



Port of Tauranga
Connecting New Zealand and the World

Presentation to Analysts

25 August 2023

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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 2023

Group Net Profit After Tax

million		
2021	2022	2023
\$102.4	\$111.3	\$117.1

Revenue

million		
2021	2022	2023
\$338.3	\$375.3	\$420.9

Container volumes

million TEUs ¹		
2021	2022	2023
1.20	1.24	1.18

Ship visits

2021	2022	2023
1,307	1,369	1,432

Total trade

million tonnes		
2021	2022	2023
25.7	25.6	24.7

Imports

million tonnes		
2021	2022	2023
9.4	9.7	9.0

Exports

million tonnes		
2021	2022	2023
16.3	15.9	15.7

Subsidiary and associate company earnings

million		
2021	2022	2023
\$18.6	\$15.0	\$13.3

Total ordinary dividend

cents per share		
2021	2022	2023
13.5	14.7	15.6

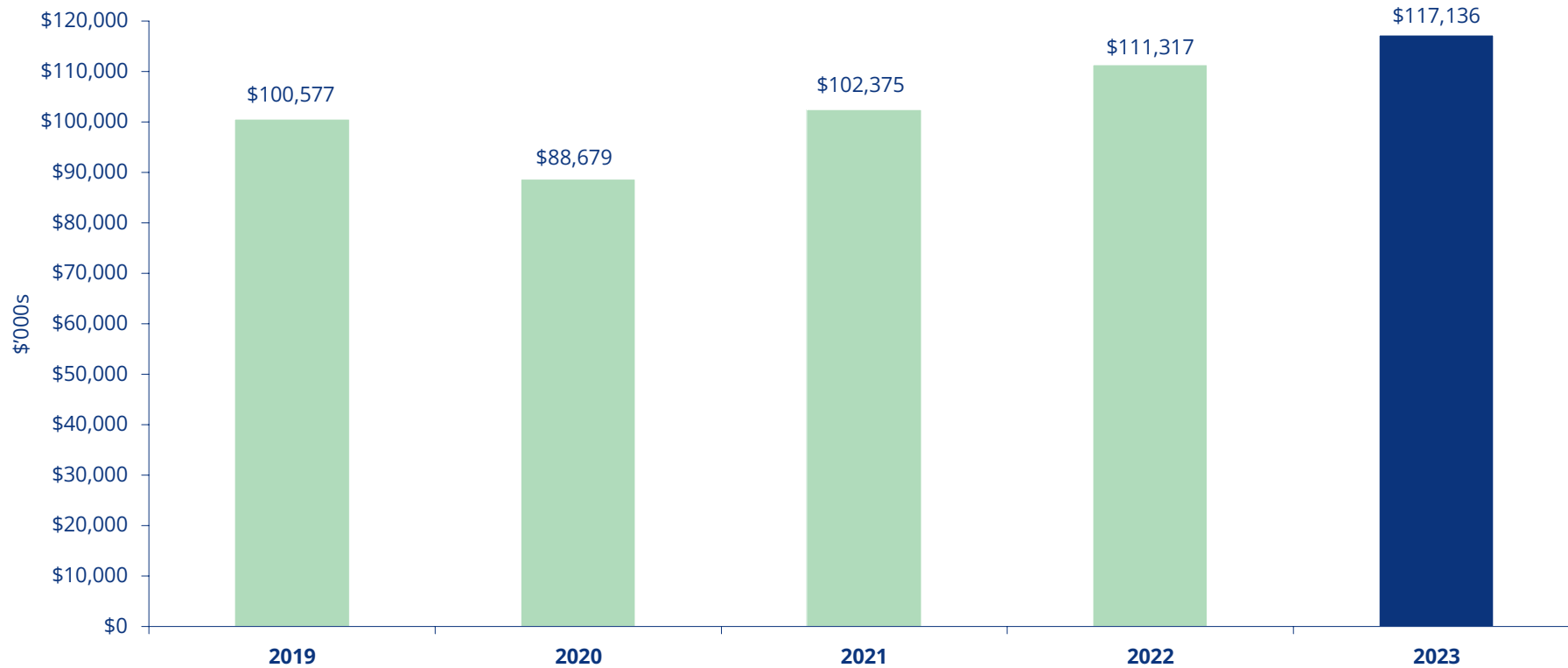
Final dividend

cents per share		
2021	2022	2023
7.5	8.2	8.8

¹TEUs = twenty-foot equivalent units, a standard measure of shipping containers.

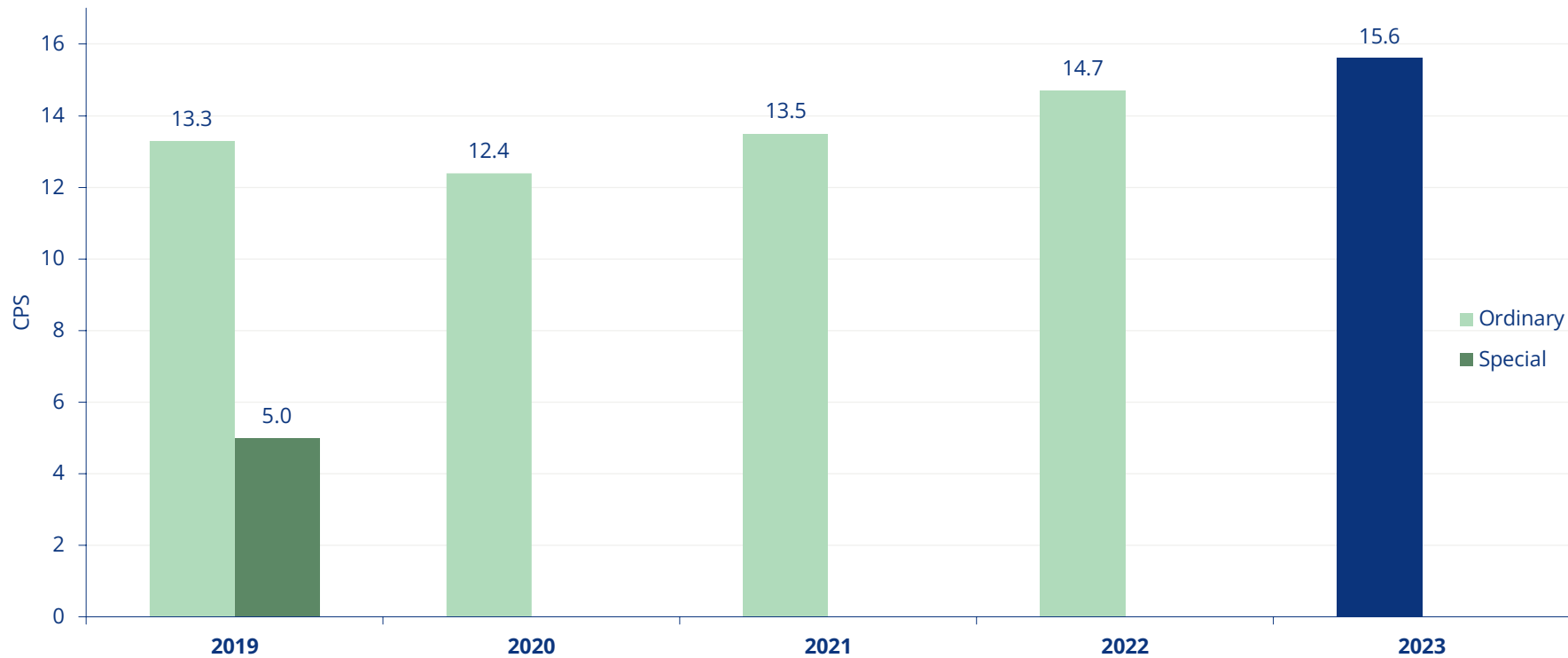
Group net profit after tax up 5.2%

For the year ended 30 June 2023



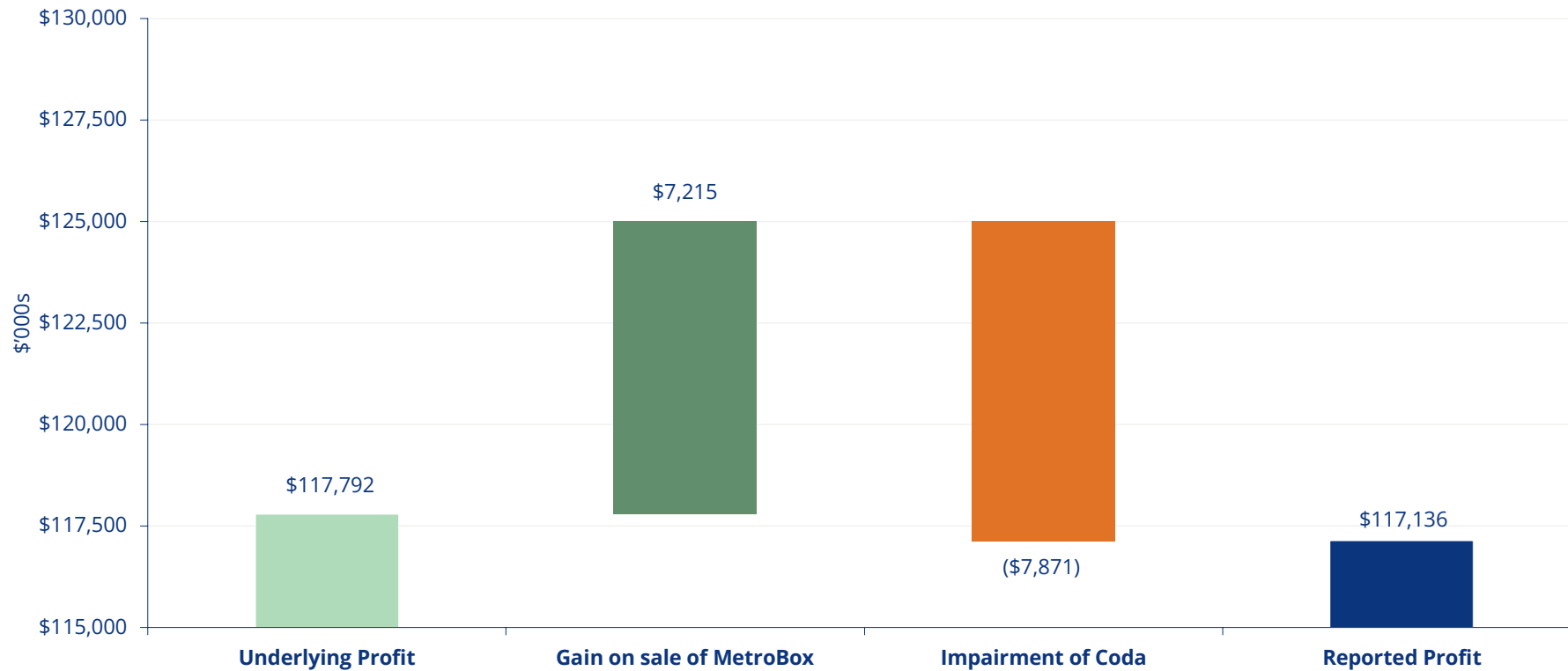
Ordinary dividends increased 6.1%

For the year ended 30 June 2023



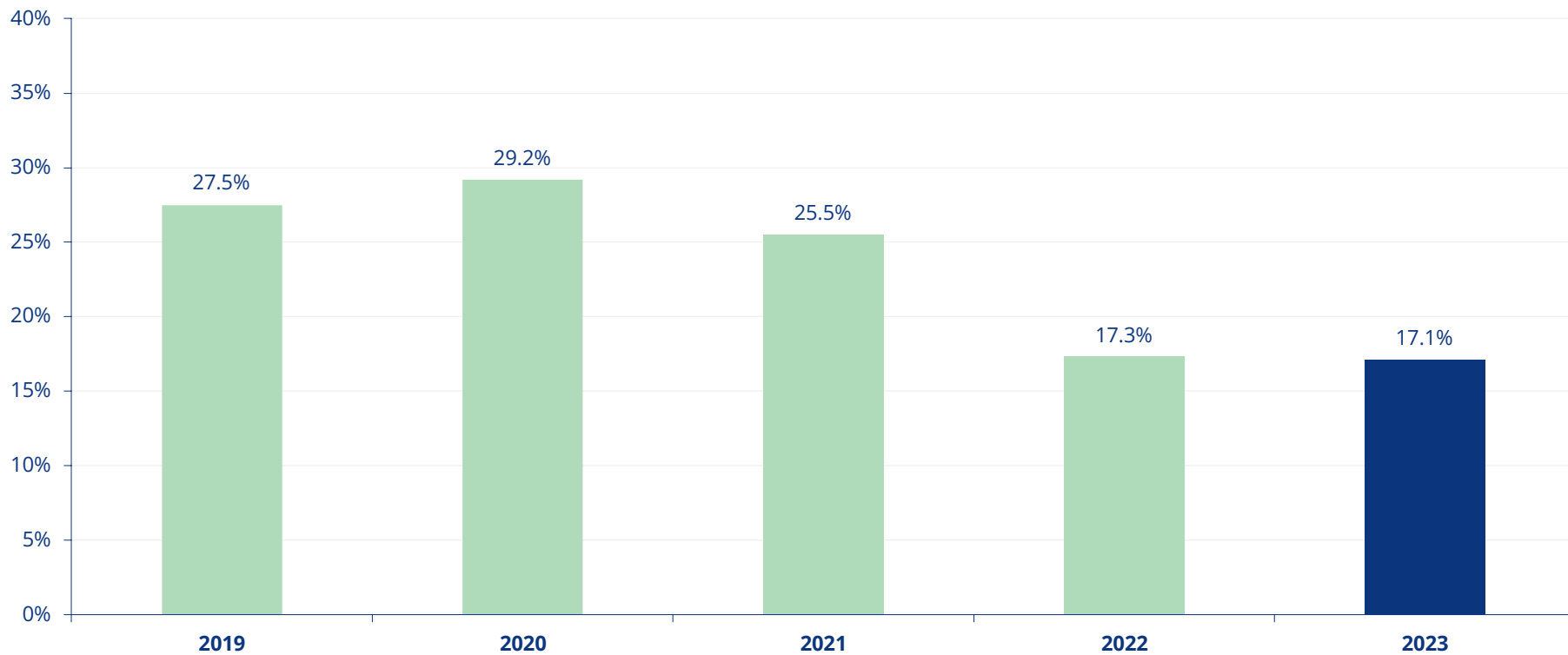
Group underlying earnings

For the year ended 30 June 2023



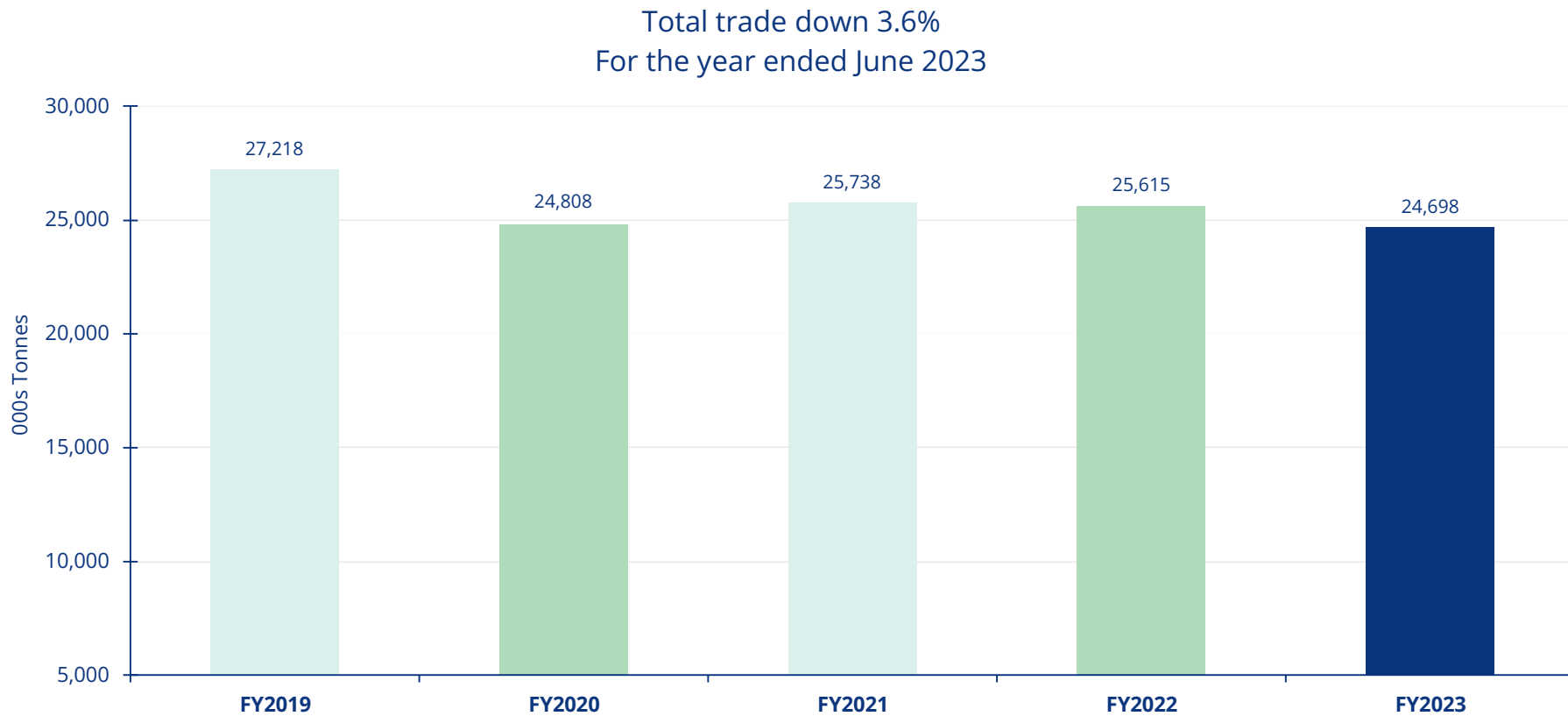
Net debt / net debt + equity

For the year ended 30 June 2023



Total trade down 3.6%

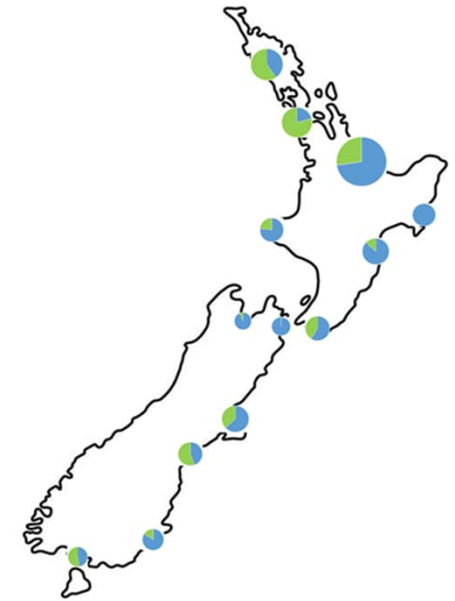
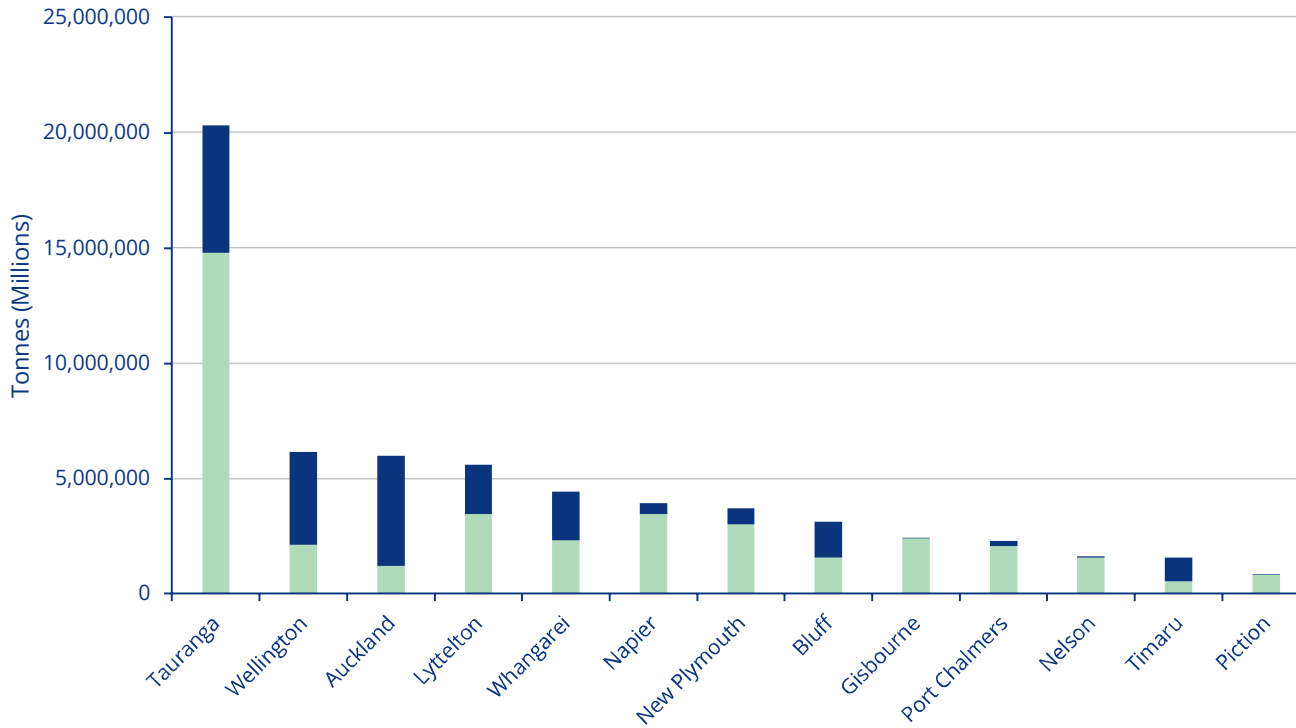
For the year ended 30 June 2023



New Zealand's largest port – volume

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Total New Zealand tonnes by port FY2023



38% of New Zealand exports (tonnes)

24% of New Zealand imports (tonnes)

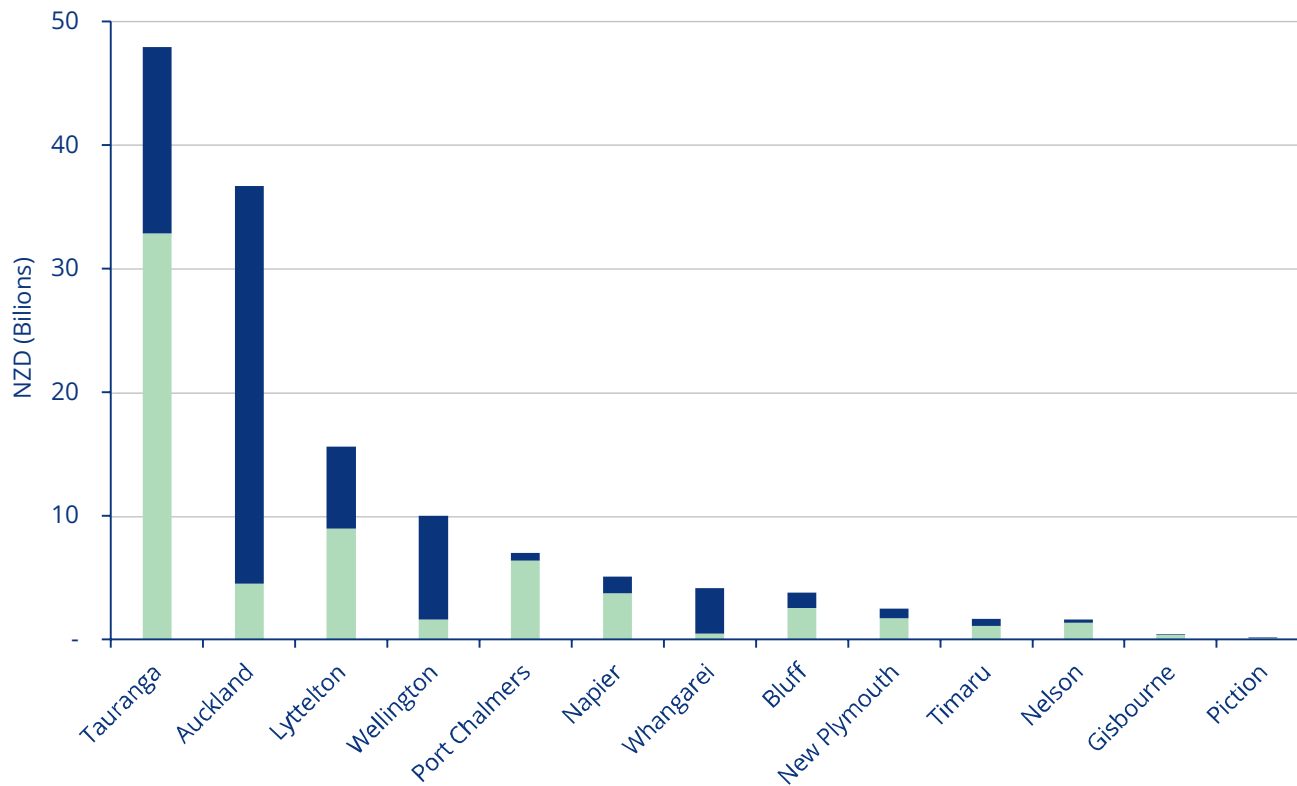
33% of New Zealand's total trade

Source: STATS NZ
12 months to June 2023

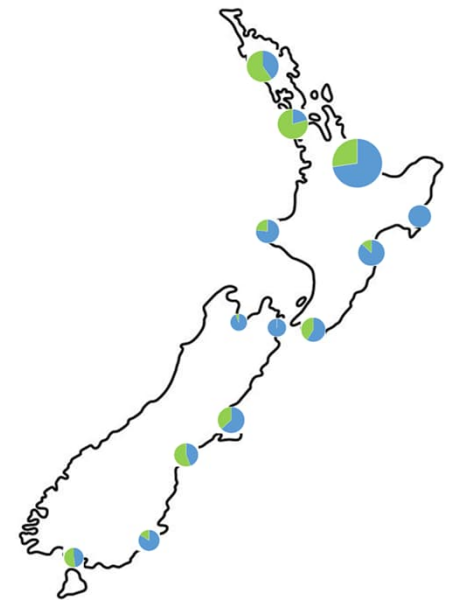
New Zealand's largest port – value

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Total New Zealand sea port cargo value FY2023



Source: STATS NZ
12 months to June 2023



■ Import
■ Export

50% of New Zealand exports by value

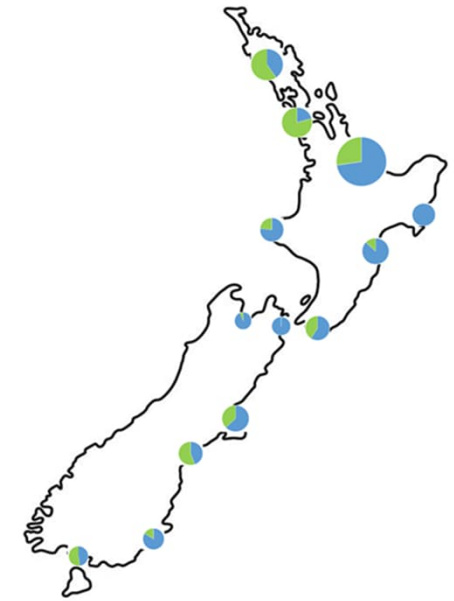
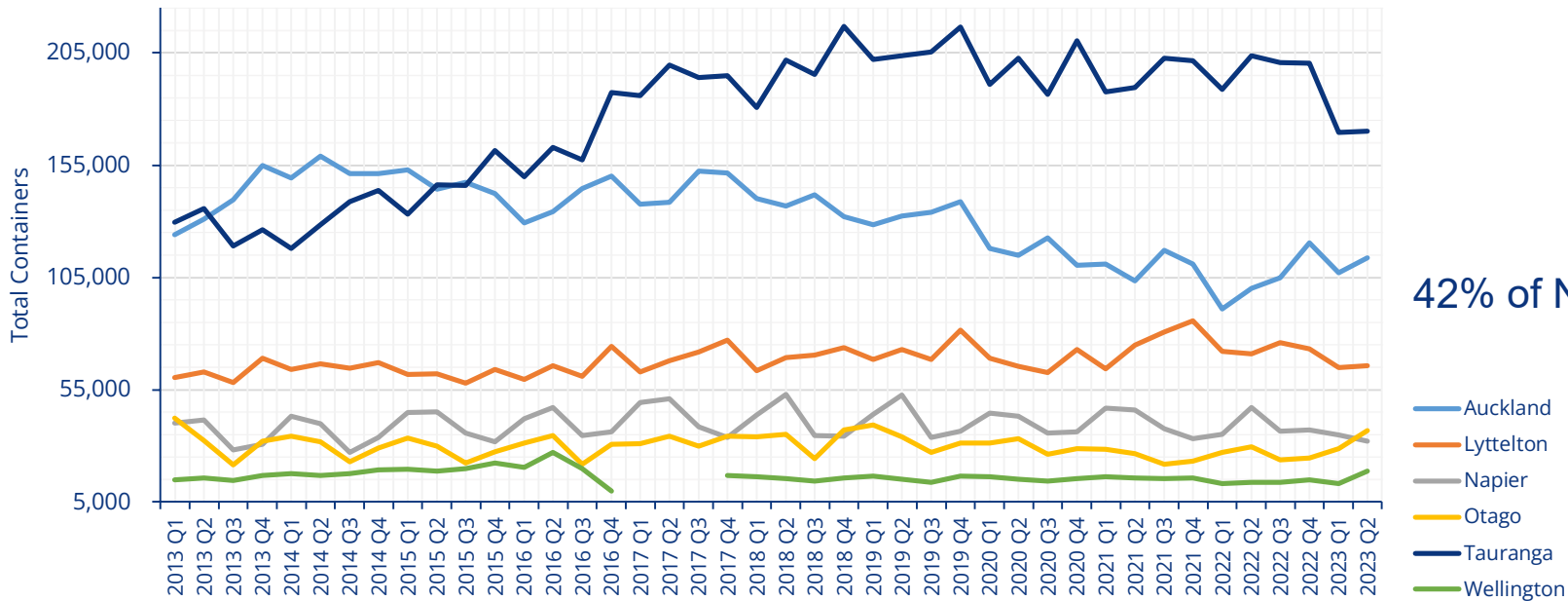
21% of New Zealand imports by value

35% New Zealand's total trade by value

New Zealand's largest container terminal

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New Zealand ports total containers handled



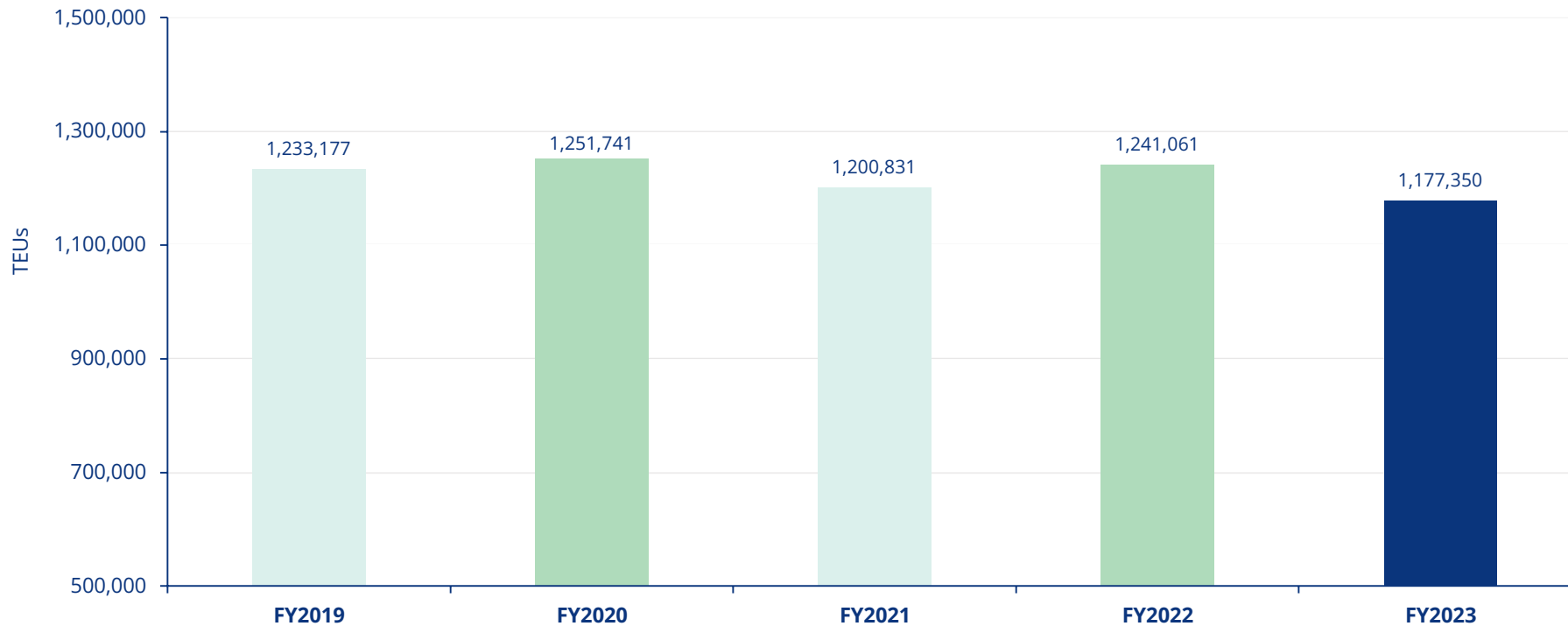
42% of New Zealand's container trade

Source: FIGS, Ministry of Transport
12 months to June 2023

Container volumes down 5.1%

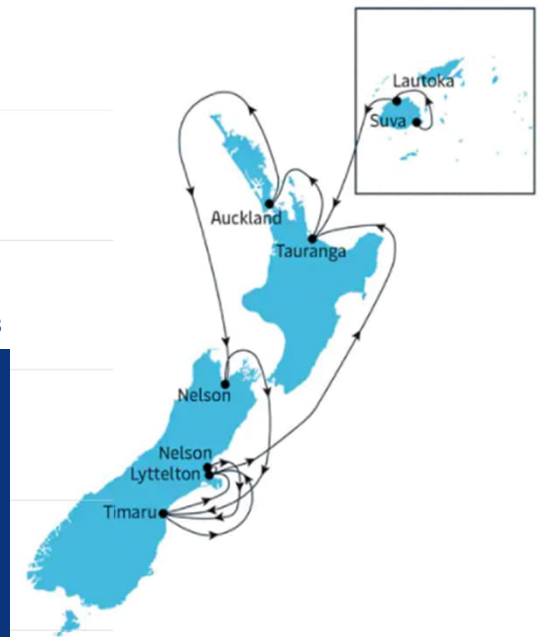
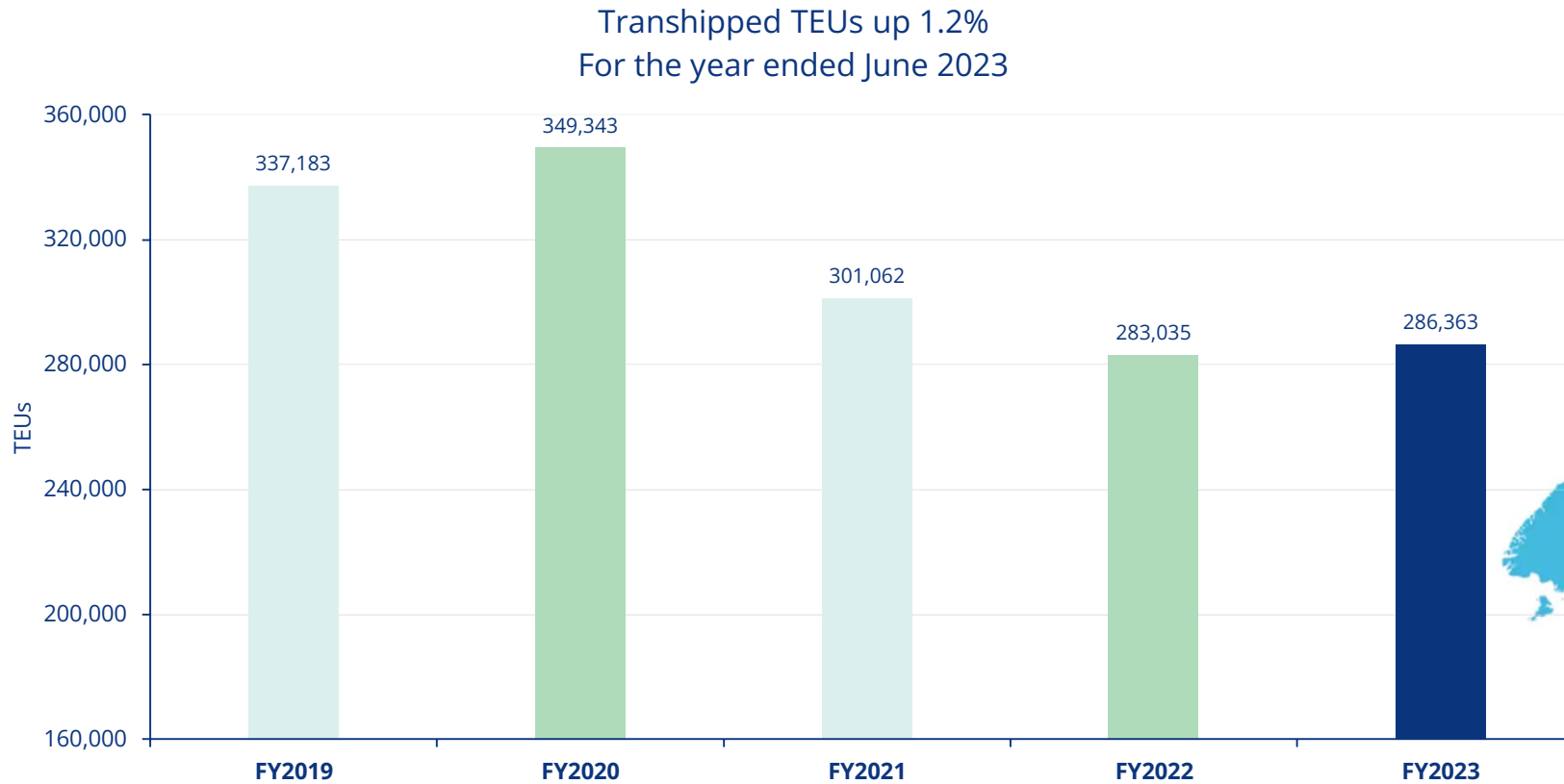
For the year ended 30 June 2023

Container volumes down 5.1%
For the year ended June 2023



Transshipment TEUs up 1.2%

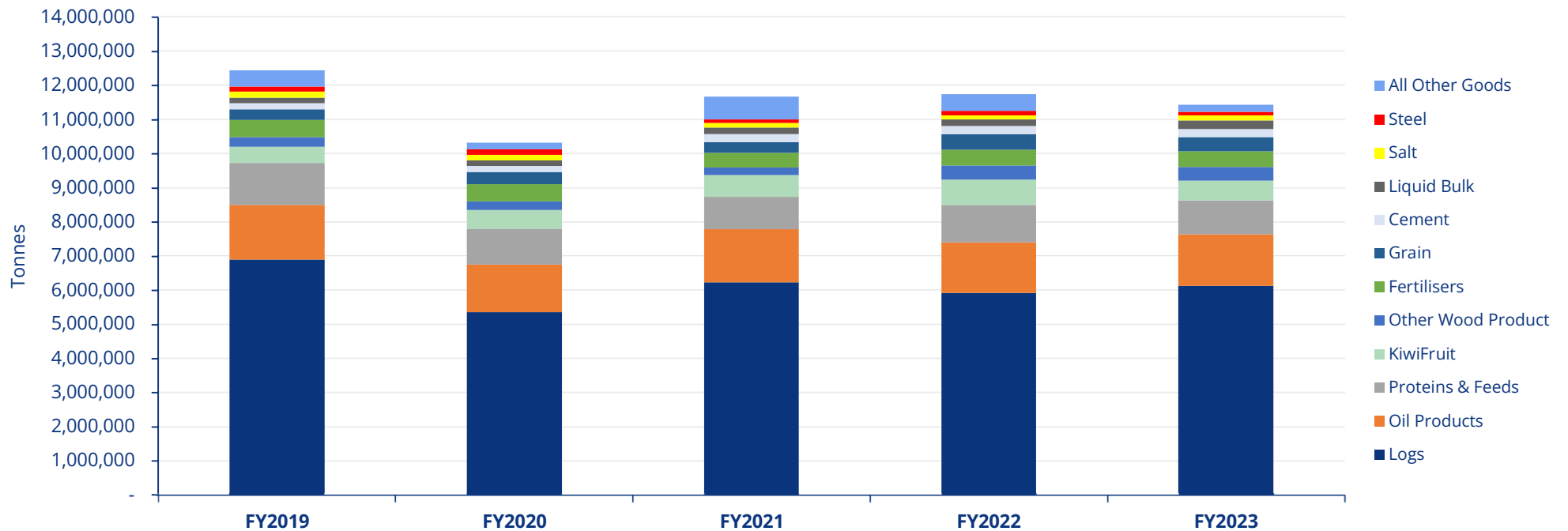
For the year ended 30 June 2023



Bulk cargo down by 2.6%

For the year ended June 2023

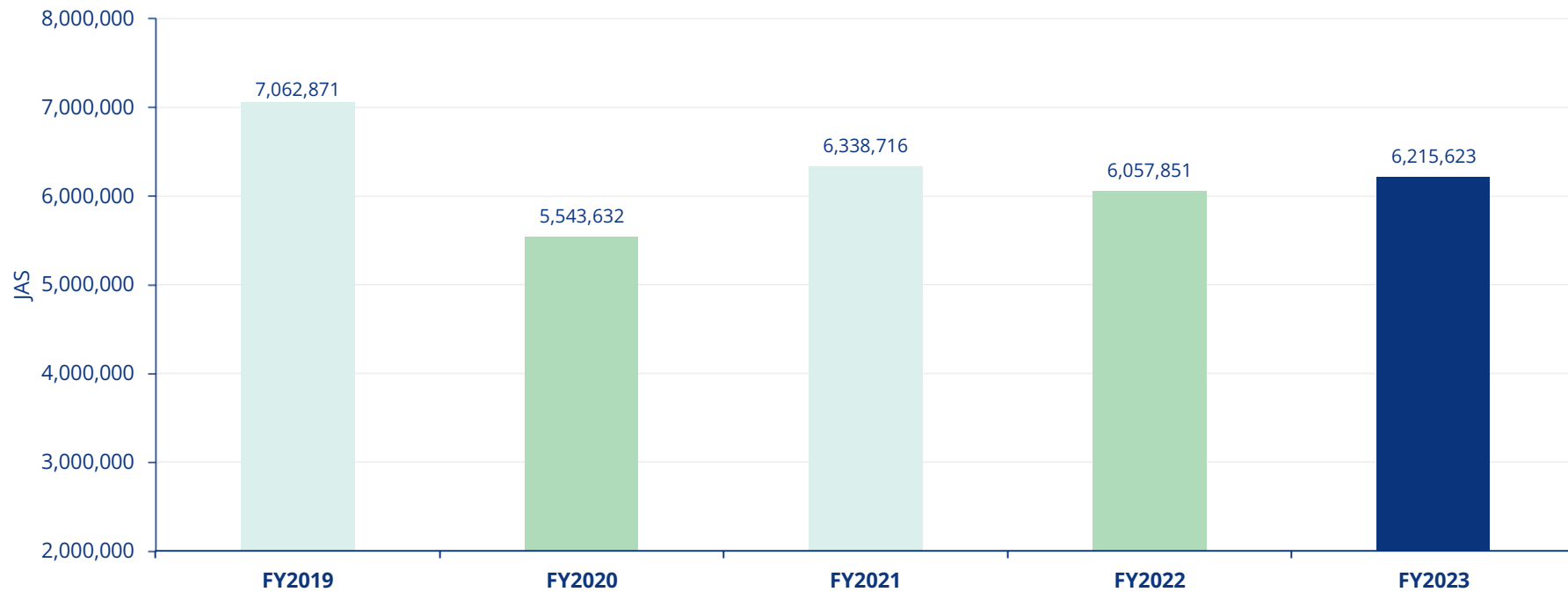
Overall breakbulk volumes by commodity
For the year ended June 2023



Log exports up 2.6%

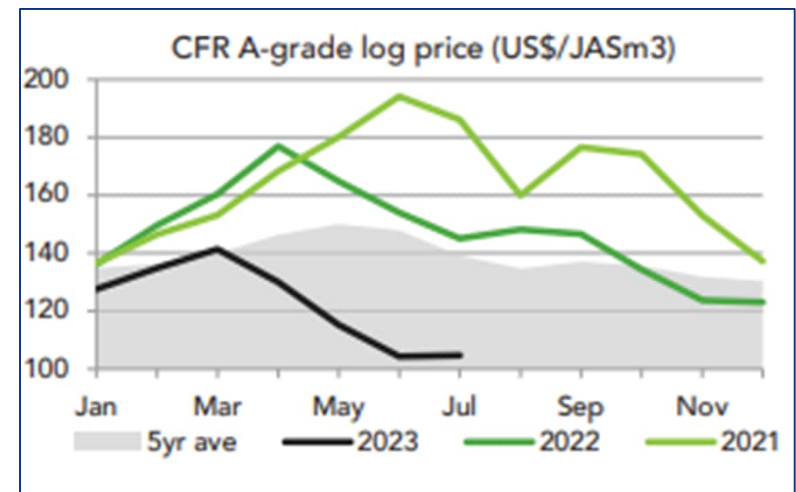
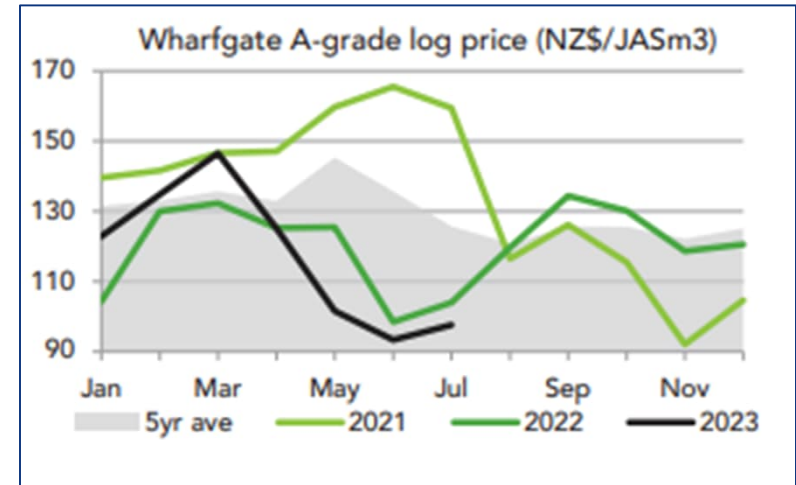
For the year ended 30 June 2023

Log exports
For the year ended June 2023



Forestry outlook

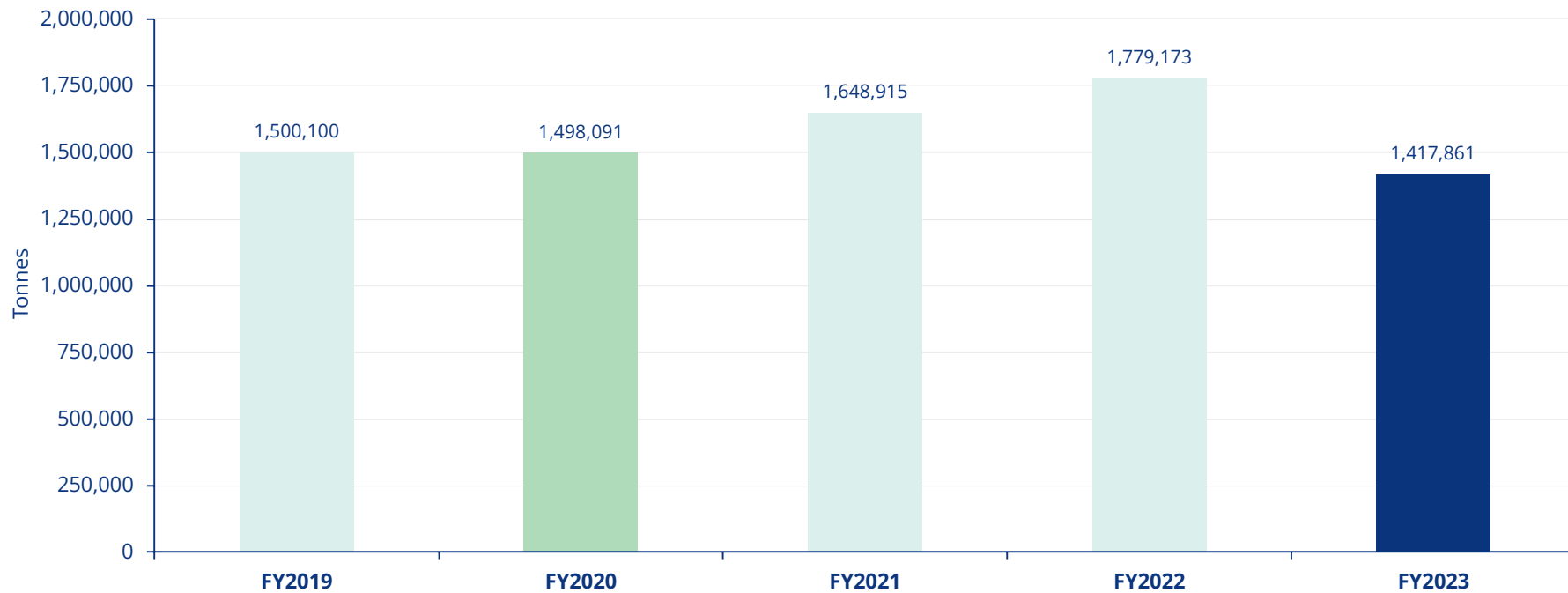
- Downturn in China having significant influence on market.
- Optimism that log prices have bottomed out – not expecting a rapid improvement through remainder of 2023.
- 65% Tauranga export volume from forest estate owners who manage a sustainable cut to generate fixed income - as such less price sensitive.
- POTL upside from Lake Taupo / CNI windthrow volume – likely to continue for 12 - 18 months.



Total kiwifruit volume down 20.3%

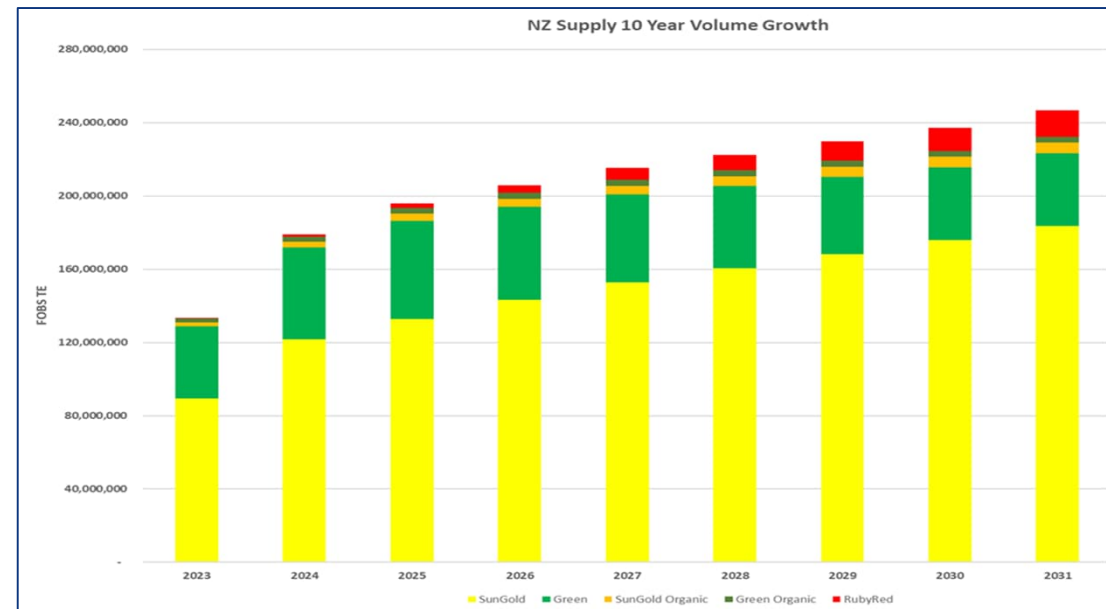
For the year ended 30 June 2023

Kiwifruit volume down 20.3%
Year ended June 2023



Kiwifruit outlook

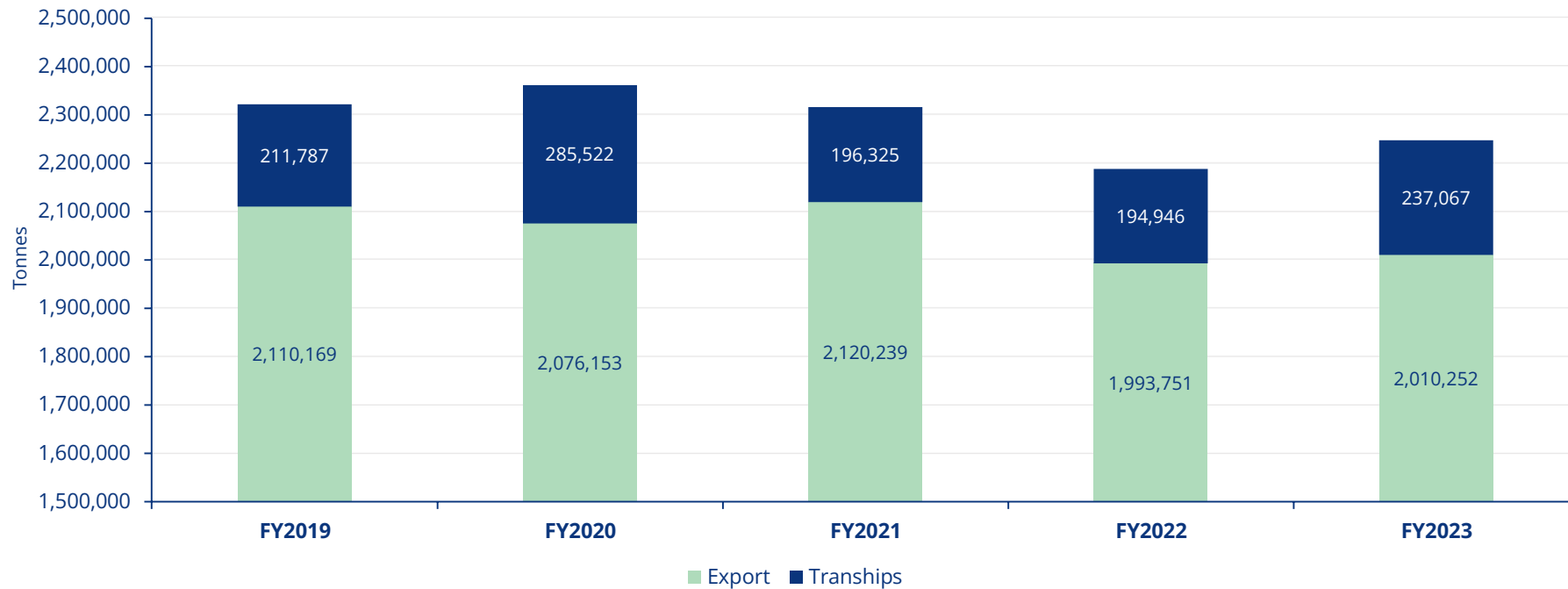
- Kiwifruit has experienced two difficult seasons (2022 fruit quality issues, 2023 low volumes).
- The low volume in 2023 has put significant financial pressure on the post-harvest industry who had invested in infrastructure to cater for anticipated volume growth.
- Yield assumptions for Gold have been reduced in the 2023 10-year plan.
- Future license release plan expected October 2023 at the earliest.



Total dairy volume up 2.7%

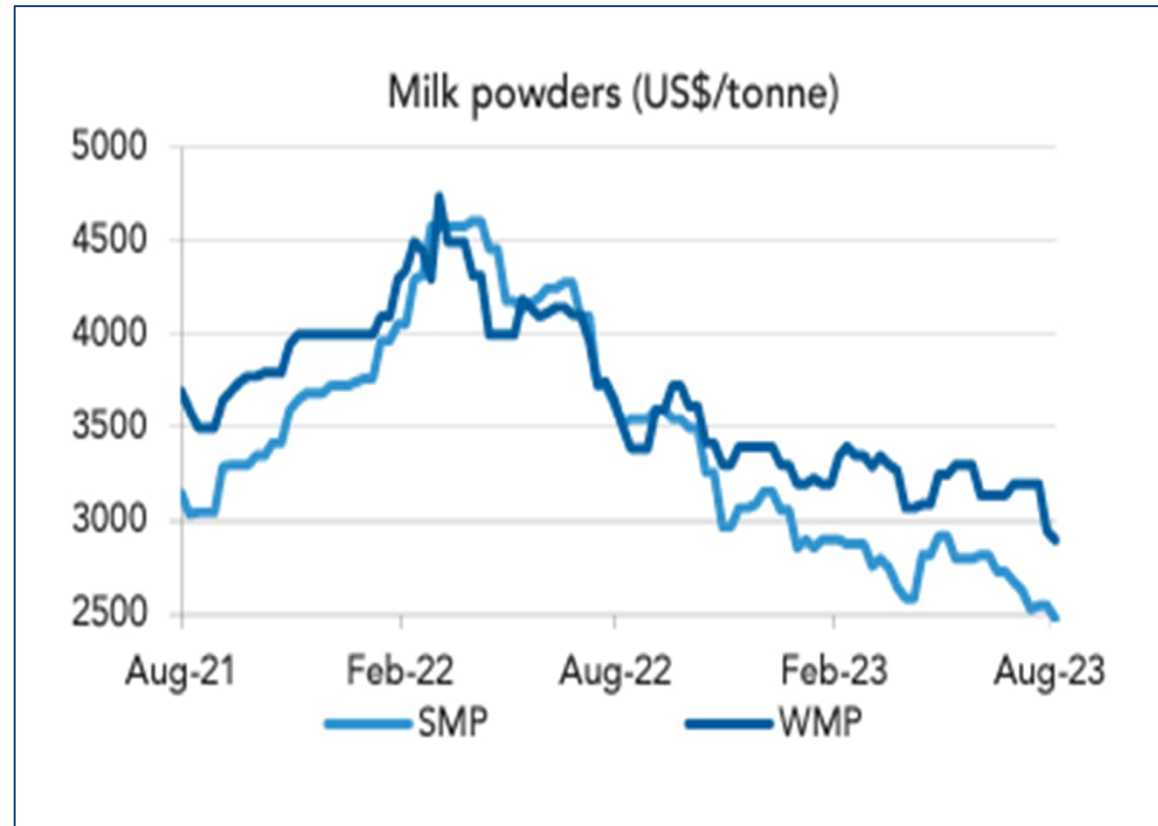
For the year ended 30 June 2023

Dairy – export and transhipment
For the year ended June 2023



Dairy outlook

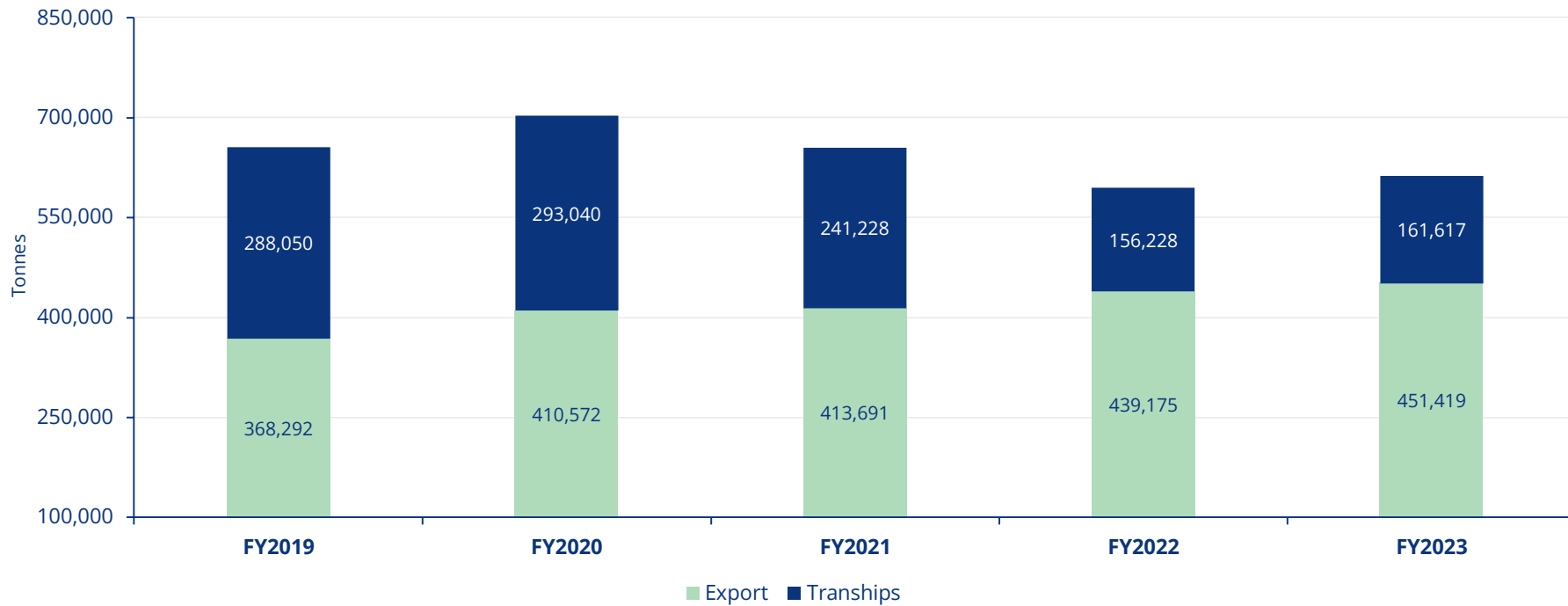
- Milk volumes continue to remain flat to declining, Fonterra are forecasting same milk volume for the North Island as last year with similar product mix.
- Inventory has returned to normal pre covid levels with strong demand second half of FY23.
- Ongoing reduced import demand from Greater China due to elevated domestic supply - forecast payout \$7.27- \$6.62
- Flatter milk curve will provide opportunity to focus on value add / commodity mix
- Expect reorientation in shipping profile to reflect changing global markets



Total meat volumes up 3.0%

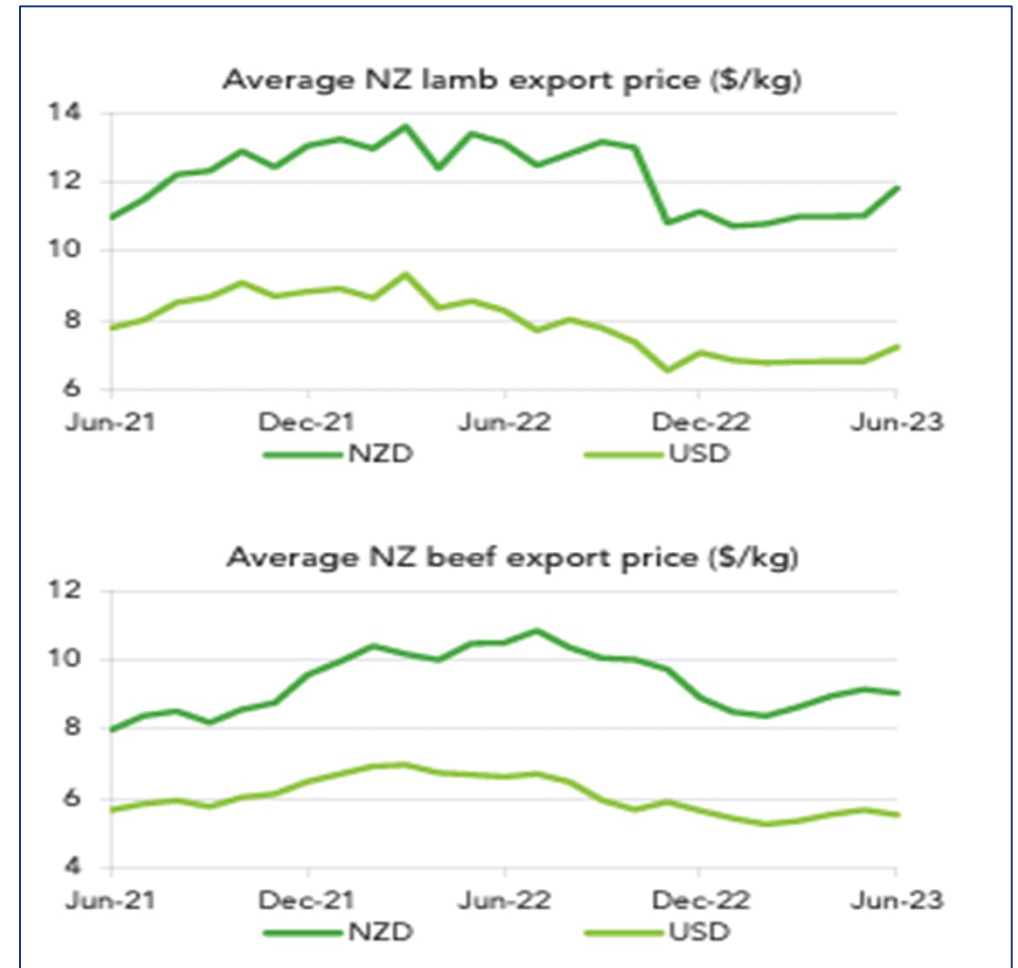
For the year ended 30 June 2023

Meat – export and transhipment
For the year ended June 2023



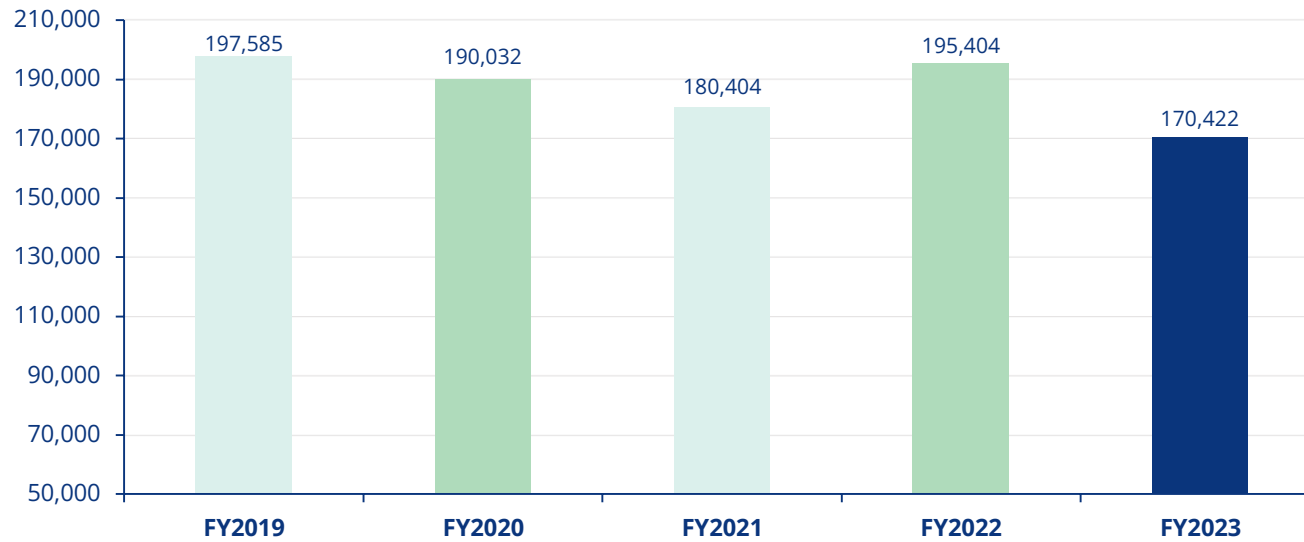
Meat outlook

- International market prices have fallen, very soft for past nine months. Driven by low global consumer confidence and slow China post covid recovery.
- Inflation and economic pressure moving consumers to lower value poultry, pork or commodity red meat - not good for NZ quality products.
- Red meat production volumes and global trade dominated by South American volumes, particularly present in China in past two years.
- Recovery expected as underlying protein demand is strong but will depend on pace of China resurgence and domestic situation in US market. Trade Access to EU for beef and poor economic situation in UK leave these markets on the fringe of driving value but UK remains an important lamb leg market.
- Livestock volumes still reducing year on year. Labour situation a little better with some overseas worker availability but still insufficient for industry needs.



MetroPort containers down 12.8%

MetroPort rail containers
For year ended June 2023



- Increased cost of rail from February 2023
- Reduced import demand second half of FY23
- Current programme 64 trains per week vs 92 PCP

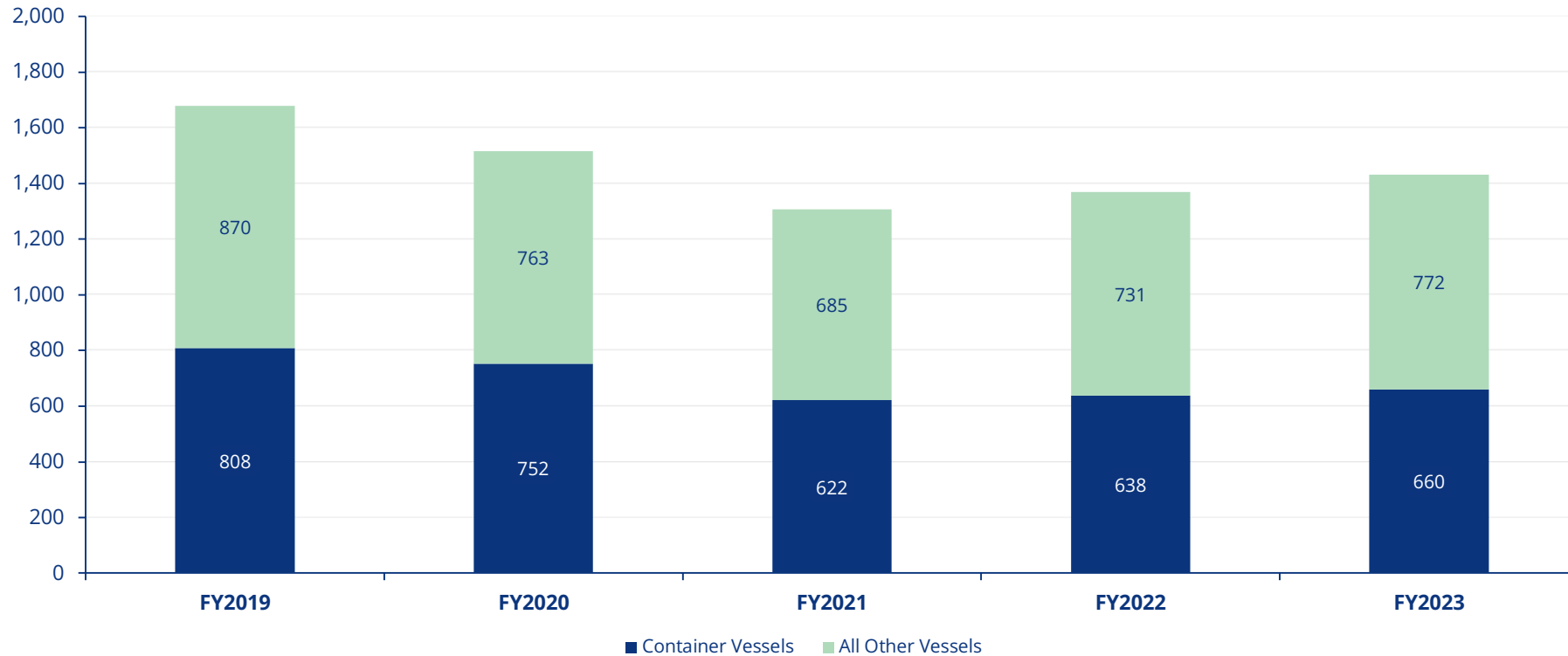


Vessel calls

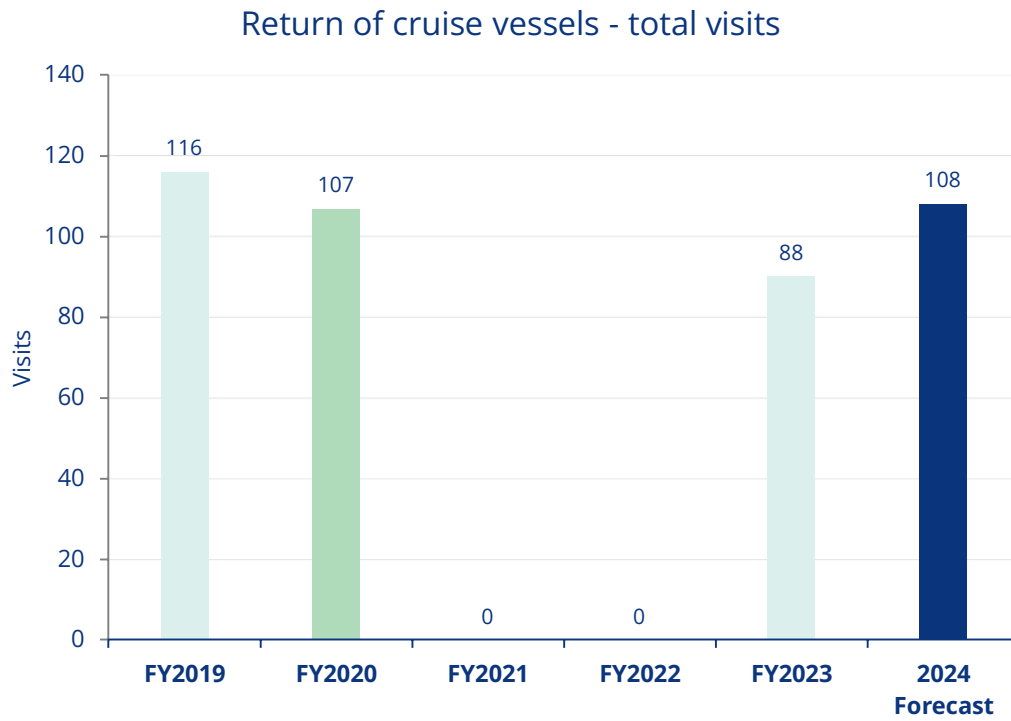
4.6% increase in total vessel calls FY23 vs PCP

3.4% increase in container vessel calls FY23 vs PCP

Total vessel calls up 4.6%

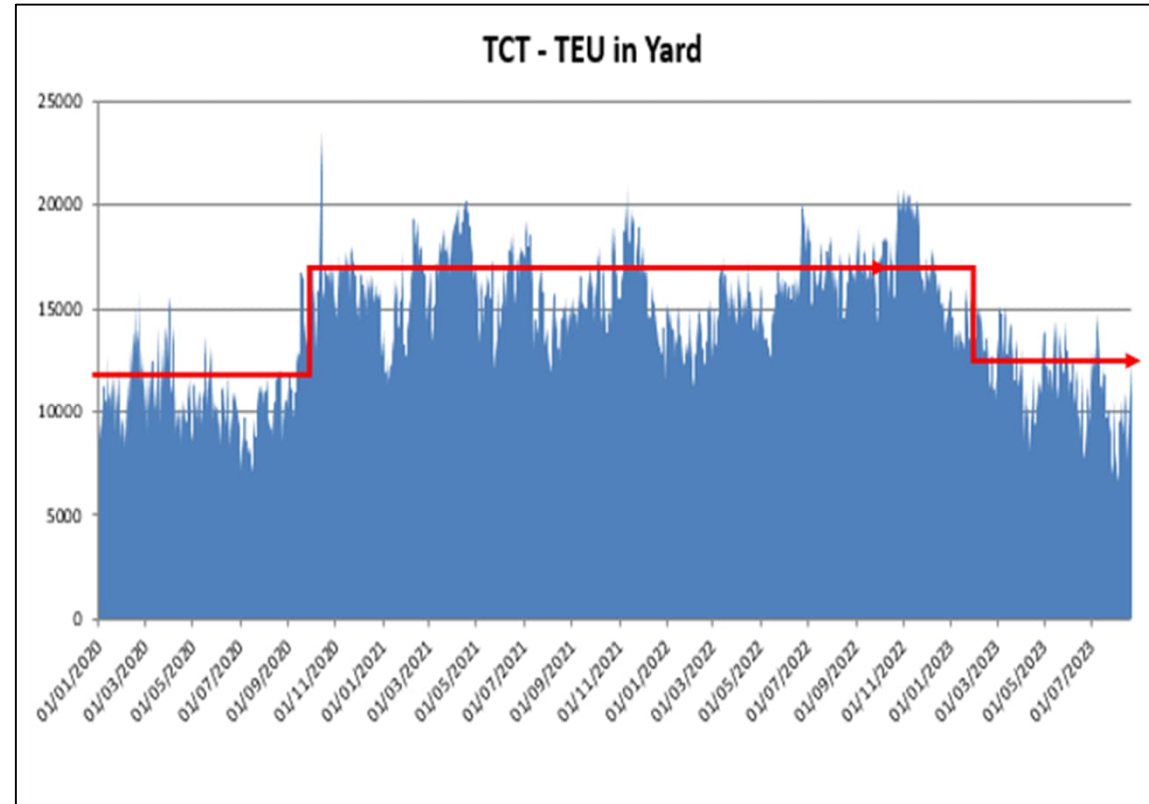


The return of cruise vessels



Pro-forma berth window reinstatement

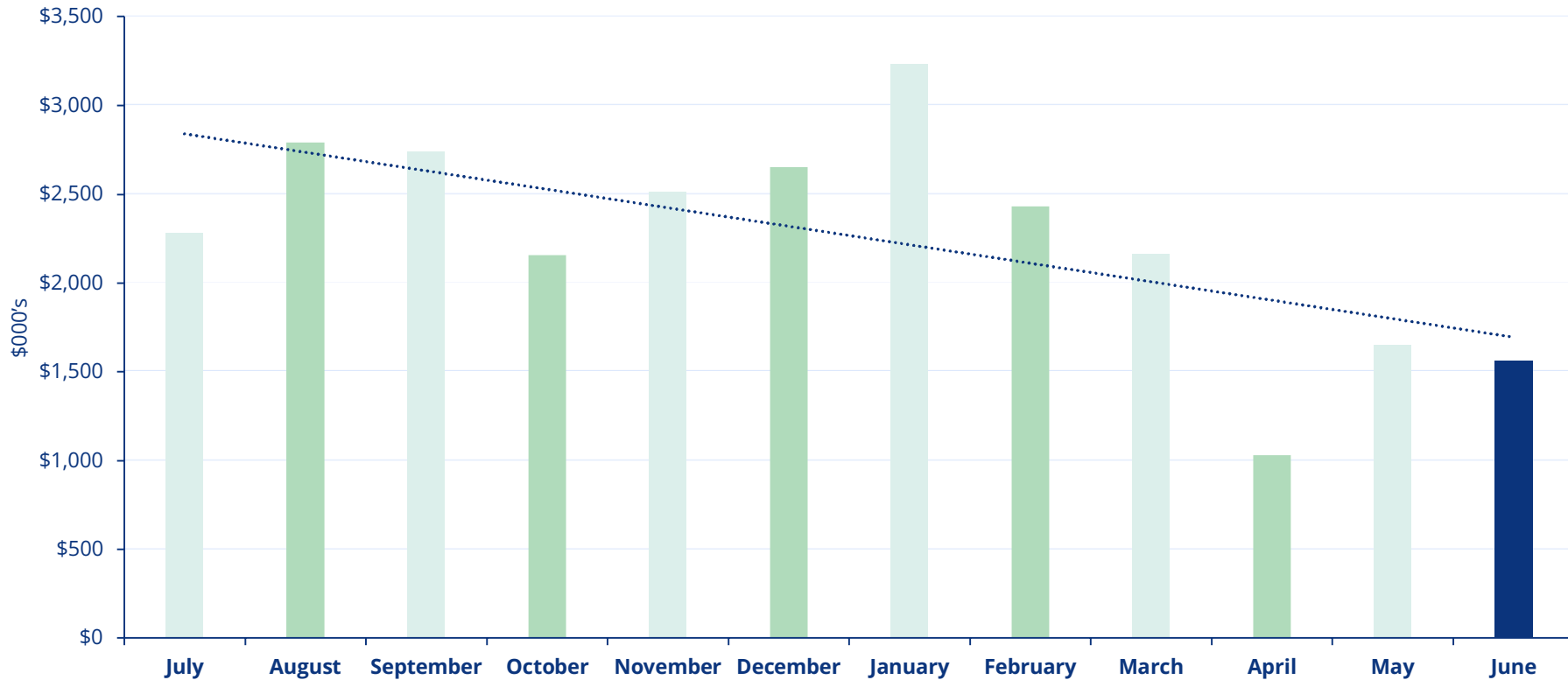
- Berth windows reinstated 6 March 2023.
- Average yard intensity since berth window reinstatement - 11,150 TEU.
- November 2020 – March 2023 average yard intensity 15,900 TEU.
- Average exchange FY23 1,725 TEU (-5.7% PCP) expect lower per vessel exchange FY24 with greater call frequency.
- Congestion surcharges removed with berth window reinstatement.



Container storage income normalising

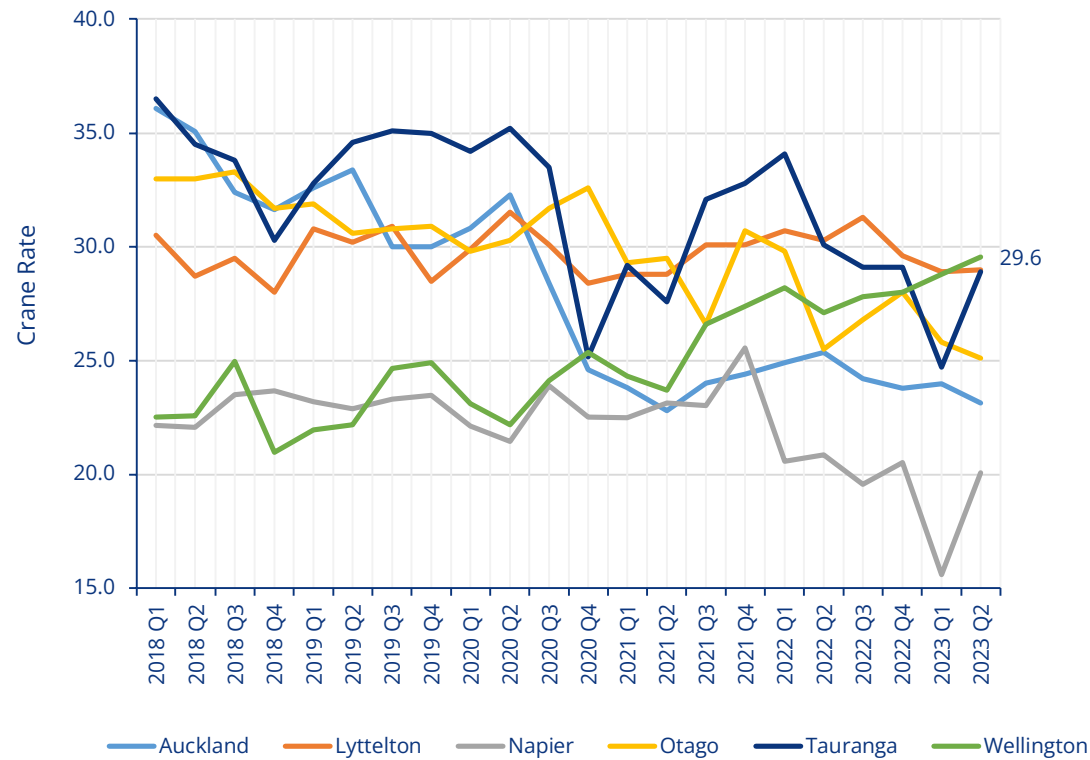
For the year ended 30 June 2023

Terminal container storage income
For year ended June 2023

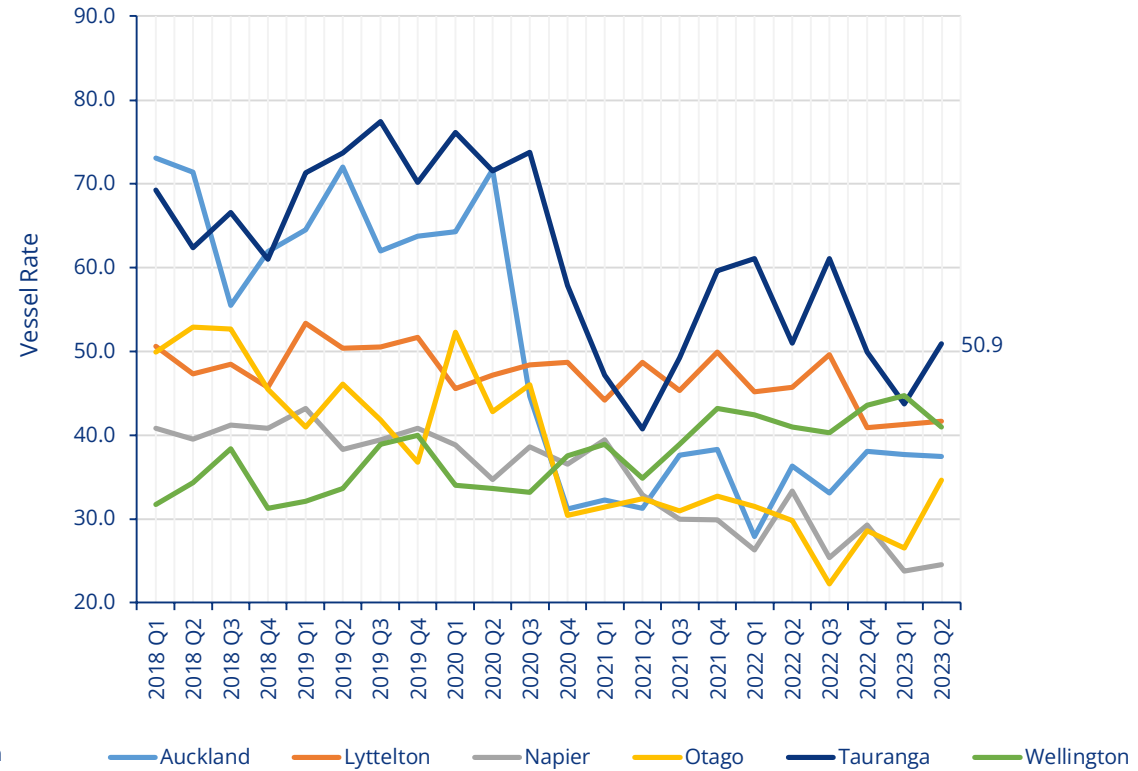


New Zealand port productivity

New Zealand ports - crane rate 2018 - 2023



New Zealand ports - vessel rate 2018 - 2023

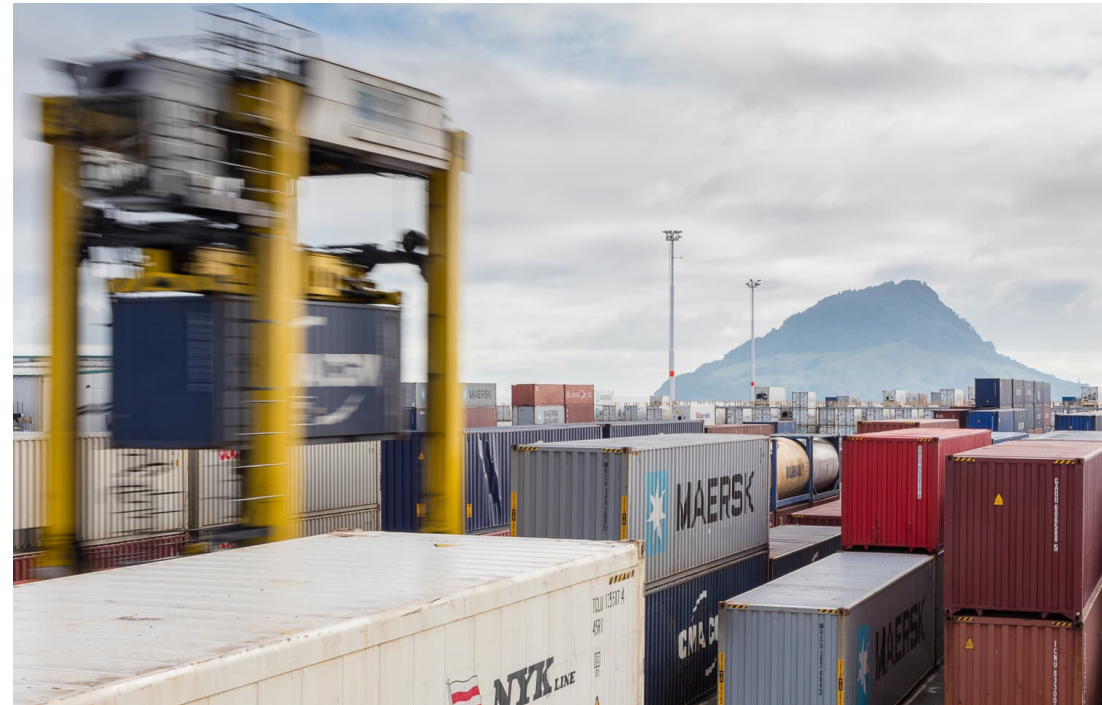


Source: FIGS, Ministry of Transport



Port sector labour challenges

- On port labour improving from early 2023, some benefit from access to foreign labour.
- Significant staff turnover over in some areas over past 2 - 3 years.
- Improving productivity as staff obtain greater levels of experience.
- Significant labour cost inflation across the port sector.



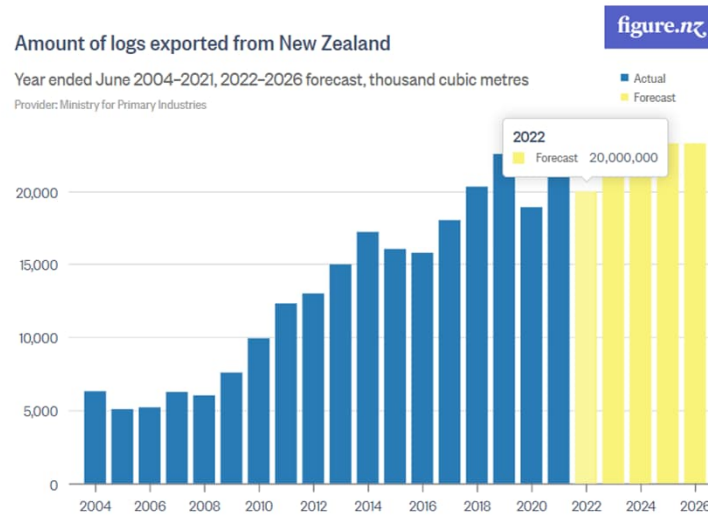
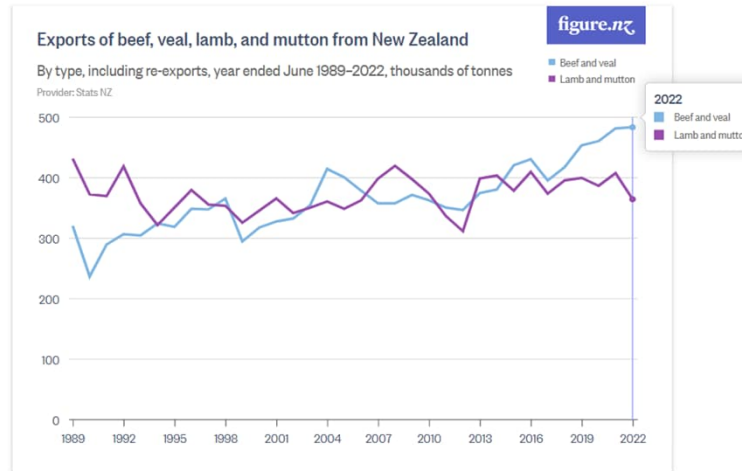
Berth extension resource consent

- Consenting process underway since 2019 - direct referral request lodged May 2021.
- July 2022 Environment Court hearing adjourned due to covid.
- Environment Court three-week hearing March 2023.
- No decision to date or time frame provided.
- Currently unable to provide three container services berth windows due to berth capacity constraints.
- 2-year construction once consent obtained.
- All berth developments are within the current Port footprint.



Facilitating New Zealand's trade

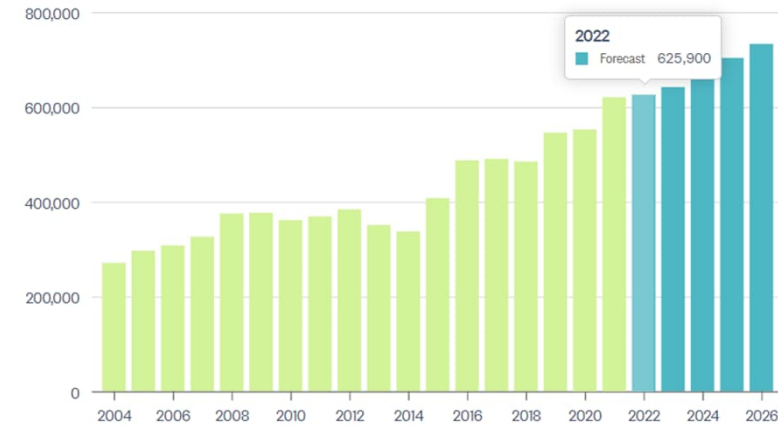
- ~70% of New Zealand's dairy trade (2.3M tonnes)
- ~61% of NZ's meat exports (550,000 tonnes).
- ~30% of NZ's export logs (6.7M tonnes).
- ~85% of NZ's kiwifruit (530,000 tonnes).
- ~ \$30B in key export commodities plus many more.
- ~40% growth in kiwifruit in next five years.



Amount of kiwifruit exported from New Zealand

Year ended June 2004-2021, 2022-2026 forecast, tonnes

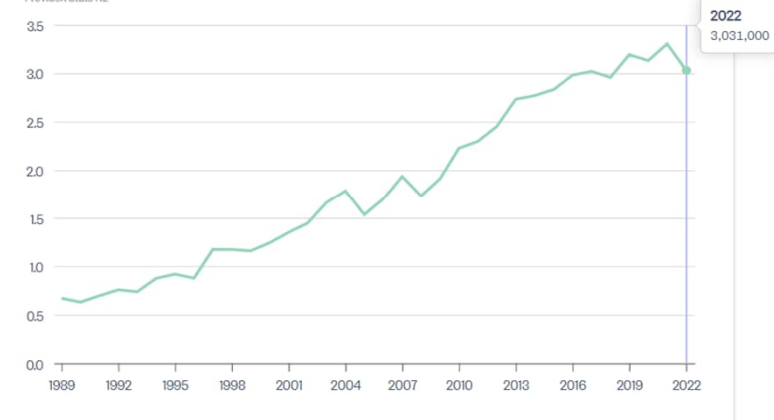
Provider: Ministry for Primary Industries



Exports of milk powder, butter and cheese from New Zealand

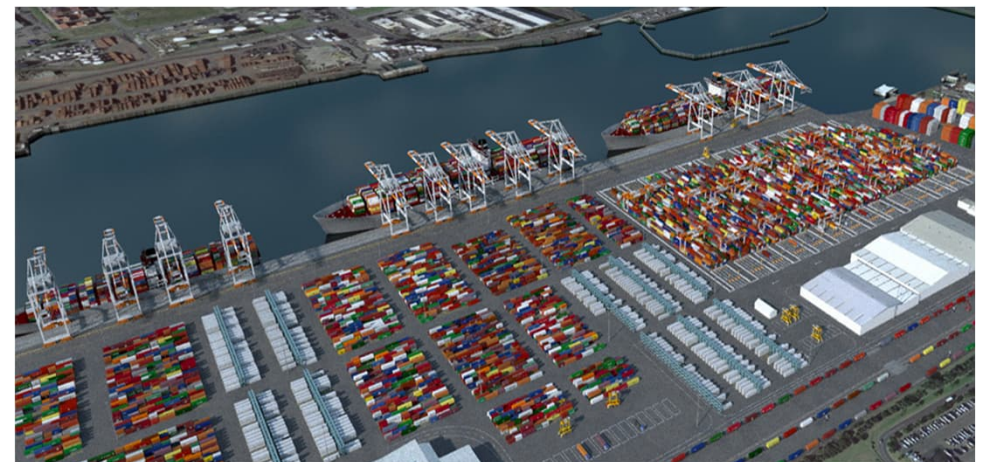
Including re-exports, year ended June 1989-2022, millions of tonnes

Provider: Stats NZ



Terminal automation project

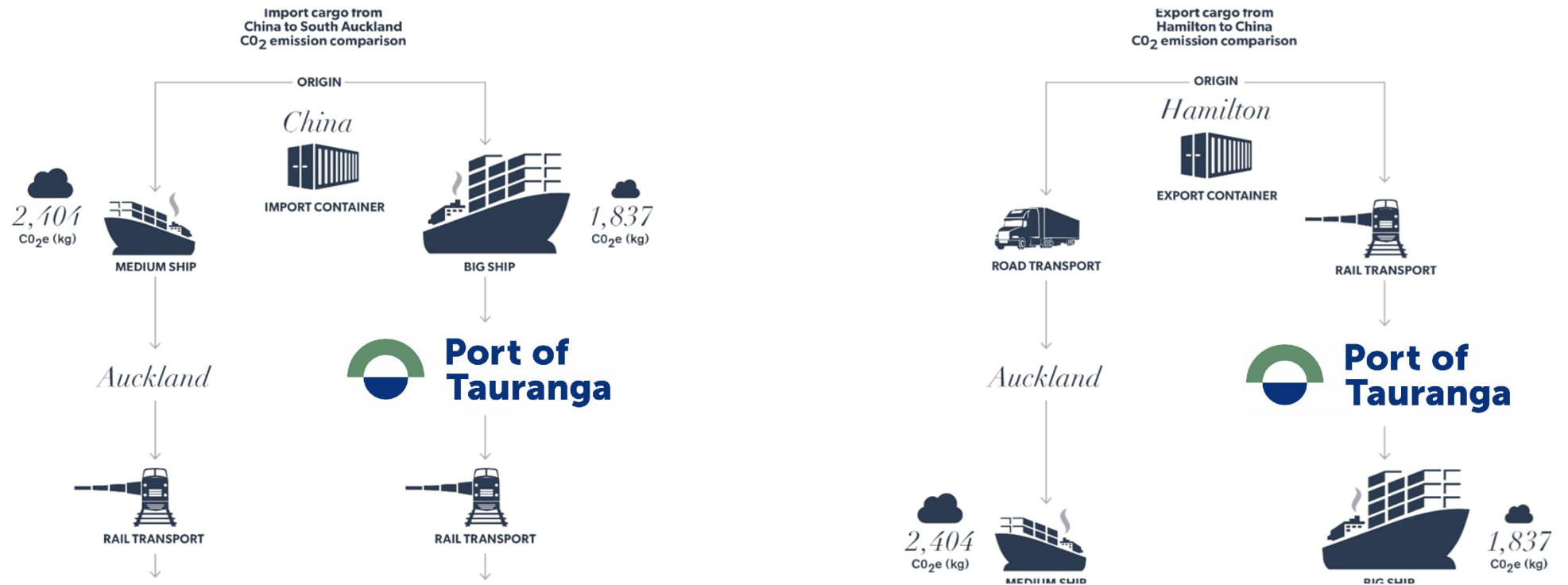
- Introduction of new electric Auto Stacking Cranes (ASC).
- Request for Tender process closed April 2023.
- Down to shortlist of two potential vendors.
- Detailed vendor evaluation and discussions nearing completion.
- Expect to select provider Q4 2023.
- ~75% reduction in emissions relative to straddle operation.



A resilient upper North Island supply chain



Bigger ships = lower carbon supply chain

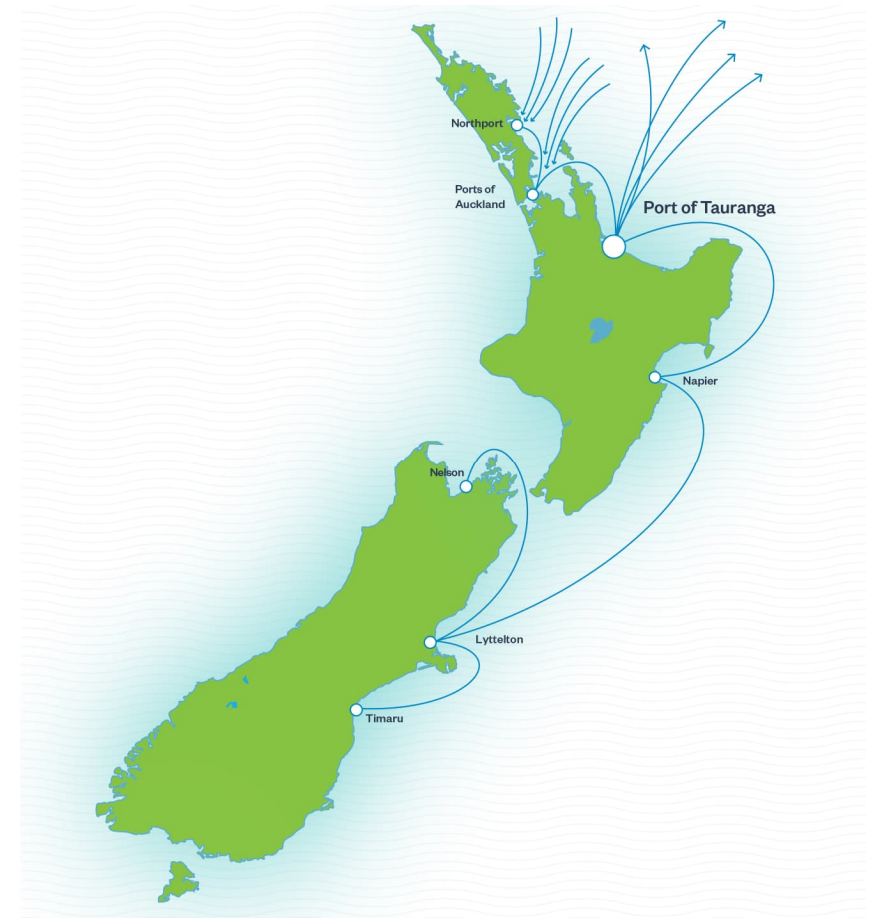


CO₂e calculations are based on a 20' 15 tonne container shipped on a typical container vessel size of 3,000-4,000 TEUs (via Auckland) and 8,000+ TEUs (via Tauranga)

Coastal shipping = lower carbon supply chain

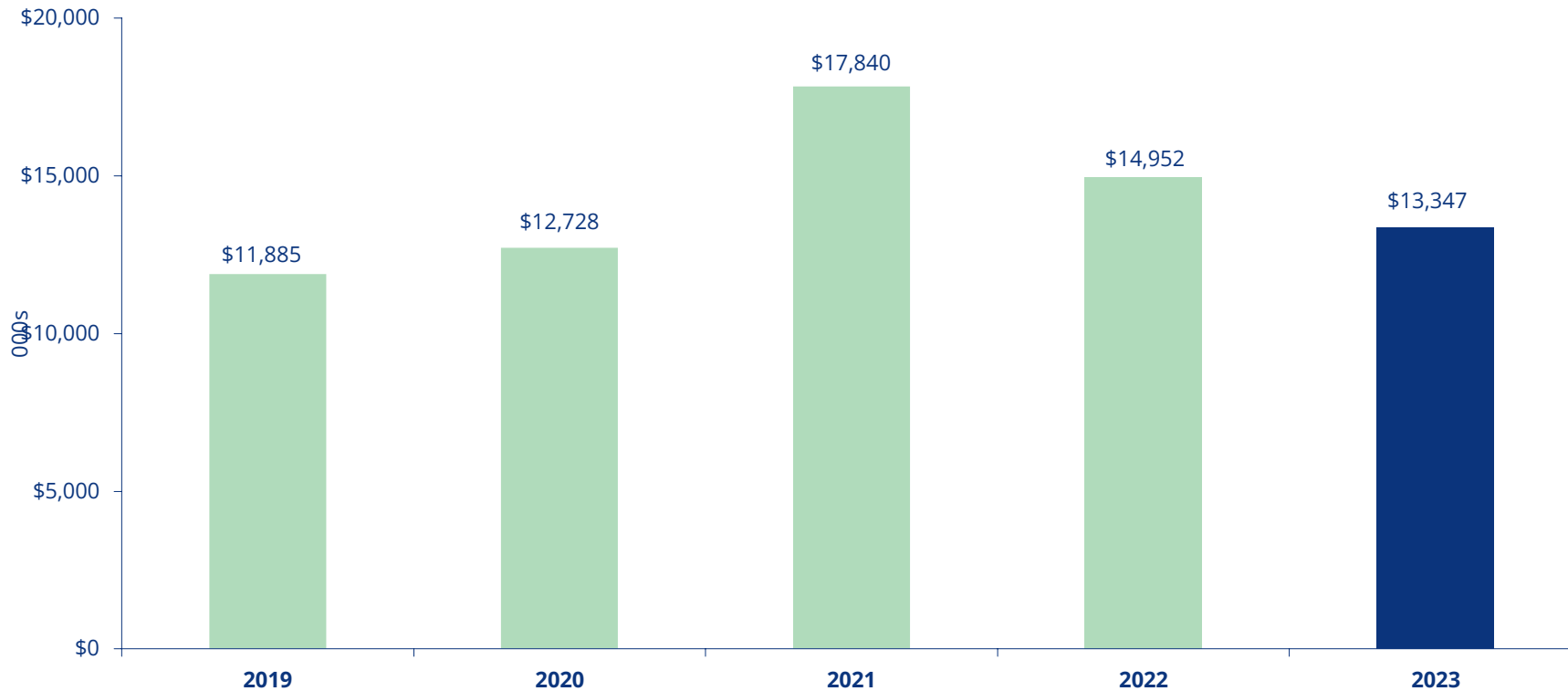
Tauranga berth extension crucial to enabling coastal shipping

Mode	Grams of CO ₂ per tonne-kilometre
Road	123.1
Heavy duty road vehicles	92.0
Rail	22.8
Coastal shipping	13.9



Subsidiaries and associates net profit after tax down 10.7%

For the year ended 30 June 2023





Northport

- Profit down 5.7% to \$7.096 million.
- Breakbulk volumes down 11.3% to 2.591 million tonnes.
- Log volumes down 12.6% to 2.027 million tonnes.
- Container volumes down 11.4% to 16,925 TEU.
- Strong contribution once again from NorthTugz.





PRIMEPORT TIMARU

- Profit down 15.9% to \$1.899 million.
- Bulk trade volumes down 14.5% to 1.771 million tonnes.
- Log volumes down 30.8% to 0.335 million tonnes.
- Vessel calls increased by 0.2% to 433 including 14 cruise vessels.
- Significant investment being undertaken to upgrading wharf infrastructure.





- Reported an underlying operating loss of \$0.245 million vs \$1.283 million profit in the prior corresponding period.
- Weakness in distribution centres and 3PL transport division.
- Challenging trading environment with inflationary costs and the import slow down seen in 2023.
- Concentrating on simplifying and right sizing the business.
- Sale of MetroBox and consolidation of operational sites part of simplification of business.
- Board and management focused on turning around this business.





- Profit of \$1.537 million up 212.4% from \$0.492 million in the prior year.
- Container volumes up 2.4% to 78,650 TEU.
- New contracted rates and increased storage income driving result.
- New mobile harbour crane ordered.





QUALITY
MARSHALLING

- Profit of \$2.919 million down 9.7% on the prior year.
- Profits impacted by lower TEU volumes at Tauranga.
- Reefer and generator revenue impacted by lower kiwifruit volumes.
- Quality Marshalling appointed as operator of the Ruakura Inland Port.





Ruakura

INLAND PORT

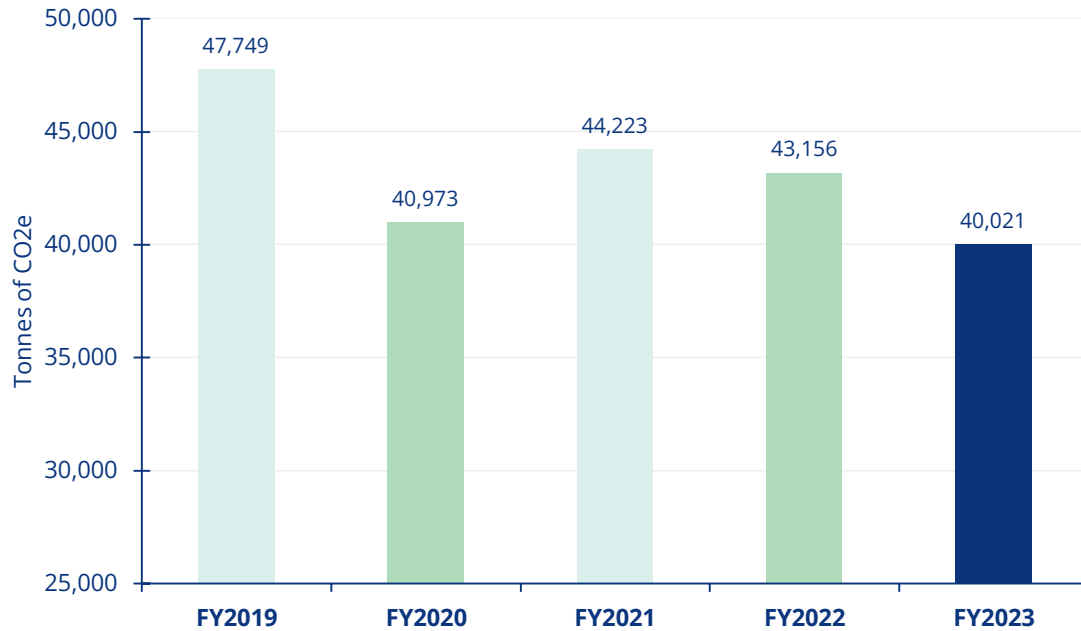
- Inland Port construction completed.
- Total Investment to 30 June 2023 \$24.300 million.
- Expect total investment circa \$28.000 million.
- Opened on 1 August 2023.
- Waikato expressway opened July 2022.
- Kmart distribution centre opening on 6 September 2023.
- Maersk cool store opening early November 2023.



Total greenhouse gas emissions down 7.3%

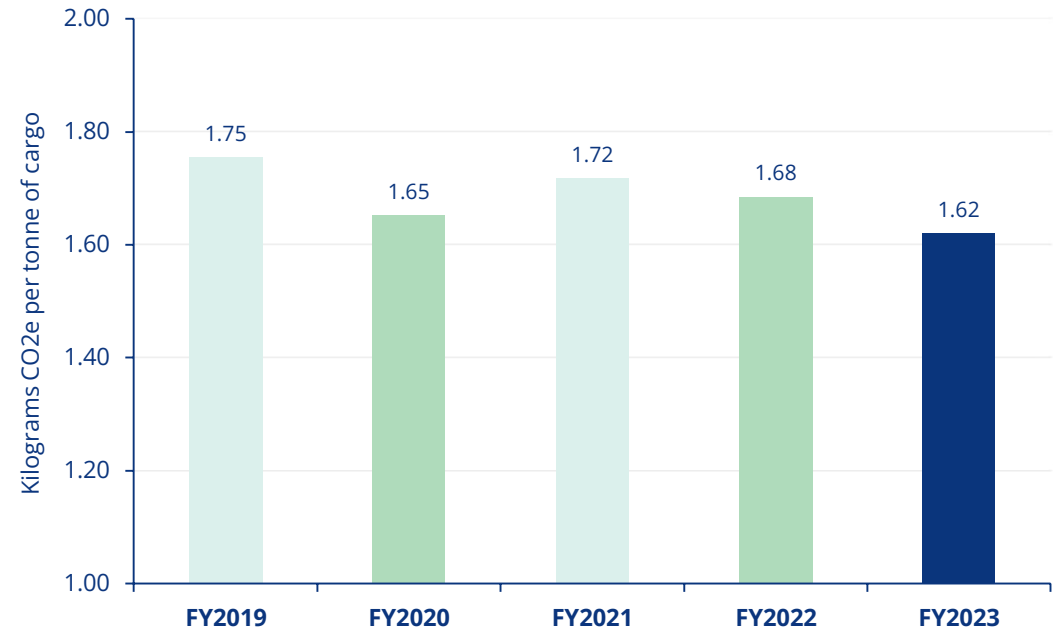
For year ended June 2023

Greenhouse Gas Emissions - Total CO₂e down 7.3%



GHG emissions reported for the 2022-23 year are yet to be certified

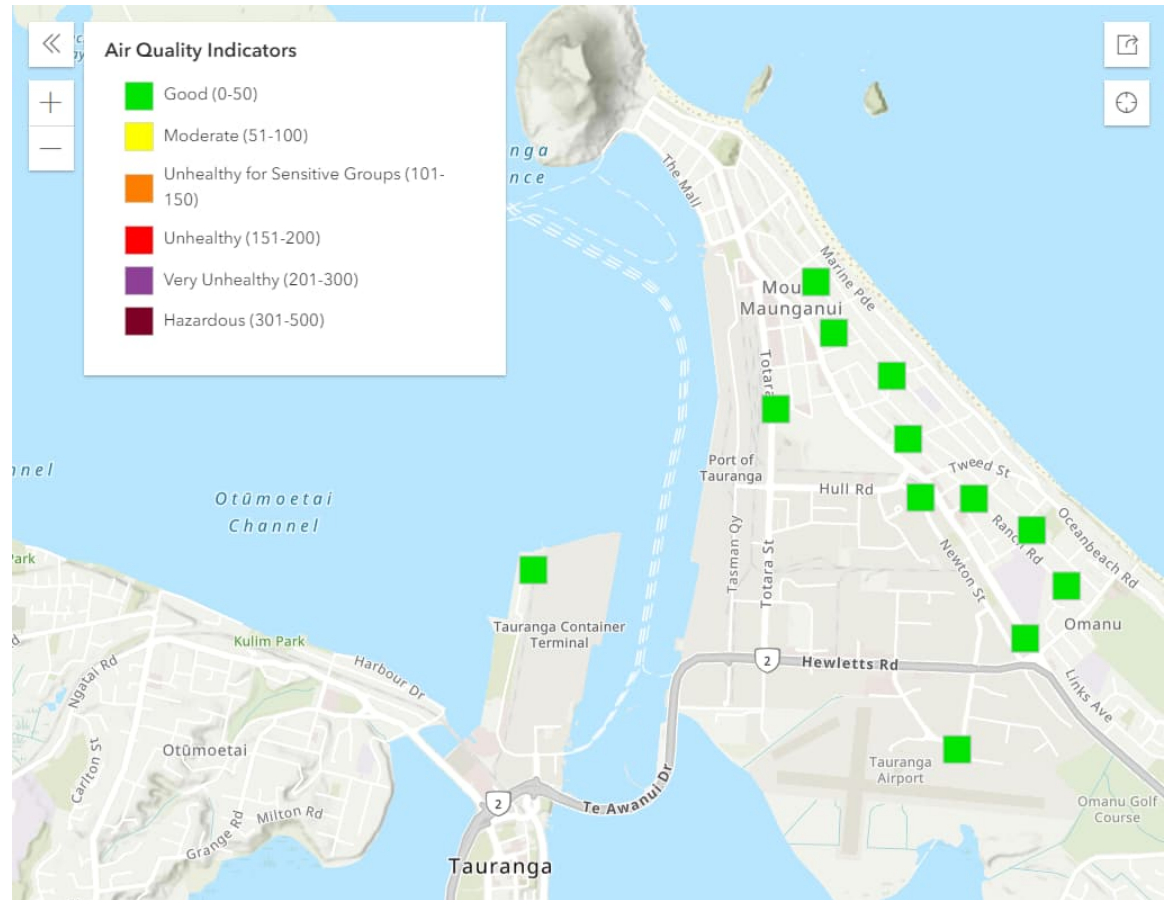
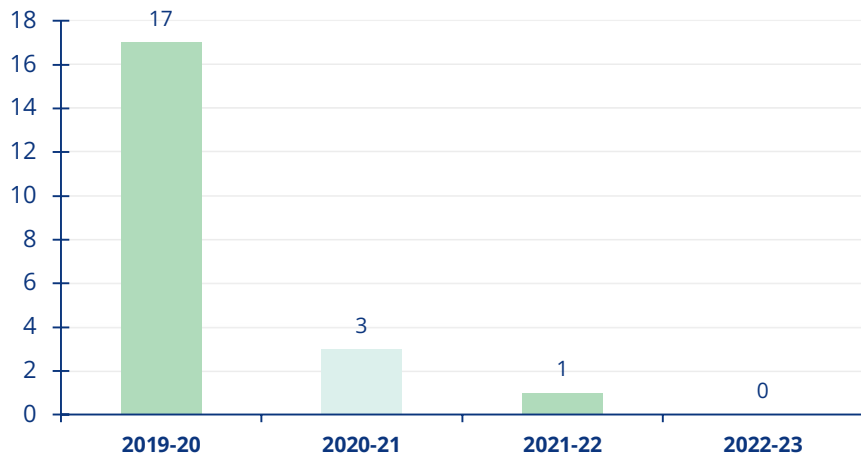
Kilograms of CO₂e per tonne of cargo down 3.8%



Air quality initiatives and improvements

- Port of Tauranga assisted with funding in conjunction with BOPRC of 12 air quality sensors located in key points in the Mount Maunganui residential area.
- Provides residents the ability to check the air quality in real-time and measures PM10, PM2.5 and NO2 particles.

Number of PM10 exceedances immediately adjacent to the Port



Air quality initiatives and improvements

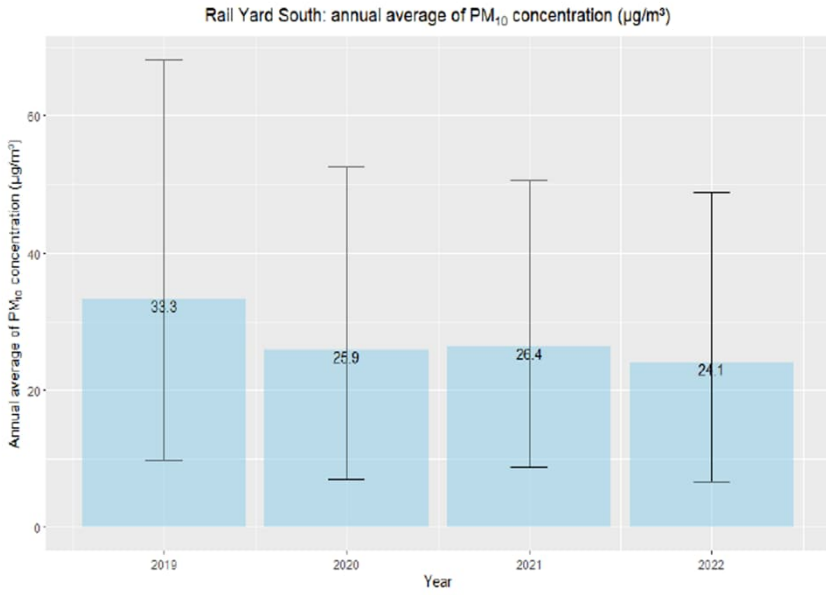
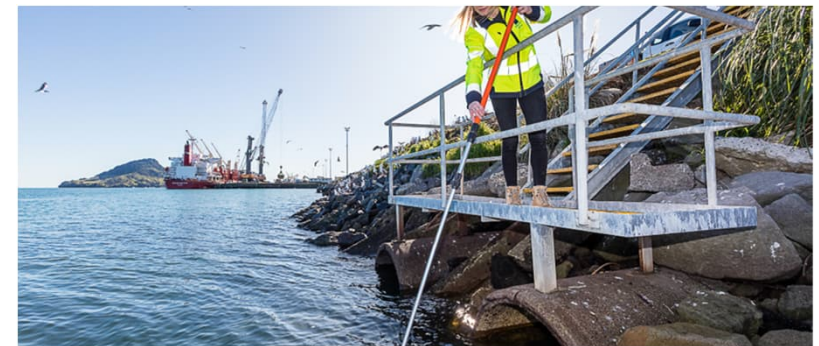


Figure 1. Annual mean (calendar years) dry weather PM₁₀ concentrations downwind of the Port at Bay of Plenty Regional Council's monitoring station 'Railyard South'.¹

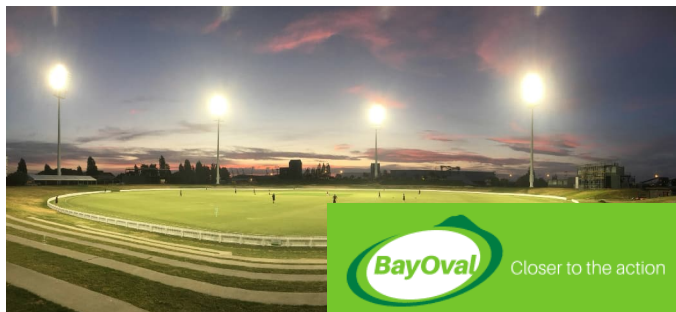


Water quality - stormwater and harbour health

- Comprehensive stormwater monitoring.
- Compliant with all stormwater consented water quality limits.
- Regular harbour water monitoring.
- Harbour water quality meets Aus NZ Environment & Conservation Council (ANZECC) guidelines for marine water quality.



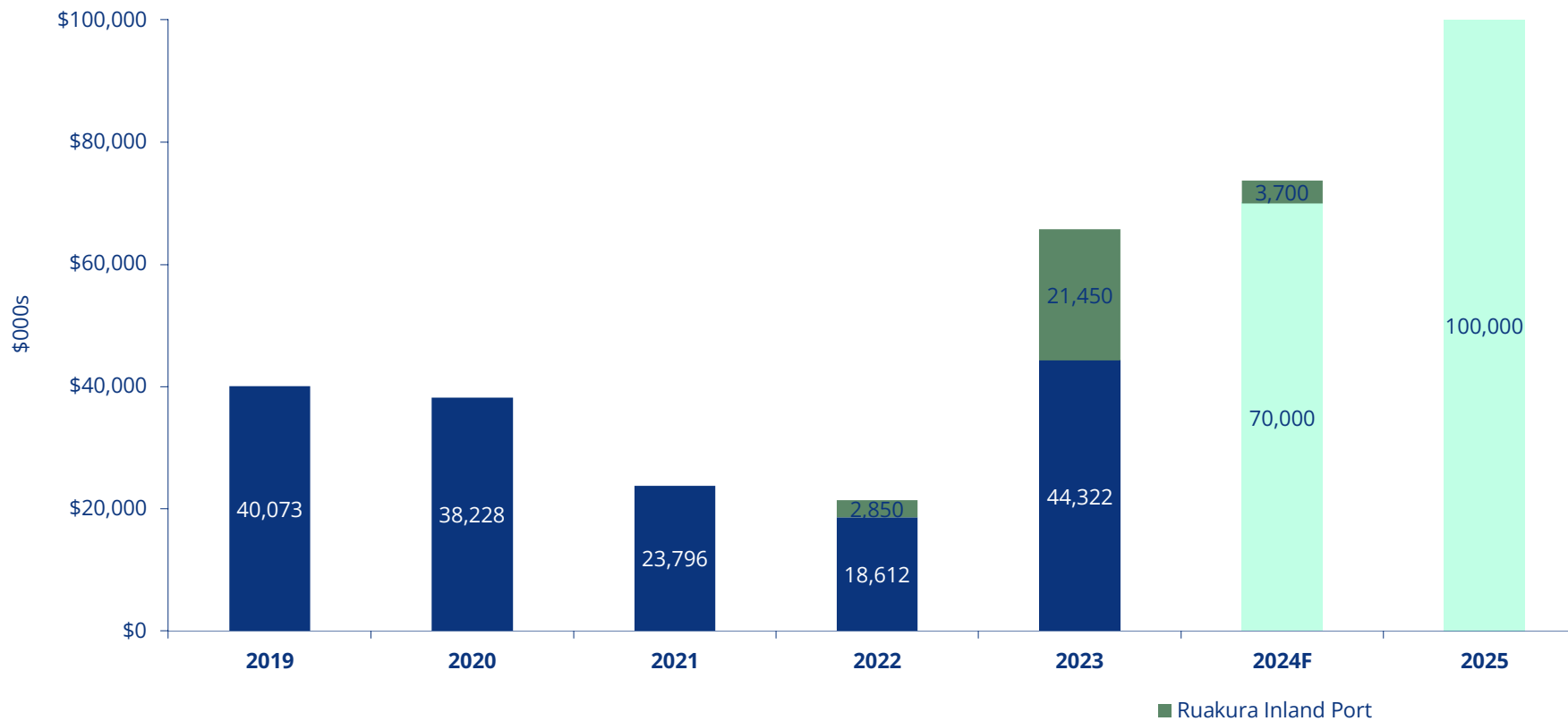
Sponsorship and community partnerships



Tertiary Scholarships via Turirangi Te Kani Memorial Nga Matarae Charitable Trust



Parent capital expenditure 2019 - 2025



Outlook 2024

- Commodity price pressure and cost inflation will provide challenging export conditions in short term – some relief with lower international shipping prices.
- Slowing domestic consumer demand translating to lower import volumes.
- Expect to handle about 1.1 – 1.2 million TEU.
- Log volume forecast flat - circa 6.1M JAS FY24.
- Kiwifruit harvest expected to rebound from past last season.
- FY24 earnings guidance will be provided at AGM in October.
- Port of Tauranga remains well placed to weather economic challenges.

Thank you



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