

Item No.: 3A

Date of Meeting: October 30, 2018



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

2019 Business Outlook & Strategic Initiatives

October 30, 2018

Presented by:

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Global & US Trade & Economic Trends

Global Economy

- Has global economic growth peaked?
- World trade and manufacturing activity is softening
- Growth has become less even, favoring some emerging markets
- Trade friction and tariffs compound uncertainty and global economic risk

US Economy

- US economy is strong, steady for now
- Strong domestic demand supported by low-inflation, high-employment
- US investment lagging, limiting economic growth
- US dollar has appreciated on strength of US economy and trade tensions



Global & US Trade & Economic Trends

IMPLICATIONS FOR THE NWSA GATEWAY

Short Term Impacts

- Some decline in two-way trade with China from January 2019
- Increased competition for WA/US exporters in global markets
- Increased competition between North American ports

Medium-Long Term Impacts

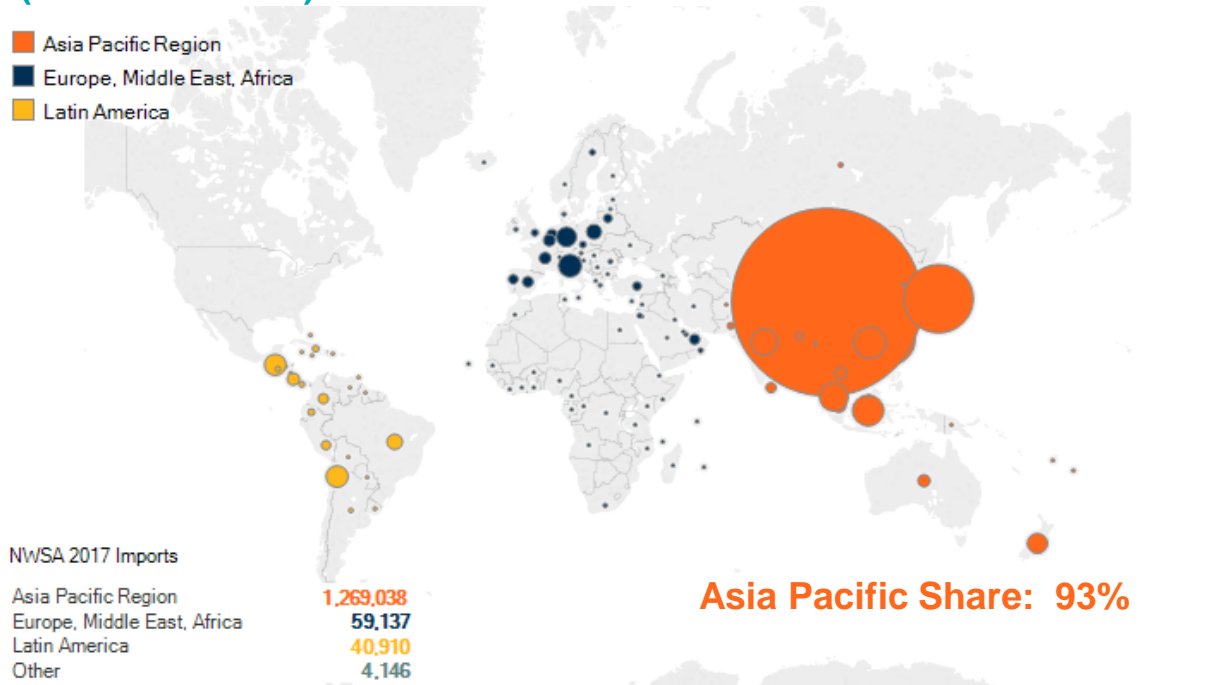
- Shift in manufacturing and sourcing from China to other locations
- Increased exports to China and emerging markets in Southeast Asia



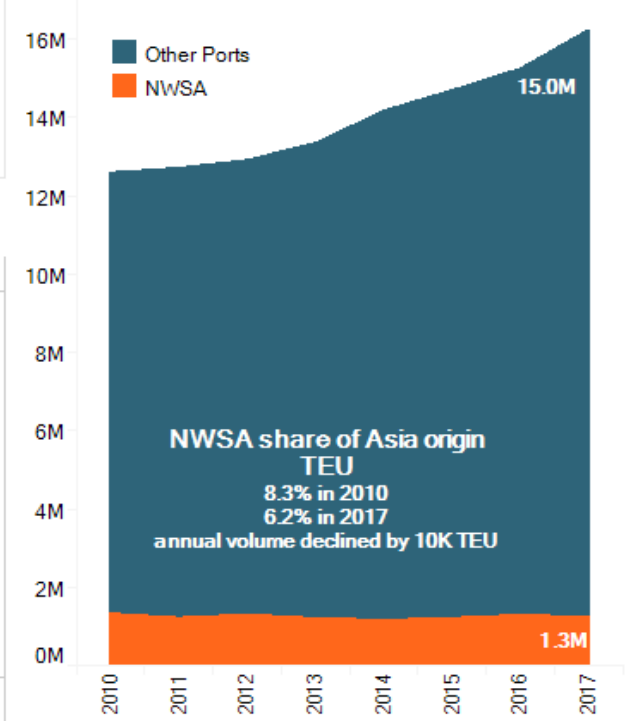
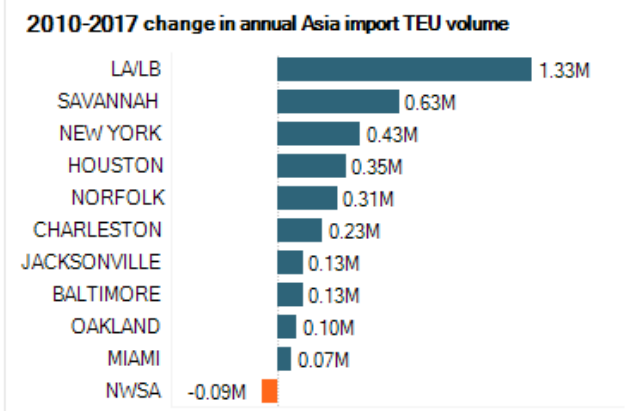
Transpacific Import Market Analysis

(2010 – 2017; US only)

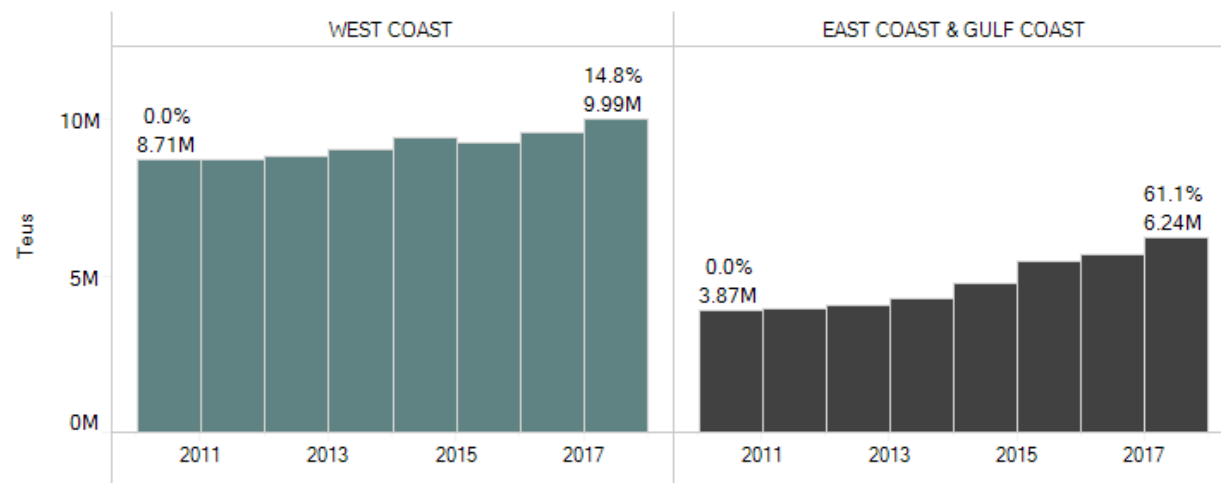
(Source: PIERs)



Asia Pacific Market Growth 2017 compared to 2010	
% Increase	29.04%
TEU Growth	3,654,111
TEU Total	16,235,490



West Coast vs. East Coast Asia Pacific market growth since 2010



Gateway Comparison – TEU & Market Share

PORTS OF INTEREST, SEPTEMBER YTD

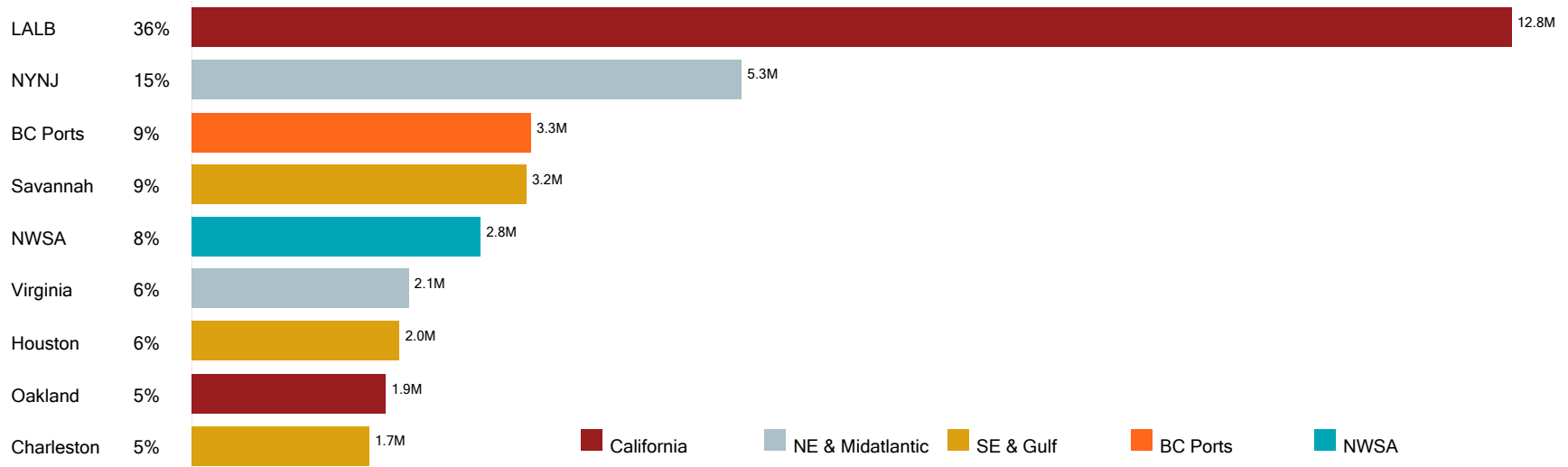
(Source: American Association of Port Authorities)

YTD Market Growth
through selected ports

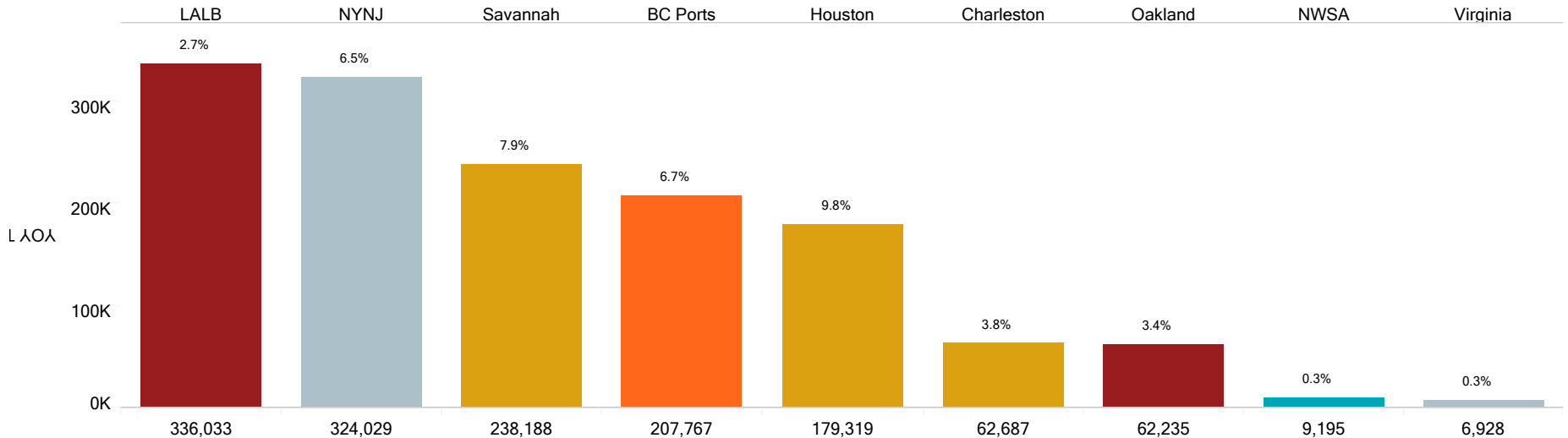
,426.4K

4.2%

September 2018 YTD Market Share & TEU volume



YTD September 2018 year over year change in TEU



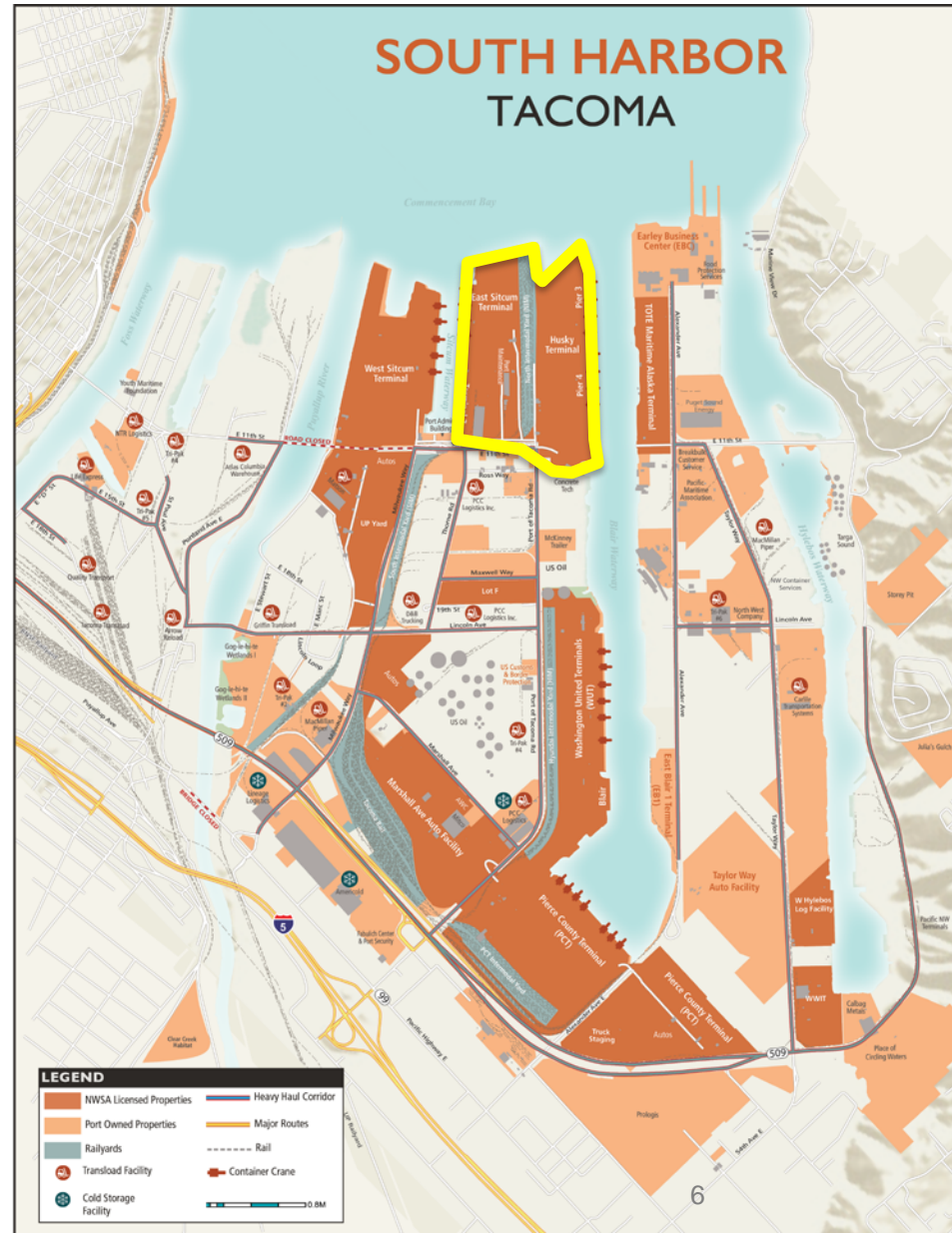
Strategic Initiatives – Investing in Key Infrastructure

T-5 & General Central Peninsula (GCP)

NORTH HARBOR SEATTLE

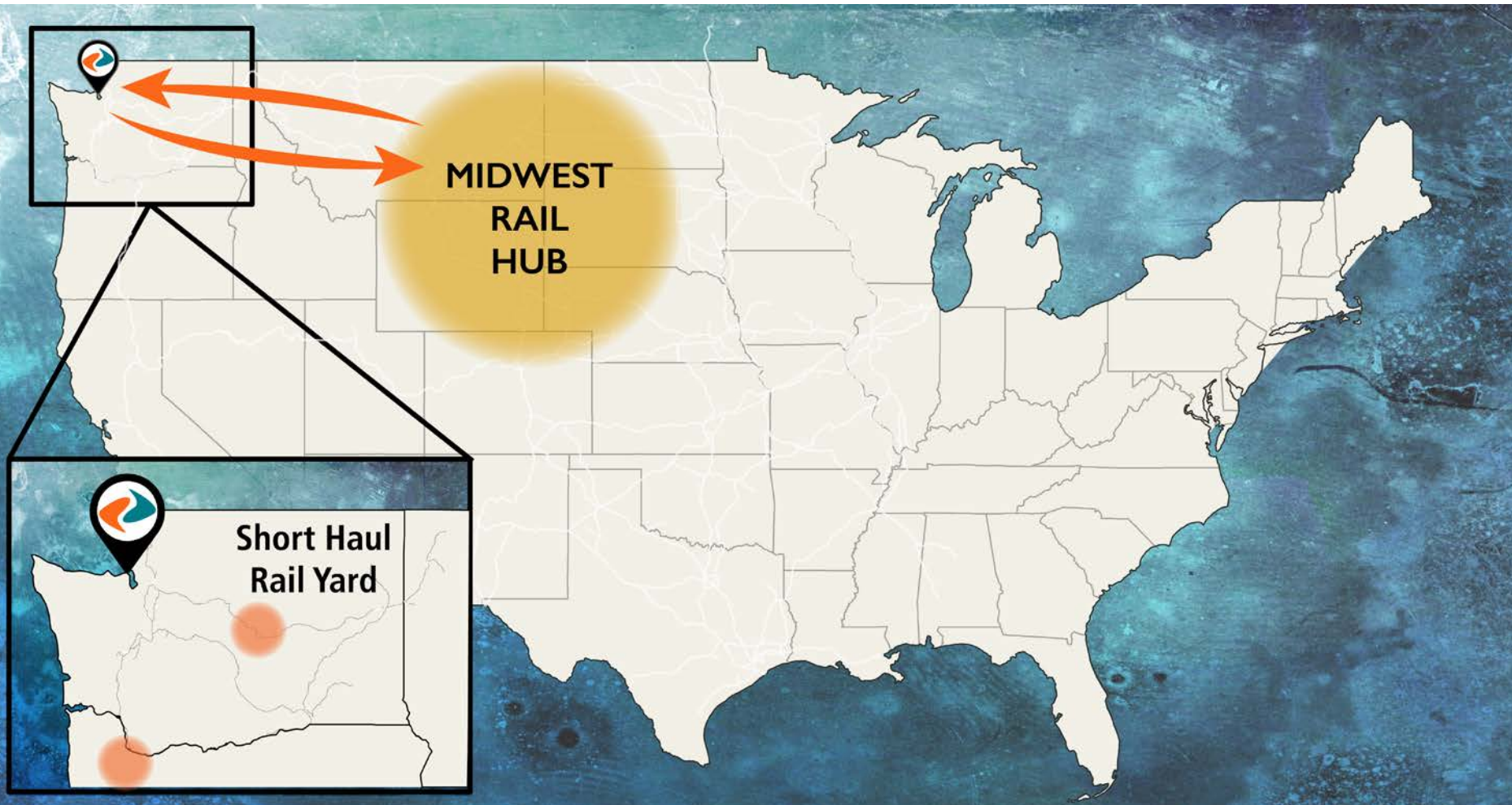


SOUTH HARBOR TACOMA



Strategic Initiatives – Maximizing Export Potential

- Explore short-haul rail service options between NWSA and Eastern Washington
- Facilitate container drop/pull yards in Central Washington and Portland
- Assess the viability of a Midwest regional rail hub




Strategic Initiatives – Business Innovations

- **Continuing efforts to explore and expand agreements with beneficial cargo owners on a more direct basis**
- **Increase transload warehouse and distribution center capacity and services in the region**
- **Implement operational initiatives to drive continuous improvement in key service performance metrics (KPIs)**



Business Outreach Efforts



466k TEUs Retained
85k TEUs Gained

Staged 2018 Peak Planning Meeting, attended by **150** customers & supply chain stakeholders



Recruited and hosted the 2018 AgTC Annual Meeting, with a record **500+** attendees

3500+ Personal Contact Efforts



CO-MARKETED & RECRUITED
SM LINE
TO THE PACIFIC NORTHWEST

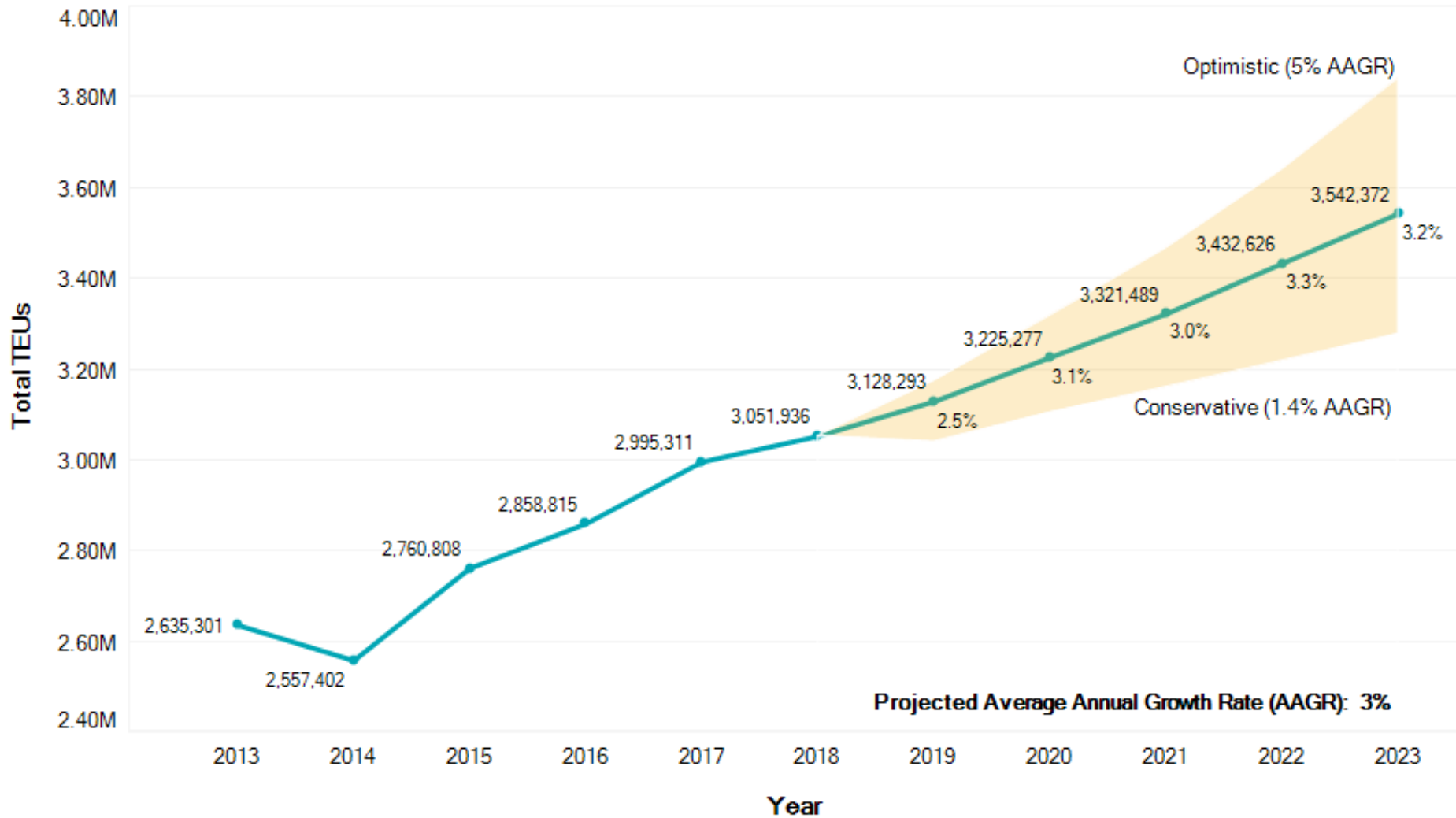


486 Sales Calls with Reports

76 Facility Tours

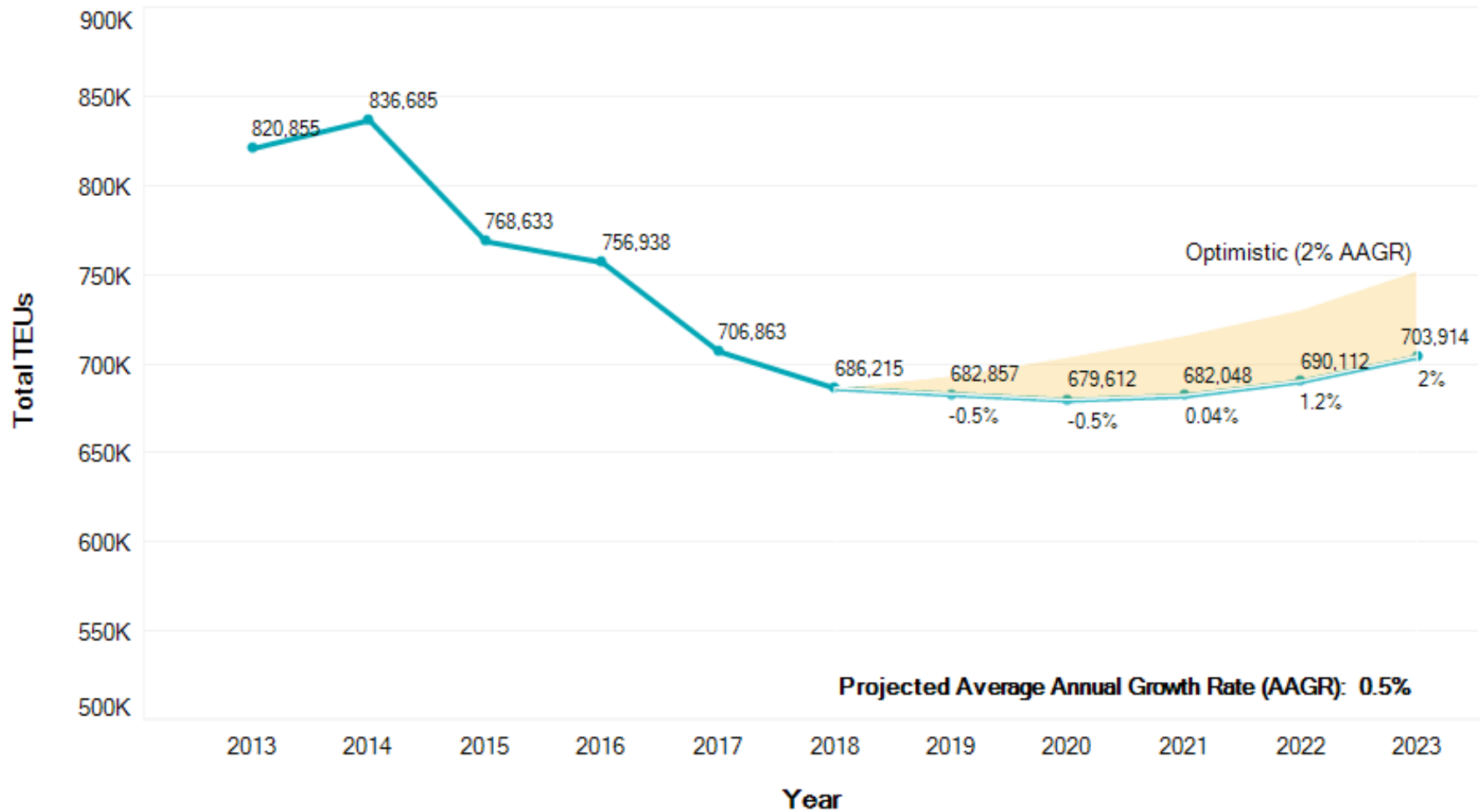


Cargo Forecast – International Container (2018 – 2023)



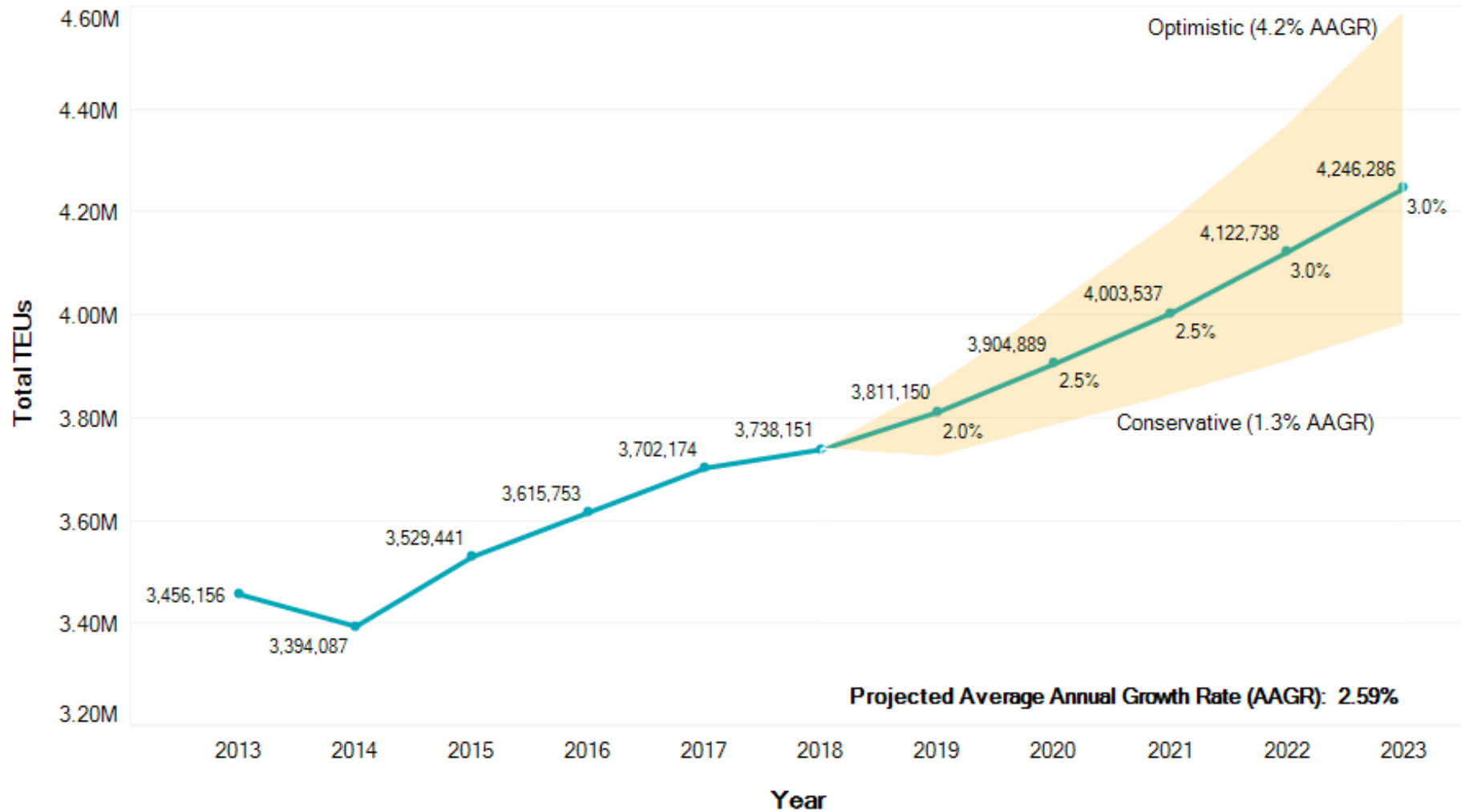
Optimistic/Conservative percentages (%) reflect average annual growth rates (AAGR)

Cargo Forecast – Domestic Container (2018 – 2023)



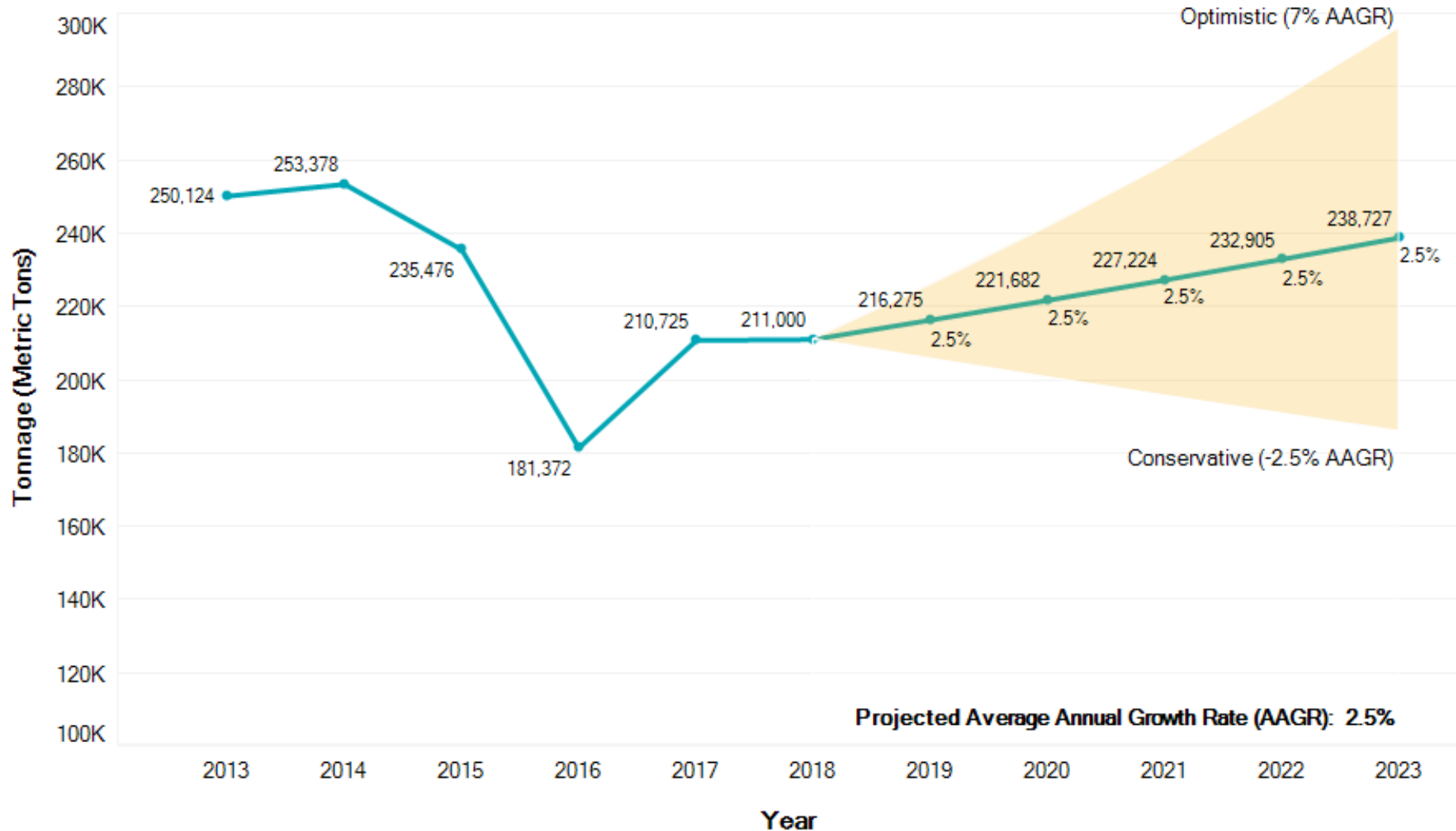
Optimistic percentage (%) reflects average annual growth rate (AAGR)

Cargo Forecast – Int'l + Domestic Container (2018 – 2023)



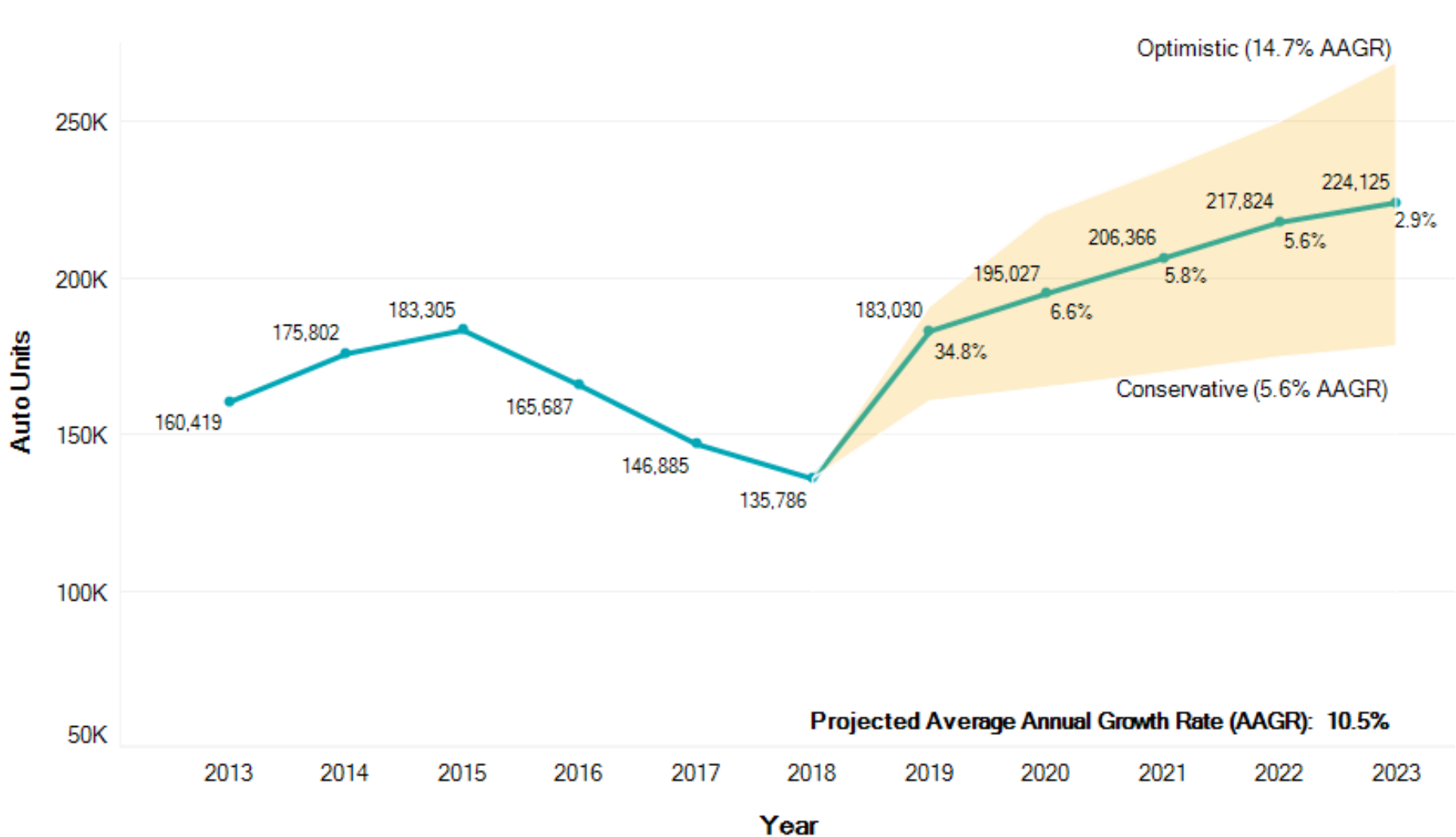
Optimistic/Conservative percentages (%) reflect average annual growth rates (AAGR)

Cargo Forecast – Breakbulk (2018 – 2023)



Optimistic/Conservative percentages (%) reflect average annual growth rates (AAGR)

Cargo Forecast – Autos (2018 – 2023)



Optimistic/Conservative percentages (%) reflect average annual growth rates (AAGR)

Thank you