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NZX RELEASE

LPC RESULT FOR YEAR ENDED 30 JUNE 2011

OUTSTANDING RESULT IN A YEAR OF DAMAGING SEISMIC EVENTS

Lyttelton Port of Christchurch achieved an outstanding financial and operating result for the 2011 year despite 10 months of seismic emergencies, disruptions and damage.

"Thanks to the resilience of the Port business and infrastructure, built up over a number of years, and the commitment of its people, the Port and our inland port CityDepot kept operating with minimal downtime," said LPC Chairman Rodger Fisher.

"The Company sincerely appreciates the support shown by all our customers and staff."

The Canterbury region suffered a 7.1 earthquake on 4 September 2010, 6.3 on 22 February 2011 and 6.3 on 13 June 2011.

"After each earthquake event, critical Port services were restored within 96 hours. This is a fantastic achievement given the magnitude of destruction throughout Canterbury," Mr Fisher said.

Te Awaparahi Bay Reclamation

With the need for additional land, the Company applied for and obtained emergency consents for the 10-hectare Te Awaparahi Bay Reclamation to the east of Cashin Quay. The project is providing an environmentally sensible disposal area for clean demolition hard-fill that would otherwise go to landfill. This solution is saving Christchurch people and businesses over \$100 million in dumping fees, and is saving the Port many millions of dollars on quarrying and transporting rock.

The reclamation is now larger than a football field. It will be completed in four stages over two years, and the first stage is expected to be ready for vehicles and logs within a year. The new land will need time to settle before it can be used for container storage.

Financial Results

The Company achieved an earthquake-adjusted profit after tax of \$12.1 million for the year ended June 2011. This is compared with \$9.0 million the previous year, an increase of 34.4%.

"This after-tax result is proof of the underlying strength of the business and reflects solid business growth, particularly in container and coal volumes," Mr Fisher said.

Earthquake-adjusted revenues totalled \$93.7 million, up 7.3% from \$87.3 million the previous year.

The statutory consolidated result, which includes earthquake effects such as additional costs, insurance proceeds and revenues lost, is an after-tax profit of \$24.1 million, with revenues of \$91.6 million.

Write-downs of Port assets as a result of the earthquakes and aftershocks totalled \$29 million.

Summary of Financial Results:

	2011 (\$,000)	2010 (\$,000)	Percentage Change Favourable / (Unfavourable)
Total Revenue	91,625	87,327	4.9%
Operating Costs	59,396	58,086	(2.3%)
EBITDA	32,229	29,241	10.2%
Depreciation and Amortisation	11,564	11,945	3.2%
Earthquake Adjusted EBIT	20,665	17,296	19.5%
Plus Net Earthquake Impacts recorded in the Financial Statements	4,925	0	100%
Net Interest	4,551	3,866	(17.7%)
Net Profit Before Tax (NPBT)	21,039	13,430	56.7%
Tax credit (expense)	3,072	(4,422)	169.5%
Net Profit After Tax (NPAT)	24,111	9,008	167.7%
Earnings per share (EPS)	23.6 cents	8.8 cents	168.2%

Insurance update

Up to 1 July 2011, LPC carried significant insurance cover for restoring and reinstating assets to current standards as a result of events such as earthquakes, along with business interruption insurance.

The Company has been formally advised by its lead insurer that it accepts the earthquake damage to the Company's assets is insured. To date the Company has received progress payments of \$35.7 million for both business interruption and material damage expenditure as a result of the earthquakes, and has made a further progress claim of \$18 million. A total of \$33 million has been approved by the Board to enable urgent repair and remediation works from the 22 February 2011 and 13 June 2011 earthquakes.

LPC continues to work with its lead insurer on damage assessments and the appropriate next steps for reinstatement of the damaged structures. It is the Company's view that the total insurance claims will be significant and will materially impact on future financial statements.

The Company has been successful in obtaining limited insurance cover for the Port going forward, with 100% of the cover required for assets under its material damage policy being provided except for wharves, breakwaters, pavements and other assets which are already more than 50% damaged. However, this excludes cover for natural disasters including earthquakes. The Port has been unable to secure business interruption cover. LPC is continuing to work with its brokers and insurers to build on this position.

Dividend

At the Half Year, the Directors resolved to defer the payment of dividends until further insurance proceeds are received.

“Whilst some insurance payments have been received, matters with our insurers are not yet finalised and the total financial impact of the earthquake damage remains unclear,” Mr Fisher said. “The payment of dividends therefore remains deferred, although we see no reason why we would not revert back to our dividend policy once the claims have been resolved.”

Operational Performance

“Despite severe earthquake damage, the Company achieved one of its best business years yet,” LPC Chief Executive Peter Davie said. “Looking back, I can say that we achieved these excellent results while being tested beyond anything we could have imagined.”

Increased volumes

Increased volumes were achieved for containers, coal and log exports. Total container volumes rose 6.2% to a record 290,842 TEUs, while containers moved through the Container Terminal rose 7.4%. Coal exports rose 5.2% to over 2.1 million tonnes. Log exports grew 8.7% compared to the previous year to 259,451 tonnes.

CityDepot handled record numbers of empty containers, with a corresponding increase in services such as surveys, repairs, wash, pre-trip inspections and storage.

In total, LPC moved 9.6 million tonnes of cargo through the Port compared to last year’s 9.8 million tonnes.

Summary of Operational Performance Indicators:

	<u>2011</u>	<u>2010</u>	<u>Percentage Change</u> Favourable / (Unfavourable)
Total Container Volumes (TEUs)	290,842	273,789	6.2%
Total Containers through the Container Terminal	271,231	252,539	7.4%
Coal Exports (tonnes)	2,117,040	2,012,010	5.2%
Log Exports (tonnes)	259,451	238,584	8.7%
Bulk Fuel (tonnes)	961,698	1,041,399	(7.6%)
Motor Vehicles (units)	25,813	26,316	(1.9%)
Dry Bulk Imports (tonnes)	497,606	518,672	(4.1%)
Ship Visits (number)	925	1,116	(17.1%)

Summary of the Year’s Highlights

LPC’s financial and operational highlights for the year include:

- Getting our port services up and running within 96 hours of catastrophic earthquake events
- Obtaining permission for and progressing the 10 hectare reclamation at Te Awaparahi Bay
- 34.4% rise in trading profit after tax (earthquake-adjusted) to \$12.1 million
- 7.3% rise in revenues (earthquake-adjusted) to \$93.7 million

- Insurance claims for earthquake damage accepted by the insurers and \$35.7 million received in payments to 30 June 2011
- 3.3% increase in berth productivity to 55.7 TEUs moved per hour from 53.9 TEUs
- Improvement in the ship exchange rate to 32.4 TEUs moved per crane per hour, from 32.2 TEUs
- 6.2% rise in total TEUs to a record 290,842, and 7.4% rise at the Container Terminal to 271,231 TEUs
- 5.2% rise in coal exports to 2.1 million tonnes
- 8.7% increase in log exports to 259,451 tonnes
- 18.5% drop in lost-time injuries, with zero LTIs at two operations – CityDepot and Security
- Review of our Management Structure, with a full team in place at year's end

Outlook

"The Company is well placed for growth while improving customer service and productivity," Mr Fisher said. "Going into the new financial year, two new container shipping services have come onboard, which is a significant expression of support for the Company into the future. Exports of dairy and coal are expected to remain strong."

Mr Davie added: "A programme of temporary works is underway to stabilise Port structures, and we are now in the planning stage of a four to five-year repair and rebuild programme."

"Over the next year we expect to see good growth in cargo volumes, operational improvements and a commencement of the rebuild programme," Mr Davie said.

For further information contact:

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