



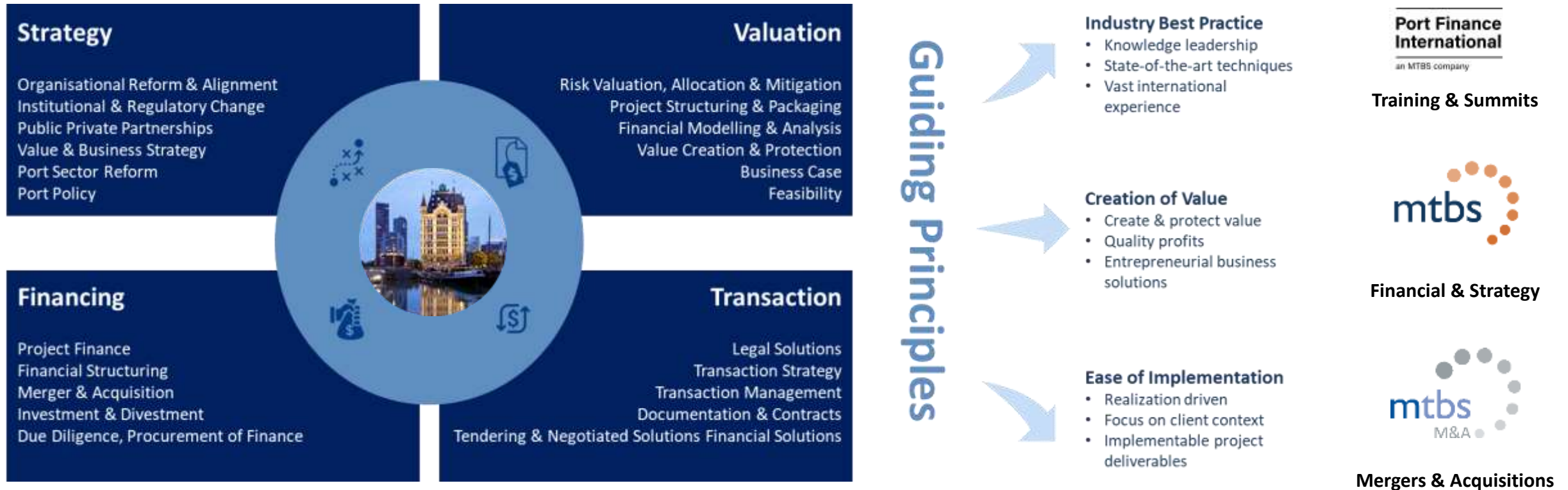
# Unlocking Inland Port Development In Growing Economies

Opportunities for European ICD Network

# Introduction to MTBS, est. 2003

Our Mission: Unlocking Value in the Maritime & Transport Industry

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



# Introduction to MTBS

## Key Products in Port Business & Transaction Advisory

Areas of Expertise		
Deep-sea Ports	Dry Ports	Shipping
River Ports & IWT	Free Zones	IWT

Project Structuring	
DBFOM	DBFM
BOT	M&A: Equity Transactions

Analysis
Market Studies & Forecasts
Tariff Studies
Benchmark Studies
Feasibility Study

Planning & Operations
Master Planning
Business Planning
Technical & Operational Planning
Productivity Improvements

Financial Analyses & Financing	
Financial Modelling	Value for Money
Financial Planning	Viability Gap Funding
Structured Finance	Financial Structuring
	Financial Due Diligence

Partnering
Partnering Strategy & Search
Market Sounding & Consultations
Operator Search

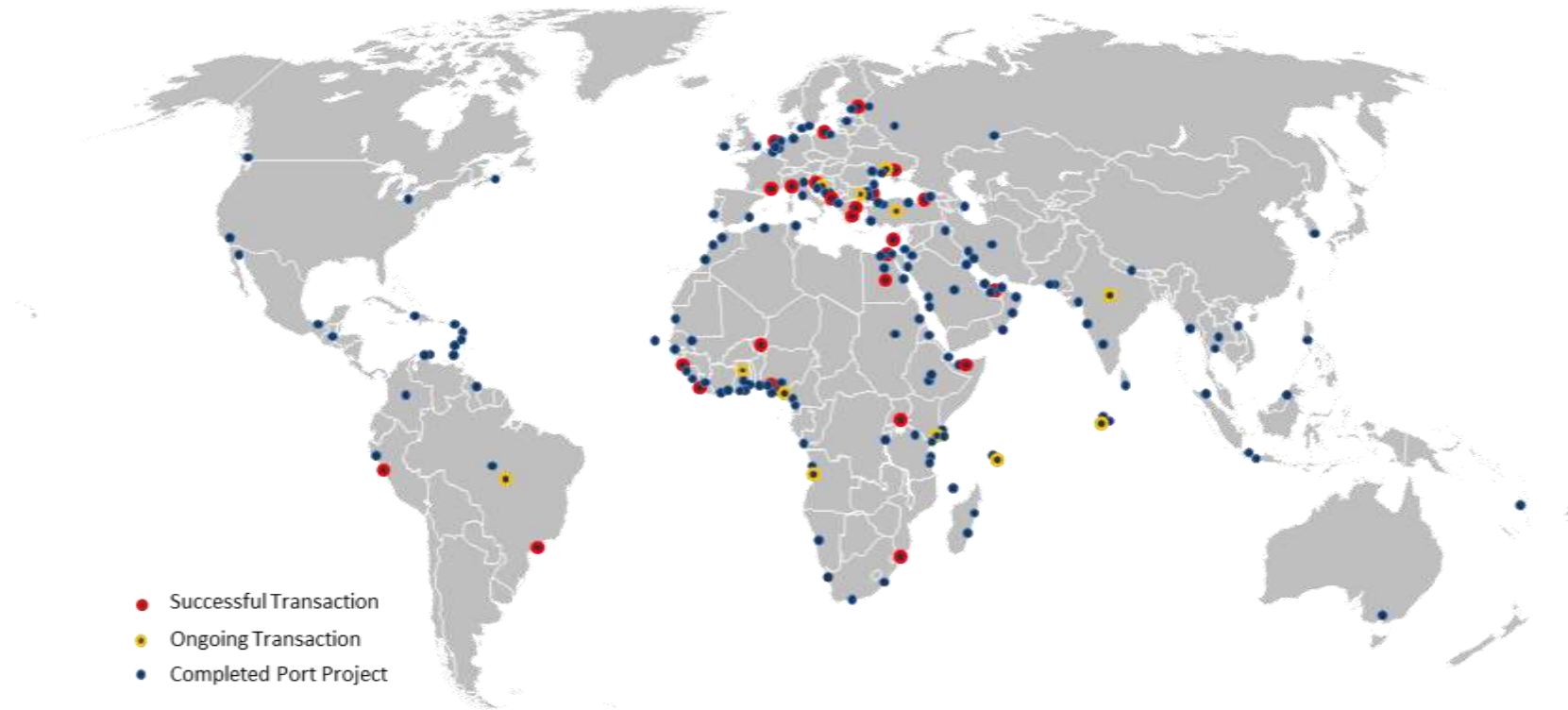
Procurement
Operators (Revenue)
Contractors (Capex)
Investors/Banks (Financing)
M&A (Equity)

Sell Side Transactions
Transaction Design & Management
Bid Documentation
Investor Selection
Negotiations & Close

Buy Side Transactions
Due Diligence
Bid Preparation & Support
Negotiations & Close

# Introduction to MTBS

MTBS Track Record and Extensive Global Experience



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

Broad Client Base - Strong Home Market - International Focus

For more information, please visit [www.mtbs.nl/projects](http://www.mtbs.nl/projects)

# Introduction to MTBS

## Overview of our Clients

Authorities			GTOs & Shipping Lines		Industrials	Governments	IFIs	Banks & Equity
								
								
								
								
								
								
								
								
								
								
								
								
								



# Agenda

Introduction to MTBS

**Logistics Hubs' Development and Trends in the Outer Ring of Europe**

Logistics Hubs' Development and Trends in the Inner Ring of Europe

Global Developments and Trends

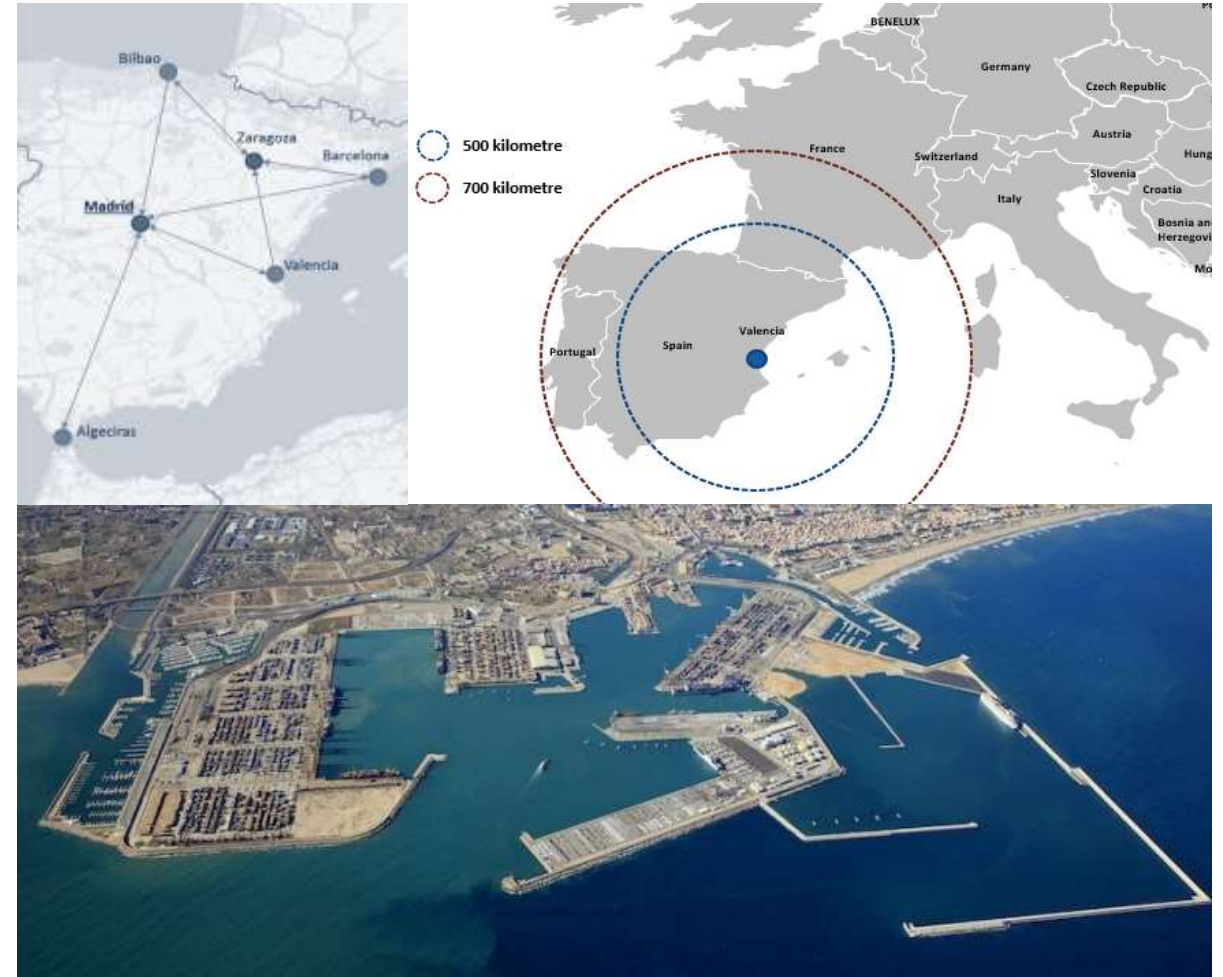
Opportunities in Public Private Partnerships

# Logistics Hubs' Development and Trends in the Outer Ring of Europe

## Port of Valencia

The port is the major gateway to the economic centres of Valencia and Madrid, and is also well connected to other parts of the large hinterland of the Iberian Peninsula.

- Valencia is located on the major East-West shipping trade route, in the Western part of the Mediterranean. Additionally, it is a core port in EU Mediterranean TEN-T Corridor, located on the Mediterranean corridor.
- The port primarily handles containers, cars, general cargo, dry bulk and liquid bulk. Container throughput totalling 5.4 M TEU in 2020.
- A port in a competitive field. The port benefits with the Intermodal connection with ICDs in Madrid and Zaragoza, hence the total country can be reached.



# Logistics Hubs' Development and Trends in the Outer Ring of Europe

## Port of Valencia

### New Valencia Container Terminal

- State-of-the-art greenfield container terminal capable of receiving ultra large container ships (ULCS).
- Increasing number of containers causes congestion in the area, as the port is adjacent to the city.
- The Port of Valencia plans to advance the accessibility of the port by developing a connection to highway V21, the North Valencia-Sagunto Corridor. A submerged road is planned with an investment cost of € 400 million
- Full development of Valencia and Sagunto logistic platforms.



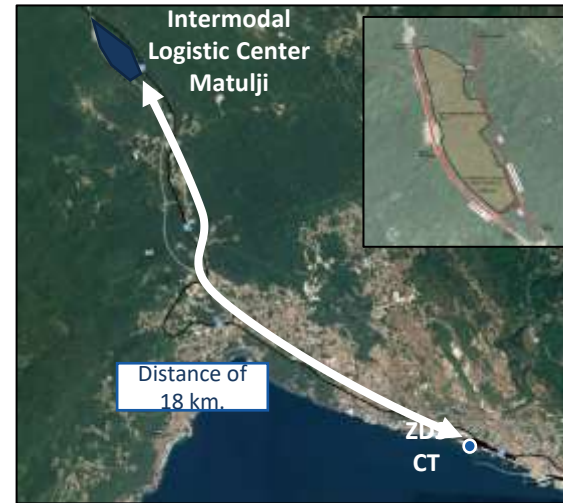


# Logistics Hubs' Development and Trends in the Outer Ring of Europe

## Port of Rijeka

**Rijeka is Croatia's largest deep sea port located in the Northern Adriatic, serving over 344,000 TEU in 2020.**

- Rijeka, as a TEN-T core port, is the Republic of Croatia's largest international deep sea cargo port, located in the Northern Adriatic.
- It is the gateway port to the Republic of Croatia and main transit port to Hungary, the Republic of Serbia, Slovakia and the Czech Republic
- The port primarily handles containers, dry bulk, general cargo, livestock and liquid bulk. Zagreb Deep Sea Container Terminal (ZDSCT) is the dedicated container terminal.
- Intermodal Logistics Centre possibly to function as an off-dock storage facility for ZDSCT . It will have a connection to rail and motorway. The project could be developed through involvement of the container terminal operator of ZDSCT.

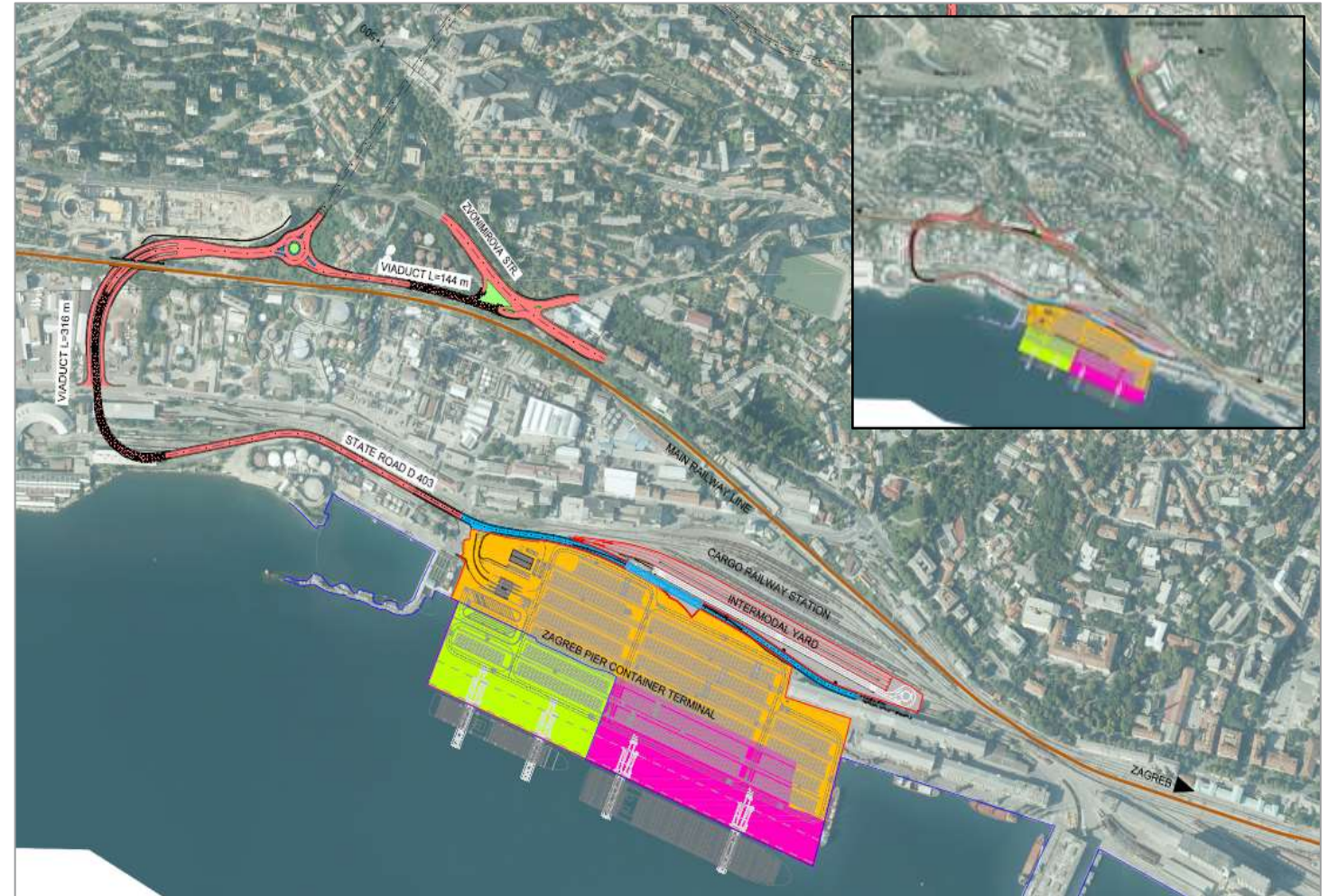


# Logistics Hubs' Development and Trends in the Outer Ring of Europe

## Port of Rijeka

### Zagreb Deep Sea Container Terminal (ZDSCT)

- ZDSCT directly connected to both road and rail.
- Terminal features an intermodal yard, as well as a planned direct road connection between the terminal and the motorway (D403).
- Internal Port Road will connect D403 road to general cargo concession area. The road will be elevated above the terminal interchange with intermodal yard.
- Rijeka included in Mediterranean TEN-T corridor, inclusion to the Baltic-Adriatic corridor is approved by European Parliament.



# Logistics Hubs' Development and Trends in the Outer Ring of Europe

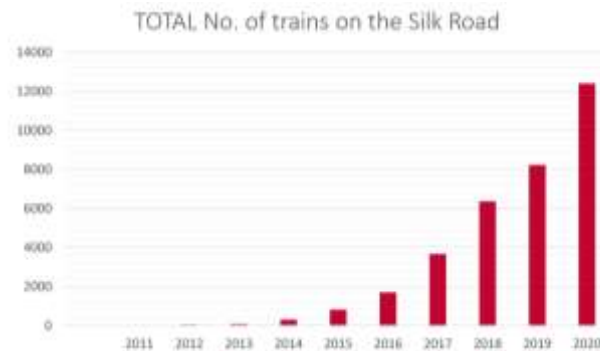
High volume growth is observed in the Outer Ring transport hubs in south and east Europe

## Key observations

- High volume growth in container ports in south and east Europe.
  - COSCO-Port of Piraeus shows a 5x doubling in 10 years.
  - Past 5 years shows a CAGR of 8.8 %.

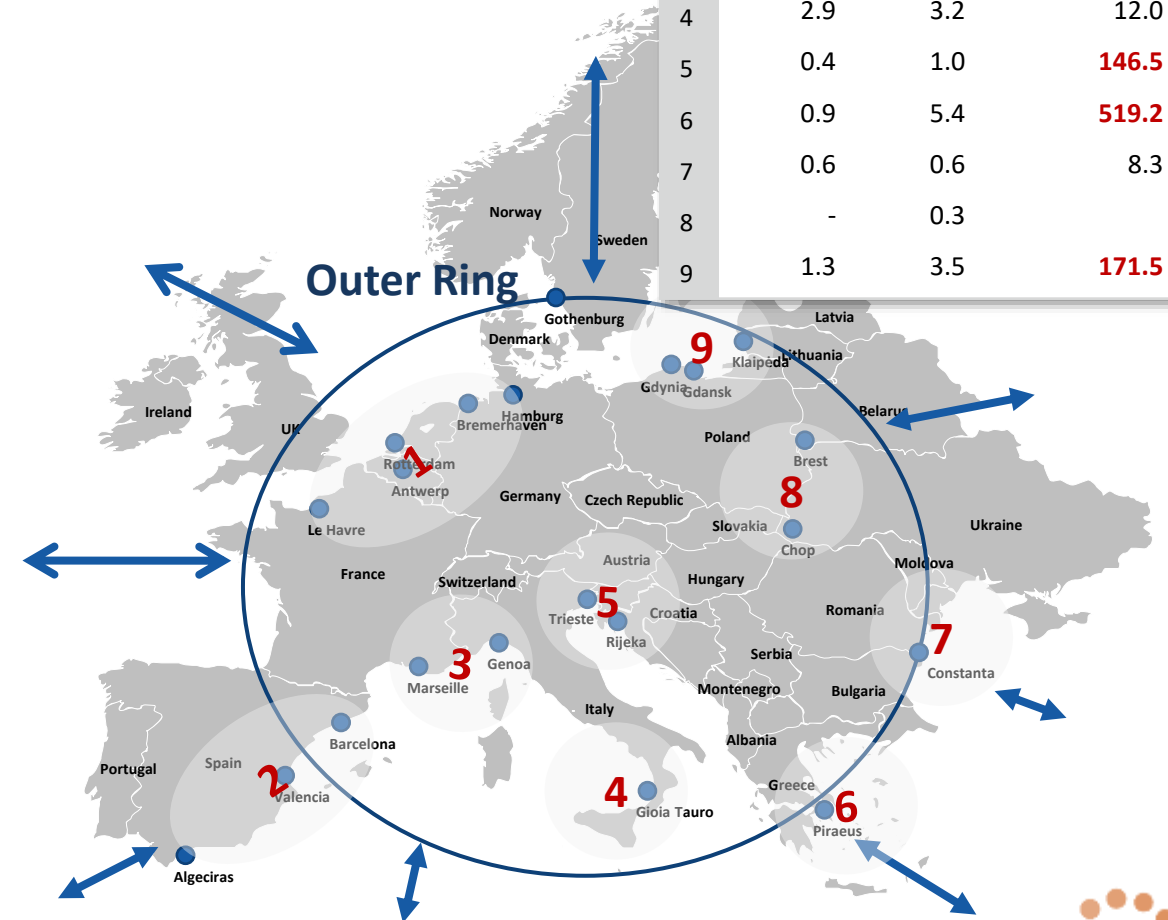
M TEU	2016	2017	2018	2019	2020	CAGR '16-'20
Volumes	3.5	3.7	4.4	5.6	4.9	8.8 %

- Port of Trieste and Rijeka shows a 146.5 % growth in last 10 years.
- Ports on the East Baltic Sea show a growth of 171.5 %.
- Spanish ports of the Mediterranean show a 50.4% growth.
- Growing number of trains use the silk road. High growth expected in Brest and Chop.



Source: Metrains

#	2010	2020	Growth '10-'20
1	37.1	43.9	18.2 %
2	9.0	13.5	50.4 %
3	2.7	3.7	35.3 %
4	2.9	3.2	12.0 %
5	0.4	1.0	146.5 %
6	0.9	5.4	519.2 %
7	0.6	0.6	8.3 %
8	-	0.3	-
9	1.3	3.5	171.5 %





# Agenda

Introduction to MTBS

Logistics Hubs' Development and Trends in the Outer Ring of Europe

**Logistics Hubs' Development and Trends in the Inner Ring of Europe**

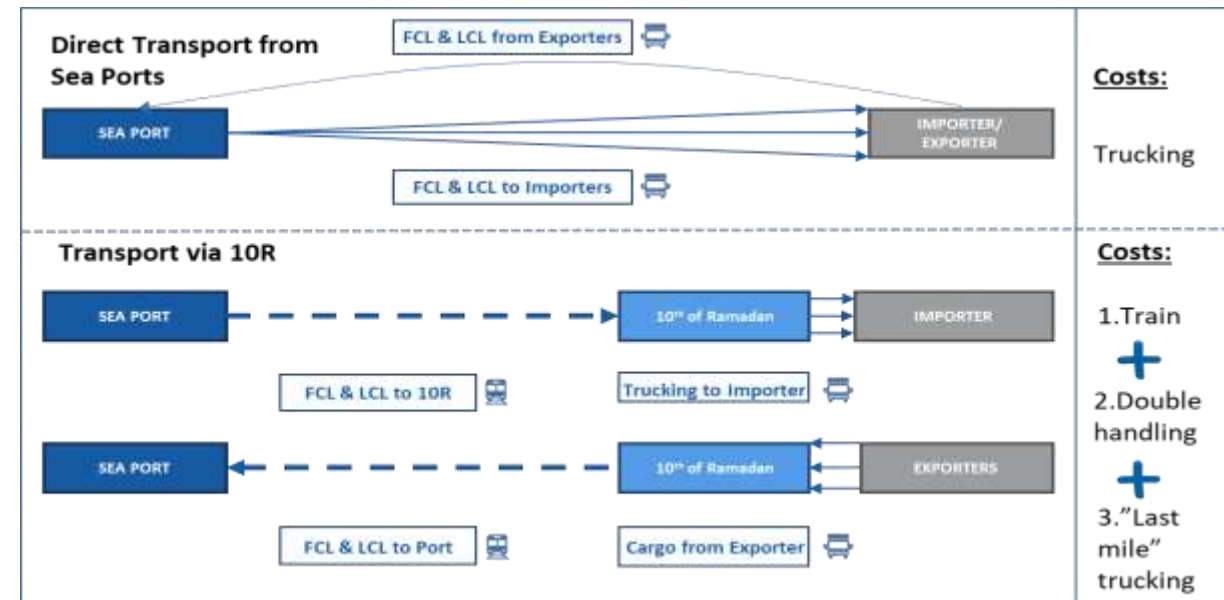
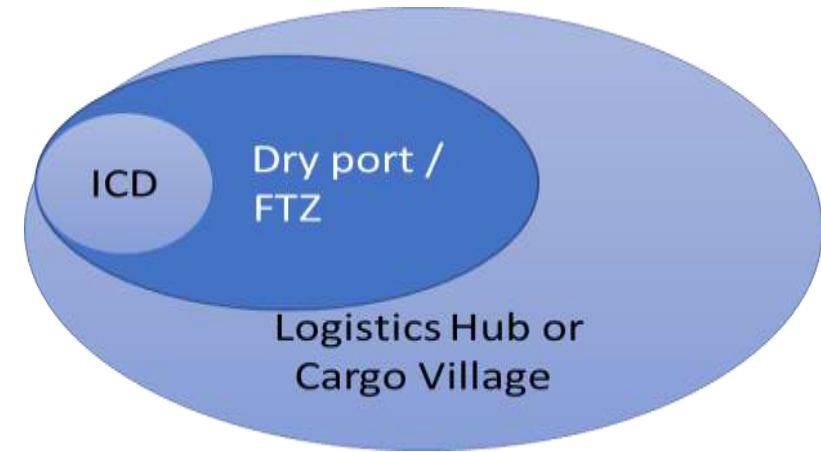
Global Developments and Trends

Opportunities in Public Private Partnerships

# Logistics Hubs' Development and Trends in the Inner Ring of Europe

## Definitions

- A dry port is an inland located terrain which acts as a port, it has therefore bonded areas often also classified as Free Trade Zones (FTZ).
- Using the extended gateway function, meaning that all customs procedures and inspections are taking place at the dry port, instead of at the seaport/border crossing.
- This requires the approval of all relevant authorities (Bill of Lading)
- The inland container depot (ICD) can be regarded as smaller subset of the Dry Port concept focussing on (empty) -containers
- The logistics centre is adjacent to the dry port area:
  - services/operations take place that do not require a custom bonded area.
  - non-bonded warehouses, value added services and commercial offices.
- The total areas of the Dry Port /FTZ and surrounding logistics areas can be classified as “Logistics Hubs” or “Cargo villages” or “logistics villages”.



# Logistics Hubs' Development and Trends in the Inner Ring of Europe

Trade Port Venlo

## TCT Venlo Barge Terminal (TCTVBT)

- High-frequency trimodal (rail/road/inland shipping) connections to the deep-sea terminals in Rotterdam, Antwerp and the extended hinterland (Ruhr Area).
- Hutchison ports an active player

## Venray Barge Terminal (VBT)

- In recent decades, Venray has made a transition from a manufacturing base to a third-party logistics base.
- Bimodal connection (road/barge) to both seaports and extended hinterland. Currently expanding the barge terminal.

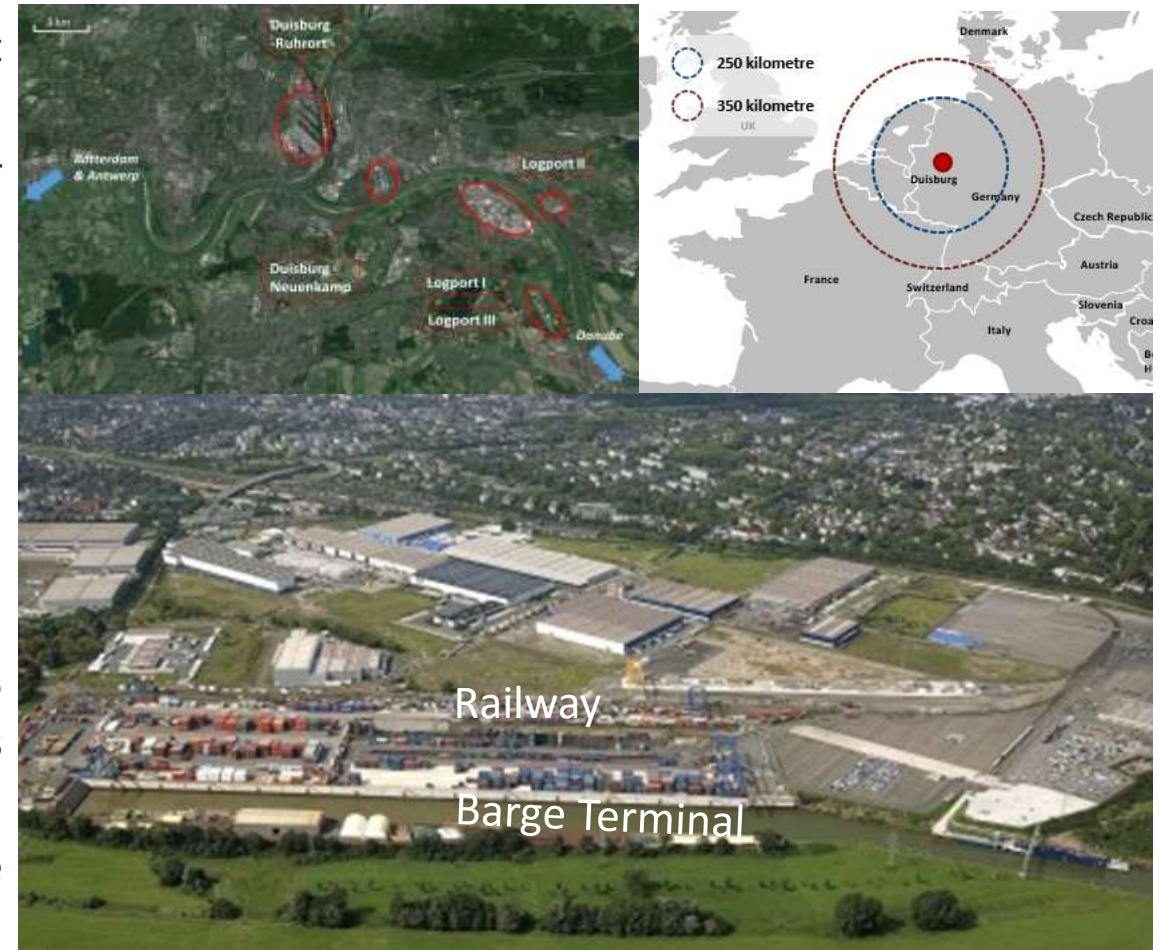


# Logistics Hubs' Development and Trends in the Inner Ring of Europe

## Duisport

### Duisburg

- Duisport is one of the World's largest inland container port with an annual throughput of 4.2 million TEU in 2020.
- The inland port accommodates nine inland container terminals in five different port districts:
  - Duisburg-Ruhrort
  - Duisburg-Neuenkamp
  - Logport I
  - Logport II
  - Logport IV
- The public local authority is responsible as landlord for the management of the logistics area. Multiple private logistics companies are vested in and around the Port of Duisburg.
- Container terminals are owned and operated by private terminals operators



# Logistics Hubs' Development and Trends in the Inner Ring of Europe

## Zalaegerszeg

### Zalaegerszeg

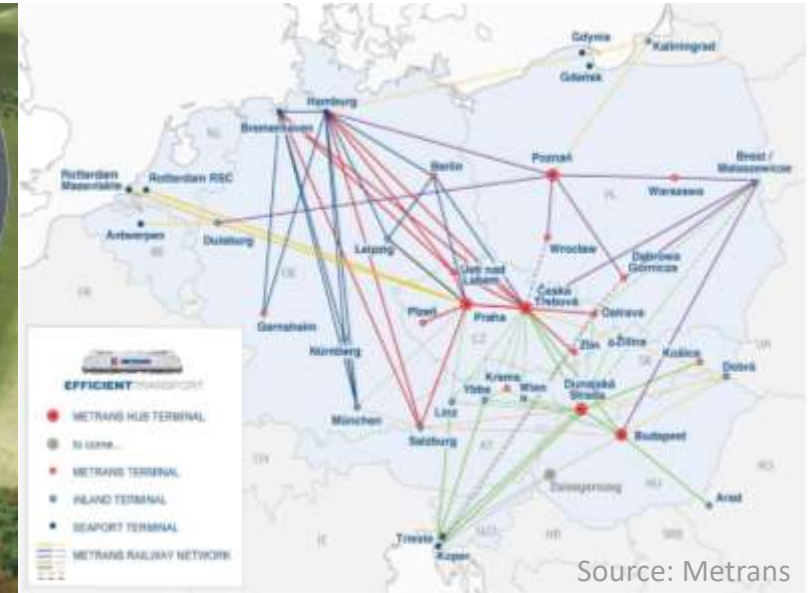
- Developed by Metrans S.A.
- The facility will be designed to serve as an east-west/north-south hub on the Adriatic Corridor and South East Europe corridors.
- A total investment of €40 million.

### Metrans S.A.

- A growing market player in the European intermodal transport sector.
- Metrans has five hub terminals and twelve inland terminals in Czech Republic, Slovakia, Poland & Hungary.



Source: Metrans



Source: Metrans



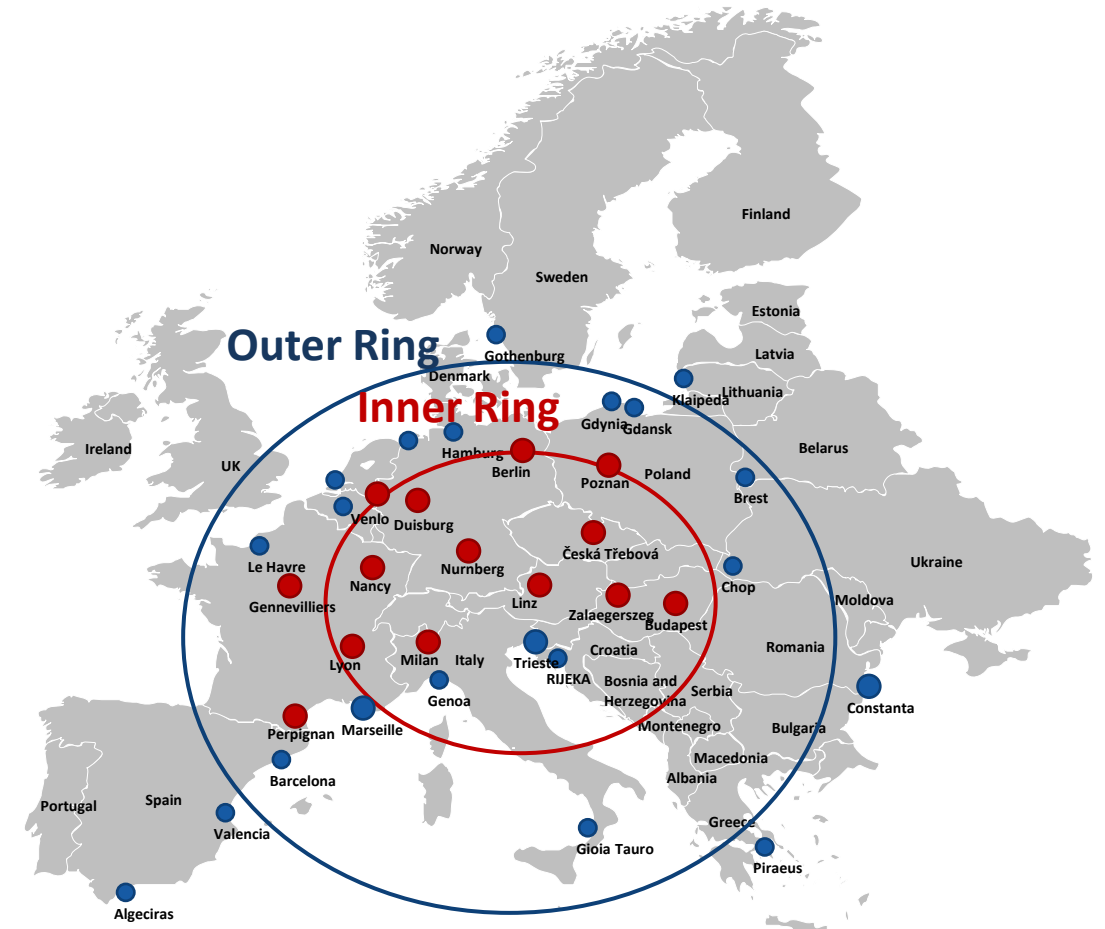
# Logistics Hubs' Development and Trends in the Inner Ring of Europe

New investment in (greenfield) development of ICD as well as connecting infrastructure is required

## Key Observations

- High volume growth in container ports in the south and east of Europe require capacity increase of ICD in these regions.
- Therefore, a growing interest and investments in ICD hubs are observed in the Inner Ring of Europe (new greenfield developments in east Europe).
- New infrastructure development (or updating) is required to connect the Outer Ring hubs with the Inner Ring hubs.
- For ICDs, the following success factors are seen in previous examples:

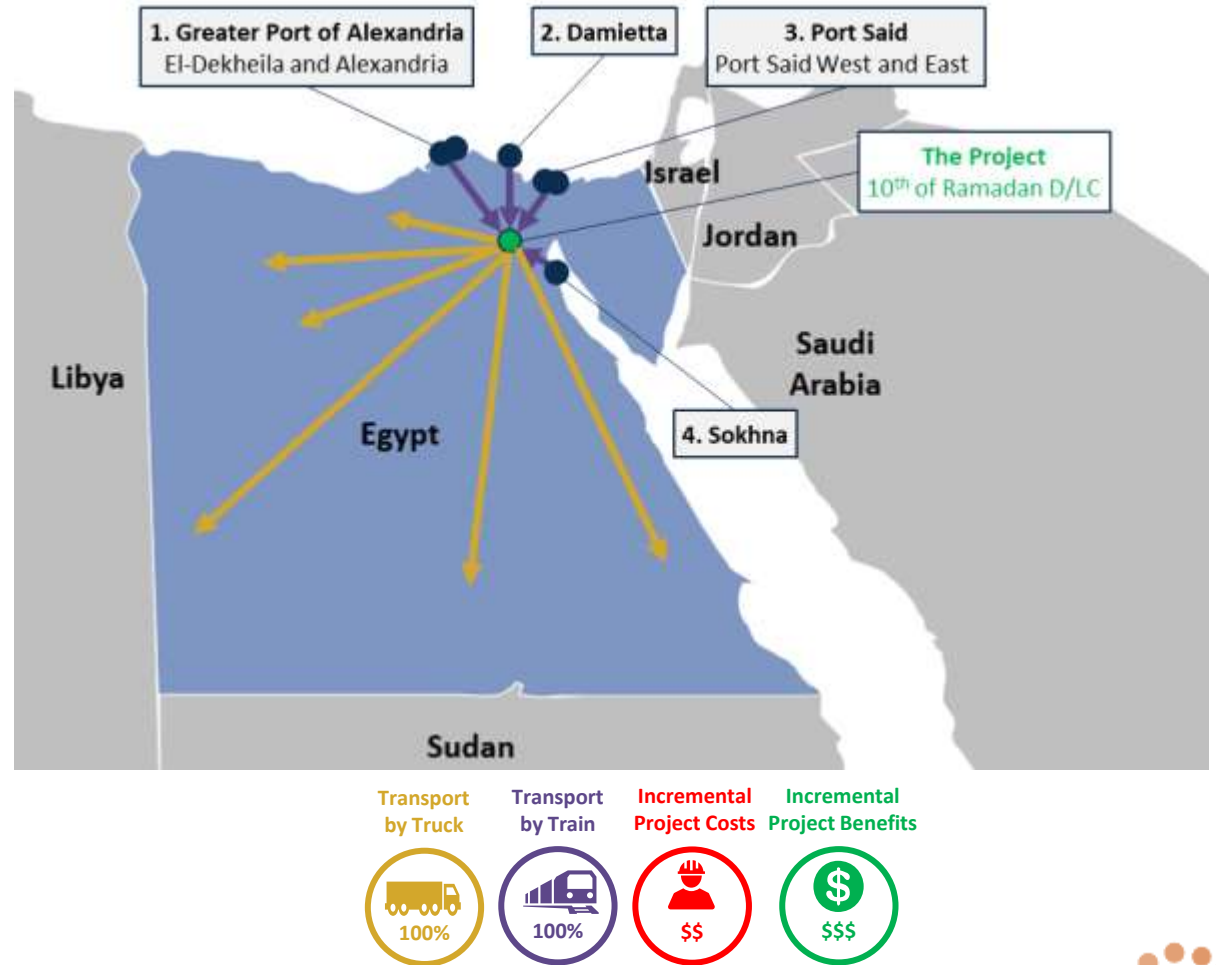
Success Factor	Venlo	Duisport	Paris
Governance Structure	Development company under municipal authority	Public authority, special department of the city	HAROPA Ports is a public landlord authority
Connectivity	Barge, Rail, Road	Barge, Rail, Road	Barge, Rail, Road
Distance to industry	<5 km	<5 km	<5 km
Distance to consumer market	<50 km	<5 km	<10 km
Extended gate	Rotterdam	Rotterdam & Antwerp	Le Havre
Custom-bonded	Yes	Yes	Yes
Private-sector barge operations	Yes	Yes	Yes
Private-sector inland terminal operations	Yes	Yes	Yes



# Global Developments and Trends

Trend of dry ports also seen in Egypt

- Egypt is a maritime country and has an important geographical location on the junction of three continents with 2,450 km of coastline on the Mediterranean and the Red Sea.
- Egypt has several major container ports near the urban centres of Alexandria and Cairo.
- However, the reducing of subsidies on fossil fuels and the vast growing population (causing shifting of urban centres), results in new logistic challenges.
- Dry ports on strategic locations are developed to solve this challenges.
- DP10 is an example which could offer 100% rail transport from Seaports to DP10.
- From there, last mile trucking to hinterland.





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Logistics Hubs' Development and Trends in the Inner Ring of Europe

Global Developments and Trends

**Opportunities in Public Private Partnerships**

# Opportunities in Public Private Partnerships

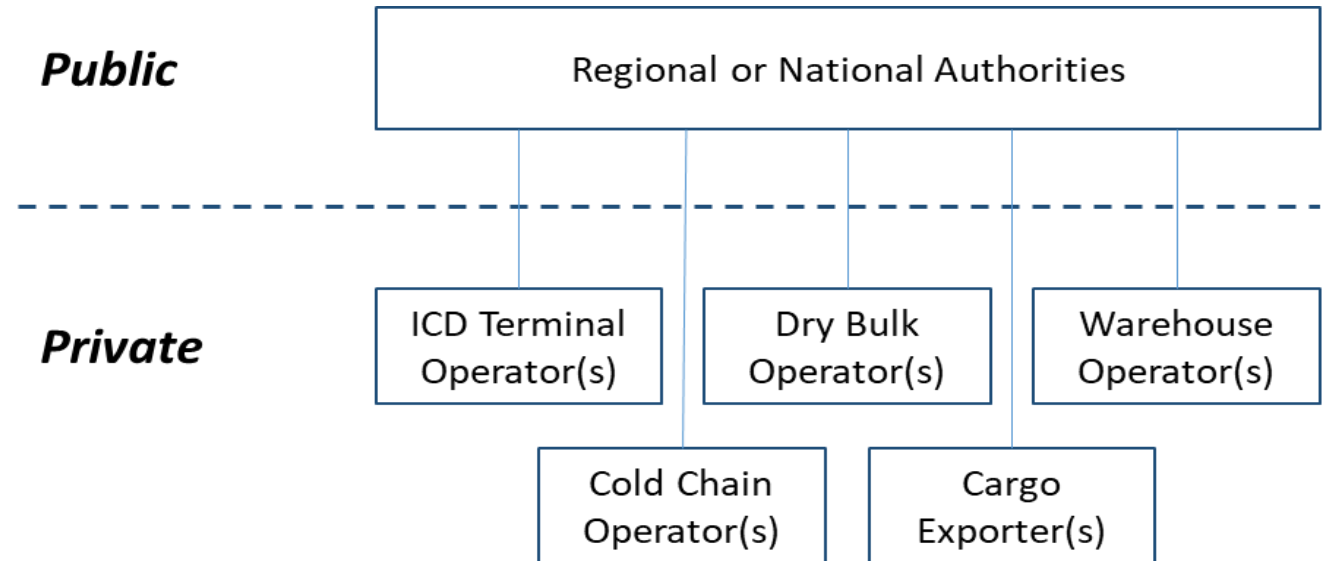
Changing logistic landscape creates business opportunities

## Key observations

- High volume growth in south and east Europe
- Growth of volumes on the Silk Route
- Further development of TEN-T (trans europa Network)
- Promotion of climate-neutral transport

## Opportunities

- Changing logistic landscape creates business opportunities.
- Demand of new investment in (greenfield) development of ICD as well as connecting infrastructure.
- Partnerships between public landlords of ICD and private companies as operator or as companies in the area.



# Importance of PPP & transaction advisory

De-risking strategies drive down cash flow volatility & cost of capital

## Transaction management is crucial for good implementation of the PPP structure

- **PPP Structuring: balancing risks between public and private sector and business case driven**
  - Focus on financing, bankability
- **PPP Procurement Processes**
  - Professional and realistic transactions: timeframes, consultations, documentation, evaluation
  - Business case driven
  - Process embedded in legislation
  - Non-contestable outcomes
- **PPP Contract: valuable, enforceable & bankable**
  - Tenor
  - Step-in
  - Clear termination compensation regime and guarantees
  - Handback conditions
  - Capacity management (national port masterplanning)



# Advancement of procedures in transactions

De-risking through competitive dialogue procedure

## Open procedure



## Restricted procedure



## Competitive dialogue procedure



# Recommendations for a successful tender procedure

Based on numerous experiences of tender processes worldwide

- ✓ **National master plan**
- ✓ **Transaction to be carried out by fully authorized concessioning authority**
- ✓ **Competitive dialogue procedure creates most value: early involvement of bidders**
- ✓ **Tender should be business case driven. Focus on long term value rather than closing the deal. Focus on Bankability**
- ✓ **Feasible business case for both the port authority and terminal operator translated into valuable concession contract**
- ✓ **Concession contract: valuable, enforceable and bankable**
- ✓ **Transaction preparation phase is crucial:**
  - ✓ Transaction structuring: valuation, risk allocations and value engineering, documentation
  - ✓ Transaction management: first time right and commit to timelines

# Thank you

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