

# Key Performance Indicators



A Key Performance Indicator (KPI) is a type of performance measurement that evaluates the success of Zespri or of a particular activity in which Zespri engages.

Zespri's financial year runs from 1 April to 31 March.



## Industry Trends

### Total Fruit Loss

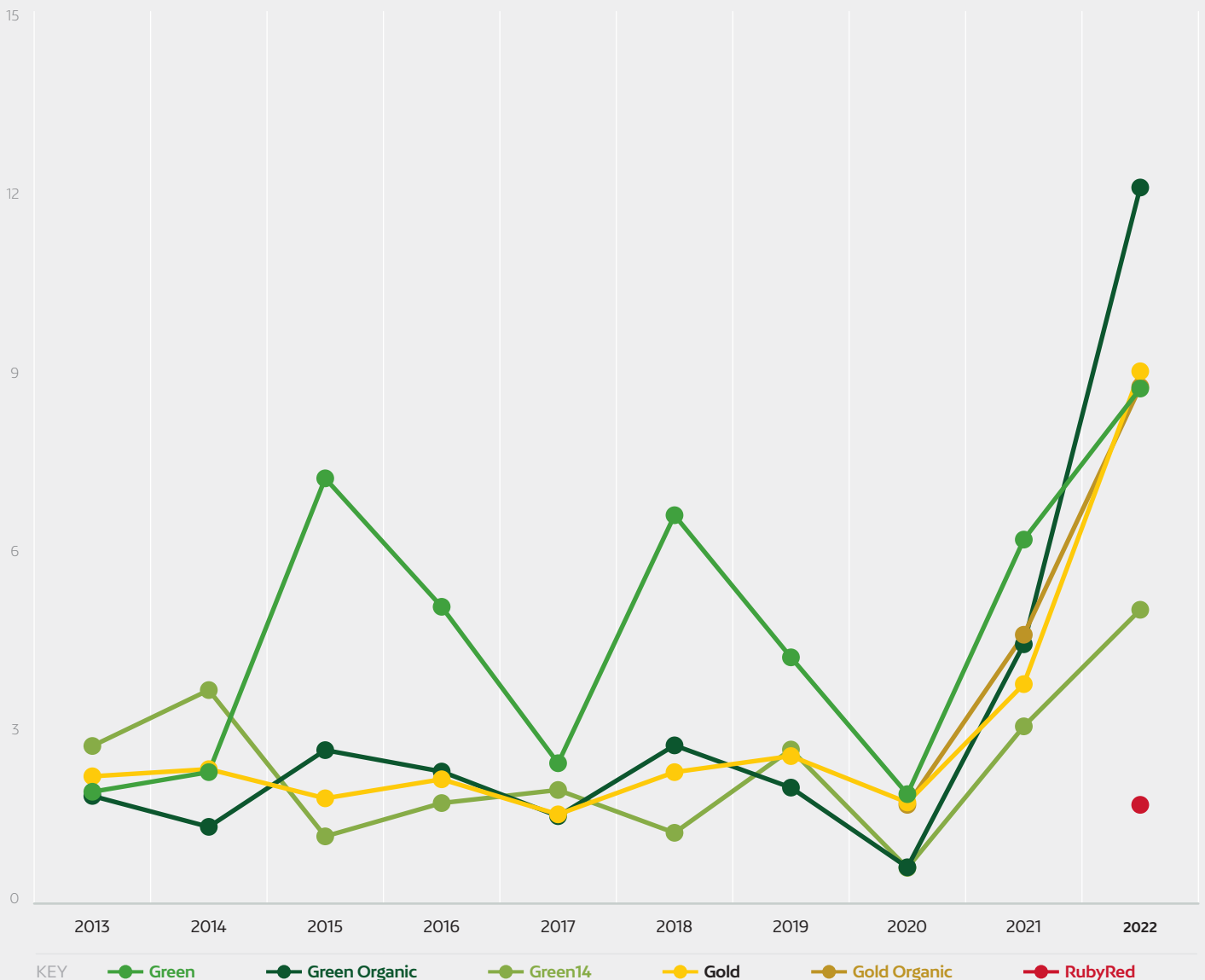
2022 will be remembered as the year the industry suffered significant quality problems. There have been previous years when fruit loss spiked, usually due to larger crops and a later selling season, as evidenced by the Green Conventional total fruit loss in 2015 (7.15%) and 2018 (6.53%).

All fruit categories were impacted in 2022 with the largest impact felt by Green Organic (12.04%) Gold Conventional (8.95%) and Green Conventional (8.66%). Green Organic fruit loss was compounded by forecast planning and shipping challenges.

The labour shortage was a key contributor with insufficient staff throughout the growing season, including harvest. The lack of labour and generally poorer quality fruit entering the supply chain placed pressure on the entire system which exposed areas where improvement is required. A new acronym, Superficial Skin Rub (SSR) was born to describe the significant amount of fruit lost due to a rash on the skin.



### TOTAL Fruit Loss (% of submit)



## Onshore Fruit Loss

Borders remained closed during the early part of 2022 resulting in an anticipated 7,000 worker shortfall for harvest. An industry wide plan was established to ensure all fruit could be harvested. Despite the plan, and a lower than forecast crop, a lack of labour made it difficult for best practice to be followed. All fruit groups, with the exception of Green14, suffered their worst onshore fruit loss in the last decade.

## Offshore Fruit Loss

Fruit loss challenges continued offshore. Again, a lack of skilled labour was a factor. There was a higher than normal percentage of poor quality fruit arriving into the markets, which distribution centres had not been set up to cope with. Existing processes collapsed under the weight of poor-quality fruit. The European market was the worst performer, with distance to market being a contributing factor in that result.

It should be noted that the China market reported lower fruit loss than other markets largely because most of their fruit is held with distributors who lodge lower quality fruit as claims rather than fruit loss.

## NZ Supply Overhead, Margin and Sales

NZ Supply Overheads (excluding innovation) increased to 7.89% of net revenue in 2022 versus 6.96% in 2021, on the back of falling sales. Zespri has been building capability to handle increasing sales, which did not eventuate in 2022 due to the lower than forecast crop and quality challenges. Those additional costs included:

- Increasing the number of roles across the NZ supply chain (regulatory, commercial and GAP roles), and within Europe and North America, as well as roles in sustainability and red commercialisation.
- An increase in business as usual activities as the world came out of lock down.

## Research & Development (R&D)

R&D Expenditure was the highest on record and a large jump following the previous COVID-impacted seasons.



## Onshore Fruit Loss (% of submit)

The percentage of gross submit volume that is subsequently not shipped because of fruit loss.

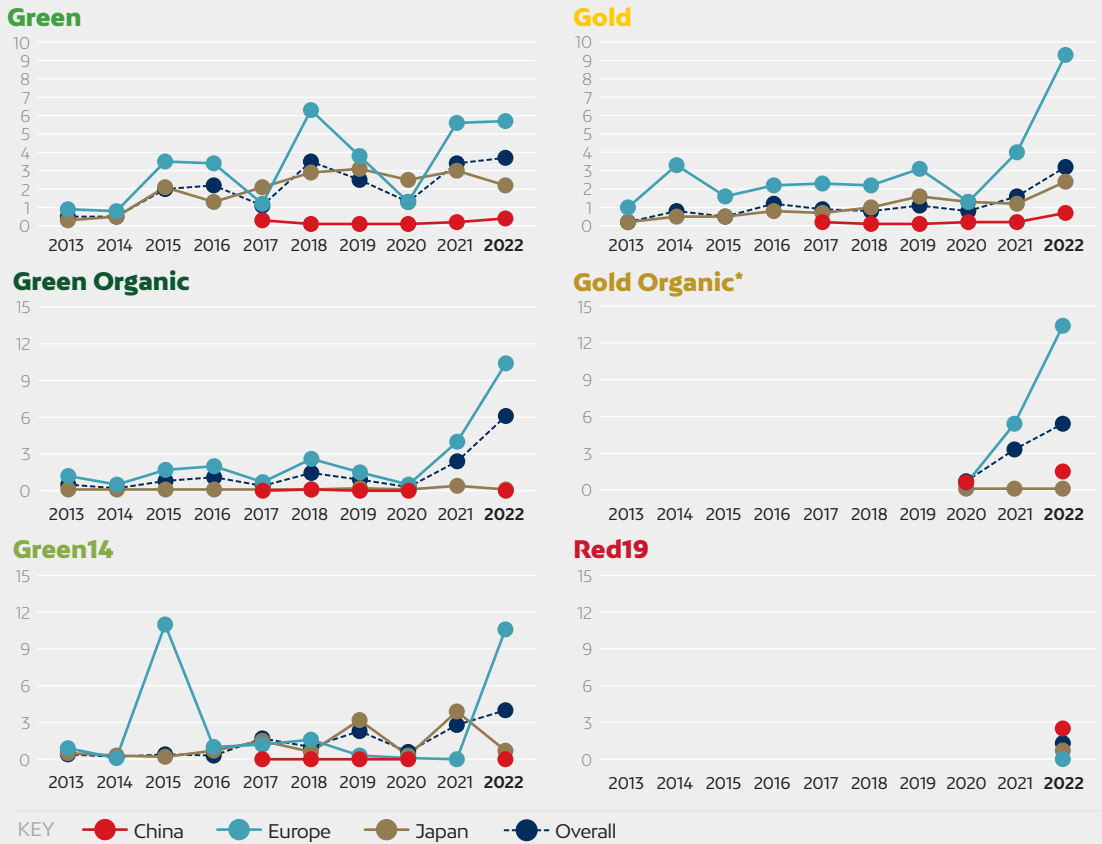
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Green</b>	1.38%	1.71%	3.74%	2.76%	1.30%	2.98%	1.60%	0.69%	2.69%	4.97%
<b>Green Organic</b>	1.31%	1.09%	1.81%	1.16%	1.03%	1.21%	1.00%	0.32%	2.01%	5.93%
<b>Gold*</b>	1.94%	1.46%	1.12%	0.87%	0.74%	1.39%	1.35%	0.93%	2.07%	5.74%
<b>Green14</b>	2.25%	3.39%	0.41%	1.36%	0.23%	0.16%	0.30%	0.01%	0.21%	0.92%
<b>Gold Organic*</b>								0.99%	1.27%	3.25%
<b>Red19</b>										0.38%

\*The 2016 to 2019 comparatives presented here for Gold reflect the combined pool of SunGold and Organic SunGold kiwifruit. These varieties have been split into separate pools for the 2020 season onwards.



## Offshore Fruit Loss (% of submit)

The percentage of fruit in market (offshore) that is not sold due to quality reasons.

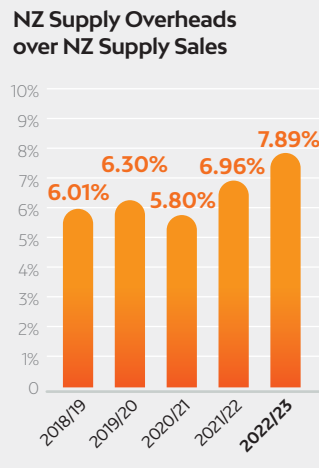
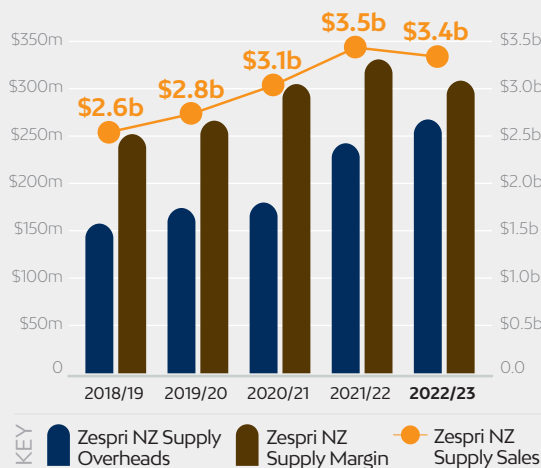


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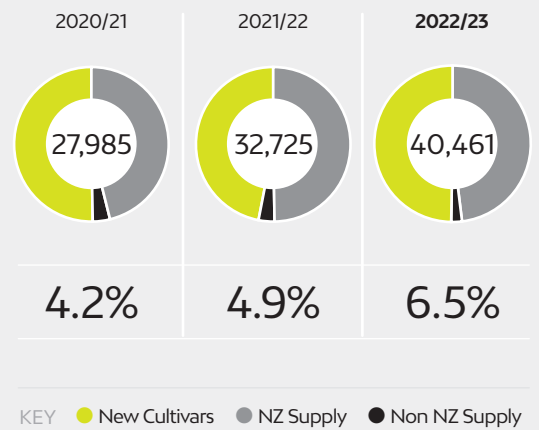
## NZ Supply Overheads, Margin and Sales

Expenses associated with running the NZ Supply business (excluding innovation).



## Research & Development

The amount of NZ Supply Margin utilised for R&D expenditure (stated in \$1,000).



## Global Revenue per FTE

The total number of Zespri staff grew from 776 to 837 in the 12 month period under review. 66% of the increase are non-NZ based and are focussed on mainly fruit quality and sales. The trays sold per employee has reduced by 30% in the last 5 years. This reflects Zespri's intention to penetrate deeper into the market to capture more value per tray. Revenue per employee has been relatively constant in the preceding 4 years but dropped by 12% in 2022/23 off the back of lower tray numbers while Zespri builds for long term growth. We will be monitoring to ensure this short-term trend is reversed.

## Premium Pricing

Zespri managed to achieve price premiums over competing greens in all but one major market. The largest price premium obtained was in Europe, followed by China, Japan and North America.

Green premium pricing of Zespri over other Green kiwifruit grew in Europe by 26%, with a slight increase in North America by 5% compared to China dropping by 3% and Japan holding stable.

The change in Korean market premium is a result of reduced competing Chilean fruit, which generally receives a lower price than Zespri fruit. Compounding the relative return, locally grown Korean fruit, which sells in a tight window late in the year, attracted a higher premium than Zespri.

## Brand Power

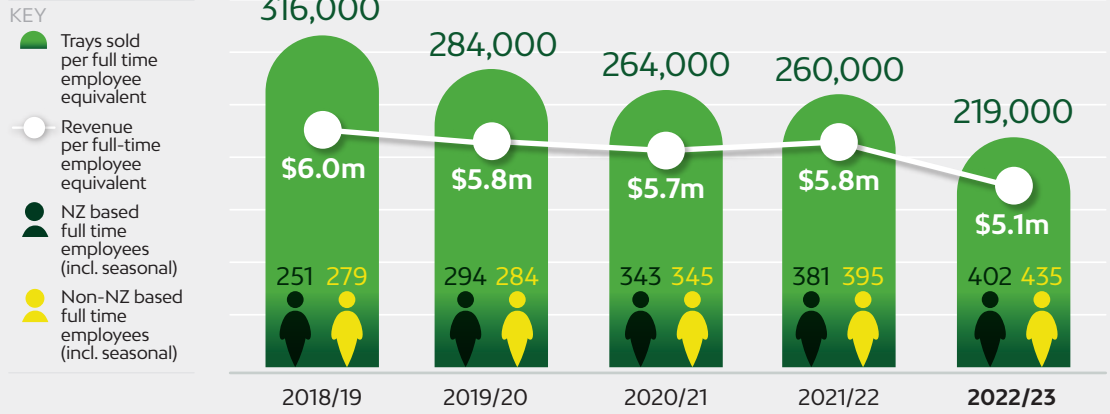
Zespri brand awareness remains strong across the key 15 markets with China and Taiwan continuing to lead. The season saw an increase in brand ranking within the top 5. Germany increased from fifth to fourth and Belgium decreased from second to third. Outside the top 5, the USA increased from eleventh to ninth, whilst Australia was eighth with Italy remaining steady at sixth.

Zespri household penetration took a backward step in 2022 according to shopper panel data supplied. All enhance markets dropped, as did most "Establish" markets. Japan was the worst performer falling from 40.9% last year to 23.4% in 2022. This change was attributed to a change in data source. We will be looking for improvement in this key market next year. Germany was the only exception rising from 27.3% to 28.8%.



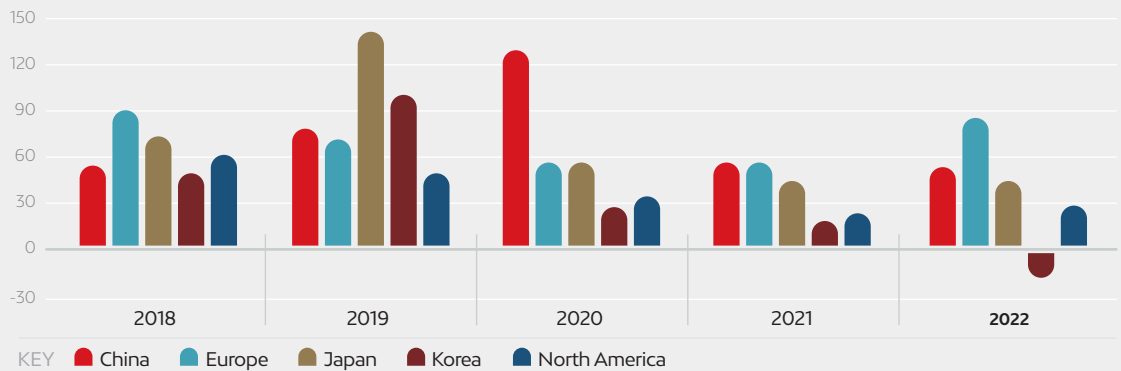
## Global Revenue per Employee

The productivity and effective use of Zespri's resources.



## Average Premium Pricing – Green (% by market)

The price at which Green fruit is sold which is higher than that of competing brands.



## Brand Awareness – Top Markets in Brand Performance (%)

The engagement of consumers and their loyalty to the Zespri brand.

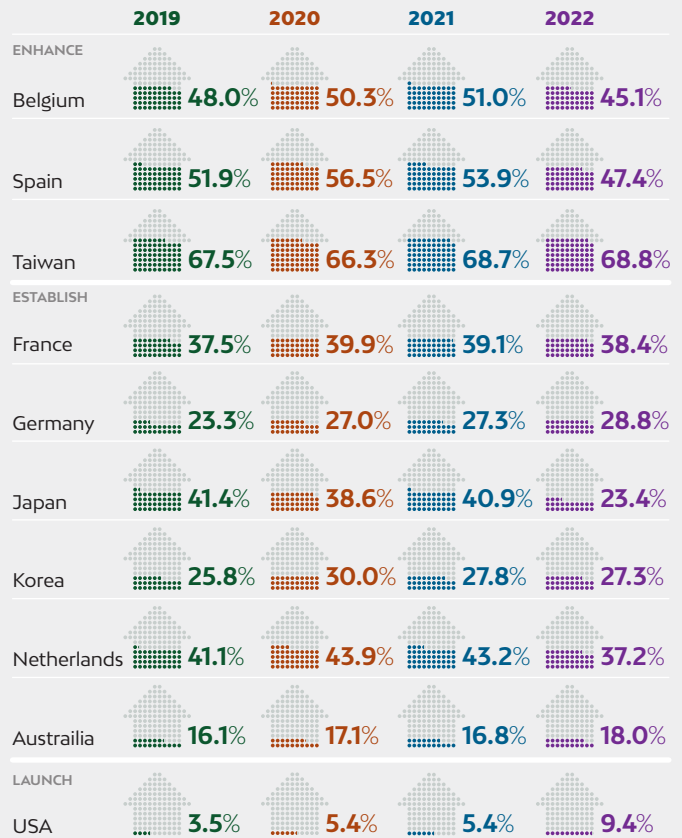
### Zespri Brand Power

Ranking of Zespri's brand power among fruitbrands.



### Zespri Penetration

Percentage of households that bought Zespri kiwifruit at least once a year.



# KPI 2022 SEASON Commentary

## Dividend

Recent years earnings growth was mostly driven by the SunGold License Revenue. However, from FY2022 to FY2023, following consultation with the industry, Zespri reduced the number of licenses and modified the release mechanism.

New Zealand Segment Margin also decreased due to the lower ZGL margin and higher overheads which resulted in lower total NPAT which is then reflected in the lower dividends and lower share price.

The total net dividend for the year was \$1.17 (gross dividend \$1.53) per share, down from a net \$1.78 (gross \$2.36) in 2021/22.

## Collaborative Marketing

Only 2.8m trays were sold through Collaborative Marketing in 2022, a reduction from 4.1m trays in 2021. The OGR for both Zespri and Collaborative Marketing fell in the 2022/23 season compared to the previous year.

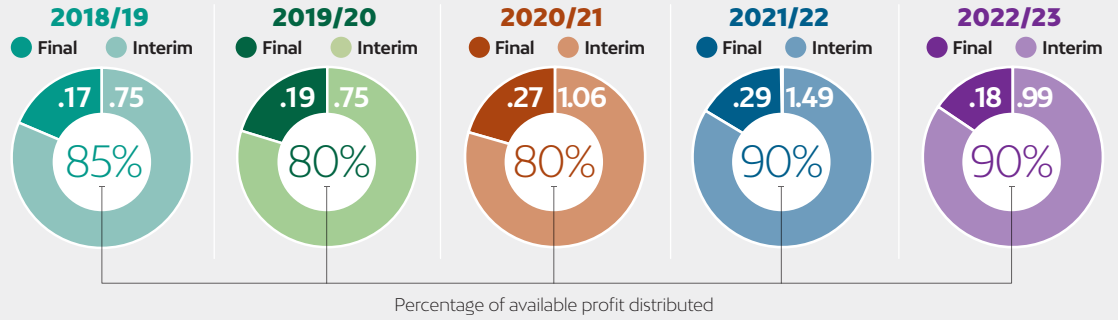
All Collaborative Marketing programmes received in 2022 were approved by Kiwifruit New Zealand.



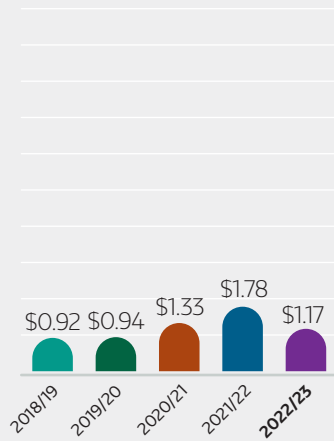
## Zespri Group Limited (ZGL) Dividend (NZD)

How the ZGL dividend return has changed (re-stated for the 3 for 2 share split).

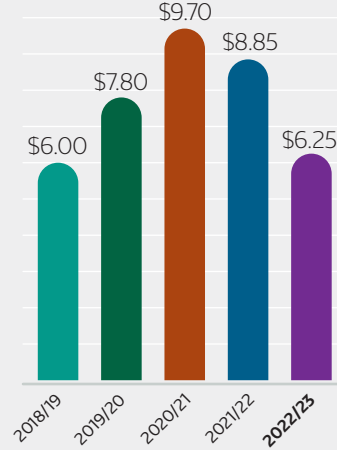
### Dividend per share



### Dividend Return



### Share Price



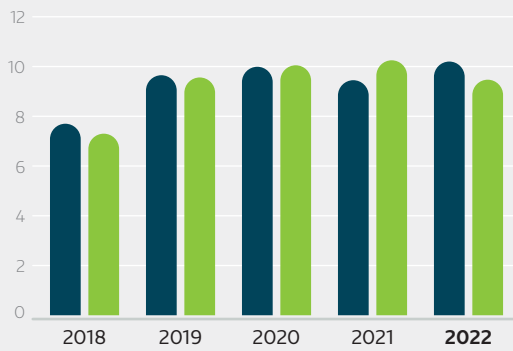
### Equity (millions)



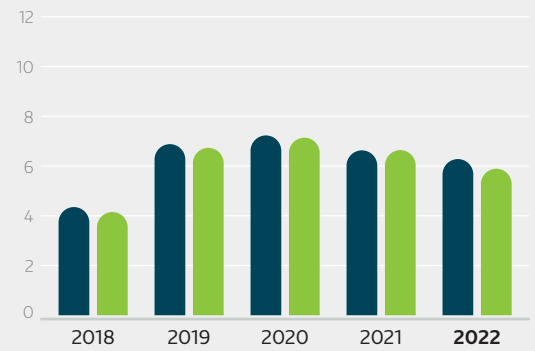
## Collaborative Marketing

The effectiveness of collaborative marketing benchmarked against the closest comparable market returns.

### Total Fruit and Service Payments per Tray Equivalent (TFSP/TE)



### Orchard Gate Return per Tray Equivalent (OGR/TE)



KEY Collaborative Marketing Zespri

### Approvals & Declines — Net Applications Received (less withdrawals)



KEY Approved Declined

### Volumes & Returns



**NZKGI**  
NEW ZEALAND KIWI FRUIT GROWERS

25 Miro Street  
PO Box 4246  
Mt Maunganui South 3149  
New Zealand  
P. 07 574 7139  
E. [info@nzkgi.org.nz](mailto:info@nzkgi.org.nz)  
TOLL FREE: 0800 232 505  
[www.nzkgi.org.nz](http://www.nzkgi.org.nz)