



Port Developments and Investment Return

Maritime & Transport Business Solutions
Transport Middle East Conference Abu Dhabi
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PART OF AD PORTS GROUP





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1. MTBS in short

Port sector specialists with three strong focus areas



**Port Finance
International**

The logo for Port Finance International is contained within a light blue circular frame. It features the company name in a bold, black, sans-serif font, with horizontal lines above and below the text. Below the name, it is identified as 'an MTBS company'.

an MTBS company

Training & Summits



mtbs

The MTBS logo is centered in a medium blue circular frame. It consists of the lowercase letters 'mtbs' in a dark blue, sans-serif font, followed by a semi-circular arrangement of ten orange dots.

Finance & Strategy



mtbs
m&a

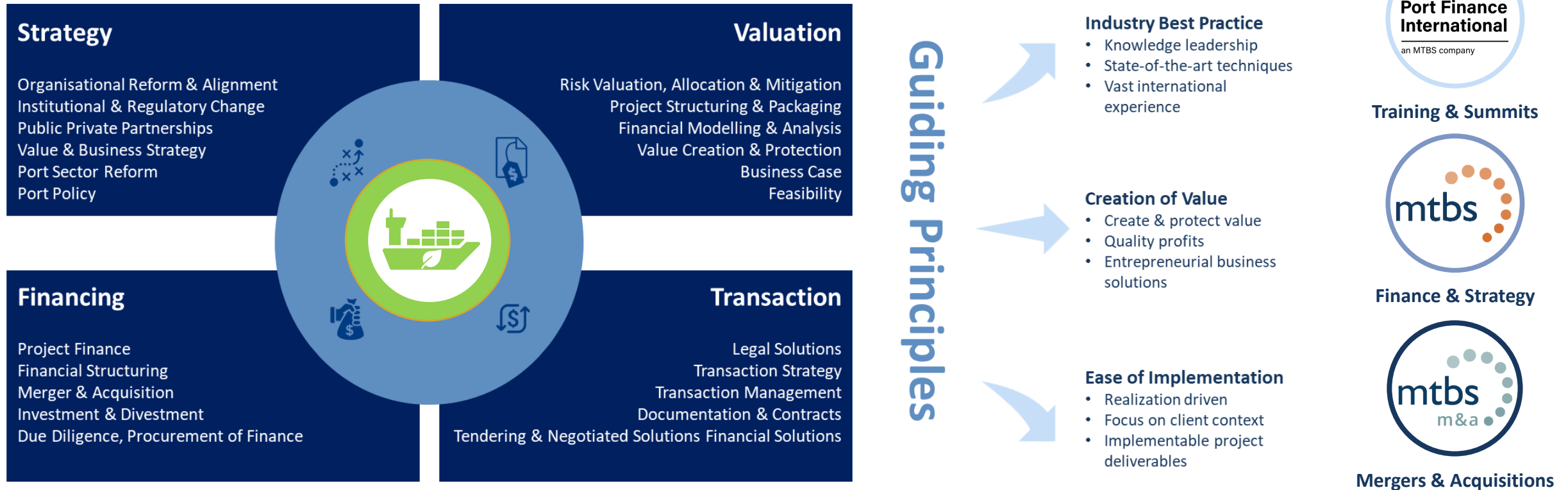
The MTBS m&a logo is centered in a dark blue circular frame. It features the lowercase letters 'mtbs' in a dark blue, sans-serif font, with 'm&a' in a smaller, lighter blue font below it. To the right of the text is a semi-circular arrangement of ten teal dots.

Mergers & Acquisitions

1. MTBS in short

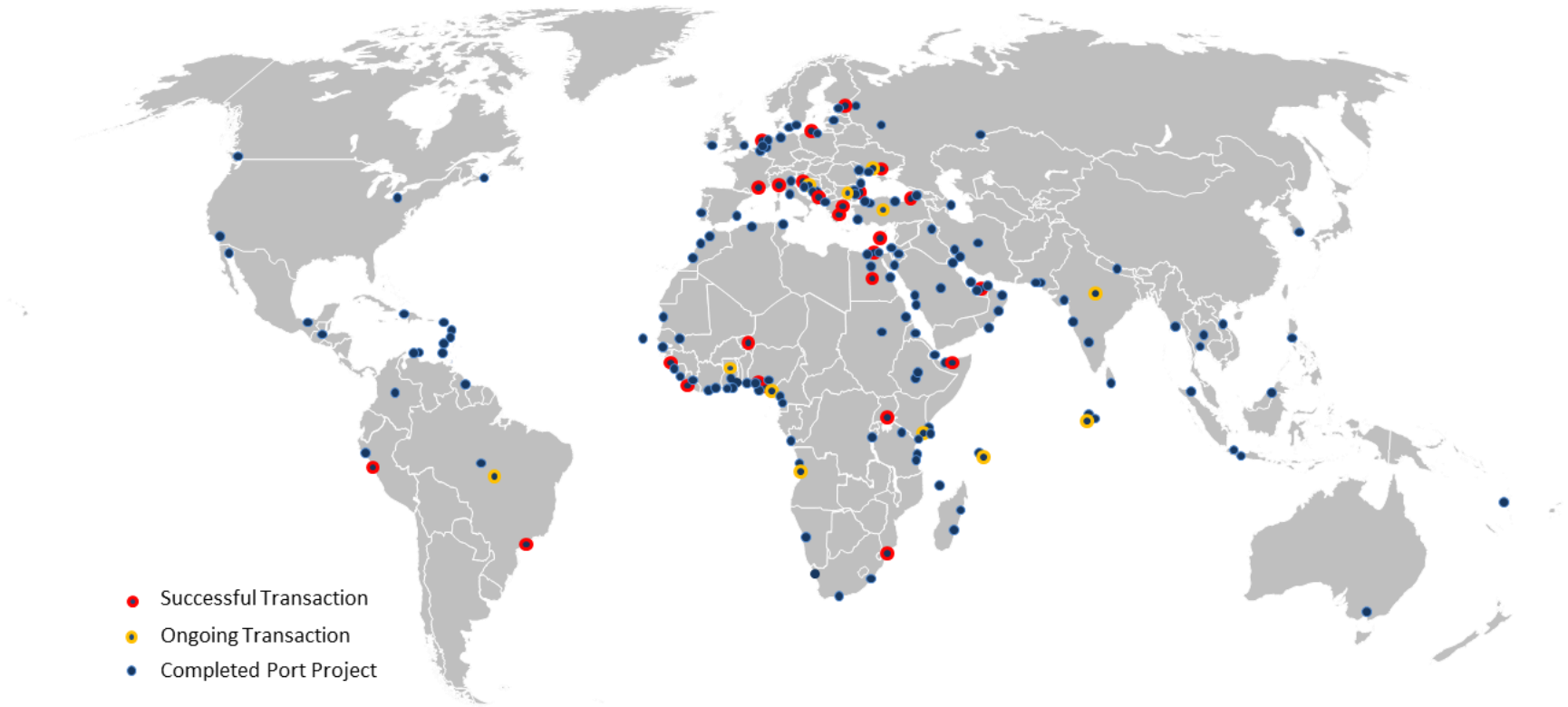
Our mission is to unlock value in the maritime & transport industries

On the interface of land and water, positioned between public and private interests, ports are the most strategic nodes in the global transport network. Therefore, MTBS Group believes that ports offer a unique value proposition. It is the mission of the MTBS Group to unlock and protect this value by offering its clients entrepreneurial business solutions and creating the quality profits they seek.



1. MTBS in short

MTBS track record and extensive global experience



Significant Portfolio Size - 50+ Port Projects per Year - Diversified Portfolio Background

Broad Client Base - International Focus

2. Global Perspective

The macro trends drive the port industry developments

MACRO TRENDS



DEMOGRAPHIC

- High population growth in emerging economies
- Lower productivity in other markets due to aging workforce



GEO-POLITICAL

- Increased geo-political tensions and instability
- Shifting trade patterns



TECHNOLOGICAL

- Accelerated technological innovations
- Decreased cost of technology implementation



ENVIRONMENTAL

- Accelerated green investments
- Increased demand for green products and services

PORT INDUSTRY DEVELOPMENTS



























Source: MTBS

2. Global Perspective

Investment opportunities in all core segments of ports

Considering the shipping and transport industry trends, the Middle East is a core region for all sectors



	Middle-East	Asia	N-America & Europe	Africa	South America
 Container	 Growing market with major capacity expansions and tech investments	 Heterogeneous market, opportunities from shifting cargo flows	 Mature market, but still opportunities for medium-high returns	 Population/economic growth, high risk and high returns	 Market in pre-mature stage, selected opportunities attractive
 Dry Bulk	 Continued growth driven by large infrastructure projects, food security	 Continued growth driven by large infrastructure projects	 Mature market and generally low value commodities	 Increasing demand driven by demographics	 Large exporter, high growth in selected commodities only
 Liquid Bulk	 Strong in existing and new fuels	 Import focused, selected opportunities (e.g. CNG)	 Mature market, some opportunities from energy transition	 Limited activity due to low levels of local manufacturing	 Selected opportunities in existing and new fuels
 Renewables	 High potential for green energy production from superior location	 Less likely on short term as energy exporter, more domestic use	 Strong focus on green projects	 High potential for production at selected locations (North + South)	 High potential for green energy production

Source: MTBS

3. Role of the Middle East in Sea Transport

From global to Middle East



Middle-East



Container

● ● ●
Growing market with major capacity expansions and tech investments



Dry Bulk

● ● ●
Continued growth driven by large infrastructure projects, food security



Liquid Bulk

● ● ●
Strong in existing and new fuels



Renewables

● ● ●
High potential for green energy production from superior location

Skyrocketing demand for production and export facilities of **hydrogen** to satisfy the world's increasing demand for renewables in, e.g., KSA, Oman

Development of **sustainable shipbreaking facilities** in conjunction with **green steel projects** arising in the Middle East because of the Hong Kong Convention

3. Role of the Middle East in Sea Transport

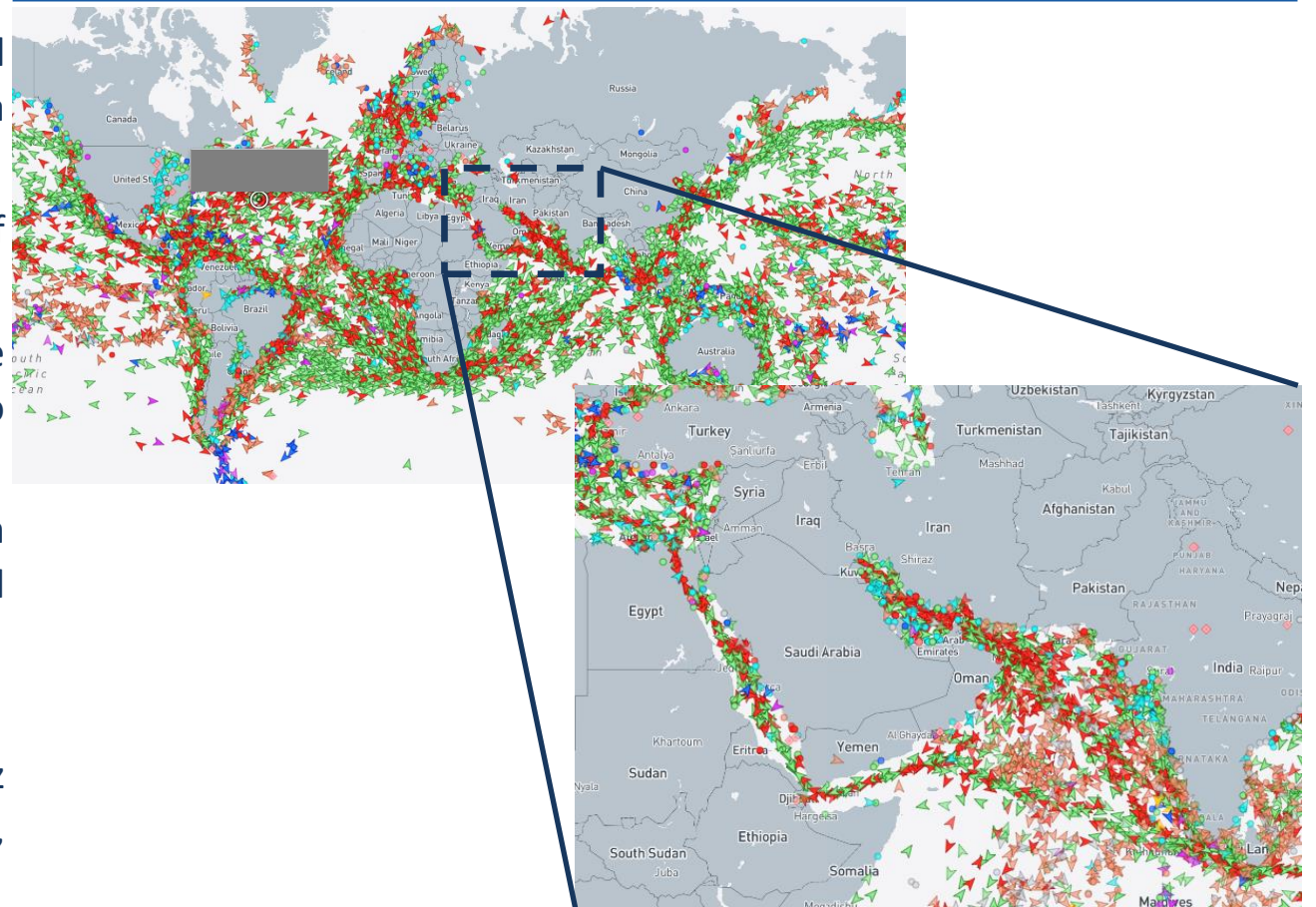
Illustrating the Geopolitical Significance of the Middle East: Vital Trade Routes, Chokepoints, and Emerging Players

Key Observations

The Middle East region plays a pivotal role in global maritime trade, connecting major economies in Asia, Africa and Europe.

- **Key choke points:** Suez Canal, Gulf of Aden and Strait of Hormuz.
- **Energy Transport:** Ports in the region facilitate the movement of energy products from the Middle East to consumer markets, driving economies worldwide.
- **Strategic Naval Presence:** Naval bases and cooperation agreements underscore its importance in geopolitical strategies.
- **Emerging Players:** China, Türkiye, Saudi Arabia, UAE
- **Most Important Regional Routes:** Mediterranean, Suez Canal, Red Sea, Bab-El-Mandab Strait, Gulf of Aden, Arabian Sea, Strait of Hormuz, Arabian Gulf

Shipping Traffic Density in the Middle East Region

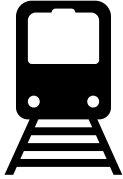


Source: Marine Vessel Traffic, <https://www.marinevesseltraffic.com/BAB-EL-MANDEB-STRAIT/ship-traffic-tracker>, 24-01-2024

4. Regional Observation: Port and Transport Development

Mapping the Middle East Region and land-based infrastructure developments

Land-based infrastructure developments



- **Arabian Peninsular** - GCC rail network further unlocking the logistics potential
- **UAE:** Etihad rail (track Ghweifat Port, Abu Dhabi to Fujairah, connecting Khalifa) completed
- **Oman:** under discussion: rail connection Duqm via Ibri to Riyadh, and Sohar via Al Buraimi and Al Ain to the GCC rail network.
- **Saudi Arabia:** opening market, logistics infrastructural expanding, strengthening cross-country goods rail connectivity
- **Kuwait, Qatar, and Bahrain** can potentially be added to the rail network, fully unlocking the Peninsula

GCC rail network, SEZ's, Dry Ports, Trade & Logistics Hubs



Source: MTBS

4. Regional Observation: Port and Transport Development

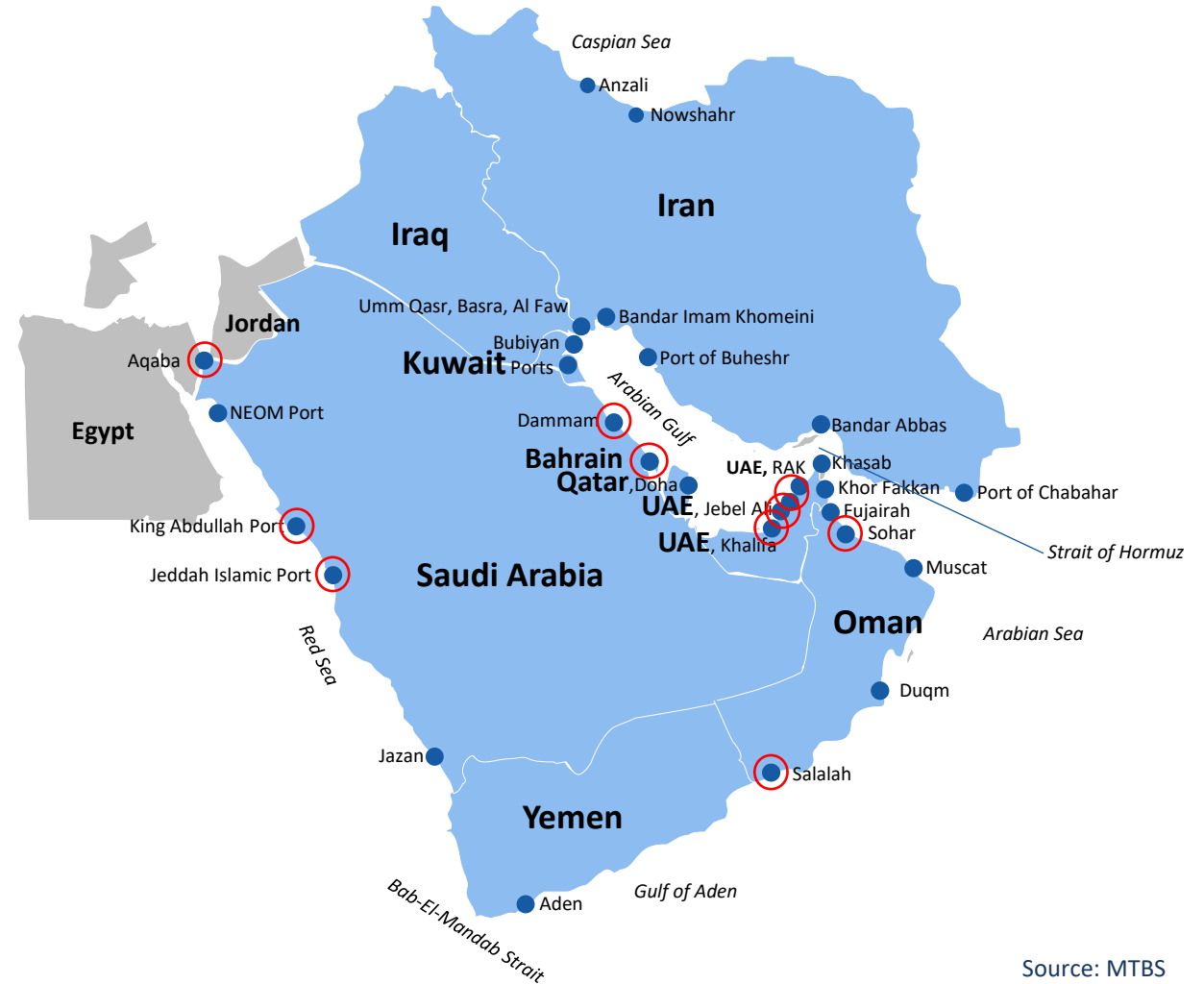
Mapping the Middle East Region and its ports

Container Handling Capacity in the Region

Operator	TEU (*mio)
Hutchison	1,0
PSA	2,0
DP World	16,0
TIL (MSC Shipping Line)	6,2
RSGT (incl COSCO Shipping)	2,8
APM Terminals (Maersk Shipping Line)	5,7
COSCO shipping	2,5
Total Container Handling Capacity	36,3

Capacity Per Country	TEU (*mio)
UAE	20
Saudi Arabia	10
Oman	5
Jordan	0.9
Bahrain	0.4
Iraq	0.3
Total Container Handling Capacity	37

Ports



Source: MTBS

4. Regional Observation: Port and Transport Development

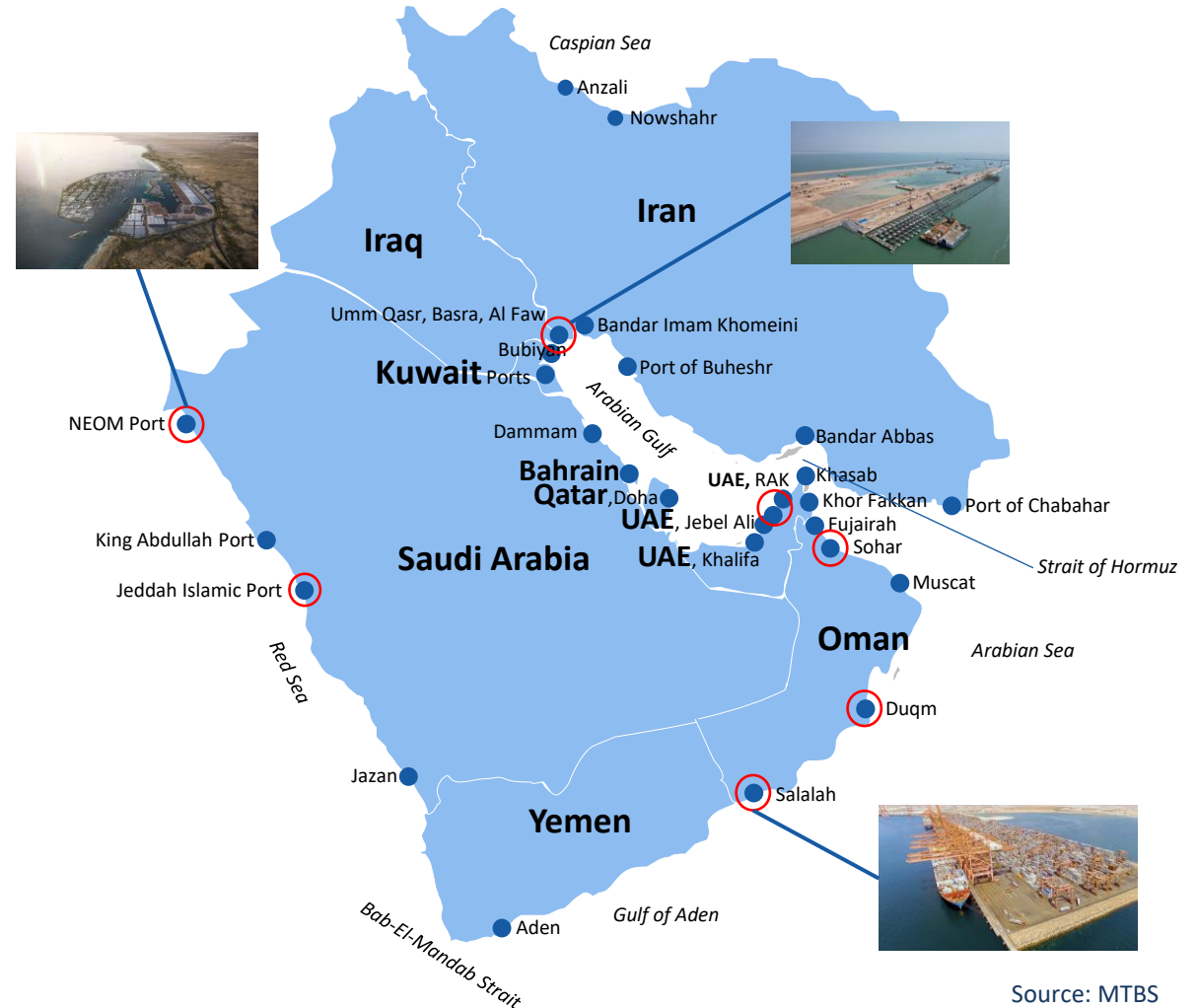
Mapping the Middle East Region and its ports

Port Projects

- **Iraq**
 - Al Faw - new port and terminal development
- **UAE**
 - Ajman – diversification of port activities
 - RAK – diversification of port activities
- **Oman**
 - Sohar – port expansion
 - Duqm – green energy and sustainable industry hub
 - Salalah – port container terminal upgrade
- **Saudi Arabia**
 - Neom - port development serving “The Line” and unlocking the hinterland
 - JIP – port terminal expansion

The majority of the activities relate to **PPP development** and **brownfield developments**

Example of Port Projects



Source: MTBS

5. Port Investments and Return

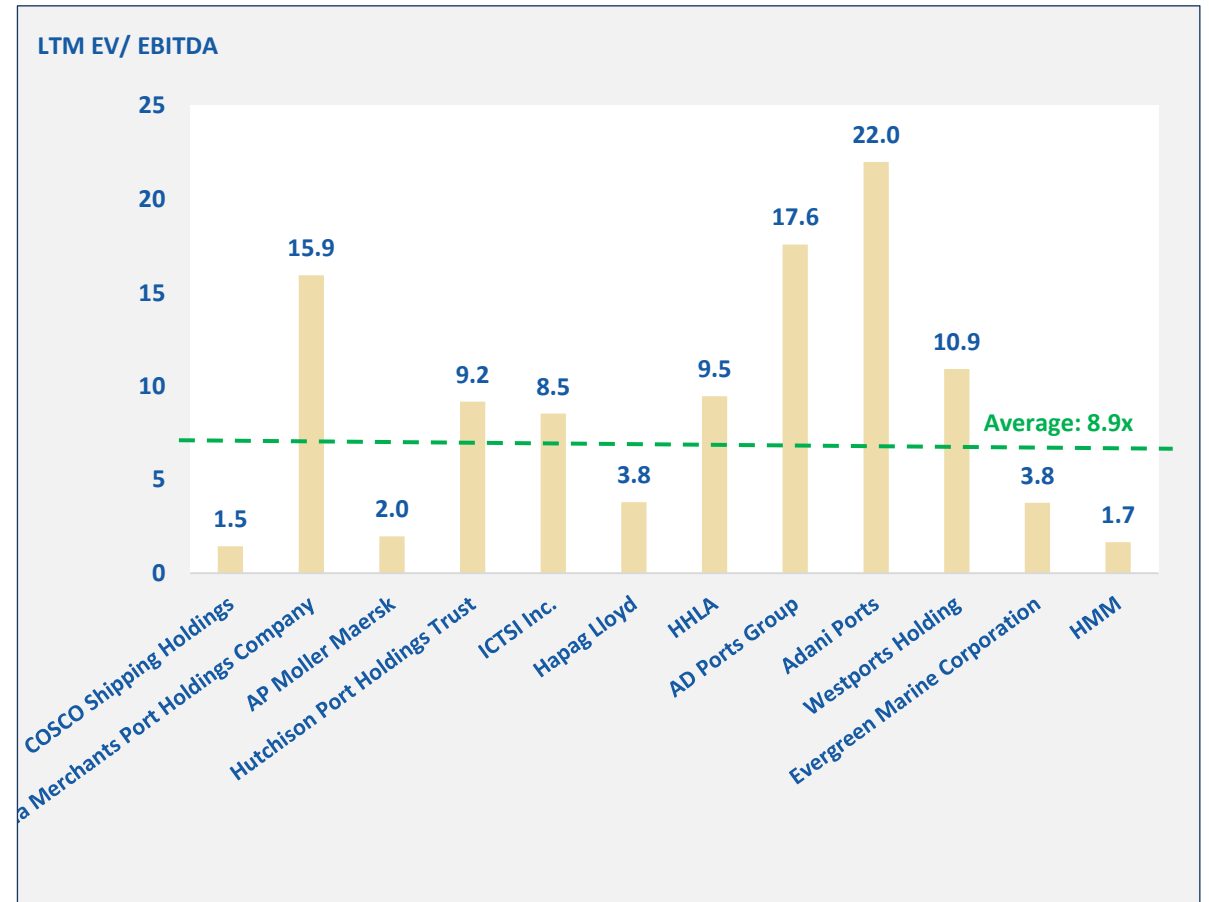
What returns can we expect?

Strong variation in transaction multiples ...



Source: Infralogic

... as well as in trading multiples



Sources: TIKR, accessed on 23 January 2024

5. Port Investments and Return

What's the difference between port financing and financing of renewable energy?

Port Investments



- Revenue
- CAPEX
- OPEX

vs. renewable energy



5. Port Investments and Return

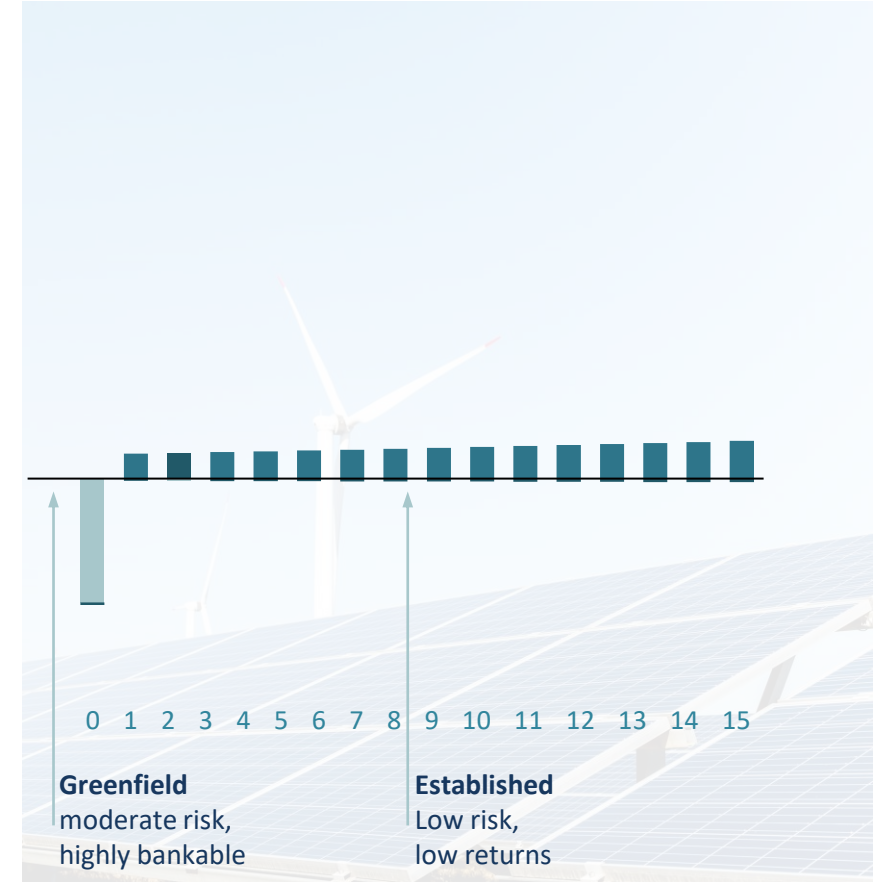
Port/terminal investments typically have high investments and risk at the start with associated high required returns; a wide variety of project risks need to be evaluated as part of an investment decision

Port Investments – for the long term and challenging for financing



Source: MTBS

Compared with e.g. renewables



Source: MTBS

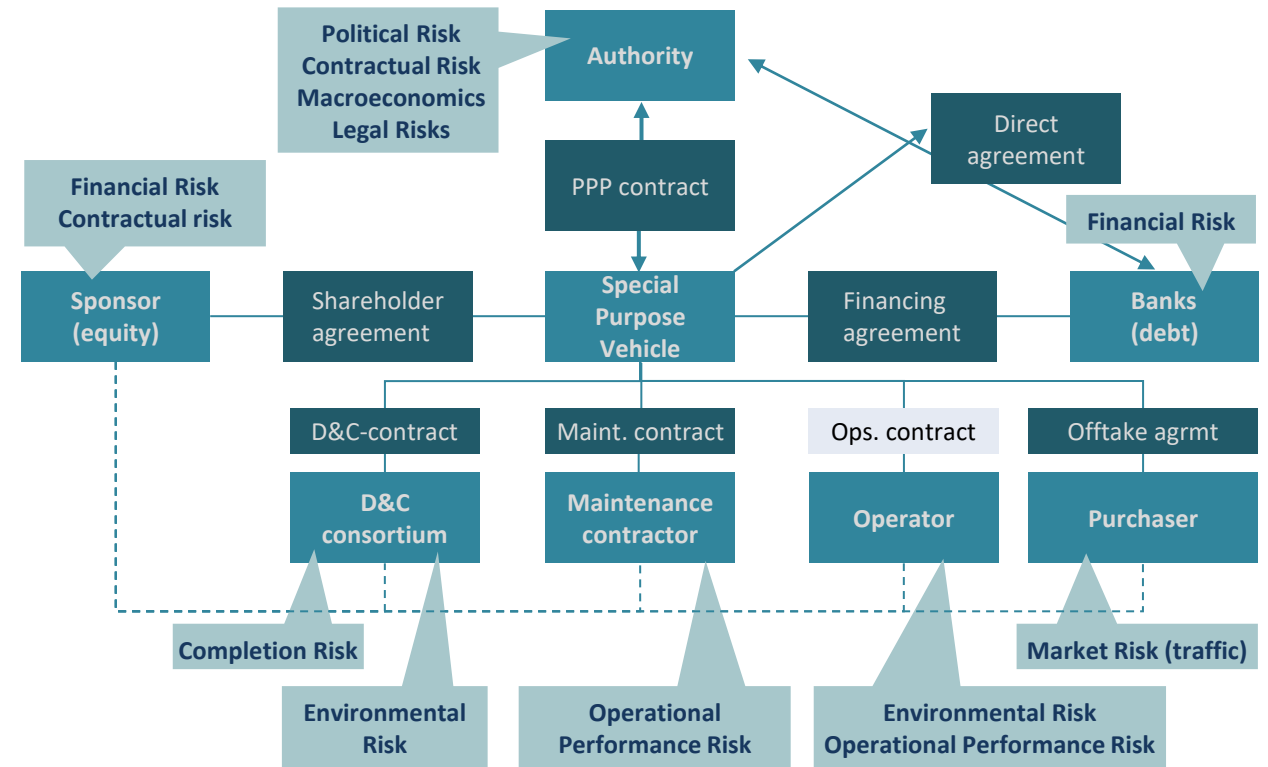
5. Port Investments and Return

The actual returns depends on the careful upfront risk assessment, mitigation, partnering and implementation

Key drivers of return

- Profound understanding of **drivers of commercial success** needed, as basis for investment decisions:
 - Supply & Demand
 - Marine Capacity
 - Supply Chain Cost
 - Equity Interest
- The **PPP Contract** (if applicable) and local regulations and setting define the **legal and institutional potential** become profitable

Example project structure and associated risks



Source: MTBS

6. Conclusion

A world of port investment opportunities



PORT INVESTMENT OPPORTUNITIES

- Around the globe
- Middle East as centre
- All key segments



CHANGE IS A CHANCE

- Technology
- Demographic
- Environmental Focus



BETTER RETURNS

- Careful risk & opportunity assessment
- Partnering
- Planning & Implementation

Thank you

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