

Navigating the new normal

Resilience in challenging times

New Zealand Ports and Freight Yearbook 2023



Contents

Welcome

3

1. In focus: Thought leadership from across Deloitte

4

Securing supply chain resilience

Coastal shipping: fostering a resurgence

Delivering Mitigation and Adaptation: Climate change set to shape supply chains

ESG reputational risk with your key suppliers

Partnership and diversification of Māori Investment

2. In focus: Economic insights

22

3. Port sector insights

28

Financial and operational trends

Comparator tables and analytics

Port summaries

4. Deloitte's Infrastructure and Capital Projects Offering

58

Glossary

62





Tēnā koutou

The Deloitte New Zealand Ports and Freight Yearbook provides a concise snapshot of domestic port and freight activity. In addition, we present insights into the global and domestic environment, and a series of “in focus” thought leadership pieces relevant to the sector.

At the start of 2023, it looked as if we may have turned a corner on the supply chain challenges of recent years. However, extreme weather events have once again caused significant disruptions.

The importance of supply chain resilience has come into sharp focus, with recent disruption to land transport links reconfirming the vital role connectivity plays to our prosperity and wellbeing. This disruption has also highlighted the core role played by ports as critical infrastructure providers – ensuring access to much needed goods, even when road and rail links are severed.

Events, both domestic and international, have also served to underscore that we are now operating in a ‘new normal’.

Organisations are facing a series of significant challenges including:

- A global operating environment that is becoming increasingly uncertain and volatile.
- Increasing organisational complexity, including convergence of the physical and digital realms, and reliance on multi-layered, global supply chains.
- A stakeholder environment that expects high level preparedness and continuity of service, with enhanced risk of reputational damage and financial liability from service failure.
- An expectation that boards and senior management will be increasingly proactive and informed in their decision making.

The key takeaway from this environment is that we need to be as prepared as possible for an increasingly complex and uncertain world.

With this in mind, our first ‘in focus’ piece outlines tangible steps organisations can take to enhance supply chain resilience. Other thought leadership pieces also focus on resilience in supply chains – including the role of coastal shipping and the implications of climate change for supply chains.

We are also proud to include ‘in focus’ items touching on the diversification of the Māori economy as well as management of third party ESG risk.

Our in-house economics team, Deloitte Access Economics, also provide their perspective on the domestic and global economic outlook.

As always, the Yearbook details operational and financial performance data for New Zealand’s major ports. This data is also presented via an [interactive dashboard](#), which we encourage you to explore.

We are pleased to release this Yearbook as part of Deloitte’s [Infrastructure & Capital Projects \(ICP\)](#) market offering. Our domestic and global network of ICP professionals allows us to bring together deep skills and provide integrated solutions to all segments of the infrastructure sector and across the asset lifecycle.

If you have any questions, please reach out to either myself or the other contributing authors.

We welcome your feedback and look forward to future discussion and engagement.

Ngā mihi nui



John Marker
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In focus

Thought leadership from across Deloitte





Securing supply chain resilience

The unprecedented supply chain disruptions of recent times have been challenging to navigate. As we start to settle into something approaching a 'new normal', many organisations are reflecting on how they can improve their supply chain resilience.

Best practice is to take an 'all hazards' approach to resilience, using a holistic, asset centric lens to identify and mitigate material risks before they impact core operations.

The 'all hazards' approach helps leadership teams gain a deeper, more nuanced understanding of the role critical assets, and their associated supply chains, play in delivering and maintaining an organisation's essential services – enabling stakeholders to better anticipate and prepare for future supply shocks.

An 'all hazards' approach also has broader applications and can assist a wide range of organisations with uplifting their resilience.

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The new normal requires a new approach to resilience

A year ago, we were in the eye of a global supply chain storm. A surge in demand for physical goods and components exceeded available manufacturing and shipping capacity, resulting in congestion, delays and cost escalation throughout the supply chain. This was further aggravated by Russia's invasion of Ukraine and its impact on energy prices and overall uncertainty.

This situation not only highlighted both the interdependency of global supply chains, but how risk can manifest in unexpected and complex ways – often leaving governments and organisations without any clear solutions. The impacts of the pandemic and recent geopolitical tensions on supply chains have been the genesis of multiple different government reviews touching on supply chain resilience.

While there are positive signs that manufacturing and shipping capacity are recovering, lessons from the last few years and recent weather events have shown us nothing is certain. With ongoing economic volatility and de-risking through initiatives such as 'reshoring' and 'friendshoring', supply chains have yet to find equilibrium.

What this instability has shown us, is that linear and siloed approaches to procurement and asset management are no longer effective. Now is the time for organisations and policy makers to proactively start adapting to the new normal and develop more agile, effective strategies to deal with risk. An 'all hazards' approach offers an effective and efficient way of managing supply chains and improving organisational resilience in an environment dominated by global uncertainty.

The 'all hazards' approach to resilience

An 'all hazards' approach is being increasingly adopted by organisations, helping them respond to the rapidly expanding collection of nuanced hazards materialising in the current environment.

At its core, this involves identifying critical assets, their interdependencies, and assessing how key functions could be disrupted by material factors.

The approach represents a fundamental shift from more traditional enterprise risk models through a granular focus on assets and their impact on an organisation's ability to operate effectively.

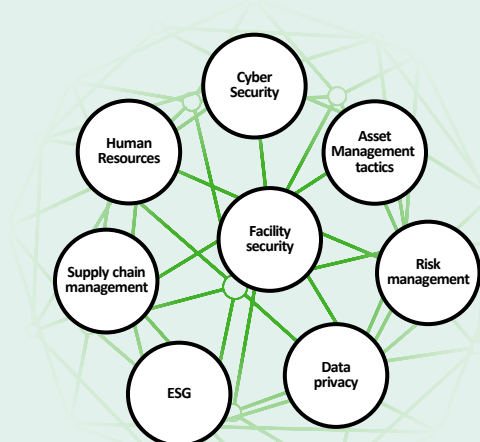
This more converged approach is designed to look across an organisation and ensure all relevant risks are identified. Through the application of a holistic, asset level lens, the framework is intended to help organisations uncover and prepare for increasingly complex, multifaceted hazards.

The 'all hazards' approach is at the centre of recent reforms targeted at uplifting the resilience of critical infrastructure in Australia.

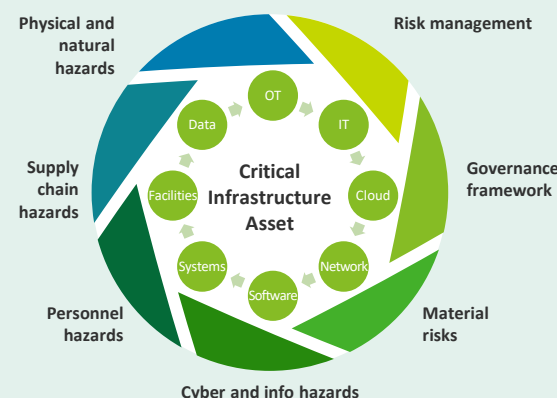
Recent changes to the Australian Security of Critical Infrastructure Act require all responsible entities to create and operationalise a risk management program based on an extensive 'all hazards' framework.

These reforms have wide application – the requirements extend to electricity, water, gas, telecommunication networks, ports, freight services, financial services, supermarkets, health care and higher education.

Organisations need to be efficient and effective in delivering their services. Current market and operational challenges are impacting the capabilities and functions required to do that across supply chain and other domains:



A new approach is needed to build greater resilience:



Assess all hazards facing an organisation's critical assets to ensure its capabilities and functions can efficiently and effectively deliver the essential services in an increasingly disrupted operating environment.



Securing the supply chain

All hazards approach reflects the complexities of supply chains

The pandemic highlighted the complex multi-layered nature of supply chains, and how supply chain challenges can manifest in unexpected ways.

The application of an ‘all hazards’ lens allows supply chain participants to understand and mitigate potential sources of risk in a granular way.

Its core tenet is ensuring organisations have an understanding of their critical assets and services, and how their supply chains impact these and their essential operations.

This enables organisations to, in a structured way, identify critical suppliers and the full suite of potential risks, such as supplier concentration, geopolitical risk, and third party access to an organisation’s critical data and assets through the supply chain. Criticality assessment is essential as it enables organisations to prioritise controls and mitigations within its available resources.

The process also helps organisations identify how each function that touches, relies or adds to procurement, contributes to the management of supply chain risk, including communication between different business units and how people work together in proactively mitigating risk.

Wider application

The principles of an ‘all hazards’ approach enhance resilience across an entire business.

For critical infrastructure entities, such as ports, airports, railways and freight operators, resilience can be challenged through a variety of touchpoints and sources – cyber, personnel and physical hazards. An ‘all hazards’ lens, applied to critical components and services, provides a means of identifying hazards down to a discrete asset level, thereby helping to improve organisational resilience and ensure essential services can continue to be delivered in the face of multiple, concurrent shocks.

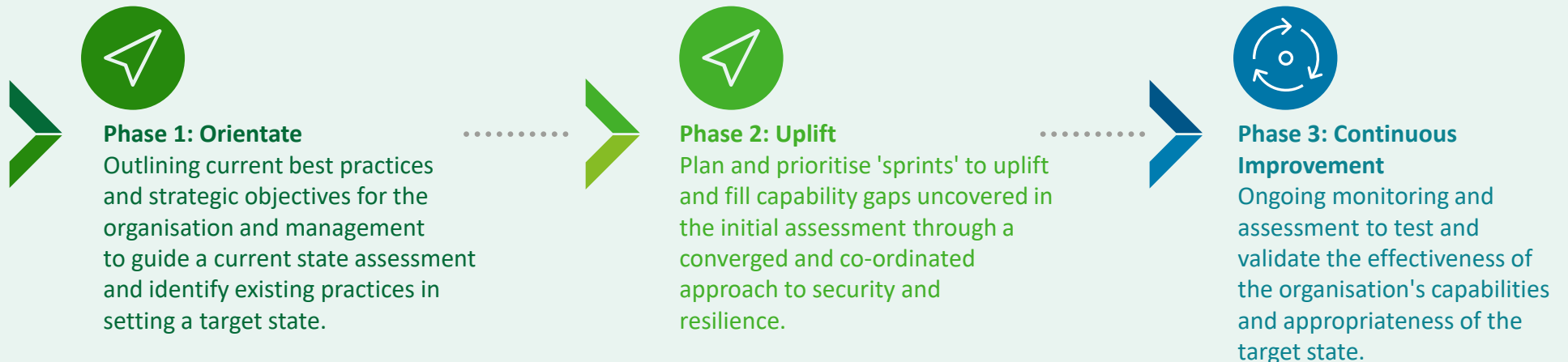
Getting ahead of the curve

Now is the right time for organisations to consider the benefits from adopting an ‘all hazards’ approach. With its mandated introduction in Australia, we expect it will materially influence the standard for how organisations should anticipate and manage risk more broadly.

Responding to [recommendations](#) in New Zealand’s first 30-year infrastructure strategy, officials are considering reforms to the frameworks governing critical infrastructure resilience in New Zealand. Based on the headway being made in other jurisdictions, we anticipate this will involve active consideration of incorporating an updated ‘all hazards’ framework.

How we can help your organisation uplift resilience

Deloitte provides strategic support tailored for organisation's looking to apply the ‘all hazards’ approach, which offers actionable, pragmatic solutions developed collaboratively. Building and maintaining resilience is an ongoing process that needs to be effective in the current climate. Our approach is segmented into three key steps:





Coastal shipping: fostering a resurgence

Coastal shipping is making a comeback. The combined impact of the pandemic and an increasing focus on resilience and sustainability is driving a renewed focus on the role of coastal shipping. 2022 saw the government allocating \$30 million in funding to co-invest in new coastal shipping vessels.

Coastal shipping has the potential to help secure supply chain resilience, reduce carbon emissions, and enhance connectivity throughout New Zealand.

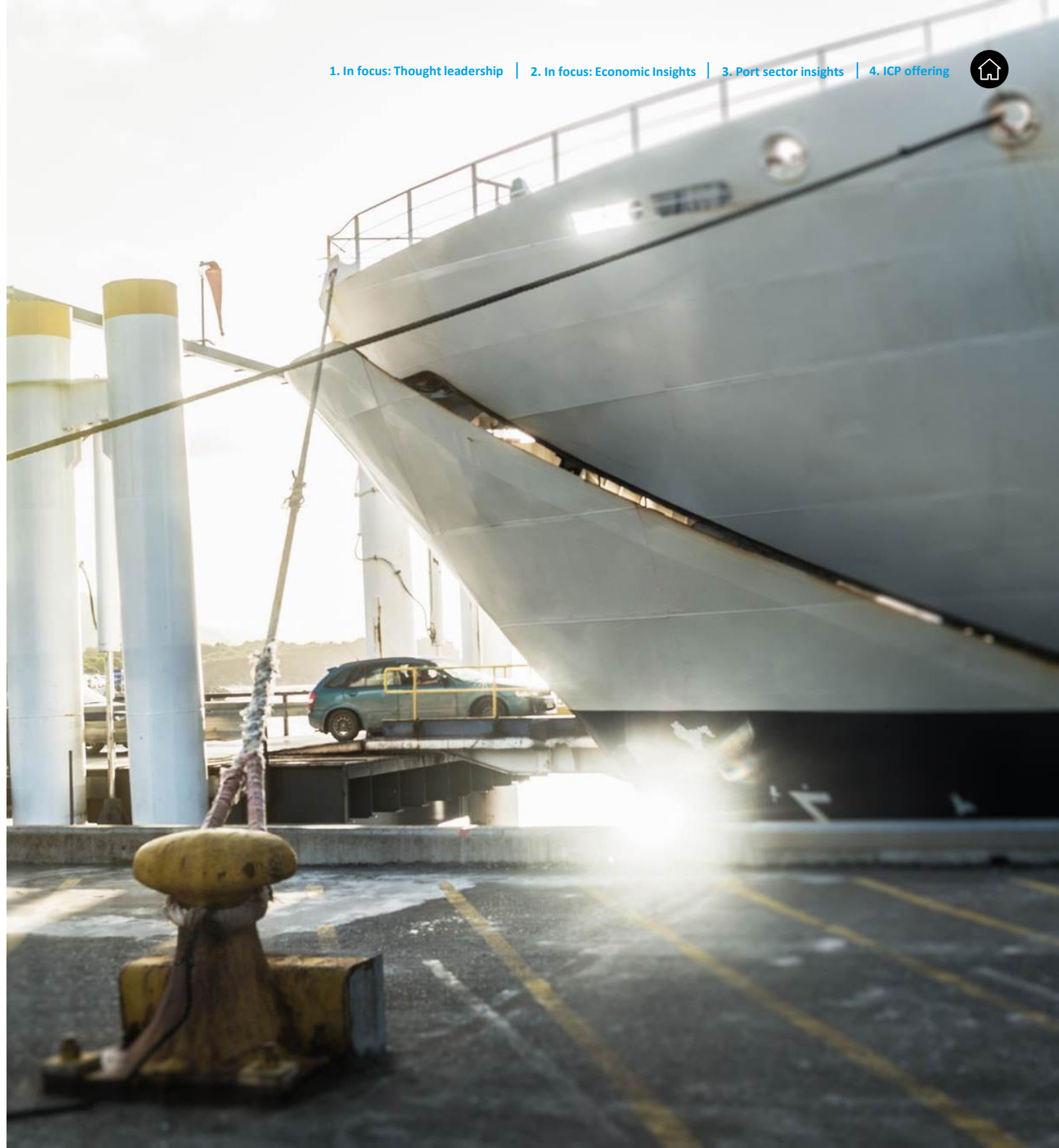
In this article, we explain the drivers for its resurgence, the current state of play, and provide a view of coastal shipping's future.

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Drivers of the comeback

Coastal shipping context

Coastal shipping in New Zealand consists of a mixture of container, bulk and liquid, and roll on, roll off (ro-ro) cargoes, moved between New Zealand ports.

Container cargoes between New Zealand ports are largely moved by international carriers¹, who until recently moved cargo at relatively low rates, reflecting the low marginal cost of spare capacity on their vessels. While this benefitted shippers and end consumers, it has challenged the economics of domestic coastal shipping operations.

In recent times, Pacifica has been the only dedicated domestic container carrier, operating one vessel. This compares with around 30 years ago, where there were 34 New Zealand-flagged vessels.²

Reliance on international lines for much of the coastal containerised freight task has exposed resilience issues during the pandemic.

Coastal shipping is estimated to support circa 3.5% of New Zealand's freight task by volume. While it currently supports a relatively small share of our freight requirements, its role in the supply chain looks set to grow in importance following recent government investment in the sector.

The increased focus on coastal shipping reflects an increasing need to enhance the resilience of our supply chains, to decarbonise heavy transport as well as an emphasis on mode neutrality in the most recent National Land Transport Programme (NLTP).

Government investment

In 2021, for the first time, the Government Policy Statement on land transport allocated between \$30 to \$45 million in funding from the National Land Transport Fund (NLTF) for investment in coastal shipping.

In allocating this funding, Waka Kotahi New Zealand Transport Agency sought applications from industry across the following four areas:

- New or enhanced domestic services – new container services and new bulk services or increased frequencies and additional ships for existing container and bulk services.
- Reducing sector emissions – testing emerging technologies for decarbonising domestic shipping.
- New or enhanced inter-modal links – new inter-modal links or improvements to existing inter-modal links, such as track works or road access improvements.
- New or enhanced maritime infrastructure – shore power connections at ports, new (small) regional ports, and expansion of existing ports.

Waka Kotahi has co-invested this funding with four successful suppliers. Collectively, the suppliers will be investing over \$60 million to deliver new or enhanced domestic services (**described on the next page**), resulting in combined investment in the coastal shipping sector of over \$90 million.

What's behind the coastal comeback



Resilience

Recent supply chain disruption has highlighted issues with relying on international vessels to facilitate coastal shipping. Schedule unreliability driven by global supply disruption has resulted in shipping lines reducing calls and their focus on shipping domestic cargo. This has resulted in calls for an expanded domestic coastal shipping fleet to increase resilience through reduced exposure to international supply chain disruption.

Coastal shipping also has other resilience benefits in a country where land transport networks are regularly impacted by extreme weather events and earthquakes. A coastal shipping network diversifies risk and helps ensure that supply disruptions due to natural disasters are minimised.



Decarbonisation and other environmental objectives

The government's Emissions Reduction Plan has set targets for reducing overall emissions from freight as well as emissions intensity. Coastal shipping typically has lower emissions intensity per tonne compared to road freight.

Coastal shipping also has other sustainability advantages - avoided truck trips reduce wear and tear on the roads, as well as the adverse impacts of heavy vehicles passing through towns and cities (noting that port and shipping activity still have adverse environmental impacts, including noise and greenhouse gas emissions).



Mode neutrality

The allocation of the NLTF has increasingly reflected the principle of 'mode neutrality' in allocation decisions. This means considering all transport modes and investing in modes that deliver desired transport outcomes and best public value. Reflecting this, the most recent Government Policy Statement created dedicated activity classes for coastal shipping.

In the coastal shipping context, the government has stated that it wants to 'embed mode neutrality and choice for freight transporters, to allow New Zealand flagged coastal shipping to operate on a level playing field with other freight operators, and to enhance the sustainability and competitiveness of the domestic sector.'



Domestic developments

National Land Transport Programme co-investment

Through the National Land Transport Programme (NLTP), Waka Kotahi have allocated \$30 million towards coastal shipping activity to support upfront capital investments in new vessels. Applicants will cover ongoing operating and maintenance costs and these vessels are expected to be in service by June 2024. The recipients of this funding are:

Aotearoa Shipping Alliance (Ngati Waewae, Te Rimu Trust, Tainui Kawhia Incorporated, and Westland Mineral Sands)

\$7 million to upgrade barge services in the East Cape, Kawhia, and the West Coast of the South Island, including procuring and upgrading vessels, upgrading ports and training crews.

Coastal Bulk Shipping Ltd

\$5 million to contribute towards the capital cost of a bulk material vessel.

MOVE Logistics Group Ltd

\$10 million to contribute towards the capital cost of obtaining two new quarter ramp roll on/roll off vessels, operating between Nelson and New Plymouth.

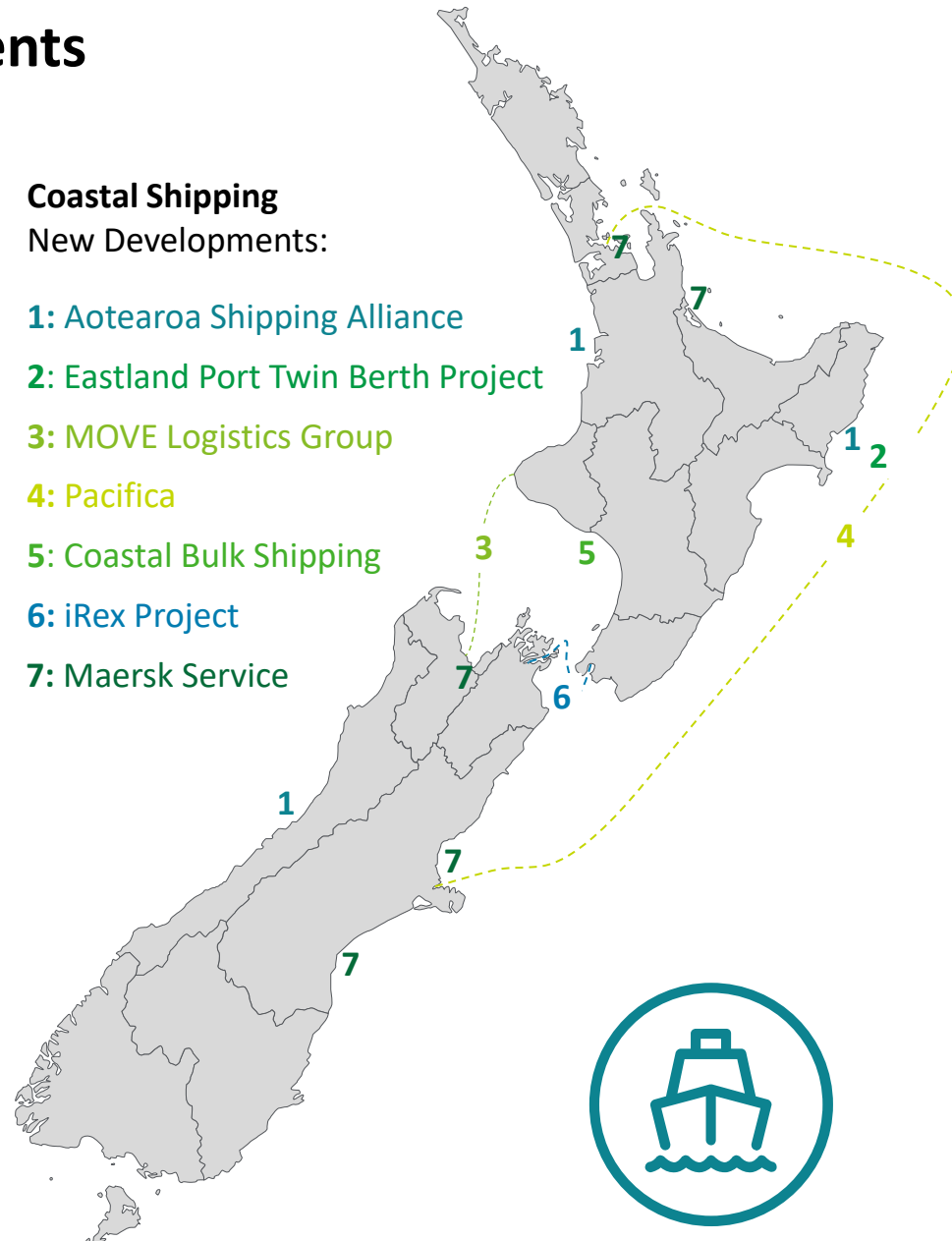
Swire Shipping NZ Ltd (Pacifica)

Up to \$10 million to contribute to the operating costs of a new 1740 TEU vessel, to operate between Auckland and Lyttleton and expand coverage into regional ports.

Coastal Shipping

New Developments:

- 1: Aotearoa Shipping Alliance
- 2: Eastland Port Twin Berth Project
- 3: MOVE Logistics Group
- 4: Pacifica
- 5: Coastal Bulk Shipping
- 6: iRex Project
- 7: Maersk Service



Other relevant developments:

Maersk Coastal Service

Independently of the NLTP supported services, Maersk also launched dedicated coastal shipping services in July 2022. These services link Tauranga, Timaru, and Lyttleton on a weekly basis, and alternate between Auckland and Nelson weekly.

Maersk stated that the creation of these services was a direct response to recent supply chain disruptions. – helping provide resilience to their network by ensuring reliable connections to their international services.

In March 2023, Maersk announced it was phasing out these dedicated coastal services as a result of a planned upgrade to their Trans-Tasman Polar service.

Cook Strait Services

Kiwirail’s \$1.45 billion iRex project will replace three of its interisland ferries with two new rail-enabled ferries that are more environmentally friendly and will increase rail capacity by 300%. The project will also deliver upgrades to both terminals, with works now underway at Picton.

A new vessel, the MV Connemara, joined Bluebridge’s fleet in early 2023.

Eastland Port Twin Berth Project

This project will enable two 185-200 metre vessels to berth at once, with a view to also increasing the viability of Gisborne as a location for coastal shipping. Stage 1 is expected to be completed by October 2023, with Stage 2 currently awaiting resource consent.



Trends and future success

Future drivers of success

With co-investment and other industry developments unlocking new coastal shipping services, we are currently looking at a potential step change in domestic coastal shipping activity.

There remains, however, significant challenges ahead for coastal shipping operators and policy makers to navigate if this mode is to play a larger role in the national supply chain.

It remains to be seen if the new coastal shipping services unlocked by government co-investment will be commercially viable over the longer run. The NLTF funding only supports upfront capital investment, the current GPS on land transport does not indicate any further support for coastal shipping beyond 2024/25.

The Ministry of Transport's 2022 supply chain issues paper also notes that coastal shipping and rail tend to compete for similar types of cargo, that is bulk or non-time sensitive cargoes that need to be moved over longer distances. With significant investment underway into the national rail system, this may increase competition for a similar segment of the freight task.

The Ministry's paper also acknowledges 'It will take time and substantial investment to improve New Zealand's rail and coastal shipping capacity, and enable these modes to compete more effectively with road.'³

Other challenges for domestic operators include:⁴

- Competing against international shipping operators, as supply chains normalise – international lines do not pay emissions trading scheme levies and have greater flexibility to price domestic cargoes at marginal cost.
- Lack of domestic dry docking capacity (which may be addressed through the proposed Northland Dry Dock).
- Reliable access to container terminal berth space.

A factor in coastal shipping's favour is the increasing drive towards the 'hub and spoke' model in container shipping. With cargoes potentially consolidating in fewer ports over time, coastal shipping may take on more of a role with distributing cargoes from those ports to secondary hubs.

Finally, the impacts of recent weather events have underscored the resilience value of shipping when road and rail networks are damaged.

Decarbonisation

In its supply chain issues paper, the Ministry of Transport has also identified the need for the coastal shipping sector to decarbonise over time. In addition to our national goal of net zero emissions by 2050, New Zealand is a signatory to the Clydebank Declaration, which aims to establish zero emissions 'green shipping' corridors.

While coastal shipping is currently seen as relatively carbon efficient, it is still predominantly fossil fuel powered.

Energy transition will not be costless for operators, who will need to identify and invest in low or zero carbon forms of propulsion. This may also require supporting investment in landside infrastructure. Close cooperation between operators, ports and government will be required to overcome this challenge.

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1. New Zealand freight & supply chain issues paper (2022) [Freight-and-supply-chain-issues-paper-full-version.pdf](https://www.transport.govt.nz/freight-and-supply-chain-issues-paper-full-version.pdf) (transport.govt.nz)
2. <https://www.nzherald.co.nz/business/the-urgent-case-for-a-dedicated-nz-coastal-shipping-revival/4723F3SCXAV55XB5ZGEJLNMNI>
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4. Coastal Shipping Investment Approach Report 1 - State-of-Play (2021) [Coastal Shipping Investment Approach: Report 1 - State-of-Play](https://www.nzta.govt.nz/coastal-shipping-investment-approach-report-1-state-of-play) (nzta.govt.nz)





Delivering Mitigation and Adaptation: Climate change set to shape supply chains

Supply chains are critical to the global climate change response.

For the world to lower emissions, access to the products that enable decarbonisation is required. In addition, to build climate resilient communities that can withstand the physical impacts of climate change, access to the products that will enable adaptation action is required.

Trade of goods and services, and all that trade entails – transport, logistics, regulation – is critical to the climate response. This places supply chains at the centre of the climate crisis, as the delivery agent of mitigation and adaptation activity.

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Vulnerabilities and climate change solutions

Supply chains are vulnerable to many disruptions, including climate change itself.

For successful global trade of products and services that enable mitigation and adaptation, supply chains must be resilient. Supply chains – global and local – are heavily exposed to the physical impacts of climate change. Extreme weather events can cause large and long-lasting disruption to supply chains. Therefore, supply chain resiliency includes resilience to the physical impacts of climate change.

Understanding this nexus – that supply chains are both critical to the climate change response and extremely vulnerable to the impacts of climate change, puts supply chains at the heart of the climate crisis. Recognising the climate-related trends and influencing pressures impacting supply chains will help organisations prepare for the future and build resiliency. We identify four global climate-related trends that will shape supply chains, impact New Zealand’s supply chain exposed industries, and influence New Zealand’s climate change response.



Trend 1: Supply chains will shift. Disruptions will persist.

New suppliers coming to market to meet the demand presented by the climate change response means supply chains will change. New supply hubs will emerge as some countries dominate supply of new ‘climate change solution’ products. This may challenge current economic power balances.

The physical attributes of supply chains will also change. The types of products that need moving, how the products are moved, and the volumes required, will change. Considering practical elements is important. Ports that can accept and assemble ‘climate change solutions’ – e.g. wind turbines – may have advantages over ports that cannot.

Supply chains will continue to be disrupted through the changing demand-supply dynamics, and by the physical impacts of climate change. Managing exposure to disruption of supply chains will be critical for New Zealand.

Not only is New Zealand exposed to an increase in severe weather events at home, but climate-related disruptions offshore can drastically impact global supply chains of which New Zealand is reliant. Adaptation planning must involve resilience planning in this context.



Climate Change Solutions: Any product or service that is directly related to climate change mitigation or adaptation – for example, lithium, EVs, wind turbines, carbon capture technology, skilled persons, climate technology.

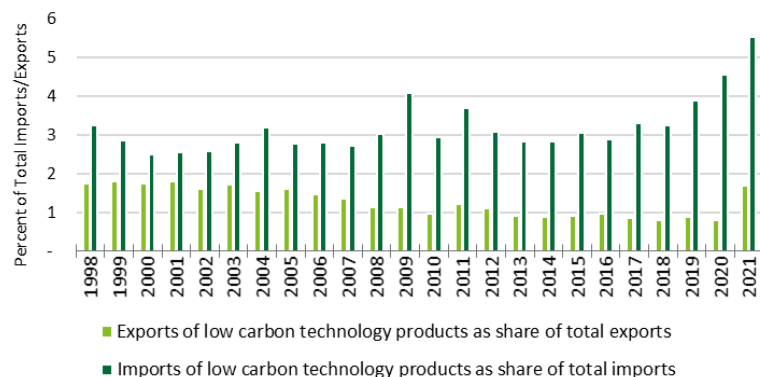
^reference: <https://www.japantimes.co.jp/news/2022/08/12/business/tokyo-green-transition-finance-hub/>



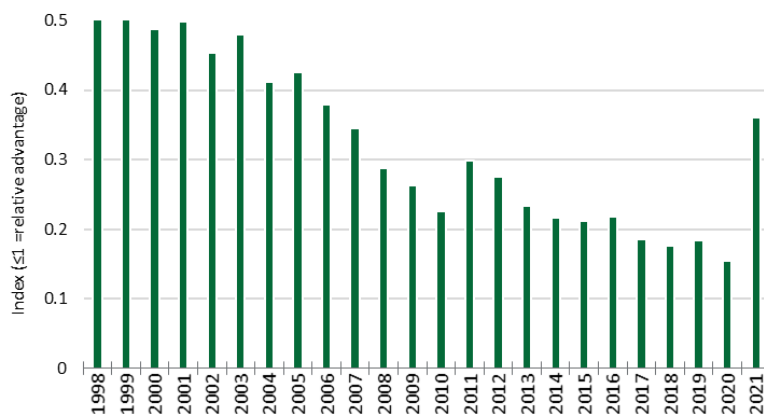
Disruptions to supply chains

New Zealand's Trade in Low Carbon Technology Products and Comparative Advantage

Trade in Low Carbon Technology Products as Share of Total Imports/Exports



Comparative Advantage in Low Carbon Technology Products



<https://climatedata.imf.org/pages/bp-indicators>

Trend 2: An increase in trade of 'climate change solutions'.

There will continue to be high demand globally for supply of components that enable the transition to lower carbon economies. For example, as wind farms continue to be built globally, demand for all the components needed to install these will continue. Supply will ramp up to meet those demands. Another example is EVs. We have seen supply increase, with most major car companies heavily investing in EV technology. Continued lithium supply is still a concern with current battery technology, however new battery technologies that do not require lithium may solve these supply pressures (amongst other new technologies).

Many governments have recognised the importance of changing trade dynamics for 'climate change solutions'. The United States Inflation Reduction Act prioritises climate change by onshoring manufacturing – securing supply. Japan has also recognised the importance of supply chains and climate change – aiming to becoming a green finance hub for Asia, which according to the executive director of the

Organization of Global Financial City Tokyo could help strengthen their supply chains and economic security*.

In New Zealand, most of the products we need for decarbonisation – either the raw materials (e.g. building materials) or finished products (e.g. EVs) – need to be imported. New Zealand heavily relies on global supply chains to respond to climate change. The charts to the left show the increase in New Zealand's trade of low carbon technology. New Zealand is a net importer of low carbon technology, and for many years has had a comparative disadvantage in trade of low carbon technology products globally.

The challenge for NZ is being in a position to guarantee supply, particularly in the short term as demand is likely to continue to outweigh product availability. As many nations will be global market takers of climate change solutions, we may see demand preferences for 'just in case' versus 'just in time' to secure supply and secure 'climate change solutions'.

*<https://www.japantimes.co.jp/news/2022/08/12/business/tokyo-green-transition-finance-hub/>



Pressures to decarbonise

Trend 3: Scope 3 emissions will come into focus: it's not just you who cares about your carbon

An ironic characteristic of the global decarbonisation challenge is that the supply chain must deliver the components to decarbonise, but it must do so in a low emissions way. This is reflected in the opening line of a 2021 publication by the World Bank: “While trade exacerbates climate change, it is also a central part of the solution because it has the potential to enhance mitigation and adaptation”. Transport and logistics is a large contributor to global emissions. Pressure to decarbonise will continue to come from an increased focus on Scope 3 emissions.

Scope 3 emissions:

Organisations are increasingly reporting and managing their Scope 1 and 2 emissions – the emissions they ‘own’ or the emissions from their energy use. Scope 3 emissions, the emissions organisations do not ‘own’ but are essential to upstream and downstream operations, are also increasingly being included in reporting and transition plans. This places pressure on the logistics sectors as for most companies, logistics/freight comprises a large part of their Scope 3 emissions. In New Zealand, Climate Reporting Entities (larger NZ companies) are required to report on their Scope 3 emissions under the new climate-related disclosure regime, which came into force in January 2023. This will place pressure on the supply chain from downstream customers to decarbonise.

Trend 4: Pressure to decarbonise from investors will increase

Pressure to decarbonise the supply chain will also come from investors. This is driven both by mandatory reporting (such as the climate-related disclosures) and publicised net zero commitments. Net Zero in an investment portfolio context means balancing the greenhouse gas emissions produced by one investment, by an equal amount being removed from the atmosphere through natural absorption or technological advancements in another investment. The easiest way for investors to lower portfolio emissions is to either divest from high emitting sectors and companies or engage to influence the companies’ emissions profile. We expect both of these approaches to increase.

Transport and logistics more broadly is an obvious high emitting sector that investors with a Net Zero

commitment, or investors looking for lower carbon alternatives, are likely to scrutinise. Of course, many companies in the sector have commitments to decarbonise themselves. For example, Port Nelson has committed to 40% reduction over the next 14 years. In the next few years, we expect an increased focus by investors on emissions reduction targets, particularly Net Zero commitments, and the decarbonisation plans that support them.

In addition, the exposure of transport and logistics companies to physical climate change risks is high. This is likely to add an additional red flag for some investors, and a prompt to review the real risk associated with their investment. As climate-related disclosures are released, the exposure of some companies to physical risks of climate change will be better understood.



“While trade exacerbates climate change, it is also a central part of the solution because it has the potential to enhance mitigation and adaptation”

World Bank: The Trade and Climate Change Nexus : The Urgency and Opportunities for Developing Countries

In Summary

Supply chains are both critical to the climate change response and extremely vulnerable to the physical impacts of climate change. We see four climate trends that are set to shape supply chains:

- 1. Supply chains will shift. Disruptions will persist.** Climate Change will cause continued supply change disruption, and some permanent changes.
- 2. An increase in trade of ‘climate change solutions’.** The demand for products and services needed to decarbonise and adapt to climate change will increase.

3. Scope 3 emissions will come into focus.

Climate-related disclosures requirement to report on Scope 3 emissions means 1 unit of carbon becomes the interest of many throughout the supply chain.

4. Pressure to decarbonise from investors will increase. Investors will look to decarbonise portfolios and will scrutinise heavy emitters.

Organisations in the sector that can understand the changing supply and demand dynamics in light of climate change, will not only survive – but thrive.



ESG reputational risk with your key suppliers

ESG is a key feature of corporate governance. Organisations across industries are making very public promises to their stakeholders across a range of ESG elements – including, reducing climate change and other environmental impacts, improving worker conditions, and addressing equity.

The challenge for organisations is that successful delivery of their products and services is almost always not just a function of in-house delivery, but of a much wider universe of suppliers and partners.

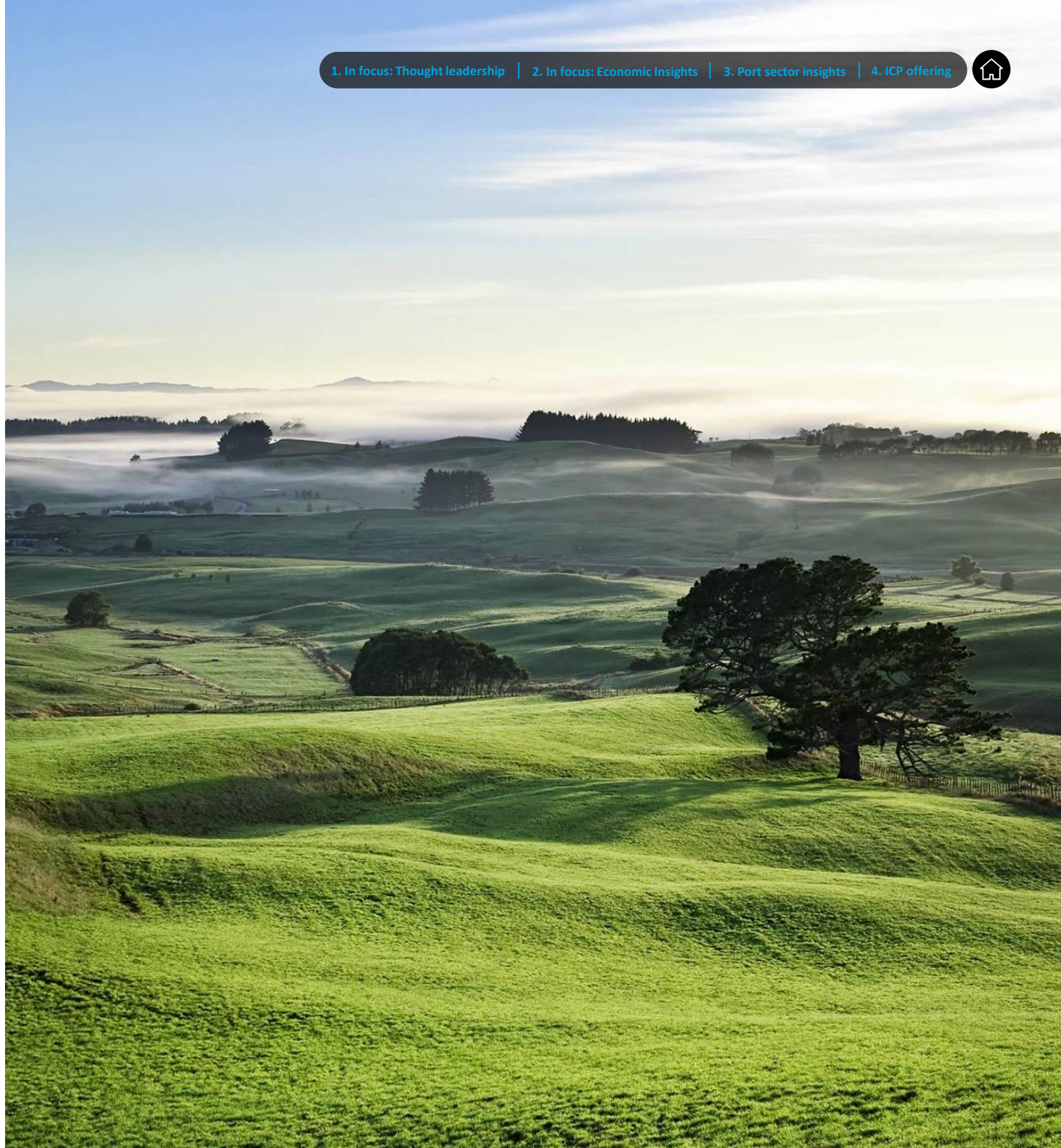
An organisation's stakeholders may very well treat the ESG performance of these third parties as one and the same with your organisation's ESG commitments. Therefore, your reputational risk (also known as greenwashing) is quite high if you do not have the right controls built into your supply chain.

In this article, we offer some practical insights into how organisations can control the risk this brings.

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The risk of reputational damage through your supply chain



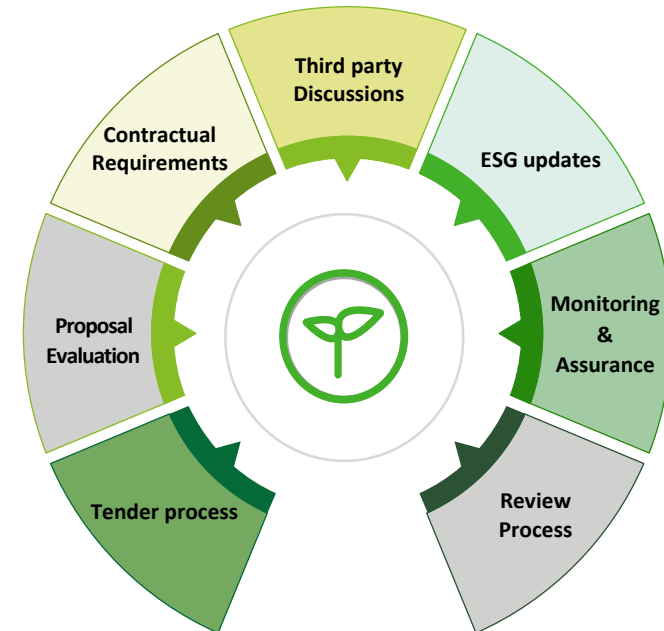
ESG third party risk management

In the market, the emphasis on ESG (Environment, Social and Governance) has increased to a level in which all organisations, whether they are in private or public sectors, are all recognising this topic as a key priority area. The drivers, however, do vary. Whether it is to meet requirements under Climate Reporting Disclosures (NZ CS1) or shareholder requirements, or market need, all will agree that it is also the right thing to do.

As organisations are establishing their functions, strategies, programmes and technology solutions to measure their own carbon footprint and requirements on ESG metrics, the supply chain risk is often an afterthought.

There is often an unconscious assumption that third parties would naturally meet ESG requirements and manage their own footprint. However, as with other business requirements for third parties, if the ESG requirements are not clearly defined, and built into the procurement, contract and project management stages, then there is a risk that a third party will not meet the assumed ESG requirements.

This may expose the organisation to reputational risk (also referred to as greenwashing risk). On the next page, we outline seven practical steps organisations can take to mitigate this risk.



Seven steps to managing ESG risk in your supply chain





The risk of reputational damage through your supply chain



Managing Risk

Reputational risk is a key focus for organisations. With public statements related to ESG regularly being made on organisations' websites, social media and marketing, and customer promises, it is imperative that organisations have clear line of sight on the requirements set on third parties, including their supply chain. Organisations must also understand how the third party's services impact the organisation's ESG goals (for example, the organisation may have made commitments in relation to achieving net zero emissions, clear management of waste, and/or use of packaging).

Third party risk management for ESG needs to be built into all phases of third party engagement and management. The key phases are:

- 1 ESG requirements are stipulated in tender documentation and market conversations.
- 2 ESG requirements are built into the proposal evaluation and are appropriately weighted in the evaluation of the tender.
- 3 ESG requirements are put into contract. This includes but is not limited to: type of reporting required, frequency of reporting, management of ESG components, ability to conduct audits, and mechanisms for raising and resolving issues.
- 4 ESG reports from third parties are actively monitored and discussed with the relevant party in a collaborative way. This should be covered with any key milestone discussion and regular progress updates.

- 5 Have ESG updates as part of the project/service update.
- 6 Conduct a monitoring and assurance review on how the ESG requirements are being met.
- 7 Review ESG requirements as part of the contract close out and renewal discussion.

Integration of ESG reporting requirements with third party risk management is still in its relative infancy. Therefore, organisations should consider how to best work together with their supply chain and other partners to address this area.

While technology can be used to help obtain information, consider how supporting processes and communications are set up to enable the effective use of these tools. For example, consider competing priorities and reporting requirements of the third parties, other clients, and have an open conversation on how a technology platform can be utilised to provide simple and time efficient monitoring.

E = Climate, Carbon, Waste, Water, and Soil

S = Health and Safety, Modern Slavery, Diversity and Inclusion, Gender, Equity, etc

G = Governance



Partnership and diversification of Māori Investment

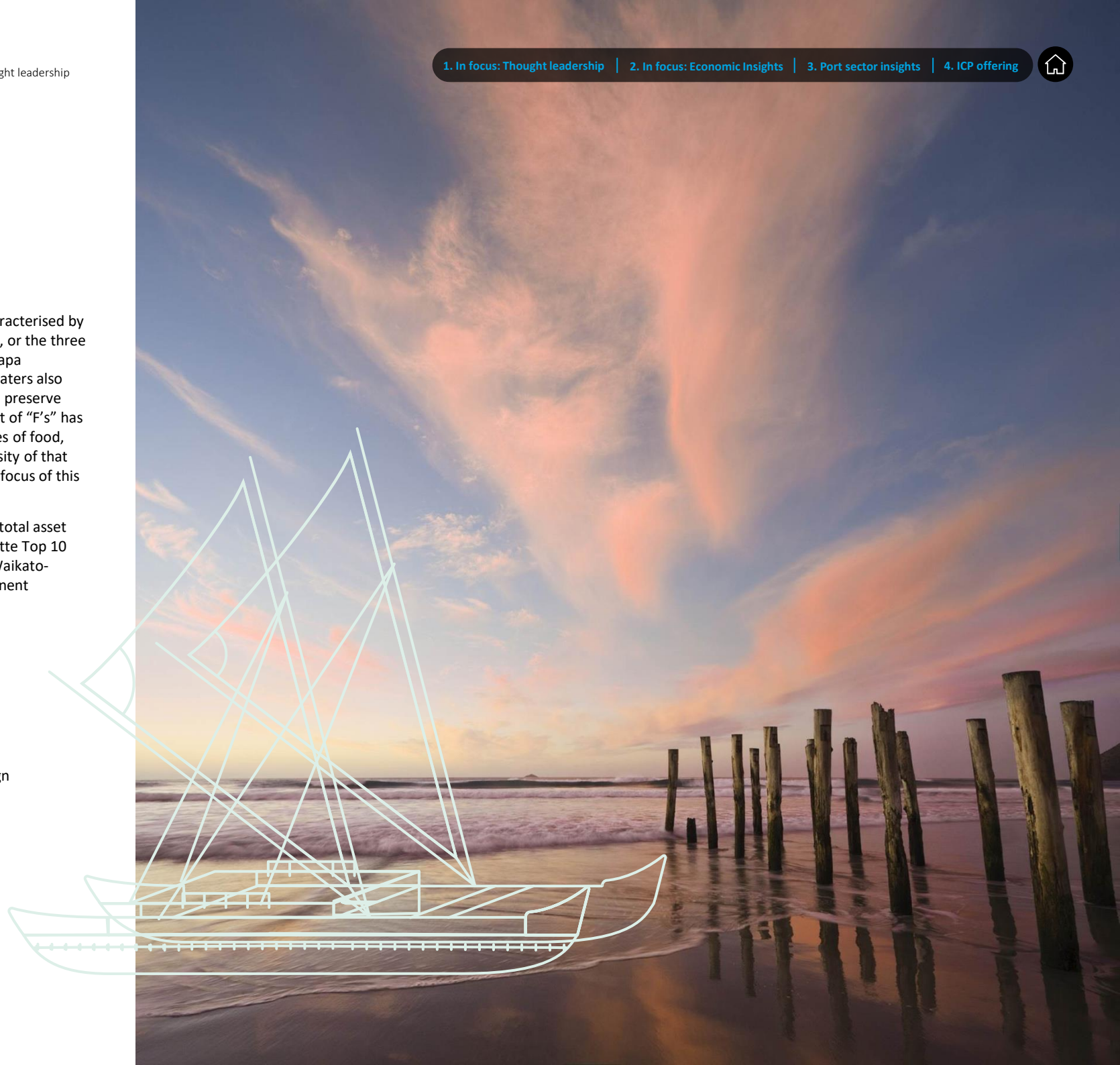
Māori business activity has traditionally been characterised by its engagement with fishing, farming and forestry, or the three “F’s”. This, of course is unsurprising - the whakapapa (genealogy) that binds Māori to their lands and waters also imbues obligations on them as kaitiaki to protect, preserve and maintain those very resources. Whilst that list of “F’s” has expanded in more recent times to include the likes of food, film and fashion, the continued growth and diversity of that list (across sectors and industries) is the principal focus of this article.

Since 2020, we have seen 24% growth across the total asset base of Māori entities featured on the 2022 Deloitte Top 10 Business Māori Business Index, with Ngāi Tahu, Waikato-Tainui and Ngāti Whātua Ōrākei remaining prominent amongst the iwi represented therein.

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Partnership and diversification of Māori Investment

Tuanui ake te kanorau me te manahau o ngā manukura growing portfolio resilience among its star performers

Many Māori businesses continue to focus heavily on primary sector activity and investments. A 2021 snapshot of the Māori sector showed that agriculture, fishing and forestry still held the top spot with assets of \$23.4 billion. However, real estate and property services assets were not far behind at \$16.7 billion, while manufacturing, transport, and construction combined to deliver \$12.2 billion.

Illustrative of the above is the continuing heavy investment in agriculture, seafood and forestry by Te Rūnanga o Ngāi Tahu (via Ngāi Tahu Investments). However, the tribe is also actively creating portfolio resilience and growing tribal wealth for current and future generations by seeking new investment opportunities. Recent investments in Fidelity Life and Ryman Healthcare are illustrative of this strategy, as are their new economy investments in activities such as energy transition, automation and artificial intelligence. In addition, investment in national transport, crane hire and storage company Hilton Haulage provides exposure to freight activity.

Similarly, Tainui Group Holdings (“TGH”) manages Waikato-Tainui fishing quota and utilises its ownership of over 4,000 hectares of Waikato land to support dairy, sheep, beef and forestry operations.

However, TGH’s investment in The Base, Novotel Tainui, commercial property, residential subdivisions, various equity investments and the

He rite ki ngā hiwi o te whakairo ki mua a blueprint for long-term success

Ruakura Superhub (“Ruakura”), is illustrative of a clear diversification into new spaces.

Whakatupuranga 2050, Waikato-Tainui’s blueprint for cultural, social and economic advancement is the legacy piece for the tribe, setting out a fifty-year approach to developing the capacity of the iwi, hapuu and marae. Central to that legacy is Ruakura, the tribe’s signature project within its tribal domain.

Based in a high value strategic location upon land returned as part of the tribe’s 1995 Treaty of Waitangi settlement, Ruakura is a visible example of the importance of intergenerational thinking to Waikato-Tainui and Māori more generally. Developed with key partners Port of Tauranga, the New Zealand Government and Hamilton City Council and involving numerous service providers, Ruakura is being purpose built to create New Zealand’s largest integrated commercial hub. It comprises (amongst other things) a 30-hectare inland port, an industrial park, retail space, a logistics precinct, retail facilities, an innovation park and approximately 4,500 new homes.

Ruakura is positioned perfectly to sustain generations to come from the nexus of the golden triangle between Auckland and Tauranga. This triangle is home to around half the total population of New Zealand, where 50% of the total economic activity is generated and where 65% of the total freight flows.





Partnership and diversification of Māori Investment

Te tūranga o te huringa a platform for change

Whilst the tribal domain of Ngāti Whātua Ōrākei doesn't lend itself as naturally to primary sector business activity as it does for some rurally domiciled iwi or hapū, their extensive involvement in property development, commercial property, whānau, papakāinga (traditional home land) and kaumātua (elders) housing speaks to diversification, but also the desire to maximise returns for the benefit of future generations. This underpins and is a consistent driver for Māori business interests irrespective of geographical location.

With the reinvigoration of future of Ports of Auckland discussions and burgeoning co-governance and Treaty of Waitangi Partnership discourse, the role of local iwi should be in sharp focus. In principle of course, this should apply to all rohe (areas) with port operations.

Ngāti Whātua Ōrākei, as tangata whenua of the Ports of Auckland site, have long sought to share its offerings to manuhiri (guests). Indeed, this was the basis upon which the tribe's ancestor Apihai Te Kawau welcomed settlement of the lands and waters of the area - and gifted the area that now constitutes central Auckland to the Crown. While Te Kawau's vision of shared prosperity between Ngāti Whātua Ōrākei and manuhiri has not materialised as envisioned, the opportunity to deliver on the spirit behind the founding of Aotearoa's commercial capital persists.

Port companies, including for example Auckland, Napier, Wellington, Lyttelton, Otago and Bluff have undertaken to incorporate te reo Māori (the Māori language) and tikanga Māori (Māori customs and practices) into their regular practices. Furthermore, many seek to better understand the relationship that Māori have with te taiao (their natural environment) and undertake cultural impact assessments in acknowledgement of that relationship. Whilst efforts here are to be supported, there is much that can be done to further enable improved social and economic outcomes for Māori, such as comprehensive workforce development programmes, joint venture opportunities with Māori tribal / business interests and targeted procurement.

The platform for change is here and whilst there is work to do, the emergence of commercially and culturally astute Māori business leaders, coupled with a deepening understanding of the merits of a partnered approach to building prosperity and resilience, will deliver the future contemplated by Ngāti Whātua Ōrākei's Te Kawau.

Hourua Pae Rau – Deloitte Māori Services

Hourua Pae Rau is Deloitte's Māori services team – we work directly with Māori, government and business to support the growth of the Māori economy and ensure the benefits are felt by all our people. Hourua Pae Rau regularly works with iwi / Māori to understand their interests and aspirations and explore opportunities to partner in the delivery of infrastructure programmes.

In addition, we have developed innovative strategic and commercial / funding solutions for iwi.

The Hourua Pae Rau team brings extensive experience with Māori partnership and engagement frameworks. The team also have expertise in social / indigenous procurement and supplier diversity.





In focus

Economic insights





Deloitte Access Economics: Economic uncertainties

Businesses, governments and consumers are acutely aware of the challenging times that have hit the globe over the past three years: not only has the pandemic disrupted economies around the world, but we also faced the shock of geopolitical tensions and the global war for talent.

High inflation has been a key issue globally. With central banks tightening monetary policy, growth looks weak in 2023. The response to this situation will have a significant impact on logistics.

There has been continued supply chain disruption in 2022. COVID, geopolitical concerns, the war in Ukraine, and ongoing labour shortages have all created significant disturbances throughout the year.

These challenges have increased uncertainty and left the business world and consumers worried. Faced with uncertainty, they are acting with caution. That is entirely understandable, but it also creates the potential for missed opportunities. If we prepare our organisations and ourselves better for what might happen, then we can face the future with greater confidence. This article explores how economic uncertainties might evolve in the current environment.

Our analysis in this article is as at 16 March 2023. Events are moving apace in New Zealand and abroad and our view may change as the impact of recent developments play out.

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Global economic uncertainties— Inflationary pressures abound

Record levels of inflation

High inflation has been a key issue globally. With central banks tightening monetary policy, growth looks weak in 2023. The response to this situation will have a significant impact on logistics.

Due to the strong fiscal and monetary policy response to the pandemic, demand has remained elevated globally. This, combined with supply side constraints, has resulted in strong inflationary pressures globally. With supply chain disruptions occurring throughout 2022, the prices of several key goods rose significantly throughout the year.

Consumer prices were up 6.4% in the United States and 10% in the European Union in January 2023 from the year prior. Inflation rates are still high but have dropped from the record highs that were seen earlier in 2022. High levels of inflation throughout 2022 have been driven by increasing energy and food prices. Oil prices and fertiliser prices also increased significantly across 2022.

In New Zealand, the Consumer Price Index (CPI) increased by 7.2% in December 2022 compared to the previous year. Food prices were a significant contributor to this increase in inflation as well as housing and transport related costs. Ongoing supply chain disruptions had an impact on the availability and prices of many products in New Zealand.

Difficult decisions

Central banks significantly increased policy rates across 2022 to combat inflation. This policy response was a difficult decision, as choosing to target inflation was made with the understanding that it would likely result in a contraction of GDP.

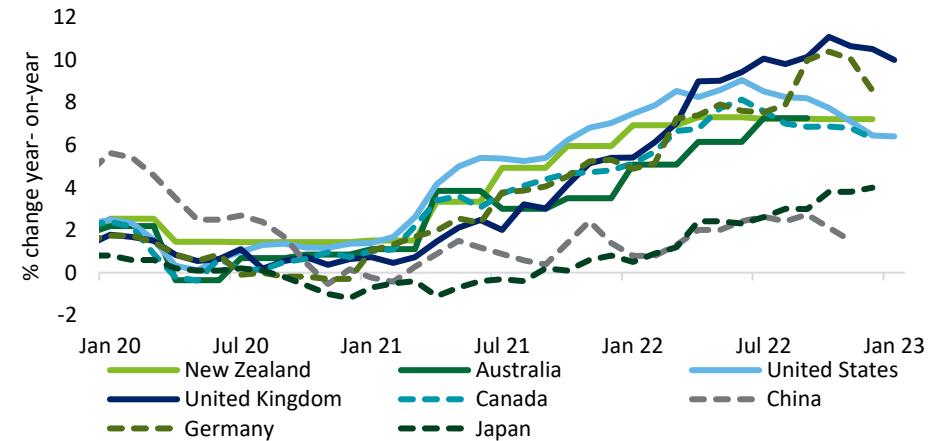
The strong global policy response to high inflation is likely to continue into 2023, with monetary policy expected to continue tightening throughout 2023. Inflation is not expected to fall to within the RBNZ's policy target levels until 2024.

While New Zealand has been increasing policy rates since late 2021, it has been increasing them in much larger jumps in late 2022. This change in mindset and, therefore, policies has occurred as inflation has remained high despite increasing rates. This has forced the RBNZ to prioritise decreasing inflation at the expense of future economic growth. A decision that they hoped to avoid earlier in 2022.

As a result of these policy decisions, global growth is expected to slow down in 2023 from 3.4% in 2022 to 2.9% in 2023 according to the IMF (as at January 2023). This slowdown in growth is also reflected in forecasts for trade growth across 2023.

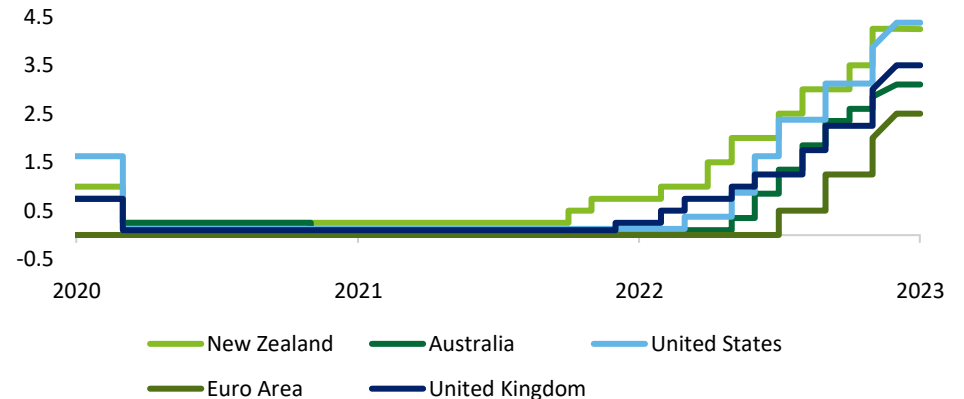
In 2023, differing policies of key trading partners will impact goods trade with New Zealand, with faster and more sharp policy tightening acting to dampen demand and trade volume growth.

Consumer Inflation



Source: Bank of International Settlements March 2023

Central Bank Policy Rates



Source: Bank for International Settlements March 2023



Global economic uncertainties– Trade flows and global reopening

Trade flows

The pandemic and ensuing supply chain disruptions had a negative impact on the volume of imports and exports passing through New Zealand’s borders. In the years following 2020, imports bounced back strongly with volume growth at 2.4% in 2021 and 9.7% in 2022. However, despite an initial uptick of 4.6% in 2021, export volumes fell by 4.7% in 2022.

A key risk to New Zealand in our trade network is reliance on specific trading partners. The Productivity Commission identified China as a significant origin of ‘concentrated imports’ – concentrated imports being goods where more than 50% of New Zealand imports come from a country controlling over 50% of the global market for that good. Concentrated imports from China consist of electronic goods, plastics and textiles. New Zealand’s concentrated exports typically go to Australia, China and the United States, largely consisting of gold and meat.

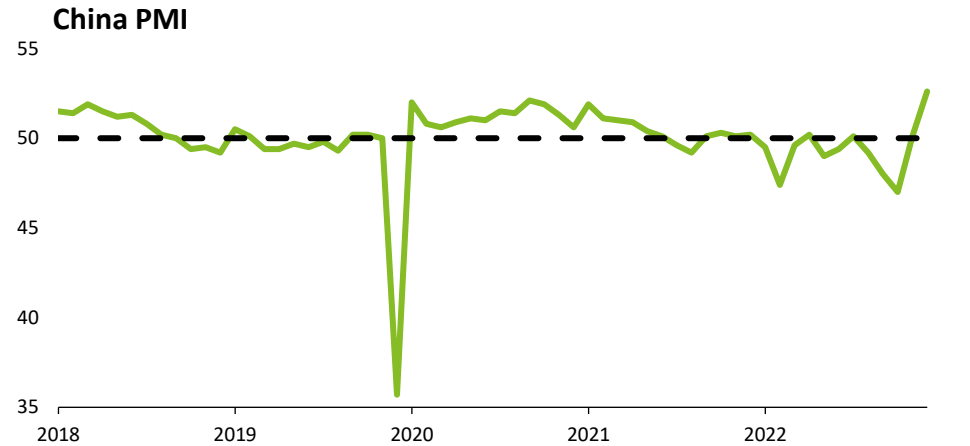
These concentrated goods present a greater risk to the economy compared to goods imported from or exported to a diversified range of markets. Concentrated goods create dependence on supply chains with the relevant trading partner. Any shocks which upset these supply chains, such as geopolitical tensions, weather events or foreign policy, will have a disproportionate impact on the trade of concentrated goods.

China’s reopening

After a dramatic but brief disruption to the manufacturing sector when COVID first broke out in China, activity remained robust as the nation adopted a zero-COVID policy. But as outbreaks became more frequent in the latter half of 2021, causing localised lockdowns, sector activity softened.

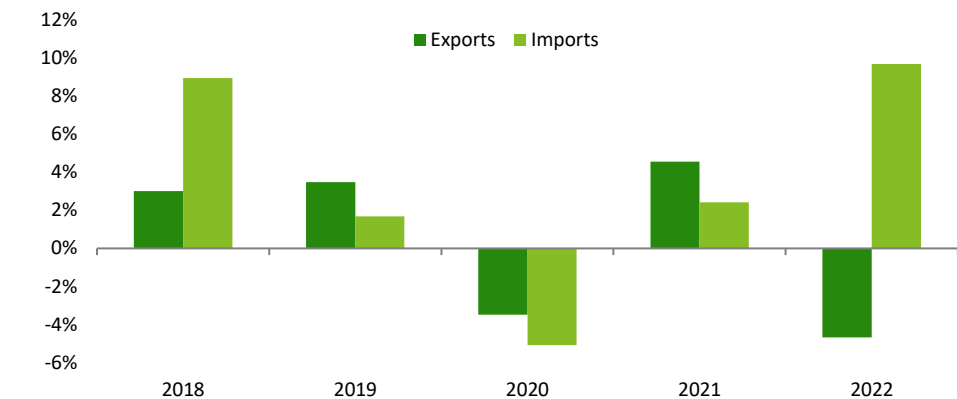
The Chinese government’s decision in December 2022 to abandon zero-COVID was almost immediately accompanied by an uptick in manufacturing activity according to PMI figures.

Despite early indicators supporting an optimistic view on the orderliness of China’s reopening, significant uncertainty remains around how this will continue to play out. Markets were spooked by the Chinese government’s announcement of a 5% target growth rate for 2023, lower than even 2022’s goal of 5.5% (which was not met).



Source: Refinitiv

Annual growth in NZ’s trade volumes (year-on year %)



Source: Statistics New Zealand



Global economic uncertainties – Supply chain disruption, new normal and tensions

Supply chain disruptions are easing

Global supply chains were under significant pressure during 2022. Pent-up consumer demand met constrained supply throughout 2022, with supply chains struggling to expand capacity in the face of multiple disruptions.

As a result of supply chain disruptions, many suppliers shifted from a “just in time” shipping model to a “just in case” shipping model. This resulted in businesses holding higher levels of inventory, which has in turn been driving up costs for suppliers and putting pressure on supply chains.

While reliability has improved relative to 2020 and 2021, supply chains are still performing well below pre-COVID-19 levels. At the same time, the cost of a container is back at pre-pandemic levels (noting pared back prices will take time flow into long term contracts).

While these disruptions are anticipated to ease in 2023 as demand is expected to fall and businesses have increasingly adapted, supply chains may still feel the lagging impacts of COVID well into 2023. While pressure on supply chains is easing in most countries, the reopening of China’s economy could lead to short-term disruptions. New variants of the COVID-19 virus are still a potential risk.

Due to high levels of uncertainty surrounding global economic conditions, suppliers are looking to optimise supply chains. This means that implementing risk mitigation strategies and streamlining of supply chains will have a significant impact on trade patterns in 2023.

COVID and the ‘new normal’

As the world began emerging from the worst of the pandemic, it became clear that a series of COVID-related shocks meant an immediate return to a pre-COVID economic environment was unlikely. We saw this in slower economic growth, heightened inflationary pressures, and rising interest rates. We also saw this in supply chains. The transition from ‘just in time’ to ‘just in case’ supply chain management resulted in a demand shock to the logistics sector – only now, in early 2023, is demand and supply beginning to return to equilibrium.

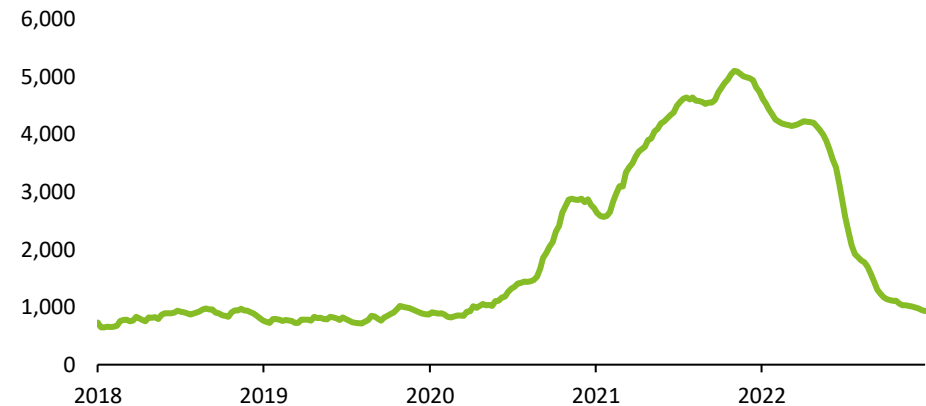
When the economy will settle into a stable ‘new normal’ – and how similar this will be to pre-COVID – is yet to be seen. In supply chain management, a key question is whether we will see a shift back to ‘just in time’.

Geopolitical tensions

The Russian invasion of Ukraine in February 2022 led to much speculation about how it might impact the global economy. Despite much of the Western world cutting commercial ties with Russia, the economic impact outside of Europe has been minimal. The New Zealand economy has been relatively unaffected, save from higher commodity prices.

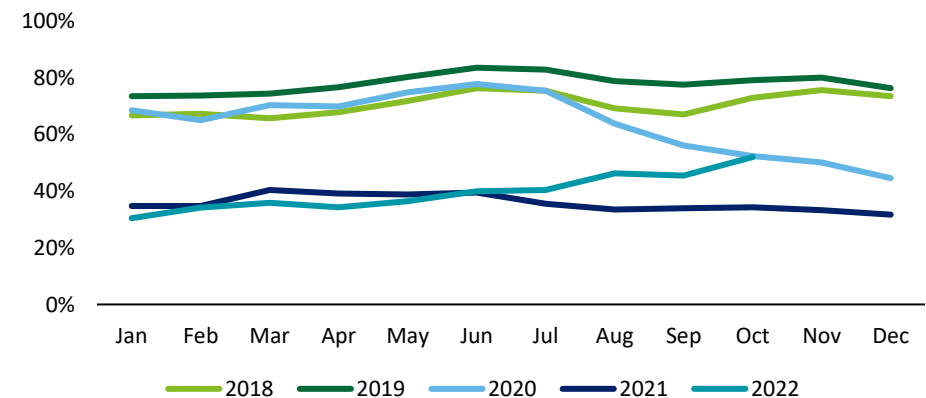
While the Ukrainian conflict has so far had limited economic impact on New Zealand, that is not to say future geopolitical tensions will have the same result. Heightened tensions between the USA and China may have a far more direct impact on New Zealand, affecting key trade routes.

Shanghai Containerised Freight Index



Source: Refinitiv

Global Schedule Reliability



Source: Sea-Intelligence, GLP report issue 135



Heightened demand risk in the face of uncertainties

Economic uncertainty persists in New Zealand

In the 2022 Ports and Freight Yearbook, we highlighted the risk of the return of stagflation. We saw a record high inflationary environment during 2022 and the New Zealand economy contracted by 0.6% in the December quarter of 2022 compared to the previous quarter. The contraction marks the potential start of a technical recession in 2023. Soft consumer spending could see import volume growth slow while a slowing global economy is already impacting exports.

Ongoing labour shortages are likely to continue to impact supply chains. The cost of living crisis is also likely to add increased pressure on wages alongside labour shortages. This could pose a significant challenge for ports and logistics in 2023, both in terms of resourcing operations and the cost of those operations.

As New Zealand has fully opened up to international travel from July 2022 the number of international flights entering and leaving New Zealand has increased. As visitor numbers have started to rise, this has increased the capacity for airfreight. This takes stress off of shipping routes, which were burdened while New Zealand was closed off to international visitors. This will also have a stabilising impact on supply chains.

The initial shock of the pandemic hit the supply-side of logistics. But as we emerge from the pandemic and the economy returns to a 'new normal', the gap between supply and demand has been closing. The uncertainties shaping the economic outlook for 2023 and beyond play into a demand risk for freight, with a risk of tipping the scales too far the other way.

Economic uncertainties pose downside to demand

The war in Ukraine has so far proved to have little impact on New Zealand but holds valuable lessons in managing resiliency in supply chains in regions of high geopolitical tension.

As the global economy resets itself after the pandemic, supply chains have begun adapting to new trends in the flow of global trade – spurred in part by a transition to 'just in case' supply chain management. What remains to be seen is where the global economy settles and whether the current level of demand is sustainable.

The reopening of China is a great example of this. As one of New Zealand's most important trading partners, the unpredictable element of local lockdowns experienced in China during 2021 and 2022 wreaked havoc on the flow of goods. But as China has begun reopening their economy to the rest of the world, we are seeing early signs of stability. What remains to be seen is whether China returns to its pre-pandemic levels of growth, or if it settles on a lower growth trajectory and what this means for the demand for New Zealand's exports.

The global inflationary environment combined with high interest rates poses a significant downside risk to demand for freight. Consumers are increasingly seeing the rise in the cost of living, combined with higher mortgage repayments, eat into disposable income. Slowing global property markets mean consumers are feeling less wealthy. In addition, as the era of cheap money comes to an end we may see businesses begin to reign in debt-funded expansion. These changes in consumer and business behaviours pose a significant downside risk to demand as spending softens.

Extreme weather events add uncertainty to the recovery of New Zealand's supply chains

We saw two separate extreme weather events in January and February 2023, the Auckland Anniversary floods and Cyclone Gabrielle, cause significant damage to Auckland, Northland, Coromandel, Tairāwhiti and the Hawkes Bay.

The impact of Cyclone Gabrielle led to domestic supply chain disruption. The impact is most acute over the first half of 2023 and confined largely to the North Island. However, supply chain reliability is impacted across the country.

The unprecedented scale of these events will have flow on impacts for the New Zealand economy such as adding further inflationary pressure through already constrained supply chains, building material supplies, and skilled labour. We are expecting the rebuild to create more demand for imports of construction materials from abroad, as the sector is already facing shortages.

Damage to agricultural and horticultural outputs will result in lower outflows and increased inflows to plug the gap in the domestic market.

'Preparation over prediction' – harnessing opportunity in uncertainty

The outlook for 2024 and beyond is clouded by core uncertainties over how the global economy will perform in 2023. There are reasons for optimism, central banks are largely expected to bring inflation back under control and to halt, then begin reversing, rate hikes. But significant downside, such as stronger-than-expected inflation, poor growth prospects, and uncertainties around China's reopening, present downside risk.

This is where the message of 'preparation over prediction' comes in. The outlook beyond 2024 is too uncertain to draw any definitive predictions. A better strategy is to identify a set of scenarios for how trends could play out. This allows for greater adaptability to external shocks, a trait that has proven to be highly useful.



Port sector insights

Financial and operational trends





Port ownership

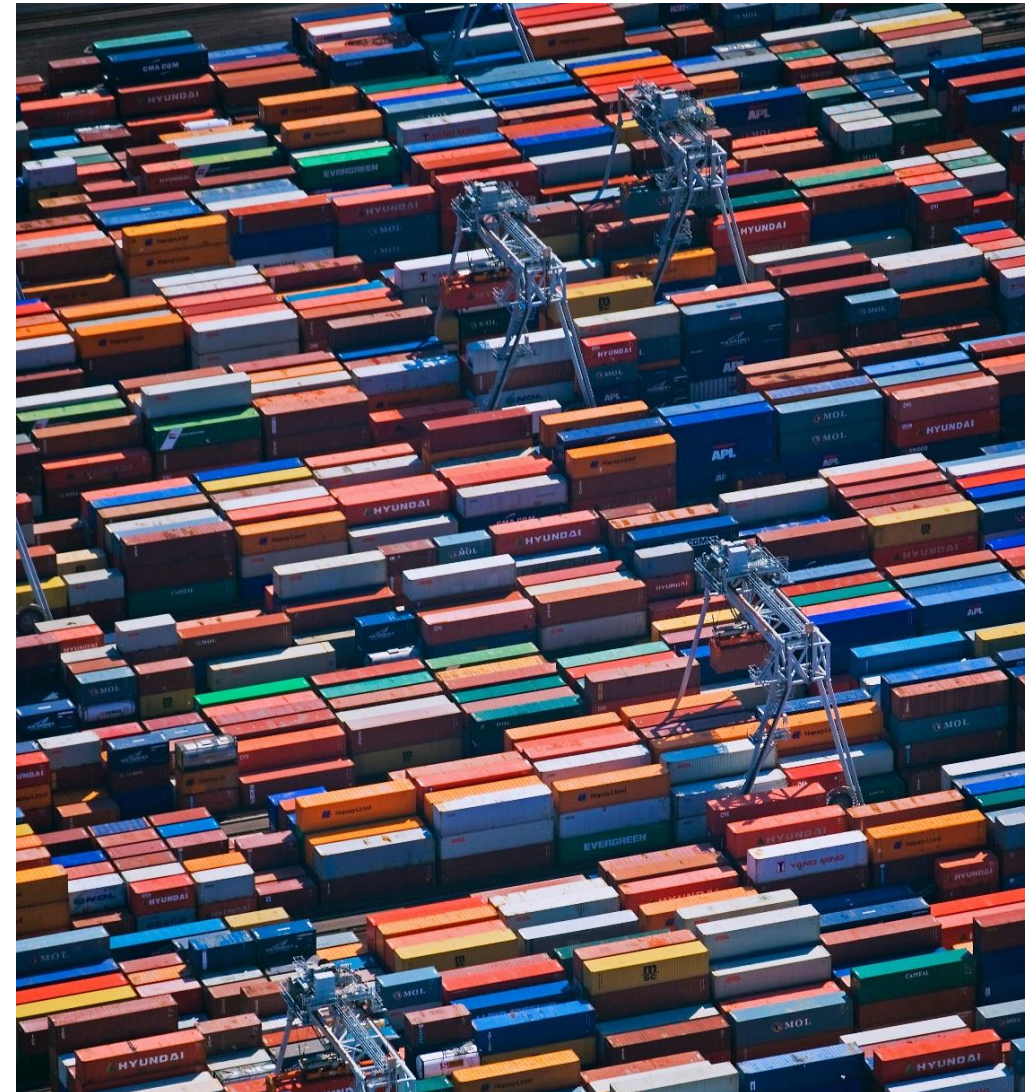
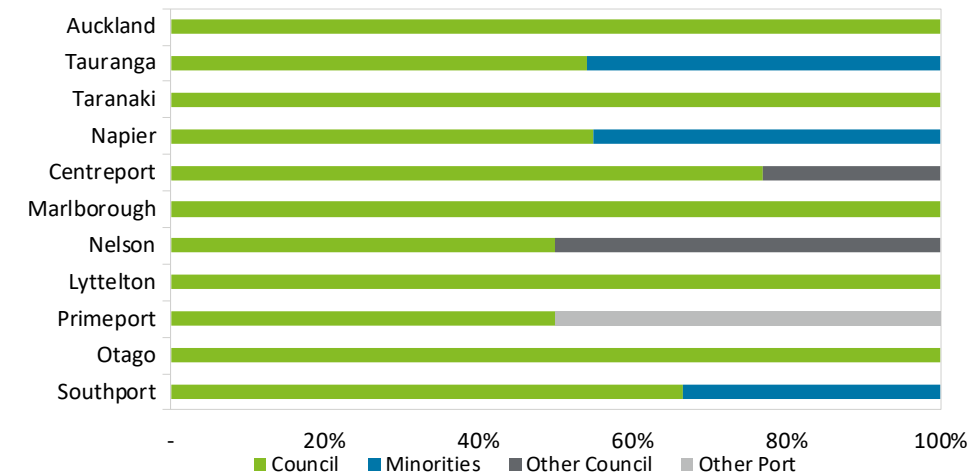
Ownership of New Zealand ports

Within New Zealand, there is a high level of local government port ownership.

Of the 11 ports presented in the following chart, five are wholly owned by a single council and two ports are owned by two councils.

Three ports are listed with minority interests, with one 50% owned by another port.

Ownership structure of New Zealand ports





Ship visits

Commentary and highlights are drawn from the Freight Information Gathering System (FIGS) release for the period to September 2022.

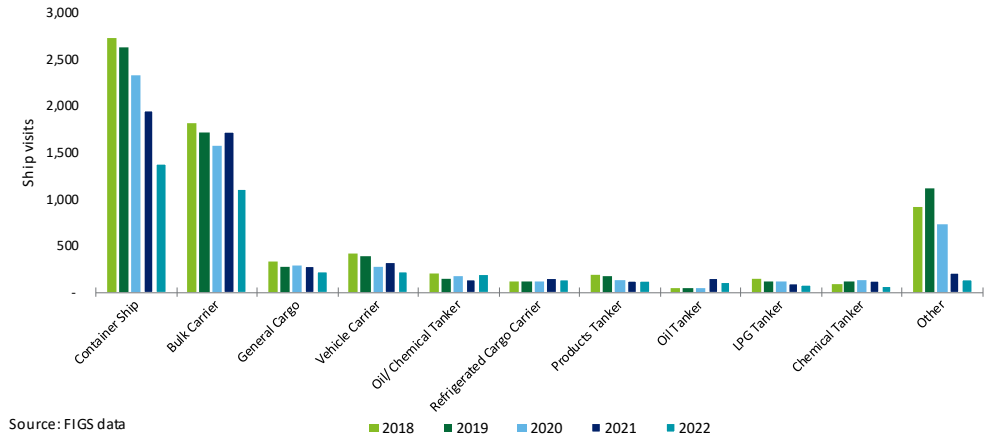
The graph on the top right shows that container ships consistently dominate the number of international ship visits throughout NZ. Over the past 5 years, container ships have comprised 38% of all ship visits on average. From 2018 to 2021, there has been a 25% decline in ship visits, decreasing from 7,045 in 2018 to 5,313 in 2021. The fall in ship visits reflects disruptions to shipping schedules as well as significantly reduced passenger ship visits during the pandemic.

The graph in the bottom right shows the breakdown of ship visits by port for the given year. TRG has the greatest number of ship visits with an average of 1,298 visits per year comprising c. 23% of all ship visits to New Zealand from 2018 through to Q3 2022.

AKL and LYT are the next largest ports in terms of international ship visits, comprising on average 26% of total ship visits to New Zealand from 2018 through to Q3 2022.

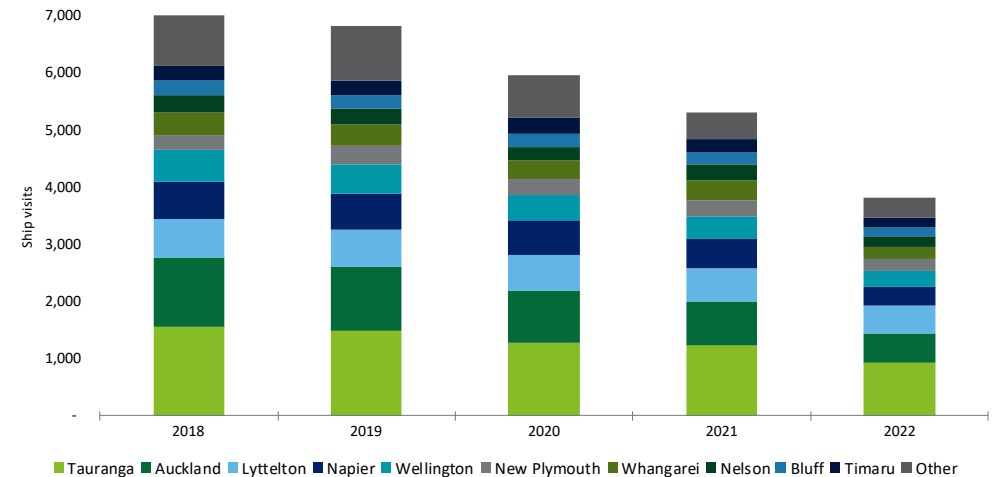
Note: 2022 data is through to and including Q3. Q4 data was unavailable at the time of publication.

International ship visits by vessel type



Source: FIGS data

Top 10 ports by international ship visits



Source: FIGS data





Port operations

Container handling

TRG and AKL continue to be the dominant players in the market with a combined market share of 62.0% of all containers handled in 2022 (compared with 62.1% in 2021).

TRG – Since 2017, TRG has maintained its position as New Zealand’s largest port by container throughput. In 2017, the port became the first in New Zealand to handle more than 1 million TEU, and in 2022 the Port handled 1.24 million TEU, an increase of 3.4% on 2021 volumes.

AKL – AKL remains New Zealand’s second largest port and handled c. 812k TEU in 2022, a decrease of 0.8% on 2021 volumes.

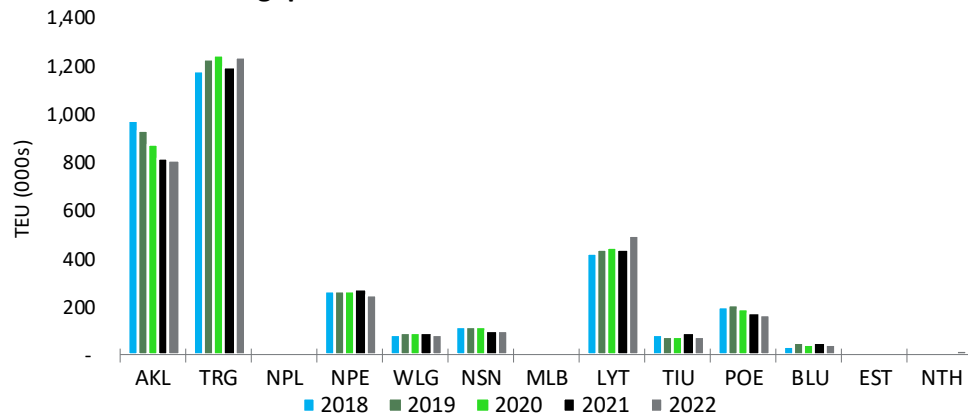
Highest TEU growth

Lyttelton Port (LYT) – Container volumes grew 14.6% from FY21 to FY22, rising from 438k TEU to c. 502k TEU. This the first time that LYT has exceeded 500k TEU and is also the largest absolute growth in TEU of all ports at c. 64k.

Port of Tauranga (TRG) – The second highest growth in TEU was TRG with a growth of c. 40k. This was a relatively small percentage growth of 3.35% from 1,201k in FY21 to 1,241k in FY22.

Northport (NTH) – Was third in terms of absolute TEU growth and had the highest growth rate in percentage terms, with a 42.01% increase from FY21 volumes (13.5k TEU in FY21 to 19.1k TEU in FY22). This was off a relatively low base, and reflected diversion of container ships to NTH due to disruptions at other ports.

NZ Container Throughput



Source: Annual reports

Bulk volumes

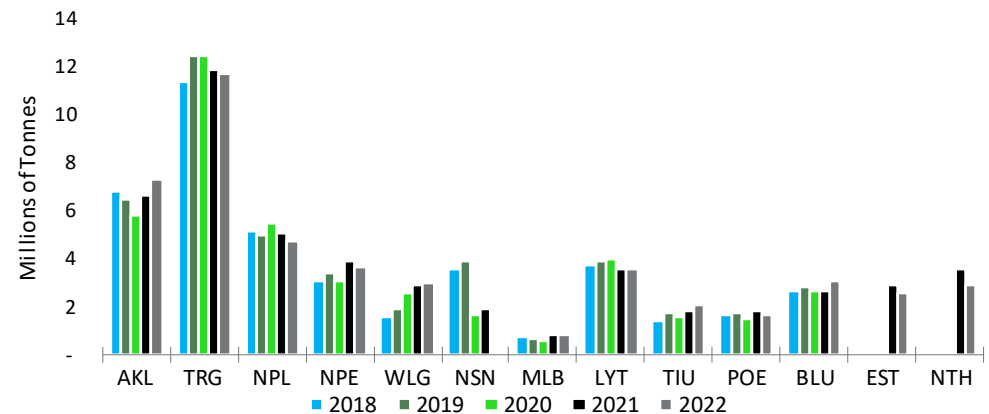
TRG is the dominant port in the market with 24% of all port bulk volumes. Although TRG remains the largest port by volume, it recorded a decrease of 6.4% in bulk volumes from 13m tonnes in FY21 to 12m tonnes in FY22.

Highest bulk volume growth

Timaru (TIU) – Bulk volumes grew 13.3% from FY21 to FY22, rising from 1.83m tonnes to 2.07m tonnes. Management indicates that this is a record bulk trade for the port.

AKL – AKL remains New Zealand’s second largest bulk port and handled 7m tonnes in 2022. AKL had the second largest increase in bulk volumes in percentage terms, growing 8.96% on 2021 volumes, from 6.7m tonnes to 7.3m tonnes.

NZ Bulk volumes



Source: Annual reports



TEU composition

Commentary and highlights are drawn from the Freight Information Gathering System (FIGS) release for the period to December 2022.

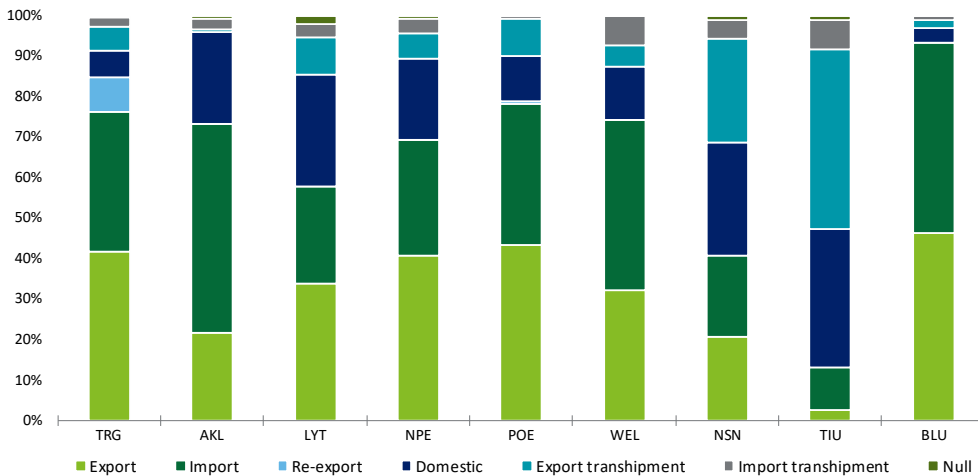
The top right graph shows the breakdown of TEU exports vs imports over the past decade. We can see that there has been large growth in TEU volumes in both exports and imports up until 2018. TEU volumes had a notable drop during 2020 with some recovery in 2021. There has been a decline of 58,826 TEU over the past 5 years, which is comprised of a decrease of export TEUs of 23,050 and a decrease in import TEUs of 35,576. The next page provides a more detailed breakdown by port of the export/import split over time.

The bottom two graphs illustrate the trade split in percentage and absolute terms for each port during 2022. TRG dominates TEU volumes, being 557,622 TEU greater than AKL and holding 40% of all TEU volumes.

AKL and LYT hold the first and second largest TEU volume by domestic TEU movements with 30% and 26% domestic TEU shares respectively.

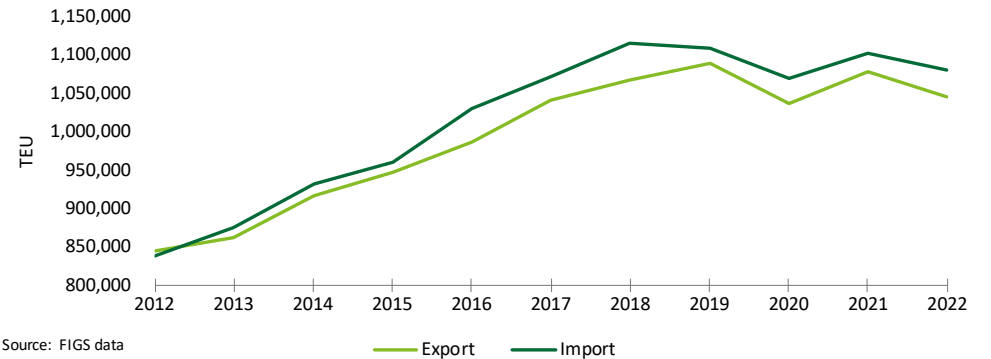
Although TIU is the second smallest port by TEU volume below, it ranks third in terms of export transshipment TEU volumes at 15% of port share with only TRG and AKL having larger market shares.

2022 Port TEU by trade classification



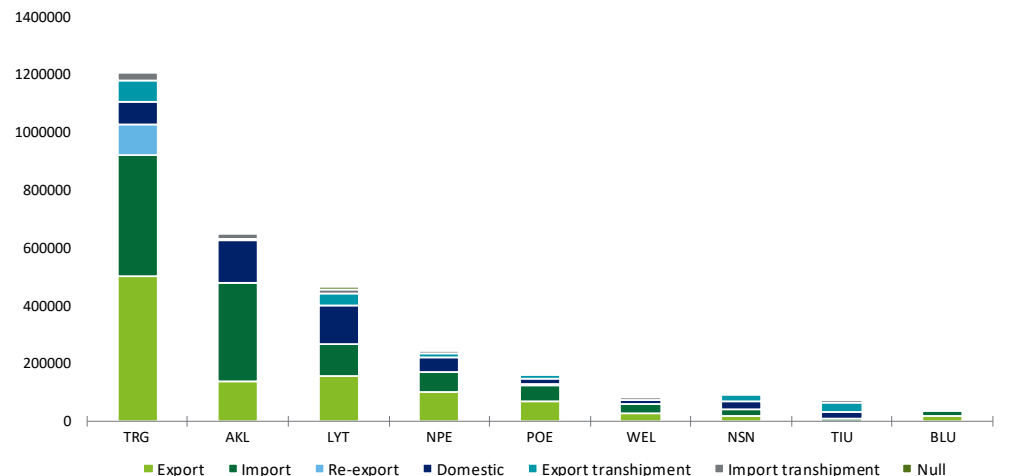
Source: FIGS

TEU Volume by trade classification



Source: FIGS data

2022 Port TEU by trade classification



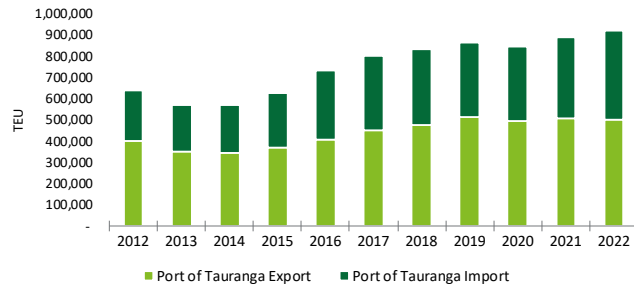
Source: FIGS

TEU volumes differ to those presented on page 31 – FIGS data covers calendar year 2022 whereas port operational data is aligned to each port’s respective 2022 financial year. FIGS does not capture all AKL container movements.

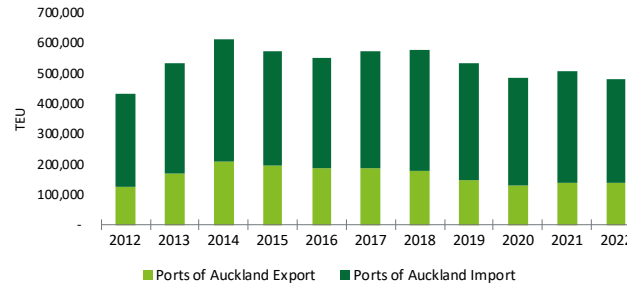


TEU breakdown

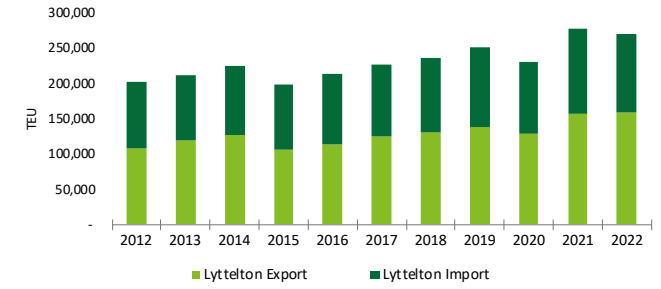
TRG TEU by Trade split



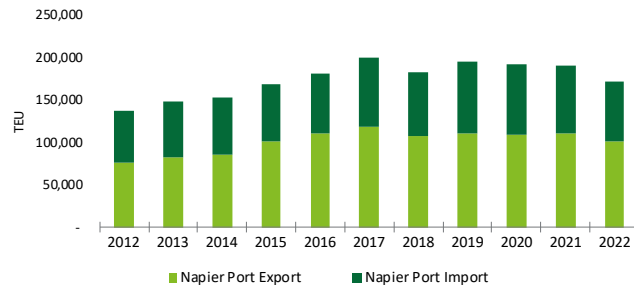
AKL TEU by Trade split



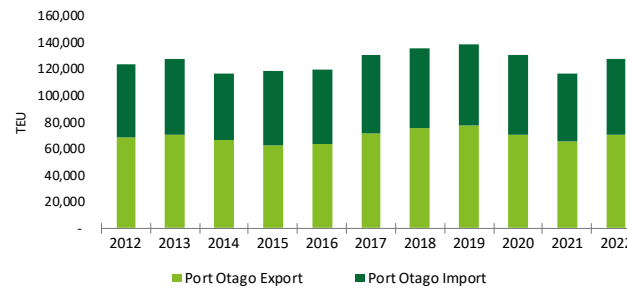
LYT TEU by Trade split



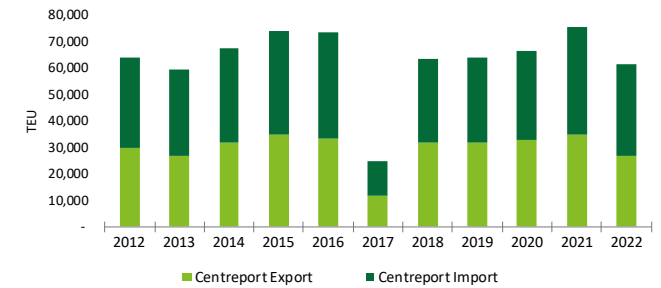
NPE TEU by Trade split



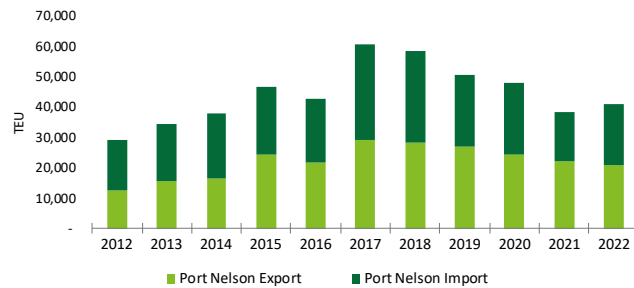
POE TEU by Trade split



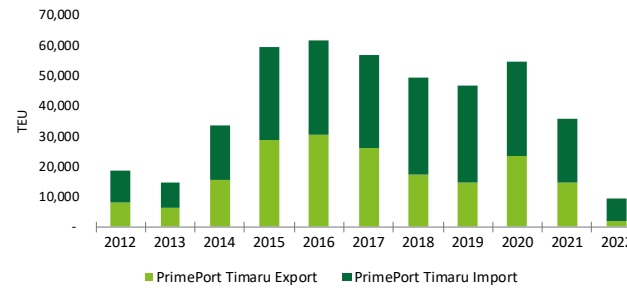
WLG TEU by Trade split



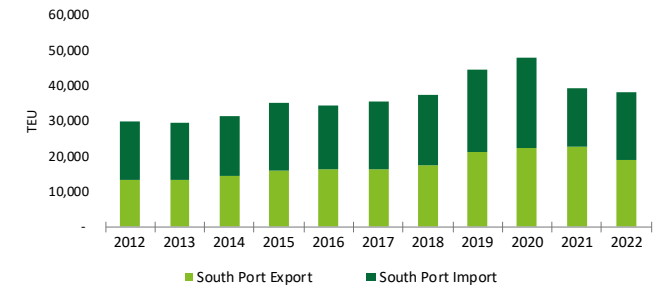
NSN TEU by Trade split



TIU TEU by Trade split



BLU TEU by Trade split

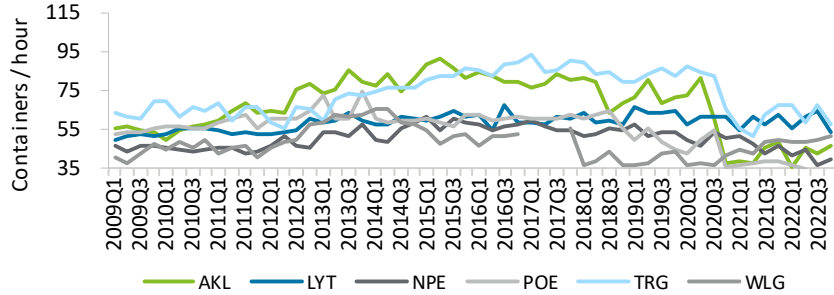


TEU volumes differ to those presented on slide 31 – FIGS data covers calendar year 2022 whereas port operational data is aligned to each port's respective 2022 financial year. Further, TEU breakdown presented on this page is for import and export cargo and does not include domestic and transhipment cargo.



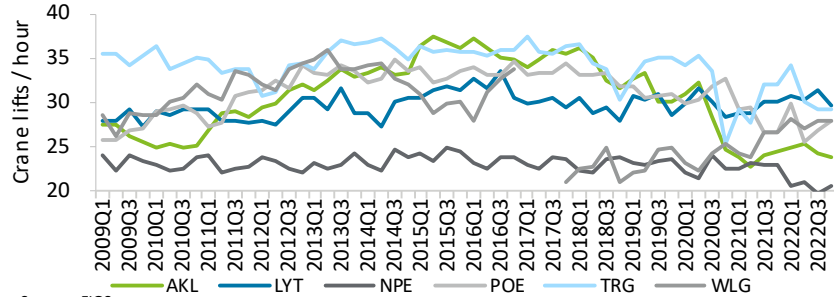
Container terminal efficiency

NZ port ship rates



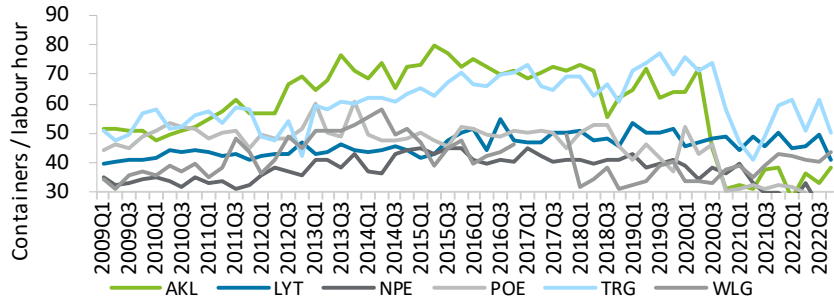
Source: FIGS

NZ port crane rate



Source: FIGS

NZ port vessel rates



Source: FIGS

NZ port ship rates - containers/hour

| | 2020 | | | | 2021 | | | | 2022 | | | |
|-----|------|------|------|------|------|------|------|------|------|------|------|------|
| | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec |
| AKL | 72.7 | 82.0 | 60.9 | 37.5 | 38.6 | 37.2 | 45.7 | 49.1 | 35.3 | 45.2 | 42.5 | 47.0 |
| LYT | 57.8 | 61.9 | 61.7 | 61.6 | 54.9 | 62.0 | 57.7 | 63.0 | 55.3 | 62.0 | 65.1 | 53.9 |
| NPE | 50.0 | 46.9 | 53.5 | 50.6 | 51.4 | 47.3 | 42.6 | 46.6 | 41.5 | 45.1 | 37.0 | 39.8 |
| POE | 42.8 | 50.1 | 54.9 | 35.7 | 36.6 | 38.0 | 38.6 | 38.3 | 36.4 | 35.1 | 18.4 | 29.2 |
| TRG | 87.6 | 84.8 | 82.9 | 65.4 | 55.7 | 51.4 | 63.0 | 67.6 | 67.3 | 59.0 | 67.3 | 57.2 |
| WLG | 36.7 | 37.8 | 36.6 | 41.6 | 44.2 | 42.6 | 48.2 | 50.0 | 48.3 | 48.7 | 49.2 | 52.0 |

Source: FIGS

NZ port crane rates - crane lifts/hour

| | 2020 | | | | 2021 | | | | 2022 | | | |
|-----|------|------|------|------|------|------|------|------|------|------|------|------|
| | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec |
| AKL | 30.8 | 32.3 | 28.4 | 24.6 | 23.8 | 22.8 | 24.0 | 24.4 | 24.9 | 25.4 | 24.2 | 23.8 |
| LYT | 29.9 | 31.5 | 30.1 | 28.4 | 28.8 | 28.8 | 30.1 | 30.1 | 30.7 | 30.3 | 31.3 | 29.6 |
| NPE | 22.1 | 21.4 | 23.9 | 22.5 | 22.5 | 23.2 | 23.0 | 25.5 | 20.6 | 20.9 | 19.6 | 20.5 |
| POE | 29.8 | 30.3 | 31.7 | 32.6 | 29.3 | 29.5 | 26.6 | 30.7 | 29.8 | 25.5 | 26.8 | 28.0 |
| TRG | 34.2 | 35.2 | 33.5 | 25.2 | 29.2 | 27.6 | 32.1 | 32.8 | 34.1 | 30.1 | 29.1 | 29.1 |
| WLG | 23.1 | 22.2 | 24.1 | 25.3 | 24.3 | 23.7 | 26.6 | 27.4 | 28.2 | 27.1 | 27.8 | 28.0 |

Source: FIGS

NZ port vessel rates - containers/labour hour

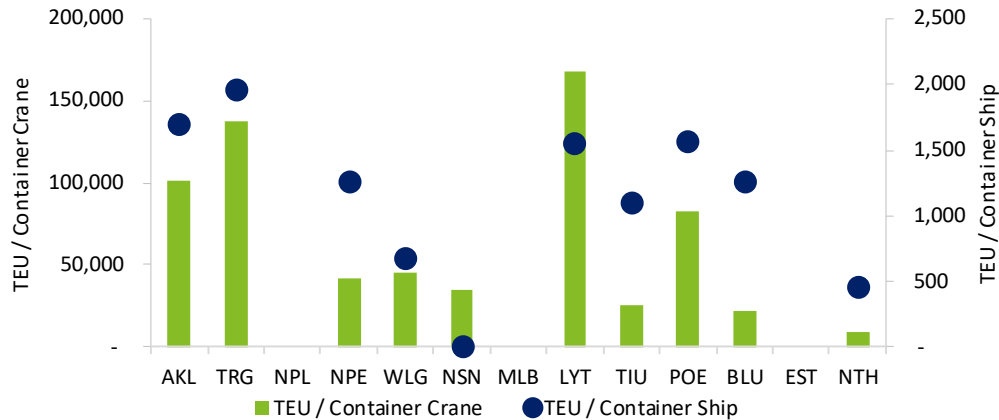
| | 2020 | | | | 2021 | | | | 2022 | | | |
|-----|------|------|------|------|------|------|------|------|------|------|------|------|
| | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec |
| AKL | 64.3 | 71.7 | 44.6 | 31.2 | 32.2 | 31.3 | 37.6 | 38.3 | 27.9 | 36.3 | 33.1 | 38.1 |
| LYT | 45.6 | 47.2 | 48.4 | 48.7 | 44.2 | 48.7 | 45.3 | 49.9 | 45.2 | 45.7 | 49.6 | 40.9 |
| NPE | 38.8 | 34.7 | 38.6 | 36.5 | 39.5 | 32.9 | 30.0 | 29.9 | 26.3 | 33.4 | 25.4 | 29.3 |
| POE | 52.3 | 42.8 | 46.0 | 30.4 | 31.4 | 32.4 | 31.0 | 32.7 | 31.5 | 29.8 | 22.2 | 28.6 |
| TRG | 76.2 | 71.6 | 73.8 | 57.9 | 47.2 | 40.7 | 49.2 | 59.6 | 61.1 | 51.0 | 61.1 | 49.9 |
| WLG | 34.0 | 33.6 | 33.2 | 37.5 | 38.9 | 34.9 | 38.9 | 43.2 | 42.4 | 41.0 | 40.3 | 43.6 |

Source: FIGS



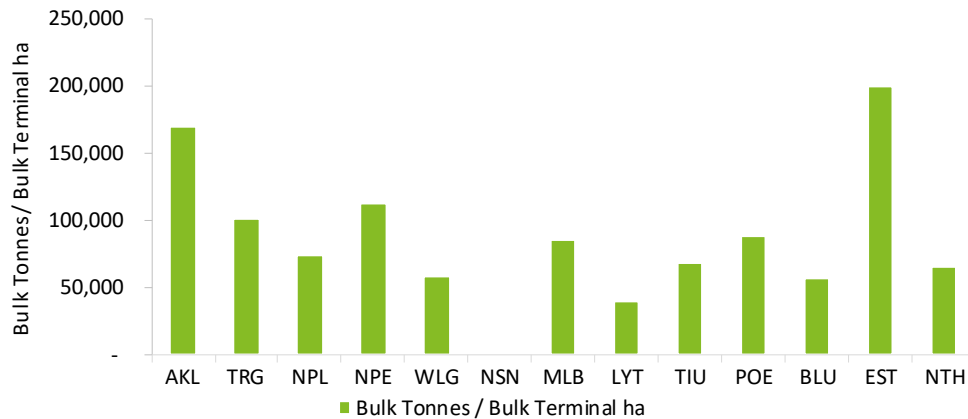
Port utilisation

Container Ship/Crane Utilisation



Source: Management information, Deloitte analysis

Bulk Terminal Utilisation



Source: Management information, Deloitte analysis

Container ship utilisation

The three ports with the highest container ship utilisation were TRG, AKL and POE respectively.

LYT recorded the highest container crane utilisation (based on three operational cranes). TRG recorded the second highest container crane utilisation, followed by AKL.

NPL, MLB and EST do not operate container wharves. FY22 container ship data for NSN was not supplied.

Bulk terminal utilisation

EST had the highest bulk terminal utilisation (bulk tonnes / bulk terminal ha).

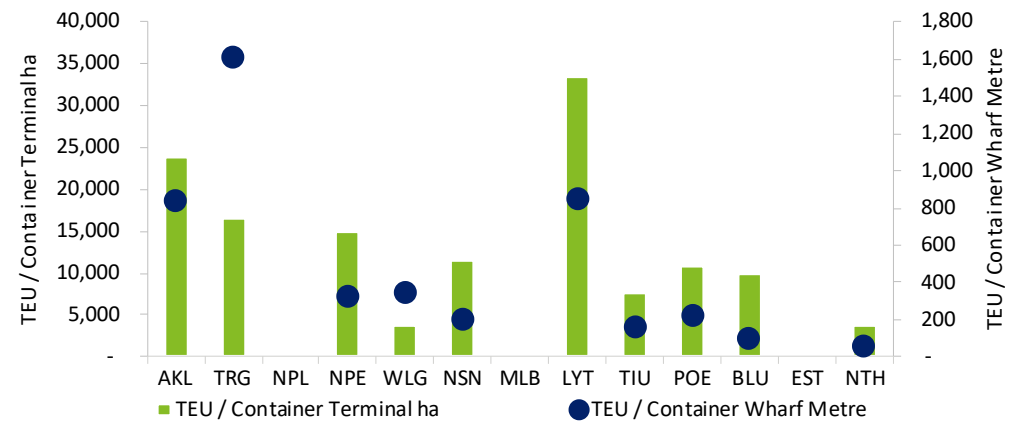
Container terminal utilisation

LYT and AKL had the highest container terminal utilisation (TEU / terminal ha), keeping their respective #1 and #2 ranks from 2021.

TRG had the highest TEU throughput per container wharf metre, retaining their #1 position from 2021.

NPL, MLB and EST do not operate container wharves.

Container Terminal Utilisation



Source: Management information, Deloitte analysis



Financials

Revenue

Amongst the 13 ports, TRG reported the highest revenue in FY22 at \$375.3 million, an increase of 10.9% on FY21. Followed by AKL with \$265.3 million in reported revenue.

AKL – AKL showed the largest increase in revenue both in absolute and percentage terms, with revenue rising from \$226.3m in FY21 to \$265.3 in FY22 for a total increase of \$39m. This gain in revenue did not translate into a positive NPAT with AKL port showing a loss of \$10.3m in FY22, which was attributed to a write-down on assets. An increase of \$20m in expenses also hindered AKL profitability in FY22.

LYT – LYT showed the third largest revenue growth, with this increasing from \$142.2m to \$161.7m in FY22. This was attributed to large volume growth and the first full year of their infrastructure levy.

Profitability

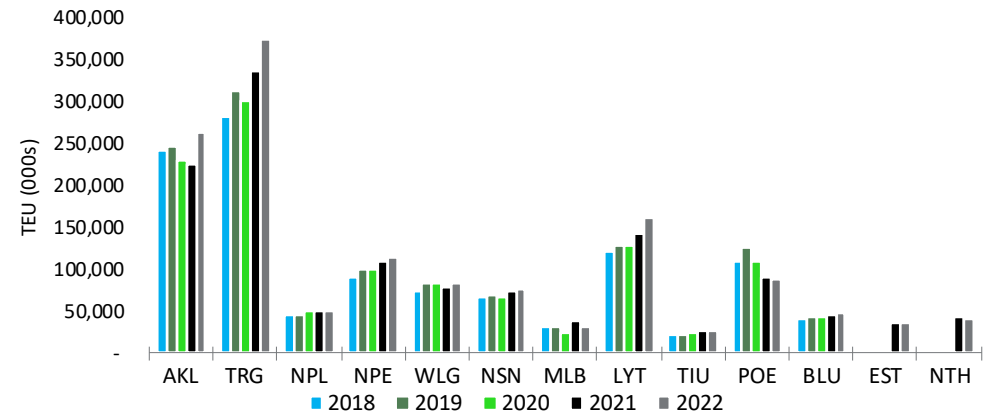
7 of the 13 ports recorded decreases in their NPAT. The 6 ports with increases were TRG, NPL, LYT, TIU, WLG and BLU.

TRG – Showed the largest absolute growth in NPAT of \$8.9m between FY21 and FY22. TRG noted strong volumes and increased storage revenues as key contributors to this result.

WLG - Showed the largest growth in NPAT, both in absolute terms and percentage. A difference of \$39.4m was noted with NPAT increasing from a loss \$17.8m in FY21 to a profit of \$21.7m in FY22. This increase was largely due to a tax credit of \$27.6m.

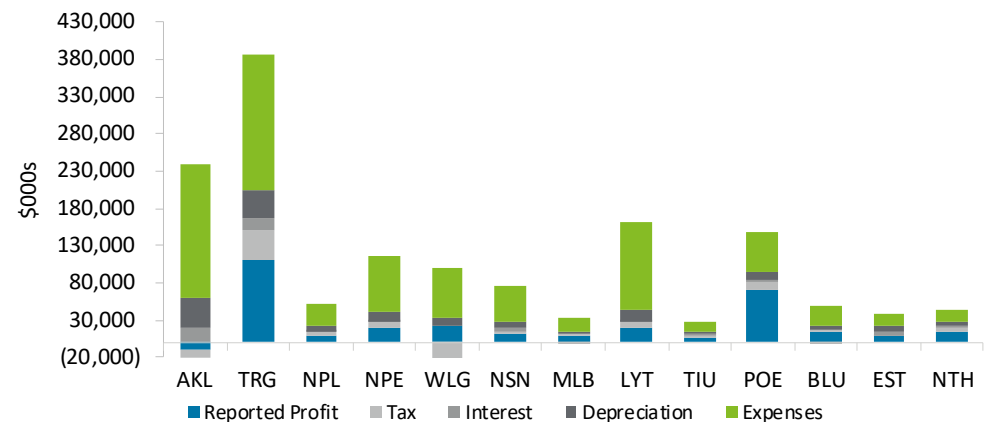
LYT - Showed the second largest percentage increase in NPAT of 26% increasing from \$15m in FY21 to \$18.9m in FY22. This increase was largely driven by an increase in revenue from c. \$140m in FY21 to c. \$162m in FY22.

Revenue



Source: Annual reports

Profitability



Source: Annual Reports



Financials

Dividends

TRG paid the largest dividend, \$95.24m. This dividend comprised the FY22 interim dividend (\$44.2m), and FY21 final dividend (\$51m).

NPE paid a dividend of c. \$15m in FY22, the second highest when compared to other ports.

Capital expenditure

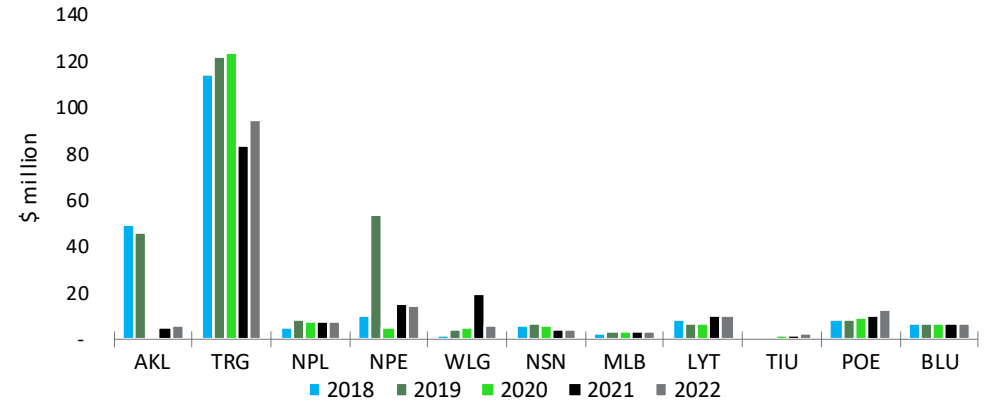
A number of ports engaged in significant capital investment to further develop port capacity and capability during FY22.

NPE – Invested a further \$72m in capital projects during FY22. A key driver of this expenditure was the Te Whiti wharf which officially opened on 22 July 2022. This allows NPE to handle more, and larger ships, to improve operational performance.

WLG – Had the second highest CAPEX during 2022. This spending is part of the ongoing regeneration works programme, which was initiated following damage during the Kaikoura earthquake.

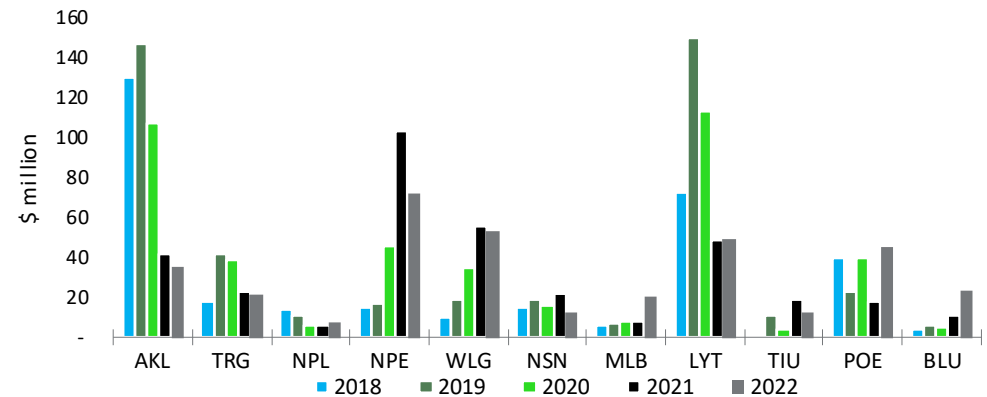
POE – Had the largest dollar increase in CAPEX with \$45m invested in capital projects during FY22 compared to \$18m invested in FY21. This investment consisted of \$29.4m into investment property and \$15.5m in support of port operations.

Cash Dividends Paid



Source: Annual Reports

Capital Expenditure Investing Activities

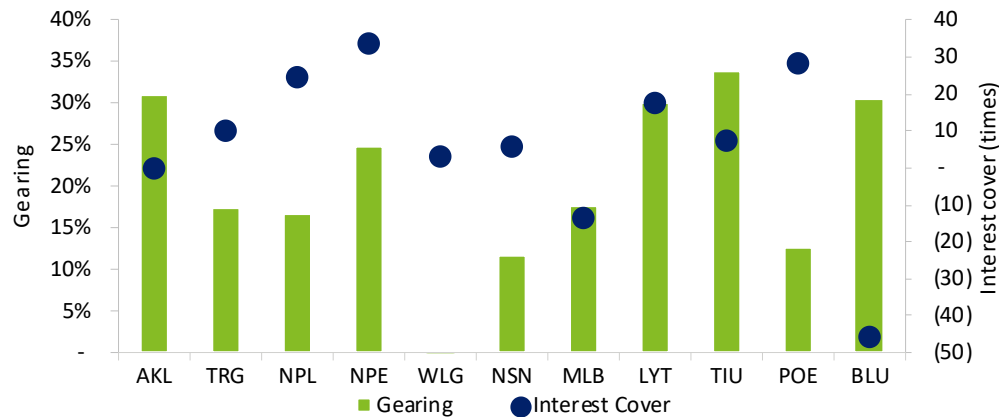


Source: Annual Reports



Financials

Debt Covenants



Source: Annual Reports

Debt covenants

The ratios above provide an indication of a port's capacity to take on additional debt and to service existing debt.

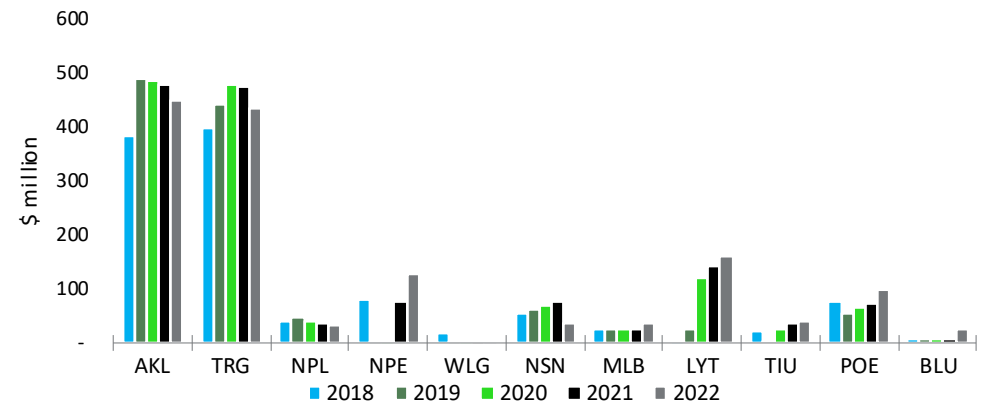
Gearing is calculated as debt divided by debt plus equity.

Average gearing across all ports in FY22 was 22.6%, a slight increase from 21.6% in FY21.

Interest cover is calculated as EBIT divided by net interest expense.

MLB and BLU had negative interest cover ratios (Including interest on lease liabilities) for FY22.

Cash Net Debt



Source: Annual Reports

Cash net debt

Cash net debt (Excl. lease liabilities) is calculated as interest bearing liabilities less cash and equivalents. Total net debt (Excl. lease liabilities) for all ports in FY22 was \$1.3 billion, an increase from \$1.2 billion in FY21.

Net debt (Excl. lease liabilities) for the two largest ports, TRG and AKL, decreased 8.78% and 6.27% respectively.

NPE and WLG had the largest movement in dollar terms, with net debt (Excl. lease liabilities) increasing by \$53.6 million and \$54.0 million respectively.

The largest reduction in net debt (Excl. lease liabilities) was reported by TRG, falling by \$41.9m. This was largely attributable to a fall in interest bearing liabilities of \$42.5m in FY22.



Port sector insights

Comparator tables and analytics





Comparator tables - Operational

| Port Facilities & Capacity Comparison | | | | | | | | | | | | | |
|---|---------|---------|------------|------------|---------|---------|---------|---------|------------|---------|---------|---------|---------|
| FY22 | AKL | TRG | NPL | NPE | WLG | NSN | MLB | LYT | TIU | POE | BLU | EST | NTH |
| Port Harbour Type | Natural | Natural | Breakwater | Breakwater | Natural | Natural | Natural | Natural | Breakwater | Natural | Natural | Natural | Natural |
| Draught (m) (min) | 12.5 | 14.5 | 12.5 | 12.4 | 11.3 | 10.3 | 13.5 | 13.3 | 11.6 | 14.0 | 7.0 | 10.2 | 13-14.5 |
| Port Operating Land (ha) | 77.0 | 190.3 | 65.3 | 49.3 | 75.0 | 26.0 | 10.0 | 103.4 | 40.0 | 34.5 | 58.0 | 13.0 | 49.0 |
| Container Terminal Area (ha) | 34.0 | 74.6 | 2.0 | 17.0 | 24.3 | 9.0 | - | 15.0 | 10.0 | 15.4 | 4.4 | - | 5.0 |
| Total Wharf Length (km) | 3.6 | 2.8 | 1.7 | 2.0 | 2.9 | 1.2 | 0.6 | 2.3 | 1.7 | 2.1 | 1.9 | 0.4 | 0.6 |
| Container Wharf Length (km) | 1.0 | 0.8 | 0.4 | 0.8 | 0.3 | 0.5 | - | 0.6 | 0.5 | 0.7 | 0.4 | - | 0.3 |
| Quay Cranes | 8 | 9 | - | - | 2 | - | - | 3 | - | 2 | - | - | - |
| Mobile Cranes | - | - | 2 | 6 | - | 3 | - | - | 3 | - | 2 | 3 | 2 |
| Forklifts/Stackers | 28 | - | 2 | 38 | 19 | 28 | - | 19 | 14 | 7 | 9 | - | 6 |
| Straddles | 63 | 53 | - | - | - | 1 | - | 27 | - | 15 | - | - | - |
| Reefer Slots | 945 | 3,426 | 192 | 1,253 | 234 | 900 | - | 996 | 720 | 1,450 | 300 | - | 180 |
| Tugs | 4 | 3 | 3 | 3 | 2 | 3 | 2 | 2 | 2 | 3 | 3 | 2 | 4 |
| Pilot Launches | 2 | 2 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 3 | 1 | 1 | 1 |
| Rail Connection | Yes | Yes | Yes | Yes | Yes | No | Yes | Yes | Yes | Yes | Yes | No | No |
| Bulk Tonnes Handled (millions) ² | 7.3 | 11.7 | 4.7 | 3.7 | 3.0 | - | 0.9 | 3.6 | 2.1 | 1.7 | 3.1 | 2.6 | 2.9 |
| NZ Cargo Volume Rank | 2 | 1 | 3 | 4 | 7 | - | 12 | 5 | 10 | 11 | 6 | 9 | 8 |
| Bulk Ship Calls (est) ² | 337 | 715 | 284 | 310 | 294 | - | 61 | 515 | 362 | 298 | 270 | 124 | 213 |
| TEU Throughput (000) | 811.5 | 1,241.1 | - | 254.0 | 89.9 | 103.2 | - | 502.2 | 76.8 | 166.2 | 44.0 | - | 19.1 |
| NZ Container Volume Rank | 2 | 1 | - | 4 | 7 | 6 | - | 3 | 8 | 5 | 9 | - | 10 |
| Container Ship Calls (est) ² | 479 | 638 | - | 203 | 135 | - | - | 324 | 70 | 107 | 35 | - | 42 |
| Bulk Tonnes/ Bulk Terminal ha | 169,767 | 101,124 | 74,882 | 112,881 | 61,301 | - | 85,864 | 40,706 | 69,000 | 88,912 | 57,836 | 200,000 | 66,364 |
| TEU / Container Terminal ha | 23,868 | 16,636 | - | 14,941 | 3,699 | 11,467 | - | 33,481 | 7,682 | 10,792 | 10,000 | - | 3,820 |
| Bulk Tonnes / Total Wharf Metre | 2,028 | 4,142 | 2,756 | 1,830 | 1,013 | - | 1,385 | 1,565 | 1,203 | 808 | 1,617 | 7,143 | 5,123 |
| TEU / Container Wharf Metre | 837 | 1,612 | - | 326 | 343 | 206 | - | 847 | 162 | 224 | 103 | - | 64 |
| Bulk Tonnes / Bulk Ship | 21,662 | 16,364 | 16,690 | 11,774 | 10,133 | - | 14,076 | 6,990 | 5,718 | 5,705 | 11,481 | 20,968 | 13,709 |
| TEU / Container Ship | 1,694 | 1,945 | - | 1,251 | 666 | - | - | 1,550 | 1,097 | 1,553 | 1,257 | - | 455 |
| TEU / Container Crane | 101,438 | 137,896 | - | 42,333 | 44,947 | 34,400 | - | 167,403 | 25,606 | 83,100 | 22,000 | - | 9,550 |
| Ship Rate | 44.2 | 64.0 | N/A | 44.5 | 48.8 | - | N/A | 59.0 | 35.6 | 41.3 | - | N/A | - |
| Vessel Rate | 34.9 | 55.0 | N/A | 29.8 | 41.4 | - | N/A | 46.0 | - | 35.1 | - | N/A | - |
| Crane Rate | 24.7 | 30.0 | N/A | 23.1 | 27.3 | - | N/A | 30.0 | 17.8 | 31.6 | - | N/A | - |
| Rail utilisation - from export volumes | | | | | | | | | | | | | |
| % of TEU volumes transported to port on rail ¹ | - | 22.7% | - | 16.6% | 32.4% | N/A | - | 27.0% | 94.0% | 65.0% | 6.0% | N/A | N/A |
| % of bulk volumes transported to port on rail | - | 56.0% | 0.7% | 4.5% | 27.3% | N/A | - | 33.0% | - | - | - | N/A | N/A |
| Rail utilisation - from import volumes | | | | | | | | | | | | | |
| % of TEU volumes transported from port on rail ¹ | - | 32.4% | - | 2.4% | 14.5% | N/A | - | 11.0% | 6.0% | 15.0% | - | N/A | N/A |
| % of bulk volumes transported from port on rail | - | 14.0% | - | - | - | N/A | - | - | - | - | - | N/A | N/A |

¹ AKL unable to split rail utilisation. 14.4% rail utilisation across import and export volumes.

² Relevant data inputs were not supplied for NSN.



Comparator tables – Financial

| New Zealand Port Summary - NZ\$ million | | | | | | | | | | | | | |
|---|---------|---------|--------|--------|---------|--------|--------|---------|--------|--------|--------|--------|--------|
| FY22 | AKL | TRG | NPL | NPE | WLG | NSN | MLB | LYT | TIU | POE | BLU | EST | NTH |
| Income Statement | | | | | | | | | | | | | |
| Revenue | 265.3 | 375.3 | 51.5 | 114.5 | 84.2 | 76.8 | 32.5 | 161.7 | 28.4 | 88.2 | 48.6 | 36.5 | 42.6 |
| Revenue - Port | 250.1 | 341.9 | 51.5 | 112.1 | 65.2 | 66.5 | 13.2 | 158.2 | 28.4 | 56.7 | 48.6 | 36.5 | 42.6 |
| Expenses | (178.4) | (182.2) | (29.4) | (74.4) | (67.1) | (48.8) | (18.3) | (118.5) | (14.7) | (53.6) | (27.4) | (17.5) | (14.6) |
| Gross Profit | 86.8 | 193.1 | 22.1 | 40.1 | 17.1 | 28.0 | 14.2 | 43.2 | 13.6 | 34.6 | 21.1 | 19.0 | 28.0 |
| Associate Earnings | - | 11.6 | - | - | 1.3 | - | - | - | - | - | - | - | - |
| One-Offs | (48.8) | - | - | 2.0 | (16.6) | - | - | - | - | 60.9 | 0.0 | 2.0 | - |
| EBITDA | 38.0 | 204.7 | 22.1 | 42.1 | 1.7 | 28.0 | 14.2 | 43.2 | 13.6 | 95.4 | 21.2 | 21.0 | 28.0 |
| Deprn&Amort | (39.2) | (38.1) | (7.5) | (13.6) | (10.2) | (9.7) | (3.8) | (14.7) | (2.9) | (12.3) | (4.4) | (7.8) | (5.3) |
| EBIT | (1.2) | 166.6 | 14.6 | 28.5 | (8.6) | 18.3 | 10.4 | 28.5 | 10.7 | 83.2 | 16.8 | 13.1 | 22.7 |
| Net Interest Expense | (20.2) | (16.2) | (0.6) | (0.8) | 2.6 | (3.1) | 0.8 | (1.6) | (1.5) | (2.9) | 0.4 | (3.1) | (1.9) |
| Taxation Expense | 11.1 | (39.1) | (4.1) | (7.2) | 27.6 | (3.1) | (3.0) | (8.0) | (1.9) | (9.8) | (4.3) | (2.1) | (5.7) |
| Reported Profit | (10.3) | 111.3 | 9.9 | 20.4 | 21.7 | 12.0 | 8.2 | 18.9 | 7.3 | 70.5 | 12.8 | 7.9 | 15.1 |
| Other Comprehensive Income | 50.0 | 659.4 | 1.4 | 31.1 | 13.5 | 4.0 | 11.4 | 6.1 | 7.3 | 2.4 | - | - | 25.6 |
| Comprehensive Income | 39.7 | 770.7 | 11.3 | 51.6 | 35.1 | 16.0 | 19.6 | 25.1 | 14.7 | 72.9 | 12.8 | 7.9 | 40.6 |
| Cashflow Statement summary | | | | | | | | | | | | | |
| Net Operating CF | 72.9 | 145.2 | 19.8 | 32.3 | 16.2 | 15.7 | 11.2 | 39.0 | 9.9 | 29.8 | 13.7 | - | - |
| Balance Sheet | | | | | | | | | | | | | |
| Port Fixed Assets | 1,294.1 | 2,393.0 | 194.4 | 523.2 | 254.1 | 324.7 | 115.3 | 507.6 | 120.0 | 227.3 | 77.3 | - | - |
| Total Assets | 1,597.1 | 2,743.5 | 204.5 | 562.7 | 517.2 | 381.1 | 248.9 | 621.9 | 126.7 | 842.1 | 88.1 | - | 231.6 |
| Net Debt | 449.9 | 435.2 | 32.0 | 129.2 | (130.6) | 36.3 | 38.2 | 161.6 | 40.6 | 99.9 | 24.2 | - | - |
| Total Equity | 997.8 | 2,074.4 | 160.1 | 392.0 | 461.8 | 272.8 | 178.8 | 377.8 | 78.9 | 694.5 | 55.3 | - | 180.2 |
| Ratios | | | | | | | | | | | | | |
| Share of NZ Revenue | 18.9% | 26.7% | 3.7% | 8.1% | 6.0% | 5.5% | 2.3% | 11.5% | 2.0% | 6.3% | 3.5% | 2.6% | 3.0% |
| Gearing (Net debt/Equity) | 31.1% | 17.3% | 16.6% | 24.8% | (39.4%) | 11.7% | 17.6% | 30.0% | 34.0% | 12.6% | 30.4% | - | - |
| EBIT Margin | (0.5%) | 44.4% | 28.4% | 24.9% | (10.2%) | 23.8% | 31.9% | 17.6% | 37.8% | 94.3% | 34.6% | 35.9% | 53.3% |
| ROE | (1.0%) | 5.4% | 6.2% | 5.2% | 4.7% | 4.4% | 4.6% | 5.0% | 9.3% | 10.1% | 23.2% | - | 8.4% |
| ROA | (0.6%) | 4.1% | 4.8% | 3.6% | 4.2% | 3.2% | 3.3% | 3.0% | 5.8% | 8.4% | 14.6% | - | 6.5% |



Port performance dashboard

Interactive data analytics

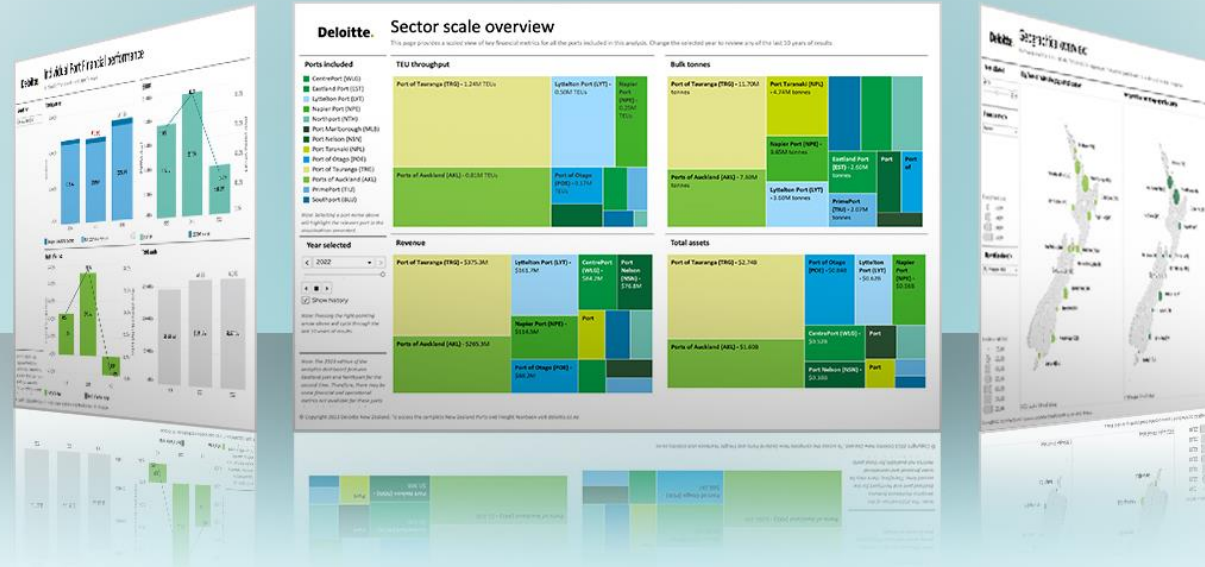
This year we are pleased to continue with our interactive data analytics tool, the 'Ports and Freight Yearbook Analytics Dashboard'.

This dashboard provides you with the ability to dynamically view and test the relationship between a number of financial and operational variables, using data covering a three-year period.

This year we have also introduced new interactive geographic, operational, and scale overview elements to the dashboard.

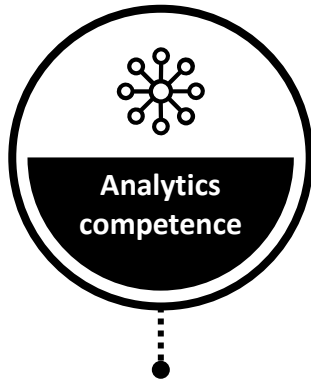
To access the dashboard, please visit our website:

www2.deloitte.com/nz/ports-and-freight





Our analytics capability



- Our **proven tools and methods** can be **efficiently adapted** to different system environments.
- Our experts are familiar with a range of general and advanced analytics methods, which are **combined in an integrated approach**.
- Our analytics experts with advanced data science expertise cover data extraction, cleansing as well as data model and dashboard customization.



- Our analytics led approach enables us to:
- Look beyond standard financial reports and deeper into operational data;
 - Quickly identify granular issues and opportunities; and
 - Highlight relevant operational focus areas through interactive drill-down analytical dashboards.

In an engaging and collaborative manner that obtains alignment across stakeholders and enables **better decisions, more often**.



- Through benchmarking customer, supplier and competitor data we can assist you on a wide range of analysis, including:
- Interactively drilling down into customer groups to identify material variability in profitability across a product group or division.
 - Comparing financial metrics against your competitors or other industry players to identify opportunities for value enhancement and quantify the 'gap'.
 - Drilling down into transaction level receivables, payables and inventory data to identify opportunities to improve working capital performance.



Our team is comprised of highly experienced financial advisors. We pride ourselves on our ability to use data to inform financial decisions.

We have an in-depth understanding of the drivers of financial value and have a proven record success of operationalising the insights gained through analytics into sustaining financial results.



Key contacts



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Ports of Auckland – AKL

Overview

AKL’s key facilities comprise its container and multi-purpose cargo terminals on the Waitematā Harbour (adjacent to Auckland’s CBD). The Group operates regional freight hubs in South Auckland and Waikato, including a container trucking operation from South Auckland, and has joint interests in a Manawatū freight hub, marine towage at Northport, and an online cargo management system. Auckland is the first port of call for a number of international services, receiving full import containers and generating a strong flow of empty containers destined for export.

Port development

- The port has cancelled its planned automation of the Fergusson Container Terminal. The container terminal has reverted to manual operation.
- The port welcomed *Sparky*, the world’s first full-size electric-powered ship handling tug. This is expected to save around 465 tCO₂-e each year.
- Cruise operations have been resumed for the 2022/23 summer.

Trade

- TEUs fell 0.8% to 811,565 in FY22.
- Vehicle volume increased 1.8% to 240,544 units in FY22.
- Total breakbulk volume increased by 9.4% to 7.293m tonnes.

Financial performance

- Revenue increased to \$265.25 million in FY22 from \$226.3 million in the previous year.
- Operating expenses increased to \$178.41 million from \$158.06 million.
- NPAT fell to a net loss of \$10.28 million in FY22 compared to a profit of \$45.6 million in the previous period. This was attributed to a \$63.07 million impairment from the cancellation of the Fergusson Terminal automation project.
- The declared dividend for FY22 was \$14.2 million compared to \$3.7 million in the previous year.

Ports of Auckland - AKL

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|---------------|--------------|
| Revenue | 265.3 | 226.3 |
| Revenue from Port Operations | 250.1 | 212.8 |
| Operating Expenses | (178.4) | (158.1) |
| Gross Profit | 86.8 | 68.2 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | (48.8) | 29.1 |
| EBITDA | 38.0 | 97.3 |
| Depreciation and Amortisation | (39.2) | (30.6) |
| EBIT | (1.2) | 66.7 |
| Net Interest Expense | (20.2) | (17.0) |
| Taxation | 11.1 | (4.2) |
| NPAT | (10.3) | 45.6 |
| Other Comprehensive Income | 50.0 | 100.0 |
| Comprehensive Income | 39.7 | 145.5 |

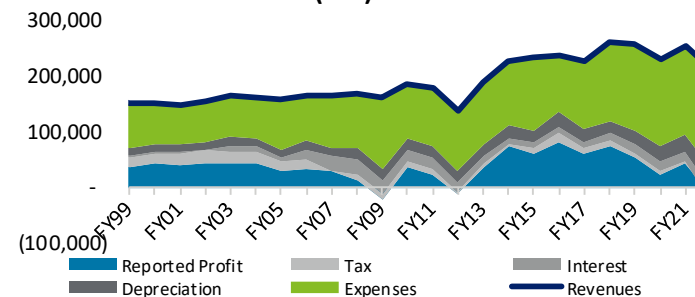
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|----------------|----------------|
| Current Assets | 59.7 | 49.0 |
| Fixed Assets | 1,294.1 | 1,243.6 |
| Intangibles | 25.8 | 74.2 |
| Deferred Tax Benefit | - | - |
| Investments | 154.1 | 158.3 |
| Other Assets | 63.47 | 66.1 |
| Total Assets | 1,597.1 | 1,591.2 |
| Current Liabilities | 55.6 | 48.8 |
| Debt | 454.4 | 475.9 |
| Other Non-Current Liabilities | 89.4 | 102.8 |
| Shareholders' Funds | 997.8 | 963.6 |
| Total Liabilities / SHF | 1,597.1 | 1,591.2 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|-----------------------------------|---------------|--------------|
| Operating Cash Received | 296.4 | 251.6 |
| Operating Cash Paid | (223.5) | (195.2) |
| Net Operating Cash Flow | 72.9 | 56.4 |
| Less: Asset Purchases | (35.3) | (42.2) |
| Less: Advances to Related Parties | - | (0.1) |
| Less: Dividends Paid | (5.8) | (4.9) |
| Funding Surplus (Deficit) | 31.8 | 9.3 |
| Proceeds of Asset Sales | 2.6 | 0.5 |
| Dividends from Associates | - | - |
| Increase in Net Debt | (32.1) | (9.8) |
| Equity Raised | - | - |
| Net finance lease cash flows | (2.3) | - |
| Funding Provided | (31.8) | (9.3) |

Source: Annual Report, Deloitte Analysis

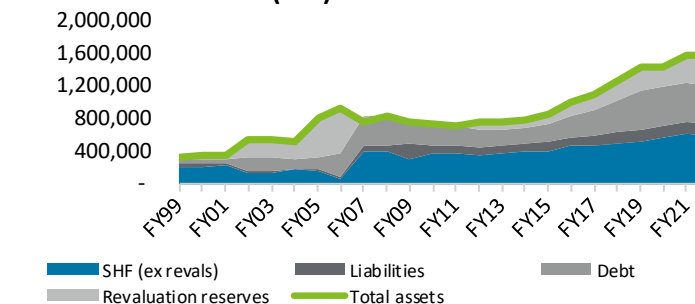


Income Statement - AKL (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - AKL (000)



Source: Annual Reports



Port of Tauranga - TRG

Overview

TRG's key facilities include the Mount Maunganui bulk terminal, Tauranga Container Terminal, MetroPort and its South Auckland inland container port. The Port has a high degree of vertical integration with interests in other ports, stevedoring, and freight transport.

Port development

- The Port is continuing to seek resource consent to extend its wharves at Sulphur Point. However, Environment Court proceedings have been adjourned, resuming in 2023. The Port states that without this development it will face capacity constraints within a few years.
- The Port is pursuing plans to automate container terminal operations to increase capacity within the current land footprint. Automated stacking cranes will be introduced in phases over the next few years.
- The Ruakara Inland Port is expected to open in early 2023. This is a rail connected hub that is being developed in a 50/50 partnership between Port of Tauranga and Tainui Group Holdings (the commercial arm of the Waikato-Tainui iwi).

Trade

- Total trade decreased to 25.6 million tonnes from 25.7 million in FY21.
- The Port saw a 3.3% increase in total TEUs to 1,241,061.
- Imports increased 3.0% to 9.7 million tonnes in FY22.
- Exports decreased 2.5% to 15.9 million tonnes.
- Log export volumes fell by 4.4% to 6.1 million tonnes.
- Dairy product exports decreased 5.5%.
- Kiwifruit exports increased 8.8% in volume.
- Oil product imports decreased 4.9% in volume, and cement imports fell 10.5% in volume.
- Fertiliser imports increased 5.5% in volume, grain, protein, and stock feed imports increased by 20.8%.
- Total ship visits increased by 62, or 4.7%, to 1,369. Volume exchanged per container vessel increased by 10.7% compared to FY21.

Financial performance

- Revenue increased to \$375.3 million in FY22, an increase of 10.9% on \$338.3 million in FY21.
- Operating expenses increased 13.1% to \$182.2 million in FY22 due to higher rail, fuel, and labour costs.
- EBITDA increased to \$204.7 million in FY22, up from \$189.9m in FY21
- Group NPAT increased 8.7% to \$111.3 million, up from \$102.4 million in FY21.

Port of Tauranga - TRG

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|--------------|--------------|
| Revenue | 375.3 | 338.3 |
| Revenue from Port Operations | 341.9 | 306.4 |
| Operating Expenses | (182.2) | (161.1) |
| Gross Profit | 193.1 | 177.1 |
| Associate / JV Earnings | 11.6 | 13.5 |
| One Offs / Other Items | - | (0.7) |
| EBITDA | 204.7 | 189.9 |
| Depreciation and Amortisation | (38.1) | (36.3) |
| EBIT | 166.6 | 153.6 |
| Net Interest Expense | (16.2) | (16.6) |
| Taxation | (39.1) | (34.6) |
| NPAT | 111.3 | 102.4 |
| Other Comprehensive Income | 659.4 | 180.9 |
| Comprehensive Income | 770.7 | 283.3 |

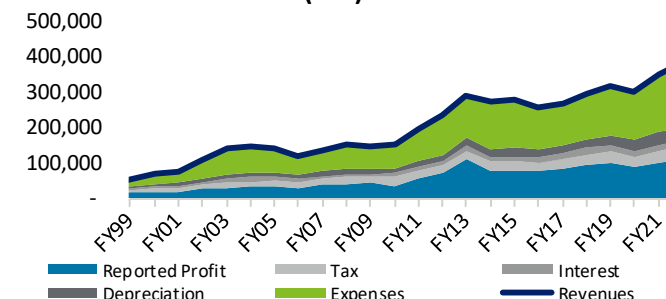
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|----------------|----------------|
| Current Assets | 71.5 | 74.2 |
| Fixed Assets | 2,393.0 | 1,758.1 |
| Intangibles | 62.4 | 64.8 |
| Deferred Tax Benefit | - | - |
| Investments | 186.1 | 167.7 |
| Other Assets | 30.6 | 16.6 |
| Total Assets | 2,743.5 | 2,081.3 |
| Current Liabilities | 183.3 | 323.7 |
| Debt | 317.5 | 215.0 |
| Other Non-Current Liabilities | 168.3 | 145.6 |
| Shareholders' Funds | 2,074.4 | 1,397.0 |
| Total Liabilities / SHF | 2,743.5 | 2,081.3 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|--|---------------|--------------|
| Operating Cash Received | 389.8 | 333.3 |
| Operating Cash Paid | (244.5) | (233.6) |
| Net Operating Cash Flow | 145.2 | 99.7 |
| Less: Asset Purchases | (21.6) | (23.3) |
| Less: Dividends Paid | (95.2) | (84.4) |
| Funding Surplus (Deficit) | 28.4 | (8.0) |
| Proceeds of Asset Sales | - | 0.7 |
| Dividends from Associates | - | - |
| Dividends Equity Accounted Investments | 10.8 | 9.6 |
| Equity Accounted Investees | (2.9) | - |
| Contingent consideration | (0.5) | - |
| Increase in Net Debt | (35.9) | (2.5) |
| Equity Raised | - | - |
| Funding Provided | (28.5) | 7.9 |

Source: Annual Report, Deloitte Analysis

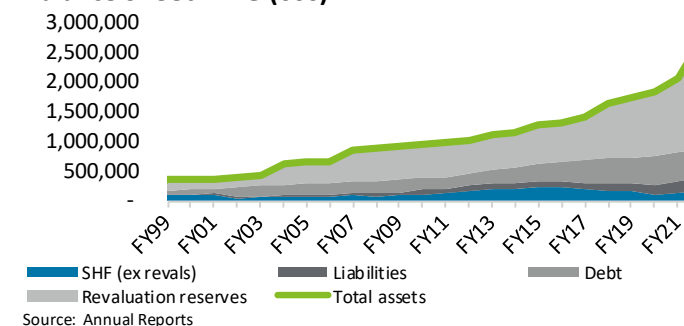


Income Statement - TRG (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - TRG (000)



Source: Annual Reports



Port Taranaki – NPL

Overview

NPL is the only deep-water port on the west coast of New Zealand and services bulk liquids (serving the region’s oil and gas industry), dry bulk (logs, fertiliser, stock feed and cement) and general cargo.

Port development

- NPL began an upgrade of its fire water system on the Newton King Tanker Terminal to support the moving of bulk liquids across the berth. This aligns with the International Safety Guide for Oil Tankers and Terminals safety standards, and increases the firefighting capability from 700m3/hr to 860m3/hr for six continuous hours.
- The Port continued to repurpose existing facilities, including the removal of several storage buildings as well as resurfacing to provide increased storage and laydown space in the future.
- The Port is actively engaging in opportunities to support the region's energy transition, including offshore wind and hydrogen opportunities.
- A new coastal shipping service is expected to begin operation in 2023, connecting NPL with Nelson.

Trade

- Trade volumes in FY22 were down 7% on FY21 to 4.74 million, or 356,000 tonnes, on the previous year. The Port noted this was attributable to a falling bulk liquids trade, which is NPL’s predominant trade.
- Vessel visits increased from 265 to 284 in FY22.
- The Port's log trade fell 1.9%, or 30,000 JAS, to 1.11m JAS.

Financial performance

- Revenue was \$51.46m, up 1.2% from the previous year.
- NPAT was \$9.91m, an 8% increase from \$9.18m in FY21.
- Reported EBITDAF was up from \$21.13m in FY21 to \$21.69m in FY22.

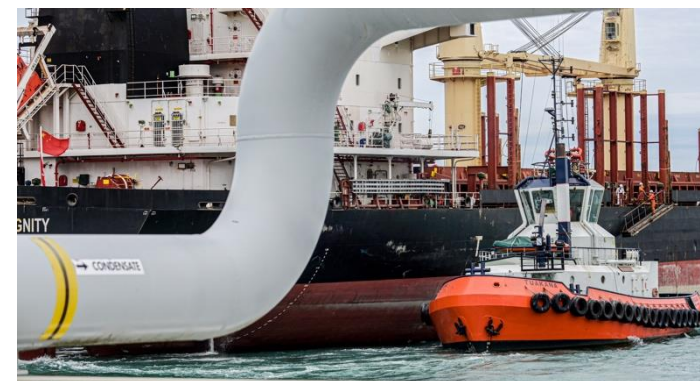
Port Taranaki - NPL

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 51.5 | 50.8 |
| Revenue from Port Operations | 51.5 | 50.8 |
| Operating Expenses | (29.4) | (30.9) |
| Gross Profit | 22.1 | 19.9 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | - | - |
| EBITDA | 22.1 | 19.9 |
| Depreciation and Amortisation | (7.5) | (6.2) |
| EBIT | 14.6 | 13.7 |
| Net Interest Expense | (0.6) | (0.9) |
| Taxation | (4.1) | (3.6) |
| NPAT | 9.9 | 9.2 |
| Other Comprehensive Income | 1.4 | 6.8 |
| Comprehensive Income | 11.3 | 16.0 |

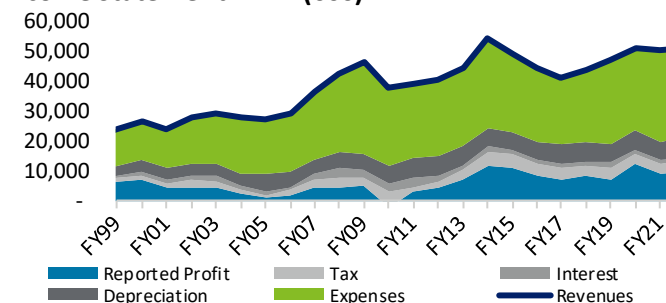
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 7.1 | 8.0 |
| Fixed Assets | 194.4 | 194.0 |
| Intangibles | 0.4 | 0.6 |
| Right of Use Assets | 0.6 | 0.7 |
| Investments | - | - |
| Other Assets | 2.1 | 0.4 |
| Total Assets | 204.5 | 203.7 |
| Current Liabilities | 10.0 | 7.8 |
| Debt | 32.3 | 36.9 |
| Other Non-Current Liabilities | 2.1 | 2.2 |
| Shareholders' Funds | 160.1 | 156.8 |
| Total Liabilities / SHF | 204.5 | 203.7 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|----------------------------------|--------------|--------------|
| Operating Cash Received | 58.2 | 58.4 |
| Operating Cash Paid | (38.5) | (42.8) |
| Net Operating Cash Flow | 19.8 | 15.6 |
| Less: Asset Purchases | (8.1) | (5.9) |
| Less: Dividends Paid | (8.0) | (8.0) |
| Funding Surplus (Deficit) | 3.6 | 1.7 |
| Proceeds of Asset Sales | 1.1 | (0.1) |
| Dividends from Associates | - | - |
| Increase in Net Debt | (4.7) | (1.7) |
| Equity Raised | - | - |
| Funding Provided | (3.6) | (1.7) |

Source: Annual Report, Deloitte Analysis

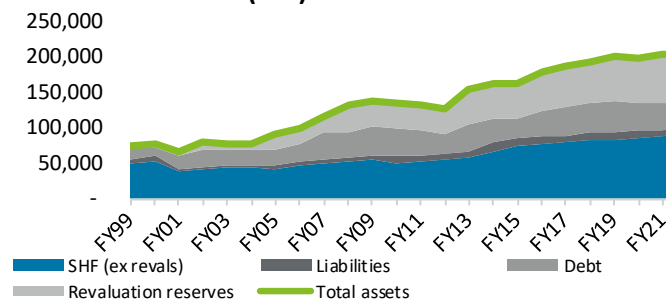


Income Statement - NPL (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - NPL (000)



Source: Annual Reports



Napier Port – NPE

Overview

NPE is New Zealand’s fourth largest container terminal by total TEUs. The port’s productive hinterland and outreach initiatives drive its throughput with key trades including horticultural and agricultural produce and forestry. The port is a joint venture partner in the Manawatū Inland Port.

Port development

- NPE’s new wharf, Te Whiti, officially opened on 22 July 2022 - completed 6 months ahead of schedule and at a cost of \$171.6m, under the budget of \$173m-190m. It can accommodate larger vessels and larger exchanges of cargo, which expands the capability of the North Island supply chain. Te Whiti features ten double-padded automated vacuum-mooring units, a first for a New Zealand port.
- In early 2022, the Port’s mobile log debarker began operating.
- NPE introduced and is trialling three new log grabs that allow for loading logs onto vessels more efficiently and safely than using ship’s cranes.
- The port is also investing in dynamic mooring units to replace use of traditional mooring lines, and new container-handling equipment.
- NPE issued \$100 million of unsecured, unsubordinated fixed rate bonds (maturing in March 2028), used to repay bank debt and for general corporate purposes, the first time the port has issued corporate bonds.

Trade

- 5.39 million tonnes of cargo was handled, a fall of 8.1% from FY21.
- Log exports fell 5.8% to 2.8 million tonnes in FY22.
- Bulk cargo handled fell 7.6% to 3.65 million tonnes.
- 254,000 TEU containers were handled, a fall of 7.9%.
- Total ship visits fell to 514, a 12.1% reduction from 585 visits in FY21, with container ships call reducing from 242 in FY21 to 203 calls in FY22.

Financial performance

- Despite a decline in containerised and bulk volumes during FY22, revenue rose 4.6% to \$114.5 million from \$109.5 million in FY21. This was attributed to an increase in average revenues per unit across bulk cargo and container services.
- Other comprehensive income of \$31.1 million was largely driven by a revaluation of sea defences.
- Total operating expenses increased by 13.3% to \$74.4 million compared to FY21.
- NPAT fell 11.8% to \$20.4 million.

Napier Port - NPE

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 114.5 | 109.5 |
| Revenue from Port Operations | 112.1 | 107.1 |
| Operating Expenses | (74.4) | (65.7) |
| Gross Profit | 40.1 | 43.8 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | 2.0 | 1.1 |
| EBITDA | 42.1 | 44.9 |
| Depreciation and Amortisation | (13.6) | (13.1) |
| EBIT | 28.5 | 31.8 |
| Net Interest Expense | (0.8) | (0.0) |
| Taxation | (7.2) | (8.6) |
| NPAT | 20.4 | 23.2 |
| Other Comprehensive Income | 31.1 | 0.8 |
| Comprehensive Income | 51.6 | 24.0 |

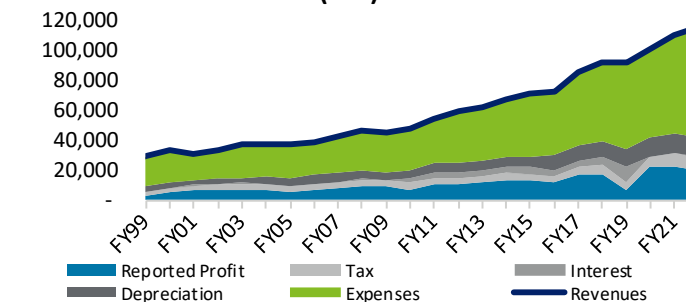
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 21.3 | 19.3 |
| Fixed Assets | 523.2 | 448.6 |
| Intangibles | 1.2 | 1.1 |
| Deferred Tax Benefit | - | - |
| Investments | 12.2 | 10.4 |
| Other Assets | 4.8 | 0.5 |
| Total Assets | 562.7 | 480.0 |
| Current Liabilities | 14.9 | 29.4 |
| Debt | 131.2 | 77.1 |
| Other Non-Current Liabilities | 24.6 | 18.7 |
| Shareholders' Funds | 392.0 | 354.8 |
| Total Liabilities / SHF | 562.7 | 480.0 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|----------------------------------|---------------|---------------|
| Operating Cash Received | 114.4 | 108.0 |
| Operating Cash Paid | (82.1) | (73.2) |
| Net Operating Cash Flow | 32.3 | 34.8 |
| Less: Asset Purchases | (72.3) | (103.9) |
| Less: Dividends Paid | (15.0) | (15.6) |
| Funding Surplus (Deficit) | (55.0) | (84.7) |
| Proceeds of Asset Sales | 0.2 | 0.1 |
| Dividends from Associates | - | - |
| Increase in Net Debt | 54.8 | 84.6 |
| Equity Raised | - | - |
| Funding Provided | 55.0 | 84.7 |

Source: Annual Report, Deloitte Analysis

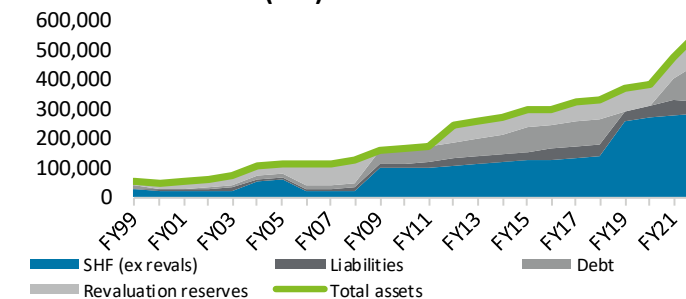


Income Statement - NPE (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - NPE (000)



Source: Annual Reports



CentrePort – WLG

Overview

WLG services a diversified cargo base spanning containers, bulk trades (logs, petroleum, vehicles, cement and other bulk cargo), cruise, and interisland ferries.

Port development

- WLG entered into two strategic partnerships. The port entered into a joint venture with Dixon & Dunlop Limited. The partnership has ensured the port has the capability and capacity to deliver the ongoing programme of regeneration work. WLG also entered into a partnership with Port Marlborough in June to provide a supply chain solution for customers in the Marlborough region. The partnership includes the creation of a cargo hub at the Riverlands site near Blenheim, and freight movement services by road, rail and sea.
- The reinstatement of the Thorndon Container Wharf was completed in March which increased the operational length of the gantry cranes from 126 metres to 262 metres.
- Stone columns around the port perimeter continue to be installed to strengthen the land to improve resilience in case of future seismic events.
- The Seaview Energy Resilience Project continued, with the construction of a temporary wharf and staging area and piling works commencing.
- In April, berth pocket maintenance work was carried out on the Thorndon Container Wharf, Aotea Quay, Seaview Wharf and Burnham Wharf.

Trade

- Container throughput of 89,890 TEU, a decrease of 2% from FY21 due to continued shipping disruptions.
- Vehicle trade continued to grow, up 19 percent on FY21, with more than 29,000 units processed through the port.
- Log export volumes of 1.74 million JAS were 6 percent down on last year's record export volume of 1.84 million JAS.

Financial performance

- Revenue was \$84.2m in FY22, an increase from \$80.2m in FY21.
- Operating expenses (excluding depreciation and amortisation) increased to \$67.1m in FY22 from \$66.1m in FY21.
- Underlying NPAT was \$8m in FY22 compared to \$7.2m (this is before Kaikoura earthquake-related items, changes in fair value, abnormal items and the tax impact of these items).

CentrePort - WLG

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|--------------|---------------|
| Revenue | 84.2 | 80.2 |
| Revenue from Port Operations | 65.2 | 61.9 |
| Operating Expenses | (67.1) | (66.1) |
| Gross Profit | 17.1 | 14.1 |
| Associate / JV Earnings | 1.3 | - |
| One Offs / Other Items | (16.6) | (2.3) |
| Earthquake Related Items | - | - |
| EBITDA | 1.7 | 11.8 |
| Depreciation and Amortisation | (10.2) | (7.9) |
| EBIT | (8.6) | 3.9 |
| Net Interest Expense | 2.6 | 3.8 |
| Taxation | 27.6 | (25.5) |
| NPAT | 21.7 | (17.8) |
| Other Comprehensive Income | 13.5 | 14.9 |
| Comprehensive Income | 35.1 | (2.9) |

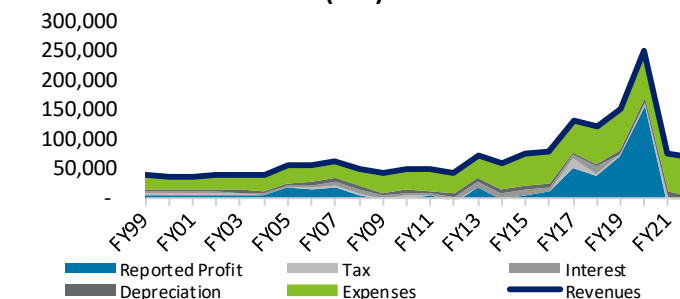
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 177.1 | 225.2 |
| Fixed Assets | 254.1 | 218.4 |
| Intangibles | 0.4 | 3.2 |
| Deferred Tax Benefit | - | - |
| Investments | 75.4 | 55.5 |
| Other Assets | 10.2 | 9.9 |
| Total Assets | 517.2 | 512.2 |
| Current Liabilities | 16.1 | 16.7 |
| Debt | 11.0 | 7.5 |
| Non-Current Liabilities | 28.3 | 55.3 |
| Shareholders' Funds | 461.8 | 432.7 |
| Total Liabilities / SHF | 517.2 | 512.2 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|---|---------------|---------------|
| Operating Cash Received | 86.2 | 86.9 |
| Operating Cash Paid | (70.0) | (73.4) |
| Net Operating Cash Flow | 16.2 | 13.5 |
| Less: Asset Purchases | (53.8) | (63.5) |
| Less: Dividends Paid | (6.0) | (20.0) |
| Less: Investments | (30.3) | (19.9) |
| Realisation of investment in Commercial | 19.9 | 19.7 |
| Dividend received | 0.1 | - |
| Funding Surplus (Deficit) | (54.0) | (70.2) |
| Proceeds of Asset Sales | 0.1 | 4.9 |
| Dividends from Associates | - | - |
| Decrease in Net Debt | 53.8 | 65.3 |
| Equity Raised | - | - |
| Funding Provided | 54.0 | 70.2 |

Source: Annual Report, Deloitte Analysis

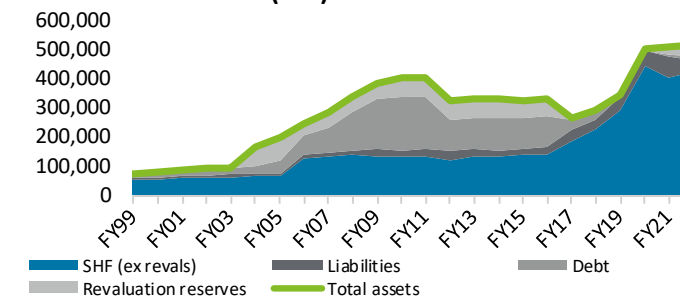


Income Statement - WLG (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - WLG (000)



Source: Annual Reports



Port Nelson – NSN

Overview

NSN occupies a sheltered corner of New Zealand, secured by a productive hinterland, topographical isolation and the absence of a rail link. It owns a portfolio of properties within the Port area, with ongoing demand for industrial development. The Port is heavily focused on export of the regions primary production, with key trades being wine, fish, fruit and forestry. Reflecting limited import demand, most import containers are empty. While its key trades are international export, Nelson records a high level of transhipments.

Port development

- Capital expenditure in FY22 was \$12.6m, with key investments including the completion of Main Wharf North, completion of the logyard project, and wharf pile repairs. The Port also progressed a significant capital project - the Slipway Redevelopment. Redevelopment of the Port's slipway is expected to begin in FY23.
- The proposed Science and Technology Precinct, consisting of 10,000m² of office campus focused on science and technology firms, is no longer going ahead.
- Port Nelson announced in June 2022 that QuayConnect, the logistics division of Port Nelson, will develop an inland port just outside of Blenheim. This inland port will contain 5,000m² of warehousing for storage and packaging and a facility for container operations and storage. The project is expected to be completed by early 2024.

Trade

- Cargo volumes were 3.2 million tonnes, down 3 percent on FY21 volumes.
- Container throughput was 103.2 thousand TEUs, comparable to FY21's 103 thousand TEUs.
- Log exports were down 5% compared to FY21.

Financial performance

- Revenue from Port Operations was \$66.51m, up from \$63.65m in FY21. Total revenue was \$76.8m, up from \$73.51m in FY21.
- Operating expenses increased to \$48.83m, up from \$44.91m in FY21.
- EBITDA was \$27.96m, a decrease from \$28.56m in FY21.
- The Port reported NPAT of \$12.02m in FY22, a reduction from \$13.03m in FY21.

Port Nelson - NSN

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 76.8 | 73.5 |
| Revenue from Port Operations | 66.5 | 63.6 |
| Operating Expenses | (48.8) | (44.9) |
| Gross Profit | 28.0 | 28.6 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | - | - |
| EBITDA | 28.0 | 28.6 |
| Depreciation and Amortisation | (9.7) | (9.3) |
| EBIT | 18.3 | 19.3 |
| Net Interest Expense | (3.1) | (2.6) |
| Taxation | (3.1) | (3.7) |
| NPAT | 12.0 | 13.0 |
| Other Comprehensive Income | 4.0 | 2.3 |
| Comprehensive Income | 16.0 | 15.3 |

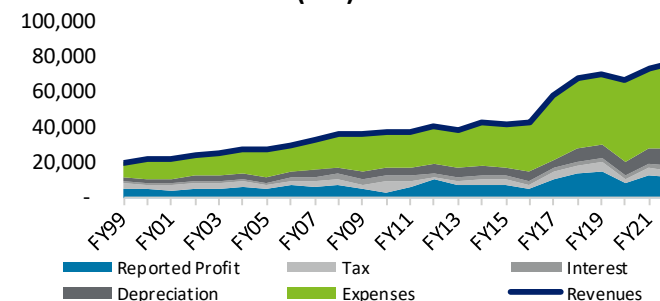
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 12.3 | 11.2 |
| Fixed Assets | 324.7 | 327.6 |
| Intangibles | 4.4 | 2.9 |
| Deferred Tax Benefit | - | - |
| Investments | 37.1 | 29.4 |
| Other Assets | 2.6 | 0.3 |
| Total Assets | 381.1 | 371.4 |
| Current Liabilities | 51.3 | 11.9 |
| Debt | 36.7 | 75.7 |
| Other Non-Current Liabilities | 20.3 | 22.2 |
| Shareholders' Funds | 272.8 | 261.7 |
| Total Liabilities / SHF | 381.1 | 371.4 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|------------------------------------|--------------|--------------|
| Operating Cash Received | 72.2 | 70.3 |
| Operating Cash Paid | (56.5) | (49.1) |
| Net Operating Cash Flow | 15.7 | 21.2 |
| Less: Asset Purchases | (12.6) | (22.0) |
| Less: Dividends Paid | (4.6) | (4.0) |
| Less: Payment of Lease Liabilities | (0) | (0) |
| Funding Surplus (Deficit) | (1.8) | (5.1) |
| Proceeds of Asset Sales | 0.1 | 0.1 |
| Grants received | 0.7 | - |
| Dividends from Associates | - | - |
| Increase in Net Debt | 1.0 | 5.0 |
| Equity Raised | - | - |
| Funding Provided | 1.8 | 5.1 |

Source: Annual Reports, Deloitte Analysis

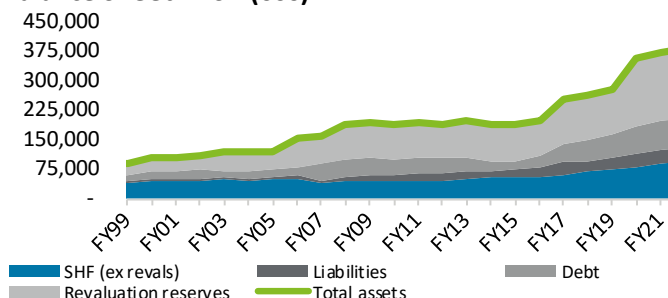


Income Statement - NSN (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - NSN (000)



Source: Annual Reports



Port Marlborough – MLB

Overview

MLB has a diverse array of activities, spanning property, an interisland ferry terminal, general wharves, a deep water bulk terminal, marinas and aquaculture. The port’s primary trade is log exports. The port’s ferry infrastructure at Waitohi Picton provides a resilient link in the national road and rail service for passengers, freight, trucks, vehicles, and rail between the North and South Islands.

Port development

- The Port is entering a period of increased capital investment. The largest component of this investment is the Waitohi Picton Ferry Redevelopment Project, with the Port planning to invest \$110m into this upgrade. This project will upgrade the terminal precinct and surrounding infrastructure to allow for larger ferries and is now in its delivery phase.
- The Port’s \$30 million Waikawa North West Marina Development, which will see the construction of 250 new berths, is set for completion in early 2023.
- The Port and Centreport Ltd purchased 32 hectares at Riverlands (just outside Blenheim) to create an inland cargo hub. This will provide an end-to-end logistics supply chain that provides a reliable, resilient, and lower carbon freight link between exporters in Marlborough and international markets.

Trade

- Log volumes increased from 769,800 JAS to 805,128 JAS in FY22.
- Total non-ferry cargo increased from 829,876 tonnes in FY21 to 858,638 tonnes in FY22.
- Total ship visits fell from 3,233 in FY21 to 2,818 in FY22, largely due to a lower number of ferry calls.
- Lane metres freight was 3,212,450 for rail and commercial vehicles, an increase of 2.6% from FY21.

Financial performance

- The Port’s revenues as stated in the annual report were \$34.4m in FY22, an increase from \$31.4m in FY21. The revenue figure presented in the ‘income statement’ table differs as an investment property revaluation has been included in our revenue analysis for FY22 and FY21.
- Operating expenses increased to \$18.3m in FY22 from \$17.0m in FY21.
- NPAT was down to \$8.2m in FY22, compared to \$16.0m in FY21.

Port Marlborough - MLB

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 32.5 | 40.2 |
| Revenue from Port Operations | 13.2 | 11.2 |
| Operating Expenses | (18.3) | (17.0) |
| Gross Profit | 14.2 | 23.2 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | - | - |
| EBITDA | 14.2 | 23.2 |
| Depreciation and Amortisation | (3.8) | (3.7) |
| EBIT | 10.4 | 19.5 |
| Net Interest Expense | 0.8 | 0.1 |
| Taxation | (3.0) | (3.7) |
| NPAT | 8.2 | 16.0 |
| Other Comprehensive Income | 11.4 | - |
| Comprehensive Income | 19.6 | 16.0 |

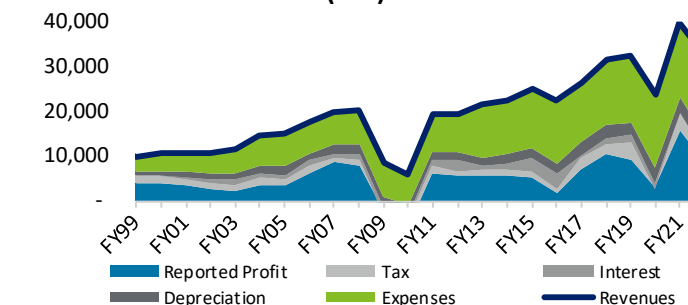
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 9.0 | 9.5 |
| Fixed Assets | 115.3 | 101.5 |
| Intangibles | 0.4 | 0.3 |
| Deferred Tax Benefit | - | - |
| Investments | 123.9 | 105.6 |
| Other Assets | 0.3 | 0.0 |
| Total Assets | 248.9 | 217.0 |
| Current Liabilities | 7.2 | 4.0 |
| Debt | 43.7 | 31.0 |
| Other Non-Current Liabilities | 19.2 | 18.9 |
| Shareholders' Funds | 178.8 | 163.1 |
| Total Liabilities / SHF | 248.9 | 217.0 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|----------------------------------|---------------|--------------|
| Operating Cash Received | 34.2 | 32.5 |
| Operating Cash Paid | (23.1) | (19.6) |
| Net Operating Cash Flow | 11.2 | 12.9 |
| Less: Asset Purchases | (20.7) | (7.8) |
| Less: Dividends Paid | (3.8) | (3.6) |
| Funding Surplus (Deficit) | (13.3) | 1.5 |
| Proceeds of Asset Sales | 0.2 | 0.0 |
| Dividends from Associates | - | - |
| Increase in Net Debt | 13.2 | (1.5) |
| Payments for lease | - | - |
| Equity Raised | - | - |
| Funding Provided | 13.3 | (1.5) |

Source: Annual Report, Deloitte Analysis

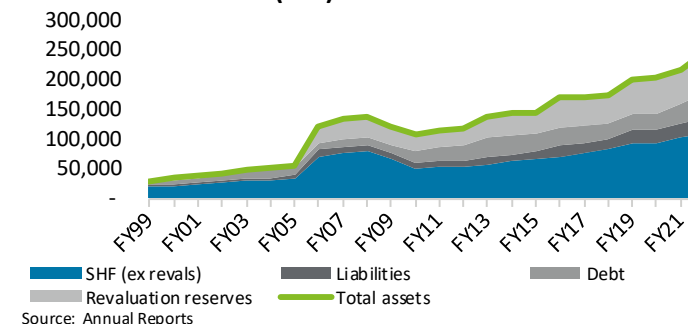


Income Statement - MLB (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - MLB (000)



Source: Annual Reports



Lyttelton Port Company – LYT

Overview

LYT is positioned as the South Island gateway port, facilitating bulk trades, vehicle imports, and containerised trade. Lyttelton Port has a container storage and repair facility, CityDepot, which is a few kilometres away in Woolston. CityDepot is the South Island's largest container facility. LYT's other inland port MidlandPort, at Rolleston, provides a rail connection to the shipping services that access the Port.

Port development

- The Port is one year into an \$85 million development of reclamation area in Te Awaparahi Bay into a container terminal. This will increase space for containers from 20 hectares to 24 hectares at completion and will see capacity expand by around 100,000 TEUs.
- LYT have upgraded their dry dock facilities with a new amenities building and an electrical upgrade. The amenities building will provide bathrooms, showers, a kitchen, and office facilities for ships crews. The electrical upgrade has brought new lighting facilities and substation upgrades.
- LYT is in the process of designing a new mechanical maintenance workshop, which will house a workshop, amenities and offices, and a 23m high service bay that will fit four straddles and a straddle wash in a three level building.

Trade

- Log exports fell by 12% to 439,100 JAS in FY22.
- 59,485 cars arrived at the Port during the year, a 30% increase on FY21.
- 967,887 tonnes of bulk fuel were imported via the Port, an 8% decrease from FY21.
- 502,210 TEUs were handled by the Port in FY22, an increase of 14.5% on FY21 and the first time the Port's TEU volumes have exceeded half a million TEU.
- 37.5% increase in value of exports to \$8.61 billion and 44.5% increase in value of imports to \$5.97 billion compared to FY21.

Financial performance

- Revenue from port operations was \$158.15m, an increase from \$138.6m in FY21.
- Operating expenses increased from \$104.7m in FY21 to \$118.5m in FY22.
- NPAT grew from 26% from FY21 to \$18.9m.

Lyttelton Port Company - LYT

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 161.7 | 142.2 |
| Revenue from Port Operations | 158.2 | 138.6 |
| Operating Expenses | (118.5) | (104.7) |
| Gross Profit | 43.2 | 37.5 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | - | (1.9) |
| EBITDA | 43.2 | 35.7 |
| Depreciation and Amortisation | (14.7) | (14.1) |
| EBIT | 28.5 | 21.6 |
| Net Interest Expense | (1.6) | (2.0) |
| Taxation | (8.0) | (4.6) |
| NPAT | 18.9 | 15.0 |
| Other Comprehensive Income | 6.1 | 2.2 |
| Comprehensive Income | 25.1 | 17.2 |

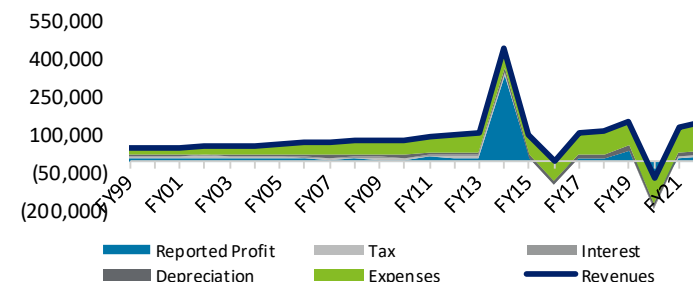
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 35.1 | 39.9 |
| Fixed Assets | 507.6 | 467.9 |
| Intangibles | 3.9 | 4.0 |
| Prepayments | - | 0.1 |
| Investments | - | - |
| Deferred Tax Asset | 25.8 | 32.7 |
| Other non-current assets | 50 | 44 |
| Total Assets | 621.9 | 588.4 |
| Current Liabilities | 37.6 | 31.4 |
| Loans and Borrowings | 165.0 | 150.0 |
| Other Non-Current Liabilities | 41.6 | 44.3 |
| Shareholders' Funds | 377.8 | 362.7 |
| Total Liabilities / SHF | 621.9 | 588.4 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|----------------------------------|---------------|---------------|
| Operating Cash Received | 162.8 | 141.1 |
| Operating Cash Paid | (123.8) | (105.3) |
| Net Operating Cash Flow | 39.0 | 35.8 |
| Less: Asset Purchases | (47.7) | (47.7) |
| Less: Dividends Paid | (10.0) | (10.0) |
| Less: Capitalised interest | (1) | (1) |
| Funding Surplus (Deficit) | (20.1) | (22.8) |
| Proceeds of Asset Sales | 0.0 | 0.4 |
| Proceeds from borrowings | 15.0 | 26.0 |
| Dividends from Associates | - | - |
| Increase in Net Debt | 5.2 | (3.5) |
| Leased assets | (0.1) | (0.1) |
| Equity Raised | - | - |
| Funding Provided | 20.1 | 22.8 |

Source: Annual Report, Deloitte Analysis

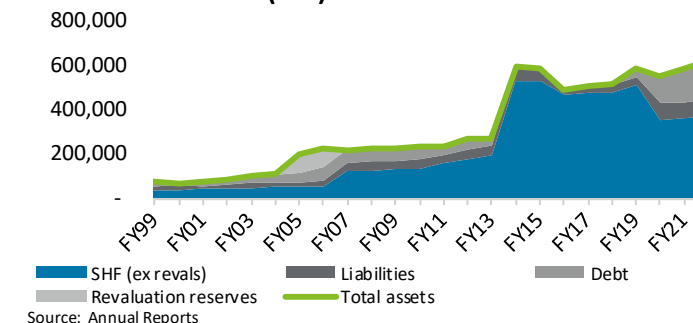


Income Statement - LYT (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - LYT (000)



Source: Annual Reports

The Port has restated several FY21 financial line items in its FY22 annual report due to early adoption of software as a service accounting. We have updated the LYT FY21 information in this Yearbook accordingly.



PrimePort Timaru – TIU

Overview

TIU is owned 50:50 by Timaru District Holdings Limited (TDHL) and Port of Tauranga Limited (POTL). POTL acquired its stake for \$21.6m in 2013 to implement a hub and spoke model. The sale included a 35 year lease of the container terminal to Timaru Container Terminal Limited (TCTL). The Port services a range of regional primary industries including dairy, meat, fish and forestry exports, as well as imports of fertiliser, stock feed, petroleum and cement.

Port development

- Progress continued on the North Mole wharf upgrade with the laying of 1,500m² of new 330mm thick concrete deck in addition to timber beam and structural steel beam replacements. Other infrastructure investment included a replacement 1,000m² quarantine washdown facility, a new heavy duty hardstand and related service upgrades, which have been made to increase reefer capacity to 630 reefer points, as well as improvements to the log yard. Further extension of the Eastern Breakwater and dredging was completed to improve harbour protection.
- The OC1 liner discontinued its Timaru call and was replaced by the smaller container vessels of the Sirius and Polaris services, representing a shift towards transhipped containers aligning with the move to a feeder and hub shipping model.
- Maersk has made a commitment to a coastal shipping service that will see two 2,500 TEU capacity vessels stopping weekly in Timaru.

Trade

- Ship visits numbered 432, a 1.8% decrease on last year.
- Bulk trade volumes reached 2.07m tonnes, a 13.3% increase on FY21.
- 76,819 TEU were handled by the Port, a 18% fall from the previous year. The Port attributed this decrease to supply chain disruptions causing a spike in volumes in FY21.

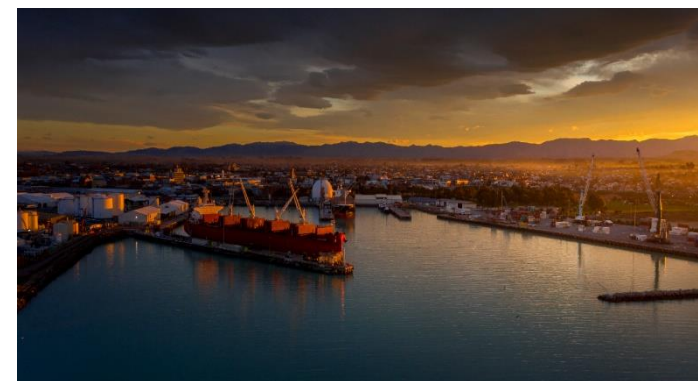
Financial performance

- Revenue was \$28.35m in FY22, an increase of \$2.06m on FY21 reflecting increased bulk trade volumes.
- Operating expenses increase by \$1.5m on FY21, from increasing staff costs, higher depreciation and finance costs associated with capital purchases, and rising repairs and maintenance costs.
- EBITDA was \$13.636m in FY22, an increase of 4% on FY21.
- NPAT was \$7.347 million, a 13.2% increase on FY21.

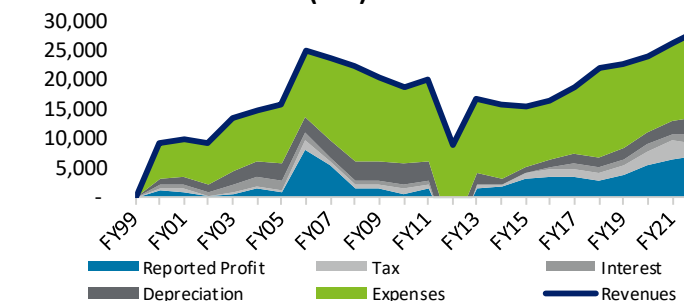
PrimePort Timaru - TIU

| Income Statement (\$m) | FY22 | FY21 |
|----------------------------------|--------------|---------------|
| Revenue | 28.4 | 26.3 |
| Revenue from Port Operations | 28.4 | 23.6 |
| Operating Expenses | (14.7) | (13.2) |
| Gross Profit | 13.6 | 13.1 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | - | - |
| EBITDA | 13.6 | 13.1 |
| Depreciation and Amortisation | (2.9) | (2.4) |
| EBIT | 10.7 | 10.7 |
| Net Interest Expense | (1.5) | (1.0) |
| Taxation | (1.9) | (3.2) |
| NPAT | 7.3 | 6.5 |
| Other Comprehensive Income | 7.3 | 0.7 |
| Comprehensive Income | 14.7 | 7.1 |
| Balance Sheet (\$m) | FY22 | FY21 |
| Current Assets | 5.5 | 4.1 |
| Fixed Assets | 120.0 | 104.2 |
| Intangibles | - | - |
| Deferred Tax Benefit | 0.1 | 0.1 |
| Investments | - | - |
| Other Assets | 1.2 | 0.1 |
| Total Assets | 126.7 | 108.5 |
| Current Liabilities | 5.4 | 5.5 |
| Debt | 42.3 | 35.4 |
| Other Non-Current Liabilities | 0.1 | 0.8 |
| Shareholders' Funds | 78.9 | 66.8 |
| Total Liabilities / SHF | 126.7 | 108.5 |
| Cash Flow Statement (\$m) | FY22 | FY21 |
| Operating Cash Received | 27.6 | 26.8 |
| Other revenue | 0.3 | - |
| Operating Cash Paid | (18.0) | (16.8) |
| Net Operating Cash Flow | 9.9 | 10.0 |
| Add: Receipt of government grant | 0.5 | - |
| Less: Asset Purchases | (12.9) | (19.6) |
| Less: Dividends Paid | (2.5) | (1.7) |
| Funding Surplus (Deficit) | (5.0) | (11.2) |
| Proceeds of Asset Sales | - | - |
| Loans Raised | 10.0 | 11.7 |
| Dividends from Associates | - | - |
| Increase in Net Debt | (4.9) | (0.5) |
| Equity Raised | - | - |
| Funding Provided | 5.0 | 11.2 |

Source: Annual Report, Deloitte Analysis

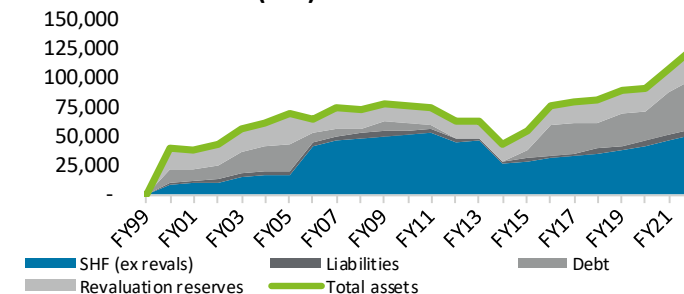


Income Statement - TIU (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - TIU (000)



Source: Annual Reports



Port Otago – POE

Overview

POE operates two ports, Port Chalmers, which primarily handles containers, logs, cruise vessels and warehousing storage of dairy and timber products, and Dunedin Bulk Port, which handles bulk cargos and cold storage. The region's catchment enables primary products for export from much of Otago and Southland through to market, particularly dairy, meat, fish, apples and processed timber. POE has a significant \$590m industrial and commercial property portfolio spanning Auckland, Hamilton and Dunedin.

Port development

- POE acquired further property to expand logging at Dunedin Bulk Port.
- POE progressed the Crane 3 upgrade after delays due to Covid.
- Key capital projects include a \$6 million upgrade to the Ravensdown fertiliser wharf, Port Chalmers cross-wharf replacement \$7 million and three in-progress designs, build and lease warehouses in Hamilton \$40 million.

Trade

- Container throughput – 166,200 TEU in FY22, down 5 per cent on FY21.
- Bulk cargo – 1.7m tonnes in FY22, an decrease from 1.9m tonnes in FY21.
- Log exports – 1.0 million tonnes in FY22, down 16% from FY21.

Financial performance

- Revenue for FY22 was \$88.2 million, which was \$1.9 million lower than FY21.
- Operating expenses (excluding depreciation and amortisation, and an impairment of property, plant and equipment) fell from \$55.3m in FY21 to \$53.6m in FY22.
- The Port's NPAT of \$70.48 in FY22 was down from \$94.5 million in FY21.

Port Otago - POE

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|--------------|
| Revenue | 88.2 | 90.0 |
| Revenue from Port Operations | 56.7 | 60.4 |
| Operating Expenses | (53.6) | (55.3) |
| Gross Profit | 34.6 | 34.7 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | 60.9 | 81.9 |
| EBITDA | 95.4 | 116.6 |
| Depreciation and Amortisation | (12.3) | (12.4) |
| EBIT | 83.2 | 104.2 |
| Net Interest Expense | (2.9) | (2.8) |
| Taxation | (9.8) | (6.9) |
| NPAT | 70.5 | 94.5 |
| Other Comprehensive Income | 2.4 | 1.6 |
| Comprehensive Income | 72.9 | 96.1 |

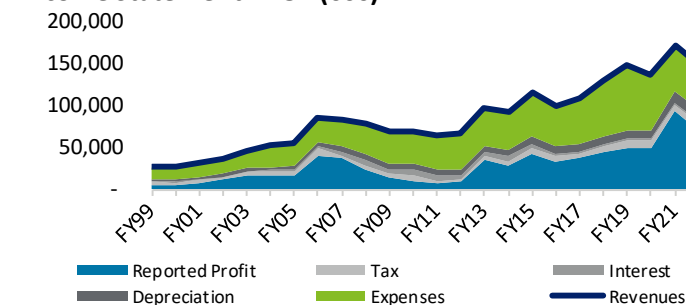
| Balance Sheet | FY22 | FY21 |
|--------------------------------|--------------|--------------|
| Current Assets | 34.0 | 37.8 |
| Fixed Assets | 227.3 | 223.1 |
| Intangibles | 4.2 | 5.4 |
| Deferred Tax Benefit | - | - |
| Investments | 572.2 | 479.3 |
| Other Assets | 4.4 | 1.0 |
| Total Assets | 842.1 | 746.6 |
| Current Liabilities | 14.6 | 12.1 |
| Debt | 108.2 | 79.1 |
| Other Non-Current Liabilities | 24.8 | 20.8 |
| Shareholders' Funds | 694.5 | 634.6 |
| Total Liabilities / SHF | 842.1 | 746.6 |

| Cash Flow Statement | FY22 | FY21 |
|----------------------------------|---------------|--------------|
| Operating Cash Received | 84.3 | 90.8 |
| Operating Cash Paid | 54.5 | 69.1 |
| Net Operating Cash Flow | 29.8 | 21.7 |
| Less: Asset Purchases | 45.1 | 18.3 |
| Less: Dividends Paid | 13.0 | 10.1 |
| Funding Surplus (Deficit) | (28.3) | (6.7) |
| Proceeds of Asset Sales | 0.5 | 0.1 |
| Dividends from Associates | - | - |
| Increase in Net Debt | 27.8 | 6.6 |
| Equity Raised | - | - |
| Funding Provided | 28.3 | 6.7 |

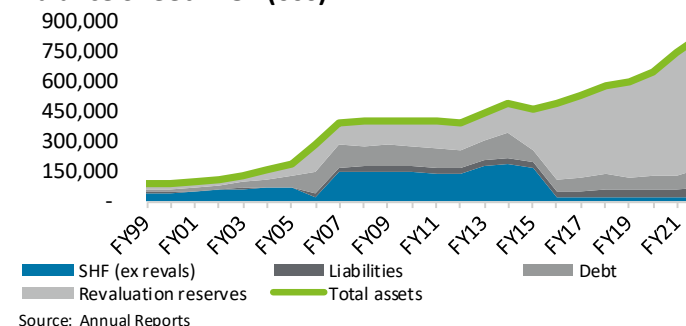
Source: Annual Report, Deloitte Analysis



Income Statement - POE (000)



Balance Sheet - POE (000)





South Port – BLU

Overview

BLU is New Zealand’s southernmost commercial port. Operating from a 40ha man-made island in Bluff Harbour serving a productive hinterland yielding forestry, dairy, fish and meat exports. BLU services imports of alumina, petroleum products, fertiliser, stock feed, and acid and exports of aluminium, timber, logs, dairy, meat, meat by-products, fish, and woodchips. BLU is listed on the NZX and is majority owned by the Southland Regional Council.

Port development

- During Aug-Oct 2022, a backhoe dredge undertook dredging in the entrance channel under a historic deemed consent to clear fragmented rock from a previous drill and blast campaign. As a result of the dredging exercise BLU may no longer need to drill and blast to increase the port’s draft by one metre despite having now received consent to do so. Further work is programmed in FY23 to complete this project.
- The Town Wharf fuel berth redevelopment was completed in May 2022, which included a new berth accessway, pipeline corridor and discharge platform.
- The port completed paving upgrades to its 17,000m² South Rail Log Yard, and a further 12,000m² log storage area was developed at the west end of the port.
- The port demolished Shed 6 and expanded the container terminal which has increased the container storage and repair area.

Trade

- Total cargo of 3.554 million tonnes in FY22, a 2.8% increase from FY21.
- Log and timber volumes fell 13.9% from 775,000 tonnes in FY21 to 667,000 tonnes.
- Container volumes fell from 53,750 TEU in FY21 to 44,000 TEU in FY22.
- The port recorded 305 ship calls in FY22, a fall from 331 in FY21.

Financial performance

- Operating revenue increased to \$48.58m in FY22 from \$47.29m in FY21.
- Operating expenses fell from \$28.45m in FY21 to \$27.16m in FY22.
- NPAT increased from \$10.71m in FY21 to \$12.83m in FY22, a 19.7% increase. The Port noted that this result was ahead of their interim guidance and inclusive of one off adjustments – the Port stated that the normalised after-tax profit (when removing one-off items) was \$11.16m, a 6.8% increase.

Southport - BLU

| Income Statement (\$m) | FY22 | FY21 |
|-------------------------------|-------------|-------------|
| Revenue | 48.6 | 47.3 |
| Revenue from Port Operations | 48.6 | 47.3 |
| Operating Expenses | (27.4) | (28.5) |
| Gross Profit | 21.1 | 18.8 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | 0.0 | 0.0 |
| EBITDA | 21.2 | 18.8 |
| Depreciation and Amortisation | (4.4) | (4.1) |
| EBIT | 16.8 | 14.7 |
| Net Interest Expense | 0.4 | (0.0) |
| Taxation | (4.3) | (4.0) |
| NPAT | 12.8 | 10.7 |
| Other Comprehensive Income | - | - |
| Comprehensive Income | 12.8 | 10.7 |

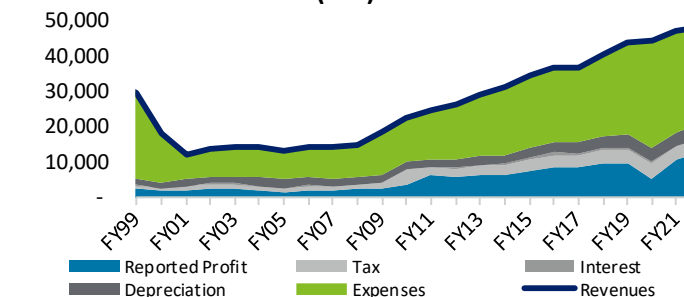
| Balance Sheet (\$m) | FY22 | FY21 |
|--------------------------------|-------------|-------------|
| Current Assets | 8.5 | 10.7 |
| Fixed Assets | 77.3 | 57.2 |
| Intangibles | - | - |
| Deferred Tax Benefit | 1.1 | 0.5 |
| Investments | 0.8 | - |
| Other Assets | 0.4 | 0.3 |
| Total Assets | 88.1 | 68.7 |
| Current Liabilities | 7.0 | 9.6 |
| Debt | 25.5 | 9.0 |
| Other Non-Current Liabilities | 0.4 | 0.5 |
| Shareholders' Funds | 55.3 | 49.5 |
| Total Liabilities / SHF | 88.1 | 68.7 |

| Cash Flow Statement (\$m) | FY22 | FY21 |
|----------------------------------|---------------|--------------|
| Operating Cash Received | 47.6 | 47.6 |
| Operating Cash Paid | (33.9) | (31.7) |
| Net Operating Cash Flow | 13.7 | 15.8 |
| Less: Asset Purchases | (23.4) | (11.1) |
| Less: Dividends Paid | (7.1) | (6.8) |
| Funding Surplus (Deficit) | (16.8) | (2.1) |
| Proceeds of Asset Sales | 0.0 | 0.1 |
| Dividends from Associates | - | - |
| Increase in Net Debt | 16.7 | 2.1 |
| Equity Raised | - | - |
| Funding Provided | 16.8 | 2.1 |

Source: Annual Report, Deloitte Analysis

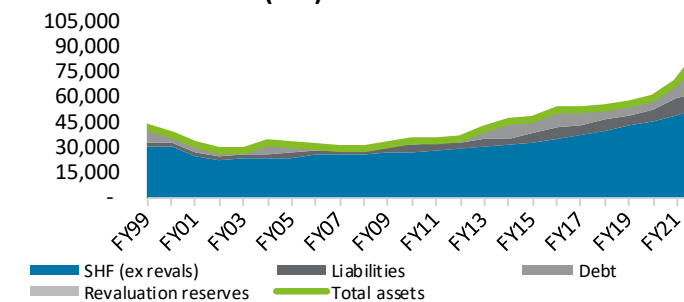


Income Statement - BLU (000)



Source: Annual Reports; Note: Revenue is inclusive of one offs

Balance Sheet - BLU (000)



Source: Annual Reports



Eastland Port – EST

Overview

Located in the heart of Gisborne city, EST is New Zealand's second largest log exporter and the most easterly commercial shipping port in New Zealand.

Port development

- The Port is currently working on a multi-million dollar construction plan for a twin berth development, which will enable a 200m ship and a 185m ship to berth alongside at once. This will allow for greater log handling and, eventually, containerisation through coastal shipping. Construction of Stage 1 commenced in FY22, which involves rebuilding Wharf 7 and the slipway. Resource consent has been applied for Stage 2, which will involve extending Wharf 8, dredging the channel and harbour, and rebuilding the outer breakwater.
- Two new tugs arrived in mid 2022.

Trade

- 2.6 million tonnes of cargo were exported in FY22, a decrease from 2.9 million tonnes in FY21.

Financial performance

- Revenues were \$36.5m in FY22, down from 37.5m in FY21.
- Operating expenses increased to \$17.5m in FY22, from \$14.8m in FY21.
- EBITDA fell to \$20.9m in FY22, from \$23.2m in FY21.

Note: Values differ from the published Eastland Group annual report as the values displayed here do not include the airport revenues. The 'port' segment in the Eastland Group annual report includes both sea and airport revenues.

| Eastland Port - EST | | |
|-------------------------------|-------------|-------------|
| Income Statement (\$m) | FY22 | FY21 |
| Revenue | 36.5 | 37.5 |
| Revenue from Port Operations | 36.5 | 37.5 |
| Operating Expenses | (17.5) | (14.8) |
| Gross Profit | 19.0 | 22.8 |
| Associate / JV Earnings | - | - |
| One Offs / Other Items | 2.0 | 0.5 |
| EBITDA | 21.0 | 23.3 |
| Depreciation and Amortisation | (7.8) | (6.4) |
| EBIT | 13.1 | 16.9 |
| Net Interest Expense | (3.1) | (2.5) |
| Taxation | (2.1) | (4.3) |
| NPAT | 7.9 | 10.1 |
| Other Comprehensive Income | - | 49.0 |
| Comprehensive Income | 7.9 | 59.1 |

| Port Facilities & Capacity Comparison | FY22 |
|---------------------------------------|-----------|
| Port Harbour Type | Natural |
| Draught (m) (min) | 10.2 |
| Port Operating Land (ha) | 13.0 |
| Total Wharf Length (km) | 0.4 |
| Mobile Cranes | 3.0 |
| Tugs | 2.0 |
| Pilot Launches | 1.0 |
| Bulk Tonnes Handled (millions) | 2.6 |
| Bulk Ship Calls (est) | 124.0 |
| Bulk tonnes/ bulk terminal ha | 200,000.0 |
| TEU / Terminal ha | N/A |
| Bulk Tonnes / Total Wharf Metre | 7,142.9 |
| TEU / Container Wharf Metre | N/A |
| Bulk Tonnes / Bulk Ship | 20,967.7 |

Source: Management information





Northport – NTH

Overview

NTH is co-owned by NZX-listed company Marsden Maritime Holdings (MMH) and TRG in a 50:50 joint-venture. NTH also owns an interest in North Tugz which is a 50:50 joint-venture with POAL. The MMH group also owns 185ha of contiguous industrial zoned land adjacent to the port, and the Marsden Cove Marina.

Port development

- Resource consent for eastern expansion (250m berth /13.0ha container terminal extension) was lodged in October 2022, with a hearing expected mid-2023.
- Reach-stackers and simulator purchased in FY22 and on-site.
- Business case, design & constructability of 185m eastern berth extension and 3.4 ha reclamation (consented and part of 270m consented berth extension/reclamation) for shareholder approval.
- The Ministry of Transport is currently sponsoring a business case into the viability of a drydock located at NTH.

Trade

- Bulk cargo throughput at NTH decreased to 2.92 million tonnes compared to 3.55 million tonnes in FY21, with log export volumes falling in FY22.
- Annual container volumes increased to 19,100 TEU, up from 13,451 TEU in FY21.

Financial performance

- Revenue (including Northport marine services revenue on behalf of North Tugz) was \$42.58 million in FY22, a 4.6% decrease on FY21.
- NPAT was \$15.1 million in FY22, a decrease on FY21's 17.5 million.
- Comprehensive income was \$40.6 million in FY21, an increase of \$4.3 million on FY21.

Note: Financial information has been taken from the Port of Tauranga Limited 2022 Annual Report.

Northport - NTH

| Income Statement (\$m) | FY22 | FY21 |
|------------------------------|-------------|-------------|
| Revenue from Port Operations | 42.6 | 44.6 |
| NPAT | 15.1 | 17.5 |
| Other Comprehensive Income | 25.6 | 18.8 |
| Comprehensive Income | 40.6 | 36.3 |

| Balance Sheet (\$m) | FY22 | FY21 |
|---------------------|-------|-------|
| Assets | 231.6 | 204.6 |
| Liabilities | -51.4 | -46.0 |
| Equity | 180.2 | 158.6 |

| Port Facilities & Capacity Comparison | FY22 |
|---------------------------------------|---------|
| Port Harbour Type | Natural |
| Draught (m) (min) | 13-14.5 |
| Port Operating Land (ha) | 49 |
| Container Terminal Area (ha) | 5 |
| Total Wharf Length (km) | 0.57 |
| Container Wharf Length (km) | 0.30 |
| Quay Cranes | - |
| Mobile Cranes | 2 |
| Forklifts/Stackers | 6 |
| Straddles | - |
| Reefer Slots | 180 |
| Tugs | 4 |
| Pilot Launches | 1 |
| Rail Connection | No |
| Bulk Tonnes Handled (millions) | 3 |
| Bulk Ship Calls (est) | 213 |
| TEU Throughput (000) | 19 |
| Container Ship Calls (est) | 42 |
| Bulk tonnes/ bulk terminal ha | 66,364 |
| TEU / Terminal ha | 3,820 |
| Bulk Tonnes / Total Wharf Metre | 5,123 |
| TEU / Container Wharf Metre | 64 |
| Bulk Tonnes / Bulk Ship | 13,709 |
| TEU / Container Ship | 455 |
| TEU / Container Crane | 9,550 |

Source: Management information





Deloitte's Infrastructure and Capital Projects offering





Our Integrated Infrastructure Offering

We help infrastructure owners, investors, and operators by bringing the full breadth of our capability and applying it across the asset lifecycle.

Utilising the breadth of expertise within Deloitte, we can configure and mobilise a team with the skillsets to meet your specific needs.

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We assist clients in executing high-profile programmes with greater confidence.



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Asset recycling and concession maturity

We provide transition advisory support for investors in infrastructure assets.



Asset decommissioning

We provide recommendations on when and how to discontinue investing in an asset.





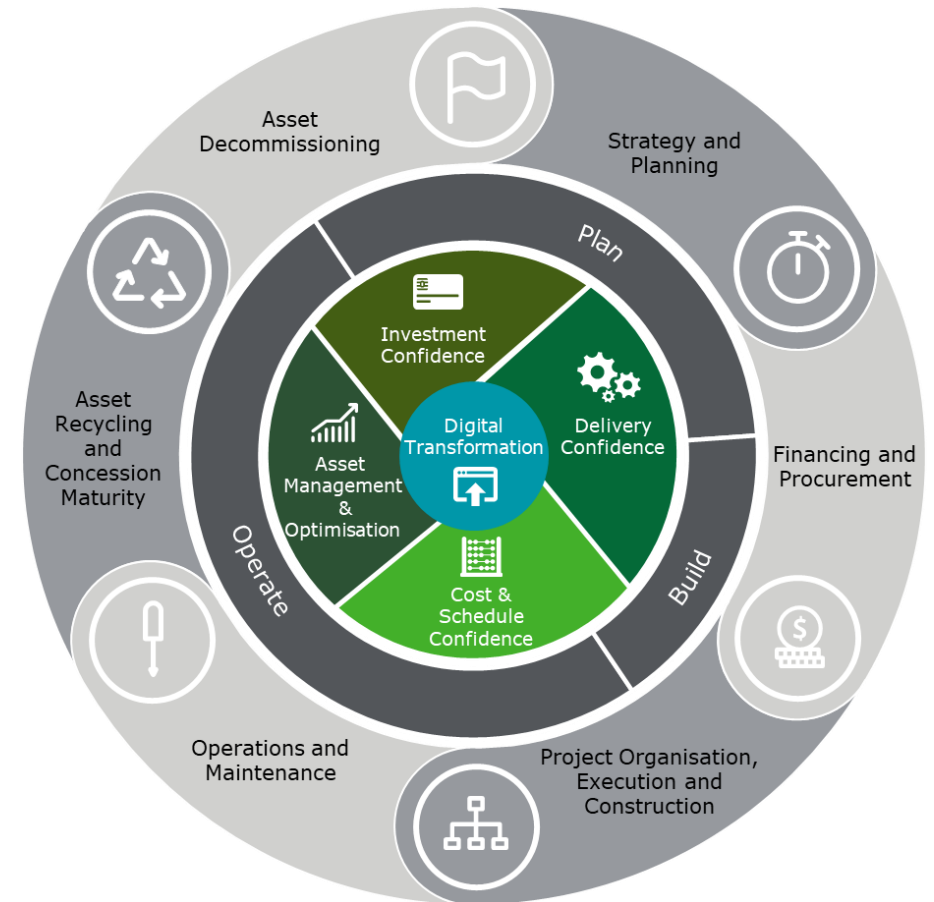
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We take a lifecycle approach to improve capability and performance across the Infrastructure and Capital Projects lifecycle





Contact us

We have an established track record in the ports and logistics sectors, offering real value by combining specialist skills with deep sector knowledge



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Glossary





Glossary

| Glossary | |
|----------|---|
| CAPEX | Capital Expenditure |
| CBD | Central Business District |
| CF | Cash Flow |
| CPI | Consumer Price Index |
| D&A | Depreciation and Amortisation |
| EBIT | Earnings Before Interest and Tax |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| EBITDAF | Earnings Before Interest, Tax, Depreciation, Amortisation, Fair value movements of financial instruments, investment costs, realisations and impairments. |
| ESG | Environmental, Social and Governance Considerations |
| EV | Electric vehicle |
| FIGS | Freight Information Gathering System |
| FYXX | Financial Year ending [month] 20XX. <i>Differs by port.</i> |
| GDP | Gross Domestic Product |
| GLP | Global Liner Performance |
| GPS | Government Policy Statement |
| GST | Goods and Services Tax |
| ICP | Infrastructure & Capital Projects |
| IMF | International Monetary Fund |
| iReX | Inter-island Resilient Connection |
| IT | Information Technology |

| Glossary | |
|------------------|---|
| JAS | Japanese Agricultural Standard |
| JV | Joint Venture |
| MMH | Marsden Maritime Holdings |
| NLTF | National Land Transport Fund |
| NLTP | National Land Transport Programme |
| NPAT | Net Profit after Tax |
| NZ | New Zealand |
| NZ CS1 | Aotearoa New Zealand Climate Standard 1 |
| OCR | Official Cash Rate |
| OT | Operational Technology |
| POAL | Ports of Auckland Limited |
| POTL | Port of Tauranga Limited |
| RBNZ | Reserve Bank of New Zealand |
| ROA | Return on Assets |
| ROE | Return on Equity |
| RORO | Roll-on Roll-off |
| SHF | Shareholders' Fund |
| tCO ₂ | Total Carbon Dioxide |
| TCTL | Timaru Container Terminal Limited |
| TDHL | Timaru District Holdings Limited |
| TEU | Twenty-foot Equivalent Unit |
| TGH | Tainui Group Holdings |

| Ports | |
|-------|---------------------------------------|
| AKL | Ports of Auckland |
| BLU | South Port (Bluff) |
| EST | Eastland Port |
| LYT | Lyttelton Port Company (Christchurch) |
| MLB | Port Marlborough |
| NPE | Napier Port |
| NPL | Port Taranaki |
| NSN | Port Nelson |
| NTH | Northport |
| POE | Port Otago |
| TIU | PrimePort Timaru |
| TRG | Port of Tauranga |
| WLG | CentrePort (Wellington) |



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