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NZX RELEASE

LPC RESULT FOR YEAR ENDED 30 JUNE 2013

PORT ACHIEVES RECORD VOLUMES

Almost three years on from the Canterbury earthquakes, Lyttelton Port of Christchurch has achieved a significant milestone along the way to recovery, with a new long-term strategic plan developed and preparations underway to move forward.

LPC achieved another highly commendable financial and trade result, demonstrating once again the Company's underlying strength in difficult circumstances. The result is testament to the continuing focus on customer service, marketing initiatives and operational planning, as well as the ongoing robustness of the Canterbury economy.

"Sincere thanks go to our customers and business partners for their ongoing and unwavering support," said LPC Chairman Trevor Burt.

"On behalf of the Board, our thanks are extended to the Chief Executive, the Senior Management team, and each and every staff member, as well as our contractors and advisors, for their excellent performance during the 2013 year."

Summary of the Year's Highlights

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

- 4.5% rise to 351,217 total TEU volumes, with 9.2% rise in Container Terminal volumes to a record 345,940 TEUs
- CityDepot handled a record number of containers
- Te Awaparahi Bay reclamation reached 4 hectares
- Two new breakbulk shipping services extended their services to Lyttelton
- Announcement of new service to USA and Europe
- New Leibherr container crane ordered
- 5.8% rise in operating revenues to \$110.7 million
- Statutory profit after tax of \$16.9 million (last year \$17.2 million)
- 11.2% increase in dry bulk imports
- 30.9% increase in log exports
- 24.6% increase in vehicle imports

Financial Results

The Company delivered another solid financial result, with increased operating revenue from the rise in volumes, a decreased earthquake related spend, and receipt of insurance proceeds.

For the year to 30 June 2013, the statutory consolidated result, which includes earthquake effects,

was an after-tax profit of \$16.9 million. This compares with \$17.2 million for the 2012 year, a decrease of 1.7%.

The earthquake-adjusted profit after tax was \$15.1 million. This has decreased from \$17.0 million due to the Company moving outside its Business Interruption indemnity periods for the loss of its cruise ship revenues of approximately \$2.2 million. In addition, earthquake-related expenditure of under \$250,000 per item is now included in the normalised result. Total earthquake-related expenditure meeting this threshold was approximately \$446,000.

A reconciliation between the reported profit after tax for the year ended 30 June 2013 and the earthquake-adjusted profit is provided in the table below.

	30 June 2013	30 June 2012
	\$ millions	\$ millions
Profit after tax	16.9	17.2
<i>add</i> Insured Revenue	-	3.1
<i>add</i> Earthquake Expenditure	8.0	15.2
<i>add</i> Depreciation on Earthquake Assets	4.7	-
<i>less</i> Insurance Income	(16.1)	(18.4)
<i>add</i> Taxation	1.6	(0.1)
Earthquake-adjusted Profit after Tax	15.1	17.0

All items in the table above are extracted from the audited financial statements with the exception of "Insured Revenue" reported in 30 June 2012.

Operating revenue totalled \$110.7 million, up 5.8% from \$104.5 million the previous year.

A reduction in the insurance income accrual of \$1.3 million for the year to 30 June 2013 has taken the total accrual to \$27.7 million. The Company received an indemnity progress payment for six of its key harbour structures of \$17.4 million, bringing the total monies received from its insurers to \$53.1 million.

The after-tax result for the financial year reflects the continued underlying strength of the Company's business fundamentals, as well as its ongoing business growth. The Company is in good financial heart.

Summary of Statutory Financial Results

	30 June 2013	30 June 2012	Movement
	(\$,000)	(\$,000)	(%)
Revenue	110,657	104,546	5.8%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	35,707	34,724	2.8%
Earnings Before Interest and Taxation (EBIT)	24,796	23,796	4.2%
Earthquake-Adjusted Profit After Taxation	15,146	17,041	(11.1%)
Earthquake Impacts (net of Taxation)	1,767	162	993.4%
Profit After Taxation	16,913	17,203	(1.7%)
Total Assets	270,677	273,536	(1.0%)
Shareholders' Equity (percentage)	70.22%	62.88%	7.3%
Earnings Per Share (cents)	16.5	16.8	(1.7%)
Net Asset Backing Per Share (dollars)	2.65	2.67	(1.0%)

Operational Performance

"The 2013 year has been another huge year for Lyttelton Port of Christchurch," LPC Chief Executive Peter Davie said. "We sincerely thank the importers and exporters throughout the South Island who entrust their cargoes to us."

Increased Volumes

Container volumes rose 4.5% to a record 351,217 TEUs (twenty-foot equivalent units). Volumes moved through Lyttelton Container Terminal rose 9.2%. CityDepot, the Company's inland port located in Woolston, handled record numbers of empty containers, while record full containers transitioned through CityDepot on its Clandeboye rail service. Dry bulk imports increased a total 11.2%, with a 42.4% rise in cement and a decrease of 7.4% in fertiliser. Log exports rose 30.9%, while fuel imports grew 8.7%. Vehicles, including machinery, heavy vehicles, and new and used cars, rose 24.6%.

Coal exports fell back 17.7% to just over 2 million tonnes as a result of Solid Energy's response to an extremely challenging global coal market, including the previously announced suspension of operations at the Spring Creek Mine.

New Crane and straddles

Four new Leibherr state of the art diesel electric straddle carriers were delivered in the year. To handle growing container volumes, a further significant commitment was made with Leibherr in June 2013 to purchase another four straddle carriers and a new ship to shore gantry crane, capable of handling larger container vessels, with an outreach of 18 containers. This equipment is expected to be in service in the latter half of 2014.

Reclamation

The Te Awaparahi Bay reclamation now exceeds four hectares. At a time when the Port is squeezed for paved and hardstand space, the site is providing a valuable storage area for imported vehicles. The reclamation, which is consented for 10 hectares, continues to provide an environmentally sensible option for disposing of clean hard fill from the city's earthquake demolitions.

Reinstatement Planning

A consequence of the damaging earthquakes of 2010 and 2011 has been the opportunity to revisit, re-analyse and reset the long-term strategic direction for the Port and Company. The result has been the formulation of LPC's 30-year Reinstatement and Development Plan. The Plan covers capital projects for both reinstatement of Port assets in accordance with LPC's insurance policies, and new development projects to ensure the Company has the Port facilities for anticipated future growth.

In the coming months, the planned new development projects set out in the Reinstatement and Development Plan will be taken through a wide consultation programme.

Insurance update

Insurance challenges remain complex but good progress was made during the year in all areas of Material Damage, Business Interruption, and Contract Works. LPC has a full team working on insurance matters.

The Company believes that its Material Damage policy entitles LPC to receive indemnity progress payments on earthquake damaged and destroyed assets that are covered for reinstatement.

During the year, LPC's insurers paid, as an indemnity progress payment under the Material Damage section of LPC's policy, a further \$17.4 million towards the physical loss and damage suffered by six of its key harbour structures as a result of the earthquakes. This brought the total progress payments to \$53.1 million. In addition, \$1.8 million was paid against LPC's business interruption claim after the financial year end.

The Company received feedback from its insurers on the draft Reinstatement and Development Plan overview. The insurers have agreed that a number of key assets are destroyed for insurance purposes, which has enabled LPC to proceed with greater confidence in progressing design work on rebuilding those assets. Reinstatement designs are underway for the Container Terminal CQ3 wharf, with construction planned to commence towards the end of 2013.

The insurance policy requires LPC to reinstate assets with reasonable dispatch. The Board remains confident that the Company is taking all necessary steps to put the plan into action as fast as reasonably possible. This is also in the interest of the Company and its stakeholders. Although insurers have reserved their rights, they have confirmed they are proceeding on the basis that the assets are covered for reinstatement. As the Company reinstates its infrastructure, funds are expected to flow as the costs are incurred.

LPC is developing cost estimates on that basis. However, uncertainty remains over the extent to which this programme of works will be fully funded from insurance proceeds. The insurers have a view that there is a limit on their liability per asset, albeit in certain circumstances they reserve the right to contend that cover is on an indemnity basis. LPC does not accept either position. The full extent of this matter will not be known until the designs are fully developed and costed.

Many complex issues are expected throughout the course of the reinstatement of assets. However, LPC is committed to working constructively with its insurers to resolve matters promptly as they arise.

Dividend

The situation remains unchanged since our advice to the market in May 2013. Whilst further insurance payments have been received, matters with our insurers are not finalised and the total financial impact of the earthquake damage remains unclear. However, the resumption of dividend payments is expected in the first half of 2014.

The quantum of dividends will be determined by the Directors, having regard to:

1. working capital requirements;
2. capital expenditure requirements;
3. the timing of reinstatement and development projects;
4. the interests of shareholders; and
5. free cash flow available for distribution.

Outlook

Looking forward, the Company is in a strong position to deliver ongoing business growth, while at the same time reinstating earthquake-damaged facilities and undertaking development projects to meet the demands of long-term growth.

LPC sees further increases in container volumes, as primary produce and other exports grow, and as imports for the Christchurch rebuild continue to flow in.

An exciting year lies ahead for LPC. New shipping services are adding Lyttelton as their South Island call, and the Company will move forward on its long-term Reinstatement and Development Plan. With a new course plotted, the Company is well positioned for a successful future.

For further information contact:

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