INVESTMENT OPPORTUNITIES IN
THE NEW ZEALAND CHOCOLATE INDUSTRY

Part of Emerging Growth Opportunities, Food and Beverage Information Project
FINAL REPORT; v100a; completed late 2017; released March 2018
STEERING & GUIDANCE

This project would not have been possible without the strong guidance of our Steering Committee. In particular, we would like to thank Andrew McCallum of MBIE for his tireless energy in keeping this project on track, while at the same time pushing us forward.

Draft versions of parts of this document were distributed to key firms for comment, addition or correction. This was done in the form of emails and phone calls. We thank those who helped us in this process for their time and effort. We also thank those who provided their photos.

We are grateful for all of the input we have received, but the report is ours and any errors are our own.

Finally, we acknowledge the support of the Ministry of Business, Innovation and Employment (MBIE), New Zealand Trade and Enterprise (NZTE) and the Ministry for Primary Industries (MPI). It is their funding that has made this report possible.

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- It is the currency most used in international trade
- It allows for cross country comparisons (e.g. vs. Denmark)
- It removes the impact of NZD exchange rate variability
- It is more comprehensible to non-NZ audiences (e.g. foreign investors)
- It is the currency in which the United Nations collects and tabulates global trade data

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>INTRO</th>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
<th>05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context &amp; Conclusions</td>
<td>Strategic Vision</td>
<td>The World of Chocolate</td>
<td>New Zealand</td>
<td>Key Markets</td>
<td>Key Firm Profiles</td>
</tr>
<tr>
<td>Pages 3-12</td>
<td>Pages 13-14</td>
<td>Pages 15-27</td>
<td>Pages 28-48</td>
<td>Pages 49-63</td>
<td>Pages 64+</td>
</tr>
<tr>
<td>Situation</td>
<td>Strategic Vision</td>
<td>History</td>
<td>Production</td>
<td>Market strategy</td>
<td>Firm profiles</td>
</tr>
<tr>
<td>Objective</td>
<td>+</td>
<td>The Process</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Wider project</td>
<td>+</td>
<td>Global situation</td>
<td>+</td>
<td>Growth</td>
<td></td>
</tr>
<tr>
<td>Methodology</td>
<td>+</td>
<td>Key markets</td>
<td>+</td>
<td>Market mix</td>
<td></td>
</tr>
<tr>
<td>Scope &amp; Definitions</td>
<td>+</td>
<td>Key competitors</td>
<td>+</td>
<td>Market share</td>
<td></td>
</tr>
<tr>
<td>Elevator Test</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Drivers of success</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>SWOT</td>
<td>+</td>
<td></td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Supply chain</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
</tbody>
</table>

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For more details on each section, please refer to the corresponding pages.
The objective of this project is to identify and profile Emerging Growth Opportunities (EGO) in New Zealand’s food and beverage exports.

SITUATION

New Zealand has a clear comparative advantage in food & beverage (and the wider agricultural value chain). Food & beverage exports total $29 billion and account for 43% of New Zealand’s total exports of goods and services.

New Zealand has a long history in producing and exporting food & beverages. However, New Zealand currently has only a limited number of large export categories, namely dairy, beef, lamb, seafood, apples and more recently kiwifruit. Wine has also emerged in the last 20 years to become a billion dollar export category. Growth has come from more volume but more importantly greater value.

Past research as part of the Food & Beverage Information Project (see Emerging Growth Opportunities 2012) identified a range of growing and emerging export sectors.

Industry and government recognise that high growth industries typically need new capital and new capabilities to continue to grow and develop.

OBJECTIVE

The objective of the Emerging Growth Opportunities research is to identify emerging high potential food and beverage export categories from New Zealand. Answering the question - What will be the next wine industry?

The research draws conclusions on potential industry strategic directions, highlights opportunities for further investment and identifies categories which have the potential to contribute to the goal of substantially growing exports. The most promising categories are analysed further in separate reports (e.g. Chocolate).

The research forms a part of – and builds on the information in - the wider Food & Beverage Information Project.

AUDIENCE

The report is designed to be used by four audiences:

- Investors (domestic or international)
- Industry participants (firms & individuals)
- Government (across all roles and responsibilities)
- Scientific researchers (academic, government & corporate)
The Emerging Growth Opportunities (EGO) research is part of the wider New Zealand Food and Beverage Information Project

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### SECTOR REPORTS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Description</th>
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<tbody>
<tr>
<td>Beverages</td>
<td>The New Zealand wine industry has achieved phenomenal growth, producing world-renowned wine varietals.</td>
</tr>
<tr>
<td>Dairy</td>
<td>New Zealand is a global leader in dairy trade, gaining export market share in the past decade.</td>
</tr>
<tr>
<td>Meat</td>
<td>New Zealand is the global leader in lamb and deer meat exports, with a strong position in beef exports and growing chicken exports.</td>
</tr>
<tr>
<td>Processed foods</td>
<td>New Zealand has a rapidly growing processed foods sector, leveraging on available raw and unique ingredients.</td>
</tr>
<tr>
<td>Produce</td>
<td>New Zealand is a major producer and exporter of kiwifruit and apples, with significant growth achieved in other categories.</td>
</tr>
<tr>
<td>Seafood</td>
<td>New Zealand has a large and sustainable wild catch fishery, with aquaculture showing huge theoretical growth potential.</td>
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### INVESTOR GUIDES

- **Investor guides**: Our research has identified twenty categories achieving success in strong growing markets.

### EMERGING MARKETS

- **Emerging markets**: New Zealand food and beverage sector has significant opportunities in Australia, Asia, and European markets due to FFAs and geographical proximity.

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[www.foodandbeverage.govt.nz](http://www.foodandbeverage.govt.nz)
Chocolate emerged from a multi-stage industry screen (Stages I & II) designed to identify, develop & highlight Emerging Growth Opportunities in New Zealand food and beverage exports.
DEFINITION This research is focused on chocolate bars and mixed chocolate exports.

CONFECTIONERY

SUGAR CONFECTIONERY

CHEWING GUM

CHOCOLATE

PRODUCTS CONTAINING COCOA/CHOCOLATE

COCOA PRODUCTS

OTHER PRODUCTS CONTAINING CHOCOLATE

BARS & BLOCKS

MIXED (BAGS, BOXED GIFTING & OTHER)

BULK/INGREDIENT “CRUMB”, ETC.

PROJECT FOCUS – CONSUMER READY CHOCOLATE

Beans (HS1801)
Shells (HS1802)
Paste (HS1803)
Butter (HS1804)
Unsweet. Powder (HS1805)

Numerous trade codes as applicable
OUT OF SCOPE While this focus puts a number of categories out-of-scope, it is worth noting that New Zealand has successful firms in all these areas.
New Zealand chocolate exports can grow through a focus on premium positioning.
DRIVERS OF SUCCESS New Zealand’s success in chocolate has three key drivers

- “Brand NZ” is strong with clear iconic imagery
- On par with or exceeding Switzerland, Belgium, the USA and Germany
- Recognised and valued by target consumers
- Unique to NZ plants and flavours
- Secure production in an isolated location protected by natural barriers

- Long history of chocolate production
- High levels of product innovation
- Historically focused on the domestic market, now rapidly pivoting to export
- Large pool of skilled technical people
- Strong systems and support networks

- Proximity to East & South-East Asian markets
- CER* agreement with Australia
- Market access across Asia
- NZ was the first developed country to sign a free trade deal with China (2008)

* Closer Economic Relationship; Source: photo credit (purchased or creative commons (Dollar Photo Club; Shutterstock; freenzphotos.com))
### SWOT ANALYSIS

New Zealand has a growing niche position in the global chocolate trade; success will come from continued innovation and sales-and-marketing execution.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Abundant supply of sugar (NZ Sugar) and numerous unique raw materials as</td>
<td>- Small size of domestic market</td>
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<tr>
<td>ingredients; ready access to global cocoa bean and powder supplies</td>
<td>- Distance to major high value markets (e.g. relative to Switzerland to Germany)</td>
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<tr>
<td>- Largest global exporter of dairy ingredients</td>
<td>- Limited pool of domestic or resident capital</td>
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<tr>
<td>- Known and trusted supplier of safe and secure ingredients and products to</td>
<td>- Small domestic private equity sector</td>
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<tr>
<td>most major global food &amp; beverage multinationals</td>
<td>- Limited number of highly experienced chocolatiers and chocolate makers</td>
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<tr>
<td>- Robust regulatory system ensures food produced is safe and suitable</td>
<td>- No rich food cultural heritage or tradition to draw from for new product development (vs. France or</td>
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<tr>
<td>- Lower cost structure than Australia or the United States</td>
<td>Italy)</td>
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<tr>
<td>- Low/no corruption, rule of law, efficient court system</td>
<td>- Need to import tropical ingredients (i.e. cocoa); similar to other major producers</td>
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<tr>
<td>- Welcoming of foreign investment; very few rules or limits</td>
<td>- Exchange rate variability</td>
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<tr>
<td>- Strong local manufacturing/process technology skills</td>
<td>- “NZ Inc.” failing to collectively nurture emerging Horizon 2 products to scale</td>
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<td>- Customer/consumer awareness, particularly in Asia, of New Zealand as a</td>
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<tr>
<td>source of quality, wholesome foods</td>
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<tr>
<td>- International surveys highlight high levels of innovation and entrepreneurship</td>
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<td>- Close proximity to fast growing Asian markets</td>
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</tbody>
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<tr>
<th>OPPORTUNITIES</th>
<th>ISSUES/THREATS/RISKS</th>
</tr>
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<tbody>
<tr>
<td>- Growth of Asian middle class; increasing wealth in Asia</td>
<td>- Competitors with lower costs and greater economies of scale</td>
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<td>- Changing global weather patterns (also a threat)</td>
<td>- Continued consolidation of global multinationals leading to hollowing out their local offices (both</td>
</tr>
<tr>
<td>- Rich countries of Europe pricing themselves “out of the game”</td>
<td>a big challenge and a huge opportunity)</td>
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<tr>
<td>- Large and growing demand for products with soft characteristics (e.g.</td>
<td>- The boom/bust economic cycle expresses itself in China</td>
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<td>sustainable)</td>
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<tr>
<td>- A number of alternative channels for processed foods</td>
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<tr>
<td>- Leverage success of New Zealand food industry; build on awareness of New</td>
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<tr>
<td>Zealand in processed foods</td>
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<tr>
<td>- Growth of busy lifestyles and convenience foods</td>
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<tr>
<td>- Medium-sized NZ firms collaborating on marketing and sales in new markets</td>
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SUPPLY CHAIN New Zealand has a simple confectionery supply chain that delivers chocolate to consumers in New Zealand and elsewhere.

SIMPLIFIED MODEL OF NEW ZEALAND CONFECTIONERY SUPPLY CHAIN

Model; 2017

- Imported Cocoa
  - Beans
  - Powder
  - Butter
- Sugar
- Dairy
- Fruit & Nuts
- Flavours, colours, other ingredients

Confectionery Manufacturing
- Chocolate
- Sugar Conf.
- Chewing Gum

Imports

Confectionery Wholesalers

Freight & Logistics

Domestic market
- Own retail or direct sales
  - Industrial/Ingredient
  - Convenience, Supermarkets & other retail
  - Souvenir, Duty Free & Specialist
  - Foodservice

Distributor wholesaler
- Distributor wholesaler\(^1\) (in-market)

International markets
- Convenience, Supermarkets & other retail
  - Industrial/Ingredient
Potential Strategic Vision
Following success in premium wine and honey exports, New Zealand is well positioned for success with premium chocolate.

**STRATEGIC VISION**

**Vision:** Create a differentiated position in premium chocolate with unique New Zealand characteristics

- Develop unique New Zealand chocolate style or formulation
- Build execution capabilities
- Innovate rapidly
- Focus on select developed markets with high premium chocolate consumption

**Key Actions:**

- Bring innovation and new thinking to the industry
- Leverage unique New Zealand flavours (e.g. native flora, feijoa, kiwifruit, tamarillo, sauvignon blanc)
- Wrap this in a full brand story; consider flagship retail stores to tell this story to key consumers and opinion leaders
- Increase production capacity
- Sales, marketing & promotion
- Product development
- Procurement & logistics
- Win through rapid new product launch
- Fast follow emerging global trends
- Move and change faster than slow moving large competitors

- “Follow in footsteps” of wine and honey
- Initially the Anglo-Saxon Five: Australia, United Kingdom, Ireland, Canada, United States
The World of Chocolate

+ History
+ The Process
+ Global situation
+ Key markets
+ Key competitors
The chocolate industry has a very long history; cocoa was consumed initially by the Mesoamericans in 1900BC.

**CHOCOLATE TIMELINE**

**Key events**

- **1900-500BC** Mesoamericans discover how to make chocolate drink
- **AD250-900** Mayans make chocolate
- **1300-1500’s** Aztecs start to make chocolate and use in ceremonies and beans as currency
- **1500’s** Chocolate comes to Spain from South America
- **1600-1800** Chocolate starts to be made in EU and USA
- **1700’s** Hanon’s first USA powered chocolate factory
- **1829** Cadbury start selling cocoa powder
- **1847** First chocolate bar is made in England “Fry’s”
- **1879** Lindt invent the conche (smooth chocolate)
- **1894** Hershey’s factory opens in USA
- **1861** Nestle invent milk chocolate bars
- **1828** Cocoa powder & butter invented in Switzerland
- **1900** Mesoamericans discover how to make chocolate drink
- **1911** Mars candy factory opens
- **1990s** Valrhona pioneered single origin chocolate
- **2005** Amano Artisan Chocolate sold to Hershey $50m
- **2000** Beginning of the Artisan chocolate movement
- **2008** Mars project mapped the cacao genome
- **2010** Madre’s “tree to bar” developed in Hawaii
- **2011** John Nanci made first small batch chocolate machines
- **1996** Robert Steinberg (US) coined phrase bean to bar
- **1996** Merger makes Barry Callebaut the largest chocolate and cocoa products manufacturer
- **1994** New York Cocoa Exchange established
- **1925** New York Cocoa Exchange established

Source: Coriolis
Cocoa beans can be produced in a narrow zone across the centre of the planet (20 degrees north and south of the equator)

APPROXIMATE REGIONS WHERE COCOA PLANTS CAN BE GROWN COMMERCIALY

Conceptual model; 2017

Source: Coriolis analysis of production data
Large scale retail chocolate is a processed product that flows through multiple processing stages before it reaches the consumer.

GLOBAL INDUSTRIAL COCOA/CHOCOLATE SUPPLY CHAIN

Source: Coriolis from a wide range of sources
Firms participate at various stages along the chocolate making process, depending on their business model, equipment and scale.

**BASIC CHOCOLATE PRODUCTION PROCESS**

**Key stages**

1. **Cocoa Plantation**
   - *Theobroma cacao* botanical name of cacao
   - Genetics: Criollo, Forastero, Trinitario, Nacional (10 genetic families)
   - Plantations located 20 degrees above and below the equator

2. **Harvest & Ferment**
   - Scoop out 30-50 seeds/pod
   - Fermented 3-7 days (decrease astringency)
   - Dried to 7% moisture

3. **Roast**
   - Beans dried via large ovens to clothes driers
   - Removes acidity
   - Temperature and timing affects taste

4. **Crack, Sort & Winnow**
   - Crack beans
   - Sort between the husks and nibs (winnowing)

5. **Grind, Mill & Refine**
   - Grind nibs into particles with melangeur to produce “liquor”
   - Regrind with sugar and ingredients added refine in ball mill, to smooth
   - Mix and shine with conche to smooth further

6. **Temper**
   - Heated and cooled
   - Mould or form

7. **Retail or Further Processing**
   - Package & sell finished product
   - Package & sell wholesale ingredients

Source: Coriolis
Cocoa bean production is concentrated in Africa (66%), particularly the Ivory Coast (32%) and Ghana (19%), followed by South America (17%), Indonesia (16%) and the Pacific.

SHARE OF GLOBAL COCOA BEAN PRODUCTION BY COUNTRY
% of tonnes; 2014

- Africa: 66%
- Côte d'Ivoire: 32%
- Ghana: 19%
- Cameroon: 6%
- Nigeria: 6%
- Brazil: 6%
- Ecuador: 4%
- Indonesia: 16%
- Other Americas: 7%
- Other Africa: 2%
- Papua New Guinea: 1%
- Other S/SE Asia: 1%
- Other Pacific: 0%

TOTAL = 4,450k tonnes

Source: UN FAO; Coriolis analysis and classifications
Chocolate manufacturers capture about a third (35%) of the total value chain (or five times what the farmer gets)

SIMPLIFIED CHOCOLATE VALUE CHAIN FROM FARMER THROUGH TO CONSUMER
% of final value excluding GST or sales tax; 2015

Cocoa Farmer: 7%
Origination & taxes: 4%
Transport, storage & trade: 2%
Grinder /Processor: 8%
Manufacturing costs: 35%
Retail margins (At convenience retail; supermarkets lower): 44%
Final Price: 100%

Source: Cocoa Barometer 2015 p34-35; Oxfam; Coriolis analysis
Primary processing of cocoa – which occurs both in producing countries and in key markets – is relatively concentrated.

**% of Global Cocoa Grinding Capacity**

- Barry Callebaut: 22%
- Cargill: 10%
- Olam: 10%
- Blommer: 6%
- Mondelez: 6%
- Guan Chong: 5%
- Ecom Cocoa: 5%
- BT Cocoa: 4%
- Nestle: 2%
- Transmar Group: 2%
- Others: 2%

**Total = 4,152 t (000)**

**Source:** Barry Callebaut FY15/16 Roadshow presentation; ICCO Annual Report 2014/15
Following harvest and initial processing, cocoa flows to large factories in low risk Western countries for further processing.

Source: Euromoney Country Risk data; Corruption Perception Index data; Coriolis analysis
Production of industrial chocolate is relatively concentrated and is typically located in low risk regions where the major producers are based (e.g. Netherlands, Germany, Belgium, Switzerland).

**% of open market industrial chocolate sales**

- Barry Callebaut: 50%
- Cargill: 15%
- Blommer: 10%
- Fuji Oil: 5%
- Puratos: 5%
- Cemoi: 5%
- Irica: 5%
- Clasen: 5%
- Kerry Group: 5%
- Guittard: 5%
- Others: 5%

*Excludes own processing*

*Source: Barry Callebaut FY15/16 Roadshow presentation*

**Global consumer chocolate sales by region**

- Europe: 44%
- Asia: 17%
- North America: 20%
- Latin America: 13%
- Mid East & Africa: 4%
- Australasia: 2%

*TOTAL = US$102,600m*

*Excludes other uses*
The global consumer chocolate market is polarised with a small number of large firms (the Top 10 control ~50%) and a large number of small firms.

GLOBAL CONSUMER CHOCOLATE CONFECTIONERY WHOLESALE SALES BY KEY FIRMS
% of industry turnover; 2016

- Nestle $9,280 9%
- Ferrero $8,201 8%
- Mondelez $8,061 8%
- Hershey $7,387 7%
- Lindt & Sprungli $3,798 4%
- Mars $11,888 11%
- Meiji $1,503 1%
- Ezaki Glico $946 1%
- CEMOI $902 1%
- Arcor $613 1%
- Other $50,018 49%

TOTAL = US$102,600m

Source: ICCO; Candy Industry; Hardman Agribusiness; Coriolis analysis
Chocolate brands can be segmented into two broad categories: large global corporates control the static everyday energy bars and a range of innovators are driving premium/luxury.

**EVERYDAY/ENERGY BARS**

*Static-to-declining across developed world*

**Characteristics**
- Primarily global brands executing global strategies
- Three key drivers:
  1. Convenience (located at checkouts in petrol, convenience and supermarkets); success = control of impulse purchase hot zones
  2. Price (often targeting a specific price point)
  3. Brand (well known, traditional, mid-market)
- Trying to address growth of premium (e.g. fair trade)

**“NEW PREMIUM”/LUXURY/INDULGENCE**

*Growing globally*

**Characteristics**
- Primarily regional specialists with small core range
- Nimble and flexible manufacturing; fast following trends
- Key drivers include:
  1. Passion, personality and authenticity; a “real” story
  2. Not mass produced; handcrafted; small batches; limited quantity
  3. “Good” ingredients: natural, organic, ethical, clean
  4. Experiential retail or foodservice experience; gourmet retail
  5. Affordable luxury; “costs more and is worth it”

*Source: photo credit (firms or fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis*
In particular, premium consumers are looking for “clean” labels (without additives) and products made with “real” ingredients; this appears to have a strong fit with Brand New Zealand positioning.

Sugar, Peanuts, Glucose Syrup, Skimmed Milk Powder, Cocoa Butter, Cocoa Mass, Sunflower Oil, Palm Fat, Lactose, Whey Powder (from Milk), Milk Fat, Emulsifier (Soya Lecithin), Salt, Coconut Oil, Egg White Powder, Natural Vanilla Extract, Hydrolysed Milk Protein, Milk Chocolate contains Milk Solids 14% minimum, Milk Chocolate contains Vegetable Fats in addition to Cocoa Butter.
New Zealand Chocolate Industry

+ Production
+ Supply chain
+ Regional activity
+ Operations
+ Megatrends
New Zealand has a long history in chocolate across three broad eras of development

**PIONEER ERA (1860’s-1930’s)**

- Range of chocolate and confectionery firms founded across New Zealand
  - Griffins 1864
  - Hudsons 1868
  - Whittakers 1899
  - Southern Cross 1900
  - Huia 1901
  - Heards 1914
  - Mackintosh Caley Phoenix 1926

- Focused on replacing imports with domestic production
- Firms were small and primarily targeting the domestic market

**PRODUCTION ERA (1930’s-1990’s)**

- Global multinationals acquire and invest in New Zealand confectionery firms
  - Cadbury > Hudsons
  - Nestle > Heards
  - Nabisco > Griffins
  - Nestle > Rowntree Mackintosh

- Significant investment in new factories and factory upgrades; primarily focused on scale production seeking to utilise low cost ingredients (e.g. dairy)
  - Nestle Milo dairy/chocolate drink
  - Cadbury dairy chocolate “crumb”

- Emergence of iconic “Kiwi” flavoured gift chocolates through growth in tourism

**INNOVATION ERA (2000’s+)**

- Spread of premium, authentic production concepts and systems from wine to beer to coffee to chocolate
- New generation of innovators attracted to industry bringing new sensibilities
- New processes and technologies reduce scale requirements and barriers to entry
- Range of innovative new products launched
- Cocoa declared a “superfood”
- Embracing iconic New Zealand flavours and values; often tied in with Pacific region sourcing

Source: Coriolis; photo credit (old images out of copyright; Shutterstock; fair use; low resolution; complete product/brand or promotional material for illustrative purposes)
The New Zealand confectionery industry is again creating new firms

NUMBER OF CHOCOLATE & CONFECTIONERY MANUFACTURERS IN NEW ZEALAND

Firms; 1860-2015

PIONEER ERA (1860’s-1930’s)

PRODUCTION ERA (1930’s-1990’s)

INNOVATION ERA (2000+)

CAGR 7%

CAGR 0.2%

CAGR 3%

CAGR Compound Annual Growth Rate; data is year given or nearest census; Source: Department of Statistics; Statistics NZ; Coriolis analysis
New firms are continuously being formed

IDENTIFIED SIGNIFICANT CURRENT NEW ZEALAND CHOCOLATE FIRMS BY DECADE OF ESTABLISHMENT
Count: n=47; 1896-2017

Excludes: multinationals and sugar confectionary firms

Note: date of entry into chocolate manufacturing is used for Healtheries, Trade Aid; Source: company websites; New Zealand Companies Office; Coriolis analysis
Firms participating in the New Zealand confectionery industry can be broadly segmented into six groups.

**GLOBAL MULTINATIONALS**

**NEW ZEALAND FIRMS**

**OUT OF SCOPE**

**NEW ZEALAND CHOCOLATE MANUFACTURING INDUSTRY**

**SOLD THROUGH DISTRIBUTORS**

**WHOLESALE SALES OPERATION**

**MANUFACTURE IN NEW ZEALAND**

**MID/LARGE BRAND**

**MID/LARGE COMMODITY**

**EMERGING INNOVATORS**

**EXAMPLE FIRMS**
Firms are also split into Bean to Bar and Chocolatiers using couverture

**BEAN TO BAR**

- Whittakers
- Wellington Est. CHOCOLATE FACTORY
- Ola
- Solomons Gold
- Ocho
- Hogarth Craft Chocolate
- Devonport Chocolates

**CHOCOLATIERS USING COUVERTURE**

- Bennett's
- Patagonia
- Van H
- Honest Chocolat
- Organic Wildness Chocolate
- chocolate brown
- ChocoyO
- Schoc Chocolate
- MAKANA Confections
- Seriously Good Chocolate Company
- Waikato Valley
- Kāko Chocolate
- Silky Oak Chocolates
- Bohemein
- Supreme Chocolates
- Chocolate Makers
- Donovans
- Bennetto Natural Foods

*Select range

“Some of our products only have two ingredients, we want the beans to come through.”

“We source all our beans from our plantations.”

“We are looking for a consistent base product and we add our magic.”

“We find amazing products that really complement the chocolate.”

“Barry Callebaut chocolate is always consistent.”

*Select range
The industry is spread across the country, with long term growth occurring across most regions.
New Zealand has a range of chocolate companies across all regions

- Auckland
- Waikato
- Otago/Other SI*
- Other North Island
- Wellington
- Canterbury

* SI = South Island; Source: Coriolis
The New Zealand confectionery industry is growing in unit numbers, employees per unit and total employment.

15y CAGR 2%

15y CAGR 1%

15y CAGR 3%

Note: data are a Coriolis synthesis; existing data has disagreements in places; Source: UN FAO; Plant & Food Fresh Facts; Statistics NZ; Coriolis analysis
New Zealand produces four broad types of retail “consumption” chocolate

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Sub-segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. BARS/BLOCKS</td>
<td>Solid bars of chocolate in consumer-ready sizes</td>
<td>Two distinct sub-segments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Everyday/Energy bars (40-50g) sold primarily through convenience stores,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>vending machines and in checkout areas; typically consumed immediately</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Premium bars/blocks (100-200g) sold through a wider range of retailers;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>often with inclusions; typically consumed later</td>
</tr>
<tr>
<td>2. FILLED/ENROBED</td>
<td>Bars of chocolate containing other fillings in consumer-ready sizes</td>
<td>- Primarily sold through supermarkets and discounters</td>
</tr>
<tr>
<td>3. MIXED/BAGGED</td>
<td>Bags or boxes of chocolates which are typically individually wrapped</td>
<td>- Promoted and pushed heavily at Halloween; large off-aisle displays</td>
</tr>
<tr>
<td>4. GIFTING</td>
<td>Premium boxed assorted chocolates designed primarily for gifting</td>
<td>- Limited range other times of year; positioned as sharing packs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Sold through a wide range of retail outlets, from duty free to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>confectioners, department stores to high end supermarkets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Promoted and pushed heavily around key holidays, particularly Valentines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Day, Mother’s Day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Market can be further segmented into everyday gifting and premium or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>special occasion gifting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Growing focus on sales to tourists</td>
</tr>
</tbody>
</table>

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
1. SOLID BLOCK/BAR New Zealand makes a range of block/bar chocolate products

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
2. **ENROBED/FILLED/INCLUSIONS** New Zealand makes a range of enrobed and enriched chocolate products

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
3. MULTI-PACK New Zealand makes a range of multi-pack chocolate products

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
4. GIFTING PACK New Zealand makes a selection of gifting pack chocolate products

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
Four global consumer mega-trends are driving growth and new product development in chocolate (and wider food & beverage industry)

<table>
<thead>
<tr>
<th>EASY &amp; CONVENIENT</th>
<th>LIFESTYLE &amp; WELLNESS</th>
<th>AUTHENTIC &amp; RESPONSIBLE</th>
<th>SENSORY &amp; INDULGENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am trying to achieve work-life balance and need quick-and-easy meal solutions</td>
<td>I am concerned about my wellness and am trying to live a positive lifestyle</td>
<td>I am mindful of where my food comes from and how it is produced</td>
<td>I like to indulge in rich and sumptuous living beyond the bare necessities</td>
</tr>
</tbody>
</table>

- Dramatic increase in female participation in the workforce globally
- Consumers working longer hours to maintain relative income
- Work hours no longer just “9 to 5”; food needs at all times (e.g. night shift)
- Mid-high income countries experiencing an aging population
- Spread of Western lifestyle and Western diseases of affluence (e.g. diabetes)
- Ongoing waves of media hype around fad diets and new “superfoods”
- Food presented and viewed as both the problem and the solution
- Dramatic global shift to city living: 1800=3%, 1900=14%, 2015=50%; developed nations 75%+; 400 cities 1m+
- Loss of attachment to the land and food production – growth of artisan and craft
- Ongoing “rights revolution”, fair trade to direct trade
- Ongoing waves of food scares around food quality, contamination, additives
- Growing income polarisation into “haves and have-nots”
- Strong emerging trend to premium (and discount) at the expense of the mid-market
- Emerging middle class across developing world driving consumption growth
- Incredible power of food and beverages in many social settings

- May represent a need for an immediate solution (e.g. thirst, hunger)
- May represent an easy solution to a future challenge (e.g. single serves for children’s lunches)
- May be addressing specific conditions (e.g. oats to lower cholesterol)
- May target a specific family member (e.g. grandparent)
- May reflect wider worldview
- May target specific foods perceived as high risk, unethical or visible (e.g. coffee, cacao, eggs)
- May target a specific family member (e.g. mother)
- May range from “everyday luxury” to an occasional “treat”
- May be used to demonstrate social status, taste or style
- Gifting culture in Asia around premium, luxury items

Source: Boston Consulting Group; Datamonitor; photo credit (purchased from stock providers); Coriolis research and analysis
To the first of the four, New Zealand chocolate manufacturers are on-trend for making things easy and convenient for consumers.

**EASY & CONVENIENT**

**CHOCOLATE-FOCUSED “COFFEE” SHOPS**

Following on from the success of premium coffee shops, there is an emerging move towards cocoa/chocolate focused outlets.

**ONLINE/DIRECT RETAILING**

Providing busy consumers - and consumers from elsewhere on the planet – an opportunity to quickly and conveniently order.

---

**EXAMPLE**

Most NZ chocolate firms offer this service.

---

Source: photo credit (firm promotional images or fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
Second, New Zealand chocolate manufacturers are on-trend for lifestyle & wellness

LIFESTYLE & WELLNESS

DARK CHOCOLATE AS SUPERFOOD

Dark chocolate is rich in flavonoids, antioxidants that may lower blood pressure, improve blood flow, and boost overall heart wellness. In response, manufacturers are making products with high cocoa levels.

80% cocoa solids
100% cocoa

LOW SUGAR/SUGAR FREE

Traditional chocolate products are energy dense foods. Emergence of new naturally derived sweeteners enabling manufacturers to offer products with lower energy levels.
Third, New Zealand chocolate manufacturers are on-trend for authentic and responsible production through buying fair trade cocoa beans...

**AUTHENTIC & RESPONSIBLE**

**ETHICAL/SUSTAINABLE/FAIR TRADE/DIRECT TRADE**

Chocolate growers receive a very small percentage of the final retail price. Fair trade products seek to return more to the farmer.

“We’re helping talented people around the world improve their lives through trade... making the world a better place for both producers and consumers and there are so many ways you can be a part of this revolutionary change.”

“At the Wellington Chocolate Factory we make organic, ethically traded, bean to bar chocolate of the highest quality.”

“We are... committed to supporting the local communities in the Solomons Islands. The makers of Solomons Gold aspire to significantly contribute to the resurgence of cacao exports from the Solomon Islands.

“We are certified Fairtrade... We focus on all-natural, Fairtrade certified and fully traceable products – and not just because it’s nice, but because it’s vital to the ongoing wellbeing of the people and the world we live in.”

“Ola Pasefika supports village growers in Samoa and other Pacific Islands via direct trade. We now have a large number of village growers who we pay premium price for cacao; that go directly to help growers’ families.”
... and through local/regional sourcing from the Pacific region...

AUTHENTIC & RESPONSIBLE

PACIFIC SOURCING

The Pacific Islands are emerging as a new cocoa producing region and have strong cultural ties with New Zealand

Source: photo credit (firms or fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
... as well as through embracing authentic and iconic New Zealand imagery

AUTHENTIC & RESPONSIBLE

ICONIC SCENERY

New Zealand has a distinct landscape known to locals, tourists and many consumers.

ICONIC NEW ZEALAND “KIWIANA”

New Zealand has developed a distinct, unique identity with a range of iconic images

Source: photo credit (firms or fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
Finally, New Zealand chocolate manufacturers are on-trend for producing sensory and indulgent products

<table>
<thead>
<tr>
<th>SENSORY &amp; INDULGENT PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGLE ESTATE</td>
</tr>
<tr>
<td>There is a growing global trend to marketing premium and super-premium chocolates as single estate (similar to wine)</td>
</tr>
<tr>
<td>“Made from beans from the Akesson Estate of Northern Madagascar”</td>
</tr>
<tr>
<td>“Made from beans from the Moa Estate in Upolo, Samoa”</td>
</tr>
<tr>
<td>UNIQUE NEW ZEALAND FLAVOURS</td>
</tr>
<tr>
<td>Due to its being an isolated island nation, New Zealand has a range of unique plants and flavours. New Zealand’s innovative fruitgrowers have also named and commercialised a range of new fruits.</td>
</tr>
</tbody>
</table>

Source: photo credit (firms or fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); various published articles; Coriolis analysis
These trends drive new product development, through (1) packaging, (2) product, (3) category and (4) channel innovation; in practice however, success invariably comes down to implementation and execution.

CONSUMER FACING INNOVATION IN THE FOOD & BEVERAGE INDUSTRY FROM TREND TO EXECUTION

*Simplified model; 2017*

CONSUMER FOOD & BEVERAGE MEGA-TRENDS

NEW PRODUCT DEVELOPMENT

1. PACKAGING INNOVATION
   - Usage
   - Shelf-life
   - Convenience
   - Appearance
   - New materials

2. PRODUCT INNOVATION
   - Flavour
   - Formulation/recipe
   - New/different ingredients
   - Source/origin
   - Production system
   - Manufacturing process

3. CATEGORY INNOVATION
   - Line extension
   - Creation of new category
   - New temperature state

4. CHANNEL INNOVATION
   - Foodservice offer
   - Duty free
   - Non-foods retail offer
   - Vending
   - Internet/Home delivery
   - Own retail stores

IMPLEMENTATION & EXECUTION

*Source: Coriolis*
Key Markets for NZ Chocolate

+ Market strategy
+ Growth
+ Market mix
+ Market share
+ Opportunities
The New Zealand chocolate industry needs to maintain and grow the Australian market, while developing opportunities in high value E/SE* Asian and Western markets

- Improve shelf presence in convenience for everyday (e.g. Whittakers Peanut Slab)
- Gain share across premium channels (department stores, gourmet specialists)
- Initially focus on areas with large expatriate population

- Increase awareness of NZ as a source of chocolate (not just “meat and dairy”)
- Focus on seasonal gift giving, particularly Valentines Day and Chinese New Year (CNY)
- Position NZ as premium

- Need a unique product/position to avoid a “coals to Newcastle” challenge; suggest unique New Zealand flavours
- Develop a plan to succeed in the UK market; lessons from wine and honey
- Expand model to Europe and North America

*E/SE East/South East; Source: photo credit (purchased from stock providers)
New Zealand has growing consumer ready (C.R.) chocolate exports, driven by volume increases (20y CAGR 8%) and moderate price increases (20y CAGR 3%), leading to strong export growth (20y CAGR 11%)

Note: C.R. = Consumer Ready (i.e. excluding bulk/industrial); Source: UN Comtrade database; Coriolis analysis
Consumer ready chocolate accounts for a quarter of New Zealand exports of snacks across the wider snacking platform.

VALUE OF NEW ZEALAND EXPORTS ACROSS WIDER “SNACKING” PLATFORM
US$m; 2016

TOTAL = US$315m in exports in 2016

Source: UN Comtrade database; Coriolis classification and analysis
Consumer ready chocolate is growing (20y CAGR 11%), with all types growing, especially enrobed (20y CAGR 16%).

### NEW ZEALAND CONSUMER-READY CHOCOLATE EXPORT VALUE BY TYPE

**US$m; 1996-2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Block/Bar</th>
<th>Mixed/other</th>
<th>Enrobed</th>
<th>20y CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$11</td>
<td>$8</td>
<td>$6</td>
<td>11%</td>
</tr>
<tr>
<td>1997</td>
<td>$10</td>
<td>$8</td>
<td>$5</td>
<td>9%</td>
</tr>
<tr>
<td>1998</td>
<td>$10</td>
<td>$10</td>
<td>$5</td>
<td>10%</td>
</tr>
<tr>
<td>1999</td>
<td>$10</td>
<td>$11</td>
<td>$9</td>
<td>11%</td>
</tr>
<tr>
<td>2000</td>
<td>$11</td>
<td>$12</td>
<td>$11</td>
<td>11%</td>
</tr>
<tr>
<td>2001</td>
<td>$12</td>
<td>$14</td>
<td>$14</td>
<td>11%</td>
</tr>
<tr>
<td>2002</td>
<td>$14</td>
<td>$18</td>
<td>$18</td>
<td>11%</td>
</tr>
<tr>
<td>2003</td>
<td>$18</td>
<td>$22</td>
<td>$22</td>
<td>11%</td>
</tr>
<tr>
<td>2004</td>
<td>$22</td>
<td>$23</td>
<td>$23</td>
<td>11%</td>
</tr>
<tr>
<td>2005</td>
<td>$23</td>
<td>$23</td>
<td>$23</td>
<td>11%</td>
</tr>
<tr>
<td>2006</td>
<td>$23</td>
<td>$22</td>
<td>$22</td>
<td>11%</td>
</tr>
<tr>
<td>2007</td>
<td>$22</td>
<td>$18</td>
<td>$18</td>
<td>11%</td>
</tr>
<tr>
<td>2008</td>
<td>$18</td>
<td>$13</td>
<td>$13</td>
<td>11%</td>
</tr>
<tr>
<td>2009</td>
<td>$13</td>
<td>$5</td>
<td>$5</td>
<td>11%</td>
</tr>
<tr>
<td>2010</td>
<td>$5</td>
<td>$6</td>
<td>$6</td>
<td>11%</td>
</tr>
<tr>
<td>2011</td>
<td>$6</td>
<td>$9</td>
<td>$9</td>
<td>11%</td>
</tr>
<tr>
<td>2012</td>
<td>$9</td>
<td>$14</td>
<td>$14</td>
<td>11%</td>
</tr>
<tr>
<td>2013</td>
<td>$14</td>
<td>$17</td>
<td>$17</td>
<td>11%</td>
</tr>
<tr>
<td>2014</td>
<td>$17</td>
<td>$22</td>
<td>$22</td>
<td>11%</td>
</tr>
<tr>
<td>2015</td>
<td>$22</td>
<td>$33</td>
<td>$33</td>
<td>11%</td>
</tr>
<tr>
<td>2016</td>
<td>$33</td>
<td>$39</td>
<td>$39</td>
<td>11%</td>
</tr>
</tbody>
</table>

**Source:** UN Comtrade database; Coriolis classification and analysis
In general all products are achieving modest price increases, chocolate export prices per kilogram by type appear to broadly track in-line.

Note: Data are calendar years and uses HS96 trade code 180690, 180632 & 180631; Source: UN Comtrade database; Coriolis analysis
Australia is by far the largest market (82%) for New Zealand consumer-ready chocolate exports, followed by E/SE Asia (14%); all other market are small at present.

**VALUE OF NEW ZEALAND CONSUMER-READY CHOCOLATE EXPORTS BY MARKET**

*US$m; 2016*

- **Australia**: $67, 82%
- **East Asia**: $8, 10%
- **SE Asia**: $3, 4%
- **Pacific Islands**: $1, 2%
- **North America**: $1, 1%
- **Europe**: $0, 0%
- **Other**: $0, 0%
- **NA/ME/CA**: $1, 1%

**TOTAL = US$81m in exports in 2016**

*NA/ME/CA* = North Africa, Middle East, Central Asia; Source: UN Comtrade database; Coriolis classification and analysis
Historically, the Australian market has been the engine of growth for New Zealand consumer-ready chocolate exports.

NEW ZEALAND CONSUMER READY CHOCOLATE EXPORT VALUE BY MARKET
US$m; 1996-2016

E/SE Asia = East/South East Asia; Source: UN Comtrade database; Coriolis analysis
The average price realised by New Zealand exports varies between markets.

Note: Data are calendar years and uses HS96 trade code 180690, 180632 & 180631; Source: UN Comtrade database; Coriolis analysis.
Looking at share of New Zealand’s exports by market beyond the local Australia/Pacific region highlights reliance on E/SE Asia, particularly China.
New Zealand achieves good market share (13.5%) in its local Australia/Pacific region; beyond this, the global market is virtually untapped.

**NEW ZEALAND CONSUMER-READY CHOCOLATE VALUE BY MARKET**
*US$m; 1996-2016*

<table>
<thead>
<tr>
<th>Market</th>
<th>NZ Share</th>
<th>NA/ME/CA</th>
<th>S. Asia</th>
<th>SE Asia</th>
<th>East Asia</th>
<th>S. Asia</th>
<th>North America</th>
<th>SS Africa</th>
<th>Europe</th>
<th>C/G America</th>
</tr>
</thead>
<tbody>
<tr>
<td>AU/Pacific</td>
<td>0.6%</td>
<td>0.4%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>99.6%</td>
<td>99.9%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Others</td>
<td>86.5%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Proportional to total market import value in US$; 2016

Source: UN Comtrade database; Coriolis analysis
Chocolate imports per capita are highly correlated with income; rich countries import a lot of chocolate and poor countries do not.

Source: CIA World Fact Book; UN Comtrade database; Coriolis analysis
Europeans, particularly the Irish, Dutch, Danes and English, buy a lot of imported chocolates which represents market potential for New Zealand chocolate exports.

**CONSUMER-READY CHOCOLATE IMPORTS PER PERSON: SELECT COUNTRIES**

*US$/capita; 2016*

<table>
<thead>
<tr>
<th>Country</th>
<th>US$/capita</th>
<th>NZ $ Share of Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>$15</td>
<td>18.5%</td>
</tr>
<tr>
<td>South Korea</td>
<td>$5</td>
<td>0.2%</td>
</tr>
<tr>
<td>Japan</td>
<td>$2</td>
<td>0.1%</td>
</tr>
<tr>
<td>China</td>
<td>$0.24</td>
<td>2.2%</td>
</tr>
<tr>
<td>Canada</td>
<td>$22</td>
<td>0.1%</td>
</tr>
<tr>
<td>USA</td>
<td>$6</td>
<td>0.00%</td>
</tr>
<tr>
<td>Ireland</td>
<td>$71</td>
<td>0.00%</td>
</tr>
<tr>
<td>Neth.</td>
<td>$61</td>
<td>0.00%</td>
</tr>
<tr>
<td>Denmark</td>
<td>$47</td>
<td>0.00%</td>
</tr>
<tr>
<td>UK</td>
<td>$30</td>
<td>0.02%</td>
</tr>
<tr>
<td>France</td>
<td>$24</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Note: data are rounded; Source: UN Comtrade database; Coriolis analysis
New Zealand is capable of achieving significant market share in premium products, as wine and honey have shown; consumer-ready chocolate is underperforming outside Australia.

**NEW ZEALAND VALUE SHARE OF IMPORTS OF SELECT PRODUCTS IN SELECT MARKETS**

<table>
<thead>
<tr>
<th>Product</th>
<th>Australia</th>
<th>Ireland</th>
<th>United Kingdom</th>
<th>USA</th>
<th>Singapore</th>
<th>Canada</th>
<th>UAE</th>
<th>France</th>
<th>Sweden</th>
<th>Malaysia</th>
<th>South Korea</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottle Wine</td>
<td>64%</td>
<td>10%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Honey</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td>30%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td></td>
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</table>

**Chocolate clearly underperform outside Australia**

Suggest a “straw man” 2-3% share target across these markets.
Taking the U.K. as an example, New Zealand should target between 2% and 5% market share, which would equate to ~$35 million to $87 million in export sales respectively to the U.K.

**UNITED KINGDOM CHOCOLATE IMPORT VALUE BY SOURCE COUNTRY**

*US$m; VFD; 2016*

- **TOTAL = US$1,734m**
- **Versus:**
  - 2% = $35m
  - 5% = $87m
Key NZ Chocolate Firms

+ Firm Profiles
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Owner</th>
<th>Description</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
<th>Year Formed</th>
<th>Staff Employed</th>
<th>Revenue</th>
<th>Company Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bennetto Natural Foods Co</td>
<td>Lucy Bennetto</td>
<td>Premium drinking chocolate bars manufacturer; expanding into eating chocolate in 2018; manufactured at FoodSouth; organic, fair trade, Peruvian Criollo cocoa</td>
<td>Drinking chocolate bar, hot chocolate powders, chocolate bars (Oct 2018)</td>
<td>NZ; Private (Bennetto)</td>
<td>2374269</td>
<td>63 Cleveland Street, Christchurch</td>
<td>+64 3 386 3528</td>
<td><a href="http://www.bennetto.co.nz">www.bennetto.co.nz</a></td>
<td>2010</td>
<td>2</td>
<td>&gt;$1m</td>
<td>National distribution in Australia, new organic eating chocolate range launched in Nov '17</td>
</tr>
<tr>
<td>Bennets of Mangawhai</td>
<td>Mary Bennett</td>
<td>Handmade artisan chocolates; flagship store &amp; café in Mangawhai Village; Retail store at Smith &amp; Caughey's Auckland city; Focus on NZ ingredients and flavours.</td>
<td>Boxed chocolates, chocolate bars, nougat, marshmallow</td>
<td>NZ; Private (Bennett Family)</td>
<td>1056085</td>
<td>52 Moir Street, Mangawhai Village</td>
<td>+61 9 431 5500</td>
<td><a href="http://www.bom.co.nz">www.bom.co.nz</a></td>
<td>1998</td>
<td>40 (12 factory)</td>
<td>$2-5m (all businesses)</td>
<td></td>
</tr>
<tr>
<td>Bohemein Fresh Chocolates</td>
<td>Jiri (George) Havlik</td>
<td>Premium chocolatier; use Barry Callebaut chocolate; retail stores in Auckland, Wellington; purpose built factory in Miramar; 248 products</td>
<td>Boxed chocolates; chocolate fish</td>
<td>NZ; Private (Havlik)</td>
<td>1517944</td>
<td>127 C Park Road, Miramar</td>
<td>+64 4 891 1052</td>
<td><a href="http://www.bohemein.co.nz">www.bohemein.co.nz</a></td>
<td>2005</td>
<td>17</td>
<td>$1-5m*</td>
<td></td>
</tr>
<tr>
<td>Chocolate Brown</td>
<td>Susan Vize</td>
<td>Chocolate chocolatier; retail, wholesale and corporate sales; onsite café and retail store; Callebaut couverture; established in Geraldine, moved to Queenstown and then to Warkworth</td>
<td>Boxed chocolates; chocolate bars, fudge, confectionery</td>
<td>NZ; Private (Vize)</td>
<td>5698687</td>
<td>6 Mill Lane, Warkworth</td>
<td>+64 9 422 2677</td>
<td><a href="http://www.chocolatebrown.co.nz">www.chocolatebrown.co.nz</a></td>
<td>2007</td>
<td>30</td>
<td>$1-3m*</td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td>Key Contact</td>
<td>Description</td>
<td>Key Products</td>
<td>Ownership</td>
<td>Company Number</td>
<td>Address</td>
<td>Phone</td>
<td>Website</td>
<td>Year Formed</td>
<td>Staff Employed</td>
<td>Revenue</td>
<td>Highlights</td>
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<tr>
<td>CHOCOLATE TRADERS</td>
<td>Irene Gillies</td>
<td>Premium chocolate manufacturers and wholesalers; customised chocolates for</td>
<td>Chocolate bars, boxed chocolates</td>
<td>NZ; Private (Gilles, Brown)</td>
<td>3579891</td>
<td>205 Robinsons Road, Ladbrooks</td>
<td>+64 3 943 9222</td>
<td><a href="http://www.chocolatetraders.co.nz">www.chocolatetraders.co.nz</a></td>
<td>1990</td>
<td>TBD</td>
<td>$1-5m*</td>
<td>Company HIGHLIGHTS:</td>
</tr>
<tr>
<td>CHOCOLATES ARE US</td>
<td>Leanne Petersen</td>
<td>and wholesalers; customised chocolates for corporate sales; factory in</td>
<td>Chocolate bars, embossed thins, confectionery</td>
<td>NZ; Private (Stewart, Petersen)</td>
<td>5223681</td>
<td>6A Dakota Drive, Whitianga</td>
<td>+64 7 866 4063</td>
<td><a href="http://www.chocolatesareus.co.nz">www.chocolatesareus.co.nz</a></td>
<td>1988</td>
<td>TBD</td>
<td>$1-5m*</td>
<td>Company HIGHLIGHTS:</td>
</tr>
<tr>
<td>CHOCOYO</td>
<td>Yoann Martichon</td>
<td>factory in Christchurch; uses Barry Callebaut chocolate</td>
<td>Boxed chocolates, chocolate hazelnut spread</td>
<td>NZ; Private (Martichon)</td>
<td>TBD</td>
<td>3/38 North Road, Nelson</td>
<td>+64 27 974 1213</td>
<td><a href="http://www.chocoyo.co.nz">www.chocoyo.co.nz</a></td>
<td>2015</td>
<td>TBD</td>
<td>&lt;$1m*</td>
<td>Company HIGHLIGHTS:</td>
</tr>
<tr>
<td>DEVONPORT CHOCOLATES</td>
<td>Stephanie Everitt</td>
<td>and some bean to bar chocolate manufacturing; based in Devonport; retail</td>
<td>Boxed chocolates, chocolate bars</td>
<td>NZ; Private (Everitt)</td>
<td>1137390</td>
<td>17 Wynyard Street, Devonport, Auckland</td>
<td>+64 9 445 6001</td>
<td><a href="http://www.devonportchocolates.co.nz">www.devonportchocolates.co.nz</a></td>
<td>1991</td>
<td>15</td>
<td>$3-4m</td>
<td>Company HIGHLIGHTS:</td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Owner</th>
<th>Description</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
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<th>Phone</th>
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<th>Year Formed</th>
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<th>Revenue</th>
<th>Company Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOGARTH CHOCOLATE COMPANY</strong></td>
<td>Karl Hogarth</td>
<td>Boutique chocolate maker; beans to bar; single origin, aged chocolate that is hand wrapped; based in Nelson; exports to USA, UK, France, Hong Kong, China, Japan, Australia; high end restaurant service</td>
<td>Chocolate bars, drinking chocolate</td>
<td>NZ; Private (Hogarth)</td>
<td>4449121</td>
<td>10F Kotua Place, Stoke</td>
<td>+64 3 544 8623</td>
<td><a href="http://www.hogarthchocolate.co.nz">www.hogarthchocolate.co.nz</a></td>
<td>2013</td>
<td>TBD</td>
<td>$0-2m*</td>
<td>Won gold at Academy of Chocolate UK, International Chocolate Awards and the inaugural NZ Chocolate Awards in 2017</td>
</tr>
<tr>
<td><strong>HONEST CHOCOLAT</strong></td>
<td>Nico Bonnaud</td>
<td>Premium chocolate manufacturer; organic, single origin, fair trade chocolate; water ganache fillings; uses Original Beans chocolate</td>
<td>Boxed chocolates, chocolate bars</td>
<td>NZ; Private (Bonnaud)</td>
<td>5933009</td>
<td>Snells Beach, Auckland</td>
<td>+64 21 422 971</td>
<td><a href="http://www.honestchocolat.com">www.honestchocolat.com</a></td>
<td>2016</td>
<td>TBD</td>
<td>&lt;$1m*</td>
<td>COMPANY HIGHLIGHTS: Supreme Winner of Best Chocolate Bar at inaugural NZ Chocolate Awards 2017</td>
</tr>
<tr>
<td><strong>ICELANDIC HOLDINGS</strong></td>
<td>Dean Patterson</td>
<td>Chocolate and chocolate compound manufacturer across two sites; largest industrial manufacturer of chocolate compound products in NZ; recent rebranding of Richfields Chocolate to Cocoa Farm; dry grocery and ingredients importer and distributor; total of 4 sites (3 Akld, 1 CHCH)</td>
<td>Chocolate, cooking chocolate products, beans, soup, decorations, crumbs, coatings, dried fruit, nuts, seeds, grains, flours, etc</td>
<td>NZ; Private (Patterson)</td>
<td>1920537</td>
<td>27 Zelanian Drive, East Tamaki, Auckland</td>
<td>+64 9 571 0700</td>
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<td>COMPANY HIGHLIGHTS: Rebranded entire Sun Valley range late 2013; Prolife Foods acquired the retail brands of SunValley foods Oct '17</td>
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<tr>
<td><strong>J H WHITTAKER &amp; SONS</strong></td>
<td>Andrew Whittaker</td>
<td>Manufacturer of chocolate and sugar confectionary in Porirua; co-branding chocolate beverages with Lewis Road Creamery; imports, roasts and refines own cocoa beans; exports throughout Asia, AU</td>
<td>Chocolate bars, slabs, Easter eggs, Artisan range</td>
<td>NZ; Private (Whittaker)</td>
<td>3440</td>
<td>24 Mohuia Crescent, Elsdon, Porirua</td>
<td>+64 4 237 5021</td>
<td><a href="http://www.whittakers.co.nz">www.whittakers.co.nz</a> ; <a href="http://www.whittakersworldwide.com">www.whittakersworldwide.com</a></td>
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<td>COMPANY HIGHLIGHTS: Successful co-branding with Lewis Road Creamery milk products and chocolate butter; voted most trusted brand in '16, fourth year in a row; 38% market share in blocks in NZ; launch of K Bar chocolate in '16</td>
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* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Owner/Co-owner</th>
<th>Description</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
<th>Address</th>
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<th>Website</th>
<th>Year Formed</th>
<th>Staff Employed</th>
<th>Revenue</th>
<th>Company Highlights</th>
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<tr>
<td>KAKO CHOCOLATE</td>
<td>Stu Jordan</td>
<td>Premium chocolate business; retail stores ‘The Sweetest Little Chocolate Shop’ licensed concept and ‘My Chocolate Box’ home delivery subscription model; food service and bespoke corporate offering; using 300kg of chocolate a week</td>
<td>Boxed chocolates</td>
<td>NZ; Private (Jordan, Williamson, Brooks, Ma)</td>
<td>2333071</td>
<td>161 Apirana Avenue, Glen Innes</td>
<td>+64 9 521 6063</td>
<td><a href="http://www.kakochocolate.co.nz">www.kakochocolate.co.nz</a>; <a href="http://www.mychocolatebox.nz">www.mychocolatebox.nz</a></td>
<td>2012</td>
<td>7</td>
<td>$0-3m*</td>
<td>COMPANY HIGHLIGHTS: Refurbished production kitchen at Kerikeri location to triple production from 120,000 boxes per year in '15</td>
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<tr>
<td>LA PETITE CHOCOLAT</td>
<td>Anissa Talbi-Dobson</td>
<td>Premium chocolate maker; based in Hawkes Bay; organic, fair trade, single origin chocolate sourced from French company; retail store L’Atelier Chocolate in Hastings</td>
<td>Boxed chocolates, chocolate bars, drinking chocolate</td>
<td>NZ; Private (Talbi, Dobson)</td>
<td>3666097</td>
<td>207 Heretaunga Street East, Hastings</td>
<td>+64 6 651 2128</td>
<td><a href="http://www.lapetitechocolat.co.nz">www.lapetitechocolat.co.nz</a></td>
<td>2012</td>
<td>TBD</td>
<td>$0-2m*</td>
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<tr>
<td>MAKANA CONFECTIONERY</td>
<td>Brian Devlin</td>
<td>Manufacturer of hand made chocolates; gift giving focus; café and factory viewing; boutique factories and stores in Kerikeri and Blenheim; looking at opening three retail stores in Auckland</td>
<td>Truffles, enrobed fruit and nuts, toffees, nut clusters, shortbread</td>
<td>NZ; Private (Devlin, Flowers)</td>
<td>1663806/1751833</td>
<td>504 Kerikeri Road, Kerikeri</td>
<td>+64 9 407 6800</td>
<td><a href="http://www.makana.co.nz">www.makana.co.nz</a></td>
<td>2005</td>
<td>16</td>
<td>$5-10m*</td>
<td></td>
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<tr>
<td>MONDELEZ NZ</td>
<td>James Kane</td>
<td>Global confectionery and dairy company; confectionery manufacturing based in Dunedin; Cadbury brand</td>
<td>Chocolate, sugar confectionery</td>
<td>USA; Public (Mondelez International (NASDAQ:MDLZ)) via Mondelez NZ Holdings (AU)</td>
<td>204724</td>
<td>494 Rosebank Road, Avondale, Auckland</td>
<td>+64 9 820 2600</td>
<td><a href="http://www.cadbury.co.nz">www.cadbury.co.nz</a>; au.mondelezinternational.com</td>
<td>1868/1930</td>
<td>500</td>
<td>$302.5m (FY16)</td>
<td>COMPANY HIGHLIGHTS: New Country Head in Nov '15; profit $9.2m (FY15); announced closing Dunedin Cadbury plant as part of global $4b cost cutting drive in Feb '17, to close from Mar '18, loss of 350 jobs; Mondelez selling most of its grocery business in AU and NZ to Bega Cheese for $460m in Jan '17, includes many Kraft brands</td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
<table>
<thead>
<tr>
<th><strong>NESTLE NZ</strong></th>
<th><strong>OLA PACIFICA</strong></th>
<th><strong>OCHO (OTAGO CHOCOLATE COMPANY)</strong></th>
<th><strong>PATAGONIA CHOCOLATES</strong></th>
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<tbody>
<tr>
<td>Christian Abboud</td>
<td>Nia Belcher</td>
<td>Liz Rowe</td>
<td>Alejandro Gimenez</td>
</tr>
<tr>
<td>Country Manager &amp; Chief Executive Officer</td>
<td>Co-owner &amp; Managing Director</td>
<td>Owner</td>
<td>Owner</td>
</tr>
<tr>
<td>DESCRIPTION: Manufacturer and distributor of packaged food, confectionery (scorched almonds) and pet food; head office in Auckland, 2 regional sales offices in Auckland and Christchurch, 2 factories in Auckland and Marton; $60m exports from Auckland site, regional hub for Maggi</td>
<td>DESCRIPTION: Importer and manufacturer of cacao products, Pacific sourced; bean to bar premium chocolate maker; manufacturing in Hawkes Bay</td>
<td>DESCRIPTION: Premium craft bean-to-bar chocolate maker based in Dunedin; cocoa beans sourced from the Pacific; all bars single origin and fully traceable to the farm where the beans were grown</td>
<td>DESCRIPTION: Chocolate and ice cream manufacturers; coffee roasters; five cafes and retail stores in Central Otago; online sales; Belgian and Australian couverture chocolate</td>
</tr>
<tr>
<td>KEY PRODUCTS: Coffee, tea, chocolate, confectionery, culinary, snacks, breakfast, infant nutrition, milks, pet food</td>
<td>KEY PRODUCTS: Chocolate bars, drinking chocolate bar, cacao nibs, raw cacao beans</td>
<td>KEY PRODUCTS: Chocolate bars, cacao beans, nibs, flakes</td>
<td>KEY PRODUCTS: Boxed chocolates, chocolate bars; coffee beans, ice cream, sorbet, frozen yoghurt</td>
</tr>
<tr>
<td>OWNERSHIP: Switzerland; Public (Nestle (VTX:NESN))</td>
<td>OWNERSHIP: NZ; Private (Belcher)</td>
<td>OWNERSHIP: NZ; Private (Rowe)</td>
<td>OWNERSHIP: NZ; Private (Gimenez, Giallonardo)</td>
</tr>
<tr>
<td>COMPANY NUMBER: 46423</td>
<td>COMPANY NUMBER: 3632211</td>
<td>COMPANY NUMBER: 4388827</td>
<td>COMPANY NUMBER: 1631665</td>
</tr>
<tr>
<td>ADDRESS: Level 3, 12-16 Nicholls Lane, Parnell, Auckland</td>
<td>ADDRESS: 4 Shortland Place, Havelock North Hawkes Bay</td>
<td>ADDRESS: 22 Vogel Street, Dunedin</td>
<td>ADDRESS: Unit 8, 174-180 Glenda Drive, Frankton</td>
</tr>
<tr>
<td>PHONE: +64 9 367 2800</td>
<td>PHONE: +64 21 124 1167</td>
<td>PHONE: +64 274 901 421</td>
<td>PHONE: +64 3 441 2891</td>
</tr>
<tr>
<td>STAFF EMPLOYED: 720</td>
<td>STAFF EMPLOYED: TBD</td>
<td>STAFF EMPLOYED: 5</td>
<td>STAFF EMPLOYED: TBD</td>
</tr>
<tr>
<td>REVENUE: $406m (FY16)</td>
<td>REVENUE: &lt;$1m*</td>
<td>REVENUE: &lt;$1m*</td>
<td>REVENUE: $2-5m*</td>
</tr>
<tr>
<td>COMPANY HIGHLIGHTS: Invested $7m at Marton factory to expand production of Tux pet food products in ’15; $2.4m upgrade to Cambria Park factory in Auckland in ’17, expand gluten-free range; new global CEO, Mark Schneider in ’17; formerly of German healthcare company, confirming Nestle’s expansion of health and wellness business</td>
<td>COMPANY HIGHLIGHTS: Pioneered the Samoan single origin NZ made craft chocolate and the revival of Samoan grown cacao beans; exhibitor Fine Food Australia Melbourne September 2016; Finalist in Innovation &amp; Export Category - Pacific Business Trust Awards October 2016</td>
<td>COMPANY HIGHLIGHTS: Dunedin Manufacturing Holdings Incorporated Society planned crowdsourced funding to merge with OCHO in 2017 with plans to reorganise and significantly expand production</td>
<td>COMPANY HIGHLIGHTS:</td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
### Prolife Foods

**Andrew Smith**  
Chief Executive Officer

**Description:** Manufacturer of a wide range of FMCG products; Alison’s Pantry, Sweetscoop, Mother Earth, Donovan’s chocolate, etc. brands; Haddrell’s of Cambridge honey brand, beekeeping and honey extraction facilities in Cambridge; sites in Hamilton and Melbourne; exports to Asia, ME

**Key Products:** Nuts, dried fruits, healthy snacks, cereals, seeds & grains, confectionery, chocolate, breakfast spreads, honey

**Ownership:** NZ; Private (Crosby 89%, others)

**Company Number:** 334376

**Address:** 100 Maui Street, Hamilton

**Phone:** +64 7 834 3333

**Website:** [www.prolifefoods.co.nz](http://www.prolifefoods.co.nz); [www.donovanschocolates.co.nz](http://www.donovanschocolates.co.nz)

**Year Formed:** 1984

**Staff Employed:** 1,300

**Revenue:** $250m+ (FY17)

**Company Highlights:** Opened factory in Melbourne in ’14; acquired Te Horo Jams and Cambridge Bee Products in ’15; invested in 2,500m² warehouse expansion in Hamilton in ’15; Mother Earth expanded range to include UMF rated Manuka honey, vegetable fruit sticks; acquired Flemings muesli bar business from Bluebird in Feb ’17, acquired SunValley retail brands in Oct ’17

### Queen Anne Chocolates

**Sarah Adams**  
Owner

**Description:** Premium chocolate manufacturer; revival of 1925 established brand, previously owned by Ernest Adams; production moved to Christchurch factory in 2011

**Key Products:** Boxed chocolates, marshmallow bars

**Ownership:** NZ; Private (Zwarts, Carnie, Simpson)

**Company Number:** 1982718

**Address:** 19 Cable Street, Sockburn

**Phone:** +64 3 357 0085

**Website:** [www.queenanne.co.nz](http://www.queenanne.co.nz)

**Year Formed:** 1997

**Staff Employed:** TBD

**Revenue:** $1-4m*

**Company Highlights:**

### Rainbow Confectionery

**Ray White**  
Managing Director

**Description:** Manufacturer of sugar confectionery; based in Oamaru; private label and own brand; Rainbow, Regina brands

**Key Products:** Gum, fondant, chocolate enrobed, sour confectionery, Easter eggs, other confectionery

**Ownership:** NZ; Private (White 33%, Thornton 33%, Betty 33%)

**Company Number:** 1142447

**Address:** 459 Thames Highway, Oamaru

**Phone:** +64 3 437 1847

**Website:** [www.rainbowconfectionery.co.nz](http://www.rainbowconfectionery.co.nz)

**Year Formed:** 2001

**Staff Employed:** 80 FTE 40 seasonal

**Revenue:** $30-50m*

**Company Highlights:** Relaunched Regina brand in ’13; acquired Australian company Metford Confectionery with factory in Maitland, NSW in ’13; closed Maitland factory in ’15 citing low sales

### RJ’s Licorice

**Anthony Quinn**  
Director

**Description:** Manufacturer of licorice confectionery; exports to USA, Canada, UK

**Key Products:** Licorice, raspberry twists, chocolate enrobed licorice, licorice allsorts

**Ownership:** NZ; Private (Yu)

**Company Number:** 5747039

**Address:** 5 Tiro Tiro Road, Levin

**Phone:** +64 6 366 0270

**Website:** [www.rjslicorice.co.nz](http://www.rjslicorice.co.nz)

**Year Formed:** 1995

**Staff Employed:** 60

**Revenue:** $15-20m*

**Company Highlights:** Sold to Australian Quinn family in ’15; factory expanding to allow exports to USA in ’16

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* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Owner/Manager</th>
<th>Description</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
<th>Year Formed</th>
<th>Staff Employed</th>
<th>Revenue</th>
<th>Company Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCHOC CHOCOLATES</td>
<td>Murray Langham</td>
<td>Premium chocolate manufacturer; two Wellington stores; uses couverture; founder is author of Chocolate Therapy books</td>
<td>Boxed chocolates, chocolate bars/tablets, dipped/enrobed, hot chocolate stirrers, chocolate shoes and bows</td>
<td>NZ; Private (Langham)</td>
<td>919751</td>
<td>177 Main Street, Greytown</td>
<td>+64 6 304 8960</td>
<td><a href="http://www.schoc.co.nz">www.schoc.co.nz</a></td>
<td>2002</td>
<td>10</td>
<td>$0-5m</td>
<td>Won five awards at the inaugural New Zealand Chocolate Awards 2017</td>
</tr>
<tr>
<td>THE SERIOUSLY GOOD CHOCOLATE COMPANY</td>
<td>Jane Stanton Owner</td>
<td>Premium chocolate manufacturer; NZ flavours focus, especially wine and beer; factory tours and classes</td>
<td>Boxed chocolates; chocolate bars, hot chocolate bars</td>
<td>NZ; Private (Stanton)</td>
<td>872198</td>
<td>147 Spey Street, Invercargill</td>
<td>+64 3 218 8060</td>
<td><a href="http://www.seriouslygoodchocolate.com">www.seriouslygoodchocolate.com</a></td>
<td>1997</td>
<td>11</td>
<td>$0-3m*</td>
<td></td>
</tr>
<tr>
<td>SHE UNIVERSE</td>
<td>Oonagh Browne Director &amp; General Manager</td>
<td>Premium chocolate makers; use French and Belgian chocolate and bean to bar; founded by spiritual teacher B Prior; retreat, café, chocolate school, retail store and café at The Tannery, Christchurch</td>
<td>Chocolate bars, boxed chocolates, enrobed chocolates</td>
<td>NZ; Private (Johnson, Prior, Scott, Browne)</td>
<td>151838156</td>
<td>79 Main Road, Governors Bay</td>
<td>+64 3 329 9222</td>
<td><a href="http://www.sheuniverse.com">www.sheuniverse.com</a></td>
<td>2006</td>
<td>TBD</td>
<td>$0-3m*</td>
<td></td>
</tr>
<tr>
<td>SOLOMONS GOLD</td>
<td>Clive Carroll Managing Director</td>
<td>Premium chocolate makers; bean to bar; Solomon Island sourced cacao beans from C-Corp’s plantations (250ha); oversee entire chain of production; bespoke factory in Mount Maunganui opened in 2014; 2,000t of beans initially planned</td>
<td>Chocolate bars, cacao nibs</td>
<td>AU; Private (Commodity Corporation)</td>
<td>4234998</td>
<td>1 Macrae Avenue, Mount Maunganui</td>
<td>+64 7 574 3022</td>
<td><a href="http://www.solomonsgold.co.nz">www.solomonsgold.co.nz</a>; <a href="http://www.commoditycorp.com.au">www.commoditycorp.com.au</a></td>
<td>2013</td>
<td>5</td>
<td>&gt;$1m</td>
<td>Smooth Dark 70% Cacao awarded a Silver medal at the Academy of Chocolate Awards in London in June 2017; dark Berry and Dark Orange 70% Cacao bars (with coconut sap sugar) won Bronze awards at the 2017 New Zealand Chocolate Awards; finalist in the 2016 Bay Of Plenty Emerging Exporter of the Year awards</td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Owner/Founder</th>
<th>Description</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
<th>Year Formed</th>
<th>Staff Employed</th>
<th>Revenue</th>
<th>Company Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPREMLY GOURMET</td>
<td>Adrian Welham</td>
<td>Manufacturer of chocolates; range targeted at tourists, stocked at airports, Duty Free stores; NZ scenery packaging, NZ fruit flavours</td>
<td>BOXED CHOCOLATES, COOKIES</td>
<td>NZ; Private (Welham, Kerr)</td>
<td>1505874</td>
<td>43 Woodmancote Road, Khandallah</td>
<td>+64 4 479 3292</td>
<td><a href="http://www.supremelygourmet.co.nz">www.supremelygourmet.co.nz</a></td>
<td>1998</td>
<td>TBD</td>
<td>&lt;$2-5m*</td>
<td>COMPANY HIGHLIGHTS: Four medals awarded at the 2017 NZ Chocolate Awards; Gold Pride in Print award 2016; domestic retail growth through Farmers Markets, food retailers and premium retailers</td>
</tr>
<tr>
<td>THE REMARKABLE CHOCOLATE CO</td>
<td>Tracey Melville-Smith</td>
<td>Premium contemporary chocolate manufacturer; utilising premium/organic ingredients; expertise in business process, fast to market NPD and premium brand positioning</td>
<td>CHOCOLATES THAT ARE HANDBRAID IN NEW ZEALAND WITH ORGANIC PREMIUM CHOCOLATE: DARK CHOCOLATE BARK, PREMIUM CHOCOLATE BARS, LUXURY GIFTING, AND ORGANIC SEASONAL PRODUCTS</td>
<td>NZ; Private (McCutcheon)</td>
<td>545044</td>
<td>77a Owens Road, Mt Eden, Auckland</td>
<td>+64 27 591 3424</td>
<td><a href="http://www.remarkablechocolate.com">www.remarkablechocolate.com</a></td>
<td>2014</td>
<td>2</td>
<td>&lt;$1m*</td>
<td>COMPANY HIGHLIGHTS: Company received gold and silver medals at 2017 NZ Chocolate Awards</td>
</tr>
<tr>
<td>THE SILKY OAK CHOCOLATE COMPANY</td>
<td>Jeanette Darwen</td>
<td>Premium chocolate manufacturer; retail stores in Tauranga and Lower Hutt; onsite retail store, café, function centre and chocolate museum at factory in Napier</td>
<td>BOXED CHOCOLATES, CHOCOLATE BARS</td>
<td>NZ; Private (Pearson, Darwen)</td>
<td>1006133</td>
<td>1131 Links Road, Napier</td>
<td>+64 6 845 0908</td>
<td><a href="http://www.silkyoakchocs.co.nz">www.silkyoakchocs.co.nz</a></td>
<td>2000</td>
<td>TBD</td>
<td>&lt;$1m</td>
<td>COMPANY HIGHLIGHTS: Gold Pride in Print award 2016; organic, fair trade chocolate with cocoa sourced from Dominican Republic, Ecuador, Peru</td>
</tr>
<tr>
<td>TRADE AID IMPORTERS</td>
<td>Geoff White</td>
<td>Fair trade organisation founded in NZ; retails stores selling artisan handcrafts and food products; largest fair trade coffee importer in NZ; Sweet Justice chocolate factory in Christchurch; organic, fair trade chocolate with cocoa sourced from Dominican Republic, Ecuador, Peru</td>
<td>CHOCOLATE, COFFEE, DRIED FRUIT, NUTS, SEEDS, TEA, COOKING INGREDIENTS, CHOCOLATE SAUCE, DRINKING CHOCOLATE</td>
<td>NZ; Charitable Status Incorporated Society (Trade Aid New Zealand Incorporated)</td>
<td>142475</td>
<td>174 Gayhurst Road, Christchurch</td>
<td>+64 3 385 3535</td>
<td><a href="http://www.tradeaid.org.nz">www.tradeaid.org.nz</a></td>
<td>1973</td>
<td>TBD</td>
<td>$20m</td>
<td>COMPANY HIGHLIGHTS: Opened Christchurch based chocolate factory, Sweet Justice Ltd in 2014</td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
<table>
<thead>
<tr>
<th>Company Name</th>
<th>General Manager &amp; Director</th>
<th>Chief Executive Officer</th>
<th>General Manager</th>
<th>Key Products</th>
<th>Ownership</th>
<th>Company Number</th>
<th>Address</th>
<th>Phone</th>
<th>Website</th>
<th>Year Formed</th>
<th>Staff Employed</th>
<th>Revenue</th>
<th>Company Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAN HEININGEN CHOCOLATES</td>
<td>Peter Bradshaw</td>
<td></td>
<td></td>
<td>DESCRIPTION: Premium chocolate manufacturer;</td>
<td>NZ; Private (Bradshaw, Hislop)</td>
<td>873703</td>
<td>4 Halwyn Drive, Hei Hei,</td>
<td>+64 3 342 8438</td>
<td><a href="http://www.vanhchocolates.co.nz">www.vanhchocolates.co.nz</a></td>
<td>1985</td>
<td>TBD</td>
<td>$2-10m*</td>
<td>COMPANY HIGHLIGHTS: Acquired Musashi and Post Foods '15; IPO raised $232m in '15;</td>
</tr>
<tr>
<td>VITACO HEALTH GROUP LTD</td>
<td>Ryan d’Almeida</td>
<td></td>
<td></td>
<td>leading supplier to the NZ hospitality industry;</td>
<td>China; Public (Shanghai Pharma (SHA:601607; 2607:HK) 60%), China; PE (Primavera Capital 40%) via Zeus Investment (HK)</td>
<td>1885808</td>
<td>4 Kordel Place, East Tamaki,</td>
<td>+64 9 272 3838</td>
<td><a href="http://www.vitaco.co.nz">www.vitaco.co.nz</a>; <a href="http://www.healtheries.co.nz">www.healtheries.co.nz</a></td>
<td>1904/2006</td>
<td>400</td>
<td>A$258m (FY16; 15 months) A$213m (FY16; 12 months proforma)</td>
<td>COMPANY HIGHLIGHTS: Acquired Musashi and Post Foods '15; IPO raised $232m in '15; NZ revenue 40%; 100% $314m sale to Shanghai Pharma and Primavera announced Aug '16</td>
</tr>
<tr>
<td>WAIKATO VALLEY CHOCOLATES</td>
<td>Jeff Andersen</td>
<td></td>
<td></td>
<td>DESCRIPTION: Manufacturer of chocolate;</td>
<td>NZ; Private (The Warehouse Group 50%; Razey; others)</td>
<td>658131</td>
<td>1 Innovation Way, Northgate Park Horotiu, Hamilton</td>
<td>+64 7 855 8733</td>
<td><a href="http://www.waikatvalleychocolates.co.nz">www.waikatvalleychocolates.co.nz</a></td>
<td>1975</td>
<td>40</td>
<td>$10-15m*</td>
<td>COMPANY HIGHLIGHTS: New purpose-built production facility, May 2017</td>
</tr>
<tr>
<td>WELLINGTON CHOCOLATE FACTORY</td>
<td>Gabe Davidson</td>
<td></td>
<td></td>
<td>DESCRIPTION: Premium chocolate maker; bean to</td>
<td>NZ; Private (Davidson 53%, Harrison 41%, Bushell, Morrison, Shirtcliff)</td>
<td>2508939</td>
<td>5 Eva Street, Wellington</td>
<td>+64 4 385 7555</td>
<td><a href="http://www.wellington-chocolate-factory.myshopify.com">www.wellington-chocolate-factory.myshopify.com</a></td>
<td>2010</td>
<td>15</td>
<td>$1m+</td>
<td></td>
</tr>
</tbody>
</table>

* Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis
**WILDERNESS CHOCOLATE**

Marie Monmont  
Owner

**DESCRIPTION:** Organic chocolate manufacturer; uses unique Brazilian fruit cupuacu as flavour ingredient; employs prisoners to package bars; owns plantations in Serra Grande; supplies to Intercontinental and Accor hotel chains, exports to Asia Pacific and Europe

**KEY PRODUCTS:** Chocolate bars, crystallised cupuacu dipped in chocolate

**OWNERSHIP:** NZ; Private (Monmont)

**COMPANY NUMBER:** 2484749

**ADDRESS:** Evans Bay Parade, Roseneath

**PHONE:** +64 21 252 1005

**WEBSITE:** www.wildness.co.nz

**YEAR FORMED:** 2015

**STAFF EMPLOYED:** 3-10

**REVENUE:** $0-2m

**COMPANY HIGHLIGHTS:** Significant focus on developing a sustainable Social Enterprise (profits donated, employ prisoners etc.); began exporting 2017

*Estimate; Source: various companies annual financial statements (NZ Companies Office or company website); various press releases and news articles; Coriolis analysis*
Appendices

+ Industry organisations and events
+ Chocolate language
+ Glossary of terms
INDUSTRY ORGANISATIONS & EVENTS
New Zealand has a broad range of produce organisations that support and promote the industry

- **FG:C**
  - Represents the manufacturers and suppliers behind New Zealand’s food, beverage and grocery brands, including confectionery
  - www.fgc.org.nz

- **New Zealand Food Innovation Network**
  - Open access commercial scale pilot plants
  - Five locations across NZ
  - www.foodinnovationnetwork.co.nz

- **Chocolate Awards 2017**
  - Search for NZ’s finest chocolate
  - 23 categories
  - www.nzchocolateawards.co.nz

- **The Chocolate & Coffee Show**
  - 2017 4th annual Chocolate and Coffee Show
  - 2 day event
  - 8,000 visitors
  - www.chocolatecoffeeshow.co.nz

Source: Coriolis from various websites, annual reports and other sources
LANGUAGE OF CHOCOLATE The chocolate industry has unique language increasingly moving towards the terminology of the wine industry

**BEAN TO BAR** Chocolate made from whole beans by one company
**BLEND** Chocolate made from more than one variety of cocoa type
**CHOCOLATE LIQUOR** Ground nibs with no sugar added (solid MASS or liquid form)
**CHOCOLATE IR** Maker of chocolate confectionery (premade chocolate melted and formed)
**COCOA BUTTER** The fat in the cocoa bean
**COCOA PERCENT** Percentage of bar that is chocolate liquor and/or cocoa butter
**COCOA POWDER** Powder resulting when cocoa butter is removed from liquor
**COMPOUND CHOCOLATE** Uses cocoa powder instead of liquor and replaces cocoa butter with an oil
**CONCHE** Machine for stirring and heating chocolate to “polish” chocolate to make more smooth
**COUVERTURE** Fine textured chocolate usually containing high percent of cocoa butter used for truffles and bonbons
**CRIOLLO** A fine flavoured, highly desirable cocoa bean
**DIRECT TRADE** Buying directly from farmers
**FAIR TRADE** Certified system with guaranteed price to ensure fair dealings with farmers
**FORASTERO** Not part of Criollo or hybrid cacao, a high yielding cacao (often described as bulk cocoa)
**INCLUSION** Ingredient added to chocolate (e.g. salt, fruits, nuts etc.)
**MELANGEUR** Machine that grinds nibs into liquor
**MILK CHOCOLATE** Chocolate liquor with added sugar and milk powder
**NACIONAL** A fine flavour cocoa bean often from Ecuador
**NIB** Broken cocoa bean, ground to make liquor
**SINGLE ESTATE** beans grown and sourced from a single property
**SINGLE ORIGIN** chocolate is sourced from one area (maybe still blended)
**TEMPER** Process of heating and cooling chocolate to achieve desired snap and sheen
**TREE TO BAR** Cacao grown, harvested and processed into chocolate by the same organisation
**TRINITARIO** A fine-flavoured cocoa hybrid (Origin in Trinidad)
**TWO INGREDIENT CHOCOLATE** Chocolate using only cocoa beans and sugar (popularised by bean to bar “movement”)
**WHITE CHOCOLATE** Cocoa butter combined with sugar, milk/cream and vanilla
**WINNOW** Process of separating shell and nibs

Source: Coriolis
## Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A$/AUD</td>
<td>Australian dollar</td>
</tr>
<tr>
<td>ABS</td>
<td>Absolute change</td>
</tr>
<tr>
<td>ANZSIC</td>
<td>AU/NZ Standard Industry Classification</td>
</tr>
<tr>
<td>AU</td>
<td>Australia</td>
</tr>
<tr>
<td>Australasia</td>
<td>Australia and New Zealand</td>
</tr>
<tr>
<td>b</td>
<td>Billion</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
</tr>
<tr>
<td>CN</td>
<td>China</td>
</tr>
<tr>
<td>C/S America</td>
<td>Central &amp; South America (Latin America)</td>
</tr>
<tr>
<td>CRI</td>
<td>Crown Research Institute</td>
</tr>
<tr>
<td>CY</td>
<td>Calendar year (ending Dec 21)</td>
</tr>
<tr>
<td>E Asia</td>
<td>East Asia</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Earnings before interest, tax, depreciation and amortization</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation of the United Nations</td>
</tr>
<tr>
<td>FOB</td>
<td>Free on Board</td>
</tr>
<tr>
<td>FY</td>
<td>Financial year (of firm in question)</td>
</tr>
<tr>
<td>GBP</td>
<td>British pounds</td>
</tr>
<tr>
<td>HK</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>IQF</td>
<td>Individually quick frozen</td>
</tr>
<tr>
<td>JV</td>
<td>Joint venture</td>
</tr>
<tr>
<td>m</td>
<td>Million</td>
</tr>
</tbody>
</table>

### Abbreviations

- **n/a**: Not available/not applicable
- **NA/ME/CA**: North Africa / Middle East / Central Asia
- **N. America**: North America (USA, Canada)
- **Nec/nes**: Not elsewhere classified/not elsewhere specified
- **N/C**: Not calculable
- **N.H**: Northern Hemisphere
- **NZ**: New Zealand
- **NZ$/NZD**: New Zealand dollar
- **R&D**: Research and Development
- **S Asia**: South Asia (Indian Subcontinent)
- **SE Asia**: South East Asia
- **S.H**: Southern Hemisphere
- **SS Africa**: Sub-Saharan Africa
- **T**: Tonne
- **US/USA**: United States of America
- **US$/USD**: United States dollar
Coriolis is the leading Australasian management consulting firm specialising in the wider food value chain. We work on projects in agriculture, food and beverages, consumer packaged goods, retailing & foodservice. In other words, things you put in your mouth and places that sell them.

WHERE WE WORK
We focus on the Asia Pacific region, but look at problems with a global point-of-view. We have strong understanding of, and experience in, markets and systems in Australia, China, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, the United Kingdom and the U.S. We regularly conduct international market evaluations and benchmarking.

WHAT WE DO
We help our clients assemble the facts needed to guide their big decisions. We develop practical, fact-based insights grounded in the real world that guide our clients decisions and actions. We make practical recommendations. We work with clients to make change happen. We assume leadership positions to implement change as necessary.

HOW WE DO IT
All of our team have worked across one-or-more parts of the wider food value chain, from farm-to-plate. As a result, our recommendations are grounded in the real world. Our style is practical and down-to-earth. We try to put ourselves in our clients’ shoes and focus on actions. We listen hard, but we are suspicious of the consensus. We provide an external, objective perspective. We are happy to link our fees to results.

WHO WE WORK WITH
We only work with a select group of clients we trust. We build long term relationships with our clients and more than 80% of our work comes from existing clients. Our clients trust our experience, advice and integrity.

Coriolis advises clients on growth strategy, mergers and acquisitions, operational improvement and organisational change. Typical assignments for clients include...

FIRM STRATEGY & OPERATIONS
We help clients develop their own strategy for growing sales and profits. We have a strong bias towards growth driven by new products, new channels and new markets.

MARKET ENTRY
We help clients identify which countries are the most attractive - from a consumer, a competition and a channel point-of-view. Following this we assist in developing a plan for market entry and growth.

VALUE CREATION
We help clients create value through revenue growth and cost reduction.

TARGET IDENTIFICATION
We help clients identify high potential acquisition targets by profiling industries, screening companies and devising a plan to approach targets.

DUE DILIGENCE
We help organisations make better decisions by performing consumer and market-focused due diligence and assessing performance improvement opportunities.

EXPERT WITNESS
We provide expert witness support to clients in legal cases and insurance claims. We assist with applications under competition/fair trade laws and regulations.