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MEDIA RELEASE

Lyttelton Port Company reports increased earnings and mixed volumes

Lyttelton Port Company returned an underlying Net Profit After Tax of $15.5m in FY24, down 18.0% on the FY23 result of $18.9m.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the year were $52.4m, 13.7% higher than FY23 and driven by an increase in total revenue, up $12.1m from FY23 to $193.8m.

LPC Chair Barry Bragg stated, "Our earnings will need to continue to improve to deliver better returns on the significant post-earthquake capital investment programme and to justify further growth capital."

Total container volumes were flat at 448,364 TEU, a 1.6% decrease compared to FY23's 455,457 TEU.

Barry Bragg said that we know that for customers, efficiency and productivity is very important.

"That's why we are focused on delivering the kind of safe and efficient performance they expect. This has been a major, ongoing emphasis for our team in the second half of FY24 and will continue to be in FY25."

Barry Bragg said Health and Safety performance continued to be the top focus for LPC in FY24.

"The Board has been focused on driving a step-change in Health and Safety at LPC. We have a comprehensive action plan to improve leadership, improve work practices, upgrade assets and ensure our workforce is healthy," said Bragg.

"We are also now in year two of our three-year Critical Risk Assurance Programme. This important programme of work is about leading the way in operational risk reduction and evolving it into our safe production model."

Each review takes a deep dive into a specific area of operational area of risk, focusing on safe production elements: Plant, through effective asset and equipment management, technology and systems, Process and safe work practices, and People such as mandatory health monitoring, fatigue management and medical health relative to that risk.

Recent tax legislation changes led to a one-off non-cash charge for building depreciation. The impact of this reduced the total Net Profit After Tax to $9.9m.

Cost pressures from wage and material cost increases resulted in a 4.3% increase in operating expenses from $135.6m in FY23 to $141.4m in FY24.

"The team has worked hard to manage costs in FY24, and this will continue in FY25. The reality is that we have to be more efficient in order to deliver the fair returns that a reasonable shareholder would expect and be in a position to deliver the future infrastructure investments the region will need to keep the supply chain moving," said LPC CEO Graeme Sumner.

During the year a total of $10.6m in dividends were paid, made up of the final dividend of $6.5m from FY23 and a further $4.1m as the interim FY24 dividend.

Net Debt increased by $7.9m across the year from $207.3m to $215.3m. This represents a stabilisation of the debt position after a number of years of investment in port infrastructure and is a result of a strong focus on capital expenditure discipline.

“FY25 capital plans are moderate when compared to prior years. This will lead to a relatively flat debt position through FY25,” said Sumner.

“Trades were mixed this year. In containers, the reduction in volume came mostly from transsshipments and to a lesser extent imports. Pleasingly, we saw a 2.6% increase between years for full export TEUs.”

However, bulk trades were down 9% overall from FY23, with tonnage reducing from 3.76m tonnes to 3.43m tonnes. Dry bulk fell 14%, logs were down 12% and cars reduced from 45,673 to 34,198 – a fall of 25% compared to FY23.

Sustainability and environmental performance also remain a key priority for LPC.

“LPC is also continuing to build on our commitments first elaborated in our 2019 Sustainability Strategy. In FY24, our Board approved new emission reduction targets that are aligned with the netzero standard defined by the Science Based Targets initiative (SBTI),” said Graeme Sumner.

LPC has committed to reduce absolute Scope 1 and 2 GHG emissions by 50% by FY30 from our baseline year of FY18. This target is consistent with greenhouse gas emission reductions required to limit warming to 1.5°C. Long-term, we have committed to reduce Scope 1, 2 and 3 GHG emissions by 90% by FY2050 from a base year of FY2018.

“LPC is also focused on its biodiversity-positive commitment by being the first company in New Zealand to adopt the Taskforce for Nature Related Financial Disclosures (TNFD) framework. This will see the release of our first disclosures report (covering our impacts on nature) later this year, a milestone both for LPC and for New Zealand industry,” said Sumner.

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