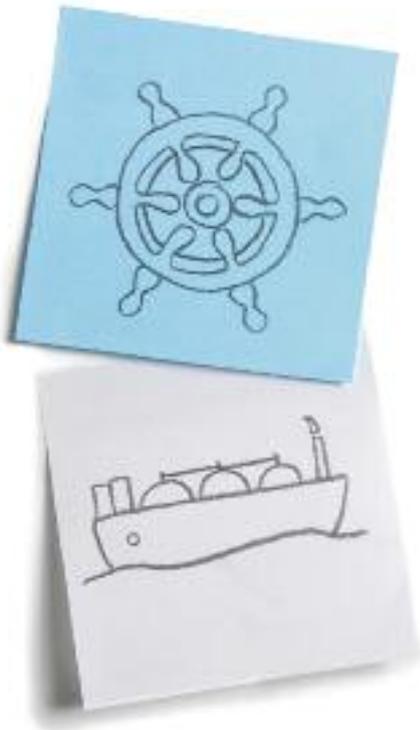


Watertight solutions
Global expertise
for the maritime
and ports industry



Contents

Keeping on course: Our ports expertise at a glance	1
An industry on the move	2
Keeping everything shipshape: Customised services for the ports industry	3
Seasoned professionals: Deloitte services in summary	5
Contacts	7



Keeping on course: Our ports expertise at a glance

Deloitte's Shipping & Ports group provides professional services to the international deep sea transportation industry including oil and gas and dry bulk carriers, containerships, offshore drill ships and support vessels, marine fuel logistics companies, ports, terminals and harbour authorities.

Drawing on the talents of 182,000 people, across 150 countries – including over 550 professionals who are exclusively focused on the maritime industry – Deloitte member firms assist clients in responding to critical issues arising as a result of regulatory changes, competition, globalisation, advances in technology and the ever changing demands of their customers. We offer real value to clients by combining our strong technical skills across many disciplines, our thorough knowledge of the industry and our global network. Without geographic barriers, Deloitte member firms are able to respond quickly to clients' needs.

In addition to our core services of audit, tax, financial advisory and consulting, we provide a number of customised services for the ports industry, including:

1. Strategy development

A number of internal and external forces combine to influence the strategic direction a port may take. We assess the current situation and analyse macro-economic drivers, traffic demand forecasts and competitor intelligence to create a sound basis in order to identify investment options and provide recommendations for future strategic direction.

2. Public Private Partnerships (PPPs)

Public Private Partnerships are becoming increasingly common, particularly in areas such as port redevelopment and infrastructure. Deloitte has the extensive international experience in design, implementation and process management to ensure a robust programme is in place from initiation through to procurement.

3. Port transaction advisory

Whether public or private, extensive planning is the key to a successful transaction. Our teams work with clients on all aspects of transaction advisory, from the preparation of tender documents and bid strategy through to the review of legal documentation and tax implications and negotiation.

4. Waterfront development

Increasingly, we are seeing old ports transformed into thriving communities. Deloitte offers a range of services linked to waterfront development including: business case and feasibility studies, financial modelling, risk management and financing options.

5. Port analysis

Deloitte's proprietary Port Analysis Model[®] was developed in conjunction with the Port of Rotterdam. It allows us to help clients assess the relative competitive position of a port in comparison to others, using a number of benchmarking options such as cargo flows.

Why work with us?

Forming part of the Global Energy & Resources group, our growing Shipping & Ports group has in-depth expertise, enhanced through regular networking and knowledge-sharing platforms on a global basis. This ensures we provide our clients with up-to-the-minute advice and detail on market developments.

Deloitte member firms have an established track record within the shipping and ports sector, and as a consequence, have the specialist skills and market knowledge help our clients at all stages of the development of their business.



An industry on the move

A number of forces have been affecting and remodelling the ports industry; here, we briefly highlight the key developments.

Globalisation

In recent years, the ports industry has been in a continuous state of change. Historically, changes in the ports industry have followed trends in shipping. However, the rising importance of ports, for both national and regional economies, has encouraged governments to intervene and to re-define the scope of port development.

In the main, governments have simply been reacting to the advent of globalisation, which has served to significantly increase shipping volumes and resulted in the standardisation of container sizes. This in itself has created several advantages. Rising trade volumes have led to an increase in the number and size of ports coupled with a need to operate with greater speed and efficiency in order to handle these increased volumes.

Ever increasing ship sizes (the 18,000+ TEU vessels are already here), has called for port infrastructure to improve. With increasing scale in both size and speed, port operators have been forced to focus on improving their operational efficiency meaning larger quays, deeper berths and quicker handling facilities.

Globalisation has also led to an increased focus on the 'hub-and-spoke' system. Naturally, almost every port wants to want to be a 'hub', whilst in reality very few can be, as not every port is ideally or strategically located. To be successful, a hub-and-spoke system requires a clear vision of the important elements in the system and a greater emphasis on boosting connectivity.

Liberalisation and privatisation

Increasing global competition between ports and the changing function of ports in the supply chain has led to more liberalisation and privatisation of the industry. More and more, the role of the government is to act as regulator, rather than operator.

At present, there are a variety of port operating models in play, ranging from service ports with a predominantly public character through to fully-privatised ones. In Europe, America and the Middle East, 'landlord' ports are the dominant model. Under this approach, the port authority acts as a regulatory body (a landlord) whilst port operations are carried out by private companies. However, there has been a shift in Europe and the Middle East towards a more independent landlord model, where governments have less control over the port authorities.

Liberalisation has also led to a small number of global, highly commercial terminal operators seeking to realise economies of scale.

Modal shift

Boosting capacity – both within ports and the inland transport infrastructure – is critical for the system. To improve operational efficiency, further integration of ports with other methods of transport for inland support is vital. Limited or lacking road and rail capacity requires a modal shift towards inland waterways. Such a shift will boost their importance and strengthen the economic activity of these often neglected ports.

Port security

Port Authorities have been forced react to greater political tension and terrorism threats with an intensive focus on safety and security. Ports and port facilities are required to implement risk management activities and take numerous precautions, such as drafting security plans, engaging security officers and deploying security equipment. These safety and security precautions now significantly influence many ports' day-to-day business activities.

Ecological footprint

Ports can and do play a significant role in achieving international climate targets. Emissions from transport are likely to affect the health and quality of life of people living close to port areas. Therefore, ports are being encouraged by varied national and international bodies to review their ecological footprints and enable the generation of renewable energy.

Waterfront development

Many ports have relocated in recent years, as western society has witnessed a trend for local populations to move in and transform old inner city industrial spaces – including many former inner city ports. A combination of factors – limited space, environmental issues and high land prices – has resulted in many highly urbanised cities re-evaluating the use and purpose of inner city factories and ports. City authorities benefit from re-energised city districts, while port authorities benefit by relocating to strategic locations with more space, greater growth potential and sound transport connections.

Keeping everything shipshape: Customised services for the ports industry

Strategy development

Our aim is to help ports to formulate the right strategy. Deloitte combines strategic thinking with practical experience of the maritime and transport industry. We consider both current and future factors, we assess external and internal driving forces, and we evaluate the upside and the down sides of various future scenarios that can significantly influence the strategic direction of a port. Our approach to strategy development starts with an assessment of the current situation, followed by an analysis of macro-drivers and traffic demand, followed by forecasting and competitor analysis in order to identify all the strategic options. These options are then assessed by identifying investment options and a risk/reward analysis; ultimately leading to sound strategic recommendations.

PPP in ports

Public Private Partnerships (PPPs) or Public Private Initiatives (PPIs) are becoming increasingly common, especially in areas such as port re-development and infrastructure. A great deal of preparation and planning is required for a successful PPP. Additionally, sufficient commitment, effective communication and watertight contracts are other essential success factors. In our experience, allocating risks to those parties with the best ability to manage those risks is the key to realising true value for the public sector. Often, organisations are more willing to retain or transfer identified risks provided the PPP process is transparent, and follows a sound framework from initiation through to procurement.

Deloitte member firms have extensive international experience with the design, implementation and process management of PPPs. Through tested methodologies and practical guidelines, we can add value to any PPP initiative. A successful PPP process involves:

- Clear communication between all partners
- Management of potential conflicts of interest
- Financial modelling
- Risk assessments (including pricing of), Public Private Comparator (PPC), Public Sector Comparator (PSC), of bringing on the market
- Management of the bidding process
- Final negotiations
- Contract award and management



Port transaction advisory (public)

We believe that a proper transaction strategy is the basis for a successful tender process execution. Each transaction is unique and therefore requires a tailor-made transaction strategy. From a public authority's perspective, the transaction process involves determining and designing the transaction strategy, the preparation and execution of the tender process, and the concession and contract negotiation with the private bidders. Our services include:

1. Transaction process strategy and design
2. Tender documents preparation
3. Review of legal documentation
4. Transaction management
5. Bid valuation
6. Risk valuation
7. Negotiation strategy and support

Port transaction advisory (private)

From the perspective of a private investor, a transaction that contributes towards a company's strategic goals requires sound preparation and evaluation of the tender process, an optimal bidding strategy and strong negotiation of the concession contract. Deloitte member firms are highly experienced in supporting private investors through each of these stages. Our services include:

1. Review of legal documentation
2. Bid strategy and preparation
3. Negotiation strategy and support

Waterfront development

Due to trends in the maritime industry, many inner city port areas are facing a change in their function. Port areas surrounded by residential and office locations are being regenerated and transformed into new, vibrant living and working spaces.

Renowned examples of extensive waterfront developments include London's Canary Wharf, Stadshavens in Rotterdam and Hamburg's HafenCity. Deloitte member firms are known for their financial modelling and process management in complex area development transformations, and are involved in a number of large waterfront development projects.

Deloitte has broad expertise here in supporting governments, private parties and facilitating the co-operation of organisations through all phases of decision-making. Our key offerings in waterfront development include:

- Business cases and feasibility studies
- Process management
- Financial modelling
- Risk management
- Public private partnership advisory
- Finance/funding structures
- Tender support

Port Analysis Model

The Port Analysis Model® is an instrument for assessing the relative competitive position of a port in comparison to a range of other ports. The model has been developed in a partnership between the Port of Rotterdam and Deloitte Netherlands. The instrument consists of several modules:

- Port benchmark: benchmark of factors which determine the location of a business/the success or attractiveness of ports
- Cargo flow analysis: analysis of the development of cargo transshipment in ports

The Port Analysis Model is a time and cost efficient instrument for the broad analysis of seaports within their context. In order to use the model effectively, a standardised method has been developed for gathering, analysing, interpreting and valuing data and descriptive information.

The purpose of the model is to be able to assess the current and future potential of a port in terms of attractiveness or competitiveness by getting a broad, static picture of a port in its environment (city, region, country and continent), and the development of cargo transshipment, such as market position and specialisation.



Seasoned professionals: Deloitte services in summary

Audit

Auditing is a highly complex process, and the importance of auditors as a vital link in the financial reporting chain has never been more important nor their role as trusted advisors more valued. The global network of Audit professionals at Deloitte member firms provide a range of audit and advisory services to assist clients in achieving their business objectives, managing their risk and improving their business performance – anywhere in the world. Using our state-of-the-art tools enables Deloitte member firms audit professionals to deliver the assurance service quality and excellence that is implicit in the Deloitte brand and that the financial community and public expect.

Enterprise Risk Services

Enterprise Risk Services help organisations build value by taking a risk intelligent approach to managing financial, technology, and business risks. This approach helps Deloitte member firm clients: focus on their areas of increased risk; bridge silos to effectively manage risk across organisational boundaries; and pursue not only risk mitigation, but also intelligent risk taking as a means to value creation.

Our enterprise risk services include:

- Contract risk compliance
- Data risk services
- Governance, regulatory and risk strategies
- Information and controls assurance
- Internal audit
- Risk management technologies
- Security, privacy and resilience
- Sustainability & climate change risk services
- Technology risk and governance

Tax

Deloitte member firms offer clients a broad range of fully integrated tax services. Our approach combines insight and innovation from multiple disciplines with business and industry knowledge to help your company excel globally.

Our tax services include:

- Cross-border tax
- Global employer services
- Indirect tax
- Compliance and reporting services
- Tax publications

Consulting

Consultants from Deloitte member firms can help you to plan, grow, and structure your business to address key issues such as strategy, technology, and change management. With our unique, collaborative approach, we offer not only industry and functional business performance knowledge, but also the insight of others through our consulting alliances. We work closely with clients to improve business performance, drive shareholder value, and create a competitive, sustainable advantage, regardless of where in the world your business takes you.

Our consulting services include:

- Enterprise applications
- Human capital
- Outsourcing
- Strategy & operations
- Technology integration

Financial Advisory

Deloitte member firms provide the broadest range of advisory services around M&A transactions, restructurings, raising capital, and forensic investigations. Our member firms also offer a number of specialist multi-situational capabilities including business modelling, PPP, and infrastructure advisory and valuations.

Our network comprises in excess of 6,500 financial advisory professionals focused on providing high quality financial advice and execution; delivering integrated solutions to clients ranging from multinational corporates and sovereign wealth funds to private equity, owner-managed businesses, creditors, shareholders, and government institutions.

Our member firm professionals offer deep industry knowledge and situational experience to aid in delivering effective, market-leading advice.

Areas of specialisation focus on:

- M&A transactions: advisory and support
- Restructuring: advisory and implementation
- Capital raising: debt and equity
- Forensic: investigations and disputes
- Specialist multi-situational capabilities



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Notes

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Deloitte member firms around the world provide comprehensive, integrated solutions to the energy and resources sector. These solutions address the range of challenges facing energy companies as they adapt to changing regulatory environments, to political, economic and market pressure, and to technological development. Deloitte member firms' in-depth expertise in this dynamic sector serves as an indispensable resource for a significant portion of the world's largest energy companies. Deloitte member firms have been designed to provide the energy and resources industry with unparalleled service, innovation, and critical thinking.

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