




Key elements of the financing of the inland waterways transport sector

CORPORATE & PUBLIC BANK



Prof. dr. Christa Sys
BNP Paribas Fortis Chair
Transport, Logistics and
Ports

Waterways for smart transport
Evere, Oct. 4th, 2016



BNP PARIBAS
FORTIS

| The bank for a changing world

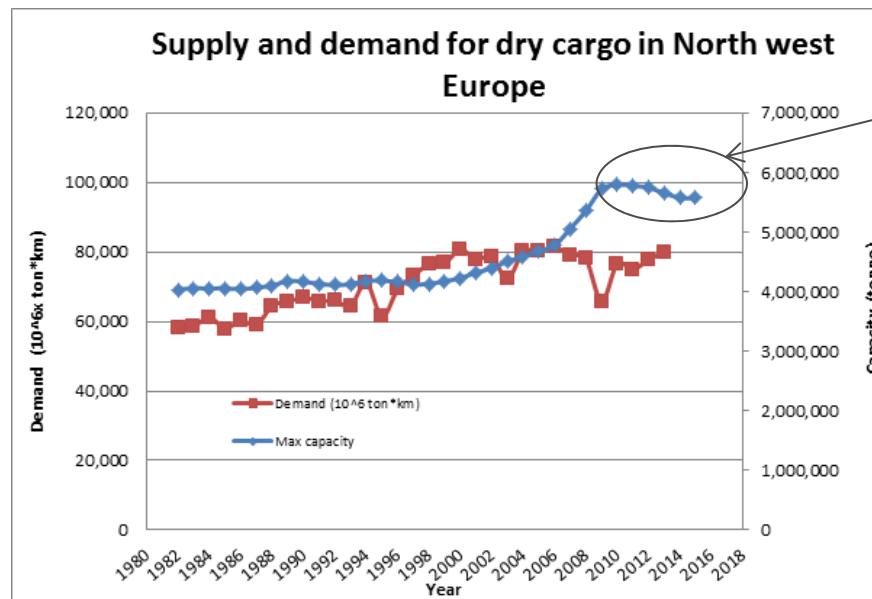
Inland navigation: market study (general)

- Inland navigation is socially **relevant** (congestion, environment, ...)⇒ Sector is here to stay & grow
- **Volatile** revue versus fixed costs (>50% fixed, purchase price (depending on vessel type, age), financing% and interest rate)
- Difficult **second way out**: always at a bad moment (cyclic), difficult procedure, vulnerable asset, limited number of buyers.
- **X-Border Western European** market (ARA, Rhine, Scheldt) and dito market players (both banks and barge companies) sometimes influenced by local politics.
- Fluctuating **new building price** (approx. 25-30%)
- Huge **wave of investment in new building** (2006-2010), particular in tanker; and especially in The Netherlands (>30% new expensive capacity: fixed costs (>50% total cost) >40% higher than 2015)



Inland navigation: submarket dry bulk/container

- Very **fragmented**
- Growing professionalization but still many **independent skippers** (with 1 or 2 ships (ref. coupled ships, separately registered))
- Growing **professional requirements** of customers/shippers
- **Structural overcapacity** due to investment wave (2006 – 2010) in expensive large barges



Source: van Hassel(2015)

Decline in load capacity
(-4% relative to 2012)



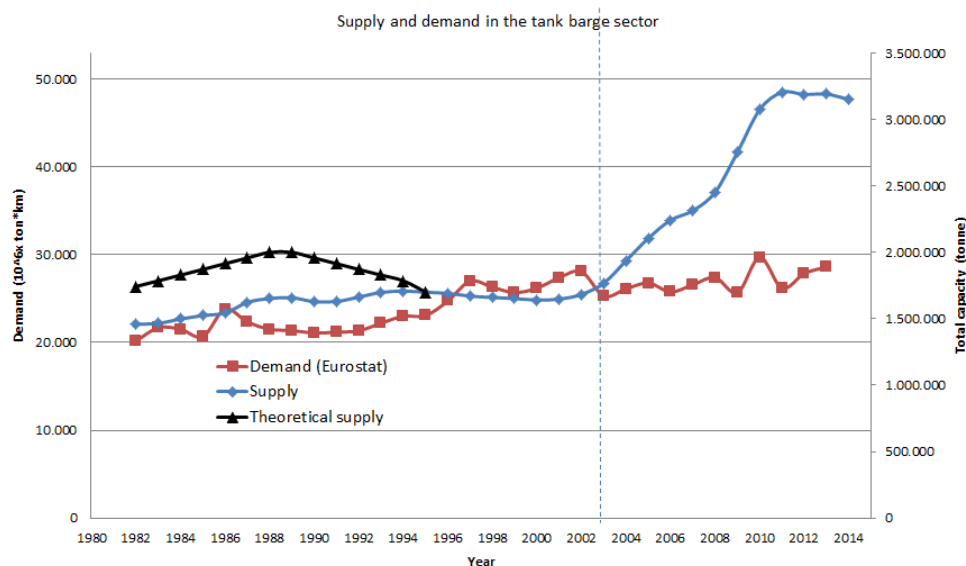
**BNP PARIBAS
FORTIS**

The bank for a changing world

| 4 October 2016 | 3

Inland navigation: tank barge sector

- >75% of the Western European market in the hands of **+/- 30 players** (and consolidating) (Top 5 - load capacity: Jaegers, Interstream, Imperial, Unibarge, BFTTRANS)
- Highly **professionalized** by strict requirements, viz. Oil Majors
- **Overcapacity**: single hull (# not known) ⇒ double hull in 2018 (limited impact)
- Major players less the plaything of the Oil Majors



Synopsis

Volatile, difficult market with great **future**



Translate into a **Credit Policy**



BNP PARIBAS
FORTIS

| The bank for a changing world

| 4 October 2016 |

5

Credit Policy BNP Paribas Fortis

1. BNP Paribas Fortis is structurally present in the inland navigation sector
2. But with a **clear strategy**:
 - The **strongest players** in the market (survivors); Criteria:
 - Large and diverse
 - Financial buffer
 - Professional
 - With **quality transactions** that are well structured; Criteria:
 - Contract
 - Proper assets, right (sub)market
 - With extensive **market knowledge**
 - We want to fully understand the market/customers
 - We want to fully oversee the market: market coverage which we have full view of the market

Depth

Width



**BNP PARIBAS
FORTIS**

| The bank for a changing world

| 4 October 2016 |

6

Innovation hub BNP Paribas Fortis

- **Mission**
 - 'help local heroes with innovative ventures turn into (inter)national stars'
- **Coaching**
- **Start-up** (but also e.g. IT companies, uberisation of inland navigation, etc.); Criteria:
 - Need for risk capital
 - Alternative financing
 - Guarantee



Contact

Sven Vandenameele

Deputy Business Centre Manager

Meir 48 Antwerpen

Manager Sectors Port & Logistics + Inland Shipping at Business Centre Antwerpen Haven

sven.vandenameele@bnpparibasfortis.com



BNP PARIBAS
FORTIS

| The bank for a changing world

| 4 October 2016 |

8