

South Port New Zealand – Annual Shareholders Meeting Speech

Chair's Address

Mōrena and good morning, ladies and gentlemen.

It's my pleasure to welcome you all to the 37th South Port New Zealand Annual Shareholders Meeting for the financial year ended 30 June 2025.

Thank you for joining us here in person and online. I'd like to begin by acknowledging my fellow Directors and the Executive Leadership Team.

FY25 was a landmark year for South Port and the province of Southland. For the province we gained certainty for the foreseeable future around our major customer, the NZ Aluminium Smelter at Tiwai and enjoyed record dairy returns. NZAS signed 20-year supply agreements with major New Zealand gentailers.

For South Port FY25 was a year in which we achieved record results operationally and financially. Cargo volumes increased by over 10% to 3.55 million tonnes, despite the smelter agreeing to cut production as part of a demand response to free up electricity, and this increase in volume was able to be converted into a normalised NPAT of \$13.9 million, up 40% and the highest in our history.

South Port maintained a healthy balance of 47% exports and 53% imports.

We have had a renewed focus on Health & Safety, particularly in our coolstore. We have made some changes and invested in safety barriers as a result of feedback from our workers.

Governance wise, the Board has established a Board Health & Safety Committee chaired by Michelle Henderson and a People & Performance Committee chaired by Cassandra Crowley.

I would like to take a moment to introduce you to our "value pyramid" which is intended to portray how we think about the business. At the top of the pyramid are our demand drivers such as market demand. Supporting this, are two foundations or "pou": firstly, our care for the environment, iwi and the local community which Nigel will touch on later and secondly our resource requirements such as debt & equity capital providers, technology and first and foremost our people.

So first to our demand drivers.

Operating revenue grew 13% to \$63.3 million, driven primarily by a strong recovery in bulk cargo, which rose 38% in revenue terms.

EBITDA increased 21% to \$25.8 million, with margins improving from 38% to 41%.

Operating free cash flow nearly doubled to \$16.9 million, and we reduced net debt from \$33 million to \$25 million while delivering key infrastructure projects.

Now moving on to the first of our supports, how we fund the business. We continued

prudent capital management through consistent maintenance investment of around \$4.5 million per year. This disciplined approach has rejuvenated our Island Harbour assets and prepared them for the next 20 years of operation.

The Board was pleased to approve a higher second half dividend of 20.5 cents per share, making the full-year dividend of 28 cents per share, reflecting both the Board's confidence in current performance and our aspiration for sustainable shareholder returns.

The Board remains committed to a sustainable dividend policy that balances reinvestment for long-term growth with appropriate returns to shareholders. You can see in the current year we were able to lift the dividend to 28 cents per share whilst retaining funds to assist in funding the growth pipeline for the port.

I'll now hand over to our Chief Executive Officer, Nigel Gear, to share operational highlights.

CEO Address

Tēnā koutou katoa – Good morning all.

I intend to expand further on our cargo flows in more detail, provide an update on project Kia Whakaū – the dredging of our channel and the early benefits realised to date, followed by commentary on H&S, the environment, Iwi, the community and our staff.

It has been a particularly strong year for cargo flows, especially across the Island Harbour.

Total volume through the port was 3.553 million tonnes which was just shy of our highest tonnage recorded to date in 2022 of 3.554 million tonnes.

This was especially pleasing considering a 20% decline in volumes across the Tiwai wharf due to the demand response call, obviously impacting volumes for a customer that has been our most consistent and reliable cargo provider of volumes being handled through the port for many years.

Looking at the high-level percentages 77% of the volume for the year was handled across the Island Harbour and Town Wharf, with the balance of 23% across the Tiwai wharf.

On the Bluff side of the harbour there was a 24.8% increase in volumes handled across the Island Harbour and Town Wharf.

A large percentage of this was driven by an increase in bulk cargoes, specifically imports of agricultural inputs and forestry exports.

There was also a corresponding increase of revenue per unit of bulk cargo handled across the wharves, as a result of both cargo mix and the introduction of the Kia Whakaū infrastructure levy, put in place for the development of the channel, swinging basin and berth pockets.

Breaking down these volumes further we recorded a 48% increase in agricultural volumes that was driven by a number of factors including a high dairy payout, a particularly wet spring driving the increase in supplementary feed imports and a recovery of fertiliser volumes that were significantly down in the prior 12-month period.

On the export side, the 27% increase in forestry was influenced by the woodchip exporter that took full advantage of the new draft capacity to fill their vessels and increase volumes through the port. This was coupled with a recovery in logs exports, from again a particularly poor result recorded in the previous 12-month period.

Container volumes remained consistent with the previous 12-month period, which was pleasing.

The supply chain continues to be disrupted due to the conflict in the Middle East impacting vessels transiting through the Red Sea, forcing companies to reroute vessels around Africa increasing both costs and transit times.

This reduces the ability for shipping companies to place new or additional vessels into markets such as New Zealand, therefore maintaining our current volumes in these times, is as mentioned, pleasing.

During the year the Mediterranean Shipping Company or MSC replaced their Capricorn Service calling at the port with the Wallaby Service.

Although volumes have not been impacted at South Port, it has changed transhipment port options for customers from Southeast Asia to North Asia and to an extent changed the mix of cargo coming through the port.

MSC has also recently announced the introduction of the Eagle Service into New Zealand. Although not calling at Bluff this service will provide opportunities for Southland exporters to gain faster transit times to both the USA and EU markets. This can be achieved by shipment though Bluff on the Wallaby Service and a transhipment option through Centreport onto the Eagle Service.

MSC continues to be the largest container line in the world, with a 21% share of the global container shipping market, their nearest rival being Maersk with 14% share of the market.

Focusing on resource requirements to grow the business, it is timely to reflect on project Kia Whakaū and our dredging journey over the past 3 years.

Kia Whakaū represented the first time this type of dredging operation had been attempted in 40 years, which involved the removal of 120,000 m3 of predominantly sand in the swinging basin and berth pockets and 40,000 m3 of rock removed from the entrance channel.

The following timeline illustrates the milestones that were achieved from the start of the physical operation through to the declaration of the new 10.7m highwater draft in October 2024.

Note that the discussions for this potential channel deepening began back in 2016, with the first costing completed in 2017 and the first business case presented to the Board in 2019.

This next slide illustrates the success of the project noting that we achieved our target of an additional metre in draft and came in well under our initial estimates first established in 2017.

The key benefits from deepening the channel are: an additional 1m of draft, the ability for both exporters/importers to maximise volumes they transport on vessels calling at the port, greater flexibility to operate across all tides, and safer transits through the entrance channel.

These improvements have enhanced supply chain efficiencies, provided a more cost-efficient shipping option through the port and provided better environmental outcomes.

Looking more specifically at some early data points, since deepening the channel we have had approximately 60 vessels calling that have used the deeper draft at high tide to carry more cargo into and out of the port than was previously possible.

We have also had approximately another 60 vessels using the increased draft at low tide to call or depart the port.

These 60 vessels that could transit at low tide equates to a savings of 15 days that these vessels were not required to remain waiting to enter the port or alternatively were tied up at the berth waiting for a high tide to depart.

These are excellent stats, that are already showing the improvement in port performance and the benefit realised in the supply chain in the short time we have been operating a deeper draft at the port, which bodes extremely well for the future.

Changing the focus to our supporting pou, our care for the environment, iwi and the local community, the Health and Safety of our employees is always the highest priority at the port and the top of the list of our core values.

The port is a busy environment, with a lot of moving parts that requires coordination and communication between all parties on an hour to hour, day to day basis.

Using another data point, during the year we recorded approximately 237,000 vehicle movements through our security gate that were predominantly trucks. If you layer this on top of the large machinery operating in all areas of the port handling cargo you can understand the need for strict operating procedures and transport management plans that need to be in place to reduce risk.

One of the key workstreams in this area over this past 12 months was to formally engage with our PCBU's operating on the port to discuss overlapping duties and work through protocols to ensure we are all aware of our responsibilities and that there is alignment across the port.

A key part of our commitment to continual improvement in health & safety is the worker's voice.

Our employees work in busy areas of the port and have the best solutions to improve their workplace environments.

A good example over the previous 12 months was a number of safety initiatives implemented in the cold stores to reduce the potential risk of people versus plant, which is one of South Port's top critical risks.

As well as improving the safety of the operation through this process, we get better engagement and ultimately performance from our employees.

There have been a number of initiatives focused on the environment during the past 12 months. Some of these include establishing a sustainability strategy, beginning work on an environmental management plan and issuing our 2nd climate related disclosures document.

The port has also been conducting post dredging monitoring on a number of sites to establish whether the work carried out for project Kia Whakaū has had any impact.

As an example, a 12-month survey was carried out on the rock disposal site, represented in the above slide. This image illustrates that this site has transitioned from a lower diversity environment pre-dredging (on the left hand side on the image) to one that now supports increasing species diversity including growing numbers of juvenile fish, which is a very pleasing outcome of the dredging process.

As mentioned, South Port released its second climate related disclosures publication this year.

Key additions to this document were the establishment of a transition plan and the assurance of scope 1 & 2 green-house gas emissions.

A significant amount of work went into these documents and through this process the port is now better informed of our climate risks and opportunities looking forward.

South Port's relationship with Iwi, in particular the Awarua Rūnaka is very important.

We are continually drawing on their expertise and help during consenting processes and also for suitable names for our floating plant and engaging for official opening ceremonies.

The port is also currently working on establishing a more formal and closer working relationship moving forward.

The port continues to provide support to the Bluff and Invercargill communities through sponsorship, donations and the allocation of staff to work in the community during the year.

Communication is also an important part of this process. The leadership team attends local community board meetings from time to time, and we issue a community newsletter, called Mai I Te Wāpu (meaning "from the wharf") twice a year, throughout the Bluff community.

This coming 12 months we will also be holding our third port open day in recent times, which in the past has proved very successful and allows members of the public and the families of our employees onto the port to view both the physical infrastructure and operations aspects on the Island Harbour.

I can't speak more highly of our employees. They work collaboratively within their departments, across the organisation and with the leadership team to improve port operations and the safety of the workplace.

For this to be successful a number of factors have to be in place. Workplace culture is always a focus, living up to our values is a non-negotiable, communication and visibility of the leadership team in the workplace is important and consistently working on wellbeing including providing opportunities outside of work to connect are some of the ways that help to ensure we are all pointing the waka in the right direction.

Finally, today I would like to announce that in the second quarter of 2026 I will be stepping down as the Chief Executive of South Port to pursue my next opportunity.

It has been a privilege to serve and to have led the team of 140+ employees at South Port for these past 8 years.

There is a great deal that we have achieved during this period that I am and everyone in this room should be extremely proud of.

The port however, is now entering a new and exciting period of growth, that will require decisions to be made for the longer term and the associated investment which is the perfect time for me to step aside and let the next leader of South Port guide the company with the Boards support through this period.

Although I am not quite finished just yet I would like to thank the Board, leadership team, staff and all the stakeholders that have provided me with support over these past 8 years.

I will now pass you back to the Chair.

Back to Chair

Thank you Nigel. Whilst we will pay a fuller tribute to you at a later date, I would like to acknowledge your exemplary service to South Port over 30 years and particularly your last 8 years as Chief Executive. You should be proud of the shape you are leaving the business in and on behalf of shareholders and the Board and staff I would like to thank you very much.

In May 2024, NZAS signed 20-year electricity supply agreements, securing smelter operations out to 2044.

While Tiwai now represents only 23% of our cargo, down from 60% in 2010, this long-term commitment reinforces steady trade for decades ahead. Excitingly, we understand NZAS is now looking to expand its aluminium production and seeking further renewable electricity to power this. Naturally, this new electricity is likely to be sourced from new electricity generation locally and hopefully result in new wind and solar generation projects in Southland.

With our core cargoes now stabilised and in most cases poised for growth, and the Island Harbour close to being built out, we are now considering how we position South Port for emerging opportunities — including aquaculture, renewable energy, and data infrastructure.

The Government's strategy is to target \$3 billion in aquaculture exports, with multiple Southland projects underway. Ngāi Tahu's Hananui Project, Sanford, Ocean Farms NZ, and Impact Marine are all progressing consents.

Projected volumes could rise from 5,000 tonnes today to 40,000 tonnes in the coming years, driving the need for new wharf, landside, and vessel-maintenance infrastructure.

Major wind-farm projects are advancing — Kaiwera Downs, Contact Energy Southland at Slope Down, and Kaihiku Wind Farm — representing hundreds of megawatts of renewable capacity, capital commitments of >\$2 billion and significant new cargo potential.

Datagrid New Zealand's proposed \$2 billion hyperscale data centre near Makarewa, powered by up to 1 gigawatt of electricity, could further transform regional logistics. We are monitoring these developments closely to ensure South Port can support their infrastructure needs.

We're planning carefully for what supporting infrastructure and community support we will need to enable the next phase of growth. The Island Harbour, built 65 years ago, is now fully developed. So we will need to consider carefully how it can be optimised for higher-value cargo. There are a number of options we have to free up or better utilise space.

South Port also controls considerable land on Foreshore Road, amounting to 80,000 square metres, much of which is currently undeveloped. This offers potential for expansion in aquaculture and bulk cargo operations.

We are also considering how we can make our port infrastructure more resilient.

Our capital allocation framework emphasises financial discipline — targeting growth that delivers fair returns, enhances capability, and aligns strategically with long-term demand.

Working with the Awarua Rūnaka and the local community will be crucial to how this growth strategy is staged.

In this light we have a number of growth capex opportunities in the pipeline over the next 1-5 years. Approximately \$41 million has been earmarked for increasing the port capacity to handle the expected growth in bulk cargoes, containers and project cargo to come through the port.

Extended this out to 5-10 years, another \$45 million has been identified as the first stage for the development of wharf infrastructure in preparation for the development of the open ocean aquaculture industry in the south.

And finally significant asset replacements are expected in the next 1-5 year period with the purchase of both a mobile harbour crane and a harbour tug which amounts to ~ \$30 million.

As noted on the slide, most of the known growth opportunities over the next 5 years can be achieved with modest capex, i.e. \$41 million.

Looking ahead to FY26, we expect:

- Continued strength in agriculture and a supportive dairy and red-meat sector;
- Stable container volumes;
- Increased NZAS throughput, assuming no further demand-response constraints; and
- A pipeline of growth opportunities in project cargo, aquaculture, and renewable energy.

Our focus remains clear — building capacity and capability for the future, investing prudently, and delivering consistent returns to our shareholders.

At this point we can also update shareholders on the progress of trade volumes for the first quarter ending 30 September 2025. A total of 904,000 MT has been handled through the port (753,000 MT 2024). This represents a 20% increase in trade, and a good start to the new financial year, noting however that the recent storm event illustrates the volatility and impact on the farming sector of these significant weather events.

On behalf of the entire South Port team, I want to thank our employees, customers, iwi partners, and the community for their support and trust.

I would also like to take this opportunity to thank and farewell Clare Kearney, who has been a director on the Board for the past 9 years. Clare has been an important part of the Board chairing and leading the H&S panel which is an extremely important aspect of the port operation. We wish Clare all the best for the future.

Finally, thank you also to our shareholders for your continued confidence in the company.

We are proud of what has been achieved and excited for what lies ahead.

That concludes the formal presentation. We now invite your questions.