

INTERIM REPORT

FOR THE SIX MONTH PERIOD
ENDED 31 DECEMBER 2019

Interim Report and
Interim Dividend Advice



Dear Shareholder

Interim Report

South Port New Zealand's Interim Report for the period ended 31 December 2019 is now available on our website. You can view the Report here:

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

South Port New Zealand Ltd has followed up its excellent 2019 performance with a steady result for the first six months of FY2020 ending 31 December 2019, recording a net profit after tax of \$4.6 million consistent with the previous corresponding period in FY2019.

Bulk cargoes, particularly logs and fertiliser came under pressure. This was balanced out by a strong performance in the cold storage operation as a result of recent capital investments allowing an increase to blast freezing capacity.

Several factors impacted on this interim result including:

- Particularly wet conditions in the southern region that resulted in lower than expected volumes of inbound fertiliser being received in the first six months.
- High log prices in China led to an oversupply of softwood into this market. This has now been exacerbated as a result of the bark beetle infestation in Europe pushing large volumes of spruce logs into this market. These two factors have seen a reduction of log exports through the Port.
- The installation of a new blast freezer has improved the efficiency and capacity of this operation which has allowed the introduction of new customers.

Total cargo activity was 1,687,000 tonnes compared with 1,772,000 tonnes in the prior year interim period. This represents a reduction in cargo flows of 85,000 tonnes or less than 5%. Some bulk cargoes were negatively impacted as noted above with fertiliser (-51,000) and logs (-84,000) however there were some positive movements which included increases in petroleum products (+13,000) and alumina (+20,000).

Based on all known factors at the date of releasing its 2020 interim result, South Port estimates that its full year earnings should fall in the range of \$8.20 million to \$8.70 million (FY2019 - \$9.79 million).

Performance Snapshot

- Containerised cargo increased 7% to 21,000 TEU. The Company also achieved a milestone of 50,000 TEU in the calendar year which was a strategic goal set five years ago at the time of the purchase of the second crane.
- Strong performance in the cold storage operation with the benefits of the recent capital expenditure on the load in/load out area and the installation of a new blast freezer now being realised. Increased efficiency, safety and capacity have allowed the Port to increase throughput and introduce more customers to our blast freezing facility.

Interim NPAT to 31 Dec 2019

\$4.55M

-0.1%

Interim Dividend

7.50cps

(no change)

Interim Dividend

The South Port interim dividend of 7.50 cents per share for the half year ending 31 December 2019 is due to be paid to your nominated bank account today.

Your electronic dividend advice is now available from the Link Investor Centre (South Port's Share Registry).

To access your dividend advice(s) please follow the instructions below:

1. Click on the Shareholder link(s) below (each link represents a separate shareholding):
[\[ExpressID Link\]](#)
2. Enter your Authorisation Code (FIN) for secure access.
3. Click on the  icon next to the payment dated 4 March 2020 to view the payment advice.

Yours sincerely

Nigel Gear
Chief Executive
South Port New Zealand Limited