

European container ports

Financial performance

May 2011

Worldwide port and operator overview

Overview

- ▶ Global container terminal throughput saw a strong rebound in 2010 with 560 million TEU (2009: 473 million TEU)
 - ? profit growth in the terminal industry in 2010 partially tracked the rebound in the liner industry
- ▶ Four global terminal operators have emerged as industry leaders:
 - ? PSA, Hutchison, APM terminals and DP World (combined market share of 47% in 2009)
- ▶ Whilst terminal profitability is inherently more stable than liner profitability, the economic crisis highlighted the sensitivity of stevedoring businesses to weakness in container volumes

Global operators' throughput TEU (m)

Owner	2009 TEU (m)	%	2008 TEU (m)	%
Hutchison	64	14%	68	13%
AP Moeller	57	12%	64	12%
PSA	55	12%	60	11%
DP World	45	10%	46	9%
COSCO	33	7%	32	6%
MSC	16	4%	16	3%
Eurogate	12	3%	13	3%
Evergreen	9	2%	10	2%
SSA Marine	8	2%	7	1%
CMA-CGM	7	2%	7	1%
Hanjin	6	1%	6	1%
NYK Line	5	1%	6	1%
HHLA	5	1%	7	1%
Dragados	5	1%	6	1%
APL	5	1%	5	1%
K Line	4	1%	3	1%
OOCL	4	1%	4	1%
Yang Ming	4	1%	2	0%
ICTSI	4	1%	4	1%
MOL	3	1%	3	1%
Grup TCB	3	1%	3	1%
Hyundai	1	0%	1	0%
Other	119	25%	156	28%
Total	473	100%	530	100%

Sources: Containerisation International Yearbook 2010, Dewey Global Container Terminal Operators – 2010, Company websites

Top 30 ports by TEU (m)

Rank	Port	Country	2008 TEU	2007 TEU	YOY %
1	Singapore	Singapore	30	28	7.1%
2	Shanghai	China	28	26	7.0%
3	Hong Kong	China	24	24	2.1%
4	Shenzhen	China	21	21	1.5%
5	Busan	Korea	13	13	1.4%
6	Dubai	UAE	12	11	11.0%
7	Ningbo	China	11	9	19.9%
8	Guangzhou	China	11	9	19.6%
9	Rotterdam	Netherlands	11	11	0.1%
10	Qingdao	China	10	9	9.1%
11	Hamburg	Germany	10	10	(1.5%)
12	Kaohsiung	Taiwan	10	10	(5.7%)
13	Antwerp	Belgium	9	8	6.0%
14	Tianjin	China	9	7	19.7%
15	Port Klang	Malaysia	8	7	12.0%
16	Los Angeles	USA	8	8	(6.0%)
17	Long Beach	USA	6	7	(11.3%)
18	Tanjung Pelepas	Malaysia	6	6	1.8%
19	Bremerhaven	Germany	6	5	12.4%
20	New York	USA	5	5	(0.6%)
21	Laem Chabang	Thailand	5	5	10.6%
22	Xiamen	China	5	5	8.8%
23	Dalian	China	5	4	18.1%
24	Tokyo	Japan	4	4	0.8%
25	Tanjung Priok	Indonesia	4	4	6.4%
26	Jawaharlal Nehru	India	4	4	(2.6%)
27	Colombo	Sri Lanka	4	3	9.0%
28	Valencia	Spain	4	3	18.4%
29	Yokohama	Japan	3	3	1.6%
30	Gliata Tauro	Italy	3	3	0.7%

Worldwide port operators

	HPH	APM TERMINALS	PSA	DP WORLD																																																																																																																
Country	Hong Kong	Denmark	Singapore	United Arab Emirates																																																																																																																
Mcap / Ownership	Subsidiary of Hutchison Whampoa Limited, the Hong Kong listed conglomerate ⁽¹⁾	Subsidiary of A.P. Moller - Maersk Group	Owned by Singapore based SWF Temasek	\$10.9bn (listed on NASDAQ Dubai)																																																																																																																
Overview⁽²⁾	<ul style="list-style-type: none"> Terminals: 51 Countries: 25 Berths: 306 	<ul style="list-style-type: none"> Terminals: 54 Countries: 34 	<ul style="list-style-type: none"> Terminals: 26 Countries: 16 	<ul style="list-style-type: none"> Terminals: 49 Countries: 31 																																																																																																																
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Sources: Drewry Global Container Terminal Operators - 2010, Company websites, Thomson Reuters
 Note:
 1. PSA holds a 20% stake in Hutchison
 2. Not all terminals are 100% owned
 3. FX: Calculated in \$ using annual average exchange rates

European port operators

Port terminals included in analysis

- Abra Terminales Maritimas
- Alcantara Sul Container Terminal
- APM Terminal
- BCT Container Terminal
- Cagliari International Container Terminal
- CHZ Terminal
- Container Terminal
- Container Terminal Altenwerder
- Leixoes Container Terminal
- Medcenter Container Terminal
- Molo Bausan
- Molo VII Container Terminal
- MSC Home Terminal
- Noordzee Terminal
- North Sea Terminal
- Northfleet Hope Terminal
- Petrolsport Container
- Rauma stevedoring
- Salerno Container Terminal
- Southampton Container Terminal
- Southern European Container Hub Terminal
- Taranto Container Terminal
- TDT
- Terminal Catalunya
- Terminal Intermodale Venezia
- Valencia Public Container Terminal
- Voltri Terminal

European Container Terminals with 2009 throughput > 200,000 TEUs



European container ports

Many of the global players have operations within Europe. This presentation reviews that market in more granularity

- ▶ We have focussed our analysis on financial data, sourced from Orbis, and operational data, sourced from Drewry
- ▶ We have reviewed 27 port terminals for which 2009 financial and operational data were available
 - ? 12 in Northern Europe
 - ? 15 in Southern Europe
- ▶ These range in size from 138,000 – 4,500,000 TEUs (2009)
 - ? total 25,582,000 TEUs
 - ? total revenue \$2,465m
 - ? total EBITDA \$616m
 - ? total capital employed \$3,044m
 - ? total 8,890 employees
- ▶ We have analysed the data from the terminals to try to understand the key drivers of financial performance and the key points of difference

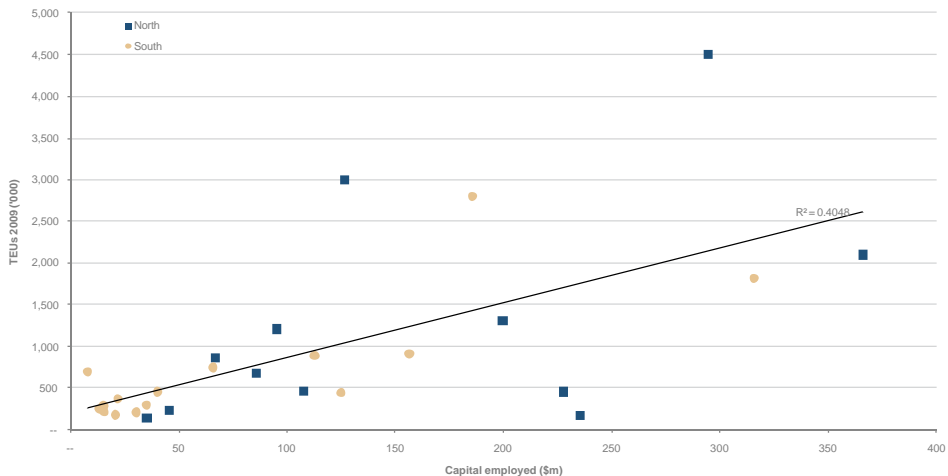
Total sample	North	South	Total	Total sample average	Global top 4 operators	
TEUs ('000)	15,066	10,516	25,582	TEUs per terminal('000)	947	
Revenue (m)	1,442	1,023	2,465	Revenue per TEU (\$'000)	128	
EBITDA (m)	444	173	616	EBITDA margin	19%	
Capital employed (m)	1,885	1,159	3,044	ROCE	9%	
Employees	4,453	4,437	8,890	Employees per TEU ('000)	0.7	
					TEUs per terminal ('000)	1,240
					Revenue per TEU (\$'000)	68
					EBITDA margin	37%

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TEU v Capital employed

Unsurprisingly, the more invested ports move the highest numbers of TEUs

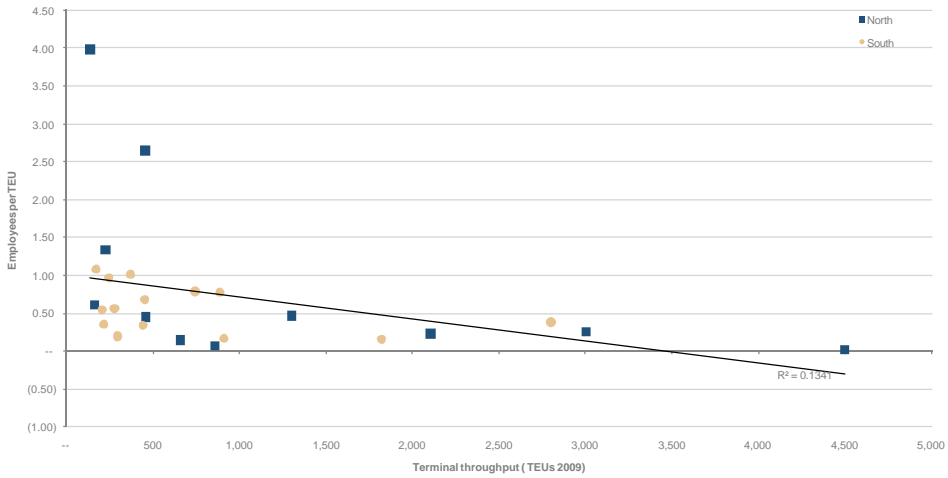


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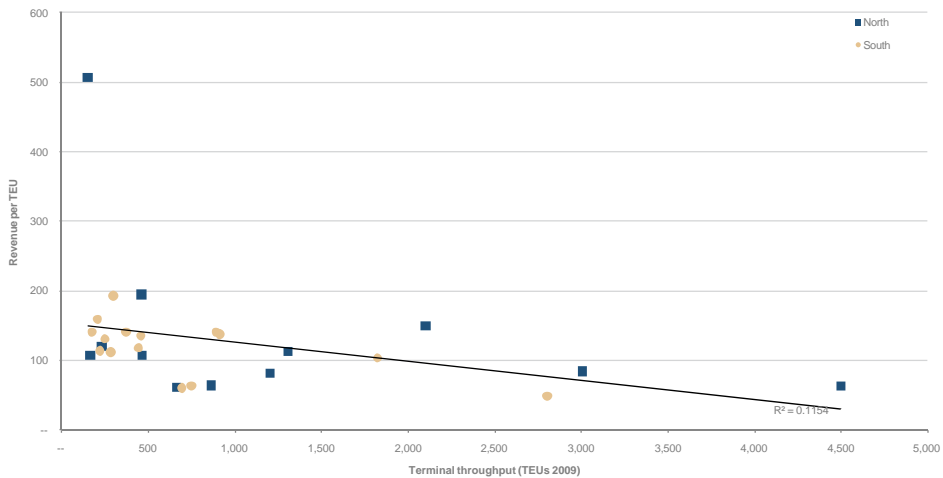
Employees per TEU v TEU

Smaller ports tend to require more employees per TEU



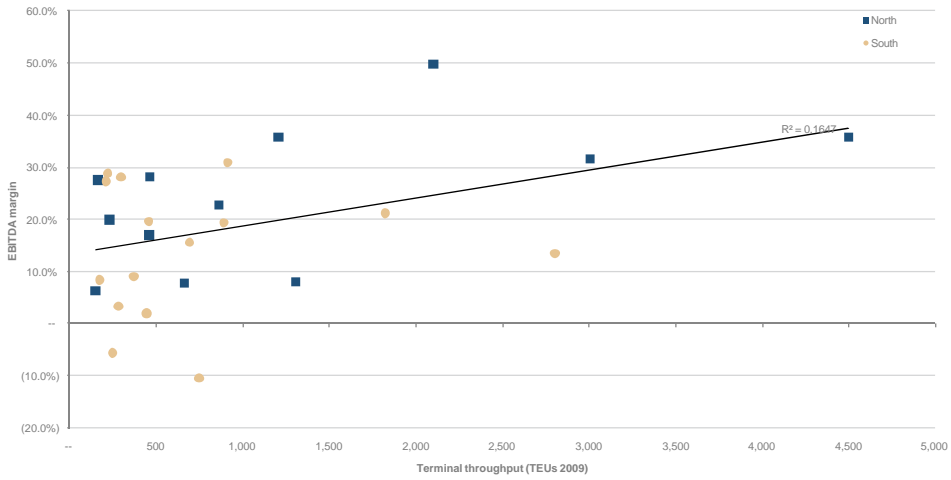
Revenue per TEU v TEU

Larger ports charge their customers less per TEU



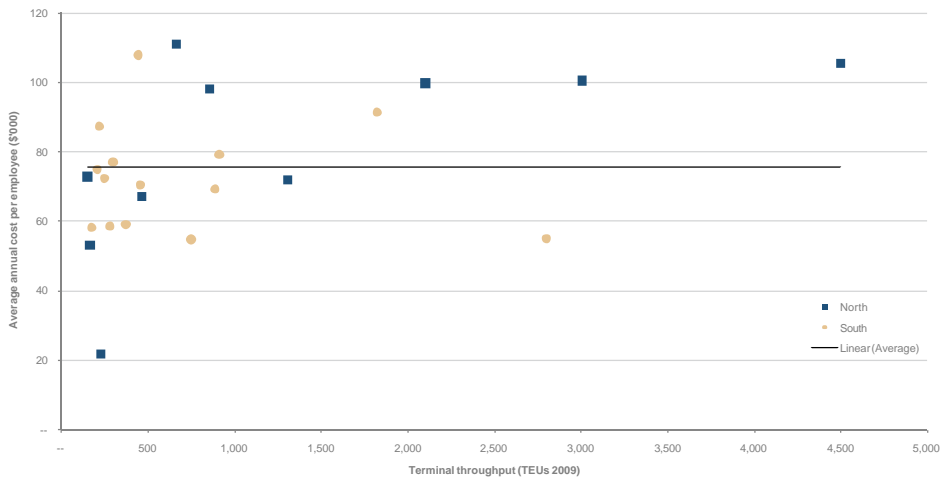
EBITDA margin v TEU

But there is poor correlation between size and profitability



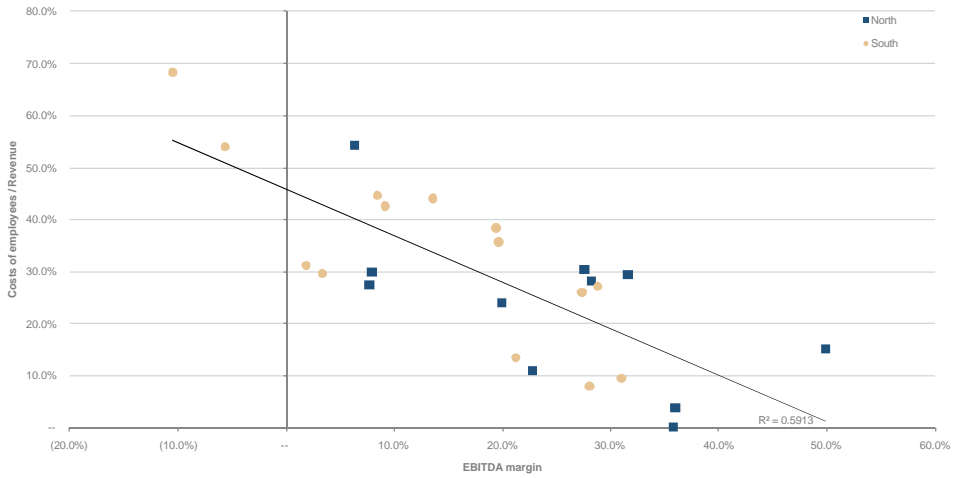
Average cost of employee

There is a large variability in employee costs



Employee costs as proportion of revenue v EBITDA margin

Clear correlation between spend on employee costs and margin

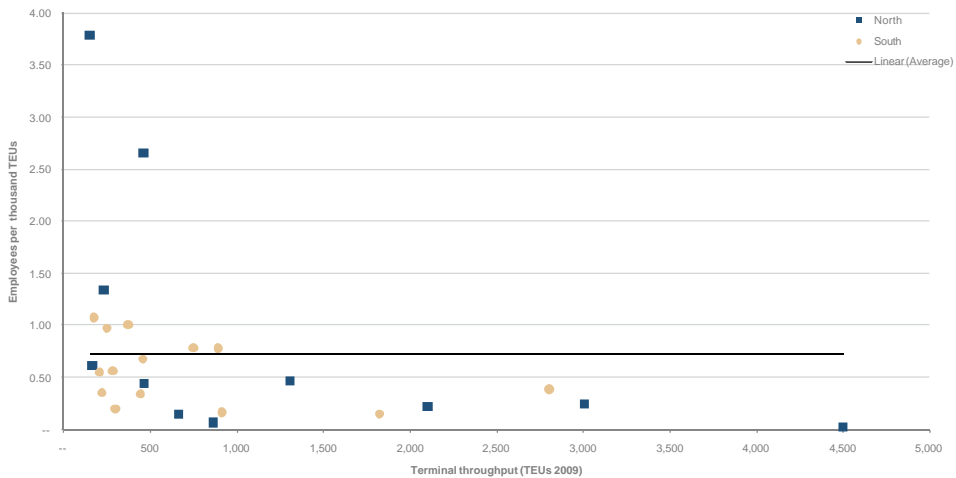


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Employees per TEU

There is a large variability in employees per TEU

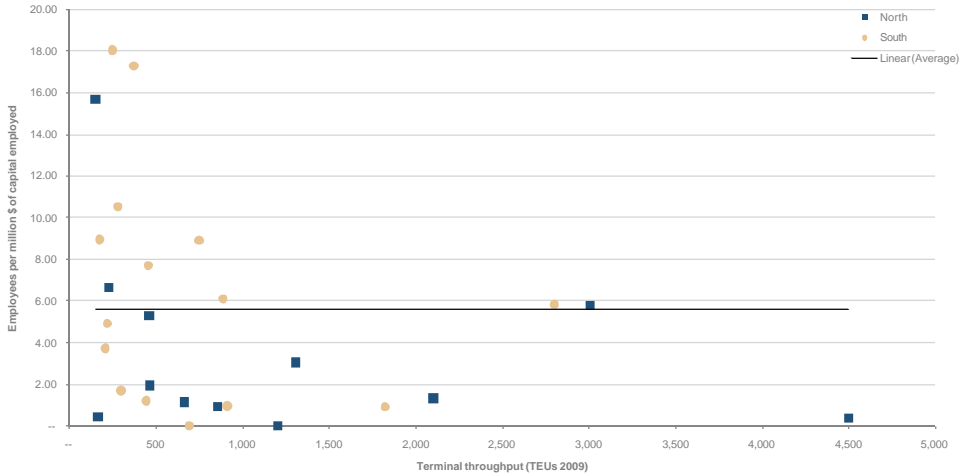


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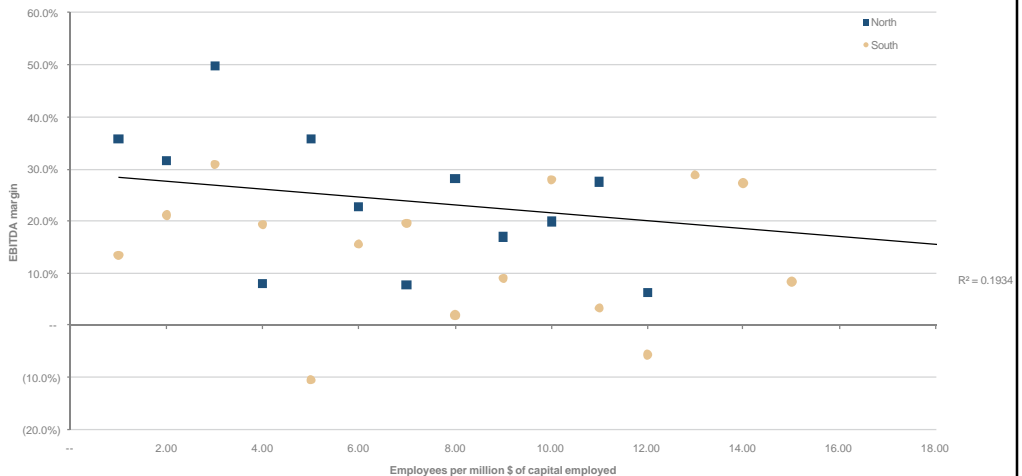
Employees per unit of capital employed

There is a large variability in employees per unit of capital employed



EBITDA margin v Employees per unit of capital employed

Ports with more capital and less employees are generally the most profitable



League tables

ROCE	Terminal	Operator
51.5%	Cagliari International Container Terminal	Eurogate
46.0%	North Sea Terminal	Eurogate
31.5%	Leixoes Container Terminal	Tertir
31.5%	Container Terminal Altenwerder	HHLA
25.8%	Terminal Intermodale Venezia	Hill Group
EBITDA margin	Terminal	Operator
49.9%	Container Terminal Altenwerder	HHLA
35.9%	MSC Home Terminal	PSA
35.8%	Noordzee Terminal	PSA
31.6%	North Sea Terminal	Eurogate
31.0%	Terminal Catalunya	Hutchison / Mestre
Costs of employees / Revenue	Terminal	Operator
4.0%	MSC Home Terminal	PSA
8.0%	Leixoes Container Terminal	Tertir
9.6%	Terminal Catalunya	Hutchison / Mestre
10.9%	CHZ Terminal	PSA
13.5%	Valencia Public Container Terminal	Maritima Valencia SA

Dan Clague
 Email: dan.clague@hawkpoint.com
 Tel: +44 20 7665 4512