



# SOUTH CAROLINA PORTS

Jim Newsome, President & CEO  
April 20, 2022





# SOUTH CAROLINA PORTS

## VISION & VALUES

**TO BE THE  
PREFERRED PORT  
OF THE TOP 10  
U.S. CONTAINER PORTS**



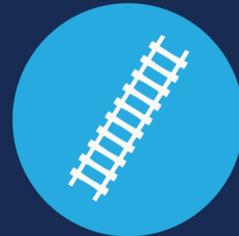
# STRATEGIC PRIORITIES



**Re-establishment of Operational Excellence**



**Deliver Port-Funded Infrastructure**



**Deliver State-Funded Infrastructure**  
*(NBIF / Wando Barge)*



**Cargo Base Growth**



**Attract Human Capital to Support Growth**

# PRE-PANDEMIC & CURRENT STATE

## COMMON FACTORS AT PLAY

Unanticipated goods demand growth served as accelerant of these impacts

Growth in e-commerce vs. brick-and-mortar retail

Resulting shortage of distribution center capacity

Overall truck driver availability and differing models

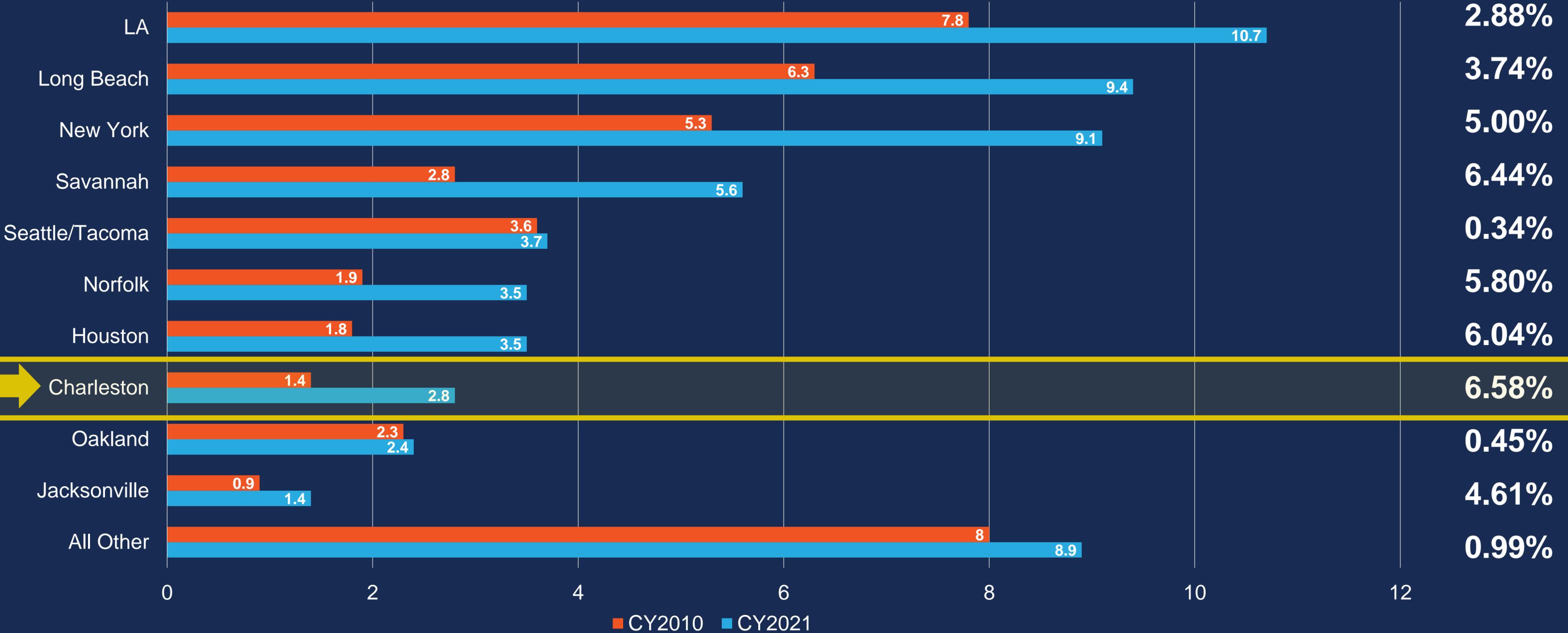
Aging intermodal chassis fleet with no future vision

Relative difficulty to quickly enhance port infrastructure

# 2021 TOP 10 US PORTS

## TEUs IN MILLIONS

CAGR  
2010-2021



**TOP 10 US PORTS HANDLE 85% OF US PORT VOLUME.**

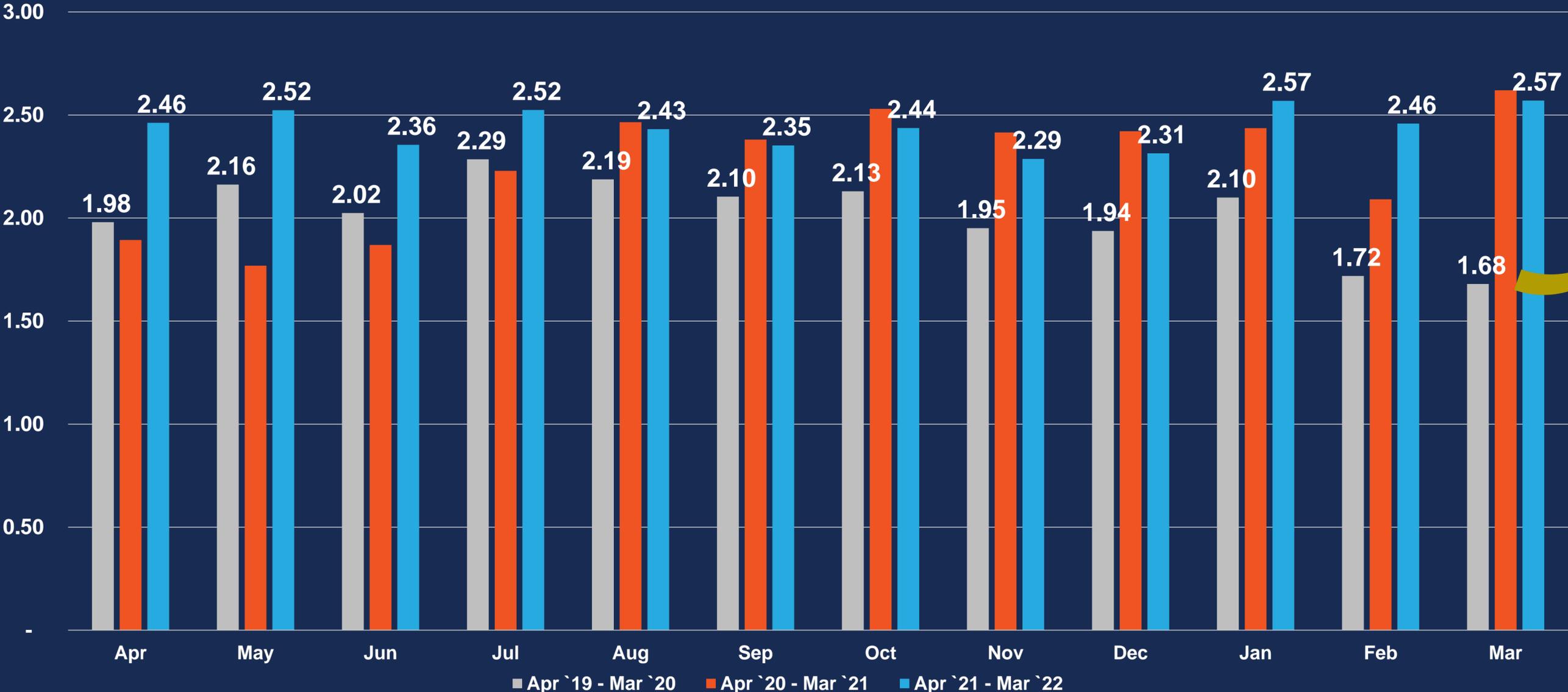
US CAGR  
3.43%

Source: AAPA & individual port websites  
2021 Jacksonville reports on FY starting Oct 1

# **SUPPLY CHAIN CHALLENGES**

# 3 YEAR US IMPORT TEU VOLUME IN MILLIONS / APR 2019 – MAR 2022

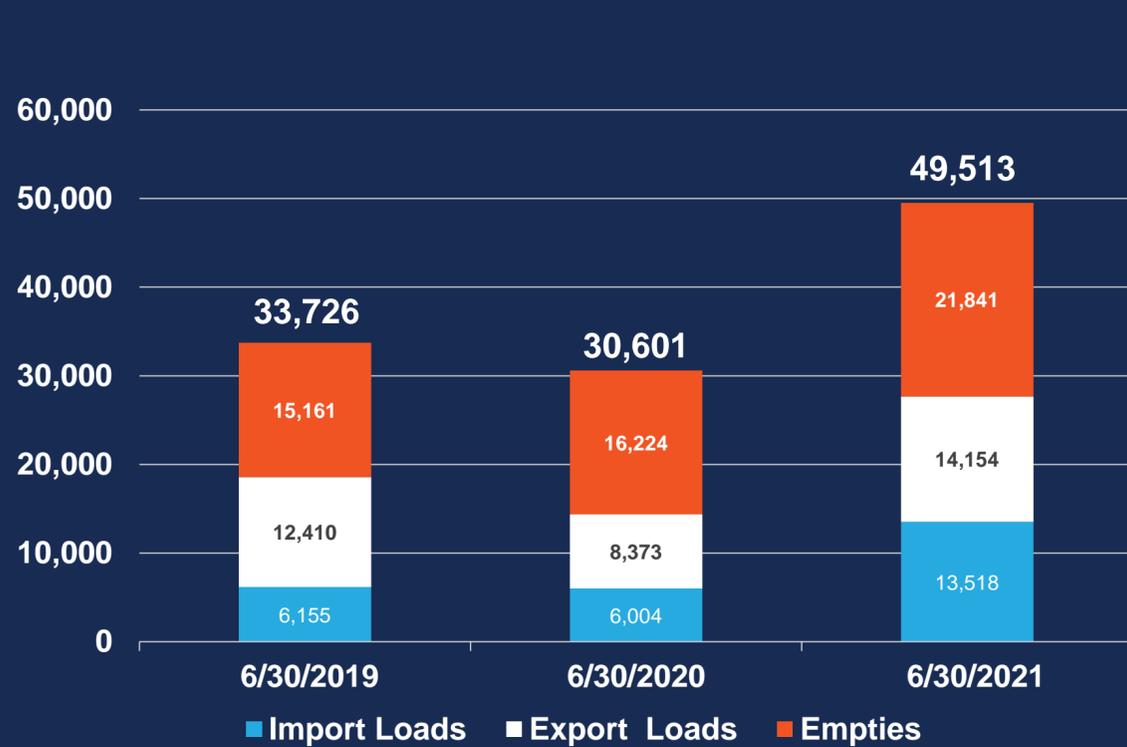
**53% increase**  
*March 2020 to March 2022*



Source: JOC PIERS / IHS MARKIT

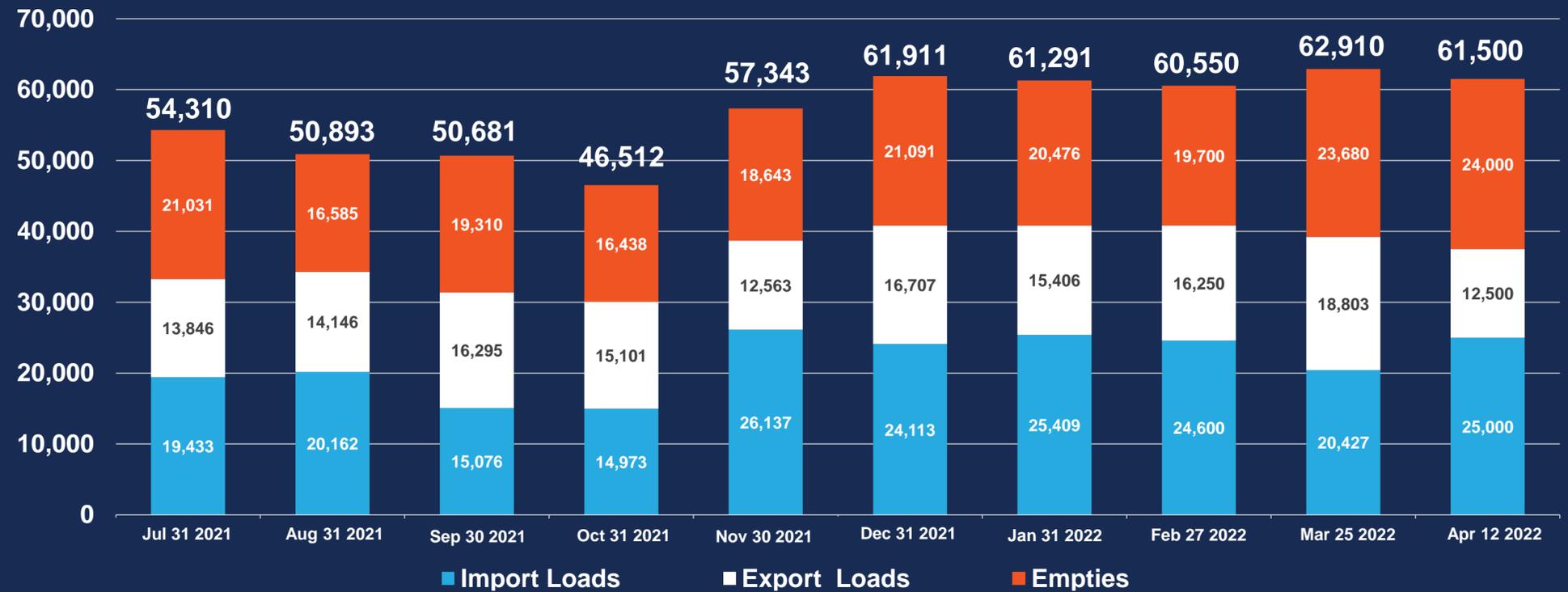
# CONTAINER INVENTORY ON TERMINAL IN CHARLESTON

Total Containers on Terminal  
FY2019 / FY2020 / FY2021



**46.8% increase**  
FY2019 to FY2021

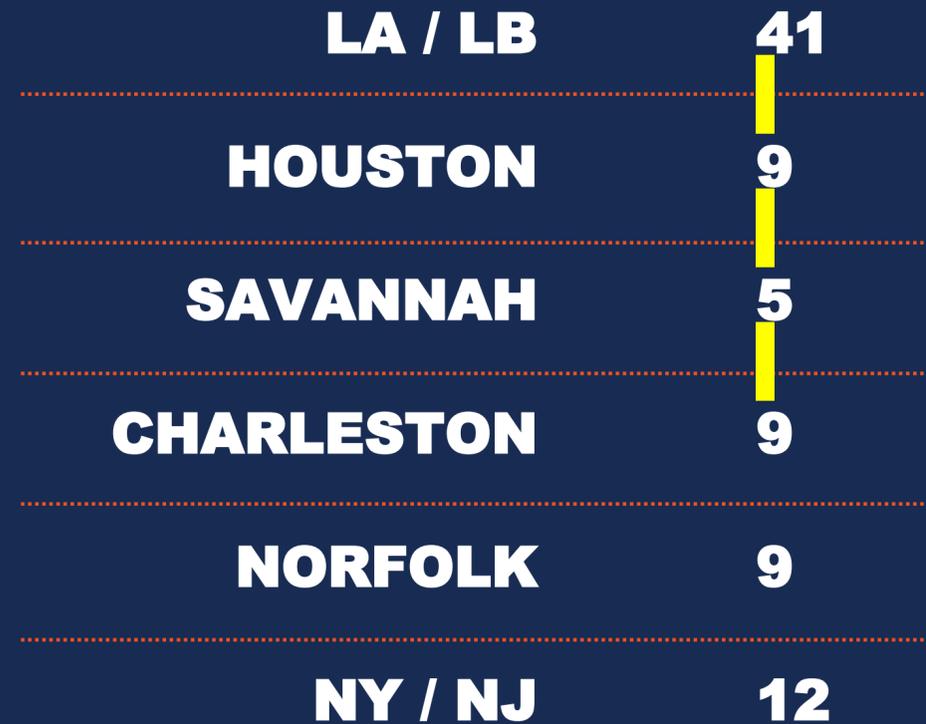
Total Containers on Terminal  
FY2022



**24.2% increase**  
June 2021 to April 2022

- 15+ days import dwell / 6,100+ containers -
- 15+ days export dwell / 3,000+ containers -
- 16 vessels at anchor as of April 12-
- Wando loaded capacity utilization = 81% -

# CURRENT APPROXIMATE SHIPS AT ANCHOR AS OF APRIL 19



*About 1 million TEU of import containers on ships at anchor,  
representing 3% of annual US imports (30 million TEU)*

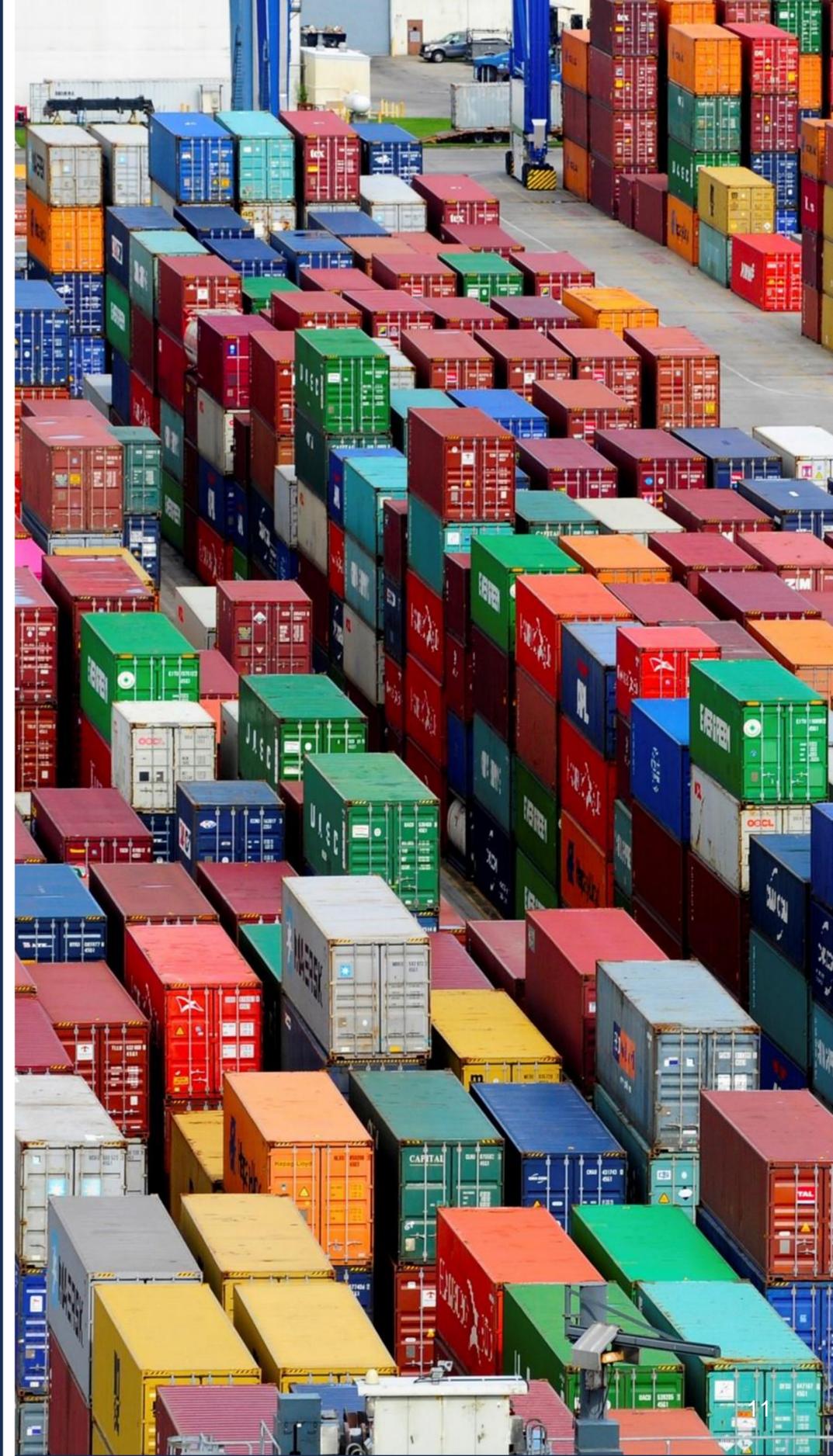
# ACTIONS TAKEN TO ALLEVIATE CONGESTION

- Sunday truck gate hours.
- Increased compensation for Rapid Rail Drayage plus 0300 to 0500 hours Monday/Friday for rail imports only.
- Employing a dedicated driver model for Rapid Rail.
- Investment of \$200 million in 11,000 new chassis and a new chassis pool for South Carolina.
- Dedicating Wando Berth 3 to smaller ships (size/move count).
- Maximizing vessel calls at North Charleston and Leatherman.
- Giving preference in queue to vessels with balanced move counts or even more out than in.
- Bargaining for long dwell containers from Wando to Leatherman.
- Billing for use of scarce real estate for storage.



# WHEN WILL WE BE BACK TO NORMAL?

- When import container demand reverts to more normal levels in US, about 2.0 million TEU per month?
- When diverted imports from other ports have moved through the system.
- Announced vessel omissions of Charleston will assist in some ways but create problems elsewhere (how does the freight move back to Charleston?).
- When railroads become more cooperative on the operation of their ramps in Charleston (too many arbitrary constraints).
- Diversion of freight from West Coast due to ILWU already occurring.
- Most likely guess is Q4.2022 depending on continued strength of US economy.
- Will continue to tax a very rigid global supply chain in the US.



# **SCPA INFRASTRUCTURE INITIATIVES**

# SC PORTS CAPACITY IS WELL PLANNED

FOR THE FUTURE

2021

2030

**WANDO WELCH  
TERMINAL**

2.4 million

2.4 million

**HUGH K. LEATHERMAN  
TERMINAL**

0.7 million

2.4 million

**NORTH CHARLESTON  
TERMINAL**

0.5 million

0.5 million

**TOTAL**

3.5 million

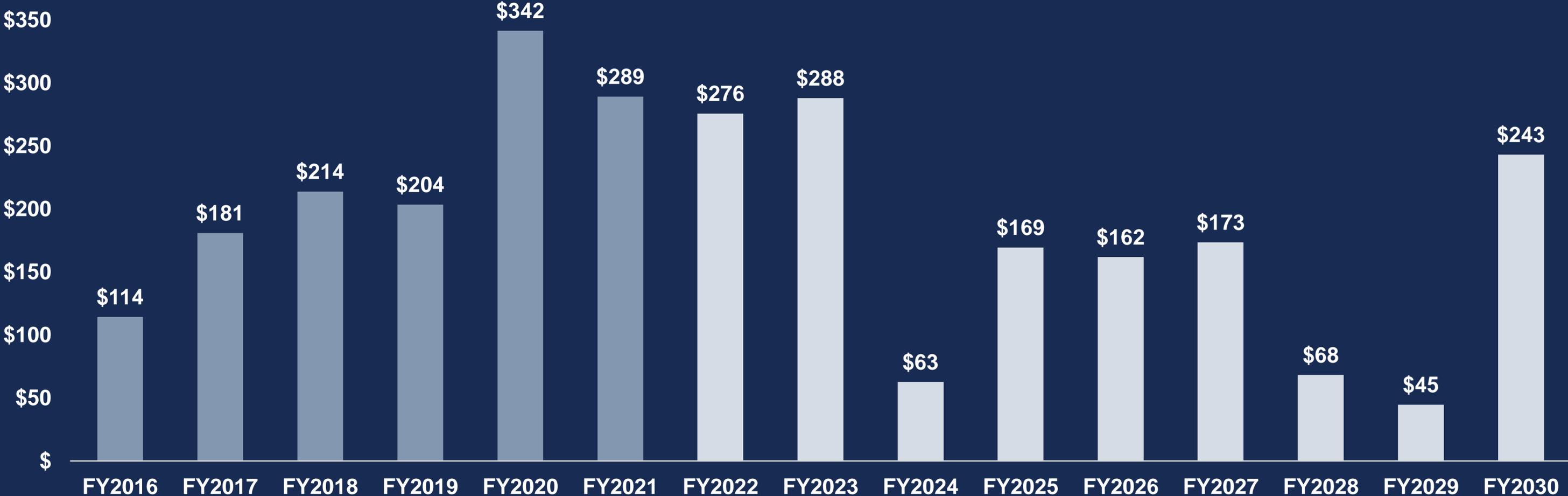
5.3 million

# CAPITAL INVESTMENTS

(\$s IN MILLIONS)

**Actual**  
 FY2016 – FY2021 = \$1.3 Billion

**Projected**  
 FY2022 – FY2030 = \$1.5 Billion



1) Includes recent absorption of SMART Chassis Pool.  
 2) Excludes impact of NBIF/Barge.

# MAJOR CAPITAL INITIATIVES



Wando Terminal Refurbishment



Leatherman Terminal Phase 1



Harbor Deepening



Inland Ports



SMART Chassis Pool



Leatherman Terminal Phases 2 / 3



NBIF Intermodal Facility / Wando Barge

# CRITICAL INFRASTRUCTURE

- Revitalized wharf, toe wall, and buildings
- 15 cranes at 155 feet / 47.2 meters of lift height
- Able to reach a 10<sup>th</sup> tier working over 9 high stacks on the CMA CGM Brazil
- 65 RTGs and 28 empty container handlers = reducing toplifters
- 40 truck gates
- Densifying stacks to reach 2.4 million TEU capacity
- Able to handle 3 x 14,000 TEU simultaneously



**WANDO RETROFIT**



- First greenfield terminal in US since 2009
- Total investment in three phases of \$2 billion
- 5 cranes at 169 feet / 51.5 meters of lift height
- 25 hybrid RTGs from ZPMC
- Dedicated access road to / from I-26
- The gateway to a near dock rail-served Navy Base Intermodal Facility (NBIF)
- 2.4 million TEU of capacity at full build out
- Need this terminal fully open now

**NEW CONTAINER TERMINAL**



**Inland Port Greer**  
**160,234 Rail Moves CY2021**



**Inland Port Dillon**  
**29,412 Rail Moves CY2021**

**INLAND PORTS**

- First deep draft navigation project under “smart planning”
- A major harbor deepened start-to-finish in 12 years
- Completed late-2022
- When completed:
  - Deepest harbor on the U.S. East Coast at 52 feet / 15.8 meters
  - 1650 foot / 503 meter turning basin
  - 24-hour unrestricted access for ships drafting 48 feet / 14.6 meters
  - Tide restricted draft up to 54 feet / 16.5 meters
- A \$600 million project which is fully funded by federal/state partnership
- A transformational investment by the SC legislature of \$300 million in 2012

**HARBOR DEEPENING**

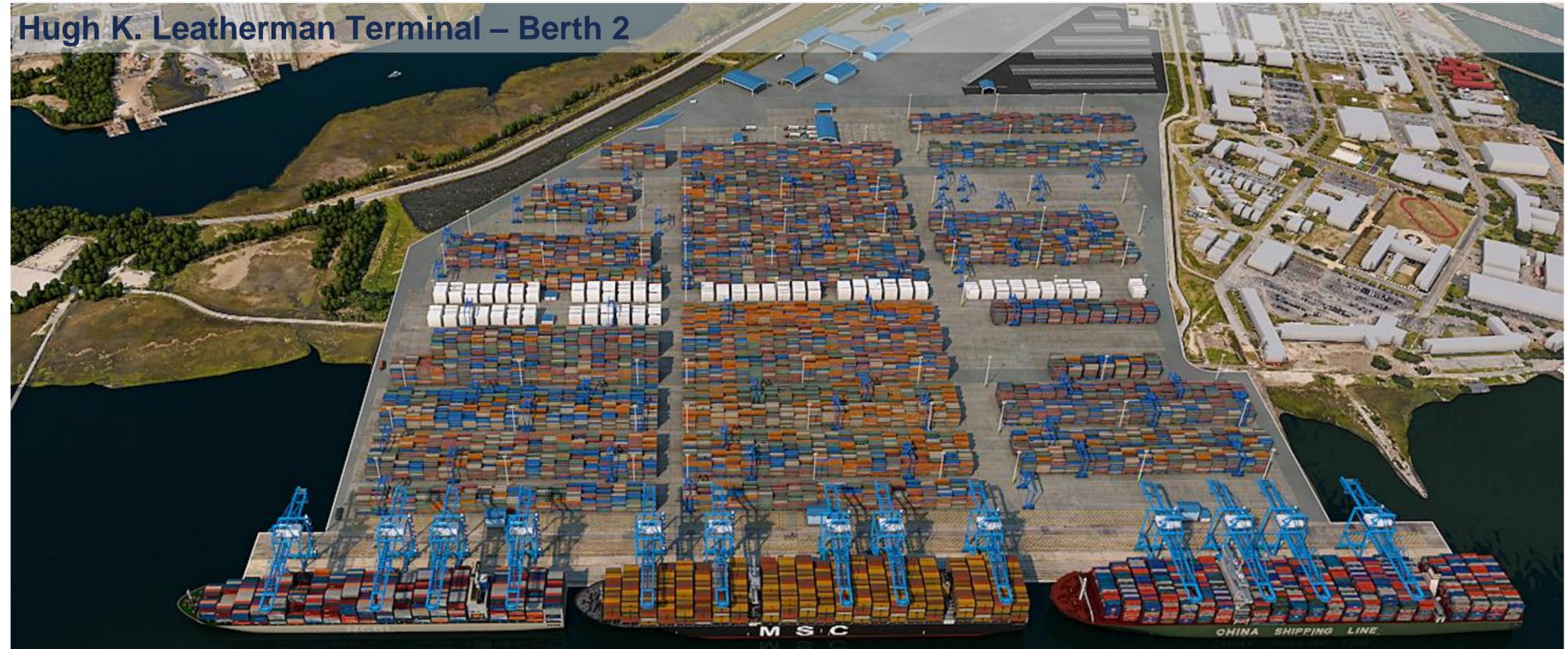
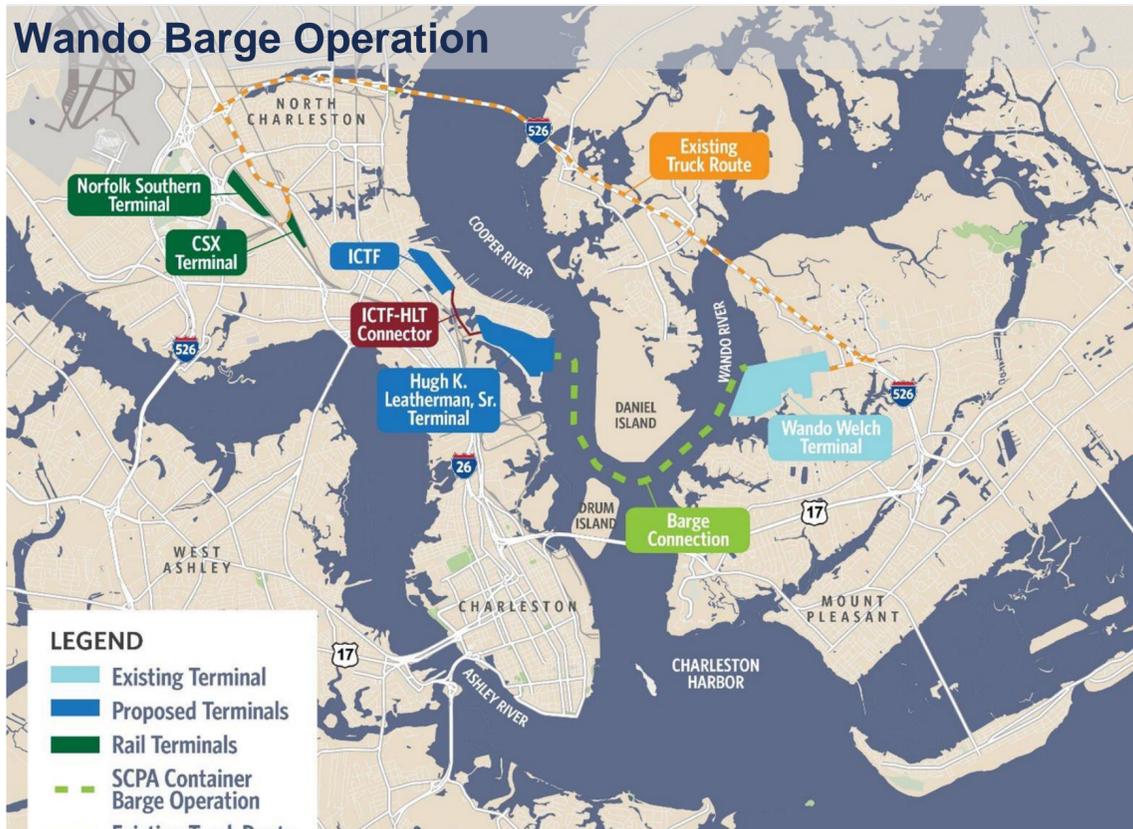
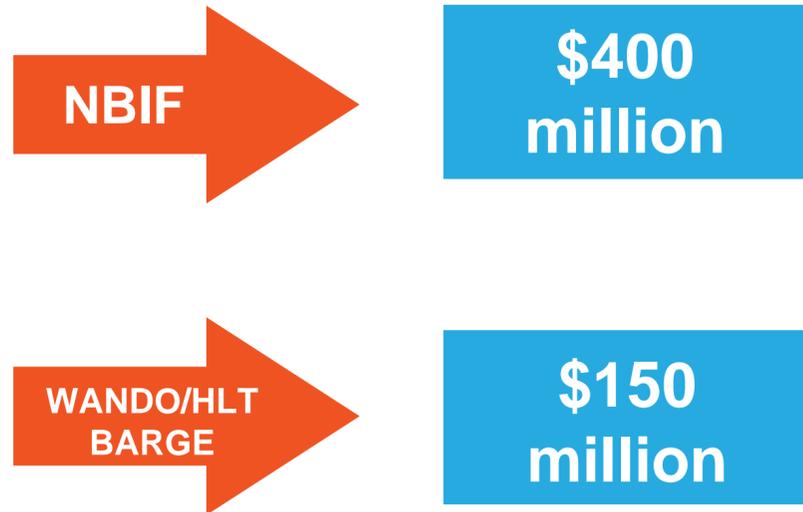
# THE SMART CHASSIS POOL



- A futuristic chassis pool based on largely new equipment
- Purchasing 11,000+ new chassis
- Leasing 1,700 chassis 3 years old or less
- A net lease model
- SC start / stop locations
- Much lower out of service
- Competitively priced for carriers and merchants' haulage
- A dramatic improvement over today

# NAVY BASE INTERMODAL FACILITY & LEATHERMAN & WANDO TERMINAL BARGE

- To improve supply chain fluidity and reliability from South Carolina's marine terminals to inland destinations.
- Construct and operate dual rail-served NBIF with dedicated drayage road from HLT.
- Direct rail-intensive shipping services to HLT.
- Construct barge berth at HLT and WWT. Transport by barge a residual amount of rail boxes from WWT.
- Enhance utilization of Inland Ports Greer and Dillon
- Alternative transportation vs. truck only



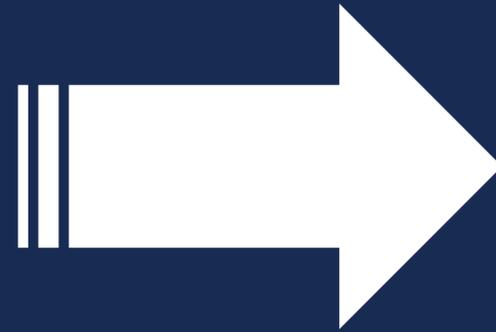
# **CARGO BASE GROWTH**

**- Manufacturing to Retail Shift -**

# TRANSITION REQUIRED FROM MANUFACTURING TO RETAIL

## MANUFACTURING

**11%**  
of US GDP



## RETAIL GOODS CONSUMPTION

**35%**  
of US GDP

Doubled our volume  
based on advanced  
manufacturing

Important to stay focused  
on that segment

Growth must come from  
retail distribution

Out of step with other  
major ports

No time like the  
present

Ships go where there is  
cargo

# WALMART

## #1 IMPORTER INTO THE U.S.

- CY2020 = 23,520 containers
- CY2021 = 40,143 containers
- CY2022 Forecast = 70,000 to 100,000 containers
- Grand opening April 22, 2022



Image provided by Walmart  
February 2022

# AMAZON

## SOON-TO-BE #3 IMPORTER INTO THE U.S.

- CY2021 = 8,277 containers.
- CY2022 Forecast = 27,000 to 43,000 containers.
- Committed to taking entire Wando warehouse.

The Amazon logo, featuring the word "amazon" in a bold, black, lowercase sans-serif font, with a curved orange arrow underneath it pointing from the letter 'a' to the letter 'z'.

Image by Holy City Helicopters  
May 3, 2020

# TARGET

## #2 IMPORTER INTO THE U.S.

- On-terminal transload facility is currently under construction. Operations to start in August 2022.
- 15,000 containers forecast in year one.
- Potential to grow to 50,000 containers per year.



# JACK PRIMUS / CLEMENTS FERRY

- Operated by TradePort Logistics.
- Concrete truck aprons & parking areas.
- Fully fenced, lit and secured 24/7.
- Buildings are built for speed to market to meet today's e-commerce needs.
- Building will be set up with state-of-the-art transload system – ready for customer integration.
- TradePort systems are built on an easily integrated platform with full EDI messaging capabilities.
- To open before peak season this year.



## MACALLOY PROPERTY

- SCPA committed to \$7.5 million public infrastructure improvements to secure this land as port dependent.
- Potential for 250 door transload and +1,000 trailer spots.
- Container stacking potential.

# THE IMPORTANCE OF EXPORT COMMODITIES

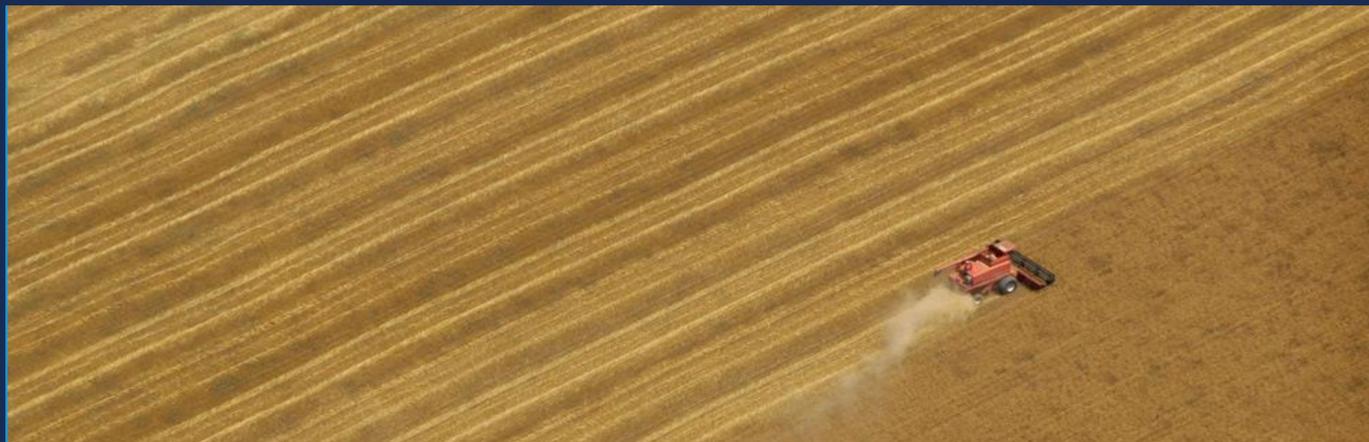
## Forest Products

A major regional industry. Variety of products including KLB, printing paper, wood pulp, logs, lumber etc. South Carolina Ports #1 export commodity. 244,000 TEU in CY2019.



## Ag Products

A diversified market including DDGs, corn, grains, soybeans, cotton, and others. Solid relationships with key shippers. This business is moving today and growing.



## Resin

Fast becoming USEC resin pivot point. Already handling 500 rail cars/month of export transload. Solid relationships with key shippers. A proven artery with high growth potential.



# OTHER FACTORS WORTH WATCHING

## FUEL PRICE

- Sustainably over \$100 per barrel
- Impact of fuel formulas

## ALTERNATIVE FUEL POSSIBILITIES

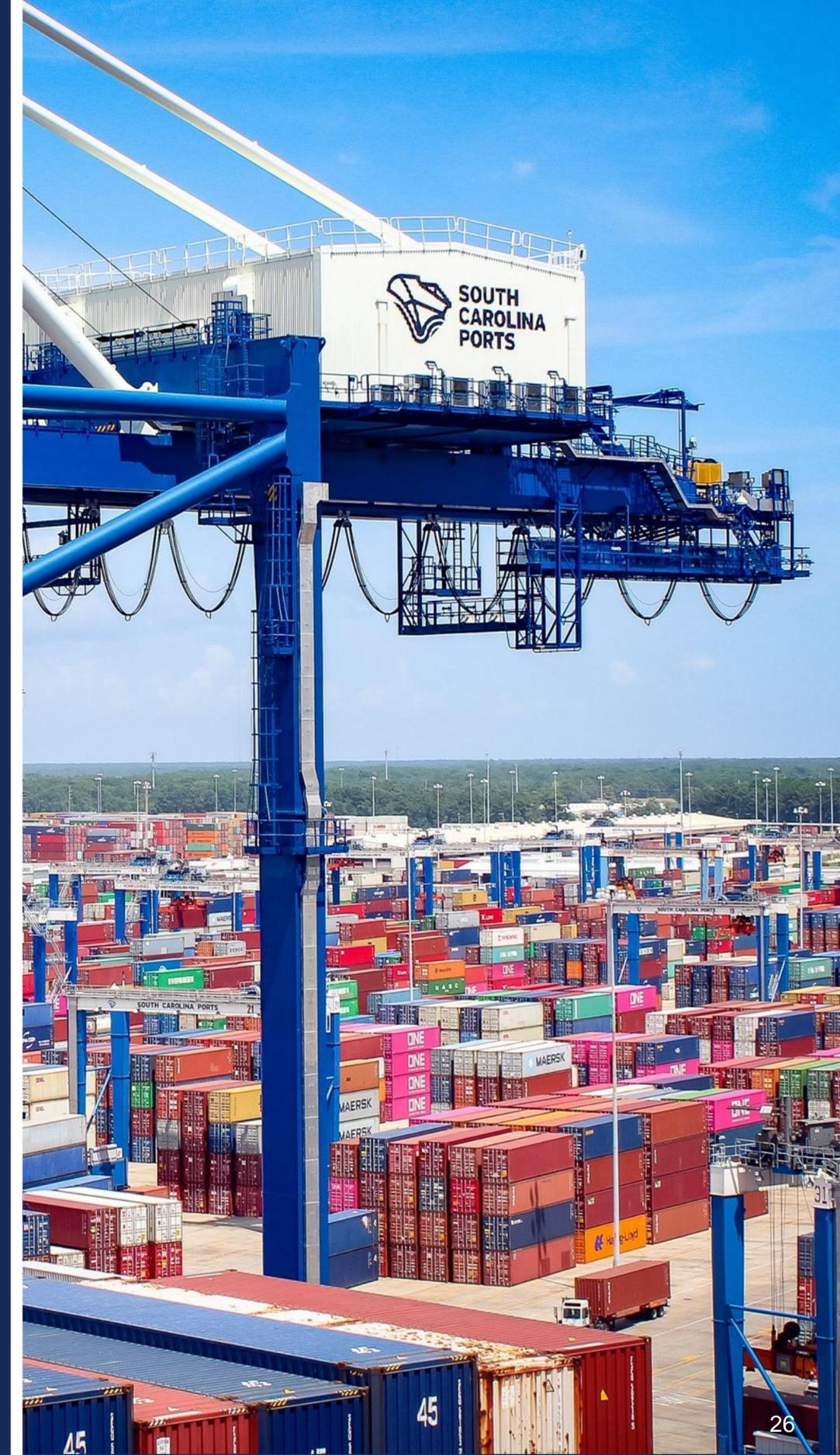
- Carbon neutral mandates
- Clean truck fee = California
- What is fuel of future for ships
- More ships with scrubbers than LNG

## LONGSHORE LABOR

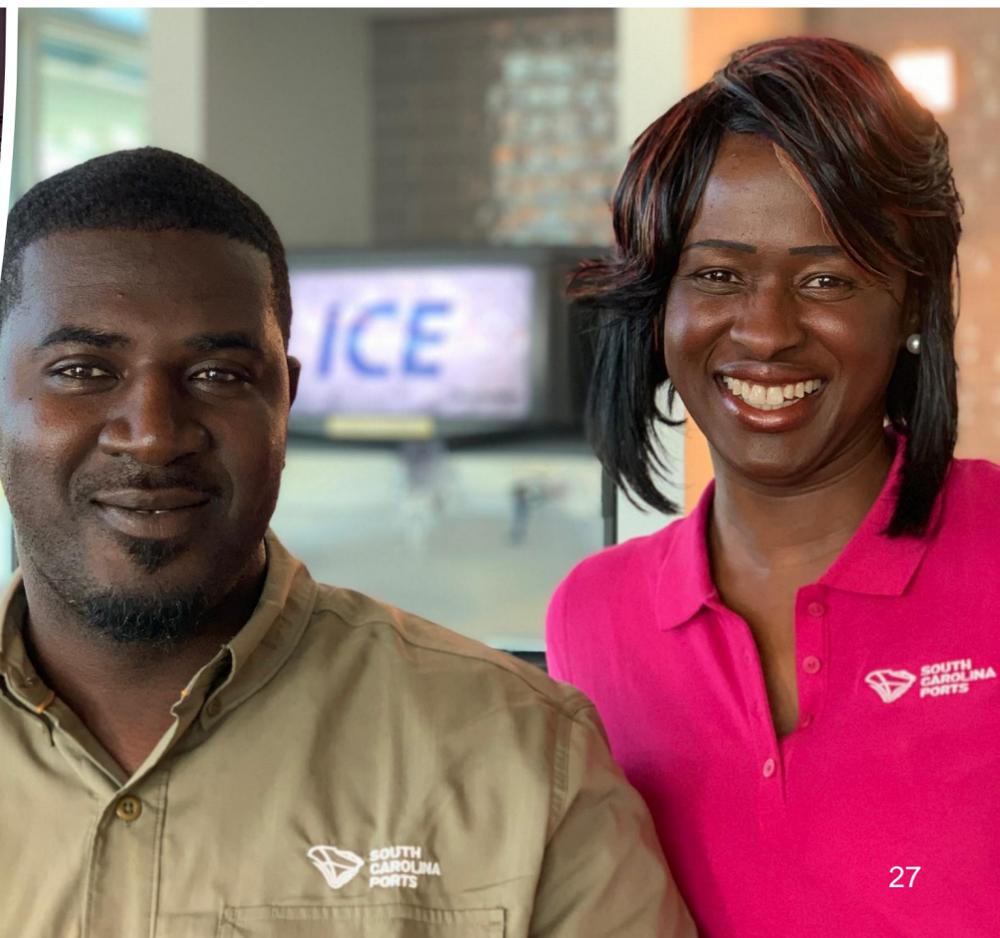
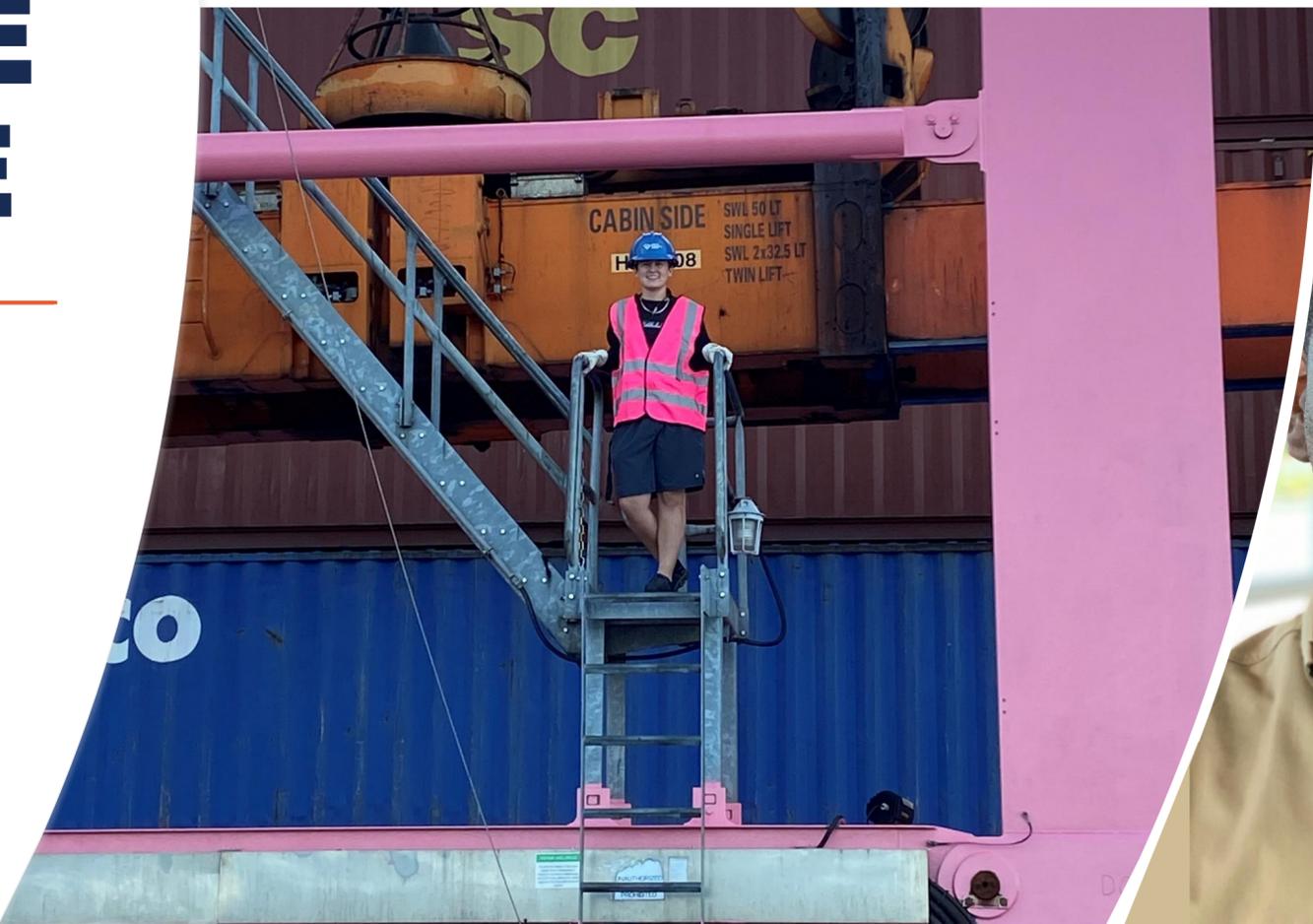
- ILWU 2022 Contract
- ILA 2024 Contract
- ILA working on 6-year extension
- Automation

## IMPACT OF \$1.2 TRILLION INFRASTRUCTURE BILL

## IMPACT OF 8% INFLATION



# PEOPLE MAKING THE DIFFERENCE





**SOUTH  
CAROLINA  
PORTS**

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THE WORLD CONNECTS HERE

**THANK YOU**