

The background of the cover is a photograph of a large industrial structure, likely a bridge or a large gantry, made of grey steel beams and supports. A tall, red and yellow lattice crane is visible in the background against a clear blue sky. The structure has multiple levels with walkways and railings.

PORT
of
TYNE

**PORT OF TYNE
ANNUAL REVIEW
2016**





ANNUAL REVIEW 2016

TABLE OF CONTENTS

INTRODUCTION

CHAIRMAN'S STATEMENT	2
THE PORT OF TYNE AT A GLANCE	4
CHIEF EXECUTIVE'S REVIEW	6
PERFORMANCE AT A GLANCE	8

BUSINESS AREAS

CONVENTIONAL AND BULK CARGO	10
CAR TERMINALS	12
CRUISE AND FERRY	14
LOGISTICS	16
ESTATES	18
MARINE SERVICES	20

BUSINESS IMPACTS

HEALTH AND SAFETY	22
ENVIRONMENT	24
MAKING A DIFFERENCE IN THE REGION	26

BUSINESS OPERATION

A FOCUS ON OUR PEOPLE	28
FINANCIAL PERFORMANCE	30
MEMBERS OF THE BOARD	32

CHAIRMAN'S STATEMENT

2016 STATISTICS

£14.6M

INVESTED IN THE PORT'S
INFRASTRUCTURE IN 2016



“THE PORT IS COMMITTED TO RE-INVEST ALL PROFITS GENERATED FOR THE BENEFIT OF ITS STAKEHOLDERS. AROUND £25M WAS RETURNED IN BENEFIT TO THESE STAKEHOLDER GROUPS DURING THE YEAR.”

IN 2016 THE PORT OF TYNE PERFORMED WELL ACROSS ALL OF ITS BUSINESS AREAS, WITH THE EXCEPTION OF CONVENTIONAL AND BULK CARGOES WHICH HAVE BEEN ADVERSELY IMPACTED BY THE DRAMATIC REDUCTION IN IMPORTED COAL VOLUMES ACROSS THE UK DURING THE PAST THREE YEARS.

Port of Tyne coal volumes have as a result fallen from a peak of nearly 5.0 million tonnes in 2013 to zero in 2016, which has adversely impacted the overall financial performance. Profit before Tax for the year was £3.7 million, turnover was £45.9 million and EBITDA was £6.7 million.

The business, however, is in a strong position to recover from the decline in coal handling as construction of new multi-million pound wood pellet handling and storage facilities for Lynemouth Power Ltd is well underway and due for commissioning in the second half of 2017. It will also be in a position to benefit from investment made in extending the main operational quay, which when commissioned will be nearly 1 kilometre in length. The Port is also well-placed to accommodate expansion opportunities with large sites on both sides of the river, each having Enterprise Zone status.

Activity at the Port's three car terminals has remained strong and the business has retained its position as the UK's No. 2 car exporting port, and during the year, a record number of passengers used the Port's International Passenger Terminal as a result of a record number of cruise ships visiting the Port.

The Port continued to invest heavily in the development of infrastructure with nearly £15 million allocated to secure business opportunities and to improve operational efficiency. This included investment in state-of-the-art quayside unloading and conveying equipment for the Lynemouth Power project, extending car terminal storage capacity for Nissan by 10 acres, taking its footprint to 80 acres, and the final phases of the extension to Riverside Quay, due for completion in 2017.

The performance of the Port in 2016 had a significant impact on the economy of the North East region. The annual assessment by consultants Arup shows that the Gross Value Added (GVA) by the Port to the region was £680 million with 14,000 full-time jobs supported directly or indirectly by the Port. The Port's International Passenger Terminal continued to contribute over £51 million to the GVA, supporting the travel and tourism sector in particular.

The Port re-invests all profits for the benefit of its stakeholders. In 2016, £25 million was returned in benefit to these stakeholder groups during the year. This includes the annual donation of 1% of profits to the Port of Tyne Community Action Fund at the Community Foundation Tyne & Wear and Northumberland which supports projects that help young people, enhance community activity, or make environmental improvements.

I am very pleased to report that some of the Port's main health and safety indicators improved again during the year, with the number of injuries recorded decreasing and the level of reported near-misses rising, viewed as demonstrating continuing positive change in culture and behaviour, supported by all of our employees. Other highlights were maintaining the internationally recognised Health and Safety standard OHSAS: 18001 and achieving the Royal Society for the Prevention of Accidents (RoSPA) Gold Award for the third year in succession.

It is a tribute to the employees that the Port maintained its IIP Gold standard and retained the IIP Champion status for a second year. They are to be commended for their continued commitment to major organisational and cultural transformation.

As always, there are uncertainties and challenges ahead, but with the support of the employees I am sure any challenges can be overcome, and new opportunities are taken, enabling the Port to continue its already significant support to the local economy, industry and trade of the North East region and UK plc.

I would like to pay tribute to Dr Jon Hargreaves who died in October. Jon joined the Port's Board in 2010, becoming Deputy Chairman in 2014. He made an enormous contribution to the growth and development of the Port and his unwavering enthusiasm, energy and support is greatly missed by everyone at the Port.

My thanks also go to Alan Rutherford who retired from the Board after serving for six years, and I would like to thank him for the significant contribution he made to the Port.

We welcomed a new Non-Executive Director, Steve Crosland, to the Board in 2016 and Duncan Barrie joined as Chief Financial Officer.

On behalf of the Board, I would like to thank all of our stakeholders, and particularly our employees, for their hard work, commitment and support and the contribution they have made to the continued development of the Port of Tyne as we look forward to 2017 and beyond.



Hilary Florek
Chairman

THE PORT OF TYNE AT A GLANCE

THE PORT OF TYNE IS A VITAL COG IN THE ECONOMY OF NOT JUST THE NORTH EAST REGION, BUT OF THE UK AS A WHOLE. IT IS A GATEWAY TO A WORLD OF TRADE AND PLAYS A MAJOR PART IN KEEPING GOODS AND PROSPERITY MOVING AROUND THE COUNTRY AND THE GLOBE.

FROM BULK CARGOES OF RENEWABLE FUELS TO THE SHIPPING, STORAGE AND DISTRIBUTION OF GOODS FOR LOCAL, NATIONAL AND INTERNATIONAL COMPANIES, THE PORT PROVIDES AN EVER-INCREASING RANGE OF SERVICES TO HELP BUSINESSES COMPETE AND SUCCEED.



KEY:

STEPHENSON ENTERPRISE PARK

HOWDON

ROYAL QUAYS ENTERPRISE PARK

WHITEHILL POINT

INTERNATIONAL PASSENGER TERMINAL

TYNE DOCK ENTERPRISE PARK

TYNE DOCK

PORT ESTATE BOUNDARY

1
INTERNATIONAL
PASSENGER
TERMINAL

78k
SQ METRES OF
WAREHOUSING

3,420
METRES OF
POTENTIAL
BERTH SPACE

3
CAR TERMINALS

613
ACRES OF LAND

189
DISTRIBUTION
TRUCKS AND
TRAILERS

STRUCTURE AND GOVERNANCE

The Port of Tyne is a trust port – a statutory body that is governed by legislation and controlled by an independent board.

There are no shareholders or owners and any surplus that the Port makes is ploughed back into the organisation for the benefit of its stakeholders, who principally consist of its customers (including all river users), employees, the Government, businesses and the local community.

The Port of Tyne has statutory responsibility for conservancy and safe navigation for a 19 mile stretch of the River Tyne, and three miles of sea outside of the piers. The organisation's principal activities are the provision of cargo and passenger handling services, alongside storage and distribution services.

MISSION AND VISION

MISSION

To create a vibrant and sustainable Port of Tyne for the benefit of the national and regional economy and to ensure that the Port is handed on in a better condition to future generations.

VISION

To be a £100m business, recognised for outstanding customer service and being a great place to work, where employees are highly engaged and share in the success of the organisation.

VALUES

All of the Port's activities are informed by a set of key values.

CUSTOMER FOCUS

Understanding the needs of customers and identifying where value can be added to mutual benefit.

PEOPLE FOCUS

Recognising the vital role of people within the organisation and training, developing and rewarding all who work for the Port in a challenging, supportive and safe environment.

FUTURE FOCUS

Developing the business and investing in its long-term future and sustainability.

BUSINESS AREAS

Activity at the Port of Tyne is focussed around five distinct business areas, plus its Marine Services operation.

CONVENTIONAL & BULK CARGO

The Port of Tyne is internationally renowned as a handler of energy products as well as handling other cargoes such as grain, steel and scrap metal. Its accessibility at all states of the tide, plus the depth of the river channel, means that it can accommodate 83% of the world's bulk carrier fleet.

CAR TERMINALS

The Port of Tyne is recognised as one of the most versatile and efficient car handling terminals in the UK. With three car terminals, one on the north side of the Tyne and two on the south side, the Port of Tyne handles around 600,000 vehicles per year destined for markets across the globe.

CRUISE & FERRY

The Port operates the Port of Tyne International Passenger Terminal on the north side of the river, which provides both a port of call and turnaround (start and finish point) port for cruise vessels and a daily ferry service to Amsterdam.

LOGISTICS

The Port of Tyne's logistics operation offers customers a one-stop-shop for integrated shipping, storage and distribution activities. Regular shipping services connect the Port to Felixstowe, Grangemouth, Rotterdam and beyond. The Port's state-of-the-art container terminal handles goods from ship to warehouse and then onwards via the Port's distribution fleet.

ESTATES

The Port's land and property portfolio covers over 250 hectares and includes commercial premises, ranging from office accommodation and commercial units to industrial sites, all within the boundary of the secure Port estate. The Port also has land available for commercial development, on both north and south banks of the river, with over 30 hectares of this designated as part of the North East's Local Enterprise Partnership Zone.

MARINE SERVICES

The Port of Tyne is responsible for the safe navigation of vessels on the river and three miles out to sea. Within Port limits, it oversees and monitors shipping movements 24 hours a day. The Marine Services team provides pilotage and information for all river users, including docking instruction and notice of berth availability.

“OVERALL THE PORT HAS MAINTAINED ITS ALREADY SIGNIFICANT CONTRIBUTION TO THE REGIONAL ECONOMY WITH THE ONGOING SUPPORT OF PARTNERS, CUSTOMERS, EMPLOYEES AND OTHER STAKEHOLDERS.”

TOTAL RIVER TYNE CARGO VOLUMES CONTINUED TO BE IMPACTED BY THE DRAMATIC REDUCTION IN IMPORTED COAL VOLUMES ACROSS THE UK, WHICH HAS FALLEN FROM A PEAK OF 50 MILLION TONNES IN 2013 TO UNDER 10 MILLION TONNES IN 2016.

This change is due to the structural shift away from coal-fired electricity power generation, lower prices of alternative fuels such as gas and oil, less demand due to weather conditions and the build-up of coal stock levels.

Reflective of this, River Tyne coal import volumes have also fallen, from a peak of nearly 5.0 million tonnes in 2013 to zero in 2016. As a result, River Tyne cargo volumes have fallen from a high of 8.1 million tonnes in 2013, to 3.7 million tonnes in 2016, representing an 27% reduction compared to 2015.

Whilst the Port delivered a positive performance across its Car Terminals, Cruise and Ferry, Logistics and Estates business areas, the overall financial results have been adversely impacted by the loss of imported coal and to a much lesser extent a reduction in wood pellet imports in the year.

As a result of these lower volumes, turnover decreased by 22% to £45.9 million from £58.8 million in 2015, whilst operating profit for the year increased by 33%, to £0.8 million as the impact of lower turnover was more than offset by exceptional non-recurring items in 2015. Reported Profit before Tax was £3.7 million (2015: £6.0 million) including a positive movement in the valuation of investment property of £3.8 million (2015: £6.5 million).

A total of 2.0 million tonnes was handled by the Conventional and Bulk Cargo business area in 2016 compared to 3.5 million tonnes in the previous year. The number of cars handled across the Port's three car terminals, that provide facilities for Nissan, VW / Audi and Höegh, was slightly up on the previous year at 594k units. The volume of Nissan exports remained strong and as a result the business retained its position as the UK's No. 2 car exporting port.

There has been a continued increase in the number of passengers using the Port's International Passenger Terminal including the daily Newcastle to Amsterdam route, operated by DFDS Seaways, and by a growing number of cruise operators calling at the Port. 675k passengers travelled through the terminal, an increase of 40k on 2015, including 585k ferry passengers, and a record 90k cruise passengers on the 44 cruise ships that visited the Port in 2016. Within the Logistics business area, (comprising containers, warehousing and distribution), container volumes recovered to 53k TEUs (Twenty Foot Equivalent units), an increase of 13% on 2015 volumes.

Although the overall volume of cargoes handled in the year decreased, as did the number of vessel movements, which fell slightly to 2,796, the gross tonnage of ships entering the River Tyne increased by 8% to 27.8 million tonnes, reflecting the continued global shift to larger vessels experienced within the marine sector.

The Port invested almost £15 million during the year in the development of infrastructure to enable business opportunities and improve operational efficiency. The largest items were an £8.8 million investment in the Lynemouth Power wood pellet handling project, and £2.1 million of expenditure relating to the final phases of the extension to Riverside Quay, the Port's main operational quay, due for completion in 2017.

Overall the Port has maintained its already significant contribution to the regional economy with the ongoing support of partners, customers, employees and other stakeholders.

The Port has continued its strategies to develop new business and further broaden its portfolio of cargo handling to offset the decline in coal volumes.

Central to this is continued investment in both infrastructure and in developing people, reflecting the Port's desire to grow and achieve its vision.

In 2016, the development of the Lynemouth Power Ltd facility at the Port, and the submission of a planning application for a 25MgW energy recovery facility for the Port's Howdon site in North Tyneside are indicative of the scale of ambition the Port has.

Employees have continued to remain open to the ongoing cultural change programme that remains central to the business's future success and a vital component of the future growth that will deliver enhanced value to the Port of Tyne's stakeholders. As reported last year, we still face further challenges, together with new uncertainties, but with sound strategies identified, and with the continued support of employees, customers and all other stakeholders, we look forward to the coming period and taking advantage of the opportunities that lie ahead.

I would like to place on record my thanks, once again, to all of my colleagues for their continued efforts during 2016.



Andrew Moffat
Chief Executive Officer

CHIEF EXECUTIVE'S REVIEW



FINANCIAL PERFORMANCE IN 2016

£45.9m

TURNOVER IN 2016

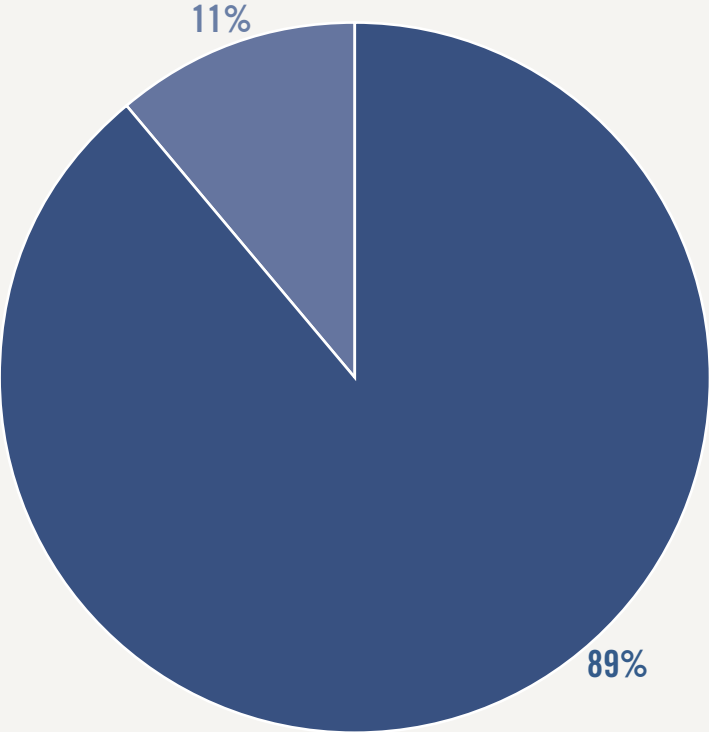
£3.7m

PROFIT BEFORE TAX IN 2016

PERFORMANCE AT A GLANCE

TOTAL TONNAGE HANDLED

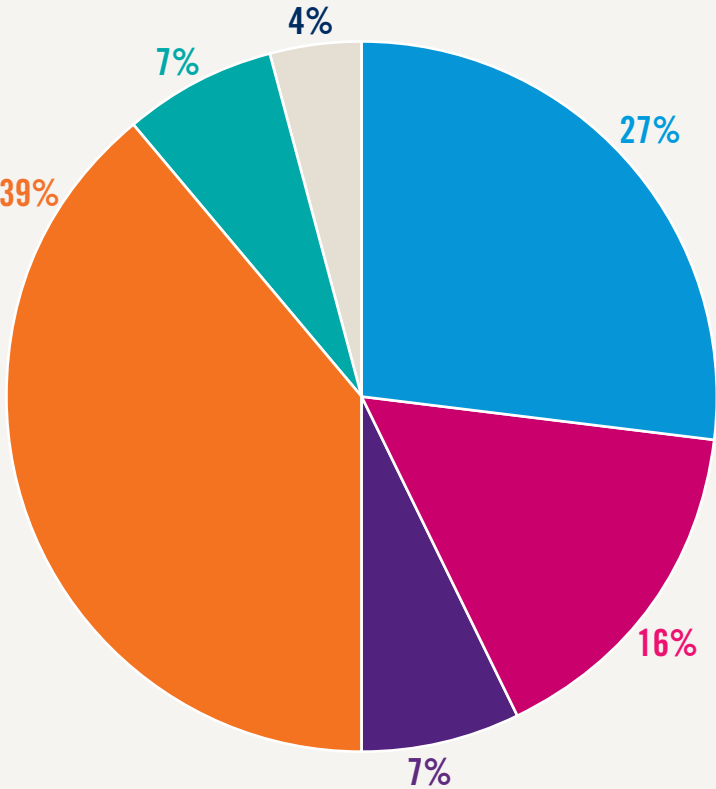
2016: 3.7M TONNES



VOLUMES HANDLED BY:	2016
PORT OF TYNE BERTHS	3.3M
THIRD PARTY BERTHS	0.4M

TURNOVER BY BUSINESS AREA

2016: £45.9M



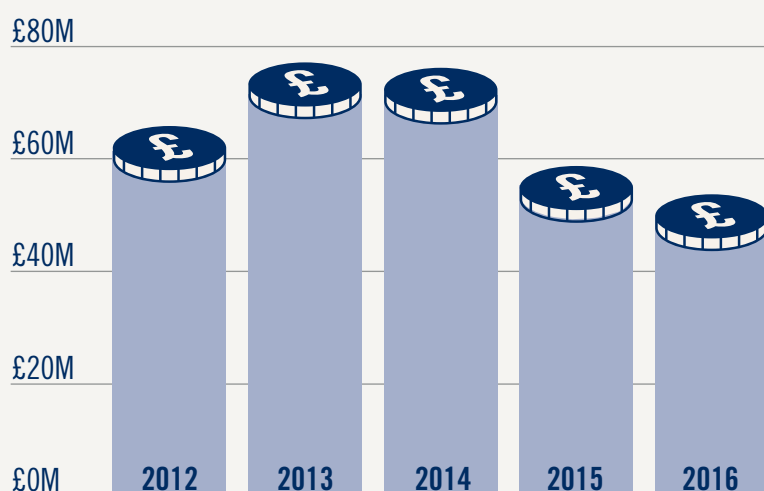
BUSINESS AREA:	2016
CONVENTIONAL & BULK CARGO	£12.3M
CAR TERMINALS	£7.6M
CRUISE & FERRY	£3.2M
LOGISTICS	£17.9M
ESTATES	£3.0M
THIRD PARTY ACTIVITIES	£1.9M

KEY FINANCIAL INDICATORS

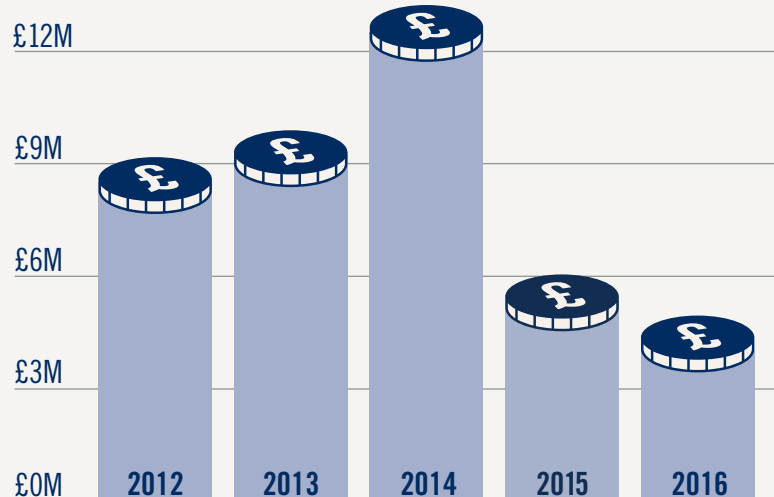
Profit before Tax for 2016 was £3.7m, turnover was £45.9m and EBITDA was £6.7m.

The Port invested £14.6m in infrastructure and net assets remained at around £116m.

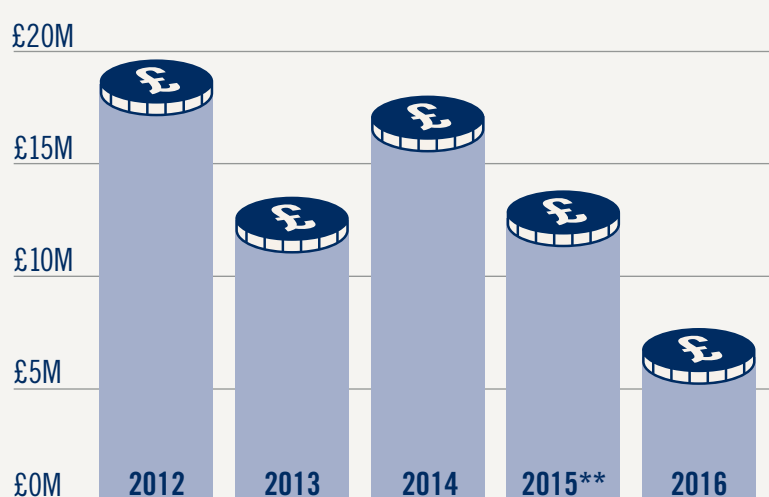
TURNOVER £45.9M IN 2016M



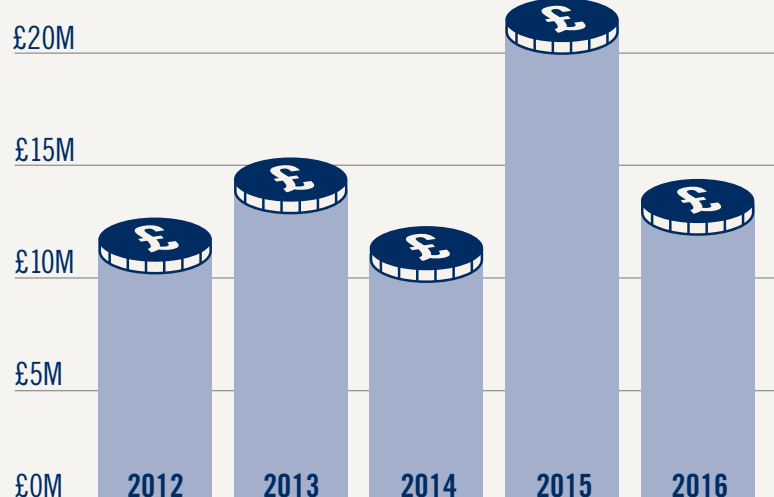
PROFIT BEFORE TAX £3.7M IN 2016



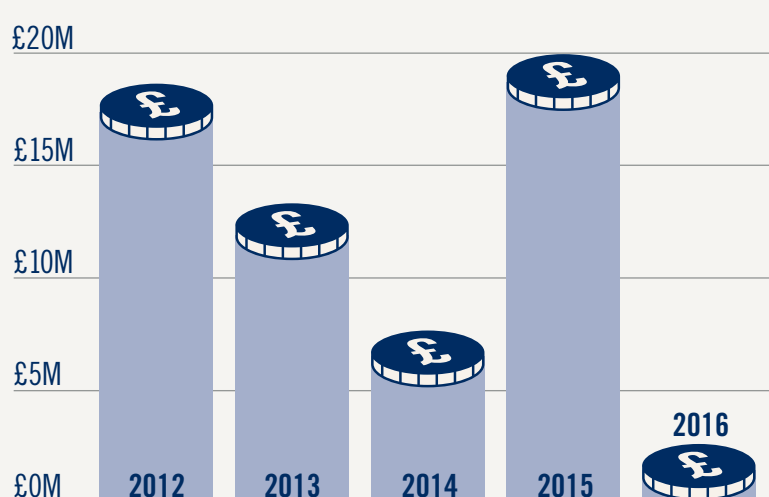
EBITDA* £6.7M IN 2016



CAPITAL EXPENDITURE £14.6M in 2016



CASH FLOW FROM OPERATING ACTIVITIES £0.3M IN 2016



*Earnings before interest, tax, depreciation and amortisation. **(after exceptional costs of £4.1m)

CONVENTIONAL AND BULK CARGO

THE INVESTMENT MADE IN RECENT YEARS TO ACCOMMODATE THE INCREASING SCALE OF NEW SHIPS HAS BENEFITTED BOTH THE PORT AND ITS CUSTOMERS.

VOLUMES (TONNES)



2016	2.0M
2015	3.5M

TURNOVER (£)



2016	12.3M
2015	25.1M

The Port has continued to invest in infrastructure to ensure it can meet the requirements of its customers now and in the future. Construction of a new 125m extension to Riverside Quay is due for completion in 2017. This £25 million investment will increase the Port's bulk cargo handling capacity by around 20%.

The development was critical to winning new business from Lynemouth Power Ltd to handle, store and transport up to 1.8 million tonnes of wood pellet per year.

In 2016 the River Tyne handled 3.7 million tonnes of cargo, 89% of which was handled at Port of Tyne owned berths. 2.0 million tonnes was handled by the Conventional and Bulk Cargo business area over the Port of Tyne's quays.

This was a reduction in conventional and bulk cargoes - 44% less than the previous year - and was primarily due to the collapse of the UK imported coal market.

Following the record levels of coal imports handled in 2013, coal volumes fell from 5.0 million tonnes to 2.7 million tonnes in 2014, to 1.4m tonnes in 2015 and to zero in 2016. There was also a reduction in imports of wood pellet, which at a total of 1.1 million tonnes was 0.4 million tonnes

less than the previous year.

However scrap metal cargoes increased by 21% to a total of 0.3 million tonnes, and the Port also handled 0.3 million tonnes of aggregates. The Port continues to diversify to increase its cargoes of imported materials, such as forest products and other raw materials, as

"The Port continues to diversify to increase its cargoes of imported materials."

well as exports of scrap metals, grain and other bulk commodities.

During the year the Port secured new business with International Plywood - one of the UK's leading importers of plywood products. Multi-gear break-bulk vessels import plywood and other timber products to the Port of Tyne from the Baltics and as far afield as South East Asia and South America.



Pictured: Lynemouth Power construction project at the Port of Tyne

20%

INCREASE IN CAPACITY
AT RIVERSIDE QUAY

21%

INCREASE IN SCRAP
METAL CARGOES



CAR TERMINALS

DURING 2016, THE TOTAL NUMBER OF CARS HANDLED WAS 594K.

The majority were cars being exported to overseas markets from Nissan’s car manufacturing plant in Washington, Tyne and Wear. Imports were handled for the Volkswagen Audi Group and the Renault-Nissan Alliance continues to make the Port of Tyne its regional entry point into the UK for vehicles that are imported from the Renault and Nissan plants overseas.

In 2016 the Port completed the extension of its car terminal for Nissan – investing £0.6 million in Tyne Car Terminal to provide additional valuable storage space – creating around 10 extra acres. As a result, Tyne Car Terminal on the south bank of the Port of Tyne which services the Renault-Nissan Alliance is almost 80 acres in total.

The total volume of cars was 594k, an increase of 2% on 2015. During the year Nissan confirmed the future in the UK manufacturing sector by announcing that the next generation Qashqai and X-Trail will be built at the plant in Washington.

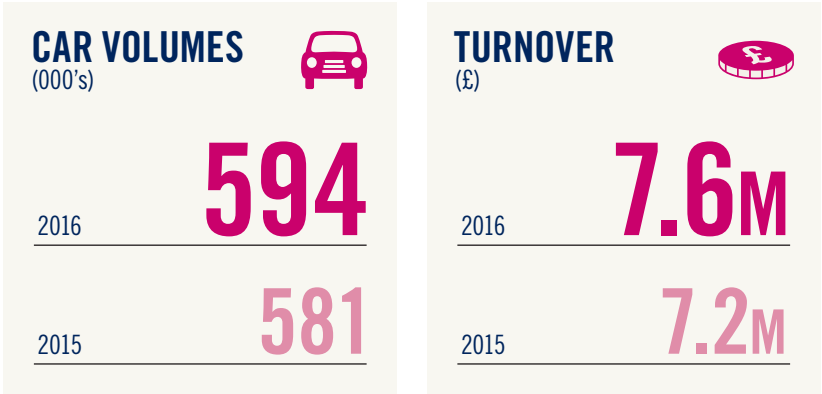
The Port of Tyne will continue to support Nissan’s growth plans and ensure that the Port is equipped with the right infrastructure to meet these demands.

“The Port invested £0.6 million in an extension of the Tyne Car Terminal, providing a further 10 acres of additional land for car storage.”

The volume of Nissan exports remained strong and according, to Automotive Logistics Magazine, which produces the annual European and Car Ports report, the Port of Tyne has retained its position as the UK’s number two Port for finished vehicle exports.

The Port of Tyne also supports Komatsu - one of the largest manufacturers of construction equipment in the world, by importing parts for their nearby manufacturing plant in Birtley and assembled excavators are then shipped out again via the Port’s car terminals to different European destinations.

Most recently the Port has secured new business by supporting Hitachi Rail Europe, with around 30% of import material destined for the Hitachi Rail Europe plant in Durham coming via the Port of Tyne.





594k

NUMBER OF
CARS HANDLED

#2

PORT IN THE UK
FOR CAR EXPORTS

+88%

INCREASE IN CRUISE
PASSENGERS TRAVELLING
THROUGH THE PORT OF TYNE

£51M

GVA IMPACT ON REGION'S
TOURISM ECONOMY

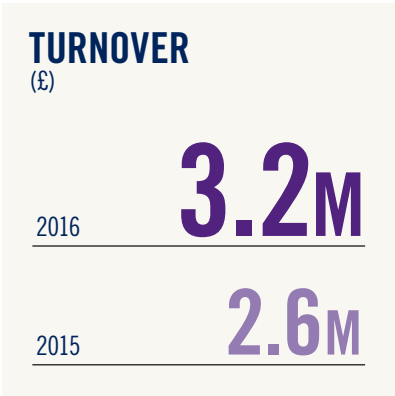
Holland America Line

FREIGHT LINE



CRUISE AND FERRY

THE PORT'S INTERNATIONAL PASSENGER TERMINAL WELCOMED ITS GREATEST NUMBER OF PASSENGERS AND A RECORD NUMBER OF CRUISE CALLS, INCREASING ITS IMPACT ON THE NORTH EAST REGION'S TOURISM SECTOR.



In 2016, the number of cruise passengers increased by 88% from 48k to 90k on a record 44 cruise calls.

New cruise lines visiting the Port in 2016 included the inaugural visit of *Disney Magic*, *AIDA Vita* and Holland America Line's *Zuiderdam* and *Koningsdam*. Other cruise lines visiting the Tyne included Oceania Cruises, Phoenix Reisen, Regent Seven Seas and Crystal Cruises.

Fred. Olsen Cruise Lines increased their confidence in the Port by making the Port of Tyne the home port for their flagship *Balmoral*, other cruise lines operating turnarounds from the Port included Cruise and Maritime Voyages.

“The Port of Tyne is the closest UK Port to the Baltics, the Fjords and Russia and offers easy access to the Canary Islands, The Azores, Portugal, Morocco and Spain.”

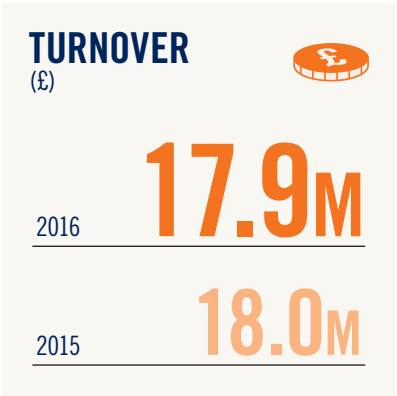
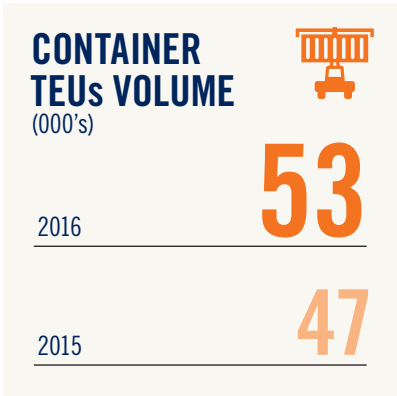
2016 marked a year of record growth for the Port's passenger operations including the busiest day ever at its International Passenger Terminal in North Shields. A record five passenger ships arriving in one day on August 16, including the 299.79 metre long and 99,500 gross ton *Koningsdam*, the biggest cruise ship ever to visit the Port.

The Port of Tyne is the closest UK Port to the Baltics, the Fjords and Russia and offers easy access to the Canary Islands, The Azores, Portugal, Morocco and Spain. The Tyne is not only an excellent choice to start or finish a cruise but it can rival many European ports in terms of easy access to world-class tourist attractions. The North East region is home to several UNESCO World Heritage sites, including Hadrian's Roman Wall and Durham Cathedral and Castle, as well as Alnwick Castle, known as the 'Windsor of the North', but most recognised for its role as Hogwarts in the Harry Potter films.

DFDS passenger numbers on the daily ferry service between Newcastle and Amsterdam remained strong, at 585k, only 2k behind the record numbers reported in 2015. As a result overall passenger volumes increased 6% to 675k passengers.

LOGISTICS

THE PORT'S LOGISTICS BUSINESS CONTINUED TO SEE STEADY TURNOVER AGAINST INCREASING COMPETITION.



The Port of Tyne operates regular short-sea feeder container services, effectively providing access to world-wide markets with import and export connections to Felixstowe, Grangemouth, Rotterdam and beyond.

The Logistics business area offers customers an integrated package of container handling, warehousing and distribution. Goods handled through the container terminal include retail products, parts for manufacturing and almost a third of the UK's tea imports.

“During the year the Port extended its relationship with its major tea manufacturing customers.”

Within the Logistics business area, (comprising containers, warehousing and distribution), container volumes recovered to 53k TEUs (Twenty Foot Equivalent units), an increase of 13% on 2015 volumes.

Offering unrivalled agility, security and flexibility for shippers, manufacturers and retailers across the North East, North West, the M62 corridor and increasingly further afield. As a well-equipped and well-connected port, its location offers an alternative to battling through the congested South East and adding thousands of unnecessary road miles to the cost of transportation.

Customers can select a bespoke package of logistics tailored to their individual needs from services that include the Port's 56k m² high security warehousing providing 53k racked pallet spaces, next day delivery anywhere in the UK utilising Port of Tyne distribution, pick and pack and re-work services, stock checking and a range of valued-added services.

During the year the Port also extended its relationship with its major tea manufacturing customers including Keith Spicer Ltd, having handled all raw tea container imports since 2012 – the Port of Tyne now manages distribution to the company's facilities in North Shields and Dorset as well as the haulage of finished goods going out to retail customers.





250

HECTARES OF
LAND ESTATES

7.1%

INCREASE IN TURNOVER
WITHIN THE ESTATES
BUSINESS AREA



ESTATES

THE PORT OF TYNE'S PROPERTY PORTFOLIO INCLUDES OVER 250 HECTARES AND IS HOME TO AROUND 100 COMMERCIAL TENANTS, AS WELL AS OFFERING PRIME DEVELOPMENT SITES ON BOTH THE NORTH AND SOUTH BANKS OF THE TYNE.

TURNOVER (£)



2016

3.0M

2015

2.8M



The Port of Tyne comprises 250 hectares of land with over 3 kilometres of potential berthing capacity.

Turnover remained strong at £3 million in 2016 an increase of 7.1% on the previous year.

During the year two new business parks, both benefitting from Enterprise Zone status were prepared for market.

Royal Quays Enterprise Park is a development area of up to 30 hectares in North Shields, perfectly suited for manufacturers requiring sea connections due to its close proximity to open sea with no air-draft limitations. Currently a mix of leased land and brownfield, the site offers a prime location ready for redevelopment. With container, RoRo, ferry, bulk cargo, road and rail connectivity, the Port of Tyne offers a superb development infrastructure which supports and enhances the region's strong tradition of heavy engineering.

Tyne Dock Enterprise Park in South Shields offers development land of up to 7 hectares, with immediate access to 550m of direct riverside frontage and a mature logistics infrastructure.

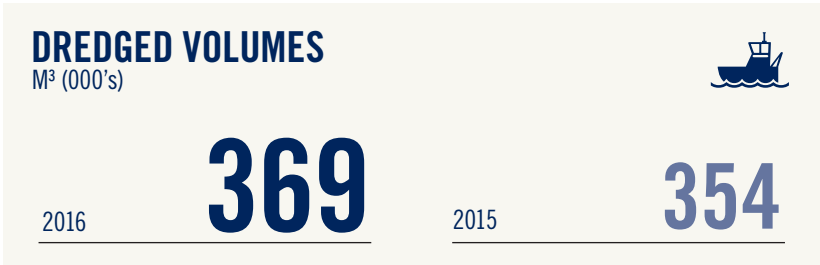
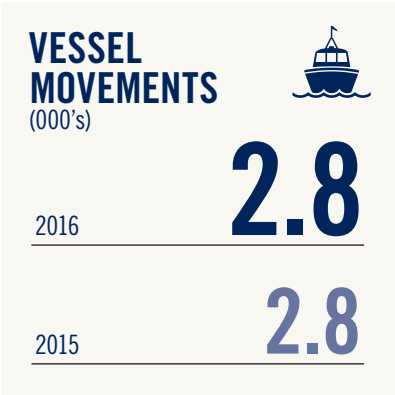
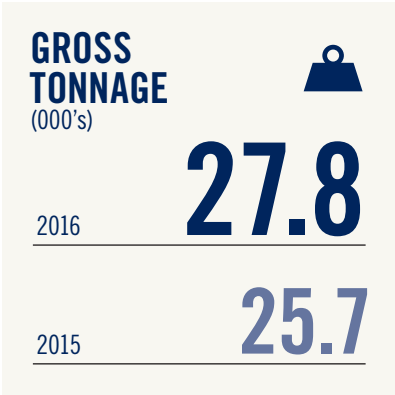
Enterprise Zones are specific geographical areas within the Local Enterprise Partnership's boundaries which can benefit from a range of incentives for businesses to start up or expand, including enhanced capital allowances and simplified local authority planning processes.

The Port continues to work with the North East Local Enterprise Partnership, the local authorities, national Government departments and agencies to ensure these potential opportunities for investors and developers are promoted for the benefit of the economic development of the region.

“During the year two new business parks, both benefitting from Enterprise Zone status were prepared for market.”

MARINE SERVICES

THE PORT’S MARINE SERVICES TEAM WORKS TIRELESSLY TO ENSURE THAT THE RIVER IS OPERATED SAFELY FROM THREE MILES OUT TO SEA TO 19 MILES INLAND.



Pictured: Tug boat at the Port of Tyne

The Port of Tyne follows the highest levels of UK marine safety guidance, and all its activities adhere to the nationally approved standards developed to improve safety across all of the country’s Harbour Authorities.

These are the Health and Safety standard OHSAS: 18001, and the guidelines of the Port Marine Safety Code (PMSC). The Port’s compliance with the Code is assured by the operation and audit, both internal and external, of the Port’s Marine Safety Management System, which is integral to the business’s overall safety management system.

The pilotage service operated by Marine Services achieved the International Standard for Maritime Pilot Organisations (ISPO) in 2013,

the standard was renewed in 2015, and indicates the highest levels of safety, skills, knowledge and expertise associated with the delivery of pilotage services.

The total number of vessel movements fell slightly to 2,796. Vessel gross tonnage, which measures both the size of vessels, increased by 8% to 27.8m tonnes.

During the year £130k was invested in a new vessel management IT system and the Port’s eight marine pilots were licensed as six unlimited class pilots, one class 1 and one at class three.

A maritime welfare levy was introduced in 2016 - a voluntary scheme collected on a maximum of 10 vessel visits per shipping line each year - and match funded by the Port of Tyne. The port welfare levy was created to support an emergency reserve fund and a capital fund for three nominated maritime charities. In 2016 the port welfare levy raised just over £10k which will be distributed by the Merchant Navy Welfare Board (MNWB).

The activity undertaken during the year to maintain depths by the Port of Tyne owned plough dredger, the Sir Bobby Robson, helped reduce the requirement to remove sediment from the river, both in the channel and at Port of Tyne berths.

“In 2016 the Port Welfare Levy raised just over £10k which will be distributed by the Merchant Navy Welfare Board.”





HEALTH AND SAFETY

THE PORT OF TYNE STRIVES TO BE A PLACE WHERE SAFETY COMES FIRST AND FOREMOST, AND IN 2016 ACHIEVED THE ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS GOLD AWARD FOR THE THIRD YEAR IN SUCCESSION.



Health and safety at work and for visitors to the Port of Tyne's sites remains of paramount importance and the focus and emphasis throughout 2016 was to embed the principle that all accidents are preventable.

The internationally recognised health and safety standard OHSAS: 18001 which places emphasis on health and safety system management, awareness, reporting, incident investigations and training was achieved by the Port in 2012. In 2016, the Port once more undertook rigorous assessments to maintain this standard.

The continual drive to improve Health and Safety saw the Port attain the Royal Society for the Prevention of Accidents (RoSPA) Gold Award for the third year in succession.

During the year the number of injuries at work fell by 12.5% to 35 injuries compared to 40 in 2015. Five of the injuries were reported to the Health and Safety Executive as they each involved an absence from work of more than seven days. The resulting Reportable Injuries per 100 employees was 1.09 which compares favourably to the 1.38 sector statistic published by the Port Skills and Safety (PSS) organisation.

Overall 1,121 safety incidents were recorded at the Port in 2016 and the percentage of near miss reporting increased slightly from 74% in 2015 to 75% in 2016, demonstrating the focus employees place on safety and positive cultural change continuing.

The Port's health and wellbeing promotional programme continued in 2016. This focussed on promoting healthy eating, health assessments, fitness and exercise and dental health.

"Reporting of Health and Safety near misses increased to 75% indicating that positive changes are continuing."

The campaign's success achieved the North East Better Health at Work Silver standard – and the Port joined just 26 other organisations in the North East region who have attained the Silver standard.

-12.5%

INJURIES AT WORK
FELL BY 12.5%

75%

THE PERCENTAGE OF
NEAR MISS REPORTING

ENVIRONMENT

INNOVATIONS IN THE PORT'S CARGO HANDLING OPERATIONS RESULTED IN POSITIVE ENVIRONMENTAL IMPROVEMENTS.



In 2016, the Port's environmental management system was re-certified to the nationally recognised environmental standard ISO: 14001. The standard demonstrates compliance with environmental legislation, a commitment to the prevention of pollution and the implementation of a programme of continual improvement.

Work to reduce CO² emissions from the Port, and save energy, continued with the installation of LED lighting in a number of port buildings and warehouses.

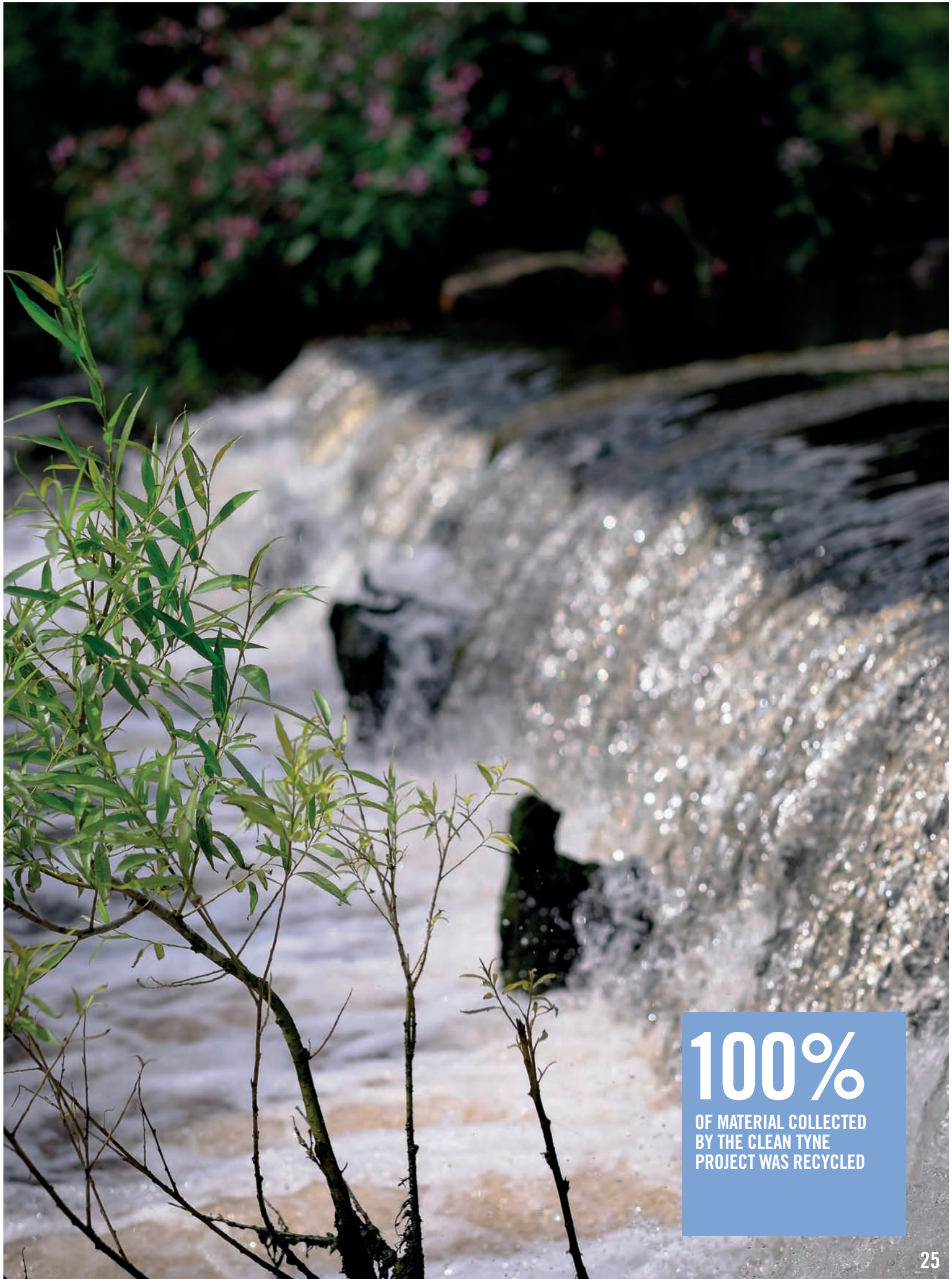
The amount of debris collected by Clean Tyne Project, in partnership with Newcastle, North Tyneside and Gateshead local authorities increased by 14%. In total 398 tonnes was removed from the river compared with 348 tonnes in 2015 – and 100% of this debris was recycled.

The Port has also continued to play a leading role in the River Tyne Sediments Group (RTSG) which exists to measure and record the extent of contaminated sediment in the River Tyne and to identify, agree and implement management solutions.

The partners include Newcastle City Council, Gateshead Council, North Tyneside Council, South Tyneside Council, Northumberland County Council, Eden District Council, the Marine Management Organisation, the Environment Agency, the Tyne Rivers Trust and Natural England.

Significant progress was made during the year to reduce the amount of sediment arising from disused mines in the upper reaches of the river flowing into the estuary.

“Work to reduce CO² emissions from the Port, and save energy, continued with the installation of LED lighting in a number of port buildings and warehouses.”



100%
OF MATERIAL COLLECTED
BY THE CLEAN TYNE
PROJECT WAS RECYCLED



Pictured: Clockwise from top left, South Tyneside Summer Festival, The Word, the National Centre for the Written Word, Mouth of the Tyne Festival, Leonardo da Vinci exhibition at the Laing Art Gallery, Sangini and South Tyneside Summer Parade.

MAKING A DIFFERENCE IN THE REGION

The Port of Tyne's stakeholders are its customers, employees, the Government, the business community and the local community. The total benefit delivered to the Port's stakeholders in 2016 was £24.7m, a decrease of 8% compared to £26.8m in 2015, mainly as a result of employment costs associated with a reduction in the number of employees.

The Port was a significant contributor to the economy of the North East region in 2016. The annual economic impact assessment by Arup estimated that the Gross Value Added (GVA) supported by the Port was around £680 million, and that it supported approximately 1.37% of total employment in the region.

It is estimated that the Port supported around 13,810 full-time equivalent jobs in 2016, both related to the main businesses of the Port and other Port-related jobs. As part of this total, the Port's International Passenger Terminal continued to contribute around £51 million to the GVA of the region, supporting the travel and tourism sector in particular.

The Port has again evaluated the impact of investment made in community engagement using the London Benchmarking Group metrics.

The assessment undertaken during the year relating to the investment made in 2015 was compared with that of 104 national companies from 12 different sectors. This indicated that the Port supported 413 organisations (566 in 2014), directly engaging with over 620k people (600k in 2014) across the North East region. As a result, the Port of Tyne remained in the top 10% of companies with respect to overall contribution to community as a percentage of pre-tax profits.

Local community benefit totalled £200,000. This included the annual donation of 1% (£20,000) of 2015 Profit before Tax, to the Port of Tyne Community Action Fund at the Community Foundation Tyne & Wear and Northumberland, which was distributed via an employee panel to nine community projects.

The Port continued to invest and actively participate in the business community through membership of key regional and sector business representative organisations such as the Confederation of British Industry, the British Ports' Association, the North East England Chamber of Commerce, the Engineering Employers' Federation and NewcastleGateshead Initiative.

Sponsorship of £127,000 was provided for locally organised cultural, sport and community events and a variety of regional business events. Of particular note the Port sponsored the exhibition space at The Word the National Centre for the Written Word, with its Sir Ridley Scott exhibition welcoming well over 40k visitors. Other sponsorship activity included support for the Mouth of the Tyne Festival, Tyne & Wear Archives and Museums, Durham County Cricket Club, South Tyneside Summer Festival and the South Shields Lecture.

The Port provided 'in kind' services for fund-raising events and staff volunteering, financial support and active participation to the business community.

STAKEHOLDER BENEFIT (£)



2016

24.7m

2015

26.8m

£680M

PORT'S GVA TO THE
REGIONAL ECONOMY

620k

NUMBER OF PEOPLE
DIRECTLY ENGAGED
WITH PORT-SUPPORTED
ACTIVITIES



A FOCUS ON OUR PEOPLE

RETAINING THE INVESTORS IN PEOPLE CHAMPION STATUS IN 2016 IS A TESTAMENT TO THE CONTINUING HARD WORK AND COMMITMENT OF THE PORT'S EMPLOYEES.

There were a number of developments in 2016 in support of the people focus value, which is based on the principles of training, developing and rewarding employees in a challenging, supportive and safe environment.

The Port continued its rolling programme of apprenticeships with 11 new apprentices in a variety of roles appointed in 2016, taking the total number to 20, representing 4% of the total workforce.

The business continued its programme of cultural change, guided by Investors in People, which is recognised as a benchmark of good practice for improving an organisation's performance through its people.

The Port has maintained IIP Gold standard since 2014 and in 2016 retained the IIP Champion status for a second year. The IIP framework drives continual improvement and has been the basis for the ongoing development of training, planning and communications throughout the business.

The annual Employee Survey saw an 84% response rate, with 369 employees participating. Job satisfaction remains high, with 87% of employees feeling highly motivated, and the number of staff feeling valued by their manager increasing across the business.

Areas for improvement identified included the development of a communications plan to further embed and promote the Port's values as well as a refresh of the Personal Development Review process.

In total the Port invested more than £300k in training and development, ranging from NVQs to an Operational Supervisor and Team Leader Development Programme. This equates to 9,000 hours of training or approximately 19 hours for every employee.

**FULL TIME
EMPLOYEES**



471

2016

529

2015

84%

**RESPONSE RATE
IN THE EMPLOYEE
SURVEY**

9k

**HOURS OF TRAINING
UNDERTAKEN IN 2016**

FINANCIAL PERFORMANCE

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £m	2015 £m
Turnover – continuing operations	45.9	58.8
Operating costs	(37.3)	(44.2)
Gross profit	8.6	14.6
Administrative expenses	(7.8)	(7.4)
Before exceptional items	0.8	7.2
Exceptional items	-	(6.6)
Total operating profit	0.8	0.6
Gain on revaluation of investment properties	3.8	6.5
Net interest and other expenses	(0.9)	(1.1)
Profit on ordinary activities before taxation	3.7	6.0
Tax charge on profit on ordinary activities	(0.3)	(0.4)
Profit for the financial year	3.4	5.6

Exceptional items are non-recurring and in 2015 totalled £6.6 million, £4.1 million of which related to organisational restructuring during the year and £2.5 million to the write down of fixed assets previously used exclusively for coal handling.

KEY FINANCIAL INDICATORS

	2016 £m	2015 £m
EBITDA	6.7	13.3
Cash Flow from Operating Activities	0.3	18.4
Capital Expenditure	14.6	21.2

Turnover fell by 22% and as a result of this, and the cessation of other trading arrangements, EBITDA also decreased.

£0.3 million of cash was generated from operating activities, a significant reduction on the prior year, mainly as a result of changes in working capital.

The Port invested £14.6 million in 2016, compared to a record £21.2m in 2015, in the development of infrastructure to enable business opportunities and improve operational efficiency.

GROUP BALANCE SHEET

AT 31 DECEMBER 2016

	2016 £m	2015 £m
Fixed assets	180.8	168.8
Current assets	10.8	11.2
Total assets	191.6	180.0
Current liabilities	(8.0)	(14.9)
Total assets less current liabilities	183.6	165.1
Long term creditors and provisions	(48.5)	(33.2)
Deferred income	(5.9)	(6.3)
Pension liability	(13.3)	(9.7)
Net assets	115.9	115.9
Reserves		
Profit and loss account	81.8	85.4
Non distributable reserves	34.1	30.5
Reserves	115.9	115.9

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £m	2015 £m
Net cash inflow from operating activities	0.3	18.4
Net cash outflow from investing activities	(15.3)	(21.2)
Net cash inflow from financing activities	15.1	2.6
Increase / (Decrease) in cash in the year	0.1	(0.2)
Cash and cash equivalents at 1 January	0.0	0.2
Cash and cash equivalents at 31 December	0.1	0.0

The primary statements presented above are summaries of the full statutory disclosures. The complete Annual Report and Accounts is available via the 'Downloads' section of the website www.portoftyne.co.uk.

MEMBERS OF THE BOARD

The Executive Management Team comprises the Executive Directors of the Board, alongside Susan Wear – Director of Corporate Affairs, Nolan Gray – Business Development Director, Tim Ingram – Business Assurance Director and Louise Tinkler, Head of Human Resources.

Dr Jon Hargreaves, who died in November 2016, joined the Board in 2010, becoming Deputy Chairman in 2014. Dr Alan Rutherford left the Board in November 2016, having served six years.

CHAIRMAN HILARY FLOREK

Hilary Florek is a strategic communications and marketing specialist with extensive experience in both the public and private sectors. Having initially joined the Port of Tyne Board of Directors in 2006, she was Deputy Chairman for over three years before taking on the position of Chairman. Previously PR and Communications Director for the Vaux Group PLC, she established her own marketing consultancy, HFPR Ltd, in 2000. Hilary has served as Non-Executive Director on the boards of the Community Foundation for Tyne & Wear and Northumberland and the County Durham Foundation. She is a former Trustee of the Sunderland Youth Enterprise Trust, was a Board Member of Project North East and is currently a Non-Executive Board member of North East Access to Finance, Isos Housing Group and Sage Gateshead.

CHIEF EXECUTIVE OFFICER ANDREW MOFFAT CBE

Andrew Moffat was appointed Chief Executive Officer in 2008, having previously been Financial and Commercial Director. With a background in financial services he started his career as an accountant with Northumbrian Water. Andrew later joined the telecommunication sector and held a number of commercial and strategic roles with 3 Italia and within Orange, including UK Director of Strategy and Group Financial Controller. Andrew was awarded a CBE in 2016 for services to the North-East economy and UK ports. He is Chair of CBI North East, and is a member of the North East Local Enterprise Partnership board.

NON-EXECUTIVE DIRECTORS

DEPUTY CHAIRMAN NICK WEST

Nick West is the former CEO of Euroports and currently Non-Executive Director at the Deep-sea Container Terminal at Port of Gdansk. Poland's largest container terminal, and Verbrugge International, a port operator based in The Netherlands. He led the development of Euroports from a wide spectrum of cargo operations into holding market-leading positions in handling forest products, speciality dry bulk, and heavy dry bulk sectors. He is a member of the Remuneration Committee.

MARK PREECE

Mark Preece joined the Port of Tyne in 2015 bringing over 30 years of experience in the maritime and subsea sector. Previously Chief Executive Officer for CEONA Offshore, Mark gained extensive senior management, commercial, operations and business development experience in international oil, gas and offshore renewable energy markets.

STEVE CROSLAND

Steve Crosland joined the board in 2016 as a Non-Executive Director. With 20 years of experience specialising in leading human resource practices, he is a graduate of Newcastle University and a Chartered Fellow of the Chartered Institute of Personnel and Development. Steve was previously Director of Human Resources with NetJets Europe and Group Personnel Director for Northern Electric.

MAXINE POTT

Maxine Pott, a Chartered Accountant and Partner of RMT Accountants and Business Advisors in Newcastle upon Tyne, joined the Board in 2011. She is a former Non-Executive Director of the Universal Building Society and Newcastle Building Society and is Chair of the Audit Committee.

EXECUTIVE DIRECTORS

CHIEF FINANCIAL OFFICER DUNCAN BARRIE

Duncan Barrie joined the Port of Tyne in November 2016, responsible for finance, legal and IT. He was previously Group Finance Director for the diagnostic company Biosignatures Limited and Managing Director of life science software company Nonlinear Dynamics Limited. A Fellow of the Securities Institute he began his career with KPMG. He is currently Trustee and Treasurer of County Durham Community Foundation and a Trustee of DCCC Youth Trust.

CHIEF OPERATING OFFICER STEVEN HARRISON

Steven Harrison joined the Port of Tyne in January 2010. He was previously Managing Director of H J Banks (Mining) Limited. In 2015, following a major organisational restructure of the business, his responsibility was extended to all operational areas of the Port, to encompass conventional and bulk cargoes, logistics, cruise and ferry and car terminals.

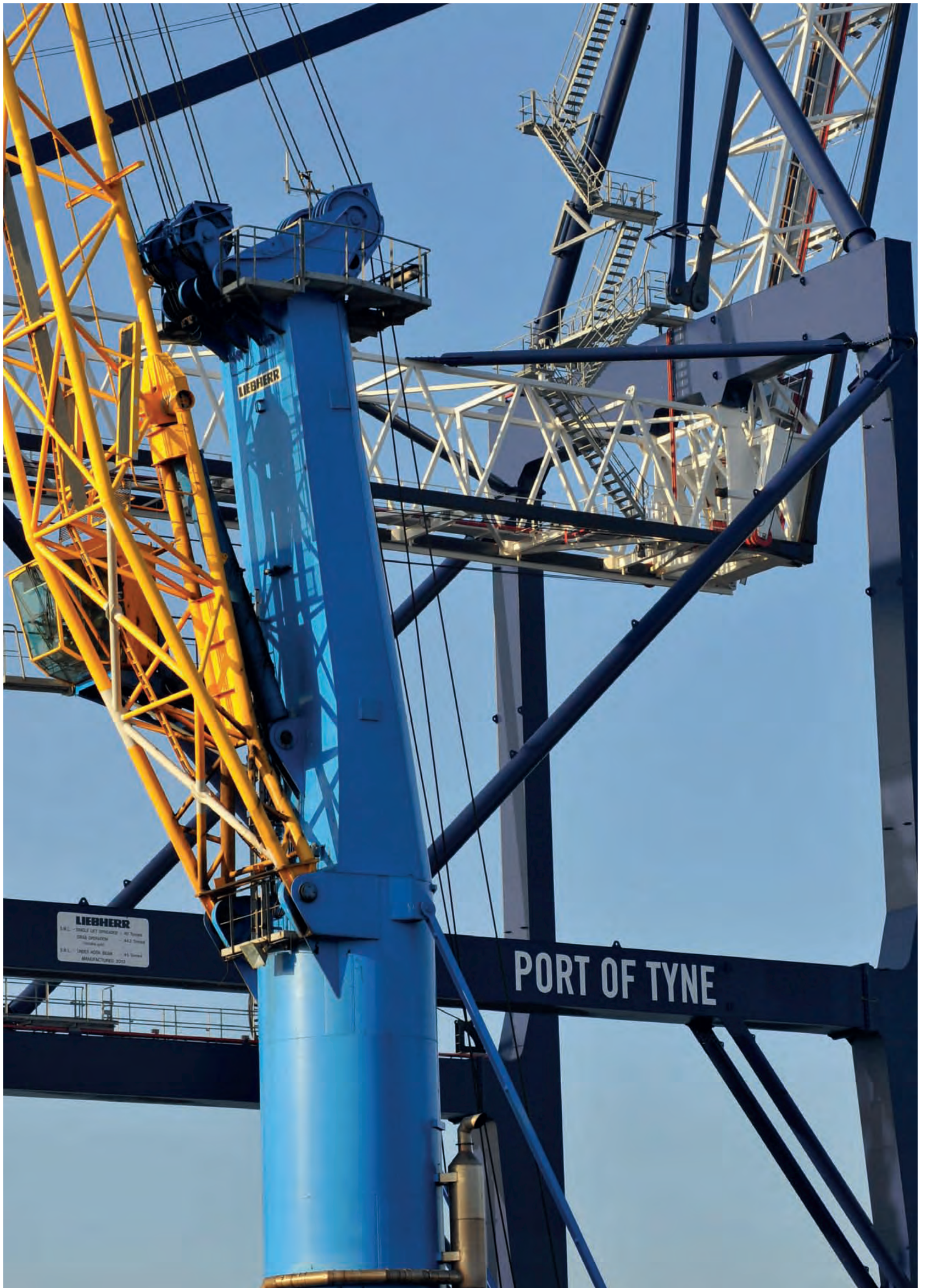
APPOINTMENTS TO THE BOARD IN 2017:

ALISON THAIN OBE

Alison Thain, formerly Chief Executive of Thirteen Group, is a member of Tees Valley Unlimited, the sub-regional Local Enterprise Partnership, a board member of Darlington Building Society and a council member of the North East England Chamber of Commerce and a Governor of Sunderland University. She was awarded the OBE in 2004 and an honorary doctorate in business from Teesside University in 2014.

GEOFF BROWN

Geoff Brown is the former Chair and Global Managing Director of Halcrow Transportation. He is a chartered civil engineer and business leader with experience in senior executive roles in organisations throughout the UK and internationally. He is a Non-Executive Director of the Mersey Gateway Crossings Board and a Non-Executive Director of Tees Valley Sport.



LIEBHERR

LIEBHERR
S.N.L. - SINGLE LIFT SPREADER - 40 Tonne
DRUM OPERATION - 44.2 Tonne
Variable pitch
S.N.L. - LIEBHERR AGON BLAU - 40 Tonne
MANUFACTURED 2013

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