

Virginia International Terminals, LLC.

Operating Budget Highlights, Fiscal Year Ending June 30, 2017

Volume:

- Overall total container volume is expected to grow by 5% from FY 2016 to FY 2017.
- Total projected container volume is 1,537,439 containers.

Revenue:

- Total budgeted terminal operating revenue for FY 2017 is \$469 million.
- Budgeted operating revenue reflects an increase of \$28.6 million or 6.5% from forecasted FY 2016.
- Schedule of Rates (SOR) projected increase is 2.5%.
- Volume will increase by 73,151 containers over forecasted FY2016.

Expenses:

Headcount

- Headcount for FY 2017 is budgeted to remain consistent with FY 2016 headcount.

Operating Expenses

- Total Operating Expenses are estimated to increase by \$24.4 million, or 7.6%, due primarily to the following:
 - Terminal Operations
 - Terminal operations will increase \$16 million, or 8.4%, due to a 5% volume increase, an estimated 4% contractual labor rate increase, payroll taxes and other related increases.
 - The above increases will be partially offset by savings from efficiency projects.
 - Terminal Maintenance
 - Increasing by \$4.9 million, or 5.6%, due primarily to the takeover of RMT and annual increases.
 - General and Administrative
 - Increasing by \$4.0 million, or 11.3%, due to an increase in operating expenses and VPA shared services allocation percentages for FY17.
 - Other Expenses
 - Depreciation and amortization decreased \$.6m, or 15%, due to equipment runoff.

Operating Income and Transfers:

- VIT Operating Income is budgeted at \$125 million, an increase of 3.5% or \$4.2 million from the FY2016 Forecast.
- Net cash flows should provide cash to fund operating transfer payments totaling \$114 million to the Virginia Port Authority during FY 2017.

Reserves:

- The Current Expense Operating Reserve Account required balance will increase from \$22 million to \$22.8 and the Capital Equipment Maintenance Account (CEMA) required balance will increase from \$15.9 million to \$16.4 million in FY 2017.