

QUARTER PERFORMANCE

- 14 % increase in days hired during Q2 over prior year (equals 34 performance days).
- Leonard Cohen was the major P&E performance in the quarter.
- Other key events included the Australasian Society for Immunology 43rd Annual Scientific Meeting, the Freemasons Conference, Gastro 2013 Conference, the New Zealand Defence Industry Association Conference, Victoria University Of Wellington Graduation 2013, and the New Zealand Association Of Optometrists Conference

YEAR TO DATE PERFORMANCE

- The number of event days across all venues are up 23% (124 days) in the previous year.
- However, the actual number of events are down 13% (50 events) on the prior year. This reflects largely the impact of uncertainty around the Town Hall closure back in 2012/13 as a result of the long lead time for booking many conferences and events.
- Since the reopening of Shed 6, PWV has hosted 38 business events in the venue and received strong positive feedback on how the space is working.

SUMMARY FINANCIALS

(\$,000's)

FINANCIAL PERFORMANCE	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	FYE
Total Revenue	3,842	4,572	(730)	8,164	8,043	121	15,314
Direct Costs	2,466	2,652	186	4,898	4,754	(144)	8,967
Operating Expenses	1,269	1,525	255	3,069	3,238	168	6,219
EBITDA	107	395	(288)	197	51	146	128
Net Profit after tax	56	334	(278)	95	(71)	166	(126)
FINANCIAL POSITION							
Total Assets				3,749	2,819	930	
Total Liabilities				3,176	2,620	556	
Equity				573	199	374	
CASH FLOWS							
Total Net Cash Flows	246			436			
Opening Cash	950			760			
Closing Cash	1,196			1,196			

- Positively Wellington Venues year-to-date net profit is \$95k, \$166k ahead of budget. As signalled in Q1, the strong Q1 results will support Q2.
- Q2 revenue of \$3.8m was down \$730k (16%) largely due to quiet activity in the Conference and Events (C&E) market. YTD, however, revenue is \$121k (2%) ahead of budget. A breakdown shows that C&E revenue is ahead of budget (55% of total event revenue), while Performance and Exhibition (P&E) revenue is slightly under budget (30% of total event revenue). The balance is made up of food and beverage and commission revenue.
- Q2 overheads were \$255k better than budget this quarter, driven primarily by savings in the timing of salaries and employment, and occupancy costs being well under budget.
- PWV continues to have good cash reserves, but are forecasting to use the WCC guaranteed funding line in April 2014 as a result of purchasing retractable seating for Shed 6. This also accounts in part for the variance in fixed assets in the balance sheet. The company has recorded YTD capital expenditure of \$96k for Shed 6 seating (total investment will be \$260k), and \$6k for fitting out the St James Theatre to accommodate the NZ International Arts Festival offices

KPI DASHBOARD

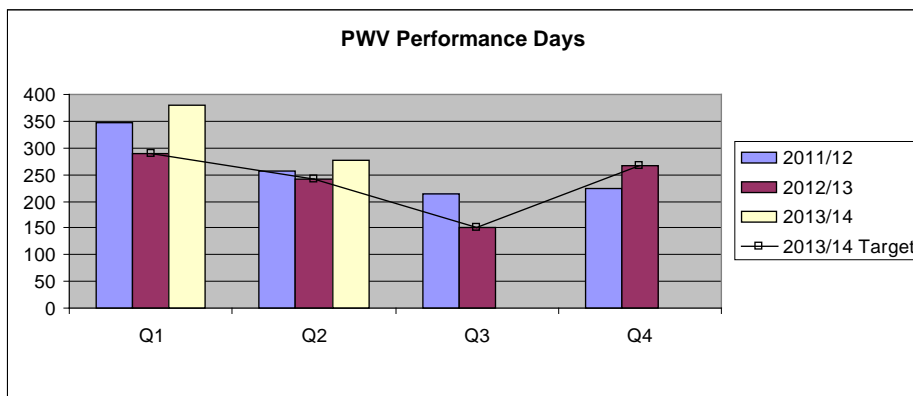
MEASURE*		Q2	YTD	Trend	Comments
		31 Dec 13	31 Dec 13		
Increase economic contribution to Wellington by 5%.*	Target	\$4,417	\$7,735	Steady →	Although the number of events are down for the YTD in part as a result of the Town Hall closure, event revenue is currently tracking \$43k ahead of budget.
	Actual	\$3,694 ❌	\$7,778 ✅		
Improve PWV Profitability to EBITDA \$100k	Target	\$395	\$51	Steady →	YTD Venues revenue is ahead \$121k on budget, while operating costs are under budget.
	Actual	\$107 ❌	\$197k ✅		
Increase ancillary spend by 10%*	Target		10%	Improving ↗	Ancillary revenue has increased by \$240k on the same period last year.
	Actual		15% ✅		
Maintain a mix of commercial and community hires	Target	No baseline set		Steady →	YTD figures are not available as PWV is currently reviewing how this measure is calculated.
	Actual	28/179			
Pan venue utilisation (hire days) of >60%	Target		>60%	Steady →	Based on forward bookings, Venue utilisation is expected to improve through the rest of the year.
	Actual		59% ✅		

* Target is based on 2012/13 actual figures

ISSUES & OUTLOOK

- Bookings for 2014/15 are tracking well, with strong interest in the TSB/Shed 6.
- A number of headline acts that were not initially scheduled for Wellington have now been confirmed for the second half of the year, including Nine Inch Nails, Queen of the Stoneage and James Blunt.
- In April 2014, PWV will begin the transition to a new Economic Development CCO with Positively Wellington Tourism.
- In Q3 PWV will launch its "Power of the Precinct" strategy aimed at building on Wellington's current competitive advantages as a Conference and Events destination by showing conference organisers just how much is available to event attendees in Wellington.

PERFORMANCE DAYS



- Venues has recorded a 14% (34 days) increase in hired days during Q2 over the prior year



**POSITIVELY
WELLINGTON
VENUES**

.....
**Because things
are better LIVE**
.....

**Report to CCOPS
Quarter 2
October 2013 –December 2013**

1. Financial Performance

Positively Wellington Venues year-to-date net profit is \$95k, \$166k ahead of budget. YTD revenue is ahead of budget but the business has challenges to overcome for the balance of the year with the Town Hall being closed and the uncertainty around the build of Shed 6 which caused a reduction in bookings especially in multi-day convention events. January is also traditionally a low revenue period for PWV.

Despite pressure on Event and Café revenue PWV is managing margins and reducing overhead costs, forecasting the full year to be in-line with the Statement of Intent (SOI) at a net loss of \$126k and EBITDA of \$128k.

Positively Wellington Venues Financial Performance Quarter 2 2013/14									
\$'000	Current Quarter			Year-to-date			Prior year		FY 13/14
	Actual	Budget	Var	Actual	Budget	Var	**YTD	YTD Var	Budget
Event & Café revenue	3,694	4,417	(724)	7,778	7,735	43	8,549	(771)	14,671
Car parking	60	60	(0)	136	119	17	124	12	233
Other income	74	90	(16)	221	180	42	117	105	393
Interest income	14	5	10	28	9	19	11	17	18
Total revenue	3,842	4,572	(730)	8,164	8,043	121	8,800	(637)	15,314
Direct event costs	1,851	2,052	201	3,621	3,520	(101)	4,044	423	6,515
Wages	615	600	(14)	1,276	1,234	(43)	1,018	(258)	2,452
Total direct costs	2,466	2,652	186	4,898	4,754	(144)	5,062	164	8,967
Gross profit	1,376	1,919	(543)	3,266	3,289	(23)	3,739	(472)	6,347
Salaries	595	687	92	1,323	1,411	88	1,613	290	2,705
Other employment costs	91	52	(38)	151	107	(44)	79	(73)	209
Occupancy costs	108	246	138	417	528	111	513	97	1,019
Utilities	136	160	25	396	411	15	408	12	758
Insurance	53	57	3	106	113	7	107	0	228
Marketing	114	146	33	290	296	6	271	(19)	587
Prof fees	34	24	(10)	70	66	(4)	73	3	100
Admin	40	53	13	111	106	(5)	124	12	210
IT and Comms	41	43	3	89	87	(2)	89	0	174
Directors' fees	34	34	0	68	68	0	68	0	135
Travel	7	9	1	13	18	5	13	(1)	40
Vehicle costs	17	13	(4)	34	26	(8)	36	1	53
Total expenses	1,269	1,525	255	3,069	3,238	168	3,392	323	6,219
EBITDA	107	395	(288)	197	51	146	346	(149)	128
Depreciation	51	61	10	102	122	20	96	(6)	244
Tax expense	0	0	0	0	0	0	-	0	10
Net profit/(loss) after tax and transition items	56	334	(278)	95	(71)	166	250	(155)	(126)

Revenue:

Q2 revenue of \$3.8m was down 16% on budget (as signalled in the Q1 report) due to the Town Hall closure impacting the C&E market. Year-to-date revenue is 2% up on budget, however we are forecasting the coming quarters to continue to be challenging especially in the C&E market. P&E however, continues to show good results.

Event Revenue Split YTD

	Actual	Budget
Conference & Events	55%	52%
Performance & Exhibition	30%	31%
Food & Beverage	7%	9%
Commission	8%	8%

Our revenue split is as anticipated with some uplift in C&E revenue as a result of relocates from the Amora. We are forecasting a pick up in Food & Beverages in Q3. Twelve events generated over \$1.2m in revenue during the quarter.

Gross Margin

PWV's gross profit year-to-date is \$23k lower than budget. Managing the roster of staff to bring down labour costs relating to events and food and beverages continues to be a focus for the business. Gross margin percentage is 40% and in-line with YTD budget of 41%.

Overheads

Q2 overheads were \$255k better than budget this quarter with variances being driven by:

- Salaries have benefited from increased leave being taken over the Christmas period reducing the leave liability, and timing difference for new hires resulting in a \$49k benefit against budget
- Other employment costs are over budget by \$38k due to hiring of two new management roles in to oversee our F&B business and market and sales development
- Occupancy is under by \$138K as a result of the WCC decision to exempt rate expenses on WCC owned properties
- Utility costs have reduced due to the Town Hall being closed resulting in a \$25k saving

Overheads are \$168k better than budget year-to-date with the business focused on cost control and we are forecasting to improve this for the full year. PWV has improved overheads from YTD last year by \$323k as a result of a continual scrutiny of overheads especially personnel related expenditure.

2. Balance Sheet & Cashflow

PWV's Balance Sheet as at 31 December 2013 has contracted slightly over the quarter but remains adequate with a current ratio of 1.3x excluding access to the guaranteed funding line from WCC of \$1.5m.

The improvement in Bank & cash versus the budget is largely driven by the Ticketek contract renegotiation.

Assets

Current Assets have reduced by \$574k over the quarter resulting normal operating activity and a one-off change brought about from netting off intercompany balances generated within the PWV Group.

PWV aged debtors' indicates 50% of debtors have been outstanding for greater than 30 days. The Christmas period may be an explanation for a delay in collection and these are being actively followed up. All balances are considered to be collectable.

Fixed Assets: The first instalment for the seating at Shed 6 was paid in December with the seating forecast to be in service by the end of quarter 3. Timing difference of capital expenditure is the primary reason for variances to the budget.

Positively Wellington Venues					
\$'000	Actual 31-Dec-13	Budget 31-Dec-13	Quarterly Movement	Actual 30-Sep-13	Quarterly Movement
Bank & Cash	1,276	311	965	1,046	230
Debtors	699	900	(201)	919	(219)
Accrued income	346	150	196	807	(461)
Prepayments	135	50	85	238	(103)
Inventory	67	50	17	87	(20)
Total current assets	2,523	1,461	1,062	3,097	(574)
Fixed assets	1,226	1,358	(132)	1,179	47
Total assets	3,749	2,819	930	4,275	(527)
Creditors	1,460	1,200	260	1,685	(225)
Employee Entitlements	313	350	(37)	517	(204)
GST	187	170	17	48	139
Revenue in Advance	1,189	900	289	1,481	(292)
Provisions	27	0	27	27	(0)
Total current liabilities	3,176	2,620	556	3,759	(582)
Shareholders' funds	477	270	207	477	(0)
Current year result	95	(71)	166	40	56
Total liabilities and equity	3,749	2,819	930	4,275	(527)
<i>Current ratio</i>	<i>1.3</i>	<i>0.8</i>	<i>0.4</i>	<i>1.4</i>	<i>(0.1)</i>

Liabilities & Equity

Creditors saw a reduction of \$225k for the quarter but is considered to be within a normal operating range (between \$1.0m to \$1.5m depending on business activity). Employee Entitlements saw a decrease of \$204k due to leave being taken over the Christmas period. Revenue in Advance decreased by \$292k driven by a net reduction in future bookings and revenue earned in quarter 2.

The movement in Equity is due to the Quarter 2 Profit of \$56k. The budget Equity balance is based on forecast results at the time the budget is completed.

Cash Flow

We are now projecting that PWV may need the WCC overdraft facility in April (improved from January previously) with the cash situation likely to improve as additional sales are confirmed through the balance of the year. The cash flow includes a PAF grant of \$100k that we expect to receive in February towards Shed 6 seating and the payments in two further instalment forecast in February and March.

Cash Flow Statement

Fiscal Year begins 01/07/13	Actual JUL 2013	Actual AUG 2013	Actual SEP 2013	Actual OCT 2013	Actual NOV 2013	Actual DEC 2013	Projected JAN 2014	Projected FEB 2014	Projected MAR 2014	Projected APR 2014
Opening Cash Balance	759,506	1,042,830	802,513	949,791	762,663	939,631	1,195,469	48,018	83,232	71,088
Cash Receipts										
F&B Revenue	197,016	72,318	121,263	74,057	88,248	68,821	45,187	39,698	57,506	73,506
Float Returns	73,202	44,536	50,023	39,600	41,890	27,650	1,850	2,400	-	-
Event Revenue	1,616,093	1,435,226	1,139,851	857,183	1,260,758	1,181,650	455,812	806,013	771,049	588,700
RA Commission	32,544	57,500	57,500	101,384	58,216	72,660	-	115,000	71,000	55,000
Ticketek Commission	30,668	129,787	600,313	78,728	93,081	230,507	4,839	15,000	60,000	-
Programm sales	22,041	1,470	9,120	4,912	460	-	-	-	-	-
GST Refund	17,728	-	-	39,735	-	55,929	-	-	-	-
Other	9,064	4,899	2,330	2,625	7,518	1,322	1,043	111,200	1,260	1,320
Total	1,998,357	1,745,737	1,980,399	1,198,224	1,550,171	1,638,538	508,732	1,089,311	960,815	718,526
Total Cash Available (before cash out)	2,757,863	2,788,567	2,782,912	2,148,015	2,312,833	2,578,169	1,704,200	1,137,329	1,044,047	789,614
Cash Paid Out										
Accounts Payable Run	1,139,524	1,445,343	1,161,088	699,302	767,307	956,452	1,104,989	438,497	345,959	295,426
Float Given	74,000	37,200	50,023	41,100	45,950	25,700	3,000	1,200	-	-
Fees	402	794	190	541	747	369	178	-	-	-
Wages - Weekly	95,545	64,879	60,109	94,856	60,484	59,444	27,489	40,000	40,000	50,000
Wages - Fortnightly	69,791	94,669	99,064	142,707	99,489	95,256	79,510	90,000	90,000	135,000
Salary	154,294	135,844	206,413	204,759	158,017	143,204	143,563	154,000	154,000	231,000
PAYE	109,578	106,536	136,194	114,564	156,950	102,180	100,536	116,000	100,000	100,000
GST	71,250	100,784	120,091	87,524	84,222	-	196,917	104,400	133,000	103,000
Other	648	5	50	-	35	94	-	110,000	110,000	-
Total	1,715,032	1,986,054	1,833,121	1,385,352	1,373,202	1,382,701	1,656,182	1,054,097	972,959	914,426
Closing Cash Balance	1,042,830	802,513	949,791	762,663	939,631	1,195,469	48,018	83,232	71,088	-124,811



Capital Expenditure

PWV capital expenditure in the quarter related to the first instalment of \$96k for Shed 6 seating (total of \$290k) and \$6k for a NZIAF fitout at the St James Theatre. Total capital expenditure for the 2014 financial year is forecast to be below \$550k.

3. Utilisation

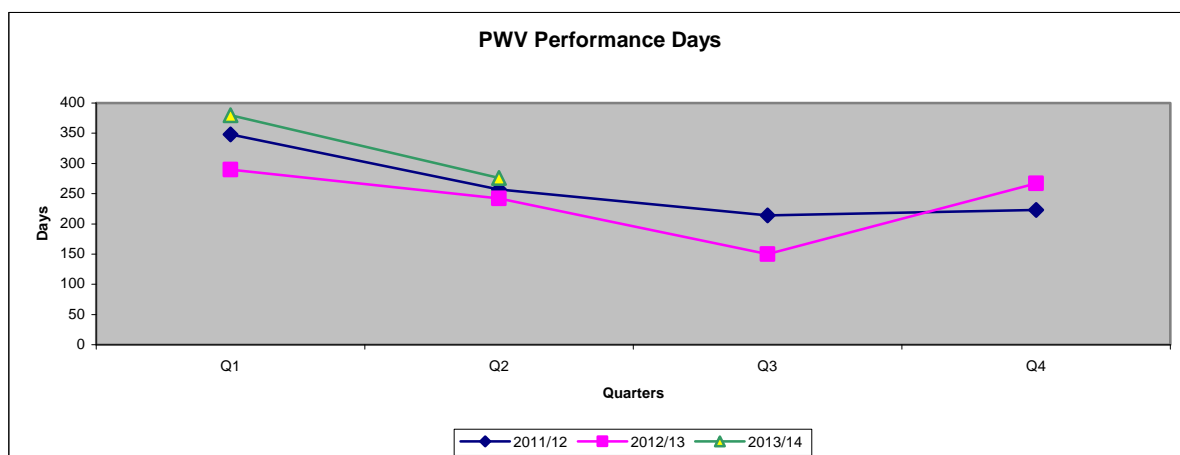
Quarter 2 2013/14 Commentary

- 14 % increase in days hired during Q2 over prior year or 34 performance days.
- C&E events dominated venue utilisation this quarter with several Christmas functions and a good number of medium size multi-day conferences during this period. Leonard Cohen was the only major P&E performance in the quarter.




<i>PWV Performance Days</i>				
	Q1	Q2	Q3	Q4
2011/12	348	257	214	223
2012/13	290	242	150	267
2013/14	380	276		
2013/14 Target	290	242	150	267





Key Events in the Quarter

- ANZ Christmas Function
- Australasian Society for Immunology 43rd Annual Scientific Meeting
- Leonard Cohen
- Freemasons Conference
- Gastro 2013 Conference
- New Zealand Defence Industry Association Conference
- Victoria University Of Wellington Graduation 2013
- New Zealand Association Of Optometrists Conference



STRATEGY	GOAL	KPI'S (MEASURES)	PERFORMANCE YTD	STATUS
Grow contribution to Wellington	Increase economic contribution of show and grow business events to Wellington by 5 % in 2013/14	Contribution of PWV's show and grow business events to Wellington economy	-50 Events down (-13%) on prior year due to Town Hall closure.	
Improve PWV profitability	Deliver a EBITDA of circa \$100k in the 2013/14 FY	EBITDA \$100k	Dec YTD +197k	
Champion the quality and ongoing development of Wellington's event infrastructure	Improve industry/market understanding of the quality of Wellington's event infrastructure and support services and our ambitions for further development	Media coverage, new business wins and hirer feedback (related to events "infrastructure" and service) Growth in market share – grow and show	Significant new business wins for Shed 6/TSB Bank Arena that had either outgrown Wellington or not previously considered Wellington for their event. Since the opening of the refitted Shed 6 in August 2013 we have delivered 38 business events in Shed 6, and Shed 6/TSB Bank Arena – with positive hirer feedback on how the venue space works. In the pipeline we have more than 160 business events booked the end of 2015 for Shed 6 and the TSB Bank Arena. Positive industry media coverage on the new business event wins for Wellington and our focus on the Australian market.	
Leverage and build Wellington's reputation as the creative and events capital	Secure national and international recognition of the creative capital "x" factor that makes destination Wellington a great place to host events – talent, creativity, connections, positive attitude, viable market	Strength and diversity of events calendar Media coverage, new business wins and hirer feedback (related to 'creative capital')	PWV is handling more enquiries from major promoters interested in bringing new shows to Wellington e.g. Laneway. Shows that had intended to bypass Wellington now confirmed e.g. Nine Inch Nails & Queen of the Stoneage and James Blunt.	

STRATEGY cont...	GOAL cont...	KPI'S (MEASURES) cont...	PERFORMANCE TO	STATUS
Build competitive brands	Build recognition and strength of PWV's corporate brand as well as our key product brands in order to grow the business	<p>Growth in "LIVE" advertising revenue, patron database and engagement via digital media</p> <p>Launch new C&E branding and generate 10% growth in new business enquiries</p> <p>Growth in 'Show me Wellington' exhibitors and buyers (especially increase number/quality of buyers from Auckland and Australia)</p>	<p>We have seen a strong lift in web traffic, and our email newsletters 'the Precinct' and 'Get Lively' have continued to grow in data and popularity.</p> <p>Internal launch of the "Power of the Precinct" strategy and re aligning comms and brand positioning – external launch planned for Q3</p> <p>80 exhibitors (same as prior year) and 700 buyers including delegations from Auckland and Australia (improvement over 2012)</p>	
Create effective marketing campaigns	Leverage the resources and relationships that we have locally, nationally and internationally to develop new markets and increase ticket sales, new business wins and ancillary spend	<p>Growth in annual value of tickets sold</p> <p>Growth in business contracted</p>	C&E business contracted was down 17% versus the previous year due to the impact of the Town Hall and Shed 6 coming on stream part way through the financial year.	
Deliver diverse choice of venues with quality facilities	Maintain venue satisfaction rating at 90% or more	Satisfaction ratings	Overall venue satisfaction is being surveyed from Q2.	
Grow ancillary revenue	Increase volume and value of food and beverage sales and grow performance bar and merchandising revenue by 10%.	\$ value of ancillary spend to the business	Ancillary spend has increased by \$240k on last year.	

STRATEGY cont...	GOAL cont...	KPI'S (MEASURES) cont...	PERFORMANCE YTD	STATUS
Develop strong business relationships with hirers	Manage the mix of commercial, funded and community hires to achieve the commercial outcomes that WCC expect of PWV while also accommodating the needs of funded and community hirers	Mix of commercial, funded and community hires	Ratio of 28 community hire days to 179 commercially funded hire days in the quarter.	
Negotiate performance-based commercial arrangements	Improve contribution of commercial partnerships to PWV's bottom-line and service standards	Value/contribution of supplier agreements.	All partnerships arrangements are either under review or completed e.g. Ticketek contract added value to cashflow and rebate revenue.	
Venue basics right	To maintain a lean cost base – driving for efficiency and productivity gains where possible and optimising venue utilisation and revenue	Achieve pan venue utilisation (days hired) of 60% or more Improved rostering with evidence of savings/efficiencies	YTD venue utilisation is 59%. This is expected to improve in the upcoming months.	
Great people/teams	Develop high performing and motivated teams	Staff turnover remains low Increased levels of staff motivation/ engagement Improved guest experience as measured through client survey data	Voluntary staff turnover for Q2 is 8.6% (but includes 3 fixed term permanents) up from 4.4% in Q1.	
Continuous improvement HSEQ	Demonstrate suitability and effectiveness of ISO Quality Management System in areas of Health & Safety, Environment and Quality and evaluate where continual improvement of effectiveness can be made.	Retention of ISO NZ14001 and NZ 9001 certification across venues	3 years ISO re-certification achieved Nov 2013	