

Port of Salalah reports strong fundamentals in Q3 results

- **Container volumes increase 15%, general cargo increases 8% to 5.2 million ton**
- Total revenue increases 12% to RO 41.6m (\$108m), net profits at RO 5.1m (\$13.2m)

Port of Salalah, also Salalah Port Services Co. SAOG, has announced its unaudited consolidated financial results for the first three-months (Q3) ending 30 September 2012 to the Muscat Security Market, reflecting consistent growth in volumes, productivity and profitability margins for the region's second largest port operating company.

The port's container volume in Q3 grew by 15% year on year to 2.757 million TEU (Twenty Foot Equivalent Unit), against 2.394 million TEU in Q3 of last year, while general cargo (non-container) volume also grew to 5.2 million ton from 4.9 million ton last year.

The Khareef season, which provides an influx of tourists to Salalah, traditionally causes a contraction in the port's volumes due to the impact of the monsoon tides, also reflected in a dip in crane productivity, however Q3 2012 crane productivity (28.51 moves/hour) was increased against Q3 2011 slightly (27.8 moves/hour), due to a number of factors including adequately trained and incentivized staff.

The financial impact of the strong growth in volumes for Q3 2012 is that total revenue grew by 12% to RO 41.6m (US\$108m), compared to RO 37.2m (US\$96.7m) for the same nine-month period last year, while the company's net profits have increased to RO 5.1m (US\$13.2m), compared to RO 871,000 (US\$2.2m) in Q3 2011.

Abdul Aziz Ali Shanfari, Chairman at Port of Salalah, said, "We look forward to the continuation of our successful collaboration with government investiture into the infrastructural development of the port, airport, and rail projects envisioned for Salalah, and for the increasing connectivity in Oman and its regional role in logistics. Port of Salalah's expansion projects will serve the Government of Oman's vision for continued stability and consistent growth both short and long term."

"Many businesses have expressed interest in the general cargo expansion and we expect it to provide the kind of benefit to the customers and the local economic development that grows the port's contribution to the local, regional and global markets sustainably," added Shanfari.

The Port of Salalah has gone through phases of phenomenal development in its 14 years of operation. The port has handled an average of 3 million containers annually in the past four years, in May 2012 marking its 30 millionth container and highest quarterly container volume in the port's history.

Peter Ford, CEO at Port of Salalah said, "The Port of Salalah is still, and will always be, a significant transshipment hub. We add a huge amount of value to shipping line networks. The next phase is for cargo owners and logistics providers to take advantage of this massive backbone of connectivity that Salalah's advantageous location offers."

Port of Salalah's 2011 transshipment versus hinterland (inbound) cargo was 96%, which translates into Salalah handling about 26% of all local cargo and almost 90% of containers handled in Oman. With the RO 55 million (US\$143 million) investment announced this year into the port's general cargo terminal and liquid bulk handling capabilities, activities at the Port of Salalah are expected to diversify in commodities and products such as limestone, coal, caustic soda, rock phosphate, and increase the percentage of local cargo imported and exported over the years.

The Salalah Hub, which is the combined synergies of the Port of Salalah, Salalah Free Zone and Salalah Airport, has attracted global players like US Gypsum, Saltic, and DHL to start operations in Salalah between 2013-2015. "Using the value proposition we offer that combines excellent location, world class infrastructure, attractive business incentives, and highly skilled management, we've been able to attract nine new international businesses to set up at Salalah," added Ford.

Algeposa, the large Spanish logistics company specializing in grain and food distribution, has registered its entity in Salalah as Arabian Sea Port Services LLC, and is to build a 12,000 sq metre warehouse near the port to store and distribute grains and other commodities around the region.

Other future developments at the Port of Salalah include a new breakwater project which is designed to provide SME development and new jobs alongside a world-class passenger cruise terminal, which will be a major stimulus to accessible and community-centric tourism.