



Lines and terminals: developments and implications

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Maritime Advisors

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Rigorous analysis – Practical advice

Types of global terminal operating company

There are three principal types of global terminal operating companies: specialist stevedores, operators affiliated with container shipping lines and hybrids

Key characteristics of global stevedores, carriers and hybrids (2021)



Global Carriers' Terminal Operations

Global Stevedores' Terminal Operations

- Prime focus: Terminal operation
- Terminals run as: Profit centres
- Greater efficiency aimed for by implementing common systems across the terminal network to improve productivity
- Extensive terminal networks spread investment risk

Global Hybrids' Terminal Operations

- Prime focus: Main activity is liner shipping, but terminals form a separate business unit
- Additional focus: Terminal operation
- Terminals run as: More as profit centres than cost centres, although the degree varies
- Extensive terminal networks support shipping activities but also provide an additional business stream

Global Carriers' Terminal Operations

- Prime focus: Container shipping
- Terminals run as: Cost centres
- Greater efficiency is gained by integrating the terminal with the wider shipping service network
- Extensive terminal networks support shipping activities and strategy

Why lines invest in terminals

- 01 Create and control capacity in key hubs and gateways
- 02 Control of liner network costs
- 03 Integrated service to customers
- 04 Power in alliances
- 05 Returns on investment



Key characteristics of ports markets

Port markets are generally inherently stable: different and attractive to lines

Essential trade infrastructure

Levered exposure to GDP

Regulated asset with high capital costs – barriers to entry

Stable long term cashflows

Inflation linked earnings

Market demand inelastic to price

Market concentration

Operating costs variable – flexibility to manage cost during downturn

How they do it

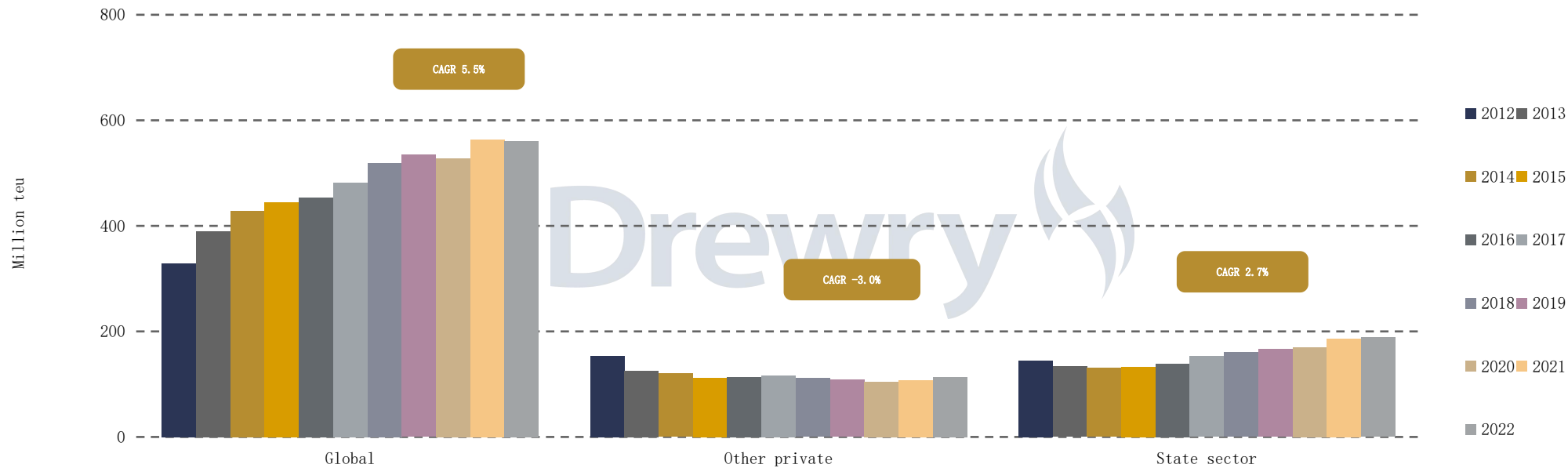
APMT, CSP and Hapag-Lloyd have emerged and developed in some different ways. All now increasingly focused on synergies with the shipping line.



- APMT, TIL, CMA Terminals / Terminal Link, Cosco Shipping Ports are handling a mix of in-house and 3rd party cargo. Larger terminals in larger ports will be more “dedicated” than small-mid sized assets
- H-L strategy has been M&A led buying established operators with necessary operational expertise
- CMA Terminals has also a side-line strategy of buying super-small operators in ports served by CMA CGM (e.g. in Indian Ocean territories, Caribbean, West Africa)
- Hutchison has diluted ownership in several terminals to partner with shipping lines both in respect of existing terminals (eg. Evergreen in Rotterdam) and also greenfield projects in Egypt
- PSA has followed partnership route in Singapore and at other strategic hubs, while typically “goes it alone” at smaller terminals
- Adani has followed similar strategy in Mundra – noting similarities of Singapore and Mundra where PSA and Adani are holding different organisational / control position in these specific ports compared to a more usual landlord port authority port

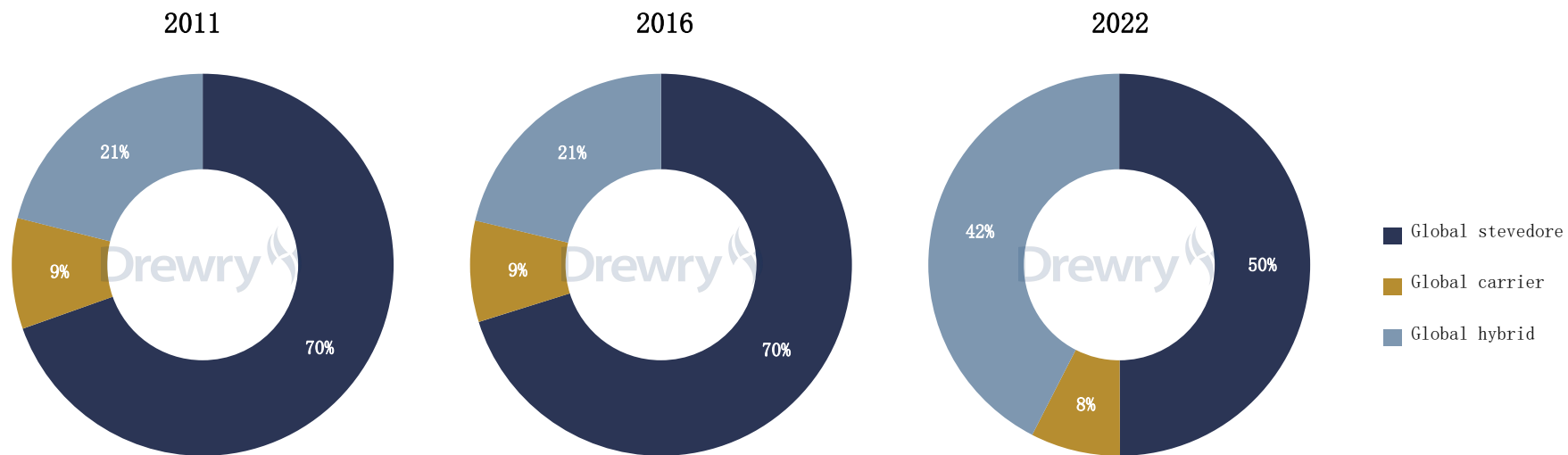
Terminal ownership trends

Global terminal operators are growing faster and taking share from the state sector and other private operators.



Terminal ownership trends

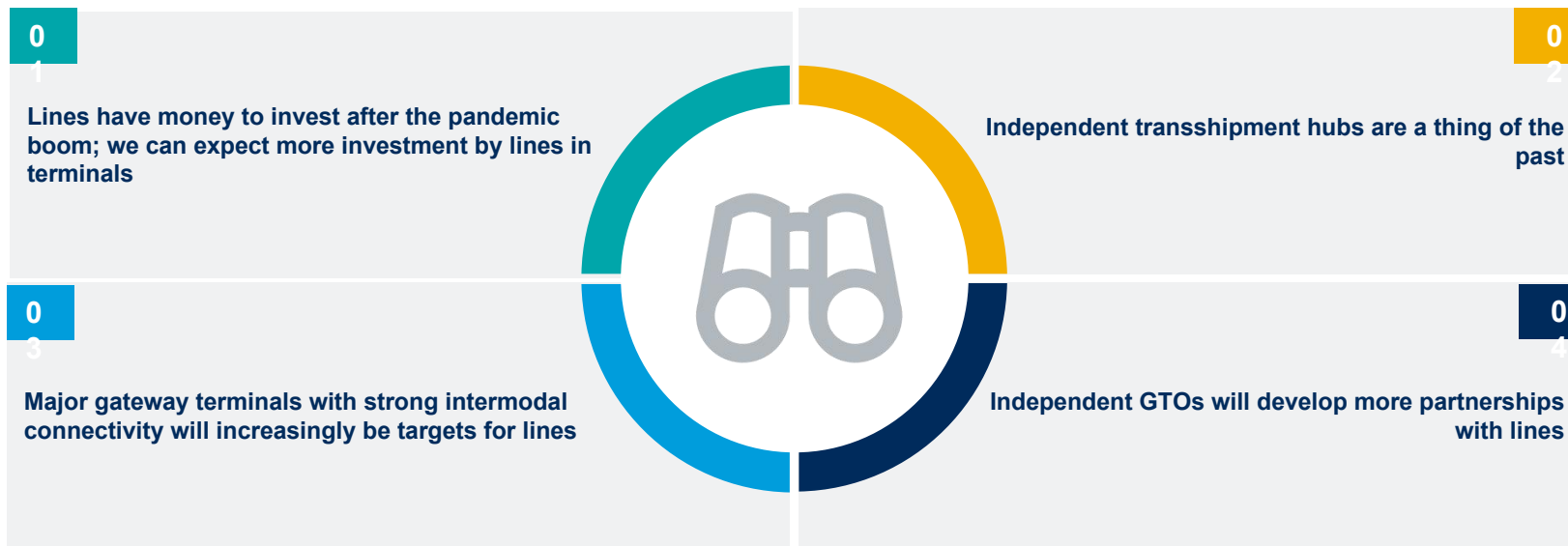
Global hybrid terminal operators have increased share dramatically at the expense of global stevedores. Carriers' share was static.



Note: some double counting occurs due to JVs between GTOs.

Implications

Lines will increase involvement in terminals. Independent GTOs will increase partnerships





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