



# M&A in the Port Industry

Port Assets Investment Planning

16-07-2020 | Webinar





# Agenda

## 1. MTBS M&A

- 2. M&A Worldwide
- 3. Create your own opportunity!
- 4. How can MTBS assist?

# 1. MTBS: Maritime & Transport Business Solutions

Three focus areas, all specialised in the Port Sector

MTBS  
Overview

MTBS M&A  
Services

Clients & Track  
Record

**Port Finance  
International**

an MTBS company

**mtbs**

**mtbs**

M&A

**Training and Summits**

**Financial & Strategy**

**Mergers & Acquisitions**

# 1. MTBS: Port Projects

Specialised in port M&A and PPP projects, with a portfolio of global clients

MTBS  
Overview

MTBS M&A  
Services

Clients &  
Track Record

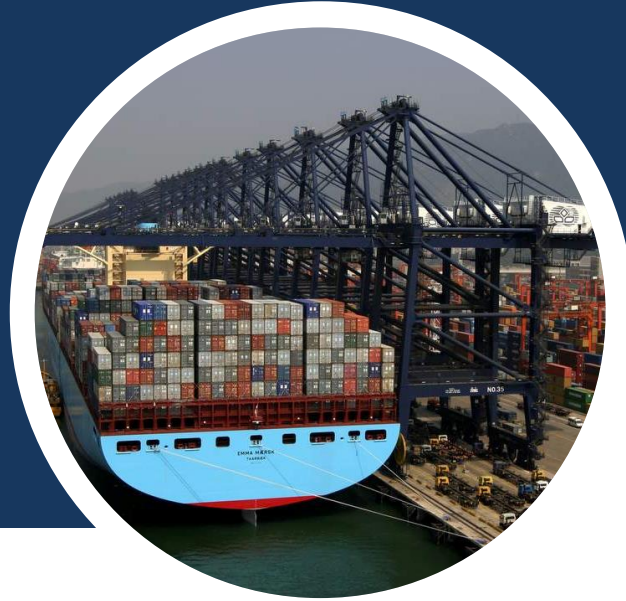
MTBS has advised on a large number of global port transactions

Previous Experience

● Closed Transactions\*



*\*Deal size only included if announced publicly*



# Agenda

1. MTBS M&A
- 2. M&A Worldwide**
3. Create your own opportunity!
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# 2. M&A Worldwide – Port Investment Climate

Trends and developments in the port sector

Port  
Investment  
Climate

Recent  
Transactions

M&A  
Outlook

Five main trends and developments can be identified in the global port and shipping sector



## 1. Shipping line consolidation

- market consolidation of shipping lines and integration of port operations with shipping lines



## 2. Vessel size & cascading effect

- development of larger vessels and deployment on secondary trade routes



## 3. Digitisation & New Technologies

- introduction of new technologies and digitization of global supply chains



## 4. Environmental

- increasing pressure on sustainability and reduction of environmental impact of ports and vessels



## 5. World Trade

- trade wars and political developments (e.g. Brexit) impacting global trade flows

## 2. M&A Worldwide

Major deals in the ports sector: main activity in the Americas

Port Investment  
Climate

Recent  
Transactions

M&A  
Outlook

### PSA, PFR and IFM acquire DCT Gdansk

- In May 2019, PSA, Polish Development Fund (PFR) and the IFM Global Infrastructure Fund acquire 100% of DCT Gdansk from Macquarie Infrastructure and Real Assets for 1.3 B USD.
- The container terminal is the largest of Poland.

**+/- 16x**

EV/EBITDA Multiple



Source: CapitalIQ

### Macquarie acquires Long Beach Container Terminal

- In April 2019, Orient Overseas International Ltd. agreed to sell the container terminal in Long Beach for USD 1.78 B to Macquarie Infrastructure and Real Assets.
- Orient owned the container terminal for 30 years, and in 2012 renewed the contract for 40 years with a value of USD 4.6 B.
- Throughput of the terminal is about 2.7 M TEU.

**> 20x**

EV/EBITDA Multiple



### DP World acquires Puertos y Logistica S.A.

- In April 2019, DP World acquired a 71.3% share in the Chilean company Puertos y Logistica S.A from Minera Valparaiso and other shareholders of Matte Group for USD 502 M.
- Puertos y Logistica S.A. is owner of Puerto Central (San Antonio) and Puerto Liqueñ (Concepción).
- In May 2019, Caisse de dépôt et placement du Québec acquired a 44.64% stake in Puertos y Logistica from DP World for appr. USD 230 M.

**13.4x**

EV/EBITDA Multiple



## 2. M&A Worldwide

Major deals in the logistics sector: horizontal and vertical integration

Port Investment  
Climate

Recent  
Transactions

M&A  
Outlook

### DSV acquires Panalpina

- In April 2019, Denmark-based freight forwarder DSV announced its takeover of the Swiss freight forwarder Panalpina for USD 4.6 B.
- DSV and Panalpina will become one of the world's largest transport and logistics companies with a revenue of appr. USD 17.76 B.

**31.6x**

EV/EBITDA Multiple



Source: CapitalIQ

### CMA CGM acquires CEVA Logistics

- In October 2018, CMA CGM acquired a 56.5% stake in CEVA Logistics for USD 1 B.
- In a related transaction, CEVA Logistics acquired CMA CGM Logistics for USD 105 M.

**23.1x**

EV/EBITDA Multiple



### DP World acquires Unifeeder

- In August 2018, DP World acquired 100% of Unifeeder Group for USD 760 M from Nordic Capital Fund VIII.
- Capacity 3.2 M TEU annually.

**+/- 26x**

EV/EBITDA Multiple





## 2. M&A Worldwide

Future M&A Deal Drivers:

*M&A mainly focused on market consolidation and vertical integration*

Port Investment  
Climate

Recent  
Transactions

M&A  
Outlook

**Outlook: more horizontal integration expected in shipping, vertical integration expected in the port sector**

**Main trends to drive M&A in the next 5 - 10 years**

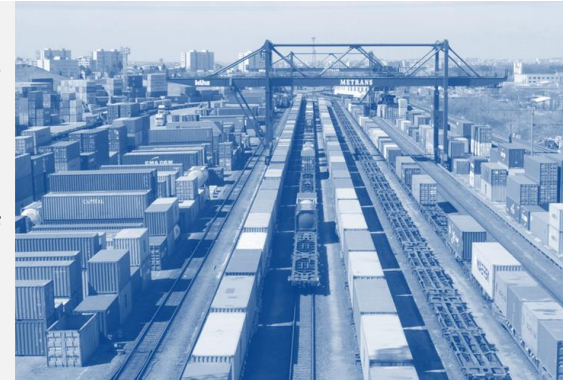
### Shipping: horizontal integration

- Continued drive for cost efficiency
- New fuel regulations (IMO 2020) require larger economies of scale to remain competitive
- Continued overcapacity in the market require further consolidation of capacity
- Increase of trade on secondary trade routes increases attractiveness of cooperation.



### Ports: vertical integration with logistics

- Continued drive for increased control over the supply chain
- Continued drive to provide heterogeneous services to customers
- Supported by continued development of Information Technologies
- Focused on warehousing, but also on rail cargo transportation.



### Ports: more involvement of Financials

- PPP contracts are maturing, which means that strategic investors attained investment horizon and Change-of-Control clauses are passed
- Greenfield projects that are successfully implemented are strongly de-risked, allowing financial investors to consider projects.



### Ports: more involvement of contractors

- Developers, construction companies, and dredgers provide strong cost-consciousness during development phase
- Involvement de-risks projects, especially for greenfield ones
- Involvement increases flexibility and scalability of projects.





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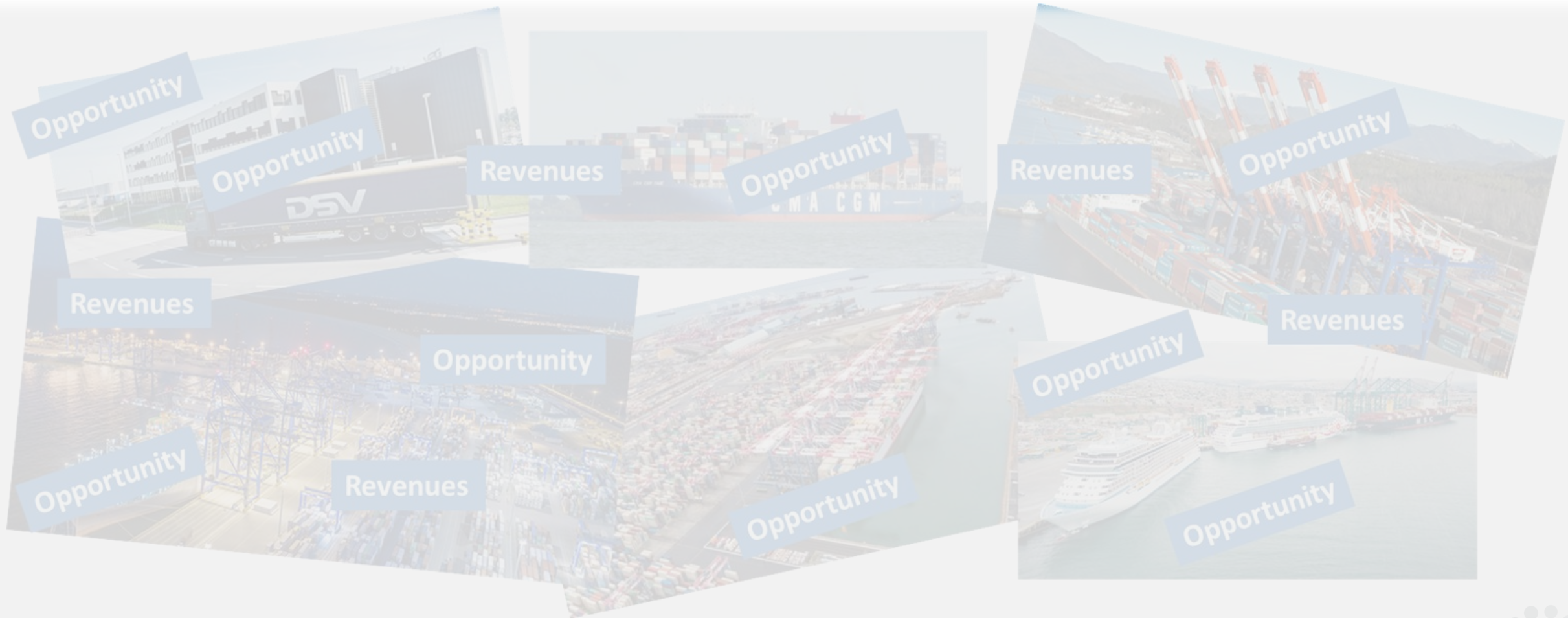
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2. M&A Worldwide
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### 3. Why wait and act reactively?

Overview

M&A and PPP

What can you see?





### 3. Why wait and act reactively?

Overview

M&A and PPP

There is a world of opportunities waiting for you. Take your glasses and let's go look for it!





# 3. Creat your own!

Good opportunities are up for grasp requiring a pro-active approach by potential investors

Overview

M&A Opp.

## Family owned business worldwide\*

### Zeehavenbedrijf Dordrecht (The Netherlands)

- Specialized in transshipment and storage of bulk cargoes
- Commodities: bulk, breakbulk, containers.
- Various Terminals in 3 ports
- Mobile & floating cranes: 50 tons in bulk, 100 tons in breakbulk.



### Grainbulk Handlers (Kenya)

- Dry bulk discharge and handling for grain cargo imports
- 67.5 k tons bulk transit silos
- 55 k tons bulk storage silos for lease
- 132.5 k tons bagged warehousing
- Delivery by road/rail for bulk/bagged cargo.



### Cornelder de Mozambique

- Container terminal: 645 m quay, 12 m depth, 4 gantry-cranes
- General cargo terminal: 670 m quay length, 9.5 m depth, 15 k m<sup>2</sup> covered warehousing
- Grain terminal: 50 k tons storage capacity, 4-5 k tons/day handling capacity.



### Multi Terminais Rio de Janeiro

- Maritime & dry ports, integrated logistics
- Commodities: containers, Ro-Ro, general cargo, heavy lifting
- Container terminal: 800 m quay length, capacity of 1 m TEU/year
- Roro terminal: 360 m quay length, capacity of 288 k units/year.



\*: none of the companies listed above has expressed willingness to sell to MTBS; these merely act as examples

\* Examples are merely illustrative.

# 3. Create your own!

Good opportunities are up for grasp requiring a pro-active approach by potential investors

Overview

M&A Opp.

## Potential carve outs\*

### Tata Steel Ijmuiden

- Deep Sea and Inland waterway terminals (including one all weather terminal)
- More than 7 m tons steel production per year
- 3 quays, total length > 1500 m, >80 ha
- Max draught: 18 m
- Multiple cranes.



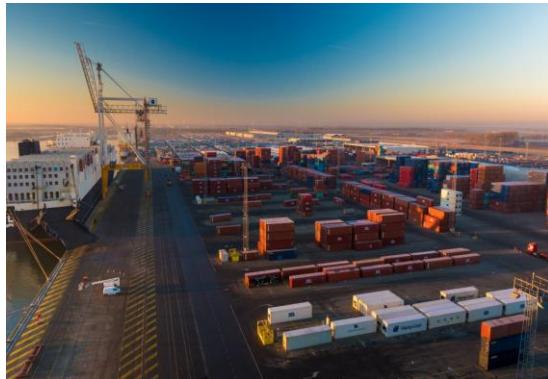
### Bunge Port of Santos

- Biggest agribulk exporter in Brazil, operating TGG and Termag terminals in Santos
- Commodities: soy, corn, fertilizers, sulphur
- TGG terminal: 277 m quay, 14.2 m max draught
- Termag: 168 m quay length, 13 m draught.



### AET Terminal Antwerp

- Largest multipurpose terminal in Europe
- Commodities: breakbulk, containers, project cargo, heavy lifts, cars, Ro-Ro
- 2,200 m quay length
- 149 ha area.



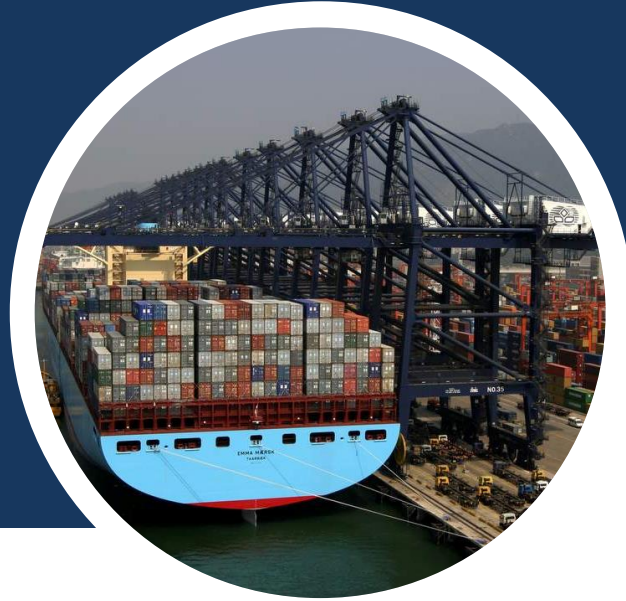
### Rio Tinto Ehoala Madagascar

- Port Operations near Fort Dauphin in South-east Madagascar serving the amongst others the local mine
- Commodities: ilmenite, zirsill, monazite
- 448.2 k tons ilmenite production, a major source of titanium dioxide.



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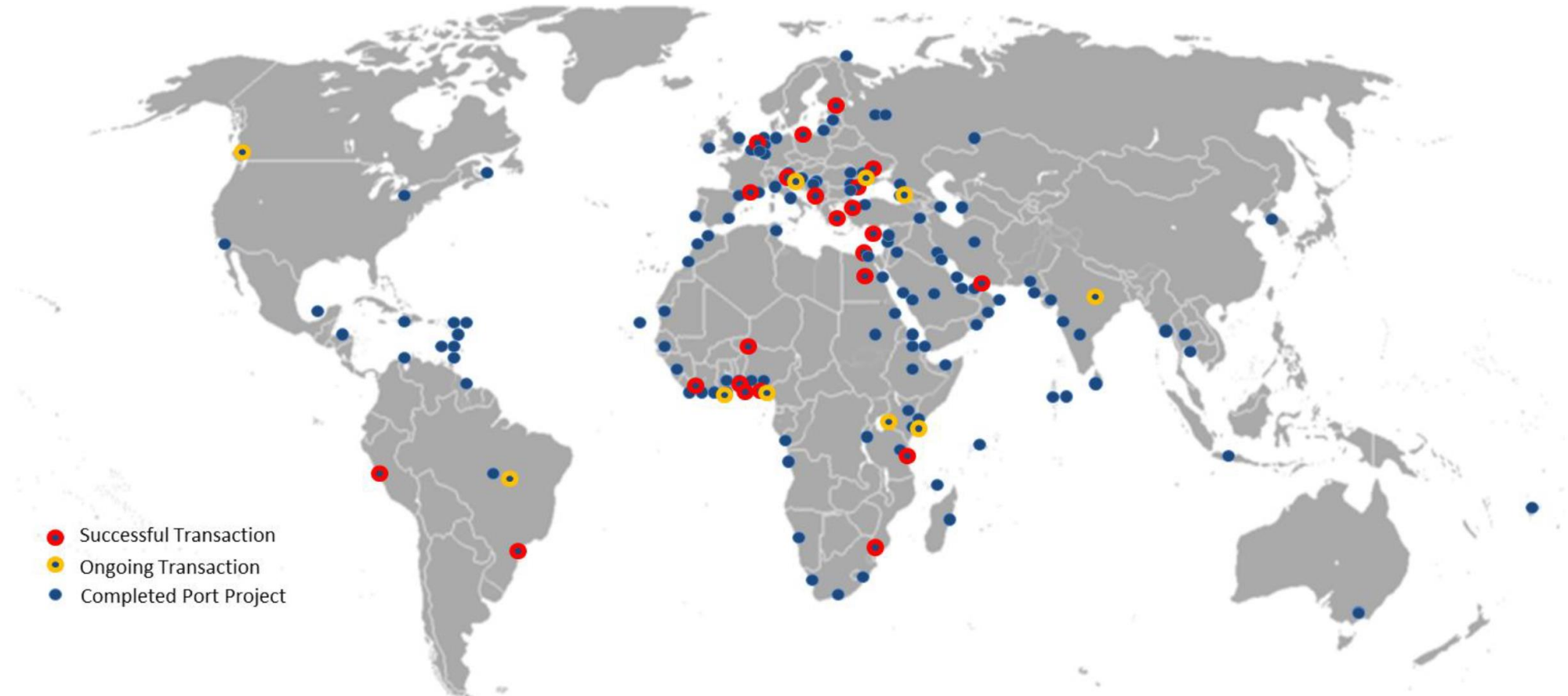


## 4. Port Asset insights MTBS

MTBS unrivalled insight in creating the opportunity

M&A  
Capabilities

**MTBS unique experience in conducting consulting projects in ports worldwide**

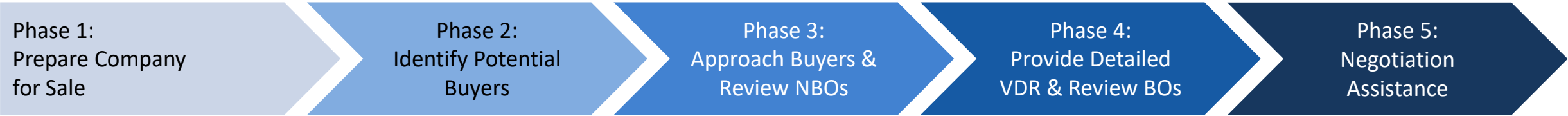




# 4. Capabilities MTBS

MTBS M&A Sell- and Buy-Side Approach – Phasing

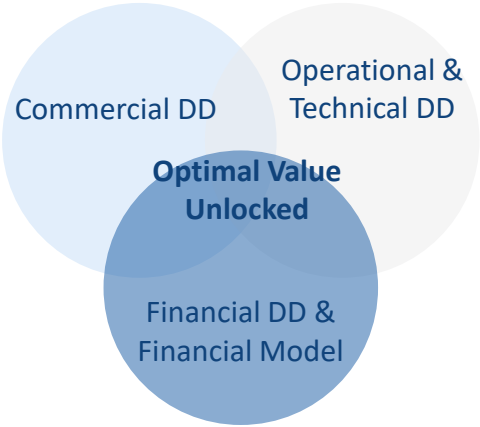
## Five-phased approach to sell-side advisory mandates:



## Four-phased approach to buy-side advisory mandates:



## Combination of three Due Diligence (DD) workstreams provides superior overview of expected attention points



# Thank you

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