

PORT OF TAURANGA ANNUAL MEETING 2024

1pm, Friday 25 October 2024

Chair – Julia Hoare

I'll now go over the highlights and challenges of the past year for the Port of Tauranga Group.

The past 18 months have been challenging for many New Zealand companies. I'm pleased to report – as one of the country's more resilient businesses – Port of Tauranga has weathered the storm well.

Despite ongoing significant domestic and international supply chain challenges, total cargo volumes decreased just 4.2% for the year, to 23.6 million tonnes.

We saw a big improvement in the second half of the financial year compared to the first.

Container numbers grew 13.7% and total trade grew 3.3% between the first half and the second half.

While ongoing inflationary pressures, low consumer confidence and increased rail costs put pressure on our import volumes over the year, we saw increases in annual log and kiwifruit export volumes.

Leonard will go into more detail on the performance of individual cargoes - but overall, I think we ended up in relatively good shape considering what was happening across the economy, here and overseas.

Underlying Group profit was \$102.7 million, a 12.8% decrease on the previous record year in FY2023. The reported Group Net Profit After Tax of \$90.8 million included a one-off deferred tax expense of \$11.9 million due to a change in tax legislation.

Total revenue decreased 0.8% to \$417.4 million.

A strong focus on costs saw operating expenses limited to a 3.8% increase, to \$218.6 million.

Our subsidiary and associate companies were severely impacted by reduced cargo volumes. Collectively, their earnings decreased 29.3% compared with the previous year. The reduced



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profitability at Northport, PrimePort Timaru, Timaru Container Terminal and Coda Group was offset by strong performances from Quality Marshalling and PortConnect.

The Board has declared a final dividend of 8.7 cents per share to bring the total dividend for the 2024 financial year to 14.7 cents per share.

I'm very pleased to report a significant improvement in health and safety. Our Total Recordable Injury Frequency Rate for employees and contractors improved by 36.2% for the year.

As the country's busiest port, we continue to invest in capacity, resilience and efficiency for the New Zealand supply chain. An intense focus on customer service has seen improved efficiency, despite the ongoing challenge of vessels arriving off schedule – which Leonard will talk about shortly. Our team and service partners have done an outstanding job in ensuring Port of Tauranga remains New Zealand's most efficient port.

Port productivity is a national issue and is of great concern to importers and exporters seeking efficient access to and from international markets.

It is now one year since we opened the Ruakura Inland Port in Hamilton, directly connecting the Waikato region by rail to our facilities in Auckland and Tauranga.

Ruakura Inland Port is a 50-year, 50/50 joint venture with Tainui Group Holdings. We've made this investment because inland ports play a crucial role in our vision for a more integrated and efficient Upper North Island supply chain.

Ruakura is one development in more than a decade of investments that we have made, to ensure we can facilitate visits from bigger container ships, thereby ensuring New Zealand remains globally competitive.

As part of our big ship strategy, we have been pursuing plans to convert existing cargo storage land into new berths on both sides of the harbour – developments collectively known as the Stella Passage project.

As you know, for several years we have been trying to obtain a resource consent for this development, which has been included in the Regional Coastal Environmental Plan for decades.

An Environment Court hearing on the application was held almost 20 months ago. In December, the Court issued an interim decision granting resource consent for the most urgent part of the project – a 285-metre extension at the container terminal.

The decision was subject to further matters being addressed to the satisfaction of the court, including the provision of further environmental evidence and engagement with iwi and hapū parties.

Our progress was reported to the Court at the end of June and the end of September.

The berth project is critical to the New Zealand economy. Without it, importers and exporters will face capacity constraints within a few years. We have weekly services currently on our waiting list for berthing windows.

The project will also help build New Zealand's resilience, especially in the face of increasing climate-related impacts. We cannot meet our trade needs, or decarbonisation aspirations, as a nation without investment in good infrastructure.

To that end, Port of Tauranga has successfully applied for the entirety of the Stella Passage project to be included in the Government's fast track consenting legislation.

We look forward to seeing the detail of the process and timeframes of the fast-track option.

While we are constructing the new berth at the container terminal, we plan to also introduce electric automated stacking cranes to the adjacent container storage areas. The automation is planned to both accelerate our decarbonisation progress and increase our capacity within the current footprint.

Port of Tauranga is strongly focused on decarbonisation as part of our commitment to long-term sustainability. In the past few years, we have made significant progress in improving fuel efficiency and reducing waste.

We are also committed to preserving our social licence with the Tauranga community through continuous improvement in our environmental performance and support of community services.

Leonard will expand on these areas in his presentation.

We have welcomed two new Directors to the Board - one with a familiar face! Sir Robert McLeod has re-joined the Board after retiring last October as one of the two directors appointed by Quayside Holdings, our cornerstone shareholder. He returns as an independent director and the new Chair of our Audit Committee, and brings with him deep governance experience, outstanding financial skills, and extensive iwi connections. We are very fortunate to have a Director of his calibre.

Sir Rob replaces Alastair Lawrence, who retired in August after nine years' service as a Director and two years as Chair of the Audit Committee.

Alastair is an astute Director and committee Chair with a wealth of commercial knowledge, and he retired with our gratitude and thanks.

Joining us today for his first Annual Meeting is Fraser Whineray, who replaced Sir Rob as one of Quayside's two nominated Directors. He holds governance roles with Waste Management and

AgriZero in addition to Quayside and is the Executive Chair of Jarden Group. Fraser was previously CEO of Mercury and COO of Fonterra.

Also up for reelection today is Alison Andrew, who joined the Board in 2018. She has held a number of senior executive roles, most recently as Chief Executive of Transpower New Zealand.

I will also be standing for reelection.

Finally, I would like to welcome our new Future Director, Scott Campbell, attending his first meeting today. The Future Directors programme is an Institute of Directors initiative to develop the next generation of directors and we are pleased to be supporting efforts to grow governance talent in the Bay of Plenty. We're delighted that Scott is joining us for the next 12 months, as our first Future Director.

I'd now like to welcome Leonard to share an update on the company's trade and operational performance over the past year, as well as some insights on the first quarter of the 2025 financial year.



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