

RIPPLES talk

Issue No. 2





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COO Message



The overall market development in Jeddah during 2013 has been a rollercoaster ride, with a very strong start to the year during the first half followed by a weakening market during the second half. Despite the continuously strong local economy, the import volume for the local market has slowed faster than anticipated during the last part of the year. Transshipment volume has also shifted out of Jeddah during the year, leading to an overall negative growth for Jeddah in 2013.

Red Sea Gateway Terminal, however, continues to see a positive annual growth in our overall throughput, driven by a remarkable annual growth in gateway traffic of 18% year on year. Despite our increased volume handling, RSGT succeeded to become the leading terminal in operational efficiency with average crane productivity in excess of 32 moves per hour. Such a leap of the productivity is the result of RSGT's continuous efforts in reinforcing our processes and training of our people. In addition, RSGT's innovative and proactive measures in the service for consignee such as Stop-Shop, Information Kiosk, mobile application, SMS service, web-based data inquiry, etc. enhanced the turn-around time for customs clearance and could add value on consignee's cargo handling and induce more import volume through RSGT.

RSGT continues to invest in our facility, during 2013 essential yard equipment has been delivered, and during the first half of 2014 additional quay and yard equipment will be commissioned.

The shipping industry is shifting to new paradigm towards unprecedentedly larger scale of alliance and much bigger vessel size than ever before. This will bring improved reliability and cost of transportation to the end-users around the world. The terminal industry must follow suit. Differentiated terminal productivity and capability to accommodate the mega vessels in more efficient ways is required. In addition to our continuous investments in process improvements and additional equipment, RSGT has also launched our project for upgrading our current facility with extra berth length and yard space to meet the increasing demands. Once completed by 2015, we anticipate our annual handling capacity will be increased from 1.8 million TEU to 2.6 million TEU.

With completion of our four years of operation since the start in December 2009 and handling of four million TEUs in its accumulated throughput up to now, RSGT is phasing into a matured stage of terminal operation and facing the new challenges and needs for the terminal services which should go far beyond current level. With RSGT's good preparation for the new paradigm in the shipping industry and initiatives for leading international level of terminal efficiency and capability to meet different level of customer's needs for next generation vessel, RSGT will complete another success story in the future after remarkable milestones for the last four years.

Sincerely,
Soren Hansen
COO






Gateway of Opportunity

Red Sea Gateway Terminal (RSGT) is the flagship of Saudi Arabia's leading port. The terminal occupies more than 700,000 square meters of Jeddah Islamic Port and enjoys an annual capacity of 1.8 million TEU.

- International standard container terminal featuring the best in class facilities, equipment and design to meet the future demands of the global market.
- Three berths with a total length of 1.3km featuring a dedicated feeder-berth separated from the mainline berth.
- A dedicated deep water channel, 300m wide and able to accommodate next generation container ships.
- A 70,000 TEU stacking yard capacity served by the world's most advanced terminal equipment.
- 1,680 reefer plug points available to preserve the temperature of cooled or frozen cargoes.



Personal Touches are the Key to Customer Service at RSGT

Red Sea Gateway Terminal is much more than a modern, state-of-the-art container terminal. It is redefining not only the port industry in Saudi Arabia but also redefining customer services oriented approach – especially at the Container Logistics Division area where the front desk is located with the embracement of customs officials. In this building is where our personnel deal with customers with utmost care, as they are fully aware of the “can do” approach in customer services.

The phenomenal growth of Red Sea Gateway Terminal from 2009 onwards raised a major matter of concern: how to provide exceptional services to our valued customers and make a difference. This became possible with the professional customer-oriented approach that led us to get our customers to realize that they had become a part of RSGT family as well and considering themselves as business partners.



This is due to the personalized interaction with the customers, and anticipating customer's needs – knowing the categorical difference between ordinary and exceptional services. For example, asking about their likes / dislikes, respecting their views / suggestion, and materializing, resolving their issues at once, and finally continuously persuading the ways to improve the services. For that, latest technology really turned our dreams into reality, like: KIOSK system, SMS service, RSGT APPS, Queue system, website, Email, and One Window operations are such steps - led us to achieve ZERO complaint from March 2013 to present.

Notwithstanding, still we have been striving to provide comprehensive quality logistics solutions to our valued customer, as customer's interaction / satisfaction, giving full attention to our frontline staff – is critical to customer service success and the customer satisfaction surveys – online, and

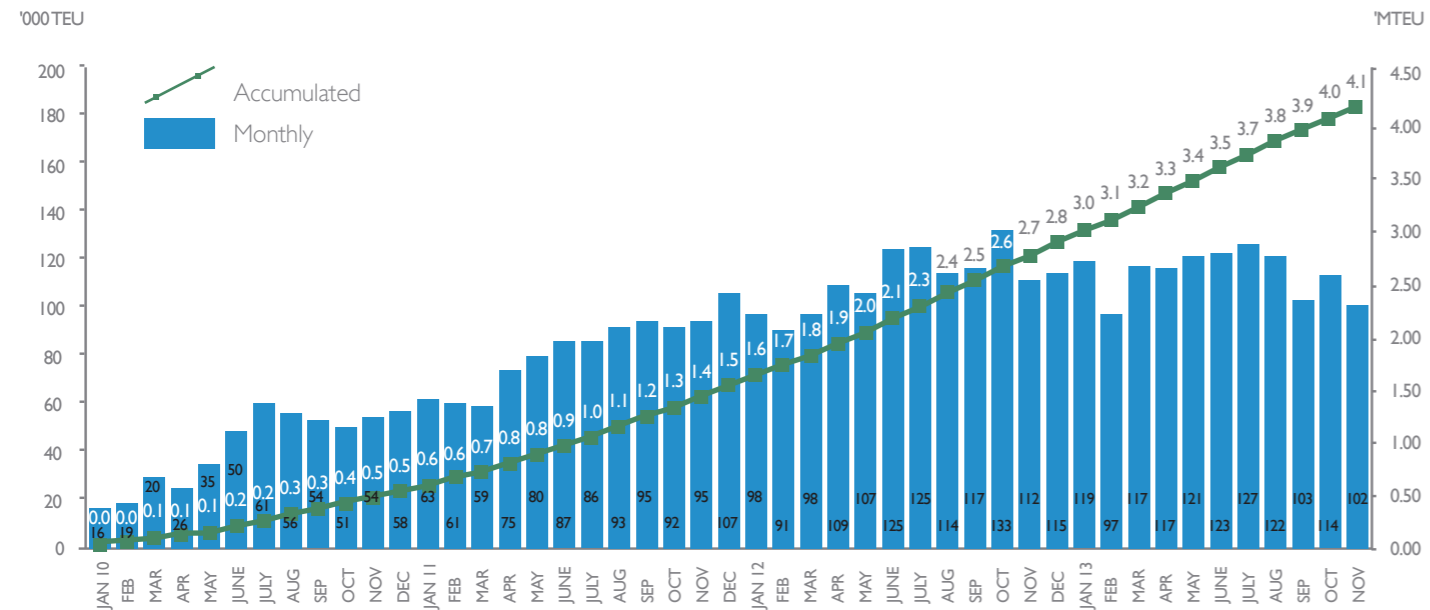
other questionnaires have been the “KEY” to stick in their memories for any logistics related services that relentlessly exerts influences by demanding better, more efficient, and less expensive services, and keep raising question – do customers have a clear path to our business door?

As we are planning to design services to our customers, We must understand the direction of these changes and accurately predict the long-range impacts on our services. In order to succeed at our tasks, we must develop a full understanding of the industry's goals and needs and then respond effectively.

RSGT in Numbers



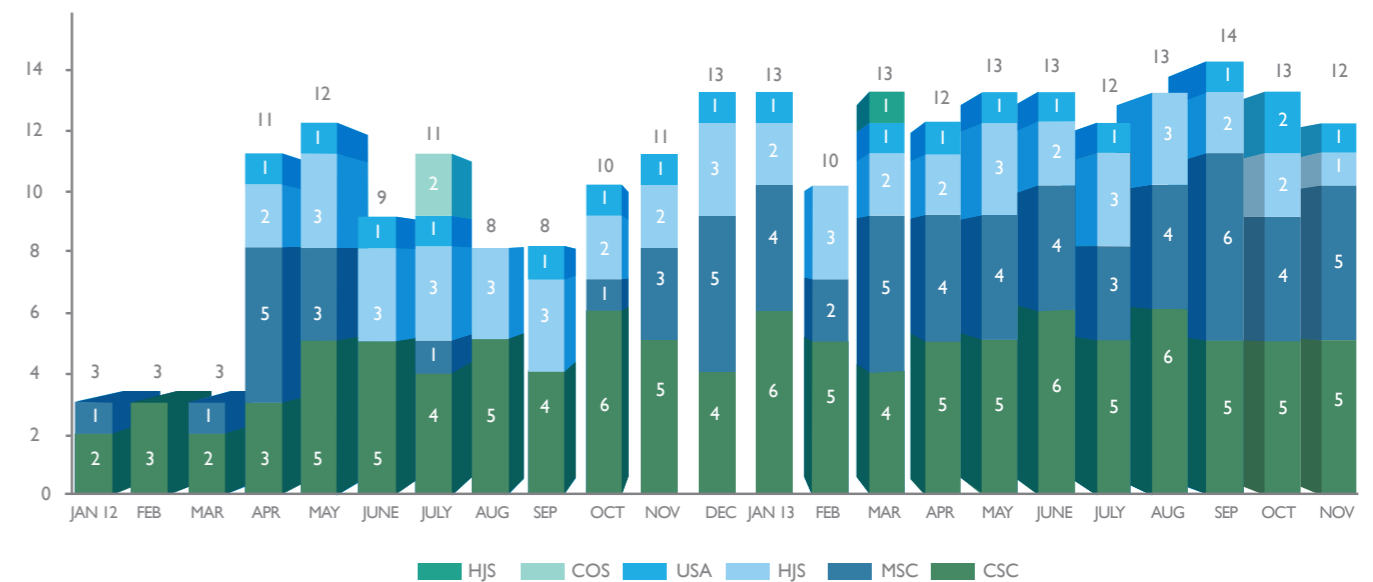
RSGT Volume Growth



- Since the start of commercial operation in December 2009, RSGT has handled an accumulated throughput of 4.0M TEUs.
- In 2013, RSGT handles an average volume of 114K TEUs on a monthly basis.

Mega Vessel Callings

Mega Vessel Calls 2012 - 2013 YTD



- In 2012, RSGT handled a total of 102 mega vessels (14,000 TEUs).
- In 2013, RSGT has handled 138 calls of mega vessels, up to November YTD, averaging 12.5 calls of mega vessels per month.

The Ideal Location for World Trade

RSGT is located in one of the world's most important trade routes.



Port Potential Remains Untapped

Mr. Sung Woo Lee
MD, Hanjin Shipping
UAE LLC

1. HJS has grown in Jeddah Market. How do you see Jeddah and Saudi Arabia in HJS's strategic point of view? And how do you prospect Jeddah and Saudi Market in the future?

Saudi Arabia is the 19th largest export and 20th largest import market in the world. We foresee immense opportunities. While spreading Hanjin wings all over the world, the new rule introduced during 2000, "giving foreign investors the right to the same benefits, incentives and guarantees offered to Saudi individuals and companies," is encouraging us in more investments. Hanjin has tremendous scope to grow more in Jeddah and Saudi Arabia. Jeddah is yet to tap the transshipment resources in the Red Sea region by offering competitive rates and facilities, which will attract more and bigger services, which ultimately will benefit Saudi Arabia and its trade.

2. How do you see Jeddah as the regional hub for Red Sea ports compared to other competitive port like Salalah and Djibouti?

The Kingdom's economic stability, port infrastructure, along with its strategic location is ideally located in the middle of the East – West trade seaway in the world, being one of the

largest import/export market giving advantage as regional hub, more than other ports. However, Jeddah is yet to improve in its transshipment facilities, infrastructure, rates, rules and regulation comparing with neighboring competing terminals to become the major player.

3. How can a container terminal contribute to the shipping lines business positively?

With the current market situation, shipping lines are keen to operate at terminals offering attractive rates and facilities along with prompt berthing facilities for vessels. Port Authority also has a larger role in the success of a terminal to attract shipping lines by offering lower marine cost to induce more services.

4. Hanjin and RSGT grew together in the past four years of operations, with most of the HJS Jeddah volume handled in RSGT. How do you evaluate RSGT's terminal service?

Excellent service provided by RSGT with customer-friendly attitude has brought Hanjin closer to RSGT and thus their growth together so far. RSGT's excellent service and friendly attitude made Hanjin shift to RES & IMU and also using partner services on CFN & AEI.

5. How do you see RSGT and HJS partnership to progress further in the future?

There are scopes for new services to call RSGT with Hanjin as lead partner.

6. HJS currently deploys mega vessels (13,000 TEUs) on the Asia-Europe service, which is not calling Jeddah/RSGT. Is there any plan to add / cascade bigger size of the vessels in Jeddah in

the future?

There are possibilities. However, future scopes are yet to be decided.

7. What is the bottleneck for HJS to increase business in Jeddah? What can Jeddah and especially RSGT improve in terms of capability, performance and services for the customers?

Lower import/export rates and higher operating cost at Jeddah is the main bottleneck to increase volume. Of course terminal rates and facilities, also trade, should allow Lines to recover discharge/load THCs.

8. How do you see HJS's future in Saudi Arabia?

We have plans to improve our business and networks via Saudi Arabia.

9. Any comments or points to add...

Custom rules and regulation need to be simplified to help and assist growth of the trades, as well as shipping lines.





Safety for Life

RSGT prides itself on being able to create a healthy, safe, secure and environmentally aware terminal. This is an ever evolving process that requires the participation of all employees, customers and government agencies that utilize the facility. By working together with understood goals and objectives we can ensure operational efficiency in a safe and secure manner.

All employees regardless of transferring from a similar industry or new to the world of container logistics are inducted into RSGT through the close coordination of the Human Resources, Training and (HSSE) Health Safety Security and Environment departments. With clear communication each employee starts work knowing how RSGT operates and what is expected of them.

To make sure RSGT stays in tune with this evolving process there are regular meetings and updates to discuss any industry changes or requirements. Employees' opinions and concerns are noted and acted on. That could be as simple as a request for a change from overalls to alternative work wear to larger mirrors or reversing sensors on operational equipment. The ability to listen to the workforce and combine it with industry expertise enables RSGT to maintain the happy, healthy, safe, secure and environmentally aware terminal operator it is today.

RSGT In a Nutshell

11 new stack Trailers

In June 2013, RSGT added 11 new double stack trailers which are able to carry a combination of 2 x 40' containers or 2 x 20' plus 1 x 40' containers simultaneously.

1.26M
TEUs

For 2013 YTD, RSGT has handled a total of 1.26M TEUs, and is expected to end the year with a total throughput of around 1.4M TEUs.

14,000
TEUs

YTD 2013, RSGT has handled a total of 614 vessel calls, of which 138 calls of which 138 calls (22%) are of mega vessels size (14,000 TEUs).

4.0M
TEUs

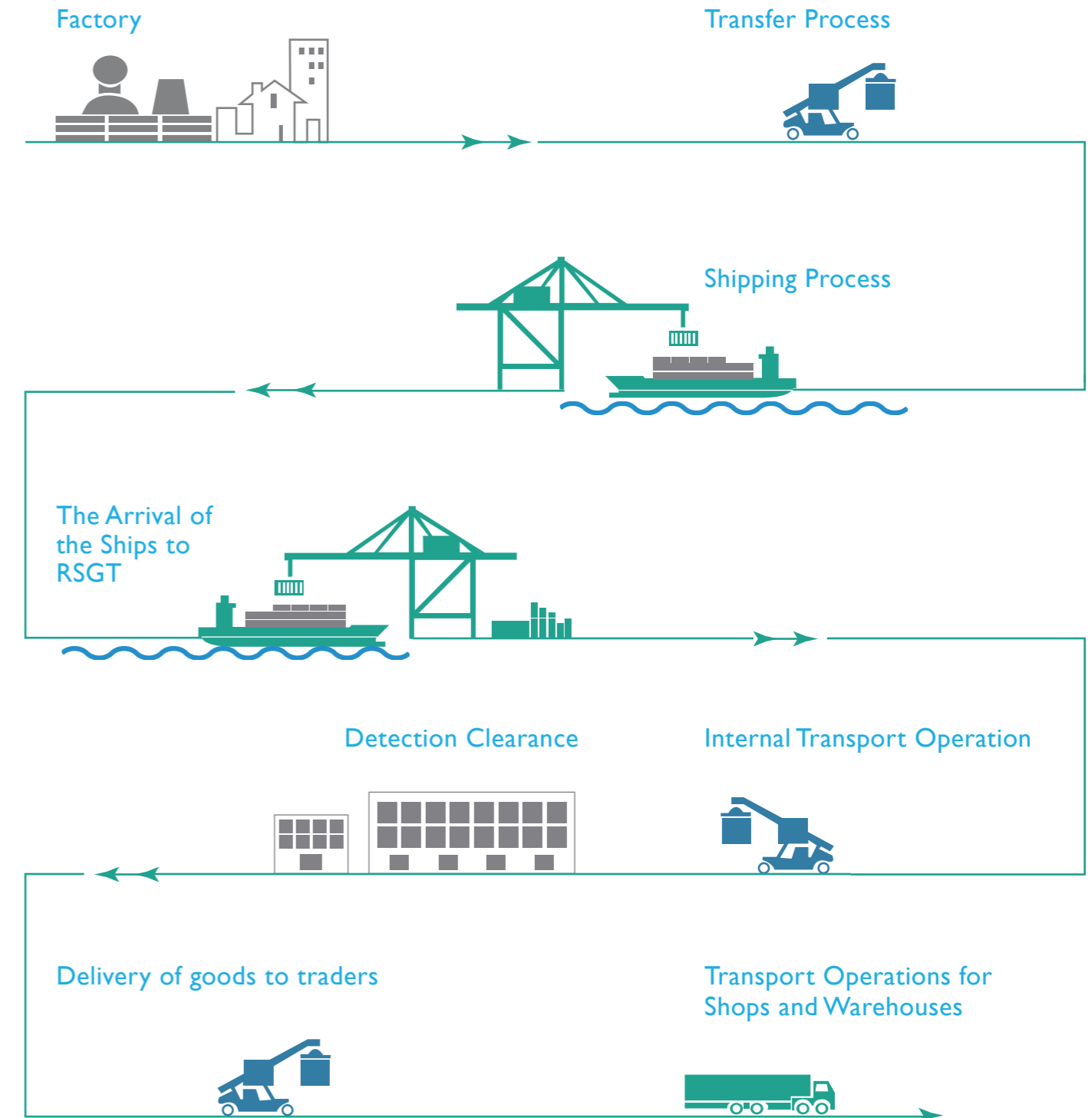
RSGT has handled an accumulated total volume of 4.0M TEUs since the start of the commercial operation in 2009.

110
mph

Productivity performance has also been improved consistently with the operations team achieving an average of 110 mph for berth productivity in November 2013.



Life Cycle of a Container



Traits Leading to Success in the Workplace

In order to settle in at the office and ensure things go smoothly, there are some critical traits employees must be aware of. To begin with, employees need to have a clear course of action. This trait will help them complete their daily office tasks with ease. Secondly, and a very important one, is patience. Employees can't expect everyone to automatically understand your thought process; therefore they need to thoroughly explain everything in order to avoid confusion.

The next trait is adaptation and behavior. Keep in mind that things will not always go your way. Employees learn how to deal with change and learn how to adapt to certain situations whether they like them or not. This leads us to the next traits, which are respect and communication. Without mutual respect and a clear method of communication between employees and superiors, there will be no success. Employees must feel valued and respected in order for them to work hard. Leadership is the following important trait; it is the trait that contributes greatly to successful workplaces.

Innovation and creativity are also vital traits leading to success in the workplace due to the fact that creative people are the ones who provide solutions to a variety of issues. The final and most important trait is confidence. Employees must wholeheartedly believe in themselves and their company projects because if they don't, how do they expect people to?



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