



PORT OTAGO

Interim Report

For the six months ended 31 December 2024



Overview of group results

	Unaudited 6 months December 2024 \$000	Unaudited 6 months December 2023 \$000	Audited Year to June 2024 \$000
Total revenue	61,204	60,071	133,171
Contribution from operating activities	15,508	19,015	45,673
One-off gains on disposal of property	6,379	1,843	3,638
Profit for the period (after tax)	15,153	12,963	30,423
Net cash flow surplus from operating activities	2,479	7,812	44,425
Total assets	925,744	909,573	915,652
Shareholder's equity	730,443	714,266	717,271
Equity ratio	79%	79%	78%
Trade:			
Container and bulk cargo vessel arrivals	234	237	551
Otago cruise vessel arrivals	26	33	118
Total ship calls	260	270	669
Container throughput (TEU - twenty-foot equivalent units)	113,200	117,200	268,900
Bulk cargo volume (000's tonnes)	805	861	1,701

PORT OTAGO CELEBRATES

150
YEARS



Half year review from the Chair and Chief Executive

“Always open”

Key to delivering on our “always open” strategy is having the inhouse capability to keep our harbour channel open. Being responsive to extreme weather events helps ensure vessels can call at Port Otago, allowing our region’s exports to continue reaching global consumers.

Port Otago has partnered with Napier Port to acquire a new Damen trailing suction dredge that will replace our 40-year-old New Era dredge. At a cost of \$37 million, the new dredge’s state-of-the-art technology allows for a lighter touch on nature and lower carbon footprint. Via the formation of Regional Ports NZ Dredging GP Limited, the dredge will be shared between both ports, improving utilisation and lowering ongoing costs for both parties. The dredge is due for delivery in October 2026.

In December, Port Otago formed a joint venture with Dynes Transport to develop and operate an inland logistics hub, called Southern Link on Dukes Road in Mosgiel. This project is a key enabler for our port, Dunedin city and the Otago/Southland region, providing much-needed large scale industrial sites to meet future regional growth requirements. The logistics hub site is only 30 kilometres from Port Chalmers and will allow convenient off-port storage and warehousing of products, alongside a new container park – a one-stop shop for both exporters and importers. Being rail serviced, the hub will significantly reduce container movements through Dunedin and via SH88, easing road congestion and reducing carbon emissions. Southern Link is underway developing current industrial zoned land in Dukes Road and working through the consenting process for the 50-hectare site adjacent to Fonterra and KiwiRail’s Wingatui line which we expect to be achieved by early 2026 next year, with stage one scheduled for a 2027 completion.

During the six-month reporting period, Maersk withdrew the trans-Tasman/coastal Polaris service from New Zealand and introduced a new direct service to China. The Northern Star – via Shanghai and Hong Kong – is a great addition to our Port Chalmers service offering and has been welcomed by our region’s exporters.

Our wider team

In October 2024, we celebrated 150 years of Port Otago being “always open” – a great milestone. The culmination of the celebrations was the opening of the new Port Chalmers Maritime Museum, funded by Port Otago and operated by our partner, the Port Chalmers Historical Society. Together, we have developed a fantastic community asset, which showcases our rich maritime history. The museum has quickly become a destination for local and international visitors, and an unexpected delight for our customers and partners visiting the Port Otago Annex.

Our financial value

Net Profit After Tax for the six months ended 31 December 2024 was \$15.2 million – up \$2.2 million on the \$13.0 million delivered over the same period last year. The result includes one-off gains of \$6.4 million from the sale of property assets, thus masking the lower operating result of \$15.5 million – down \$3.5 million on the same time last year.

Revenue from marine and cargo services was similar to last year, although container throughput, bulk cargo volumes and ship calls were down. Container volumes decreased 3%, to 113,200 TEU, as the region’s exports got off to a slow start due to a wet spring. This directly impacted dairy and meat volumes from Otago

and Southland. Pleasingly, transship container volumes were similar to the previous period.

Our result was also affected by fewer cruise ship calls. Twenty-six cruise ships arrived during the six-month period, compared to 33 during the same period last year.

Total bulk cargo volumes of 805,000 tonnes were down 7% for the six months. Log volumes were 8% lower, at 462,000 tonnes.

Labour and direct material costs were up \$4.4 million on the previous period, a result of inflationary pressures flowing through to higher material pricing and significant wage increases.

Property rental income increased 5% to \$19.9 million, reflecting the impact of recently completed projects and regular rental reviews.

Several properties were divested during the period to re-balance the property portfolio between Dunedin and Mosgiel, in readiness for the Southern Link hub. Capital expenditure of \$27 million included construction costs for the Whare Runaka project (the Otago Regional Council's new home) and payment of the new Damen dredge's deposit.

Group equity at 31 December 2024 was \$730 million, with an equity ratio of 79%. Borrowings were up \$6 million over the six months, to \$146 million.

Outlook

Due to the poor spring, it is unlikely that overall export volumes will catch up sufficiently in the second half of the financial year to match last season's levels.

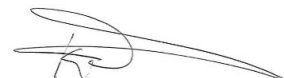
Global trading conditions remain uncertain due to geopolitical changes. Potential impacts on global shipping routes and capacity are yet to be understood. This could provide a key risk or an opportunity for the next period.

Within the property arm of our business, industrial development activity in our key property markets is still subdued, as higher building costs have yet to be matched by higher rentals. With lower long-term interest rates signalled, we expect development opportunities to arise in late 2025/early 2026.

An interim dividend of \$9 million, up from \$7.5 million last year, was paid on 7 February 2025.



Tim Gibson
Chair



Kevin Winders
Chief Executive

Condensed income statement

For the six months ended 31 December 2024

	Unaudited 6 months December 2024 \$000	Unaudited 6 months December 2023 \$000	Audited Year to June 2024 \$000
Revenue			
Marine and cargo services	37,378	37,103	85,921
Warehousing and logistics services	3,947	4,004	8,580
Property rentals	19,879	18,964	38,670
Total revenue	61,204	60,071	133,171
Operating expenses			
Staff costs	(22,744)	(19,783)	(43,870)
Purchased materials and services	(16,259)	(14,849)	(30,131)
Depreciation and amortisation	(6,693)	(6,424)	(13,497)
Total operating expenses	(45,696)	(41,056)	(87,498)
Contribution from operating activities	15,508	19,015	45,673
One-off gains on disposal of property	6,379	1,843	3,638
Financing costs	(2,619)	(3,050)	(5,850)
Fair value change in ineffective interest rate swaps	(1,138)	(1,005)	(639)
Unrealised change in the fair value of investment property	-	-	4,391
Profit before income tax	18,130	16,803	47,213
Income tax expense	(2,977)	(3,840)	(16,790)
Profit for the period	15,153	12,963	30,423

The accompanying notes form part of these interim financial statements.

Condensed statement of comprehensive income

For the six months ended 31 December 2024

	Unaudited 6 months December 2024	Unaudited 6 months December 2023	Audited Year to June 2024
	\$000	\$000	\$000
Profit for the period	15,153	12,963	30,423
Other comprehensive income			
Fair value change in effective interest rate swaps and forward foreign exchange contracts (net of tax)	(1,981)	(1,617)	(1,072)
Total comprehensive income for the period	13,172	11,346	29,351

Condensed statement of changes in equity

For the six months ended 31 December 2024

	Unaudited 6 months December 2024	Unaudited 6 months December 2023	Audited Year to June 2024
	\$000	\$000	\$000
Equity at the beginning of the period	717,271	703,920	703,920
Total comprehensive income for the period	13,172	11,346	29,351
Dividends paid to owners	-	(1,000)	(16,000)
Equity at the end of the period	730,443	714,266	717,271

The accompanying notes form part of these interim financial statements.

Condensed statement of financial position

As at 31 December 2024

	Unaudited December 2024 \$000	Unaudited December 2023 \$000	Audited June 2024 \$000
Current assets			
Cash and cash equivalents	86	2	55
Trade and other receivables	23,128	24,548	19,046
Non-current assets held for sale	1,305	-	15,795
Maintenance inventories	2,041	1,837	2,047
Derivative financial instruments	658	1,640	1,626
Income tax receivable	423	-	-
	27,641	28,027	38,569
Non-current assets			
Property inventories	14,361	13,651	13,966
Investment property	622,622	609,957	607,214
Property, plant and equipment	248,220	250,270	248,404
Advance to joint venture	6,251	-	-
Intangible assets	3,894	3,962	4,101
Derivative financial instruments	667	1,487	1,310
Other financial assets	2,088	2,219	2,088
	898,103	881,546	877,083
Total assets	925,744	909,573	915,652
Current liabilities			
Trade and other payables	11,933	12,936	14,650
Borrowings	67,013	57,466	55,080
Employee entitlements	5,493	5,630	7,562
Derivative financial instruments	626	23	-
Lease liabilities	307	287	297
Income tax payable	-	2,084	6,229
	85,372	78,426	83,818
Non-current liabilities			
Borrowings	79,426	93,528	85,323
Employee entitlements	1,023	881	1,014
Derivative financial instruments	2,253	1,914	600
Lease liabilities	1,836	2,143	1,992
Deferred tax liabilities	25,391	18,415	25,634
	109,929	116,881	114,563
Total liabilities	195,301	195,307	198,381
Equity			
Share capital	20,000	20,000	20,000
Reserves	360,985	378,822	377,975
Retained earnings	349,458	315,444	319,296
Total equity	730,443	714,266	717,271
Total equity and liabilities	925,744	909,573	915,652

The accompanying notes form part of these interim financial statements.

Condensed cash flow statement

For the six months ended 31 December 2024

	Unaudited 6 months December 2024	Unaudited 6 months December 2023	Audited Year to June 2024
	\$000	\$000	\$000
Cash flows from operating activities			
Receipts from customers	55,375	54,255	129,870
Payments to suppliers and employees	(39,814)	(38,333)	(72,912)
Interest paid	(2,975)	(3,136)	(5,586)
Income tax payments	(9,103)	(6,900)	(8,697)
Net GST received (paid)	(1,004)	1,926	1,750
Net cash flows from operating activities	2,479	7,812	44,425
Cash flows from investing activities			
Proceeds from sale of investment property	18,951	9,444	18,641
Proceeds from sale of property, plant and equipment	7,122	3	11
Purchase and development of investment property	(16,128)	(10,401)	(24,115)
Purchase of property, plant and equipment	(11,215)	(15,514)	(21,338)
Advance to joint venture	(6,251)	-	-
Interest capitalised	(816)	(496)	(1,122)
Net cash flows used in investing activities	(8,337)	(16,964)	(27,923)
Cash flows from financing activities			
Borrowing proceeds (repayments)	6,035	10,235	(225)
Dividends paid	-	(1,000)	(16,000)
Repayment of lease liabilities	(146)	(136)	(277)
Net cash flows from financing activities	5,889	9,099	(16,502)
Increase (decrease) in cash held	31	(53)	-
Cash held at beginning of period	55	55	55
Cash held at end of period	86	2	55

The accompanying notes form part of these interim financial statements.

Reconciliation of profit to net cash flows from operating activities

	Unaudited 6 months December 2024 \$000	Unaudited 6 months December 2023 \$000	Audited Year to June 2024 \$000
Profit for the period	15,153	12,963	30,423
Plus/(less) non-cash items			
Unrealised change in the fair value of investment property	-	-	(4,391)
Depreciation and amortisation	6,693	6,424	13,497
Unrealised fair value change in financial instruments	1,138	1,005	616
Movement in non-current employee entitlements	9	20	153
Movement in deferred tax	527	(429)	6,578
Plus/(less) items classified as investing activities			
One-off gains on disposal of property	(6,379)	(1,843)	(3,638)
Movement in working capital items			
Trade and other receivables	(4,541)	(4,972)	273
Trade and other payables	(2,716)	(2,010)	(298)
Current employee entitlements	(2,069)	(449)	1,483
Income tax payable	(6,652)	(2,631)	1,514
Maintenance inventories	6	(266)	(475)
Movement in other working capital items classified as investing activities	1,310	-	(1,310)
Net cash flows from operating activities	2,479	7,812	44,425

Notes to the condensed financial statements

For the six months ended 31 December 2024 (unaudited)

1. General information

The unaudited interim condensed financial statements presented are those of Port Otago Limited ("the Company") its subsidiaries and share of joint ventures and joint operations ("the Group"). The Company is a limited liability company incorporated in New Zealand and registered under the Companies Act 1993.

2. Summary of significant accounting policies

Basis of Preparation

These unaudited condensed interim financial statements have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. The unaudited interim financial statements are presented in New Zealand dollars, which is the Group's functional currency.

The unaudited condensed interim financial statements should be read in conjunction with the consolidated financial statements and related notes in the Company's Annual Report for the year ended 30 June 2024.

Comparatives

Certain prior period assets and liabilities have been reclassified between functional categories for consistency with the comparative interim period including related party loans of \$49.4 million which have been reclassified from non-current to current to align with the current period classification.

3. Critical estimates and assumptions

At each balance date, the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful lives and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

4. Investment property valuation

Investment properties are carried at valuations undertaken by independent registered valuers as at 30 June 2024. The Board has received and

considered advice from management that there has been no overall material change to those valuations. Borrowing costs and other costs recognised in the accounting period that are directly attributable to the acquisition of long-term investment property development projects are capitalised as part of the cost of those assets. Property inventories are transferred to investment property at carrying value, with fair value determined at balance date, where a change in use is evidenced by the inception of an operating lease to another party.

5. Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps and foreign exchange forward contracts) to economically hedge its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities.

6. Advance to joint venture

The advance to joint venture of \$6.3 million represents an initial investment in Southern Link Property Limited which will develop an inland port and logistics park on a site adjacent to rail at Mosgiel. Port Otago's 50% investment in the joint venture, by way of advance, was made in November 2024 and its interest in the joint venture will be equity accounted in future financial statements.

7. Commitments

At 31 December 2024 the Group had commitments for capital expenditure of \$56.3 million (31 December 2023: \$7.6 million, 30 June 2024: \$44.0 million) which relates to purchases and refurbishments of port assets and investment property.

7. Contingencies

There are no contingent liabilities at 31 December 2024 other than those arising in the normal course of business.

8. Events after balance date

Dividends

On 4 February 2025, the directors declared an interim dividend of \$9.0 million.

Directory

Directors

Tim Gibson	Chair
Pat Heslin	Deputy Chair
Bob Fulton	
Becky Lloyd	
Chris Hopkins	
Anne McLeod	
Rick Herd	

Leadership Team

Kevin Winders	Chief Executive
Stephen Connolly	Chief Financial Officer
Grant Bicknell	GM Marine & Infrastructure
Leigh Carter	Head of People
David Chafer	GM Property
Deanna Matsopoulos	Operations Manager
Ross Buchan	Head of Safety
Craig Usher	GM Customer
Ollie Barton-Jones	Head of IT
Kevin Kearney	Strategic Projects Manager
Jodi Taylor	Executive Assistant

Address

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Bankers

ANZ Bank New Zealand Limited

Solicitors

Anderson Lloyd

Auditors

Ernst & Young on behalf of the
Auditor-General



