Substantial lift for South Port NZ

MEDIA RELEASE
SOUTH PORT NEW ZEALAND LIMITED HALF YEAR FY2025 RESULTS

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Increased bulk cargo volumes have supported a substantially improved financial performance by South Port New Zealand in the opening half-year of FY2025.

In contrast to the uncertain trading conditions in the first half last year, the Port saw volumes rise across the majority of key commodity imports and exports.

Imports related to agricultural inputs reflected a pick-up in rural spending, noted South Port Chair Mr Philip Cory-Wright.

A particularly wet spring in the southern region slowed grass growth in the agricultural sector, he said “and that led to rural suppliers increasing imports of supplementary feed. It also stimulated a rebound of fertiliser import volumes from a particularly low level of activity in the June 2024 year.”

“There were positive signs in the forestry sector with exports of both logs and woodchips showing signs of recovery.”

Mr Cory-Wright said the only cargo activity negatively affected in the December half-year was related to the New Zealand Aluminium Smelter (NZAS). In 2024, South Port welcomed the new 20-year electricity agreement for supply to NZAS as providing stability for the Port’s trades related to production at the Tiwai Point smelter.

The new agreement enables Meridian Energy to transfer energy in periods of high demand and, in response to such a call last year, NZAS reduced its electricity usage by 185 MW beginning 9 August 2024.

The temporary closure of a potline manufacturing aluminium at NZAS saw raw material imports and aluminium exports decrease in 1H25. The potline is being progressively brought back online and NZAS is expected to return to full production by April 2025.

NZAS activity equates to 30% of South Port's cargo volumes.

South Port's operating revenue from port services in the six months ending 31 December 2024, was $29.57 million (1H24: $25.48 million).

Net profit before income tax was $8.10 million (1H24: $4.29 million).

Net profit after tax was $5.76 million (1H24: $3.03 million), substantially above budget.

The Port's directors have declared a fully imputed interim dividend of 7.50 cents per share (1H24 – 7.50 cents) payable on 7 March 2025.

Based on all known factors at the date of releasing its 2025 interim result, South Port estimates that its full year earnings should be above the upper end of the previous range of $9.3M to $10.3M indicated at the Annual Shareholders Meeting in October 2024.

Mr Cory-Wright said the operational benefits to both shipping lines and the Port company have quickly begun to emerge following the recent investment in dredging a deeper shipping channel.

Cargo trends

South Port chief executive Nigel Gear said 131 calls by large vessels represented an increase of 11% (1H24: 118), a direct reflection of the increased bulk cargo flows through the Port.

Total cargo activity was 1,691,000 tonnes compared with 1,488,000 tonnes in 1H24.

This represents an increase in cargo flows of 203,000 tonnes or 13.6%. Increased tonnages in comparison to the prior half year were logs (+31,000 tonnes), fertiliser (+41,000 tonnes), woodchips (+59,000 tonnes) and stock food (+143,000 tonnes).

The decreases in alumina imports (-53,000 tonnes) and aluminum exports (-34,000 tonnes) were related to the temporary closure of a NZAS potline.

Container volumes were similar with 20,600 twenty-foot equivalent unit (TEU) handled through the terminal (1H24: 21,000 TEU).

These volumes were handled on fewer container vessels, 13 in 1H25 (17 in 1H24).

Mr Gear noted efficiencies resulting from the 10.7 metre high tide draft declared in October after the Kia Whakaū dredging project which deepened Bluff's entrance channel, swinging basin and berth pockets.

Among the benefits being realised:

- A number of woodchip vessels have loaded in excess of 40,000 MT, as a one-port call, that previously required a two-port call in New Zealand before heading to markets in Asia.
- The MSC line's Wallaby service to Australia is loading and discharging additional containers per call.
- Vessels containing bulk agricultural and NZAS imports have greater payloads than were previously achievable.
- More vessels are able to move on both high and low tides.

“These benefits are pleasing to see and there is an expectation that other cargo providers will look to utilise the increased draft as opportunities are identified.”

South Port has recently upgraded the western tip of the Island Harbour, primarily to seal a 2-hectare area for storage of wind farm equipment expected to land in Bluff, and as an overflow option for other cargo.

Turbines and equipment for stage two of Mercury Energy’s Kaiwera Downs wind farm, 15km east of Gore, is on target to be imported through the Port in late 2025. Contact Energy’s planned 300MW wind farm at Slopedown, lodged under the COVID-19 Recovery Act 2020, is currently being considered by an expert consenting panel with a decision expected in March.

Outlook

“Although global events continue to create some uncertainty, we are seeing signs of recovery in the export markets,” said Mr. Cory-Wright.

The significant increase in the farm gate milk price to the range of $9.50 to $10.50 per kg of milk solids, which will be a new record, is an excellent result for the dairy industry and especially the Southland region.

“As agricultural imports and exports represent one third of South Port’s cargo base, this is also a positive sign for the Port.”

“There are signs of recovery in the forestry industry with increased volumes of logs and woodchips being exported through the Port.”

He said the Port would continue to look at upgrading infrastructure “to ensure we can service additional cargoes, wind farm developments and open ocean aquaculture projects that are currently lodged in the Government’s fast track consenting process.”

ENDS.

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