

Half Year Results

To 31 March 2024

Investor Presentation - 22 May 2024



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PRESENTING TODAY



BLAIR O'KEEFFE

CHAIR



TODD DAWSON

CHIEF EXECUTIVE



KRISTEN LIE

CHIEF FINANCIAL OFFICER



HY2024 OVERVIEW

BLAIR O'KEEFFE, CHAIR

Robust earnings growth with trade volumes by key customers and cargoes returning towards pre-cyclone levels

Fundamentals are strong – cargo diversity, infrastructure and capability, operating leverage, track record of delivery and resilience

Critical regional function – lifeline asset and significant contributor to economic prosperity

Confidence retained in an inflationary environment and uncertain economic activity; cost and capital discipline

VOLUME GROWTH ACROSS KEY TRADES

TRADE OVERVIEW FY2024 HALF YEAR

Volume	HY2024	HY2023	Variance	
			kT / TEU / calls	%
Total cargo (kT)	2,527	2,283	+244	+10.7
Containerised cargo (TEU)	98,000	119,000	-21,000	-17.3
Bulk cargo (kT)	1,883	1,548	+335	+21.6
- Logs exports (kT)	1,552	1,144	+408	+35.7
Cruise vessels (calls)	88	62	+26	+41.9

- Container volumes lower on cyclone impact to Pan Pac's wood pulp and timber operations, and lower economic activity
- Strong log export volumes
 - Supported by CNI wind-throw, unprocessed Pan Pac logs
 - Soft export market demand
- Record season for cruise visits and passenger numbers

STRONG EARNINGS GROWTH DRIVEN BY VOLUME UPLIFTS

FINANCIAL RESULTS OVERVIEW FY2024 HALF YEAR

	HY2024 \$M	HY2023 \$M	Variance	
			\$M	%
Revenue	70.6	64.1	+6.5	+10.1
Result from operating activities	27.4	21.9	+5.5	+25.1
Net profit after tax – underlying ¹	11.1	7.5	+3.6	+48.3
Cash flow from operations – underlying ¹	24.5	21.4	+3.2	+14.9

- Strong revenue and earnings growth in half year
 - Demonstrating operational flexibility with cost and capital discipline
 - ARPU² growth across all main service areas – reflects continued focus on yield and positioning for volume driven earnings growth
- Positive operating leverage demonstrated in earnings and cashflow results
 - Driven by record HY volumes for cruise, log exports
- Financial resilience in diversity of trades

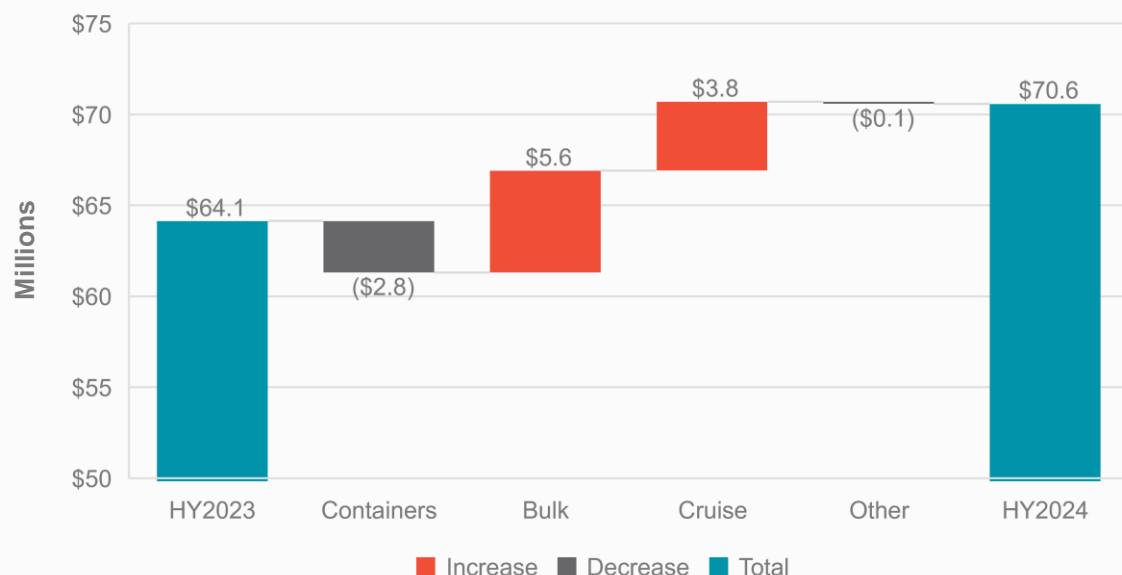
1- Refer to appendices for reconciliations of underlying metrics

2- ARPU – Average Revenue Per Unit

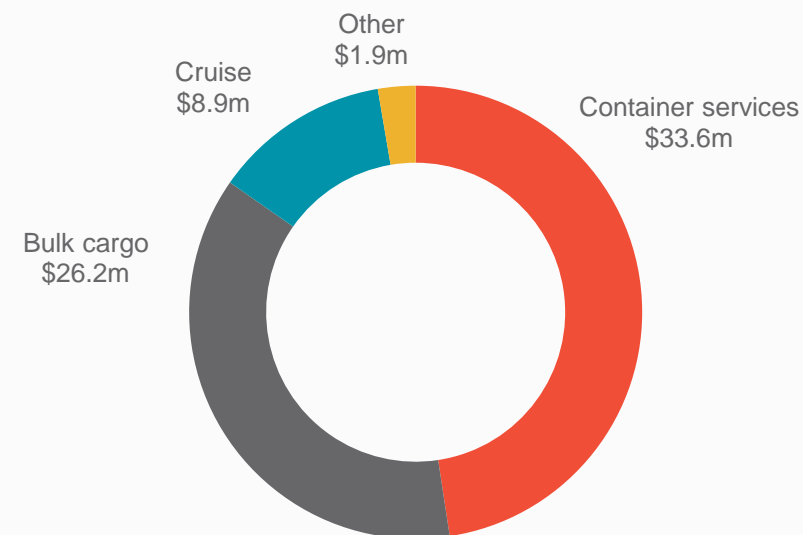
CRUISE AND BULK CARGO LEAD REVENUE GROWTH

- 10.1% total revenue growth half year-on-half year (HoH)
- Container services revenue down \$2.8m (7.8%) to \$33.6m
- Bulk cargo revenue increased \$5.6m (27.1%) to \$26.2m
- Cruise revenue up \$3.8m (74.3%) to \$8.9m

HY2024 REVENUE PROGRESSION



HY2024 REVENUE COMPOSITION

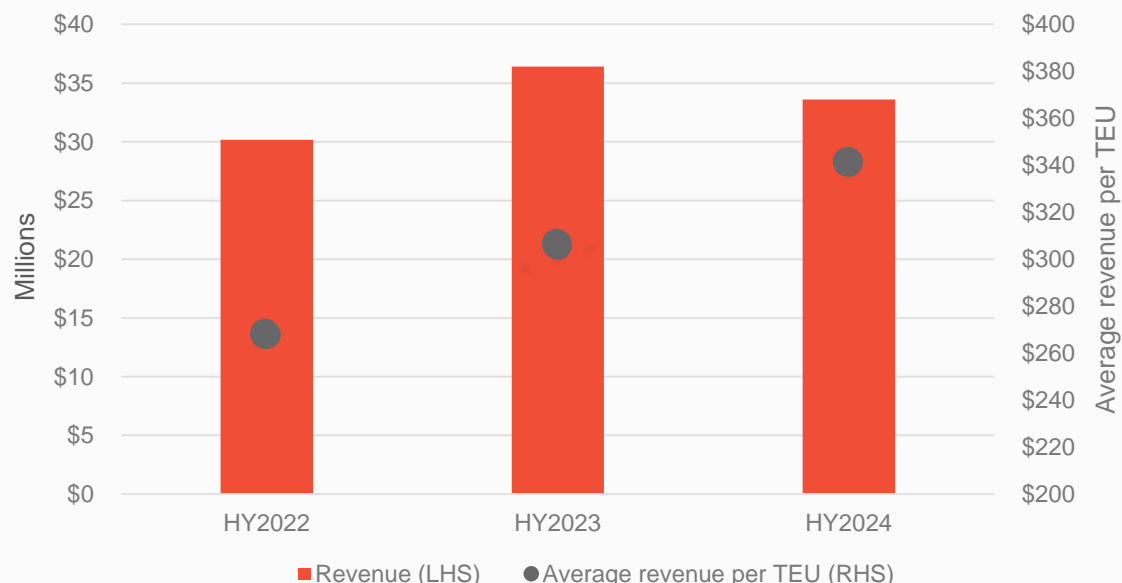


CONTAINER REVENUE DOWN ON LOWER VOLUME POST CYCLONE

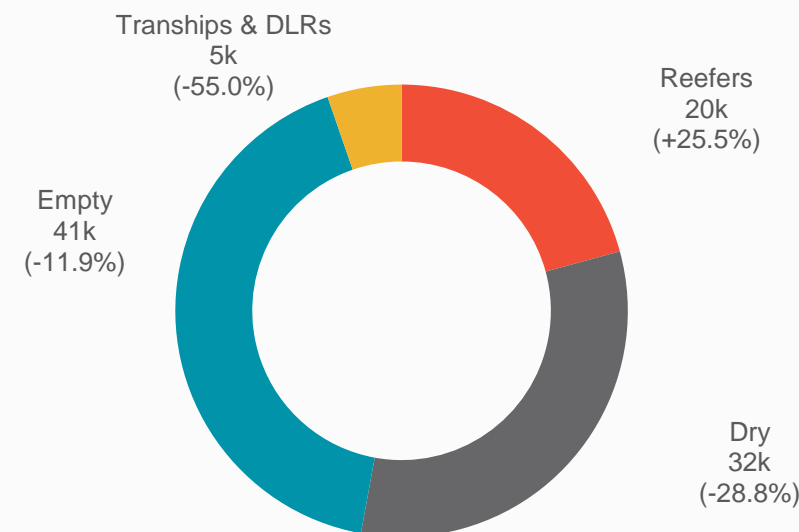
VOLUME RECOVERING – YIELD MANAGEMENT GAINS ADD OPERATING LEVERAGE

- Container Services revenue decreased \$2.8m (7.8%) to \$33.6m HoH
- Total TEU volume decreased 21,000 (17.3%) HoH
 - Full containers down 9,000 TEU, empties down 6,000 TEU, and tranships and DLRs down 6,000 TEU
- Average revenue per TEU increased 11.5% to \$341 per TEU from \$306 per TEU HoH
 - Container mix (higher proportion of reefers), tariff increases, Viewpoint supply chain service, partially offset by lower Port Pack (Pan Pac fibre impact)
- Shipping schedule reliability and more settled weather resulted in +14 container vessel calls

CONTAINER SERVICES REVENUE AND ARPU



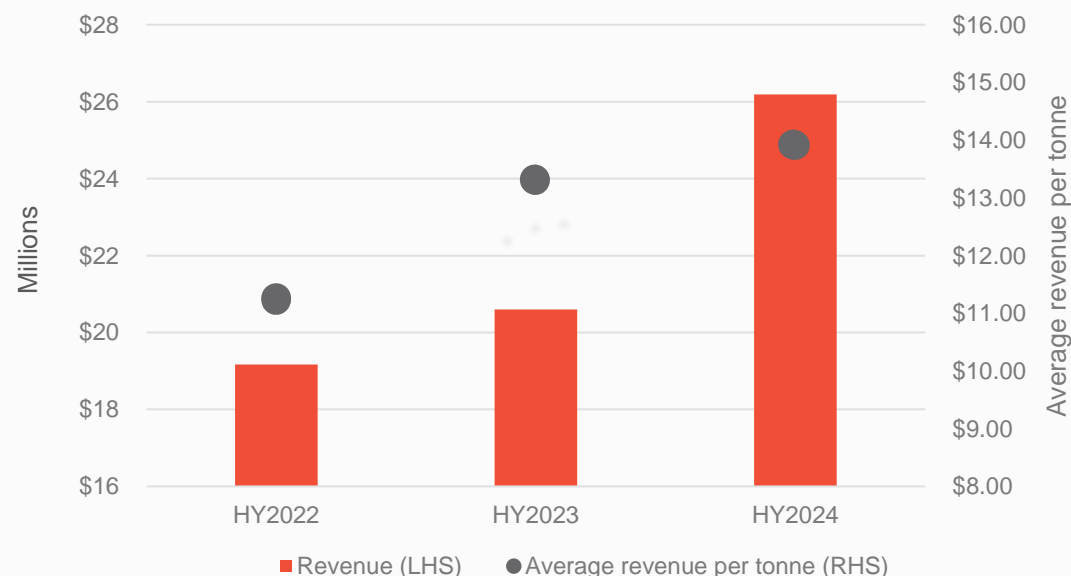
HY2024 TEUs (VERSUS HY2023)



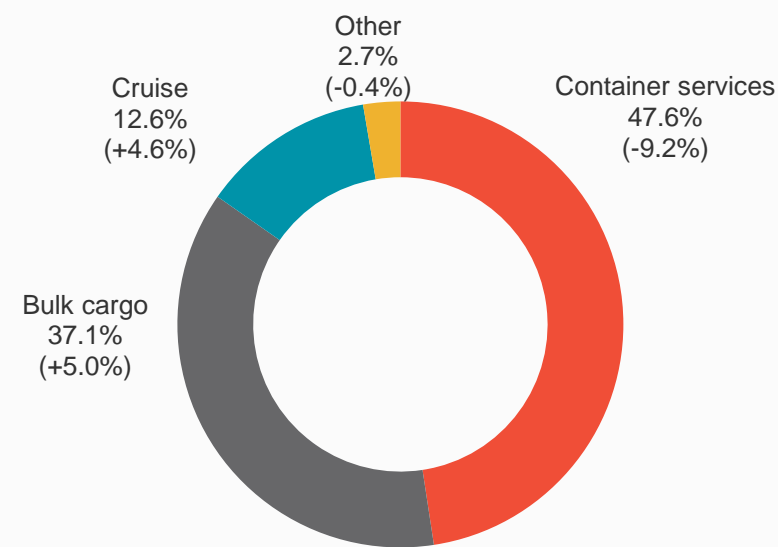
BULK CARGO – EXPORT LOGS DRIVE EARNINGS GROWTH

- Bulk revenue increased \$5.6m (27.1%) to \$26.2m HoH
- Volume increased by 0.33 million tonnes (+21.6%) to 1.88 million tonnes HoH
 - Export logs increased by 0.41 million tonnes (+35.7%) to 1.55 million tonnes HoH
- Bulk cargo average revenue per tonne increased 4.6% to \$13.91/T from \$13.30/T HoH
 - Mainly cargo mix and rate increases
 - Increased contribution from log debarking
 - Lower marine contribution (fewer vessels with higher average tonnes)

BULK CARGO REVENUE AND ARPU



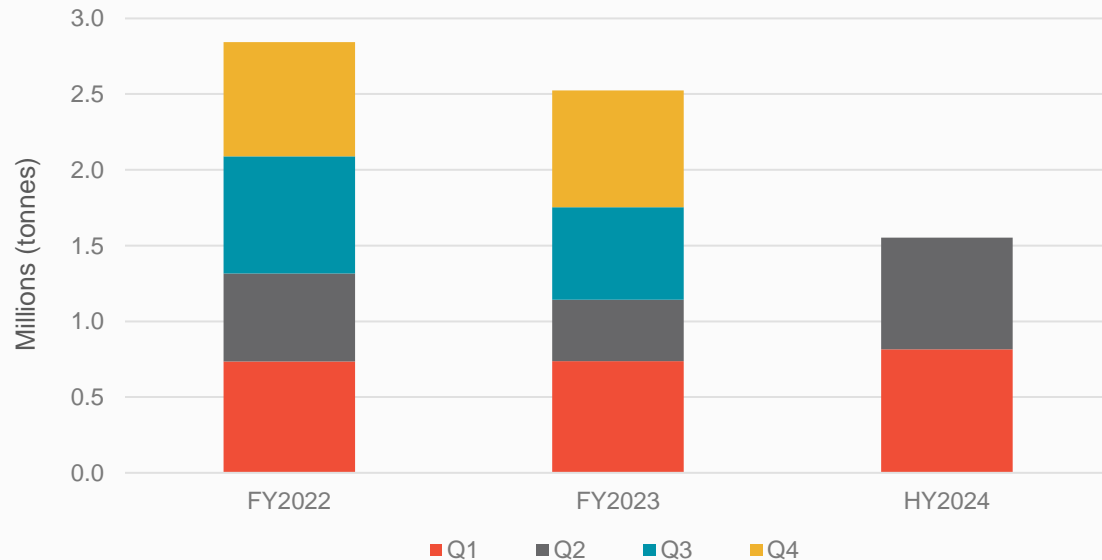
HY2024 REVENUE COMPOSITION (VERSUS HY2023)



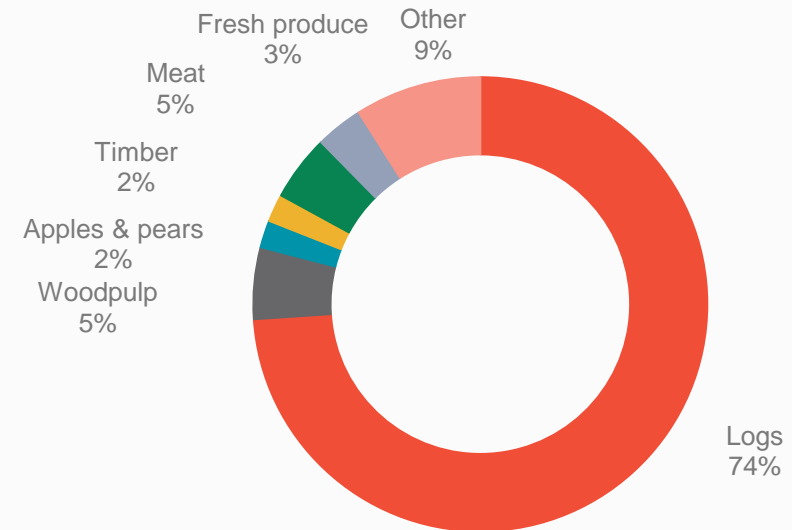
RECORD LOG VOLUME IN SOFT EXPORT MARKET

- Log export volume increased 0.41 million tonnes (+35.7%) to 1.55 million tonnes HoH
 - Prior year second quarter impacted by cyclone
 - Log export market conditions generally subdued, but first half volumes elevated by CNI wind-throw and Pan Pac

LOG EXPORT VOLUME



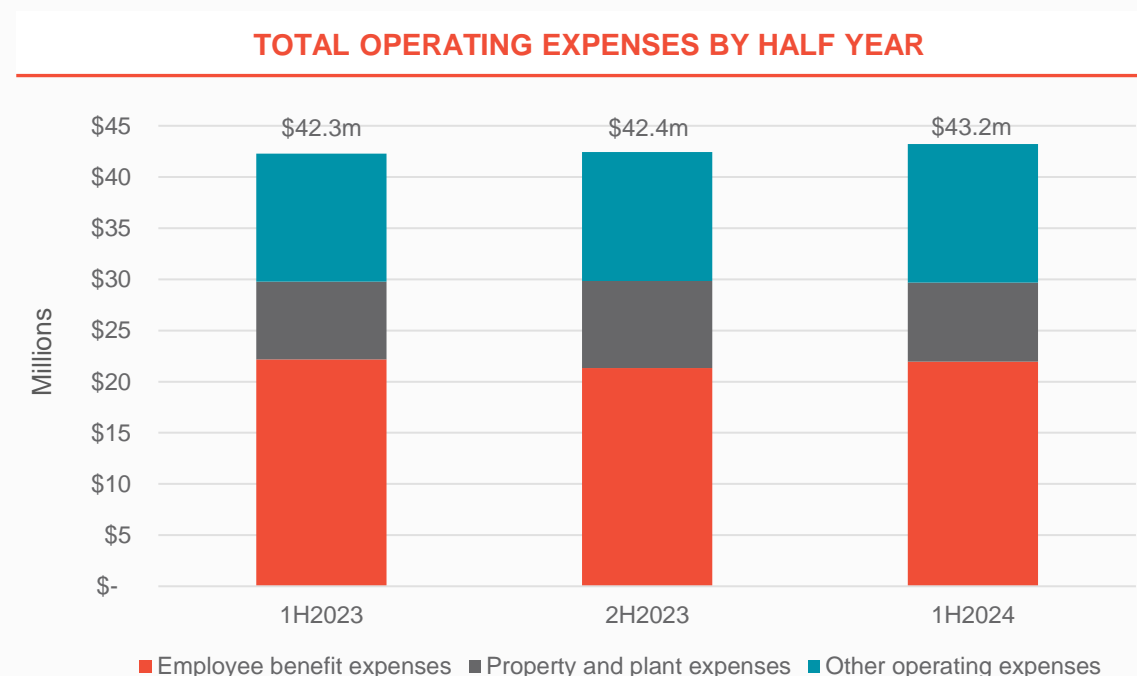
HY2024 ALL CARGO EXPORTS (WEIGHT)



FLATTENED TOTAL OPEX RUN RATE

FOCUSED COST MANAGEMENT SUPPORTING MARGIN RECOVERY AND OPERATING LEVERAGE

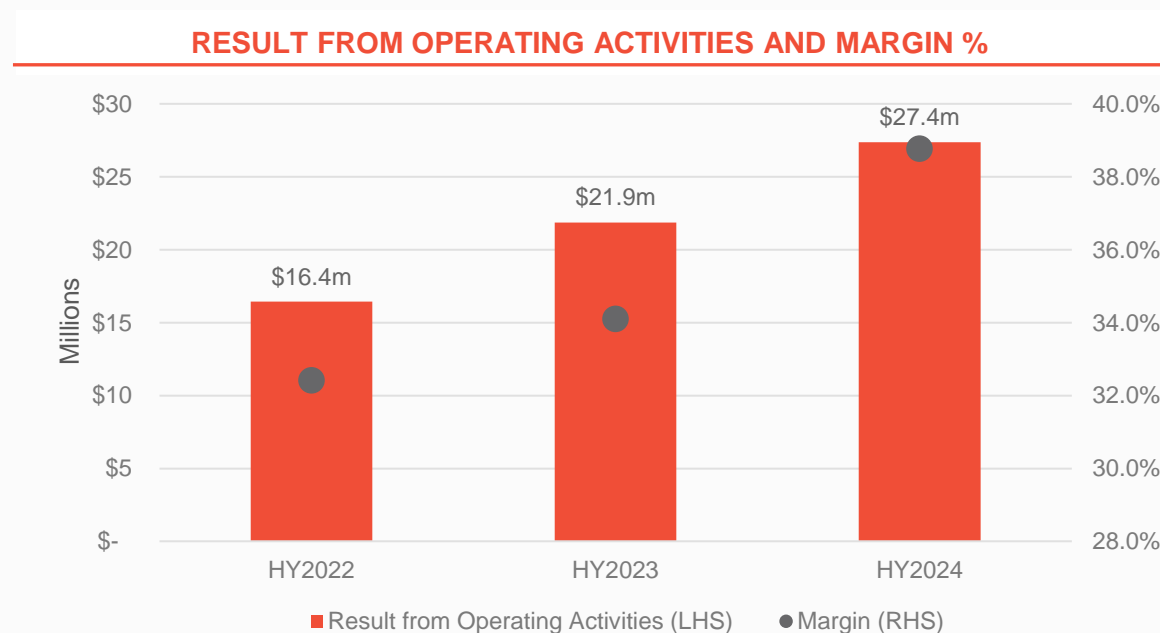
- Maintaining continued cost and capital discipline
- Total opex increased \$0.9m to \$43.2m HoH,
 - +1.8% compared to 2H 2023, +2.2% compared to 1H 2023
 - Continuing cost inflation, but at lower levels than previous years
- HoH variances:
 - Employee benefit expenses decreased \$0.2m (1.0%)
 - Property and plant expenses up \$0.1m (1.7%)
 - Other operating expenses increased \$1m (8.3%)
 - Higher insurance and cargo transport costs



MARGIN RECOVERY ON VOLUME UPLIFTS AND STABLE COST BASE

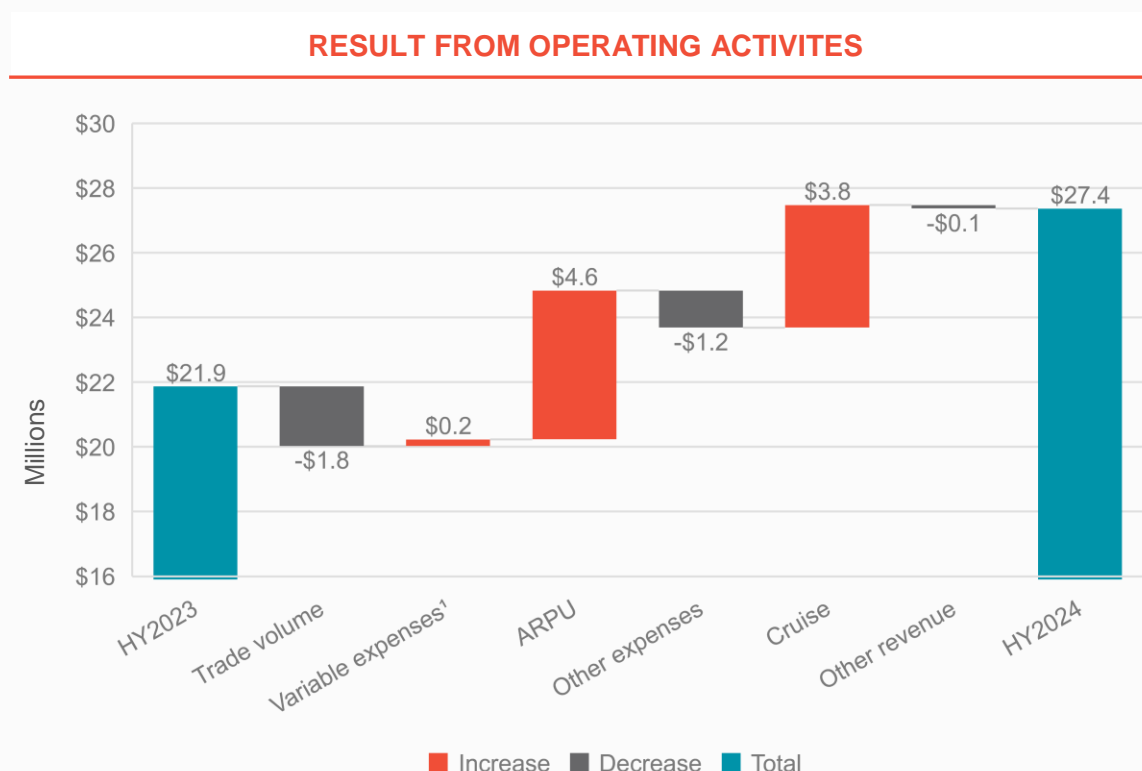
DEMONSTRATING OPERATING LEVERAGE EFFECT

- Cost focus and operating leverage providing strong growth on volume uplifts in the period
- Operating margin recovery to 38.8% for HY2024



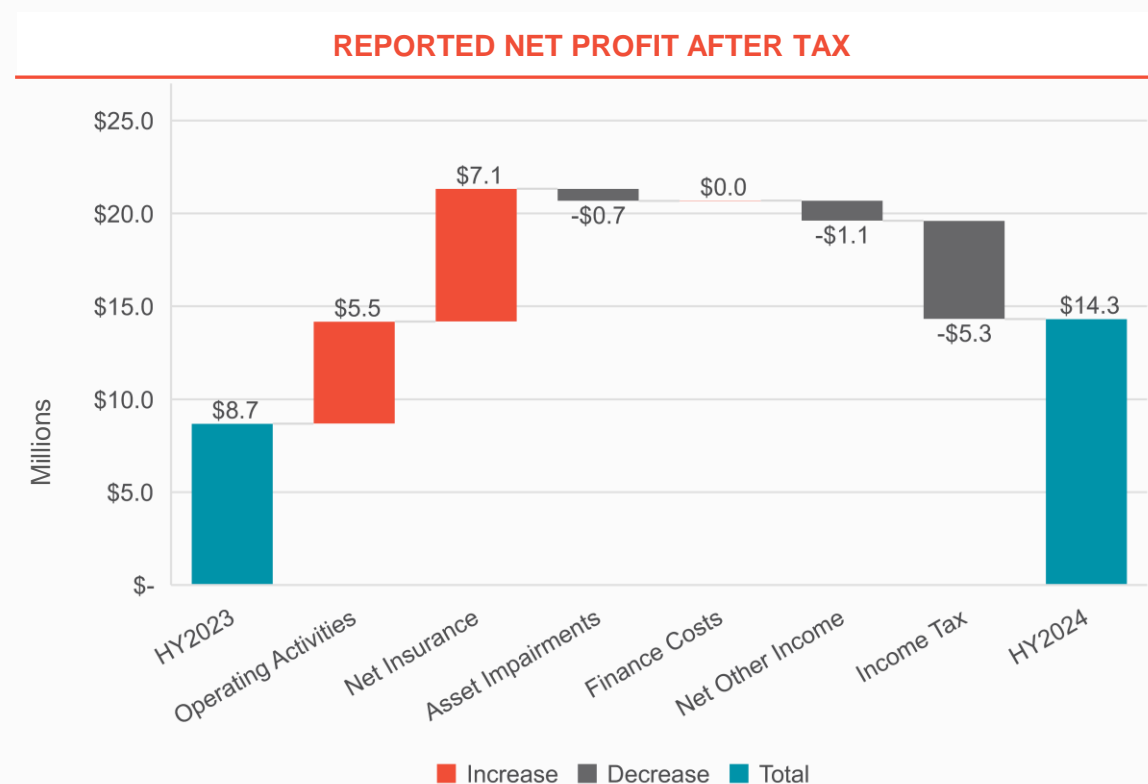
IMPROVED OPERATING RESULT DRIVEN BY IMPROVED YIELD AND CRUISE GROWTH

- Result from operating activities up \$5.5m (+25.1%)
 - Overall increase driven by ARPU growth and increased cruise calls
 - Supported by cost control and higher log exports largely offsetting lower container volume



NET PROFIT GROWTH ON HIGHER OPERATING RESULT

- Underlying NPAT¹ increased by \$3.6m (48.3%) to \$11.1m
- Reported NPAT increased by \$5.6m (64.8%) to \$14.3m
 - Increase driven by operating result and net contribution of \$7.1m from business interruption insurance claim
 - Partially offset by lower property revaluation gain and higher tax expense – removal of tax depreciation on buildings (\$2.0m)

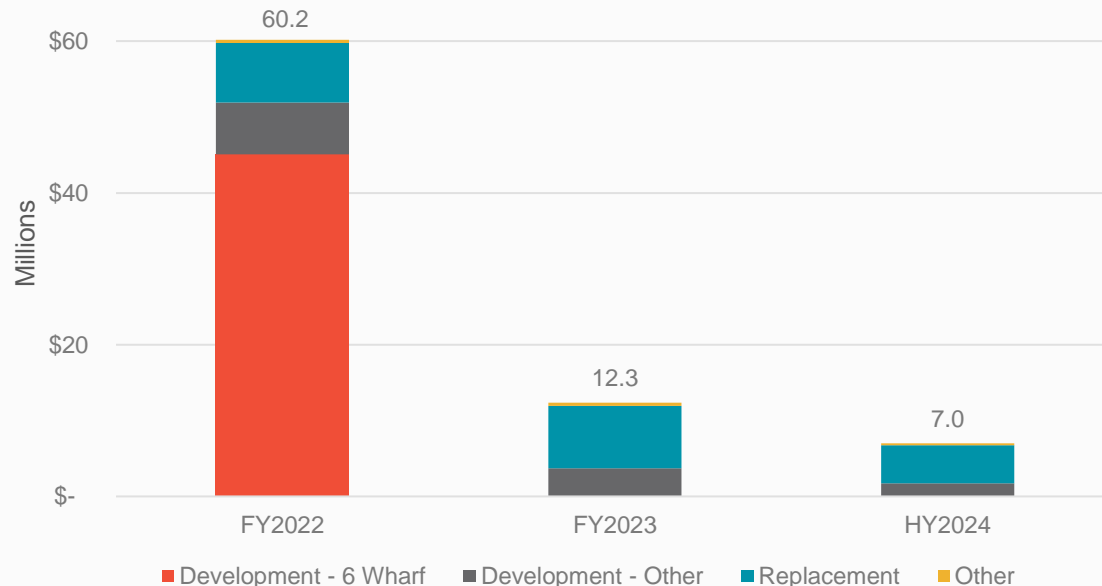


1- Refer to appendices for reconciliations of underlying metrics

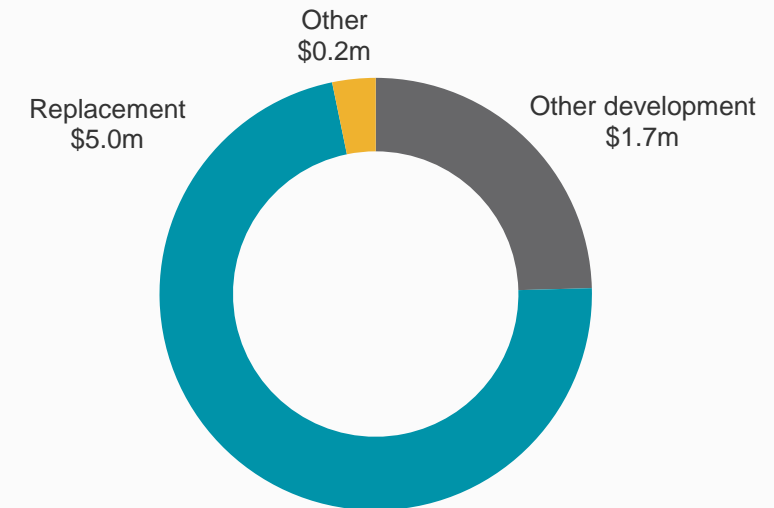
CAPITAL EXPENDITURE SPEND LIMITED

- Capital expenditure of \$7.0m¹
 - \$2.7m site asset management plan – 3 Wharf fendering replacement, other major maintenance
 - \$1.5m mobile plant – Eco reachstacker, electric sweeper, other minor plant replacements
 - \$1.5m additional paved area
- Near term future capex – mobile plant replacements, breakwater works, dredging
- FY2024 total estimated range \$14-\$18m (dependent on approvals and timing)

CAPITAL EXPENDITURE



HY2024 CAPITAL EXPENDITURE



1- Includes accounting accruals including capitalised overhead and finance costs. HY2024 cash spend \$7.4m

CASH FLOW & LIQUIDITY

	HY2024 \$M	HY2023 \$M	Var \$M
Operating cash flows	25.3	21.4	+3.9
Investing cash flows	(7.4)	(5.8)	-1.6
Dividends	(7.1)	(9.4)	+2.3
Reduction in total gross debt	(9.0)	-	-9.0
Other financing cash flows	(3.3)	(4.1)	+0.8
Increase in cash and cash equivalents	(1.5)	2.1	

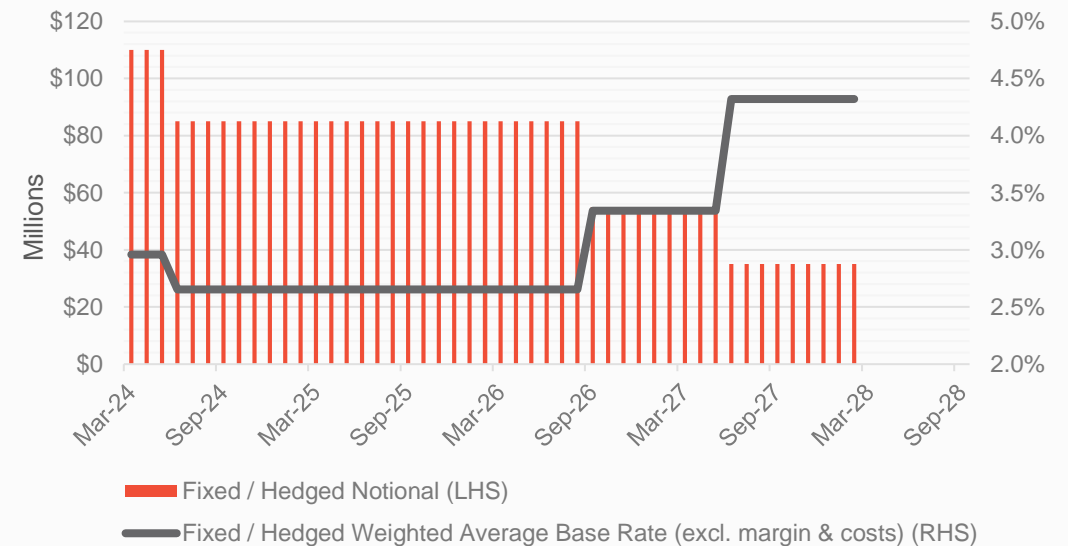
- Good growth in operating cash flow aligned with operating result
 - supported by BI insurance proceeds of \$2.9m
- Underlying operating cash flows¹ increased \$3.2m to \$24.5m HoH
- FY2023 final dividend of \$7.1m (3.55 cps) paid December 2023
- Total drawn debt reduced to \$121.0m at end of period, down from \$130.0m at the end of FY2023

1- Refer to appendices for reconciliations of underlying metrics

CAPITAL MANAGEMENT

- Debt to EBITDA of 2.16x at 31 March
 - Down from 2.98x at 30 September 2023
 - Within long-term target range of 2.0x - 3.0x
- Weighted average term to debt maturity of 3.2 years
- 92% of gross drawn debt subject to fixed interest rates at 31 March 2024
- Total bond and bank facilities of \$180m

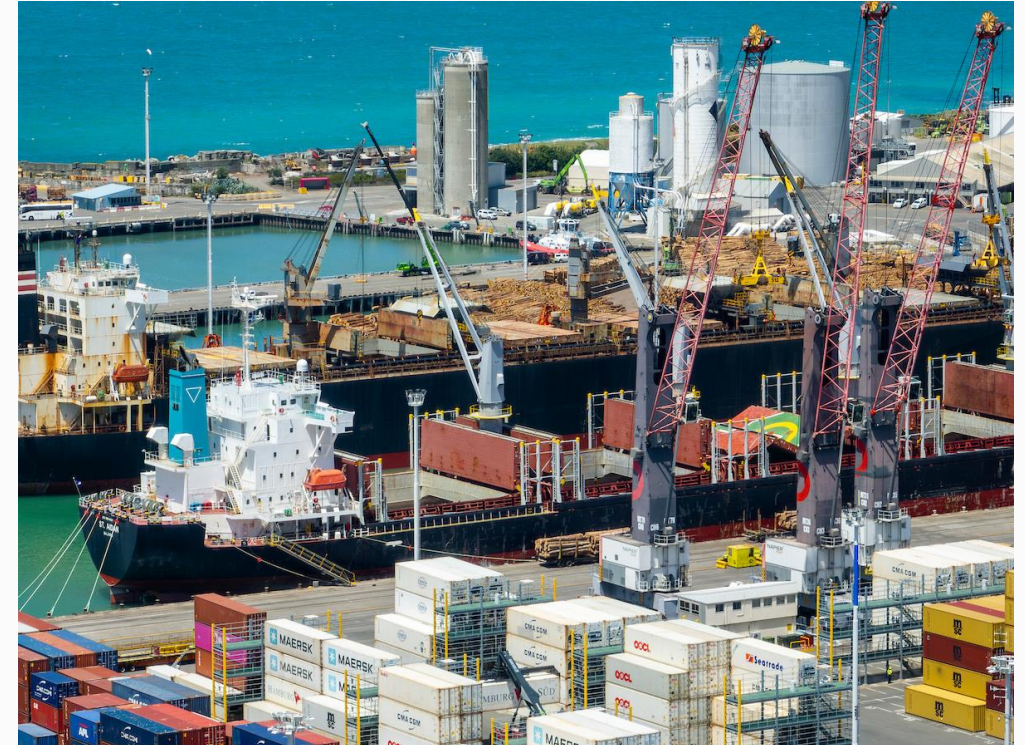
FIXED INTEREST RATE PROFILE (INCLUDING HEDGING)



RISK MANAGEMENT AND INSURANCE

INSURANCE CAPTIVE SET-UP AND RESERVE FUND

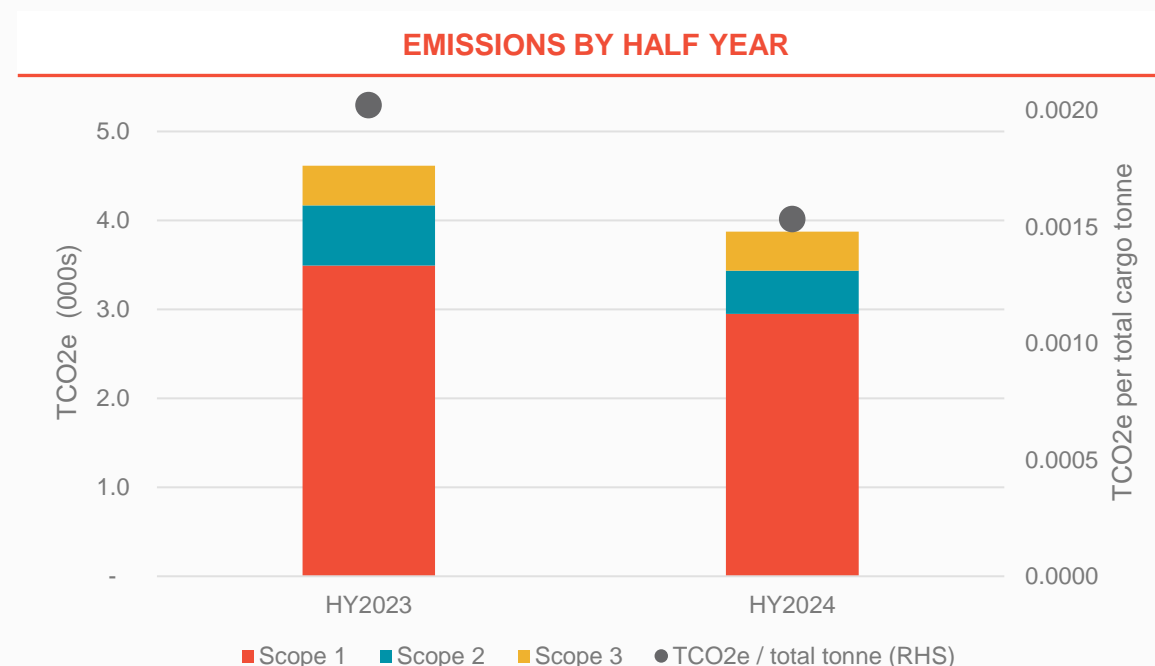
- Insurance captive entity established for upcoming FY2024 insurance renewal
- Board approved establishment of insurance captive risk reserve (investment) fund:
 - Available for self-insured MD & BI losses;
 - Increase short term liquidity availability following a significant low probability natural event;
 - Initial fund target size of \$25m, to be established over 5 or more years from FY2025



SUSTAINABILITY EMISSIONS REPORTING

LOWER GROSS AND RELATIVE EMISSIONS ON LOWER CONTAINER ACTIVITY

- Total (unaudited) emissions for half year reduced 16.1% HoH
 - Scope 1 decreased 15.6%
 - less fuel usage on reduced container volumes, lower generator use
 - high generator usage last year following Cyclone Gabrielle
 - Scope 2 decreased 28%
 - 17% increased electricity usage, offset by emission factor reduction
 - small movements across Scope 3 categories
- Relative metric basis: emissions per cargo tonne decreased by 24.2%
- FY2024 Employee Recognition Scheme focus on the 'Partnerships' pillar of our sustainability strategy
- Development underway of Environmental Management System (EMS)



CONCLUSION AND OUTLOOK

FUNDAMENTALS STRONG: VOLUME RECOVERY UNDERWAY

Demonstrated diverse and resilient cargo base, operational adaptability

Positive operating leverage evident from the volume return in bulk and cruise, together with cost management

For 2H 2024, expecting reducing log export volume, subdued economic activity, continuing inflation

Expect continuing ramp up of cargo volumes post Cyclone Gabrielle, and continued earnings growth momentum

90 forward cruise bookings, less revenue, for the next 2025 season

International shipping remains challenged

Guidance for FY2024 underlying result from operating activities of between \$50m and \$53m



HY2024 INTERIM DIVIDEND

Declared interim dividend of 3.0 cps (2023: 1.7 cps)

Fully imputed

Record date: 14 June 2024

Payment date: 27 June 2024

QUESTIONS



APPENDICES

The following appended financial information provides a summary of financial information for the half year period ended 31 March 2024 (HY2024) compared to the corresponding half year period in 2023 (HY2023).

Reconciliations provided are extracted from and should be read in conjunction with the Supplemental Selected Financial Information document released with NPH's 2024 Half Year Report on the NZX announcements platform and the Napier Port website Investor Centre.

REVENUE

NZ\$000	HY2024	HY2023
Container services	33,594	36,421
Bulk cargo	26,193	20,602
Cruise	8,903	5,108
Sundry revenue	298	692
Revenue from port operations	68,988	62,823
Revenue from property operations	1,594	1,313
Total operating income	70,582	64,136

OPERATING EXPENSES

Employee benefit expenses

NZ\$000	HY2024	HY2023
Wages & salaries	20,368	20,860
Other employee benefit expenses	1,591	1,325
Total employee benefit expenses	21,959	22,185

Property and plant expenses

NZ\$000	HY2024	HY2023
Plant expenses	3,022	3,227
Site expenses	1,434	833
Fuel & power	3,252	3,516
Total property and plant expenses	7,708	7,576

OPERATING EXPENSES

Other operating expenses

NZ\$000	HY2024	HY2023
Administration expenses	3,466	3,686
Occupancy expenses	5,014	4,270
Contract services	4,253	3,707
Other staff expenses	815	842
Total other operating expenses	13,548	12,505

CAPITAL EXPENDITURE

NZ\$000	HY2024	HY2023
Development capex	1,713	714
Replacement capex	5,034	5,864
Compliance and other capex	226	344
Total capex including capitalised finance costs	6,972	6,923
Movement in fixed asset creditors	399	(1,375)
Capex per cash flow	7,371	5,548

RECONCILIATION OF UNDERLYING NET PROFIT AFTER TAX¹

NZ\$000	HY2024	HY2023
Reported net profit after tax	14,320	8,690
Adjustments:		
Fair value movements on investment properties	(129)	(1,225)
Cyclone Gabrielle related expenses	108	
Cyclone Gabrielle business interruption insurance income	(7,243)	
Tax impact of adjustments	1,998	
Tax impact of removal of tax depreciation on buildings	2,018	
Underlying net profit after tax	11,072	7,465

1- Underlying net profit after tax is a non-NZ GAAP measure – refer to the Supplemental Selected Financial Information released with NPH's 2024 Half Year Report on the NZX announcements platform for further information related to this measure

RECONCILIATION OF UNDERLYING NET CASH FLOWS FROM OPERATING ACTIVITIES¹

NZ\$000	HY2024	HY2023
Reported net cash flows from operating activities	25,292	21,369
Adjustments		
Cyclone Gabrielle related expenses	108	-
Cyclone Gabrielle business interruption insurance income	(2,855)	-
Tax impact of adjustments	1,998	-
Underlying net cash flows from operating activities	24,543	21,369

1- Underlying net cash flows from operating activities is a non-NZ GAAP measure – refer to the Supplemental Selected Financial Information released with NPH's 2024 Half Year Report on the NZX announcements platform for further information related to this measure

DIVIDEND POLICY

- The Board is targeting paying total dividends within a range of 70% to 90% of Free Cash Flow¹
- Free Cash Flow¹ is a non-NZ GAAP measure adopted by Napier Port. It excludes capital expenditure on development projects and the interest costs capitalised during construction
- The payment of dividends is not guaranteed and will be at the discretion of the Board and depend on a number of factors. These factors include the general business environment, operating results (including our ability to grow Free Cash Flow¹) and financial condition of Napier Port, future funding requirements, any contractual, legal or regulatory restrictions on the payment of dividends by Napier Port and any other factors the Board may consider relevant. In declaring dividends, Napier Port must comply with the solvency test under the Companies Act and the covenants in its banking facilities
- Dividend payments are expected to be split into an interim dividend paid in June, targeting 40% of the total expected dividend for the financial year, and a final dividend paid in December. Napier Port intends to impute dividends to the maximum extent possible

1- Non-NZ GAAP measure, being NPAT, adjusted for the post-tax impact of fair value revaluations of derivatives and investment properties, plus depreciation, amortisation and impairment, less the average replacement capital expenditure of maintaining Napier Port's asset base. Average replacement capital expenditure is based on an assessment of the long term average cost of maintaining assets for Napier Port in real terms.

FURTHER INFORMATION ON NAPIER PORT

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 - Links to NZX results and market announcements
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 - Sustainability Strategy and Action Plan
 - Climate Change Related Disclosure (TCFD) Report
 - Investment Key Facts
 - Investing in Napier Port
 - Investor Day 2021 Presentations
 - Log Supply Chain Case Study
 - Key policies and governance documents
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