



Panama Ports Company



A member of CK Hutchison Holdings

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Which are the main challenges for the Panamanian ports?

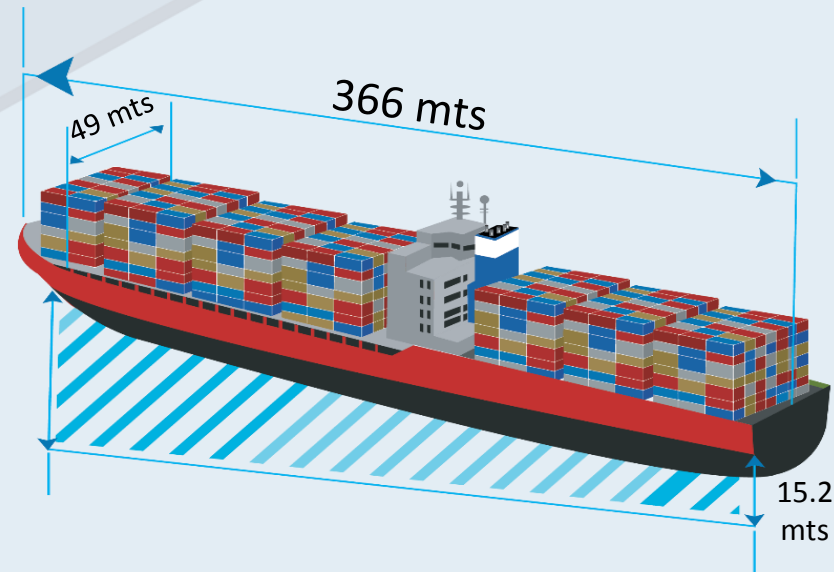
- **The Canal expansion**
- **Regional competition**
- **Increase transshipment volume**



■ The Canal expansion

“Neo-Panamax terminals” main features

- QC's of 20 rows outreach
- Berths over 400 mts. length
- Drafts over 16 mts. depth
- Containers storage capacity
- Specialized staff

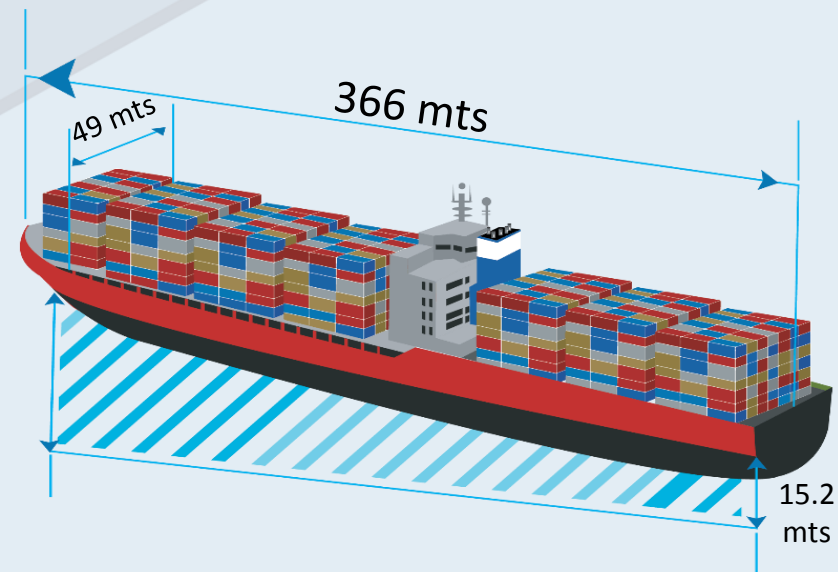




■ The Canal expansion

Are the Panamanian ports “Neo-Panamax” ready?

- ✓ QC's of 20 rows outreach
- ✓ Berths over 400 mts. length
- ✓ Drafts over 16 mts. depth
- ✓ Containers storage capacity
- ✓ Specialized staff





■ The Canal expansion

PPC “Post-Panamax” milestones

- The Port of Balboa received the first “Post-Panamax” call on **June 2007** (Maersk Seletar)
- PPC terminals berth facilities & equipment
 - Balboa: 3 berths y 17 QC’s **since 2010**
 - Cristóbal: 1 berth y 5 QC’s **since 2012**
- **Currently 6 weekly calls** of “Post-Panamax” calls (one with “Neo-Panamax” sizes)



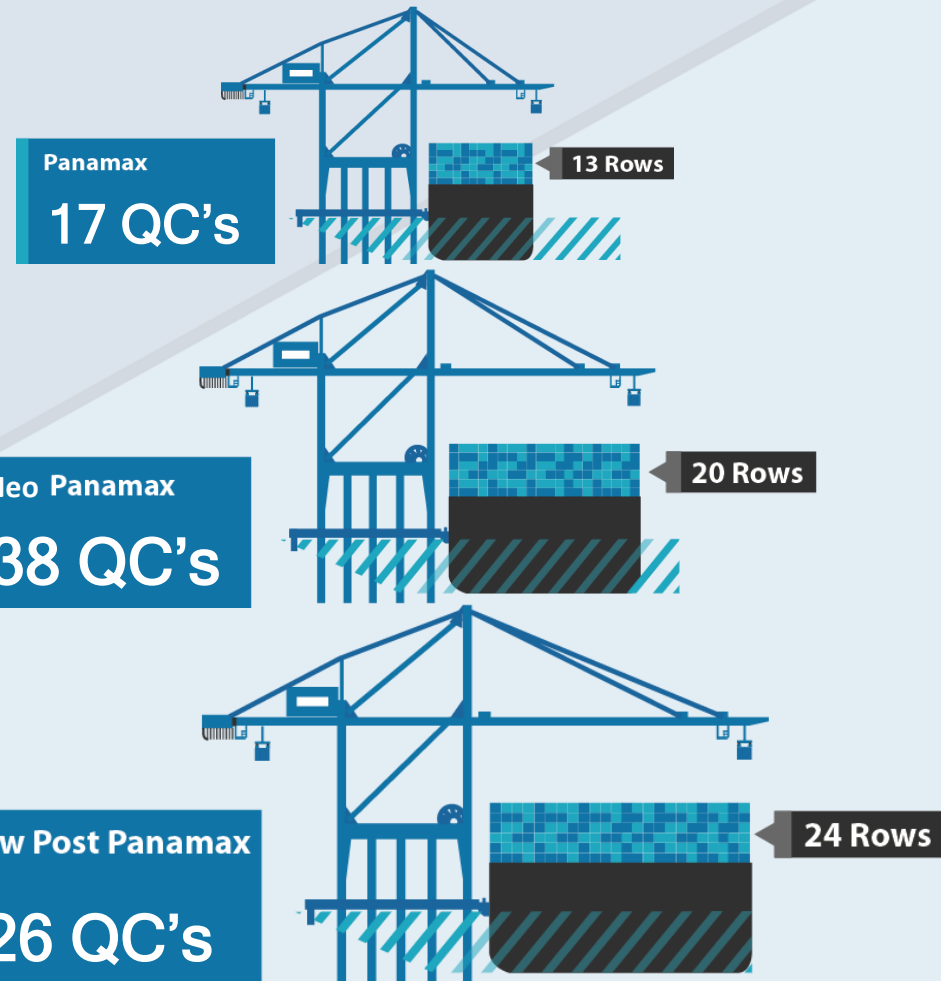


The Canal expansion

Panamanian ports quay cranes

On 2016 we will have

81 QC's



*Considering 8 QC's of PSA expansion project

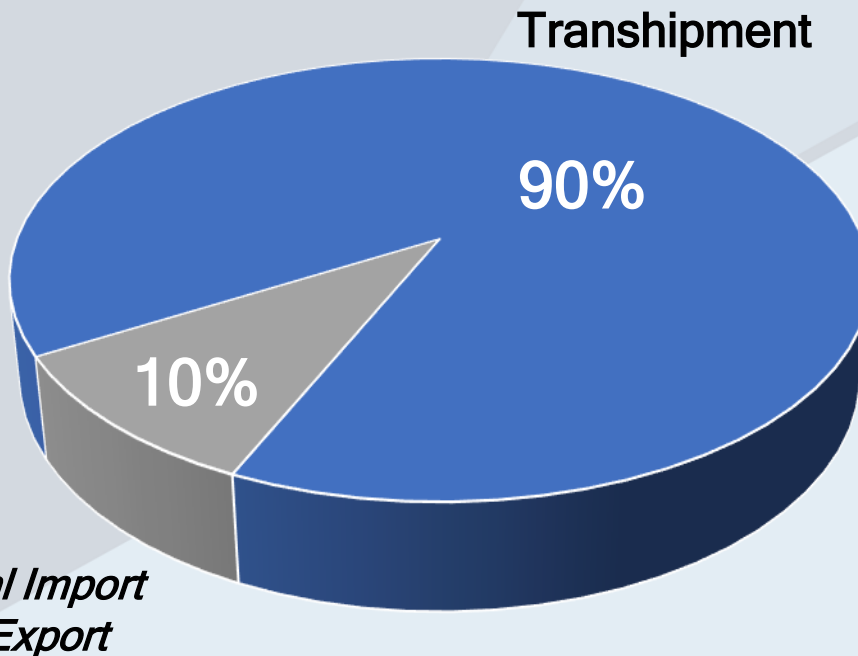




Regional competition

“Panamanian cargo” features

Panama Ports cargo distribution



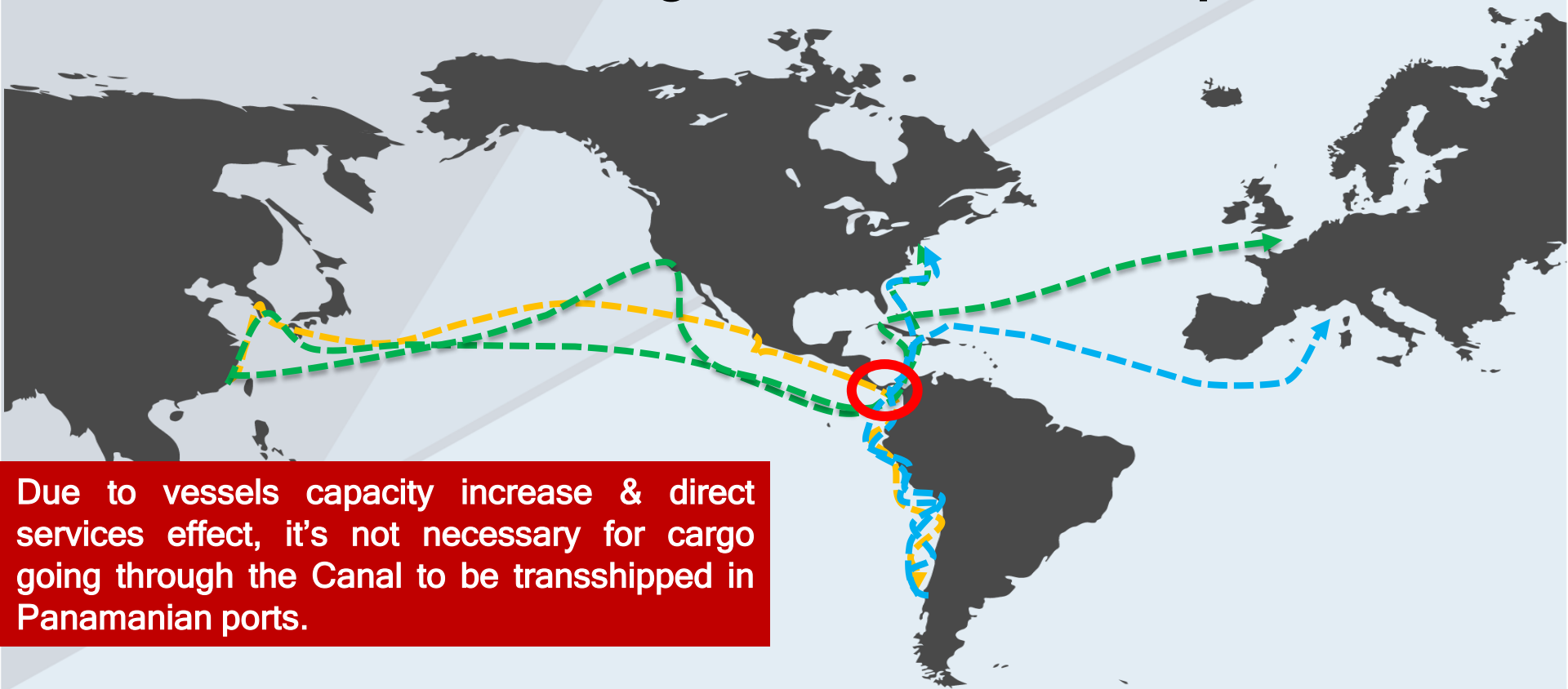
This transshipment makes connections mainly between:

- Far East
- Caribbean
- US East Coast
- WC South America
- North Europe
- US West Coast
- Southern Europe (Med)



Regional competition

New routes configuration after PC expansion



Due to vessels capacity increase & direct services effect, it's not necessary for cargo going through the Canal to be transshipped in Panamanian ports.



Regional competition

Container terminals projects

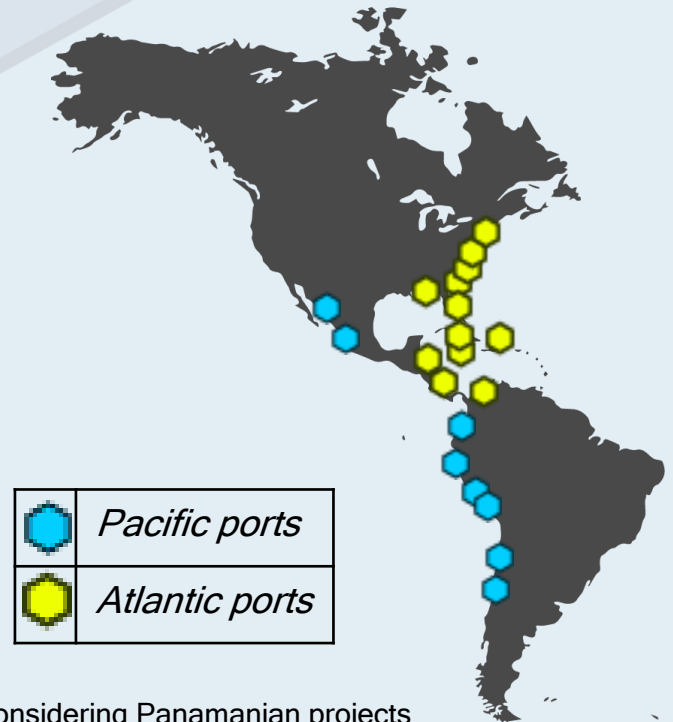
Due to:

- Cargo via Suez Canal might switch to Panama Canal
- USWC cargo might switch to USEC
- Vessel sizes increase

Currently 20 new developments or expansions projects are under way, that will bring

+17M teus of capacity increase

Main container terminal projects



*Not considering Panamanian projects



Increase transshipment volume

Panama Canal container terminal
Market study report
(February 2016)

Study focused on container terminals of both sides of Panama Canal:

- Market & Industry trends
- Regional transshipment
- Volume forecasts
- Capacity utilization



Drewry is the specialist research and advisory organization for the maritime sector.



Increase transshipment volume

Some findings of the study:

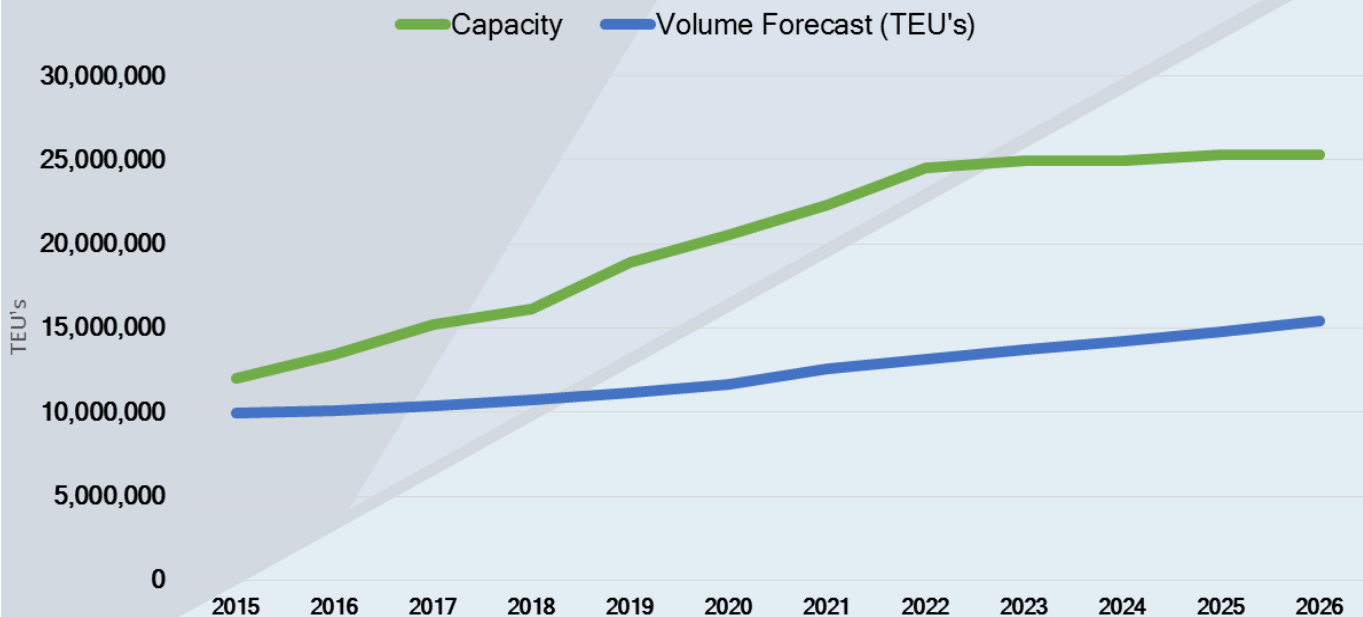
- “The report shows that Panama Canal traffic will continue to grow, but not as fast as it has in the past. This is due to a number of factors, including the fact that the Canal is becoming more congested, and that there is a growing trend towards direct shipping routes. This will have a negative impact on the Canal's transshipment activity, which is a key source of revenue for the Panama Ports Company. The report also notes that the Canal's capacity is being reached, and that this will lead to a decline in transshipment activity in the future. This is a concern for the Panama Ports Company, as it will have a negative impact on its revenue. The report also notes that the Canal's traffic is becoming more volatile, and that this will lead to a decline in transshipment activity in the future. This is a concern for the Panama Ports Company, as it will have a negative impact on its revenue. The report also notes that the Canal's traffic is becoming more volatile, and that this will lead to a decline in transshipment activity in the future. This is a concern for the Panama Ports Company, as it will have a negative impact on its revenue.”



Increase transshipment volume

Some findings of the study

Capacity vs Volume Forecast - 2015 to 2026
(Main LATAM Pacific Ports)



Capacity increase
+13M TEU's

Volume increase
+5M TEU's

LATAM Pacific Ports: Callao,
Buenaventura, Balboa,
Manzanillo & Lazaro Cardenas

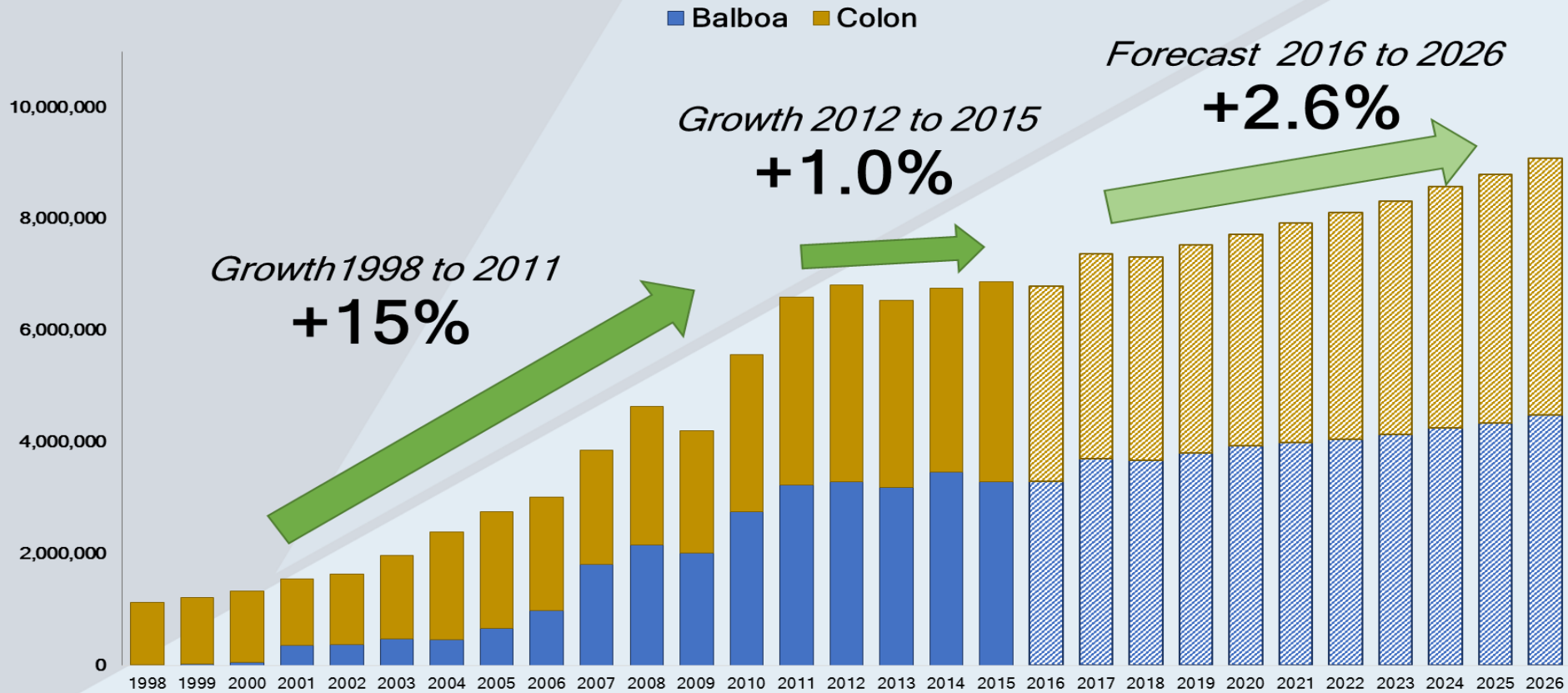
Source: Panama Canal container terminal (Market study report)





Increase transshipment volume

Panama volume growth & forecast up to 2026



Forecast source: Panama Canal container terminal (Market study report)





Increase transshipment volume

Decision point

What we should do to increase the volume expectations for upcoming years in Panama?

Increase capacity to move & stack containers



Increase the added value services for the cargo passing through Panama



■ Increase transshipment volume

Containerization of transshipment bulk rice

(Berth 8 / Port of Cristobal)



Project main facts:

- ✓ Transshipment rice from US Gulf to America, Europe & Middle East
- ✓ 7,000 tons of rice per call = **300 boxes** (Total project 22,000 boxes)
- ✓ **80 direct jobs** in the first phase



Increase transshipment volume

Containerization of recycled under-water optical fiber cables



Project main facts:

- ✓ Over 1,200 km of cable per call
- ✓ Over 90 40ft containers loaded per call



Final summary

- Panamanian port **already** have done the work
- There are some **threats** in the industry like:
 - Vessels capacity increase
 - Container terminals capacity increase
 - Direct service from origin to destination
- Studies forecast a **deceleration** of the volume growth trend
- Panamanian logistics complex must work on **ADDED VALUE** services





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