



29 August 2012

Port of Tauranga Announces Record Profit

Highlights

- Net Profit After Tax (NPAT) for the year to 30 June 2012 rose 26% to a new record of \$73.5 million.
- Final dividend of 27 cents per share (bringing total dividend payout to 39 cents per share - up 26 percent).
- Total container volumes through the Port increased 35% to 796,024 TEUs.
- Trade volumes rise 20% to 18.5 million tonnes from 15.4 million.
- Log volumes up 11% to 4.9 million³.
- Dairy volumes up 126% to 1.33 million tonnes.
- Port of Tauranga celebrates the 20th anniversaries of listing on the New Zealand Stock Exchange and the establishment of Sulphur Point.

Port of Tauranga, the country's leading container terminal, today marked its twentieth year as a publicly listed company by posting a record annual result.

Net Profit After Tax for the 12 months to 30 June 2012 rose 26% to \$73.5 million from \$58.4 million in 2011, more than ten times the level achieved in 1992, Port of Tauranga's first year as a publicly listed company.

Group Net Profit After Tax has now increased 87% since the global financial crisis started in July 2007, due to the Company diversifying revenue streams through investment in six associate companies and continued growth at its MetroPort terminal in Auckland.

In line with Port of Tauranga's intention to steadily increase its dividend year-on-year consistent with performance, the Board has declared a final dividend of 27 cents per share, taking the full-year dividend to 39 cents, an increase of 26% from 31 cents paid in 2011.

The dividend extends the Port's reputation of delivery for shareholders over two decades as a publicly-listed company. For the year to 30 June 2012 total gross shareholder return - share price increases plus dividends - was 30 percent.

Over the Port's twenty-year history, total shareholder returns stand at an average compounding 24% per annum. Port of Tauranga has been the best performing share on the NZX over the last 15 years and with a return well ahead of the benchmark NZX50 Index.

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Port of Tauranga Chairman, John Parker, said: “Since listing on the New Zealand Stock Exchange main board in May 1992, Port of Tauranga has consistently delivered for shareholders, the Bay of Plenty and the upper North Island. The results for the 2012 year extend that record and demonstrate the Port’s capacity to serve as this country’s preferred freight gateway.”

The results for the year to 30 June 2012 reflect: strong growth in freight volumes; increased earnings at our six associate companies, where net profits rose 7% to \$13.3 million, and a \$13.2 million revaluation in land, buildings, harbour improvements, wharves and hardstanding. These gains were partially offset by a \$1.3 million impairment to buildings which are to be relocated to create more space and increase productivity at both the Sulphur Point and Mount Maunganui wharves.

Total trade rose 20% to 18.5 million tonnes from 15.4 million tonnes in the same period last year. In the year to 30 June 2012, total container volumes increased 35% to 796,024 TEUs from 590,506 TEUs in the year earlier.

Freight traffic diverted to Port of Tauranga following industrial action at Ports of Auckland contributed less than a third of the increase in container traffic during the year. Container volumes peaked in March when Port of Tauranga transported more than 82,000 TEUs across the Sulphur Point Container Terminal - an 81% increase over the March 2011 figure. Traffic has eased since then to just under 70,000 TEUs in June, but it is still nearly 30% up on the June 2011 figure.

Port of Tauranga Chief Executive, Mark Cairns, said: “It is a credit to Port of Tauranga’s staff and stakeholders and the ‘can-do’ culture that is at the heart of our business, that we were able to respond to such a dramatic increase in container volumes.”

“Our long-term business partner KiwiRail was pivotal to this success. At short notice, it stepped up increasing services from MetroPort in Auckland to Sulphur Point from four to six trains per day giving us capacity of up to 636 TEUs per day each way. It continues to offer this service.”

“Although the Ports of Auckland industrial dispute resulted in a level of container traffic that stretched us, it demonstrated the ease with which we can deploy the extensive latent capacity at our Sulphur Point and MetroPort container terminals in Tauranga and Auckland. It also demonstrated our competitive freight offer and our service capability, even when we were under great pressure.”

“Moreover, we are now more confident that the \$180 million capital expenditure programme over the next three years expanding the port infrastructure will prepare Port of Tauranga for the next period of growth.”





Financial Highlights

Port of Tauranga 12 Months to 30 June	FY 2012 \$M	FY 2011 \$M	Variance \$M	Variance %
Revenue	227.2	185.4	41.8	22.5
Operating expenditure	(112.9)	(90.4)	(22.5)	24.9
Parent EBITDA	114.3	95.0	19.3	20.3
Depreciation and amortisation	(18.4)	(17.3)	(1.1)	6.4
EBIT	95.9	77.7	18.2	28.2
Net finance costs	(10.9)	(10.6)	(0.3)	(0.9)
Share of associate profits	12.2	10.8	1.4	13.0
Net profit before tax	97.2	77.9	19.3	24.8
Net profit after tax	73.5	58.4	15.1	25.9

Earnings per share	54.8c	43.6c	11.2c	25.7
Final dividend	27.0c	21.0c	6.0c	28.6
Total dividend	39.0c	31.0c	8.0c	25.8

Freight Volumes

Container traffic now represents nearly half of our total trade. Trans-shipments or containers transferred from one ship to another at Tauranga rose 88% to 2.5 million tonnes from 1.3 million tonnes a year earlier, underscoring our role as a New Zealand hub for international trade.

Most of the additional cargo was due to seven new shipping services introduced to Tauranga during the period, which contributed over 200,000 TEUs to the volume handled.

MetroPort handled a record 183,000 TEUs during the year, up 33% from 138,000 TEU in 2011.

Dairy exports volumes rose 126% to 1.33 million tonnes from 588,000 tonnes in 2011. This was due to favourable dairy production, thanks to a cooler and wetter season, as well as Fonterra's decision to consolidate its freight operations at the port at the start of the year.

Log export volumes continued to grow, rising 11% to 4.9 million tonnes from 4.4 million tonnes in 2011.

Frozen meat exports also benefited from higher commodity prices as well as consolidation of port shipping traffic at Tauranga. Export volumes rose 38% to 426,391 tonnes from 308,739 tonnes. Imports of oil products, bulk liquids, fertilisers and animal food supplements remained steady overall, with small fluctuations in volumes.





Associates & Subsidiaries

Associate and subsidiary earnings are up 7% to \$13.3 million, from \$12.4 million last year, with a particularly pleasing result from Northport, with earnings up 21% on the previous year.

Balance Sheet

The growth in earnings is not coming at the expense of Port of Tauranga's strong balance sheet. This year we paid more than \$45 million in dividends and invested \$39 million in our assets for growth and maintaining cash flow. At 30 June, debt was \$186.7 million - up slightly from \$186.1 million in June 2011. Meanwhile, gearing – the ratio of net debt to debt + equity - has reduced to 29.0% from 29.3% in June 2011.

Capital Expenditure

It is vital Port of Tauranga maintains and improves our class-leading productivity and customer service, and we are investing further in the equipment and people required to do that. In the year to 30 June, Port of Tauranga invested \$39 million, primarily increasing capacity at the terminal and we have a further \$180 million capital investment programme over the next three years.

In the 2012 financial year, we expanded our fleet of twin-lift straddle carriers by six and have ordered a further six units for delivery early in 2013. A 170 metre extension to the Sulphur Point wharves is currently under construction and is expected to be finished by March 2013. This will boost our berth capacity by 28%.

Meanwhile, reconfiguration of the existing terminal and new paving has enabled a 30% increase in container ground slots over the year, with a further 15% currently being developed. We have also increased the number of refrigerated container plugs by 40%. Work on our rail sidings now enables us to load and unload three trains at once.

We have also ordered two more ship-to-shore gantry cranes, taking our Sulphur Point fleet to seven. The first new crane will be commissioned in early 2013 with the second arriving in early 2014. One of the older cranes has just been modified to become twin-lift capable. Early twin-lifting trials are indicating the potential for promising productivity improvements where we are achieving peak crane rates exceeding 60 moves per hour.

At the Mount Maunganui wharves, we continue to seek ways to accommodate the increasing volumes of forestry products for export.

The New Zealand Transport Agency National Freight study forecasts an increase of up to 75 percent in the volume of commodities by 2031, while at the same time coastal shipping volumes are predicted to double to 9 million tonnes.

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“Of our strategic land holdings, 44 hectares is available for future development, allowing for uninterrupted growth to accommodate these demands for the foreseeable future,” Mr Cairns said.

Channel Dredging

Port of Tauranga’s application for consent to dredge Tauranga harbour is an infrastructure project of national importance. New Zealand’s major exporters have called for the provision of infrastructure at hub ports to accommodate the next generation of 8,000-equivalent TEU container ships, to help ensure they remain globally competitive.

“We acknowledge the dredging consent application has been a very challenging process for both Iwi and the Port over the last four years, but we believe that the process was conducted with the utmost respect for each other’s position,” Mr Cairns said.

“We acknowledge that both parties have a significant stake in this beautiful harbour and we see a number of potential projects that we could work on together in the future to generally improve its health and wellbeing.

“Unfortunately, however, there were a number of individuals that were fundamentally opposed to any further development of the Port and as a result, the Environment Court’s decision to recommend the granting of the consent was subsequently appealed to the High Court. The High Court hearing has been heard with a ruling expected by October 2012.”

Outlook

The global economic outlook remains uncertain. However, we believe that earnings growth for the Company will continue, based on the soundness of our diversification strategy and our continued investment in infrastructure to provide the capacity to accommodate anticipated future cargo growth.

Mr Cairns said: “The first month of this financial year has shown continued growth in container and log export volumes, up on the previous year. We will provide an update to shareholders at our Annual Meeting on Thursday 25 October 2012, when we have a better feel for the first quarter’s trade volumes.”

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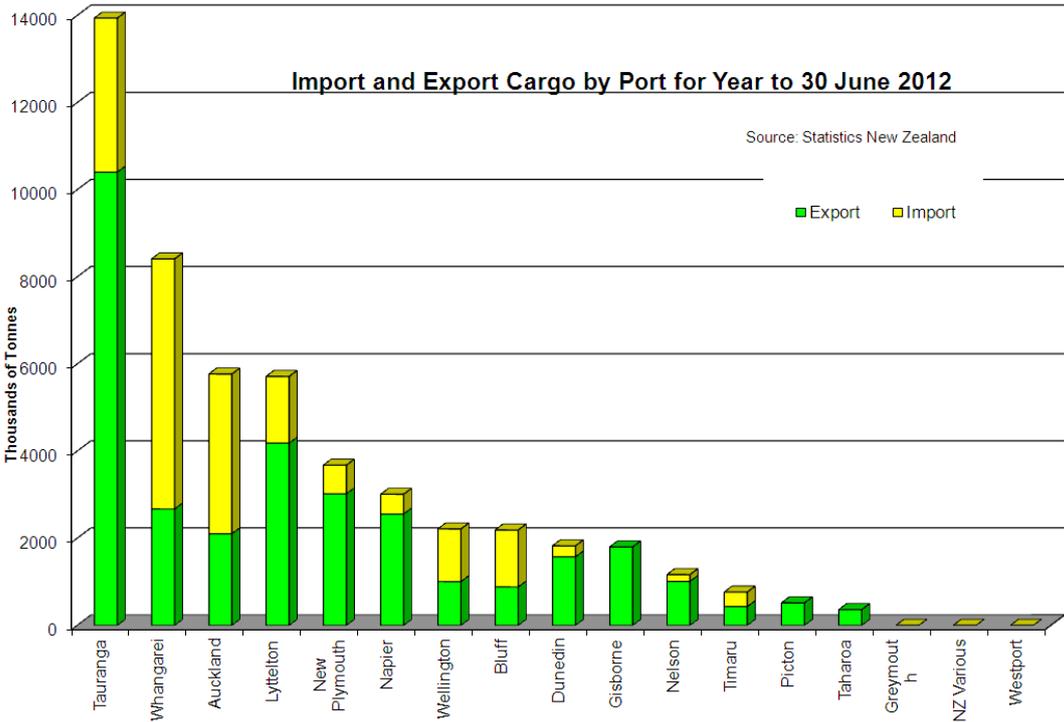


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About Port of Tauranga: <http://www.port-tauranga.co.nz/Media-Room>

Port of Tauranga is New Zealand’s largest port, handling 18.5 million tonnes of imports and exports annually (2.4 times more international cargo than our nearest competitor and more than 3 times the export volumes - Statistics NZ data below). It operates wharves at Sulphur Point and Mount Maunganui, as well as MetroPort, a rail-linked inland port in 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; C3 Limited a joint venture with Asciano Limited and New Zealand’s largest on-wharf logistics company, operating in 13 ports; Northport Limited a joint venture with Northland Port Corporation, which operates a deepwater commercial port at Marsden Point; MetroPack Limited a container packing and unpacking facility established in partnership with C3 Limited and Tapper Transport Limited; MetroBox Auckland Limited a joint venture with Pinnacle Corporation which handles container cleaning, repair and storage at MetroPort; Cubic Transport Services Limited (37.5% ownership) which specialises in moving freight within New Zealand.



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