

28 February 2018

University of Canterbury – Annual Report 31 December 2017

The University's audited result for the year ended 31 December 2017 was a \$5.3 million deficit. This is after recording significant costs in occupying its new Science and Engineering facilities and continuing building demolition and write off costs as the University continues its post-earthquake transformation. These costs have been offset by additional tuition fee, research and sundry revenue. The result compares to the 2016 deficit of \$1.8 million, and a budgeted operating deficit for 2017 of \$9.1 million.

The University still has work to do to return to sustainable operating surpluses, but it is clear significant progress has been made in maximising revenues and reducing and containing operating costs. The University has put considerable effort into increasing student numbers, with an indication of continued improvements in 2018 enrolments to date.

The Crown's support to the University through a contractual funding agreement to provide up to \$260 million in support of the building of the new Science and Engineering facilities has led to the opening of the Stage 1 of the Rutherford Regional Science and Innovation Centre (RRSIC), and the refurbished College of Engineering complex. Later in 2018 the University will transfer the College of Education, Health and Human Development from the Dovedale Campus to the Rehua building on the main campus, where it will join the Centre for Entrepreneurship and the Executive Development Programme of the College and Business and Law.

Meanwhile, Stage 2 of the RRSIC project has commenced, with the demolition of the Von Haast building commenced in 2017 and a new replacement building planned to be available in 2019.

Under the agreement with the Crown, the University has now received a net \$202 million in the form of capital contributions to the University's equity, with up to \$50 million available in addition if conditions are met.

The Crown also continues to maintain the Student Achievement Component of its annual funding at pre-quake levels. Support has been confirmed for 2018 and the University continues to be grateful for the assistance it has received from the Crown and, through that support, its acknowledgement of

the role the University plays in the city of Christchurch and the economy, as one of the region's largest employers.

The University's working capital is being maintained at a high level as cash balances are held to meet the expected \$129.6 million capital expenditure budgeted for 2018, and some long term investments mature in 2018.

Cash spent on capital expenditure in 2017 was \$166.0 million, of which \$111.8 million was in relation to the new Engineering and Science precinct construction.

Net tangible assets per security (\$1,000 face value) as at 31 December 2017 were \$27,359 (2016: net tangible assets per security of \$27,568).

The University has adopted a budget for 2018 that shows an operating deficit of \$7.9 million, which includes the one-off costs of moving staff and activities around the campus while refurbishment and new building is completed, with consequential short term rental costs. The University continues to be confident that it can absorb this loss as it rebuilds student numbers and associated tuition revenue in 2018 and 2019.

Payments to bondholders will not be affected.

The University continues to operate within the philanthropic bond covenants and within the borrowing consent from the Ministry of Education.

END OF COMMENTARY: REQUIRED DISCLOSURES FOLLOW

Required disclosures

UNIVERSITY OF CANTERBURY

Results for announcement to the market	
Reporting Period	1 January 2017 to 31 December 2017
Previous Reporting Period	1 January 2016 to 31 December 2016

	Amount (000s)	Percentage change
Income from ordinary activities	NZ\$ 354,832	5.2%
Surplus (deficit) from ordinary activities after tax	NZ\$ (5,315)	(189.3%)
Net surplus (deficit)	NZ\$ (5,315)	(189.3%)

Interim/Final Dividend	Amount per security	Imputed amount per security
It is not proposed to pay dividends.	Not applicable.	Not applicable
Record Date	Not applicable	Not applicable
Dividend payment date	Not applicable	Not applicable

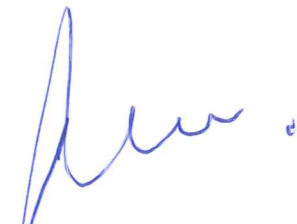
Comment: See above.

Contact

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SIGNED by

University of Canterbury | Te Whare Wānanga o Waitaha



Dr Rod Carr
Vice-Chancellor | Tumu Whakarae



Keith Longden
Executive Director/Chief Financial Officer | Kaihautū Matua Ahumoni

