and Caland Canal berths, the Maasvlakte Plaza (a supervised parking facility for more than 350 trucks) and the RDM Grofsmederij as a location for new companies. We expect a sharp increase in investments in 2018 and subsequent years. The companies operating in the port area invest many times more than the Port of Rotterdam Authority.

No company can exist without competent, motivated and loyal staff. The excellent results for 2017 have been achieved thanks to the efforts of all our employees and we wish to express our sincere gratitude for all their work and dedication here. We also wish to thank our clients and other stakeholders, for whom we work, for their dedication and commitment. We are eager to maintain these healthy relationships in 2018.

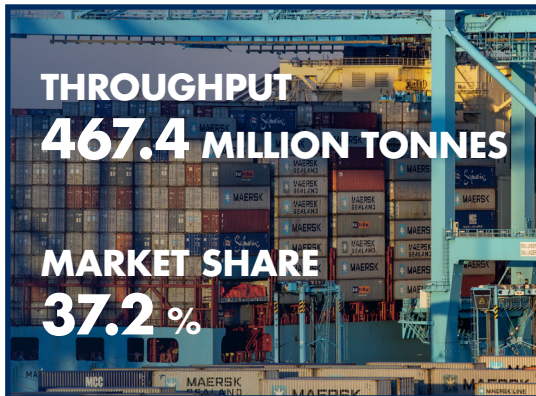
**Port of Rotterdam Authority**

Rotterdam, 23 february 2018

The Executive Board

**Allard Castelein, Ronald Paul and Paul Smits**

## 2017 IN NUMBERS



### Throughput

Throughput rose by 1.3% in 2017, mainly because of the growth in container throughput.



### Financial Results

The Port of Rotterdam Authority's revenue increased by 4.6% in 2017 to € 712.1 million.



### Investments

The Port of Rotterdam Authority invested in customer-related and public infrastructure and in business assets.



### Employment

In 2017, we employed 1,164 people.

## 2017 IN NUMBERS (CONT.)



**0 MAJOR NAUTICAL INCIDENTS**

### Safety

Safety is one of our top priorities. There were no major nautical incidents in 2017.



**29,646 SEAGOING VESSELS**

### Port Calls

The number of seagoing vessels and the number of sea movements rose in 2017 relative to the previous year.



**REPUTATION WITH LOCAL RESIDENTS 80.9**

### Reputation Survey

Our reputation with local residents was rated 80.9 out of 100 points.



**QUALITY OF PORT INFRASTRUCTURE FIRST PLACE**

### World Economic Forum

For the sixth year in a row, the quality of the Dutch port infrastructure was rated as the best in the world by the World Economic Forum (WEF).

## MILESTONES 2017



### **New land for Offshore Centre**

The first 30 hectares of the 70 hectares for the Rotterdam Offshore Centre were completed in November 2017.



### **Opening of BlockLab**

In September 2017, Allard Castelein (the CEO of the Port of Rotterdam Authority) opened BlockLab, the field lab for blockchain technology.



### **Largest container ship arrives in Rotterdam**

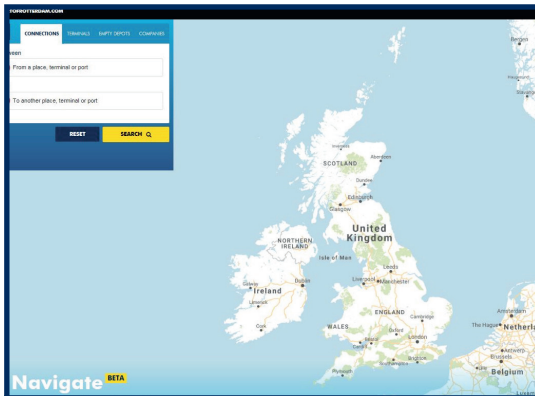
The OOCL Hong Kong arrived in the port of Rotterdam on 23 June. With a capacity of 21,413 TEU, it is the largest container vessel in the world.



### **The POR Authority ensures continuity with PortShuttle**

We acquired PortShuttle in 2017. PortShuttle arranges for two train circuits daily through the port on which customers can book containers.

## MILESTONES 2017 (CONT.)



### Launch of Navigate

We launched the beta version of the online tool Navigate at the Transport Logistic trade fair in Munich.



### Opening of Maasvlakte Plaza truck parking facility

The Maasvlakte Plaza was opened in May 2017. It has space for 357 trucks and it will be open 24 hours a day.



### Record container throughput

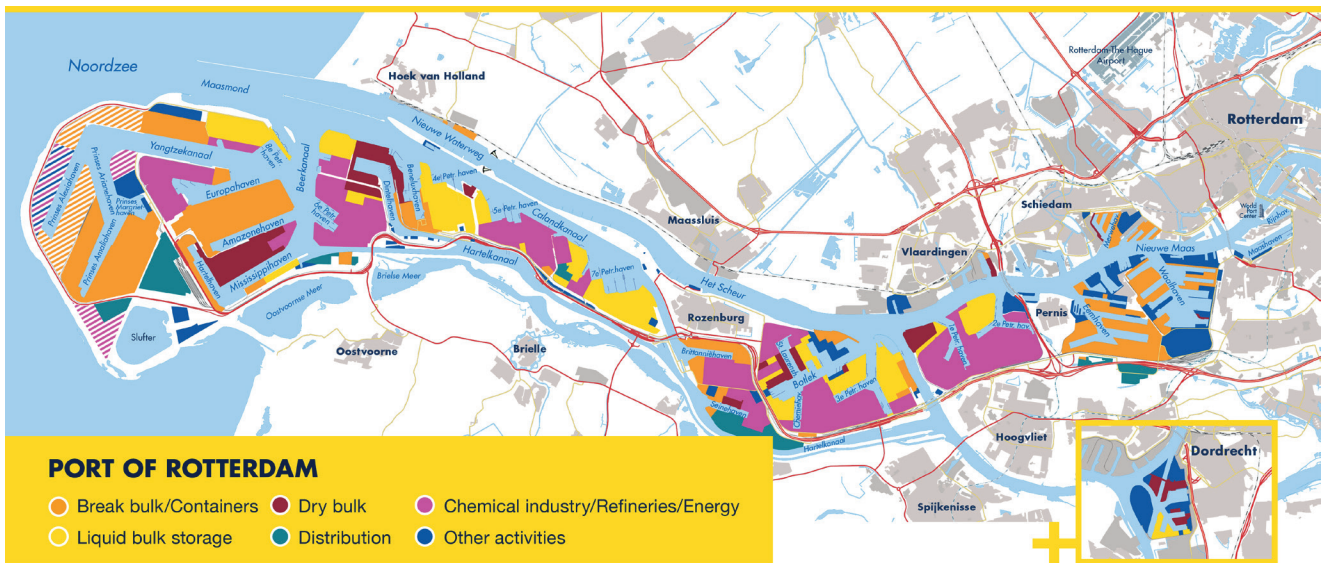
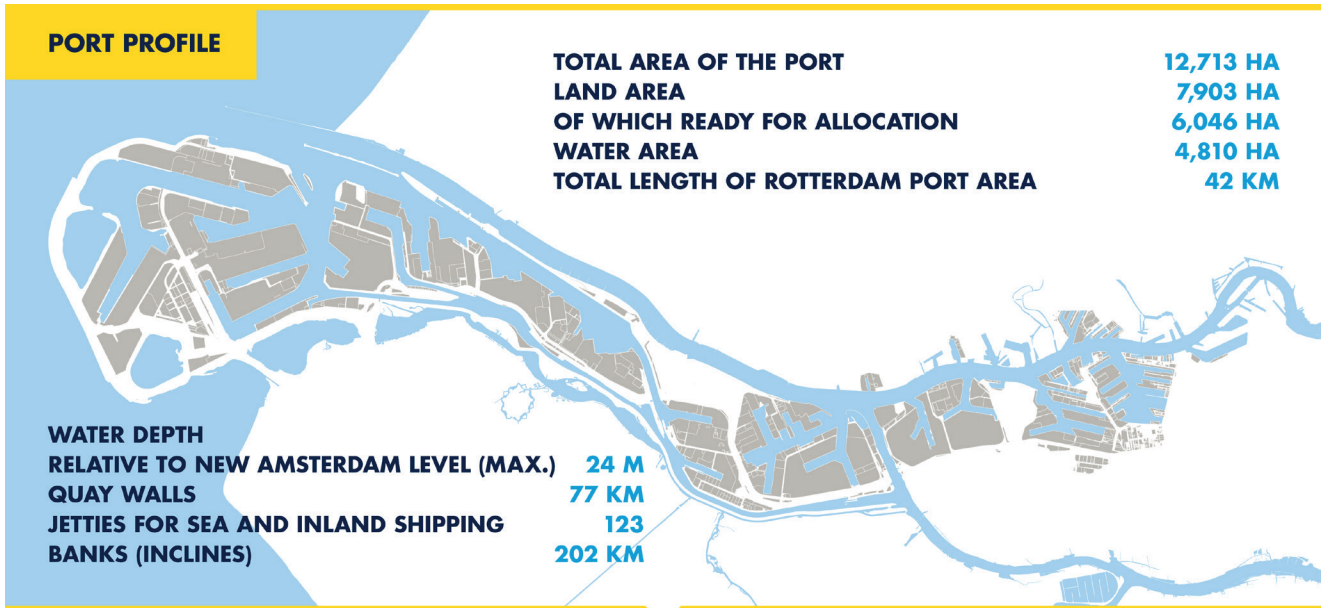
In 2017, throughput in the port of Rotterdam was 13.7 million TEU, an increase of 9.8% relative to 2016.



### 3D printed propeller RAMLAB

Late November 2017 saw the presentation of the very first certified ship propeller in the world to be produced by a 3D printer.

# THE PORT AREA



The map here shows the different activities in the port.

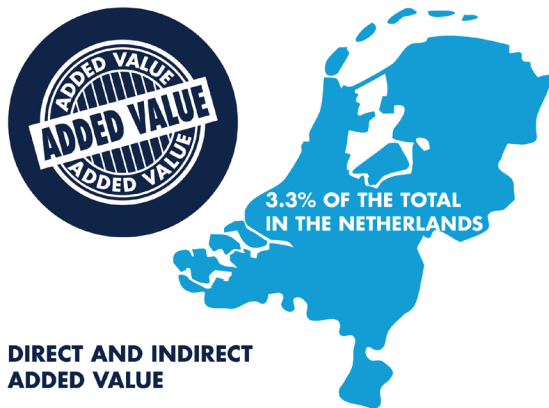


## PORT-RELATED ADDED VALUE AND EMPLOYMENT

(including Dordrecht)

ADDED VALUE OF 23,019 MILLION EUROS

195,972 EMPLOYEES



The added value of the port of Rotterdam amounted to more than €23 billion in 2016 (last known figure). That is 3.3% of the Dutch gross domestic product (GDP). Source: Havenmonitor.

## MARKET POSITION

In 2017, Rotterdam retained its position as the market leader in the Hamburg-Le Havre range in terms of total throughput. The market share of Rotterdam did fall slightly: from 37.6% in 2016 to 37.2% (up to and including the third quarter) in 2017. The reasons are lower growth or a larger decline in the throughput of wet and dry bulk goods (with the exception of LNG and agribulk respectively) at Rotterdam by comparison with throughput in the Hamburg-Le Havre range. The decline in market share was offset in part by stronger growth in containers, RO-RO and general cargo in Rotterdam by comparison with throughput in the Hamburg-Le Havre range.

Goods throughput in the port of Rotterdam (including the Dordrecht seaport) increased by 1.3% in 2017 by comparison with 2016 to 467.4 million tonnes, an increase of 6.2 million tonnes. This increase in throughput mainly involved the container segment (12.3%) but the 2.3% increase in the throughput of crude oil was also a factor in this result, which was partly offset by a fall in the throughput of some types of goods in the wet and dry bulk segments, especially coal, mineral oil products and other liquid bulk. In the goods categories with relatively smaller throughput volumes, the throughput of agribulk, LNG, RO-RO cargo and other general cargo increased.

Container throughput in TEU (twenty feet equivalent unit, the unit size for containers) increased by 10.9% to 13.7 million in TEU. Container throughput rose sharply in the deep-sea and feeder markets, and in the short-sea market. This increase was seen mainly in the Asia-Europe services and was a clear consequence of the movement towards consolidation in the container industry. New large alliances are using ever larger container vessels for these services. In the context of this development, the competitive position of the port of Rotterdam improved, not only because of its favourable location and nautical capacity but also because of the increase in available terminal capacity. The increase in productivity at the new container terminals at Maasvlakte 2 made a significant contribution here.

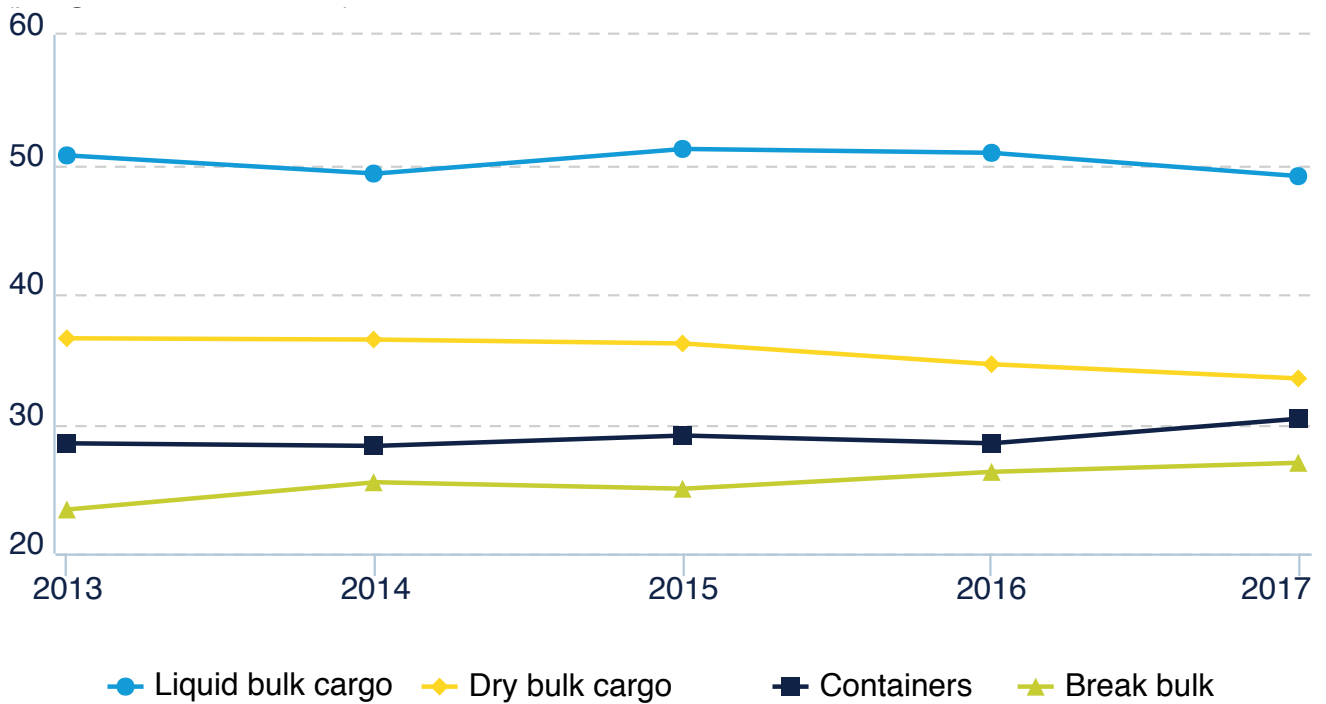
## CARGO THROUGHPUT IN THE PORT OF ROTTERDAM\*

(Gross weight x 1,000 tonnes)	2013	2014	2015	2016	2017
Ore and scrap metal	35,944	34,075	33,865	31,229	31,166
Coal	30,675	30,401	30,691	28,443	25,752
Agribulk	10,318	11,266	10,834	10,449	11,143
Biomass	475	281	75	56	414
Other dry bulk cargo	12,249	12,850	12,274	12,123	11,694
<b>Dry bulk cargo subtotal</b>	<b>89,186</b>	<b>88,593</b>	<b>87,739</b>	<b>82,301</b>	<b>80,168</b>
Crude oil	91,054	95,388	103,091	101,858	104,179
Mineral oil products	81,608	75,006	88,496	88,761	79,207
LNG	756	1,206	2,307	1,705	1,986
Other liquid bulk cargo	33,381	30,899	30,746	31,195	28,911
<b>Liquid bulk cargo subtotal</b>	<b>206,799</b>	<b>202,498</b>	<b>224,640</b>	<b>223,519</b>	<b>214,282</b>
<b>TOTAL BULK CARGO</b>	<b>295,986</b>	<b>291,091</b>	<b>312,379</b>	<b>305,820</b>	<b>294,450</b>
Deep-sea cargo	78,041	82,650	80,935	81,322	89,172
Feeder cargo	18,650	18,993	19,266	20,471	25,389
Short-sea cargo	24,559	25,954	26,044	25,270	28,082
<b>Containers</b>	<b>121,250</b>	<b>127,598</b>	<b>126,245</b>	<b>127,063</b>	<b>142,642</b>
Roll-on/roll-off cargo	18,512	20,005	22,030	22,412	23,805
Other general cargo	4,716	6,039	5,709	5,881	6,456
<b>Break bulk</b>	<b>23,228</b>	<b>26,044</b>	<b>27,739</b>	<b>28,293</b>	<b>30,262</b>
<b>TOTAL GENERAL CARGO</b>	<b>144,478</b>	<b>153,642</b>	<b>153,984</b>	<b>155,356</b>	<b>172,904</b>
<b>TOTAL CARGO THROUGHPUT</b>	<b>440,464</b>	<b>444,733</b>	<b>466,363</b>	<b>461,176</b>	<b>467,354</b>
Total numbers of containers	7,006,301	7,386,528	7,329,640	7,413,548	8,194,232
Total TEUs	11,621,249	12,297,570	12,234,535	12,385,168	13,734,334

\*Including throughput on the north side of the river (Hoek van Holland, Schiedam and Vlaardingen). These throughput figures for 2017 represent approximately 3.8% of the total throughput volume. The associated seaport charges do not accrue to the Port of Rotterdam Authority and are therefore not included in the financial report.

## ROTTERDAM MARKET SHARE IN THE HAMBURG-LE HAVRE RANGE

(type of cargo in %)



The market shares are based on throughput figures up to and including the third quarter.

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## FOCUS ON ENERGY TRANSITION AND DIGITISATION

The current environment is so dynamic that the Port of Rotterdam Authority must respond quickly to achieve our objectives. Our role as a 'landlord', with the emphasis on land allocation, handling shipping and port maintenance, is part of our core business. In addition, we are increasingly focusing on our role as an enterprising developer. In 2017, we paid extra attention to the energy transition and digitisation.

### Energy transition

In 2016, the Port of Rotterdam Authority introduced the Energy Transition programme with the aim of transforming the port and industrial complex into a carbon-neutral cluster. In addition to cutting carbon emissions, we strive to maintain and increase the social and economic added value of the port. In tackling this challenge, we also work as a driver of economic innovation in the Rotterdam port and industrial complex, with the additional ambition of developing our port into the place where the energy transition takes shape.

In 2017, the German Wuppertal Institute developed scenarios for the decarbonisation of the Rotterdam complex on behalf of the Port of Rotterdam Authority. Their report showed that we can implement the energy transition in line with the 'Paris objectives' through different transition pathways. The transition pathways were a central theme of the 'Energy in Transition' summit in March 2017. We organised this summit with the aim of generating widespread enthusiasm and showing that the energy transition offers opportunities that should be explored and exploited now.

A multitude of initiatives have been developed with the ultimate aim of making the energy transition successful. We are investing in a unique infrastructure for heat, steam, electricity and CO<sub>2</sub>, for example by supplying residual heat from industry for the purposes of district heating for homes in Rotterdam, The Hague and Leiden. We are also encouraging green shipping (by using clean fuels such as LNG and shore power, and giving discounts for green vessels) and providing space for sustainable energy generation (using solar and wind). In this way, we are enhancing the business climate for the industrial sector by making the industrial area more energy-efficient and reducing CO<sub>2</sub> and NO<sub>x</sub> emissions.

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## FACILITATING THE ENERGY TRANSITION

### KPI: PROGRESS WITH INVESTMENTS AND ENERGY INFRASTRUCTURE



The Port of Rotterdam Authority wants the port of Rotterdam to be at the heart of the energy transition. Our vision of the energy transition means that greenhouse-gas emissions will be almost eliminated by 2050, and that primary energy sources and raw materials will be renewable. Our aim is to develop a robust energy infrastructure with projects such as CCS and the Heat Hub (*Warmterotonde*). Consultations are still in progress with respect to decision-making about the investments required.

*This is a KPI for an equipment theme*

### PI: SUSTAINABLE ENERGY



4.9%

In the Port Vision document, we stated our ambition with our Port Vision partners to achieve a goal of 30% renewable energy by 2030. In 2017, the share of energy from renewable sources rose from 4.8% to 4.9%, mainly due to the increase in the number of solar panels in the Slufter area and in the Waalhaven.

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## Digitisation

Trends and developments in digitisation are changing the environment in which we, and our clients, operate. The container market in particular is developing rapidly into a digital, platform-oriented market. The port must respond to this development if it is to maintain its sound competitive position. This is therefore a major challenge for the coming years.

The Port of Rotterdam Authority intends to make a difference with digitisation and improve the efficiency and reliability of the sector. We play an active role in making data and information available and developing applications that can benefit logistics and our clients. This role includes investing in obtaining the data required and teaming up with customers on digital services and products.

In 2017, we worked on the establishment and set-up of the Digital Business Solutions (DBS) department, the successor to the Rotterdam Logistics Lab. DBS focuses on improving sector efficiency and port operations with digital products and services. Its key tasks include developing new concepts and identifying opportunities for existing digital services and products. We are eager to be a part of digital developments that affect the overall playing field for logistics and ports. In addition, with DBS, we are generating new sources of income by selling digital products and services to market parties in the Rotterdam port community, to other port authorities and to market players in global port communities.

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### DIGITISATION

#### KPI: NUMBER OF PILOT PROJECTS/PROOFS OF CONCEPT WITH USERS (target: 5)



7



We see the digitisation of the logistical chain as an important way of improving the port of Rotterdam's competitive position. Our target is to develop five pilot projects/proofs of concept with clients each year at the Rotterdam Logistics Lab, our corporate start-up. We fulfilled this target in 2017.

*This is a KPI for an equipment theme*

#### KPI: NUMBER OF PILOT PROJECTS REACHING ONGOING DEVELOPMENT STAGE (target: 3)



5



The results of a pilot project are analysed as a basis for a go/no-go decision about continuation in consultation with the client. The target is to achieve the ongoing development of at least three pilots a year. We fulfilled this target in 2017.

*This is a KPI for an equipment theme*

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## 2017 FINANCIAL RESULTS

The Port of Rotterdam Authority must continue to invest as an enterprising developer in the port infrastructure and respond to the opportunities provided by the energy transition, digitisation and innovation. Adequate investment capacity is therefore crucial. It allows us to develop and fulfil our investment ambitions. The financial scope to invest depends on, among other things, operating costs and revenue, the returns on our investments, the size of our investment portfolio (past, present and future) and agreements with our financiers.

### Financial position

We further strengthened our financial position in 2017. Net turnover increased slightly to more than €700 million (+4.6%) owing to increased throughput and the indexation of current contracts. The conclusion of new contracts and changes to existing contracts also contributed positively to revenue. We were successful in reining in the development of our going-concern costs by looking critically at our internal costs and making choices relating to our activities. Total costs increased (+9.3%) as a consequence of our contribution to the Social Dialogue concluded in 2016 and the intensification of our strategic themes of energy transition, digitisation and innovation.

### Focus on strategic themes

In 2017, we earmarked additional funding for our strategic themes with the aim of accelerating the development of the opportunities afforded by the strategic themes for the port of Rotterdam. The effect can be seen in projects such as large-scale carbon capture and storage, the development of open infrastructure for the transport of residual heat and a range of solutions for the improvement of the supply chain and port operations, such as Pronto.

### Investment portfolio

In 2017, we invested €213.8 million. These investments relate to the development of infrastructure for our new and existing clients, and the development of the public part of the Rotterdam port complex. Investments for new and existing clients generate a direct financial return; investments in the public domain do not. We monitor the balance between the two. In 2017, the share of public investments was 41%, which is higher than the longterm average. Our investment portfolio is well filled. With a volume of more than one billion euros for the next five years, it will be necessary to give priority to the most promising ideas during the pre-selection stage.

The port of the future depends crucially on plans that involve more than infrastructural developments alone: we must also focus on commercial digitisation, the energy transition, national and international alliances and new business models. The Port of Rotterdam Authority has ambitious goals in these areas. There are opportunities and our portfolio is becoming richer and more complex. Structure, transparency and prioritisation are needed for these ideas. That is why we stepped up the pre-selection phase in 2017 before actual realisation.

### The ratio of net debt to EBITDA is stable and less than 2

The Port of Rotterdam Authority aspires to the financial position appropriate to an A rating to achieve our investment ambitions and to maintain our operating activities in the event of unexpected negative developments. The most important financial ratios that we follow are: net debt to EBITDA, solvency, debt service coverage ratio and operating cash flow to meet existing obligations. These ratios are stable this year.

### Corporation tax

With the decision of the European Commission that Dutch seaports are required to pay corporation tax with effect from 1 January 2017, the effect on the Port of Rotterdam Authority became visible for the first time in 2017. We had discussions with the tax authorities on several occasions in the course of 2017 about the establishment of the fiscal opening balance sheet. Unfortunately, no agreement has yet been reached in that respect. The Port of Rotterdam Authority has therefore decided to apply the 25% rate to the commercial result for the initial determination of the tax burden, resulting in a charge of €60.4 million. The fact that there is still no fiscal opening balance sheet also means that no deferred tax has yet been recognised. We will continue our negotiations with the tax authorities in 2018 with the aim of establishing a clear picture of the impact on our financial position.

## BALANCE SHEET

	31-12-2017	31-12-2016
<b>Assets</b>		
<b>Fixed assets</b>		
Tangible fixed assets	3,713,427	3,679,246
Financial fixed assets	92,329	99,416
	<u>3,805,756</u>	<u>3,778,662</u>
<b>Current assets</b>		
Inventories	625	597
Accounts receivable	288,643	166,981
Cash and cash equivalents	228,870	270,103
	<u>518,138</u>	<u>437,681</u>
<b>Total assets</b>	<b>4,323,894</b>	<b>4,216,343</b>
<b>Liabilities</b>		
<b>Shareholders' equity</b>		
Subscribed capital	900,000	900,000
Share premium reserve	391,200	391,200
Statutory reserves	48,872	50,283
Other reserves	1,159,180	1,037,308
Result for appropriation	186,981	224,102
	<u>2,686,233</u>	<u>2,602,893</u>
Provisions	63,853	62,609
Long-term debts	1,092,579	1,163,248
Short-term debts	481,229	387,593
<b>Total liabilities</b>	<b>4,323,894</b>	<b>4,216,343</b>

(Amounts x €1,000)

## INCOME STATEMENT

	2017	2016
Net revenue	681,216	652,156
Other operating income	30,911	28,429
<b>Total operating income</b>	<b>712,127</b>	<b>680,585</b>
Wages, salaries and social security costs	-110,655	-102,881
Depreciation and impairment of non-current assets	-147,855	-140,168
Other operating expenses	-150,394	-135,975
<b>Total operating expenses</b>	<b>-408,904</b>	<b>-379,024</b>
<b>Operating result</b>	<b>303,223</b>	<b>301,561</b>
Financial income and expenses	-61,816	-85,925
<b>Result from ordinary operations before taxation</b>	<b>241,407</b>	<b>215,636</b>
Taxation on result from ordinary operations	-60,352	-
Result from participating interests	5,926	8,466
<b>Result</b>	<b>186,981</b>	<b>224,102</b>

(Amounts x €1,000)

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## SAFETY

Safety is a top priority for the Port of Rotterdam Authority. The port of Rotterdam employs 195,972 people directly and indirectly and it is located in a densely-populated region. Safety in the port for employees and local residents is a basic condition for our operations and the privilege of operating the port of Rotterdam.

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### SAFETY IN 2017

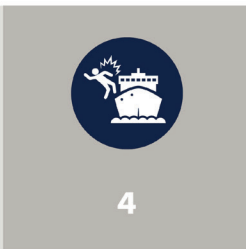
#### KPI: MAJOR NAUTICAL INCIDENTS IN THE PORT (target: 0)



Safety is a top priority for us. The Port of Rotterdam Authority wants to have an entirely safe port where there are no major nautical incidents. We achieved this aim in 2017. There were no major incidents (nautical or otherwise).

*This is a KPI for an equipment theme*

#### PI: NUMBER OF ACCIDENTS INVOLVING P.O.R.-AUTHORITY EMPLOYEES AND RESULTING IN LOST TIME > 1 DAY



The safety of our employees is our legal responsibility as an employer. Regrettably, in 2017, there were four accidents or sudden work-related events as a result of which the employees concerned were unable to work for more than a day. Lost time as a result of work-related accidents amounted to a total of 550 working days.

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### Port of Rotterdam Authority

The aim of the Port of Rotterdam Authority is to strengthen the competitive position of the port of Rotterdam as a logistics hub and a world-class industrial complex. The Port of Rotterdam Authority manages, operates and develops the Rotterdam port and industrial area in terms of both size and quality. The Port Authority is responsible for maintaining the safe and smooth handling of shipping. We invest in the development of the existing port area, in new port areas, public infrastructure and in the handling of shipping.

Read the full annual report on [jaarverslag2017.portofrotterdam.com](http://jaarverslag2017.portofrotterdam.com)

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