

# Presentation to Analysts

*27 August 2021*



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The information contained in this presentation should be considered in conjunction with the Company's latest audited financial statements which are available in the investor section of our website.

# Highlights and Challenges

For the year ended 30 June 2021

<p>Group Net Profit After Tax</p> <p>⌘ <b>\$102.4</b> million (increased 15.4% from \$88.7 million)</p>	<p>Total trade</p> <p>⌘ <b>25.7</b> million tonnes (increased 3.8% from 24.8 million tonnes)</p>	<p>Subsidiary and Associate Company earnings of</p> <p>⌘ <b>\$18.6</b> million, a 46.0% increase</p>	<p>Final dividend</p> <p>⌘ <b>7.5 cents per share</b> (compared with 6.4 cents per share in 2020)</p>
<p>Container volumes</p> <p>⌘ <b>1.2</b> million (decreased 4.1% from 1.25 million TEUs<sup>2</sup>)</p>	<p>Revenue</p> <p>⌘ <b>\$338.3</b> million (increased 12.0% from \$302.0 million)</p>	<p>Total ordinary dividend</p> <p>⌘ <b>13.5 cents per share</b> (compared with 12.4 cents per share)</p>	<p>Container crane rate</p> <p>⌘ <b>29.7 moves per hour</b> (compared with 35.8 moves per hour in 2020)</p>
<p>Imports</p> <p>⌘ <b>9.4</b> million tonnes (increased 4.0% from 9.0 million tonnes)</p>	<p>Exports</p> <p>⌘ <b>16.3</b> million tonnes (increased 3.6% from 15.8 million tonnes)</p>	<p>Carbon emissions</p> <p>⌘ <b>7.0%</b> increase (mostly due to container terminal congestion)</p>	<p>Total Recordable Injury Frequency Rate</p> <p>⌘ <b>0 per million hours</b> worked (Port of Tauranga) and 13.8 per million hours worked (Port of Tauranga and contractors combined)</p>
<p>Ship visits</p> <p>⌘ <b>1,307</b> (decreased 13.7% from 1,515)</p>	<p>Port tours</p> <p>⌘ <b>2,500+</b> people hosted on port tours</p>	<p>Scholarships</p> <p>⌘ <b>18</b> tertiary education scholarships awarded</p>	<p><b>Ruakura</b></p> <p>Construction began at inland port at Ruakura Superhub, due to open in mid-2022</p>



<sup>1</sup> Adjusted from \$90.0 million FY20 due to Northport and PrimePort revaluations. Refer to note 15(c) of the financial statements.

<sup>2</sup> TEUs = Twenty Foot Equivalent Units – a standard measure of shipping containers

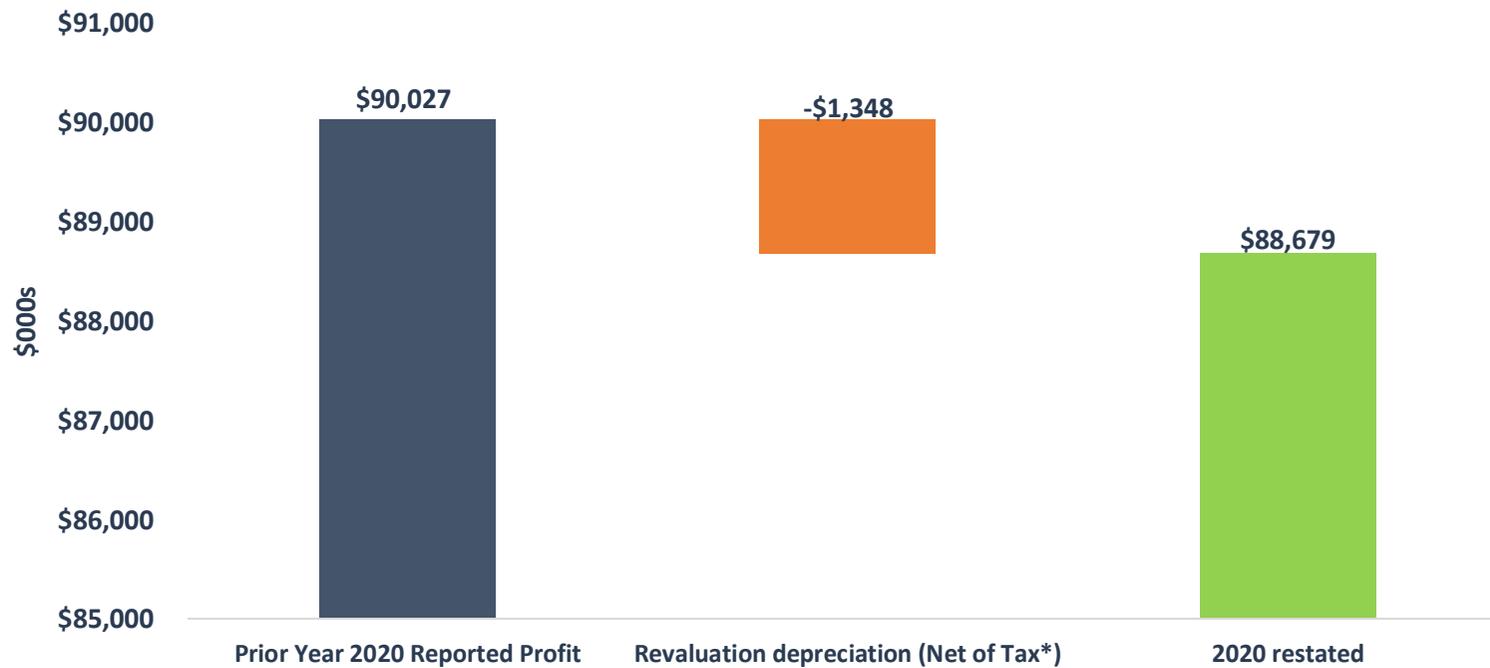
# Group Net Profit After Tax up 15.4%



# Restatement of Prior Year Figures

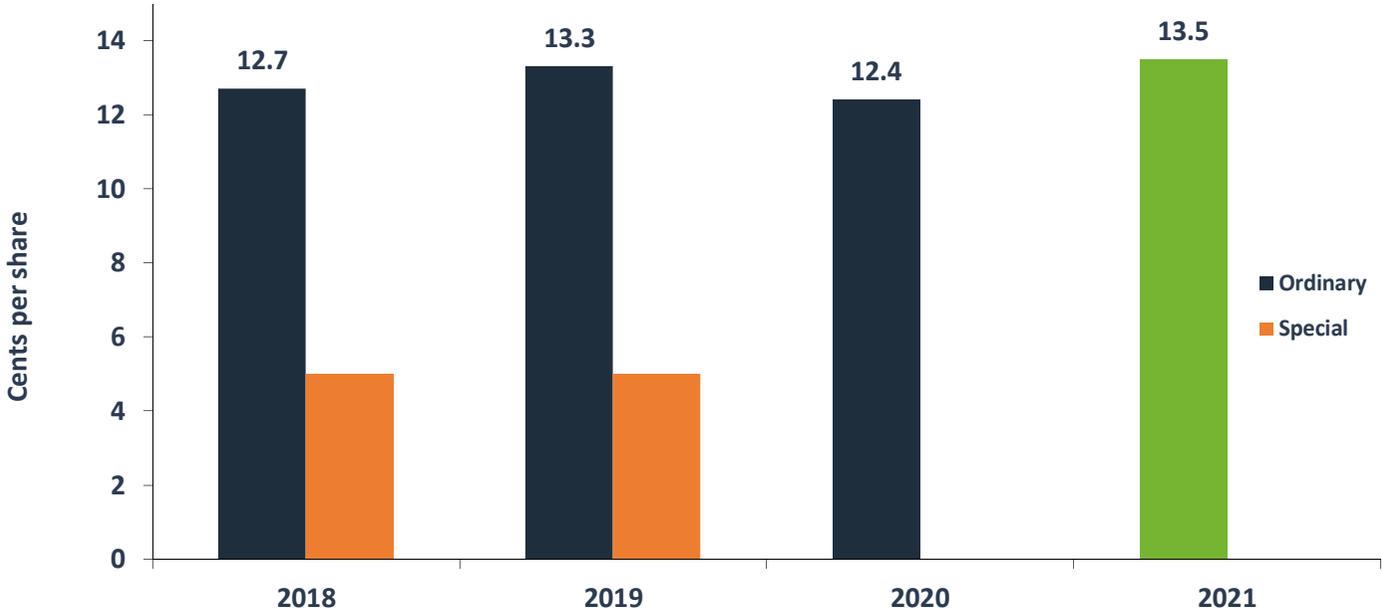
- Northport and PrimePort Timaru have historically accounted for their wharves, hardstanding and channel assets on a historical cost basis.
- In the current year, the Group has aligned accounting policies which then required these Equity Accounted Investees (EAls) to revalue their wharves, hardstanding and channel assets.
- Revaluations have resulted in an increase in asset values of \$38.807 million, of which \$32.952 million was assessed as relating to prior years.
- Restatement to the accounts was required as the prior year movements were greater than auditors materiality limit.

# Restatement of Prior Year Profit

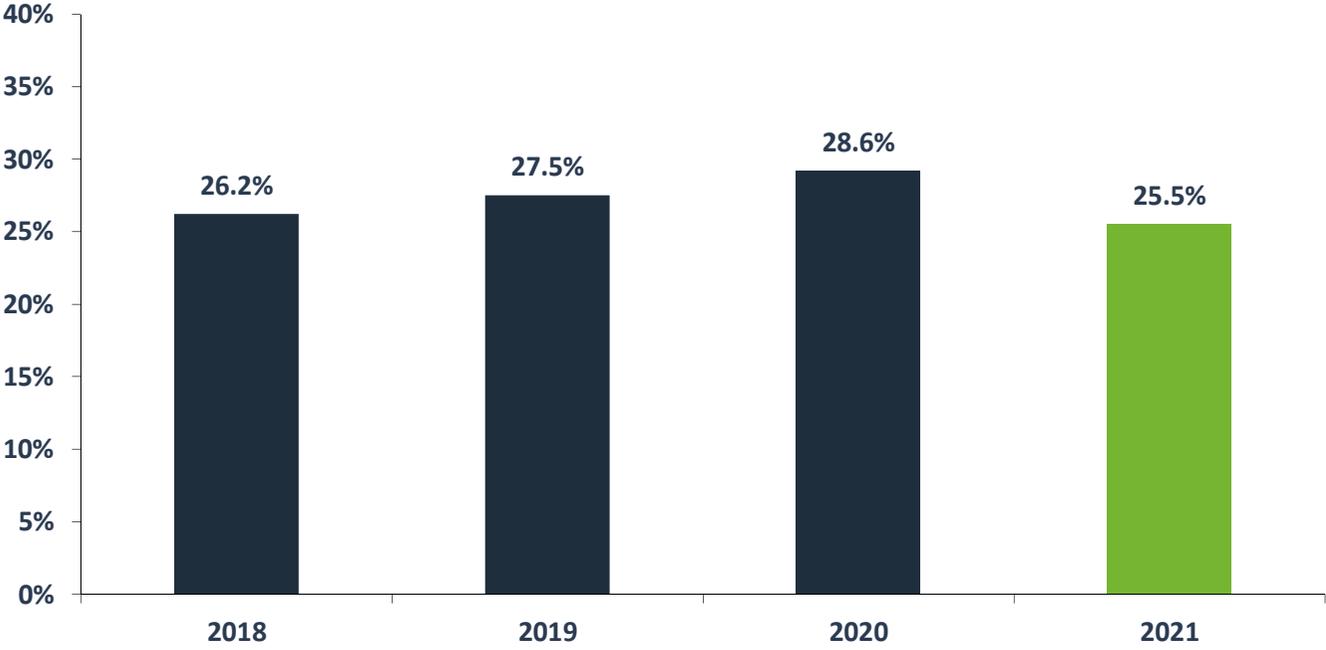


\* Additional depreciation expense recognised on EAIs' revalued assets.

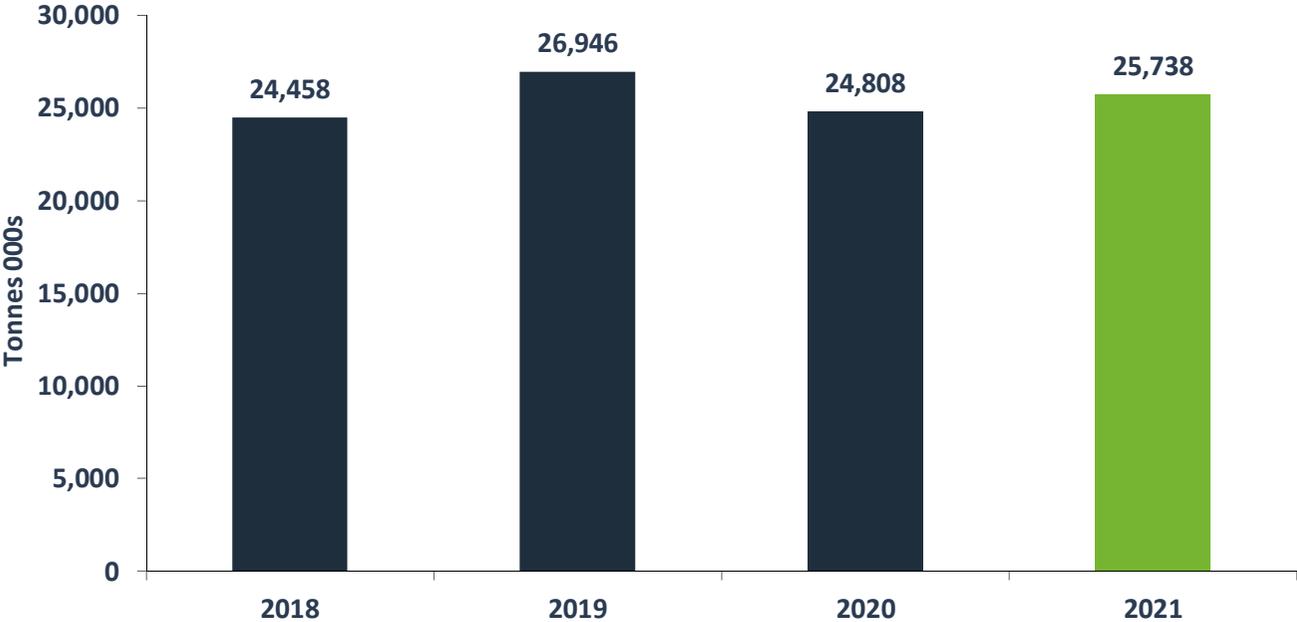
# Ordinary Dividends maintained at 90% of Net Profit After Tax



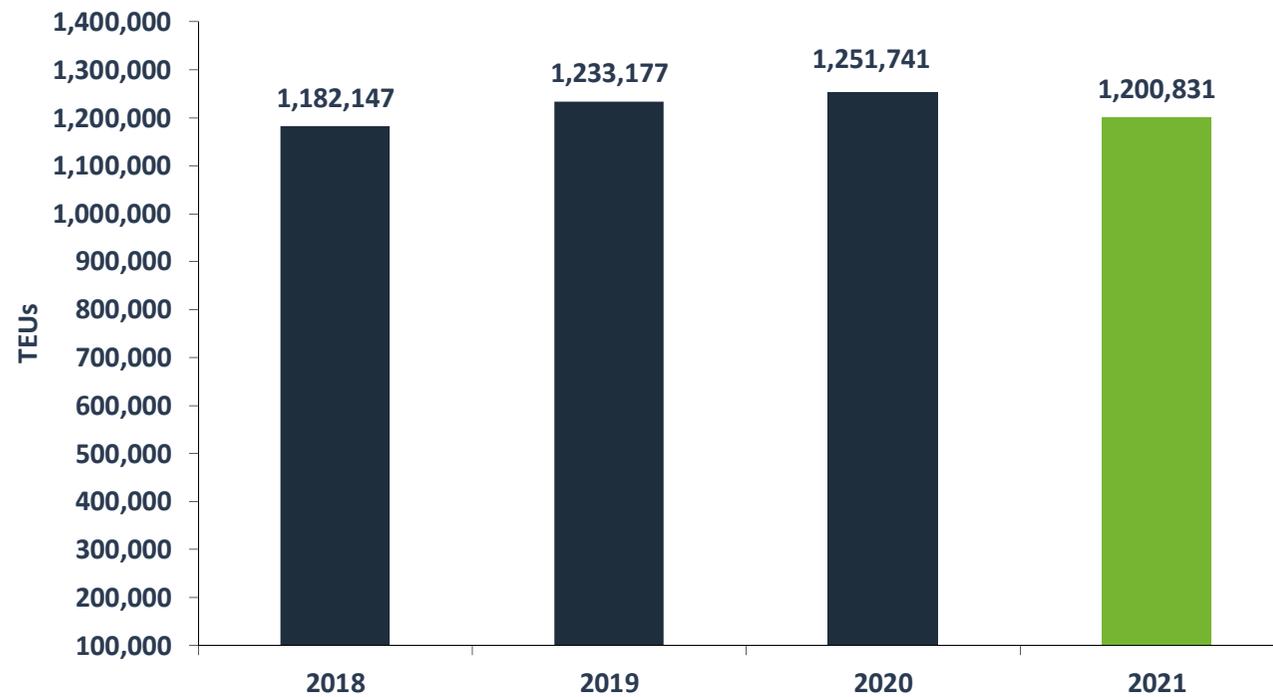
# Net Debt / Net Debt + Equity



# Total Trade up 3.8%

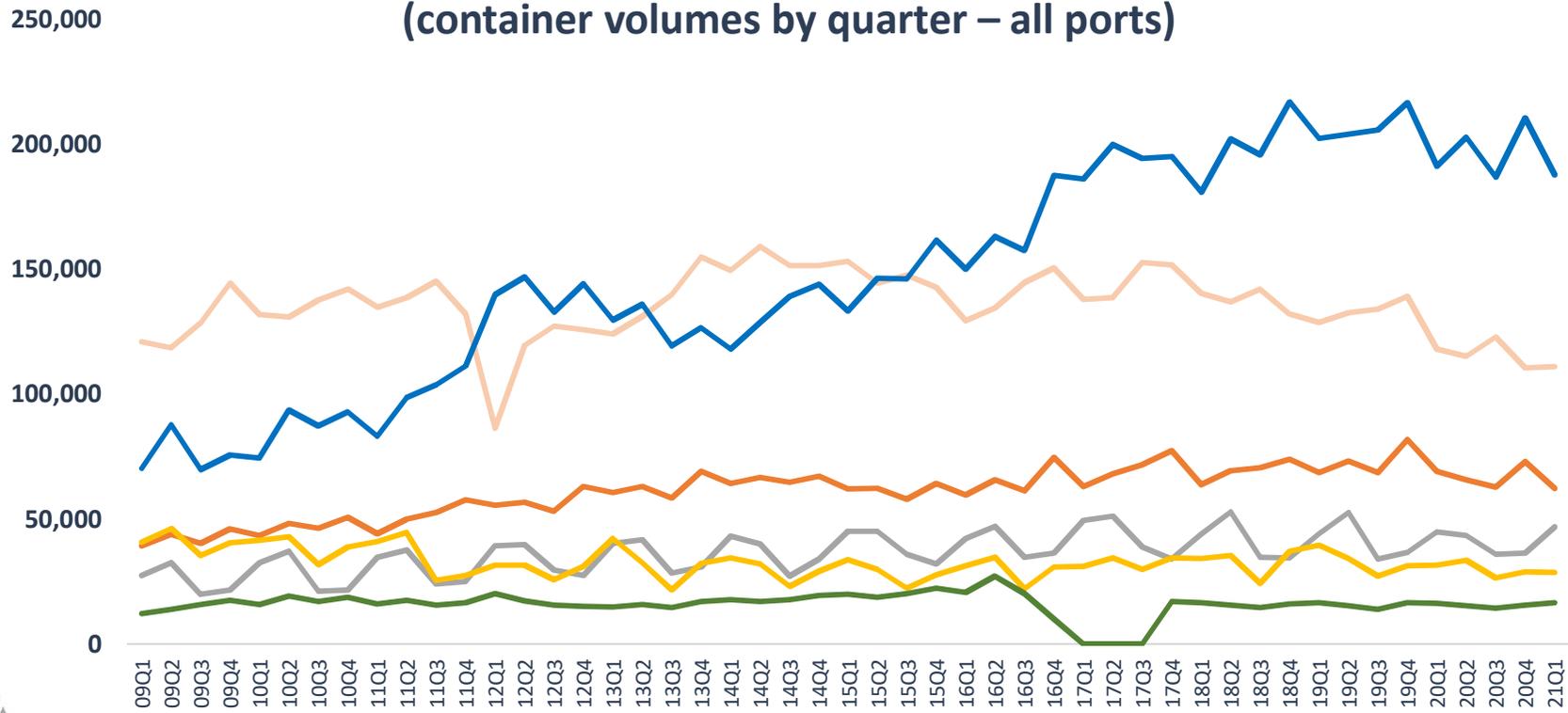


# Container Volumes down 4.1%



# NZ's Largest Container Terminal

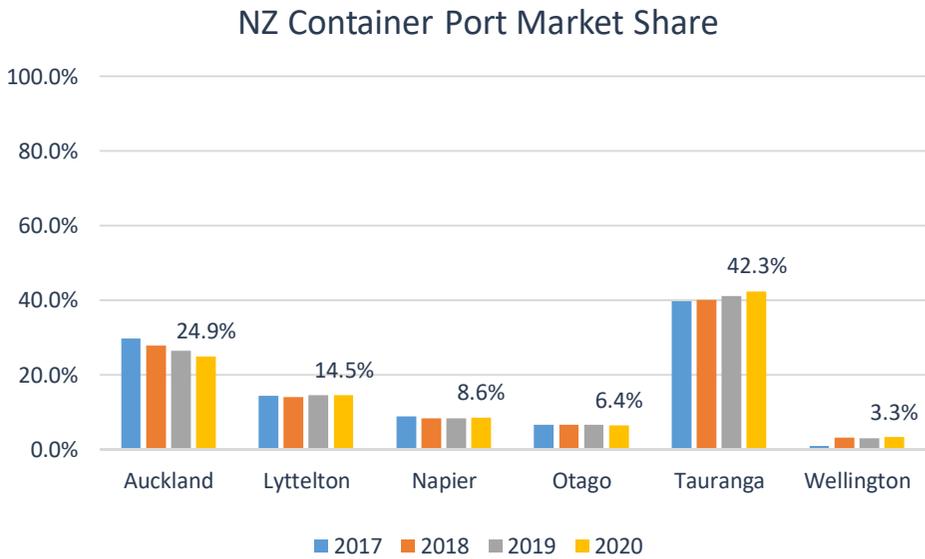
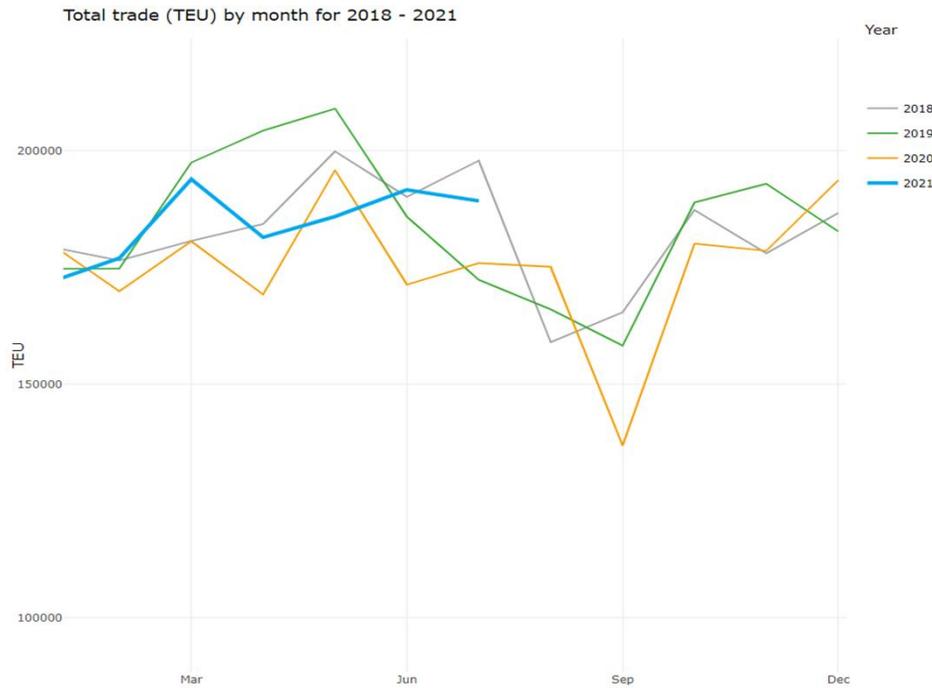
(container volumes by quarter – all ports)



— Auckland — Lyttelton — Napier — Otago — Tauranga — Wellington

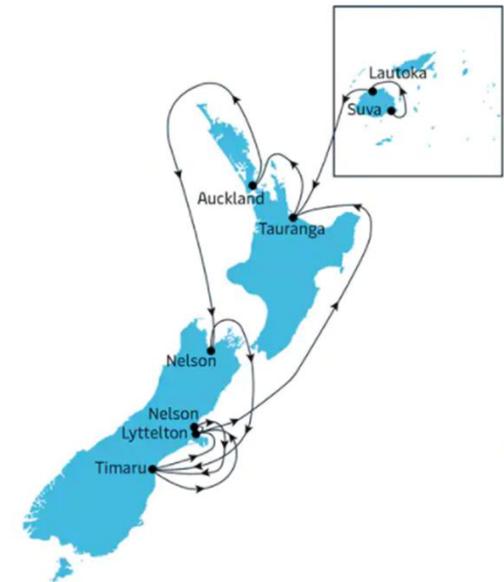
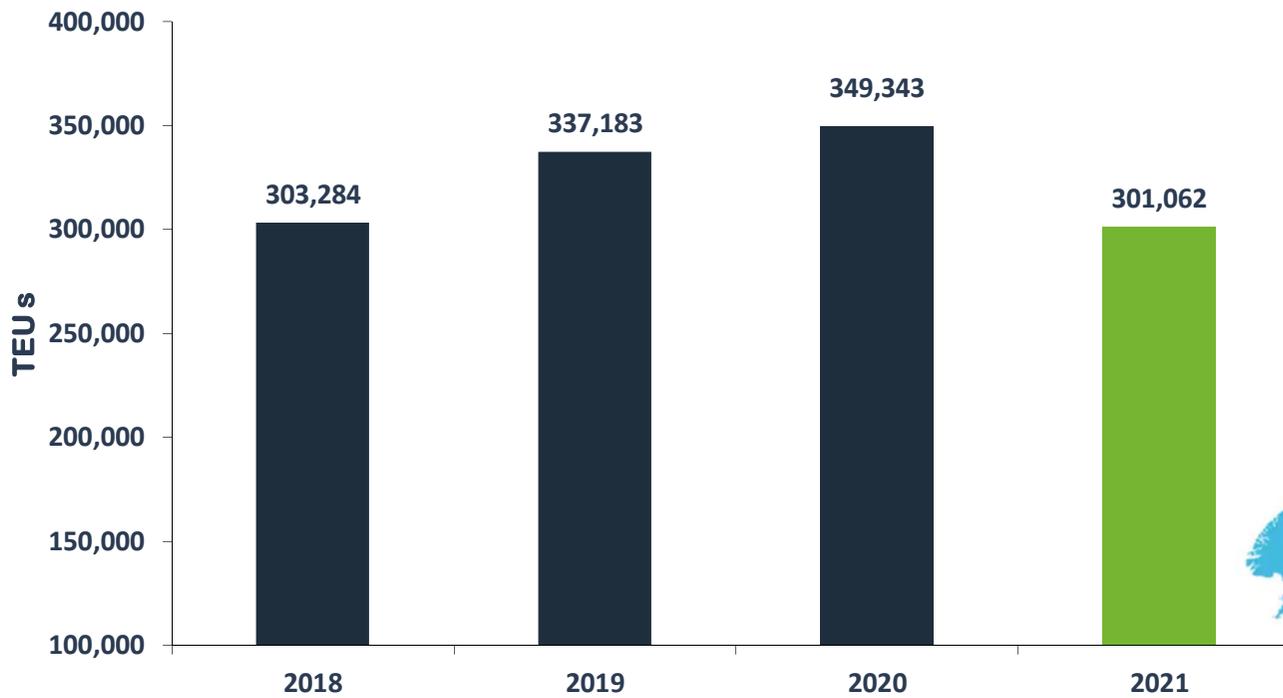
Source. Ministry of Transport

# NZ Trade & Container Market Share



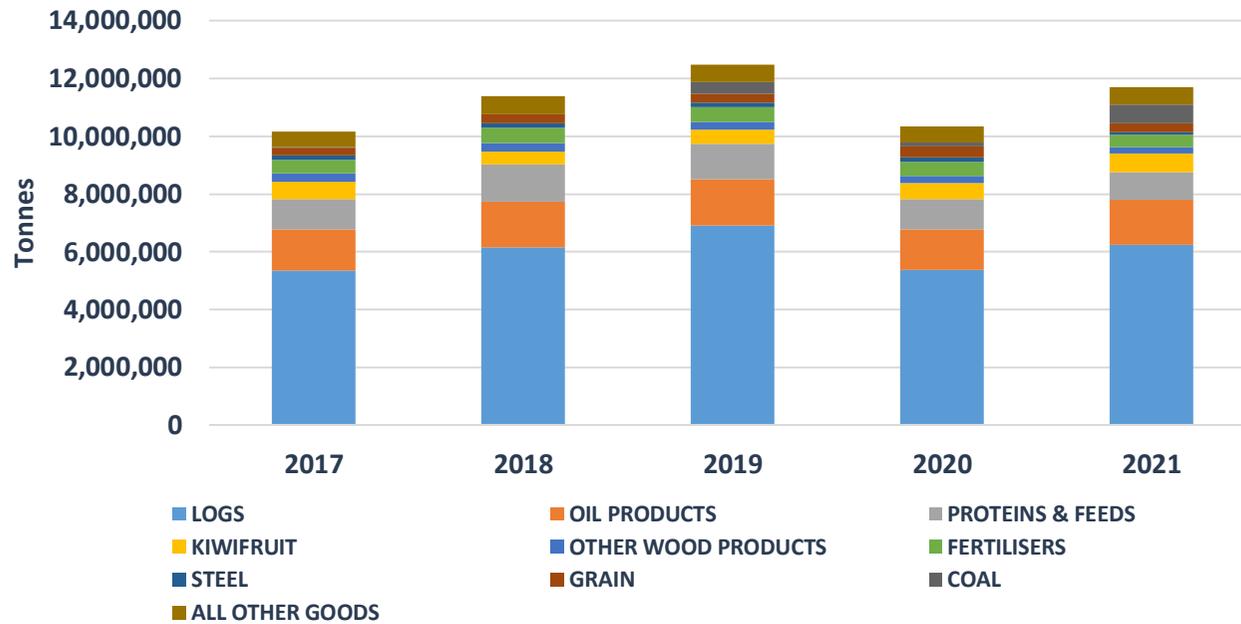
Source. Ministry of Transport

# Transhipped TEUs down 13.8%

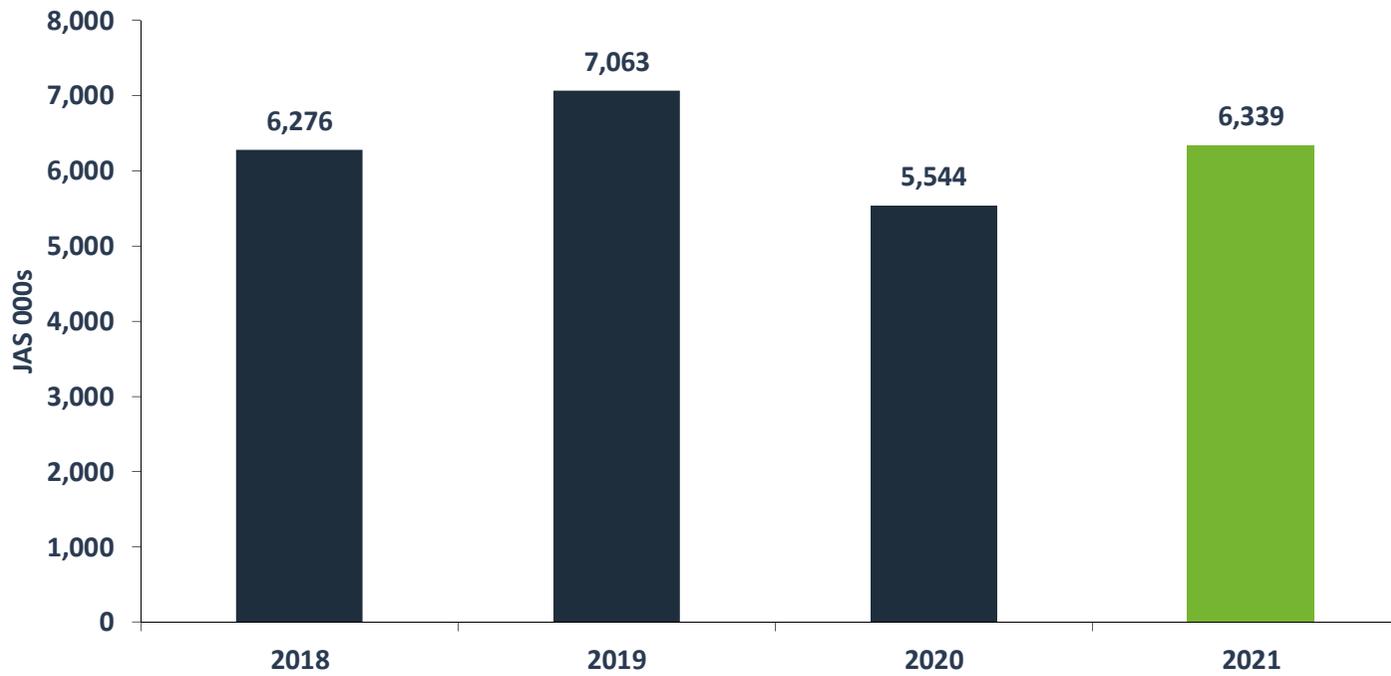


# Bulk Cargo up 13.1%

Break Bulk Tonnage

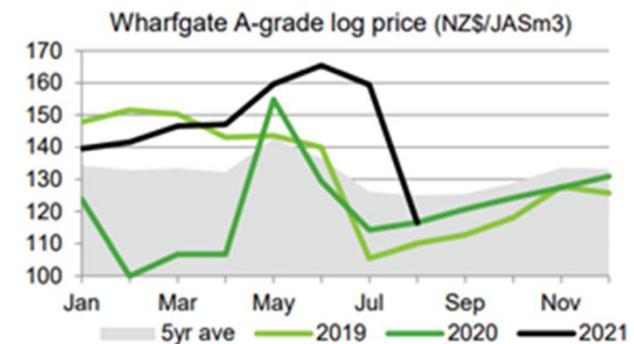


# Log Exports up 14.3%

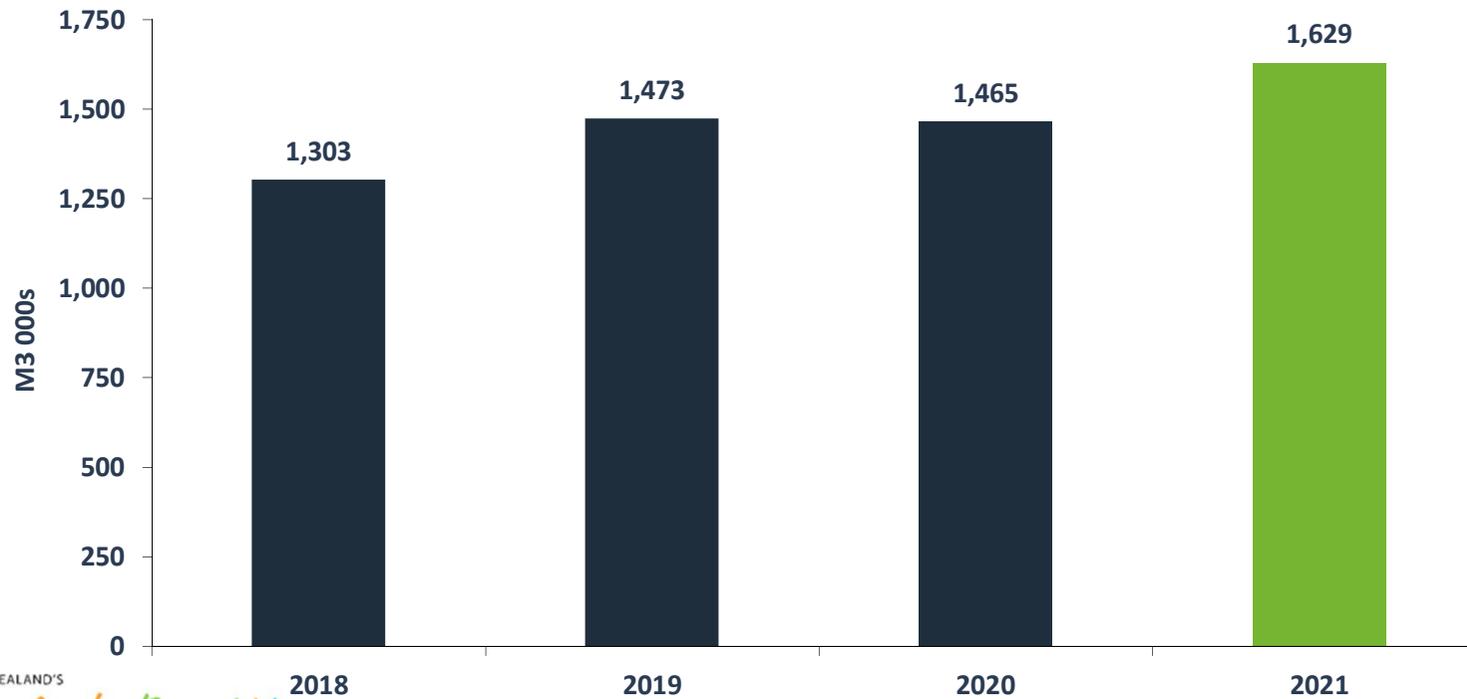


# Forestry Outlook

- Recent correction in log price – lockdown likely to add to the uncertainty around price. At wharf gate market most (*smaller forests, farm blocks etc*) likely to be impacted.
- Circa 65% Tauranga export volume from forest estate owners who manage a sustainable cut to generate fixed income as such less price sensitive.
- No NZ logs to India continues with Australia supplying bulk as they remain locked out of China.



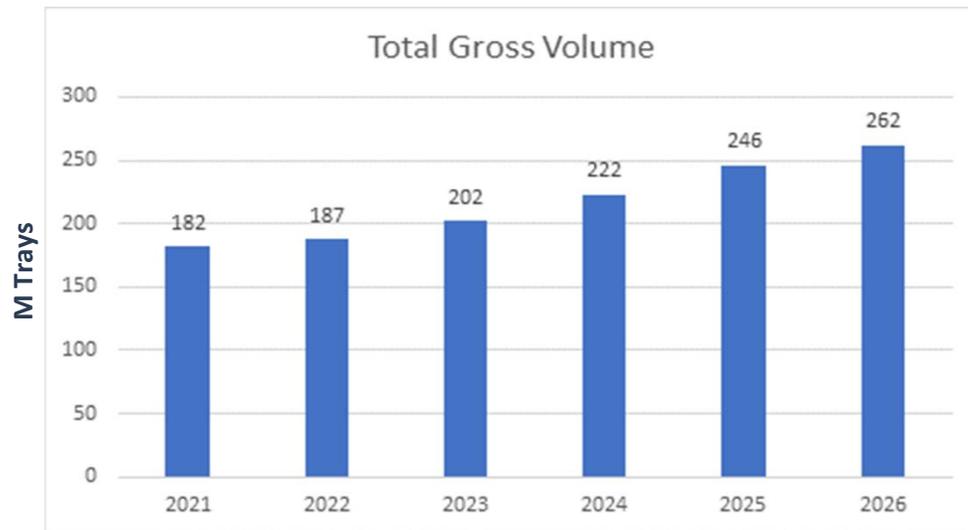
# Direct Kiwifruit Exports up 11.1%



NEW ZEALAND'S

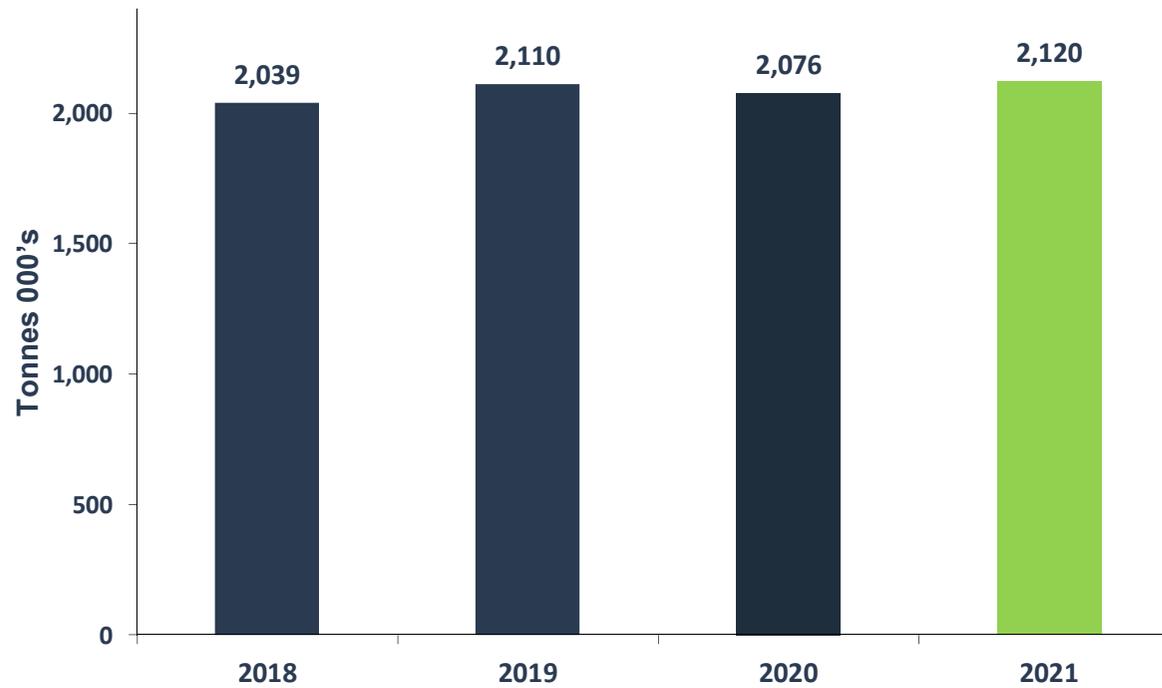
Port for the Future >>>

# Kiwifruit Outlook



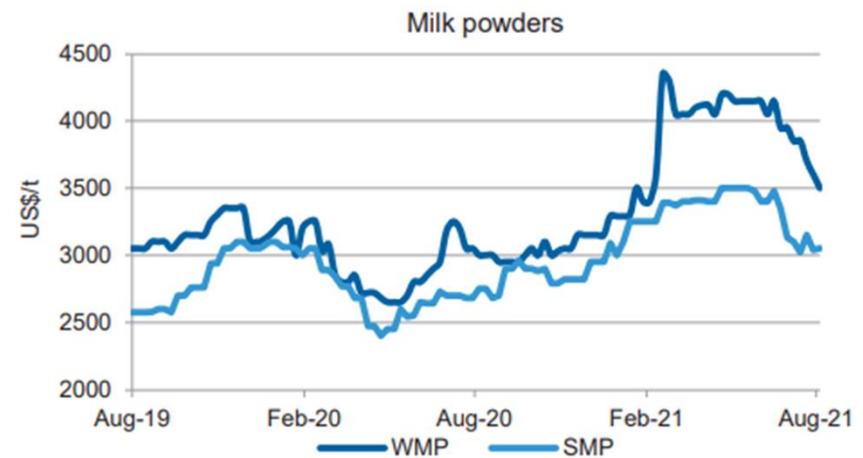
- 1 Based on current licence release plan.
- 2 Gold 16,000 trays average per hectare mature orchard.
- 3 Green volumes forecast to drop 2 million TEUs/year over next 5 years so growth is coming from Gold crop.
- 4 Market side demand is strong.
- 5 Some growth pains supply side (infrastructure and labour).

# Direct Dairy Exports up 2.1%



# Dairy Outlook

- Global Dairy Trade (GDT) prices have come back from recent highs but still reasonably strong
- Dairy volumes expected to be flat in FY22
- Potential product mix change over next few years



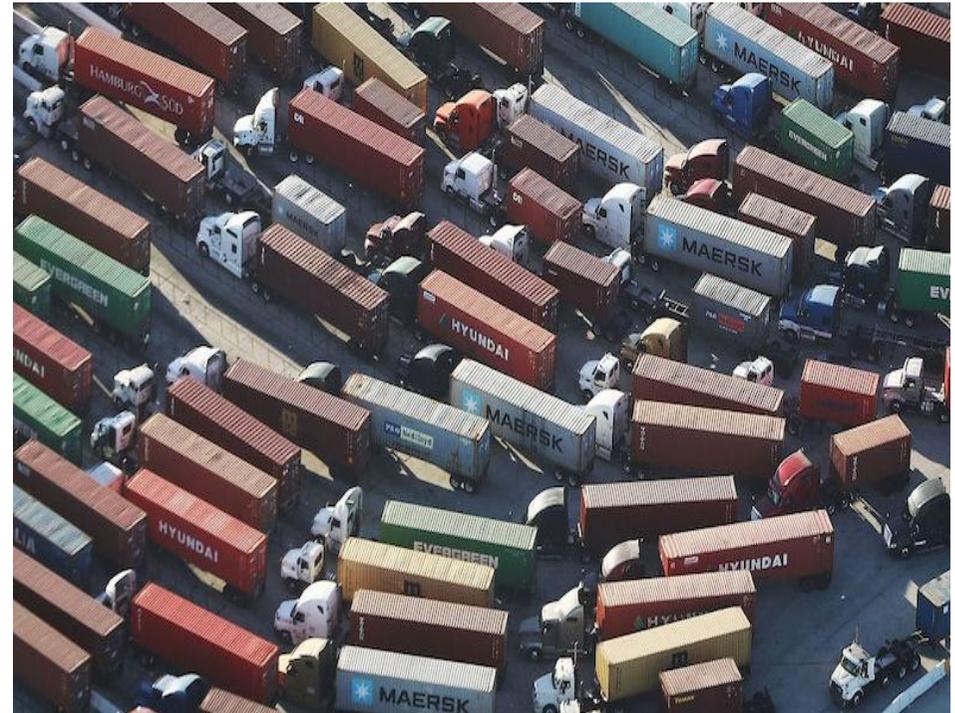
AgriHQ

**Upper North  
Island  
Port  
Congestion**



# Continued Port Congestion

- Global supply chains remain congested.
- Vessels schedules remain suspended in New Zealand.
- A return to schedule in New Zealand requires all carriers and ports to work agreed berth windows.
- Currently only ~60% of shipping services can meet agreed berth windows.
- Priority given to services on window.



.com

# Costs of Congestion

106 fewer container vessels September 2020 to June 2021 vs PCP

Tauranga Container Terminal Vessel Calls



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Vessel Visits 19 /20	55	63	66	62	58	54	55	69	67	59
Vessel Visits 20 /21	49	57	44	53	49	43	49	49	57	52
Average Exchange 19/20	1064	1146	1038	1115	1051	1085	1102	872	999	991
Average Exchange 20/21	1139	1303	1388	1350	1246	1288	1354	1234	1308	1131



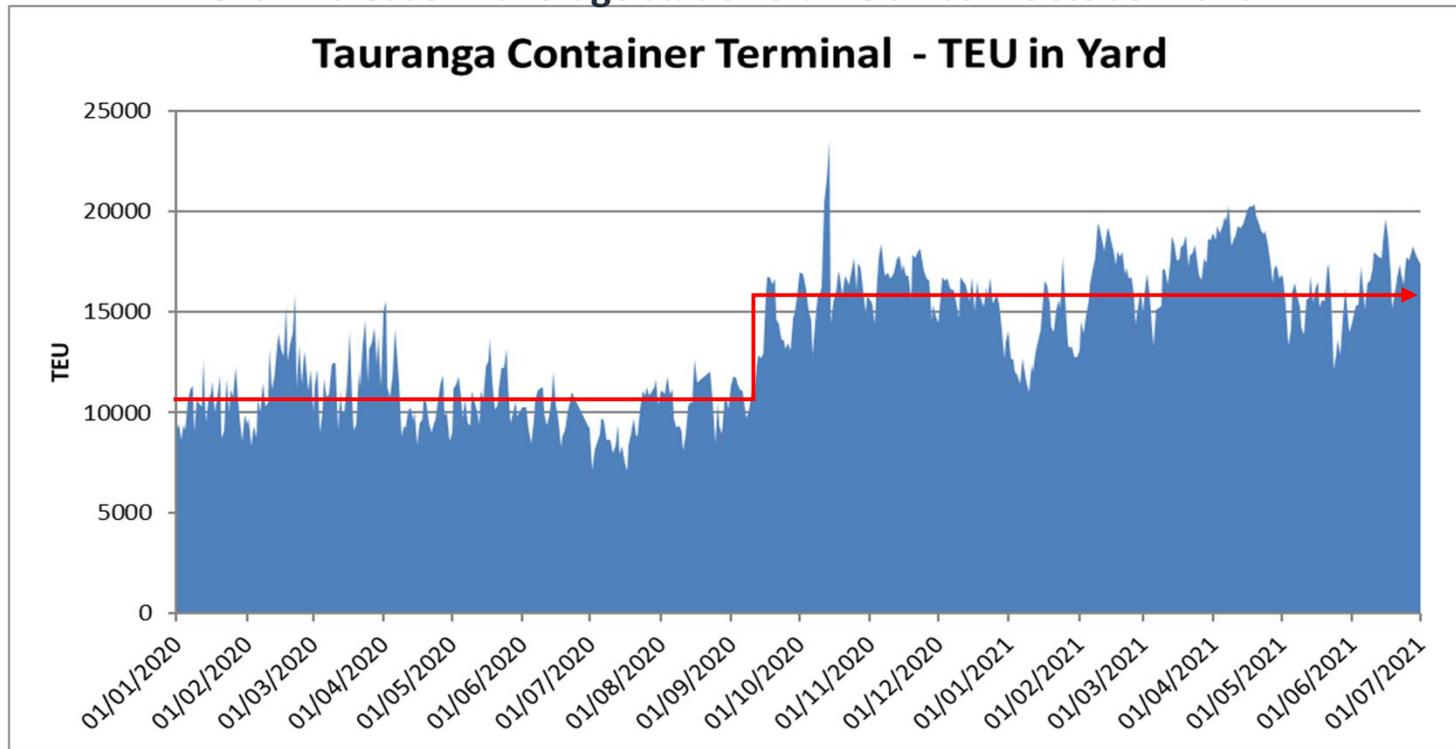




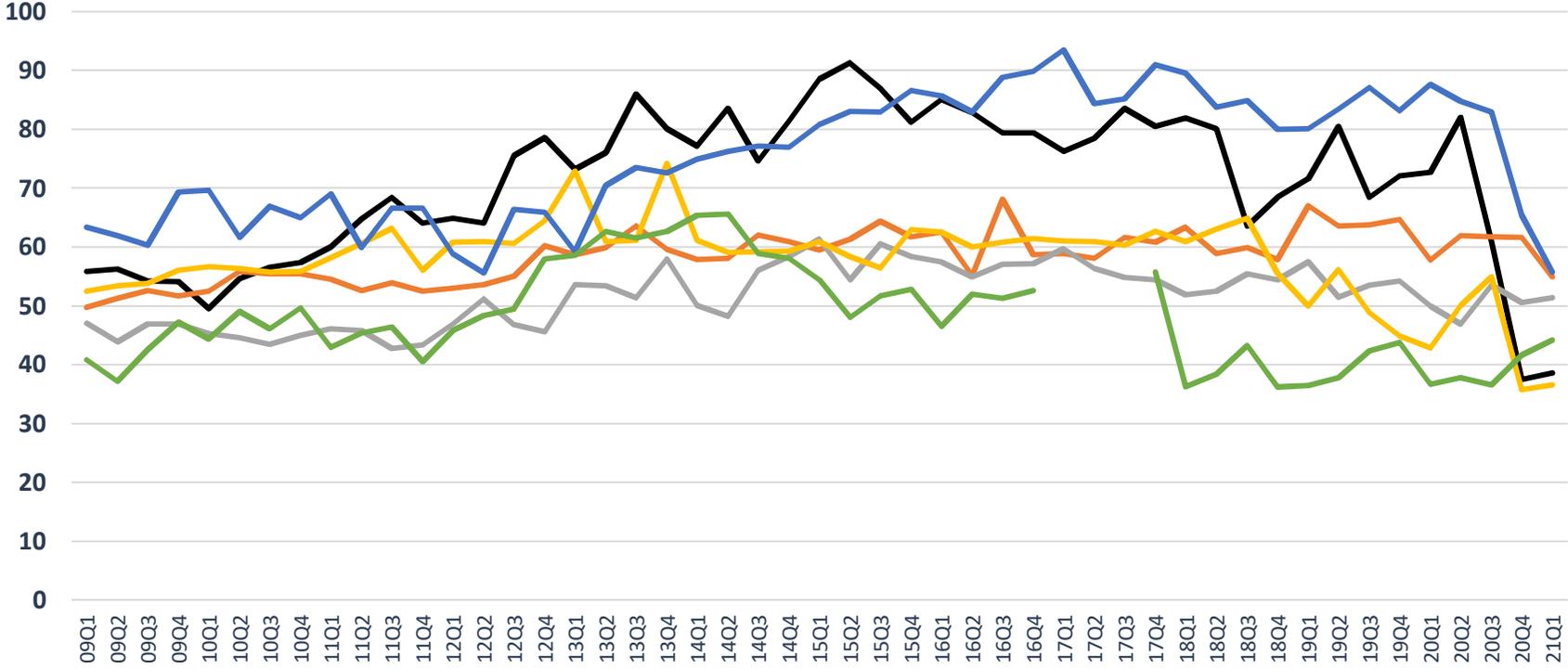



# Costs of Congestion

51% increase in average static volume since 1 October 2020



# New Zealand Port Ship Rate



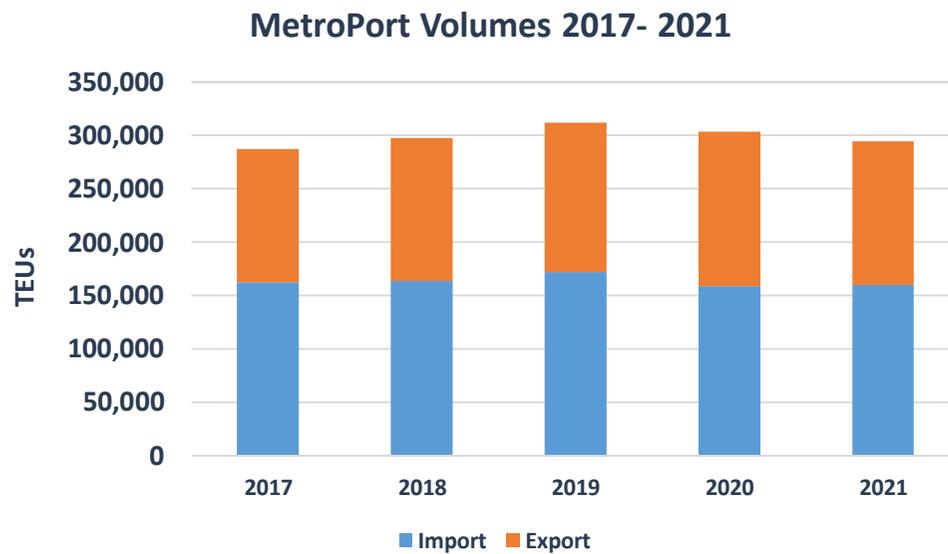
Source – FIGS, Ministry of Transport

# Port Sector Labour Challenges

- Tight port sector Labour market pushing wage inflation.
- Worsening labour shortage where we are competing for people against, in some cases, our own customers.
- 95% of Port of Tauranga border facing ( Tier 1 ) people vaccinated.
- Currently circa 45% (Tier 1) workers vaccinated across all companies on port, forecast 90-95% will get vaccination by deadline.
- From 30 September, all Tier 1 roles must be vaccinated.



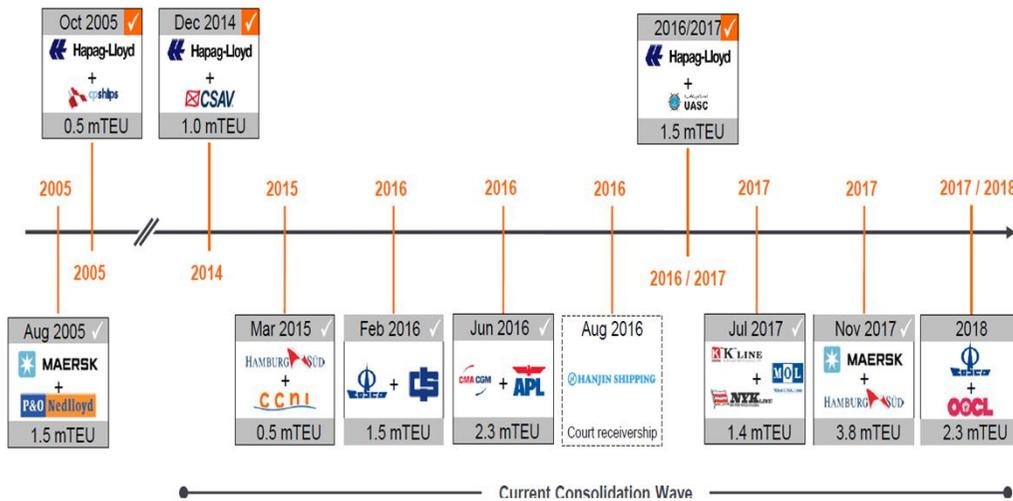
# MetroPort



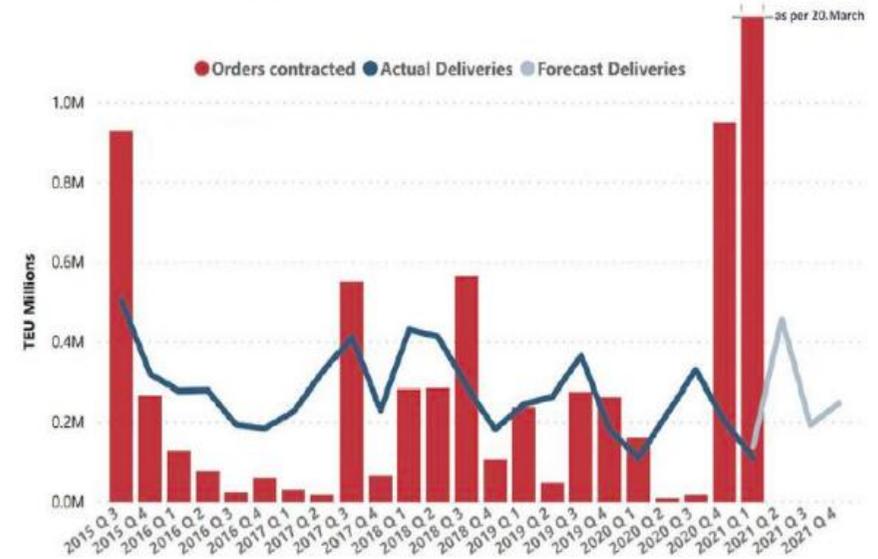
Rail volume down 3%

# Carrier Consolidation & Increasing Orderbook

## Consolidation in container shipping



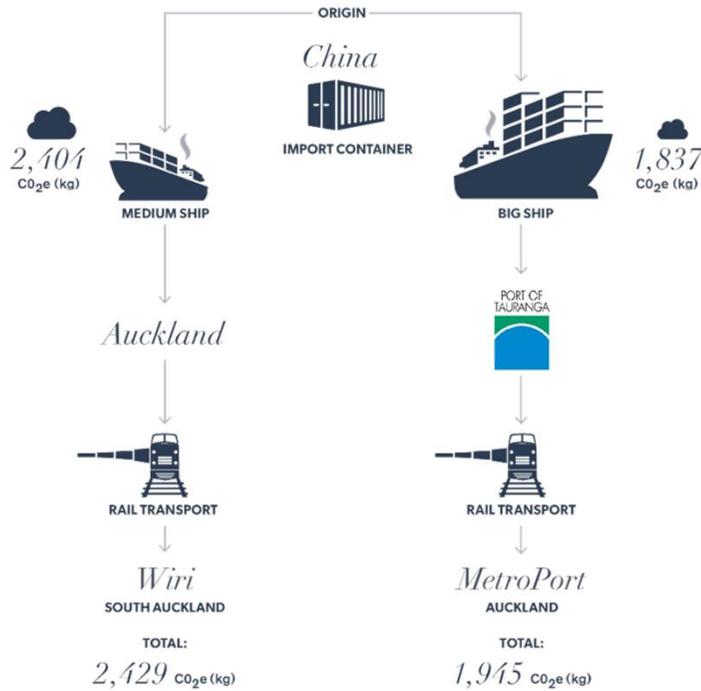
## Container ship orders by quarter – last five years



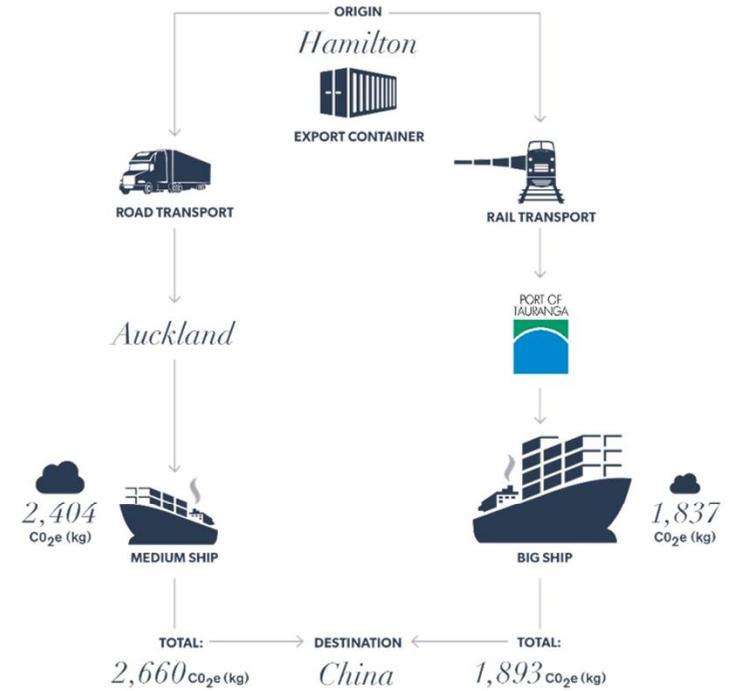
(Chart: Alphaliner)

# Bigger Ships = Lower Carbon Supply Chain

Import cargo from China to South Auckland  
CO<sub>2</sub>e emission comparison



Export cargo from Hamilton to China  
CO<sub>2</sub>e emission comparison



CO<sub>2</sub>e calculations are based on a 20' 15 tonne container shipped on a typical container vessel size of 3,000-4,000 TEUs (via Auckland) and 8,000+ TEUs (via Tauranga)

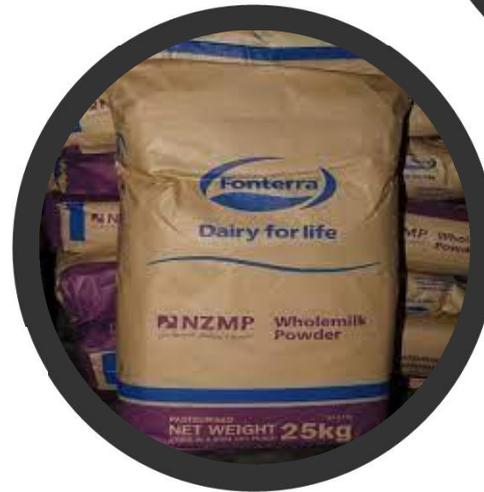


## Critical New Zealand Infrastructure

- Design completed 2019 and early contractor engagement 2020
- Shovel Ready declined August 2020
- Fast Track application declined April 2021
- Ongoing consultation - currently ~24 months behind schedule

# Critical New Zealand Infrastructure

- Resource submitted May 2021.
- Direct referral to Environment court request lodged - June 2021.
- 220 metre extension required (2-year construction period).
- Nearing capacity headroom current volume 1.25M TEU vs 1.45M capacity.
- Average container growth 7.4% over past 5 years.

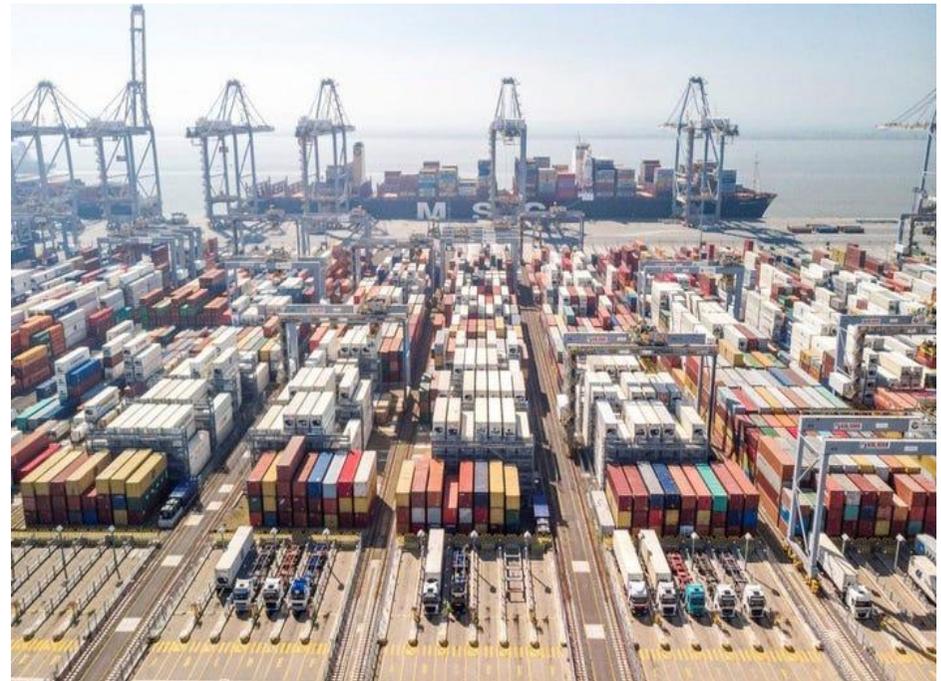


# Full Buildout ~ 2.8M TEUs

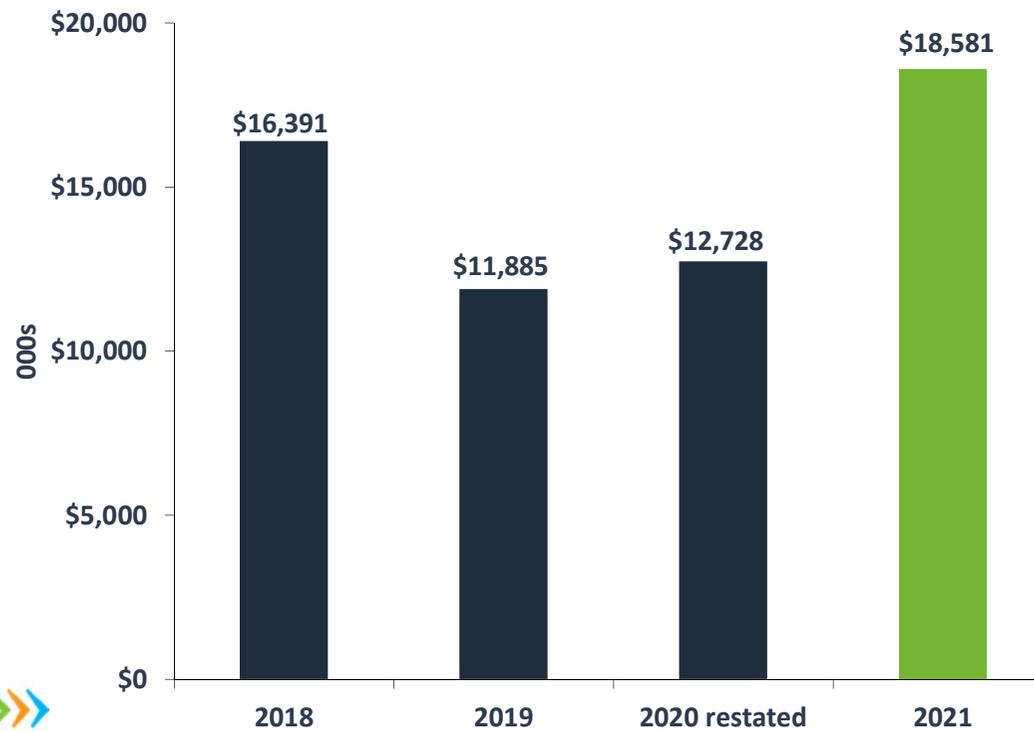


# Terminal Automation

- Progressing first stage of Terminal Automation.
- Currently seeking proposals for Auto Stacking Cranes ( ASC ) from providers.
- Expect vendor selection Q1 2022.
- Well established technology used globally.



# Subsidiaries & Associates Net Profit After Tax up 46.0%





# Northport



- Trade volumes up 18.3% to 3.547 million tonnes.
- Earnings up 8.9% to \$8.746 million (result includes revaluation depreciation expense net of tax of \$0.766 million).
- \$26.646 million increase to the Group's share of revaluation reserve on alignment of policy.
- Container volumes up 9.2% to 13,451 TEUs.
- 6 Unscheduled container vessel calls – saved Auckland's Christmas.



- Trade volumes increased 17.6% to 1.827 million tonnes.
- Earnings up 23.0% to \$2.848 million (result includes revaluation depreciation expense net of tax of \$0.582 million).
- \$12.161 million increase to the Group's share of revaluation reserve alignment of policy.





- Container volumes up 16.2% to 93,891 TEUs.
- NPAT of \$1.523 million up from \$0.492 million in prior year.
- Acquired Kotahi's 49.9% shareholding in October 2020, in exchange for volume-based rebate – 100% subsidiary.
- Loss of \$0.741 million at Group level on derecognition as an EAI.



QUALITY  
MARSHALLING



- NPAT up 38.4% to \$3.500 million.
- Continued strong performance seen across all areas of the company.
- Took over management of Timaru Container Terminal from 1 November 2020.



- Recorded a profit of \$1.869 million vs loss of -\$0.729 million in the prior year.
- Included in profit are \$1.649 million of one of items including the sale of their investment in TNX. Underlying profit \$0.220 million.
- Deena Clarkson appointed Chief Executive effective from 30 August 2021.

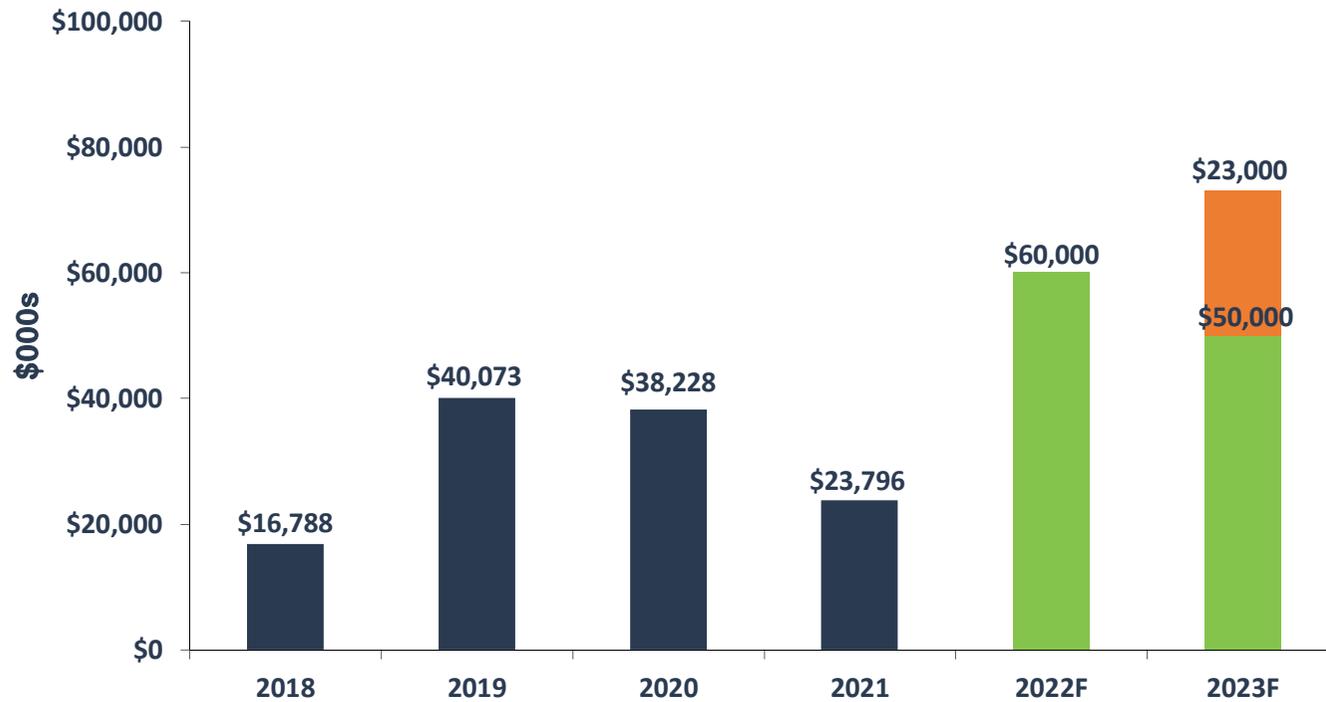
# Ruakura Inland Port



Progress July  
2021

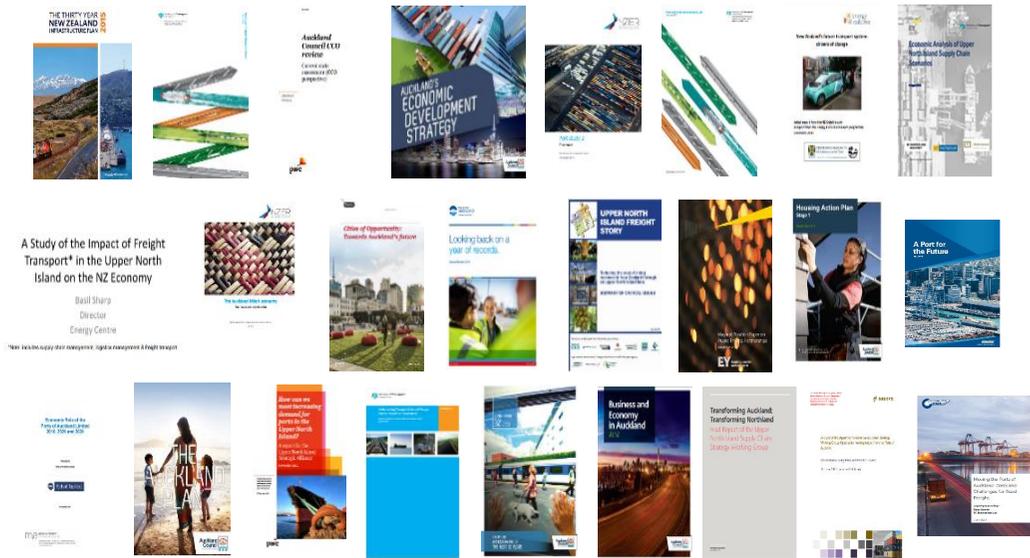


# Parent Capital Expenditure 2018-2023



# A New Upper North Island Port Study

- The Minister for Transport has announced a new freight strategy report.
- A new location to replace Ports of Auckland expected by 2023.



# Outlook 2022

- Port congestion is expected to continue.
- Labour shortages becoming a problem for the sector.
- Expect to handle about 1.225 million TEUs.
- Log volume forecast circa 6.4M JAS FY22.
- Earnings guidance to be provided in October at AGM



# Our Purpose and Vision

*Port of Tauranga's purpose, vision and values have been reviewed in 2021. We are in the process of realigning our strategic framework to ensure we will be able to reach our goals for the next decade and beyond. Our refreshed framework will ensure we focus our attention, effort and resources in the right places, and that our focus reflects the priorities of our stakeholders.*

## OUR PURPOSE

Connecting New Zealand and the world.

## OUR VISION

Our purpose goes beyond profit and is the key to Port of Tauranga's ongoing success. Our aspirations for 2030 are:

### - Drive National Prosperity

New Zealanders will value the port as an asset that drives our nation's prosperity by providing the most efficient access to global trade.

### - Improve Community Wellbeing

We will improve our community's wellbeing by providing jobs and economic growth, as well as forming effective partnerships to pursue a shared vision of success.

### - Protect our Natural Environment

We will protect and enhance our natural environment. We will invest in technology and embed sustainable practices throughout our business.

### - Respect Mana Whenua

We will recognise and respect the mana whenua of the rohe and acknowledge the kaitiakitanga of iwi and hapu.

### - Nurture Our People

We will be an attractive and accessible workplace where talent is nurtured. Our people will be proud to work here and know their contribution is valued. We will foster a culture of empowerment, where health and safety is at the forefront of everything we do.

### - Provide Superior Customer Service

We will be driven by our customers' needs and create innovative supply chain solutions. We will deliver on our promises, provide superior service and grow together.

### - Deliver Long-Term Value

We will deliver long-term value for investors through leading environmental and ethical performance, business resilience and sound financial management.

# Our Values

Our values define our fundamental beliefs and dictate our behaviour as individuals and as an organisation.  
We will achieve our vision by:

***Taking pride and doing the right thing***

—

***Listening and working together***

—

***Creating better ways***

—

***Having a "safety always" mindset.***

PORT OF  
TAURANGA  
NEW ZEALAND'S

Port for the Future >>>



THANK YOU



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