

CHARTING GROWTH

PENANG Port Sdn Bhd is allocating RM180 million to upgrade its berth capacity to 2.9 million TEUs and purchase two quay cranes, says chief executive officer Sasedharan Vasudevan. The expansion will allow bigger vessels to dock and enhance the port's throughput capacity.

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Penang Port is developing the Swettenham Pier Cruise Terminal on growing demand for cruises in the country and region.

CAPITAL EXPENDITURE

PENANG PORT ALLOTS RM180M FOR GROWTH

Firm plans to strengthen berths, purchase 2 quay cranes

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PENANG Port Sdn Bhd is allocating RM180 million for expansion works this year, which will involve berth strengthening and purchase of two quay cranes.

Its chief executive officer Sasedharan Vasudevan said shareholders had approved the capital expenditure (capex) for the first phase of the expansion, which would allow the container terminal to increase its berthing capacity up to 2.9 million twenty-foot equivalent units (TEUs).
"We are at the designing and consultation stages with engineers," he said during a media familiarisation visit to Penang Port, here, recently.

Vasudevan said a big chunk of the capex would be for the container business to raise the TEU capacity. He said the capex would be internally-funded.

"The expansion will allow bigger vessels to dock and increase throughput capacity," he said.

Vasudevan said dredging work would increase the channel depth to 11.5m.

"We believe if the growth trend continues, we will hit throughput of 2.2 million to 2.3 million TEUs in four to five years. We have to



Penang Port Sdn Bhd's expansion plans will enable bigger vessels to dock at its terminals and increase throughput capacity.

start the work now to meet future demand."

Vasudevan said the expansion work would take 18 to 20 months.

"We handled 1.5 million TEUs last year, which represented about six per cent growth year-on-year," he said, adding that Penang Port employed about 1,500 people.

Penang Port had allocated between RM30 million and RM40 million in 2016 for the purchase of container yard operations equipment.

The port targets to hit about 1.6 million TEUs, or five per cent growth, this year.

MMC Corp Bhd, under its subsidiary MMC Ports Holdings Sdn Bhd, holds a 49 per cent stake in Penang Port.

It acquired the stake from Seaport Terminal Johore Sdn Bhd

in 2016. According to the company's filing to Bursa Malaysia, MMC Port has proposed to acquire the remaining stake, representing 37.46 million shares worth RM220 million, from Seaport Terminal Johore.

Vasudevan said the acquisition was expected to be completed by the first half of this year.

Shippers at Penang Port transport 80 per cent of their goods to mostly China, Japan and South Korea, with the rest going to the Middle East and other areas.

Vasudevan said Penang Port's revenue contribution to MMC Ports was 30 per cent last year.

"Last year's better cargo volume was primarily driven by southern Thailand, which represented about 38 per cent of cargo volume."

Swettenham terminal readies for mega liners

GEORGETOWN: Penang Port Sdn Bhd is expanding its cruise terminal berth to 700m from 480m to accommodate mega vessels.

Chief executive officer Sasedharan Vasudevan said Penang Port would be developing the Swettenham Pier Cruise Terminal as there was a growing demand for cruises in the country and region.

"A year ago, we inked a deal with Royal Caribbean Cruises Ltd to develop and operate the terminal. The 20 per cent growth

last year is very encouraging and shareholders feel this business sector is worth developing."

The extension of the berth will enable the terminal to accommodate two mega cruise liners carrying more than 4,900 passengers at any one time.

Penang Port received about 400,000 international transit passengers last year.

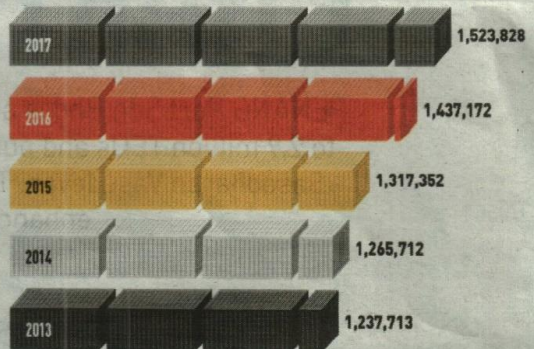
The growth in this sector will spin off potential earnings of about US\$40 million (RM157 million) from tourism in the state.

Royal Caribbean Cruises managing director (Asia Pacific) Sean Treacy said Malaysia had been a strong performer and was the fastest-growing market in Southeast Asia.

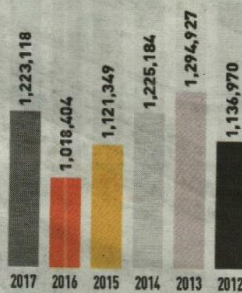
"This strong growth is driven by our deployment of more ships, and newer and larger ones, such as Ovation of the Seas, and Voyager-Class ships like Voyager of the Seas and Mariner of the Seas, which are attracting a growing number of travellers in Malaysia," he said. **Ayisy Yusof**



CONTAINER THROUGHPUT (TEUs) 2013-2017



SWETTENHAM PIER CRUISE TERMINAL PASSENGER STATISTICS



Source: Penang Port

SWETTENHAM PIER CRUISE TERMINAL VESSEL CALL STATISTICS

