

## CEO ADDRESS TO ANNUAL MEETING OF SHAREHOLDERS OCTOBER 2016

GOOD MORNING EVERYONE.

YOU WILL RECALL THAT IN 2014 YOUR COMPANY UNDERWENT SIGNIFICANT RE-SHAPING, WITH THE SALE OF ITS COOLSTORE AND STEVEDORING INTERESTS AND THE ACQUISITION OF THE MARSDEN COVE MARINA COMPLEX.

THAT WAS FOLLOWED, IN 2015, BY A PERIOD OF CONSOLIDATION.

THE COMPANY'S RESULTS ARE STARTING TO DEMONSTRATE THE BENEFITS OF THAT RE-SHAPING AND CONSOLIDATION, AND IT IS PLEASING TO NOTE THAT EACH OF OUR BUSINESS UNITS RECORDED IMPROVED TRADING RESULTS FOR THE YEAR UNDER REVIEW.

I WILL DISCUSS THE SPECIFIC PERFORMANCE AND ACTIVITIES OF THOSE UNITS IN A MOMENT, BUT WILL TURN FIRST TO THE OVERALL FINANCIAL RESULTS OF THE GROUP.

### **NET SURPLUS**

FOR THE YEAR TO 30 JUNE 2016, THE GROUP REPORTED A NET SURPLUS OF \$12.062 MILLION, A NEARLY 44% INCREASE ON LAST YEAR'S RESULT OF \$8.390 MILLION.

THE OVERALL NET SURPLUS INCLUDES A REVALUATION GAIN OF \$3.235 MILLION ON OUR INVESTMENT PROPERTY PORTFOLIO, COMPARED TO A \$611,000 REVALUATION GAIN LAST YEAR.

WHILE THESE REVALUATION GAINS ARE EFFECTIVELY NON-CASH BOOK ENTRIES, THEY ARE NEVERTHELESS REFLECTIVE OF THE GENERAL UPLIFT IN ACTIVITY NOW TAKING PLACE WITHIN OUR ESTATE.

#### **TRADING SURPLUS (SLIDE)**

TRADING SURPLUS PROVIDES A HELPFUL MEASUREMENT OF THE COMPANY'S UNDERLYING FINANCIAL PERFORMANCE AS IT EXCLUDES THE LIKES OF ONE-OFF GAINS OR LOSSES, REVALUATION MOVEMENTS AND TAXATION.

IN THE 2016 FINANCIAL YEAR, THE GROUP'S TRADING SURPLUS (REPRESENTED IN THIS GRAPH BY THE RED LINE) ROSE 8.7% FROM \$7.781 MILLION LAST YEAR TO \$8.459 MILLION.

#### **SHAREHOLDER EARNINGS (SLIDE)**

DIVIDEND DISTRIBUTIONS IN RESPECT OF THE 2016 FINANCIAL YEAR TOTALLED 13.25 CENTS PER SHARE REPRESENTING A 10.4% INCREASE ON THE PREVIOUS YEAR.

AS CAN BE SEEN IN THIS GRAPH, THE STEADY IMPROVEMENT IN UNDERLYING EARNINGS PER SHARE OVER THE PAST FIVE YEARS (REPRESENTED BY THE RED LINE) HAS UNDERPINNED A FAIRLY CONSISTENT LIFT IN DIVIDEND DISTRIBUTIONS .

## **PERFORMANCE AND ACTIVITIES OF BUSINESS UNITS**

AS MENTIONED AT THE START OF MY ADDRESS, THE IMPROVED RESULT WAS ATTRIBUTABLE TO BETTER FINANCIAL PERFORMANCE FROM EACH BUSINESS UNIT.

AT NORTHPORT, OVERALL CARGO THROUGHPUT (SLIDE) REACHED 3.397 MILLION TONNES, A 6.7% INCREASE ON THE PREVIOUS YEAR. THIS WAS LARGELY ATTRIBUTABLE TO A RECORD HIGH 2.671 MILLION TONNES IN LOG EXPORTS. THIS UPLIFT IN CARGO THROUGHPUT TRANSLATED INTO AN IMPROVED FINANCIAL RESULT FOR NORTHPORT FOR THE PERIOD.

THE PORT'S MANAGEMENT TEAM IS CONTINUING TO MAKE A CONCERTED EFFORT TO ATTRACT OTHER CARGO TYPES, NOTABLY CONTAINERISED GOODS FOR EXPORT ORIGINATING FROM NORTHLAND MANUFACTURERS.

### **MARSDEN COVE MARINA**

FURTHER IMPROVEMENT IN PERFORMANCE WAS ATTAINED FROM OUR INVESTMENT AT MARSDEN COVE AS A RESULT OF HIGHER BERTH OCCUPANCY LEVELS AND A FULLY TENANTED COMMERCIAL COMPLEX.

PLANS FOR OUR BOAT HAULOUT AND HARD STAND FACILITY ARE FINALLY COMING TO FRUITION. AS I DESCRIBED LAST YEAR, THIS DEVELOPMENT WILL INCLUDE CONSTRUCTION OF A NEW, HEAVY DUTY BOAT RAMP AT THE NORTH EASTERN END OF THE EXISTING COMMERCIAL COMPLEX.

VESSELS WILL BE TRANSPORTED BY HYDRAULIC TRAILER TO A SECURE SERVICE AREA VIA A LINKING ROADWAY. THE SERVICE AREA WILL BE FORMED WITHIN A PORTION OF FARMLAND ALREADY OWNED BY THE COMPANY. VESSELS OF UP TO 80 TONNES AND/OR UP TO 30 METRES IN LENGTH WILL BE ABLE TO BE ACCOMMODATED.

THIS DEVELOPMENT IS CREATING A “BUZZ” OF INTEREST IN OPPORTUNITIES PRESENTED BY THE NEW FACILITIES.

## **OUTLOOK**

CURRENT INDICATIONS SUGGEST THAT TRADE VOLUMES THROUGH NORTHPORT FOR THE 2016/17 FINANCIAL YEAR WILL REMAIN AT A SIMILAR LEVEL.

CONSEQUENTLY, A FURTHER YEAR OF SATISFACTORY PROGRESS IS ENVISAGED.

THANK YOU, AND I WILL NOW HAND YOU BACK TO THE CHAIRMAN.