

KUMPORT

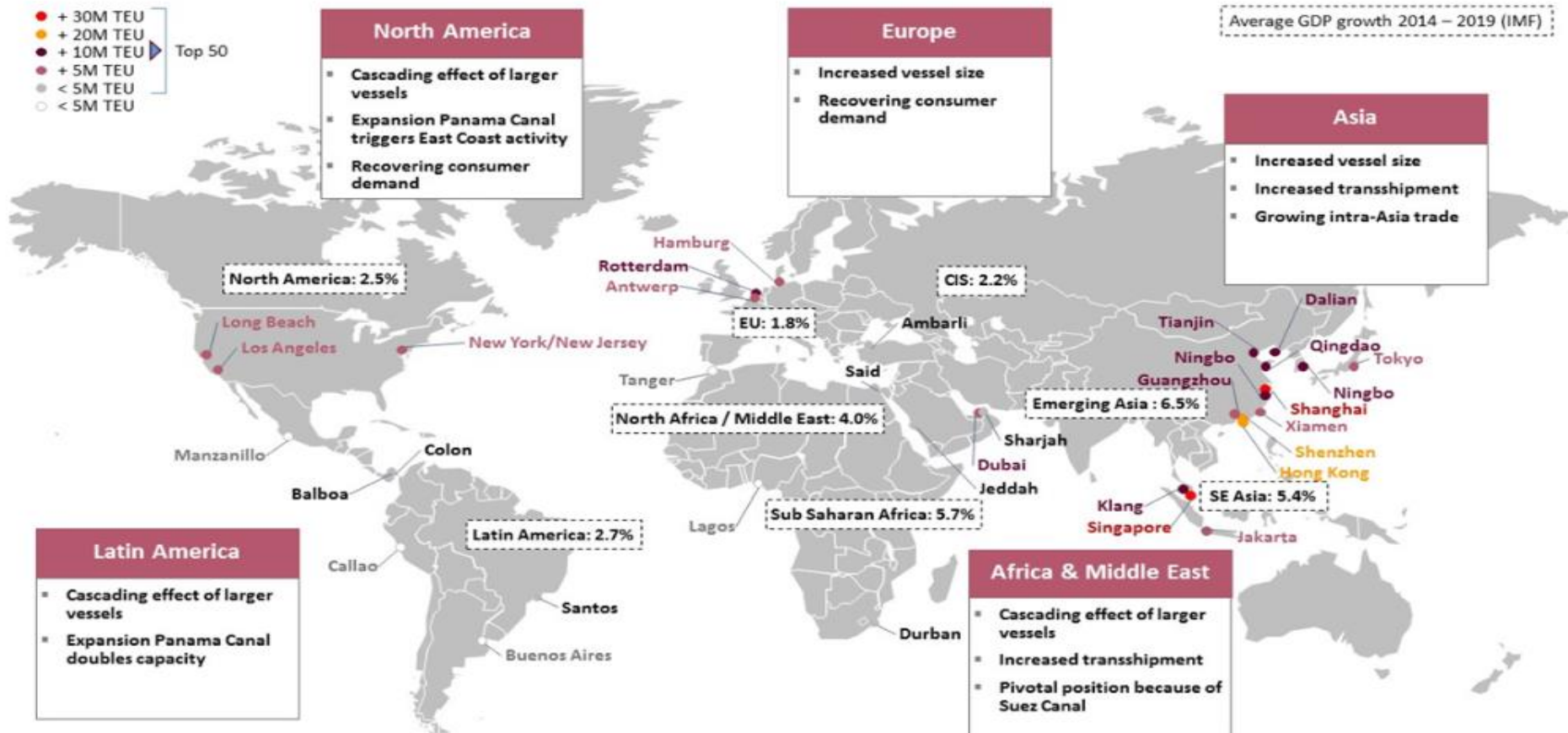
Your Port. Your World



Özgür Soy - CEO

May 23, 2018
Varna , Bulgaria

Main container ports, average GDP growth and driver for port infrastructure investments

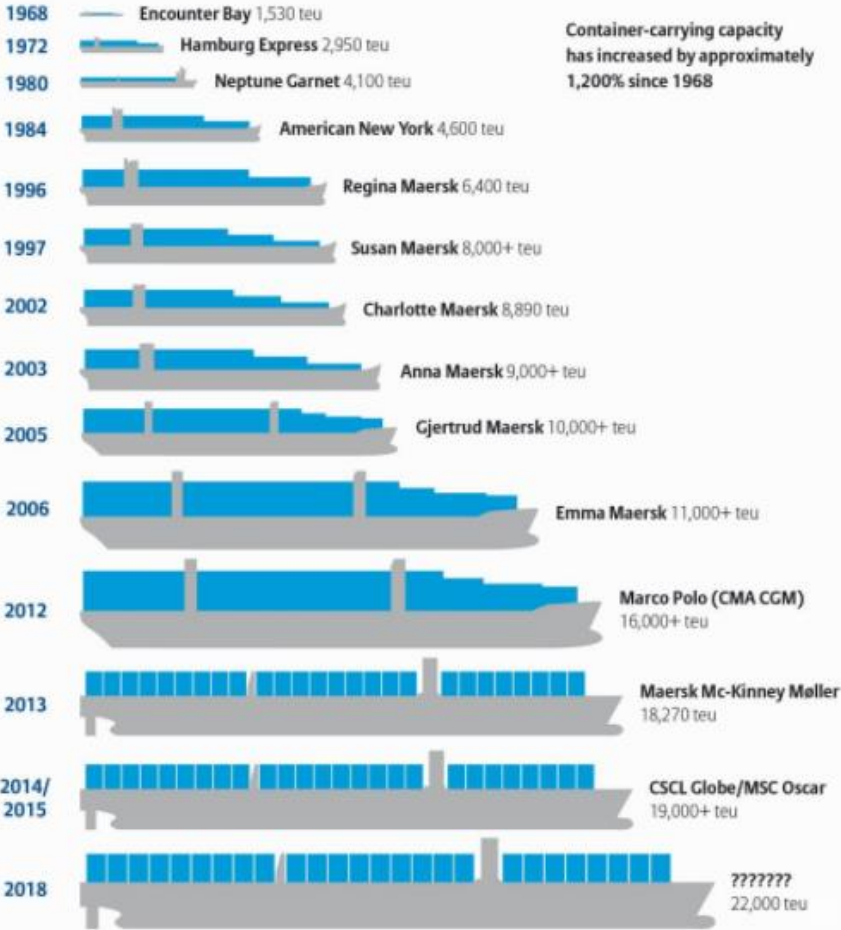


Call sizes at terminals around the world are on the rise as more high capacity ships enter the global market, further increasing pressure on the processes and infrastructure of terminal operators. a 13% increase in global average call size in 2017 to 1,1k boxes.

The major constraints are that these regions currently do not have enough capacity to process the bigger container volume and connectivity to the hinterland is limited.

50 Years of Container Vessel Growth

50 years of Container Ship Growth



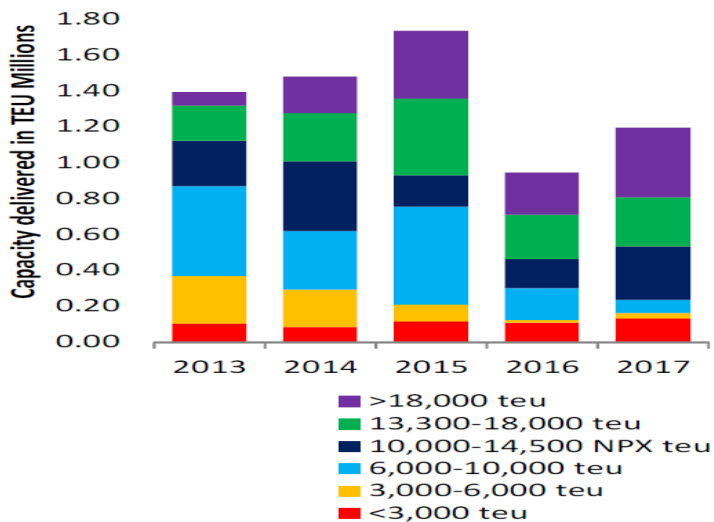
Container-carrying capacity has increased by approximately 1,200% since 1968

Container carrying capacity has increased by approximately 1.338 % since 1968

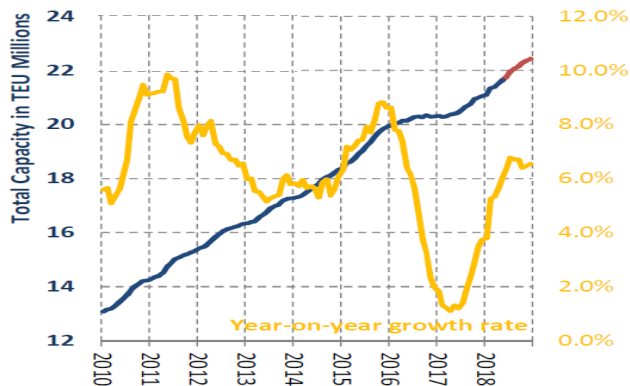
Vessels in the 10,000–14,000 TEU category accounted for about 7% of global calls in the first quarter, while those greater than 14,000 TEU accounted for about 3.7% of global calls, the data show. The vast majority of calls were made by ships that are below 5,400 TEU in capacity.

Developments in Vessel Size

Deliveries by Year



Growth of global containership fleet - 2010-2018



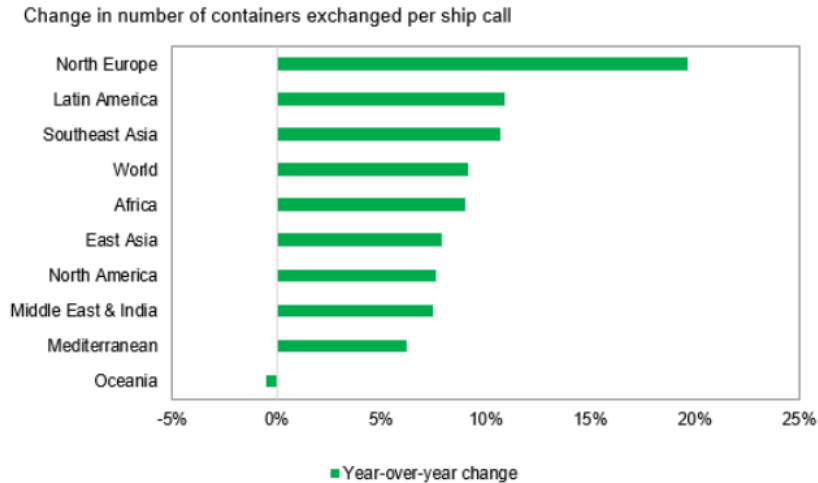
- ❑ New building deliveries reached 1,196,000 teu in 2017, in progression of 26.6% on 2016 when a figure of 944,000 teu was recorded, this remains significantly lower than the record total of 1,735,000 teu observed in 2015.
- ❑ The substantial newbuilding backlog continues to exert pressure on the container shipping market.
- ❑ Total ship deliveries remain on track to reach 1.4 Mteu in 2018, with 0.56 Mteu already delivered.
- ❑ Overall fleet growth is expected to remain above 6% in 2018, aided by the slow pace of containership scrapping, with only 24,000 teu broken up so far this year.

New containership orders breakdown by size/year : 2013-2017

TEU Size Range	2013	2014	2015	2016	2017
<3,000 teu	94	85	106	59	83
3,000-6,000 teu	16	2	25	4	2
6,000-10,000 teu	72	9	0	0	0
10,000-14,500 NPX teu	35	14	45	4	0
13,300-18,000 teu	31	34	16	8	4
>18,000 teu	16	13	56	0	20
Total units ordered	264	157	248	75	109
Total capacity in teu	2,011,355	1,122,019	2,206,342	280,480	671,641

Call sizes grow in double-digits as more mega-ships hit the market

Call sizes rise nearly 10 percent worldwide



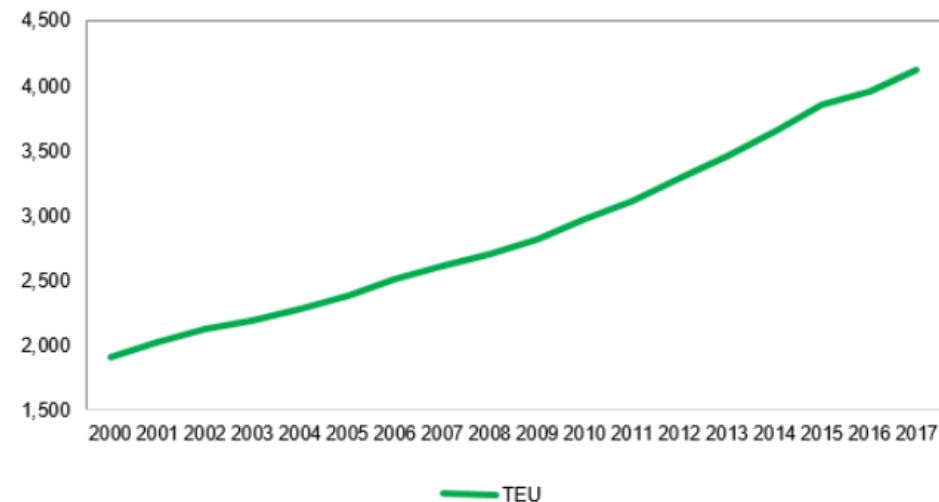
- With ship capacity increases being driven predominantly by width and height increases, the larger ships have a significantly higher quantity of containers per bay compared with smaller ships

- As expected, the average size of ships in the global fleet continued to grow in 2017, increasing by nearly 3%. Average container ship capacity increased by the largest percentage in North Europe, 8%; Latin America rose 6.8%; the Middle East and India increased 6.2%; and Southeast Asia rose 5.1%

- Ports in North Europe had the biggest increase in average call size in 2017 to 1,362 boxes, a 20% surge vs 2016.
- Southeast Asia and Latin America also had impressive average growth increases last year, to 1,220 and 890, respectively, and each was good for an 11% gain.
- All major regions showed an increase in the number of calls by ships larger than 10,000 TEU, with the exception of Africa, call sizes rose in all major world regions.

➤ Among major ports, Lianyungang, China, Manila, and Tanjung Priok all experienced growth in average ship size of more than 11 percent. Several large ports, including Dachan Bay, China, Long Beach, and Tokyo all registered declines in average vessel size in 2017 compared with 2016.

Average size of container ships based on in-service vessels by year



OBOR Connects China with 64 Countries in Asia, Europe and Africa



- The Silk Road Economic Belt is the land route that links China with South and Southeast Asia, Central Asia, Russia and Europe.
- The 21st-Century Maritime Silk Road is the sea route that goes through the South China Sea and the Indian Ocean, and eventually reaches the Mediterranean Sea.

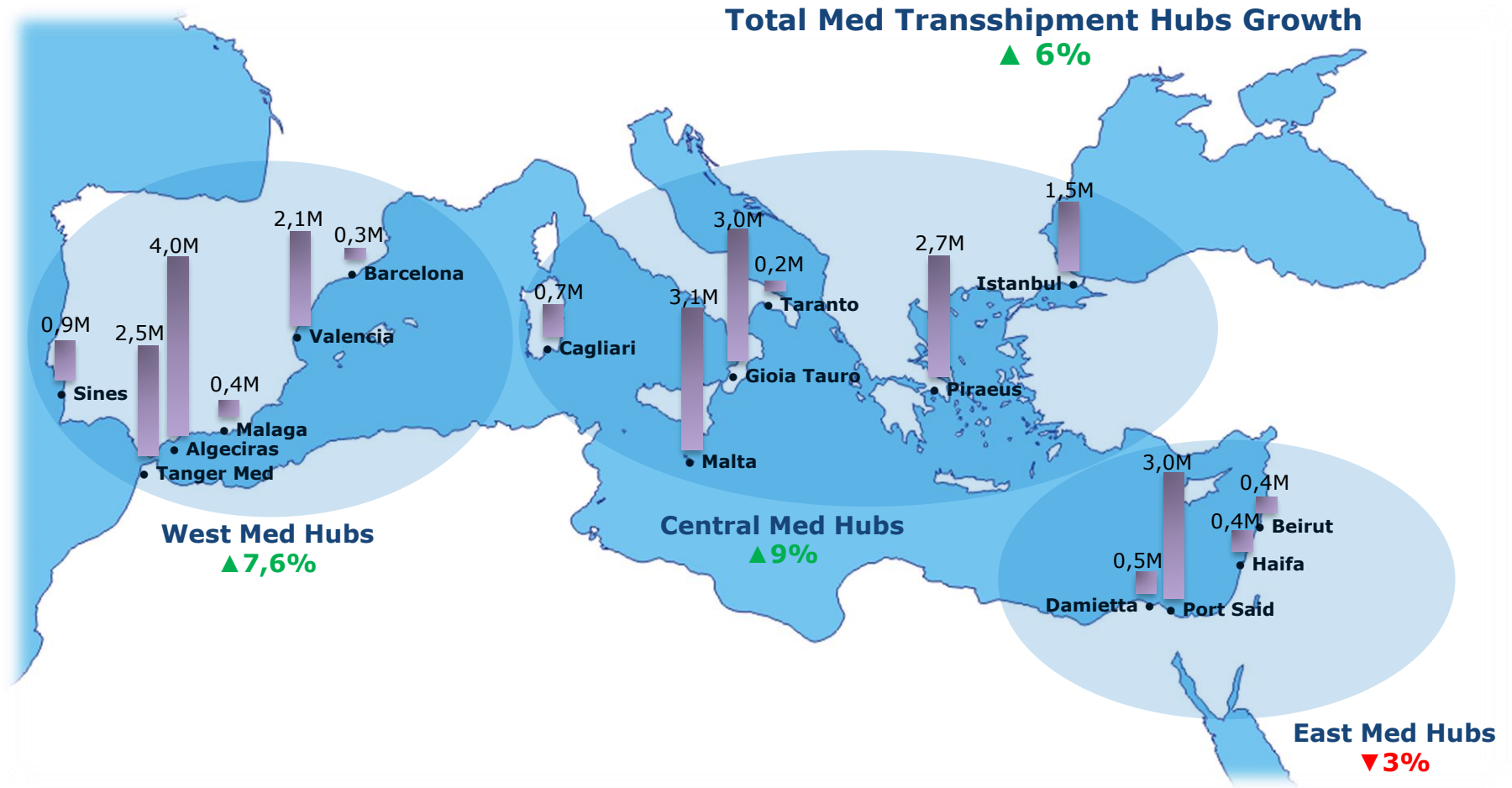


6 Economic Corridors in the OBOR Framework



The OBOR initiative focuses mainly on infrastructure development in developing countries in the regions and on removing non-tariff barriers to trade.

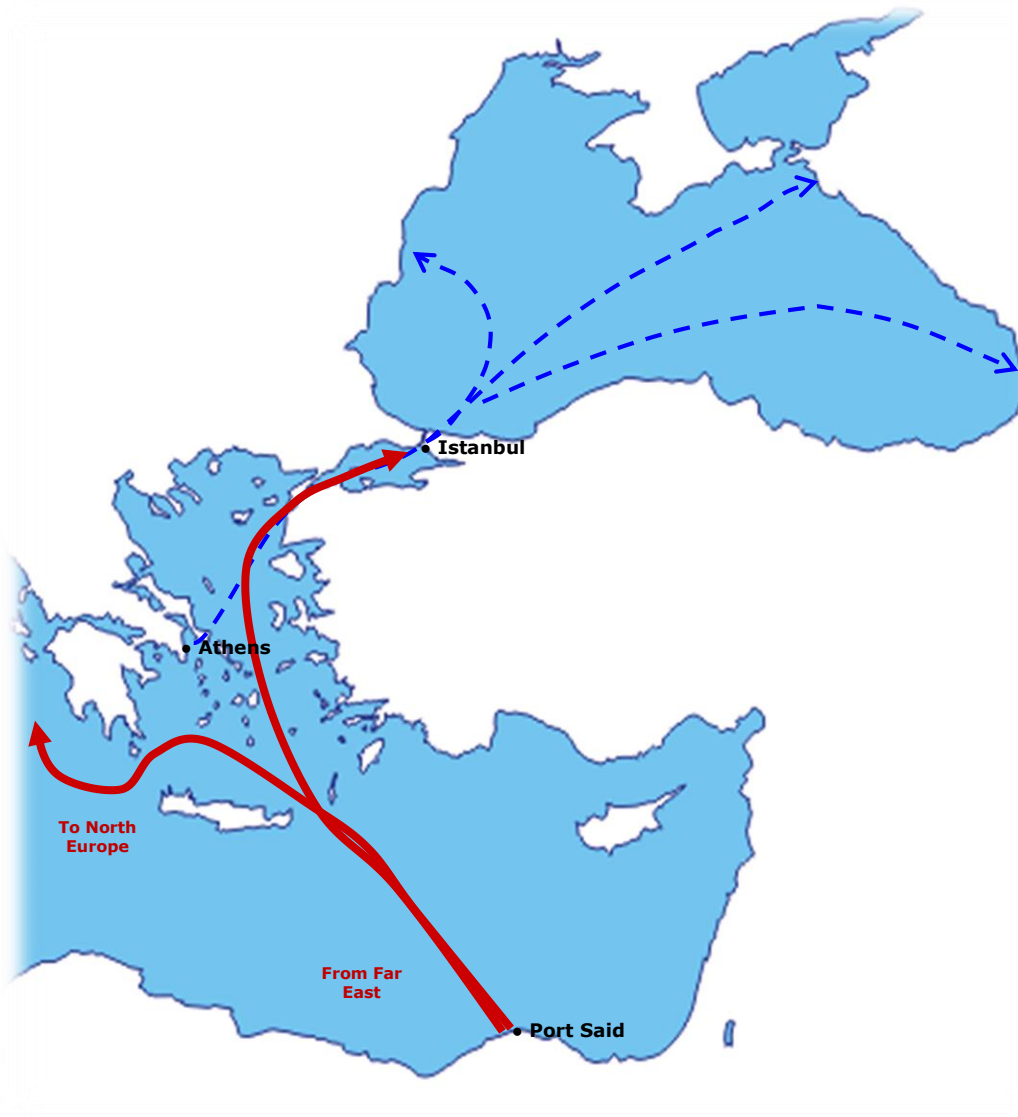
Transshipment Volumes at Main Mediterranean Hub Ports



Source: Drewry Maritime Research

Why is İstanbul the Best Hub for Black Sea? Option 1

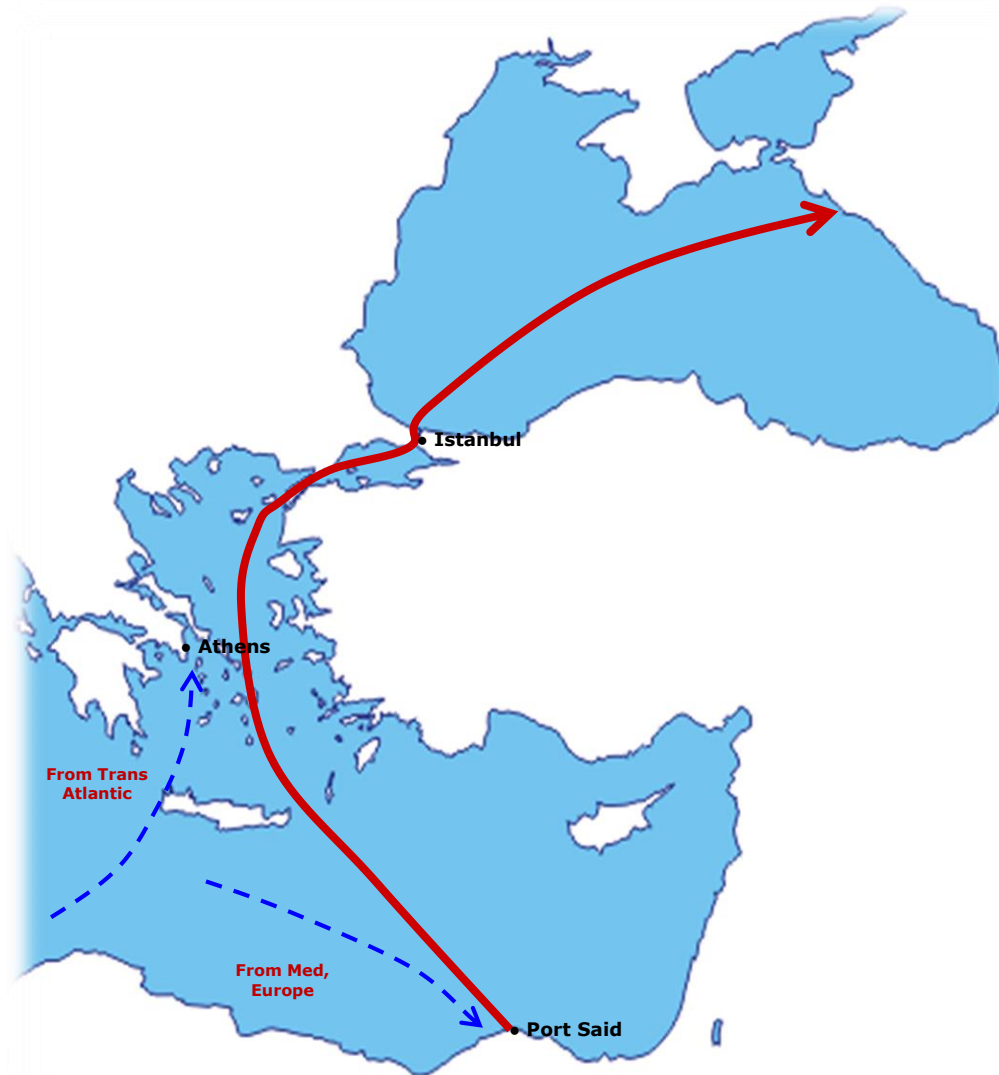
Feeder Vessels to Black Sea



- Service flexibility
- No constraints for the feeders while passing through Istanbul Strait
- Possibility of employing vessels larger than 300 m (up to 18.000 TEU)
- Higher schedule reliability
- Advantage of deploying fewer mother vessels when the loop ends in Istanbul (4 to 8 days)

Why is Istanbul the Best Hub for Black Sea? Option 2

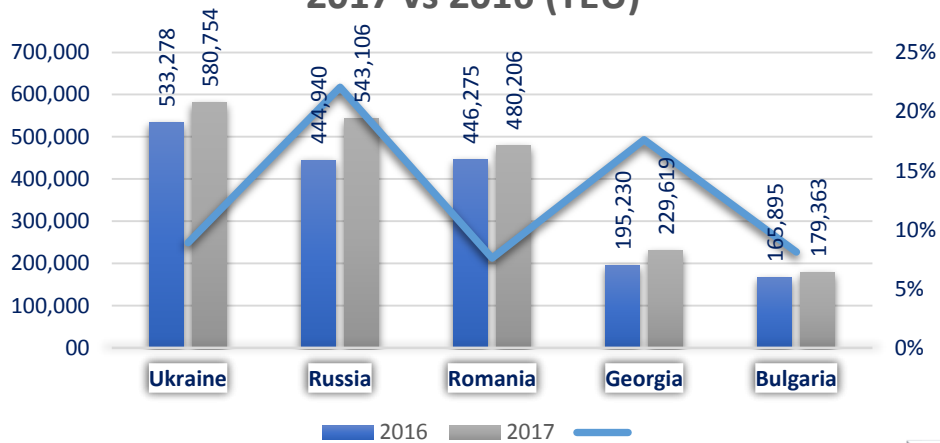
Direct Calls to Black Sea



- Shorter transit time
- Cheaper fuel
- Maximum LOA 300 m
- Draft limitations
- Extra voyage time due to weather conditions in Black Sea and Istanbul Strait
- Delays due to Istanbul Strait passage restrictions
- Lack of suitable equipment in some terminals

Shares of Black Sea Countries in Total Handling of Loaded Containers

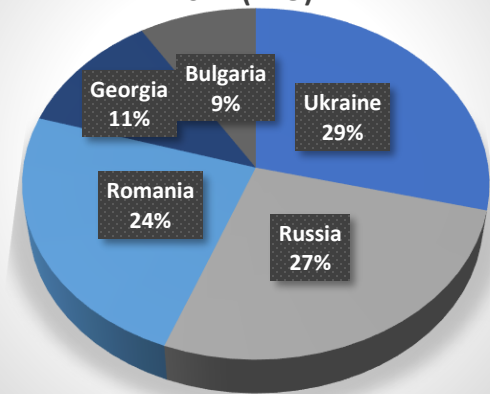
Full Container Turnover
2017 vs 2016 (TEU)



Full Container Turnover (TEU)

TEU	2016	2017
Ukraine	533.278	580.754
Russia	444.940	543.106
Romania	446.275	480.206
Georgia	195.230	229.619
Bulgaria	165.895	179.363
Total	1.785.618	2.013.048

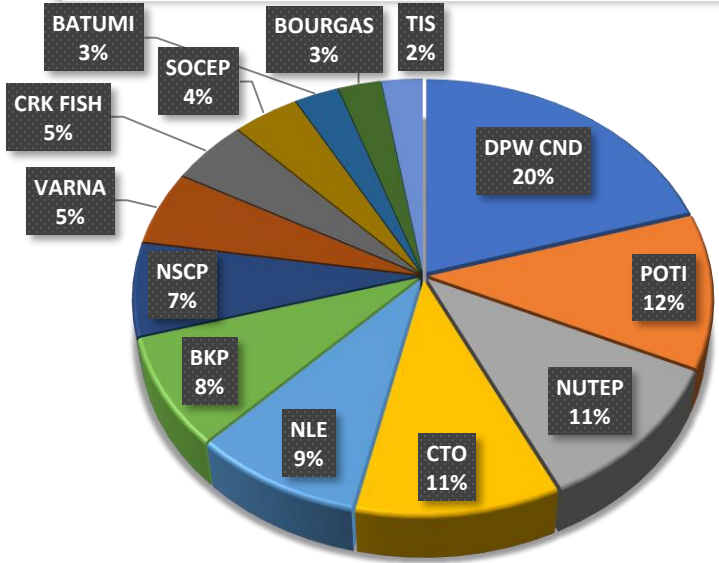
Black Sea Countries Share by Laden Container,
2017 (TEU)



- ✓ Export volumes from the aforementioned countries increased by 6% compared to 2016.
- ✓ Russia achieved significant volume growth of export volume – 18%.
- ✓ Ukraine suffered 2% decrease of laden export volume, while Romania, Georgia and Bulgaria achieved growth of 7%, 6% and 6% respectively.
- ✓ Import to the region increased by 19%, mainly because of Russian and Ukrainian import volume growth of 25% and 23%.
- ✓ Import volume of Georgia, Bulgaria and Romania increased by 20%, 11% and 8,% respectively.

Black Sea Region Shares , 2017

Black Sea Container Terminals Shares by Total Turnover, 2017



TOP 5 CONTAINER TERMINALS of the REGION

- 1) DPW (Constanta, Romania)
- 2) CTO (Odessa, Ukraine)
- 3) APMT Poti (Georgia)
- 4) NUTEP (Novorossiysk, Russia)
- 5) NLE terminal (Novorossiysk, Russia)

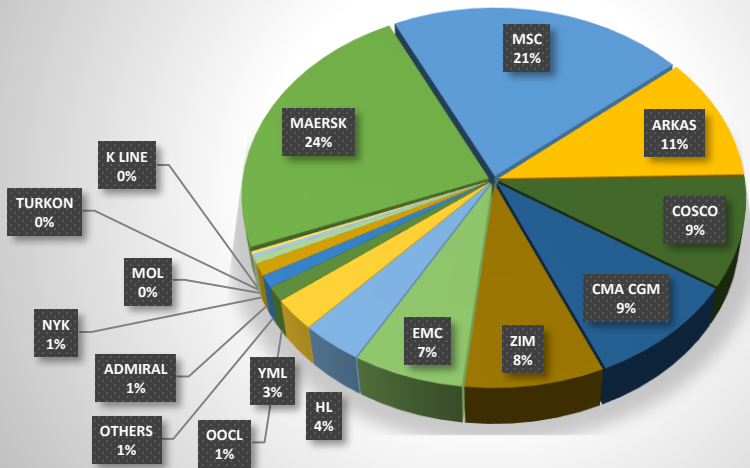
- The NLE terminal (Novorossiysk, Russia) moved from the 2nd to the 5th position
- NUTEP (Novorossiysk, Russia) shifted up from the 5th to the 2nd place
- All TOP-5 terminals of the Black Sea region except DPW (Constanta, Romania) and NLE (Novorossiysk, Russia) have achieved volume growth, while the NLE terminal have suffered volume decrease of 5,5% and DPW decreased by 2,8%.

TOP 5 LINES of the REGION

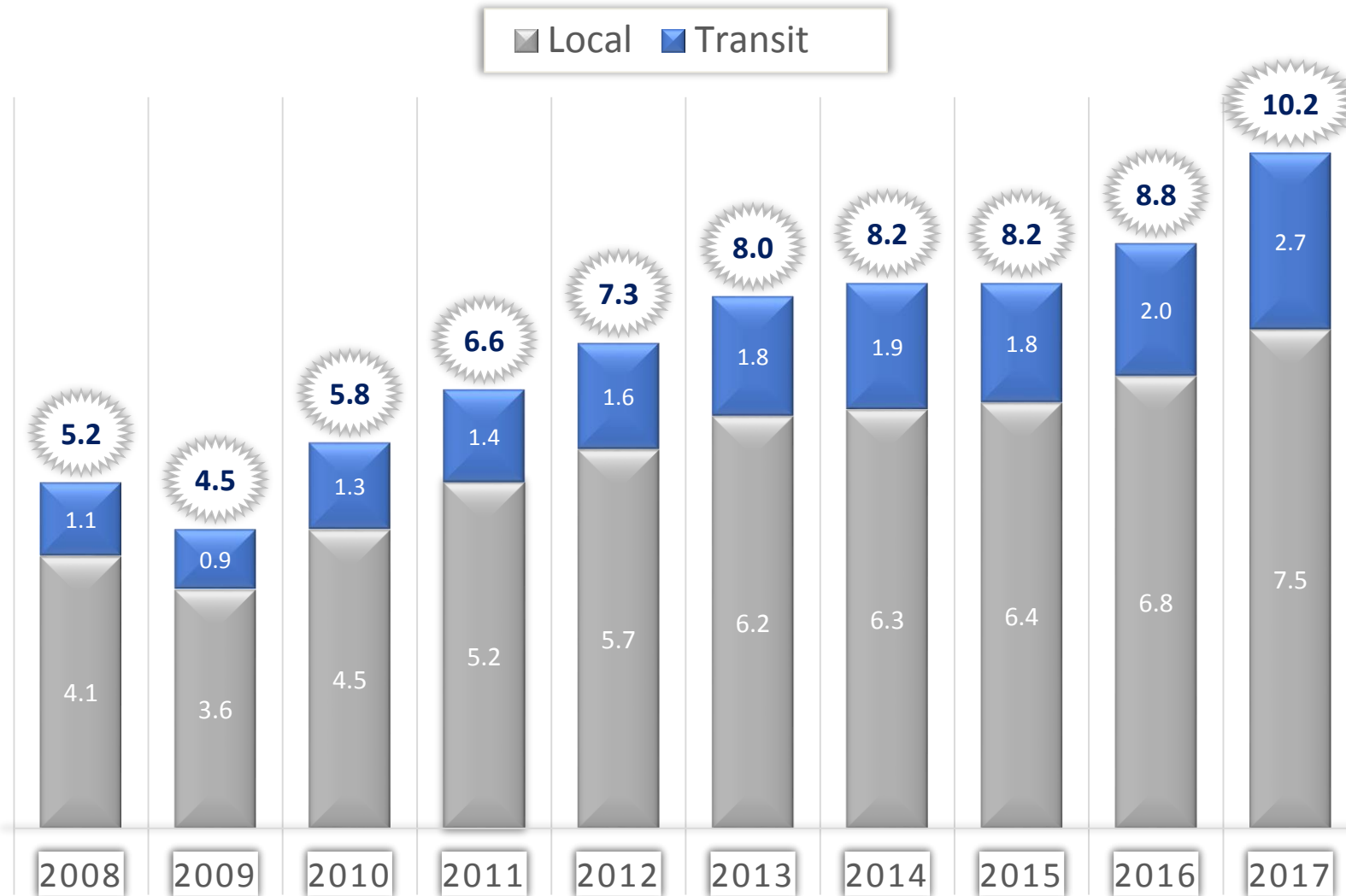
- 1) Maersk
- 2) MSC
- 3) Arkas
- 4) COSCO
- 5) CMA CGM

MAERSK, MSC, ARKAS, COSCO and CMA CGM controlled 73,74% of the Black Sea market.

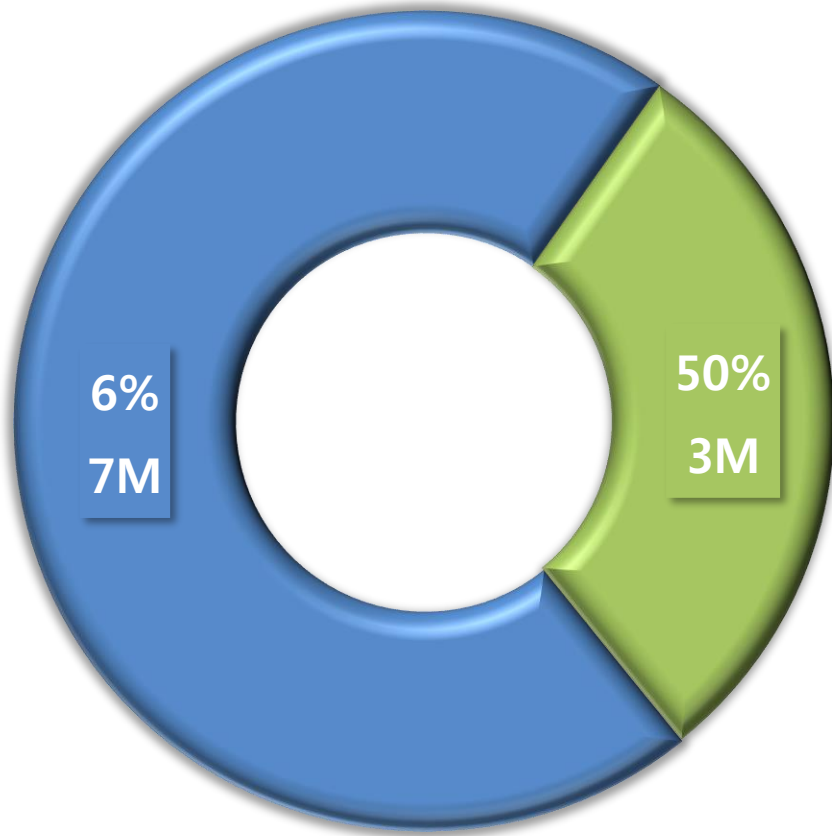
Lines' Shares at Black Sea Region by Full Containers Turnover , 2017



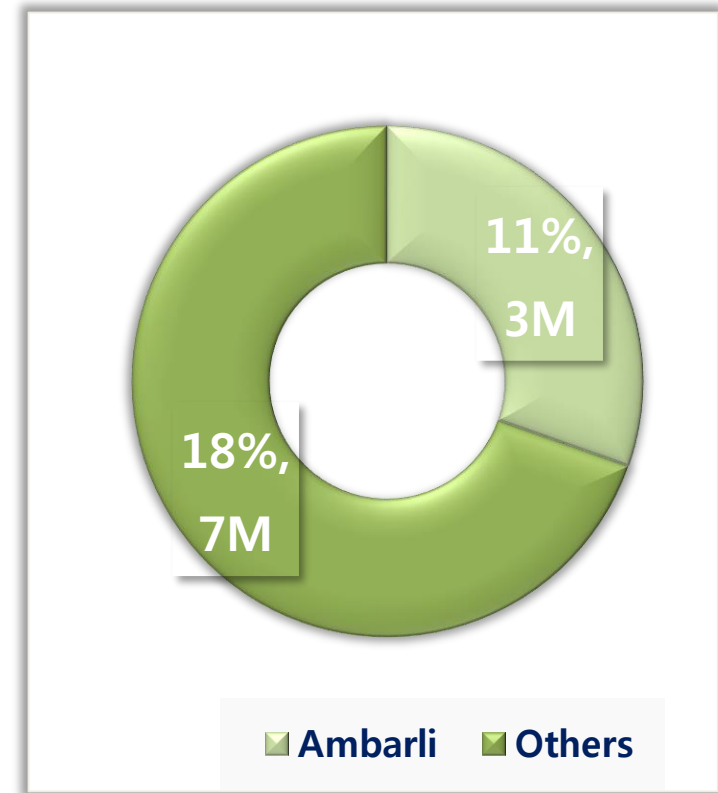
Turkey Container Throughput | Local / Transit (TEU)



Turkey Volume Throughput, 2017 (TEU)

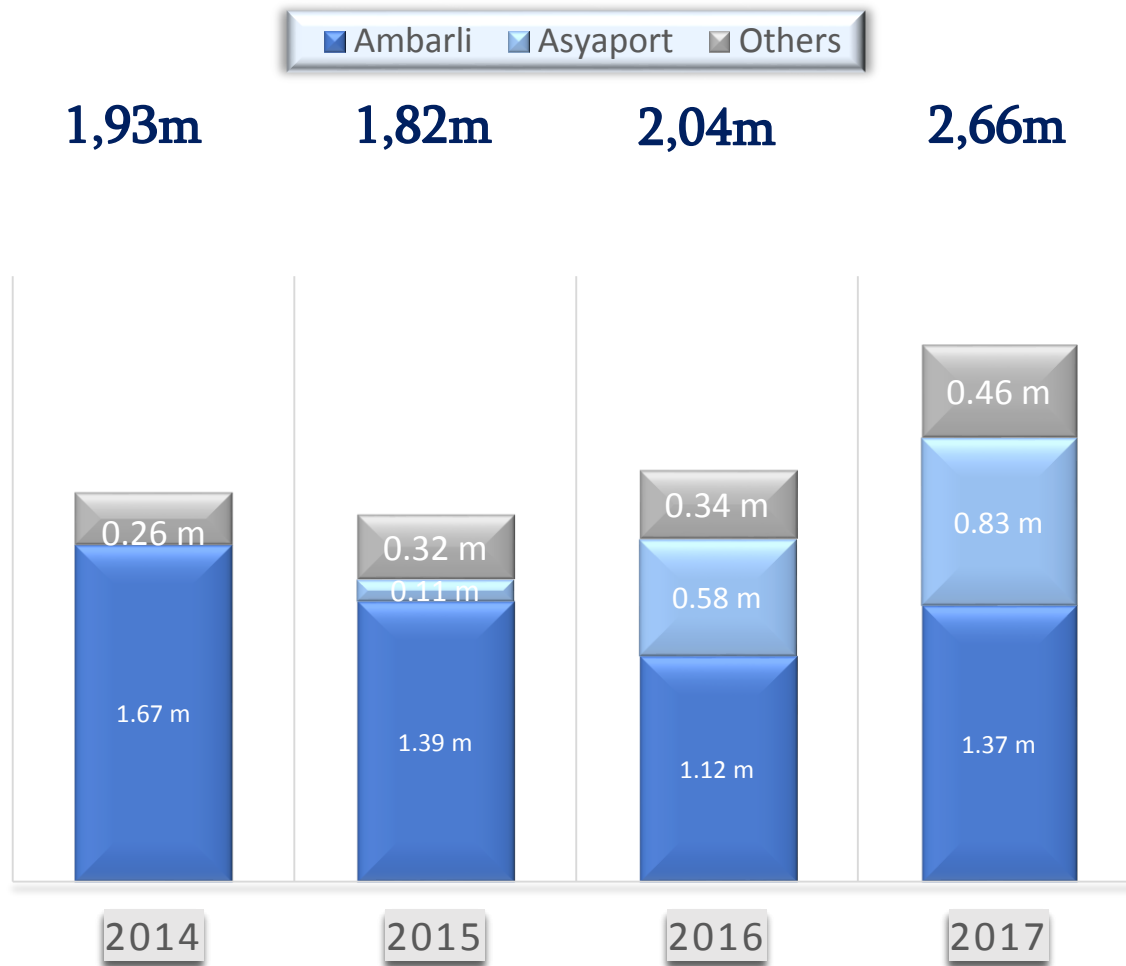


■ Local ■ Transit



■ Ambarli ■ Others

Turkey Transit Containers Ratio /2017 (TEU)



TEU	2014	2015	2016	2017
Ambarli	1,67	1,39	1,12	1,37
Asyaport	-	0,11	0,58	0,83
Others	0,26	0,32	0,34	0,46
	1,93	1,82	2,04	2,66

83% of Turkey's total transshipment is handled in NW Marmara.

Kumport - Black Sea Transit Volume/ 2017 (TEU)

Kumport Transit Volume to Black Sea / 2017 (TEU)

Black Sea Ports	TEU/ 2017	Share
ODESSA	17.925	27,8%
CONSTANTZA	16.473	25,6%
POTI	15.259	23,7%
NOVOROSSIYSK	7.598	11,8%
VARNA	4.920	7,6%
BURGAS	2.135	3,3%
AZOV	74	0,1%
TOTAL	63.384	100%



Black Sea Ports Transit Volume to Kumport/ 2017 (TEU)

	TEU/ 2017
Black Sea to Kumport	56.523

Kumport Hinterland – Black Sea



- Located North-East coast of Marmara
- Excellent location before the entrance of Istanbul Strait and the Black Sea that enables liners to have transshipments
- **Marmara Hinterland**
Key Destinations
Istanbul, Tekirdag, Bursa, Gebze, Bandirma, Canakkale, Ankara
- **Black Sea Hinterland**
Key Destinations
Samsun, Burgas, Varna, Constanta, Odessa, Novorossiysk, Poti

Milestones of Kumport



1994

- Beginning of port operations

1996

- Handling of first container

2002

- Terminal Operating System (TOS) in operation

2008

- FIBA & Oman Royal Fund agreement
- 3 SSGs delivered

2011

- Transfer of shares to Fiba Holding

2012

- 4 SSGs delivered (Biggest SSGs in Turkey with 22 rows outreach)
- Handling over 1.000.000 TEU in yearly aggregate

2014

- Launch of Kumport Logistics Center operations
- RTG Electrification

2015

- Chinese Consortium (Cosco SPL, CMPH, CIC) acquired majority shares
- Completing the first phase of capacity increase project

2016

- 2 Q-C with 24 rows are ordered.
- 8 RTG are ordered.

2017

- 14.000 TEU vessels were started to be handled

2018

Terminal Development Plan

Initial



1,8M TEU/year

Phase I
(Completed)



2,1M TEU/year

Phase II
(Ongoing)



3,0M TEU/year

Kumport – Fitting for ULCV (up to 16.000 TEU vessels)

Nautical Accessibility

- Water depth: 16,5 m

Berthing on Arrival

- Total Q- length of 2.180 m
- Berthing of 3 mother vessels (>300 m) at the same time

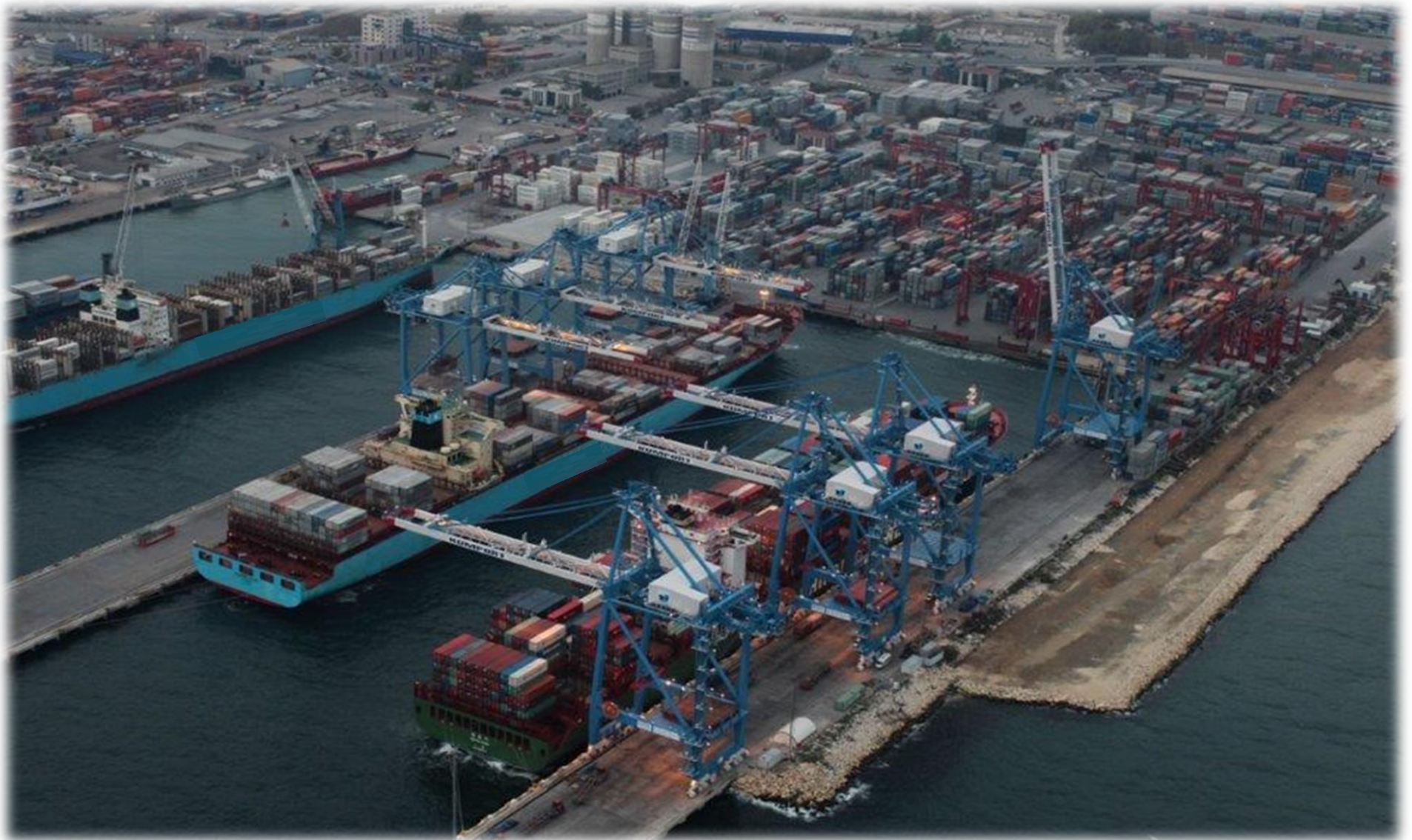
Equipment Specifications

- 22 rows x 4 Q-C
- 20 rows x 3 Q-C
- 24 rows x 2 Q-C ordered
- 20 RTG
- 8 RTGs are ordered
- 17 – 18 rows x 6 MHC

Terminal Area

- 400.000 sqm terminal area
- 66.000 sqm off-dock area
- Expansion projects are in progress

Berthing of 3 Mother Vessels (>300 m) at the Same Time



Istanbul Strait Restrictions



- Maximum air draft: 57 meters
- Maximum draft: 20 meters
- Maximum length (without special permission): 299,99 m
- Special permission is required for rigs etc.

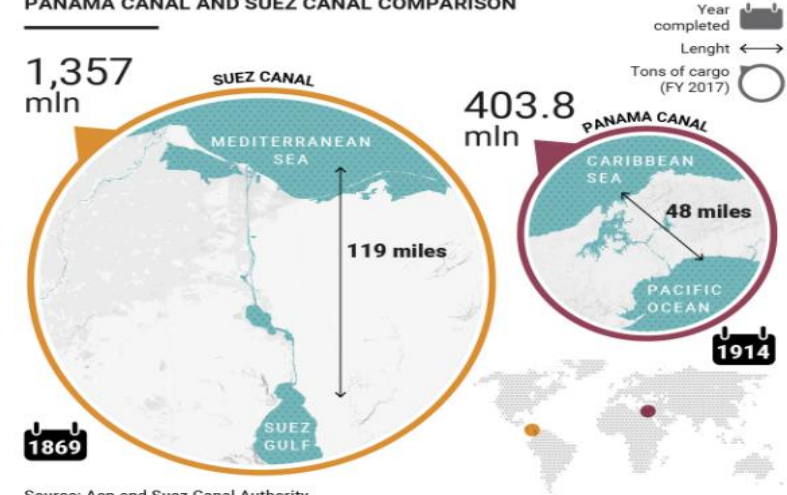
- Liners should apply authority to have special permission for each passage respectively for vessels over 300 m LOA.
- This situation hinders liners from arranging regular services to Black Sea with larger vessels.
- Vessels over 300 m LOA should be escorted by tugs during their strait passages which causes higher tolls and increase service running costs.

TURKEY MEGA PROJECT CANAL ISTANBUL

- Canal Istanbul will have its starting point in Silivri at the Sea of Marmara
- It will link the Black Sea with the Mediterranean on Istanbul's European coast.
- It would run near a \$14 billion airport being built near Istanbul.
- Length of the Canal: 43 kilometres (26 miles)
- The dept of the Canal : 25 m (27 yards)
- Width : 150 - 400m (164 yards) - The largest vessels of the world will be able to pass through the canal

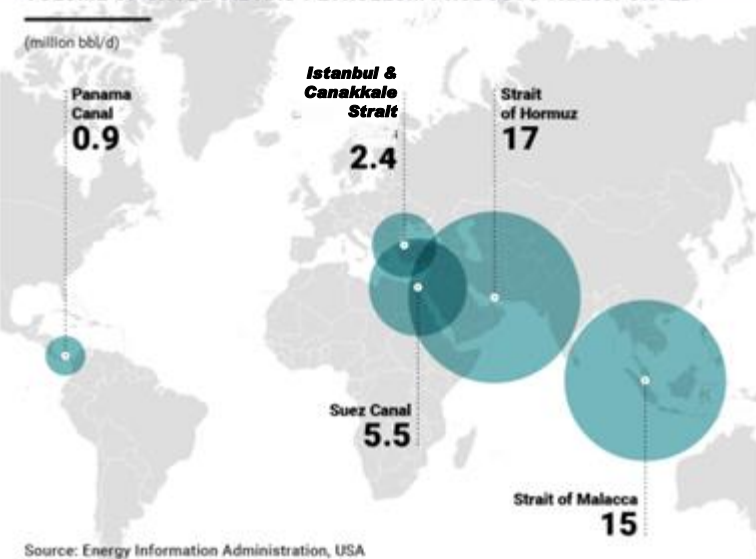


PANAMA CANAL AND SUEZ CANAL COMPARISON



Source: Acp and Suez Canal Authority

VOLUME OF CRUDE OIL AND PETROLEUM PRODUCTS TRANSPORTED



Source: Energy Information Administration, USA

Canal Istanbul & Istanbul Strait

Canal Istanbul Project



45,000

Vessels

pass through the strait each year



15,000

Ferries

cross the strait daily



4m

Tons of liquefied gas

transported through the strait each year



1.5m

People

transported by ferries each day



140m

Tons of oil

transported through the strait each year



- ▶ 130 vessels pass Istanbul Strait in Istanbul per day on average. The new canal will bring an increase of sea traffic
- ▶ The cost for vessels waiting to pass Istanbul Strait amounts to \$ 1.4 billion per year. This cost will be eliminated.
- ▶ A number of 150 to 160 vessels are targeted to pass Canal Istanbul every day. The canal will not slow down the vessel traffic - to the contrary, traffic will be accelerated



Thank you for your attention...



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