Competitive position of the Baltic States Ports

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Transactions & Restructuring
Competitive landscape of maritime cargo transportation in the Eastern Baltics (1 of 2)

Development of the Eastern Baltic ports, 2002 – 2013

- **Primorsk**, 16% CAGR
- **St. Petersburg**, 3% CAGR
- **Ust-Luga**, -3% CAGR
- **Tallinn**, -3% CAGR
- **Ventspils**, 0% CAGR
- **Klaipeda**, 5% CAGR
- **Riga**, 6% CAGR
- **Liepaja**, 1% CAGR
- **Kaliningrad**, 3% CAGR
- **Vysotsk**
Competitive landscape of maritime cargo transportation in the Eastern Baltics (2 of 2)

Cargo turnover in the Eastern Baltics ports, 2010-2013

Notes: (a) Data on Russia covers only Russian ports in the Baltic Sea basin

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Competitive landscape of maritime cargo transportation in the Baltic States

Cargo turnover of the key Baltic States ports, 2010-2013

<table>
<thead>
<tr>
<th>Port</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riga</td>
<td>24%</td>
<td>24%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Klaipeda</td>
<td>25%</td>
<td>26%</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Ventspils</td>
<td>19%</td>
<td>20%</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Liepaja</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Tallinn</td>
<td>29%</td>
<td>26%</td>
<td>21%</td>
<td>22%</td>
</tr>
</tbody>
</table>

CAGR:
- Riga: 1%
- Klaipeda: 1%
- Ventspils: 1%
- Tallinn: -2%
- Liepaja: 1%
Year-on-year cargo turnover growth in major Eastern Baltic ports, 2011-2014

Port of Riga registers a significant increase of total cargo turnover in 2014

Growth rate of Ust-Luga port slows down after 2012
Handling of crude oil and oil products in the Eastern Baltic ports, 2011-2013

Year-on-year change in oil cargo flows
(4m 2014 and 2013 full year)

<table>
<thead>
<tr>
<th>Port</th>
<th>4m 2014 / 4m 2013</th>
<th>2013 / 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riga</td>
<td>+ 36%</td>
<td>- 8%</td>
</tr>
<tr>
<td>Ust-Luga</td>
<td>+ 28%</td>
<td>+ 47%</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>+ 14%</td>
<td>0%</td>
</tr>
<tr>
<td>Primorsk</td>
<td>- 18%</td>
<td>- 15%</td>
</tr>
<tr>
<td>Butinge</td>
<td>- 34%</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Klaipeda</td>
<td>- 41%</td>
<td>- 14%</td>
</tr>
<tr>
<td>Kaliningrad</td>
<td>- 41%</td>
<td>- 19%</td>
</tr>
</tbody>
</table>

The unused spare handling capacity of oil cargo varies from 20% to 50% in the Baltic States ports.
Handling of coal in the Eastern Baltic ports, 20101–2013

Year-on-year change in coal cargo flows
(4m 2014 and 2013 full year)

<table>
<thead>
<tr>
<th>Port</th>
<th>4m 2014 / 4m 2013</th>
<th>2013 / 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riga</td>
<td>+13%</td>
<td>-6%</td>
</tr>
<tr>
<td>Ust-Luga</td>
<td>+11%</td>
<td>+14%</td>
</tr>
<tr>
<td>Vysotsk</td>
<td>+11%</td>
<td>+49%</td>
</tr>
<tr>
<td>Ventspils</td>
<td>-10%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Total change in the region: +7%

Major coal-handling ports continue to grow within the segment except for Ventspils.

The share of Baltic States ports in coal handling in the region falls down from 56% in 2011 to 49% in 2013 as Ust-Luga raises cargo turnover.
Handling of containers in the Eastern Baltic ports, 2011 – 2013

Year-on-year change in containerized cargo flows (4m 2014 and 2013 full year)

<table>
<thead>
<tr>
<th></th>
<th>4m 2014 / 4m 2013</th>
<th>2013 / 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klaipeda</td>
<td>+ 29%</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Kaliningrad</td>
<td>+ 12%</td>
<td>- 13%</td>
</tr>
<tr>
<td>Riga</td>
<td>- 5%</td>
<td>+ 8%</td>
</tr>
</tbody>
</table>

Total change in the region: + 9%

Due to one-way nature of main container cargo flows empty containers make up a large share in total volume shipped.
### Handling of fertilizers in the Baltic States ports, 2011 – 2013

#### Year-on-year change in fertilizer cargo flows (4m 2014 and 2013 full year)

<table>
<thead>
<tr>
<th>Location</th>
<th>4m 2014 / 4m 2013</th>
<th>2013 / 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ventspils</td>
<td>+115%</td>
<td>-10%</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>+46%</td>
<td>+27%</td>
</tr>
<tr>
<td>Riga</td>
<td>+39%</td>
<td>0%</td>
</tr>
<tr>
<td>Klaipeda</td>
<td>+23%</td>
<td>-16%</td>
</tr>
<tr>
<td>Tallinn</td>
<td>-18%</td>
<td>-25%</td>
</tr>
</tbody>
</table>

Fertilizer cargo flows are affected both by the global market prices and agricultural yield.

Construction of Riga Fertilizer Terminal is expected to result in additional and stable fertilizer cargo volumes through Riga.

The share of fertilizer cargo turnover in the Baltic States has shrunk from 75% in 2012 to 66% in 2013.

**Total change in the region:** +35%

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Asian countries will see fast economy development and significant growth of raw materials import

- Asia is forecasted to be the world's most developed region by 2040

Russia actively develop and invest in ports of the Black Sea

- Novorossiysk
- Tuapse
- Taman

Current situation in Ukraine

- Potential cargo reorientation from Ukrainian to Baltic ports
- Uncertainty with container trains heading to Ukrainian ports

MARPOL Convention restrictions in the Baltic Sea

- Increase of maritime transportation costs
Thank you for your attention!

Jūlija Māsāne-Ose

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Recently completed and ongoing projects in ports

### Riga
- **Finished construction of Riga Fertilizer Terminal:**
  - Project financing exceeds EUR 60 million
  - Total annual throughput capacity of the 1st tier – up to 2 million tonnes

- **Finished construction of Riga Bulk Terminal:**
  - Project financing exceeds EUR 20 million
  - Cargo types handled include food pellets, alumina, other bulk foodstuffs
  - Total planned capacity – about 1 million tonnes per annum

### Ventspils
- **Ongoing dismantling of 1st pier, which will allow construction on 2nd tier of Baltic Coal Terminal:**
  - Terminal throughput capacity is planned to be increased to 10.5 million tonnes

- **Finished construction of new Ventplac terminal:**
  - Increased throughput capacity of both Ventplac and Noord Natie Ventspils Terminal, from which it had previously rented the territory

### Liepaja
- **New ferry Ro-Pax line Zasnitz – Baltiysk – Liepaja – Ust-Luga operated by BFI**
  - 
  - 

- **Resumed deepening of port water area and feeder canal:**
  - Project financing exceeds EUR 14 million
  - Project is EU Cohesion fund co-financed