



2021 ANNUAL REPORT  
Embracing our values  
living our purpose

Dear Investor(s)

## 2021 Annual Report

South Port New Zealand Limited's Annual Report for the year ended 30 June 2021 is now available on our website. You can view the Report at:

[http:// \[URL\]](#)

South Port achieved an after-tax profit of \$10.71 million (2020 - \$9.43 million), a 13.6% increase on last year's result and slightly ahead of the guidance provided in our 2021 Interim Report. This is a very pleasing result given the smaller percentage increase in total cargo of 5.5% to 3,450,000 tonnes (2020 - 3,270,000 tonnes). Separating the cargo streams, bulk cargo volumes improved by 5.9% with container numbers increasing by an impressive 13.3%.

The two major influencing factors on bulk cargo were a 54% increase in logs and a 19% increase in woodchips handled through the Port, in comparison to the previous period. These increases came on the back of lower cargo volumes being exported through the Port in 2020 due to the COVID-19 Alert Level 4 lockdown. Total logs of 730,000 tonnes however, is a record for this cargo which has occurred during a period of high demand for wood fibre worldwide and in particular for New Zealand grown Radiata in China.

All other bulk cargoes were either in line with expectations or slightly down on the previous period, with some cargoes such as petroleum imports still experiencing the effects of COVID-19 border closures, especially reflected in the tourism sector.

A record 53,750 TEU were handled through the Port which is pleasing considering we also experienced an 8% reduction in container vessel calls. The container supply chain worldwide is heavily congested due to the COVID-19 pandemic. Several factors have resulted in irregular vessel calls to the Port creating periods of heavy congestion in the container terminal and at times a shortage in container supply. It is expected that these current challenges in the supply chain will continue for at least the next 18 months.

'Safety First' is our most important core value at the Port. Safety continues to be our highest priority on port ahead of both productivity and profit. This past year the performance of the team has again been up to a high safety standard which is a tribute to the hard work and buy-in of all staff.

### New Tug

The Port is awaiting the arrival of a new \$10M, 65 tonne bollard pull Azimuth Tractor Drive (ATD) Tug in September 2021, built by Damen Song Shipyard in Vietnam. She has been given the name 'Rakiwai'. To find out more about 'Rakiwai' refer to Page 78 of the Annual Report.

This welcome addition to the Port's tug fleet will help to reduce the risk profile of our marine operating activities going forward.

### Entrance Channel

South Port has commenced a consent process to deepen our channel, swinging basin and berth pockets from 9.7 metres to 10.7 metres. This is a complex process which involves extensive consultation with all of our stakeholders. There is also significant investment of resources to provide accurate information of the impact on the environment, marine mammals, the community, the benefits to the wider region and the business case to support the investment.

It is hoped that the consent can be processed in the coming 12 months and that the project can get underway in early 2023.

## Outlook

It has been a pleasing year for the Company considering we are operating in times of significant market disruption and uncertainty.

For the coming 12 months we do not envisage that these market fundamentals will change. In reality, we expect that the container supply chain will not improve for the next 18 months, which will have an impact on this sector of the business.

Bulk cargoes however are expected to be consistent and remain the backbone of the Company's business.

The announcement that NZAS will remain operating was a welcome relief and will now provide the Port and region with certainty through to December 2024 at least.

In light of all the uncertainty, the Company is still excited about the future. We continue to invest capital in our infrastructure and modernising our mobile plant. The entrance channel project will provide a pathway of growth for the Company for many years to come.

The Southland region is working hard to establish new industry in aquaculture and potentially green hydrogen, both of which the Port will have a significant role to play in the future.

Based on all known factors at the date of compiling this Report, South Port estimates that earnings in the next financial year are likely to remain consistent with 2021 reported earnings.

On the basis of this consistent earnings profile, and in the absence of any unforeseen circumstances, the Directors will be endeavouring to maintain the current level of dividend payment.

## Financial Performance

Dividends declared per share	27 cents	▲	3.8%
Total Cargo	3,450,000 tonnes	▲	5.5%
Operating Revenue	\$47.67 million	▲	6.8%
NPAT	\$10.71 million	▲	13.6%
Earnings per share	40.8 cents	▲	13.6%

Annual NPAT to 30 June 2021

FY21 Dividend declared at

**\$10.71M** | **27 cents**  
per share

## Final Dividend

The Board elected to pay an increased dividend of 19.5 cents per share. This translates to a full year dividend of 27.0 cents (2020 - 26.0 cents). The final dividend will be paid on 9 November 2021.

Yours sincerely

**Nigel Gear**  
Chief Executive  
South Port New Zealand Limited



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