

Trabzon Arsin Marine Terminal Oil and LPG Storage Facility (Port)

PROJECT DESCRIPTION

The “TRABZON ARSİN MARINE TERMİNAL OIL AND LPG STORAGE FACILITY (PORT) Filling Project” is an investment of Er-Del Tourism Transport Trade Services. Ltd., located in the town of Yeşilyalı in Arsin, Trabzon. The project includes oil storage with capacity of 38.400 m³ 26.100 m³ of which is being used as entrepot and remaining 13.300 m³ is bonded warehouse. Total LPG storage capacity of the project is 10.750 m³, 5.000 m³ of it, is being used as entrepot whereas the remaining 5.750 m³ are bonded warehouse.

EVALUATION OF TERMINAL NEED IN BLACK SEA REGION

Tüpraş being the one and only oil Refinery Company of Turkey, has no facility at the Black Sea Coast, thus it uses other private companies’ storage facilities. In any case, the oil products sold in the region can be available only after a sea transportation cost of approximately a distance of 1.000 km. This incremental in the costs which is reflected to the price, reveal an opportunity to raise the profit margin of the import products. A storage terminal serving the region will surely be considered as an alluring alternative, with its incomparable competitive advantage in pricing.

In order to optimize the logistics costs, companies generally prefer to use small ships in short distance sea shipping and collect the entire product coming from numerous ships into one large storage facility. Then, the big ships take over the role in the overseas transportation of the considerable amount of product. In that sense, a large sea terminal at the Turkish Black Sea Coast will create a serious optimization opportunity for companies. The two biggest exporters of the region, Russia and Ukraine would prefer to use such a terminal as a station point to serve to their small ships operating inside North Black Sea canals. By the way, the total oil products import of Turkey reached about 8,5 millions of tons and more than half of this amount is provided by Russia and Ukraine.

Along the Black Sea Region, there is no suitable marine terminal for big traders. The only alternative for them is the Marmara Ereğlisi Terminal of Opet, but its location is very far compared to Arsin. Trabzon is a perfect location for small ships to reach, thus creates a considerable advantage in logistics.

83% of the total LPG consumption of Turkey (3,6 millions of tons) is imported from other countries. The Black Sea region plays a key role in the fulfillment of need of LPG demand of Turkey. Especially Russia, Kazakhstan and Ukraine are the three leading countries providing about half of the total need, while consistently increasing the share within the total. If the large geographical settlement of Turkey is divided vertically into two equal parts, it can be easily observed that there is not enough storage facility in the eastern part, while the terminals have been gathered especially in İzmir, Dörtüol and Yarımca regions in western part.

Due to the “LPG Market Law” LPG companies are obliged to keep a stock amount of 20 days of their sales. Even the law is currently in force, it is not being applied as a binding force against companies and therefore none of the LPG companies perform the necessity of the rule. But, by the second half of 2012 it is strongly expected that the Energy Market Regulatory Authority (EMRA) will follow the companies to be complied with the National Stock Obligation which will create a huge amount of extra storage capacity.

INCOME PROJECTION OF THE TERMINAL

INCOME FROM FUEL				
	Price (USD/m ³)	Handled Amount (m ³ /month)	Total Income (USD/month)	Total Income (USD/year)
WHOLESALE INCOME	15	8.000	120.000	1.440.000
STORAGE INCOME				
From Local Customers	2	10.000	20.000	240.000
From International Customers	3	60.000	180.000	2.160.000
STEVEDORING INCOME				
From International Customers	2,5	60.000	150.000	1.800.000
Total Income From Fuel			470.000	5.640.000
INCOME FROM LPG				
	Price (USD/m ³)	Handled Amount (m ³ /month)	Total Income (USD/month)	Total Income (USD/year)
WHOLESALE INCOME	50	3.800	190.000	2.280.000
STORAGE INCOME	10	2.000	20.000	240.000
Total Income From LPG			210.000	2.520.000
TOTAL INCOME				
			USD/month	USD/year
Total Income from Fuel and LPG			680.000	8.160.000
OPERATIONAL EXPENSES				
			USD/month	USD/year
Operational Expenses			21.550	258.600
GROSS PROFIT				
			USD/month	USD/year
Total Gross Profit			658.450	7.901.400

COMPOSITION OF THE INVESTMENT

A budget of about USD 40 million is allocated for construction and licensing investment of the terminal therefore it is expected that the terminal will pay-off in five years. Investor company ERDEL plans to finance 20% of this investment with its own equity and finance the remaining 80% with an 11 year loan that includes a 3 years grace period. Financial closure is to be planned when the filling works are completed. On the other hand, our group is ready to evaluate partnership opportunities which can create meaningful synergy for both sides.

Permissions and Construction	9.650.000 \$
Mechanical Works	23.525.000 \$
Electric Infrastructure	1.775.000 \$
Equipment	2.060.000 \$
Sea Pipeline and Float System	2.356.000 \$
	39.366.000 \$



