

Friday, 17 December 2021

Tēnā koutou,

As we draw towards the close of another challenging year, we take this time to reflect on 2021, begin our planning for the 2022 summer and winter seasons ahead and review our course and direction. To our stakeholders who stood by us over this past year, my sincerest thanks on behalf of the company, we simply couldn't have operated the ski fields this year without the extraordinary support of the Government and our lenders. We take a great deal of strength from our stakeholders who make all the difference to RAL, and we know that this has not been easy for you – so thank you.

While this year's financial result is poor, we have made progress on a number of guest, staff, and systems initiatives. So, despite all the adversity we have faced as a company, we are confident that we can return to a normal level of profitability in uninterrupted years. With that long-term view in mind and following an extensive review with the Board and Management, we have defined our purpose as 'giving mana to the maunga' through exceptional experiences for all our guests. We are looking forward to bringing this purpose to life, and I am looking forward to what we can only hope is a settled year with a bit of normality back into all our lives. With the 2021 year now behind us, Jono Dean (RAL CE) has provided some reflections on the 2021 season.

Tēnā koutou,

### **2021 Wrap**

It seems an all too regular occurrence that we begin this update on the 2021 year by highlighting the impacts of COVID-19 on the operational winter season and the company's financial performance.

As we commenced the summer operations in 2021, we were operating in an COVID-19 Alert Level 1 environment and the general sentiment from the operations and the team was that we were achieving some great results with the summer Sky Waka visitation. The business managed to achieve over 23k visitors through this period and of those, over 11k people enjoyed the Buffet at the Knoll Ridge Chalet. Considering the turmoil encountered in 2020 and the broader international borders (beyond Australia) that were closed throughout this period, we were pleasantly surprised with the attendance and support from what was a largely domestic market.

In addition to the success of the commercial operations throughout summer, our teams on the ground also had a successful summer preparing our assets for winter and carrying out the necessary programmed, remedial and compliance work associated with the aging infrastructure at both ski fields. As was highlighted at the AGM in May 2021, the company was able to secure an extension to our MBIE Loan Facility to support us in funding the 2021 Summer Capex Maintenance Program to the value of \$5m which greatly supported this program. This support was critical as we continued to work through the wider re-capitalisation work which we have all acknowledged is a significant undertaking.

As we embarked on Winter 2021 with the familiar set of operating protocols as the 2020 year, things were looking positive for the company. Unfortunately, the snow was a little later than we would have liked, however the snow making in critical areas of both fields was up and running and laying a base for the progressive opening of the key lifts and trails and there was strong sightseeing interest in the Sky Waka Gondola.

The July school holidays on the other hand were a frustrating mix for the company as we managed to perform well at Whakapapa with the Happy Valley Learners Area and sightseeing on the Sky Waka, but struggled with inclement weather and poor snow quality at Tūroa. In July alone, we received over 1130 mm of rain which is the equivalent annual rain fall for Auckland! This severely hampered the operability of Tūroa in the early stages of the season.

As we are all aware, the New Zealand Government imposed a COVID-19 Alert Level Four restriction on New Zealand on 17 August due to an incursion of the Delta strain of the virus. The period from late July to early September is the prime commercial period of the year and with the restrictive COVID-19 Alert Level Three and Four lockdown extending from 17 August to 8 September, this severely affected the company's ability to generate revenue and caused a \$7m reduction to our cash flows. With Auckland restrictions continuing up until recently, the impact on the company's revenue was simply irrecoverable before the end of the ordinary season.

Throughout this period, RAL qualified for the wage subsidy which allowed us to keep the staff that we had on board and ensured that we could continue to operate once the restrictions were relaxed back to operational levels. We also continued to benefit from DOC licence relief throughout this period which was in place prior to the lockdown.

Despite the obstacles we experienced in 2021, we welcomed over 271k manuhiri (guests) to the maunga. Of the 271k guests, 71k were Sky Waka sightseers which has certainly been a saviour in recent years. This growth is significant for RAL and our region, especially with the limited snow offering at the start of this season.

One of the key achievements this year has been our guest connection and Net Promoter Score (NPS) growth in a challenging year. NPS represents the likelihood of a guest recommending a visit to our ski areas to a friend or family member. The score is not a percentage, it is a scale from -100 to +100 whereby any score above zero is considered good while a score above 50 would be excellent. In 2021, we recorded a combined score for both Ski Areas of 33 against a score of -3 in 2020 and -10.5 in 2019. Overall, we have sent 34k surveys and had a response rate of 30% in generating this result. This feedback has been a tribute to the continual efforts of the team to re-connect with the guests and deliver on our purpose.

### **Summer 2022**

Since December 2020 many guests have been enjoying summer sightseeing on the Sky Waka Gondola at Whakapapa. Guests can ride the 1.8km Sky Waka up to Knoll Ridge Chalet, New Zealand's highest restaurant while experiencing exceptional views across the central plateau.

At the Knoll Ridge Chalet, guests can enjoy a buffet lunch at the Pinnacles restaurant which serves a variety of dishes, with a focus on locally sourced produce. This includes sirloin steak from Awhi farms, farmed in the foothills of Mt Ruapehu, and lamb and venison from nearby Waihi Pukawa farms. Our Sky Waka and lunch combo is proving popular with guests, who are commenting that they are impressed with the quality of food and the value.

We encourage you to visit the Sky Waka and spend some time in the Central North Island over the upcoming months. The Sky Waka is open for sightseeing until early May 2022.

Nāku noa, nā

Jono Dean  
Chief Executive  
Ruapehu Alpine Lifts Limited

### **November 26 Shareholder Meeting**

In early November we provided notice of a Special General Meeting (SGM) asking shareholders to vote on a resolution to transfer all RAL's business assets, debts and obligations into a new entity. Thankfully, following the success of the 2022 season pass campaign and the approval of our lenders, we were able to postpone the SGM and instead use the time to provide shareholders with an update on the Company's historic performance and plans moving forward.

The information presented and a recording of the update from the 26<sup>th</sup> November is available on our website along with an additional update addressing questions that weren't answered during the meeting: <https://www.mtruapehu.com/ral/shareholder-update>

You will see from the update that it has a flavour of “not enough profit and too much debt” so in the interest of clarity, it is still our intention to recommend a restructure of RAL to create new options to fund its future growth/investment plans. While the current structure has served us well, with the results from recent years and pressure from COVID-19, our lenders now require us to source new capital to flow into the business. We are planning several face-to-face stakeholder meetings in February 2022 to allow stakeholders to engage with us and to provide an update on progress to date. We will need to host these meetings with consideration of the COVID-19 Protection Framework (Traffic Light System) so we will require attendees to be fully vaccinated and scan their vaccination passes on entry.

Wellington - Tuesday February 1 commencing at 6 pm (Location TBC)  
Ohakune - Wednesday February 2 commencing at 12pm Midday (Turoa Ski Area)  
Taupo - Wednesday February 2 commencing at 6 pm (Location TBC)  
Hamilton - Wednesday February 9 commencing at 6 pm. (Location TBC)  
Auckland - Thursday February 10 commencing at 6 pm (Location TBC)

\*Please note all dates and times are subject to the government COVID settings and may be subject to change.

With funding secured for the 2022 year we are pleased to be able to process share transfers again. At the time of writing we have approximately 60 shares available to purchase that we are allocating to a list of individuals that have previously expressed their interest in purchasing shares. We are not issuing any new shares.

As highlighted on page 17 of the Shareholder Update Presentation from 26 November (available [here](#)), RAL's capital currently comprises 18,241 shares held by 2,356 shareholders. In 2019, 4,277 shares that were held by a number of shareholders for whom RAL had no contact details, were forfeited in accordance with RAL's Company Constitution (11.11). 408 of those shares were reinstated to the Register as contact was made with the Company within 12 months of forfeiture (Company Constitution 11.12). The forfeiture resulted in the cancellation of the forfeited shares in the manner permitted by the Constitution, and as required by New Zealand Law. The consequence of the forfeitures has meant that the percentage holding of all shareholders increased proportionately to the number of shares forfeited.

#### **Acknowledgement and thanks**

The Board, Management and I want to thank you for your continued support. We look forward to seeing out the end of the 2022 summer season, welcoming the 2022 winter season and taking Whakapapa and Tūroa forward into the future.

Nāku noa, nā

Geoff Taylor



Chair  
Ruapehu Alpine Lifts Limited