

KEEPING OUR REGION CONNECTED TO THE WORLD

ANNUAL RESULTS 2021

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PRESENTING TODAY



ALASDAIR MACLEOD

CHAIRMAN



TODD DAWSON

CHIEF EXECUTIVE



KRISTEN LIE

CHIEF FINANCIAL OFFICER

WELCOME & INTRODUCTION

Another successful year under challenging conditions

Growth in trade & financial results ahead of forecast & guidance

Good progress on strategic initiatives, including 6 Wharf and our Culture of Care and further enhancing our sustainability governance and launching our sustainability strategy and action plan

Taking a leadership position on COVID-19 vaccination in ports and community to keep our people safe

Delivering on our commitments to customers, shareholders, people and our community

HIGHLIGHTS



HIGHLIGHTS

2021 FINANCIAL YEAR

Strong financial results – setting new records

A resilient local economy and rural sector, buoyant export markets

Demonstrating operational resilience in the face of challenging container shipping environment & reduced operational footprint

Significant progress on strategic development initiatives – 6 Wharf major construction project ahead of schedule

Continued to build capability and resilience within our team to support strategic outcomes and growth

Sustainability strategy and action plan formulated

STRATEGY – DRIVING GROWTH AND RESILIENCE

A PLATFORM FOR GROWTH

- 6 Wharf – significant construction progress
 - Planning advanced for operational integration
 - Expect to be operational during 2H FY2022

STRATEGIC PROJECTS

- Health and safety development programme progressed
 - Focus in year on critical risk management
- Focus on creating value for customers: increasing revenue & returns
 - Customer focus and operations capability enhancement
 - In-house logistics capability and offering established & developing
 - Log debarker committed to – operational FY2022
 - Trial log loading with mobile harbour cranes – operational FY2022
- Sustainability: strategy launched, governance, analysis & initial measurement underway
- New technologies driving efficiencies across port
- Whakatū inland port project put on hold



6 WHARF CONSTRUCTION – ADVANCING WITH CONFIDENCE

STATUS¹

- All 400 reinforced concrete piles completed
- All 4,500 seawall revetment armour blocks cast, 3,850 now in place
- 26 of 32 deck concrete pours completed
- 1.0 million m³ of around 1.3 million m³ dredging completed
- All 10 MoorMaster units (advanced 'vacuum mooring' system) received
- Adjacent ground improvements complete and paving underway

TIMING & SPEND

- Project forecast completion brought forward to 2H FY2022
- Total cost forecast reduced to \$173m - \$179m (previously \$173m - \$190m)² reflecting reduced remaining risk
- \$99.1m incurred in FY2021 (\$132m total)²



1- As at 11 November 2021

2- Accruals basis excluding capitalised overheads and finance costs

RECORD TRADE RESULT DRIVEN BY LOG EXPORTS

TRADE OVERVIEW

| Volume | FY2021 | FY2020 | Variance | |
|---------------------------|---------|---------|----------|-------|
| | | | kT / TEU | % |
| Total cargo (kT) | 5,869 | 5,049 | +820 | +16.3 |
| Containerised cargo (TEU) | 276,000 | 268,000 | +8,000 | +2.9 |
| Bulk cargo (kT) | 3,950 | 3,121 | +829 | +26.6 |
| - Logs exports (kT) | 3,019 | 2,365 | +653 | +27.6 |

- Volume records for total cargo, bulk cargo and logs exports
- Container volume growth despite continued shipping and supply chain disruptions

RECORD FINANCIAL RESULTS DESPITE CHALLENGES

FINANCIAL RESULTS OVERVIEW

| | FY2021 \$M | FY2020 \$M | Variance | |
|---|---------------|---------------|----------|-------|
| | | | \$M | % |
| Revenue | 109.5 | 100.4 | +9.0 | +9.0 |
| Result from operating activities | 43.8 | 41.2 | +2.6 | +6.4 |
| Net profit after tax - underlying ¹ | 22.0 | 20.6 | +1.4 | +7.0 |
| Cash flow from operations - underlying ¹ | 34.8 | 29.7 | +5.1 | +17.1 |

- Trade volume result underpins revenue growth of \$9m, offsetting the loss of cruise (\$4.3m in prior year) due to COVID

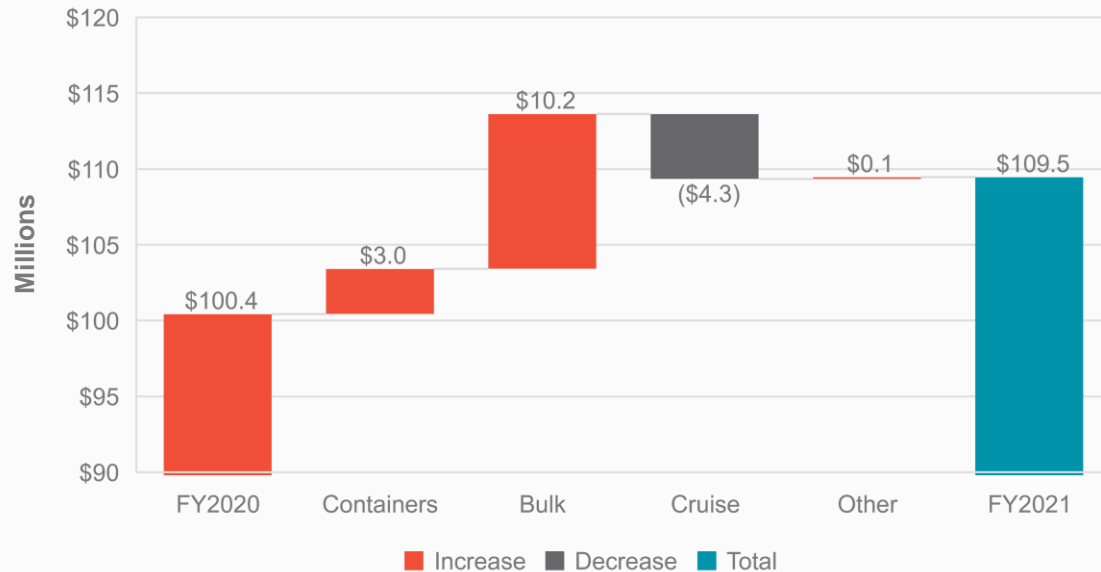
FINANCIAL & OPERATING PERFORMANCE



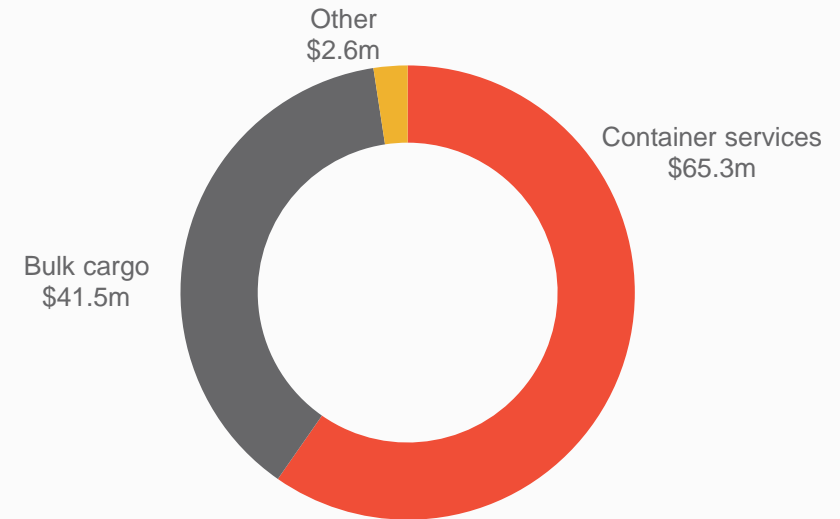
RECORD TRADE RESULT DRIVES REVENUE GROWTH

- 9.0% total revenue growth year-on-year (YoY)
- Revenue increases of 32.7% for bulk cargo and 4.8% for container services, nil cruise revenue
- Revenue growth also supported by higher average revenue per unit¹ (ARPU)

FY2021 REVENUE PROGRESSION



FY2021 REVENUE COMPOSITION

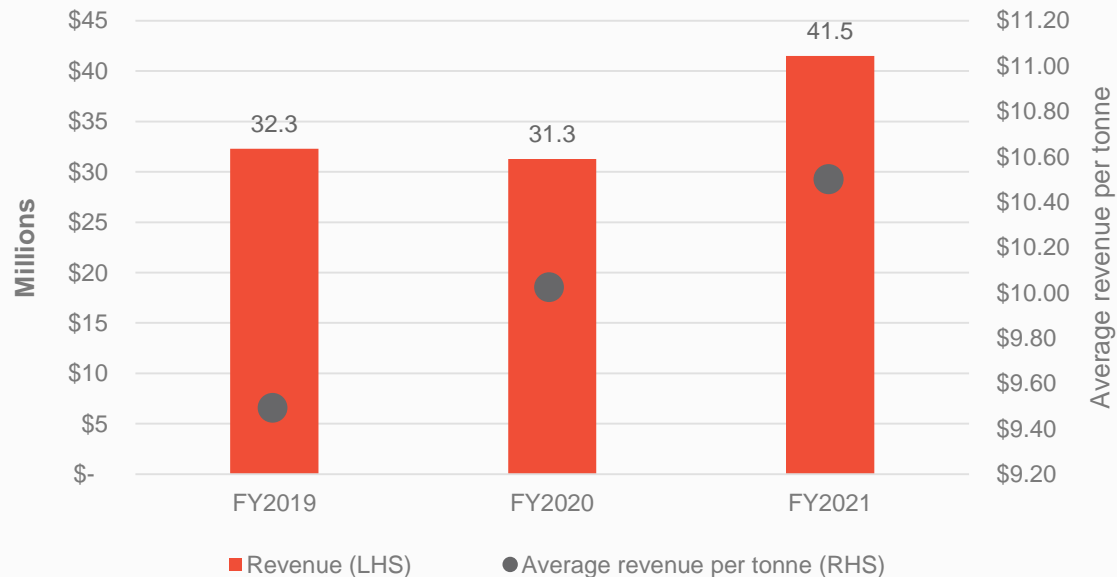


1- Average Revenue per Unit (Container Services – per TEU, Bulk Cargo – per Tonne)

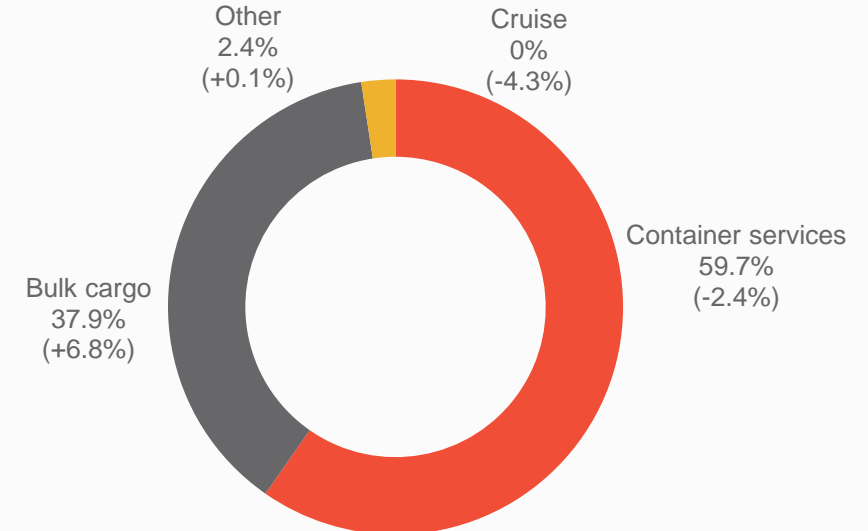
BULK CARGO – RECORD VOLUME AND REVENUE

- Bulk revenue increased 32.7% YoY to \$41.5m
- Volume growth +0.83 million tonnes (+26.5%) to record 3.95 million tonnes
- Bulk cargo average revenue per tonne increased 4.8% to \$10.50/T from \$10.02/T
 - Cargo mix
 - Includes one-off cost recovery revenue of \$0.21/T

BULK CARGO REVENUE AND ARPU



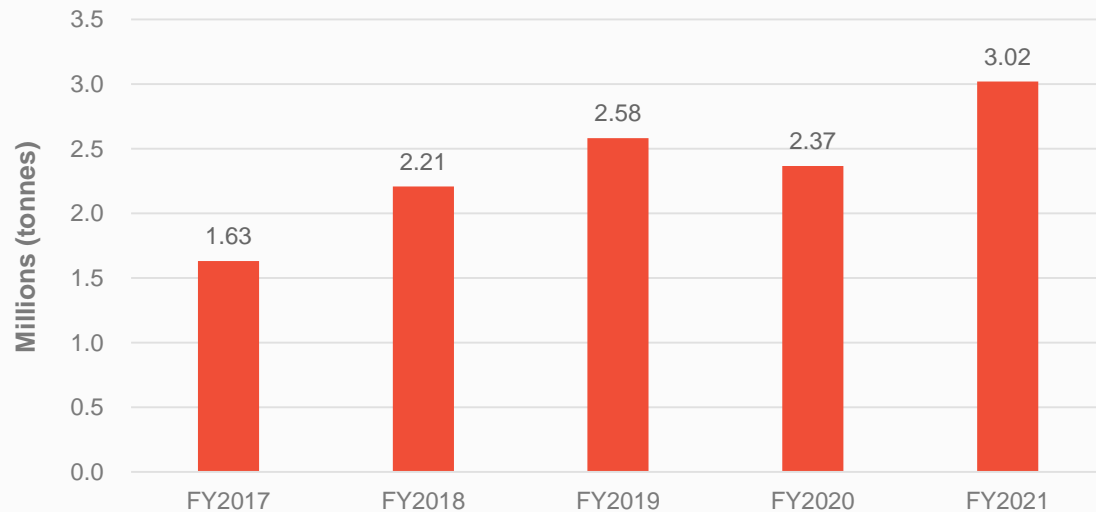
FY2021 REVENUE COMPOSITION (VERSUS FY2020)



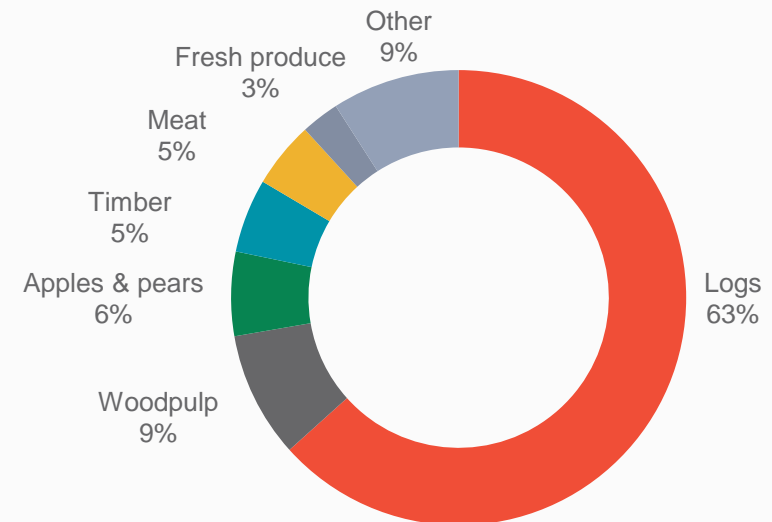
RECORD LOG VOLUME – 3 MILLION TONNES

- Log export volume +0.65 million tonnes (+27.6%) YoY with strong log export market conditions sustained during the year
- Less volume volatility in FY2021
- Alert Level 4 lockdown in August 2021 did not materially impact volume

LOG EXPORT VOLUME



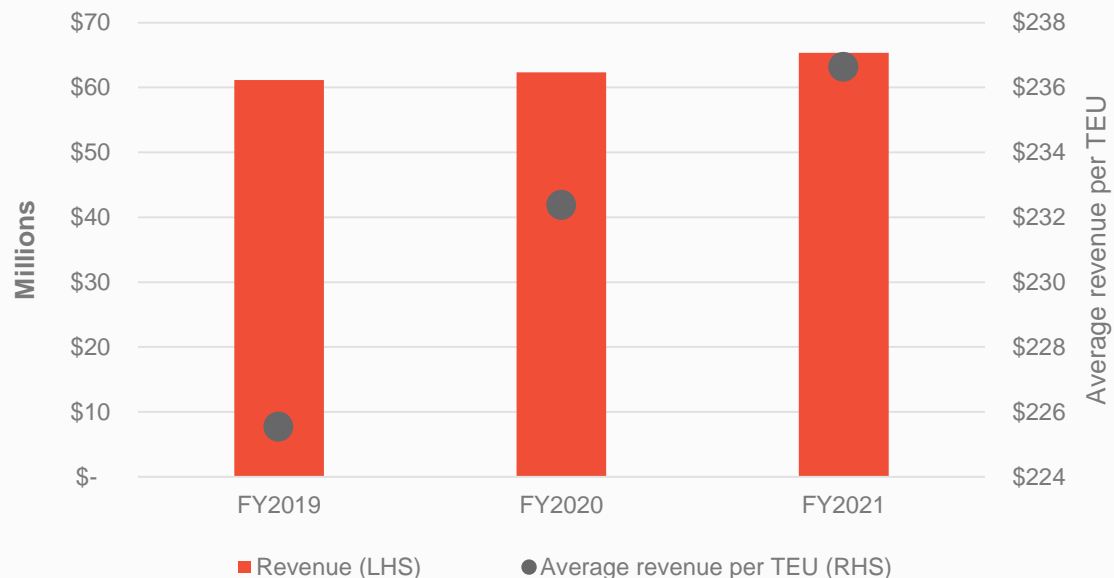
FY2021 ALL CARGO EXPORTS (WEIGHT)



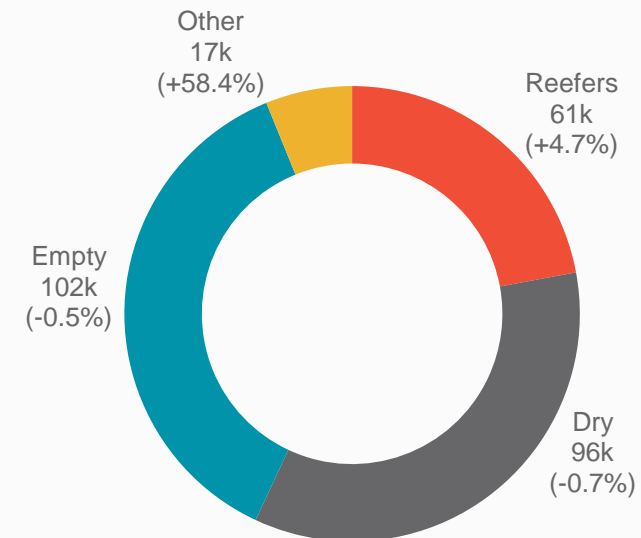
CONTAINER SERVICES REVENUE GROWTH DESPITE DISRUPTIONS

- Container Services revenue up 4.8% YoY
- Volume increased 8,000 TEU (+2.9%) YoY
 - Tranships and DLRs up 6,000 TEU – shipping schedule disruptions
 - Reefer volumes up 3,000 TEU. Meat exports increased 13.5%, apple exports reduced 1.5%
- Average revenue per TEU increased 1.8% to \$237 per TEU from \$232 per TEU
 - Containers remained on port for longer periods, offset by lower volumes through Port Pack and 51 fewer vessel calls

CONTAINER SERVICES REVENUE AND ARPU



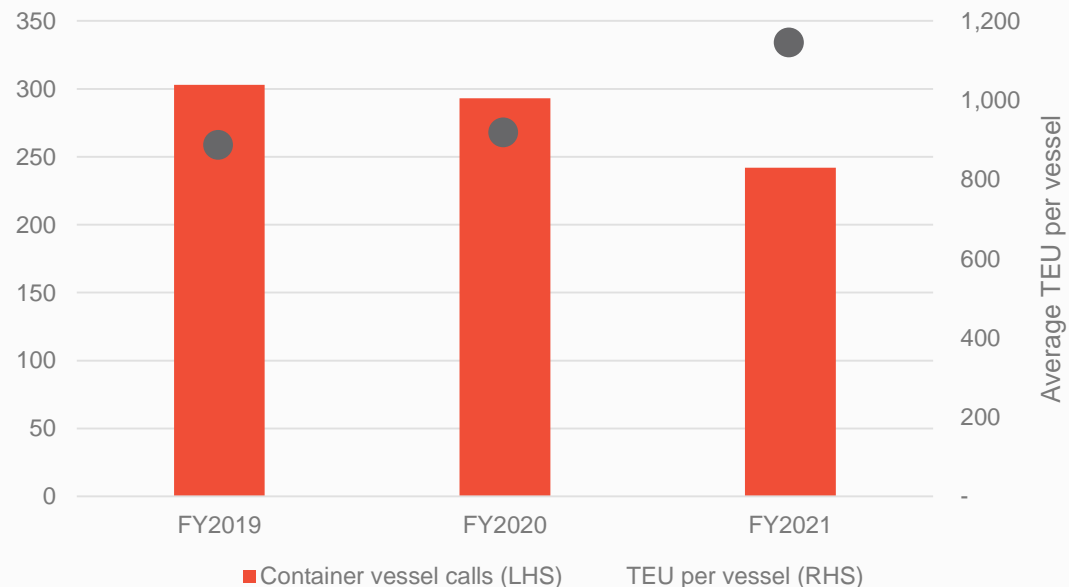
FY2021 TEUs (VERSUS FY2020)



IMPACT OF CONTAINER SHIPPING DISRUPTIONS

- Container vessel calls reduced by 51 to 242, largely due to shipping line omissions
 - Fuller container vessels/ less cargo space availability – cargo competing for on-board slots
 - Increase in rehandling and restacking as export containers rebooked onto subsequent services
 - Longer average export container dwell time on port, increasing storage revenue but also costs
 - Later arrival/ low inventory of import empty containers, increasing supply chain pressure on exporters and terminal capacity
 - Extra trucking and labour capacity required to move empty volumes off-port arriving just-in-time
- Average TEU per vessel increased by 24.6% to 1,141 TEU, on a smaller terminal footprint due to 6 Wharf construction

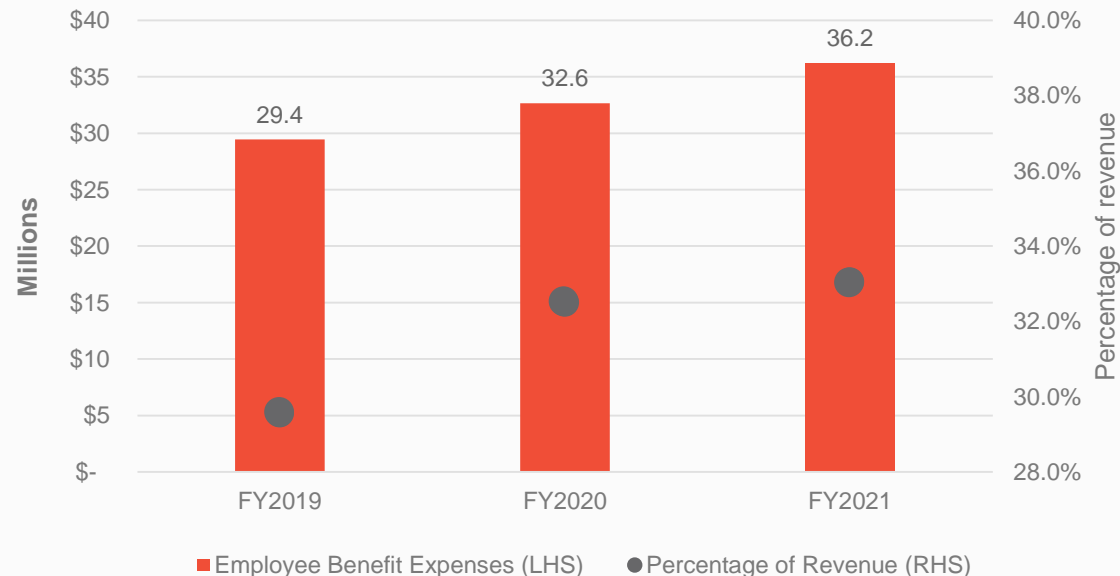
CONTAINER VESSEL CALLS AND AVERAGE TEU PER VESSEL



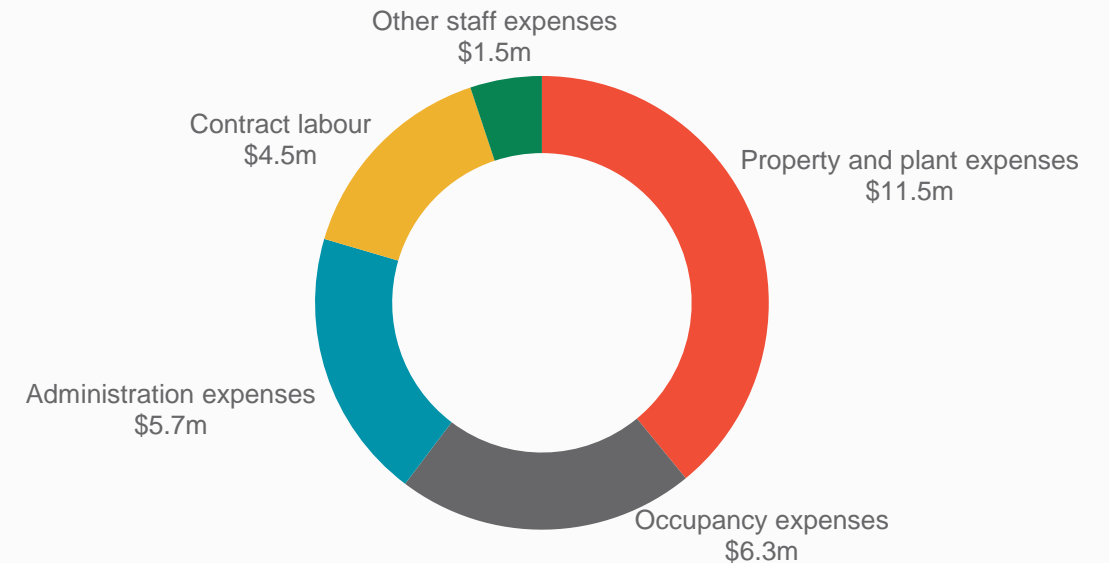
OPEX INCREASE WITH ACTIVITY AND FY2020 COVID MEASURES UNWIND

- Employee benefit expenses up 10.8% YoY
 - FY2021: unwinding of COVID-19 response measures in FY2020 & strategic investment in people and capability
- Property and plant expenses up 10.7% due to higher fuel costs and external plant hire
- Other operating expenses up 10.8% due to increasing insurance and technology costs

EMPLOYEE BENEFIT EXPENSES



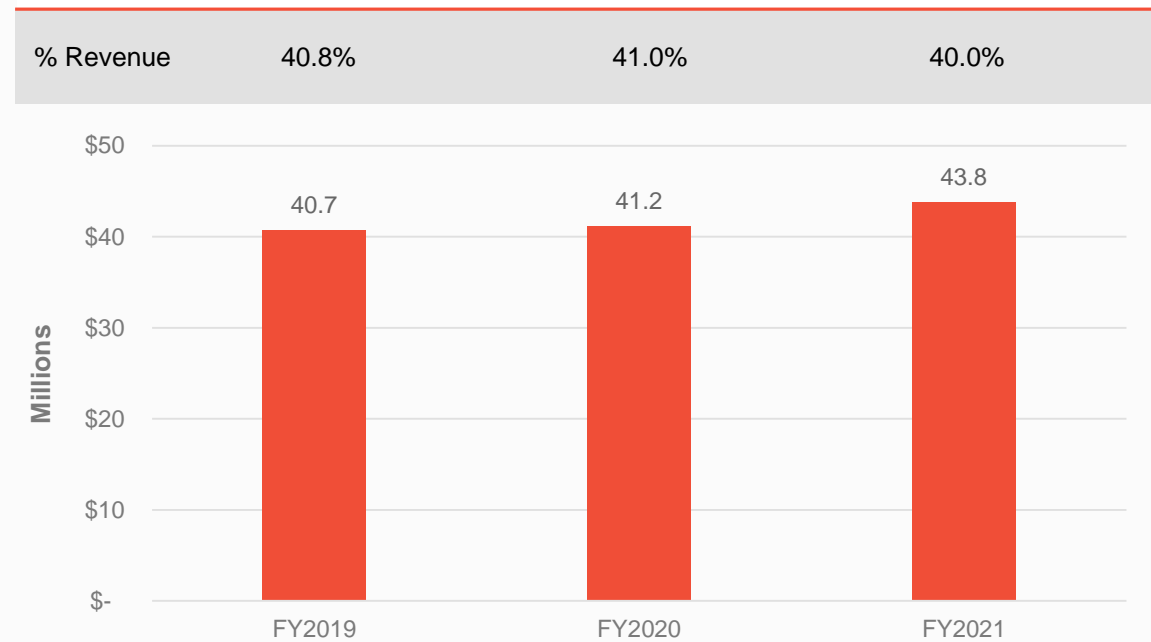
OTHER OPEX FY2021



HIGHER OPERATING RESULT: MARGIN MAINTAINED

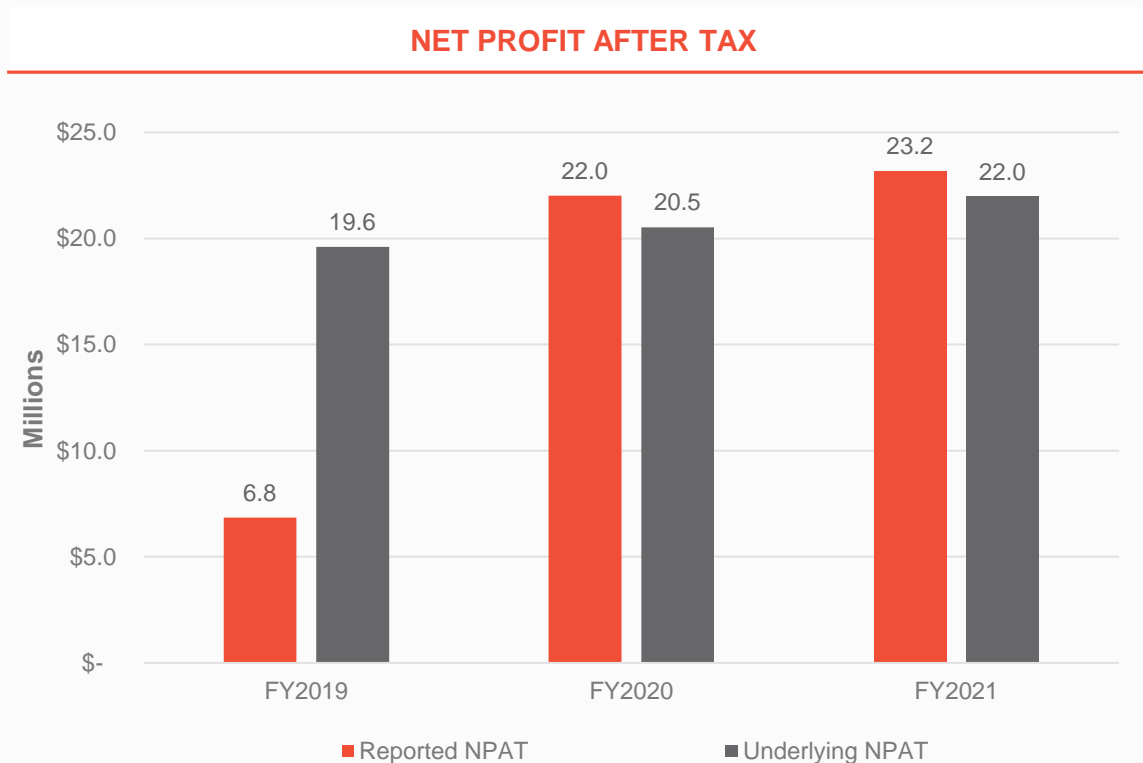
- Result from operating activities up \$2.6m (+6.4%)
- Operating margin maintained at least 40%, despite cost pressures and nil cruise revenue

RESULT FROM OPERATING ACTIVITIES



NPAT HIGHER WITH OPERATING RESULT

- Underlying NPAT¹ increased by \$1.5m (+7.0%)
- Higher operating result (+\$2.6m pre-tax)

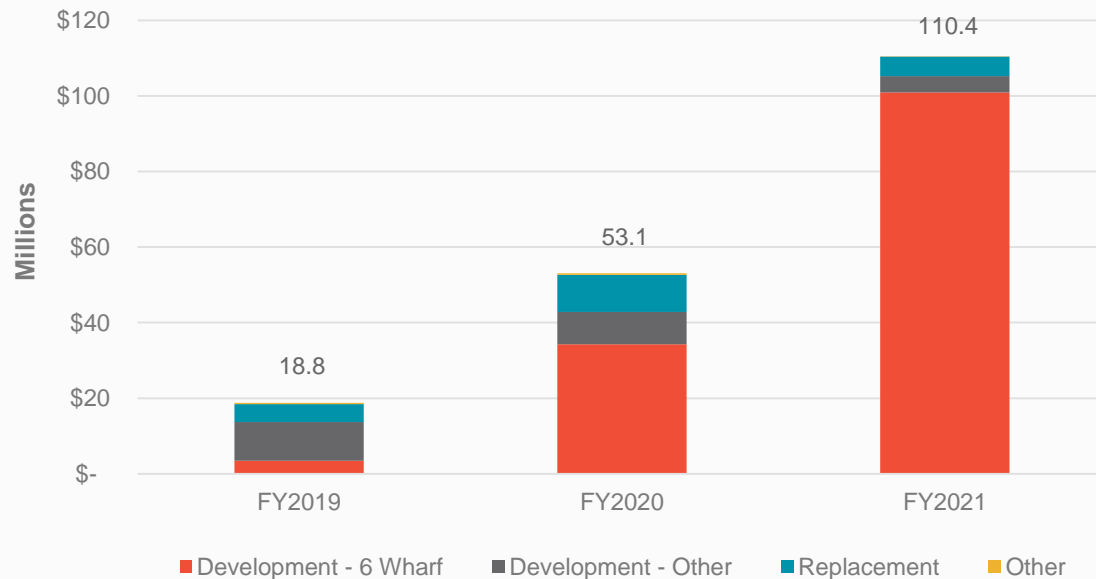


1- Refer to appendices for reconciliations of underlying metrics

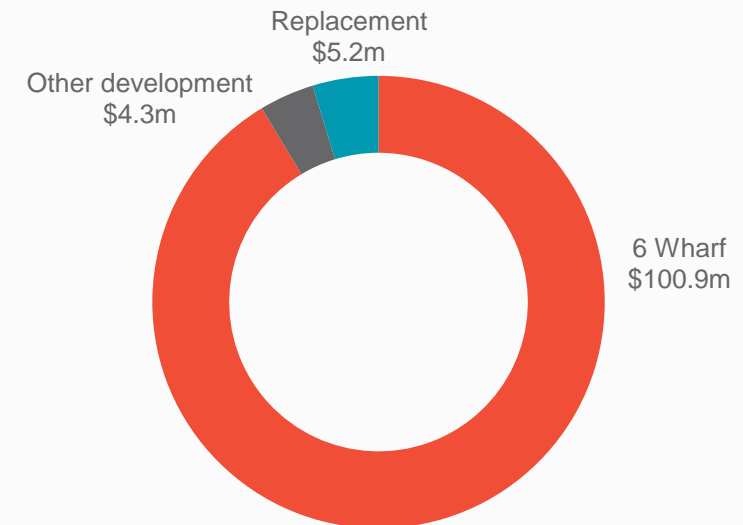
CAPITAL EXPENDITURE – DELIVERING 6 WHARF

- Capital expenditure of \$110.4m¹
 - 6 Wharf construction \$100.9m², cumulative total \$134.2m
 - Other development in support of strategic initiatives and growing revenue
 - includes further reefer capacity and interim payments for the log debarker
- Inflationary environment also increasing capital costs

CAPITAL EXPENDITURE



FY2021 CAPITAL EXPENDITURE



1- Includes accounting accruals including capitalised overhead and finance costs. FY2021 cash spend \$103.7m
 2- Includes accounting accruals including capitalised overhead and finance costs. FY2021 cash spend \$94.7m (\$120.3m cumulative total)

CASH FLOW & LIQUIDITY

| | FY2021 \$M | FY2020 \$M | Var \$M |
|--|---------------|---------------|------------|
| Operating cash flows | 34.8 | 29.3 | 5.5 |
| Investing cash flows | (103.6) | (46.0) | -57.6 |
| Dividends | (15.6) | (5.0) | -10.6 |
| Other financing cash flows | (0.1) | (1.6) | +1.5 |
| Reduction in cash and cash equivalents | (6.5) | (23.3) | |
| Increase in bank debt | (78.0) | - | |

- Strong operating cash flow
- Increased dividend payments during financial year
- Bank facilities drawn \$78m at year end, of \$180m total
 - 66% expires Q4 2024
 - 33% expires Q4 2023

CAPITAL MANAGEMENT

- Target ratio of Net Debt to EBITDA ceiling of 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
- Better than expected underlying earnings and 6 Wharf forecast cost refinements, balancing COVID & cruise downsides in short term



CONCLUSION & OUTLOOK



CONCLUSION

KEEPING OUR REGION CONNECTED

Strong financial result in the face of operational challenges and constrained container supply chain environment

Demonstrated resilience of people and diversity of our regional cargo base

Significant progress on strategic initiatives and strategic roadmap on-track

Focused on delivering sustainable value for our customers, shareholders, people and community

CURRENT OUTLOOK

LOOKING FORWARD TO FY2022

Continuation of container-based supply chain and shipping disruptions expected in FY2022

Living with COVID-19 in the community – implemented mandatory vaccination policy for staff, moving towards mandatory vaccination for port access by end of the calendar year

Delivering strategic capital investments in FY2022 – we look forward to the completion of 6 Wharf construction during 2H FY2022
Continuing strategic investment in people and capability

Higher cost inflation environment

No cruise visits expected in FY2022. Looking forward to a potential FY2023 partial return

Our base-case volume forecast assumption for log exports in FY2022 is in-line with FY2021. Potential for volume volatility arising from Chinese log market dynamics and charter shipping costs

Estimating growth in underlying result from operating activities of approximately 10% in FY2022

A further update will be provided at the Annual Shareholders Meeting in December

FY2021 DIVIDEND

Final dividend of 4.7 cps declared

Fully imputed

Record date: 6 December 2021

Payment date: 16 December 2021

Total dividends, in respect of FY2021, of 7.5 cps, fully imputed

QUESTIONS



APPENDICES

The following appended financial information provides a summary of financial information for the year ended 30 September 2021 (FY2021) compared to the corresponding period in 2020 (FY2020).

Reconciliations provided are extracted from and should be read in conjunction with the Supplemental Selected Financial Information document released with NPH's 2021 Annual Report on the NZX announcements platform and the Napier Port website Investor Centre.

REVENUE

| NZ\$000 | FY2021 | FY2020 |
|-------------------------------------|----------------|----------------|
| Container services | 65,331 | 62,339 |
| Bulk cargo | 41,488 | 31,275 |
| Cruise | - | 4,300 |
| Sundry revenue | 282 | 252 |
| Revenue from port operations | 107,101 | 98,166 |
| Revenue from property operations | 2,359 | 2,261 |
| Total operating income | 109,460 | 100,427 |

OPERATING EXPENSES

Employee benefit expenses

| NZ\$000 | FY2021 | FY2020 |
|--|---------------|---------------|
| Wages & salaries | 33,478 | 30,535 |
| Other employee benefit expenses | 2,698 | 2,102 |
| Total employee benefit expenses | 36,176 | 32,638 |

Property and plant expenses

| NZ\$000 | FY2021 | FY2020 |
|--|---------------|---------------|
| Plant expenses | 5,793 | 5,380 |
| Site expenses | 1,287 | 1,203 |
| Fuel & Power | 4,444 | 3,825 |
| Total property and plant expenses | 11,524 | 10,407 |

OPERATING EXPENSES

Other operating expenses

| NZ\$000 | FY2021 | FY2020 |
|---------------------------------------|---------------|---------------|
| Administration expenses | 5,677 | 5,215 |
| Occupancy expenses | 6,263 | 5,023 |
| Contract labour | 4,526 | 4,415 |
| Other staff expenses | 1,506 | 1,564 |
| Total other operating expenses | 17,973 | 16,216 |

CAPITAL EXPENDITURE

| NZ\$000 | FY2021 | FY2020 |
|---|----------------|---------------|
| Development capex | | |
| 6 Wharf pre-construction | - | 991 |
| 6 Wharf construction | 100,916 | 33,319 |
| Additional tug | - | 5,082 |
| Acquisition and development of off-port depot services land | - | 2,599 |
| Refrigerated container capacity | 1,201 | - |
| Other development capex | 3,140 | 882 |
| Total development capex | 105,257 | 42,873 |
| Replacement capex | 5,173 | 9,788 |
| Compliance and other capex | 16 | 439 |
| Total capex including capitalised finance costs | 110,447 | 53,100 |
| Movement in fixed asset creditors | (6,765) | (7,112) |
| Capex per cash flow | 103,682 | 45,988 |

RECONCILIATION OF UNDERLYING NET PROFIT AFTER TAX¹

| NZ\$000 | FY2021 | FY2020 |
|---|---------------|---------------|
| Reported net profit after tax | 23,164 | 22,012 |
| Adjustments: | | |
| IPO transaction and related costs/ (reversals) | - | (285) |
| Fair value movements | (1,200) | (1,000) |
| Impairment of infrastructure assets for 6 Wharf development | - | 551 |
| Tax impact of adjustments | - | (100) |
| Tax benefit of reinstatement of tax depreciation on buildings | - | (650) |
| Underlying net profit after tax | 21,964 | 20,528 |

1- Underlying net profit after tax is a non-NZ GAAP measure – refer to the Supplemental Selected Financial released with NPH's 2021 Annual Report on the NZX announcements platform for further information related to this measure

RECONCILIATION OF UNDERLYING NET CASH FLOWS FROM OPERATING ACTIVITIES¹

| NZ\$000 | FY2021 | FY2020 |
|--|---------------|---------------|
| Reported net cash flows from operating activities | 34,790 | 29,327 |
| Adjustments | | |
| IPO transaction and related costs | - | 478 |
| Tax impact of adjustments | - | (100) |
| Underlying net cash flows from operating activities | 34,790 | 29,705 |

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 2021 Annual 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 (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- 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 11% over the last four years (2016 - 2019), 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 www.napierport.co.nz

See our website Investor Centre for:

- Share price information
- Links to NZX results and market announcements
- Key calendar dates
- Publications, including:
 - Annual Reports
 - Sustainability Strategy and Action Plan
 - Investment Key Facts
 - Investing in Napier Port
 - Investor Day Presentations
 - Log Supply Chain Case Study
- Key policies and governance documents