

NAPIER PORT HOLDINGS LIMITED ANNUAL SHAREHOLDERS MEETING

10:30AM, THURSDAY 19TH DECEMBER 2024

Napier Port Chair, Blair O’Keeffe

Kia ora, good morning everyone, and welcome to Napier Port’s Annual Shareholders Meeting.

My name is Blair O’Keeffe. I am the Chair of the Napier Port board and I’ll be running today’s meeting. Also presenting today will be Todd Dawson, Chief Executive, and Kristen Lie, Chief Financial Officer.

2024 Highlights

Despite the challenges we faced following the impact of Cyclone Gabrielle, I am pleased to report that our region and cargo volumes are getting back on track.

As we moved through the year, a steady recovery in volumes was evident across log exports, fresh produce, and a buoyant cruise season. Coupled with operating leverage, the return of volume has delivered a strong financial result.

This year, we achieved new financial milestones that underscore the positive momentum across our mixed revenue streams. Revenue increased to \$141.4 million, a 15.9% increase on last year, and our reported net profit after tax increased by nearly 50% to \$24.8 million.

The Board has declared a fully imputed final dividend, which was paid yesterday, of \$12 million or 6 cents per share. This brings the total dividend for the 2024 financial year to \$18 million or 9 cents per share, which is increased from the 5.25 cents per share total for the 2023 year.

We have remained vigilant in our commitment to safety and wellbeing and are pleased to report no incidents of serious harm during the year.

Our cargo base continues to be both diverse and resilient, supported by robust infrastructure and a highly capable team.

Looking forward, we are confident in the momentum of volume and earnings growth. With infrastructure, capabilities, and a proven track record of operational resilience in place, Napier Port is well-positioned to build on the successes of this year and continue serving our customers and region effectively.

Todd will now take us through the year's results.

Napier Port Chief Executive Officer, Todd Dawson

Strong Annual Result

Thank you, Blair.

Good morning, everyone. Thank you for taking the time to attend our Annual Shareholders Meeting today.

It has been a year of strong recovery and increased cargo flows following Cyclone Gabrielle last year:

- Good growing conditions supported the rebound in fresh produce, apples, and meat
- Pan Pac's pulp and timber production continued its ramp up
- Log exports were strong with additional logs sourced from windthrown forests and unprocessed logs from Pan Pac, and
- It was a record cruise season for visits and passenger numbers

With the recovery of cargo volumes, activity on port increased significantly.

This ramp-up came with some expected pressures, as we maintained a freeze on recruitment and deferred spending.

By taking a dynamic approach to using assets and resources, we were able to adapt operations to accommodate our customers' shifting requirements, such as change in volume or cargo type, as their own recovery efforts continued.

- Cruise, log and container ships were all flexibly berthed across various wharves
- Space, equipment, and personnel were allocated, according to demand, ship exchange sizes, and as shipping schedules required

The year has shown the effectiveness of our flexible "whole of port" approach. It is delivering efficiency gains and flexibility for Napier Port and our customers.

Our ability to do this is closely linked to our strategic investments in infrastructure and customer service enhancements:

- Te Whiti Wharf: continues to ease congestion by expanding berth availability, reducing wait times for vessels, and minimising ship movements within the port's harbour;
- Log Debarking Operations: approximately 10% of all export logs are now processed through our log debarking facility, where demand continues to grow; and
- Expanded Pavement Works: These upgrades created additional storage space that was used to establish a wood chip operation, supporting Pan Pac during its post-cyclone closure. Currently, additional logs from WPI's parent company are now utilising this storage space, and in future we have the flexibility to use this space for containers or other purposes.

These investments, coupled with our dynamic flexible approach, are generating operational efficiencies that underpin our revenue growth and a strong financial position.

Having delivered a record year for Hawke's Bay and shareholders; we are strongly motivated by what we see as Napier Port's true capability under normal operating conditions.

Strategies for Future Growth

Having built capability into our workforce, equipment and infrastructure, our focus is turning towards using this capability to continue growing Napier Port's business.

The strong recovery seen this year across key cargoes, gives us confidence in volume rebuilding within our existing cargo base.

- The reinvestment by Pan Pac into their operations and their subsequent rising production, and
- Continued visible investment in the horticulture sector, are indicators that demand and optimism in the region's food and fibre produce remains high.

Napier Port's supply chain service, Viewpoint, works closely with our jointly owned inland port in Manawatu, and with KiwiRail.

- Our partnership with KiwiRail is strong and collaboration has increased post-Cyclone and also post-WPI's closure;
- This extends our reach 'out-of-region' by creating more options for cargo owners in the central and lower North Island to ship via Napier Port.

In the face of tough times and changing circumstances, we responded by reshaping how we delivered our services and looking closely at our cost base. The priorities were right sizing, adaptability and flexibility. This journey continues as we look at responding to customer opportunities, and how technology and other ways of working, may enable us to grow and deliver further earnings growth.

Closely linked to this, we will be continuing our focus on our cost to serve and working towards our medium-term goal of achieving returns aligned with our cost of capital.

Sustainability Progress

Good momentum continues with embedding sustainability across Napier Port. 79% of the, more-than-100, initiatives identified in 2021 are ongoing and embedded in BAU.

These initiatives are diverse across the four pillars of our strategy.

Some of the highlights this year include:

- Running port tours for the community
- Engaging our teams in our sponsorship of the seabird sanctuary at Cape Sanctuary through planting days,
- A NZ-first: the tracking of pairs of Korora (blue penguins), to learn more about their behaviour at sea and on land, and
- The implementation of an environmental management system, including external certification to support this.

Our climate change reporting disclosure can be found on our Investor Centre on the Napier Port website. Our emissions have been externally audited and certified for three years now, and we produced our 4th climate change report. New NZ Climate Standards came into effect for listed companies this year and our report adheres to these requirements.

- Total gross carbon emissions increased by 0.3% compared to last year.
- This was driven by higher fuel usage by generators used to keep fresh produce at set temperature in containers.
- Emissions intensity on a per cargo tonne basis decreased 7.2%, as the overall small total emission increase occurred while overall cargo tonnage increased by a higher amount at 8.1%.

I will now hand over to Chief Financial Officer, Kristen Lie.

Napier Port Chief Financial Officer, Kristen Lie

Volume Growth Across All Trades

Thank you, Todd, and good morning, everyone.

I am pleased to be able to provide a financial report to accompany our audited financial statements for the 2024 financial year.

Trade volume is returning following Cyclone Gabrielle last year, supported by the diversity and resilience of our cargo base. We handled 4.9 million tonnes of cargo in total, which was 8.1% more than the prior year.

Within Bulk Cargo, log export volumes increased 13.5% to 2.8 million tonnes, as log exports flowed through the port much more consistently in 2024 compared to 2023 and was supported by the additional unprocessed log supply from Pan Pac and the CNI post cyclone.

The volume of containerised cargo was 230,000 TEUs (a TEU is a measure of container volume in units of twenty-foot containers). This was 3.4% higher than last year, due to a rebound in apples, pears and other chilled produce which were impacted by Cyclone Gabrielle in the prior year. Dry container volumes decreased driven by lower wood pulp and timber, and canned and other food and beverages.

We welcomed 89 cruise vessels, an increase of 25 from last year.

Revenue Growth Across All Key Areas

This financial year, we again achieved significant total revenue growth; increasing \$19.4m year on year to \$141.4m.

We saw this growth across all three service areas – Container Services increased \$8.2 million, Bulk cargo increased \$7.4 million and Cruise increased \$3.7 million.

Revenue growth across all areas was driven by the volume growth mentioned, together with continued positive progress with our average revenue per unit across each area. These increases are linked to our investments in infrastructure and additional customers services, and also partially as a result of cost recoveries for major expenses such as fuel and insurance.

Higher Operating Results and Net Profit on Volume and Yield Growth

The result from operating activities increased to \$52m, an increase of 39.5% from \$37.2m. While revenue increased by \$19.4 million, operating expenses increased by a modest \$4.7 million due to

our continued focus on costs, and thus we benefited from strong operating leverage and a significant increase in our operating result.

The operating result excludes an additional net \$8.9m of business interruption insurance income and related expenses, reported within Other Income in our financial accounts.

Reported net profit after tax increased 49.7% to \$24.8 million from \$16.6m. This includes the net business interruption insurance income, higher taxes on higher earnings, and an additional \$2m tax charge for the change removing tax depreciation on commercial buildings.

Capital Management

Finally, a brief update on our capital management and debt profile which continues to be in a sound position.

Supported by continued robust operating cashflows in the period, our total drawn debt reduced by \$20.5 million to \$109.5 million at balance date. In addition, Napier Port had \$70.5 million in undrawn credit facilities available at the end of the financial year.

Our Debt to EBITDA ratio decreased to 1.80 times at 30 September 2024, down from 2.98 times at the end of the previous financial year.

Our operating cashflow growth and sound financial position has supported the Board's decision to increase the December final dividend payment from the prior year.

I will now hand back over to Todd for concluding remarks.

Napier Port Chief Executive Officer, Todd Dawson

Looking Ahead FY2025

In September, we unfortunately received confirmation that WPI, one of our significant pulp and timber cargo customers, was closing its pulp and timber mills.

While the closure of WPI is a setback, Napier Port's ability to adapt and our core fundamental regional strengths continue to provide volume and support our financial resilience - the fundamentals of our core 'food and fibre' sectors remain strong.

Despite WPI's closure, Napier Port has had a very solid year, marked by strong regional recovery, and key customer trade volumes returning, and reaching several new financial milestones. This is due to the resilience of the team, a diverse cargo base and revenue streams, as well as the capability in infrastructure and a 'whole of port' approach to managing operations.

Our strategic initiatives are supporting growth. Wharf capacity, operational flexibility, services on port, and Viewpoint Supply Chain, positions Napier Port well to receive and process more cargo from across the North Island.

Looking positively to the future, we continue to invest in our infrastructure and capability. We are currently underway with a renewal and replacement programme across several areas of our plant fleet, and the implementation of our strategic asset management plan, which will see an increased level of capital investment into our assets in the near term.

We are pleased to report trading for the new 2025 financial year to date is proceeding according to our expectations, and we expect to maintain earnings growth momentum into 2025.

Thanks to our strong financial position, we are well-equipped to continue growing dividends and investing in expanding our cargo base, developing operations, and enhancing our capabilities for the future.

While global markets are still somewhat subdued, we are seeing inflation easing and more favourable macroeconomic conditions. This should provide further stability for cargo owners. Looking ahead, we're optimistic about Napier Port's future. Continuing log export volumes, new season crop plantings, and new investment in the horticulture sector, plus steady cruise bookings are all positive signs for the future.

Today we are providing earnings guidance for an underlying result from operating activities for the year to 30 September 2025 of between \$55 million and \$59 million. This range assumes a continuation of the current market conditions.

Finally, I'd like to acknowledge and thank my whole Napier Port Team, including our Board of Directors, for their efforts this year.

Dredge Investment and Announcement

We are delighted to announce the formation of a joint venture with Port Otago to own and operate a new dredge vessel.

The joint venture will enter into a contract with Damen Shipping to build and acquire a new Trailer Suction Hopper Dredge with the capacity and capability to meet the needs of both Port Otago and Napier Port's ongoing maintenance and capital dredging programmes.

This is a significant investment for both Port Otago and Napier Port that will ensure the future capability of both ports to continue to maintain and enhance the safe access to reliable shipping channels and harbour access to our international port gateways.

Napier Port is already fully consented to dredge its shipping channels and harbours to a depth of 14.5 metres. Consent was granted in 2019 prior to the development of Napier Ports new wharf, Te Whiti (6 Wharf) and future proofs Napier Port's ability to handle and manage the potential for increased ship sizes and future demands from shipping line customers requiring deeper drafts and more resilient port infrastructure as vessel sizes increase.

The potential deepening of Napier Ports shipping channels will also enable a wider range of operating parameters to be accommodated for the safe access of shipping into the harbour due to various weather conditions and provides additional resilience to a critical piece of regional and NZ's port infrastructure.

The strategic partnership with Port Otago and the acquisition of the new dredge not only enables Napier Port to access an affordable and sustainable maintenance dredging capability, it also enables Napier Port to conduct an ongoing capital dredging programme to extend its current shipping channel depths from 12.5 metres to its consented depth of 14.5m over time.

This will strategically support the ongoing relevance and future capability of Napier Port to provide deep sea shipping access to the Hawke's Bay and wider East Coast region of New Zealand's North Island.

I will now hand back over to Blair.

Napier Port Chair, Blair O'Keeffe

On that note, it is my pleasure today to conclude the Annual Shareholders Meeting for the 2024 financial year.

On behalf of the Board, I extend our thanks to all shareholders, our community, and the cargo owners who entrust their product to Napier Port.

And to the entire Napier Port team who – led by an excellent Senior Management Team – continue to bring their best to work every day, facing whatever the day brings with an unflappable commitment and resolve.

As I call the meeting to a close, I'd like to invite everyone who is present at the War Memorial today to light refreshments.

Our people are available to answer any questions about port operations and of course our directors will be available for any governance questions you might have.

Thank you for coming today and thank you for your continued support of Napier Port.

No reira tēnā koutou, tēnā koutou, tēnā koutou katoa.