MCK FY24 Results for 12 months ended 31 December 2024

Significant uplift in results; material growth in revenue and earnings over past two years

- Revenue $176.2m, up 21.0%
- Operating profit $42.5m, up 32.1%
- Profit before tax $47.1m, up 25.6%
- Profit after tax of $2.8m attributable to MCK shareholders includes a one off, non-cash deferred tax adjustment[1]. Excluding this, profit after tax would be $27.2m
- Total Assets $762.3m (2023: $746.8m) which includes property assets at a book value of $694.1m. Fair market value of property assets assessed as $1.1b as at 31 December 2024[2]
- Net asset backing per share on market value basis assessed as $5.39 per share[3].

24 February 2025: Millennium & Copthorne Hotels New Zealand Limited (the Company, MCK) (NZX: MCK) has announced its results for the 12 months to 31 December (FY24), reporting a significant uplift in revenue and a continued improvement in profit before tax despite the weaker tourism and property markets in 2024.

The improvement was driven by continued positive growth in the NZ Hotel business, with CDL Investments delivering a solid result as the cooldown in the property market has started to stabilise.

The company has continued to build the value of its hotel and property portfolio, which grew to $1.1b as at 31 December 2024[2]. Significant milestones have been achieved as MCK continues to progress its long term refurbishment and upgrade of hotel properties. The full benefits from these initiatives will be seen in future years. Land was acquired in Whangarei for a future hotel and, following financial year-end, MCK settled the acquisition of The Mayfair Hotel in Christchurch for $31.9m, further expanding its network.

FY24 was the first year of ownership in the 50% joint venture which acquired the Sofitel Brisbane Hotel in December 2023. The hotel has seen consistent and strong demand across all major segments following a soft Q1, and an increased profit contribution is expected in FY25.

Sales of the Zenith Apartments in Sydney are continuing, with nine apartments sold during the year and the remaining 22 apartments either held for sale or rented. The company will continue to progress further sales during 2025.

MCK's chairman, Colin Sim, said: "The strong results demonstrate the resilience of our business and the value of the Revive and Thrive strategy. We are now nearing the end of the Revive stage and expect to move to Thrive in late 2025.

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[1] *Includes one-off deferred tax adjustment of $25.8m, made as a result of government legislation change.*
[2] *Unaudited, assessed market valuation based on analysis by independent property experts as at 31 December 2024.Includes 100% of: NZ hotels, Zenith Apartments, and CDI property assets; and 50% Sofitel Brisbane Hotel.*
[3] *Adjusted for MCK proportion of shareholding being 100% NZ hotels and Zenith Apartments, 65% of CDI and 50% Sofitel Brisbane and including an allowance for tax on the revaluation of property assets.*

"We continue to invest into targeted growth opportunities that will add value for our shareholders. Over the past few years, we have invested significantly in refurbishing and upgrading our hotels and have expanded our network through acquisition. We have also identified surplus land adjacent to our hotels (including at Rotorua, Queenstown and Palmerston North), which provide optionality for further development or sale.

"The long-term macro drivers for our business are positive – the tourism and property markets are both expected to start to recover in the coming year; New Zealand is a top tourist destination and tourism is New Zealand's second highest export earner. We are well positioned to benefit as visitor numbers build up again over the coming year, with a national network of quality hotels in attractive locations, many of which have been recently refurbished."

Financial Performance

For the FY24 year, MCK delivered its highest revenue result in five years, with a 21.0% yoy increase to $176.2m.

Operating profit increased 32.1% yoy to $42.5m, as a result of increased revenue and a focus on cost management. Profit before tax was up 25.6% yoy to $47.1m. Income Tax expense included a $25.8m one off, non-cash deferred tax adjustment (as noted in the 1H24 results release). Profit after tax attributable to MCK shareholders of $2.8m would have been $27.2m excluding the one-off tax adjustment impact.

CDL Investments New Zealand Limited (CDI), MCK's 65% owned subsidiary, improved its pre-tax performance in 2024 against the previous year. CDI reported revenue of $49.1m and profit before tax of $26.8m. Profit after tax was $15.4m, including a one-off non-cash tax liability adjustment of approximately $3.9m. These results confirm that property markets in New Zealand are showing signs of improvement and there is now a positive momentum shift.

The company has a robust balance sheet, with a net cash position of $41.3m as at 31 December 2024. Bank debt was $3.0m at year end, with a further drawdown in January 2025 for the $31.9m settlement of The Mayfair Hotel. The book value of property assets was $694.1m, with the fair market value assessed as $1.1b[2], contributing to a market value NTA per share attributable to MCK shareholders of $5.39 per share[3].

A final dividend was not declared for FY24 due to the conditions of the CDLHH NZ takeover offer currently in process, which prevents a dividend from being paid.

2025 Outlook

The expected improvement in the tourism and property markets will directly benefit both MCK and CDI.

MCK Managing Director, Stuart Harrison, said: "Our strong FY24 demonstrates the progress we are making on our strategy and we are poised to Thrive from late 2025 onwards. We are focused on the ongoing control over the controllables with strong staffing levels and increasing room capacity. Our refurbishment and upgrades of key hotel properties are substantially complete, delivering an increased number of rooms available for sale in 2025. Our teams are highly focused on securing business across all market segments and in all regions as we grow the My Millennium loyalty scheme and encourage customer bookings. We will also be identifying and assessing opportunities for surplus land at several of our hotels."

CDI are looking to advance development works across key sites, particularly the two projects in Hamilton and the Hawkes Bay, which were included in the Fast-track approvals legislation. With a number of pre-titled residential section sales from the Iona and Prestons Park developments in-hand and work already underway developing additional stages, these developments will be critical to their results and success in 2025.

Stuart said: "There is no question that MCK has a positive future ahead of it and will continue to be a leading hotel owner and operator in New Zealand for many years to come. 2025 represents MCK's 30th year of continuous operations in New Zealand and we intend to continue delivering quality customer experiences for another thirty years and more."

ENDS

Issued by Millennium & Copthorne Hotels New Zealand Limited

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About Millennium & Copthorne Hotels New Zealand Limited

Millennium & Copthorne Hotels New Zealand Limited (NZX:MCK) is the only NZSX listed hotel owner-operator with 19 owned/leased/franchised hotels based in New Zealand under the Millennium, Grand Millennium, M Social, Copthorne and Kingsgate brands. As part of the Millennium & Copthorne Hotels group, we are proud to be part of a global network of over 120 properties in gateway cities across Asia, Europe, North America, the Middle East and New Zealand. MCK also has property interests in Australia through its Kingsgate Group subsidiaries including a 50% ownership interest in the Sofitel Hotel Brisbane Central through a joint venture. MCK is the majority shareholder in land developer CDL Investments New Zealand Limited (NZX:CDI).

For more information, visit our website: www.millenniumhotels.co.nz