

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Port Issues FY22 Citizen-Centric Report

Piti, Guam, October 24, 2023: The Port Authority of Guam (PAG) has released the agency's annual Citizen-Centric Report.

"This report gives the public a glimpse into the Port's FY 2022 progress in comparison to previous years and provides an overall performance review to include our current challenges and future outlook," said Port General Manager Rory J. Respicio. "Through this report we continue to provide the highest level of transparency to the Port's stakeholders, including our local and regional communities we serve."

According to the report, operating revenues increased 4.79% in FY2022 by \$2.6M from \$55.06M in FY 2021 to \$57.7M in FY 2022. This is largely due to the increase in handling container cargo and non-containerized cargo at 2.5% and 29%, respectively. Other steady improvements reflected in the report include a reduction of time spent by a vessel at the port's waterfront and higher crane productivity since FY 2019.

In FY 2022, the Port received a low-risk auditee designation for the fourth consecutive year. Moody's Investors Service issued a Baa2 credit rating for the Port, pointing to a very stable revenue profile, healthy liquidity, solid debt service, credit strength, and the Port's ability to quickly recover from super typhoon Mawar. Meanwhile, S&P maintained its outlook for the Port at stable and affirmed its 'A' long-term rating on the agency's outstanding series 2018 Port Revenue Bonds.

Future initiatives outlined in the report include acquisition of STS gantry cranes, fuel pier replacement, wharf replacement, area A fuel storage facility rehabilitation/upgrade, IT improvements, equipment acquisition program, and port buildings demolition and replacement.

A copy of the report is attached.

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REGIONAL HUB TO THE GLOBAL SUPPLY CHAIN



48 years of Service to Guam and the Region

GOVERNANCE & LEADERSHIP

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Dominic G. Muna

Deputy General Manager

Operations

Luis R. Baza

Deputy General Manager

Administration & Finance

Coming soon...

We are in the process of updating our 2023 Port Master Plan that focuses on Port readiness and sustainability. Stay tuned for a more resilient Port Authority of Guam.

ABOUT US

The Port Authority of Guam (PAG, Authority, or the Port) was established as a public corporation and autonomous agency of the government by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region.

MISSION STATEMENT

The Port Authority of Guam is dedicated to providing full services to ocean vessels in support of loading and unloading cargo for Guam and Micronesia. The Port Authority of Guam is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely and efficient manner. In support of this mission, the Port Authority of Guam also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Port Authority of Guam dedicates all of its profit to the upgrading of equipment and facilities and the continued growth of the island's seaport.

OUR VISION

To modernize the Port as a first class facility in the region providing cargo handling services in a safe, efficient and sustainable manner. To promote economic growth and opportunities for maritime related industries and address the needs of port users.

OUR EMPLOYEES AND CUSTOMERS

Department	2022	2021	2020
Administration	142	146	136
Equipment Maintenance	51	55	53
Facility Maintenance	28	29	25
Transportation Services	51	65	62
Stevedoring Services	53	50	59
Terminal Services	37	40	38
Total	362	385	373



142 Administration



51 Equipment Maintenance



6 Major Shipping Agents



28 Facility Maintenance



51 Transportation
53 Stevedoring
37 Terminal



46 Space Lease
132 Marina
588 Others

Customers	2022	2021	2020
Major Shipping Agents	6	6	6
Space Lease	46	30	51
Marina	132	109	135
Others	588	147	313
Total	772	292	505

THE PORT'S PERFORMANCE

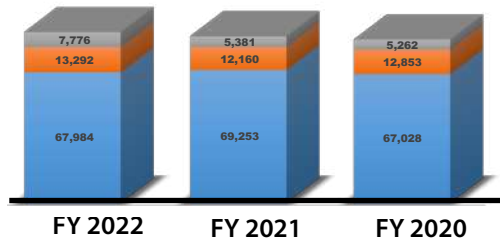
HIGHLIGHTS

- Handles 1-2 Million (M) tons of cargo a year
- Owns five cargo handling piers, two fuel piers, and three marinas
- Largest U.S. deep-water seaport in the region
- More than 90% of the region's local goods and supplies passing through its doorway

The basis for gauging annual revenue status of the Port is through the number of cargoes it handles each year. Container cargoes are broken down into local and transshipment categories. Local containers comprise of goods destined for Guam's economy while transshipment containers are unloaded cargo at the Port destined for another vessel to be transported to its final port of discharge. For the past 4 fiscal years, the average number of voyages for each shipping company are as follows: Matson – 51, APL – 42, Kyowa – 31 and Mell – 27. Based on the results of the cargo vessel berth hours from FY 19 to FY22, majority of Matson vessels were completed 9 hours earlier, APL vessels were completed 4 hours earlier, and Kyowa vessels were completed 10 hours earlier as compared to the berth hours in FY 17 to FY 18. The major reason for the improvement is the increase in container vessel net moves per hour as shown in the graphs below.

CONTAINER CARGO (Count)

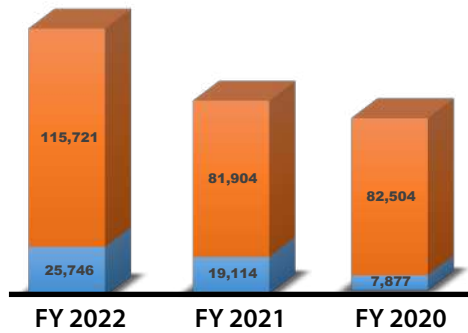
■ Local ■ Full Transshipment ■ Empty Transshipment



In FY 2022, the Port handled 89K containers, a 2.5% increase from FY 2021's container counts of 87K. The results in each container category are as follows: local cargo decreased by 1K and transshipment cargo increased by 3K, with a net positive of 2K.

NON-CONTAINER/BREAKBULK CARGO (Tonnage)

■ Domestic Vessel ■ Foreign Vessel

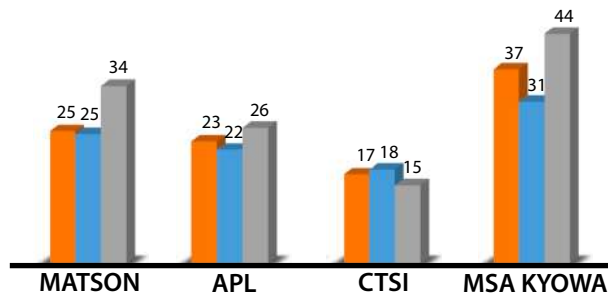


Non-containerized cargo refer to goods that are not placed within a container and commodities that are more economically transported as breakbulk cargo. In FY 2022, the Port handled 141K tons of non-containerized cargo, an increase of 29% from FY 2021. Non-containerized cargo increased by 7K tons for domestic cargo and 34K tons for foreign compared to FY 2021.

REDUCED BERTH HOURS

Berth hours show the average time spent by a vessel docked along the Port waterfront. PAG's objective is to reduce the turn-around time of ships calling at the terminal. From FY 2019 to FY 2022, the average berth hours for all shipping vessels improved as compared to its FY 2018 performance. Improved berth hours mean efficient operations and reduced costs in servicing vessels.

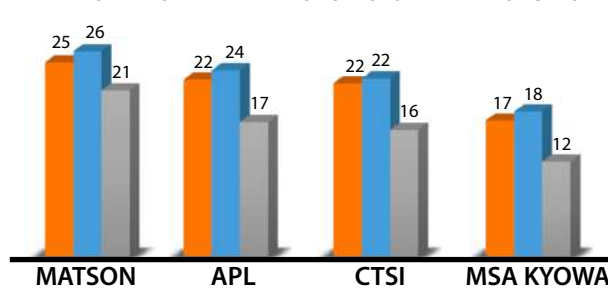
■ FY 2022-2021 ■ FY 2020-2019 ■ FY 2018-2017



INCREASED CONTAINER MOVES PER HOUR

The container vessel net moves per hour (NMPH) shows the average total container movement divided by the operational hours. The Port aims for higher productivity per hour. From FY 2019 to FY 2022, the Port's average net moves per hour for all shipping vessels have improved as compared to its FY 2018 performance. Higher crane productivity per hour is evident in the increased net moves per hour per major shipping agent.

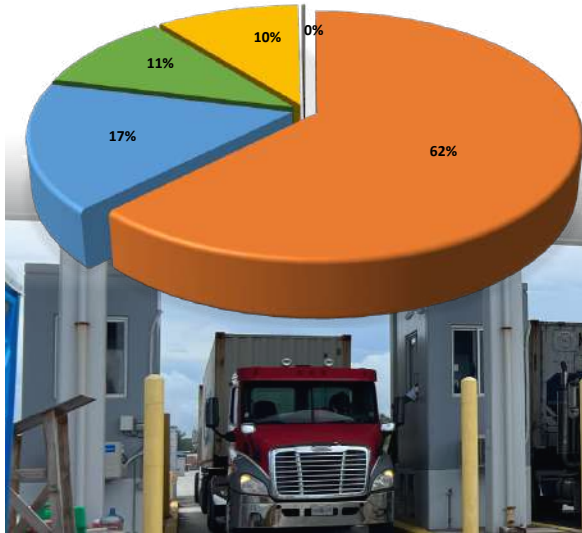
■ FY 2022-2021 ■ FY 2020-2019 ■ FY 2018-2017



THE PORT'S FINANCES

In FY 2022, PAG is commended for qualifying as a low-risk auditee for the fourth consecutive year. As of October 19, 2022, S&P Global Ratings maintained its outlook of the Port as stable and its long-term rating on the Port's outstanding series 2018 Port Revenue Bonds as 'A.' S&P Global opined that the Port's financial risk profile is strong due to its "strong financial performance, strong debt and liabilities capacity, and adequate liquidity and financial flexibility." S&P considers Port's management and governance strong, reflecting their view of Port's strategic positioning, risk and financial management, and organizational effectiveness. The Port concluded FY 2022 with a net position of \$26.4M, marking a significant increase of \$12.6M or 91% from FY 2021's net position of \$13.8M. This increase in net position is primarily due to the \$15M grant reimbursement received from the American Rescue Plan Act of 2021 Fiscal Recovery Funds, \$560K in U.S. Government capital grants, and the \$2.6M operating revenue increase.

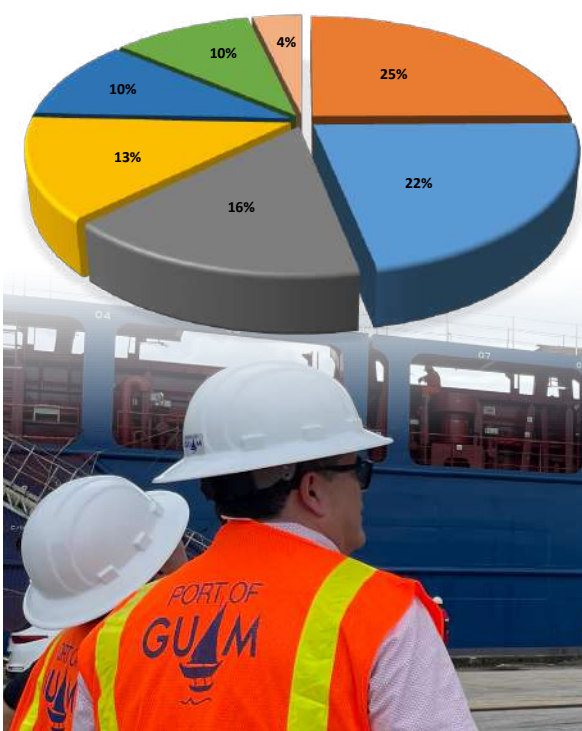
REVENUES



Operating Revenues (In millions)	FY 22 vs FY 21			
	FY 22	FY 21	FY 20	% Change
Cargo throughput charges	\$35.98	\$34.78	\$33.82	3.45%
Equipment and space rental	\$9.55	\$8.29	\$9.19	15.22%
Crane surcharge	\$6.03	\$5.98	\$5.81	0.73%
Wharfage surcharge	\$6.02	\$5.80	\$5.64	3.77%
Special services	\$0.09	\$0.09	\$0.14	-2.86%
Other operating income	\$0.03	\$0.11	\$0.08	-71.49%
TOTAL	\$57.70	\$55.06	\$54.68	4.79%

Operating revenues increased by \$2.6M to \$57.7M in FY 2022. Before the operational impact of the COVID-19 pandemic, FY 2019 would be considered the last normal (or base) fiscal year. The 89K total containers handled by the Port in FY 2022 was 3% higher than last year, and even 5% higher than FY 2019. This resulted in revenue increases of cargo throughput charges by \$1.2M, crane surcharge by \$43K, and wharfage charges by \$218K. These increases were offset by the \$84K decrease in other operating income and special services revenue.

EXPENSES



Operating Expenses (In millions)	FY 22 vs FY 21			
	FY 22	FY 21	FY 20	% Change
Management and administration	\$15.09	\$14.88	\$14.59	1.41%
Operations	\$13.37	\$13.66	\$13.75	-2.06%
General expenses	\$9.54	\$7.95	\$6.98	20.09%
Retiree healthcare and other benefits	\$7.96	\$6.95	\$5.50	14.53%
Equipment maintenance	\$6.40	\$6.43	\$6.39	-0.58%
Depreciation	\$6.14	\$6.26	\$6.36	-1.83%
Facility maintenance	\$2.19	\$2.14	\$2.12	2.29%
TOTAL	\$60.70	\$58.27	\$55.69	4.17%

Total operating expenses increased by \$2.4M to \$60.7M in FY 2022. The overall increase in operating expenses is primarily due to rising costs in retiree healthcare and other benefits, as well as the infrequent expenses of a bathymetric survey, demolition costs, and utility billing adjustments.

THE PORT'S FUTURE

The Port Authority of Guam remains resilient, moving forward through challenges with the implementation of its modernization initiatives. This is evident in Management's proactive approach in elevating the Port's strategic importance to key policy makers in Washington, D.C. in pursuit of funding opportunities. Additionally, the Port continues to network with other port jurisdictions facing similar challenges to strengthen the Port's voice.

CHALLENGES

The Port has been successful in leveraging federal funding and will continue with its aggressive efforts in securing additional funding opportunities. Although the Port continues to move forward with executing its capital improvement projects, the following challenges adversely impact the Port's ability to complete these projects in a timely and cost-effective manner.

- Shortage of labor/manpower
- Inflation and manufacturing delays
- Build America Buy America Act (BABAA) provisions for federal grants

OUTLOOK

The Port, along with its Owner's Agent/Engineer (OAE), continues to work on its 2023 Master Plan update. The Master Plan is focused on implementing a Port Improvement Plan (PIP) comprised of two categories: The Port Readiness Plan (PRP) and the Sustainability Plan (SP). The PRP is subdivided into Capital Improvement Projects and Other Readiness Projects addressing the hardening of port infrastructure to ensure resiliency, reliability, and supply chain sustainability for all Port users, the DOD mission in Guam, and the community. The SP addresses continued professional and technical services oversight and support to address environmental initiatives to reduce the port's carbon footprint and reduce its greenhouse effect and strategic goals toward zero waste improvements. The PIP is focused on ensuring the future readiness and resiliency of a modernized facility through the hardening of the Port of Guam assets and resources.

Key elements of the Master Plan include:

- Acquisition of STS Gantry Cranes;
- Fuel Pier Replacement;
- Wharf Replacement;
- Area A Fuel Storage Facility Rehabilitation/Upgrade;
- IT Improvements;
- Equipment Acquisition Program; and
- Port Buildings Demolition & Replacement.



WE WANT TO HEAR FROM YOU

The Port is pleased to present this year's citizen centric report. Do you like the report? Do you believe it should include any other information? Let us know by contacting Jose B. Guevara at (671) 477-5931 or email jbguevara@portofguam.com.

Follow us on social media to stay current with your Port Authority of Guam.



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