

Statement of Corporate Intent

1 JULY 2023 – 30 JUNE 2026



Port Marlborough



OBJECTIVES

Port Marlborough's principal objective is to operate as a successful business as per Section 5, Port Companies Act 1988. We measure our success by our contribution to our people, health, safety and wellness goals (People), environmental goals (Planet), economic and customer goals (Prosperity), and social and cultural goals (Partnerships).

This Statement of Corporate Intent outlines Port Marlborough New Zealand Limited's intended path and performance for the next three years. This path is based on a clear vision, core values and a strategic delivery programme to guide sustainable operation and future development of Marlborough's regional port.

Port Marlborough is a Port Company under the Port Companies Act 1988 and consequently operates under a commercial imperative.

Port Marlborough's profits are distributed by way of dividend to its sole Shareholder, MDC Holdings Limited, with these financial benefits ultimately accruing to the residents and ratepayers of Marlborough through Marlborough District Council.

This SCI has been prepared in accordance with Section 9 of the Port Companies Act 1988 and is reviewed annually in accordance with Sections 8 and 10 of the Act.

OUR VISION

The goal that drives us

Port Marlborough's vision is to lead the way as an environmentally restorative port, driving success for Marlborough.



HAUORA VALUE WELL-BEING

We work together to sustain what keeps us healthy: physically, mentally, socially and culturally.

KAITIAKITANGA PROTECT THE FUTURE

We consider the environmental, economic, community and cultural impacts of our decisions everywhere we operate.

MAHI TAHI WORK TOGETHER

We operate as one team, at the heart of our community. We share ideas, understand, collaborate and celebrate.

PONO ACT WITH INTEGRITY

We keep our promises and do what we say we will do.

KAIRANGATIRA DELIVER EXCELLENCE

We deliver excellent customer service and excellent commercial results.



NATURE AND SCOPE OF ACTIVITIES

Port Marlborough will provide commercial port, harbour, port landing and marina facilities and associated services to meet its responsibilities as Marlborough's regional port operator.

THESE WILL ENCOMPASS

1. Port facilities for Cook Strait freight and passenger ferry services including berths, passenger terminals and associated requirements
2. Commercial harbour facilities including a deep water berth for bulk cargo ships and cruise ships, including cargo storage areas and associated amenities
3. Marine pilotage and towage services to support shipping operations within the harbour catchment
4. Landing areas and berthage for fishing vessels, freight barges and vessels used in the marine farming industry
5. Port and marina facilities for commercial tourism and water transport operators
6. Marinas and boat storage facilities for recreational craft and facilities for associated businesses, including travel lift and hard stand facilities at Waikawa
7. Containerised freight aggregation storage and handling, and supply chain logistics
8. Facilities and services related to the above activities

PEOPLE



We provide an engaging, safe and fulfilling work environment for our people

1. We look after the hauora of all people in our workplace
2. We have the right skills to deliver now and into the future
3. We are one high-performing team

PLANET



We prioritise the company value of Kaitiakitanga in everything we do, and we protect the natural resources in our areas of operation.

1. We demonstrate continuous improvement in our environmental performance
2. We support the regeneration and restoration of terrestrial and marine ecosystems
3. We innovate to produce better environmental outcomes, including reducing GHG

PROSPERITY



We drive success for Marlborough by delivering a sustainable return to our shareholder, championing our commercial partnerships, and facilitating key industries for the region.

1. We deliver and create long-term shareholder value through integrated investments
2. We deliver excellent customer experience and outcomes
3. We ensure our success is shared by facilitating sustainable growth for our region

PARTNERSHIPS



We create trusting relationships with our partners and communities in Marlborough, recognising the important role the port holds in the region.

1. We actively engage with our community as a trusted community partner
2. We are a trusted iwi partner
3. We work collaboratively with regulatory agencies to improve outcomes

MEASURING SUCCESS



People

Key performance indicator	Actual	Target		
	22/23	23/24	24/25	25/26
Preventative Action to Incident Ratio	3:1	5:1	10:1	20:1
Corrective Action Close Out On Time	0.57	80%	90%	100%
LTI ¹ per 100,000 work hrs	2	<0.5	<0.5	<0.5
Annual health checks and healthcare insurance available for permanent staff	80%	100%	100%	100%
Living Wage Accreditation	Achieved	Achieved	Achieved	Achieved

Planet

Key performance indicator	Base Year	Actual	Target		
	2020	22/23	23/24	24/25	25/26
Fresh water withdrawal (Megalitres)	125	119	Nil increase	Nil increase	Nil increase
General waste to landfill (Tonnes)	778	899	-5%	-5%	-5%
Recycling (Tonnes)	51	125	125	128	130
Recycling as % of general waste to landfill	6.5%	14%	17%	18%	20%
Greenhouse Gas Net Emissions ²	715 ⁸	851	820	810	800
Greenhouse Gas Storage ³	(791) ⁸	-717	-718	-348	-348

Prosperity

Key performance indicator	Actual	Target		
	22/23	23/24	24/25	25/26
Projected NOPAT ⁴ (excluding asset and derivative revaluations)	\$10.59m	\$9.62m	\$10.46m	\$13.34m
NOPAT ⁴ / Return on average Shareholder's Funds	6.13%	5.08%	5.35%	6.56%
EBITDA ⁵ (excluding asset and derivative revaluations)	\$21.05m	\$22.18m	\$26.46m	\$30.85m
Equity Ratio	71.33%	61.29%	52.24%	51.22%

Partnerships

Key performance indicator	Actual	Target		
	22/23	23/24	24/25	25/26
Invest 1% of EBIT ⁶ (three year rolling average) in community sponsorships and programmes	\$133k	\$0.15m	\$0.18m	\$0.22m

¹ LTI = Lost Time Injury

² Greenhouse Gas Emissions = Scope 1 (63%) + Scope 2 (37%)

³ Forestry carbon storage (approach two)

⁴ NOPAT = Net Operating Profit after Tax

⁵ EBITDA – Earnings before Interest, Tax, 6 Depreciation and Amortisation

⁶ EBIT = Earnings before Interest and Tax

⁷ TBA = To Be Advised (pending completion of Annual Accounts)

⁸ Restated base year using Approach two

PERFORMANCE RISK

Risks to achievement of our objectives are:

- Forestry export market fluctuations
- A major external event (natural disaster, alpine fault, tsunami, act of terrorism, pandemic or war) impacting Port Marlborough operations or supply chains
- Timing of funding requirements for KiwiRail's Project iReX* - reliant on confirmation of construction programme which may change over the course of the financial year

* Interisland Resilient Connections

DIVIDEND POLICY

A Recommendation on the level of any dividend to be paid will be made by Directors each year. Dividends to shareholders will be maximised consistent with consideration of the current and future capital requirements of the company and its debt to equity ratio. It is anticipated that distributions will be in the order of 45% of after tax profit as returned to Inland Revenue.

The Board will make best endeavours to distribute the below projections, noting upcoming requirements for funding of significant capital projects that will deliver benefits to the regional economy.

Year	Projected dividend distribution
2024	\$4.23m
2025	\$4.52m
2026	\$5.36m

PROJECTED BORROWINGS

The Directors have adopted a policy of seeking to keep the gearing of the company in a range between 30% and 50% (debt to debt-and-equity) moving to the top end of the range at times, that is, prior to, or following, a major planned development.

Year	Projected Gearing Ratio	Level of debt (Current/Projected)
2023	28.67%	\$48m
2024	38.71%	\$120m
2025	47.76%	\$179m
2026	48.78%	\$193m

RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS

Year	Expected Ratio Shareholders funds to total assets
2024	61.29%
2025	52.24%
2026	51.22%

ACCOUNTING POLICIES

Policy application will be made consistent with, and conform to:

- The legal requirements of the Companies Act 1993
- Generally Accepted Accounting Principles (NZ GAAP)
- Financial Reporting Act 2013
- New Zealand equivalents to the International Financial Reporting Standards (NZIFRS)
- Other applicable regulatory and statutory requirements.

The latest published Annual Report including the Statement of Accounting Policies is at: www.portmarlborough.co.nz.

PROCEDURES FOR SHARE SUBSCRIPTIONS OR PURCHASES

The company will only invest in another business when it is consistent with the nature and scope of activities and objectives contained in this SCI.

In cases where the company intends to acquire an interest in another business as listed below, either by single transaction or any series of transactions, through the purchase of shares or by other means, it will give the shareholders prior written notice of its intention.

- A business outside the company's current nature, scope and objectives; and/or
- 20% or more of a business; and/or
- An activity where the cost is more than 10% of the company's shareholder funds; and/or
- A business or activity outside the Marlborough District;

DIRECTOR'S ESTIMATE OF COMPANY VALUE

The Directors estimate that the opening balance of Shareholder's Funds in the annual accounts will represent the value of the company. The Directors will advise the Shareholders on an annual basis if they believe the value to differ materially from this state.

As part of adoption of IFRS, land, buildings and port infrastructure are valued on a regular basis by independent valuation.

The opening balance of Shareholder Funds at 1 July 2023 is \$167.06m (2022: \$178.79m).

APPENDIX 1

Subsidiaries and Associated Companies

The Group consists of

- Waikawa Marina Trustee Limited
- PMNZ Marina Holdings Limited
- Marlborough Inland Hub Limited (Associate)

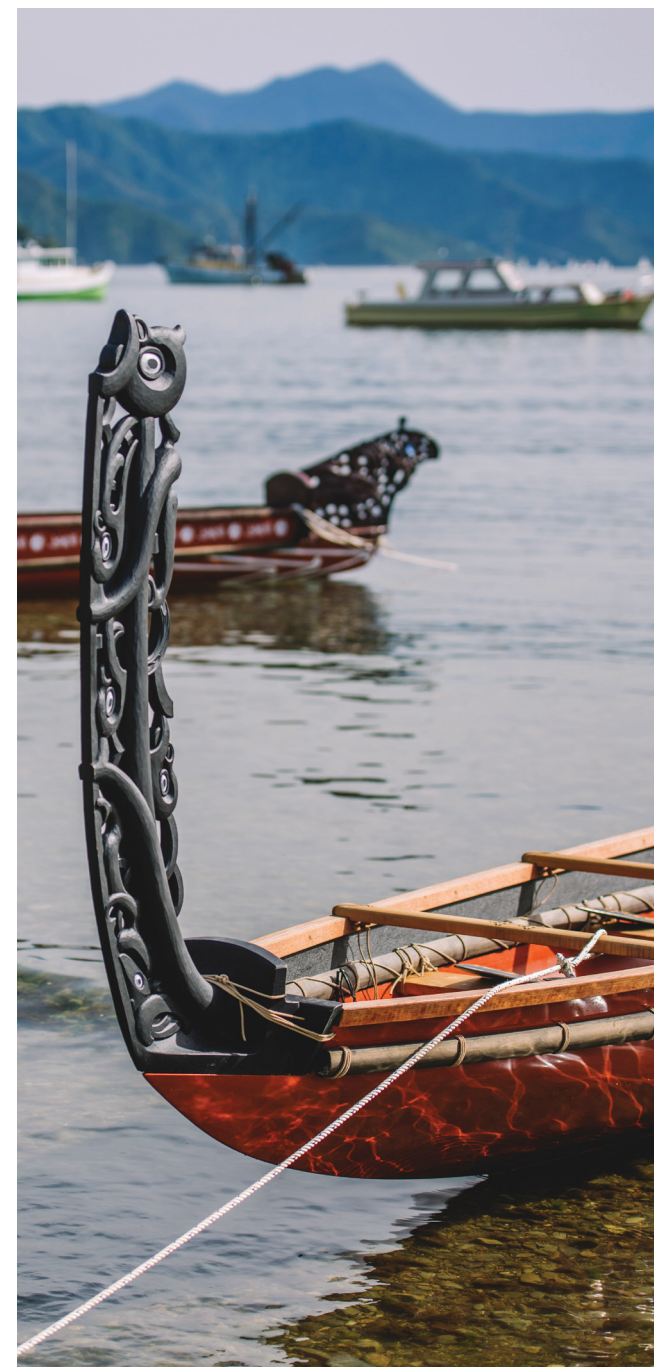
Waikawa Marina Trustee Limited and PMNZ Marina Holdings Limited were incorporated in September 1997 to facilitate the sale of long-term berth entitlements in the Waikawa Marina extension.

Marlborough Inland Hub Limited was incorporated in June 2022 and is a 50:50 joint venture with CentrePort Limited to facilitate the movement of container Exports and Imports for the Marlborough Region.

The company shall ensure at all times that in the case of new subsidiaries:

1. Control of the affairs of every subsidiary of the company is exercised by a majority of the Directors of that subsidiary.
2. A majority of the Directors of every subsidiary of the company are persons who are also Directors or Employees of the company or who have been approved by the shareholders for appointment as Directors of the subsidiary.
3. Without the prior consent of the Shareholders, neither the Company nor any subsidiary of the Company shall sell or otherwise dispose of, whether by a single transaction or any series of transactions and whether by sale of assets or shares, the whole or any substantial part of the business or undertaking of the Company and its subsidiaries (taken as a whole).
4. Where the Company or its subsidiaries hold 20% or more of the shares in any company or other body corporate (not being a subsidiary of the company) it will not sell or otherwise dispose of any shares in that company without first giving written notice to the Shareholders of the disposition.

The term "share" has the same meaning as in Section 2 of the State-owned Enterprises Act 1986 and the term "subsidiary" has the same meaning as in Section 155 of the Companies Act 1993.





Port Marlborough