



**SOUTH
CAROLINA
PORTS**

Barbara Melvin, COO

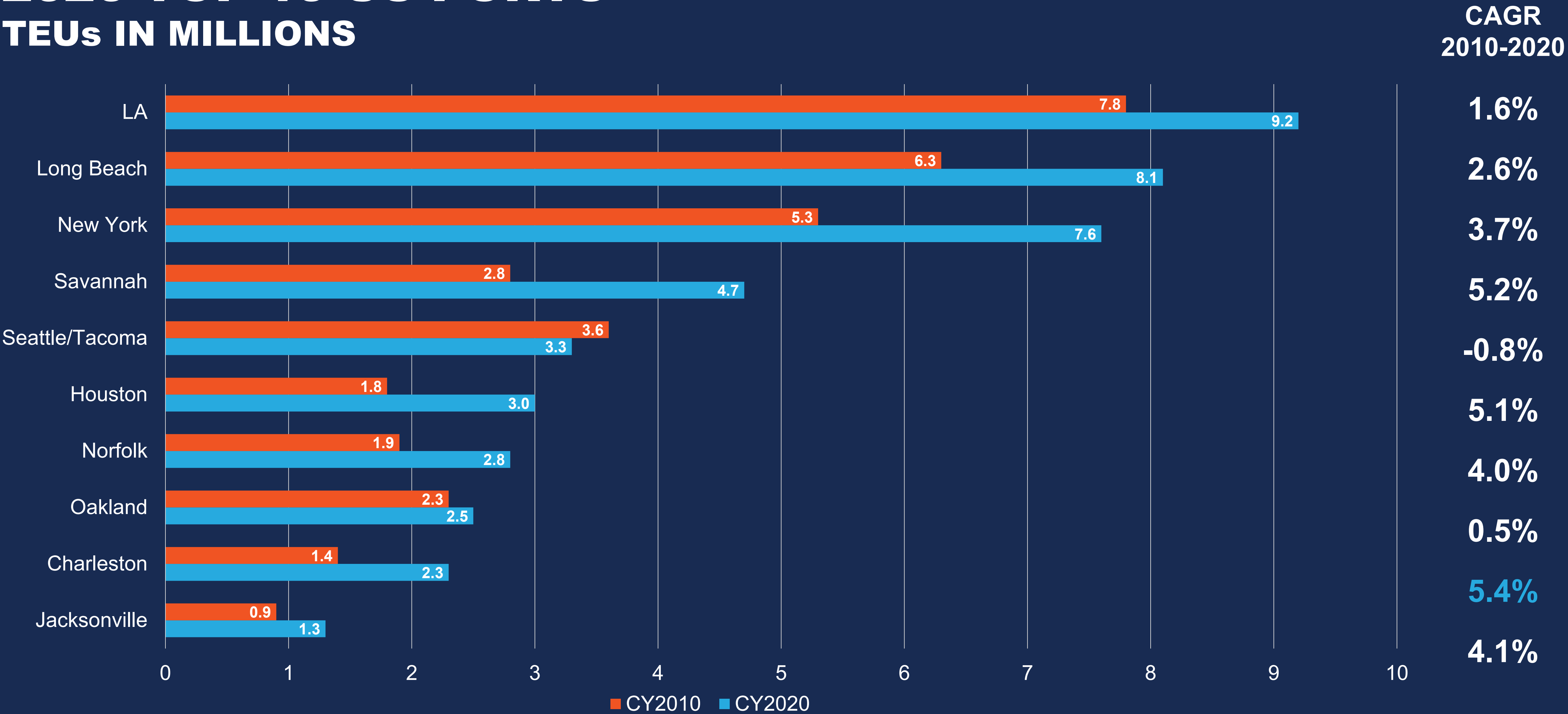
House Ways & Means Economic Development and
Natural Resources Subcommittee

Thursday, January 27, 2022



2020 TOP 10 US PORTS

TEUs IN MILLIONS

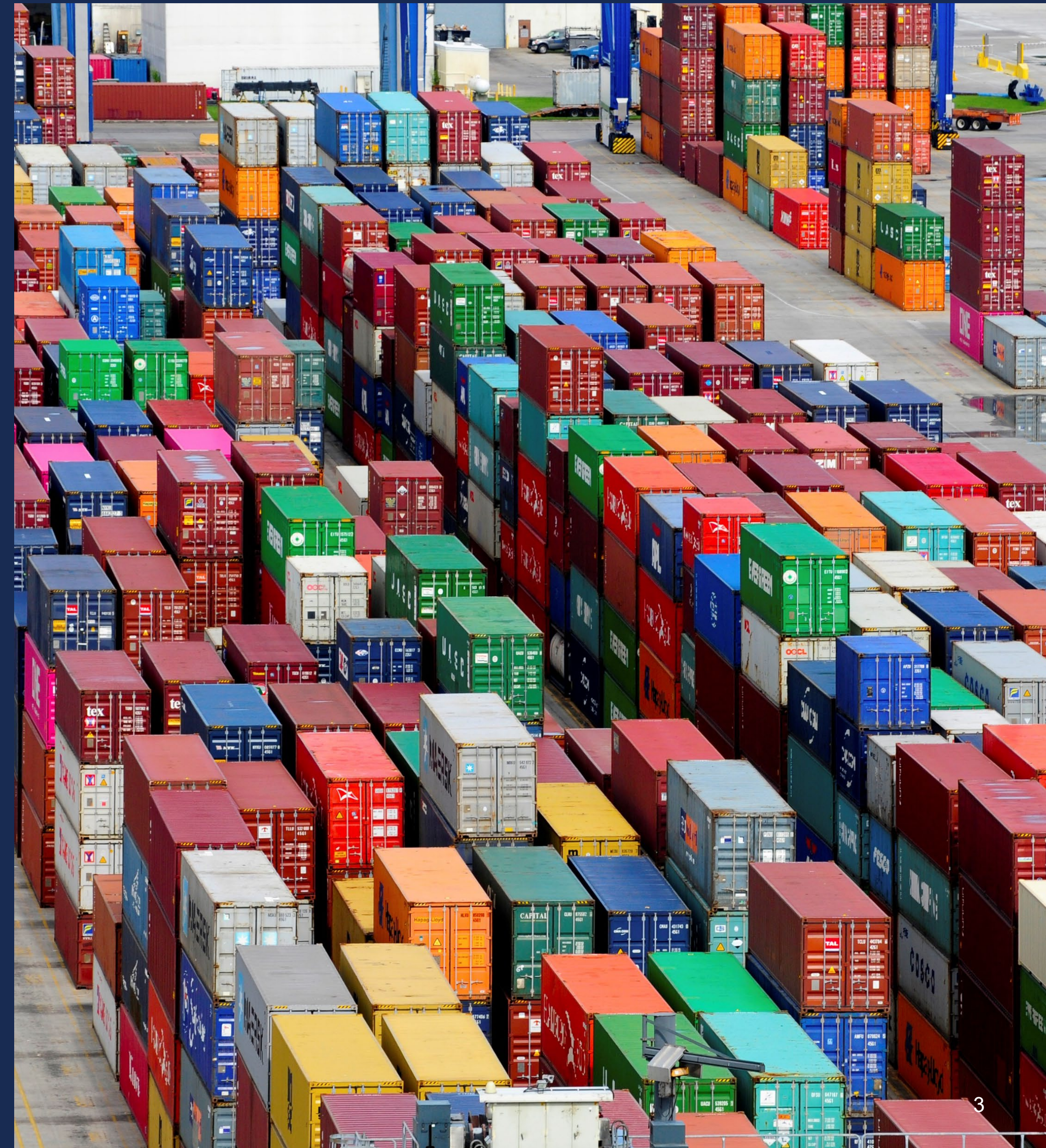


TOP 10 US PORTS HANDLE 80% OF US PORT VOLUME.

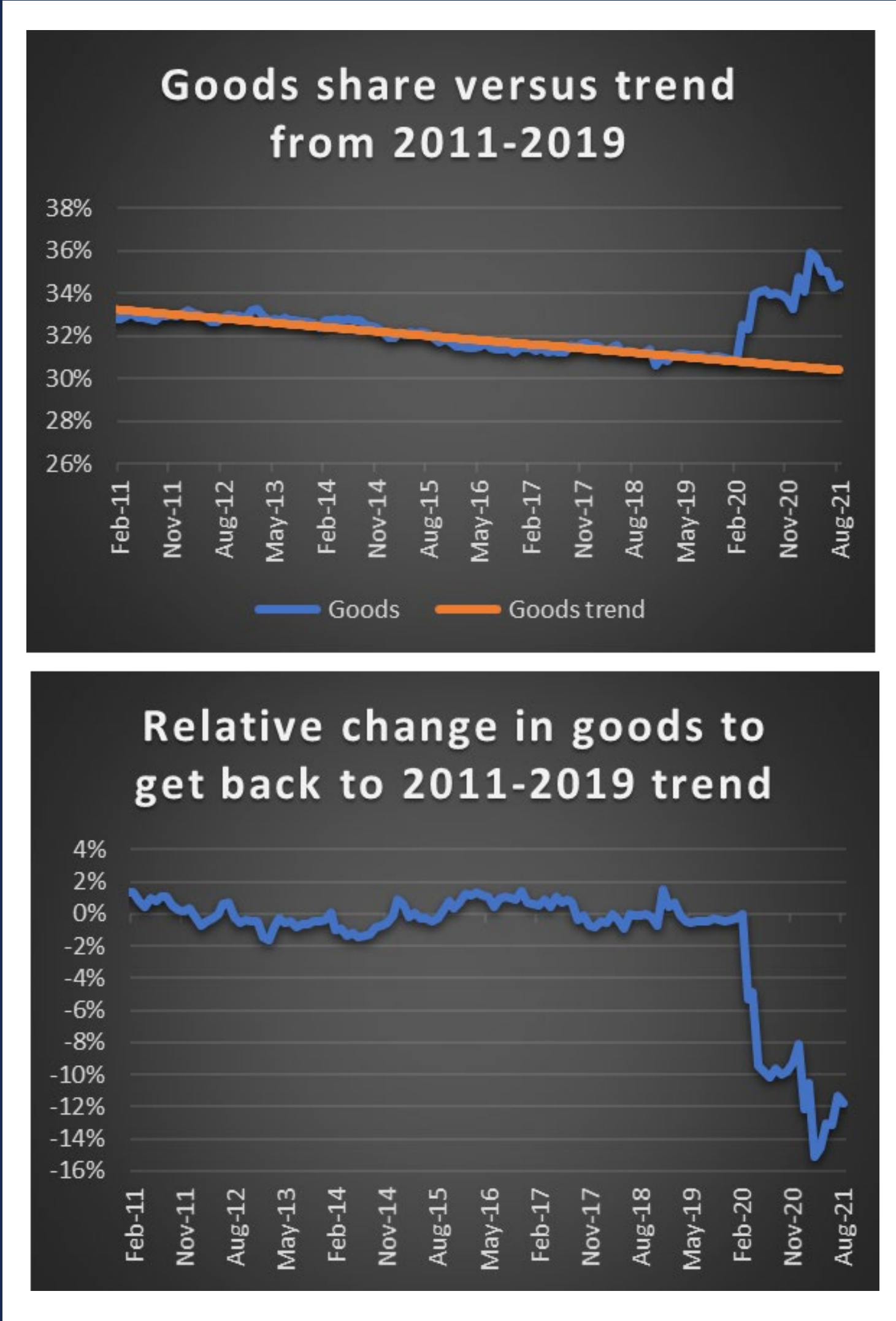
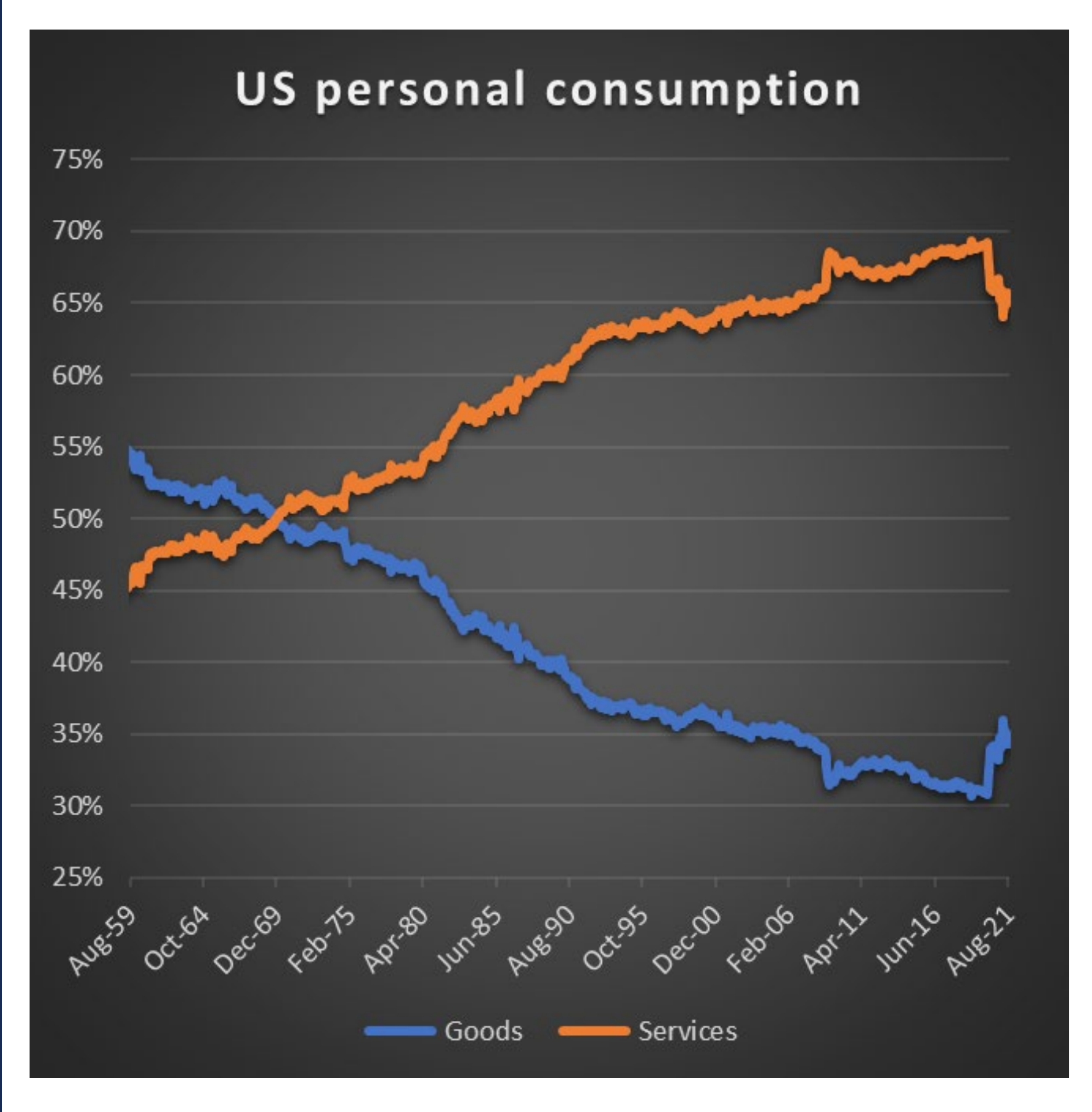
Source: AAPA & individual port websites
2020 Jacksonville reflections FY Oct-Sept

OVERVIEW OF US IMPORT SUPPLY CHAIN ISSUE

- Record import volume into US ports approaching 30 million TEU per annum
(2.5 million or more per month)
- Import volume up 20% as compared to pre-pandemic 2019
- US import port capacity in range of 25 million TEU
- No short-term fix short of demand returning close to 2 million TEU per month and gateway diversification
- 60% of import volume in 3 gateways:
 - LA/LB - *40% alone*
 - NY/NJ
 - Savannah
- This is where vessel wait times are experienced
- Across the board, the import supply chain is rigid in terms of capacity:
 - Port terminal capacity
 - Distribution Centers - *facilities and workers*
 - Trucking - *different models in container trucking*
 - Chassis - *China supply of new chassis*
- Vessel wait times further reduce effective ship capacity
- Some structural fixes needed in the supply chain to support continued growth
- Longshore Labor:
 - ILWU 2022 Contract
 - ILA 2024 Contract
 - ILA working on 6-year extension



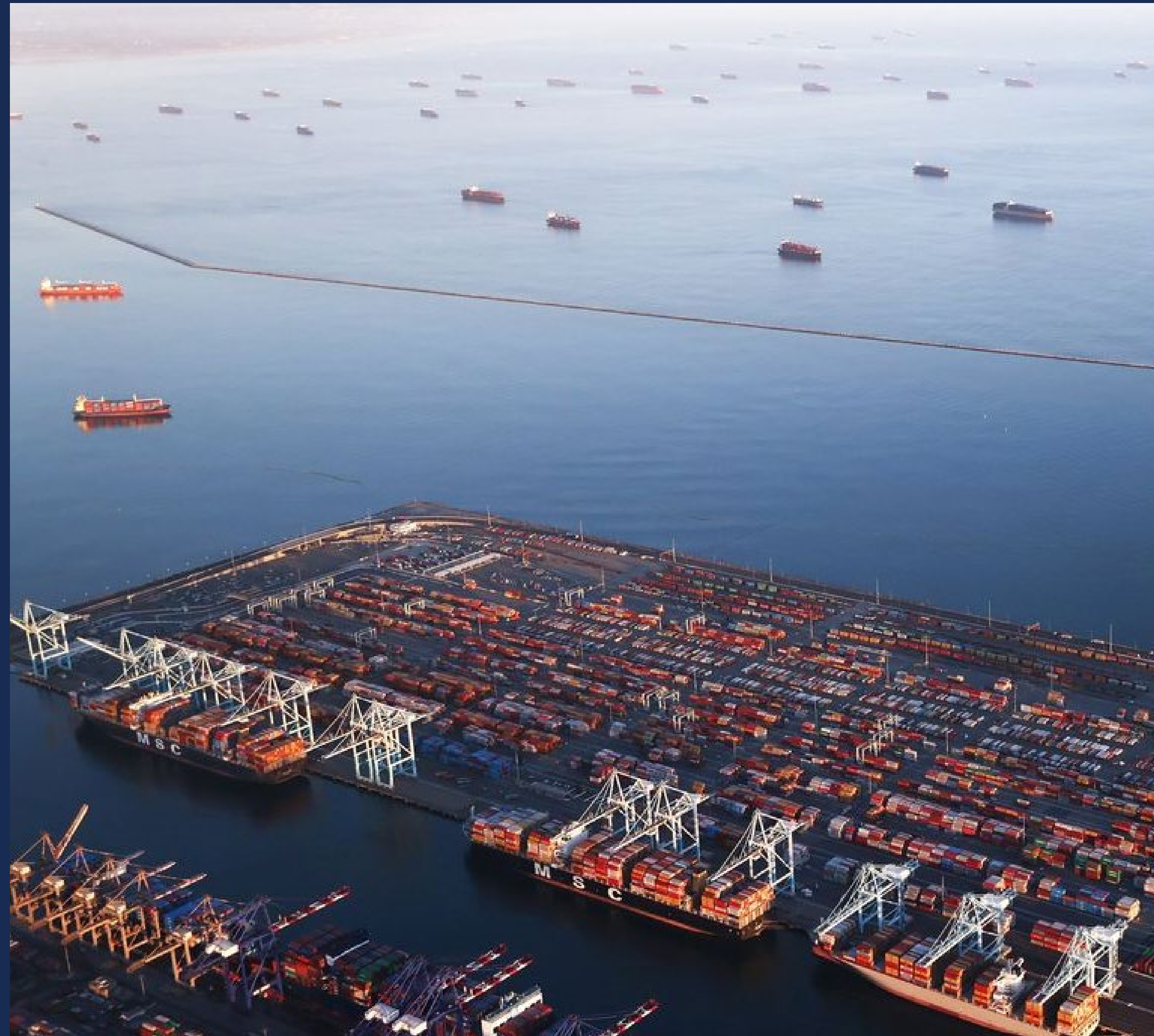
KEY: THE US CONSUMER



EMERGING POINT / COUNTERPOINT

WHEN WILL THIS END?

- Overall demand must return to 2.0 million TEU / month
- Logical that goods / services ratio returns to historic trend
- Nothing lasts forever
- Ocean Carriers feel this will last into 2023 (talking their book?)
- Others increasingly see signs of demand slowdown
- So many factors at play it is unclear
- Best guess changes come in H2.2022

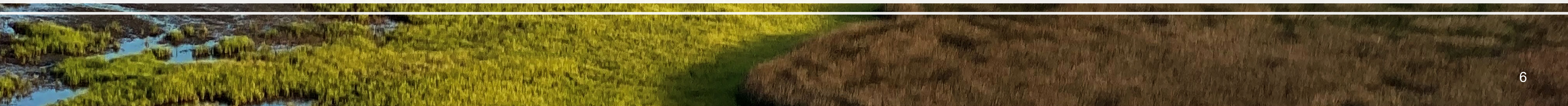


A backup of container ships waiting to unload at the neighboring ports of Long Beach and Los Angeles reached a record 73 ships on Sept. 19. 5

PHOTO: WALL STREET JOURNAL/MARIO TAMA/GETTY IMAGES



SC PORTS INFRASTRUCTURE INITIATIVES TO SUPPORT GROWTH



SC PORTS FOCUSES ON FIVE PRIORITIES

- 1** Excellence in Operations
- 2** Timely and World-Class Infrastructure and Capacity
- 3** Growing Our Cargo Base and Altering Our Focus
- 4** Thought Leadership
- 5** Talented Human Capital

FINANCIAL COMPARISON – KEY STATS

\$s IN MILLIONS

	FY2019	FY2020	FY2021 ⁽²⁾	FY2022 ⁽³⁾ (Projected)
Pier Container Volume (in 000s)	1,364	1,317	1,418	1,475
Operating Revenues	\$288.3	\$292.3	\$301.9	\$310.0
Operating Cash Flow ⁽¹⁾	\$91.6	\$94.8	\$115.0	\$101.0
Long-Term Debt	\$948.8	\$1,374.1	\$1,356.1	\$1,473.0

⁽¹⁾ Excludes any operating gains or losses that may be included in Net Revenues. Reflects post-incentive Operating Cash Flow.

⁽²⁾ FY2021 Pier Containers are actual. Operating Revenue, Operating Cash Flow, and Long-Term Debt are projections.

⁽³⁾ Includes SMART Chassis Pool projections.

CALENDAR YEAR RESULTS

BREAKING NEWS

RECORD CALENDAR YEAR:

- 1,531,669 PCMs and 2,751,442 TEUs up 18% & 19% respectively from 2020 & 11% & 13% from 2019 (last record CY).

OTHER OBSERVATIONS:

- Monthly container volumes marked a “record December”. December 2020 was the last record as we were making the turn out of the pandemic.
- Inland Port Greer experienced a record calendar year with 160,234 rail moves.
- Cruise is BACK! Two NCL dockings in December. The Sunshine returns January 13th.
- Autos are down with the supply chain issues finally hitting our customers.

~\$3 BILLION CAPITAL SPENDING CAMPAIGN

FY2027 - FY2031 Proj.

\$0.8

FY2022 - FY2026 Proj.

\$0.9

FY2017 - FY2021

\$1.2

Spending related to infrastructure funded solely by the Port. Excludes NBIF & Barge.

SC PORTS CAPACITY IS WELL PLANNED

FOR THE FUTURE

	2021	2033
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

*NCT dependent on bridge height and ship size.

CRITICAL INFRASTRUCTURE

- Revitalized wharf, toe wall, and buildings
- 15 cranes at 155 feet / 47.2 meters of lift height
- Able to reach a 10th 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

NEW BIG SHIP ORDERS



NEW BIG SHIP ORDERS ARE PLENTIFUL FOR DELIVERY BY 2023

18,000 - 24,000
53 SHIPS

10,000 - 18,000
120 SHIPS

7,500 - 10,000
0 SHIPS

3,000 or less
184 SHIPS



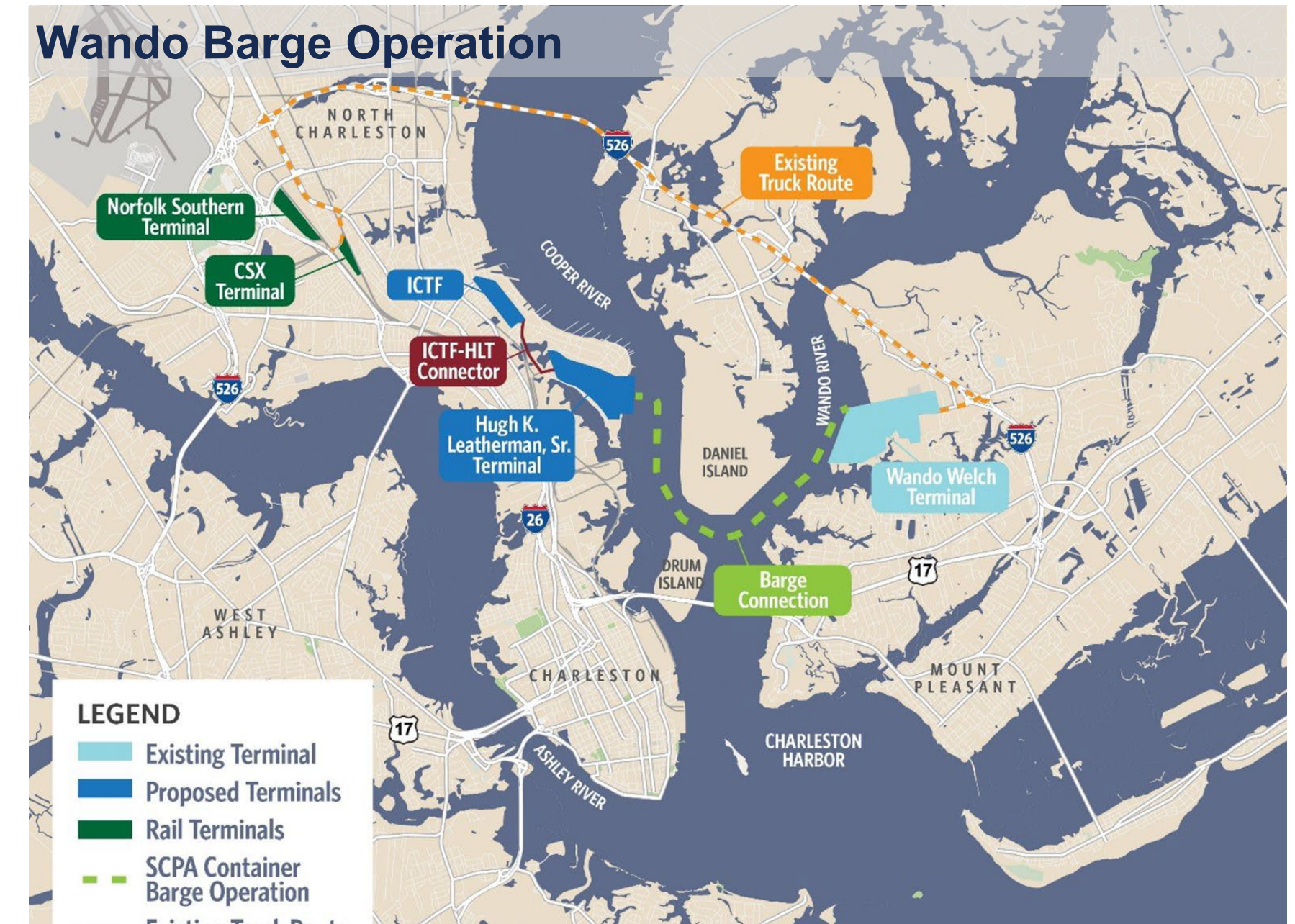
*Most of the 10,000 - 18,000 are 15,000 and above
– validates our big ship investment thesis –*

A BOLD CLAIM

*SC Ports has built unequaled port infrastructure
at a time when it is really needed.*



WHAT REMAINS TO BE DONE?

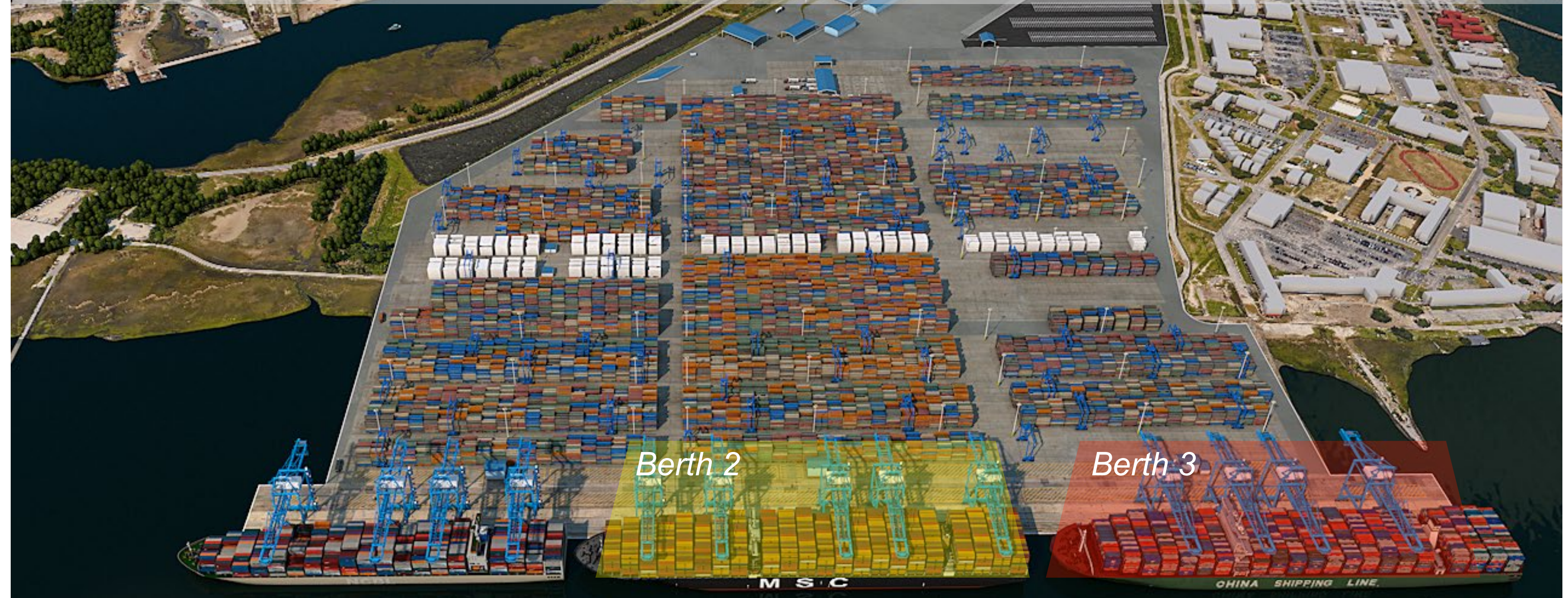


Navy Base Intermodal Facility



PHOTO/RENDERING: Palmetto Railways

Hugh K. Leatherman Terminal – Berth 2



NBIF / WANDO BARGE

- Asking SC legislature for \$550 million:



NBIF
\$400 million



WANDO BARGE / HLT
\$150 million

- Wando barge needed to address truck capacity limits
- Barge more expensive than truck on current terms
- Truck capacity limits are the major challenge for growth of containerization in the us
- \$200 million appropriated last session
- \$350 million remaining to fully fund the project

IF FUNDED THIS SESSION:

will be in operation by 2025

IF NOT FUNDED:

will cap our discretionary container growth

GROWING OUR CARGO BASE



BMW on Columbus Street Terminal

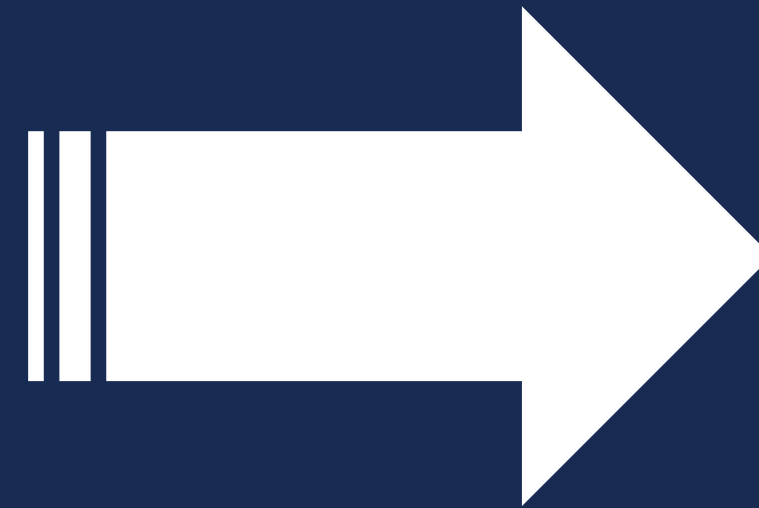


*IDC 7 in Ridgeville
PHOTO: Google Earth*

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

THE IMPORTANCE OF CONTAINER TRUCKING

- Growing container trucking is essential to US global supply chain growth
- This will only happen if truckers can make a reliable and good living
- What are the essential components of that?
 - Good turn times at facilities
 - Predictable and reliable operating patterns at facilities
 - Fair rates
 - Respect for the profession
 - Re-evaluating the viability of operating models (owner operator vs. company trucks)
- How do we train and recruit the next generation of container truck drivers?
 - Leaning on Trident Tech for CDL training
 - Aligning with the US military for better outplacement of those with driving experience
 - Innovative internship programs for younger entrants to the profession
 - Challenging the insurance industry to cooperate
- If we are not successful containerization cannot grow in the US



PEOPLE MAKING THE DIFFERENCE





**SOUTH
CAROLINA
PORTS**

THE WORLD CONNECTS HERE

THANK YOU