

# NZX AND MEDIA RELEASE

14 August 2024

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS TO 30 JUNE 2024

## Napier Port earnings recovery continues in the third quarter

Napier Port (NZX.NPH), the freight gateway for the central and lower North Island, today reports robust earnings growth for the nine months to the end of June 2024.

### HIGHLIGHTS

#### *3rd Quarter to 30 June 2024*

- Revenue for the third quarter increased 27.9% to \$36.5 million from \$28.6 million in the same period last year, following volume increases of 7.4% for bulk cargo and 29.6% for container services
- The result from operating activities<sup>1</sup> increased 64.3% to \$12.3 million from \$7.5 million
- Underlying net profit after tax<sup>2</sup> increased 156.7% to \$4.8 million from \$1.9 million

#### *9 Months to 30 June 2024*

- Revenue for the nine months rose 15.5% to \$107.1 million from \$92.7 million in the same period last year and was led by significant growth in export log and cruise revenue
- The result from operating activities increased 35.1% to \$39.6 million from \$29.3 million as higher revenue was supported by effective cost management
- Underlying net profit after tax increased 70% to \$15.9 million from \$9.3 million
- Reported net profit after tax increased 48.2% to \$19.1 million from \$12.9 million

#### *Earnings guidance*

- Unchanged guidance for an underlying result from operating activities for the year to 30 September 2024 of between \$50 million and \$53 million, excluding insurance recoveries (of which \$7.2 million has been recognised during the financial year to date)

Chief Executive Todd Dawson said: “Today’s result reinforces the continuing recovery of regional trade following Cyclone Gabrielle in February 2023.

“Trade for the nine months has been driven by strong log exports, cruise vessel calls, and the bounce back in containerised exports including fresh produce, apples, meat, and wood pulp and timber. As anticipated, as cargo volumes return our strategies focused on yield management linked to investments in infrastructure and customer services, and cost management are demonstrating strong operating leverage and earnings growth.

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<sup>1</sup> Result from operating activities is an alternative non-NZ GAAP measure and represents core underlying operating earnings. For further information please refer to Note 24 of the 2023 Annual Consolidated Financial Statements and the Supplemental Selected Financial Information.

<sup>2</sup> Underlying net profit after tax is an alternative non-NZ GAAP measure that comprises reported net profit after tax adjusted for certain non-recurring, non-core and abnormal, and unrealised fair value revaluation items to provide consistency and comparability of the financial information over the periods presented. For further information please refer to the Supplemental Selected Financial Information.

“While the regional export-led trade recovery continues post cyclone, most regional businesses continue to face a challenging economic environment. We note the current challenges across NZ’s major manufacturing industries due to abnormally high energy costs. This has led to two of our largest cargo customers, WPI and Pan Pac, to undertake temporary shutdowns of either all or part of their timber and pulp processing facilities. During this period, we expect both companies will take the opportunity to undertake repairs and maintenance and that we will continue to receive and pack timber through our Port Pack operation, and to receive logs for export from Pan Pac.”

## FINANCIAL RESULTS

### *Container services*

Container services revenue for the quarter of \$24.3 million increased 33.4% from \$18.2 million in the same period last year. For the nine months, container services revenue increased by 6% to \$57.9 million from \$54.6 million as higher revenue per TEU<sup>3</sup> offset lower container volumes.

Average revenue per TEU for the nine months increased 8.5% to \$339 from \$313 in the same period last year. This was driven by container mix, tariff increases, cost recoveries and increased utilisation of other container services, partially offset by lower Port Pack volumes.

Container volumes for the quarter increased 29.6% to 72,000 TEU as a result of the continuing regional recovery following the product losses caused by Cyclone Gabrielle in the prior year comparative period. For the nine months, container volumes decreased 2.3% to 171,000 TEU from 175,000 TEU in the same period last year.

### *Bulk cargo*

Bulk cargo revenue for the quarter increased 18.9% to \$11.1 million from \$9.4 million in the same period last year, as bulk volumes increased 7.4% from 0.7 million tonnes to 0.8 million tonnes. For the nine months, bulk cargo revenue increased by 24.6% to \$37.3 million from \$30 million as volumes increased 17.1% to 2.6 million tonnes from 2.3 million tonnes in the same period a year ago.

Log export volume for the quarter increased by 4.6% to 0.6 million tonnes, and for the nine-month period increased by 24.9% to 2.2 million tonnes from 1.8 million tonnes. The strong volume momentum of the first half year slowed in the third quarter, in line with anticipated decreases in volumes from central north island windthrown forests and unprocessed logs sourced from Pan Pac.

Average revenue per tonne for the nine months increased 6.3% to \$14.10 from \$13.26 in the same period last year, driven by yield increases and an increased contribution from our debarking operation, partially offset by fewer vessel calls.

### *Cruise services*

The cruise season completed in April with 89 vessel calls and nearly 140,000 passengers visiting the region, contributing \$9.1 million to revenue. This compares to 64 vessel calls contributing \$5.3 million to revenue in the prior comparative period.

There are currently 85 cruise vessel bookings for the upcoming 2025 season, and we note industry expectations of a further reduced Australasian cruise season with fewer vessels and port calls for 2026.

### *Operating results*

The result from operating activities for the third quarter increased 64.3% to \$12.3 million from \$7.5 million in the prior year period, as the third quarter revenue increase of \$8 million exceeded the increase in operating expenses of \$3.2 million.

The result from operating activities for the nine months increased 35.1% to \$39.6 million from \$29.3 million. Positive operating leverage was demonstrated with higher bulk and cruise volumes driving higher revenue of \$14.4 million, and effective cost management limiting the increase in operating

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<sup>3</sup> Twenty-foot equivalent container unit

expenses to \$4.1 million. Increased operating expenses resulted from higher insurance costs, higher contract services for containers, and wage inflation.

Underlying net profit after tax for the third quarter increased by 156.7% to \$4.8 million from \$1.9 million in the same period last year. For the nine months this increased by 70% to \$15.9 million from \$9.3 million primarily due to the higher operating result.

Reported net profit after tax for the third quarter increased 13.7% to \$4.8 million from \$4.2 million in the same period last year, and for the nine months increased 48.2% to \$19.1 million from \$12.9 million. Reported net profit after tax for the nine months included a \$7.2 million before tax contribution from the Cyclone Gabrielle business interruption insurance claim and \$2.0 million of additional deferred tax expense arising from the removal of tax depreciation on commercial buildings.

## **CAPITAL MANAGEMENT**

Over the nine-month period Napier Port has invested \$8.6 million in capital assets, including additional terminal paving, replacement mobile plant and site asset management works.

Cash flows from operating activities increased significantly by \$19.4m, or 58.7%, to \$52.3 million from \$33 million in the same period last year. Operating cash flow was supported by net \$7.5 million of business interruption insurance income receipts and favourable working capital movements.

Napier Port ended June 2024 with total drawn debt of \$108 million, down from \$130 million at the end of the 2023 financial year, and undrawn bank facilities of \$72 million, and with a Debt to EBITDA ratio of 1.87 times.

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### **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: <https://www.napierport.co.nz/investor-centre/>

### **Conference Call**

Napier Port will hold a conference at 11:00am (NZT) (9.00am, AEST) today. To attend to the conference call participants must pre-register at the following link: <https://s1.c-conf.com/diamondpass/10040651-6ajsid.html> . Registrations can be taken right up to the commencement of the call.