

15 November 2022

**Marsden Maritime Holdings Ltd**  
**Annual Shareholder Meeting**

**CHAIRMAN'S AND CHIEF EXECUTIVE'S ADDRESS**

**CHAIRMAN'S ADDRESS – MURRAY JAGGER**

Nau Mai Tēnā koutou katoa. Good afternoon, welcome to the 34<sup>th</sup> Annual Shareholders Meeting of Marsden Maritime Holdings Ltd. I'm Murray Jagger, Chairman of Marsden Maritime.

Before we start proceedings, I have a few matters to cover:

- There are two resolutions to be considered today – a vote will be held on each one.
- All shareholders can vote on all resolutions.
- All the resolutions are ordinary resolutions and require 50% approval.
- Results will be announced soon after the conclusion of the meeting.
- We will hold a Q&A during the general business section of the meeting.
- Please raise your hand to ask a question during the general business section.

You may have noticed that we are videoing this year's annual meeting. Making the annual meeting accessible to all shareholders is important to us. This year we will make a recording of the meeting available online following the meeting, however, moving forward we commit to hosting a hybrid meeting so all shareholders can either join in person or online and engage in the meeting.

The required quorum of 5 shareholders is present so I now declare the meeting open.

**WELCOME**

I would now like to introduce my fellow Directors.

Firstly, our Directors:

- Hamish Stevens – Chair of the Audit and Risk Committee
- Benoit Marcenac – Chair of the Port Ecosystem and Land Committee
- Mark Bogle
- Unfortunately, three of our directors are unable to be here today,
- Firstly Kirsten Andrews who is at an Environment Court Hearing
- Rabin Rabindran who is in the US on business
- And finally, Tony Gibson – Chair of the Remuneration Committee, who has a family member that is unwell.

And, our Chief Executive, Rosie Mercer.

We also welcome our Legal Counsel, David Jones from Heimsath Alexander, our Audit Partner, Darren Hilhorst from Ernst and Young and Andrew Mather from ComputerShare.

8 Marsden Bay Drive, Marsden Point 0171  
P O Box 196, Ruakaka 0151, New Zealand

Phone: 09 432 5033

Email: [info@marsdenmaritime.co.nz](mailto:info@marsdenmaritime.co.nz)

Website: [www.marsdenmaritime.co.nz](http://www.marsdenmaritime.co.nz)

I would like to take a moment to acknowledge and thank Rabin who this year is standing down from his role on the Board. Rabin joined the Board in 2019, Rabin brought to the Board his deep understanding of procurement, infrastructure development and contract law. His contribution will be missed.

The Board also thanks MMH's Financial Controller Gavin Carroll, who took the position of acting chief executive until Rosie started in the role in July this year.

The Notice of Meeting has been circulated to all shareholders and is taken as read.

The Company's Share Register is available for inspection with the Share Registrar, Computershare Investor Services Ltd. The registry of Directors' shareholdings and interests is also tabled on pages 25 to 26 of the annual report as required under the provisions of the Companies Act 1993.

I would advise that proxies have been received from 102 shareholders, representing 8.31% of the shares.

In accordance with normal practice, the Minutes of the Annual Meeting held on 4 November 2021 were approved by the Directors during the year as being a true and correct record of that meeting. I, therefore, do not propose to have those minutes read.

If any shareholder would like to request to see the minutes, please email [info@marsdenmaritime.co.nz](mailto:info@marsdenmaritime.co.nz)

Here's an agenda for today's meeting.

I will cover:

- The financial overview,
- Our strategy and Masterplan, and
- The outlook for the year ahead.

I'll then hand over to Rosie who will present:

- An Ecosystem update,
- ESG, and
- Further detail on the financials.

From there, we will move to:

- Voting resolutions, and
- General business.

Over the past year, we have achieved significant progress against our business strategy and delivered a strong result. We have taken time to continue working on our business, laying solid foundations so we can deliver on our purpose for our community and environment.

We've made great progress in recent years, I will now present a financial overview, our strategy and masterplan, and an update on Northport.

## FINANCIAL HIGHLIGHTS

Off the back of a record year last year, the result was driven by solid growth in our commercial and marine ecosystems.

- Net profit after tax was \$13.1 million, down 8% from last year.
- Earnings from the joint venture interest in Northport Ltd were \$8.4 million, down 11% on the same period as last year.
- Over the last few years, we have invested in strategic businesses with good lease structures and tenure, which is reflected in the \$3.9 million increase of investment property.
- Lease revenue is up 16% to \$3.7m, due to the completion of two significant construction projects that were completed and tenanted during the period.
- We invested \$13.4 million directly into the local economy. This investment includes payment for goods and services provided by Northland based suppliers along with salaries and wages paid to our people.
- Revenue from Group leasehold property and marina operations was \$6.2 million up 14.8% from last year.
- The astute observers among us will notice that this differs from what is shown in an Annual Report. We found an error in our calculations for the revenue increase at the boatyard and marina which is 14.8% rather than the previously reported 12.5%.
- And finally, we were pleased to pay a fully imputed final dividend of 10 cents per share. This brought the total dividend distribution for the year to 16 cents per share, down two cents from last year.

## REGIONAL ENABLERS FOR GROWTH

MMH is proud to play a significant role in Northland's economic development. With over 180 hectares of prime commercial property available immediately behind Northland's deep-water port and transport infrastructure, we are a key driver in Northland's growing economy.

It is an exciting time for the company and the region, with opportunities for growth as we continue to strengthen New Zealand's supply chain and remove congestion from other main ports across the country.

With improved connectivity from the Government's investment in rail and road improvements and Northport's development plans, we believe MMH is in a prime position to support Northland's social and economic growth.

## STRATEGIC ROADMAP

We have developed this roadmap and presented it over the past few years to show you the milestones we have achieved, what's in progress, and what's on the horizon.

1. This year we have completed the Land Use and Development Strategy. The outcome of this strategy is our Masterplan which provides a robust blueprint that will guide our future activities while driving sustainable social, environmental and economic benefits.
2. To deliver on the Masterplan over the next three decades we must have the correct capital funding structure in place that will ensure MMH is future-proofed and financially sustainable, work on this structure will be a focus for 2023.

3. An upcoming milestone for MMH is the planning needed to deliver our masterplan. I will present the masterplan to you shortly. The Board and management are excited about what our masterplan will guide us to deliver for the region so we can fulfil our purpose.

MMH is in an important phase of growth and intentional engagement with all our shareholders and stakeholders will be critical to the company's success as we continue to progress against this roadmap and upcoming milestones not yet on the roadmap. We're committed to this engagement; it will be a key focus for the Board and management as we embed it into our BAU.

We are also focused on strengthening MMH as a parent company to be a more resilient and profitable company going forward. To do this the Board and Management are working closely to improve and streamline processes.

Some examples of this include:

- Developing our GIS database to centralise information
- Establishing procurement guidelines and processes
- Embedding customer onboarding processes

## **STRATEGY**

In 2020 we updated our business strategy, we have shared this in our annual report and have used this to guide our annual meetings in recent years, however, I would like to take some time now to recap the strategy.

With our region and company entering a critical period, it was timely to review the company's reason for being and focus on what MMH's purpose should be going forward.

**Our purpose is:** Transforming Northland's Economy.

This purpose drives every business decision we make, it is the company's reason for being.

**Our vision:** We will enable Northport's growth and actively invest in business ecosystems to transform Northland's economy.

Our core values are the principles of how we behave, these are:

- All about people
- Community at heart
- Driven by success
- Excited everyday
- Be brave

The strategy recognises six ecosystems, these are divided into two areas - our core business and expanding the core.

The core ecosystems are the port, industrial, commercial and marine.

And the ecosystems that expand on our core business are the Port Network and MMH Investment Network.

These ecosystems allow us to do what we have the skill set to do, so we can enhance the core.

The Board and management are committed to delivering on this strategy. By using the strategy to guide our decisions we will deliver strong outcomes for our people, company and region.

- Our People - Our team, customers and investors are succeeding and are confident about Marsden Maritime Holdings.
- Marsden Maritime Holdings – Long-term value creation.
- Our Region - Northland's economy is growing and transforming as a result of Marsden Maritime Holdings' investment.

Finally, our role. Kaihautu – Navigators in a voyaging waka. This links back to our purpose of transforming Northland's economy. We will work closely with stakeholders and businesses, for the benefit of our region and the communities we serve.

We will be refreshing the strategy in 2023 to ensure that it is fit for purpose as we look ahead to implementing our masterplan. How we serve our people and environment, and long term value creation for MMH and our stakeholders will be key considerations of this strategy refresh.

## **MASTERPLAN**

We're pleased to present our masterplan that will allow us to deliver on our purpose of transforming Northland's economy.

The masterplan provides a robust blueprint that will guide Marsden Maritime's future activities while driving sustainable social, environmental and economic benefits. It will allow us to take a structured and consistent approach to development over the next 30 years.

We have made decisions that deliver to the outcomes in our strategy with the long-term success of our stakeholders and the region at the heart.

We have continued to strengthen our relationship with Patuharakeke who played a significant role in the development of our Masterplan.

Cultural landscape and amenity are key design drivers of our Masterplan which will underpin not only the significance of the area for Patuharakeke, but the wider sense of place of our development. We have enjoyed developing our relationship with Patuharakeke this year and we look forward to continuing to collaborate with mana whenua in the years to come.

The Masterplan categorises areas of undeveloped land and sets out where development is best located across the site including spatial requirements, and required infrastructure and amenities investment to support it.

Aligning with our strategy the Masterplan divides land by our core ecosystems, Port, Industrial, Commercial and Marine.

The design has been tested and refined to confirm that they are well located based on their spatial requirements, co-dependencies, reverse sensitives and access needed.

I'll now play a [video](#) to give you a more in-depth overview of our masterplan.

## **NORTHPORT**

### **Northport remains an integral player in the upper North Island supply chain.**

It continues to be a significant piece of infrastructure for Northland which is nationally important and strategically critical.

Earlier this year Northland Inc. released an independent report it commissioned to investigate the economic and related social impacts that an expansion of Northport would have on the Northland region.

The report found that the expansion of Northport is estimated to create an extra \$160 million in GDP per annum and approximately 1,500 new jobs by 2060.

On the 12<sup>th</sup> of October this year, Northport celebrated its 20<sup>th</sup> Anniversary of its operation at Marsden Point. This is a significant milestone.

### **Continued progress on expansion and vision for growth.**

Northport has lodged its resource consent application for expansion at its eastern end while continuing to develop plans for the proposed shipyard and dry-dock on its western side.

The eastern development covers 13 hectares for additional container storage, handling and transportation and is where Northport proposes to integrate the port with KiwiRail's proposed Marsden Point spur.

Further work is currently being done on the proposed shipyard and dry-dock facility to explore all opportunities and possible variations to encourage investment in this project, maximise employment and other benefits, and manage potential adverse effects.

### **Increased container volumes in line with Northport's vision for growth.**

Supply chain challenges and congestion in other ports have contributed to this increase in container volumes. In line with Northport's vision for growth container volumes were up to 19,106 TEU from 13,451 TEU in the same period last year.

Bulk cargo and logs throughput at Northport were both down.

I wish to acknowledge our JV partner Port of Tauranga who fully supports the Northport growth strategy and commitment to Northport's contribution towards a more resilient Upper North Island Supply Chain.

I would like to acknowledge Jon Moore from Northport and his management team for marking 20 years since the port opened at the site, and the effort made preparing and submitting the resource consent application for the expansion project.

I'll now play our Northport vision for Growth [video](#).

## **NORTH TUGZ**

I would also like to take to opportunity to acknowledge Northland Harbour Board originally and now North Tugz which has conducted marine services to oil tankers and the NZ Refining Company. April this year saw NZ Refining Company end and the creation of Channel Infrastructure. Therefore, becoming a fuel storage and distribution centre for Auckland and Northland.

I would also like to acknowledge North Tugz Chief Executive Tom Greig for successfully renegotiating contracts with the four oil companies to secure the ongoing future of North Tugz.

## **OUTLOOK**

Over the past year, we have taken time to continue working on our business, laying solid foundations so we can deliver on our purpose for our community and environment.

Alongside every company in New Zealand and many others globally, we are facing strong economic headwinds that are increasing costs to the business including increased interest rates, a significant increase in our council rates on our land, and escalating construction costs.

We are realistic about the impact these headwinds will have on the business. We are in a solid position to face these challenges and we continue to focus on strengthening the parent company (MMH) to face future challenges and deliver for our region and our shareholders.

I'll now pass you on to Rosie who will cover an update on the ecosystems, ESG and financial detail.

Rosie started her role at MMH earlier this year. We're extremely pleased to have Rosie leading the team. She has taken a fresh look at the business and is prioritising what is needed for a foundation for growth and developing stronger customer, shareholder and stakeholder relationships through intentional engagement.

## **CHIEF EXECUTIVE'S ADDRESS – ROSIE MERCER**

Tēnā koutou katoa, good afternoon everyone, thank you for joining us today.

For those who I am yet to meet, I'm Rosie Mercer and as Murray mentioned I began in the role of Chief Executive role in July.

I would like to introduce the management team that is here today:

- Gavin Carroll
- Stephen Gibson
- Brent Wilson

I particularly want to acknowledge Karri Williams who unfortunately for family reasons is unable to be here. This is the first time in 22 years she has missed this AGM. Despite not being here she has still contributed greatly towards preparing for today.

I would also like to thanks Valerie West-Hill for her efforts today in getting things prepared.



I am privileged to have taken up this role and over the last few months have spent time getting to know the business. In the coming year I will be focusing on establishing strong foundations as a platform for delivering on our strategy and planning how we will deliver our masterplan into the future.

A key focus of mine will be on investing in our people through professional development and supporting their performance to build a high performing cohesive team.

Alongside this, we'll continue to strengthen stakeholder relationships to understand our customers and ensure we are delivering the best outcomes for them.

## **BUSINESS ECOSYSTEMS**

As Murray mentioned, our strategy framework identifies four business ecosystems that comprise the core business - port, marine, commercial and industrial.

And two ecosystems that expand the core business - Port Network and MMH Investment Network.

Examples of our core business, include:

- In the Port and Industrial ecosystems we have new buildings for customers including Nutrinza and Viterra.
- In the Commercial ecosystem, we have the - Kitewhara Building which has Invil, Barracuda kayaks, Mcleods brewery and JA Russell.
- In the Marine commercial, those here today will have seen the Four Square
- And, in Expanding the core
  - The focus for the year has been the MMH investment network – where the Oruku Landing Opportunity is a great example of this ecosystem.

Over the next few slides, I will talk through the updates from these ecosystems.

### **Port**

The Port Ecosystem includes developments that support the growth of Northport.

We continue to receive interest in our port ecosystem with a strong level of inquiry from potential tenants who are attracted to the area due to its proximity to, and connectivity with, the port.

This year MMH and Northport formed the Port Ecosystem Land Oversight Committee to collaborate on strategy and common interests in future land use. This also included inviting Patuharakeke to join and share their values and aspirations.

We are nearing the completion of a 5,000m<sup>2</sup> bulk storage facility within close proximity of the port. This new facility will be tenanted by a bulk product importer under a long-term lease.

### **Industrial**

The Industrial Ecosystem includes developments that will transform the Northland economy.

We continue foundational work in this ecosystem including developing the storm water masterplan and GIS system and improving our survey information for the site which will mean this ecosystem has strong foundations for delivering projects over the next few years.



We have begun discussions with several potential industrial tenants over the past year.

The completed Masterplan provides a blueprint for accommodating industrial tenants and ensuring land and/or, port access. We look forward to growing the industrial ecosystem as we implement this plan.

### **Marine**

The Marine Ecosystem includes developments that grow Marsden Point as a marine destination.

The Marina continues to develop a solid reputation for the services it delivers resulting in high berth occupancy of 79% over the year.

This meant that Marina Revenue (including boatyard) was up from \$2.2 million to \$2.5 million this year.

Another highlight in this ecosystem has been the Marsden Cove Rejuvenation Project. We commenced the design and planning to build the timber decking on the marina frontage for new retail stores and restaurants to overlook the marina. Construction will start in this financial year. This project continues delivering our vision to make Marsden Cove Village a destination.

### **Commercial**

The commercial ecosystem includes developments that support the local economy.

We have completed and tenanted two significant construction projects during the period.

Kiteotara Stage II provides 12 × 150m<sup>2</sup> units for small and medium-sized enterprises to base themselves while servicing the local area.

Kitewhara has four units with tenants seeing the advantages of being located at Marsden Point, the units are suitable for retail, commercial and light manufacturing businesses.

Combined, the new developments have added 4,200m<sup>2</sup> of floor space to our commercial ecosystem.

### **MMH Investment Network**

Our strategy and purpose have proven to be a useful and powerful tool to help identify upcoming opportunities for capital, economic and social investment into the region.

In the MMH Investment Network ecosystem which includes business opportunities outside MMH land that support the growth of MMH, the Board have recognised an opportunity at Oruku.

This year the Board has completed due diligence to purchase the land under the proposed Oruku Landing conference and events centre in Whangārei. We have committed to purchasing the land should Government funding go ahead.

Under the terms of the deal, we would make the land available to a reputable community trust, under a long-term commercial lease, to develop and operate the conference and events centre.

As Murray mentioned, ecosystems that expand on the core enable us to do what we have the skillset to do. Oruku has increased our companies reputation and engagement from businesses in Whangarei and the wider Northland region as these companies recognise how MMH is investing in developments that will transform Northland's economy.

## **ESG FRAMEWORK**

As a listed company, we understand the role we play to deliver for our shareholders through sustained returns while also fulfilling our responsibilities to care for our community and the environment.

Last year we shared our ESG framework, which we have continued to make progress against this year.

To deliver on our purpose of transforming Northland's economy, we recognise our responsibility to take care of the natural environment and our community. Understanding where we can make a difference starts with measurement.

This year we have completed our emissions profiling to establish our baseline emissions inventory. You can find our emissions profiling on pages 17 and 18 of our 2022 Annual Report.

With growing maturity, we recognise the importance of a more integrated approach to addressing ESG risks and opportunities, including climate change.

We have made the first steps to update our materiality assessment and embed our ESG framework alongside our strategy and Masterplan – bringing it to the centre of everything we do and holding ourselves accountable for delivering against it. Soon we will be putting out an RFP for this materiality framework.

ESG and the materiality survey will be key contributors to our strategy refresh. They will ensure our strategy aligns with what matters the most to our stakeholders.

## **FINANCIAL DETAIL**

As Murray noted we are pleased to deliver a solid result off the back of a record result last year. Noting that last year's result was positively impacted by valuations.

### **Financial performance**

NPAT and Underlying Earnings are largely in line with performance in previous years.

We are facing strong economic headwinds. Particularly with increasing rates and interest costs. For the coming year, while managing these headwinds we will invest in our foundations to deliver longer term value.

### **Revenue by operating segment**

Revenue from the non-port related activity has continued to grow, including commercial property and marina operations.

Lease revenue was also up due to new developments being completed and tenanted during the period. Over the last few years, MMH has invested in strategic businesses with good lease structures and tenure.

Marine occupancy was high as we continue to grow our reputation of the Marsden Cove Marine as a marine destination.

However non port related activity is down due to decreased cargo volumes and softened market conditions which we will cover on the next slide.

### **Northport Cargo Volumes**

Annual container volumes were up 42% on the previous financial year, with 19,106 TEU handled.

Bulk cargo throughput at Northport decreased by 18% over the year to 2,922,913 tonnes.

Log exports of 2,318,197 tonnes, down from 2,836,602 tonnes a year ago, accounted for 79% of this volume.

### **AUDITORS REPORT – MURRAY JAGGER**

The Auditor's report was published on pages 57 to 60 of the annual report and is unqualified.

I have assumed that this has been read by Shareholders and I, therefore, do not propose to have it read to the meeting.

As the Auditors are appointed by the Office of the Auditor General we do not need to vote on this item, this is dealt with under Section 19 of the Port Companies Act which advises that the Audit Office is our Auditor.

### **BOARD SKILLS MATRIX**

The Board's skill matrix outlines our collective skill set. We currently have a solid spread of skills across the Board, therefore this is a strong matrix. Throughout the year, our Board kept on strengthening its performance and cohesion as a group. Individual board members have continued their professional development and CPD requirements.

We have one director up for re-election this year, being Benoit Marcenac.

Benoît is an asset to the Board and comes from a background in shipping, logistics and supply management as well as having strong experience in executive management. And Benoit is consistently an active contributor to the Board.

### **DIRECTORS FEE POOL – MURRAY JAGGER**

MMH's Remuneration Policy requires the remuneration of Directors to be reviewed by the Board at least every three years. The last increase of the Director's fees pool was approved by shareholders at the 2017 annual meeting, at which time the fees increased to \$250,000.

Last year the Board commissioned an independent party, Strategic Pay, to undertake a review of the Director's fees paid by comparable NZX-listed companies.

Based on market sample results, MMH's ownership, and MMH's guidance, Strategic Pay calculated the median director fees paid by comparable companies. This analysis provided a range of directors' fees across common factors and showed that current director remuneration is below the low point of this range.

Strategic pay recommended increasing directors' remuneration and based on the market analysis it also recommended fair remuneration for director's Committee roles.

A resolution to increase the Director Fee's pool was notified to shareholders before the November 2021 ASM but was later withdrawn pending further analysis.

Subsequently, PWC was appointed to provide a further independent market analysis of directors' fees. PWC sampled 11 NZX-listed companies with comparable market capitalisation.

The basis for the comparator group composition was comparable market capitalisation. The median market capitalisation across the sample is \$239 million, compared to MMH's market capitalisation of \$248 million.

PWC's analysis, was consistent with Strategic Pay's conclusions - both reports identified that current director remuneration is below the market level for comparable NZX-listed companies.

The table below plots MMH's current and proposed Director fees pools against market remuneration data from the comparator group of 11 NZX-listed companies agreed with the Board for this exercise.

Based on the Strategic Pay and PWC analyses, the Board is recommending an increase in the director fee pool of \$200,000 per annum to \$450,000 per annum which would position director remuneration below the range provided by the market analyses. The Board recognises that this is the beginning of moving the director's remuneration closer to market levels.

The Board also recognises the importance of offering competitive remuneration to attract and retain the high calibre of directors necessary to direct and support the continued growth of Marsden Maritime Holdings.

### **MEETING CLOSE – MURRAY JAGGER**

I and the other Directors are available to talk with you throughout the year.

I would like to thank you all for attending the Annual Meeting today, and for your ongoing support to help us achieve the great result we have shared today.

Haere rā ka kite anō.