

## NZX AND MEDIA RELEASE

11 April 2022

### Napier Port trading update

Napier Port (NZX.NPH) today announces reduced trade volumes for the first half of its financial year and an update to its earnings guidance for the year to 30 September 2022.

For the six months to 31 March 2022, container volumes decreased by 16.6% and bulk cargo volumes decreased by 8.7% compared to the same period a year ago.

The fall in cargo volumes over the period follows an escalation in global container-based supply chain and shipping disruptions, ongoing seasonal labour shortages compounded by pandemic-related absences across cargo-owners' workforces, and adverse local seasonal weather conditions that have impacted primary sector production.

Napier Port now expects to report a result from operating activities<sup>1</sup> for the half year to 31 March 2022 of approximately \$16.4 million, which is less than the \$21.3 million reported for the first half of the last financial year. This provisional unaudited operating result is subject to further adjustments and the final result will be reported in May.

Napier Port expects cargo volumes for the full financial year to 30 September 2022 to be lower than previously forecast, with a corresponding reduction in its financial outlook for the 2022 financial year.

Assuming a continuation of the current market conditions, Napier Port now expects an underlying result from operating activities for the year to 30 September 2022 to range between \$38 million and \$42 million, which is less than the previously forecast increase of approximately 10% on the result for 2021 of \$43.8 million.

Chief Executive Todd Dawson said Napier Port, along with its region, has faced a challenging half year period.

"There has been an escalation in regional and global container shipping schedule disruption and we continue to work with vessel omissions, delays, and inconsistent schedules across fewer vessel calls. This has been accompanied by larger container exchanges for both the port and cargo-owners to manage."

Omicron outbreaks and pandemic-related port lockdowns in China have put additional pressure on global supply chains and flow on effects to shipping reliability into New Zealand, Mr Dawson said.

"The continuation of seasonal labour shortages in New Zealand's primary sector has compounded the impact of Omicron across Napier Port's second quarter, with labour shortages creating delays to production within customer operations and reduced overall production, contributing to the delay in processing of seasonal harvests and lower volumes of meat into the port" he said.

Extreme weather conditions have also contributed to delays in cargo arriving on port and caused several port shipping closures in the second quarter. Swell has been significant, and February and March were

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<sup>1</sup> Result from operating activities is an alternative non-NZ GAAP measure and represents core operating earnings excluding interest, taxes, depreciation, amortisation and impairments, amongst other exclusions. For further information please refer to Note 24 of the 2021 Annual Consolidated Financial Statements.

two of the heaviest rainfall periods on record for Hawke's Bay, with the quarter ending with the East Coast storm over the last week in March.

Mr Dawson said Napier Port is optimistic the environmental factors that delayed product getting to port in February and March are easing, with cargoes moving more normally during April to date.

"The trade environment for key cargoes remains positive with primary sector commodity prices remaining high across New Zealand. We are expecting a stronger second half for meat, forestry and horticulture exports, assuming industry labour is available.

"These positive factors are tempered however, by inflationary and other economic pressures we have highlighted previously. Cargo customers are concerned by ongoing shipping disruption, increasing supply chain costs, and ongoing labour shortages.

"We look forward to providing a further update when we release our financial results for the 2022 half year towards the end of May" Mr Dawson said.

## TRADE VOLUMES FOR THE HALF YEAR TO 31 MARCH

### *Container Services*

Total container volumes for the second quarter of the 2022 financial year decreased 23.1% to 60k TEU from 78k TEU in the same period a year ago. For the half year, total container volumes of 113k TEU decreased 16.6% from 135k TEU in the prior period.

Full container volumes (i.e. excluding empties and other container movements) decreased 11.9% and empty and other container movements decreased 22.3% during the half year period, compared to the same period a year ago.

Dry export cargo for the half year reduced 12.7% to 31k TEU. Both wood pulp and timber exports continue to be impacted by shipping schedule disruptions and shipping capacity constraints.

Reefer export cargo for the half year decreased 20% to 18k TEU. The decrease was driven by lower volumes of export meat and apples due to delayed export seasons and industry labour shortages.

Containerised imports for the half year decreased by 16.6% from 65k TEU to 54k TEU as empty volumes were 22.6% below the same period last year due to container equipment shortages, while dry imports increased by 2.3%.

Other container movements for the half year, including DLRs and transhipped containers, decreased 48.6% from 11k TEU to 6k TEU due to decreased transshipment and restow activity.

Container vessel calls for the half year were 102, down from 133 calls in the prior year. The reconfigured Maersk OC1 Trident service ceased calling Napier Port during the first quarter, while the ZIM Integrated Shipping Service's trans-Tasman service commenced calling Napier Port from January.

### *Bulk Cargo*

Total bulk cargo volume, compared to the same periods a year ago, decreased 21.3% for the second quarter to 0.72 million tonnes, and 8.7% for the half year to 1.71 million tonnes.

Log export volumes decreased 20.5% for the second quarter and 7.9% for the half year mainly due to weaker export market conditions, higher shipping costs, an expected slowdown during Chinese New Year celebrations, as well as Covid related disruptions at major Chinese ports and within our log export supply chain.

Charter vessel calls decreased to 155 from 167 in the same half year period a year ago, as a result of the decrease in bulk cargo volume.

### *Cruise Services*

One domestic cruise vessel called during the half year. Border restrictions continue to prevent a resumption of international cruise vessel visits.

ENDS

**For more information:**

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**About Napier Port**

Napier Port is New Zealand's fourth largest port by container volume. We are the gateway for Hawke's Bay and lower North Island's exports and operate a long-term regional infrastructure asset that supports the regional economy. Our strategic purpose is to collaborate with the people and organisations that have a stake in helping our region grow. View Napier Port's investor centre: [www.napierport.co.nz/investor-centre/](http://www.napierport.co.nz/investor-centre/)

# Napier Port Half Year 2022 Trade Volume Data

The below trade volume data provides a summary of second quarter and half year ended 31 March 2022 results compared to the prior period.

Container Services				
TEU (000s)^	Q2 FY2022 Actual	Q2 FY2021 Actual	HY2022 Actual	HY2021 Actual
<b>Exports</b>				
Wood pulp & timber	11	13	22	25
Canned food / other food & beverage	2	2	3	4
Other dry	2	3	5	6
<b>Total dry</b>	<b>14</b>	<b>17</b>	<b>31</b>	<b>35</b>
Apples & pears	3	5	3	5
Meat	4	5	8	10
Fresh & other chilled produce	5	6	7	7
<b>Total reefer</b>	<b>12</b>	<b>16</b>	<b>18</b>	<b>22</b>
Empty	2	1	5	2
<b>Total exports</b>	<b>28</b>	<b>34</b>	<b>53</b>	<b>59</b>
<b>Imports</b>				
Dry	7	7	15	15
Reefer	1	1	2	2
Empty	21	30	37	48
<b>Total imports</b>	<b>28</b>	<b>38</b>	<b>54</b>	<b>65</b>
Other container movements ('DLRs and Tranships')	3	6	6	11
<b>Total Container Services volume</b>	<b>60</b>	<b>78</b>	<b>113</b>	<b>135</b>
<b>Vessels</b>				
Container ship calls	49	68	102	133

^Rounded to nearest thousand TEU

Bulk Cargo				
Kilotonnes	Q2 FY2022 Actual	Q2 FY2021 Actual	HY2022 Actual	HY2021 Actual
Log exports	581	731	1,316	1,428
Other exports	26	45	81	98
Imports	117	144	311	344
<b>Total Bulk Cargo volume</b>	<b>724</b>	<b>920</b>	<b>1,707</b>	<b>1,870</b>
<b>Vessels</b>				
Charter vessel calls	68	85	155	167

**Cruise Services**

	<b>Q2 FY2022 Actual</b>	<b>Q2 FY2021 Actual</b>	<b>HY2022 Actual</b>	<b>HY2021 Actual</b>
<b>Vessels</b>				
Cruise vessel calls	1	-	1	-