

Media Release

14 October 2015

Christchurch City Holdings underlying profit up 50 percent

Christchurch City Holdings Ltd (CCHL) reported an underlying profit before tax of \$131m for the year to June, 2015, \$43m ahead of last year and \$18m higher than the Statement of Intent (SOI) forecast.

CCHL paid an ordinary dividend to Christchurch City Council of \$46m.

CCHL is the investment arm of Christchurch City Council. It owns or has majority holdings in Orion New Zealand Ltd, Christchurch International Airport Ltd, Lyttelton Port Company Ltd, Enable Services Ltd, City Care Ltd, Red Bus Ltd, and EcoCentral Ltd. The newly-established Development Christchurch Ltd also sits within the CCHL group. CCHL also monitors the Canterbury Development Corporation on behalf of the Council.

Bruce Irvine, chairman of CCHL, said that the reported consolidated profit for the year was \$132.3m, which was significantly lower than the \$402.6m recorded in the 2014 financial year.

“There were a number of one-off factors, in particular the recognition of insurance revenues by Lyttelton Port Company Ltd in 2014, which make a direct comparison of the results misleading. By adjusting the pre-tax group profits of 2015 and 2014 and

the forecasts in last year's SOI we were able to arrive at a more easily comparable underlying profit before tax figure," he said.

The main reasons for the improvement in underlying profit over the previous year included:

- A significant uplift in Christchurch International Airport's trading performance, reflecting passenger growth, new airline capacity and improved aeronautical, commercial and property revenues.
- A reduction in Lyttelton Port Company's earthquake-related costs combined with increased interest income following its insurance settlement last year.
- An improvement in Orion New Zealand's underlying profit, reflecting higher electricity delivery revenues, combined with control of costs.

The report also highlighted other positive contributions from CCHL's subsidiary companies. Enable Services Ltd's network deployment programme for the year was 15% ahead of the plan agreed with the Crown, and its whole build programme was 48% complete as at June 2015. City Care continued to perform well with an after-tax return on average equity of 19.2%, Red Bus Ltd returned to profit (albeit marginally) after two years of losses and EcoCentral Ltd had a very strong year with a significantly improved profit of \$2m.

"The CCHL group continues to play a vital role in the recovery of Christchurch and Canterbury following the 2010-2011 earthquakes. Overall the group is in strong financial shape, with many of the companies now experiencing improved profitability and growth as they return to business as usual.

"It has grown significantly in value over the years and its 100% shareholder, Christchurch City Council, is in the position of owning a valuable portfolio of commercial assets.

“The Council has determined that it will need to raise a substantial amount of capital from CCHL through its capital release programme in order to keep its forecast debt within appropriate limits.

“CCHL is committed to working proactively in executing the Council’s capital release over the next few years,” he said.

The annual report is available at: www.cchl.co.nz

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Further information:

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About CCHL: CCHL is the investment arm of Christchurch City Council. It owns or has majority holdings in major infrastructure including the electricity network (Orion New Zealand Ltd), transport, freight and logistics (Christchurch International Airport Ltd, Red Bus Ltd, Lyttelton Port Company Ltd), optical fibre network (Enable Services Ltd) and infrastructure, maintenance and services (City Care Ltd and Eco Central Ltd). The newly-established Development Christchurch Ltd also sits within the CCHL group and CCHL also monitors the Canterbury Development Corporation on behalf of the Council. www.cchl.co.nz