



**SOUTH
CAROLINA
PORTS**



Keeping Freight Moving

Jim Newsome / President & CEO / SC Ports Authority / 2016 State Of The Port Address

♥ ILA ♥ SSA ♥ SPA
International Longshoremen Association Local 1422



**American
Heart
Association**

life is why™

Walk

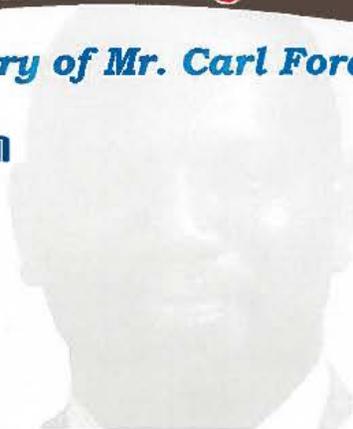
walk for heart disease awareness

In memory of Mr. Carl Ford

**SEPTEMBER 24, 2016 AT 8 AM
LIBERTY SQUARE
340 CONCORD ST.
NEXT TO THE AQUARIUM**

**REGISTER NOW WITH YOUR
RESPECTIVE ORGANIZATION**

www.heart.org/MTCIheartwalk





2016 State of the Port **Agenda:**

- FY2016 Results
- U.S. Trade Context
- Big Ships & Alliances

- Harbor Deepening
- Inland Ports (Plural!)
- Investments/Priorities

**Challenges &
Opportunities
Going Forward**



South Carolina Ports: FY2015 Results vs. FY2016

	FY 2015	FY 2016	% Change
Revenue (Million)	\$196.8	\$211.2	7.3%
Operating Costs (Million) (1)	\$166.5	\$179.9	8.1%
Operating Earnings (Million) (1)	\$30.3	\$31.3	3.2%
Operating Cash Flow (Million) (1)	\$64.2	\$65.0	1.3%
Pier Containers (Units)	1,094,906	1,096,806	0.2%
TEUs	1,916,379	1,943,170	1.4%
Chas. BB Tons	871,914	901,974	3.4%
Cruise Passengers	189,050	212,286	12.3%

(1) - Excluding insurance property damage gain of \$7.6 million.

Top 10 U.S. Container Ports Ranked By Total Annual TEUs

Rank	Port	2014	2015	Change
1	Los Angeles	8,340,066	8,160,458	-2.2%
2	Long Beach	6,820,808	7,192,070	5.4%
3	New York/New Jersey	5,772,303	6,371,720	10.4%
4	Savannah	3,346,024	3,737,403	11.7%
5	Seattle-Tacoma Alliance	3,393,522	3,529,446	4.0%
6	Hampton Roads	2,393,040	2,549,271	6.5%
7	Oakland	2,394,069	2,277,515	-4.9%
8	Houston	1,951,088	2,130,540	9.2%
9	Charleston	1,791,986	1,973,204	10.1%
10	Port Everglades	1,029,237	1,056,524	2.7%



Source: American Association of Port Authorities

South Carolina Port Impacts

\$53 Billion in annual economic activity in S.C.

10% Of State GDP is related to port activity.

\$914 Million in annual state tax revenue.

1 In 11 jobs in SC are related to port activity.

Port-related jobs pay 40% more than the average S.C. wage.



Significant Accomplishments of FY2016

Volume
& Earnings
Growth

Record
Capital
Investment

Wando
Wharf
Refurbishment

AGS
Implemented
@ Wando

Volvo
Car

Record
Volumes
@ Greer

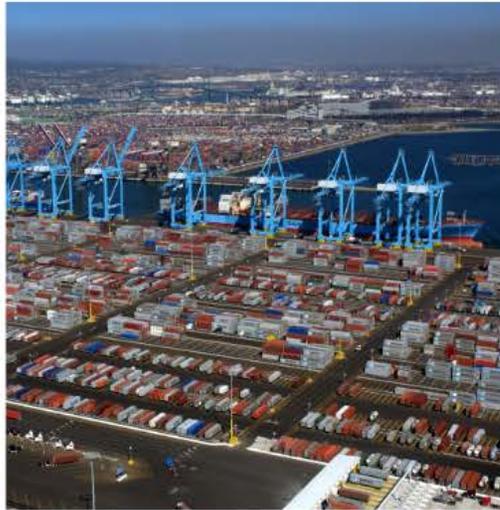
New
Dollar Tree
DC

Refrigerated
Cargo
Facilities

Optimized
Rapid
Rail

Fill 2 @
Leatherman
Terminal

Cultural Change



Slow growth forecast for U.S. trade with pockets of strength.

Automotive, emerging markets, e-fulfillment & FDI

Southeast to grow twice as fast as U.S. overall.

**Container
Shipping Is
A Troubled
Industry**

**\$10 Billion
Losses In
2016**

**Consolidation:
Max 10
Carriers**

**3 Mega
Alliances**

**Supply &
Demand
Imbalance**

Hanjin

**Buying
Power**

An Industry Driven By Big Ships

- Majority New Panamax
- 10,000 - 14,000 TEU
- Wide Vessels
- Reason For Mega Alliances
- Catalyst For Port Investment





Classic Panamax ~5,000 TEU



New Panamax ~13,700 TEU



Largest Calling Charleston Today 10,700 TEU



**The New Cranes
At Wando Welch
Terminal Are
Very Large!**





Harbor Deepening

- SMART Planning
- Study Complete
- \$509 Million Project
- 52-Foot MLW
- New Panamax 24/7
- Two A's Required

Sen. Inhofe On The Important of WRDA 2016

LIVE
12:55 pm PT



Port of Charleston

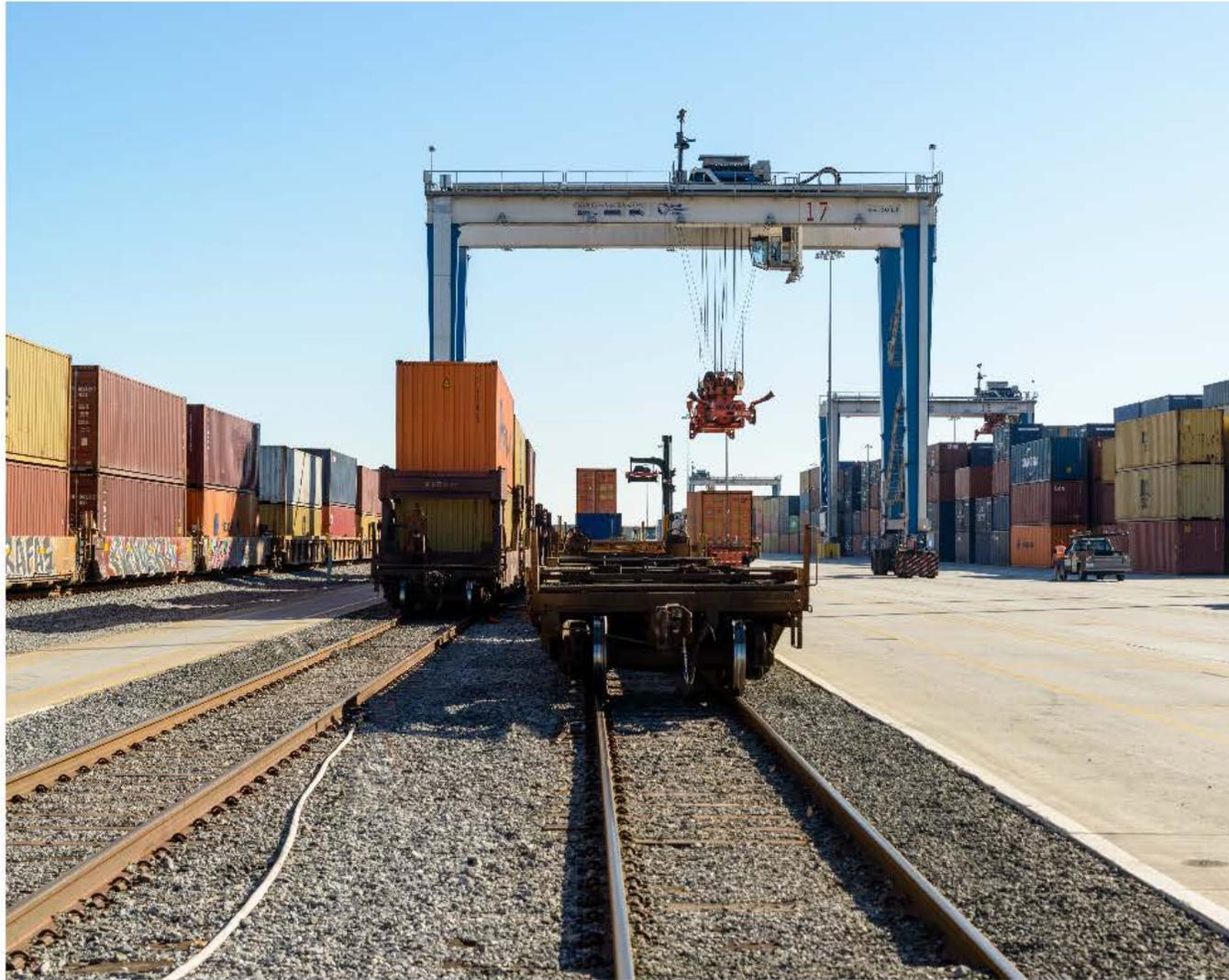
U.S. SENATE

SEN. JAMES INHOFE

R-Oklahoma

Environment & Public Works Committee Chair

C-SPAN2
c-span.org



Inland Port(s)!

- Strategic Assets
- Short-Haul Rail
- 100,000 Lifts @ Greer
- Inland Port Dillon
- Ready Fall 2017
- A Magnet For Industrial Development
- I-26 & I-95 Corridors



INLAND PORT GREER

INLAND PORT DILLON

CHARLESTON



3 Major Priorities Going Forward



Terminal
Optimization

Investment

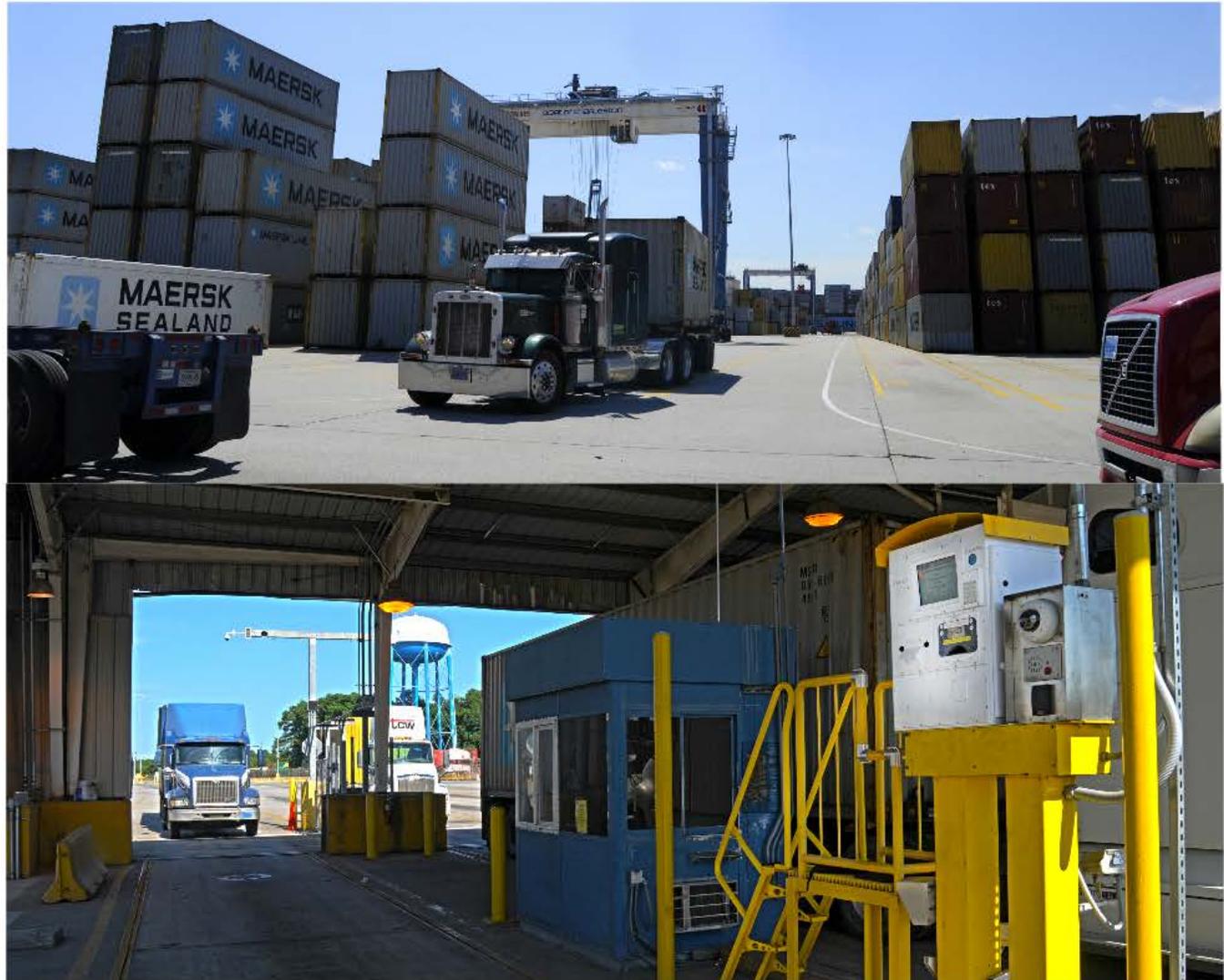


Cargo Base
Expansion



Terminal Optimization

- Better Utilization/Acre
- 8 Tall Cranes
- Working two 14,000 TEU ships simultaneously
- Next-Generation TOS
- New Chassis Paradigm
- Closer Stevedoring Collaboration



Investment Is Critical

Leatherman Terminal (Phase 1)	\$747 Million	South Carolina Ports Authority
Other Infrastructure & IT Projects (Improvements To Existing Terminals & Facilities, New Container Cranes, New IT Systems, etc.)	\$600 Million	
Harbor Deepening to 52 Feet	\$300 Million	State of South Carolina
Leatherman Terminal Access Road	\$300 Million	
New Dual Access Intermodal Railhead	\$289 Million	
Total 10-Year CAPEX Commitment		\$2.2 Billion

Hugh K. Leatherman Sr. Terminal





Improved Return On Capital Is Required

- A Function Of Volume & Price
- Leverage Big Ship Efficiency

- A Strong Value Proposition
- Improving Carrier Fundamentals.

Cargo Base Expansion



Big Manufacturing Is Key



INTERNATIONAL  PAPER



MICHELIN

EASTMAN

Major Expansion Of Cold Chain Warehouses In The Charleston Market





Growing Ports Require A Growing Cargo Base

- Private Sector Trans-Loading
- Emerging Market Commodities
- Harvesting "The Carolinas"
- A Strong Economic Development Partner
- Reaching The Midwest
- Leverage Inland Ports

Aspiring to be the preferred port of the U.S. top 10 container ports.

Our values...



Challenges & Opportunities Going Forward

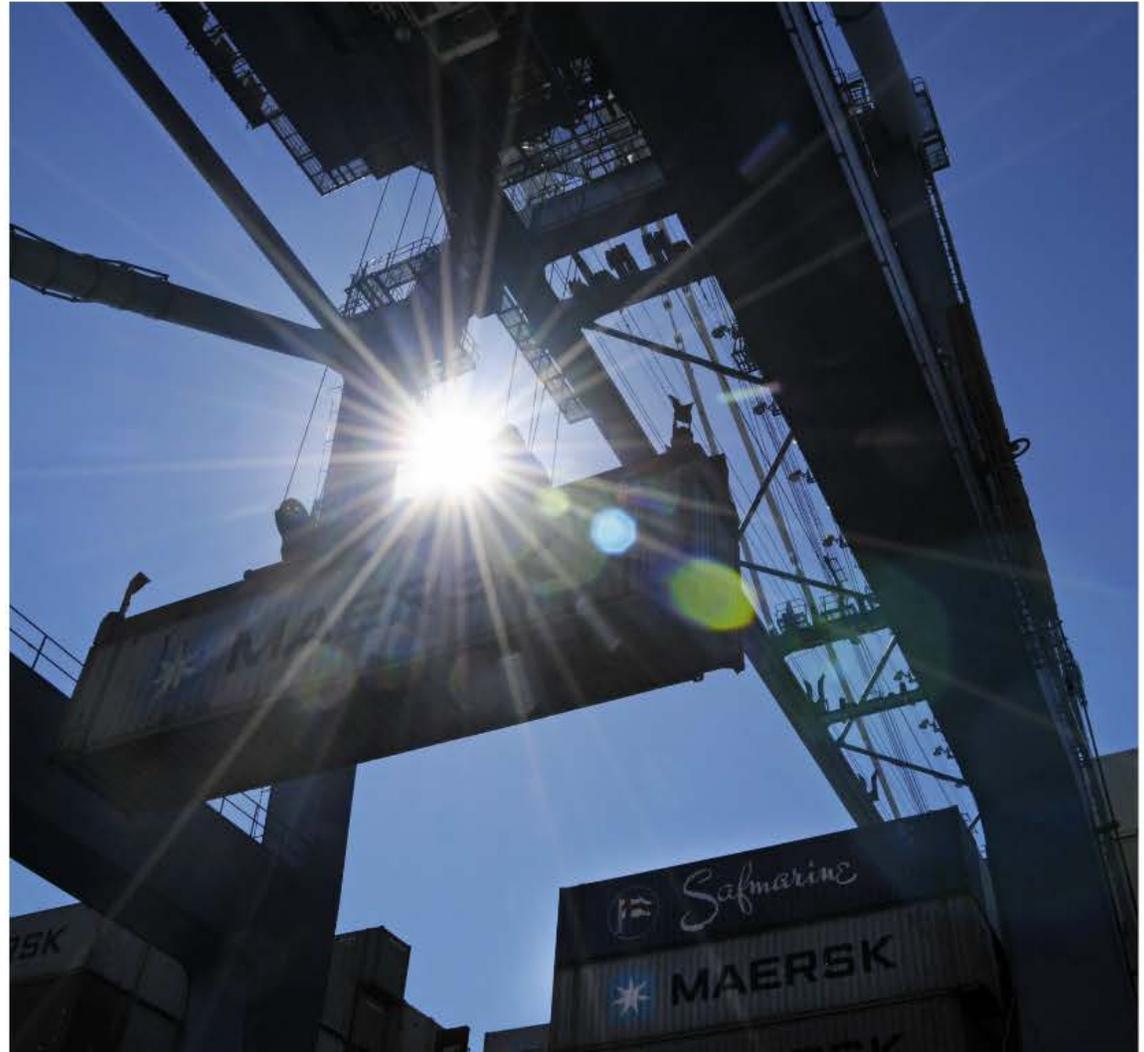
Opportunity Abounds

Victories Go To The Bold

Global Businesses Near Global Ports

The Charleston Brand Is Strong

Port A Strong Business Partner





SOUTH CAROLINA PORTS

Keeping freight moving.

