

A positive presence

How APM Terminals is enabling trade, creating jobs
and advancing technology and know-how in Nigeria

Welcome to Apapa Terminal

In 2006, APM Terminals was awarded a concession to take over Apapa Terminal in Lagos, Nigeria. Although we saw significant business potential in the project, it was clear there would be many obstacles to overcome, including run-down equipment, inefficient processes, inadequate safety and environmental standards, and frequent labour unrest.

Now, after investing some \$176¹ million in the first two phases of a comprehensive development programme, we are pleased to report that Apapa is one of the most modern and efficient terminals in Africa. And with Apapa Terminal handling 45% of Nigeria's total container traffic and 50% of all imports to the country, the facility is of major importance to trade in Nigeria and throughout Africa.

Measuring success in broader terms

It is imperative for our business that Apapa Terminal succeeds as a profitable venture. Yet at APM Terminals, we try to define "success" in broader terms. Port terminals play an important part in societies as trade enablers, employers and centres of technology and know-how. They are even more critical in developing countries, where they can facilitate economic growth and promote social development and prosperity.

We wanted to get a better sense of the broader socioeconomic benefits of our operations at Apapa Terminal, so we recently conducted a major study of the terminal's impact on the local community and Nigerian society at large. We interviewed some 30 stakeholders and analysed a wide range of data to find out how much progress we've made in four key areas: enabling trade; creating jobs and prosperity; investing in society; and sharing technology and knowledge. This brochure summarises the results of the study.

An important first step

At APM Terminals, we'll be the first to admit that we have a long way to go in understanding the full socioeconomic impact of our operations at Apapa. Still, we hope this study marks an important first step towards a greater awareness that can help us offer further benefits to port communities in Nigeria and around the world.

¹ All figures in USD.

Vital statistics

Nigeria – Africa's most populous country

Population:
154 million, 250 ethnic groups

Economy:
GDP \$1,401 per capita (2008)

Development:
158 out of 225 countries (UNHDR)

Poverty:
55–60% live on \$1 per day

Adult illiteracy:
27% (36% of adult women)

Religion:
Muslim 50%, Christian 40%

Challenges:
Poor infrastructure, unreliable power supply

Lagos State – Nigeria's largest state

Population:
17 million

Economy:
11% of Nigeria's GDP

Lagos City – Africa's second-largest city

Population:
15.5 million

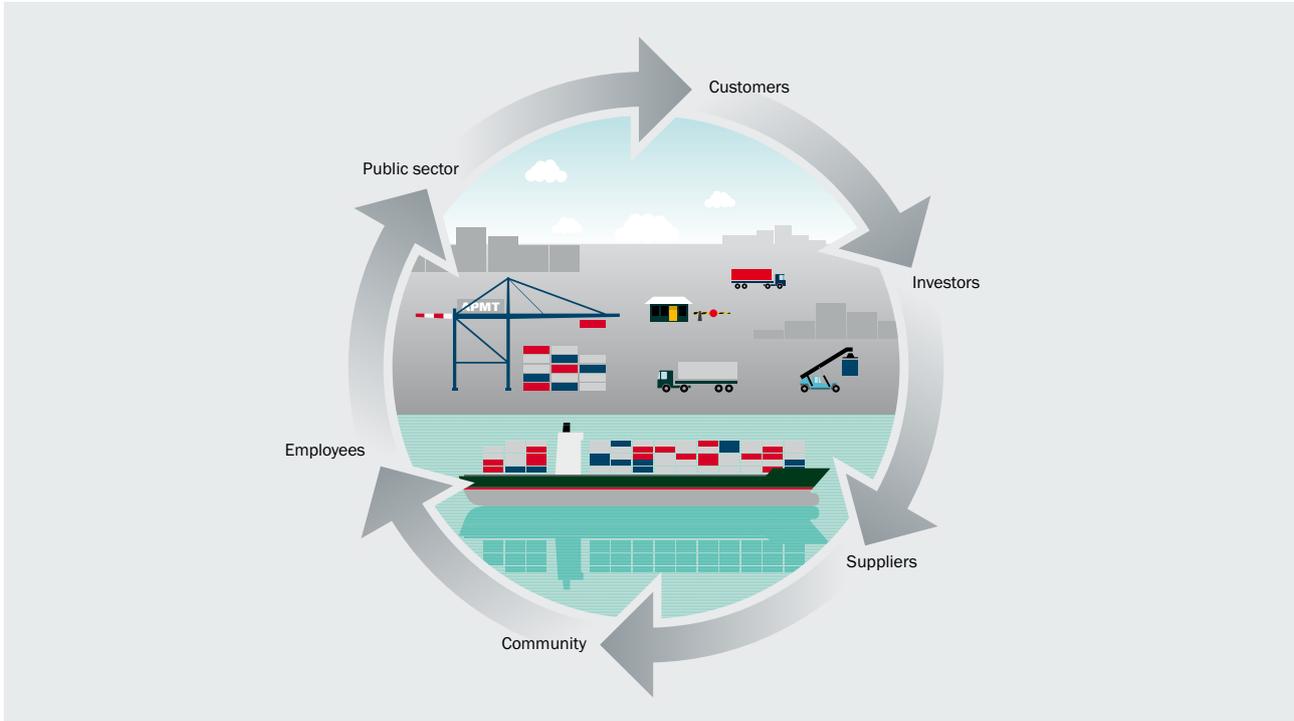
Apapa Terminal – Nigeria's main port

Container traffic:
45% of Nigeria's total container traffic

Import traffic:
50% of all imports to Nigeria

Volumes:
356,000 TEU in 2006; 490,350 TEU in 2009; projected 1.2 million TEU by 2013)





A triple bottom line

Success for Apapa Terminal shouldn't be measured in monetary terms alone. At APM Terminals, we operate with a "triple bottom line" principle, where the human and environmental impact of a facility is just as important as financial results.

People

Number of injuries/fatalities

1 major injury, 1 fatality

Lost Time Injury Frequency

0.41 per 1 million man hours

Health care for all staff

Including spouse and four dependants

Pension

15% of wage

Group life insurance

Up to 3 years' pay

Death insurance

In addition to liability insurance: \$16,000

Employee training

Computer skills, safety, maintenance

Average training

4.5 hours per employee

Safety training

840 employees (2006-2009)

Environment

Total greenhouse gasses

19,982 tonnes (due to limited availability of electricity)

Target in 2012

15% CO₂ reduction

Kg CO₂ per TEU

40.78

Planned green investments

- Surface water management system
- Water treatment plant

Economics

Investors

Total investment since 2006: \$176 m

Future investments in phase 2: \$61 m

Public sector

5% VAT: \$24.9 m (2006-2009)

5-10% WHT: \$8.8 m (2006-2009)

10-25% PAYE: \$7.2 m (2006-2009)

Import duty: \$9.6 m (2006-2009)

Corporate and education tax: \$2 m (2009)

Donations

\$101,000 (2009)

Distribution of turnover (2009)

Customers 100%

Suppliers 61%

Employees 15%

Investors 13%

Public sector -4%*

* Negative figure due to overpaid tax in 2008.

Working together, achieving together

The challenges facing Apapa Terminal in 2006 were daunting. The grounds, buildings and equipment were run down – with trees growing up through equipment in some areas. There was significant vessel congestion, and dwell times were long. A dysfunctional stacking system made it difficult to find containers, and productivity in general was very low. Moreover, there were 4,000 people actually living on the terminal site – making already poor safety and environmental conditions even worse. And ongoing labour disputes led to frequent strikes and even rioting.

Over the past four years, we have worked with government authorities, local suppliers and the terminal employees and their unions to transform Apapa Terminal into a technologically advanced, efficiently run, safe and environmentally responsible business. The results we've achieved benefit a wide range of stakeholders – including customers, suppliers, employees, investors, the public sector and Nigerian society at large.

Enabling trade

At APM Terminals, we see our facilities primarily as trade enablers. Trade has a positive impact on many areas of development across a society. It provides easier access to goods and services, technologies and knowledge. It stimulates entrepreneurship, creates jobs and fosters vital learning processes. It attracts private capital, and increases foreign exchange earnings.

But above all, it helps to generate the resources needed to achieve sustainable development and to alleviate poverty.

Our work at Apapa Terminal has had a direct impact on trade in Nigeria – making it faster and less costly to move products in and out of the country. Saving time and money

when moving goods from vessels to customers makes imported products cheaper – while moving products out of the country more efficiently lowers the cost of doing business for Nigeria's exporters.

Creating jobs and prosperity

A facility such as Apapa Terminal employs workers and pays them for their labour, promoting self-sufficiency and independence and generating tax revenues that benefit society. But Apapa benefits many more people than just our full-time employees. In addition to our 712 employees at the terminal, some 120 contracted workers plus 165 truckers earn a living via the facility. If you include family members dependent on these incomes, an additional 2,500 people are supported financially by our activities at the terminal.

Finally, we calculate that 72% of our total turnover at Apapa is re-circulated back into society – with 45% going directly to the local community in the form of local procurement, salaries and taxes. All told, an estimated 32,000 direct and indirect jobs have been created in Lagos and elsewhere in Nigeria as a result of our operations at Apapa Terminal.

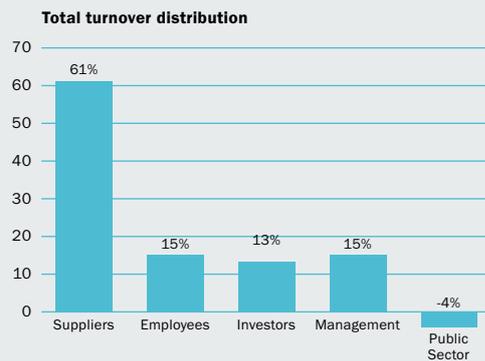
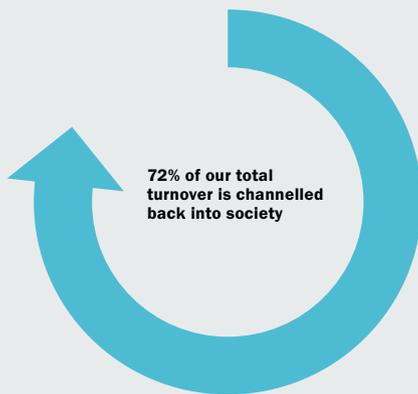
High pay, benefits and advancement

APM Terminals is one of the highest-paying workplaces in Nigeria, with a single Apapa employee accounting for as much GDP as 200¹ of his or her compatriots on average. And that's not counting unemployment and life insurance, and training in IT, safety and maintenance.

We also pride ourselves on giving our employees the chance to advance solely on the basis of merit – and we have promoted 93 local employees at Apapa since 2006.

¹ 2007 official figures.





Turnover distribution

Of our total turnover in 2009 (\$175 m), 72% was channelled back into society. 61% went to suppliers, 15% to our employees and -4% to the public sector. The negative public sector figure is due to overpaid tax in 2008. For the period 2006–2009, our total contribution to the public sector totalled \$47.4 m.



Preparing for a brighter tomorrow

The APM Terminals takeover of Apapa Terminal entailed not only new trade capabilities, jobs and prosperity. It also brought substantial investments in infrastructure, equipment, advanced technology and all the skills and knowledge required to operate a world-class terminal in Lagos. These investments represent a substantial upgrade in Nigeria's technical and operational capabilities, which can be put to work in other areas of society to support the country's development.

Investing in the future

Since APM Terminals took over operations in 2006, we have invested \$176 million in the first two phases of our terminal development programme. We have invested in infrastructure and handling equipment, and we've modernised the terminal's IT hardware and software systems. All these investments are designed to improve efficiency and transparency, with a particular focus on berthing conditions, yard performance, container pick-up trucks, customs, gates and documentation, and inland haulage and logistics.

The result is a state-of-the-art terminal in Lagos that meets international standards and supports efficient, transparent procedures. It's a result that reverberates throughout Lagos and Nigeria – as the culture of efficiency spreads to our employees, suppliers, business partners and society at large.

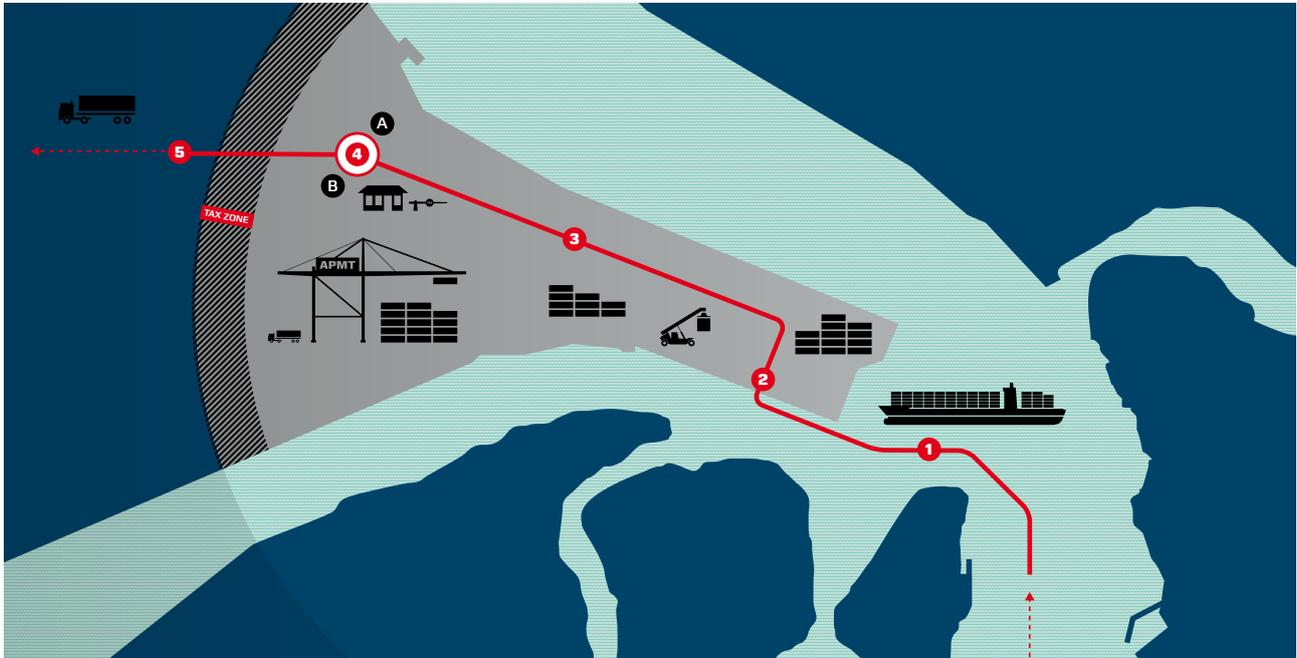
Sharing knowledge

Many of the investments we've made at Apapa Terminal represent important technology and knowledge transfers to Nigeria. The RTG cranes we acquired in 2007 and 2008, for example, require intensive training of operators. To ensure safety and promote efficiency, we trace every move in the terminal, and we have equipped every piece of machinery with a vehicle-mounted terminal (VMT). Most of our employees now carry hand-held devices and have received training in how to use them.

We have installed a state-of-the-art crane simulator at the terminal, where we train our employees in how to operate our sophisticated ship-to-shore (STS) and rubber-tired gantry (RTG) cranes – without exposing them to the risks of training on real equipment. This new simulator is the first of its kind in West and Central Africa.

Finally, employees at Apapa Terminal are immersed in a culture of business efficiency, and are required to work in accordance with the same high ethical standards that apply at all APM Terminals facilities throughout the world – further equipping these men and women with skills that can benefit any company they ever work for in Nigeria.





Substantial investments

We have invested \$176 million in infrastructure, technology and efficiency-boosting processes in Phase 1 and Phase 2 of our development programme for Apapa Terminal.



1 Berthing conditions

8 shipping lines use the terminal

Vessel turnaround time: 59.4 hours

Total berth length of 1005 m, 4 berths

Max. vessel draught: 12.5 m

Available ship handling cranes: 7

Average moves per hour (MPH): 20

2 Yard performance

Open 24 hours a day

Throughput capacity: 600,000 TEU

Dwell time: 28 days

Yard space: Multi-user facility, 29 hectares

Reefer connection plugs: 249

Terminal Operation System (including wireless connectivity between administration, yard equipment and handhelds)

State-of-the-art crane simulator

3 Trucks collecting containers

400–500 trucks per day

Average turn time: 2.5 hours, giving an average trucker 3 turns a day

4 Customs, gates and documentation

A Customs checks papers and cargo before truckers can pass the gates.

To improve transparency and reduce costs and waiting times, an online administration system is being introduced.

Further improvements have been planned in cooperation with clearing agents and public authorities.

B Currently, truckers have to pass two gates to leave the terminal area. We aim to work with partners to develop a one-gate system that will enhance efficiency and reduce waiting times for truckers.

5 Inland haulage and logistics

Containers are transported to 20,000 importers in Nigeria.

An inland container depot (ICD) has been established within 5 km of the terminal.

35% of all containers go to the ICD.

Despite many improvements during recent years, the inland infrastructure of Lagos still presents some challenges to broader logistics efficiency and the level of service users of the terminal can expect.

About APM Terminals

APM Terminals operates a global network of 50 terminals with 18,000 employees in 34 countries. We provide port management and terminal services for over 60 shipping companies and ports, making our company a key player in world trade and logistics.

We are an independent business unit within the A.P. Moller - Maersk Group, which has a century-long history in the global shipping business and five decades of experience with port and terminal management.

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