

# Deloitte.

## The long winding road The Deloitte South Island Index

A review of the performance of South Island  
listed companies during the year to 30 June 2014

26th Edition

# Introduction

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Welcome to the 26th Edition of the Deloitte South Island Index. In this edition we reflect on the performance of South Island listed companies during the most recent quarter and review the past year to 30 June 2014.



Over the past twelve months the Deloitte South Island Index continued on its phenomenal rate of growth from the previous year, gaining a remarkable \$2.92 billion (35.3%) in the year ended 30 June 2014 despite the 3.0% decline in the most recent quarter. One of the key milestones achieved during the year was the Index breaking through the \$10 billion barrier for the first time. An encouraging outcome from the past twelve months is that the remarkable growth was well spread, with all sectors tracked exhibiting growth.

## Movements in June 2014

The month of June resulted in a slight increase in value with the Deloitte South Island Index increasing by 0.9%. Over the same period all the indices tracked also had minor movements, with the Dow Jones gaining 0.7%, the NZX 50 dipping 0.7% and the ASX All Ords decreasing by 1.7%.

## Quarterly movements – Q2 2014

Despite the slight increase in June, the Deloitte South Island Index had its first decline in two years – falling \$351.6 million (3.0%) in market capitalisation since 31 March 2014. This result was shaped by a disappointing quarter for the Bio-technology and Retail sectors, which reduced by \$180.5 million and \$132.1 million in market capitalisation respectively.

## Annual movements – Jul 2013 to Jun 2014

The Deloitte South Island Index increased by \$2.92 billion (35.3%) during the year to 30 June 2014 – considerably outperforming increases in the NZX 50 of 15.8%, the Dow Jones of 12.9% and the ASX All Ords of 12.7%.

# Executive Summary

## Year to 30 June 2014

The Deloitte South Island Index started off the past 12 months very well, with the Index shooting to new heights and continuing on its strong performance from the previous year, before hitting a stumbling block in the last quarter.

Over the year the number of companies in the Index increased by one, after the following movements:

- The successful listing of Rakaia based Synlait Milk Limited on the NZX in July 2013;
- The highly publicised listing of Meridian Energy Limited on the NZX in October 2013; and
- The removal from the Index of Synlait Farms Limited after the finalisation of the takeover offer in March 2014.

The key points for the year to 30 June 2014 include:

- The Deloitte South Island Index increased by \$2.92 billion (35.3%). The results show that half of the 32 companies in the Index grew during the past 12 months. In comparison to the NZX 50 and indices of New Zealand's major trading partners, the Deloitte South Island Index's growth of 35.3% outpaced all the other indices, more than doubling the closest challenger. Over the same twelve months, the NZX 50 achieved growth of 15.8%, the ASX All Ords 12.7%, and the Dow Jones 12.9%.
- All sectors achieved growth in their market capitalisations over the year to 30 June 2014. The Manufacturing & Distribution sector led the way with an outstanding increase of 93.7%, while the Property sector topped the growth table in terms of dollars.
- The ten largest companies in the Index, all with market capitalisation greater than \$300 million, collectively grew 40.5% over the twelve months to 30 June 2014.
- The top five contributors to the overall growth in dollar terms were Ryman Healthcare (\$1,090.0 million), EBOS Group (\$871.4 million), Meridian Energy (\$300.8 million), Synlait Milk (\$171.2 million) and Kathmandu Holdings (\$135.5 million).

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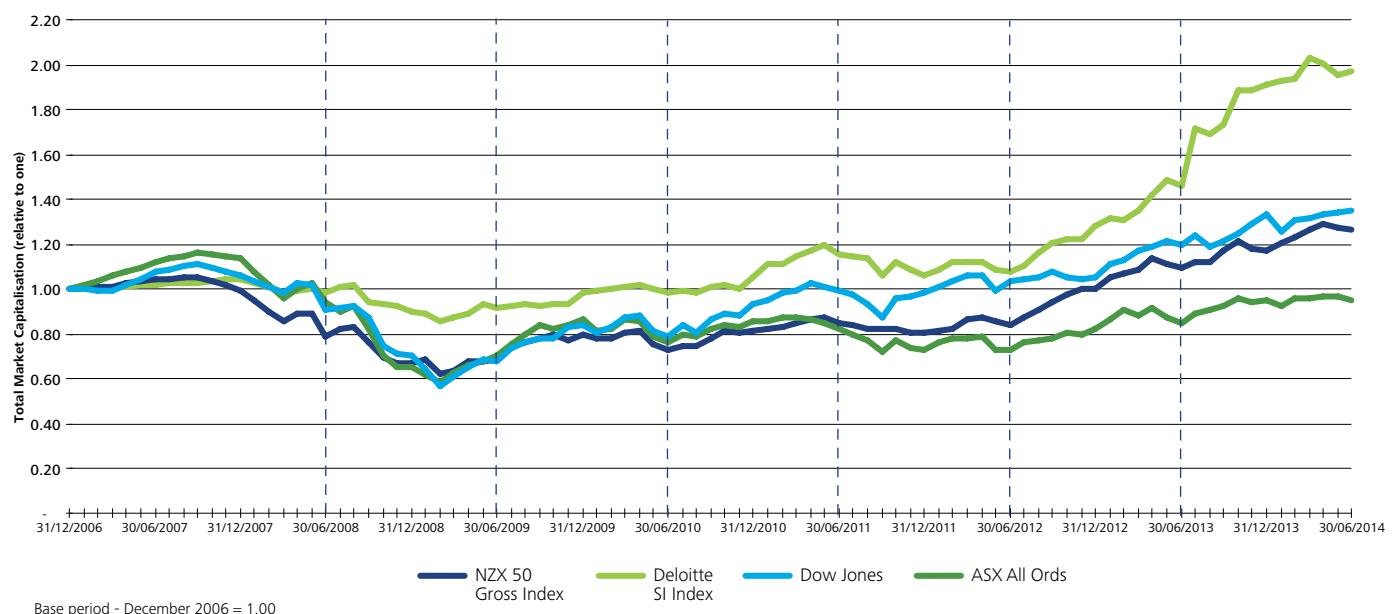
## Quarter to 30 June 2014

Key points for the second quarter of 2014 include:

- The Deloitte South Island Index decreased by \$351.6 million (3.0%) during the quarter to 30 June 2014. In comparison, over the same period, the Dow Jones and the NZX 50 Index grew by 2.2% and 0.03% respectively, meanwhile the ASX All Ords dipped by 0.4%. The top performers in the quarter include Meridian Energy (up \$100.4 million), Heartland New Zealand (up \$74.5 million), Lyttelton Port (up \$15.3 million), Skyline Enterprises (up \$10.2 million) and Scott Technology (up \$8.6 million).
- The Bio-technology sector was the standout performer for the wrong reason, declining 39.5% on the back of Pacific Edge's poor share price performance during the quarter. Only three of the eight industry sectors tracked posted positive movements in the quarter to 30 June 2014 – being the Other, Energy & Mining and the Port sectors which gained 4.5%, 4.4% and 3.5% in market capitalisation respectively.
- Kathmandu Holdings finally joined the rest of the Retail sector with a fall in market capitalisation, resulting in the sector falling 16.4% during the quarter to 30 June 2014. The largest decline in the sector was suffered by Postie Plus Group after shares were placed in a trading halt in late May 2014 as the company appointed Administrators to facilitate a sale of the company's assets and pursue compensation for losses.
- The disappointing quarter was felt across the board with segments at both ends of the Index experiencing declines as the largest five companies (down 2.2%), largest ten companies (down 0.9%) and the smallest ten companies (down 8.8%) all contributed to the quarterly loss.

# Looking back

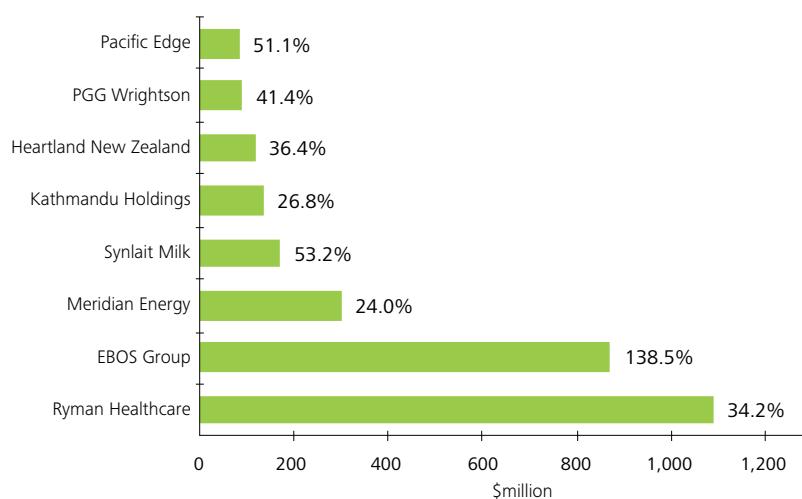
## Performance of Deloitte South Island Index against major indices



The South Island Index has been produced quarterly since March 2008. It has followed the movement in market capitalisation of the companies in the Index from 31 December 2006 to 30 June 2014. Over this period, the Index as a whole has increased by 97.3%, with the majority of the gain being from the exceptional performance over the past 24 months. In comparison to the other major indices tracked, no other index achieved anything on par with the Index's performance since its inception, with the Dow Jones being the closest challenger achieving growth of 35.0%. The NZX 50 increased 26.8% over the same period in terms of market capitalisation, whilst the ASX All Ords struggled to battle its way upward since the low point in February 2009, still 4.6% down since the base period of December 2006.

### Growth in Market Capitalisation

Since 30 June 2013, the Deloitte South Island Index has grown by \$2.92 billion or 35.3% in terms of market capitalisation. During that period half of the companies on the Index (16 out of 32) have increased their market capitalisation, Pharmazen returned to the same level it was 12 months earlier, and the remaining companies experienced a decrease.



Unsurprisingly, once again, Ryman Healthcare was the standout performer for the year with an impressive \$1,090.0 million increase in market capitalisation. The NZX 10 participant has quadrupled its size since 30 June 2010, growing 429.6% over the past four years.

The other notable performances in the index were from the next two largest companies on the Index table – Meridian Energy and EBOS Group. Meridian Energy

took the second ranked position on the Index ladder off EBOS Group in April 2014 following its high profile listing in October 2013 and subsequent gains in share price, growing \$300.8 million (24.0%) since its listing. Meanwhile, EBOS Group had an exceptional period in the September 2013 quarter after its enormous growth in market capitalisation following the issuance of new shares to enable the acquisition of Symbion, the leading Australian pharmaceutical wholesaler and distributor. This spearheaded EBOS Group's annual growth of \$871.4 million in market capitalisation (138.5%).

Synlait Milk led the way in the Primary sector increasing its market capitalisation by \$171.2 million (53.2%) from the listing price in July 2013, after giving local investors an opportunity to directly participate in the New Zealand dairy industry.

In terms of ranking on the Index, the biggest climber for the year was BLIS Technologies moving up 5 places to 22nd position. Its growth was the largest of any company on the Index in percentage terms, shooting up a remarkable 179.1% for the 12 months to 30 June 2014.

### Declines in Market Capitalisation

On the other side of the coin, the company with the largest fall in market capitalisation for the second year in a row was Bathurst Resources, with a movement of \$43.7 million, or 48.1% over the twelve month period to 30 June 2014. Accumulatively, over the past 3 years Bathurst Resources' market capitalisation has shrunk to be only 5.4% of its size as at 30 June 2011, dissipating \$820.9 million of its value. The drop reflects the challenges that the company faces with obtaining environmental resource consents and the price of coking coal being at its lowest point in about nine years. This led the company to reassess its operations during the year and triggered a number of redundancies.

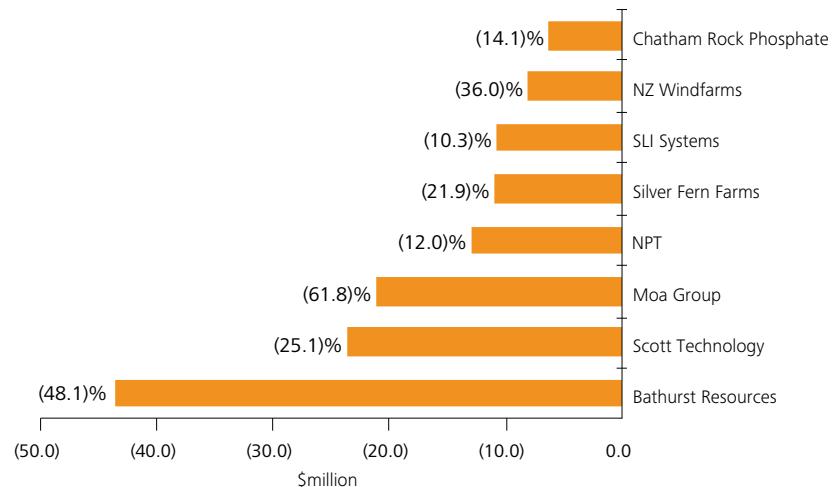
Scott Technology also saw its market capitalisation decrease over the previous 12 months by \$23.7 million (25.1%). The company's share price had a disappointing year dropping \$0.69 to \$1.61 for the year ended 30 June 2014 - a reduction of 30.0%. In the company's half year report released in March, it announced that "underlying activity and sales across the entire business were at strong levels but, due to the effect of the high New Zealand dollar and the competition to win project work, margins were lower than historical

levels". Scott Technology also announced in May its agreement to acquire RobotWorx, an industrial robot integrator based in North America in Ohio.

Another company to suffer a decline over the year to 30 June 2014 was Moa Group. The company had a drastic decline in mid-August 2013 after announcing that its distributor had advised that it did not expect to meet the agreed FY14 sales volume target. Subsequent to that announcement Moa Group has struggled to regain the confidence of investors with the share price continuing on a downward slope. However Moa CEO, Geoff Ross was in a more upbeat mood at the release of the annual results in May, stating "the first six months were particularly negative for the company across all measures. However changes made have us back on the right track, with a particularly motivated and confident team in the market – getting the required results."

Other notable declines over the year were from NPT and Silver Fern Farms dropping \$13.0 million (12.0%) and \$11.0 million (21.9%) respectively.

The biggest slide down the rankings was Moa Group, dropping 5 places from 20th position to 25th position on the Index after shrinking by almost two-thirds in a disappointing year, declining by \$21.2 million or 61.8% of its market capitalisation over the year.



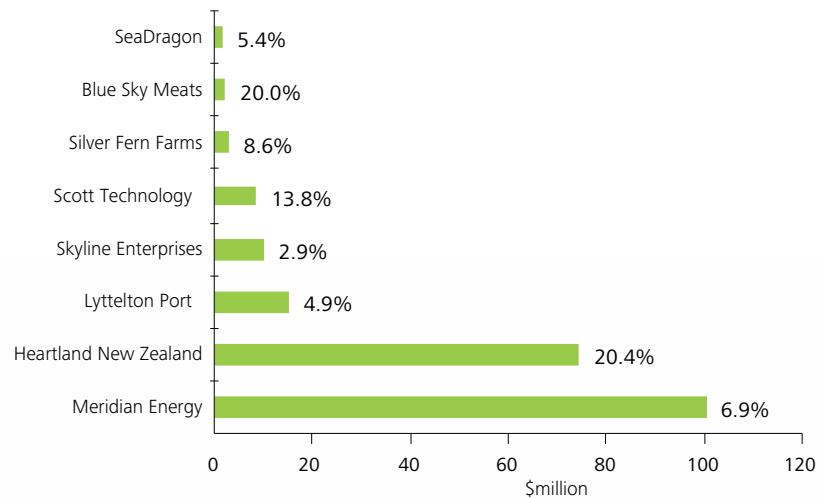
# The Quarter to 30 June 2014

## Growth in Market Capitalisation

Meridian Energy led the Index, keeping its investors content over the quarter, with its share price increasing \$0.08 to \$1.24 per share – a growth rate of 6.9%. Since the initial dip in share price in early December 2013, following the public listing of the company in October 2013, the Meridian Energy share price has seen a continual increase, ending the 30 June 2014 quarter 24.0% up on its initial listing price.

Heartland New Zealand was the other major gainer during the quarter increasing its market capitalisation by \$74.5 million (20.4%). The reason for the increase is two-fold. Firstly, in April the company finalised its acquisition of Seniors Money International Limited's New Zealand and Australian Home Equity Release mortgage businesses which Heartland New Zealand funded through the issue of \$38.7 million in new shares. In June the share price increased considerably, coinciding with the bank's announcement of the sell down of non-core property.

Lyttelton Port had a good quarter with its share price gaining \$0.15 to \$3.20 per share – a growth rate of 4.9%. Over the quarter Lyttelton Port received positive news from Canterbury Earthquake Recovery Minister Gerry Brownlee announcing that he had "directed Environment Canterbury and Lyttelton Port to prepare a Lyttelton Port Recovery Plan". The recovery plan is similar to the Christchurch Central Recovery Plan and the Land Use Recovery Plan, providing the company with a streamlined process to assist with timelier redevelopment of the damaged port facilities.



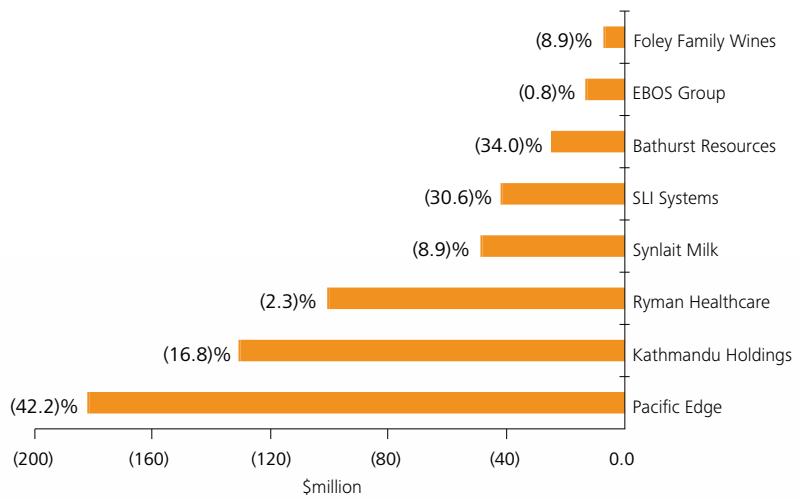
**Meridian Energy led the Index, keeping its investors content over the quarter, with its share price increasing \$0.08 to \$1.24 per share – a growth rate of 6.9%.**

### Declines in Market Capitalisation

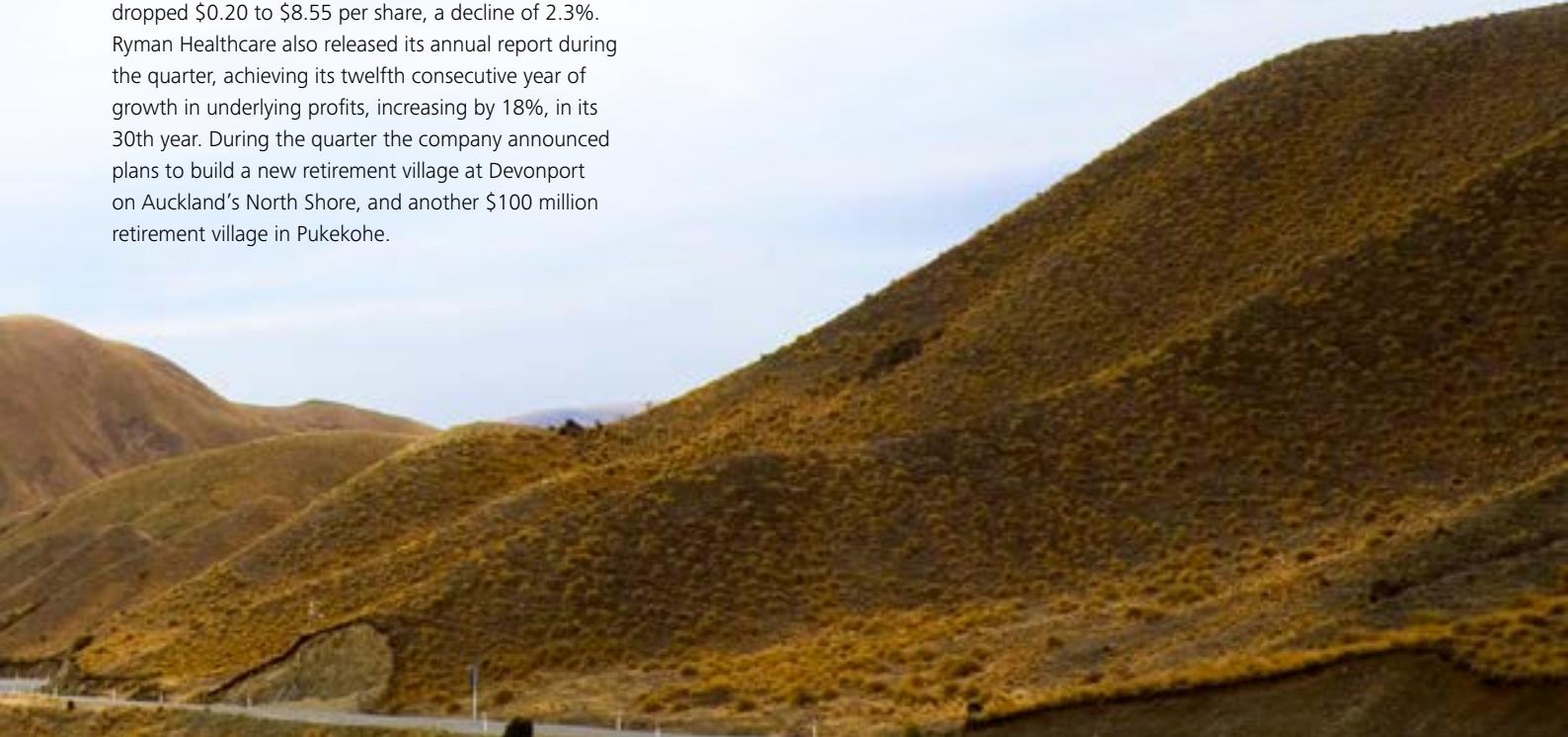
Pacific Edge experienced its worst ever quarterly share price performance since the inception of the Index, falling 42.2% or losing \$181.6 million in market capitalisation in the quarter to 30 June 2014. Pacific Edge released their annual results during the quarter posting a net loss of \$9.38 million for the year ended 31 March 2014 (\$6.95 million loss in 2013). The company explained that "the majority of the net loss is the significant investment the company has made in the growth of the business; setting up and roll out of business in the USA, clinical trials and User Program's with new customers, further product development and management of intellectual property."

Kathmandu Holdings finally joined the other companies in the Retail sector by having a disappointing quarter, decreasing by \$129.8 million in market capitalisation or 16.8%. In June, Kathmandu Holdings provided the market with a trading update that announced "that group sales through June, and in particular since the start of the company's winter sales promotion, have been significantly below expectations in both Australia and New Zealand". The company then estimated that earnings before interest and tax (EBIT) for the 11 months to the end of June 2014 would be between 10% and 15% below the result for the same period in FY13.

Ryman Healthcare found itself in an unfamiliar situation during the quarter, experiencing its first quarterly decline for eleven quarters. The company's share price dropped \$0.20 to \$8.55 per share, a decline of 2.3%. Ryman Healthcare also released its annual report during the quarter, achieving its twelfth consecutive year of growth in underlying profits, increasing by 18%, in its 30th year. During the quarter the company announced plans to build a new retirement village at Devonport on Auckland's North Shore, and another \$100 million retirement village in Pukekohe.



**Ryman Healthcare found itself in an unfamiliar situation during the quarter, experiencing its first quarterly decline for eleven quarters.**



# Sector Movements

## Year to 30 June 2014

One encouraging outcome from the past twelve months is that the remarkable growth was well spread, with all sectors exhibiting growth. The sector indices show a compelling story of positivity over the past two years with each sector growing in both years, with the exception of the Energy & Mining sector in the year to June 2013.

The star performer, on a percentage basis, for the twelve month period ending 30 June 2014 was the Manufacturing & Distribution sector which recorded a remarkable 93.7% growth rate. The growth was primarily attributable to EBOS Group's strong growth and was also supported by Skellerup Holdings' share price increasing \$0.43 over the year to 30 June 2014 – a growth rate of 32.6%.

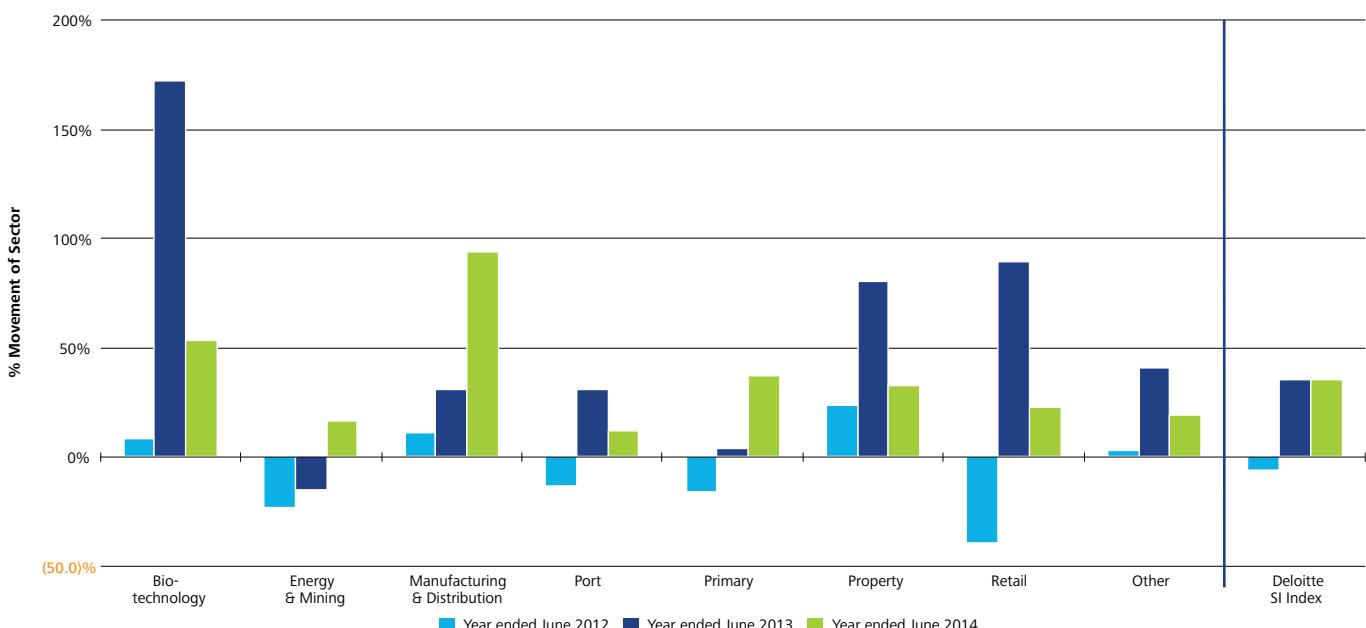
The Bio-technology sector had a seemingly quieter year compared to the previous year's growth of 171.9%, 'only' growing 53.2% in the year to 30 June 2014. Once again every company in the sector achieved growth over the previous twelve months; however the vast majority of the growth was due to the \$84.0 (net of the fall recorded in the most recent quarter) million gain in market capitalisation by Pacific Edge. The other Dunedin based bio-technology company, BLIS Technologies recorded incredible growth of 179.1% during the twelve months, highlighting Dunedin's reputation as a first

class environment to develop burgeoning industries.

New Zealand's traditional exporting industries also performed surprisingly well given the strength of the New Zealand dollar over the past twelve months. The Primary sector performed remarkably well growing by 37.2%, led by Synlait Milk (53.2%) and PGG Wrightson (41.4%). The excellent performance of the Primary sector likely had a positive effect on the Port sector which grew by 12.2%, with both the Ports on the Index achieving growth.

It is interesting to note the role that capital raising played in the sectors' movements compared to share price appreciation. Excluding the initial public offerings from Synlait Milk and Meridian Energy during the year, the following companies were the leading capital raisers in their respective sectors (in dollar terms): Pacific Edge (Bio-technology); Bathurst Resources (Energy & Mining); EBOS Group (Manufacturing & Distribution); Heartland New Zealand (Other); SeaDragon (Primary) and Kathmandu Holdings (Retail). There was no capital raised in the Port or Property sectors. Over the twelve months to 30 June 2014, the Index increased by over 1.6 billion shares with the approximate value of \$896.0 million in market capitalisation, compared to the \$2,024.1 million growth attributable to share price appreciation.

## Movement in Sector Indices - 12 month period to 30 June 2014



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### Quarter to 30 June 2014

In line with the overall quarterly decline in the Deloitte South Island Index of 3.0%, the various industry sector performances make disappointing reading for investors. Only three of the eight sectors posted positive movements, with the greatest being a moderate growth of 4.5%. The most adverse impact on the overall Index results came from the Bio-technology and Retail sectors declining 39.5% and 16.4% respectively.

The Bio-technology sector suffered the greatest decline of all the sectors tracked, led by the disappointing performance of Pacific Edge. The company's share price has returned to levels recorded in October 2013, just prior to Pacific Edge's exceptional increase in share price following the company's two announcements in October that it had signed agreements with FedMed and America's Choice Provider Network (ACPN) to provide 54 million Americans with access to Pacific Edge's Cxbladder. While Pharmazen's share price returned to the same level it began the quarter with, the other company in the sector – BLIS Technologies – gained a robust 6.3% for the quarter, after it released its annual results recording an increase in its trading revenue of 12.7%, and a decrease in its net deficit from the preceding year by \$0.315 million to \$1.541 million.

All the companies in the Retail sector decreased in market capitalisation resulting in the sector falling by 16.4%. Whilst Kathmandu Holding had the largest loss in dollar terms (\$129.8 million), the largest percentile

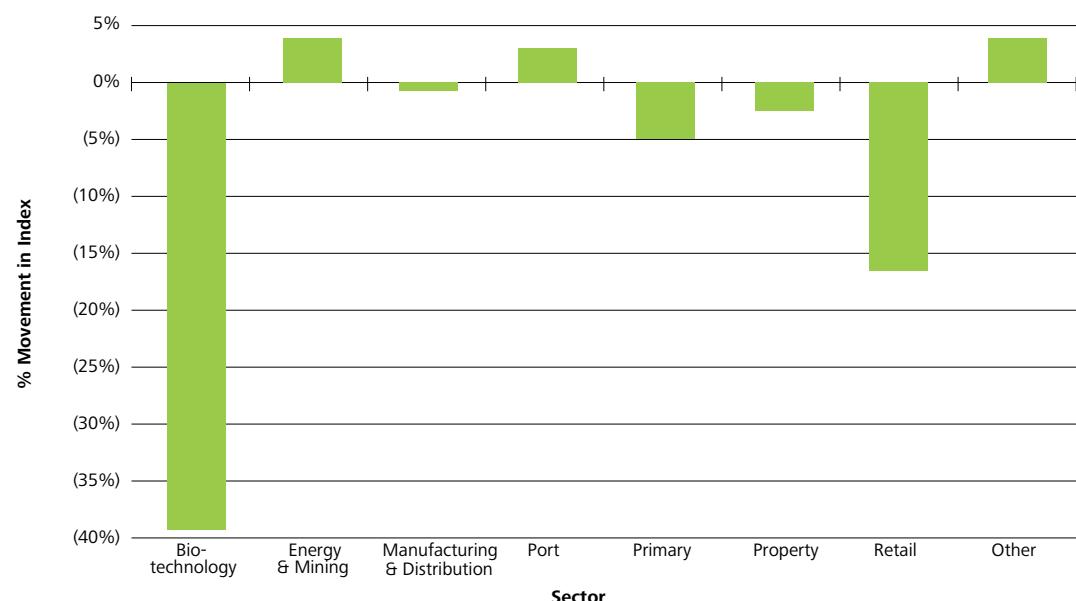
decrease was Postie Plus Group with a fall of 21.6%.

Postie Plus Group shares were placed in a trading halt in late May 2014 as the company appointed Administrators to facilitate a sale of the company's assets and pursue compensation for losses. Smiths City Group, dropping 5.0% over the quarter, was another company to release its annual results. Even though the operating revenue was down 0.8%, the operating surplus after taxation increased by 24.1% to \$4.1 million. Looking ahead, the Smiths City Group management has the task of turning around the "under-performers" Powerstore and Alectra Service.

The Property sector underwent a decline in the quarter to June 2014, declining 2.3% as both companies fell out of favour of investors. Ryman Healthcare's share price declined by 2.3% even after the company announced a positive annual result and the intention to build new retirement villages in Devonport and Pukekohe. The other company in the sector, NPT, decreased in market capitalisation by \$1.7 million (1.7%) over the quarter. NPT also announced its annual results with the key highlights including a net profit after tax (NPAT) of \$7.632 million (including revaluations) and a net trading profit of \$5.986 million – an increase of 57.1% on the previous year.

The Manufacturing & Distribution sector dipped a marginal 0.7%, with three of the four companies declining over the quarter to 30 June 2014. The exception was Scott Technology who made a start

### Movement in Sector Indices - Quarter to June 2014



towards recovering the previous five quarters of lost market capitalisation with an increase of \$8.6 million (13.8%). During the quarter the company announced its acquisition of RobotWorx, an industrial robot integrator based in North America in Ohio, as well as its agreement to purchase Applied Sorting Technologies – a Melbourne based technology company. Energy Mad was the other company in the sector with a quarterly performance of note, decreasing by 25.8% after announcing a disappointing after tax loss of \$5.7 million for the financial year to 31 March 2014, compared to a \$2.5 million loss the preceding year.

The overall Primary sector result masks the true performance of the participants in the sector as only two of the seven companies in the sector experienced declines in the quarter. The Primary sector's fall of 4.7% was fronted by the share price decrease of Synlait Milk (down \$0.33, or 8.9%, to \$3.37 per share) and Foley Family Wines (down \$0.15, or 8.8%, to \$1.55 per share). During the quarter, Foley Family Wines announced its intention to takeover Martinborough Vineyard Estates, the acquisition of the Lighthouse Gin brand plus associated intellectual property rights, and the acquisition of the remaining 50% of the shares in McLeod Vineyard. On the positive side of the Primary sector, Blue Sky Meats grew 20.0% during the quarter in which it announced an after tax profit of \$1.947 million for the financial year ended 31 March 2014, compared to a loss of \$3.875 million in the previous year. Chairman Graham Cooney says "that the result is a

return to normality after two and a half years of industry turmoil". Other notable performances were achieved by Silver Fern Farms and SeaDragon with increases in market capitalisation by 8.6% and 5.4% respectively.

The Energy & Mining sector was another sector that hid the true performance of the companies in the sector, with the sector's positive gain of 4.4% being achieved only in the back of Meridian Energy's strong performance. Except for Windflow Technology remaining unchanged, the other companies in the sector all declined, the largest being Bathurst Resources' drop of 34.0%. Bathurst Resources has lost 89.5% of its initial market capitalisation since its listing in November 2010.

The Port sector grew 3.5% in the quarter due to the sound performance of Lyttelton Port with its share price increasing \$0.15 to \$3.20 per share - a growth rate of 4.9%. Meanwhile, South Port continued its quarterly up and down trend, this quarter declining 1.1%.

The Other sector achieved the greatest quarterly growth of all the sectors, gaining 4.5% on the back of Heartland New Zealand's strong performance, which was well supported by Skyline Enterprises' growth of \$10.2 million (2.9%) in market capitalisation. On the other side of the sector, SLI Systems suffered its greatest quarterly decline since its listing in May 2013, dropping 30.6% or \$41.4 million in market capitalisation. Moa Group was the other company in the sector that underwent a decline, dropping 21.1%.

**The table below sets out market capitalisation by sector as at 30 June 2014 and provides a comparison against the position as at 30 June 2013 and 31 March 2014 respectively.**

Industry	Number of Companies	30 Jun 2014 \$ million	% of Index	30 Jun 2013 \$ million	Mvmt in Year \$ million	% change in Mkt Cap during year	31 Mar 2014 \$ million	Mvmt in Quarter \$ million	% change in Mkt Cap during Quarter
Bio-technology	3	\$276.8	2.5%	\$180.8	\$96.0	53.1%	\$457.3	\$(180.5)	(39.5)%
Energy & Mining	6	\$1,662.4	14.8%	\$1,422.6	\$239.8	16.9%	\$1,592.6	\$69.8	4.4%
Manufacturing & Distribution	4	\$1,920.1	17.1%	\$991.2	\$928.9	93.7%	\$1,933.6	\$(13.5)	(0.7)%
Other	5	\$918.5	8.2%	\$771.4	\$147.1	19.1%	\$878.7	\$39.8	4.5%
Port	2	\$418.0	3.7%	\$372.7	\$45.3	12.2%	\$403.7	\$14.3	3.5%
Primary	7	\$959.0	8.6%	\$699.1	\$259.9	37.2%	\$1,006.7	\$(47.7)	(4.7)%
Property	2	\$4,370.5	39.0%	\$3,293.5	\$1,077.0	32.7%	\$4,472.2	\$(101.7)	(2.3)%
Retail	3	\$673.4	6.0%	\$547.3	\$126.1	23.0%	\$805.5	\$(132.1)	(16.4)%
<b>TOTAL</b>	<b>32</b>	<b>\$11,198.7</b>	<b>100.0%</b>	<b>\$8,278.6</b>	<b>\$2,920.1</b>	<b>35.3%</b>	<b>\$11,550.3</b>	<b>\$(351.6)</b>	<b>(3.0)%</b>

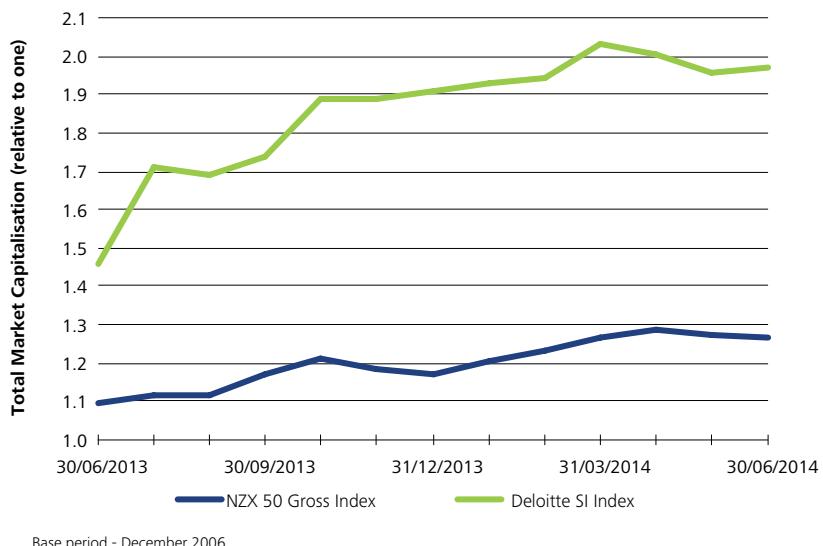
# Benchmarking

## Quarterly Comparison of the Deloitte South Island Index and the NZX 50

The Deloitte South Island Index had its worst quarterly performance in two years losing \$351.6 million (3.0%) in market capitalisation since March 2014. The Index suffered a small drop in both April and May, then recovered slightly in June.

In comparison, the NZX 50 had another flat mid-year performance to 30 June 2014 only gaining 0.03% over the quarter. The NZX 50 achieved an initial increase in April before slipping and losing those gains in May and June.

## Performance of Deloitte South Island Index vs NZX 50

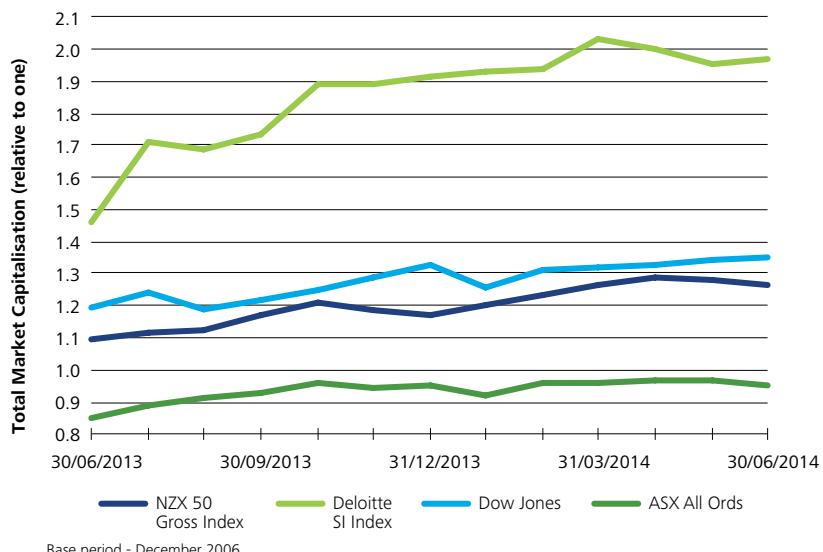


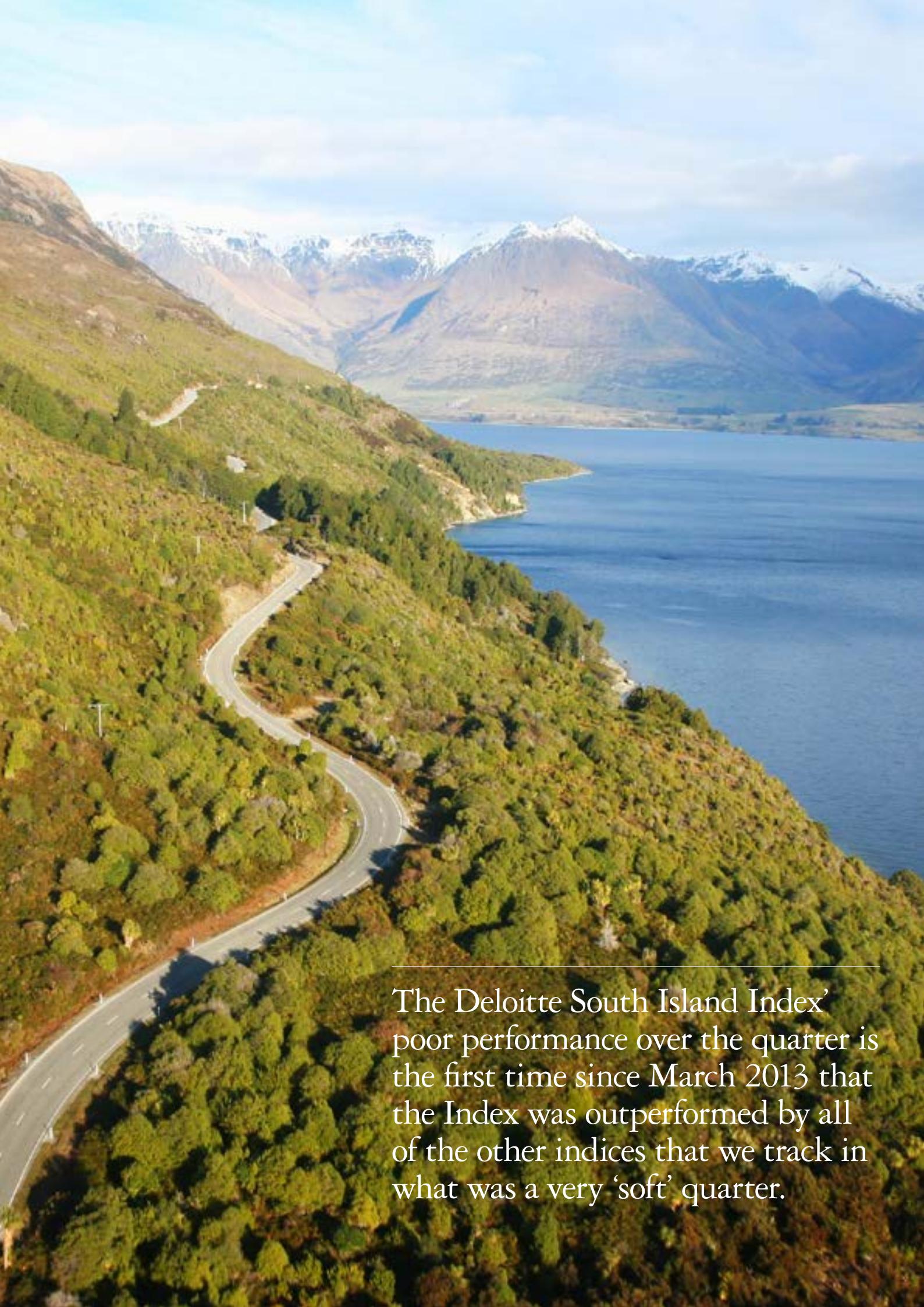
## Comparison of Deloitte South Island Index and Other Indices

The Deloitte South Island Index' poor performance over the quarter is the first time since March 2013 that the Index was outperformed by all of the other indices that we track in what was a very 'soft' quarter.

The strongest performer over the quarter to 30 June 2014 was the Dow Jones with a modest gain of 2.2%, followed by the NZX 50's flat 0.03% gain, and the ASX All Ords minor 0.4% decline.

## Performance of Deloitte South Island Index vs Major Indices



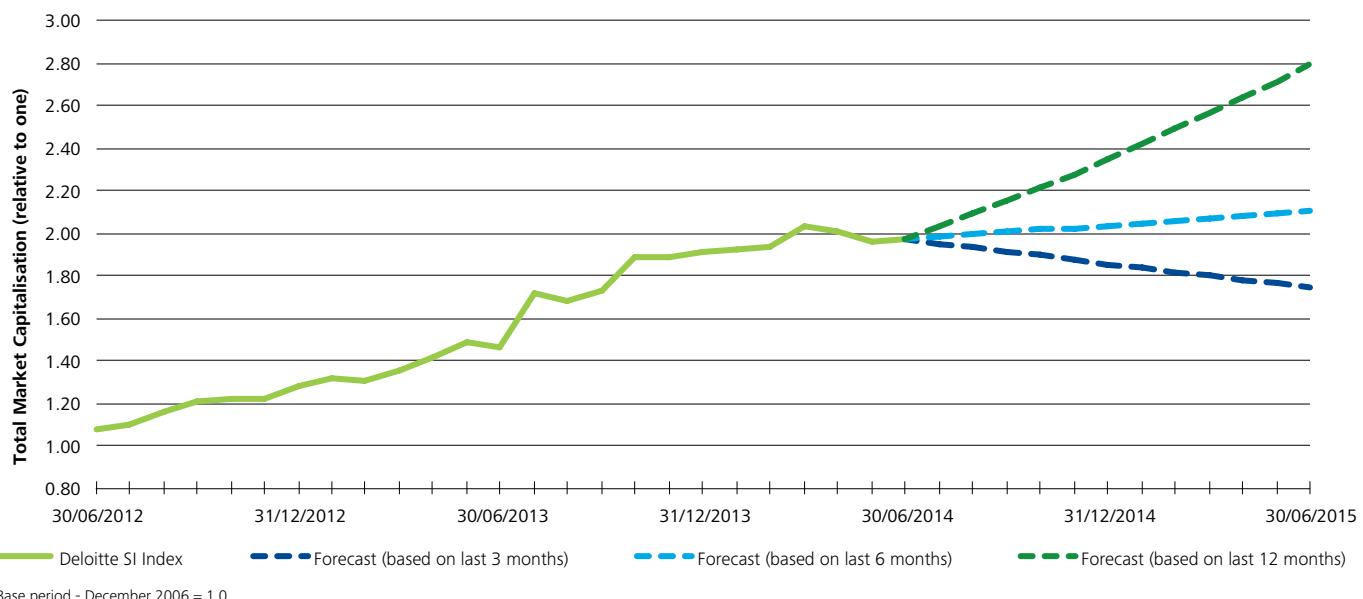


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# Looking ahead

## Performance of Deloitte South Island Index & Forecasts



Base period - December 2006 = 1.0

While global markets continue to flat line and struggle to climb their way out of the doldrums, the Deloitte South Island Index has led the way to substantial growth over the past twelve months. The question is whether that growth is sustainable into next year and beyond. The additional uncertainty generated by the recent quarter's decline may however be attributable to an emerging 'winter slowdown' trend.

There are a number of potential events that will likely have a positive impact on the companies in the Index, as well as the New Zealand economy as a whole. Market commentators continue to point to the likelihood of the USA Federal Reserve winding down or even ending its quantitative easing measures within the next 12 months with the introduction of Janet Yellen as the new chairperson of the Federal Reserve. Recent signals are that it will more likely be later than sooner in the year. However, if this happens it is predicted to strengthen the US dollar, correspondingly causing the NZ dollar to drop. This would be beneficial for New Zealand exporters and associated businesses like the companies in the Primary and Mining & Energy sectors and have potential flow on to the Port sector. A fair number of New Zealand businesses will be longing for the NZ dollar to decline from its current position.

New Zealand's central government elections in September have the ability to have a major impact on the economy and companies on the Deloitte South Island Index. Various sides of the political spectrum will no doubt believe that their policies are the right

ones to develop business and grow the economy. However, given the diverse nature of the different political parties' policies, a number of businesses will be nervously awaiting the results of the election.

The South Island economy is also likely to finally see the impacts of the Canterbury reconstruction kicking off in earnest. A number of companies on the Index have already settled their insurance claims and are now able to focus on future growth prospects and development of their businesses rather than dealing with the various insurance and rebuild or repair issues. The positive effects are likely to flow through the rest of the South Island economy.

Specific to the Index itself, the next twelve months will see the addition of Scales Corporation to the Deloitte South Island Index, with their listing on the NZX. Upon the completion of its initial public offering, Scales Corporation will have an approximate market capitalisation of \$220 million, which would place it twelfth on the Index table in terms of market capitalisation.

Due to continuing uncertainties in the global financial markets, it is hard to predict where the global markets will go and how they will impact on the companies on the Deloitte South Island Index. This is reflected in the trends from the past 12 months and the outlook for the Index is mixed. The graph above shows the forecasts for the Index based on the three, six and twelve month trends over the past year.

# Deloitte South Island Index

## June 2014

Of the 32 companies currently listed on the Deloitte South Island Index, only nine (28%) experienced a rise in market capitalisation during the quarter to 30 June 2014, 18 declined and five remained unchanged. Over the 12 months to 30 June 2014, 16 of the companies grew, 15 declined and one returned to its 30 June 2013 level.

The full Deloitte South Island Index for the year and quarter ended 30 June 2014, ranked by market capitalisation, is set out in the table below:

Jun 2014 Rank	Jun 2013 Rank	Ticker	Company	Sector	Mcap Jun 2014 (\$m)	Share Price 30 June 2014	Mcap Jun 2013 (\$m)	Change in Mcap (\$m) in Year	Change in Mcap (%) in Year	Mcap Mar 2014 (\$m)	Change in Mcap (\$m) in Quarter	Change in Mcap (%) in Quarter
► 1	1	RYM	Ryman Healthcare	Property	\$4,275.0	\$8.55	\$3,185.0	\$1,090.0	34.2%	\$4,375.0	\$(100.0)	(2.3)%
► 2	2	MELCA	Meridian Energy	Energy & Mining	\$1,556.7	\$1.24	\$1,255.9	\$300.8	24.0%	\$1,456.3	\$100.4	6.9%
► 3	3	EBO	EBOS Group	Manufacturing & Distribution	\$1,500.6	\$10.09	\$629.2	\$871.4	138.5%	\$1,513.0	\$(12.4)	(0.8)%
► 4	4	KMD	Kathmandu Holdings	Retail	\$642.0	\$3.20	\$506.5	\$135.5	26.8%	\$771.8	\$(129.8)	(16.8)%
▲ 5	6	SML	Synlait Milk	Primary	\$493.2	\$3.37	\$322.0	\$171.2	53.2%	\$541.5	\$(48.3)	(8.9)%
▼ 6	5	HNZ	Heartland New Zealand	Other	\$440.1	\$0.95	\$322.6	\$117.5	36.4%	\$365.6	\$74.5	20.4%
► 7	7	SKYLINE	Skyline Enterprises	Other	\$367.7	\$10.80	\$306.4	\$61.3	20.0%	\$357.5	\$10.2	2.9%
▲ 8	9	SKL	Skellerup Holdings	Manufacturing & Distribution	\$337.4	\$1.75	\$254.5	\$82.9	32.6%	\$343.2	\$(5.8)	(1.7)%
▼ 9	8	LPC	Lyttelton Port	Port	\$327.2	\$3.20	\$291.4	\$35.8	12.3%	\$311.9	\$15.3	4.9%
► 10	10	PGW	PGG Wrightson	Primary	\$309.5	\$0.41	\$218.9	\$90.6	41.4%	\$309.5	\$0.0	0.0%
► 11	11	PEB	Pacific Edge	Bio-technology	\$248.5	\$0.78	\$164.5	\$84.0	51.1%	\$430.1	\$(181.6)	(42.2)%
► 12	12	NPT	NPT	Property	\$95.5	\$0.59	\$108.5	\$(13.0)	(12.0)%	\$97.2	\$(1.7)	(1.7)%
► 13	13	SLI	SLI Systems	Other	\$93.8	\$1.55	\$104.6	\$(10.8)	(10.3)%	\$135.2	\$(41.4)	(30.6)%
▲ 14	16	SPN	South Port New Zealand	Port	\$90.8	\$3.46	\$81.3	\$9.5	11.7%	\$91.8	\$(1.0)	(1.1)%
▼ 15	14	SCT	Scott Technology	Manufacturing & Distribution	\$70.9	\$1.61	\$94.6	\$(23.7)	(25.1)%	\$62.3	\$8.6	13.8%
▲ 16	17	FFW	Foley Family Wines	Primary	\$67.2	\$1.55	\$58.6	\$8.6	14.7%	\$73.8	\$(6.6)	(8.9)%
▼ 17	15	BRL	Bathurst Resources	Energy & Mining	\$47.2	\$0.05	\$90.9	\$(43.7)	(48.1)%	\$71.5	\$(24.3)	(34.0)%
► 18	18	SFF	Silver Fern Farms	Primary	\$39.2	\$0.39	\$50.2	\$(11.0)	(21.9)%	\$36.1	\$3.1	8.6%
► 19	19	CRP	Chatham Rock Phosphate	Energy & Mining	\$38.4	\$0.24	\$44.7	\$(6.3)	(14.1)%	\$43.3	\$(4.9)	(11.3)%
▲ 20	22	SEA	SeaDragon	Primary	\$35.4	\$0.02	\$29.6	\$5.8	19.6%	\$33.6	\$1.8	5.4%
► 21	21	SCY	Smiths City Group	Retail	\$28.5	\$0.54	\$34.2	\$(5.7)	(16.7)%	\$30.0	\$(1.5)	(5.0)%
▲ 22	27	BLT	BLIS Technologies	Bio-technology	\$18.7	\$0.02	\$6.7	\$12.0	179.1%	\$17.6	\$1.1	6.2%
► 23	23	NWF	NZ Windfarms	Energy & Mining	\$14.4	\$0.05	\$22.5	\$(8.1)	(36.0)%	\$14.7	\$(0.3)	(2.0)%
► 24	24	BLUESKY	Blue Sky Meats	Primary	\$13.8	\$1.20	\$16.1	\$(2.3)	(14.3)%	\$11.5	\$2.3	20.0%
▼ 25	20	MOA	Moa Group	Other	\$13.1	\$0.43	\$34.3	\$(21.2)	(61.8)%	\$16.6	\$(3.5)	(21.1)%
▼ 26	25	MAD	Energy Mad	Manufacturing & Distribution	\$11.2	\$0.26	\$12.9	\$(1.7)	(13.2)%	\$15.1	\$(3.9)	(25.8)%
▼ 27	26	PAZ	Pharmazen	Bio-technology	\$9.6	\$0.06	\$9.6	\$0.0	0.0%	\$9.6	\$0.0	0.0%
▲ 28	29	AOR	Aorere Resources	Energy & Mining	\$4.3	\$0.01	\$4.5	\$(0.2)	(4.4)%	\$5.4	\$(1.1)	(20.4)%
▲ 29	32	CNX	Connexionz	Other	\$3.8	\$0.07	\$3.5	\$0.3	8.6%	\$3.8	\$0.0	0.0%
▼ 30	28	PPG	Postie Plus Group	Retail	\$2.9	\$0.07	\$6.6	\$(3.7)	(56.1)%	\$3.7	\$(0.8)	(21.6)%
▼ 31	30	WTL	Windflow Technology	Energy & Mining	\$1.4	\$0.07	\$4.1	\$(2.7)	(65.9)%	\$1.4	\$0.0	0.0%
▼ 32	31	WEL	Wool Equities	Primary	\$0.7	\$0.02	\$3.7	\$(3.0)	(81.1)%	\$0.7	\$0.0	0.0%
32	32	<b>TOTAL</b>			<b>\$11,198.7</b>		<b>\$8,278.6</b>	<b>\$2,920.1</b>	<b>35.3%</b>	<b>\$11,550.3</b>	<b>\$(351.6)</b>	<b>(3.0)%</b>

## **Compilation of the Deloitte South Island Index**

The Deloitte South Island Index ('the Index') is compiled from information provided by the NZX, and Unlisted on the market capitalisation of each South-Island based listed company. Broadly, a company is included in the Index where its registered office is in the South Island and/or a substantial portion of its operations are focused in the South Island. The information on South Island listed companies is extracted and totalled to provide a cumulative market capitalisation for all South Island listed companies.

The base period of the Deloitte South Island Index is 31 December 2006 and for the purposes of the Index this data is given a notional value of one. All subsequent quarterly cumulative market capitalisation totals are divided by the totals for the December 2006 quarter to obtain a relative movement. Market capitalisation will move as a result of capital injections, payments of dividends and capital returns. If a new South Island based company lists on the NZX or Unlisted they will be reflected in the Index as though they were present in the base period. Accordingly, the Index will only reflect changes in market capitalisation subsequent to listing. If a company is suspended or delisted during a quarter, no data will be included for the company, including any historical data, until the company is re-listed or the suspension lifted.

The metrics for Meridian Energy Limited have been calculated on the basis of the issued instalment receipts, rather than the company's issued ordinary shares.

For the purposes of the sector analysis some sector segments have been grouped to provide a more meaningful analysis.

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