

Presentation to Analysts

28 August 2019



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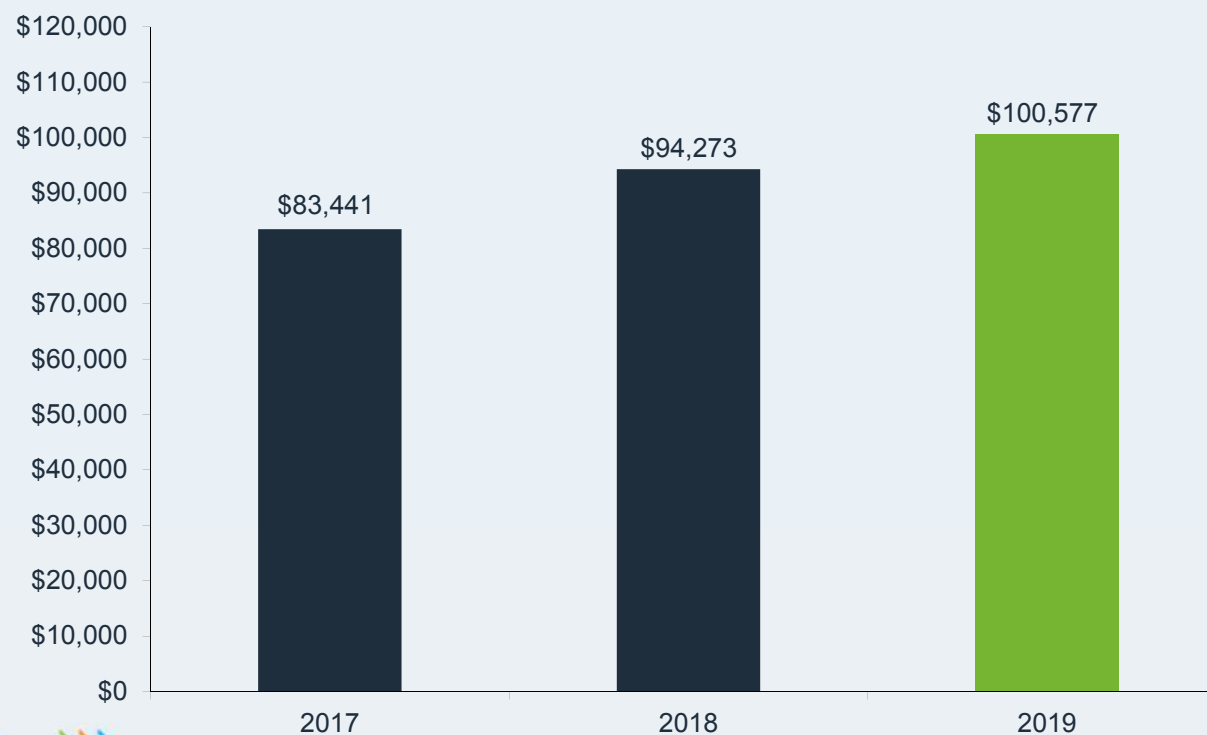
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The information contained in this presentation should be considered in conjunction with the Company's latest audited financial statements which are available in the investor section of our website.

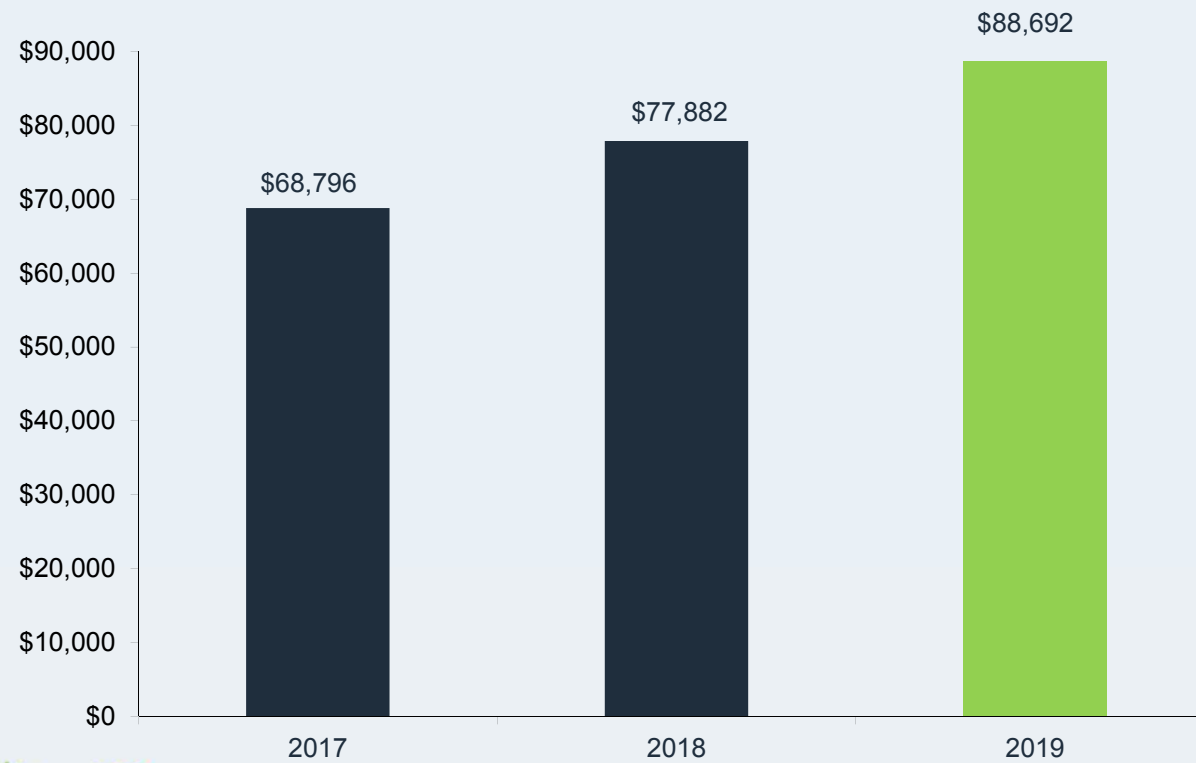
Highlights

- Group NPAT up 6.7%
- Parent NPAT up 13.9%
- Total trade up 10.2%
- Container volumes up 4.3%
- Transhipment up 11.2%
- Imports up 8.4%
- Exports up 11.2%
- Ordinary dividends up 4.7%
- Final special dividend of 5 cents to be paid in October 2019
- Special dividend programme extended for 4 years with a 2.5 cent dividend payable

Group Net Profit After Tax up 6.7%

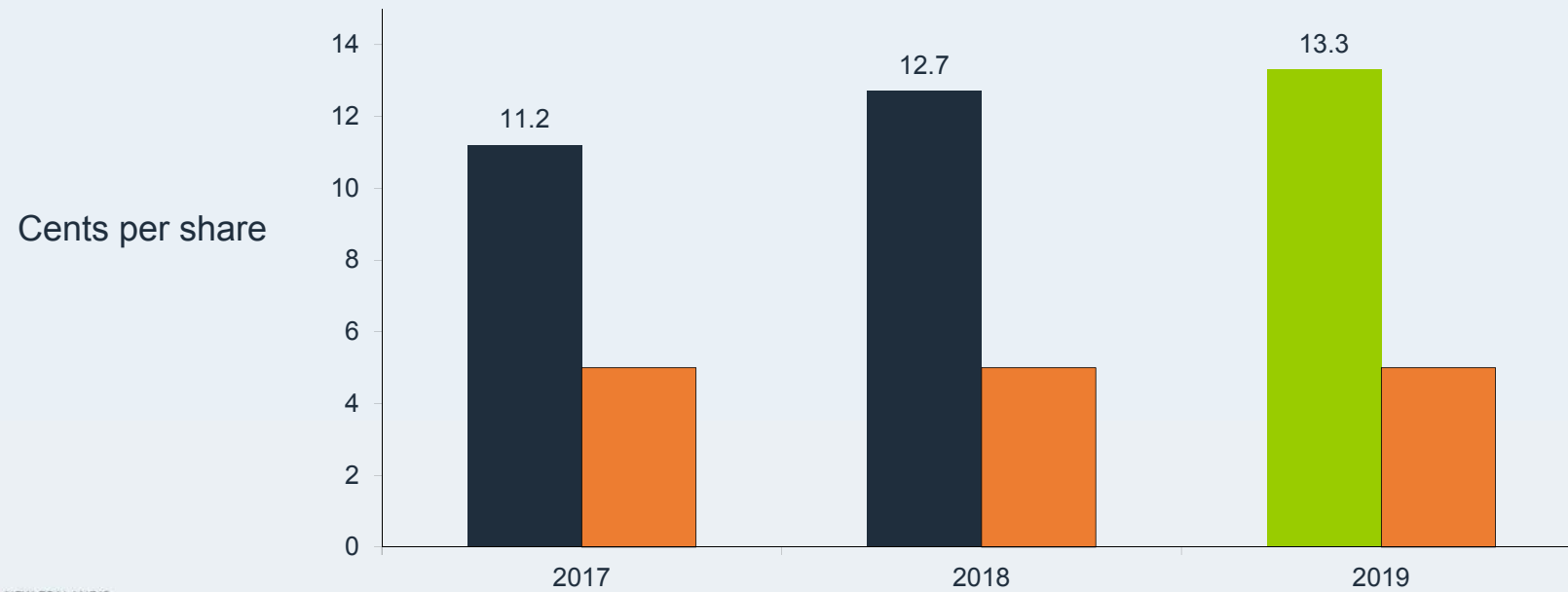


Parent Net Profit After Tax up 13.9%

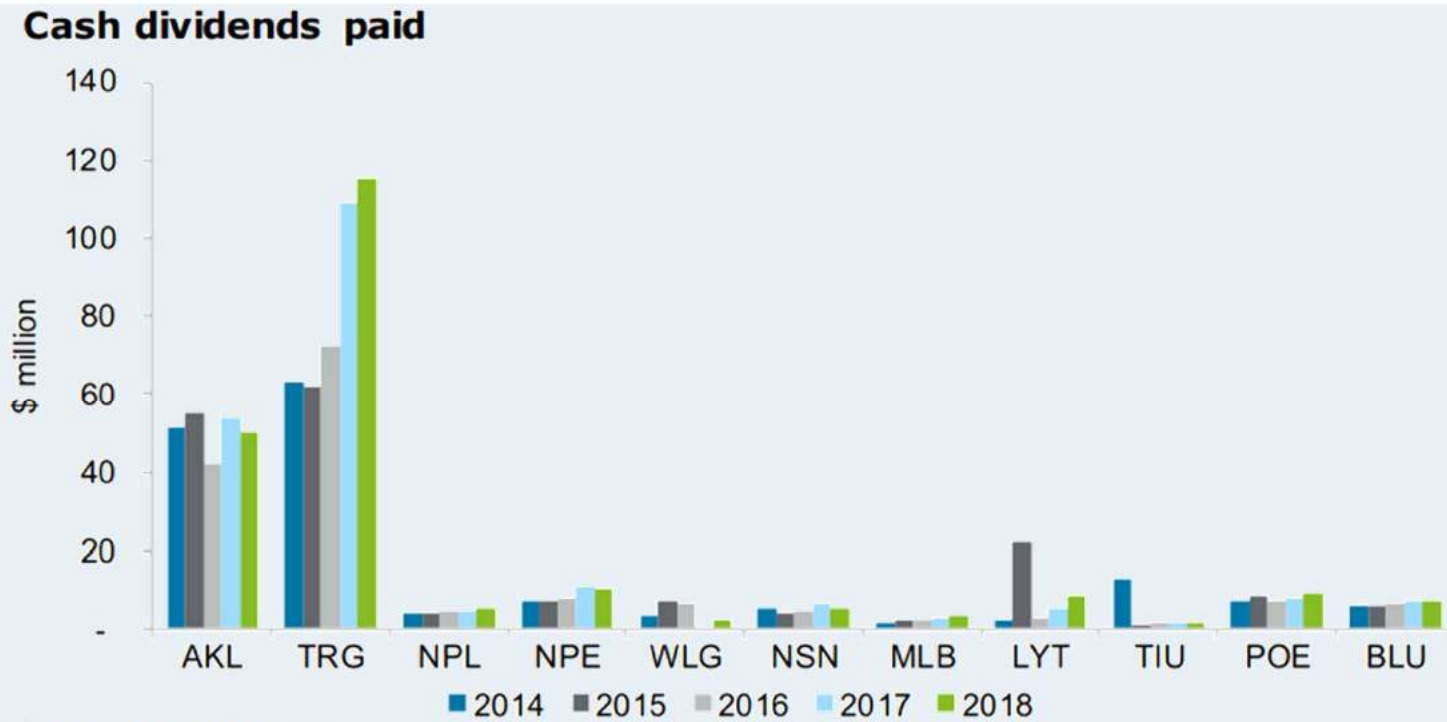


Ordinary Dividends up 4.7%

Continuance of 2.5cps special dividend for a further 4 years

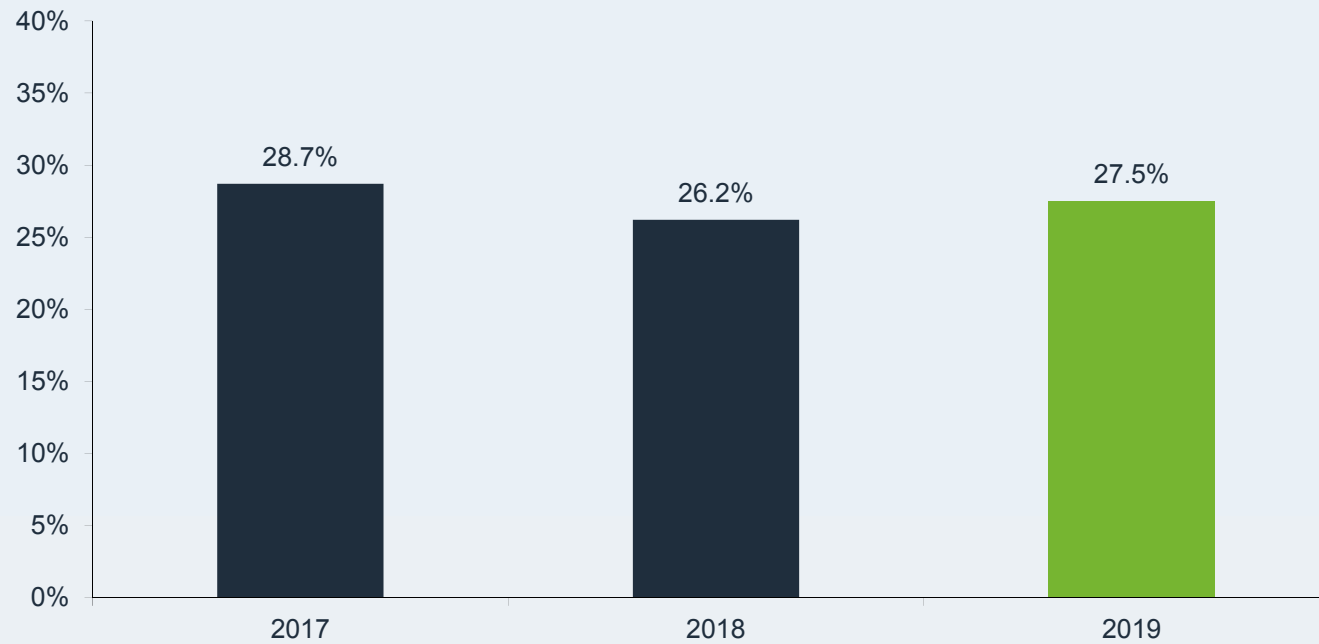


Port Performance

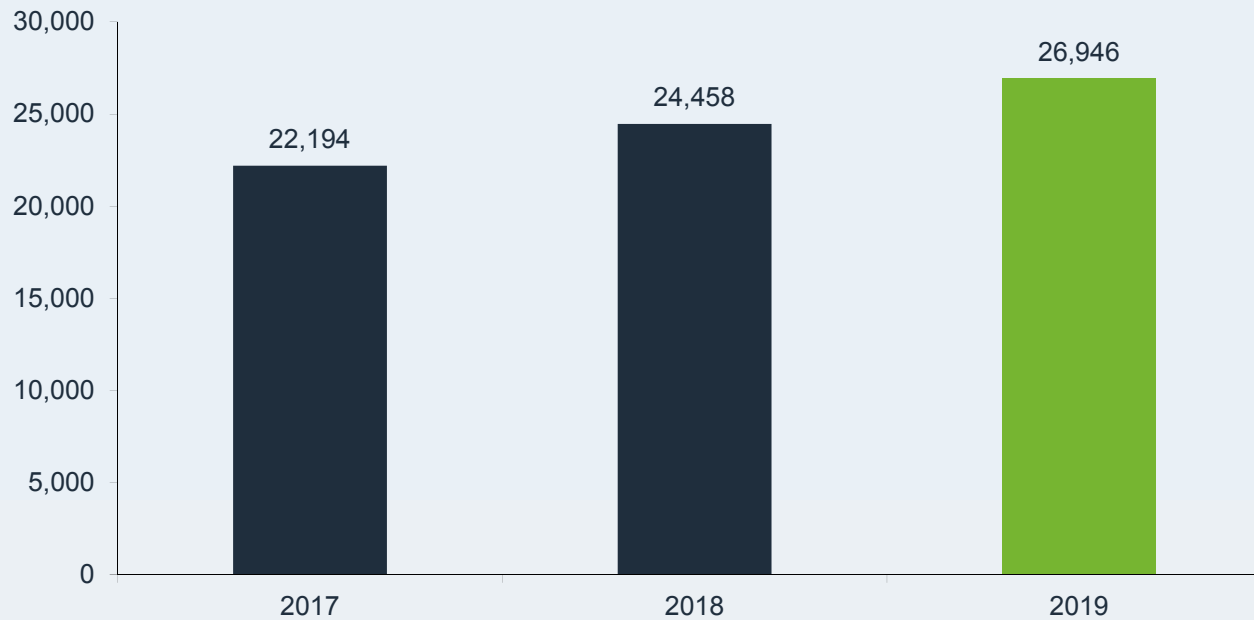


Source: Annual Reports

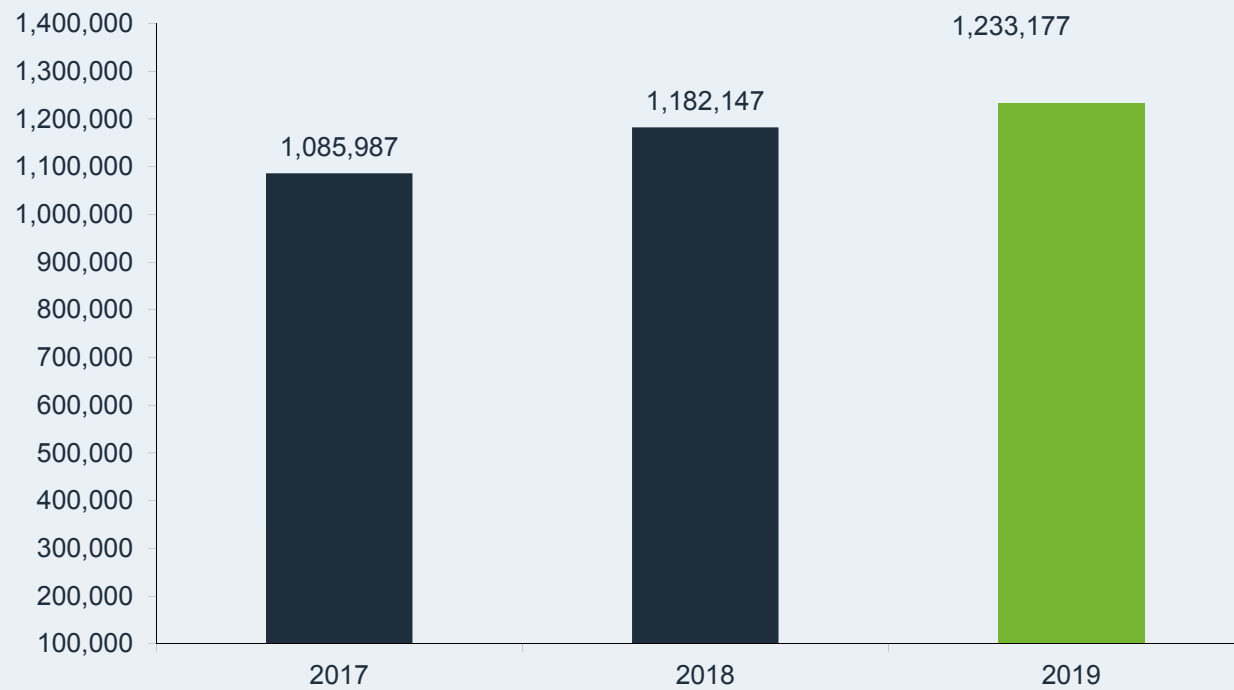
Net Debt / Net Debt + Equity



Total Trade up 10.2%



Container Volumes up 4.3%

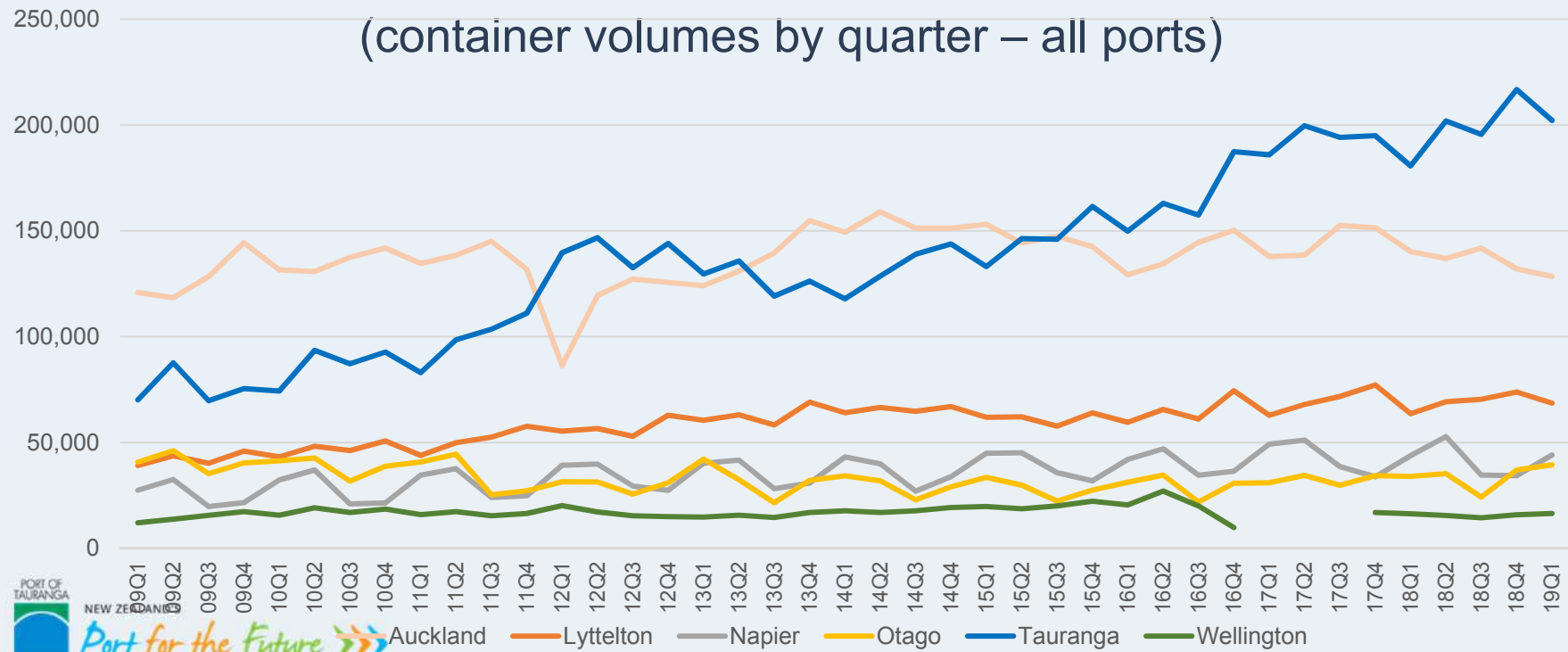


Successful Execution of Hub Strategy



NZ's Largest Container Terminal

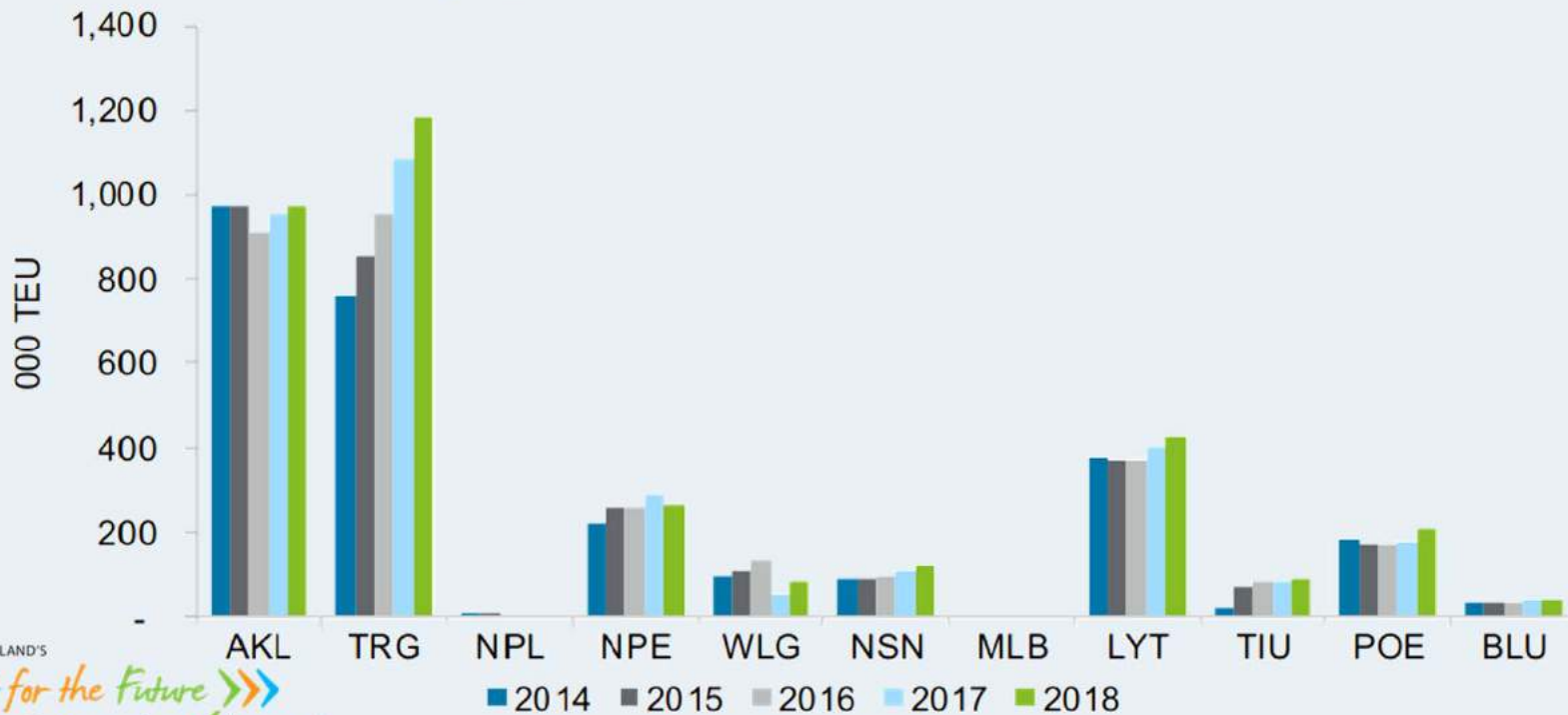
Handles 44% more containers than Auckland
(container volumes by quarter – all ports)



Source. Ministry of Transport

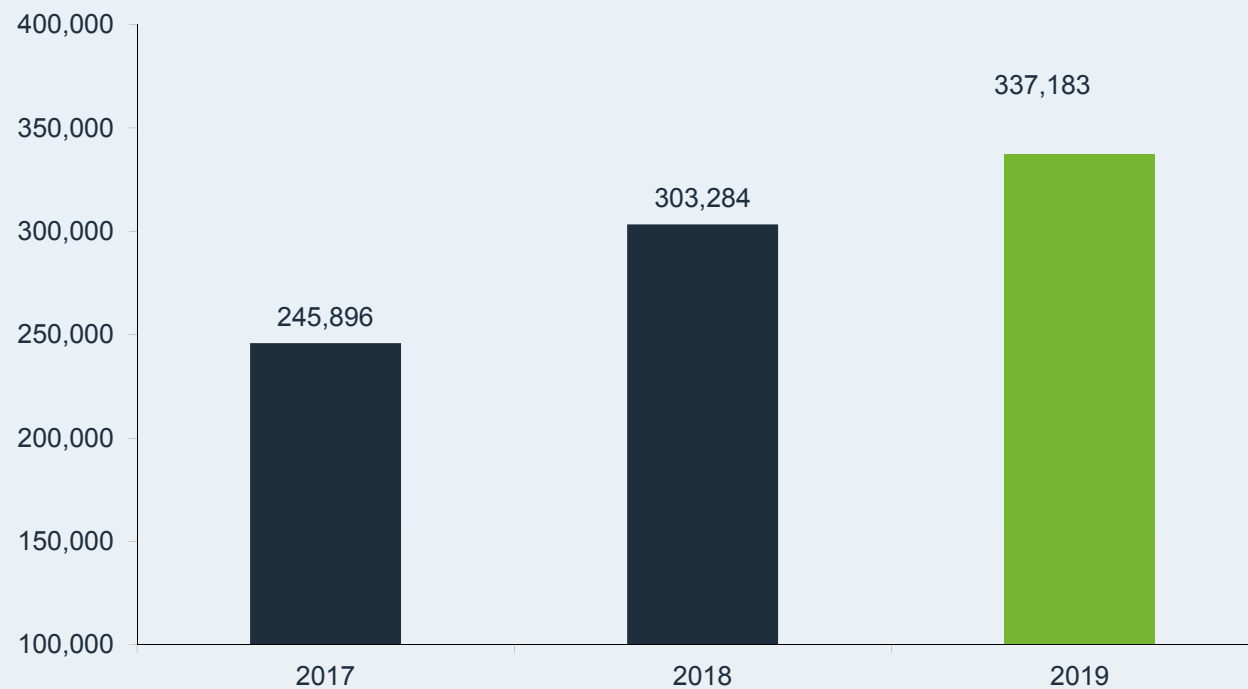
Port Performance

NZ container throughput



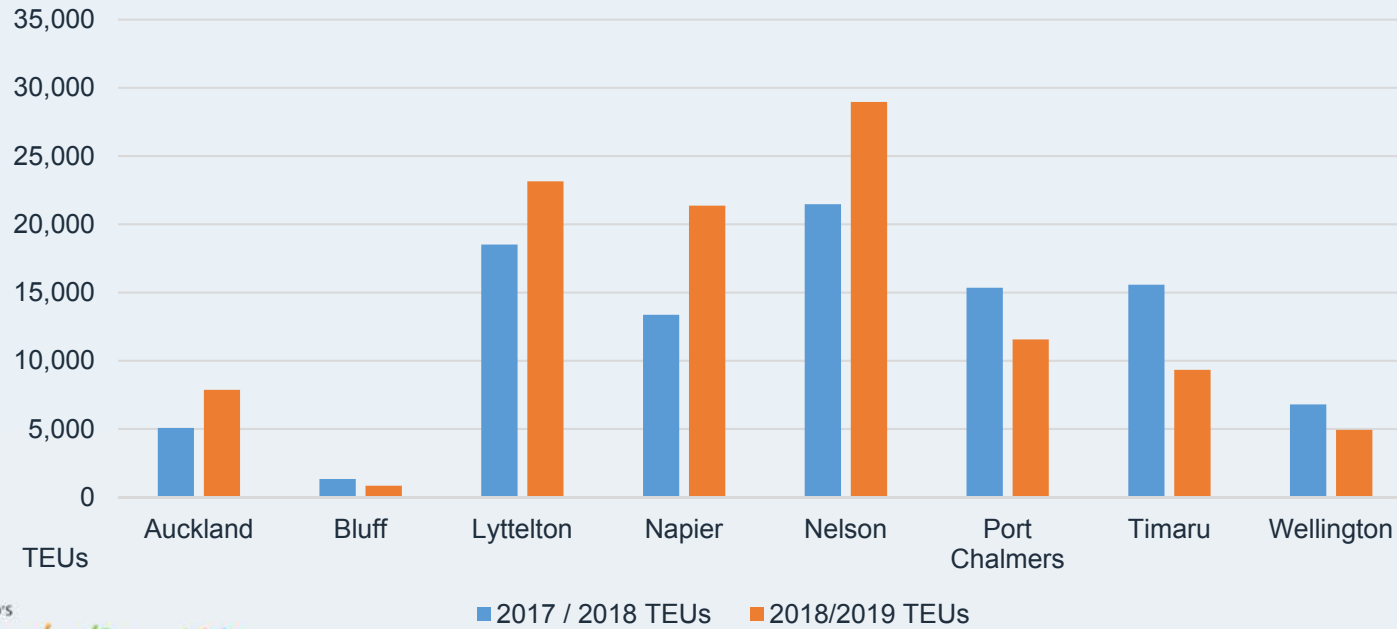
Source: Annual reports

Transhipped Container Volumes up 11.2%

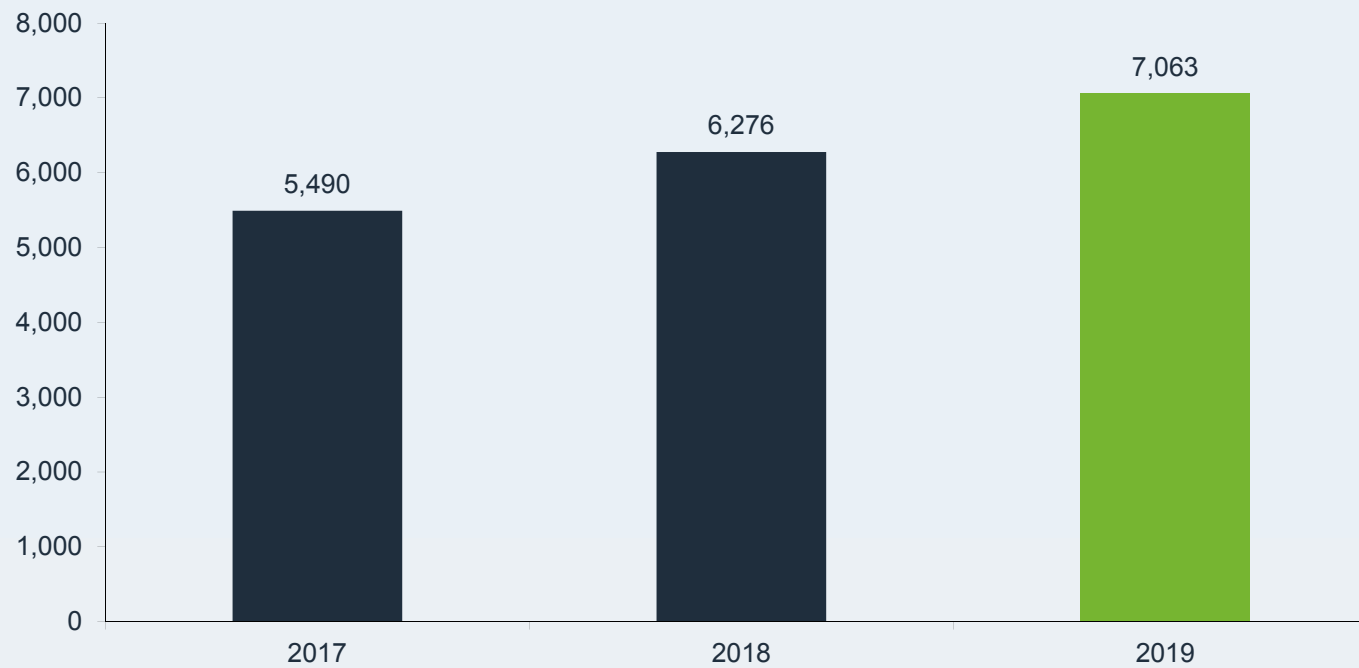


NZ Transhipped Container Volumes up 10.8%

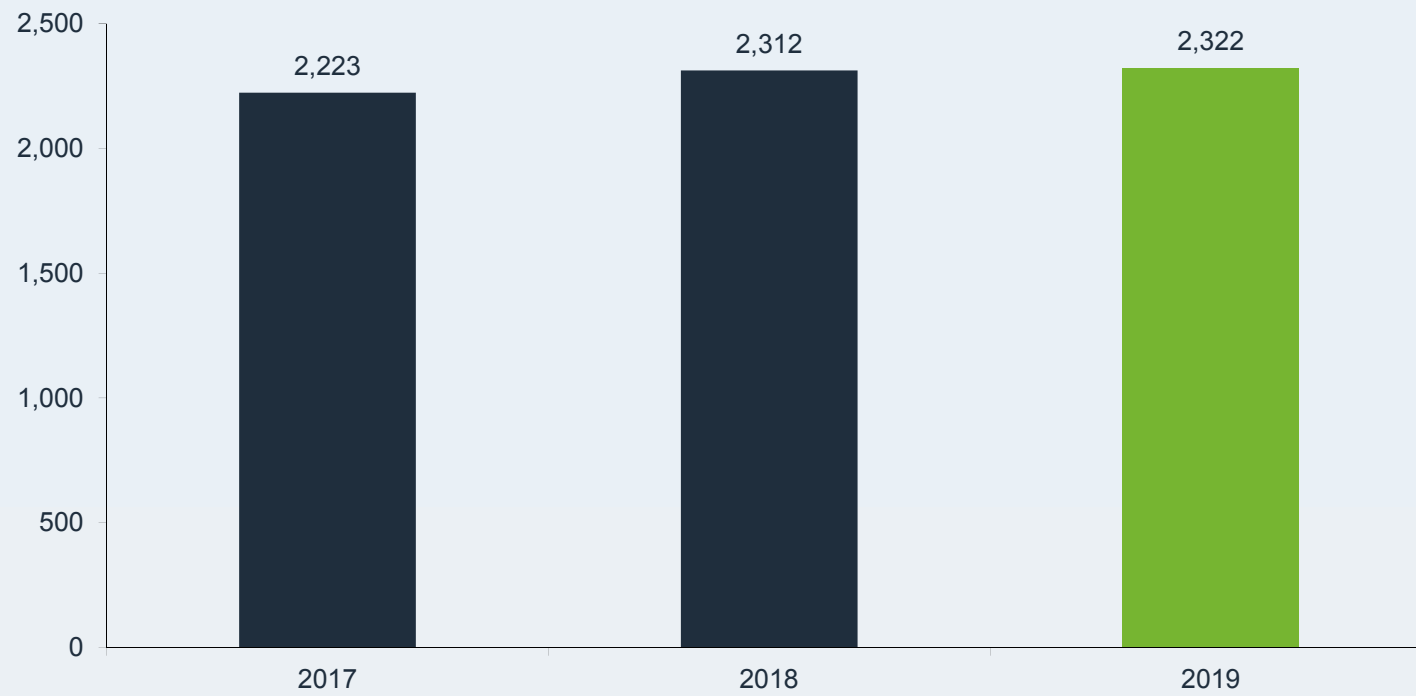
New Zealand Transhipment FY18 *cf* FY19



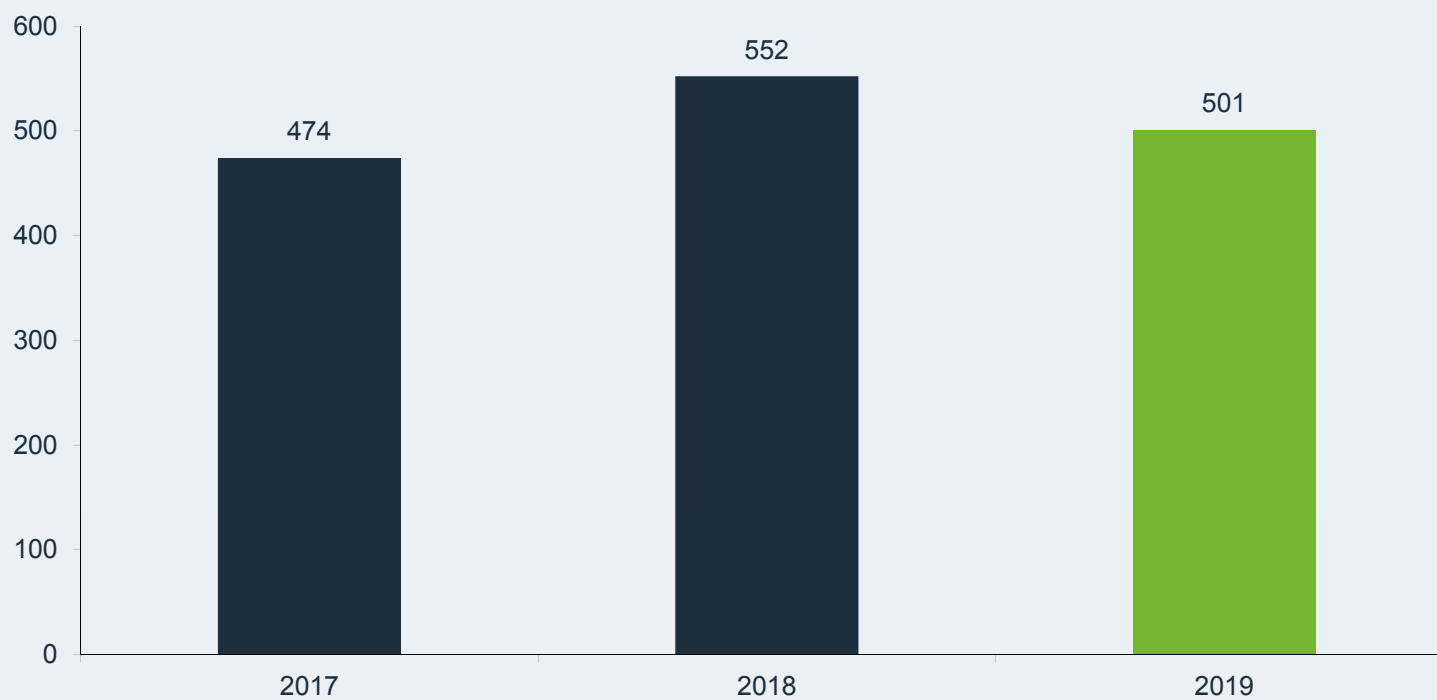
Log Exports up 12.5%



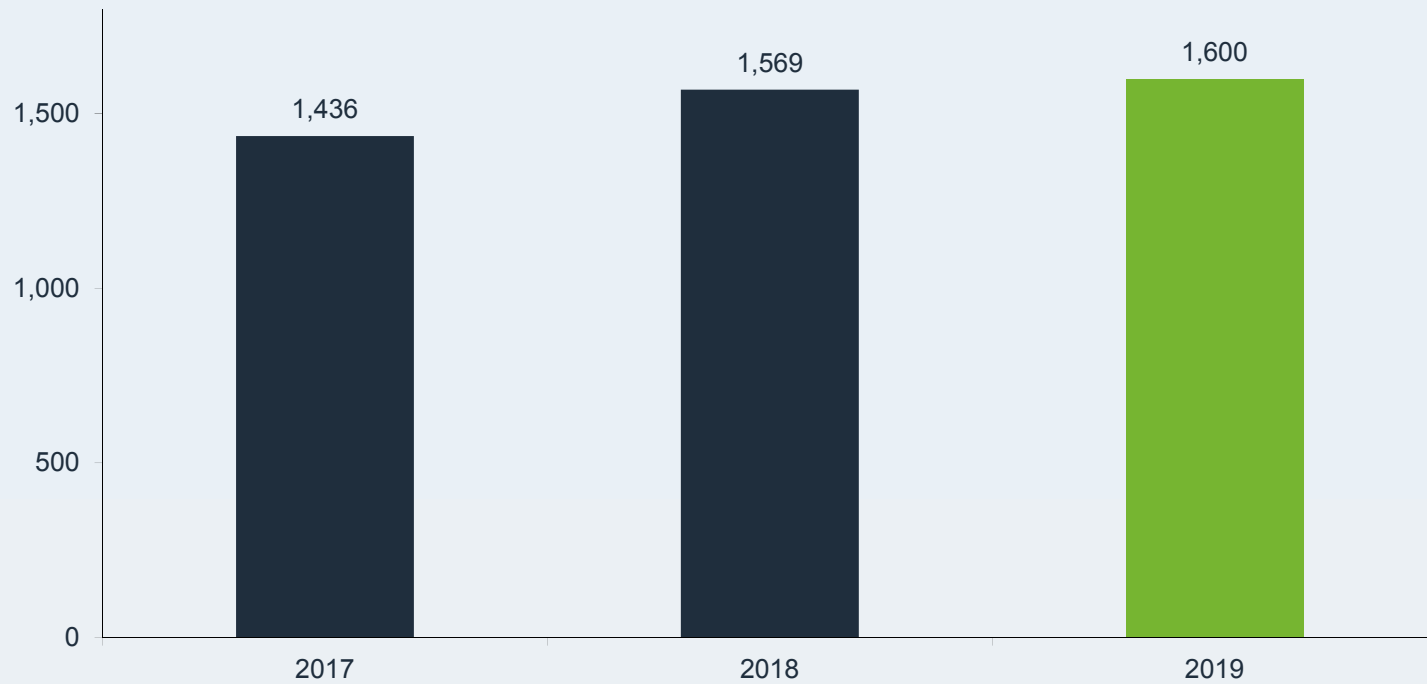
Dairy Exports



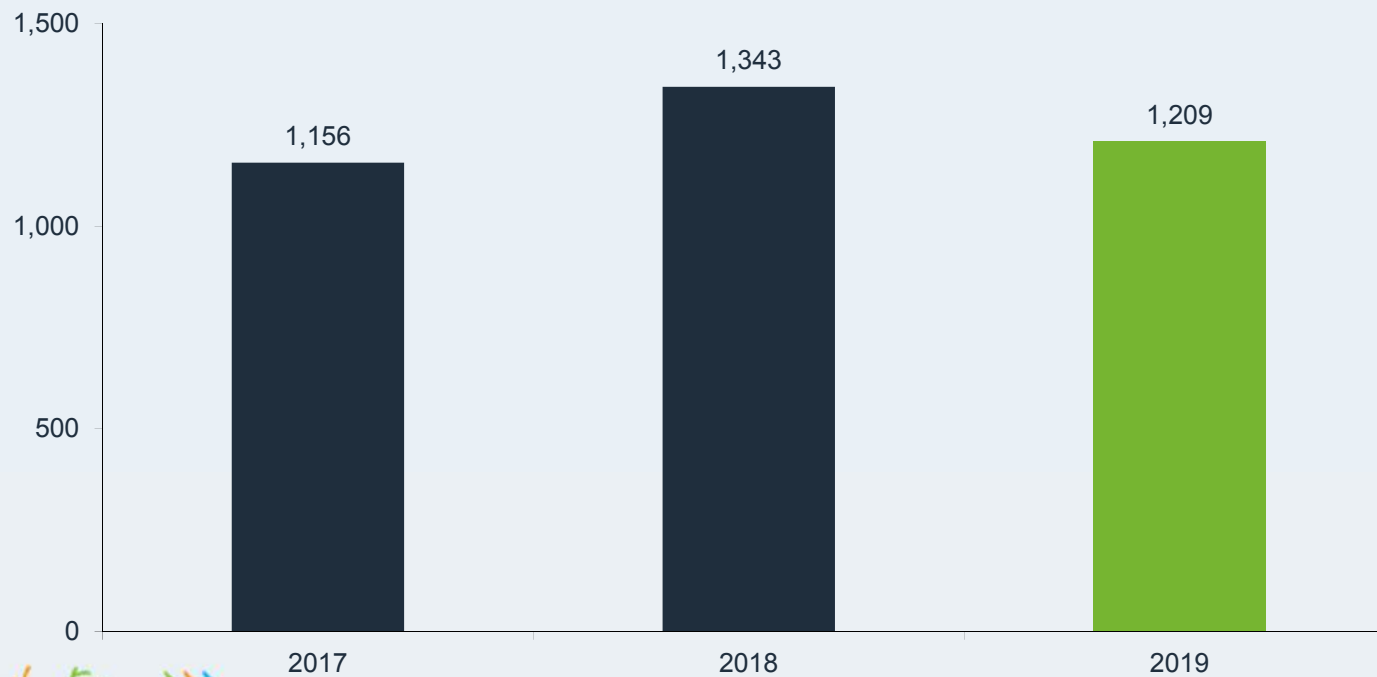
Fertiliser Imports down 9.2%



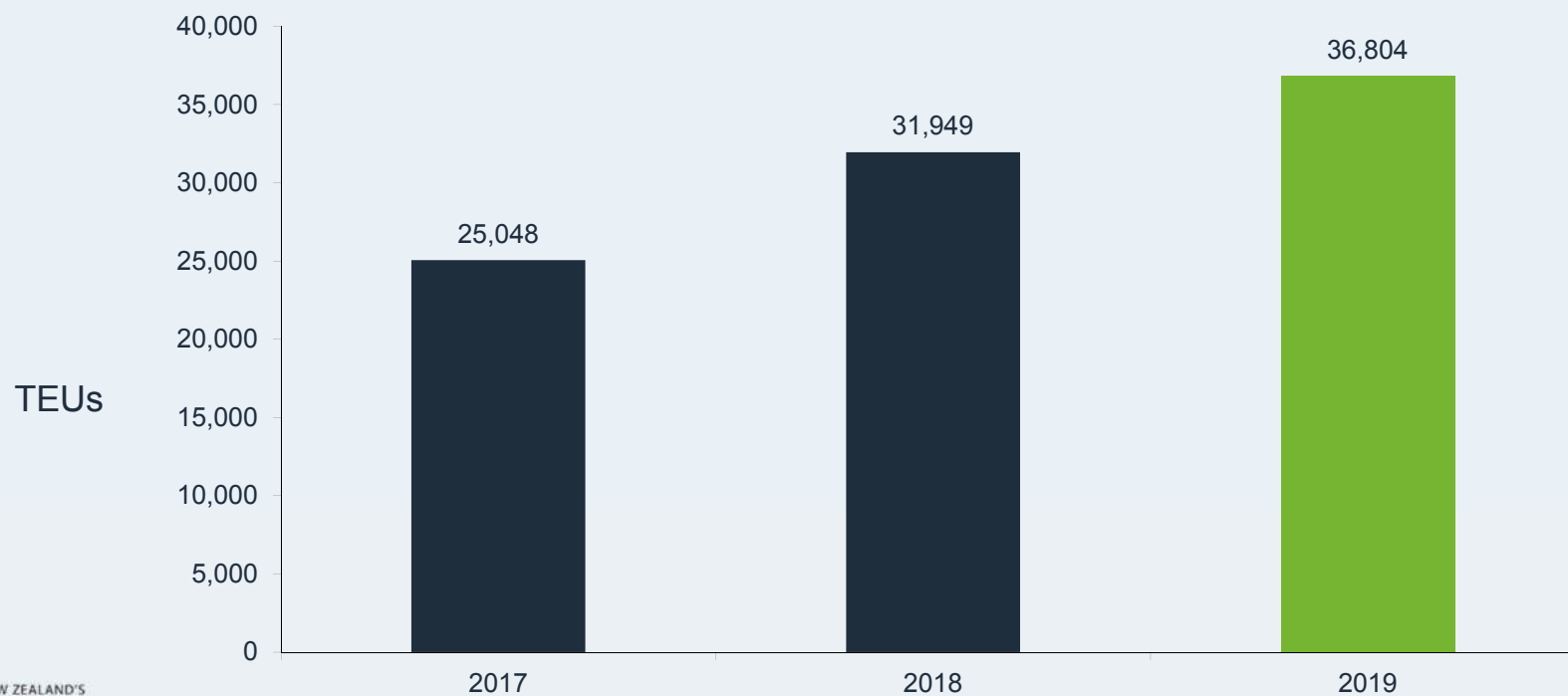
Oil Products up 2.0%



Grain & Dairy Feed Supplement Imports down 10%



Kiwifruit TEUs up 15.2%

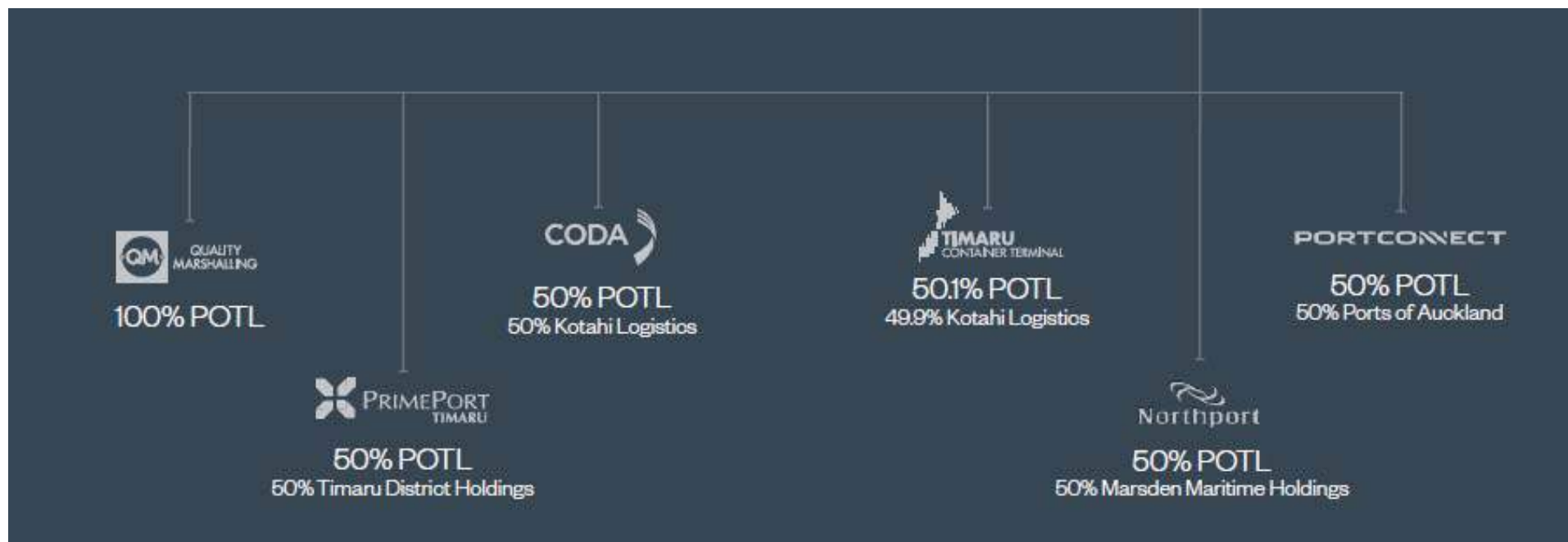


Cruise Vessels

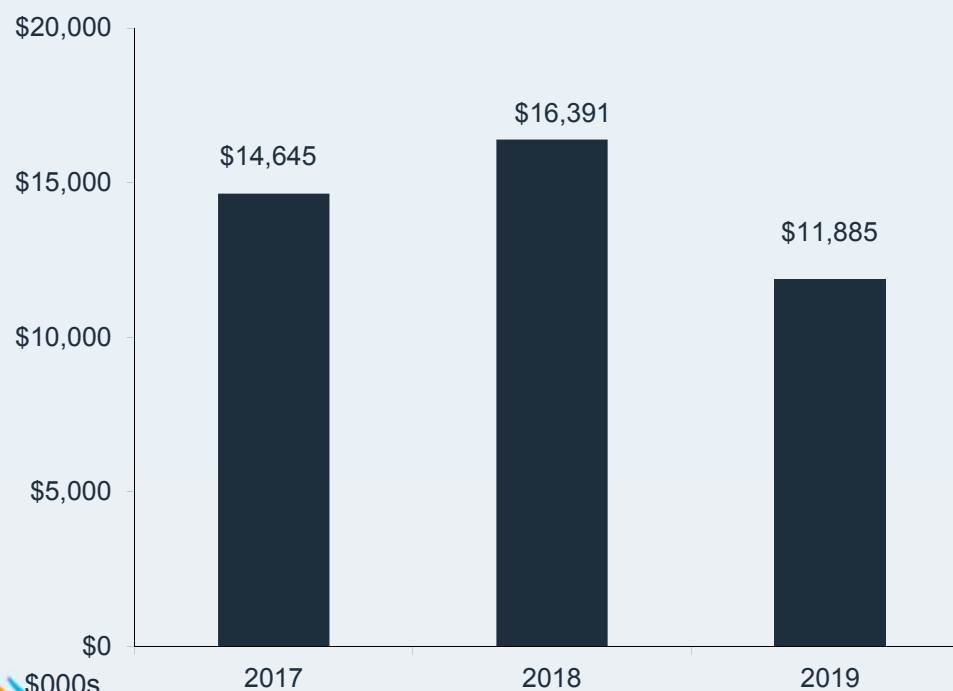
116 visits in FY19, expecting 111 in FY20



Subsidiaries & Associate Companies



Subsidiaries & Associates Net Profit After Tax



Associate & Subsidiary Companies

NPAT down 27.5%

	2019 \$000	2018 \$000
Quality Marshalling Limited	2,661	2,312
Northport Limited	8,995	9,191
PrimePort Timaru Limited	2,080	1,523
Timaru Container Terminal Limited	627	651
Coda Group LP	(2,412)	2,768
PortConnect Limited	(66)	(51)
Total Subsidiary and Associate Income	11,885	16,394

Northport

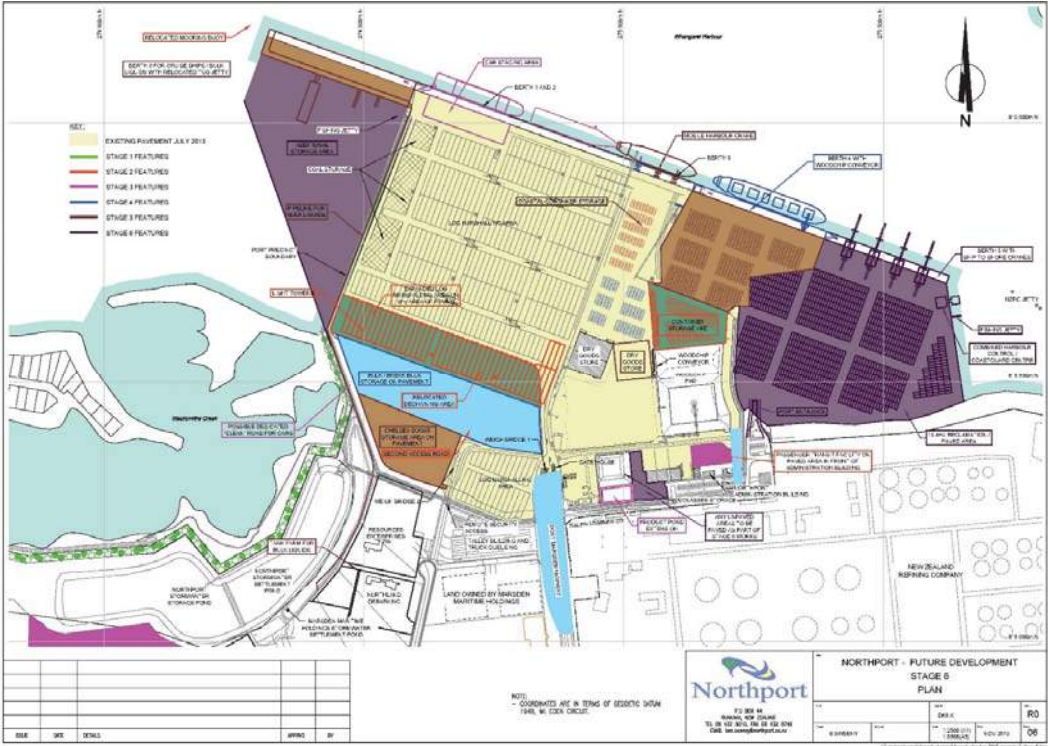


- Earnings down 2.1%
- Handled 12,849 TEU
- Trade down 5%



Northport

Future Expansion



Coda Group



- Normalised loss of \$1.29 million
- \$3.7m of one-off write offs
- Loss making contracts
- New CEO and CFO
- Return to profitability in FY20

Optimising Supply Chains

Aligning the Domestic and Export Supply Chains



FMCG product loaded at Savill Drive Auckland for distribution to Palmerston North

Dairy powder loaded in Taranaki for export to the world



PrimePort Timaru



- Earnings up \$0.557 million to \$2.080 million
- On a normalised basis earnings in line with 2018
- New 60 bollard tug commissioned January 2019
- Looking to build new bulk berth

Timaru Container Terminal



- Earnings flat at \$0.627 million
- Handled 80,378 TEU's v 89,087 TEUs in FY18
- Rio Class ships calling at TCTL

Timaru – Future Terminal Capacity



Quality Marshalling



- Earnings up \$0.349 million to \$2.661 million
- All contracts performing well

Licence to Operate in our Community



Air Quality / Visual Amenity



Improved Bulk Cargo Handling



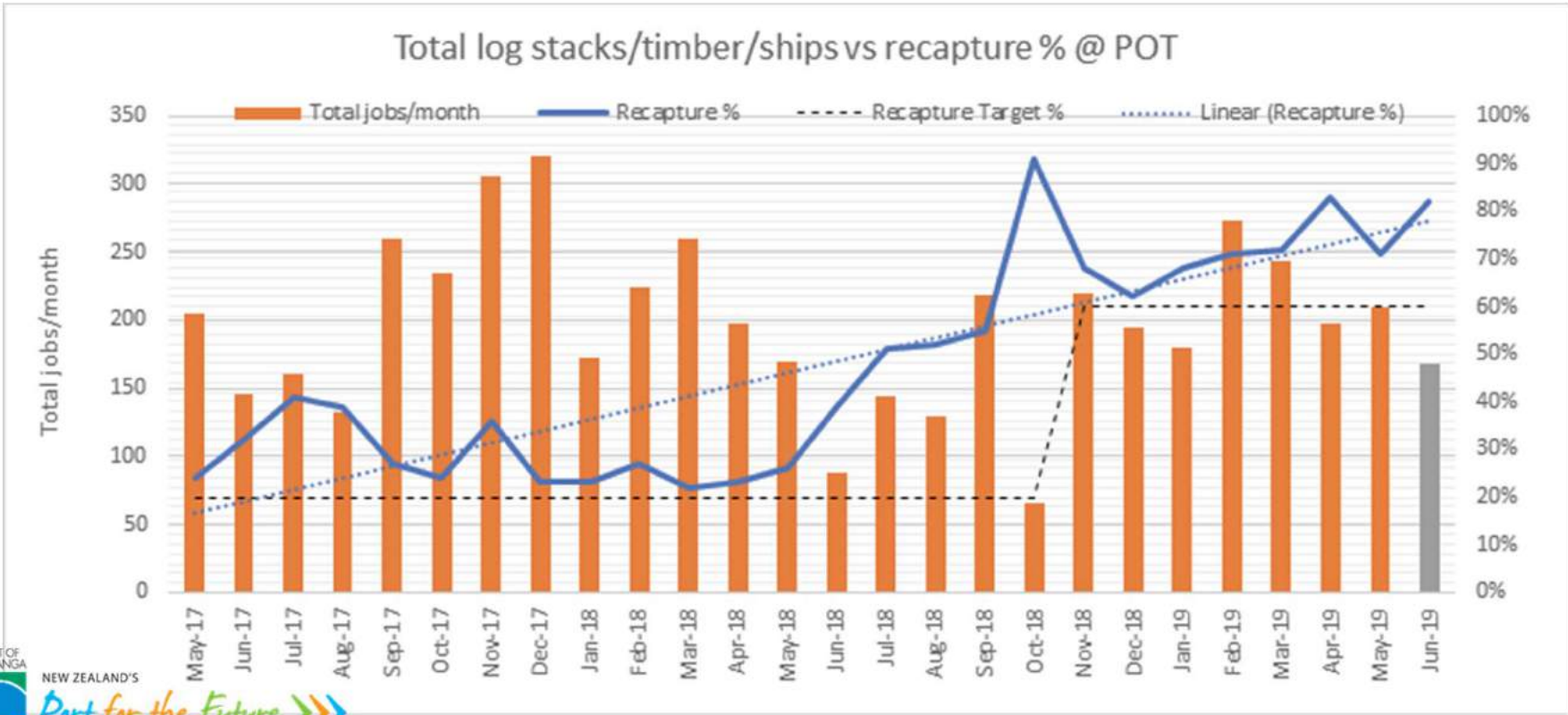
Methyl Bromide Recapture



NEW ZEALAND'S

Port for the Future >>>

Methyl Bromide Recapture



Debarking



Stormwater Treatment



More Comprehensive Monitoring



NEW ZEALAND'S

Port for the Future >>>

CEMARS Certification



This is to certify that

Port of Tauranga Limited

Meets the requirements of CEMARS® certification having measured its greenhouse gas emissions in accordance with ISO 14064-1:2006 and committed to managing and reducing its emissions in respect of the operational emissions of its organisation including Quality Marshalling Limited and excluding joint ventures.

Karen Tipper - Certifier

Company Address: Salisbury Avenue, Mount Maunganui, 3116, New Zealand

Certificate Number: 2018079J

Date issued: 28 September 2018

Valid until: 28 September 2020

Certification status: Certified organisation

Certification Year Level of Assurance: Reasonable



Certified by Enviro-Mark Solutions Limited

Please refer to the disclosure page on www.enviro-mark.com for further details.

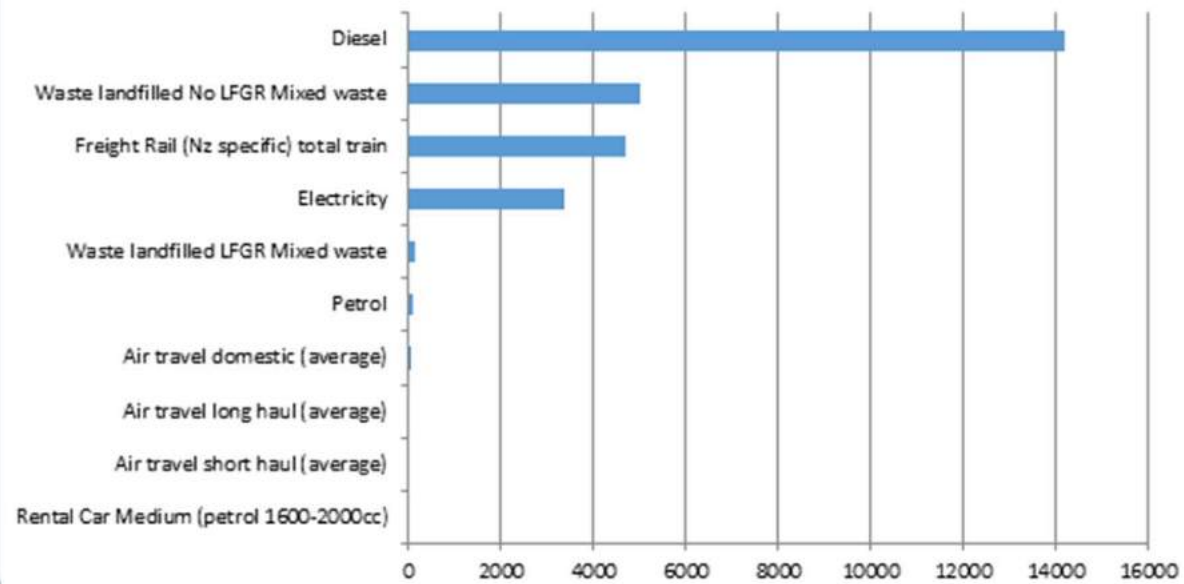
CEMARS is an annual certification programme and this certificate only remains valid with an annual surveillance audit.



ENVIRO-MARK
SOLUTIONS

Emission Management

GHG operational emissions by source - top 10



Cost of Becoming Carbon Neutral

- Port of Tauranga's most recent GHG inventory was a total of 27,684 tCO₂e.
- Offsetting using New Zealand Permanent Forest Sinks Initiative (PFSI) carbon credits, at around \$35 per unit, would cost \$968,940, close to \$1 million.

Decarbonisation Strategy

Objective

- 5% reduction in Scope 1 carbon emissions per cargo tonne
- Net zero emissions by 2050

Insetting

- “Create a protected fund of money to implement emissions reduction projects inside the organisation”

Electric Vehicles

Each BEV reduces emissions by 2 tCO₂e



Battery Hybrid Straddle Carriers

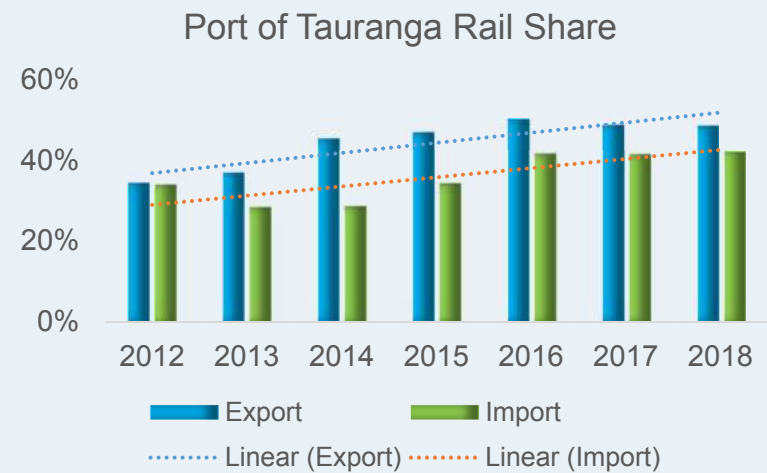
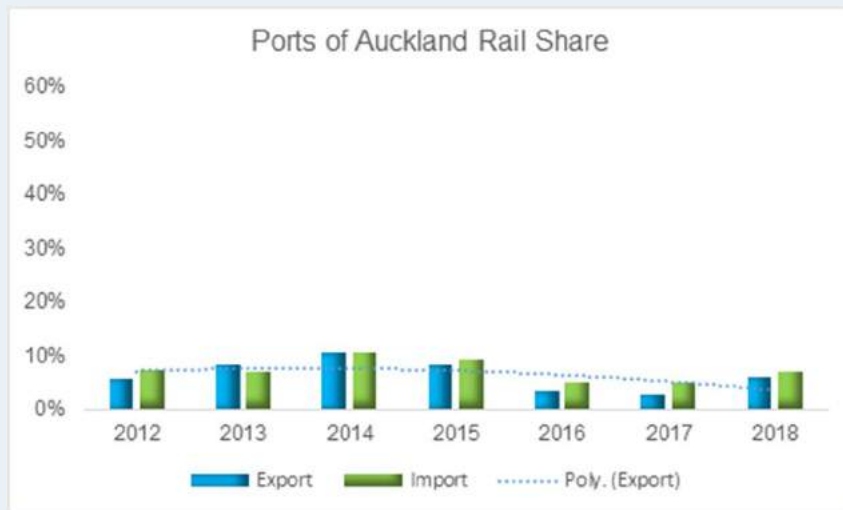
(each straddle \$215,000 more
expensive than diesel/electric
equivalent)



Solar Generation



Proportion of Total Volume Transported by Rail



Modal Shift (Trans-shipment and Rail)

PORT OF TAURANGA STEEL WHEELS

KiwiRail: Your partner in sustainable freight



*FY2018 (as at 30 June 2018)

FY2018* Rail versus truck freight movements by quarter

NET TONNE KILOMETRES (NTK's)	TRUCK TRIPS	FUEL SAVINGS (L)	CARBON EMISSION SAVINGS (T)	Road Freight Fuel Factor	Diesel Emission Factor	Rail Emission Factor										
				43.9 (l/100km) or 2.27 (km/l)	0.00272 (tonnes CO ₂ /l)	30.8 (grams/NTK)										
FREIGHT CATEGORY				QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4									
BULK	6.1m	2,869	121,164	230	7.0m	2,382	139,033	378	9.3m	3,146	164,270	601	11.9m	3,700	237,367	646
FORESTRY	106.5m	70,821	2.1m	5,770	98m	63,224	2m	5,300	94.4m	60,651	1.9m	5,114	110m	69,137	2.2m	5,954
IMPORT AND EXPORT CARGO	264.1m	64,894	2.9m	7,801	123.8m	62,937	3.3m	9,015	288.2m	67,606	3.2m	8,676	263.3m	53,151	2.7m	7,419

* Included – all MP trains freight; export volume for Forestry & Bulk customers; import and export volume for Domestic customers.
 Excluded – domestic volume for Domestic customers; freight transiting in MOUNT MAUNGANUI e.g. NORTHLAND – KAWERAU.

For enquiries, please contact David.Brinley@kiwirail.co.nz



NEW ZEALAND'S

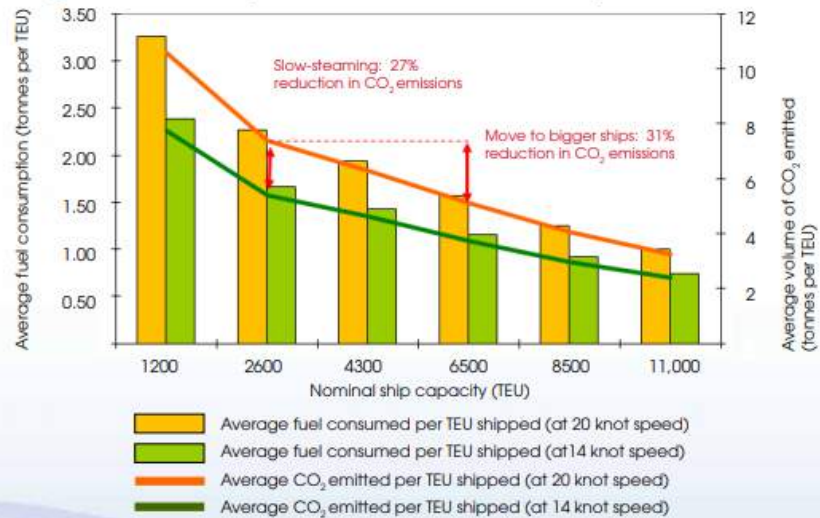
Port for the Future

Customers wanting to reduce their Scope 3 emissions

Scope 3 emissions

Big ships offer > 30% lower carbon / container

Figure 3: Average Fuel Consumption and Carbon Emissions per TEU for Various Sized Ships

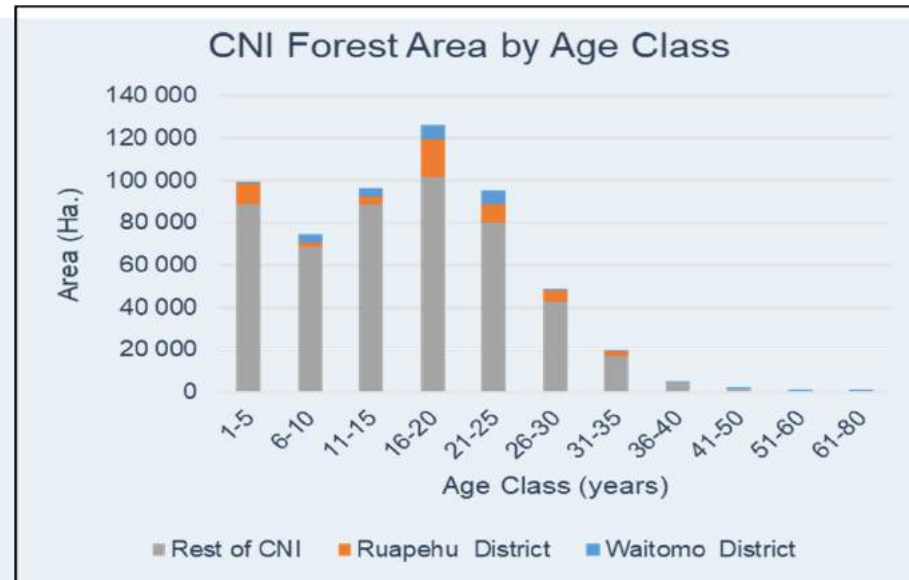
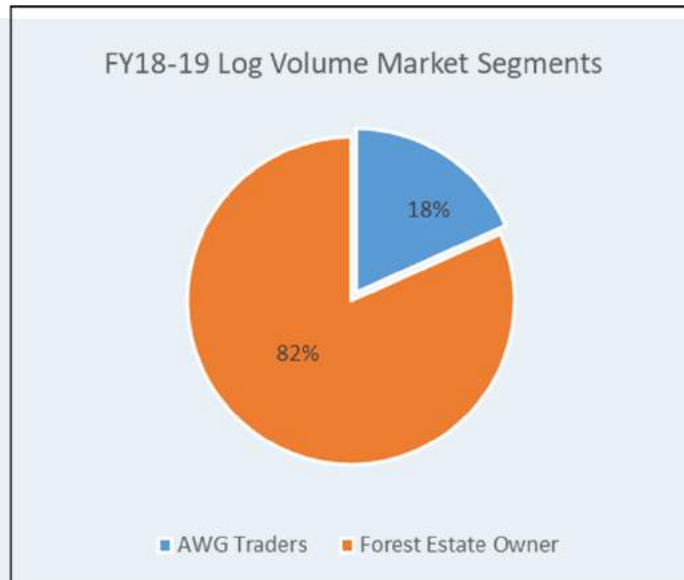


Source: New Zealand Shippers' Council analysis

Outlook 2019



Log Forecasts

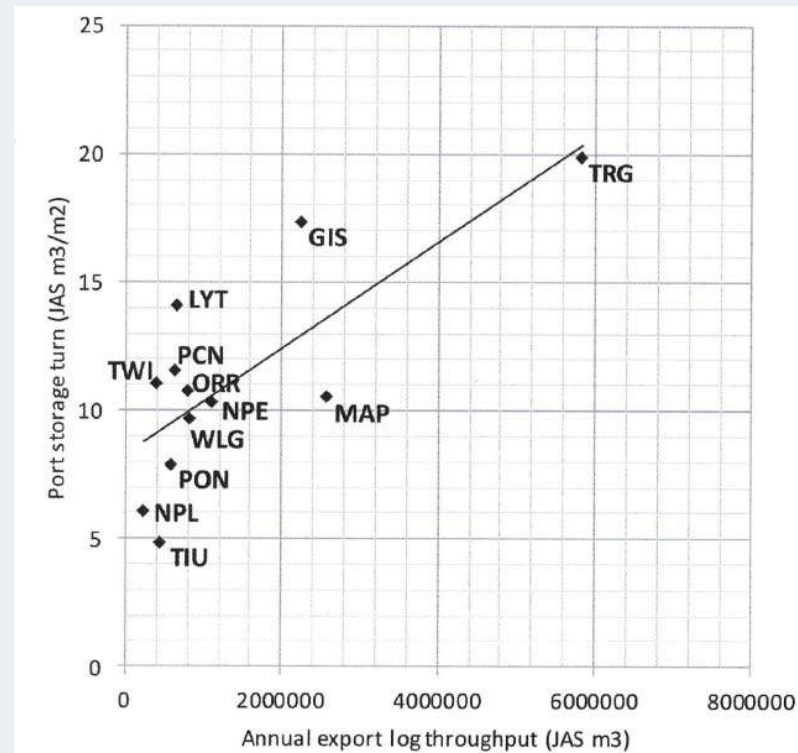


At this stage, forecast FY20 logs to be approximately 6 million JASM

Annual Log Storage Turn

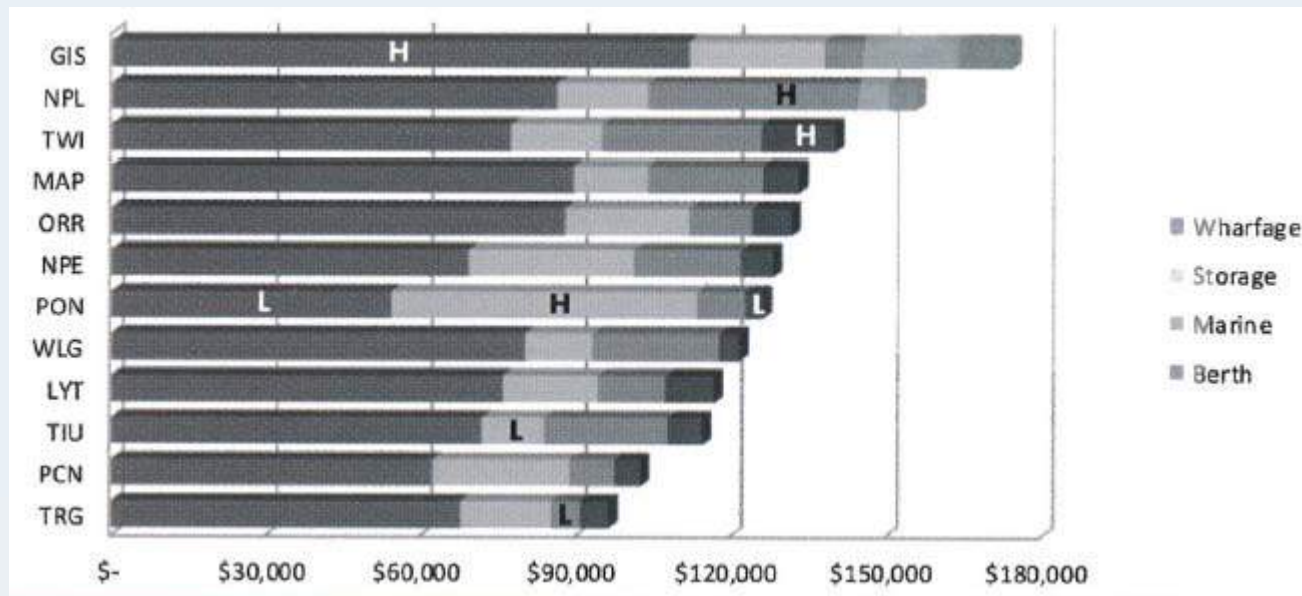
- “At Tauranga every square metre of storage space hosted 20 m³.
- This is almost double the average maintained on all the other ports in New Zealand.
- A higher storage turn means that a port can make more productive use of the limited land resources available.”

Source: SCION



Log Export Costs by Port

Tauranga has lowest composite costs to export 16,000 m3 consignment

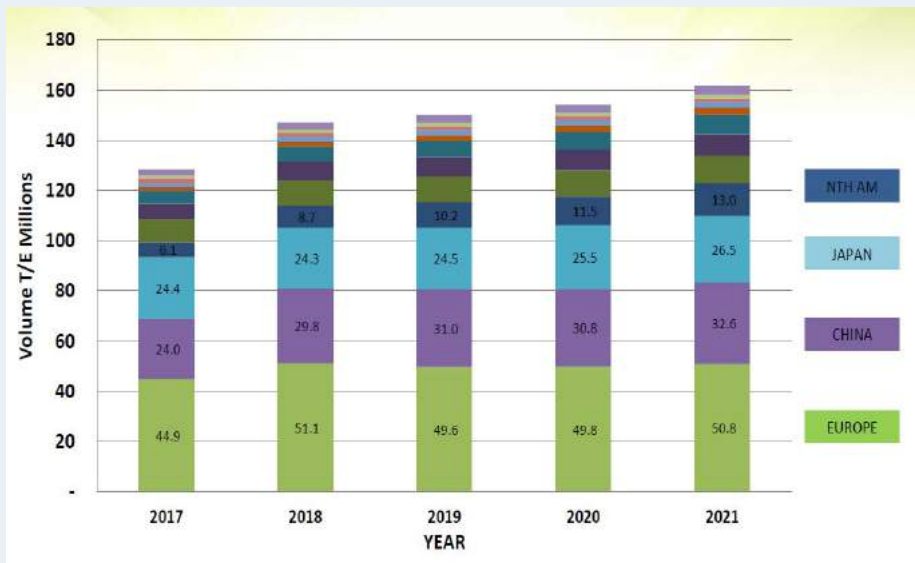


Kiwifruit - Zespri's Forecast



Kiwifruit - Containerised Volumes

Export Tray Volume



Container Volume



Additional 3,500 ha new Gold licences 2018-2022

Cars



Tainui - 30 year Agreement for Ruakura Inland Port 192 hectares for logistics and industrial use





Terminal Equipment

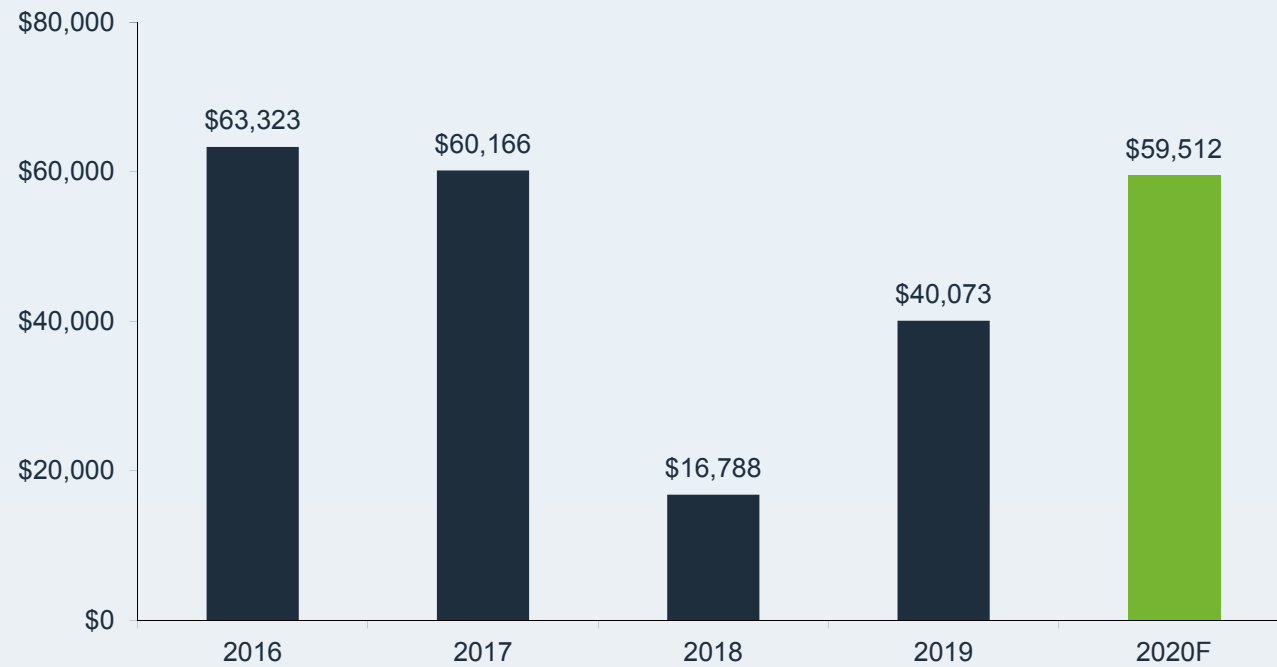
- Auto Stacking Cranes (ASC) lead time 9 - 12 months from order.
- RFI to be provided to manufacturers Q3 2019.
- Crane 9 due January 2020.
- New crane lead time 12 - 18 months from order.



Full Build Out ~3M TEUs



Parent Capital Expenditure 2016-2020



Appendix 1

Next steps

In this report we have presented a summary of the things we have learnt through our discovery phase (Stage 1) and the things we need to consider as we complete our remaining stages. While there were a number of concerns raised with the current system, there were a number of positive aspects. We consider the issues not insurmountable, and look forward to setting out our joint view and recommendations to improve the supply chain and provide better outcomes for New Zealand.

Our next steps are to complete stages 2 and 3:

Stage 2 - Vision, Possibility, Resilience and Strategic Thinking

- **Barriers, future system design, network, land use** – advantages and benefits to changing from the status quo
- **International comparisons** and benchmarking against best in class supply chains e.g. Sydney and Brisbane
- **Long-term view** – transition and context, history and future

Stage 3 - Practicalities, Costs and Benefits, Backcasting

- **Options development and evaluation** – developing a strategic vision, articulating a case for change, exploring scenarios for development and the effects on freight efficiency, land use, resilience, capacity and wellbeing for all New Zealanders
- **Strategy and recommendations** – articulating our findings on the strategy and reasons for our recommendations.

We intend to produce a full range of options for further discussion, taking into account what we have learnt to date, and taking note of the recommendations of the Port Future Study¹². Our option development and evaluation will place particular emphasis on the key themes that have emerged to date. Following the evaluation of these different options, we will present our recommendations, including key actions to be taken over the next five years and beyond. Throughout this process we will continue to engage with stakeholders to ensure we engage with those we have not yet spoken to and those who are likely to be most significantly impacted.

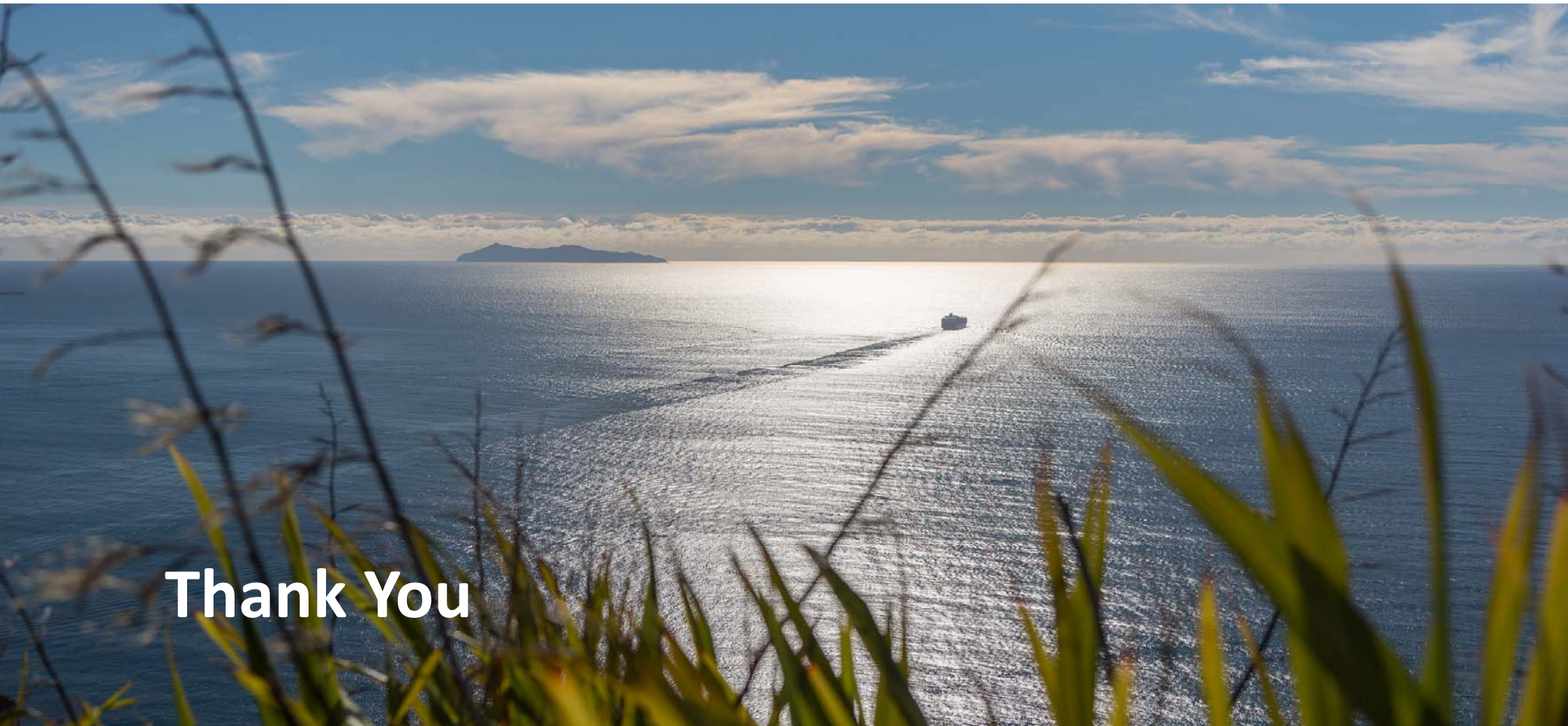
Deliverables and timetable

We intend to deliver a further preliminary report to Cabinet in June 2019. This report will provide a fuller update on our progress and evaluation of different options.

We intend to deliver a final report to Cabinet in September 2019. This report will include our final conclusions and recommended actions to be taken over the next five years and beyond.

¹² <http://www.portfuturestudy.co.nz/docs/portfuturestudyworkinggrouprecommendations072016.pdf>

Upper North Island Supply Chain Study



Thank You