

Shareholder Update Christmas 2019

Tēnā koutou

With the 2019 season and financial year ending I would like to take this opportunity to provide you with an update on matters relating to RAL.

Whakaari/White Island Eruption

On 9th December, a sudden volcanic eruption occurred at Whakaari/White Island. Our entire team sends their thoughts and prayers to the visitors and our friends in the tourism industry involved in this devastating event. As we also operate on an active volcano, we wanted to update you with our procedures and protocols for dealing with this risk on a day to day basis.

Geological and Nuclear Sciences (GNS) monitors volcanic activity in New Zealand and updates alert levels. These alert levels give an indication of how active a volcano is, on a scale of 0-5. They are not predictive and some volcanos can go from 0 to 5 in one instant. No activity detected is '0', while '5' indicates a large volcanic eruption is in progress. Ruapehu normally sits at Alert Level 1 (minor volcanic unrest). You can check out the latest volcano bulletins from GNS here: <https://www.geonet.org.nz/volcano>.

The Eruption Detection System (EDS) is operated by DOC and provides an alarm system to both Whakapapa and Turoa including audible alarms in high risk zones, radio tones direct to staff two-way radios and text messages to ski area management. At Ruapehu, the primary risks from an eruptive event come from lahar (volcanic mudflow). These lahar travel in valley floors and can be avoided by people if they move to high ground. At level 2, RAL has protocols in place which effectively mitigate any increased risks. This can include increased safety services (ski patrol) supervision, reduced operations on some lifts and or weather conditions or even full closure of certain lifts. In all cases, operational decisions are made in conjunction and consultation with DOC and GNS personnel. Beyond the ski area boundary, DOC may impose exclusion zones to public.

Although both volcanic in nature, Ruapehu is very different from Whakaari in eruptive style and it is important for people to understand this means that the required risk management techniques cannot be compared easily. It is a very timely reminder of how important it is we never take these risks for granted and again, our thoughts are with the White Island / Whakaari Whanau.

For this system to work well on the day, it needs:

1. You need to respond when you hear the alarm by moving to high ground! This means moving out of the valleys and onto the ridges as quickly as you can.
2. Remain there until ski patrol or other RAL staff member confirm it is safe to move.
3. If you hear these warnings, and you are in a building, take shelter and stay there until advised otherwise.

You can find the lahar path posters on our website here <https://www.mtruapehu.com/mountain-safety/info-2weQk6DFIsjVXQ8mgQe3NK>

Saying Goodbye to Winter 2019

It's no secret that Winter 2019 was a season filled with challenges, changes and new beginnings on Mt Ruapehu.

Mother Nature wasn't overly obliging in delivering consistent and good weather this season, instead turning on storms, wind and icy conditions, but many guests were able to still get out onto the slopes and enjoy some great skiing and riding.

The highlight of the season was the opening of the new state-of-the-art Sky Waka gondola at Whakapapa, which welcomed 31,884 people on board through winter, taking them from the Top of the Bruce directly to Knoll Ridge café in as little as 6 minutes.

During the ski season mountain guests also sipped on 8,136 hot chocolates at Knoll Ridge Café, devoured 6,579 of the Snowflake Café's gourmet hamburgers and quenched their thirst with 15,693 Corona beers.

Other interesting mountain facts which reflect the challenging weather conditions encountered this season are:

The mountain's ski fields required 6,140 hours of paid de-icing this season (in comparison to 4,962 paid de-icing hours in the 2018 season).

Whakapapa:

- 24 days in August the winds were over 100km/hr

Turoa:

- 18 days were clear and fine
- 13.2m precipitation – rain, ice and snow
- Highest wind speed was 270km/hr

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- 74 blue dye days (average 7-9L per year, this year 33L used. This environmentally friendly dye is laid to guide people down the mountain when the visibility is poor)
- Closed for 30 days due to poor weather

We are at the mercy of mother nature on the mountain and have to work the best we can with the conditions to ensure a safe skiing and visitor experience. That is the added thrill and challenge of working in an everchanging mountain environment.

With the ski season now closed the summer will see work begin on the \$2 million upgrade of the iconic Giant chairlift at Turoa, signaling the beginning of a number of upgrades planned for the ski field.

And as far as changes, drawing to the close of the season former Whakapapa Ski Area General Manager Jono Dean was appointed the new CEO of RAL after Ross Copland resigned to head to the South Island for new challenges.

It is likely that we will deliver an EBTIDA in the order of \$2-2.5m for the financial year ending 30 November 2019.

Staff Announcements

JP Chevalier has resigned his position of General Manager Turoa to pursue other opportunities. JP concluded his employment with the company on 8 December. I want to take this time to thank JP for his contribution to Turoa and wish him all the very best for his future.

General Manager Recruitment

Due to the internal promotion of Whakapapa GM Jono Dean to CEO and the resignation of JP Chevalier, we are currently in the process of recruiting General Managers for both Whakapapa and Turoa ski areas. We are working with EQI Global and conducting a worldwide search for two exceptional candidates to lead our on-mountain teams. We hope to have an update and announcement for you in the first quarter of 2020.

Summer at Whakapapa

The team are all very excited about our new summer offer at Whakapapa. The Sky Waka is performing exceptionally well, and feedback has been overwhelmingly positive to date.

We're seeing a very different mix of guests from our winter visitation as we come into the summer months and the hard work put in by our Sales & Marketing team throughout the year is starting to pay off as tour coaches are now including Whakapapa and a ride on the Sky Waka in their itineraries.

The Sky Waka is open every day (weather permitting) 9.30am – 5.30pm with buffet lunch and afternoon tea sittings daily, and buffet dinners being offered on Friday and Saturday evenings.

Our Christmas lunch package sold out a few weeks ago and tables are filling fast for our other festive events.

On the 14th and 15th December we held our annual Locals' Weekend where we welcomed almost 1,300 members from our local Taupo and Ruapehu districts to ride the Sky Waka. These guests rode the Sky Waka for a discounted price, with half of the proceeds being donated to the St John Waimarino Area Committee and National Park Community Pool. This has been a great way for us to engage our locals and give them an opportunity to experience the Sky Waka before the busy holiday season. The weekend was a success allowing us to donate \$6,420 of funds to the community projects. For more information on the locals weekend read the press release [here](#).

Message from the CEO

Jono Dean has prepared the following message

Kia ora koutou,

I wanted to take this opportunity to wish all our guests, staff and stakeholders a very merry Christmas and a happy and joyous New Year's period coming up. This is a key time to celebrate with friends and family and ensure you take some time reflect on the year that was and begin to get excited by what lies ahead in 2020. Take care during this time and we look forward to welcoming you back in 2020.

In my first three months in the Chief Executive role, I have been overwhelmed with the support of our staff and guests and staggered by the amount of passion that everyone shares for this very special place. I am delighted to have been welcomed so warmly and look forward to the journey we have ahead of us to position Turoa and Whakapapa as the premier ski, snowboarding and visitor destinations in 2020 and beyond.

We are thrilled with the progress that we have made in 2019 with a key feature being the introduction of our Sky Waka gondola into service at Whakapapa. This monumental infrastructure project has created a significant step change to the visitor experience for all our guests and we couldn't be prouder of the quality of the experience we are now able to deliver. We have also managed to make some much-needed upgrades to the food and beverage offer at both Turoa and Whakapapa and look forward to further developing these offerings into 2020.

From our whanau to yours, we wish you all the very best for the festive season and we truly look forward to welcoming you back to Turoa and Whakapapa in 2020.

Jono Dean

As the snow melts and the rugged terrain and ancient lava flows become more visible, it really is a different experience on the maunga from what we all know from winter, and if you haven't yet been up over the summer, we encourage you to come and visit.

I would like to thank you for your continued support over the last year and wish you and your whanau well for the festive period ahead.

Nāku iti noa, nā



Murray Gribben

Chair

Ruapehu Alpine Lifts Limited