NEW ZEALAND PRODUCE INDUSTRY 2013

January 2014

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iFAB 2013 PRODUCE REVIEW

January 2014 v1.00

The Food and Beverage Information Project

The Food & Beverage Information Project is the first comprehensive overview of the state of New Zealand's Food & Beverage (F&B) industry. Part of the Government's Business Growth Agenda (BGA), it is an integrated programme of work focusing on the six key inputs businesses need to succeed, grow and add jobs; export markets, capital markets, innovation, skilled and safe workplaces, natural resources and infrastructure.

Essentially, the BGA Export Markets goal will require lifting the ratio of exports from today's rate of 30% of GDP to 40% by 2025. This equates to doubling exports in real terms (or tripling exports in nominal non-inflation adjusted terms). This in turn equates to achieving a 7% per annum growth rate over the next twelve years.

This five-year project analyses the main sectors in F&B, including dairy, meat, seafood, produce, processed foods, and beverages, as well as providing an overview of how the industry is fairing in our major markets. It also conducts in-depth sector reviews on a rotating basis. The information is updated annually and feedback from users shows the project is acting as a vital tool for companies looking to expand and grow exports.

Why Food & Beverage?

The Food & Beverage industry is vitally important to the New Zealand economy. Food & Beverage accounts for 56% of our merchandise trade exports and one in five jobs across the wider value chain. In addition, F&B acts as a vital ambassador for the country, being in most cases the first exposure global consumers get to "Brand New Zealand."

New Zealand's F&B exports are growing strongly and the country's export performance is strong and improving relative to peers. In the 15 years leading up to 2010, New Zealand's food and beverage exports grew at a compound annual rate of 7% per annum. So one way to look at the challenge is to ask – can we continue to grow our food & beverage exports at the same rate? To understand if this is possible we need to know what has been driving our success.

What is the purpose of the food and beverage information project?

The project pulls together the available information on the food and beverage industry into one place, in a form which is familiar and useful to business. The reports contain analysis and interpretation of trends and opportunities to materially assist with business strategy and government policy.

The information will be of vital use to businesses, investors, government, and research institutions as the industry expands and diversifies. This industry view will be very useful to government, enabling better dialogue and the opportunity to address issues collectively.

What benefit will this bring to businesses?

The Project will have many uses for businesses. These include:

- As a base of market intelligence to enable business to be much more targeted in their own market research
- Reviewing and informing offshore market development (including export and investment) strategies
- Assisting in identifying areas of innovation and R&D for the future
- Identifying strategic partners and collaborators
- Enabling a company to benchmark performance with that of its competitors
- Monitoring industry activity
- Gaining a better understanding of their own industry sector
- Identifying internal capability needs or external inputs

How will government use the reports?

This information will provide much greater insight into the industry, which is useful for a range of policy development, from regulatory frameworks to investment in science and skills and facilitating access to international markets. In particular, a single source of factual information will enable government agencies to better coordinate their efforts across the system and be more responsive to addressing industry issues.

iFAB 2013

Ministry of Business, Innovation & Employment

Ministry for Primary Industries
Manatū Ahu Matua

New Zealand TRADE & ENTERPRISE

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OTHER RELATED iFAB REPORTS

This analysis of the New Zealand produce sector forms a part of the wider Food & Beverage Information Project

Other reports, including those from previous years, are available on the MBIE or Coriolis website…

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HIKINA WHAKATUTUKI
Economic Development Information

http://www.med.govt.nz/sectors-industries/food-beverage/information-project/

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NOTE ON DEFINITIONS

The iFAB project splits the total New Zealand food & beverage industry into six separate sectors; to avoid double counting, products and firms are only defined and counted in one; some firms may be in another report

DEFINED AS PRODUCE

WHAT: Whole or minimally processed fruit or vegetables; firms that predominantly pack these products

INGREDIENTS: Tomatoes

EXAMPLES: Kiwifruit, apples, blueberries, onions, other fruit and vegetables

TRADE CODES: Primarily classified in the global Harmonised Standard trade codes as HS07/08

EXAMPLE FIRMS: Zespri Kiwifruit, Turners & Growers, mg marketing, Balle Bros

THIS REPORT

DEFINED AS PROCESSED FOODS

WHAT: Products made from a mixture or combination of ingredients, rather a single ingredient; firms that predominantly make these products

INGREDIENTS: Concentrated Tomatoes, Sugar, Salt, Concentrated White Vinegar, Food Acid (Citric Acid), Natural Flavours (Contains Garlic), Spices

EXAMPLES: Chocolate, ice cream, retail-ready infant formula, frozen croissants, Milo & similar, Anlene and other similar dairy nutritionals

TRADE CODES: Primarily classified in the global Harmonised Standard trade codes as HS 16-21

EXAMPLE FIRMS: Heinz, goodman fielder, McCain, Barker's of Geraldine

SEE RELATED REPORT

DEFINED AS BEVERAGES

WHAT: Juice, fermented or not, made from a single fruit or vegetable or a mixture or combination of ingredients; water

INGREDIENTS: Reconstituted vegetable juice blend (water and concentrated juices of tomatoes, carrots, celery, beets, parsley, lettuce, watercress, spinach), contains less than 2% of: salt, vitamin c (ascorbic acid), natural flavoring, citric acid, natural flavor.

EXAMPLES: Beer, wine, soft drinks, bottled water, kiwifruit juice

TRADE CODES: Primarily classified in the global Harmonised Standard trade codes as HS22/2009

EXAMPLE FIRMS: frucor Beverages Limited, CCA Coca-Cola Amatil New Zealand, The Better Drinks Co, JP-NZ

SEE RELATED REPORT

SUMMARY

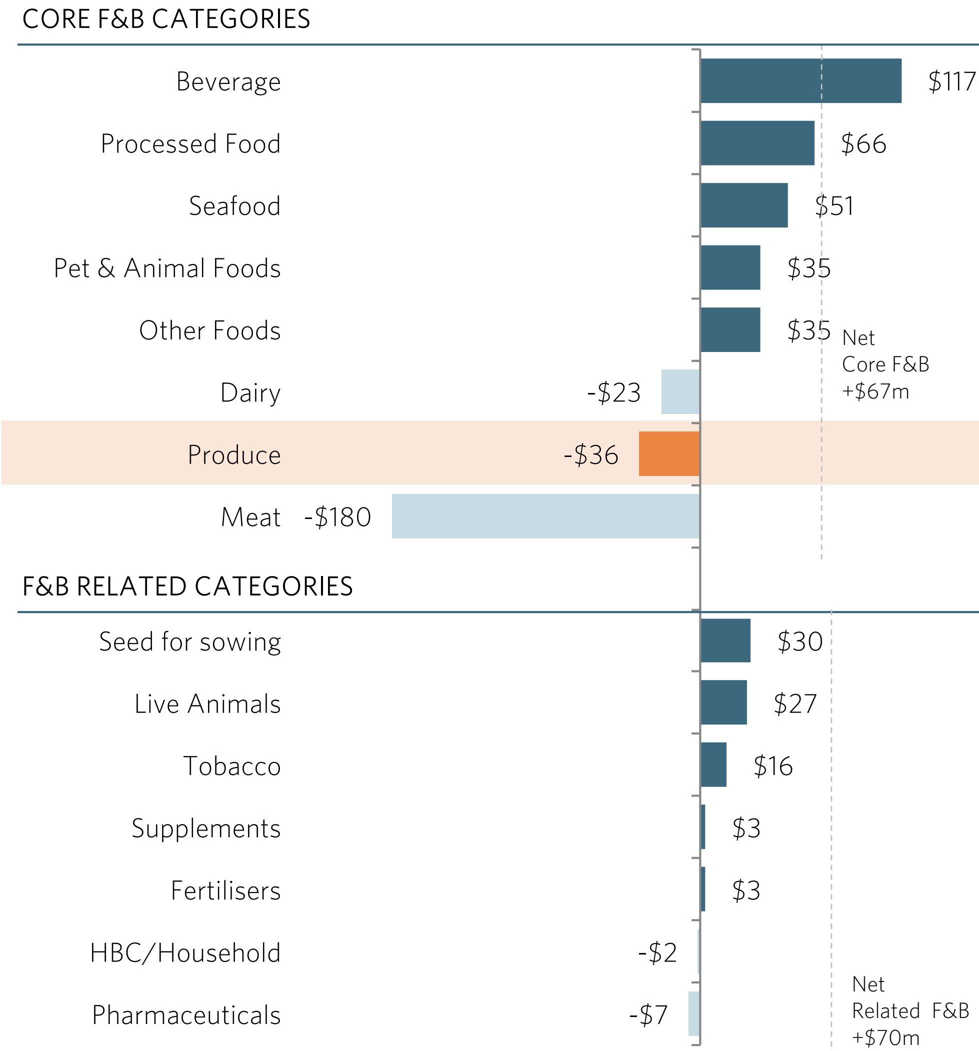
Produce

BENCHMARK – EXPORT GROWTH BY SECTOR

In 2012 the value of New Zealand's produce exports declined and the industry performed poorly relative to most other sectors

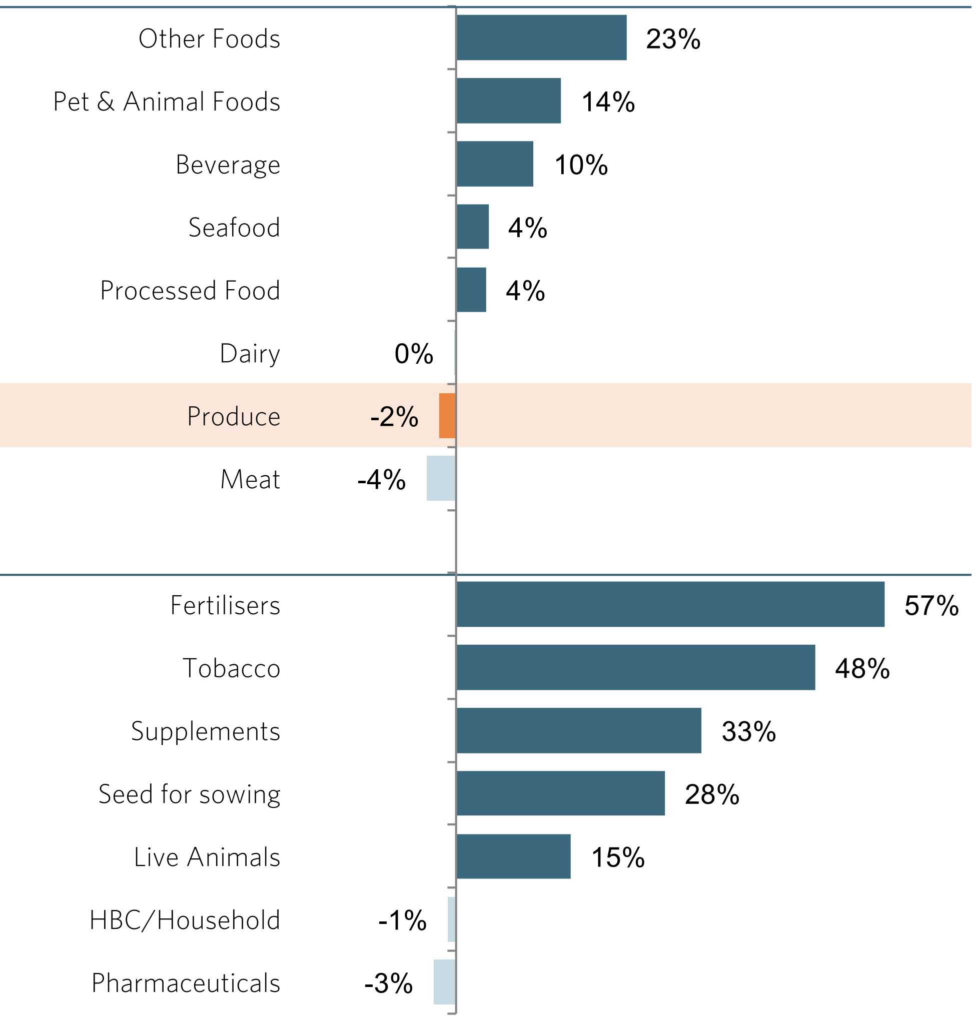
ANNUAL CHANGE IN EXPORT VALUE BY TYPE

US$m; 2012 vs. 2011



PERCENT CHANGE IN EXPORT VALUE BY TYPE

%; US$m; 2012 vs. 2011



Source: UN Comtrade database; Coriolis classification and analysis

PRODUCE – SITUATION

New Zealand is a major producer and exporter of kiwifruit and apples but has limited scale elsewhere; the industry is currently undergoing consolidation to increase scale and productivity

New Zealand

New Zealand has a climate conducive to horticulture, particularly high quality fruit production. New Zealand, surrounded by the Pacific Ocean, has the light of Spain with the climate of Bordeaux. This climate will also moderate the effects of global warming going forward (relative to large continents).

The country's farmers are highly productive and efficient. The country has no agricultural subsidies and regulation is rational and light handed, however additional compliance costs are imposed by markets and retailers around the world, increasing total cost.

New Zealand has two significant export species, kiwifruit and apples, that together account for over 70% of the export value of fresh produce.

Kiwifruit

While the yáng táo is native to China, New Zealand was the first country to commercialise the kiwifruit (and gave it its common name). This early innovation, and ongoing investment, has created significant competitive advantage for New Zealand in kiwifruit and the country is now the third largest producer globally.

Kiwifruit are primarily packed by grower-owned co-operatives. These are consolidating rapidly driven by the increased capital cost of a packhouse (equipment, technology, etc.). The top eight packers now account for 80%+ of volume.

Most kiwifruit (except those to Australia or under a collaborative marketing agreement) are exported through Zespri, a grower-owned monopsony[1]; this structure is strongly supported by growers but challenged by competing fruit exporters; Zespri is ~13x larger than its nearest global kiwifruit competitor.

The recent Psa-V outbreak has impacted the industry, but strong industry coherence and coordination has led to an effective response. The worst of the crisis appears over and industry is moving forward.

Apples

The apple industry is highly competitive and undergoing rapid consolidation around large grower/packer/shippers; the top 8 packhouse operators account for about two thirds of volume. Packhouses are backwards integrating into production to ensure supply and quality. More than a third of total apple area is now controlled by the top 10 packers.

The number of smaller family orchards has decreased and area has fallen significantly over the last 10 years. Despite this production has been maintained due to increased productivity; in other words, inefficient growers are going out of business and good ones are getting stronger.

Other fruit

While New Zealand produces a wide range of other fruits and nuts, only a few are achieving any significant growth; avocados, cherries and blueberries stand out for generally positive metrics.

Vegetables

"Fresh" vegetable exports are primarily onions, squash and capsicums. New Zealand is a mid-sized producer of vegetables for processing and export. Significantly transformed vegetable products are covered in the related processed foods documents.

1. Monopsony = monopoly on buying not selling

PRODUCE – SITUATION

Chile is the key competitor in fruit (both apples and kiwifruit); there are still a lot of growth opportunities available for New Zealand into Asia across all fruit & vegetables

Competitors

In fresh, New Zealand competes in the first instance with other temperate countries in the S.H. seasonal window: Australia, Chile, Argentina, South Africa & Southern Brazil. Secondarily, the S.H. competes on the edges, with N.H. temperate production.

Global production of most fruit & vegetables (F&V) is relatively stable; the major exception is China which has dramatically increased its production of most major F&V over the past 20 years. The impact of Chinese production growth has primarily been felt in some processed products (e.g. apple juice concentrate) rather than premium fresh F&V. Chinese yields are still low and quality is an issue; this will change over the next 20 years as systems and processes improve.

Very few fresh vegetables cross borders; most are produced and consumed in their country of origin; cross-border trade is more common in preserved/processed vegetables, particularly from temperate regions to tropical ones. In processed vegetables, New Zealand competes primarily with rich Northern Hemisphere countries (e.g. Netherlands, Canada). Fruit crosses borders more often.

Globally, fresh fruit and vegetable packing is extremely fragmented with a huge number of medium-to-small packers operating. Firms of any scale only exist around key tropical fruits (bananas and pineapples). New Zealand packhouses compete primarily with either co-operative or family-owned packhouses in other countries.

Fruit and vegetable preserving and processing is more consolidated, driven by economies of scale in processing equipment.

New Zealand has a strong track record of innovation and new product development in fruit. However, new varieties continue to be developed by other competitors, for example:

- Summerkiwi, Kiwigold/Jingold, and Greenlight among many others in kiwifruit
- Kanzai, Honeycrisp, Cameo among many others in apples

Consumers/Markets

Broadly speaking, the world can be separated into temperate and tropical production regions. Produce consumption varies strongly by region and, as a general rule, people (and countries) generally cook and consume what they produce. Therefore, for most fruits and vegetables, the major producing countries are the major consuming countries and also the major counter-seasonal importers (where relevant).

In this environment, China represents an opportunity not a threat for New Zealand in premium counter-seasonal supply for the foreseeable future. China is now New Zealand's fifth largest export market for produce and was the fastest growing last year.

South East Asian markets are a rapidly growing opportunity (e.g. Indonesia, Thailand, Philippines, Vietnam) as they are pure importers of temperate fruits and vegetables. Per capita consumption evidence from the richer countries of the region (Singapore, Malaysia and Taiwan) suggest significant further growth potential exists in the poorer countries as they grow richer.

Source: Coriolis

PRODUCE – SWOT ANALYSIS

Future growth and success is dependant on continued innovation around new varieties and cultivars and improvements in industry structure

STRENGTHS	WEAKNESSES
- Track record of success in new fruit development (e.g. kiwifruit) - Track record of success in breeding of new cultivars (e.g. Braeburn, Zespri Gold) - Counter seasonal to Northern Hemisphere in a narrow climatic window only shared by 4-5 competitors (Chile, Argentina, South Africa, Southern Brazil and Australia) - Proximity to fast growing Asian markets - Strong biosecurity; free from many diseases and pests - High yields per hectare/high levels of export packout in export fruits relative to peers - Unsubsidised industry competing successfully in world markets - Industry rapidly consolidating into fewer, larger growers operating at scale - Transition to integrated grower/packer/shipper model underway - Supportive, collective industry structure in kiwifruit	- Low/no ability to supply fruit year-round - Water, access and availability - Higher cost structure than others in seasonal window (e.g. Chile) - Too much area still in older varieties (e.g. Braeburn apples, Hayward kiwifruit) that are now widely produced by competitors and not IP-controlled - Many smaller orchards and farms; peer group benchmarking strongly suggests NZ needs fewer, larger farms - Failing to collectively nurture emerging Horizon 2 products to scale (e.g. avocados) - Poor current funding model for new cultivar development - Poor current commercialisation model for new cultivars emerging from breeding programs - Legal separation of apple and kiwifruit exporting (also a strength depending on point-of-view) - Small scale niche sectors, limits availability of key agrichemicals available
OPPORTUNITIES	**ISSUES/THREATS/RISKS**
- Further develop "Fresh" fruit, especially high value, high return fruits (e.g. berries) - Continued growth of middle-class in Asia - Aging baby boomers focusing on healthy living eating for illness prevention - Growth of nutraceuticals and functional foods; fruits as "superfoods" - Potential of the Australian market - Continued work on FTAs to develop tariff free markets (e.g. ASEAN); especially focussing on the high volume, high impact products and markets - Growing demand for fresh, convenient produce especially into Asian markets - Continued orchard-level technological innovation (e.g. Hi-Cane) and management improvement (e.g. girdling) leading to increased yields, automated pruning	- Growing production of apples, kiwifruit and other horticulture in China - Further disease outbreaks (cf. PSA) - The risk of disease outbreaks must be balanced with the biosecurity retarding or preventing introduction of new genetics and new species - Other countries phytosanitary protocols limiting extent and speed to market, particularly Australia - Re-export of produce labelled "Made in New Zealand" endangering NZ reputation - Climatic conditions impact production rates - Other global centres of fruit development coming up with better products

Source: various company annual reports; various company websites; Interviews; Coriolis

PRODUCE – POTENTIAL AREAS FOR INVESTMENT

Opportunities for new and/or external investment primarily for those with transferrable skills or global networks

Apples

Industry has consolidated around two key regions: Hawkes Bay and Nelson; opportunities outside these regions are less clear.

Two largest apples exporters have changed hands recently:

- #2 Mr Apple to Direct Capital
- #1 T&G/ENZA to BayWa

Opportunities for further consolidation among smaller packhouses, particularly around regional consolidation.

New emerging third generation IP-controlled varieties have high potential for growth, particularly in Asia.

- New Zealand has a strong track record of developing successful new varieties of apples; for example NZ developed Gala and Braeburn now account for one in six apple trees planted globally (outside China).

Kiwifruit

Industry consolidated around Bay of Plenty region; opportunities outside this region are more speculative.

Industry almost totally grower-controlled, limiting opportunity for outside investor participation; further packhouse consolidation highly probable going forward.

Current Zespri structure severely limits ability of new investors (e.g. Dole, Chiquita, T&G) from exporting outside the system; participation in the New Zealand kiwifruit industry is effectively participation in the Zespri system.

Low/no likelihood of change in structure in short to medium term due to strong grower support and five years of industry turmoil required for transition to an open system.

Kiwifruit less advanced than apples in new IP-controlled variety development.

- Zespri Gold kiwifruit a strong success for New Zealand and doing well in Asia.
- Other recent new varieties appear to represent improvements (e.g. Green 14) and are yet to be proven either in production economics or the market (cf. Tomua[1]).
- Lack of red variety key failure of breeding program to date.

Other fruit and nuts

International investors with strong transferrable skills in the avocado sector could help the industry realise its potential.

Berries have clear opportunities for growth but long run potential is unclear; investors with transferrable skills should explore.

Olives are a marginal activity due to lack of scale and huge plantings elsewhere due to high EU subsidies (cf. Spain).

Wide range of other fruit and nuts that have yet to demonstrate clear market success.

Vegetables

Strong opportunities for further investment by major global value-added vegetable processors.

NZ strongly competitive with key temperate producer/exporters such as the Netherlands, Canada, the US, France, etc.; EU producers should consider NZ as an Asia-Pacific production base.

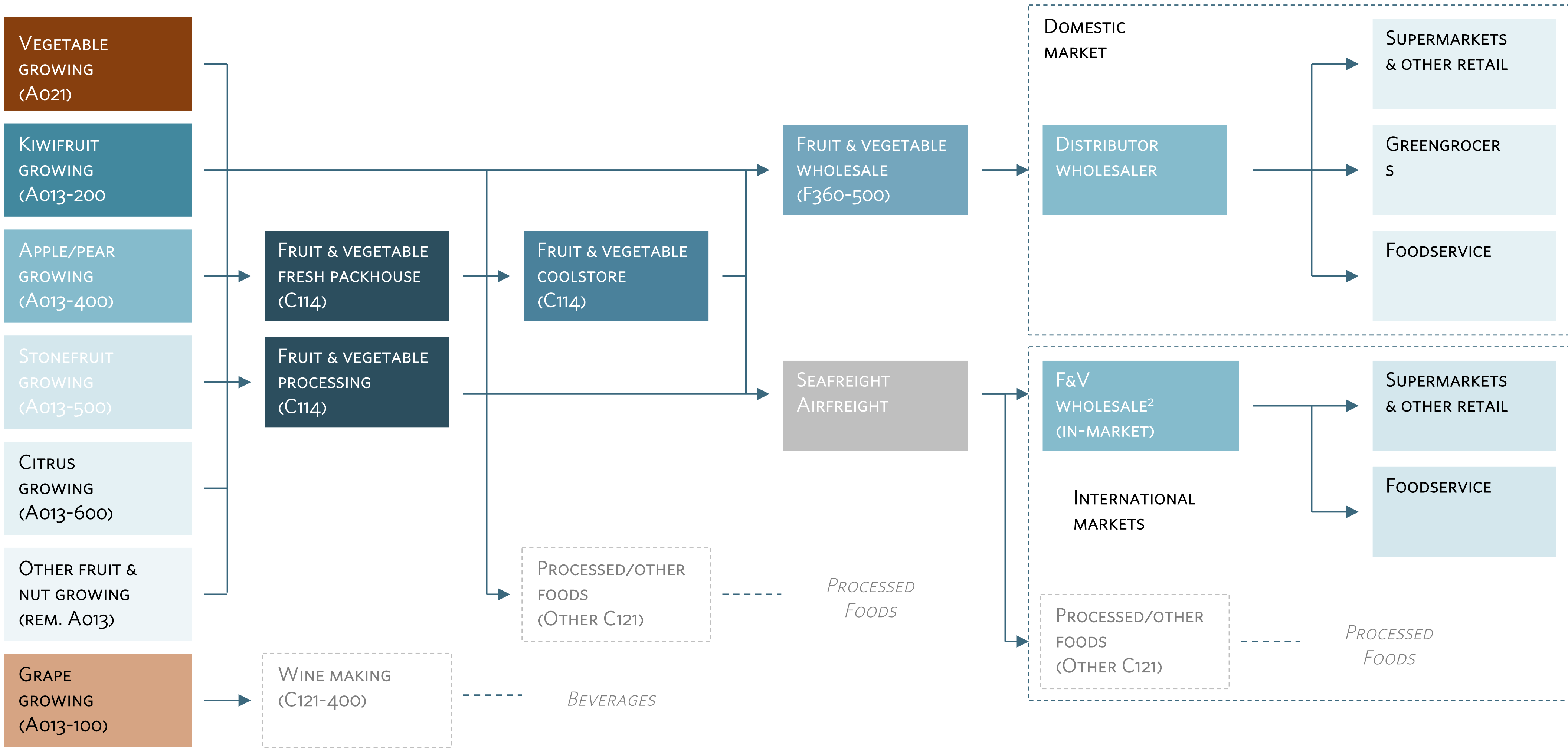
1. Tomua was a green variant launched in the late 90's that failed

PRODUCE – SUPPLY CHAIN

New Zealand fruit and vegetables either travel to the consumer in a fresh/whole form or are processed; processed foods range from simple preservation (e.g. whole frozen) through to total conversion (e.g. wine)

SIMPLIFIED MODEL OF NEW ZEALAND FRUIT & VEGETABLE SUPPLY CHAIN

Model; ANZSIC codes as available



1. Statistics do not differentiate between packhouses, coolstores and processors (for example, a fresh apple export packhouse and a factory canning peas); 2. There may be one or more layers of wholesaling, depending on product or market; some wholesale functions maybe captive inside retailers or foodservice operators; Source: Coriolis

GLOBAL

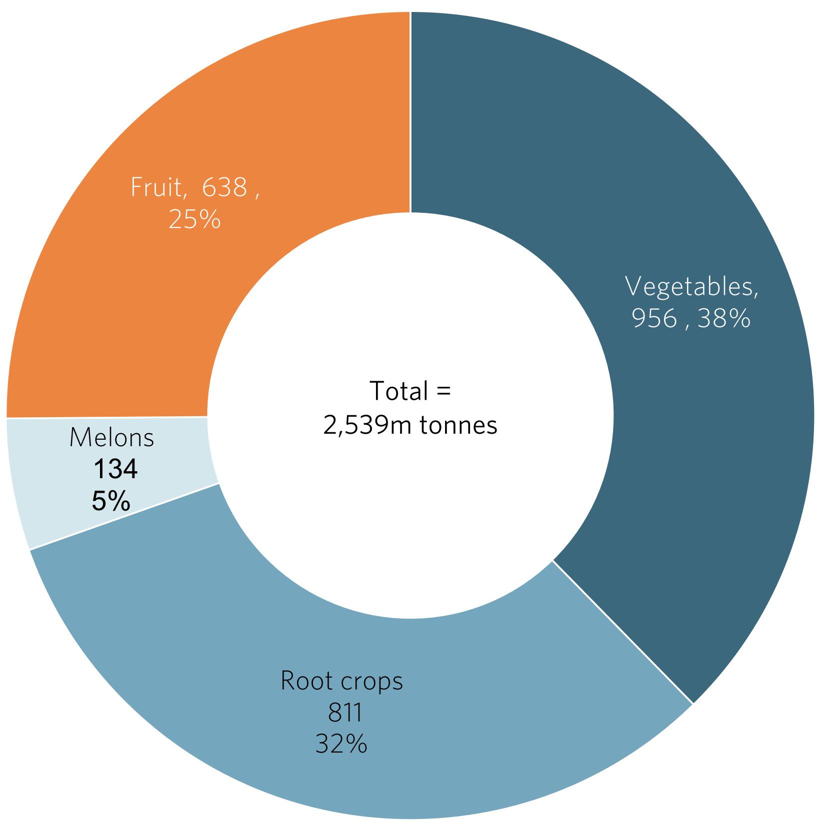
Produce

GLOBAL PRODUCE PRODUCTION BY TYPE

Global produce production is growing; vegetables and melons leading growth, while root crops are declining on a per capita consumption basis

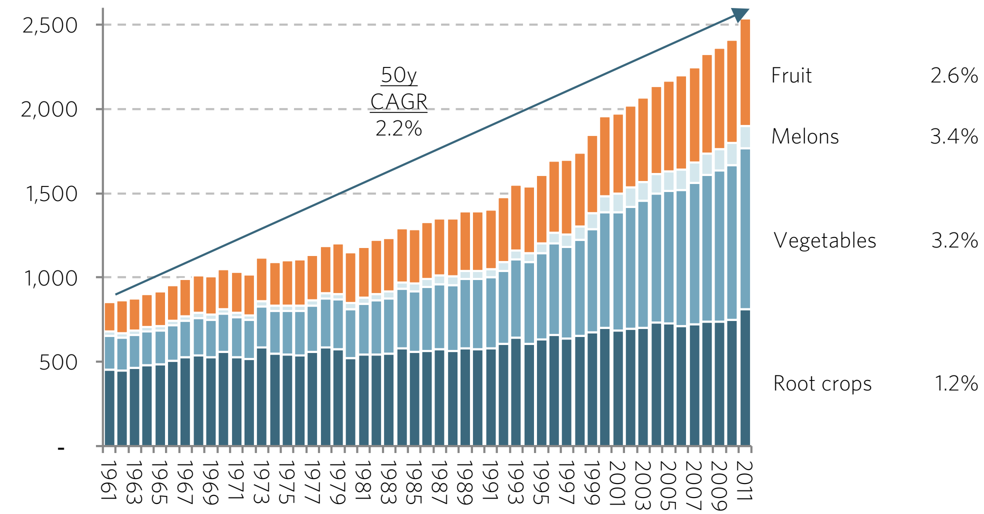
GLOBAL PRODUCE PRODUCTION BY TYPE

Tonnes; million; 2011



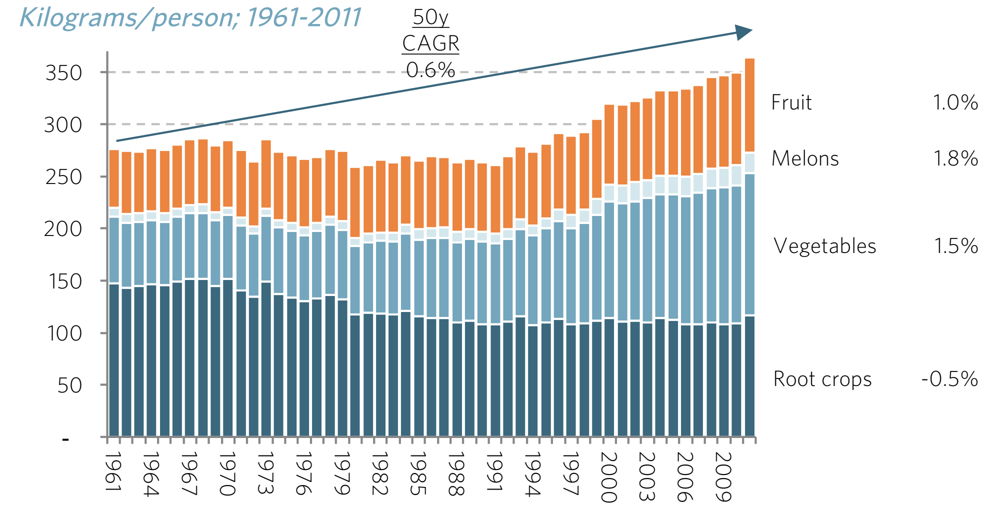
50 YEAR GLOBAL PRODUCE PRODUCTION BY TYPE

Tonnes; million; 1961-2011



50 YEAR GLOBAL PRODUCE CONSUMPTION PER CAPITA[1]

Kilograms/person; 1961-2011



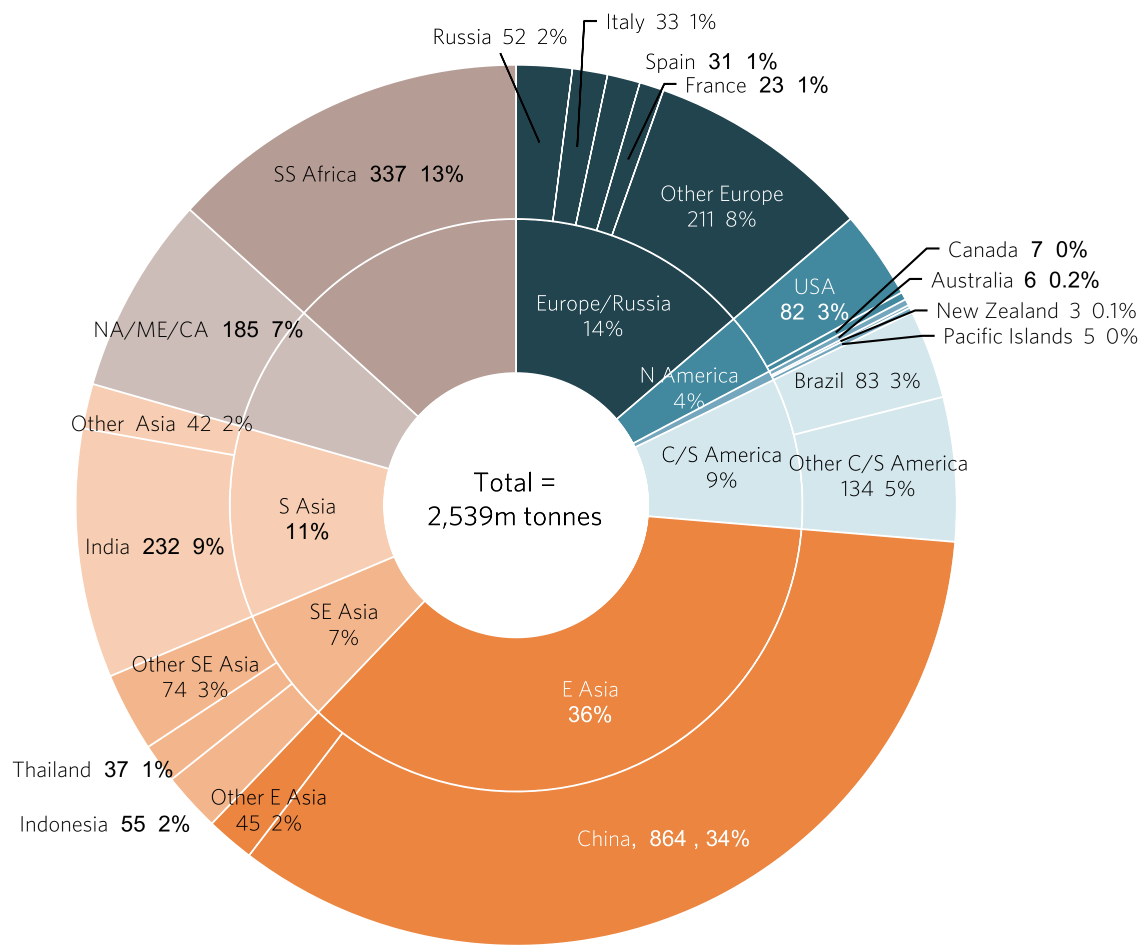
1. Data is apparent consumption (aka. disappearance) in all forms; will include waste, shrinkage and post harvest loss; Note: 2011 is latest data available for all countries globally in FAO Agstat as of October 2013;
* CAGR = Compound annual growth rate; Source: UN FAO AgStat database; Coriolis analysis

GLOBAL PRODUCE PRODUCTION BY REGION

New Zealand produces 0.1% of total global produce (fruit & vegetables); global production growth being driven by China and the developing world

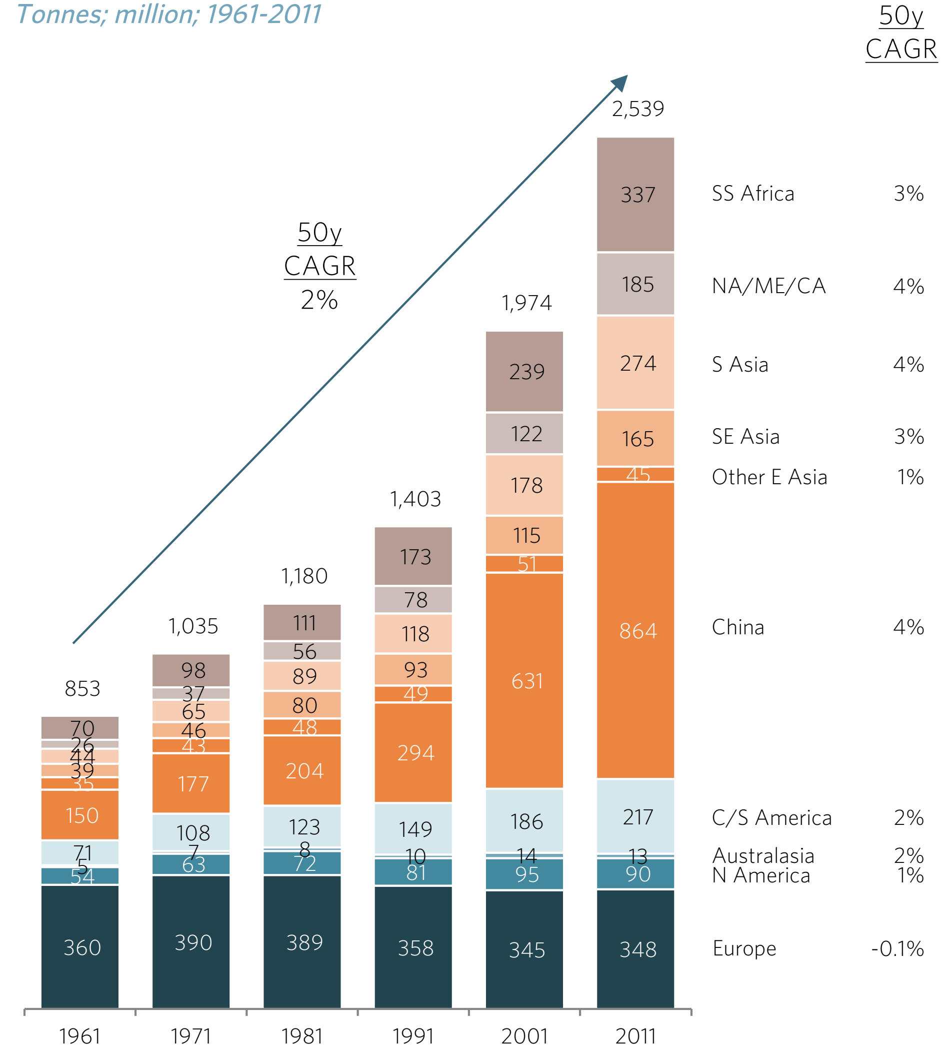
GLOBAL PRODUCE PRODUCTION BY KEY COUNTRIES & REGION

Tonnes; million; 2011



50 YEAR PRODUCE PRODUCTION BY REGION

Tonnes; million; 1961-2011



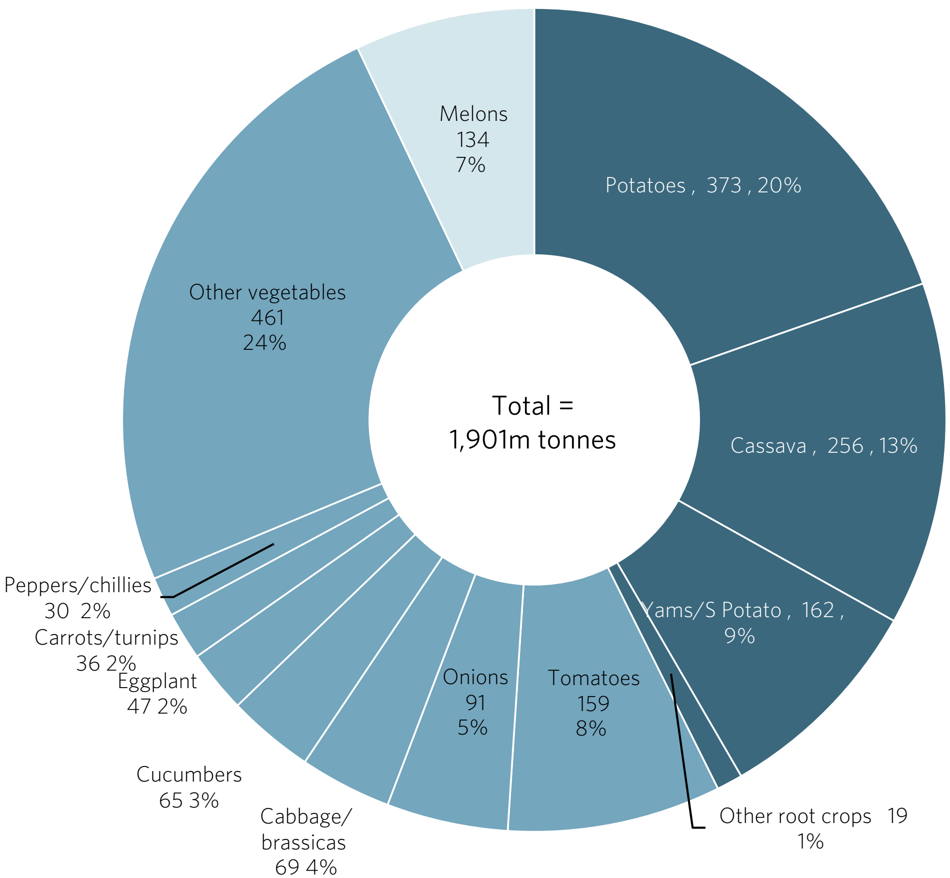
Note: 2011 is latest data available for all countries globally in FAO Agstat as of October 2013; Source: UN FAO AgStat database; Coriolis analysis

VEGETABLE – GLOBAL PRODUCTION

Global vegetable consumption is fragmented, with a wide range of vegetables being produced worldwide

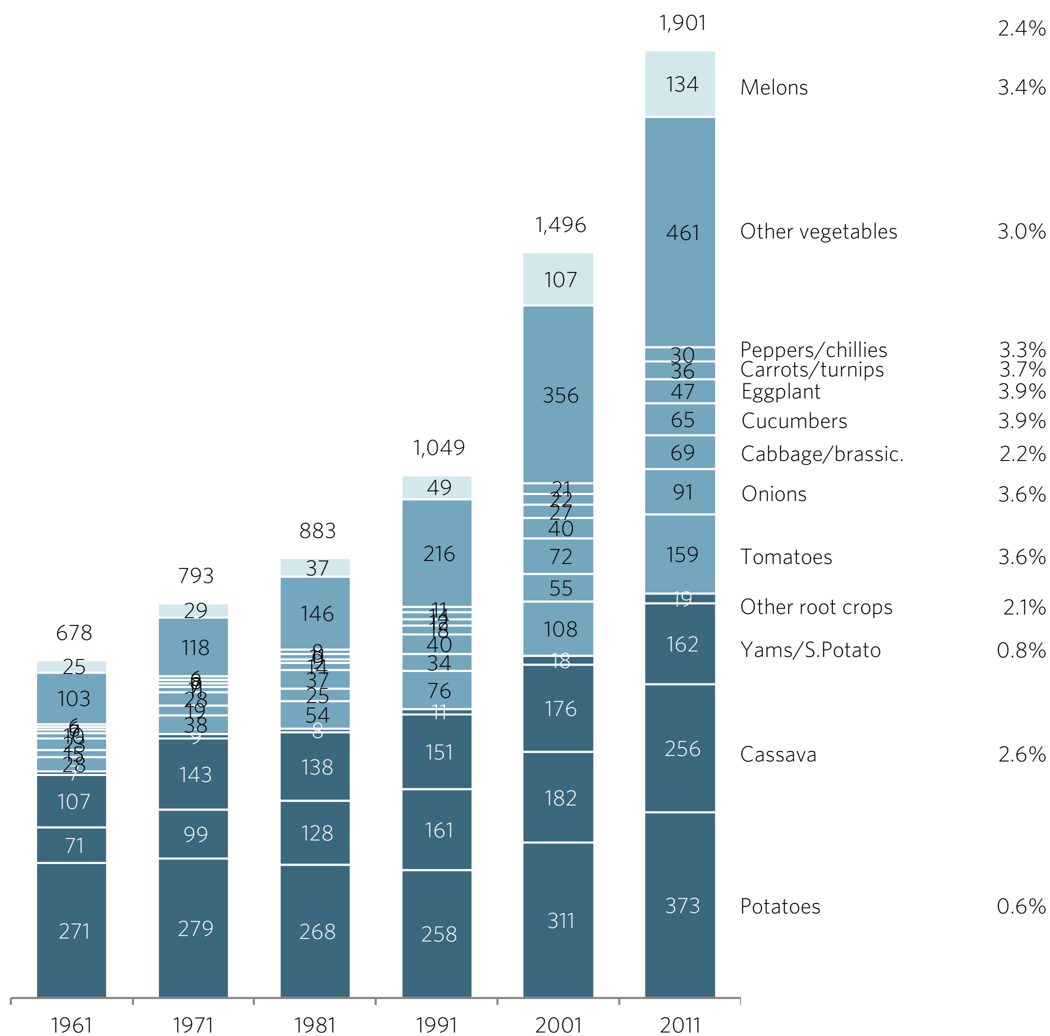
TOTAL GLOBAL VEGETABLE PRODUCTION BY TYPE/GROUP

Tonnes; million; 2011



50Y GLOBAL VEGETABLE PRODUCTION BY TYPE/GROUP

Tonnes; million; 1961-2011

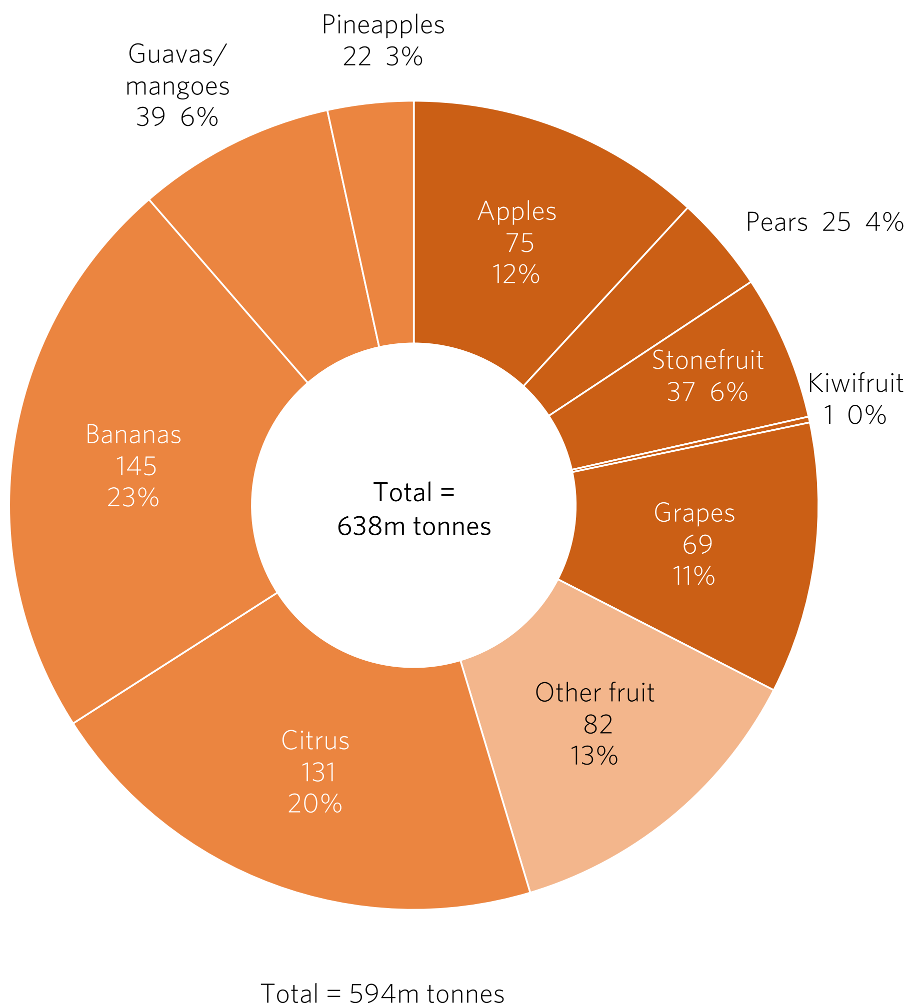


FRUIT – GLOBAL PRODUCTION

Global fruit production is dominated by a handful of major fruit: bananas, citrus, apples/pears and grapes

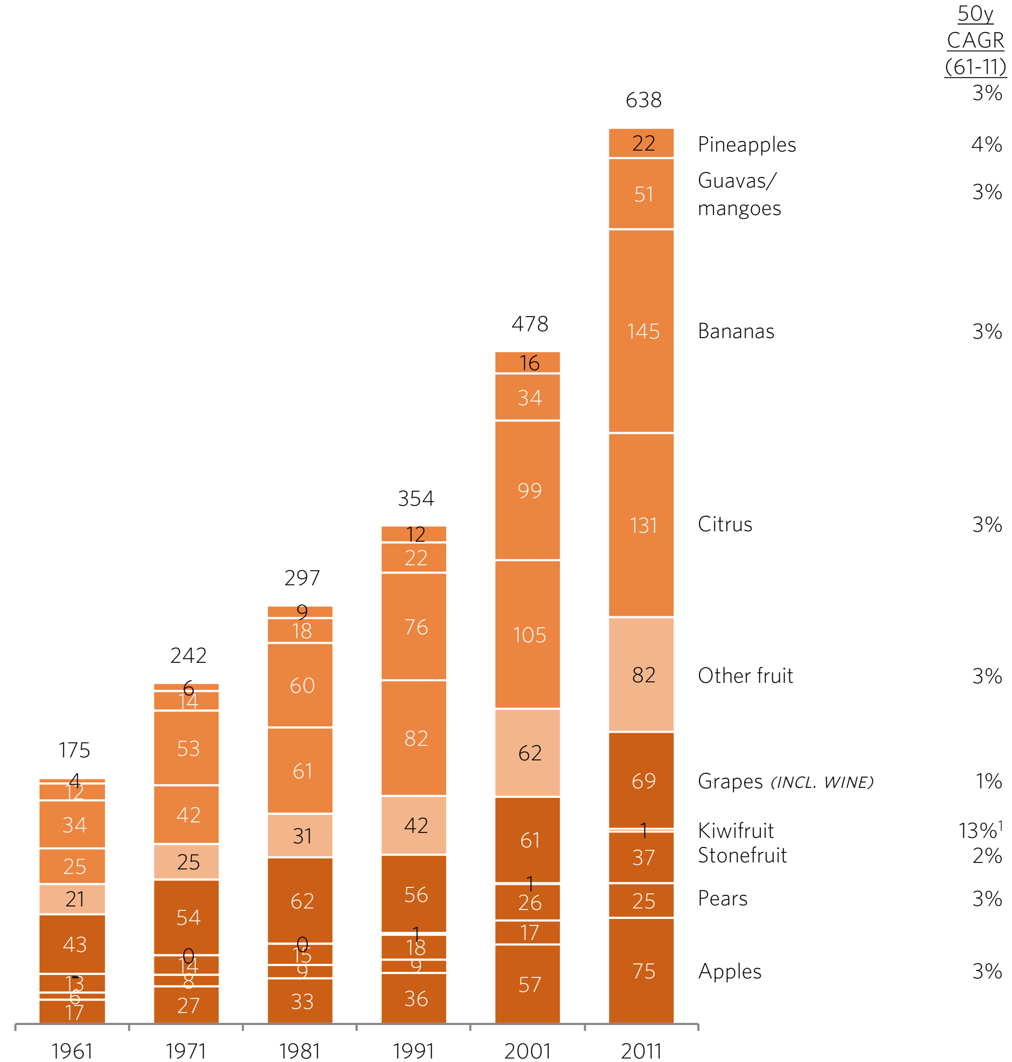
TOTAL GLOBAL FRUIT PRODUCTION BY FRUIT TYPE/GROUP

Tonnes; million; 2011



50Y GLOBAL FRUIT PRODUCTION BY TYPE/GROUP

Tonnes; million; 1961-2011

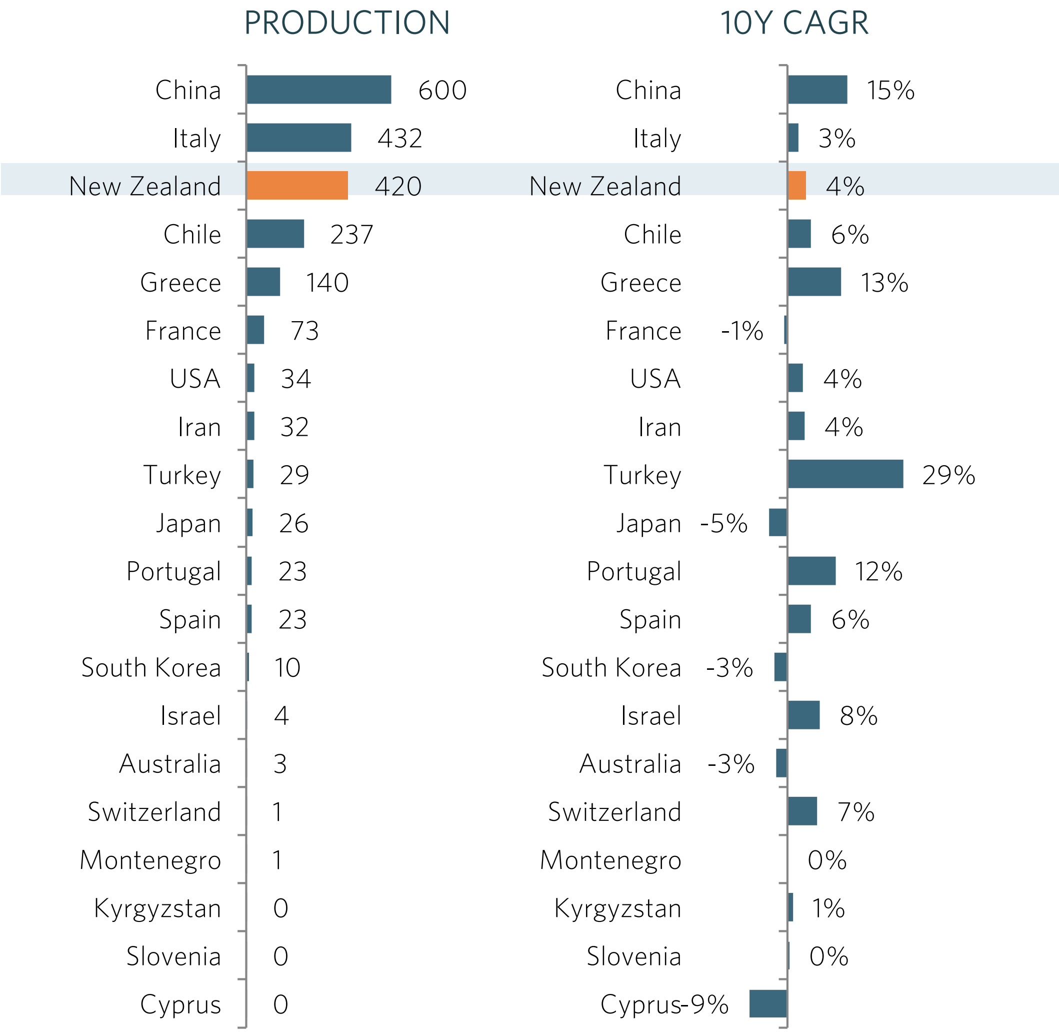


1. 30y CAGR; Notes: bananas includes plantains; guavas/mangoes includes papaya; stonefruit includes apricots, plums, sloes and other stone fruit; Source: UN FAO database (custom job); Coriolis analysis

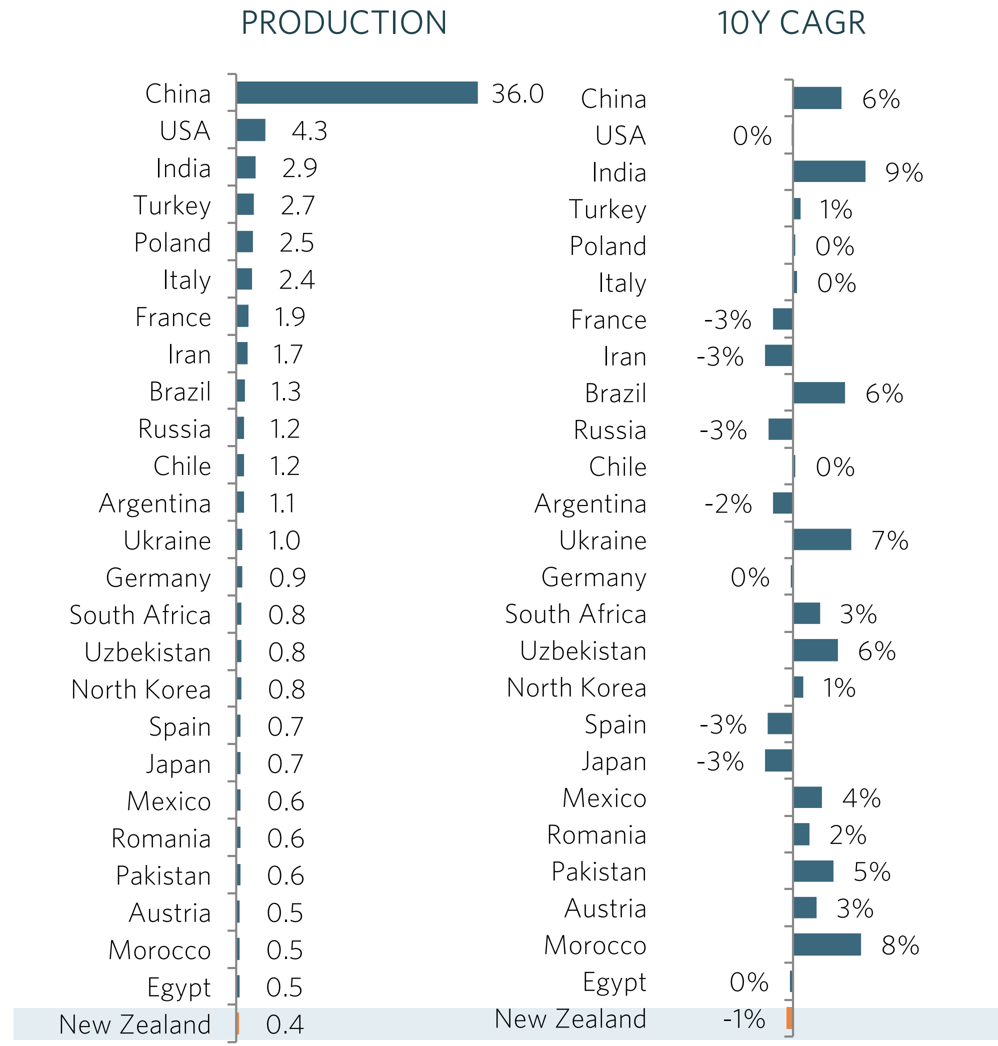
TOP PRODUCING COUNTRIES – KIWIFRUIT & APPLES

New Zealand is the third largest kiwifruit producer and the 26th largest apple producer

TOP 20 KIWIFRUIT PRODUCERS
Tonnes; 000; 2011



TOP 26 APPLE PRODUCERS
Tonnes; million; 2011



Source: UN FAO database (custom job); China is Coriolis from a range of sources; Coriolis analysis

INPUTS

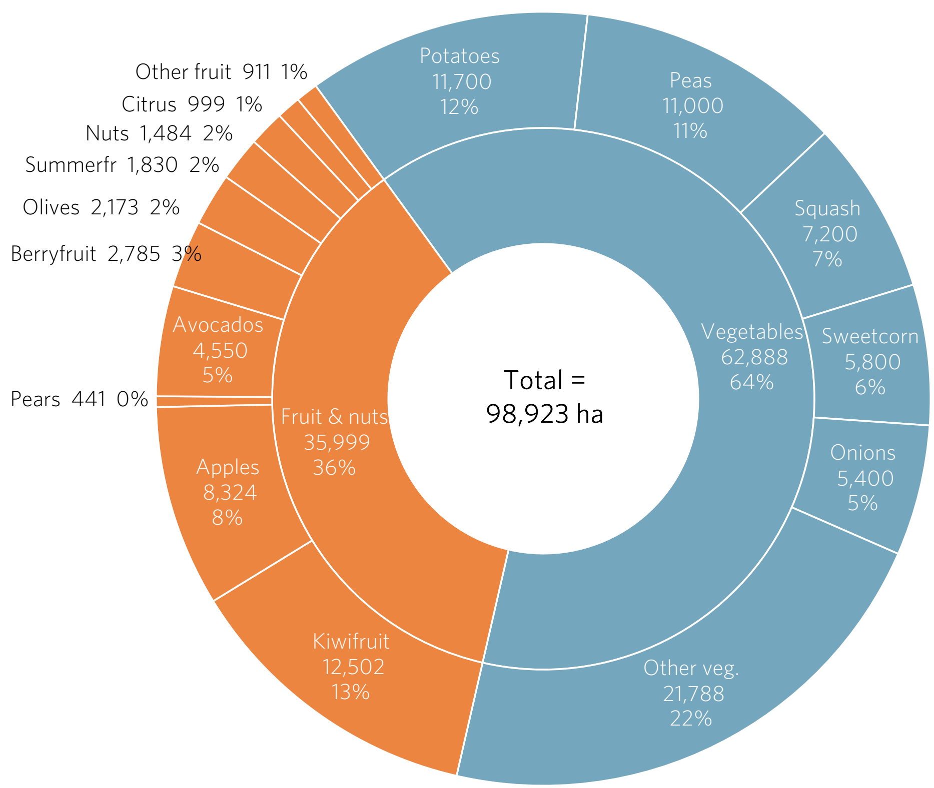
Produce

KEY PRODUCTION METRICS

The amount of area in New Zealand in fruit and vegetables has been relatively stable over the past decade, other than wine grapes

TOTAL NEW ZEALAND HECTARES IN PRODUCE

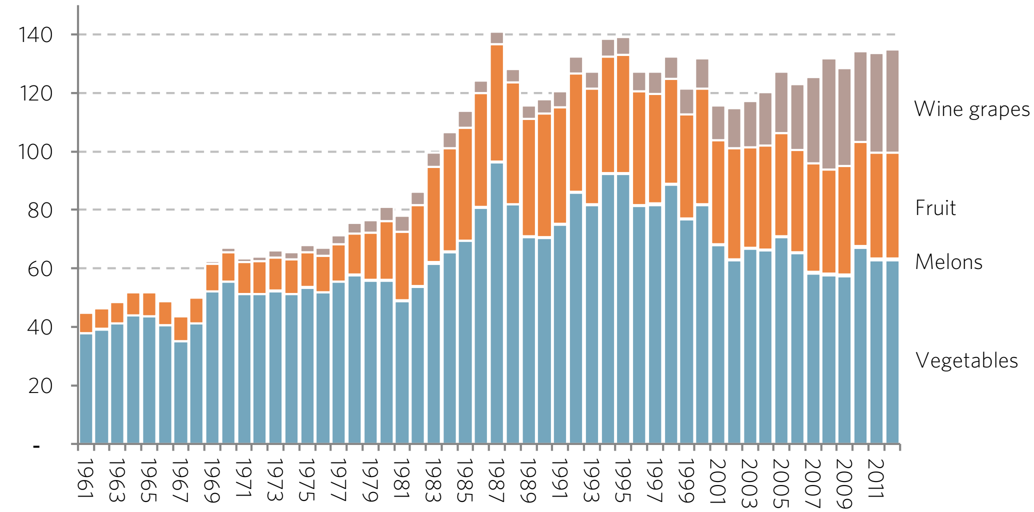
Hectare; 2012 or as available



WINE GRAPES PRIMARILY DEALT WITH IN BEVERAGES DOCUMENT; SEE THAT FOR MORE DETAILS ON WINE GRAPES

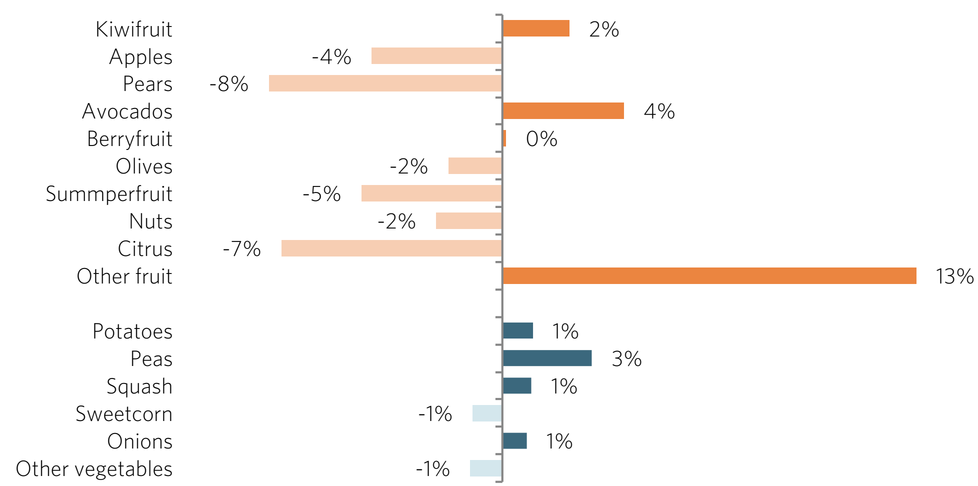
TOTAL NEW ZEALAND HECTARES IN PRODUCE

Hectare; 1961-2012



10Y CAGR OF AREA IN HECTARES IN PRODUCE BY KEY SPECIES

CAGR% change in hectare; 2002-2012

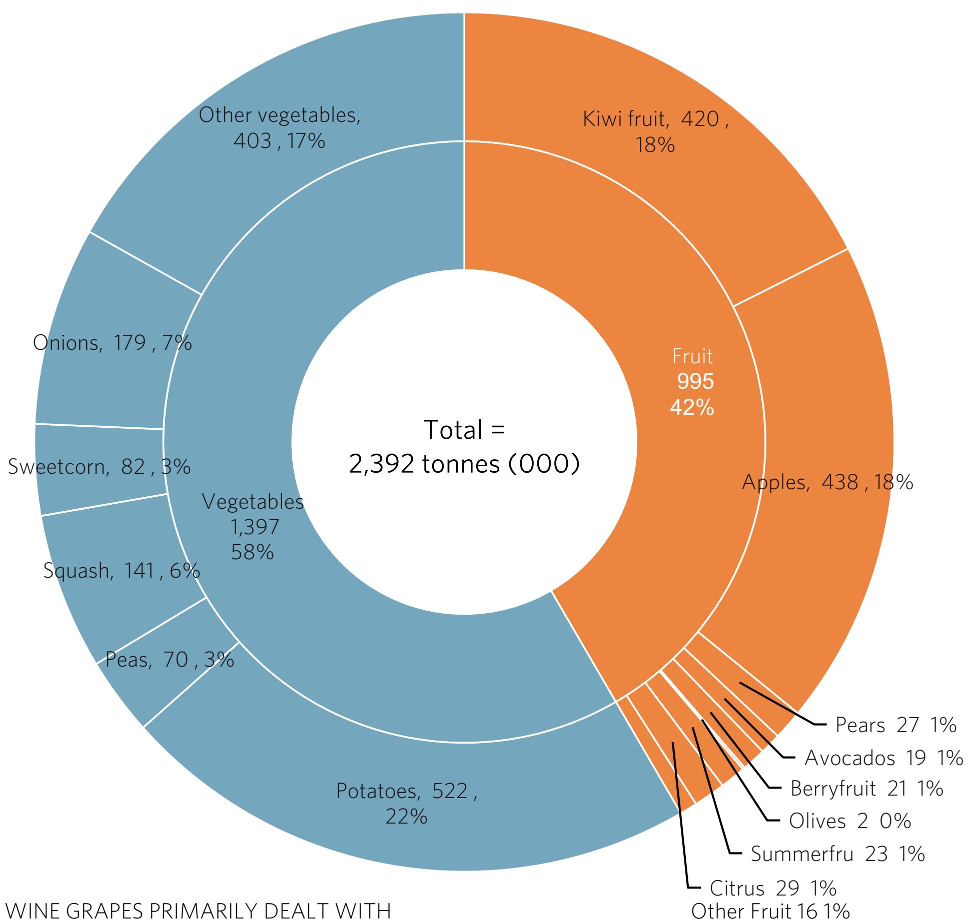


Source: Plant & Food FreshFacts; UN FAO AgStat database; MAF/MPI; Coriolis analysis

KEY PRODUCTION METRICS

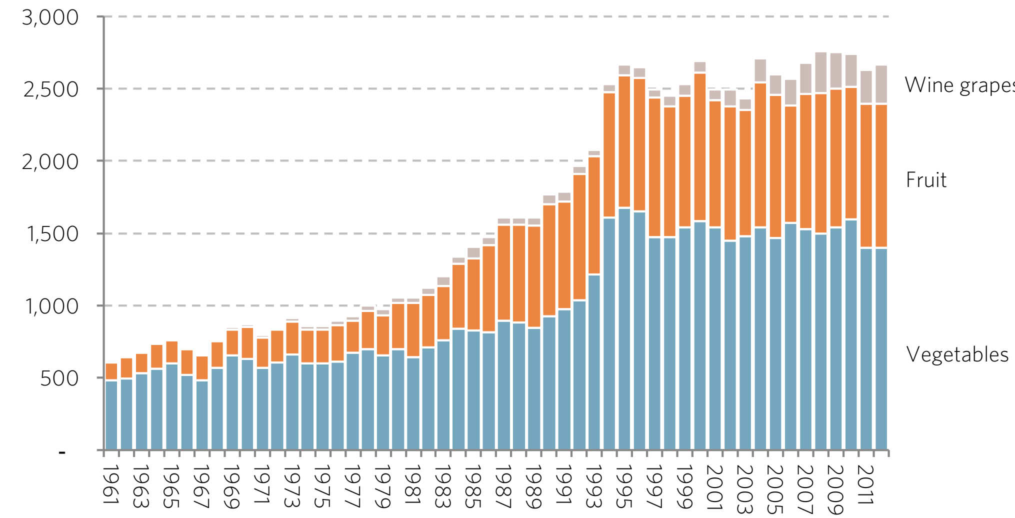
While area is down, total production is more flat driven by greater productivity through yield increases

TOTAL NEW ZEALAND PRODUCE PRODUCTION
Tonnes; 000; 2012 or as available

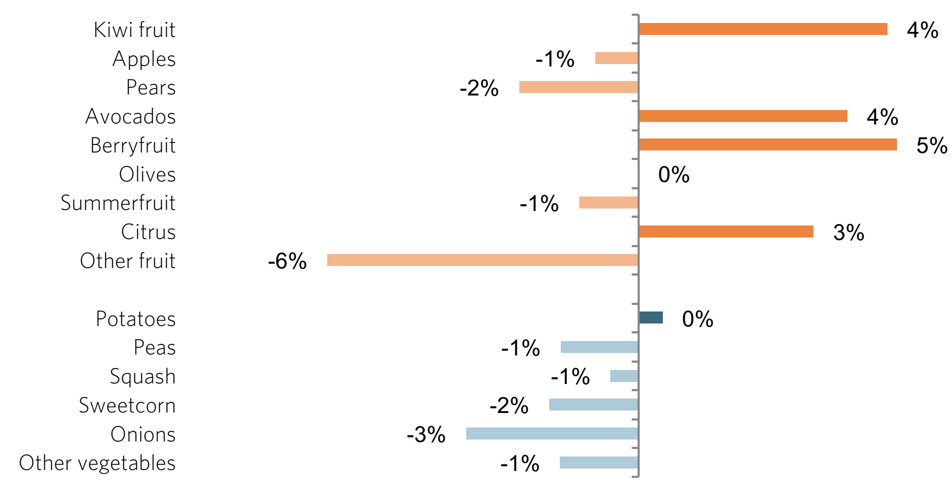


WINE GRAPES PRIMARILY DEALT WITH IN BEVERAGES DOCUMENT; SEE THAT FOR MORE DETAILS ON WINE GRAPES

TOTAL NEW ZEALAND PRODUCE PRODUCTION
Tonnes; 000; 1961-2012



10Y CAGR OF PRODUCTION IN PRODUCE BY KEY SPECIES
% of tonnes; 2002-2012



Source: Plant & Food FreshFacts; UN FAO AgStat database; MAF/MPI; Coriolis analysis

FIRMS

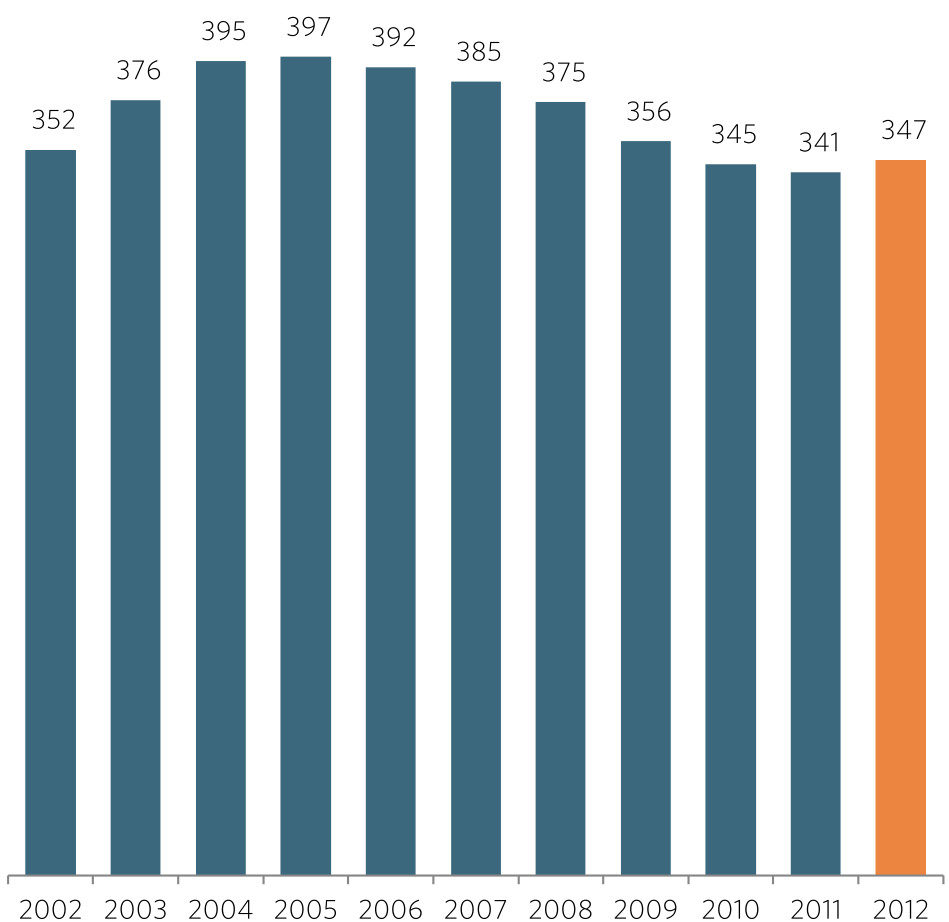
produce

NUMBER OF FIRMS

The number of produce processing & wholesaling firms was declining, but appears to have stabilised since 2010

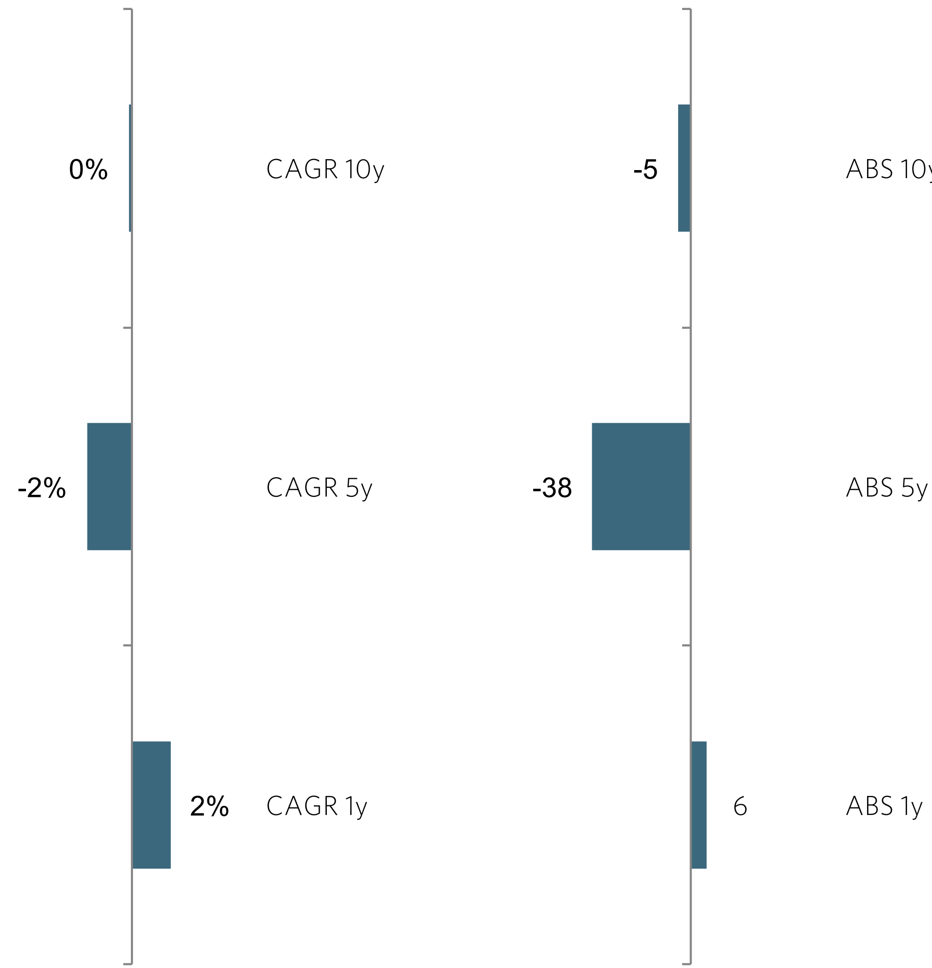
NUMBER OF PRODUCE PROCESSING & WHOLESALING ENTERPRISES

Enterprises; 2002-2012



CHANGE IN NUMBER OF PRODUCE PROCESSING ENTERPRISES

CAGR; absolute change; periods as given



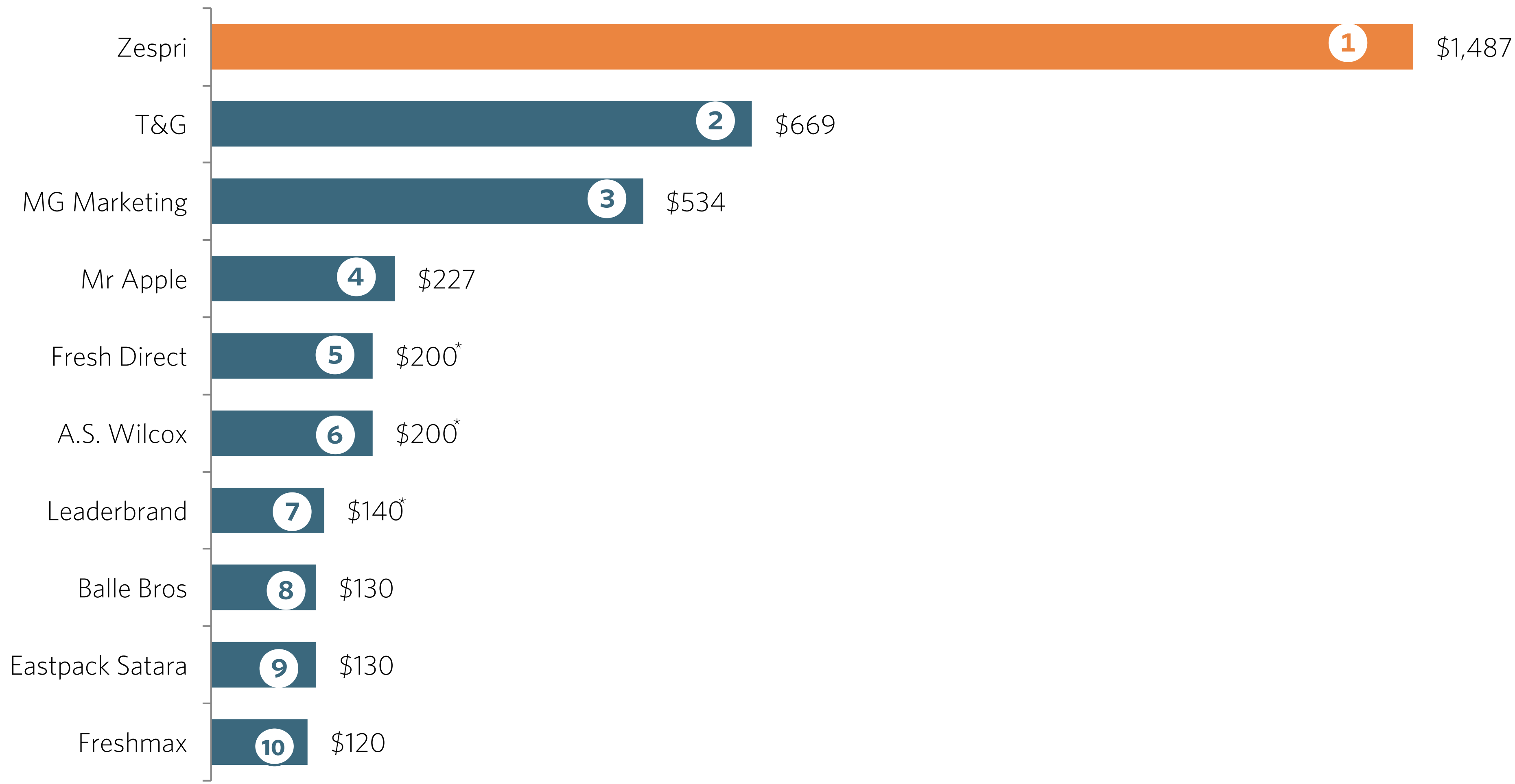
Note: 2012 data latest available as of October 2013; 1. Defined as C114 Fruit & Vegetable Processing & F360500 Fruit and Vegetable Wholesaling; Source: Statistics NZ business demographics database; Coriolis analysis

iFAB TOP TEN PRODUCE FIRM TURNOVER FY12

Zespri continues as the largest produce firm in New Zealand

ANNUAL TURNOVER BY TOP 10 PRODUCE FIRMS

NZ$m; FY2012



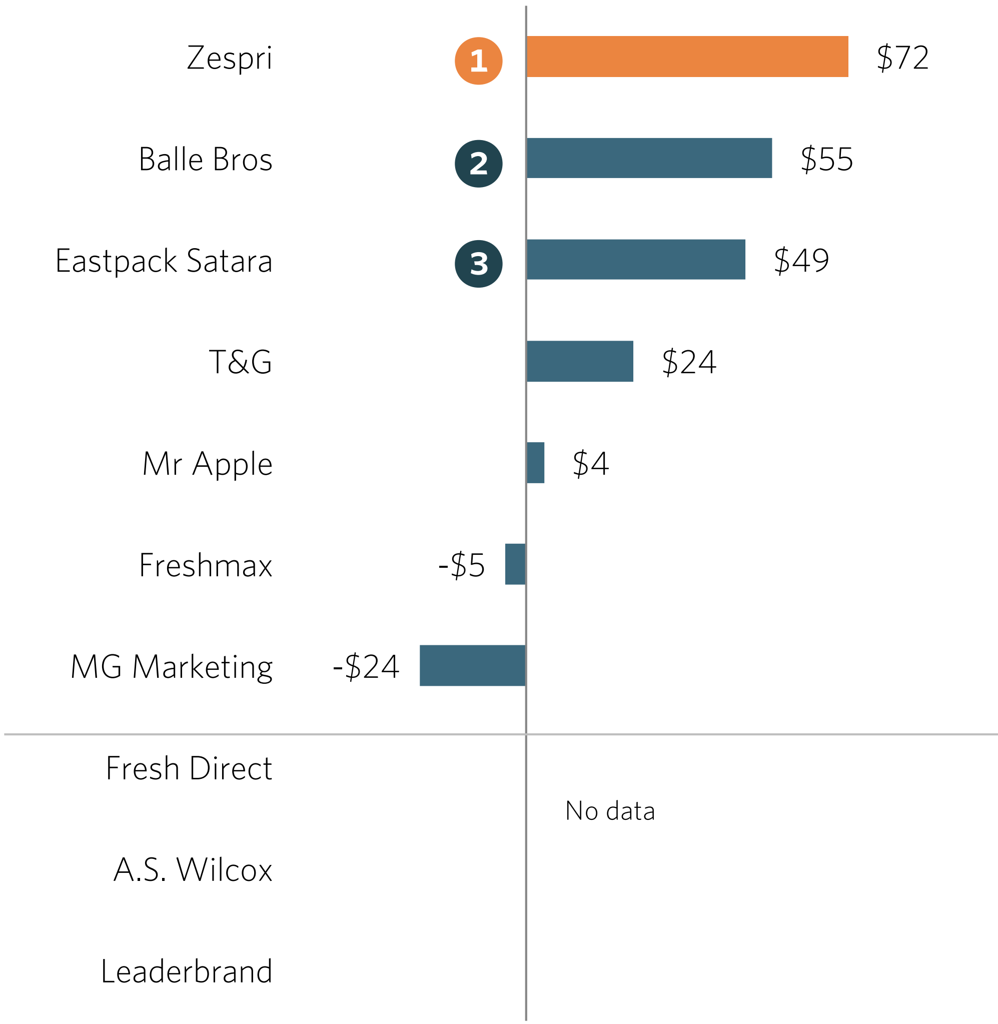
* Estimate; Note: Eastpack Satara is post merger Prorata Source: various company annual reports; NZCO; Coriolis estimates and analysis

iFAB TOP TEN PRODUCE TURNOVER GROWTH FY12

In FY12 Zespri led the absolute growth followed by Balle Bros through its acquisition of Mr Chips then Eastpack (through its merger with Satara)

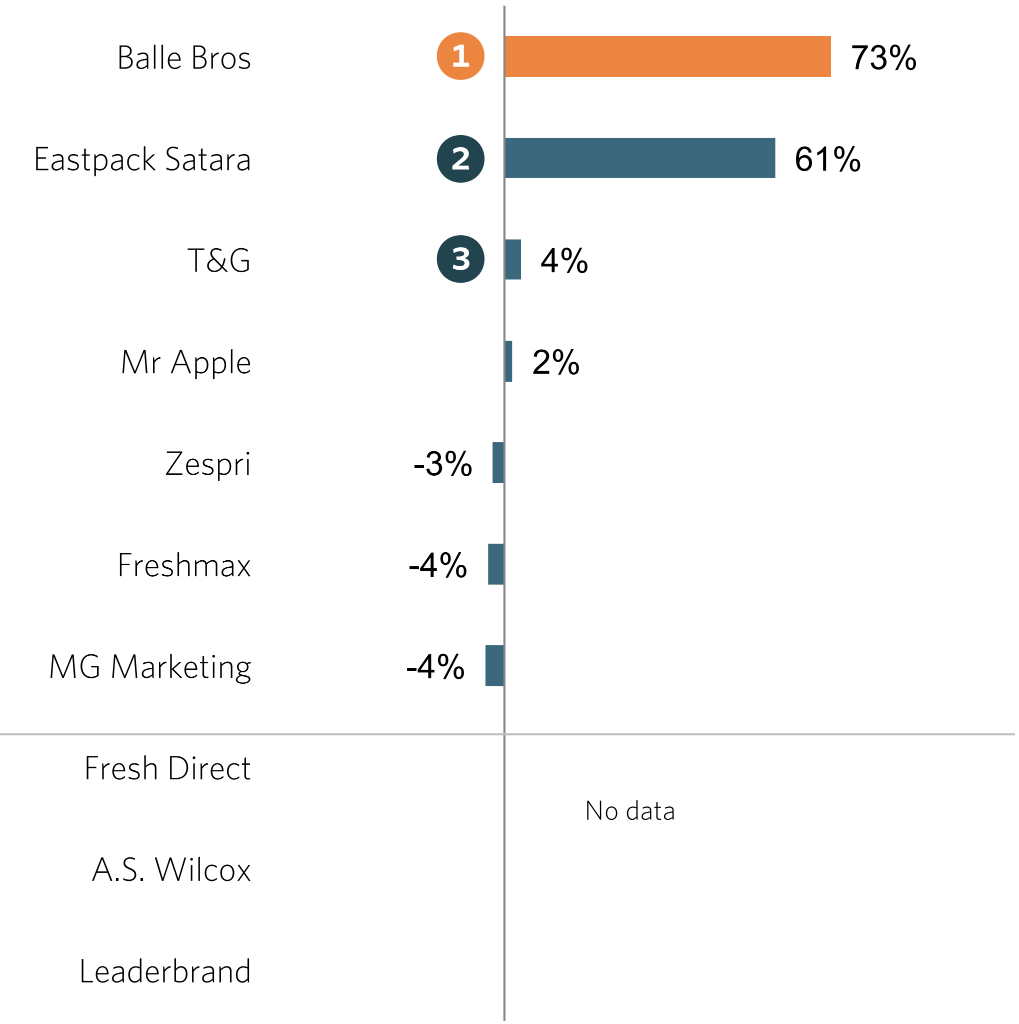
CHANGE IN ANNUAL TURNOVER BY TOP 10 PRODUCE FIRMS

NZ$m; FY2012 vs. FY2011



ANNUAL TURNOVER % GROWTH BY TOP 10 PRODUCE FIRMS

NZ$m; FY2012 vs. FY 2011



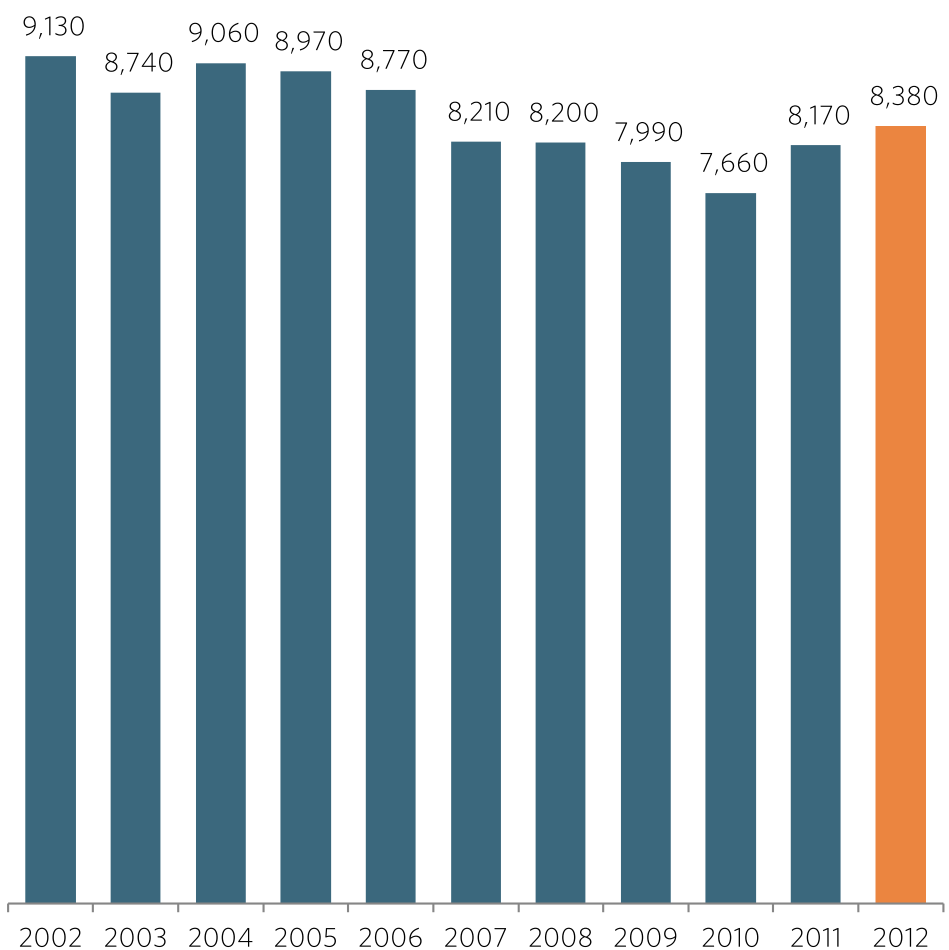
Source: various company annual reports; NZCO; Coriolis estimates and analysis

KEY PRODUCTION METRICS

Produce processing & wholesaling employment was trending down - suggesting productivity improvements – but employment has now grown for the past two year

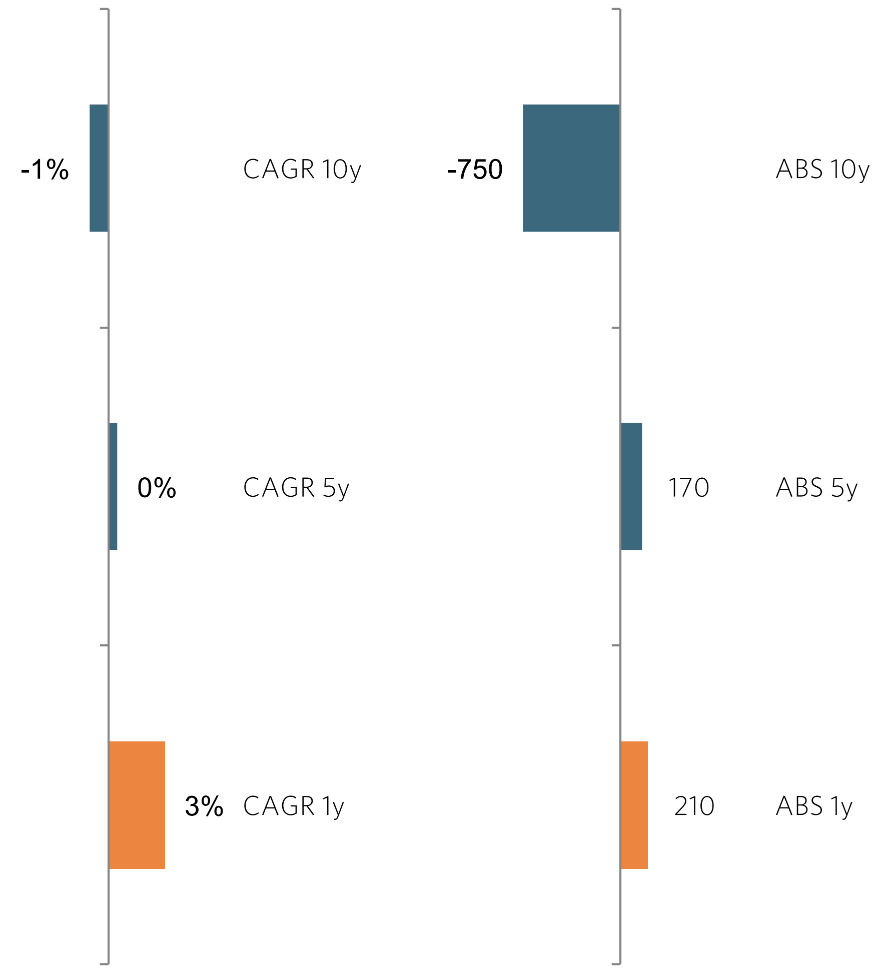
TOTAL EMPLOYMENT BY F&V PROCESSING & WHOLESALING ENTERPRISES

Headcount; as of Feb; 2002-2012



CHANGE IN F&V PROCESSING & WHOLESALING EMPLOYMENT

CAGR; Absolute change; periods as given



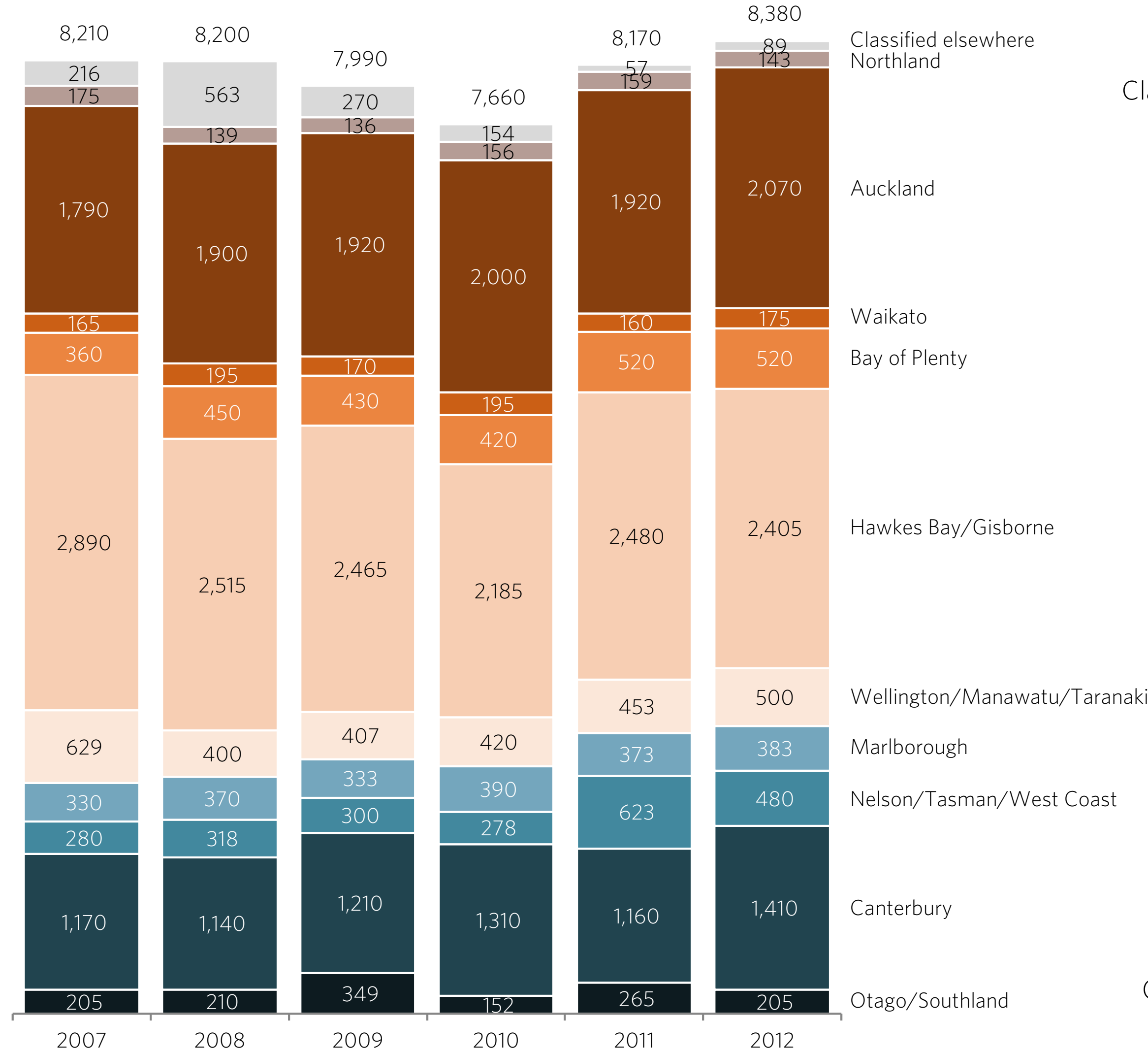
Note: 2012 data latest available as of October 2013; 1. Defined as C114 Fruit & Vegetable Processing & F360500 Fruit and Vegetable Wholesaling; Source: Statistics NZ business demographics database; Coriolis analysis

EMPLOYMENT BY REGION

Produce processing employment growing in Auckland, BOP and the South Island but declining in Hawkes Bay/Gisborne

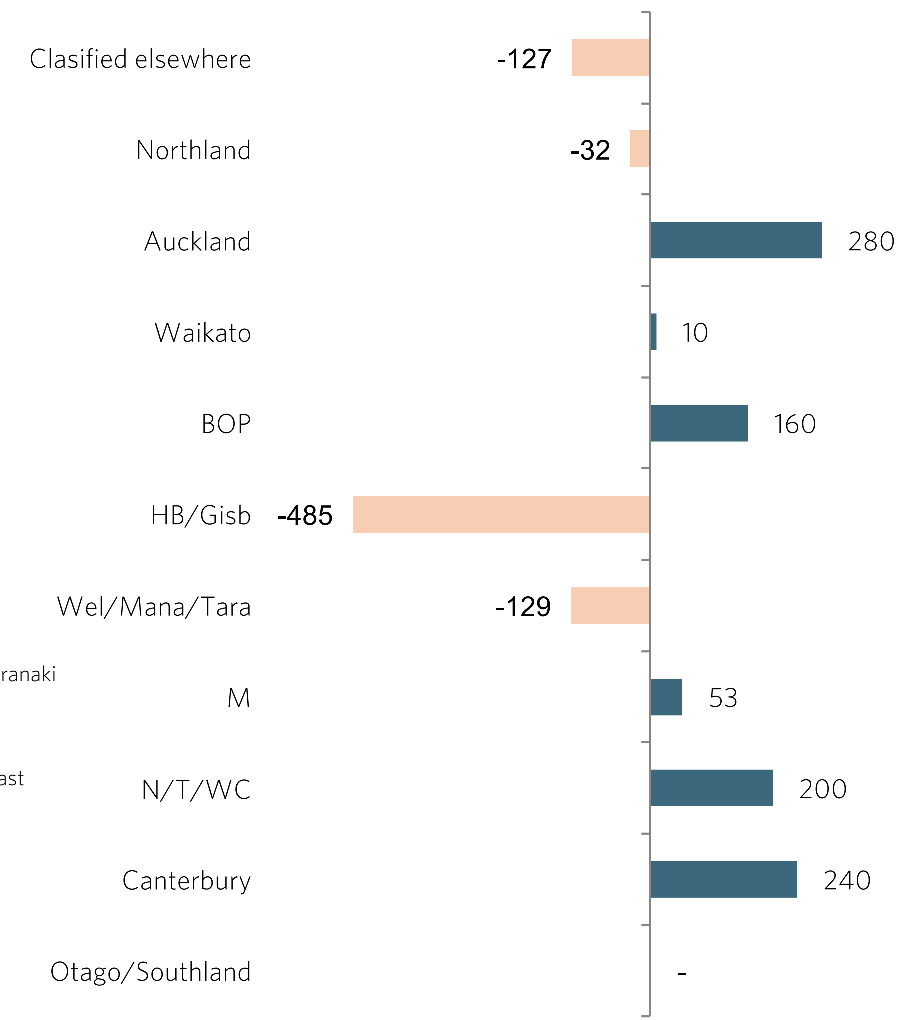
PRODUCE PROCESSING EMPLOYMENT BY REGION

Headcount; as of Feb; 2007-2012



5 YEAR CHANGE IN EMPLOYMENT BY REGION

CAGR; Absolute change; 2007-2012



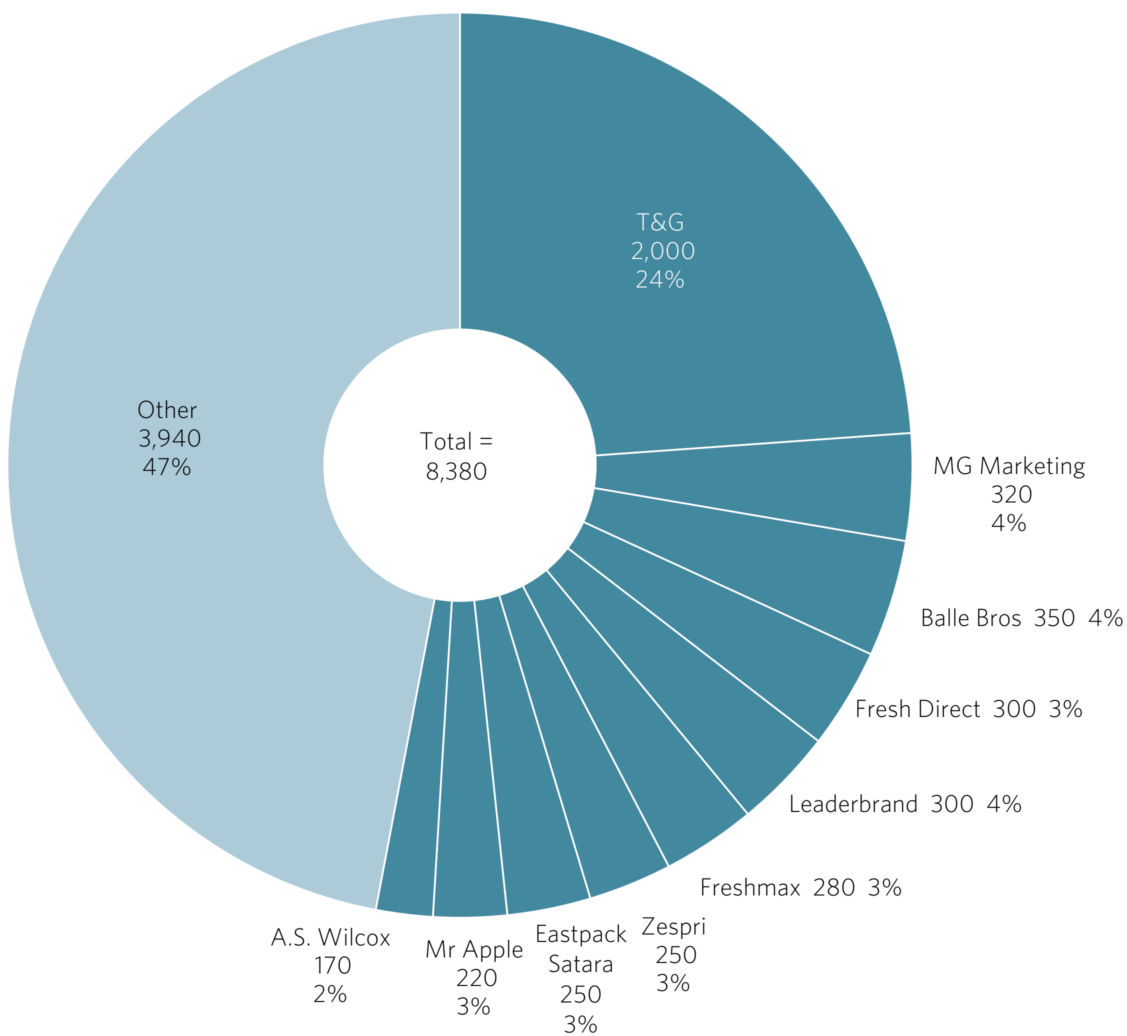
1. Data is geographic level; "classified elsewhere" include non-produce processing & wholesaling activities (e.g. retail); Source: Statistics NZ business demographics database; Coriolis analysis

EMPLOYMENT BY FIRM

The top ten produce wholesalers and processors account for just over half of industry employment

PRODUCE PROCESSING EMPLOYMENT BY KEY FIRM

Headcount; 2012, 2013



Data should be treated with caution as:

1. Many firms have large seasonal workforces (not captured in this number in all cases)
2. Some firms have subsidiaries that are classified as farming (e.g. T&G's Status tomato growing operations)

Therefore the total here may over-or-understate their relative importance in sector employment

Total Industry employment is calculated by Statistics New Zealand from PAYE data and should be seen as the number of PAYE individuals attached to a particular firm and may include double counting (i.e. someone who worked at two firms). Employees of labour contractors are classified elsewhere and not included in this total.

EXAMPLES

Select Companies	Headcount	Seasonal
Mr Apple	220	1,700
Eastpack/Satara	250	2,000
Leaderbrand	187	300
Seeka	163	2,000

Source: SNZ business demographics; Kompass; various firm websites; published articles; Coriolis interviews & analysis

iFAB TOP FOUR NEW PRODUCE INVESTMENT

Four major recent investments in new produce industry capital have been identified

IDENTIFIED MAJOR INVESTMENTS IN NEW PLANT/EQUIPMENT

As of October 2013

Rank	Announced	Investment	Firm	Facility	Location	Opened/planned
1	2012	$19m	T&G	Range of capital investment including new fruit ingredients factory for ENZA Foods and Nelson coldstore upgrade	Nelson	n/a
2	2011	$15m	Eastpack	Two new coolstores in Te Puke and Edgecumbe & fruit grader	Bay of Plenty	2011
3 Est	2012	n/a	Southern Paprika	Commissioned additional 4ha of glasshouse for capsicum production	Warkworth, Auckland	2013
4 Est	Sept 2013	n/a	Seeka Kiwifruit	New coolstore facility partnering with in-market logistics and distributor firms AQV, Metspan and Terminal Access	Southern Malaysia	2014

Source: Coriolis from various published articles and annual reports

iFAB TOP TEN PRODUCE ACQUISITIONS

A wide range of acquisitions has occurred in the produce industry, primarily driving industry consolidation

IDENTIFIED MAJOR ACQUISITIONS INVOLVING NEW ZEALAND PRODUCE FIRMS

As of October 2013

Rank	Acquirer	Target	Price (or net assets)	Date	Details
1	BayWa Aktiengesellschaf	Turners & Growers (T&G)	$157m for 72.5%	March 2012	BayWa acquires 72.5% of T&T from Guinness Peat Group
2	Eastpack / Satara	Eastpack / Satara merger	$59m (net assets)	March 2013	Merger of the #1 and #2 postharvest kiwifruit and avocado companies; Satara will delist and the new company will be called EastPack
3	Direct Capital	79% of Scales (Mr Apple)	$44m	2011	Acquired South Canterbury Finance's 79% stake in Scales Includes Mr Apple, Meateor Foods, Whakatu Coldstores, Logistsics
4	Balle Bros	Mr Chips (Simplot AU)	$29.5m (net assets FY12)	August 2013	Mr Chips NZ with 130 staff, 2 factories (Auckland; Christchurch), 80,000 tonnes capacity, 60% domestic/40% exported to AU; revenue in 2012 $56.2m
5	T&G	Delica	$25.8m	May 2013	Acquired the remaining 30% of shares it did not own
6	Port of Tauranga	Satara's Totara St Coolstore	$8.6m	2010	Port of Tauranga purchases former Satara coolstore and 2ha site
7	Scales/Mr Apple	4% of T&G	~$8m	2011	Exercised option to acquire another 4% of T&G giving it 10.3% (enough to block full takeover by BayWa)
8	Golden State Foods	Groenz Group	-	Feb 2013	Salad packer/processor acquires majority ownership of Groenz, extending its sauces range in the foodservice sector
9	Scales/Mr Apple	50% Fernridge	$2m	2012	Acquired 50% of a major Hawkes Bay apple producer
10	Apata Ltd	33% share in Primor Produce	$1.5m	June 2011	Acquired share to strengthen relationship between postharvest and marketing in avocados

Source: Coriolis from various published articles and annual reports

FOREIGN INVESTORS

The acquisition of 73% of T&G by Baywa of Germany has been the major foreign investment in the New Zealand produce industry recently

FOREIGN INVESTMENT IN MAJOR NEW ZEALAND PRODUCE FIRMS

As of October 2013

Date	Investor	Origin	Investment	Investor description
Mar 2012	BayWa Aktiengesellschaft	Germany	Acquires Guiness Peat Groups 63% for $137m; acquired total of 73.07% of T&G	German company founded in 1923 operating in Agriculture, building materials and energy sectors, spread across 14 countries
2011	Maui Capital	New Zealand Via Australia	Acquired Wolseley's share of Freshmax Gp ~60%	New Zealand private equity firm acquires Australian private equity firm's share in an Australian company based in New Zealand
2006	Wolseley Private Equity	Australia	Freshmax NZ	PE company based in Australia; investment to develop fresh produce platform in Australia, on-going acquisitions
2009	Golden State Foods	USA	Acquired Essentia Foods (packaged salads)	Major global foodservice supplier; major McDonalds supplier
TBD	Beheermaatschappij Legmeerpolder B.V.	Netherlands	50% of Southern Paprika	Major Dutch capsicum supplier

Source: Coriolis from various published articles and annual reports

PROFILES

Produce

TOP 10 (+1) PRODUCE FIRM PROFILES

1	2	3	4
ZESPRI INTERNATIONAL Zespri Kiwifruit  **Lain Jager** Chief Executive Officer	**TURNERS & GROWERS** Turners & Growers enza™ **Alastair Hulbert** Chief Executive Officer	**MG MARKETING** mg  **Peter Hendry** Chief Executive Officer	**MR APPLE NZ** Mr APPLE NEW ZEALAND Scales Corporation Limited DIRECT CAPITAL  **Andrew van Workum** Chief Executive Officer
DESCRIPTION: Exporter and marketer of Kiwifruit, originally NZ Kiwifruit Marketing Board; corporatised Legal monopsony outside Australia; sales for 2,700 growers	DESCRIPTION: Grows, processes, a range of fruit, primarily for NZ, also exports to Australia, Chile, etc. Owns a large number of subsidiaries and brands (Status, Delica, ENZA, Floramax, Kerifresh, Fresh Food Exports 75%)	DESCRIPTION: Distributor and wholesaler of fruit and vegetables, exporters and importers of Dole, Sunkist; 700 growers, 400 grower shareholders	DESCRIPTION: #1 apple exporter; vertically integrated with 53 orchards, 3 packhouses, 1 coolstore and logistics service Part of the SCF receivership; Exported 4.2m cartons. Owns 10% T&G
KEY PRODUCTS: Kiwifruit marketer	KEY PRODUCTS: Distributor and trader of apples, kiwifruit, tomatoes, flowers, citrus, bananas etc.	KEY PRODUCTS: Fresh fruit and vegetables	KEY PRODUCTS: Apples
OWNERSHIP: NZ; Corporate (kiwifruit growers)	OWNERSHIP: : Foreign Private Germany PE (Baywa, 73%), Private NZ (Dossor 12%) PE NZ (Direct Capital 10%)	OWNERSHIP: NZ; co-operative (~400 growers) Market Gardeners Ltd (includes LaManna Australia)	OWNERSHIP: NZ: Scales Corp (PE: Direct Capital 82.8%)
COMPANY NUMBER: 1027483	COMPANY NUMBER: 41406	COMPANY NUMBER: 1407	COMPANY NUMBER: 545180
ADDRESS: 400 Maunganui Road Mount Maunganui	ADDRESS: 8 Monahan Road, Mt Wellington, Auckland	ADDRESS: 78 Waterloo Road Hornby, Christchurch	ADDRESS: Station Road, Whakatu, Hawkes Bay
PHONE: +64 7 572 7600	PHONE: +64 9 573 8700	PHONE: +64 3 343 0430	PHONE: +64 6 873 1030
WEBSITE: www.zespri.com	WEBSITE: www.turnersandgrowers.com	WEBSITE: www.mgmarketing.co.nz	WEBSITE: www.mrapple.co.nz; www.scalescorporation.co.nz
YEAR FORMED: 1988	YEAR FORMED: 1897	YEAR FORMED: 1923 / 1987	YEAR FORMED: 1998
STAFF EMPLOYED: 250	STAFF EMPLOYED: 2,000	STAFF EMPLOYED: 320	STAFF EMPLOYED: 220 -1700 (seasonal)
REVENUE: $1,448m (FY12) $1,487 (FY12)	REVENUE: $669.1m (FY12)	REVENUE: $267m (FY12) $534.4m under management	REVENUE: Gp sales $227 (FY12) Mr Apple ~$140m* (FY10 Gp $186m Mr Apple $116m 62%)
COMPANY HIGHLIGHTS: Global sales and volumes of kiwifruit lower that last year but returns to orchard higher, continued recovery post Psa plant losses, ongoing grafting to new varieties; success of Sungold (G3) in the market	COMPANY HIGHLIGHTS: Company had a loss (EBIT) of $18m; writedown in assets; continued success of apples in Northern Hemisphere; new ENZAFoods factory; development of ENZA Red and Summer Kiwi; strategy to become more vertically integrated; considering selling land to value of $100m and non –core businesses	COMPANY HIGHLIGHTS: Extending operations in Australia; EBIT $7.6m; 50:50 JV with Te Mata exports sees move into exporting for group; ongoing marketing under local "Nature's Pick" brand	COMPANY HIGHLIGHTS: 2012 Gp sales $227m with 13.6m profit; Acquired 50% Fernridge apple business aim to increase consolidation in sector.

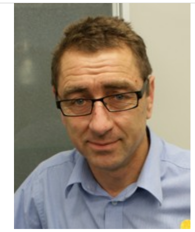
Source: annual reports, company websites, company data, NZ Companies Office, interviews, Coriolis estimates

TOP 10 (+1) PRODUCE FIRM PROFILES

5	6	7	8
FRESH DIRECT LTD	**A.S. WILCOX & SONS**	**LEADERBRAND** 	**BALLE BROS GROUP** 
Peter Turner Managing Director	**Kevin Wilcox** Managing Director	**Richard Burke** General Manager	**Dacey Balle** Managing Director
DESCRIPTION: Fresh produce and flower wholesalers and importers; plus exporting via sister company JP Exports Ltd, and Purefresh Organics, Taste Zone, Turners Floral, Turners Produce, Valley Fresh companies	DESCRIPTION: Grower and distributor of Potatoes, onions, carrots, persimmons over 2,500 acres, includes export division Southern Fresh Produce, and Plains Produce and Potato supplies	DESCRIPTION: Range of salads, produce and fruits for domestic retail, processing and export; squash to Japan; Growing 3,000ha	DESCRIPTION: Specialists in growing, packaging and marketing of New Zealand fresh produce for domestic and international markets
KEY PRODUCTS: Fresh flowers, fruit and vegetables (apples, blueberries, broccoli, oranges, tomatoes etc.) Purefresh brand	KEY PRODUCTS: Fresh potatoes, onions and carrots branded as Fresh Zone, Country Fresh, Field Fresh and Econo Pack	KEY PRODUCTS: Lettuce, broccoli, squash, sweetcorn, salads, watermelons	KEY PRODUCTS: Fresh vegetables (Cabbage, cauli, carrots, onions, potatoes, pumpkin, squash)
OWNERSHIP: NZ; private (Turner Family)	OWNERSHIP: NZ; private (Wilcox Family)	OWNERSHIP: NZ; private (McPhail)	OWNERSHIP: NZ; private (Balle Family)
COMPANY NUMBER: 668313	COMPANY NUMBER: 51206	COMPANY NUMBER: 827392	COMPANY NUMBER: 408868 / 1707044
ADDRESS: 29 Clemow Drive, Mount Wellington, Auckland	ADDRESS: 58 Union Road, Pukekohe Franklin, Auckland	ADDRESS: 33 Parkinson Street, Gisborne, Hawkes Bay	ADDRESS: 166 Heights Road, RD 1, Pukekohe Auckland
PHONE: +64 9 573 4100	PHONE: +64 9 237 0740	PHONE: +64 6 867 6231	PHONE: +64 9 238 5604
WEBSITE: www.freshdirect.co.nz www.jpexports.co.nz/	WEBSITE: www.aswilcox.co.nz www.sofresh.co.nz	WEBSITE: www.leaderbrand.co.nz	WEBSITE: www.ballebros.co.nz/
YEAR FORMED: 1995	YEAR FORMED: 1954	YEAR FORMED: 1975	YEAR FORMED: 1988
STAFF EMPLOYED: 300+	STAFF EMPLOYED: 170*	STAFF EMPLOYED: 187 (+300 seasonal)	STAFF EMPLOYED: 350 (200 + 150 (Mr Chips))
REVENUE: $150-200* (FY12)	REVENUE: $150-$200* (FY12)	REVENUE: $140* (FY12)	REVENUE: $130 (FY13) includes Mr Chips $55m
COMPANY HIGHLIGHTS: Expanding warehousing and undergoing operational restructuring to gain efficiencies.	COMPANY HIGHLIGHTS:	COMPANY HIGHLIGHTS:	COMPANY HIGHLIGHTS: Acquired Mr Chips from Simplot in 2013 (30,000 tpa chips) with revenue of $56m in 2012; first move into processed foods for Balle Bros

*Estimates; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Coriolis estimates

TOP 10 (+1) PRODUCE FIRM PROFILES

9	10	11
EASTPACK SATARA LTD	**FRESHMAX NZ LTD** **FRESHMAX PTY LTD** 	**SEEKA KIWIFRUIT** 
Tony Hawken Chief Executive Officer	**Ross Kane** Chief Executive	**Michael Franks** Chief Executive
DESCRIPTION: #1 postharvest kiwifruit company recently merged with Satara	DESCRIPTION: Full service, vertically integrated business with a co-ordinated range of operations across the fresh produce supply chain including growers, wholesalers, exporters, coolchain distribution, IP ownership	DESCRIPTION: Orchard and Post harvest kiwifruit and avocado company
KEY PRODUCTS: Kiwifruit and avocados	KEY PRODUCTS: Fresh fruit and vegetables (branded range of apples, pears, cherries, mandarins and tomatoes)	KEY PRODUCTS: Kiwifruit & avocados (AvoFresh, SeekaFresh)
OWNERSHIP: NZ; co-operative Eastpack Ltd Cooperative fruit growers	OWNERSHIP: AU based Co.; Mixed: PE (Maui Capital PENZ 60%), others -management & growers 40%)	OWNERSHIP: NZ; public (NZX: SEK)
COMPANY NUMBER: 4256478	COMPANY NUMBER: 1842723 / AU# 154789321	COMPANY NUMBER: 342045
ADDRESS: 678 Eastbank Road, Edgecumbe 3193, Bay of Plenty	ADDRESS: 113A Carbine Road, Mount Wellington, Auckland	ADDRESS: 6 Queen Street, Te Puke, Bay of Plenty
PHONE: +64 7 304 8226	PHONE: : +64 9 573 8500	PHONE: +64 7 573 6127
WEBSITE: www.eastpack.co.nz	WEBSITE: www.freshmax.co.nz	WEBSITE: www.seeka.co.nz
YEAR FORMED: 1980	YEAR FORMED: 1997	YEAR FORMED: 1987
STAFF EMPLOYED: 250 -2,000 (seasonal)	STAFF EMPLOYED: 280 (NZ); 440 total	STAFF EMPLOYED: 163; seasonal 2,000
REVENUE: >$130m combined (Eastpack $68m FY12)	REVENUE: $119.6 (NZ FY12) $123m (FY13)	REVENUE: 108.3m (FY12)
COMPANY HIGHLIGHTS: Merger finalised March 2013; packing 325-27 Class 1 kiwifruit representing 27-30% of NZ production; $16.4m EBIT for Eastpack 2012 year.	COMPANY HIGHLIGHTS: In late 2011 Maui Capital (NZ based PE) purchased Wolseley share. JV Prime Harvest was formed in 2012 to develop the Nth American market, followed by the purchase of Energie based in Nelson NZ late in 2013.	COMPANY HIGHLIGHTS: EBITDA of $15.5m; revenue reduced due to removal of Gold vines with PSA disease; consolidating packing facilities; co-investing in coolstore hub in Malaysia

*Estimates; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Coriolis estimates

OTHER PRODUCE FIRM PROFILES

Company	MD/CEO	Business description	Ownership Company #	Formed	Revenue	Staff	Address	Website
Meadow Mushrooms Ltd	John Barnes Chief Executive	Growers and distributors of mushrooms	132576 NZ; Private (Burdon, others)	1970	$50m*	500	50 Wilmers Road Christchurch 64 3 343 6304	www.meadowmushrooms.co.nz 145 T/week
Apata	Steve Low Chief Executive	Post harvest fruit operator (kiwifruit and avocado) (Share in Primor)	205019 NZ; public/ co-operative (260+ shareholders)	1983	$27.6m	130-500 (peak)	9 Turntable Hill Road, RD 4, Katikati, Bay of Plenty 64 7 552 0911	www.apata.co.nz
Trevelyan	Steve Butler General Manager	Post harvest fruit operator (kiwifruit and avocado)	NZ; Private (Trevelyan family)	1960s-1970s	$40m*	70 - 800	310 No. 1 Road, RD2, Te Puke, Bay of Plenty 64 7 573 0085	www.trevelyan.co.nz 1 site; 3 packhouse facilities & 24 coolstores
OPAC (Opotiki Packing and Coolstorage)	Craig Thompson Managing Director	Post harvest fruit operator (kiwifruit and avocado)	374655 NZ; Private (Seeka 20%, others)	1988	$39m	70-800	93 Waioeka Road, Opotiki, Bay of Plenty 64 7 315 8700	www.opac.co.nz
Aerocool Ltd	Tim Woodward General Manager	Post harvest fruit operator (kiwifruit and avocado) (Team Avocado)	1107843 NZ; Private (Anderson, Birley, others)	2001	$15.6m (12)	70 (+ seasonal)	15 Mends Lane, Paengaroa, Te Puke, Bay of Plenty 64 7 533 6212	www.aerocool.co.nz
DMS Progrowers	Paul Jones Founder owner	Post harvest fruit operator (kiwifruit and avocado) (contract out picking)	526044 NZ; public (~50% Jones/ Greenlees)	1989	$23.6m ('13)	70-200 (seasonal)	195 Devonport Road, Tauranga, Bay of Plenty +64 7 578 9107	www.dms4kiwi.co.nz "Champions"
First Fresh NZ	Bill Thorpe Founder/Chairman	Grower/packer in Gisborne Partners with MG Marketing and Freshmax	694427 NZ; Private (Thorpe, Ready, Pepper others)	1989	$57m ('10)	300	265 Lytton Road, Gisborne, Hawkes Bay 64 6 863 0620	www.firstfresh.co.nz NZ Fruits Limited (sister co)
NZ HotHouse Ltd	Brett Wharfe Managing Director	20 ha of glasshouse production Tomatoes, also capsicum, cucumbers, lettuce	855275 NZ; Private (KPH Produce, Wharfe, others)	1989/ 1997	$30-50m*	300	328 Karaka Road, State Highway 22, Drury, Auckland 64 9 295 9020	www.nzhothouse.co.nz
Fresh Food Exports 2011	Arthur Greensmith General Manager	Fresh strawberries, blueberries, persimmon	508402 75% Delica (T&G/Baywa), NZ Private 25% Greensmith	2011	$25-45m*	250	256 Omaha Flats Road, Omaha Flats, Warkworth 64 9 422 7006	www.freshfoodexports.co.nz

* Estimate based on number of employees and type of business activity; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Kompass, Coriolis estimates

OTHER PRODUCE FIRM PROFILES

Company	MD/CEO	Business description	Ownership Company #	Formed	Revenue	Staff	Address	Website
Heartland Group	Brendon Osborne General Manager	VI Apple growers, packers and exporters Luvya, Love Apples, Eve, Divine, Ambrosia, Adore, Smitten	1236967 NZ; Private (Hoddy, Easton, McCliskie, Thompson)	2002	$35-40m	250-400 (incl 200 orchard)	79 Beach Road Richmond, Nelson, 64 3 544 6570	www.heartlandfruit.co.nz own Compass Fruit Packhouse (Nelson)
Yummy Fruit Co	John Paynter Managing Director	Apple and stone fruit marketing company; orchard ownership in HB (via Johnny Appleseed)	164059 NZ; Private (Paynter family)	1870/ 1973/ 2001	$27m (11)	180	548 St Georges Road South, Hastings, Hawkes Bay 64 6 877 8127	www.yummyfruit.co.nz
Snap fresh foods	Ashley Berrysmith Director	Dedicated growing and processing	3045351 NZ; Private (Berrysmith)	2010	$5-10m*	150	22 Bell Avenue Mount Wellington Auckland 64 9 270 0122	www.nzfreshcuts.co.nz; www.snapfreshfoods.com Includes Fraisbon Foods and Sun Sprout, Sproutman
Apollo Apples	Bruce Beaton Managing Director	Apple growers and exporters	1818469 NZ; Private (Beaton and Mossman families)	2006	$20-30m*	150	22 Whakatu Road Hastings, Hawkes Bay 64 6 873 0404	www.apolloapples.co.nz 400 ha of own fruit / ENZA partner with Jazz 100k bins/year; 1m cartons; 44 CA storerooms
Te Mata mushrooms	Martin Steven General Manager	Mushroom grower	163038 NZ; Private (Hawley, Speeden)	1969	$5m	15-110	Brookvale Road Havelock North 64 6 877 7266	www.tematamushrooms.co.nz (Brookvale Mushrooms)
Kono NZ (Wakatu Incorp)	Don Everitt CEO	Grower of apples, pears, kiwifruit hops (220ha)	3438072 Private/Iwi (Wakatu Incorporation)	1977	$8m (12) (Gp $70m)	23-150 (hort)	188 College Street, Motueka, Nelson 64 3 528 4192	www.wakatu.org.nz/
Crasborn Group	Eddie Crasborn Managing Director	Apple grower and exporter	164487 NZ; Private (Crasborns)	1974	$5-15m*	100	1460 Omahu Road RD5, Hastings 64 6 879 9301	www.kiwicrunch.com JV Freshmax

* Estimate based on number of employees and type of business activity; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Kompass, Coriolis estimates

OTHER PRODUCE FIRM PROFILES

Company	MD/CEO	Business description	Ownership Company #	Formed	Revenue	Staff	Address	Website
Bostock Group JB (DM Palmer)	John Bostock Founder	VI HawkesBay- squash onions, grains, ice cream, apples (parent company also Profuit, Rush Munros, Aozora etc.)	1869848 NZ; Private (John Bostock)	1980	~$100m (11)	100	3 Kirkwood Road Hastings, Hawkes Bay 64 6 873 9046	www.jbgroup.co.nz; www.dmpalmer.co.nz ProFruit (processors), Rush Munro's, DMP, Aozora (exports to Asia, JV Chile))
Living Foods	Vicky Thompson Managing Director	Production and marketing of salads and spinach (incl Private label)	701308 NZ; Private (Thompson & Goodwin families)	1995	$10-15m*	80	107 Kirkbride Road Mangere, Auckland 64 9 257 1083	www.livingfoods.co.nz
Southern Paprika	Hamish Alexander Managing Director	Capsicum supply to Japan and Europe; 15 ha under glass producing 4,000tpa	953484 Mix: NZ; Private (Alexander 45%)/ Beheermaa-Tschappij Legmeerpolder BV (Neth)	1988	$23.8m	80	504 Woodcocks Road Warkworth, Auckland 64 9 425 9496	www.southernpaprika.co.nz
Delta Produce Cooperative	Locky Wilson General Manager	Kumara growers,	1261184 NZ; Co-operative growers	1990	$22.1m ('13)	60	97 Jervois Street Dargaville, Kaipara 64 9 439 0717	www.deltakumara.co.nz
The Produce Company	Rob McPhee General Manager	Wholesaler, exporter (increased range to cheese, seafood)	1288178 NZ; Private (Stokes, McPhee and Dalley)	2000	$10-15m*	60	18A Clemow Drive Sylvia Park, Auckland 64 9 634 8320	www.produceco.co.nz
FruitPackers HB (Co Operative)	Chris Dillon General Manager	Apple grower co-operative selling fresh apples and processed apples for foodservice	163383 NZ Co-op (Moffet others)	1970	$11.2m ('11)	50	76 Rangitane Road Whakatu, Hawkes Bay 64 6 878 8520	www.frupak.co.nz
Fresh to Go	David Robinson Operations Manager	Ready made salads, salad meals	940031 Mix: PE (Todd Corp 58%), Private; NZ (Robinson 42%)	1998	$10-15m*	40	60 Hugo Johnston Drive Penrose, Auckland 64 9 525 7294	www.freshtogo.co.nz
CSI International (NZ) Ltd / CSI Foods	Allan MacDonald Managing Director	Traders & domestic distributors of vegetable based ingredient for manufacturing and food service.	637409 NZ; Private	1994	$8.0m	40	1404 Omahu Road Hastings 64 6 879 4377	www.csifoods.co.nz/ Purchased off CSI Group (Au)

* Estimate based on number of employees and type of business activity; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Kompass, Coriolis estimates

OTHER PRODUCE FIRM PROFILES

Company	MD/CEO	Business description	Ownership Company #	Formed	Revenue	Staff	Address	Website
45 South Management/ Orchard Fresh	John Tims Managing Director	Manages cherry orchards and packhouse, plus domestic delivery business	964255 NZ; Private (Hinton, Cook, McConnon)	2006	$5-10m*	30	Corner Ord Road & State Highway 6 Cromwell 64 3 445 140	www.orchardfresh.co.nz www.45s.co.nz
The Fresh Fruit Co of NZ	Glenn Pool General Manager	Fresh fruit and vegetable Exporter (Sonya, Breeze) – Vertically integrated orchards in Nelson and Hawkes Bay	412966 NZ; Private (Mangan, Taylor,Owens)	1988	$3-5m	25	46 Jervois Road, Herne Bay, Auckland 64 9 376 9990	www.freshco.co.nz
Primor	John Caroll General Manager	Exporters and importers of fresh produce	396423 NZ; Private (Apata, various)	1988	$50m (10)	25	Level 2, 25 Davis Crescent, Newmarket, Auckland 64 9 522 2822	www.primor.co.nz
Gibb Holdings (Sujon Marketing)	John Gibb Managing Director	Fresh fruit and fruit processing blackcurrants, blueberries etc.	245085 /2210354 NZ; Private (Hollyer, Williams, Gibb)	1969/2009	$5-10m*	20	17 Bullen Street Tahunanui, Nelson 64 3 546 4101	www.sujon.co.nz
Golden State Foods	John Wafer Managing Director	Fresh packed salad manufacturers for retail and foodservice and sauces	314635 USA; private (Golden State Foods USA)	1986	$11.2m (12)	20	9 Noel Burnside Road Papatoetoe Auckland 64 9 277 6262	www.gsfaus.com.au Was Essentia Foods (May 2009) Recently purchased Groenz
Jace Investments Global Fresh	Andrew Darling Director	Horticulture services including Global Fresh, Pure Pollen, Just Avocados, Southern Orchards, APAC	1283914/ 1015160 NZ; Private (Darling, Lemon)	2003	$5-10m*	15	54 Woodland Road, Katikati, Bay of Plenty 64 7 549 3027	www.jacegroup.co.nz www.globalfresh.co.nz
Fruitlynx	Ross Kane CEO	Export company; marketing kiwifruit in Australia and collaborative marketing	1006475 AU/NZ; JV between Freshmax NZ 80% and Aongatete NZ 20%	1999	$3.7m	2	500 Mount Wellington Highway Mount Wellington, Auckland 64 9 917 1495	www.freshmax.co.nz/products/kiwifruit.aspx www.fruitlynx.co.nz

* Estimate based on number of employees and type of business activity; Source: annual reports, company websites, company data, NZ Companies Office, interviews, Kompass, Coriolis estimates

MARKETS

Produce

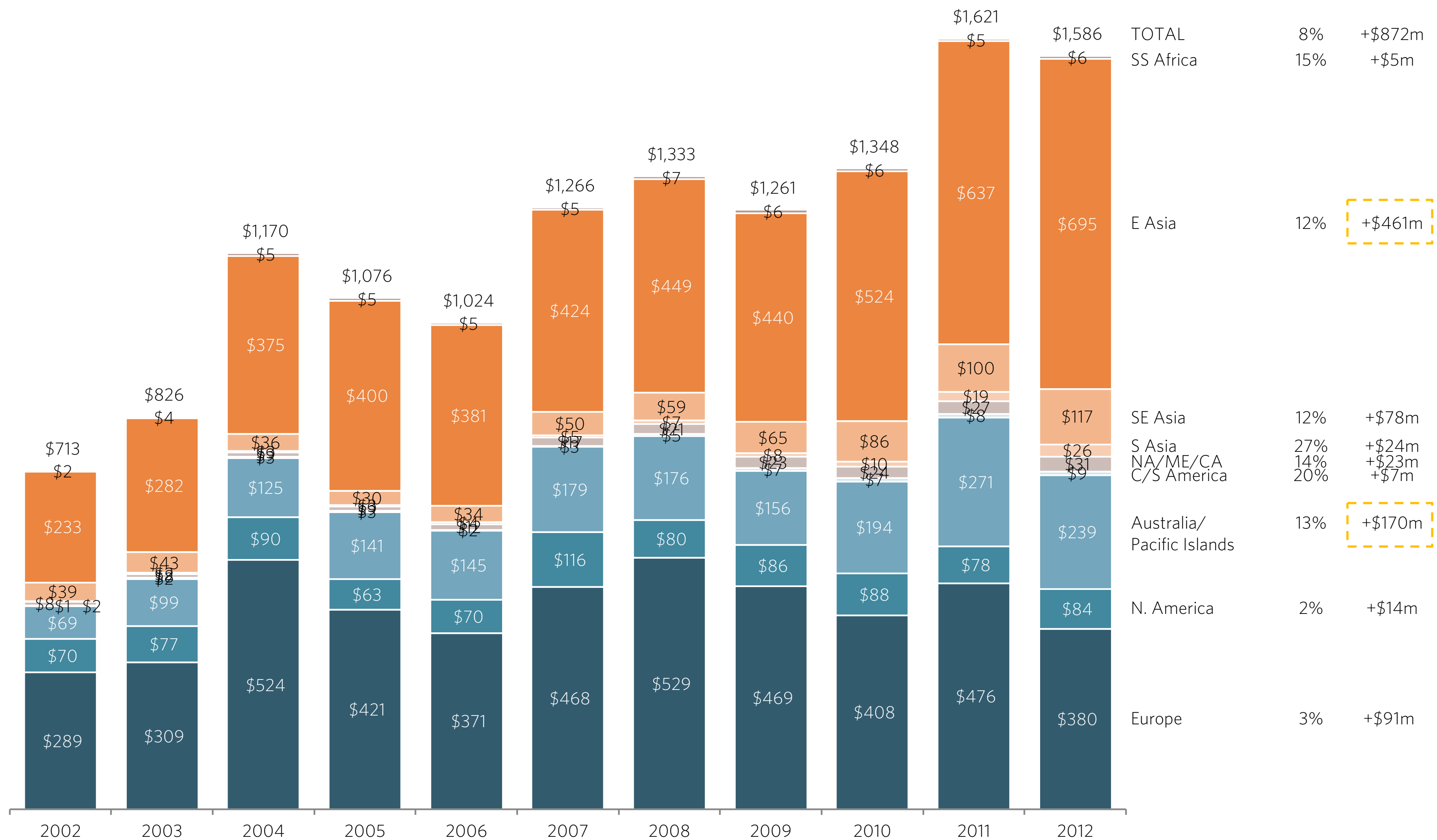
PRODUCE – EXPORTS BY REGION

IFAB 2013 | CORIOLIS

New Zealand produce exports have achieved solid growth driven by East Asia and Australasia; strong growth achieved across developing world; Europe and North America achieving low growth

NEW ZEALAND PRODUCE EXPORT BY REGION

US$m; 2002-2012



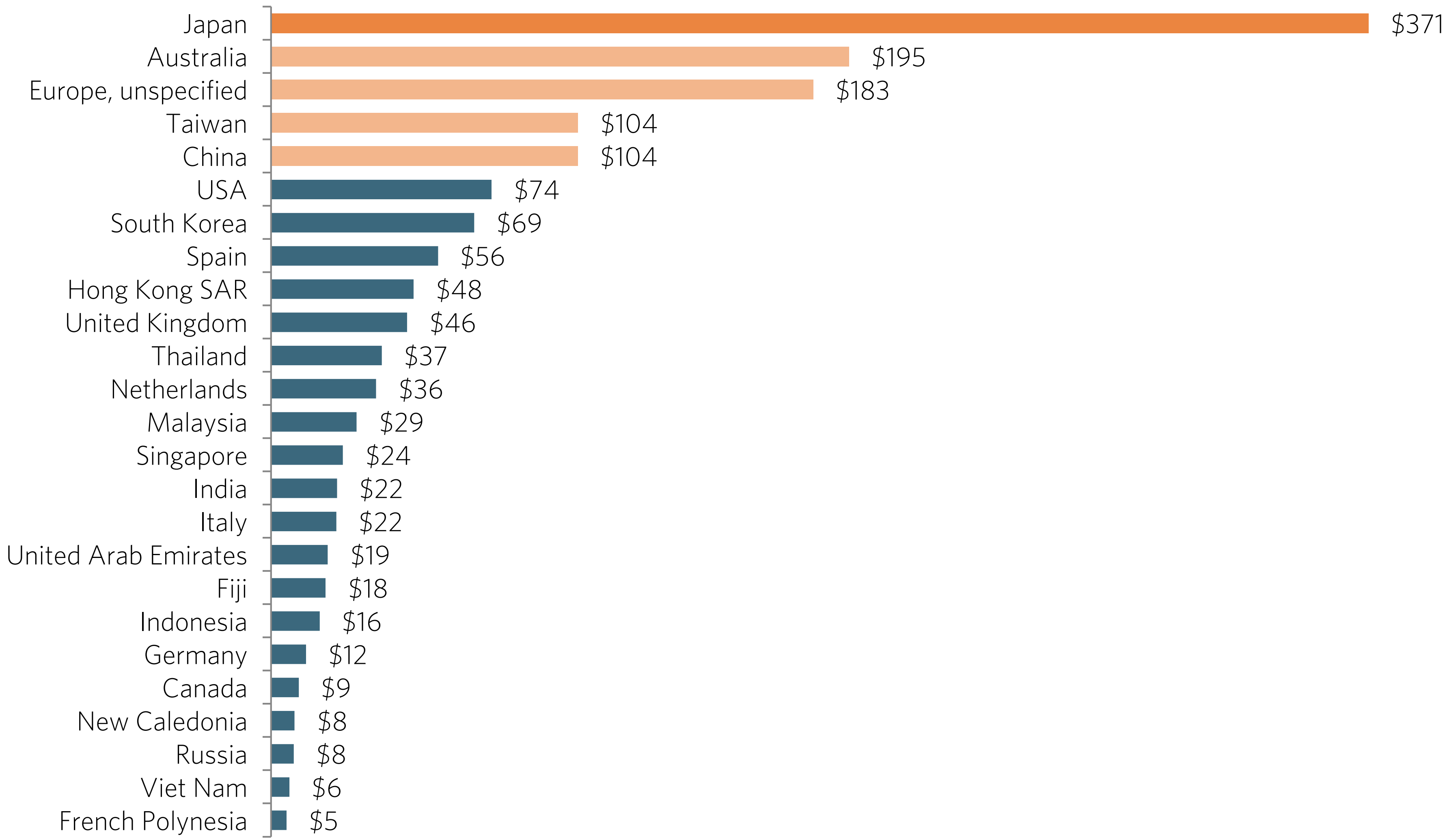
Source: UN Comtrade database; Coriolis analysis

EXPORT DOLLARS

Japan continues to be the number one produce export market, followed by Australia, Europe (unspecified), Taiwan and China

TOP 25 PRODUCE MARKETS BY EXPORT VALUE

US$m; 2012



Source: UN Comtrade database; Coriolis analysis

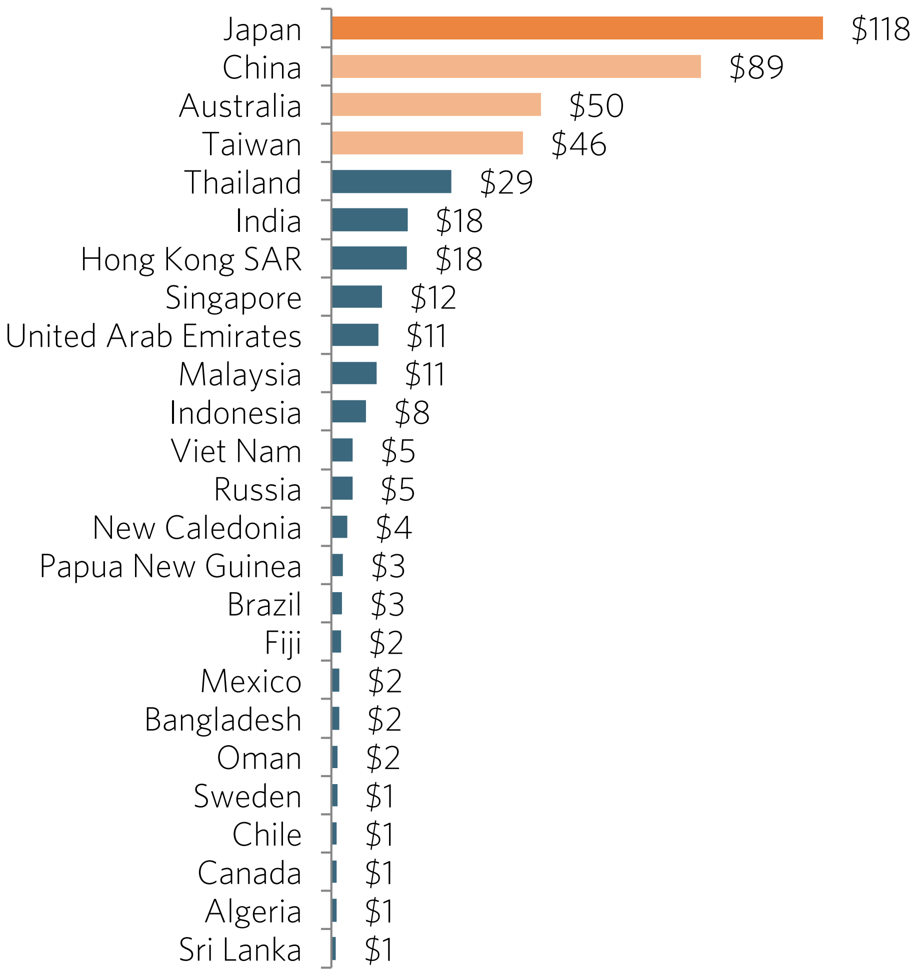
EXPORT DOLLAR GROWTH

China, Japan & Taiwan driving export dollar value growth

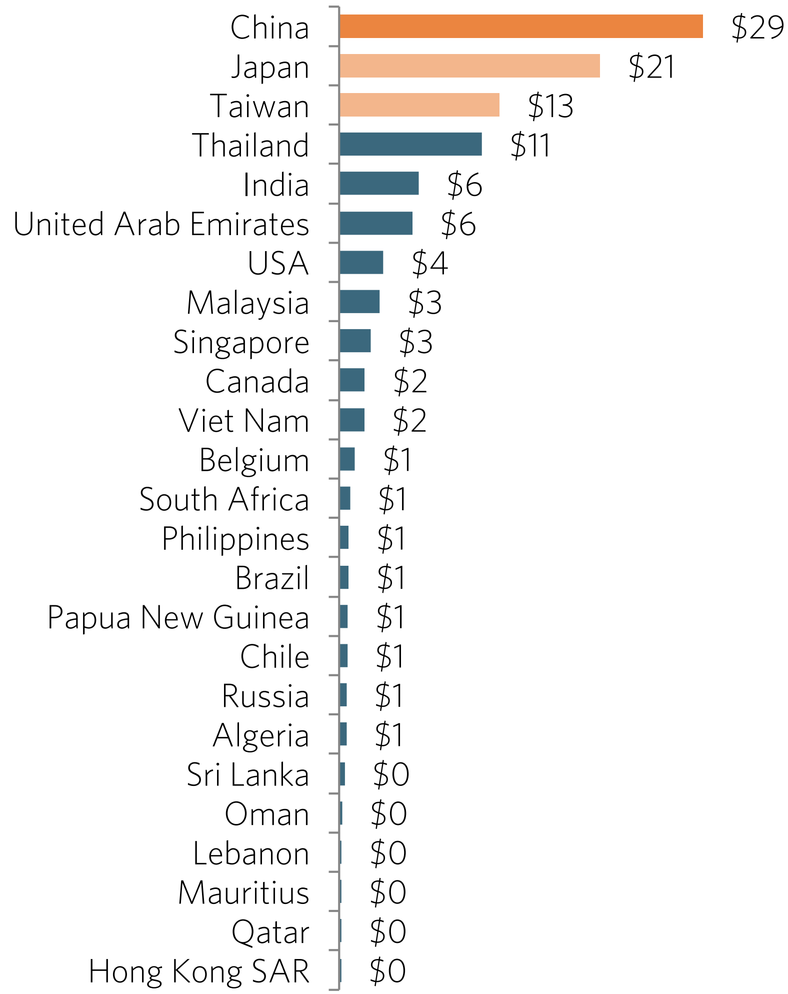
TOP 25 PRODUCE MARKETS BY CHANGE IN EXPORT VALUE

US$m

5 YEAR CHANGE; 07-12



1 YEAR CHANGE; 11-12



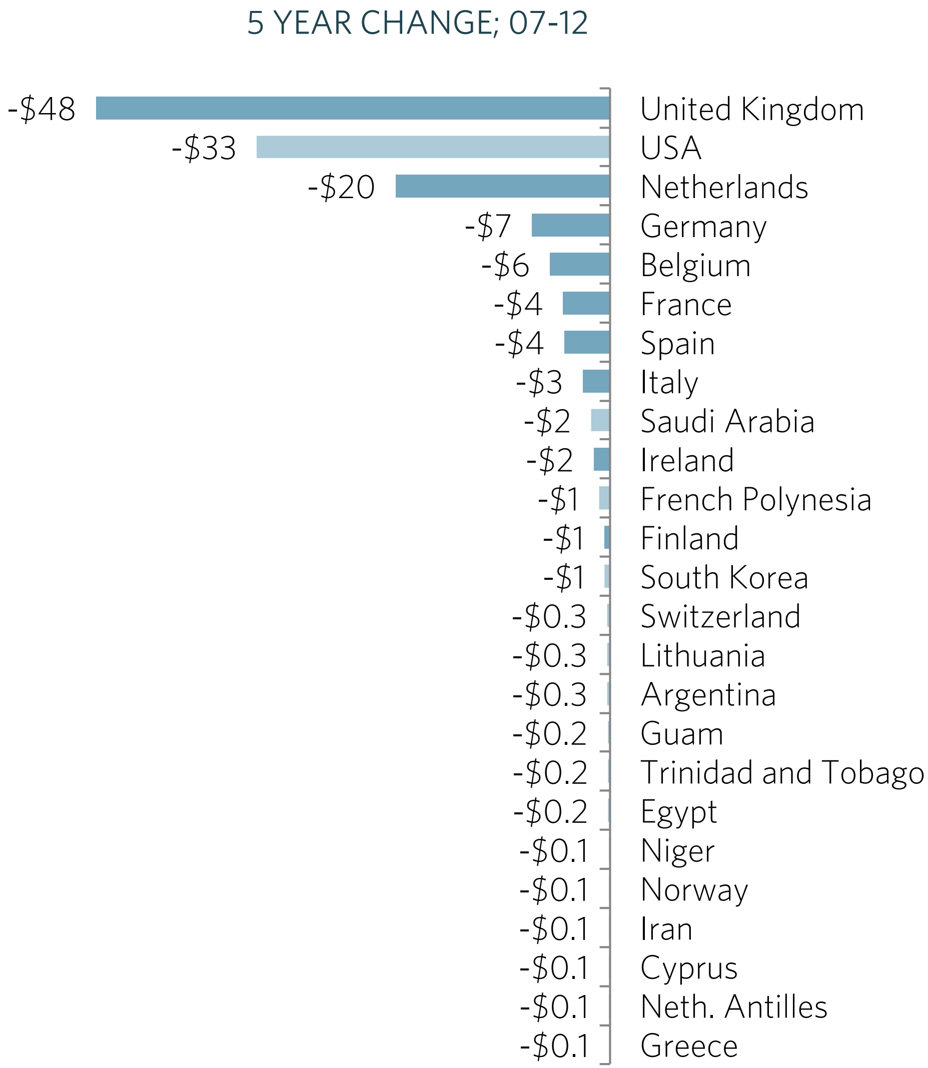
Source: UN Comtrade database; Coriolis analysis

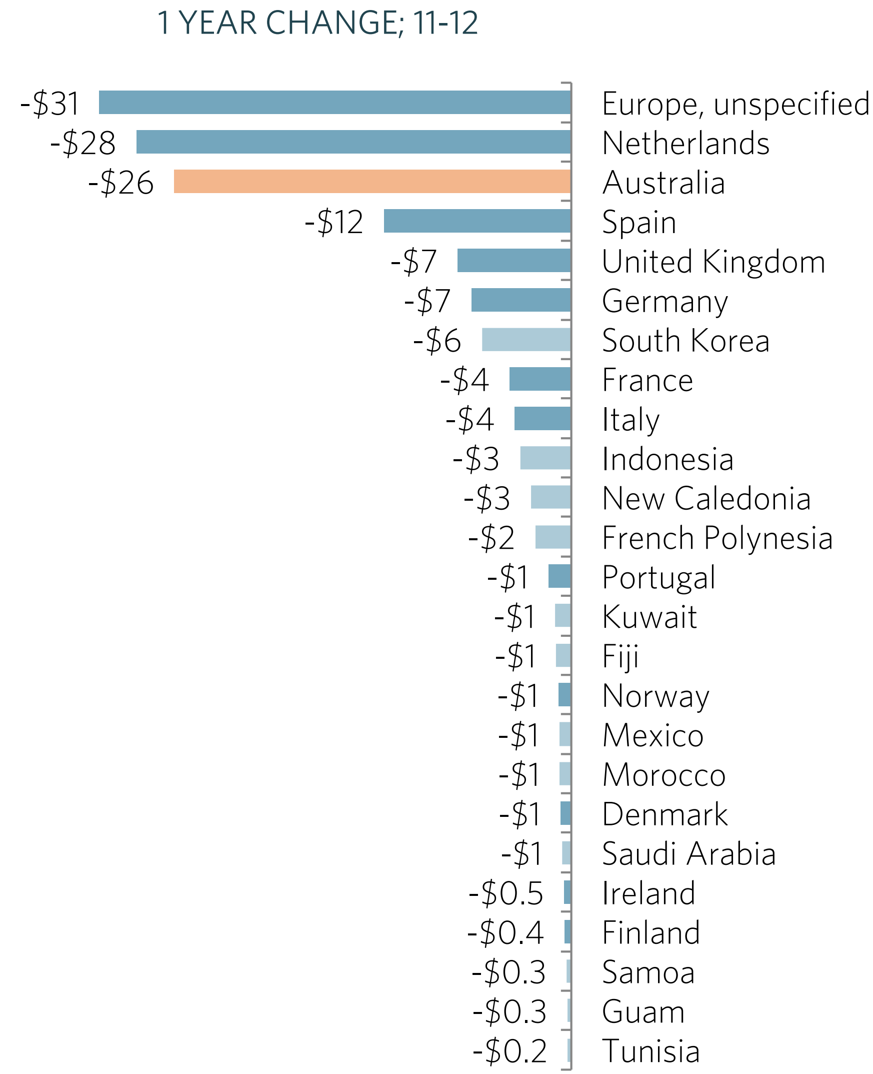
EXPORT DOLLAR DECLINE

Europe leading declining markets by value; concerningly Australia has turned negative

BOTTOM 25 PRODUCE MARKETS BY CHANGE IN EXPORT VALUE

US$m





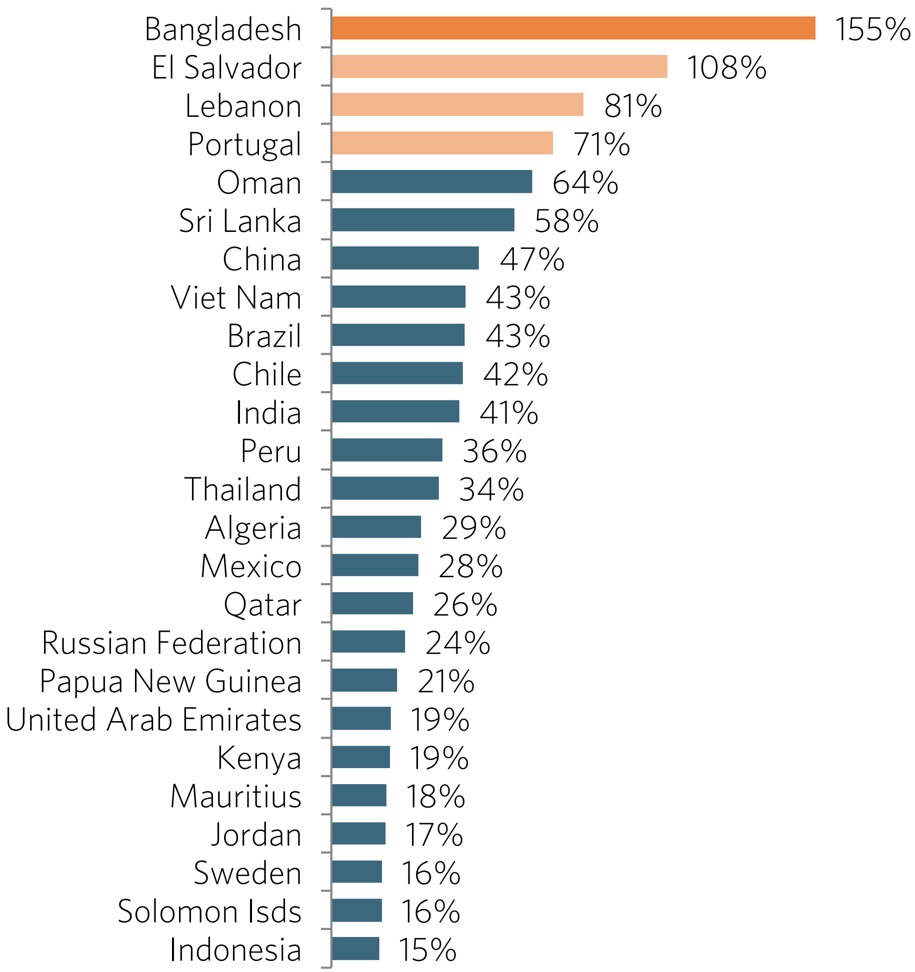
PERCENT GROWTH

Strong growth rates coming out of a wide range of developing markets

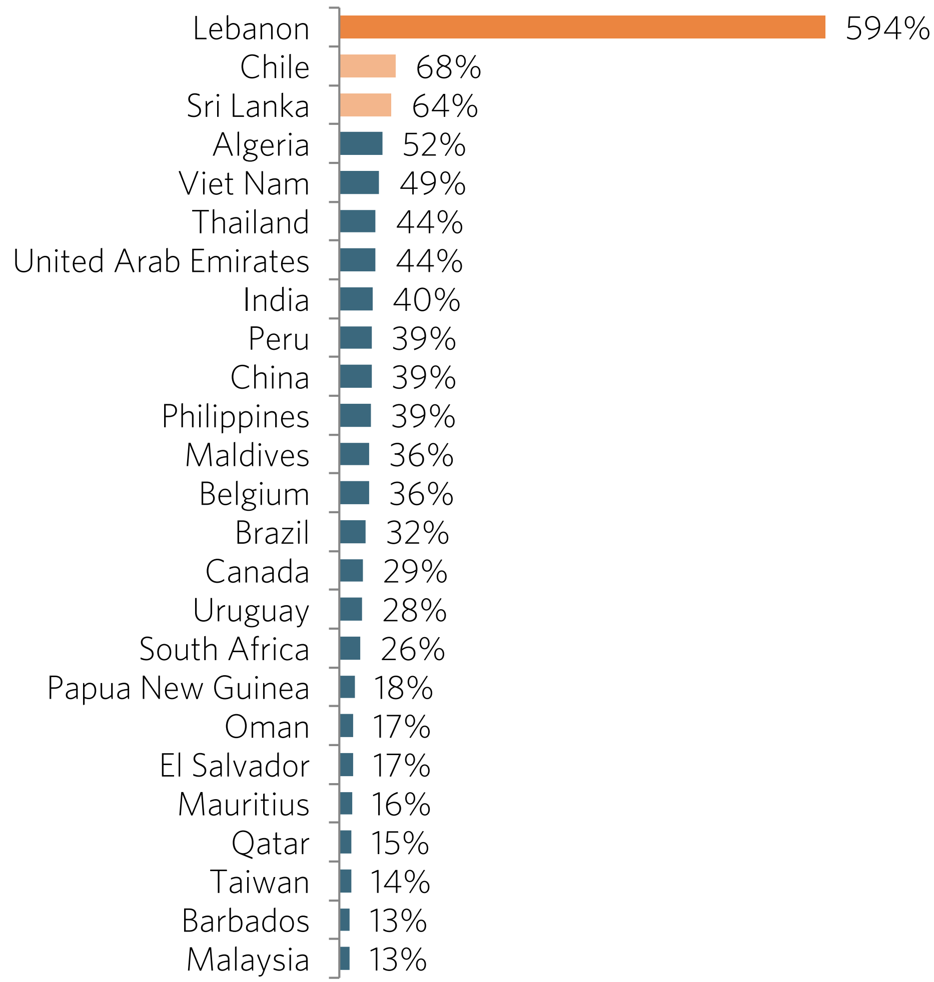
TOP 25 PRODUCE MARKETS BY CAGR PERCENT CHANGE IN EXPORT VALUE

% in US$m

5 YEAR CAGR; 07-12



1 YEAR CHANGE; 11-12



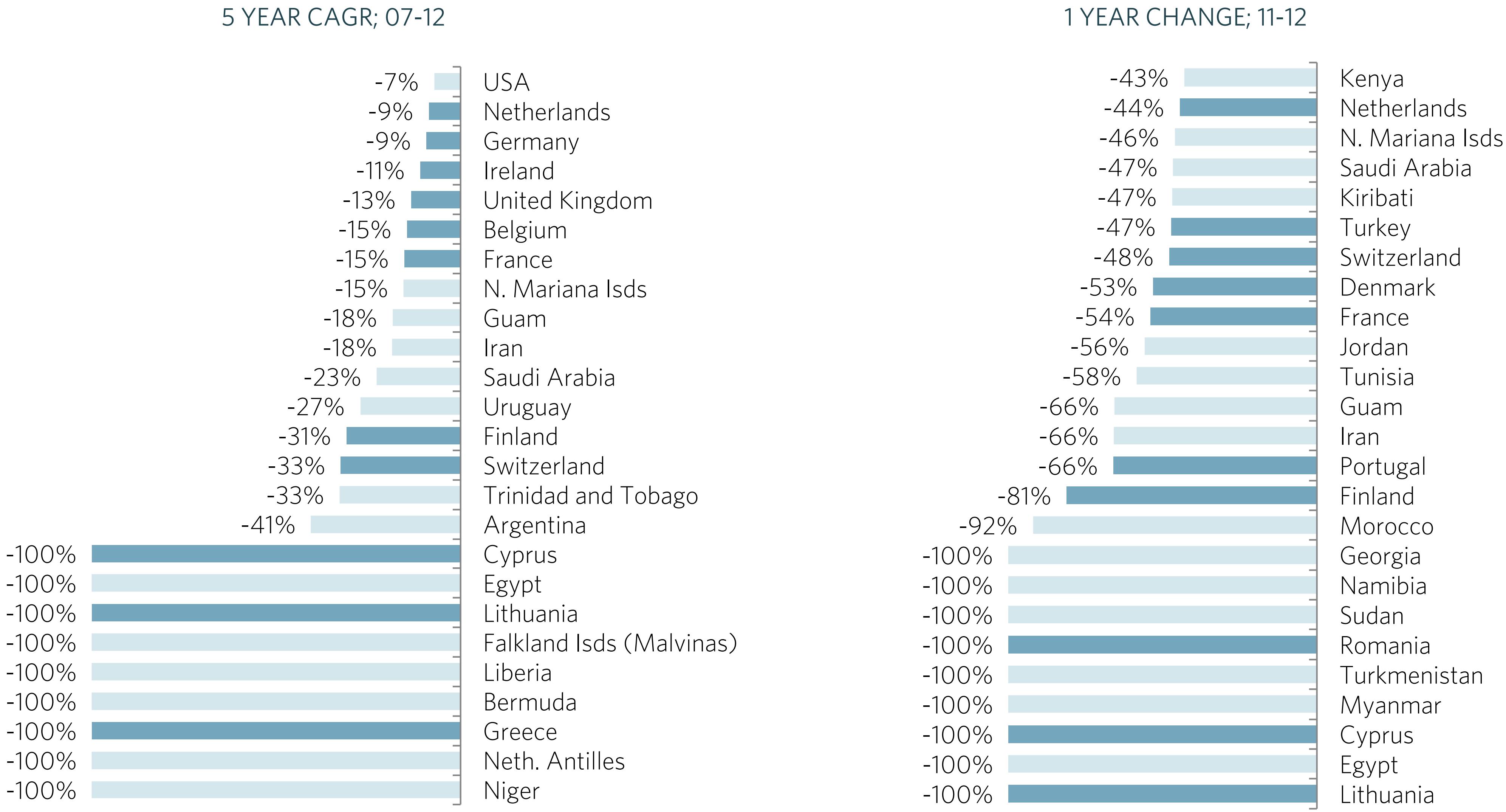
Source: UN Comtrade database; Coriolis analysis

PERCENT DECLINE

Europe stands out in declining markets

TOP 25 PRODUCE MARKETS BY CAGR PERCENT CHANGE IN EXPORT VALUE

US$m



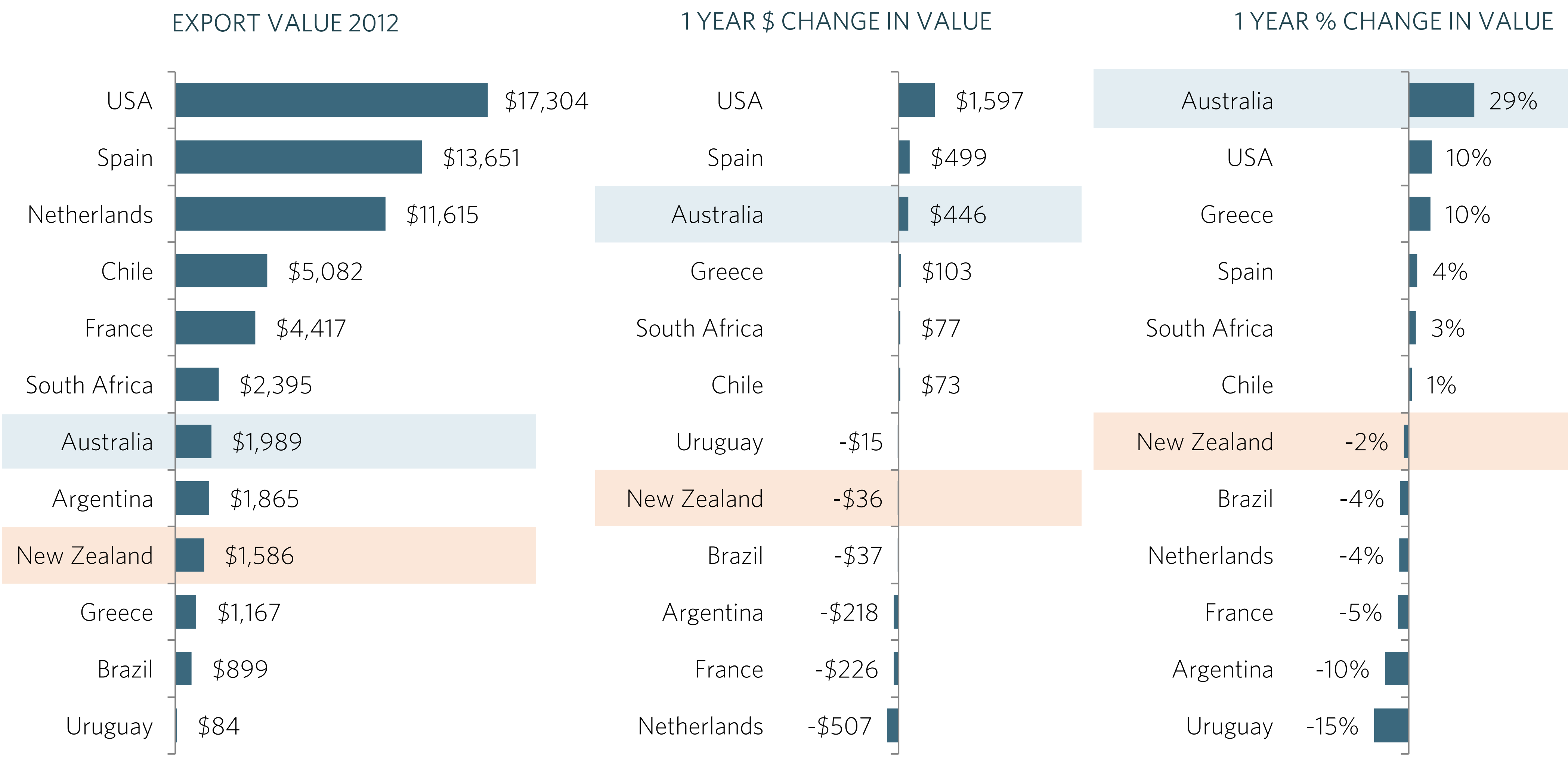
Source: UN Comtrade database; Coriolis analysis

BENCHMARK – EXPORT GROWTH VS. COMPETITORS

New Zealand had a difficult year in produce relative to key competitors; poor performance relative to Australia stands out (discussed next page)

TOTAL PRODUCE EXPORT VALUE IN 2012: NZ VS. COMPETITORS

US$m; 2012; 2012 vs. 2011



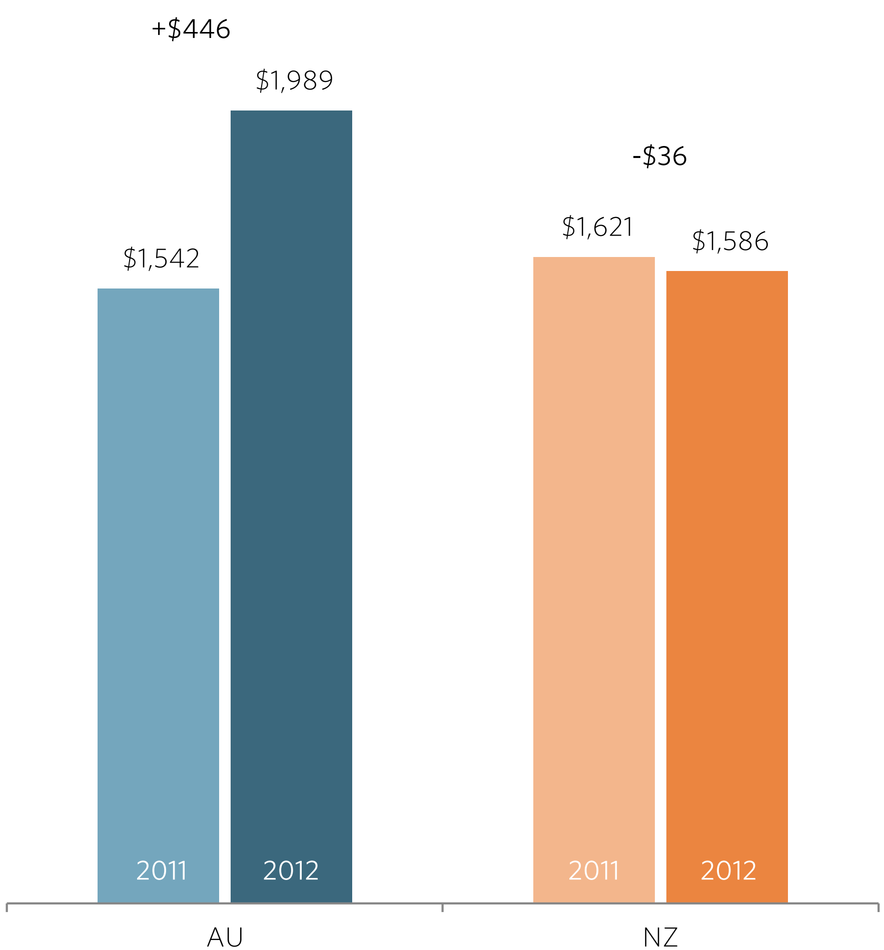
Source: UN Comtrade database; Coriolis analysis

FOCUS – NZ VS. AUSTRALIA

Australia is outperforming New Zealand across South Asia (India, Bangladesh & Pakistan)

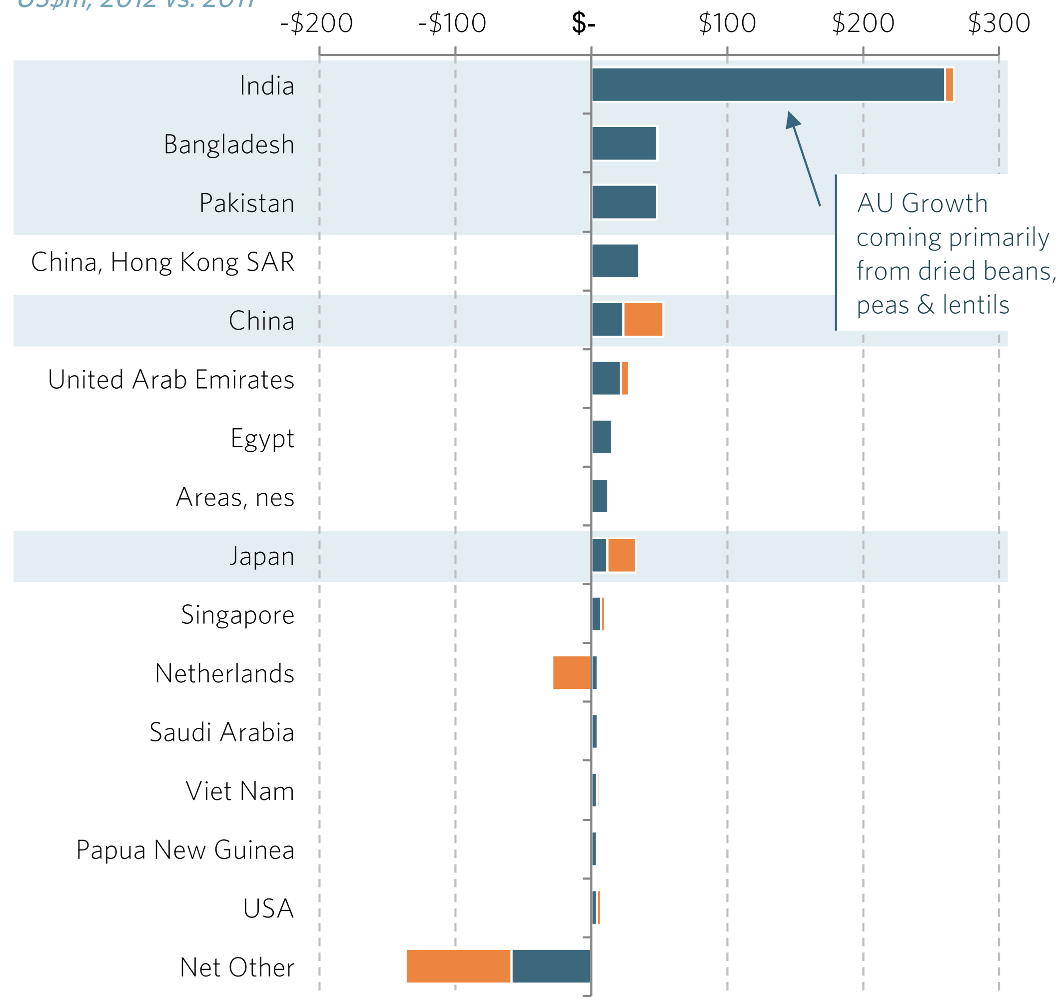
PRODUCE EXPORT VALUE: NZ VS. AUSTRALIA

US$m; 2011-2012



TOP 15 AU PRODUCE EXPORT MARKETS BY 1Y VALUE GROWTH VS. NZ

US$m; 2012 vs. 2011



Source: UN Comtrade database; Coriolis analysis

PRODUCTS

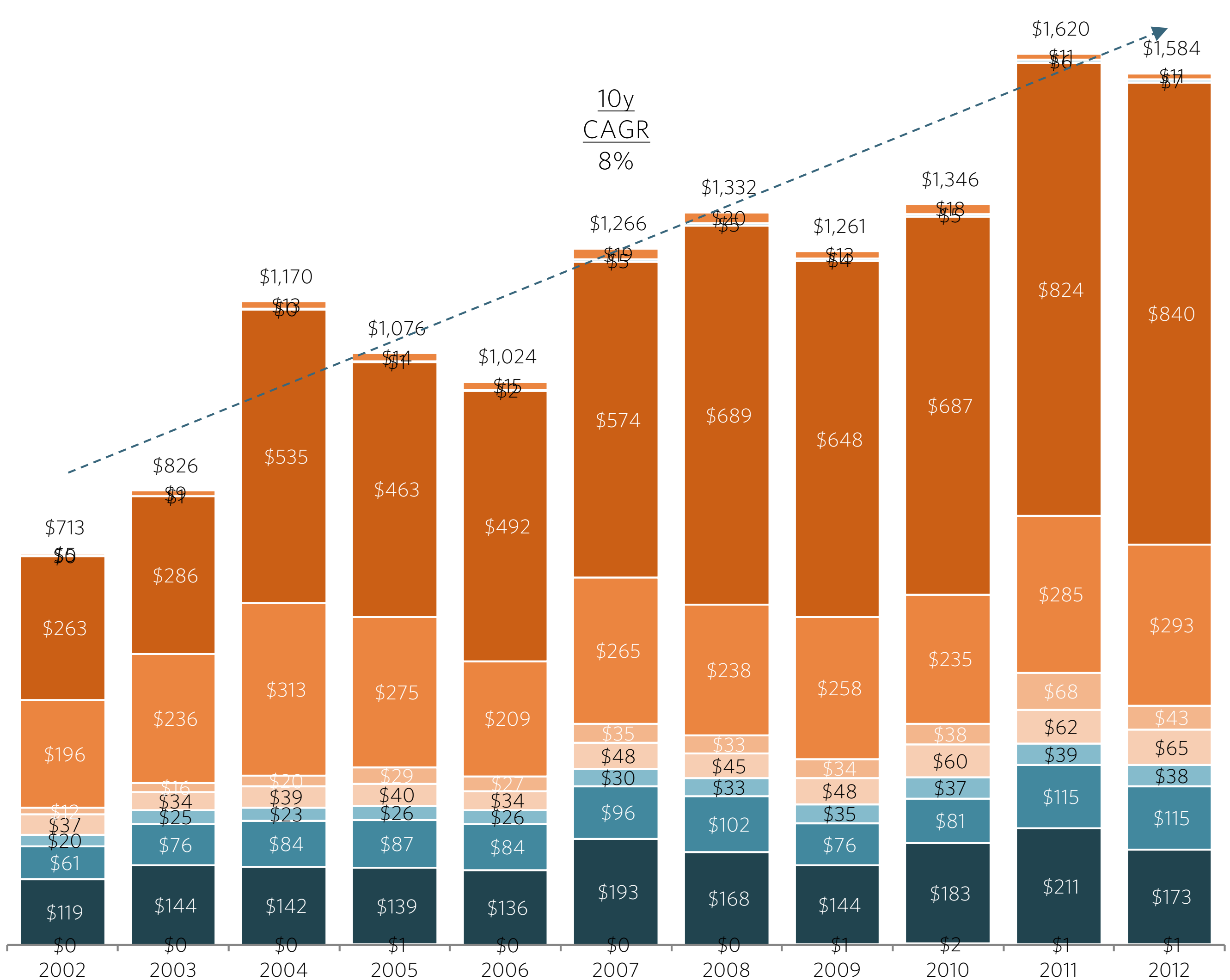
Produce

PRODUCE – EXPORTS BY TYPE

New Zealand produce exports have achieved growth in the past decade, with kiwifruit being the key standout

10 YEAR NEW ZEALAND PRODUCE EXPORT BY CATEGORY/SUPER-CATEGORY (HS4/6 LEVEL)

US$m; 2002-2012



	10 Year CAGR	10 Year Absolute
TOTAL	8%	+$860m
Fruit, frozen	9%	+$6m
Fruit, dry/pres	34%	+$6m
Kiwifruit	12%	+$578m
Apples	4%	+$97
Avocados	14%	+$31m
Other fresh fruit	6%	+$29m
Vegetables, dry/pres	6%	+$18m
Vegetables, frozen	6%	+$53m
Vegetables, fresh	4%	+$54m
Nuts	33%	+$1m

Source: UN Comtrade database; Coriolis analysis

EXPORT DOLLARS

Kiwifruit and apples continue to be New Zealand's two largest produce exports

EXPORT VALUE OF TOP 30 PRODUCE PRODUCTS (HS6 LEVEL) EXPORTS IN 2012

US$m; 2012

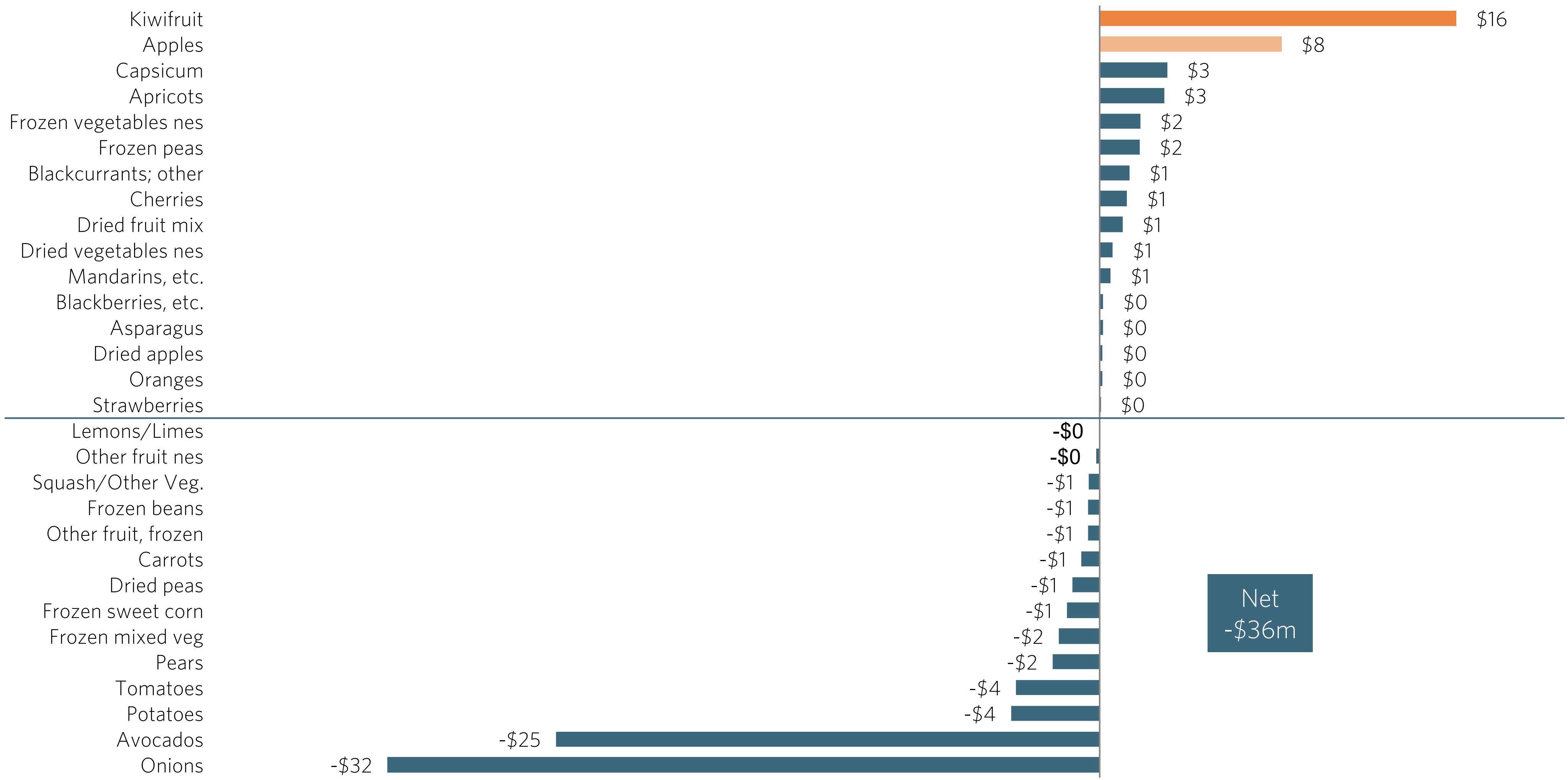
NOTE: See appendix for full definitions; Source: UN Comtrade database; Coriolis analysis

EXPORT DOLLAR GROWTH

In 2012, kiwifruit and apples led export value growth, while onions and avocados led declines

ANNUAL CHANGE IN EXPORT VALUE OF TOP 30 PRODUCE EXPORTS

US$m; 2012 vs. 2011



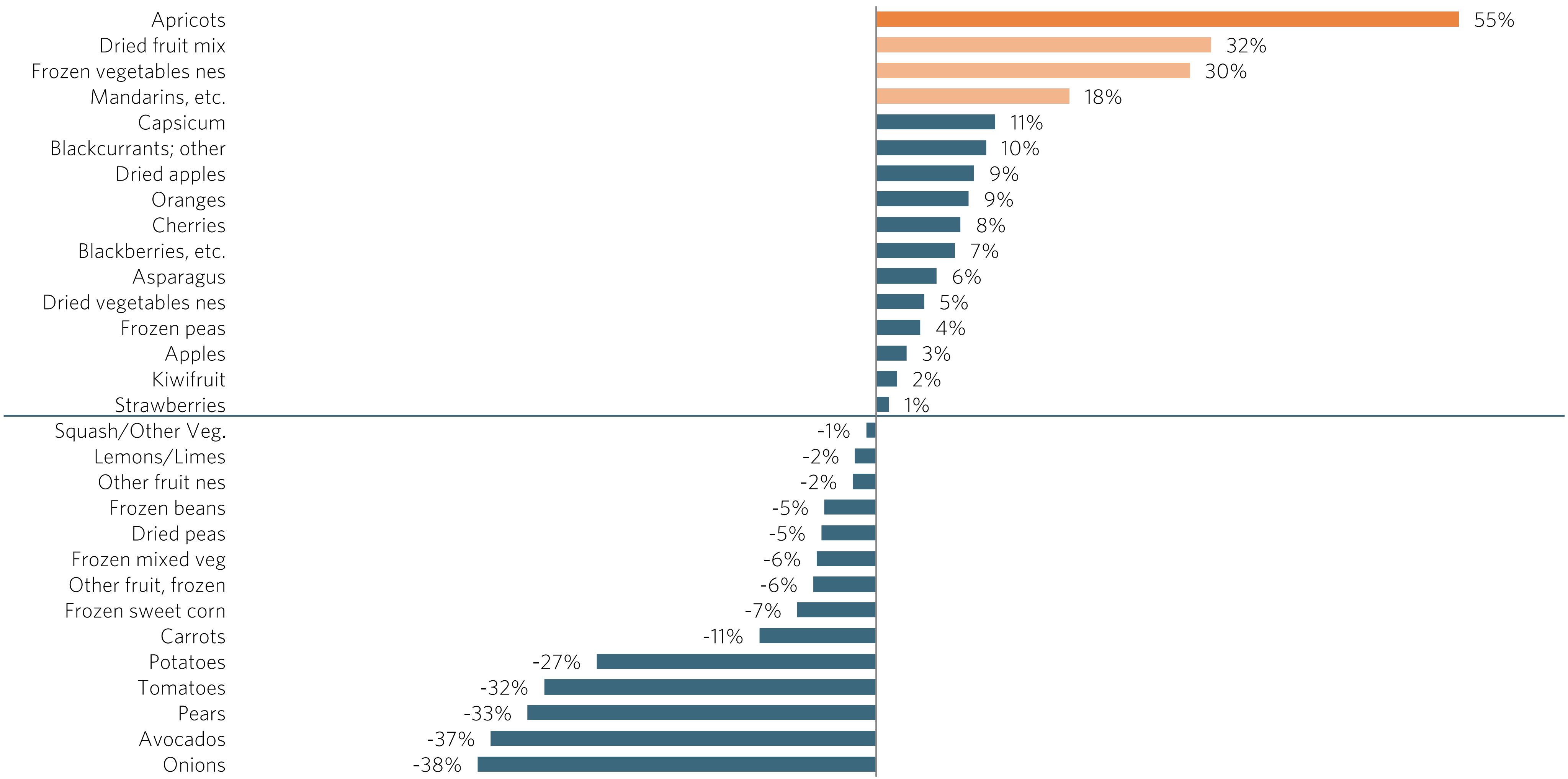
NOTE: See appendix for full definitions; Source: UN Comtrade database; Coriolis analysis

PERCENT GROWTH

In 2012, apricots, dried fruit mix, frozen vegetables not elsewhere specified and mandarins grew at the fastest rate; onions, avocados, pears, tomatoes and potatoes led declines

ANNUAL PERCENT GROWTH IN TOP 30 PRODUCE EXPORTS

US$m; 2012 vs. 2011



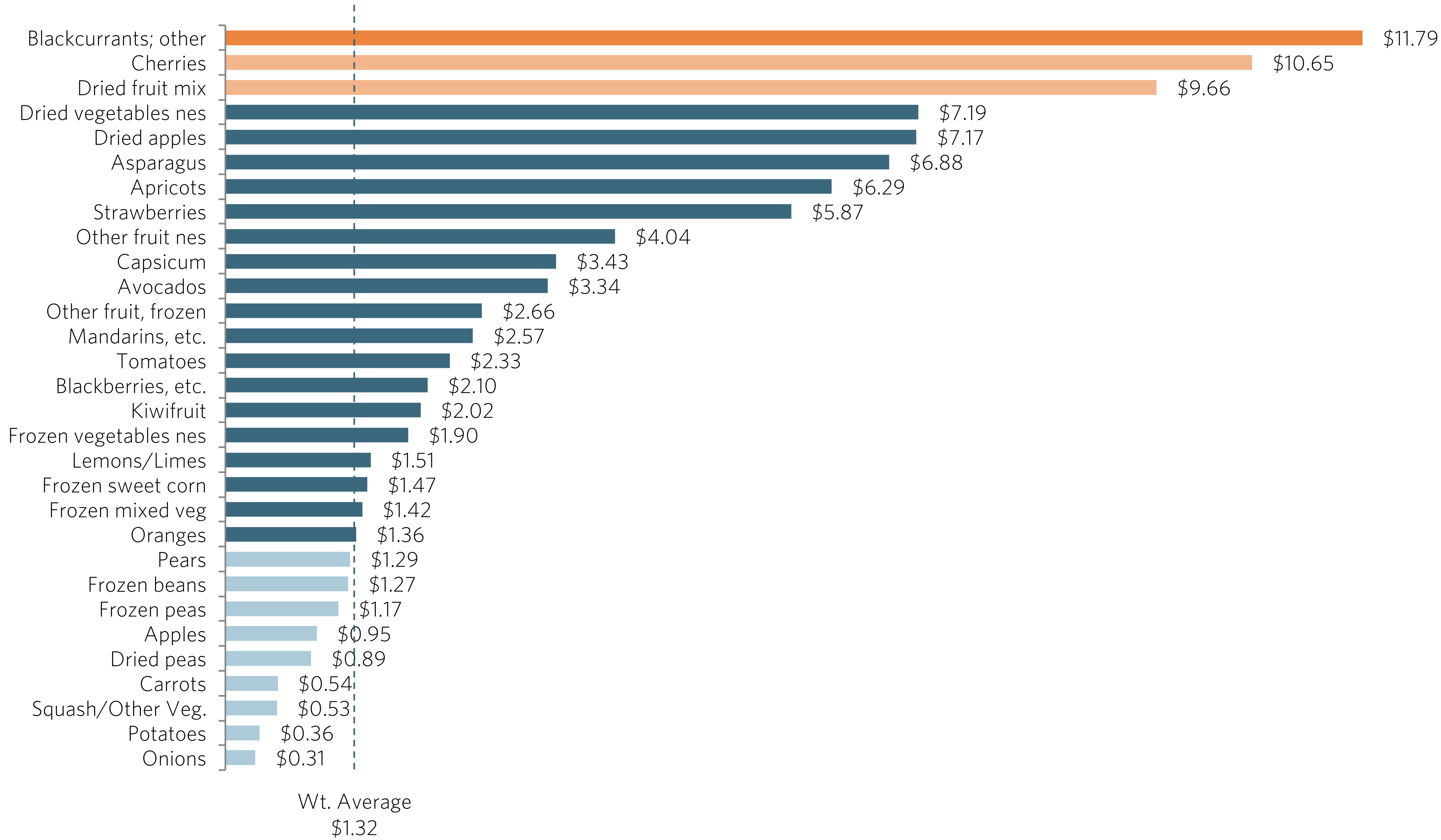
NOTE: See appendix for full definitions; Source: UN Comtrade database; Coriolis analysis

$/KG

In 2012 blackcurrants, cherries and dried fruit mix led in terms of export dollars per kilo

VALUE PER KILOGRAM OF TOP 30 PRODUCE EXPORTS

US$m; 2012



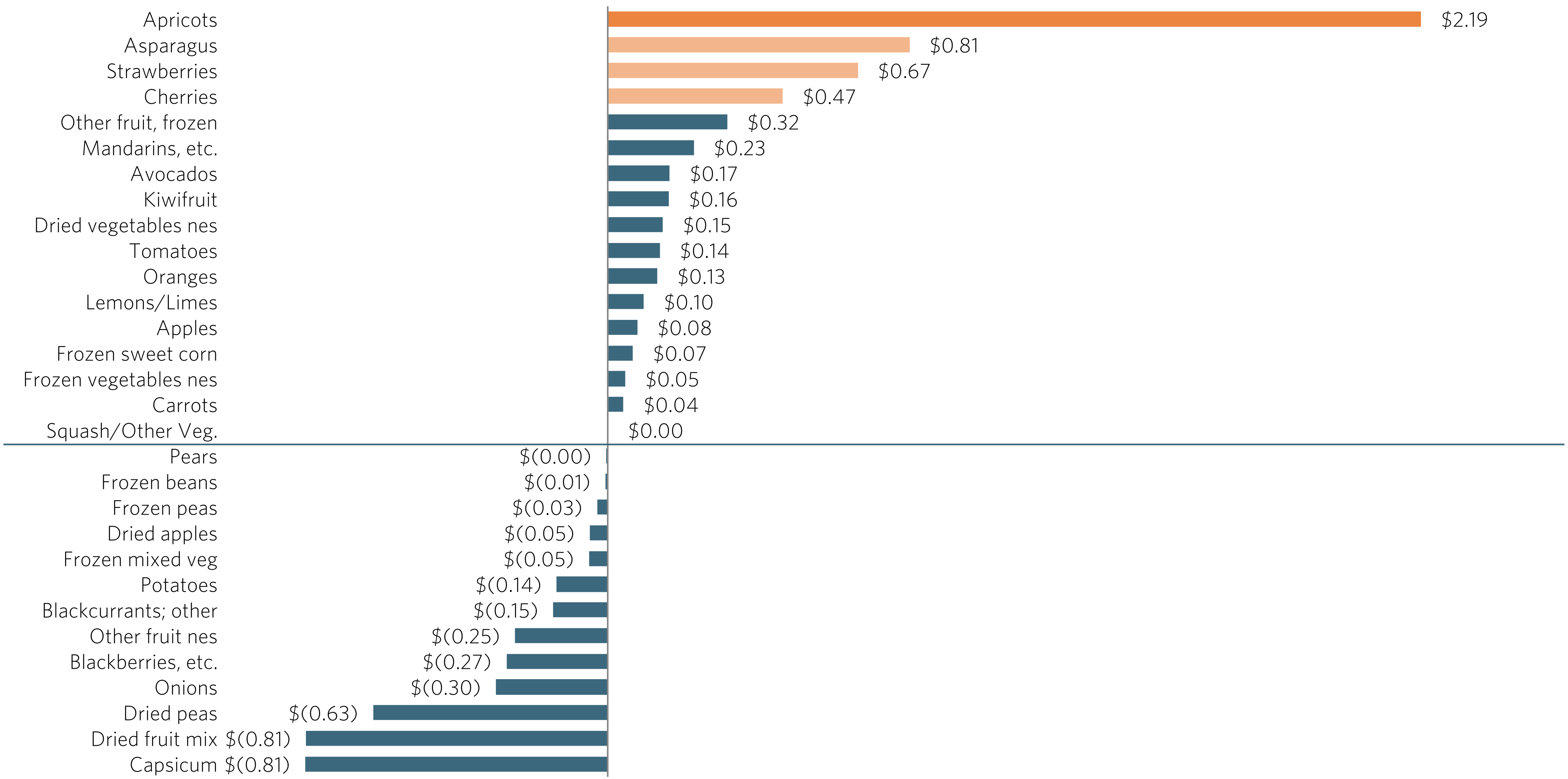
NOTE: See appendix for full definitions; Source: UN Comtrade database; Coriolis analysis

$/KG CHANGE

In 2012 apricots, asparagus, strawberries and cherries achieved good price increases, while capsicum, dried fruit mix and dried peas led price declines

ANNUAL CHANGE IN VALUE PER KILOGRAM OF TOP 30 PRODUCE EXPORTS

US$m; 2012 vs. 2011



NOTE: See appendix for full definitions; Source: UN Comtrade database; Coriolis analysis

APPENDICES

Produce

PRODUCE – INDUSTRY ORGANISATIONS

There are a number of key industry organisations in the produce industry

KEY PRODUCE ORGANISATIONS IN NEW ZEALAND
2013

	Represents	Funding	Website/notes
UNITED FRESH	Pan Produce	- Funding from voluntary membership fees, 5+ A Day logo user fees and sponsorship	United Fresh New Zealand Incorporated http://www.unitedfresh.co.nz/ launched 5+ A Day® 1994 Support and promoting fresh produce industry on pan-produce issues
Horticulture™ New Zealand	Growers advocacy	- Commodity Levy (FruitFed and VegFed) Order 2007 ($1.8m) - 22 product groups pay levy	Horticulture New Zealand www.hortnz.co.nz/
New Zealand Horticulture Export Authority	Licensing Export promotions	- Mandatory exporters licencing fees (60 Companies, holding 87 licences) - Product Group under HEA fees (11 groups)	Horticulture Exporters Authority (HEA) www.hea.co.nz
PIPFRUIT NEW ZEALAND	Pipfruit industry	- Commodity Levy Order 2012	Pipfruit Industry Council www.pipfruitnz.co.nz
New Zealand Kiwifruit Growers Inc.	Kiwifruit growers	- Commodity Levy (Kiwifruit) Order - 12 industry group reps, 24 regional reps	New Zealand Kiwifruit Growers Inc (NZKGI) www.nzkgi.org.nz

O.E = operating expenses; Source: select annual reports and websites; Coriolis

PRODUCE – INDUSTRY SCIENTIFIC RESEARCH

Plant and Food Research is the key organisation involved in the industry research

KEY SCIENTIFIC RESEARCH ORGANISATIONS INVOLVED IN PRODUCE INDUSTRY RESEARCH IN NEW ZEALAND

2013

	Focus & activities
Plant & Food RESEARCH RANGAHAU AHUMĀRA KAI	- Food innovation – foods with functionalities - Joint research with Prevar into new apple and pear varieties ($21.6m over 7 yrs) - Prevar Licenses a new pear PremP109 to AIGN

Source: select annual reports and websites; Coriolis analysis

METHODOLOGY & DATA SOURCES

Data was from a variety of sources, and has a number of identified limitations

This report uses a range of information sources, both qualitative and quantitative.

The numbers in this report come from multiple sources. While we believe the data are directionally correct, we recognise the limitations in what information is available. In many cases different data sources disagree (e.g. Statistics New Zealand vs. FAO vs. UN Comtrade). Many data sources themselves incorporate estimates of industry experts (e.g. FAO AgStat). As one example, in many cases, the value and/or volume recorded as exported by one country does not match the amount recorded as being received as imports by the counterparty [for understood reasons]. In addition, in some places, we have made our own clearly noted estimates.

All trade data analysed in all sections of the F&B Information project are calculated and displayed in US$. This is done for a range of reasons:

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

The opinions expressed in this report represent those of the industry participants interviewed and the authors. These do not necessarily represent those of Coriolis Limited or the New Zealand Government.

Coriolis has not been asked to independently verify or audit the information or material provided to it by or on behalf of the Client or any of the data sources used in the project. The information contained in the report and any commentary has been compiled from information and material supplied by third party sources and publicly available information which may (in part) be inaccurate or incomplete. Coriolis makes no representation, warranty or guarantee, whether express or implied, as to the quality, accuracy, reliability, currency or completeness of the information provided in the report.

If you have any questions about the methodology, sources or accuracy of any part of this report, please contact project lead Tim Morris at Coriolis, on +64 9 623 1848

TRADE CODES

Project defines the following trade codes as produce

GLOBAL HARMONISED SYSTEM (HS) TRADE CODES DEFINED AS PRODUCE

HS2002

Code	Short Description	Longer description
070110	Potatoes, seed	Seed potatoes
070190	Potatoes	Other potatoes, fresh or chilled
070200	Tomatoes	Tomatoes, fresh or chilled
070310	Onions	Onions and shallots, fresh or chilled
070320	Garlic	Garlic, fresh or chilled
070390	Leeks, etc.	Leeks and other alliaceous vegetables, nes
070410	Cauliflowers	Cauliflowers and headed broccoli, fresh or chil
070420	Brussels sprouts	Brussels sprouts, fresh or chilled
070490	Red cab, kohlrabi, etc	White and red cabbages, kohlrabi, kale...etc, f
070511	Cabbage	Cabbage lettuce, fresh or chilled
070519	Lettuce	Lettuce, fresh or chilled, (excl. cabbage lettu
070521	Witloof chicory	Witloof chicory, fresh or chilled
070529	Chicory	Chicory, fresh or chilled, (excl. witloof)
070610	Carrots and turnips	Carrots and turnips, fresh or chilled
070690	Beetroot, radishes etc.	Beetroot...radishes and other similar edible ro
070700	Cucumbers	Cucumbers and gherkins, fresh or chilled
070810	Peas	Peas, fresh or chilled
070820	Beans	Beans, fresh or chilled
070890	Leguminous veg nes	Leguminous vegetables, fresh or chilled, nes
070910	Globe artichokes	Globe artichokes, fresh or chilled
070920	Asparagus	Asparagus, fresh or chilled
070930	Aubergines	Aubergines, fresh or chilled
070940	Celery	Celery, fresh or chilled
070951	Mushrooms	Mushrooms, fresh or chilled
070959	Mushrooms not Agaricus	Mushrooms other than of the genus Agaricus, fresh/chilled
070960	Capsicum	Fruits of genus Capiscum or Pimenta, fresh or c
070970	Spinach	Spinach, fresh or chilled
070990	Other Vegetables	Other vegetables, fresh or chilled, nes
071010	Potatoes, frozen	Potatoes, frozen
071021	Frozen peas	Shelled or unshelled peas, frozen
071022	Frozen beans	Shelled or unshelled beans, frozen
071029	Legume veg, frozen	Leguminous vegetables, shelled or unshelled, fr
071030	Spinach, frozen	Spinach, frozen
071040	Frozen sweet corn	Sweet corn, frozen
071080	Frozen vegetables nes	Vegetables, frozen, nes
071090	Frozen mixed veg	Mixtures of vegetables, frozen
071120	Olives	Olives provisionally preserved, not for immedia
071140	Cucumbers, pres.	Cucumbers and gherkins provisionally preserved
071151	Mushrooms, pres.	Mushrooms of the genus Agaricus, provisionally presvd.
071159	Mushrooms x Agari, pres	Mushrooms other than Agaricus, provisionally presvd.
071190	Mixed veg	Other vegetables and mixture of vegetables pro
071220	Dried onions	Dried onions
071231	Mushrooms, dry	Mushrooms of the genus Agaricus, dried
071233	Jelly fungi,dry	Jelly fungi (Tremella spp.), dried,
071239	Other mushrooms, dry	Mushrooms (excl. of 0712.31-0712.33) & truffles, dried
071290	Dried vegetables nes	Dried vegetables, nes

Code	Short Description	Longer description
071310	Dried peas	Dried peas, shelled
071320	Dried chickpeas, shelled	Dried chickpeas, shelled
071331	Dried beans, shelled	Dried beans, shelled
071332	Dried adzuki beans, shell	Dried adzuki beans, shelled
071333	Dried kidney beans	Dried kidney beans, incl. white pea beans, shel
071339	Dried beans, shelled, nes	Dried beans, shelled, nes
071340	Dried lentils, shelled	Dried lentils, shelled
071350	Dry broad beans, shelled	Dried broad beans and horse beans, shelled
071390	Dried legume, shelled, nes	Dried leguminous vegetables, shelled, nes
071410	Manioc	Manioc, fresh or dried
071420	Sweet potatoes	Sweet potatoes, fresh or dried
071490	Roots and tubers	Roots and tubers with high starch content, fres
080111	Coconuts, dessicated	Coconuts, dessicated, shelled
080119	Coconuts, fresh	Coconuts, fresh, shelled
080122	Brazil nuts, shelled dried	Brazil nuts, shelled dried
080131	Cashew nuts, in shell	Cashew nuts, in shell dried
080132	Cashew nuts, shelled	Cashew nuts, shelled dried
080211	Almonds, in shell	Almonds in shell, fresh or dried
080212	Almonds, shelled	Almonds without shells, fresh or dried
080221	Hazlenuts in shell	Hazlenuts in shell, fresh or dried
080222	Hazlenuts, shelled	Hazlenuts without shells, fresh or dried
080231	Walnuts in shell	Walnuts in shell, fresh or dried
080232	Walnuts, shelled	Walnuts without shells, fresh or dried
080240	Chestnuts	Chestnuts, fresh or dried
080250	Pistachio	Pistachio, fresh or dried
080290	Other nuts	Other nuts, fresh or dried, nes

Code	Short Description	Longer description
080300	Bananas	Bananas, including plantains, fresh or dried
080410	Dates	Dates, fresh or dried
080420	Figs	Figs, fresh or dried
080430	Pineapples	Pineapples, fresh or dried
080440	Avocados	Avocados, fresh or dried
080450	Guavas, mangoes, etc.	Guavas, mangoes and mangosteens, fresh or dried
080510	Oranges	Oranges, fresh or dried
080520	Mandarins, etc.	Mandarins, clementines, wilkings...etc, fresh o
080540	Grapefruit	Grapefruit, fresh or dried
080550	Lemons/Limes	Lemons (Citrus limon/limonum) & limes (Citrus aurantifolia/latifolia), fresh/dried
080590	Other citrus	Citrus fruit, fresh or dried, nes
080610	Grapes, fresh	Fresh grapes
080620	Grapes, dry	Dried grapes
080711	Watermelons	Watermelons, fresh
080719	Melons	Melons, fresh
080720	Pawpaw, papaya	Papaws (papayas), fresh
080810	Apples	Apples, fresh
080820	Pears	Pears and quinces, fresh
080910	Apricots	Apricots, fresh
080920	Cherries	Cherries, fresh
080930	Peaches, nectarines	Peaches, including nectarines, fresh
080940	Plums	Plums and sloes, fresh
081010	Strawberries	Strawberries, fresh
081020	Raspberries, etc.	Raspberries, blackberries, mulberries and logan
081030	Currants, gooseberries	Black, white or red currants and gooseberries,
081040	Blackcurrants; other	Cranberries, milberries...etc, fresh
081050	Kiwifruit	Kiwifruit
081090	Other fruit nes	Other fruit, fresh, nes
081110	Strawberries, frozen	Strawberries, frozen
081120	Blackberries, etc.	Raspberries, blackberries...etc, frozen
081190	Other fruit, frozen	Other fruit and nuts, frozen, nes
081210	Cherries, pres.	Cherries, provisionally preserved, not for imme
081290	Fruit & nuts, pres.	Fruit and nuts, provisionally preserved, not fo
081310	Apricots, dry	Dried apricots
081320	Prunes	Dried prunes
081330	Apples, dry	Dried apples
081340	Dried fruit nes	Other dried fruit, nes
081350	Dried fruit mix	Mixtures of dried fruit and nuts, nes
081400	Peels	Peel of citrus fruit or melons, fresh, frozen,

Source: United Nations codes; Coriolis definitions in conjunction with project steering group

GLOSSARY OF TERMS

This report uses the following acronyms and abbreviations

A$/AUD	Australian dollar
ABS	Absolute change
ANZSIC	AU/NZ Standard Industry Classification
AU	Australia
Australasia	Australia and New Zealand
B	Billion
CAGR	Compound Annual Growth Rate
C/S America	Central & South America (Latin America)
CRI	Crown Research Institute
CY	Calendar year (ending Dec 21)
E Asia	East Asia
EBITDA	Earnings before interest, tax, depreciation and amortization
FAO	Food and Agriculture Organisation of the UN
FY	Financial year (of firm in question)
£/GBP	British pounds
JV	Joint venture
M	Million
N/A	Not available/not applicable
NA/ME/CA	North Africa / Middle East / Central Asia
Nec/nes	Not elsewhere classified/not elsewhere specified
N/C	Not calculable
N.H	Northern Hemisphere
NZ	New Zealand
NZ$/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/O	Turnover
US/USA	United States of America
US$/USD	United States dollar
UK	United Kingdom
US	United States of America
YE	Year ending
YTD	Year to date
	Sources
AR	Annual report
Ce	Coriolis estimate
Ci	Coriolis interview

Coriolis is a boutique management consulting firm that focuses on food, consumer packaged goods, retailing and foodservice.

Coriolis advises clients on strategy, operations, organization, and mergers and acquisitions. We develop practical, fact-based insights grounded in the real world that guide our clients decisions and actions. Founded in 1999, Coriolis is based in Auckland, New Zealand and works on projects across the Asia Pacific region.

WHAT WE DO

We help our clients assemble the facts needed to guide their big decisions. We make practical recommendations. Where appropriate, we work with them to make change happen.

HOW WE DO IT

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.

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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.

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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.

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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.

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

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