



ngāi tahu holdings

quarterly board report

period ending 31 March 2019

Portfolio Key Value Drivers

Quarter Three – 31 March 2019

Portfolio Key Value Drivers

● On track ● Behind schedule ● High risk/attention needed

● **Oha Turnaround**
Harvest was mixed across the country. Yield and activity levels below budget and expectations. Whilst hive health is under control, packaged sales are well behind plan (strong pipeline/low conversion, lower production volumes) and this remains a priority focus. Forecast year end sales of \$26m is 36% below budget, which flows through to forecast year end operating earnings of -\$5.8m.

● **NTS Kōura**
NTS revenues and margin are ahead of budget reflecting strong USD pricing and favourable currency movements, with volumes in line with expectations. Full year performance expected to be ahead of budget.

● **NTF Operational Improvements**
NTF is ahead of budget on a YTD basis, however this is attributable to forestry/proseed performance with underlying farming earnings behind budget by c\$2m due to production volumes. No update on cost structure improvements this quarter.

● **NTP Residential Property Sales**
NTP Hobsonville sales remain materially behind budget (21 YTD settlements vs 87 budget). Across the portfolio NTP has had 107 settlements to-date vs budget of 152 (Hobsonville softness somewhat offset by strong demand at Karamu). The full year target of 194 is unlikely to be met.

Financial Metrics

Key Metrics (\$m)	Actual YTD	Budget
Net Operating Surplus	51.94	56.70
Net Operating Cash Flow*	45.57	47.44
Capex**	(42.25)	(31.71)

*excl. property development and asset sales
**net of development cash flows

YTD Capex (\$m) – Top 5	YTD
Property Development*	(54.45)
PE Funds (net)	(12.71)
Pathfinder	(9.0)
Maintenance Capex	(7.42)
TWH/Balmoral/Offsetting	(3.17)

*gross development capex

- Strong operating cash flows from NTS (kōura price and favourable currency movements) and above budget cash generation from NTF have offset the negative YTD variances at NTT (lower customer numbers than expected) and Oha (sales behind plan).
- Capex is above budget which primarily reflects development sales being materially behind plan and the (unbudgeted) Shands Road settlement resulting in net development capex of \$34.7m vs budget \$14.6m. Other capex across the group is lower than budget reflecting Private Equity performing above expectations and farming capex below budget (carbon/forest establishment/farm improvements).

Leadership

Kotahitanga

OUTCOME
Our leaders consistently role model our values



MEASURE
Whatumanawa - Staff believe our senior leaders role model our values



PROJECT GOAL

To build a strong cohesive executive network



HIGHLIGHTS

JAN-MAR 2019



3rd module completed. Reviews from participants to date remain very positive.

Kotahitanga between this peer group is being singled out as the biggest positive of the course to date.

Mō tātou, ā, mō kā uri ā muri ake nei – For us and our children after us

Climate Change

Manawa Ngāi Tahu

OUTCOME
Our impact on the environment is sustainable across generations
NT lead the Te Waipounamu and iwi response to climate change



MEASURE
33%
Reduction in carbon emissions by 2030



PROJECT GOAL

We will measure our carbon emissions
Each subsidiary to develop a climate mitigation and adaptation plan



HIGHLIGHTS

procurement



INITIAL DISCUSSIONS held across the Group on how to improve outcomes through procurement (both sustainable and social). First steps identified.

Ngāi Tahu

Papatipu Rūnanga relationships

OUTCOME
Papatipu Rūnanga are engaged in NTHG businesses and their projects



MEASURE
Increased new NT cultural knowledge present in NTHG businesses

PROJECT GOAL

Takapō

strong Manawhenua engagement & strong Manawhenua presence

Early relationship established by NTT with Takapō rūnanga
Manawhenua Working Party established
Communication channels identified
Integration of Ngāi Tahu histories and star lore as part of new tour experience development

UPDATE

MAR 2017
Project supported by Papatipu Rūnanga

Working party established

DEC 2018
Cultural content for experience zone finalised

Name of building confirmed by manawhenua

MAR 2019
Recruitment of staff for cultural content.

Design of training programmes begins
JULY 1, 2019
Confirmed opening date for Takapō building

Increasing the no. of NT staff

Iwi Capability

OUTCOME



20% of Ngāi Tahu Holdings Group staff are Ngāi Tahu by 2022

MEASURE
Ngāi Tahu Tourism to double number of Ngāi Tahu staff by 2018 (to 20) and double again by end of 2019 (to 40)



PROJECT GOAL

Takatū Takapō

kotahitanga
Joint initiative established between Ngāi Tahu Tourism, Oranga (Iwi Capability) & Ngāi Tahu Holdings

25%
of new Earth and Sky (NTT) vacancies are captured by Ngāi Tahu whānau

UPDATE

JAN-MAR 2019

Joint project NTT, ORANGA and NTH confirmed

8 Confirmed NT appointments to date of Ngāi Tahu whānau at Earth and Sky.

1 New business manager appointed for Earth and Sky. First Ngāi Tahu business manager in Ngāi Tahu Tourism.

financial highlights

ngā tino hua o ngā mahi tahua

Net Operating Surplus for the year to date (\$52m) is currently \$4.8m behind budget. Oha Honey have recently revised down their full year forecast for FY19 (to an operating EBIT loss of \$5.8m) leaving us now forecasting a full year Net Operating Surplus of \$65m, \$9.3m behind budget.

Seafood is currently ahead of budget by \$3.7m (koura related), favourable rent reviews for Investment Property have put them \$0.2m ahead and Farming are \$4.3m ahead largely from the strong performance of forestry.

Development Property sales at Kerepeti (Hobsonville) are well behind budget but this has been partly offset by ahead of budget sales at Karamu (Riccarton). The current shortfall to budget of \$2.2m is expected to be recouped by year end.

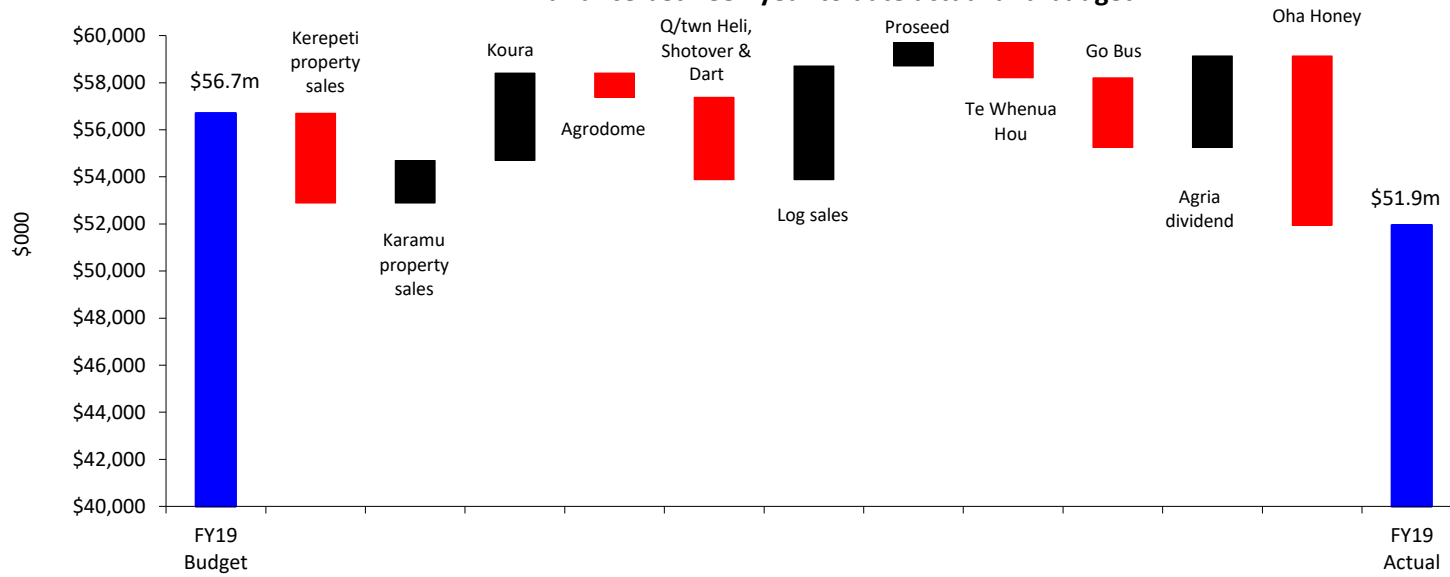
Tourism (\$4.5m variance) is behind budget due to a decline in key international visitor numbers, competitive market dynamics and weather impacts. Oha Honey (\$7.2m variance) is behind budget due to sales being behind plan together with harvest losses incurred. Both Tourism and Oha are forecasting operating earnings below budget for FY19.

Net Surplus is behind budget (\$26.0m) due to postponement of the budgeted Ryman selldown and carbon credit sales and a \$10m impairment in Oha Honey. Net Operating Cash Flow (excluding Property Development) is on track to meet budget.

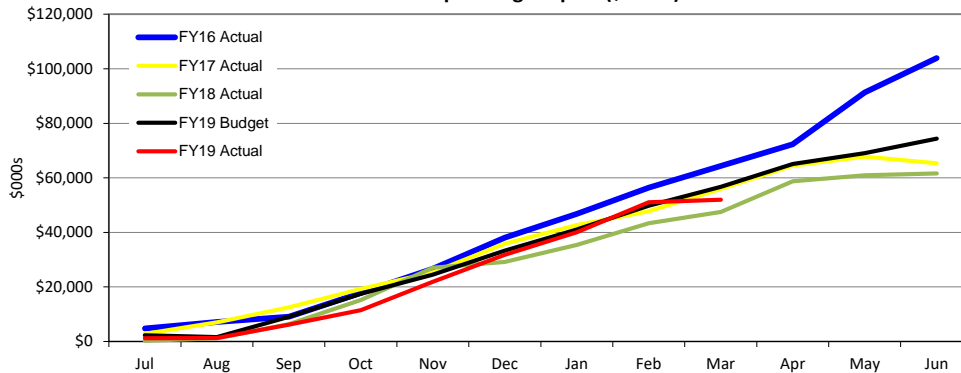
Quarter ended 31 March \$000	FY19	Variance to Budget	FY18
Net Operating Surplus	51,948	-4,752	41,370
Net Surplus	59,608	-26,005	117,725
Net Operating Cashflow (excluding pty development)	45,569	-1,859	39,829
Net Operating Cashflow (including pty development)	10,844	-22,019	11,922
Equity	1,572,021	-26,847	1,519,783
Net Capital Expenditure/(Investment)	7,529	9,620	71,023

financial highlights he kōrero tahua

**Ngāi Tahu Holdings Group
Net Operating Surplus (\$'000s)
Variance between year to date actual and budget**



**Ngāi Tahu Holdings Group
Net Operating Surplus (\$'000s)**



**NTHG Net Operating Surplus
FY 18 v FY 19 Year To Date Actual (\$000s)**

