

TITLE:

An institutional investor's perspective on New Zealand agriculture

AUTHOR:

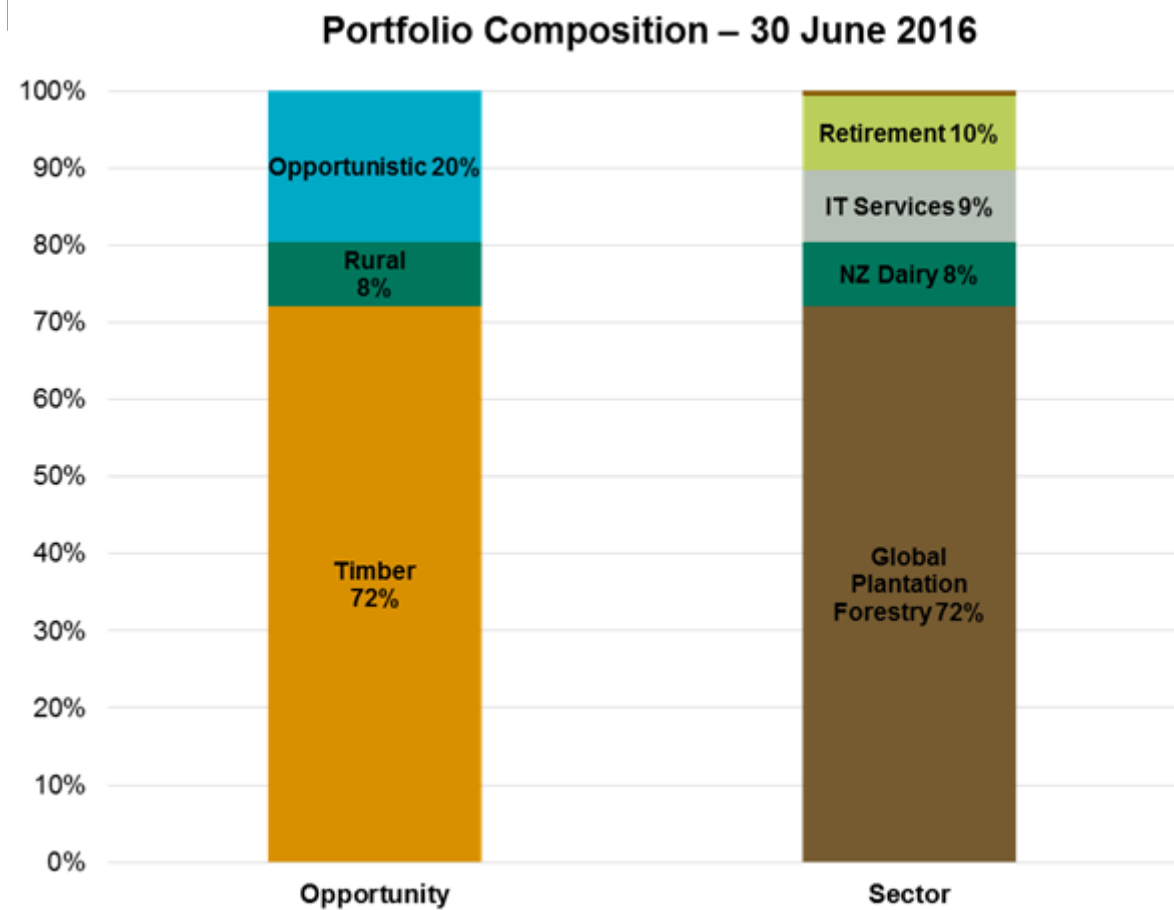
Will Goodwin

Head of NZ Direct Investments

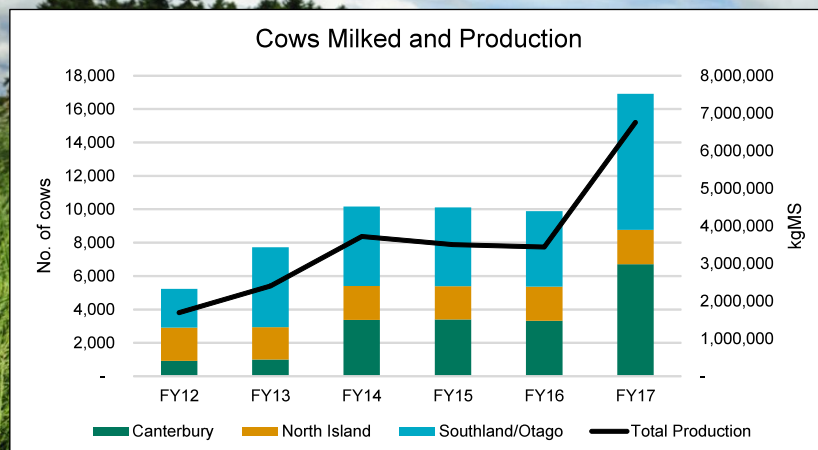
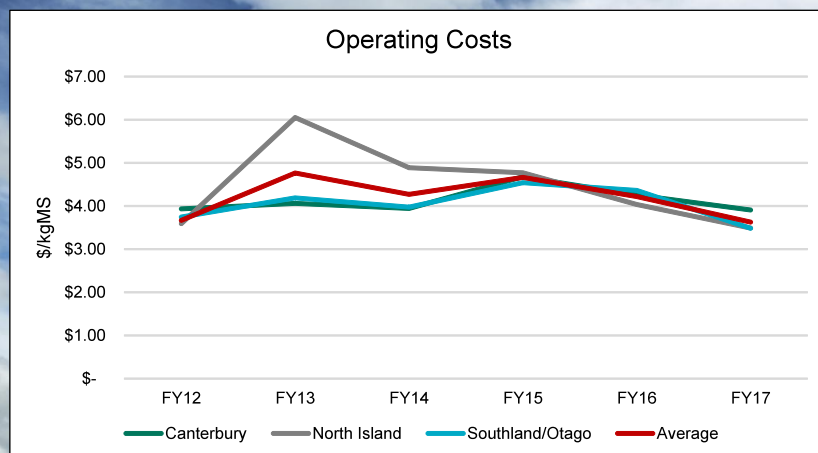
EVENT | PRESENTATION:

Food and Fibre Future Conference

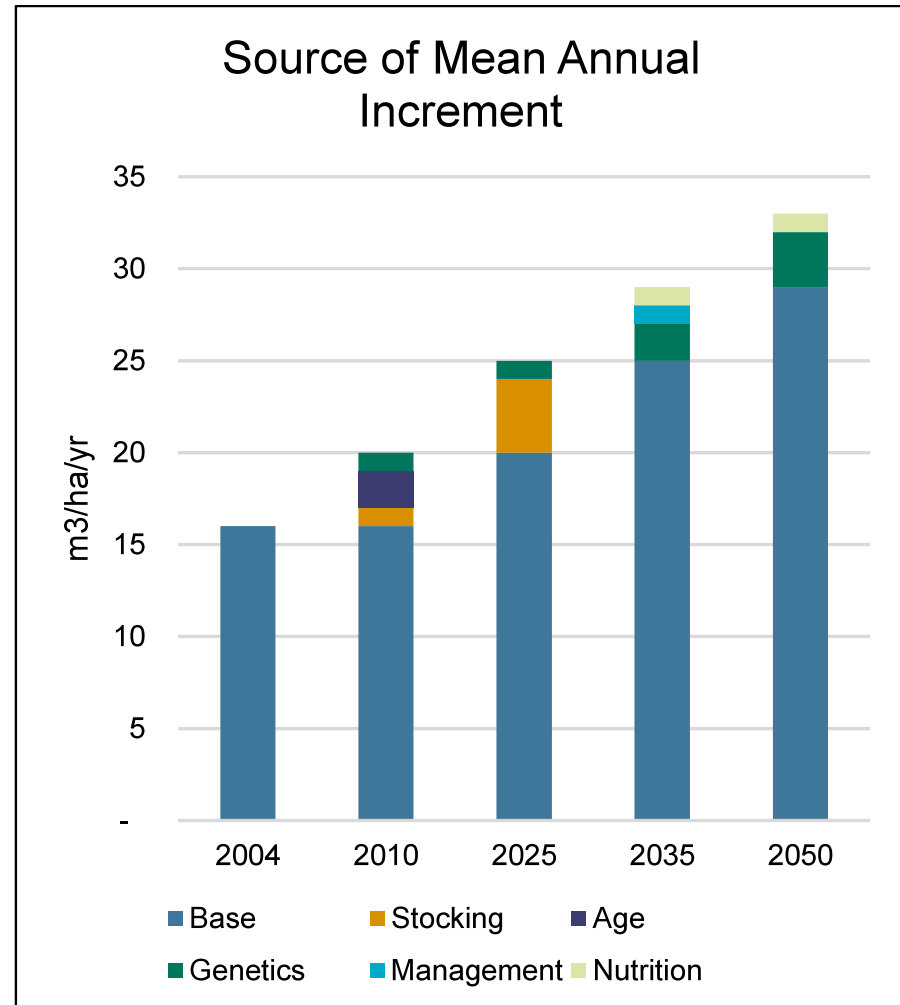
Summary of NZ Super's NZ Direct portfolio



Pushing the cost of pasture based production down



Driving yield from Kaingaroa



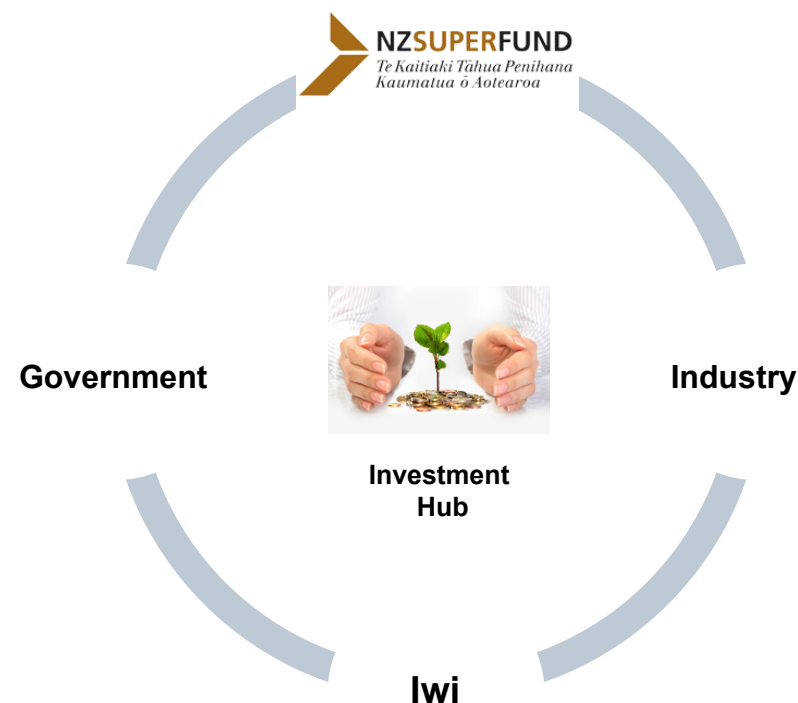
Opportunity exists

The Investment Hub

- Collaboration and cooperation
- Idea generation
- Investment in the future

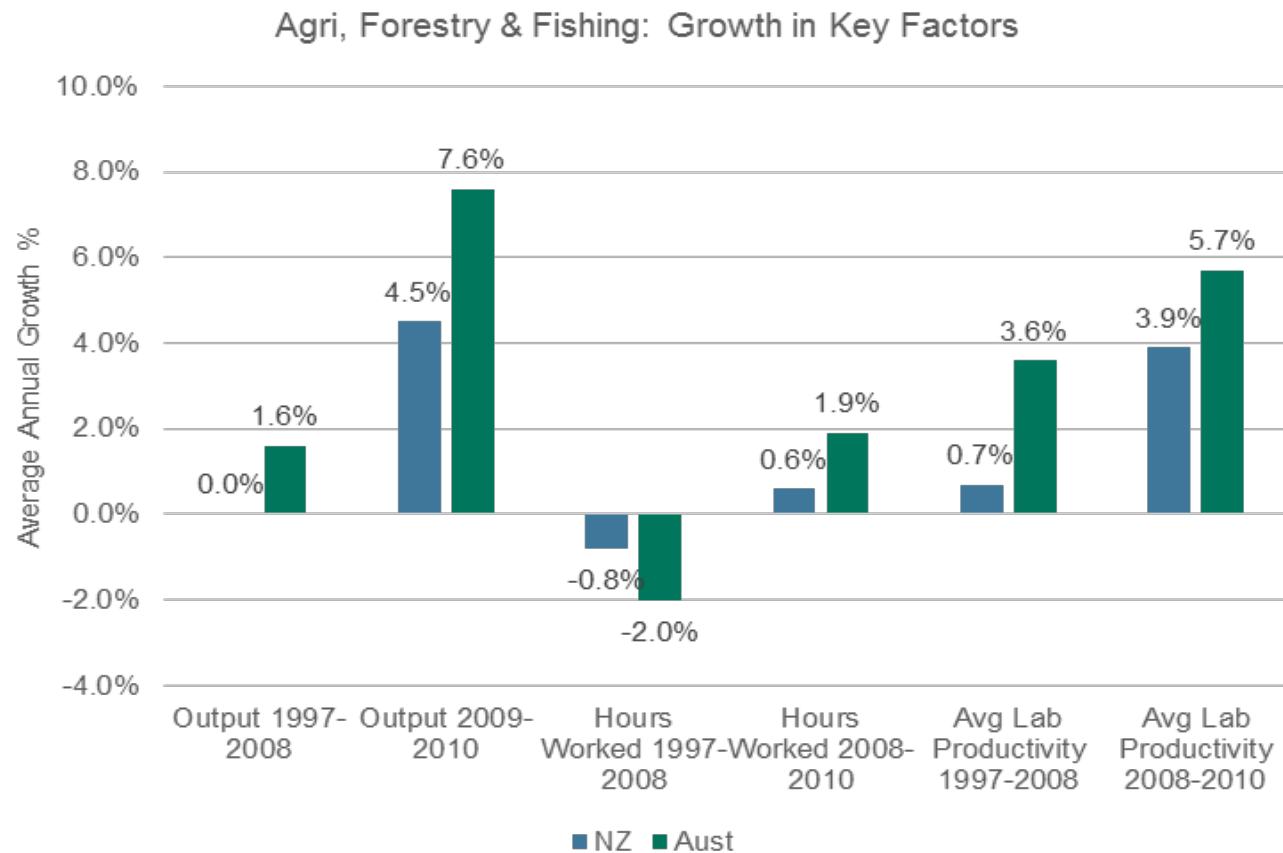
NZ Agricultural Sector

- Unique and valuable assets but industry fragmentation and underinvestment means potential is not being realised
 - Operating at low end of the value chain
- Solutions multi-faceted and will require collaboration and willingness for change



Competitiveness of NZ agriculture firms is lagging

Comparison of productivity measures, New Zealand vs Australia

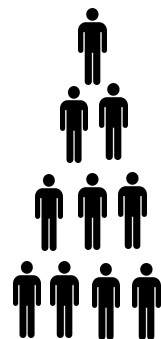


New Zealand

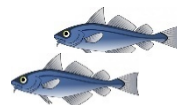


EEZ 4.1m km²

Active stock management program & quota system



Population 4.7m



Exports \$1.7bn

#4 commodity export

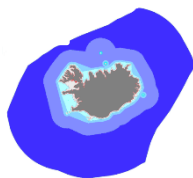
Sector contributes 0.8% to GDP



Low single digit ROEs

- Cost minimisation focus
- Minimal private R&D investment
- Low tech operations
- Firms operate at low value end of supply chain
- Low value product - ~70% of fish turned into fishmeal, fish oil or dumped

Iceland



EEZ 0.8m km²

Active stock management program & quota system



Population 0.3m



Exports \$3.0bn

#1 export

Sector contributes 11% directly to GDP, ~25% indirectly



ROEs in the high teens and low twenties

- Tier 1 cost position. Value maximisation focus
- Significant R&D investment – private & academic
- State-of-the-art technology
- Firms operate across full supply chain
- High value product - ~96% of fish used, a large % turned into value add product

Thank you

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