

NZX AND MEDIA RELEASE

19 November 2024

AUDITED FINANCIAL RESULTS FOR THE TWELVE MONTHS TO 30 SEPTEMBER 2024

Napier Port reports strong 2024 earnings growth

Napier Port (NZX.NPH), the premier freight gateway for the central and lower North Island, today reports a robust annual result linked to the regional recovery and rebound of volumes post-Cyclone Gabrielle. It is well positioned for further earnings growth with positive momentum across its diverse trade base and revenue streams.

HIGHLIGHTS

- Revenue rises 15.9% to \$141.4 million due to volume growth across all categories and yield improvements
- Result from operating activities¹ increases 39.5% to \$52 million demonstrating cost focus and operating leverage
- Underlying net profit after tax² of \$20.7 million, up 94.6% from \$10.7 million in the prior year
- Reported net profit after tax of \$24.8 million, up 49.7% on the prior year's \$16.6 million
- Post-Cyclone Gabrielle business interruption insurance claim contributes further \$9.25 million to earnings
- Directors declare a fully imputed final dividend 6 cents per share, taking total dividends for the 2024 financial year to 9 cents per share, up from 5.25 cents for the prior year, and representing a gross dividend yield of 5.5%³

Chair Blair O'Keeffe said: "It is pleasing to deliver a strong financial result today that demonstrates Napier Port's capability to deliver with improved operating conditions.

"As the regional recovery continued during the year, cargo volumes rebounded, and the operating leverage developed over recent challenging years saw a set of milestone financial results achieved.

"The result highlights that Napier Port's fundamentals are strong. The cargo base is diverse and resilient, infrastructure and capability is in place, and the team's record of operational delivery and resilience is clear. We are confident the momentum in volume and earnings growth will continue.

Chief Executive Todd Dawson said: "Our result this year is particularly pleasing because our volume growth was achieved alongside the recovery by our region's cargo owners who produce the high-value food and fibre products we export.

"As port activity ramped up during the year, we were able to respond dynamically redeploying assets and resources to meet customer demand coming through the gates. This was possible due to the

¹ Result from operating activities is an alternative non-NZ GAAP measure and represents core underlying operating earnings. For further information please refer to Note 24 of the 2024 Annual Consolidated Financial Statements and the Supplemental Selected Financial Information.

² Underlying net profit after tax is an alternative non-NZ GAAP measure that comprises reported net profit after tax adjusted for certain non-recurring, non-core and abnormal items, and unrealised fair value revaluation items to provide consistency and comparability of the financial information over the periods presented. For further information please refer to the Supplemental Selected Financial Information.

³ Based on a share price of \$2.28 as at 15 November 2024

investments we have made in infrastructure, customer services and solutions, and in our people development over several years.

“As a result, we were well positioned to handle strong volumes of log exports, the bounce back in containerised exports of fresh produce, apples, meat, timber, and a busy cruise season.

“Linked to the capability we have put in place, our strategies focused on yield management and cost management are demonstrating strong operating leverage and earnings growth.

“The announced closure of WPI was a disappointing outcome for their local Rangitikei community, Napier Port and New Zealand manufacturing. We await the outcome of the potential asset sale process and in the meantime are supporting WPI’s parent group with additional log exports.

“We are pleased to recognise the successful effort made by the team this year, with an employee recognition scheme payment approved of \$2,291 per eligible employee, consisting of cash and Napier Port shares.”

FINANCIAL RESULTS

Revenue for the 2024 financial year increased 15.9% to \$141.4 million from \$122.0 million in the previous year, following growth across all trade areas.

Cruise vessel visits to Napier Port increased to 89, from 64 vessel calls in the prior year, and contributed \$9.1 million in revenue.

Container volumes increased by 3.4% to 230k TEU⁴ from 222k TEU. The increase was driven by higher reefer exports as apple exports and fresh and other chilled produce rebounded following prior year weather related crop losses.

Bulk cargo volume increased 9% to 3.47 million tonnes, from 3.18 million tonnes a year ago. The increase was largely due to 13.5% growth in log volumes to 2.87 million tonnes, compared to 2.52 million tonnes in the prior year. Log volume was supported by cyclone affected windthrown logs and redirected logs, that would have otherwise been processed into wood pulp or timber.

Container services’ average revenue per TEU increased by 7.8% compared to the prior year due to container mix changes, tariff increases and improved container depot revenues.

Bulk cargo average revenue per tonne increased by 8% compared to the prior year, primarily as a result of tariff increases and customer mix changes.

The result from operating activities increased 39.5% to \$52 million, compared with \$37.2 million in the previous year, as the revenue increase of \$19.4 million exceeded operating expense growth of \$4.7 million.

Reported net profit after tax was \$24.8 million, a 49.7% increase on the prior year’s \$16.6 million. This included a further \$9.25 million contribution from the Cyclone Gabrielle insurance claim. Underlying net profit after tax, excluding net insurance proceeds, revaluation gains and tax impacts, increased 94.6% from \$10.7 million to \$20.7 million.

CAPITAL MANAGEMENT AND DIVIDEND

Capital investment spend in the year of \$13.1 million included maintenance dredging, wharf fendering improvements, sea defence works, erosion protection, additional paved areas, mobile plant and IT equipment replacements.

Napier Port continues to maintain a strong balance sheet, repaying \$20.5 million of loans and borrowings to end the year with gross drawn debt of \$109.5 million.

⁴ Twenty-foot equivalent container unit

Napier Port's Board of Directors has declared a fully imputed final dividend of 6 cents per share, or \$12 million in total, bringing the total dividends for the 2024 year to 9 cents per share, up from the 5.25 cents per share of the prior year. The record date for dividend entitlements is 6 December 2024, with a payment date of 18 December 2024.

OUTLOOK

While inflation pressures globally are retreating, regional exporters continue to face elevated uncertainty in key international export markets.

The regional recovery post Cyclone Gabrielle is continuing, and Napier Port looks forward to Pan Pac building to more normal operating levels at its pulp mill during the first half of the 2025 financial year.

Log exports are continuing to flow steadily and there is raised expectations amongst exporters that export market conditions will continue to improve. Napier Port continues to see demand from exporters for storage space and shipping as the supply of maturing logs remains strong.

"The 2025 cruise season is set to be another busy one with 85 current bookings.

"The fundamentals of premium food and fibre remain strong and Napier Port is well positioned with its diverse and resilient cargo base. Our strategic initiatives are supporting our growth and earnings growth momentum.

"Napier Port is in a strong financial position to continue to grow dividends and invest into growing cargo and further developing our capabilities.

"We look forward to providing a further trading update at our Annual Shareholders Meeting on 19th December," Mr Dawson said.

CONFERENCE CALL

Napier Port will hold a conference at 11:00am (NZT) (9.00am, AEST) today. To attend to the conference call participants must pre-register at the following link: <https://s1.c-conf.com/diamondpass/10042927-ydfee.html>. Registrations can be taken right up to the commencement of the call.

ENDS

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About Napier Port

Napier Port is the gateway for Hawke's Bay and lower North Island's exports and operates a long-term infrastructure asset that supports the regional economy. We service containers, bulk cargo, and host a significant number of cruise ship visits. 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: <https://www.napierport.co.nz/investor-centre/>