



Positioning for a global hub initiative through diversified economy and export-oriented trade

7th Mediterranean Ports & Shipping 2019

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Maritime & Transport Business Solutions (MTBS)



Agenda

Introduction to MTBS

Mediterranean transshipment market

Diversified economy and export-oriented trade

Successful Hub (PPP) initiatives: allocation of risks

MTBS group

Global leader in port advisory, training & summit and mergers & acquisitions

Port Finance International

an MTBS company

training and summits

mtbs

maritime & transport
business solutions

financial & strategy advisory

mtbs

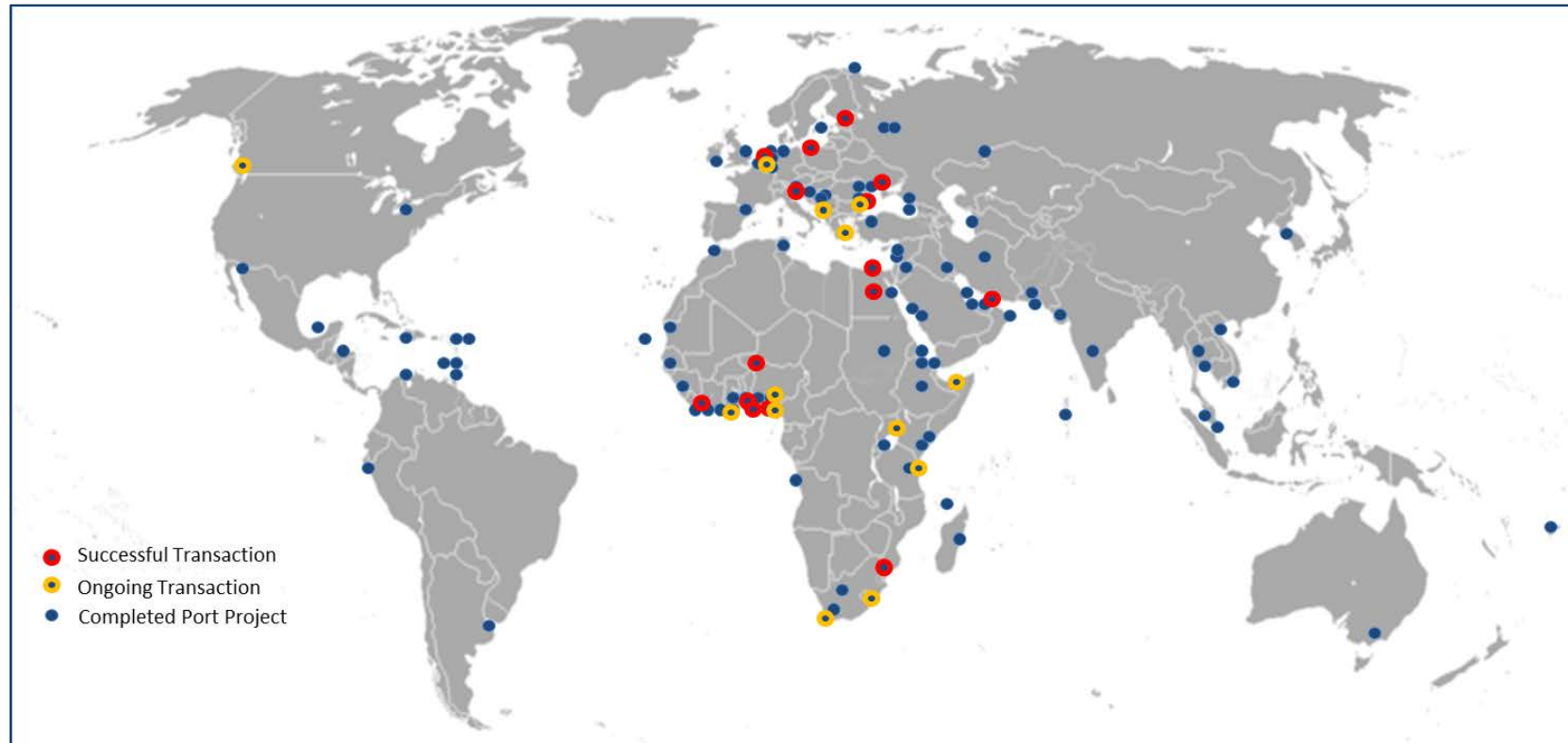
M&A

mergers & acquisitions

MTBS: Maritime & Transport Business Solutions

Global leader in port transaction advisory

- Financial & Strategic Advisory from Rotterdam, The Netherlands
- Specialised in Port PPPs: Preparation & Execution
- Recent MTBS projects in the Mediterranean:
Agadir, Kenitra, Lisbon, Algeria, Thessaloniki, Limasol, Vado Ligure Port de Sète, Venice, Piraeus and Valencia



Significant portfolio size

50 port projects per year

Diversified portfolio background

Broad client base

Strong home market

International focus

MTBS: Maritime & Transport Business Solutions

A selection of our worldwide and diverse client base

Authorities		GTOs		Industrials	Governments	IFIs	Banks & Equity
							
							
							
							
							
							
							
							

MTBS: Maritime & Transport Business Solutions

Global leader in port business (financial & strategic) advisory

MTBS' Characteristics



Guiding Principles

Industry Best Practices

Knowledge leadership

State-of-the-art techniques

Vast international experience

Creation of Value

Create & protect value

Quality profits


Entrepreneurial business solutions

Ease of Implementation











Realisation driven

Focus on client context

Implementable project deliverables



Transactions

<p>Commercial Advisor </p> <p>Kumport, Turkey Commercial advisory to</p>  <p>For the acquisition of shares in the terminal <i>Deal size confidential</i></p> <p style="text-align: right;"><small>2014-2015</small></p>	<p>Transaction Advisor </p> <p>Dry Port, Niger Transaction Advisory Services to</p>  <p>for the concession of La Concession globale du Port Sec de Dosso et de son antenne à Niamey</p> <p style="text-align: right;"><small>deal size confidential 2014</small></p>	<p>Financial Advisor </p> <p>Standard Chartered Bank Nigeria Lekki Port Lender's Market Consultant</p>  <p>International Container Terminal Services, Inc. Yokohama Group</p> <p style="text-align: right;"><small>Finance: \$800 million Project size: \$1.5 billion 2012-2013</small></p>
<p>Transaction Advisor </p> <p>Container Terminal Port of Limassol, Cyprus Bid preparation for</p>  <p>INTERORIENT East Med Holdings S.A.</p> <p style="text-align: right;"><small>Winning bid Deal size confidential 2015-2016</small></p>	<p>Commercial Advisor </p> <p>Port of Piraeus, Greece Equity and Concession</p>  <p>For the acquisition of 67% shares in Piraeus Port Authority</p> <p style="text-align: right;"><small>deal size EUR 368,500 million 2016</small></p>	<p>Transaction Advisor </p> <p>Luka Rijeka, Croatia Adriatic Gate Container Terminal Equity Divestment</p>  <p>Concession awarded to International Container Terminal Services, Inc.</p> <p style="text-align: right;"><small>Deal size EUR 37.5 million 2010-2011</small></p>
<p>Transaction advisor </p> <p>Public Water Transport System Dubai UAE</p>  <p style="text-align: right;"><small>Deal Size: US\$ 25 million 2007</small></p>	<p>Financial Advisor </p> <p>Port of Rotterdam Authority The Netherlands Maasvlakte 2 Greenfield Container Terminal Development</p>  <p>Concession awarded to:</p>  <p style="text-align: right;"><small>2006-2007</small></p>	<p>Financial Advisor </p> <p>DCT Gdansk S.A. Poland Concession Expansion Deepwater Container Terminal Gdansk</p>  <p>Bankable Financial Model PIM Deal size: 200 million EUR</p> <p style="text-align: right;"><small>2012-2013</small></p>



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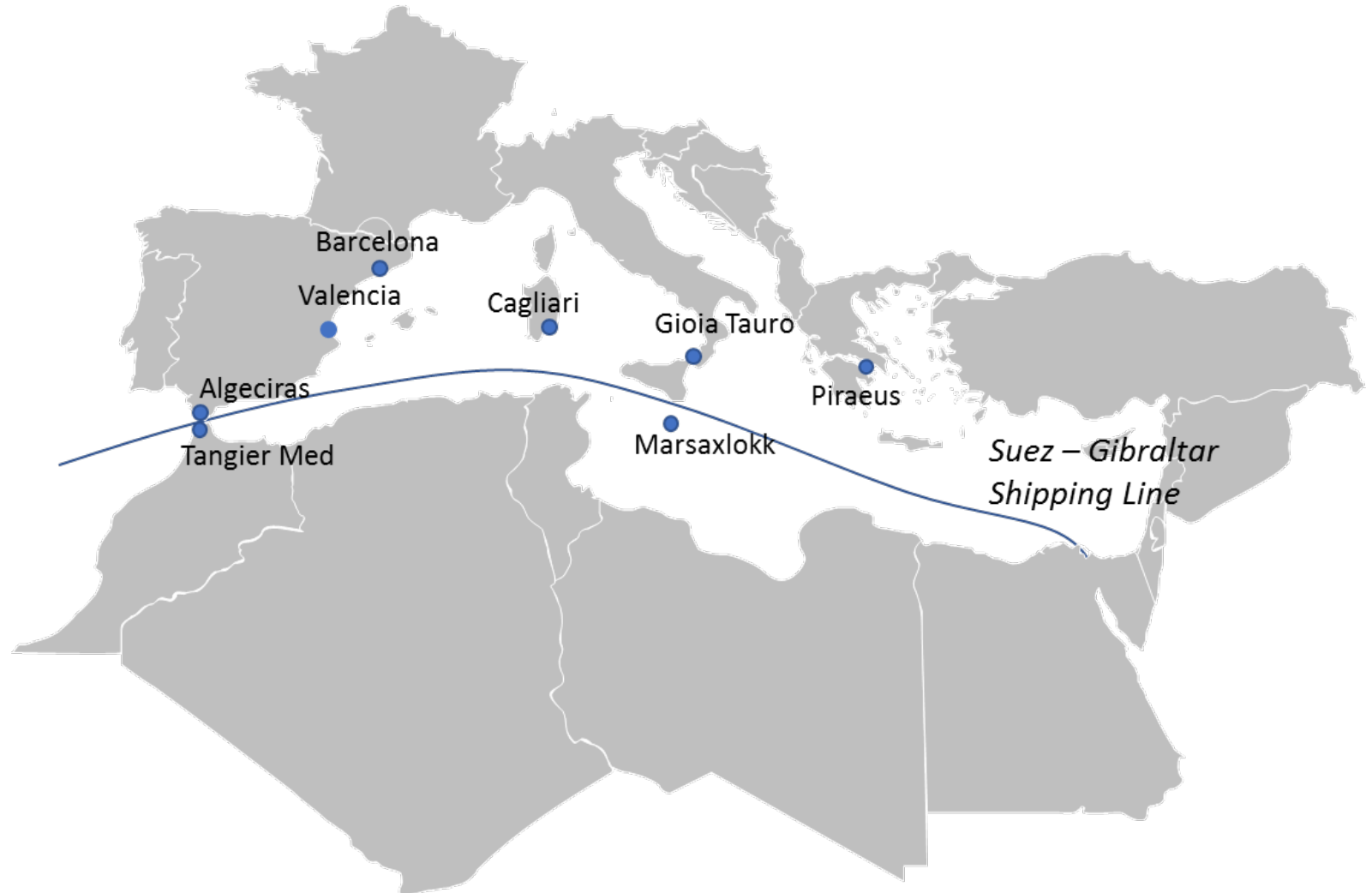
Successful Hub (PPP) initiatives: allocation of risks

Overview Mediterranean transshipment Ports

Important transshipment hubs in the Mediterranean

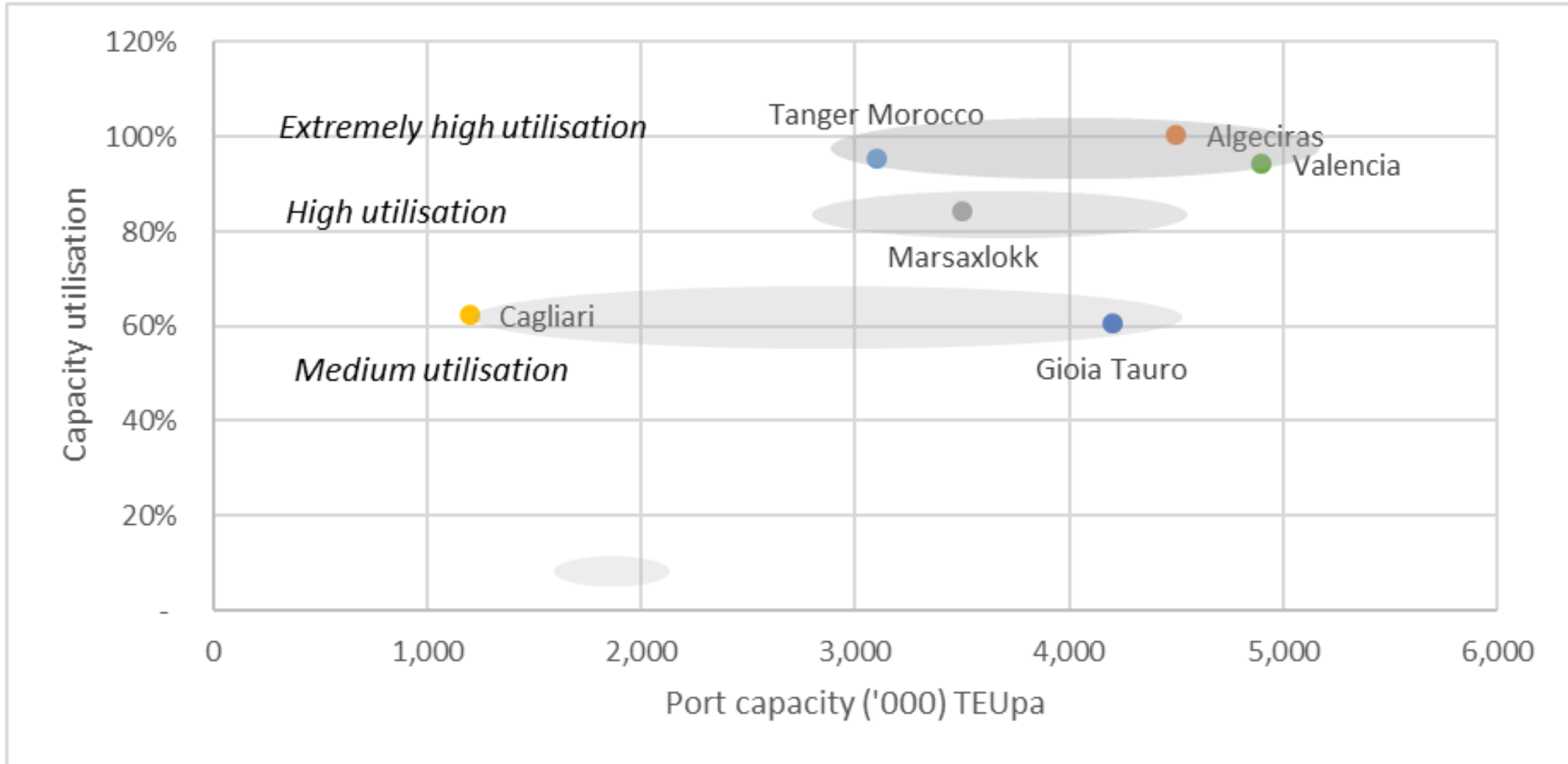
Three important features of transshipment hubs in the Mediterranean:

1. Close proximity to Suez – Gibraltar Shipping Route; and/or
2. Substantial gateway cargo (import/export); and
3. Competitive tariffs and highly productive terminals (TEU/hr).



Current Utilisation of West Mediterranean Ports

The ports with close proximity, gateway cargo and highly productive ports perform best



Existing PPPs in the West Med

Many successful PPPs in West Med, Transshipment capacity of almost 25 M TEU



- New transshipment port development without already implemented PPPs
- Development in existing transshipment port with already implemented PPPs
- Already implemented PPPs in transshipment ports without expansion plans

Regional Addition of Container Capacity

Recent and Expected Transshipment Expansions in coming years

Existing Transshipment Ports Expansions

- ± 10 M Transshipment TEU

Port	Country
Valencia- Terminal 4	Spain
Tanger Med 2	Morocco
Marsaxlokk	Malta
Algeciras - TTI 2	Spain
Sines	Portugal

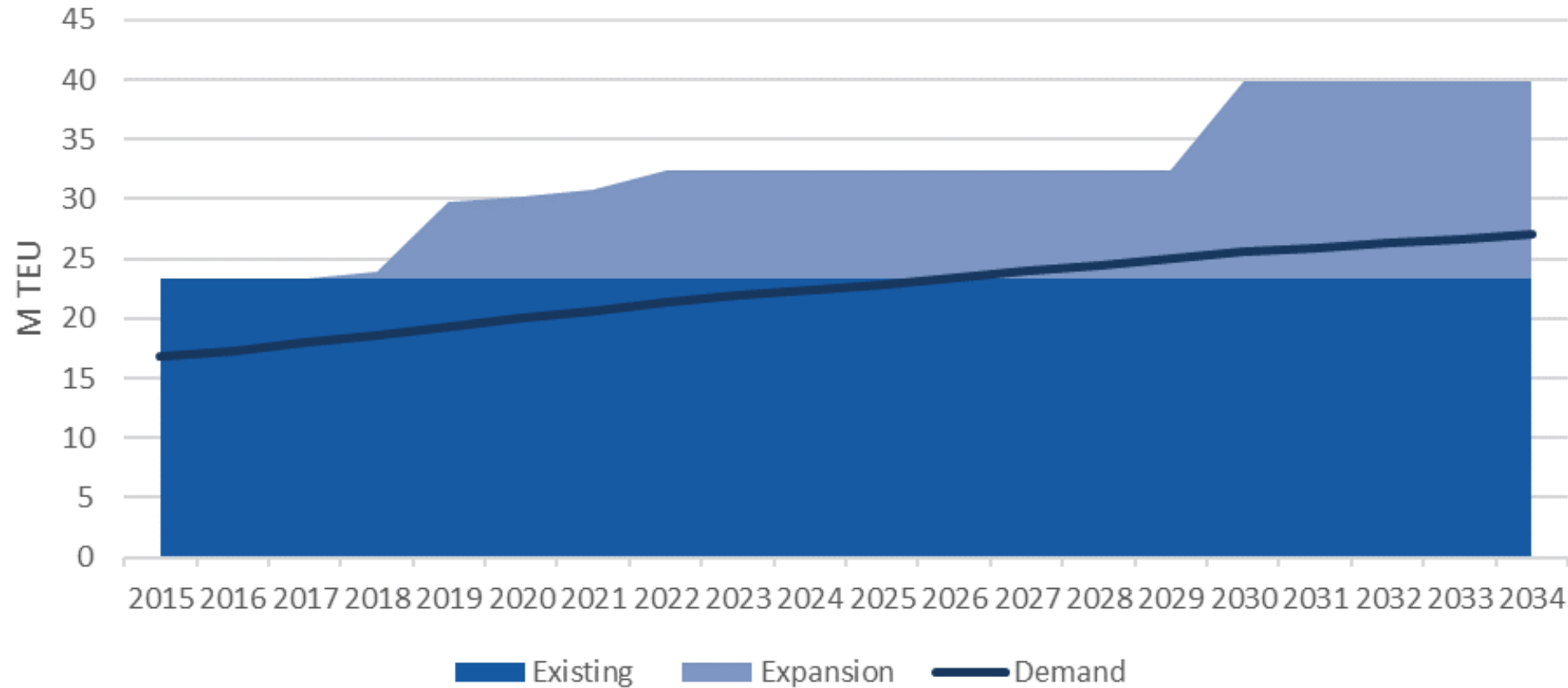
New Greenfield Transshipment Ports

- ± 8 M Transshipment TEU

Port	Country
Djen Djen	Algeria
Nador west	Morocco
Cherchell	Algeria
Enfidha	Tunisia

Demand – Supply in the West Med

High Risk for Potential Oversupply, well-structured PPP's are required



The excess transshipment capacity is expected to be around 18 M TEU per annum by 2030, if all development projects will be realised.

Transshipment market risk to Feasibility & Bankability

The transshipment business characteristics severely impact the bankability of a project

Specific Market Risk factors for Transshipment projects:

- **Transshipment cargo is footloose**

Transshipment cargo is inherently not destined for/originating from the transshipment hub; as such, it is not self-evident that the cargo is handled at a certain port.

- **Countries developing own deep-sea ports for direct calls**

Countries (transshipment destinations) may develop deep-sea port capacity to spur direct trade and increase competitiveness in the Global marketplace. This results in a diminishing demand for transshipment.

How can ports protect themselves against the potential transshipment overcapacity?

- Increase attractiveness of Transshipment Hub Ports
- PPP implementation: proper allocation of risks



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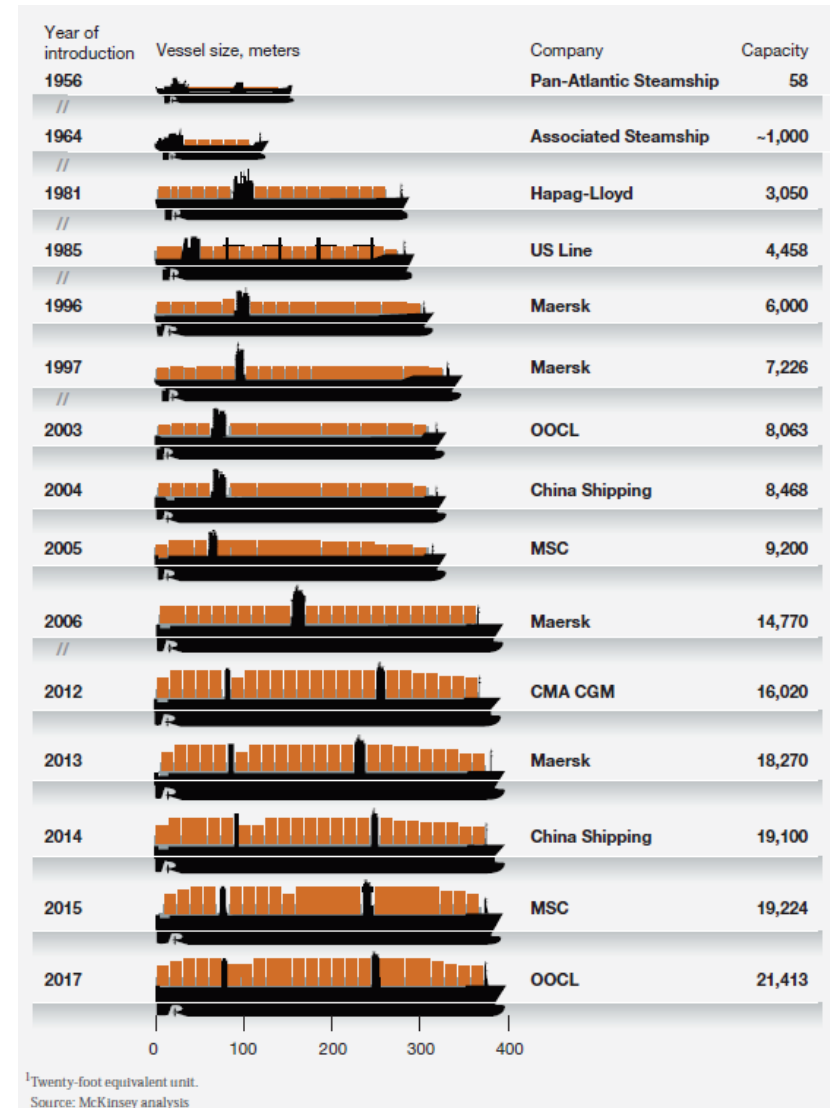
Diversified economy and export-oriented trade

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Requirements for future Mediterenean Transshipment Hubs

Increase attractiveness of Transshipment Hub Ports: important factors

- Close to shipping routes
- Competitive tariffs
- Highly productive automated terminals
- Capable to receive largest vessels with a minimum of:
 - Berths/turning basins > 400 meters (430 in future?)
 - Draft of 18 meters
 - 24,000 TEU
- Environment
 - Cold ironing
 - LNG
 - SECA
- **Substantial gateway volumes and well-developed logistics and hinterland connections**

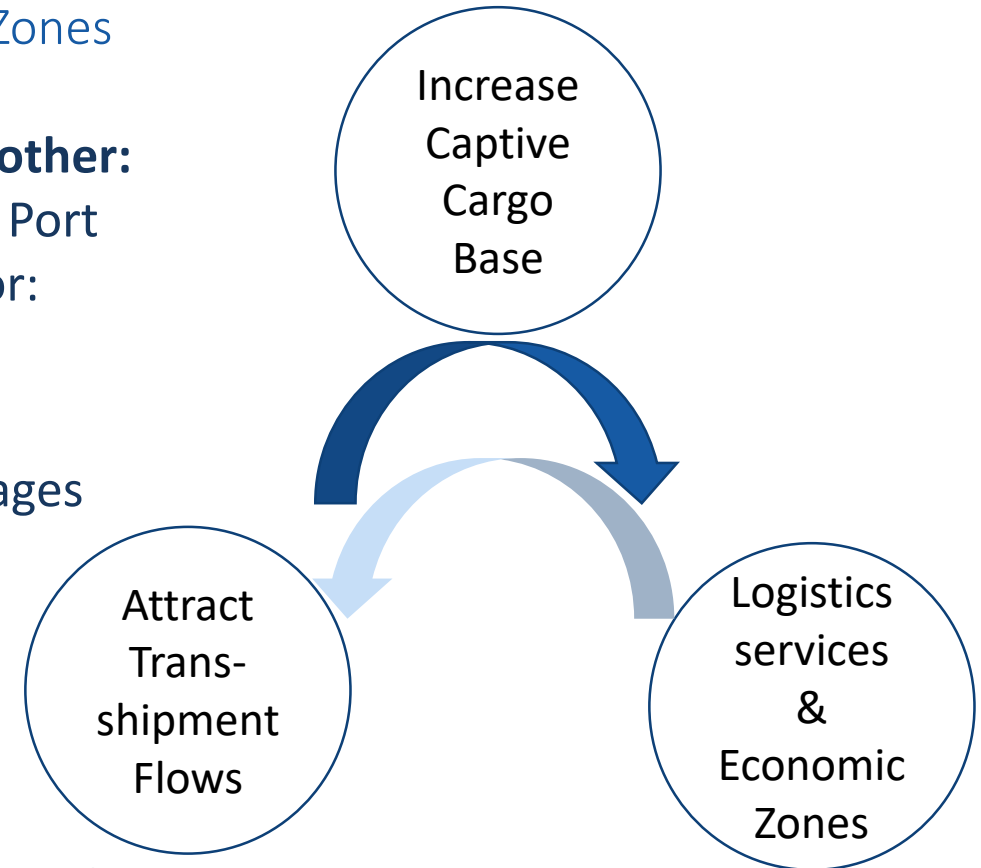


Hub Ports drive diversified economy and export trade

Flywheel effect: development of Logistics Services and Economic Zones

Gateway, Transshipment and Logistics Services strengthen each other:

- **Increase Captive Cargo Base** for higher attractiveness of Hub Port
- Development of **Logistic Services** to expand the Hinterland for:
 - Import for the port's hinterland
 - Export of domestic goods
- Development of **Economic zones**, capitalizing on cost advantages and trade potential of increased port volumes:
 - Value Added (Logistic) Services
 - Processed re-exported products



The development of Logistics Services and Economic Zones therefore are important drivers for the success of Transshipment Hub ports.

Transshipment Hub Ports therefore drive the diversification of the economy as well as export-oriented trade.



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Successful Hub (PPP) initiatives: allocation of risks

Why port PPP implementation?

Two main historical reasons for using PPPs in the port sector

Risk management

Private parties are better positioned to handle risks, for example:

- market risks
- operational risks
- construction risks

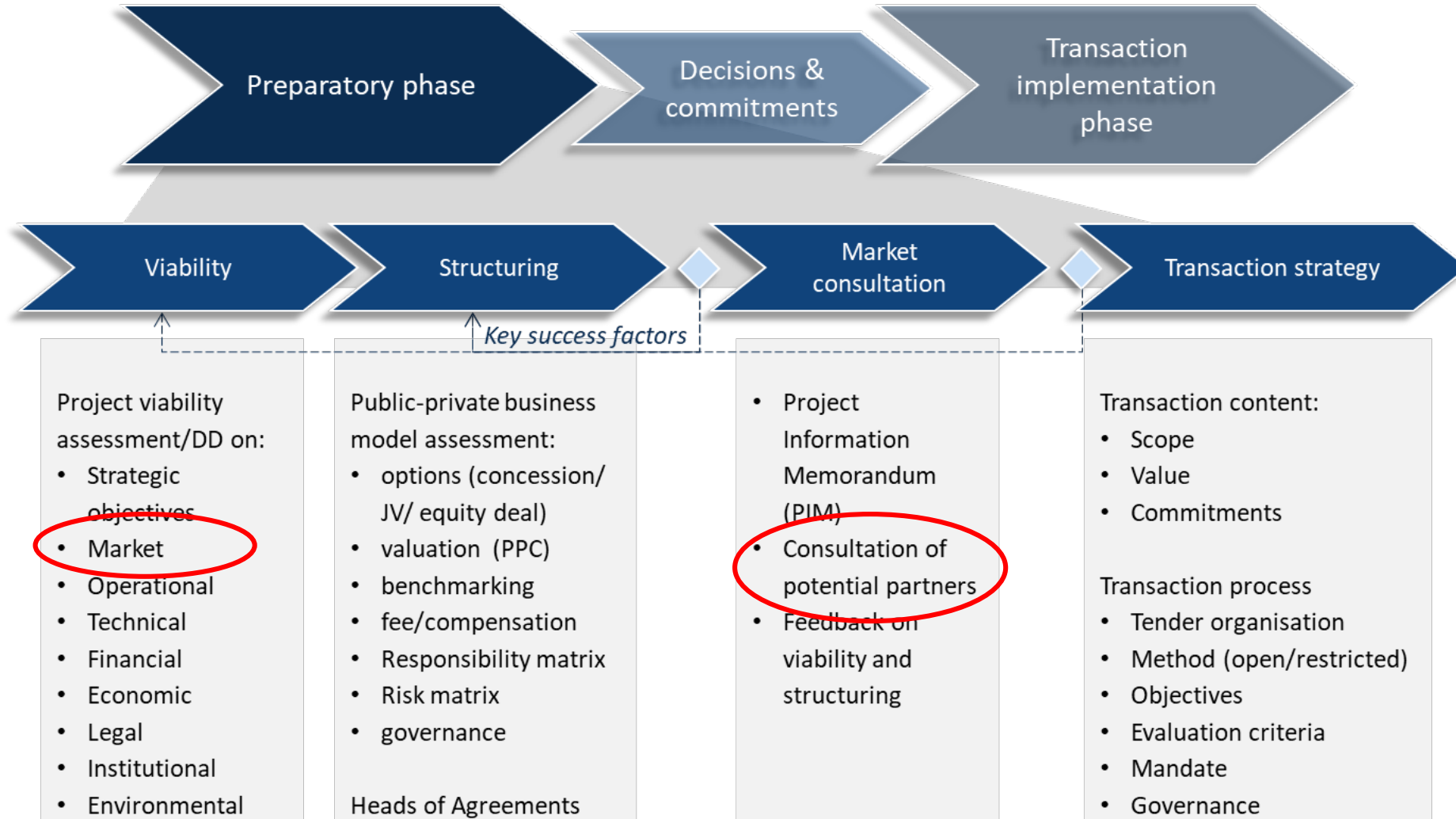
Reduce burden on public budgets

Affordability issues of Developing Economies are often one of the main reasons for insufficient infrastructure supply

These two main arguments result in a tendency to shift a large degree of risks and investments to the private side

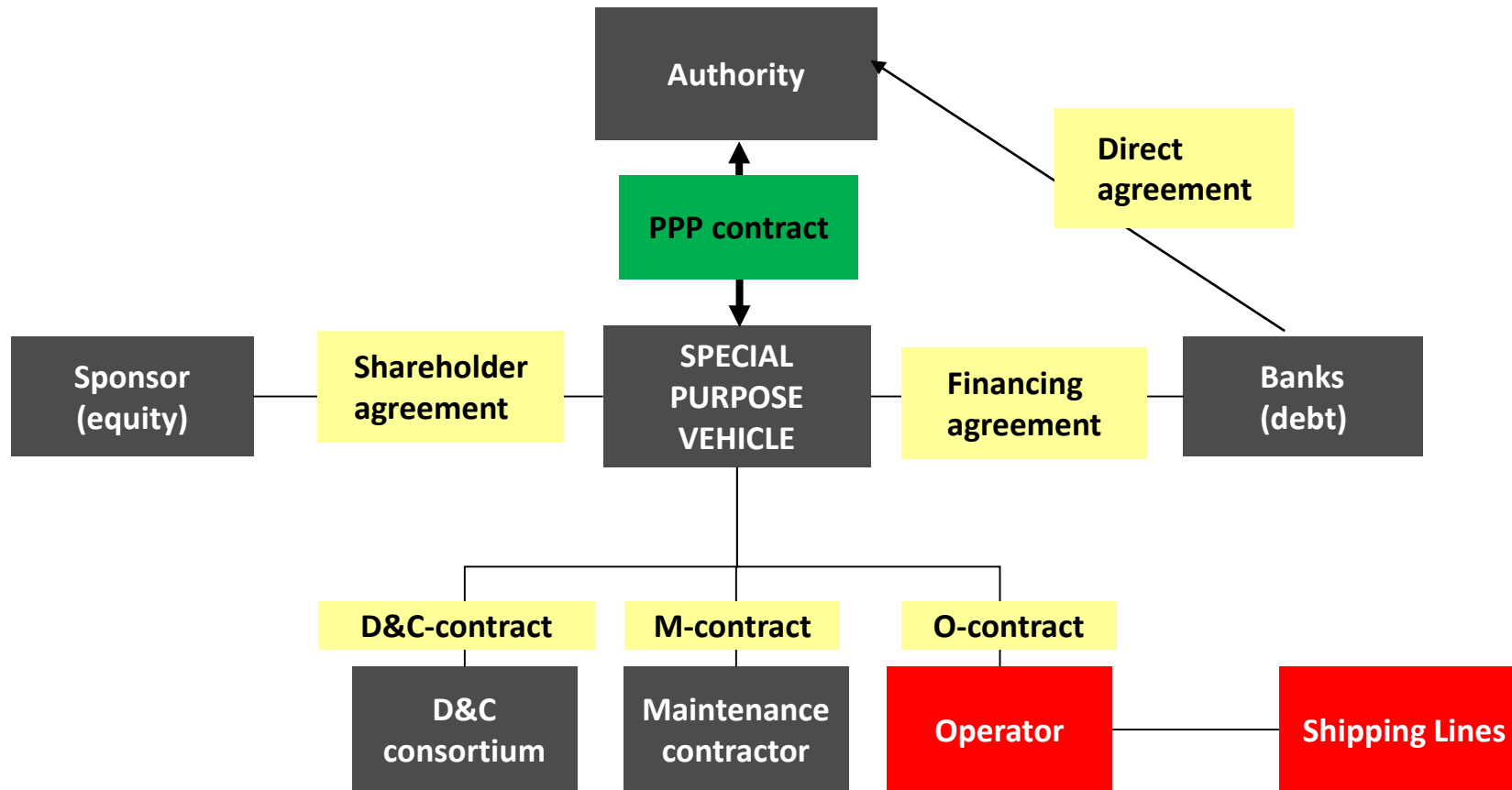
Port PPP Procurement

Bankability of Transshipment Terminals requires strong focus on mitigation of the market risk



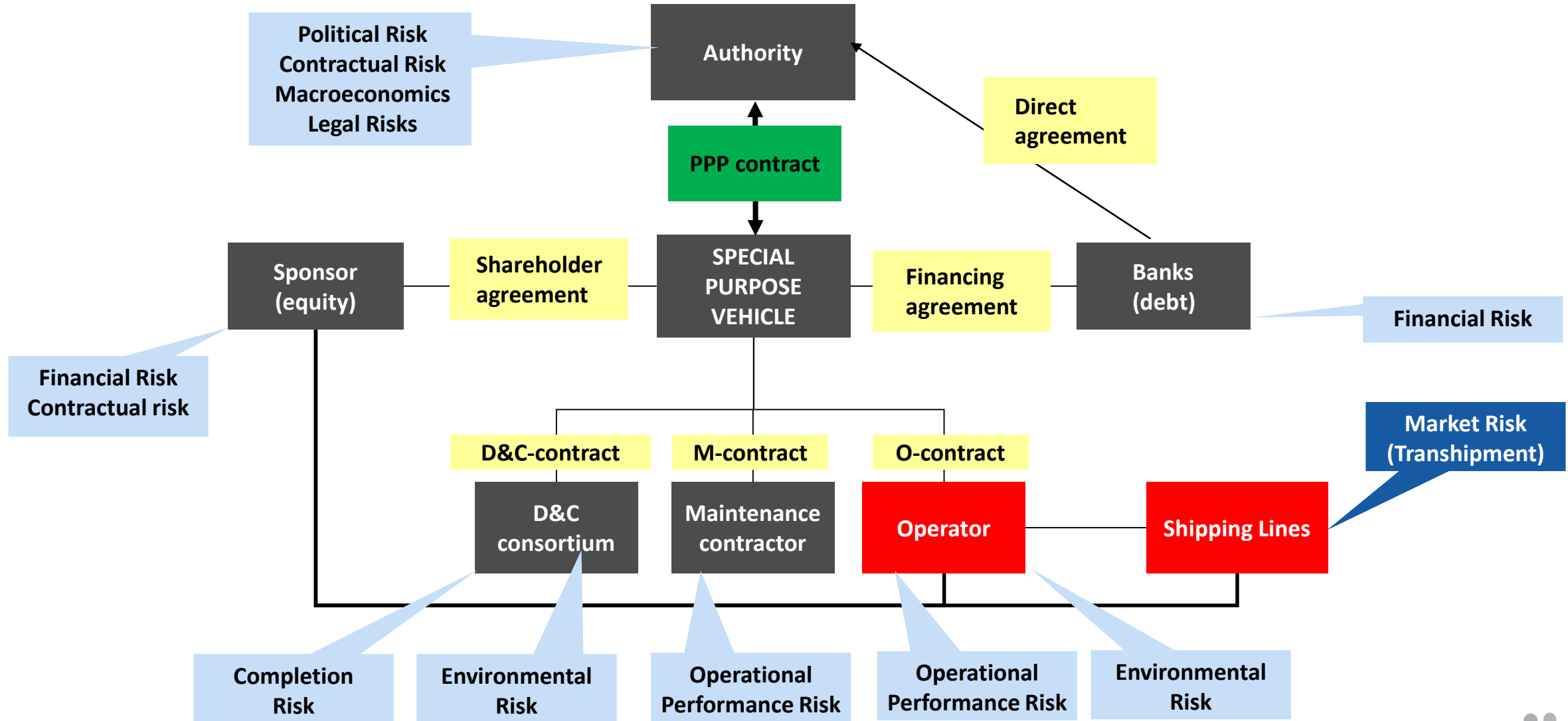
Project Risks and Risk Allocation

Risks are allocated through various agreements



Project Risks and Risk Allocation

Best practice: transshipment risks allocated to the Shipping Lines



Equity Share of Shipping Lines and Operators

Strong Commitment towards Port Authority

Port	Operator/ Shipping Line
Tangier Med	APMT/ Maersk Eurogate (Eurogate/Contship/Terminal link/ MSC)
Algeciras	APMT/ Maersk TTI (Hyundai)
Valencia	APMT/ Maersk TIL/ MSC COSCO/ COSCO Shipping
Barcelona	APMT/ Maersk
Gioia Tauro	Medcenter Container Terminal (MSC)
Marsaxlokk	Terminal Link (CMA CGM/ Yildirim)

Best Practice Example

New Valencia Container Terminal

- Ability to serve largest vessels in future (ULCS; >24,000 TEU)
- Greenfield development, well suited for automated terminal concept
- Offer highest standards in the fields of innovation, flexibility and sustainability (climate change)
- Excellently located for gateway and T/S markets, focusing on “mixed port positioning” (50%/50%)
- Scheduled opening 2025, max capacity 5 M TEU
- Located close to logistics park, well connected by road/rail

MSC sole bidder for Valencia CT 4

News 09 May 2019 by WCN Editorial

MSC's port terminals division, Terminal Investment Ltd Sàrl (TIL), has presented the only offer for the Port of Valencia's fourth container terminal

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MSC proposes €1bn investment in Valencia's planned fourth box terminal



Requirements for bankable transshipment projects

Tailored PPP's consider market dynamics whereas the use of standard PPP structures and procedures do not guarantee success

- **Focus on good preparation and assess market interest in an early stage**
 - Appetite and requirements of all potential investors should be assessed prior to the start of a transaction
- **Risk allocation**
 - Transshipment Market Risk: Guarantees in Project Structure → Shipping Line in equity position
- **No one-size-fits-all**
 - Each PPP Contract is a unique arrangement, tailored to the risk management capabilities of the Grantor and the Concessionaire(s)
- **Risk-adjusted returns**
 - Focus on returns, without adjustment for risks, leads to sub-optimal PPP contract design



Thank you

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