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Logistics Track Partner



UAE Logistics Market: Growth and Opportunities

By

6th October 2010

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Agenda

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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

Key Issues to be Addressed by Logistics Sector Participants

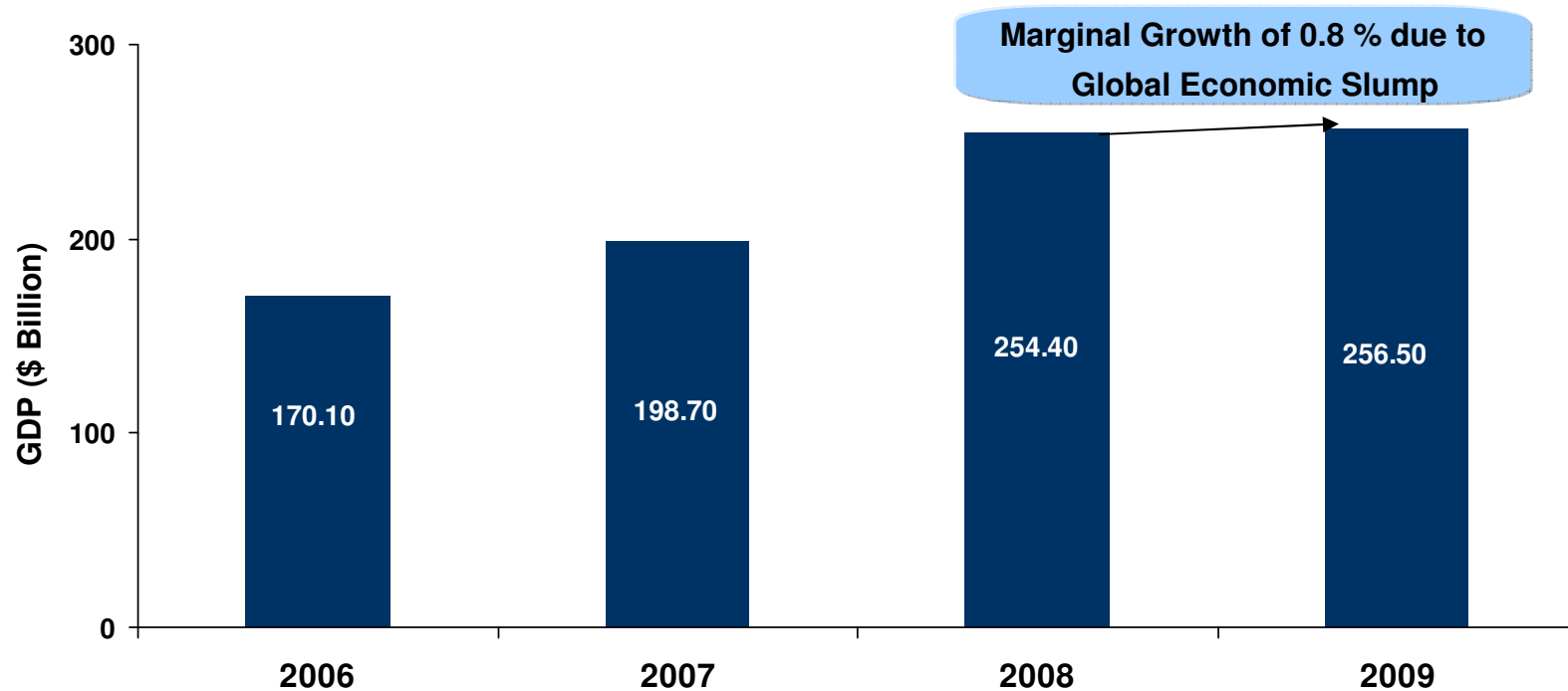
UAE is Considered as a Premier Logistics Hub of Middle East

- 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 Transshipment 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

UAE's GDP grew at a 14.7% CAGR between 2006 and 2009

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Historic Growth of UAE's GDP, 2006- 2009



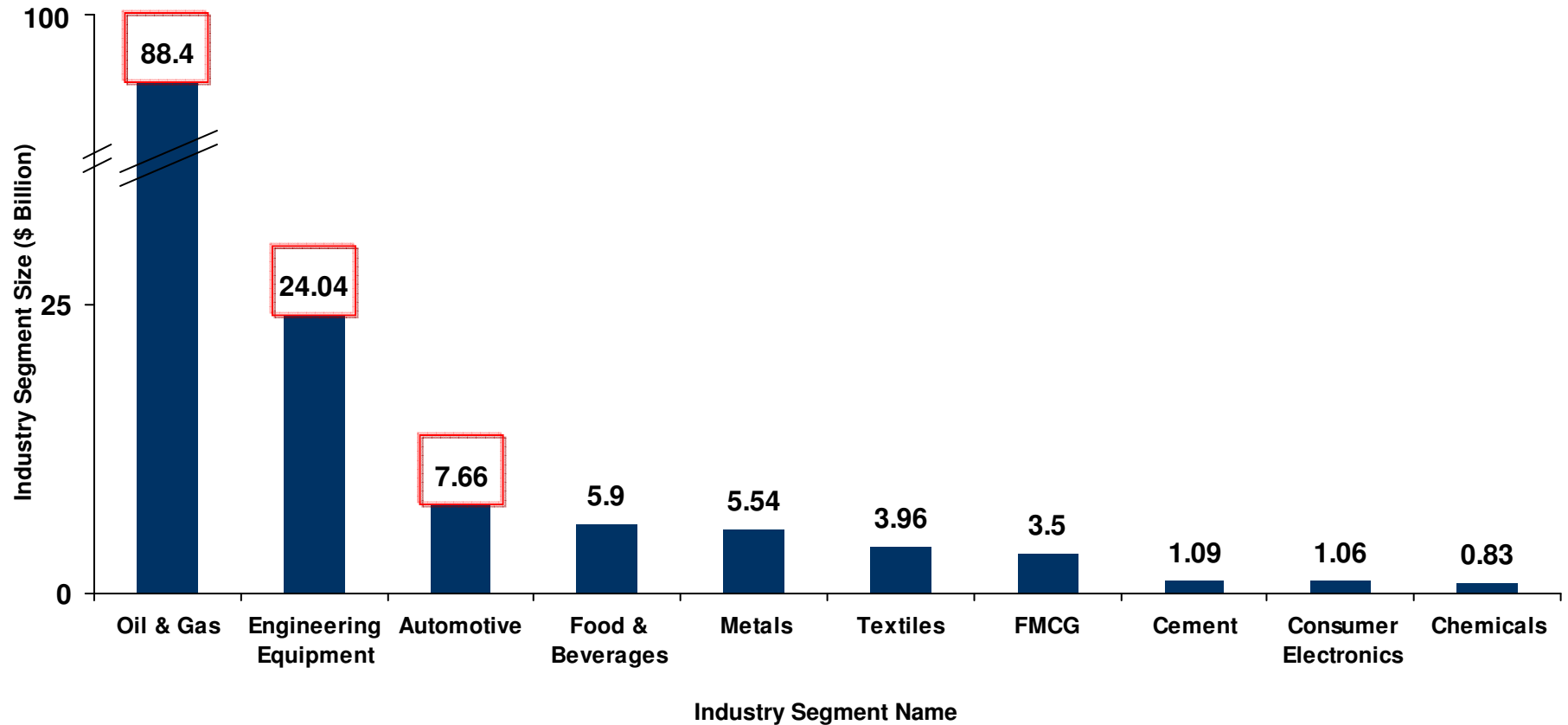
UAE is Second Largest Economy in GCC contributing almost 22% of its GDP in 2009

Source: Frost & Sullivan

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

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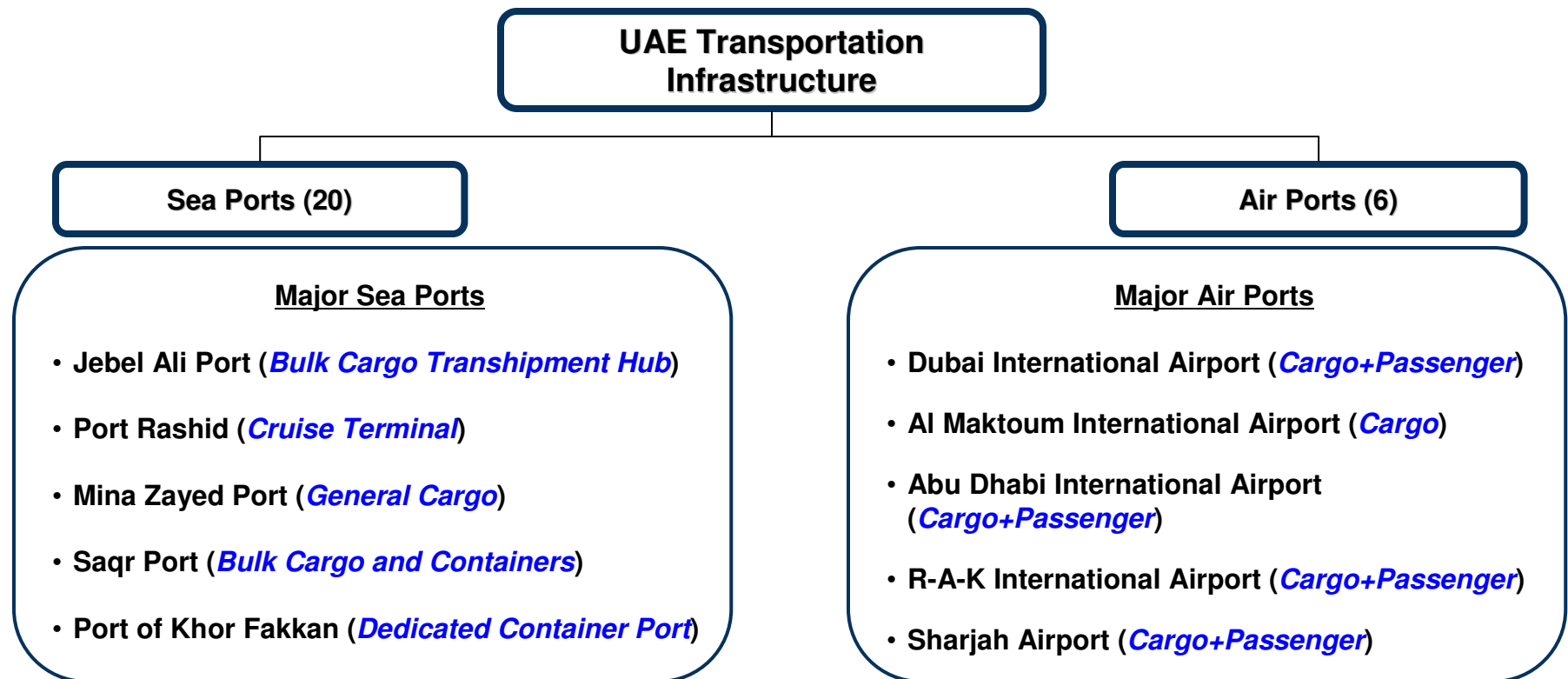
UAE's Major Manufacturing Industries' Revenues, 2009



Source: Frost & Sullivan

Transportation Infrastructure in UAE – Sea Ports and Air Ports Play Major Role

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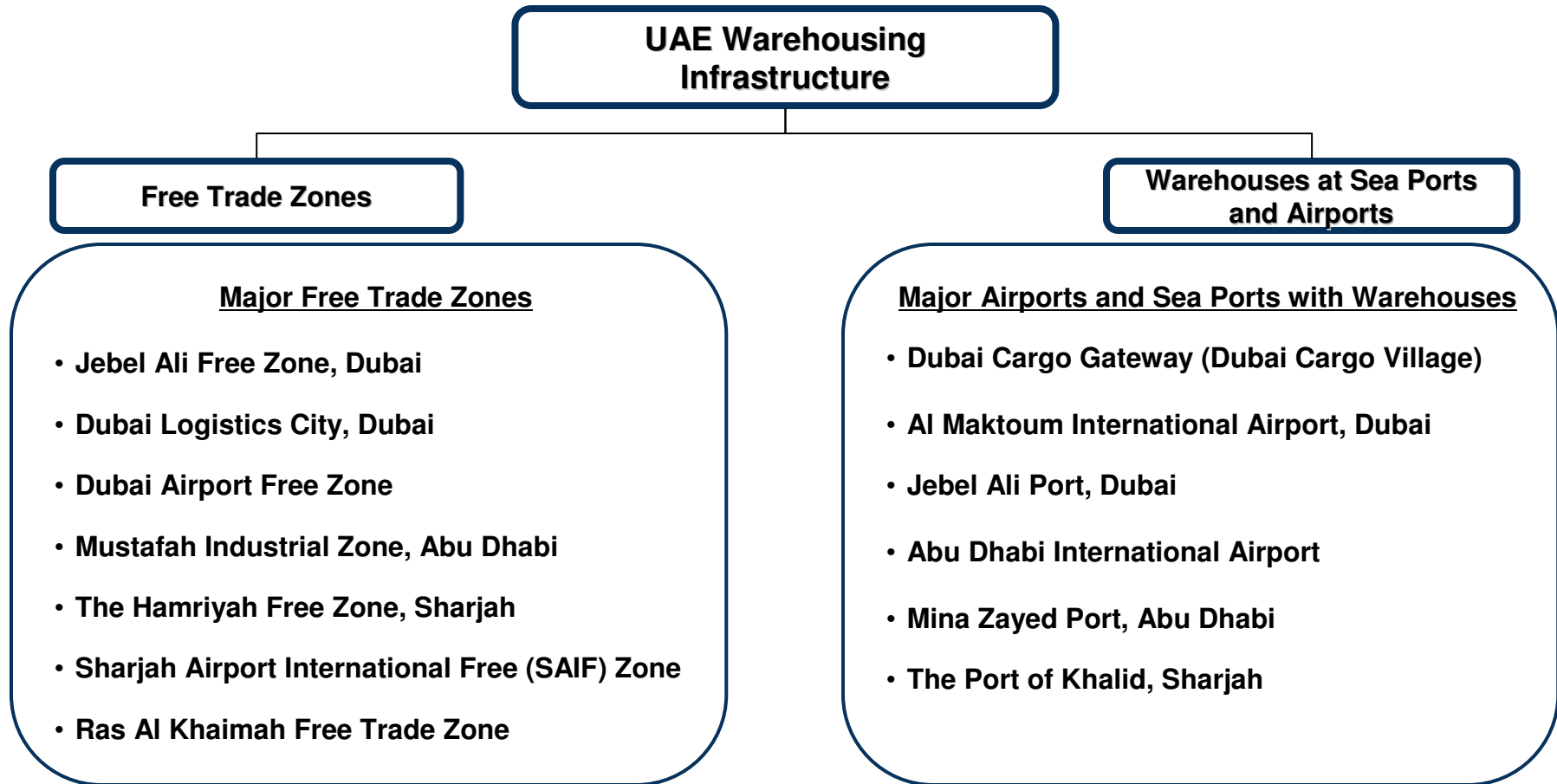


- UAE also has good internal road network, including The Emirates Road (140 Km) connecting all emirates.
- Internal road networks in Dubai Logistics Corridor and Abu Dhabi are focused on cargo transport
- Currently No Rail Cargo Network in UAE

Source: Frost & Sullivan

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

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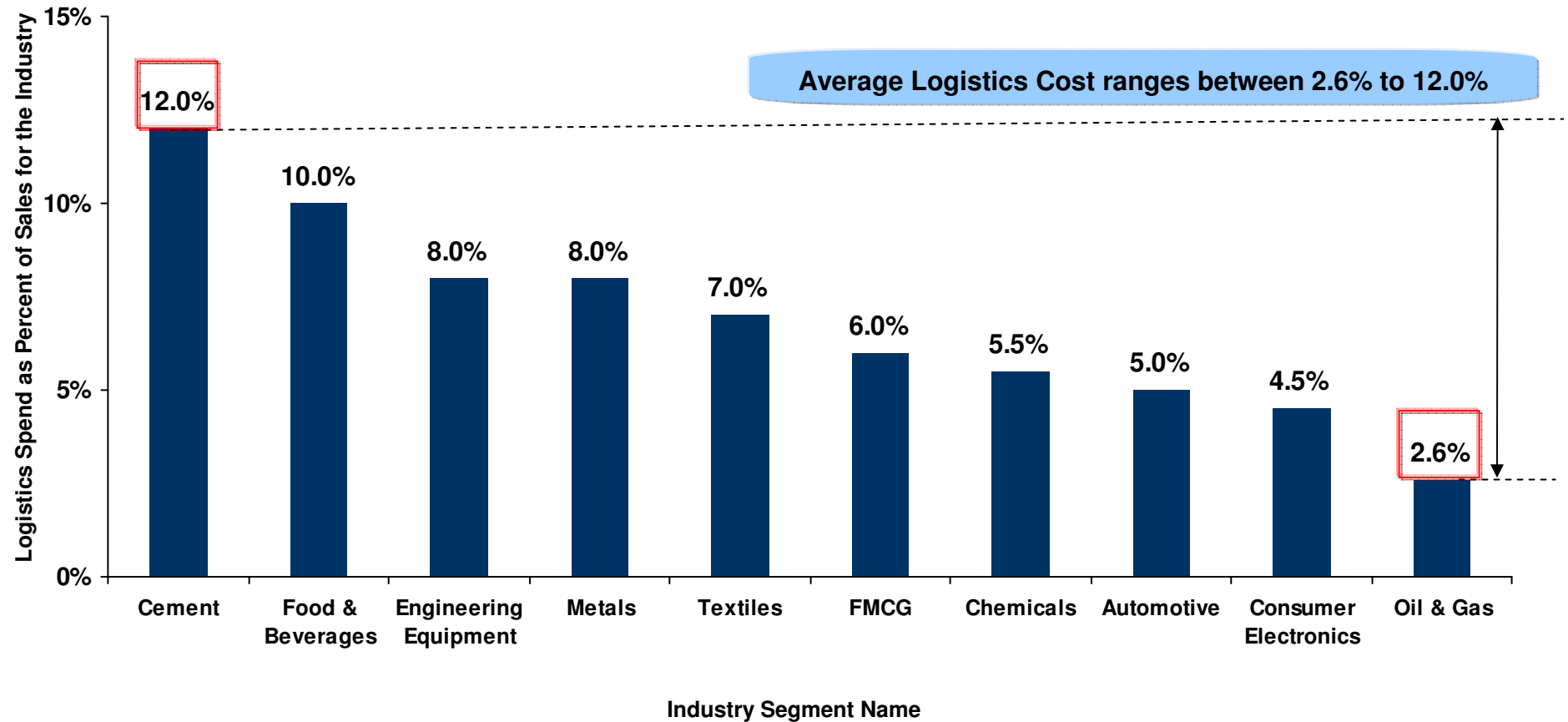


Source: Frost & Sullivan

Food and Cement 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

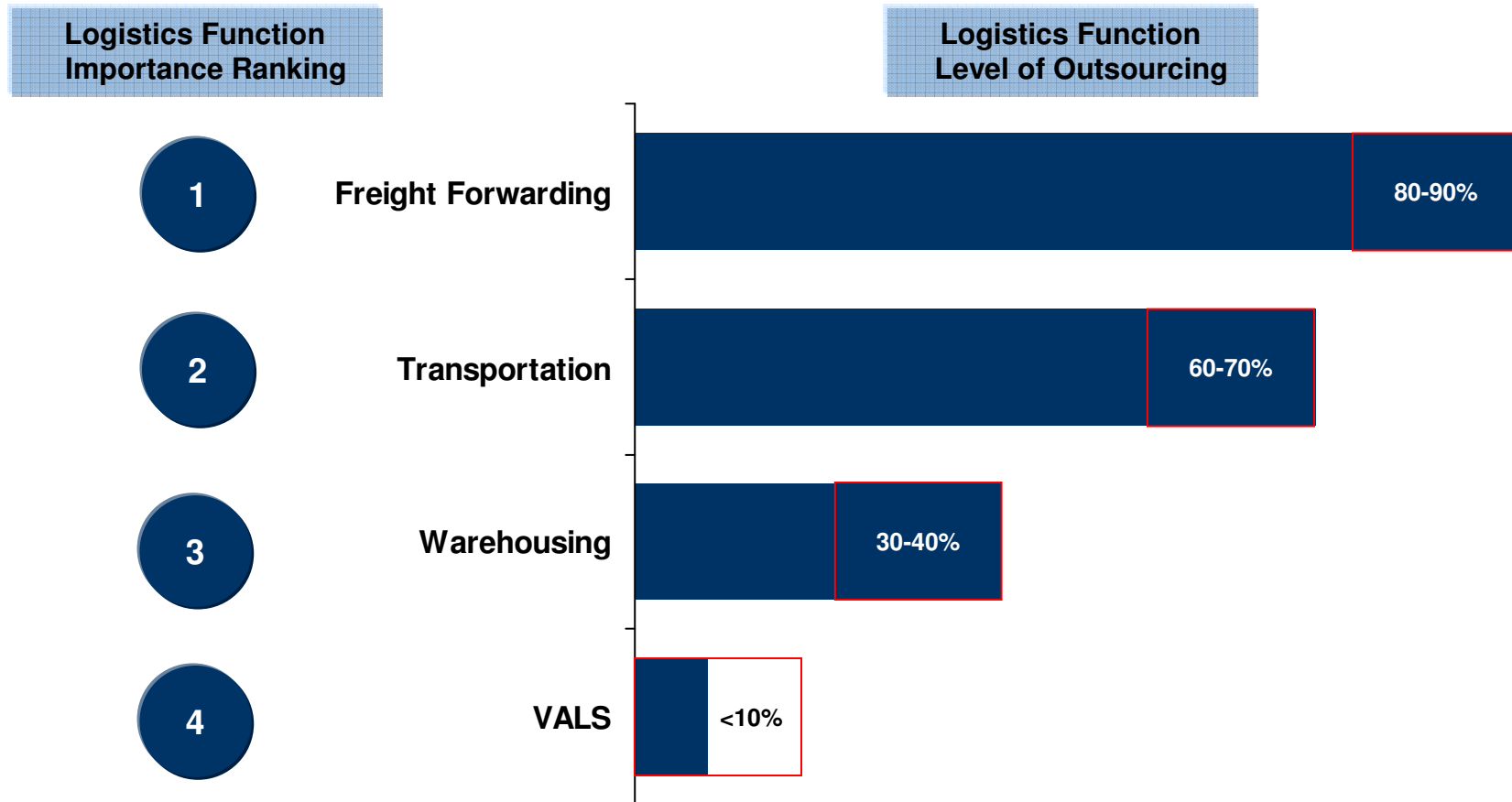


Source: Frost & Sullivan

Freight Forwarding is the Most important Logistics Function followed by Transportation

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Primary Logistics Functions and Outsourcing Scenario in UAE, 2009



Source: Frost & Sullivan

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

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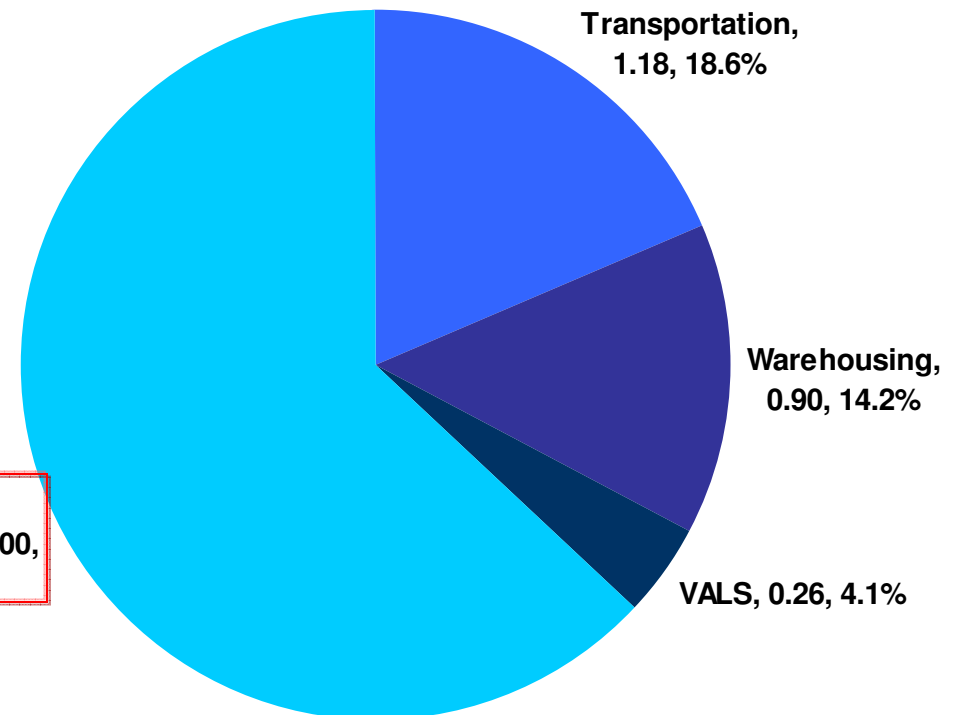
UAE's Total Logistics Market Size and Segmentation by Function Service, 2009

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%

Freight Forwarding, 4.00, 63.1%



VALS – Value Added Logistics Services

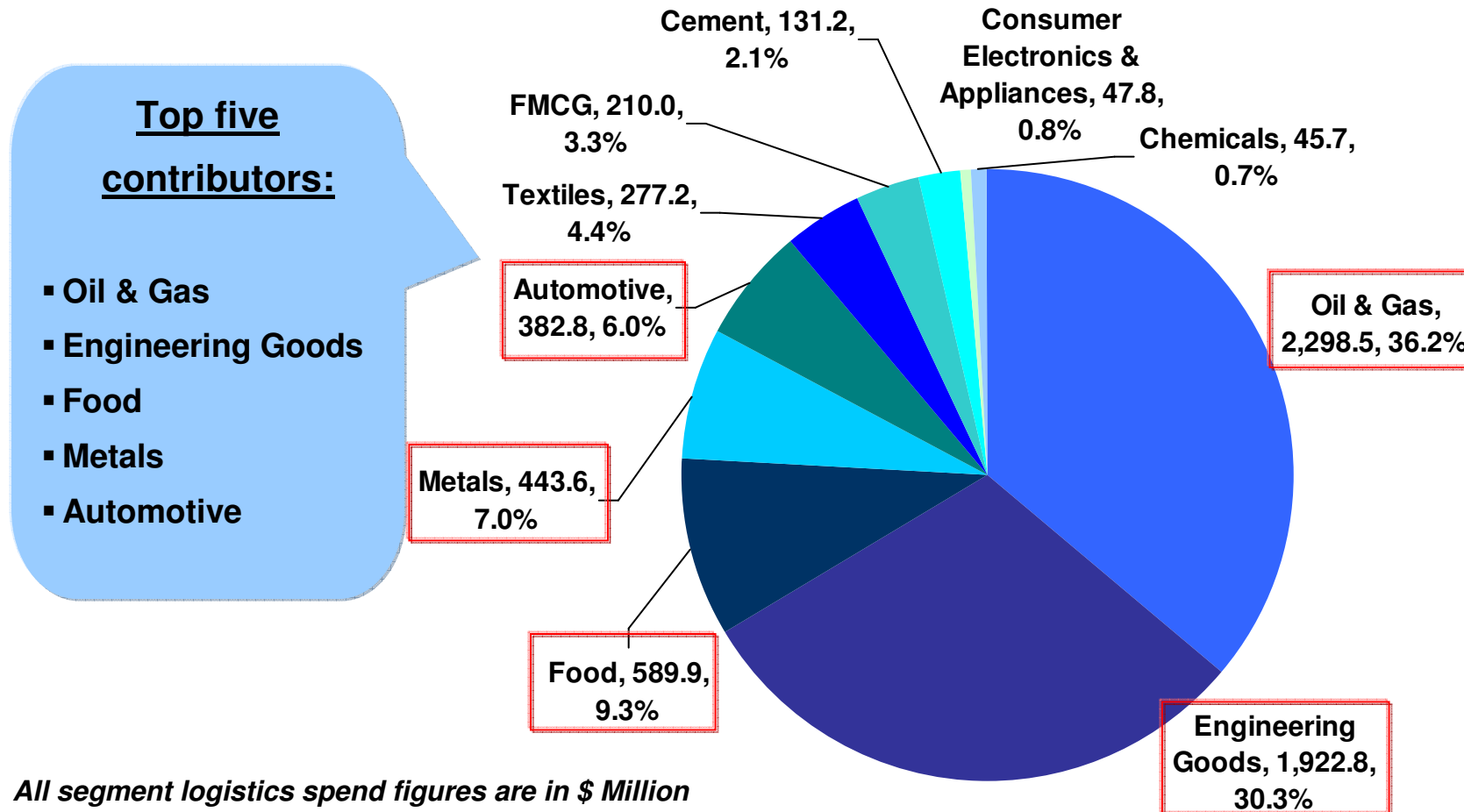
All segment revenue figures are in \$ Billion

Source: Frost & Sullivan

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



Source: Frost & Sullivan

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



Source: Frost & Sullivan

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

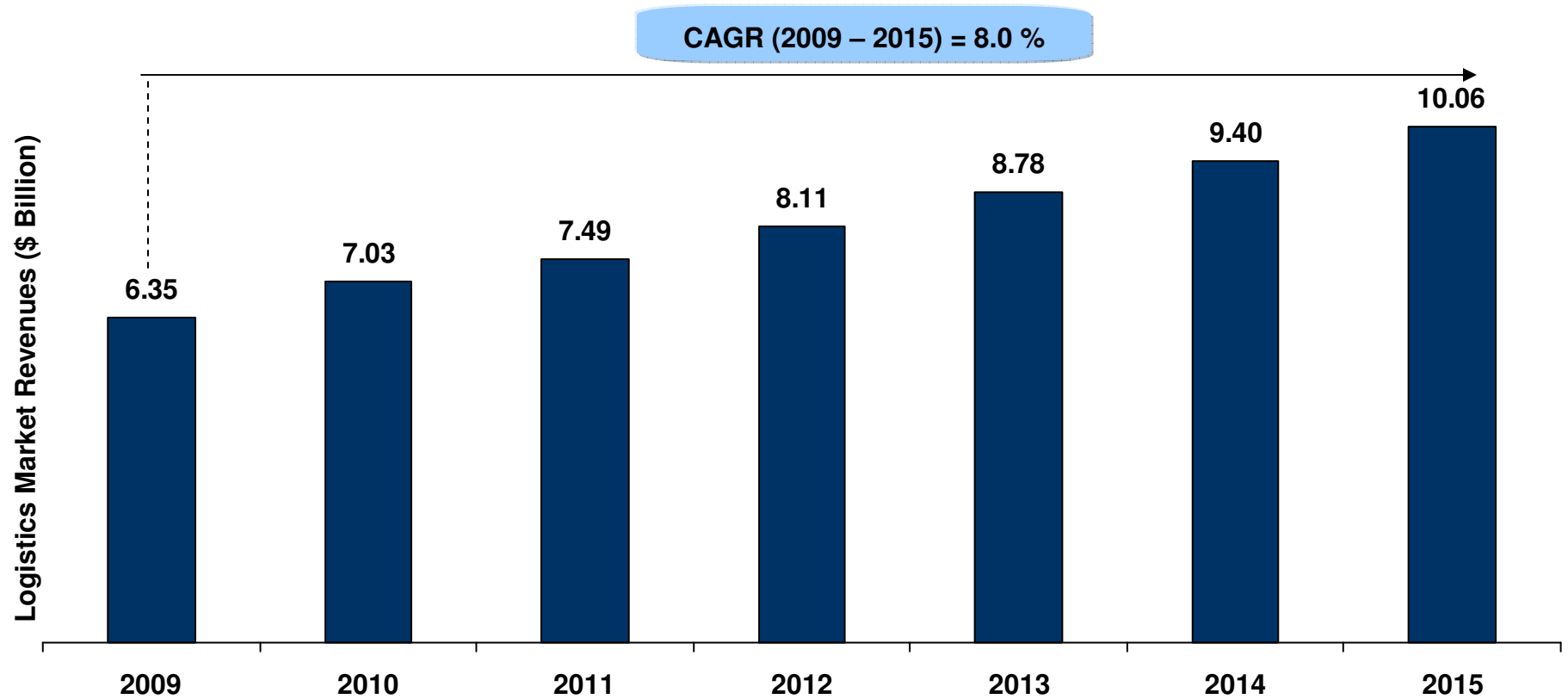
Restrains	Impact (2010 - 2015)		
	1-2 Years	3-4 Years	5-6 Years
Limited Infrastructure beyond UAE Borders	●	●	●
Low Levels of Local Manufacturing in UAE	●	●	●
Own Logistics Units of Major Industrial Groups in UAE	●	●	●

Source: Frost & Sullivan

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

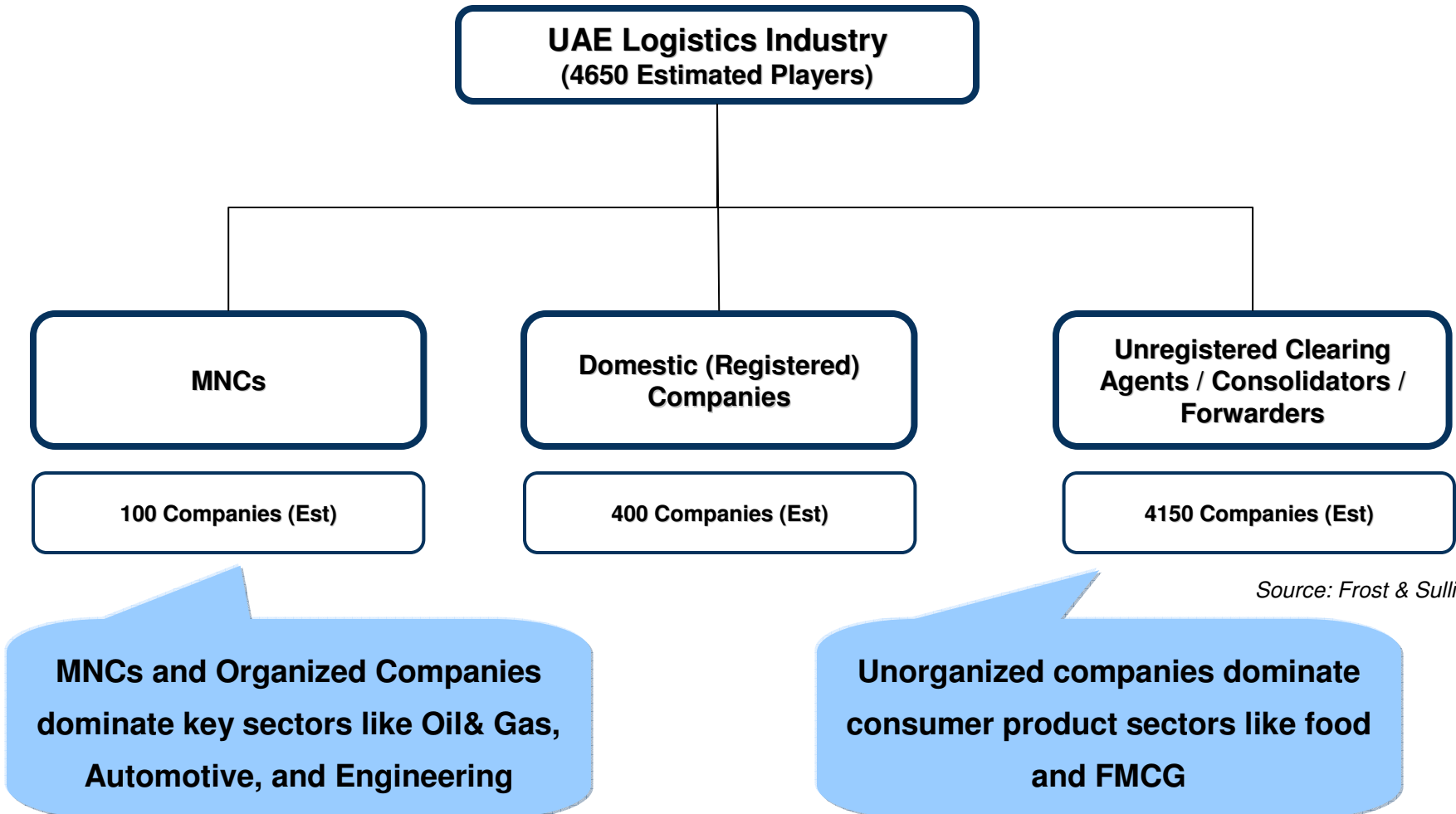


Source: Frost & Sullivan

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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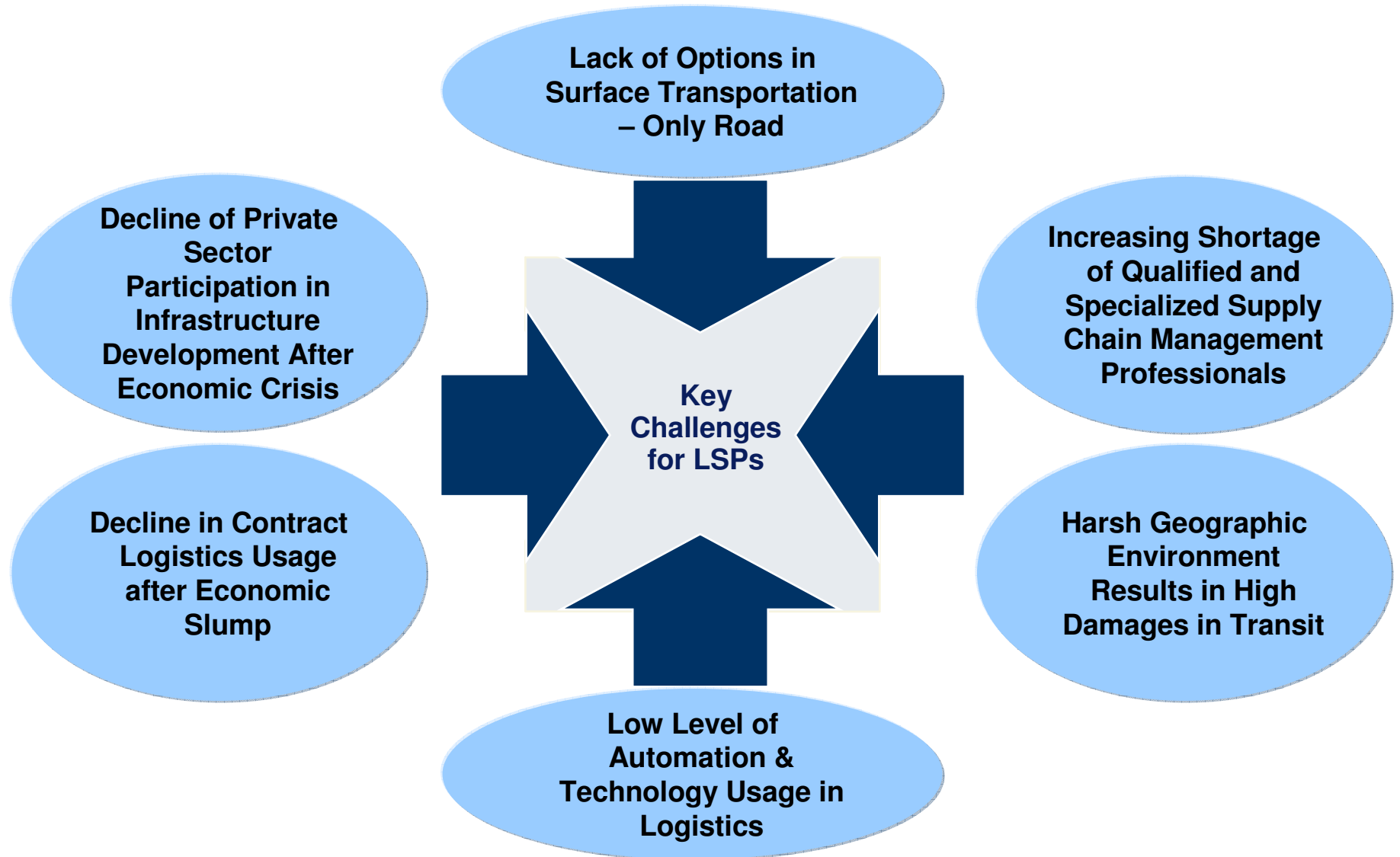
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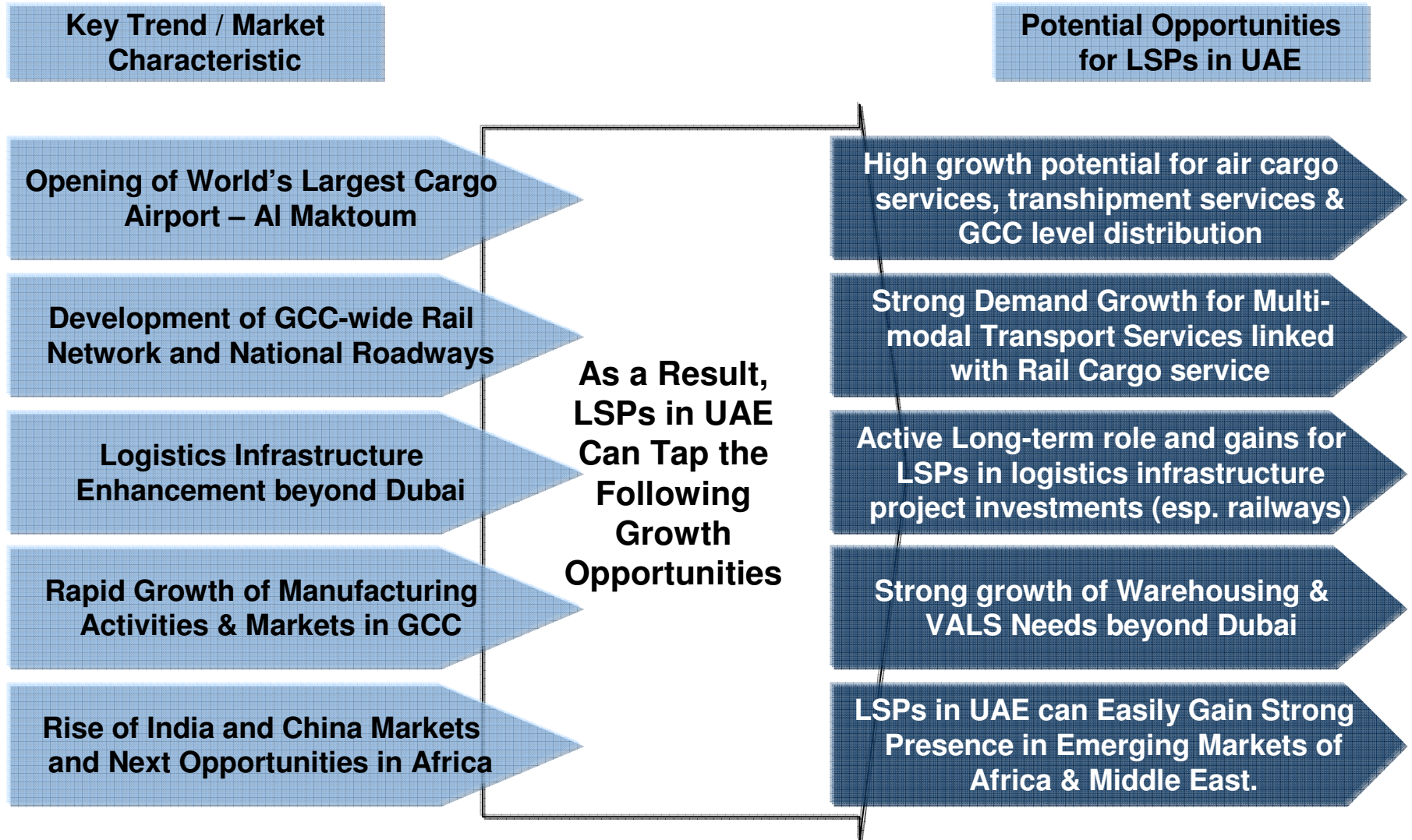
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Key Issues to be Addressed by Logistics Sector Participants

Key Challenges for Logistics Industry in UAE



Key Opportunities for LSPs in UAE



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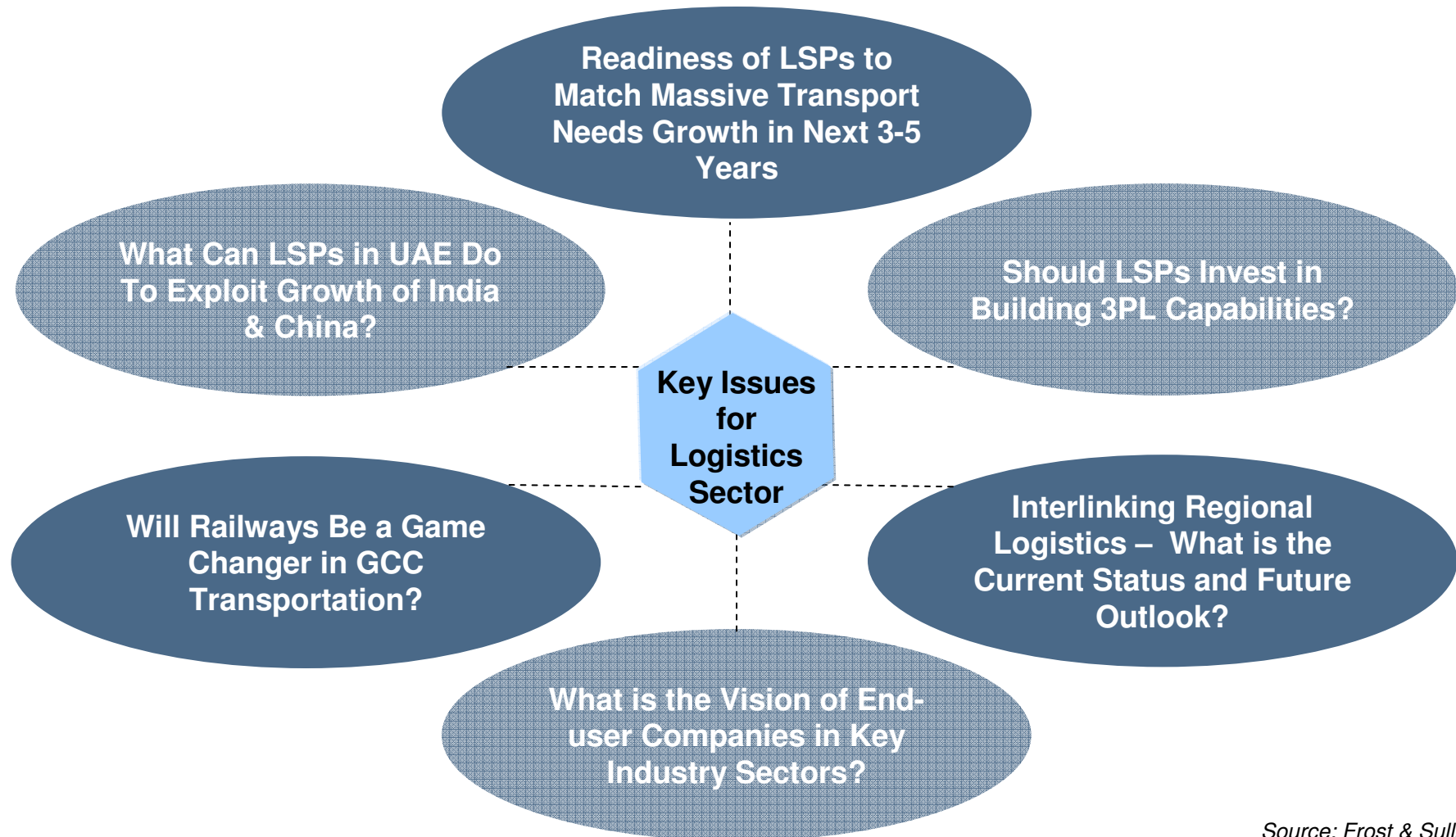
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