

Haifa Port Company Ltd.

Company Overview

August 2020

Disclaimer

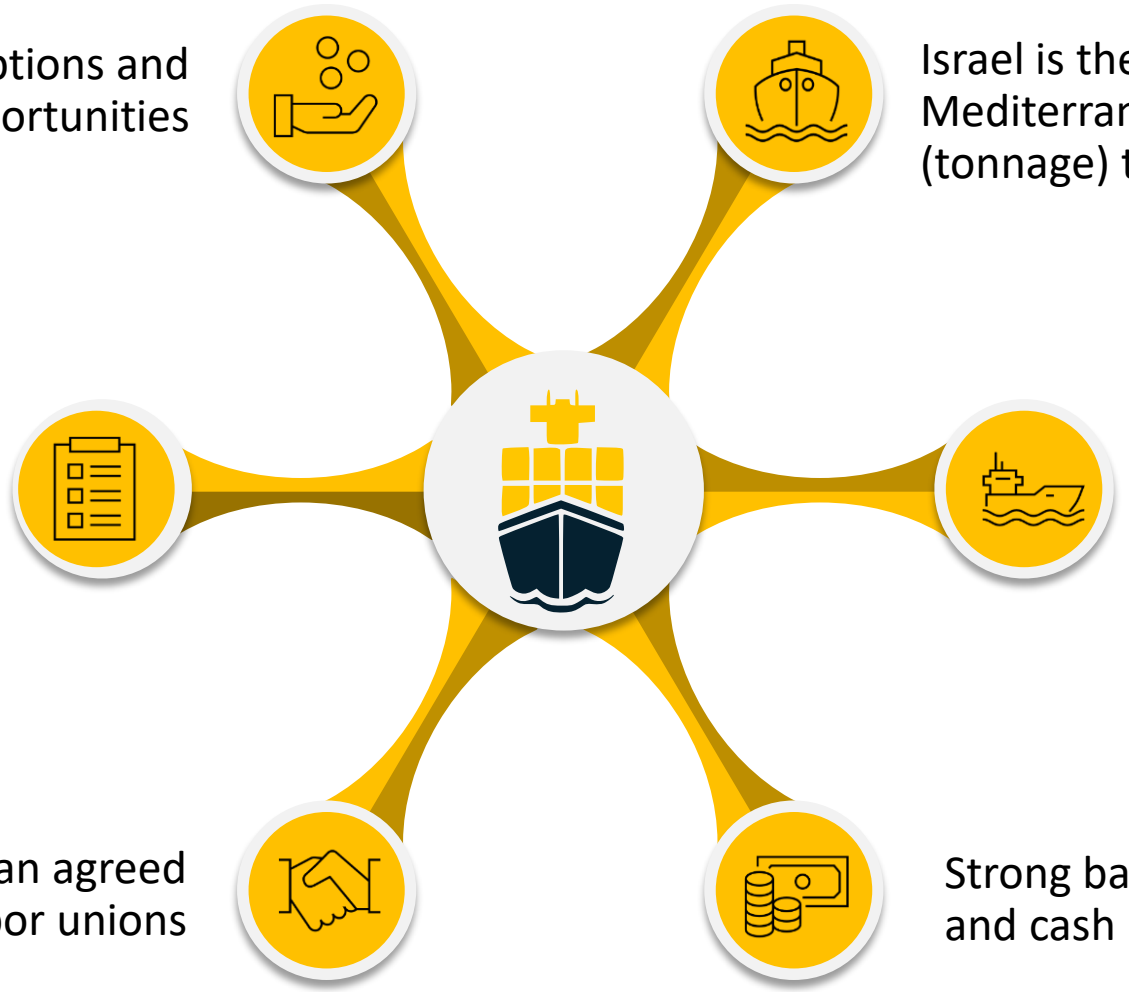
This general overview (the “Overview”) is created and managed by Haifa Port Company Ltd. (the "Company" or "HPC"). Information is being furnished solely to provide a general overview of HPC’s business activities and its privatization process. Neither the State of Israel (the “State”) nor the Government Companies Authority (GCA), HPC, and/or any of their respective affiliates, directors, officers, employees or representatives make any representation or warranty, express or implied, as to the accuracy or completeness of any of the information contained in this Overview. Each recipient/reader expressly disclaims any liability relating to or resulting from the use of this Overview and should not rely on the accuracy or completeness of this Overview. The financial projections presented in this Overview represent the subjective views of HPC’s management, its current estimates, forward-looking statements (including information regarding HPC and HPC’s Systems’ financial outlook, future plans, objectives, business prospects) as well as HPC’s current expectations of future performance based on various assumptions which the management believes are reasonable, but which may or may not prove to be correct and could materialize differently than as expected. There can be no assurance that management's views are accurate or that management's projections will be realized. Industry experts may disagree with these assumptions and with management's view of the market and the prospects for HPC. Furthermore it’s expressly clarified that some projections included in this overview are based on assumptions relating to agreements and arrangements which, to date, have not yet been executed and are still under discussions or have not been approved in accordance with the law. This Overview is not an offering document and is not intended to serve as a basis for business related decision by recipient. The sale process is subject to the directives and provisions of the sale procedure that will be published on the GCA website at the publication of the sale process.

The Haifa Port Company Opportunity

Strong strategic options and development opportunities

Israel is the strongest economy in the East Mediterranean; 99% of international trade (tonnage) transported by sea

Transparent regulatory environment



HPC operates within Haifa Port, Israel's largest port (throughput)

Early retirement plan agreed to with labor unions

Strong balance sheet and cash position

Israel: Strong Economy with 99% of its International Trade by Sea

2019

Macro economics

The Israeli economy is the strongest in the East Mediterranean

- >3% per annum GDP growth since 2000
- $395bn GDP
- $42.2k GDP per capita, ranked 1st among the East Mediterranean countries
- AA-/Stable S&P credit rating

International trade

Israeli international trade has grown from $67bn in 2000 to $135bn in 2019

- $76bn imports, $59bn exports
- Main trading partners: N. Europe, Mediterranean countries, N.E. Asia and N. America
- Fastest eCommerce growth in the OECD

Port sector

99% of Israel's trade (tonnage) moves via its ports (Haifa, Ashdod, Eilat and Israel Shipyards)

- 57.7m tons
- Containers: 26.6m tons (2.9m TEU)
- Bulk: 27.2m ton
- Breakbulk: 3.9m ton

Key Milestones

1933

Establishment of the port

Built in 1933

The largest deep-sea port in Israel

2005

Foundation of Haifa Port Company

Israel Ports Company (IPC) replaces the Israel Ports Authority as state landlord

Haifa Port Company (HPC) created to manage and operate the port

Enhanced competition, commercial orientation, efficiency and transparency

2013

Tenders to build and operate new ports

The IPC tenders operations of two new private ports

Construction underway

New ports to become operational during 2021

Significant increase in competition in container sector from new semi-automated ports with deep water berths

2020

Privatization of HPC

Government decision to sell all of the state's holdings in the Haifa Port Company

Private sale to a strategic buyer

Funds injection, business development and expertise

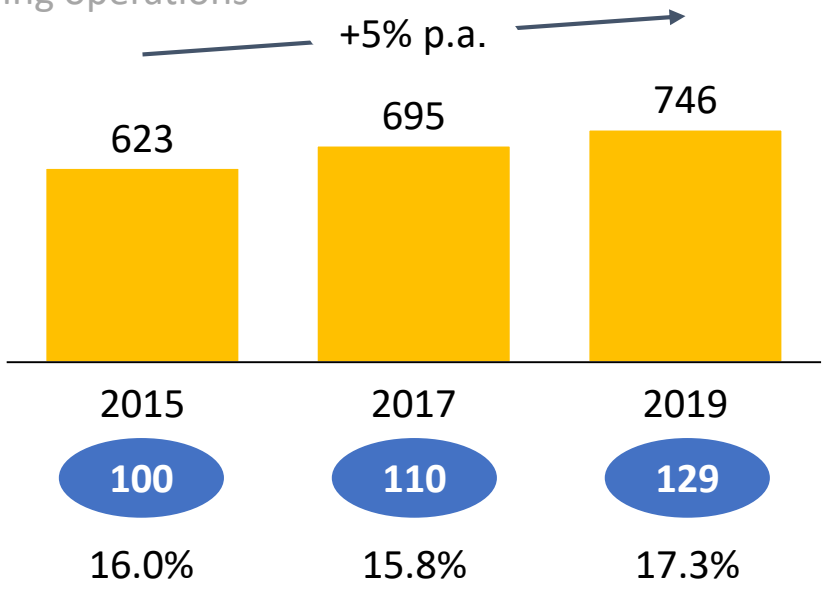
Strong Growth and Profitability; Smart, Efficient and Green

Financials

From continuing operations

Income

ILSm



EBITDA

Key facts and figures (2019)

1.4m TEU	**17.3m** ton cargo	**1,025** FTEs
26.7 Boxes per crane hour	**56.6** Boxes per ship hour	
ILS 3bn Total assets	**ILS 0.8bn** Cash balance	**22%** Debt to capital

Smart

Winner of Navis Excellence in the industry inspire awards in 2015 and 2019

Efficient

4th most efficient container port in OECD (most recent survey); most efficient port in Israel in last 5 years

Green

Most cranes operated by electric power

Haifa Port Company's 3 Main Business Sectors

Revenue by sector, 2019 (in million ILS)

Bulk and Breakbulk

Non-containerized cargo including dry and liquid, breakbulk and vehicles

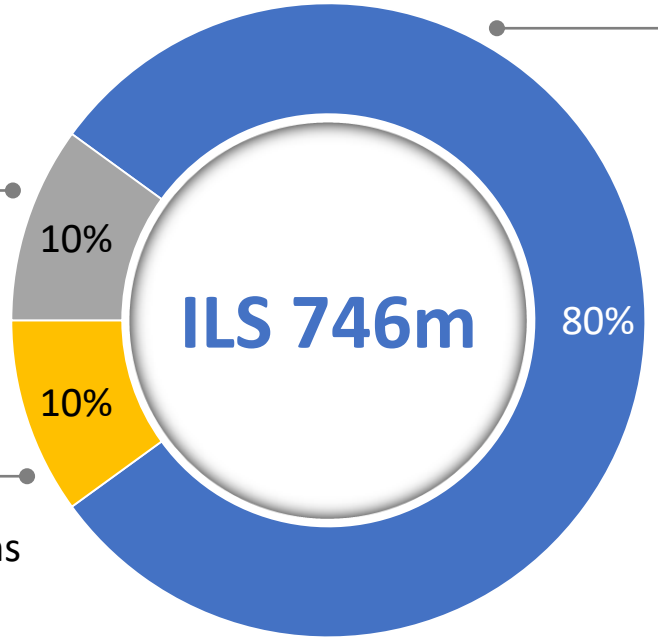
Passengers and Others

Cruise-ship and passenger terminal operations

Passenger services

Offshore gas and oil sector

Waterfront activities



Containers

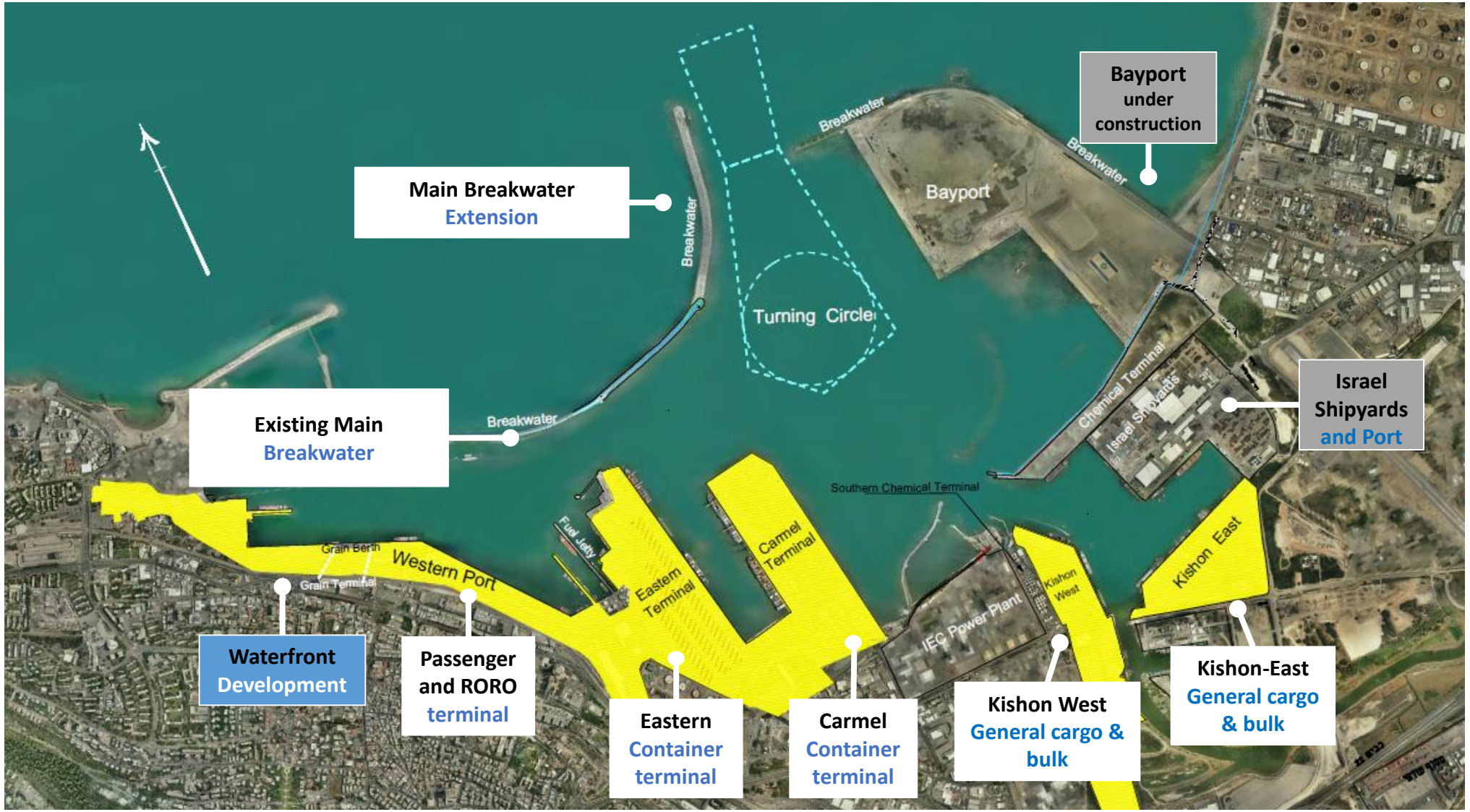
Handling and storage of containerized imports/exports

Transshipment - handling containers in transit not originated or sent from or to Israel

Repositioning

Property Operated by HPC: 166 ha

2019



HPC areas

Existing infrastructure

Future development

Competing ports

Strategic Plan Underway to Improve HPC's Competitive Position

Elements of the strategic plan

Improve efficiency & restructure

Agreed upon early retirement plan to reduce ~20% of workforce by 2025

Signed efficiency agreements with labor unions

Operational improvements

Reduce costs, improve margins

Grow existing sectors

Increase income from bulk cargo

Develop maritime logistics supply chain services

Tap into underserved sectors

Expand range of activities

Include value added activities, in such sectors as vehicles, bulk, logistics, smart storage and export/ import services

Develop waterfront real estate and operations

Diversify sources of income

Upgrade infrastructure

Upgrade quays (convert some container berths for handling general cargo/bulk)

Purchase cranes and advanced mobile equipment to handle various types of cargo

Expand handling capabilities

Significant Opportunity to Develop Waterfront Recreation/ Commercial Activities

The Haifa waterfront opportunity

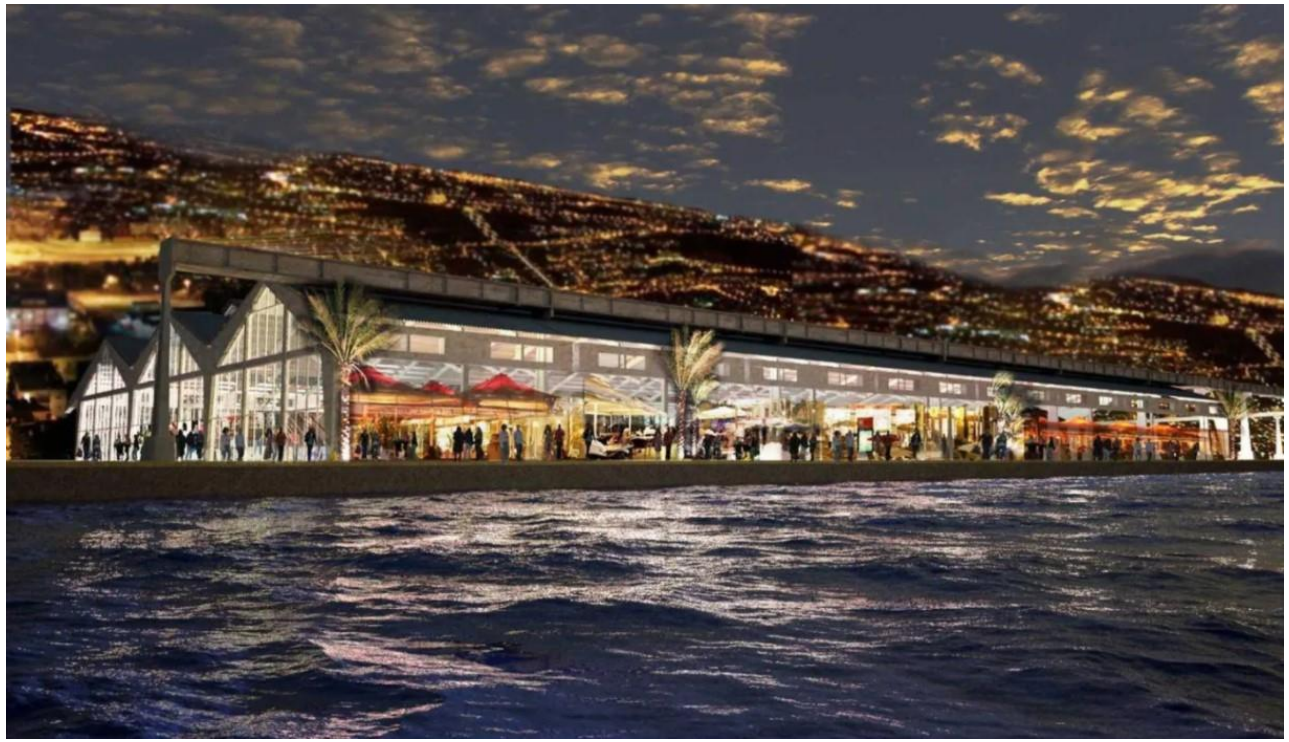
2.0 km of waterfront area for development of commercial, recreational, employment and tourism activities

Connecting the city with underutilized port areas

National Outline Plan approved; good collaboration with the municipality

Operational license for more than 30 years

Synergetic with cruise ship services and mega-yachts



Deal Overview and Timeline

In accordance to Resolution MH/11 of the Ministerial Committee for Privatization Matters, the State of Israel, through the Government Companies Authority ("GCA"), intends, given the appropriate approvals, to conduct a private sale process of the Company's entire shares (100%) to a strategic buyer, combined with raising capital for the Company by allocating the Company's shares to the buyer, in accordance with the terms set forth in the resolution.



Note: this information is provided for convenience and illustration purposes only. It is not the full process guideline and procedure and cannot be used as their interpretation. The indicated dates, as well as the process stages, are estimates only and are subject to approvals and possible future changes

Substantial Amount of Proceeds from Buyer's Payment will be Invested in the Company to Fund Development

The deal structure and use of proceeds

The potential buyer

Buyer must be controlled by a Strategic Entity, with experience in one of the following:

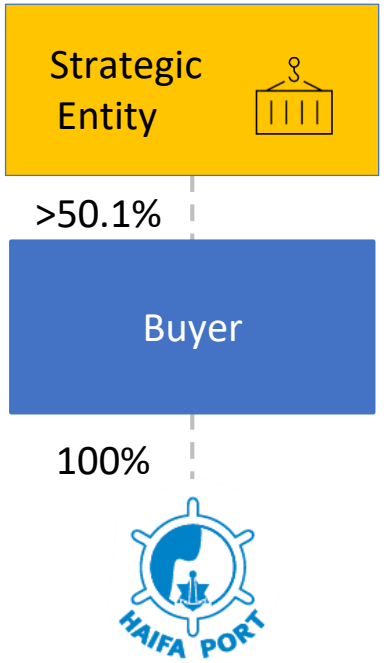
Marine terminal operations

Maritime shipping

Combination of terminal operations and other relevant experience such as cargo vessel or logistics and supply chain operations

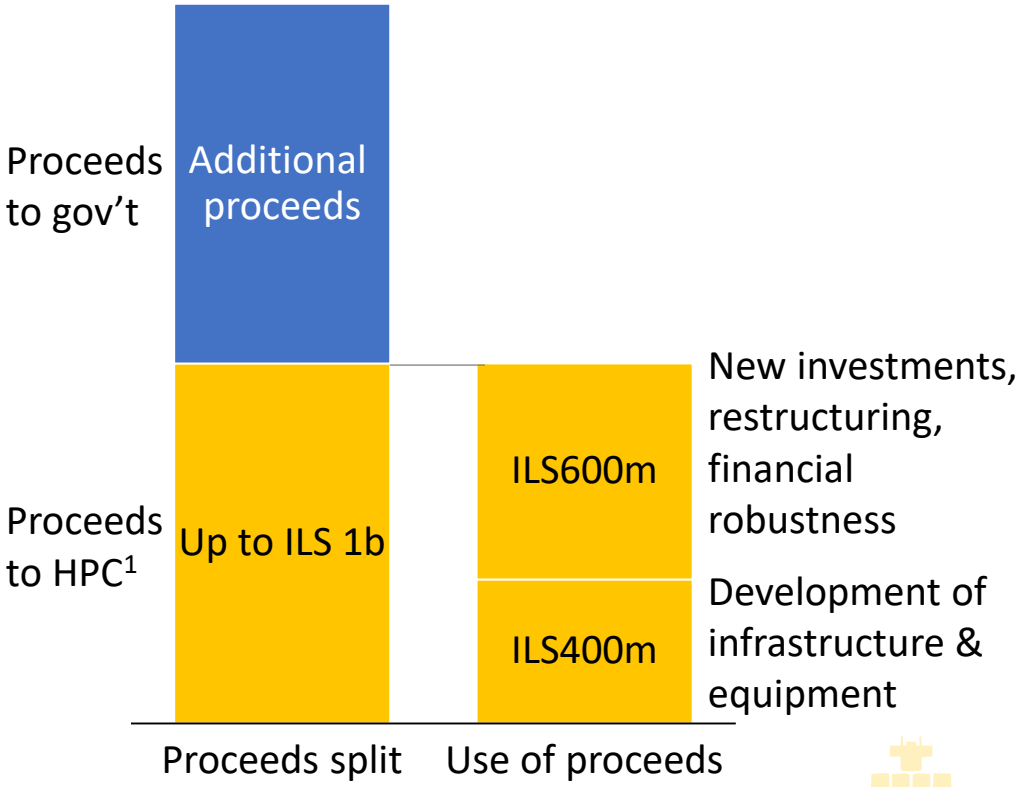
Experience in container terminal operations and transportation is an advantage

The holding structure



If the Strategic Entity is a consortium, the Lead Strategic Entity must hold at least 30% in the Buyer

The use of proceeds



1. Funds invested by buyer in the company for future development

Key Investment Highlights

Critical national infrastructure

99% of Israeli international trade (tonnage) moves through its ports

>3% per annum GDP growth since 2000

Haifa Port is a multi-purpose port, capable of handling a wide variety of cargo

Strong balance sheet and cash position

Significant cash reserves, debt-free and robust balance sheet to support future investments

Up to additional ~ILS1b funding commitment of Israel Ports Company and Israel Land Authority

First ILS1b of the purchase proceeds will be invested in the company

Transparent regulatory environment

Reforms already implemented creating a clear regulatory and competitive environment for the port

Approved statutory National Outline Plan for development of the waterfront

Finalized agreement with labor unions

Professional experienced staff

Efficiency agreements being implemented

Early retirement plans and employment continuity agreements with labor unions

Strong strategic options

Provide additional value-added services

Increase volume of non-containerized traffic

Waterfront real-estate development potential Subject to updating Writ of Authorization





For more information please contact

Ports Unit - GCA

haifaportgca@gca.gov.il

+972-2-5421-552

Privatization of Haifa Port Company Ltd on GCA site (link)

English

Hebrew