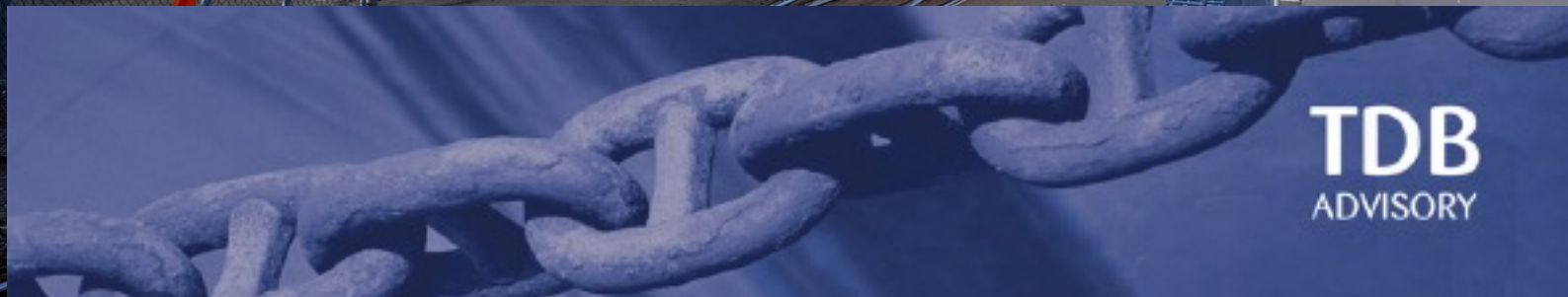
April 2023

www.tdb.co.nz

New Zealand Ports:

A Comparison of Mixed and Local Government Ownership



TDB Advisory Limited
L5, Wakefield House
90 The Terrace
P.O. Box 93
Wellington
New Zealand

Email: info@tdb.co.nz

Contacts for this report:

Phil Barry
phil.barry@tdb.co.nz
021 478 426

Simon McSweeney-Harte
simon.mcsweeneyharte@tdb.co.nz
027 943 5516

Disclaimer and disclosure

This report has been prepared by TDB Advisory Ltd (TDB) with care and diligence. The statements and opinions given by TDB in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by TDB or any of its officers, employees, subcontractors or agents for errors or omissions arising out of the preparation of this report, or for any consequences of reliance on its content or for discussions arising out of or associated with its preparation.

TDB Advisory advises various councils from time to time on financial matters, including on their financial and investment strategy. For information on our work in the local government and infrastructure sectors please see https://www.tdb.co.nz/sectors/local-government/ and https://www.tdb.co.nz/sectors/infrastructure/.

The analysis in this report is based solely on public information. TDB does not warrant or guarantee the accuracy of the information in this document. This report has been prepared on a pro bono basis.

Table of contents

Executive summary

This report compares the financial performances of the 100% council-owned ports and the mixed-ownership ports in New Zealand. Eleven of the major New Zealand ports are examined. All of the eleven ports are at least 50% council-owned with seven of the ports 100% council owned and four having mixed-ownership (three ports have publicly listed shares and one port has a listed port as a 50% shareholder).

The report is divided into two parts. The first part compares the financial performance of the seven 100% local government-owned ports with the financial performance of the four mixed-ownership ports over the last eight years. The second part examines the financial performance of the three ports which have changed their ownership – ie, delisted or listed - over the last two decades and considers how the financial performance of each of these three ports has changed with the change in ownership.

The great majority of the international published and peer reviewed empirical literature finds that a degree of private ownership tends to improve a firm's performance on average and over time. One central reason is that the incentives and ability to monitor 100% government-owned firms is relatively weak as there is no public share price and no threat of takeover. Another reason is that governments are more likely to influence the decision-making of firms they own and control so that the firm is less able to focus on its commercial performance.

Our analysis of the financial performance of eleven New Zealand ports over the last eight years finds that on average over the period the mixed-ownership ports achieved greater profitability and yielded higher dividends than the 100% local government-owned ports but the 100% local-government owned ports on average had stronger solvency and liquidity. The average return on assets (RoA) of the mixed-ownership ports was 9.0% p.a. while the average RoA of the 100% local government-owned ports was 6.4% p.a. The average RoA and RoE of the mixed-ownership ports exceeded that of the 100% local government-owned ports in every year over the past eight years.

The findings of the three case studies we examined of ports delisting or listing are generally consistent with the results of our aggregate time-series analysis. Over the last two decades, two New Zealand ports have delisted from the NZX and became fully council-owned – Ports of Auckland in 2005 and Lyttelton Port in 2014 – and one port, Napier Port has had its shares partially listed, in 2019.

Ports of Auckland showed a clear deterioration in profitability, dividend yield, solvency and liquidity following its delisting. Excluding the revaluation-affected 2005 results, Ports of Auckland's average RoA declined from 16.7% in the four years prior to its delisting to 6.2% in the four years after delisting.

Similar to Ports of Auckland, Lyttelton Port's profitability decreased following delisting, although its gearing decreased, its current ratio increased and its dividend yield increased on average following delisting. It is important to note that Lyttelton Port's results were affected by the Christchurch earthquakes and subsequent insurance payouts and asset write downs.

Contrary to the general findings of this report, Napier Port's profitability has decreased slightly following its listing on the NZX. However, this result may reflect the temporary impacts of COVID-19 which adversely affected the port's earnings. The company has been able to use the funds raised in the IPO to pay down debt which has decreased its gearing ratio.

Overall, the aggregate time series analysis and the case studies presented in this report are consistent with the findings of literature that on average and over time, listed companies achieve greater profitability and yield higher dividends than 100% government owned companies. The findings for the ports are also consistent with the improvement seen in the financial performance of the three SOEs - Meridian Energy, Mercury Energy and Genesis Energy – following their sharemarket listings over 2011 to 2014.

1 Introduction

1.1 Background

In New Zealand there is a high level of local government ownership of the ports. While the original intention of the Port Companies Act (1988) was to facilitate private ownership, every major New Zealand port remains majority owned by a council. Of the eleven ports considered in this report:

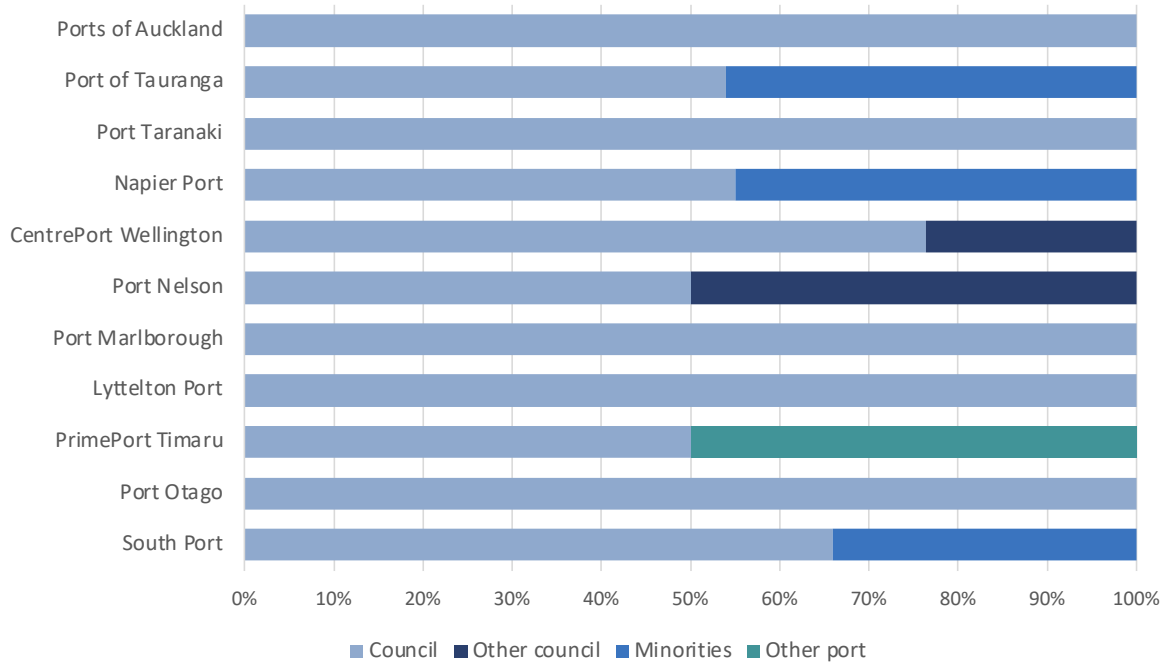
- seven ports are 100% council owned: Ports of Auckland, Port Taranaki, Port Marlborough, Lyttelton Port and Port Otago are wholly owned by a single council and CentrePort Wellington and Port Nelson are owned by two councils; and

- four ports have a mix of public and private ownership: three ports - Port of Tauranga, Napier Port and South Port - have shares listed on the NZX but remain majority council-owned. One other port, PrimePort Timaru is 50% council owned and 50% owned by the publicly listed Port of Tauranga.

Of the major ports, Port of Tauranga, New Zealand's largest port[1], has the highest percentage of non-council ownership, with around 46% of its shares listed on the NZX.

Figure 1 below presents the ownership structures of the eleven main ports in New Zealand. Appendix A provides the details on the current ownership arrangements of the eleven ports.

Figure 1: New Zealand port ownership structures



[1] Port of Tauranga is the largest port in New Zealand in terms of cargo volume, container throughput, revenue and asset base.

1.2 This report

This report considers the relative financial performance of the 100% local government-owned and mixed-ownership ports in New Zealand. The report is divided into two parts. The first part of this report presents an analysis of the financial performances of the eleven major ports in New Zealand and compares the relative performance of the mixed-ownership and 100% local government-owned ports over the last eight years (FY2015-2022). The financial performance metrics used are profitability, solvency, liquidity and dividends. The second part of this report presents case studies of three ports that have either delisted or listed their shares on the NZX over the last twenty years and considers the financial performance of each of the three companies pre- and post-delisting/listing.

All information in this report is sourced from publicly available annual reports. Northport and Eastland Port are excluded from this report as they do not publish their own financial statements.

2 The performance of the mixed-ownership vs the 100% local government-owned ports

This section of the report presents a time-series analysis of the financial performance of eleven New Zealand ports over the past eight years (FY2015-2022). Financial performance is broken down into five measures: return on assets, return on equity, gearing (debt to (debt plus equity)), current ratio (current assets to current liabilities) and dividend yield. Each financial ratio is calculated for each port separately and for two groups: the mixed-ownership and the 100% local government-owned ports. The two group's ratios are calculated as weighted averages across all 100% local government-owned and mixed-ownership ports respectively by summing the inputs across each of the relevant ports.[2]

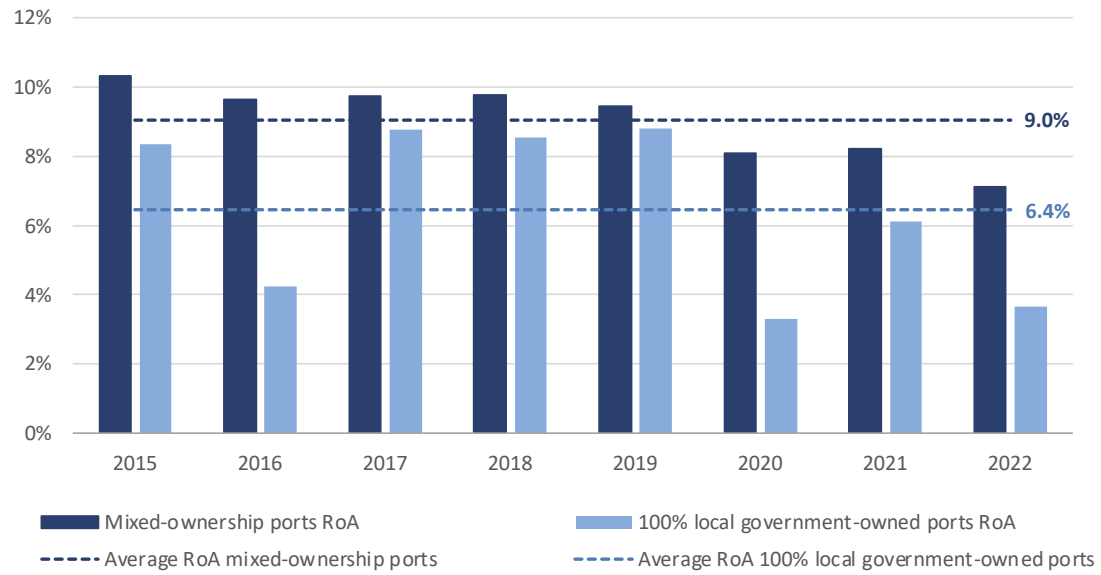
To calculate eight-year averages for return on assets, return on equity and dividend yield we have used geometric means. The geometric mean provides a more accurate measure of returns over a longer period of time as it takes into account the effect that compounding has on returns. To calculate eight-year averages for gearing and current ratio we have used arithmetic means.

A number of caveats need to be kept in mind when interpreting the data in this report. Major events, like earthquakes and the related insurance payouts have impacted the financial position of some ports. Further, there are a variety of accounting methods used by the ports which can skew some financial metrics. In addition, each port is at a different stage of its asset management lifecycle. Many major investments for ports are 20 to 50-year assets. Our eight-year analysis provides a snapshot of financial performance but does not cover the entire asset cycle for long-run infrastructure.

2.1 Return on assets

Return on assets (RoA) is a measure of profitability that indicates how efficiently the port has used its assets to generate earnings. In this report, RoA is calculated by dividing earnings before interest and tax (EBIT) by average assets in a given period.[3]

Figure 2: Ports' return on assets 2015 to 2022, %



[2] One port, Napier Port changed its ownership from unlisted to partially listed during the sample period, in August 2019. Napier Port is therefore classified in our analysis as 100% local government-owned for FY2015 to FY2019 and as mixed-ownership thereafter.

[3] The mixed-ownership ports' RoA is calculated as the sum of mixed-ownership ports' EBIT divided by the sum of the mixed=ownership ports' average assets. The same method is used for the 100% local government-owned ports.

Figure 2 shows that on average over the eight years the mixed-ownership ports had a higher RoA than the 100% local government-owned ports. The mixed-ownership ports' eight-year average RoA was 9.0% p.a. compared to 6.4% p.a. for the 100% local government-owned ports. Further, the 100% local government-owned ports showed a greater decline in profitability than the mixed-ownership ports following the onset of the COVID-19 pandemic in 2020.

2.2 Return on equity

Return on equity (RoE) is a measure of profitability that shows the profit a company generates with each dollar of shareholder's equity. RoE is calculated by dividing net profit after tax (NPAT) by average shareholders' equity in a given period.[4]

Figure 3: Ports' return on equity, 2015 to 2022, %

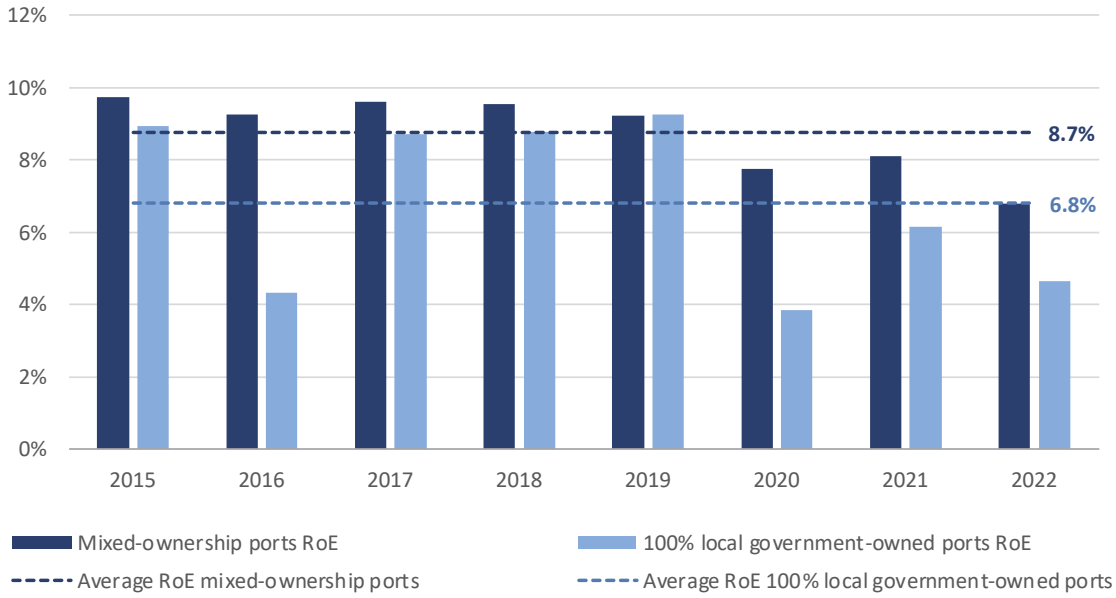


Figure 3 shows that on average over the eight years the mixed-ownership ports had a higher RoE than 100% local government-owned ports. The mixed-ownership ports' eight-year average RoE was 8.7% p.a., almost two percentage points higher than the 100% local government-owned ports' eight-year average RoE.

2.3 Gearing

The degree to which investments are financed by equity and debt (the "gearing" ratio) affects risk and return. Debt can be a relatively cheap source of funds but it increases the riskiness of an investment, leading to an increase in the required return on equity. Debt can also restrict the ability of a company to invest in assets that do not yield regular cash flows. We measure the ports' gearing as net debt / (net debt + equity).[5]

[4] The mixed-ownership ports' RoE is calculated as the sum of the mixed-ownership ports' NPAT divided by the sum of the mixed-ownership ports average equity. The same method is used for 100% local government-owned ports.

[5] Net debt is calculated as borrowings plus lease liabilities minus cash.

Figure 4: Ports' gearing ratios, 2015 to 2022, %

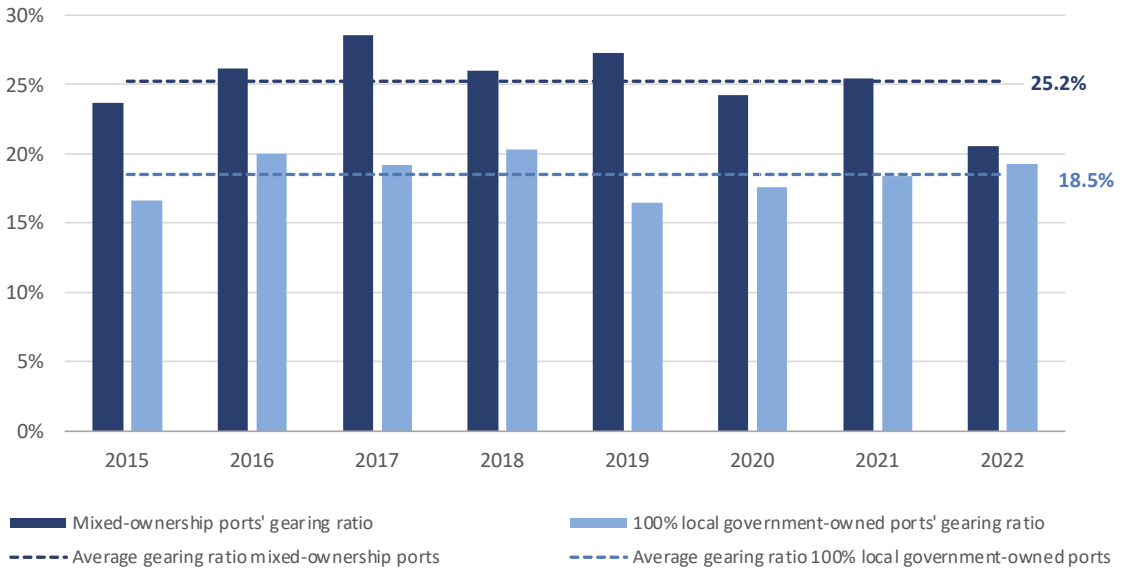


Figure 4 compares the gearing ratios of the mixed-ownership and 100% local government-owned ports. Over the last 8 years the mixed-ownership ports on average have held more debt (relative to their equity) than the 100% local government-owned ports. The gearing ratio of the mixed-ownership ports averaged 25% over the period while the gearing ratio of the 100% local government-owned ports averaged around 19%. Two of the 100% local government-owned ports, CentrePort and Lyttelton Port, both experienced negative gearing (i.e., cash holdings exceeded debt and lease liabilities) at various points over the last eight years due to earthquake-related insurance payouts which decreased the 100% local government-owned ports' average gearing ratio.

2.4 Current ratio

The current ratio is a liquidity ratio that measures a company's ability to pay its short-term obligations. We measure the current ratio as current assets divided by current liabilities.

Figure 5: Ports' current ratios, 2015 to 2022, ratio

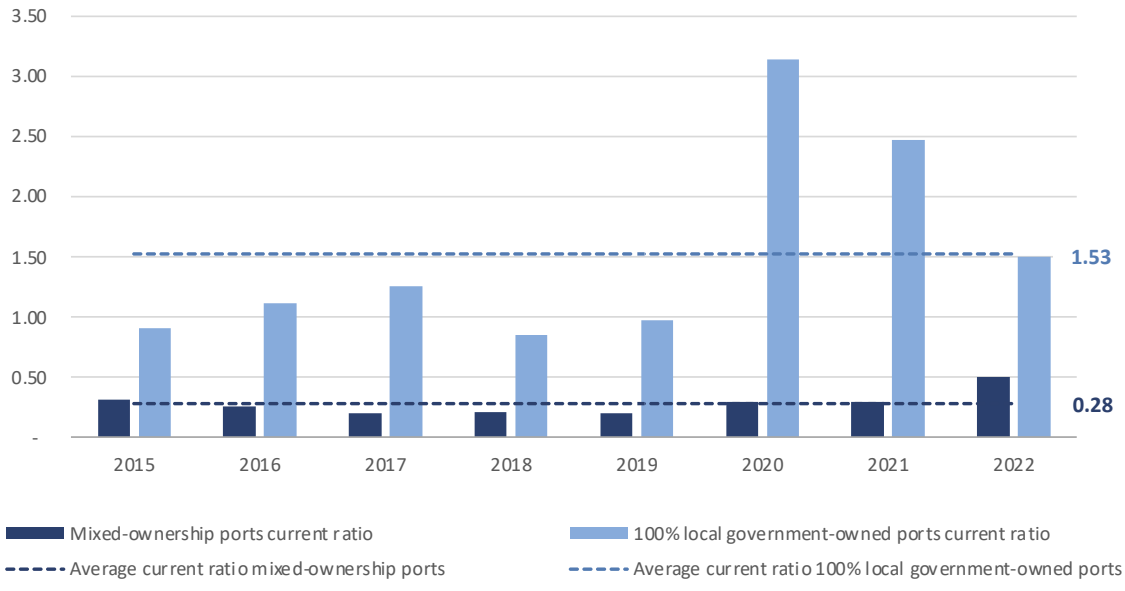


Figure 5 compares the average current ratios for the mixed-ownership and 100% local government-owned ports over the past eight years. The 100% local government-owned ports on average had stronger liquidity positions than mixed-ownership ports, with the 100% local government-owned ports' current ratio averaging around 1.5 and the mixed-ownership ports' current ratio averaging around 0.3. The high current ratio for the 100% local government-owned ports reflects in part the insurance payouts received by CentrePort and Lyttelton Port noted above while the low average current ratio for the mixed-ownership ports is largely driven by Port of Tauranga holding a large amount of short-term debt.

2.5 Dividend yield

The dividend yield shows how much a company pays out in dividends each year relative to the reported value of its shareholders' funds. We calculate dividend yield as dividends paid divided by the reported (book) value of their shareholders' equity.

Figure 6: Ports' dividend yield, 2015 to 2022, %

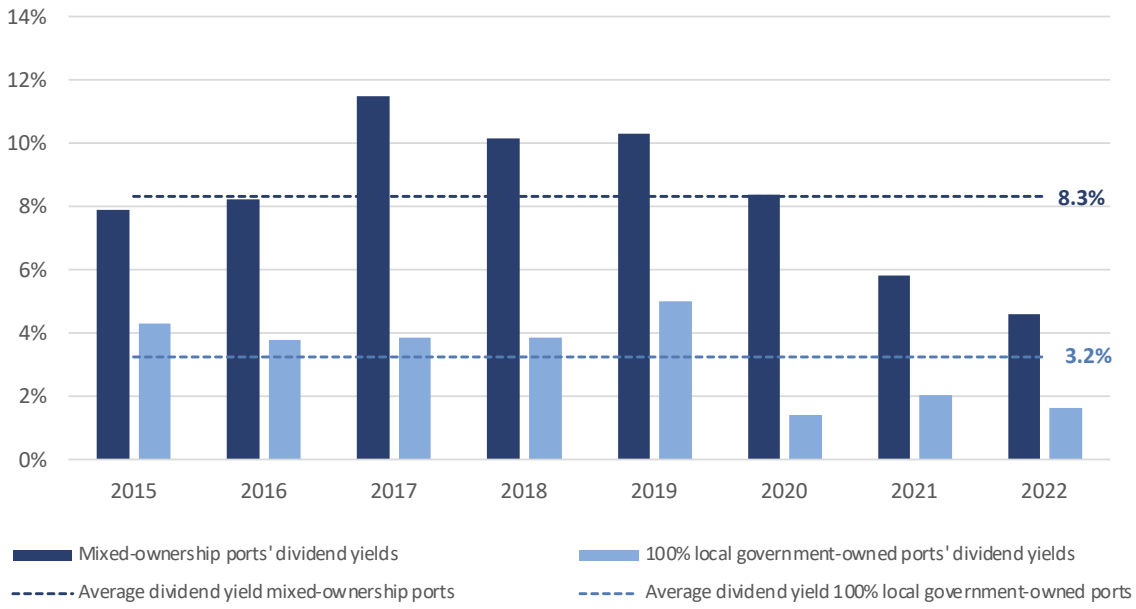


Figure 6 shows the average dividend yield for the mixed-ownership and 100% local government-owned ports over the past eight years. On average, the mixed-ownership ports paid larger dividends and had higher dividend yield, with the mixed-ownership ports' average dividend yield (8.3%) being over twice the average yield (3.2%) for the non-listed ports.

Dividend yields over the past eight years have been somewhat skewed by one-off events. For example, Lyttelton Port and CentrePort paid out large special dividends on receipt of insurance payouts and Napier Port paid out a large one-off pre-IPO dividend as a means of distributing sale proceeds.

2.6 Aggregate time-series analysis summary

In summary, on average over the eight years the mixed-ownership ports were more profitable and yielded higher dividends than the 100% local government-owned ports, although the 100% local government-owned ports on average carried less debt (relative to equity) and had greater liquidity. The mixed-ownership ports also outperformed the 100% local government-owned ports on average RoA and RoE in every year over the past eight years. It is important to note that there are currently only four mixed-ownership ports in New Zealand (and prior to Napier Port's listing in FY2020 there were only three mixed-ownership ports). Despite the small sample size, the results of our time-series analysis are consistent with the wider literature which suggests that companies with at least some

degree of private ownership on average and over time are more profitable than fully government-owned companies.[6]

[6] Megginson, W. & Netter, J. (2001). From State to Market: A survey of empirical studies on privatization. *Journal of Economic Literature, 39*(2), 321-389.

Fiscal Monitor - April 2020 (imf.org), Chapter 3.

https://www.tdb.co.nz/wp-content/uploads/2018/10/TDB-Advisory-Mixed-Ownership-Review-2018.pdf

https://www.tdb.co.nz/wp-content/uploads/2022/04/Government-owned-commercial-businesses-in-Stuff-Apr-22.pdf

3 Case studies

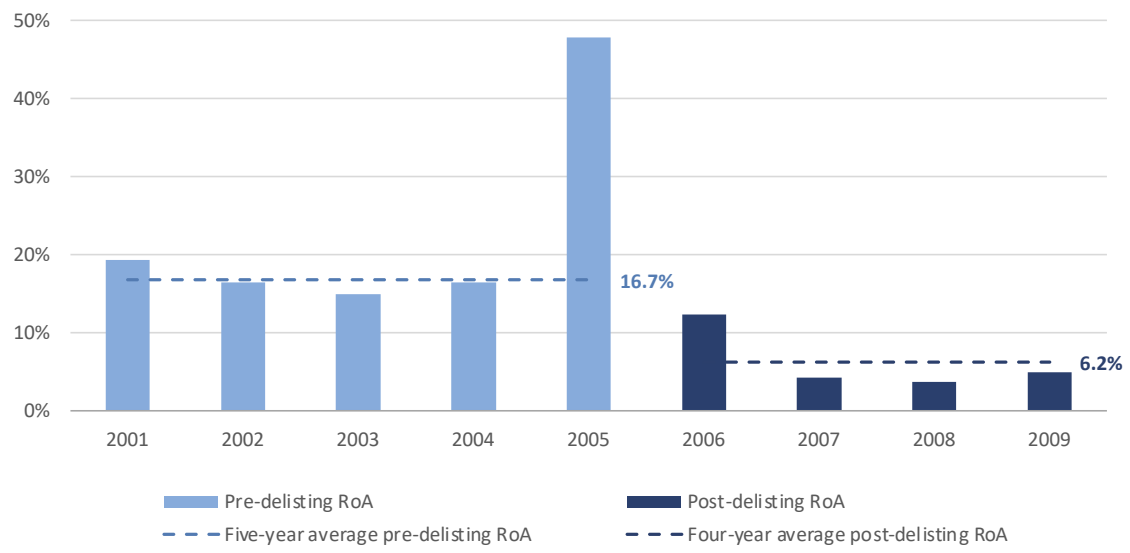
This section of the report presents case studies of three New Zealand ports that have either delisted or listed over the last two decades. Our analysis considers and compares the financial performance of each port before and after its listing/delisting.

Ports of Auckland delisted from the NZX and became 100% council owned in July 2005 and Lyttelton Port delisted and became 100% council owned in November 2014. Going in the opposite direction, Napier Port, which was previously 100% council owned, listed 45% of its shares on the NZX in August 2019. We analyse the financial performances of each port in the five years pre- and four to five years post- listing/delisting[7], apart from Napier Port which only has three years of post-listing data. For Ports of Auckland and Lyttelton Port, the year of delisting is counted as the first year post-delisting. For Napier Port, the year immediately following its listing is counted as the first year post-listing as Napier Port listed in August 2019 and their next financial reporting period began on 1 October 2019.

3.1 Ports of Auckland delisting

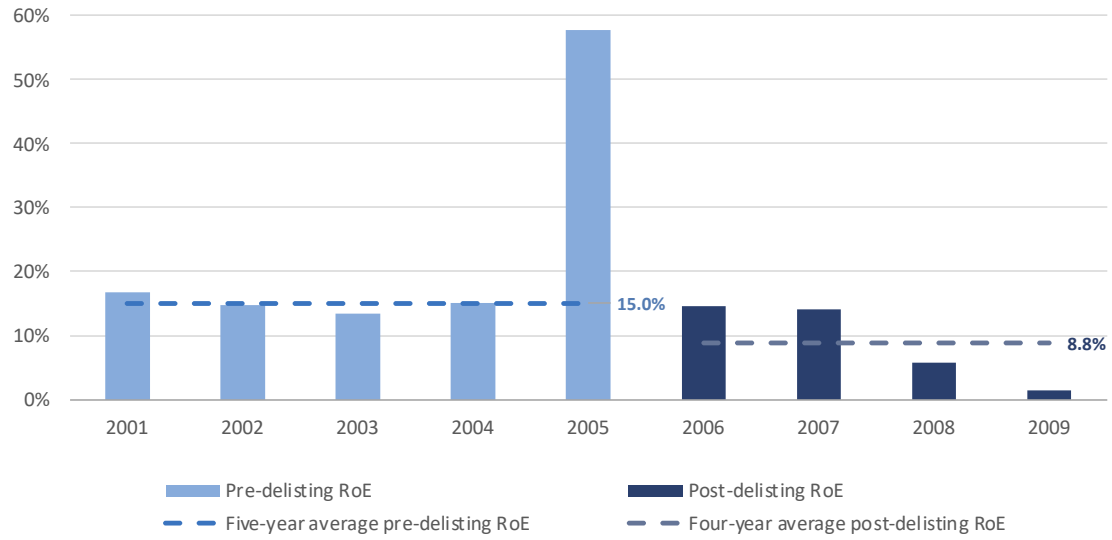
Ports of Auckland listed on the NZX in 1993 with Auckland Regional Holdings, the commercial arm of Auckland Regional Council at the time, owning 80% of the shares. The company delisted when Auckland Regional Holdings acquired 100% of the shares in July 2005 and the Council has wholly owned the company ever since.

Figure 7: Ports of Auckland return on assets (before and after delisting), 2001 to 2009, %



[7] Ports of Auckland's full financial statements are not publicly available for the year ended June 2010, therefore we are only able to analyse Ports of Auckland for four years post-delisting.

Figure 8: Ports of Auckland return on equity (before and after delisting), 2001 to 2009, %



Ports of Auckland's profitability deteriorated after delisting in July 2005. The company's returns were inflated in 2005 due to revaluations of its land, wharves and investment properties.[8] We have removed 2005 from the pre-delisting average RoA and RoE calculations as the revaluations do not reflect Ports of Auckland's underlying profitability. Excluding the 2005 results, the average pre-delisting RoA and RoE were 16.7% and 15.0% respectively, decreasing to 6.2% and 8.8% post-delisting respectively.

Figure 9: Ports of Auckland gearing ratio (before and after delisting), 2001 to 2009, %

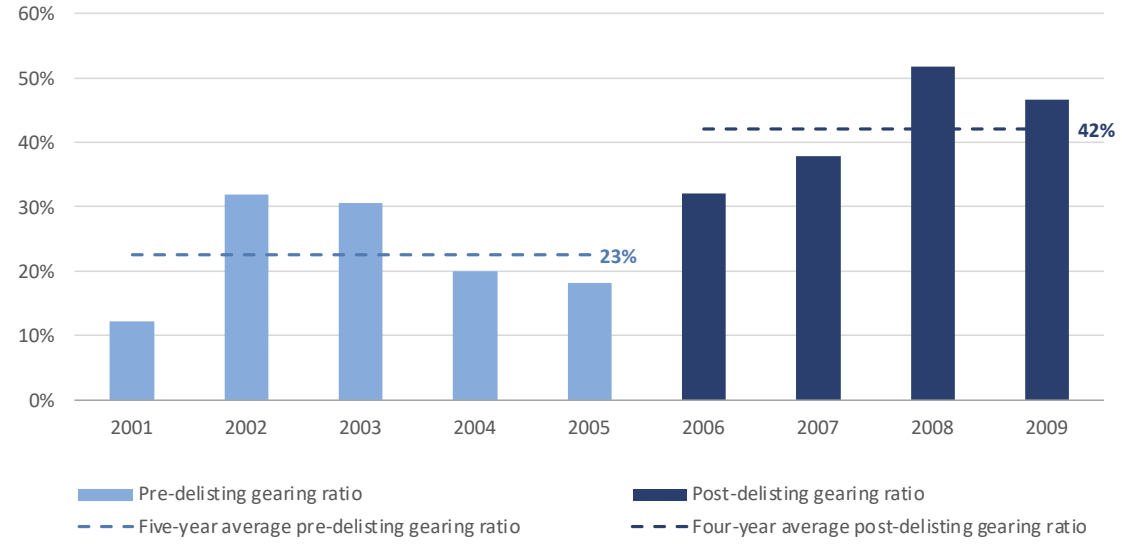
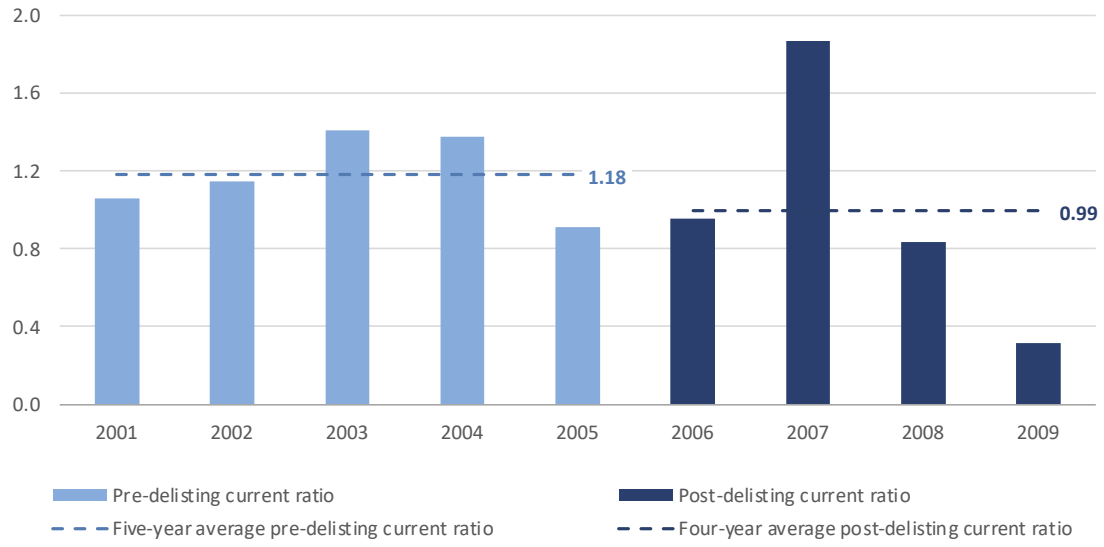


Figure 9 compares the gearing ratio of Ports of Auckland pre- and post-delisting. Following its delisting in 2005, the company took on additional debt which raised its gearing ratio. Ports of Auckland's average gearing ratio increased from 23% pre-delisting to 42% post-delisting.

[8] The 2006 results were also influenced by upward revaluations but the movement was not so material and does not influence our findings.

Figure 10: Ports of Auckland current ratio (before and after delisting), 2001 to 2009, %



Ports of Auckland's current ratios pre- and post-delisting are displayed in Figure 10 above. The company's current ratio decreased from 1.18 on average pre-delisting to 0.99 on average post-delisting.

Figure 11: Ports of Auckland dividend yield (before and after delisting), 2001 to 2009, %

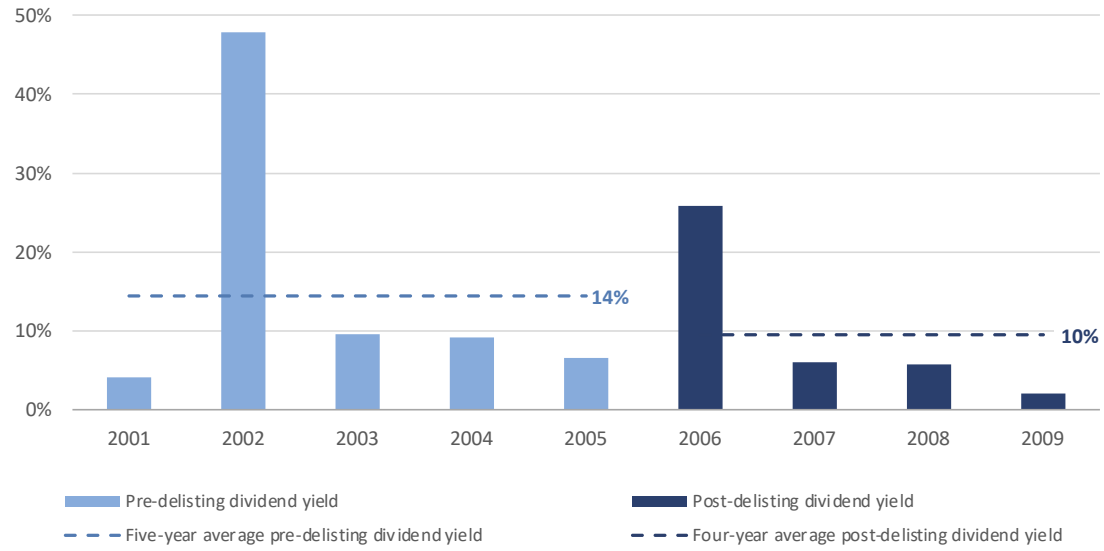


Figure 11 above shows the dividend yield of Ports of Auckland pre- and post- delisting. On average, the company's dividend yield were higher prior to delisting, with average dividend yield decreasing from 14% to 10% post-delisting. Special dividends were paid in 2002 and 2006 which led to high dividend yield in those years.

3.2 Lyttelton Port delisting

Lyttelton Port listed on the NZX in 1996 with a 19% public listing. Various regional authorities sold their shares in the company in 1997 which raised the level of public shareholding to 30%. The port delisted from the NZX in November 2014 and became 100% council owned, with Christchurch City Holdings Limited, the commercial arm of the Christchurch City Council, acquiring 100% of the company's shares.[9]

Figure 12: Lyttelton Port return on assets (before and after delisting), 2010 to 2019, %

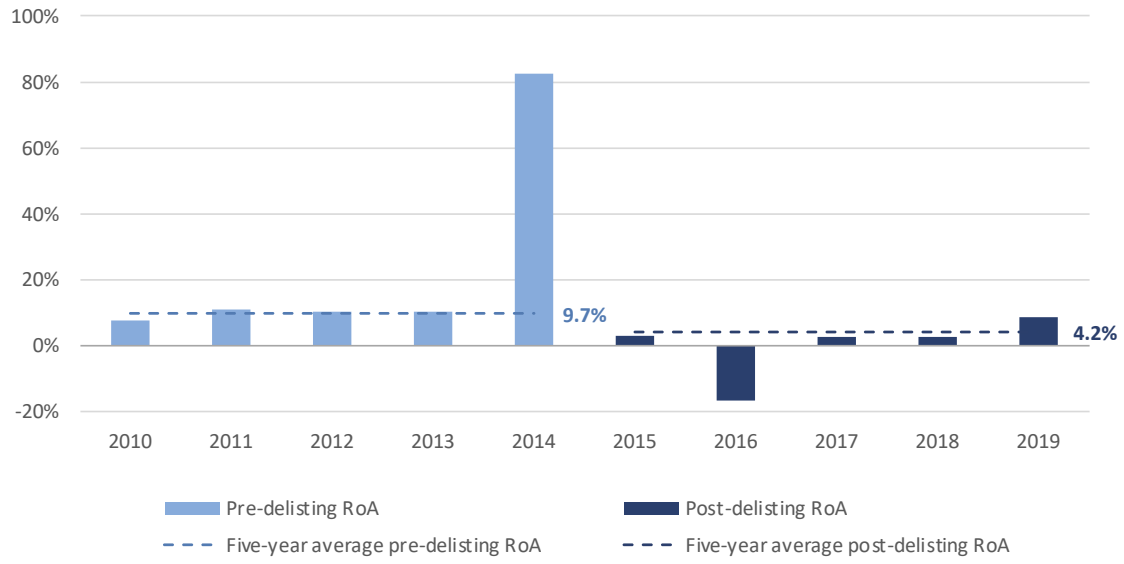
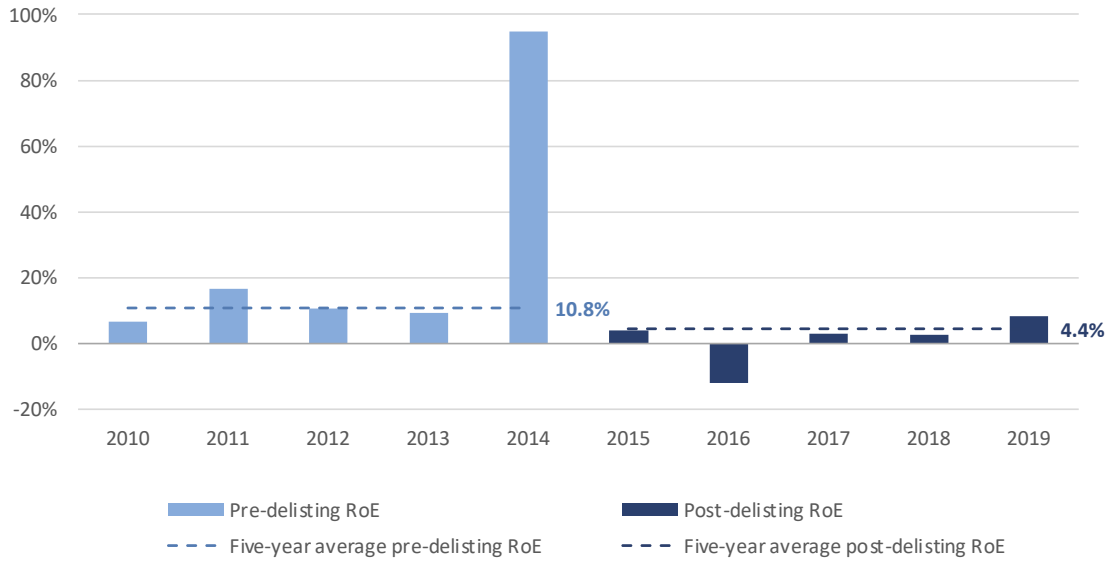


Figure 13: Lyttelton Port return on equity (before and after delisting), 2010 to 2019, %



Figures 12 and 13 show the RoA and RoE of Lyttelton Port pre- and post-delisting. The high returns in 2014 are a result of earthquake-related insurance payouts and the low returns in 2016 are largely driven by an impairment expense caused by earthquake damages.

[9] Immediately prior to delisting, 4.8% of the port's shares were held publicly, with Christchurch City Holdings Limited and Port Otago Limited holding the remaining 95.2% of shares between them.

Removing the 2014 and 2016 earthquake-related results from the calculations, Lyttelton Port's average RoA was 9.7% pre-delisting and 4.2% post-delisting. Removing 2014 and 2016 from the calculations, Lyttelton Port's average RoE pre-delisting was 10.8% compared to 4.4% post-delisting. If the 2014 and 2016 results are included the differences between the pre and post-delisting profitability measures are even greater.[10] Therefore, we conclude the company's profitability decreased following delisting from the NZX.

Figure 14: Lyttelton Port gearing ratio (before and after delisting), 2010 to 2019, %

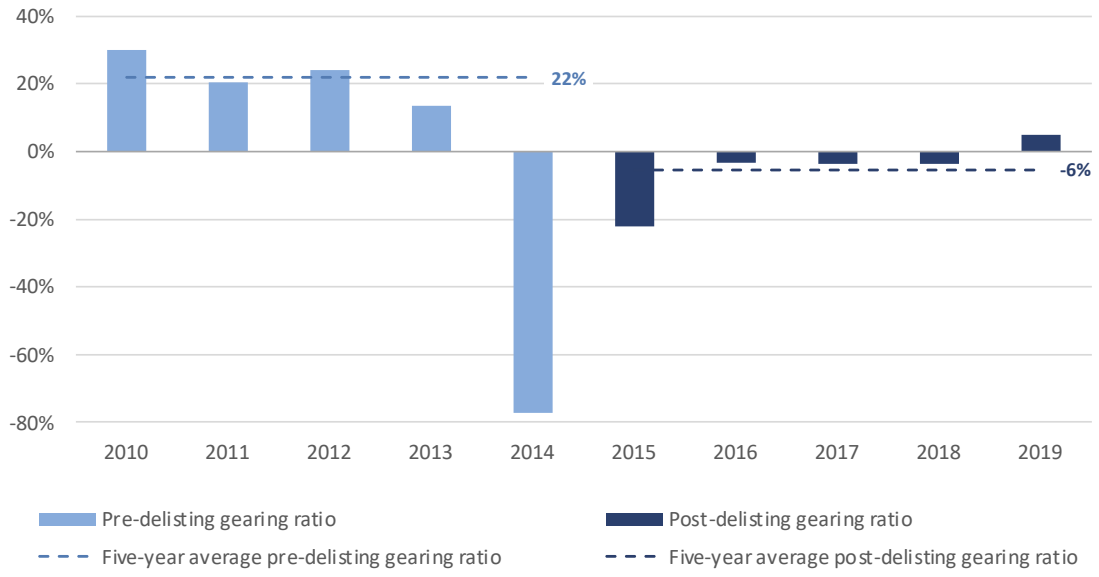
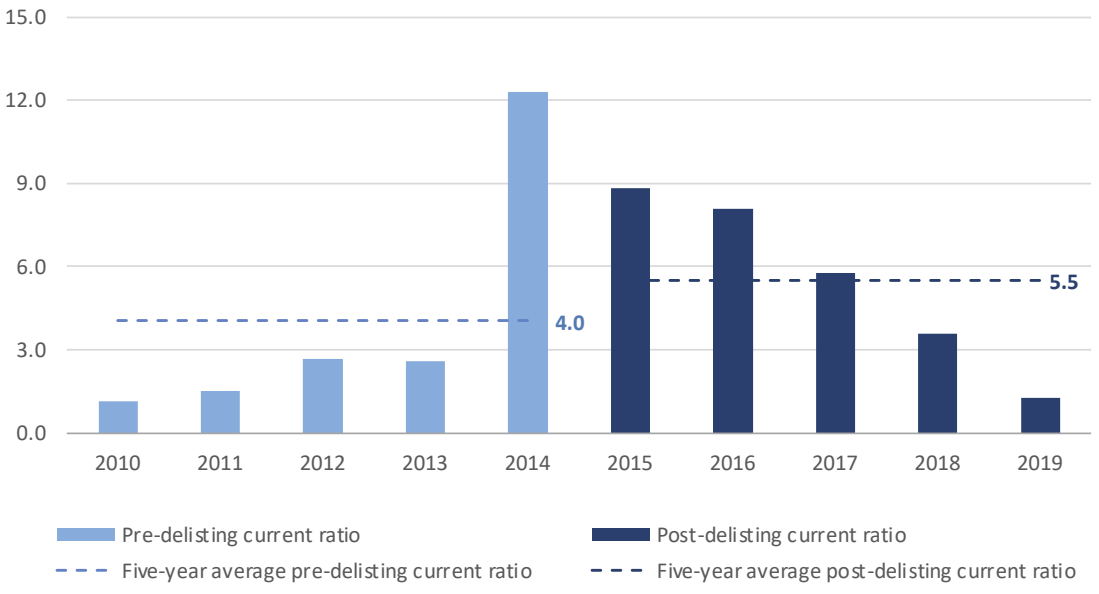


Figure 14 shows Lyttelton Port's gearing ratio pre- and post-delisting. Prior to 2014, the company maintained a positive gearing ratio. Following its earthquake-related insurance payouts in 2014, the company was able to pay off all its debt and held no debt on its balance sheet until 2019. Removing 2014 from the calculations, the average gearing-ratio pre-delisting was 22% compared to -6% post-delisting.

Figure 15: Lyttelton Port current ratio (before and after delisting), 2010 to 2019, ratio



[10] Including the 2014 and 2016 earthquake-related results, Lyttelton Port's average RoA was 21.5% pre-delisting and -0.3% post-delisting, while its RoE was 24.0% pre-delisting and 0.9% post-delisting.

Figure 15 shows Lyttelton Port's current ratio pre- and post-delisting. The company's current ratio was boosted following insurance payouts, peaking at 12.3 in 2014 and steadily decreasing since then as the company decreased its cash holdings. The average pre-delisting current ratio was 4.0 compared to 5.5 post-delisting.

Figure 16: Lyttelton Port dividend yields (before and after delisting), 2010 to 2019, %

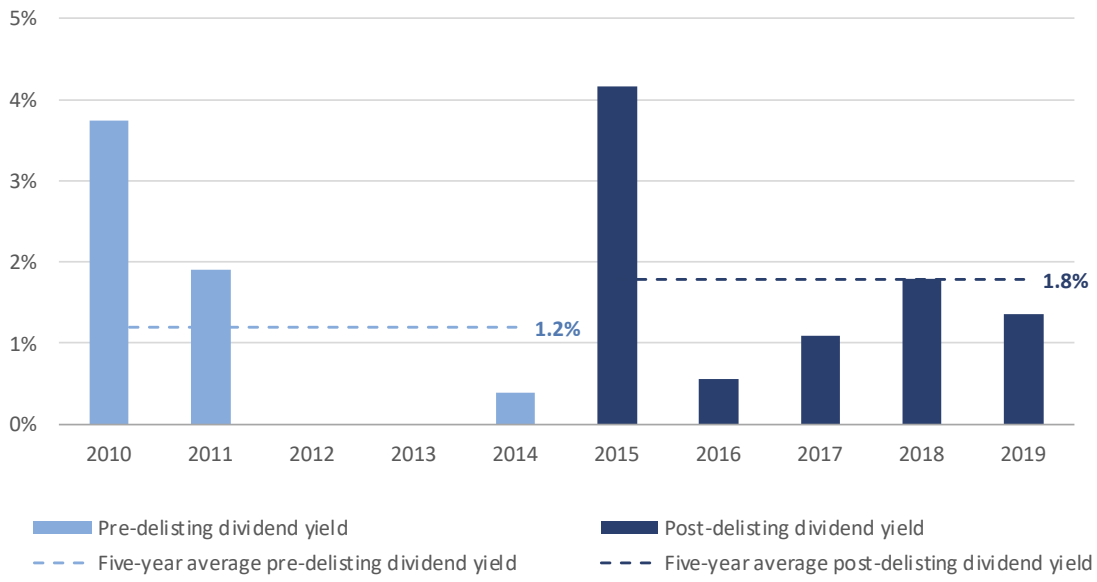


Figure 16 shows the dividend yield of Port Lyttelton. The average dividend yield pre-delisting was lower than average dividend yield post-delisting, partially due to the company suspending dividends in 2012 and 2013 while the company was awaiting earthquake-related insurance payouts to be completed.

3.3 Napier Port listing

Napier Port listed on the NZX in August 2019, with 45% of the company shares listed publicly. Prior to its IPO, Napier Port was 100% owned by Hawkes Bay Regional Council. At present, Napier Port only has three years of post-listing results and those years coincided with the COVID-19 pandemic. The effect of the listing on the company's financial performance will become clearer over the coming years.

Figure 17: Napier port return on assets (before and after listing), 2015 to 2022, %

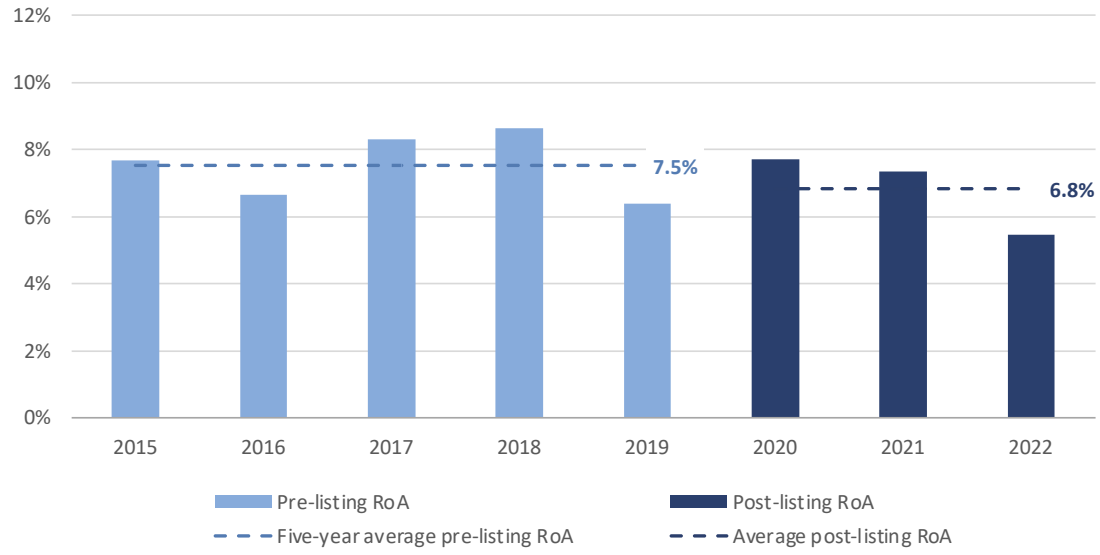
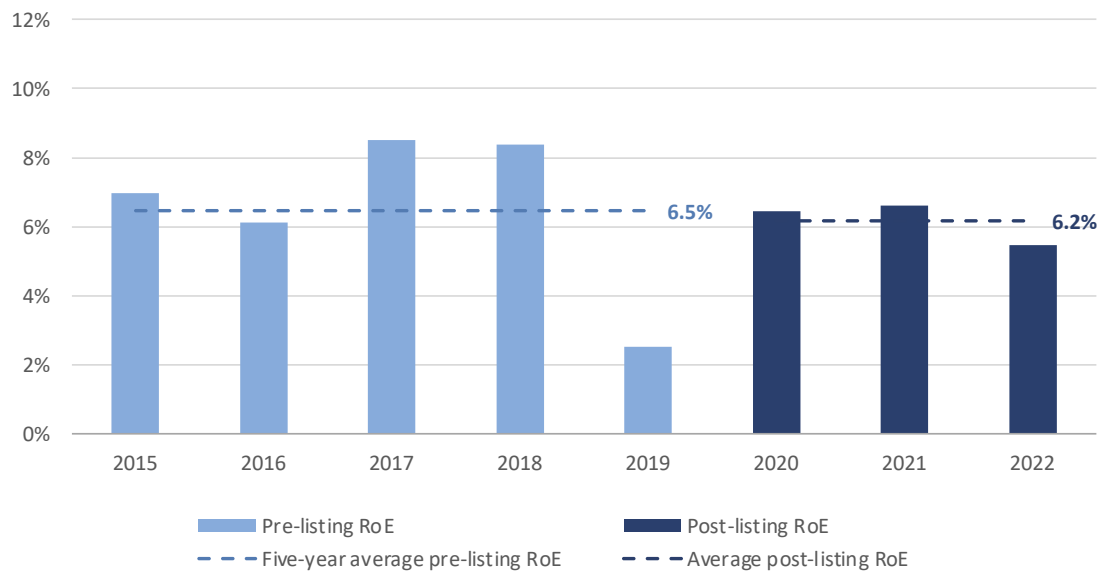


Figure 18: Napier port return on equity (before and after listing), 2015 to 2022, %



Figures 17 and 18 compare Napier Port's RoA and RoE pre- and post-listing. The average pre-listing RoA and RoE were 7.5% and 6.5% respectively and since listing, the average RoA and RoE decreased somewhat to 6.8% and 6.2% respectively. However, as noted above, the delisting was followed closely by the arrival of COVID-19 which adversely affected the company's earnings as a result of fewer cruise ships, forestry shutdowns and shipping disruption resulting in lost ship calls.

Figure 19: Napier port gearing ratio (before and after listing), 2015 to 2022, %

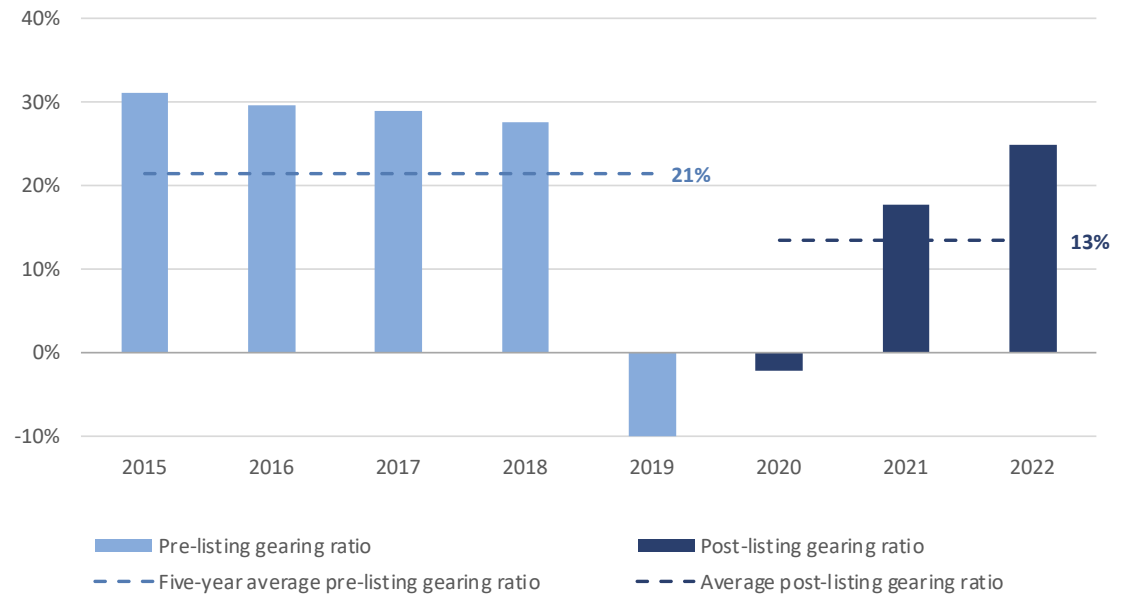
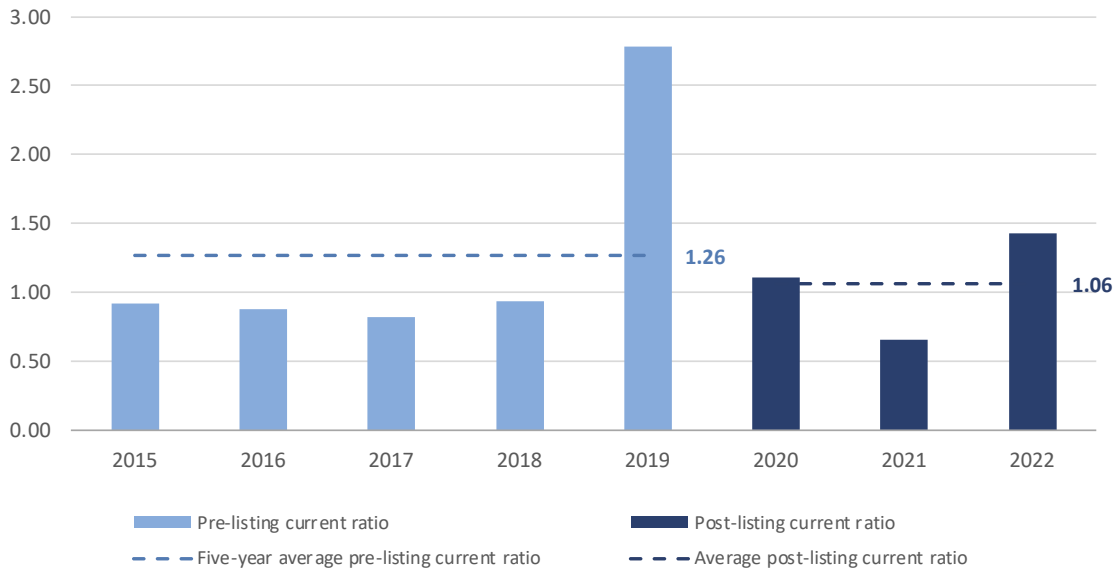


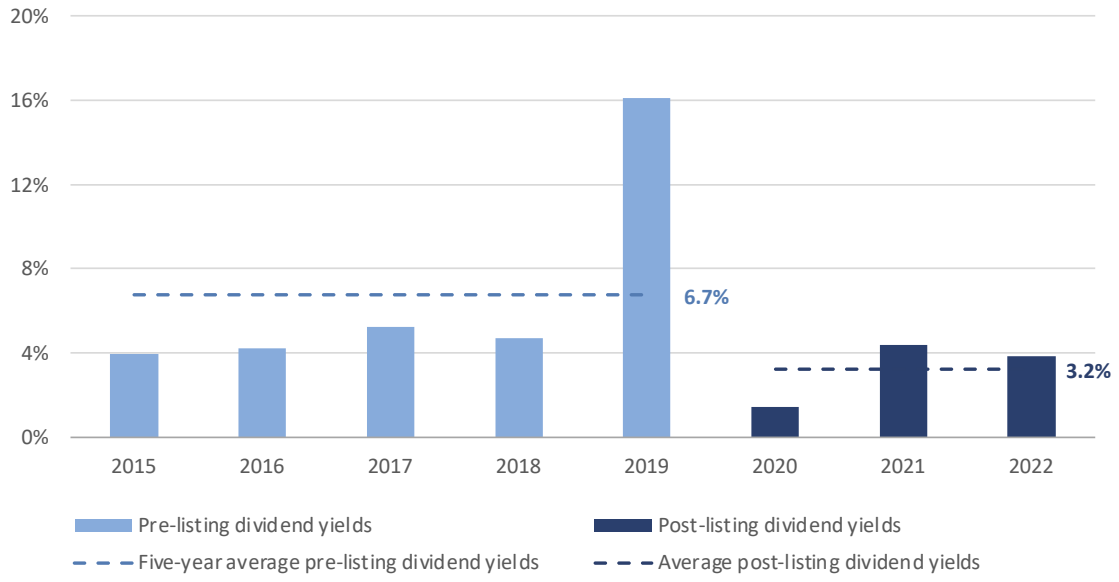
Figure 19 above shows Napier Port's gearing ratio pre- and post-listing. The company was able to use the funds generated from its IPO to pay down much of its debt and its average gearing decreased from 21% pre-listing to 13% post-listing.

Figure 20: Napier port current ratio (before and after listing), 2015 to 2022, ratio



Napier Port's average current ratio was 1.26 pre-listing, though this was boosted by the IPO cash in 2019, and 1.06 post-listing.

Figure 21: Napier port dividend yield (before and after listing), 2015 to 2022, %



Napier Port's average dividend yield has decreased from 6.7% to 3.2% since listing. The port's 2019 dividend yield was boosted by a special pre-IPO dividend.

3.4 Individual case studies summary

This section presented three case studies of ports delisting or listing. Ports of Auckland shows a clear deterioration in profitability, solvency and liquidity following its delisting. Ports of Auckland's dividend yield also decreased on average post-delisting. Similar to Ports of Auckland, Lyttelton Port's profitability decreased following delisting, although its gearing decreased, its current ratio increased and its dividend yield increased on average following delisting. It is important to note that Lyttelton Port's results were affected by the Christchurch earthquakes and subsequent insurance payouts and asset write downs.

Napier Port's profitability has decreased slightly following its listing on the NZX, although the Port has been able to use the funds raised in its IPO to pay down debt which has decreased its gearing ratio. Napier Port's current ratio has decreased slightly since listing and its dividend yield has decreased.

While only being a small sample, the Ports of Auckland and Lyttelton Port experiences are consistent with the findings of most peer-reviewed, published empirical studies that on average and over time, companies with private ownership achieve higher returns for their shareholders than wholly government-owned companies. That being said, there are of course examples of some privately owned companies performing worse than government-owned companies, at least for a time. Napier Port, which shows a slight deterioration in financial performance post-listing, may be such an example but the deterioration in its financial performance over the last few years may well be due to the impacts of COVID-19.

4 Conclusions

This report has presented an aggregate time-series analysis and three case studies to compare the financial performances of mixed-ownership and wholly council-owned ports.

The aggregate time-series analysis shows that on average over the last eight years the mixed-ownership ports have been more profitable and yielded higher dividends than the 100% local government-owned ports. The 100% local government-owned ports on average and over time had lower gearing and greater liquidity than the mixed-ownership ports.

The two delisting examples of Ports of Auckland and Lyttelton Port exhibited a deterioration of profitability post delisting. The effects of delisting on solvency, liquidity and dividend yield are less clear as Ports of Auckland's gearing ratio, current ratio and dividend yield deteriorated post-listing while Lyttelton Port's gearing ratio, current ratio and dividend yield improved post-listing. Contrary to the general findings of this study, Napier Port's profitability and dividend yield decreased somewhat after listing, although its gearing ratio and current ratio improved after listing and the deterioration in Napier Port's profitability may well be attributable to the impacts of COVID-19.

While on average and over time mixed-ownership companies generally are more profitable than government-owned (central or local) companies, listing does not always lead to an immediate increase in profitability, as is illustrated by Napier Port. However, Napier Port listed shortly before the COVID-19 pandemic and the long-term effects of the listing on the company's financial performance remain to be seen.

Appendix A – Ports' Ownership Structures, 2022

Port	Ownership type	Ownership details
Ports of Auckland	100% council owned	100% owned by Auckland Council
Port of Tauranga	Mixed-ownership	54% owned by Bay of Plenty Regional Council, 46% listed
Port Taranaki	100% council owned	100% owned by Taranaki Regional Council
Napier Port	Mixed-ownership	55% owned by Hawke's Bay Regional Council, 45% listed
CentrePort Wellington	100% council owned	76% owned by Greater Wellington Regional Council, 24% owned by Horizons Regional Council
Port Nelson	100% council owned	50% owned by Nelson City Council, 50% owned by Tasman District Council
Port Marlborough	100% council owned	100% owned by Marlborough District Council
Lyttelton Port Company	100% council owned	100% owned by Christchurch City Council
PrimePort Timaru	Mixed-ownership	50% owned by Port Tauranga, 50% owned by Timaru District Council
Port Otago	100% council owned	100% owned by Otago Regional Council
South Port	Mixed-ownership	66% owned by Environment Southland, 34% listed

Appendix B – Ports' Financial Ratios, 2015-2022

Ports of Auckland (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	10.1%	12.0%	7.9%	8.3%	5.9%	3.4%	4.4%	-0.1%
Return on Equity	12.5%	14.4%	9.1%	10.7%	6.9%	2.8%	5.1%	-1.0%
Gearing Ratio	29%	28%	30%	34%	39%	39%	38%	32%
Current Ratio	0.30	1.27	1.91	1.02	1.90	0.95	1.00	1.07
Dividend Yield	8%	8%	7%	7%	6%	0%	1%	1%

Port of Tauranga (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	9.8%	9.1%	9.3%	9.4%	9.0%	7.5%	7.8%	6.9%
Return on Equity	9.3%	8.7%	9.2%	9.2%	8.8%	7.5%	7.9%	6.4%
Gearing Ratio	24%	26%	29%	26%	28%	30%	30%	25%
Current Ratio	0.28	0.23	0.17	0.18	0.18	0.20	0.23	0.39
Dividend Yield	7.8%	8.1%	11.7%	10.3%	10.5%	10.4%	6.0%	4.6%

Napier Port (y.e. 30 September)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	7.7%	6.7%	8.3%	8.6%	6.4%	7.7%	7.4%	5.5%
Return on Equity	7.0%	6.1%	8.5%	8.4%	2.5%	6.5%	6.6%	5.5%
Gearing Ratio	31%	30%	29%	28%	-10%	-2%	18%	25%
Current Ratio	0.92	0.87	0.82	0.93	2.78	1.11	0.66	1.43
Dividend Yield	4.0%	4.2%	5.2%	4.7%	16.1%	1.4%	4.4%	3.8%

Port Taranaki (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	10.6%	7.9%	6.9%	7.0%	6.6%	8.8%	6.8%	7.2%
Return on Equity	9.5%	6.9%	5.3%	5.9%	5.3%	8.4%	6.0%	6.3%
Gearing Ratio	30%	21%	22%	22%	24%	21%	19%	17%
Current Ratio	0.72	1.43	1.53	0.89	1.04	0.97	1.02	0.70
Dividend Yield	3.3%	3.3%	3.6%	3.9%	6.3%	5.4%	5.1%	5.0%

CentrePort (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	8.0%	5.6%	25.4%	19.5%	23.1%	38.5%	0.8%	-1.7%
Return on Equity	9.4%	5.6%	25.1%	17.6%	27.1%	41.7%	-4.0%	4.8%
Gearing Ratio	34%	33%	15%	8%	-43%	-120%	-73%	-38%
Current Ratio	0.89	1.71	7.85	2.02	7.49	16.71	9.31	6.53
Dividend Yield	2.0%	2.1%	2.5%	2.3%	3.0%	1.1%	4.6%	1.3%

Port Nelson (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	6.4%	4.9%	7.3%	8.0%	8.4%	4.1%	5.3%	4.9%
Return on Equity	5.1%	3.6%	6.7%	7.8%	8.2%	3.7%	5.1%	4.5%
Gearing Ratio	13%	17%	21%	23%	24%	22%	22%	22%
Current Ratio	0.78	0.72	0.67	0.97	0.93	1.13	0.94	0.24
Dividend Yield	3.9%	3.3%	3.7%	3.0%	3.7%	2.5%	1.5%	1.7%

Port Marlborough (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	6.5%	3.7%	5.9%	8.1%	7.8%	2.0%	9.3%	10.2%
Return on Equity	5.2%	1.6%	5.8%	8.2%	6.6%	2.1%	10.2%	11.4%
Gearing Ratio	23%	20%	18%	17%	16%	15%	14%	19%
Current Ratio	1.19	1.27	1.89	1.28	1.40	1.53	2.35	1.25
Dividend Yield	2.1%	1.7%	2.0%	2.4%	2.4%	2.3%	2.2%	2.1%

Lyttelton Port (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	2.9%	-16.6%	2.8%	2.7%	8.6%	-32.0%	3.8%	4.7%
Return on Equity	3.9%	-12.0%	3.0%	2.5%	8.4%	-35.0%	4.2%	5.1%
Gearing Ratio	-22%	-3%	-4%	-4%	5%	19%	28%	31%
Current Ratio	8.81	8.08	5.76	3.58	1.27	1.10	1.27	0.94
Dividend Yield	4.2%	0.6%	1.1%	1.8%	1.4%	1.9%	2.8%	2.6%

PrimePort (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	8.7%	8.0%	7.5%	6.2%	7.7%	9.9%	10.7%	9.1%
Return on Equity	7.2%	7.5%	7.2%	5.6%	7.2%	9.4%	10.1%	10.1%
Gearing Ratio	12%	35%	32%	28%	33%	29%	37%	38%
Current Ratio	1.86	2.01	2.97	1.27	0.27	1.30	0.74	1.02
Dividend Yield	1.3%	2.7%	2.6%	2.6%	2.2%	2.8%	2.5%	3.2%

Port Otago (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	13.1%	9.0%	8.9%	9.8%	10.2%	9.6%	14.9%	10.5%
Return on Equity	14.6%	8.8%	9.3%	9.7%	10.1%	9.6%	16.0%	10.6%
Gearing Ratio	8%	13%	14%	14%	11%	12%	13%	15%
Current Ratio	3.44	2.89	2.86	2.27	2.12	2.11	0.94	0.77
Dividend Yield	1.9%	1.8%	1.7%	1.9%	1.7%	1.7%	1.6%	1.9%

South Port (y.e. 30 June)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	25.2%	25.7%	23.2%	26.4%	26.0%	24.1%	23.0%	21.4%
Return on Equity	23.9%	25.3%	23.2%	25.0%	23.6%	21.4%	22.5%	24.5%
Gearing Ratio	15%	22%	18%	13%	11%	11%	13%	31%
Current Ratio	1.29	0.45	1.20	1.08	1.17	1.00	1.11	1.22
Dividend Yield	18.1%	18.1%	18.3%	17.0%	15.9%	14.9%	13.8%	12.8%

Appendix C – Case Studies' Financial Ratios

Ports of Auckland (y.e. 30 June)	2001	2002	2003	2004	2005	2006	2007	2008	2009
Return on Assets	19.3%	16.4%	14.9%	16.4%	47.8%	12.3%	4.2%	3.7%	4.9%
Return on Equity	16.7%	14.7%	13.5%	15.1%	57.8%	14.6%	14.1%	5.8%	1.5%
Gearing Ratio	12%	32%	31%	20%	18%	32%	38%	52%	47%
Current Ratio	1.06	1.15	1.41	1.38	0.91	0.95	1.87	0.84	0.32
Dividend Yield	4.1%	47.8%	9.6%	9.2%	6.6%	25.9%	6.0%	5.7%	2.1%

Lyttelton Port (y.e. 30 June)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Return on Assets	7.5%	10.9%	10.1%	10.4%	82.6%	2.9%	-16.6%	2.8%	2.7%	8.6%
Return on Equity	6.8%	16.7%	10.5%	9.3%	94.9%	3.9%	-12.0%	3.0%	2.5%	8.4%
Gearing Ratio	30%	21%	24%	13%	-77%	-22%	-3%	-4%	-4%	5%
Current Ratio	1.12	1.52	2.65	2.59	12.29	8.81	8.08	5.76	3.58	1.27
Dividend Yield	3.7%	1.9%	0.0%	0.0%	0.4%	4.2%	0.6%	1.1%	1.8%	1.4%

Napier Port (y.e. 30 September)	2015	2016	2017	2018	2019	2020	2021	2022
Return on Assets	7.7%	6.7%	8.3%	8.6%	6.4%	7.7%	7.4%	5.5%
Return on Equity	7.0%	6.1%	8.5%	8.4%	2.5%	6.5%	6.6%	5.5%
Gearing Ratio	31%	30%	29%	28%	-10%	-2%	18%	25%
Current Ratio	0.92	0.87	0.82	0.93	2.78	1.11	0.66	1.43
Dividend Yield	4.0%	4.2%	5.2%	4.7%	16.1%	1.4%	4.4%	3.8%

– Years post delisting/listing