

# NZX AND MEDIA RELEASE

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AUDITED FINANCIAL RESULTS FOR THE YEAR TO 30 SEPTEMBER 2022

## A year of strategic delivery for Napier Port

Napier Port (NZX.NPH) – the premier freight gateway for the central and lower North Island of New Zealand – today releases financial results for the year to the end of September 2022 showing a resilient performance despite weathering significant trading, environmental and operational disruptions. It also reports a year of delivery against long-standing strategic objectives.

### HIGHLIGHTS:

- Revenue rises to \$114.5 million (up 4.6%) from \$109.5 million in the prior financial year
- Total tonnage shipped across Napier Port’s wharves of 5.39 million tonnes, 8.1% down on the record 5.87 million tonnes during 2021
- Container volumes were down 7.9% on the prior year to 254,000 TEU, while bulk cargo volumes reduced 7.6% to 3.65 million tonnes amid significant trading, environmental and operational disruptions
- The result from operating activities of \$40.1 million decreased by 8.4% compared to the prior year with inflationary cost increases and investment in capability offsetting the increase in revenue
- Underlying net profit for the financial year was \$18.6 million, down from \$22.0 million
- Te Whiti, 6 Wharf, opens ahead of schedule and for a final construction cost of \$171 million, below the original budget of \$173 million to \$190 million
- Napier Port’s funding supported by the issue of \$100 million of listed bonds; drawn bank lending at the end of the financial year of \$34.0 million with \$46.0 million in undrawn credit facilities
- Directors declare a fully imputed final dividend 4.7 cents per share, taking total dividends for the 2022 financial year to 7.5 cents per share, which is unchanged from the prior year
- Earnings guidance for FY2023 for an underlying result from operating activities of between \$42 million and \$48 million

### FINANCIAL RESULTS

Revenue for the 2022 financial year rose to \$114.5 million, a 4.6% improvement on the \$109.5 million posted in the prior financial year.

Annual trade volumes of 5.39 million tonnes were 8.1% down on the record result in the prior financial year of 5.87 million tonnes. The fall reflected the challenging trading conditions for the region’s cargo owners. Container volumes were down 7.9% on the prior year to 254,000 TEU, while bulk cargo volumes reduced 7.6% to 3.65 million tonnes.

The increase in revenue in the face of these pressures reflected Napier Port’s move to recover the significant rise in operating costs it has faced through the year and its programme of infrastructure investment. The result from operating activities of \$40.1 million decreased by 8.4% compared to the prior year with inflationary cost increases and investment in capability offsetting the increase in revenue.

Reported net profit for the financial year was \$20.4 million, down from the \$23.2 million and included higher financing and depreciation charges following the completion of Te Whiti. Underlying net profit for the financial year, which excludes unrealised property revaluation gains, was \$18.6 million, down from \$22.0 million in the prior year.

Napier Port Chair Alasdair MacLeod said: “Strategically it has been a highly successful year. We have made significant progress on our goals to continue to put in place the infrastructure and capabilities that will underpin the success of Napier Port and the economy of Hawke’s Bay and the central and lower North Island of New Zealand.

“The centrepiece of this achievement was the opening of 6 Wharf - Te Whiti - a multi-generational asset for Hawke’s Bay and the New Zealand supply chain that now positions Napier Port to support the easing of congestion and expand capacity across the entire North Island.

“Through its opening, we have delivered on the commitments we made when we launched our initial public offer and NZX listing in 2019. During the year we have also continued to deliver on our commitments to safety, sustainability and to building more diversity and inclusion into our workforce.

“Against this, labour constraints and pandemic-related absences have limited the productivity of our customers. These challenges were exacerbated in the first half of the year by adverse weather events impacting upon local production and ongoing shipping disruptions. These factors, together with intense cost pressures across the supply chain, have had flow-on effects both to Napier Port operations and our region’s cargo owners.”

Napier Port Chief Executive Todd Dawson said: “Over the year we have worked hard to balance the long-term interests of the region and Napier Port carefully, with a sharp focus on efficiently managing our infrastructure to deliver the value and solutions our region’s cargo owners need.

“The successful commissioning of Te Whiti is the best evidence of this in action. The team delivered the wharf ahead of schedule for a final construction cost of \$171 million, under the original construction budget of \$173 million to \$190 million. This is an outstanding achievement in the history of New Zealand infrastructure investment.

“The team has also managed the impact the project had on our port operations and kept the cargo flowing despite ongoing and significant diversions of ships from shipping schedules and a reduction in the number of vessels visiting Napier Port. Total ship visits (container and charter) were down to 513 vessels, a 12.3% reduction on the prior year’s 585 visits.

“It is a credit to our people that amid these challenges they did not waiver from their commitment to our region and our customers. It is well understood across Napier Port that our success is linked to the success of our regional economy and I am proud to lead a team that is proud to service our region.”

Mr Dawson also paid tribute to Mr MacLeod who steps down as Chair at the conclusion of Napier Port’s annual meeting in December after eight years at the helm. Independent Non-Executive Director Blair O’Keeffe will replace MacLeod as Chair at the same time.

“Alasdair leaves as his legacy a safer port operation where people are valued first and foremost. He has also successfully governed us through the initial public offer and listing on the NZX, the company’s largest ever investment and infrastructure development, and the successful navigation of periods of national emergency, including the Kaikōura earthquake, the global COVID pandemic and unprecedented disruptions to national and global supply chains. On behalf of shareholders and the Napier Port team we thank Alasdair for his commitment to Napier Port, its people, and our region.”

## FUNDING AND BALANCE SHEET

Napier Port finished the year, a period of significant infrastructure investment, with a balance sheet that can continue to support the growth of the company and our region.

During the year we issued \$100 million of unsecured, unsubordinated 5.52% fixed rate bonds, maturing in March 2028, that are listed for trading on the NZX Debt Market. The bond proceeds were used to repay bank debt and for general corporate purposes.

We were pleased to provide a preferential opportunity to our shareholders to participate in the offer and then allocate 100% of the offers received, resulting in shareholders taking up \$13.1 million of the initial issue.

After the net spend on investing activities of \$71.9 million and net proceeds from loans and borrowings, including bond proceeds, of \$55.2 million, cash balances increased by \$0.5 million during the year to \$1.9 million.

We ended the financial year with drawn bank lending of \$34 million and \$100 million of bonds issued and \$46 million in undrawn credit facilities.

## OUTLOOK AND DIVIDEND

Mr MacLeod said Napier Port remained cautiously optimistic for the year ahead. However, there was no room for complacency within the current economic environment.

“Constraints on labour continue and still strong inflationary pressures represent an ongoing and significant headwind for the region’s primary sector exporters and Napier Port. At the same time, a global tightening in interest rates and rising geo-political tensions continue to represent a significant challenge to global economic activity and remain a source of uncertainty.

“The trade outlook for the region’s food and fibre exports remains positive, and as we move into the new financial year, cruise ships have returned to Hawke’s Bay after a two-year COVID-19 induced hiatus. We have already welcomed three cruise vessels and have bookings for a further 85 from now until April 2023.

“Taking these factors into account we now expect an underlying result from operating activities for the year to the end September 2023 of between \$42 million and \$48 million. Meanwhile, thanks to the deft execution of Te Whiti Wharf and careful management of our capital across other strategic projects, we have entered the new financial year in a strong position.

“Directors have therefore resolved to pay a fully imputed final dividend of 4.7 cents per share, taking total dividends for the 2022 financial year to 7.5 cents per share. We look forward to providing a further update at our annual meeting in December,” Mr MacLeod said.

The record date for dividend entitlements is 5 December and the payment date will be 15 December.

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/)