

From equipment engineering to terminal operation, Singapore-based Portek has many strings to its bow

# A significant player

Portek International was founded in 1988 in Singapore by the late Larry Lam. Starting off as an equipment engineering company, it has since also become a terminal operator with about 2,200 employees and offices in ten countries.

Initially, the company's main business was refurbishing ship-to-shore (STS) gantry cranes and leasing or selling them to terminal operators. In the 1990s and 2000s, Portek was responsible for the relocation of over 300 such cranes. Their relatively low cost allowed many developing nations to acquire this technology for their ports, increasing productivity and aiding development.

In the new millennium Lam took the company into terminal operations, with a strategy of choosing small to medium-sized terminals in emerging countries, which it has followed to the present day. The company sees its experience as a terminal operator as something that makes it different from other port engineering or IT services providers, as it can more easily put itself into the customer's shoes.

In 2008, Lam told **CM**: "Over the years, we were increasingly being asked by our terminal clients if we were interested in going beyond merely advising, providing and maintaining equipment to actually becoming involved as risk-takers in joint venture projects to operate their terminals. In 2000, since we understood the ports and terminals business so well, we finally agreed to give a try."

The move was so successful that the giants of the corporate world became interested in the company and, in the summer of 2011, it

A mobile harbour crane at Port D'Owendo in Gabon



became the subject of a high-profile bidding war between Philippines-based terminal operator International Container Terminal Services Inc. (ICTSI) and Japanese company Mitsui.

### Bidding war

ICTSI's unsolicited offer of S\$1.20 (US\$0.86) per share for the company was dramatically trumped by Mitsui's S\$1.40 (US\$1) bid, which was accepted after ICTSI withdrew. Portek became a subsidiary of Mitsui in 2011 at a cost of S\$221m (US\$183.5m); in 2013 Nippon Express also became a shareholder in the company.

After the takeover, Takao Omori was appointed CEO, and under his watch the company's terminals broke through the 1m teu mark for the first time. At that time, Omori said:

"We are marching steadily towards becoming a more significant player in the global port industry."

According to Omori, having Mitsui as a parent company was a great help as it allowed Portek to access an unprecedented level of funding to invest in larger terminals and equipment. This has become ever more important as the size of ships, even at smaller terminals, has grown and so the equipment must grow too.

In June 2015, Omori left his role as Portek CEO to take up a new role as the general manager of Mitsui's Logistics Infrastructure division. He was replaced by Tsuyoshi Kamihira, who had previously been the managing director of Mitsui Kuwait.

While being fully engaged in business activities, Portek and its subsidiaries also try to play their part in corporate citizenship and embrace corporate social responsibility (CSR). In Singapore, workers collect food and toiletries and distribute them to senior citizens. As well as bringing gifts, the employees socialise with the elderly residents, playing mah-jong and doing origami.

The young are helped as well as the old, as Portek staff help with gardening at a shelter for teenage girls. The company's engineers carry out odd jobs at the centre and laptops are donated.

The arrival of two RTGs at Bejaia Mediterranean Terminal





**Betting on emerging markets**

In its terminal operations, the company has focused on facilities that are relatively small and are located mostly in emerging economies in regions such as Africa or the periphery of Europe. Currently it has six maritime terminals – two in Gabon and one each in Algeria, Indonesia, Latvia and Malta – and an inland dry port in Rwanda.

One of its two biggest facilities is Béjaia Mediterranean Terminal (BMT) in Algeria. This is a joint venture with the Algerian Port Authority (“L’Entreprise Portuaire De Bejaia”) under a 20-year concession. The terminal is the only one in the country with quay cranes; earlier this year, it purchased two Kalmar E-One2 rubber-tyred gantry (RTG) cranes and a Liebherr LHM 420 mobile harbour crane.

In total, it now has two ship-to-shore (STS) gantry cranes, two mobile harbour cranes, 10 RTGs, eight reachstackers and 17 terminal tractors. It has a 500 m quay and a dedicated reefer facility that can accommodate up to 500 containers.

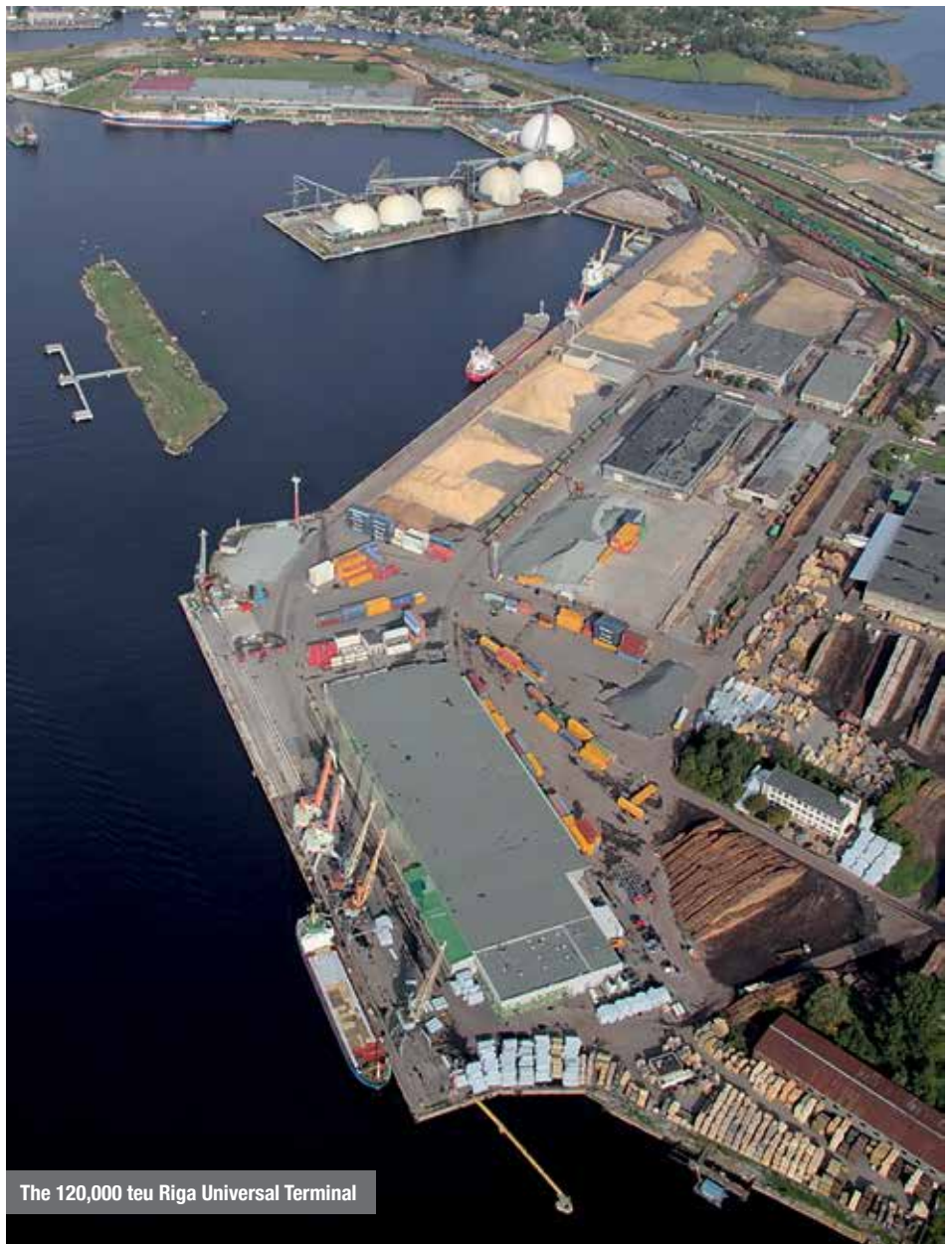
Terminal 009 in Jakarta has the same capacity as BMT but has four quay cranes, 11 RTGs, two reachstackers and 16 terminal tractors. Its quay is 400 m long and it has 6 ha of container yard with reefer facilities.

In Malta, Portek is involved in a joint venture with the Tumas Group to run the 200,000 teu capacity Valletta Gateway Terminals. The terminal has one post-Panamax quay crane, four RTGs and two reachstackers.

Also in Europe, the company operates Latvia’s 120,000 teu capacity Riga Universal Terminal, which has two mobile harbour cranes, four reachstackers and six terminal tractors. As a multi-purpose facility, only 318 m of the quay is available for containers but it has a 5 ha yard with 1,100 reefer points.

**Potential for growth**

In Africa, the company sees potential for growth in Gabon, a West African country with a population of roughly 1.6m. Through its subsidiary Gabon Port Management, Portek manages two principal multi-purpose ports, Port d’Owendo and Port of Port Gentil.



The 120,000 teu Riga Universal Terminal

There looks to be no change in the company’s expansion strategy as it is currently eyeing contracts in Bangladesh and Myanmar, two more developing countries with large but as yet unfulfilled potential.

From a small Singaporean equipment

engineering firm, Portek has grown into a company with many strings to its bow and the backing of a huge conglomerate. It has chosen its terminals wisely in regions with the potential to grow and grow, and the company itself may well do the same. ■



Terminal 009 in Jakarta has 11 RTGs



Béjaia Mediterranean Terminal is the only one in Algeria with quay cranes