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SHIFTING ALLIANCES AND THE IMPACT ON TERMINAL OPERATORS

A few strategic issues

Philip Damas, Head of Logistics Practice, Drewry
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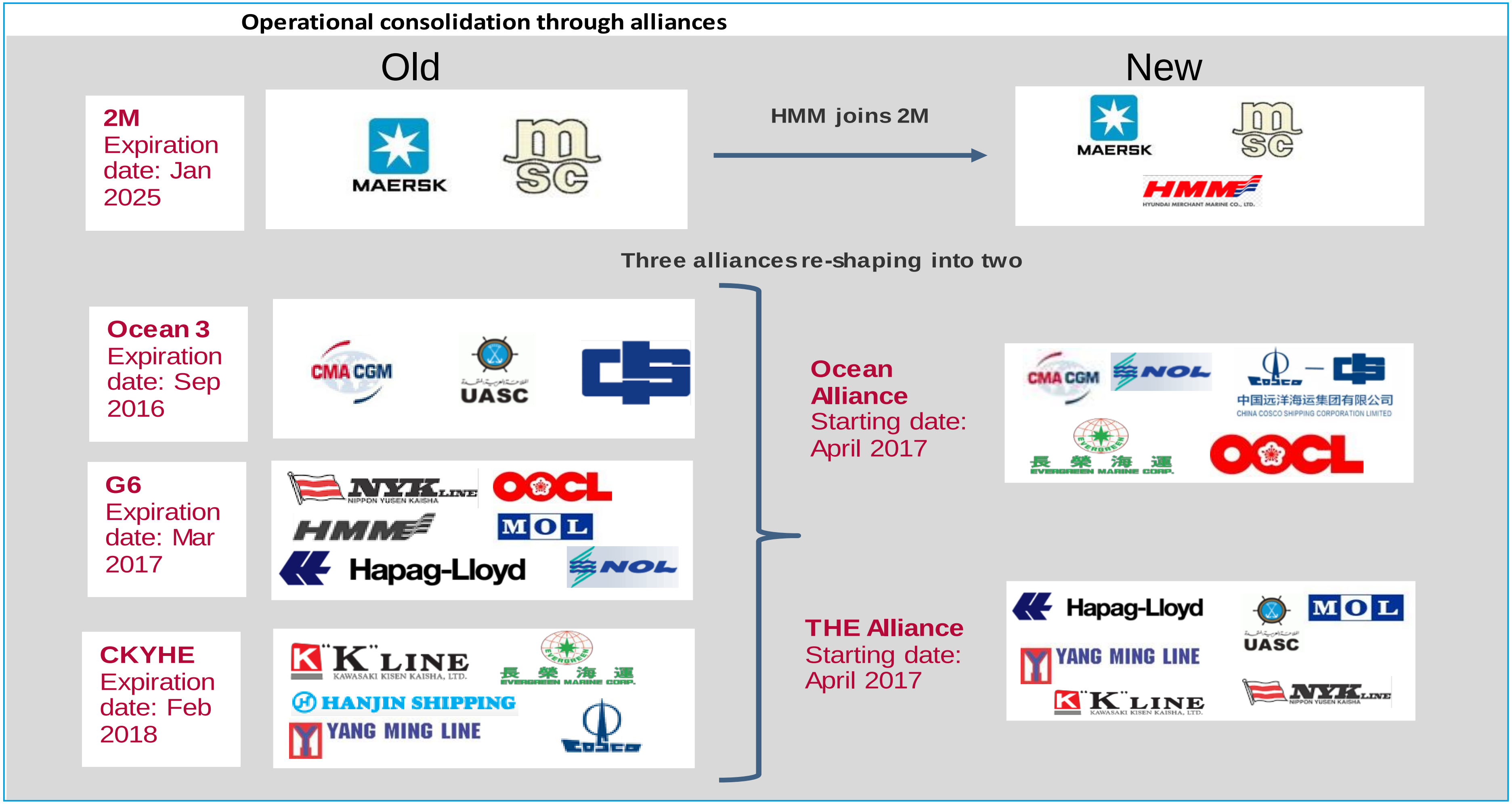
Higher concentration of volumes, fewer alliances

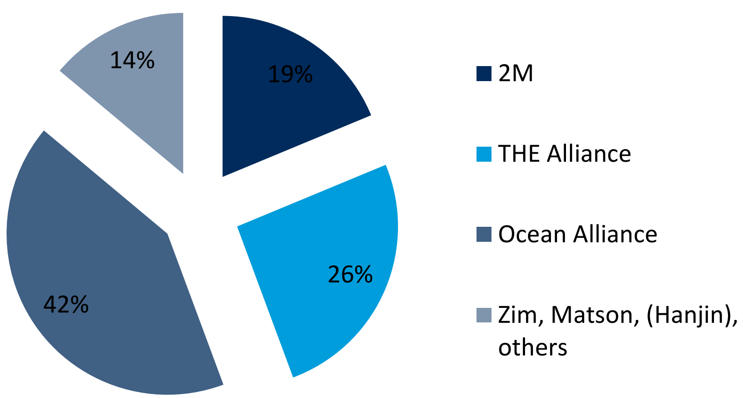


Major structural shift in the customer base of terminals. Impact from shift in power.

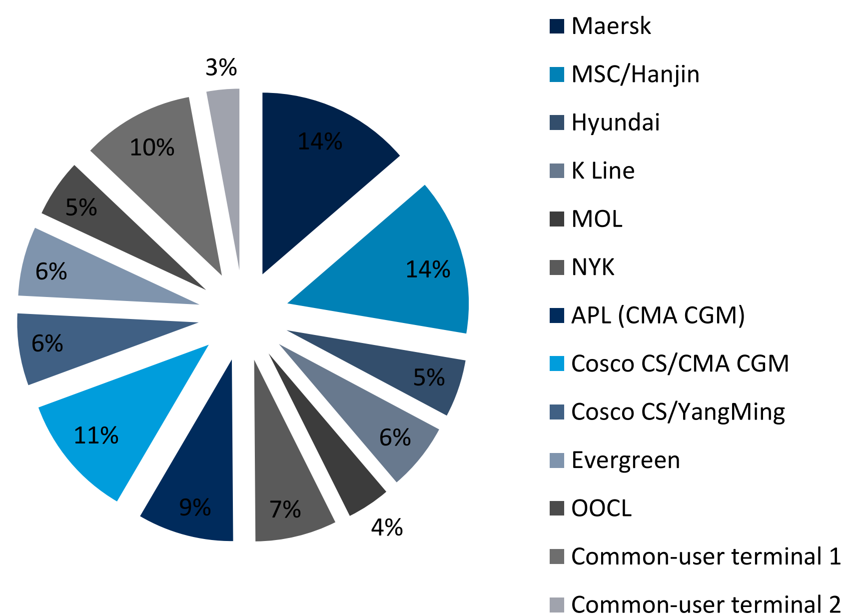
Source: Drewry Maritime Advisors

Alliances using several carrier terminals in 1 port

Alliances' estimated market shares (transpac)



Terminals' estimated capacity shares in the port complex of LA/Long Beach



No strategic alignment between carrier alliances and carrier terminal ownership; cost and operational inefficiencies/complexity of fragmentation. Need for mergers between terminals.

Source: Drewry Maritime Advisors

Can common-user terminals handle an entire mega-alliance's volume?

Different port operating models

1. Port landlord with multiple common-user or dedicated privately-operated terminals
2. Port operator model with multiple port-operated common-user terminals
3. Port operator with 1 port-operated common-user terminal

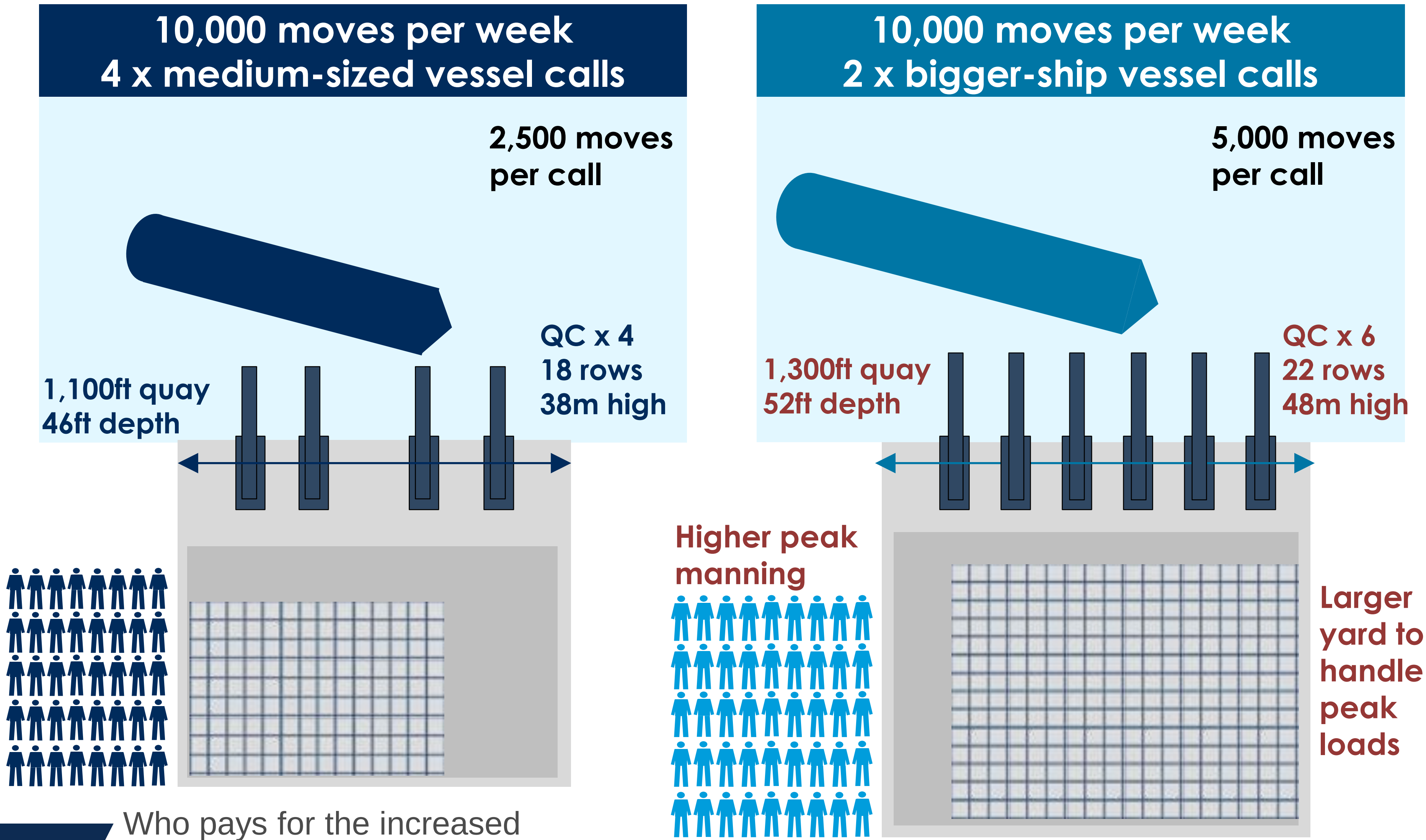
Example of port landlord with 6 common-user or dedicated terminals: PANY/NJ

- APM Terminals Port Elizabeth
- Global Container Terminal - Bayonne
- Global Container Terminal - New York
- Maher Terminals
- Port Newark Container Terminal
- Red Hook Container Terminal

In ports using the landlord model, competing common-user terminals are generally unable to accommodate all the loops of an alliance.

Source: Drewry Maritime Advisors

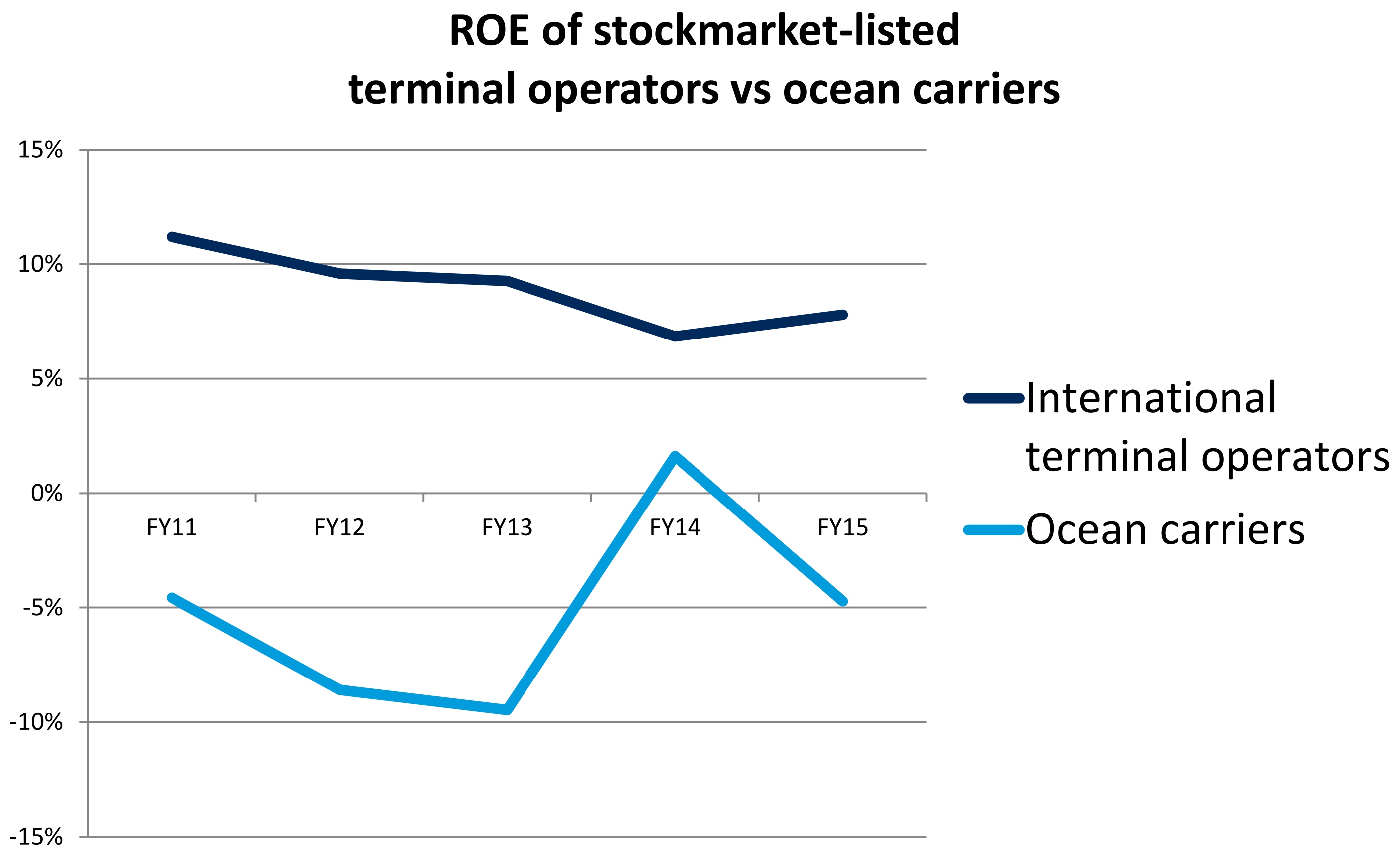
Big ships & volume peaks/terminal congestion



Who pays for the increased costs and investments?

Source: Drewry Maritime Advisors

Low profit returns shifting from carriers to terminals?



Change in the industry landscape for terminal operators: pressure on price from carriers, pressure on cost and on new investments due to big ships; questions on their strategies

Source: Drewry Financial Research Services

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Panel discussion and questions

Philip Damas, Director – Head of Logistics Practice

damas@drewry.co.uk

www.drewry.co.uk

UK

15-17 Christopher Street
London
EC2A 2BS
United Kingdom

T +44 20 7538 0191

INDIA

209 Vipul Square
Sushant Lok - 1
Gurgaon 122002
India

T +91 124 497 4979

SINGAPORE

#13-02 Tower Fifteen
15 Hoe Chiang Road
Singapore 089316

T +65 6220 9890

CHINA

Office 555, 4th floor
Standard Chartered Tower
201 Shi Ji Avenue
Pudong District, Shanghai
China, 200120

T +86 (0) 21 6182 6759