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Logistics Track Partner



UAE Logistics Market: Growth and Opportunities

Bv

6th October 2010

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UAE Logistics Market: Growth and Opportunities



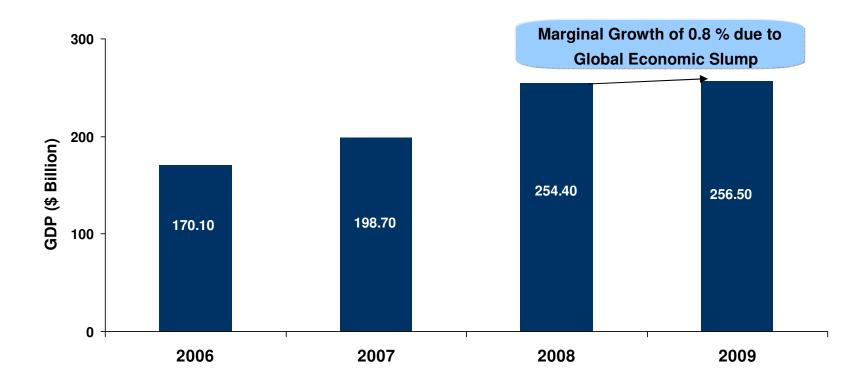
- Key Challenges & Growth Opportunities in UAE Logistics Sector
- Key Issues to be Addressed by Logistics Sector Participants

UAE is Considered as a Premier Logistics Hub of Middle East

- Strategic Geographic Location between Eastern and Western Hemispheres
- Foremost Nation in Middle East to Focus on Logistics Sector
- Availability of World Class Logistics Infrastructure facilities including
 Free Trade Zones for Transhipment and Re-exporting
- Has One of Lowest Average Logistics Costs in the World
- Rated Best in Logistics Infrastructure in Middle East by World Bank's Logistics Performance Index 2010



Historic Growth of UAE's GDP, 2006-2009



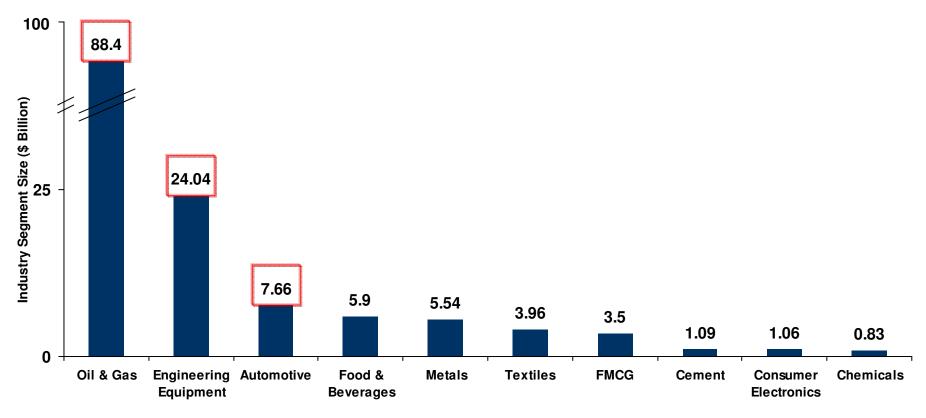
UAE is Second Largest Economy in GCC contributing almost 22% of its GDP in 2009



Oil & Gas, Engineering and Automotive are the top 3 industries by Revenues in UAE

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UAE's Major Manufacturing Industries' Revenues, 2009



Industry Segment Name



Transportation Infrastructure in UAE – <u>Sea Ports and Air Ports Play Major</u> Role

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UAE Transportation Infrastructure

Sea Ports (20)

Major Sea Ports

- Jebel Ali Port (Bulk Cargo Transhipment Hub)
- Port Rashid (Cruise Terminal)
- Mina Zayed Port (General Cargo)
- Saqr Port (Bulk Cargo and Containers)
- Port of Khor Fakkan (Dedicated Container Port)

Air Ports (6)

Major Air Ports

- Dubai International Airport (Cargo+Passenger)
- Al Maktoum International Airport (Cargo)
- Abu Dhabi International Airport (Cargo+Passenger)
- R-A-K International Airport (Cargo+Passenger)
- Sharjah Airport (Cargo+Passenger)
- UAE also has good internal road network, including The Emirates Road (140 Km) connecting all emirates.
- Internal road networks in Dubai Logistics Corridor and Abu Dhabi are focused on cargo transport
- Currently No Rail Cargo Network in UAE



Warehousing Infrastructure in UAE – Free Trade Zones and Warehouses at Airports and Sea Ports Play Key Role

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UAE Warehousing Infrastructure

Free Trade Zones

Major Free Trade Zones

- Jebel Ali Free Zone, Dubai
- Dubai Logistics City, Dubai
- Dubai Airport Free Zone
- Mustafah Industrial Zone, Abu Dhabi
- The Hamriyah Free Zone, Sharjah
- Sharjah Airport International Free (SAIF) Zone
- Ras Al Khaimah Free Trade Zone

Warehouses at Sea Ports and Airports

Major Airports and Sea Ports with Warehouses

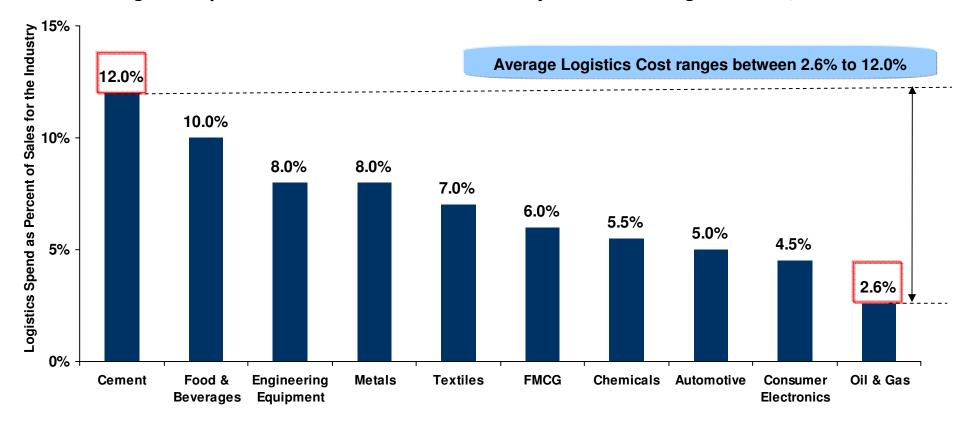
- Dubai Cargo Gateway (Dubai Cargo Village)
- Al Maktoum International Airport, Dubai
- Jebel Ali Port, Dubai
- Abu Dhabi International Airport
- Mina Zayed Port, Abu Dhabi
- The Port of Khalid, Sharjah



<u>Food and Cement</u> industries have highest logistics cost followed by Engineering and Metals industries

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Logistics Spend as % of Revenues for UAE's Major Manufacturing Industries, 2009



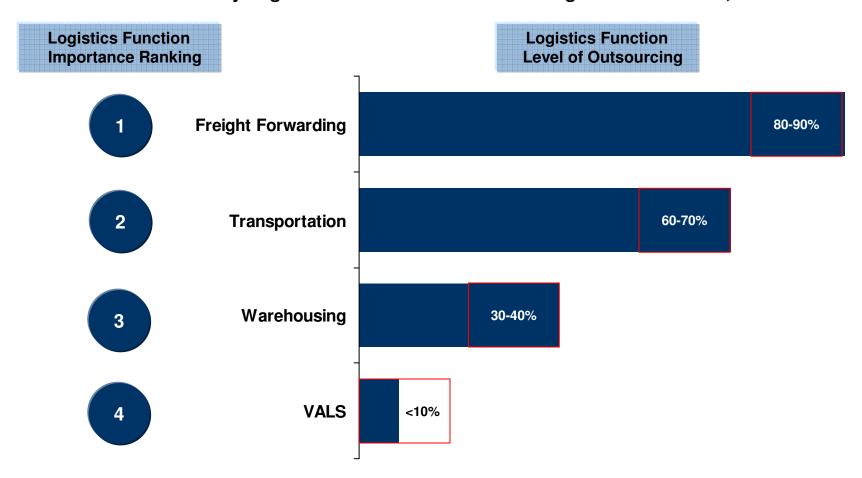
Industry Segment Name



Freight Forwarding is the Most important Logistics Function followed by Transportation

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Primary Logistics Functions and Outsourcing Scenario in UAE, 2009





UAE's Logistics Spend Accounts for <u>2.5% of its Total GDP and 6.4% of its Service GDP</u>

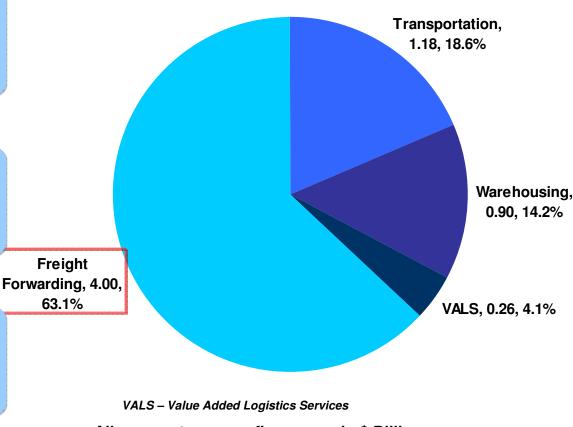
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UAE's Total Logistics Market Size and Segmentation by Function Service, 2009

Total Logistics Spend in UAE: \$6.35 in 2009

Freight Forwarding segment has largest market share due to UAE's primary focus on International Trading

Average Logistics Spend for Non-oil Manufacturing Industry Sectors is 7.6%

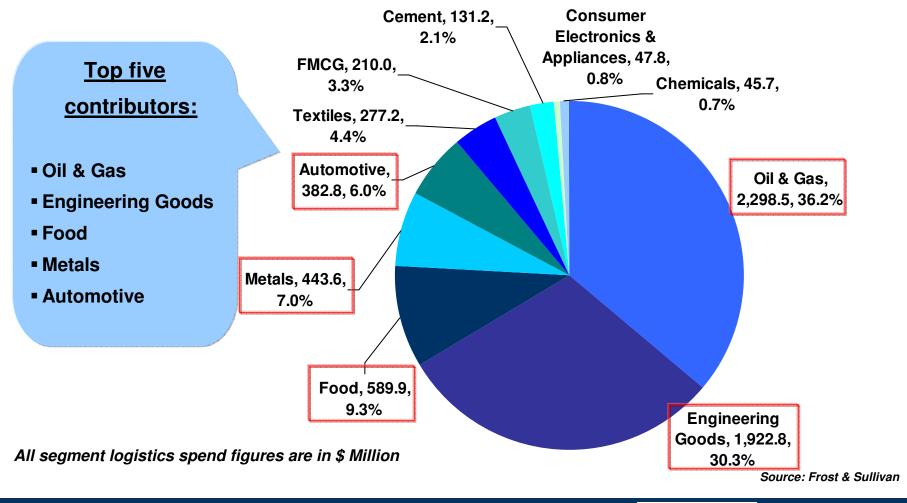


All segment revenue figures are in \$ Billion

Five Key Industry Sectors Together Account for ~ 89% of Total Logistics Market in UAE

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UAE's Total Logistics Spend Breakup by Industry Segment, 2009



Strategic Location and Focus on Infrastructure Development are Driving UAE Logistics Market

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Impact Mapping of Key Drivers of the UAE Logistics Market, 2010 - 2015

		Impact (2010 - 2015)	
Drivers	1-2 Years	3-4 Years	5-6 Years
Strategic Location between Eastern and Western Hemisphe	res		
Focused Development of Logistics Infrastructure			
Recovery in Regional and Global Trade			

Infrastructure Limitations and Low Manufacturing Base could Affect UAE Logistics Market Growth

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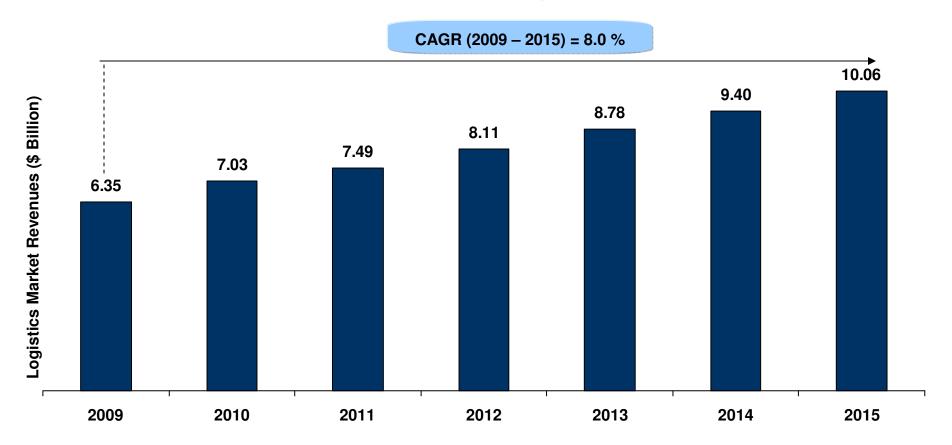
Impact Mapping of Key Restraints of the UAE Logistics Market, 2010 - 2015

Restraints	Impact (2010 - 2015)		
nestraints	1-2 Years	3-4 Years	5-6 Years
Limited Infrastructure beyond UAE Borders			
Low Levels of Local Manufacturing in UAE			
Own Logistics Units of Major Industrial Groups in UAE			

UAE Logistics Market is Expected to Cross \$10 billion by 2015

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Revenue Forecasts for UAE's Total Logistics Market, 2006-2015

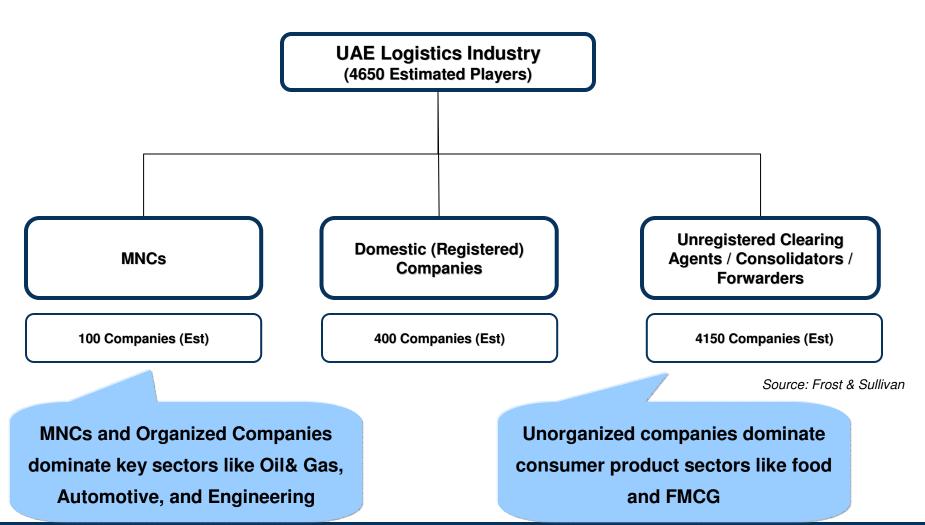




The UAE's Logistics Industry Structure is Fragmented, especially in Freight Forwarding Services segment

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UAE's Logistics Industry Structure, 2009



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UAE Logistics Market: Growth and Opportunities

- Logistics Sector in UAE Current Status & Growth
- Key Challenges & Growth Opportunities in UAE Logistics Sector
- **Solution** Key Issues to be Addressed by Logistics Sector Participants

Lack of Options in
Surface Transportation
Only Road

Decline of Private
Sector
Participation in
Infrastructure
Development After
Economic Crisis

Decline in Contract Logistics Usage after Economic Slump Key Challenges for LSPs

Low Level of
Automation &
Technology Usage in
Logistics

Increasing Shortage of Qualified and Specialized Supply Chain Management Professionals

Harsh Geographic Environment Results in High Damages in Transit



Key Trend / Market Characteristic Potential Opportunities for LSPs in UAE

Opening of World's Largest Cargo Airport – Al Maktoum

Development of GCC-wide Rail Network and National Roadways

Logistics Infrastructure Enhancement beyond Dubai

Rapid Growth of Manufacturing Activities & Markets in GCC

Rise of India and China Markets and Next Opportunities in Africa

As a Result, LSPs in UAE Can Tap the Following Growth Opportunities High growth potential for air cargo services, transhipment services & GCC level distribution

Strong Demand Growth for Multimodal Transport Services linked with Rail Cargo service

Active Long-term role and gains for LSPs in logistics infrastructure project investments (esp. railways)

Strong growth of Warehousing & VALS Needs beyond Dubai

LSPs in UAE can Easily Gain Strong
Presence in Emerging Markets of
Africa & Middle East.

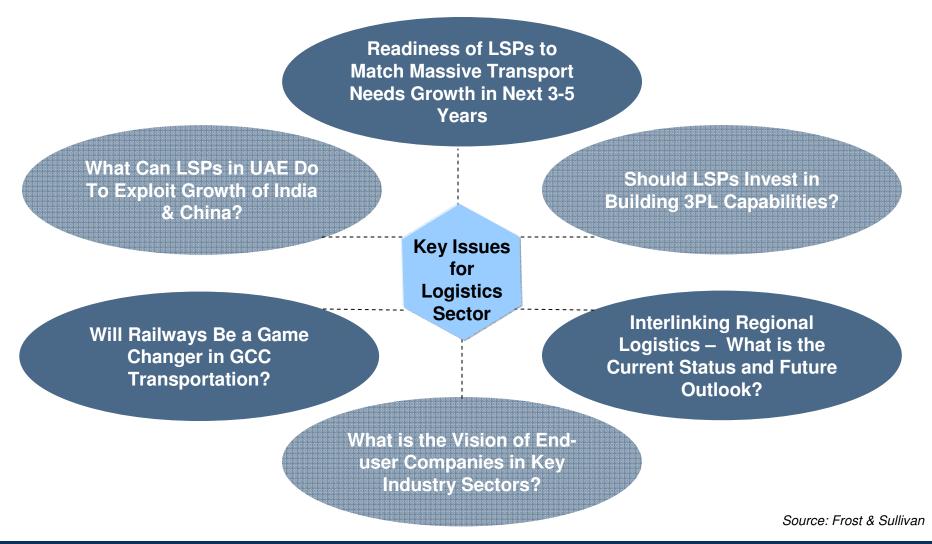


UAE Logistics Market: Growth and Opportunities

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Key Issues to be Addressed by UAE Logistics Sector Participants

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