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From: [REDACTED]
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Flush with cash, Dubai port operator DP World to pay back \$3 billion it borrowed months early

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By Associated Press, Updated: Monday, March 26, 2:27 PM

DUBAI, United Arab Emirates — DP World, the Dubai government-controlled port operator, said Monday it will reach into its cash reserves to pay back \$3 billion in debt half a year early.

The move will shrink the company's debt load by nearly 40 percent while still leaving it with more than \$1 billion in cash on hand, according to company figures.

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DP World's ability to borrow billions to fund an aggressive overseas expansion helped it become the world's third largest port operator. It is part of Dubai's troubled Dubai World conglomerate, but was excluded from its parent's highly publicized debt restructuring.

The cargo handler plans to pay off the \$3 billion balance it has outstanding on its revolving credit facility using cash on hand in early April. The debt is due in October.

It said it will still have \$1.2 billion in cash reserves afterward.

"If they felt they had no other use for this cash, it makes sense. ... They're in a very good financial position with ample liquidity" said Samir Murad, an analyst at NBK Capital in Kuwait.

DP World's decision to repay the debt early stands in contrast to other Dubai state-owned companies that in recent years were forced to seek new repayment terms from lenders once their debt loads became unmanageable.

Dubai World, the port company's parent, signed a deal to restructure some \$25 billion in debt last March, more than a year after it sent world markets reeling when it acknowledged it couldn't pay its bills on time.

Other heavily indebted Dubai companies have also been forced to ask lenders for revised repayment terms, with mixed success. Dubai World's shipbuilding division DryDocks World has been negotiating with creditors for months in an effort to retool the terms on \$2.2 billion it owes.

DP World said Monday it will continue to carry about \$4.7 billion in debt once it pays off the revolving facility, a standing line of credit that companies use to access cash quickly.

It is in talks with lenders to finalize the terms of a new five-year revolving facility of \$1 billion, but says it has no immediate need to tap that line of credit.

"We have created a balance sheet that allows DP World to meet the long-term strategic requirements for investment into profitable growth opportunities, (while) maintaining a very disciplined approach to capital allocation," said Sultan Ahmed Bin Sulayem, the company's chairman.

DP World manages more than 60 sea cargo terminals on six continents, including the Middle East's busiest in Dubai. It posted a first-half profit of \$740.9 million, and plans to report its full-year earnings later this week.

It raised \$1.5 billion in December 2010 by selling the majority of its Australian operations to an investment fund led by Citigroup Inc. It still manages the Australian ports and has a 25 percent interest in them.

The company is widely seen as one of Dubai's healthiest state-controlled companies, and it plays a crucial role in the city-state's trade-driven economy.

DP World is in the middle of a big expansion of Dubai's sprawling Jebel Ali port that is designed to meet growing demand for years to come. It is also building Britain's first new deep-sea container port in more than a quarter century, which is scheduled to open outside London by the end of next year.

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