

2018/19 season results: Zespri operating revenue exceeds \$3 billion

Zespri's returns to growers and the industry reached new levels on the back of strong growth in both volume and value last season, with operating revenue from global kiwifruit sales and licence release revenue exceeding \$3 billion for the first time.

The results reflect continued strong international demand, with Zespri selling a total of 167.2 million trays of kiwifruit in 2018/19, a 21 percent increase on the 138.6 million trays sold in the previous season. Revenue generated by global kiwifruit sales and SunGold licence release increased by 26 percent to \$3.14 billion.

Total fruit and service payments (including the loyalty premium) to New Zealand growers was up 24 percent to \$1.82 billion, while average orchard gate returns to growers increased by 6 percent to \$63,622 per hectare for Green Kiwifruit, by 28 percent to \$145,991 per hectare for SunGold, by 40 percent to \$73,350 for Green Organic and by 14 percent to \$44,549 per hectare for Sweet Green.

Zespri Chair Bruce Cameron says growers and their communities are benefiting from increasing demand for Zespri Kiwifruit and from the industry's growth to drive and meet that demand.

"Consumers around the world are increasingly embracing healthier products and want more of our kiwifruit because they know it is a convenient way to get their daily nutrition and because it tastes great. That's evident in the increased volumes of both Green and SunGold kiwifruit Zespri sold last season which has driven record average returns per hectare for both categories. While SunGold also returned record levels per tray, Green returns per tray were down slightly because of higher-than-expected volumes which led to an extended sales window and associated increases in quality costs.

"The sustained growth of the industry is really encouraging and the increase in average returns is helping growers meet increasing operational costs including labour. Zespri's ongoing success reflects the important partnerships we have and continue to build with our customers, distributors, post-harvest operators and growers, and is a strong endorsement of our 12-month supply strategy and ambition to market the world's leading portfolio of kiwifruit year-round," Mr Cameron says.

Corporate result: Licence revenue and royalties boost earnings

Zespri's net profit after tax increased to \$179.8 million from \$101.8 million in 2017/18, reflecting the strong season results above. This was boosted by revenue from the ongoing SunGold licence release programme and increased revenue from new cultivar royalties.

Gross revenue of \$192.6 million was generated by the 2018/19 round of SunGold licence release – the second in a five-year programme of annually releasing 700 hectares of SunGold conventional and 50 hectares of Organic SunGold licence to New Zealand growers (subject to annual review).

Zespri charges a royalty of 3 percent to licenced growers which is split between Zespri and Plant & Food Research. Zespri's share of royalties was \$28.4 million, an increase of 37 percent from the previous year, reflecting both higher volumes and value earned on sales this season.

The total dividend per share in the 2018/19 financial year is expected to be \$0.92 versus \$0.50 in 2017/18. These dividend figures take into account the impacts of the targeted share issue and buy-back and three-for-two share split transactions during the financial year which were aimed to better align the ownership of shares with Zespri growers.

Outlook for 2019/20

Zespri CEO Dan Mathieson says it's been another strong year for Zespri and the New Zealand kiwifruit industry, with strong growth forecast again this year.

"We're very pleased with the progress made in the 2018/19 season but as always we're focused on doing better, delivering the world's best kiwifruit to consumers and creating more value for our growers, and all of our partners. Our ambition is to help drive greater value through growing new markets and increase our penetration in existing ones. We're continuing to see strong growth in our largest markets, including Japan, China and Spain, and making real progress in newer ones like the US. We're also broadening our sales channels and getting closer to the consumer to help us understand what they want and what we can do better, and focusing on improving our environmental and social impact which is an important part of our purpose and brand-led strategy.

"We're proud of our performance and excited about our prospects, but we know there's more we can do which is why we'll be working hard to do even better next year," Mr Mathieson says.

AVERAGE ORCHARD GATE RETURN Fruit and Service Payments plus the loyalty premium, less post-harvest costs

Pools (fruit categories)	2018 season final (per hectare)	2018 season final (per tray)	2017 season final (per hectare)	2017 season final (per tray)
Zespri Green	\$63,622 per ha	\$5.45 per tray	\$59,981 per ha	\$6.71 per tray
Zespri Organic Green	\$73,350 per ha	\$9.22 per tray	\$52,375 per ha	\$8.93 per tray
Zespri Gold3 and Organic Gold3 ¹	\$145,991 per ha	\$10.89 per tray	\$114,345 per ha	\$10.06 per tray
Zespri Green14	\$44,549 per ha	\$7.23 per tray	\$38,937 per ha	\$5.61 per tray

1. 2017 Final includes Hort16A variety.

From the markets

Zespri Red kiwifruit returns to the 'little red dot'

Zespri Red Kiwifruit is back in Singapore for another year of commercial trials and enthusiasm for this naturally occurring red kiwifruit continues to be very strong.

This year, Zespri Singapore worked with Singapore's well-known origami artist, Cheryl Teo to create an exclusive giant Zespri Red kiwifruit origami media kit. These media kits were sent to 90 key opinion leaders and influencers which garnered a total of SGD\$250k (just short of NZD\$278k) worth of PR value and were featured on various high reach media platforms.

Perhaps the colour red being associated with passion had something to do with the high levels of interest in these kiwifruit trials — passionate responses on Zespri's Facebook page reached more than 800k consumers!



100 million trays and counting

The number of Class 1 New Zealand trays harvested, packed and submitted to Zespri inventory passed the 100 million mark this month.

"We've got off to a good start," says Planning and Supply Manager Darin Hills. "After a dry summer the weather conditions have been relatively kind during our harvest window, helping the industry to progress through harvest and make a strong start in terms of supplying our markets and kicking off the season. We achieved our biggest-ever delivery of SunGold to customers in week 19 at 3.6 million trays, and at the end of period one, which is week 18, we had delivered a record volume to our markets at around 40 million trays. We've got a long way to go, but it's a very positive beginning."



Zespri UK SunGold campaign

The Zespri UK summer SunGold campaign got off to a stylish start this month with its 'Golden Notes' Supper Club PR evening of creative Zespri SunGold cookery at the award-winning Brompton Cookery School in Shropshire. Host and renowned chef Marcus Bean delighted the crowd of specially selected bloggers, influencers, hospitality executives and nutrition professionals with a dazzling array of Zespri SunGold-inspired dishes. In a beautiful rustic setting with tables dressed with kiwi vines and hand-made SunGold floating candles, guests made sensational SunGold salsas and overnight oats to take home before enjoying a trend-perfect, vegetarian menu with a spotlight on Zespri SunGold. As Zespri Market Manager UK and Ireland Susan Barrow-Dodd put it, "the evening captured the Zespri brand message exactly".



2019 Gold3 licence release: conversions vs new developments

Last month we published the Gold3 and Organic Gold3 licence bid results (please refer to the April issue of *Kiwiflier*). A deeper analysis of the bidding data has given Zespri some visibility into the successful bidders’ grafting/planting intentions and the intentions of those who weren’t successful in securing licence.

On the bid application forms, applicants were asked: if they were successful in their licence bid, would they cutover from Hayward blocks this year or next year, or did they intend to develop new areas. Of the 700 hectares in the unrestricted pool, 226 hectares will be converted this year and next year from Hayward. We estimate that this will result in a reduction of approximately 2.4 million trays in 2020 based on the 2018 yield.

The table below shows, at a regional level, where the successful Gold3 licence allocations will be developed.

Successful bids: cutover vs new developments

Supply region	Hayward cutover 2019 Ha	Hayward cutover 2020 Ha	New development 2019 Ha	New development 2020 Ha
Auckland	7		58	16
Bay of Plenty	183	7	137	9
Hawke’s Bay	1		3	
Nelson	1			
Northland	6		1	1
Poverty Bay	5		58	12
Waikato	2		12	2
KPIN not advised on application form	14		56	15
Grand total	219	7	324	55

**Note: There were bids totalling 95 hectares that were successful but didn’t advise what their grafting/planting intentions are.*

To gain an understanding of those who were unsuccessful in the bid process, we also looked at the grafting/planting intentions of the bids that weren’t successful in securing licence. There were bids totalling 961 hectares that weren’t successful in this licence round. Based on the information in the application forms, we’ve been able to determine the grafting/planting intentions for 837 hectares of these bids. The table below shows these intentions by supply region.

Unsuccessful bids: cutover vs new developments

Supply region	Hayward cutover 2019 Ha	Hayward cutover 2020 Ha	New development 2019 Ha	New development 2020 Ha
Auckland	7		1	
Bay of Plenty	298	5	167	65
Hawke’s Bay	2	3	1	
Nelson	6			0
Northland	5		11	
Poverty Bay	1		19	5
Waikato	2		1	2
KPIN not advised on application form	25	4	148	62
Grand total	346	11	346	134

Organic

As published last month, the Organic Gold3 licence pool was also oversubscribed with bids totalling 117 hectares being unsuccessful in acquiring licence. The table below shows, by supply region, where 113 hectares of this licence was intended to be developed.

Organic unsuccessful bids

Supply region	New development
Auckland	
Bay of Plenty	49
Hawke’s Bay	3
Nelson	
Northland	28
Poverty Bay	14
Waikato	19
South North Island	1
KPIN not advised on application form	3
Grand total	117

For further analysis of the 2019 Gold3 licence results please visit Canopy> Zespri & The Kiwifruit Industry > News > Gold3 and Organic Gold3 Licence Release Results.

Nursery holding permit

We’re aware that there was a significant amount of grafted rootstock and seedlings that were pre-ordered by unsuccessful growers and some proposals were put forward to Zespri on how to preserve their investment, as well as the plant health of these rootstock and seedlings. All registered nurseries that wish to propagate and trade Gold3 plant material are required to enter into a Nursery Propagation Agreement. The Zespri Board has approved changes to this Nursery

Propagation Agreement to allow a Nursery Holding Permit which allows individuals to hold grafted plants in a nursery situation, subject to agreeing to and complying with strict rules. Those growers unsuccessful in this year’s tender can apply for a one-year agreement under this permit to hold grafted plants in a nursery situation on their orchard. Rules around this permit are designed so no advantage is gained and will be strictly enforced and regularly audited. Specific details on the Nursery Holding Permit and how to apply will be placed on the Canopy website in June and communicated to the industry.

Zespri random audits

The current high demand for Gold3 licence and the increase of price that the industry has seen over the last few years has driven Zespri’s decision to increase the frequency of random audits. If you’re a current Gold3 licence holder, you may be contacted by a Zespri representative at any time to review your planted area.

Zespri intends to protect its proprietary varieties and address any unauthorised planting or grafting to protect the interests of all growers, and in particular:

- Protect growers who have purchased licences for a Zespri proprietary kiwifruit variety
- Protect those who have complied with the terms of their licences
- Promote the control of volumes of kiwifruit supplied in order to protect grower returns
- Preserve the value of Zespri’s investment in new varieties.

Growers should note that Zespri practices a zero tolerance policy in relation to overplanting.

Two common misconceptions about licensed areas and Plant Variety Rights (PVRs) are:

- The canopy area recorded in the spray diary = the licensed area. This is incorrect – it’s the grower’s responsibility under the licence terms to know how much Gold3 they’re licensed to grow and this isn’t necessarily the Gold3 area recorded in spray diary (phone Grower Support Services on 0800 155 355 to confirm your licensed area); and
- The PVR only covers the fruit produced from a vine. This is also incorrect — the PVR covers all plant material. It’s a breach of the PVR to grow Gold3 plants without a licence and then remove the fruit. Any Gold3 plant material, whether it’s fruiting or not, is required to have a corresponding Gold3 licence for the total area planted.

The Unauthorised Grafting/Planting policy can be found on the Canopy website (Growing Kiwifruit) > Zespri Variety Licences > GPS Mapping and Audits > Unauthorised Planting). Please note that consequences of intentional planting/grafting Gold3 plant material without the appropriate licence can include termination of the grower’s Gold3 licence and/or a five year exclusion from any Zespri licence release or any new variety trial activities.

Please make sure Zespri’s Grower Support Services team has your most up-to-date details. You can check all of your details are accurate by accessing the Industry Portal or emailing contact.canopy@zespri.com.

New Zealand Kiwifruit Innovation Awards

Nominations for the New Zealand Kiwifruit Innovation Awards are officially open! The trophy was established in 2015 by former Chairman of Kiwifruit New Zealand, Sir Brian Elwood, to recognise people who have solved a problem or created value for the industry through great innovation.

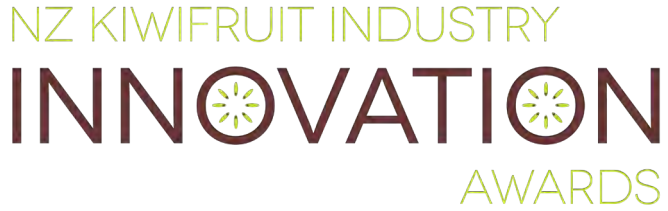
The 2018 winner was Vicky Smith, the creative force behind a community notification and spray management system. Vicky’s company Seespray helps people manage spray requirements across 1,000 kiwifruit and other orchards while automatically sharing spray activity information with the local community. Vicky was motivated by her concern for people living close to orchards to be informed before spray operations start. “Once I started working with orchardists and sprayers, I saw first-hand that they genuinely care, they just needed

an economic and efficient way to keep their communities informed,” she says.

The deadline for this year’s nominations is Monday 1 July.

Nominees must be individuals, not groups, with the criteria being an applied idea to solve problems and create improvements.

Please contact corporate.communications@zespri.com for a nomination form.



Zespri Executive team appointments

Zespri is making some changes in how its senior-level leadership is organised to better support the delivery of its strategy, focusing on consumers and customers, global supply and best practice sales and marketing.

A key change is in sales and marketing, to better represent the voice of distributors, customers and consumers at the most senior level of decision making. Zespri is **consolidating its core sales and marketing regions** into three strong, large-scale territories and appointing the leaders of these territories onto its Executive Team.

Those three territories are Greater China, Asia Pacific and a combined territory of both Europe and the US together.

- **Ichiro Anzai** will be appointed Executive Officer for Asia Pacific, responsible for Japan, Korea, Australia, Singapore, and Malaysia.
- **Michael Jiang** will be appointed Executive Officer for Greater China
- Recruitment for the **Executive Officer Europe and US role** is underway. Bert Barmans and Ben Hughes will continue in their current Regional General Manager roles throughout the process.
- **Himanshu Arora** will be appointed into the General Manager Explore Markets role.

These positions will report to the **Chief Market Performance Officer Linda Mills**. This is an existing role that will, among other things, focus

on planning, allocation and optimisation as well as input into and implementation of demand strategy.

Secondly, Zespri is creating a **single global supply function**, bringing together New Zealand and Non-New Zealand supply. A single supply function will drive the development of global systems, services and functions across all Zespri's production bases.

- **Blair Hamill** will be appointed into the Chief Global Supply Officer role, with this position taking effect once the formation of the function is complete.
- **Sheila McCann-Morrison** will continue as Chief International Production Officer during the transition period, providing leadership and continuity for the Zespri Global Supply team while the new combined function is being formed.

Thirdly, Zespri is creating a **single market-side growth function** to drive strategy and global performance of sales and marketing excellence.

- **Junnn Shih**, who is currently Chief Marketing Officer, will be appointed **Chief Growth Officer**, taking on the position once the formation of the Growth function is complete.

Commenting on the changes, CEO Dan Mathieson

says, "Zespri and the New Zealand kiwifruit industry have the potential for exceptional growth over the next decade. To deliver on this, we need to be set up to support a larger business. We also need to set up the organisation for success through really strong alignment of our leadership with our strategy."

Dan adds, "To be successful as our business platform continues to grow around the world, we must also stay really engaged with growers, suppliers and partners right across the industry in New Zealand. The strong communication and industry discussion we have is vital for our industry structure. This will continue to be led by myself, plus Dave Courtney, Chief Grower and Alliance Officer, and by Blair Hamill in terms of our supplier connections. Our Chief Financial Officer Richard Hopkins, and Chief Innovation and Sustainability Officer Carol Ward, also have important roles in providing senior level leadership connection to our stakeholders in New Zealand."

The changes in leadership and structure won't be rushed with Zespri focused on driving value for the current season as we transition the team. The aim is to have the new organisation structure fully in place for March 2020.

Bert Barmans to leave Zespri
After 19 years with Zespri and eight years as General Manager for Europe, Bert Barmans will be leaving Zespri later this year.

Dan notes Bert's track record during his leadership of the business in Europe. "Bert has led the team in our largest sales region and has been committed to creating value for our many stakeholders, from the grower through to the consumer. The Europe region has grown to over 600 million Euros in turnover (over NZ \$1 billion) under his leadership."

Zespri Chair Bruce Cameron adds, "Bert has done this through a focus on distribution and product quality and through supporting the development of our brand. He has also worked to establish SunGold as a new product in the markets and been a key advocate and driver of the growth of our 12-month programme. It's a great achievement and we're so grateful for his contribution to our industry."

Bert has decided to widen his horizon and look for other opportunities, but he will remain General Manager during the transition to provide leadership and support for the business during a big season. There will be an opportunity to acknowledge Bert and thank him properly later in the year.



ZESPRI IN THE COMMUNITY

Zespri support at Farmlands HeART of the community event

Earlier this month, the Zespri team donned bright green caps and headed down to Farmlands Cooperative Society Limited to give out some of our delicious Green, Gold and Red kiwifruit. While there, Farmlands unveiled the Tauranga mural which is part of their nationwide HeART of the Community project and encompasses unique elements from across the Bay of Plenty, including kiwifruit. A special thanks to the Bay of Plenty Youth Search and Rescue volunteers who kindly donated their time and helped us man the ever-popular smoothie bikes.



Government tour

Our highly popular government tours are still proving to be of immense value to attending officials. We recently had Emma Taylor and Grant Bryden, both Directors at MPI, and a number of other MPI and MFAT staff through. The opportunity to bring officials to the Bay of Plenty is an invaluable experience for them, who get to see firsthand what they one day might be writing policy on or about, and for us to get a better understanding of the various challenges of the time.



Government officials enjoying learning more about the kiwifruit industry.

Bay of Plenty ExportNZ Awards

The inaugural Bay of Plenty ExportNZ Awards finalist announcement was held at our brand new offices this month and was a great chance to get some of the Bay's most influential exporters together for the first public event in our new office.



'Cultivate your Career'

It was great to be a part of the Western Bay of Plenty 'Cultivate your Career' day this month, where local students got an insight into our growing industry. The event was a great way to show some of the Bay's future leaders what our industry has to offer.



Te Puke High School students visited an orchard as part of the event.

Māori grower Europe tour

A group of Māori growers took part in a tour to Europe this month to learn more about the market and meet with Zespri growers offshore. The tour received considerable support from the government which is keen to help share our industry's story.



China Business Summit

Earlier this month, Zespri sponsored the China Business Summit — a high-profile event opened by Prime Minister Ardern which engages the New Zealand business community with the opportunities of doing business with China. Chairman Bruce Cameron spoke on a business leaders' panel alongside Air NZ CEO Christopher Luxon and Mainfreight Managing Director Don Braid. He shared Zespri's story in China and the

lessons we've learned as we have grown our business there over many years, including having the right people to succeed and balancing risk with opportunity. Delegates queued up at the Zespri stand to taste our limited edition Red kiwifruit and get their takeaway SunGold and Green, with our Red fruit hogging the limelight in the TV news coverage of the event that night.



Chairman Bruce Cameron speaking on the business leaders' panel.

PAYMENTS AND INCOME EXPLAINED

Zespri reports corporate profit by each individual revenue stream. The operating segments reflect the key business activities and are: New Zealand Kiwifruit, Non-New Zealand Supply, New Cultivars and Other. Clarity of sources of value and sources of funding is important given the kiwifruit industry's strong growth to date and projected growth. The infographic provided here outlines how money flows through the industry using the 2018/19 Corporate results: Zespri's revenue streams, pool costs, fruit payments to growers, corporate costs and how Zespri distributes the profit made.

GLOBAL REVENUE \$3.2 BILLION

- Kiwifruit sales \$2,944 million
- Other revenue \$240 million

NEW ZEALAND KIWIFRUIT	NON-NEW ZEALAND SUPPLY	NEW CULTIVARS	OTHER
\$2,632	\$312		
\$6	-	\$228	\$6

Kiwifruit sales globally — \$2,944 million from 172.6 million trays supplied. Other revenue of \$240 million is driven by SunGold licences released of \$194.4 million and plant variety rights royalties of \$28.4 million, along with external co-funding and interest and rental income.

POOL COSTS \$652 MILLION



\$606	\$46	-	-
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Includes freight, insurance, duty and customs, logistics and promotion costs.

PAYMENTS FOR FRUIT INCLUDING LOYALTY \$2,053 MILLION

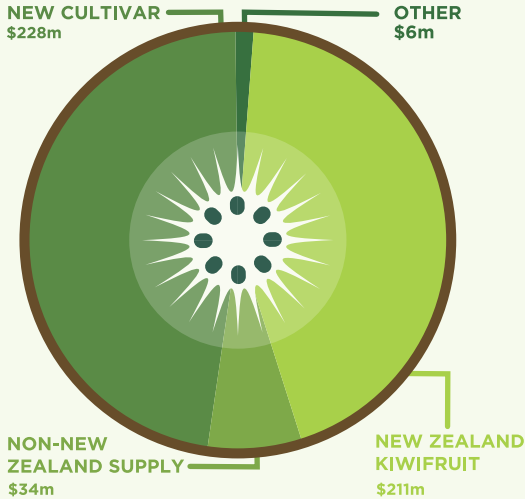


\$1,822	\$231	-	-
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\$1,821.8 million paid to New Zealand growers for fruit payments (which includes service and incentives) including \$46.3 million for loyalty payments. \$230.9 million paid to non-New Zealand based growers for fruit purchased.

CORPORATE REVENUE \$479 MILLION

- Included in Global Revenue



\$211	\$34	\$228	\$6
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\$211.4 million earned after loyalty payment from \$2.6 billion in kiwifruit sales. The Zespri margin under the Enduring Funding Agreement has a target of 1% of 'New Zealand Kiwifruit EBIT' after loyalty payments. Given the 2018/19 margin was greater than 1% the loyalty payment has increased a further 3 cents from 2017/18 to \$0.31 cents per Class 1 tray supplied.

\$34.4 million in corporate revenue earned from \$311.7 million in kiwifruit sales.

* \$194.4 million revenue from 700 hectares of SunGold licence release and 50 hectares of SunGold Organic release, plus other licence income.
* \$28.4 million royalty income from PVR (Plant variety rights) sales.
* \$4.9 million of external research funding received.

Interest income and land and building rental income and other.

CORPORATE COSTS \$224 MILLION

- Innovation costs \$32 million
- Overhead costs \$192 million

\$16	\$1	\$15	-
\$161	\$25	\$5	\$1

PROFIT BEFORE TAX \$256 MILLION

\$35	\$8	\$207	\$5
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TAXATION \$76 MILLION

\$76			
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PROFIT AFTER TAX \$180 MILLION

\$180			
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RETAINED EARNINGS

Profit retained in the business \$13 million.
— Earnings reinvested into the business for assets, working capital and financial stability.



DIVIDENDS

Dividends proposed are \$167 million or \$0.92 cents per share. Paid to shareholders — the current dividend policy is 70-90 percent of the distributable profit (2018/19 = \$197 million), which includes licence revenue received in 2018/19 of \$17.2 million from prior year licences issued (on deferred terms).



2018/19 Season Return Analysis

Class 1 - Approved Progress Payment 31 May 2019	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.1603	\$0.1948	\$0.1545	\$0.1545	\$0.1832	\$0.1832	(\$0.0478)*
Zespri Organic Green	\$0.2923	\$0.3663	\$0.2175	\$0.2583	\$0.3136	\$0.3136	\$0.5062
Zespri Gold3 & Organic Gold3	\$0.1310	\$0.1624	\$0.1007	\$0.1428	\$0.2261	(\$0.1722)*	No supply
Zespri Green14	\$0.1170	\$0.1439	\$0.0989	\$0.1065	\$0.1203	\$0.1203	\$0.1356

1. Progress payments are paid on submitted trays and reversed for onshore fruit loss.

2. Net Submit trays = gross submitted trays less onshore fruit loss trays.
- *For Class 1 Green Size 42 and Class 1 SunGold Size 39 the final per tray progress wash-up amounts are negative. In aggregating the final payment across all sizes within these pools, no grower is in a negative position.

Class 2 - Approved Progress Payment 31 May 2019	Average on Net Submit	16/18/22	27	30	33	36	39	42
Class 2 Green*	\$2.4471	\$2.4001	\$3.0895	\$2.7071	\$2.2949	\$1.1624	\$1.4317	\$1.1434
Class 2 Organic Green	\$0.7502	\$0.6904	\$0.7475	\$0.7566	\$0.7705	\$0.7495	\$0.7716	\$0.7621
Class 2 Gold3	\$0.8016	\$0.9591	\$0.7474	\$0.7088	\$0.8597	\$0.6630	\$0.9709	No supply
Class 2 Organic Gold3	\$0.5685	\$0.4031	\$0.6668	\$0.6642	\$0.5877	\$0.6279	No supply	No supply

*Weighted average of total final payments for the HW2CK programmes.

Class II and Non Standard Supply Fruit and Service Payments

Class II Returns per TE	Green KiwiStart	Green Mainpack*	Green Organic	Gold3	Gold3 Organic	Non Standard Supply Returns per TE
Trays Supplied (000's)	737.5	671.3	57.8	646.8	17.2	458.8
Submit Payment	1.40	1.40	1.40	1.40	1.40	1.60
Service Payments	0.02	0.06	0.19	0.08	0.03	0.54
Fruit Incentives	0.00	0.00	0.00	0.00	0.00	2.79
Progress Payments	3.29	5.97	8.46	6.20	9.12	4.00
Total Fruit and Service Payments	4.71	7.43	10.05	7.69	10.55	8.93

*HW2CK fixed price programs only

Non-Standard Supply - Approved Progress Payment 31 May 2019	42	46
Zespri Green		\$0.2893
Zespri Organic Green		\$0.6095
Zespri Gold3	\$0.2188	
Zespri Organic Gold3	\$3.6231	

Financial commentary

Progress Payments
Progress payments have been calculated to ensure cash is returned to the grower as quickly as possible and fairly across all sizes. Payments have been set so that the percentage of total fruit and service payments across the sizes are equal where possible. The rates have been set without direct reference to the size ratios.
Sizes will not receive a progress payment where the percentage of total fruit and service payments paid to date are higher than the other sizes in the same pool.

May 2019 approved progress payments on Net Submit trays
Approved per tray progress payments for 31 May 2019:

Class 1	
Zespri Green	\$0.1603
Zespri Organic Green	\$0.2923
Zespri Gold3 & Organic Gold3	\$0.1310
Green14	\$0.1170

Orchard Gate Return
The OGR calculations reflect post-harvest cost data compiled by Ingham Mora Limited in March 2019, the actual 2019 fruit loss percentages and 2018/19 productive hectare information.

SHARE BRIEFS

As at **28 May 2019** the last Zespri share price trade was **\$7.60** traded on **24 May 2019**. There were seven buyers at **\$7.50, \$7.35, \$7.00, \$6.91 and \$6.75**. There were three sellers at **\$7.85, \$7.95 and \$8.20**.

To trade Zespri shares please contact one of the registered USX brokers – See <https://canopy.zespri.com/EN/grow/zespri/Shares> for more information.

For all other general shareholder enquiries, please contact Zespri Grower Support Services on 0800 155 355.

The graph below shows the price per share that has been traded with USX and the corresponding number of shares for each trade.

Want to see current buyers and sellers?

To get a list of the price for current buyers and sellers and the associated shares go to <http://www.usx.co.nz>. The Zespri Group Limited listing code is 'ZGL'. The USX website shows:

- Latest prices
- Market depth – to see the parcels of shares for sale and the parcels and price that buyers are seeking
- Last 10 trades
- Market announcements

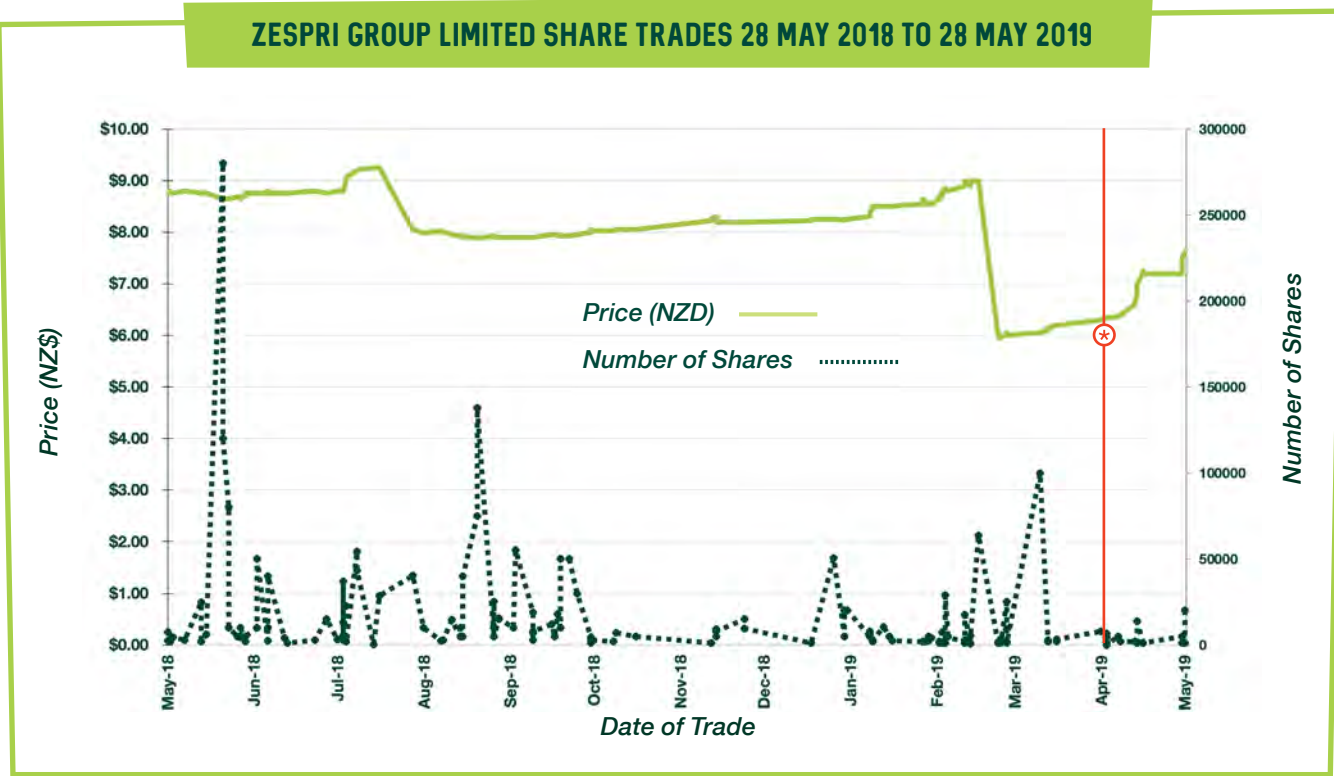
Below is the current Market Depth information as at **28 May 2019**.

Quote Line at Tuesday 28 May as at 3pm						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	7.500	7.850	7.600	0.000	0.000	0

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	5,000	7.500	7.850	1,000	1
1	1,000	7.500	7.950	1,000	1
1	5,000	7.500	8.200	30,000	1
1	5,000	7.350			
1	5,000	7.000			
1	1,200	6.910			
1	2,000	6.750			
1	200	6.650			

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
24/05/19	20,000	\$7.60	152,000.000
24/05/19	1,000	\$7.60	7,600.000
23/05/19	1,000	\$7.50	7,500.000
17/05/19	5,000	\$7.20	36,000.000
9/05/19	1,000	\$7.20	7,200.000
9/05/19	1,000	\$7.25	7,250.000
9/05/19	1,000	\$7.20	7,200.000
7/05/19	14,000	\$7.00	98,000.000
7/05/19	1,000	\$6.90	6,900.000
7/05/19	1,000	\$6.80	6,800.000

Director share trading
For the month of May (as at the **28 May**) there were no shares traded by entities associated with Zespri Directors. Directors. See the Canopy for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri > Shares. Alternatively search for 'Director Shares' using the search function.
Please note that at any time that content for the *Kiwiflier* is finalised for publication, there may be some trades associated with director entities which have been matched and transacted, but the paperwork has not yet been received by Zespri or Computershare. As such, there may be some lags in reporting trading by entities associated with directors. Zespri will however ensure that as at the end of each month, the Director Share Holdings and Transfers document on the Zespri Canopy will always provide the most up to date information held by Zespri.



*Zespri completed a 3-for-2 share split on 15 March 2019 which increased the number of shares on offer by 50%. The drop in share price after this date reflects the market adjustment following the share split.

Full Year Final Return and Orchard Gate Return (OGR) - industry average only

Full Year Return	2018/19 Actual					2017/18 Actual				
	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools ⁷
Total:										
Total trays supplied (m)	81.0	3.5	66.0	0.9	154.1	65.1	2.8	52.3	1.2	124.4
Kilograms supplied (m)	284.8	12.4	230.2	3.1	538.1	227.9	9.7	181.8	4.3	429.6
Average size per tray	30.6	33.3	27.3	35.4		29.4	33.4	26.7	34.1	
Fruit payments (\$m)	332.1	23.7	473.6	5.8	851.9	348.3	21.3	358.8	6.9	756.0
Fruit incentives (\$m)	244.2	14.4	416.5	3.0	679.3	192.7	7.8	301.2	3.3	506.5
Service costs (\$m)	135.5	3.5	104.6	0.1	244.1	101.2	2.4	67.4	0.3	171.5
Fruit and service payments excl. loyalty premium (\$m)	711.8	41.7	994.7	8.9	1,775.4	642.1	31.6	727.5	10.5	1,434.0
Total per tray (\$):										
Submit payment	2.25	2.25	2.80	2.80		2.25	2.25	2.80	2.80	
Progress payments (including GOLD ORGANIC Premium)	1.85	4.49	4.37	3.73		3.10	5.47	4.06	2.88	
Total fruit payments per net submit trays	4.10	6.74	7.17	6.53		5.35	7.72	6.86	5.68	
KiwiStart ¹	0.39	0.76	0.47	0.69		0.42	0.44	0.42	0.70	
Taste Zespri	2.53	3.34	5.77	2.76		2.37	2.38	5.29	2.05	
Supplier Accountability	0.09	-0.01	0.07	-0.07		0.17	0.03	0.06	-0.05	
Fruit incentives	3.01	4.10	6.31	3.37		2.96	2.84	5.76	2.70	
Pack type	0.47	0.18	0.71	0.12		0.57	0.24	0.73	0.22	
Time payment	1.20	0.81	0.88	0.00		0.98	0.63	0.56	0.00	
Service costs	1.67	1.00	1.58	0.12		1.55	0.87	1.29	0.22	
Class 1 fruit and service payments per net submit trays	8.78	11.83	15.07	10.03		9.86	11.43	13.92	8.60	
Loyalty premium	0.31	0.31	0.31	0.31		0.28	0.28	0.28	0.28	
Class 1 fruit and service payments with loyalty per net submit trays	9.09	12.14	15.37	10.34		10.14	11.71	14.20	8.88	
Less: onshore fruit loss	-0.27	-0.15	-0.21	-0.02		-0.13	-0.12	-0.10	-0.02	
Fruit loss percentage ²	2.98%	1.21%	1.39%	0.16%		1.30%	1.03%	0.74%	0.23%	
Class 1 fruit and service payments per gross submit trays	8.82	11.99	15.16	10.32		10.01	11.59	14.09	8.86	
Plus Class 2 Return	0.13	0.26	0.09	0.11		0.17	0.30	0.09	0.09	
Plus Non-Standard Supply (NSS) ³	0.01	0.02	0.04	0.01		0.00	0.03	0.02	0.01	
Plus Other Income (Non dividend) ⁴	0.01	0.01	0.01	0.01		0.01	0.01	0.01	0.01	
Average revenue per gross submit trays	8.97	12.27	15.30	10.45		10.19	11.93	14.21	8.97	
LESS: Post-harvest costs deducted										
Base packing and packaging	-1.46	-1.52	-2.21	-2.10		-1.49	-1.54	-2.18	-2.18	
Pack differential	-0.46	-0.18	-0.70	-0.12		-0.57	-0.23	-0.72	-0.22	
Base cool storage	-0.82	-0.83	-0.84	-0.84		-0.81	-0.82	-0.81	-0.81	
Logistics	-0.13	-0.16	-0.14	-0.15		-0.13	-0.14	-0.14	-0.13	
Time and CC/RK charges	-0.64	-0.38	-0.52	-0.01		-0.48	-0.26	-0.28	-0.01	
Total post-harvest costs per gross submit trays	-3.52	-3.06	-4.41	-3.22		-3.48	-2.99	-4.14	-3.36	
OGR per gross submit trays	5.45	9.22	10.89	7.23		6.71	8.93	10.07	5.61	
Average industry yield per productive hectare ⁵	11,668	7,959	13,401	6,159		8,937	5,862	11,377	6,941	
Number of productive hectares	7,158	448	4,996	145		7,382	476	4,629	176	
OGR per hectare	\$63,622	\$73,350	\$145,991	\$44,549		\$59,981	\$52,375	\$114,553	\$38,937	
Average kilogram per tray ⁶	3.52	3.51	3.49	3.49		3.50	3.50	3.48	3.49	
OGR per kilogram	1.55	2.62	3.13	2.07		1.92	2.55	2.89	1.61	

Notes:


- KiwiStart includes Priority Premium payments. These are period one related payments that apply to fruit shipped in the applicable weeks and vessels.
- Fruit loss percentage includes ungraded fruit inventory losses.
- Zespri does not procure NSS in all categories, returns are as reported in the Ingham Mora post-harvest survey.
- Other Income may include any Service Level Agreement payments, Class 3 income and interest.
- The average industry yield per hectare equals Class 1 volumes submitted divided by productive hectares. Productive hectares includes all hectares described by growers as producing vines. The OGR may be distorted by the inclusion of orchards in the first years of production in the calculation.
- Average kilograms per tray are derived using the individual size conversions published in the specific season's Pack Conversion Guide.
- Last year “all pools” column includes Hort16a which is excluded from the Gold3 column.


Class 1 Fruit and Service Payments and Timings


(including Loyalty Premium)


The following charts show when Fruit and Service Payments (including Loyalty) are made throughout the season (to two decimal points).
Actual payments made YTD are above the dotted line with the average amount paid.
Payments yet to be made are indicated below the dotted line.
- Submit is paid in the early months when fruit is submitted into inventory.

- Pack and Time, KiwiStart and Taste Zespri is paid on FOBS, i.e. when fruit is shipped. Some of the Supplier Accountability payments are subject to SLA terms.
- Average payments per TE are based on the 2018/19 final trays and actual payments to date.
- YTD amounts for Pack and Time may move from previous *Kiwifliers* due to SLAs being paid late in a month.

Zespri Green MAY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.25	\$0.01					\$2.26	25%
May-18		\$0.09					\$0.09	26%
Jun-18		\$0.09	\$0.00				\$0.09	27%
Jul-18		\$0.01		\$0.35	\$0.72		\$1.08	39%
Aug-18		\$0.09	\$0.21	\$0.53	\$0.09		\$0.92	49%
Sep-18		\$0.14		\$0.36	\$0.10		\$0.59	55%
Oct-18		\$0.48	\$0.18	\$0.47	\$0.05		\$1.19	69%
Nov-18		\$0.39		\$0.69	\$0.08		\$1.16	81%
Dec-18		\$0.36	\$0.06	\$0.12	\$0.29		\$0.83	90%
Jan-19			\$0.00			\$0.10	\$0.10	92%
Feb-19		\$0.01	\$0.03		\$0.10		\$0.14	93%
Mar-19					\$0.16		\$0.16	95%
Apr-19					\$0.10		\$0.10	96%
May-19					\$0.16		\$0.16	98%
Jun-19						\$0.21	\$0.21	100%
Paid YTD	\$2.25	\$1.67	\$0.49	\$2.53	\$1.69	\$0.10	\$8.72	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.21	\$0.37	
Total fruit and service payments - 2018/19 Actual							\$9.09	

Zespri Gold3 and Organic Gold3 MAY									
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.80	\$0.12						\$2.92	19%
May-18		\$0.14						\$0.14	20%
Jun-18		\$0.18						\$0.18	21%
Jul-18		\$0.03		\$1.00	\$0.91			\$1.94	34%
Aug-18		\$0.24	\$0.22	\$1.50	\$0.49	\$0.02		\$2.46	50%
Sep-18		\$0.27		\$1.47	\$0.52			\$2.26	64%
Oct-18		\$0.45	\$0.26	\$0.54	\$0.33			\$1.58	75%
Nov-18		\$0.14	\$0.00	\$1.25	\$0.21	\$0.01		\$1.62	85%
Dec-18		\$0.02	\$0.03	\$0.01	\$0.82			\$0.87	91%
Jan-19			\$0.00				\$0.10	\$0.10	91%
Feb-19		\$0.00	\$0.02		\$0.20			\$0.23	93%
Mar-19					\$0.64	\$0.00		\$0.64	97%
Apr-19					\$0.10			\$0.10	98%
May-19					\$0.13			\$0.13	99%
Jun-19							\$0.21	\$0.21	100%
Paid YTD	\$2.80	\$1.58	\$0.54	\$5.77	\$4.22	\$0.03	\$0.10	\$15.03	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.13	\$0.00	\$0.21	\$0.34	
Total fruit and service payments - 2018/19 Actual								\$15.37	

Zespri Organic Green MAY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.25	\$0.00					\$2.25	19%
May-18		\$0.03					\$0.03	19%
Jun-18		\$0.03					\$0.03	19%
Jul-18		\$0.00		\$0.39	\$0.80		\$1.19	29%
Aug-18		\$0.09	\$0.35	\$0.67	\$0.67		\$1.78	44%
Sep-18		\$0.23		\$0.90	\$0.35		\$1.47	56%
Oct-18		\$0.35	\$0.41	\$0.54	\$0.54		\$1.84	71%
Nov-18		\$0.15		\$0.78	\$0.54		\$1.46	83%
Dec-18		\$0.11		\$0.06	\$0.74		\$0.91	90%
Jan-19						\$0.10	\$0.10	91%
Feb-19		\$0.00			\$0.20		\$0.19	93%
Mar-19					\$0.27		\$0.27	95%
Apr-19					\$0.10		\$0.10	96%
May-19					\$0.29		\$0.29	98%
Jun-19						\$0.21	\$0.21	100%
Paid YTD	\$2.25	\$1.00	\$0.76	\$3.34	\$4.20	\$0.10	\$11.64	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.29	\$0.21	\$0.50	
Total fruit and service payments - 2018/19 Actual							\$12.14	

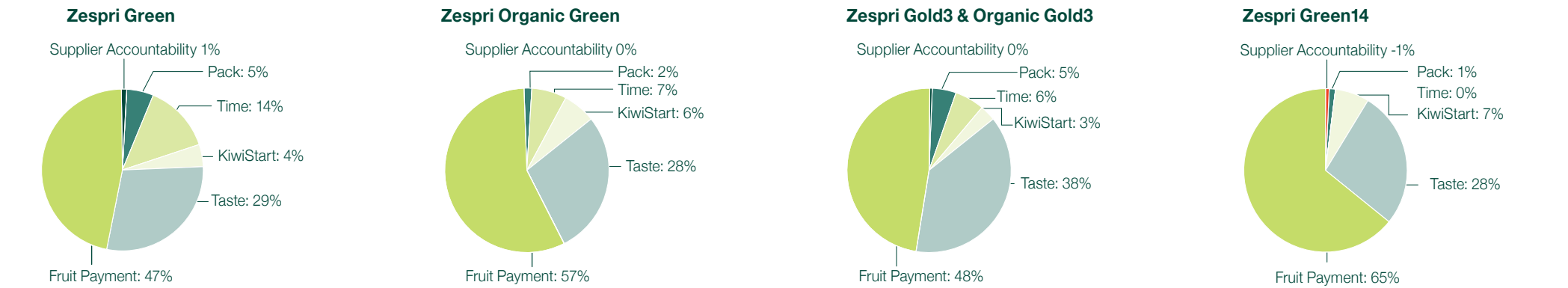
Zespri Green14 MAY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.80	\$0.06					\$2.86	28%
May-18		\$0.07					\$0.07	28%
Jun-18							\$0.00	28%
Jul-18				\$0.70	\$0.28		\$0.98	38%
Aug-18		\$0.00	\$0.27	\$0.70	\$0.65		\$1.62	53%
Sep-18				\$0.81	\$1.05		\$1.86	71%
Oct-18			\$0.34		\$0.42		\$0.76	79%
Nov-18				\$0.55	\$0.32		\$0.87	87%
Dec-18					\$0.60		\$0.60	93%
Jan-19						\$0.10	\$0.10	94%
Feb-19					\$0.10		\$0.10	95%
Mar-19					\$0.10		\$0.10	96%
Apr-19					\$0.10		\$0.10	97%
May-19					\$0.12		\$0.12	98%
Jun-19						\$0.21	\$0.21	100%
Paid YTD	\$2.80	\$0.12	\$0.61	\$2.76	\$3.62	\$0.10	\$10.01	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.12	\$0.21	\$0.32	
Total fruit and service payments - 2018/19 Actual							\$10.34	

Note 1: The submit and progress payments detailed in the tables are based on net submit trays.
Note 2: Rates per TE of \$0.00 have values of less than \$0.005.

Amounts above are not rounded to two decimal places, therefore rounding differences may apply.

2018/19 Season Grower Payments Portions - Total Fruit and Service Payments

2018/19 Actual





Key focuses for June



Now's the time to look at winter pruning...

Leaf drop sprays

- Even though you might be keen to get going on the winter pruning job, if there are still lots of leaves on the vine, pruning can be difficult
- There's the option to use a leaf drop spray. We recommend waiting until natural leaf fall is underway before doing so. Check out the *Kiwiflier* Spotlight on leaf drop for tips on using leaf drop sprays.

Winter pruning

- Before you make a start on winter pruning, it's important to work out what your targets for next season are. Most likely your targets for pruning will be about both **numbers** (working towards a final volume of trays) and **quality** — so take the time to think about both parameters

- The Winter Canopies page on Canopy (Canopy > Growing Kiwifruit > Orchard Management > Canopy Management & Pruning > Winter Canopies) has some really great resources to help you decide your targets, set specifications and communicate these to your work crew. Resources include worksheets, pictorials and videos
- Remember — it's not just about getting the target number of buds in a bay, it's about achieving an even distribution of buds right across the bay. What strategies might you employ to get sufficient buds tied in close to the leader? This area is often challenging to fill, and sometimes using a separate crew to focus on this area can result in a better outcome
- Avoid pruning in wet conditions and maintain hygiene from vine to vine. Supplying two sets of tools makes it easy to sterilise between vines.

Grafting

- Planning on grafting? Grafting and establishment resources are available on the Canopy website. You can also register to receive GraftCare, our regular e-newsletter focused on grafting and establishment. This season, we'll be focusing more on new developments in this publication
- Don't let your winter development work lead to any nasty surprises — make sure you start with clean plant material. New plants and budwood pose the highest risks of disease transfer. We may have learnt to manage PsA, but the next big threat could be here and spreading. Source only certified plants from Kiwifruit Plant Certification Scheme (KPCS) nurseries to reduce the risk of introducing new diseases to your orchard
- Check out the latest advice on collecting budwood and the rules around budwood movement on the KVH website. Use the cleanest source of budwood, from your own orchard where possible. Traceability is also important, so records of budwood supplied and received must be maintained and kept with grower GAP records. If you're unsure of movement controls or have any queries, call KVH on 0800 665 825 or email info@kvh.org.nz.

Soil management

- Significant volumes of key nutrients are removed from the orchard along with the crop. When getting ready for the next season, it's wise to get an understanding of where your soils are at
- Do a soil test before budbreak to determine nutrient requirements and get a fertiliser plan in place. Different products will release nutrients at different rates, so work with a specialist to work out what's best for your orchard
- To keep the ground well aerated, try to avoid running heavy machinery over waterlogged soils. The weight of machinery on these soils can result in further compaction.

Monitoring winter chill

- Monitor winter chill on your orchard so you know what units you've accumulated. A chill unit is generally considered one hour under 7°C, although Richardson Chill Units take into account that the most effective temperature for chilling is around 4°C, with the outer limits of effectiveness falling away at 0°C at the lower end, and 14°C at the upper end
- Websites like www.harvest.com and www.hortplus2.com can provide data from local weather stations.



WINTER WORKSHOPS

This year the Zespri OPC team is joining forces with the Pre-harvest Assurance team to bring you our Winter Workshops. Here's what's on the menu:

SEASON OVERVIEW

Now that the fruit are off the vines and in a box we'll take a look back at the season that was. We're keen to get your input on the challenges or issues you faced this season so we can identify any areas that require further investigation. We'll also remind you how to review your own performance using the awesome information in the Zespri Industry Portal.

CROP PROTECTION

We'll give you an update on changes to the Crop Protection Standard (CPS) and take a look at recent trials focussed on improvements to pest & disease management (PsA, Sclerotinia, Scale, Thrips, Cicada, PVH).

ON ORCHARD ZESPRI INNOVATION & OPC TRIALS UPDATE

What's new at the zoo? In this section we'll give an overview of some of the results that have come out of Zespri's Innovation and OPC on-orchard trial programmes. These range from simple on-orchard growing questions, to the more complex research that is funded through the Innovation framework. We'll let you know what trials are coming up for next season and get your feedback.

The three hour workshops will be relevant to all growers/orchard managers/supervisors and content will cover all varieties (Hayward, Gold3 and Green14). If you can't make the workshop closest to you, email the OPC team (opc@zespri.com) and we'll send you any resources that we give out on the day.



WINTER WORKSHOP CALENDAR

HAWKE'S BAY	5 June, Wed 9am - 12pm	Duke of Gloucester, 389 Gloucester St, Taradale
GISBORNE	7 June, Fri 9am - 12pm	Bushmere Arms, 673 Matawai Rd, Waerenga-a-Hika
EDGE CUMBE	18 June, Tue 9am - 12pm	Awakeri Events Centre State Highway 30, Awakeri
OPOTIKI	18 June, Tue 2pm - 5pm	Opotiki Golf Club 14 Fromow Rd, Opotiki
TE PUKE	19 June, Wed 2pm - 5pm	Orchard Church 20 MacLoughlin Dr, Te Puke
KATIKATI	21 June, Fri 9am - 12pm	Fairview Golf Club 34 Sharp Road, Aongatete
WAIKATO	25 June, Tue 9am - 12pm	Mighty River Domain, 601 Maungatautari Rd, Karapiro
AUCKLAND	26 June, Wed 9am - 12pm	Pukekohe Park Raceway 222 - 250 Manukau Rd
NELSON	27 June, Thu 9am - 12pm	Motueka Top 10 Holiday Park 10 Fearon St, Motueka
MOUNT	2 July, Tue 9am - 12pm	Club Mount Maunganui 45 Kawaka St, Mt Maunganui
WHANGANUI	12 July, Fri 9am - 12pm	Anndion Lodge, 143-145 Anzac Pde, Whanganui

SUSTAINABILITY AND INNOVATION

An introduction to the mindful consumer

Late this month, Emeritus Professor David Hughes, also known as Dr Food, shared his insights on the latest consumer purchasing trends impacting the FMCG sector with around 200 Zespri and kiwifruit industry stakeholders.

Dr Food discussed how consumers are moving from traditional weekly supermarket trips to purchasing online ready-made meals, eating out more and increasingly wanting everything instantly.

Of particular interest for the industry were insights on the mindful consumer, the ever-increasing consumer concerns over environmental and social responsibility and the impacts this can have for businesses. Some of the key points he made about what the 'mindful' consumer looks for when buying fruit included that it's safe to eat, has health and wellbeing benefits, has environmentally responsible packaging and tells a compelling story about how it's grown and where it comes from.

"Consumers now have unprecedented influence on brands. They can target any number of environmental and social issues from packaging, food production practices and labour practices. They will stop purchasing a product and start a viral movement which can really damage brands.

"The key is for companies to act first and address these concerns for consumers and tell the world about the work you are doing to address them. This is where you will create a competitive advantage and retain and gain consumers," he says.

Inviting Professor Hughes to speak is the latest step in Zespri's efforts to further increase our knowledge and deepen our understanding of consumer needs. These sorts of insights will also help shape our work on sustainability where we'll be focusing on priority areas like our packaging, water use and quality, agrichemicals and climate change adaptation.

If you missed the presentation, it is available online on the Canopy website.

Northcote fruit fly response steps up



More Queensland Fruit Flies (QFF) have been found within the Northcote controlled area. Each find has been of a single, male fly, bringing the total to eight over the past three and a half months.

Biosecurity New Zealand has stepped up on-the-ground efforts in the suburb, including placing bait on fruit trees to attract and kill adult flies, particularly females. Restrictions on the movement of fruit and vegetables remain in place, and the trapping and collection of fallen fruit in some of the controlled area will continue.

While another detection is concerning, it still doesn't tell us that there's a breeding population. It does, however, raise the potential of QFF remaining in the area, albeit at very low levels.

KVH continues to be closely involved in the response as a member of the decision-making Governance Group, and as an industry we continue to help with on-the-ground activities via the KiwiNet group, who have at last count contributed 200 staff days to the response.

KiwiNet is a team of people selected from across the kiwifruit industry who champion biosecurity readiness and coordinate the deployment of kiwifruit industry resources into biosecurity responses. Members have been assisting with trapping, surveillance, fruit collection and public awareness (such as attending the Otara markets). Feedback to

KVH indicates all KiwiNet members helping in Auckland have been well trained, and are well prepared and keen to get involved in whatever is needed to limit the impacts of these detections — a reflection of the commitment across the industry to stop the unwanted pests from establishing and affecting our orchards and businesses.

For more information about fruit flies and the Northcote response, please visit the KVH website.



KiwiNet members working hard to protect the industry from QFF.

Budwood changes



KVH has updated the *KVH Protocol: Budwood* which is available on the KVH website.

The movement of plant material such as budwood presents the greatest risk of spreading pathogens over long distances. This is relevant to Psa, as well as other known (and unknown) pathogens that may be present in the plant.

Best practice to reduce the spread of pathogens is to source budwood from your own orchard for use on the same orchard. However, where this isn't possible, the budwood protocol outlines the requirements to prevent spread of Psa under the National Psu-V Pest Management Plan (NPMP),

and recommended practices to reduce the likelihood of spreading other pathogens.

Changes to the protocol include:

- Budwood must not be collected from material left on the ground after pruning
- The addition of recommended practices to manage risk of spreading pathogens:
 - monitoring vines throughout the year
 - tagging symptomatic vines so they can be avoided when collecting budwood, and avoiding any adjacent vines in any direction
 - notifying KVH if there's not an obvious cause for any unusual vine symptoms.

Reminder that footwear can spread pathogens



Biosecurity New Zealand's latest Border Space newsletter contained a photo of dirty jandals that were presented at the border by a traveller coming here to work in horticulture.

These jandals had been used on a tomato farm in the Pacific Islands the previous day and could have contained various soil-borne pathogens. Fortunately, the traveller did the right thing and declared the dirty footwear to border staff, who then cleaned the items.

A study by AgResearch in 2010 found that a single gram of soil on an international traveller's footwear had a greater than 50 percent chance of containing a regulated organism. With that in mind, this incident is a useful reminder to ensure all visitors to our orchards enter with clean footwear, particularly if they've recently been overseas or to other regions of New Zealand.



New Zealand Kiwifruit Growers Incorporated (NZKGI)
ph: (07) 574 7139 or toll free on 0800 232 505
www.nzkgi.org.nz

'Seeds of Success'

As the New Zealand kiwifruit industry nears its seventh decade, the organisation which represents its growers has published a book celebrating the pioneering orchardists who laid the foundations for today's over \$3 billion export industry, employing thousands of people and benefiting regional and national economies.

Seeds of Success — the stories of New Zealand's Kiwifruit Pioneers has been commissioned by New Zealand Kiwifruit Growers Inc to mark its 25th anniversary and is written by award-winning rural journalist Elaine Fisher.

The industry had its commercial export beginning in Te Puke when Jim MacLoughlin widely regarded as 'the father of the kiwifruit industry' exported fruit to England in 1953. He had ventured into orcharding after being made redundant from his role as a shipping clerk in Auckland during the great depression of the 1930s.

His story and those of other Te Puke pioneer growers the Bayliss brothers and the Burt and Griffin families are recorded in the book, as are those of industry leaders including Roly Earp, Pat Sale, Mike Muller and Hugh Moore and of growers from Kerikeri and Whangarei to Opotiki, Gisborne, Hawke's Bay and Nelson.

The heady boom times of the 1970s and the exporters involved in launching New Zealand kiwifruit on the international stage also feature. The crisis years of the late 1980s to mid-1990s

are told through the eyes of those who helped pull the industry back from the brink of disaster, including John Palmer and Paul Heywood of Nelson and Hendrik Pieters of Te Puke.

The book also records how today's major and sophisticated post-harvest companies have emerged to replace the small, simple packhouses once found on nearly every orchard.

Organic kiwifruit growers, the 2018 National Ambassadors for Sustainable Farming and Growing, Opotiki orchardists Catriona and Mark White and their children Letisha and Lochlan (who represent the next generation of orchardist) also feature in the book.

"I've uncovered wonderful and inspiring personal stories of many of the people who have made, and continue to make, the New Zealand kiwifruit industry the success that it is," said Fisher.

"Because it's such a young industry, its pioneers and leaders come from diverse career and cultural backgrounds, each bringing their unique skill sets and ideas to the industry in which they invested their money, time and passion."

Seeds of Success — the stories of New Zealand's Kiwifruit Pioneers is due to be launched on 3 July in Tauranga as part of NZKGI's anniversary celebrations. Pre-orders are available for \$30.00 (including shipping within New Zealand) can be made online at www.nzkgi.org.nz.



The next generation, Letisha and Lochlan White of Opotiki who have their own kiwifruit vines on their parents' organic kiwifruit orchard, feature in the book *Seeds of Success — the stories of New Zealand's Kiwifruit Pioneers*.



NZKGI 25th anniversary event: tickets now on sale!

NZKGI is excited to celebrate its 25th anniversary and we want you to join us! This event will celebrate NZKGI's involvement and support for kiwifruit growers in New Zealand over the last 25 years whilst incorporating the launch of the book *Seeds of Success — the Stories of New Zealand's Kiwifruit Pioneers*.

The keynote speaker for the evening will be the Minister of Agriculture Hon Damien O'Connor. Guests will be entertained by our wonderful MC Ben Hurley and enjoy a three-course dinner with complimentary beverages throughout the evening. It's an event not to be missed. Tickets are \$120 and are available on a first in first served basis. For more information visit the NZKGI website www.nzkgi.org.nz.



Contact Industry Liaison Team Leader Tom MacMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550), Casie Rudnicki (027 271 2695) or Brad Ririnui (021 757 843).

Q&A FROM THE FIELD

Q I'm setting up a new organic development. Can I use tanalised timber?

A You can use tanalised timber, however, it will restrict your ability to export organic fruit to Canada and the US for three years after the structures are put in place. There's a three year conversion period before the fruit will be fully certified, so usually by the time you're able to export as organic, the fruit will be eligible for these markets again. We strongly advise that you discuss the details with your BioGro auditor as the exact timeframes will depend on the date of registration, which can vary for different markets.

Q I was successful in the 2019 licence tender — when will my grafted areas be mapped?

A Zespri will commission a GPS audit map on all orchards that purchased licence once grafting has been completed. GPS audit mapping commences in September and continues through to March 2020. If you're unsure of your area before grafting you need to commission your own map privately. A list of recommended GPS mapping providers is available on the Canopy website.

Q Why can't I enter my post-harvest sprays into my spray diary?

A Once your 2019 spray diary has been submitted for the season, you won't be able to record any further spray lines for the year. Any post-harvest sprays should be included in next year's 2020 spray diary. When entering the spray line, remember to change the 'year of harvest' to 2020 before completing the spray line details.

Q I've requested budwood from Zespri through the licence release — now what?

A You will have received an acknowledgement email from us, outlining the operating days and times. These are set to be every Monday, Wednesday and Friday from 9:30am till 10:30am at 10 Cessna Place, Mount Maunganui.

We anticipate that the coolstore will open the week following Mystery Creek Field days, starting 17 June, but this will be confirmed closer to the time. Please note that the coolstore operates in a shared laneway, so be mindful of general health and safety and park in the designated Zespri parking space.

Q Can I grow Gold3 plant material without a Zespri licence, so long as I don't grow or harvest any fruit off the vines?

A No. Zespri shareholders own the Gold3 Plant Variety Rights. Under New Zealand law, this includes the right to propagate and produce reproductive Gold3 plant material. As such, no one is permitted to graft Gold3 budwood onto existing rootstock or to produce new seedlings, unless they have a licence from Zespri as the PVR owner. It doesn't matter that the plant material in question isn't producing fruit — the plants themselves can only be produced under a licence from Zespri. This is also why nurseries are required to enter into a Propagation Agreement with Zespri, and can't produce and sell Gold3 plant material to growers without such agreement.

August dividend

On 22 May the Board announced an intention to declare a dividend of \$0.17 per share, to be paid in August. This is the final dividend payment for the 2018/19 financial year. The first dividend of the 2018/19 financial year of \$0.75* per share was paid in August 2018. The revenue from the 2019 Gold3 licence release is received in the

2019/20 financial year and timing of the related dividend will be considered by the Board once the licence income has been received in July 2019.

**Dividend per share restated for the targeted share issue and buy back and 3-for-2 share split transactions during the 2018/19 financial year.*

**GROWER
OPEN
EVENING**



MONDAY 17 JUNE 5.30PM – 7.00PM

The Zespri Board of Directors is proud to invite growers and their families for a tour of stage one of the brand-new Zespri headquarters in Mount Maunganui. Join the Board and design panel for a walk around the facilities, and understand how

our new building contributes to the company's long-term strategy. The Grower Liaison team will also host a tasting of new varieties. Please RSVP (including number of people attending) by emailing events@zespri.com.

Industry Supply Group (ISG) 16 May

The main agenda items discussed were as follows:

- Regional plan overview
- Supplier accountability results
- 2020 hail policy

The next ISG meeting will be held on **20 June**.

Future leaders — what's on?

On 24 July we'll be hosting an AGM debrief with CEO Daniel Mathieson at Zespri's new headquarters.

Over the next few months there are a number of other occasions scheduled, including a future leaders' quiz night, a field trip and a personal development event. Further details will be announced in the June issue of *Kiwiflier*, so keep your eyes peeled.

Visit the Zespri hub at Fieldays

Join us at the Mystery Creek Fieldays from 12 – 15 June for updates from CEO Dan Mathieson, Zespri Directors and members of the senior executive team. We'll be located at E66/F65 in the Central Precinct where you can escape the crowds for a cup of tea, coffee or hot soup with the Grower Liaison Team.

For more information, to grab tickets or to use the interactive site map, visit the Fieldays website www.fieldays.co.nz.



The programme at our site is as follows:

- 9am onwards — new variety tastings and refreshments
- 12-12.30pm — season update from Zespri including our sustainability framework and updates from NZKGI and KVH, followed by a sausage sizzle
- From 3.30pm — refreshments and nibbles.

On Saturday morning, we'll be serving a light informal brunch from 8am in the hospitality site.

We look forward to updating you on the progress we're making this season and other key initiatives underway to connect growers ever closer to our consumers. This is the foundation for how we'll continue to improve the way we market our positive, sustainable products to consumers and to deliver positive outcomes for our growers.



ANNUAL MEETING REMINDER NOTICE



1PM 24 JULY

Notice of Meetings will be sent to shareholders and available online from late June.

A reminder to shareholders to check that your mailing address is correct with Zespri (0800 155 355) and Computershare (09 488 877).