

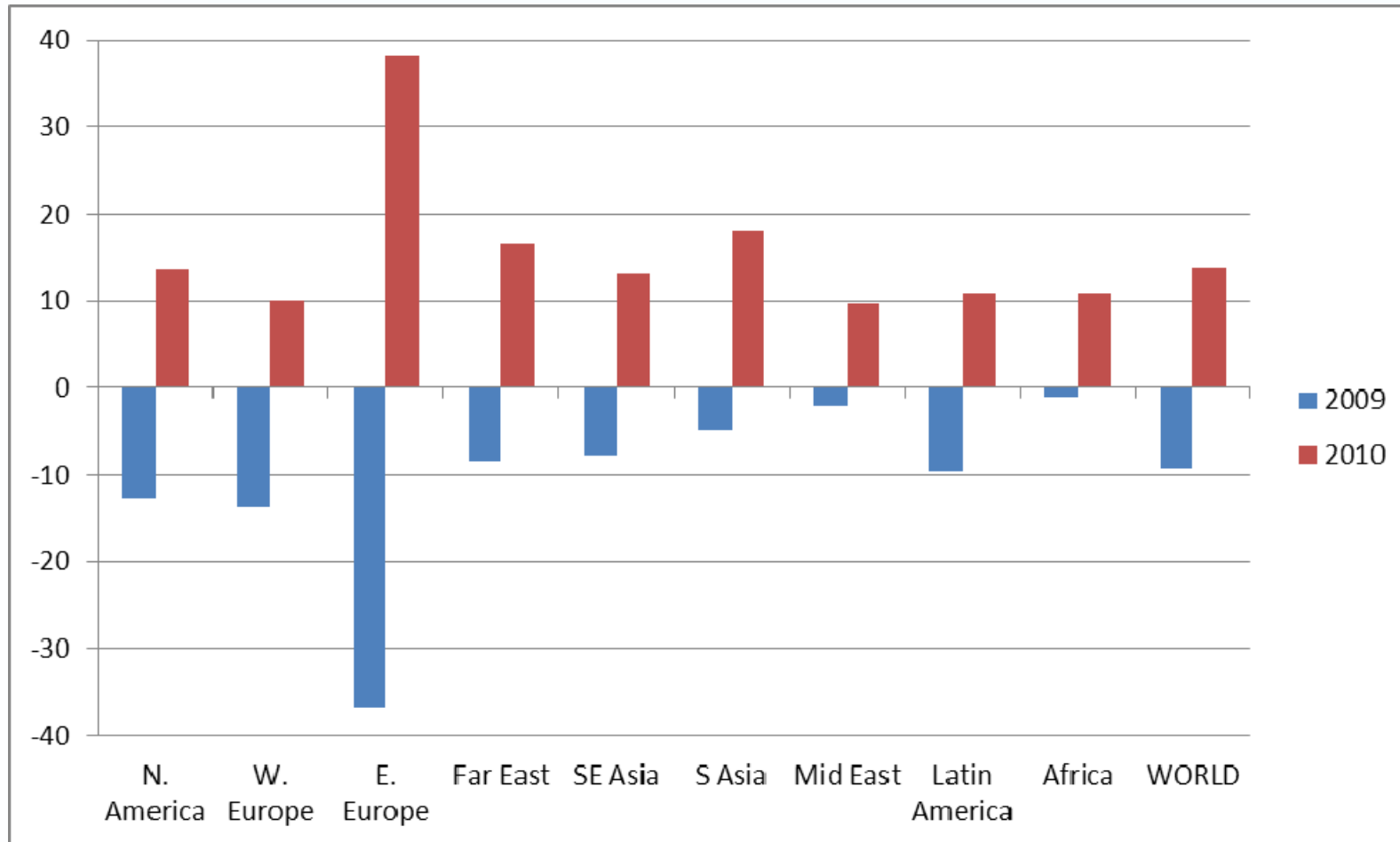
The global container port industry: Renaissance after recession

TOC Europe Conference
Antwerp

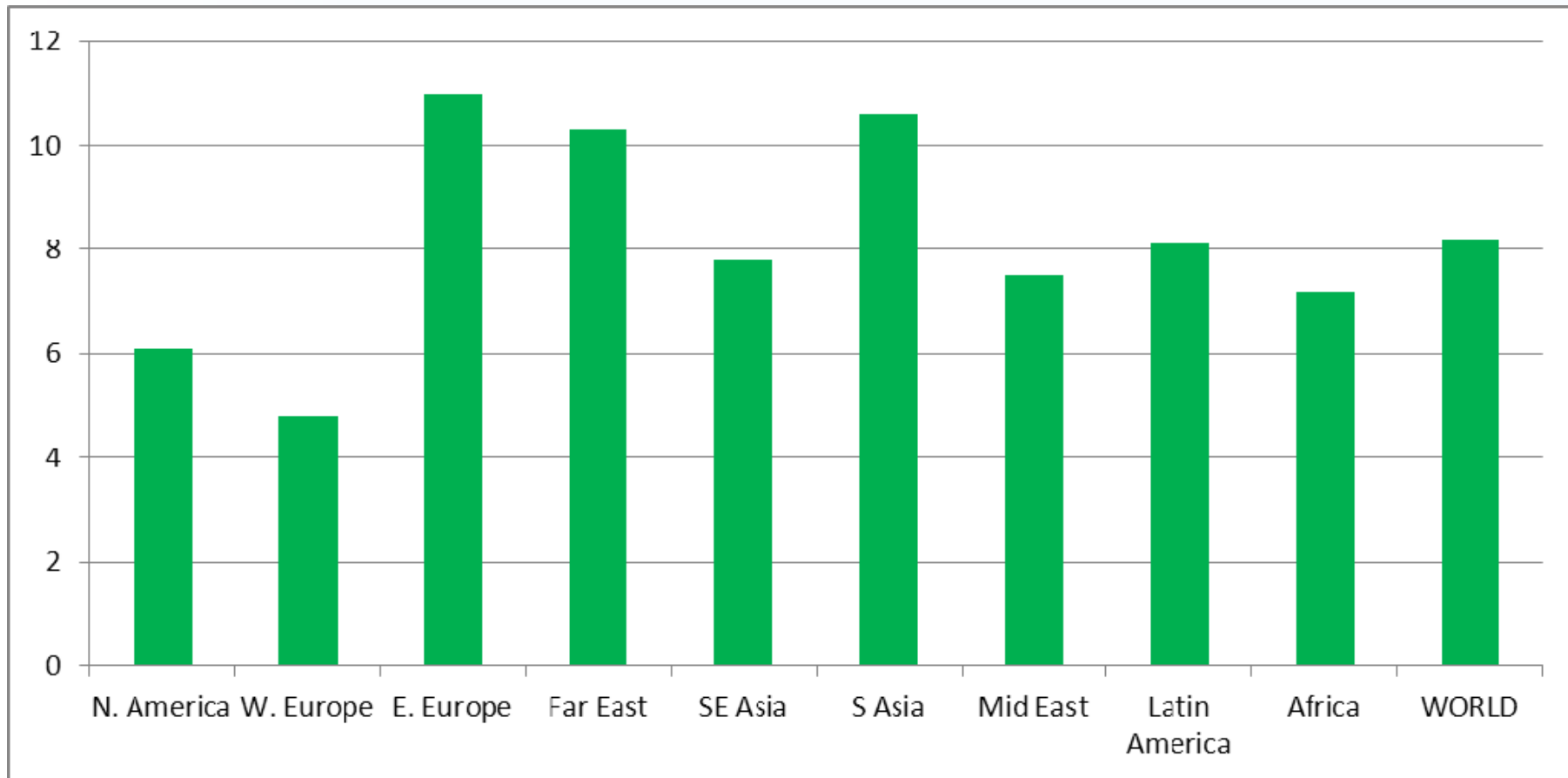


7 June 2011

Container port volume decline/growth by world region 2009 and 2010 (%)



Forecast container port volume growth by world region 2011 (%)

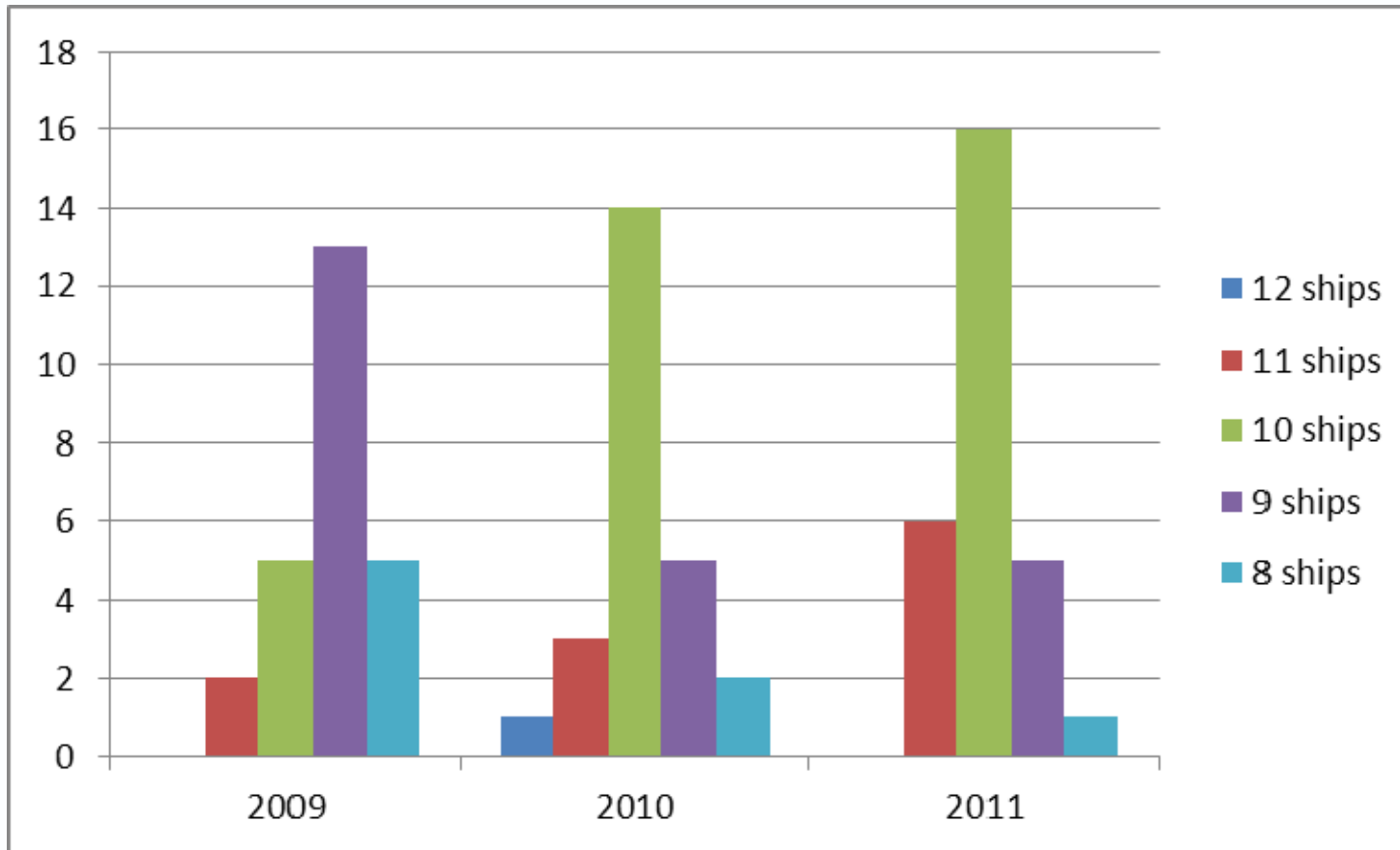


Liner shipping facing challenges (again)

- Vessel order book remains substantial
- Maersk has raised the stakes again with its 18,000 teu vessel order
- Ship capacity plentiful, slow steaming here to stay
- Freight rates are under pressure
- Shortest business cycle the liner industry has ever seen?



Asia – North Europe: Number of weekly strings



Slow steaming still firmly entrenched



M&A/privatisation activity in the port sector reviving

- Dragados - JP Morgan - Noatum
- DPW Australia – Citi Infrastructure Investors bought 75%
- Port of Brisbane - GIP & partners won with A\$2.1bn bid
- TCP Paranagua - Advent taking 50% for rumoured \$420m
- Forth Ports – UK£750m Arcus bid accepted
- Eilat, Israel – Privatisation process under way
- Piraeus and Thessaloniki port companies – Greek government set to sell stakes



M&A/privatisation activity in the port sector reviving

- APM Terminals – Yantian, Poti (Georgia), Santos (BTP), Dunkirk/Mobile share swap with CMA CGM
- ICTSI - Portland (Oregon), Rijeka, offer to acquire Portek
- 50% of NUTEP Novorossiysk sold for US\$115m
- Adani Enterprises – Abbot Point coal terminal (Queensland)
- Port of Gothenburg – Car and short sea RoRo terminal deals done, container terminal process to conclude this year
- Malta Freeport – Sale of minority stake by CMA CGM
- MSC terminals (TIL) – Potential sale of minority stake reported in press



Privatisation potential – not exhausted yet?

Terminal size band (teu throughput)	Total number of terminals	State owned	
		No. of terminals which are state owned *	% of total terminals in size class
Under 100,000	594	307	52%
100-250k	256	62	24%
250-500k	160	34	21%
500k-1 million	126	23	18%
Over 1 million	112	20	18%
Global total	1248	446	36%

* Excludes terminals owned or managed by state owned global operators such as PSA and DP World but includes terminals where the government has majority ownership



What has the recession changed?

- The industry's view on long term growth: volumes may go down (temporarily) as well as up!
- Greater focus on emerging markets by many international operators
- Excessive focus on very short term forecasting
- The valuation of ports and terminals - downwards
- The availability and cost of borrowing
- The removal of short term (and mad!) investors from the ports market



What has the recession not changed?

- Pressure on port capacity (for many world regions)
- The profitability of ports and terminals
- The challenging economics of liner shipping
- The ongoing trend towards ever larger container ships



10 years back, 10 years forwards – small or no change

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Transshipment share	25%	28%	28%?
Empties share	~20%	~20%	~20%
Typical EBITDA margins (terminals)	20-40%	20-40%	20-40%



10 years back, 10 years forwards – big changes

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Largest container ship (teu)	7,060	14,770	20,000+?
Super post-Panamax gantries	20	~900	2,000+?
Market share top 4 terminal operators *	~25%	~48%	?

* *total teu basis*

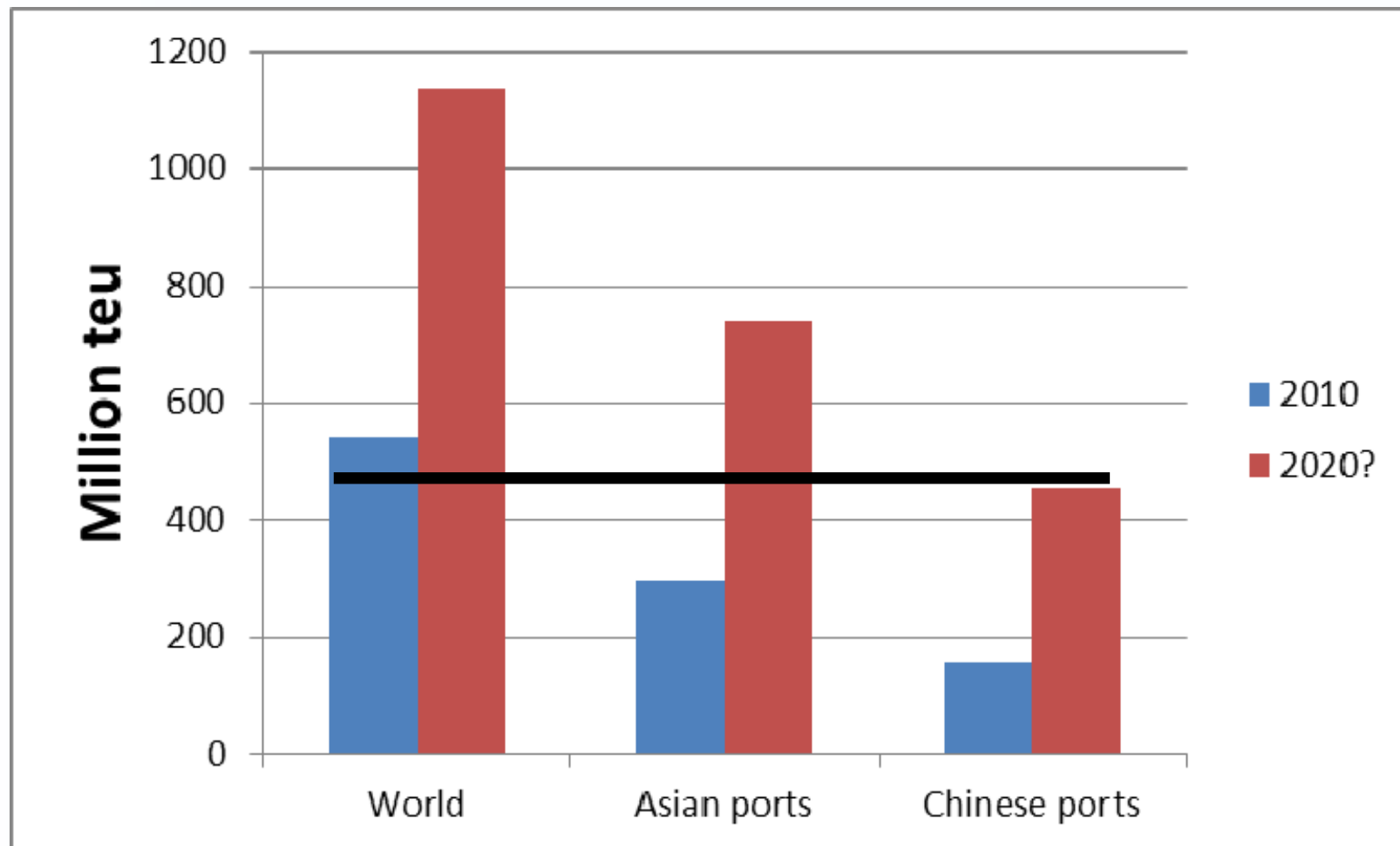


10 years back, 10 years forwards – big changes

	<u>2000</u>	<u>2010</u>	<u>2020</u>
Container share of general cargo mkt	48%	67%	72%
World port teu throughput	237m	542m	1.1bn?
Asian ports' share of world teu	47%	55%	65%+
Chinese ports' share of world teu	16%	29%	40%+



2020 vision.....?





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