



# BUILDING FUTURE CONNECTIONS

10 June 2021

# IMPORTANT NOTICE AND DISCLAIMER

This presentation has been prepared by Napier Port Holdings Limited (together with Port of Napier Limited, "**Napier Port**"). This presentation is being provided to you on the basis that you are, and you represent and warrant that you are, a person to whom the provision of the information in this presentation is permitted by the applicable laws and regulations of the jurisdiction in which you are situated without the need for registration, lodgement or approval of a formal disclosure document or any other filing or formality in accordance with the laws of that foreign jurisdiction.

**Information only; No reliance:** This presentation is for information purposes only and you should not rely on this presentation. This presentation does not purport to contain all of the information that you may require or be complete. The historical information in this presentation is, or is based upon, information that has been released to NZX Limited ("**NZX**"). This presentation should be read in conjunction with Napier Port's other periodic and continuous disclosure announcements, which are available at [www.nzx.com](http://www.nzx.com).

The information in this presentation does not constitute a personal recommendation or service or take into account the particular needs of any recipient. The information in this presentation should be considered in the context of the circumstances prevailing at the date and time of the presentation and is subject to change without notice. No person is under any obligation to update this presentation nor to provide you with further information about Napier Port. This presentation does not constitute or form part of an offer to sell, or a solicitation of an offer to buy, any shares, securities or financial products in any jurisdiction. This presentation has not been and will not be filed with or approved by any regulatory authority in New Zealand or any other jurisdiction.

**Investment risk:** An investment in securities in Napier Port is subject to investment and other known and unknown risks, some of which are beyond the control of Napier Port. Napier Port does not guarantee any particular rate of return or the performance of Napier Port.

**No liability:** Napier Port, its shareholders, their respective advisers and affiliates, and each of their respective directors, shareholders, partners, officers, employees and representatives accept no responsibility or liability for, and make no representation, warranty or undertaking, express or implied, as to, the fairness, accuracy, reliability or completeness of, and to the maximum extent permitted by law hereby disclaim and shall have no liability whatsoever (including, without limitation, arising from fault or negligence or otherwise) for any loss or liability arising from, this presentation or any information contained, referred to or reflected in it or supplied or communicated orally or in writing to you or any other person. The information in this presentation has not been independently verified or audited.

**Financial data:** All dollar values are in New Zealand dollars (NZ\$ or NZD) unless otherwise stated. Any financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Napier Port's views on its future financial condition and/or performance.

Investors should be aware that certain financial data included in this presentation are 'non-GAAP financial measures'. Investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation, they do not have a standardised meaning prescribed by New Zealand Generally Accepted Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with New Zealand Generally Accepted Accounting Standards.

**Past performance:** Any past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not), a promise, representation, warranty or guarantee as to the past, present or the future performance of Napier Port.

**Future performance:** This presentation contains "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of Napier Port that could cause the actual results, performance or achievements of Napier Port to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. No assurances can be given that the forward-looking statements referred to in this presentation will be realised. Given these uncertainties, you are cautioned not to rely on such forward-looking statements.

**Confidentiality and copyright:** This presentation is strictly confidential and is intended for the exclusive benefit of the person to which it is presented. This presentation should not be copied, reproduced or redistributed without the prior written consent of Napier Port. Distribution of this presentation may be restricted or prohibited by law. The copyright of this presentation and the information contained in it is vested in Napier Port.

**Acceptance:** For purposes of this Notice, "presentation" shall mean the slides, the oral presentation of the slides by Napier Port, any question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation. By attending an investor or analyst presentation or briefing, or accepting, accessing or reviewing this presentation, you acknowledge and agree to the terms set out in this Notice.

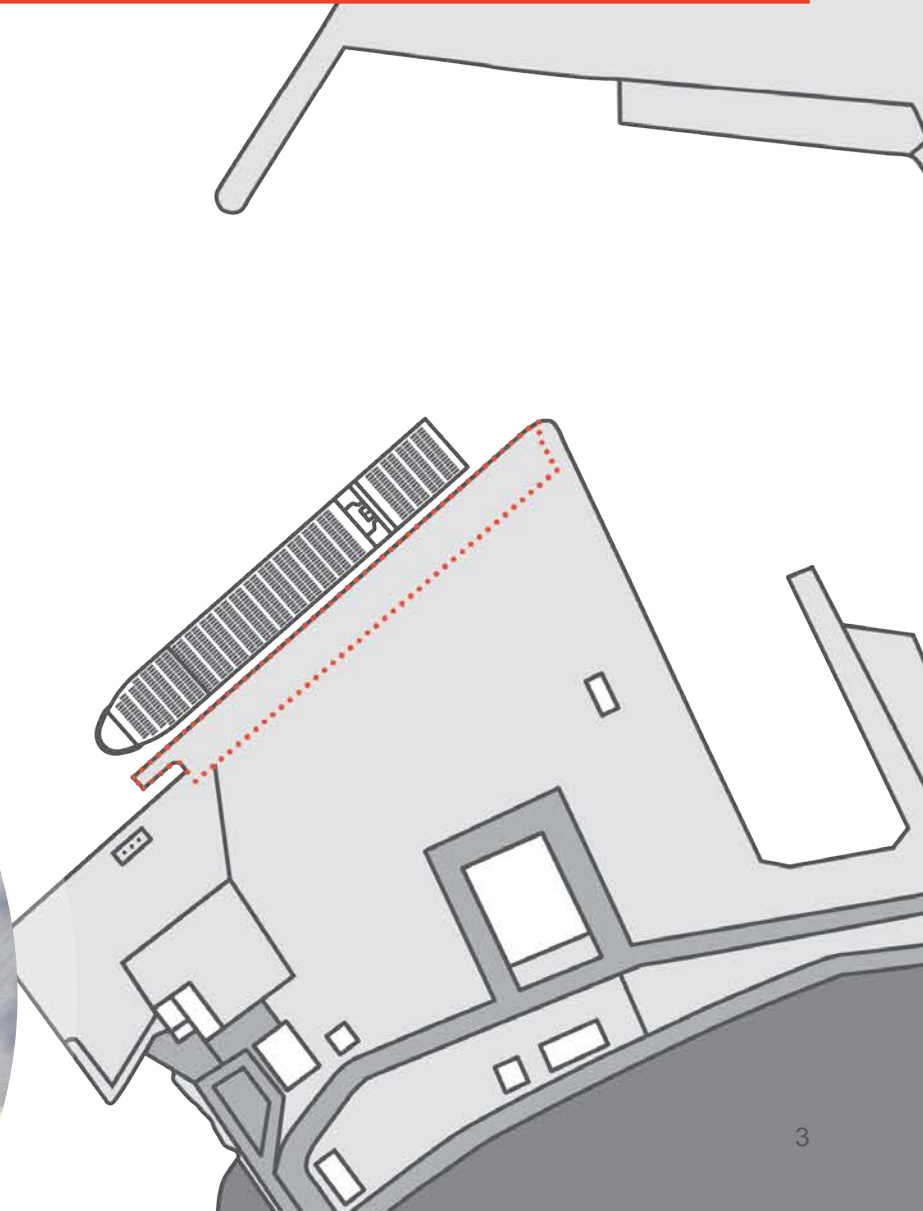


# RECAP ON BASIC FEATURES/CAPABILITIES

- Future proofed
- Channel and berth pocket consented to -14.5m
- Gantry crane ready
- Series 8 MHC ready



\* Courtesy of Crane.Market Copyright Terex MHPS GMBH



# RECAP ON RESILIENCE



**DESIGNED AND  
CONSTRUCTED TO  
IMPORTANCE LEVEL 4,  
PROVIDES THE PORT  
AND THE REGION  
MAXIMUM RESILIENCE  
TO EARTHQUAKE**

**1/2500 YEAR  
EARTHQUAKE**





# RECAP ON PROJECT DEVELOPMENT

- Resource Consent Process
- Early Contractor Involvement (ECI) – HEB Construction working with Napier Port and Beca (designers) on detailed design, constructability and Value Engineering.
- Contract development – Chapman Tripp
- Resulted in Lump Sum Contract with clear risk allocation
- Key Sub Contractors – Heron Construction and Wagstaff

**NAPIER<sup>o</sup>**  
**PORT**  
*Te Herenga Waka o Ahuriri*



 **Beca**

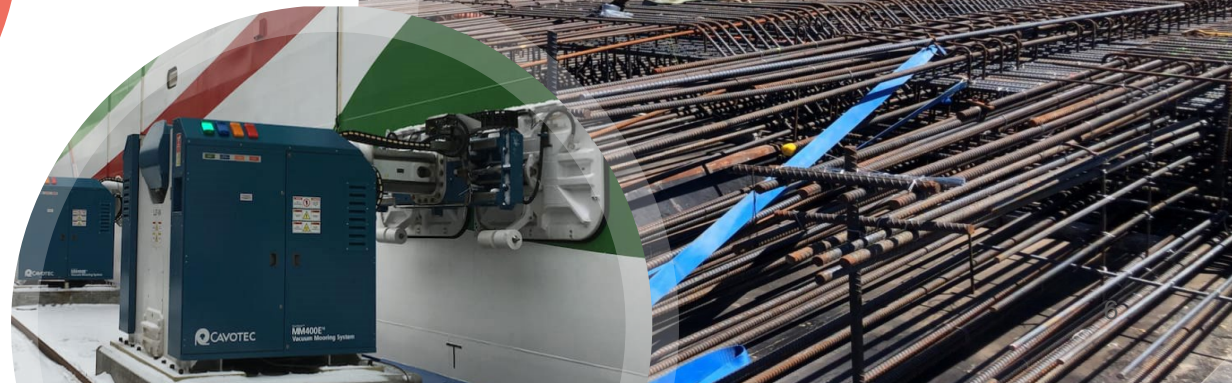


# PROGRESS – PILING AND DECK

- Deck Hardware ordered
- Pile depth (NP Risk) largely as expected

**35%**  
OF DECK  
CONSTRUCTED  
(32 POURS)

**380**  
OF 400 PILES  
COMPLETED

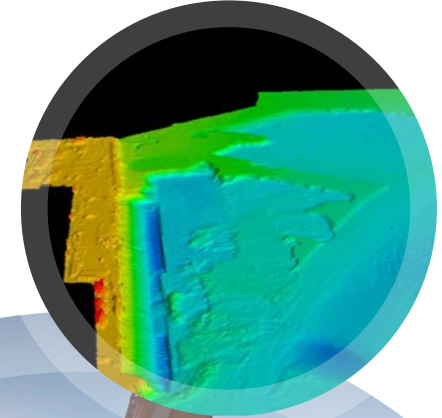
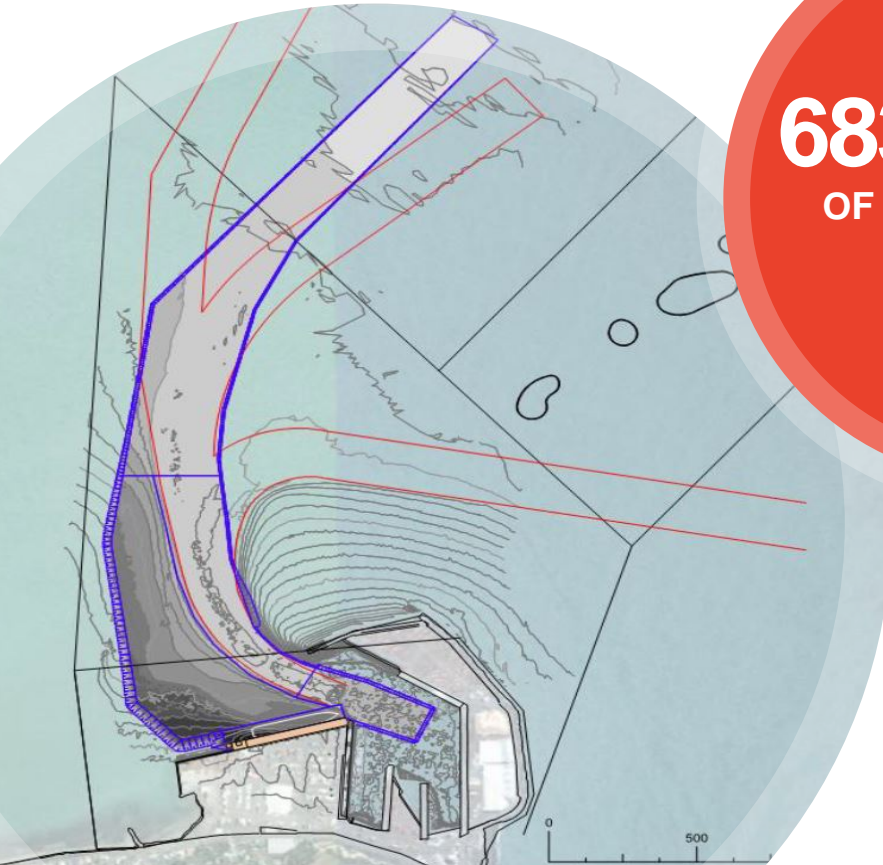




# PROGRESS – DREDGING

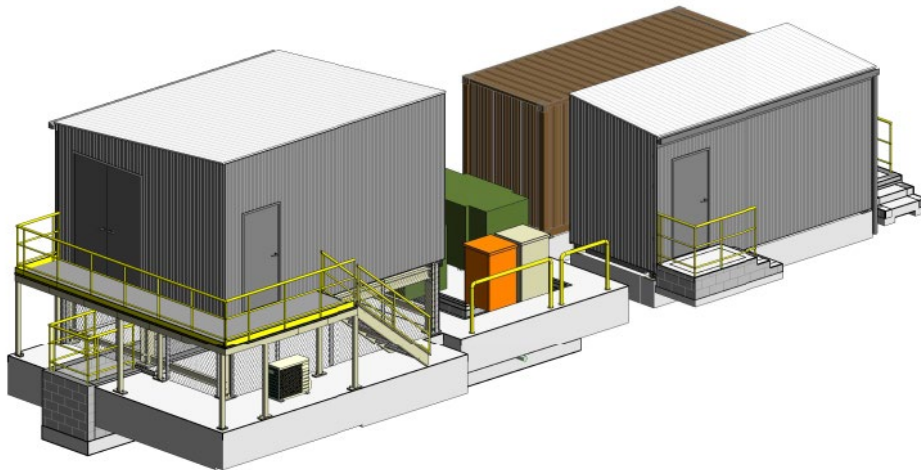
- Dredging completion expected late 2021
- Material type largely as expected
- No issues dredging harder rock

**683,000 m<sup>3</sup>**  
OF 1.21 MILLION m<sup>3</sup>  
COMPLETED



# PROGRESS – OTHERS

- Ground improvements commenced
- Pavement works commencing this week
- 10 MoorMaster units ready for shipment from Italy
- Electrical substation build progressing





# ENVIRONMENTAL

0

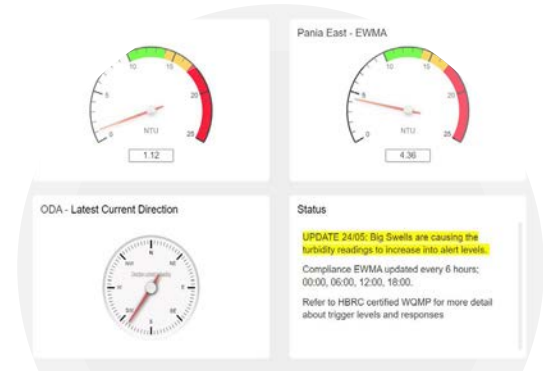
WATER QUALITY  
EXCEEDANCES  
FROM DREDGING

15

FISHING SURVEYS  
COMPLETED  
EACH MONTH

0

CONSENT  
BREACHES



195

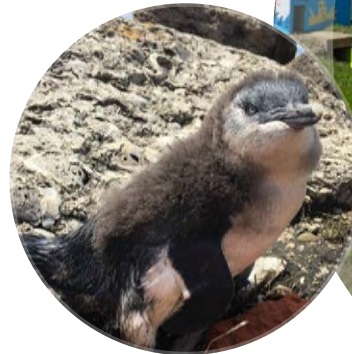
PENGUINS  
RELOCATED TO  
SANCTUARY

2

CHICKS  
HATCHED

2

ARTIFICIAL  
REEFS CREATED



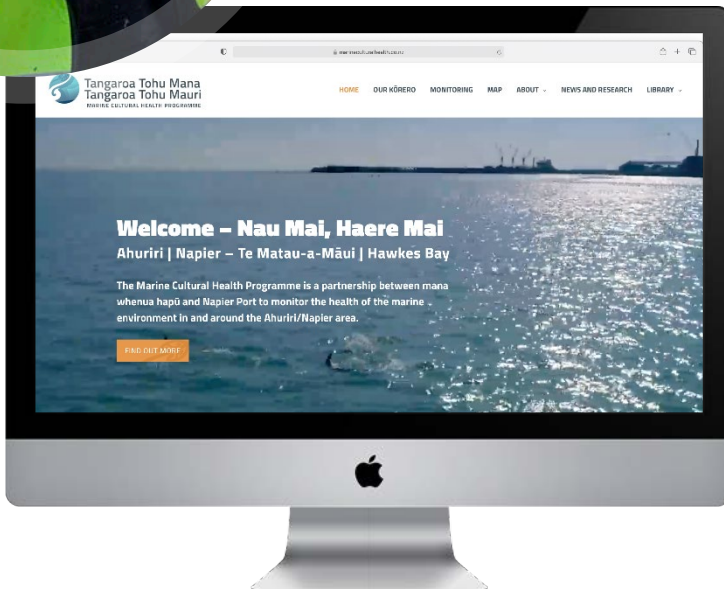


# LAUNCH OF THE

# Tangaroa Tohu Mana

# Tangaroa Tohu Mauri

## MARINE CULTURAL HEALTH PROGRAMME



[marineculturalhealth.co.nz](http://marineculturalhealth.co.nz)



**CLICK HERE TO  
WATCH THE MARINE  
CULTURAL HEALTH  
PROGRAMME VIDEO**

# HEALTH & SAFETY

- Number of incidents, LTIs, focus on major issues
- Napier Port active in H&S
- Two third-party audits completed





# GOVERNANCE

---

- Project Steering Group meets monthly
- Weekly walkover by CEO and Chair
- Third Party Project Management Audit conducted





---

# OUR CORPORATE STRATEGY

---

10 June 2021



# IMPORTANT NOTICE AND DISCLAIMER

This presentation has been prepared by Napier Port Holdings Limited (together with Port of Napier Limited, "**Napier Port**"). This presentation is being provided to you on the basis that you are, and you represent and warrant that you are, a person to whom the provision of the information in this presentation is permitted by the applicable laws and regulations of the jurisdiction in which you are situated without the need for registration, lodgement or approval of a formal disclosure document or any other filing or formality in accordance with the laws of that foreign jurisdiction.

**Information only; No reliance:** This presentation is for information purposes only and you should not rely on this presentation. This presentation does not purport to contain all of the information that you may require or be complete. The historical information in this presentation is, or is based upon, information that has been released to NZX Limited ("**NZX**"). This presentation should be read in conjunction with Napier Port's other periodic and continuous disclosure announcements, which are available at [www.nzx.com](http://www.nzx.com).

The information in this presentation does not constitute a personal recommendation or service or take into account the particular needs of any recipient. The information in this presentation should be considered in the context of the circumstances prevailing at the date and time of the presentation and is subject to change without notice. No person is under any obligation to update this presentation nor to provide you with further information about Napier Port. This presentation does not constitute or form part of an offer to sell, or a solicitation of an offer to buy, any shares, securities or financial products in any jurisdiction. This presentation has not been and will not be filed with or approved by any regulatory authority in New Zealand or any other jurisdiction.

**Investment risk:** An investment in securities in Napier Port is subject to investment and other known and unknown risks, some of which are beyond the control of Napier Port. Napier Port does not guarantee any particular rate of return or the performance of Napier Port.

**No liability:** Napier Port, its shareholders, their respective advisers and affiliates, and each of their respective directors, shareholders, partners, officers, employees and representatives accept no responsibility or liability for, and make no representation, warranty or undertaking, express or implied, as to, the fairness, accuracy, reliability or completeness of, and to the maximum extent permitted by law hereby disclaim and shall have no liability whatsoever (including, without limitation, arising from fault or negligence or otherwise) for any loss or liability arising from, this presentation or any information contained, referred to or reflected in it or supplied or communicated orally or in writing to you or any other person. The information in this presentation has not been independently verified or audited.

**Financial data:** All dollar values are in New Zealand dollars (NZ\$ or NZD) unless otherwise stated. Any financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Napier Port's views on its future financial condition and/or performance.

Investors should be aware that certain financial data included in this presentation are 'non-GAAP financial measures'. Investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation, they do not have a standardised meaning prescribed by New Zealand Generally Accepted Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with New Zealand Generally Accepted Accounting Standards.

**Past performance:** Any past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not), a promise, representation, warranty or guarantee as to the past, present or the future performance of Napier Port.

**Future performance:** This presentation contains "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of Napier Port that could cause the actual results, performance or achievements of Napier Port to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. No assurances can be given that the forward-looking statements referred to in this presentation will be realised. Given these uncertainties, you are cautioned not to rely on such forward-looking statements.

**Confidentiality and copyright:** This presentation is strictly confidential and is intended for the exclusive benefit of the person to which it is presented. This presentation should not be copied, reproduced or redistributed without the prior written consent of Napier Port. Distribution of this presentation may be restricted or prohibited by law. The copyright of this presentation and the information contained in it is vested in Napier Port.

**Acceptance:** For purposes of this Notice, "presentation" shall mean the slides, the oral presentation of the slides by Napier Port, any question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation. By attending an investor or analyst presentation or briefing, or accepting, accessing or reviewing this presentation, you acknowledge and agree to the terms set out in this Notice.

# RESETTING OUR PURPOSE TO REDEFINE AND ALIGN OUR STRATEGY TO THE FUTURE

- A need to understand our WHY – “Together, we build a thriving region by connecting our customers, people and community to the world”
- Three years ago we put in place an ambitious roadmap for our business
  - Future regional growth
  - 6 Wharf development – congestion vs bigger ships
  - Shift from shipping line focus to our region and cargo owner customers
  - Building on our culture and our foundations with 150 years of history
  - Leveraging our key business strengths
  - New ownership model



FOUNDATION SETTING 0 – 3 YEARS	CAPABILITY BUILDING 4 – 6 YEARS	TRANSFORMING OUR BUSINESS 7- 10 YEARS
<ul style="list-style-type: none"> <li>- Strategy creation</li> <li>- IPO</li> <li>- 6 Wharf commences</li> <li>- Thames Street II</li> <li>- Kaweka</li> </ul>	<ul style="list-style-type: none"> <li>- 6 Wharf completion</li> <li>- Systems and process upgrade</li> <li>- People development</li> <li>- Health &amp; Safety</li> <li>- Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>- New value and revenue streams</li> <li>- Rebalancing supply chain</li> <li>- Sustainability improvements</li> <li>- Preferred employer</li> <li>- Integrated supply chain network offerings</li> </ul>



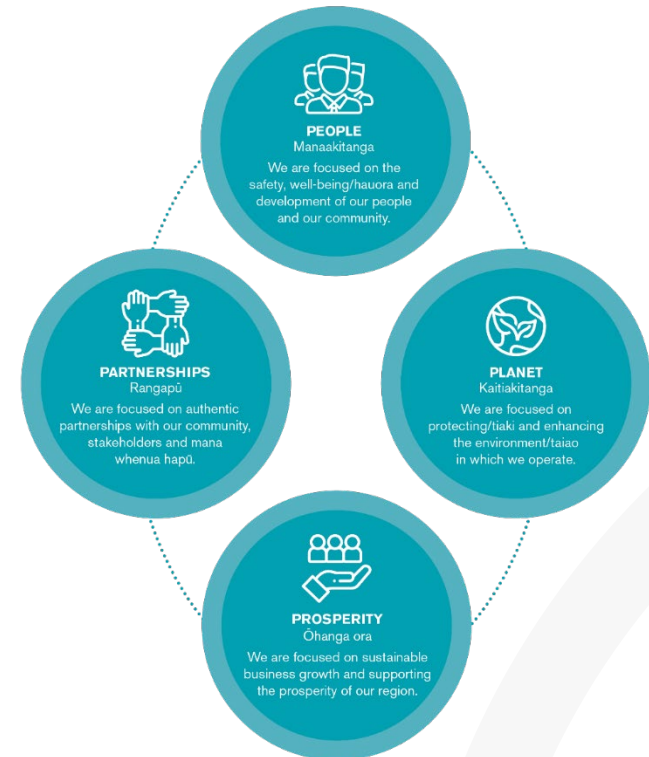
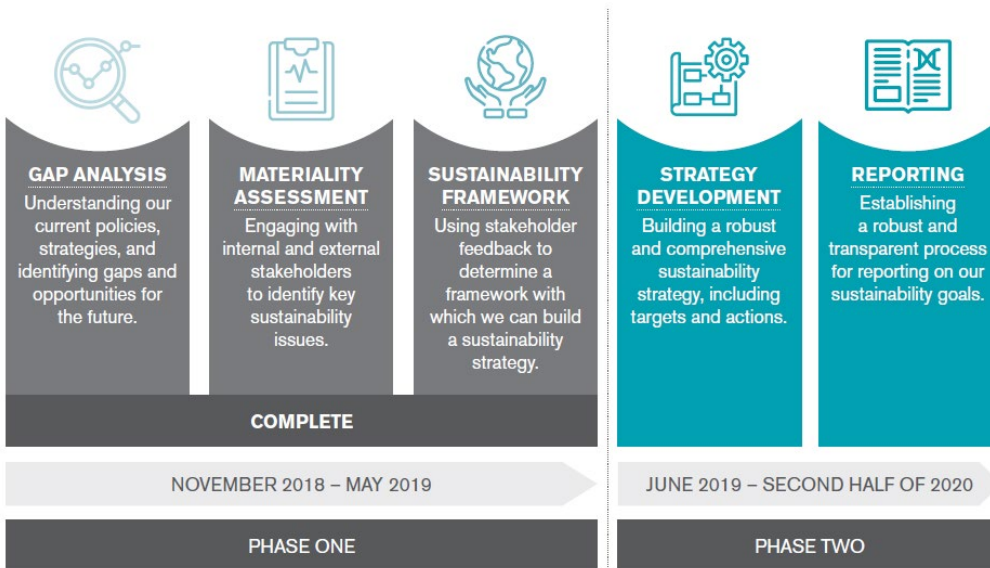
# CONTINUING TO EVOLVE OUR STRATEGY BASED ON WHAT WE SEE NOW AND AHEAD

- Achieved what we said we would, and more
- 3-Year Strategy Refresh
  - The external environment has changed – customer expectations, competition, global challenges
  - We have changed internally – our ambition, customer focus, culture
  - Looking ahead and understanding new influences that may be on the horizon
  - One thing we're not changing is our purpose – our WHY



# EMBEDDING SUSTAINABILITY IN EVERYTHING WE DO

- External and internal stakeholder consultation
- Development of our Sustainability Framework
- Establishing reporting goals
- Sustainability Strategy launching in FY21
  - Aligned to 14 of 17 UN SDGs
  - Work streams aligned to global, local and business goals
  - Short, medium and long term timeframes





# BUILDING ON WHAT WE STARTED AND TELLING OUR STORY MORE BROADLY

TOGETHER WE BUILD A THRIVING REGION  
BY CONNECTING YOU TO THE WORLD

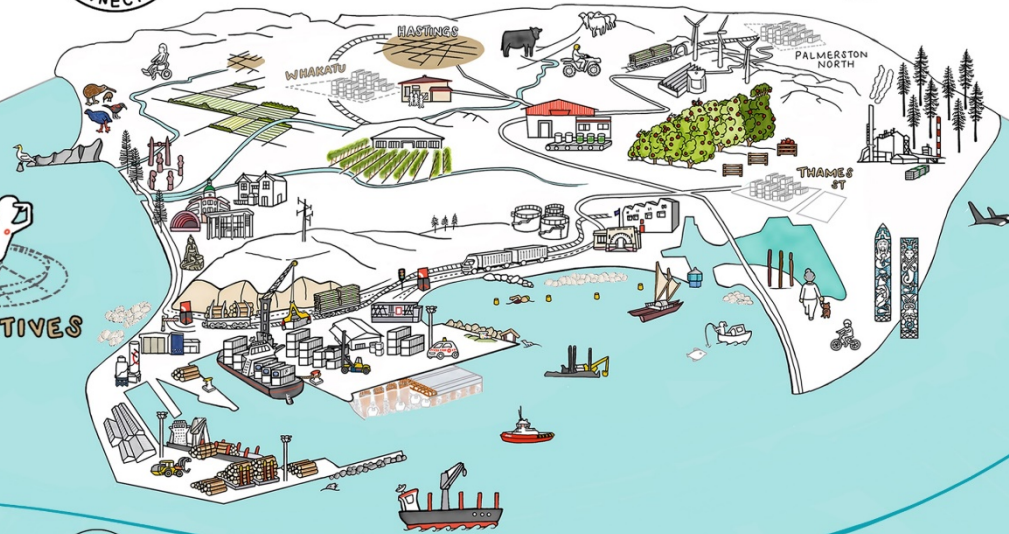
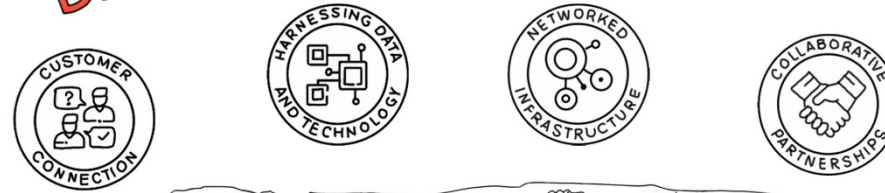
OUR  
PURPOSE

OUR  
GOALS

OUR  
TEAM  
PLANS

OUR OBJECTIVES

OUR  
FOUNDATION



PEOPLE

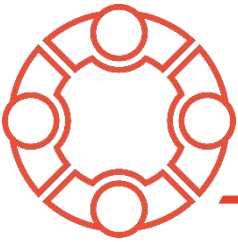
PLANET

PROSPERITY

PARTNERSHIPS



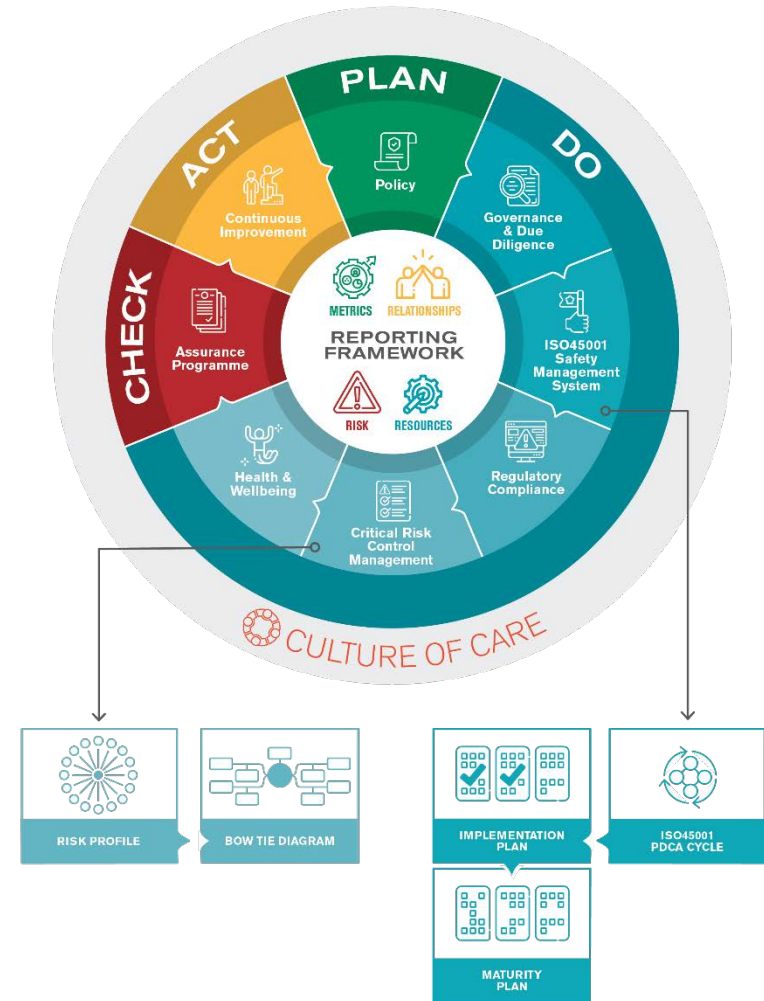
OUR  
CULTURE



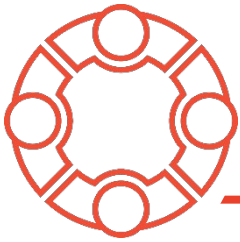
# CULTURE OF CARE – BUILDING CAPABILITY

“Support our strong and resilient culture which encourages care of our people, the local community and the environment”

- Foundation of our strategy
- 3-Year Health & Safety Road Map
  - ISO45001 alignment
  - Critical Risk Control Management
  - SAI360 launch
- Mapping out our next 3-year road map (2023 – 2026)
  - Focus on assurance activities
  - Embedding standards across operations
  - Safety II led culture of Health & Safety
  - Operationally led and driven

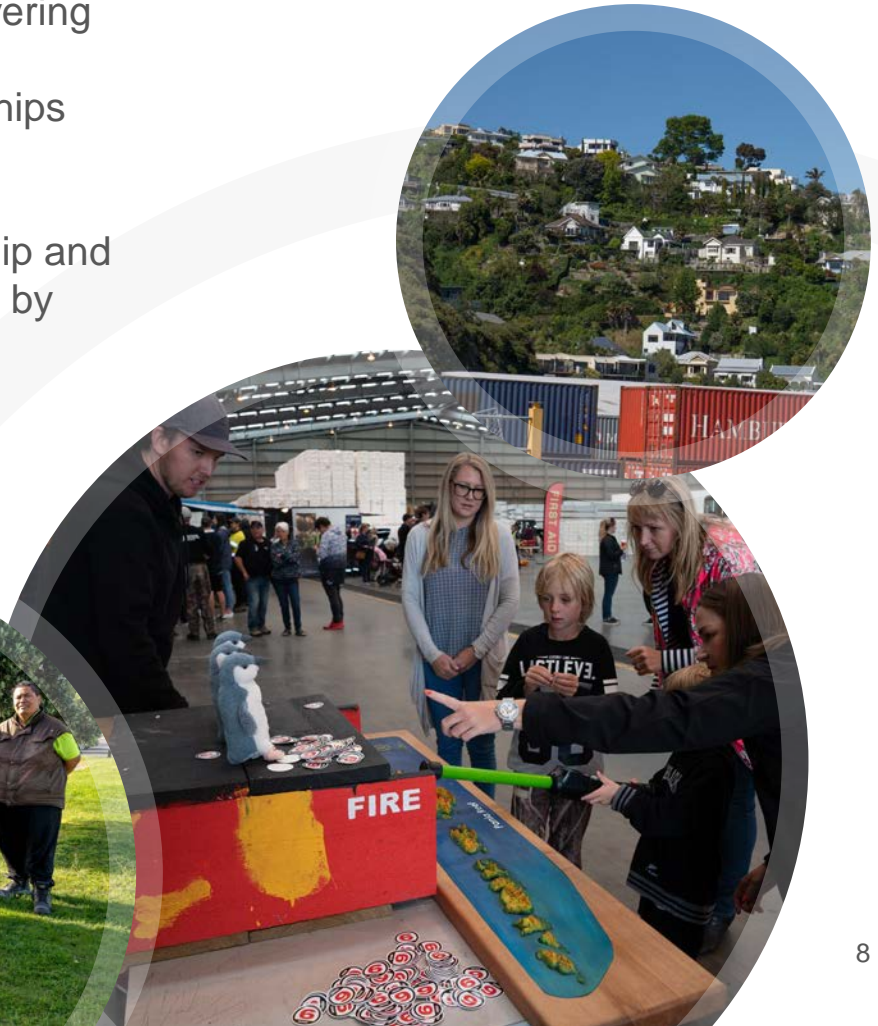






# CULTURE OF CARE – GROWING IN PARTNERSHIP

- Social License to Operate is shifting towards a Social License to Grow
  - Marine Cultural Health Programme delivering on our 6 Wharf resource consent
  - Growing and strengthening iwi relationships
  - Partnering with and working alongside the wider community
  - Building on the strong sense of ownership and regional pride developed for Napier Port by Hawke's Bay communities



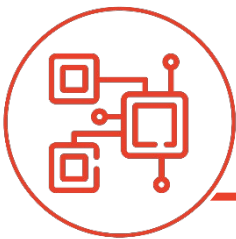
# GROW OUR CULTURE WITH OUR PEOPLE'S PASSION FOR THE PORT AND THE REGION

“Make Napier Port an even better place to work with a highly engaged and caring workforce of owners, invested in their port and region”

- Te Kāhui O Te Herenga Waka O Ahuriri – Te Ao Māori strategic plan
- Equality, Diversity & Inclusion Strategy
- Employee engagement survey conducted in May 2021
  - Culture Amp platform
  - 71% participation rate
  - 77% engagement score
  - Annual process from 2021







# HARNESSING DATA & TECHNOLOGY

“Leverage intelligent data to create new value for our port and our customers”

- In-house teams driving innovation and providing productivity and efficiency gains
  - Sharewater – Harbour Management System
  - Propel – Vehicle Booking System
  - Reefer power monitoring (internally)
  - Port Pass
  - Crane Simulator
  - Marine Simulator
  - Container inspection mobile app
  - Port Activity Map (PAM) - GIS
- Developing new revenue streams for Napier Port





# COLLABORATIVE PARTNERSHIPS

## “Developing and building partnerships with like-minded organisations”

- Investing in our community
- Strong customer focus
- Wide range of stakeholders, including
  - Technology partners – InPhySec
  - Contractors – HEB, Higgins
  - Government entities – Kiwirail and NZTA
  - Local government – HDC, NCC, HBRC
  - Customers – Pan Pac, WPI
  - Other industry – Hawke’s Bay Airport, Unison
  - Key suppliers – Prophecy, SCS, Tomoana Warehousing
  - Community-based Sponsorships – Ātea A Rangi Educational Trust, Napier Port Family Fishing Classic, Napier Port Ocean Swim, among others







# CUSTOMER CONNECTION

## “Create value by gaining rich insights through deeper customer relationships”

- Listening to what our customers say and designing and building solutions that deliver value
- Working with our customers on new strategic initiatives, such as the debarker, mobile harbour cranes, rail services, and inland port opportunities
- Working closely with shipping lines
  - 10 lines and 6 services, including OC1/Trident, Southern Star, Japan Conference, ANZAC, PIL-NZX, and MSC
- The Port that says “Yes”



# CONNECTING WITH CUSTOMERS OUTSIDE OF THE REGION

**NAPIER  
PORT  
LOGISTICS  
SERVICES**



## NEW CUSTOMERS THAT WE'RE BRINGING TO NAPIER PORT:



**MONDIALE**

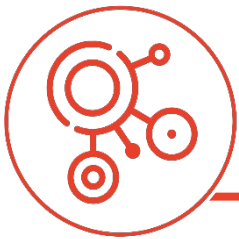


**EZIBUY.COM**

**HarvestFresh**







# NETWORKED INFRASTRUCTURE

“Support an evolving supply chain with a resilient and agile infrastructure network”

- Connecting into the supply chain for central and lower North Island
- Maintenance of existing infrastructure



**KIWIRAIL INTERMODAL FREIGHT HUB**



**THAMES STREET DEPOTS**



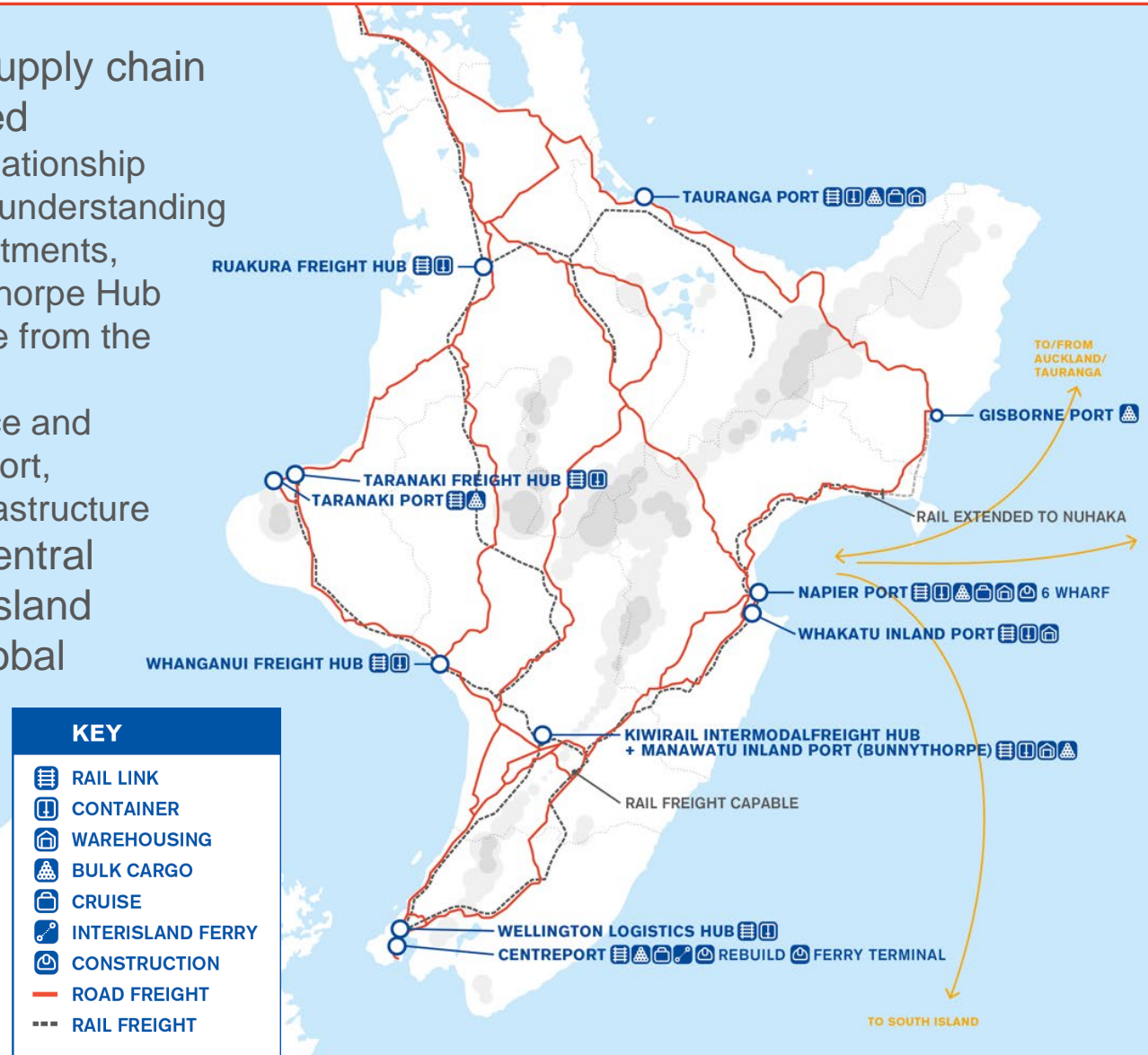
**WHAKATŪ INLAND PORT**



**MANAWATŪ INLAND PORT**

# NZ INC APPROACH WITH NORTH ISLAND SUPPLY CHAIN STRATEGY

- A national ports supply chain strategy is required
  - Good working relationship with Kiwirail and understanding of its future investments, including Bunnythorpe Hub
  - Eliminating waste from the supply chain
  - Improve resilience and reliability of the port, road and rail infrastructure
- Future proofing central and lower North Island connections to global markets



KEY	
	RAIL LINK
	CONTAINER
	WAREHOUSING
	BULK CARGO
	CRUISE
	INTERISLAND FERRY
	CONSTRUCTION
	ROAD FREIGHT
	RAIL FREIGHT



# OUR STRATEGY BUILDS ON A STRONG BUSINESS

A LONG-TERM ASSET ESSENTIAL TO THE HEALTH OF THE HAWKE'S BAY ECONOMY

## AN INFRASTRUCTURE ASSET ESSENTIAL TO THE HEALTH OF THE HAWKE'S BAY ECONOMY

Napier Port is an essential regional infrastructure asset and, by connecting Hawke's Bay and central New Zealand to global markets, is an active participant in driving regional prosperity

## STRONG REGIONAL ECONOMIC GROWTH DRIVERS AND STRONG KEY CUSTOMER RELATIONSHIPS

The Hawke's Bay region has experienced strong growth, supported by international demand for its diverse range of export cargo. Strong key customer relationships see the Port embedded as an essential supply chain partner

## DIVERSIFIED TRADE PORTFOLIO MITIGATES SECTOR AND COUNTRY-SPECIFIC RISKS

The Port handles a diversified mix of export and import products including logs and forestry products, pipfruit, oil products and fertiliser, which are shipped to or from over 110 countries globally

## WELL-POSITIONED GIVEN FUTURE CARGO VISIBILITY AND FULLY-CONSENTED DEVELOPMENT PLANS

Future cargo visibility enables robust planning for strategic growth projects. Development of 6 Wharf is expected to significantly increase the Port's capacity and improve operational efficiency

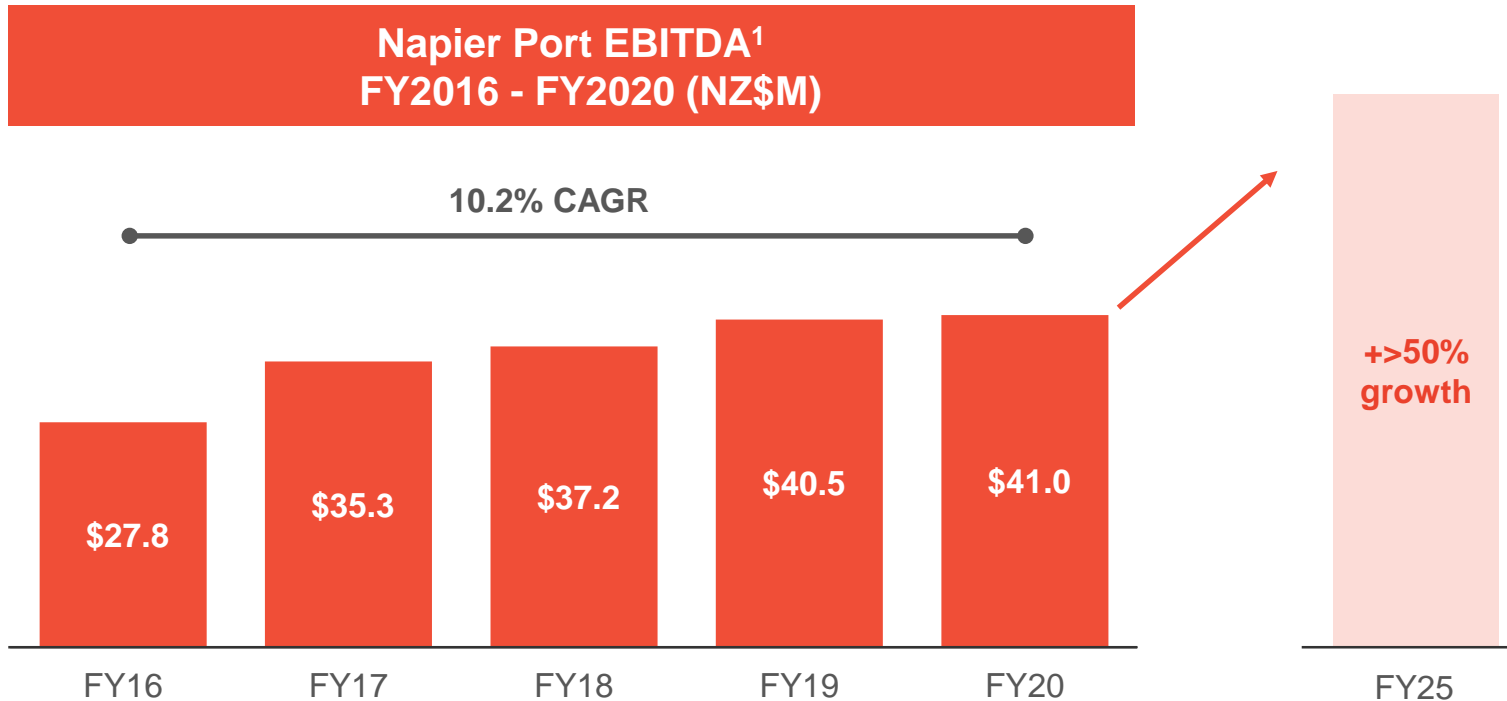
## STRONG HISTORICAL FINANCIAL PERFORMANCE AND A RECORD OF EXECUTION ON GROWTH OPPORTUNITIES

Napier Port delivered annual average revenue growth of 7.5% over the last ten years (2010 - 2020), while consistently delivering EBITDA margins of above 40%

## EXPERIENCED MANAGEMENT TEAM THAT IS WELL CONNECTED WITH CARGO OWNERS AND OTHER STAKEHOLDERS

Extensive commercial and infrastructure expertise and broad depth of senior leadership experience in New Zealand and overseas, and management enjoys strong relationships with key stakeholders and the local community

# FINANCIAL TARGETS – FY25





# NAPIER PORT LOG SUPPLY CHAIN

10 June 2021





# IMPORTANT NOTICE AND DISCLAIMER

This presentation has been prepared by Napier Port Holdings Limited (together with Port of Napier Limited, "**Napier Port**"). This presentation is being provided to you on the basis that you are, and you represent and warrant that you are, a person to whom the provision of the information in this presentation is permitted by the applicable laws and regulations of the jurisdiction in which you are situated without the need for registration, lodgement or approval of a formal disclosure document or any other filing or formality in accordance with the laws of that foreign jurisdiction.

**Information only; No reliance:** This presentation is for information purposes only and you should not rely on this presentation. This presentation does not purport to contain all of the information that you may require or be complete. The historical information in this presentation is, or is based upon, information that has been released to NZX Limited ("**NZX**"). This presentation should be read in conjunction with Napier Port's other periodic and continuous disclosure announcements, which are available at [www.nzx.com](http://www.nzx.com).

The information in this presentation does not constitute a personal recommendation or service or take into account the particular needs of any recipient. The information in this presentation should be considered in the context of the circumstances prevailing at the date and time of the presentation and is subject to change without notice. No person is under any obligation to update this presentation nor to provide you with further information about Napier Port. This presentation does not constitute or form part of an offer to sell, or a solicitation of an offer to buy, any shares, securities or financial products in any jurisdiction. This presentation has not been and will not be filed with or approved by any regulatory authority in New Zealand or any other jurisdiction.

**Investment risk:** An investment in securities in Napier Port is subject to investment and other known and unknown risks, some of which are beyond the control of Napier Port. Napier Port does not guarantee any particular rate of return or the performance of Napier Port.

**No liability:** Napier Port, its shareholders, their respective advisers and affiliates, and each of their respective directors, shareholders, partners, officers, employees and representatives accept no responsibility or liability for, and make no representation, warranty or undertaking, express or implied, as to, the fairness, accuracy, reliability or completeness of, and to the maximum extent permitted by law hereby disclaim and shall have no liability whatsoever (including, without limitation, arising from fault or negligence or otherwise) for any loss or liability arising from, this presentation or any information contained, referred to or reflected in it or supplied or communicated orally or in writing to you or any other person. The information in this presentation has not been independently verified or audited.

**Financial data:** All dollar values are in New Zealand dollars (NZ\$ or NZD) unless otherwise stated. Any financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of Napier Port's views on its future financial condition and/or performance.

Investors should be aware that certain financial data included in this presentation are 'non-GAAP financial measures'. Investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation, they do not have a standardised meaning prescribed by New Zealand Generally Accepted Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with New Zealand Generally Accepted Accounting Standards.

**Past performance:** Any past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not), a promise, representation, warranty or guarantee as to the past, present or the future performance of Napier Port.

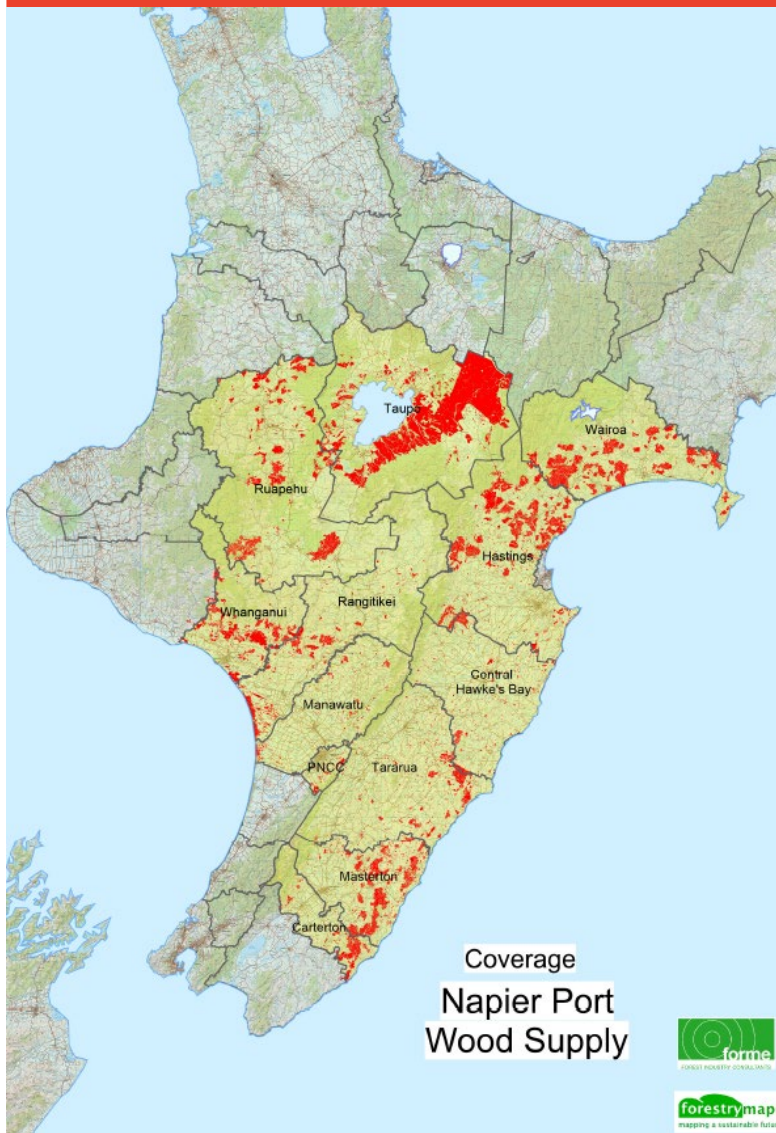
**Future performance:** This presentation contains "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of Napier Port that could cause the actual results, performance or achievements of Napier Port to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. No assurances can be given that the forward-looking statements referred to in this presentation will be realised. Given these uncertainties, you are cautioned not to rely on such forward-looking statements.

**Confidentiality and copyright:** This presentation is strictly confidential and is intended for the exclusive benefit of the person to which it is presented. This presentation should not be copied, reproduced or redistributed without the prior written consent of Napier Port. Distribution of this presentation may be restricted or prohibited by law. The copyright of this presentation and the information contained in it is vested in Napier Port.

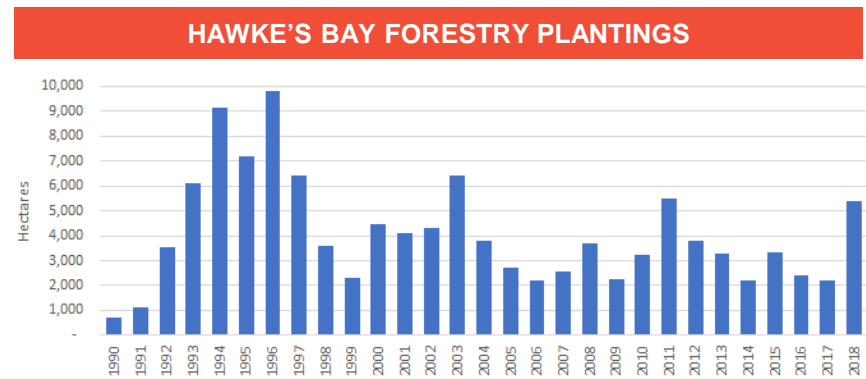
**Acceptance:** For purposes of this Notice, "presentation" shall mean the slides, the oral presentation of the slides by Napier Port, any question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation. By attending an investor or analyst presentation or briefing, or accepting, accessing or reviewing this presentation, you acknowledge and agree to the terms set out in this Notice.



# THE WALL OF WOOD

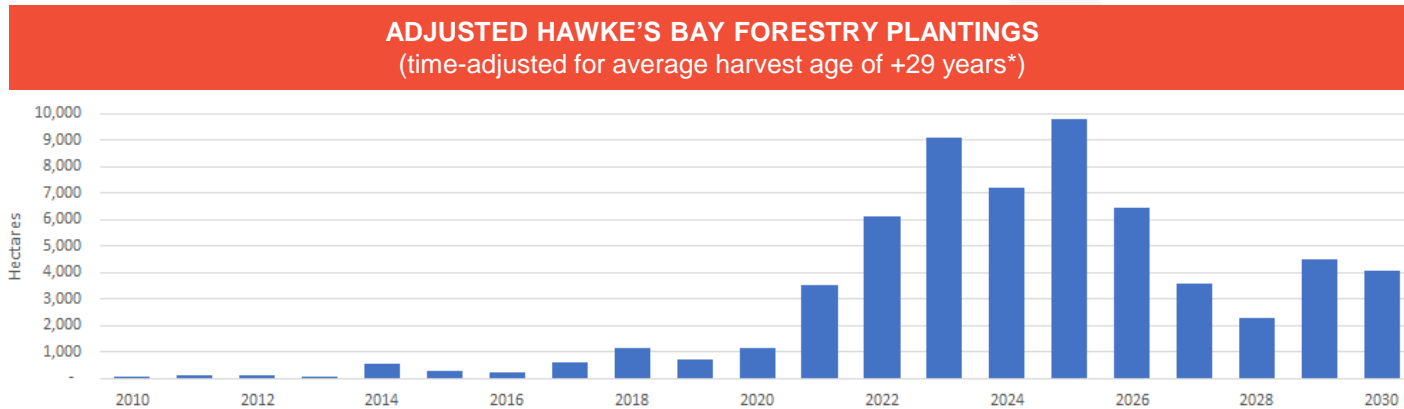


- Map showing forestry blocks in all regions contestable to Napier Port.
- The catchment totals approx. 420,000 hectares of radiata pine plantings.

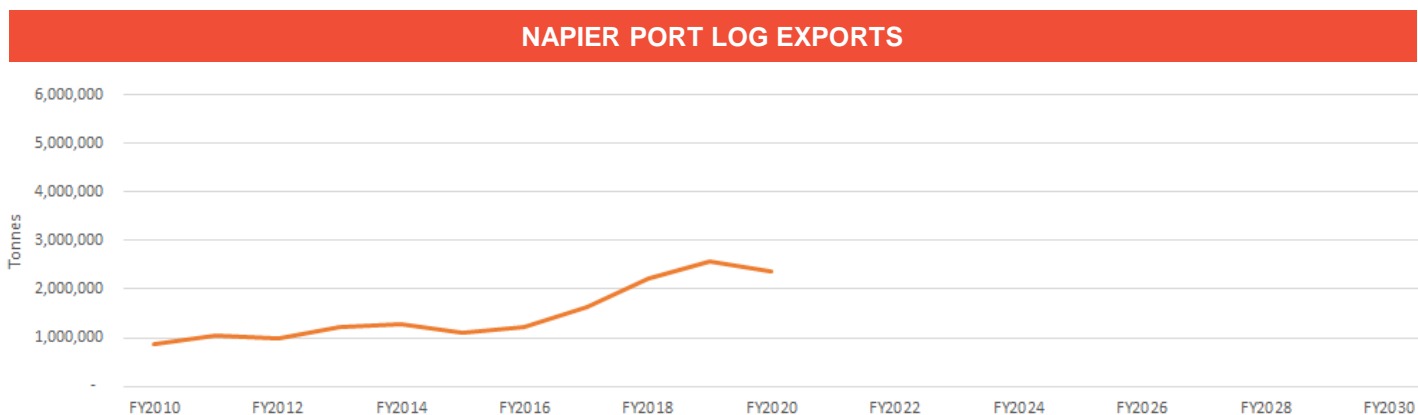


\* Map prepared in 2018 by Manawatu Aerial Photo Services and Forme Forest Industry Consultants

# THE WALL OF WOOD



Significant plantings in Hawke's Bay in the 1990s are maturing. This is expected to translate to higher export volumes to at least 2030.



\* Average harvest age of Radiata Pine in New Zealand over the last 5 years according to Forest Owners Association *Facts & Figures 2019/20*



## EXPORT MARKETS:

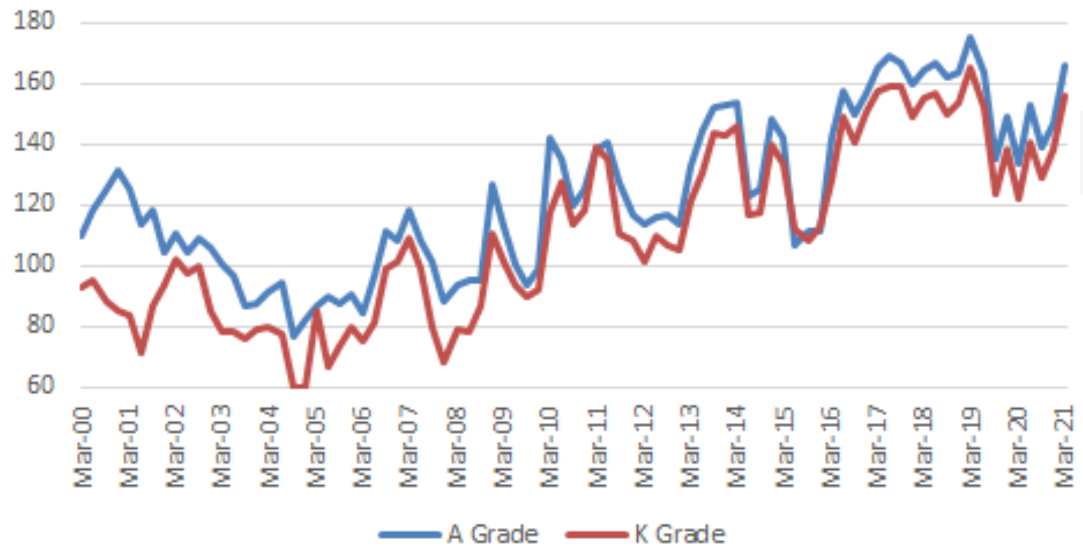
FY20 EXPORT LOG VOLUMES:  
BY DESTINATION



- China 93%
- South Korea 2%
- India 5%

## CURRENT LOG EXPORT PRICING IS STRONG:

EXPORT LOG PRICES  
(NZD per JAS)



Source: Ministry for Primary Industries Manatū Ahu Matua

# MARKETS

## BULK SHIPPING RATES ARE ALSO HIGH:



*Note: Graph shows the Baltic Dry Index (BDI), a composite index. Most New Zealand log trade is shipped in handy size vessels, which is strongly influenced by the BDI. (Source: Trading Economics)*

## OTHER MARKETS:

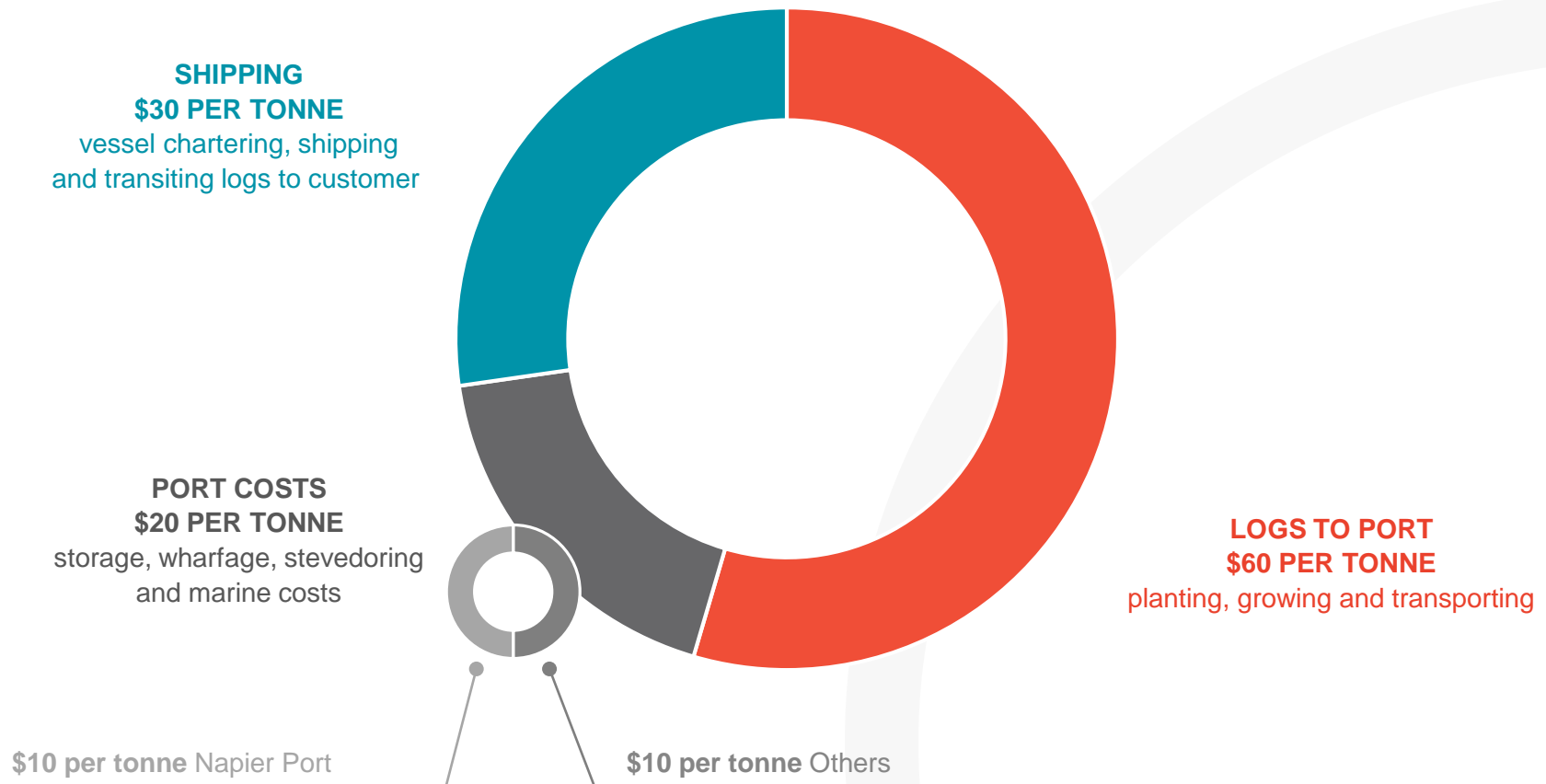
NZD:USD

CNY:USD



# UNDERSTANDING COST AND OPPORTUNITY TO INFLUENCE

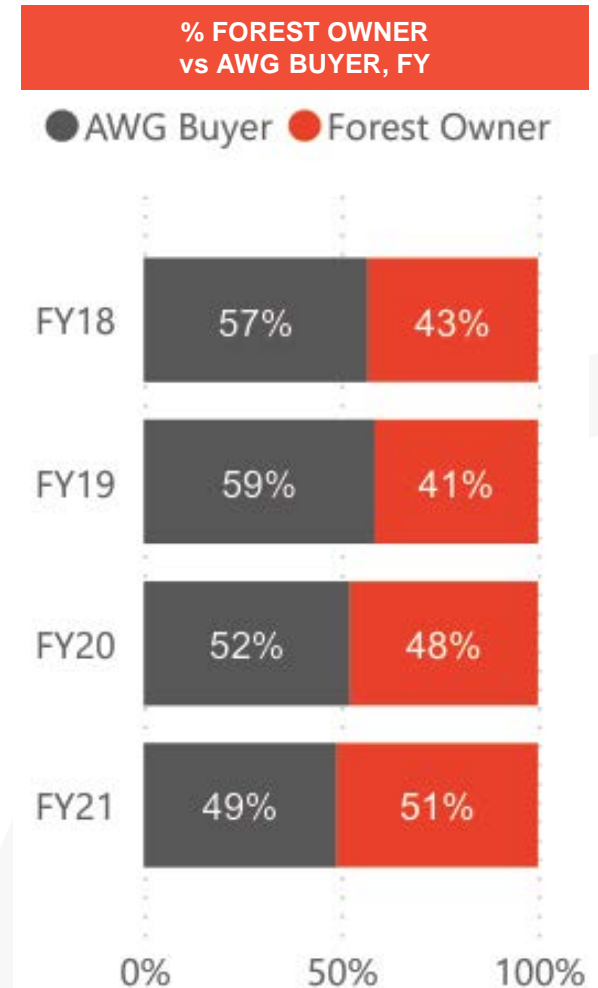
## APPROXIMATE LOG EXPORT SUPPLY CHAIN COSTS<sup>1</sup>:



<sup>1</sup> Approximates based on exporter advice. Varies amongst exporters and source forests including market variations in costs eg. vessel chartering rates.

# NAPIER PORT LOG EXPORTERS

- Napier Port focus on forest owners
- Napier Port has a mix of seven log exporters
- Three forest owners
  - Pan Pac, AVA (Matariki + Hancock Forests), Ernslaw One
- Four Traders, Agents, AWG (At Wharf Gate buyers)
  - Fortuna FP, Pacific FP, TPT, China Forestry Group (CFG)
- Napier Port space allocation model to incentivise positive outcomes:
  - Driving throughput
  - Shipping programme
  - Stevedore productivity
  - Health & Safety performance
  - Environmental outcomes



# LOG STEVEDORES AT NAPIER PORT

- Two stevedore and marshalling companies – ISO Limited and C3 limited are contracted directly by exporters
- At Napier Port, ISO currently have 60% share and C3 40% share

**ISO**  
LIMITED  
A QUBE COMPANY





# STEVEDORE CONSTRAINTS

---

- Productivity
  - Vessels can work a maximum of four gangs per shift. At Napier Port, we are averaging 3.1 gangs deployed over the last three years
  - Productivity flat
- Difficulty of stevedores to obtain and retain sufficient skilled labour – extremely high turnover per annum
  - Typically low skill base to start
  - Health and Safety lagging
  - Labour rates are low for a 24/7 operation working outdoors in all weather
  - Transient workforce
  - High cost to train and competitive landscape
    - Gaining qualifications such as Class 5, digger operators, health & safety
    - Move into other industries such as construction, transport, forestry/bush

## SPACE IS AT A PREMIUM ON PORT

---

- Limited storage land footprint on-port at 9.4 hectares currently (with some flexibility)
- Fumigation (Methyl Bromide) space intensive
- ISO have recently opened a site on Hyderabad Road (3 km from Napier Port) to add additional/overflow storage for their customers



## HEALTH AND SAFETY

---

- Safety performance in managing volume
- Licence to operate in place with both stevedore companies giving Napier Port a contractual connection
- Regular health and safety meetings held with industry companies – stevedores, fumigators, and exporters
- Pre-vessel meetings held with all relevant stakeholders and PCBUs before each vessel





# OPPORTUNITIES

## EXTEND REACH

- Landside logistic services to attract more volume to Napier Port
- Additional volume coming to Napier Port
  - Wairoa rail
  - Central North Island rail
- Significant opportunity to expand these opportunities as constraints are addressed



# OPPORTUNITIES

## MOBILE HARBOUR CRANE (MHC) LOG LOADING TRIAL

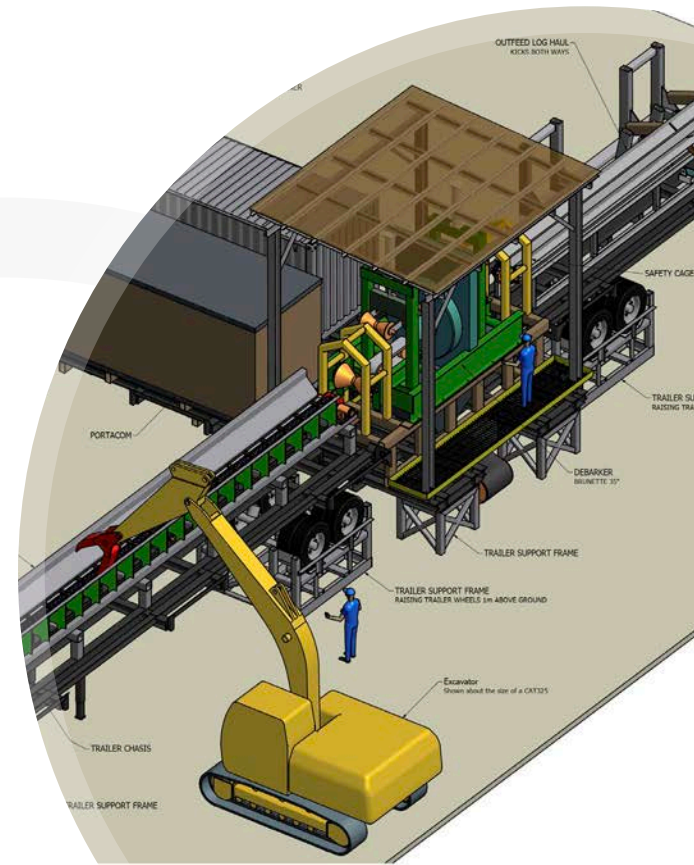
- Trial for loading logs with MHCs scheduled for Q4 2021
- Three exporters and one stevedore supporting the trial
- Productivity – vessel rate expected to improve from around 500 (approximately 160 tonnes per gang) to 900 tonnes per hour
- Labour – reduction in stevedore labour requirements (currently 10 people per shift) will help address current labour shortages
- Safety – eliminating the most dangerous roles will improve health and safety
- Initial capital investment in grabs/grapples
- Revenue based on volume loaded



# OPPORTUNITIES

## LOG DEBARKER

- Mobile debarking unit to be situated on Napier Port
- Alternative to Methyl Bromide for phytosanitary treatment (currently moratorium ends in November)
  - Approx. 600,000 JAS p.a. currently fumigated
- Top deck cargo – Napier Port will remain a finishing port option
- Volume
  - Target 250,000 JAS p.a. initially
  - Approx. 400,000 JAS p.a. capacity
- Scalable
- Option for out of region new supply
- Subject to completing commercial agreements
- Estimate operational Q4 2021





# OPPORTUNITIES

## 6 WHARF

- Increases availability of both 4 and 5 wharves for log loading
- 4 Wharf is currently very restricted for logs with wide beam container vessels on 5 Wharf
- New berth is important in the context of cruise ships returning and congestion in harbour
- Berth options will be less of a factor as log volumes grow

## OTHER

- WPI square logs
  - New volume to Napier Port up to 4,000 cubic metres per month expected

