



Cardrona skifield's future uncertain

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The ownership of one of New Zealand's leading skifields is up in the air after its Australian parent announced a wide-ranging strategic review.

Cardrona Alpine Resort, situated in the Cardrona Valley between Wanaka and the Crown Range, is the last major operating asset of Vealls Limited of Melbourne.

Listed on the ASX since the 1950s and controlled by the founding Veall family, a series of sales of subsidiary businesses means cash is now its largest single asset.

On Friday the company's 88 year-old executive chairman, Ian Veall, told its annual shareholder meeting that the board of directors believed that continued uncertainty on the financial markets was undermining a strategy to reinvest its growing cash pile in Southeast Asia.

"Given this situation, the board considers the time has come to commence a review of its corporate strategies that will encompass all aspects of how they are operating," Veall said.

"In short, a comprehensive review."

While the statement gave no detail about the board's view of the review, such language from publicly-listed companies typically opens the door to a breakup or outright sale.

Vealls has already come under pressure to address issues with its balance sheet.

In February, Christopher Swasbrook, managing director of Auckland-based Elevation Capital, wrote to Vealls noting its cash pile, urging its chairman to address the gap between its asset value and its market capitalisation.

He suggested the company consider returning the cash to shareholders, or for the company to be delisted from the ASX to reduce costs, with minor shareholders bought out.

Cardrona has been a profitable operation. Despite upgrading to high-speed lifts and building terrain parks and halfpipes in recent years, Cardrona has no debt, and generated an after-tax profit of \$4.7 million on revenue of \$17.2m in the year ended June 30, 2011.

Vealls blamed a weak start to the 2011 ski season for a fall in revenue, however the company still generated more than A\$2m (NZ\$2.5m) in the year to June 30, 2012.

Despite major investment from NZSki, owners of the nearby Queenstown skifields, Coronet Peak and the Remarkables, Cardrona is among New Zealand's best resourced skifields and frequently holds national ski and snowboarding competitions.

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