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State of the Port

Jim Newsome / President & CEO / SC Ports Authority



ALL ABOUT GROWTH
An economic engine of the state.

SOUTHEAST TRENDS & OPPORTUNITY
Growth will drive demand for improved infrastructure.

RISE OF THE MEGA-ALLIANCES
State-to-state alliances of state-to-state alliances.

INFRASTRUCTURE INVESTMENT
Being hardheaded is essential to be successful.



The future is bright. The future is now.
Our best days are ahead of us if we continue to work together.



ALL ABOUT GROWTH

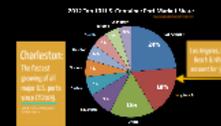
An economic engine of the state.

South Carolina Ports Overview

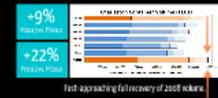
- Top 10 U.S. container port
- Top 10 global container port
- Public and private shipyard
- Revenue in 2 states of 20 in the world
- States most important strategic asset
- Largest jobs generator in the state

Diverse Port Operations

- Container cargo
- Solid bulk cargo
- Liquid bulk cargo



South Carolina Ports Are About Growth



South Carolina Ports Overview



- Top 10 U.S. container port.
- Top 100 global container port.
- Public sector, operating port.
- Business w/ State of SC as shareholder.
- State's most important strategic asset.
- Long-cycle business requiring wise vision and planning.

Diverse Port Operations

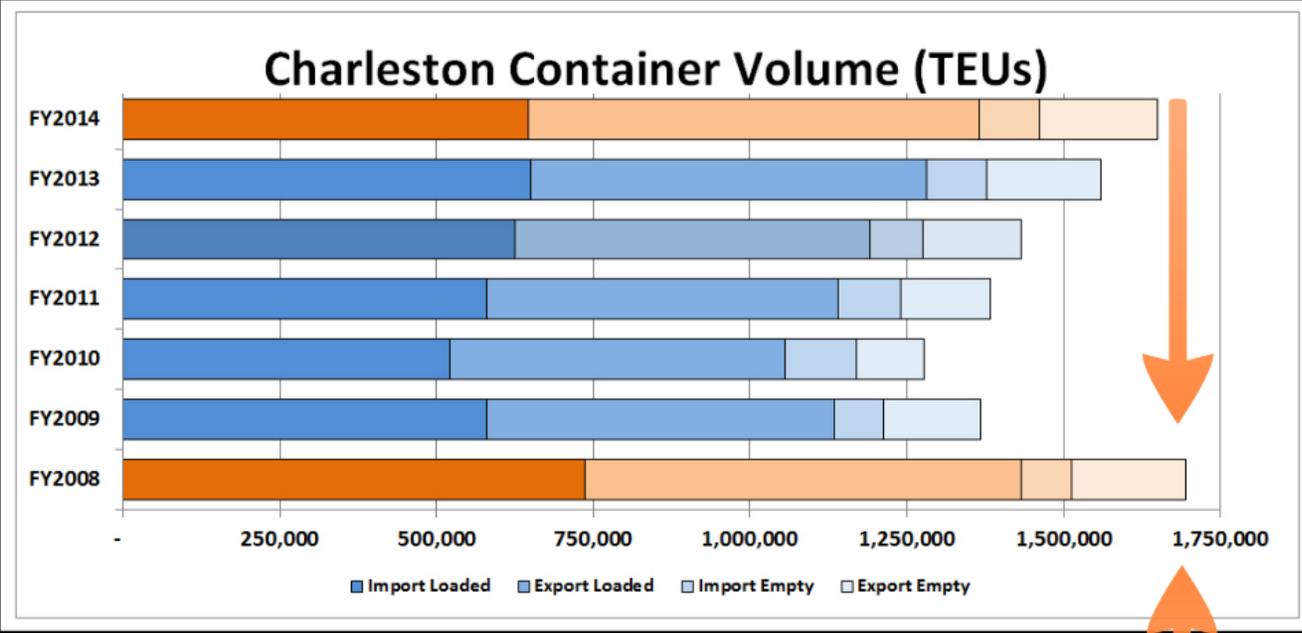


- Container cargo.
- Sophisticated Ro/Ro and breakbulk cargo.

South Carolina Ports Are About Growth

+9%
FY2013 vs. FY2012

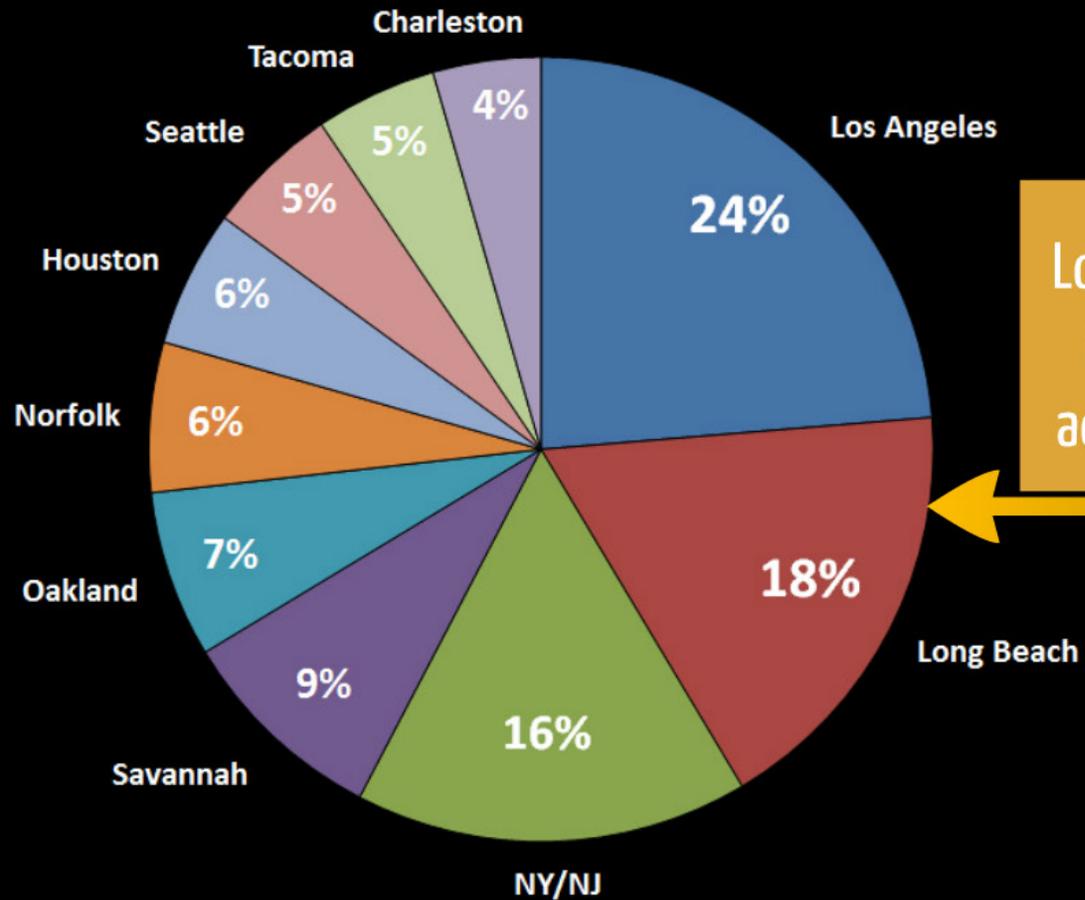
+22%
FY2013 vs. FY2010



Fast-approaching full recovery of 2008 volume.

2012 Top 10 U.S. Container Port Market Share

Source: Calendar Year AAPA Statistics



Charleston:
The fastest growing of all major U.S. ports since CY2009.

28% Growth from CY2009 volumes to CY2012 volumes.

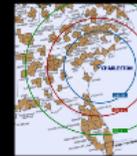
Los Angeles, Long Beach & NY/NJ account for 58%.

SOUTHEAST TRENDS & OPPORTUNITY

Growth will drive demand for improved infrastructure.

Favorable Trends For Southeast Ports

- Fastest growing region of the US (GVA between 2000 & 2010)
- Manufacturing & exporting
- Broadwater usage
- Mega-shippers & big ships
- Panama Canal expansion



Discretionary Cargo:

- U.S. dependent on demand from overseas
- Much less predictable in demand
- High CE, low VEC
- Requirements
 - Capital intensive
 - Special facilities
 - Heavy equipment
 - Deep water



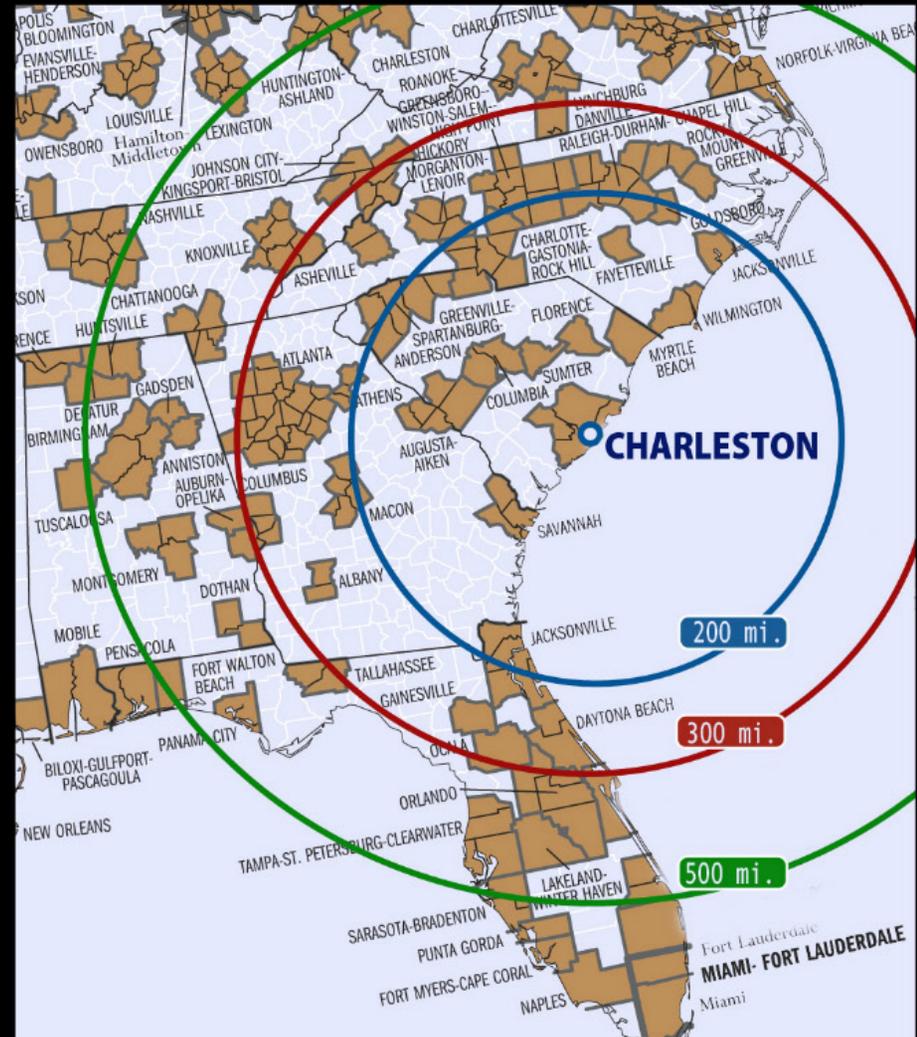
Manufacturing & Exports:

- Manufacturing facilities are in need of expansion in size
- Heavy cargo requires deep water berths
- U.S. to become export demand in containers by 2020



Favorable Trends For Southeast Ports

- Fastest-growing region of the U.S (46% between 2000 & 2030.).
- Manufacturing & exporting.
- Discretionary cargo.
- Mega-alliances & big ships.
- Panama Canal expansion.





Manufacturing & Exports:

- Manufacturing facilities are built with exporting in mind.
- Heavy cargo requires deep water channels.
- U.S. to become export dominant in containers by 2020.

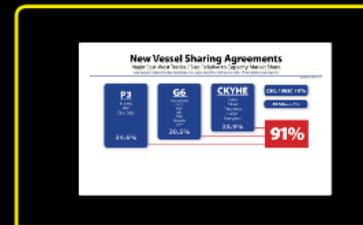
Discretionary Cargo:

- U.S. Ag products in demand around the world.
- Plastics production reverting to U.S. facilities.
- Requirements:
 - ➔ Competitive rail.
 - ➔ Transload facilities.
 - ➔ Empty containers.
 - ➔ Deep water.



RISE OF THE MEGA-ALLIANCES

Drive for economies-of-scale leading to unprecedented consolidation in vessel provision.

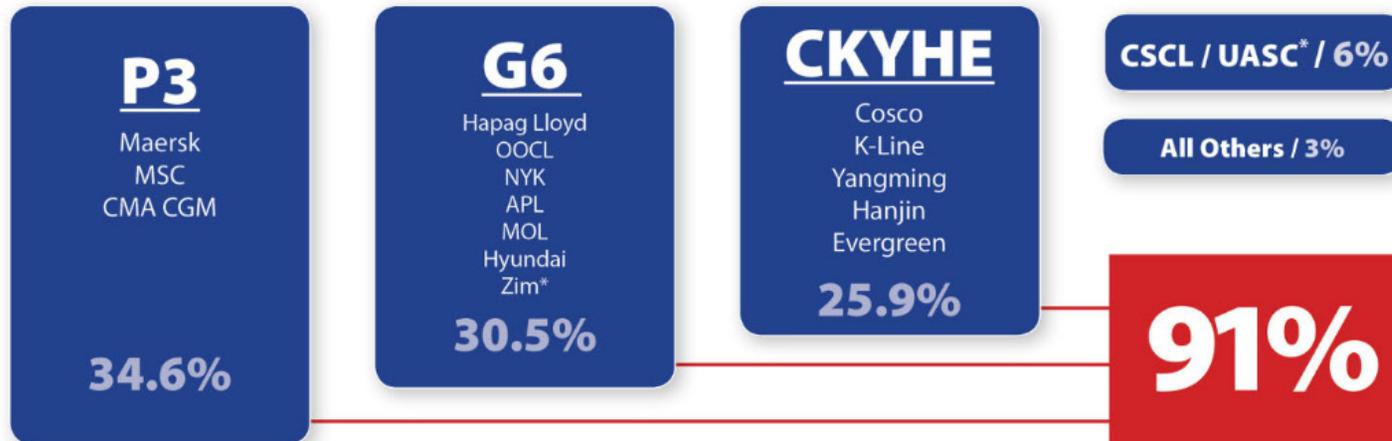


New Vessel Sharing Agreements

Major East-West Trades / Size Relative to Capacity Market Share

Major East/West trades defined as: Asia>Europe, Asia>USWC, Asia>USEC, North Europe>USEC. *Presumed alliance participation.

Data Source: Alphaliner.com



Container Ship Specifications

Dalian Express Class



TEU	4,864
Length Over All	961.3
Beam	105.0
Keel-To-Mast	180.4
Max Vessel Draft	44.5
Min Air Draft	135.9

Colombo Express Class



TEU	8,750
Length Over All	1099.1
Beam	137.8
Keel-To-Mast	198.5
Max Vessel Draft	47.9
Min Air Draft	150.6

Hamburg Express Class



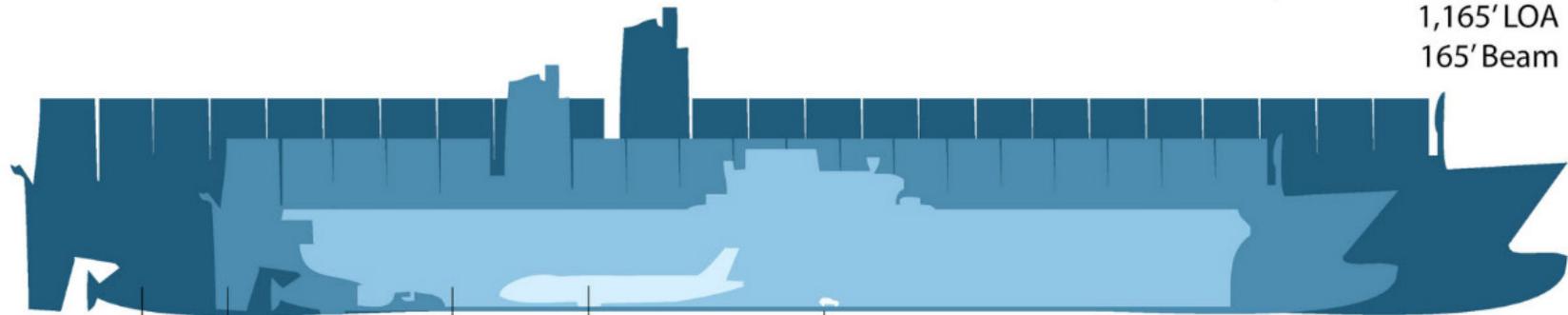
TEU	13,200
Length Over All	1200.8
Beam	157.5
Keel-To-Mast	216.5
Max Vessel Draft	50.9
Min Air Draft	167.0

Soon To Be Calling USEC Ports

Vessels up to 14,000 TEU

1,165' LOA

165' Beam



BMW X5

Boeing 787

Yorktown Aircraft Carrier

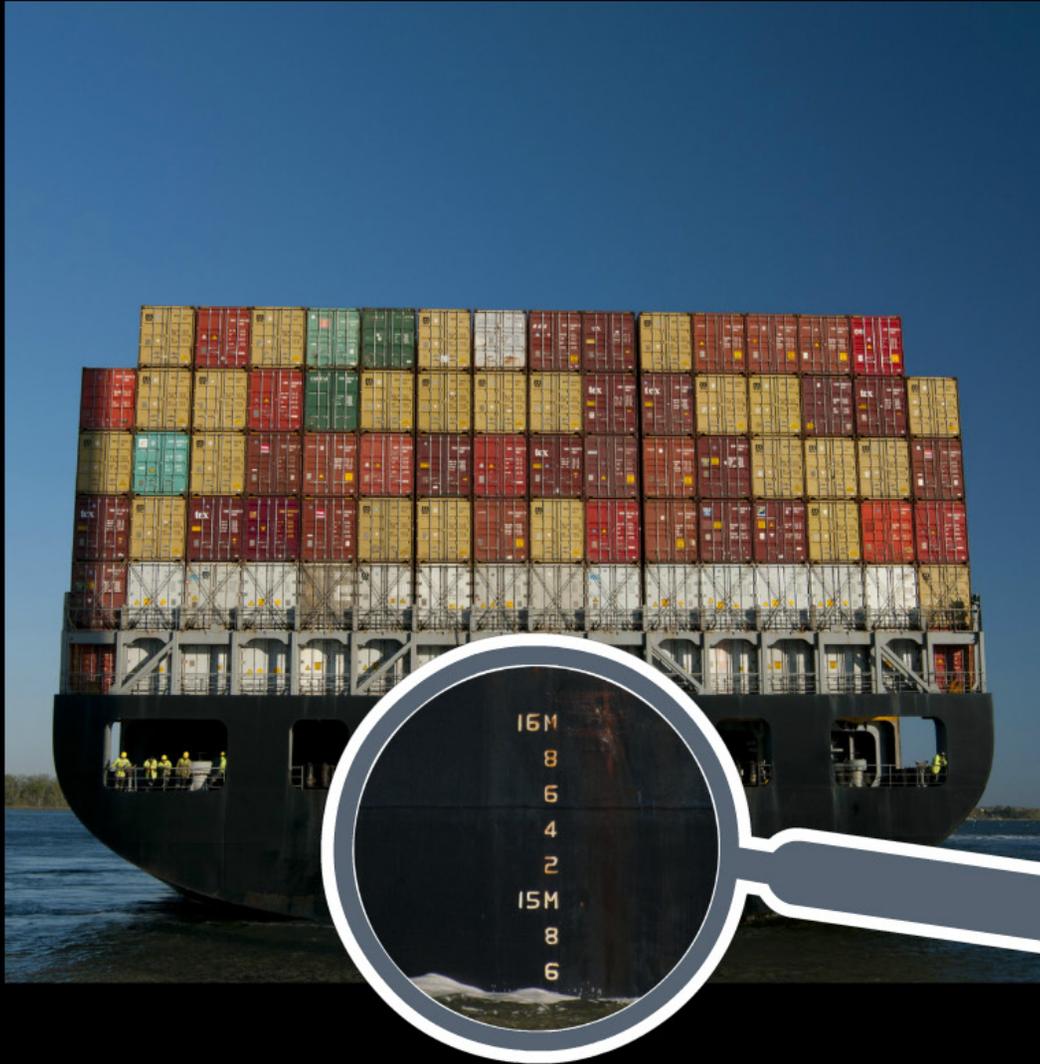
9,000 TEU Vessel

14,000 TEU Vessel

70 Million

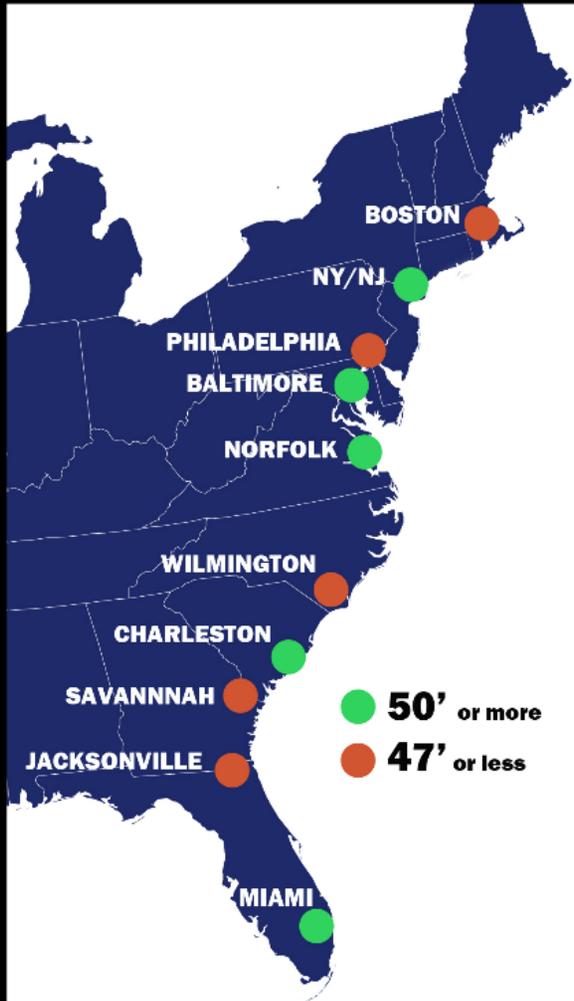
Pairs of adidas running shoes on a 14,000 TEU ship.





New Panamax Capable Ports

- 24/7 Access for vessels drafting 48'.
- Reliable berth access.
- Import/export balance.
- Productive interface between vessel and terminal.
- Appropriately scaled inland infrastructure.



50'

The minimal standard to deliver the required 24/7 access.

Charleston is the only port in the region capable of delivering the required depth.

INFRASTRUCTURE INVESTMENT

Heavy investments in essential infrastructure are needed.

A \$2 Billion Bet On Our Future

Project	Value	Status
Port of Charleston	\$1.5 billion	Approved
Charleston Harbor	\$500 million	Approved
Port of Savannah	\$500 million	Approved

Approved by the U.S. Army Corps of Engineers

Charleston Harbor Deepening On-Track

- \$500 million
- Approved by the U.S. Army Corps of Engineers
- Construction starting in 2018

A Rail Capable Port

- \$1.5 billion
- Approved by the U.S. Army Corps of Engineers
- Construction starting in 2018

Challenges:

Challenge	Impact	Solution
Lack of funding	Delays	Public-private partnerships
Regulatory hurdles	Cost overruns	Streamlined permitting
Weather-related risks	Project cancellations	Resilient infrastructure

2016

Infrastructure Investment

2016

Infrastructure Investment

2016

Infrastructure Investment

A \$2 Billion Bet On Our Future

Detail: S.C. Investments

New Container Terminal ✓	\$700 Million
Harbor Deepening to 50 Feet	\$300 Million
Port Access Road	\$225 Million
New Dual Access Intermodal Railhead	\$130 Million
S.C. Inland Port ✓	\$50 Million
Other Infrastructure & IT Projects ✓ (Interstate Highway Expansion, Existing Facility Improvements, Container Cranes, New IT Systems, etc.)	\$600 Million

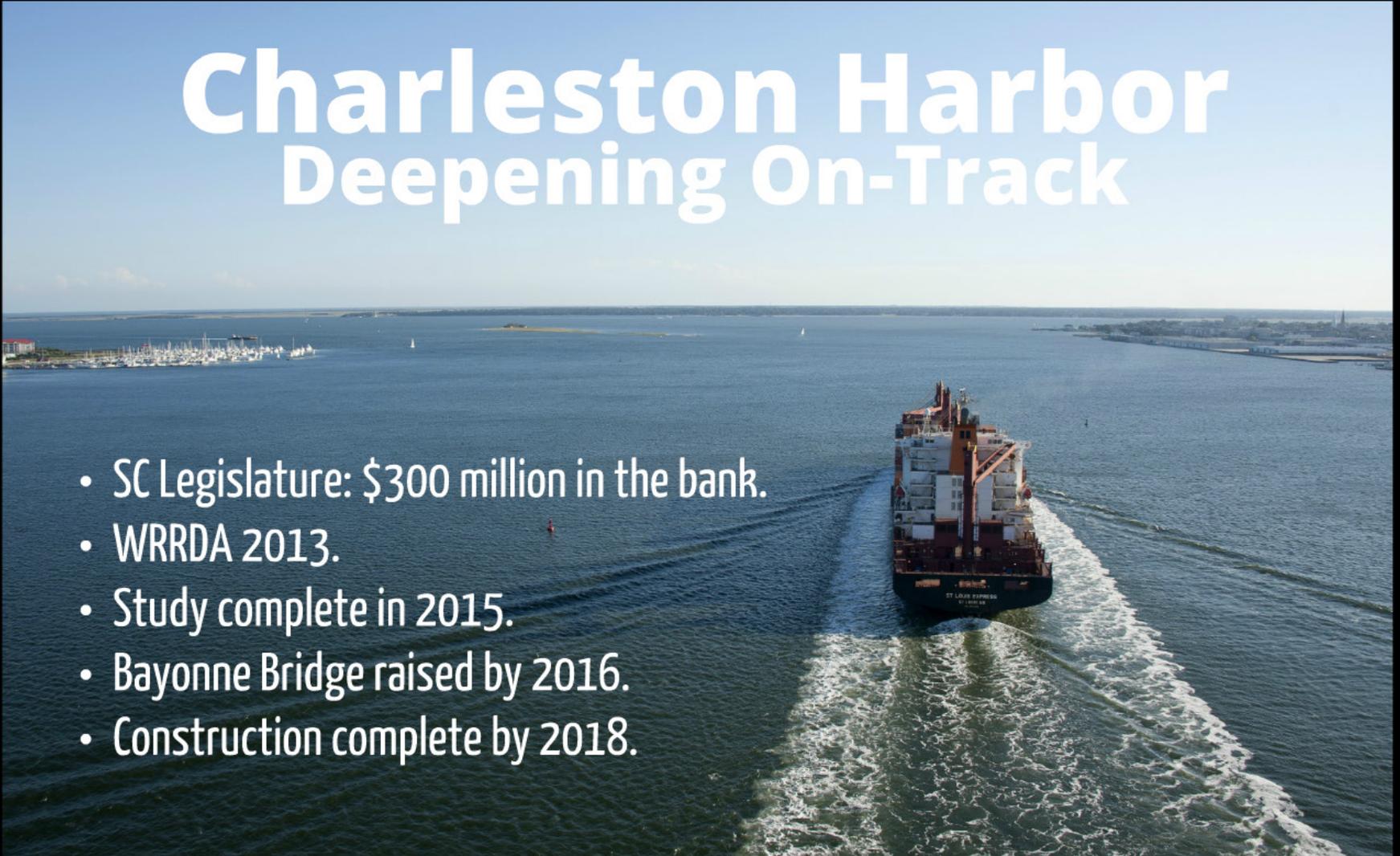
- Only Top 10 ports are capable of meeting the scale of challenge.
- Others will have to "recalibrate" to serve niche markets.

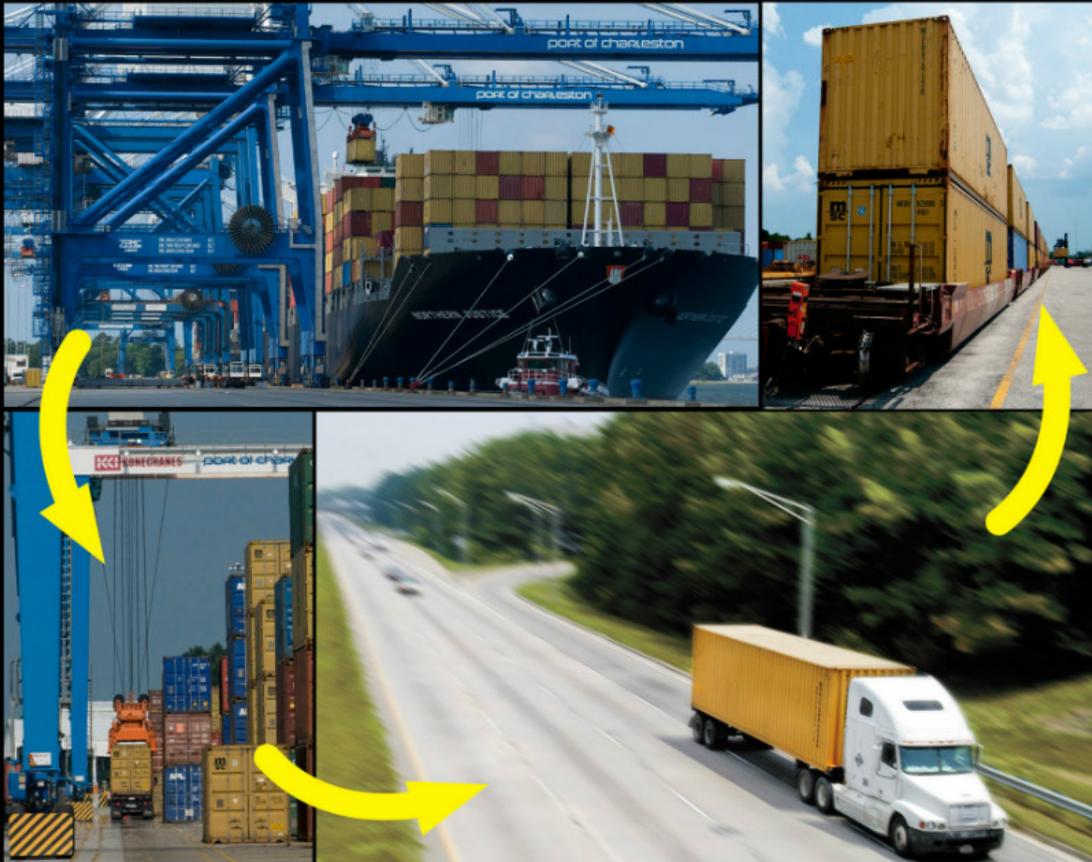


South Carolina Ports
Authority Investments

Charleston Harbor Deepening On-Track

- SC Legislature: \$300 million in the bank.
- WRRDA 2013.
- Study complete in 2015.
- Bayonne Bridge raised by 2016.
- Construction complete by 2018.





A Rail Capable Port

- Successful RapidRail program.
- Rail volume up 27%.
- NS Charlotte intermodal facility.
- Dual-served ICTF in North Charleston in 2018.
- We need competitive rail rates.

SC Inland Port Now Open

- Next-morning service.
- 212 Miles inland.
- Halfway between Charlotte & Atlanta.
- Within 500 miles of 94 million consumers.



New Container Terminal

Phase 1 ready by the end of 2018.

- Three New-Panamax ship berths.
- Dedicated road access to I-26.
- A workable transportation plan for North Charleston.
- Employing the latest technology.





Harbor Deepening

Dual-Served ICTF

2018

Navy Base Terminal

Challenges:

Adding new
ship services.

Margin
improvement.

Non-container
capacity.

More transload
operations.

More reefer
operations.

Helping truckers
grow & prosper.

Win new DCs.

Successful resolution
of pending lawsuits.



What does the
future hold?





Present:



Near Future:

Panama Canal Expansion: Significant or Not?

- Shift from 22-32% share of Asia trade already.
- Logistics is mainly a cost game.
- Lines substitute fixed costs for variable costs.
- Population east of the Mississippi.
- Exports are mainly low value.
- Recent neutral studies seem to support this view.



A Viable, Vital Cruise Business

- Scaled to fit Charleston.
- Responsible, vital maritime commerce.
- Redevelopment of 2/3 of Union Pier after new terminal is operating.

Environmental Stewardship

- Tier 3 or later engines on our lift equipment.
- Truck Replacement Program.
- Renewed partnership with DHEC.
- New investments will be state-of-the-art environmentally.
- Enhanced vessel technology.
- Low sulfur content fuel to comply with ECA.



Georgetown

- Restore depth to 27 feet.
- Re-invigorate cargo volume with niche business.



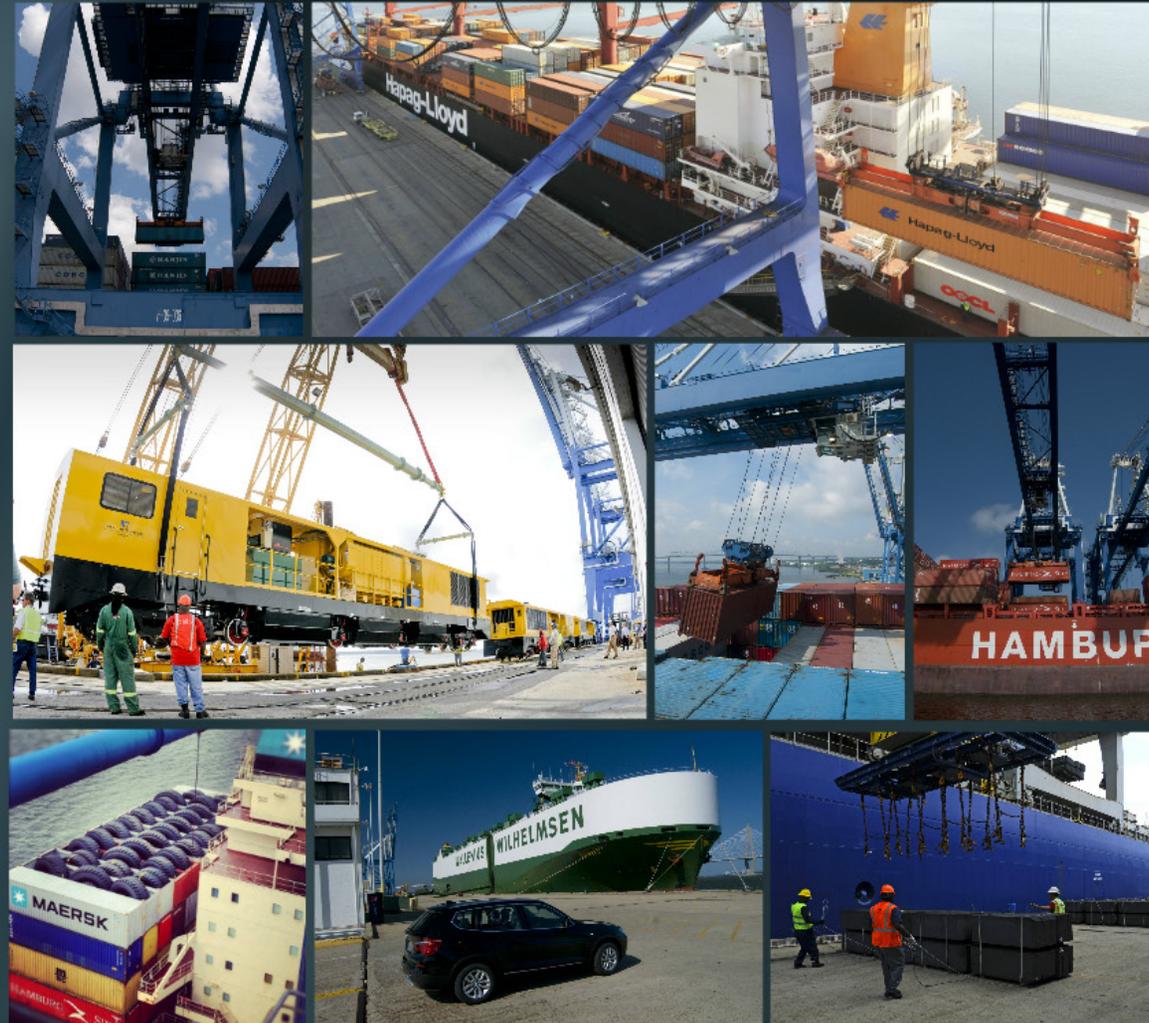
Systems Refresh

Customer-centric web portal.



Our Goals:

- 1 Above market growth for multiple years.
- 2 The preferred U.S. port for our clients.
- 3 Ample & timely capacity in both target market segments.
- 4 Deepest harbor on the U.S. East Coast.
- 5 Innovation in everything we do.
- 6 Attracting new business for our state.



What will it take?

- Hard work.
- Aggressive marketing & sales.
- Collaboration and leadership.
- Great private sector partners.
- Rail competitiveness.
- Pricing/margin improvement.
- Continued commitment from the State of South Carolina.



The future is bright. The future is now.

Our best days are ahead us if
we continue to work together.

Thank You.

2013 State of the Port
Jim Newsome / President & CEO / SC Ports Authority

ALL ABOUT SOUTH CAROLINA
PORTS AUTHORITY

ALLIANCE
INVESTMENT

What does the future hold?

South Carolina Ports Authority