

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Economic Evaluation of Kiwi Commodity

Alina Ivanova

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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Economically and financially evaluate Zespri Company New Zealand and kiwi production in general.

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New Zealand Journal of Crop and Horticultural Science

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The Bachelor Thesis Supervisor

Procházka Petr, Ing., MSc, Ph.D.

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prof. Ing. Miroslav Svatoš, CSc.

Head of the Department

Electronic approval: October 6. 2014

Ing. Martin Pelikán, Ph.D.

Dean

Declaration

I declare that I have worked on my bachelor thesis titled “Economical analysis of kiwi commodity” by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on date _____

Signature _____

Alina Ivanova

Abstract

This bachelor thesis is divided into two parts. The first one, theoretical, describes world kiwifruit market development of last decades, highlighting “Zespri” company in New Zealand as one of the most prosperous, rapidly expanded and unique kiwifruit industries. The second part, practical, deals with “Zespri” SWOT and financial analysis. The goals of this bachelor thesis are to evaluate kiwi commodity in general, to estimate economical aspects and challenges that faced the company, to analyze its financial performance from year 2003 till 2014 and to conclude whether “Zespri” has succeed in performing not only in local market, but on international level as well.

Keywords: kiwifruit, agricultural commodity, “Zespri” company, seasonality.

Abstrakt

Tato bakalářská práce je rozdělená do dvou částí. První teoretická část popisuje vývoj světového trhu kiwi za poslední desetiletí, se zaměřením na novozélandskou společnost „Zespri”, jako jednu z nejvíce prosperujících a rozšiřujících se společností v kiwi průmyslu. Druhá část této práce je praktická a zaměřuje se na společnost “Zespri” pomocí finanční a SWOT analýzy. Cílem této práce je zhodnotit postavení kiwi na světovém trhu a analyzovat ekonomické aspekty, kterým musela čelit firma Zespi. Zároveň tato práce hodnotí finanční postavení firmy v rocích 2003 až 2014 a zhodnocuje, zda-li byla firma Zespi úspěšná nejen na lokálním trhu, ale i trzích světových.

Klíčová slova: kiwi, zemědělská komodita, společnost “Zespri”, sezónnost.

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I. Introduction

Almost half century ago scantiness of choice among agricultural crops was normal thing, and such an exotic fruit as kiwi or *Actinidia Deliciosa* was barely known in the world. But nowadays, due to rapid economical and technological development, people can easily consume wide diversity of agricultural commodities wherever they live. And kiwifruit became one of the highly demanded and beloved fruit among world population.

Such favorable conditions as world integration, shipment accessibility, innovation development and increased demand gave enormous push-off for countries to expand agricultural and horticultural industry, building international markets.

Nowadays such countries as New Zealand, Chile or Italy gave people opportunity to choose between various types of kiwifruit. They create highly competitive market, where New Zealand company “Zespri” has 30% of share. In order to be one of the best kiwifruit exporters and producers, “Zespri” overcame a lot of challenges such as economical and financial crisis, PSA bacteria disaster and competitors’ pressure.

This bachelor thesis provides literature review that helps to understand how “Zespri” became strong and profitable among other aggressive competitors. It deals with kiwifruit industry in general, describes major agricultural steps and problems, and evaluates main producers’ development, especially New Zealand. The practical part of bachelor thesis contains “Zespri” SWOT and financial analysis of balance sheet and income statements of last decade.

II. Aims and Methodology

2.1 Aims

The aims of this bachelor thesis are to evaluate kiwifruit international market development, its production and export history; to identify leading producers, highlighting New Zealand «Zespri» as one of the most recognizable, experienced and profitable company; to conduct financial analysis to figure out whether «Zespri» is in business wealth and sustains competitive advantage among world competitors, using financial methods; to conclude if «Zespri» has succeeded in prosperity and profitability.

2.2 Methodology

The first part of bachelor thesis contains literature review that is conducted using methods of synthesis, induction, deduction and extraction. The second part of bachelor thesis is conducted using SWOT analysis and fundamental methods of financial analysis such as absolute indicators (horizontal and vertical) and ratio indicators (profitability, liquidity and debt management ratios) of company's financial statements (balance sheet and income statement).

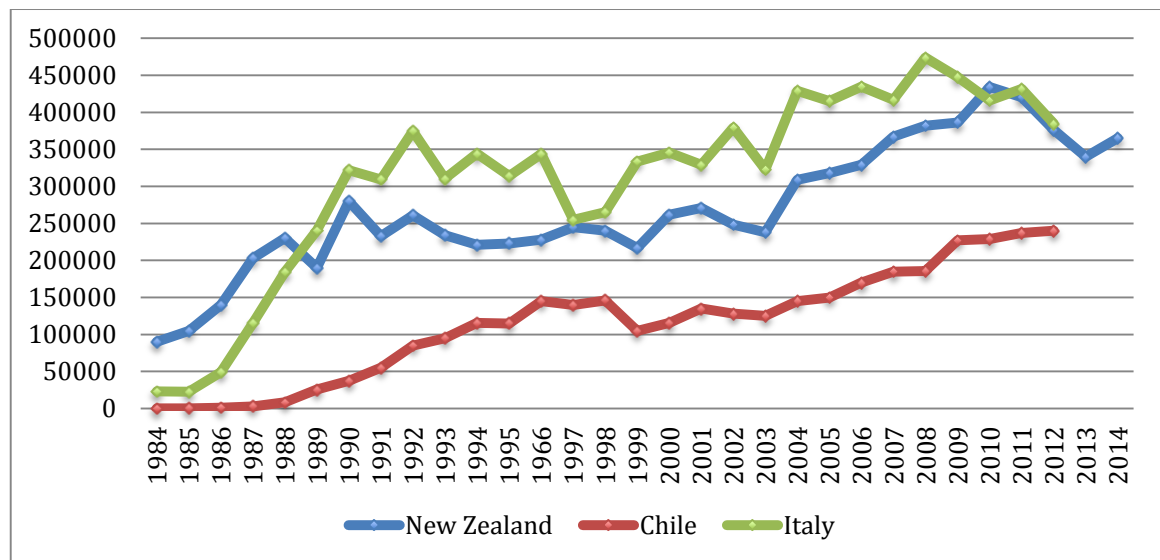
III. Theoretical Part

This chapter represents global kiwifruit industry development , southern and northern hemisphere producers, world exporters, economical and financial factors that influenced on global kiwifruit market. The main idea is to point out New Zealand as rapidly developing, strong and well-structured kiwifruit producer.

3.1 Kiwifruit market global development

Last decades of technological innovations and economical developments gave opportunity to the world to build new global markets, especially in agricultural and horticultural sectors. That is why, such countries as China, Italy, New Zealand, Chile, and somewhat less Greece concentrated over 85% of worldwide kiwifruit production.

Figure 1 World kiwifruit production (tonnes)



Source: Food and agricultural organization of the United Nations

3.1.1 Southern hemisphere producers

The Chilean kiwifruit market began its history nearly in 1980's. First hectares were cultivated in 1978 year and it rapidly increased almost 10 thousand hectares in 11 years. Production has grown from 35 tons in 1982 to 240 000 tons in 2012 and exports have increased from 600 trays in 1983 to 7.2 million trays in 1990 (Plaza, 1992). There are two key factors impacted the Chilean kiwifruit industry growth: favorable international prices that influenced production and export expanding, and an economy policy that encouraged investments into this horticultural area (Freshfruitportal.com, 2013).

Chile has reached huge growth since beginning of 21st century. In comparison to other fruits grown in this country, kiwifruit industry significantly developed. Because of this rapid growth and the lack of national experience in kiwifruit production, many research programs have been undertaken in order to improve kiwifruit taste and quality (Plaza, 1992).

Nowadays Chile, as forth-largest producer in the world, tries to chase New Zealand kiwifruit industry, producing more kiwifruits, branding "Kiwifruits from Chile", but unfortunately the fruit quality leaves much to be desired.

It is important to consider China as the first production competitor, which, until recent time, has not participated in global exports. However, in the last decade the kiwi plantations have grown significantly and they are now producing more than in Italy. This makes other producers concern about the Chinese huge market and its ability to hold a high level of share in the global market.

According to E. Anker-Kofoed and C.M. Saunders in „A quantitative analysis of trade-related issues in the global kiwifruit industry“ , China has increased kiwifruit production more than ten times over the past decade. In 1999, the total production of kiwifruit from China was 165,000 tonnes and reached 400,000 tonnes – 23% share of

global production by 2006, 450 000 tonnes in 2007 and in 2010-2013 years exceeds Italian production volumes with 630,000 tonnes. However, almost all domestically produced kiwifruit was sold within the country and exports to Japan, Russia and Korea total accounted for only 2% (Huang and Ferguson, 2001). Unfortunately, there are no existing official government statistics for kiwifruit industry in China.

3.1.2 Northern hemisphere producers

Kiwifruit was definitely one of the 20th century's worldwide innovations in horticulture, and its commercial cultivation spread over the world from New Zealand to northern hemisphere countries such as Italy, the U.S.A. and others.

According to R. Testolin and A.R. Ferguson in “Kiwifruit production and marketing in Italy”, first successful attempt of commercial kiwifruit planting in Italy was in the beginning of 1970's. Because of inexperienced growers first yields were highly low, but by 1973 year after successful production, new orchards' establishment were encouraged and since that time Italian kiwifruit market rapidly developed.

Italy has been for a long time the largest producer after China and its exports have covered all Europe. In recent years, however, it has begun exporting outside of the European continent. In recent years the marketable production has reached 470,000 tons, highlighting it's the largest production volume. The main production region is Lazio, with almost 8,000 hectares followed by Piedmont with more than 5,000 hectares, Emilia-Romagna with 16% and Veneto with 15%. As the most cultivated variety in Italy is gold kiwi, known as tolerant to diseases, PSA bacteria damages are not significant.

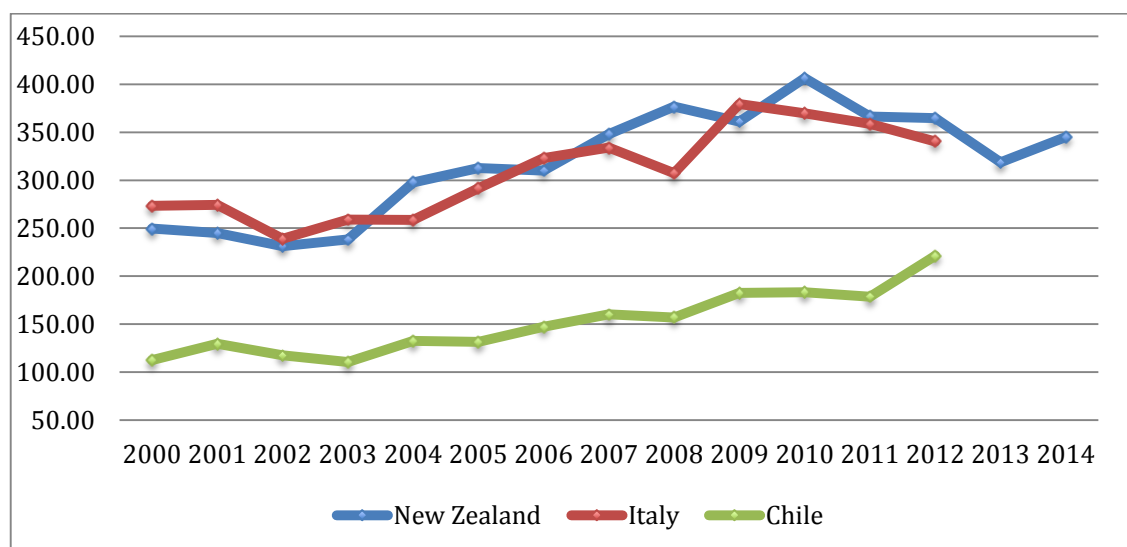
First commercial kiwifruit grower in the U.S.A. appeared in 1960 year in California, and still this state represents 95% of total American kiwifruit industry. The U.S.A. kiwifruit industry is highly demanded by local consumption, so export volumes are not significant (Peterson and Willet, 2000).

According to J. Hasey in “Kiwifruit growing and handling”, Greece kiwifruit production has doubled since year 1989 and continue to increase, most place of this horticulture is Macedonia.

3.1.3 World kiwifruit industry exporters and importers

Over 66% of the total world production of kiwifruit enters the global market and several number of main players have huge influence on international trade in kiwifruit. The Organisation for Economic Co-operation and Development member countries accounted for almost 85% of world imports of kiwifruit in 2004 (Belrose Inc, 2006) and world exports are currently dominated by Italy , New Zealand and Chile.

Figure 2 World kiwifruit export (metric tonnes)



Source: Food and agricultural organization of the United Nations,2015

The main importers are the European countries totaling almost 70% of total exports, followed by North America. In the last decade the distribution of fruit in Europe has become more efficient so that imports from the Southern Hemisphere (from both Chile and New Zealand) have been distributed, obtaining better coverage of markets. Changes in the world economy have been clearly displayed in the destination of imports, and as a

result significant growth has been seen in Asia, where Japan, Korea, and China have grown exponentially and probably will continue to do. In Europe, Spain has been a high growth market that has added the kiwi to its food basket as well as the Russian market, which has surprised with its ongoing product demands (Cruzat, 2014).

R. Testolin and A.R. Ferguson in “Kiwifruit production and marketing in Italy” highlighted two major advantages Italy has: geographic location to large European population – low shipment costs, and membership of the European Union – privileged accessibility to the European market. As a consequence, 80% of Italian kiwifruit exported go to other countries within the EU. Mainly focused destinations are Germany (24%), Spain (14%), France (7%) and the United Kingdom, Poland, Netherlands -6%. A further 9% go to other European countries outside the EU – Russia and Switzerland.

3.2 Kiwifruit industry in New Zealand

This chapter provides the overview of New Zealand kiwifruit industry development from a marginal activity to a world kiwifruit export leader. It describes major horticultural steps, historical facts, export and production fluctuations, challenges, the kiwifruit industry performance in the international market from the middle of 20th century till nowadays.

3.2.1 Development path

Exotic kiwifruit, which was known as “Chinese gooseberry” due to its gooseberry flavor, originally, was brought from China to New Zealand in 1904 by the principal of Wanganui Girls’ College Mary Isabel Fraser. First man who planted the seeds was Alexander Allison and after 4 years of efforts and attempts, the vines first fruited in 1910 year. It took a long time to create the new well-shaped nutritious and tasty kiwifruit, and in 1925 horticulturalist Hayward Write presented innovated green kiwifruit to New Zealand (Kilgour, 2008). As result, the first ship with kiwifruits went to the United Kingdom in 1952. At that time Jack Turner at “Turners and Growers” company meeting firstly pronounced the name “kiwifruit” after New Zealand’s national

bird, which looks similar to the fruit – brown and furry (Wikipedia, 2015). Since that time kiwifruit has been recognized as New Zealand fruit.

New Zealand kiwifruit industry rapidly developed due to large exports to the United Kingdom. Sharp increase appeared in the period between 1964 and 1974 (Zwart and Moore, 1990), the amount of export firms rose from four to fourteen. Moreover in 1976 the kiwifruit export volume overcame the New Zealand consumption.

From the middle of 1970's to the late of 1980's the New Zealand kiwifruit industry was in 'progress' mode. New Zealand plantings increased from 2000 hectares to 19000 hectares in 10 years, an increase of over 800%. Production during this period increased from 9 000 tones to 203 000 tones – the huge increase of over 2000%. There was high demand for exotic fruit and this led to stable high prices attracting new growers into the industry (Zespri Limited Group, 2008).

3.2.2 Legislation and Regulations

According to M.B. Beverland in "Creating value through brands: the ZESPRI™ kiwi fruit case", during the next years, kiwifruit growers started to expand their orchards and consequently the Bay of Plenty and other growing regions were full of kiwifruit vines. Increased competition between local farmers resulted the foundation of the New Zealand Kiwifruit Marketing Licensing Authority (NZKA). NZKA, under the power of Primary Product Marketing Act, was created in 1977 in order to control and regulate export and industry structure issues.

The main goals of NZKA were :

- to provide controls to producers to market their products;
- to license a limited number of exporters to export kiwifruit and to control these exports;
- to set quality standards for the industry;
- to fund developments, innovations and researches (Willis, 1994).

After achieving a huge amount of kiwifruit production quantity – 230 thousands of tonnes in 1988 (Figure 2), about 80% of total world kiwifruit production (Crocombe, 1991), in the late 1980's New Zealand kiwifruit industry faced a crisis.

The rapid increase in production volumes quickly reversed the supply/demand equation and from 1987 excess supply led to falling prices. During the period from 1987 to 1997, areas planted in kiwifruit declined by 45%. However, production increased by 20 % due to the strong yield increases by remaining farmers (Zespri Limited Group,2008).

Several crisis reasons:

- large crop volumes;
- low demand;
- fallen price;
- competitors.

At that time the crop volume of all kiwifruit producers in New Zealand exceeded the world demand, the New Zealand dollar rose and the level of interests rate was high. As result the kiwifruit price collapsed and growers got poor returns.

In September 1988 New Zealand Kiwifruit Marketing Board (NZKMB), which was set up under the Kiwifruit Marketing Regulations, replaced the NZKA. In comparison with NZKA, NZKMB had powers to buy, sell and distribute kiwifruit in the world markets except Australia. It was obligatory to purchase all kiwifruits of all New Zealand growers who supported export standards.

Thus, after price collapsed and New Zealand growers ran into a crisis, NZKMB created a new program in order to return a world leader place to New Zealand kiwifruit industry. In 1997 “Zespri” was introduced. After negotiations members of New Zealand kiwifruit industry decided to create new customer-oriented specific industry strategy, and developed new product differentiation and innovation under one single brand named “Zespri International Limited” (Beverland, 2001). Officially, the Kiwifruit Marketing Board was upgraded into “Zespri Group Limited” in 2000 year, and farmers, based on their previous productions, owned shares. Nowadays, there are approximately

2800 growers and 200 company members in “Zespri”. The Kiwifruit Export Regulations 1999 were created to recognize “Zespri” as one single desk exporter.

The Regulations:

- gave the right for “Zespri” to buy growers’ products for export;
- controlled whether “Zespri” retains the rules and regulation that protect growers’ rights;
- gave the power to require “Zespri” to work with approved collaborative markets.

The Kiwifruit Export Regulations were improved in 2004 so that every exporter who wanted to sell the product to Australia had to apply for a special license from Horticultural Export Authority, that met the export marketing strategy created by New Zealand Product Group to Australia in order to retain standards for stabilizing market price.

3.2.3 Challenges

„Competitors are closing the quality gap and “Zespri” must continually innovate to stay ahead“ Ian Horner in „Zespri“ Annual Report in 2006.

In the late 1970’s the research was resumed looking for new varieties of kiwifruit and after slow progress, success emerged with the new “Zespri” Kiwi Gold in 1998, evolving the kiwifruit industry from one-fruit industry into two-fruit industry. Despite the success, New Zealand faced challenge during the “Zespri” Kiwi Gold introduction into the world market. Although, the product had consumer appeal, it required another handling systems. In 1997, almost 400 hectares of vines were planted and the first 4000 trays were exported the next year with the “Zespri” Kiwi Gold label in order to protect them internationally.

Another challenge that faced New Zealand kiwifruit industry was to complement the production from the northern hemisphere as a result of the different seasons and climate in the two hemispheres. Providing kiwifruits to consumer whole year is a continuing problem for producers.

New Zealand kiwifruit export value significantly increased from ten million to sixty million trays in a period between 1981 and 1990 although there were stagnation and periods of crisis.

Despite the challenges , New Zealand kiwifruit industry turned from a developing beginner in a fruit market into a world leader. But the competitors' appearance in the international market puts New Zealand into a difficult situation.

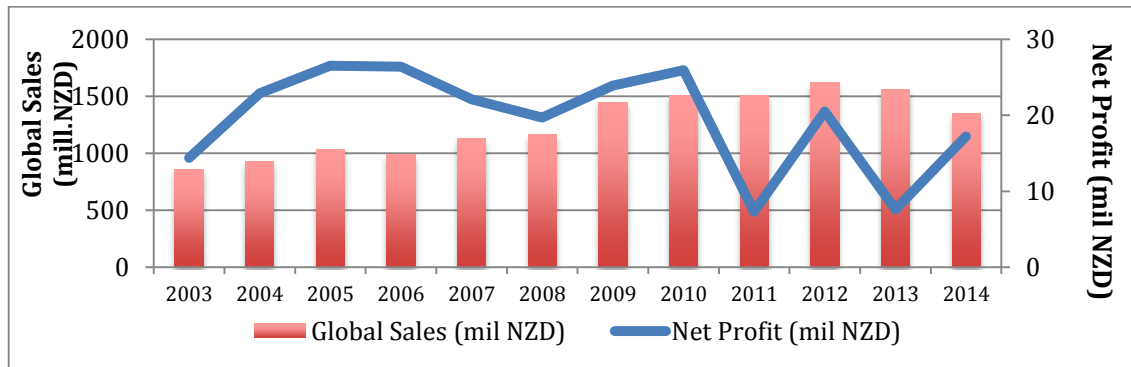
3.1.4 Zespri™ profile

“Zespri” is a limited liability company owned by current and former New Zealand kiwifruit growers and cooperatively controlled solely by producing kiwifruit growers (Zespri Limited Group, 2012).

“Zespri” has introduced itself as a brand New Zealand kiwifruit industry embodiment. As the one-product company and the sole exporter through the single desk strategy, “Zespri” creates the monopoly, that provides huge support to New Zealand kiwifruit industry in achieving maximum profitability and sustaining competitive advantage in the international market, exporting to 53 world markets nowadays.

Comparing 2003 year and 2013 year – from 65.1 million trays sold with 685,764 million NZD return till 97.3 trays sold with 1.349 billion NZD return sales (Zespri Limited Group, 2003-2013), “Zespri” shows itself as a strong, rapidly developing and progressing company.

Figure 3 "Zespri" global sales and net profit



Source: Zespri Limited Group

One more highlighted characteristics of “Zespri” are flexibility in changes and the ability to react against obstacles. Italy imposed new standards for kiwifruit to ensure safe food for consumers. Thus, “Zespri” introduced new innovative KiwiGreen program in order to minimize chemical residues, to provide healthy and organic kiwifruit for customers, take responsibility for environmental and ethical issues. The key motivation for KiwiGreen program creation was the available access to Italian market.

After “Zespri” had entered the international market, sales and profits increased step by step during company’s expansion and development through the years. Only in 2003-2004 years net global kiwifruit sales reached 911,1 million NZD with 5,9% changes in comparison with 2002-2003 years. New long-term strategy implementation gave visible results in company’s profitability, having almost 100% change in “Zespri” global net profit after tax from 2,5 million NZD to 22,9 million NZD (Zespri Limited Group, 2004).

In 2006 year 84,7 million trays were exported from New Zealand. Despite of increased prices in Europe and Japan market due to the effects of New Zealand currency’s rise, net global kiwifruit sales dropped down only by 3 % to 991,1 million NZD in comparison with previous year, but company’s expenditures decreased from 274,9 million NZD to 277,4 million due to positive side of foreign exchange.

Since 1997 to 2008 year planted area increased by 14% and production volumes – by 40% to 340 000 tones in 2007 year. To respond to the global kiwifruit competition growth, the New Zealand kiwifruit industry dramatically increased yields, achieving quantities that are higher by 50-55% than Chile and Italy. Till nowadays New Zealand growers' returns are typically stays stable - in the range of 60-100% above Chile.

Since 1999 year, in 2009 New Zealand volumes sold have almost doubled and exceeded 100 million trays, reaching new record of the New Zealand kiwifruit industry. So, “Zespri” remained to be the leading market kiwifruit industry on the international level, having almost 30 % share of the market. Increase in volume had positive influence on “Zespri” performance with 23,9 million NZD increased.

In the end of 2010 year New Zealand kiwifruit industry faced one of the most serious problem – PSA bacteria that has the kiwifruit industry on edge till nowadays.

According to Kiwifruit Vine Health Inc , *Pseudomonas syringae* pv. *actinidae* (PSA) is a bacteria that can damage or even destroy kiwifruit vines. It doesn't influence on human, animals and plants, other than kiwifruit. It is not yet proved, but PSA is supposed to be spread with the help of wind and rain, footwear, vehicles and orchard tools.

“*Pseudomonas syringae* pv. *actinidae* is a pathogenic bacterium of actinidia (kiwifruit) species. A number of genes have been identified in PSA—in particular the virulent form PSA-V now established in New Zealand—that code for proteins that may allow the bacteria to infect the kiwifruit plant host, colonize tissues and live within the vine. From a biological perspective, PSA-V derives both nutrition and protection from environmental stresses from the vine and is the causal agent of a number of disease symptoms including leaf spots and necrosis, flower wilting, cane die-back, branch and trunk cankers and even plant death” (Kiwifruit Vine Health Inc., 2015).

In response, “Zespri” released SunGold – yellow-fleshed kiwifruit variety. SunGold is a kiwifruit of the “Zespri” Plant and Food Research kiwifruit program (the biggest kiwifruit breeding program in the world). It took almost 10 years for breeding and developing to create new fruit with perfect qualities that are associated with “Zespri” -

branded kiwifruit. Moreover, “Zespri” SunGold has proved to be highly resistant against kiwifruit vine disease PSA.

“Zespri” Vice President Sales & Marketing Daniel Mathieson said “The disease is impacting kiwifruit production regions across the world and the New Zealand kiwifruit industry has committed to transition from “Zespri” Gold to “Zespri” SunGold in the PSA environment, due to “Zespri” SunGold’s better natural tolerance to the disease”. In order to protect kiwifruit production from the disease and to develop SunGold kiwifruit variety, “Zespri” sharply lowered net profit by 72% due to cost of the PSA response. But despite PSA crisis, in 2011 “Zespri” global kiwifruit sales marginally increased from 1,501 billion in 2010 to 1,511 billion year later by 7 % (Zespri Limited Group,2011).

Globally, there was improvement in kiwifruit pricing situation in 2011 year, comparing with the previous year, when the global economic circumstances negatively affected some prices. High quality and great tasting of Kiwi Green drove stronger demand in Japan, but the situation in European Union remained fragile due to the modest economic growth and high level of unemployment, especially in Spain, that lowered consumers’ spending. Achieving organic certification in the biggest Chinese market led to the strong demand growth, and till nowadays, China is management focused aim of “Zespri”, in order to consolidate a success in Asian market.

In the beginning of 2012 year ,as “Zespri” focused on falling volumes and damaged asset as an impact of PSA bacteria, the industry ironically sold a record volume crop: global kiwifruit sales increased by 7,2% from 1,51 billion NZD to 1,62 billion NZD. Increased research and innovation investments were mainly resulted by aspiration to cope with PSA crisis. Fortunately, with the help of the Kiwifruit Vine Health Inc funding, “Zespri” net profit after tax increased from 7,3 million NZD previous year to 20,5 million NZD in March of 2012 year.

During 2011 year global growth was weaker than it had been forecasted. Despite of strong consumption in emerging markets, consumer demand remained soft in developed economies. Such environmental disaster as the 2011 earthquake and tsunami in Japan resulted small decrease (only by 3 %) in sales volumes and returns. Wrestling with

long-term debts, high unemployment rate and fragile short-term economic growth in Europe and the USA led to consumers' uncertainty. But inspite of all, European sales remained steady, having total European market return increased by 5,1 % (Zespri Limited Group, 2012). After achieving agreement and entering into Chinese market, sales returns dramatically increased by 45,2%, as well as in Southeast Asia – by 57,1 %.

In 2012 - 2013 years, due to PSA impacts, the kiwifruit volumes decreased to 101,3 million tray, it's by 7,1 % lower than previous year, the company lowered expenditures and created enduring savings in cost of 9 million NZD.

The profit after taxation dropped to 7,6 million NZD, but removing the Kiwifruit Vine Health Inc funding from the results over the past 3 years – it's down 5,7 million NZD year-on-year. The key factors negatively influenced the profit in 2012/13 included penalties of almost 12,6 million NZD sentenced by the court in China and impact of reduced Gold volumes , weakness of currencies and ongoing challenges against the 2008 Global Finance Crisis consequences (Zespri Limited Group, 2013).

2013/2014 was the hardest year as PSA had the biggest impact on New Zealand kiwifruit performance. SunGold volumes dropped by 55% and as a result, fruit and service payments decreased by 17% to 800,8 million NZD and global kiwifruit sales decreased to 1,349 billion NZD. However, the reduced volumes and strong market pricing led grower returns at record level. Despite such unfavourable factors, including foreign exchange volatility, the New Zealand kiwifruit industry reached good profit in 17,2 million NZD.

The New Zealand kiwifruit industry comes along with a number of challenges that it has to overcome to reach the sustainable competitive advantage in the international market. Firstly, challenges in local place such as high production and capital cost, a lack of scale. Secondly, global challenges for consumer attraction among Chilian and Italian competotirs, increase in production and lengthen selling windows as volumes and fruit varieties in China increase rapidly. China will soon become the biggest kiwifruit exporter in Asia and strong competitor globally.

New Zealand accounts 30% share of global kiwifruit market, and is the world's third-

largest kiwifruit producer behind Italy and China. However, taking into account all volumes exported for last decade, it exceeds 13 times the volume of the next largest exporters.

According to Annual Report 2008 of Zespri Limited Group , kiwifruit represents less than 0.5 percent of global fruit consumption. It gives a huge opportunity for growth within the total fresh fruit category. “Zespri” must remain the world leader in kiwifruit by a significant margin if it is to compete with increasing low-cost competition. Therefore the main goals is to be the acknowledged brand among competitive producers in order to attract new consumers and keep old ones, build strong customer relationships and develop innovation, underpinned by level of fruit quality. The strategy is based on 3 points– optimizing core performance, building competitive advantage and pursuing growth horizons.

IV. Practical Part

This part of bachelor thesis analyzes “Zespri” SWOT and financial performance of last decade from 2002, its official year of foundation, till 2014. The aim of this chapter is to analyze annual reports of official financial statements, such as balance sheet and income statements, using methods of financial analysis, in order to figure out whether the industry has succeed or failed in achieving of being prosperous and competitively sustained in international market.

4.1 SWOT analysis

Table 1 SWOT analysis

Strength	Weaknesses
<ul style="list-style-type: none">-Huge experience in kiwifruit production-High product quality-Innovation development-Unique location of region-Qualified and experienced employees-Sustained competitive advantage-Ability to react and adopt in new situations	<ul style="list-style-type: none">-Far location from major importers-Bad promotion-Disability to get rid of PSA-Highly sensitive to economical changes and natural disasters.-Disability to keep continuously first world exporter and producer place
Opportunities	Threats
<ul style="list-style-type: none">-Discover Asian market-Create new kiwifruit species-Create PSA antidote-Expand business	<ul style="list-style-type: none">-China, as strong competitor-Continuing seasonal problems- PSA bacteria-Lack of world economical stability-Unrecognizable trade mark

Source: Author

According to SWOT analysis, “Zespri” has such advantages like experience in cultivating and exporting, high kiwifruit quality, whereas weaknesses are PSA bacteria, far location and sensitivity to economical changes. As Chinese production increases year by year, it will concern other competitors in future. Innovation developments as new kiwifruit species and exploration of new markets will definitely give “Zespri” opportunity to chase competitors.

4.2 Absolute indicators analysis

Absolute indicators are methods of fundamental financial analysis. They show percentage changes in financial statements through the given time (trend analysis or horizontal analysis) or percentage relation according to specific chosen point in time (vertical analysis). According to statistical data of “Zespri” annual financial reports from 2003 till 2014 (Appendix 1 and Appendix 2), absolute indicators define fluctuations in balance sheet and income statement in analyzed period.

4.2.1 Horizontal analysis of Income Statement

Table 2 Horizontal analysis of income statement

Year	2003	2004	2005	2006	2007	2008	2009
Operating Revenue (1)	0%	5,9%	12,6%	-2,7%	14,8%	-0,6%	27,4%
Other Revenue (2)	-	-	-	-	-	0%	32,07%
Operating Expenses (3)	0%	4,6%	12,3%	-2,98%	16,5%	1,4%	26,19%
Other gain/(loss)(4)	-	-	-	-	-	0%	-56,7%
Profit/loss before tax(5)	0%	52,8%	21,02%	2,5%	-21,3%	-12,9%	31,26%
Finance revenue (6)	-	-	-	-	-	0%	-15,3%
Finance expense (7)	-	-	-	-	-	0%	28%
Net profit before tax (8)	-	-	-	-	-	0%	22%

Taxation expense (9)	0%	41,5%	31,7%	6,99%	-26,7%	1,5%	23%
Net profit after tax (10)	0%	59,3%	15,5%	1,01%	-17,8%	-9,3%	21,3%
Earnings per share (11)	0%	-0,9%	2,8%	0%	-18,2%	-8,9%	20,7%

Source: Author's calculations

Table 3 Horizontal analysis of income statement (continued)

	2010	2011	2012	2013	2014
1)	5,24%	-8,3%	5,07%	-2,6%	-15,9%
2)	-12,3%	60,17%	280,3%	-71,5%	-3,5%
3)	2,69%	0,98%	6,74%	-3,8%	-14,5%
4)	(-382,6%)	273,7%	135,1%	-16,1%	16,2%
5)	3,2%	-69,1%	139,6%	-41,6%	35,2%
6)	-12,2%	-14,4%	2,7%	34,14%	-10,8%
7)	-43,5%	-25,6%	-3,3%	-22,6%	14,3%
8)	7,9%	-65,01%	123%	-32,6%	26,8%
9)	7,4%	-55,98%	60,6%	23,52%	-28,6%
10)	8,2%	-71,97%	182,8%	-63,1%	128%
11)	8,08%	-94,4%	183,3%	-63%	127%

Source: Author's calculations

In Table 2 and 3 horizontal analysis represents revenues and expenses fluctuations throughout last decade. According to “Zespri” annual reports of income statements of years 2003-2014 (Appendix II), operating revenues had been slightly increasing till 2011 – 1,542,193 bill NZD, but then relatively fell. Operating expenses marginally rose up, but started to decrease in 2013. Sharp losses appeared in 2010, but in a year turned into gain, which slightly fluctuated till 2014. In 2011, negative changes appeared as in operating profit before tax, as in taxation. In the same year, profit after tax became the lowest one since 2003. Its high fluctuation appeared in period of 2011-2014 years. Earnings per share stayed relatively stable till year 2011, but then dramatically decreased from 1,07\$ per share in 2010 till 0,06\$ per share in 2013 and 0,14\$ per share in 2014.

4.2.2 Horizontal analysis of Balance Sheet

Table 4 Horizontal analysis of balance sheet

Year	2003	2004	2005	2006	2007
<u>Current assets (1)</u>	0%	10,1%	53,4%	-5%	9,09%
Cash & Bank, Financial assets, Insurance assets (2)	0%	31,15%	56,5%	27,2%	1,1%
Accounts receivable& prepayments(3)	0%	61,4%	35,7%	27,2%	38,9%
Inventories(4)	0%	7,7%	11,9%	50,3%	37,6%
<u>Non-current assets (5)</u>	0%	69,2%	1,04%	82,4%	-32,9%
Development costs (6)	0%	9,3%	151,3%	-16,3%	-26,2%
Property, plant & equipment (7)	0%	61,76%	-18,9%	58%	4,2%
Accounts receivable & Prepayments Intangibles Other financial assets (8)	-	0%	-21,4%	119,8%	-43,9%
Deferred tax(9)	0%	22,2%	20,3%	345,7%	-63,7%
<u>Current liabilities (10)</u>	0%	-11,4%	53,3%	2,8%	22,09%
Accounts payable and accruals Provisions and income tax (11)	0%	-7,6%	29,7%	4,3%	3,7%
Deferred payments Other financial liabilities (12)	0%	-	409,5%	-5,5%	133,7%
<u>Non-current liabilities (13)</u>	0%	33,8%	52,5%	198,9%	-97,5%
Accounts payable and accruals Provisions and other financial liabilities (14)	0%	33,8%	-	325,9%	-
Differed Tax (15)	-	-	-	0%	-63,1%
<u>Equity (16)</u>	0%	52,9%	42,9%	-5,5%	-6,5%
Share capital (17)	0%	0%	166,6%	-10,5%	0%
Other reserves (18)	-	-	-	-	0%
Retained earnings (19)	0%	67,4%	22,7%	-3,9%	-12,3%
Total Assets= Total Liabilities + Equity (20)	0%	14,3%	47,9%	1,3%	3,6%

Source: Author's calculations

Table 5 Horizontal analysis of balance sheet (continued)

2008	2009	2010	2011	2012	2013	2014
1) 7,53%	90,96%	-1,90%	-10,25%	17,19%	14,80%	-4,50%
2) 41,5%	98,9%	-19,08%	-1,01%	31,54%	15,3%	41,4%
3) 41,5%	28,01%	-19,08%	-10,07%	31,5%	-27,7%	41,4%
4) 48,1%	641,8%	10,7%	-62,4%	-52,7%	102,1%	31,9%
5) 12,9%	140,5%	107,6%	0,62%	37,5%	34,5%	-12,5%
6) -	-	-	-	-	-	-
7) -33,5%	-1,5%	23,9%	-7,2%	1,3%	-32,02%	-25,5%
8) 352,3%	317,1%	128,7%	-1,25%	42,04%	41,2%	-11,9%
9) 134,7%	-25,7%	15,9%	53,9%	3,3%	-11,2%	-19,3%
10) 8,3%	134,7%	-2,5%	-12,4%	18,4%	16,01%	-7,2%
11) 38%	48,6%	-6,2%	-8,4%	17,8%	9,44%	-3,5%
12) -72,3%	1249,9%	1,9%	-17,6%	19,2%	25,5%	-11,8%
13) 3105%	593,2%	123,8%	6,5%	34,5%	33,4%	-19,5%
14) -75,8%	1648,4%	152,1%	6,9%	35,02%	33,9%	-20,2%
15) 1269%	16,3%	-51,1%	-4,6%	17,03%	12,9%	15,1%
16) 8,7%	-57,1	5,26%	-7,7%	18,5%	-8,2%	14,3%
17) 0%	-59,3%	3,3%	137,8%	0%	0%	0%
18) 161%	40,5%	3,3%	-97,5%	78,97%	95,7%	84,9%
19) -6,1%	7,9%	7,5%	2,5%	24,44%	-10,9%	17,8%
20) 7,9%	95,1%	10,09%	-8%	21,75%	15,03%	-6,9%

Source: Author's calculations

Table 4 and 5 contains horizontal analysis of balance sheets from “Zespri” annual reports of period 2003 - 2014 years (Appendix I). According to absolute indicators, current assets had sharp positive changes in years 2005 and 2009, and slight fluctuations in period of 2010-2014.

Non-current assets fell in 2007 and 2014, but reached the highest value by 2013 year. Current liabilities highly increased in years 2005 and 2009, and then remained relatively stable till 2014. Non-current liabilities increased in 2006, and went down in 2007, then significantly went up again, continuing to go up till 2013. Equity went up in 2004 and in 2005, then slightly fell down in 2006 and 2007, later remained relatively stable. Total assets or total liabilities and equity continuously increased until 2014, having slight negative changes in years 2011 and 2014.

4.2.3 Vertical analysis of balance sheet

Table 6 Vertical analysis of balance sheet

Year	2003	2004	2005	2006	2007
<u>Current assets (1)</u>	92,8%	89,4%	92,7%	86,9%	91,5%
Cash&Bank, Financial assets Insurance assets (2)	63,7%	73,1%	77,3%	68,5%	66,9%
Accounts receivable& prepayments (3)	27,4%	14,7%	13,5%	16,9%	22,7%
Inventories (4)	1,6%	1,5%	0,9%	1,3%	1,8%
<u>Non-current assets (5)</u>	7,2%	10,6%	7,3%	13,1%	8,5%
Development costs (6)	1,6%	1,5%	2,6%	2,1%	1,5%
Property,plant & equipment (7)	3,4%	4,9	2,6%	4,2%	4,2%
Accounts receivable Prepayments Intangibles Other financial assets (8)	-	1,5%	0,8%	1,8%	0,9%
Deffered tax (9)	1,2%	1,3%	1,1%	4,8%	1,7%
Investment in associates (10)	0,8%	1,2%	0,9%	-	-
<u>Current liabilities (11)</u>	59,8%	46,2%	47,9%	48,6%	57,3%
Accounts payable and accruals Provisions and income tax (12)	57,2%	46,2%	40,5%	41,7%	41,7%
Deffered payments Other financial liabilities (13)	2,4%	-	7,4%	6,8%	15,5%
<u>Non-current liabilities (14)</u>	1,1%	1,3%	1,5%	4,3%	0,1%
Accounts payable and accruals Provisions and other fin.liab. (15)	1,1%	1,3%	-	3,8%	-
Defferd Tax (16)	-	-	-	0,3%	0,09%
<u>Equity (17)</u>	39,1%	52,4%	50,6%	47,1%	42,5%
Share capital (18)	8,3%	7,3%	13,2%	11,6%	11,2%
Other reserves (19)	-	-	-	-	0,1%
Retained earnings (20)	30,7%	46,1%	37,4%	35,4%	30,1%
Total Assets = Total Liabilities+Equity (21)	100%	100%	100%	100%	100%

Table 7 Vertical analysis of balance sheet (continued)

2008	2009	2010	2011	2012	2013	2014
1) 91,2%	89,1%	79,4%	77,5%	74,6%	70,5%	72,1%
2) 58,7%	59,9%	55,3%	59,6%	240 743	54,1%	53,8%
3) 29,8%	19,6%	14,4%	13,9%	58,01%	8,8%	14,4%
4) 2,5%	9,5%	9,6%	3,9%	1,5%	2,6%	3,8%
5) 8,8%	10,8%	20,5%	22,4%	25,3%	29,5%	27,8%
6) -	-	-	-	-	-	-
7) 2,6%	0,1%	1,4%	1,4%	1,2%	0,7%	0,5%
8) 4,1%	8,7%	18,2%	19,5%	22,8%	27,4%	26,4%
9) 2,1%	0,8%	0,8%	1,4%	1,2%	0,9%	0,8%
10) -	-	-	-	-	-	-
11) 57,5%	69,2%	61,1%	58,1%	56,5%	57,2%	56,9%
12) 53,3%	40,6%	34,6%	34,5%	39,4%	31,8%	32,9%
13) 4,1%	28,5%	26,4%	23,6%	23,1%	25,4%	23,9%
14) 2,9%	8,8%	17,9%	20,7%	22,9%	26,5%	22,9%
15) 0,9%	7,5%	17,3%	20,1%	22,3%	26,04%	22,3%
16) 2,1%	1,2%	0,5%	0,5%	0,5%	0,5%	0,6%
17) 39,6%	21,9%	21,02%	21,1%	20,5%	16,3%	20,1%
18) 10,4%	2,1%	2,04%	5,2%	4,3%	3,7%	4,05%
19) 3,1%	2,1%	2,04%	0,057%	0,08%	0,1%	0,2%
20) 26,1%	14,4%	14,1%	15,7%	16,1%	12,4%	15,7%
21) 100%	100%	100%	100%	100%	100%	100%

Source: Author's calculations

According to vertical analysis of years 2003-2014 total assets, mainly around 90 % , consists of current assets, which have slightly decreasing year by year till 72,1 % , and non-current assets of maximum 29,5 % in 2013. Current liabilities and equity mostly equally created total liabilities and equity at the beginning of period, but then equity decreased, sharing about 1/5th part of total liabilities and equity, and non-current liabilities gently went up with almost 23% by 2014.

4.2.4 Vertical analysis of Income Statement

Table 8 Vertical analysis of income statement

Year	2003	2004	2005	2006	2007	2008
Operational Revenue (1)	100%	100%	100%	100%	100%	100%
Other Revenue (2)	-	-	-	-	-	0,3%
Operational Expenses (3)	-97,4%	-96,2%	-96%	-95,7%	-97,1%	-99%
Other gain/(loss) (4)	-	-	-	-	-	1,3%
Profit/(loss) before tax (5)	2,6%	3,8%	4%	4,3%	2,9%	3,6%
Finance revenue (6)	-	-	-	-	-	+0,6%
Finance expence (7)	-	-	-	-	-	-0,4%
Net profit before tax (8)	-	-	-	-	-	2,8%
Taxation expense (9)	-0,9%	-1,3%	-1,5%	-1,64%	-1%	-1%
Net profit after tax (10)	1,7%	2,5%	2,5%	2,62%	1,9%	1,8%

Source: Author's calculations

Table 9 Vertical analysis of income statement (continued)

	2009	2010	2011	2012	2013	2014
1)	100%	100%	100%	100%	100%	100%
2)	+0,5%	+0,25%	+0,4%	+1,5%	+0,6%	+0,5%
3)	- 98,3%	-95,7%	-105,4%	-107%	-105,7%	-107,5%
4)	+0,4%	+2%	+5,8%	+7,4%	+6,4%	+8,8%
5)	2,65%	2,6%	0,8%	1,9%	1,3%	1,9%
6)	+ 0,4%	+0,3%	+0,2%	+0,2%	+0,4%	+0,4%
7)	-0,4%	-0,2%	-0,1%	-0,1%	-0,1%	-0,1%
8)	2%	2,7%	0,9%	2,1%	1,5%	2,2%
9)	-1%	-1%	-0,4%	-0,7%	-1%	-0,8%
10)	1,65%	1,7%	0,5%	1,4%	0,5%	1,4%

Source: Author's calculations

According to vertical analysis of income statement of years 2003-2014 in Table 8 and 9, calculated percentage explains that net profit after tax hasn't exceeded 3% of revenue during analyzed period. Costs of good or expenses covered almost or, sometimes, exceeded revenue value, but due to other and financial revenue, net profit was generated. Taxation costs took at maximum almost 1,7 % and at minimum 0,4 % of revenue.

4.3 Ratio indicators analysis

4.3.1 Profitability ratios

Profitability ratios describe company's effectiveness in utilizing resources in generating profit and shareholder value (Loth, 2007).

Table 10 Profitability ratios

Profitability Ratio	Return on assets	Return on equity	Return on expenses	Return on sales
Year				
2003	25,19%	40,81%	1,7%	2,61%
2004	33,66%	42,5%	2,58%	3,76%
2005	27,55%	34,36%	2,66%	4,04%
2006	27,87%	36,34%	2,74%	4,26%
2007	21,19%	31,95%	1,93%	2,92%
2008	17,09%	11,43%	1,73%	2,56%
2009	11,5%	32,33%	1,66%	2,64%
2010	10,78 %	33,22%	1,75%	2,59%
2011	3,63%	10,09%	0,48%	0,87%
2012	7,15%	24,1%	1,29%	1,99%
2013	3,63%	9,6%	0,49%	1,19%
2014	5,27%	19,28%	1,31%	1,92%

Source: Author's calculations

Table 6 contains profitability ratios of period 2003-2014. A higher percentage has return on assets, more effectively company uses assets in order to generate the profit. In 2003 "Zespri" received 251,9 NZD of profit from each 1 NZD invested in assets.

According to analyzed data, return on assets fell down till 52,7 NZD from each invested 1 NZD in assets in 2014. Return on equity shows us profitability of equity invested by company owners or shareholders. As return on assets, ratio on equity was high in 2003 a then decreased till 192,8 NZD of profit from each invested 1 NZD. Return on expenses or return on costs explains us how many company gets profit from each 1 NZD invested in costs or expences. For example, in 2004 „Zespri“ received 258 NZD from each 1 NZD invested in costs and expenses. Return on sales explores how high company generates profit from each 1 NZD of sales. Here, in this table, maximum is in 2006 year - 426 NZD from each 1 NZD of sales. Unfortunately, in 2014 ratio on sales decreased till 192 NZD from each 1 NZD of sales.

4.3.2 Liquidity ratios

These ratios measure how company can cope with current liabilities with the help of current assets.

Table 11 Liquidity ratios

Liquidity ratios	Current ratio	Cash ratio	Quick ratio
Year			
2003	1,6	1	1
2004	1,9	1,6	1,5
2005	1,9	1,6	1,6
2006	1,8	1,4	1,4
2007	1,6	1,2	1,1
2008	1,6	0,9	0,9
2009	1,3	0,5	0,4
2010	1,3	0,6	0,7
2011	1,3	0,6	0,5
2012	1,3	0,6	0,6
2013	1,2	0,6	0,5
2014	1,3	0,5	0,5

Source: Author's calculations

Current ratio shows whether company can pay bills, salaries and other short-term loans on time. Sufficient interval is 1.2 -2.0. “Zespri” current ratio is appropriate. Cash ratio

explains company's ability to settle current loans with cash right now. Optimum ratio is 1.0 – 2.0. “Zespri” used to reach the level, but in 2008 started to loose this ability year by year. Quick ratio is similar to cash ratio, but with one exception – inventories. Company wants to be ensured that it can pay off current liabilities, using the most liquid assets, without relying on sold inventories.

4.3.3 Debt management ratios

Next three ratios analyze how effectively company uses liabilities for its assets.

.Table 12 Debt management ratios

Debt management Ratio	Debt ratio	Equity ratio	Debt to Equity ratio
Year			
2003	0,6	0,4	1,6
2004	0,5	0,5	0,9
2005	0,5	0,5	1
2006	0,5	0,5	1,1
2007	0,6	0,4	1,3
2008	0,6	0,4	1,4
2009	0,8	0,2	3,5
2010	0,8	0,2	3,8
2011	0,8	0,2	3,7
2012	0,8	0,2	3,8
2013	0,8	0,2	5,1
2014	0,8	0,2	4

Source: Author's calculations

Debt and equity ratios demonstrate percentage comparison between capital invested by stockholders and capital provided by lenders in total assets (Demonstratingvalue.org, 2015). Debt ratio in Table 9 shows that “Zespri” used 60 % of liabilities were invested in total assets in 2003, whereas in 2014 it increased till 80%. Equity ratio illustrates that percentage of owners' invested funds in total assets doesn't exceed 50% during period. Debt to equity expresses relation between loans and stockholders' equity. Lenders want to know whether company has ability to settle liabilities during financial difficulties.

“Zespri” debt to equity ratio shows that company would cover the liabilities in 2004, but in 2009 - 2014 the situation puts business in risk.

V Conclusions

The aim of this bachelor thesis was to provide literature review about global kiwifruit market development and to highlight New Zealand “Zespri” company as the most experienced, rapidly developed and profitable industry among other aggressive competitors.

History of kiwifruit cultivation starts in New Zealand in the middle of 20th century. By 1960’s New Zealand had already sent its first ship with kiwifruits to the Great Britain and by 1977 created its own legislation and regulations in order to control kiwifruit export. While in 1980’s kiwifruit cultivation was spreading over the world, New Zealand kiwifruit industry faced its first crisis, which reason was enormous crop volumes and low demand. New Zealand kiwifruit industry came along with a number of challenges that it had to overcome to achieve the sustainable competitive advantage in the international market. Firstly, challenges in local place such as high production, capital cost, and , of course, PSA bacteria, that remains one of the main problems nowadays. Secondly, competitors’ appearance in international market ,that still shakes “Zespri” domination. Northern and southern producers as Italy, Chile and China took enormous share in global market, but their fruit diversity and quality leave much to be desired. Italy and Chile remain to be main New Zealand competitors in export till nowadays, whereas the U.S.A and China kiwifruit industries are highly demanded within their countries, and export volumes are not significant. New Zealand accounts 30% share of global kiwifruit market, and is the world’s third-largest kiwifruit producer behind Italy and China. However, taking into account all crop volumes exported for last decade, it exceeds 13 times the volume of the next largest exporters.

Another aim of this bachelor thesis was to analyze “Zespri” SWOT and financial performance, using fundamental methods of financial analysis. SWOT analysis shows that huge experience and high kiwifruit quality are well-defined benefits, but such weaknesses as disability to get rid of PSA bacteria and sensitivity to economical

changes lead “Zespri” to unstable performance. According to absolute indicators, in 2010 year net profit reached its highest value, whereas in 2011 and 2013 it sharply decreased due to PSA damages and costs. As company was being expanded during last decade, current and non-current assets slightly increased year by year till 2012, but then started to fall. Current liabilities hugely went up in 2009 and then remained stable, whereas non-current liabilities sharply fluctuated till 2010 and then started to increase.

Total assets of balance sheet contain huge percentage of current assets, whereas current liabilities and equity shared equally in total liabilities and equity. However, by the 2014, equity went down and current liabilities increased. Vertical analysis of income statement showed net profit held maximum value of 2,6% of operating revenue, whereas operating expenses covered more than 95 % during analyzed period.

Profitability ratios demonstrate high profitability from utilized resources in the beginning of analyzed period, but by 2014 it sharply decreased. Liquidity ratios present ability to cope with current liabilities on time, but by the end of period company had problems in settling current liabilities with cash. Debt management ratios show that 80% of investments in assets are capital provided by lenders. These ratios define “Zespri” as risky company.

In conclusion, it is necessary to say, that “Zespri” company, despite PSA crisis losses and high market competition, still generates profit and fight for dominating in international market. „Zespri“ abilities to build long-term strategies, develop innovations and adopt in unpredictable circumstances will help to improve business wealth in the future and increase global superiority.

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VII Appendix

7.1 Appendix I – Balance sheet

Table 13 Balance sheet (2003-2007)*

Year	2003	2004	2005	2006	2007
<u>Current assets (1)</u>	83,565	92,009	141,148	134,082	146,280
Cash&Bank,Financial assets	57,351	75,216	117,747	105,734	106,917
Insurance assets(2)					
Accounts receivable& prepayments(3)	24,719	15,183	20,608	26,215	36,427
Inventories(4)	1,495	1,610	1,419	2,133	2,936
<u>Non-current assets (5)</u>	6,455	10,923	11,037	20,131	13,509
Development costs (6)	1,448	1,583	3,978	3,329	2,457
Property,plant & equipment(7)	3,125	5,055	4,100	6,478	6,753
Accounts receivable	-	1,612	1,268	2,787	1,564
Prepayments					
Intangibles					
Other financial assets (8)					
Deffered tax (9)	1,151	1,406	1,691	7,537	2,735
Investment in associates (10)	731	1,267	1,374	-	-
<u>Current liabilities (11)</u>	53,722	47,603	72,986	75,019	91,593
Accounts payable and accruals	51,514	47,603	61,737	64,391	66,755
Provisions and income tax (12)					
Deffered payments (13)	2,208	-	11,249	10,628	24,838
Other financial liabilities					
<u>Non-current liabilities (14)</u>	1,055	1,412	2,153	6,436	156
Accounts payable and accruals (15)	1,055	1,412	-	6,014	-
Provisions and other fin.liab.					
Defferd Tax (16)	-	-	-	422	156
<u>Equity (17)</u>	35,243	53,917	77,046	72,758	68,040
Share capital (18)	7,542	7,542	20,110	18,017	18,017
Other reserves (19)	-	-	-	-	2,000
Retained earnings (20)	27,701	46,375	56,936	54,741	48,023
Total Assets =	90,020	102,932	152,185	154,213	159,789
Total Liabilities+Equity (21)					

Source: Zespri Limited Group

* - '000 NZD

Table 14 Balance sheet (2008-2014)*

2008	2009	2010	2011	2012	2013	2014
(1) 157,297	299,964	294,466	264,262	309,692	335,779	320,611
(2) 101,369	201,672	205,308	203,236	240,743	277,634	239,583
(3) 51,579	66,030	53,438	47,577	62,585	45,285	64,055
(4) 4,349	32,262	35,720	13,449	6,362	12,860	16,973
(5) 15,250	36,678	76,160	76,635	105,366	141,698	123,953
(6) -	-	-	-	-	-	-
(7) 4,491	4,432	5,491	5,095	5,163	3,567	2,649
(8) 7,074	29,508	67,493	66,653	94,676	133,650	117,779
(9) 3,685	2,738	3,176	4,887	5,046	4,481	3,616
(10) -	-	-	-	-	-	-
(11) 99,229	232,957	226,313	198,318	234,782	272,387	252,965
(12) 92,111	136,870	128,440	117,661	138,646	151,745	146,542
(13) 7,118	96,087	97,873	80,657	96,136	120,642	106,423
(14) 5,000	29,660	66,393	70,697	95,118	126,865	102,171
(15) 1,461	25,544	64,405	68,801	92,899	124,358	99,285
(16) 3,539	4,116	1,988	1,896	2,219	2,507	2,886
(17) 74,025	74,025	77,920	71,882	85,158	78,225	89,428
(18) 18,017	7,335	7,577	18,017	18,017	18,017	18,017
(19) 5,220	7,335	7,577	195	349	683	1,263
(20) 45,081	48,673	52,326	53,670	66,792	59,525	70,148
(21) 172,55	336,642	370,626	340,897	415,058	477,477	444,564

Source: Zespri Limited Group

* - '000 NZD

7.2 Appendix II – Income Statement

Table 15 Income statement (2003-2008)

Year	2003	2004	2005	2006	2007	2008
Operating revenue(1)	868,555	919,730	1,035,622	1,007,063	1,157,008	1,150,068
Other Revenue(2)	-	-	-	-	-	3,292
Operating expenses(3)	-845,873	-885,076	-993,683	-964,076	-1,123,144	-1,138,892
Other gain/(loss) (4)	-	-	-	-	-	15,037
Operating profit/(loss) before tax(5)	22,682	34,654	41,939	42,987	33,864	29,505
Finance revenue(6)	-	-	-	-	-	6,622
Finance expence(7)	-	-	-	-	-	-4,457
Net profit before tax(8)	-	-	-	-	-	31,670
Taxation expense(9)	-8,296	-11,737	-15,460	-16,541	-12,125	-11,940
Net profit after tax(10)	14,386	22,917	26,479	26,446	21,739	19,730
Earnings per share (11)	1,08\$	1,07\$	1,1\$	1,1\$	0,9\$	0,82\$

Source: Zespri Limited Group

* - '000 NZD

Table 16 Income statement (2009 - 2014)*

	2009	2010	2011	2012	2013	2014
1)	1,465,404	1,542,193	1,414,757	1,486,577	1,448,474	1,218,641
2)	4,348	3,814	6,109	23,230	6,614	6,383
3)	-1,437,237	-1,476,026	-1,490,608	-1,591,085	-1,530,856	-1,309,794
4)	6,216	-30,003	82,130	110,959	93,114	108,228
5)	38,731	39,978	12,388	29,681	17,346	23,458
6)	5,612	4,927	4,220	4,337	5,818	5,188
7)	-5,705	-3,222	-2,398	-2,321	-1,797	-1,545
8)	38,638	41,683	14,210	31,697	21,367	27,101
9)	-14,704	-15,793	-6,953	-11,170	-13,798	-9,856
10)	23,934	25,890	7,257	20,527	7,569	17,245
11)	0,99\$	1,07\$	0,06\$	0,17\$	0,063\$	0,143\$

Source: Zespri Limited Group

* -'000 NZD