



Structuring Valuable Port PPPs

Critical Success Factors for Port Project Development

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Agenda

Introduction to MTBS

Port PPP Structuring

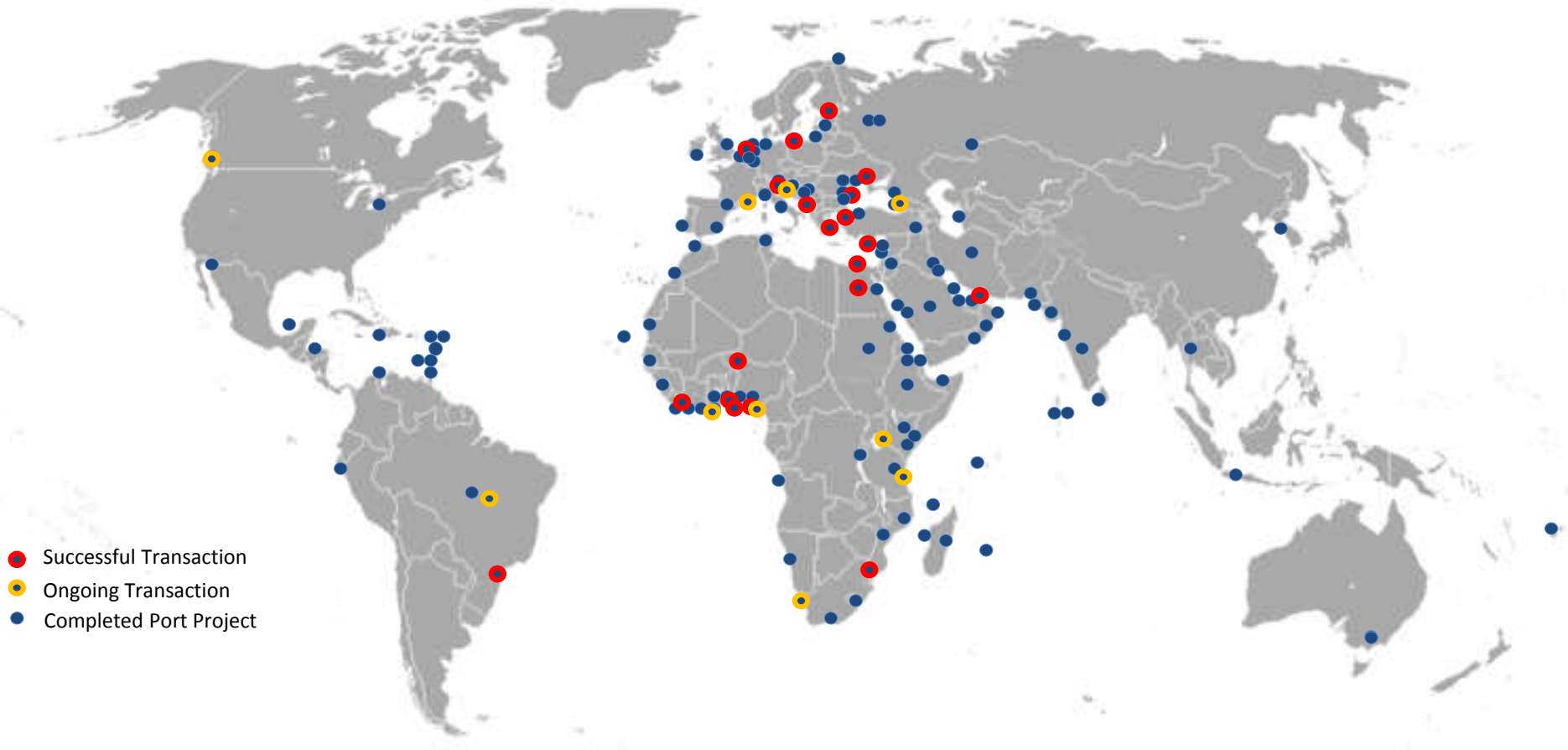
Port Authority: Specialise to Excel

Value Optimisation: Tailored PPP & Competitive Tender

Conclusion

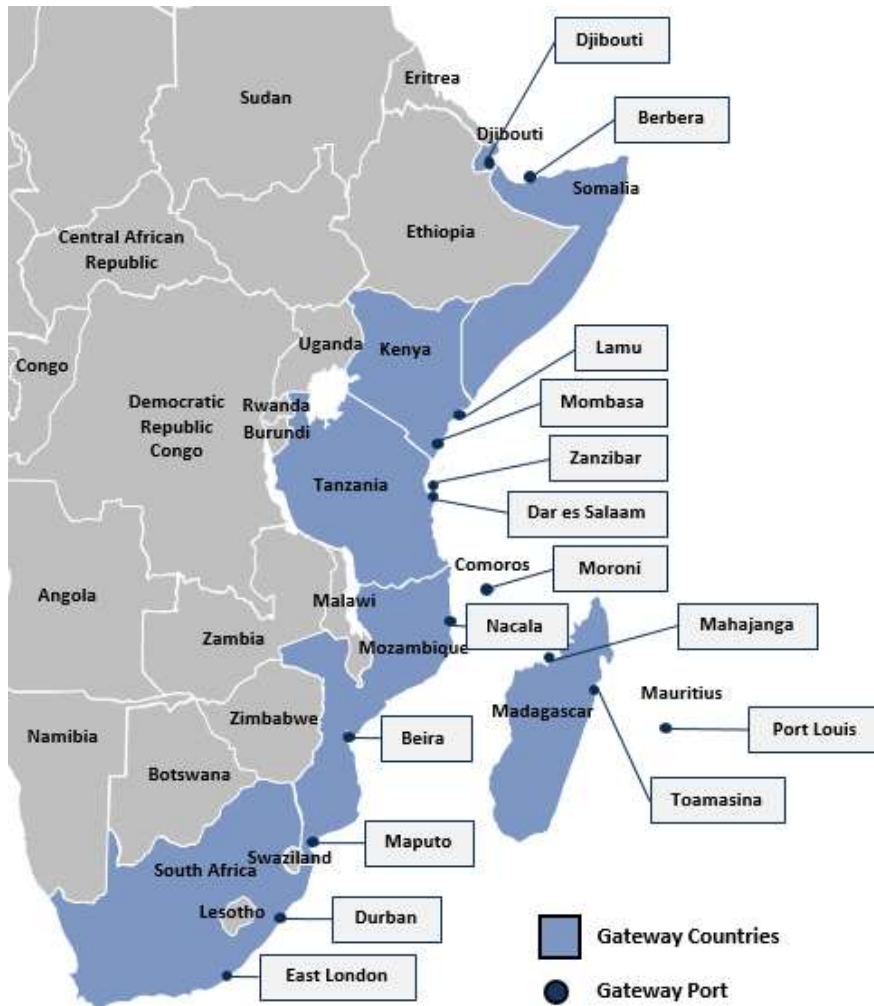
MTBS: Maritime & Transport Business Solutions

Specialised in Port PPP Projects. Global Portfolio, African Market Leader.



MTBS: Regional Port Expert

The World Bank – Ports Assessment Eastern & Southern Africa



MTBS assigned by The World Bank to prepare:

- an institutional assessment
- a strategic market analysis
- a capacity assessment

for the major ports of the region, given:

- current demand
- current trends in the industry
- the projected macro-economic environment

MTBS's Clients in the Port & Infrastructure Sector

Comprehensive Project approach thanks to a diverse Client Base

Authorities	GTOs	Industrials	Governments	IFIs	Banks

MTBS Closed Transactions

Commercial Advisor 

China Merchants Port Holdings
Buyer's Due Diligence



for the acquisition of 90% of



CMPort's first investment in Latin America

Deal size USD 925 million

2017

Transaction Advisor 

Berbera Port Authority
Somaliland

Privatisation of Marine Services Berbera Port




THE WORLD BANK

Corporatisation and Concession
Implementation Advisory Services

deal size USD 10 million

2017

Commercial Advisor 

Port of Vado Ligure, Italy

Commercial advisory to




COSCO Group & Qingdao Port International

For the acquisition of 49.9% shares in Vado
Holding

deal size EUR 65.1 million

2016

Financial Advisor 

King Abdullah Port
Kingdom of Saudi Arabia

Lenders' Due Diligence for





for the provision of an Islamic Bank Loan for



King Abdullah Port

Loan size USD 720 million

2015-2016

Transaction Advisor 

Container Terminal
Port of Limassol, Cyprus

Bid preparation for



EUROGATE



INTERORIENT East Med Holdings S.A.

Winning bid

Deal size confidential

2015 - 2016

Commercial Advisor 

Port of Piraeus, Greece

Commercial advisory to




COSCO Group

For the acquisition of 67% shares in
Piraeus Port Authority

deal size EUR 368.5 million

2016

Commercial Advisor 

Kumport, Turkey

Commercial advisory to



Red Sea Pacific

For the acquisition of shares in the terminal

Deal size confidential

2014-2015

Transaction Advisor 

Dry Port, Niger

Transaction Advisory Services to




IFC International
Finance Corporation

REPUBLICQUE DU NIGER

for the concession of

**La Concession globale du Port Sec
de Dosso
et de son antenne à Niamey**

Deal size confidential

2014

MTBS Closed Transactions

Financial Advisor 

Lekki Port

Lender's Market Consultant and Financial Advisor to:





Finance: \$800 million
Project size: \$1.5 billion

2012-2013

Transaction Advisor 

Port of Bar, Montenegro

Bid preparation for



for the acquisition of



Deal size EUR 35 million

2013

Transaction Advisor 

Luka Rijeka, Croatia
Adriatic Gate Container Terminal
Equity Divestment




Concession awarded to



Deal size EUR 37.5 million

2010-2011

Financial Advisor 


Multi purpose Terminal East-2 Concession
Burgas, Bulgaria

Bid Preparation
Navibulgar




Winning Bid
Deal size: EUR 100 million


2011

Transaction Advisor 

Tallinn Port Authority
Estonia
Muuga Container Terminal Concession



Concession awarded to




Deal size EUR 100 million

2010-2011

Financial Advisor 

Project Finance
Oando Mid-Stream Jetty
Apapa, Lagos, Nigeria





Market and tariff forecast
Financial model
Risk assessment

Deal size confidential

2011

Financial Advisor 


Project Finance Access Channel
Maputo, Mozambique
for
Standard Bank South Africa






Deal size confidential


2010

Transaction Advisor 

Freeport of Monrovia, Liberia
Container Terminal Concession



Concession awarded to



Deal size US\$ 120 million

2009-2010

MTBS Closed Transactions


 Financial Advisor 

**Brooklyn-Kiev Port
Odessa, Ukraine**

Container Terminal Equity Valuation



**European Bank
for Reconstruction and Development**

Deal size US\$ 37 million senior loan
Total project cost US\$ 130 million

2009


 Transaction advisor 

**Public Water Transport System
Dubai
UAE**



Deal Size: US\$ 25 million

2007


 Financial Advisor 

**DCT Gdansk S.A.
Poland**

Concession Expansion Deepwater Container Terminal Gdansk



Bankable Financial Model PIM

Deal size: 200 million EUR

2012-2013


 Financial Advisor 

**Port of Rotterdam Authority
The Netherlands**

Maasvlakte 2
Greenfield Container Terminal Development



Concession awarded to:








2006-2007


 Financial Advisor 

Egypt, Cairo

Bid Preparation Dry Bulk Terminal
El Dekheila



Deal size confidential

2006


 Financial Advisor 



Egypt, Cairo

Bid Preparation RTC Fleet





Deal size confidential

2006


 Financial Advisor 

**West Africa Container Terminal
Onne
Nigeria**

Deal size confidential

2004



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Port Management Models

Allocation of responsibilities in various port management models

Port management model	Private participation	Regulation	Infra-structure	Super-structure	Equipment	Labour	Nautical services
Public service port	Zero	Public	Public	Public	Public	Public	Public
Tool port	Very low	Public	Public	Public	Public	Private	Public or private
Landlord + Public-private terminal	Medium	Public	Public	Public Private JV	Public Private JV	Public Private JV	Public or private
Landlord port	Medium	Public	Public	Private	Private	Private	Public or private
Landlord + DBFM	High	Public	Public & Private	Private	Private	Private	Public or private
PDMC	Very high	Public	Public Private JV	Private	Private	Private	Private
Private port (BOT)	Maximum	Public or private	Private	Private	Private	Private	Private

Regional Port Management Models

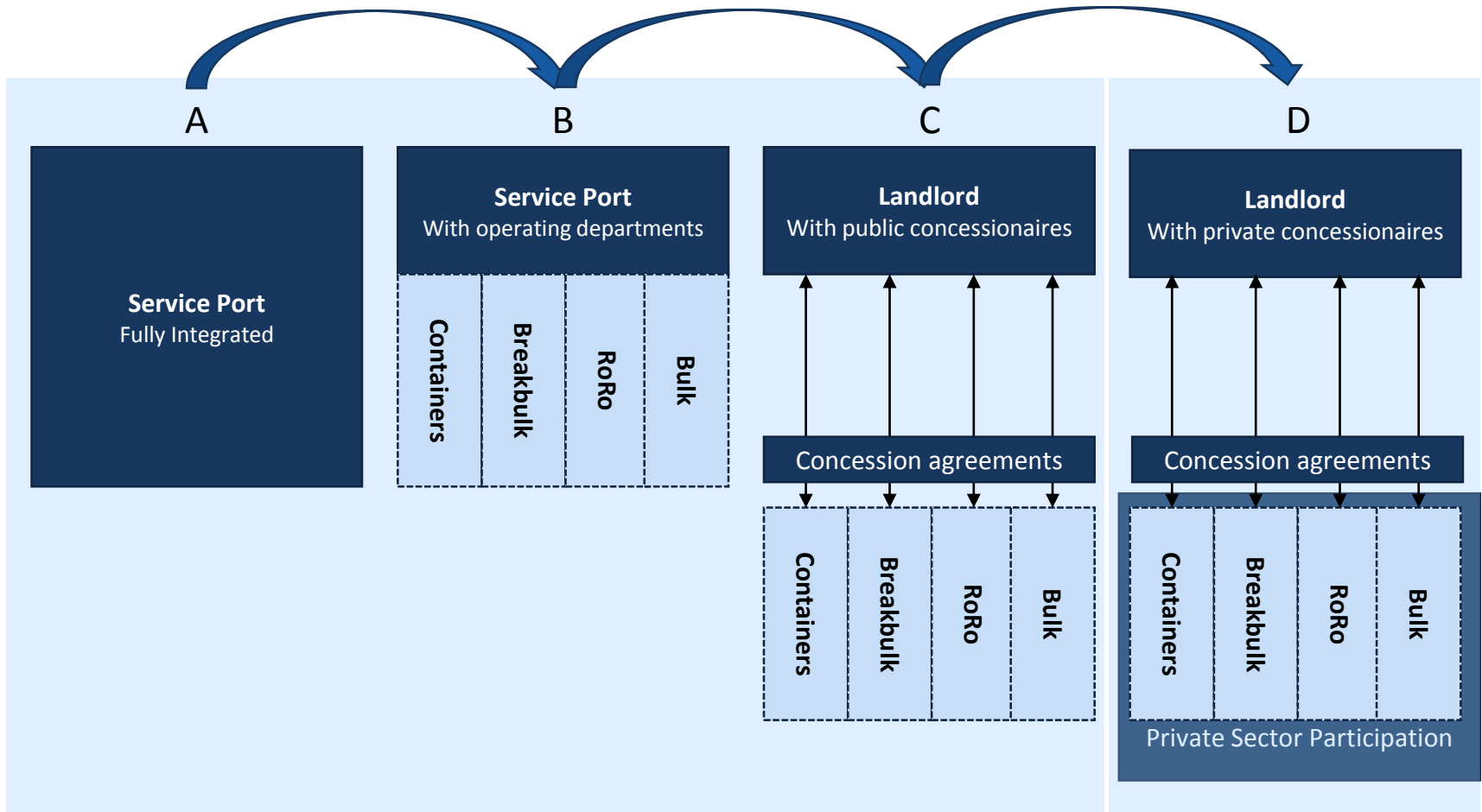
Large variety of port management models in the region & clear move towards private sector involvement



Port management model	Regional Examples
Public service port	<ul style="list-style-type: none"> • Dar es Salaam non-container Terminals, Tanzania • Mombasa Container Terminals, Kenya
Tool port	<ul style="list-style-type: none"> • Zanzibar Port, Tanzania
Landlord + public operator	<ul style="list-style-type: none"> • Port Louis, Mauritius • Durban & East London, South Africa
Landlord + public-private operator	<ul style="list-style-type: none"> • Beira, Mozambique
Landlord port	<ul style="list-style-type: none"> • Mombasa non-container Terminals, Mombasa • Dar es Salaam Container Terminal, Tanzania (HPH) • Moroni, Comoros (Bolloré) • Toamasina, Madagascar (ICTSI) • Mahajanga, Madagascar
PDMC	<ul style="list-style-type: none"> • Berbera, Somaliland (DPW) • Djibouti, Djibouti (DPW & CMP) • Nacala, Mozambique • Maputo, Mozambique (DPW & Grindrod)

Port Management Models

Stepwise approach from a public service port to a landlord port





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Port Authority: Specialise to Excel

Private sector participation enables port authorities to focus on their core tasks and excel

Main benefits of private sector participation:

- **Funding of investments:** strong global balance sheets and access to various financing sources that are not available to the public sector.
- **Life Cycle Approach:** Ensuring continuous performance of the asset
- **Operational efficiency:** specialised private companies provide operational excellence. Global scale advantages (e.g. procurement of equipment).
- **Optimal allocation of risk:** market risk share leads to a more rational investment decision.

Port authorities can focus on their core business in proper PPPs:

- **Landlord role:** port planning, port infrastructure development, leasing out of port land and collecting port dues.
- **Ensuring safety & security:** harbour master and VTS.
- **Port promotional role:** marketing towards port users and port operators.

Port Authority: Specialise to Excel

Sector regulation as prerequisite for a specialised and excelling port authority

Regulation is needed to ensure a competitive and sustainable ports sector:

- Enabling fair competition
- Enabling equal access to ports
- Regulating tariffs
- Setting safety & security standards
- Monitoring environmental protection

Regional examples:

- **Tanzania:** Surface and Marine Transport Regulatory Authority
- **South Africa:** The Ports Regulator of South Africa & South African Maritime Safety Authority



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Value Optimisation: Tailored PPP & Competitive Tender

Use of standard PPPs & tender procedures not a guarantee for success

Three critical issues need to be addressed, in order to ensure Value Optimisation of the project:

1. No one-size-fits-all

Each PPP Contract is a unique arrangement, tailored to the risk management capabilities of the Grantor and the Concessionaire

2. Risk-adjusted returns

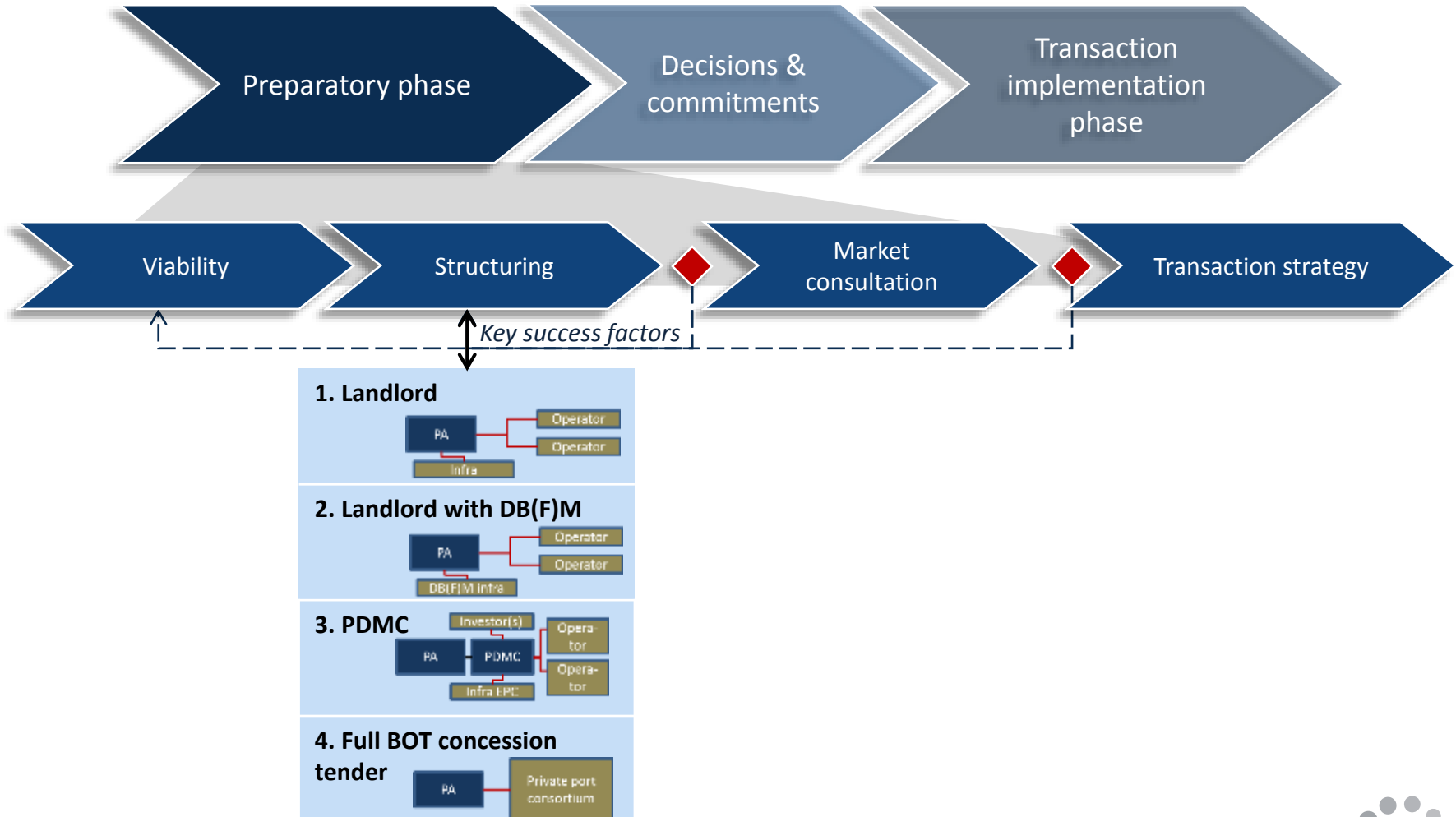
Focus on returns, without adjustment for risks, leads to sub-optimal PPP contract design

3. Assess market interest in an early stage

Requirements of potential co-investors should be assessed prior to the start of a transaction

Value Optimisation: Tailored PPP & Competitive Tender

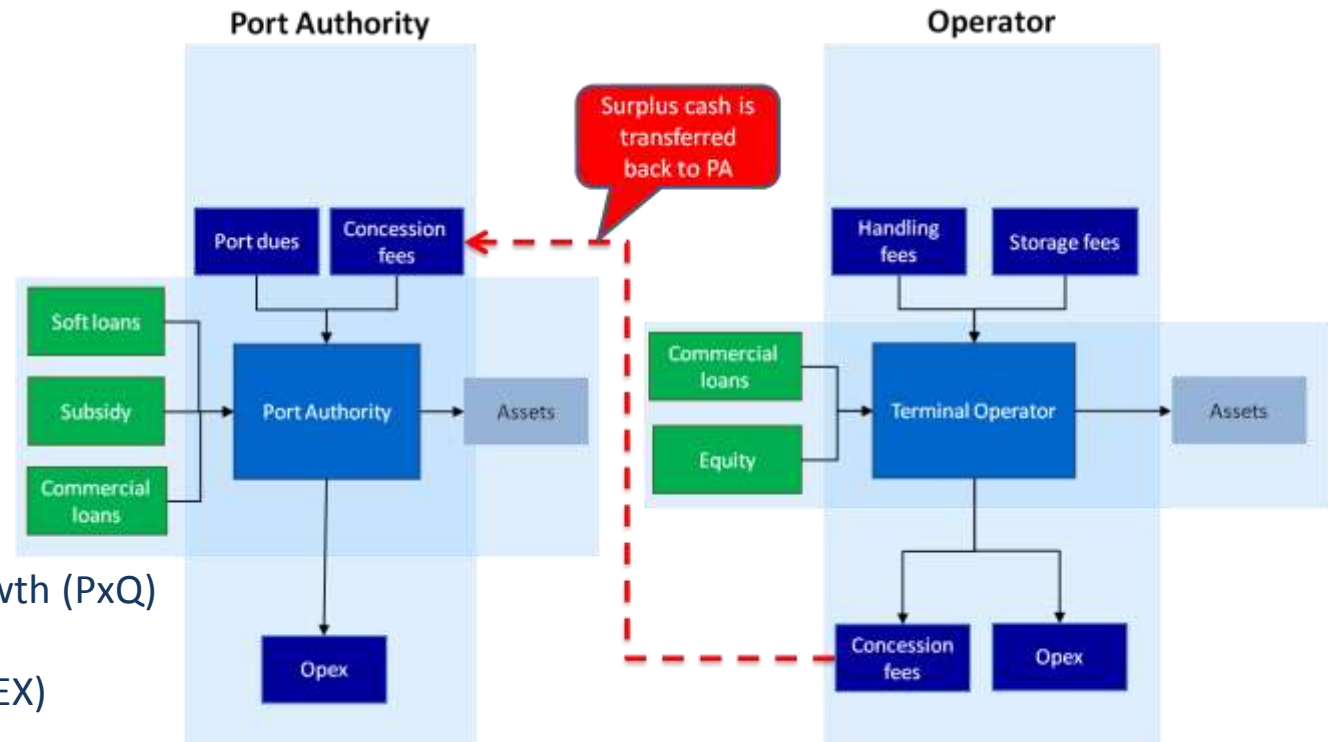
Tailoring of the optimal PPP structure is an important step in transaction preparation



Value Optimisation: Tailored PPP & Competitive Tender

Risk allocation and competitive tendering lead to optimal value creation

The better the PPP structure, the more value there is to divide

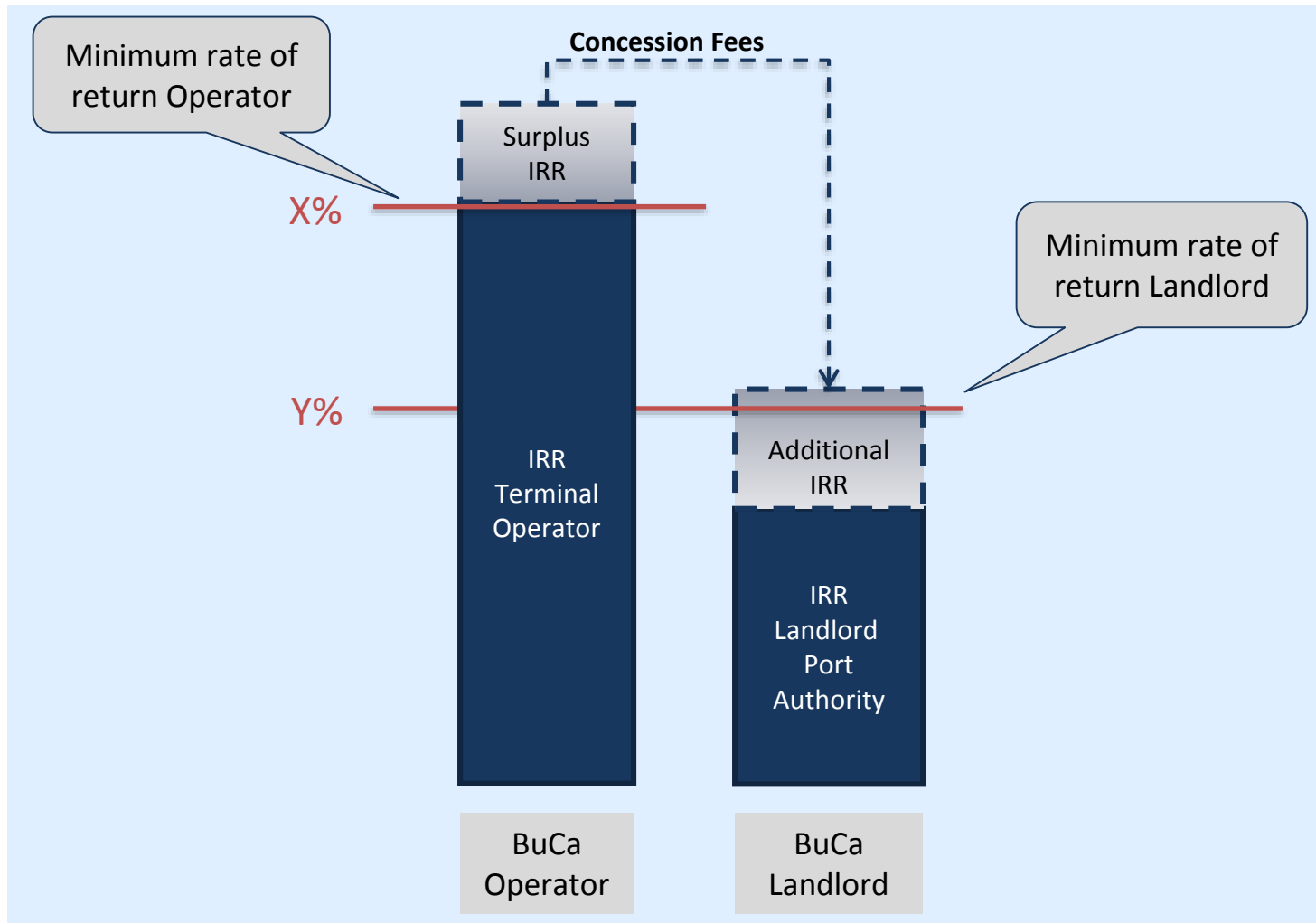


Value Drivers:

- Revenues & Revenue Growth (PxQ)
- Cost reductions (EBITDA)
- Investment planning (CAPEX)
- Financing (WACC)
- De-risking (guarantee structure)
- Competitive tendering

Value Optimisation: Tailored PPP & Competitive Tender

Risk allocation and competitive tendering lead to optimal value creation





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Increasing private sector participation with tailored PPPs under specialised port authorities in a regulated ports sector.

More privately funded port developments in Eastern & Southern African ports due to:

- a substantial port capacity shortage
- consequential profitable port business (tariffs are high)
- limited public budget
- increasing institutional acceptance and facilitation

The role of the Port Authority shall be to:

- Act as landlord
- Ensure safety & security
- Promote the port

Regulation is needed to enable fair, competitive and transparent PPPs

Tailoring towards the optimal PPP structure is crucial, since it:

- depicts the way risks are allocated over the public and the private parties involved
- is an important means for the public sector to ensure its strategic objectives are met
- drives project bankability
- determines the required profile of private sector bidders and the procurement plan

Thank you



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