AGENDA

• FY2018 Accomplishments

• Important Port & Container Carrier Trends

• SC Ports Strategy & Actions FY2019 - FY2021

• Longer Term FY2022 - FY2035

• What Now?
FY2018 ACCOMPLISHMENTS
### TOP 10 U.S. CONTAINER PORTS

**CONTAINER VOLUME - TEUS IN MILLIONS**

<table>
<thead>
<tr>
<th>Port</th>
<th>2009</th>
<th>2016</th>
<th>2017</th>
<th>2019</th>
<th>2020</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOS ANGELES</td>
<td>6.8</td>
<td>8.9</td>
<td>9.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LONG BEACH</td>
<td>5.1</td>
<td>6.8</td>
<td>7.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NY/NJ</td>
<td>4.6</td>
<td>6.3</td>
<td>6.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAVANNAH</td>
<td>2.4</td>
<td>3.6</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NWSA (SEA-TAC)</td>
<td>3.1</td>
<td>3.6</td>
<td>3.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NORFOLK</td>
<td>1.8</td>
<td>2.7</td>
<td>2.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HOUSTON</td>
<td>1.8</td>
<td>2.2</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OAKLAND</td>
<td>2.0</td>
<td>2.4</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHARLESTON</td>
<td>1.2</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PORT EVERGLADES</td>
<td>0.8</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Top 10 Ports Handle 81% of U.S. Container Port Throughput

Source: AAPA
TOP 10 U.S. PORTS
CONTAINER VOLUME 2009-2017 GROWTH

<table>
<thead>
<tr>
<th>Port</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHARLESTON</td>
<td>8.0%</td>
</tr>
<tr>
<td>SAVANNAH</td>
<td>7.0%</td>
</tr>
<tr>
<td>NORFOLK</td>
<td>6.2%</td>
</tr>
<tr>
<td>LONG BEACH</td>
<td>5.1%</td>
</tr>
<tr>
<td>NY/NJ</td>
<td>4.9%</td>
</tr>
<tr>
<td>LOS ANGELES</td>
<td>4.1%</td>
</tr>
<tr>
<td>PORT EVERGLADES</td>
<td>4.0%</td>
</tr>
<tr>
<td>HOUSTON</td>
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<td>2.2%</td>
</tr>
<tr>
<td>NWSA (SEA-TAC)</td>
<td>2.0%</td>
</tr>
</tbody>
</table>
## SC Ports Pier Container Volumes

### In Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Volumes (Thousands)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>867</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>958</td>
<td>11%</td>
</tr>
<tr>
<td>2004</td>
<td>987</td>
<td>3%</td>
</tr>
<tr>
<td>2005</td>
<td>1,134</td>
<td>15%</td>
</tr>
<tr>
<td>2006</td>
<td>1,130</td>
<td>0%</td>
</tr>
<tr>
<td>2007</td>
<td>1,067</td>
<td>-5%</td>
</tr>
<tr>
<td>2008</td>
<td>973</td>
<td>-10%</td>
</tr>
<tr>
<td>2009</td>
<td>782</td>
<td>-20%</td>
</tr>
<tr>
<td>2010</td>
<td>741</td>
<td>-5%</td>
</tr>
<tr>
<td>2011</td>
<td>803</td>
<td>6%</td>
</tr>
<tr>
<td>2012</td>
<td>822</td>
<td>2%</td>
</tr>
<tr>
<td>2013</td>
<td>890</td>
<td>8%</td>
</tr>
<tr>
<td>2014</td>
<td>957</td>
<td>8%</td>
</tr>
<tr>
<td>2015</td>
<td>1,095</td>
<td>14%</td>
</tr>
<tr>
<td>2016</td>
<td>1,097</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>1,208</td>
<td>10%</td>
</tr>
<tr>
<td>2018</td>
<td>1,251</td>
<td>4%</td>
</tr>
</tbody>
</table>
KEY METRIC COMPARISONS

TEU VOLUME

CY2009: 1.18 MM
CY2017: 2.28 MM

ALMOST DOUBLE 2009
KEY METRIC COMPARISONS

OPERATING CASH FLOW
Growth of nearly $50 million

FY2010
38 MM

FY2018
85 MM
Total CAPEX of these 3 years is $509MM
-by far the largest in the port’s history and will continue and grow for the next three years-
FY2018 ACCOMPLISHMENTS

• WANDO WHARF REFURBISHMENT
  Completed, 840 days

• HARBOR DEEPENING
  First major contract, $300 million

• ARMY CORPS WORK PLAN
  Provides another $49 million for next contract

• LEATHERMAN TERMINAL
  Completion of Fill Phase

• INLAND PORTS
  Opened second location in Dillon, SC

CHASSIS POOL IMPROVEMENT INITIATIVE
  Commencing

• NEO PANAMAX ERA
  18 of 26 weekly services have ships that are Neo Panamax

• NEW DEBT ISSUANCE FOR CAPITAL CAMPAIGN
  Successfully issued nearly $300 million in net new proceeds while maintaining A1/A+ credit ratings from Moody’s and S&P
REAFFIRMING OUR VISION AND VALUES

VISION:
TO BE THE PREFERRED PORT OF THE TOP 10 U.S. PORTS.

VALUES:
- Customer Focus
- Decisiveness
- Enthusiasm
- Business Minded
- Adaptability
- Safety First
- Faith in Each Other
IMPORTANT PORT & CONTAINER CARRIER TRENDS
46% of Capacity is above 10,000 TEU.
Source: Alphaliner Monthly Monitor, Sept. 2018
TOP TEN CONTAINER CARRIER'S
CAPACITY AT END 2020
TEU CAPACITY IN THOUSANDS

Top 10: 87% of Global Container Ship Fleet
Top 10: 1,089 Ships Larger than 7,500 TEU (Over 100 Large Ship Slings)
CONTAINER CARRIER INDUSTRY TRENDS

- Large Ships are Dominant Theme
- Maximum Size Has Been Reached
- Order Book Is Stabilizing
- Sulfur Cap in 2020 Will Have Dramatic Impact
- Panama Canal Has Recaptured Volume Lost Pre-Expansion
- Industry Consolidation is Largely Done
- 10 Carriers/3 Alliances Looks to be the Future
IMPACT OF 2020 SULFUR CAP IS DRAMATIC

• $12 Billion Impact for Container Shipping Industry per Annum

• Incremental Cost in TPEB Trade=$250 per FEU

• Three Solutions Possible
  o Low Sulfur Fuel (ULSF)
  o Scrubbers
  o LNG

• 95% Will Use Low Sulfur Fuel

• Questions as to Availability & Cost

• Three Major Expected Outcomes
  o Tension Between Carriers and Customers
  o Further Scrapping of < 5,000 TEU Ships
  o Fewer Ship Slings If Availability is an Issue

• Getting This Right Is a Survival Issue for Carriers
U.S. PORT CAGR HAS SLOWED

AAPA FIGURES

1990 - 1999

PRE-RECESSION

2000-2007

POST-RECESSION

0 1 M 2 M 3 M 4 M 5 M

15.6 M 28 M

2009-2017

30.4 M 45 M

37.2 M 52.4 M

6.7% CAGR

5.8% CAGR

4.4% CAGR

AAPA FIGURES
EAST COAST / GULF COAST PORTS CONTINUE TO CAPTURE SHARE

- Impact of Panama Canal and Big Ship Deployment
- Substantial Economic Growth
  - Manufacturing Boom = Automotive, Aerospace, Plastics
  - Population Boom = Fastest Growing MSAs by 2050
- U.S. South is the World’s 3rd Largest Economy (Michael Randle)
- Asia/U.S. Trade Will be 50/50 WC vs. EC/GC by 2025
THREATS IN GLOBAL TRADE

• Fair Trade Enhances Free Trade

• A Wide Range of Outcomes are Possible

• Quick Solutions are Helpful

• Prediction — David Ricardo Was Right!

• Forrest Gump
TREND IMPACT
FOR U.S. EAST COAST PORTS LIKE CHARLESTON

CONTAINER PORTS FACE TWO CHOICES:

1. Large, Timely Investments to Handle Growth and Big Ships
2. Fall Behind and Lose Control of Their Destiny

OUR CHOICE:

• SCPA Has Clearly Chosen the Former
• The Southeast Region is Dependent on Modernized Ports to Reach Its Economic Potential
• Opportunities are Significant if this is Managed Well
SCPA STRATEGY ACTIONS
FY2019 – FY2021
5 YEAR STRATEGIC PLAN

Ensure that our port works well
Invest heavily in new and existing infrastructure
Continued growth of cargo base
Drive intermodal efficiency
Enhance our workforce effectiveness
ASSURING THAT OUR PORT WORKS VERY WELL

• Fast and Reliable Truck Turn Times
• World Class Berth and Crane Productivity
• The Deepest Harbor on the East Coast
• Ample Gate Hours
• A Modern Terminal Operating System
• Comprehensive Approach to Customer Service
• A Silent Partner in the Supply Chain
ENHANCING THE WANDO TERMINAL

- $400 Million Investment by End 2019
- 3 Neo-Panamax Berths
- 15 x 155 Foot (47.2 Meters) Lift Height STS Cranes
- 65 RTGs / 25 Empty Handlers
- 40 Gates
- Dedicated Chassis Yard
- Densified Ops. with 2.4 Million TEU of Capacity
- Evaluate the Need and Cost of Longer Gate Hours
THE DEEPEST HARBOR ON THE U.S. EAST COAST

- $558 Million Project
  - $287 Million Federal ($66 Million Funded)
  - $271 Million State ($350 Million Funded)
- Construction of Entrance Channel Underway
- Largest Deepening Contract Ever Awarded by Army Corps ($200+ Million)

- State Support Essential ($300 Million Plus $50 Million Loan)
- Contract 4 (Entrance Channel to Wando) Let by End 2018
- Deepening to Wando Completed by March 2021
- A New BCR of 6.4 (old 3.9)
- Under Current Rules This Qualifies Us for the President’s Budget!
THE OUTCOME

The Ability to Comfortably Handle 3 x 14,000 TEU Ships at Wando Terminal by End 2020.
CAPEX IN FY2019 - FY2021
RECORD LEVELS REQUIRED

3 Year Total = $830.7MM
FY2016 – FY2021 = $1.34B
AMBITIOUS ACTIONS

REQUIRED TO REALIZE THIS PLAN

• Further Growth of Volume and Rates

• Another Successful Bond Issuance in FY 2020

• Use of Federal Programs: BUILD and TIFIA

• Finalizing the Sale of Non-Operated Real Estate
GROWING OUR CARGO BASE IS KEY

• Supporting the Supply Chain Needs of Big Manufacturing
• Becoming a Real Player in Retail Distribution (70% of GDP is Consumption)
• Both Bricks and Mortar and E-Commerce
• Expanding Our Reach Intelligently Throughout the Southeast
• Leveraging the Combined Economies of the Carolinas (6\textsuperscript{th} largest U.S. GDP)
• Intelligent Growth in Trans Loading Operations to Return Import Containers
AMPLE PORT DEPENDENT LAND ESSENTIAL FOR GROWTH

• Purchase of 1,000 Acres in Ridgeville

• Ports Need Ample Land to Grow Supporting Operations

• A Rail-Served Property

• Target is Combined Import/Export Container Distribution
ENHANCING INTERMODAL EFFICIENCY IS KEY
INTERMODAL KEY POINTS

• Further Leveraging Class 1 Rail: 22% Today
• Intelligently Expanding Our Reach by Rail
• Realizing a New ICTF in North Charleston

• Treating Truckers as Customers and With Respect
• A New Approach to Chassis (SSCP)
• Assisting in a Driver Recruitment Project
LONGER TERM FY2022 - FY2035
LEATHERMAN TERMINAL

FULL BUILD OUT BY 2032

- FY 2021 Phase 1
- FY 2026 Phase 2
- FY 2032 Phase 3
OPERATING CASH FLOW AND INVESTMENTS

FY2019 – FY2035

Available Capacity in Charleston Terminals by 2032

<table>
<thead>
<tr>
<th>Terminal</th>
<th>Capacity (TEU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wando Terminal</td>
<td>2.4 million</td>
</tr>
<tr>
<td>Leatherman Terminal</td>
<td>2.4 million</td>
</tr>
<tr>
<td>North Charleston Terminal</td>
<td>0.4 million</td>
</tr>
</tbody>
</table>

Total Available Capacity: 5.2 million TEU

Sources of Cash (millions):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash Flow</td>
<td>$2.580</td>
</tr>
<tr>
<td>Interest Income/Other Cash</td>
<td>300</td>
</tr>
<tr>
<td>New Debt</td>
<td>840</td>
</tr>
</tbody>
</table>

Total Cash Inflow: $3.720

Uses of Cash (millions):

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap Ex → Leatherman Terminal</td>
<td>$1.065</td>
</tr>
<tr>
<td>Cap Ex → Existing and Other</td>
<td>$1.130</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1.525</td>
</tr>
</tbody>
</table>

Total Cash Outflow: $3.720
CONTINUE PLANNING
JASPER OCEAN TERMINAL

• A needed capacity expansion once GPA and SCPA build out existing and contemplated facilities.

• Best estimate of need is 2035 - 2037.

• The largest contiguous terminal ever built in the U.S.

• Significant road and rail infrastructure in SC is a precursor to success.

• GPA and SCPA can work together to make this happen.
WHAT NOW?
A FOCUS ON PEOPLE

• Investment Alone Does Not Lead to a Winning Outcome
• The Best People Create the Best Outcome
• About 10,000 People Directly Work in Our Industry in SC
• As Big as Boeing, Not All Under One Brand Name
• Aided by Technology, People Create Initiatives to Move Business Forward and Solve Problems
• Port-Related Businesses Pay 40% More than the Average Job in SC
• Are We Committed to Finding/Motivating and Retaining the Top Talent?
WHERE DO OUR CUSTOMERS WANT TO DO BUSINESS?

• Where it is easy for them to do business.

• Where risk is minimized.

• Where they can deal with people they like and trust.

• Where people get to “Yes”, not just say “No”.

• Where decisions are made instead of procrastination.

• Where there is an abundance of cooperation and collaboration.
HOW DO WE RESPOND?

• We have ample tools, and must make sure we have a **winning mindset**.

• We **celebrate our successes** but never rest on our laurels.

• We need to be restless in **driving improvement**.

• We **work together** to solve problems.

• We **change** where it is needed.

• We **help** those that need help.

• We **simplify** the way we do things.

• We **build** the reputation of the Charleston Port brand, not just our own organizations.
IN SUMMARY

• My 10th State of the Port
• Almost Doubled our Volume and Re-Established our Brand Since 2009
• Investing Heavily for Growth and Handling Big Ships Efficiently
• FY2019 - FY2021 Will Define Our Future
• Managing a Bigger Business Than We Have Ever Managed Before
• Cooperation and Collaboration are the Keys to Our Success
• Our Future Is Very Bright and Our Best Years are Ahead
THANK YOU
#CHARLESTONPORTProud