DYNAMIC BUSINESS

Exclusive report: *Deloitte TOP 200 Awards*
Inside: *Winners and finalists for 2017*

Cream of the crop

Meteoric rise sees The a2 Milk Company honoured in business awards

Chief Executive of the Year: Simon Moutter, Spark

The a2 Milk Company has been named Company of the Year at the prestigious Deloitte Top 200 Awards, on the back of a meteoric share price rise of 250 per cent in the year to September.

The judges were impressed with a2 Milk's revenue growth of 56 per cent; a result of strong demand for its A1 beta-casein-free milk products from Asia.

In a market update on Tuesday, a2 Milk announced that in the four months to October, net profit was $52.4 million up 137.7 per cent on the same period in 2016; underlining why the NZX's star performer took out the top honours at last night's Top 200 awards ceremony.

A2 Milk's outstanding success headlined a generally positive year for the Deloitte Top 200 companies.

Total revenues for the companies in the 2017 Top 200 Index increased 4.3 per cent to reach $179.0 billion – a turnaround from the fall in revenue seen in the 2016 Index. 2017 also saw an increase in underlying earnings and equity; but a decrease in total after tax profits of 6.4 per cent, from $9.3 billion in 2016 to $8.7billion this year.

Spark managing director Simon Moutter was named Chief Executive of the Year for his relentless commitment to Spark's future as a digital services business.

Moutter's contribution to New Zealand's broader success and support of innovation and diversity was applauded by the judges.

The a2 Milk Company's chief executive, Geoff Babidge, was also a finalist in this category.

Port of Tauranga's Steve Gray was awarded Chief Financial Officer of the Year. The judges said Gray demonstrated he is not afraid of a challenge. During Gray's tenure as CFO, the port company has achieved a ten-year total compound average return to shareholders of 18.3 per cent.

Rob Campbell, with his 30-plus years of governance and investment experience, was awarded Chairperson of the Year, recognising his strong track record in financial performance. The judges applauded his thought leadership and willingness to speak freely – an asset to the business community as well as to the companies he chairs.

The Visionary Leader for 2017 was Xero founder and chief executive Rod Drury who has grown his software as a service company to a market capitalisation of $4.7 billion in just a decade.

After three appearances as a finalist, Air New Zealand ascended to take out the Excellence in Governance award. Its stakeholder management is seen as going beyond shareholders to benefit the country. The airline has applied best practice in important areas including its sustainability report.

And though being the third mobile operator in a small country is a tough role to occupy, 2degrees achieved a 24 per cent growth in revenue over the past year and delivered a profit for the first time. This feat saw it take out the award for Most Improved Performance, squeaking in ahead of Xero and Datacom.

Zespri was awarded Best Growth Strategy.

The kiwifruit exporter has performed superbly, implementing a strategy that has seen it flourish despite significant headwinds.

Fonterra, again ranked first in the Top 200 Index, saw an increase in revenue of 11.8 per cent on 2016. The dairy giant's Disrupt Initiative – embracing diverse thinking to form new business models – saw it take out the Diversity and Inclusion Leadership category. Fonterra's Komal Mistry, a key driving influence in the success of the Disrupt programme, was recognised as Young Executive of the Year.

The Deloitte Top 200 list includes publicly listed and private companies, NZ subsidiaries of multinational companies, co-operatives, societies and state-owned enterprises.

The financial figures for the Top 200 as well as New Zealand's Top 30 finance companies have been produced in full at the rear of this Dynamic Business 2017 report, with explanations and insight from the *Herald*'s team of business reporters.

Chief Financial Officer of the Year: Steve Gray, Ports of Tauranga

Chairperson of the Year: Rob Campbell, Tourism Holdings

Inside Dynamic Business 2017

Dynamic Business 2017

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Business Herald Editor Hamish Fletcher interviews Young Executive of the Year award winner Komal Mistry, Fonterra Ventures' General Manager.

Megatrends that matter

The value of seizing the moment

Tim McCready

The forces and trends that shape the world are not always front of mind when running a business.

But in a world where trends are dramatically changing the way value is created, they form an important backdrop that all company strategy and planning should be considerate of.

Some of the most successful businesses over the past decade have prospered because they have managed to successfully navigate the challenges and opportunities these global forces bring with them.

Andrew Grant, Senior Partner (Asia-Pacific) at McKinsey and Company, says New Zealand is a small, nimble nation with an inherent ability to respond quickly to global forces.

"Over the years we have had many global trends working in our favour, but we've failed to respond fast enough to seize the moment and capture the opportunity," he says.

McKinsey uses the metaphor of a crucible for these forces – "a place or situation in which concentrated forces interact to cause or influence change or development," and segments these "crucibles" into global growth shifts, accelerating industry disruption, and a new societal deal.

Some, like cybersecurity, geopolitics, and the rapid invasion of technology are already front of mind for executives and the boardroom.

Others, though not so obvious, are just as important to consider.

No one can know for sure what the future will look like. But businesses – both old and new – that grapple with these crucibles and question the assumptions of their business model, can expect to compete more effectively in the increasingly disruptive world we have found ourselves in.

Andrew Grant says we are a small, nimble nation with an inherent ability to respond quickly to global forces.

1 Beyond Globalisation

Globalisation as we have known it – and as New Zealand has greatly benefited from – is going to change.

Donald Trump, Brexit, Jeremy Corbyn, TPP: the results of recent elections and referendums worldwide can be attributed to a growing sense of disillusionment, anti-globalisation and protectionism.

Traditional measures of globalisation are also slowing. Trade growth over the past decade has been half of that in the late 1990s and early 2000s. Following the global financial crisis in 2008-2009, global capital flows as a percentage of GDP dropped dramatically – and have not returned to pre-crisis levels.

Despite this, many argue globalisation has accelerated – but it is taking place in different forms: cross-border data flows are increasing at rates approaching 50 times of those in 2005; the McKinsey Global Institute estimates there are now 914 million social networking users with at least one foreign connection. The world now has 429 million international travellers, 361 million cross-border e-commerce shoppers, and 244 million people that live outside their home country.

Competing with the increasing number of global players means maintaining a local touch is increasingly important for companies. Rising tension between technology firms in China and the rest of the world is creating a gulf that will be an important factor shaping the future of global tech innovation. The *New York Times'* Farhad Manjoo explains: "You can be Alibaba or you can be Amazon. You can be Uber or you can be Didi. But you can't be both."

2 ICASA Factor

Brazil, Russia, India and China (or the "BRIC economies") are four major emerging national economies postulated by Goldman Sachs in 2001 to become among the four most dominant economies by the year 2050 and the biggest drivers for future global growth.

But more than 85 per cent of the growth from the BRIC economies came from China. McKinsey proposes that ICASA – India, China, Africa and Southeast Asia – will become the dominant force, primarily because the greatest growth engine has been urbanisation.

At the same time, these regions present some of the biggest risks to global growth, as they struggle to deal with internal obstacles including sustainable urbanisation, increasing productivity, mobilising domestic resources and deepening regional integration.

3 Resources (Un)limited?

As the world's population approaches 9 billion, there is growing urbanisation which brings with it a rapidly increasing demand for resources. This includes a dramatic increase in the demand for protein, consumption of oil and gas, fresh water, and synthetic and natural fibre.

Yet advances in analytics, automation, the Internet of Things and

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Megatrends that matter

The value of seizing the moment

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material science are reducing resource consumption in other areas.

McKinsey and Bloomberg have estimated advanced mobility systems — including self-driving cars, ride-sharing, and electric vehicles — could yield US$600 billion (NZ$880b) in societal benefits through to 2030, by cutting the costs of traffic congestion (about 1 per cent of GDP globally), road accidents (1.25 million deaths in 2015), and air pollution (health problems like respiratory ailments).

In other sectors, algorithms are helping optimise and predict energy use, enhanced oil recovery is transforming resource production, and innovative new materials are helping reduce resource use. Demand for resources is growing, but innovation and technology provide the opportunity for the world to be more efficient with what we have.

4 Technology Invasion

Technology change is happening continuously. But Grant believes we are underestimating the scale and the pace at which technology is evolving and will shape business. "People don't quite understand how profound and how long the journey is going to be.

"The ubiquity of technologies and the ability to roll it out globally is making new advances far more impactful than ever before."

We're seeing rapid innovation in areas where families of technologies are coming together. The smartphone brought the touchscreen, applications, CPU, LCD displays, wireless connectivity, and lithium-ion battery technology together with advances in miniaturisation. The development of the autonomous car is combining video cameras, presence sensors, Radar, Lidar, GPS and CPU technology. Instead of linear step changes, we can expect to see combinations of technologies make the scale of change much more powerful.

5 Customer-to-Business

B2C (business to consumer) and B2B (business to business) have long been commonplace, but digitalisation and new business models are giving consumers the ability to shape goods and services, often receiving free access to what would once have been paid for. Alibaba's founder and executive chairman, Jack Ma, declared the start of C2B, or consumer to business, open several years ago.

Rapidly growing Chinese mobile manufacturer Xiaomi uses crowdsourcing to engage with consumers for fast, first-hand feedback on its products. Grant says Xiaomi is becoming representative of where the business world will need to position itself for the future.

Customers are increasingly dictating the terms of what they need (and what they want) directly to companies and the Internet is providing the ability for this to occur as never before. Consumers have an ever-increasing choice, and companies must make decisions about their product offering and which business models they should use to continue to create value.

6 Ecosystem Battles

Five of the 10 largest companies in the United States are platform-oriented. Airbnb now has four million listings globally, more than the top five hotel brands combined. The company says "on any given night, two million people are staying in other people's homes around the world on Airbnb". Uber might be the world's largest taxi firm, but it doesn't own its cars. Neither of these companies existed 10 years ago.

Alibaba — the world's largest retailer — moved NZ$37b (US$25.3b) worth of stock during its November 11 extravaganza, but doesn't own warehouses to store the eye-watering quantity of products sold through its platforms.

These platforms offer business models that can be enormously disruptive in the way they shape the world, and are shaking up industries that were immune from significant competition in the past.

7 Dealing with the Dark Side

Cybersecurity has become a trillion-dollar issue. Grant says boards of Fortune 500 companies are now spending about 15 per cent of their boardroom agenda on cybersecurity. The *Herald*'s Mood of the Boardroom in September revealed that New Zealand's executives are highly concerned about the threat, with 67 per cent of respondents now doing significantly more to combat cybercrime and 30 per cent doing more "in a modest way".

Previous Mood of the Boardroom reports suggest a clear — and rapid — trend: in the 2015 survey, cyber crime rated 5.9/10 in terms of impact on business confidence. Last year it became the top issue at 7.16/10, and this year it sat head and shoulders above other issues, with an impact rating of 7.64/10.

Alongside cybersecurity, McKinsey estimates that 81 per cent of executives worldwide single out geostrategic factors as the top risk to growth.

Examples of the severity geopolitics can have on business include:

- A 4.5 million shortfall of Russian tourists as a result of the ban on agency tours to Turkey in retaliation for shooting down a Russian warplane.
- 120,000 tonnes of Norwegian trout and salmon have been banned from Russian markets in retaliation for EU and US sanctions over the Ukraine crisis.
- 16 per cent of London properties listed online have had their price cut after the UK referendum to leave the European Union.
- 500 direct daily flights were halted in the Middle East as a result of the diplomatic stand-off between Saudi Arabia, Iran and Qatar.

8 Growth Formula Experiments

There is no shared narrative on why economic growth is stuck. Is the problem in developed economies a supply problem or is it a demand issue?

Monetary easing, a universal basic income, and debt mutualisation are among the suggestions on how to restart growth. There is extraordinary experimentation going on, but no consensus.

Grant says solutions will not be singularly political. They will require business, civil society, and the political arena to come together.

"Some interesting insights are coming from Denmark, Switzerland, Finland, Israel, Singapore… I think New Zealand has a real opportunity to lead on this," he says.

9 Middle-class Progress

The benefits of globalisation have not been distributed evenly. Alhough globally the middle-class have done well, those in advanced nations have missed out.

This has created a widening of earnings disparity, and has been blamed for the increasingly negative view towards immigration, the status quo, and trade deals that appear to favour the boardroom over the workers.

Much disillusionment has been blamed on, and exploited by, politicians, but trust has become a critical flashpoint that companies must address and build back to ensure long-term, sustainable businesses.

Sources: Presentation by Andrew Grant — A new narrative of progress? Major Macro Trends Shaping our Region — to the 2017 Infinz conference; McKinsey report — The global forces inspiring a new narrative of progress.

Leadership in a fast-changing future

Christien Winter and Ian Taylor


Christien Winter


Ian Taylor

Technology has radicalised almost every workplace. This reality has changed the required skillsets needed by most employers. For the majority, computer skills are mandatory, along with a basic understanding and competency in using specific computer software.

These skills have gone from being assigned to a select few, to becoming ubiquitous across the entire workforce.

But what qualities are now required of high impact leaders? Some skills, such as communication, coaching and execution, are important at any time. Others are demanded by an increasingly complex environment. To some degree, though the tools of doing business have changed, fundamentals of good leadership remain grounded in understanding the human dimension of employee motivation and performance. Thus, soft skills continue to be prominent and, increasingly, are a cornerstone to leadership success as the context keeps shifting in our changing world. A critical overlay is now the need for innovation, versatility and adaptability, with the ability to navigate ambiguity and guide others through change upon change. The "certainty of change" has become a cliche in our lexicon and the disruption that claims the lives of businesses and industries that fail to stare into the crystal ball of change is a common occurrence. This is a predictable narrative of doing business in the 21st century.

So what skills truly make a difference in this highly disruptive world?

It depends on how you define "make a difference". For most businesses, commercial success remains a priority.

To this point DDI's research points to a direct correlation between the all-important bottom line and the set of skills that are unashamedly referred to as "money skills". These include: entrepreneurship, business savvy, driving execution, decision-making and leading change. Funnily enough these are not exclusively 21st century skills, are they? In fact, they fit the mindset of every great business leader, from Steve Jobs to Henry Ford.

Research has shown the most profitable companies have leaders with wide-ranging skills, and it is important to note that a few talented leaders cannot compensate for a large group of mediocre ones. You want to improve commercial performance? Start developing the relevant skills with those who have clear leadership potential inside your business through a very calculated and targeted approach to leadership development.

So how are highly capable leaders developed who can confidently navigate into this future? According to DDI's global leadership and talent research, the portion of organisations reporting sufficient leadership bench strength, has declined from an already-low 18 per cent to only 13 per cent.

Other research supports the often reported "talent and leadership shortage" as a critical issue. Many companies have attempted to identify external "superstars" with potential to address their leadership "gap"; others actively look to develop their own leadership bench strength.

There is increasing evidence that leaders who are grown from within an organisation generally perform much better than those who are sourced externally, with a success rate for a leader in a role being 3.8 times better if they have been nurtured and grown internally.

The quality of an internal leadership acceleration programme is crucial to lifting business performance by building the skills that are critical.

Developing such a programme requires a fundamental shift in thinking. For some companies, building and "bench strength" readiness is seen merely as replacement planning. The reality is that nothing could be further from the truth. The most effective talent strategy is about developing a pool of leaders who could potentially take on a range of leadership roles.

An excellent way to develop and accelerate leadership capability is to help individuals develop competencies they may apply to roles beyond their own, and in a changing environment that demands a recalibration of leadership thinking and action.

The other secret to developing a successful leadership pool, is in the accurate identification of potential, motivation and readiness. Potential is not the same as capability. Potential needs to be fed and nurtured to achieve readiness; neither are relevant if the individual is not motivated to realise their potential.

Thus, a personalised, targeted approach far outstrips a series of leadership courses. This notion makes sense as we all have different learning capabilities; professional development is not a one-size-fits-all approach.

Developing leadership potential also works well if it is identified early in an employee's career, along with their motivation. Those who realise their potential are often the ones who have been offered growth and development opportunities early on. Offering early career leadership opportunities is an effective way of increasing diversity within a talent pool.

A long-term and organisational view makes all the difference.

- *Christien Winter and Ian Taylor are executive directors at Sheffield.*

Megatrends that matter

Profiting from new challenges

James Penn

As the profile, living habits, and needs of New Zealand's population changes, it is no surprise the nation's infrastructure requirements are similarly morphing.

Take the example of demographics, canvassed by Paul Newfield, Chief Investment Officer of HRL Morrison & Co. at this month's Infinz Conference.

Newfield pointed to an ageing population, rising healthcare costs, and constrained government funds as the genesis of a challenge — and an opportunity.

"That feels like a really crunchy problem to solve," he said. "If you can solve for better outcomes for older people in a more efficient way that costs the Government less, you ought to be able to make money out of that."

Though the failure to address such shifts is often laid at the door of government, both national and local, the reality is that a significant proportion of infrastructure investment has been and will always be made by the private sector.

The ageing population was one of four "ideas that matter" driving HRL Morrison — the parent company of Wellington-based Infratil — in its investment priorities. The other three are decarbonisation, connectivity, and global mobility.

While the idea of profiting from societal challenges is often unpalatable to the public, Newfield speaks candidly about the way HRL Morrison is positioned to profit from challenges such as climate change. Importantly, it is about profiting from the solutions — with the company providing products and services designed to reduce carbon output.

To make money out of these ideas, there are three key investment criteria according to Newfield:

1. It's got to be solving a long-term problem for our society that's not going away;

2. Then you need to find a business that has genuine competitive advantages, such as pricing power or barriers to entry, so that profit can continue to be generated from the solution to the problem; and

3. You should be able to keep reinvesting into that business as the problem it is solving grows — "a business that basically sits as a portfolio of options" rather than one that requires competitive bidding whenever you have more capital to invest.

Though renewable energy investments are a good example of where these criteria are often fulfilled under the rubric of climate change, infrastructure investors are thinking about the problem less conventionally too.

"To me, reforestation and best-practice farming — if you can get the right financial structures in place — are basically infrastructure businesses," says Newfield.

"Because what they become is long-term, government-backed contracts. We've got a team at the moment doing a lot of work on carbon farming as a potential infrastructure investment."

Four 'ideas that matter'

- Ageing population
- Decarbonisation
- Connectivity
- Global mobility

> If you can solve for better outcomes for older people in a more efficient way that costs the Government less, you ought to be able to make money out of that.
>
> Paul Newfield

Despite the fact that across most developed nations the majority of infrastructure is funded by private investors, political and public discourse continues to focus on government as the genesis of the infrastructure gap; and government therefore as the solution to it.

Perhaps greater public awareness of the willingness of private investors to step in, and their ability to deliver these projects at lower prices with higher performance, is needed.

The National Infrastructure Unit's *Thirty Year New Zealand Infrastructure Plan*, published in 2015, said as much.

"Where possible, the Government will favour private markets for the provision and ownership of infrastructure," said the report.

"Private providers subject to the market disciplines are generally accepted as achieving greater efficiency and better outcomes."

The Government will have a role to play where there are "unambiguous market failures" or equitable interests not upheld by a market mechanism, according to the report.

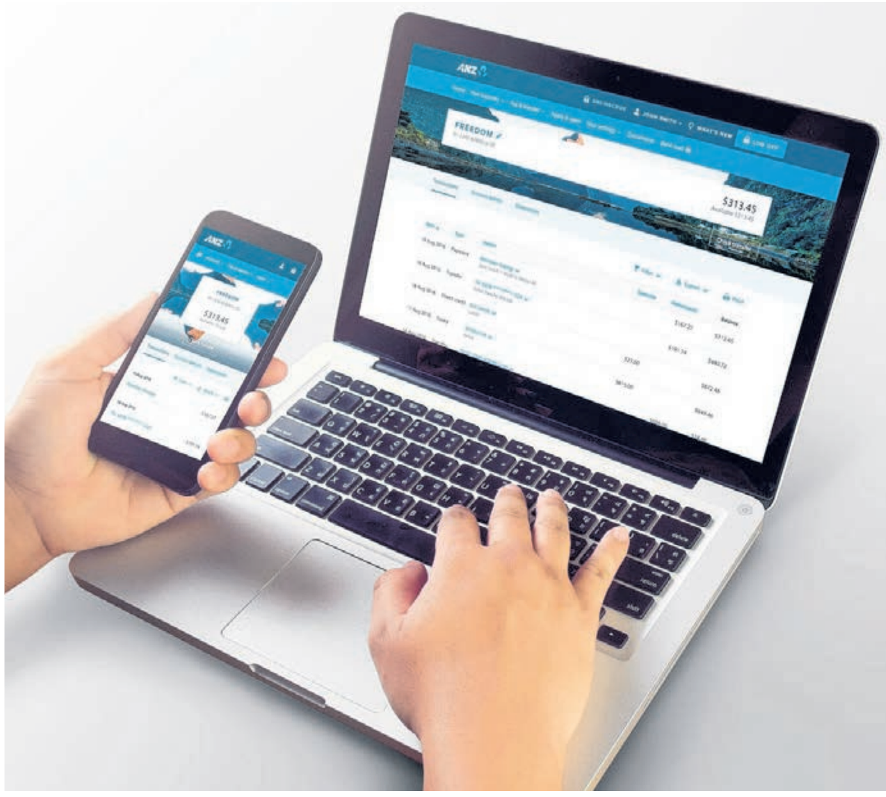
But where we see infrastructure deficits, we may do better to make our first port of call an assessment of whether there are barriers to private investment.

Investors are often more focused than anyone on the societal challenges of the future: unleashing their potential can generate social benefit just as much as it delivers private profit.

Business Transformation

ANZ banks on new approaches

Bill Bennett



We're doing a lot of work making sure our products and services are more organised around customer needs rather than our channels.

Liz Maguire, ANZ

ANZ Bank head of digital and transformation Liz Maguire says banking is all about people. "It's about the big financial decisions people need to make. They want reassurance and they want to share their goals. More than anything they want to talk to a banker."

It's a philosophy she carries into her role overseeing the bank's digital offering and how it uses technology to prepare for future challenges. She says every ANZ technology project starts by taking people into account. In 2017, that also means putting mobile at the centre of the customer's banking experience.

"Our strategy is that it should be possible to do all the little bits and pieces of banking through your mobile. Almost anything you might want to do can be done with GoMoney, our mobile banking app. That's easy to say, but there's a lot of work needed behind the scenes to make that happen," she says.

The nature of the work needed to make banking systems has changed over the years. In the past banks worked on complex projects that could take years to come to fruition. Today Maguire says the ANZ is an agile shop, it's been that way for at least the past five years. "We use agile development processes. These are all about short cycles to get to working software.

"You get an opportunity to test with users, either customers or bank staff along the way. This approach reduces risk. With big projects, there was always a lot of risk — a chance a project would go late or deliver something different from what users wanted."

Making ANZ's agile development customer-focused is important. Maguire says having frequent user interaction while you are building is rewarding for developers. More to the point, it means that the products being developed meet user needs and expectations from the outset.

Part of the thinking behind agile development is that nothing is set in stone. The bank continues to refine its development processes.

"We're doing a lot of work making sure our products and services are more organised around customer needs rather than our channels."

Maguire says the starting point for any development work is to look for areas where customers are dissatisfied. This means understanding their pain points and listening to what they ask for. "It's refreshing to have customers go to the trouble of taking part. At any moment, we have a top-10 list of things we should be working on. We constantly review that to make sure what's on our technology road map fits with customer demand," she says.

One of the projects the bank is working on is adding international money transfers to the mobile app. Maguire says it is a complex transaction. "It's been a challenge to enable this and make it easy for customers, but it's one of the things they've been asking for."

Not all the work is for ANZ's customers. Maguire is also responsible for building the tools to help bankers. She says the process is similar, but the end goal is to help employees make life easier for customers.

The focus is to join up the customer and banker experience.

Though the applications and functions available to bankers are different to those seen by customers, she says the apps often look and work the same way. So, if a customer asks a bank manager to perform a transaction search, it looks the same on the bank screen as on the customer's computer.

For now, ANZ development cycles means products like internet banking and the GoMoney app are refreshed about once a month.

Maguire would like that to be quicker — she says Facebook releases code many times a day. Though customers wouldn't want to be forced to update apps too often, web banking can move faster.

"We ask ourselves how we can speed up the cadence."

Maguire says voice technology looks set to be a big deal for ANZ. She points out humans have been talking a lot longer than using devices.

"Voice will be an interesting way to address digital uptake in older customers.

"Plenty of older customers use GoMoney, but some don't. Voice will let people ask for transactions instead of figuring out what buttons to press. Our team has already built Siri (Apple speech technology) integration into GoMoney."

Customers can also use Apple's new face recognition feature on the iPhone X to sign-in to GoMoney. Though the technology is new, Maguire says the ANZ approach is not about being first with emerging developments, but delivering technologies customers want.

That worked for the bank when it was first to market Apple Pay in New Zealand by a year.

She says the bank was extremely pleased with what that move did for customer acquisition.

Port is New Zealand's international hub

Graham Skellern

Let's have port facilities in the most logical place, says Mark Cairns.

Port of Tauranga's timing was perfect. Two weeks after completing its $350 million, 10-year development programme, the first large post-panamax container ship sailed past Mauao and into the beautiful harbour.

When Maersk began its weekly Triple Star service in August last year — sending 9500 TEU (20-foot equivalent units) container ships to Tauranga — it cemented the port company's standing as NZ's international hub. Maersk was the first container line to tie Tauranga and New Zealand to its global mainline networks.

That Maersk service only calls at Tauranga and bypasses Australia, exchanging general imports and exports to and from North Asia. Port of Tauranga has the capacity to receive exports from the east coast of Australia to join the Maersk service to northern parts.

Soon after, Hamburg Sud began its weekly Apsa service to Tauranga using 7500 TEU container ships which carry a lot of the kiwifruit production, among other exports.

The turnaround in the highly-productive Tauranga port is less than 24 hours and it takes the Maersk and Hamburg Sud services 11 days to reach their North Asian gateways.

"The container ships have time sensitive cargo (from New Zealand) and the services provide unrivalled transit time to North Asia via Singapore and Malaysia," says Port of Tauranga chief executive, Mark Cairns. "The acid test is whether the services create economies of scale and clearly they do."

Cairns says it doesn't make economic sense for all New Zealand ports to invest in this (big ship) capability.

"We are seeing the consolidation of hub ports such as Tauranga where trans- shipment (transferring containers from one ship to another) is increasing at a very fast rate.

"Our productivity rates (the best in Australasia) and fast connections to Asia are also making Tauranga increasingly attractive as a hub port for Australian shippers to Asia and South America. This is much better than New Zealand becoming a branch line to Australian ports, which was the fear 10 years ago."

A decade ago Port of Tauranga, 54 per cent owned by Environment Bay of Plenty's Quayside Holdings, planned its long-term growth to become the country's leader in its sector.

The company figured rightly that the shipping lines would undergo significant rationalisation with the smaller services being replaced by the faster, more efficient larger container vessels that produce fewer carbon emissions.

Port of Tauranga had to be ready. The company extended its container wharf to berth the bigger ships, built new warehouses and other buildings at the container terminal, increased the number of its saddle carriers and doubled the number of Liebherr cranes to eight.

The new cranes generate their own electricity, fed back to other cranes or to uses in the terminal including the refrigerated stack, creating further cost savings and a lower carbon footprint. New technological advances will include automated stacking cranes.

Port of Tauranga also deepened and widened its shipping channel in the harbour — its dredging programme cost $50 million and the Maersk container ship arrived two weeks after the dredging was completed.

"We were mightily relieved when the ships began calling, and the services have been more successful than expected," Cairns says. "The importers and exporters are enjoying economies of scale and the New Zealand Shippers' Council had estimated $300m per year savings to NZ Inc."

Port of Tauranga became the first in New Zealand to handle 1 million containers in a year and it has the capacity to triple that volume within its existing resources. The port company owns 190 hectares, compared with Ports of Auckland's 75ha, and within that land holding Tauranga has 40ha, presently on short term rental, available for development. "We have enormous headroom to grow," says Cairns. 'And one area is receiving trans-shipments from within New Zealand — especially from the east coast ports (Napier. Wellington, Nelson, Lyttleton, Timaru, Port Otago)."

Port of Tauranga's trans-shipments have grown 86 per cent in the first quarter of the latest financial year compared with the previous corresponding period. The port company expects to welcome four or five more big container ships — "they will be anywhere between 6000 and 10,000 TEUs in size," says Cairns.

Port of Tauranga is the most integrated port in the country, owning 50 per cent of Northport in Whangarei and a similar stake in Prime Port, Timaru.

"This gives us the ability to pull more levers," says Cairns. "Container volumes have quadrupled from Timaru since August 2014 and we will receive more trans-shipments from the South Island."

Port of Tauranga also has transport and logistics covered. "We have organised long-term freight agreements with our key customers that give us the certainty to make capital investment decisions," says Cairns.

The port company has a 10-year agreement with Oji Logistics to aggregate most of its cargo, and has a similar deal with Zespri to send its large volume of New Zealand-grown kiwifruit overseas.

Port of Tauranga handles all of Fonterra's North Island dairy exports and joined Kotahi in a newly merged company Coda Group. The port contributed its wholly-owned subsidiary Tapper Transport, a container packing and unpacking facility MetroPack and its 37.5 per cent stake in empty container repair and storage business MetroBox. Kotahi put in Dairy Transport Logistics.

"We are looking for efficiency in the domestic supply chain, connecting road, rail and coastal shipping," says Cairns. "We see a trend of more coastal shipping from the South Island on international flag vessels and more rail in the North Island. There has been a 64 per cent increase in rail containers in the past two years and this has the lowest impact on the community. Each train covers 106 truck movements."

Asked how Port of Tauranga would react if Ports of Auckland was moved to Northport, Cairns says "well, we own 50 per cent of Northport. It makes sense to send some bulk cargo out of Whangarei, but not containers in terms of investment.

"What we really need is a fact-based study to show the origins of cargo and its movements around New Zealand. We are a small country and when we make port investments, let's have the facilities in the most logical place."

Business Transformation

Constant change calls for agility

Bill Bennett

"Today's companies need constant reinvention to stay relevant", says Spark chairwoman Justine Smyth. She says it's no longer a matter of going through successive cycles transformation.

"We've decided as a company to centre ourselves on the customer. We aim to be completely agile to deliver whatever the customer demands from us. That is how we will win."

Spark already has impressive runs on the board when it comes to adapting. In 2011 the company was still called Telecom New Zealand. Its performance was poor when benchmarked against other telecommunications companies around the world. Now it has moved to the top rank.

At the time, all telecommunications companies faced external disruption: they still do. Telecom also had to deal with structural separation after demerging the Chorus business. That was disruptive. It moved from a traditional telecommunications infrastructure role to a retail service provider.

Smyth says Spark is the only telco that has moved from being an integrated incumbent to a separated business. It's a regulatory change not seen anywhere else in the world.

That change meant reimagining the entire enterprise. It was a management challenge on a scale not seen before in New Zealand. The numbers tell the story and act as a scorecard.

Between 2012 and 2017 the organisation's revenue dropped by a billion dollars. Yet over the same period the EBITDA (Earnings before interest, taxes, depreciation and amortization) remained stable. The company's net earnings increased by $100 million. Its dividend climbed 25 per cent and the share price is up more than 50 per cent.

Smyth says because of the different structure it doesn't make sense to compare Spark with overseas telcos. Yet, from a shareholder return point of view, Spark is among the world's best performers.

What happens in a 2017 Internet minute

> There's been a strategy transformation, a technology transformation and a cultural transformation.
>
> Justine Smyth
> Chairwoman, Spark

She says the revenue decline came as the company lost fixed-line phone customers: "We had to make that up by selling other services, such as cloud computing. It meant we had to change the mix of what we do. But also, we had to take out cost along the way.

"(CEO) Simon Moutter has led comprehensive change in terms of resetting the business across the board," Smyth adds. "There's been a strategy transformation, a technology transformation and a cultural transformation. It was any one of those things, it was all of them. We've made some bold decisions along the way."

Spark has made a conscious strategic shift away from being a traditional telecommunications company with some international interests. Today it is a New Zealand-focused digital services company.

Along the way came that name change and the investment in what it sees as future growth business such as the cloud, data analytics and online television. A less visible move was the way it re-orientated the business towards mobile communications.

Smyth says the company invested significant sums in spectrum and mobile network assets: a total of around $700m over that time.

Spark's signature move was to outbid rival Vodafone for the last slice of the important 700 MHz spectrum that became available during the auction of frequencies after the analogue television service switched to digital transmission. The 700 MHz spectrum band is particularly useful for delivering wireless data.

Spark paid $158m to take the largest share of the spectrum. There was also a major investment in building mobile towers to use the extra capacity gained from more spectrum.

Smyth says: "It was important for us to become market leader in terms of mobile. It also gave us the capacity to allow us to do what we want to do with mobile. It helped pave the way for our wireless proposition".

In the past 18 months Spark has moved around 100,000 customers from the copper network to fixed wireless broadband services.

Alongside these investments, it has focused on reducing the cost of serving customers. This meant upgrading all the IT systems to improve the way it delivers digital services.

To make this happen Moutter had to change the company. It went from what Smyth describes as a "slow, defensive culture to one more centred on the customer and focused on winning."

Though this is already showing up in the company's financial performance, Smyth says the transformation work so far has been about making the business match-fit. "You don't get this transformation unless you have a skilled leader at the top."

Though technology and business change is a given, there's also pressure from customers. Their expectations and behaviour is moving at least as fast.

"It's exponential. We know that every two years data consumption doubles, that's down to customer demand, but telecommunications revenues stay flat."

There's also a change in how customers want to interact with the business. Spark uses automation and other technologies to put more power in the hands of customers. "That's what they want," Smyth explains. "Customers want to do more things for themselves. They don't want to rely on talking to people to get them to do things for them."

The customer experience has moved centre-stage. "No business is going to survive if it doesn't keep pace and understand how customers want to interact and what they want," Smyth says. "It's vital to stay relevant."

When it comes to staying relevant Spark faces a challenge its rivals and other large local technology-centred business do not. It is New Zealand-based, there's no overseas head office. It's important for the company to stay connected to global trends and developments.

Smyth says: "We do that through the board and management having global connections. One director, Paul Berryman, is Chief Technology Officer of PCCW in Hong Kong. He is on the board of the organisation setting the standards for 5G mobile.

"Spark's management liaises with companies like (US telecoms giant) Verizon to tap into their ideas. We've formed international partnerships with the likes of Spotify, which gives us an ability to learn and share information.

"We're not disconnected from what's happening globally."

People the key to resilience in a climate of disruption

Lloyd Kavanagh

Most New Zealand businesses are operating in a climate of significant digital disruption and technology change, whether they know it or not. What matters is how businesses respond to the challenges. And that depends on the attitude of the people in the business from the front line to the CEO.

For those operating in regulated sectors, additional challenges include getting buy-in from the regulators to allow adaptation at a speed faster than was traditionally required.

The people matter most

The list of tech innovations disrupting traditional businesses has many well-known examples — video streaming replacing video stores, Uber challenging taxis, Airbnb challenging hotels, blockchain and cryptocurrencies used for financial services such as payment systems. Changes for legal services are coming too. What makes the difference in terms of who prospers in the incumbent businesses, is the people's openness to change and their adaptability — rather than defending old models and seeking stability.

For example, blockchain has spawned hundreds of startups funded by billions of investment dollars with diverse applications. There are now bitcoin ATM machines around the world, and in New Zealand. The banks and financial services providers are moving quickly to learn and harness the power of blockchain technology as a safe and transparent way of handling financial transactions. Entrepreneurs are proposing blockchain-based solutions to help customers satisfy increasing requirements to establish and verify identity. Those who are not engaging find themselves left behind.

Adaptability is the key to success

To succeed in such a climate takes courage, adaptability, and an optimistic mindset. Leaders need to acknowledge and accept the reality of change, and its pace, personally and within the leadership team. This requires not being defensive of "the old ways" (which are still generating cash flow) while not being too starry-eyed about new technology — acknowledging that many new ventures will fail to capitalise.

Leaders must understand and empathise with those fearful of the change, without allowing fear to stifle progress. It's important to instill a deep optimism and resilient culture, as it will provide the best prospect of adapting and prospering.

Regulators face similar challenges. The need remains to protect consumers from the threats that have always existed, for example facilitating competition, ensuring misleading or deceptive conduct is prohibited, protecting privacy and that food and personal safety standards are met. But regulators must also allow New Zealand business to be at the forefront of innovation by ensuring regulator frameworks are not barriers.

The challenges facing the leaders of regulators are largely the same as for business — except the challenge to create a climate which supports innovation may be less obvious than for those directly engaged in the market. But the stakes are higher as regulators decisions affect whole sectors.

An example of a good approach is the Financial Markets Authority's facilitation of robo-financial advice. However more needs to be done in the regulatory "sandboxes" created between competing jurisdictions to facilitate FinTech.

Technology transforming legal services

Legal services are not immune to disruption — they are ripe for the picking by innovative legal tech startups with no geographical boundaries. Around the world and in New Zealand, we're seeing large shifts through innovation such as new contract lawyer models, "robo-advice", and artificial intelligence.

Among others in the industry, MinterEllisonRuddWatts has been exploring this legal disruption to better understand the innovations and applications of this new technology. We'll need to bring those to the market to add value for our clients to stay relevant. Working away for over a year, we are now testing what we believe is one of the most advanced AI legal offerings in the world.

Lloyd Kavanagh says attitude and optimism are important.

Of course, the legal industry is heavily regulated, and for good reason — clients need to be protected and confident in the advice they receive. Like others, our profession is on the cusp of major change and innovators are struggling with antiquated legislation and regulators who are having to react to a fast-changing environment.

Are our regulators keeping pace or inhibiting our world-class innovators?

New Zealand is a place of innovation. It's part of our national psyche, a point of pride — tell a Kiwi it can't be done and they'll find a way. Historically, we have also been well served by light regulation.

However, a recent report by The New Zealand Initiative and InternetNZ said that "Trying to shoehorn new services into old regulatory models hurts everyone except old incumbent producers." If the regulators can't keep pace with the swift changes brought about by technology, then New Zealand businesses can't lead the world.

It's a critical time for New Zealand's global competitiveness

We're at a critical point for our country's economy. Digital is no longer the shiny front-end of the organisation — it's integrated into every aspect. It's undeniable that while digital technologies are transforming the economy, many businesses are struggling to work within or remove the barriers that restrict them from using or delivering new digital technologies.

Regulators should not clamp down on technology because they do not understand it or because it's disruptive. Instead, regulators should facilitate innovation — engaging with stakeholders working with various technologies to learn more.

● *Lloyd Kavanagh is Chair, MinterEllisonRuddWatts*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The Deloitte Top 200 Awards

The spirit of resilience

Top 200 businesses have a responsibility to do their part, says **Thomas Pippos**

Given how political events were unfolding in other parts of the world a year ago, New Zealand was a comparative rock in a sea of change. The political stability we enjoyed for nine years under National-led Governments and the nine years previously under Labour-led governments, reflected the consistent rhythm of our political life and, more importantly for business, provided certainty to the regulatory settings that each government pursued.

Political stability is generally good for business. Policy stability, in particular, provides business leaders with a relatively certain regulatory foundation from which to address the other changes and disruption in their business landscape — a relative constant in a sea of change.

In saying that, the paradox is that though policy and regulatory stability are good for business, change is also necessary and inevitable. It drives the adjustments and innovations required to address existing issues and can also improve social cohesion that underpins lasting business success.

The role of MMP and the recent election result brings this paradigm into light, particularly when viewed through the social cohesion lens.

At one level, participatory democracy allows voters to feel connected to their political leaders and policy decisions. The turnout for this year's election was up on the 2014 general election across all age groups, including a 6.5 per cent increase in younger voters. The overall turnout as a percentage of enrolled voters was 79.8 per cent, the highest since 2005 when it was 80.9 per cent. Business can take heart in these voter participation statistics, because it reflects a high level of health in our political process — particularly when global participation rates can be

around 50 per cent.

But like the experience in many other developed countries of late, the electorate was divided — almost exactly down the middle in our case. In fact, 49.5 per cent of voters did not vote for the current Government.

This is where resilience comes in, and the ability to absorb change, even when for many, the change is nowhere near at the level people may think. While politically the outcome is inevitably seen as binary — centre left or centre right — using traditional parlance, from a regulatory or policy perspective, particularly given MMP, there remains a high degree of consistency in settings irrespective of the government of the day. In no small way this is also due to the fiscal position we find ourselves in relative to some of our trading partners.

In many respect therefore, for business, an important aspect of the current change is that business and the new Government work together to address the issues that could erode overall resilience and social cohesion. Government cannot, and should not, be expected to do it all. Businesses, and Top 200 businesses especially, have a responsibility to do their part.

We face important challenges around our increasingly diverse and ageing population, child poverty, high youth unemployment, housing affordability and increased infrastructure demands on our cities, to name a few. In addition, we also face the environmental challenges that often come with a growing economy and pressure on infrastructure. While New Zealand has its own nuances, many of these challenges are global and we are, relatively speaking, in a better place than many others, having exhibited fiscal resilience through the global financial crisis and the series of natural disasters faced since.

Nonetheless, challenges always exist, and looking to work collaboratively on these challenges is key to ensuring we actively strengthen our levels of resilience: an outcome that will improve our levels of social cohesion, which is a necessary foundation to increase prosperity — social and economic — in New Zealand.

● *Thomas Pippos is the chief executive of Deloitte New Zealand*

Steering to success

Last night at Spark Arena the 28th Deloitte Top 200 event brought together New Zealand's pre-eminent leaders of industry to experience a show-stopping event produced by the team from NZME Events.

NZME CEO, Michael Boggs, congratulated the nominees and winners in a field that demonstrated the depth and calibre of talent in New Zealand's businesses today. "This year's theme, 'The Spirit of Resilience' focuses on the opportunity for businesses to remain nimble and innovative in the face of unforeseen challenges and the ever-changing competitive landscape. This year's winners showed bold leaders can steer their businesses to great success often in the face of significant market adversity," said Boggs.

Michael Boggs

"At NZME we have continued to transform our business to not only support and grow our traditional business model but also to identify and grow new audiences and new revenue streams as technology in the media and entertainment industry rapidly evolves," added Boggs.

In 2017 NZME has launched several new businesses into non-traditional markets and has announced plans to launch new ventures in complimentary markets around the automotive, employment and real estate categories.

"In our industry unexpected change is a constant and ensuring our business models and people are resilient to capitalise on new opportunities is paramount to our success," Boggs said.

"The Deloitte Top 200 demonstrates how businesses, through their leaders, continue to innovate, embrace diversity of thought, and set visionary strategies for success. NZME is proud to be a part of this event providing opportunities for our event partners, the finalists and the wider business community to learn from leadership best practice."

Preparing for risks and opportunities

Traumatic events such as last year's Kaikoura earthquakes have demonstrated the enormous impact natural disasters can have on our lives, writes **Simon Mackenzie**

Resilience has always been a challenge in New Zealand. We live in a long, thin, sparsely populated, earthquake-prone country with difficult terrain, which makes redundancy economics difficult for infrastructure providers.

In October 2011, businesses that depended on the supply of gas experienced one such event, when a landslide ruptured the Maui pipeline operated by Vector. This caused widespread disruption and impacted those businesses without contingencies in place for days.

A critical lesson for Vector was that resilience is a dynamic, multidimensional challenge, and businesses must continuously plan for new and evolving risks across their supply chain.

Though businesses generally plan for the biggest risks, and foster the mindset that these may occur, the harsh lesson of experience highlights that resilience cannot be considered in static terms. A crisis management plan is important to provide a framework but real crises have proven time and time again that plans must have flexibility within their framework to deal with unfolding scenarios. As the military saying goes, no battle plan survives first contact with the enemy.

Increasingly, climate change is altering New Zealand weather patterns. It means we must factor an increase in the number of "one-in-a-hundred-year" extreme weather events and an increase in the risk of

drought, with the consequent impact on New Zealand's lake levels, so critical to our energy supply. It's why a system-wide view of operating more sustainably is a critical need for New Zealand, and why Vector has committed to being net carbon zero by 2030.

Growth is a resilience challenge. Auckland is now the third-fastest growing city in the developed world, so infrastructure must accommodate this growth smartly, reliably, and cost-effectively. A consequence of growth is traffic congestion, which can hamper response times for Vector field crews seeking to restore critical services each time a car hits a power pole.

Disruptive new energy technology is an enabler of not only customer cost benefits but a resiliency opportunity. As solar and battery solutions drop in price, residential uptake will accelerate and add more resilience to energy systems. Power generation will, over time, shift from being the sole preserve of incumbent generators to a broader, diverse generation sector as consumers choose from a wider range of energy sources that are, quite literally, closer to home. Energy supply will no longer be concentrated in a few, remote locations. It's not just about residential solutions either. Vector was the first company in the Southern Hemisphere to put an industrial-sized battery on a network, increasing resilience and reducing network upgrade costs.

Today, we expect continuous service and the ability to access what we want, when we want, and how we want. The relentless shift in market power from companies to consumers seen in all other sectors will inevitably transform the energy sector. Soon peer-to-peer technology will allow consumers to buy and sell energy with neighbours, smoothing peaks in demand on the network and softening the impact of peak pricing for consumers in the process. It's an elegant dynamic — the more distributed energy generation becomes, the more control shifts to the consumer, the more they can reduce their own costs and the more resilient the network system becomes.

The electrification of transport is an emerging factor. The number of electric vehicles on our roads is roughly doubling year-on-year, and EV costs are coming down, so energy systems must have the resiliency to cope with a surge in localised demand from more EVs being charged up at night.

The challenge is to help avoid a rise in energy inequality, as areas with low EV uptake may end up effectively subsidising areas with high EV uptake if network upgrades are required.

One way to help manage that is to use EVs to reinforce network resilience. Vector is now trialling the use of Vehicle-to-Grid and Vehicle-to-Home technologies. Who would have thought, even five years ago, that you could power a house through your car in the event of an outage, while being able to use that vehicle at peak times to reduce your overall peak energy consumption?

Vector has also invested heavily in "internet of energy" technology. Our partnership with mPrest allows us to manage energy systems in more sophisticated ways, using data analytics and artificial intelligence to manage network systems more efficiently, dynamically shift demand and improve resilience — as well as put more power and control in the hands of consumers.

There are many, many examples of technology like this on the way. Yet, though technology offers huge opportunity, there is a flipside. There is a growing need for businesses to employ best practice cyber-security measures as the cyber threats to their IT systems become more prevalent and sophisticated around the world.

I think it's a lasting lesson from every crisis. Though nobody wants to learn from harsh experience, good resilience planning means looking ahead holistically to what might be coming, and preparing for both the risks and the opportunities those future possibilities might bring.

● *Simon Mackenzie is group chief executive of Vector.*

The Deloitte Top 200 judges

Dame Alison Paterson

Sandy Maier

Fran O'Sullivan

Jonathan Mason

Neil Paviour-Smith

Cathy Quinn

DAME ALISON PATERSON
Dame Alison Paterson was appointed as a Dame Companion of the New Zealand Order of Merit for services to business in the New Year's Honours 2014 and was previously awarded the QSO for services to the community.
Dame Alison's experience spans a range of industries in both the public and private sector. She is recognised as being a trailblazer for women in governance roles. She is a chartered accountant who operated a sole farm accounting practice. Her first major board appointment was in 1976.
Dame Alison served on the Reserve Bank board from 1996 to 2010 including as chair of the audit committee and Deputy Chair. Her past appointments include the chair of several organisations including Landcorp Farming, Abano Healthcare, Crown Irrigation Investment, Waitemata Health and as a director of Metrowater.
Dame Alison is a Fellow of the University of Auckland, D.Com [Massey], a Distinguished Fellow of the Institute of Directors, an FCA. She was 2010 QBE Chairman of the Year and was inducted into the Business Hall of Fame in 2015.

SANDY (SAMFORD) MAIER
Sandy serves, and has served, as Chairman or Director for numerous organisations in both New Zealand and overseas. He has a wealth of experience in corporate governance and finance, having spent 15 years working in international commercial and investment banking, including as CEO of Citibank New Zealand. Sandy has lived and worked in New Zealand since 1986, serving on the board of the Bank of New Zealand and as the statutory manager of DFC New Zealand Limited for which he received a 1990 Commemoration Medal.
For the past 25 years, he has had his own international management consulting firm, specialising in strategic, financial and human resource issues and has served as Chairman or Director of several New Zealand companies.

FRAN O'SULLIVAN (Judging Panel Convenor)
Fran O'Sullivan is Editorial Director of Business for NZME and a high profile business columnist for the New Zealand Herald. She has a strong interest in New Zealand's business success and is a frequent TV commentator and public speaker.
Fran is a member of both the NZ US Council and NZ China Council's Advisory Boards and a committee member of the Pacific Economic Cooperation Council (NZ). She is also a regular participant in NZ's partnership forums with the United States, Australia and China.
Fran is a former editor of *National Business Review* and has an award-winning track record in business journalism.

JONATHAN MASON
Jonathan Mason has over 30 years of experience in financial management roles in the oil, chemicals, forest products, and dairy industries with an emphasis on emerging markets. Jonathan was Chief Financial Officer (CFO) of Fonterra Co-operative, CFO of Cabot Corporation (a Boston based chemical company), and CFO of Carter Holt Harvey. Jonathan also served in senior financial management positions at US based International Paper from 1990-2000.
Jonathan is currently a director of numerous large organisations and an Adjunct Professor of Management at the University of Auckland.

NEIL PAVIOUR-SMITH
Neil Paviour-Smith has over 25 years' experience in various roles in New Zealand capital markets.
He is Managing Director of Forsyth Barr Limited, a leading NZX sharebroking firm and investment bank.
Neil is a director of Chartered Accountants Australia New Zealand (CAANZ) and Pro Chancellor of Victoria University of Wellington and a former director of the New Zealand Exchange (NZX Limited). He is a Fellow of the Institute of Finance Professionals NZ (INFINZ), having been Chairman of the NZ Society of Investment Analysts 1999-2001.
Neil was an inaugural recipient of a Sir Peter Blake Trust Leadership Award in 2005.

CATHY QUINN
Cathy Quinn is a senior partner (and former Chair) of Minter Ellison Rudd Watts. Cathy was made an officer of the New Zealand Order of Merit in the Queen's Birthday honours list in 2016 for her contribution to the law and women.
Cathy is a board member of the New Zealand China Council and named the Veuve Clicquot Business Woman Award Winner 2010 (New Zealand).
Cathy is on the Board of the NZ Treasury and chairs its Audit and Risk Committee. She recently joined the board of a publicly-listed company.

The a2 Milk Company

A testament to very focused leadership

Hamish Fletcher

The a2 Milk Company's meteoric rise is one of the most spectacular sharemarket ascents in many years.

Once an "alternative" player in dairy, its 250 per cent share price rise in the year to September puts it squarely among the biggest companies on the New Zealand stock exchange.

It is also one reason why it beat the pack to take out the much coveted Deloitte & Marsh Company of the Year in this year's Top 200 awards.

But that wasn't the only figure which impressed the judges.

The dual-listed firm also grew revenue by 56 per cent in the last financial year and sold over a half a billion dollars of product.

Gross profit rose by 75 per cent, operating profit was up 160 per cent and, most importantly, net profit grew by 200 per cent to $91 million.

"This is no fluke," said judge and Forsyth Barr managing director Neil Paviour-Smith. "This is the culmination of a strategy that was put in place by the company and led by chief executive Geoff Babidge."

A former partner at Price Waterhouse, Babidge and his senior team have earned plaudits for a2's performance.

Oyvinn Rimer, senior research analyst at Harbour Asset Management, said in August that the company's 2017 result was a stellar achievement from its management.

"It shows they are very competent in navigating pretty tough market conditions," Rimmer said. "There are so many variables at play, as we have seen with so many other companies executing into the infant formula space.

"It is a testament to very solid management."

The a2 Milk Company's CEO, Geoff Babidge, impressed the judges.

When Babidge joined in 2010, the company had been around for a decade and its shares were trading for about 9c a piece.

Beginning life nearly 18 years ago as A2 Corporation, the firm was founded by New Zealand scientist Corran McLachlan and the late Howard Paterson.

Its point of difference was that its products came from dairy cows that only make the A2 type of beta-casein protein, whereas most dairy contains both the A2 and A1 strand.

Paviour-Smith said the company "floundered" for a long time.

It picked fights with Fonterra and became preoccupied with the science of its product rather than going out into the market and selling to customers, he said.

But along came new backers, a new sense of direction and a new chief executive in Babidge.

"And he was very focused, driven, and I think determined to implement, for lack of a better word, a premium milk strategy," Paviour-Smith said.

"So not just focused on infant formula but also on high value milk in the chilled department of the supermarket where per litre you can get much more of a premium than normal milk.

"In effect over the last five years they've really fine-tuned their strategy and they've absolutely delivered on that."

The company has been strong in both the fresh milk and infant formula segments.

It is the biggest-selling fresh milk brand by value across the Tasman and in August it also started exporting fresh product from Australia to Singapore with the long-term aim of using the island state as a springboard into Southeast Asia.

While a2 Milk already airfreights a small amount of fresh milk to China, its main exports to the People's Republic are milk powder and infant formula under the Platinum brand name.

a2's sales from China and other Asian markets were up 133 per cent in the 2017 financial year, from $38.2m to $88.9m.

Paviour-Smith said the company's performance in Asia helped cement its place in the awards this year.

"a2 was on our radar a year ago given its performance even up to then.

"But we were looking for just a little bit more of an indication or evidence of their delivery into the markets beyond Australia, in particular the Asian markets — and without a shadow of a doubt they've delivered on that," he said.

In September a2 announced its infant formula partner Synlait had received registration with Chinese regulators, which will allow exports into that country to continue.

All manufacturers of infant formula are required to register brands and recipes with the Beijing authorities in order to be able to get products into the Asian giant from the start of next year.

Those rules are part of a wider Chinese effort to lift food safety standards after the likes of the melamine scandal almost a decade ago.

Both New Zealand dairy companies' shares soared to a then-record high on news of the registration and the regulatory approval has been one factor fuelling a2's stock since then.

After another flurry, some of the heat has come out of a2 shares.

At time of publication, the company's shares were trading for $8.70 a piece, slightly down from a high of $8.75.

Paviour-Smith said an earlier price slip was a "healthy thing" and shouldn't be a surprise.

"A company that's gone up in value by 250 per cent — that's to the year of September . . . at the end of October over a 13-month period the stock had gone up by 375 per cent. And so it's only natural that shareholders with quite large investments are going to look to take profits," he said.

Finalist: Briscoe Group

Briscoe Group has been notching up record profits almost as frequently as it is advertising a sale.

The retail group — led by veteran chief executive Rod Duke — is a strong performer in a sector under siege from online shopping.

That doesn't mean it doesn't face challenges and the company's share price has come under pressure after a squeeze on margins in its half-year result in September.

The Deloitte Top 200 judges were impressed by how well the company, which has over 80 stores around the country, had delivered in regional markets. The firm's performance was testament to its operating discipline.

The judges noted the company's success was "very much a Rod Duke story."

Duke acquired Briscoes in 1990 and still owns more than three-quarters of the wider group, which runs Briscoes Homeware, Living & Giving and Rebel Sport in New Zealand. The company, which floated on the New Zealand stock exchange in 2001 and became dual-listed across the Tasman in July, notched up its seventh record annual profit in the year to January. Net profit rose 26 per cent to $59.4m and Duke said it was because Kiwis are sick of "cheap rubbish.

"Over the past seven or eight years, a new perception of value has developed," he said.

"Kiwis are over cheap rubbish, they're over lowest price guarantees. They're sick of buying things that break.

"We like to deliver good-quality brands they know, cheaply."

Duke said part of the Briscoe strategy was knowing its customers and knowing what motivates them. Surveys show that retail brands like Rebel Sport and Briscoe have a strong top-of-mind awareness.

Duke, at the time, was unconcerned about the prospect of e-commerce giant Amazon heading to our shores.

"Some product categories will suffer," he said, "but they tend to be books and women's fashion". Briscoe Group's products would be less affected, he said.

Finalist: Tourism Holdings

Tourism Holdings' (THL) value has risen steadily for the past few years as the company has delivered on what the Deloitte Top 200 Judges describe as a very clear growth strategy.

In fact as chairman Rob Campbell noted at the AGM this year: "If you purchased THL shares five years ago and, throughout that time, reinvested all your dividends, you would now have made a 1000 per cent return."

Campbell noted that reflected a return off a relatively low base after the company struggled for several years to get momentum.

But THL in 2017 is a different company — more disciplined, more flexible and, increasingly, more global.

The company exceeded guidance, in the year to June 30, net profit rose 24 per cent to $30.2m with revenue rising to $340.8m from $278.9m. It now aims to boost earnings to $50 million by 2020.

In December last year THL expanded further into the US market with the purchase of campervan rental and sales business El Monte Rentals.

The acquisition, for an enterprise value of $93.5m including transaction costs, will be funded through $82.2m of debt from its current lenders and through the issue of 3.4 million Tourism Holdings shares.

It makes THL now the second-largest RV rental operator in North America.

The US expansion was one of two highlights for the 2017 financial year, chief executive Grant Webster said last month.

The other was the New Zealand rentals business, which saw EBIT increase by over 50 per cent.

Asked about the THL turnaround story Webster credited his chairman's intense focus on Return on Funds Employed (ROFE) and the right balance of bravery and caution.

"We understand that we are an operational business," he told the AGM. "We have hundreds of people on the frontline every day, delivering to customers' needs. Ensuring they are focused, have the right tools and are appropriately motivated is key.

"This is a detail business and we need to get the detail right constantly."

Chief Executive Officer of the Year

Simon Moutter, Spark

Liam Dann

"Choosing to spend money that has no chance of making a profit anytime soon is a difficult challenge," says Spark managing director Simon Moutter.

Moutter — winner of the Deloitte & Orbit World Travel Chief Executive of the Year — has been relentless in his commitment to Spark's future as a digital services business despite the natural temptation to rely on the steady revenue of the past.

"The pressure is to hunker down, go to the cost line, to pump dividends for as long as you can off that core business," he says.

But going with the flow is no longer an option in a world where digital disruption remains the biggest challenge.

The forces of disruption are so strong that if you let yourself follow the existing revenue streams they can lead you into "sunset mode", Moutter says.

Spark still makes most of its money through retailing phone and internet connections but the capacity for future growth in that sector is limited.

You have to "make a stand about reinvention".

"It's not just external forces," he says. "Your own organisation tends to want to go where the weight of the business is."

Managing the balance is as much art as it is science, he says. It's crucial not to let daily cost pressures divert you from the greater goal.

"It requires constant attention of the leadership team to make sure those trade-offs are made only at the most senior level," Moutter says. "So that you're not allowing trade-offs to be made lower down because the natural force will cause the 'new' to be snuffed out to protect the old."

Moutter says one of the mantras at Spark has been to invest heavily in the new . . . "but to free up the cash from the old."

"So it's almost: invest as much as you want in your new world but make sure you're getting it from the old. That creates a sense of viability about it and a sense of value."

"You've got to pay attention to it or you can easily lose control of the model, and you wake up one day and all the new stuff has been shut down."

That creates strong discipline around the value of cash and means you aren't asking the board and shareholders to take unrealistic leaps of faith.

Moutter cites the big global tech companies as his major competitors now, not the other local telcos.

"You've got a change occurring in our industry where telcos could easily be relegated to nothing more than data connectivity providers and many of the smaller players in New Zealand are already," he says.

"But if you aspire to be more than a data utility then you've got to confront rapid change in what customers want. You're going to have to confront competitors like Apple and Facebook, Google, Amazon and Netflix.

Chief Executive Officer of the Year

sponsored by Deloitte & Orbit World Travel

— weighing the risk and placing the right-sized bets

"It's a hard play because these are big sophisticated, well-performing and well-funded businesses."

For Spark, now that it has cemented a strong position locally in the connectivity business the question is: "How do we eke out and maintain a growth profile and a role in digital services that can stand alongside the best global providers?"

Moutter has been actively building a new culture at Spark since it rebranded from Telecom just over three years ago. He was with Telecom for almost a decade from 1999 to 2008 eventually as chief operating officer, before he took on the top job at Auckland Airport. In 2012, he returned to head up Telecom. The company was recovering from a regulatory bashing and a difficult split with its lines business Chorus. Moutter drove the push for a rebrand in 2014.

An important part of his job has been communicating the new vision to staff and dealing with ongoing tension between a cost focus at one end of the business and a growth focus at the other.

"Inside Spark today everyone knows the plan," Moutter says.

"We share the plan on the page with all staff and we expose those trade-off choices. They all understand that in some areas we are trying to free up cash."

"Success breeds success," he says. "If you can make some things happen that are cool and positive and new, then the culture of the organisation steps forward into that, it leans into it. And they get excited about what's next.

"So in Spark today we have the backing of the organisation to try to reinvent the company. We may fail. We've always got the option to roll back to being a connectivity business . . . but why would you die wondering? Why wouldn't you have a go at trying to establish a position in digital services that's relevant to New Zealand?"

Moutter, who has a passion for horse racing, believes it's about weighing the risk and placing the right sized bets. "We're making sizeable bets but not betting the farm and putting the whole business at risk."

So far it's paid off for shareholders.

But as well as financial performance of the business the Deloitte Top 200 judges noted Moutter's contributed to broader industry issues in New Zealand.

He's been committed to encouraging innovation and diversity.

Spark has backed a venture capital business Spark Ventures putting more than $10 million aside to invest in local start-ups.

And the judges were impressed by his decision to put Jolie Hodson, former Chief Financial Officer, into the future focused role as chief executive of Spark Digital.

Moutter says it has been part of his personal philosophy to make doing business about making New Zealand a better place.

"It's what's led us into the public discussion around taxation of global corporates, equality of access to broadband, diversity . . . we're willing to put our voice into the arena. Not because we think we're awesome at those things but if we believe it about our tech services why wouldn't we lend our weight to these other issues."

> Invest as much as you want in your new world but make sure you're getting it from the old.
>
> Simon Moutter

It was a patriotic outlook Moutter adopted at Auckland Airport.

"We set the strategy around doing a job for New Zealand rather than just being an effective business at turning activity into money.

"That same philosophy is what we've applied at Spark. In the reinvention of this company the number one setting is that we need to make a much bigger contribution to New Zealand."

Spark is one of New Zealand's largest spenders on infrastructure — spending more on the network than all its retail competitors combined.

"So the country needs Spark to be successful. And the country will be more successful if Spark does a great job."

That attitude helped to reset the business with a deeper sense of purpose around helping New Zealand unleash its potential, he says.

"When you're making really good choices to do a better job for the country it's a much more powerful starting point. And that makes a difference with the culture-building.

"I don't think many people get excited about going to work to make more profit. Profit is an outcome of a successful business," he says. "There's a high level of motivation that comes from a business that really adds value for customers or adds value to people's lives. Or makes a real contribution to the economy and the country."

"That is something worth getting out of bed for in the morning, something to go and spend your day doing."

Finalist: Geoff Babidge
The a2 Milk Company

As chief executive at a2 Milk since 2010, Geoff Babidge has overseen a remarkable transformation for a company that was once on the fringe of the New Zealand dairy sector.

The company was originally founded in 2000 by New Zealand scientist Corran McLachlan and the late Howard Paterson, a millionaire farm owner.

It struggled until moving its focus to Australia and towards the Asian markets.

When Babidge took over it shares were worth just 9c — they are currently trading above $8.

Babidge has over 30 years of senior management experience working in the Australian fast-moving consumer goods industry. Prior to his role at a2, he held senior executive roles with companies in Australia including Freedom Foods Group Limited, Bunge Defiance and National Foods.

He started his career as a chartered accountant and Partner at PwC.

The Deloitte Top 200 judges noted that the market rated Babidge highly, off the back of a fantastic company performance. This year a2 also features in the Company of the Year category and Best Growth Strategy category.

> The market said 'you'll never hit that' — he has, and exceeded it.

a2 had followed an aggressive plan for value creation, with key milestones, the judges said. The market said "you'll never hit that" — he has, and exceeded it.

The environment for small companies to expand in infant formula outside NZ has been difficult and fraught with regulatory challenge. Babidge had played that card very well, the judges said.

Finalist: Russel Creedy
Restaurant Brands

"Ten years ago it was just hunker down and try and keep the wheels on the road and fix this business," Restaurant Brands chief executive Russel Creedy told the *Herald* in August.

"And now there's more opportunities than we could ever wish for, it's just picking the right ones. I plan to just enjoy the business and have fun."

> There's more opportunities than we could ever wish for, it's just picking the right ones.

Deloitte Top 200 CEO of the Year finalist, Creedy has overseen a remarkable turnaround at Restaurant Brands and an expansion which has seen it take on new brands and move offshore into Australia and Hawaii.

In April 2016 it expanded into KFC in Australia and in March 2017 bought the largest fast-food operator in Hawaii. The acquisition made it the sole Taco Bell and Pizza Hut franchisee in Hawaii, Guam and Saipan.

Creedy says bedding down that expansion was both the biggest challenge and the biggest highlight of the past year.

Since taking over as chief executive in 2007 South African born Creedy has managed a successful brand refresh for KFC and the addition of the Carl's Jnr burger chain.

From making a loss of $3.6m in 2007 the company's latest reported net profit after tax was $26.0m for the year to 2017.

The Deloitte Top 200 judges noted that Creedy built confidence of the master franchiser to the point it was able to expand both vertically and horizontally.

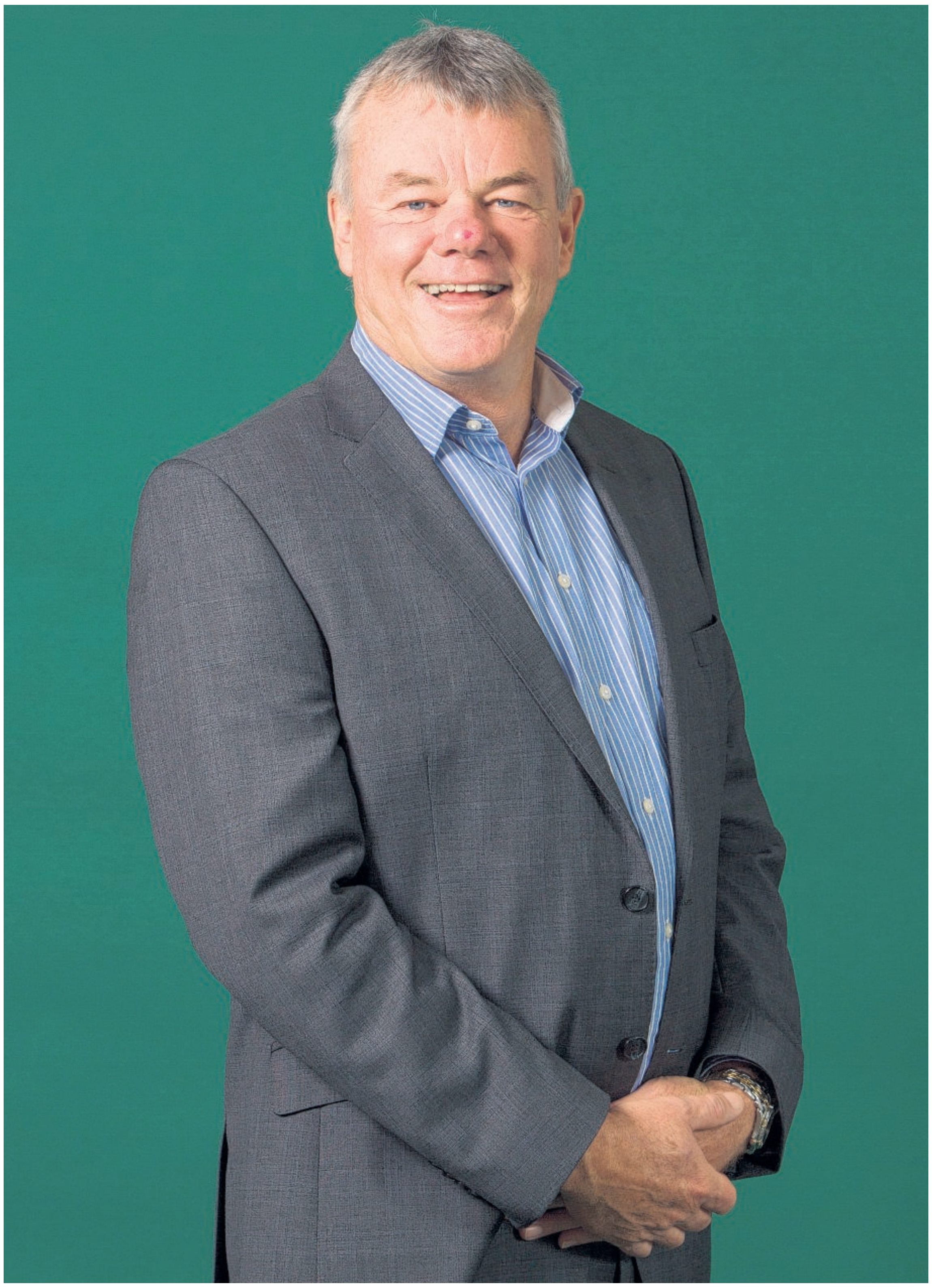
He had overseen improved performance in a highly competitive industry with relatively low barriers to entry.

Chief Financial Officer of the Year — *sponsored by Massey Business School*

Steve Gray, Port of Tauranga

A long-term performer

Tamsyn Parker



Steve Gray is not afraid of a challenge and it is that tenacity and staying power that has seen him recognised as the Massey Business School Chief Financial Officer of the Year in the 2017 Deloitte Top 200 awards.

Gray has been CFO at the Port of Tauranga for 10 years and with the company for 30 years.

He joined the firm in 1987 when it was under the Bay of Plenty Harbour board. After a few restructures he became the finance manager, then the IT manager left and he took on that role too.

In 2007 he was appointed chief financial officer. Gray says it was a great privilege to take on the role.

Since then the biggest challenge has been to continue to grow the company's total shareholder returns.

The company has averaged around 18 per cent per annum in the past 10 years and 19 per cent over the last five years.

Deloitte Top 200 judge Jonathan Mason said the market respected Gray and he was seen as a competent CFO who made prudent investments.

Mason said Gray was a "long-term performer" which was very important in the chief financial officer's role.

Gray has been integral to developing the port's strategy over the last 10 years and says it is great to now see the results coming to fruition.

"We had this five-year strategy to be big ship-capable."

The port spent $350 million to make this happen and it finally came to pass this year.

Gray says his biggest challenge to date has been the shipping contract he helped negotiate with Kotahi – the logistics company owned by Fonterra and Silver Fern Farms – for a 10 year lock-in.

"We were spending all this money – we needed an agreement with Fonterra that they weren't going to chop and change ports."

Gray led the team that negotiated with Kotahi in 2014. He says they kept chief executive Mark Cairns in reserve in case they needed to bring out the big guns. "We didn't use consultants. It took us six months. It had never been done before."

One of the sticking points was that Kotahi wanted shares in the company in exchange for the deal. The port was initially opposed this but it did happen.

Since doing that deal back in June 2014 Gray says the market cap of the Port of Tauranga has risen by $1 billion.

It was a major shake-up for the industry, which also required a delicate balance so that other customers were not upset by it, Gray says.

"It is by far the biggest deal I have done and will ever do."

But the deal means the port will have Fonterra's business for 10 years.

Kotahi will put cargo through Port of Tauranga's Timaru Container Terminal in return for 1.5 per cent equity stake in the port company and 49.9 per cent ownership of its Timaru terminal.

At the time, Port of Tauranga chief executive Mark Cairns said the volume the 10-year deal delivered to Port of Tauranga "was a $5b-$6b deal, to put some context around it".

He has been CFO for the same amount of time Cairns has been CEO and the pair have a great working relationship, something that was noted by the Deloitte Top 200 judges.

"Part of being a good CFO is being close to the CEO. I am a sounding board for Mark," he says.

> I always say I have got Port of Tauranga running in my blood.

Gray is 58 and says he has no plans to retire soon. He jokes that he wouldn't be welcome at home if he left soon.

"I don't think my wife would want me around home," he says.

He is also really proud of the capital return and share split which the company has gone through in recent years.

Gray said analysts had criticised the company for being too conservative with its balance sheet. He came up with the idea to pay back shareholders $40m over three years.

The board wanted it to be paid out all at once but Gray convinced them to spread it out and says "it went down really well with shareholders".

The company had been asked by a few different people about a share split because of a lack of liquidity.

It did a five-to-one share split in October 2016. Since then daily trading in the company had increased significantly.

"A couple of shareholders thanked me because now they can buy shares for their grandchildren."

Gray said though the share split didn't seem to make much sense at the outset, after looking at the downsides there didn't seem to be any reason not to.

Convincing the board was another thing.

But Gray says he likes those sort of challenges. "I like that. I like a challenge."

He says the port business has a great culture: "It's a great company and has great people."

He is not the only longstanding employee and says quite a few others have been there 25-plus years.

"I always say I have got Port of Tauranga running in my blood."

Finalist: Paul Chambers, Meridian Energy

Meridian Energy chief financial officer Paul Chambers has been instrumental in helping to list the company on the share market and its strategy since then.

Chambers joined Meridian in 2009 from Transfield Services New Zealand after a varied career covering ports, manufacturing and retail in both the United Kingdom and France.

He told the *Herald* in 2013 that he was attracted to the role at Meridian not only for the complexity of the power generation business, but also the emotional response consumers have to power.

"I think the role of CFOs generally in large organisations has shifted a lot so I think the expectation is the CFO will have much more involvement in the operational management of the business and also, depending on their particular inclination, in the strategic management of the business."

That's reflected in the diverse nature of his role at the company.

Chambers has responsibility for strategy co-ordination, performance measurement, external reporting, funding, risk management coordination, procurement and financial transaction services.

"I see it as being the role that holds the banner for the commercial aspects of every part of the business. Every decision that is made you have to have some finance involvement and I'm the person that leads that off."

Meridian Energy was listed on the NZX in October 2013 as part of the Government's share offer programme and the company has grown substantially since then.

Its was initially valued at $3.84 billion and now has a market capitalisation over $7.4 billion.

The judges said Meridian had also done well in growing its retail arm Powershop alongside its traditional generator business.

They said the company had made good capital market moves and had increased its commercial paper.

Finalist: Grant Ellis, Restaurant Brands

Restaurant Brands chief financial officer Grant Ellis is rated highly by the market and is seen as an integral part of the company's success story.

Ellis has been with Restaurant Brands since its sharemarket listing in 1997, helping it grow from a $200 million business into a company with revenues of $518 million.

Restaurant Brands operates the KFC, Pizza Hut, Starbucks Coffee and Carl's Jr franchises in New Zealand, KFC franchises in New South Wales, Australia and Taco Bell and Pizza Hut franchises in Hawaii.

Starting with the company at the time of its initial public offer, Ellis was given a challenging task right from the beginning.

He had to set up all the accounting systems from scratch, an entire department, establishing funding lines, and all other financial and administrative aspects of a public company's operation within a three month time frame.

Since then he has been actively involved in overseeing the financial aspects of the business including the acquisition and building of the Starbucks Coffee and Carl's Jr franchises, the acquisition and conversion of the Eagle Boys pizza chain, the entry (and exit) from the Australian Pizza Hut business, the resurgence of the KFC brand and the most recent major expansion into the Australian (KFC) and Hawaiian (Taco Bell and Pizza Hut) markets.

He has also been a critical part of negotiations with the company's franchisors in renewing the franchises the company holds.

Judge Jonathan Mason said Ellis was a "steady, well-regarded part of a success story."

Excellence in Governance *sponsored by MinterEllisonRuddWatts*

Air New Zealand

Broad stakeholder management

Tim McCready

Air New Zealand has taken out the MinterEllisonRuddWatts Excellence in Governance award in 2017 in recognition of the company's world-class track record and its emphasis on broad stakeholder management.

Air NZ has consistently been recognised for its excellence in governance — this is the company's third appearance in this category at the Deloitte Top 200 awards.

Of particular note, is the seamless way in which the airline has managed board and CEO transitions through its robust succession planning processes.

Since the Government-backed recapitalisation of the national carrier in 2001, it has had just two chairmen: John Palmer (appointed in November 2001) and Tony Carter (appointed in December 2010).

In that time there have been three chief executives: Sir Ralph Norris — who came off the board in February 2002 to pilot Air NZ through a major rebuild following a near bankruptcy; Rob Fyfe — who brought marketing pizzazz to the role when he took up the CEO reins in 2005 following Norris' move to Australia to become chief executive of Commonwealth Bank; and, Christopher Luxon, who became chief executive in early 2013 introducing a global management style to the airline.

Both Fyfe and Luxon were internal appointments who were thoroughly blooded by their predecessors before stepping up to the top job.

In September, former Prime Minister and Tourism Minister Sir John Key joined Carter and fellow members Jan Dawson (deputy chairman), Rob Jager, Linda Jenkinson, Jonathan Mason and Dame Therese Walsh on the board.

Air New Zealand was recently rated New Zealand's most reputable company for the second year in a row.

The company has continued to sport outstanding financial results since it was named Company of the Year in the 2014 Deloitte Top 200 awards.

Both Carter (2014) and Luxon (2015) have taken out the top honours, for chairman and chief executive respectively, which is another testament to the company's overall governance record.

It was recently nominated "Airline of the Year" by leading international aviation website AirlineRatings.com for the fifth consecutive year.

The Deloitte Top 200 judges said New Zealanders' continued faith in Air NZ was a stellar reflection of the airline's successful governance and the positive impact it has in the country.

They added: "Air New Zealand does the best job of broad stakeholder management. The company does an excellent job for the shareholders, but beyond that it really thinks about the country."

Air New Zealand's concern for its wider stakeholder group is evidenced by the airline's annual sustainability report.

First published in 2015, this annual report tracks the company's performance socially, economically and environmentally.

These three pillars are supported by six key focus areas — the airline's people, the communities it operates within, carbon, nature and science, tourism, and trade and enterprise.

The judges remarked that the sustainability reports were a fantastic resource and said Air New Zealand is considered among the best in the country in this area.

The airline has formed a sustainability advisory panel, which includes British environmentalist Sir Jonathon Porritt, New Zealand entrepreneur and environmentalist Sir Rob Fenwick and US biofuels expert Suzanne Hunt.

> “The company does an excellent job for the shareholders, but beyond that it really thinks about the country.

The airline industry contributes around 2 to 4 per cent to global greenhouse gas emissions.

As part of the sustainability framework, Air NZ is committed to working closely with key regional stakeholders, collaborating and helping them to develop attractive tourism propositions.

An example of Air New Zealand's work is in Northland where, with local tourism operators, the council and other stakeholders it created a "Summer of Safety" inflight safety video, which was complemented by other tourism marketing campaigns both in New Zealand and internationally.

The judges also noted that the airline's board had applied best practice in a number of important areas — including its commitment to creating a diverse and inclusive workforce.

The airline says its workforce reflects its diverse customer base and helps it to better serve their needs.

The company also acknowledges that its diversity helps it to be more innovative, challenging traditional ways of thinking, and introduces fresh perspectives.

Air New Zealand has made strong progress in delivering on its diversity and inclusion objectives, focusing strongly on gender representation and growing the cultural capability and fluency of leaders.

The airline recently achieved 39 per cent female membership on its senior leadership team, and has committed to reaching 40 per cent by 2020.

It has established a women's network around the country to coach and mentor women throughout the business.

Air New Zealand has also implemented other employee networks, including Young Professionals, Maori and Pacific Islands, Pride (LGBTQI) and an Asian employee network.

These have helped to promote a sense of community and belonging across different employee groups, and increase the visibility and awareness of its diverse workforce.

The judges commended Air New Zealand's commitment to Maori language and culture.

The airline has placed an increased focus on making this a core part of its identify — reinforcing the company's role as the national airline of New Zealand.

Air New Zealand provides executive coaching and intensive residential, marae-based workshops for members of the senior leadership team to help them to develop greater Maori fluency. The company has also established Maori ambassadors to promote Maori culture and language among all its employees.

Finalist: Abano Healthcare

Abano Healthcare received high praise from the judges for its successful business model and steadfast focus on growing shareholder returns while fending off disruptive hostile takeover offers.

The Abano board, led by chairman Trevor Janes is focused on growing its trans-Tasman dental group — which is benefiting from economies of scale and increasing market share.

The Top 200 judges were impressed with how the board and shareholders have backed the company, particularly in light of the hostile partial takeover bid from Healthcare Partners.

Janes is joined on the board by Pip Dunphy (deputy chair), Danny Chan, Murray Boyte, Dr Ginni Mansberg and Ted van Arkel.

"The board's resistance to attempted takeover offers has resulted in shareholders continuing to receive growing returns," the judges said.

In particular, they were impressed that the company has not been distracted while dealing with attempted takeovers, instead remaining focused on the business and implementing strategy.

They noted the successful transition of Richard Keys into the role of chief executive. Keys was previously the company's chief operating officer and chief financial officer, and took up the role at the company's 2015 annual meeting following Alan Clarke's retirement. The board undertook a considered process to identify the best and most capable person to fill the role. Under Keys' leadership, Abano reported a record net profit after tax of $11.1 million for the 2017 financial year, enabling an increase in its full year dividend by 20 per cent on last year.

The judges also commended Abano Healthcare for its recent record dividend of 36 cents per share, and payment of $25 million in dividends over the past five years - an indication on why shareholders continue to back the company.

Finalist: Sanford

Sanford's recognition as a finalist is the result of the freshness of strategy and a focus on broader considerations beyond the company's commercial activity.

The directors are acutely aware the company's future depends on its long-term sustainability. This commitment to rigorous management of environmental performance and sustainability across all areas of the business was commended by the Deloitte Top 200 judges.

They said: "Sanford is clearly transitioning strategy around their footprint and sustainability throughout the business to build a long-term business."

The Sanford board chaired by independent director Paul Norling includes Liz Coutts, Bruce Goodfellow, Peter Goodfellow, Peter Kean and Rob McLeod.

Sanford has placed strong emphasis on offering meaningful opportunities for continual learning and development, setting a goal to maximise the prospects of all its people.

The company has acknowledged this is not an area that has previously been managed as effectively as it could, and has put in place management systems to make it a priority.

Sanford has made a commitment to improving the wellbeing of its employees, adopting the WorkWell programme developed by Toi Te Ora Public Health to support the development of a healthy working team.

Sanford's annual report was referred to as "absolutely outstanding" by the judges. It includes a touching story from an employee, who credits turning her family's health and lifestyle around following a visit to Sanford by a diabetes specialist.

The judges also commend Sanford's very strong integrated reporting. The company has been recognised by the market for this — providing a balanced picture of their economic, environmental, and social performance; facilitating comparability, benchmarking and assessing performance; and addressing issues of concern to stakeholders.

Chairperson of the Year

sponsored by QBE Insurance

Rob Campbell, Tourism Holdings

A willingness to speak out

James Penn

Rob Campbell is highly respected for his thought-leadership and advocacy on governance matters.

His willingness to speak freely on issues, such as advising directors to take a more hands on approach, has been a real asset to the business community.

But, said the Deloitte Top 200 judges, it is the track record of financial results in the companies he chairs over a lengthy periods, which marks Campbell out as the winner of the 2017 QBE Insurance Chairperson of the Year.

"There is a clear link between his chairmanship style and the performance of those companies," said judge Dame Alison Paterson.

His 30-plus years of governance and investment experience has been invaluable in his chairmanships — such as at Guinness Peat Group. Campbell became chairman of the GPG holding company in 2011 and oversaw the disposal of various investment assets, with the group's focus transitioning to their investment in Coats, the world's largest manufacturer and distributor of sewing thread and supplies.

The role the experienced chairman played at GPG was also noted by the Deloitte Top 200 judges as an example of Campbell's willingness to take on challenging companies that are in tough spaces.

More recently, Campbell has overseen the successful listing of retirement village operator Summerset Group, and, has guided Tourism Holdings Limited (THL) on its global growth strategy.

Since Campbell became chairman of Tourism Holdings in August 2013 it has achieved a substantial uptick in financial performance.

In the half-year to 31 December 2016, Tourism Holdings posted EBIT (earnings before interest and taxation) of $18.7 million.

This compared with $7.2m for the half-year to December 2013.

The people who are at the wrong end of inequality really have genuine social and financial needs.that are not being met under the current system.

Rob Campbell

Over the course of his chairmanship, the market has observed a clear change in strategy, and "could see Rob's fingerprints on it," said the judges.

THL's progress since Campbell's appointment was considered particularly impressive by multiple market analysts, who commented that it is often hard to see the chair's contribution to company performance: "But with THL, Rob has had a significant impact, which we could see," explained Dame Alison.

"An outstanding chairman is one who understands the industry, has a clear strategic view and establishes a strong and constructive relationship with his CEOs to deliver outstanding returns to shareholders," Dame Alison added.

"Rob Campbell has demonstrated this with Tourism Holdings, which has an annualised five-year return of 63 per cent."

A tangible example of Campbell's influence is Tourism Holdings' contribution to a tourism infrastructure funding report to the Minister for Tourism in December 2016.

The report, developed alongside Air New Zealand, Auckland Airport, and Christchurch Airport, proposed the creation of a $130 million annual fund to address tourism infrastructure challenges, funded by a National Tourism Infrastructure Levy alongside an equal contribution from the Government.

"He has positioned Tourism Holdings as a leader in the tourism industry which, in 2016, overtook dairy as the highest contributor to New Zealand's GDP," Dame Alison said.

August 2017 saw a prediction that earnings per share for Tourism Holdings would grow by 49.34 per cent over the next three years.

Campbell is set to become chair of SkyCity on January 1, 2018, succeeding the 2016 Deloitte Top 200 Chairperson of the Year, Chris Moller.

Campbell was described as a chairman who maintains close working relationships — characterised by sustained and regular contact — with the chief executives of the companies he governs.

In an interview for the *Herald*'s Mood of the Boardroom election survey, Campbell spoke frankly about inequality.

"The people who are at the wrong end of inequality really have genuine social and financial needs that are not being met under the current system," he said in a video interview.

"There is an increasing recognition among the business community and the wider community that things have got a little stale.

"If I can use a word from a previous National Prime Minister, maybe we need to be a bit more aspirational."

When awarding Campbell its Beacon Award, the NZ Shareholders Association said he had a willingness to speak out on issues "without fear or favour", citing his comments advising directors not be tick-box governors, manage the managers, and, criticising the limited imagination of some boards and a disconnect between reality and how bankers and other finance professionals are remunerated.

Finalist: Jan Dawson, Westpac

Jan Dawson has an impeccable pedigree performing at the highest level in everything she undertakes.

Appointed chair of Westpac NZ in 2015, she has presided over impressive results, with annual cash earnings for the Kiwi arm of the Australian bank rising by almost 10 per cent in the year to September to reach $970 million.

Dawson is deputy chair of Air New Zealand and is a director of Beca, AIG New Zealand and Meridian Energy.

She has served as a trustee of the National Maritime Museum since 2012, was president and chair of Yachting New Zealand for six years from 2007-13, and was deputy chair of Counties Manakau District Health Board from 2010-13.

"Typically, where Jan is not chair of companies, she is often found serving in the role of chair of the audit committee," said Deloitte Top 200 judge Dame Alison Paterson.

"This is a valuable application of her many years of prior experience as a partner, chair, and chief executive at KPMG."

The judges were impressed by Dawson's performance in governance roles across a variety of industries.

"As an example, it was under her leadership that KPMG committed to the sponsorship of the Rugby World Cup held in NZ in 2011, Dame Alison said.

"It was a bold move made without KPMG International support and firmly established the firm among the major New Zealand accounting firms.

"She is correctly described as incredibly competent and competitive".

Dawson has offered her governance expertise to a variety of community organisations.

She also entered uncharted waters this year, following her appointment as Vice-President of World Sailing, the highest role an Australasian has ever held in that organisation.

Finalist: Peter McBride, Zespri

Peter McBride's understated style has come to the fore since he took over the chairmanship of Zespri International in 2013.

McBride has overseen the kiwifruit exporter's strategies as it rebounded from the Psa crisis which decimated the industry and eroded grower returns.

"In addition to managing the Psa crisis and the response, Peter McBride has shown extraordinary leadership in dealing with the Serious Fraud Office investigation into Zespri's commercial dealings with Chinese agents," said Deloitte Top 200 judge Dame Alison Paterson.

"His strategy to ring-fence — to minimise the operational impact over the several years of an investigation involving significant cost and demand on resources — has been effective, and rewarded by the announcement in the first weeks of November that the SFO would not be laying charges."

"Issues may be ongoing," said Dame Alison. "But BAU (business as usual) has not been impacted as the positive results show."

Earlier this year, Zespri forecast net profit of between $98 million and $103m in the year ending March 31, 2018.

After trading around $1.50 two years ago, Zespri shares now command around $8 on the Unlisted share trading platform.

McBride was particularly commended for the impressive growth of the company's Psa-resistant Gold3 (G3) kiwifruit variety.

In August this year, a green kiwifruit orchard in Te Puke sold for what was believed to be a record price of $500,000 per canopy hectare, with a total price for the 3.6 acre (1.46ha) orchard of $1.8m.

The buyers said they were planning to convert the orchard into the G3 variety immediately.

Zespri's performance in recent years has resulted in "huge wealth creation" for New Zealand growers.

"This is a reflection of strong growth borne out of prudent governance decisions under Peter McBride's leadership," Dame Alison said.

Best Growth Strategy

sponsored by 2degrees

Zespri chairman Peter McBride (with trophy), team members and growers celebrate the company's win in the "Most Improved Performance" category at the 2016 Deloitte Top 200 awards.

Zespri International

Outstanding recovery is complete

Graham Skellern

The Psa crisis is all but a distant memory. The outbreak of the bacterial disease in late 2010 wiped out most of the lucrative gold kiwifruit crop. But since then global marketer Zespri International has re-focused and produced outstanding results.

Zespri introduced a more Psa-resistant G3 variety (branded SunGold) and is now delivering record returns to its 2500 New Zealand grower shareholders.

Zespri's remarkable recovery has been recognised by the Deloitte Top 200 judges, who awarded the Tauranga-based co-operative the 2degrees Best Growth Strategy award at the 2017 Deloitte Top 200 awards.

Zespri International won the Most Improved Performance award last year.

Deloitte Top 200 judge Cathy Quinn said Zespri overcame real headwinds over the past few years including the Psa crisis and issues with China.

"They developed a clear strategy to grow its business and have delivered superbly in a globally competitive market.

"Zespri has focused on implementing its strategy and it's great to see a horticultural business doing so well and providing great returns for its growers. Zespri is this year on track to deliver its highest grower returns."

Zespri's net profit of $73.7 million for the 2016/17 financial year (double the previous year) was boosted by increased revenue from the tender of new SunGold growing licences. This was part of a deliberate strategy to ensure Zespri has a more-than adequate all-year supply and is keeping up with strong demand. The co-operative has sales and marketing programmes in 59 countries.

Over the past two years, Zespri released 800ha of SunGold licences and will be considering three additional tranches of 400ha each year up to 2020. Zespri also said 1800ha of SunGold licences would be allocated to Europe over the next three years, at least doubling the offshore production of 16.6 million trays (in the 2016/17 financial year).

In this period, Zespri sold a record 137.7 million trays of New Zealand-grown kiwifruit (including Green), taking its global sales to $2.26 billion, an increase of 19 per cent on the 2015/16 year.

Zespri chairman Peter McBride told the annual meeting: "We can be satisfied overall with performance in the season, with a good result delivered despite the challenges of a sharp increase in supply and a relatively late harvest. The task ahead is to continue to deliver long-term value for growers and shareholders through consistent and disciplined implementation of our strategy."

He said Zespri achieved an average per-tray return for the Gold pool of $8.64 — up from $8.21 in 2015 — despite supply increasing to 48.5 million trays from 32.6 million trays in 2015/16.

"The customer and consumer response to SunGold continues to be very positive, supporting our confidence in market demand."

Zespri is set to hit $2.45 billion in sales this year and has a target of reaching $4.5 billion by 2025.

The projected gold returns to growers this year is $110,000 per hectare, up from $98,838 in 2016/17, and $55,000 for green, up from $53,555. The higher-yielding SunGold sold for $8.64 per tray.

Over the past two years Zespri's share price has moved from $1.80 to $7.25 and the board approved a total dividend of 25 cents a share for the 2016/17 financial year.

Zespri's successful growth strategy has been executed by former chief executive Lain Jager and driven by McBride and fellow directors Bruce Cameron (deputy chairman), Jonathan Mason, Tony de Farias, Paul Jones, Peter Springford, Nathan Flowerday and Teresa Ciprian.

Zespri has 21 offices around the world and nearly half of its 500 staff work outside New Zealand.

New Zespri chief executive Don Mathieson earlier said that the co-operative was facing increasing competition, and its focus was to continue to invest in its markets.

More and more consumers were turning to healthier foods. Mathieson told the *NZ Herald*: "Consumers have many choices so it is very important that we stay relevant and we continue to invest in the messaging to consumers.

"The goal is to double sales by 2025. We think it is a realistic target because of the growing demand for nutritious products around the world and how Zespri fits into that."

Finalist: The a2 Milk Company

The a2 Milk Company has embarked on an aggressive growth strategy, making the most of increasing interest in its A1 protein-free products from naturally occurring cows' milk.

The company is experiencing strong growth and market share for its a2 Platinum infant formula in Australia and China, and for its branded a2 Milk (fresh milk and milk powders) in Australia.

The a2 Milk Company has also turned its attention to developing export opportunities in Britain, the United States and emerging markets. There is increased investment in building brand awareness in the US, and the British market is providing positive operating earnings.

The a2 Milk Company is intent on building a broader portfolio (from fresh milk to customised infant, children and adult nutritional products) centred on the unique strengths of the A1 protein-free proposition.

A number of product launches will take place in the 2018 financial year, and the company has just released a2 Platinum Stage 4 infant formula for children 3 years and above, and extended its milk powder range.

Deloitte Top 200 judge Cathy Quinn said a2 Milk was operating in a tough dairy industry but has played its cards well.

"They had a clear growth strategy, they planned their key milestones and they have been phenomenally successful.

"They are tapping into what Chinese consumers are looking for, and they have provided 119 per cent total shareholder return in the 16/17 financial year."

For the year ending June 30, 2017, a2 Milk achieved total revenue of $550m, an increase of 56 per cent on the previous year, and the net profit was $90.6m, a leap of 198 per cent.

Finalist: Tourism Holdings

Tourism Holdings, which listed on the NZX in 1986, has become a global force in the recreational vehicle (campervan) sector.

The company is setting the pace by providing campervans for rent and sale in New Zealand, Australia, United States and Britain.

It has added a significant digital platform to its operations, and is concentrating on expanding its business in North America.

Tourism Holdings bought Californian-based rental company El Monte and formed a partnership with Roadtrippers, an American road travel app and data business. The joint venture, which includes the GeoZone business, provides Tourism Holdings customers with valuable travel information in New Zealand, Australia and the US.

In announcing the latest financial result, Tourism Holdings chief executive Grant Webster said the purchase of El Monte took the company to a clear number two position in the US.

The investment in Roadtrippers and the pilot of Mighway (a peer-to-peer motorhome rental service) all reset the way Tourism Holdings thinks about North America.

"We operate in an industry that's in a growth phase, we deliver compelling experiences and we are a business that has improved, is still improving and is prepared to take some careful risk for future substantial growth."

Tourism Holdings increased its net profit by 24 per cent to $30.2m on revenue of $341m. The company has forecast a net profit between $36m and $39m for the year ending June 30, 2018, which includes the first full year of El Monte operations. It has has targeted a net profit of $50m for 2020.

The judges said Tourism Holdings has benefited from an uptick in the tourism industry, but has developed a clear growth strategy in the US, Australia and Britain.

Most Improved Performance *sponsored by the New Zealand Herald*

2degrees

Reaching the turning point

Graham Skellern

Its bigger rivals may have thought that 2degrees would run away. But that never entered 2degrees' mind for one moment.

Homegrown 2degrees has been chipping away in the fiercely-competitive New Zealand telecommunications sector for nearly 10 years and is now making strong headway. It was rewarded by winning the *New Zealand Herald* Most Improved Performance category in the Deloitte Top 200 awards.

The country's third mobile operator — "a tough role to occupy in a small country" said the Deloitte Top 200 judges — delivered its maiden profit for the year ending December 31, 2016, achieving a 24 per cent increase in revenue and doubling the size of its broadband subscriber base.

2degrees' profit of $13.4 million reversed the previous year's loss of $33.1m — a turnaround of $44.5m.

Its majority shareholder, Trilogy International Partners, announced in March this year that the adjusted EBITDA growth was 43 per cent.

Stewart Sherriff, 2degrees' chief executive, said in announcing the latest financial result that last year was a turning point for the company.

"Total revenue grew as average customer revenues increased, while network costs reduced as we completed a mobile network extension programme.

Our mobile customers enjoy 98.5 per cent coverage.

"It was the first full year of 2degrees broadband, with customer numbers growing more than 100 per cent as our full service bundle gained traction in the consumer market and our Telecommunications as a Service offering attracted large government organisations such as Ministry for Primary Industries.

"The business is maturing while remaining true to its identity as the leader in market innovation. , with national mobile and broadband networks serving all market segments."

Deloitte Top 200 judge Sandy Maier, said 2degrees' revenue had topped $700 million.

"They are big numbers and 2degrees is no longer a small company. These guys are innovators and they have been challenging the incumbents.

"They are a disruptive company. They were the first ones in the market to offer an unlimited voice package in 2010 and then in April 2017 unlimited mobile data. 2degrees is willing to try things and the competitors are forced to follow. 2 degrees has been changing the market to the benefit of customers."

Maier said some people may have thought that 2degrees would "bite off more than they can chew", but the company changed market pricing and has shaken up the duopoly.

"2degrees is a young company and has just turned the corner — that made the difference for us in choosing the winner."

2degrees has more than 1.4 million customers, 1200 staff and 55 retail outlets. In September, 2 degrees announced it was shutting down its 2G services on its nationwide mobile network in March 2018 and upgrading to 4G that customers increasingly demand.

Sherriff said 2degrees had not sold 2G mobile phones since 2015 and the company had been actively encouraging 2G customers to move to 3G and 4G phones for the past year.

2degrees also introduced Data Clock, offering time-based data for prepay customers, and it is part of the Rural Connectivity Group delivering the government's RBI2 network.

> What started as a prepay mobile price play has become so much more.
>
> Stewart Sherriff, 2degrees CEO

Finalist: Xero

Xero, always bold and challenging, entered the Deloitte Top 200 for the first time this year — and therefore it was the first opportunity for the judges to assess the technology company. This is what they found.

After 10 years of operating, Xero's online accounting system was being used by a third of all businesses in New Zealand. Xero was a leader in Australia and it had expansion plans for the Southeast Asian, South African, United States and British markets.

Xero is one of the fastest growing "software as a service" companies in the world, with 1800 staff operating in 20 offices.

Right from the beginning, Xero had a big international picture and it continued to put runs on the board. Its founder Rod Drury showed he had the executive skills to go global, said judge Sandy Maier.

At the end of the March 2017 financial year, Xero had just over 1 million paying subscribers in 180 countries and its revenue was $295.4 million.

The net loss was $69m but this was reduced to $21.1 million six months later. For the half year ending September 30 Xero added 160,000 net new subscribers and peaking at 1.2 million.

A total of 1500 updates were delivered this year, and Xero is concentrating on adding more services.

Drury told the *New Zealand Herald*: "We know that small business hate doing accounting, and they're not trained in it, so we're well on the journey now to small businesses not having to worry about the technical parts of accounting.

"If we can get their documents into the system, then we can do their accounting for them."

Finalist: Datacom

Datacom, founded in Christchurch, has been around the information technology scene for 50 years and it has moved with the times to produce impressive results.

One of the leading IT service providers in Asia Pacific, Datacom went through a transformation by expanding into digital and Cloud-based services, and increasing its wide and local area networks.

Datacom completed a national network in Australia to connect its interstate data centres and allow access to digital assets and public Cloud resources, including Amazon Web Services and Microsoft Azure.

Datacom is spending $45 million upgrading its four data centres in New Zealand, adding more than 2MW of power capacity nationally.

Datacom Data Centres Director Tom Jacob said "we are looking forward to further enabling our customers' digital transformational opportunities through the Cloud so they can best take advantage of core emerging technologies such as Artificial Intelligence, Virtual Reality, Internet of Things and hybrid cloud solutions."

Judge Sandy Maier said Datacom was a long-haul story with 50 years of continuous growth.

It has had a 10-year compound growth rate of 11.3 per cent — "that's a good number."

Datacom reported a 61 per cent increase in net profit to $43.7m for the year ending March 31, 2017. Revenue rose 9.5 per cent to $1.16b.

The group employs more than 4880 people in 30 offices in New Zealand, Australia, Malaysia, Vietnam, United States and Britain.

Maier said Datacom contributes 3.7 per cent of its net profit after tax to charitable contributions.

"That's a very big number for these types of companies and I've never seen that before."

Fonterra

Encouraging employees to embrace their diverse perspectives

From its research and development office in Palmerston North to its manufacturing plant in Saudi Arabia, the face of Fonterra's workforce is more diverse than ever before.

Complemented by major business initiatives such as Fonterra Disrupt that foster diverse viewpoints, the co-operative's progress has seen it recognised as the winner of this year's Ministry of Business Innovation and Employment Diversity & Inclusion Leadership award.

Though modest by New Zealand standards, 8 per cent of the Saudi manufacturing team is now comprised of women, from none in 2015. Such progress is commendable in the conservative state, coming about as a result of working with local government and developing site facilities to meet cultural requirements for female employees.

Back in New Zealand, the Palmerston North R&D centre boasts 45 nationalities out of a team of almost 400 employees, while women now make up 40 per cent of the staff in the top three levels of Fonterra.

The company brought on board a General Manager Maori Strategy earlier this year, and is set to appoint a Diversity & Inclusion manager soon.

High-level appointments such as these are matched by an impressive array of initiatives designed to foster diversity at ground level — including programmes to develop future Maori leaders, scholarships and work experience to assist young people irrespective of their socio-economic background, and extensive work with organisations such as Global Women and Champions for Change.

The introduction of Disrupt was cited by judges as a key differentiator for Fonterra in this field. Run out of the Fonterra Ventures team, employees form teams across Fonterra's offices from around the world, and submit ideas, before competing in a hackathon to determine which teams go forward to the next stage. Successful teams then spend 12 weeks in an accelerator to test and develop their business idea before pitching to a panel of judges led by chief executive Theo Spierings for further investment in their project (and potentially landing a new day job bringing their concept to life).

The D&I judging advisory panel — comprising AUT's Agnes Neara, Russell McVeagh's Gary McDiarmid and independent consultant Jo Cribb — were impressed by the impact the Disrupt initiative had on Fonterra's culture and business model.

Though a commercial initiative in many respects, the category judging panel saw Fonterra Disrupt as demonstrating "diversity and inclusive leadership by providing a platform for encouraging all employees to embrace their diverse perspectives and enable them to be brought to bear on a commercial project".

Says Komal Mistry, General Manager of Fonterra Ventures: "Disrupt encourages diverse teams to form — based on their passions, not their professional experience, existing networks or geographic location.

"Disrupt ran as a pilot in Australia, China and New Zealand in 2016 and this year we went global."

The initiative has already involved some 1400 individuals, spanning at least eight languages, around 27 nationalities and ethnic backgrounds, and ages from 21 years to 60.

And the trajectory is just as significant: "It better equips us to achieve our ambition to make a difference in the lives of two billion people by 2025,"

Fonterra's Disrupt programme involves employees from around the world.

says Joanne Fair, Managing Director of People and Culture at Fonterra.

"We're applying the key learnings of Disrupt into other initiatives — the process of forming diverse groups to tackle a specific task has been adopted in a number of ways across the business."

In the 18 months since its launch, Disrupt has seen four business models invested in, and the ventures arising from the 2016 pilot are expected to deliver $70m in revenue by the end of the 2018 financial year. These ventures involved ecommerce and cloud-based solutions to reach new customers and consumers in China. In the first nine months of operation, they have already generated $8.5m of new revenue.

The D&I judging panel was impressed by this recognition of the connection between diversity and commercial performance.

"Diversity and inclusion is seen beyond a "metric" and, as demonstrated by the quality of the ideas and the revenue generated, it is critical to achieving exceptional commercial results," explains Mistry.

"Our Disrupt programme has reinforced to us that by bringing together individuals with different skills, backgrounds and world views, we are in a far better position to solve complex problems and innovate for the future," agrees Fair.

The company says there is still more to be done.

"We have made good progress in this space, and we recognise there is more we can do," says Fair. "While there is no doubt we have diversity throughout our business, we have an opportunity to be more inclusive."

More holistic measurement and reporting is a step towards this, and that's where the work with Champions for Change comes in.

"We are proud to be among the first businesses in New Zealand committed to the new diversity reporting framework developed by Champions for Change," says Fair. "This will help us with ongoing measurement of our diversity data."

The co-operative has committed to collecting diversity data for the 2017-18 reporting year using the new Champions for Change reporting framework, to then deliver their first report in mid-2018.

Flexible working practices are another area of focus. The company points to an array of arrangements offered to facilitate this: job shares, combining remote-based working with office-based hours, four-day work weeks, or 32-hours over 5 days to match school hours, and flexibility with start or finish times.

Fonterra pays the difference between government funded parental leave payments and 80 per cent of their New Zealand employees' base salary for 16 weeks of parental leave. New Zealand employees have the opportunity to purchase an additional two weeks of annual leave a year if they wish to.

"We believe businesses have an important role to play helping to drive New Zealand forward to becoming an increasingly diverse place to live and work," says Fair.

Judging Panel

Agnes Neara
Programme Director Equity
Auckland University of Technology

Gary McDiarmid
CEO
Russell McVeagh

Jo Cribb
Consultant
Leadership and Governance

Finalist — Fairfax NZ (since renamed Stuff)

"We will be judged in this area by what we do, not by what we say," says Fairfax NZ's corporate social responsibility director, Annamarie Jamieson.

It was a results-led strategy — designed to support individuals with disabilities to join the Fairfax workforce — that impressed the judging advisory panel for the 2017 Diversity and Inclusion Leadership Award. The company has launched two programmes over the past year designed to support individuals with disabilities:

- The Coffee Co-op, a pop-up coffee shop within the Auckland office, staffed by deaf baristas; and
- The Creative Spirit programme, which places young people with intellectual disabilities in suitable positions within the company.

Both programmes were born out of conversations between Jamieson and individuals outside Fairfax, challenging her on the company's ability to integrate disabled employees.

Her response was to build a micro-business around that very challenge, in the case of the Coffee Co-op. Customers — other Fairfax employees — use New Zealand Sign to order coffee. The Co-op has employed five baristas who have hearing disabilities since its launch in December 2016, and has taught 350 people at the Auckland office how to use basic sign language.

"You can publish any number of diversity strategies and develop any number of policies but if you want to have an inclusive workforce then you must simply employ diverse people," says Jamieson. "Simple. Ignore the disability and think about the possibilities."

To date, Creative Spirit has placed eight people in employment in Auckland, Wellington, Hamilton and Christchurch.

They are matched with duties both required by the business and within the capability of the applicants.

"But perhaps of greater consequence has been the effect on those communities of people around them," says Jamieson. "Every day, hundreds of staff interact with Creative Spirit employees, which is helping to educate this part of the corporate sector about how we can all make a valuable contribution in the workplace. The message: there is real dignity in work, but most of us take that for granted."

Finalist: Air New Zealand

New Zealand's national carrier impressed the category judges with their systematic approach to addressing gender disparities in senior leadership positions.

Back in 2013, the year of current CEO Christopher Luxon's appointment, women made up just 16 per cent of Air New Zealand's 80-strong senior leadership team. There was a "clear call to action", with a target of 40 per cent by 2020 set.

Today, the level is 39 per cent, and the work continues.

The company says they "saw the opportunity to set an example and ensure pay relativity across the business and identify and address any factors resulting in pay gaps".

The judges agreed, reporting that "Air New Zealand took their responsibility as an iconic Kiwi brand very seriously, and were taking a strong leadership position by initiating fundamental changes within the business."

These changes included the establishment of a Women's Network, a Women in Leadership programme, growing diverse pools of longer term talent, and increasing flexible working options.

In the past year alone, Air New Zealand had more than 1000 women attend career panel sessions led by women on the senior leadership team, as well as sending 35 delegates to the World Women Conference in March.

The company was also part of the launch cohort for Global Women TupuToa initiative over summer 2016/17, which provides internship opportunities for Maori and Pasifika students.

The students involved were partnered with an Air New Zealand mentor, were involved with the Women's and Young Professionals Networks, and participated in a bespoke development programme for the summer. Luxon met with each intern individually and is a strong public advocate for the programme.

Meanwhile work across other functions reflects a similar commitment to improved gender parity: including programmes to increase the number of female pilots, a Women in Engineering & Maintenance group and a mentoring programme for younger female employees.

Of note for the judges was the fact that, by employing clear and transparent metrics and having meaningful targets, Air New Zealand is now able to demonstrate their achievements.

"Air New Zealand has seen improvements in all areas of tracking business performance — Commercial, Culture and Customer — since focusing on increasing representation of women in senior leadership," said the panel.

Young Executive of the Year

Komal Mistry, Fonterra

Aimee Shaw

Fonterra Ventures general manager Komal Mistry has a "high bias to action" which has resulted in strong commercial returns from the innovative programme she leads at New Zealand's largest company.

Mistry has beem named the Eagle Technology & IMNZ Young Executive of the Year at the Deloitte Top 200 awards for 2017.

Mistry, 30, started working at Fonterra almost seven years ago in a corporate accounting role — a very different job to what she does now.

"I had a few different roles in finance, and in and around the co-op before I took on ventures. I was in the branded business for five years, about four of those years were in finance," she says.

She has been a key driving influence in the success of Fonterra's internal innovation programme Disrupt which is dedicated to finding innovative ideas to benefit the dairy giant and its customers.

"We've taken the model from a mere pilot to global in 12 months," Mistry says.

"It's essentially a platform where any of our people can come up with business concepts and we second them into bringing them to life."

The Disrupt programme had four key objectives: generating future revenue streams through new business models; providing a platform to achieve results through diversity and inclusion; building entrepreneurial innovative capability and culture through the organisation; and identifying and developing a talent pipeline.

As leader of Fonterra Ventures, Mistry is responsible for a direct team of 13.

The programme is now global and across 30 of Fonterra's markets and available for any of the 22,000 employees to take part in. "We have had over 200-plus business model ideas, 1300 people through the programme, two hackathons where finalists competed for investments, over 40 of our people have been seconded through a three month incubator programme and four new ventures invested into," says Mistry.

Disrupt is forecast to contribute around $70 million in revenue to Fonterra this year.

The team at Fonterra Ventures is what Mistry most enjoys about her job.

"People I work with I'd say are number one. And then working on something that I'm absolutely passionate about — getting up every day and wanting to go to work because what we do is pretty exciting."

Mistry describes her management style as an "enabler".

A qualified lawyer and accountant, Mistry studied both law and commerce at Waikato University. She started her career at Deloitte in the UK, as an associate then as a senior analyst before joining Fonterra in 2011. Earlier this year Mistry attended

continued on D21

> We have a supportive, collaborative environment and failing is not seen as a negative - it's a necessary part of our journey to achieve future revenue streams for Fonterra.

— combining intellect, energy and determination

continued from D20

a two-month long executive leadership course at Stanford University in the US, funded by Fonterra.

"What gets me most excited is seeing people reach their potential and seeing my team achieve things that they thought that they couldn't achieve. And equally, us together as a team, achieving results," she says.

"When I started out in my career it was all around technical expertise, content and domain knowledge, and specialisation which is what finance is about and essentially what law is all about, too."

The judging panel for the Young Executive of the Year award applauded Mistry's achievements.

IMNZ chief executive Steven Naude says "Komal combines great intellect with energy and determination."

"She has taken on the challenge to ensure Fonterra remains relevant for generations to come by adding new products, services and ventures to the already broad offering.

"Her new initiatives have been implemented on an international scale and there are many more exciting opportunities waiting in the wings."

Eagle Technology chief executive Mark Allan says Mistry has "exceptional strategic insight combined with superior execution skills."

Adds ASB's James Bergin: "Komal presented an exciting approach to developing new business and exploring innovative operating models. She has already exhibited great potential in her leadership style and approach to encouraging diversity of thought within her team and the broader business. Her varied background and non-traditional path into her current role definitely paves the way to future executive success.

"In addition, she understands how to leverage and harness broadly based organisational talent in her own team as well as multiple virtual global teams across a complex organisation and business environment."

For Mistry, resilience is about preparing for the next tidal wave of innovation.

"We have built a culture within Fonterra Ventures where we embrace new things, complete trials, learn, fail and keep moving forward," she says.

"Failure is key part of the process for us to deliver our results. Learning is celebrated in our team and is evident in everything we do. We have a supportive, collaborative environment and failing is not seen as a negative – it's a necessary part of our journey to achieve future revenue streams for Fonterra."

— Additional reporting Business Reports team

Finalist: Ed Hyde, Spark Ventures

Spark Ventures chief executive Ed Hyde has the experience, technical skills and personal grit to lead in a fast-changing and highly disrupted market place — according to the judges of the Young Executive of the Year award.

Since its formation in 2013, Hyde has been a key executive with Spark Ventures, which has been responsible for building, development and investment in 10 new businesses ranging from Skinny and Lightbox, through to Qrious and a recent move into the Internet of Things.

He led the formation of NZ's leading big data and analytics business Qrious where he served as CEO for the first two years, before stepping up to head Spark Ventures and join Simon Moutter's senior leadership team.

Key wins since Hyde became CEO include the creation of a $36 million fund which is committed to investing in early stage NZ start-ups including MyCare, homes.co.nz, Putti and Jupl.

Spark Ventures has also created over half a million new service relationships with total revenues from these new lines of business in excess of $50m annually. It has set a goal of achieving $150m pa revenue by 2020.

For Hyde and Spark, resilience is a big topic. "We are either involved in the building of new digital services or investing in early stage businesses. Part of the parcel of doing that is not everything we invest in and focus on will be successful," he says.

"A big part of my role, which is both a challenge and where resilience comes in, is investments or projects where we're investing a lot of time, effort and emotion.

"At some stage for some of those businesses, you have to say enough is enough, 'actually we've given it a really good try but we're not seeing the traction, things are not unfolding how we would like them to', and ultimately, you have to be comfortable making the tough calls to stop ventures or redirect them."

Hyde is also looking to integrate offerings that will add the most value for Spark and its customers.

The judges say it was no surprise Spark chose Hyde to lead their new ventures in a highly competitive arena. "His team is driving value for Spark's customers and achieving some very impressive numbers."

Judge Steven Naude says the "calm exterior" Hyde presents belies the strategic thinking he has demonstrated.

"He has a crystal clear understanding of his industry, and, his vision of what telecommunications can deliver to society makes him a leader of great significance."

What the judges said

The calibre of the finalists for the Eagle Technology & IMNZ Young Executive of the Year was outstanding, say the four-strong judging panel for this award.

"It was a real privilege to hear the stories and business insights from all three candidates this year," says *Herald* Business editor-at-large Liam Dann.

"They represented a full spectrum of executive management styles and experiences which made choosing a final winner all the more difficult."

ASB chief architect James Bergin, the winner of last year's Young Executive of the Year, said he was honoured to be part of the judging panel.

"I did not realise how hard it would be to choose between such high-calibre finalists," Bergin said.

"Each represented different aspects of being a senior leader in New Zealand business, and picking a winner between them was a very difficult task."

The judging panel for the Young Executive of the Year award was comprised of Eagle Technology CEO Mark Allan, IMNZ CEO Steven Naude, Dann and Bergin.

Says Allan: "Judging is always a rewarding and often an enlightening experience, seeing the diversity of talent and the energy, drive and vision that candidates bring to their teams and their organisations."

Steven Naude, CEO IMNZ

Mark Allan, CEO Eagle Technology

Liam Dann, Business editor-at-large, NZ Herald

James Bergin, GM Architecture, Strategy and Innovation, ASB

Finalist: Sasha Lockley, Avanti Finance

Sasha Lockley, head of operations at Avanti Finance, has been with the firm for two years and in that time has planted seeds of success which she is now seeing flourish.

Lockley, who was a finalist for the same award last year, describes herself as "a visionary leader", with a huge passion for people.

Judge Steven Naude says Sasha uses enthusiasm and heaps of people skills to ensure Avanti Finance is transformed into a forward-thinking, mould-breaking organisation.

"Stepping into a traditional, male-dominated industry, she has rattled the foundations of the business and implemented systems and processes that have been radical, but hugely successful for the well-established company."

At Avanti Finance, Lockley is responsible for the engine room and has had a significant influence over its culture through leading nearly 70 per cent of the staff.

Lockley says the strategies she introduced are now part of Avanti's DNA. Judge Mark Allan agrees, saying Lockley's personal vision, motivation and people values strongly align with Avanti's business mission.

Her teams have achieved a 53 per cent growth in the loans book over a year; improved operational delivery with a 30 per cent reduction in the time it takes to respond to customers and scored a 30 per cent increase in net profit.

"My motivation and reason for being on this planet is to help people to be the best they can be," Lockley says. "My leadership style is that we all choose to take one step at a time, together . . . I make sure that there is an environment in which people feel comfortable to be themselves, and feel comfortable to take one step for our journey and for themselves."

The judges recognised her achievements, saying Lockley brings a confidence and passion to her leadership that is truly inspiring.

"She cares deeply about her team and her organisation, and exhibits an incredible amount of strength and managerial courage.

She will no doubt continue to be an agent for positive cultural change within her organisation and the country as she continues her executive career."

"Her huge range of skills are supported by a drive to keep developing and a determination to succeed which makes her a very valuable leader."

Visionary Leader

Rod Drury — Xero

From Xero to a $4.7 billion global company in 10 years

Graham Skellern

Respected director Rob Cameron remembers the day Rod Drury wandered into his investment banking firm Cameron Partners in 2007 to talk to him about his initial listing plans and business ideology.

Normally, companies that list on the NZX have achieved momentum through initial private investment and establishing a track record of profitability.

"Rod had neither of them," says Cameron. "We knew of Rod before he came to see us. We had checked him out and found this guy is serious and worth listening to.

"He had this accounting software, and he envisaged a market that he would sell into. He wanted to scale quickly and become a global company. He had boldness and courage by arguing that Xero had to list to get the capital he needed to increase its profile.

"Rod was very imaginative and he had this amazing self-awareness that he would have to lead people rather than do it himself," says Cameron. "Entrepreneurs don't often scale well. Rod recognised that he needed a strong board with the right capabilities to mentor and guide the growth."

Cameron Partners linked up with First NZ Capital to manage the then start-up Xero's initital public offering (IPO). "It was quite risky. We made sure he had a good compelling business plan and this got us over the line," says Cameron.

"Rod has been extraordinarily visionary. He went for scale and not short-term profitability. He took accounting, which you would have thought was boring, and turned it into a software as a service business. He had the vision to build an ecosystem around it and people were building apps to support it.

"Rod showed size doesn't matter and that New Zealand entrepreneurs can build global companies from scratch. In New Zealand we are a conservative bunch and we never had a market in these high-tech stocks. Now we love to invest in growth stocks. It's now part of the lexicon that has arisen and Rod started that."

Cameron's faith was not misplaced.

By 2014, Xero was awarded No 1 ranking in the Forbes' list of the World's Top 100 Most Innovative Growth Companies; an honour it repeated in 2015.

It was also named the best accounting software in the Cloudswave Awards in January, 2015.

The judges have now named Drury the Visionary Leader for 2017 in the Deloitte Top 200 awards, in recognition of his impressive achievement to build a global company from scratch to reach $4.7 billion market capitalisation in just a decade.

The Deloitte Top 200 judges say Drury has demonstrated tremendous vision and achieved a real impact.

"Xero has truly delivered on its vision to disrupt the accounting world for the better — accountants now perform in the more trusted business advisory role.

"He has built a meaningful footprint offshore in a way that is it very hard for New Zealand companies to do," the judges say.

Drury already had a successful career behind him as an entrepreneur when he launched Xero.

In 1995, he established Glazier Systems, a NZ software development and consulting company that was eventually sold to Advantage Group in 1999 for almost $7.5 million (it continues now as Intergen). He subsequently founded Aftermail which was acquired by Quest Software for US$15m in 2006.

But when he founded Xero, he drew on his early career as an accountant.

Right from the start Drury was determined to develop a global technology company and sacrifice short-term profitability — he succeeded with his "beautiful" Xero online accounting software.

Drury can safely be described as a people-manager.

Although he listed his accounting software company on the NZX 10 years ago and proclaimed straight away that Xero was going global, Drury would not have achieved that target without the strong support of his staff, who gladly joined him on his exciting journey.

Anna Curzon, Xero's Chief Partner Officer, says Drury is one of the most human people she's met. As a leader he's orientated to servant leadership.

"One of the first things he said to me when I started was how important it was to have channels so everyone can communicate. As Rod said, 'the 21-year-old newly arrived at Xero may have the next best idea'.

"We all have skin in the game," says Curzon. "There's no big steering committee. Everyone has a sense of ownership and you are as valued as anyone else in the organisation.

"You don't look to people in the hierarchy to make the decisions. You make them happen and drive the company forward. Rod really does walk the floor. He's dropping ideas and opportunities with people and it's really beautiful seeing them threaded together.

"Rod is very curious," adds Curzon. "He wants to understand people's positions and why they think like that. He doesn't have all the answers and he's willing to learn from others and be challenged. He will thank them for the opportunity to have a debate. He may change his position on the information at hand, but he won't always agree."

Drury, the servant-leader, shares power, puts the needs of others first and helps his staff develop and perform as highly as possible. He is also open and transparent.

Soon after Curzon began her new role in February 2016, she attended her first fortnightly Global All Hands staff meeting, streamed through Google Hangouts.

Says Curson, "People are beaming in from all around the world. We worked through strategy and Rod wanted to get everyone's thoughts. We were going through some key strategic pillars and it was quite detailed. I thought 'gee, it really is this open'.

"We then had product demos from Wellington and San Francisco. Rod then announced 'we've already got feedback on the strategic pillars, let's continue this conversation'. People challenged his thinking and he shared intimate details of the strategy. He wanted to flesh it out, and getting feedback from everyone was more important than from a few of the staff. Rod is a very open and trusting leader."

Xero, the cloud-based accounting software leader, listed on the New Zealand Stock Exchange in June 2007 with an initial public offering of $15 million and 100 customers. Drury wanted to list on the NZX rather than receive investment from Silicon Valley so he wouldn't be pressured into selling to a larger competing company.

After listing at $1, Xero's share price soared to a peak of $44.79 on March 7, 2014. It is currently sitting around $33 — a rise of 80 per cent in the past 12 months.

Xero listed on the Australian Securities Exchange (ASX) in November 2012 after entering the Australian and British markets in 2008 and the United States in 2011. Over the years Xero has raised more than $350m in funding from a group of leading US technology investors, and has quickly built a global software as a service (SaaS) company, servicing many thousands of small and medium-sized businesses.

For the financial year ending March 31, 2017, Xero reached operating revenue of $295.4m, compared with $66.8m three years earlier. By September 30 this year, its six month revenue was up 37 per cent to $187.8m compared with the corresponding period last year. About 80 per cent of its revenue comes from overseas.

Xero is closing in fast on net profitability. Its net loss for the latest six months was $21.1m, down from $43.9m in the previous corresponding period — and on the back of a $69m loss for the 2016/17 financial year.

Over the past 12 months Xero added 337,000 paying subscribers to reach 1.2 million customers, and its "beautiful" accounting system was used in 180 countries. The bulk of the customers are based in Xero's four key markets — 518,000 in Australia, 271,000 in New Zealand, 253,000 in Britain (an increase of 54 per cent over the past year) and 110,000 in North America.

Xero has established a regional headquarters in Singapore for a push into the Asian markets, and it now employs 1800 people in 20 offices around the world — but 1000 of the staff are based in New Zealand in offices in Wellington, Auckland and Napier, or working remotely in other parts of the country.

Xero is a busy bee. It is always updating its product — 1500 updates in the past financial year — to keep ahead of its global competitors. It has established an application programme interface (API) to enable customers and third-party software vendors to integrate external application with Xero. More than 275 third-party vendors have built Xero add-ons.

All the financial data is stored in the cloud on a single unified ledger, allowing users to work in the same set of books regardless of location or operating system. Xero has partnered with Amazon Web Services (AWS) to

continued on D23

Rod Drury's achievements

- New Zealand Hi-Tech Entrepreneur of the Year in 2006 and 2007
- World Class New Zealander for ICT in 2008
- Distinguished Alumni Award, 2011 Victoria University of Wellington
- NZ Herald Business Leader of the Year in 2012
- EY New Zealand Entrepreneur of the Year in 2013
- The Wellys-Wellingtonian of the Year — Business category winner in 2014
- Named one of The Top People in Public Accounting by *Accounting Today* in 2016
- Global Marketer of the Year 2017, named by The Academy of Marketing Science
- Member of the NZ Hi-Tech Hall of Fame and Honorary Fellow of the Institute of IT Professionals NZ
- Works with Creative HQ, an innovation base in Wellington, involved with community business advisory in Hawke's Bay
- A member of the ASB Strategic Insights panel in partnership with KPMG and has lobbied for the creation of a national chief technology officer role
- Formerly a director of NZX and TradeMe, and consultant with EY
- BCA in Accounting and Information Systems from Victoria University

Visionary Leader

sponsored by Sheffield

From Xero to here

continued from D22

explore new products using Artificial Intelligence and Machine Learning, and has emerged from a back office product to providing front office solutions.

Curzon says that three years ago Xero decided it needed to move to a new platform and with AWS it was able to future-proof its business.

"With Machine Learning and Artificial Intelligence capability, we continue to innovate and get better insights and help other businesses to thrive. We have a three-year start on other competitors by moving on to a new platform."

Xero has built a total small business system to make accountants, book-keepers and small and medium-sized companies more efficient, more productive and more profitable, enabling them to grow and create new jobs.

World Bank statistics show that over the next 15 years, 600 million new jobs will need to be created, and four out of the five jobs will come from small businesses.

Xero is well placed. "There's no better time to support the small business," says Curzon.

Drury's recent moves have stoked debate in New Zealand investing circles.

His announcement that Xero would delist from the NZX on February 2 next year and consolidate the two listings on the ASX, has provoked some soul-searching at the NZX.

Drury said delisting from the NZX was "the next stage of Xero's strategy to ensure we can attract strategic global growth investors who own significant stakes in other global platforms that we now consider peers, and who are under-represented on our share register currently."

Ten days ago, Drury sold down his stake in the company, netting himself $94.5m and in turn boosting the liquidity in Xero shares.

He says some of the funds are earmarked for future philanthropic endeavours, which his family will run for now.

Drury remains the largest shareholder in Xero with a 12.8 per cent stake estimated to be worth $600m, and will continue as chief executive.

> I'm as passionate about Xero today as the day we founded the business and I'm proud of what we have achieved as a company.
>
> Rod Drury

Along with TradeMe, Xero is seen as an integral part of the innovative ecosystem in Wellington, where both companies remain headquartered.

Says Drury, "I'm as passionate about Xero today as the day we founded the business and I'm proud of what we have achieved as a company, evidenced by our strong recent financial results.

"We have a lot more to do in order to realise our global growth aspirations, and I remain fully committed to Xero and building our global business from New Zealand."

Rod Drury, 51, lives with his wife Anna and three children in Havelock North. He spends some days of the working week at Xero's global headquarters in Wellington and of course he's often travelling overseas on business and visiting his regional offices and customers.

"Rod continued to have a lifestyle based in Hawke's Bay, bringing his children up in the regions and still having the opportunity to grow a global company," says Anna Curzon, Xero's Chief Partner Officer.

"He wanted to go global but he didn't want to give up what New Zealand has to offer."

Drury is passionate about his beautiful cars and beach buggies — "he's a good Kiwi petrolhead," says Curzon — and he exercises every day, either cycling or swimming.

Go to Instagram and you will see him cycling up and down Te Mata Hill near Napier.

When he travels with his leadership team to any part of the world, he makes sure he finds a swimming pool and does some laps.

"Rod tells us when you exercise your chemicals change in your body and this allows you to remain focused, open and creative," says Curzon.

The leadership team regularly meets at Drury's Waimarama Beach bach for planning sessions. "He might go for a hoon on his beach buggy or interrupt the planning session saying 'you guys continue talking, I'll go and make some scones'. He'd come back with these finely cooked scones," says Curzon.

Back in Wellington, Xero has a watersports boatshed near the Royal Port Nicholson Yacht Club that is available for staff to take time out and go out on to the harbour on paddleboards or kayaks.

Curzon says "having the opportunity to work with Rod and the feedback I get from the 'Xeros' — that's what we call the staff — you get to be yourself. There's not many organisations that don't worry about what you wear, and Xero plays to its strengths — its people is its greatest asset.

"I often tell my team and our people at All Hands that when I think about Xero in the future, I imagine Rod on the cover of a *Time* magazine (which is sometimes met by quizzical expressions by some younger Xeros who don't know what *Time* magazine is).

"Because ultimately Rod will be recognised as the guy who built the global small business platform, who rewired economies, who grew small businesses and their resilience globally, and added trillions of dollars to world GDP. It's a symbolic vision of our intent."

Drury developed an interest in coding at Napier Boys High in the 1980s.

He had what has been described as a middle-class upbringing in Hawke's Bay where his father traced a lineage to Ngai Tahu.

DELOITTE TOP 200

THE SPIRIT OF RESILIENCE
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Turnaround time

Revenue for Top 200 companies is going in the right direction, writes **Tim McCready**

DELOITTE TOP 200

The high-level view of the 2017 Top 200 Index shows significant contrast from last year.

Total revenues for the companies that comprise the Deloitte Top 200 increased from $171.6 billion in 2016 to $179.0b in 2017, which represents a jump of 4.3 per cent, and a turnaround from the fall in revenue that was seen in the 2016 Index.

Total average revenue has also increased from an average of $858.0 million in 2016 to an average of $894.8m in 2017 — a 4.2 per cent increase in average revenue year on year.

The top ranked entity on the Top 200 in 2017 (Fonterra) has revenue of $19.2b and the 200th ranked entity on the Top 200 list (Honda) has revenue of $176.5m. This is compared to 2016 when the top entity (Fonterra) had revenue of $17.2 billion and the 200th entity (Reckitt Benckiser) had revenue of $127.8m.

The increase in total revenues has also driven an increase in underlying earnings (EBITDA) of 2.9 per cent from 2016 to 2017. Equity has also increased year-on-year from $96.3 billion in 2016 to $99.1 billion in 2017.

Despite these increases, total profits after tax decreased from $9.3b in 2016 to $8.7b in 2017 — a 6.4 per cent decrease year-on-year.

Among those companies that showed significant increases in after tax profits are Woolworths, Foodstuffs North Island and Z Energy.

A2 Milk, which was new to the Top 200 in 2016, has scaled the list this year, moving from 97th place to 74th place, with a 55.8 per cent increase in revenue as a result of strong demand for its infant formula products in China.

Fonterra, ranked first in the Top 200, has seen an increase in revenue year-on-year of 11.8 per cent. While global milk prices have been rising, this has been offset by a 3 per cent decline in volumes, which is responsible for their 10.7 per cent fall in profit after tax from $834m in 2016 to $745m in 2017.

Fletcher Building had an increase in revenue year-on-year of 4.4 per cent, from $9.0b in 2016 to $9.4b in 2017. However, they have reported a decrease in profit after tax of 77.8 per cent, impacted by the Building + Interiors business unit within the Construction division, which reported a $292m loss during the year.

At the top end of the Top 200, the revenue gap between Fletcher Building (2nd) and Fonterra (1st) grew this year, with Fonterra growing revenue by 11.8 per cent and outpacing Fletcher Building's increase of 4.4 per cent.

The overall increase in revenue this year has been reflected in the Government's tax take from the companies that comprise the Top 200. Tax paid jumped 22.7 per cent on last year's figure to $3.3b — certainly contributing to the former Government's higher-than-expected surplus.

TOP 200 WRITERS

James Penn

Tim McCready

TOP 200 COMPANIES

Category	2017 ($000)	2016 ($000)	% change
Revenue	178,954,563	171,602,217	4.3
Profit After Tax	8,721,601	9,318,079	(6.4)
Tax paid	3,344,952	2,726,403	22.7
EBITDA	24,761,285	24,059,982	2.9
Assets	218,349,327	231,646,795	(5.7)
Equity	99,101,848	96,334,004	2.9

TOP 30 FINANCE COMPANIES

Category	2017 ($000)	2016 ($000)	% change
Revenue	30,532,318	32,918,456	(7.2)
Profit After Tax	5,245,951	5,332,565	(1.6)
Tax paid	2,048,205	2,066,335	(0.9)
EBITDA	19,612,536	21,006,774	(6.6)
Assets	522,662,004	489,128,433	6.9
Equity	45,645,927	43,029,630	6.1

Firmly fixed on the future

Leon Wijohn

MAORI BUSINESS TOP 10

Rank	Name	Assets ($000)	Revenue ($000)	EBITDA ($000)	Total equity ($000)
1	Ngai Tahu	1,668,471	329,643	92,543	1,362,731
2	Waikato Tainui	1,244,028	74,998	145,233	1,067,677
3	Ngati Whatua ki Orakei	938,845	56,511	174,604	716,786
4	Moana NZ	540,050	176,884	30,043	421,541
5	Tauhara No.2	352,104	62,992	22,027	139,665
6	Tuhoe T.U. Taumatua	328,355	7,627	26,189	325,306
7	Parininihi ki Waitotara	316,493	29,796	42,868	240,022
8	Ngati Porou	223,457	30,702	1,727	201,293
9	Pukeroa Oruawhata	204,205	15,455	22,936	117,399
10	Te Wananga o Aotearoa	192,020	153,665	10,448	175,478

A common goal for all Maori organisations is to ensure that they are around for future generations.

"Mo tatou, a, mo ka uri a muri ake nei" — for us and our children after us, say Ngai Tahu. They often refer to themselves as "operating forever". Therefore, they need to be resilient.

The Deloitte *State of the State 2017* report defines resilience as the ability to either absorb or bounce back from a disruption.

The question is; are Maori organisations ready for future shocks and will they have the ability to bounce back?

Over the last three years, since we have been tracking the performance of the top 10 Maori organisations, we have seen their total asset base grow by $1.4 billion or 18 per cent.

There is a common perception that most of the biggest Maori organisations are a result of treaty settlements. However, we note that only six of the top 10 are a direct result of treaty settlements: the others are either Maori land blocks that have been managed effectively for a number of years, or those that have used their right of first refusal options to position themselves for growth.

We are aware of two other land blocks that could have made this year's top 10 list, but whose information was not publicly available in time for inclusion.

Asset growth alone does not ensure resilience.

A key measure when identifying a Maori organisation's resilience is to look at the stability of their balance sheet — their debt to equity levels.

We note the average debt to equity for the 2017 year is 38 per cent. Strong balance sheets and low gearing in most Maori organisations puts them in a great position to ride out the market changes as they move towards diversifying their assets and income bases.

Historically we have ranked Maori organisations based on their asset size.

However, a more appropriate measure is earnings before interest expense, taxes, depreciation, and amortisation (EBITDA).

As these business entities fundamentally exist to benefit or promote Maori initiatives, EBITDA offers a proxy for how much resource they have to serve this purpose. EBITDA also shows how much funds are available each year to assist with social goals.

Over the past three years, we have seen an increase in average EBITDA of $21.3 million or 38 per cent.

Healthy EBITDA levels improve resilience and give Maori organisations a better buffer to respond to shocks or disruption.

They also allows Maori organisations to implement distribution policies and make an impact in areas important to them: cultural enhancement, environmental guardianship, whanau wellbeing, housing, health, job creation and education.

As the Maori economy grows, we expect to see more Maori organisations challenge for the top 10 list over the next five years.

So who will be there? Wakatu and Tuaropaki should already be in the top 10, but their results were not publicly available in time.

We remain hopeful that Ngapuhi will settle in the next five years, allowing them to join the list. Innovative Maori tech companies are probably still 10 years away from joining the list.

And significant collaborations are being progressed in the areas of property, infrastructure, and water.

These joint venture entities, which are still forming, will certainly be ones to keep an eye on and we should see them leapfrog ahead on asset size and EBITDA in the next five years.

DELOITTE TOP 200

Top Profits

Despite a 10.7 per cent fall in profit from last year, Fonterra again topped the Deloitte Top 200 in 2017 with a profit of $745 million. This decrease was a result of reduced margins across the business, despite an increase on revenue compared to last year.

The fall is in line with the average profit among the Deloitte Top 200, which has reduced year-on-year, from $46.6m in 2016 to $43.6m this year.

Spark, NZ's biggest telecommunications company, jumped from fifth place in 2016 to rank second for profit, improving its net profit margin by 13 per cent to $418m. Air NZ moved into third place for profit, up from fourth in 2016. However, following the overall trend, its profit after tax decreased 17.5 per cent from its record profit of $463m in 2016 to $382m in 2017 – though still the airline's second highest profit ever.

Z Energy saw its profit increase by 280 per cent in 2017 to $243m, jumping to eighth place in the top profit rankings from 43rd last year. This has been driven by the acquisition of Caltex New Zealand in June 2016 for $785m, which led to Z Energy getting 70 per cent bigger than it was before the acquisition.

Supermarket chain Woolworths has seen an increase in profit after tax of 182 per cent with a profit of $155.9m in 2017, after a loss of $190m in 2016.

This year, the top ranked company had a profit of $745m and the 200th ranked company had a profit after tax of $3.1m. In 2016 the top ranked profit was $834m and the 200th ranked company recorded a loss after tax of $48.8m.

Rank	Name	Profit ($000)
1	Fonterra	745,000
2	Spark	418,000
3	Air NZ	382,000
4	Ryman Health	356,694
5	Kaingaroa Timber.	335,363
6	Auckland Airport	332,900
7	Transpower	266,000
8	Z Energy	243,000
9	Meridian Energy	197,000
10	Mercury	184,000
11	Fulton Hogan	179,649
12	F & P Healthcare	169,152
13	Vector	168,871
14	Taumata Plantations	166,133
15	Woolworths	155,927
16	Contact Energy	150,000
17	BP	147,484
18	Kiwi Property	142,997
19	Ebos Group	132,846
20	Infratil	130,400

Biggest Losses

The biggest loss for 2017 was Tasman Steel with a loss of $506.3 million. Tasman Steel's loss, primarily as a result of an impairment of $392.3m, is a 980 per cent drop from a $46.9m loss in 2016. This compares to the biggest loss of $190m in 2016 by Woolworths which was largely due to a $326m impairment of its Ezibuy operations.

KiwiRail are the second biggest loss maker in 2017, recording a loss of $194m and moving up on this list from third in 2016. KiwiRail's full year net loss has widened, and the operating surplus sank by nearly a third, due to the impact of the Kaikoura earthquake in November 2016.

Infrastructure company Broadspectrum (formerly Transfield Services) moved into third place with a loss of $75m. Ferrovial Services Australia Pty Limited acquired 100 per cent of the issued share capital in Broadspectrum on 27 June 2016.

Fairfax has moved into fourth place in the ranking for biggest losses in 2017 with a 432 per cent decrease in profit after tax from 2016. It recorded a $22.5m profit in 2016 and a $74.9m loss in 2017.

Xero saw a reduction in losses from $82.5m last year to $69.1m in 2017. Specifically, it reported an increase of $18.5m in sales and marketing expenses, $23.6 million increase in product design and development costs and a $7m increase general and administration expenses. These are offset by an $88m increase in operating revenue from subscriptions.

Rank	Name	Loss ($000)
1	Tasman Steel	(506,337)
2	Kiwirail	(194,000)
3	Broadspectrum	(75,036)
4	Fairfax	(74,949)
5	Xero	(69,057)
6	Oji Fibre Solutions	(51,576)
7	OfficeMax	(35,548)
8	Orion Health	(34,215)
9	Silver Fern Farms	(30,569)
10	Opus International	(29,869)
11	HEB Construction	(23,527)
12	Sumitomo Forestry	(18,359)
13	Mediaworks	(14,849)
14	Toll	(14,196)
15	Dimension Data	(8,034)
16	Kerbside Papers	(5,119)
17	DHL	(4,593)
18	Ingram Micro	(3,367)
19	Ballance Agri	(2,792)
20	Wgtn Electricity	(1,912)

Rank	Prev year	Name	Revenue ($000)	% change	Profit after tax ($000)	Rank	% change
1	1	Fonterra	19,232,000	11.8	745,000	1	(10.7)
2	2	Fletcher Building	9,399,000	4.4	105,000	26	(77.8)
3	3	Ebos Group	7,625,854	7.3	132,846	19	4.6
4	5	Woolworths	6,468,043	1.8	155,927	15	182.1
5	4	Foodstuffs NI	6,393,277	(0.7)	16,885	112	60.3
6	6	Air NZ	5,109,000	(2.3)	382,000	3	(17.5)
7	12	Z Energy	3,871,000	53.6	243,000	8	279.7
8	8	Fulton Hogan	3,644,006	18.1	179,649	11	6.5
9	7	Spark	3,614,000	3.3	418,000	2	13.0
10	10	Warehouse Group	2,980,771	1.6	20,731	101	(74.9)
11	9	Foodstuffs SI	2,970,709	3.3	8,912	141	2.6
12	11	BP	2,710,699	(2.3)	147,484	17	15.0
13	16	Mainfreight	2,333,088	2.1	101,523	27	15.9
14	15	Meridian Energy	2,319,000	(2.4)	197,000	9	6.5
15	22	Zespri	2,288,996	23.0	73,701	39	105.7
16	14	ExxonMobil	2,200,712	(6.9)	91,166	30	3,486.6
17	19	Farmlands	2,160,536	2.8	2,963	162	137.7
18	13	Silver Fern Farms	2,146,939	(11.8)	(30,569)	192	(222.7)
19	17	Contact Energy	2,080,000	(4.0)	150,000	16	327.3
20	21	Vodafone	2,054,700	2.8	40,200	65	319.7
21	20	Genesis Energy	1,951,100	(3.0)	118,700	23	(35.6)
22	23	Infratil	1,823,800	6.9	130,400	20	(73.7)
23	24	Mercury	1,597,000	2.1	184,000	10	15.0
24	27	Downer	1,517,836	15.3	36,894	71	16.4
25	26	ANZCO Foods	1,446,737	(20.9)	11,992	126	167.1
26	28	Brit. Am. Tobacco	1,415,610	8.2	22,103	98	(93.6)
27	25	Nuplex Industries	1,380,500	0.4	87,000	33	18.2
28	27	Alliance Group	1,357,609	(9.4)	102	178	(97.8)
29	33	Vector	1,226,653	7.2	168,871	13	186.7
30	34	Toyota	1,177,194	8.6	21,721	99	18.6
31	35	Datacom	1,157,303	9.8	43,744	59	60.9
32	32	Haier	1,134,914	(1.7)	77,302	36	234.7
33	31	PGG Wrightson	1,132,963	(4.1)	46,311	54	17.0
34	29	Methanex	1,132,447	(7.2)	25,217	90	1,751.5
35	(-)	Oji Fibre Solutions	1,131,982	(4.6)	(51,576)	195	(965.1)
36	36	Transpower	1,061,100	2.6	266,000	7	47.0
37	39	Chorus	1,040,000	3.2	113,000	25	24.2
38	42	Bidfood	1,008,343	9.1	41,770	61	38.3
39	(-)	Bunnings	1,008,066	12.2	27,241	84	126.4
40	38	Tasman Steel	1,004,693	(0.3)	(506,337)	200	(980.2)
41	37	TrustPower	939,859	(9.3)	93,989	29	4.6
42	40	Skycity	927,300	(7.1)	44,862	55	(69.2)
43	(-)	Harvey Norman	895,598	12.4	31,501	77	62.5
44	41	Sky Network TV	893,485	(3.7)	116,344	24	(20.9)
45	18	NZ Post	890,000	(20.1)	27,000	87	(80.9)
46	47	T&G Global	871,171	7.2	32,436	76	66.8
47	44	Goodman Fielder	870,604	0.7	29,309	81	131.8
48	46	F&P Healthcare	869,506	6.2	169,152	12	17.9
49	43	Colonial Motor	854,542	(1.4)	23,303	94	14.7
50	52	Open Country Dairy	818,807	19.0	61,996	45	80.0

EBITDA ($000)	EBIT ($000)	Profit after tax %	Total assets ($000)	Rank	% change	Return on assets	Total equity ($000)	Rank	Return on equity	Debt to equity	Balance date
1,684,000	1,158,000	3.9	17,842,000	1	4.2	4.3	7,248,000	1	10.6	1.5	07/17
689,000	264,000	1.1	7,673,000	4	5.6	1.4	3,580,000	5	2.9	1.1	06/17
234,427	208,593	1.7	3,205,574	18	0.4	4.2	1,152,398	22	11.9	1.8	06/17
408,539	285,229	2.4	3,911,255	15	(1.1)	4.0	1,817,191	12	9.0	1.2	06/17
N/A	73,396	0.3	2,669,466	20	3.2	0.6	774,829	29	2.2	2.4	04/17
1,082,000	571,000	7.5	7,171,000	5	(1.1)	5.3	1,986,000	10	18.7	2.6	06/17
482,000	388,000	6.3	2,473,000	22	77.4	12.6	702,000	34	38.3	2.5	03/17
361,663	262,635	4.9	2,305,769	23	23.4	8.6	855,824	27	22.2	1.7	06/17
1,032,000	600,000	11.6	3,331,000	17	2.9	12.7	1,651,000	16	25.1	1.0	06/17
161,250	60,998	0.7	1,113,852	46	(10.4)	1.8	486,389	48	4.1	1.3	07/17
N/A	18,023	0.3	1,112,377	47	6.3	0.8	373,208	63	2.4	2.0	02/17
305,118	241,569	5.4	1,496,156	32	20.8	10.8	420,153	53	42.4	2.6	12/16
195,039	151,547	4.4	1,284,765	39	0.5	7.9	645,602	39	16.5	1.0	03/17
628,000	354,000	8.5	8,665,000	3	1.5	2.3	5,082,000	3	3.9	0.7	06/17
114,011	102,195	3.2	553,380	84	26.4	14.9	171,973	104	48.7	2.2	03/17
152,936	139,428	4.1	1,318,649	36	17.7	7.5	141,363	115	60.0	8.3	12/16
18,666	5,845	0.1	414,802	102	-	0.7	121,138	119	2.5	2.4	06/17
26,977	(20,191)	(1.4)	541,198	85	(13.7)	(5.2)	303,817	74	(9.4)	0.8	09/16
500,000	296,000	7.2	5,429,000	11	(3.9)	2.7	2,775,000	8	5.4	1.0	06/17
422,700	99,300	2.0	1,984,600	28	(3.7)	2.0	485,200	49	8.6	3.1	03/17
399,600	222,600	6.1	4,218,800	14	11.7	3.0	1,981,900	11	6.0	1.1	06/17
562,400	320,700	7.1	6,796,700	6	2.6	1.9	3,140,900	7	4.2	1.2	03/17
560,000	353,000	11.5	5,997,000	8	(1.4)	3.0	3,308,000	6	5.6	0.8	06/17
77,476	50,616	2.4	666,552	69	25.9	6.2	303,778	75	12.7	1.2	06/17
36,838	27,117	0.8	650,468	72	0.5	1.8	233,538	85	5.3	1.8	12/16
32,386	31,799	1.6	702,146	66	1.7	3.2	362,622	66	5.9	0.9	12/16
160,300	122,200	6.3	1,025,200	49	(13.3)	7.9	549,400	43	15.5	0.9	06/16
23,841	7,352	0.0	427,800	101	(20.2)	-	301,828	77	-	0.4	09/16
534,753	335,187	13.8	5,574,596	10	(0.5)	3.0	2,448,338	9	7.0	1.3	06/17
41,416	34,263	1.8	434,354	99	21.0	5.5	69,852	147	32.4	5.2	03/17
92,691	60,451	3.8	505,367	92	13.5	9.2	207,268	95	22.2	1.4	03/17
166,682	96,449	6.8	1,203,221	41	(37.1)	5.0	159,269	108	64.0	6.6	12/16
73,632	62,899	4.1	702,148	65	2.2	6.7	289,711	78	16.4	1.4	06/17
125,672	66,911	2.2	917,329	53	2.4	2.8	124,941	118	18.4	6.3	12/16
23,671	(71,209)	(4.6)	1,182,647	42	(5.9)	(4.2)	756,282	30	(6.6)	0.6	12/16
836,100	575,900	25.1	5,597,500	9	(3.9)	4.7	1,481,300	17	18.6	2.8	06/17
652,000	313,000	10.9	4,438,000	13	8.4	2.6	944,000	25	12.5	3.7	06/17
70,087	59,159	4.1	322,590	113	12.1	13.7	178,299	102	25.0	0.8	06/17
64,843	50,022	2.7	528,767	89	7.0	5.3	84,182	138	38.6	5.3	06/16
16,134	(442,877)	(50.4)	875,293	57	(29.2)	(47.9)	(159,228)	199	(366.5)	(6.5)	06/16
222,566	171,553	10.0	2,504,940	21	(34.4)	3.0	1,418,394	18	5.8	0.8	03/17
307,544	113,009	4.8	2,278,311	24	(3.3)	1.9	1,070,937	23	4.1	1.1	06/17
N/A	43,172	3.5	255,685	131	6.2	12.7	98,074	128	31.7	1.6	06/16
291,907	186,759	13.0	1,887,200	29	(2.9)	6.1	1,327,878	20	8.8	0.4	06/17
63,000	31,000	3.0	1,818,000	30	(91.0)	0.2	1,285,000	21	2.1	0.4	06/17
72,287	50,991	3.7	650,586	71	(0.5)	5.0	346,822	67	9.8	0.9	12/16
91,221	66,825	3.4	1,137,683	45	2.8	2.6	432,164	51	7.0	1.6	12/16
280,612	241,550	19.5	878,191	55	14.5	20.6	661,625	38	28.1	0.3	03/17
39,835	35,680	2.7	316,892	115	5.3	7.5	182,885	101	13.4	0.7	06/17
117,031	91,844	7.6	613,638	76	3.8	10.3	380,822	61	17.7	0.6	09/16

DELOITTE TOP 200

Most Improved Profit

Rank	Name	%
1	Independent Liquor	7,547.0
2	ExxonMobil	3,486.6
3	Methanex	1,751.5
4	Taumata Plantations	687.2
5	LIC	618.1
6	Juken	475.7
7	Ford	336.1
8	Contact Energy	327.3
9	Vodafone	319.7
10	CablePrice	295.9
11	Matariki Forestry	285.8
12	Watercare Services	285.6
13	Pernod Ricard	281.4
14	Z Energy	279.7
15	Haier	234.7
16	Oceana Gold	219.3
17	Tegel	202.8
18	A2 Milk	197.8
19	Vector	186.7
20	Woolworths	182.1

Independent Liquor, which owns alcohol brands such as Woodstock Bourbon and Boundary Road beer, recorded the biggest increase in profit of all companies in the Deloitte Top 200 with a 7547 per cent increase from $200,000 in 2016 to $15.3 million in 2017. This was due to a reduction in operating expenses, in particular sales and marketing expenses which reduced by $14.2 million compared to last year.

The New Zealand division of ExxonMobil – the world's largest publicly traded oil and gas company – has recorded the second most improved profit, recording a 3487 per cent increase. ExxonMobil recorded a loss of $2.7m in 2016 and a profit of $91.2m in 2017, attributable to the impact of increasing oil prices on inventories in the year.

Methanol manufacturer Methanex ranked third in 2017 for the most improved profit. It recorded a profit after tax of $25.2m this year, compared to $1.4m in 2016 – a 1752 per cent increase year-on-year. A2 Milk is 18th on the list with an increase of 198 per cent as a result of strong demand for its infant formula products in China. Profits have increased from $30.4m in 2016 to $90.6m in 2017.

Livestock genetics company LIC had a 618 per cent increase in profit, turning a $4m loss last year to a profit after tax of $20.8m. This was largely due to a revaluation of its breeding bulls (a $17.7m lift), cost cutting, and greater use of the company's services and solutions by dairy farmers.

Most Improved Revenue

Rank	Name	%
1	Market Gardeners	86.5
2	Treasury Wine Est.	61.6
3	A2 Milk	55.8
4	Turners Automotive	55.5
5	Z Energy	53.6
6	Xero	42.7
7	Synlait Milk	38.7
8	McConnell Dowell	36.0
9	Seeka	34.6
10	Oceana Gold	33.8
11	Metro Glass	29.9
12	Restaurant Brands	28.1
13	Philip Morris	26.9
14	Compass Group	26.7
15	LWC Limited	26.4
16	APHG NZ	24.7
17	Scales Corporation	24.1
18	Two Degrees	23.5
19	Zespri	23.0
20	Tourism Holdings	22.2

Co-operative supplier of fresh produce, Market Gardeners, has seen its revenue increase 86.5 per cent from $305.9 million in 2016 to $570.4m in 2017 and comes out on top this year. This increase comes on the strength of buoyant market conditions for key products, which have benefitted all trading divisions and subsidiaries in both the New Zealand business and from the merged LaManna Premier Group in Australia.

Treasury Wine Estates (TWE) enters the Deloitte Top 200 in 2017 with a revenue of $249.4m, and is ranked second for most improved revenue with a 61.6 per cent increase on last year's result. TWE generates its revenue from the production, marketing and sale of its portfolios of branded wine. The increase was primarily due to the integration of the Treasury Wine Estates (Matua) operations with those of Treasury Wine Estates Limited group of companies during the year.

A2 Milk has fallen slightly from first position last year to third on the most improved revenue list.

A2 Milk has seen a 55.8 per cent increase in revenue from $352.5m in 2016 to $549.2m in 2017,, largely as a result of strong demand for its infant formula products in China.

Turners Automotive is ranked fourth with a 55.5 per cent increase in revenue from $140.1m last year to $217.9m in 2017. This was mainly driven by higher vehicle sales activity.

Z Energy rounds out the top five with a 53.6 per cent increase ($3.9 billion).

Rank	Prev year	Name	Revenue ($000)	% change	Profit after tax ($000)	Rank	% change
51	(-)	Mitre 10	818,140	6.7	4,443	156	37.5
52	45	Ballance Agri	804,560	(3.9)	(2,792)	182	80.3
53	(-)	Shell	767,598	(4.6)	43,897	58	(76.3)
54	66	Synlait Milk	758,994	38.7	38,223	67	11.2
55	51	Apple	743,931	1.6	6,504	153	(63.4)
56	61	Two Degrees	702,698	23.5	13,355	119	140.3
57	53	H. J. Heinz	695,965	2.3	88,406	32	11.1
58	49	Kiwirail	694,000	(3.7)	(194,000)	199	(16.5)
59	50	Pacific Aluminium	683,985	(8.2)	67,193	42	(61.2)
60	68	Ford	640,813	18.1	8,675	142	336.1
61	56	Sime Darby Motor	636,580	(3.1)	16,034	113	2.5
62	70	Coca-Cola	632,204	18.9	70,865	40	5.6
63	62	Watercare Services	630,966	10.6	124,686	21	285.6
64	58	Westland Co-Op Dairy	629,650	7.1	1,506	170	110.4
65	60	Auckland Airport	627,000	9.6	332,900	6	26.9
66	55	Ravensdown	626,630	(5.1)	2,160	166	(78.7)
67	65	Ingram Micro	614,248	12.2	(3,367)	183	(2.5)
68	59	Tegel	613,978	5.4	34,245	74	202.8
69	63	Briscoe Group	582,840	5.4	59,420	48	26.1
70	71	Holden	572,654	7.8	14,915	117	(0.3)
71	107	Market Gardeners	570,413	86.5	11,609	128	99.9
72	(-)	Lion Beer, Spirits Wine	560,980	4.9	38,744	66	11.6
73	64	Imperial Tobacco	554,389	0.2	30,461	79	(0.8)
74	97	A2 Milk	549,247	55.8	90,646	31	197.8
75	75	Freightways	545,262	7.9	60,856	46	22.3
76	86	Restaurant Brands	517,549	28.1	25,955	89	7.8
77	77	Beca	515,629	9.9	44,682	56	44.4
78	91	Oceana Gold	515,206	33.8	26,676	88	219.3
79	67	Broadspectrum	511,480	(6.2)	(75,036)	198	(497.8)
80	72	Steel & Tube	511,400	(0.9)	20,040	102	(22.4)
81	76	DB Breweries	499,934	2.7	27,082	86	7.7
82	80	Green Cross Health	487,645	8.9	24,353	92	15.7
83	69	Oregon Group	478,755	(10.0)	43,649	60	(57.6)
84	(-)	Taumata Plantations	475,253	17.9	166,133	14	687.2
85	74	Opus International	470,920	(6.8)	(29,869)	191	(278.3)
86	78	Powerco	466,715	2.1	58,510	49	(9.2)
87	79	Sanford	463,469	4.3	37,813	70	54.7
88	(-)	Waste Management	455,360	2.4	11,509	129	(17.3)
89	82	Kura	454,291	5.4	22,939	96	126.8
90	84	Kathmandu	445,348	4.6	38,039	69	13.5
91	104	Coles Group	438,861	12.8	44,419	57	28.8
92	(-)	LWC Limited	438,053	26.4	6,576	152	61.1
93	(-)	Samsung	430,719	3.2	7,306	149	81.0
94	(-)	Kaingaroa T.lands	419,349	(8.1)	335,363	5	(21.5)
95	(-)	Spotless	419,047	(3.1)	13,165	120	(29.9)
96	83	Frucor Beverages	418,266	(2.5)	25,137	91	64.3
97	92	Pan Pac Forest	411,929	8.7	67,155	43	(21.7)
98	54	NZME	407,856	(5.2)	74,543	37	73.8
99	87	Nestle	405,669	2.2	33,681	75	(14.6)
100	(-)	Matariki Forestry	398,332	19.8	120,262	22	285.8

EBITDA ($000)	EBIT ($000)	Profit after tax %	Total assets ($000)	Rank	% change	Return on assets	Total equity ($000)	Rank	Return on equity	Debt to equity	Balance date
11,840	6,052	0.5	242,023	135	16.9	2.0	81,485	139	6.1	2.0	06/17
36,773	(1,223)	(0.3)	532,259	88	5.5	(0.5)	414,610	54	(0.7)	0.3	05/17
532,608	136,692	5.7	2,154,533	26	(18.1)	1.8	326,055	69	13.0	5.6	12/16
86,171	64,975	5.0	753,625	62	27.6	5.7	393,084	58	11.8	0.9	07/17
8,587	8,439	0.9	116,449	172	(21.3)	4.9	8,152	191	35.0	13.3	09/16
109,889	29,174	1.9	573,608	79	4.0	2.4	111,994	123	13.0	4.1	12/16
146,676	123,523	12.7	672,541	68	15.4	14.1	491,933	47	18.7	0.4	12/16
100,700	(183,100)	(28.0)	995,000	50	4.9	(20.0)	553,900	42	(36.1)	0.8	06/16
90,684	81,974	9.8	641,049	75	16.5	11.3	318,861	72	23.6	1.0	12/16
12,199	11,607	1.4	157,552	162	(1.3)	5.5	40,784	167	21.7	2.9	12/16
25,199	20,707	2.5	260,624	128	(7.2)	5.9	53,457	159	34.8	3.9	06/16
138,273	109,641	11.2	765,047	61	(1.0)	9.2	302,412	76	23.7	1.5	12/16
501,070	267,574	19.8	8,945,545	2	1.4	1.4	5,958,576	2	2.1	0.5	06/17
42,997	9,988	0.2	568,316	80	(0.6)	0.3	251,660	81	0.6	1.3	07/17
584,600	506,700	53.1	6,503,500	7	5.9	5.3	4,029,000	4	8.4	0.6	06/17
25,138	5,351	0.3	553,711	83	5.4	0.4	405,981	55	0.5	0.4	05/17
15,347	9,770	(0.5)	242,533	134	18.6	(1.5)	11,320	189	(25.9)	20.4	12/16
73,381	53,896	5.6	693,635	67	(0.3)	4.9	482,111	50	8.6	0.4	04/17
85,610	79,622	10.2	298,238	119	26.7	22.3	205,153	96	32.2	0.5	01/17
19,192	19,126	2.6	211,246	144	11.5	7.4	66,832	151	25.1	2.2	12/16
24,662	18,921	2.0	277,127	124	40.4	4.9	129,678	116	10.0	1.1	06/17
92,483	66,548	6.9	1,290,420	37	5.9	3.1	594,262	40	6.7	1.2	09/16
54,717	49,095	5.5	203,766	145	25.6	16.6	47,111	162	63.5	3.3	09/16
143,588	138,464	16.5	343,930	109	63.7	32.7	241,482	83	48.4	0.4	06/17
104,306	90,975	11.2	539,893	87	12.8	11.9	236,568	84	27.0	1.3	06/17
64,454	39,379	5.0	302,387	117	117.9	11.8	192,059	99	19.4	0.6	02/17
71,451	64,679	8.7	196,649	148	11.3	23.9	97,177	129	49.1	1.0	03/17
193,978	65,259	5.2	516,205	91	(14.9)	4.8	(24,879)	198	512.5	(21.7)	12/16
(65,446)	(74,168)	(14.7)	434,171	100	(4.0)	(16.9)	77,342	141	(64.7)	4.6	06/16
38,773	31,092	3.9	412,727	103	24.9	5.4	212,130	92	10.2	0.9	06/17
53,109	39,145	5.4	322,218	114	(5.2)	8.2	108,713	124	25.4	2.0	12/16
41,692	34,884	5.0	245,211	132	6.8	10.3	112,230	122	23.6	1.2	03/17
76,424	70,512	9.1	1,407,537	34	(8.1)	3.0	953,438	24	4.7	0.5	06/17
370,057	348,429	35.0	2,000,815	27	9.6	8.7	69,442	149	N/A	27.8	06/17
26,888	(19,871)	(6.3)	257,242	129	(20.2)	(10.3)	107,747	125	(23.1)	1.4	12/16
236,470	160,020	12.5	2,221,836	25	2.2	2.7	541,092	44	10.8	3.1	03/17
74,707	58,803	8.2	797,836	59	7.0	4.9	558,135	41	7.1	0.4	09/16
136,508	86,531	2.5	1,174,023	43	3.0	1.0	259,807	80	4.3	3.5	12/16
51,382	37,214	5.0	750,295	63	(3.2)	3.0	403,057	57	5.8	0.9	09/16
70,659	56,833	8.5	439,067	98	6.2	8.9	327,100	68	12.0	0.3	07/17
69,913	63,669	10.1	308,831	116	11.1	15.1	209,226	93	40.4	0.5	06/17
12,224	11,554	1.5	103,498	181	21.0	7.0	17,170	182	47.4	5.0	06/16
11,097	10,166	1.7	108,142	177	37.1	7.8	26,875	175	31.5	3.0	12/16
474,601	470,520	80.0	3,598,444	16	6.6	9.6	1,695,130	14	18.7	1.1	06/16
41,077	26,545	3.1	327,854	112	(0.2)	4.0	4,669	194	227.8	69.2	06/16
51,637	34,519	6.0	648,471	74	(0.9)	3.9	508,552	46	5.0	0.3	12/16
108,225	92,317	16.3	876,316	56	10.8	8.1	666,674	37	10.6	0.3	03/17
171,392	147,547	18.3	483,540	94	(62.7)	8.4	285,559	79	16.3	0.7	12/16
56,232	48,895	8.3	160,316	158	11.9	22.2	15,295	185	331.0	9.5	12/16
184,249	172,133	30.2	971,675	51	18.2	13.4	750,202	32	20.5	0.3	12/16

DELOITTE TOP 200

Return on Assets

Return on Assets (ROA) provides an indication of how efficiently a company manages its assets in order to generate earnings. It is calculated by measuring profit against average total assets held over the past two years.

As a measure, this number tends to be heavily influenced by the requirements of the industry in which the business operates.

Agriculture and manufacturing businesses for example, requiring significant amounts of property, plant and equipment, will typically have a much lower return on assets percentage than a software company.

A2 Milk jumped from sixth to first place on the Deloitte Top 200, increasing its ROA from 20.4 per cent last year to 32.7 per cent. Total assets increased from $210.2 million in 2016 to $343.9m in 2017, driven by a $51.6m increase in cash and short-term deposits, and a $27.5m increase in trade and other receivables.

Nestle dropped from second place down to fourth place this year, decreasing 6.7 per cent to a 22.2 per cent ROA. This is due to a decrease in profit of 14.6 per cent and an offsetting increase in average total assets of 12 per cent.

Beca Group has moved from eleventh to second place for ROA increasing 6.5 per cent, from 17.4 per cent in 2016 to 23.9 per cent in 2017.

Also in the top five this year for ROA is Briscoe Group (22.3 per cent) and clothing retailer Hallenstein Glasson (21.1 per cent).

Rank	Name	%
1	A2 Milk	32.7
2	Beca	23.9
3	Briscoe Group	22.3
4	Nestle	22.2
5	Hallenstein Glasson	21.1
6	F & P Healthcare	20.6
7	Mars NZ	19.1
8	Imperial Tobacco	16.6
9	Skyline Ent.	16.3
10	Coles Group	15.1
11	Zespri	14.9
12	McDonald's	14.8
13	H. J. Heinz	14.1
14	Bidfood	13.7
15	Matariki Forestry	13.4
16	Scales Corp.	13.0
17	Spark	12.7
18	Harvey Norman	12.7
19	AsureQuality	12.7
20	Z Energy	12.6

Return on Equity

Return on Equity measures how effectively a company can generate income relative to the amount of money shareholders have invested in it.

It's a useful tool for investors, particularly when comparing firms in the same industry and is calculated by measuring the revenue earned against the average equity held over the past two years — to prevent changes in shareholder contributions skewing the results.

Mining company Oceana Gold has moved into first place with a return on equity of 513 per cent, taking over from Nestle, which has held the top ranking for the past three years. Nestle has dropped to second with a return on equity of 331 per cent, a decrease on last year's 388 per cent.

Spotless, a provider of integrated facilities services, has moved into third place on the list with a return on equity of 228 per cent. Spotless is new on the Deloitte Top 200 in 2017 (note that Downer EDI acquired a majority stake in Spotless in June 2017, however Spotless is shown separately as it has prepared standalone financial statements in 2017 and its results have not been consolidated with Downer's).

Independent Liquor, New Zealand's third biggest beer brewer has moved into fourth with a return on equity of 180 per cent, increasing from 17 per cent in 2016.

Rounding out the top five is Wesfarmers Industrial, with a return on equity of 86.4 per cent.

Rank	Name	%
1	Oceana Gold	512.5
2	Nestle	331.0
3	Spotless	227.8
4	Independent Liquor	180.0
5	Wesfarmers Indust.	86.4
6	McDonald's	76.1
7	Haier	64.0
8	Imperial Tobacco	63.5
9	Philip Morris	60.4
10	ExxonMobil	60.0
11	OMV	54.8
12	Mondelez	50.8
13	Beca	49.1
14	Zespri	48.7
15	A2 Milk	48.4
16	LWC Limited	47.4
17	BP	42.4
18	Pact Group	42.0
19	NZ Investment Hol.	40.5
20	Coles Group	40.4

Rank	Prev year	Name	Revenue ($000)	% change	Profit after tax ($000)	Rank	% change
101	94	Mitsubishi Motors	390,563	4.4	7,478	147	25.3
102	95	Toll	385,540	7.0	(14,196)	187	(275.7)
103	96	Orora	374,111	4.7	19,151	105	82.5
104	109	Scales Corp	373,927	24.1	38,178	68	(1.9)
105	(-)	OMV	367,576	(27.0)	73,914	38	(64.9)
106	89	Fairfax	354,590	(8.5)	(74,949)	197	(432.4)
107	110	Mazda	354,540	16.1	10,141	137	(4.5)
108	81	Refining NZ	353,629	(20.6)	47,474	53	(68.5)
109	88	Independent Liquor	351,933	(10.5)	15,294	115	7,547.0
110	100	Pact Group	343,934	3.4	41,019	62	(0.8)
111	115	Tourism Holdings	340,801	22.2	30,178	80	23.8
112	(-)	HEB Construction	333,346	(20.1)	(23,527)	190	(385.7)
113	117	Bupa	326,692	11.8	54,507	50	72.1
114	106	CDC Pharma	326,271	5.6	113	177	(89.8)
115	98	TVNZ	324,654	(6.7)	12,687	121	(54.9)
116	103	DHL	321,227	(3.3)	(4,593)	184	90.1
117	(-)	Wesfarmers Ind	318,959	7.8	12,141	124	72.6
118	105	OfficeMax	317,562	1.9	(35,548)	194	(453.4)
119	108	Orion	309,718	0.8	51,770	52	(3.1)
120	101	City Care	303,547	(1.0)	3,539	160	(48.2)
121	113	Mondelez	302,544	3.9	7,622	146	(17.5)
122	(-)	Mediaworks	298,121	(7.6)	(14,849)	188	(163.6)
123	141	Xero	295,389	42.7	(69,057)	196	16.3
124	102	IBM	295,095	(10.6)	24,006	93	28.9
125	116	Mercedes-Benz	295,024	9.4	8,583	143	(43.6)
126	99	Northpower	290,306	(14.3)	18,867	107	97.1
127	120	Ryman Healthcare	289,454	11.2	356,694	4	16.8
128	114	Tatua Co-Op Dairy	289,337	1.2	1,602	168	(77.2)
129	(-)	Nissan	286,529	8.5	7,352	148	82.2
130	(-)	McConnell Dowell	278,729	36.0	4,399	157	148.8
131	123	GPC Asia Pacific	276,889	10.0	13,433	118	18.3
132	122	Allied Foods	271,888	5.3	9,342	138	(1.3)
133	73	HP	264,356	(48.0)	10,694	134	117.4
134	126	McDonald's	259,706	6.5	52,809	51	43.8
135	142	AWF Madison	256,428	19.5	5,867	154	12.8
136	121	Port of Tauranga	255,882	4.2	83,441	35	7.9
137	127	Delegat's Group	252,713	4.2	40,656	64	(24.7)
138	111	NZ Wool Services	249,633	(16.8)	1,390	172	(46.3)
139	(-)	Treasury Wine	249,387	61.6	6,911	150	60.1
140	125	Linde Holdings	248,757	1.9	35,148	73	7.0
141	(-)	Enviro NZ	245,579	8.7	11,172	131	26.1
142	(-)	APHG NZ	244,595	24.7	27,083	85	47.9
143	160	Metro Glass	244,318	29.9	19,367	104	(5.5)
144	131	Nobilo	242,444	6.8	36,027	72	16.0
145	132	Pernod Ricard	240,979	5.9	8,196	145	281.4
146	124	Kordia	240,687	(3.0)	12,260	123	32.8
147	130	Visionstream	240,007	4.3	531	175	138.7
148	136	Hallenstein Glasson	239,004	6.9	17,269	110	26.2
149	154	Kiwi Property	238,136	14.4	142,997	18	(43.0)
150	(-)	Martin-Brower NZ	236,553	8.2	936	173	17.0

EDITDA ($000)	EBIT ($000)	Profit after tax %	Total assets ($000)	Rank	% change	Return on assets	Total equity ($000)	Rank	Return on equity	Debt to equity	Balance date
11,113	10,095	1.9	95,598	186	(32.9)	6.3	72,281	145	8.5	0.3	03/17
(6,701)	(12,414)	(3.7)	106,015	180	(8.3)	(12.8)	42,057	165	(28.8)	1.5	03/17
50,687	40,523	5.1	298,807	118	(0.6)	6.4	57,277	156	33.2	4.2	06/16
67,175	55,076	10.2	330,112	111	28.7	13.0	214,590	91	20.3	0.5	12/16
217,190	105,014	20.1	607,125	78	6.5	12.6	119,152	120	54.8	4.1	12/16
43,053	(76,439)	(21.1)	277,180	123	(25.6)	(23.1)	202,248	97	(29.4)	0.4	06/16
18,369	13,564	2.9	116,414	173	16.5	9.4	57,756	155	18.3	1.0	03/17
167,197	80,020	13.4	1,289,599	38	(3.2)	3.6	752,203	31	6.2	0.7	12/16
40,982	26,798	4.3	256,520	130	5.6	6.1	16,182	183	180.0	14.9	12/16
77,023	65,671	11.9	398,496	105	11.8	10.9	98,421	127	42.0	3.0	06/16
90,217	50,404	8.9	470,027	95	40.8	7.5	193,944	98	16.5	1.4	06/17
(27,697)	(32,691)	(7.1)	108,380	176	7.5	(22.5)	(6,634)	197	(458.7)	(17.3)	08/17
92,739	78,518	16.7	1,251,183	40	13.5	4.6	375,107	62	15.7	2.3	12/16
1,137	814	0.0	69,262	195	8.1	0.2	13,709	187	0.8	4.1	03/17
32,058	16,500	3.9	269,269	127	(0.5)	4.7	208,692	94	6.1	0.3	06/16
2,309	(1,353)	(1.4)	141,979	165	4.7	(3.3)	21,834	178	(50.3)	5.5	12/16
20,854	18,824	3.8	157,940	161	3.3	7.8	20,122	179	86.4	6.8	06/16
21,507	(33,301)	(11.2)	186,867	151	(22.9)	(16.6)	152,161	111	(21.0)	0.2	12/16
134,544	81,789	16.7	1,156,745	44	3.1	4.5	672,741	36	7.8	0.7	03/17
14,336	4,969	1.2	102,871	182	(2.1)	3.4	56,302	157	6.1	0.8	06/17
25,770	18,039	2.5	224,961	139	(0.7)	3.4	6,348	193	50.8	34.4	12/16
2,661	(18,415)	(5.0)	353,953	108	22.2	(4.6)	215,372	90	(7.7)	0.6	12/16
(28,614)	(70,744)	(23.4)	293,250	121	(10.6)	(22.2)	224,150	88	(27.4)	0.3	03/17
42,008	26,609	8.1	388,922	106	19.5	6.7	223,774	89	11.3	0.7	12/16
10,221	9,769	2.9	180,448	152	(20.8)	4.2	29,118	173	17.6	5.2	12/16
45,511	29,607	6.5	454,223	96	(0.3)	4.1	249,953	82	7.4	0.8	03/17
386,047	371,113	123.2	4,944,819	12	24.4	8.0	1,652,091	15	23.9	2.0	03/17
17,200	6,004	0.6	238,811	137	(1.1)	0.7	40,941	166	4.9	4.8	07/16
7,866	6,959	2.6	222,510	141	1.8	3.3	163,223	107	4.6	0.4	03/17
12,168	5,723	1.6	94,019	188	(11.3)	4.4	38,154	170	12.2	1.5	06/16
22,157	18,331	4.9	241,175	136	14.0	5.9	169,384	106	8.3	0.4	12/16
22,334	12,924	3.4	140,684	166	4.0	6.8	95,871	131	10.2	0.5	09/16
20,512	14,592	4.0	98,168	184	(1.6)	10.8	(199,522)	200	N/A	(1.5)	10/16
97,096	83,921	20.3	355,980	107	(0.9)	14.8	73,493	144	76.1	3.8	12/16
13,194	9,748	2.3	107,040	179	37.4	6.3	36,935	171	16.0	1.9	03/17
152,563	128,103	32.6	1,422,600	33	7.6	6.1	931,943	26	9.2	0.5	06/17
84,024	70,233	16.1	658,789	70	(4.2)	6.0	307,069	73	13.1	1.1	06/17
6,782	5,805	0.6	97,926	185	7.2	1.5	18,181	181	7.6	4.4	06/16
19,035	14,659	2.8	197,832	146	(19.0)	3.1	84,982	137	6.9	1.3	06/16
84,576	56,088	14.1	650,242	73	0.5	5.4	384,321	60	9.1	0.7	12/16
66,740	40,135	4.5	704,102	64	2.8	1.6	176,915	103	6.0	3.0	12/16
50,479	38,933	11.1	276,977	125	0.4	9.8	224,284	87	12.9	0.2	06/16
43,838	32,893	7.9	293,830	120	27.2	7.4	156,495	110	12.7	0.9	03/17
80,044	67,215	14.9	610,059	77	10.4	6.2	319,330	70	12.2	0.9	02/17
31,319	15,240	3.4	527,989	90	0.9	1.6	364,547	65	2.3	0.4	06/16
38,357	18,068	5.1	170,994	156	(3.8)	7.0	96,310	130	13.1	0.8	06/16
(3,713)	(4,668)	0.2	95,020	187	140.4	0.8	25,007	176	2.3	2.8	12/16
31,396	23,831	7.2	85,144	190	8.3	21.1	58,473	153	30.2	0.5	08/17
N/A	214,710	60.0	2,999,874	19	11.2	5.0	1,806,033	13	8.1	0.7	03/17
2,078	1,852	0.4	43,488	197	(4.1)	2.1	10,338	190	9.5	3.2	12/16

DELOITTE TOP 200

The Newcomers

As usual, there are a number of companies making their debut on the Top 200.

This year, 44 companies appeared in the Deloitte Top 200 that were not present last year. Six of the new entrants operate in the forestry industry, five operate in the technology industry and three in the retail industry.

Additional research methods resulted in 39 newcomers being added to the list.

This year, new market intelligence software has been trialled to better automate the Top 200 company identification process. The use of this software expanded the breadth of companies making the cut, and providing a richer data set for the Deloitte Top 200.

One of these companies is pulp and paper supplier Oji Fibre Holdings, which bought Carter Holt Harvey's pulp, paper and packaging businesses in 2014, and debuted at 35th on the list with revenue of $1.1 billion.

Also making the list this year is Mitre 10, ranking 51st with revenue of $818.1 million.

Home improvement chain Bunnings and retailer Harvey Norman (39th and 43rd respectively) have all returned to the Deloitte Top 200 list this year. Their financial statements were not available in 2016 but they were part of the Top 200 in 2015.

Other noticeable inclusions to the list are Samsung (93), OMV (105), Nissan (129) and Enviro NZ (141).

Rank 2017	Name
35	Oji Fibre Solutions
39	Bunnings
43	Harvey Norman
51	Mitre 10
53	Shell
72	Lion: Beer, Spirits, Wine
84	Taumata Plantations
88	Waste Management
92	LWC Limited
93	Samsung
94	Kaingaroa Timberlands
95	Spotless
100	Matariki Forestry
105	OMV
112	HEB Construction
117	Wesfarmers Industrial
122	Mediaworks
129	Nissan
130	McConnell Dowell
139	Treasury Wine Estates

Missed the Cut

The 200th place in the 2017 Deloitte Top 200 is automotive company Honda, which recorded $176.5 million in revenue. This compares to Reckitt Benckiser, which also came 200th in the 2016 Deloitte Top 200 with revenue of $127.8 million.

Another automotive company, BMW, fell just outside the Top 200 this year, missing out after falling 33 places from 168nd last year to 201st in 2017.

Carpet company Avon Pacific also had a significant fall on the list compared to last year, dropping 24 places from 179th in 2016 to 202nd place.

Other narrow misses in the Top 200 include Dulux (203), Fujitsu (204), Whakatane Mill (205), ABB (206), CDL Hotels (207) and Oceania Healthcare (208).

Some of these companies fell in their ranking on the Deloitte Top 200 due to additional research methods used this year. New market intelligence software has been trialled to better automate the Top 200 company identification process, which expanded the breadth of companies making the cut, and providing a richer data set for the Deloitte Top 200.

Several other companies missed the cut due to ownership changes, or for not having financial statements available by the cut-of date and therefore not eligible for inclusion in the Deloitte Top 200 list this year.

Rank	Name
201	BMW
202	Avon Pacific
203	Dulux
204	Fujitsu
205	Whakatane Mill
206	ABB
207	CDL Hotels
208	Oceania Healthcare
209	Airwork
210	Goodman Property
211	Baxter Healthcare
212	Oceania Dairy
213	Suzuki
214	EastPack
215	Tetra Pak
216	Bayer
217	Kuehne and Nagel
218	Panasonic
219	ITW NZ
220	Cerebos Gregg's

Rank	Prev year	Name	Revenue ($000)	% change	Profit after tax ($000)	Rank	% change
151	(-)	Sumitomo Forestry	236,215	15.8	(18,359)	189	(310.5)
152	139	Trade Me	234,881	7.7	94,380	28	25.9
153	149	JB Hi-Fi	234,631	11.2	756	174	(39.3)
154	140	Abano Healthcare	233,532	9.3	11,130	132	(60.9)
155	134	C B Norwood	227,658	0.3	(1,428)	180	(227.2)
156	151	CablePrice	227,327	8.1	6,789	151	295.9
157	(-)	Electrix	226,015	11.0	8,927	140	35.2
158	144	Unison Networks	224,342	5.2	40,687	63	65.6
159	(-)	ACI Operations	224,245	5.8	15,484	114	(33.8)
160	147	Ports of Auckland	222,325	5.3	60,302	47	(28.2)
161	158	NZ Sugar	222,276	14.3	19,134	106	(1.8)
162	152	Mars NZ	221,342	6.5	29,100	82	0.8
163	137	Juken	220,394	0.2	31,088	78	475.7
164	(-)	Asaleo Care	219,173	(6.0)	17,418	109	(34.6)
165	129	Smiths City Group	218,200	3.1	2,400	163	(57.1)
166	(-)	Turners Auto	217,860	55.5	17,574	108	12.6
167	171	Compass Group	215,267	26.7	4,529	155	32.0
168	133	Weyville Holdings	215,248	(5.8)	15,223	116	6.4
169	173	Chch Airport	213,198	16.9	64,590	44	50.0
170	(-)	Ashburton Trading	211,057	0.6	237	176	179.8
171	128	Dimension Data	211,050	(11.0)	(8,034)	186	(155.9)
172	148	Bridgestone	210,881	0.3	10,818	133	6.9
173	146	Skellerup	210,322	(0.5)	22,110	97	7.7
174	157	Sealed Air	207,787	6.9	11,650	127	(23.1)
175	118	Unilever	206,170	(22.3)	8,494	144	(44.1)
176	(-)	Glencore Agri	205,676	(36.3)	9,087	139	(39.1)
177	155	Airways	205,131	10.1	23,229	95	53.8
178	162	NZPM Group	200,474	9.3	2,307	164	134.7
179	(-)	Rexel	200,188	3.4	1,544	169	41.5
180	(-)	Oceanic Comms	199,256	(34.6)	(741)	179	(117.2)
181	(-)	Nelson Forests	199,200	10.6	84,480	34	128.1
182	150	LIC	199,129	(2.9)	20,800	100	618.1
183	143	Orion Health	199,074	(3.8)	(34,215)	193	37.1
184	(-)	OTTP NZ Forest	198,700	5.0	28,422	83	(42.5)
185	(-)	Skyline Enterprises	198,309	9.9	68,103	41	29.7
186	(-)	Philip Morris	197,160	26.9	2,178	165	(25.3)
187	153	Landcorp	195,300	(8.5)	11,500	130	157.5
188	(-)	Kerbside Papers	194,024	3.9	(5,119)	185	6.4
189	(-)	Tango Holdings	191,506	4.3	3,754	159	(50.6)
190	190	Seeka	191,317	34.6	10,385	135	143.1
191	(-)	AsureQuality	189,661	0.2	12,374	122	8.4
192	(-)	Amcor Flexibles	189,526	(4.8)	10,193	136	(17.3)
193	(-)	Dairy Goat Co-Op	188,001	5.9	1,905	167	(63.5)
194	(-)	C 3 Limited	184,994	19.1	12,140	125	1.6
195	167	Wgtn Electricity	180,181	3.4	(1,912)	181	51.1
196	(-)	Huawei	180,014	(3.3)	4,085	158	30.0
197	156	NZ Investment	180,008	(9.7)	17,180	111	0.9
198	(-)	Tasman Liquor	177,527	(3.6)	1,492	171	(99.3)
199	163	Moana NZ	176,884	1.2	19,419	103	21.7
200	172	Honda	176,526	12.0	3,062	161	(46.9)

EBITDA- ($000)	EBIT ($000)	Profit after tax %	Total assets ($000)	Rank	% change	Return on assets	Total equity ($000)	Rank	Return on equity	Debt to equity	Balance date
(11,682)	(26,165)	(7.8)	558,943	81	144.3	(4.7)	532,629	45	(5.0)	0.0	12/16
155,699	134,550	40.2	901,623	54	3.7	10.7	725,686	33	13.2	0.2	06/17
5,024	1,115	0.3	78,888	192	(1.2)	1.0	57,972	154	1.3	0.4	06/16
31,397	21,171	4.8	273,728	126	-	4.1	118,559	121	9.5	1.3	05/17
1,616	(1,138)	(0.6)	137,328	168	6.4	(1.1)	67,915	150	(2.1)	1.0	12/16
13,019	10,523	3.0	138,591	167	17.2	5.3	53,641	158	13.4	1.6	03/17
18,986	14,111	3.9	86,929	189	19.3	11.2	38,797	168	24.6	1.2	12/16
99,419	70,836	18.1	783,923	60	3.0	5.3	392,141	59	10.8	1.0	03/17
42,387	28,927	6.9	292,924	122	(4.5)	5.2	71,941	146	20.9	3.1	12/16
107,892	84,025	27.1	1,105,124	48	9.1	5.7	684,395	35	9.1	0.6	06/17
33,509	26,403	8.6	171,382	155	4.4	11.4	142,566	114	13.8	0.2	12/16
41,306	38,850	13.1	158,030	159	8.0	19.1	79,548	140	36.4	1.0	12/16
52,726	44,189	14.1	489,580	93	10.6	6.7	319,053	71	10.4	0.5	03/17
38,090	29,216	7.9	221,465	142	(0.5)	7.8	77,294	142	22.5	1.9	12/16
(1,800)	(3,600)	1.1	133,100	170	(2.2)	1.8	53,400	160	4.5	1.5	04/17
7,366	4,503	8.1	556,633	82	51.6	3.8	171,716	105	11.7	2.2	03/17
9,050	6,319	2.1	77,390	194	16.5	6.3	33,788	172	14.4	1.3	09/16
32,000	23,927	7.1	219,705	143	4.0	7.1	127,174	117	12.6	0.7	06/16
143,367	106,842	30.3	1,347,047	35	6.9	5.0	826,902	28	8.0	0.6	06/17
795	398	0.1	31,344	199	3.1	0.8	15,127	186	1.6	1.1	06/17
(6,454)	(7,410)	(3.8)	142,751	164	(10.8)	(5.3)	(5,100)	196	N/A	(29.0)	09/16
17,379	14,129	5.1	130,692	171	(7.5)	8.0	89,954	133	11.3	0.5	12/16
40,248	32,459	10.5	237,932	138	4.4	9.5	159,247	109	14.0	0.5	06/17
21,905	17,644	5.6	222,570	140	(4.0)	5.1	186,031	100	6.2	0.2	12/16
11,789	10,180	4.1	79,926	191	(19.1)	9.5	58,529	152	13.8	0.4	12/16
13,431	12,719	4.4	133,700	169	(1.2)	6.8	87,296	134	11.0	0.5	12/16
54,935	33,586	11.3	194,159	149	11.5	12.6	100,564	126	24.7	0.9	06/16
7,143	5,252	1.2	77,626	193	1.0	3.0	15,643	184	15.9	4.0	03/17
6,188	3,953	0.8	111,109	174	3.1	1.4	46,826	163	3.4	1.4	12/16
1,300	290	(0.4)	29,218	200	(39.7)	(1.9)	7,902	192	(8.2)	2.7	12/16
133,229	132,008	42.4	852,849	58	10.7	10.4	405,644	56	18.9	1.1	12/16
59,967	31,882	10.4	341,484	110	5.5	6.3	233,413	86	9.4	0.5	03/17
(25,549)	(32,615)	(17.2)	110,569	175	(29.7)	(25.5)	28,442	174	(75.8)	2.9	03/17
138,815	80,896	14.3	412,009	104	(14.0)	6.4	145,581	113	15.7	1.8	12/16
104,032	86,612	34.3	444,777	97	14.3	16.3	370,666	64	19.7	0.2	03/17
3,605	3,218	1.1	50,148	196	34.6	5.0	2,301	195	60.4	20.8	12/16
31,900	23,000	5.9	1,786,300	31	0.7	0.6	1,411,200	19	0.8	0.3	06/16
4,365	(3,118)	(2.6)	174,756	153	5.7	(3.0)	24,817	177	(18.7)	6.0	06/16
19,929	12,055	2.0	187,833	150	(1.3)	2.0	74,553	143	14.1	1.5	12/16
25,110	16,957	5.4	197,309	147	20.1	5.7	85,311	136	13.3	1.3	12/16
24,114	18,014	6.5	108,114	178	25.7	12.7	49,078	161	27.1	1.2	06/16
23,659	16,158	5.4	172,816	154	(7.8)	5.7	38,288	169	30.2	3.5	06/16
12,685	5,013	1.0	244,244	133	(6.0)	0.8	149,820	112	1.3	0.6	05/17
29,836	17,202	6.6	161,264	157	22.8	8.3	69,778	148	18.2	1.3	12/16
76,749	45,367	(1.1)	920,193	52	(0.1)	(0.2)	86,109	135	(2.2)	9.7	12/16
7,653	7,368	2.3	101,436	183	21.9	4.4	19,983	180	22.8	4.1	12/16
33,468	28,334	9.5	157,976	160	1.2	10.9	42,533	164	40.5	2.7	12/16
1,836	1,317	0.8	36,734	198	17.8	4.4	11,962	188	13.3	2.1	04/17
30,043	25,222	11.0	540,050	86	3.0	3.6	421,541	52	4.7	0.3	09/16
13,473	6,323	1.7	155,965	163	2.2	2.0	95,765	132	3.3	0.6	03/17

Deloitte Top 200 criteria

The Deloitte Top 200 is a listing of New Zealand's largest organisations ranked by revenue.

This includes publicly-listed companies and larger unlisted entities which are required to disclose audited financial statements, including New Zealand subsidiaries and branches of overseas companies and the commercial operations of Maori organisations.

It also includes producer boards, co-operatives, local authority trading enterprises and state owned enterprises. To be included in the Top 200, organisations must operate for a commercially determined profit. They will generally but not always be liable for tax on earnings. Companies fully owned by another New Zealand company are excluded if they are reported as a consolidated group. In some instances where it is believed that the separate results are more meaningful because the company in question is competing with other similar NZ enterprises and where separate figures are available, these have been used in the tables and the holding company results excluded.

All figures are the latest available, verified and audited. We recognise that various organisations evaluate their own performance using measures specific to their business. For comparability and simplicity we have adopted a relatively simple calculation methodology focusing on understood financial measures.

The calculation of the below measures has been simplified based on understood financial measures. Comparative 2016 numbers have been updated for consistency.

- **Revenue:** as disclosed in the entity's Statement of Comprehensive Income (excludes gross commission sales).
- **Profit after tax:** as disclosed in the Statement of Comprehensive Income.
- **EBITDA:** earnings before net interest income/expense, tax, depreciation and amortisation and impairments of property, plant and equipment or intangible assets.
- **EBIT:** earnings before net interest income/expense and tax. Not shown for the financial institutions.
- **Net profit %:** calculated as profit after tax divided by revenue.
- **Total assets:** as disclosed in the entity's Statement of Financial Position. Includes current and non-current assets, investments, tangible and intangible assets, deferred tax assets and goodwill.
- **Total equity:** as disclosed in the entity's Statement of Financial Position including noncontrolling (minority) interests. For NZ branches of overseas companies, the amount shown as owing to head office is deemed equity.
- **Return on assets (ROA):** calculated as profit after tax divided by average total assets over the period. Average total assets are calculated by adding the total assets at the beginning of a period to the total assets at the period's end and dividing the result by two.
- **Return on equity (ROE):** calculated as profit after tax divided by average shareholder's equity over the period. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at the period's end and dividing the result by two.
- **Debt to equity ratio:** calculated as total liabilities divided by shareholder's equity as disclosed in the entity's Statement of Financial Position.

GENERAL

- Companies that have operated less than six months are not included in this listing.
- Majority shareholdings greater than 50 per cent by other New Zealand entities are indicated in brackets.

A key to these abbreviations follows the listing.

- Not disclosed (N/D) is used where figures were not disclosed by the company or disclosed but not able to be verified.
- An (-) indicates the company was not ranked last year.

FINANCIAL INSTITUTIONS

Includes banks, finance companies, insurance companies (life/fire and general/superannuation). These are ranked on total assets and appear separately. The financial institution results are based on the entity's legal set of accounts and not those accounts which include funds under administration (i.e. accounts which include assets that are not legally owned by that institution but administered by it).

- Profit After Tax: is shown for information purposes only and no ranking is given.
- Total Equity: as disclosed in the entity's financial statements including noncontrolling (minority) interests.

For NZ branches of overseas companies, the amount shown as owing to head office is deemed equity.

- Return on Total Assets/Equity: calculated by profit after tax divided by average total assets/total equity over the past two years.

For an entity in its first year of operation the current year total equity/total assets figure is used as an approximate.

DELOITTE
TOP 200

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Growing asset base the trend

In this year's Top 30, New Zealand's financial institutions had a fall in revenue, profit after tax, and the amount of tax paid to the government compared to last year. Assets and equity both grew — by 6.9 and 6.1 per cent respectively.

Revenue for the Top 30 finance companies fell by 7.2 per cent — a reversal of the past few years with a growth figure of 11.7 per cent in 2016 and 8.5 per cent in 2015.

Asset growth is perhaps more important to the financial sector when judging their own performance. Year on year, the Top 30 grew their asset bases by $34.1 billion, representing cumulative holdings of $522.7b. That was a 7 per cent improvement on last year, although slightly down on the 9.2 per cent growth seen in 2016.

Despite continued competition among the big four banks, there has been no change in the rankings for another year. ANZ (NZ) continues to lead the ranking with an enormous asset base, and also outpaces the others in profit and equity, with $160.8b worth of assets. ANZ holds $67.5b more than its closest competitor Westpac (NZ). That gap widened in the past year by a further $8.8b.

Bank of New Zealand and ASB have held their third and fourth place ranking behind Westpac for many years now, but Bank of New Zealand's total assets have narrowed the gap with Westpac this year to $817 million.

Cumulative equity for the Top 30 increased 6.1 per cent to $45.6b, up from $43.5b in 2016.

Except for ASB, profits were down for all three of the big four banks from 2016. ANZ had a 13.9 per cent decrease in profit from 2016, down from $1.8b to $1.5b. BNZ also saw a large fall in profits of 12.0 per cent from $1.0b in 2016 to $913m in 2017.

Heartland Bank, the rural-focused financier and insurance provider established in 2011, retained its tenth-place ranking in terms of assets, meaning the top 10 financial companies this year didn't change from last year.

The only change to the entire top 10 financial companies since last year was independent bank TSB swapping with insurance giant IAG for seventh place. TSB Bank's total assets have increased from $6.4b in 2016 to $6.8b in 2017. IAG fell to eighth place with a reduction in total assets from $7.6b in 2016 to $6.2b in 2017. Deutsche Bank fell nine places this year, from 13th down to 22nd. Their total assets fell 69.5 per cent from $3.2b last year to $971m in 2017.

Eight financial companies were added to the list this year including CBL Corporation (18), FlexiGroup (19), QBE Insurance (21), Foundation Life (25), Aon (27), and Suncorp Group Services (28). The Top 30 list sees the addition of two Chinese banks to the listing — ICBC (23) and China Construction Bank (24).

TOP 30 FINANCIAL COMPANIES

Rank 2017	Rank 2016	Name	Assets	Profit	Equity	Returns/ Assets	Return/ Equity
1	1	ANZ	160,819,000	1,535,000	12,710,000	1.0	12.2
2	2	Westpac	93,358,000	963,000	7,037,000	1.1	14.6
3	3	Bank of New Zealand	92,541,000	913,000	7,005,000	1.0	13.0
4	4	ASB	88,628,000	1,069,000	7,402,000	1.3	15.0
5	5	Kiwibank	20,616,000	53,000	1,380,000	0.3	4.2
6	6	Rabobank	11,307,526	89,469	1,366,586	0.8	6.8
7	8	TSB Bank	6,802,680	46,340	588,124	0.7	8.1
8	7	IAG	6,248,118	(2,322)	1,410,765	-	(0.2)
9	9	HSBC	5,086,021	46,308	25,073	0.9	116.6
10	10	Heartland Bank	4,034,671	60,808	569,595	1.6	11.4
11	11	Southland Building Soc	3,994,412	27,448	274,918	0.7	10.7
12	14	Bank Tokyo-Mitsubishi	3,560,396	18,030	142,546	0.5	13.5
13	12	AMP Life	3,461,877	76,037	646,239	2.2	12.1
14	16	Suncorp Group Holdings	3,121,076	20,252	578,701	0.7	3.4
15	15	ASB Group Life	2,747,000	104,000	1,281,000	3.7	8.2
16	17	Cooperative Bank	2,363,549	10,343	170,749	0.5	6.3
17	18	Citibank	2,065,455	19,323	185,704	1.0	10.4
18	(-)	CBL Corporation	1,203,929	30,710	292,620	3.2	12.6
19	(-)	FlexiGroup	1,195,758	18,727	169,665	2.7	18.3
20	19	Toyota Finance	1,159,686	16,589	146,377	1.5	11.3
21	(-)	QBE Insurance	1,138,389	7,063	207,815	0.7	3.4
22	13	Deutsche Bank AG	971,000	36,000	110,000	1.7	31.0
23	(-)	ICBC	903,544	1,152	140,494	0.1	1.2
24	(-)	China Const. Bank	887,719	1,800	195,598	0.3	1.4
25	(-)	Foundation Life	869,016	1,684	6,273	0.2	30.8
26	20	GE Finance and Insurance	833,148	28,823	822,807	3.4	3.6
27	(-)	Aon	736,421	25,796	75,443	3.5	41.4
28	(-)	Suncorp Group Services	729,050	39,652	437,670	5.3	9.2
29	22	Tower	640,281	(21,515)	223,952	(3.1)	(8.5)
30	25	Mercedes-Benz Fin. Serv.	639,282	10,434	43,213	1.7	23.1

Left: Briscoe Group managing director Rod Duke shares a moment with Dr Jeff Stangl (right), of Massey Business School; NZME Managing Editor Shayne Currie (above) and Deloitte chairman Ross Milne (below) address the guests.

A chance to celebrate the finalists

Guests at the Deloitte Top 200 Sponsors and Finalists Connect Luncheon hosted by NZME at Giraffe restaurant enjoyed a lunch and a chance to connect — along with a whisky tasting

Clockwise from left: NZME chief digital officer Laura Maxwell with Roy Ong of 2degrees; guests at Simon Gault's Giraffe restaurant; Top 200 judge Dame Alison Paterson and NZME's Dean Buchanan; Avanti Finance's Sasha Lockley and Allison Whitney from NZME.