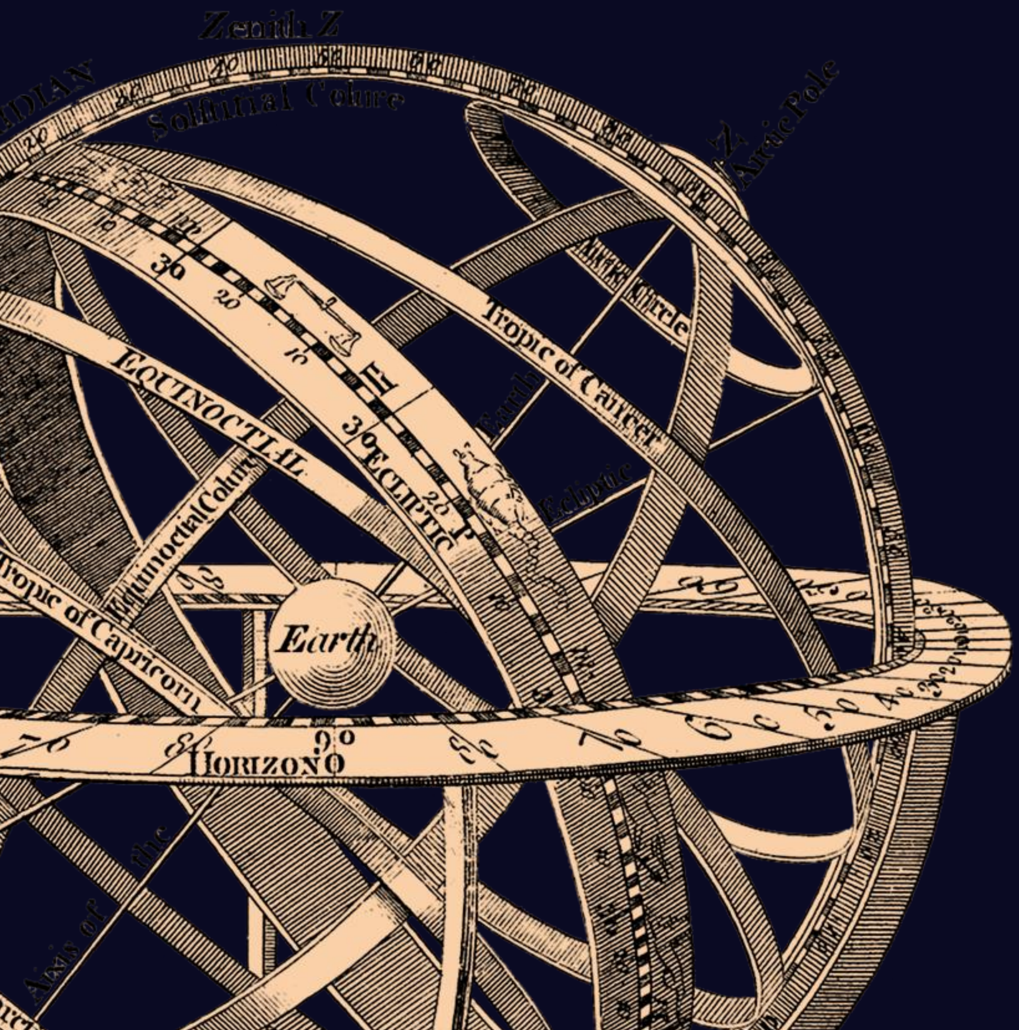
Return on Capital Employed

December 2023

Armillary

Contents



Disclaimer

Foreword

We are delighted to present the thirteenth Armillary Return on Capital Employed (“ROCE”) report. This year the total number of entities in our data set of NZX, Unlisted Securities Exchange (“USX”), Private and selected Crown-owned companies is 334. With some differences in the companies included in each category, not all of this year’s results are directly comparable with prior reports.

The ROCE methodology we use in this report was developed by Du Pont Corporation and is therefore not proprietary to us - although we are proponents. As it is simple to apply, anyone who understands the methodology can use it. We regularly use this methodology as a tool in our client engagements and our financial training curriculum.

A benefit of the ROCE methodology is that the performance of an entity can be broken down into its components of Profitability and Activity, for deeper analysis. Profitability, as measured by EBIT margin, provides an indication of operational efficiency; Activity, as measured by asset turnover, provides an indication of balance-sheet efficiency. When combined, the two ratios give overall ROCE. A full explanation is provided in Appendix 1.

Again, this year’s report includes an overview of the major sectors in the economy to demonstrate the effect that differences in business models have on Profitability, Activity, and overall ROCE performance.

Analysis has primarily been conducted on financial information sourced from the S&P Capital IQ financial database. EBIT has been calculated on a normalised basis, adjusting for non-recurring items and non-trading items including (but not limited to) gains/losses on asset sales, revaluations, and unrealised gains.

We continue to advocate the ROCE methodology in our work with businesses as a simple to use and easily understood tool for measuring business performance, identifying improvement strategies, creating incentive remuneration programs, and for testing budgets and forecasts, especially those applied in valuations. We also see the data and results in this report as providing useful benchmarks for business performance in the New Zealand market.

We trust that the insights contained in this report provide value to investors, business owners and managers alike

Executive summary

This year's ROCE review of the last reported annual financial results (up to June 2023) includes 106 companies with primary listings on the New Zealand Stock Exchange ("NZX"), 16 companies from the Unlisted Stock Exchange ("USX"), 16 Crown-owned companies and 196 Private companies. This has resulted in a total sample size of 334 companies.

[1]

Highlights of the results include:

- USX listed Zespri and NZX listed Solution Dynamics were the only listed companies in the top 10 performers with ROCE's of 249% and 114%, respectively. The rest of the top ten performers were primarily Private companies, with a range of sectors being represented.
- Among the NZX and USX companies (together "Listed companies"), the Communication Services sector had the strongest performance, reporting a median ROCE of 12.8%.
- In line with last year's report, the Information Technology sector was again the lowest performing sector amongst Listed companies with a median ROCE of negative 40.2%.

The median ROCE performance across all companies has decreased to 8.4% from 9.6% in the previous financial year, which is below common estimates for the post-tax market average weighted cost of capital ("WACC") of 9%.

- The median ROCE for Crown-owned companies was 6.2%. The best performing Crown-owned company was Animal Control Products (trading as "Orillion") with a ROCE of 114%.
- The median ROCE of NZX50 companies was 6.5%, remaining lower than the NZX10 (8.4%), ASX200 (11.0%), the S&P Europe 350 (13.2%), and the S&P 500 (15.5%).
- The median ROCE for USX companies was 2.9%, decreasing by 0.6% from 3.5% in the previous financial year.
- General Motors, a Private company, was the top performer with a ROCE of 866% up 484% on the previous financial year's result of 382%. This result was due to General Motors extremely high Activity Ratio (71.9x). This year marks General Motor's first year as the top performer across all companies.
- With a median ROCE of 10.9%, Private companies outperformed Listed and Crown-owned companies.

[1] ROCE is calculated on a pre-tax basis and is therefore not directly comparable with the post-tax WACC, however, given the post-tax WACC is a well-established metric for measuring the broader markets cost of capital we believe it provides a useful reference point for pre-tax ROCE performance.

Top performers

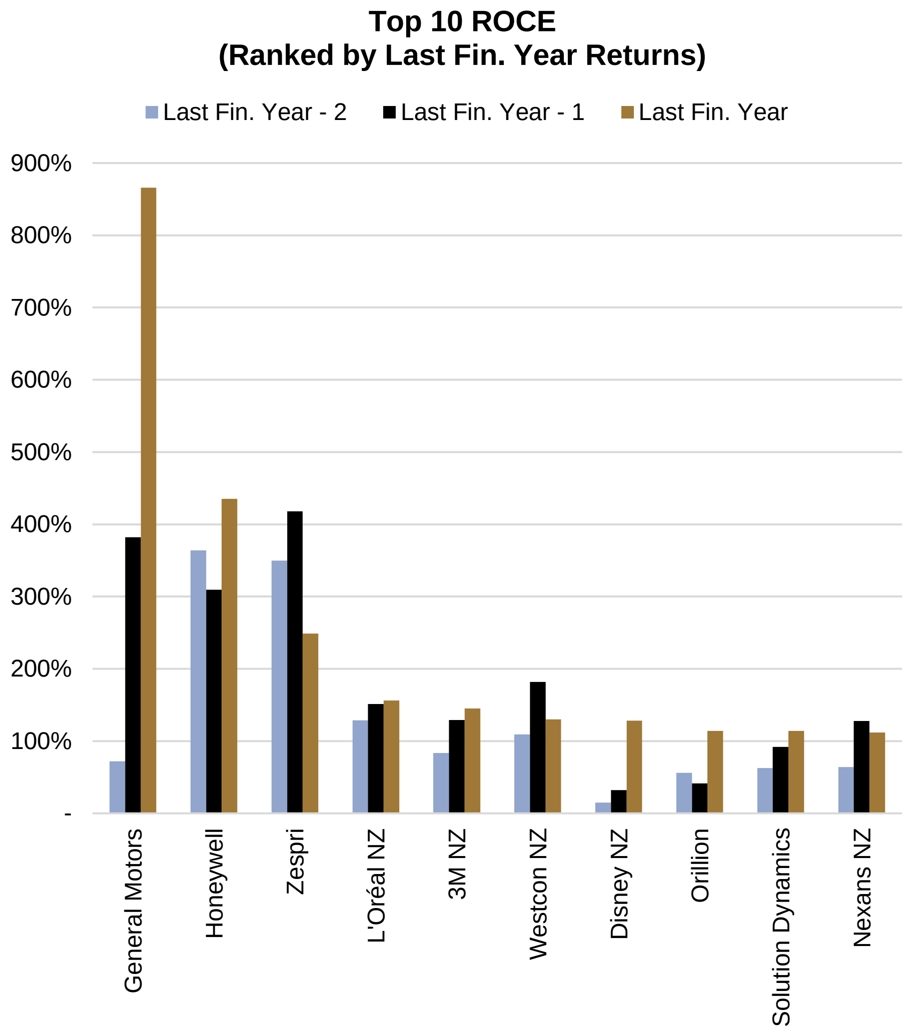
The top 10 entities by ROCE are dominated by businesses that optimise high levels of Activity (Revenue / Average Net Operating Assets) and Profitability (EBIT / Revenue).

The top performer this year was General Motors, with a ROCE of 866%, comprising of a Profitability ratio of 12.0% and an Activity ratio of 71.9x. General Motor's ROCE result is up 484% on the previous financial year's result of 382%. Honeywell and Zespri round out the top three with ROCEs of 435% and 249%, respectively.

ROCE results for both General Motors and Honeywell show a significant improvement from the last financial year. For General Motors this increase was driven by a doubling of its Activity ratio to 71.9x, while Honeywell's result was driven by slight improvements in both its Profitability (15.5% *vs.* 15.2%) and Activity (28.0x *vs.* 20.4x) ratios.

The top ten list this year features primarily Private companies, the majority of which are new entrants to the list. Only three of the top ten are not Private companies:

- 3rd ranked Zespri, the sole USX listed company in the Top 10.
- 8th ranked Orillion, a Crown-owned company reported a significant improvement in ROCE from the previous financial year (114% *vs.* 41.3%), due to a large improvement in Profitability (37.3% *vs.* 24.3%).
- 9th ranked Solution Dynamics, the sole NZX listed company in the Top 10, reported a ROCE of 114% due to a strong Activity ratio (9.6x) and a Profitability ratio of 11.9%.



Results by category

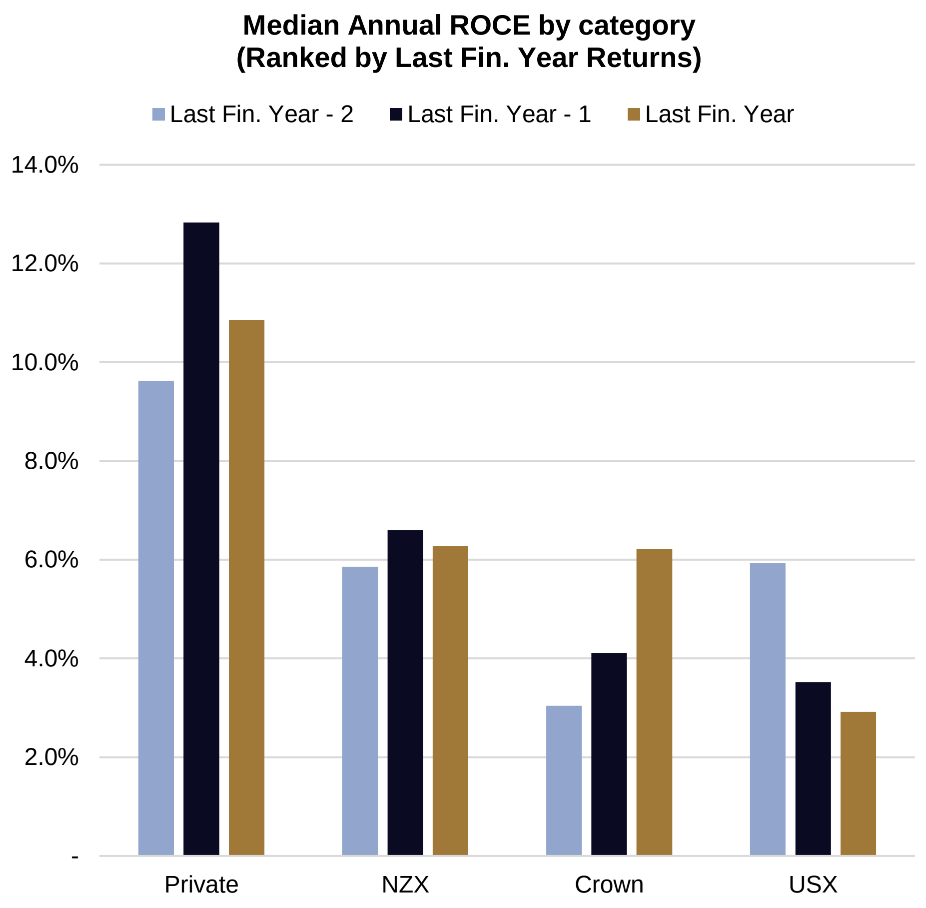
Among the categories in New Zealand, Private and USX listed companies remain as first and last in terms of ROCE performance, respectively; the NZX listed, and Crown-owned companies take the second and third spots, respectively.

The median ROCE for Private companies was 10.9%, down from 12.9% in the previous financial year. As in previous years this places the median ROCE for Private companies as the highest of all the New Zealand categories and above common estimates of the post-tax market average WACC of 9%.

NZX listed companies posted a median ROCE of 6.4%, a 0.3% decline from the previous financial year. 92 listed companies recorded a positive ROCE while 14 recorded a negative ROCE, an improvement on last year's results of 90 and 16, respectively.

The Crown-owned companies posted a median ROCE of 6.2%, increasing by 2.1% from the previous financial year's result. Crown-owned companies are the only category that has reported ROCE year-on-year increases in ROCE over each of the last two financial years.

The median ROCE for USX companies was 2.9%, decreasing by 0.6% from 3.5% in the previous financial year.



Results by category

The top three ROCE performers for each of the four categories analysed are as follows:

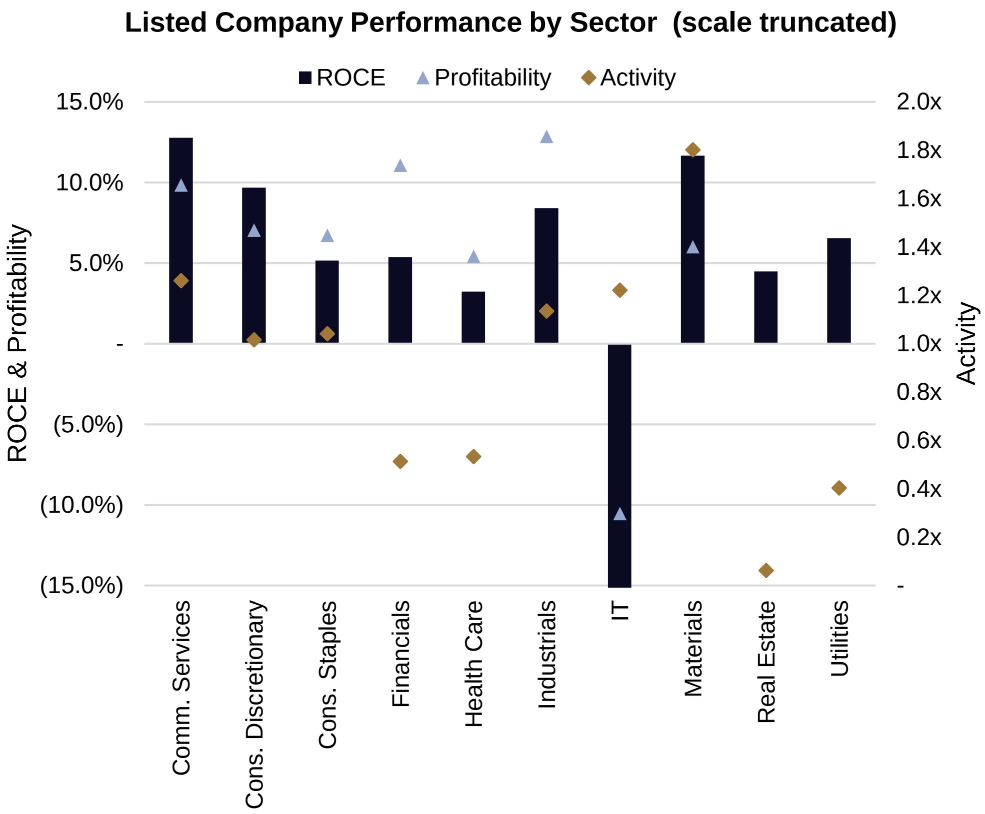
Top 3 Performers by Category							
Category	**Rank**	**Company**	**Sector**	**Profitability**	**Activity**	**ROCE**	**Balance Date**
Private	1	General Motors	Consumer Discretionary	12.0%	71.9x	865.7%	31-Dec-22
	2	Honeywell	Information Technology	15.5%	28.0x	435.3%	31-Dec-22
	3	L'Oréal NZ	Consumer Discretionary	15.4%	10.2x	156.4%	31-Dec-22
NZX	1	Solution Dynamics	Information Technology	11.9%	9.6x	114.2%	30-Jun-23
	2	Mainfreight	Industrials	17.1%	2.6x	43.8%	31-Mar-23
	3	A2 Milk	Consumer Staples	12.6%	3.1x	39.0%	30-Jun-23
Crown	1	Orillion	Materials	37.3%	3.1x	114.2%	30-Jun-23
	2	Quotable Value	Real Estate	7.0%	3.7x	25.3%	30-Jun-23
	3	Kordia	Communication Services	8.7%	1.5x	13.0%	30-Jun-23
USX	1	Zespri	Consumer Staples	7.6%	32.6x	248.8%	31-Mar-23
	2	NZ Merino Company	Consumer Discretionary	3.4%	6.0x	20.5%	30-Jun-23
	3	Skyline Enterprises	Consumer Discretionary	32.4%	0.3x	11.3%	31-Mar-23

Listed companies

We use the S&P Capital IQ sector classifications to categorise our sample into 11 sectors: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities.[2]

The impact of different business models and market conditions can be examined by comparing the median performance of companies in different sectors. For this analysis, we have used the median Profitability, Activity, and ROCE performance of each sector for all the Listed companies for the last financial year. We note that these results can be skewed by the fact that several of the sectors only have a small number of constituent companies.

The chart opposite shows the median results by sector. Our original sample consisted of 11 sectors however, as there are only two Listed companies in the Energy sector, we have excluded that sector from this chart (note this sector covers Oil and Gas, the Gentailers sit within the Utilities sector).[3]



Note: The median results for Profitability, Activity and ROCE do not directly correspond. The chart shows the median figure for each of the parameters in isolation. This means that the median Profitability ratio for a sector multiplied by the median Activity ratio for that sector may not equal the median ROCE of that sector. Profitability for the Information Technology and Real Estate sectors (-10.5% and 70.6%, respectively), and ROCE for the Information Technology sector (-40.2%) are not displayed due to the truncated scale.

[2] In the case of Banks ROCE is not an appropriate measure, instead we calculate the pre-tax return on equity.

[3] Sectors and respective sample sizes are as follows: Communication Services (5), Consumer Discretionary (17), Consumer Staples (25), Financials (9), Health Care (11), Industrials (19), Information Technology (12), Materials (4), Real Estate (11), Utilities (7), Energy (2).

Listed companies cont.

The top three performing sectors were Communication Services, Materials, and Consumer Discretionary with median returns of 12.8%, 11.7%, and 9.7%, respectively. The Communication Services and Consumer Discretionary sectors present strong ROCE results despite ranking close to the median in terms of both Profitability and Activity. The lack of extremes in these ratios suggests that these sectors generate consistent ROCE results in comparison to other sectors that may have higher Profitability or Activity but do not have a favourable combination of the two.

The Health Care sector was the second worst performing overall in terms of ROCE, with a median of 3.2%. This is because the companies that make up this sector are predominantly retirement villages and smaller cannabis and biotech companies. Our calculation of EBIT excludes Fair Value movements in Investment Properties, which in the case of retirement villages is significant, resulting in them having lower Profitability ratios and hence, lower ROCE. Cannabis and biotech stocks are typically early-stage companies that are not necessarily focused on near term profitability.

The Real Estate sector exhibits the highest median Profitability ratio of 70.6% (albeit not shown on the truncated scale in the chart above) but its ROCE is dragged down by a low median Activity ratio (0.1x) due to the capital-intensive nature of the sector. This sector benefits from a low operating cost business model and low depreciation costs, both of which result in the extremely high reported median Profitability ratio. As noted above, fair value movements are excluded from our EBIT calculation, if revaluations were included the Profitability ratios within the Real Estate sector would likely be significantly lower due to the downward pressure on real estate assets in the last year.

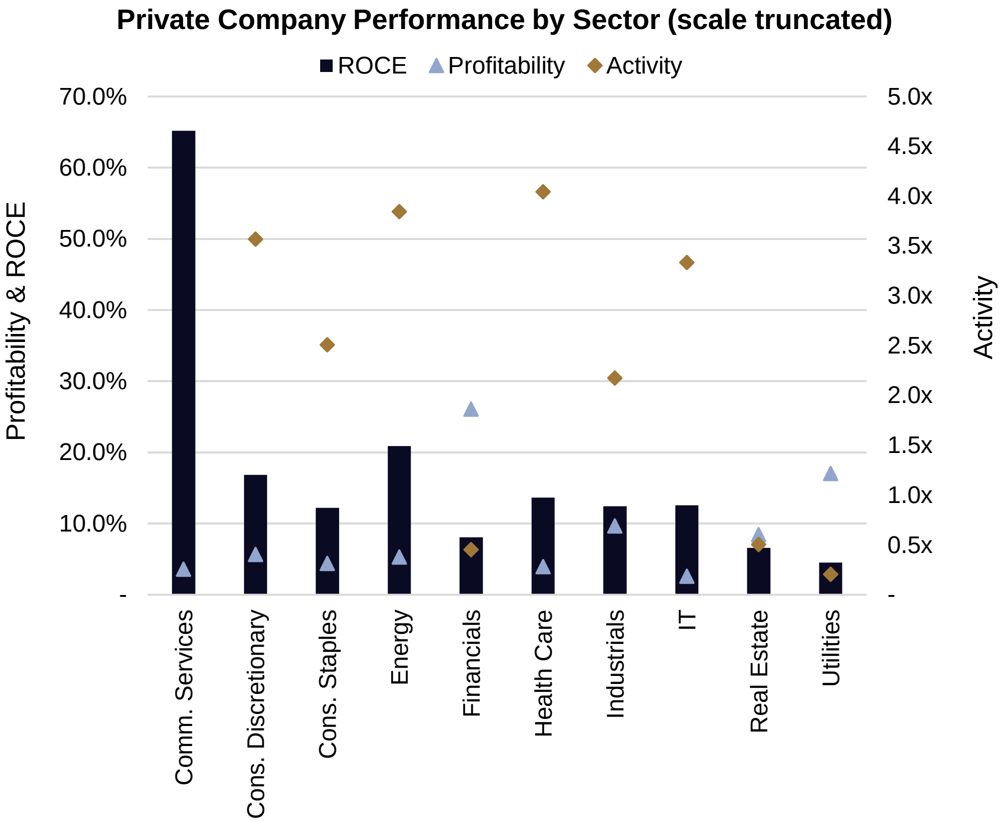
Conversely, the Information Technology sector shows one of the highest median Activity ratios (1.2x) among all the sectors, yet it is the worst performing sector in our sample with a median ROCE of negative 40.2% because most companies within the sector sample are not profitable. We attribute this to the fact that the business models of several companies within the IT sector are focused on reaching scale through customer acquisition and revenue growth, meaning long-term growth is prioritised over short-term profitability.

Private companies

Our sample of 196 Private companies from the S&P Capital IQ database has been filtered to reduce the impact of outliers and inconsistencies in the calculation of results. With a median ROCE of 10.9%, Private companies were once again the top NZ performers in this year's report, comprising seven of the top ten and 17 of the top 20 companies in terms of ROCE performance.

The chart opposite shows the median results by sector. Our original sample consisted of 11 sectors however, as there are only three companies within the Materials sector, we have excluded that sector from this chart.[4]

Within the Private Companies, the top three performing sectors were Communication Services, Energy, and Consumer Discretionary with ROCE's of 42.7%, 29.8%, and 17.4%, respectively. We note that the Communication Services and Consumer Discretionary sectors are among the top three for both Private and Listed companies although in both cases the Private companies substantially outperformed their listed peers.



Note: The median results for Profitability, Activity and ROCE do not directly correspond. The chart shows the median figure for each of the parameters in isolation. This means that the median Profitability ratio for a sector multiplied by the median Activity ratio for that sector may not equal the median ROCE of that sector. The Activity ratio for the Communication Services sector (34.7x) is not shown due to the truncated scale.

[4] Sectors and respective sample sizes are as follows: Communication Services (3), Consumer Discretionary (31), Consumer Staples (24), Financials (16), Health Care (42), Industrials (19), Information Technology (20), Materials (3), Real Estate (9), Utilities (4), Energy (27).

Private Companies cont.

In last year's report, we examined the differences in the drivers of the consistently superior ROCE results of Private companies, concluding that Private companies tend to have higher Activity ratios than their Listed company counterparts despite not being consistently larger (i.e. they are not necessarily benefitting from scale). We concluded that this suggests Private companies are, on average, more efficient at deriving revenue from their operating assets. We have repeated this analysis with this year's ROCE data and arrived at the same conclusions.

Due to the size of the sample, we have not sought to analyse this further by examining the companies at an individual level. One possible explanation is that the Private company sample includes many operating subsidiaries of large multinational corporations. These subsidiaries tend not to directly own significant operating assets as these sit with the ultimate parent company and will therefore report higher Activity ratios. A perfect example is Walt Disney's NZ subsidiary, one of this year's top 10, which does not own the content rights that it derives profit from.

Crown-owned companies

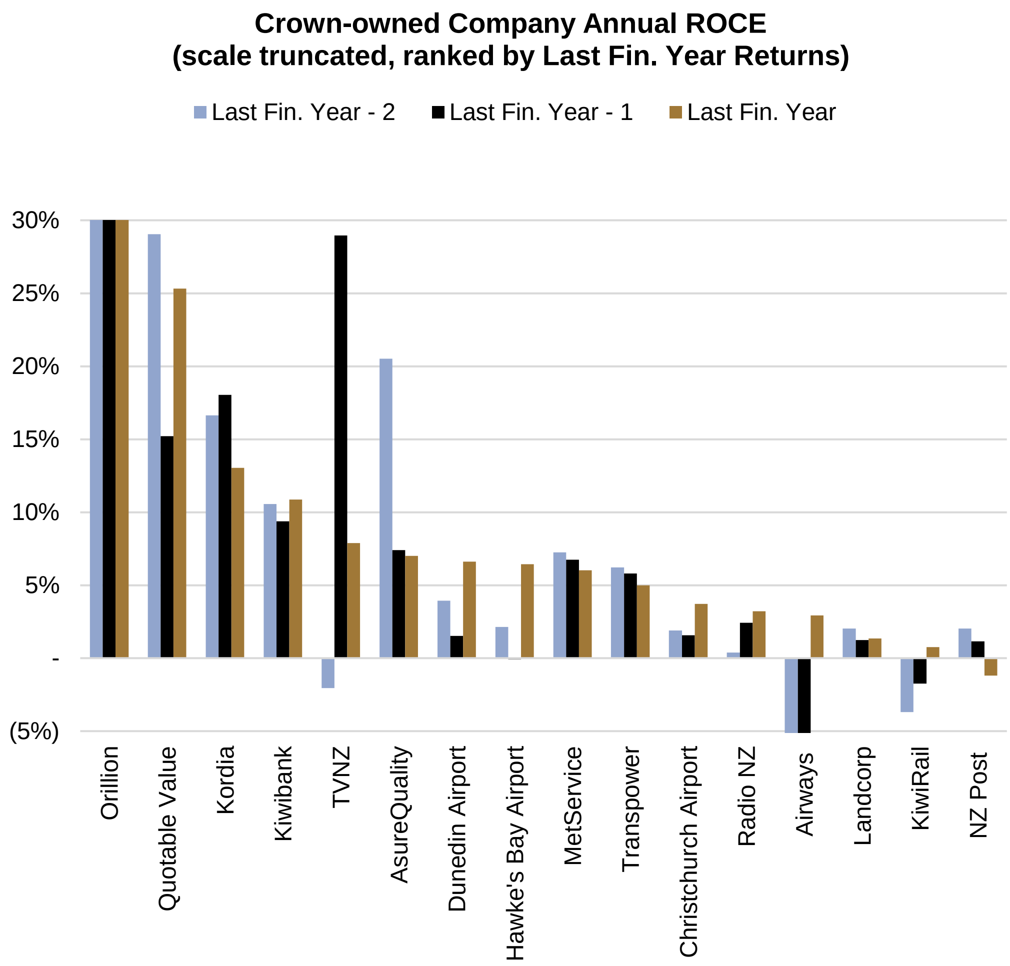
With a median ROCE of 6.2%, the overall performance of the 16 Crown-owned companies analysed increased 2.1% from the previous financial year (4.1%). Only one of the 16 companies reported a negative ROCE, which is two less than the previous financial year. Less than half of the companies recorded a decline in ROCE from the last financial year's result.

The sample consists of nine State-owned Enterprises, three Crown Entity Companies, three partially Crown-owned airports, and Kiwibank (a subsidiary of Kiwi Group Capital Limited, which is 100% Crown-owned).

Orillion recorded the highest of the Crown-owned companies (114.2%). Its strong result is driven by both high Profitability and Activity relative to the group. Quotable Value and Kordia round out the top three performers with ROCEs of 26.1% and 13%, respectively.

The recovery in the aviation industry following COVID-19 can be seen in this year's report ROCE results. The three airports and Airways all reported significant improvements in ROCE. KiwiRail also reported its first positive ROCE result in eight years.

It is worth commenting on TVNZ's volatile ROCE results which are driven by changes in its Profitability ratio (LYF-2: -1.3%, LYF-1: 15.7%, LFY: 4.5%).



Distribution of results

Listed Companies

The ROCE returns for the last three years roughly follow a normal distribution albeit with outliers at either end of a bell-shaped curve. The most recent results are highly concentrated around the median and are negatively skewed. The number of companies with a ROCE below negative 50% has increased by one from the previous financial year, while the number of companies with a ROCE above 50% has decreased. This fat tail of extreme negative results drives the negative skew, and results in the mean being below the median (4.7% *vs.* 5.6%).

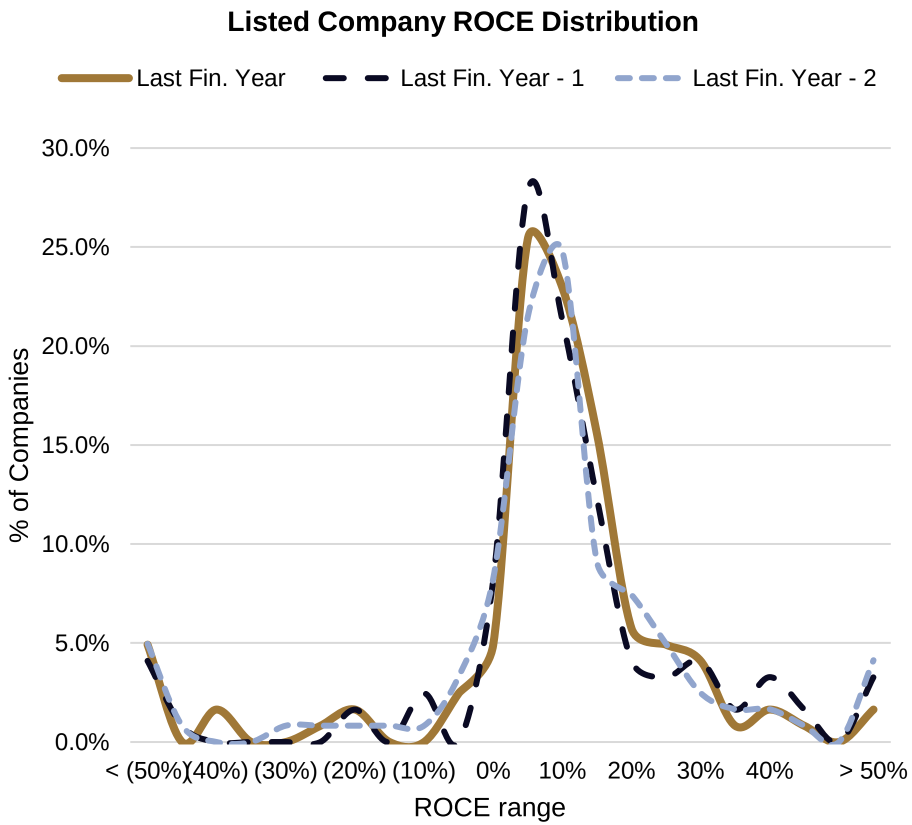
In total, over a third (43 of 122) of the Listed companies achieved a ROCE greater than 9% (a common estimate for post-tax market average WACC) which is in line with the previous financial year's result. 20 Listed companies recorded a negative ROCE in the last financial year which means a loss-making business. Six companies, or 4.9% of the sample, had a ROCE worse than negative 50%. Five of these were from the Information Technology sector, the remaining one was from the Consumer Staples sector.

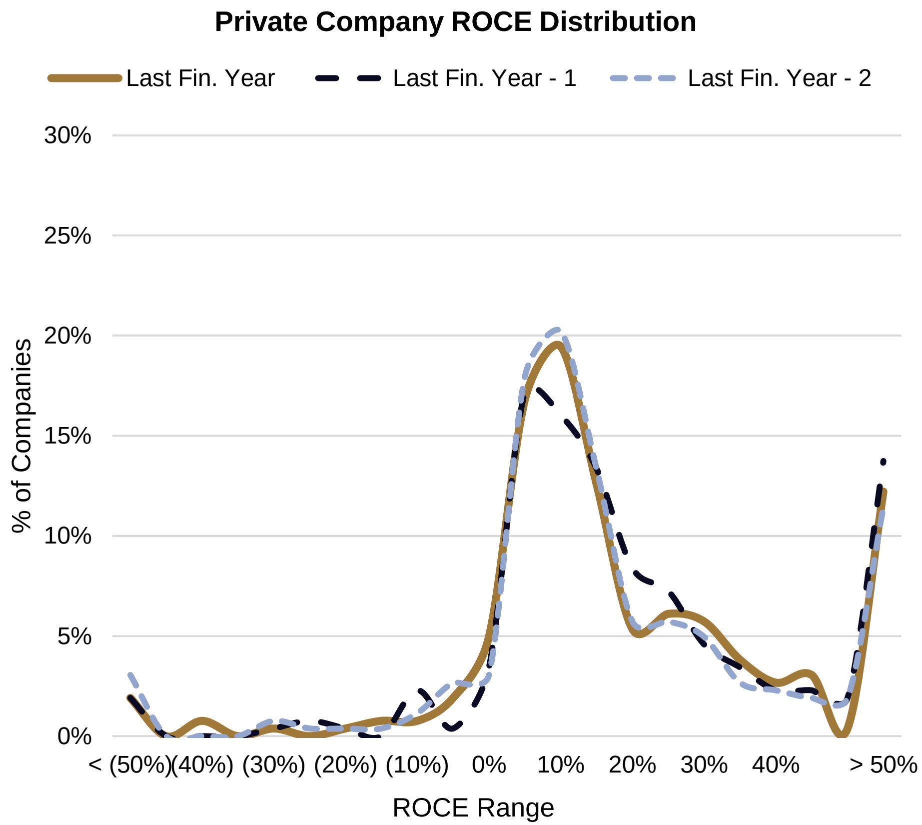
Private Companies

The ROCE returns for Private companies are less concentrated around the mean (23.2%) than the Listed companies, and the returns are skewed positively. The percentage with a ROCE greater than 50% (26 companies or 13.3% of the sample) is significantly higher than their Listed counterparts (two companies or 1.6% of that group). This fat tail of extreme positive results in the mean being more than double the median (23.2% vs. 10.9%).

109 of the 196 Private companies achieved a ROCE greater than 9%, lower than the previous financial year's result of 123 and notably higher than for the Listed companies. 18 of the 196 Private companies (9.1% of the category) posted negative ROCE, of which only four had a ROCE of less than negative 50%.

Distribution of results cont.





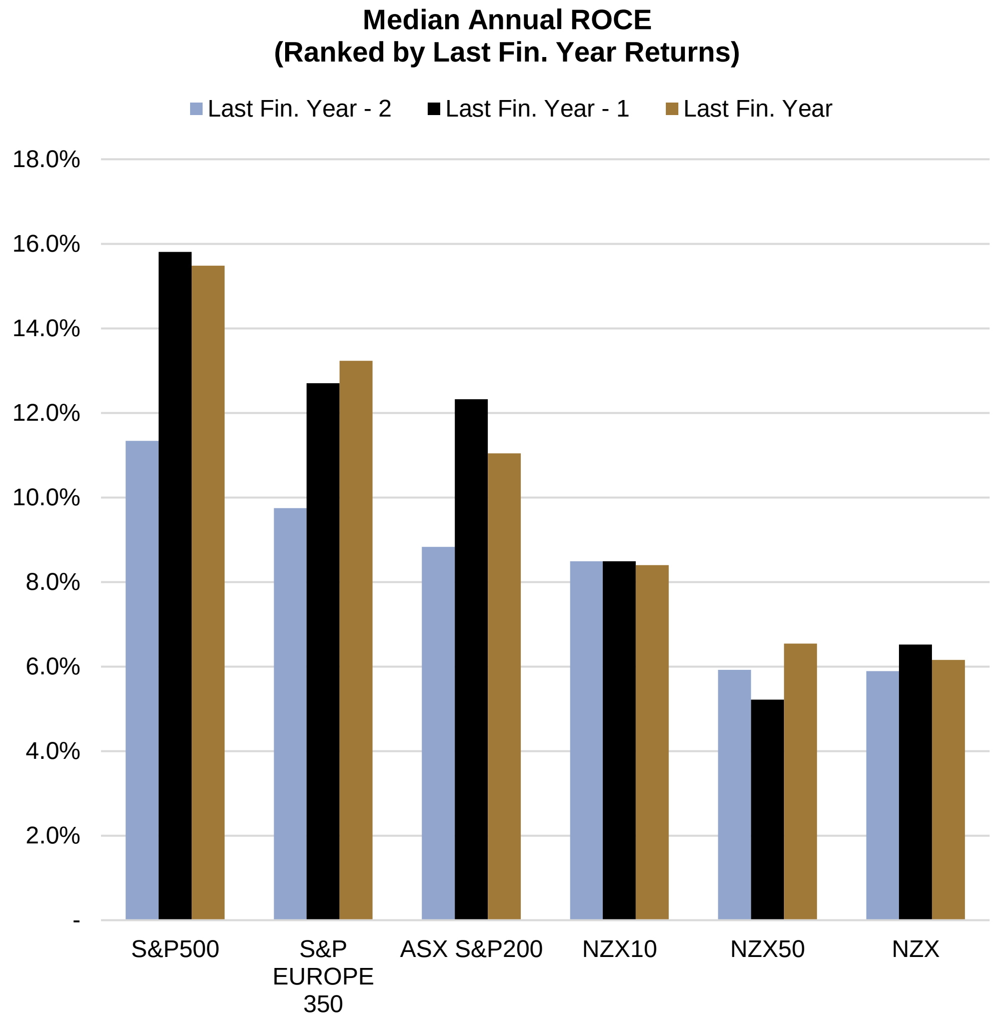
International comparisons

To benchmark New Zealand's performance, we have also reviewed the performance of companies in the Australian, European, and US markets. These are represented by the ASX S&P 200, S&P EUROPE 350, and the S&P 500 indices, respectively. For improved comparability, we have isolated the performance of the NZX50 and NZX10 index constituents from that of the entire group of NZX listed companies.

Note that the WACC in the comparison markets will vary from that of New Zealand. There are several reasons as to why this would be the case, for example, sector composition (e.g. less exposure to regulated utilities in overseas markets compared to New Zealand), market risk premium and government bond rates varying between markets. Accordingly, one cannot draw immediate conclusions as to whether international companies are doing better, or worse, at meeting their required return hurdles although we suggest the answer is that they are.

The **NZX** market as a whole experienced a 0.3% decrease on the previous financial year, recording a median ROCE of 6.4% *vs.* 6.7% in the previous financial year.

The **NZX50** index group of companies had a median ROCE of 6.5%, up 1.3% on the previous financial year. This higher median performance relative to the overall NZX market as a whole, albeit only slightly, appears to be the result of several lower performers among the non-NZX50 constituents (i.e. three companies reported a ROCE above 30% compared to only one company in the non-NZX50).



International comparisons cont.

The resulting median ROCE for non-NZX50 companies was 5.9%, 0.6% less than the NZX50 and a decline from last year's result of 7.9%. The NZX50 companies represent more than 90% of the NZ listed equity market capitalisationThe **NZX10** index comprises ten of the largest companies listed on the NZX. It outperformed both the NZX50 and the NZX market as a whole with a median ROCE of 8.4%, down 0.1% from the previous financial year.

The **ASX S&P200** index is recognised as the primary institutional investable benchmark in Australia. It covers approximately 80% of the market capitalisation in Australia. Median ROCE performance decreased slightly in the last financial year to 11.0% *vs.* 12.3% in the previous financial year. While this is still notably higher than that of the NZX50 and NZX10 companies, it is lower than the two other international indices we measure.

The **S&P EUROPE 350** index covers 350 blue-chip stocks from 16 developed European countries. This index again outperformed all but the S&P500 with a median ROCE of 13.2%, which is up from 12.7% in the previous financial year.

The **S&P500** index captures approximately 80% of the total US listed equity market capitalisation. The companies in this index have consistently produced a higher ROCE than the other markets examined. The S&P500 returned a median ROCE of 15.5% in the last fiscal year, down 0.3% on the previous financial year. As this index includes names such as Amazon, Alphabet, Apple, and Microsoft the outperformance is perhaps unsurprising.

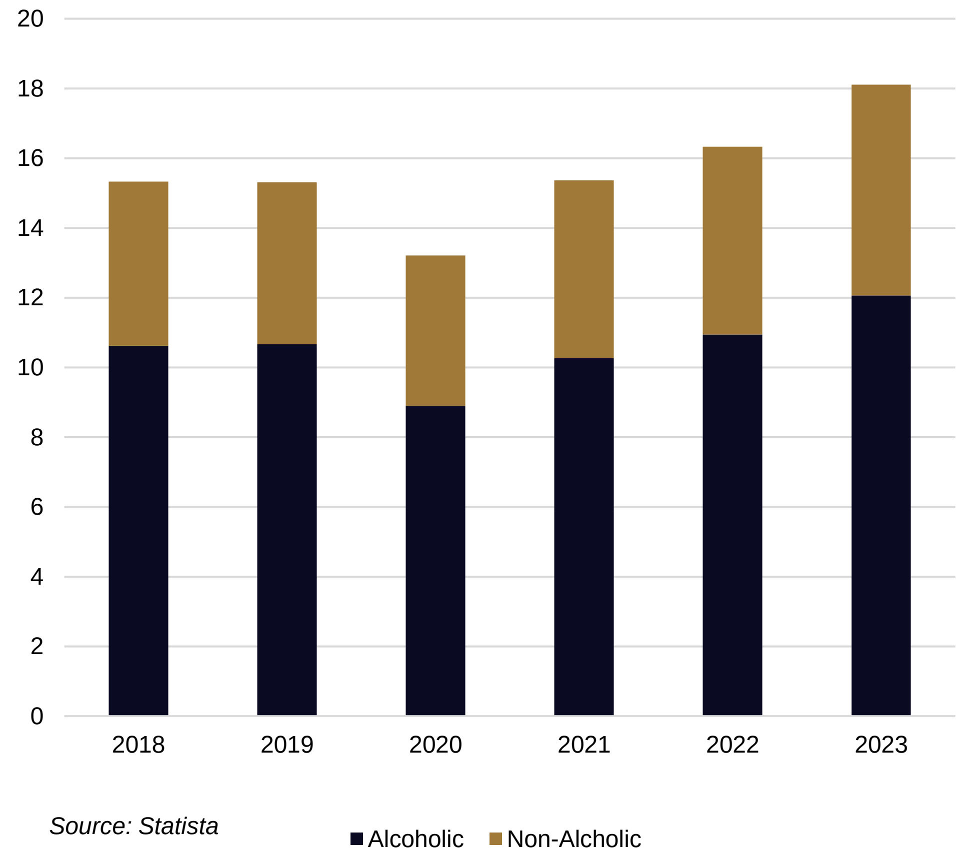
Spotlight: Beverages

This year we examine the Beverage sector. We observe a number of trends within this sector, as consumer preferences evolve over time. The economic environment provides some headwinds for segments of the Beverage sector, however, which is reflected in the ROCE results of the selected Beverage companies.

The beverages sector is broadly comprised of two sub-sectors: Alcoholic and Non-alcoholic Before examining ROCE and its components, it is useful to take a step back and examine the sector more broadly.

In New Zealand the sector is dominated by the Alcoholic segment, which accounts for c.64% of the total market by revenue. Growth over the last five years has been low but steady, with a compounded annual growth rate (“CAGR”) of 3.4% in real terms. This is just keeping pace with the average rate of inflation over the same period (3.4%).

Beverage Sector Revenue Breakdown (NZ$b)



Source: Statista

Spotlight: Beverages cont.

While overall growth appears low, at a micro level there are a number of trends driving growth and attracting investment in the sector:

- **Craft brewing:** Over the last decade, New Zealand has seen craft brewing move from a niche market to mainstream appeal. Early movers such as Emersons and Panhead have been acquired by industry player Lion (owned by Japanese firm Kirin) and Tuatara was acquired by DB / Heineken. While growth appears to be slowing as the sector matures and the macro-economic environment changes, well-known brands (e.g. Behemoth and Parrot Dog) have continued to attract investment through crowdfunding. There also appears to be an ongoing rationalisation of the number of industry participants as the market matures.

- **Distillery:** New Zealand now boasts a growing number of distilleries focused on premium spirits including whisky, gin, rum and vodka. While these new distilleries are growing, we cannot forget the 42Below success story for investors and more recently the sale of Cardrona distillery to International Beverage.

- **Health and functional beverages:** As in other sectors, consumers are becoming increasingly focused on healthier, more sustainable products. A number of businesses focused on this opportunity have arisen as a result (e.g. Almighty, Arepa, and Batchwell), with some already completing external funding rounds (Almighty has just completed a $627k crowdfunding raise while Arepa raised $2.5m in 2022).

- **Wine:** Wine continues to be a driving force for the New Zealand Beverage sector. New Zealand is renowned for its wine production, particularly the Sauvignon Blanc and Pinot Noir varietals. Export value has grown at a CAGR of 7.1% to $2.4b over the last five years.[5]

However, the sector is not without challenges and 2023 has proved to be a challenging year, particularly within the Alcoholic sub-sector.

- Cyclone Gabrielle left a trail of damage as it made its way through the upper North Island, resulting in an estimated $13.5b worth of damage to the Wine industry and an estimated 6% drop in overall production from the 2022 vintage.[5]

- For Craft brewers the macro-economic environment is creating headways as sharp increases in input costs and a highly competitive market are beginning to impact the sector. The price of key inputs (e.g. barley, malt, and CO2) have seen significant increases since 2020 and CPI increases to the alcohol tax excise, putting pressure on margins. Two notable brands have entered voluntary administration in the past year (Epic and Deep Creek) which may herald a changing tide in this sector.[6]

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5 Source: NZ Winegrowers Inc Annual report 2023

6 Epic Brewing went into liquidation in July 2023 but has since been purchased by a partnership between Russell Group and Hancocks Group.

Spotlight: Beverages cont.

We have selected a sample of listed and private largest Beverage companies, spanning the Alcoholic and Non-alcoholic sector, to examine ROCE performance within the sector. The selected companies are outlined below.

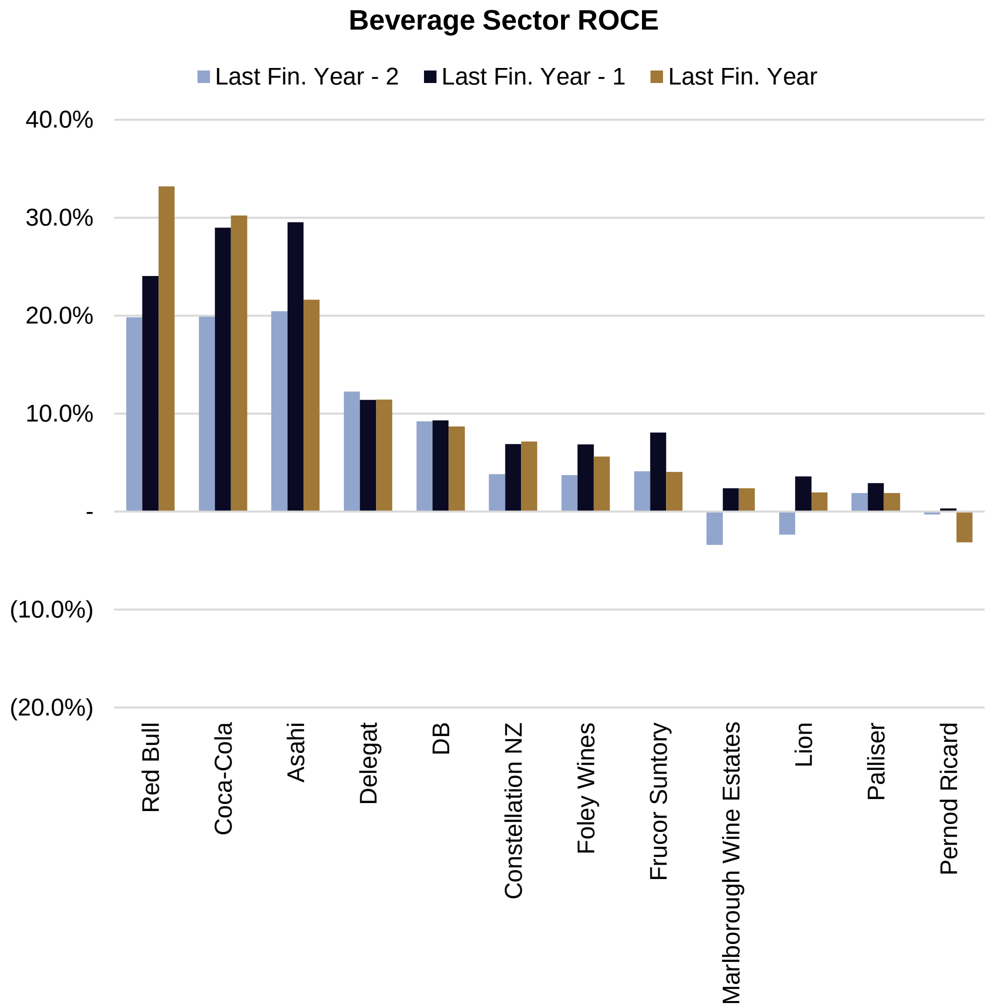
Selected Beverage Sector Companies

Company	Sub-sector	Balance date	Primary Brands	Revenue	EBIT	Total Assets	Capital Employed
LFY, NZ$000's							
Asahi	Alcoholic	31-Dec-22	Asahi, Peroni, Carlsberg	477.2	31.0	406.2	128.2
Coca-Cola	Non-alcoholic	31-Dec-22	Coca-Cola, L&P, Fanta	922.1	154.6	985.2	534.7
Constellation NZ	Alcoholic	28-Feb-23	Selaks, Ruffino, Kim Crawford	285.6	40.6	713.2	584.5
DB	Alcoholic	31-Dec-22	DB Export, Heineken, Tui	496.9	41.3	399.3	451.0
Delegat	Alcoholic	30-Jun-23	Oyster Bay, Barossa Valley Estate, Delegat	381.4	104.5	1063.3	955.4
Foley Wines	Alcoholic	30-Jun-23	Te Kairanga, Vavasour, Russian Jack	60.8	12.2	248.1	222.4
Frucor Suntory	Non-alcoholic	31-Dec-22	Pepsi, 7Up, Up&Go	571.8	23.1	763.1	575.0
Lion	Alcoholic	25-Dec-22	Corona, Speights, Steinlager	634.2	16.0	1056.1	850.1
Marlborough Wine	Alcoholic	30-Jun-23	OTU, Music Bay	9.4	0.9	43.0	37.3
Palliser Estate	Alcoholic	30-Jun-23	Palliser Estate	5.4	0.3	16.6	14.6
Pernod Ricard	Alcoholic	30-Jun-23	Stoneleigh, G.H. Mumm, Jameson	338.1	(14.9)	585.5	451.0
Red Bull	Non-alcoholic	31-Dec-22	Red Bull	41.2	1.4	29.6	3.3

Spotlight: Beverages cont.

The chart across presents ROCE performance over the last three financial years for the selected companies. There are a wide range of results in reported ROCE; Red Bull reported the strongest ROCE performance (33.2%) in the last financial year while Pernod Ricard reported the worst ROCE result (-3.1%). ROCE results are broadly consistent across the last three years. It is perhaps unsurprising to see that the top two performers in terms of ROCE are both household names. What is interesting is the differing nature of these two companies, Coca-Cola is the largest Beverage company in our sample (by revenue) and has a wide range of brands that span both the Alcoholic and Non-alcoholic segments. Red Bull on the other hand is smaller (comparatively) and reliant solely on its namesake brand of energy drinks.

The headwinds mentioned above can be seen in the ROCE results of the Alcoholic sub-sector. At an absolute level, reported ROCE performance has been generally flat over the last two financial years across the Alcoholic sub-sector and in the last financial year results only two of the nine Alcoholic sector companies reported ROCE results above common estimates for the post-tax market average WACC (9%).



Spotlight: Beverages cont.

ROCE Components (LFY)			
Company	**Profitability**	**Activity**	**ROCE**
Beer			
Asahi	6.5%	3.3x	21.6%
DB	8.3%	1.0x	8.7%
Lion	2.5%	0.8x	2.0%
Median	*6.5%*	*1.0x*	*8.7%*
Wine			
Constellation	14.2%	0.5x	7.1%
Delegat	27.4%	0.4x	11.4%
Foley	20.0%	0.3x	5.6%
Marlborough Wine Estates	9.2%	0.3x	2.4%
Palliser	4.9%	0.4x	1.9%
Pernod Ricard	(4.4%)	0.7x	(3.1%)
Median	*11.7%*	*0.4x*	*4.0%*
Non-alcoholic			
Coca-Cola	16.8%	1.8x	30.2%
Frucor Suntory	4.0%	1.0x	4.0%
Red Bull	3.5%	9.5x	33.2%
Median	*4.0%*	*1.8x*	*30.2%*

The table left shows the components of ROCE across the sample. We have segmented our selected companies into three categories: Beer, Wine, and Non-Alcoholic. We note that some, if not all, of the Alcoholic Beverage companies have brands across all formats. In these cases, we have categorised them based on the dominant product category / brand.

From this table, we can see that Red Bull's high ROCE result is due to high levels Activity, whereas Coca-Cola (the second-best performer in terms of ROCE) achieves its ROCE result through a favourable mixture of both Activity and Profitability ratios. It appears Red Bull's extremely high Activity ratio (9.5x) is primarily driven by favourable credit / financing terms with its parent company which enable the company to operate with an artificially low operating asset base compared with the other Beverage companies (due to the high level of unpaid Trade Creditors, which currently sit at over 200+ on a days payable basis).

Spotlight: Beverages cont.

By segmenting the sample, we can attempt to identify the impacts of the different business models within the Beverage sector, noting the limitations of this approach with companies with diverse product ranges. We note the following:

- The low Activity ratios across the sample reflects the asset intensive nature of this sector. This is particularly noticeable in the Wine segment, which has a median Activity ratio of 0.2x. This is due to the significant investment in land and production assets needed for wine production. On average 35% of the wine companies total net operating assets are tied up in land.

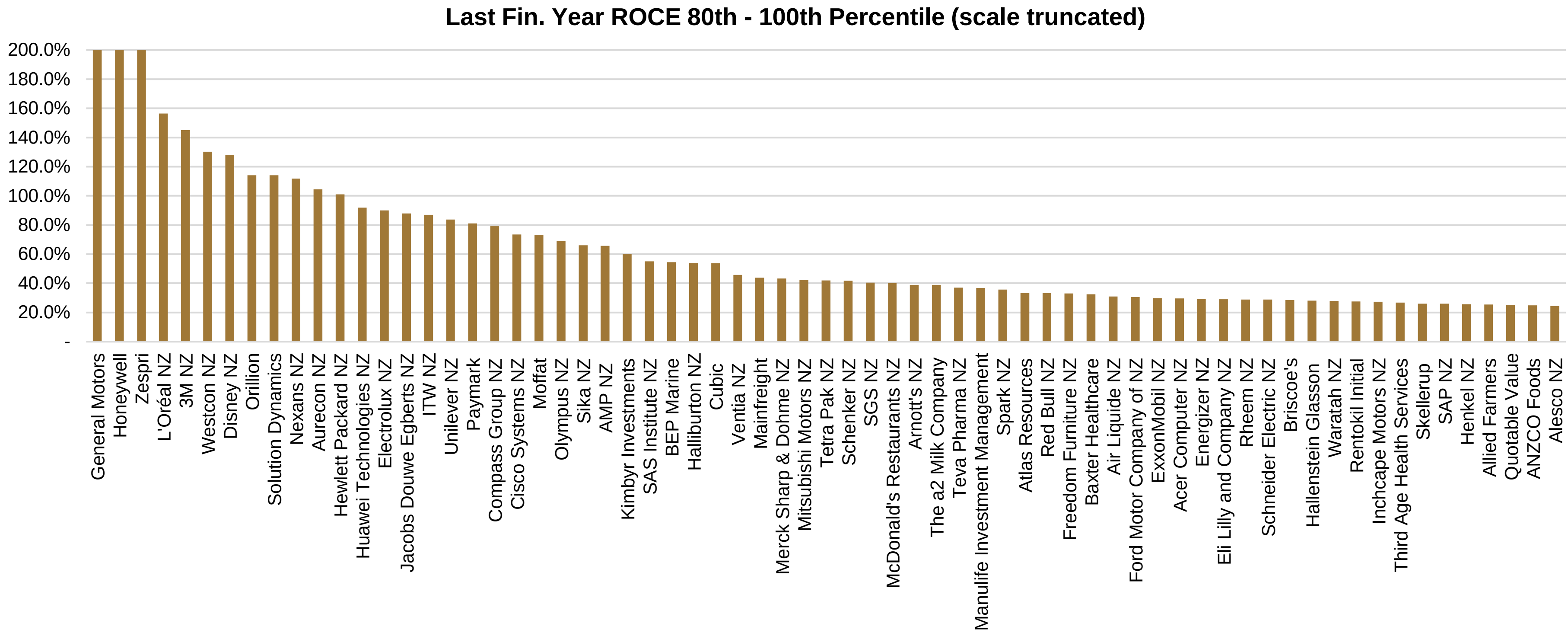
- Red Bull and Asahi appear to be outliers in this respect with Activity ratios of 9.5x and 3.3x, respectively. We attribute this to Asahi's business model being geared towards the import of international beer brands (e.g. Asahi, Peroni and Carlsberg) as opposed to the production of beer in New Zealand. This results in a lower operating asset base relative to the other brewers shown (DB and Lion), which have a larger New Zealand based brand range (e.g DB Export and Speights). We have commented above the drivers of Red Bull's Activity ratio.

- Amongst the Alcoholic sub-sector, the Wine companies appear to exhibit the highest Profitability ratios (except for Pernod Ricard), with a median of 11.7%. Anecdotally, we suggest this is driven by the branding and associated pricing power of wine which can typically attract premium pricing in both New Zealand and export markets.

From the ROCE results above, we suggest that there are divergent trends arising in the Beverage sector. While the macro-economic environment is taking its toll on the Alcoholic sub-sector companies, the Non-alcoholic sub-sector appears to be proving resilient to these headwinds, with the exception of Frucor Suntory. For some companies the weak ROCE performance has already come to a head, in September 2023 Pernod Ricard announced that Morgan Stanley and JP Morgan had been engaged to conduct a strategic review of the New Zealand and Australian businesses.

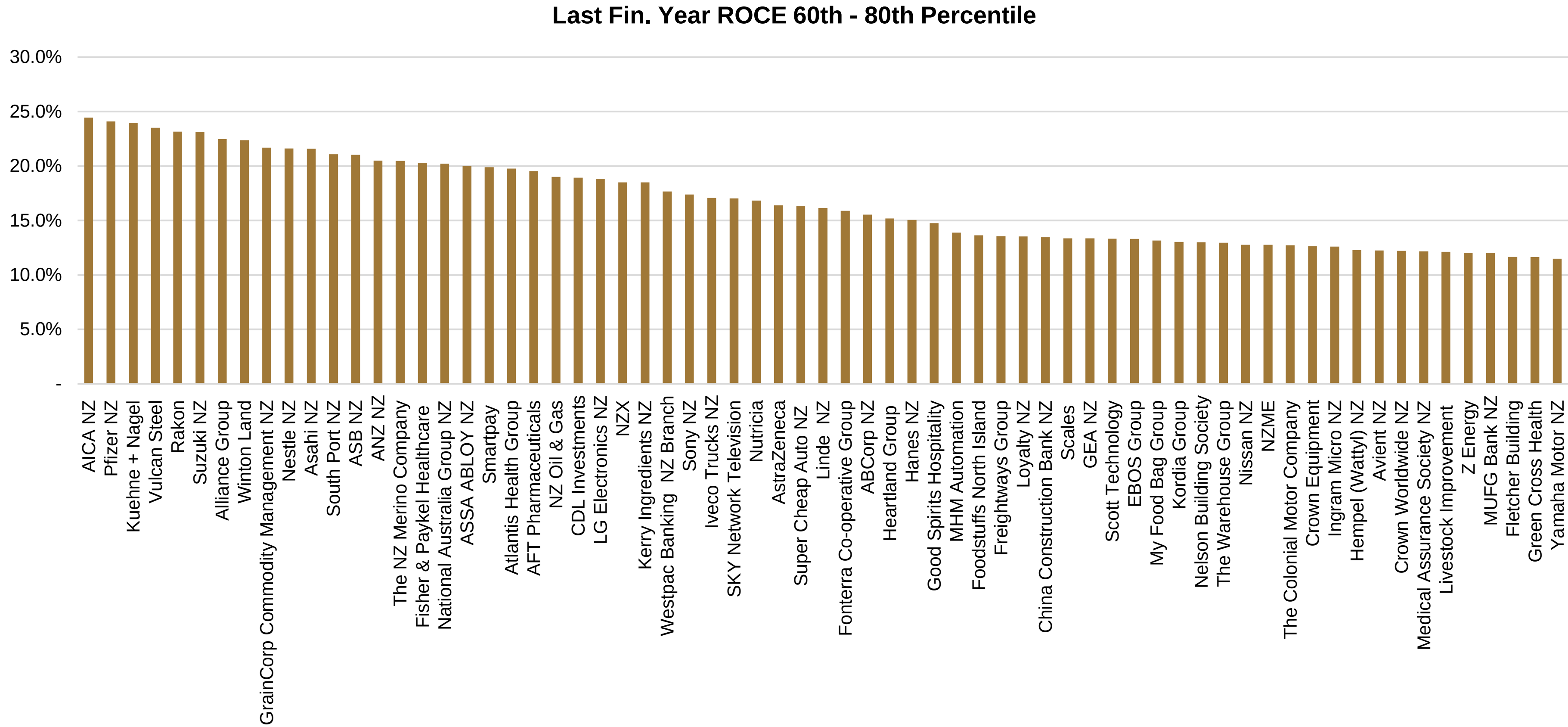
Individual Entities

The following five charts show the individual ROCE performance for each of the 334 Listed, Crown-owned, and Private companies reviewed broken down into quintiles. This first chart shows the 67 companies in the 80th – 100th percentile, which is dominated by the Consumer Discretionary, Information Technology, and Industrials sectors, which combined make up 60% of this percentile (while they account for 44% of the entire sample of 334). The companies in this quintile had ROCEs ranging from 865.7% to 24.5%, note the scale is truncated at 200%.



Individual entities cont.

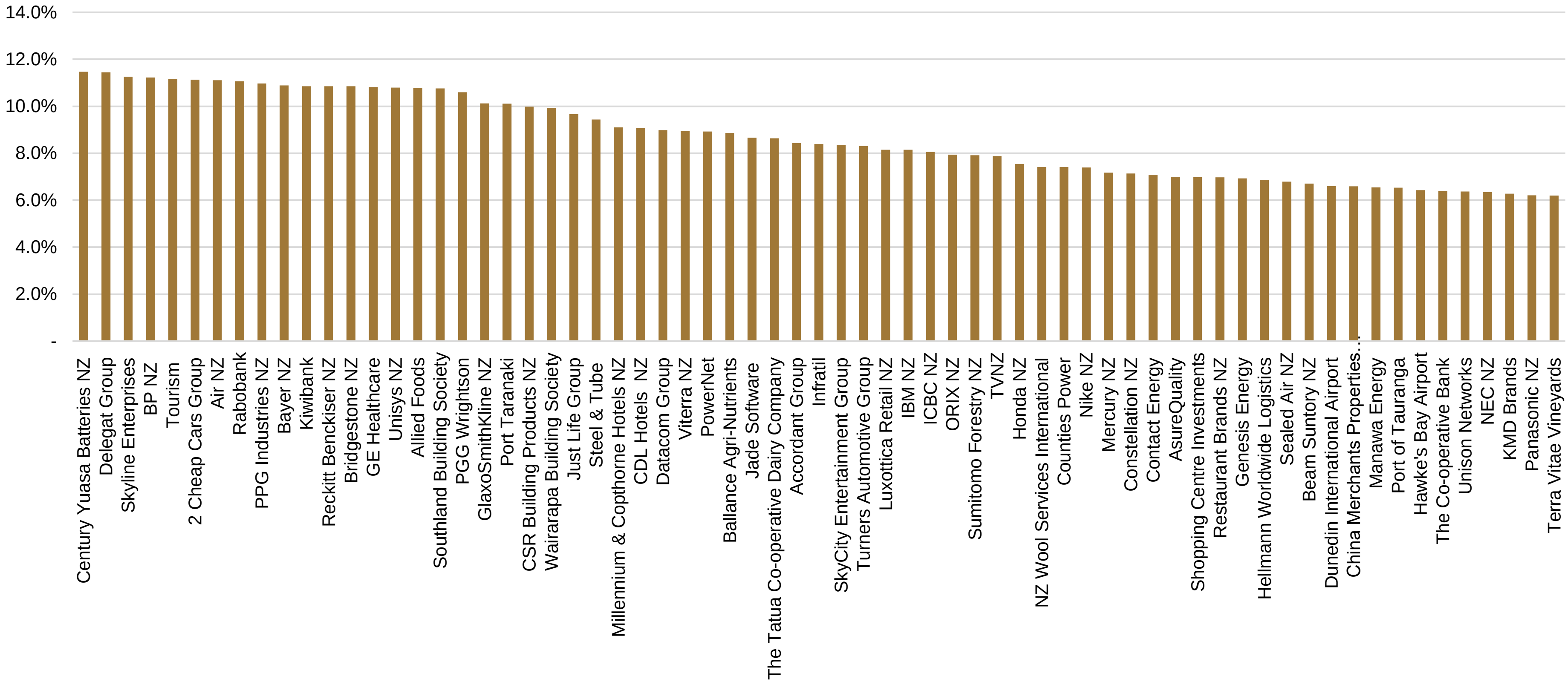
The 60th – 80th quintile has ROCEs ranging from 24.4% to 11.6%. While the Consumer Discretionary sector is still prevalent in this quintile, the Consumer Staples and Industrial sectors are the most frequent. Unsurprisingly, among the this quintile and the top quintile, the Private companies are the most prelevant, a large portion of which are subsidiaries of large multinationals.



Individual entities cont.

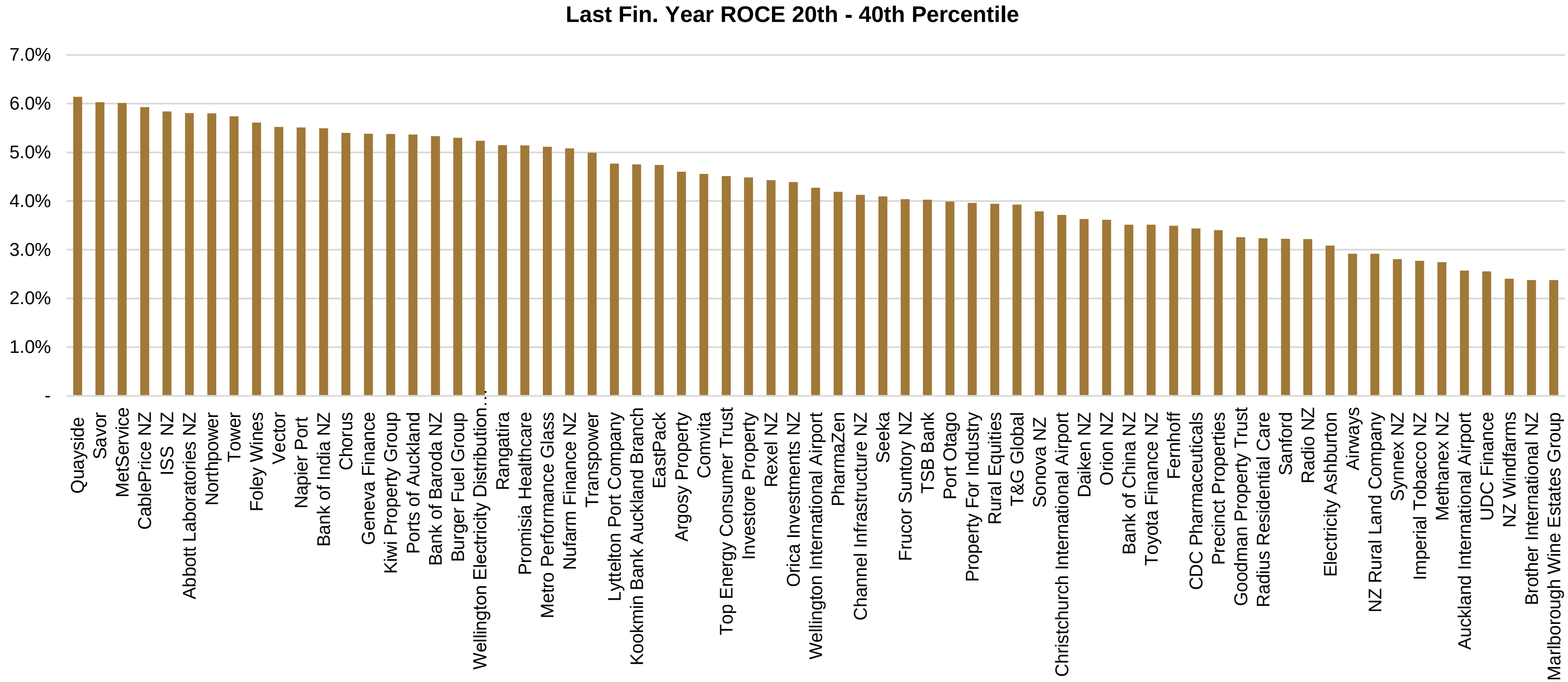
The 40th – 60th percentile ranges from 11.5% to 6.2% with an average ROCE of 8.7% which is just below market estimates of post-tax WACC 9%. Approximately one third of all the Crown-owned companies sit within this quintile.

Last Fin. Year ROCE 40th - 60th Percentile

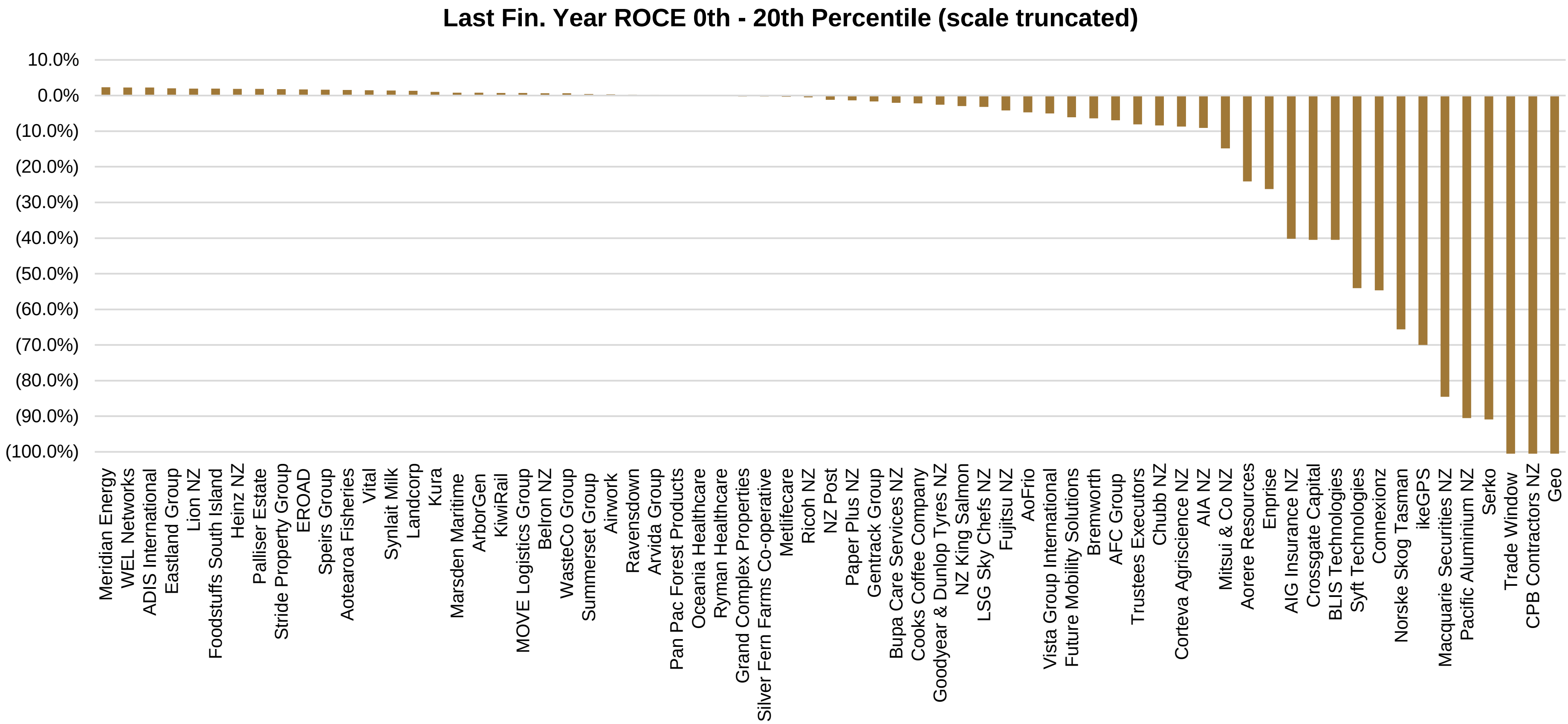


Individual entities cont.

The second quintile ranges from 6.1% to 2.4%, these companies can be broadly considered as not achieving their cost of capital. At this range of ROCE results we begin to see fewer private companies, and relatively more Listed and Crown-owned companies. In this quintile and the one below it Private companies are increasingly sparse, reflecting the, on average, stronger ROCE performance of this category.



Individual entities cont.



Individual entities cont.

The first / bottom quintile mainly consists of entities with a negative ROCE, ranging from positive 3.3% to negative 242.9%. Note that for the purposes of this chart, those entities with a ROCE of less than negative 100% have been constrained at that level. This percentile can be broadly split into two categories:

- Market disruptors that have business models focused on long term growth by reaching scale and as a result neglecting Profitability (e.g. early stage Software-as-a-Service companies of which there are 12 in this group).
- Businesses that are unprofitable and most likely need to change their business models in order to be sustainable (for example, NZ Post is in the process of transitioning its business model as traditional postal service is no longer economically viable).

The percentage of Listed companies within this bottom quintile is higher relative to the other quintiles (i.e. 50% vs. an average of 33% for the other quintiles), this may reflect that Listed companies typically have greater access to additional capital than Private or Crown-owned companies, allowing these companies to operate at a loss for extended periods of time. Some examples of this include Enrpise, ikeGPS, and Trade Window, all of which have raised capital within the last three years while being loss-making businesses.

About Armillary

Independent since 2008, and determinedly so now, we adopted the Armillary name in 2009. The name derives from the armillary sphere that the Greeks used to solve astronomical problems. It seemed a fitting metaphor for what we do as a business, navigating the way through sometimes dark and stormy waters.

In over 30 years of operation, Armillary and its principals have interacted with hundreds of New Zealand and international businesses, assisting them with their capital needs and providing advice as to how best to improve, grow, fund, and exit their businesses. Over this period Armillary has raised hundreds of millions of dollars of debt and equity, undertaken listings and IPOs, and led numerous Merger and Acquisition ("M&A") transactions.

The diversity of expertise in our team allows us to provide a specialised experience to our clients across multiple industries. Understanding capital and capital markets requires not only a deep appreciation of what makes companies work but also how value is created, grown, maintained, and realised.

We are the New Zealand representative of M&A Worldwide ("MAWW"), a global M&A network established in 2004. MAWW is specifically focused on cross border advice to the mid-market (deal values of €6m - €300m). Acting through a network with professionals in 44 offices across 35 countries, MAWW provides dedicated corporate financial advisory services (M&A advice) to mid-market clients looking for global transactions.

The MAWW network gives us access to a wide range of strategic investors, potential acquirers, M&A candidates, as well as corporate finance partners. Potential counterparties are qualified, screened and selected based on their financial strength, industry position, and strategic fit with your business. This enables us to identify and approach the most suitable investors for our clients, and to create a competitive bidding process to maximise the outcome for shareholders.

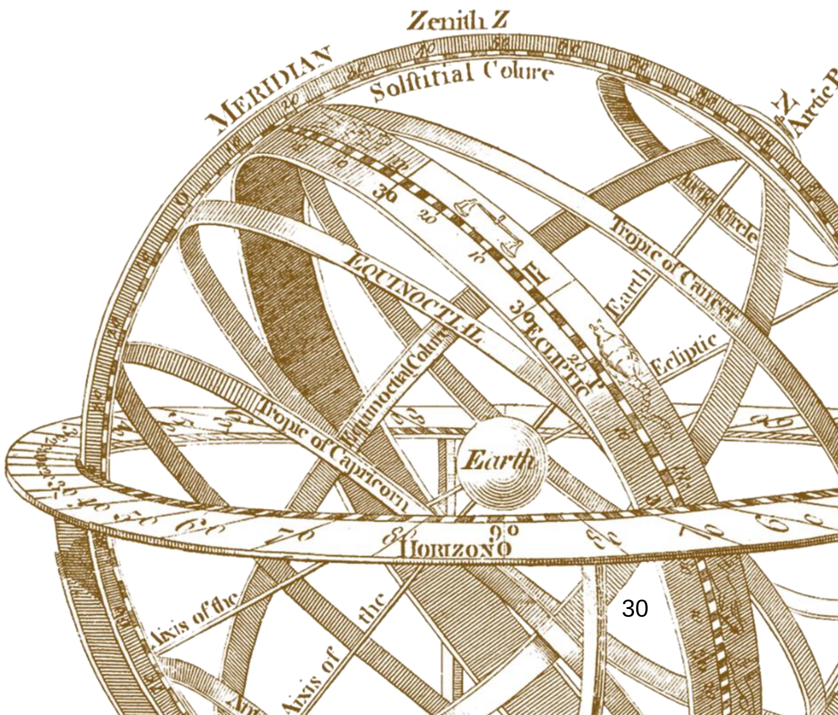
This global presence allows us to offer our clients a truly international reach, accessing potential buyers and acquirers from all over the world.

Armillary is owned by its directors and Te Rūnanga o Toa Rangatira.

Sources of data

The data for this analysis and report has been compiled by Armillary from annual reports and data obtained from S&P Capital IQ. For the analysis we are reliant on the categorisations used by S&P Capital IQ and such categorisation may vary from that which we have applied to those companies for which we have sourced the data directly from annual reports.

Profitability ratios have been calculated on a normalised EBIT basis, predominantly excluding revaluations, gains/losses on fixed assets and unrealised gains. Calculations have been extracted from S&P Capital IQ and entered manually when required. These results from S&P Capital IQ have not been extensively audited by Armillary, and results may vary.



Appendix 1: ROCE explained

ROCE is a measure of business effectiveness and capital efficiency. ROCE is a function of Profitability, how much profit a business generates before interest and tax (EBIT) and Activity, how much a business has invested in operating assets to generate that level of Profitability.

In the 1920's Du Pont Corporation developed what is commonly known as Du Pont accounting and ROCE as a measure of business performance to enable it to compare the performance of its many different business units. The Du Pont accounting method is a powerful and relatively simple approach to determine the impact of management decisions on financial performance. The advantage of this method is that it provides a consistent form of evaluation for a business to use when measuring performance.

At an individual business level ROCE:

- allows comparison between business units of different size over time
- shows where to invest further and where to cut back
- shows whether it is worth borrowing further to invest
- shows if expectations of shareholders are being met
- indicates the maximum sustainable growth of a business, and
- is used to track whether a project is performing according to plan

ROCE can be used to test operational efficiency, balance sheet management efficiency and the adequacy of return on total capital employed to assess business performance.

ROCE can be used to help management improve both the profitability and balance sheet management. Improvements in these areas will lead to improvements in ROCE.

2023 ROCE Report Adjustments

This year's report is calculated on the same basis as the previous report, which differs from reports prior to 2021. Prior to 2021 we used the full year financial results reported in the year prior to our report. For example, the ROCE report we released in 2020 used the FY19 reported results for all of the companies analysed i.e. balance dates between January and December 2019.

If we had adopted the same approach this year this report would be based on FY22 reported results i.e. balance dates between January and December 2022. Initially in response to Covid-19, and the fact that results could differ depending on how balance dates were spread over the course of the calendar year, we have adopted a different approach. The analysis in this report is based on the most recently reported full year financial results.

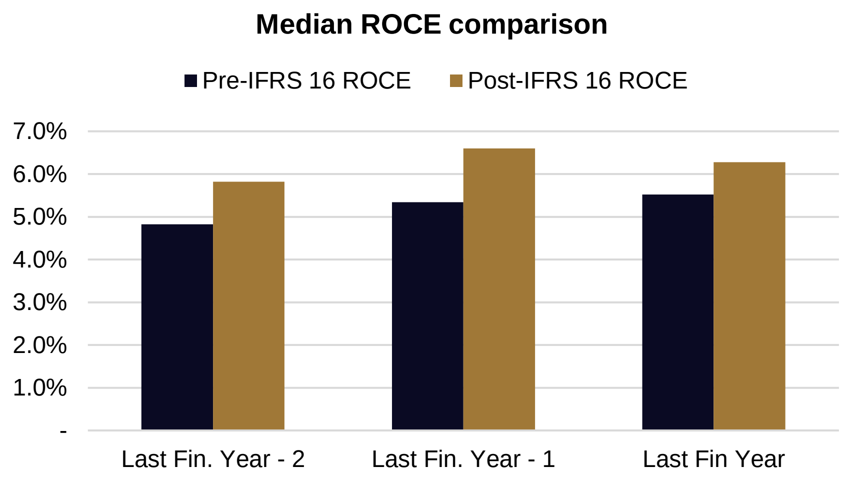
In practice this means that the results come from results reported for balance dates between July 2022 and June 2023. The following tables show the spread of reporting dates for the different markets we have analysed. Note that for companies with March and June balance dates - the results will be for their 2023 financial years, whereas for balance dates of September and December the results will be for the 2022 financial year.

Market (% of Companies)				
Balance Date	**NZX**	**USX**	**Private**	**Crown**
March 2023	36.8%	50.0%	23.4%	-
June 2023	51.9%	31.3%	4.1%	100.0%
September 2022	-	-	7.6%	-
December 2022	2.8%	12.5%	55.3%	-
Other	8.5%	6.3%	9.6%	-

Market (% of Companies)				
Balance Date	**NZX**	**S&P 500**	**EURO350**	**ASX 200**
March 2023	36.8%	1.3%	6.3%	4.1%
June 2023	51.9%	4.2%	1.4%	68.9%
September 2022	-	4.0%	2.3%	6.2%
December 2022	2.8%	79.2%	87.7%	13.0%
Other	8.5%	11.5%	2.3%	7.8%

IFRS 16 Lease Reporting

From 1 June 2020 IFRS 16 came into effect, which changed the way operating leases are accounted. This change brought operating leases onto the balance sheet as right-of-use assets and a corresponding lease liability and means rent / leasing operating expenses are now apportioned between interest and depreciation. While most of the companies covered by this report have adopted IFRS 16 there may be exceptions among the Private companies. For completeness we have manually adjusted the NZX listed company's data to reflect pre-IFRS 16 accounting (i.e. excluding lease assets / liabilities and including rental charges in EBIT) to analyse the impact of IFRS 16 on our reported ROCE. The chart below shows the impact of this adjustment on median ROCE. We note that while there may be large impacts to individual companies that rely heavily on operating leases (for example retailers), in aggregate the impact is minor.



Calculating ROCE

It is important to note that some changes need to be made to traditional thinking to gain the benefits of this dynamic approach.

To achieve this there are four concepts that need to be considered:

1. The separation of funding from operating decisions

Consider the traditional formula for presenting financial statements.

EQUITY = (Current Assets + Cash – Current Liabilities) + Non-current Assets – Debt – Non-current non-interest-bearing Liabilities

In order to calculate ROCE, all forms of funding need to be removed from the right-hand side of the equation. Total Net Assets should exclude any external funding or debt thereby representing the true value of scarce resources employed in the business.

The financial analysis format can now be structured as follows.

DEBT – CASH + EQUITY = (Current Assets – Current Liabilities) +
Non-current Assets – Non-current non-interest-bearing Liabilities

CAPITAL EMPLOYED (“CE”) = TOTAL NET OPERATING ASSETS (“TNA”)

The movement in TNA reflects operating changes made to the employment of scarce resources, while Net Debt (i.e. Debt – Cash) and Equity reflects how these changes are funded. It should be noted that where the directors of a business elect to retain minimum levels of cash this cash should be included in TNA.

2. Balance sheet efficiency – ACTIVITY RATIO

Definition: A measurement of how well the business manages its scarce resources

Formula: $\frac{\text{Revenue}}{\text{Capital Employed}}$

The Activity ratio is a measure of how many times a business turns over its CE in a financial year.

By way of example, an Activity ratio of 2.50x means that for every $1.00 invested in Capital Employed the business produces $2.50 in revenue. It answers the question of whether the net operating assets are being utilised efficiently in the production of income.

The activity drivers are:

- Raw Materials, Work in Progress, and Finished Goods: the value of raw materials, work in progress and finished goods the business holds
- Trade Debtors: how much the business has tied up in receivables
- Trade Creditors: how much the business owes to its suppliers for goods and services provided, and

- Non-current Assets: how much is invested in plant and equipment and intangible assets which are required to operate the business and produce the goods sold.

Other current assets and liabilities such as prepayments and accruals are included in trade debtors and creditors. Non-current non-interest-bearing Liabilities, while typically a relatively small number, are also levers that management can use to influence the Activity ratio.

Adjusting one or more of the activity drivers will increase or decrease the Activity ratio and therefore improve or worsen ROCE.

3. Operational Efficiency – PROFITABILITY RATIO

Definition: A measurement of the Return on Sales purely from an operating perspective.

Formula: $\frac{\text{EBIT}}{\text{Revenue}}$

The above formula ignores the impact of funding and concentrates on the entity's ability to produce a return from revenue.

The four key profitability drivers are:

- Price: how much a business receives for the goods it sells
- Volume: how many goods the business sells
- Cost of Goods Sold: how much it costs the business to produce the goods it sells and
- Expenses: the overhead expenses of the business including depreciation.

Adjusting one or more of the profitability drivers will increase or decrease the Profitability ratio and therefore improve or worsen ROCE.

4. Return on Capital Employed – ROCE

Definition: The percentage return yielded from the employment of scarce resources in the form of profit before interest and tax

Formula: $\frac{\text{EBIT}}{\text{CE}}$ **OR** Profitability ratio x Activity ratio

The link between the Balance Sheet and Profit & Loss is dynamically reflected in ROCE.

The interactive nature of this ratio is seen in the alternative formula as the product of the Profitability and Activity ratios. Operational and Balance Sheet efficiency are brought to life in one single ratio. This should be the first area of review in the process of corporate performance assessment, and it should be determined as to whether or not ROCE is adequate and which of its components contribute to both the strengths and weaknesses of the operational strategy.

Irrespective of the type of industry ROCE should at least be equal to or greater than WACC in order for a business to create shareholder value.

Example ROCE calculation

Revenue	100,000
EBIT	10,000
Profitability Ratio	10%
Capital Employed	50,000
Activity Ratio	2x
ROCE	10% x 2 = 20%

It is worth noting that average Capital Employed for the period over that which Revenue and EBIT are derived will give a better result than just considering Capital Employed at the end of the period being measured.

It should also be noted that ROCE does not change when EQUITY is substituted for DEBT. This highlights the impact of ROCE being a true operational performance measurement.

Interfacing Profit and Loss with the Balance Sheet

The Balance Sheet is just a snapshot of the assets and liabilities of a business at a point in time. However, its interaction with profit and loss, through EBIT, provides the platform for developing a completely dynamic analytical structure.

Two businesses, producing the same sales and return on sales can be viewed from an operational point of view as being identical even if one were funded by debt and the other by equity. This is because the cost of borrowing is purely a financial issue.

ROCE Uses

ROCE can be used in many ways by organisations and management teams as a performance measure and as a tool when preparing budgets and valuations.

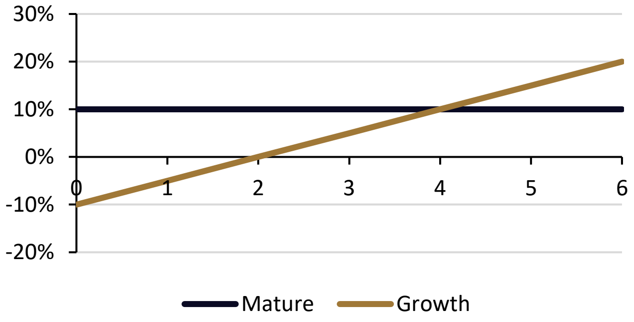
One of these ways is that the management team may set ROCE goals for either the entire organisation or its sub-units and decision making in respect of investing in new projects to ensure that the business is performing at a level that is greater than WACC. ROCE is also able to be used to set up a performance remuneration plan for management and employees. As it is simple to calculate, ROCE provides a transparent model for such programs.

Budgeting and Valuation

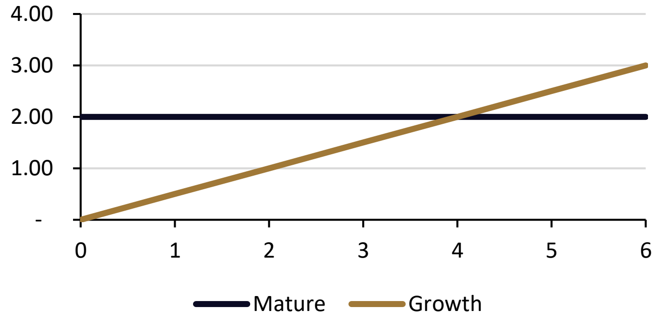
Businesses and analysts can often make an underlying error in budgeting or forecasting business performance that impacts a business valuation. When undertaking a valuation, the biggest error usually arises from utilising overly optimistic forecasts. Discount rates are generally less susceptible to such errors.

Consider the following four charts that simplistically compare Profitability, Activity, Capex to Revenue and ROCE ratios for a mature business and a growth business. The underlying issue is that budgets for mature businesses more than often assume expanding profitability, increasing activity, reducing levels of capital expenditure for every dollar of sales and therefore increasing ROCE.

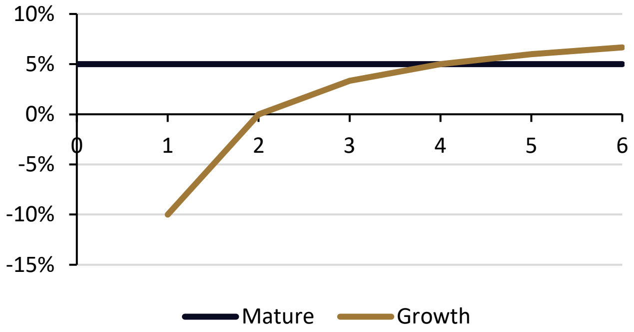
Profitability



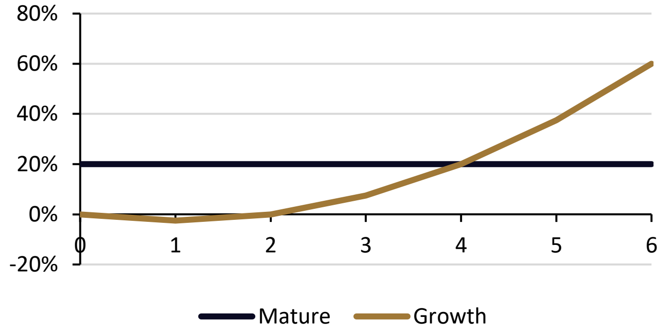
Activity



Capex/Revenue



ROCE



More often than not a mature business is unlikely to see these improvements on an ongoing basis. While some improvement is always possible, continuous expansion is unlikely to be experienced on an ongoing basis and the art of getting the forecasts correct is in challenging such ongoing expansion assumptions. Forecasts for growth businesses often have the opposite issues. Businesses often struggle to achieve EBIT margins in excess of 20% on an ongoing basis. At those levels competitors are likely to enter a market and customers generally start looking elsewhere or in-housing the supply. Revenue growth will also demand additional lock up in working capital and additional fixed assets to support the growth. Therefore, to create robust forecasts for a growth business at some juncture these charts are likely to level out and this levelling is usually earlier than anticipated generally because the business relaxes controls around expenditure.

Taking into account the ratios in the chart helps to reduce the risk of making a budget or forecast error and therefore improves the quality of the budget or forecast and by extension the quality of any valuation based off the same.

What is a “Good” ROCE

ROCE is a measure of a company’s profitability and its activity. Quite simply, a good ROCE is a level that exceeds the pre-tax WACC for the business. Where this is the case, the business will be creating value for its shareholders

Appendix 2: Results in detail

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
2 Cheap Cars Group	NZX	8.1%	5.1%	3.5%	2.8x	2.4x	3.2x	22.6%	12.3%	11.1%	Mar-23
3M NZ	Private	6.8%	9.1%	12.9%	12.4x	14.2x	11.3x	83.7%	129.2%	145.0%	Dec-22
Abbott Laboratories NZ	Private	3.9%	3.2%	4.3%	1.4x	1.4x	1.4x	5.6%	4.4%	5.8%	Dec-22
ABCorp NZ	Private	18.9%	4.3%	7.8%	0.9x	1.2x	2.0x	17.5%	4.9%	15.5%	Dec-22
Accordant Group	NZX	(7.4%)	3.0%	2.3%	3.0x	3.7x	3.7x	(22.3%)	11.0%	8.4%	Mar-23
Acer Computer NZ	Private	1.0%	1.3%	0.9%	44.1x	133.4x	34.8x	43.6%	179.8%	29.6%	Dec-22
ADIS International	Private	4.7%	5.9%	5.3%	0.5x	0.5x	0.4x	2.3%	2.7%	2.3%	Dec-22
AFC Group	NZX	(195.5%)	(205.9%)	(9.5%)	0.2x	0.2x	0.7x	(45.4%)	(46.4%)	(7.0%)	Mar-23
AFT Pharmaceuticals	NZX	9.5%	15.6%	12.6%	1.7x	1.5x	1.6x	16.0%	23.9%	19.5%	Mar-23
AIA NZ	Private	6.1%	(2.9%)	(13.3%)	1.0x	1.2x	0.7x	6.3%	(3.6%)	(9.0%)	Dec-22
AICA NZ	Private	5.9%	4.4%	5.7%	2.1x	2.9x	4.3x	12.2%	12.9%	24.4%	Dec-22
AIG Insurance NZ	Private	26.7%	30.4%	27.6%	(3.0x)	(1.8x)	(1.5x)	(79.8%)	(53.7%)	(40.2%)	Dec-22
Air Liquide NZ	Private	25.4%	23.5%	20.0%	1.2x	1.2x	1.6x	30.6%	28.8%	31.0%	Dec-22
Air NZ	NZX	(14.1%)	(24.5%)	9.3%	0.5x	0.5x	1.2x	(6.7%)	(13.2%)	11.1%	Jun-23
Airways	Crown	(22.1%)	(36.2%)	4.0%	0.5x	0.5x	0.7x	(11.4%)	(17.4%)	2.9%	Jun-23
Airwork	Private	21.5%	9.5%	1.1%	0.3x	0.3x	0.3x	7.1%	2.8%	0.3%	Dec-22
Alesco NZ	Private	14.8%	18.6%	17.9%	0.6x	0.8x	1.4x	8.3%	15.8%	24.5%	Dec-22
Alliance Group	Private	1.0%	2.2%	5.6%	4.2x	3.7x	4.0x	4.1%	8.2%	22.5%	Sep-22
Allied Farmers	NZX	11.8%	14.3%	16.0%	2.1x	1.9x	1.6x	24.3%	27.2%	25.4%	Jun-23
Allied Foods	Private	8.1%	7.2%	4.2%	2.8x	2.8x	2.6x	22.8%	20.5%	10.8%	Sep-22
AMP NZ	Private	25.5%	24.1%	26.1%	2.7x	2.9x	2.5x	68.0%	69.1%	65.7%	Dec-22
ANZ NZ	Private	29.7%	49.5%	45.9%	0.5x	0.4x	0.4x	14.2%	18.3%	20.5%	Sep-22
ANZCO Foods	Private	2.5%	4.6%	7.9%	2.9x	3.0x	3.2x	7.3%	13.6%	24.9%	Dec-22
AoFrio	NZX	(9.0%)	0.4%	(1.3%)	3.0x	4.5x	3.6x	(26.6%)	1.6%	(4.7%)	Jun-23
Aorere Resources	USX	(338.6%)	(76.8%)	(67.2%)	(0.1x)	0.3x	0.4x	32.2%	(24.2%)	(24.1%)	Mar-23
Aotearoa Fisheries	Private	4.6%	4.8%	6.7%	0.2x	0.2x	0.2x	1.1%	1.1%	1.5%	Sep-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
ArborGen	NZX	2.3%	(1.3%)	2.3%	0.2x	0.3x	0.4x	0.5%	(0.3%)	0.8%	Mar-23
Argosy Property	NZX	71.2%	70.9%	70.6%	0.1x	0.1x	0.1x	4.7%	4.3%	4.6%	Mar-23
Arnott's NZ	Private	4.5%	1.4%	5.1%	13.6x	13.6x	7.6x	61.7%	19.3%	39.0%	Jul-22
Arvida Group	NZX	8.6%	6.1%	2.6%	0.1x	0.1x	0.1x	0.9%	0.5%	0.2%	Mar-23
Asahi NZ	Private	6.4%	9.0%	6.5%	3.2x	3.3x	3.3x	20.5%	29.6%	21.6%	Dec-22
ASB NZ	Private	44.6%	48.6%	34.7%	0.5x	0.4x	0.6x	21.5%	21.3%	21.0%	Jun-23
ASSA ABLOY NZ	Private	17.3%	16.0%	8.6%	2.9x	2.9x	2.3x	50.2%	45.5%	20.0%	Dec-22
AstraZeneca	Private	0.9%	2.6%	3.2%	1.6x	1.8x	5.2x	1.5%	4.8%	16.4%	Dec-22
AsureQuality	Crown	10.8%	4.7%	4.1%	1.9x	1.6x	1.7x	20.5%	7.4%	7.0%	Jun-23
Atlantis Health Group	Private	10.2%	10.8%	3.8%	5.7x	6.2x	5.2x	58.1%	66.6%	19.8%	Dec-22
Atlas Resources	Private	29.7%	28.0%	22.2%	1.3x	1.5x	1.5x	39.1%	43.1%	33.5%	Mar-23
Auckland International Airport	NZX	10.6%	13.0%	42.3%	0.0x	0.0x	0.1x	0.3%	0.4%	2.6%	Jun-23
Aurecon NZ	Private	23.5%	17.1%	21.7%	4.4x	5.2x	4.8x	104.5%	88.3%	104.5%	Jun-23
Avient NZ	Private	6.4%	6.0%	4.1%	3.6x	3.5x	3.0x	22.8%	21.4%	12.2%	Dec-22
Ballance Agri-Nutrients	Private	0.9%	7.2%	6.0%	1.5x	1.7x	1.5x	1.4%	12.2%	8.9%	May-23
Bank of Baroda NZ	Private	25.3%	33.9%	37.2%	0.1x	0.1x	0.1x	3.1%	4.1%	5.3%	Mar-23
Bank of China NZ	Private	28.8%	31.4%	7.8%	0.4x	0.3x	0.5x	10.3%	10.1%	3.5%	Dec-22
Bank of India NZ	Private	34.5%	48.5%	40.3%	0.1x	0.1x	0.1x	2.8%	5.1%	5.5%	Mar-23
Baxter Healthcare	Private	6.8%	6.4%	5.9%	5.8x	6.3x	5.5x	39.2%	40.2%	32.4%	Dec-22
Bayer NZ	Private	0.1%	4.2%	4.0%	1.4x	2.4x	2.7x	0.1%	9.9%	10.9%	Dec-22
Beam Suntory NZ	Private	1.7%	1.9%	1.8%	3.0x	3.1x	3.8x	5.1%	6.0%	6.7%	Dec-22
Belron NZ	Private	6.8%	4.4%	0.3%	1.8x	2.3x	2.1x	12.3%	10.1%	0.7%	Dec-22
BEP Marine	Private	15.3%	15.7%	16.8%	2.1x	2.8x	3.2x	32.1%	44.7%	54.4%	Dec-22
BLIS Technologies	NZX	5.3%	(28.9%)	(14.9%)	3.4x	2.2x	2.7x	17.8%	(64.4%)	(40.5%)	Mar-23
BP NZ	Private	(4.0%)	9.0%	3.3%	2.0x	2.0x	3.4x	(8.2%)	18.3%	11.2%	Dec-22
Bremworth	NZX	0.0%	1.3%	(2.6%)	2.6x	2.5x	2.5x	0.0%	3.2%	(6.4%)	Jun-23
Bridgestone NZ	Private	3.7%	5.6%	4.7%	1.7x	2.0x	2.3x	6.3%	11.4%	10.9%	Dec-22
Briscoe's	NZX	16.5%	17.9%	16.8%	1.4x	1.6x	1.7x	23.3%	28.3%	28.4%	Jul-23
Brother International NZ	Private	8.2%	11.1%	0.9%	3.2x	3.6x	2.7x	26.0%	39.8%	2.4%	Mar-23

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Bupa Care Services NZ	Private	1.4%	(2.4%)	(7.1%)	0.3x	0.3x	0.3x	0.4%	(0.7%)	(2.0%)	Dec-22
Burger Fuel Group	NZX	4.3%	3.3%	7.0%	0.5x	0.6x	0.8x	2.3%	1.9%	5.3%	Mar-23
CablePrice NZ	Private	(8.0%)	1.3%	3.9%	1.5x	1.7x	1.5x	(11.9%)	2.2%	5.9%	Mar-23
CDC Pharmaceuticals	Private	0.5%	0.5%	0.3%	9.9x	11.2x	10.2x	4.8%	6.0%	3.4%	Mar-23
CDL Investments	NZX	46.0%	46.6%	62.1%	0.5x	0.5x	0.3x	23.9%	23.5%	18.9%	Dec-22
Century Yuasa Batteries NZ	Private	17.7%	12.9%	4.9%	3.1x	2.6x	2.4x	54.9%	34.2%	11.5%	Mar-23
Channel Infrastructure NZ	NZX	(20.4%)	(125.0%)	37.2%	0.3x	0.0x	0.1x	(5.2%)	(0.5%)	4.1%	Jun-23
China Construction Bank NZ	Private	29.5%	47.8%	35.5%	0.3x	0.3x	0.4x	7.6%	12.2%	13.5%	Dec-22
China Merchant Bank NZ	Private	4.5%	6.5%	13.1%	0.7x	0.5x	0.5x	3.2%	3.1%	6.6%	Dec-22
Chorus	NZX	24.1%	24.6%	24.6%	0.2x	0.2x	0.2x	5.3%	5.4%	5.4%	Jun-23
Christchurch International Airport	Crown	23.9%	21.2%	37.1%	0.1x	0.1x	0.1x	1.9%	1.6%	3.7%	Jun-23
Chubb NZ	Private	3.1%	1.4%	(3.8%)	0.7x	1.1x	2.2x	2.2%	1.5%	(8.4%)	Dec-22
Cisco Systems NZ	Private	29.8%	27.7%	29.3%	3.0x	2.5x	2.5x	88.5%	68.6%	73.6%	Jul-22
Compass Group NZ	Private	9.6%	10.4%	10.2%	7.3x	8.9x	7.8x	70.3%	93.0%	79.2%	Sep-22
Comvita	NZX	6.5%	9.6%	5.6%	0.8x	0.8x	0.8x	5.2%	7.9%	4.6%	Jun-23
Connexionz	USX	(5.5%)	8.6%	(7.7%)	6.3x	17.3x	7.1x	(34.7%)	149.1%	(54.7%)	Mar-23
Constellation NZ	Private	9.1%	14.5%	14.2%	0.4x	0.5x	0.5x	3.8%	6.9%	7.1%	Feb-23
Contact Energy	NZX	11.8%	13.0%	13.5%	0.7x	0.6x	0.5x	8.1%	8.3%	7.1%	Jun-23
Cooks Coffee Company	NZX	(122.4%)	0.2%	(9.4%)	0.1x	0.2x	0.2x	(7.8%)	0.0%	(2.2%)	Mar-23
Corteva Agriscience NZ	Private	(2.8%)	(1.1%)	(5.8%)	2.2x	1.4x	1.5x	(6.1%)	(1.6%)	(8.7%)	Dec-22
Counties Power	Private	20.9%	27.2%	21.1%	0.3x	0.4x	0.4x	7.2%	10.0%	7.4%	Mar-23
CPB Contractors NZ	Private	(30.4%)	(43.5%)	(32.4%)	9.9x	5.8x	4.5x	(300.0%)	(252.3%)	(147.0%)	Dec-22
Crossgate Capital	USX	nm	nm	nm	nm	nm	nm	101.9%	(23.1%)	(40.5%)	Mar-23
Crown Equipment	Private	11.2%	9.3%	11.9%	0.7x	0.9x	1.1x	7.7%	7.9%	12.7%	Mar-23
Crown Worldwide NZ	Private	11.2%	8.9%	9.1%	1.1x	1.2x	1.3x	12.2%	10.7%	12.2%	Dec-22
CSR Building Products NZ	Private	(4.0%)	5.9%	3.2%	3.1x	3.7x	3.1x	(12.6%)	21.5%	10.0%	Mar-23
Cubic	Private	12.6%	15.4%	5.5%	11.7x	16.6x	9.7x	148.2%	255.3%	53.7%	Sep-22
Daiken NZ	Private	(0.4%)	2.4%	2.6%	1.1x	1.3x	1.4x	(0.5%)	3.2%	3.6%	Mar-23
Datacom Group	Private	4.8%	3.6%	2.9%	3.1x	3.1x	3.1x	14.9%	11.3%	9.0%	Mar-23

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Delegat Group	NZX	31.1%	29.4%	27.4%	0.4x	0.4x	0.4x	12.3%	11.4%	11.4%	Jun-23
Disney NZ	Private	0.6%	0.9%	1.9%	23.8x	33.9x	68.9x	14.8%	32.1%	128.2%	Sep-22
Dunedin International Airport	Crown	23.7%	10.3%	30.6%	0.2x	0.1x	0.2x	3.9%	1.5%	6.6%	Jun-23
Eastland Group	Private	33.3%	24.9%	15.4%	0.2x	0.1x	0.1x	6.0%	3.2%	2.0%	Mar-23
EastPack	Private	8.9%	7.9%	6.6%	0.9x	0.8x	0.7x	7.8%	6.6%	4.7%	Dec-22
EBOS Group	NZX	3.1%	3.2%	3.6%	4.8x	4.2x	3.7x	15.1%	13.5%	13.3%	Jun-23
Electricity Ashburton	Private	29.9%	28.0%	18.4%	0.2x	0.2x	0.2x	5.3%	4.7%	3.1%	Mar-23
Electrolux NZ	Private	15.5%	25.0%	16.8%	2.8x	3.3x	5.4x	43.4%	82.3%	89.9%	Dec-22
Eli Lilly and Company NZ	Private	3.7%	5.3%	4.8%	1.4x	5.1x	6.1x	5.2%	26.8%	29.1%	Dec-22
Energizer NZ	Private	6.1%	5.9%	7.7%	2.5x	2.8x	3.8x	15.3%	16.3%	29.2%	Sep-22
Enprise	NZX	(0.8%)	(9.7%)	(13.4%)	1.0x	1.2x	2.0x	(0.8%)	(11.6%)	(26.2%)	Jun-23
EROAD	NZX	5.6%	0.3%	2.9%	1.0x	0.6x	0.6x	5.8%	0.2%	1.7%	Mar-23
ExxonMobil NZ	Private	3.9%	13.4%	7.2%	3.6x	3.7x	4.2x	13.9%	49.8%	29.8%	Dec-22
Fernhoff	Private	(11.9%)	6.0%	6.7%	0.4x	0.5x	0.5x	(4.9%)	3.0%	3.5%	Dec-22
Fisher & Paykel Healthcare	NZX	36.1%	30.1%	21.0%	1.8x	1.2x	1.0x	63.9%	36.7%	20.3%	Mar-23
Fletcher Building	NZX	8.0%	8.5%	8.8%	1.4x	1.4x	1.3x	11.2%	12.3%	11.7%	Jun-23
Foley Wines	NZX	13.2%	25.9%	20.0%	0.3x	0.3x	0.3x	3.7%	6.9%	5.6%	Jun-23
Fonterra Co-operative Group	NZX	4.2%	5.4%	7.1%	1.8x	2.0x	2.2x	7.5%	10.8%	15.9%	Jul-23
Foodstuffs North Island	Private	5.5%	6.7%	6.2%	2.0x	2.0x	2.2x	11.0%	13.5%	13.6%	Apr-23
Foodstuffs South Island	Private	2.6%	0.1%	0.6%	3.1x	3.3x	3.5x	7.9%	0.4%	1.9%	Feb-23
Ford Motor Company of NZ	Private	1.9%	0.6%	1.7%	8.7x	22.9x	18.3x	16.6%	13.8%	30.6%	Dec-22
Freedom Furniture NZ	Private	0.8%	13.5%	10.7%	2.2x	2.2x	3.1x	1.7%	30.3%	33.1%	Oct-22
Freightways Group	NZX	15.1%	14.1%	11.9%	1.0x	1.0x	1.1x	14.6%	14.5%	13.6%	Jun-23
Frucor Suntory NZ	Private	4.9%	8.5%	4.0%	0.8x	0.9x	1.0x	4.1%	8.1%	4.0%	Dec-22
Fujitsu NZ	Private	3.6%	2.5%	(0.6%)	9.4x	10.0x	7.0x	33.7%	24.9%	(4.2%)	Mar-23
Future Mobility Solutions	USX	(4.5%)	9.1%	80.1%	19.9x	(0.5x)	(0.1x)	(90.0%)	(4.3%)	(6.1%)	Mar-23
GE Healthcare	Private	1.9%	3.8%	3.7%	6.2x	2.0x	2.9x	11.6%	7.7%	10.8%	Dec-22
GEA NZ	Private	3.4%	3.0%	6.7%	1.2x	1.6x	2.0x	4.0%	4.8%	13.4%	Dec-22
General Motors	Private	6.2%	12.6%	12.0%	11.7x	30.4x	71.9x	72.2%	382.3%	865.7%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Genesis Energy	NZX	6.6%	7.7%	10.9%	1.0x	0.8x	0.6x	6.2%	6.1%	6.9%	Jun-23
Geneva Finance	NZX	22.4%	21.0%	11.1%	0.3x	0.5x	0.5x	7.7%	9.7%	5.4%	Mar-23
Gentrack Group	NZX	(0.3%)	1.8%	(2.0%)	0.6x	0.7x	0.8x	(0.1%)	1.2%	(1.7%)	Mar-23
Geo	NZX	(67.6%)	(99.6%)	(197.2%)	1.3x	1.3x	1.2x	(89.8%)	(132.1%)	(242.9%)	Jun-23
GlaxoSmithKline NZ	Private	4.7%	4.1%	3.9%	4.4x	4.0x	2.6x	20.8%	16.7%	10.1%	Dec-22
Good Spirits Hospitality	NZX	11.2%	(10.1%)	14.1%	0.5x	0.4x	1.0x	5.9%	(4.3%)	14.8%	Jun-23
Goodman Property Trust	NZX	67.9%	65.1%	73.0%	0.1x	0.0x	0.0x	3.6%	2.9%	3.3%	Mar-23
Goodyear & Dunlop Tyres NZ	Private	1.5%	5.9%	(1.8%)	1.6x	1.6x	1.4x	2.3%	9.6%	(2.6%)	Dec-22
GrainCorp NZ	Private	1.4%	1.3%	3.3%	3.8x	4.9x	6.5x	5.2%	6.3%	21.7%	Sep-22
Grand Complex Properties	Private	16.2%	22.2%	(4.8%)	0.1x	0.1x	0.1x	1.5%	1.7%	(0.3%)	Dec-22
Green Cross Health	NZX	6.0%	9.9%	6.7%	2.2x	1.8x	1.7x	13.0%	17.5%	11.6%	Mar-23
Hallenstein Glasson	NZX	13.2%	14.0%	10.5%	3.0x	2.7x	2.7x	39.5%	37.3%	28.1%	Feb-23
Halliburton NZ	Private	2.5%	11.7%	8.8%	2.7x	3.9x	6.2x	6.9%	45.9%	54.0%	Dec-22
Hanes NZ	Private	22.1%	25.7%	10.0%	2.1x	2.9x	1.5x	47.5%	74.9%	15.1%	Dec-22
Hawke's Bay Airport	Crown	20.6%	(0.7%)	34.8%	0.1x	0.1x	0.2x	2.1%	(0.1%)	6.4%	Jun-23
Heartland Group	NZX	37.0%	39.8%	26.3%	0.5x	0.5x	0.6x	17.5%	18.2%	15.2%	Jun-23
Heinz NZ	Private	6.8%	2.1%	1.8%	1.1x	1.0x	1.1x	7.7%	2.2%	1.9%	Dec-22
Hellmann Worldwide Logistics	Private	3.8%	4.5%	2.7%	2.4x	2.6x	2.5x	9.3%	11.8%	6.9%	Dec-22
Hempel (Wattyl) NZ	Private	39.4%	(6.3%)	5.8%	1.8x	1.9x	2.1x	69.8%	(12.1%)	12.3%	Dec-22
Henkel NZ	Private	5.8%	7.0%	10.8%	2.3x	2.4x	2.4x	13.4%	16.6%	25.6%	Dec-22
Hewlett Packard NZ	Private	(3.2%)	1.0%	2.6%	(8.7x)	(13.9x)	38.8x	28.2%	(14.2%)	100.9%	Oct-22
Honda NZ	Private	4.7%	4.2%	3.5%	2.2x	2.4x	2.2x	10.3%	9.9%	7.5%	Mar-23
Honeywell	Private	20.1%	15.2%	15.5%	18.1x	20.4x	28.0x	363.8%	309.7%	435.3%	Dec-22
Huawei Technologies NZ	Private	2.0%	2.9%	3.8%	14.3x	22.3x	23.9x	28.5%	65.6%	91.8%	Dec-22
IBM NZ	Private	10.9%	23.3%	2.5%	1.5x	3.0x	3.2x	16.5%	70.3%	8.2%	Dec-22
ICBC NZ	Private	24.2%	27.3%	25.7%	0.3x	0.2x	0.3x	6.6%	5.8%	8.1%	Dec-22
ikeGPS	NZX	(80.7%)	(58.9%)	(36.7%)	0.8x	1.0x	1.9x	(63.2%)	(59.1%)	(70.0%)	Mar-23
Imperial Tobacco NZ	Private	(1.3%)	3.5%	0.7%	4.3x	4.4x	3.7x	(5.7%)	15.4%	2.8%	Sep-22
Inchcape Motors NZ	Private	1.5%	6.0%	7.0%	2.5x	3.4x	3.9x	3.8%	20.5%	27.5%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Infratil	NZX	(32.4%)	15.9%	37.7%	0.1x	0.2x	0.2x	(1.9%)	2.6%	8.4%	Mar-23
Ingram Micro NZ	Private	3.3%	3.9%	3.1%	4.6x	4.5x	4.0x	15.1%	17.6%	12.6%	Dec-22
Investore Property	NZX	72.2%	71.1%	72.4%	0.1x	0.1x	0.1x	5.1%	4.2%	4.5%	Mar-23
ISS NZ	Private	(2.1%)	(3.4%)	1.3%	4.0x	4.2x	4.6x	(8.3%)	(14.5%)	5.8%	Dec-22
ITW NZ	Private	27.3%	26.8%	26.6%	3.6x	3.7x	3.3x	97.4%	99.5%	86.9%	Dec-22
Iveco Trucks NZ	Private	3.8%	7.4%	3.3%	3.6x	4.8x	5.2x	13.6%	35.3%	17.1%	Dec-22
Jacobs Douwe Egberts NZ	Private	16.4%	17.4%	14.1%	5.6x	7.1x	6.3x	92.5%	123.0%	88.0%	Dec-22
Jade Software	Private	0.5%	0.6%	3.1%	2.4x	2.4x	2.8x	1.1%	1.3%	8.7%	Dec-22
Just Life Group	NZX	17.5%	15.2%	13.2%	0.9x	0.8x	0.7x	15.6%	11.5%	9.7%	Jun-23
Kerry Ingredients NZ	Private	6.1%	6.3%	7.7%	2.4x	2.3x	2.4x	14.4%	14.4%	18.5%	Dec-22
Kimbyr Investments	Private	10.9%	17.7%	12.4%	4.2x	5.1x	4.9x	45.2%	90.2%	60.1%	Jul-22
Kiwi Property Group	NZX	65.0%	60.5%	67.0%	0.1x	0.1x	0.1x	4.9%	4.7%	5.4%	Mar-23
Kiwibank	Crown	19.7%	19.2%	17.4%	0.5x	0.5x	0.6x	10.6%	9.4%	10.9%	Jun-23
KiwiRail	Crown	(6.9%)	(3.4%)	1.4%	0.5x	0.5x	0.5x	(3.7%)	(1.7%)	0.8%	Jun-23
KMD Brands	NZX	6.5%	5.9%	6.8%	0.9x	0.9x	0.9x	5.6%	5.2%	6.3%	Jul-23
Kookmin Bank Auckland Branch	Private	33.2%	60.0%	1.6%	3.1x	2.3x	2.9x	102.1%	137.2%	4.8%	Dec-22
Kordia Group	Crown	12.6%	11.9%	8.7%	1.3x	1.5x	1.5x	16.6%	18.0%	13.0%	Jun-23
Kuehne + Nagel	Private	2.9%	3.7%	5.8%	2.6x	3.2x	4.2x	7.5%	11.9%	24.0%	Dec-22
Kura	Private	12.4%	11.1%	1.9%	0.5x	0.5x	0.5x	6.3%	5.9%	1.0%	Sep-22
Landcorp	Crown	15.1%	8.8%	11.5%	0.1x	0.1x	0.1x	2.0%	1.2%	1.4%	Jun-23
LG Electronics NZ	Private	2.0%	2.7%	2.9%	3.5x	5.2x	6.5x	6.8%	13.9%	18.8%	Dec-22
Linde NZ	Private	21.1%	24.0%	25.1%	0.5x	0.6x	0.6x	10.0%	13.7%	16.1%	Dec-22
Lion NZ	Private	(3.5%)	4.5%	2.5%	0.7x	0.8x	0.8x	(2.4%)	3.6%	2.0%	Dec-22
Livestock Improvement	NZX	12.8%	12.7%	11.2%	0.9x	1.0x	1.1x	11.0%	12.5%	12.1%	May-23
L'Oréal NZ	Private	17.6%	16.6%	15.4%	7.3x	9.1x	10.2x	128.7%	151.4%	156.4%	Dec-22
Loyalty NZ	Private	(6.1%)	(2.5%)	2.8%	4.9x	4.1x	4.8x	(29.6%)	(10.3%)	13.5%	Mar-23
LSG Sky Chefs NZ	Private	(7.5%)	(5.2%)	(1.9%)	1.1x	0.8x	1.7x	(8.4%)	(4.1%)	(3.2%)	Dec-22
Luxottica Retail NZ	Private	8.4%	8.0%	5.3%	1.7x	1.6x	1.5x	14.1%	12.4%	8.2%	Dec-22
Lyttelton Port Company	Private	16.5%	17.6%	16.2%	0.3x	0.3x	0.3x	4.4%	5.0%	4.8%	Jun-23

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Macquarie Securities NZ	Private	24.2%	27.7%	(11.3%)	3.9x	5.9x	7.5x	94.6%	163.2%	(84.6%)	Mar-23
Mainfreight	NZX	14.0%	14.8%	17.1%	2.0x	2.7x	2.6x	27.9%	40.3%	43.8%	Mar-23
Manawa Energy	NZX	44.2%	28.3%	26.4%	0.2x	0.3x	0.2x	7.3%	7.6%	6.5%	Mar-23
Manulife Investment Management	Private	3.5%	6.2%	8.5%	4.2x	4.0x	4.4x	14.5%	24.6%	36.8%	Dec-22
Marlborough Wine Estates Group	NZX	(12.9%)	9.4%	9.2%	0.3x	0.3x	0.3x	(3.4%)	2.4%	2.4%	Jun-23
Marsden Maritime	NZX	22.1%	17.9%	14.9%	0.0x	0.0x	0.1x	0.9%	0.8%	0.8%	Jun-23
McDonald's Restaurants NZ	Private	51.1%	52.1%	51.9%	0.5x	0.6x	0.8x	27.1%	31.5%	40.1%	Dec-22
Medical Assurance Society NZ	Private	10.8%	4.1%	(7.1%)	(2.8x)	(1.8x)	(1.7x)	(30.1%)	(7.5%)	12.2%	Mar-23
Merck Sharp & Dohme NZ	Private	4.3%	4.1%	4.3%	2.9x	4.0x	10.0x	12.5%	16.4%	43.2%	Dec-22
Mercury NZ	NZX	11.8%	13.4%	17.8%	0.4x	0.4x	0.4x	4.5%	4.7%	7.2%	Jun-23
Meridian Energy	NZX	14.6%	14.9%	4.8%	0.6x	0.6x	0.5x	8.5%	8.5%	2.3%	Jun-23
Methanex NZ	Private	(13.1%)	15.2%	2.1%	1.2x	1.4x	1.3x	(15.2%)	20.6%	2.7%	Dec-22
Metlifecare	Private	7.0%	(6.2%)	(5.8%)	0.1x	0.1x	0.1x	0.5%	(0.4%)	(0.4%)	Jun-23
Metro Performance Glass	NZX	4.8%	1.1%	4.2%	1.2x	1.1x	1.2x	5.6%	1.2%	5.1%	Mar-23
MetService	Crown	3.9%	3.5%	3.2%	1.9x	2.0x	1.9x	7.3%	6.8%	6.0%	Jun-23
MHM Automation	NZX	4.9%	3.3%	6.8%	3.6x	4.3x	2.0x	17.8%	14.4%	13.9%	Jun-23
Millennium & Copthorne Hotels NZ	NZX	30.8%	29.5%	30.0%	0.3x	0.4x	0.3x	9.2%	11.0%	9.1%	Jun-23
Mitsubishi Motors NZ	Private	4.0%	2.8%	3.8%	5.6x	11.6x	11.3x	22.2%	32.6%	42.4%	Mar-23
Mitsui & Co NZ	Private	(5.8%)	(6.3%)	(8.6%)	1.9x	1.9x	1.7x	(11.3%)	(11.7%)	(14.8%)	Mar-23
Moffat	Private	11.4%	12.8%	14.5%	3.7x	4.5x	5.1x	42.0%	57.2%	73.4%	Aug-22
MOVE Logistics Group	NZX	3.0%	2.9%	0.5%	1.2x	1.4x	1.4x	3.6%	3.9%	0.7%	Jun-23
MUFG Bank NZ	Private	45.9%	40.6%	13.3%	0.4x	0.4x	0.9x	19.4%	16.2%	12.0%	Mar-23
My Food Bag Group	NZX	13.0%	14.8%	7.1%	2.0x	2.1x	1.9x	26.6%	31.5%	13.2%	Mar-23
Napier Port	NZX	28.6%	28.1%	23.2%	0.3x	0.3x	0.2x	8.8%	7.8%	5.5%	Jun-23
National Australia Group NZ	Private	30.2%	51.1%	44.0%	0.5x	0.4x	0.5x	15.9%	21.5%	20.2%	Sep-22
NEC NZ	Private	9.0%	2.9%	1.9%	5.3x	4.7x	3.3x	47.7%	13.7%	6.3%	Mar-23
Nelson Building Society	Private	28.4%	41.5%	25.1%	0.5x	0.4x	0.5x	14.7%	17.9%	13.0%	Mar-23
Nestle NZ	Private	8.1%	6.1%	8.9%	6.5x	5.7x	2.4x	52.7%	35.1%	21.6%	Dec-22
Nexans NZ	Private	9.3%	12.0%	11.4%	6.9x	10.7x	9.8x	63.9%	127.6%	111.8%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Nike NZ	Private	2.0%	2.0%	2.0%	4.9x	4.6x	3.7x	9.8%	9.2%	7.4%	May-23
Nissan NZ	Private	4.3%	8.2%	7.8%	1.6x	2.3x	1.6x	6.9%	18.5%	12.8%	Mar-23
Norske Skog Tasman	Private	(14.7%)	6.4%	(4.9%)	3.4x	3.0x	13.5x	(50.4%)	19.0%	(65.6%)	Dec-22
Northpower	Private	8.1%	5.2%	7.0%	0.8x	0.8x	0.8x	6.7%	4.0%	5.8%	Mar-23
Nufarm Finance NZ	Private	96.5%	97.7%	98.3%	0.0x	0.0x	0.1x	4.6%	4.5%	5.1%	Sep-22
Nutricia	Private	3.9%	3.4%	4.1%	5.8x	4.2x	4.1x	22.7%	14.1%	16.8%	Dec-22
NZ King Salmon	NZX	(8.9%)	(14.9%)	(2.9%)	0.7x	0.9x	1.0x	(6.3%)	(12.8%)	(3.0%)	Jul-23
NZ Oil & Gas	NZX	(80.2%)	31.1%	26.3%	0.9x	1.0x	0.7x	(69.1%)	32.0%	19.0%	Jun-23
NZ Post	Crown	3.1%	1.7%	(1.4%)	0.7x	0.7x	0.9x	2.0%	1.2%	(1.2%)	Jun-23
NZ Rural Land Company	NZX	(351.8%)	33.0%	75.0%	0.0x	0.0x	0.0x	(2.9%)	1.3%	2.9%	Jun-23
NZ Windfarms	NZX	51.1%	41.9%	15.3%	0.3x	0.2x	0.2x	16.6%	9.2%	2.4%	Jun-23
NZ Wool Services International	Private	1.1%	1.4%	2.6%	1.7x	1.8x	2.8x	1.7%	2.5%	7.4%	Dec-22
NZME	NZX	9.0%	11.3%	8.9%	1.1x	1.3x	1.4x	10.3%	15.0%	12.8%	Jun-23
NZX	NZX	33.3%	28.8%	23.8%	1.0x	1.0x	0.8x	31.7%	29.0%	18.5%	Jun-23
Oceania Healthcare	NZX	(1.9%)	(1.3%)	0.1%	0.1x	0.1x	0.1x	(0.3%)	(0.2%)	0.0%	Mar-23
Olympus NZ	Private	12.5%	16.4%	17.9%	3.4x	3.4x	3.8x	42.2%	56.6%	68.9%	Mar-23
Orica Investments NZ	Private	1.1%	7.4%	5.3%	0.6x	0.7x	0.8x	0.7%	5.4%	4.4%	Sep-22
Orillion	Crown	26.8%	24.3%	37.3%	2.1x	1.7x	3.1x	56.1%	41.3%	114.2%	Jun-23
Orion NZ	Private	19.4%	18.8%	14.3%	0.3x	0.3x	0.3x	5.6%	5.1%	3.6%	Mar-23
ORIX NZ	Private	17.2%	21.0%	19.3%	0.4x	0.4x	0.4x	6.8%	8.4%	7.9%	Mar-23
Pacific Aluminium NZ	Private	(12.0%)	19.0%	18.9%	7.6x	(5.9x)	(4.8x)	(91.6%)	(112.7%)	(90.5%)	Dec-22
Palliser Estate	USX	6.2%	7.5%	4.9%	0.3x	0.4x	0.4x	1.9%	2.9%	1.9%	Jun-23
Pan Pac Forest Products	Private	8.6%	17.5%	0.1%	0.5x	0.6x	0.7x	4.3%	10.0%	0.1%	Mar-23
Panasonic NZ	Private	3.6%	2.2%	1.0%	6.3x	7.2x	5.9x	22.5%	15.9%	6.2%	Mar-23
Paper Plus NZ	Private	3.0%	0.7%	(0.4%)	2.3x	3.3x	3.4x	6.9%	2.3%	(1.3%)	Mar-23
Paymark	Private	34.5%	35.8%	32.6%	3.1x	2.6x	2.5x	108.5%	94.4%	81.1%	Dec-22
Pfizer NZ	Private	5.7%	5.7%	5.6%	0.7x	4.9x	4.3x	3.9%	27.8%	24.1%	Nov-22
PGG Wrightson	NZX	3.4%	4.1%	3.4%	2.9x	3.3x	3.1x	10.0%	13.4%	10.6%	Jun-23
PharmaZen	USX	23.7%	4.8%	7.9%	0.8x	0.6x	0.5x	17.9%	2.8%	4.2%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Port of Tauranga	NZX	42.3%	41.7%	40.4%	0.2x	0.2x	0.2x	7.8%	7.0%	6.5%	Jun-23
Port Otago	Private	24.8%	25.2%	29.6%	0.1x	0.1x	0.1x	3.3%	2.9%	4.0%	Jun-23
Port Taranaki	Private	27.0%	27.6%	35.2%	0.3x	0.3x	0.3x	7.2%	7.3%	10.1%	Jun-23
Ports of Auckland	Private	17.1%	18.6%	24.0%	0.2x	0.2x	0.2x	2.8%	3.4%	5.4%	Jun-23
PowerNet	Private	5.2%	6.4%	5.2%	1.7x	1.7x	1.7x	8.9%	10.8%	8.9%	Mar-23
PPG Industries NZ	Private	20.9%	16.1%	7.5%	1.4x	1.5x	1.5x	29.9%	24.3%	11.0%	Dec-22
Precinct Properties	NZX	52.0%	55.9%	55.8%	0.1x	0.1x	0.1x	3.2%	3.1%	3.4%	Jun-23
Promisia Healthcare	NZX	4.7%	14.3%	9.9%	0.2x	0.5x	0.5x	1.0%	6.6%	5.1%	Mar-23
Property For Industry	NZX	77.5%	77.6%	76.5%	0.1x	0.1x	0.1x	4.8%	4.4%	4.0%	Dec-22
Quayside	Private	50.2%	40.9%	41.7%	0.2x	0.1x	0.1x	9.6%	5.9%	6.1%	Jun-23
Quotable Value	Crown	8.9%	4.6%	7.0%	3.3x	3.3x	3.6x	29.0%	15.2%	25.3%	Jun-23
Rabobank	Private	30.5%	51.6%	34.1%	0.3x	0.3x	0.3x	8.8%	13.0%	11.1%	Dec-22
Radio NZ	Crown	0.5%	3.4%	4.3%	0.8x	0.7x	0.8x	0.4%	2.4%	3.2%	Jun-23
Radius Residential Care	NZX	7.2%	7.3%	6.1%	0.5x	0.5x	0.5x	3.6%	4.0%	3.2%	Mar-23
Rakon	NZX	7.9%	24.2%	16.8%	1.2x	1.5x	1.4x	9.4%	37.3%	23.2%	Mar-23
Rangatira	USX	9.8%	9.6%	10.0%	0.6x	0.4x	0.5x	5.5%	4.1%	5.2%	Mar-23
Ravensdown	Private	2.5%	5.0%	0.2%	1.4x	1.4x	1.3x	3.4%	7.3%	0.3%	May-23
Reckitt Benckiser NZ	Private	6.0%	6.2%	6.8%	1.6x	1.6x	1.6x	9.9%	9.6%	10.9%	Dec-22
Red Bull NZ	Private	3.0%	3.5%	3.5%	6.6x	6.8x	9.5x	19.8%	24.0%	33.2%	Dec-22
Rentokil Initial	Private	14.6%	12.9%	14.1%	1.6x	1.7x	2.0x	23.4%	22.4%	27.5%	Dec-22
Restaurant Brands NZ	NZX	6.2%	8.5%	6.9%	1.0x	1.0x	1.0x	6.0%	8.1%	7.0%	Jun-23
Rexel NZ	Private	(2.9%)	1.1%	2.0%	1.9x	2.1x	2.2x	(5.6%)	2.4%	4.4%	Dec-22
Rheem NZ	Private	21.0%	21.5%	18.2%	1.3x	1.4x	1.6x	27.8%	30.5%	28.9%	Dec-22
Ricoh NZ	Private	0.3%	0.3%	(0.6%)	0.6x	0.7x	0.8x	0.2%	0.2%	(0.5%)	Mar-23
Rural Equities	USX	43.0%	48.9%	44.4%	0.1x	0.1x	0.1x	3.4%	4.3%	3.9%	Jun-23
Ryman Healthcare	NZX	6.1%	1.3%	(1.9%)	0.1x	0.1x	0.1x	0.6%	0.1%	(0.2%)	Mar-23
Sanford	NZX	6.7%	3.3%	5.1%	0.6x	0.6x	0.6x	4.1%	1.9%	3.2%	Mar-23
SAP NZ	Private	10.4%	8.9%	3.1%	9.8x	10.4x	8.4x	102.1%	92.0%	26.0%	Dec-22
SAS Institute NZ	Private	2.2%	2.4%	2.3%	5.1x	26.5x	24.3x	11.0%	64.9%	55.0%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Savor	NZX	5.3%	1.9%	5.9%	0.5x	0.8x	1.0x	2.6%	1.5%	6.0%	Mar-23
Scales	NZX	8.6%	9.2%	8.7%	1.3x	1.4x	1.5x	11.6%	12.6%	13.4%	Jun-23
Schenker NZ	Private	9.3%	11.7%	12.3%	1.9x	2.5x	3.4x	17.6%	29.4%	41.8%	Dec-22
Schneider Electric NZ	Private	4.7%	7.4%	10.1%	2.4x	2.9x	2.8x	11.3%	21.4%	28.8%	Dec-22
Scott Technology	NZX	(7.0%)	4.8%	6.8%	1.5x	1.9x	2.0x	(10.1%)	9.2%	13.3%	Feb-23
Sealed Air NZ	Private	7.7%	9.0%	5.8%	1.1x	1.2x	1.2x	8.6%	10.6%	6.8%	Dec-22
Seeka	NZX	6.0%	8.6%	5.3%	0.8x	0.8x	0.8x	4.7%	7.2%	4.1%	Jun-23
Serko	NZX	(253.5%)	(206.0%)	(75.2%)	0.5x	0.6x	1.2x	(126.3%)	(119.4%)	(90.9%)	Mar-23
SGS NZ	Private	18.8%	17.1%	16.4%	1.9x	2.2x	2.5x	35.1%	37.9%	40.4%	Dec-22
Shopping Centre Investments	USX	82.7%	80.7%	77.2%	0.1x	0.1x	0.1x	6.4%	6.8%	7.0%	Feb-23
Sika NZ	Private	23.2%	22.0%	19.4%	4.1x	3.8x	3.4x	94.5%	83.4%	66.2%	Dec-22
Silver Fern Farms Co-operative	USX	(2.2%)	(1.8%)	(1.2%)	0.1x	0.2x	0.2x	(0.2%)	(0.3%)	(0.3%)	Dec-22
Skellerup	NZX	19.3%	20.2%	21.6%	1.2x	1.3x	1.2x	23.5%	26.2%	26.1%	Jun-23
SKY Network Television	NZX	10.3%	10.3%	9.8%	1.4x	1.6x	1.7x	14.4%	16.7%	17.0%	Jun-23
SkyCity Entertainment Group	NZX	19.9%	3.7%	21.3%	0.3x	0.3x	0.4x	6.4%	0.9%	8.4%	Jun-23
Skyline Enterprises	USX	18.3%	19.0%	32.4%	0.2x	0.3x	0.3x	4.5%	5.0%	11.3%	Mar-23
Smartpay	NZX	(0.7%)	4.6%	12.3%	0.8x	1.2x	1.6x	(0.6%)	5.3%	19.9%	Mar-23
Solution Dynamics	NZX	6.2%	8.7%	11.9%	10.2x	10.6x	9.6x	62.8%	92.1%	114.2%	Jun-23
Sonova NZ	Private	5.0%	1.1%	0.9%	3.7x	4.1x	4.2x	18.4%	4.6%	3.8%	Mar-23
Sony NZ	Private	3.5%	2.4%	2.8%	7.7x	15.0x	6.3x	27.3%	35.6%	17.4%	Mar-23
South Port NZ	NZX	31.0%	34.5%	33.3%	0.9x	0.7x	0.6x	26.7%	24.4%	21.1%	Jun-23
Southland Building Society	Private	22.6%	27.4%	16.4%	0.7x	0.5x	0.7x	15.6%	14.3%	10.8%	Mar-23
Spark NZ	NZX	16.7%	17.0%	28.3%	1.0x	1.1x	1.3x	16.7%	18.5%	35.7%	Jun-23
Speirs Group	USX	4.7%	(0.1%)	0.6%	2.7x	3.0x	2.8x	12.9%	(0.3%)	1.7%	Jun-23
Steel & Tube	NZX	3.6%	7.7%	5.2%	1.7x	1.9x	1.8x	6.3%	14.8%	9.4%	Jun-23
Stride Property Group	NZX	75.9%	71.7%	37.5%	0.1x	0.1x	0.0x	9.4%	8.8%	1.8%	Mar-23
Sumitomo Forestry NZ	Private	8.4%	9.5%	10.7%	0.5x	0.6x	0.7x	4.4%	5.9%	7.9%	Dec-22
Summerset Group	NZX	15.4%	7.2%	5.4%	0.1x	0.1x	0.1x	1.3%	0.6%	0.4%	Jun-23
Super Cheap Auto NZ	Private	6.0%	6.0%	6.0%	3.3x	2.9x	2.7x	19.7%	17.3%	16.3%	Jul-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Suzuki NZ	Private	6.4%	6.6%	4.6%	4.8x	6.3x	5.0x	31.1%	41.4%	23.1%	Mar-23
Syft Technologies	USX	4.4%	3.6%	(95.6%)	1.7x	1.5x	0.6x	7.4%	5.2%	(54.1%)	Mar-23
Synlait Milk	NZX	(1.6%)	3.3%	0.6%	1.1x	1.4x	2.3x	(1.8%)	4.5%	1.4%	Jul-23
Synnex NZ	Private	1.3%	1.6%	0.9%	5.7x	4.3x	3.1x	7.3%	6.8%	2.8%	Dec-22
T&G Global	NZX	2.5%	2.8%	2.3%	2.2x	1.9x	1.7x	5.3%	5.4%	3.9%	Dec-22
Terra Vitae Vineyards	USX	26.8%	3.9%	37.9%	0.2x	0.1x	0.2x	4.1%	0.4%	6.2%	Jun-23
Tetra Pak NZ	Private	3.5%	4.0%	4.3%	6.1x	11.0x	9.9x	21.1%	44.2%	42.0%	Dec-22
Teva Pharma NZ	Private	14.2%	17.4%	14.6%	1.6x	1.7x	2.5x	23.3%	29.1%	37.1%	Dec-22
The a2 Milk Company	NZX	10.5%	12.3%	12.6%	4.0x	3.5x	3.1x	42.2%	43.4%	39.0%	Jun-23
The Colonial Motor Company	NZX	4.8%	5.4%	5.4%	2.6x	2.6x	2.3x	12.6%	14.0%	12.7%	Jun-23
The Co-operative Bank	Private	15.3%	13.8%	9.5%	0.7x	0.5x	0.7x	10.2%	7.6%	6.4%	Mar-23
The NZ Merino Company	USX	3.3%	4.5%	3.4%	7.0x	5.7x	6.0x	23.0%	25.7%	20.5%	Jun-23
The Tatua Co-operative	Private	9.0%	3.1%	4.6%	2.0x	1.8x	1.9x	17.5%	5.6%	8.6%	Jul-22
The Warehouse Group	NZX	3.1%	8.0%	4.8%	3.6x	2.9x	2.7x	11.4%	23.2%	13.0%	Jan-23
Third Age Health Services	NZX	28.1%	26.9%	11.5%	4.7x	2.9x	2.3x	131.3%	79.0%	26.8%	Mar-23
Top Energy Consumer Trust	Private	29.8%	29.7%	28.0%	0.1x	0.2x	0.2x	3.7%	4.7%	4.5%	Mar-23
Tourism	NZX	(5.1%)	(0.6%)	12.9%	0.7x	0.8x	0.9x	(3.7%)	(0.5%)	11.2%	Jun-23
Tower	NZX	10.1%	8.4%	7.3%	0.8x	0.8x	0.8x	8.3%	6.4%	5.7%	Mar-23
Toyota Finance NZ	Private	26.3%	23.9%	28.1%	0.1x	0.1x	0.1x	2.8%	2.7%	3.5%	Mar-23
Trade Window	NZX	(436.4%)	(288.5%)	(286.8%)	0.3x	0.6x	0.4x	(147.6%)	(176.0%)	(123.4%)	Mar-23
Transpower	Crown	34.5%	32.1%	26.6%	0.2x	0.2x	0.2x	6.2%	5.8%	5.0%	Jun-23
Trustees Executors	Private	9.9%	10.2%	(2.9%)	4.4x	3.1x	2.7x	43.6%	31.8%	(8.1%)	Sep-22
TSB Bank	Private	18.8%	21.6%	8.5%	0.4x	0.3x	0.5x	7.1%	7.5%	4.0%	Mar-23
Turners Automotive Group	NZX	14.0%	13.8%	13.3%	0.6x	0.6x	0.6x	8.1%	8.4%	8.3%	Mar-23
TVNZ	Crown	(1.3%)	15.7%	4.5%	1.6x	1.8x	1.8x	(2.1%)	29.0%	7.9%	Jun-23
UDC Finance	Private	71.9%	70.4%	65.7%	0.1x	0.0x	0.0x	3.7%	3.3%	2.6%	Dec-22
Unilever NZ	Private	9.4%	15.7%	11.4%	4.9x	5.6x	7.3x	46.1%	87.9%	83.7%	Dec-22
Unison Networks	Private	22.2%	18.4%	17.0%	0.3x	0.3x	0.4x	6.8%	6.0%	6.4%	Mar-23
Unisys NZ	Private	7.9%	6.0%	5.8%	1.6x	2.1x	1.8x	12.5%	12.7%	10.8%	Dec-22

		Profitability			Activity			ROCE			
Company Name	**Category**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**LFY - 2**	**LFY - 1**	**LFY**	**Balance Date**
Vector	NZX	28.6%	26.6%	26.7%	0.2x	0.2x	0.2x	6.7%	5.3%	5.5%	Jun-23
Ventia NZ	Private	(22.2%)	9.8%	10.5%	3.5x	4.6x	4.4x	(78.5%)	45.4%	45.8%	Dec-22
Vista Group International	NZX	(34.2%)	(7.0%)	(5.3%)	0.6x	0.7x	0.9x	(18.9%)	(4.9%)	(5.0%)	Jun-23
Vital	NZX	6.7%	(4.5%)	3.5%	0.4x	0.4x	0.4x	2.9%	(1.9%)	1.5%	Jun-23
Viterra NZ	Private	6.2%	4.8%	3.8%	2.1x	2.0x	2.4x	13.4%	9.7%	9.0%	Dec-22
Vulcan Steel	NZX	13.7%	20.3%	13.1%	1.7x	2.0x	1.8x	23.7%	39.8%	23.5%	Jun-23
Wairarapa Building Society	Private	26.0%	33.4%	25.1%	0.3x	0.3x	0.4x	9.0%	9.7%	9.9%	Mar-23
Waratah NZ	Private	6.3%	6.9%	13.5%	1.7x	1.9x	2.1x	10.5%	12.8%	27.9%	Oct-22
WasteCo Group	NZX	-	4.3%	0.6%	-	1.3x	1.0x	-	5.6%	0.6%	Mar-23
WEL Networks	Private	20.3%	13.7%	11.0%	0.1x	0.2x	0.2x	2.9%	2.6%	2.3%	Mar-23
Wellington Electricity Distribution Network	Private	24.3%	27.3%	26.8%	0.2x	0.2x	0.2x	4.7%	5.4%	5.2%	Dec-22
Wellington International Airport	Private	(48.3%)	26.0%	43.4%	0.1x	0.1x	0.1x	(2.6%)	1.9%	4.3%	Mar-23
Westcon NZ	Private	3.8%	2.3%	2.0%	28.6x	80.1x	65.1x	109.1%	182.0%	130.2%	Feb-23
Westpac NZ	Private	25.1%	43.4%	41.1%	0.5x	0.4x	0.4x	11.5%	15.9%	17.7%	Sep-22
Winton Land	NZX	38.8%	30.1%	36.8%	1.0x	0.7x	0.6x	39.0%	22.5%	22.4%	Jun-23
Yamaha Motor NZ	Private	6.6%	15.2%	6.2%	1.4x	1.9x	1.9x	9.0%	28.5%	11.5%	Dec-22
Z Energy	Private	3.5%	8.2%	3.4%	1.8x	2.3x	3.5x	6.3%	19.2%	12.0%	Dec-22
Zespri	USX	10.7%	11.4%	7.6%	32.6x	36.7x	32.6x	349.8%	418.0%	248.8%	Mar-23

Contact us

	Physical Address	Phone
Wellington	Level 2 City Chambers 142 Featherston Street Wellington 6104	04 974 9269
Auckland	Level 15 Swanson House 12-22 Swanson Street Auckland 1010	09 280 3161
Canterbury	Level 1 79 Cashel Street Christchurch 8013	027 4 329 396
Otago	1 Foxglove Heights Wanaka 9305	021 419 440

Armillary