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Rangatira reports improved second half; building blocks in place for better performance

Rangatira Investments has announced a full year profit after tax of $13.7 million for the financial year ended 31 March 2015. This compares with $39.4 million for FY14, but last year's result included one-off gains of $32.1 million, primarily from the sale of Rangatira's stake in Contract Resources Limited. Operating earnings were $9.2 million, up on last year's $8.0 million, reflecting improved performance in some portfolio companies.

Rangatira has declared a final, fully imputed dividend of 27 cents, making the total dividend for FY15 47 cents, up from 46 cents last year. The dividend will be paid on 29 June 2015 and the share register will close for dividend purposes on 19 June 2015. Directors have assessed the asset backing on Rangatira's shares at $11.32 at 31 March 2015, compared to $11.20 last year.

Rangatira Investments Chairman, David Pilkington, said, "While the total return of 5.2% falls short of our historical performance, we made significant gains in the second half of the financial year that offset a challenging first half. We made the second half gains as a result of a number of initiatives we put in place to deliver for shareholders over the long-term. These included making changes to some of our private businesses to improve their operating performance, the appointment of Phil Veal as our new Chief Executive, and a strategic focus on new investment opportunities in order to put our cash to work."

Chief Executive Phil Veal said, "We are actively identifying potential investment prospects – focusing on middle market businesses in New Zealand that have strong growth prospects – and building relationships with business owners and potential co-investors. Alongside this, we're focused on driving operational performance of the existing portfolio of companies that Rangatira is invested in. Hellers, which Rangatira has a 50% stake in, is a good example – it has grown into a market leader and become an iconic New Zealand food brand.

"At Rainbow's End, a wholly-owned subsidiary, visitor numbers have increased as a result of enhancing the visitor experience. We're also happy to note improved performance at Polynesian Spa, which we have a 51% stake in, with month-on-month revenue growing on the back of increased tourist traffic to Rotorua," said Phil Veal.

For middle market businesses that have strong growth prospects, Rangatira has a unique competitive advantage over other private equity options because it invests its own permanent capital and can therefore have a longer investment timeframe. Rangatira also prefers to be a cornerstone investor, co-investing with existing business owners and management, and this underpins Rangatira's ability to grow great New Zealand businesses and improve shareholder returns.

David Pilkington said, "Rangatira continues to hold a strong balance sheet and is ready to take advantage of further market opportunities we identify for the benefit of our shareholders."

Rangatira's majority shareholder is the J.R. McKenzie Trust (51%), with other community and charitable organisations holding 15%, and private investors making up the balance. Annual dividend payments enable Rangatira's non-profit shareholders to continue to deliver meaningful social impact.

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