

# Port of Ondo Feasibility study for a deep sea port

Final Report presentation to stakeholders 24 January 2019





### Feasibility Study for a New Deep Sea Port

A project between Ondo State Government / ONDIPA – with MTBS and Amiable Consultancy and Logistics Services Limited

- ✓ Ondo State Development and Investment Promotion Agency (ONDIPA) has engaged MTBS to prepare a 'Feasibility Study / Conceptual Master Plan for the Development of Port of Ondo Multi-purpose Deep-Sea Port at Erruna/Ogboti, Ilaje LGA, Ondo State'.
- ✓ The Contract has been signed in September 2018.
- ✓ The objective was to conduct a comprehensive and commercially inspired feasibility study for the development of multi-purpose deep-sea port at Ilaje Local Government of Ondo State Government of Nigeria



### **Introduction to MTBS**

#### Services and Solutions

#### Strategy

Value & Business Strategy
Port Sector Reform
Port Policy
Public Private Partnerships
Institutional & Regulatory Change
Organizational Reform & Alignment

Value Creation & Protection
Financial Modeling and Analysis
Feasibility
Project Structuring & Packaging
Business Case
Risk Valuation, Allocation, Mitigation

#### Valuation



**Finance** 

Financial Structuring
Project Finance
Due Diligence
Procurement of Finance
Investment / Divestment
Merger & Acquisition

Transaction Strategy
Transaction Management
Documentation & Contracts
Tendering & negotiated Solutions
Financial Solutions
Legal Solutions

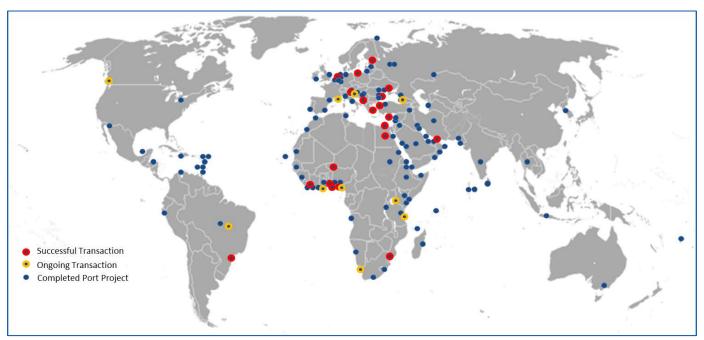
**Transactions** 



### MTBS in the Region

MTBS is particularly active in Africa, with over 40 projects in West Africa and 11 in Nigeria alone

- MTBS is a world-renown, independent advisor in the maritime and transport sectors
- MTBS advises public, semi-public and private clients across the globe on strategy, valuation, transactions, finance and M&A
- MTBS is particularly active in Africa, with over 40 projects in West Africa and 11 in Nigeria alone





### MTBS's Clients in the Port & Infrastructure Sector

Industrials

IFIa

Danks

Comprehensive project approach thanks to a diverse Client Base

CTO

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# The Process: Feasibility Study of Port of Ondo

Presenting the key results from the Final Feasibility Report ...

#### **Purpose of the Port**



**Port Master Plan** 

**Way Forward** 



PORT DESIGN SELECTION









Commercial







**Financial** 

**Implementation** 



### **Key Results from the Final Feasibility Report**

It is recommended to take an initial positive investment decision to take the project to the next preparation phase: the Outline Business Case (OBC)

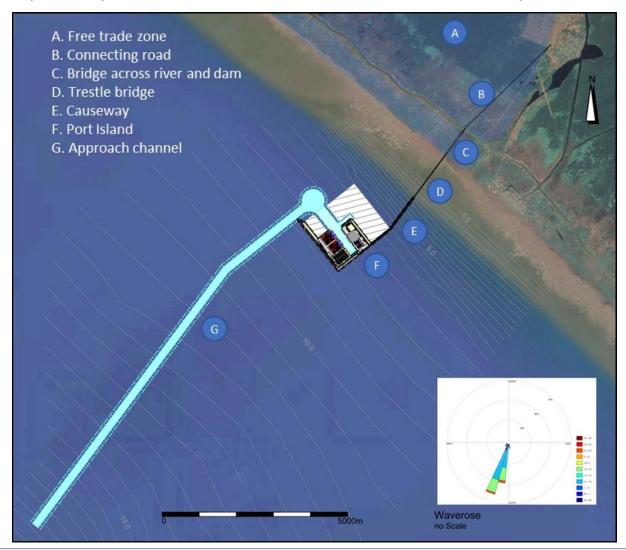
The feasibility of the Port of Ondo Project is confirmed from the following perspectives:

- **Technical feasibility**: The 'Artificial Island Port Single Basin' is considered technically feasible and attainable.
- Institutional, regulatory and organisation: The legal and regulatory framework can accommodate the development of the port of Ondo as a Port Development Management Company (PDMC). A suitable organisation can be established for this purpose.
- Financial feasibility: The business case indicates a positive overall financial feasibility with a post-tax Internal Rate of Return of 12.1% and a Net Present Value of USD 295.2 M (based on a real WACC of 10.4%) for a budgeted USD 1.3 B investment.
- **Economic feasibility**: From a national perspective the results are positive. The Economic Internal Rate of Return (EIRR) is estimated at 10.5% and the Economic Net Present Value (ENVP) is approximately USD 2.0 B USD (based on a social discount rate (SDR) of 5.4%).



## **Project overview**

The proposed port at Ondo State is an artificial island port

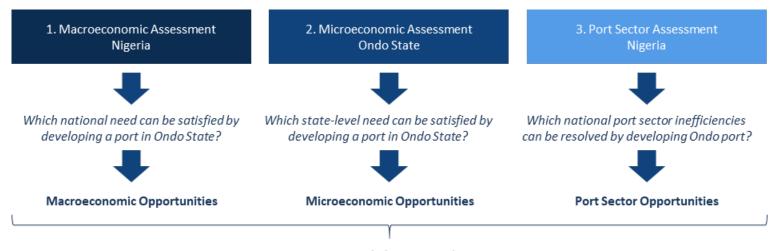




### Why a Deep Sea Port in Ondo State?

Focus on niche markets which can be developed quickly and provide enough traffic and business to justify port development.

- The port should take advantage of the geographical position.
- Create maximum value and synergies between free trade zone and port activities.
- There is a national need for new port capacity.



**Recommended Target Markets** 

#### Commodities to focus at in Phase I of the project supported by market analysis:

- Niche markets that are easily captured: RoRo and offshore supply base (OSB);
- Cargo overflow from other ports: coastal containers; and,
- Local exports: General cargo, break bulk, agribulk (multi-purpose), bitumen and cement



### **Benefits of Developing the Port of Ondo**

Take advantage of the port's geographical position in central Nigeria





### **Employment will increase fast after completion**

Education and training will become vital roles in the new port

#### Direct and indirect jobs:

• Port: 7,000 to 10,000

• FTZ: 9,500 to 10,000

 Total initial employment estimated at 20,000 jobs

But... common multiplier at ports: 1 job in the port may lead to 2 to 4 jobs in the region..........

Education and training will be vital roles for the new port

