

the **future** is

n o w

PORT TARANAKI HALF-YEAR REPORT

This interim report

Half-year ended 31 December 2023

The Directors of Port Taranaki Limited (PTL) have pleasure in presenting this interim report on the operations and activities of the Company for the six months ending 31 December 2023. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and they comply with NZ IAS 34 Interim Financial Reporting.

The financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements and notes included in the 2023 Annual Report.

Financial performance

Total revenue for the period was \$27.43 million. This was marginally down on that recorded in the same period last year. The decrease in revenue against the prior period was driven primarily by lower trade and, as a result, fewer vessel visits. In addition, revenue in the first half of FY24 did not benefit from the unusual non-trade revenue that occurred in the first half of FY23.

Total operating expenditure (including depreciation and maintenance dredging) for the first half of the 2024 financial year was \$20.81 million compared with \$18.20 million in the prior corresponding period. Personnel costs and insurance costs were up on the prior half year. The spend on repairs and maintenance was largely unchanged vis-à-vis the prior half year.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for the six months was \$11.08 million, lower than the \$13.00 million recorded in the first half of FY23 but up on the \$10.65 million recorded in the first half of FY22. The lower EBITDA versus the prior year was driven by higher operating costs.

The unaudited after-tax profit of \$4.26 million was below the \$6.53 million recorded in the six months to 31 December 2022. The result included higher financing and depreciation charges following the commissioning of the new firewater system.

Port Taranaki's Key Financial Metrics (\$000)





NOORDAM
ROTTERDAM

Dividend

A final dividend of \$4.50 million in respect of the 2023 financial year was paid to the Shareholder in October 2023. An interim dividend of \$3.50 million has been approved for the 2024 financial year.

People and community

We take pride in supporting our people and community. We do this by providing a safe and healthy workplace for our employees, port users, contractors, and the public. We seek to:

- Promote a positive health, safety and wellbeing culture.
- Prevent incidents, and proactively manage the wellbeing of our employees.
- Work collaboratively and proactively with all users and contractors on our port.
- Provide locally targeted sponsorship and support activities.

During the first six months of FY24 we continued our proactive engagement and relationships with the unions. Together with the union delegates, leaders went through training on interest-based problem solving before forming relevant working groups. This engagement enhances our relationship with unions outside of the bargaining table. We strive

to build solutions from the ground up rather than from the top down.

We rolled out Safety Leadership training to a significant portion of our workforce. These “Switch On” workshops were aimed at enhancing our overall safety culture and leadership behaviours. The workshops were incredibly well received, and we are now working on a plan to extend the tools and messaging across our entire business.

An external health and safety review was completed, focused on a back-to-basics approach, and this review saw us pause and revisit our existing health and safety plan and function. As a result, we are now working under a renewed three-year improvement plan.

We were pleased to provide three university engineering students real-world work experience once again through a 10-week internship over the summer period. Robbie White and Jack Stewart returned, and were joined by Inuri Kankanamage. All three supported our infrastructure division.

In July 2023, we welcomed our first female electrician. Jaimee Hartley is a great addition to PTL and our maintenance team.

During the six months to 31 December 2023, we continued to support several community groups, and we have worked hard through both social media and mainstream media to educate the community on water safety.

In November and December, we were delighted to see the arrival of two cruise vessels – the

first of seven expected visits this cruise season. Seven cruise visits will be a record for the Company, and we are working actively with the community (particularly Venture Taranaki) to build this to 28 by 2028.

Environment

Work continued to progress several environmental activities – activities aimed at enhancing our social licence and positioning us for the future. We continued to upgrade our log yard stormwater systems. This work, along with positive engagement with the Taranaki Regional Council (TRC), has enabled our stormwater consent renewal to progress towards a conclusion. We expect this will be finalised in the second half of FY24.

Internal work began on preparing a consent application to renew our maintenance dredging consents, which expire in 2029. The work to date has primarily involved desk-top studies determining future sand movement into the harbour and the most suitable disposal grounds. This work is ongoing.

Relationships

Building long-term mutually beneficial partnerships with our community, port users, customers, iwi and hapū is one of the keys to building long-term value. Sharing information and consulting with our community helps us plan for the future in a way that best meets all stakeholders’ needs. Our preparation for the

renewal of our maintenance dredging consents (discussed above) has seen, and will continue to see, us liaise with stakeholders.

In addition to this, during the first six months of FY24, we built on the strong foundations laid down in FY23 and continued to engage with Ngāti Te Whiti through the Kaitiaki Forum. This forum enables Ngāti Te Whiti and PTL to share information on current and future activities relating to the Company's land and marine environment, collaborate on complex issues, and engage the expert advice of Ngāti Te Whiti to inform resource consent applications.

After consultation with Ngāti Te Whiti we named a road within the port Kekenō Cres. Kekenō is the Māori name for the New Zealand fur seal.

We continued to engage with interested parties in the offshore wind sector. As New Zealand's premier energy port, we have a central role to play in this sector and we look forward to providing key supporting services and infrastructure in the development and production of offshore wind.

We also continue to work with our traditional energy partners, and during the first six months we supported further decommissioning work at Tui and the drilling of the well KS-9 at the offshore Kupe field. We have also commenced discussions regarding the decommissioning of oil and gas fields.



Assets and infrastructure

Ports are essential infrastructure. PTL is integral to the movement of freight and is a key contributor to the Taranaki economy. Consequently, PTL seeks to make trade easy and, by doing so, create value for our business, Shareholder, customers, and port users.

During the half year we:

- Continued a programme of structural repair work to ensure the longevity of our wharves and enable our existing levels of service to continue.
- Undertook seawall remediation to help maintain the integrity of our assets.
- Began the procurement process for a tug to replace the ageing Rupe, which has serviced the port admirably during the past 40 years.

Capital investment in the six months to December 2023 (at \$3.55 million) was significantly below that of the prior year, given the commissioning of PTL's new firewater system, which was the Company's largest capital investment since the tug Kinaki was commissioned in 2018.



Trade performance

Total trade for the six-month period was 2.05 million freight tonnes, a decrease of 8% on the same period last year. Log volumes were 67 thousand JAS lower and dry bulk trade was 68 thousand freight tonnes lower. Liquid bulk volumes were marginally lower.

First-half log trade was the lowest recorded in the past four years and was impacted by lower demand from China that resulted in low commodity prices. In addition, wet weather hampered harvesting and volumes available for export.

The number of vessels visiting the port also trended lower, following the trade performance. Two cruise vessels visited in December, and we expect to set a record this season with seven cruise visits.

Governance

At the commencement of the financial year, long-standing director Richard Krogh retired. Richard joined the Board of Directors in 2012 and had been chair since 2019. Richard was hugely influential in the success of Port Taranaki, and we thank him for his service.

With the retirement of Richard Krogh, Jeff Kendrew became Port Taranaki chair on 1 July 2023.



Outlook

Trading in the second six-month period is forecast to be at a similar level to that recorded in the first half. Economic conditions are still mixed, and methanol production is expected to be slightly lower as gas supply is expected to be impacted by planned maintenance outages and lower than expected output from existing wells (reflecting recent gas production results, which have been lower than originally expected following upstream investment).

As a result, annual trade to 30 June 2024 is projected to be significantly below 5 million freight tonnes and is likely to be lower than that recorded in FY23.

Given the projected lower trade, full-year revenue is expected to be about \$54 million, which is below that recorded in FY23. Therefore, there is a firm focus on expenditure, with prioritisation of spend on risk reduction and positioning the Company for longer-term growth.

Forecast FY24 EBITDA is in the \$20.00 million to \$22.00 million range and forecast NPAT is circa \$8.50 million.

Jeff Kendrew
CHAIR

Simon Craddock
CHIEF EXECUTIVE

Contents

KEY



Subsequent events



Key estimates and judgements

Financial statements

- 10. Statement of profit or loss**
The operating revenue earned and operating expenditure incurred by PTL during the six-month period.
- 10. Statement of comprehensive income**
Items of operating revenue and operating expenditure that are not recognised in the statement of profit or loss and hence are taken to reserves in equity.
- 11. Statement of financial position**
A summary of PTL's assets and liabilities at the end of 31 December 2023.
- 12. Statement of changes in equity**
Components that make up the capital and reserves of PTL and the changes of each component during the six-month period.
- 13. Statement of cash flows**
Cash generated and used by PTL during the six-month period.

Notes to the financial statements

- 14. About these financial statements**
- 15. A. Our performance**
A1. Operating revenue
A2. Operating expenses
A3. EBITDAF reconciliation
- 16. B. Our assets**
B1. Property, plant and equipment
B2. Intangible assets
- 17. C. Our funding**
C1. Capital structure
C2. Share capital
C3. Dividends
C4. Reserves
C5. Borrowings

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of profit or loss

2023 \$000	Note	Unaudited For the six months ended 31 December	
		2023 \$000	2022 \$000
57,429	A1	27,431	27,738
29,969	A2	16,352	14,741
27,460	A3	11,079	12,997
7,222	A3	4,473	3,472
(19)	A3	(14)	(18)
20,257		6,620	9,543
1,032		697	475
19,225		5,923	9,068
5,357		1,658	2,539
13,868		4,265	6,529

Statement of profit or loss continued

2023 \$000	Note	Unaudited For the six months ended 31 December	
		2023 \$000	2022 \$000
13,868		4,265	6,529
52,000		52,000	52,000
26.67		8.20	12.56

Statement of comprehensive income

2023 \$000	Note	Unaudited For the six months ended 31 December	
		2023 \$000	2022 \$000
13,868		4,265	6,529
(1,002)	C4	-	-
104	C4	(915)	482
(898)		(915)	482
12,970		3,350	7,011

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

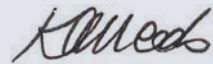
Statement of financial position

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December	
2023 \$000	Note	2023 \$000	2022 \$000	
678		1,664	2,956	Cash and cash equivalents
8,537		6,736	7,291	Trade and other receivables
970		927	843	Inventories
10,185		9,327	11,090	Total current assets
202,950	B1	202,021	199,216	Property, plant and equipment
551		527	585	Right of use assets
277	B2	343	343	Intangible assets
2,197		1,453	2,617	Derivative financial instruments
205,975		204,344	202,761	Total non-current assets
216,160		213,671	213,851	Total assets

For and on behalf of the Board of Directors who authorised the issue of these interim financial statements on 15 February 2024.



Jeff Kendrew
CHAIR



Kathy Meads
CHAIR OF THE AUDIT AND RISK COMMITTEE

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December	
2023 \$000	Note	2023 \$000	2022 \$000	
6,019		3,144	3,290	Trade and other payables
1,668		1,736	1,502	Employee benefit provisions
41		41	30	Lease liability
163	C5	160	140	Borrowings
3,097		607	2,141	Taxation payable
10,988		5,688	7,103	Total current liabilities
37,824	C5	41,528	41,525	Borrowings
405		405	473	Employee benefit provisions
575		555	616	Lease liability
1,327		1,604	1,050	Deferred tax liability
40,131		44,092	43,664	Total non-current liabilities
51,119		49,780	50,767	Total liabilities
26,000	C2	26,000	26,000	Share capital
69,091	C4	68,176	70,473	Reserves
69,950		69,715	66,611	Retained earnings
165,041		163,891	163,084	Shareholder's equity
216,160		213,671	213,851	Total liabilities and shareholder's equity

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of changes in equity

	Note	Issued Capital \$000	Retained Earnings \$000	Revaluation Reserve \$000	Cash Flow Hedge Reserve \$000	Total Equity \$000
As at 1 July 2022		26,000	64,082	68,512	1,477	160,071
Changes in shareholder's equity for six months to 31 December 2022						
Comprehensive income		-	6,529	-	-	6,529
Other comprehensive income		-	-	-	484	484
Dividends	C3	-	(4,000)	-	-	(4,000)
As at 31 December 2022 (Unaudited)		26,000	66,611	68,512	1,961	163,084
Changes in shareholder's equity for six months to 30 June 2023						
Comprehensive income		-	7,339	-	-	7,339
Other comprehensive income		-	-	(1,002)	(380)	(1,382)
Dividends	C3	-	(4,000)	-	-	(4,000)
As at 30 June 2023 (Audited)		26,000	69,950	67,510	1,581	165,041
Changes in shareholder's equity for six months to 31 December 2023						
Comprehensive income		-	4,265	-	-	4,265
Other comprehensive income		-	-	-	(915)	(915)
Dividends	C3	-	(4,500)	-	-	(4,500)
As at 31 December 2023 (Unaudited)		26,000	69,715	67,510	666	163,891

Financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

Statement of cash flows

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023 \$000		2023 \$000	2022 \$000
Cash flows from operating activities			
65,802	Receipts from customers	30,935	30,258
663	Gross Interest received	714	290
(41,089)	Payments to suppliers and employees	(20,495)	(21,509)
(1,565)	Gross Interest paid	(1,410)	(688)
(4,367)	Income tax paid	(4,196)	(2,742)
19,444	Net cash flows from operating activities	5,548	5,609
Cash flows from investing activities			
419	Sale of property, plant and equipment (net of disposal costs)	1,059	327
(16,441)	Purchase of property, plant and equipment, and software	(4,596)	(8,236)
(581)	Capitalised labour and interest on purchase of property, plant and equipment	(205)	(309)
(16,603)	Net cash flows from investing activities	(3,742)	(8,218)
Cash flows from financing activities			
32,370	Borrowings drawn	25,400	20,070
(26,845)	Borrowings repaid	(21,700)	(10,845)
(8,000)	Dividends paid	(4,500)	(4,000)
(60)	Lease payments	(20)	(29)
(2,535)	Net cash flows from financing activities	(820)	5,196
306	Net increase/(decrease) in cash and cash equivalents	986	2,587
372	Cash and cash equivalents at the beginning of the period	678	372
678	Cash and cash equivalents at the end of the period	1,664	2,959

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023 \$000		2023 \$000	2022 \$000
Reconciliation of net profit after tax to net cash flows from operating activities			
13,868	Profit after tax	4,265	6,529
Plus: Movements in non-cash items:			
7,222	Depreciation, amortisation, and maintenance dredging	4,473	3,472
277	Deferred tax balances	277	-
Plus: Movements in operating assets and liabilities			
(1,868)	Trade and other receivables	1,801	(2,183)
(55)	Inventories	43	72
157	Provisions	68	59
(980)	Trade and other payables	(2,704)	(2,144)
89	Interest payable	(171)	25
753	Tax payable	(2,490)	(203)
Less: Movements related to investing activities:			
19	Movement in property, plant and equipment creditors	14	18
19,444	Net cash flows from operating activities	5,548	5,609

About these financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

The port

Port Taranaki Limited (PTL, also referred to as the Company) is the only deep water port on the west coast of New Zealand and services bulk liquids (serving the nation's energy sector), dry bulk (fertiliser, stock feed and cement), logs and general cargo. Commercial activities include the provision of: (i) marine and cargo services; (ii) logistics services (including offshore support); and (iii) property and storage services. These are considered under three integrated performance obligations: (i) marine and cargo services revenue; (ii) logistic services revenue; and (iii) property revenue.

PTL is a sea port company incorporated under the Companies Act 1993.

The Company's parent and sole shareholder is the Taranaki Regional Council (TRC) and was, at all times, during the period.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 2-8 Bayly Road, Moturoa, New Plymouth 4310.

Basis of preparation

These financial statements have been prepared:

- In accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting. PTL is a for-profit entity for the purpose of complying with NZ GAAP.
- In accordance with the requirements of the Port Companies Act 1988 and the Financial Reporting Act 2013.
- On the basis that the Company is a going concern.
- On a historical cost basis, except for land, and derivatives held at fair value, as identified in the accompanying notes.
- Using the same accounting policies disclosed in PTL's Annual Report for the year ended 30 June 2023 (2023 Annual Report).
- On a Goods and Services Tax (GST) exclusive basis except receivables and payables, which include GST where GST has been invoiced.
- In New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

These financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements and notes included in the 2023 Annual Report.



Key accounting judgements and estimates

In applying PTL's accounting policies and in preparing financial statements in conformity with NZ IAS 34, PTL makes a number of judgements, estimates and assumptions. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements and the key sources of estimation and uncertainty, are the same as those disclosed in the 2023 Annual Report.

These financial statements

These financial statements are presented in a style that makes them less complex and more relevant to our owner, customers and other stakeholders. The financial statements are grouped into the following sections: 'Financial statements'; 'Our performance'; 'Our assets'; and 'Our funding'. The intent is to provide readers with a clear understanding of what drives the financial performance and financial position of PTL.

A

Our performance

In this section

This section explains the financial performance of PTL by displaying additional information about individual items from the statement of profit or loss.

A1 Operating Revenue

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
43,697	Marine and cargo services revenue	20,809	20,862
3,296	Logistics services revenue	1,210	1,515
9,377	Property revenue	4,803	4,752
1,059	Other income	609	609
57,429	Total operating revenue	27,431	27,738

A2 Operating Expenses

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
16,169	Employee expenses	8,866	8,094
4,212	Repairs and maintenance	2,005	2,004
9,588	Other expenses	5,481	4,643
29,969	Total operating expenses	16,352	14,741
	Included within other expenses are:		
410	Director fees	198	203

A3 EBITDAF Reconciliation

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
27,460	EBITDAF	11,079	12,997
1,103	Maintenance dredging	725	526
5,988	Depreciation	3,595	2,881
131	Amortisation	153	66
(19)	Net (gain) / loss on sale of property, plant and equipment	(14)	(18)
(34)	Interest revenue	(24)	(290)
1,066	Interest expense	721	764
19,225	Profit before tax	5,923	9,068
5,357	Tax expense	1,658	2,539
13,868	Profit after tax	4,265	6,529

EBITDAF definition

EBITDAF is earnings before interest, tax, depreciation, amortisation, maintenance dredging, change in fair value of hedges, impairments, and gains or losses on sale of property, plant and equipment. EBITDAF is a non-GAAP profit measure that is used internally by Management and the Board to provide insight into PTL's operating performance as it allows the evaluation of PTL's operating performance without the non-cash impacts of depreciation, amortisation, fair value movements of hedging instruments and other one-off or infrequently occurring events and the effects of PTL's capital structure and tax position.

EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

B

Our assets

In this section

This section explains the assets that PTL uses in its business to generate operating revenue.

B1 Property, Plant and Equipment

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
194,353	Opening balance	190,974	194,353
17,022	Additions	15,313	8,633
(4,108)	Disposals	(145)	(317)
(1,002)		-	-
(3,315)	Depreciation	(4,121)	(3,453)
202,950	Closing balance	202,021	199,216

Included within additions is capitalised interest of \$205 thousand (31 December 2022: \$309 thousand, 30 June 2023: \$878 thousand) in relation to capital works underway.

At 31 December 2023, PTL was committed to \$4.1 million of capital expenditure (31 December 2022 \$6.9 million, 30 June 2023 \$4.1 million).

B2 Intangible Assets

Audited For the twelve months ended 30 June		Unaudited For the six months ended 31 December	
2023		2023	2022
409	Opening balance	277	409
-	Additions	219	-
(141)	Disposals	-	-
9	Depreciation	(153)	(66)
277	Closing balance	343	343

C

Our funding

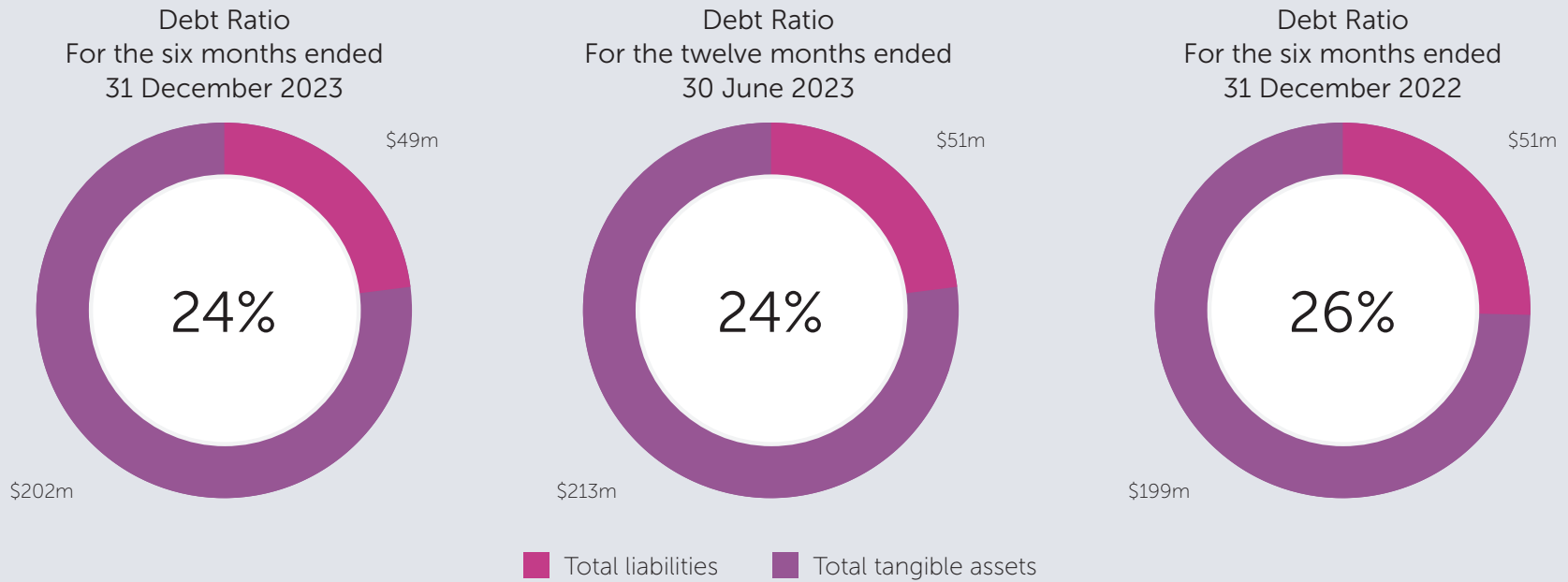
In this section

This section outlines how PTL manages its capital structure, its funding sources and how dividends are returned to the Shareholder.

C1 Capital Structure

The Company's policy is to maintain a stable and strong capital base, so as to maintain investor and creditor confidence and sustain the business development of the Company and safeguard its ability to remain a going concern.

The Company regularly monitors its capital requirements, its compliance with its financial covenants.



C2 Share Capital

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			
Shares (000) 2023	Issued Capital 2023		Shares (000) 2023	Shares (000) 2022	Issued Capital 2023	Issued Capital 2022
52,000	26,000	Share capital (issued and fully paid)	52,000	52,000	26,000	26,000

C3 Dividends

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			
Cents per share	2023		Cents per share	2023	Cents per share	2022
7.69	4,000	Prior year - final	8.65	4,500	7.69	4,000
7.69	4,000	Prior year - Interim	-	-	-	-
	8,000	Total dividends		4,500		4,000



Subsequent event - interim dividend

On 15 February 2024 the Board declared an interim dividend of \$3.50 million to be paid on 5 March 2024.

C4 Reserves

Audited For the twelve months ended 30 June			Unaudited For the six months ended 31 December			Unaudited For the six months ended 31 December		
2023			2023	2023	2023	2022	2022	2022
Revaluation Reserve			Revaluation Reserve	Cash Flow Hedge	Total	Revaluation Reserve	Cash Flow Hedge	Total
69,989	Balance 1 July		67,510	1,581	69,091	68,512	1,477	69,989
(898)	Revaluations in other comprehensive income		-	(915)	(915)	-	485	485
69,091	Balance at end of period		67,510	666	68,176	68,512	1,962	70,474

C5 Borrowings

Audited For the twelve months ended 30 June				Unaudited For the six months ended 31 December			Unaudited For the six months ended 31 December		
Drawn 2023	Un-drawn 2023		Facility 2023	Drawn 2023	Un-drawn 2023	Facility 2022	Drawn 2022	Un-drawn 2022	
163	-	Current secured loans	-	160	-	-	140	-	
37,824	-	Non-current secured loans	-	41,528	-	-	41,525	-	
37,987	27,013	Total	65,000	41,688	23,312	65,000	41,665	23,335	

Board of Directors

Jeff Kendrew, Chair

Wendie Harvey

Charlotte Littlewood

Kathy Meads

Steve Sanderson

Jamie Tuuta

Leadership Team

Simon Craddock, Chief Executive

Ross Dingle, GM Commercial

Pippa Farrell, HR Manager

John Maxwell, GM Infrastructure

Allan Melhuish, Chief Financial Officer

Alex Park, GM Operations

Alisha Picard, H&S Manager

Auditors

Deloitte Limited on behalf of the Auditor-General

Photographs: pipGuthrie Photographer - www.pipphoto.co.nz
Mark Dwyer - www.markdwyer.co.nz

Design: Digital Fuel, daniel@digitalfuel.co.nz

Bankers

ASB Bank Limited

Solicitors

Govett Quilliam The Lawyers

Contact

Port Taranaki Centre

2-8 Bayly Road

PO Box 348

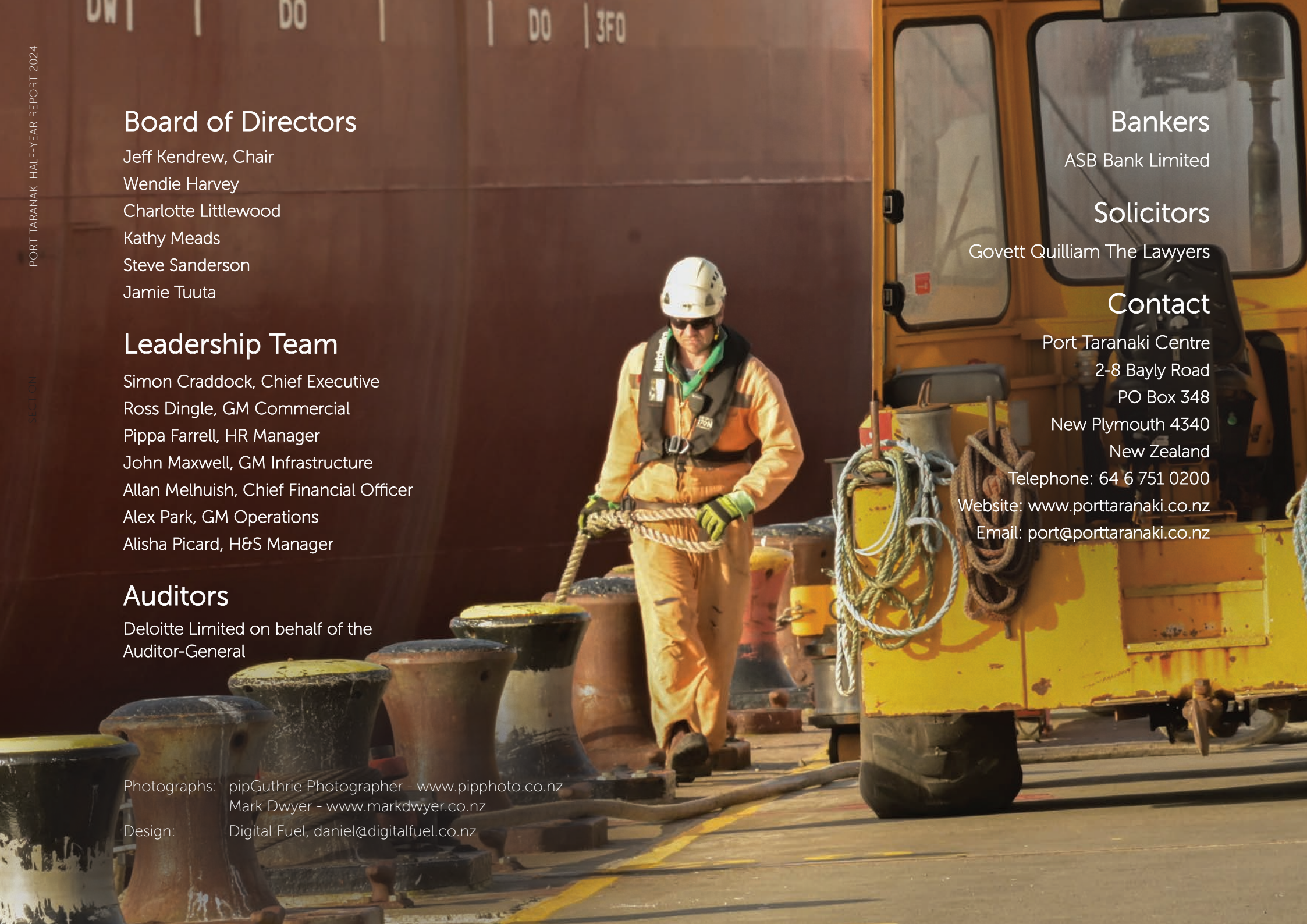
New Plymouth 4340

New Zealand

Telephone: 64 6 751 0200

Website: www.porttaranaki.co.nz

Email: port@porttaranaki.co.nz





Port Taranaki Limited Half-Year Report