



## NZX AND MEDIA RELEASE

19 November 2019

FINANCIAL RESULTS FOR THE YEAR TO 30 SEPTEMBER 2019

### NAPIER PORT FY2019 SETS PLATFORM FOR GROWTH

#### HIGHLIGHTS

- FY2019 results ahead of Initial Public Offering (IPO) forecast
  - Revenue 2.3% above forecast
  - Pro forma EBITDA<sup>1</sup> 2.1% above forecast
  - Pro forma NPAT<sup>1</sup> 3.2% above forecast
- Container and bulk cargo volumes ahead of forecast
  - Container volume up 1.9% on prior year to 271,000 TEU
  - Bulk cargo volumes up 10.9% on prior year to 3.4m tonnes
- Revenue of \$99.6 million, up 8.6% on prior year
- Results from operating activities<sup>2</sup>, which excludes one-off items, rose by \$3.1m or 7.9% from \$38.9 million in the prior year to \$42.0 million
- Pro forma EBITDA of \$40.5 million, up 9.0% on the prior year
- Final dividend of 2.5 cents per share declared

Napier Port (NZX.NPH) today announces its results for the year ended 30 September 2019 with revenue and earnings ahead of the forecast prepared for the Initial Public Offering (IPO), as growth in Hawke's Bay exports lifted both container and bulk cargo volumes.

Revenue for FY2019 increased 8.6% from \$91.7 million in the prior year to \$99.6 million, and ahead of the \$97.4 million forecast when Napier Port launched its IPO in July. Strong revenue growth has been experienced across all three service areas of Container Services, Bulk Cargo and Cruise Services.

Results from operating activities, which excludes one-off items such as the costs of the IPO and fair value gains, rose by \$3.1m or 7.9% from \$38.9 million in the prior year to \$42.0 million.

Pro forma EBITDA, including an estimate of a full year of incremental listed company costs, increased 9.0% from \$37.2 million in the prior year to \$40.5 million.

Pro forma NPAT of \$19.8 million was 3.2% higher than forecast. The reported statutory lower net profit result reflects the costs incurred during the IPO and the associated capital restructuring, including the closing out of the interest swap hedging portfolio. It also reflects higher expenses as Napier Port invests for growth and builds operational resilience.

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<sup>1</sup> Pro forma EBITDA and Pro forma NPAT are non-NZ GAAP measures referred to in the prospective financial information contained in the IPO Product Disclosure Statement and Supplementary Financial Information. Refer to the Supplemental Selected Financial Information for further information.

<sup>2</sup> Results from operating activities is a non-NZ GAAP measure and represents core underlying operating earnings. It excludes certain income and expenses. Refer to note 25 of the statutory financial statements and the Supplemental Selected Financial Information for further information.

Chairman Alasdair MacLeod says Napier Port has had a transformative year, through listing on the New Zealand Stock Exchange, recapitalising the balance sheet for capacity expansion and delivering results demonstrating strong volume growth.

"We achieved these results while successfully completing our capital raising and sharemarket listing. This move has seen us welcome more than 9,000 new investors to the Napier Port share register, including 97% of our employees, and will allow us to extend our near 150-year record of connecting Hawke's Bay and the surrounding regions with the people and the markets of the world."

"We are now well-placed to commence work on the centrepiece of our strategic investment programme, the new multi-purpose wharf, '6 Wharf' early next year. 6 Wharf will give us the capacity we need to grow with the region and deliver our customers the efficient and networked supply chain infrastructure they have come to expect from us," Mr MacLeod says.

Napier Port Chief Executive Todd Dawson says in Napier Port's first period as a listed company, the company has delivered a strong financial performance with cargo volumes and revenue up on the forecasts set at the time of the IPO.

"Another record apple crop drove an 8.6% increase in apple container volumes, and 1.9% for all containers, on last year, with the pipfruit industry per hectare production well above the global average and continuing to intensify. Meanwhile, despite a correction in export log prices in the last quarter of the year, a record 2.6 million tonnes of logs were handled in the 2019 financial year; which represents a doubling of log volume over the last three years," Mr Dawson says.

"As forecast, a strong cruise season saw 22.8% growth in the number of visits in the 2018/2019 season, with 70 ship calls. This is a major contributor to the regional economy, with Statistics New Zealand estimating that cruise passengers spent \$28.4 million in Hawke's Bay in the year to June 2019."

"Container services revenue rose 5.5% from \$58.0 million to \$61.2 million, while bulk cargo revenue increased 11.4% from \$29.0 million to \$32.3 million. Cruise revenue increased from \$2.6 million last year to \$3.7 million."

"In addition to trade volume growth, average revenue per TEU increased by 3.4% in the year from \$218 to \$226 per TEU, compared to the forecast of \$221 per TEU. This includes tariff increases, income from additional container services, and charges introduced to recover the costs of infrastructure investments made to extend capacity and support growth."

"Other container services – including our Port Pack and off-port depot services – performed ahead of forecast, albeit down on the prior year due to the loss of a significant depot customer early in the year. Our team provided exceptional container servicing turnarounds, assisting our container depot customers to gain market share during the peak export season."

Bulk cargo revenue growth of 11.4% was driven by the 16.9% year-on-year increase in log export volumes.

"Operating expenses as a percentage of revenue increased during the year, from 57.6% to 57.9%. This reflects a boost in staff numbers to build resilience and support growth, however these were higher than forecast due to the higher cargo volume and higher employee and site entrance safety improvement costs."

## CAPITAL INVESTMENT AND BALANCE SHEET

The IPO has recapitalised Napier Port's balance sheet with \$110 million of new proceeds raised used to retire Napier Port's debt and allow it to fund its strategic investment plan, including 6 Wharf.

In the 2019 financial year, Napier Port invested \$17.6 million in capital projects, including additional refrigerated container capacity and deposit payments on a third tug, Kaweka, which arrived earlier this month. It also commenced development of its depot services relocation to the off-port container hub in Thames Street, Napier, and further invested in the detailed design and pre-construction phase for the 6 Wharf development. Napier Port also invested in replacement paving works, wharf fender replacements, and container handling equipment.

Napier Port ended the financial year with cash and cash equivalents of \$31.2 million, higher than estimated at the time of the IPO due to spend on a number of capital investment projects being deferred into the 2020 financial year and working capital gains.

“Supported by these reserves and the new debt facilities we have secured, we believe Napier Port is well-positioned to execute our development plans. In line with our forecast, the board has declared a dividend of 2.5 cents per share,” Mr MacLeod says.

The dividend will be fully imputed. The record date for dividend entitlement is 2 December 2019 and the payment date is scheduled for 20 December 2019.

## OUTLOOK

Mr MacLeod says Napier Port’s focus for the new financial year continues to be building a thriving region through connections with its customers, its people and its community. These efforts will include the development of a sustainability strategy to respond to global challenges like climate change, equality and ocean conservation.

“Napier Port remains confident we can deliver on the forecasts we have made for the 2020 financial year. As we set out at the time of the IPO, we expect our financial results to be underpinned by container volume growth, log export volumes in line with the results we achieved in the 2019 financial year, and continued growth in cruise ship visits,” Mr MacLeod says.

Further detail on Napier Port’s financial performance is included in the Annual Report published today, on the Napier Port website [www.napierport.co.nz](http://www.napierport.co.nz) and on the NZX company announcements reporting platform ([www.nzx.com/companies/NPH/announcements](http://www.nzx.com/companies/NPH/announcements)).

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About Napier Port

Napier Port is New Zealand’s fourth largest port by container volume. We are the main gateway for Hawke’s Bay 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: [www.napierport.co.nz/investor-centre/](http://www.napierport.co.nz/investor-centre/)

## Conference Call

Napier Port will hold a conference at 11.00am (NZT) today. Those who have not registered for the call can dial the following numbers and quote the Conference ID number to the operator who will connect you to the call. However, please allow time for registration for the call with the operator.

Conference ID: 10002510

Conference call numbers:

New Zealand 0800 453 055

Australia 1 800 870 643

Hong Kong 800 966 806

Canada/US 1 855 881 1339

China 4001 200 659

Singapore 800 1012 785

United Kingdom 0800 051 8245

Japan 005 3116 1281