



21 February 2013

Port of Tauranga Delivers Another Record Half Year Result

Highlights

- Underlying profit increased by 13.4% to \$39.193 million for the six months to December 2012.
- Excellent results from Group subsidiary and associate companies.
- Export volumes increase by 16.6%, with strong growth in forestry and dairy products.
- Container volumes increased 25.5% to 431,840 TEUs.
- Tauranga Container Terminal expansion nears completion, with a sixth container gantry crane to be commissioned in March 2013.
- High Court dismissing appeals against our dredging resource consent application

Port of Tauranga today announced another record half year profit as it grew container traffic and bulk freight volumes, consolidating its position as the pre-eminent national freight gateway.

Net Profit After Tax increased to \$74.2 million from \$34.6 million. This included a net gain of \$35.0 million on the sale of our 50% share in C3 Limited in November 2012.

The Board considers that using underlying profit gives readers a better comparison of normal operations and therefore has excluded the net gain from C3 in determining underlying profit. A reconciliation between reported and underlying profit is attached.

Underlying half year profit (which excludes the gain on sale of C3 Limited) rose by 13.4% to \$39.2 million - up from \$34.6 million, for the six months ended December 2012.

Revenue increased to \$118.6 million from \$105.7 million for the six months - an increase of 12.2% on the previous corresponding period.

Port of Tauranga Chairman, John Parker, said: "Port of Tauranga's staff and service providers have continued to deliver the reliability and productivity levels for which the Company is well recognised."

The Board has declared an increased interim dividend of 20 cents per share fully imputed - up 66% from the 12 cents per share for the 2012 interim dividend. The Board has decided to modify the dividend policy to increase the proportion of dividends paid as interim to approximately 45% of the annual dividend. The record date for entitlement to the interim dividend is 8 March 2013 and it will be paid on 22 March 2013.

Port of Tauranga's capital position remains strong. Gearing is conservative, with liabilities to total assets at 26.6%, from 29.9% at the same time last year.



Trade volumes increased 10% to 9.4 million tonnes from 8.5 million tonnes over the same period last year. Total exports increased 16.0% to 6.4 million tonnes from 5.5 million tonnes in the previous period. Dairy volumes represented the largest increase - up 87% to 935,000 tonnes. Meat exports increased 31% to 184,000 tonnes. Log volumes rose 13.8% to 2.649 million tonnes. Import volumes remained steady at just under three million tonnes.

These volumes were underpinned by a significant increase in the number of services calling at the port. In the last year, we secured seven new shipping services.

Port of Tauranga Chief Executive, Mark Cairns, said: "The results for the six months show the Port of Tauranga continuing to consolidate and strengthen its position as the pre-eminent national freight gateway and we expect container growth to continue as we further expand capacity."

Containers handled increased by 25.5% to 431,840 TEUs (twenty foot equivalent units) at the end of the current period, from 344,081 TEUs in the six months to 31 December 2011.

MetroPort, our inland port in the heart of Auckland's industrial belt, played a pivotal role in driving this growth. Traffic through its gates increased by 25.6% to 101,440 TEUs, from 80,746 TEUs in the same period last year.

Port of Tauranga's container volumes have continued to grow at a greater rate than other New Zealand ports. Trans-shipped cargo volumes (cargo shipped across Port of Tauranga wharves before being shipped on to another port) grew by 48% to 93,008 TEUs, underscoring our position as New Zealand's hub port.

Investment

In order to retain the Port's competitive position, we are focused on further improving systems to manage growth including pursuing our extensive port capacity expansion programme.

Capital works spending totalled \$33.5 million in the last half of 2012. The Company is midway through a \$170 million, three-year programme, which includes major expansion of the Tauranga Container Terminal.

The Terminal's berthage capacity is being increased by 28% with a 170-metre wharf extension which will be completed by late March 2013. A sixth container gantry crane is to be commissioned in March 2013.

The Port hopes to begin dredging of the shipping channel later this year to cater to growing traffic at the port and the impending arrival of larger ships. These ships will be an enabler of growth not only for the Port of Tauranga, but also the broader national economy. New Zealand's economy desperately needs the \$338 million of benefits that the New Zealand Shippers' Council estimates will flow from bigger ships operating on the South East Asia trade routes.¹

Meanwhile, in September, Port of Tauranga and Ports of Auckland launched a joint cargo management system, PortConnect, which creates a single interface for customers dealing with the ports' independent IT systems. PortConnect gives shipping companies, importers, exporters, transporters and regulatory authorities an easy-to-use system for improving the timeliness and accuracy of cargo information.

Leading through Innovation and Commitment



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¹ New Zealand Shippers' Council. August 2010. "The Question of Bigger Ships".

Associates

In November, Port of Tauranga sold its share in its stevedoring subsidiary, C3 Limited, to Asciano. The Company's subsequent \$34 million purchase of forestry marshalling company Quality Marshalling (Mount Maunganui) Limited took effect from 1 February 2013 and will be reflected in the full year accounts.

Quality Marshalling, like Port of Tauranga's other subsidiaries and associates, provides wrap-around services that consolidate and develop the Port's customer supply relationships. It is New Zealand's second largest log marshalling and scaling company, with operations at Mount Maunganui, Northport, Murupara, Rotorua, Kaingaroa, Napier and Auckland.

Earnings from subsidiaries and associates rose 13.1% to \$7.553 million, with strong performances from Tapper Transport and Northport.

Outlook

Port of Tauranga has entered its twenty-first year as a listed company well positioned for the second half of the financial year.

Log exports are expected to continue to increase in volume, due to strong demand from the Chinese markets.

We also expect to increase container volumes as the port consolidates its position as the pre-eminent national freight gateway. Meanwhile, the growing diversity of our freight ensures Port of Tauranga is well placed to weather any short-term fluctuations in individual cargo volumes.

We remain comfortable with our previous market guidance of after-tax earnings for the 12 months to 30 June 2013 in the region of \$75 million to \$79 million.

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Underlying Profit After Tax (Non Statutory Disclosure)

	Six Months Ended 31 December 2012 NZ\$000	Six Months Ended 31 December 2011 NZ\$000
Reported profit after tax ¹	74,209	34,571
Gain on sale of associate ²	(38,335)	0
Termination of interest rate swaps ³	4,610	0
Tax impact of termination of interest rate swaps	(1,291)	0
Underlying profit after tax	39,193	34,571

1 Reported profit in accordance with New Zealand Generally Accepted Accounting Practice.

2 Gain on sale of C3 on 28 November 2012.

3 The termination of interest rate swaps resulting from being over hedged as a result of the receipt of \$70 million from the sale of C3 Limited.

About Port of Tauranga

Port of Tauranga is New Zealand's largest port. It operates wharves at Sulphur Point and Mount Maunganui in Tauranga, as well as MetroPort, a rail-linked inland port in South Auckland.

The Port of Tauranga Group includes:

- Tapper Transport Limited – New Zealand's largest wharf cartage company and operator of a container freight station adjacent to MetroPort Auckland.
- Quality Marshalling (Mount Maunganui) Limited – New Zealand's second largest log marshalling and scaling company, with operations at Mount Maunganui, Northport, Murupara, Rotorua, Kaingaroa, Napier and Auckland.
- Northport Limited – a joint venture with Northland Port Corporation, operating a deepwater commercial port at Marsden Point.
- MetroPack Limited – a container packing and unpacking facility based in Auckland.
- MetroBox Auckland Limited – a container cleaning, repair and storage facility at MetroPort, operated in a joint venture with KiwiRail.
- Cubic Transport Services Limited (37.5% ownership), specialists in moving freight within New Zealand.

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