

Group CEO's Message



2010, the year of the Tiger in the Chinese zodiac, certainly lived up to its characterisation, “..... I seek the unattainable, and try the untried.”

A convergence of all the measures macro and micro – governments putting the balance sheet of the State at the disposal of the financial systems, continued quantitative easing to support demand, slow steaming by container shipping lines to soak up surplus capacity – all collectively had the desired effect of calming the global markets.

PSA and the port and shipping sector in tandem with all other industries benefited from the resulting outcome. Container volumes recovered strongly in 2010 from the previous year and, with the contribution of volumes from newly commissioned terminals in Busan in South Korea, Chennai in India and Vung Tau in Vietnam, PSA Group ended the year with a new peak of 65.1 million TEUs (14.4% increase year on year) handled across its network of terminals worldwide, surpassing the previous high of 63.2 million TEUs achieved during the heady and tumultuous times in 2008.

In 2010, two new terminal projects were completed:

- Zeebrugge International Port, in the deep-sea harbour of Zeebrugge in Flanders, Belgium, and
- Panama International Terminals in Panama City, on the Pacific coast of Panama.

Both terminals will commence full commercial operations this year.

Also in 2010 capital expenditure deferred during the global economic crisis to upgrade and expand the Group’s deep-sea capabilities to service the expanding fleet of mega-size container vessels was revived; and I am pleased to report that additional capacity to berth and handle these mega vessels has been added in Singapore, Tianjin in China, Sines in Portugal, and Zeebrugge during 2010, and barring any further major economic shocks, this capability upgrading will continue through 2011 and beyond. The Group is also continually reviewing its network and portfolio of port investments to match the changing landscape of global trade.

“We have also continued to align our internal organisation to manage effectively our growing network of terminals worldwide and to meet the challenges posed by an ever-evolving competition landscape in a fast changing world of new emerging economies and geo-politics.”

The expansion of the Group’s portfolio into overseas markets to diversify the earnings base started in earnest post corporatisation in 1997, and at the end of last year, the volumes handled at our overseas terminals made up 37.4 million TEUs or 57.5% of the Group’s total volumes. This diversification into overseas markets mitigates exposure to any single market, and has stood us well through the economic turbulence of the recent two years.

Building strategic joint venture partnerships with key shipping lines including MSC, PIL, CMA, Cosco, NYK and K-Line in Singapore, Antwerp, Zeebrugge and Sines has also provided some measure of support when global trade went into a tailspin in 2009; today, a sizeable portion of global volumes is handled with these strategic partnerships, the first of which was entered into in 2003 with MSC.

The Group has also been working to enhance its human capital leadership and bench strength commensurate with an expanding Multinational Corporation (MNC). The Group’s *Fish!* teambuilding and leadership program, which was first rolled out in 2006 by Group HR, has now evolved into a global corporate culture change platform encompassing the whole organisation worldwide, and *Fish!* is now prevalent as a unifying language, within the PSA family.

As part of the ongoing transformation of PSA into a global MNC, we have continued to groom young and capable talents from within the organisation, supplemented by good potential talent from without, to build a strong, competent and committed global leadership team.

We have also continued to align our internal organisation to manage effectively our growing network of terminals worldwide and to meet the challenges posed by an ever-evolving competition landscape in a fast changing world of new emerging economies and geo-politics. The seeds of human capital development we have planted over the years have taken root and dovetailed well with my personal plan of retiring by 62. This year in August, I shall have attained this “milestone” age, and after close

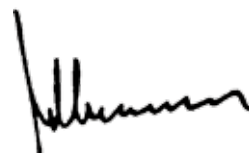
consultations with the Group Chairman, Fock Siew Wah, I shall be stepping down later this year as Group CEO. An internal and external global search process for my replacement was started earlier this year and I will continue to serve as Special Advisor to the Group Chairman after my retirement.

I wish to thank all partners and customers for their continued patronage all these years; PSA is grateful for the privilege of working with and serving them.

I also wish to express my gratitude to the past and present Chairmen and Board Directors for their strong support and expert advice given to me. I am equally appreciative of the wholehearted support from my colleagues in the management team as they rallied around me to face and surmount all the challenges that came our way.

My heartfelt thanks also go out to the PSA staff and unions for their selfless effort in helping the Group grow to what it is today. Their determined and relentless drive to go the extra mile for our customers, unparalleled commitment to getting the job done, and willingness to change and adapt have enabled PSA to grow from strength to strength.

I feel a sense of humility and fulfilment in helming this excellent organisation, which is also “The World’s Port of Call”, knowing that I am a part of its success story!



EDDIE TEH
Group CEO

