



1 June 2017

Rangatira Investments reports flat operating earnings on a mixed year

Rangatira today announced a full year profit after tax of \$16.3 million. This result compared with \$50.2 million last year - however, that figure included a \$36.3 million revaluation gain following the reclassification of Hellers as a subsidiary.

Operating earnings were \$11.7 million, slightly up on last year's \$11.5 million. Full year profit also included a \$1.7 million impairment charge against the investment in Konnect Net reflecting our current valuation.

	12 months to March 2017 (\$M)	12 months to March 2016 (\$M)
Operating earnings	11.7	11.5
Gains from realisation of investments	8.6	3.4
Impairment loss on investments	(1.7)	(1.0)
Transaction costs and one-off items	(2.3)	36.3
Profit after tax	16.3	50.2

Rangatira declared a final fully imputed dividend of 32 cents, making the total dividend for the year 54 cents (51 cents last year). The dividend will be paid on 19th June 2017 and the share register will close for dividend purposes on 9th June 2017. Directors have assessed the net asset value per share at 31 March 2017 to be \$12.99 (\$230.1 million group net asset value), up from \$12.43 per share last year (\$220.1 million).

Rangatira's Chair David Pilkington says that despite some headwinds in 2017, they are pleased to report a Total Shareholder Return of 8.8% for the full year. This figure includes dividends and capital growth, and reflects a 4.5% increase in Net Asset Value.

Pilkington says the return was driven by mixed performances at its private companies.

"Hellers and Rainbow's End in particular were affected by poor summer weather in New Zealand. We also impaired our holding in Konnect Net, reflecting slower than expected growth".

On an encouraging note, Pilkington says that realised gains offset some of the operational challenges of relatively flat operating earnings.

“We more than doubled gains compared to last year, driven by a gain on the sale of listed equities, common investment funds and the sale of our stake in Tuatara Brewing during the year,” Pilkington says.

Chief Executive Phil Veal said Rangatira has had a year of mixed performances.

“We continue to look for ways to mitigate the effects of the weather on Hellers and Rainbow’s End. At Hellers we’ve introduced new product ranges such as My Main Course & Santa Rosa Chicken, and at Rainbow’s End, new covered attractions like Driver’s Town.

“There are many positives to report across the portfolio. Bio-Strategy completed its first full year in the Group, and acquired VWR’s laboratory supply operations in Australia and New Zealand in March. This transaction effectively doubled the size of the company. We are working to integrate the two businesses, and expect to have completed that process by the end of the year. Hellers started exporting to Australia and acquired Gramart, an ingredients and sauces business based in Christchurch. APC Innovate, our point-of-sale packaging company, reported increased operating earnings on the back of more demand from customers. Polynesian Spa, our thermal baths in Rotorua, enjoyed a productive 45th year in our portfolio buoyed by high tourist numbers,” Veal says.

“Rangatira will continue to focus on investment opportunities within the business sectors it knows and invests in already, such as food and tourism but we are also looking for opportunities in any sector where we can co-invest with existing owners,” Veal says.

For middle market and family businesses that have strong growth prospects, Rangatira is a long-term co-investor; it has a unique competitive advantage over other private equity investment funds because it invests its own permanent capital.

Pilkington says Rangatira retains a strong balance sheet and significant allocation to cash.

“We are ready to take advantage of new opportunities, particularly leveraging our long track record of co-investing with family owners of businesses with revenues of \$10 million and up”.

Rangatira Investments’ majority shareholder is the J.R. McKenzie Trust (51%), with other community and charitable organisations holding a 15% share. The annual dividend payments enable non-profit shareholders to continue to deliver meaningful social impact.

ENDS

For further information, please contact:

Peter Taylor | Analyst & Investor Relations | Rangatira Investments | 04 471 6140