
2015
**Annual
Report**



**SOUTH
CAROLINA
PORTS**



Jim Newsome, SCPA President and CEO

2015 was an incredibly strong fiscal year marked by significant financial and volume growth, advancement of strategic projects and continued positioning as a strong and visible global brand.

Container volume increased by 14 percent in FY2015 and revenue reached \$196 million. It was also a year during which many internal records were broken:

- The Inland Port completed its first full year of operations and handled a record-breaking 6,736 rail moves in June.
- Finished vehicle volume peaked with 253,338 vehicles moved, an increase of 15 percent over our previous record in FY2008.
- More containers moved across SCPA docks in May 2015 than any month in our organization's history, establishing 104,003 boxes as an institutional record.

Strong fundamentals played a key role in SCPA's above-market growth. Amidst progress of the Panama Canal expansion and the Bayonne Bridge raising, big ships have transitioned to East Coast trade routes, and SCPA currently receives 11 post-Panamax vessel calls each week.

A growing consumer population base and strength in the manufacturing segment continue to make the Southeast an ideal port market for both import and export cargo. Exciting economic development announcements during the year including Daimler, Kent Bicycle, Volvo and Dollar Tree reflect successful strategic efforts to support growth of SCPA's cargo base.

In addition to the cargo that naturally flows through South Carolina's port facilities, successful recruitment of discretionary cargo played a key role in SCPA's volume increases. A competitive, broad-based rail market with ample capacity has made SCPA the port of choice for cargo produced beyond the Southeast region, including plastics from the US Gulf and agricultural products from the Midwest.

While I am extremely proud of our success, I look to the next five years as decisive for the Port. Aggressive volume and financial growth, completion of Phase One of the Hugh K. Leatherman, Sr. Terminal, and harbor deepening to 52 feet are atop our list of goals to achieve by 2020.

The journey ahead is an exciting one that will be made possible by SCPA's talented, skilled workforce and the commitment of our maritime community. I look forward to leading SCPA along this journey with confidence that our best years are yet to come.



Bill Stern, Chairman of SCPA Board of Directors

It has been an honor to serve on the SCPA Board of Directors since 2001, and FY2015 marked my eighth year as Chairman. I'm proud to say that our public port system is a tremendously successful economic driver and strategic asset that is a source of pride for our shareholders, the people of South Carolina.

The Port's success is rooted in the leadership of our strong Board, a talented CEO and senior staff, and the dedication of its employees. SCPA has a strong strategic plan that ensures our Port will remain competitive in the ever-changing maritime industry. This strategic plan, and particularly the Charleston Harbor Deepening Project, has garnered united support from elected officials on the local, state and federal levels.

From a competitive standpoint, it's important to note that SCPA ranks number one in percentage container volume growth of US ports since 2011 – we are the fastest-growing amongst our competitors, and our future is bright.

I congratulate SCPA on an outstanding fiscal year and look forward to supporting its efforts over the years ahead to expand and modernize facilities, become the deepest harbor on the East Coast and remain a thriving economic asset for our state and region.





South Carolina Governor Nikki Haley

We fight for our ports in South Carolina because the stronger our ports are, the stronger our economic development engine is, helping our companies get their product to market as fast as they can. Whether we're celebrating another business expansion or record-breaking year for exports, South Carolina's economy is on the move thanks to a world-class ports system.



Senator Larry Grooms, Chairman of the Review and Oversight Commission on the South Carolina Ports Authority

Over the last five years, the South Carolina Ports Authority has aggressively captured significant market growth in the Southeast. Its success in outpacing competitors is tremendous for the entire state of South Carolina, where 1 in 11 jobs is tied to port operations. As Chairman of the legislative Review and Oversight Commission for the Port, I enjoy working closely with SCPA's skilled leadership in supporting this critical economic engine for our state.



South Carolina Representative Jim Merrill, Vice Chairman of the Review and Oversight Commission on the South Carolina Ports Authority

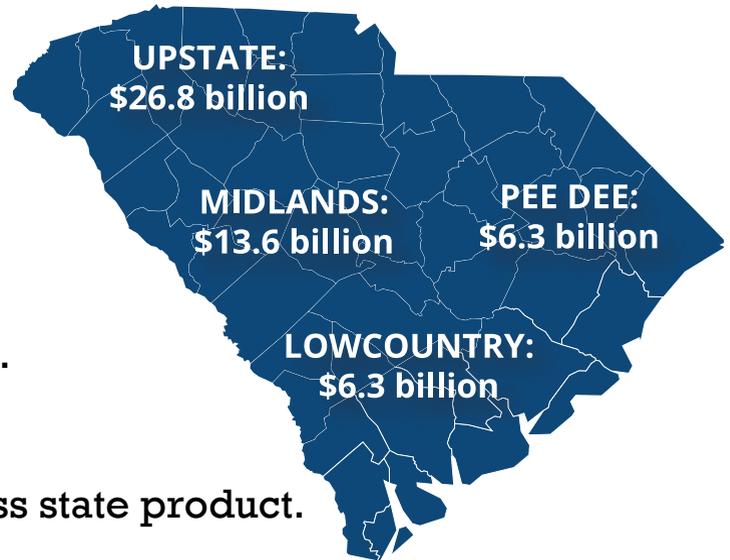
The volume results achieved last year by the South Carolina Ports Authority are great news for our state, and the strategic initiatives ahead ensure our Port remains competitive and well-poised to meet future industry needs. I congratulate Jim Newsome and the South Carolina Ports Authority team for outstanding performance and leadership.

SCPA Delivers \$53 Billion To South Carolina Economy

A 2015 study by the University of South Carolina Moore School of Business attributes **1 in 11** jobs statewide to SCPA.

Port-supported jobs pay **40% higher** than the state's average.

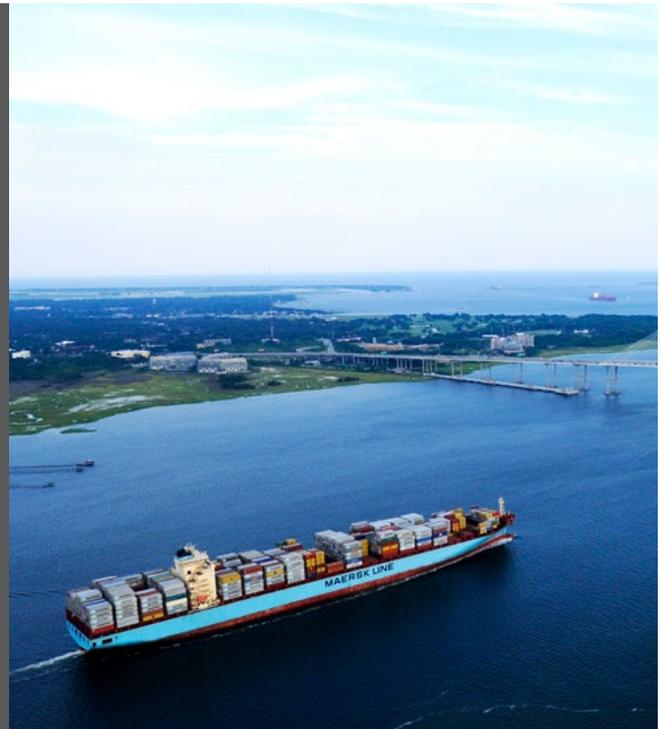
SCPA represents nearly **10%** of South Carolina's total annual gross state product.



"The key competitive advantage of the Port is its ability to facilitate the ongoing development of export-oriented industry clusters, particularly in advanced manufacturing. Expansion of these industry clusters provides a stable foundation for the state's economy that will generate higher rates of economic growth over time, benefitting all South Carolinians." - Dr. Joseph Von Nessen, Research Economist

FY2015: A Very Good Year

- \$30 Million in earnings on cash flow of \$65 million
- Almost 2 million TEU, up 13.7%
- 900,000 Breakbulk pier tons
- 190,000 Cruise passengers
- 250,000 Containers by rail
- Record-breaking finished vehicle volume



Financials

AS OF JUNE 30, 2015, 2014, AND 2013

CONDENSED STATEMENTS OF NET POSITION

(IN THOUSANDS)

	FY2015	FY2014	FY2013
ASSETS			
Current	\$250,683	\$125,837	\$86,576
Non-current assets and investments	\$841,574	\$832,637	\$849,674
TOTAL ASSETS	\$1,092,257	\$958,474	\$936,250
DEFERRED OUTFLOWS OF RESOURCES	\$6,003	\$0	\$0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$1,098,260	\$958,474	\$936,250
LIABILITIES			
Current	\$40,796	\$43,494	\$47,703
Long-term debt	\$365,093	\$198,150	\$183,369
TOTAL LIABILITIES	\$405,889	\$241,644	\$231,072
DEFERRED INFLOWS OF RESOURCES	\$5,470	\$0	\$0
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$411,359	\$241,644	\$231,072
NET POSITION:			
Invested in capital assets, net of debt	\$461,770	\$544,688	\$504,276
Restricted for debt service, net of debt	\$9,194	\$9,100	\$9,009
Unrestricted	\$215,937	\$163,042	\$191,893
TOTAL NET POSITION	\$686,901	\$716,830	\$705,178
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$1,098,260	\$958,474	\$936,250

AS OF JUNE 30, 2015, 2014, AND 2013

**CONDENSED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION**

(IN THOUSANDS)

	FY2015	FY2014	FY2013
Operating revenues	\$196,759	\$164,143	\$140,388
Operating expenses	\$166,336	\$149,850	\$124,061
Operating income	\$30,423	\$14,293	\$16,327
Nonoperating (expense) income, net	\$1,782	-\$3,887	-\$8,316
Excess revenues over expenses before capital contributions	\$32,205	\$10,406	\$8,011
Capital contributions and special items	\$1,776	\$1,246	-\$683
Change in net position	\$33,981	\$11,652	\$7,328
Beginning of year	\$716,830	\$705,178	\$697,850
Adoption of GASB 68	-\$63,910	\$0	\$0
End of year	\$686,901	\$716,830	\$705,178

CONDENSED STATEMENTS OF CASH FLOWS

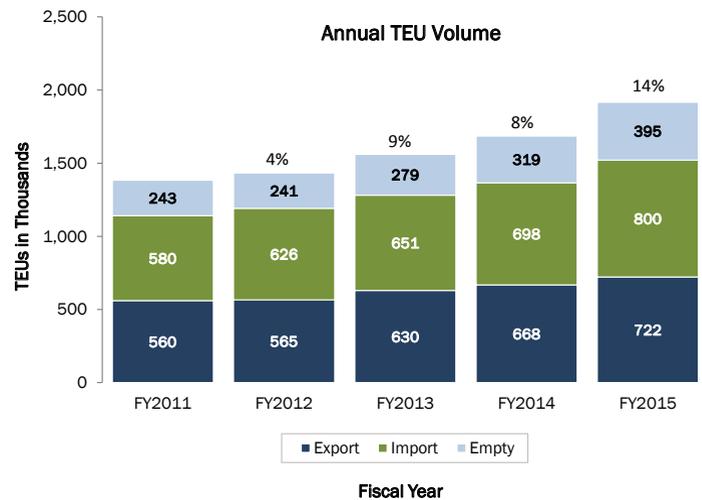
	FY2015	FY2014	FY2013
Cash flows from operating activities	\$67,177	\$43,882	\$41,786
Cash flows from investing activities	\$1,296	\$1,983	\$4,212
Cash flows from noncapital financing activities	-\$553	-\$5,097	-\$12,293
Cash flows from capital and related financing activities	\$46,179	-\$72,056	-\$74,605
Net change in cash and cash equivalents	\$114,099	-\$31,288	-\$40,899
BEGINNING OF YEAR	\$155,802	\$187,090	\$227,989
END OF YEAR	\$269,901	\$155,802	\$187,090

TEU Volume Climbs In FY2015

SCPA boasts high **productivity and reliability** metrics, reflective of our commitment to customers to **keep freight moving.**

SCPA crane operators averaged **41.04 crane moves** per hour in FY2015.

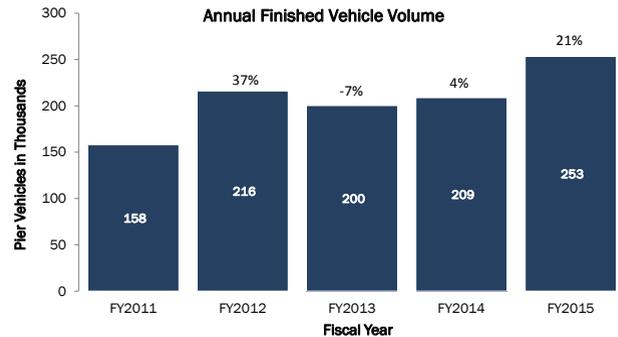
Truck drivers averaged **22.49-minute turns** from arrival at the gate where their cargo accepted into SCPA inventory to the departure gate.



Non-Containerized Cargo Volumes Strong



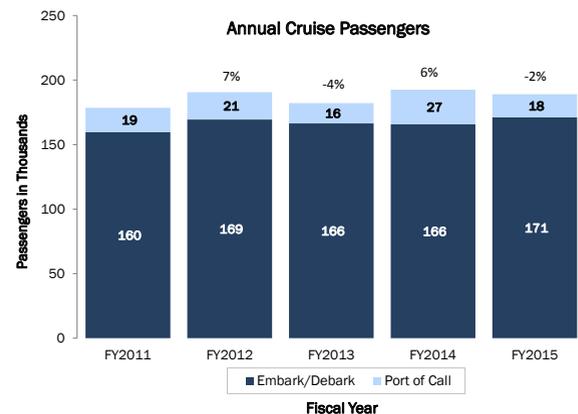
Complete customization with the people, expertise, equipment and services for **reliable handling of project cargo and breakbulk goods.**



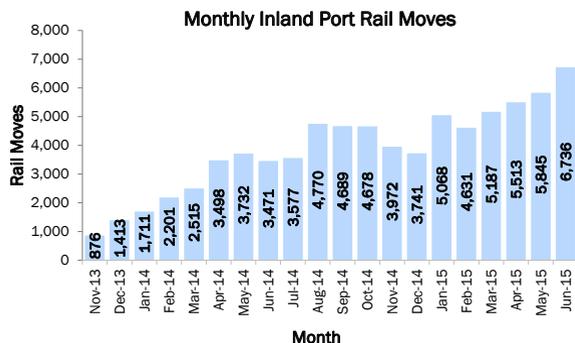
Cruise Operations: An Important Niche Business



SCPA served **189,050** cruise passengers in FY2015.



South Carolina Inland Port In Greer Firing On All Cylinders



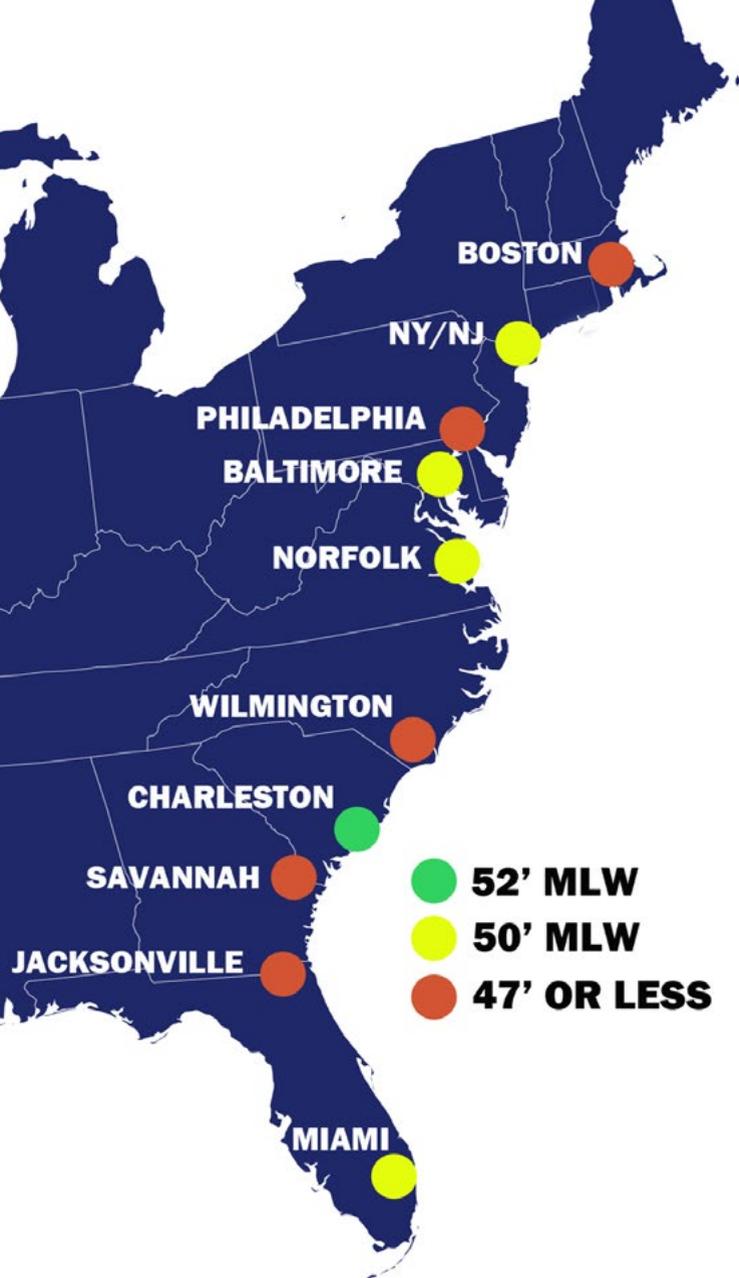
A worthwhile **\$50 million investment**, which commenced operations in November 2013.

24-Hour facility providing **overnight double-stack rail service** six days per week.

Promotes **economic development** in the state of South Carolina.



Chief's Report Received September 2015



- Deepest harbor on the East Coast by 2020
- Project on-schedule – four years
- Reasonable cost of \$510 million
- Legislative support is strong
- Handle ships drafting 48' with no tidal restrictions

A Big Ship Industry

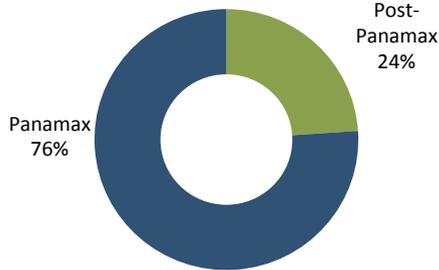
- 14,000 TEU ships will soon call the United States East Coast
- These big ships require deep, wide channels for reliable access
- Big ships can get in and out fast in Charleston



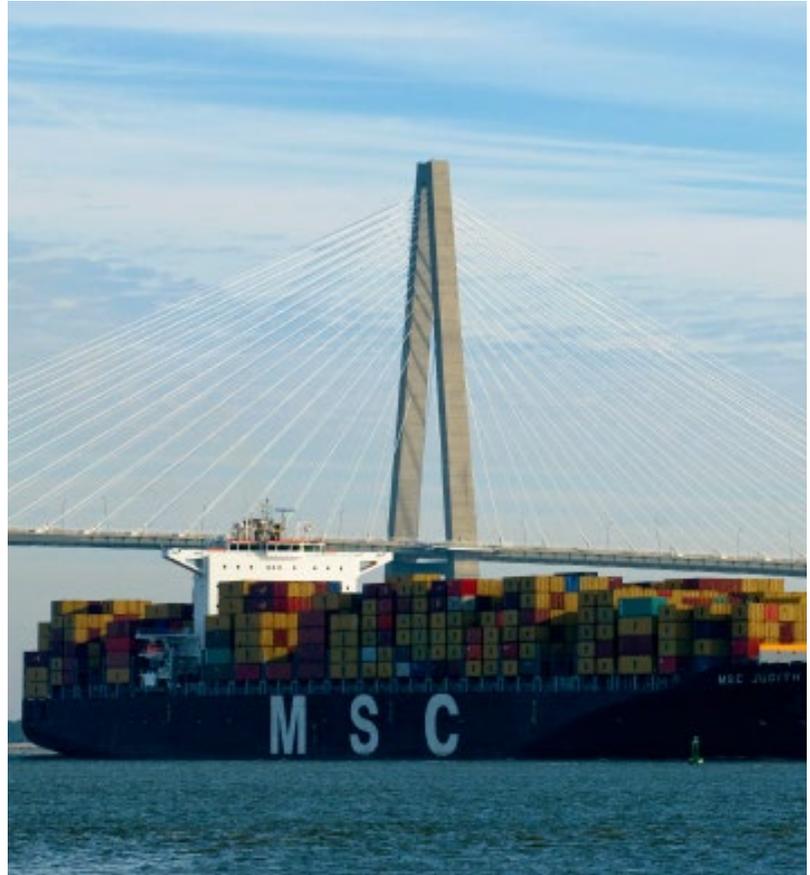
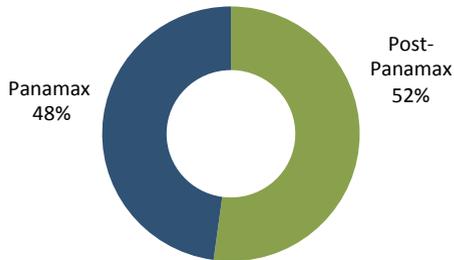
MSC STELLA
PANAMA

Eleven Post-Panamax Vessels Handled Weekly

FY2011 Service Profile: Panamax v. Post-Panamax



FY2015 Service Profile: Panamax v. Post-Panamax



The Next 5 Years **Will Be Decisive**



- Competitiveness
- Big ships
- Harbor deepening
- Infrastructure
- Improving earnings
- Borrowing ability
- Intermodal growth
- Human capital

SC Ports Must Invest **\$1 Billion By 2020**



Rendering of future Hugh K. Leatherman, Sr. Terminal

- Completion of the only new permitted container terminal under construction on the US East or Gulf coast
- Wando wharf strengthening
- Taller container cranes
- Modernizing existing facilities

Improving Intermodal Infrastructure Is Key



Freight moves on **lowest inland cost.**

Truck productivity is key to truck capacity.

SCPA has acted **decisively:**

- Extended gate hours
- Good turn times

Truckers are a **customer** of the port.

SC Ports Are Vital For Southeast Logistics

SCPA plays a central role in economic development – **global businesses locate near ports.**

A **world-class intermodal hub** in Greer supports foreign direct investment focused on the Southeast.

Manufacturing growth is essential to port growth – **five manufacturers** account for more than **10%** of port container volume.

Coming Soon:



EASTMAN

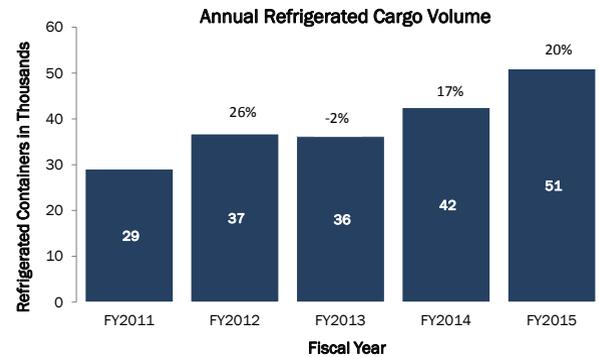
INTERNATIONAL  PAPER



Refrigerated Cargo: A Growth Opportunity



Expansion of near-port cold storage capacity supports SCPA's growing refrigerated container business.



Environmental Initiatives: **Partnerships Get More Done**



- Ultra low sulfur fuel
- Electrified terminal equipment
- Clean truck program
- Landmark \$5 million collaboration with Lowcountry Open Land Trust for harbor deepening

SCPA Board of Directors

Bill H. Stern, Chairman
Willie E. Jeffries, Secretary
Michael Sisk, Treasurer
Whitemarsh S. Smith, III
David J. Posek
Pamela P. Lackey
Patrick McKinney
Kurt D. Grindstaff
Richard L. Stanley

SCPA Executive Management

James I. (Jim) Newsome, III, President and CEO
Clint Eisenhauer, SVP, External Affairs
Jack Ellenberg, SVP, Strategic Projects
Peter N. Hughes, SVP, Finance and Administration
Paul G. McClintock, SVP, Sales & Marketing
Barbara L. Melvin, SVP, Operations & Terminals
Bob Mozdean, SVP, Human Resources
Philip Lawrence, General Counsel



A Bright Future For South Carolina's Port System

With the Port's highly talented and skilled workforce and with the commitment of the maritime community, SCPA's best years are ahead.

Stay Engaged Year-Round:



@SCPports



@scports



@SCPportsTV

**NOTHING
GETS IN
OUR WAY.**

Welcome to **SOUTH CAROLINA PORTS**
MYRON RIVERS, CRANE OPERATOR, CHARLESTON, SC

Moving 40-50 containers per hour is a tough job, and no one does it better than the SC Ports. Day in and day out, skilled crane operators like Myron make our ports work. We handled nearly 1.1 million containers in the last fiscal year. And cargo velocity is higher than ever. Our box volume is growing, but our productivity won't budge. Good thing we have the right people to keep freight moving.

SOUTH CAROLINA PORTS
KEEPING FREIGHT MOVING
SCSPA.com



**SOUTH
CAROLINA
PORTS**