

**OCEAN
SHIPPING
CONSULTANTS**

a company of



Global and regional container trends and developments

Mauritius Maritime Week – Mauritius 2022

14th December 2022



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Introduction

Royal HaskoningDHV is an independent international engineering and project management consultancy. Ocean Shipping Consultants (OSC) is the maritime economics and financial consultancy arm of the company.

- ❑ Originally founded in 1881
- ❑ Over 140 years of experience
- ❑ Turnover €600m
- ❑ Deliver services in the fields of:
 - aviation,
 - buildings,
 - energy,
 - industry,
 - infrastructure,
 - maritime,
 - mining,
 - transport,
 - urban / rural development,
 - water.



6,000 Staff

- ❑ Ocean Shipping Consultants (OSC) is the maritime economics and financial consultancy arm of the company and is a leading brand in the maritime sector with over 35 years' experience.



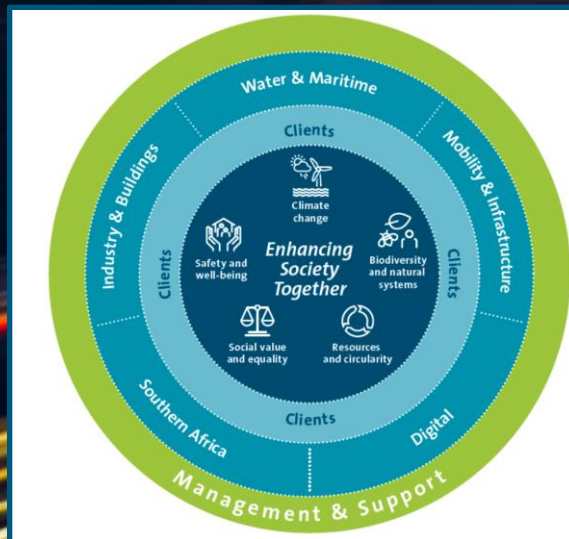
140 Countries



Over 200 clients
International Finance Institutions, infrastructure funds, banks, port authorities, governments, shipping lines and terminal operators



Over 350 projects
in nearly **100 countries** successfully completed since 2011



Introduction

Examples of recent projects in the region



Mauritius Master Plan - 2015

Royal HaskoningDHV was employed by Mauritius Ports Authority to carry out Port Masterplan studies for Port Louis (the gateway port of the Island of Mauritius), a Petroleum port in Albion and for Port Mathurin on the Island of Rodrigues.

Royal HaskoningDHV successfully completed the works incorporating the major issues enabling the port authority to make sound decisions regarding the development of Mauritius ports.



Toamasina Benchmark Study and Financial model - 2020

SPAT engaged Royal HaskoningDHV (RHDHV) to deliver a benchmarking and financial model in relation to concession in the port of Toamasina.

The benchmarking study chose comparable ports for their operational KPI and compared it to the Port of Toamasina. This allowed the client to determine the appropriate KPI levels to set for subsequent concession agreements. A financial model was produced to determine the cashflows to the port authority as well of the concessionaire.



Durban Port RFI Response – 2021

As the authority and operator of Durban Port, Transnet has issued an RFI to gauge the industry interest for the privatisation of DCT 2.

Our client planned to respond to the RFI and invited Royal HaskoningDHV to assist in preparing an RFI response.



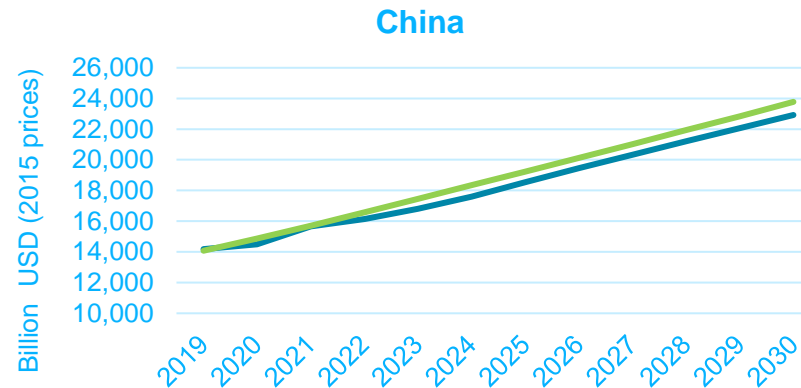
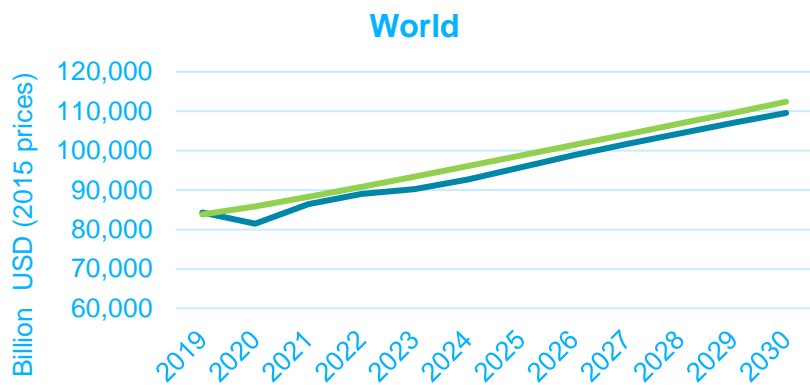
Lake Victoria dredging study - 2019

Lake Victoria has a central position in transport networks in East Africa. The improvement of lake transportation is seen as key to advancing regional trade and industry.

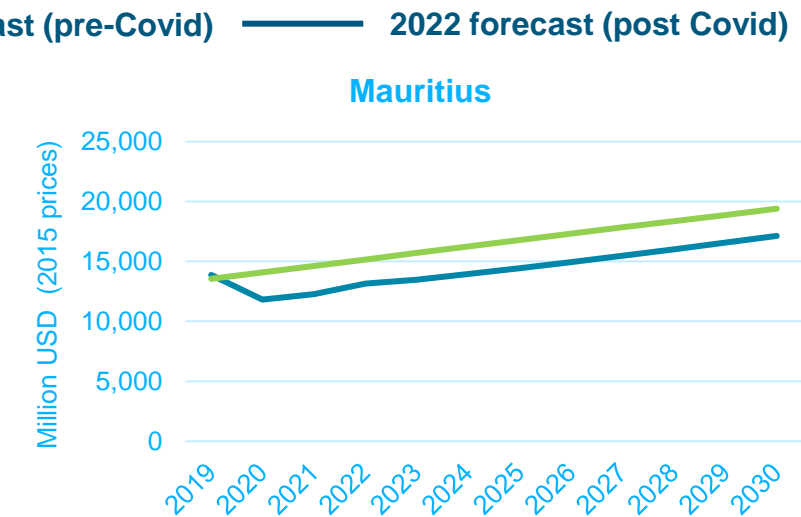
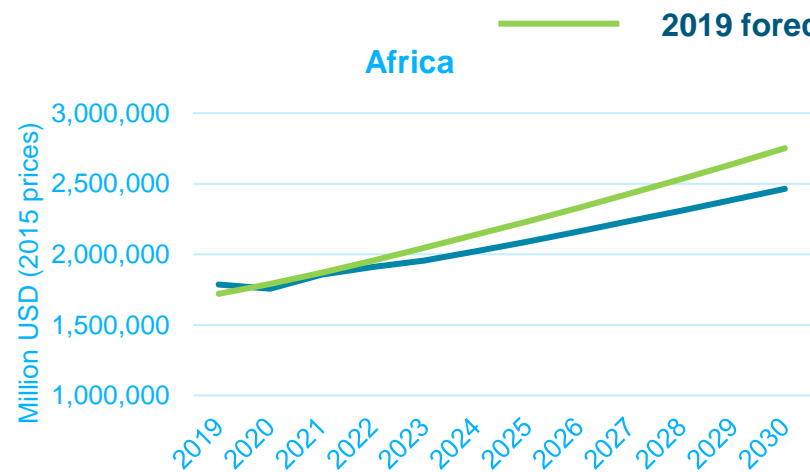
In view of these challenges, and to assist the Lake Victoria catchment area in achieving its economic growth potential, the World Bank Group, in cooperation with the Lake Victoria Basin Commission (LVBC), has commissioned a study to investigate the feasibility of dredging the approach channels and basins of the major lake ports.

Global Economic Outlook

The global and Chinese economy will recover to close to its pre-Covid pandemic levels in the near future. Africa and Mauritius will be some 10-12% lower by 2030.



2020 GDP growth	
World	-3.3%
China	2.2%
Africa	-1.7%
Mauritius	-14.8%



2030 GDP vs pre-covid forecasts	
World	-2.5%
China	-3.6%
Africa	-10.4%
Mauritius	-11.7%

Source; Oxford Economics

Events of recent years has led to profound changes in how we live and do business, impacting on the global supply change.

1) COVID-19 pandemic

- Labour shortages affecting the global supply chain as the port systems in entire regions shut down for weeks at a time.
- Ships 'bunching' with long delays to enter ports and of course causing a knock-on effect of capacity shortages elsewhere.
- As supply chains failed, importers had to resort to alternative markets.
- This presented risks for some and of course opportunities for others.

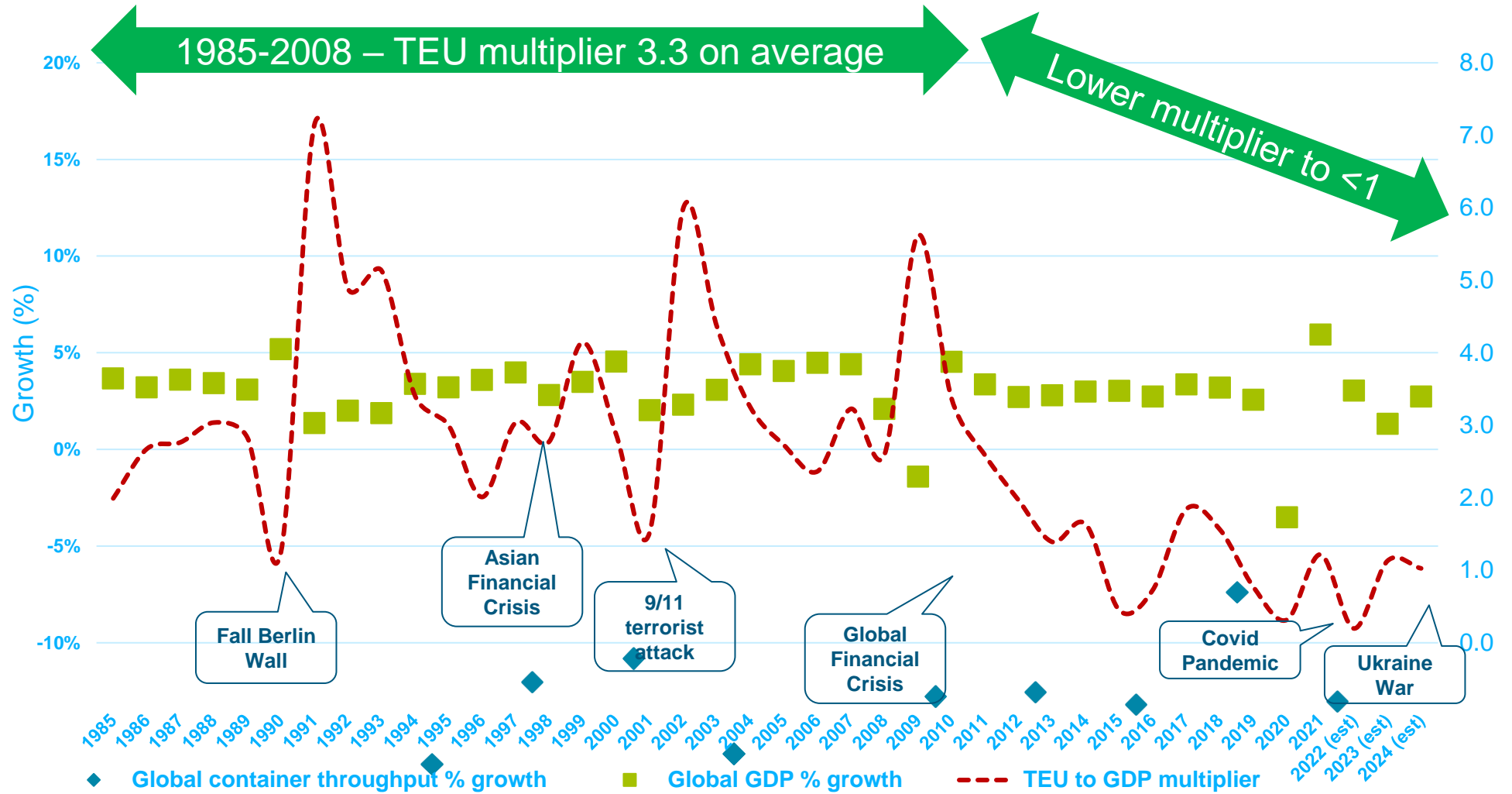
3) Ukraine war

- Sanctions were imposed on Russia and grain exports from the Ukraine ceased.
- Alternative options were sought, driving global prices up and impacting disproportionately on poorer countries who are priced out of the market.
- The oil price increased dramatically benefiting many economies and incentivising project investment in this region.
- Now it is beginning to slowly fall again causing some caution in respect of realising these projects.

3) The world is now experiencing

- staggering inflation
- unions are striking for higher pay
- exchange rates are changing rapidly.

The declines in the container volume growth is putting pressure on Shipping Lines and Terminal Operators and means lower TEU demand than in past years.

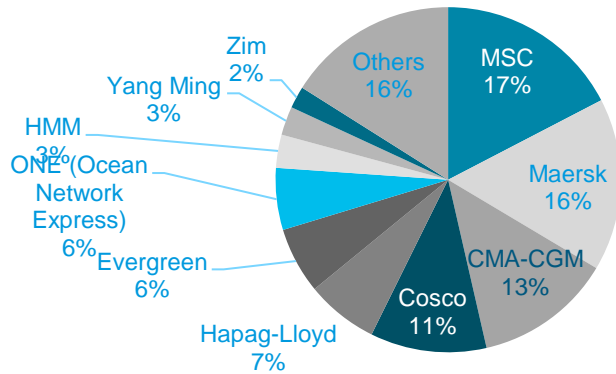


Source: OSC / Clarkson

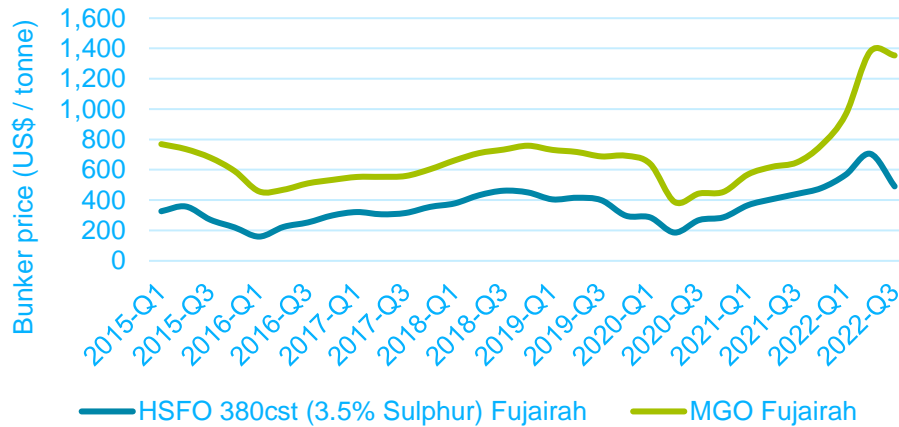
Container Shipping & Ports Sector

Key container shipping trends.

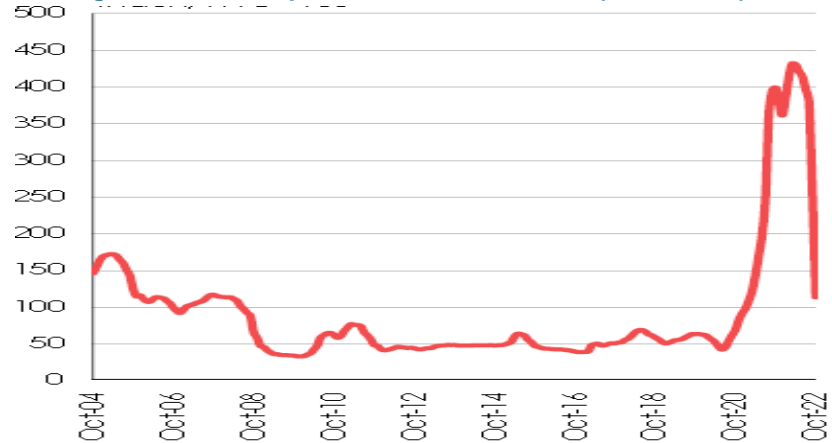
Containership fleet size per main operator



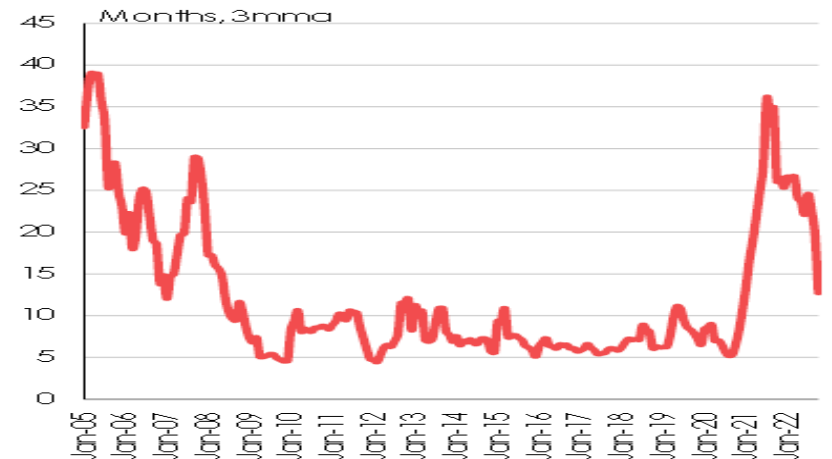
Bunker price trends – HSFO and MGO Fujairah (US\$ / tonne)



Average containership timecharter rate index (1993 = 100)



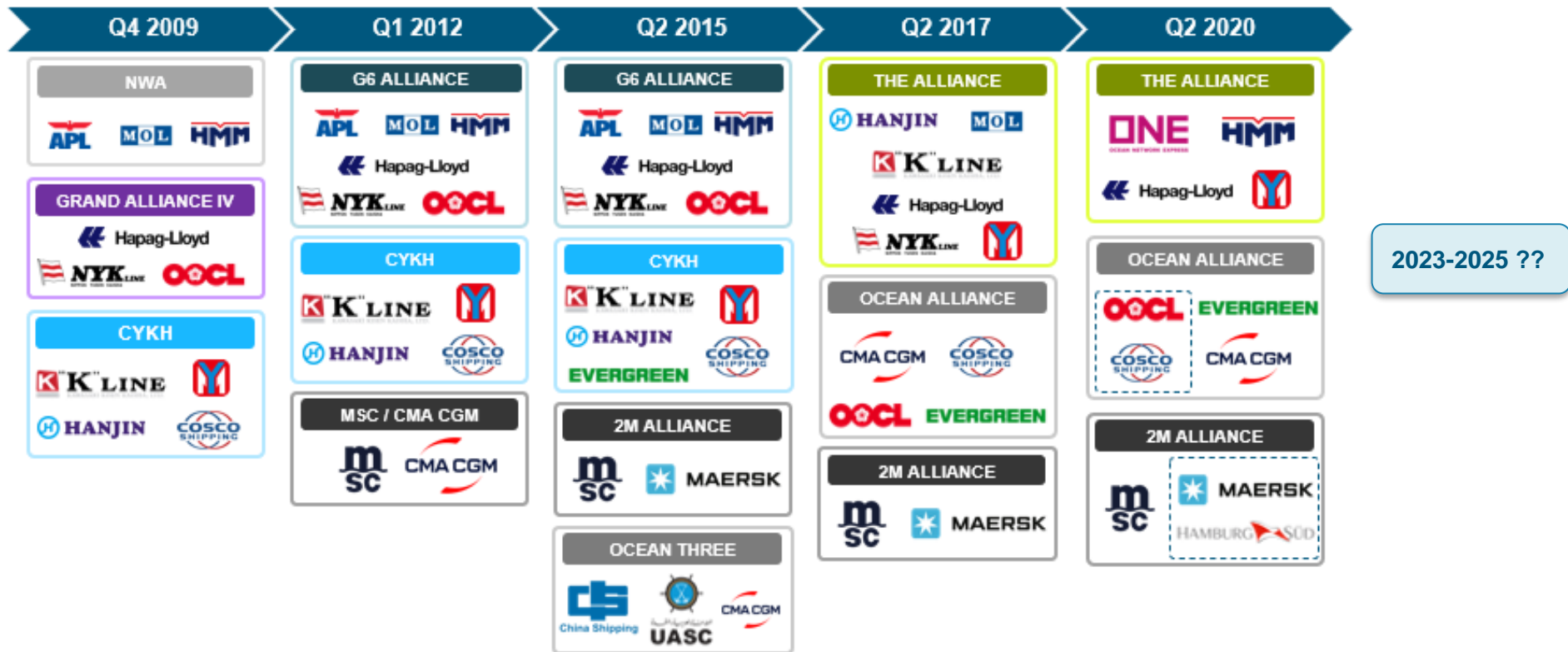
Average Containership Fixture length (months)



Source: OSC / Clarkson

Container Shipping Sector

The shipping industry has consolidated through shipping alliances as well as merger and acquisitions in order to improve vessel utilization and the sea freight rates. It also enables liners to effectively operate larger vessels. Collaboration allows carriers to bundle their route network, resulting in a more comprehensive global shipping network. Since 2015 all main carriers are part of an alliance. High revenues in recent years for shipping lines may result in further consolidation.



Main Carriers Not Part of an Alliance

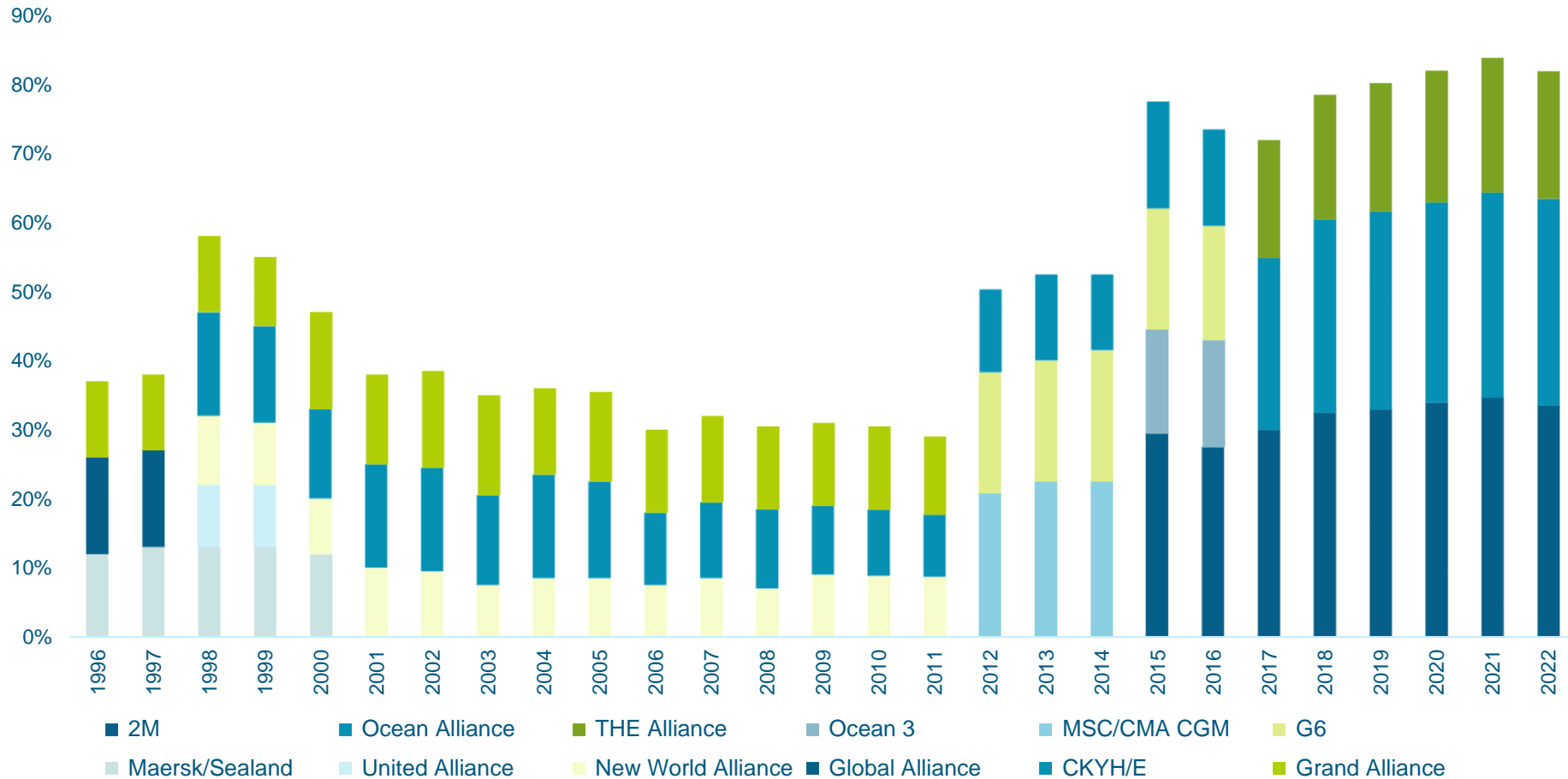


Source: OSC

Container Shipping Sector

The upscaling of alliances in the shipping sector led to a very quick growth of the combined market share of the three largest alliances, from less than 30% in 2011 to over 80% today.

Development of the combined market shares of the three largest shipping alliances 1996-2021

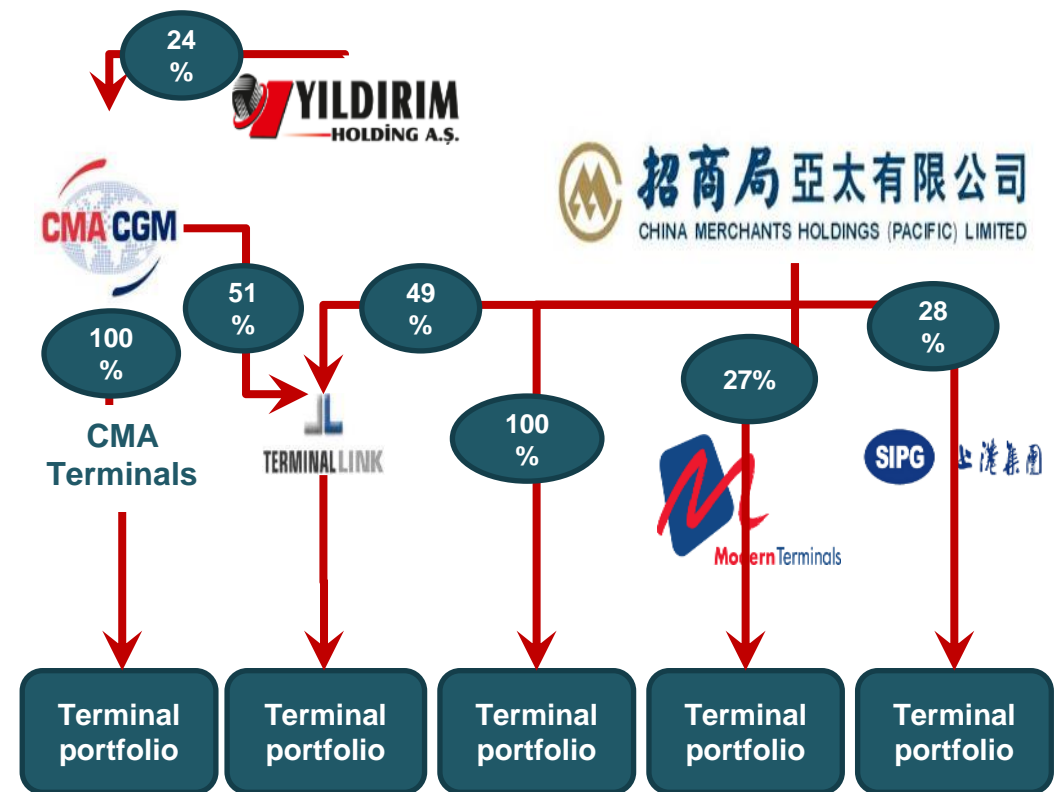


Source: Alphaliner

Container Shipping Sector

Port operators have responded by forming alliances, partnering with shipping lines, or acquiring/merging with competitors. This has created a significantly complex ownership structure.

Rank 2019	Rank 2021	Operator	Volumes (TEUm)		CAGR	2021 Share %
			2018	2021		
1	1	PSA	60.3	63.4	2.5%	7.7%
5	2	APM Terminals	42.8	50.4	8.5%	6.1%
3	3	Cosco	46.1	49	3.1%	6.0%
6	4	China Merchant	35.1	48	16.9%	5.9%
4	5	DP World	44.2	47.9	4.1%	5.8%
2	6	Hutchison Ports	46.7	47	0.3%	5.7%
7	7	Terminal Inv. Ltd	26.5	33.7	12.8%	4.1%
8	8	ICTSI	8.9	11	11.2%	1.3%
10	9	SSA Marine	8.1	8.8	4.2%	1.1%
9	10	Evergreen	8.5	7.7	-4.8%	0.9%
Top 10 volumes			327.2	366.9	5.9%	
Top 10 share			40%	45%		
Global Port volumes			811.7	820.3	0.5%	



Section 3: Port Competition

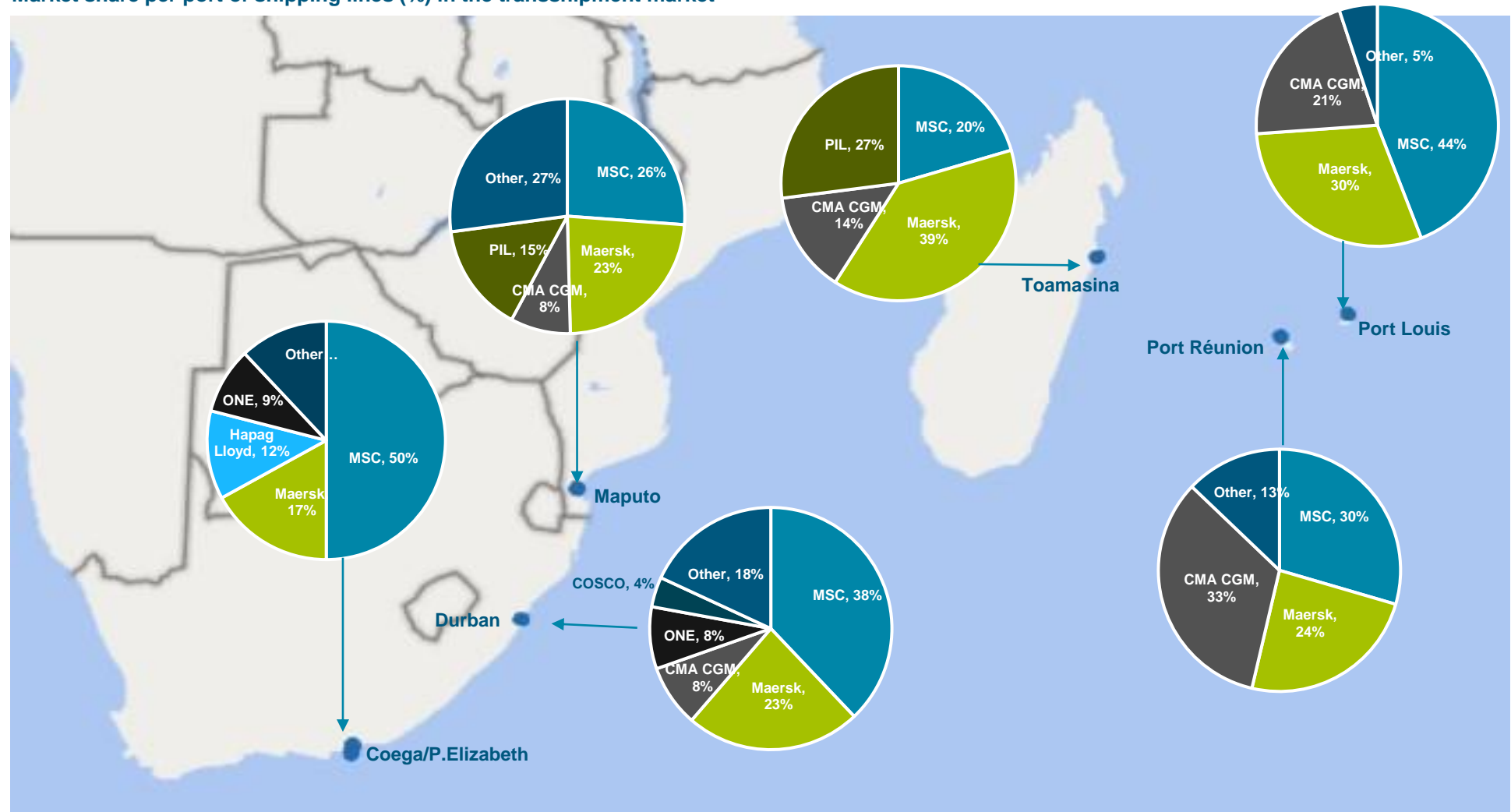
Container port competition in South Africa is primarily concentrated in the four major container terminals located in the ports of Durban, Cape Town and Coega/P.Elizabeth. The most prominent regional competing ports include Maputo Port, Toamasina, Port Louis and Port Réunion.

Map of gateway and transshipment ports

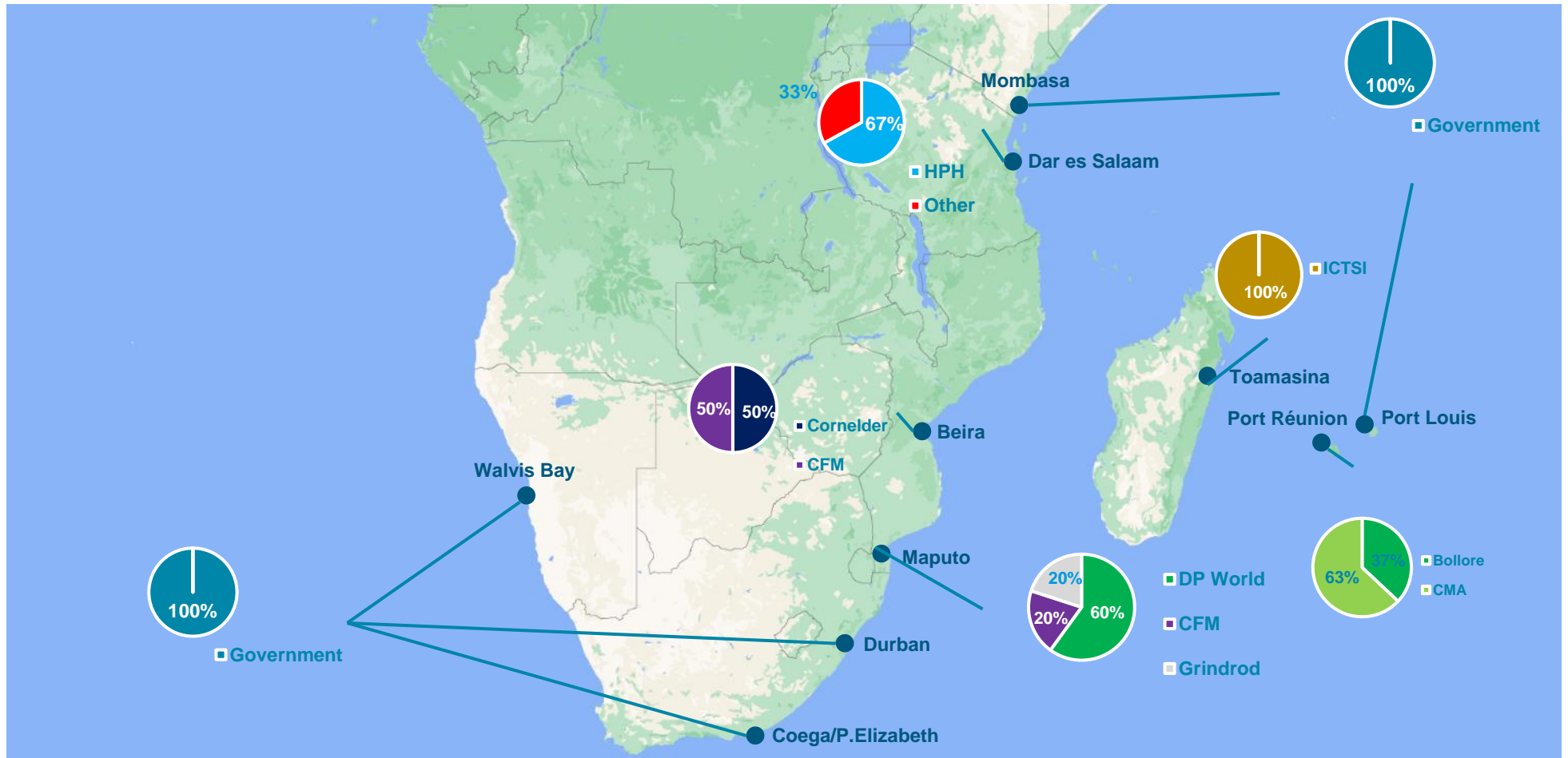


The analysis of shipping lines in the transshipment market shows a similar picture with Maersk, MSC and CMA CGM by far the most dominant players.

Market share per port of shipping lines (%) in the transshipment market



Regional container port market ownership structure



Contact

Nishal Sooredoo
Associate Director
Ocean Shipping Consultants
Nishal.sooredoo@rhdhv.com

*Thank
You!*