

Trade flows, maritime trends and new (digital) opportunities for Baltic ports







We are looking forward to discussing trade flows, maritime trends and new (digital) opportunities for Baltic ports with you

Content

- A Brief introduction to Roland Berger
- **B** Development of trade flows globally and in the Baltic Sea
- C Maritime and port trends
- Open questions and discussion





A. Brief introduction to Roland Berger





# Thank you for participating in this session, we are looking forward to a vivid discussion – Please contact us in case of further questions

Introduction



#### **Stefan Haid** *Partner*

Expert for developing strategic infrastructure with a focus on ports



### Philipp Grosche Partner

Expert for infrastructure operators such as ports and airports as well as business strategy, digital transformation and IT strategy



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**Non-exhaustive clients** 

# We have deep experience and wide expertise in supporting maritime development around the world

### Roland Berger maritime clients





# We offer integrated approach and specialized services across the ports value chain

### Roland Berger service offering

1. Port policy & regulation	2. Port planning & development	3. Port business	4. Port operations	5. Digital & IT transformation			
<ul> <li>&gt; National port policy</li> <li>&gt; Regulation, reform, governance</li> <li>&gt; Privatization</li> <li>&gt; Business model design</li> <li>&gt; Concession design</li> </ul>	<ul> <li>&gt; Traffic studies</li> <li>&gt; Demand forecasting</li> <li>&gt; Feasibility studies</li> <li>&gt; Port master planning</li> <li>&gt; Re-development planning</li> <li>&gt; Tender process management</li> </ul>	<ul> <li>&gt; Due diligence, investor advisory</li> <li>&gt; Pricing strategy, tariff studies</li> <li>&gt; Pre-feasibility studies</li> <li>&gt; Corporate strategy</li> <li>&gt; Business strategy, business planning</li> </ul>	<ul> <li>&gt; Benchmarking</li> <li>&gt; Operating performance improvement</li> <li>&gt; Organizational transformation</li> </ul>	<ul> <li>&gt; Development of digital roadmap</li> <li>&gt; Value driven identification of digital use cases</li> <li>&gt; IT transformation</li> </ul>			
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For each assignment, we put together a dedicated and highly experienced team. We use specialized legal, financial, engineering and port planning partners where relevant





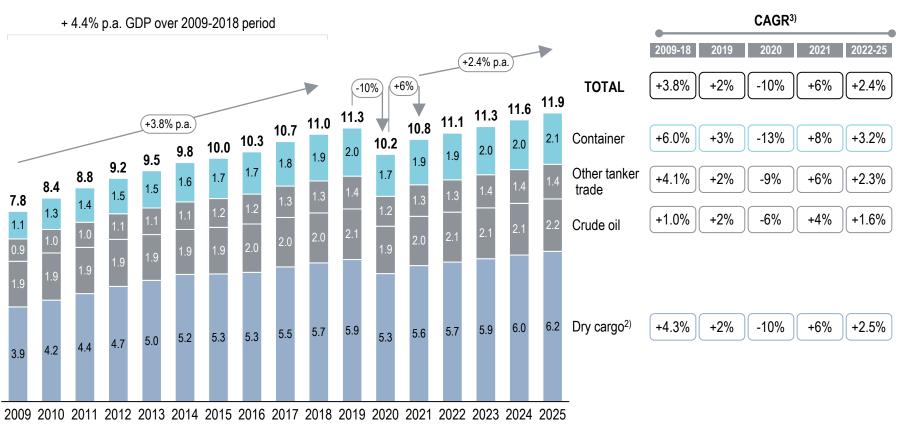
B. Development of trade flows globally and in the Baltic Sea





# COVID-19 crisis has impact maritime volumes significantly with a 10% drop in 2020 – 2019 levels expected to be back by 2023

Global maritime trade forecast<sup>1)</sup> by cargo type, [Ton bn ; 2009-25]



#### Note : Forecast resulting from Roland Berger analysis based on average key sources of forecasts

1) Volume of goods unloaded 2) Includes dry bulk, break bulk, Ro-Ro and other general cargo excl. Container 3) Based on relation of growth multiplier assumptions per cargo type Source: OECD, WTO, IMF, WorldBank, Euromonitor, Roland Berger



## Overall merchandise trade volume dropped by ca. 10% by the end of 2020 – Asia being the most resilient region

Focus on 2020 merchandise trade volume evolution – Split per region

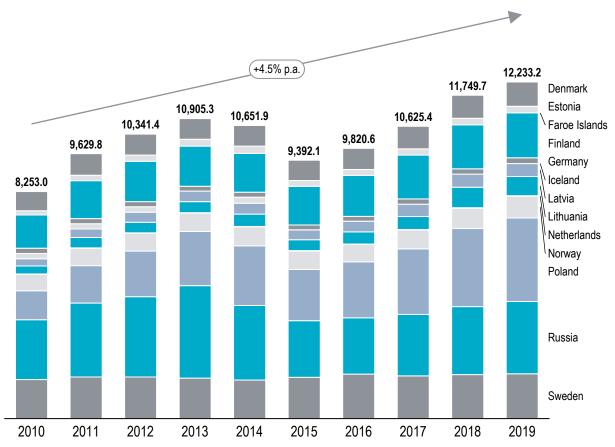
	Annual % change b		
	Imports	Exports	Ø Average
North America	-14.7%	-8.7%	-11.7%
South and central America	-7.7%	-13.5%	-10.6%
Europe	-11.7%	-10.3%	-11.0%
Asia	-4.5%	-4.4%	-4.5%
Other regions	-9.5%	-16.0%	-12.8%
Ø World	-9.6%	-10.6%	-10.1%

- Multiple underlying drivers for 2020 evolution (global Covid19 pandemic, opening of new trade route,..)
- Other regions comprise Africa, Middle East and Commonwealth of Independent States (CIS)
- > Overall expected decrease of GDP of -4.8%.



# Baltic shipping market is a vital transport gate towards the Russian market for all EU members & a crucial network for intraregional trade

Baltic maritime trade [TEU k; 2010-2019]



- > Baltic sea trade volumes have decreased by 13.4%, in 2015 mainly due to Russian TEU volumes drop by 32%
- > The reason for 2015 sharp drop is the decrease in purchasing power of Russian consumers, the devaluation of the ruble, and sanctions and countersanctions between Russia and the West
- > Poland is the fastest growing Baltic maritime market with a CAGR of 12.45%
- > The number of ships navigating through the Baltic Sea has decreased despite increasing trade volumes, highlighting a trend towards larger vessel sizes

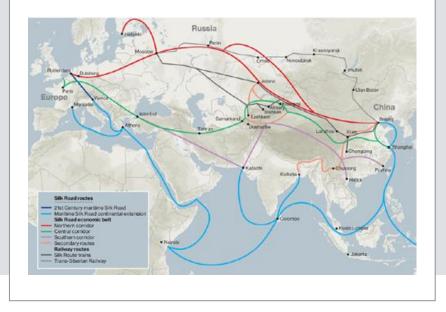


## New routes will influence trade flows in the Baltic sea in the long-run – Port strategies should be adjusted to prepare for the future

New routes affecting future trade in the Baltic Sea

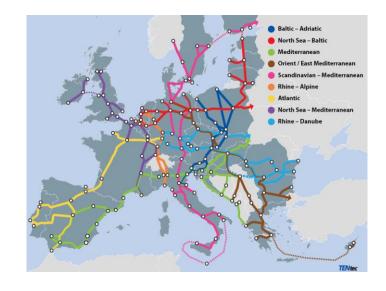
### The New Silk Road

> The New Silk Road will change trade flows between Europe and China also affecting trade flows in the Baltic Sea



### Trans-European Transport Network (TEN-T)

> Especially the Baltic-Adriatic and the North Sea – Baltic coridor will influence cargo flows to/from/in the Baltic sea







C. Maritime and port trends

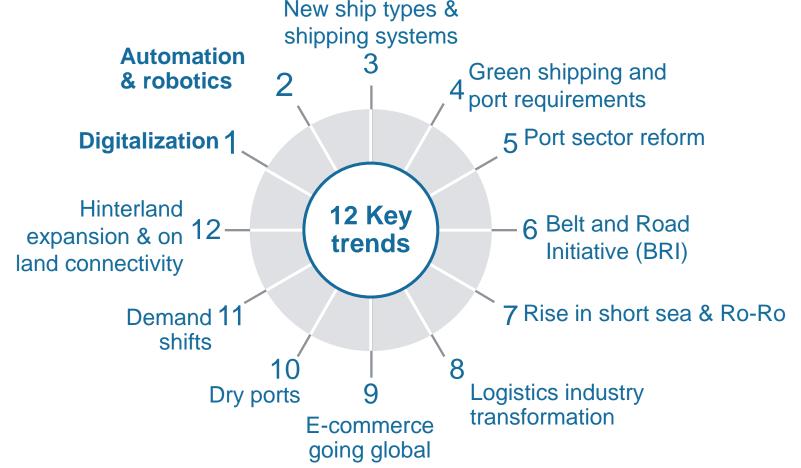




Not exhaustive

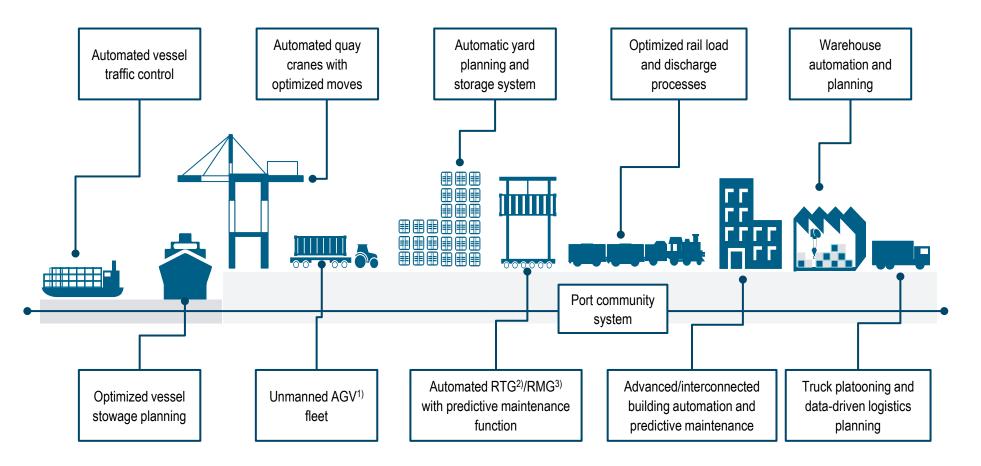
## 12 trends are most relevant and are expected to irrevocably impact the maritime industry in the future – focus on digitalization and automation

Key trends/ challenges for the maritime industry





Many new digitalization, automation and robotics technologies are available to improve the way ports operate in an integrated way



1) Automated-guided vehicle 2) Rubber-tired gantry 3) Rail-mounted gantry crane

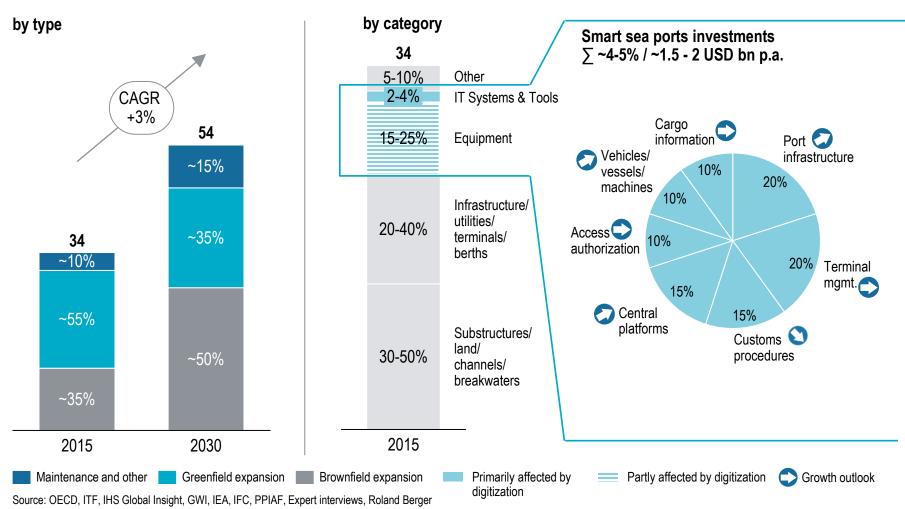
Source: Experts interviews, Roland Berger



15

# Around 4-5% of total investments in seaports are spent on digital solutions which equals a market of USD ~1.5-2 bn

Global annual investment in seaports [USD bn]





## Transforming digitalization into EBIT improvement requires a sharp target picture, value-driven initiatives and strong execution capability

### Project example – Derive EBIT improvements from digital solutions

### **Restructuring mindset:** > EBIT potential in EUR is main KPI of every measure > Implementation of measures starts right away 2 weeks Digital target picture Step

- Acti- > Get the basics right to define appropriate target picture, e.g. vities
  - Integrate business areas/units
  - Optimize (E2E) processes
  - Digitalize (E2E) processes
  - Consolidate IT landscape
  - > "Kill the target picture" sparring
    - Prioritize measures (value impact and time-to-value)
    - Radically trim core standards vs. space for customizing

#### Out- Target picture assessed and come aligned

> Digital is only one lever to realize EUR potential (maybe other levers to be pulled before)

#### Several sprints à 2 weeks



#### > Review current initiatives and RB use case database to assess efficiency potential and ease of realization to realize value from.

- integration (e.g. shared support functions)
- process optimization (e.g. accelerate O2C)
- digitalization (e.g. full automation)
- consolidation (e.g. infrastructure sourcing)
- > Organizational preparation
  - Definition of E2E implementation packages (objectives, challenges, step-by-stepsolutions, support methods)
  - Setup/ instruction of implementation teams

Global heat maps per process and implementation teams ready to go

#### Ongoing



- **3** Digital value factory
- > Ensure new organizational approach and modes of working for quick and results-oriented implementation of measures
- Time-boxed sprints for measure definition (only Euros count, not the most beautiful concept)
- Value realization kicked-off immediately (no upfrontinvestments in long analyses phases)

#### Sustainable drive to value realization anchored in organization



