

Dear Shareholder

## Annual Report

South Port New Zealand Limited's Annual Report for the year ended 30 June 2019 is now available on our website. You can view the Report at:

<https://southport.co.nz/about-us-and-our-people/investors-centre/reports>

South Port achieved a tax-paid profit of \$9.79 million (2018 \$9.66 million), an increase of 1% which is a pleasing result for the Port, backed by a 2% increase in cargo flows. Total cargo volume was 3,521,000 tonnes (2018 - 3,445,000 tonnes) representing another record volume.

Bulk cargo equates to 87% of all volumes imported or exported across South Port wharves. This remains consistent with the previous year's throughput. Logs for the second year running reached 700,000 MT and combined with woodchips at 320,000 MT, forestry is now 31% of our total bulk cargo volume handled at the Port. Log prices in China recently dropped significantly due to an oversupply into this market.

Container traffic was the standout performer this year in the Company trade statistics increasing by 25% to 48,700 TEU (2018 - 39,100 TEU). The Mediterranean Shipping Company (MSC) calling at South Port with their Capricorn Container Service made 54 calls this year (2018 - 52 calls) averaging 900 TEU exchanges per call. The change in port rotations announced last year that led to reduced transit times to market resulted in a combination of both increased full container exports being shipped and empty containers being recycled through the Port.

As signalled at the last AGM, South Port completed a strategic session in late 2018 involving the Board, Leadership team and a facilitator. The output from this session was a refresh of our purpose, an updated strategic focus and the establishment of a new strategic framework. This was a valuable session and provided the Port with an excellent platform to move forward.

South Port puts a significant amount of time and resources into the Safety, Health and Wellbeing of our staff and the Company is proud of the progress made in this area over recent years. Together with our staff, contractors and port users, the Company has established some excellent communication channels to openly share and discuss safety issues for the benefit of all users of the Port.

Critical risks are still the number one priority for the business. This coming year the Company will be allocating additional resources into further analysing these risks to ensure that we have enough controls in place to minimise the potential of accidents occurring.

This year readers will see a revamp of our Annual Report. A number of topics that were previously covered under the Review of Operations now have their own sections under the Corporate Social Responsibility section as follows:

- > Safety, Health & Wellbeing
- > Our People
- > Our Community
- > Our Environment
- > Infrastructure
- > Financial Highlights

Increased infrastructure expenditure will be a feature for coming years with the focus in the next twelve months being placed on the access bridge, wharves and electrical infrastructure.

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 reduce by approximately 5%. This lower earnings profile, in the absence of any unforeseen circumstances, the Directors will be endeavouring to maintain the current level of dividend payment.

## Performance Highlights

Dividends per share	26 cents	No change
Record Cargo	3,521,000 tonnes	▲ 2%
Operating Revenue	\$44.03 million	▲ 7.3%
NPAT	\$9.79 million	▲ 1.3%
Earnings per share	37.3 cents	▲ 1.4%

Annual NPAT to 30 June 2019

**\$9.79M**

FY19 Dividend consistent at

**26 cents**  
per share

## Final Dividend

The final dividend declared of 18.5 cents per share takes the full year dividend for FY19 to 26.0 cents per share which leaves the dividend at the same level that was paid for FY18. The final dividend will be paid on 12 November 2019.

Yours sincerely



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