



# Practical remarks on the implementation of the VBM concept in port authorities

Riga, 26 September 2018



## External port

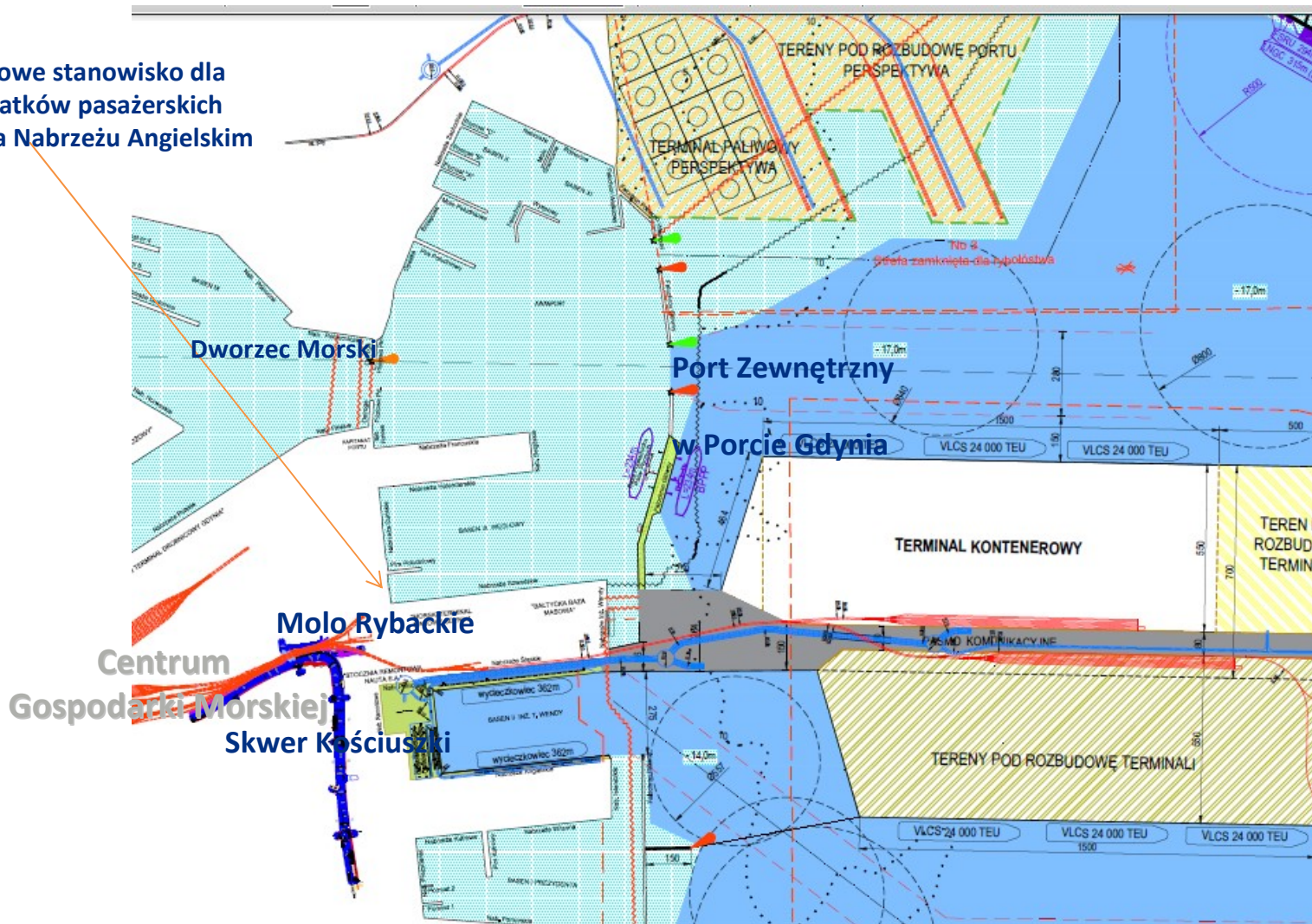


## External port



# External Port – Options

Nowe stanowisko dla  
statków pasażerskich  
na Nabrzeżu Angielskim



# How should we measure the value generated by our port?

1. Consolidated net profit (€18m), EBITDA (€28m) and investments in infrastructure (€240m over the next 3 years), acquisition of EU funds.
2. Customs and duties collected for the state budget (only €1.6b).
3. Perpetual annuity (discounted cash flow value assuming high cost of capital of 9% (€220m).
4. Market value of assets (over €1b) with book value (equity ca €300m).
5. Added value impact for the whole economy (€3b / year). Increase in GDP, employment, quality of life and environment, economic NPV.



## Practical remarks:

- In 2016 we officially started 2 new projects:
  - Implementation of the VBM concept;
  - Enterprise Risk Management ISO 31000 (the lower the enterprise risk, the higher the company value, lower cost of capital).
- New personnel (employees and external consultants);
- Changes of the organizational structure (Risk Management and Insurance Unit, VBM and Corporate Governance Unit);
- Project Managers reporting directly to the Board Member who is responsible for the projects;
- New software implemented (e-risk and Qvistorp);
- Budgets approved;
- RM policies and procedures are ready and were verified by the Auditor selected by our Supervisory Board (together with the first Risk Management Report for 2017);
- VBM policies and procedures being prepared by external advisors;
- Change from a static (department) approach to a dynamic (process) approach to VBM and RM (analyzing processes and decision paths not separate operations).





Tenants:  
-Rolls Royce  
-CMA  
-MSC  
-Palfinger

## The Port of Gdynia – key facts and figures:

- total port area: 755ha, including 493ha of land of which only 280ha is "owned"/administered by the Port of Gdynia Authority.
- max. draught along quays: 13m,
- total length of quays: 12km,
- 2,500m long external breakwater,
- maritime entrance to the port: 150m wide with a draught of 14m,

# The Port of Gdynia Authority

99,5% state-owned joint-stock company with strictly defined and limited scope of activities:

- management of land and port infrastructure located within the administrative jurisdiction of the port,
- forecasting, programming and port development planning,
- construction, reconstruction, maintenance, and modernization of port infrastructure,
- acquisition of land for port development purposes,
- provision of services related to the use of port infrastructure,
- charging port fees,
- ship waste collection and management.

Benefits:

- CIT exemption (conditional),
- no real estate tax on public infrastructure,
- 10-times lower perpetual usufruct fees.

Market value of assets: ca €1,2b, yearly sales: €43m, yearly profit: €18m.

**No dividends paid out.**

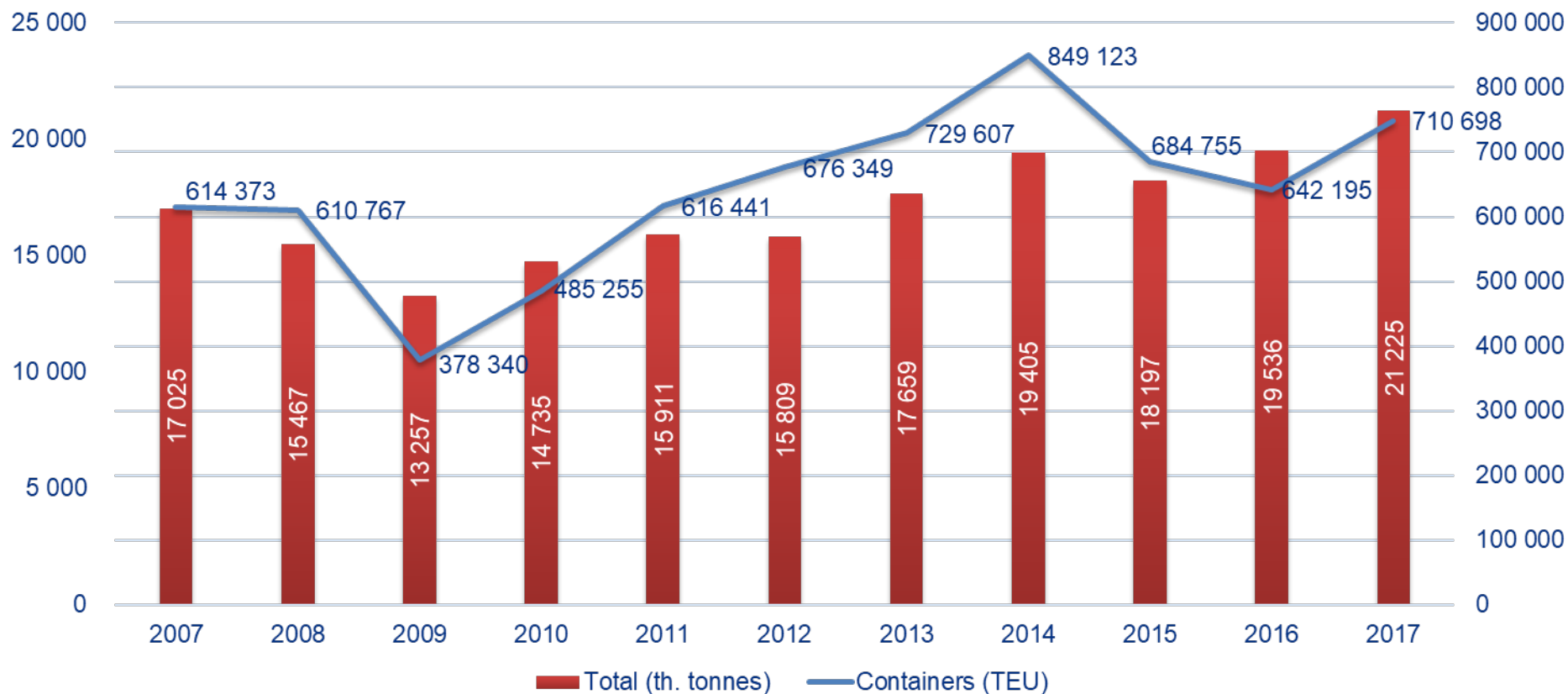
Planned investments in the port infrastructure within the next 3 years €240m (€50m land acquisition).

Major port extension project: €1b – €1,5b (within 8-10 years).





# Cargo Handling



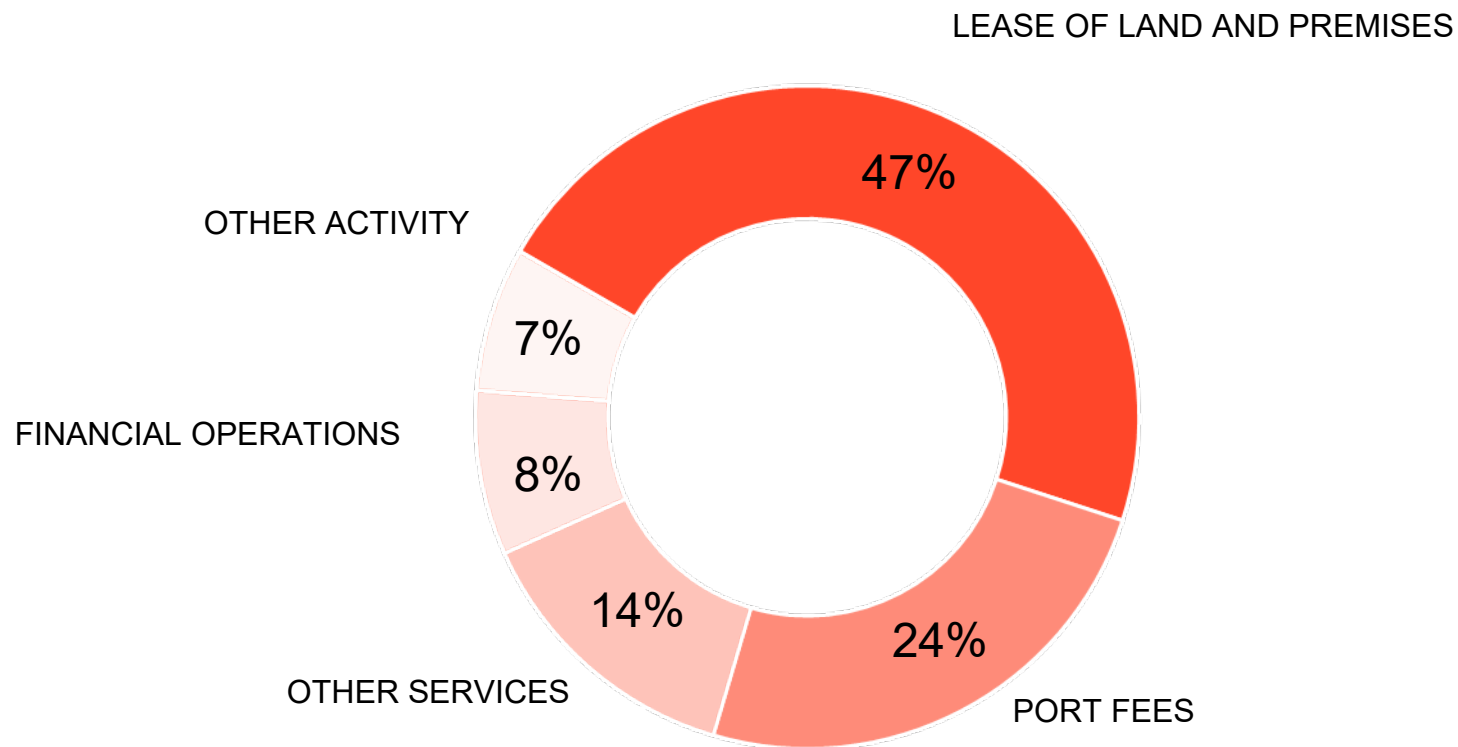
Structure of cargo (2017): coal – 10.1%, ore – 0.1%, other bulk – 5.1%, agro – 16.4%, timber – 1.1%, general cargo – 58.7%, oil products – 8.6%

## y/y dynamics 2017/2016

Gdynia	108.6% (12% in 2018)
Gdańsk	108.9%
Szczecin - Świnoujście	105.4%

[www.port.gdynia.pl](http://www.port.gdynia.pl)

## Sources of income



**Balanced currency structure: 50% PLN, 35% EUR, 15% USD**

**Solvency (equity/total assets) 80%,**

**Liquidity (current assets/current liabilities) 40**

**Profitability of sales (net profit/sales) 42%**



# ROTTERDAM Port Performance Indicators:

Beginning of XX c.:

- Number of calls,
- Cargo handling statistics (throughput).

1990:

- Employment at the port and related businesses,
- Added value.

2002:

- Increase of throughput,
- Profitability of companies operating at the port.

2003:

- Level of investments of private companies operating at the port.

2004:

- Number of new companies established at the port.



## PPRISM - Port PeRformance Indicators PPI

Co-ordinated by the EUROPEAN SEA PORTS ORGANIZATION (ESPO) + 5 Universities

- 338 questionnaires
- Experts assesment / modifications / additional assesment
- 58 ports tested the results
- 5 sets of PPI:
  - Market structure and trends (number and sizes of calls)
  - Socio-economic indicators (investments, employment, staff training)
  - Environmental indicators (energy efficiency, pollution monitoring)
  - Operational indicators (punctuality of calls, availability of PCS)
  - Corporate governance indicators (integration of entities operatin in the port, CSR formal reporting)





We warmly invite you to Gdynia  
to the 3<sup>rd</sup> Baltic Ports and Shipping  
Exhibition & Conference in October 2019





Thank you for your attention



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