BREAKBULK PORT - TERMINAL OPERATIONS

CELTIC LOGISTICS, INC.
GREENVILLE, SC
BREAKBULK

- METALS
  - STEEL
  - ALUMINUM

- FOREST PRODUCTS
  - LUMBER
  - WOODPULP
  - PAPER
WHAT’S HAPPENING OUT THERE?

- MERGERS
- ACQUISITIONS
- FACILITY CLOSURES
HEADLINES

- China plans major production expansion
- Nucor net up 10% on upswing in shipments
- New pulp mills in Uruguay will add 1.2 million tons of capacity to world market in 2007
- Lumber imports continue to grow in the US
Imports into the US totalled 3.5 million tons in February 2006 -- up 30% over February 2005.

The global market price for all steel products have experienced price drops over the same period.
ALUMINUM

- World market projected to grow by 59% over the next decade.
- US and Canada producers looking to locations with cheap power to produce aluminum -- Iceland -- Guinea -- Ghana -- Trinidad and Tobago.
- Major consumption markets are the US and China.
WOODPULP AND PAPER

- INVESTING IN NEW PLANT AND EQUIPMENT
- US A GROWTH MARKET
LUMBER MARKET

- PACKAGED LUMBER
  - DIMENSION LUMBER
  - ENGINEERED PRODUCTS
  - STRUCTURAL PANELS
LUMBER IMPORTS ARE EXPLODING FROM EUROPE - SOUTH AMERICA - FAR EAST
LUMBER AND PANELS

- TRADE DISPUTE BETWEEN US AND CANADA HAS HURT CANADIAN SALES TO US MARKET

- OPPORTUNITY FOR SUPPLIERS FROM EUROPE AND SOUTH AMERICA TO ENTER US MARKET
DRAMATIC CHANGE IN THE DIRECTION OF FOREST PRODUCT SHIPMENTS

- EXPORT VOLUMES FROM THE US ARE DOWN
- IMPORTS OF WOODPULP AND PAPER INTO THE US ARE INCREASING
LOGISTICS SERVICE PROVIDER NEWS

- Breakbulk cargo through many ports has declined due to a shift to containers.

- Metal imports on the rise.
‘PORTABLE’ WAREHOUSES BEING UTILIZED TO MEET CARGO STORAGE DEMANDS AT PORTS

NEW BUILDING VESSELS BEING DELIVERED TO BREAKBULK CARRIERS

CARRIER, TERMINAL AND STEVEDORE CONSOLIDATION
PRODUCERS AND LOGISTIC SERVICES VICE PROVIDERS

- FORWARD LOOKING
- FOCUSED ON GROWTH
PRODUCERS

- FOCUS ON CORE COMPETENCY
- THOSE SPECIFIC SKILLS A COMPANY HAS TO CREATE UNIQUE VALUE FOR THEIR CUSTOMER
PURCHASING LOGISTICS SERVICES ON A MORE INTERNATIONAL SCALE AND CUSTOMER EXPECTATIONS ARE CHANGING

PRODUCERS ARE DEVELOPING COMPETITIVE ADVANTAGE BASED ON PRODUCT QUALITY AND SUPERIOR DELIVERY
LOGISTICS PROCESSES THEN NEED TO BE FAST, RELIABLE AND COST-EFFECTIVE
FACTORS DRIVING PORT CHOICE - BREAKBULK SHIPPERS

- PROXIMITY TO MARKETPLACE

- DISTANCE TO MAJOR CUSTOMER BASE AND DISTANCE FROM OPEN OCEAN
FACILITIES

- PORT INFRASTRUCTURE
  - DRAFT, QUAY AND APRON DIMENSIONS AND CAPACITIES
- WAREHOUSES
  - STRUCTURE, SIZE, DISTANCE FROM SHIPSIDE, FLOOR CAPACITIES, INTERIOR DESIGN, RAIL AND TRUCK LOADING DOORS
  - TYPICAL FOREST PRODUCTS WAREHOUSE REQUIRES 150,000 TO 200,000 SQ. FT.
FACILITIES

- HANDLING EQUIPMENT
  - CRANES, LIFT TRUCKS, PAPER CLAMPS, PULP CLAMPS, MAFI TRAILERS

- CUSTOMER SERVICE
  - PROACTIVE IN ASSESSING CUSTOMER REQUIREMENTS AND PROVIDING A PROGRAM TO MEET THEM
INVENTORY TRACKING AND REPORTING

SYSTEMS THAT CAN EFFICIENTLY MANAGE AND ACCURATELY PROVIDE CARGO INFORMATION AND REPORTS IN THE FORMAT REQUIRED BY THE CUSTOMER
WORKFORCE

- TRAINED AND EXPERIENCED PERSONNEL WHO KNOW HOW TO HANDLE PRODUCTS
RECOGNIZED PROGRAM FOR QUALITY CONTROL WITH MEASURES TO ENSURE COMPLIANCE AND CONTINUOUS IMPROVEMENT
PORT AND TERMINAL SERVICES MUST BE COMPARABLY PRICED TO COMPETITION

HANDLING, WHARFAGE, STORAGE AND FREE-TIME ARE KEY COST COMPONENTS
INLAND TRANSPORT INFRASTRUCTURE

- HOW WELL IS THE PORT SERVED BY INLAND CARRIERS
  
  - RAIL - THE NUMBER OF CARRIERS SERVING THE PORT, THE TYPE AND AVAILABILITY OF RAILCARS, TRANSIT TIMES TO CUSTOMERS AND COSTS TO SERVE MARKETS
INLAND TRANSPORT INFRASTRUCTURE

- TRUCK
  - PROXIMITY TO MAJOR INTERSTATE HIGHWAYS, THE NUMBER OF CARRIERS SERVING THE PORT AND THE ASSOCIATED COSTS FOR INLAND DISTRIBUTION
OCEAN CARRIER BASE

- SPECIFIC CARRIERS SERVING THE PORT
- MARKETS SERVED FROM THE PORT
- FREIGHT RATES
- FREQUENCY OF SERVICE
- TYPES OF VESSELS EMPLOYED IN THE TRADE
DEVELOP STRATEGIES TO IMPROVE PERFORMANCE AND RETURNS ON THEIR OWN BUSINESS

DEVELOP STRATEGIES FOR FURTHER GROWTH

SECURE COMPETITIVE ADVANTAGE
HOW DOES A PORT ACCOMPLISH THIS?

- DEVELOP A SUPPLY CHAIN -- "WITHOUT BORDERS"
- COMPLEMENTARY PARTNERS IN THE SUPPLY CHAIN WORKING TOGETHER TO PROVIDE SMARTER AND MORE EFFICIENT SERVICE TO PRODUCERS
STRATEGIC ALLIANCES

- Service providers in the supply chain working together to provide a dynamic distribution network with key performance indicators to ensure targets are met and exceeded.
STRATEGIC ALLIANCE PROCESS

- Identify potential partners
- Share strategic plans
- Identify mutual synergies
**STRATEGIC ALLIANCE PROCESS**

- Develop cooperative plan for securing and managing business
- Form horizontal alliance to create service network and gain economies of scale
IMPACT

- A FOCUSED AND COST-EFFECTIVE LOGISTICS SYSTEM
- WIN-WIN FOR PRODUCERS AND PORTS AND OTHER LOGISTICS SERVICE PROVIDERS