



# Transactional Approach to Privatisation of Ports

Presentation at Mediterranean Ports and Shipping 2023  
Grand Hyatt Athens, Greece





## Route Map for the next 15 minutes

1. Introduction to MTBS Group
2. Port Management Models and Privatisation
3. Lessons learned

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MSc. Business Economics

M&A Transactions  
Concession contracts  
Privatisations  
Greenfield development



# 1. Introduction to MTBS Group

*The MTBS Group: three focus areas, all specialised in the port sector*



**Port Finance  
International**

The logo for Port Finance International is a white circle with a grey border. Inside the circle, the text "Port Finance International" is written in a bold, black, sans-serif font. Above and below the text are horizontal lines. Below the text, it says "an MTBS company".

an MTBS company

**Training and Summits**



**mtbs**

The logo for MTBS is a white circle with a blue border. Inside the circle, the text "mtbs" is written in a bold, blue, sans-serif font. To the right of the text is a semi-circle of orange dots. Below the text, it says "maritime & transport business solutions".

maritime & transport  
business solutions

**Financial & Strategy**



**mtbs**

The logo for MTBS M&A is a white circle with a grey border. Inside the circle, the text "mtbs" is written in a bold, blue, sans-serif font. To the right of the text is a semi-circle of grey dots. Below the text, it says "M&A".

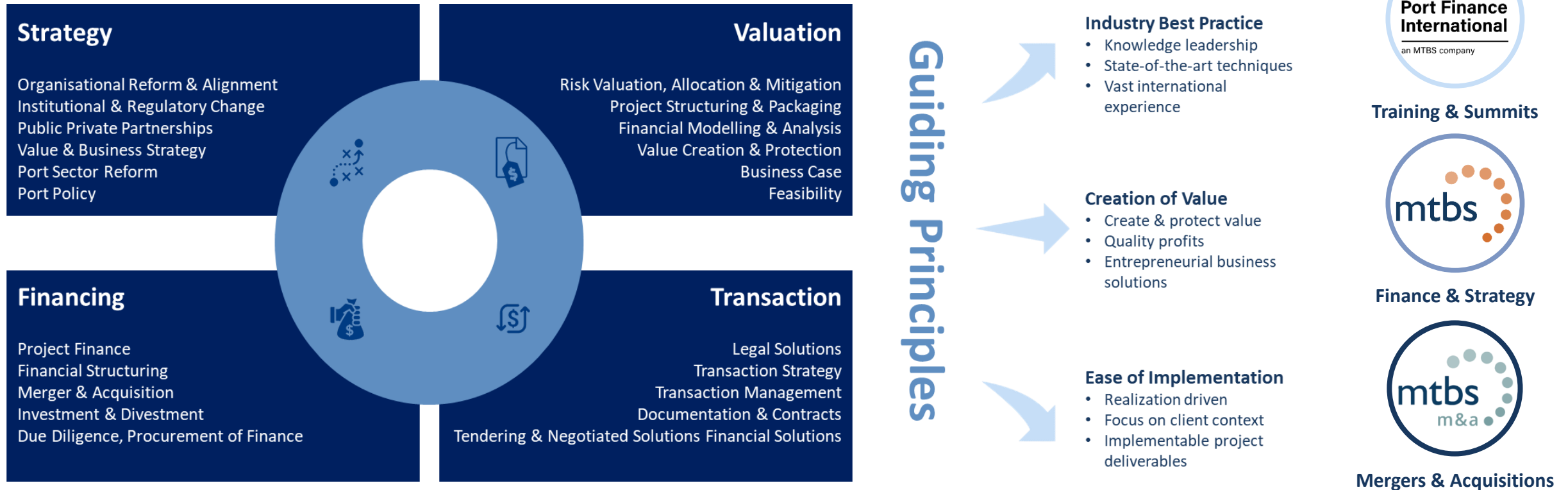
M&A

**Mergers & Acquisitions**

# 1. Introduction to MTBS Group































*Our mission is to unlock value in the maritime & transport industries*

**On the interface of land and water, positioned between public and private interests, ports are the most strategic nodes in the global transport network. Therefore, MTBS Group believes that ports offer a unique value proposition. It is the mission of the MTBS Group to unlock and protect this value by offering its clients entrepreneurial business solutions and creating the quality profits they seek.**



# 1. Introduction to MTBS Group

A selection of completed MTBS Group transactions

Merger & Acquisition - Equity			Concessions			Lenders Advisory		
<p><b>Transaction Advisor</b></p> <p><b>BMF Port Burgas Bulgaria</b></p> <p>Sale of a Significant Interest in BMF Port Burgas</p>  <p>to</p>  <p>deal size: Confidential</p> <p>2022</p>	<p><b>Commercial Advisor</b></p> <p><b>Port of Chanca Peru</b></p> <p>Financial &amp; Commercial Due Diligence for</p>  <p>for the acquisition of 60% of shares in</p>  <p>Equity Deal Size USD 225 million</p> <p>2019</p>	<p><b>Commercial Advisor</b></p> <p><b>China Merchants Port Holdings Buyer's Due Diligence</b></p>  <p>for the acquisition of 90% of</p>  <p>CMPT's first investment in Latin America</p> <p>Deal size USD 925 million</p> <p>2017</p>	<p><b>Transaction Advisor</b></p> <p><b>Port of Rijeka Authority Croatia</b></p> <p>Zagreb Deep Sea Container Terminal Transaction</p>  <p>50-year concession awarded to</p> <p>Estimated concession value EUR 2.7 b.</p> <p>2021</p>	<p><b>Transaction Advisor</b></p> <p><b>Kherson Sea Commercial Port Ukraine</b></p> <p>Transaction Advisory Services for</p>  <p>Strategic and Financial Advisory for the First PPP Transaction in Ukraine</p> <p>30-year Concession Awarded to</p>  <p>Deal Size USD 15 Million</p> <p>2020</p>	<p><b>Transaction Advisor</b></p> <p><b>Port of Olvia Ukraine</b></p> <p>Transaction Advisory Services for</p>  <p>Strategic and Financial Advisory for the Second Port PPP Transaction in Ukraine</p> <p>35-year Concession Awarded to</p>  <p>Deal Size USD 123 Million</p> <p>2020</p>	<p><b>Financial Advisor</b></p> <p><b>Port of Nouakchott Islamic Republic of Mauritania</b></p> <p>Lender's Due Diligence for</p>  <p>for the provision of a project finance loan</p> <p>Project sponsors:</p>  <p>Loan size: USD 100 million Project size: USD 310 million</p> <p>2019</p>	<p><b>Financial Advisor</b></p> <p><b>Port of Tekirdag Republic of Turkey</b></p> <p>Lenders' Due Diligence for</p>  <p>for the provision of a project finance loan for</p>  <p>Loan size USD 35 million</p> <p>2018</p>	<p><b>Financial Advisor</b></p> <p><b>King Abdullah Port Kingdom of Saudi Arabia</b></p> <p>Lenders' Due Diligence for</p>  <p>for the provision of an Islamic Bank Loan for</p>  <p>Loan size USD 720 million</p> <p>2015-2016</p>
<p><b>Commercial Advisor</b></p> <p><b>Port of Vado Ligure, Italy</b></p> <p>Commercial advisory to</p>  <p>For the acquisition of 49.9% shares in Vado Holding</p> <p>deal size EUR 66.1 million</p> <p>2016</p>	<p><b>Transaction Advisor</b></p> <p><b>Container Terminal Port of Limassol, Cyprus</b></p> <p>Bid preparation for</p>  <p>WINNER: INTERIORIENT East Med Holdings S.A.</p> <p>Winning bid</p> <p>Deal size confidential</p> <p>2015 - 2016</p>	<p><b>Commercial Advisor</b></p> <p><b>Port of Piraeus, Greece</b></p> <p>Commercial advisory to</p>  <p>For the acquisition of 67% shares in Piraeus Port Authority</p> <p>deal size EUR 368.5 million</p> <p>2016</p>	<p><b>Financial Advisor</b></p> <p><b>Anaklia Development Consortium Georgia</b></p> <p>Master Concession</p>  <p>Investment agreement between Government of Georgia and ADC</p> <p>Committed investments 2.5 billion USD</p> <p>2017</p>	<p><b>Transaction Advisor</b></p> <p><b>Port de Sète France</b></p> <p>Concession of the Container and Multipurpose Terminal</p>  <p>Concession awarded to</p>  <p>Deal size confidential</p> <p>2017</p>	<p><b>Transaction Advisor</b></p> <p><b>Dry Port, Niger</b></p> <p>Transaction Advisory Services to</p>  <p>for the concession of</p> <p>La Concession globale du Port Sec de Dosso et de son antenne à Niamey</p> <p>Deal size confidential</p> <p>2014</p>	<p><b>Financial Advisor</b></p> <p><b>Lekki Port</b></p> <p>Lender's Market Consultant and Financial Advisor to:</p>  <p>for the provision of a project finance loan</p> <p>Finance: \$800 million Project size: \$1.5 billion</p> <p>2012-2013</p>	<p><b>Financial Advisor</b></p> <p><b>Project Finance Access Channel Apapa, Lagos, Nigeria</b></p>  <p>Market and tariff forecast Financial model Risk assessment</p> <p>Deal size confidential</p> <p>2011</p>	<p><b>Financial Advisor</b></p> <p><b>Project Finance Access Channel Maputo, Mozambique for Standard Bank South Africa</b></p>  <p>Deal size confidential</p> <p>2010</p>
<p><b>Commercial Advisor</b></p> <p><b>Kumport, Turkey</b></p> <p>Commercial advisory to</p>  <p>For the acquisition of shares in the terminal</p> <p>Deal size confidential</p> <p>2014-2015</p>	<p><b>Transaction Advisor</b></p> <p><b>Port of Bar, Montenegro</b></p> <p>Bid preparation for</p>  <p>for the acquisition of</p>  <p>Deal size EUR 35 million</p> <p>2013</p>	<p><b>Financial Advisor</b></p> <p><b>DCT Gdansk S.A. Poland</b></p> <p>Concession Expansion Deepwater Container Terminal Gdansk</p>  <p>Bankable Financial Model PIM</p> <p>Deal size: 200 million EUR</p> <p>2012-2013</p>	<p><b>Financial Advisor</b></p> <p><b>Multi purpose Terminal East-2 Concession Burgas, Bulgaria</b></p> <p>Bid Preparation Navibulgar</p>  <p>Winning Bid Deal size: EUR 100 million</p> <p>2011</p>	<p><b>Transaction Advisor</b></p> <p><b>Tallinn Port Authority Estonia</b></p> <p>Muuga Container Terminal Concession</p>  <p>Concession awarded to</p>  <p>Deal size EUR 100 million</p> <p>2010-2011</p>	<p><b>Financial Advisor</b></p> <p><b>Port of Rotterdam Authority The Netherlands</b></p> <p>Maasvlakte 2 Greenfield Container Terminal Development</p>  <p>Concession awarded to:</p>  <p>2006-2007</p>	<p><b>Financial Advisor</b></p> <p><b>West Africa Container Terminal Onne Nigeria</b></p>  <p>Deal size confidential</p> <p>2004</p>		

## 2. Port Management Models and Privatisation

*The key driver is the allocation of investments, income and risks*



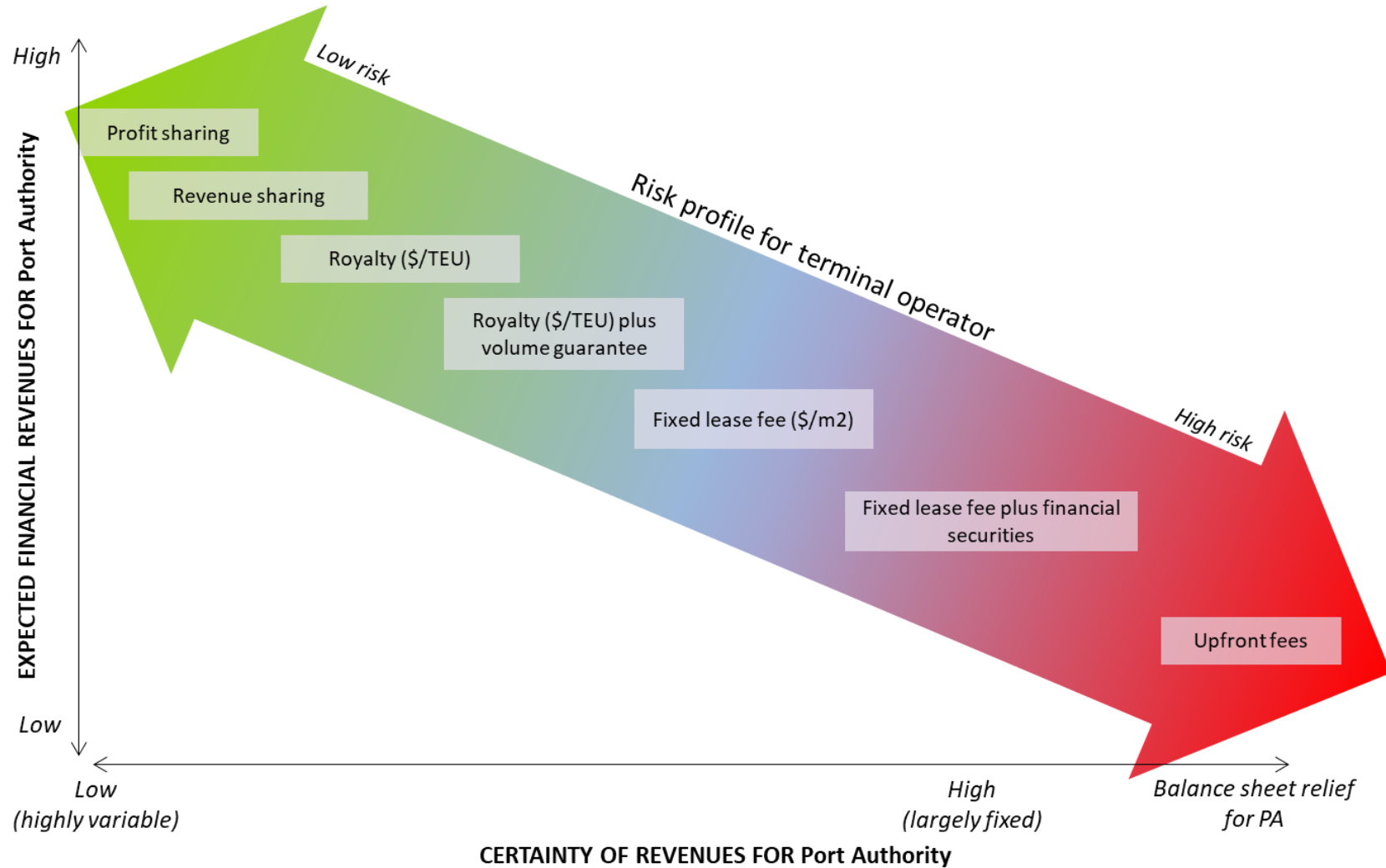
## 2. Port Management Models and Privatisation

*The ultimate private participation varies per type of port*

Port management model	Private participation	Regulation	Infra	Superstructure	Equipment	Labour	Nautical services
<b>Public service port</b>	Zero	Public	Public	Public	Public	Public	Public
<b>Tool port</b>	Very low	Public	Public	Public	Public	Private	Public or private
<b>Landlord + Public-private terminal</b>	Medium	Public	Public	Public Private JV	Public Private JV	Public Private JV	Public or private
<b>Landlord port</b>	Medium	Public	Public	Private	Private	Private	Public or private
<b>Landlord + DBFM</b>	High	Public	Public & Private <sup>2)</sup>	Private	Private	Private	Public or private
<b>Private port</b>	Maximum	Public or private	Private	Private	Private	Private	Private

# 2. Port Management Models and Privatisation

The financial structure affects the risk profile of the PA and the Operator





# 3. Lessons learned: Importance of PPP & transaction advisory

*De-risking strategies drive down cash flow volatility & cost of capital*

## Transaction management is crucial for good implementation of the PPP structure

### PPP Structuring: balancing risks between public and private sector (business case driven)

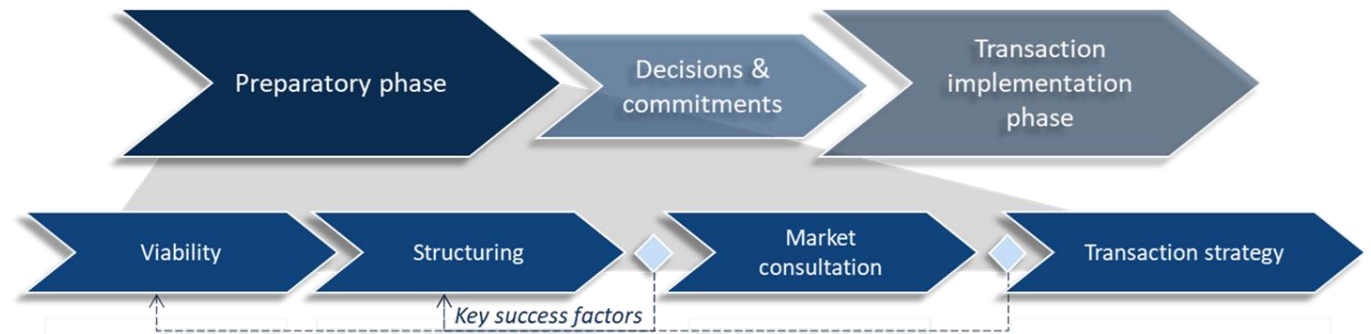
- Focus on financing, bankability

### PPP Procurement Processes

- Professional and realistic transactions: timeframes, consultations, documentation, evaluation
- Business case driven
- Process embedded in legislation
- Non-contestable outcomes

### PPP Contract: valuable, enforceable & bankable

- Tenor
- Step-in
- Clear termination compensation regime and guarantees
- Handback conditions
- Capacity management (national port masterplanning)



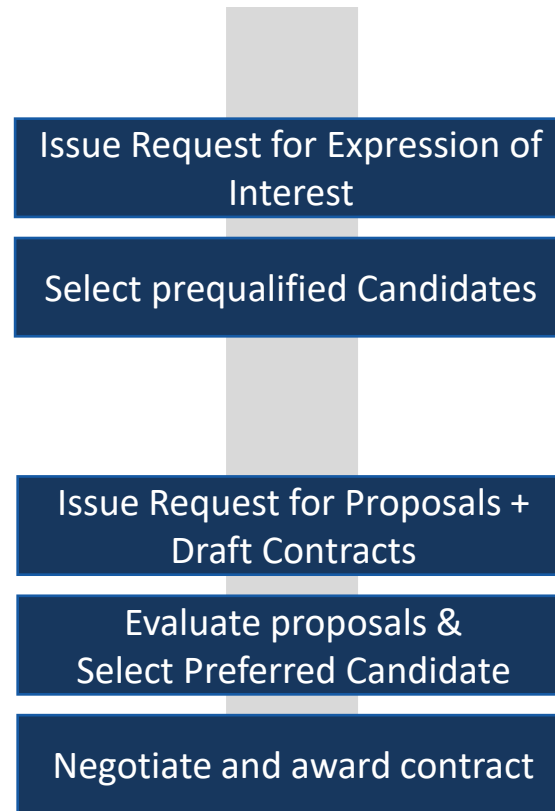
# 3. Lessons learned: Advancement of procedures in transactions

*De-risking through competitive dialogue procedure*

## Open procedure



## Restricted procedure



## Competitive dialogue procedure



# 3. Recommendations for a successful tender or privatisation

*Based on numerous experiences of transaction and tender processes worldwide*

- ✓ **Transaction to be carried out by credible and fully authorized Port Authority or Privatisation Agency.**
- ✓ **Transaction or tender should be business case driven. Focus on long term value rather than closing the deal.**
- ✓ **Competitive dialogue procedure creates most value: early involvement of bidders, towards a balanced contract**
- ✓ **Feasible business case for both the port authority and terminal operator**
- ✓ **Concession contracts: valuable, bankable and enforceable**
- ✓ **Transaction preparation phase is crucial:**
  - Transaction structuring: valuation, risk allocations and value engineering, documentation
  - Transaction management: first time right and commit to timelines

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