

STANDING STRONG FOR OUR REGION

ANNUAL RESULTS 2020

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PRESENTING TODAY



ALASDAIR MACLEOD

CHAIRMAN



TODD DAWSON

CHIEF EXECUTIVE



KRISTEN LIE

CHIEF FINANCIAL OFFICER

WELCOME & INTRODUCTION

2020 a challenging but successful year

Continued focus on strategic purpose to build a thriving region by connecting our customers, people and community to the world

Good progress on strategic initiatives, including 6 Wharf

Demonstrated resilience operationally, backed up by tight financial controls

A solid financial result, in line with original PDS forecasts

Looking forward, uncertainty in trading and economic environment

HIGHLIGHTS



HIGHLIGHTS

Good financial result in line with original PDS forecasts, in the face of significant challenges as a result of COVID-19

A resilient local economy and rural sector saw solid primary sector exports and continued investment in Hawke's Bay

Significant progress on strategic development initiatives

6 Wharf construction underway and on-track

Added capability and resilience within our team

Secured contested WPI business for at least another 10 years

Maintained focus on strategic purpose to build *a thriving region by connecting our customers, people and community to the world*

DRIVING GROWTH AND RESILIENCE

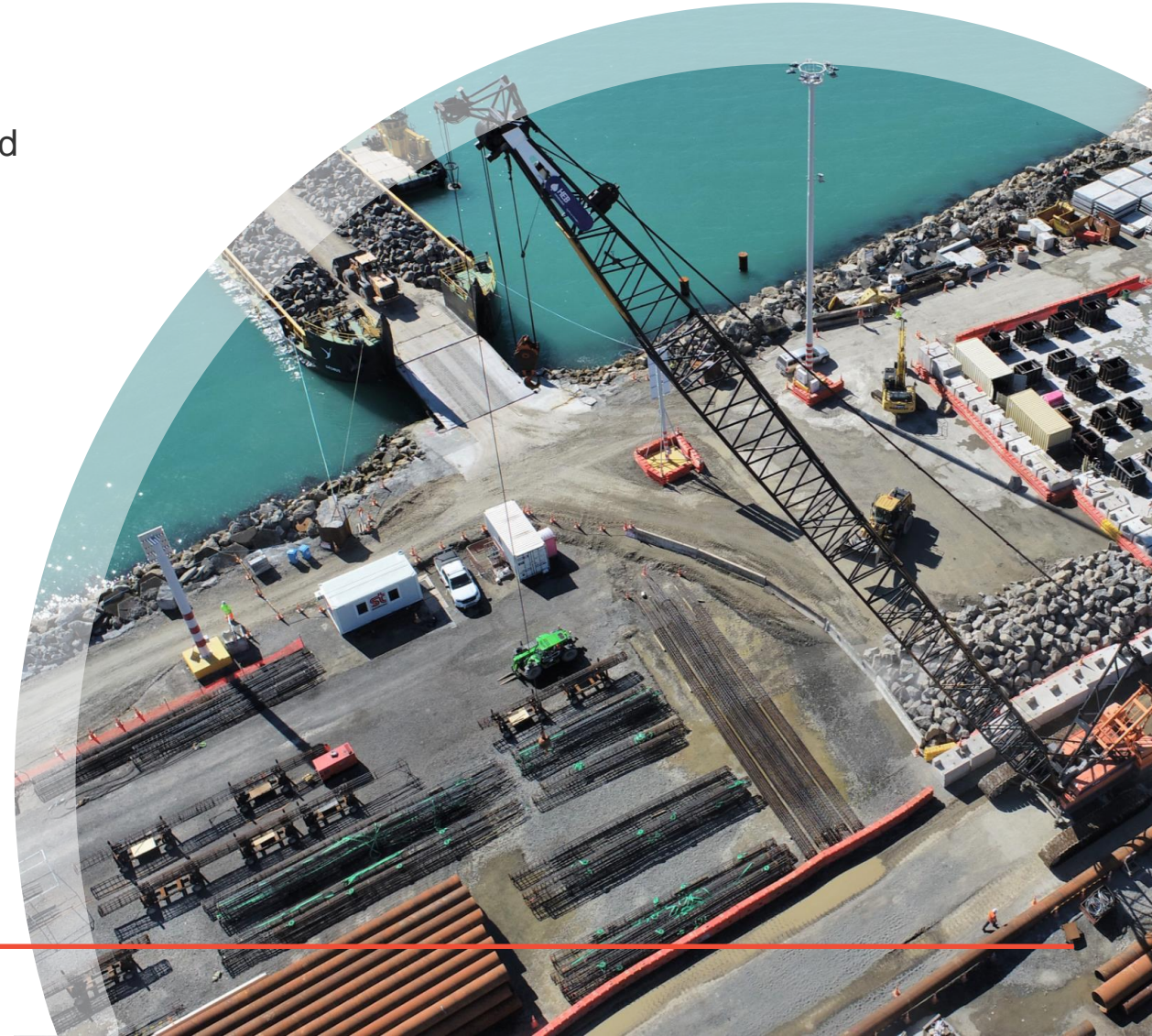
STRATEGIC PROJECTS UPDATE

A PLATFORM FOR GROWTH

- 6 Wharf - on time and within budget
- Off-port depot capacity – Thames Street second site commissioned
- *Kaweka*, third tug operational

STRATEGIC PROJECTS

- New technologies driving efficiencies across port
- Out of region cargo growth
- Health and safety development programme
- Sustainability strategy



DRIVING GROWTH AND RESILIENCE

EMERGING GROWTH OPPORTUNITIES

OPPORTUNITIES

- Opportunities in national supply chain:
 - As import supply chains continue to be disrupted by the pandemic and the congestion issues being felt at New Zealand's northern most ports
 - Lower and central North Island cargo owners seeking long term viability and service offering
 - Strengthening our logistics capability and offering
- Potential capital investment projects in pipeline:
 - Whakatū inland port opportunity



6 WHARF CONSTRUCTION

STATUS:

- 131 of 400 reinforced concrete piles completed
- Dredging - 340,000 m³ of around 1.3 million m³ has been completed
- Seawall being trimmed and armour laid - 883 of 4500 revetment armour blocks cast, 71 are now in place
- Deck construction expected to commence FY2021 Q2

TIMING & SPEND:

- No material change to completion timing (late 2022) or cost (\$173m - \$190m¹)
- \$33m¹ incurred/\$26m cash spent in FY2020 on construction phase
- \$70m - \$90m spend expected for FY2021



TRADE RESULT DOWN ON COVID-19 DISRUPTIONS

TRADE OVERVIEW COMPARED TO 2019

Volume	FY2020	FY2019	Variance	
			kT / TEU	%
Total cargo (kT)	5,049	5,459	-410	-7.5
Containerised cargo (TEU)	268,000	271,000	-3,000	-1.1
Bulk cargo (kT)	3,121	3,404	-283	-8.3
- Logs exports (kT)	2,365	2,581	-216	-8.3

- Forestry products, and logs in particular, categorised 'non-essential' during Alert Level 4
- Continued growth in refrigerated containerised cargos
 - Apple & pear volume consistent with prior year
- China log export market disruptions in Q2 leading up to the COVID-19 Alert Level 4 lockdown
- Stronger log export volumes in 4th quarter, running into Q1 FY2021
- Overall, resilient international demand for our region's primary product exports

UNDERLYING FINANCIAL RESULTS IN LINE WITH PDS FORECASTS

FINANCIAL RESULTS OVERVIEW COMPARED TO PDS FORECAST

Pro forma ³	FY2020 \$M	FY2020F ¹ \$M	Variance	
			\$M	%
EBITDA	41.0	40.9	+0.1	+0.4
Net profit after tax	20.4	20.0	+0.4	+2.3
Cash flow from operations	29.6	29.9	-0.3	-1.1

- Despite COVID-19 challenges, underlying financial results in-line with original PDS forecasts across key metrics
- ARPU² growth offset the impact of lower cargo volumes on revenue
- Result from operations supported by cost measures adopted in response to COVID-19

1 – FY2020F refers to the FY2020 PDS forecast unless otherwise stated throughout this presentation.

2 - Average Revenue per Unit (Container Services – per TEU, Bulk Cargo - per Tonne)

3 – Refer to appendices for reconciliations of pro forma metrics

RESILIENT FINANCIAL RESULT

REPORTED FINANCIAL RESULTS OVERVIEW COMPARED TO 2019

	FY2020 \$M	FY2019 \$M	Variance	
			\$M	%
Revenue	100.4	99.6	+0.8	+0.8
Results from operations	41.2	42.0	-0.8	-2.0
Net profit after tax	22.0	6.8	+15.2	+221.4
Cash flow from operations	29.3	29.3	-	-

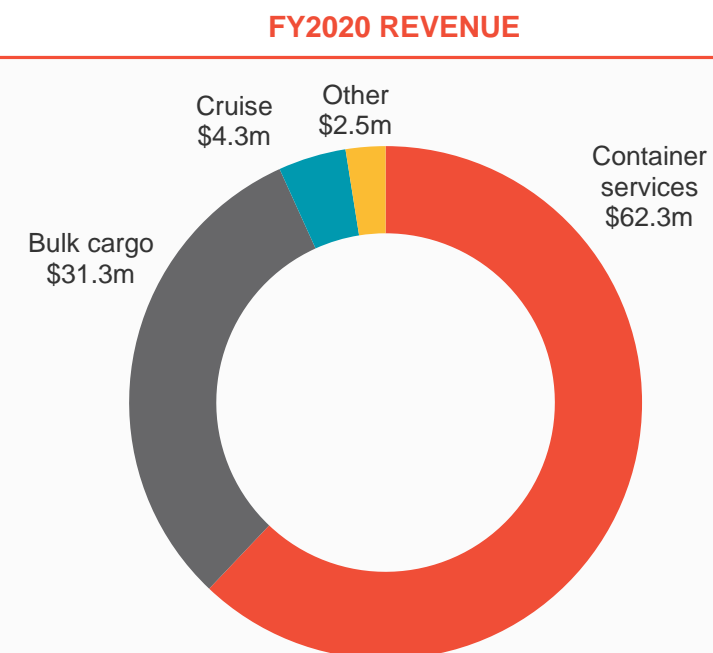
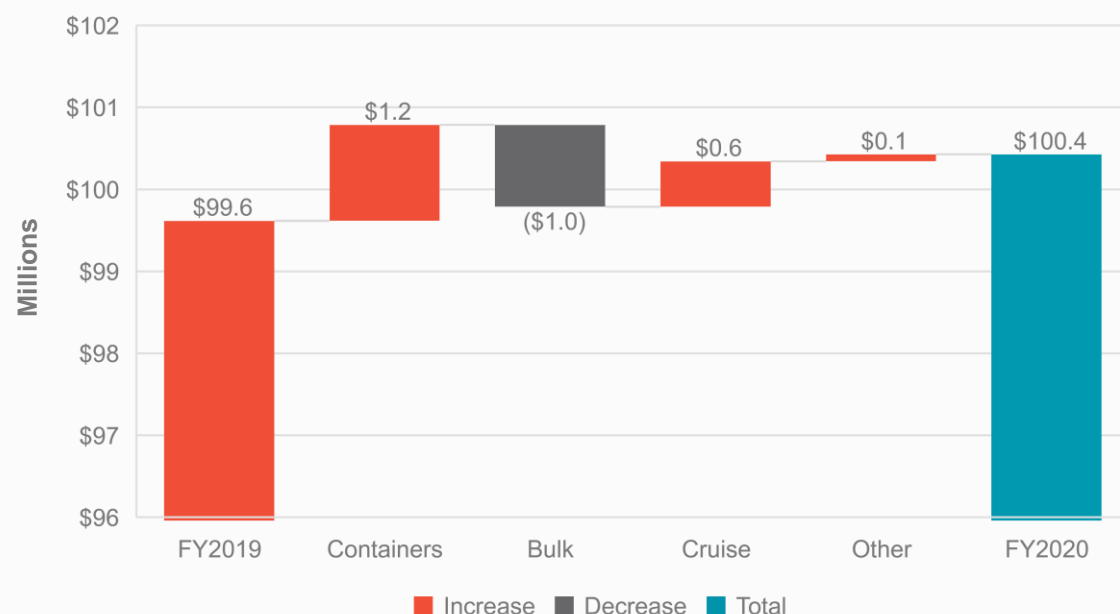
- Net profit in FY2019 depressed due to IPO and capital restructuring costs



FINANCIAL & OPERATING PERFORMANCE

REVENUE GROWTH DESPITE LOWER VOLUMES

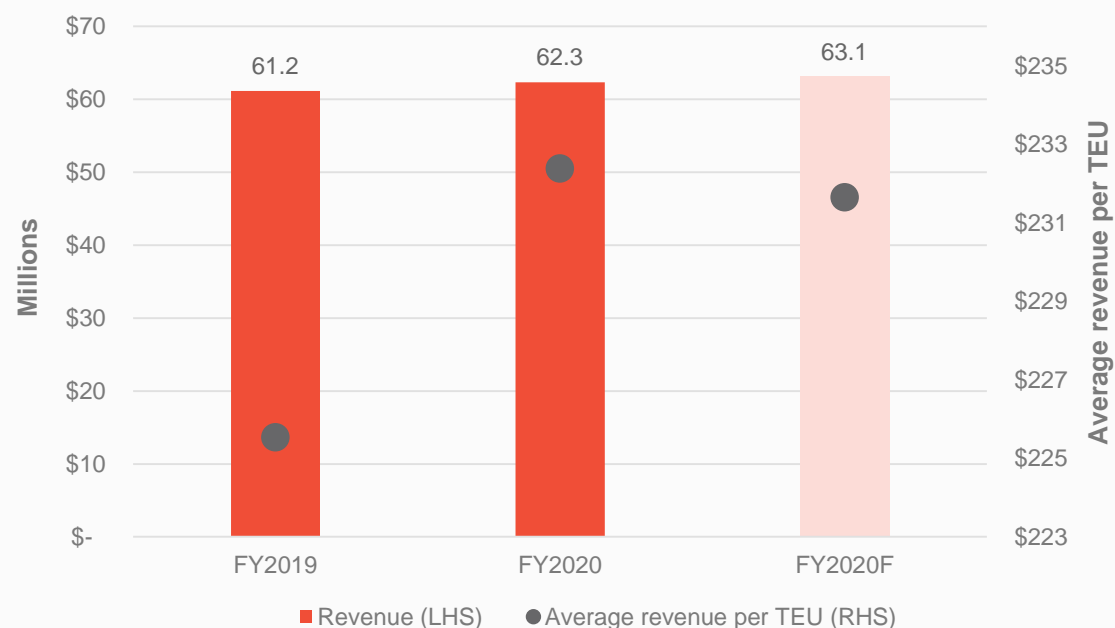
- 0.8% revenue growth year-on-year (YoY)
- 1.9% YoY revenue growth across container services and 14.9% cruise
- Revenue decrease of 3.1% for bulk cargo
- Lower trade volumes offset by higher average revenue per unit¹ across bulk & containers



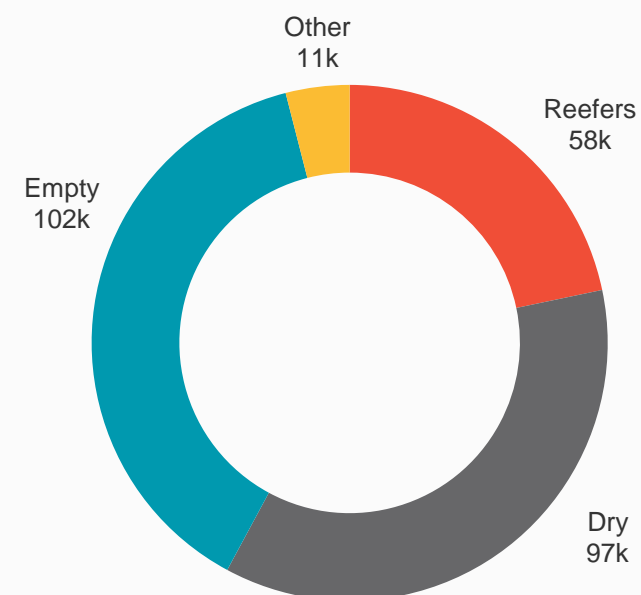
1 - Average Revenue per Unit (Container Services – per TEU, Bulk Cargo - per Tonne)

CONTAINER SERVICES REVENUE UP 1.9%

- Revenue up 1.9% YoY
- Container volume down 3,000 TEU (1.1%)
- Reefer volume growth 1.4% YoY
 - Export apples volume consistent with prior year
 - Increased containerisation of squash
- Average revenue per TEU increased 3.0% to \$232/TEU from \$226/TEU

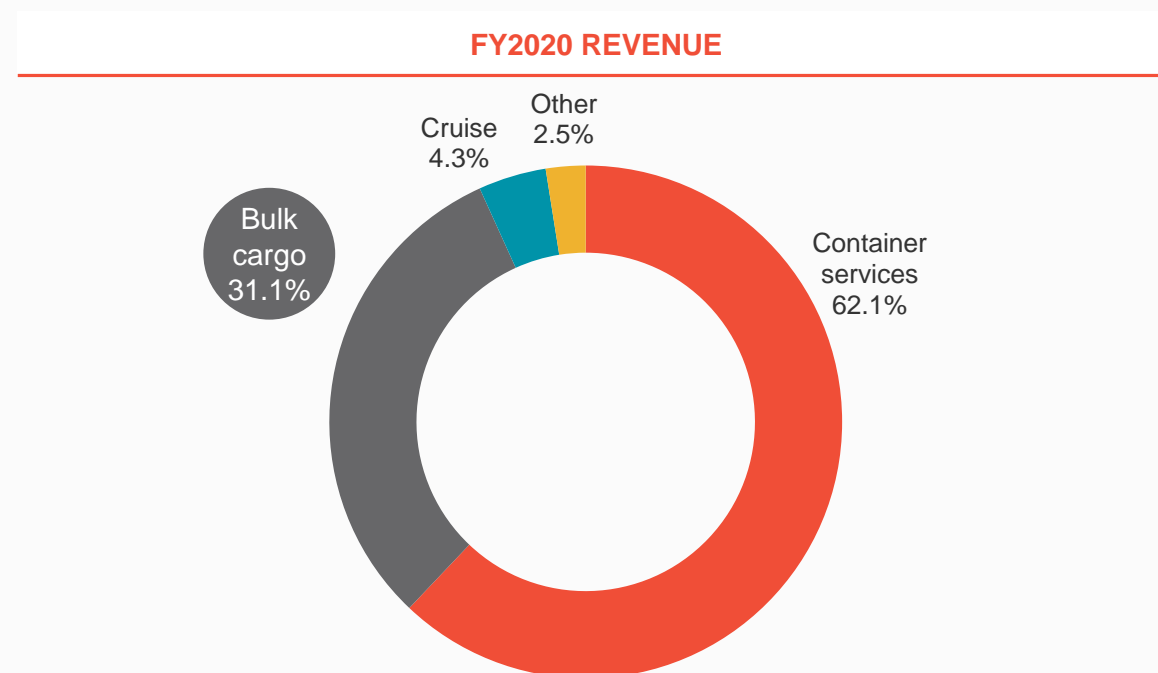
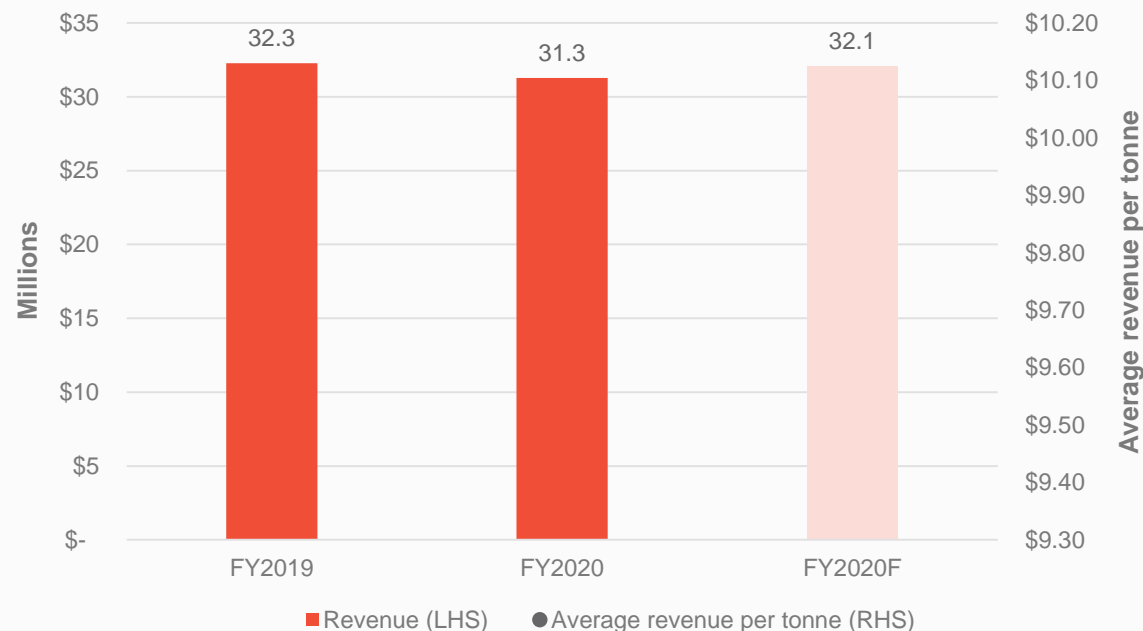


FY2020 TEUs



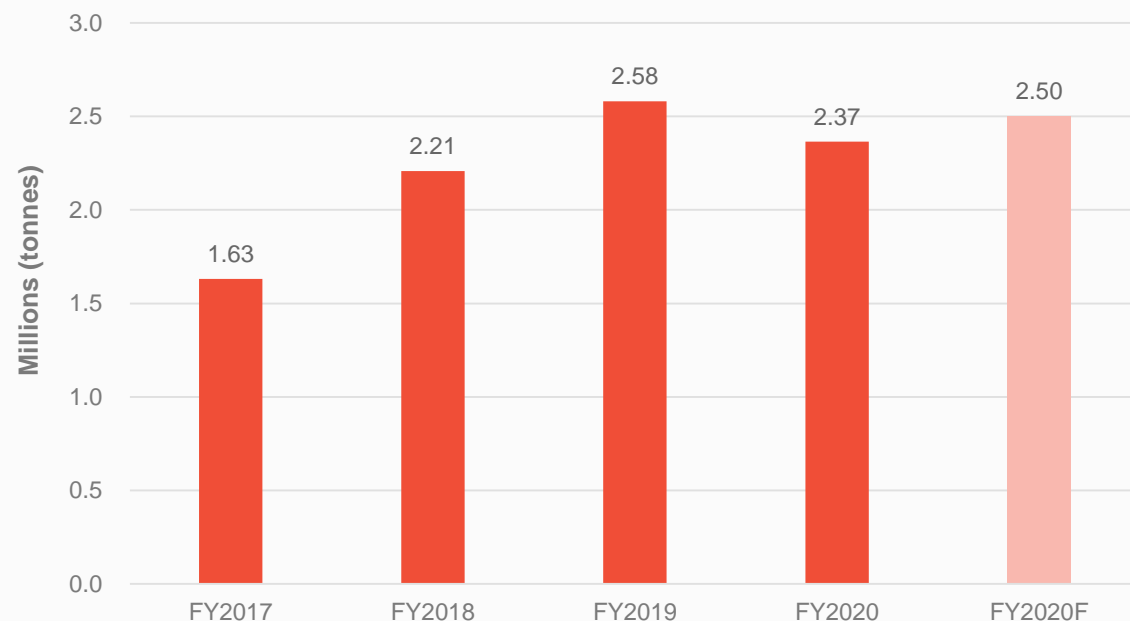
LOWER BULK CARGO REVENUE DRIVEN BY VOLUME DECREASE

- Revenue down 3.1% YoY
- Lower revenue driven by 8.3% volume decrease
 - Forestry products deemed 'not essential' during Alert Level 4
- Average revenue per tonne increased 5.7% to \$10.02/T from \$9.48/T

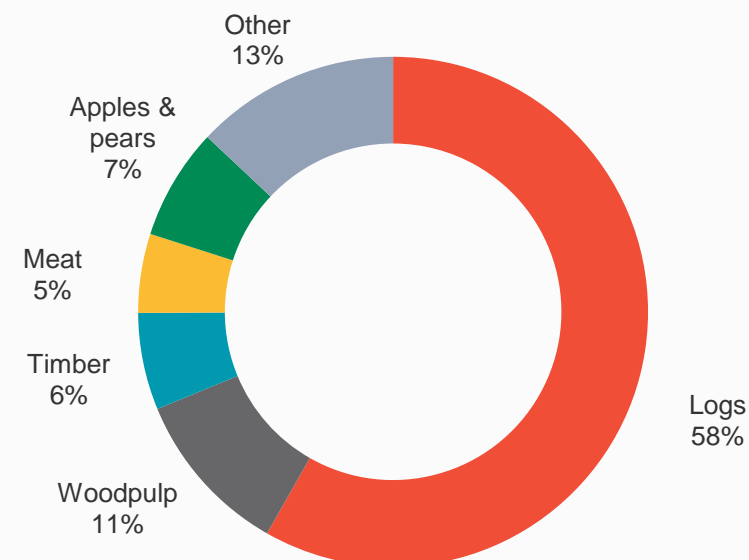


LOG VOLUMES IMPACTED BY COVID-19

- Logs exports down 8.3% YoY
- COVID-19 impact in Q2 and Q3
 - High Chinese log inventories in Q2 compounded by the extended Chinese New Year holiday
 - No incoming logs during Alert Level 4 lockdown in Q3
 - Volumes have since recovered with good Q4 volume, continuing into Q1 FY2021 (to date)

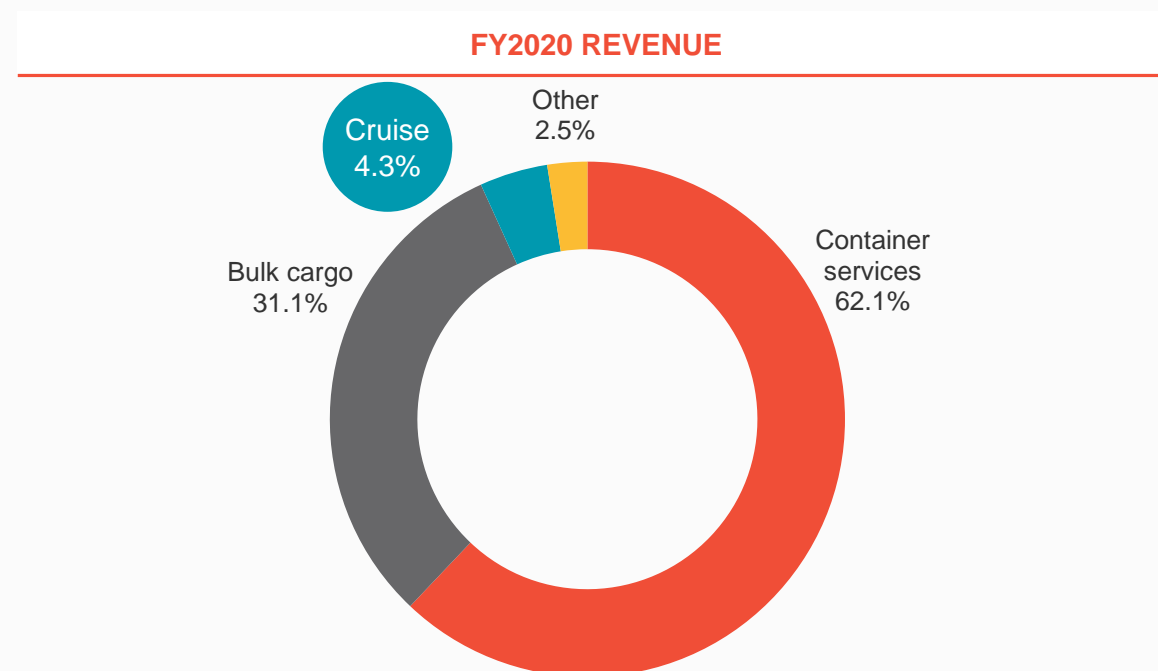
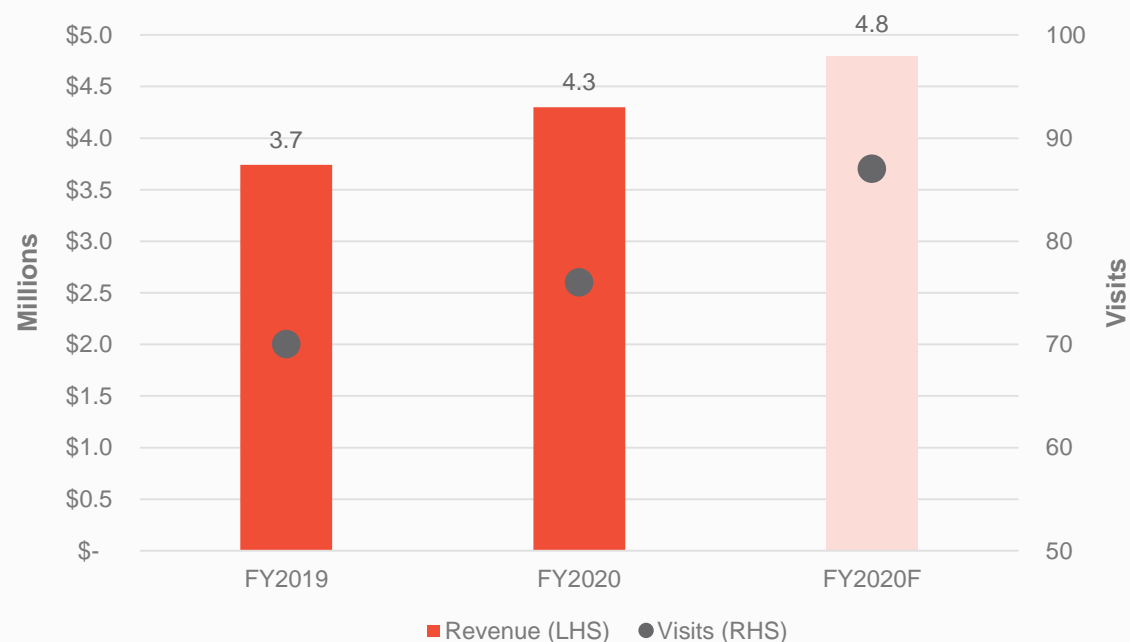


FY2020 ALL CARGO EXPORTS (WEIGHT)



RECORD BUT SHORTENED CRUISE SEASON

- Revenue up 14.9% YoY
- Revenue result driven by 6 additional visits YoY and passenger levy implementation
- 76 vessel calls - 11 fewer visits against forecast – 4 due to weather and 7 due to COVID-19
- No cruise revenue expected in FY2021
- Given border restrictions, significant uncertainty remains over the timing and extent of recovery



COVID-19: RESPONSE PLAN IN THE FACE OF UNCERTAINTY

RESPONSE RECAP

Despite disrupted operations, essential services to the region maintained

Aimed to reduce or defer expenditure while looking after our people and not compromising operational capability

Focus on cash expenditures for 18 month period to end of FY2021

- Reduction in director fee pool of 20%¹ for 6 months
- Deferral, on renewal, of wage and salary increases for one year
- Specific cost reductions and deferrals across capital and operational expenditure
- Receipt of the Government Wage Subsidy (subsequently repaid)
- Cancellation of the interim dividend in respect of the 2020 financial year

Many of the temporary measures implemented in the 2020 year will conclude with normal conditions resuming during 2021

FY2020 estimated opex cost reductions and deferrals of \$2.2m / c. \$5m capex deferrals & savings

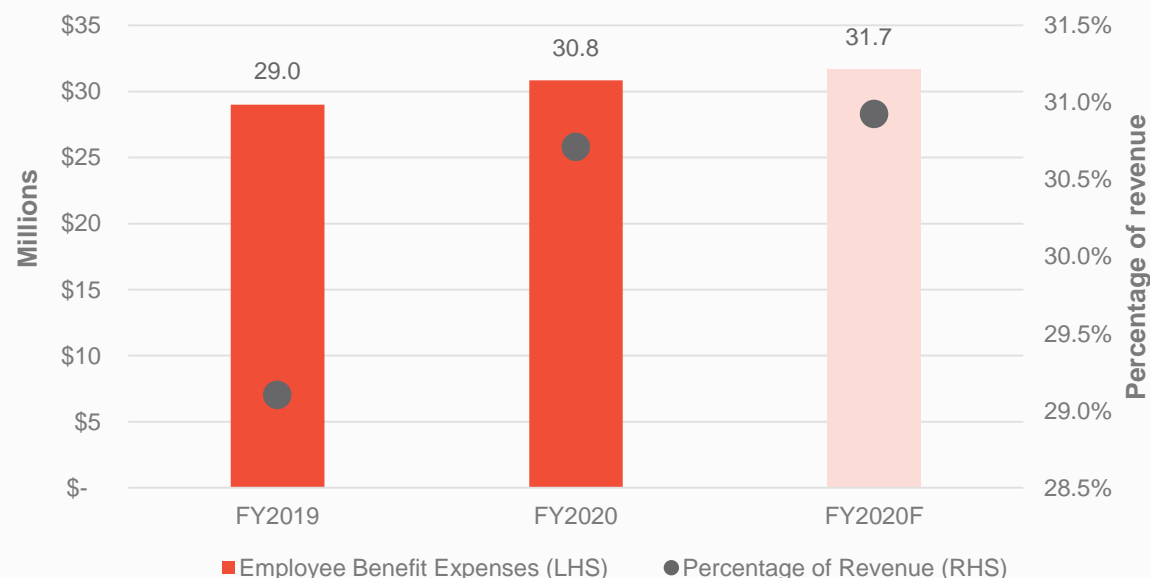
Measures impacting FY2021 still being worked through

1- Includes a 10% reduction in fees paid plus deferral of planned additional director appointment

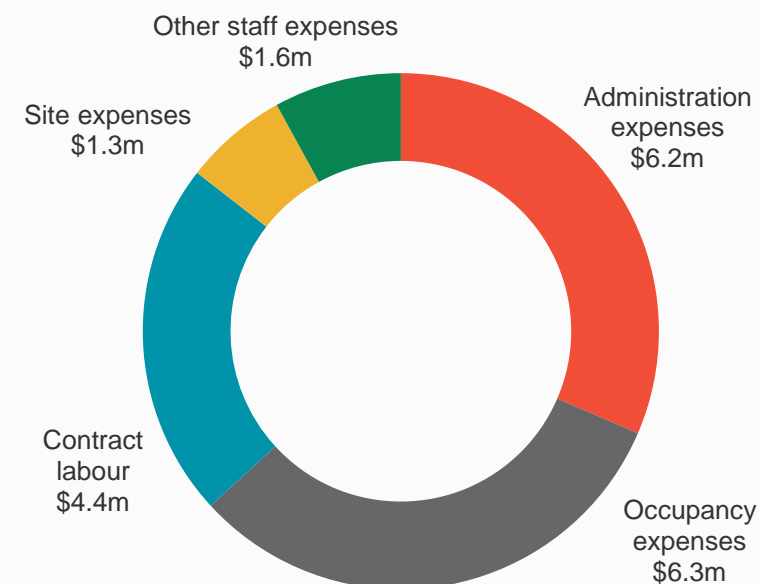
COVID-19 RESPONSE MEASURES CONTROL EXPENSE GROWTH

- Employee benefit expenses¹ up 6.4% YoY (2.7% below the PDS forecast)
 - Key COVID-19 measures including cancellation of staff and executive incentives helped to offset increases in employee expenses including general remuneration increases and anticipated headcount increases initiated ahead of COVID-19
- Maintenance expenses down 4.6% due to lower fuel costs
- Pro forma other operating expenses down 4.6% due to COVID-19 measures, offset by increasing insurance premiums

EMPLOYEE BENEFIT EXPENSES



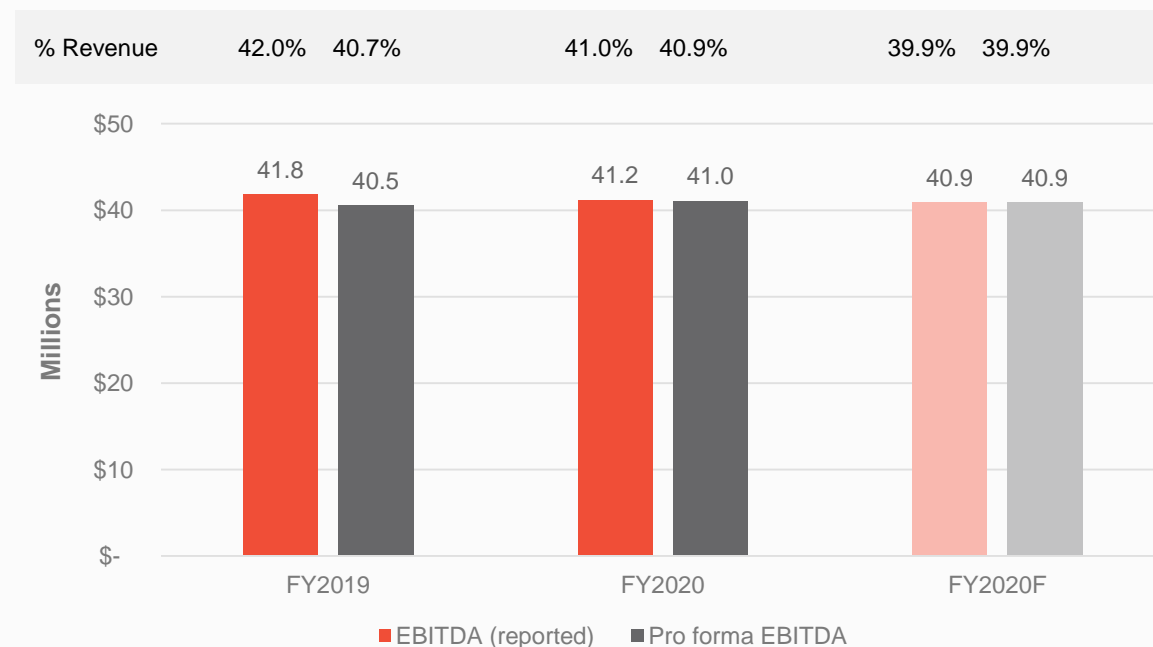
OTHER OPEX FY2020



1- Incorporates reclassifications from statutory accounts between employee benefit and other operating expenses to align with the PDS presentation
Refer to appendices for further detail of expenses

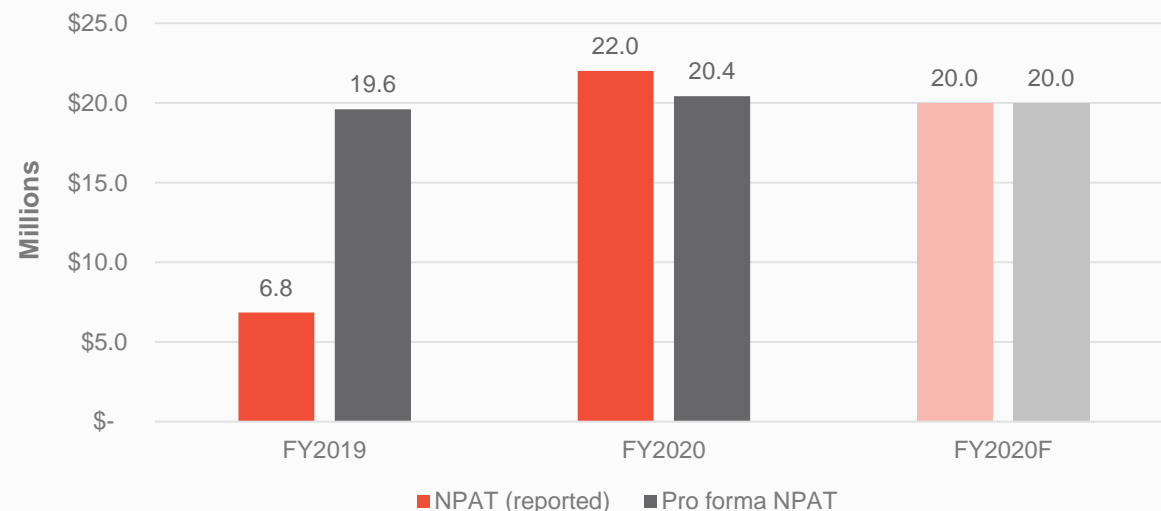
EBITDA STEADY AND MARGIN >40%

- Pro forma EBITDA up \$0.5m (1.3%) YoY
- EBITDA margin maintained at >40%
- PDS forecast assumed declining margin % as we built for growth
- FY2020 earnings supported by temporary COVID-19 cost saving measures



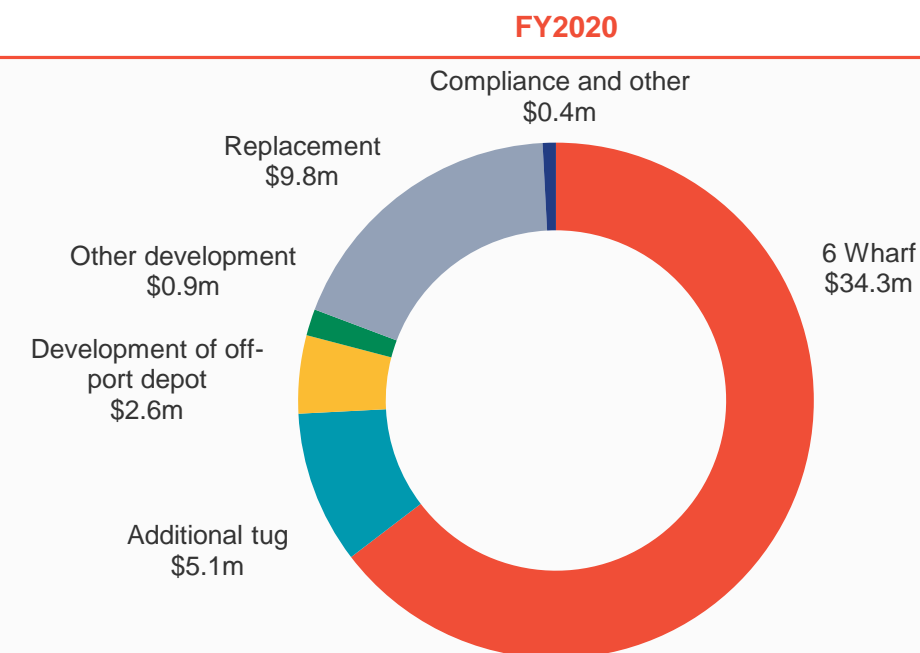
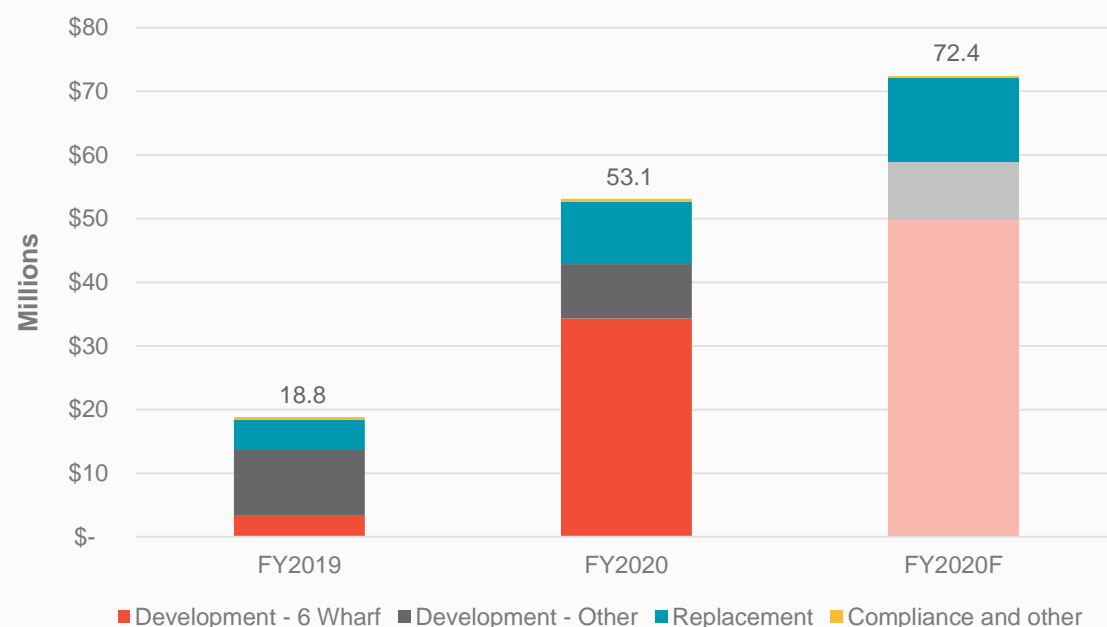
PRO FORMA NET PROFIT AFTER TAX IN-LINE WITH PDS FORECAST

- Pro forma NPAT increased by 4.2% YoY
- FY2020 pro forma NPAT excludes:
 - \$1.0m revaluation gain on investment property
 - \$650k tax benefit for the reinstatement of tax depreciation on buildings
 - \$550k impairment of infrastructure assets for 6 Wharf development
- Reported statutory NPAT increase largely attributable to FY2019 significant one-off IPO and capital restructuring costs



INCREASING DEVELOPMENT CAPITAL EXPENDITURE

- Capital expenditure \$53.1m¹ with majority of spend on 6 Wharf
- Completion of significant development projects – *Kaweka* tug and Thames Street off-port depot



1 - Including accounting accruals. FY2020 cash spend \$46.0m

CASH FLOW & LIQUIDITY

	FY2020 \$M	FY2019 \$M	Var \$M
Operating cash flows	29.3	29.3	-
Investing cash flows	(46.0)	(17.5)	-28.5
IPO proceeds (net of equity costs)	-	119.5	-119.5
Repayment of bank debt, swaps	-	(87.6)	+87.6
Other financing cash flows	<u>(6.6)</u>	<u>(12.4)</u>	+5.8
Net (decrease)/increase in cash & cash equivalents	(23.3)	31.3	

- \$5m dividend (2.5 cps) paid December 2019
- Cash & cash equivalents balance of \$7.9m (\$31.2m at end FY19)
- \$180m undrawn bank facilities
 - 66% expires Q4 2024
 - 33% expires Q4 2023
- Bank facilities subsequently initially drawn upon in October 2020

CAPITAL MANAGEMENT

- Target ratio of Net Debt to EBITDA of no greater than 3.5x through the 6 Wharf construction period, with the expectation that the ratio will be managed to within its long-term target range of 2.0x – 3.0x over time, following completion of 6 Wharf
- Increase in Net Debt to EBITDA ratio above 3.5x currently likely based on current environment (including cruise disruption) but remains a point of focus to mitigate this increase over time



CONCLUSION & OUTLOOK



CONCLUSION

STANDING STRONG FOR OUR REGION

In the face of significant challenges, we have continued to deliver on our strategic purpose to work for our region

Demonstrated resilience and continuity of our cargo base and our shipping line trade

Achieved a solid financial result

Significant progress on strategic initiatives

CURRENT OUTLOOK

COVID-19 UNCERTAINTY DOMINATES OUTLOOK

- Experiencing month to month trading volatility
 - Continuing economic uncertainty – NZ & global markets
- Challenges in key Napier Port trades:
 - Pipfruit – seasonal labour unavailability likely to undermine increasing crop size potential
 - Cruise – no visits expected in FY2021 with significant uncertainty beyond
- Good log export volumes carrying into Q1 (to date)
- Sentiment amongst our customers remains upbeat and positive, particularly in the meat and forest products sectors
- Cautious perspective while pursuing strategic initiatives
- Continue to drive growth and operational resilience
- Supporting our region and the central and lower North Island's future growth requirements
- Opportunities in national supply chain to grow trade volume

FY2021 EARNINGS OUTLOOK

- Expected underlying result from operations for FY2021 between \$34m and \$38m
- There are several factors contributing towards the reduction from \$41.2m in FY2020
- Key factors
 - Loss of cruise revenue (\$4.3m in FY2020 and growing)
 - Temporary cost saving measures unwinding in FY2021
 - Strategic investments in people & capability

FY2020 DIVIDEND

- Final dividend of 5 cps declared
- Fully imputed
- Record date: 4 December 2020
- Payment date: 18 December 2020

QUESTIONS



APPENDICES

The following appended financial information provides a summary of actual 2020 financial results compared to prior periods and the 2020 prospective financial information (**PFI**) contained in the Product Disclosure Statement (**PDS**) and the document entitled "Napier Port's Prospective Financial Information, a reconciliation of non-NZ GAAP to NZ GAAP information and supplementary financial information" (**Supplementary Financial Information**) dated 15 July 2019 and published in connection with the initial public offer of Napier Port Holdings Limited (both of which are available at www.business.govt.nz/disclose (OFR126790)). Actual FY2020 data has been prepared on a basis consistent with that described in PDS and Supplementary Financial Information except where stated.

Reconciliations provided are extracted from and should be read in conjunction with the Supplemental Selected Financial Information document released with NPH's 2020 Annual Report on the NZX announcements platform and the NPH website.

REVENUE

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Revenue from Port Operations	89,884	97,432	98,166	100,425
Revenue Other	1,865	2,185	2,261	2,109
Total operating income	91,749	99,616	100,427	102,533
NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Container Services	58,005	61,169	62,339	63,117
Bulk Cargo	28,966	32,277	31,275	32,095
Cruise	2,561	3,742	4,300	4,795
Sundry revenue	353	244	252	418
Revenue from port operations	89,884	97,432	98,166	100,425
Property income	1,865	2,185	2,261	2,109
Operating income	91,749	99,616	100,427	102,533

OPERATING EXPENSES

Employee benefit expenses*

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Wages & salaries	23,896	26,862	28,813	29,509
Other staff expenses	2,455	2,130	2,029	2,198
Total employee benefit expenses	26,352	28,992	30,843	31,708

Maintenance expenses

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Maintenance expenses	9,236	9,073	8,652	9,082

* Employee benefit expenses are \$530k lower than the statutory accounts. This amount relates to listed company costs reclassified to align with the PDS presentation.

OPERATING EXPENSES

Other operating expenses

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Administration expenses	4,928	5,880	6,220	6,642
Occupancy expenses	5,207	5,393	6,269	6,021
Contract labour	4,139	4,335	4,415	4,414
Site expenses	1,626	2,315	1,284	2,076
Other staff expenses	1,350	1,641	1,578	1,710
Offer costs	-	6,404	(285)	-
Total other operating expenses	17,250	25,968	19,481	20,863
Pro forma adjustments				
Offer costs	-	(6,404)	285	-
Listed company costs	1,620	1,297	136	-
Pro forma other operating expenses	18,871	20,861	19,902	20,863

* Other operating expenses are \$530k higher than the statutory accounts. This amount relates to expenses reclassified to align with the PDS presentation.

CAPITAL EXPENDITURE

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Development capex				
6 Wharf pre-construction	957	3,442	991	-
6 Wharf construction	-	-	33,319	49,784
Additional tug	-	4,939	5,082	5,961
Acquisition and development of off-port depot services land	4,101	1,930	2,599	1,600
Refrigerated container capacity	1,720	1,495	-	-
Other development capex	709	1,858	882	1,568
Total development capex	7,487	13,664	42,873	58,913
Replacement capex	5,248	4,765	9,788	13,227
Compliance and other capex	424	385	439	250
Total capex	13,160	18,814	53,100	72,391
Movement in fixed asset creditors	2,689	(1,395)	(7,112)	(1,087)
Capitalised finance costs	(260)	-	-	(1,603)
Capex per cash flow	15,589	17,419	45,988	69,701

RECONCILIATION OF PRO FORMA EBITDA

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net profit after tax	17,576	6,848	22,012	19,973
add: Taxation expense	6,859	5,182	7,309	7,901
add: Net interest expense	4,107	10,437	(149)	(61)
add: Depreciation and amortisation	10,849	11,981	12,432	12,947
EBITDA	39,391	34,448	41,604	40,760
Pro forma EBITDA adjustments:				
Offer costs	-	6,404	(285)	-
Other (income) expenses	(709)	(135)	(704)	-
Share of loss of equity accounted investee	94	228	80	120
Impairment of joint venture	-	852	-	-
Impairment of infrastructure assets for 6 Wharf development	-	-	551	-
Underlying reported EBITDA	38,777	41,797	41,246	40,880
Incremental listed company costs (not yet incurred)	(1,620)	(1,297)	(136)	-
Pro forma EBITDA	37,156	40,500	41,110	40,880

RECONCILIATION OF EBITDA TO RESULT FROM OPERATING ACTIVITIES

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Result from operating activities	38,912	41,987	41,166	40,880
Adjustments:				
Impairments of property, plant and equipment	(135)	(190)	-	-
Underlying reported EBITDA	38,777	41,797	41,166	40,880

RECONCILIATION OF PRO FORMA NPAT

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net profit after tax		6,848	22,012	19,973
Pro forma adjustments:				
Offer costs		6,404	(285)	n/a
Other (income) expenses - fair value movements		(230)	(1,000)	-
Impairment of joint venture		852	-	-
Impairment of infrastructure assets for 6 Wharf development		-	551	-
Incremental listed company costs		(1,297)	(136)	n/a
Listed company capital structure		9,940	n/a	n/a
Tax impact of pro forma adjustments		(2,907)	(62)	n/a
Tax benefit of reinstatement of tax depreciation on buildings		-	(650)	-
Pro forma NPAT		19,611	20,430	19,973

RECONCILIATION OF PRO FORMA NET CASH FLOWS FROM OPERATING ACTIVITIES

NZ\$000	FY2018	FY2019	FY2020	PDS FY2020F
Statutory net cash flows from operating activities		29,336	29,327	29,945
Pro forma adjustments				
IPO transaction and related costs		5,643	478	n/a
Incremental listed company costs		(1,393)	(136)	n/a
Listed company capital structure		2,882	n/a	n/a
Tax impact of pro forma adjustments		(2,907)	(62)	n/a
Pro forma net cash flows from operating activities		33,561	29,607	29,945







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 (including 6 Wharf) and the interest costs which will be 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 a 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.

OUR STRATEGY BUILDS ON A STRONG BUSINESS

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

	RELEVANCE DURING COVID-19
<p>AN INFRASTRUCTURE ASSET ESSENTIAL TO THE HEALTH OF THE HAWKE'S BAY ECONOMY</p> <p>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</p>	
<p>STRONG REGIONAL ECONOMIC GROWTH DRIVERS AND STRONG KEY CUSTOMER RELATIONSHIPS</p> <p>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</p>	
<p>DIVERSIFIED TRADE PORTFOLIO MITIGATES SECTOR AND COUNTRY-SPECIFIC RISKS</p> <p>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</p>	
<p>WELL-POSITIONED GIVEN FUTURE CARGO VISIBILITY AND FULLY-CONSENTED DEVELOPMENT PLANS</p> <p>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</p>	
<p>STRONG HISTORICAL FINANCIAL PERFORMANCE AND A RECORD OF EXECUTION ON GROWTH OPPORTUNITIES</p> <p>Napier Port delivered annual average revenue growth of 8.4% over the last four years (2016 - 2020), while consistently delivering EBITDA margins of above 40%</p>	
<p>EXPERIENCED MANAGEMENT TEAM THAT IS WELL CONNECTED WITH CARGO OWNERS AND OTHER STAKEHOLDERS</p> <p>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</p>	

FURTHER INFORMATION ON NAPIER PORT

TO LEARN MORE ABOUT NAPIER PORT AND WHAT IT DOES PLEASE REFER TO:

- Our website at napierport.co.nz
- The Management Roadshow Presentation available on the Disclose Register published in connection with the initial public offer of Napier Port Holdings Limited available at www.business.govt.nz/disclose (OFR126790) and listed within the Documents section as 'Other material information 5: Napier Port Holdings Limited – Investor Presentation'