



# How to structure the deal? PPP in strategic port development in the Baltics

2<sup>nd</sup> Baltic Ports & Shipping

Wednesday 26 September 2018

**2<sup>nd</sup> BALTIC**  
**PORTS & SHIPPING 2018**

**mtbs**  
maritime & transport  
business solutions



# Anthony van der Hoest

Director Commerce



# Agenda

## MTBS

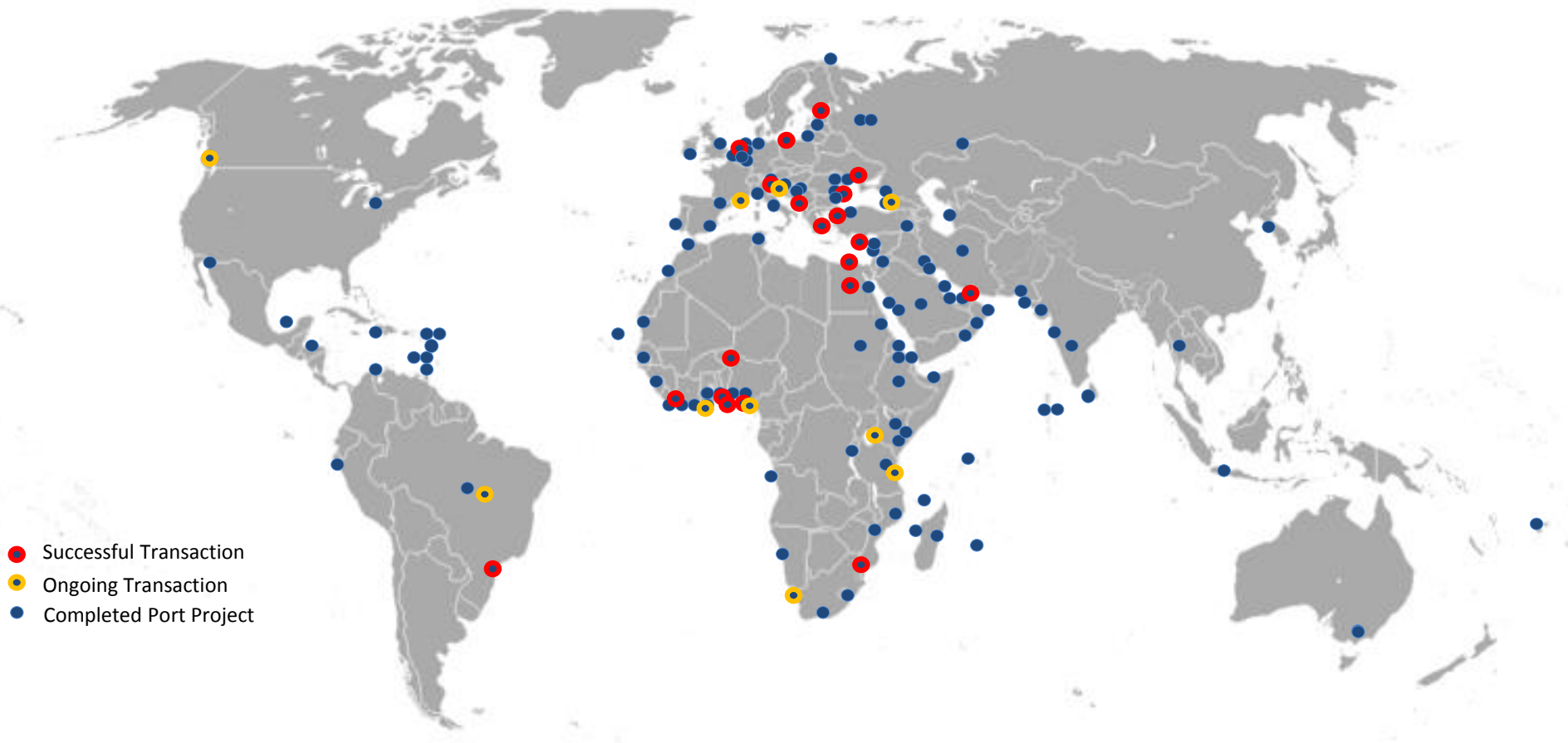
PPP opportunities & activities in the Baltic and larger region

Recommendations for New PPPs

Conclusion

# MTBS: Maritime & Transport Business Solutions

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



# 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 - recent

mtbs 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

mtbs 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

mtbs 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 66.1 million

2016

mtbs Financial Advisor 

**King Abdullah Port**  
Kingdom of Saudi Arabia

Lenders' Due Diligence for




for the provision of an Islamic Bank Loan for



Loan size USD 720 million

2015-2016

mtbs Transaction Advisor 

**Container Terminal**  
Port of Limassol, Cyprus

Bid preparation for




East Med Holdings S.A.

Winning bid

Deal size confidential

2015 - 2016

mtbs 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

mtbs Commercial Advisor 

**Kumport, Turkey**


Commercial advisory to



For the acquisition of shares in the terminal



Deal size confidential

2014-2015

mtbs Transaction Advisor 

**Dry Port, Niger**

Transaction Advisory Services to

for the concession of

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

Deal size confidential

2014



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# DCT Gdansk

## PPP Opportunity

### Details:

- Volumes 2017: 1.5 M TEU
- Clients: 2M, COSCO, CMA, a.o.
- Concession: 30y / 2034 end
- Revenues 2017: 98 M EURO
- Net profit 2017: 22.6 M EURO



### Current shareholders:

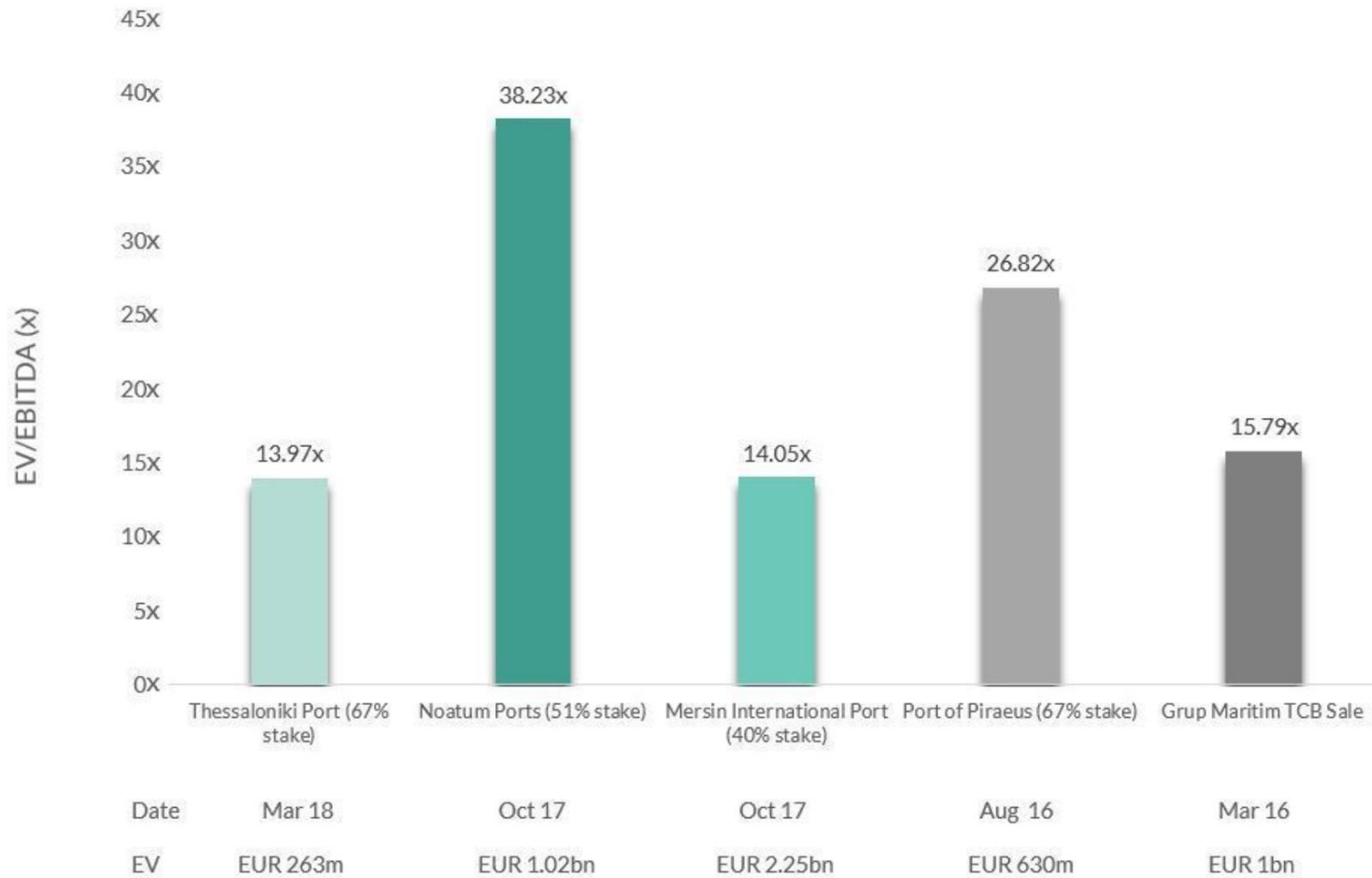
Macquarie's GIF II (64%), MTAA Superannuation Fund (18%), Statewide Superannuation Fund (9%), and Westscheme Fund (9%)

### A sale of DCT is anticipated; but what is the value?



# DCT Gdansk

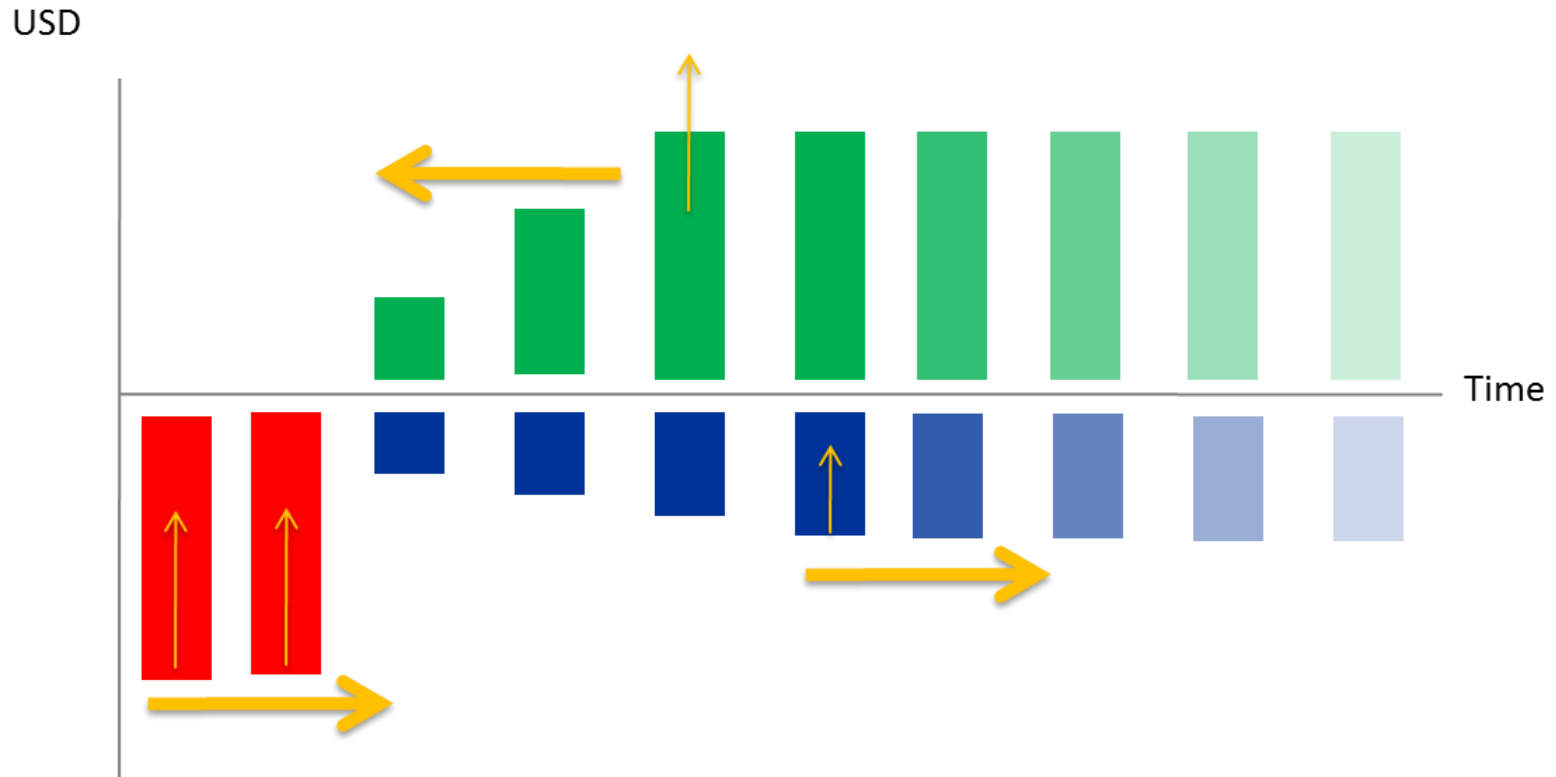
## EBITDA Multiplier?



Source: Inframation

# DCT Gdansk

DCF methodology?



# DCT Gdansk

## Risks

### Competition:

- Gdynia container terminals (HPH & ICTSI)
- New container terminal in Gdynia in 2030
- Klaipeda Smelte
- Klaipeda Outer Harbour
- Other developments

### Liners

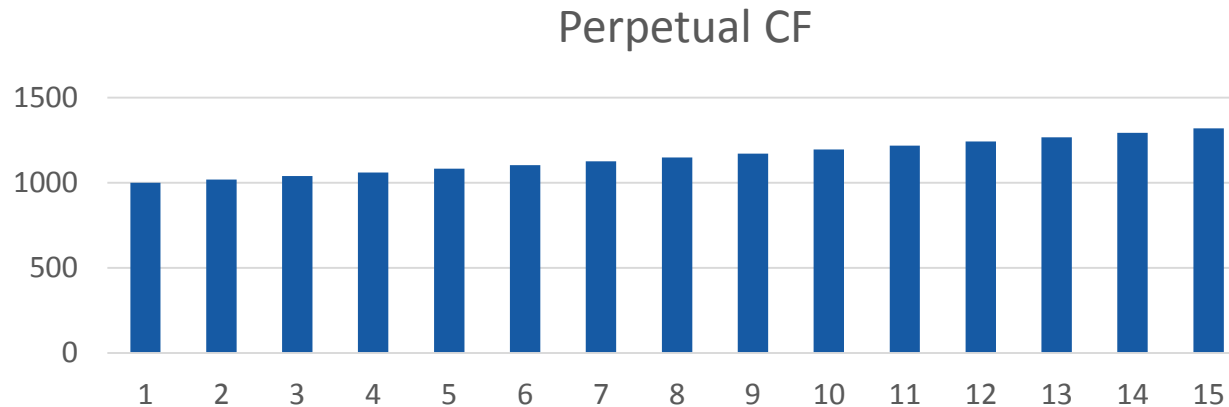
- Will the involvement of a liner increase the potential bid value?
- Securitization of liner volumes
- Deterring other liners
- Increase negotiation power vis-a-vis the Port of Gdansk at the end of the concession

### Concession

- Fairly short remaining period (2034)

# DCT Gdansk

## Terminal value



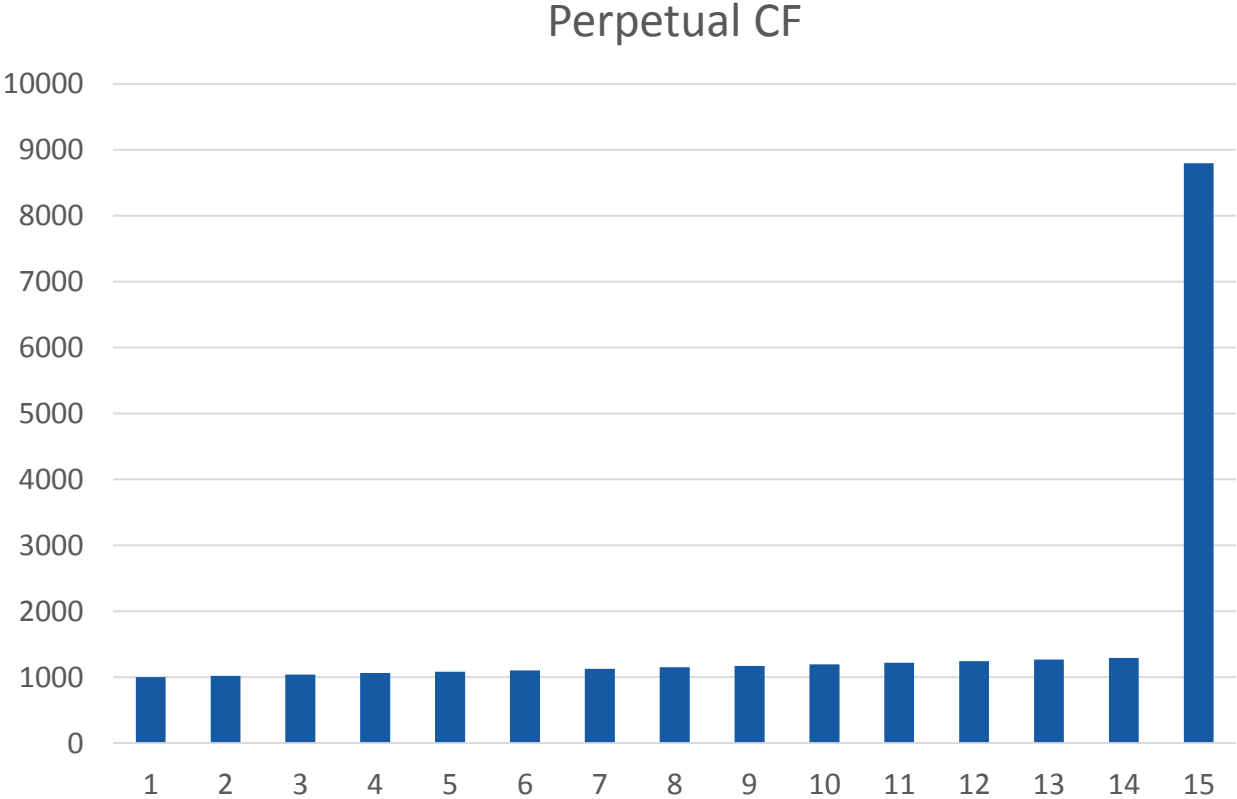
### How will the bidder evaluate the project?

- Fairly short remaining period (2034)
- Possibility, guarantee to extend?
- Power of the liner volumes?

### Will the potential buyer consider an extension of the concession likely?

# DCT Gdansk

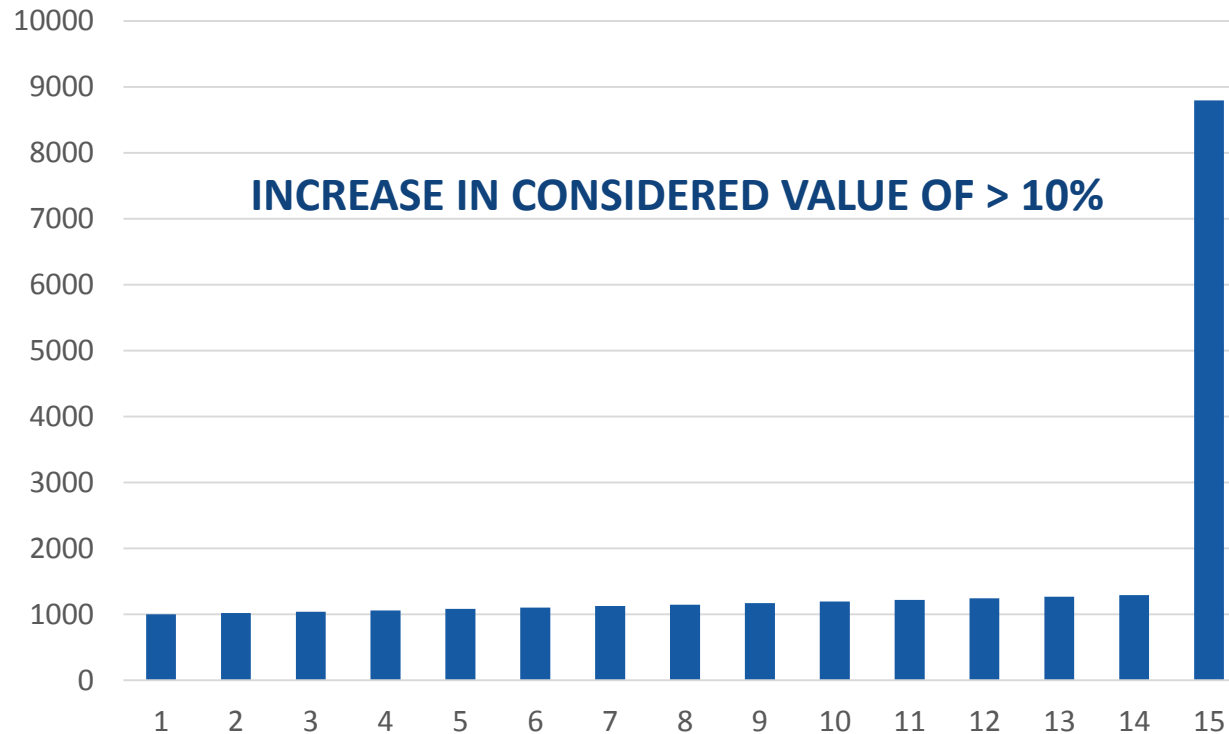
## Terminal value



# DCT Gdansk

Terminal value

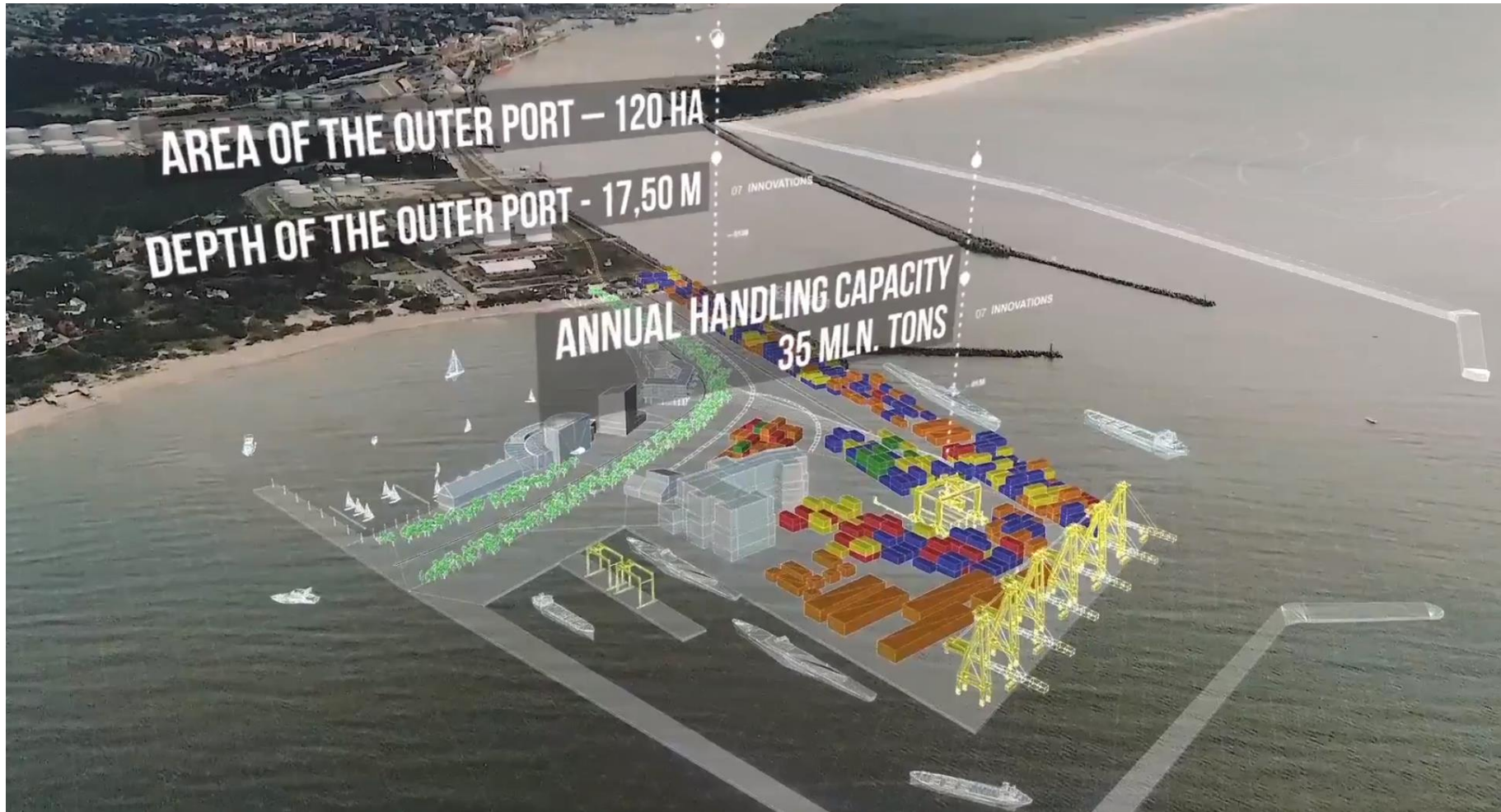
Perpetual CF



**ENTRY POINT OF THE PORT AUTHORITY?**

# Klaipeda Outer Harbour

PPP Opportunity





# Klaipeda Outer Harbour

## PPP Opportunity

### PPP Structure:

- Landlord or BOT
- Feasibility?
- Bankability?

### Liners

- Liner involvement (like Klaipedos Smelte?)
- Transshipment

### Concession

- 20 – 30 – 50 years?

### Other

- Only containers or other commodities as well?

**Bidders in Gdansk may be interested in this development as well**



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# Recommendations for New PPPs

Three critical issues to ensure Value Optimisation of the Project

**Three critical issues need to be addressed, in order to ensure Value Optimization 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. Continued monitoring of the PPP:**

- In an ever changing market more returns can be achieved in course of the PPP cycle



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# Maximizing profits

It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.



# Thank you



**Address** Wijnhaven 3<sup>e</sup>  
P.O. Box 601  
3011 WG Rotterdam  
The Netherlands

**Telephone** +31 (0)10 286 59 40

**Email** [Info@mtbs.nl](mailto:Info@mtbs.nl)