Trends affecting investment appetite in the port sector

Martin Poulsen
VP, APM Terminals

ESPO
10 May 2012

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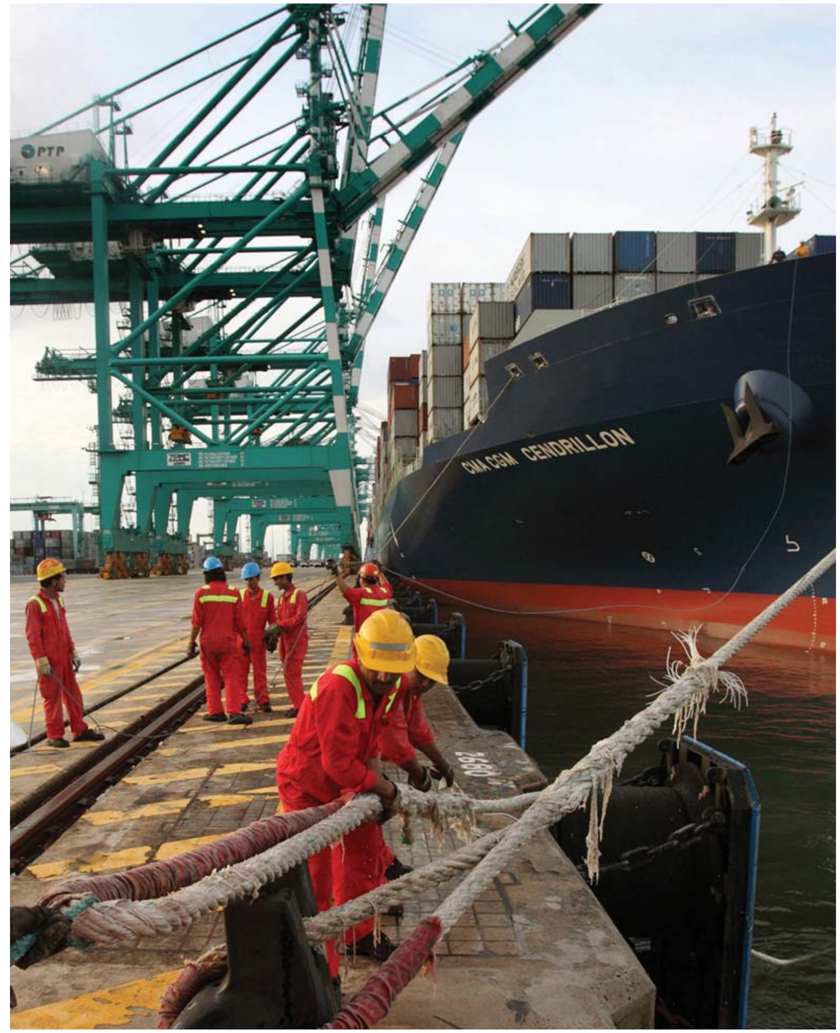
Four drivers shape future of port markets

- Health of shipping line industry
- Vessel sizes
- Hinterland connectivity
- Environment



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Container shipping facts

Largest vessel

1980: 2,800 teu
1990: 4,800 teu
2006: 7,100 teu
2011: 15,500 teu
2013: 18,000 teu

Container shipping financial results:

2009: (USD 16 Bil)
2010: USD 20 Bil
2011: (USD 8 Bil)

Number of super post panamax cranes:

2000: 17
2010: 3,200

Maersk Line Market Share

1992: 4%
2011: 16%

MSC Market Share

1992: 4%
2011: 13%

CMA-CGM Market Share

1992: 3%
2011: 8%

(Sources: Drewry Shipping Consultants, Alphaliner)

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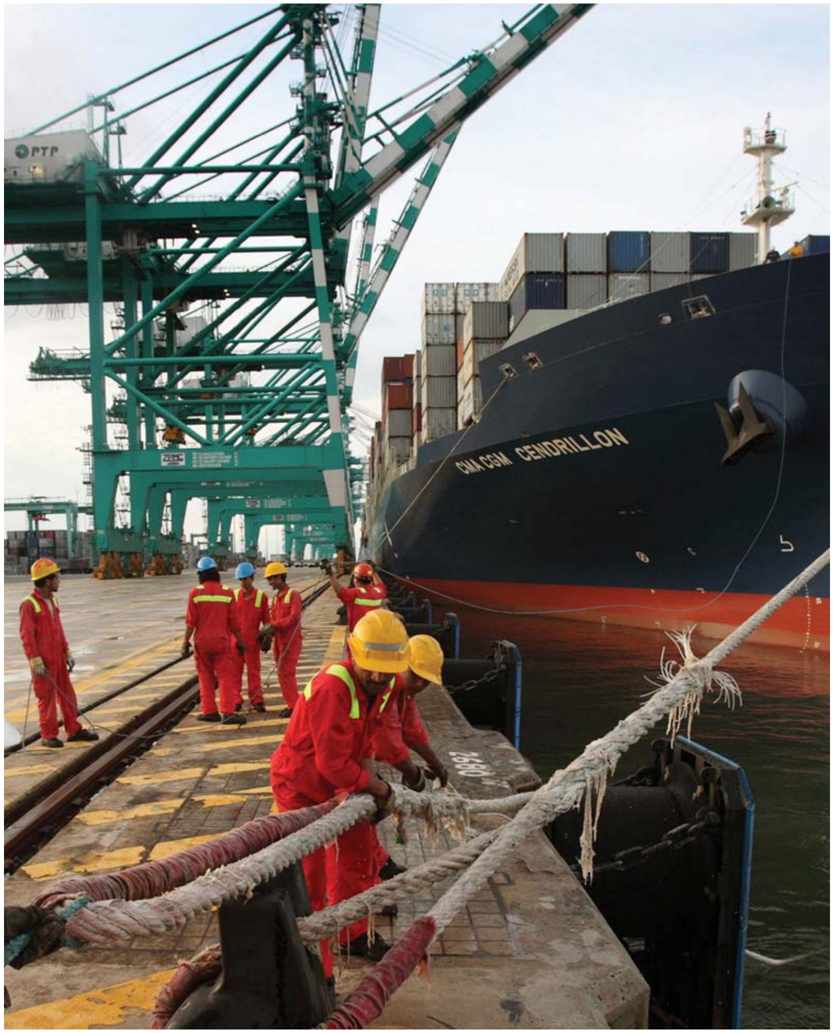
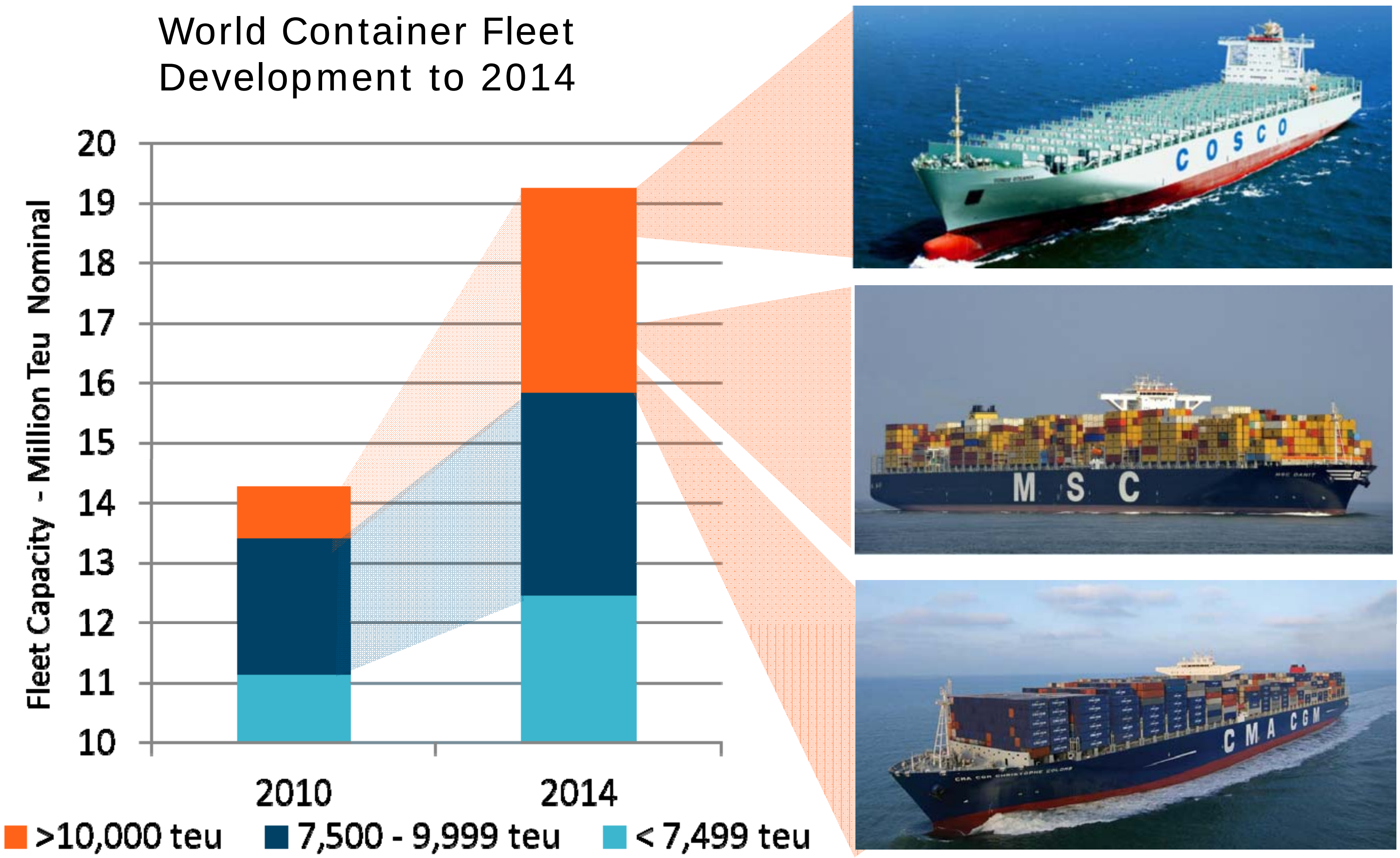


80% of all new buildings are VLCS/ULCS.

World Container Fleet Development to 2014



Source: Alphaliner Oct 2011

The quality of capacity will become important

- Physical/nautical restrictions will present issues for some ports
- Ownership structure is complex – conflicts of interest?

UK/Ireland:
- local market but low growth
- new capacity coming

Scandinavia:
- individual local markets but low growth
- no size limits

Baltics:
- Congestion/high growth
- Ice restrictions
- size limits

Hamburg/Le Havre range:
new projects coming BUT
- navigational/size limits in some ports
- hinterland connections critical/complex modalities

Mediterranean:
- mix local market and transhipment
- low growth
- no size limits

East- Med:
- Congestion/high growth
- Size limits

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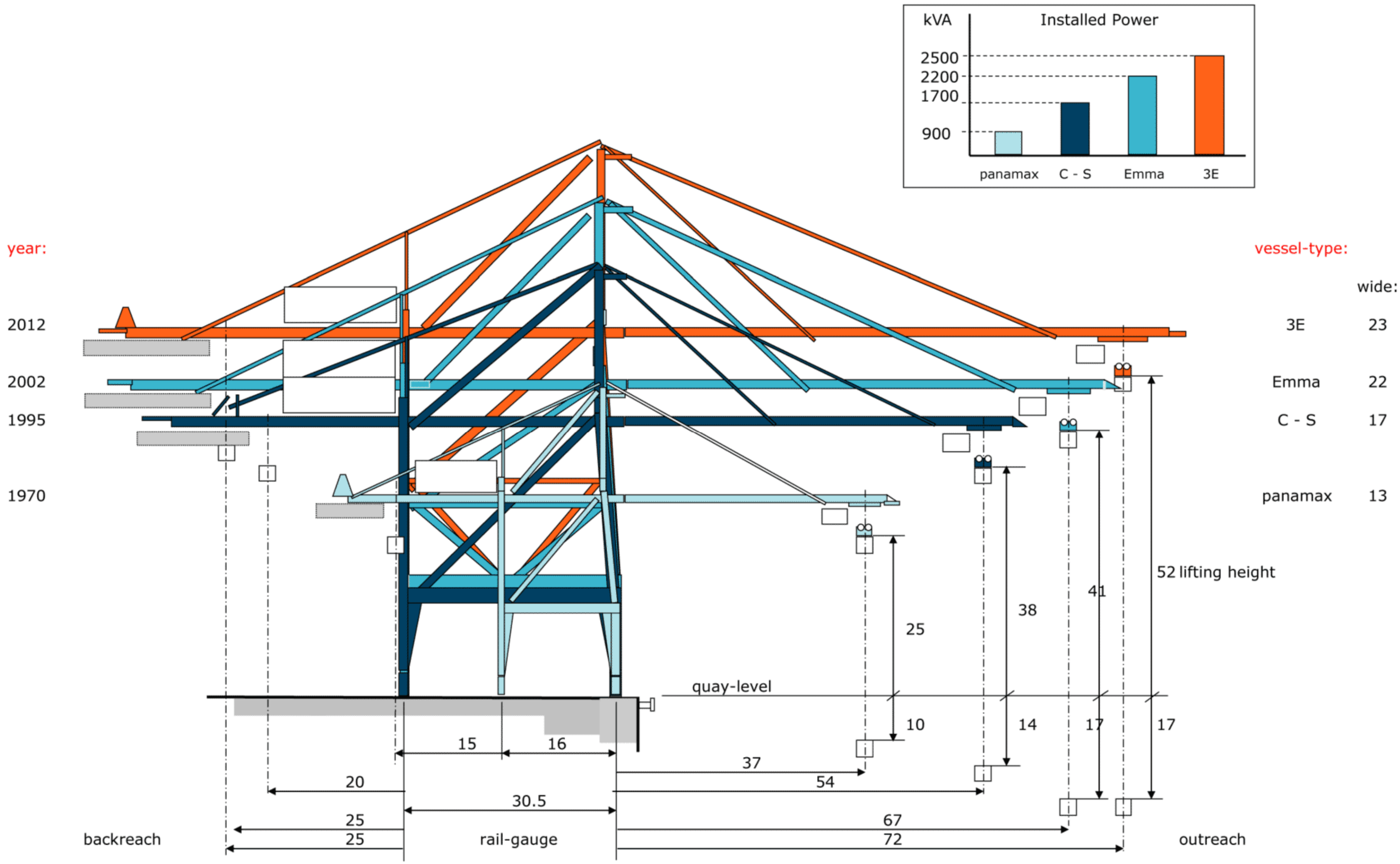
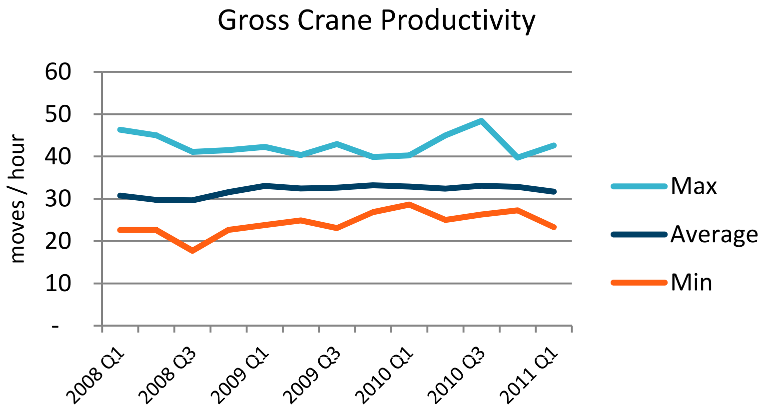
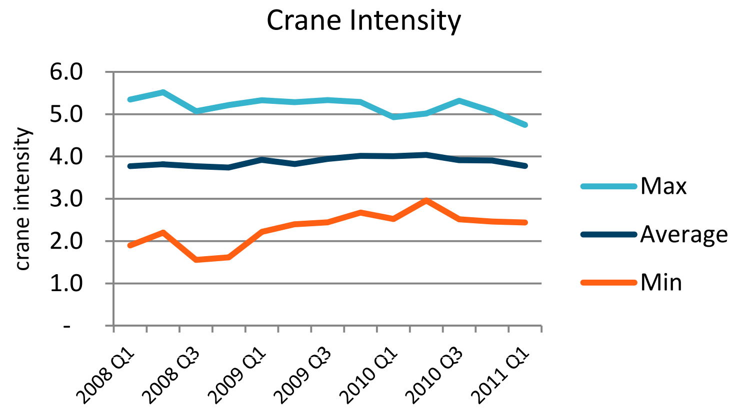
Vessel size places investment demands on cranes and infrastructure

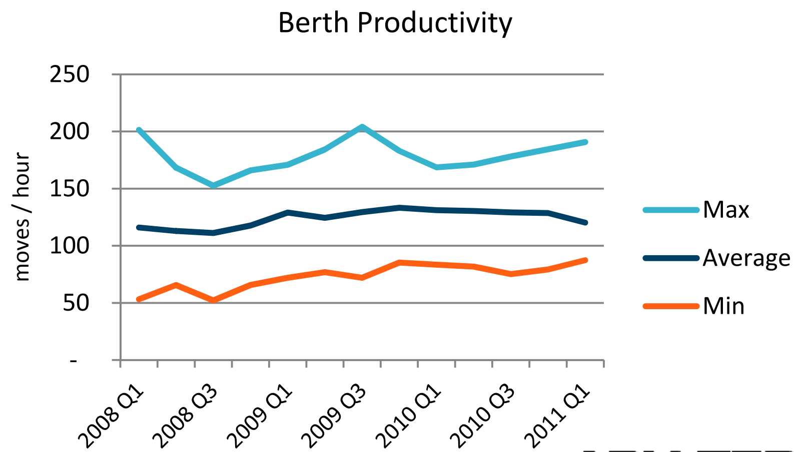


Ports need to improve productivity. The industry does not have a good track record.

The situation at APM Terminals is similar across the industry. The charts below show average productivity across 20 APM Terminals regularly handling exchanges of more than 2,500 moves.

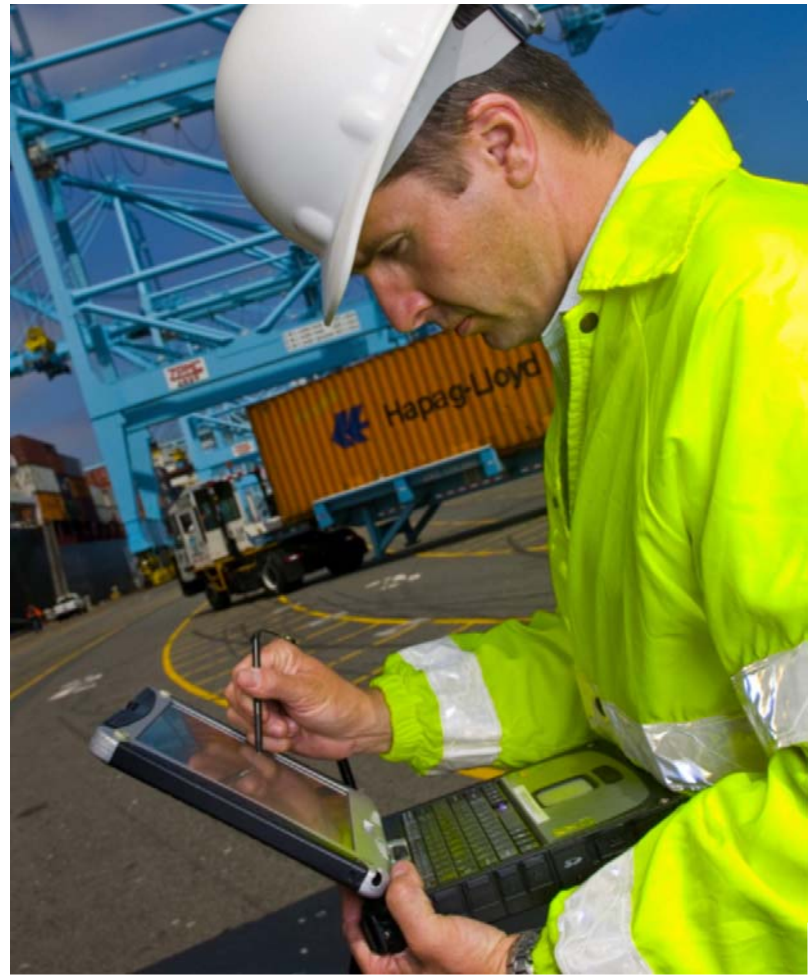






Productivity Improvements via joint efforts

- Great deal of waste today in the interface between lines and ports:
  - Information flow
  - Port asset utilisation
  - Production changes (CODs)
- Unlike other industries there is no real cooperation between customer and vendors – very adversarial approach on both sides.
- A lot to be gained on both sides if joint projects to improve were pursued.



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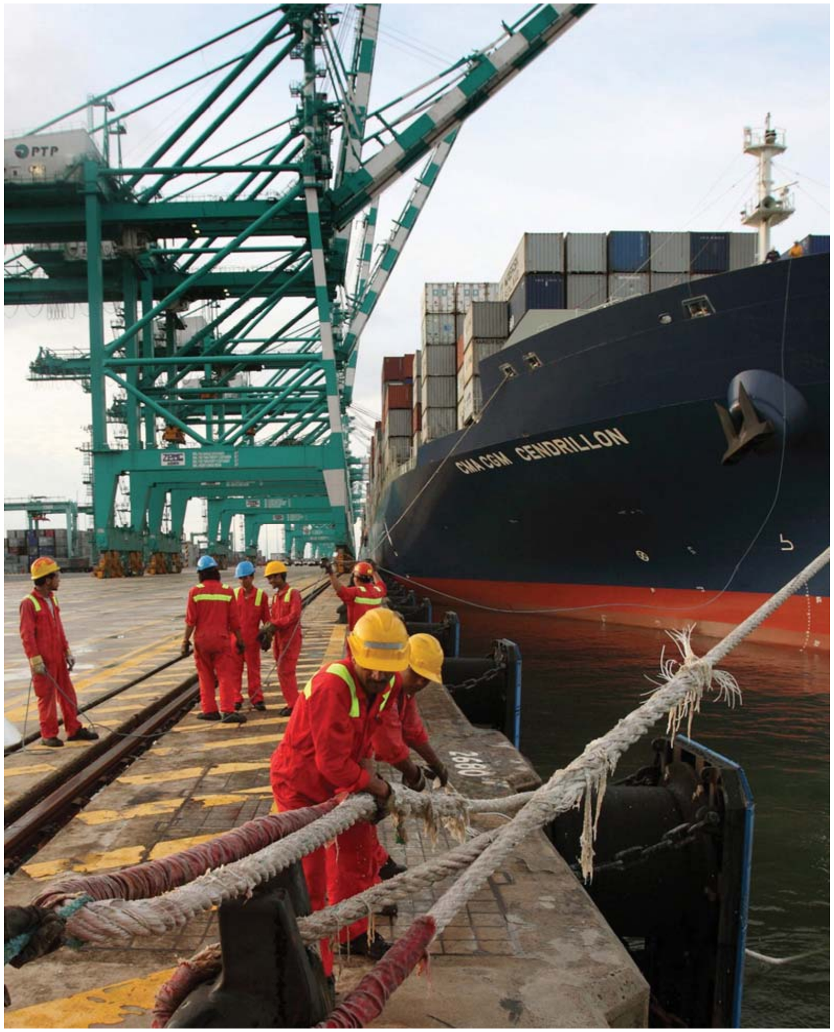

Inland connectivity will play an increasingly important role. What will be the winning business model?

	Carrier Perspective	Deep Sea perspective	Hinterland network operator	Inland terminals Area Solution	Neutral Management & Control
Description	Extend Port/Port to Door/Door	Develop own hinterland network	(Neutral) Hinterland Operator	Inland Terminal area solution	Neutral Management & Control
Example Of current players	Most shipping lines	Hutchison/ECT APM Terminals DPW	Contargo	Shipper driven	Offered by FFWs
Trends	Existing model but under pressure	More port operators getting involved. How to go about neutrality?	Strengthening position (eg Germany)? Future trends?	Main force in hinterland developments	Still under development. Can use all other models.

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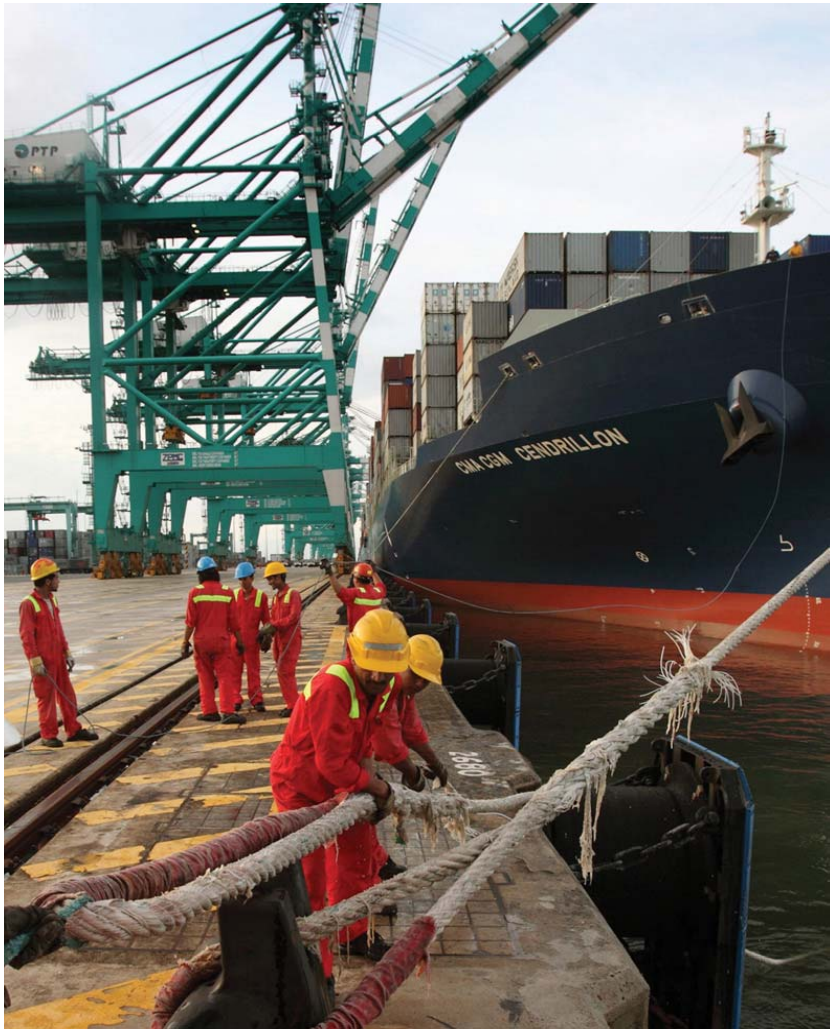

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Environment

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