

INVESTMENT OPPORTUNITIES IN THE NEW ZEALAND PETFOOD INDUSTRY

February 2014

CORIOLIS 
research · consulting · strategy



Investment opportunities in the New Zealand **Petfood** industry

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Part of the Food and Beverage Information Project

www.foodandbeverage.govt.nz



Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

Track record of innovation

Investment opportunities

Appendix 1 - Key firm profiles

Objectives of Coriolis' assignment

Petfood emerged as one of the six best “emerging growth opportunity” sectors of the New Zealand food & beverage industry in previous research

- All 559 food-related HS trade codes were screened and ranked using qualitative and quantitative methods
- Petfood was achieving strong export volume and value growth
- Petfood had strong comparative advantage and clear links into existing New Zealand strengths
- See related document (<http://www.med.govt.nz/sectors-industries/food-beverage/pdf-docs-library/information-project/coriolis-report-investors-guide.pdf>)

Coriolis was asked to develop the case for further investment in the New Zealand petfood industry

- Make the case for further investment in the industry
- Targeting investors, both domestic and international
- Provide a potential investor with a preliminary overview of the industry
- Including the facts and analysis required to “come up to speed” on the industry and the opportunity

Project incorporates extensive, recent independent research

- Interviews with all multinational industry participants and most key domestic firms
- Extensive quantitative analysis of all available data sources on the industry
- Surveys, benchmarks from other countries, commercial research and Coriolis expertise

The New Zealand petfood industry presents investors with a strong potential opportunity for growth

Key Takeaways

- Petfood is an attractive market with strong fundamentals
 - Petfood is a growing global market
 - Petfood is strongly on trend with changing global consumer behaviour
 - Petfood is a profitable industry, particularly in the growing super-premium (cat and dog) sector
 - Petfood is attracting investment from both global multinational companies and private equity

- New Zealand has a vibrant petfood industry with strong comparative advantage
 - New Zealand has a strong supply of safe raw materials, some of which are unique, and there is a strong and competitive Petfood ingredients sector
 - New Zealand has a vibrant retail Petfood industry of both global leaders and innovative local firms driving industry growth

- There are clear opportunities for growth in both products and markets
 - Continued marketing, innovation and new product development leveraging strengths in safe, fresh, free-range meat
 - Continued market development to build position in both existing and emerging new markets

New Zealand has the opportunity to be part of the growing global demand for petfood, taking advantage of its strong reputation as a safe, free range supplier of unique meat based ingredients and brands

Global Demand

Demand for petfood is growing globally. The increasing number of pet-owners are treating their pets as part of the family, demanding better quality and spending more on their companions. Trends in petfood are strongly mirroring trends in human food.

Key markets for petfood are richer Western markets with high pet penetration and numbers, in particular USA, Australia and Western Europe. But strong growth, and a higher dollar per kilo, is occurring in key Asian markets and South America where small dogs in particular are treated with premium dog foods and treats.

Dry foods dominate the petfood market, seen as more convenient and logistically easier. Large multinational corporations (MNC's) such as Nestle and Mars take the lion share of this market. Their large factories are located close to major markets (USA, Europe) or in developing countries, such as Thailand.

New Zealand

New Zealand is traditionally a primary based exporting economy, specialising in: dairy, meat, fruit, and food and beverages. Food and beverage products make up 56% of all exports. Petfood comprises 1.4% of this, reflecting New Zealand's low penetration in the global market and almost no presence in the dry category (Tux baked biscuits have a large share in New Zealand but are not exported and Addiction dry kibble is produced solely for the export market).

However, New Zealand's comparative advantage in meat and protein is driving growth in its petfood industry, particularly due to the availability and reliability of meat based ingredients (in particular lamb and beef) and innovation around retail ready products.

Petfood exports can be separated into two main areas, the first being ingredients consisting of either frozen MDM (mechanically deboned meat) or MBM (meat and bone meal). Ingredients are exported to large multinational corporations who then manufacture the finished retail ready petfood. Our advantage in this space is in having unique species such as lamb and deer. Advantages are also in having high food safety standards/regulations and free range stock.

New Zealand's disease free status allows preferential access into key markets.

The second export area is in value added retail ready petfood products. Two distinct exporting groups are in New Zealand; MNC's and medium sized New Zealand based firms. Mars, for example, is a significant exporter of pouched cat food to Australia. Many medium sized firms also exist in New Zealand, some are already exporting petfood globally while others are looking to export super-premium meat based products to new markets through specialty channels and invest in extrusion based cooking of dry pellets.

New Zealand firms have successfully innovated in this space, both in product and processes. Firms are required to overcome the real challenges involved in exporting meat based products. To assist in this, technology has focussed on packaging and producing petfood and treats in rolls, frozen, freeze-dried and air dried states.

Challenges also exist around supply. As meat processors become more efficient at maximising use and value of the carcass, less waste is produced. New human consumption markets (e.g. China) have been found for offal and by-products traditionally used for petfood. Reducing stock numbers of both sheep and deer also add supply pressure. Companies must develop strong supply relationships and consider vertical integration or investment along the supply chain.

Opportunities

Opportunities exist throughout the supply chain for investment to increase the quality of ingredients and to highlight and target key high value customers and markets. In retail ready petfood products, multiple opportunities exist in the super premium categories of cat and dog food and treats. For medium sized companies, the biggest opportunity is in finding in-market partners to enhance sales and distribution. To attract additional investment, New Zealand must promote its unique species, good reputation, disease free status as well as its Asian positioning, with its close proximity and free trade agreements providing access into these key markets.

Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

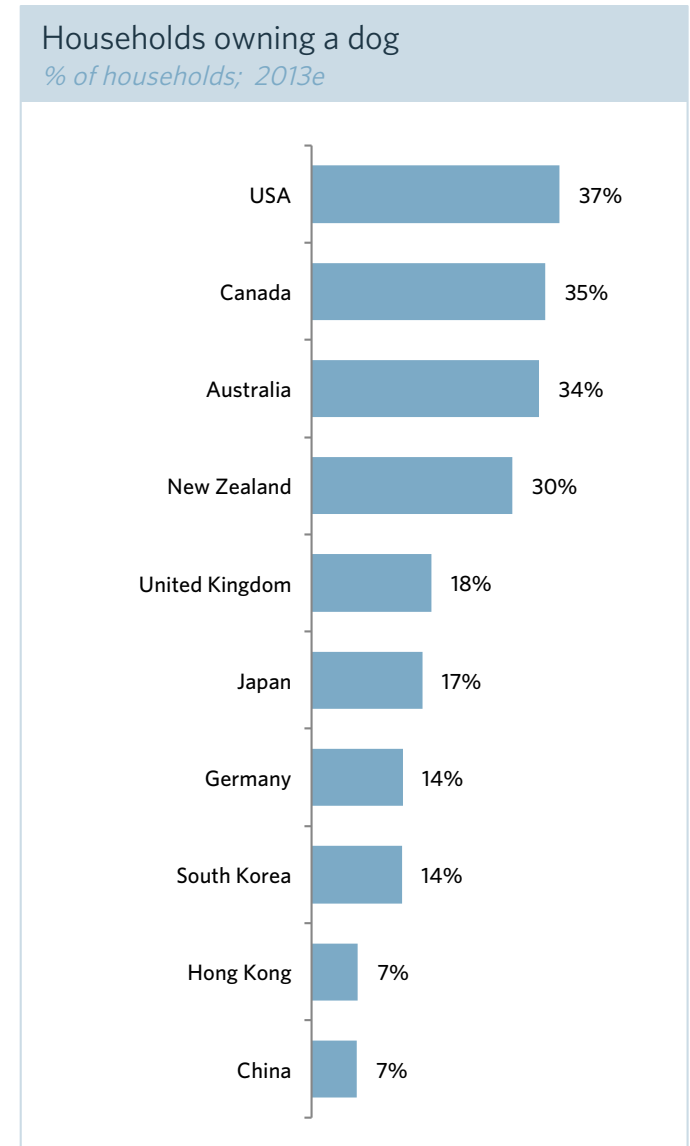
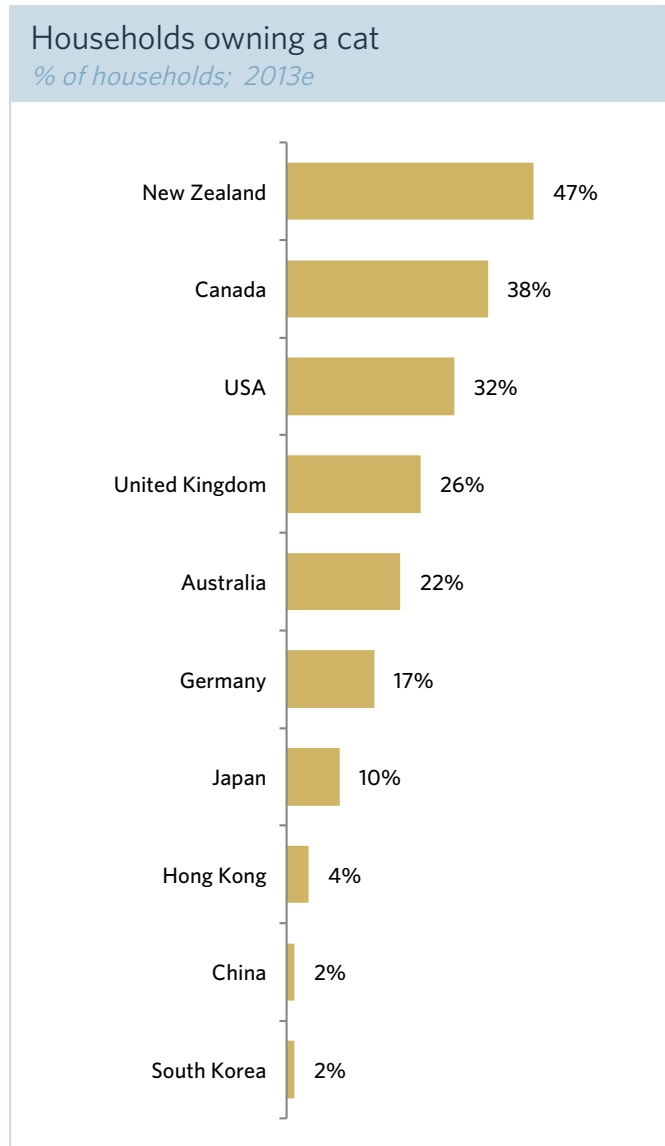
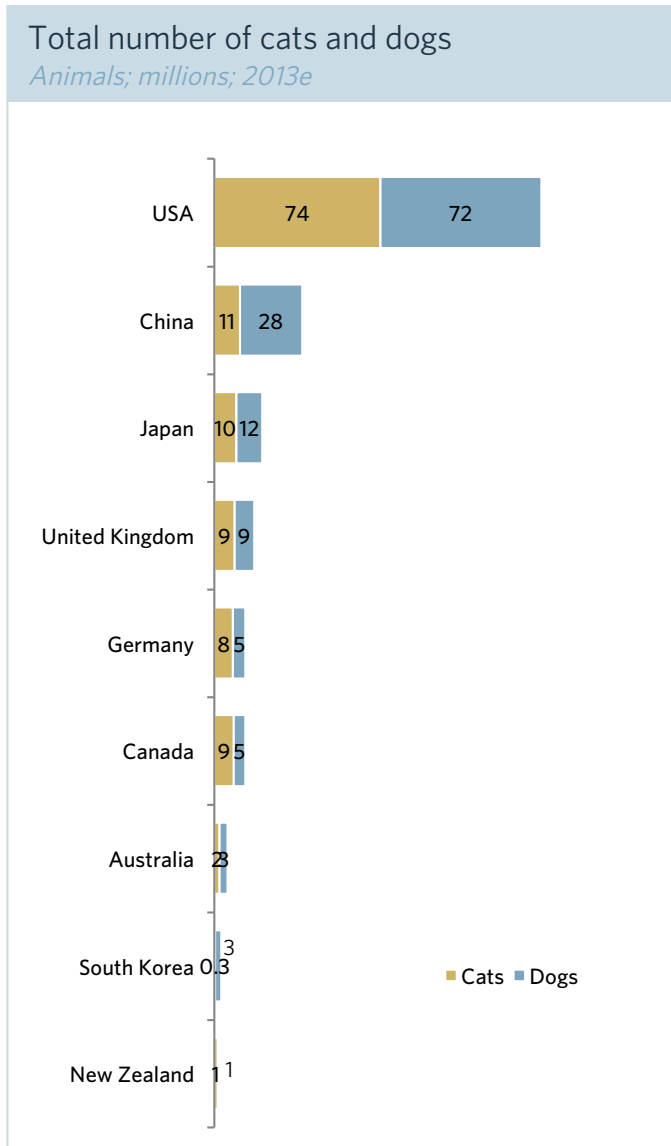
Strong drivers of success

Track record of innovation

Investment opportunities

Appendix 1 - Key firm profiles

There are a large number of pets around the globe; companion pets such as dogs and cats are in over a third of households in many markets



Petfood supports a wide range of prices, from discount store brands to super-premium products

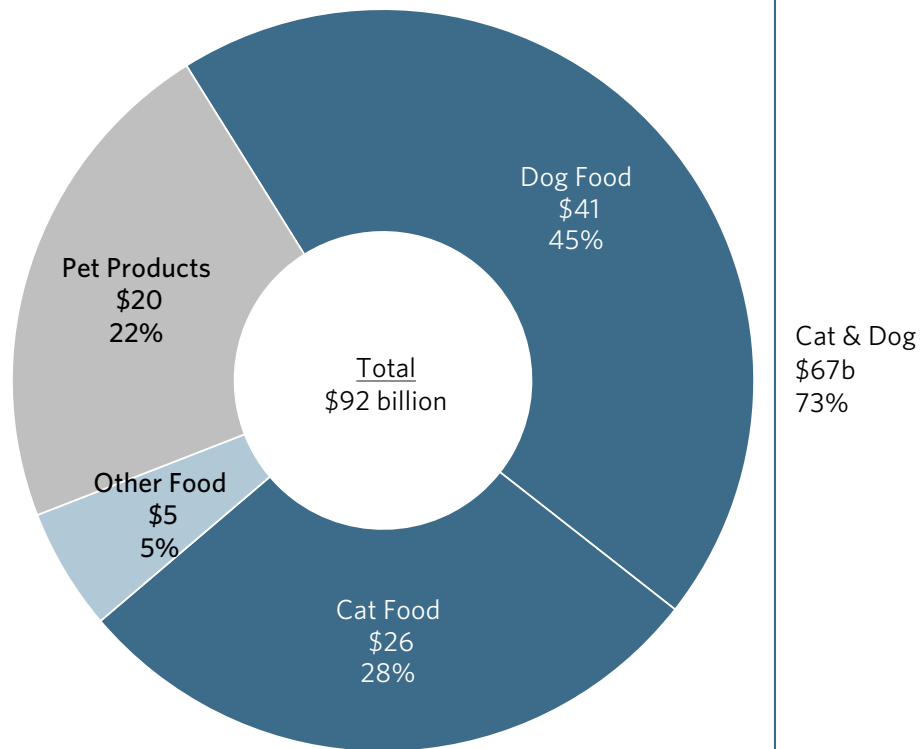
EXAMPLE: Retail shelf price per kilogram of select dog food products in the United States

US\$/kg.; actual; 1/2014

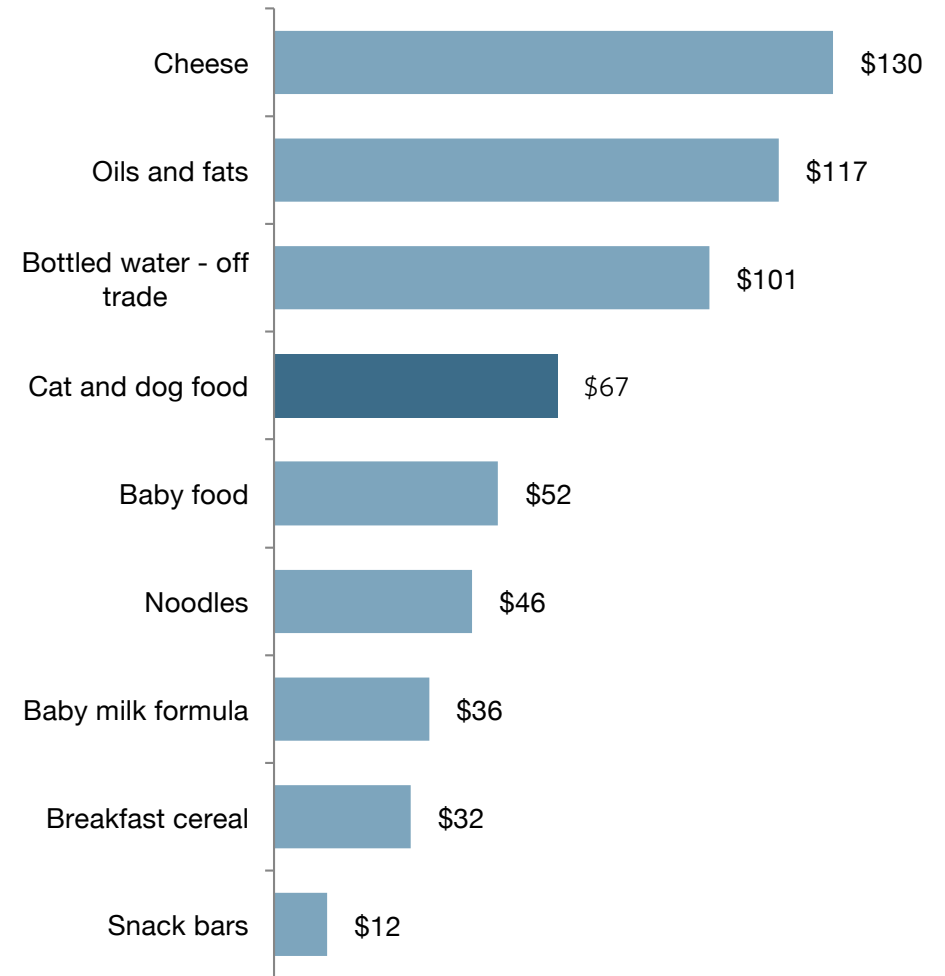


Pet owners globally spent a total of \$92 billion on pet care in 2012; almost three quarters (\$67b) was on dog and cat food; petfood is a large category globally

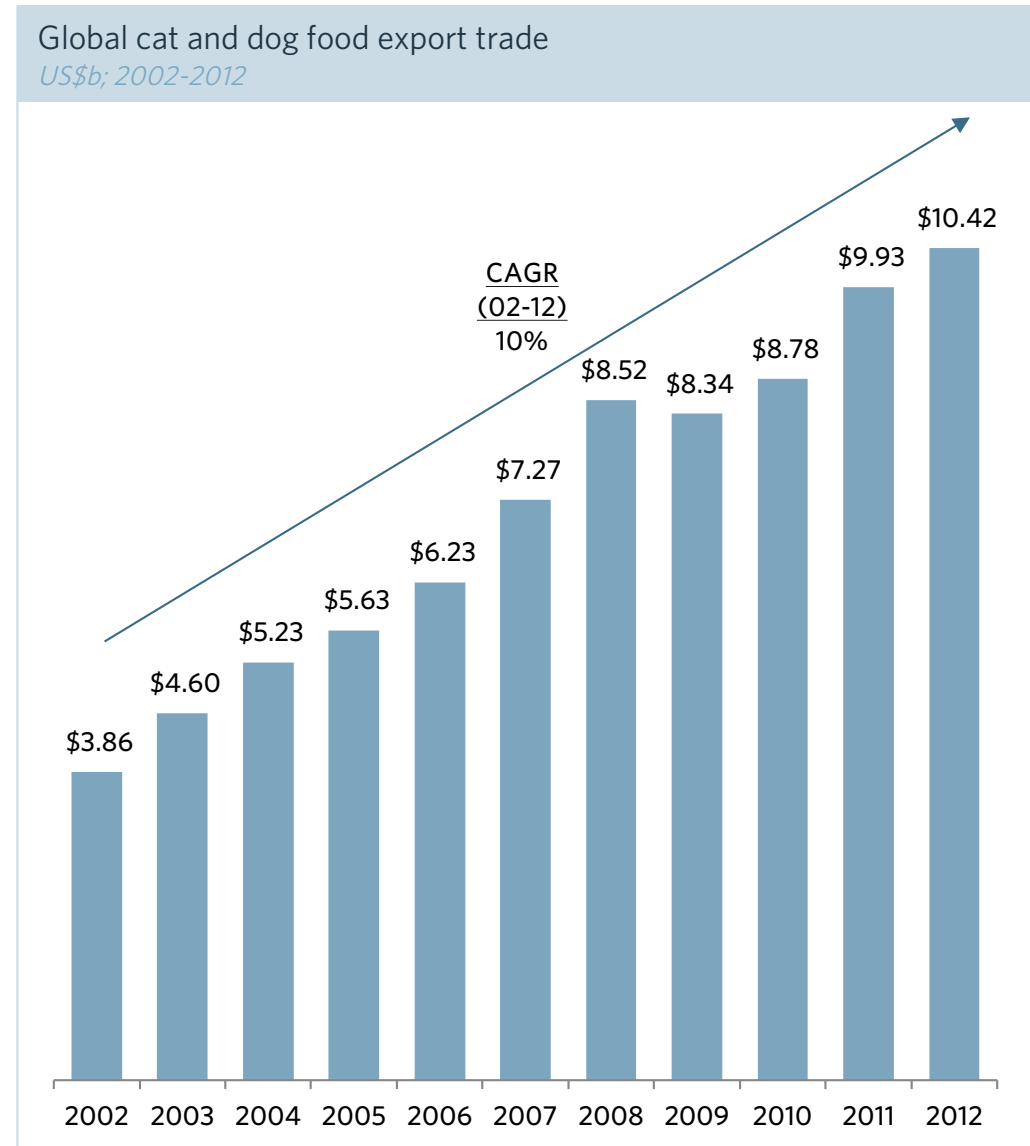
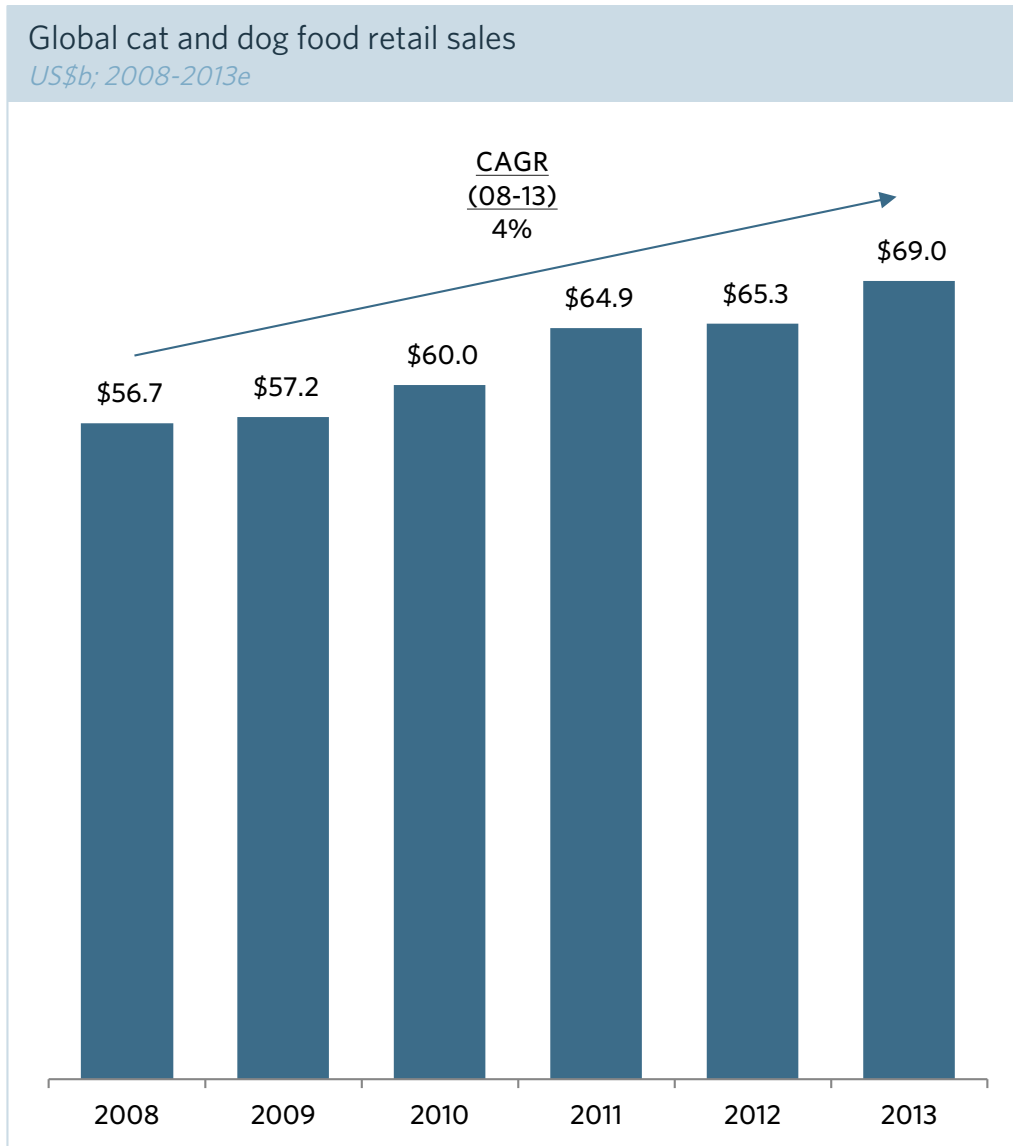
Global Petcare retail sales
US\$b; 2012



Global retail sales: Cat and dog food vs. select categories
US\$b; 2012

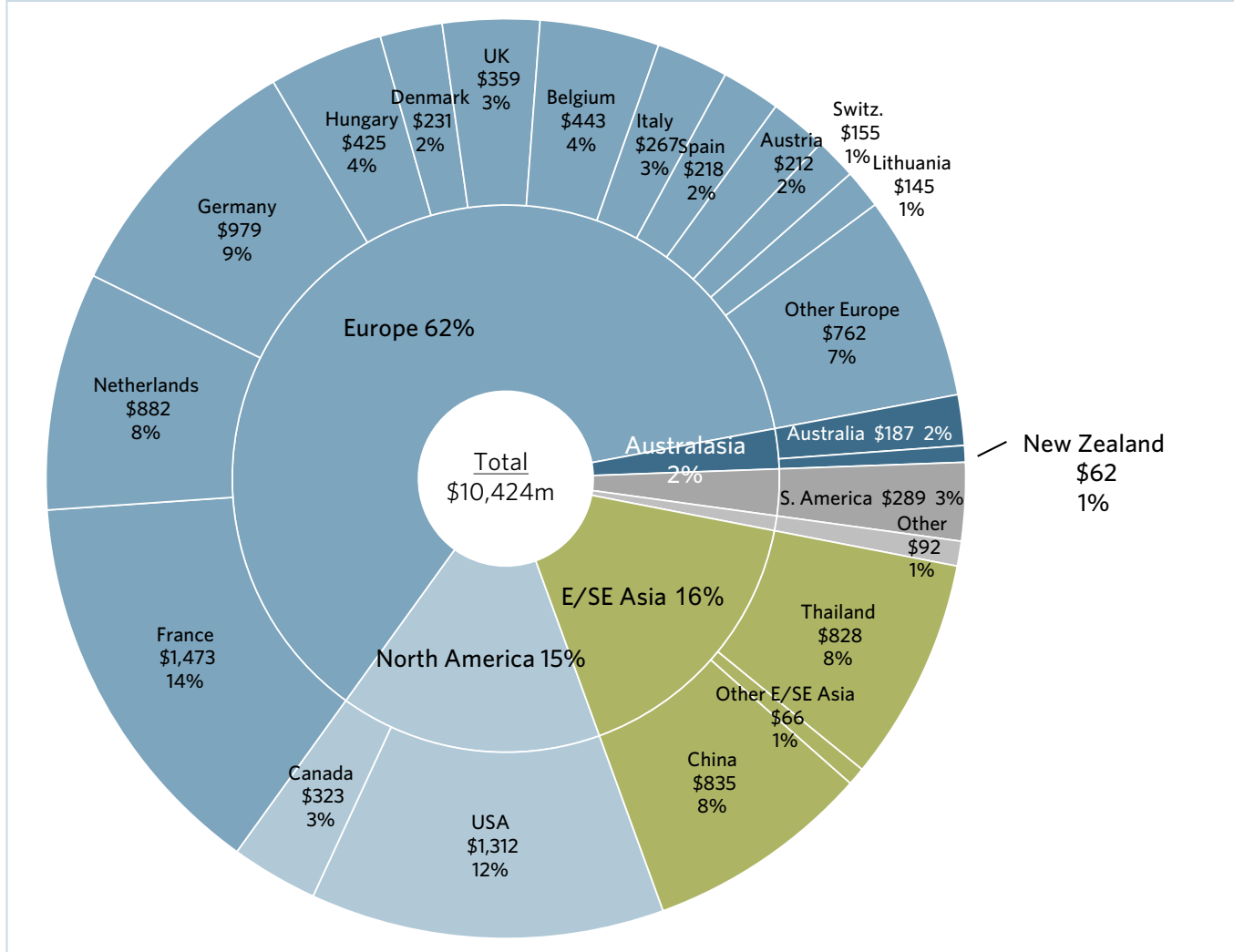


Retail cat and dog food sales are growing at a compound annual growth rate (CAGR) of 4% and global trade is growing at 10%

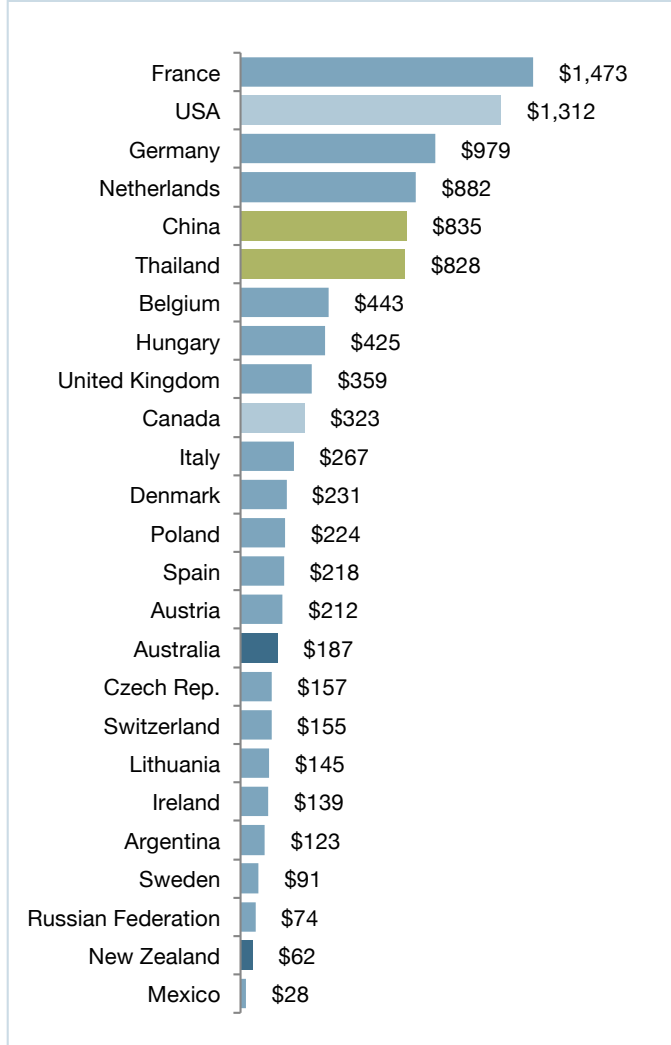


Global retail cat & dog food exports were more than \$10b in 2012; Europe is strong in the trade, followed by North America and Asia

Global export value share of retail cat & dog food (HS230910) by country/region
US\$m; FOB; 2012



Top 25 petfood exporting countries
US\$m; FOB; 2012

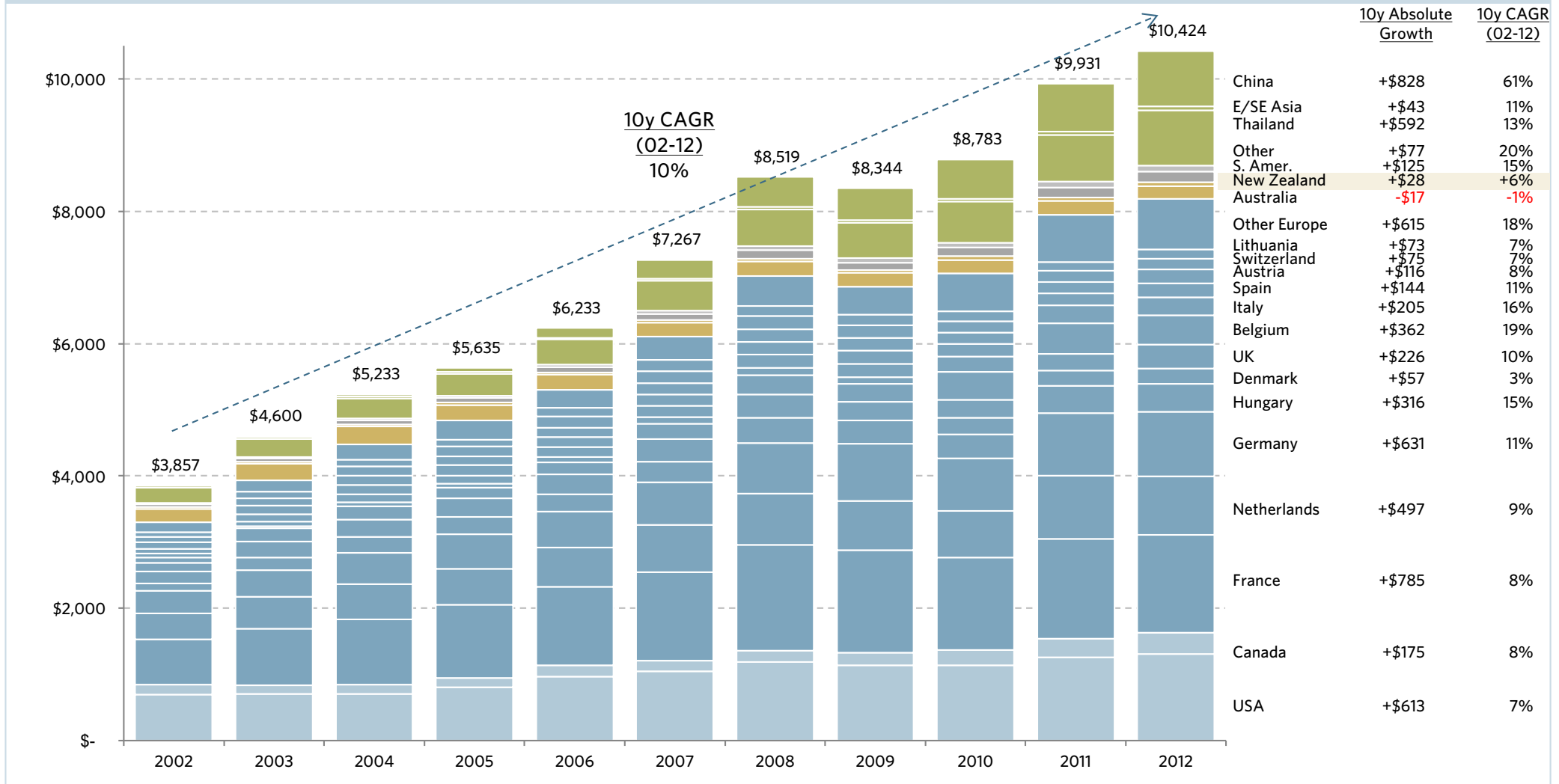


Note: Denmark, Italy & Austria uses 2011 data as 2012 not yet filed with UN; Source: UN Comtrade database (custom job); Coriolis classifications and analysis

Global retail cat & dog food exports have been growing at a 10% CAGR over the past decade; exports still dominated by the European countries

Global export value of retail cat & dog food (HS230910) by sending country/region

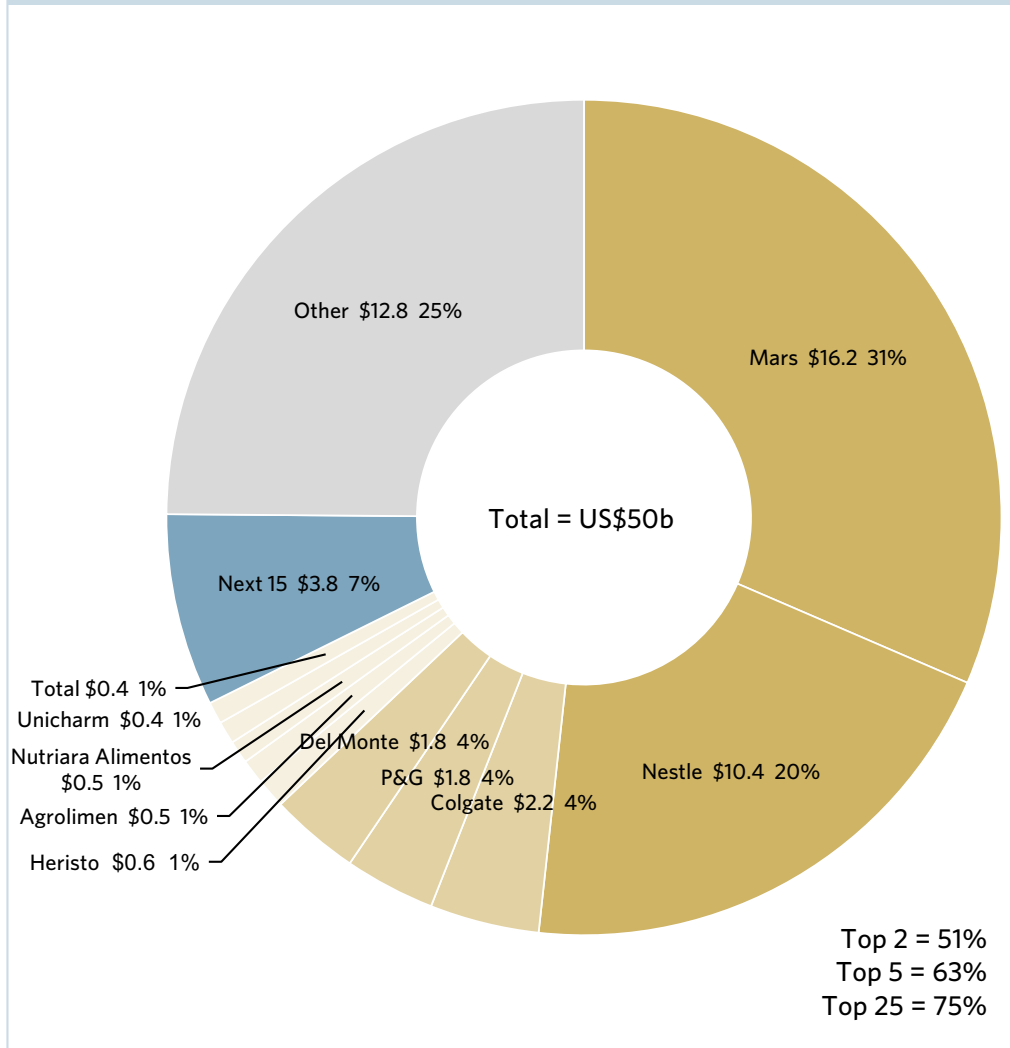
US\$m; FOB; 2002-2012



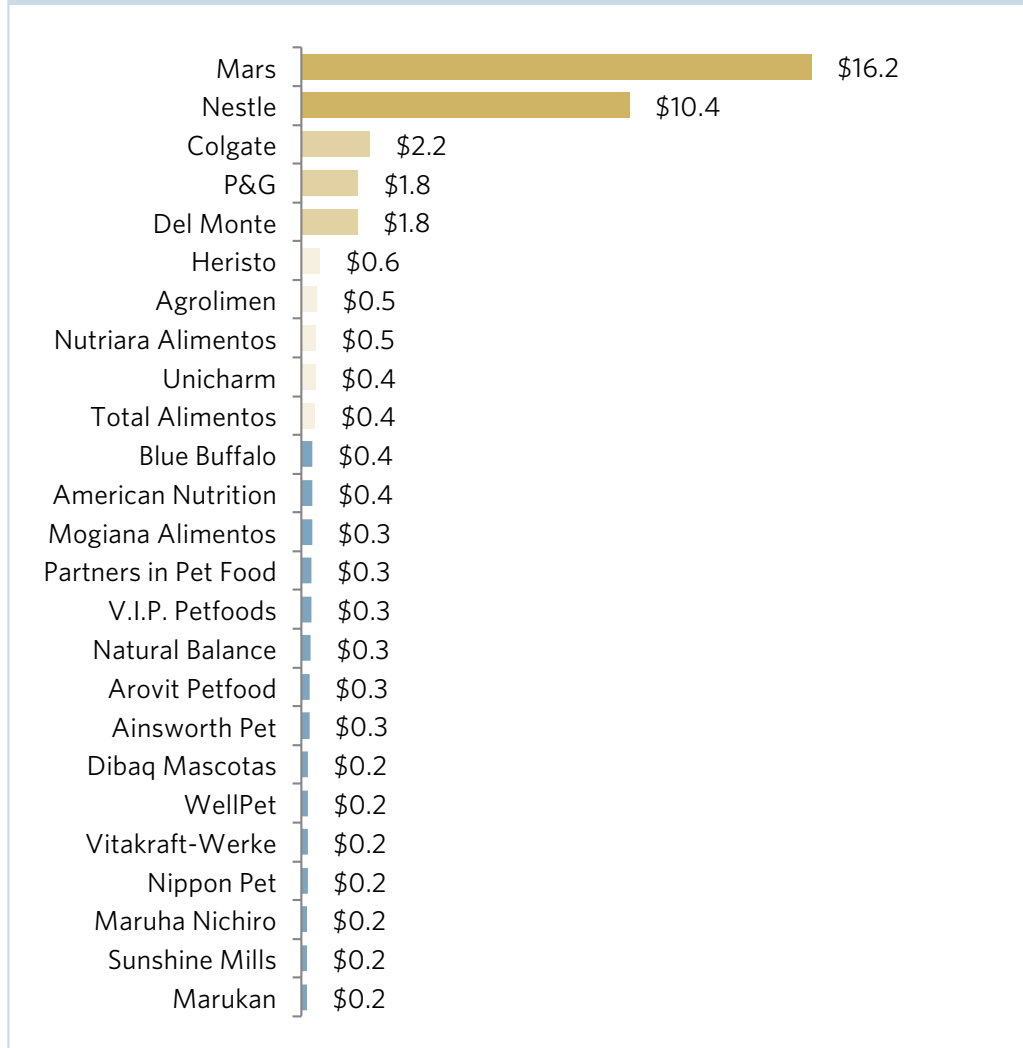
Note: Denmark, Italy & Austria uses 2011 data as 2012 not yet filed with UN; Source: UN Comtrade database (custom job); Coriolis classifications and analysis

Petfood is a robust global market with both large multinationals and a strong long tail of regional leaders and specialist or niche players

Global petcare sales by key manufacturer and other
US\$b; 2011

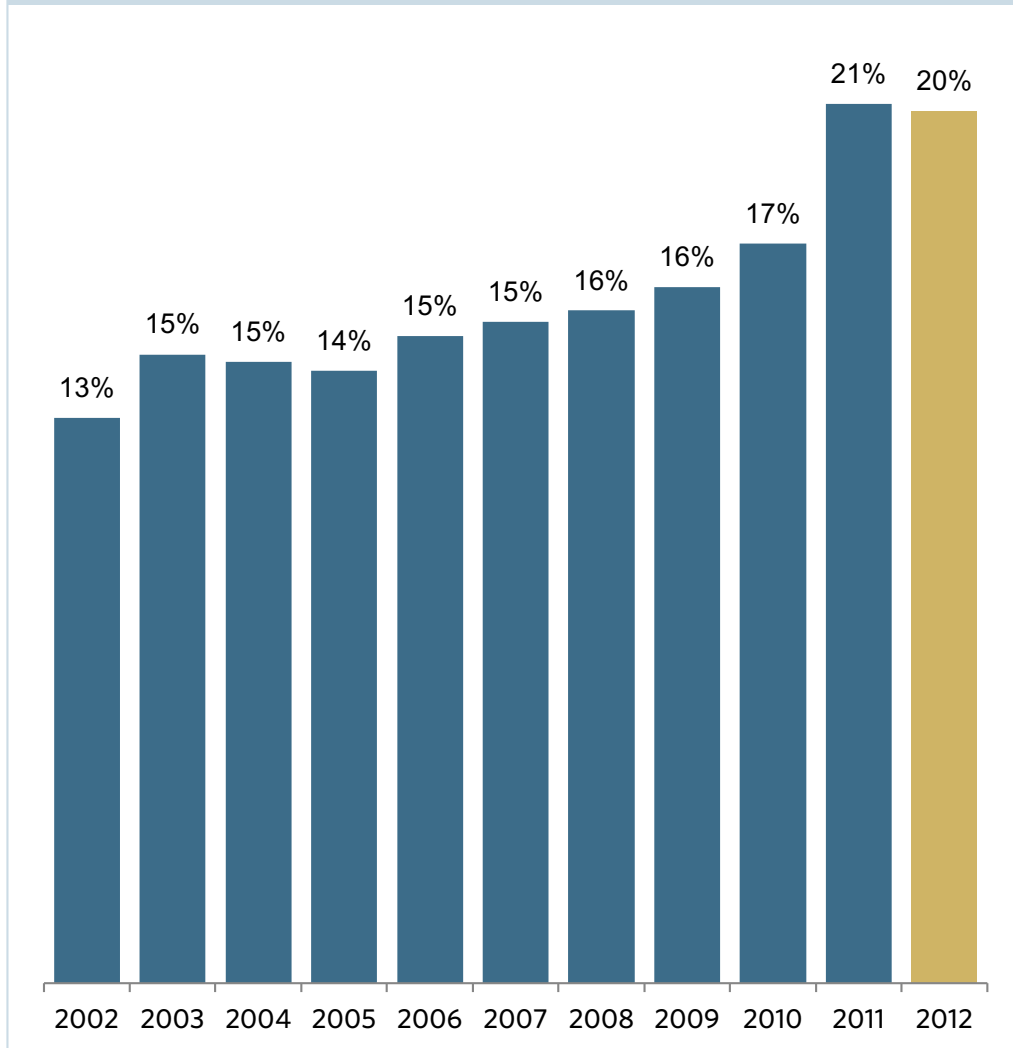


Top 25 petcare firms by sales
US\$b; 2011

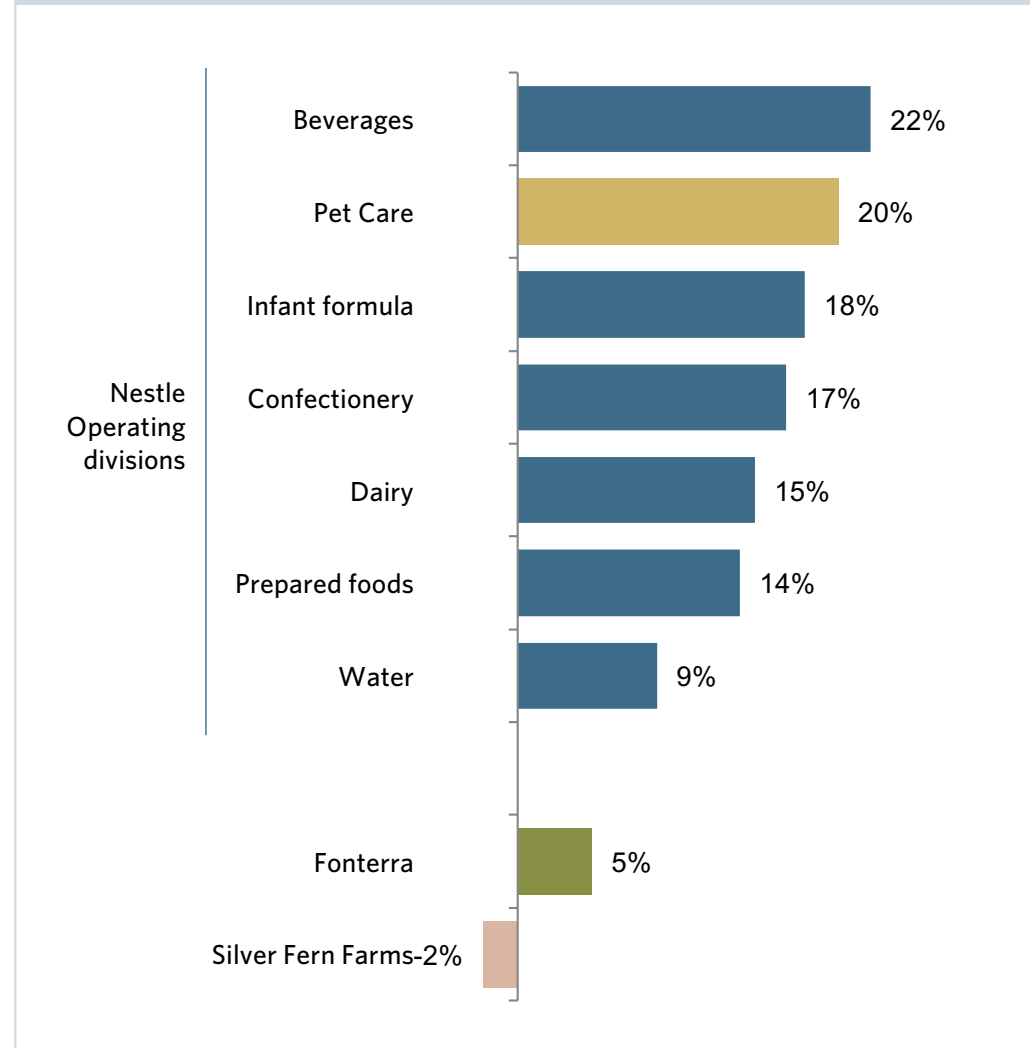


Manufacturing and marketing petfood is a highly profitable enterprise

EXAMPLE: Operating profit of Nestle pet care division
%; CHF; FY2012



EXAMPLE: Operating profit % of sales: Nestle divisions & select NZ
%; CHF or NZ\$; FY2012









Source: various Nestle annual reports; Fonterra and Silver Fern Farms annual reports; Coriolis analysis

The industry is attracting investment from large global FMCG/CPG firms

Presence in Petfood by large FMCG/CPG multinationals

1935-2013

Firm	Year entering Petfood	Method of entry	Key acquisitions	Key brands
 MARS	1935	Organic	<ul style="list-style-type: none"> - Kal Kan Foods (1968) - Royal Canin (2001) - Nutro (2007) 	Cesar, Greenies, Nutro, Pedigree, Royal Canin, Sheba, Whiskas, KiteKat, Chappi, Catsan, Goodlife Recipe
 Nestlé	1998	Acquisition	<ul style="list-style-type: none"> - Carnation (1985) - Spillers Petfood (1998) - Ralston-Purina (2002) - Waggin' Train (2010) 	Purina, Purina One, Alpo, Beneful, Busy Bone, Chew-rific, Deli-Cat, Dog Chow, Fancy Feast, Friskies, Gourmet Gold, Mon Petit, HiPro, Kibbles and Chunks, Kit 'N Kaboodle, Mighty Dog, Pro Plan, TBonz, Purina Veterinary Diets, Whisker Lickin's
 Colgate	1976	Acquisition	<ul style="list-style-type: none"> - Hill's Pet Products (1976) 	Hill's Science Diet, Hill's Prescription Diet, Hill's Science Plan
 P&G	1999	Acquisition	<ul style="list-style-type: none"> - Iams (1999) - Natura Pet Products (2011) 	Eukanuba, Iams, Evo,
 Del Monte Quality	2002	Acquisition	<ul style="list-style-type: none"> - Heinz's North America Petfood (2002) - Meow Mix Holdings (2006) - Kraft's Petfood brands (2006) - Natural Balance Petfoods (2013) 	Meow Mix, Kibbles n' Bits, 9Lives, Milk-Bone, Pup-Peroni, Pounce, Gravy Train, Jerky Treats, Canine Carry Outs, Snausages, Nature's Recipe (Cat and Dog), Meaty Bone
 unicharm	1986	Organic	<ul style="list-style-type: none"> - Hartz Mountain Corp (2012) 	Aiken Genki, Neko Genki, Gaines

The industry has also proven attractive to private equity which is attracted by its stable cash flow and strong profitability

Major global private equity investment in the Petfood sector - current or recently exited

2007-2013

Firm	Target	Year	Activity	Detail
KKR	Del-Monte	2007	- Acquisition	Acquired producer and distributor of premium branded pet and consumer food products for the USA market
KKR	Pets at Home	2010	- Acquisition	Leading UK based specialty retailer of Petfood and accessories and services
Berwind Corp.	WellPet LLC	2008	- Acquired	Sold by Catterton \$400m In 2012 unveil a \$20m dog food processing plant expansion increasing capacity to 80,000 tons pa
Pegasus Capital Advisors	Halo Purely for Pets	pre 2008	- Majority ownership	Part owned by Ellen DeGeneres 2008
Catterton Partners	M.I. Industries/ Nature's Variety	-	- Investment	Premium petfood, kibble, raw an canned, gluten free and grain free
VMG Partners	Natural Balance Petfoods	2013	- Merged with Del-Monte	Founded in 1989 by actor Dick Van Patten and company. The company, based in the Southern California makes super-premium Petfood for dogs and cats. Aim to expand Del Monte's presence in fast-growing pet specialty channel
VMG Partners	Waggin' Train	2010	- Sold to Nestle	Real-meat dog treats business
Advent International	Provimi Petfood (PPF)	2011	- Acquisition	The third largest producer of private label wet and dry Petfood in Europe, from the Provimi Group for an enterprise value of €188 million.
Motion Equity Partners	Acraplanet (Italy)	2010	- Acquisition	Purchased petfood and accessory business for €46m Retail operation with 50 pet stores
Archer Capital Growth Funds	Best Friends Pet Supercentre	2012	- Investment	Investment to support expansion plans
Quadrant Private Equity	City Farmers (AU)	2013	- Majority stake	Majority stake in petfood retailer for A\$93m. Support the expansion of the 31 large format stores nationwide

Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

Track record of innovation

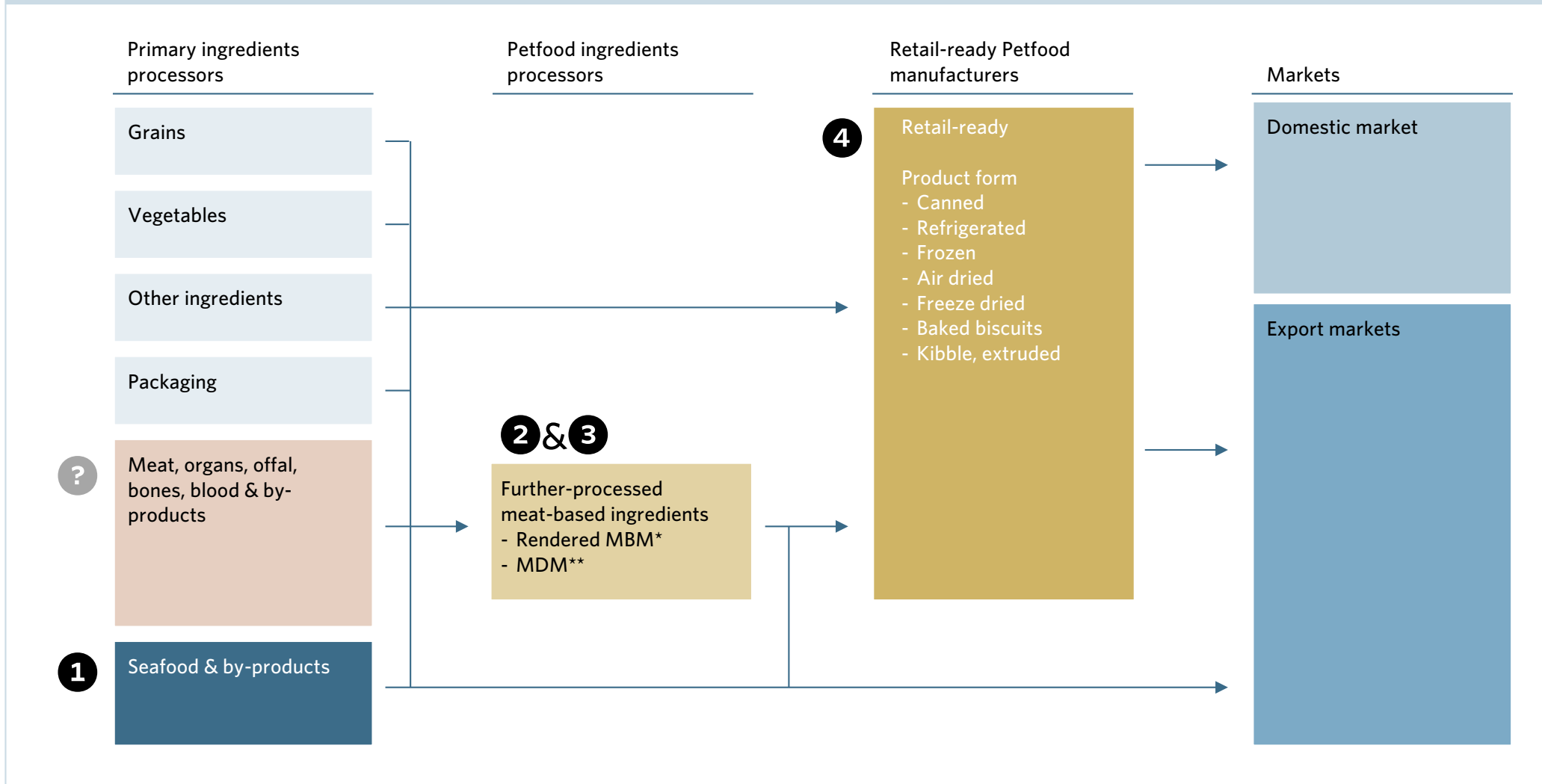
Investment opportunities

Appendix 1 - Key firm profiles

New Zealand exports four classes of petfood product; some unmeasured amount of meat and offal exports will also end up in Petfood

Simplified petfood industry supply chain

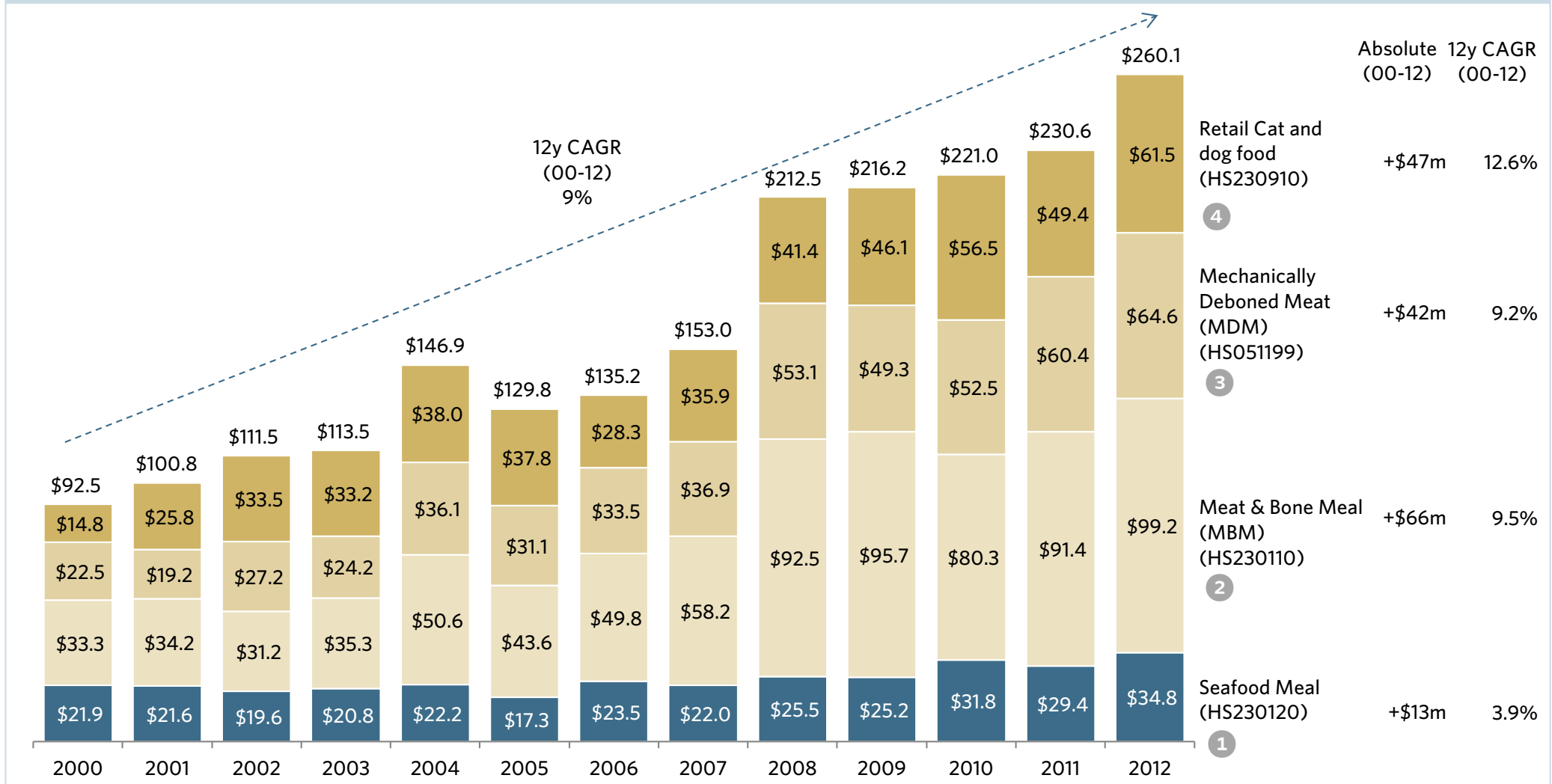
Model; 2013



*MBM - Meat and bone meal **MDM - mechanically deboned meat; Source: Coriolis

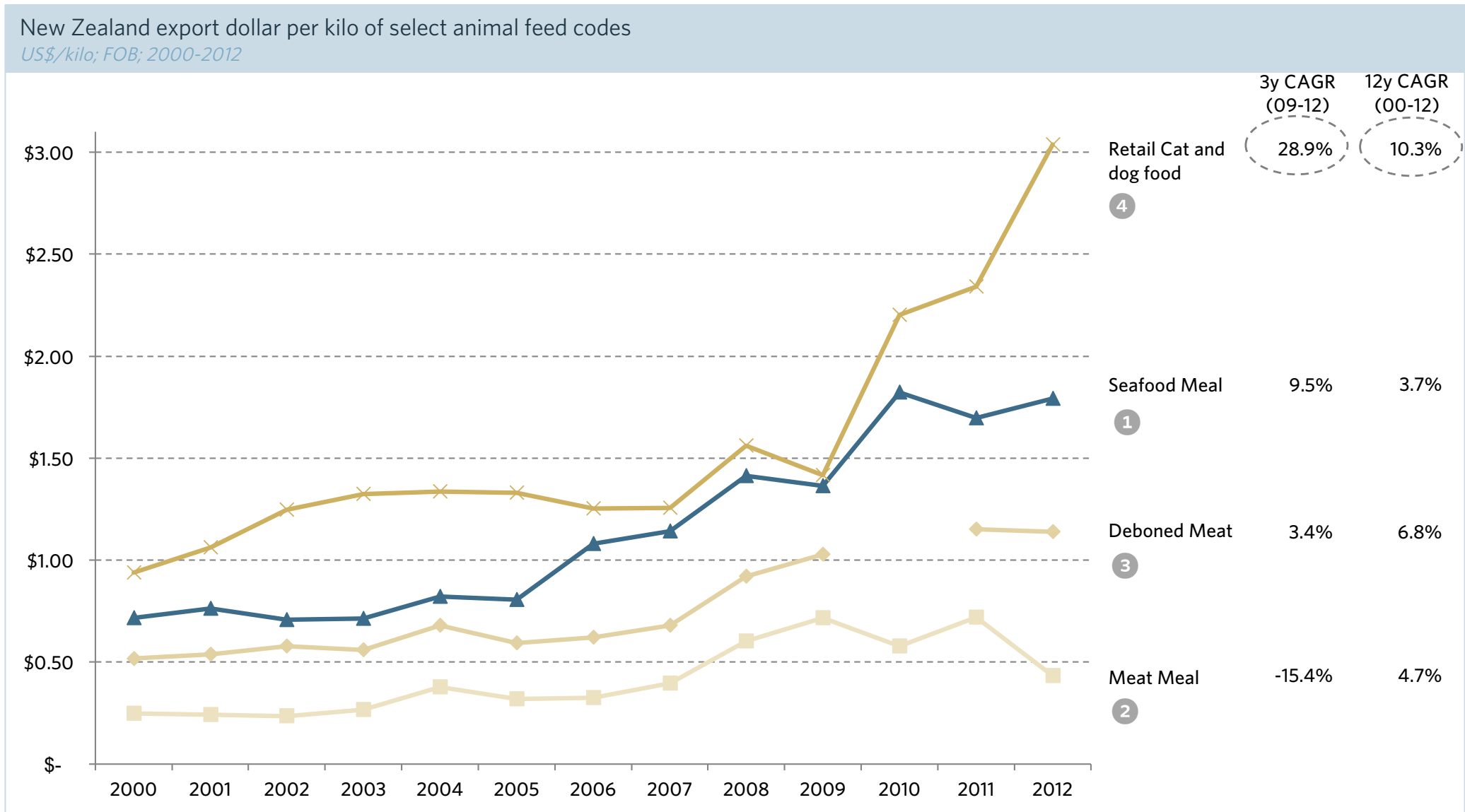
New Zealand petfood exports – both ingredients & retail ready products – are showing strong growth

New Zealand export value of select animal feed codes
US\$m; FOB; 2000-2012



Note: HS trade codes; Source: UN Comtrade database (custom job); Coriolis classifications and analysis

All classes of petfood exports showing long term value per unit (\$/kg) growth; retail has been major standout performer

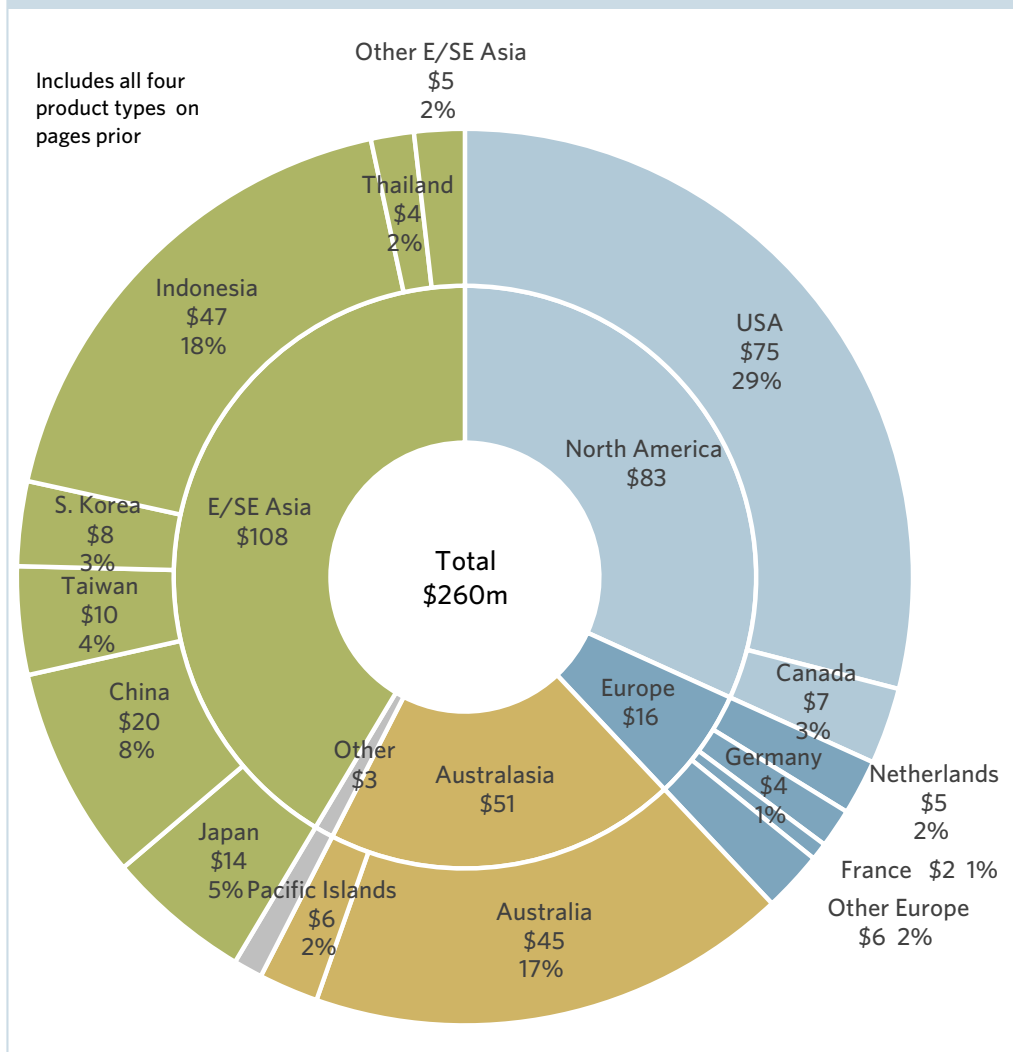


Source: UN Comtrade database (custom job); Coriolis classifications and analysis

New Zealand's total petfood exports of \$260m – both ingredients and retail-ready – went to a wide range of export destinations

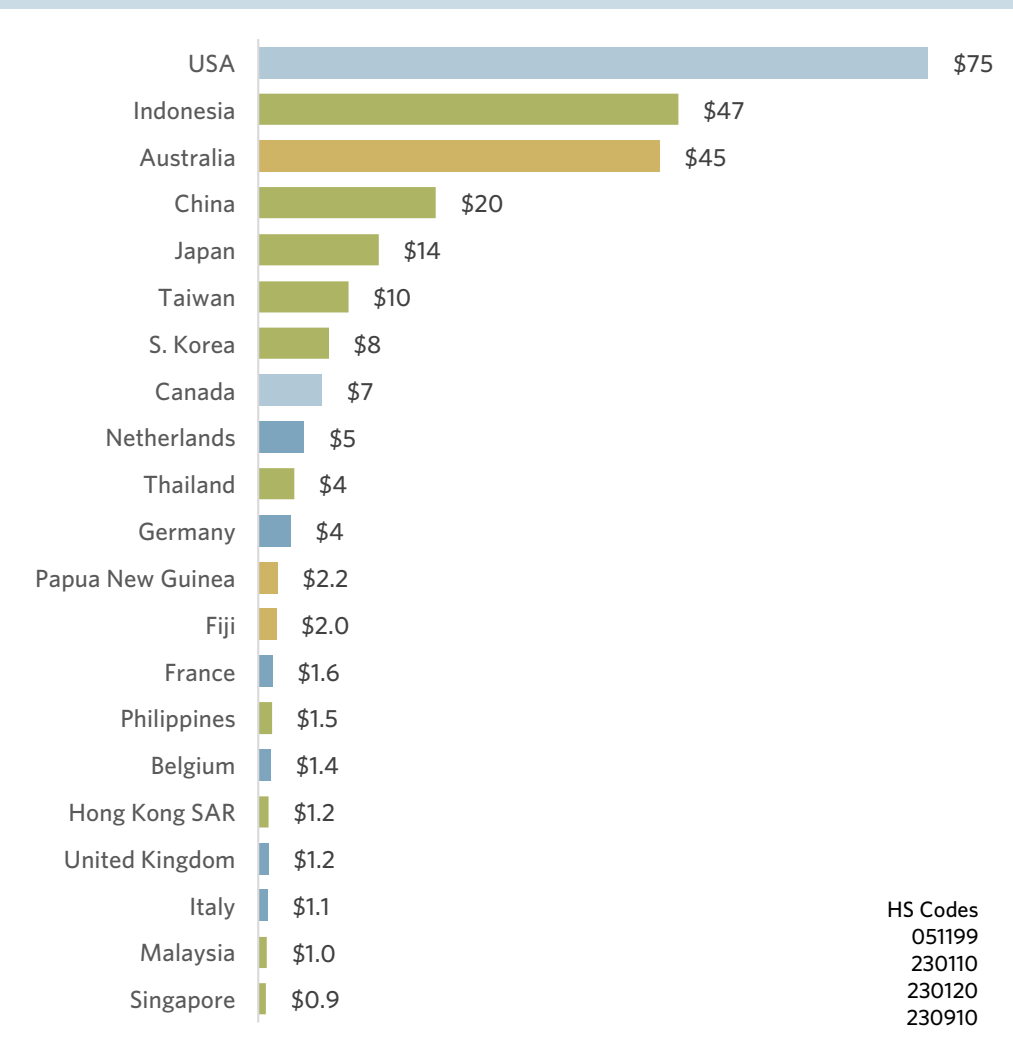
New Zealand pet/animal feed export value by destination region

US\$m; reported FOB; 2012

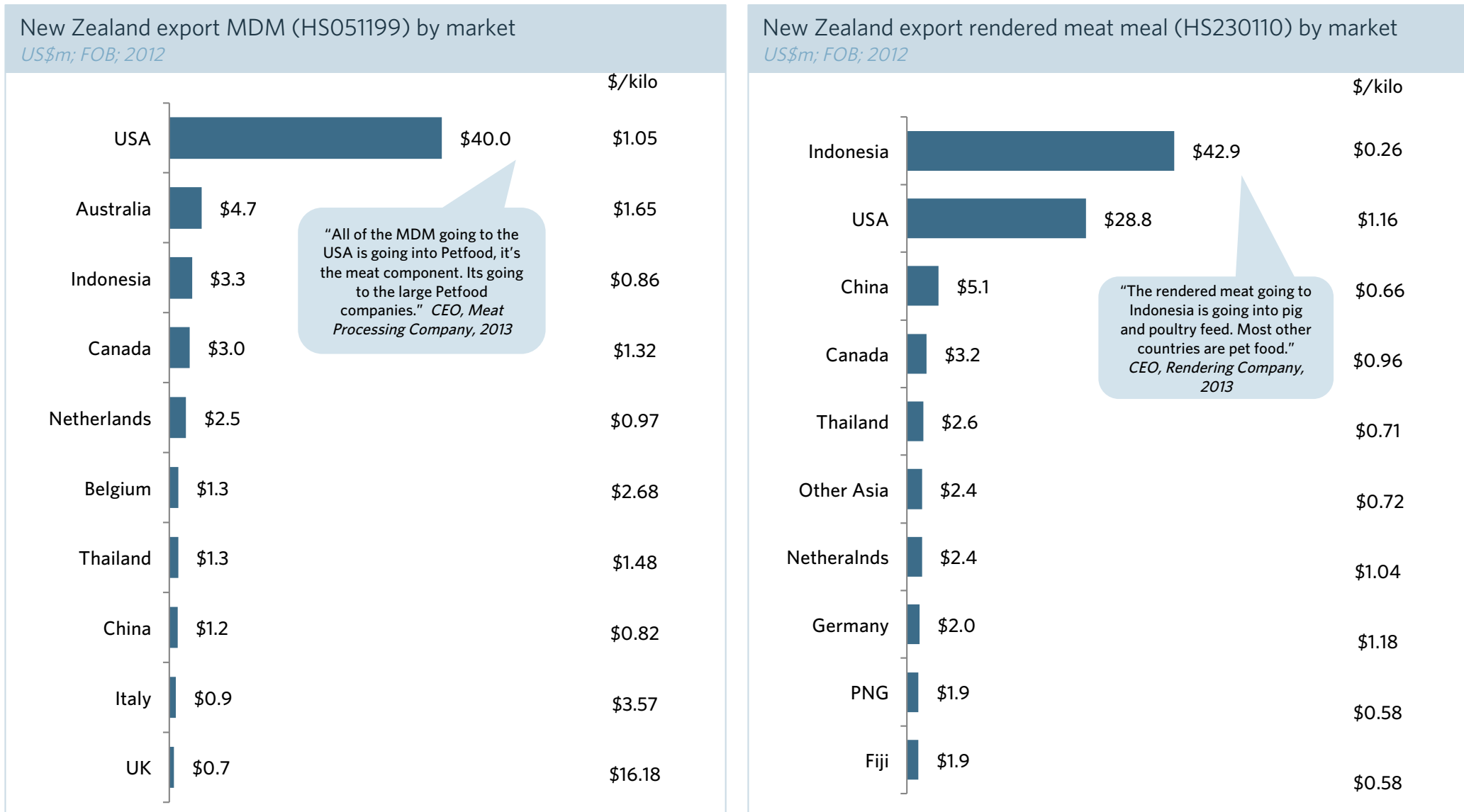


New Zealand pet/animal feed export value by country

US\$m; reported FOB; 2012



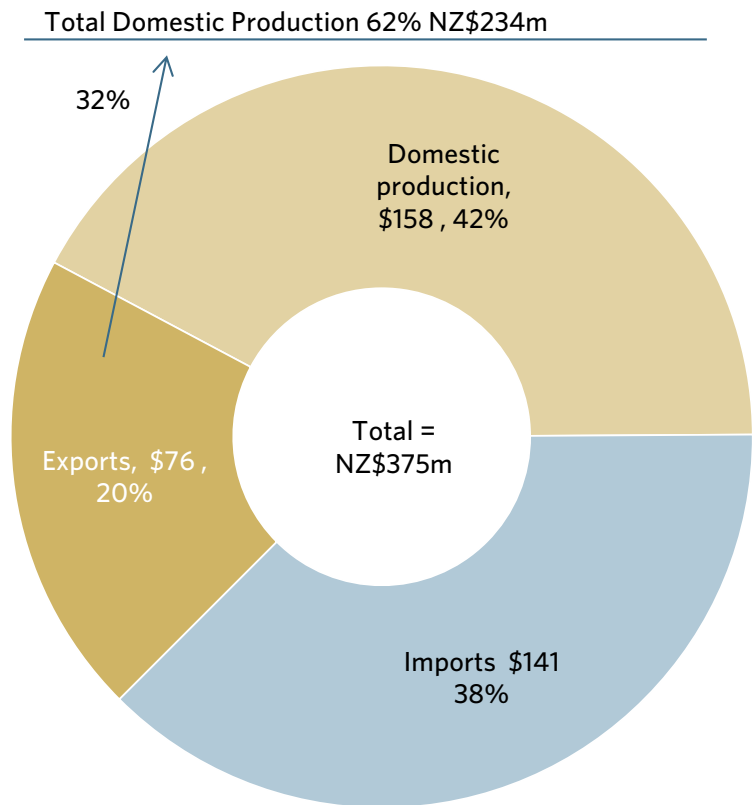
New Zealand exports petfood ingredients (including some animal feed) to a wide range of countries; destinations that are primarily for use in poultry and aquaculture feed earn a lower dollar per kilo



Total NZ retail-ready industry turnover of \$375m, of which \$234m domestically produced; 32% of domestic production is exported; domestic industry developing, but supermarkets still 80% of market

New Zealand total retail ready petfood market

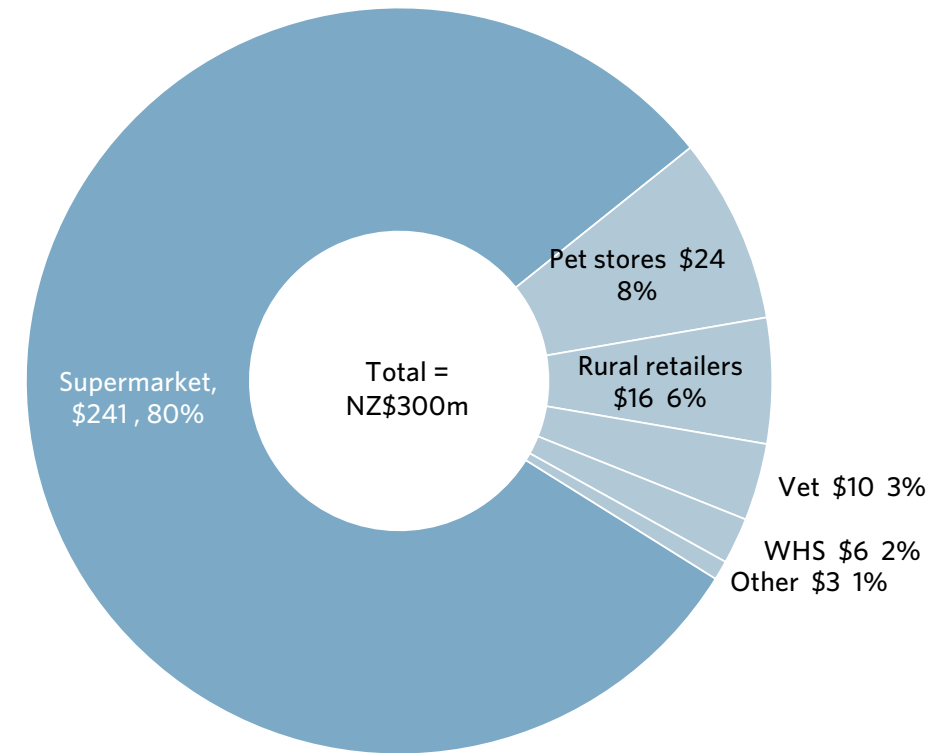
NZ\$m; export FOB; domestic and import wholesale; 2012e



Total Domestic Market
NZ\$300m

New Zealand petfood wholesale value by channel

NZ\$m; 2012e

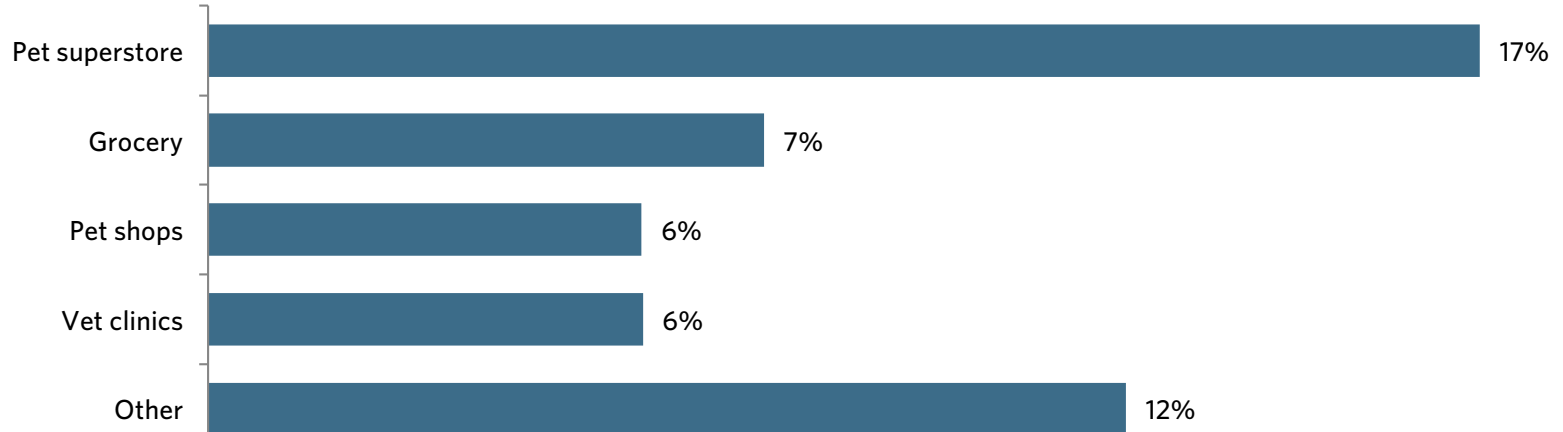


Both the New Zealand domestic petfood market and exports are showing strong growth; many in double digits

Five year New Zealand petfood market growth rates (CAGR): by domestic channel and by export market product

%; CAGR; last 5 years

Domestic by channel

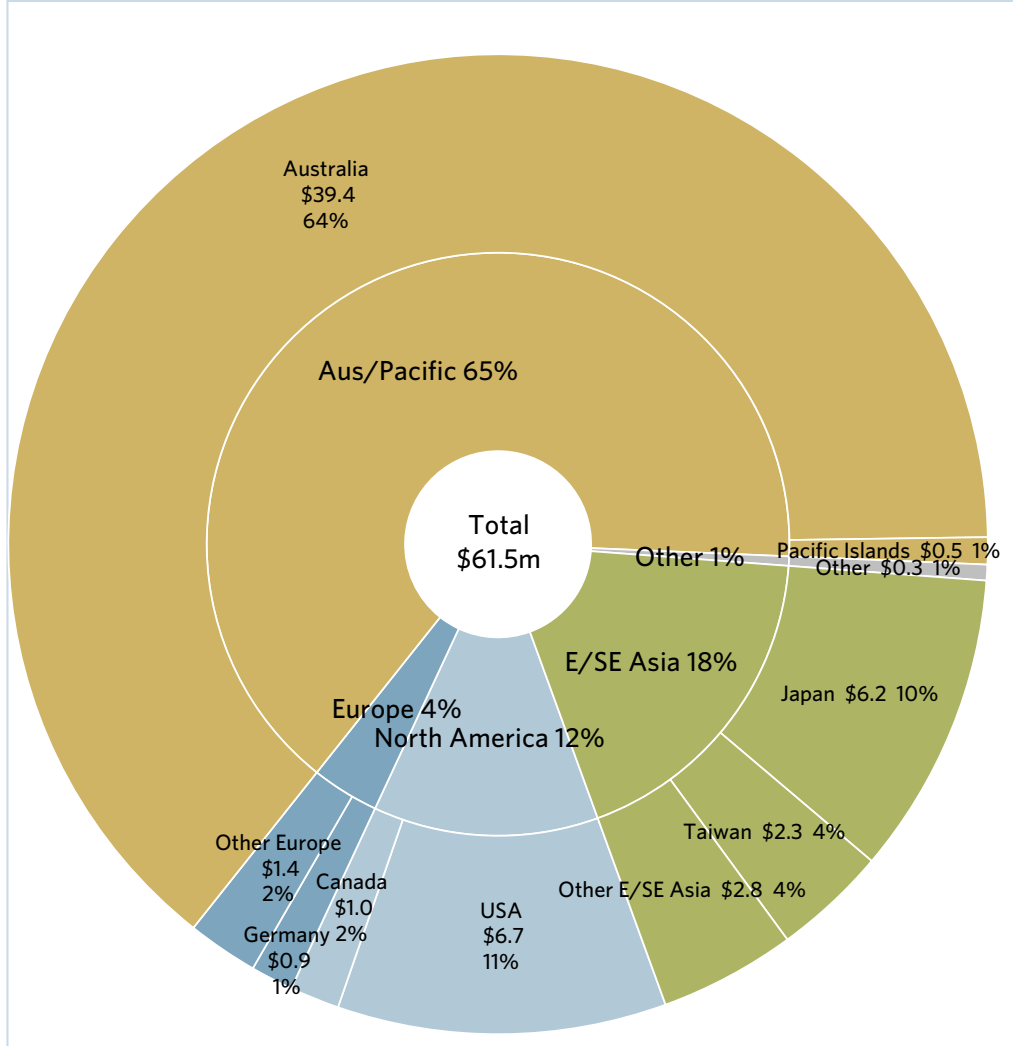


Exports by product

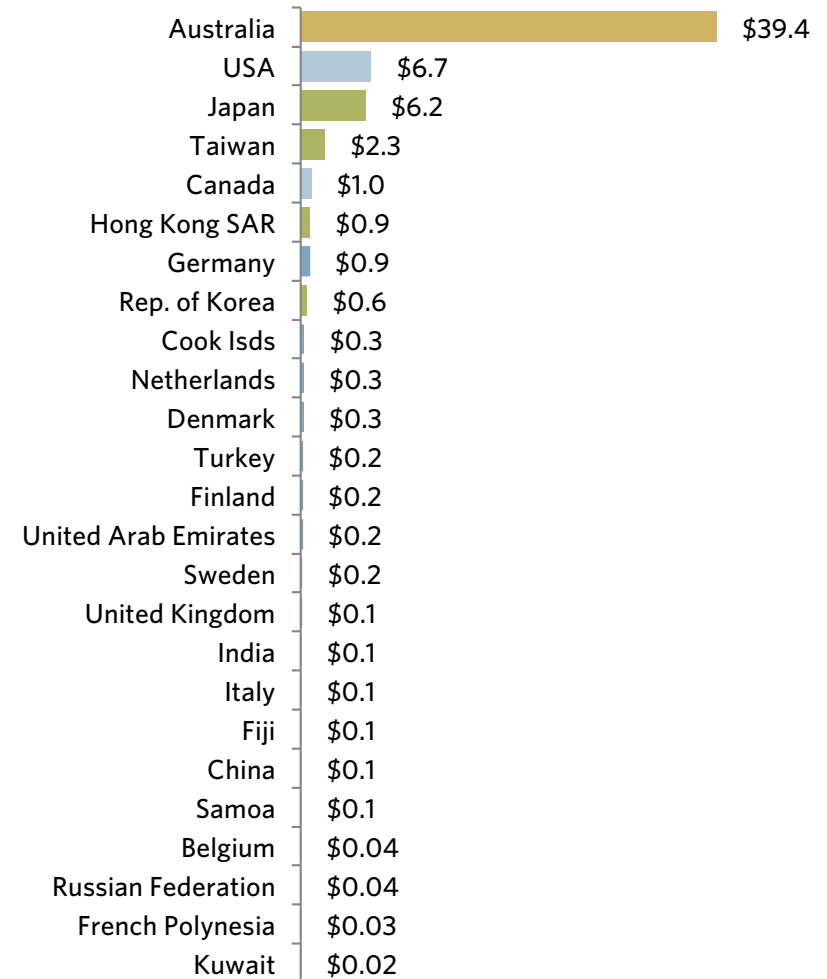


Two-thirds of New Zealand's retail cat/dog petfood exports by value go to Australia (primarily Mars); only the US and Japan also took more than US\$5m worth of product in 2012

NZ exports of retail cat & dog food (HS230910) by country/region
US\$m; FOB; 2012



Top 25 export destinations for NZ retail cat & dog food
US\$m; 2012



Note: Global imports do not match global exports (for a range of understood reasons); Some countries use 2011 data as 2012 not yet filed with UN; Source: UN Comtrade database (custom job); Coriolis analysis

New Zealand's existing export markets can be grown significantly; targeting the high growth, high value markets

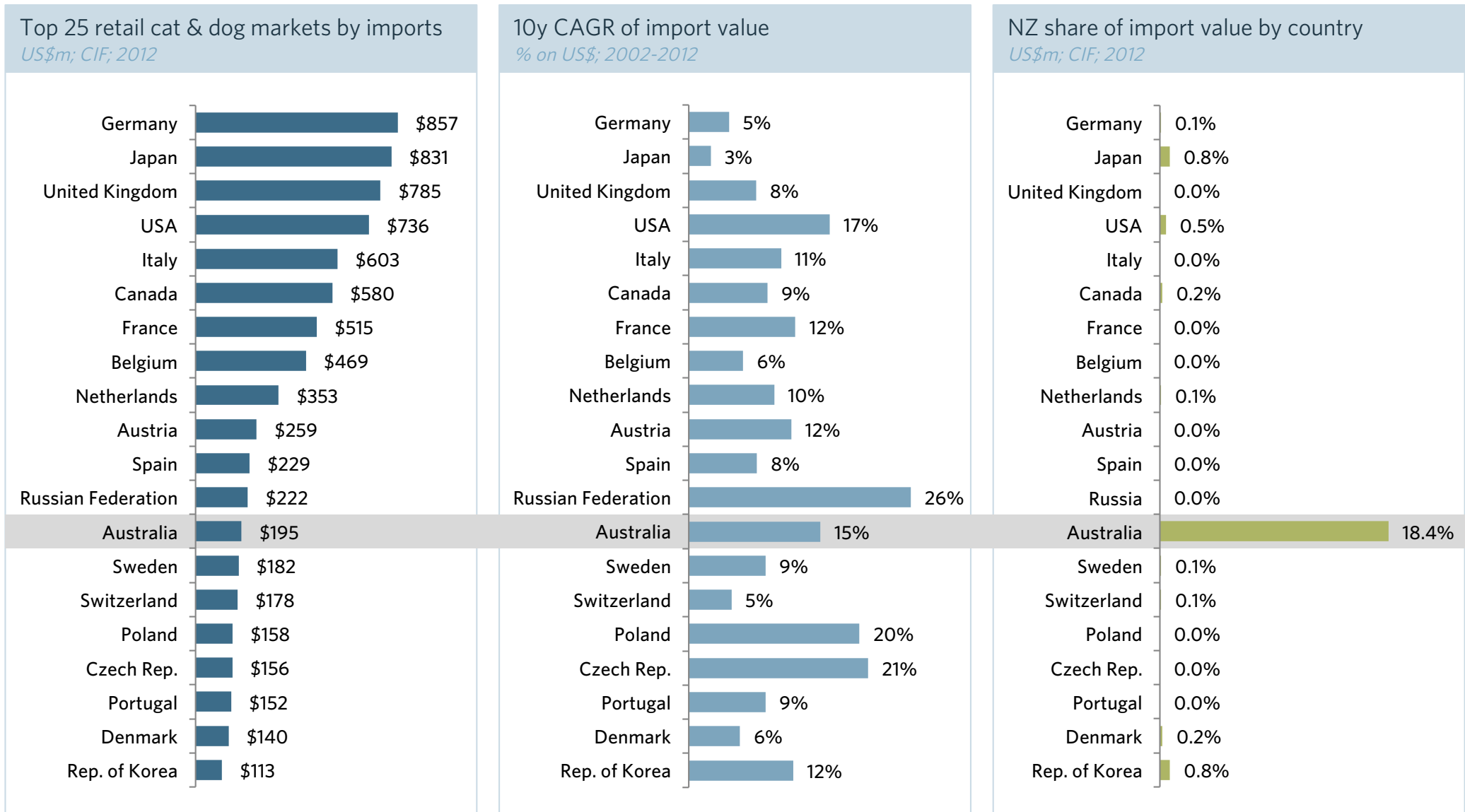
New Zealand's top destinations for retail-ready petfood (HS230910)

US\$; CIF; %; 2012

Country	Total Petfood Imports (\$m)	10yr Import CAGR (%)	Share of global imports (%)	NZ import value in receiving country (\$m)	NZ share of receiving countries import value (%)	NZ's \$/kilo by receiving country	Total \$/kilo by receiving country	Overall attractiveness
Australia	\$195	15%	2%	\$35.9	18%	\$2.92	\$2.49	5
Japan	\$831	3%	9%	\$6.4	1%	\$2.23	\$2.76	5
USA	\$736	17%	8%	\$3.7	<1%	\$4.83	\$4.01	0
Canada	\$580	9%	6%	\$1.0	<1%	\$9.04	\$2.25	0
Singapore	\$29	10%	1%	\$1.0	3%	\$3.52	\$2.85	5
HK	\$77	13%	1%	\$1.0	<1%	\$9.74	\$2.20	0
Germany	\$857	5%	9%	\$1.0	<1%	\$2.38	\$1.73	-
Korea	\$113	12%	1%	\$1.0	<1%	\$9.66	\$3.00	0
Netherlands	\$353	13%	4%	\$1.0	<1%	\$3.51	\$1.67	0
World	\$9.7b	9%	100%	\$53	<1%	\$3.04		

Note: Global imports do not match global exports (for a range of understood reasons); Some countries use 2011 data as 2012 not yet filed with UN; Source: UN Comtrade database (custom job); Coriolis analysis

While New Zealand currently has a strong presence in Australia it has a wide range of growth opportunities in other major markets



Note: Global imports do not match global exports (for a range of understood reasons); Some countries use 2011 data as 2012 not yet filed with UN; Source: UN Comtrade database (custom job); Coriolis analysis

Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

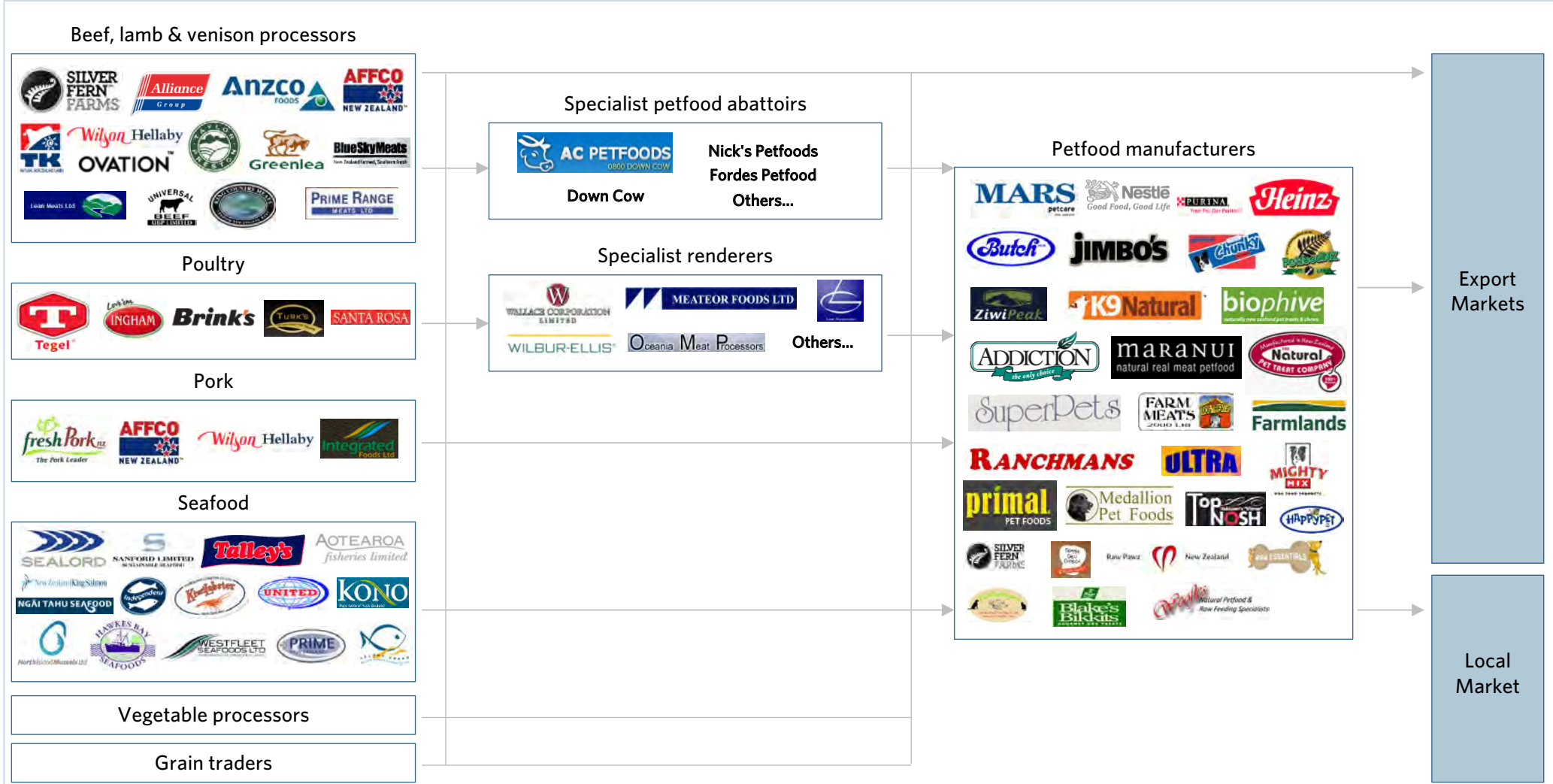
Track record of innovation

Investment opportunities

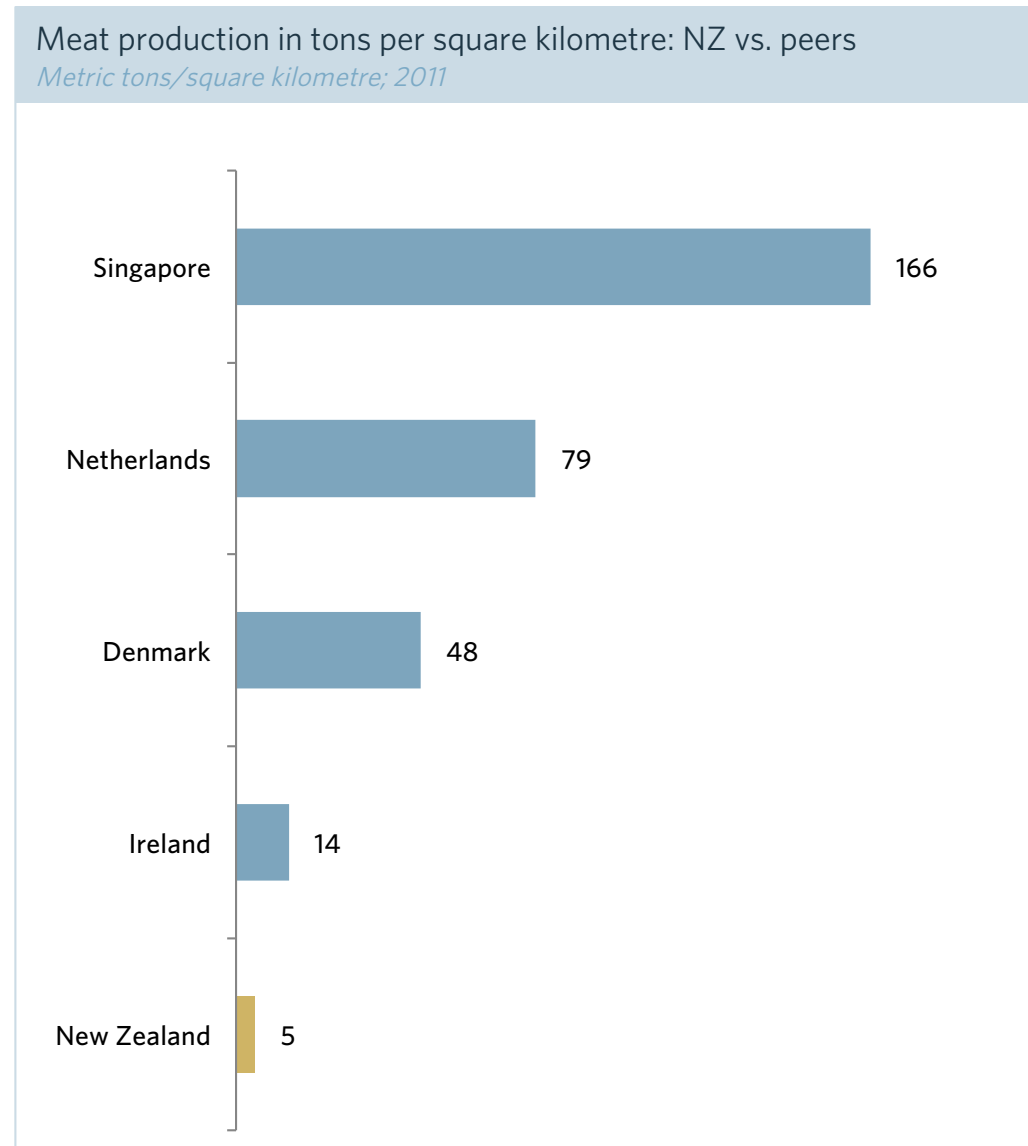
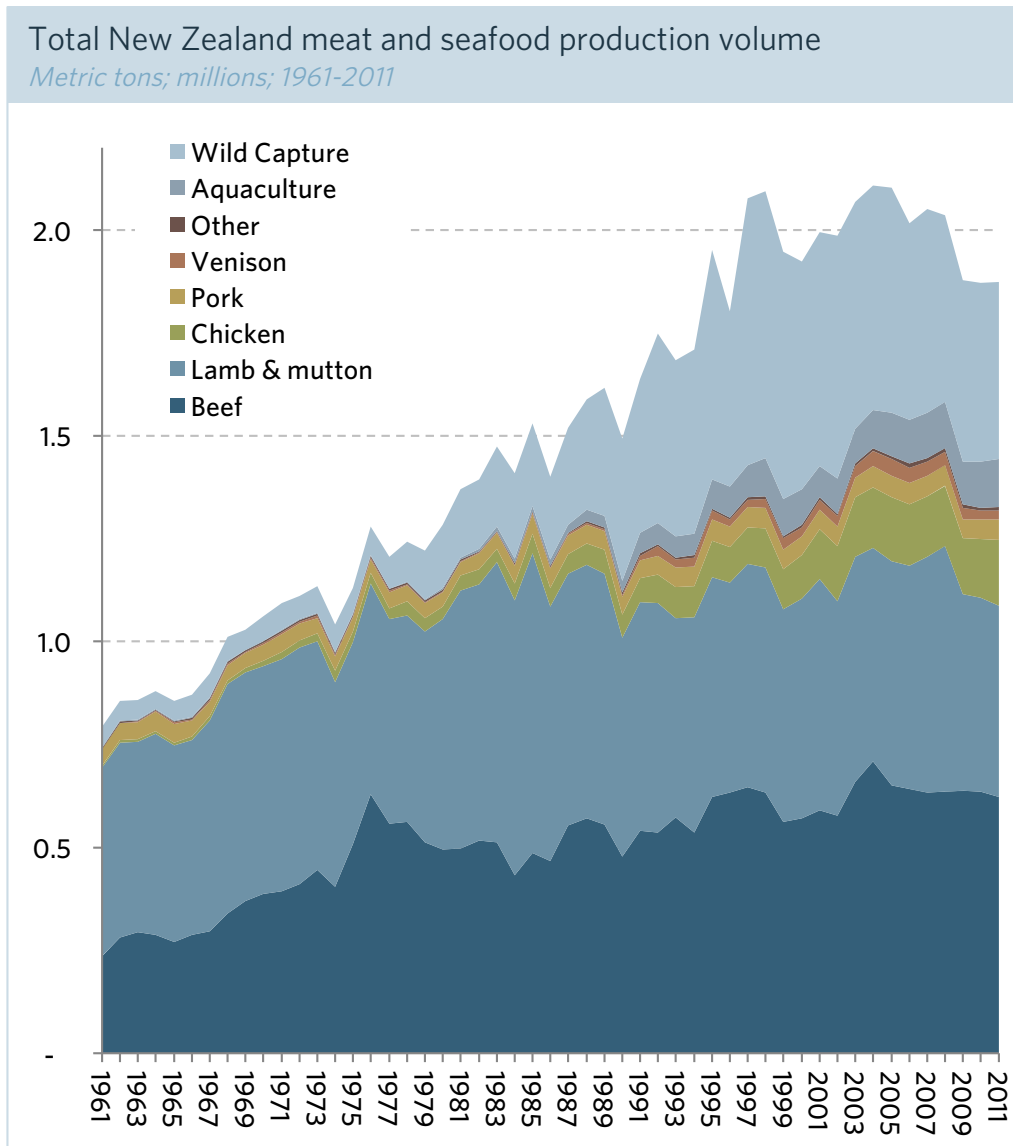
Appendix 1 - Key firm profiles

New Zealand has a modern, robust, well-developed petfood value chain

Simplified model of key players in the New Zealand petfood value chain
 Model; 2013

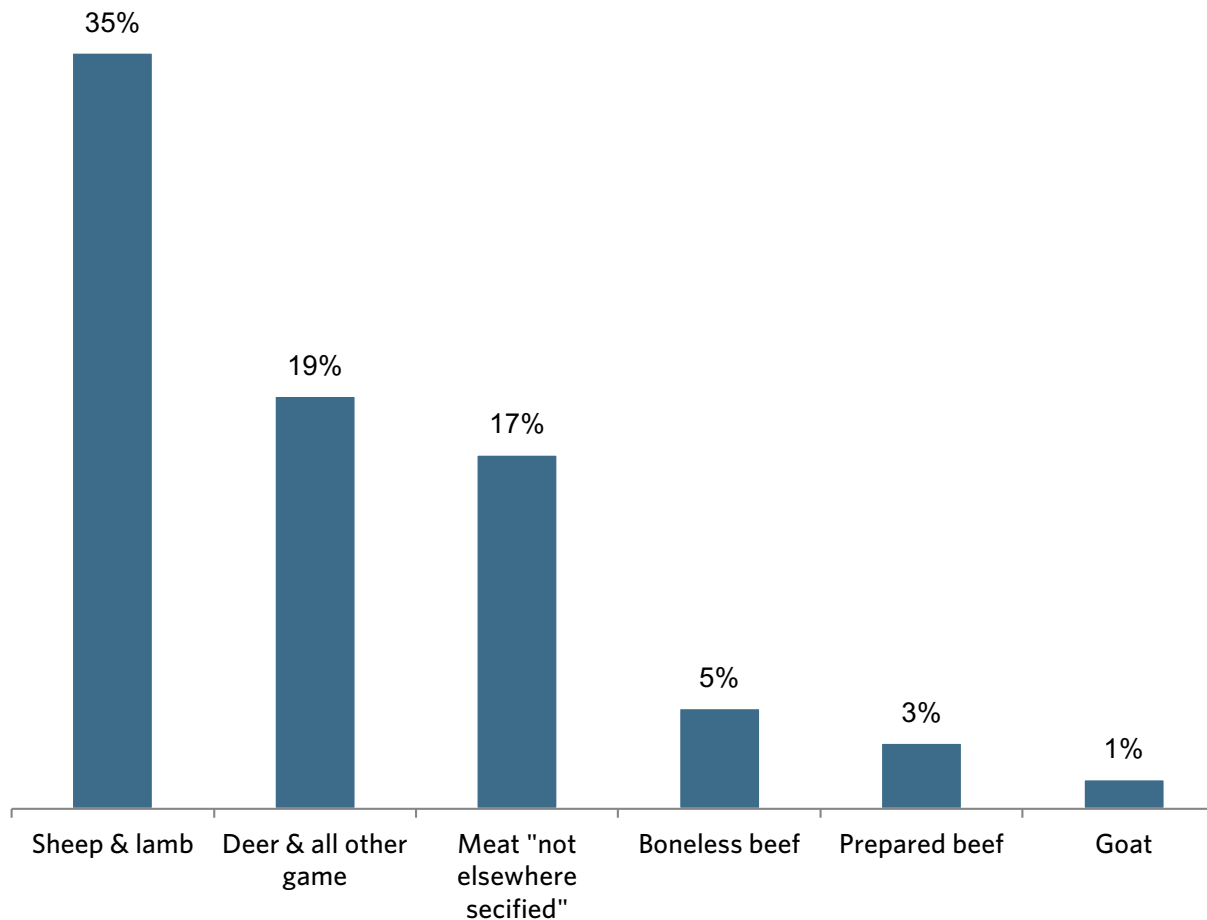


New Zealand meat & seafood production growing long term and country is not intensively farmed, indicating significant spare capacity to produce more meat



New Zealand is a major meat exporter and has significant global trade share across a number of meats

New Zealand share of global export value by meat product
% of US\$, 2011



Situation/drivers

New Zealand and Australia combined command almost two thirds of the global lamb trade

- NZ is the largest lamb exporter in the world
- NZ has a large industry with ample supply
- NZ has a wide range of processors
- If petfood suppliers are using lamb, it is coming from the Australasia region

New Zealand pioneered deer farming and is the global leader in farmed venison production

- Venison is sustainably produced
- Animals are processed similarly to beef and lamb (not wild caught by hunters)

Meat "not elsewhere specified" is a catch-all code for meats undefined when the trade codes were set up

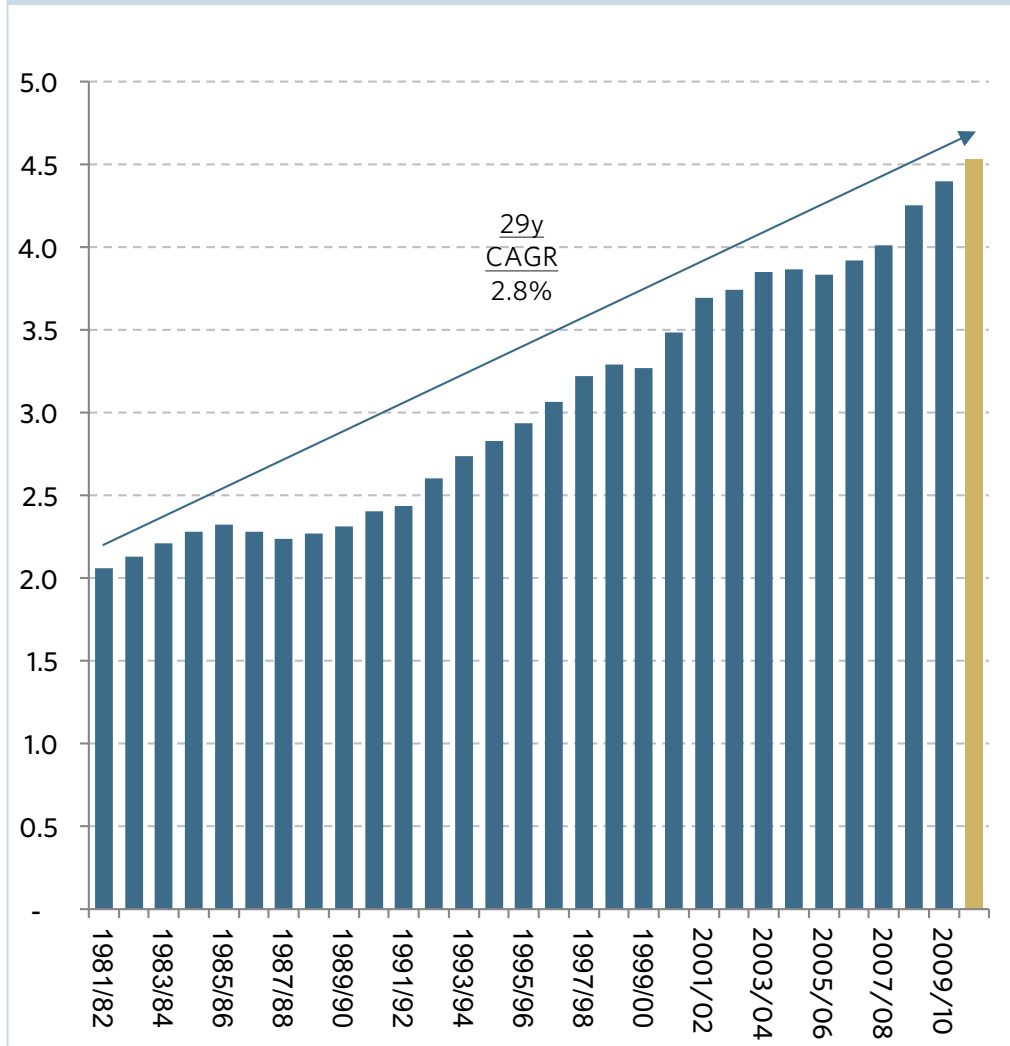
New Zealand exports under this code include possum (sometimes described on packaging as brushtail); while possum are protected in Australia, they are culled in New Zealand as an introduced pest

- NZ is effectively the only global supplier of this meat

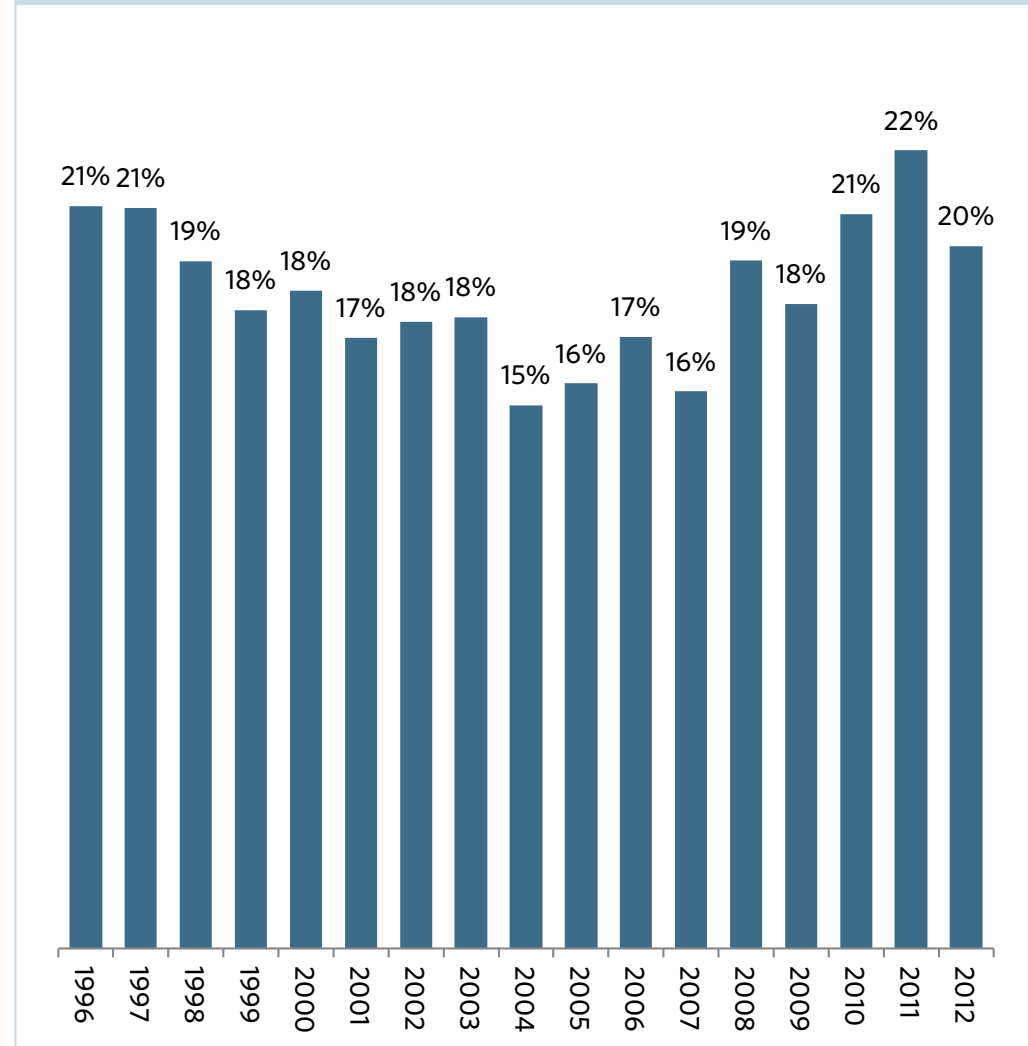
New Zealand has a large rabbit population that has the potential to enter the meat supply chain in quantity

While New Zealand has a secondary position overall in the beef trade, it is strong in “manufacturing beef,” partially as a offshoot of the growth of the New Zealand dairy industry

Number of dairy cows in New Zealand
Head; million; 81/82-10/11



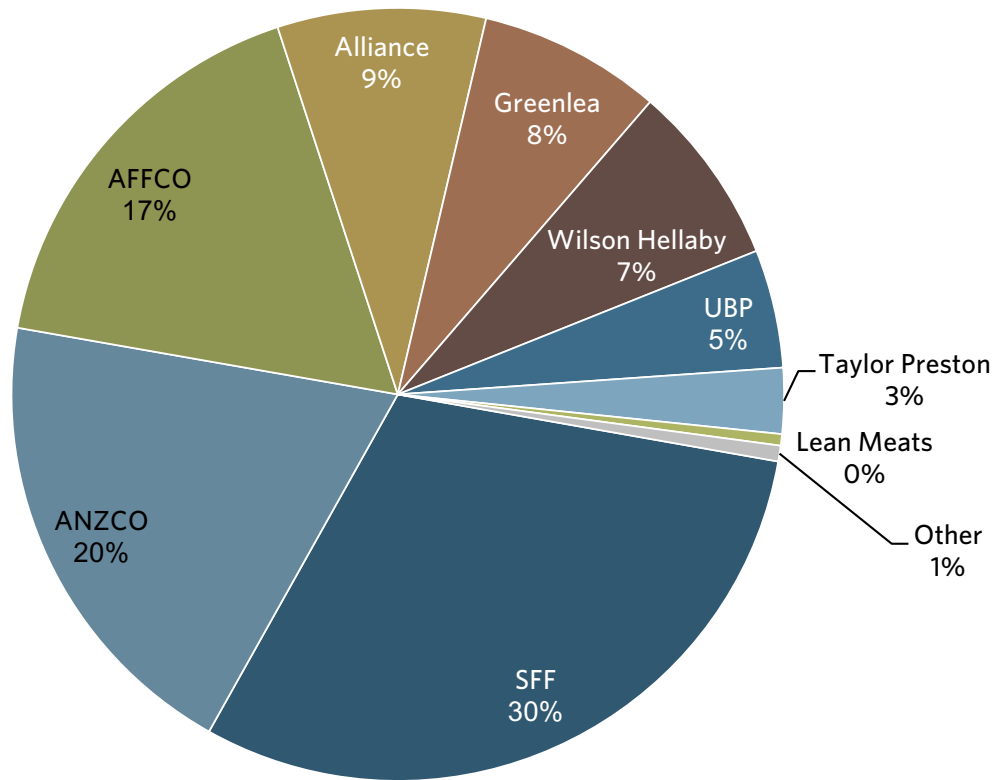
EXAMPLE: New Zealand share of US frozen boneless beef imports
% of US\$ value; 1996-2012



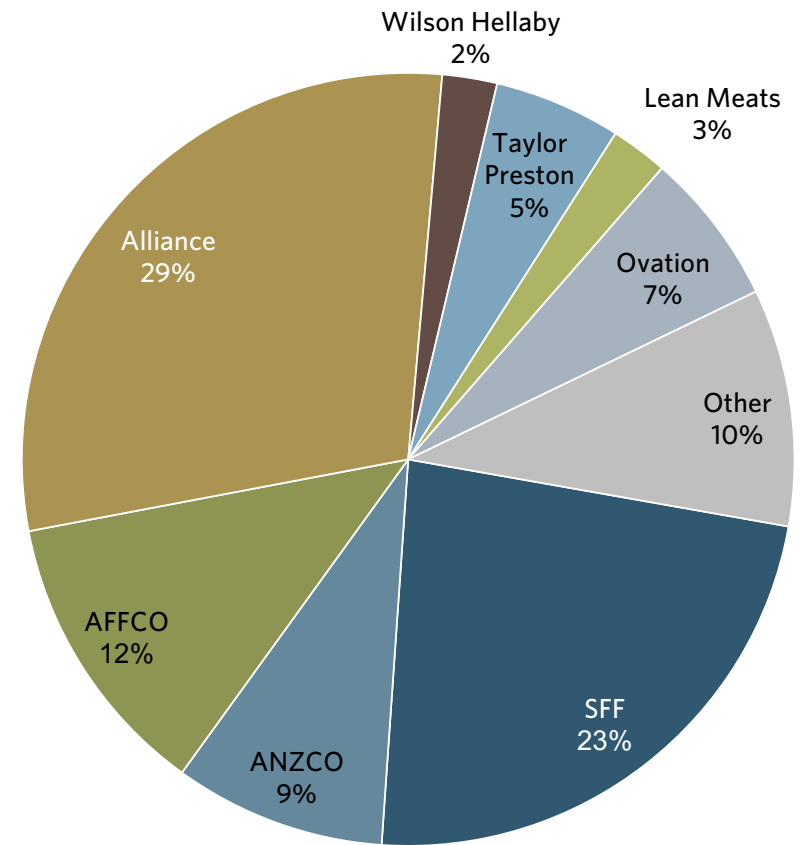
New Zealand has a robust meat industry with a wide range of firms participating; no single supplier dominates any key species

New Zealand meat slaughter and primary processing share: beef and sheep meat
% of volume; 2012 or as available

Beef & veal

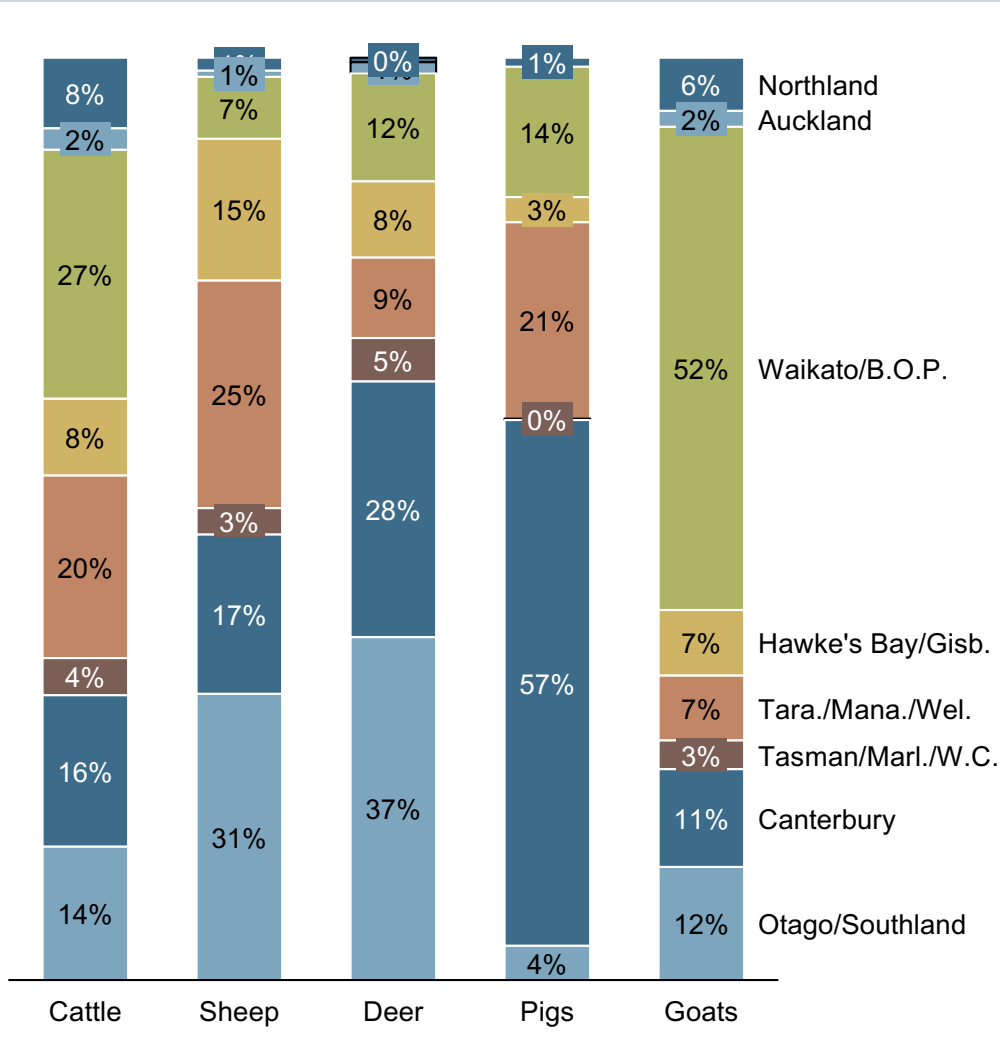


Sheep & lamb



Livestock and meat processing plants are spread across the country with no single region dominating any key species

Share of total livestock numbers by region
As of 30 June 2012



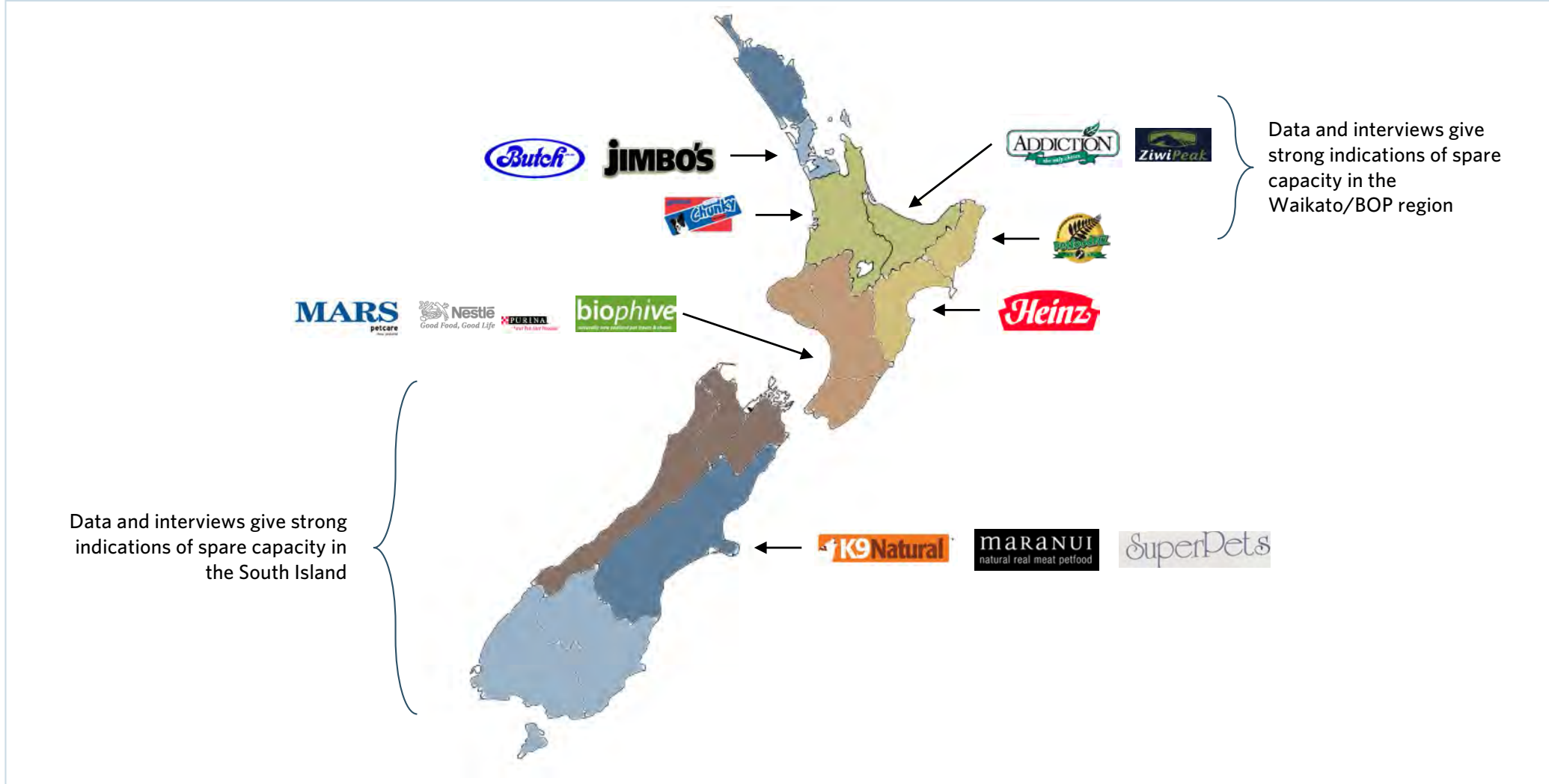
Location of all export certified beef and sheep plants in NZ
2013



Like livestock, petfood manufacturers are spread across the country; many regions appear to have “spare capacity” for more processors

Location of key retail pet food manufacturing firms in New Zealand

2014



Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

Track record of innovation

Investment opportunities

Appendix 1 - Key firm profiles

There are strong drivers in place for the further growth of the New Zealand petfood industry

Conclusions on the future growth potential for the New Zealand petfood industry based on supporting drivers

Model; 2013

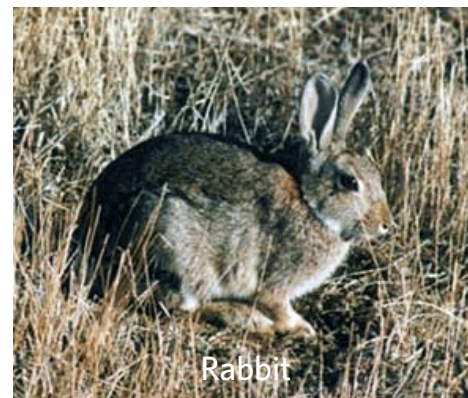
Conclusions	Supporting drivers
Petfood manufacturers leverage New Zealand's position as a low cost producer of protein	<ul style="list-style-type: none"> - Primarily low cost pastoral farming systems (lamb, beef, venison, pork) - 80%+ of meat production is exported; local price is freely traded world price less shipping - New Zealand exports meat to the US market, itself the world's largest meat exporter
Petfood manufacturers leverage New Zealand's reputation for safe, secure, disease-free meat	<ul style="list-style-type: none"> - New Zealand has a well-regarded, world-class food safety system - New Zealand is an island in the middle of the South Pacific ocean out of the path of migratory birds - New Zealand has strong biosecurity laws and systems in place to keep out introduced pests and diseases - New Zealand is free of many of the key global livestock diseases (e.g. foot-and-mouth, BSE, bird flu)
Petfood manufacturers can choose from a wide range of suppliers	<ul style="list-style-type: none"> - New Zealand has a robust meat industry - Meat production is widely distributed across the country; no single region or species dominates - New Zealand has 66 export grade meat plants spread across the country
There is ample available supply of raw materials for further industry growth	<ul style="list-style-type: none"> - New Zealand is not intensively farmed indicating capacity for further production growth - Production of key meat species is growing medium term, other than lamb which is flat - New Zealand exports 3x as much petfood ingredients by value than retail petfood indicating available supply
New Zealand petfood manufacturers have demonstrated an ability to innovate	<ul style="list-style-type: none"> - Leading petfood firms are strongly leveraging New Zealand unique ingredients to differentiate their products against the competition - New Zealand firms are innovating with product states, including freeze dried, cooked rolls and air-dried products - New Zealand firms are innovating around functional ingredients, unique to New Zealand - New Zealand firms are well positioned in and pushing the "Prey Diet", the replicating a wild animals natural diet - New Zealand companies are producing products that are firmly "on trend"

New Zealand has an excellent range of meats available to Petfood manufacturers – some are unique to New Zealand

Major exporter

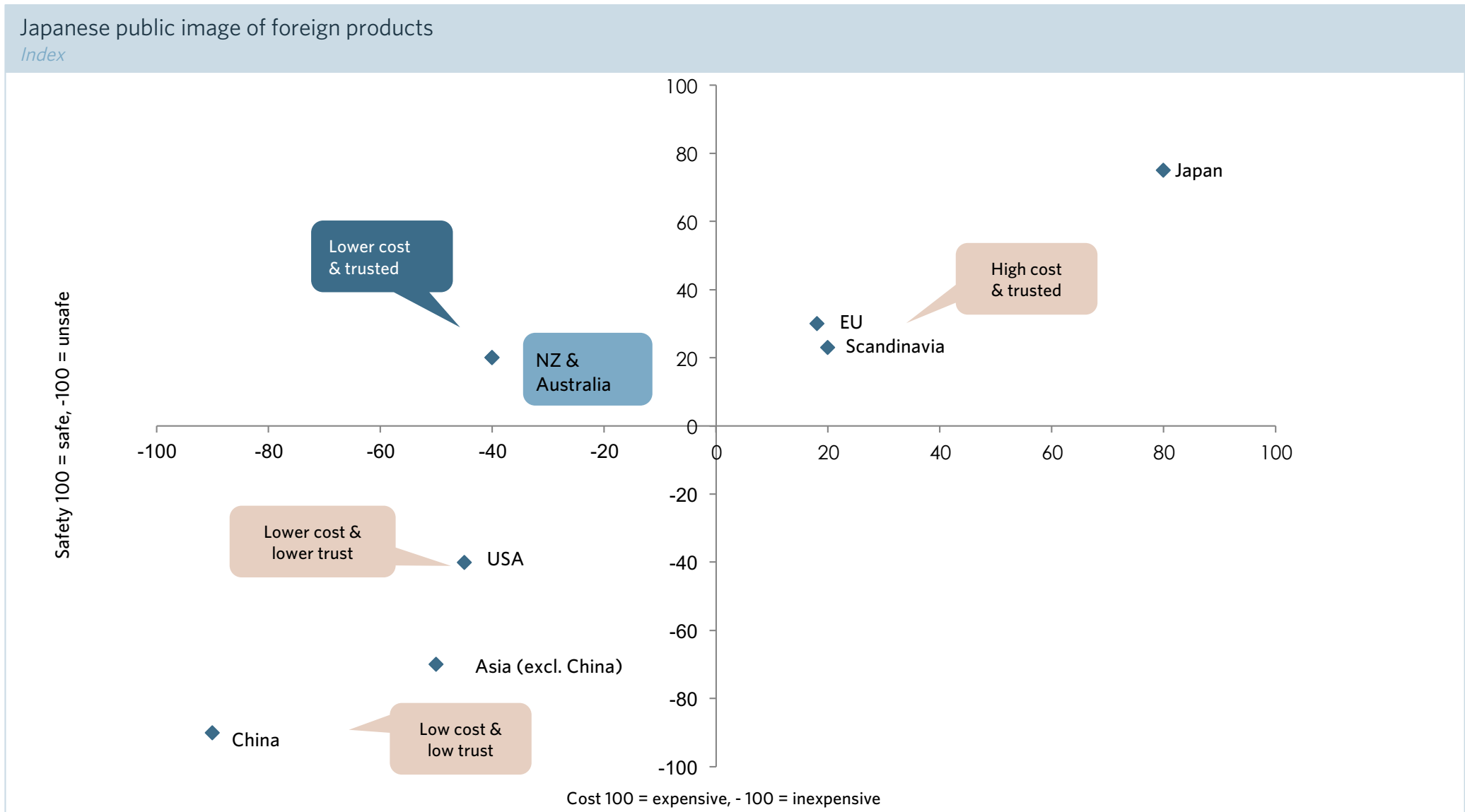


Domestic production



Unique to New Zealand

New Zealand is a trusted supplier of food, particularly in Asia, as this example from Japan shows



New Zealand is a well known and trusted source of ingredients, in particular lamb; “New Zealand” is often stated front of pack

Ingredients exported from New Zealand, manufactured offshore



Manufactured in, and exported from, New Zealand



New Zealand has particular strength across a number of attractive market niches

Particular niches where New Zealand has strength/opportunity

Model; 2013

Category/segment	Core NZ strength Driver of NZ success	Consumer angle/marketing pitch	Opportunities
Lamb	Major lamb producer Largest lamb exporter in the world Strong food safety systems Excellent product quality	Exotic meat in most markets Consumer visualises their dog "chasing a lamb"	Further leverage this exotic ingredient
Farmed deer/venison	NZ pioneered deed farming Largest global producer	Exotic meat in most markets Consumer visualises their dog "chasing a deer" Perception as a "wild" or "natural prey"	Further leverage this exotic ingredient Leverage sustainable production angle
Possum "Brushtail"	Effectively the only global source of the product Animal is introduced pest	Highly exotic meat in all markets Appeals to consumer as "natural prey" Can be positioned as sustainable pest control	Create clear point-of-difference vis-à-vis competitors Pitch as helping protect native NZ forests
Rabbit	Animal is an introduced pest	Appeals to consumer as "natural prey" Can be positioned as sustainable pest control	Pitch as helping protect native NZ plants
Roll or chub packaging	Strong in meat; weaker in grains Pioneered in New Zealand	"Fresher", more natural, more healthy	Continue to lead segment growth and innovation Drive growth in the US market
Freeze-dried	Strong in meat; weaker in grains Pioneered in New Zealand	More efficient (less weight) More health (high meat content)	Continue to lead segment growth and innovation
"Prey diet"	Strong in meat; weaker in grains Pioneered in New Zealand	More healthy More natural for the animal	Embrace emergence of this new positioning

In particular there is widespread recognition of New Zealand's strength in lamb ingredients

Quotes from interviewees supporting New Zealand strength in lamb 2013

"New Zealand lamb is highly sought after as it's BSE free, we have no foot and mouth disease and we have a good food safety record. This is really important to the large companies." CEO, multinational, MDM supplier

"New Zealand's specialty is ovine (lamb). Cats and dogs like variety and New Zealand is a good high quality supplier of lamb. We are disease free and have high volumes. Our lamb gets a premium. We have an excess we need to export." MD, major renderer

"Brand NZ is very strong in petfood, especially with lamb and venison." Manager, medium sized export company

"We use 'NZ lamb' on the label because we are perceived to be very near the top of the quality tree. We are leading the way in super-premium." CEO, New Zealand medium sized company

Examples of global leaders products containing NZ lamb 2013

Nestle



P&G



New Zealand petfood manufacturers use a wide range of ingredients, most of them sourced locally

Ingredients being sourced wholly or partially from New Zealand by key petfood manufacturers
2013

Firm	Lamb	Beef	Deer	Chicken	Seafood	Fats & by-products	Vegetables	Grains	Other
Mars	✓	✓	✓	✓	✓	✓	✓		
Nestle	✓	✓	✓	✓	✓	✓	✓	✓	Flax seeds Whey protein Cheese
Heinz	✓	✓	✓	✓	✓	✓	✓	✓	
Butch	✓	✓	✓	✓		✓	✓		Garlic
Bombay/ Jimbo's	✓	✓	✓	✓		✓			Horse
Fond Foods/Chunky	✓	✓	✓	✓		✓	✓	✓	Garlic Possum
Ziwipeak	✓	✓	✓		✓	✓			Dried kelp Parsley Omega-3
Natural Food/ K9 Natural	✓	✓	✓	✓		✓	✓		Fruit Eggs Garlic
PetfoodNZ	✓	✓	✓	✓	✓	✓	✓	✓	Fruit
Biophive	✓	✓	✓			✓			
Natural Pet Treat Co/Zeal	✓	✓	✓	✓	✓	✓	✓		Greenlipped mussel Omega 3&6 milk

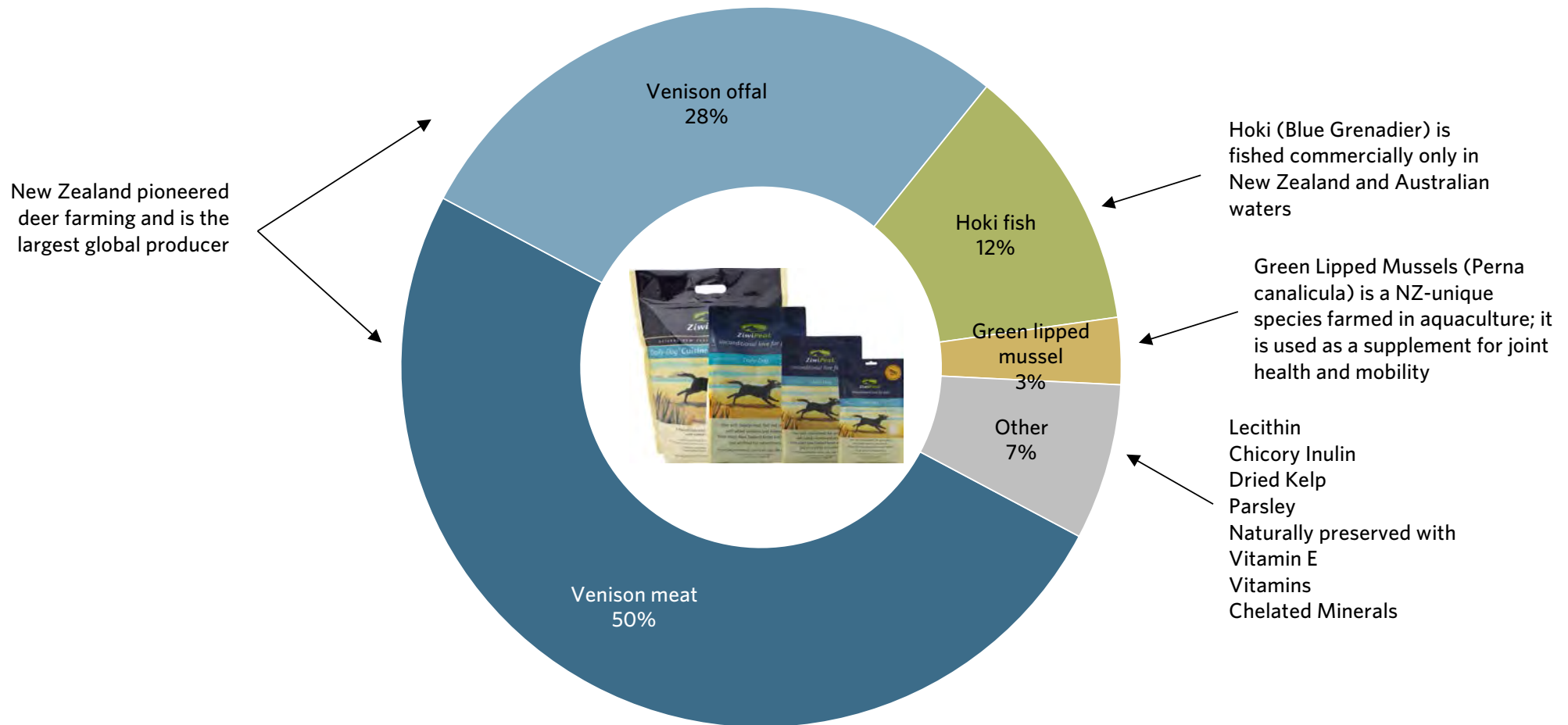
May not be NZ manufactured or sourced

- Vitamins & minerals
- Vegetable oils
- Natural flavours
- Some colours
- Some grains & cereals (e.g. rice)
- Gelling agents & emulsifiers
- Dextrose
- Taurine
- Methionine
- Soy

Source: interviews; various company websites; various product ingredient lists; Coriolis analysis

Leading petfood firms are strongly leveraging New Zealand unique ingredients to differentiate their products against the competition

EXAMPLE: ZiwiPeak Venison & Fish air-dried dog food
2013



As a result of its strength in meat, but limited position in grains, the New Zealand pet food industry has a strong focus on wet products for export

EXAMPLE: Mars/Whiskas pouch range produced in Wanganui, New Zealand currently being sold in Coles Australia



EXAMPLE: Sample ingredients



Ingredients:

Core NZ strength

- Sheep and/or Chicken
- Beef
- Gelling Agents
- Vitamins and Minerals
- Colouring Agents
- Vegetable Oil
- Flavours
- Plant Extracts
- Taurine

Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

Track record of innovation

Investment opportunities

Appendix 1 - Key firm profiles

New Zealand companies are innovating with product states, including freeze dried, cooked rolls and air-dried products

EXAMPLES: Innovative New Zealand products leveraging new product forms, temperature states and meal occasion

As of 2013

K9 Freeze dried cat and dog food



“A natural, raw diet provides your dog with nutrition it needs to thrive, the way nature intended.”

“When we first went to the US we were the first freeze dried company on the shelves. You see more now.”

“Freeze drying preserves the product in its natural state; it also makes the product light.”

Butch dog roll



A lightly cooked and wrapped meat based product with over 75% meat; no sugar, no wheat, no gluten, no yeast, no artificial flavours

“Globally customers aren't used to meat rolls this product is new for them.”

Zeal air-dried treats













“Absolutely no 'nasties' – no vaccines, hormones, steroids, antibiotics, colouring, flavouring, and are also non-HTP. We have a range of real dried Veal, Sheep and Venison meat and bone treats”

“We have a range of 18 real dried Veal, Sheep and Venison meat and bone treats to choose from.”

New Zealand companies are innovating around functional ingredients, unique to New Zealand

EXAMPLES: Innovative New Zealand unique ingredients added to petfood
As of 2013

Ingredient	Health Benefits	Product	Example food
Green-lipped mussel	<ul style="list-style-type: none"> - Pain relief - Hip and Joint Health - Movement and Mobility - Anti inflammatory 	Glucosamine Liprinol Mucopolysaccharides Betain omega-3 fatty acids	  
Deer antler/velvet	<ul style="list-style-type: none"> - Promote growth and immune system development - Cardiovascular and nervous system health 	Chondroitin Sulphate Glucosamine Collagen Amino acids	 
King Salmon	<ul style="list-style-type: none"> - Brain function - Shiny coat - Control of inflammation in the digestive tract - Support for joint cartilage 	Omega 3 & 6 & oils Protein Amino acids Bioactive peptides	 
Manuka honey	<ul style="list-style-type: none"> - Dental care - Gut health - Skin care 	Antibacterial Antiviral	
Flax seed oil/flake	<ul style="list-style-type: none"> - Omega 3 	Immune, circulatory and structural systems	 

New Zealand companies are well positioned in and pushing the “Prey Diet”, the replicating a wild animals natural diet

EXAMPLES: Innovative New Zealand products replicating wild prey

As of 2013



“animals diet should replicate an animal with bone, offal and meat”



K9 Sausages
minced chicken frame, heart, kidney, liver, green tripe and tuckathyme.



Possum Patties
Possum, heart, kidney, liver, ground bone.

Power Patties are made with minced chicken frame, green tripe, heart, kidney and liver.



“natural goodness of fresh whole foods, blended into a convenient feed product.”



Lamb Feast
Lamb meat, lamb bone, lamb blood, lamb green tripe, lamb liver, broccoli, cauliflower, carrot, spinach (chard), cabbage, apple, pear, lamb hearts, lamb kidneys, eggs, green lipped mussel and garlic.



Venison Feast
Venison meat, venison blood, venison bone, venison green tripe, venison liver, broccoli, cauliflower, carrot, spinach (chard), cabbage, apples, pears, venison hearts, venison kidneys, eggs, green lipped mussel



“designed to mirror wild prey”



Moist Lamb - cat food
Lamb - Meat, Liver, Tripe, Heart, Kidney, Green-Lipped Mussel, Vitamins, Minerals, Taurine, DL-Methionine.



Air dried Venison cuisine
Venison - Meat (includes up to 3% finely ground bone) Venison - Liver, Lung, Tripe, Heart and Kidney, New Zealand Green-Lipped Mussel, Lecithin, Chicory Inulin, Dried Kelp, Parsley, Naturally preserved with mixed tocopherols (Vitamin E), Vitamins, minerals

New Zealand companies are producing products that are firmly “on trend”

EXAMPLES: Innovative New Zealand products that are inline with identified global petfood industry trends

As of 2013

Trend	Description	Example Producer	Example Product
Natural and Organic	<ul style="list-style-type: none"> - No preservatives, added colours, flavours - Free from hormones, antibiotics - Free range cows, sheep, deer 	Zeal Jimbos Butch	
Humanised Food	<ul style="list-style-type: none"> - Reflecting products available for human consumption 	Zeal (pet milk) Addiction (Homestyle venison and cranberry dinner)	
Raw Food / Dried / Dehydrated	<ul style="list-style-type: none"> - 100% Natural ingredients - Fast re-dehydration times more convenient 	Addiction (dehydrated) ZiwiPeak (dried) K9 (freeze dried) Biophive (air dried)	
Gluten free (grain free)	<ul style="list-style-type: none"> - Move away from allergen inducing grains 	Ultra Zeal Grainfree Superpets	
Convenience Packaging	<ul style="list-style-type: none"> - Convenient and easy opening food, single serve pouches and cans or resealable containers 	Maranui free flow frozen patties + resealable fresh meat Jimbos free flow patties Mars pouches (x12)	
Weight management	<ul style="list-style-type: none"> - Use of lean meats such as venison, turkey 	Addiction (weight management)	

New Zealand has world-class food and beverage research and development capabilities, including a long history of meat-specific research, spread across a wide range of universities and research institutes

Key Food & Beverage Industry research bodies in New Zealand

2013

RESEARCH AND SCIENCE ORGANISATIONS



UNIVERSITIES



Mars is working with AgResearch to leverage New Zealand's meat science capabilities to develop successful new products

"Mars Incorporated has already confirmed new research funding and is making an ongoing commitment to research and development in New Zealand, with product innovation being a core part of our long term vision. [I am] optimistic there will be further growth opportunities for Mars in Wanganui." *Jonathan Cox, Product and Innovation Manager, Mars, FoRST, Press release, May 2009*

"In 2007, we started some work with AgResearch and Massey University that was looking at new ideas for pet food. We have developed a new protein innovation with them. The research has allowed us to bring out a new range of products under the Whiskas brand, which we have launched in Australia... .. That launch has been reasonably successful, and we've seen a marked increase in volumes required for that market. This project and growth in demand for our product were linked." *Colin Fergus, plant manager, Mars Petfood Wanganui, May 2009*

"Mars worked with AgResearch to create a premium petfood product, being made at Mars' Wanganui manufacturing plant, to grow export markets." *Jonathan Cox, Product and Innovation Manager, Mars, FoRST, Press release, May 2009*

"Agriculture Minister David Carter will be in Wanganui today to sign a memorandum of understanding between the three partners [Mars, AgResearch & Massey] and also to launch a new range of pet care products produced by Mars Petcare factory. The product is the result of funding received from TechNZ and the signing will form a new group called Protein Innovation NZ." *Wanganui Chronicle, May 2009*

As a result of being an island nation with strong biosecurity controls, New Zealand is free of a wide range of animal diseases; this leads to higher yields and excellent market access

EXAMPLES: Livestock diseases that are and are not present in New Zealand*

2013

Species	Present in New Zealand	Major global diseases	
			Not present in New Zealand (select)
Cattle	Bovine TB Johne's Disease		Foot-and-mouth Bovine Spongiform encephalopathy (BSE) Bovine Brucellosis
Sheep	Footrot		Scrapie Foot-and-mouth Blue tongue
Deer	Bovine TB		Foot-and-mouth Chronic Wasting Disease
Horse	-		Potomac horse fever African Horse Sickness West Nile virus Equine encephalomyelitis
Poultry	-		Highly Pathogenic Avian Influenza (Bird flu) Infectious Bursal Disease Newcastle's Disease (Fowl pest)
Pigs	-		Foot-and-mouth Porcine Reproductive & Respiratory Syndrome Porcine Brucellosis Classical Swine fever
Salmon	-		Infectious Salmon Anemia (ISA)

* Full list available at MPI <http://www.biosecurity.govt.nz/pests/surv-mgmt/surv/freedom>

Looking beyond food, New Zealand has clear comparative advantage in a some other product categories; of these nutraceuticals/supplements stands out for growth

Screen of potential/emerging opportunities across wider pet products and petcare

Model; 2013

Product category	Overall	Growing global market	Growing NZ production	Growing NZ export	Traditional sources of comparative advantage				Comments/notes
					Safe/secure systems	Unique raw materials	Low cost protein	Lack of key diseases	
Supplements/nutraceuticals	●	◐	●	◐	●	●	○	●	Leveraging unique plants & animals Growing in human-grade space Emerging market for pet supplements
Veterinary medicines	◐	◐	◐	◐	●	○	○	●	Lack of diseases key driver of success to date Leveraging strength in farm animal health
Pet litter (cat, small animal)	◐	◐	○	◐	◐	◐	○	◐	Growing hay, straw & bedding exports
Cages/housing	◐	○	◐	○	○	◐	○	○	Capabilities in metal fabrication Major exporter of wood and some metals
Pet apparel	○	◐	○	○	○	○	○	○	China dominates global trade No clear leverage or drivers for success
Grooming supplies	○	◐	○	○	○	○	○	○	China dominates global trade No clear leverage or drivers for success
Pet diapers/nappies	○	◐	○	○	◐	○	○	○	Limited market outside Japan
Toys	○	◐	○	○	○	○	○	○	China dominates global trade No clear leverage or drivers for success
Live pets	○	○	○	○	●	○	○	●	Trade is typically breeding stock not volume Growing cultural and ethical issues

50
Low Medium High

Contents

Summary & conclusions

Large & attractive global market

New Zealand petfood exports are growing

Modern and robust value chain

Strong drivers of success

Track record of innovation

Investment opportunities

Appendix 1 - Key firm profiles

New Zealand has a robust petfood industry with a wide range of firms participating

Key firms in the New Zealand petfood industry 2013

Manufacturers

Example Companies





Manufacturers	Example Companies
Retail-ready	Multinationals*
Product form	
- Canned	
- Refrigerated	
- Frozen	
- Air dried	
- Freeze dried	
- Baked	
- Dry kibble	
	Larger
	Medium
	Smaller/Other

*Significant petfood imports; Source: Coriolis

Three major multinationals have petfood operations in New Zealand

Profiles of the key multinational firms in the New Zealand petfood sector

NZ\$m; various; 2013 or as available

Company	Year founded	Production (tpa)	Turnover (NZ\$)	% Export ¹	Employees (FTE)	Ownership	Brands	Note/comments
	-1988 (NZ)	14-18,000	\$70-\$75m	80%	250 (190 manuf)	Private USA (Mars Family)	Pedigree, Whiskas, MyDog, Schmackos, Optimum, Royal Canin	<ul style="list-style-type: none"> - Mars Petcare - www.mars.com/global/brands/petcare
 	1926 (NZ)	-10,000+	\$65-70m	0%	~40 (manuf) 100-140	Public Swiss; listed (Nestle)	Purina, Tux, Friskies, Tux, Cat Chow, Fancy Feast, Waggin Train	<ul style="list-style-type: none"> - Nestle - Purina - www.purina.co.nz - Tux production only in NZ
	1932 (NZ)	-30,000	\$80-90m	15%	150	Private Equity: USA (Berkshire Hathaway and 3G Capital)	Champ, Chef, PurePet, Nutriplus, Bruno	<ul style="list-style-type: none"> - HJ Heinz - www.heinzwatties.co.nz/ - NRM, Farmlands contract manuf. dry

1. NZ production value; Source: interviews, various industry publications; various published articles; company websites and annual reports; Coriolis analysis

Multinationals in New Zealand - and those sourcing from New Zealand - have a wide range of supply options

Further details on multinationals in New Zealand or sourcing from New Zealand




2013 or as available

	Global position	Location of NZ facility	NZ factory tonnage (tpa)	Location of NZ head office	Source of supply	Meat processors with plants near the factory
Firms with own manufacturing in New Zealand						
Mars	#1 petfood firm globally	Manawatu-Wanganui	14-18,000	Auckland	Primarily lower North Island	AFFCO, Alliance, ANZCO, Inghams, Kintyre, Ovation, Progressive Meats, Silver Fern Farms, Taylor Preston, Tegel
Nestle	#2 petfood firm globally	Manawatu-Wanganui	-10,000+	Auckland	Primarily lower North Island	
Heinz	Former global petfood major; sold US business to Del Monte; NZ potentially a portfolio orphan	Hawke's Bay	~30,000	Auckland	Primarily Napier, Gisborne, Waikato and Lower North Island	AFFCO, Alliance, Crusader, Greenlea, Inghams, Ovation, Silver Fern Farms, Tegel
Firms identified to be sourcing from New Zealand						
Unicharm	#2 Japan petfood firm #9 global petfood firm	None	-	None	Canned meat based product currently contract packed in NZ	-
P&G	#4 global petfood firm	None	-	Sales agency	Nationwide	Nationwide
Colgate	#3 global petfood firm	None	-	Auckland	Nationwide	Nationwide

New Zealand has a robust group of larger petfood producers

Profiles of the key larger-sized firms in the New Zealand petfood sector

NZ\$m; various; 2013 or as available

Company	Year founded	Production (tpa)	Turnover (NZ\$)	% Export ¹	Employees (FTE)	Ownership	Brands	Note/comments
	1976	10-20,000	\$15-20m	5-10%	50-60	Private NZ: (Roby Family)	Butch, Golden Boy, Wag, Hound Dog	<ul style="list-style-type: none"> - Butch Petfoods - www.bpfstore.co.nz - Dog rolls
	1967	3,500	\$14m	0%	40-50	NZ Private (Lawson, David Allan, others)	Jimbos Purely Petfoods	<ul style="list-style-type: none"> - Bombay Petfoods - www.jimbos.co.nz/ - Fresh meat products
	2007	2-2,500	~\$10- \$12m ^e	0%	-	Private NZ: (Baker, Larkman, Page, others)	Superior Chunky, Chunky, Possyum	<ul style="list-style-type: none"> - Fond Foods Ltd - www.superiorchunky.co.nz
	2007	500	\$10m	97%	43	Private NZ/USA: (Stewart, Woodd, Mitchell (USA))	ZiwiPeak	<ul style="list-style-type: none"> - ZiwiPeak Ltd - www.ziwipeak.com
	2006	800-900	\$5-10m	75%	25	Private NZ: (Smith, Stewart, Bowers, others)	K9 Natural	<ul style="list-style-type: none"> - Natural Food Group - www.k9natural.com
	2013 (2005)	3,000	\$6m	98%	14	Private NZ/Sing: (VLR Global, 60%, Moulds, 20%, Taylor 20%)	Petfood NZ	<ul style="list-style-type: none"> - PetfoodNZ International Ltd - www.petfoodnz.com - Started in 2005, sold, bought back 2013
	2011	250-300 (dry)	\$5-10m	95%	15-20	Private NZ: (Signal, Lloyd, others)	Biophive Dakota Treats "Superior Farms Pet Provisions"	<ul style="list-style-type: none"> - Biophive NZ - www.biophive.com/ - www.superiorfarmspet.com - Deer and lamb based treats - Part owners Superior Farms Pet Provisions, USA

New Zealand also has a strong group of mid-sized petfood producers

Profiles of the key medium-sized firms in the New Zealand petfood sector







NZ\$m; various; 2013 or as available

Company	Year founded	Production (tpa)	Turnover (NZ\$)	% Export ¹	Employees (FTE)	Ownership	Brands	Note/comments
	1967	800	\$3.5m	0%	10	Private NZ (Allan Family)	Superpet	<ul style="list-style-type: none"> - Allan Petfoods Ltd - Superpets – rolls, fresh etc. - South Island fresh meat manufact.
	2000	350-400	\$3.5m	0%	17 (incl 8 Abattoir)	Private NZ: (Gawn, Cleverley, Coupland, Smith others)	Maranui, Southern Dog (roll), Equal	<ul style="list-style-type: none"> - New Zealand Petfoods Ltd - www.nzpetfoods.co.nz - Abattoir and manuf of fresh meat
	1999	N/A	\$2-5m	50%	11	Private NZ: (St John Ives, Foster, Harris, Hulsebosch)	Farm Meats, Dogums	<ul style="list-style-type: none"> - Farm Meats (2000) Ltd - www.farmmeats2000.co.nz/ - Supply bulk treats
	1999	-	\$2-5m ^e	-	-	Private NZ/AU Norish Holdings, McGarva, others)	Zeal	<ul style="list-style-type: none"> - The Natural Pet Treat Company - www.zealdogfood.com/ - export to 15 countries
	2006	600	\$2-5m	100%	15	Private Singapore (Kwek)	Addiction	<ul style="list-style-type: none"> - Addiction Foods - www.addictionfoods.com - Value added product to Singapore
	1999	-	\$2-5m ^e	-	-	Private NZ: (Roger Allen, Cooper)	Ranchmans	<ul style="list-style-type: none"> - Ranchmans Pet Food Ltd - www.ranchmans.co.nz - Dry treats
	1985	~2.5-3,000	-	-	10 (Levin) 75	Coop: New Zealand (Farmers)	Champ Max, Bruno Cobber	<ul style="list-style-type: none"> - www.nrm.co.nz - contract supply 3,500 tpa Heinz dog food at Levin Mill

There is also an interesting set of emerging firms and smaller/specialist operators

Profiles of the other and/or smaller-sized firms in the New Zealand petfood sector

NZ\$m; various; 2013 or as available

Company	Year founded	Ownership	Brands	Note/comments
	2009	Private NZ: (Ian McKenzie)	Ultra	<ul style="list-style-type: none"> - Ultra Petfoods - www.ultrapetfood.co.nz/ - biscuits
Originz	2013	Private NZ: (Grant Allen, Stallion Plastics)	Originz Animal Nutrition	<ul style="list-style-type: none"> - Originz Animal Nutrition Ltd - dog biscuits and treats
	1993	Private NZ: (Fletcher, Drummond, others)	Mighty Mix	<ul style="list-style-type: none"> - Mighty Mix Dog Food Ltd - www.mightymix.co.nz
	1973	Private NZ: (Gervai Family)	Primal (NZ) Nutrience (imported)	<ul style="list-style-type: none"> - Petware Ltd - www.pet.co.nz - www.primalpet.co.nz - www.nutrience.co.nz - (canning contract packed)
	2005	Private NZ: (Black, White, Wishowsky, Mossman others)	Perfect, Stamina, High country	<ul style="list-style-type: none"> - Medallion Petfoods Ltd - www.medallionpetfoods.co.nz
	1948	Cooperative NZ	Vital, Trumps., Buster,	<ul style="list-style-type: none"> - Silver Fern Farms - Vital Petfoods - #2 lamb processors
Others				

Major players in the New Zealand petfood market produce a wide mix of products and target a wide mix of markets

Major players in New Zealand and their product mix and target markets

2013

Firm	Manufacture wet in NZ?	Manufacture dry in NZ?	Key markets
Mars	Yes	No	Australia, Domestic, Japan, others
Nestle	No	Yes	Domestic
Heinz	Yes	Yes (contracted to NRM)	Domestic, Japan, SE Asia, Europe (small), others
Butch	Yes	No	Domestic, Taiwan, China, Indonesia, Japan, UAE, Tahiti, Rarotonga, Fiji, others
Bombay Petfoods / Jimbo's	Yes	No	Domestic only
Fond Foods/Superior Chunky	Yes	No	Domestic only
Ziwipeak	Yes	No	USA, Japan, domestic, others
Natural Food/K9 Natural	Yes	No	USA, Japan, Domestic, Australia, Asia, others
PetfoodNZ	Yes	No	Japan, North America, Asia, others
Biophive	Yes	No	North America, Germany, Japan, other Asia, Australia

New Zealand has a strong petfood ingredient supply industry with global reach; key products include meat and by-products from abattoirs and major meat and seafood processors and meal or frozen blocks from specialist companies

Key firms in the New Zealand petfood raw materials supply industry

2013

Raw Materials suppliers	Sectors	Details	Example Companies
Further-processed meat-based ingredients - Rendered MBM - MDM	Specialist Petfood abattoirs	<ul style="list-style-type: none"> - Use all of animal: muscle, organs, offal, tripe, bone by-products and waste products - Cattle 58% meat, 42% by-product 	 Nick's Petfoods Down Cow Fordes Petfood
	Meat Processors/ Further Processed Manufacturers	<ul style="list-style-type: none"> - By-products and waste processed into MDM and meal for petfood industry, predominantly exported - Smaller firms supply muscle and offal to petfood industry 	        Hawkes Bay Protein PVL Proteins Ltd 
Meat, organs, offal, bones, blood & by-products	Chicken Processors	<ul style="list-style-type: none"> - By-product and waste stream - 30% of chicken is by-product 	   
	Seafood Processors	<ul style="list-style-type: none"> - By-product and waste stream 	     

*Turks Poultry Farm (50% ownership); Source: Coriolis



Most Mechanically Deboned Meat (MDM) manufacturers process a variety of meats; species specific is becoming a more important requirement

Identified producers of MDM in New Zealand

NZ\$m; various; 2013 or as available

Company	Year founded	Ownership	Location	Product	Species	Note/comments
 MEATEOR FOODS LTD	1999	Private Equity NZ: (Direct Capital)	Whakatu Dunedin	MDM	<ul style="list-style-type: none"> - Lamb/Sheep - Veal - Venison - Offal (heart, livers, lungs, tripe) 	<ul style="list-style-type: none"> - Meateor Foods (Scales) - www.meateor.co.nz
 Oceania Meat Processors	2002/ 2010	Private NZ(Peter Cowan)	Timaru	MDM	<ul style="list-style-type: none"> - Lamb/Sheep - Beef - Venison (limited) - Offal (heart, livers, lungs, kidneys, tripe) 	<ul style="list-style-type: none"> - Oceania Meat Processors - 450m2 plant - frozen nude blocks - www.oceaniameats.co.nz
	2011	Private NZ (Hickson, Taylor, Preston, others)	Fielding Gisborne Waipukarau	MDM	<ul style="list-style-type: none"> - Lamb 	<ul style="list-style-type: none"> - Pasture Petfoods NZ Ltd - www.ovation.co.nz
	2011	Private USA (Wilbur Ellis)	Bluff Palmerston North	MDM	<ul style="list-style-type: none"> - Lamb 	<ul style="list-style-type: none"> - Wilbur Ellis NZ Ltd (USA) - 2 plants - Increasing ingredients range to petfood industry - www.wilburellis.com
	1987	Private NZ (many)	Wanganui	MDM	<ul style="list-style-type: none"> - N/A 	<ul style="list-style-type: none"> - Wanganui Coldstorage - www.icepak.co.nz

Besides the general meat processors who produce mixed MBM (Meat and Bone Meal), there are a number of specialist renderers

Identified specialist renderers of meal in New Zealand						
<i>NZ\$m; various; 2013 or as available</i>						
Company	Year founded	Ownership	Location	Product	Species	Note/comments
HB Protein	1994	Taranaki By-Products; Private NZ (Stockwell and Smith Families)	Hawkes Bay	MBM	- Sheep/Lamb	- HB Protein - 27% ovine share
	1993	Private NZ (Wallace, Bredson, Davidson, others)	Waitoa	MBM mixed	- Beef - Sheep/Lamb - Chicken/Duck - Deer	- Wallace Corporation - www.wallace.co.nz - Mixed MBM predominantly beef
	1986	Private NZ (Lowe, Whyte, Silver, others)	Tuakau + Hawera	MBM	- Beef - Mixed spp - Sheep - Poultry - Fish - Blood	- Lower Corporation - www.lowecorp.co.nz - Sheep, poultry and fish for petfood - Beef for pork and poultry
		Wilson Hellaby Private NZ (Syminton, Kingstone, Hellaby)	Auckland	MBM	- Beef - Lamb - Pork - Fish	- PVL Proteins - 10,000 tonnes of MBM - 150t fish meal - supplied by sister company AMP
Kakariki Proteins	2007	50% Turks Poultry, Private NZ (Turks Family) 50% Private NZ (Harkness, Dahlenburg, Steel, others)	Levin	MBM	- Poultry	- Karakiki Proteins - part owned by Turks poultry
	1992	Private NZ (Forde Family, Tulloch)	Invercargill	MBM	- Mixed - Sheep/Lamb - Fish	- Prime Range Meats - www.primerange.co.nz/

APPENDIX 1 - Profiles of key industry participants

FIRM PROFILE – Mars Petcare NZ



Contact Details		Key Categories	Key Markets
Name:	Mars Petcare NZ	Cat – wet pouch (NZ Production) Cat – dry Dog – dry Cat – dry Treats	Global New Zealand production 80% to Australia
Address:	Production: Private Bag 3006, Castlecliff, Wanganui http://www.mars.com/global/brands/petcare.aspx		
Ownership:	Private; USA (Mars Family)	Key Brands	Manufacturing Location
		Pedigree, Whiskas, MyDog, Schmackos, Optimum, Royal Canin, Temptations, Nutro,	Castlecliff, Wanganui
Contact:	+64 9 261 0900	Key Channels	Ingredients
GM:	Gerry Lynch	Supermarket Specialty (Royal Canin)	Beef Lamb Chicken Fish/Seafood Vegetables
Key Metrics			
Turnover (\$m) wholesale	\$70-75m (NZ Prod'n: \$50m)	# of FTEs	250 (includes 60 S&M)
Growth from last year (%)	4%	# of FTEs (Manufacturing)	190 (includes 30 R&D, engineering, logistics)
Tonnage pa	14,000-18,000 (in NZ)	Turnover/FTE (\$000)	
Export % (NZ production)	80%	Current use of manufacturing capacity	70%

FIRM PROFILE – Nestle Purina Petcare



Contact Details		Key Categories	Key Markets
Name:	Nestle New Zealand Ltd	Dry - dog (Tux production NZ) Dry - cat Wet - dog Wet - cat	Global
Address:	12-16 Nicholls Lane, Parnell, Auckland		Manufacturing Location
	www.purina.co.nz		
Ownership:	Public Swiss; listed (Nestle)	Key Brands	Marton
		Purina, Tux, Friskies, Tux, Cat Chow, Fancy Feast, Waggin Train	Ingredients
			NZ production: Cereals Beef Offal Fat
Contact:	+64 9 367 2800	Key Channels	
CEO & Country Manager	Veronique Cremades-Mathis Lal Meyer (Director)	Supermarket Specialist Rural retailers	
Key Metrics			
Turnover (\$m) wholesale	\$65-70 (Ce)	# of FTEs	100-140
Growth from last year (%)	5-7%	# of FTEs (Manufacturing)	40
Tonnage pa	~10,000 (NZ production)	Turnover/FTE (\$000)	n/a
Export %	0%	Current use of manufacturing capacity	70%

FIRM PROFILE - Heinz Watties NZ petfood operations



Contact Details		Key Categories	Key Markets
Name:	HJ Heinz	Can - wet dog Can - wet cat Pouched - wet Co-pack wet cans for Japan (dry imported) Rolls	NZ Japan
Address:	46 Parnell Road, Parnell, Auckland www.heinzwatties.co.nz/ www.nutriplus.co.nz www.watties.co.nz www.catspreferchef.co.nz www.purepet.co.nz		
Ownership:	Private Equity: USA (Berkshire Hathaway and 3G Capital)	Key Brands	Manufacturing Location
		Champ, Chef, PurePet, Nutri+plus (rolls, NZ production, dry imported & contract manufactured), Bruno, Gourmet	Hastings
Contact:	09 308 5000	Key Channels	Ingredients Chicken (core) Meat
CEO:	Michael Gibson	Supermarket	
Key Metrics			
Turnover (\$m)	\$80-90m	# of FTEs	150
Growth from last year (%)	-5%	# of FTEs (Manufacturing)	
Tonnage pa	~30,000	Turnover/FTE (\$000)	
Export %	10% volume, 15% value	Current use of manufacturing capacity	~40%

FIRM PROFILE - Butch



Contact Details		Key Categories	Key Markets
Name:	Butch Petfoods Ltd	Dog - roll Cat - roll	New Zealand Taiwan, China, India, Japan UAE Tahiti, Rarotonga, Fiji
Address:	5 Rupeke Place, Henderson, Auckland www.butch.co.nz		
Ownership:	Private NZ (Roby Family)	Key Brands	Auckland
		Butch Golden Boy Wag Hound Dog Bow Wow GingerTom Carnivore	Ingredients
Contact:	+64 9 839 0095	Key Channels	Chicken Beef Lamb Vegetables Rice
Owners:	Jeff Roby & Lance Roby	Supermarket	
Key Metrics			
Turnover (\$m)	\$15-20	# of FTEs	50-60
Growth from last year (%)	5-10%	# of FTEs (Manufacturing)	50
Tonnage pa	~10,000-20,000	Turnover/FTE (\$000)	
Export %	5-10%	Current use of manufacturing capacity	~70%

FIRM PROFILE – Bombay Petfoods Ltd



Contact Details		Key Categories	Key Markets
Name:	Bombay Petfoods Limited	Cat – fresh and frozen Dog – fresh and frozen	New Zealand
Address:	SH1, Bombay Auckland www.jimbos.co.nz		
Ownership:	Private NZ (43% Hay/Lawson, 20% Allan family, 16% Lawson family, 16% Lawson/Clark, 5% Greaves/Clark)		
Contact:	+649236 0778	Key Brands	Manufacturing Location
CEO:	David Allan	Jimbos First Choice Max Purely Pets	Bombay, Auckland
		Key Channels	Ingredients
		Supermarket Independent Specialty retail Online	Beef Chicken Lamb Offal (hearts/livers/kidneys/green tripe) Veal
Key Metrics			
Turnover (\$m)	\$14m	# of FTEs	44
Growth from last year (%)		# of FTEs (Manufacturing)	26-28
Tonnage pa	3,500 tonne (output)	Turnover/FTE (\$000)	\$318
Export %	0%	Current use of manufacturing capacity	100%

FIRM PROFILE – Fond Foods



Contact Details		Key Categories	Key Markets
Name:	Fond Foods (2007) Ltd	Dog rolls	New Zealand
Address:	152 Queen Street, Cambridge, Waikato, New Zealand www.superiorchunky.co.nz/		
Ownership:	Private NZ (Baker, Larkman, Page, Others)	Key Brands	Cambridge
		Superior Chunky Chunky Possyum	Ingredients
Contact:	+64 7 827 7067	Key Channels	Beef Chicken Lamb Offal Possum Rice
CEO:	Paul Larkman	Supermarket Specialist retail Rural suppliers	
Key Metrics			
Turnover (\$m)	\$10-12m*	# of FTEs	-
Growth from last year (%)	-	# of FTEs (Manufacturing)	-
Tonnage pa	2-2,500	Turnover/FTE (\$000)	-
Export %	0%	Current use of manufacturing capacity	

* Estimate; Source: various websites, published articles and reports; Interview, Coriolis estimates and analysis

FIRM PROFILE - ZiwiPeak



Contact Details		Key Categories	Key Markets
Name:	ZiwiPeak Limited	Dog - Dry Cat - Canned	North America Japan 20 export markets in total
Address:	14 Boeing Place Mount Maunganui Bay of Plenty 3116 www.ziwipeak.co.nz		Manufacturing Locations
Ownership:	Private NZ (77% Andos Holdings (Stewart, Webb), 10% Mitchell, 13% Woodd family)	Key Brands	Tauranga and Gisborne, New Zealand United States of America
		ZiwiPeak	Ingredients
Contact:	+64 7 575 2426	Key Channels	Venison Lamb Green Lipped Mussel Hoki
CEO:	Geoff Morgan	Independent retail	
Key Metrics			
Turnover (\$m)	\$10-\$15m	# of FTEs	43
Growth from last year (%)	30-40%	# of FTEs (Manufacturing)	26
Tonnage pa	500t (output), 1500t (input)	Turnover/FTE (\$000)	\$233-\$349
Export %	97%	Current use of manufacturing capacity	100%

FIRM PROFILE - K9



Contact Details		Key Categories	Key Markets
Name:	Natural Food Group	Freeze dried - dog Freeze dried - cat Freeze dried - treats Frozen - dog Frozen - cat	New Zealand North America Australia Japan Asia
Address:	6 - 12 Halwyn Drive, Sockburn, Christchurch www.k9natural.com		
Ownership:	Private NZ (Smith, Stewart, Bowers, others)	Key Brands	Christchurch
		K9 Natural Feline Natural K9 Treats	Ingredients
Contact:	+64 3 342 6380	Key Channels	Beef Lamb Chicken Venison Offal
CEO:	Calvin Smith	Pet stores Specialty	
Key Metrics			
Turnover (\$m)	\$5-\$10m	# of FTEs	25
Growth from last year (%)	50%	# of FTEs (Manufacturing)	
Tonnage pa	800-900	Turnover/FTE (\$000)	
Export %	75%	Current use of manufacturing capacity	

FIRM PROFILE - PetfoodNZ



Contact Details		Key Categories	Key Markets
Name:	Petfood NZ International Ltd	Canned dog Canned cat	Japan North America Asia Private label
Address:	14 Kahutia Street, Gisborne, New Zealand		Manufacturing Location
Ownership:	Private NZ/Sing: (VLR Global, 60%, Moulds, 20%, Taylor 20%)	Key Brands	Gisborne
		Contract pack private label	Ingredients Lamb Beef Chicken Venison Offal Turkey
Contact:	+64 6 262 6412	Key Channels	
CEO:	Phil Moulds		
Key Metrics			
Turnover (\$m)	\$6	# of FTEs	14
Growth from last year (%)	-	# of FTEs (Manufacturing)	
Tonnage pa	3,000	Turnover/FTE (\$000)	
Export %	98%	Current use of manufacturing capacity	~40%

FIRM PROFILE - Biophive



Contact Details		Key Categories	Key Markets
Name:	Biophive Ltd	Dry treats and chews Supplements	USA EU (Germany) Japan Asia Australia
Address:	PO Box 62, Feilding 4740 New Zealand http://biophive.com/		
Ownership:	Private NZ (Signal, Lloyd, others)	Key Brands	Manufacturing Location
		Biophive Dakota Treats Superior Farms Pet Provisions	Feilding
Contact:	+64 6 324 0302	Key Channels	Ingredients Venison Lamb Beef Goat Veal Wagyu Offal
CEO:	Jessica Pettersson	Specialist retailing Online	
Key Metrics			
Turnover (\$m)	\$5-10m	# of FTEs	15-20
Growth from last year (%)	n/a	# of FTEs (Manufacturing)	
Tonnage pa	250-300 (dry)	Turnover/FTE (\$000)	
Export %	95%	Current use of manufacturing capacity	

FIRM PROFILE - Addiction



Contact Details		Key Categories	Key Markets
Name:	Addiction Foods Limited	Cat -dry Dog - dry	USA Asia Japan
Address:	240 Jellicoe Street Te Puke 3119 www.addictionfoods.com/		
Ownership:	Private: Singapore 100% Addiction Foods Pte Limited	Key Brands	Te Puke
		Addiction	Ingredients
Contact:	+64 7 573 8193	Key Channels	Meat meals (salmon, venison, lamb, possum, duck, hoki, salmon, eel, buffalo and pork) Potato and Tapioca Starch Vitamins Probiotics Seaweed Fruit (cranberries, blueberries, apples, apricot)
GM: CEO:	Stacey Ngatea Jerel Kwek	Supermarket Independent Specialty retail Online	
Key Metrics			
Turnover (\$m)	\$5-10m	# of FTEs	45
Growth from last year (%)	N/A	# of FTEs (Manufacturing)	15
Tonnage pa	600 tonne (output)	Turnover/FTE (\$000)	~\$155
Export %	100%	Current use of manufacturing capacity	25% approx

FIRM PROFILE – Farm Meats 2000



Contact Details		Key Categories	Key Markets
Name:	Farm Meats 2000 Limited	Dog treats	New Zealand USA Australia Taiwan Singapore
Address:	10 Dean Crescent Waihi 3682 www.farmmeats2000.co.nz/		
Ownership:	Private NZ (St John Ives family majority + Foster, Harris & Hulsbosch)	Manufacturing Location	
		Key Brands	Waihi
Contact:	+64 7 863 3224	Bulk unbranded Dogums	Ingredients
			Key Channels
CEO:	Guy St John Ives	Supermarket Independent Specialty retail	
Key Metrics			
Turnover (\$m)	\$2-5m	# of FTEs	11
Growth from last year (%)	16%	# of FTEs (Manufacturing)	8
Tonnage pa	Not measured	Turnover/FTE (\$000)	\$181-455
Export %	50%	Current use of manufacturing capacity	80%

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