

## **6.5 Seychelles Port Authority (SPA)**

### **6.5.1 Strategic Overview**

#### **6.5.1.1 *Mandate***

The purpose of Seychelles Ports Authority is to develop, maintain operate ports in the country with reliable and sufficient resources to facilitate international and domestic marine transportation in a secured marine environment free of pollution while maintaining financial sustainability and ensuring human resources in the entity is well trained to achieve its intended objectives.

#### **6.5.1.2 *Vision***

To continuously transform and sustain Port Victoria as a viable maritime hub.

#### **6.5.1.3 *Mission***

To safeguard the maritime gateway to the Seychelles socio-economy by providing adequate and reliable port infrastructure and efficient services.

#### **6.5.1.4 *Strategic Priorities for 2024-2026***

- a) Develop, maintain and operate effective safe and secured sustainable infrastructure and related services, to facilitate international and domestic marine transportation and growth of blue economy at the appropriate levels at low operational cost that enhance Customer Value. Following are priorities for 2024-26.
  - Extension of existing Mahe Quay by 300 Mts and renovating the existing quay suitably
  - Moving of administrative complex out of the port premises in accordance with ISPS code and demolishing of existing warehouses to facilitate more container handling area.
  - Replacement of aged fleet of tugboats and pilot boats with a modernized fleet
  - Digitalization of port operation to enhance timely reliable sharing of information
  - Construction of passenger terminal La Digue.
- b) Maintenance of financial sustainability in terms of liquidity, profits and asset utilization to support the core objective stated above.
- c) Develop a competent workforce that ensures functional excellence, developed leadership skills, through establishing a learning, innovating, corporate culture which is integrated to deliver customer value.
- d) Become a self-defendant government entity delivering corporate social responsibility in compliance with regulatory framework.

#### **6.5.1.5 *Key Challenges***

- a) Developing and modernization of port infrastructure to be in abreast with changes in maritime transportation to facilitate handling of larger vessels and cargo more efficiently reducing congestions in terminals.
- b) Upgrading of the its marine fleet to deliver uninterrupted services to vessels with more secured efficient manner in a timely manner.
- c) Upgrading competency of workforce in compliance with regulatory framework with well-trained human resources with adequate maritime qualification and retaining them.
- d) Sourcing of funds at lower cost in order to finance above key challenges through equity or borrowings.
- e) Land resources to facilitate more container warehousing with increasing cargo inflow over mid- term time horizon

## 6.5.2

## Outlook of Financial Strategy

### 6.5.2.1

### Projected Financial Position of Seychelles Port Authority

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>294,700</b>	<b>289,800</b>	<b>304,300</b>	<b>395,600</b>	<b>835,700</b>	<b>1,079,500</b>	<b>1,352,800</b>
Property and equipment	276,100	266,200	283,700	375,100	814,700	1,057,600	1,329,900
Investment property	18,400	17,200	16,100	14,900	14,900	14,900	14,900
Intangible assets	200	400	200	1,200	1,700	2,700	3,700
Deferred Tax Assets	-	6,000	4,300	4,300	4,300	4,300	4,300
<b>Current assets</b>	<b>275,100</b>	<b>224,800</b>	<b>264,000</b>	<b>271,400</b>	<b>324,500</b>	<b>320,300</b>	<b>377,400</b>
Inventories	3,200	3,300	3,000	4,400	4,900	4,900	4,900
Investment in financial asset at amortization	23,500	-	25,000	35,000	35,000	35,000	35,000
Trade and other receivables	44,000	31,400	39,800	42,000	21,200	38,300	39,900
Cash and cash equivalents	204,300	190,100	196,200	190,100	263,400	242,100	297,600
<b>Total assets</b>	<b>569,800</b>	<b>514,600</b>	<b>568,300</b>	<b>667,000</b>	<b>1,160,200</b>	<b>1,399,800</b>	<b>1,730,200</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity and reserves</b>							
Capital reserve	9,500	8,400	7,500	7,500	7,500	7,500	7,500
Retained earnings	507,400	475,100	519,900	587,900	658,500	763,700	869,600
	<b>516,800</b>	<b>483,500</b>	<b>527,300</b>	<b>595,300</b>	<b>666,000</b>	<b>771,100</b>	<b>877,100</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings	13,000	8,200	7,500	48,800	455,900	598,300	821,400
Deferred Tax Liabilities	500	-	-	-	-	-	-
Retirement benefit obligations	5,200	4,600	9,000	12,200	12,500	13,200	13,900
	<b>18,700</b>	<b>12,900</b>	<b>16,400</b>	<b>61,000</b>	<b>468,400</b>	<b>611,500</b>	<b>835,300</b>
<b>Current liabilities</b>							
Retirement benefit obligations-Current	5,600	4,700	1,300	600	900	900	900
Tax liability	16,000	5,100	13,000	2,300	10,500	2,200	2,200
Trade and other payables	12,600	8,400	10,300	7,700	14,400	14,000	14,600
	<b>34,200</b>	<b>18,300</b>	<b>24,600</b>	<b>10,700</b>	<b>25,800</b>	<b>17,200</b>	<b>17,800</b>
<b>Total liabilities</b>	<b>53,000</b>	<b>31,100</b>	<b>41,000</b>	<b>71,700</b>	<b>494,200</b>	<b>628,600</b>	<b>853,100</b>
<b>Total equity and liabilities</b>	<b>569,800</b>	<b>514,600</b>	<b>568,300</b>	<b>667,000</b>	<b>1,160,200</b>	<b>1,399,800</b>	<b>1,730,200</b>

## 6.5.2.2

**Projected Statement of Comprehensive Income of Seychelles Port Authority**  
**SCR ('000)**

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>INCOME</b>							
Port related services	158,900	150,300	168,700	189,500	240,700	284,100	293,500
Hire of boats	800	800	1,000	500	700	800	800
Rental income	12,200	14,300	35,000	34,300	34,800	35,600	36,400
Other income	400	200	300	3,200	1,000	1,100	1,100
<b>Gross income</b>	<b>172,300</b>	<b>165,600</b>	<b>205,000</b>	<b>227,600</b>	<b>277,200</b>	<b>321,500</b>	<b>331,700</b>
Cost of services	(11,300)	(18,600)	(19,400)	(27,400)	(29,100)	(29,100)	(30,600)
<b>Net Income</b>	<b>161,000</b>	<b>147,100</b>	<b>185,700</b>	<b>200,200</b>	<b>248,100</b>	<b>292,400</b>	<b>301,200</b>
<b>EXPENSE</b>	-	-	-	-	-	-	-
Employee costs	(74,200)	(70,000)	(73,500)	(96,900)	(101,000)	(103,500)	(106,100)
Premises costs	(6,300)	(3,000)	(2,800)	(2,300)	(1,900)	(1,900)	(2,000)
<b>Operating overheads</b>	<b>(13,100)</b>	<b>(9,600)</b>	<b>(9,900)</b>	<b>(16,600)</b>	<b>(18,900)</b>	<b>(19,400)</b>	<b>(19,700)</b>
Depreciation	(14,700)	(21,600)	(22,900)	(24,000)	(33,100)	(31,000)	(36,200)
Expected Credit Loss	(13,600)	200	500	-	-	-	-
Operating Expenses	(121,900)	(103,900)	(108,600)	(139,900)	(154,900)	(155,800)	(164,000)
<b>Operating Profit</b>	<b>39,100</b>	<b>43,200</b>	<b>77,100</b>	<b>60,300</b>	<b>93,200</b>	<b>136,600</b>	<b>137,200</b>
Foreign exchange gain/(Loss)	90,900	(74,000)	(13,400)	8,400	(1,500)	(1,500)	(1,500)
Profit on Disposal of Assets	-	-	-	20,100	-	-	-
Finance Income	1,300	800	200	100	-	-	-
Finance Cost	(100)	(100)	-	(800)	(3,100)	(3,300)	(2,900)
<b>Profit/(Loss) before tax</b>	<b>131,200</b>	<b>(30,100)</b>	<b>63,900</b>	<b>88,200</b>	<b>88,700</b>	<b>131,800</b>	<b>132,800</b>
Taxation charge	(13,500)	(2,100)	(19,100)	(20,200)	(18,000)	(26,700)	(26,900)
<b>Profit/(Loss) for the year and other comprehensive income</b>	<b>117,700</b>	<b>(32,200)</b>	<b>44,800</b>	<b>68,000</b>	<b>70,600</b>	<b>105,200</b>	<b>105,900</b>

### 6.5.2.3 *Projected Cash flow Statement of Seychelles Port Authority*

SCR ('000)

Description	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Cash Flows from Operating Activities</b>							
Profit before taxation	131,200	(30,100)	63,900	88,200	88,700	131,800	132,800
<i>Adjustments for:</i>							
Depreciation of property and equipment	14,700	21,600	22,900	24,000	33,100	31,000	36,200
Expected Credit Loss	13,600	(200)	(500)	-	-	-	-
Retirement benefit obligation charge	7,500	5,900	7,300	9,200	10,500	10,800	11,000
Loss on disposal	-	-	-	(20,100)	-	-	-
Bad Debts written off	200	-	-	-	-	-	-
Prior year adjustment	4,500	-	-	-	-	-	-
Interest accrued	(900)	-	(200)	(100)	2,000	2,200	1,700
VAT Credit Refund	(8,500)	-	-	-	-	-	-
Prior year adjustment - Others	(300)	(200)	-	-	-	-	-
Currency translation differences on borrowings	5,200	(4,800)	(800)	300	-	-	-
Currency translation differences	(90,900)	74,000	12,700	-	-	-	-
	<b>76,300</b>	<b>66,300</b>	<b>105,300</b>	<b>101,500</b>	<b>134,300</b>	<b>175,700</b>	<b>181,700</b>
<i>Changes in working capital:</i>							
(Increase)/Decrease in inventories	100	(100)	400	(1,400)	(600)	-	-
Decrease/(Increase) in trade and other receivables	1,700	12,900	(8,000)	(4,500)	20,700	(17,100)	(1,600)
Increase/(Decrease) in trade and other payables	2,400	(4,200)	1,900	(900)	6,400	(400)	500
	<b>80,600</b>	<b>74,900</b>	<b>99,600</b>	<b>94,700</b>	<b>160,900</b>	<b>158,200</b>	<b>180,600</b>
Tax paid	(22,100)	(19,300)	(9,600)	(30,900)	(9,800)	(35,000)	(26,800)
Gratuity and compensation paid	(5,100)	(7,400)	(6,300)	(5,900)	(9,800)	(10,000)	(10,300)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>53,300</b>	<b>48,200</b>	<b>83,700</b>	<b>57,900</b>	<b>141,300</b>	<b>113,200</b>	<b>143,500</b>
<b>Cash flows from investing activities</b>							
Purchase of property and equipment	(143,300)	(11,700)	(40,000)	(116,900)	(467,600)	(253,500)	(275,300)
Sale of property & Equipments	-	-	-	22,200	-	-	-
Purchase of investment property	-	-	-	-	-	-	-
Purchase of intangible assets	(100)	(200)	-	-	-	-	-
Purchase of investment in financial assets	(23,500)	-	(25,000)	(9,900)	-	-	-
Proceeds from redemption of investment in financial asset	-	-	-	-	-	-	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(166,900)</b>	<b>11,600</b>	<b>(65,100)</b>	<b>(104,700)</b>	<b>(467,600)</b>	<b>(253,500)</b>	<b>(275,300)</b>
<b>Cash flows from financing activity</b>							
Interest Received	-	-	200	100	1,000	1,100	1,100
Borrowings received	-	-	-	42,300	412,300	177,100	276,100
Borrowings Repaid	-	-	-	(1,400)	(5,200)	(34,700)	(52,900)
Interest Payment	-	-	-	(1,200)	(8,500)	(24,500)	(37,000)
Net Cashflow from financing activities	-	-	200	39,900	399,600	118,900	187,200
Increase/(Decrease) in cash and cash equivalents	(113,600)	59,800	18,800	(6,800)	73,300	(21,300)	55,500
1 January,	227,000	204,300	190,100	196,200	190,100	263,400	242,100
Increase/(Decrease)	(113,600)	59,800	18,800	(6,100)	73,300	(21,300)	55,500
Currency translation differences	90,900	(74,000)	(12,700)	-	-	-	-
<b>31 December,</b>	<b>204,300</b>	<b>190,100</b>	<b>196,200</b>	<b>190,100</b>	<b>263,400</b>	<b>242,100</b>	<b>297,600</b>

### 6.5.2.4 Projected Capital Investment Plan of Seychelles Port Authority

Major Capital Investments														SCR ('000)
Project Name	Project Purpose and Description	Expected Outcome of the Project	Total Estimated Project Cost	Source of Finds	Year of Project Commenced	Expected Completion Date	Actual Figures			Provisional	Forecast			Anticipated Risks
							2020	2021	2022		2023	2024	2025	
Major Capital Investments														
Port Victoria Rehabilitation & Expansion Project (PVREP)	Extension of Quay length by 300 Mtr and renovation of Existing Quay with limited dredging	Extra space for Container Handling, facilitation of modern ships with higher draught	1,034,000	EIB/A FD	2018	Dec-27	3,800	3,400	3,300	10,400	371,700	218,900	226,800	Exchange Rate Risk due to upward movement in Euro and Interest Cost due to movement of EURIBOR and any Environment risk during construction period
Praslin -New Passenger Terminal Building	Development of New Passenger Terminal EROS	Relocation of passenger Terminal with more facilities	25,000	Equity	2020	Dec-24			7,300	10,800	4,500			Environmental risk due to climate changes in sea levels
Praslin -New Jetty Eve Island							2,800	200						
LaDigue -Sea Wall alignment/Dredging & Exten-Phase I	Development of New cargo Terminal and Dredging	More space for Cargo handling	28,400	Equity	2022				14,400	9,300	4,700			Environmental impact on Marine life
LaDigue -Sea Wall alignment/Dredging & Exten-Phase II-Tarosa	Development of Breakwater Extn and Dredging	More space for boat movements	7,500	Equity						7,500				Environmental impact on Marine life
LaDigue -Passenger Terminal	New Terminal with better coverage to replace the shed	Better facilities for Passengers	15,000	Equity							4,000	6,000	5,000	Sufficiency of Passenger Fees to recover investment
LaDigue/Praslin - Mooring Buoy Project	Installation Buoys-Praslin/LaDigue	More locations for Berthing of Local Vessels	8,000	Equity	2025	Dec-26						2,000	6,000	Number of berthings
BelOmbre - Pontoon Install. & Development	Development of the Bel Ombre Jetty related area	More space for boat berthing &	3,000	Equity	2025	Dec-26						2,000	1,000	Number of berthing/visitors

		Toursit Attraction												
Inter-Island Quay	Car Park/Cargo Yard	More facility for Passengers and space for cargo manoeuvring	6,100	Equity	2024	Dec-24					6,100			Location related objections
Port Victoria Management Information System	Digitalization of Port Operational Activities linking with Customs, LML, and Shipping Agents	Compliance with IMO requirements and creating a single maritime window	10,000	Equity	2022	Mar-24				6,500				lack of Stakeholders Active participation
Moving HQ to IDC Premises	Moving of Administrative Offices to IDC premises facilitate PVREP Project		6,000	Equity	2023	Dec-23				6,000				Timing is depended upon movement of IDC
HQ Building Construction	Construction of HQ	Locate Administration Offices away from ISPS zone and excess space to be used for renting	30,000	Equity	2022							10,000	20,000	Construction cost escalation due to material and labour prices.
Acquisition of Tugboat - Memmelles	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	45,200	Equity/ Nouvo banq	2022	Dec-24			9,900	35,300				Exchange Rate Risk due to upward movemnt in Euro and Interest Cost due to movement of EURIBOR
Acquisition of Tugboat New	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	76,400	Equity	2025	Dec-26					22,900	53,500		Liquidity Risk on existing Cashflow
Acquisition of Tugboat	Acquisition of Tugboat St Anne	Faster reliable response to ship calls	119,500	Equity	2020	Dec-21	119,500							Exchange Rate Risk due to upward movemnt

		securing interpretations , minimizing risks to human life												in Euro and Interest Cost due to movement of EURIBOR
Acquisition of Pilot Boat X2	Facilitate efficiency of port by replacing aged fleet	Faster reliable response to ship calls securing interpretations , minimizing risks to human life	26,300	Nouvo banq	2023	Oct-24				7,000	19,200			Exchange Rate Risk due to upward movemnt in Euro and Interest Cost due to movement of EURIBOR
Drydocking of Tugboats/Pilot Boats	Drydocking of for classification requirements	Uninterrupted service with regulatory compliance	43,000	Equity	2025	Dec-26				10,000	-	26,000	5,000	
							126,100	3,600	34,900	102,800	433,100	318,400	263,800	
<b>Replacements and upkeep of Assets (PPE)</b>														
Building Improvements	-	-	-	-	-	-	100	1,400			7,200	2,000	2,000	
Plant, Machinery & Equipment	-	-	-	-	-	-	1,600	1,900	600	300	-	-	-	
Nav Aids & Equipment Vehicles	-	-	-	-	-	-	-	-	-	6,000	9,400	2,000	2,000	
Furnitures & Fittings	-	-	-	-	-	-	-	-	700	600	2,000	1,000	1,000	
Office Equipments & Computer Accessories	-	-	-	-	-	-	200	100	200	1,000	500	500	500	
Software Other Assets	-	-	-	-	-	-	1,600	400	400	2,100	4,100	2,000	2,000	
-	-	-	-	-	-	-	-	-	-	300	400	1,000	1,000	
-	-	-	-	-	-	-	700	700	400	3,300	10,900	3,000	3,000	
-	-	-	-	-	-	-	4,200	4,500	2,300	13,600	34,500	11,500	11,500	
<b>TOTAL</b>							<b>130,300</b>	<b>8,100</b>	<b>37,200</b>	<b>116,400</b>	<b>467,600</b>	<b>329,900</b>	<b>275,300</b>	

### 6.5.3 Projected TAX, Divided, Debt Payments, Subventions, Grants and Contingencies

#### 6.5.3.1 Tax Implications by the Operations of Seychelles Port Authority

Type of Tax	SCR ('000)						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
Business Tax	13,500	2,100	19,100	20,200	18,000	26,700	26,900
PIT	4,800	5,400	5,200	6,300	6,500	6,700	6,900
Withholding Tax	100	-	-	300	300	300	300
Deduction at Source	200	100	-	-	-	-	-
CSR	400	200	-	-	-	-	-
VAT*	2,050	2,380	5,980	5,830	5,920	6,050	6,180
<b>TOTAL</b>	<b>21,000</b>	<b>10,100</b>	<b>30,200</b>	<b>32,700</b>	<b>30,800</b>	<b>39,800</b>	<b>40,300</b>

\*This include total VAT liability irrespective of deducting VAT recoverable amounts on domestic payments or set off

#### 6.5.3.2 Anticipated Dividend Declarations By of Seychelles Port Authority

- No dividend in Cash will be declared during 2023-2026 period in view of the cash flow due to PVREP project and other projects that has been planned in Praslin, & La Digue.
- A methodology is being developed for Dividend in lieu of cash to recognize social responsibility carried out by the PE to cater the needs of shareholder, the Government which will be informed after a careful study and with the concurrence of the board.

#### 6.5.3.3 Debt Payments Forecasts By Seychelles Port Authority

Lending Organization	Description	Purpose of Borrowings	Total Borrowings and Debt Servicing						
			Actual Figures			Provisional	Forecast		
			2020	2021	2022	2023	2024	2025	2026
Loan 01 From AFD	Borrowings	Finance PVREP	400,500	-	-	300	392,800	-	-
	Interest for the Year		-	-	-	-	4,500	17,300	16,100
	Repayment of Capital		-	-	-	-	-	24,500	24,500
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		13,000	8,200	7,500	48,800	400,600	376,100	351,700
Loan 02 From EIB	Borrowings	Finance PVREP	300,400	-	-	-	-	177,100	123,300
	Interest for the Year		-	-	-	-	-	4,000	12,800
	Repayment of Capital		-	-	-	-	-	4,100	13,400
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		-	-	-	-	-	173,000	282,900
Loan 03	Borrowings	Finance PVREP	183,400	-	-	-	-	-	152,800
	Interest for the Year		-	-	-	-	-	-	5,300
	Repayment of Capital		-	-	-	-	-	-	8,900
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance carried forward</b>		-	-	-	-	-	-	143,900



Loan 04 From Nouvobanq	Borrowings	Purchase of Tugboats & Pilot Boats	74,200	-	-	42,300	19,500		
	Interest for the Year		-	-	-	1,200	3,000	3,200	2,800
	Repayment of Capital		-	-	-	1,400	5,200	6,200	6,200
	Forex Adjustment		-	-	-	-	-	-	-
	<b>Balance Carried Forward</b>		<b>39,900</b>	<b>48,000</b>	<b>56,800</b>	<b>55,300</b>	<b>55,300</b>	<b>49,100</b>	<b>42,900</b>

#### 6.5.3.4 *Anticipated Subventions and Grants By Seychelles Port Authority*

SCR ('000)

Nature of Funding	Funding Agency	Purpose	Total Agreed Amount (Forex)	Total Receipts of Subventions and Grants						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Grants	EIB	-	-	-	-	-	-	-	76,400	-

#### 6.5.3.5 *Contingencies of Seychelles Port Authority*

SCR ('000)

Nature of Contingencies	Funding Agency	Purpose	Total Liability Amount	Realized Guarantees						
				Actual Figures			Provisional	Forecast		
				2020	2021	2022	2023	2024	2025	2026
Potential Payments Due to Legal Actions by 3 <sup>rd</sup> Parties	Case 01	LT Cases	7,400				2,900			

#### 6.5.3.6 *Assumptions used for the Financial Projections of Seychelles Port Authority*

- a) Inflation rate is assumed to be 2.5% per annum YOY and accounted as monthly gradual increases in expenses. Transactions denominated in forex is stated at following constant exchange rates:

USD 14.0000

EURO 15.2841

GBP 17.6360

- b) Revenues were projected based on the following growth rates on analysis of past trends and adjusted for future prospects and challenges. However change in maritime industry is highly depended on international sector, domestic consumption of goods, developments in fishing industry, actions of nearby other competitive ports and internal socio-political climate.

Growth rates	CAGR%
Ship Calls	4.0%
Container Handling	0.2%
Fish & Reefer Tonnage landing/Transshipment	1.8%
Cruise Passengers Embarking/Disembarking	38.0%
Inter-Island Passengers 2024	41.0%
Inter-Island Passengers 2025 & 2026*	5.0%

- c) Port Victoria Rehabilitation and Expansion Project, expected to be commenced in 2024 and complete in 2027 at a total cost of Euro 64 Mn [SCR 1034 Mn] including dredging. However, no firm determination as to the development design with detail reliable estimate of total cost of the project. Therefore, any changes on the date of commencement of the project and any variation on the cost of the project shall have bearing in cash flow forecasts, capitalization of assets.

- d) Funding for investment of the project is from European Investment Bank (EIB) and of Agence Française De Développement (AFD) and a European grant. The committed amounts of funding as per existing borrowing agreements signed between parties is Euro 29 Mn and a grant of Euro 5 Mn from EIB.
- e) However, after discussions with EIB has stated that in principal they may agree for Euro 51 Mn funding. In the absence of firm agreements signed as to which portion of additional funding is from which party the additional amount is treated as borrowings contributed by each party at the proportion of the committed borrowing at the existing terms and conditions.
- f) As per requirements further funding of Euro 12 Million is to be negotiated with any other local/foreign bank or financial institution on need basis and interest is assumed to be at 6.17%. However, cost of borrowing projected may vary based on source of borrowing and interest rates and exchange rates prevailed at the time of borrowing.
- g) Details of funding structure is enunciated below:

	Euro	SCR
AFD Mn	12.5	191.0
EIB Mn	16.5	252.0
<b>Committed Borrowings</b>	<b>29.0</b>	<b>443.0</b>
AFD Mn	9.7	148.0
EIB Mn	7.3	112.0
<b>Facility under discussion</b>	<b>17.0</b>	<b>260.0</b>
<b>Additional Facilities to be negotiated</b>	<b>12.0</b>	<b>183.0</b>
<b>Total Borrowings Projected</b>	<b>58.0</b>	<b>886.0</b>
EIB Grant	5.1	143.0
<b>TOTAL FUNDING PROJECTED</b>	<b>63.1</b>	<b>1029.0</b>

- h) Cash flow projections were made based on the above funding structure and any changes in funding structure and related terms and conditions shall have a bearing on the cash flow projections.
- i) Interest cost on funding by EIB and AFD is estimated at 3 months EURIBOR rate of 3.95% prevailed as of Sept,2023 and a margin of 1.03% per annum as per the agreements. Any variation in EURIBOR rate, conversion of the facility to fixed terms on the basis of agreement on a future date will have an effect on cash flows and borrowing costs.
- j) Facility of Euro 4.86 [SCR 74.2 Mn] has been obtained from Nouvobanq repayable over a period of 10 years to finance a Tugboat and Two Pilot boats at the variable interest rate of Euribor 3 Months+4% [Currently 6.17%]. Any variation in EURIBOR rate will have an effect on this facility and projected cash flows and interest costs. However, loan agreement include a clause to convert this facility to a Seychelles Rupee based option during the tenor of the loan to mitigate any risk factors in the longer run due to volatility of forex rates. Any conversion utilizing such option will have an impact on cash flows projected.

- k) It is planned to sell off existing two tug boats for which useful life period is over and negotiating with prospective buyers. It is anticipated deals to be completed by February 2024. Income of such sale is accounted in February 2024. However, if finalization of such deals expedited or delays such changes affect the related maintenance and fuel costs projected.
- l) Direct operational Costs were projected based on probable maintenance requirements of tugboats, quays and jetties and fuel costs estimated by the relevant technical requirements assessed by the technical team.
- m) It is planned to move the administration offices to IDC premises to allow for Port Development project and also in compliance with ISPS code to locate administration out of the demarcated ISPS zone to enhance security. This is expected to be completed by end of 2023. However, if the current occupant of the premises, IDC moving get delayed, planned expenses on this may be shifted to 2024. Further construction of a building out of the ISPS zone for administrative requirements is planned in 2025.
- n) Exchange Gains/(Losses) are indeterminable in the absence of a comprehensive independent forecasts. In order to ensure prudence expected forex losses accounted as a notional figure purely expecting a low volatile exchange rate regime as prevailed in 2023 first half. Any volatility in forex rates may alter the profit and cash flow forecasts significantly.
- o) Gratuity and Retirement Benefit payments for budgetary purposes was taken at 19% of the total remuneration and 6% of the Gratuity and Retirement Benefits projected to be outstanding as of the end of period.
- p) No any cash flows due to revision of Stevedoring and Terminal Handling Charges Regulations is taken as it is being still under discussion stage. However, in order to ensure Return on Equity at the current average after accounting for depreciation on quay development and borrowing cost on funding it is quintessential for such revision early in the envisaged period.

#### 6.5.4 KPIs, Risk Management Strategy and Reporting Obligations

##### 6.5.4.1 Key Performance Indicators of the Seychelles Port Authority

Title of Key Performance Indicators	Achievements of KPIs						
	Actual Figures			Provisional	Forecast		
	2020	2021	2022	2023	2024	2025	2026
<b>Financial Results</b>							
ROE	23%	-7%	8%	11%	11%	14%	12%
<b>Business Growth</b>							
Container Throughput	78,300	70,200	85,650	90,650	90,822	90,995	91,168
<b>Human Resources Development, Learning &amp; Growth</b>							
Training Expenses/Employee	1,302	7,361	5,216	6,252	13,029	13,354	13,688
<b>Business Process Efficiency</b>							
Admin Cost (Excluding Depn.)/Total Revenue	66%	55%	46%	56%	44%	39%	39%
<b>Financial Indebtness &amp; Liquidity</b>							
Gearing Ratio	0.02	0.02	0.01	0.08	0.41	0.5	0.5
Liquidity Ratio	16.64	28.19	22.96	11.76	13.27	20.34	23.32

#### 6.5.4.2

#### Risks and Resilience Plan of the Seychelles Port Authority

Risk Category	Potential Risks Identified	Risk Mitigation Strategies
Strategic Risks	Change Risk: SPA's venturing into rehabilitation of the existing quay itself is a threat as the volumes expected may not realize over the time due to restrictions by socio-political culture on tariffs thus marginalizing the return on investment	SPA attempts to enhance its service component with more facilities on offer for ship calls and continuous dialog with stakeholders to thwart competition by regional ports and influencing regulators for tariff review every 2 years in line with global inflationary effects to be embodied in the regulations.
	Economic Risk: The global and domestic economic trends affect the ports performance and specially any new pandemic will cause threat to cruise line business and any low harvest in fish also greatly affect performance of the port.	BOD and Management monitor economic trends closely and Standard Operating Procedures are implemented to early detection of such threats
	Climate Risk:	Discussed under Environment & Social Risk
Financial Risks	Exchange Rate Risk: While some income is generated from forex some imports of tugboats and spares are made on forex. Further borrowing for port development is on forex where repayments need to be in forex. Any depreciation of local currency against forex will have a greater impact on profitability	SPA is attempting to match its forex based income and expenses on loan repayments, cost of borrowing of tugboats and related spares imported to minimize conversion risk of forex. Some borrowing agreements include options to convert to local currency at the option of SPA in order to circumvent any continuous increase in forex rates and EURIBOR.  Further, discussions are on the way for forex swapping based on the rate movements to mitigate the risk of holding forex in a single currency as and when rates are favorable.
	Interest Rate Risk: Borrowings on variable rates pose a threat to any volatility in EURIBOR/LIBOR affecting the cost of borrowing.	Borrowings with AFD/EIB contains clause to convert to fixed rate after certain threshold of disbursement and this will be used in conjunction with close monitoring of forex rates.
	Liquidity Risk: Investment in Port Development pose a risk on liquidity as the return of such investments are generated over a longer term time horizon. Further any disruption in economy such as pandemic and war situation creates liquidity risks	SPA strictly adhered to funding long term assets with longer term borrowing range from 10-30 years thus minimizing liquidity risk and it is determined to hold minimum Sr.200-300 Mn in liquid funds in order to meet emergency situations
Operational Risks	Safety and security encompass all operations, including marine, port, cargo, and others, that take place within the port limits. Furthermore, it includes addressing emergencies that are inherent to ports and terminals. There exist numerous risk variables that have an impact on the safety and security of ports.	The SPA demonstrates adherence to local laws and regulations, and under the oversight of the SMSA, ensures compliance with pertinent international standards established by organisations such as the International Maritime Organisation (IMO), the International Labour Organisation (ILO), and other relevant regulatory entities to ensure safe and secure operations.
	Human Resources: Lack of qualified personnel for specific and specialized job portfolios and the SPA's incapacity to offer the high remunerations offered for such individuals on the private employment sector impedes the SPA's ability to hire the most qualified candidates for the available positions.	The Seychelles Port Authority (SPA) aims to enhance the skills and expertise of its present-day port operating staff to higher levels to meet up the challenges. This will be achieved through collaboration with the Seychelles Maritime Academy and with foreign institutes when necessary, facilitating their participation in internationally recognized training programs. New hires are selected based on their fulfilment of the necessary requirements. Collaboration with other government entities such as Seypec on Human resource sharing is also in progress.
	Limitations of berth capacities: At present Main SPA berths are limited in ways of space/length, depth and strength/conditions of present Quays and jetties to handle ships and heavy machinery and unavailability of shore cargo gear. This creates congestion specially related to fishing vessel, cruise and container traffic. This can cause lost opportunities that may create long-term negative effect on the Ports controlled by SPA.	SPA do careful planning to accommodate maximum fleet with minimum delays to maximize the available berthing spaces. In addition, SPA is embarking on port development project to increase enhancing of quay length and maximizing port efficiency.
Compliance and Regulatory Risks	Non-compliance with Seychelles Laws and Regulations  Noncompliance of IMO and other regulatory instrument for International bodies.	Close interaction maintained out with local law makers and including SMSA to ensure changes in local regulations. Operations team liaise with industry advice through Classification Society and other legitimate

		sources to ensure compliance within International regulatory framework.
	Seychelles Revenue Commission & Customs	Regular reporting & ensuring compliance with statutes and overlooking by Risk Management Committee
	Compliance with Financial Reporting to PEMC, MOF, Ministry of Transport	Monitoring by Risk Management Committee
<b>Environmental and Social Risks</b>	Climate Change : Rising Sea Level has a long term effect on quay construction if the current level of sea with expected level of sea during the lifetime of quay is not considered	Human Resources qualified in Environmental area is deployed on port development project and necessary environmental impact analysis being made to address mitigating environmental risks
	Environmental Pollution	Ensure compliance with MARPOL convention and abreast with relevant updates. Further advance information is sought on ship calls to restrict any hazardous events to sea such as oil spillage etc
<b>PESTEL</b>	Critical Political, Economic, Social, Technological, Legal and Environmental issues that may contribute to risk	Discussed in above topics and embedded therein. However, detail discussions on these topics being continued for refining mitigating activities

#### 6.5.4.3 *List of External Reporting's by the Seychelles Port Authority*

Name/Title of the Report	Recipients of the Report	Description of the purpose, content and inclusion of the report	Frequency and Timing of the Report
Audited Financial Statements	Ministry of Transport	Financial Results, Financial Position and Cash flow for the year	Annually
	Ministry of Finance		
	PEMC		
Annual Report	Ministry of Transport	Operational & Financial Performance	Annually
	Ministry of Finance		
	PEMC		
Mid Term Financial Strategy	Ministry of Transport	Financial Plan for next 3 years	Annually
	Ministry of Finance		
	PEMC		
Quarterly Financial Statements	PEMC	Financial Performance per Quarter	Quarterly

#### 6.5.5 Stakeholder Engagement

The MTFS is in draft mode and yet to be approved by the BoDs and the responsible Minister for Transport. As such, the statement of commitments by the CEO, BoDs and the responsible minister is not included.