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Regional Market Overview & Opportunities

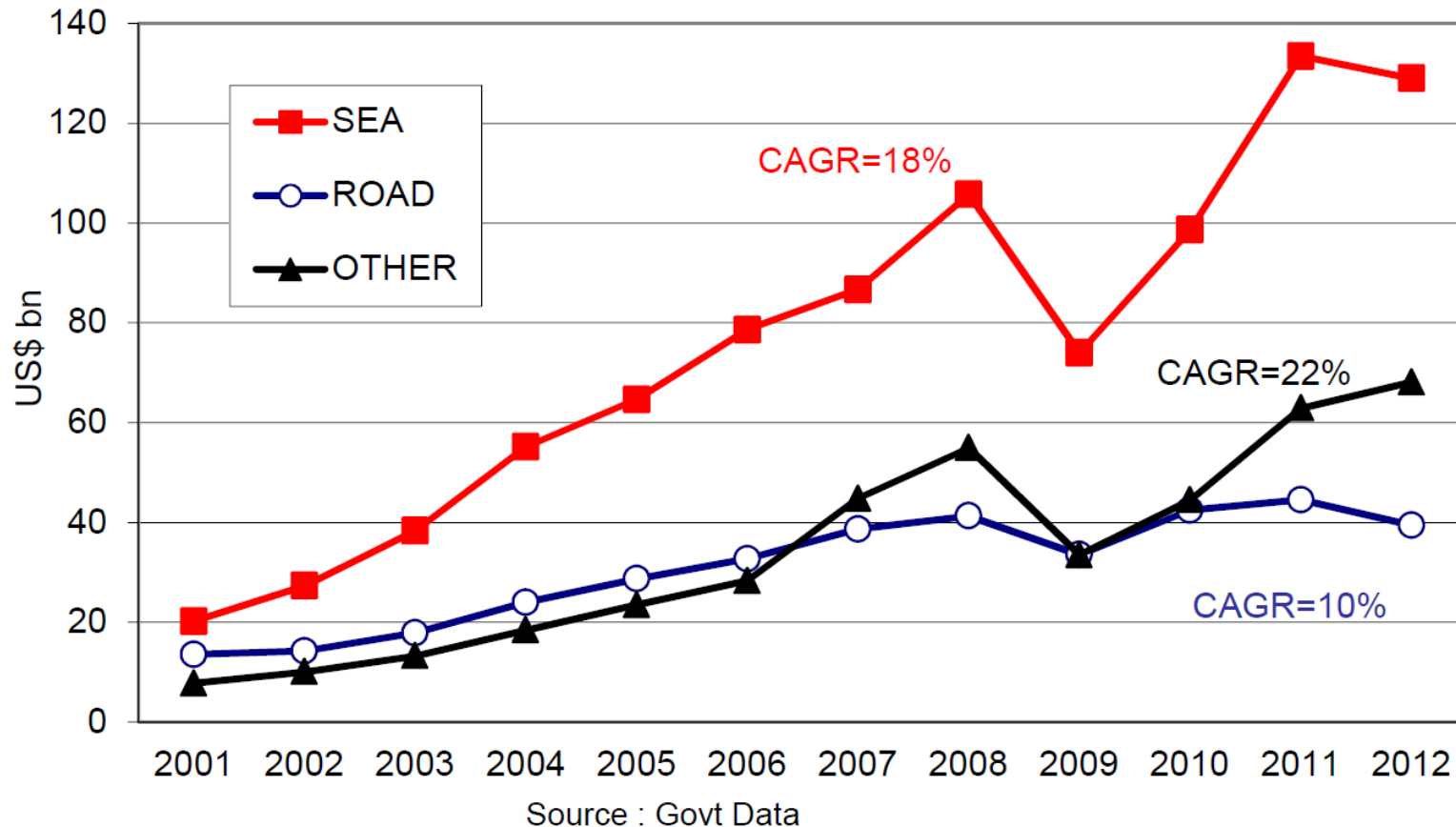
Jolke Helbing

Agenda

- Trade Growth
 - Drivers
 - volumes
- Black sea Developments
 - Economies
 - Transhipments
- Vessels & Alliances
- Port developments
- Observations

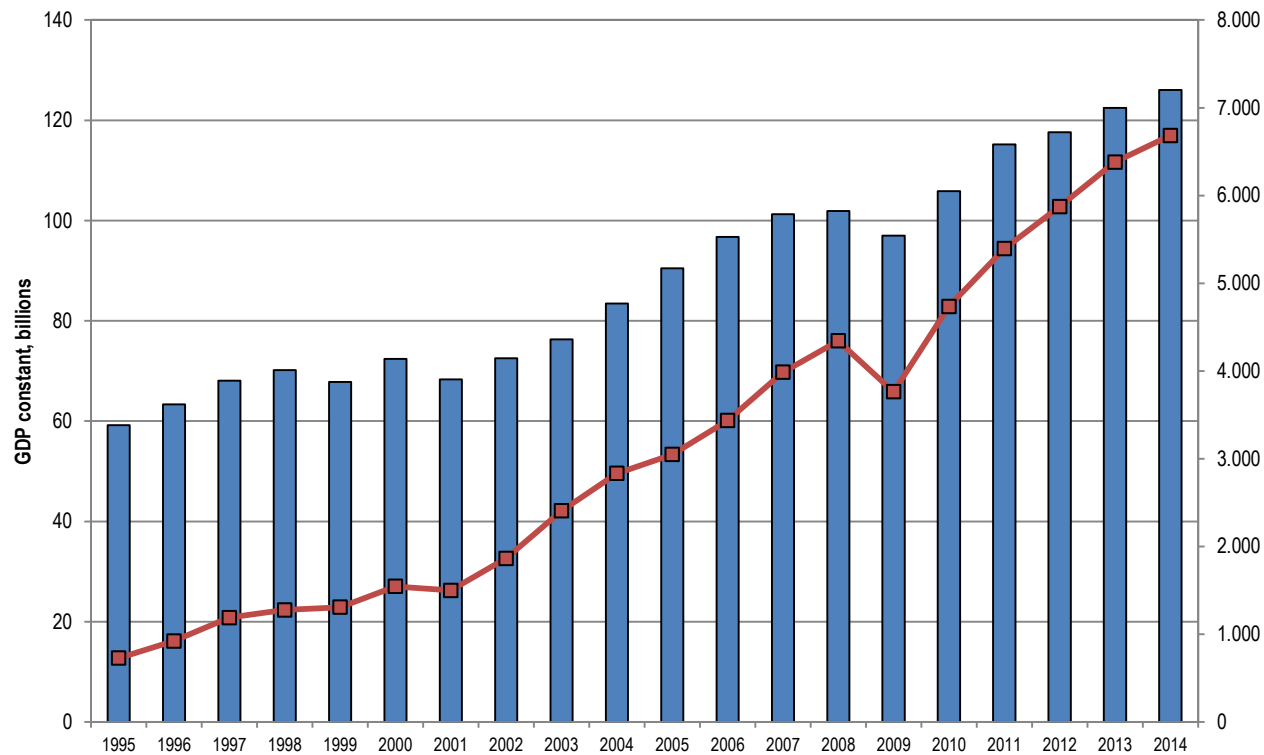
Continuous strength of Sea Trade

TURKEY : IMPORTS BY TRANSPORT MODE 2001-12

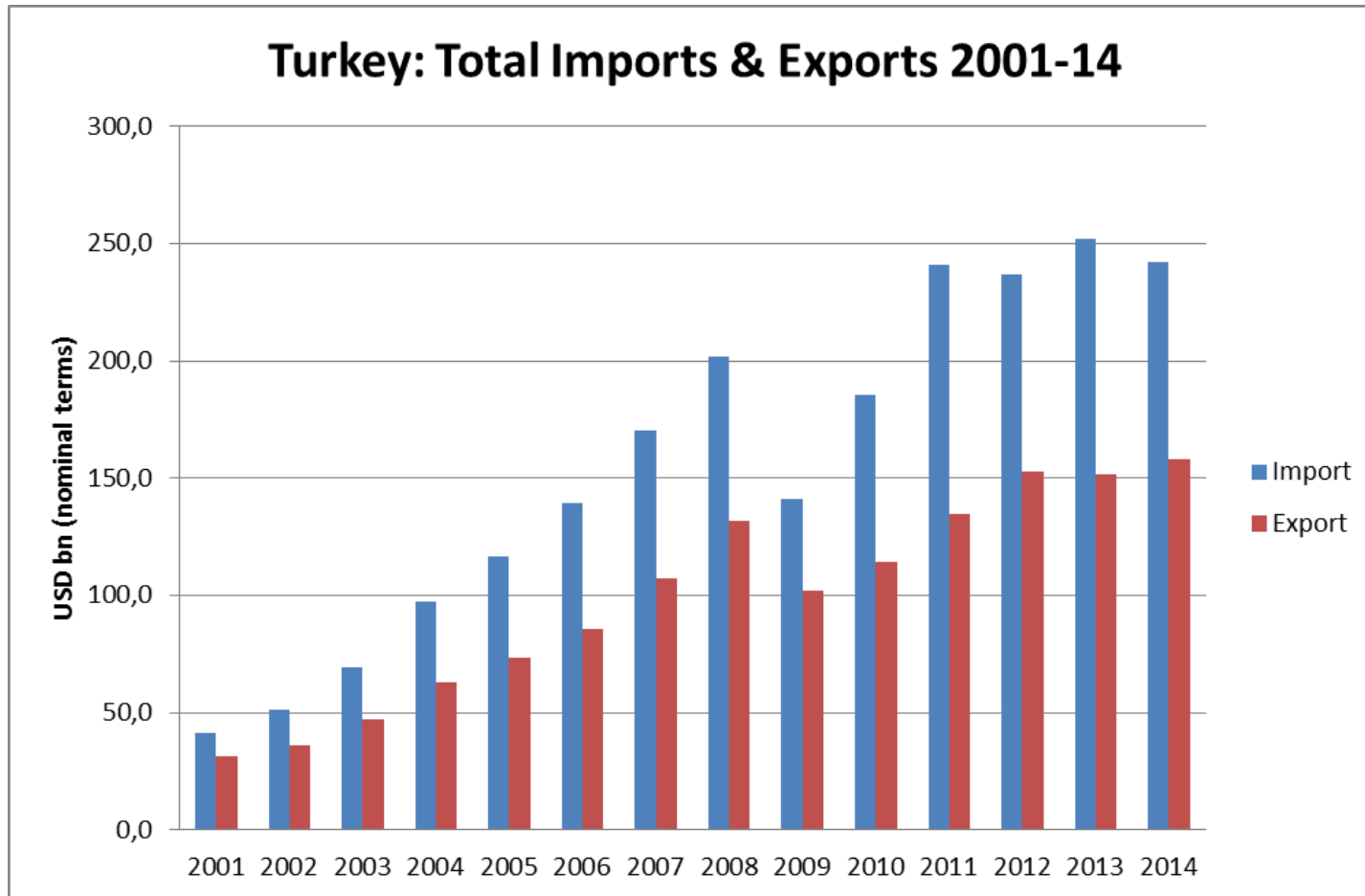


GDP & Container Trade Growth

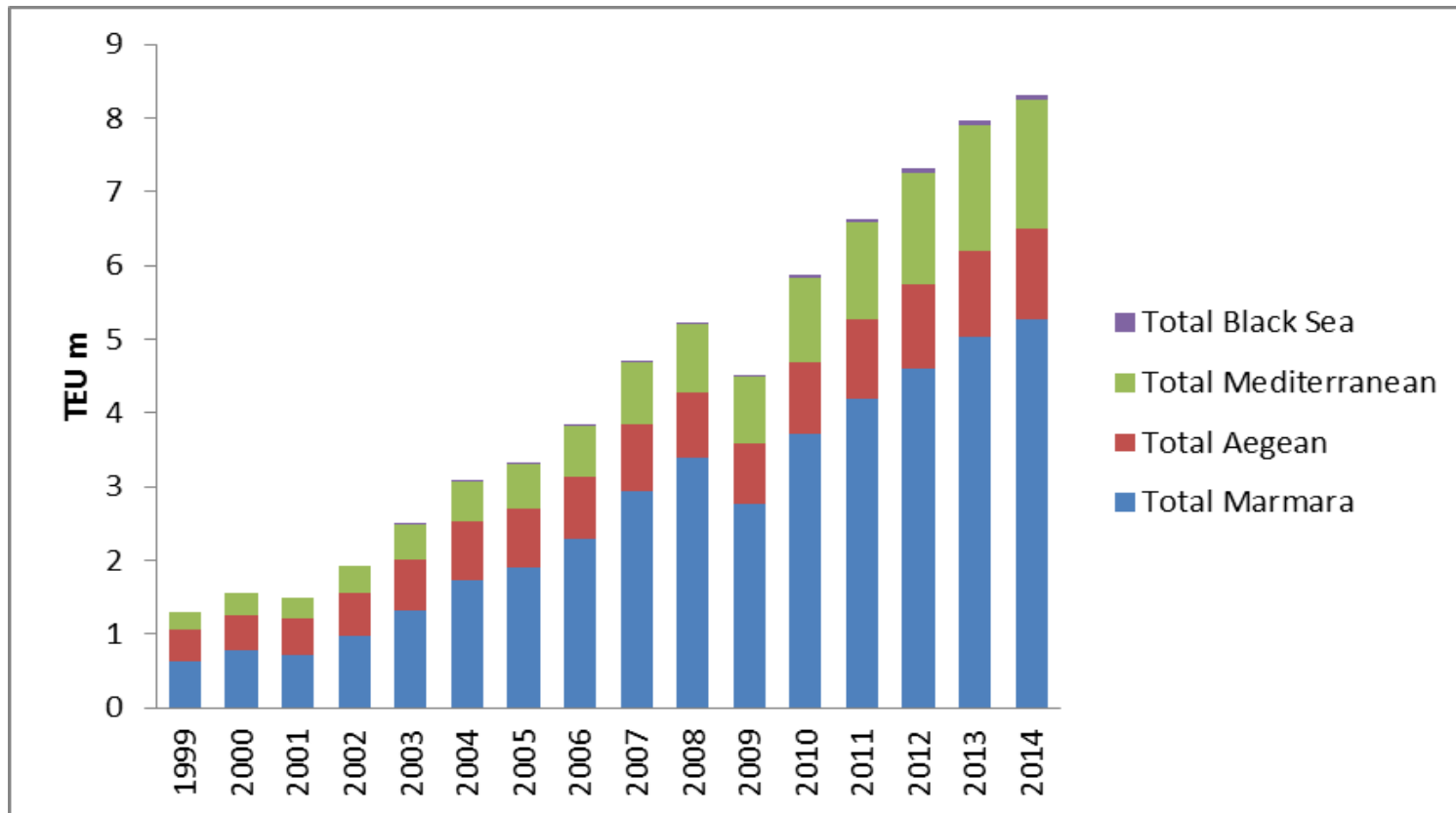
Turkey - GDP versus I/E Volumes



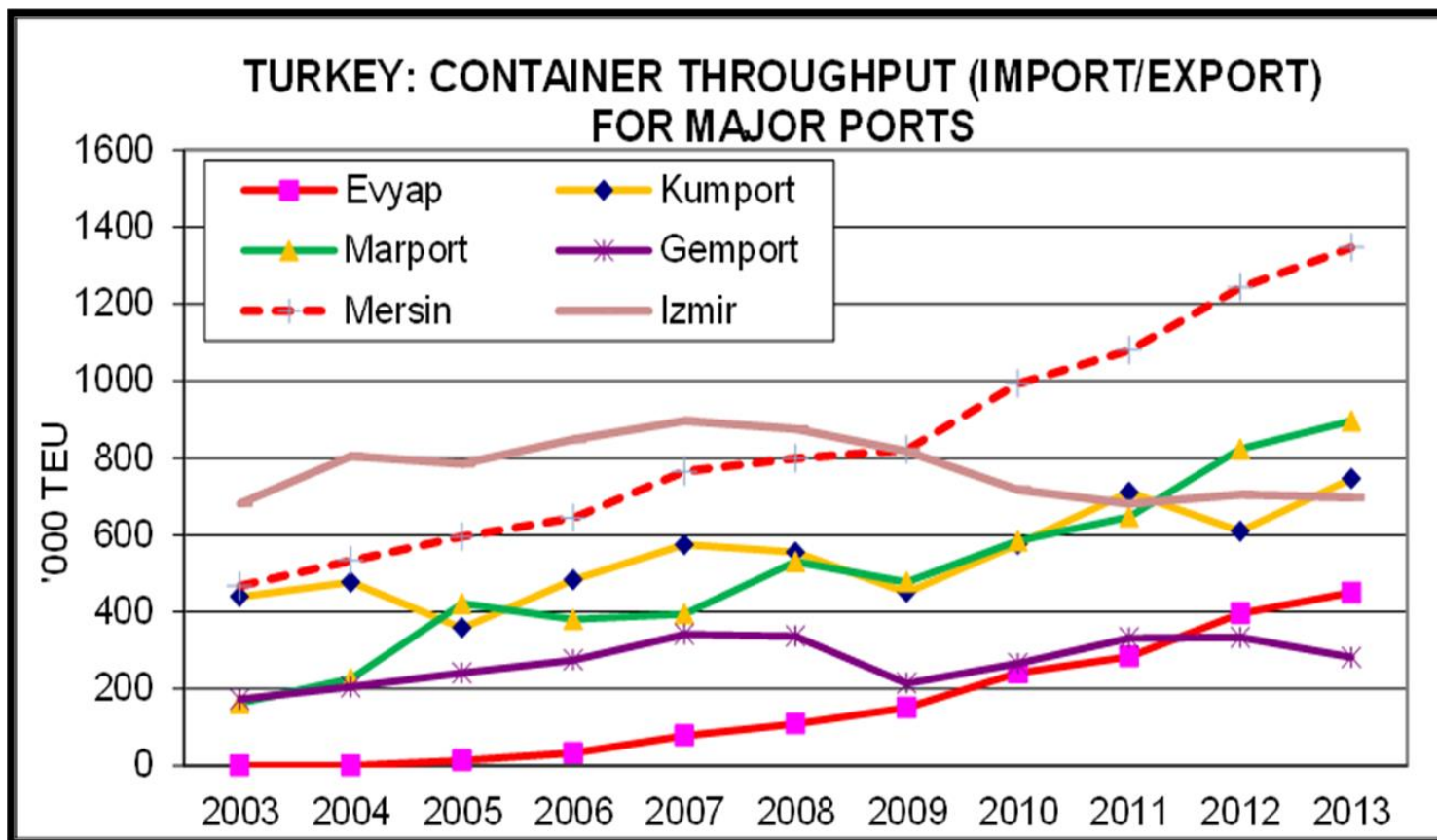
Trade Growth – Widening Gap



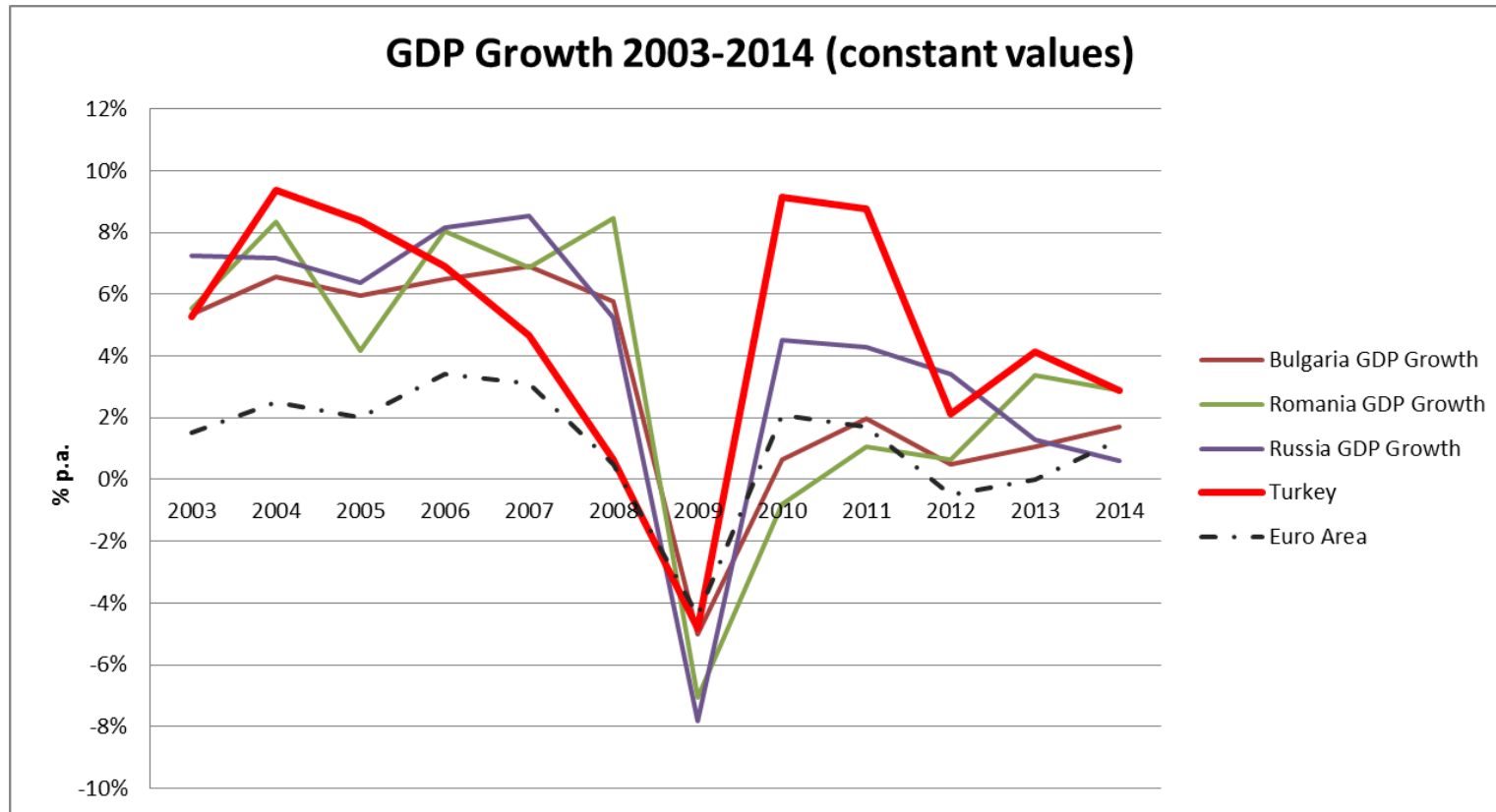
But Volumes continue their Growth



With some Ports benefiting more than others

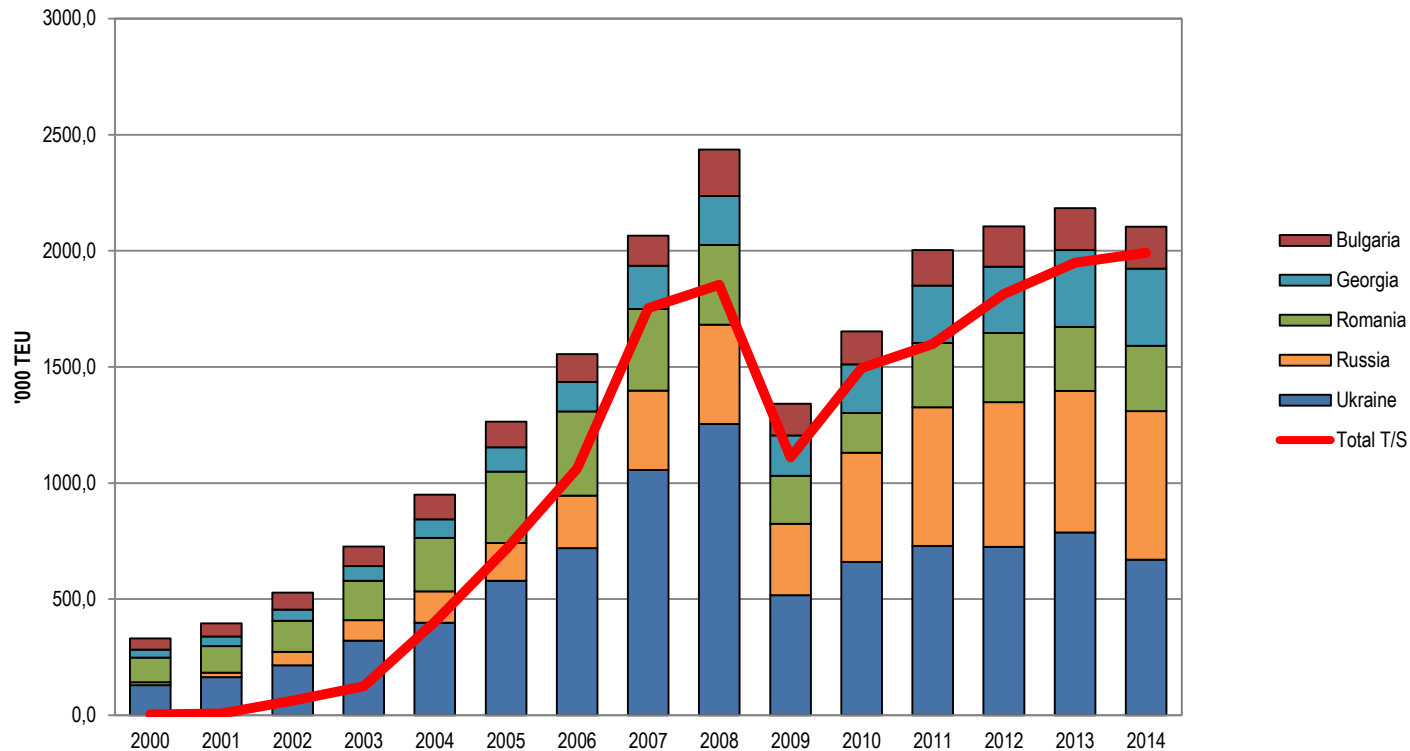


Black Sea & Turkey Growth



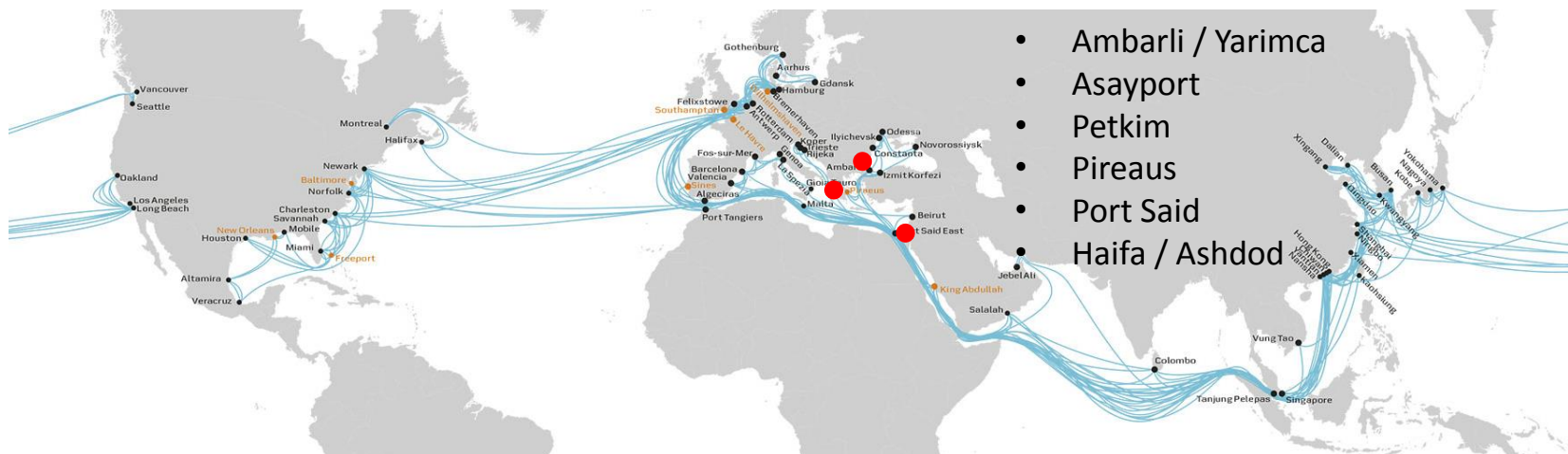
Main Driver for Transshipment market, including Marmara Region

Black sea trade vs T/S Volumes



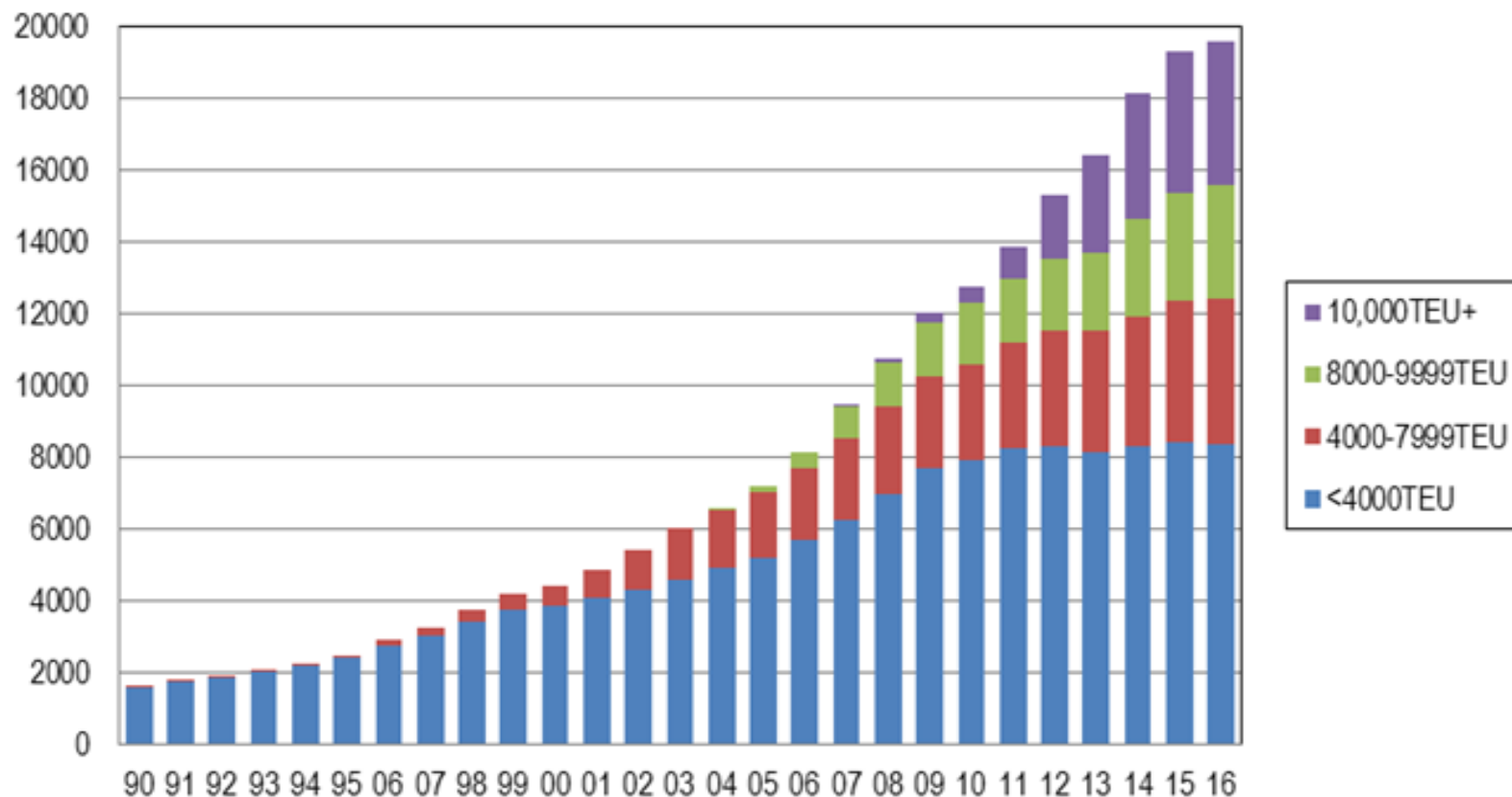
Direct or Tranship?

- Continued growth of Black Sea economies will drive direct services
- Continued consolidation and increase in vessel size to reduce costs will drive transshipment
- Limitations of vessel size and congestion Bosphorus will impact that decision
- Many locations will vie for volumes, but not all will have space available



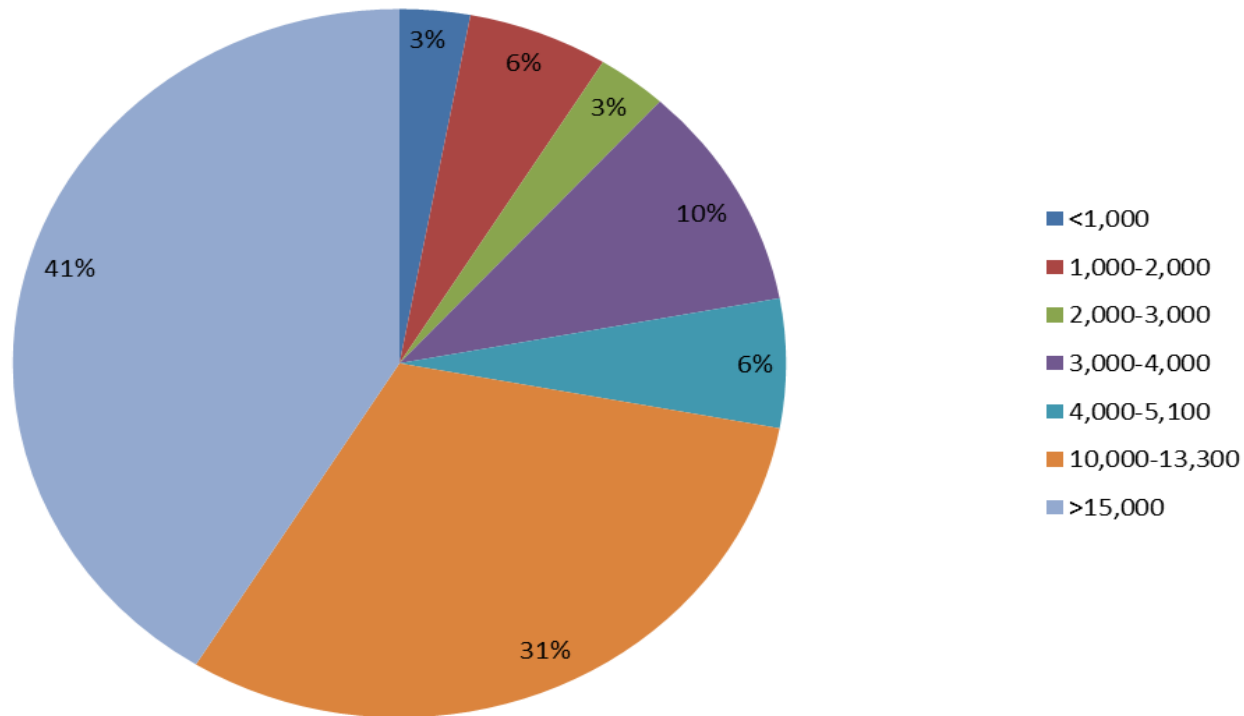
Growing vessel sizes, growing problems?

World Container Fleet Development ('000 TEUs)



What is Happening to the Container Fleet

Container vessels ordered in 2015 by size

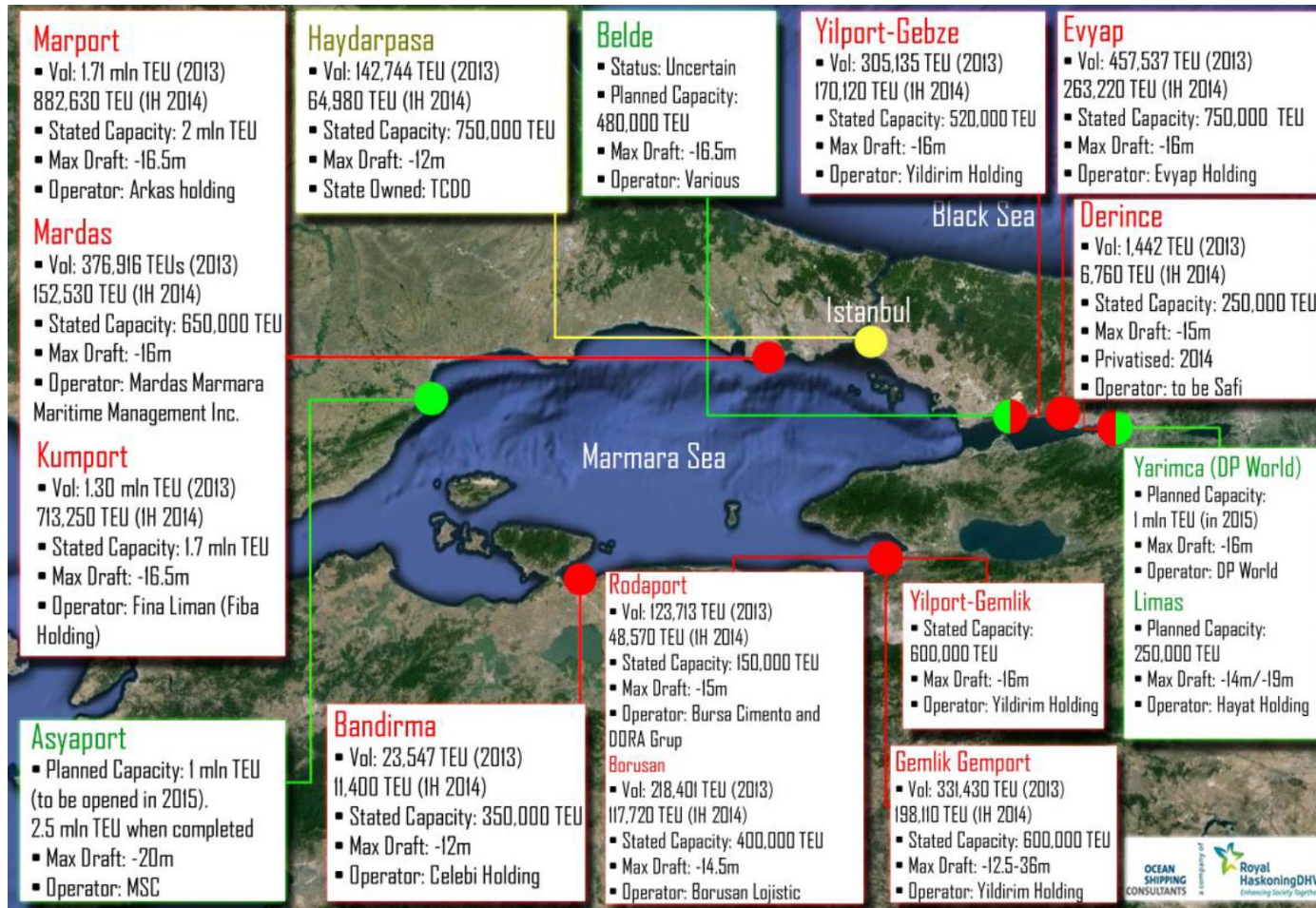


Source: Alphaliner

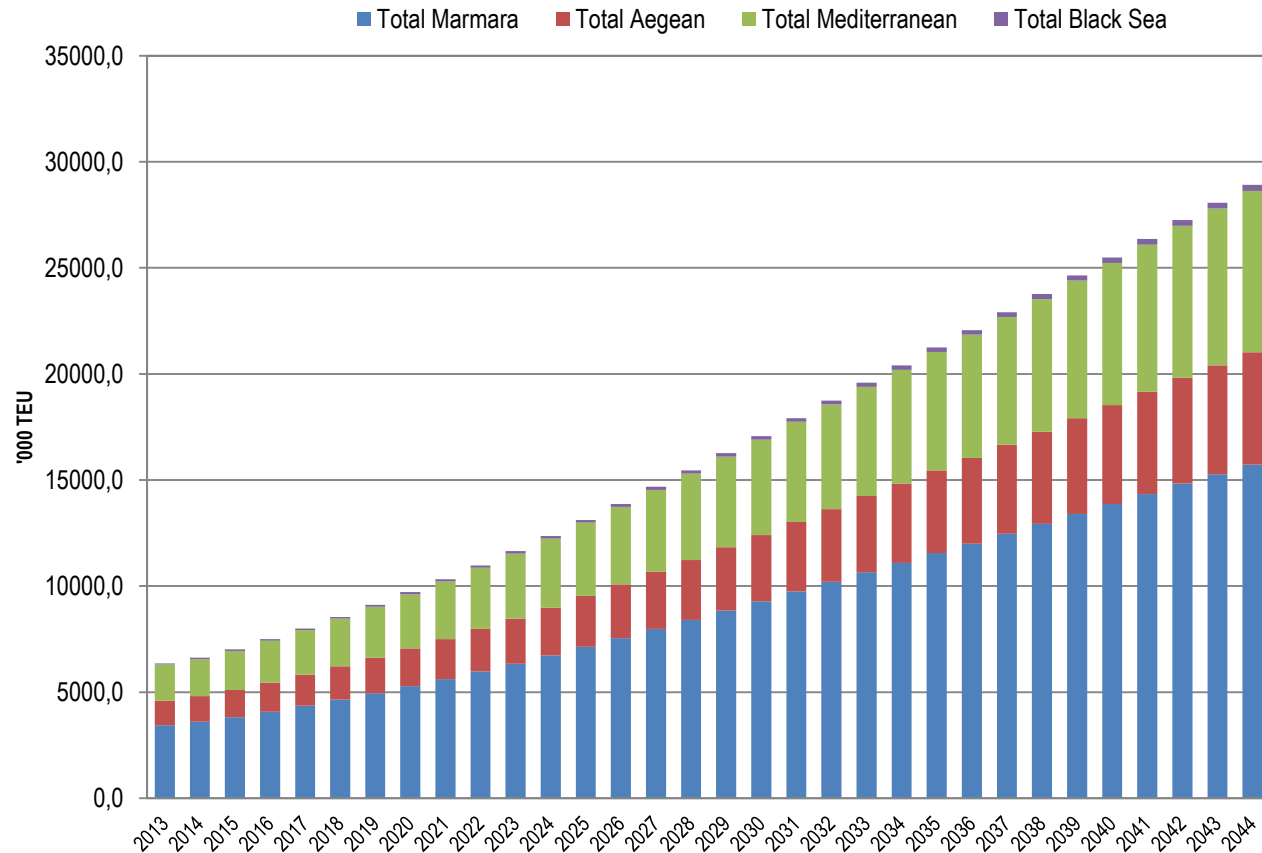
Ever Larger Vessels - a cost or survival race?

- Current size-based revolution for container ships, one can not afford to stay behind
- Not just in the arterial trades – the cascading into other trades will have to continue to seek deployment
- The economic drivers are clear - lines that don't move up will see their competitive position undermined
- Utilization of the mega vessels is paramount and in many cases only achievable through vsa cooperations
- The Bosphorus vessel size limitations will impact the transshipment market, but offer opportunities
- Ports will have to respond (space, efficiency and rates)

Port capacity & developments



Future Growth



Source: Ocean Shipping Consultants/RHDHV

New Ports development



- DP World, Construction & Operation of purpose-built deep water container terminal
- Kocaeli region (N.E. Marmara)
- Good connectivity, mainly Asia side of Istanbul, Izmit Bay market, some hub potential

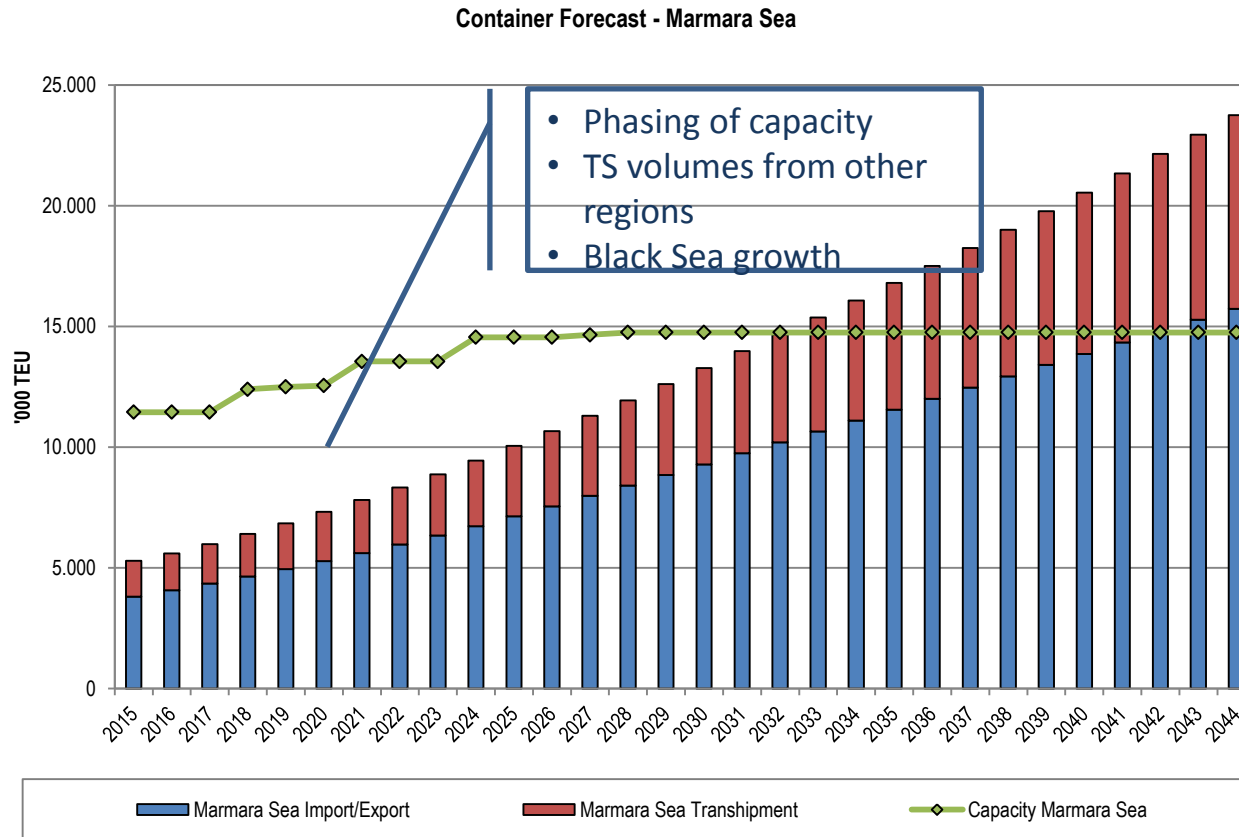


- Initial capacity of 1m TEU, full 2.5 mill TEU
- 2km of berths, 20m water depth.
- Expected to operate as main transshipment point for MSC, possibly 2M
- Operations to start June 2015.



- New Black Sea port development
- Target market towards Black Sea Trade
- Operational savings for Ferries, RoRo, Bulk by avoiding Bosphorus transit
- Operations to start June 2016

Supply – Demand – “Mind the gap”



Observations

- Interesting times for Black Sea / Marmara region
- Growth, but at more moderate pace
- Ship sizes are on the increase worldwide, also in this port Region due to cascading
- Choices will have to be made between large vessels, low cost operations and transshipment versus direct with lower tonnage
- Volume is the critical criteria for good & profitable utilization, but not all lines have the critical mass or marketshares
- Rearrangement of VSA and terminals (G6, 2M, O3)
- Large new facilities coming in operations – Asyaport, Yarimca or future Ambarli expansions
- The combined Marmara and Black Sea economies will continue to demand upgraded and modern capacity

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