

LUMUT PORT

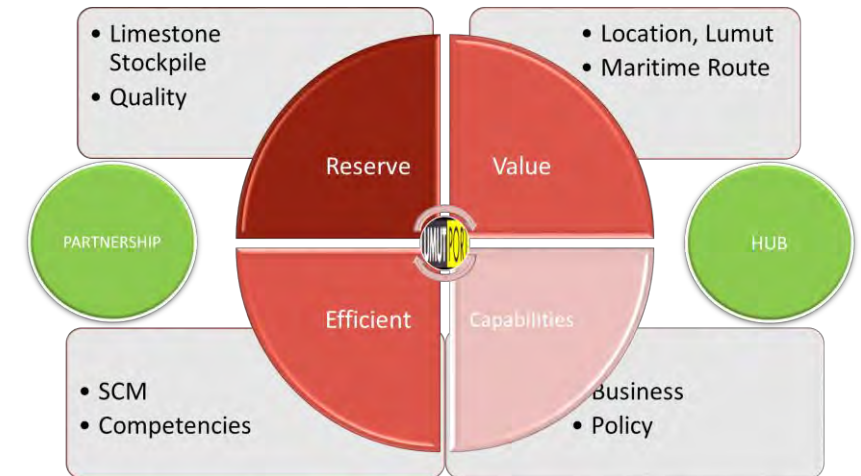
Is bulk cargo business sustainable?



LUMUT PORT IS BULK CARGO BUSINESS SUSTAINABLE?

Topic of Presentation:

- Is Bulk cargo business sustainable in the future?
- What is the size of world bulk cargo market?
- What is the critical success factors of Bulk cargo business?
- How disruptive is the influential factors in Bulk cargo business competitiveness ?
- Is there a successful model for Bulk cargo business sustainability?



To be the most efficient bulk cargo terminal operator in South East Asia

LUMUT PORT WORLD MAJOR IMPORTER & EXPORTER OF NON-METALLIC MINERALS

“World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018 whilst world seaborne trade shipments also expected to pick-up marginally from 2016”

Despite the fact that world demand for mineral export (limestone, sand & gravel) growth is averaging at 9%, Malaysia is steadily growing at 11% (2012-2016)

WORLD MINERAL EXTRACTION SITES AND COAL AND LIGNITE DEPOSITS, LATE 1990s

Metallic minerals

- Large
- Medium

Non-metallic minerals

- Large
- Medium

Diamonds

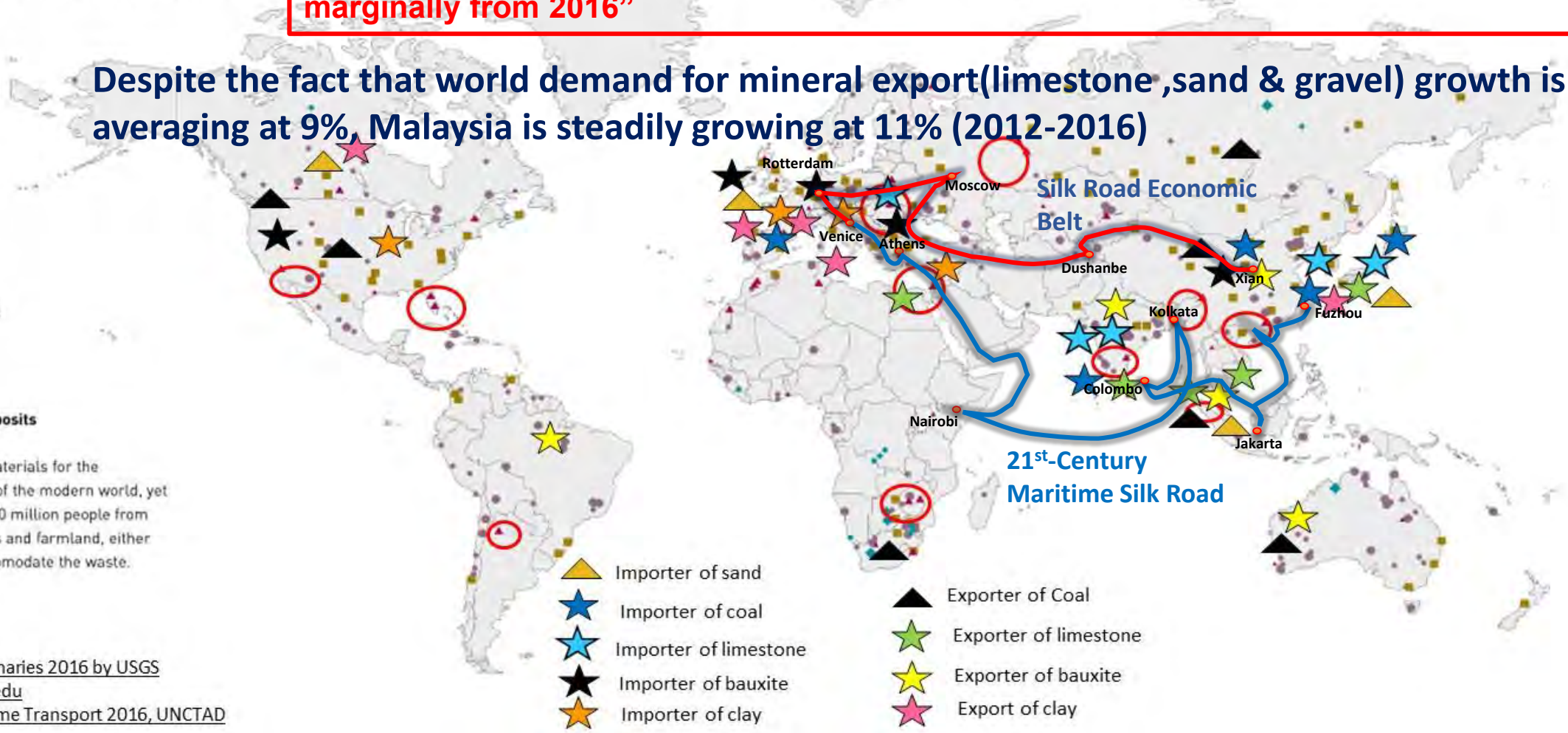
- ◆ Large
- ◆ Medium

Large: more than 5% of world production
 Medium: 1-5% of world production

Major coal and lignite deposits

Mining has provided the raw materials for the construction and commodities of the modern world, yet it has removed an estimated 100 million people from their land and destroyed forests and farmland, either directly for extraction or to accommodate the waste.

Source :
 1. [Mineral Commodity summaries 2016 by USGS](#)
 2. [Source : Atlas.media.mit.edu](#)
 3. [Source : Review Of Maritime Transport 2016, UNCTAD](#)

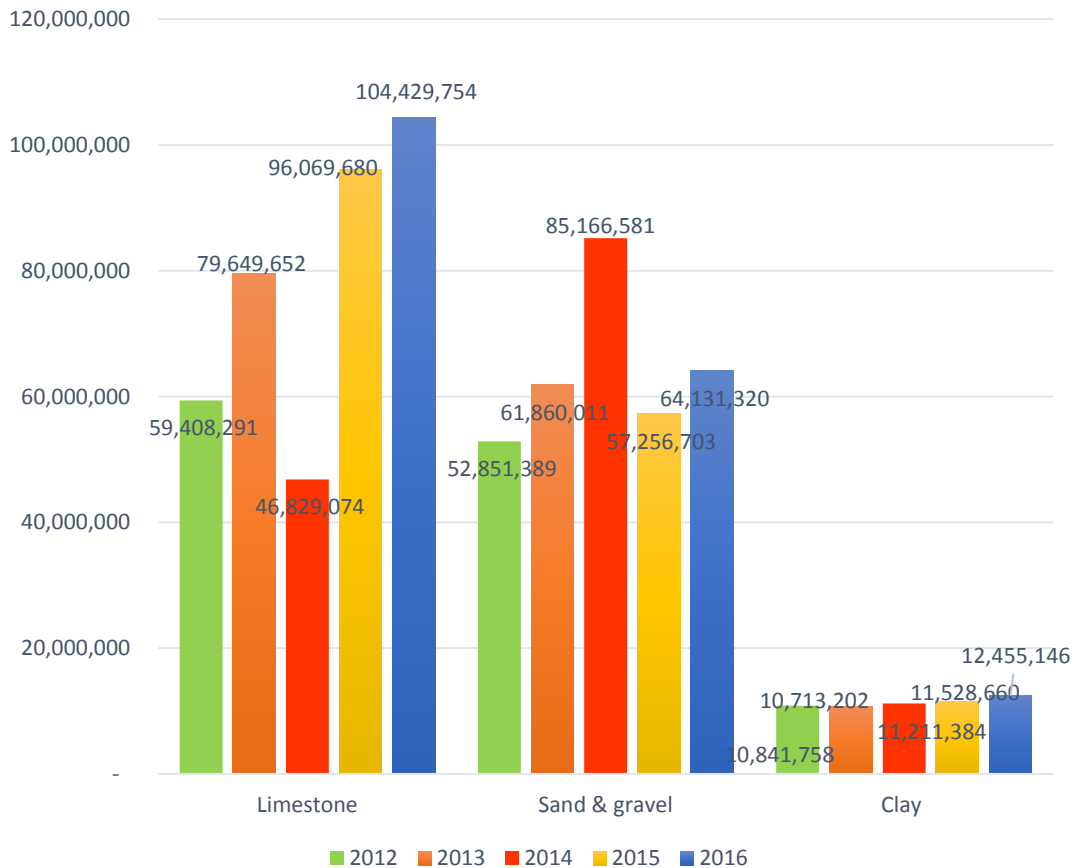


- ▲ Importer of sand
- ★ Importer of coal
- ★ Importer of limestone
- ★ Importer of bauxite
- ★ Importer of clay
- ▲ Exporter of Coal
- ★ Exporter of limestone
- ★ Exporter of bauxite
- ★ Export of clay

A raw material qualifying as a 'mineral resource' is a concentration or occurrence of material of economic interest
 Examples include:
 •Marble, granite, sandstone, porphyry, basalt, other ornamental or building stone (excluding slate); Chalk and dolomite; Limestone and gypsum; Slate; Chemical and fertilizer minerals; Salt; Clays and kaolin; Sand and gravel; and Excavated earthen materials.

LUMUT PORT SIZE OF BULK CARGO MARKET?

WORLD EXPORT 2012-16 (MT) SELECTED MINERALS



**Major commodity
Limestone
Export 2016**

World

- USD1.3 Billion,
- Growth Ave. 9% per annum

Malaysia

- USD 47 Million
- Growth Ave. 11%
- <3.6% World Market

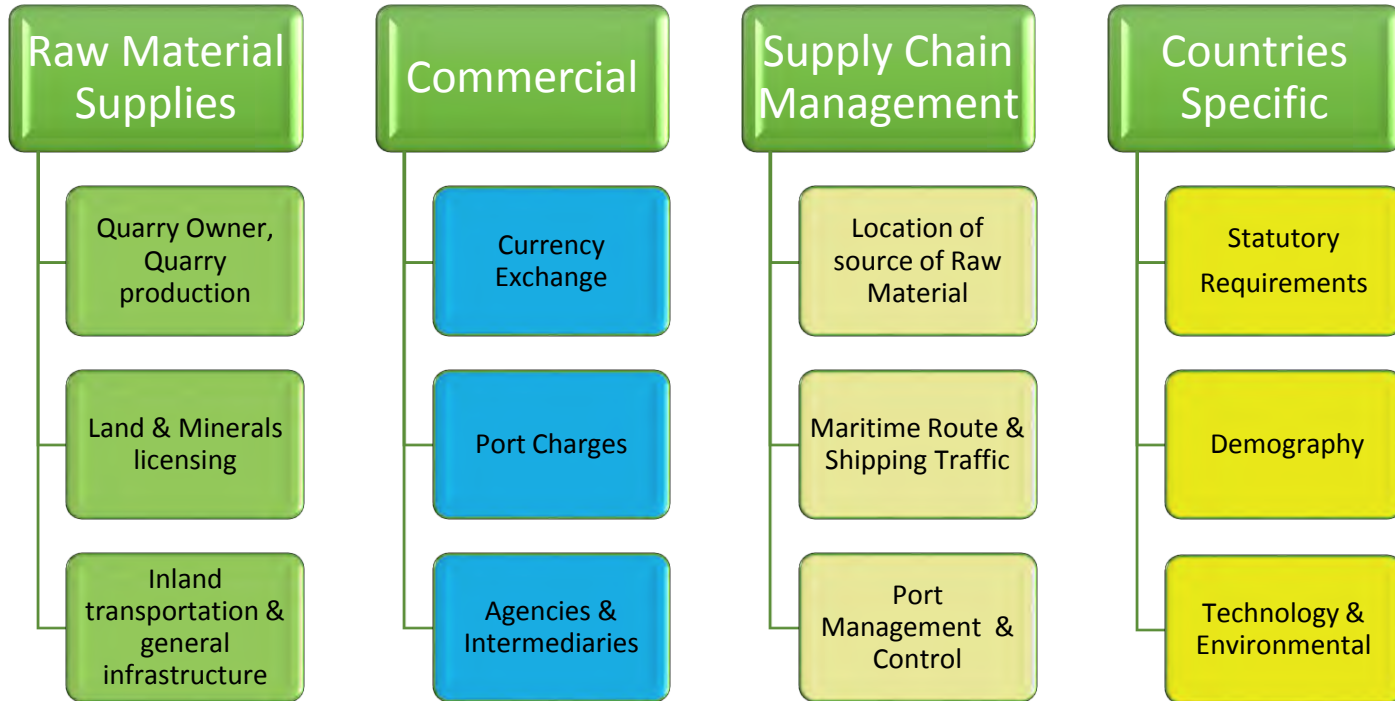
MALAYSIA EXPORT 2012-2016 (MT) SELECTED MINERALS



Sources :
MINERAL COMMODITY SUMMARIES 2016, U.S. Geological Survey (USGC) – Limestone , Sand
World Mineral Production 2011–2015, BRITISH GEOLOGICAL SURVEY - Coal, Clay (Kaolin), Bauxite

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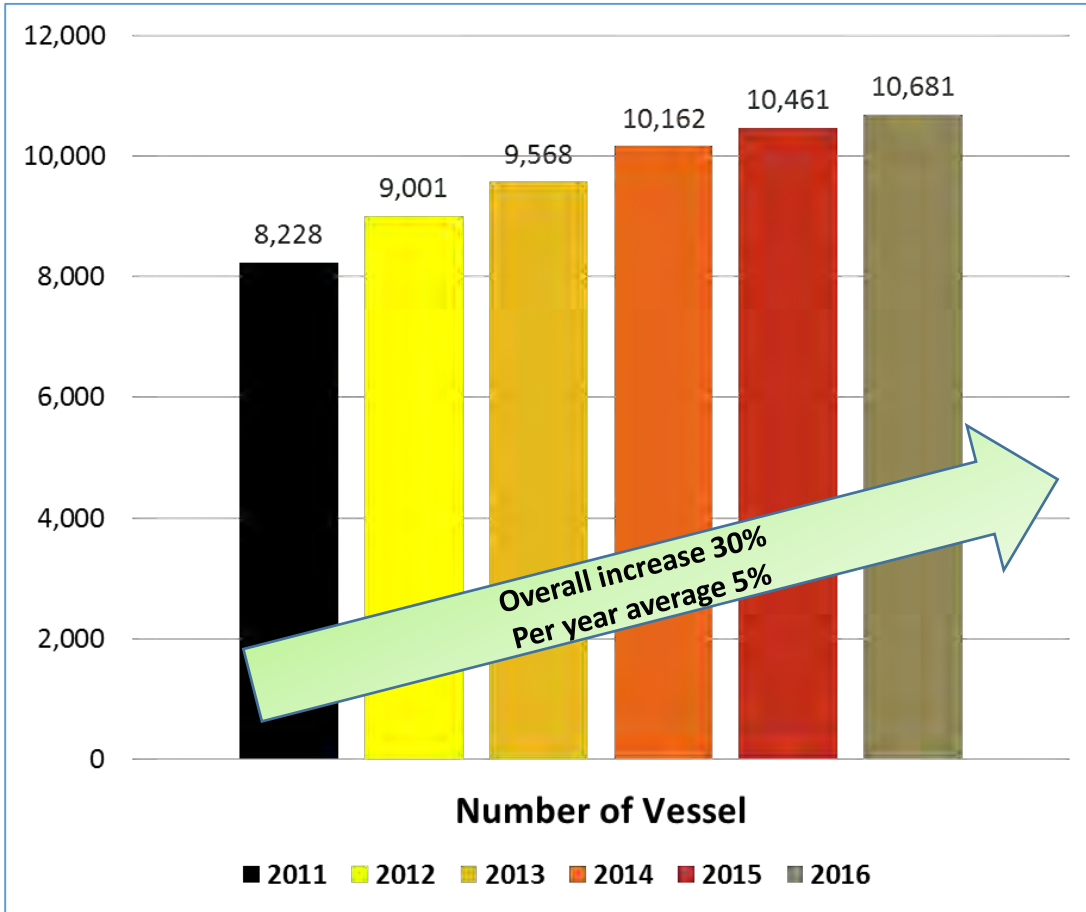
LUMUT PORT INFLUENTIAL FACTORS OF BULK CARGO BUSINESS



- **Raw Material Supplies**
 - quantity, quality and types
- **Quarry**
 - private/states own/global companies
- **Land & Minerals licensing**
 - permit, quota, duties
- **Inland Transport**
 - Infrastructure & mode of transportation
- **Commercial**
 - currency, port charges & Agencies fees
- **SCM**
 - Location, maritime route & services

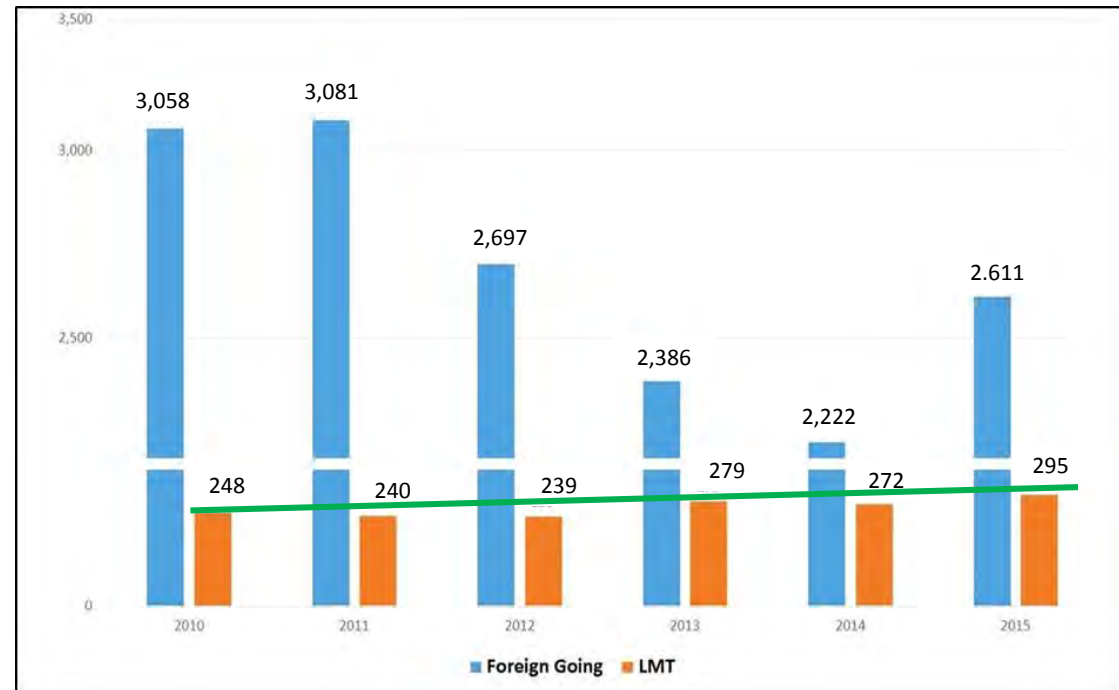
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World fleet registered merchant vessels
(Number of Bulk Carriers vessel)
2011~2016



Source: UNCTAD secretariat calculations, based on data from Clarksons Research.
Note: Propelled seagoing merchant vessels of 100 gross tons and above, as at 1 January.

Ships Calling by Major Ports in Malaysia
(Dry Bulk Vessel)



“LumutPort tonnage and vessel growth is in tandem with world vessels growth”

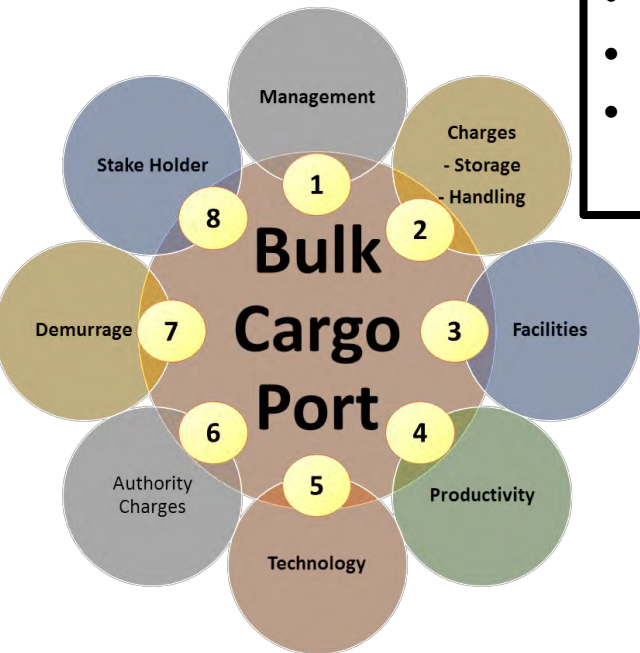
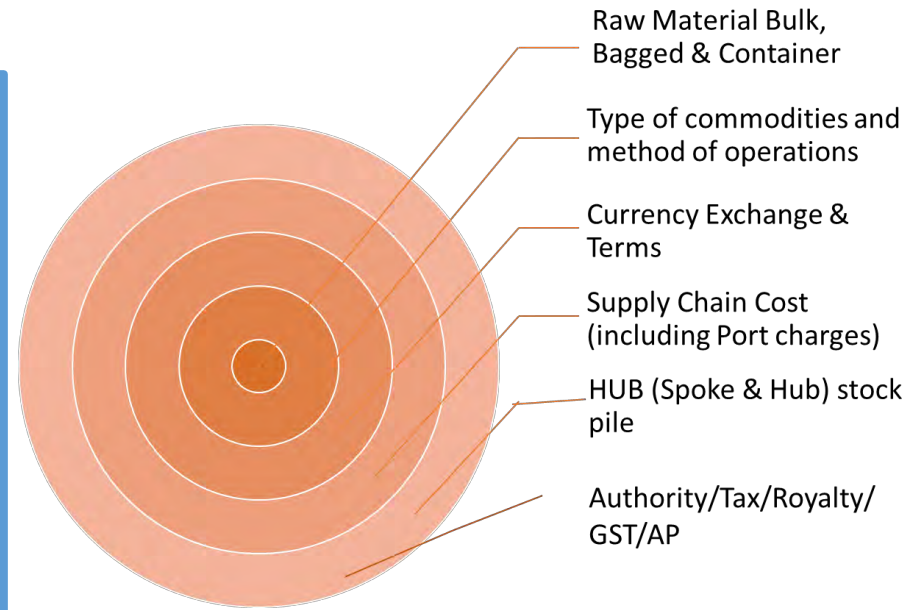
Factors of influences

PORT PRODUCTIVITY

- Port owner and aspirations
- Port capacity & vessel frequencies
- Port efficiencies
- Port facilities
- Port connectivity
- Port Management
- Port authority and services

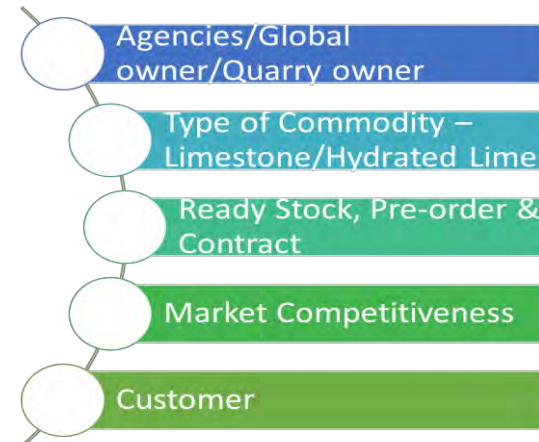
COMMERCIAL CONSIDERATION

- Sales currency
- Demand & Supplies
- Stock Availability
- Port Charges
- Supply Chain Charges
- Door to Door Price
- Authority



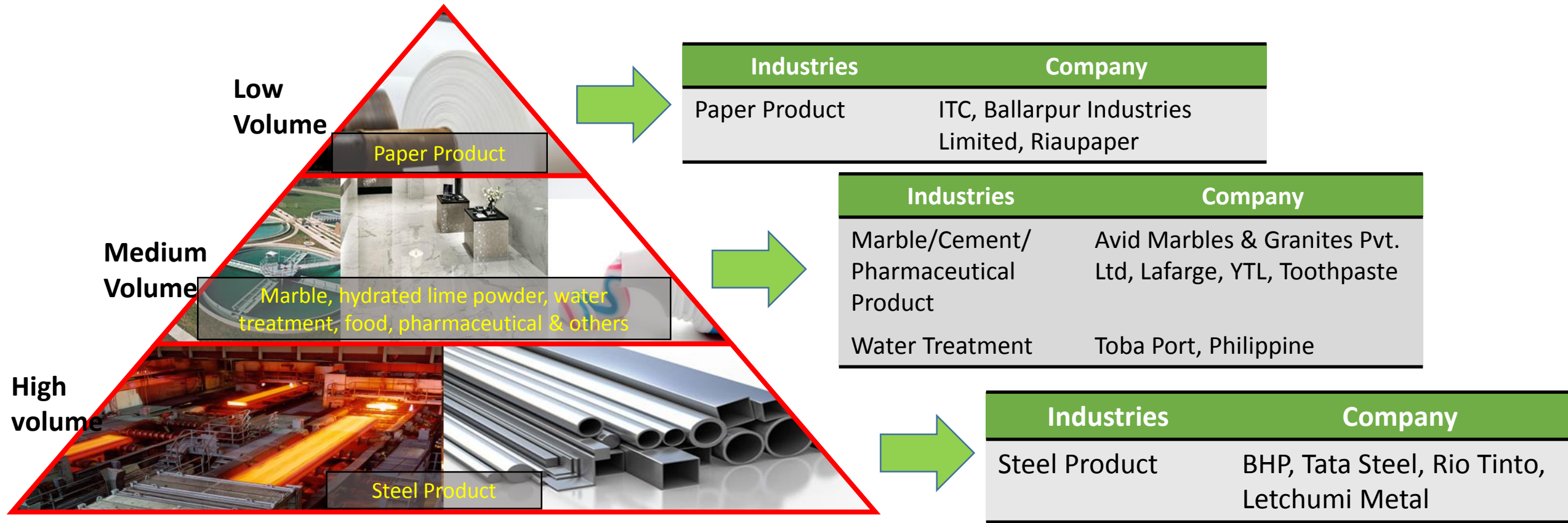
COMPLEXITY RELATIONSHIP

- Business Strategy
- Business Relationship
- Stock Management
- Production Efficiencies
- Demand & Supplies



THE USES OF LIMESTONES?

“Malaysia Reserve stand at 12 Billion Tonne (2016) and estimated to last for the NEXT 45 years at 15% YOY export growth”



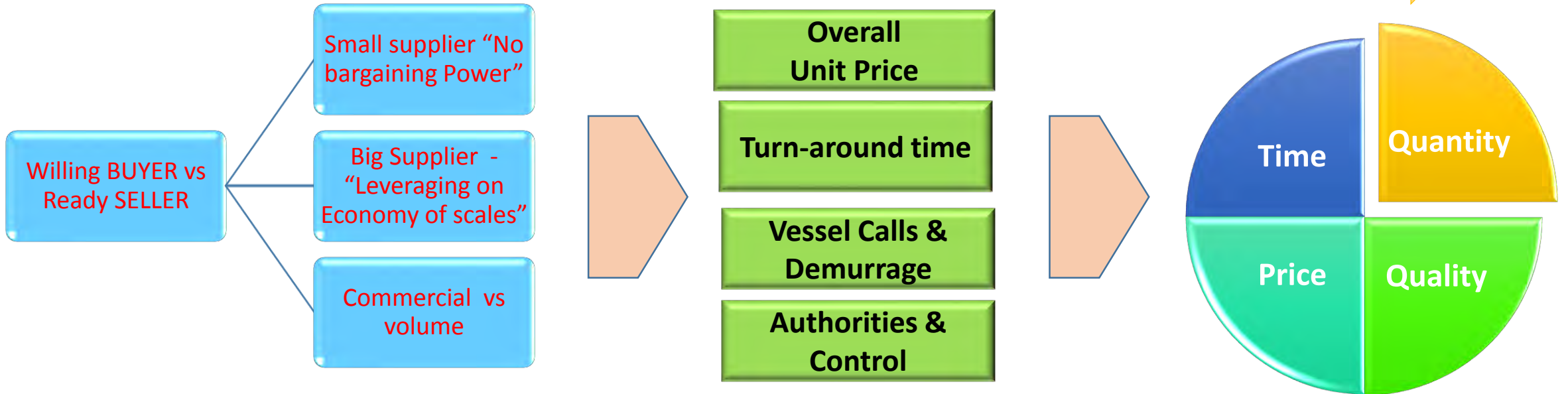
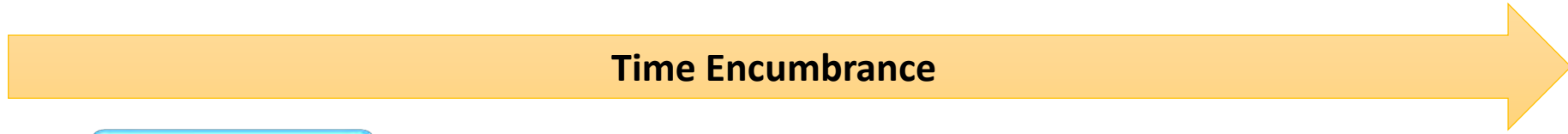
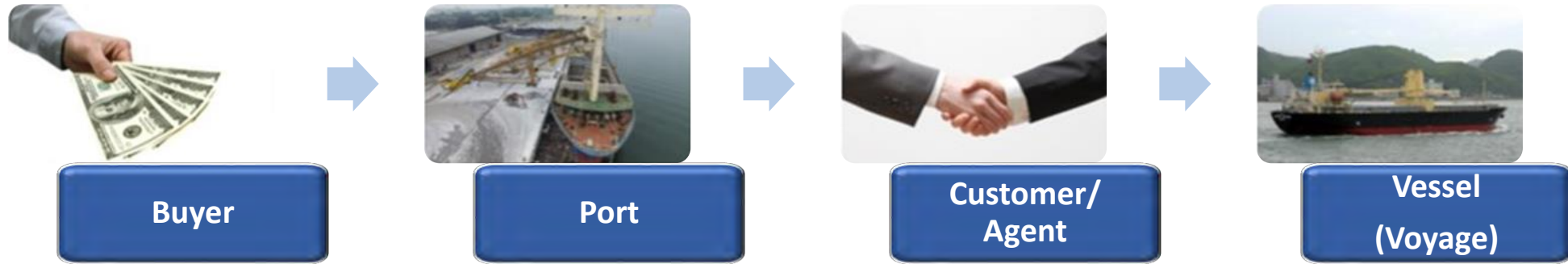
Industries

Limestone is a widely used product

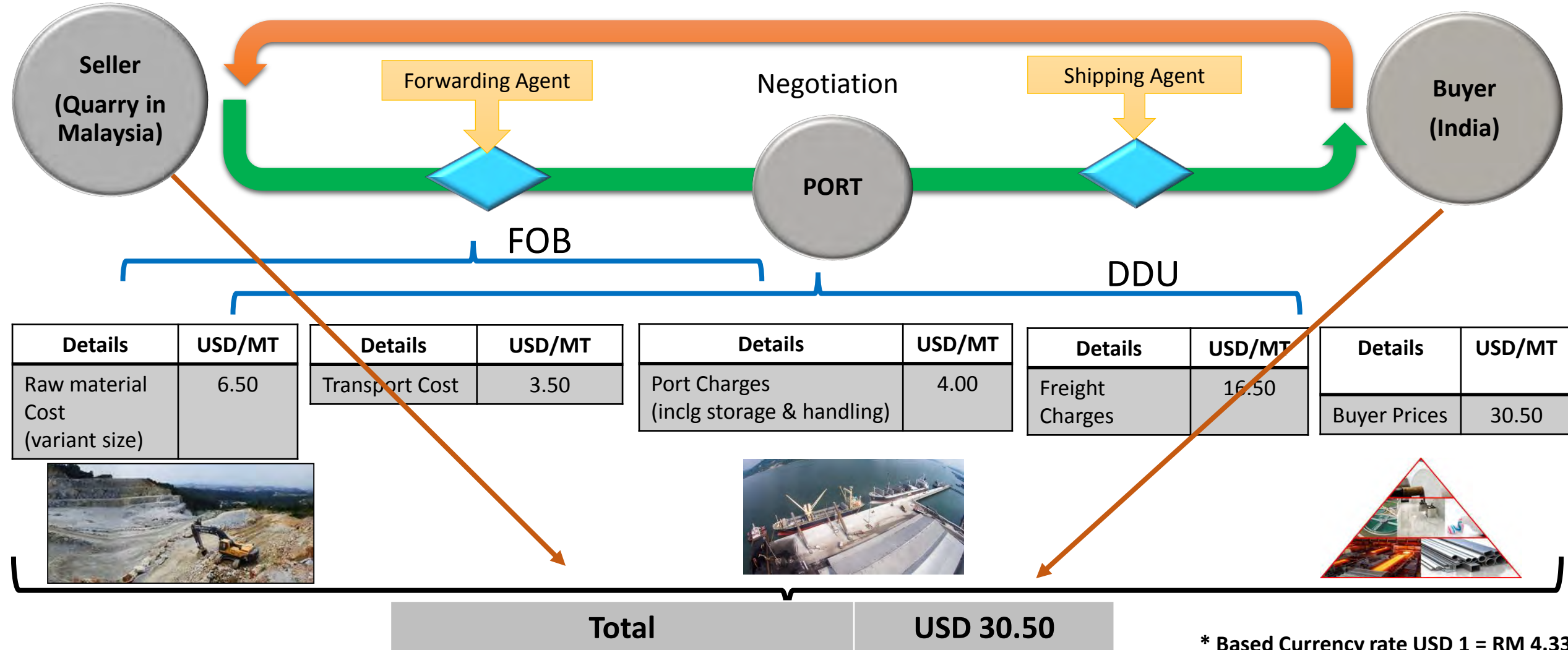
- For gardening, for building a structure, or for cleaning the outside of your home
- Quicklime and Slaked lime sourced from limestone are used to neutralize acidity
- Limestone's amazing glossy appearance when polished, it is a popular decorative building material
- Limestone is also used to purify iron in blast furnaces and used as a material in concrete and mortar

Source: Jabatan Mineral & Galian 2015

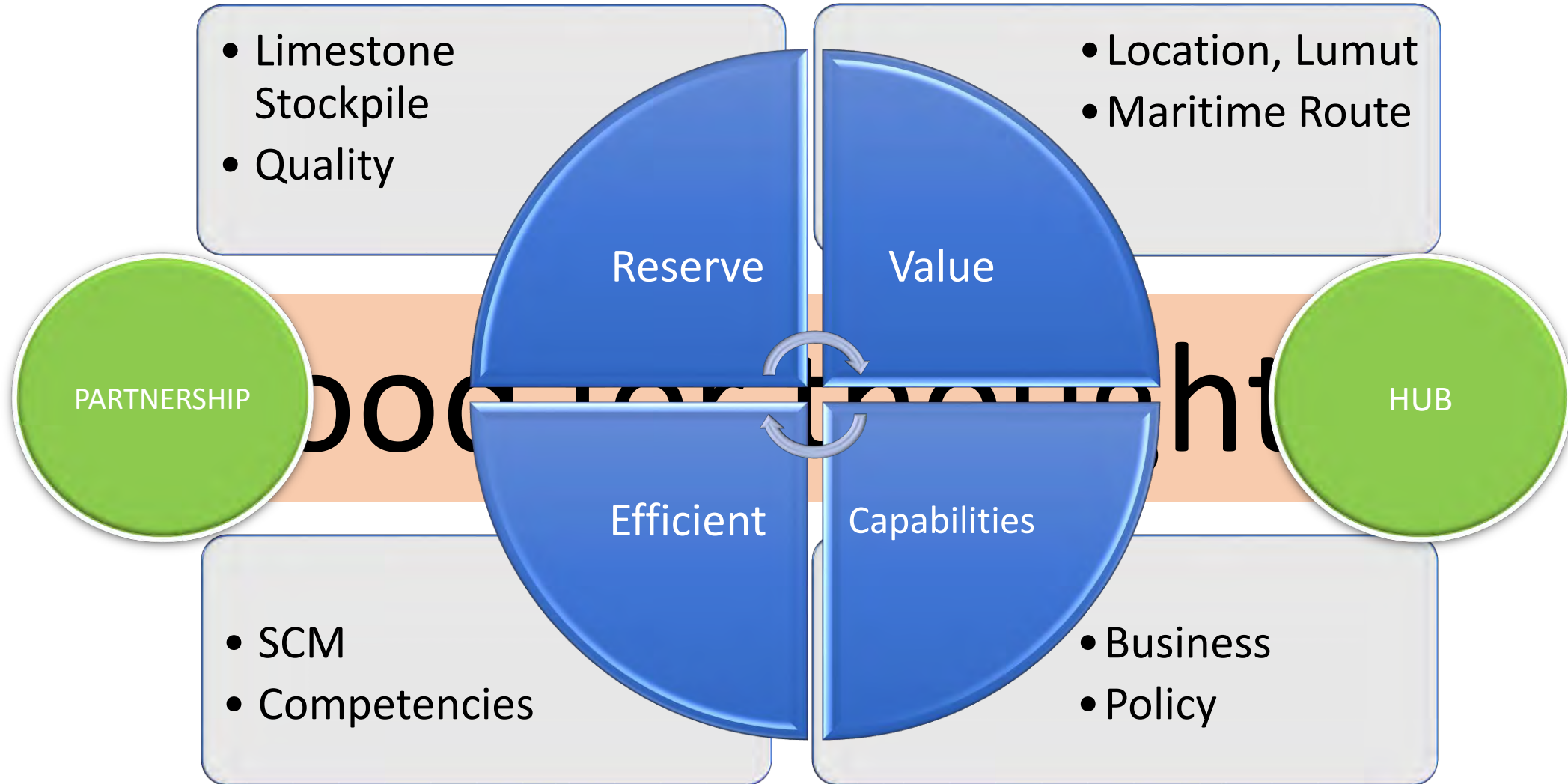
One model CANNOT fit all, The RIGHT MODEL is the RIGHT fit for Ones' purpose



“Is it a myth or business acumen that dictate winning business deal?”



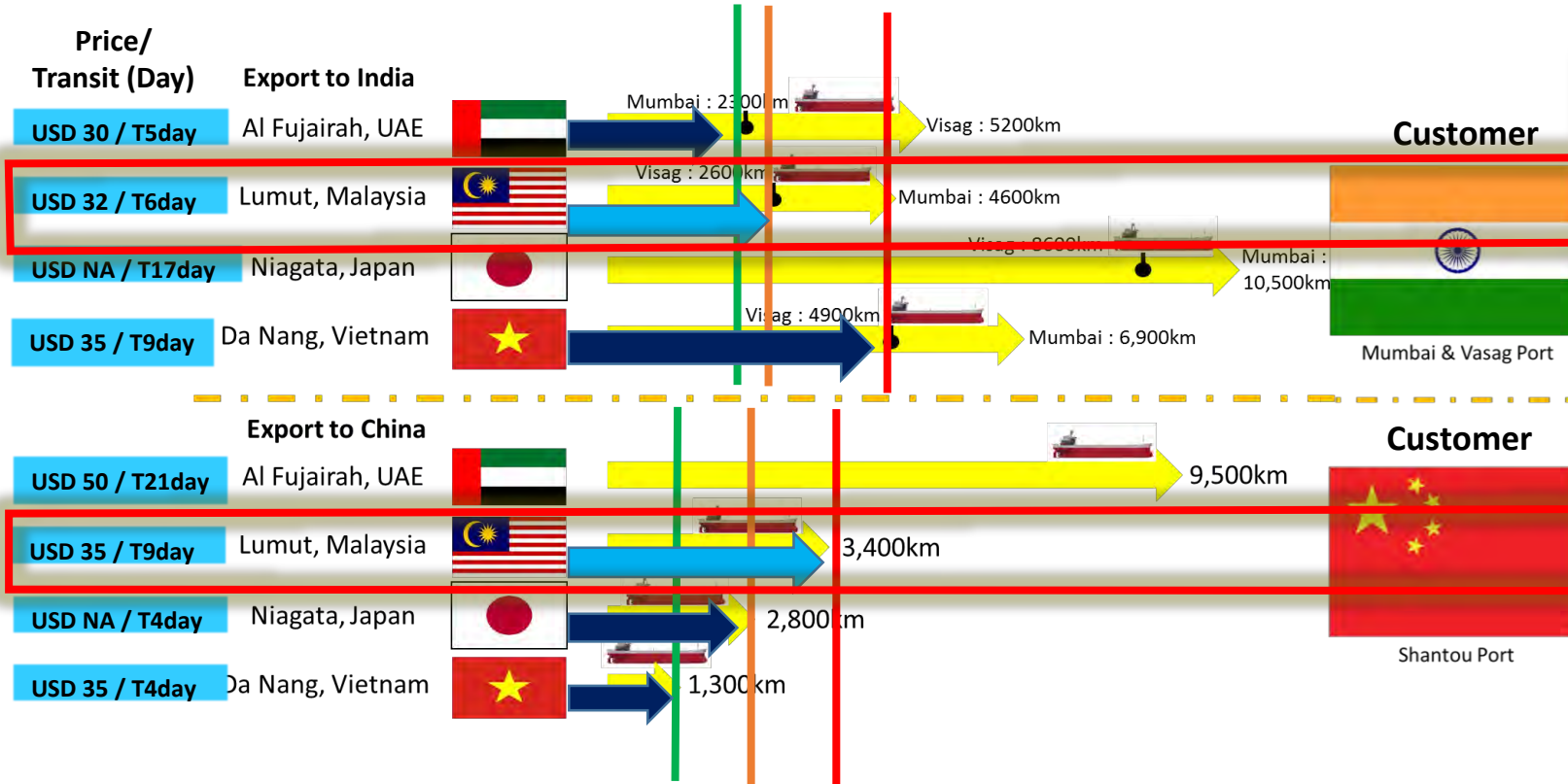
LUMUTPORT'S BULK CARGO BUSINESS MODEL



“No one plans to fail, only fails to plan”

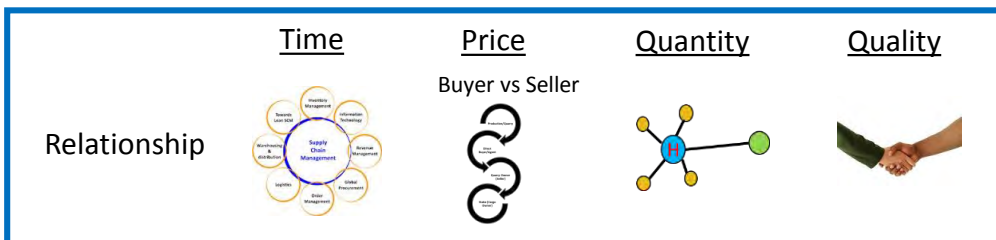
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Supply Chain competitiveness



Competitiveness Enhancement

1	2	3	4	Winning Model
Buyer vs Seller				 USD 29 / T5day
			Buyer vs Seller	 USD 35 / T8day



“Combination of Goods Transit, Competitive Price, Right Quantity & Quality of Product at Customer preferred time is the Winner”

LumutPort believes?

- Dirty Business is our Business
- Sustainability in business growth is our Objective
- Consistency in service reliability and effectiveness is our Answer
- Competitiveness vis-a-vis winning collaboration is our Desire
- Business growth in assuring our customer Satisfaction