



Disruptions in the port industry, how to keep trading

Prof. Dr. Indra Vonck – TOC Rotterdam 2024

“Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks.”

- Warren Buffett

Today's talking points



WHY



WHAT



HOW

Do we keep our ports trading in the face of disruption

Ports are key to global wellbeing

1400-1700s tradehubs were used as **literal lifeline for the city** and basis for military might



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Until the 1800s state owned enterprises were used as **extensions of the state foreign policy**, focused on wealth generation



The first industrial revolution led to a **boom in productivity and industry** in the port areas increasing the importance for employment and welfare



The world wars showcased the **importance of sea bound assets in defense of critical supply chains**

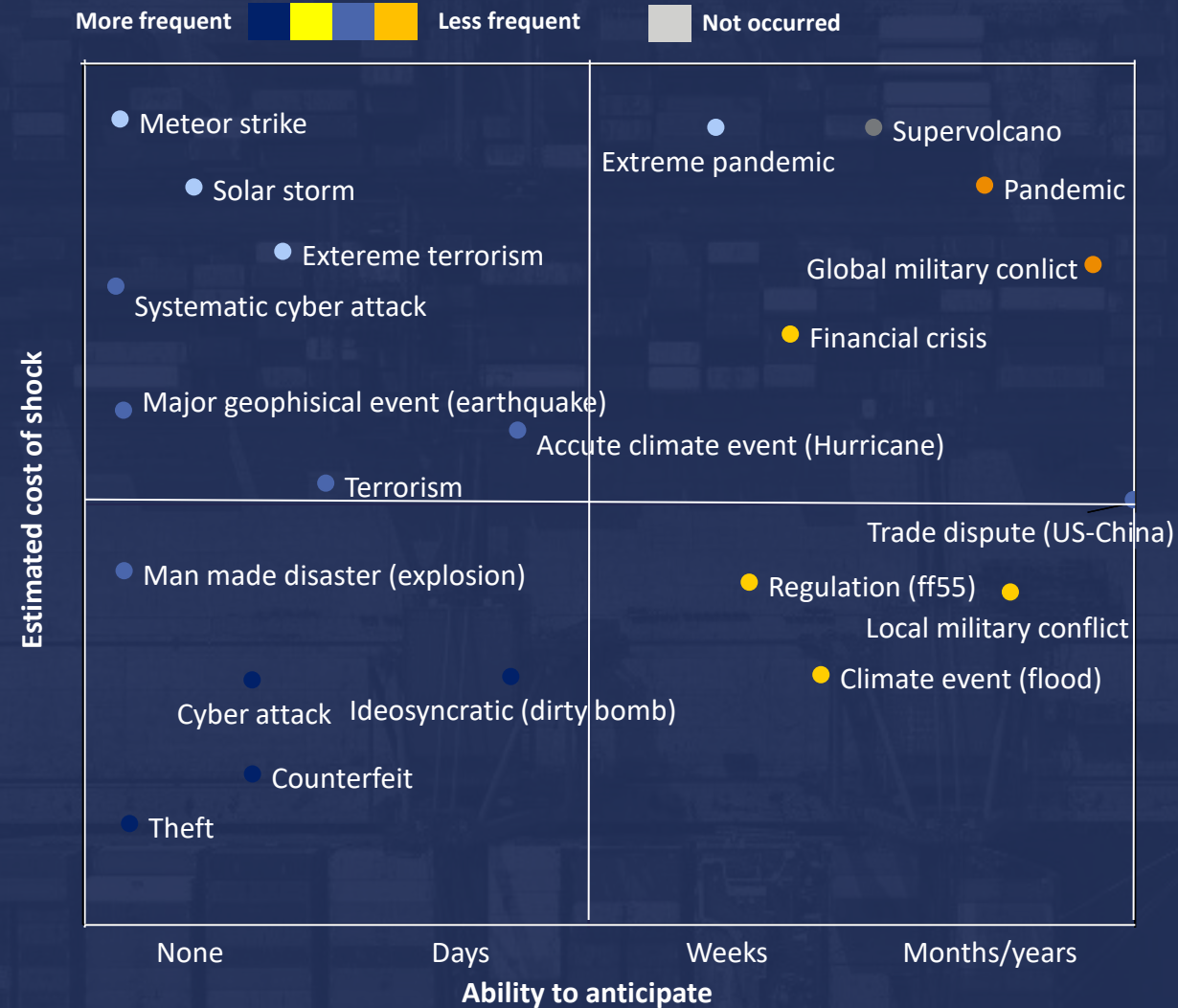


Disruptions in ports, how to keep trading

Modern globalization triggered the renewal of **usage of State-owned enterprises** and globe spanning operations

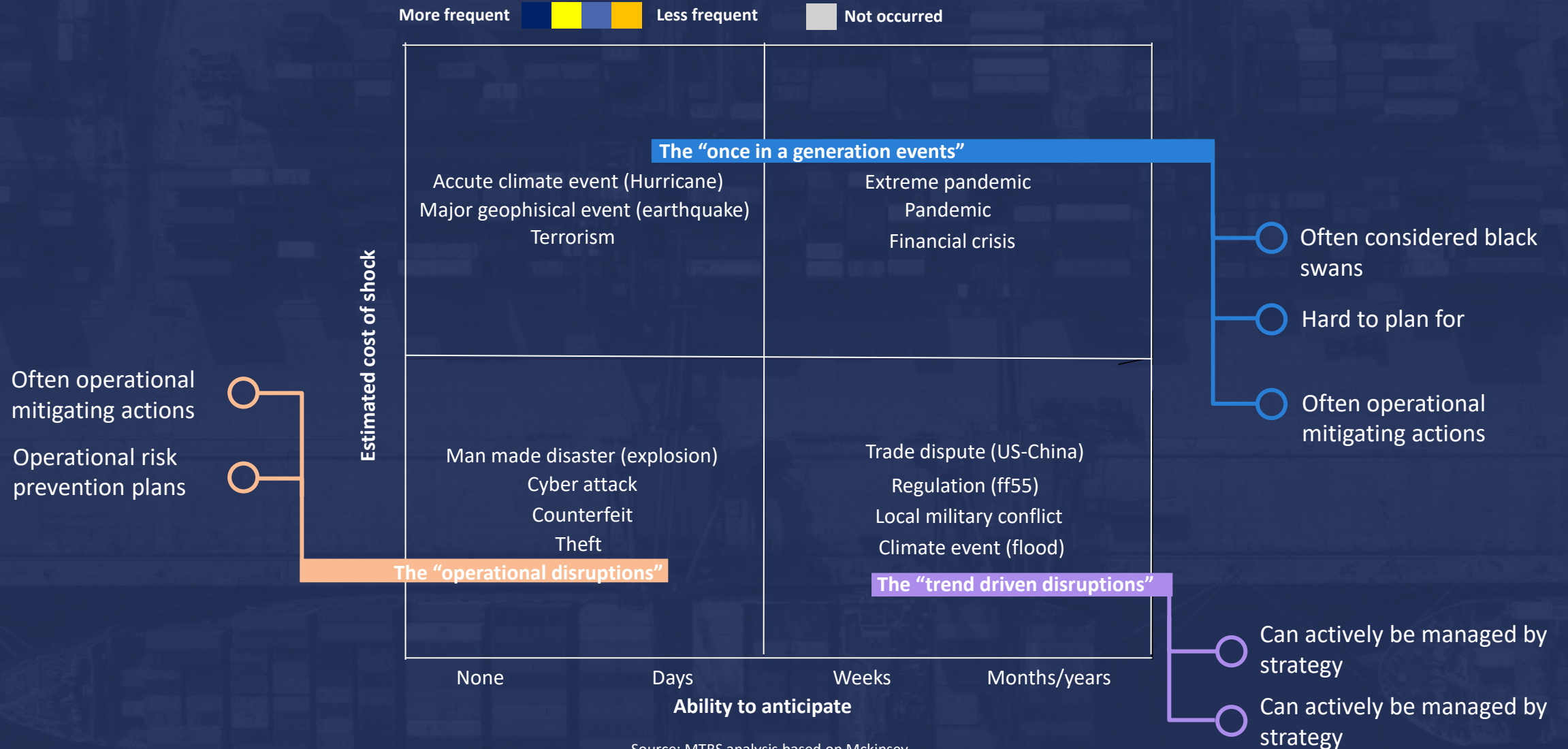


UNFORTUNATELY MANY TYPES OF DISRUPTIONS ARE POSSIBLE IN THE FUTURE



Source: MTBS analysis based on Mckinsey

SOME OF WHICH ARE CURRENTLY ONGOING OR RECENTLY HAPPENED



Source: MTBS analysis based on Mckinsey

THE “TREND DRIVEN DISRUPTIONS”...

MACRO DEVELOPMENTS AFFECTING PORTS



DEMOGRAPHIC

- High population growth in emerging economies
- Lower productivity in other markets due to aging workforce



GEO-POLITICAL

- Increased geo-political tensions and instability
- Shifting trade patterns



TECHNOLOGICAL

- Accelerated technological innovations
- Decreased cost of technology implementation



ENVIRONMENTAL

- Accelerated green investments
- Increased demand for green products and services

GLOBAL PORT INDUSTRY TRENDS

1

SHIFTING GROWTH & CARGO PATTERNS

2

GROWING STRATEGIC IMPORTANCE OF PORTS

3

CHANGES IN AVAILABILITY & EXPECTATIONS OF CAPITAL

4

INCREASED VERTICAL AND HORIZONTAL INTEGRATION

5

INCREASED PRESSURE ON OPERATIONAL EFFICIENCY

6

INCREASED FOCUS ON SUSTAINABILITY

7

INCREASED EXPENSES OF RESILIENCE

8

INCREASED NUMBER OF POTENTIAL ACTIVITIES

...RUN IN TO TYPICAL PORT RELATED “CHALLENGES”

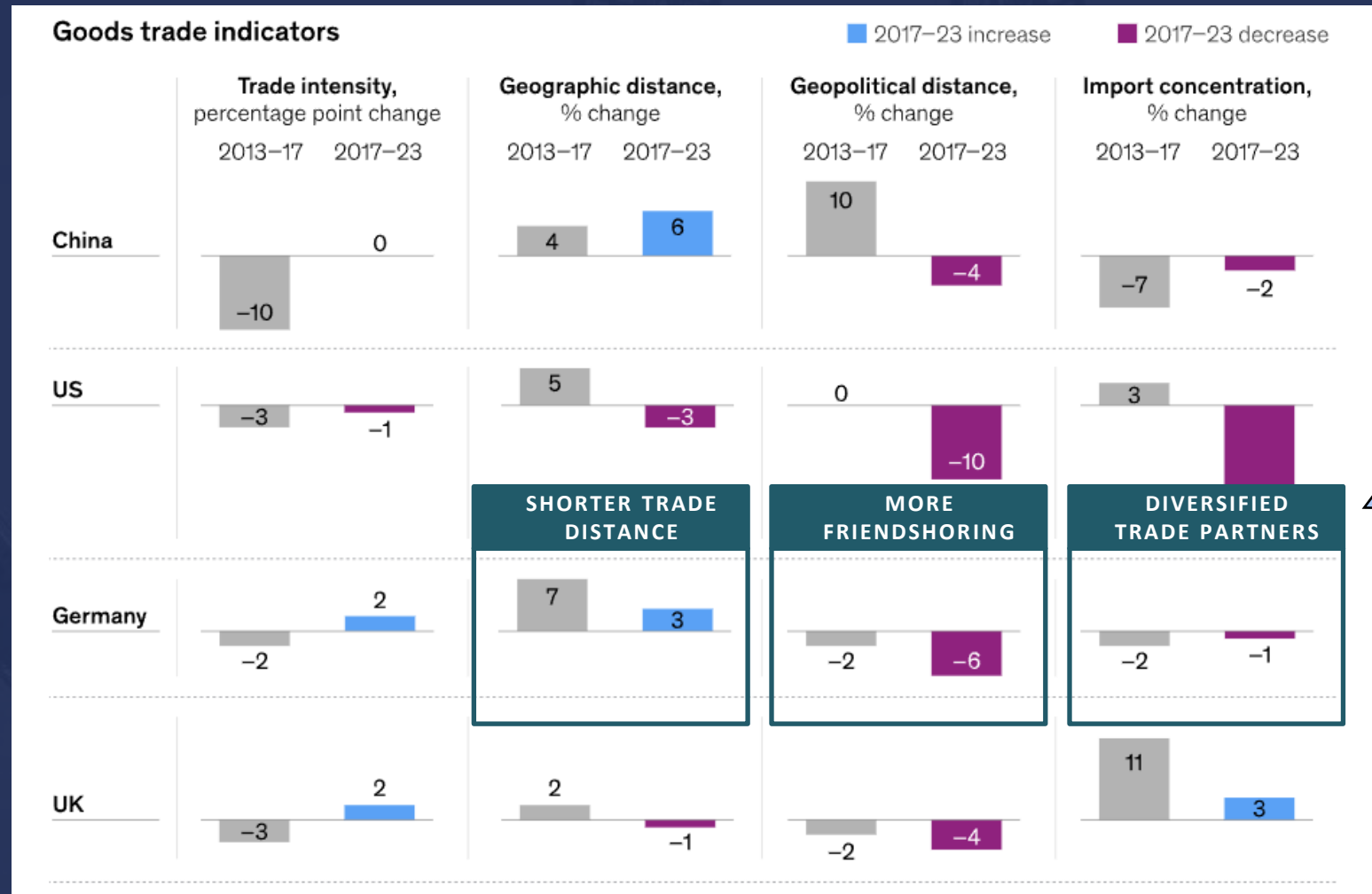
Effect of trend
on challenge



TYPICAL PORT CHALLENGES

	STRONG INTERCONNECTEDNESS	RIDGED PPP STRUCTURES	PRESSURE ON REVENUE AND COST	FINANCING CONSTRAINTS
1 SHIFTING GROWTH & CARGO PATTERNS				
2 GROWING STRATEGIC IMPORTANCE OF PORTS				
3 CHANGES IN AVAILABILITY & EXPECTATIONS OF CAPITAL				
4 INCREASED VERTICAL AND HORIZONTAL INTEGRATION				
5 INCREASED PRESSURE ON OPERATIONAL EFFICIENCY				
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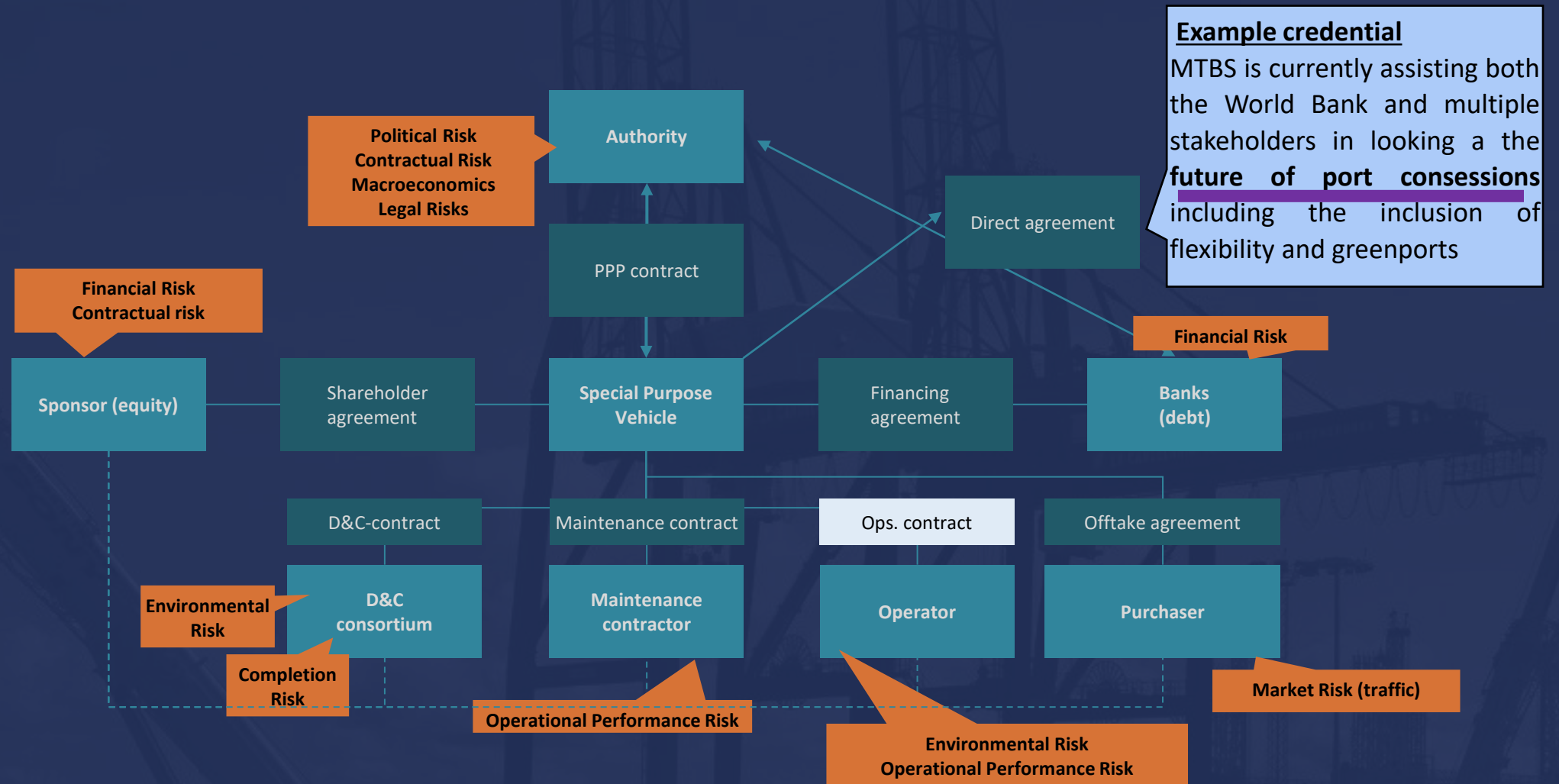
STRONG INTERCONNECTEDNESS → ACTIVE DECOUPLING



Example credential

MTBS is helping multiple players in the market to find investment opportunities closer to the European main hubs thanks to its in depth **market reports and buy side advisory services**

RIDGED PPP STRUCTURES -> NEXT GENERATION CONTRACTING

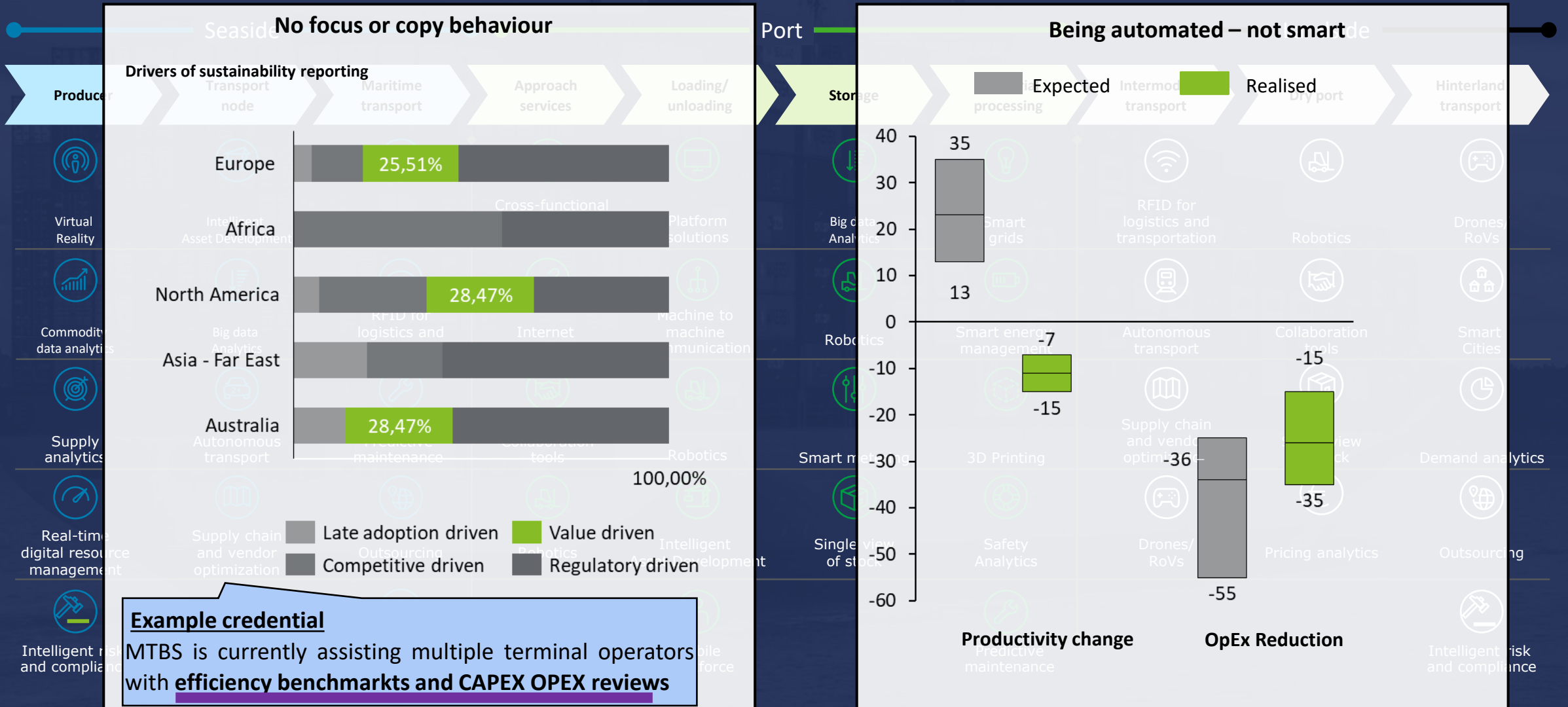


PRESSURE ON REVENUE AND COST → OPEX AND CAPEX IMPROVEMENTS



Note: Non exhaustive Source: Deloitte port advisory

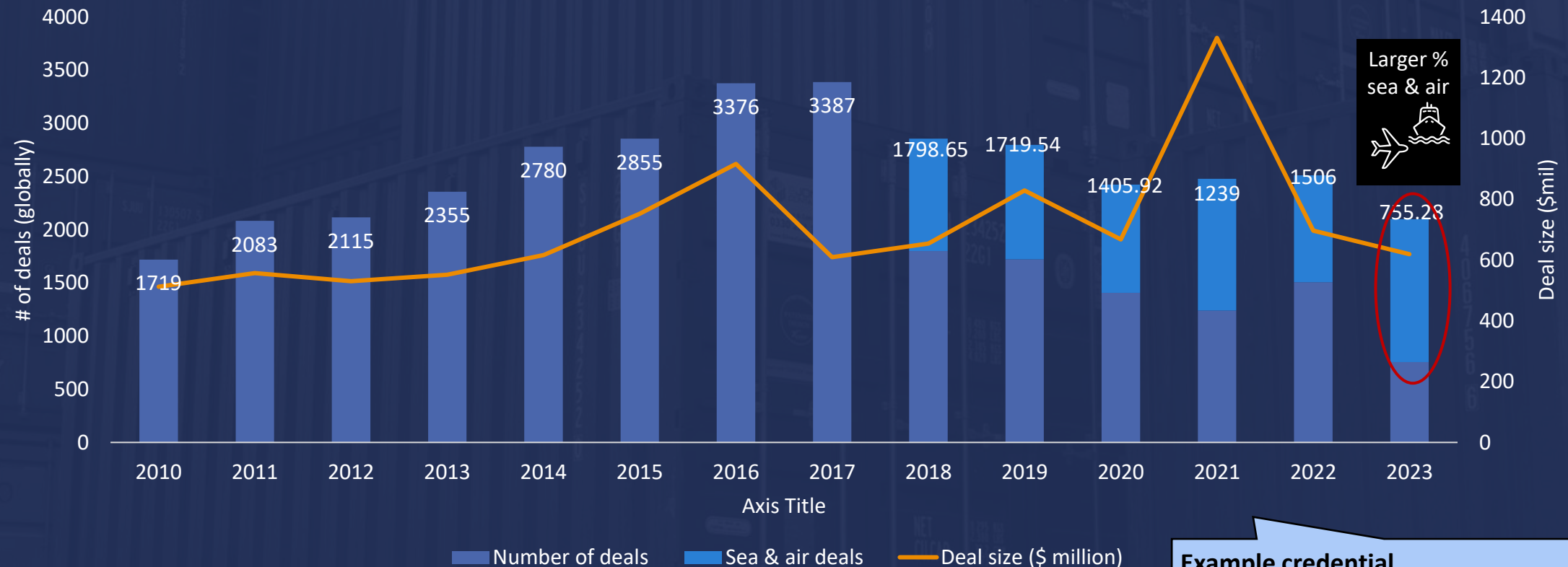
PRESSURE ON REVENUE AND COST → OPEX AND CAPEX IMPROVEMENTS



Note: Non exhaustive source: Deloitte port advisory

FINANCING CONSTRAINTS → MNA ACTIVITIES

Infrastructure global deals, # and \$



Example credential

MTBS advised and advises a multitude of owners on **MnA buy and sellside transactions**

SO WHAT IS NEXT?

1. **The world can't do without its ports** - for critical infrastructure, gateways to the global economy, hotspots for industrial activity and hub for energy transition
2. **Despite many disruptions the port industry remains afloat** – with the exception of COVID no major throughput drops have been witnessed and where one port may have declined due to disruption another took up the slack
3. **The port sector will need to prepare for continued troubled waters** – even assuming a steady growth and a stabilization in monetary policy the costs for preparing the port and shipping industry for increased sustainability and resilience remain extremely high
4. **Port authorities and operators will need to adapt to overcome the inherent industrial challenges**– traditional methods are often not sufficient to counter the more dynamic environment in which the port industry is currently operating

MTBS

MTBS is the global market leader in ports and terminals, including logistics centers, inland ports, free zones, export processing zones, inland waterways, and related transport industry companies and stakeholders. MTBS expertise: Port strategy, Business consultancy, Financial advisory & transaction services, PPP advisory services.



Prof dr. Indra Vonck

Indra is partner at MTBS, he has a PHD in Maritime economics (specialisation resilience in seaports, dealing with economies of change) from the university of Antwerp and Solvay Business School Brussels and is tenured professor at the University of Brussels where he teaches on European economics and integration.

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