

# Napier Port Holdings Limited

## Supplemental selected financial information (unaudited)

The below supplemental financial information provides a summary of actual 2019 financial results compared to the 2019 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 (and available on the Offer Register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (OFR126790)). Actual FY2019 data has been prepared on a basis consistent with that described in PDS and Supplementary Financial Information except where stated.

The historical financial information (FY2016-FY2018) is extracted from Port of Napier Limited's audited financial statements or the Supplementary Financial Information.

Capitalised terms used but not defined in this document have the meanings given to them in the PDS and the Supplementary Financial Information.

### Selected financial information<sup>(1)</sup>

NZ\$000	FY2016	FY2017	FY2018	FY2019	FY2019F
Financial period	12 months ending 30 Sept 16	12 months ending 30 Sept 17	12 months ending 30 Sept 18	12 months ending 30 Sept 19	12 months ending 30 Sept 19
<b>Financial performance:</b>					
Revenue <sup>(2)</sup>	72,653	86,679	91,749	99,616	97,358
Underlying reported EBITDA <sup>(3)</sup>	29,405	36,918	38,777	41,797	41,151
Pro forma EBITDA <sup>(4)</sup>	27,784	35,297	37,156	40,500	39,665
Net profit after tax	11,471	16,706	17,576	6,848	5,594
Pro forma net profit after tax <sup>(5)</sup>				19,841	19,217
<b>Balance sheet and cash flow items:</b>					
Dividends paid	7,876	10,700	10,000	53,957	53,958
Total assets	302,580	329,083	331,959	371,116	370,781
Cash and cash equivalents	459	231	-	31,224	20,069
Total liabilities	114,356	123,978	119,547	35,635	35,493
Total debt	79,700	83,571	80,599	-	-
Net cash flows from operating activities	23,125	25,186	28,364	29,336	24,213
Pro forma net cash flows from operating activities <sup>(6)</sup>				33,561	30,640

### Notes:

- The selected financial information (excluding any financial information in the selected financial information table that is identified as being pro forma financial information) is extracted from audited financial statements of Port of Napier for the FY2016, FY2017, and FY2018 accounting periods. The prospective financial information for FY2019F is extracted from the Supplementary Financial Information for the Group (and not the financial statements of Port of Napier). Some line items in the selected financial information include adjustments applied by Napier Port (denoted 'pro forma'). For an explanation of pro forma adjustments, please refer to Section 7.9 (*Reconciliation of Pro forma EBITDA to Statutory NPAT*) and Part B of the Supplementary Financial Information.
- Revenue relates to operating income as disclosed for the Historical Periods in the audited Financial Statements for Napier Port.
- Underlying reported EBITDA is a non-NZ GAAP measure that includes pro forma adjustments. This measure includes adjustments also used in Pro forma EBITDA but excludes pro forma costs not yet incurred as shown in the reconciliation of Pro forma EBITDA to Statutory NPAT in section 1.2 below.
- Pro forma EBITDA is a non-NZ GAAP measure that includes pro forma adjustments as described in Section 7.9 (*Reconciliation of Pro forma EBITDA to Statutory NPAT*) of the PDS.
- Pro forma net profit after tax is a non-NZ GAAP measure. This measure reflects the pro forma adjustments reflected in pro forma EBITDA, the impairment of the investment in the Longburn Intermodal Freight Hub joint venture and the overlay of Napier Port's capital structure following completion of the Offer as if it had been in place since 1 October 2018. The pro forma operating tax expense has been adjusted to reflect the tax implications of the pro forma adjustments. A reconciliation to statutory net profit after tax is included in section 1.4 below.

6. Pro forma cash flows from operating activities is a non-NZ GAAP measure that comprises net cash flows from operating activities adjusted to remove offer costs in FY2019F and overlays Napier Port's capital structure following completion of the Offer as if it had been in place since 1 October 2018.

## 1.1 Description of Pro forma adjustments

In determining the use of pro forma adjustments, the Directors have considered only those items that they believe are required to ensure consistency and comparability of the financial information over the Historical Periods and the Prospective Periods.

The pro forma adjustments that Napier Port considers are appropriate are explained below, and their nature are described in more detail in Part C of the Supplementary Financial Information:

- (i) removal of the one-off transaction costs relating to the Offer;
- (ii) removal of other (income) expenses as these items relate to non-core operating activities;
- (iii) removal of share of the loss of equity accounted investee as the investment has been fully written down to zero;
- (iv) removal of the impairment of joint venture as it was a one-off event;
- (v) adding an estimate of the incremental costs that will be incurred by Napier Port as a publicly listed company. The FY2019 actual represents the FY2019 forecast less costs actually incurred in FY2019; and
- (vi) removal of the impact of the pre-Offer debt capital in relation to FY2019F and applying the post-Offer capital structure as if it were in place for all of FY2019F.

## 1.2 Reconciliation of Pro forma EBITDA to Statutory NPAT

Reconciliation of Pro forma EBITDA					
NZ\$000	FY2016	FY2017	FY2018	FY2019	FY2019F
Financial period	12 months ending 30 Sept 16	12 months ending 30 Sept 17	12 months ending 30 Sept 18	12 months ending 30 Sept 19	12 months ending 30 Sept 19
<b>Statutory net profit after tax</b>	<b>11,471</b>	<b>16,706</b>	<b>17,576</b>	<b>6,848</b>	<b>5,594</b>
add: Taxation expense	4,468	5,594	6,859	5,182	5,157
add: Net interest expense	4,184	3,965	4,107	10,437	10,436
add: Depreciation and amortisation	9,232	10,626	10,849	11,981	11,530
<b>EBITDA</b>	<b>29,356</b>	<b>36,891</b>	<b>39,391</b>	<b>34,448</b>	<b>32,717</b>
<b>Pro forma EBITDA adjustments:</b>					
Offer costs	-	-	-	6,404	7,339
Other (income) expenses	10	(114)	(709)	(135)	(25)
Share of loss of equity accounted investee	39	141	94	228	310
Impairment of joint venture	-	-	-	852	809
<b>Underlying reported EBITDA</b>	<b>29,405</b>	<b>36,918</b>	<b>38,777</b>	<b>41,797</b>	<b>41,151</b>
Incremental listed company costs (not yet incurred)	(1,620)	(1,620)	(1,620)	(1,297)	(1,485)
<b>Pro forma EBITDA</b>	<b>27,784</b>	<b>35,297</b>	<b>37,156</b>	<b>40,500</b>	<b>39,665</b>

### 1.3 Reconciliation of Underlying EBITDA to Result from Operating Activities reported in the statutory Income Statement

#### Reconciliation of Underlying EBITDA to Result from Operating Activities reported in the statutory income statement

NZ\$000	FY2016	FY2017	FY2018	FY2019	FY2019F
<b>Result from operating activities</b>	30,423	37,354	38,911	41,987	33,961
Adjustments:					
Offer costs	-	-	-	-	7,339
Impairments of property, plant and equipment	(1,018)	(436)	(134)	(190)	(150)
<b>Underlying reported EBITDA</b>	<b>29,405</b>	<b>36,918</b>	<b>38,777</b>	<b>41,797</b>	<b>41,150</b>

### 1.4 Reconciliation of Pro forma NPAT

#### Reconciliation of Pro forma NPAT

NZ\$000	FY2016	FY2017	FY2018	FY2019	FY2019F
<b>Statutory net profit after tax</b>				6,848	5,594
Pro forma adjustments:					
Offer costs				6,404	7,339
Incremental listed company costs				(1,297)	(1,485)
Impairment of joint venture				852	809
Listed company capital structure				9,940	9,769
Tax impact of pro forma adjustments				(2,907)	(2,810)
<b>Pro forma NPAT</b>				<b>19,841</b>	<b>19,217</b>

### 1.5 Reconciliation of Pro forma net cash flows from operating activities

#### Reconciliation of Pro forma net cash flows from operating activities

NZ\$000	FY2016	FY2017	FY2018	FY2019	FY2019F
<b>Statutory net cash flows from operating activities</b>				29,336	24,213
Pro forma adjustments:					
Offer costs				5,643	7,339
Incremental listed company costs				(1,393)	(1,310)
Listed company capital structure				2,882	3,207
Tax impact of pro forma adjustments				(2,907)	(2,810)
<b>Pro forma net cash flows from operating activities</b>				<b>33,561</b>	<b>30,640</b>