

ngāi tahu holdings

quarterly board report

year ended 30 June 2019

Portfolio Key Value Drivers

Quarter Four – 30 June 2019

Portfolio Key Value Drivers

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

● Oha Turnaround

Packaged sales are well behind plan (strong pipeline/low conversion, lower production volumes) and this remains a priority focus. Full year sales of \$23m is 50% below budget, which flows through to forecast year end operating loss of -\$6.6m. Whilst non-financial aspects of the turnaround plan (people, hive health, landowner relationships etc) are generally tracking positively, financial performance (production volumes and sales) are of concern.

● NTS Kōura Sales

NTS kōura revenues and margin are well ahead of budget reflecting favourable currency movements and volumes. USD pricing in line with budget at USD82/kg. Kōura is the primary driver of NTS \$6.5m ahead of budget at the EBIT line (\$25.04m FY19 EBIT).

● NTF Operational Improvements

NTF is ahead of budget at the EBIT line reflecting higher forestry margins (pricing and volumes). Underlying farming earnings are materially behind budget by c\$4.2m due to production volumes. No update on cost structure improvements.

● NTP Residential Property Sales

NTP Hobsonville sales were materially behind budget for the year (52 settlements vs 93 budget). Across the portfolio NTP has had 172 settlements vs budget of 194 (Hobsonville softness somewhat offset by strong demand at Karamu).

Financial Metrics

Key Metrics (\$m)	Actual YTD	Budget
Net Operating Surplus	68.85	74.40
Net Operating Cash Flow*	49.97	75.72
Capex (net of sales)	(17.49)	(44.79)

*excl. property development and asset sales

YTD Capex (\$m) – Top 5	YTD	Budget
Residential Projects*	(37.19)	(44.59)
Shands Road*	(26.69)	-
Other Development*	(18.24)	(22.04)
Pathfinder	(8.63)	(33.0)
NTF (TWH, Forest offsetting)	(4.58)	(10.78)

*gross development capex

- Strong operating cash flows from NTS (kōura price and favourable currency movements) and above budget cash generation from NTF have been offset by underperformance at NTT (lower customer numbers than expected) and Oha (sales and production volumes behind plan) which has resulted in net operating cash flow c\$25m behind plan overall.

- Capex is below budget. This reflects below budget contributions into Pathfinder (\$24m behind) and PE Funds (\$26m net) offsetting net development expenditure being materially above plan (\$16m) reflecting the Shands Road land acquisition and lower residential sales.

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
APR-MAY 2019



4th and final module completed at Takahanga marae.

Participant reaction feedback remains very positive.

A full evaluation of the programme will occur in FY20 including analysis of capability shifts and a review of the delivery partnership with MBS and Victoria University, Wellington.

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

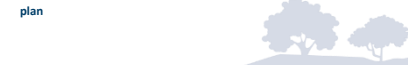


MEASURE
33%
Reduction in carbon emissions by 2030



PROJECT GOAL

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



HIGHLIGHTS
Sustainability



Sustainability Manager departure has led to opportunity to reshape our approach. We are working with the CE's to design this currently however there is currently a capacity gap until this role is filled.

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 & strong Manawhenua

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

UPDATE

Rūnanga feedback (Chairs & Working Party) rating their experience with NTT and NTH on the Takapō project (0=extremely unhappy, 5 = very happy)

Approximately 300 Ngāi Tahu whānau members attend opening of building in Takapō



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
APR-JUN 2019

Joint project NTT, ORANGA and NTH confirmed

8 Confirmed NT appointments to date of Ngāi Tahu whānau at the Dark Sky Project (prev. Earth and Sky).

7 Ngāi Tahu artists supported in pilot of supplying products to Dark Sky Project retail.

financial highlights

ngā tino hua o ngā mahi tahua

NOTE: It is important to note that all figures quoted are subject to year-end adjustments, the year end audit process, review and approval by the Subsidiary and Holdings Audit & Risk Committees & Boards and final results yet to be received from our joint ventures.

Net Operating Surplus for the year (\$69m) is \$5.6m (7%) behind budget. Both Tourism (\$6.1m variance) and Oha Honey (\$10.4m variance) ended the year significantly behind budget. Tourism struggled with a decline in key international visitor numbers and competitive market dynamics and Oha Honey suffered from unfavourable weather conditions impacting on their harvest along with sales being behind plan.

Seafood had a strong finish to the year related to koura sales (\$6.5m ahead) and Development and Investment Property managed to exceed their budget (\$0.6m and \$0.3m respectively) despite poor development sales at Kerepeti. Farming also came in ahead of budget (\$1.9m variance) due to strong log sales and a record year from Proseed. Capital was \$2.8m ahead of budget due to Hiltons (positive variance \$2.2m) and the unbudgeted Agria dividend (\$3.9m) partly offset by Go Bus performance under budget.

Net Surplus (\$60m) is behind budget mainly due to significant impairments of goodwill in Oha Honey (\$32.5m overall impairment for the year) and an accounting impairment of the Go Bus Fleet.

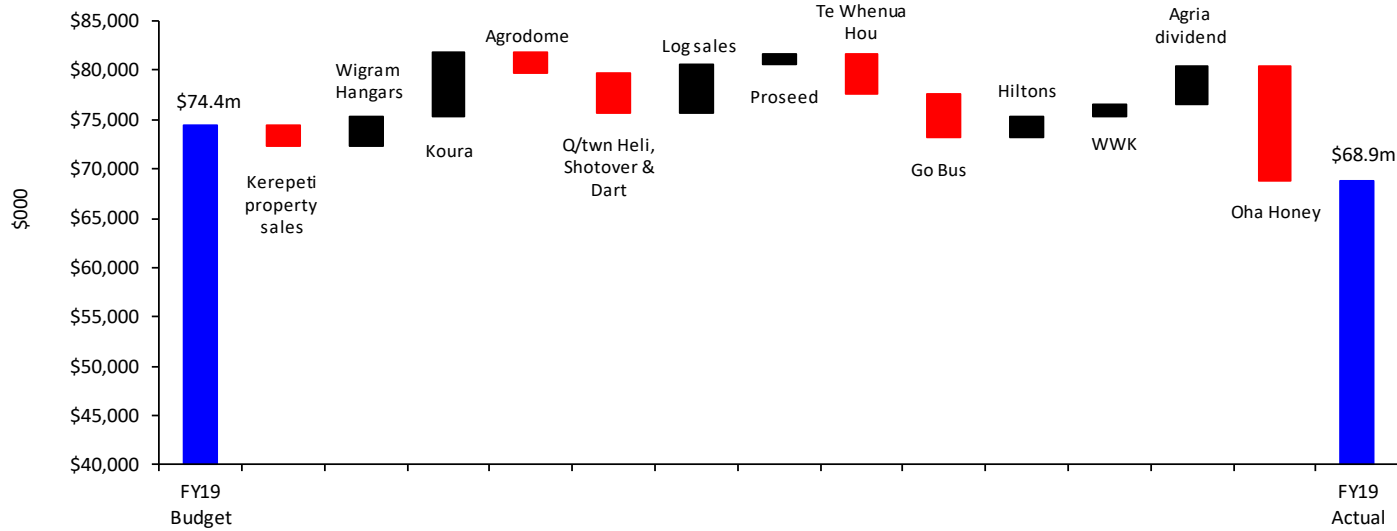
Net Operating Cash Flow (excluding Property Development) was behind budget by \$25.5m related to poor operating performances from both Oha Honey (negative variance \$19.6m) and Tourism (negative variance \$6.6m).

After allowing for the \$67m distribution, decreases in Farm values at both Te Whenua Hou (down c. \$17m; 8%) and Balmoral (down c. \$4m) have contributed to a decline in Equity this year.

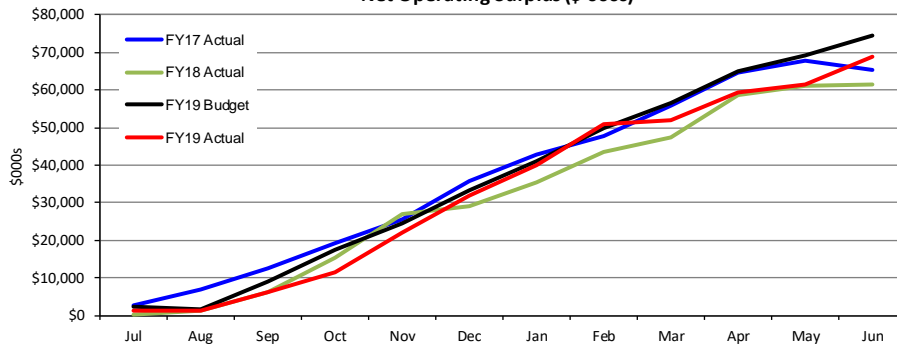
Year ended 30 June \$000	FY19	Variance to Budget	FY18
Net Operating Surplus	68,853	-5,553	61,651
Net Surplus	60,097	-65,624	150,404
Net Operating Cashflow (excluding pty development)	49,974	-25,549	47,719
Net Operating Cashflow (including pty development)	18,040	-41,461	-4,952
Equity	1,532,361	-85,719	1,562,405
Net Capital (Expenditure)/Divestment	14,443	43,219	-78,283

financial highlights he kōrero tahua

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



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



NTHG Net Operating Surplus
FY 18 v FY 19 Full Year Actual (\$'000s)

