



**SOUTH
CAROLINA
PORTS**

Keeping Freight Moving

2016 Port & Terminal Technology Conference

Jim Newsome
President & CEO
South Carolina Ports Authority



- Charleston is the 9th largest US container port.
- 2 Million TEU in CY2015.
- 250,000 Export Ro/Ro vehicles.
- \$30 Million operating earnings.
- \$1 Billion asset base.
- \$53 Billion annual impact.
- 1 In 11 SC jobs are directly or indirectly tied to port activity.

South Carolina's major strategic asset.





Fast Facts On US Ports: 2014 Volume

Source: JOC Global Port Tracker, AAPA (Alaska & Hawaii ports excluded).

Measure	USWC	USEC & Gulf	Total
TEU (Load & Empty)	21.5 Million	21.5 Million	43.0 Million
TEU (Loads Only)	14.9 Million	16.7 Million	31.6 Million
Asia TEU (Loads Only)	13.4 Million	7.1 Million	20.5 Million





Observations on US Port Flows:

**US Ports = 6% of
global port
throughput.**

**LA/LB and NY/NJ =
50% of US container
trade.**



**Fastest growing US
ports since 2010 in
South & Gulf.**

**Asia/US trade now
65% USWC and 35%
USEC & Gulf.**

**Asia/US trade can go
to 50/50 with Panama
Canal expansion.**



**Lowest total door-
to-door cost will
determine routing.**



Global Container Fleets Changing Fast:



- Dominant theme is very large containerships.
- By 2018 there will be 19 million TEU of ship capacity over 3,000 TEU in size.
- 61% Of this capacity on vessels greater than 7,500 TEU (VLCS).
- Very little newbuilding below 7,500 TEU.
- 57% of VLCS capacity operated by the world's 4 largest carriers.



Current & Future USEC Big Ships:



8,750 TEU

LOA: 1,100 ft.

Beam: 142 ft.

Air Draft: 160 ft.

Full Draft: 48 ft.

13,800 TEU

LOA: 1,200 ft.

Beam: 165 ft.

Air Draft: 180 ft.

Full Draft: 52 ft.





Summary of Implications for US Ports:



**Moderate US
trade growth
(1x – 2x GDP).**

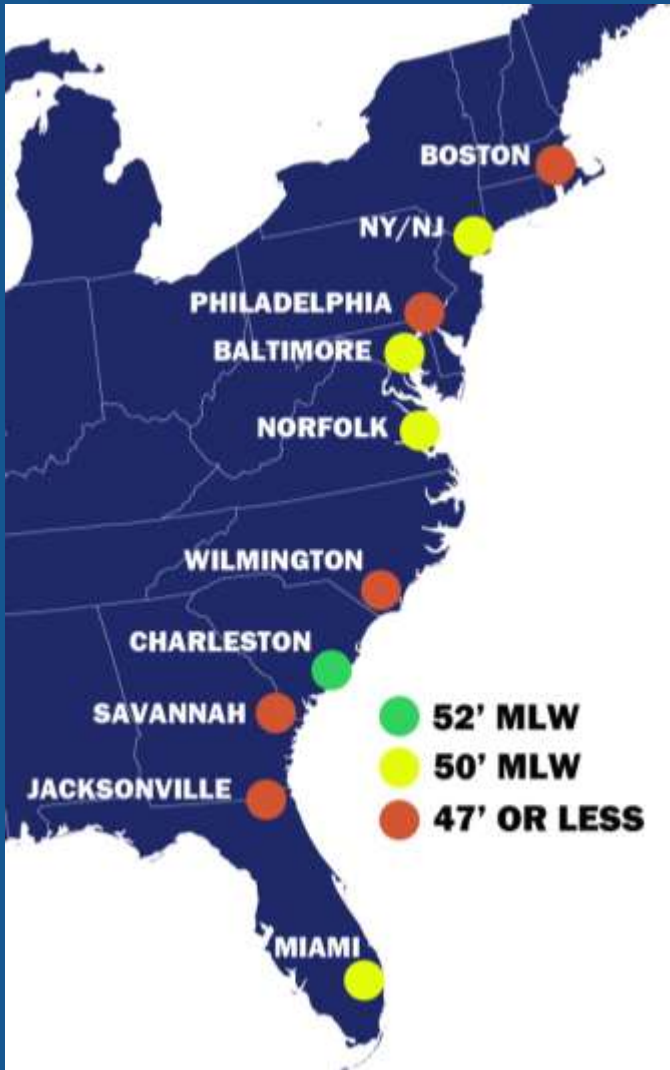
**Big ships coming
to a port near
you.**

**Bayonne Bridge
last remaining
constraint.**

**East & Gulf Coast ports
continue to grow faster
than West Coast.**

**Not all ports can
keep up in terms of
investment & depth.**

**Enhanced Panama
Canal recaptures its
share of US flows.**



Harbor deepening

is key in this age of big ships.





Sustained Investment In Port Infrastructure Is Critical:

New Container Terminal (Phase 1)	\$700 Million	South Carolina Ports Authority (\$1.35 Billion)
S.C. Inland Port	\$50 Million	
Other Infrastructure & IT Projects (Interstate Highway Expansion, Existing Facility Improvements, Container Cranes, New IT Systems, etc.)	\$600 Million	
Harbor Deepening to 52 Feet	\$300 Million	State of South Carolina (\$750 Million)
Port Access Road	\$225 Million	
New Dual Access Intermodal Railhead	\$250 Million	
Total 10-Year CAPEX Commitment		\$2 Billion



Proper Returns On Capital Required:



Savannah
9%

Charleston
4%



Houston
4%

Norfolk
1%





The Math of Terminal Investment:

	FY2015 Actual	FY2015 Required	FY2020 Required
Operating Earnings	\$30 Million	\$60 Million	\$120 Million
Asset Base	\$1 Billion	\$1 Billion	\$2 Billion
Percentage ROCE	3%	6%	6%



Leatherman Terminal
Port of Charleston
Phase 1 in 2020



Inland Transport Is Also Critical:

Big ships will create spikes in volume.
How will we adjust to keep freight moving through the entire supply chain?

- Truck capacity.
- Extended gate hours.
- The rise of inland ports.
- Class 1 rail connectivity.
 - Intermodal freight.
 - Bulk transload to containers.



Manufacturing Is Vital To SC Ports:



These “Top 5” manufacturers account for 10% of Charleston container volume today.



Volvo will add 20,000+ imported containers and 50,000 finished vehicles.