Working Capital Report 2024

McGrathNicol

NEW ZEALAND

Welcome

Welcome to the McGrathNicol New Zealand Working Capital Report 2024.

This report profiles the working capital performance of 125 New Zealand domiciled companies comprising 34 listed on the NZX and 91 private companies, across the Building Products, Construction & Engineering, Food & Beverage, Leisure, Mining & Resources, Retail, Transport & Distribution and Utilities sectors.

The combined revenues of the companies included in this report is $137.1 billion. The information is based on the companies' most recent results (released during 2024) compared to the results for each of the prior two financial years.

The following pages include our analysis for each sector, comparing the trends in New Zealand to those reported in Australia by our colleagues at McGrathNicol Australia, alongside global benchmarks.

We assist businesses to increase cash flow by implementing practical and effective procedures to forecast, track, save and generate cash. We help businesses to improve their working capital cycles and give them the tools to sustain improvements. To discuss this report or how we can help your business, please contact a member of our team.

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Summary

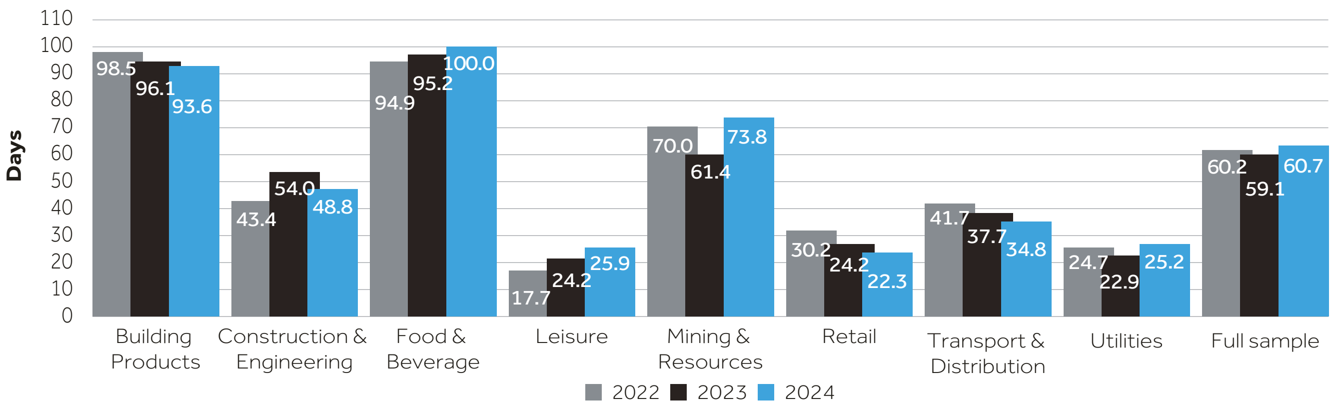
The average Days Working Capital (DWC) across the 125 sampled companies increased by 1.6 to 60.7 days in 2024, with Food & Beverage overtaking Building Products as the sector with the longest working capital cycle.

	2022	2023	Change	2024	Change
DSO	49.0	47.8	(1.2)	46.2	(1.6)
DIO	75.4	76.3	0.9	73.5	(2.8)
DPO	57.0	59.7	2.7	53.9	(5.8)
DWC	60.2	59.1	(1.1)	60.7	1.6

DSO Days sales outstanding (debtors)
DIO Days inventory outstanding (inventory held)
DPO Days purchases outstanding (creditors)
DWC Days working capital (net working capital)

- Across the 125 companies observed, revenue grew 2.5% from $133.9bn to $137.2bn, and cost of sales grew 4.1% from $99.2bn to $103.2bn, in the latest financial statements.
- Overall working capital has increased as more rapid settlement of payables has more than offset the leaner inventory and more rapid collection of debtors. This is particularly the case for smaller companies (<$200m revenue), as discussed on the next page.
- DSO, DPO and DIO have all declined in the year; reflecting debtors, inventory, and payables balances that have reduced relative to the growing income and costs, on average.
- Of the 8 sectors observed; Food & Beverage has overtaken Building Products as the sector with the longest working capital cycle of 100.0 days. This is attributable to the long average inventory hold times of 120 days (skewed by alcohol stocks held for fermentation and maturation) combined with relatively tough trading conditions (47% of the 44 companies in this sector had a decline in revenue, as compared to 35% of companies across the other sectors).
- Retail has the shortest working capital cycle, reducing each year since 2022 to 22.3 days in 2024. This results from increasing credit terms with suppliers (DPO up 13.0 days to 88.4 days). NZ retail is broadly inline with US (25 days) and compares favourably against Aus, EU and Asia (38 to 44 days).
- All 7 companies in the Leisure sector experienced topline growth, with revenue increasing 14% on average, as international and domestic tourism continued to recover post-pandemic. This growth has come with a need to invest in net working capital, with DWC increasing to 25.9 days, and an extra $34m of cash tied up in working capital.
- Companies in the Building Products sector have released cash from their working capital, despite declining revenue for 78% of the companies in this sector. This improvement has arisen from collecting debtors more rapidly with DSO declining from 57.6 to 53.7 days.
- Further commentary on each sector is in the body of the report.

Average DWC by sector

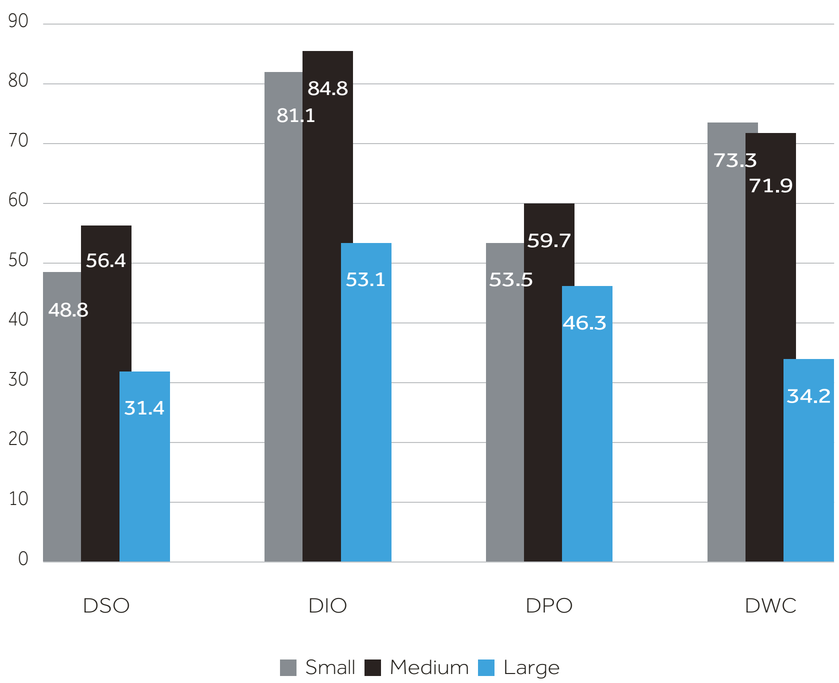


Performance by size

This year's data reveals smaller (<$200m revenue) companies experiencing a distinctly tougher year than their larger peers. Smaller companies on average suffered a decline in revenue (0.6% decline vs 2.8% growth in other companies) and additional cash being tied up in working capital (average 4.1 days increase); heightening the importance for smaller businesses to proactively manage working capital.

		Revenue performance vs prior year
Smaller (<$200m rev) n=47 +4.1 days increase in DWC	Smaller companies have overtaken medium-sized companies as having the longest working capital cycle. The overall increase in DWC of 4.1 days to 73.3 days results from more rapid settlement of payables (DPO 8.3 days quicker) partially offset by debtor collection (DSO 4.5 days quicker) and leaner inventory holdings (DIO reduced by 0.8 days).	51% increase in Revenue 49% decrease in Revenue
Medium ($200-$750m rev) n=41 (0.2) days increase in DWC	Medium-sized companies showed an average improvement in DWC of 0.2 days to 71.9 days. However, this is from a low base, having previously had the longest working capital cycle. Medium-sized companies enjoyed the best revenue performance (+3.2%) and modest improvement in gross margin (+0.3%). Debt has accumulated in this category more than others (+9.5%).	62% increase in Revenue 38% decrease in Revenue
Larger (>$750m rev) n=37 +0.2 days increase in DWC	Larger businesses continue to enjoy the shortest working capital cycle (34.2 days) and the most likely to increase revenue (70% experienced topline growth). In part this is a function of pricing power in an inflationary environment, with this category containing regulated and non-discretionary businesses (utilities, large food retailers).	70% increase in Revenue 30% decrease in Revenue

Working capital metrics (Days)



CHANGE VS 2023

Days	Small	Medium	Large
DSO	(4.5)	(1.0)	1.4
DIO	0.8	(2.6)	(7.6)
DPO	(8.3)	(0.3)	(8.1)
DWC	4.1	(0.2)	0.2
Revenue (total)	-0.6%	3.2%	2.5%
Gross Margin	2.7%	0.3%	(3.1%)
Debt	0.7%	9.5%	7.1%
CAPEX	24.1%	10.6%	10.0%

Working Capital Basics

DSO

2023	2024
47.8	46.2

Change (1.6)

Measures the length of the 'order to cash' cycle.

Number of days of sales represented by outstanding debtors at the relevant calculation date.

An increase indicates that a company is taking longer to receive payment from its customers, which could result in cash flow constraints. A decrease indicates that a company is collecting payment from its customers more quickly, improving its cash flow.

DIO

2023	2024
76.3	73.5

Change (2.8)

Measures the length of the 'make to order' cycle.

The number of days of purchases represented by inventory balances at the relevant calculation date.

An increase indicates an increase in inventory holdings. The increase may be planned (in anticipation of growth) or it may represent a build-up of unsold inventory due to challenging market conditions. A decrease indicates a reduction in inventory holdings.

DPO

2023	2024
59.7	53.9

Change (5.8)

Measures the length of the 'procure to pay' cycle.

The number of days of purchases represented by outstanding creditors at the relevant calculation date.

An increase indicates a company is taking longer to pay its suppliers. This is positive from a cash flow perspective in that it preserves cash, but can indicate tight liquidity and cause strained supplier relationships. A decrease indicates a company is paying its creditors more quickly. This may be planned, but it could also indicate a company is unable to negotiate longer terms with its suppliers.

DWC

2023	2024
59.1	60.7

Change 1.6

Measures the length of the full working capital or 'cash conversion' cycle.

The relative measure of total working capital tied up in a company relative to its sales.

An increase indicates that a higher level of working capital has been required to operate a business, and may result from an increase in DSO or DIO, or a decrease in DPO. A decrease indicates that a lower level of working capital has been required to operate a business, and may result from a decrease in DSO or DIO, or an increase in DPO.

Building Products

Against a backdrop of declining revenue for the majority of Building Product companies, collection times for sales have improved, releasing cash from working capital.

BUILDING PRODUCTS

Days	2022	2023	Change	2024	Change
DSO	58.3	57.6	(0.7)	53.7	(3.9)
DIO	109.8	117.0	7.2	117.1	0.1
DPO	52.1	63.0	10.9	60.2	(2.8)
DWC	98.5	96.1	(2.4)	93.6	(2.5)

BEST & WORST

Days	Best	Worst	Spread
DSO	37.1	89.6	52.5
DIO	62.7	246.6	183.9
DPO	125.5	28.6	96.9
DWC	51.7	162.4	110.7

INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	81.6	52.4	59.8	53.7	53.7
DIO	118.7	176.8	87.2	117.9	117.1
DPO	68.6	92.0	62.3	57.3	60.2
DWC	118.4	101.0	79.6	91.3	93.6

"[Due to] lower volumes... the Group has been focused on the disciplined management of cost, working capital, cash, capital expenditure and debt...".

Fletcher Building Limited
2024 Annual Report

Declining revenue in the sector is consistent with the challenging trading environment for both residential and non-residential construction. For example, according to Statistics New Zealand, 2024 building consents are down 9% since 2023 and nearly 33% from the same period in 2022. Further, the Cordell Construction Cost Index records that annual growth during 2024 slowed to just 1.1%, down from 10.4% in 2022. This is largely due to the recent decline in construction activity as well as previous COVID-related supply chain issues unwinding.

Overall, average DWC in 2024 was 93.6 days, an improvement of 2.5 days, driven by improvements in DSO as businesses were forced to better manage working capital in the face of a tough trading environment.

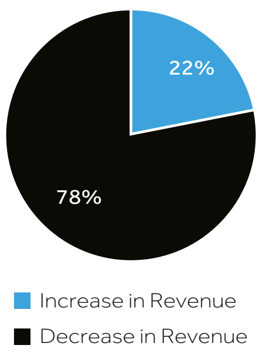
DSO decreased by 3.9 days to 53.7, as collections improved, bringing New Zealand inline with Australia and ahead of other territories (with the exception of the EU).

The 2017 to 2019 (pre-pandemic) DSO average was 47 days; which is lower than the current level of 53.7 days. The recent trend towards those historical levels indicates there may be further improvement possible in DSO.

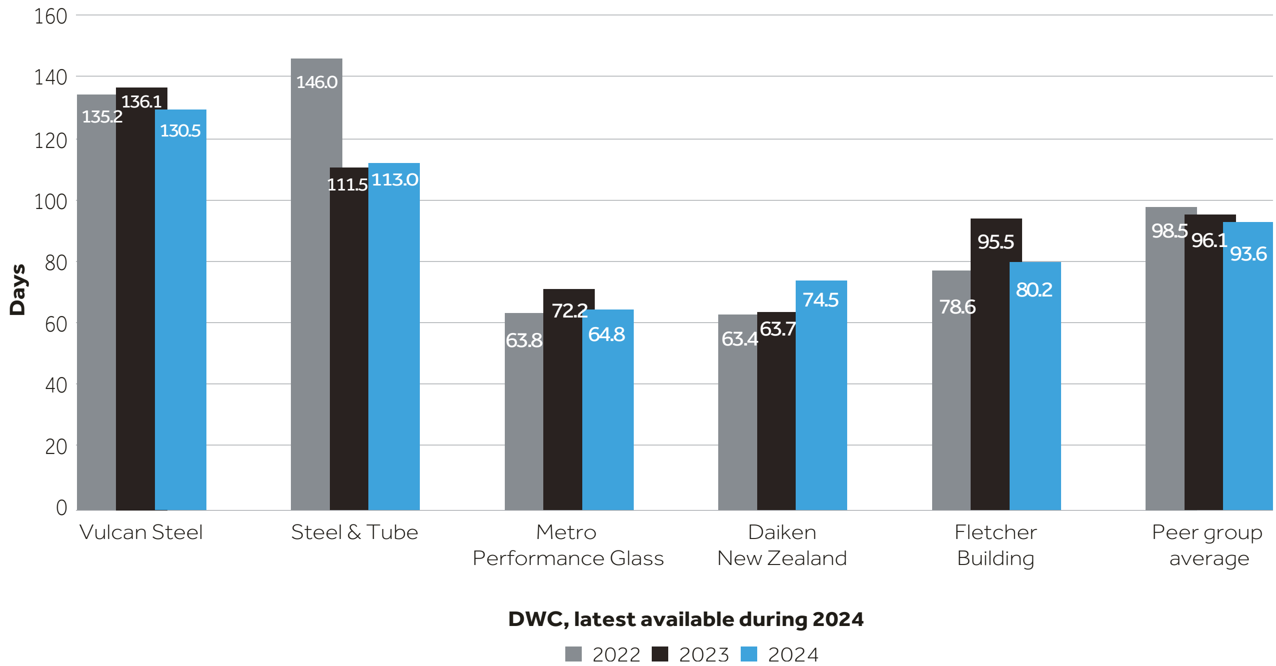
Inventory management remains a key focus for Building Products companies. DIO of 117.1 days is the highest of the 8 sectors. This relatively long cycle is an industry feature, with similar durations observed in Australia and Asia.

The outlook for 2025 is mixed with continued falling interest rates supporting the residential property sector; however, slowing population growth, government spending cutbacks and the effects of the current economic recession will continue to be felt.

Revenue performance vs prior year



Selection of companies - Building Products



Construction & Engineering

Gains in DSO have offset other losses, with NZ still ahead of international counterparts. Tougher trading conditions are expected in 2025.

CONSTRUCTION & ENGINEERING

Days	2022	2023	Change	2024	Change
DSO	56.6	61.7	5.1	52.9	(8.8)
DIO	17.8	18.7	0.9	19.2	0.5
DPO	33.7	25.5	(8.2)	21.0	(4.5)
DWC	43.4	54.0	10.6	48.8	(5.2)

BEST & WORST

Days	Best	Worst	Spread
DSO	8.1	100.8	92.7
DIO	-	85.8	85.8
DPO	54.5	3.1	51.4
DWC	(7.4)	89.8	97.2

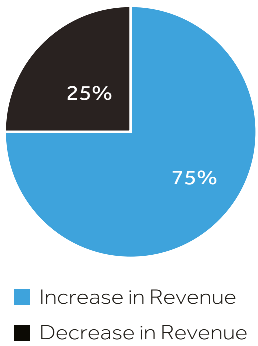
INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	81.6	52.4	59.8	41.0	52.9
DIO	118.7	176.8	87.2	59.0	19.2
DPO	68.6	92.0	62.3	27.9	21.0
DWC	118.4	101.0	79.6	58.6	48.8

"During the period, there has been an enhanced and disciplined focus on working capital management, cash collections and resolution of contractual variations and claims."

Downner New Zealand
2024 Annual Report

Revenue performance vs prior year



Of our eight sampled companies in the Construction & Engineering sector, six grew revenue, with an average increase of 8.7% over the past year in total. The relative good revenue performance compared to the Building Products sector reflects the sampled companies exposure to large-scale non-residential infrastructure projects, rather than residential construction, which has contracted over the period.

The average DWC of our sampled companies decreased by 5.2 days to 48.8 but still remain above 2022 levels. The decrease was driven by quicker collection of debtors as DSO decreased by over 8 days.

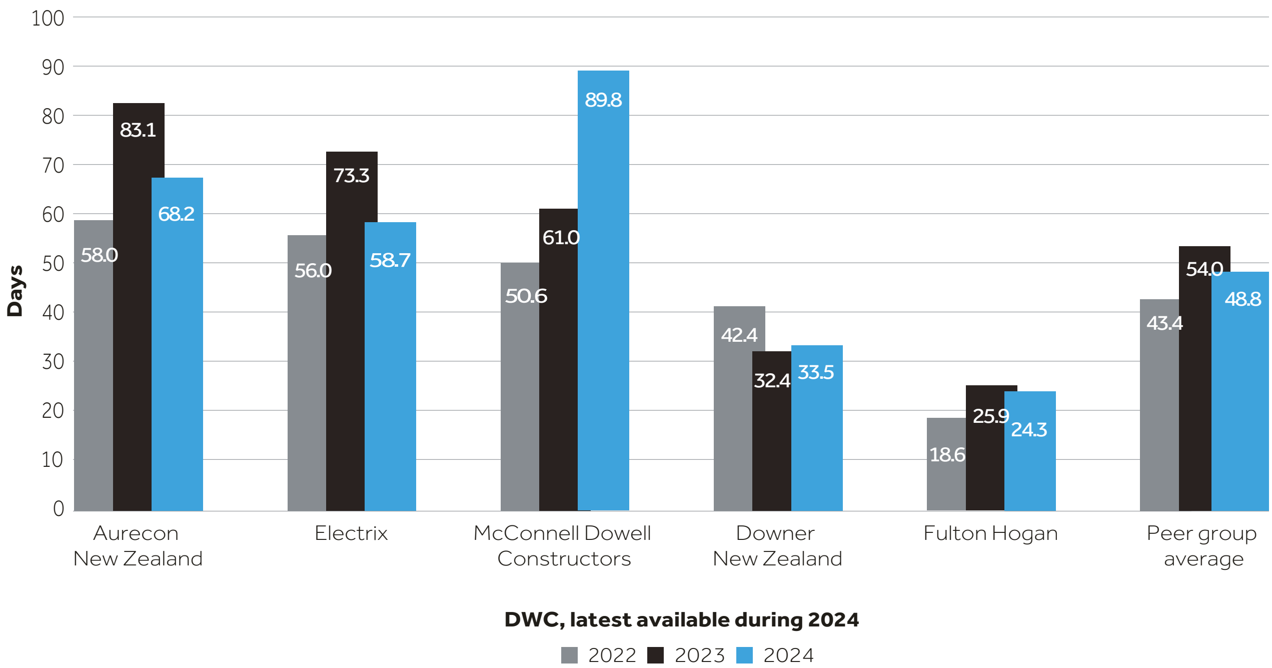
The sector traditionally operates in an environment where suppliers are paid much faster than payments are received from customers. This remained the case in 2024, with suppliers paid in 21 days (on average) whilst collecting debtors took 53 days (on average), heightening the need to assess customers' creditworthiness and consider contractual protections or insurance.

From an international perspective, the average DWC is roughly two months lower than Asia and the EU, over four weeks lower than the US, and a week lower than AU. NZ has the lowest DPO by a significant margin, which may be due to the progress payment process under the Construction Contracts Act.

There are signals that the 2025 results will reveal tougher trading conditions, with organisations such as Engineering New Zealand Te Ao Rangahau expressing concern that government cancellation and delays to infrastructure projects are resulting in redundancies and emigration of engineers to pursue overseas opportunities.

Working capital management, including the efficient assessment of WIP, its conversion to billings and then cash collections (including managing customer credit risk), remains key to managing liquidity in tough trading conditions.

Selection of companies - Construction & Engineering



Food & Beverage

DWC increased in 2024, driven mainly by faster supplier payments by alcoholic beverage companies. Inventory levels remain unavoidably high compared to other sectors.

FOOD & BEVERAGE

Days	2022	2023	Change	2024	Change
DSO	52.1	54.5	2.4	50.7	(3.8)
DIO	117.9	119.2	1.3	114.5	(4.7)
DPO	48.6	53.0	4.4	43.6	(9.4)
DWC	94.9	95.2	0.3	100.0	4.8

BEST & WORST

Days	Best	Worst	Spread
DSO	4.9	205.4	200.5
DIO	5.0	533.6	528.6
DPO	133.8	1.7	132.1
DWC	(17.4)	375.5	392.9

INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	32.9	30.2	15.0	18.1	50.7
DIO	79.7	80.5	65.2	105.2	114.5
DPO	57.3	78.7	46.6	57.3	43.6
DWC	50.7	36.9	35.7	39.2	100.0

"A 5% increase in overall revenue, combined with a team focus on selling through aged inventory (orange roughy) and a concerted effort to expedite cash collection, positively led to cash flow improvements."

Sanford Limited
Managing Director Statement
Annual Report 2024

Overall the Food & Beverage sector DWC increased in 2024 by 4.8 days to 100.0 days, the highest of the 8 sectors reviewed. The overall movement was mainly the result of decreasing DPO (paying suppliers sooner), with an average reduction of 9.4 days to 43.6 days.

This sector is often considered separately as two sub-sectors, Alcoholic Beverages and Food & Non-Alcoholic Beverages, due to Alcoholic Beverages having much longer DIO (products typically need to ferment or mature).

88% of Alcoholic Beverage companies saw an increase in DWC in 2024; increasing by an average of 27 days.

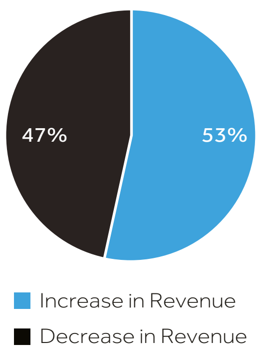
This is mainly driven by the industry paying suppliers in a more timely manner – on average 14.5 days faster than in 2023 at 51.1 days.

For the Food & Non-Alcoholic sub-category, DWC remained stable year-on-year, decreasing just 0.1 days on average. Improvements made in DSO and DIO were offset by DPO decreasing by 8.2 days as creditors were paid faster.

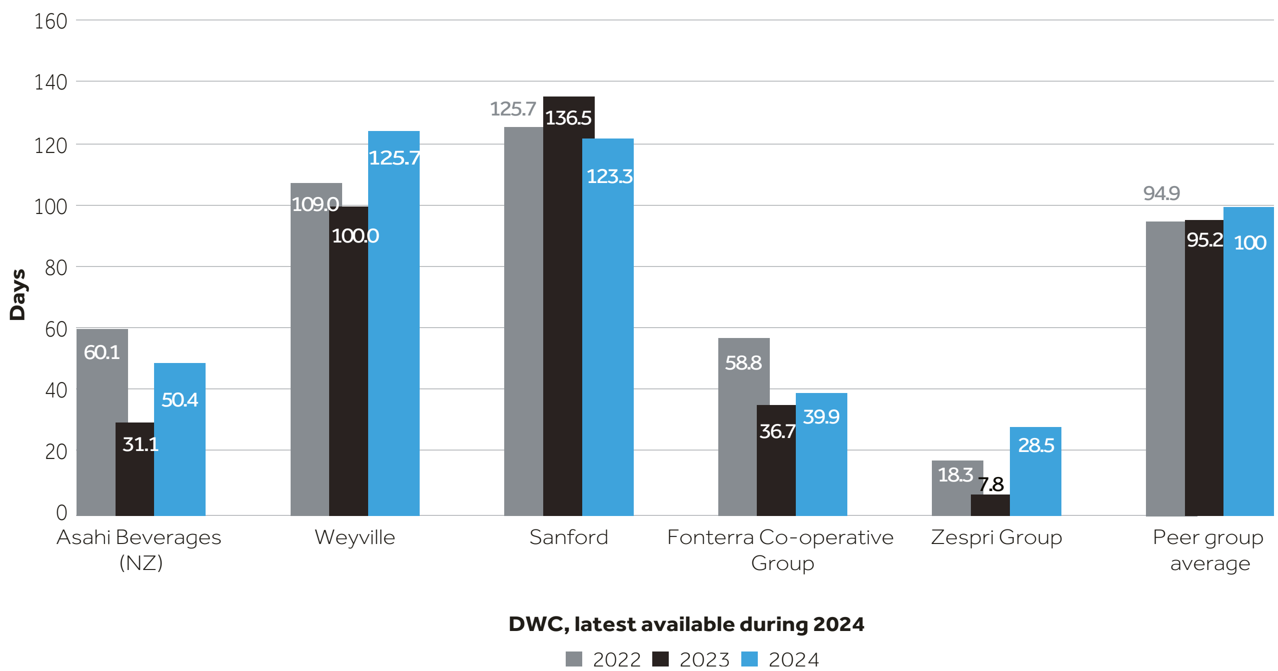
Excluding dairy, revenue of the sampled companies in the Food & Non-Alcoholic Beverage sector fell 6% due mainly to increased international competition of fruit and meat exports.

In Australia, average DWC across Food & Beverage companies sampled did not change materially, but with DIO falling by 7.6 days (inventory turning faster) and DPO falling 8.2 (paying suppliers faster). New Zealand was in line with Australia with approximately two-thirds of companies receiving payments more quickly from customers also paying suppliers faster.

Revenue performance vs prior year



Selection of companies - Food & Beverage



Leisure

The Leisure sector continues to rebound following COVID-19, with revenue growth in all observed companies.

LEISURE

Days	2022	2023	Change	2024	Change
DSO	43.2	31.0	(12.2)	27.2	(3.8)
DIO	49.5	65.4	15.9	58.4	(7.0)
DPO	76.1	77.3	1.2	67.2	(10.1)
DWC	17.7	24.2	6.5	25.9	1.7

BEST & WORST

Days	Best	Worst	Spread
DSO	0.6	99.2	98.6
DIO	-	215.8	215.8
DPO	180.1	5.7	174.4
DWC	(35.3)	115.5	150.8

"It's great to see the New Zealand Rentals & Sales had a record result… We've noted though that, that growth rate is slowing into calendar '25."

Tourism Holdings Limited (THL)
FY24 Full Year Results
Investor call transcript

The leisure sector was hit particularly hard by the COVID-19 pandemic, with tourism, consumer confidence, and discretionary spending initially plummeting. Since COVID-19, tourism activity in NZ has rebounded with revenue growth in each of the seven companies in this sector.

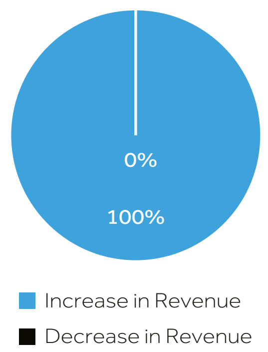
This is consistent with international tourist trends since the NZ border fully reopened in July 2022, with overseas visitor arrivals rapidly rebounding, however to a lower level than before COVID-19 (for example, November 2024 saw 321k monthly arrivals, representing 86% of November 2019 equivalent of 372k, per Stats NZ).

It is noteworthy that the two largest companies in the sector, SkyCity and THL, both have significant activities in Australia (and North America for THL) and are thus exposed to international tourism trends, which have also been supportive of revenue growth over the same period.

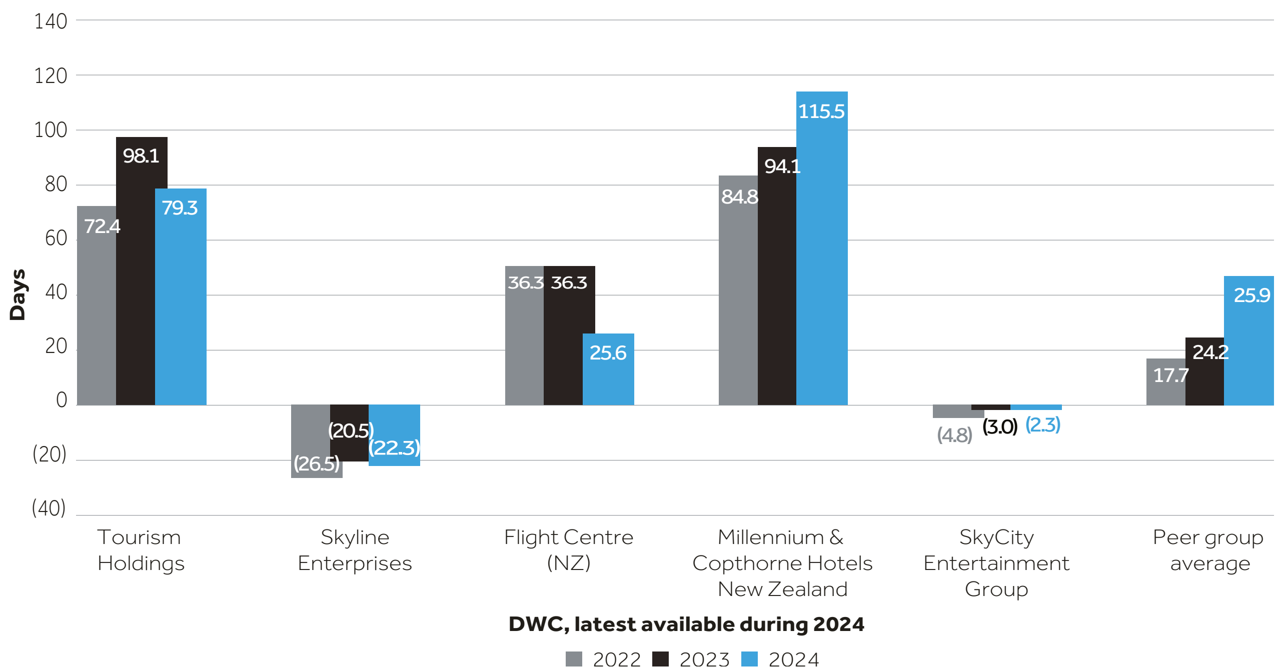
Leisure has the quickest customer cash collection cycle across the 8 sectors, with DSO on average less than 1 month (27 days), resulting from a high proportion of B2C sales where the consumer pays at the point of purchase.

The 2025 outlook for revenue is positive with increasing international visitor numbers and spend, encouraged by government policy (for example, January 2025 announcement of a relaxation of visa requirements for "digital nomads"; with benefits for international visitor numbers and spend cited as potential benefits). However, pressure on domestic discretionary spend from increasing unemployment rate (5.1% in Q4 2024, vs 4.0% Q4 2023), provides a countervailing headwind.

Revenue performance vs prior year



Selection of companies - Leisure



Mining & Resources

The sector improved DIO, but lags international counterparties with one of the slowest cash conversion cycles.

MINING & RESOURCES

Days	2022	2023	Change	2024	Change
DSO	77.9	61.7	(16.2)	73.1	11.4
DIO	33.1	60.9	27.8	37.9	(23.0)
DPO	46.1	76.2	30.1	35.5	(40.7)
DWC	70.0	61.4	(8.6)	73.8	12.4

BEST & WORST

Days	Best	Worst	Spread
DSO	23.7	113.5	89.8
DIO	16.9	81.0	64.1
DPO	64.5	20.6	43.9
DWC	21.3	122.0	100.7

INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	39.3	50.1	38.5	35.4	73.1
DIO	71.3	71.9	43.7	78.9	37.9
DPO	66.3	89.5	91.9	64.6	35.5
DWC	48.4	40.0	24.0	43.5	73.8

"Following the record high pricing levels experienced through FY22 and FY23, our export business experienced a reduction in revenue as coal pricing reduced through FY24."

Bathurst Resources
FY24 Annual Report

The Mining & Resources sector contains 6 companies, the lowest number of companies across the 8 sectors.

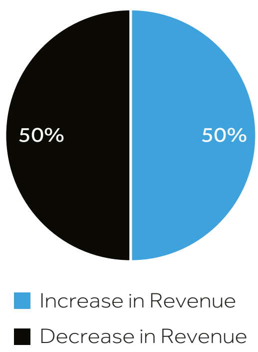
The average results are therefore relatively volatile, with average DWC across our sample increasing by 12.4 days to 73.8 days. Further contributing to the volatility is the highly variable revenue and margin, with pricing exposed to domestic and international commodity and energy markets.

There was an improvement (reduction) in DIO of 23 days; whilst DSO and DPO both worsened with adverse movements of 11.4 and 40.7 days respectively.

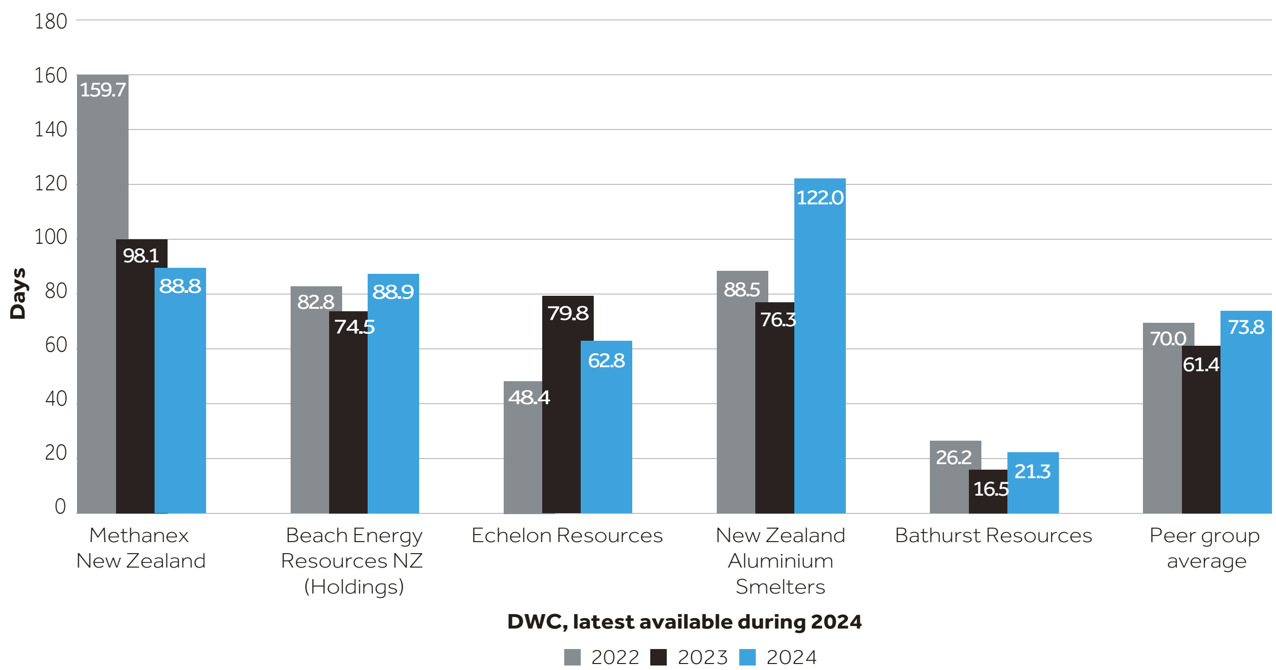
From an international perspective, New Zealand companies have the highest DWC (73.8 days) compared to international counterparties, with EU, Asia and Australia averaging DWC of 40 to 48 days. This is due to both slower debtor collection and fastest supplier payments on average.

The mining and resource sector outlook appears to be promising, with the current government's intentions to double the mining industry's revenue by 2035 and numerous mining projects making the fast-track shortlist.

Revenue performance vs prior year



Selection of companies - Mining & Resources



Retail

There has been a modest improvement in DWC for retailers in FY24, primarily arising from the benefits of extending supplier payments (DPO).

RETAIL

Days	2022	2023	Change	2024	Change
DSO	29.0	26.4	(2.6)	30.4	4.0
DIO	84.7	71.0	(13.7)	72.9	1.9
DPO	79.5	70.8	(8.7)	83.8	13.0
DWC	30.2	24.2	(6.0)	22.3	(1.9)

BEST & WORST

Days	Best	Worst	Spread
DSO	0.3	231.9	231.6
DIO	1.3	241.7	240.4
DPO	665.7	17.3	648.4
DWC	(73.6)	126.3	199.9

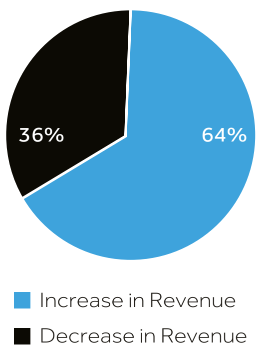
INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	39.7	28.2	14.3	11.2	30.4
DIO	83.1	130.2	86.9	126.2	72.9
DPO	74.4	92.8	60.8	59.1	83.8
DWC	44.1	38.0	23.9	40.6	22.3

"Wholesale accounts continued to reduce their inventory to manage risk in a challenging economic environment....Net working capital was $21.4 million lower than 31 July 2023 despite lower sales, with inventory significantly reduced. Rip Curl and Oboz inventory continue to track back to historical levels."

Kathmandu Holdings Limited
FY24 Annual Report

Revenue performance vs prior year



2024 has been challenging for retail, as consumers facing high lending costs and increased economic uncertainty have been pulling back on discretionary spending. Competition from budget online stores such as Temu and Shein are also taking market share from local retailers.

Some high profile retailers such as Kate Sylvester, Ted Baker, The Body Shop and Smith & Caughey's have closed or have significantly scaled back their operations in 2024. The Warehouse Group sold loss-making Torpedo 7 for $1. Other retailers like Kathmandu and Michael Hill have also reported challenging trading conditions.

However, food price inflation saw supermarkets and fast food outlets increase sales in FY24.

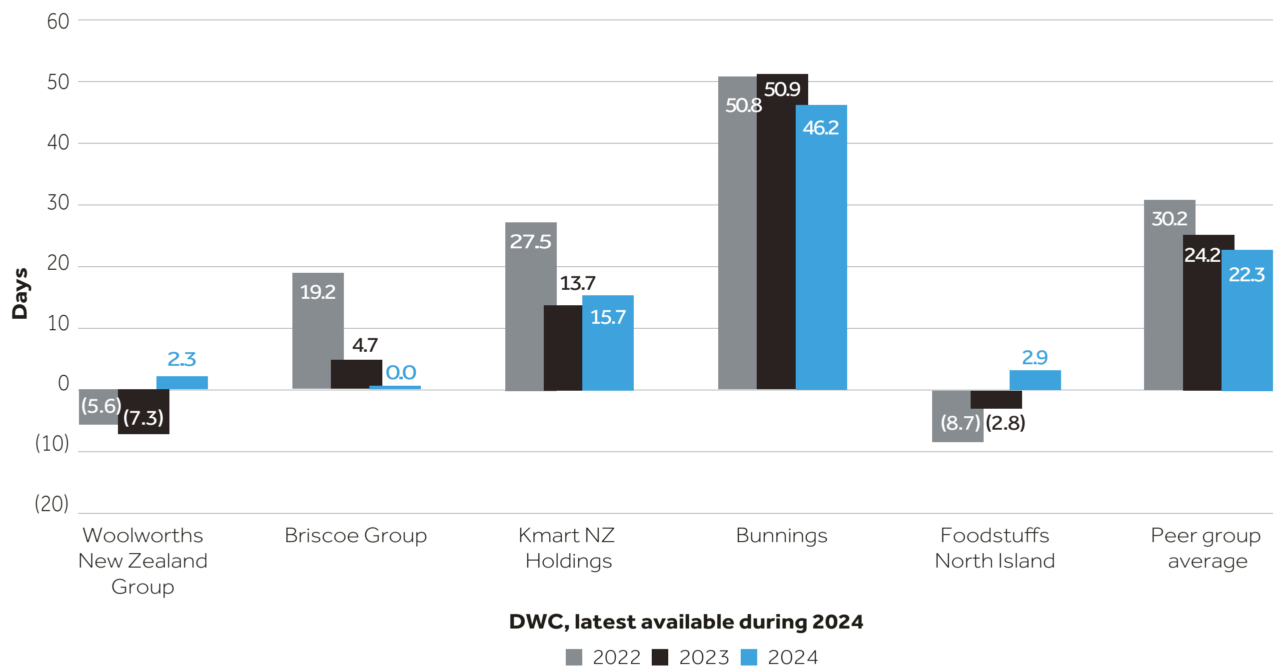
During 2024, 64% of the retailers in our sample saw sales growth, overall averaging 2% across the industry, however this was below the 3.5% CPI over the sample period (i.e. a modest decline in real terms).

Retail has the shortest working capital cycle of the 8 sectors, reducing each year since 2022 to 22.3 days in 2024. This results from increasing credit terms with suppliers (DPO up 13.0 days to 83.8 days).

56% of sampled companies reduced inventory days in FY24 with a conscious reduction in inventory held to release working capital, and a return to normal efficiency as global supply chain disruptions eased.

Compared with international retailers, NZ retail DWC of 22.3 days is broadly inline with US (24 days) and is leaner than Aus, EU and Asia (38 to 44 days).

Selection of companies - Retail



Transport & Distribution

Average DWC decreased to 34.8 days, driven primarily by a decrease in DSO.

TRANSPORT & DISTRIBUTION

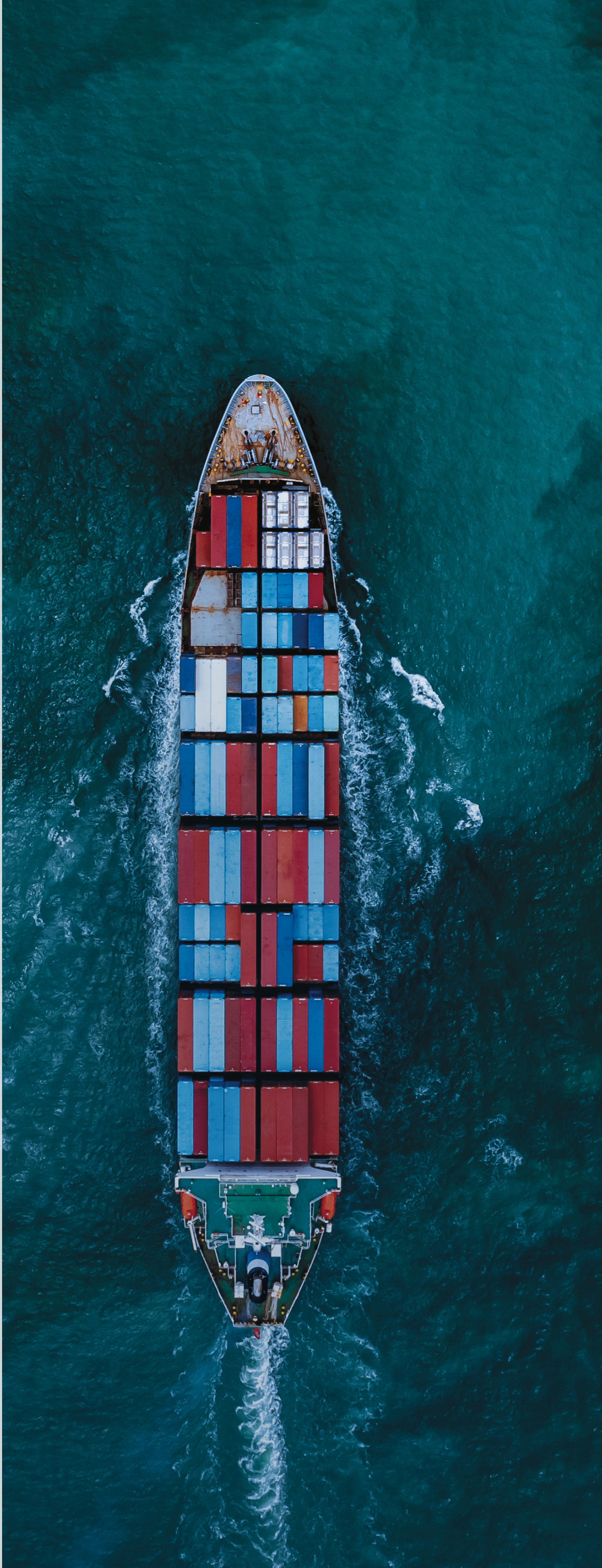
Days	2022	2023	Change	2024	Change
DSO	60.1	54.7	(5.4)	53.0	(1.7)
DIO	11.8	8.8	(3.0)	8.9	0.1
DPO	48.5	50.8	2.3	47.4	(3.4)
DWC	41.7	37.7	(4.0)	34.8	(2.9)

BEST & WORST

Days	Best	Worst	Spread
DSO	29.7	124.6	94.9
DIO	-	49.0	49.0
DPO	117.0	15.0	102.0
DWC	9.2	119.5	110.3

INTERNATIONAL BENCHMARKING

Days	Asia	EU	US	AU	NZ
DSO	51.0	51.8	44.4	38.3	53.0
DIO	40.4	15.8	33.1	47.9	8.9
DPO	44.6	95.3	60.2	74.0	47.4
DWC	46.4	12.1	21.8	26.5	34.8



"The year was characterised by significantly reduced freight volumes, a direct consequence of the macroeconomic environment's heightened inflationary pressures and a downturn in retail spending."

Mainfreight Limited
FY24 Annual Report

Of our sampled 11 companies in the transport and distribution sector, six experienced an increase in revenue compared to the prior year, however there were notable declines, in particular Mainfreight (the largest company in our sector data, and one of the largest across all sectors) realising a fall in revenue from $5.7bn to $4.7bn.

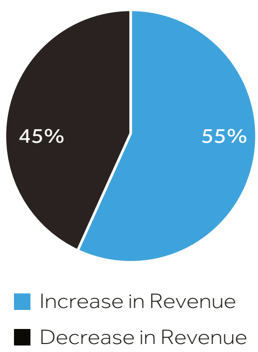
Average DWC improved to 34.8 days, driven primarily by a improved debtor collections of 1.7 days. Suppliers experienced quicker payments with DPO falling 3.4 days as DIO remained stable.

Net working capital has significantly improved from the 2022 (COVID-impacted) level of 41.7 days, with an overall release of cash from working capital of $93m from the 11 companies over the last 2 years.

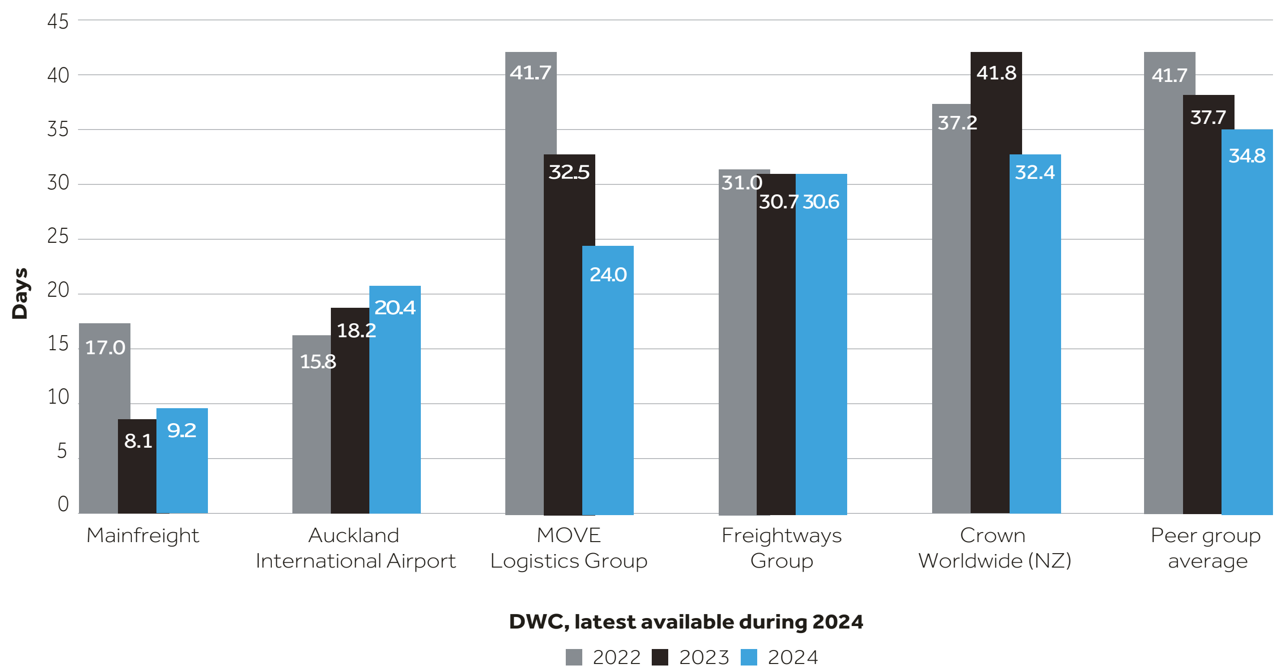
The international benchmarking indicates that there is further room for improvement for NZ entities, with Australia, US and EU companies operating a leaner working capital cycle.

In Australia, Transport & Distribution DWC worsened by 2.8 days to 26.5 days through a longer DIO. Sector "winners" were those associated with online retail deliveries and other final mile courier services, which experienced improved trading conditions.

Revenue performance vs prior year



Selection of companies - Transport & Distribution



Utilities

Average DWC remained steady at 25.2 days across the two year period.

UTILITIES

Days	2022	2023	Change	2024	Change
DSO	43.6	44.0	0.4	41.8	(2.2)
DIO	31.7	33.7	2.0	33.7	-
DPO	64.1	69.2	5.1	58.8	(10.4)
DWC	24.7	22.9	(1.8)	25.2	2.3

BEST & WORST

Days	Best	Worst	Spread
DSO	13.9	58.8	44.9
DIO	-	255.0	255.0
DPO	115.7	5.2	110.5
DWC	(16.5)	98.7	115.2

We do not have comparable International Benchmark metrics for the Utilities sector.

"Inflows into Meridian's hydro catchments from May 2024 through to mid-August 2024, have been the lowest on record and, as a result, the 2025 financial year currently looks to be far more challenging."

Meridian Energy Limited
FY24 Annual Report

The Utilities sector is characterised by relatively large stable companies with significant barriers to entry and pricing power; consistent with the observation of revenue growth in the majority of its constituents (88%).

The largest companies by revenue are the four "gentailers" of Meridian, Mercury, Genesis and Contact energy, totaling $14bn in annual revenue. All have improved their working capital in the latest financial year by an average of 10 days:

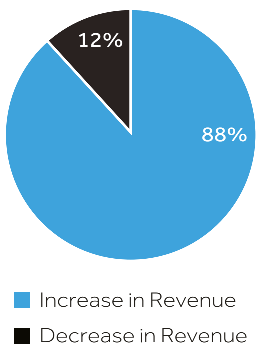
- Genesis and Contact, reducing inventory (noting both are thermal energy generators);
- Mercury collecting debtors more rapidly; and
- Meridian through increasing DPO.

The total working capital benefit realised by these 4 companies is over $150m in 2024 and average revenue was up 35%, as compared to 7% for the rest of the peer group.

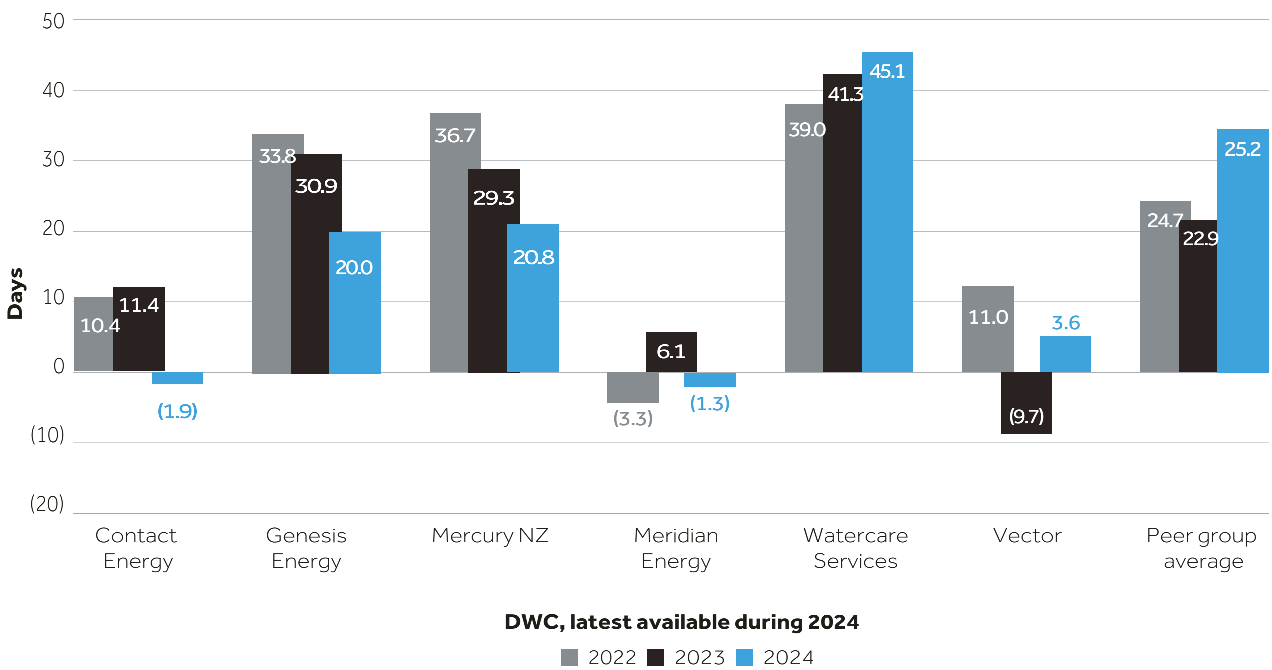
Outside of the gentailers, the rest of the peer group DWC increased 5.8 days during 2024. DSO and DIO remained relatively constant, with shortening payables cycle (DPO) driving the overall result.

Capex across the group is up, with 71% of the sample increasing their expenditure compared to the prior year. On a total basis, capex in 2024 of $3.5bn is up from $2.2bn in 2022, an increase of 54%. The investments made support expectations of further revenue growth in future updates.

Revenue performance vs prior year



Selection of companies - Utilities



Findings

Building Products

Company name	DSO 2022	DSO 2023	DSO 2024	DIO 2022	DIO 2023	DIO 2024	DPO 2022	DPO 2023	DPO 2024	DWC 2022	DWC 2023	DWC 2024
Alesco New Zealand Limited	47.6	61.8	43.8	92.8	76.5	75.3	87.1	125.5	59.6	50.4	37.3	51.7
Daiken New Zealand Limited	37.5	39.4	44.0	55.1	50.7	62.7	28.6	24.3	28.6	63.4	63.7	74.5
Fernhoff Limited	120.9	127.1	79.2	45.7	50.7	65.8	27.2	21.8	35.7	135.8	150.6	103.6
Fletcher Building Limited	47.8	55.0	44.8	91.8	112.2	84.4	48.2	53.3	35.0	78.6	95.5	80.2
Hempel (Wattyl) New Zealand Limited	55.7	47.4	89.6	153.4	250.3	246.6	36.1	121.4	125.5	127.0	120.5	162.4
Metro Performance Glass Limited	55.4	52.7	50.8	70.2	73.3	66.5	56.2	40.9	42.7	63.8	72.2	64.8
Steel & Tube Holdings Limited	58.9	47.3	44.6	150.4	109.0	117.7	38.6	27.9	30.7	146.0	111.5	113.0
Tasman Steel Holdings Limited	42.2	37.7	37.1	108.2	130.5	143.5	53.3	86.8	118.3	86.8	77.8	61.7
Vulcan Steel Limited	58.9	49.7	49.2	220.8	199.5	190.9	93.8	65.1	65.4	135.2	136.1	130.5
Peer group average	**58.3**	**57.6**	**53.7**	**109.8**	**117.0**	**117.1**	**52.1**	**63.0**	**60.2**	**98.5**	**96.1**	**93.6**
International benchmarking												
Aus	**53.7**	**56.9**	**53.7**	**110.2**	**111.4**	**117.9**	**64.2**	**55.3**	**57.3**	**82.1**	**93.0**	**91.3**
Asia	72.8	81.8	81.6	111.2	115.9	118.7	84.5	74.0	68.6	90.9	113.1	118.4
EU	61.4	51.5	52.4	99.6	175.9	176.8	91.5	83.9	92	67.6	101.0	101
US	62.2	59.4	59.8	91.5	90.1	87.2	70.0	64.3	62.3	79.2	79.8	79.6

Construction & Engineering

Company name	DSO 2022	DSO 2023	DSO 2024	DIO 2022	DIO 2023	DIO 2024	DPO 2022	DPO 2023	DPO 2024	DWC 2022	DWC 2023	DWC 2024
Aurecon New Zealand Limited	48.2	78.3	56.0	20.1	17.3	19.7	7.2	10.6	3.1	58.0	83.1	68.2
Delta Utility Services Limited	65.0	56.3	50.9	62.7	75.9	85.8	35.9	32.0	35.0	77.1	75.9	72.3
Downer New Zealand Limited	60.9	54.3	51.6	11.8	11.0	7.7	32.9	36.0	28.6	42.4	32.4	33.5
Electrix Limited	62.7	68.4	54.8	18.9	17.7	17.2	34.5	6.9	9.1	56.0	73.3	58.7
Fulton Hogan Limited	46.0	50.5	45.0	25.5	22.4	20.2	71.4	62.7	54.5	18.6	25.9	24.3
Babcock (NZ) Limited	5.5	46.9	8.1	3.2	5.0	2.8	23.6	28.5	19.4	(13.1)	25.6	(7.4)
McConnell Dowell Constructors Limited	65.8	71.5	100.8	-	-	-	12.8	11.5	11.9	50.6	61.0	89.8
Worley New Zealand Limited	98.8	67.5	56.1	-	-	-	51.1	15.7	6.3	57.8	54.8	51.1
Peer group average	**56.6**	**61.7**	**52.9**	**17.8**	**18.7**	**19.2**	**33.7**	**25.5**	**21.0**	**43.4**	**54.0**	**48.8**
International benchmarking												
Aus	**62.9**	**56.8**	**58.6**	**25.7**	**23.0**	**27.9**	**60.0**	**49.9**	**59.0**	**39.5**	**39.2**	**41.0**
Asia	129.3	81.8	81.6	56.3	115.9	118.7	84.0	74.0	68.6	103.2	113.1	118.4
EU	84.3	51.5	52.4	65.8	175.9	176.8	92.8	83.9	92	64.8	101.0	101
US	82.7	59.4	59.8	64.1	90.1	87.2	49.9	64.3	62.3	90.2	79.8	79.6

Findings

Food & Beverage

Company name	DSO 2022	DSO 2023	DSO 2024	DIO 2022	DIO 2023	DIO 2024	DPO 2022	DPO 2023	DPO 2024	DWC 2022	DWC 2023	DWC 2024
Asahi Beverages (NZ) Limited	94.9	69.2	67.7	54.9	64.7	66.7	104.9	117.6	90.1	60.1	31.1	50.4
Constellation NZ Holdings	79.5	85.7	139.0	107.5	131.7	158.6	40.3	46.4	78.0	128.3	148.9	208.5
DB Breweries Limited	71.5	81.9	69.6	42.1	45.5	38.3	105.7	119.8	101.9	31.6	34.9	28.2
Delegat Group Limited	53.8	51.4	73.7	411.2	387.1	315.5	45.8	49.1	24.0	249.8	238.9	249.8
Foley Wines Limited	67.8	78.8	85.2	615.7	511.2	467.1	28.1	57.2	39.1	407.0	366.2	375.5
Marlborough Wine Estates Group Limited	76.7	41.9	54.6	434.6	438.3	271.2	74.2	85.8	36.0	305.0	258.5	271.9
Negociants New Zealand Limited	165.7	181.1	205.4	147.8	186.9	173.7	27.2	27.9	27.6	259.3	299.1	315.5
Treasury Wine Estates (Matua) Limited	59.0	58.1	34.4	166.6	156.0	282.3	23.4	21.4	12.3	186.6	184.9	280.0
Alcoholic Beverages	**83.6**	**81.0**	**91.2**	**247.5**	**240.2**	**221.7**	**56.2**	**65.7**	**51.1**	**203.4**	**195.3**	**222.5**
Alliance Group Limited	31.5	23.0	21.1	30.0	27.3	22.7	25.7	32.4	31.0	35.4	17.8	13.0
Allied Foods (N.Z.) Limited	34.7	35.3	32.3	40.1	44.9	41.8	35.2	32.1	27.0	38.0	44.0	42.1
Arnott's New Zealand Limited	50.9	34.8	25.8	57.6	55.6	55.3	133.7	76.2	96.0	(8.7)	17.6	(8.3)
ANZCO Foods Limited	32.3	26.9	28.1	59.1	64.4	74.8	22.4	18.5	18.8	64.2	65.3	76.7
Beam Suntory NZ Limited	160.7	156.6	108.5	8.3	9.5	5.0	32.7	44.0	41.4	138.4	125.1	75.3
Bidfood Limited	28.1	27.8	23.7	25.4	27.3	27.8	48.7	45.9	47.3	9.9	13.4	8.6
Blue Sky Meats (N.Z.) Limited	30.3	30.1	33.5	18.2	23.1	23.1	14.6	13.7	14.2	33.2	38.3	41.4
Compass Group New Zealand Limited	40.6	36.2	34.2	6.9	6.2	6.7	33.6	28.0	32.0	18.2	17.7	12.9
Comvita Limited	48.6	61.4	62.6	581.8	504.6	533.6	80.7	38.1	43.9	247.5	257.5	282.9
Dairy Goat Co-Operative (N.Z.) Limited	81.8	103.4	82.7	367.7	287.7	392.7	41.8	34.1	29.0	326.3	281.1	369.6
EastPack Limited	17.0	18.6	18.4	5.7	14.6	23.8	32.8	33.6	28.4	(0.4)	6.2	15.7
Fonterra Co-operative Group Limited	39.4	30.8	29.3	98.9	77.0	84.6	76.5	69.9	71.9	58.8	36.7	39.9
Goodman Fielder New Zealand Limited	30.4	41.5	34.4	30.6	46.0	29.2	57.1	52.2	41.3	10.0	36.5	25.0
General Mills New Zealand Limited	44.6	54.3	43.0	41.5	63.8	64.8	83.7	84.4	78.8	9.5	36.3	31.2
H.J. Heinz Company (New Zealand) Limited	135.5	99.2	76.2	102.7	141.8	94.9	85.7	79.2	50.2	149.5	150.8	117.5
Jacobs Douwe Egberts NZ	47.1	47.4	40.4	107.7	153.3	130.6	101.0	132.1	106.8	50.8	59.7	54.4
Kerry Ingredients (NZ) Limited	95.4	101.1	94.5	80.8	88.7	82.0	54.4	93.4	57.8	116.2	97.6	113.4
Kura Limited	59.1	79.9	66.9	208.5	241.0	200.3	77.1	85.0	60.0	158.7	194.9	170.2
Landcorp Farming Limited	47.9	33.8	34.9	300.3	330.2	288.3	51.8	76.5	52.1	165.9	132.5	134.6
Market Gardeners Limited	44.7	145.6	63.7	8.7	45.0	22.8	59.0	237.2	133.8	1.6	7.3	(17.4)
Mars New Zealand Limited	29.2	28.5	25.3	99.1	97.9	77.2	71.5	42.3	36.6	44.1	58.1	47.2
Moana New Zealand	23.9	36.3	34.9	54.8	59.8	56.8	10.4	11.0	11.3	59.4	76.9	73.7
Nestle New Zealand Limited	26.3	48.5	42.7	121.7	152.0	104.5	109.8	99.0	61.8	33.0	80.5	69.8
New Zealand King Salmon Investments Limited	34.5	29.3	27.2	78.1	79.5	111.1	32.6	30.3	46.4	76.7	69.5	69.3
New Zealand Sugar Company Limited	68.4	74.9	69.2	58.8	66.4	79.4	15.5	20.6	22.6	107.1	113.6	118.5
Sanford Limited	60.5	69.2	52.1	93.5	107.8	103.0	12.9	24.0	12.1	126.4	136.5	123.3
Scales Corporation Limited	17.0	21.9	17.6	27.0	31.6	24.3	10.5	12.0	8.4	29.8	37.5	30.0
Seeka Limited	20.2	21.1	27.0	10.8	15.5	15.4	6.8	8.0	8.1	23.3	27.1	33.2
Silver Fern Farms Limited	44.9	41.2	39.4	53.8	45.0	47.2	14.0	11.9	20.4	72.7	63.8	58.0
Speirs Group Limited	46.0	36.7	34.6	27.4	22.1	20.1	43.0	32.4	31.8	36.0	29.9	27.1
Synlait Milk Limited	21.4	17.2	21.9	66.8	62.6	48.4	40.3	46.5	23.1	45.6	31.8	46.4
T&G Global Limited	33.3	39.1	43.9	25.4	30.6	34.3	37.9	39.2	43.1	24.0	32.7	37.2
The a2 Milk Company Limited	17.0	13.2	11.1	65.5	82.9	72.3	38.9	23.4	33.8	31.4	45.1	32.0
The Tatua Co-operative Dairy Company Limited	39.3	37.1	44.9	105.6	92.0	107.6	48.7	41.2	39.8	88.1	77.5	101.8
Weyville Holdings Limited	37.8	42.5	51.7	113.5	109.8	128.1	39.4	45.8	48.1	109.0	100.9	125.7
Zespri Group Limited	4.2	4.7	4.9	24.5	14.6	28.9	7.4	10.9	1.7	18.3	7.8	28.5
Peer group average	**52.1**	**54.5**	**50.7**	**117.9**	**119.2**	**114.5**	**48.6**	**53.0**	**43.6**	**94.9**	**95.2**	**100.0**

Findings

Retail

Company name	DSO 2022	DSO 2023	DSO 2024	DIO 2022	DIO 2023	DIO 2024	DPO 2022	DPO 2023	DPO 2024	DWC 2022	DWC 2023	DWC 2024
Breville New Zealand Limited	39.9	33.5	41.7	87.5	64.4	71.5	87.5	77.6	116.6	40.0	22.7	5.2
Bridgestone New Zealand Limited	38.5	37.8	37.1	134.7	112.5	129.1	107.3	109.0	102.9	53.1	39.7	51.2
Briscoe Group Limited	0.2	0.7	0.7	108.0	97.7	83.9	73.0	90.6	85.0	19.2	4.7	0.0
Bunnings Limited	13.2	12.1	11.3	89.3	84.9	81.8	34.5	29.3	30.8	50.8	50.9	46.2
Burger Fuel Group Limited	62.6	55.8	50.3	16.4	11.0	10.7	20.2	26.9	26.7	59.2	42.3	36.5
Century Yuasa Batteries (NZ) Limited	77.9	81.7	107.8	173.5	123.0	104.0	84.3	55.2	73.3	129.4	125.3	126.3
Foodstuffs North Island Limited	47.2	25.7	23.6	21.9	11.0	10.7	93.2	43.0	33.9	(8.7)	(2.8)	2.9
Foodstuffs South Island Limited	19.6	25.2	27.1	18.0	16.6	15.7	36.8	36.7	38.6	2.6	6.9	6.3
Hallenstein Glasson Holdings Limited	0.5	0.3	0.3	81.9	64.7	56.7	32.6	16.9	20.3	21.4	20.7	15.1
Kimbyr Investments Limited	2.3	0.7	0.7	196.4	153.1	153.2	51.1	27.6	32.8	58.3	53.9	50.9
Kmart NZ Holdings Limited	0.5	0.3	0.4	109.8	90.3	93.1	65.4	68.5	66.0	27.5	13.7	15.7
KMD Brands Limited	30.4	24.6	23.2	267.6	235.0	241.7	92.6	72.8	77.1	102.4	90.9	90.9
Louis Vuitton New Zealand Limited	6.3	5.5	4.6	101.2	82.9	75.8	112.1	71.8	64.0	0.1	12.0	11.3
Luxottica Retail New Zealand Limited	10.3	8.2	7.2	62.6	81.8	94.4	177.5	166.8	145.5	(25.3)	(20.3)	(8.4)
McDonald's Restaurants (New Zealand) Limited	52.3	40.2	36.6	3.8	4.1	3.5	59.2	45.9	52.6	36.7	27.3	21.1
Mitre 10 (New Zealand) Limited	169.0	157.8	231.9	95.6	65.6	111.9	397.8	394.6	665.7	(12.6)	(44.4)	(73.6)
My Food Bag Group Limited	0.2	0.3	0.3	6.7	5.9	1.3	30.9	31.3	26.4	(17.4)	(19.1)	(19.1)
Restaurant Brands New Zealand Limited	1.3	1.8	3.3	8.9	8.5	6.2	18.2	18.3	17.3	(6.7)	(6.8)	(6.4)
The Warehouse Group Limited	3.9	3.5	4.2	96.4	83.8	85.4	73.1	58.2	71.5	19.0	20.5	13.5
Turners Automotive Group Limited	15.6	17.8	16.3	54.8	39.0	35.7	40.4	37.0	29.9	27.9	19.4	21.2
Wesfarmers Industrial & Safety Holdings Nz Limited	42.7	44.3	37.7	99.3	99.6	110.9	22.5	39.0	39.3	92.2	82.5	82.5
Woolworths New Zealand Group Limited	3.0	3.0	3.1	28.6	26.8	27.3	39.8	40.1	28.3	(5.6)	(7.3)	2.3
Peer group average	**29.0**	**26.4**	**30.4**	**84.7**	**71.0**	**72.9**	**79.5**	**70.8**	**83.8**	**30.2**	**24.2**	**22.3**
International benchmarking												
Aus	**15.9**	**11.1**	**11.2**	**138.5**	**121.8**	**126.2**	**54.1**	**52.2**	**59.1**	**52.1**	**42.5**	**40.6**
Asia	34.5	34.5	35.9	86.2	86.2	89.6	72.3	72.3	74.7	44.1	44.1	46.2
EU	25.7	25.7	27.8	97.0	97	97.2	72.2	72.2	70.8	34.9	34.9	37.8
US	17.0	17	17	90.1	90.1	88.7	77.9	77.9	70.7	27.7	27.7	29.8

Findings

Leisure

	DSO			DIO			DPO			DWC		
Company name	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Dynasty Hotel Group Limited	20.3	19.1	20.5	10.4	7.2	5.7	2.2	26.8	5.7	24.0	12.1	20.5
Flight Centre (NZ) Limited	222.1	133.6	99.2	-	-	-	165.3	186.5	180.1	36.3	36.3	25.6
Millennium & Copthorne Hotels NZ Ltd	34.2	36.5	51.1	130.6	149.5	153.3	24.3	10.3	15.0	84.8	94.1	115.5
Savor Limited	2.8	3.0	0.6	19.5	18.9	14.6	191.7	153.3	113.6	(62.5)	(47.8)	(35.3)
SkyCity Entertainment Group Limited	4.1	3.4	3.0	9.5	8.6	8.1	26.7	23.8	20.2	(4.8)	(3.0)	(2.3)
Skyline Enterprises Limited	2.8	4.1	4.7	13.9	15.8	11.6	89.2	90.0	87.6	(26.5)	(20.5)	(22.3)
Tourism Holdings Limited	16.0	17.5	11.3	162.9	257.7	215.8	33.7	50.1	48.5	72.4	98.1	79.3
Peer group average	**43.2**	**31.0**	**27.2**	**49.5**	**65.4**	**58.4**	**76.1**	**77.3**	**67.2**	**17.7**	**24.2**	**25.9**

Mining & Resources

	DSO			DIO			DPO			DWC		
Company name	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Bathurst Resources Limited	33.5	17.4	23.7	15.9	8.8	17.7	24.4	9.8	20.8	26.2	16.5	21.3
Beach Energy Resources NZ (Holdings) Limited	78.6	73.1	76.6	29.4	32.5	40.8	20.2	29.8	20.6	82.8	74.5	88.9
Echelon Resources Limited	61.2	81.4	64.8	26.6	19.4	48.5	54.8	22.5	52.6	48.4	79.8	62.8
Methanex New Zealand Limited	164.8	92.3	88.4	28.6	37.4	22.3	36.0	29.9	21.9	159.7	98.1	88.8
New Zealand Aluminium Smelters Limited	81.7	62.5	113.5	85.7	121.0	81.0	75.6	97.9	64.5	88.5	76.3	122.0
OMV New Zealand Limited	47.7	43.7	71.3	12.6	146.3	16.9	65.7	267.5	32.4	14.6	23.1	59.1
Peer group average	**77.9**	**61.7**	**73.1**	**33.1**	**60.9**	**37.9**	**46.1**	**76.2**	**35.5**	**70.0**	**61.4**	**73.8**
International benchmarking												
Aus	**42.0**	**33.2**	**35.4**	**81.2**	**76.2**	**78.9**	**78.1**	**61.2**	**64.6**	**47.9**	**41.7**	**43.5**
Asia	51.2	37.3	39.3	79.5	72.9	71.3	56.8	69.5	66.3	68.9	48.4	48.4
EU	54.9	44.1	50.1	79.8	72.4	71.9	91.2	91.0	89.5	46.8	38.5	40.0
US	45.4	32.6	38.5	44.3	41.3	43.7	119.4	87.2	91.9	27.3	21.1	24.0

Findings

Transport & Distribution

Company name	DSO 2022	DSO 2023	DSO 2024	DIO 2022	DIO 2023	DIO 2024	DPO 2022	DPO 2023	DPO 2024	DWC 2022	DWC 2023	DWC 2024
Auckland International Airport Limited	31.2	27.0	29.7	-	-	-	38.3	39.1	35.6	15.8	18.2	20.4
Crown Worldwide (NZ) Limited	48.1	49.6	38.7	4.6	4.9	4.6	22.3	17.3	15.0	37.2	41.8	32.4
Dunedin International Airport Limited	35.5	26.8	32.1	9.3	4.7	2.5	104.8	174.3	117.0	15.4	(0.4)	11.1
Freightways Group Limited	47.6	44.2	44.9	5.3	4.5	4.0	29.6	23.7	24.0	31.0	30.7	30.6
Hellmann Worldwide Logistics Limited	52.1	39.5	43.4	0.1	0.2	0.3	24.6	18.5	22.6	32.9	25.4	27.9
Kuehne + Nagel Limited	70.8	63.0	48.1	-	-	-	27.8	26.7	28.6	47.8	40.8	25.5
Mainfreight Limited	56.3	39.8	47.6	-	-	-	48.3	40.3	49.8	17.0	8.1	9.2
MOVE Logistics Group Limited	59.5	54.3	48.5	-	0.3	0.3	23.1	28.4	29.9	41.7	32.5	24.0
ORIX New Zealand Limited	131.4	137.6	124.6	53.6	29.6	34.1	57.8	50.9	53.3	130.3	131.6	119.5
Quayside Holdings Limited	55.7	56.1	58.3	4.2	3.3	3.2	23.6	17.9	41.6	46.0	48.5	37.5
SG Fleet NZ Limited	72.6	63.8	67.0	53.0	49.4	49.0	133.2	121.2	104.2	43.5	37.3	45.1
Peer group average	**60.1**	**54.7**	**53.0**	**11.8**	**8.8**	**8.9**	**48.5**	**50.8**	**47.4**	**41.7**	**37.7**	**34.8**
International benchmarking												
Aus	**40.7**	**37.4**	**38.3**	**47.2**	**43.4**	**47.9**	**80.4**	**71.9**	**74**	**24.4**	**23.7**	**26.5**
Asia	48.2	49.6	51.0	32.2	36.1	40.4	41.5	42.6	44.6	40.6	43.3	46.4
EU	57.7	45.1	51.8	25.0	12.9	15.8	60.0	90.1	95.3	31.6	7.0	12.1
US	49.9	41.4	44.4	35.9	32.3	33.1	71.4	58.9	60.2	27.6	20.3	21.8

Findings

Utilities

	DSO			DIO			DPO			DWC		
Company name	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Contact Energy Limited	33.8	41.9	34.0	11.6	10.9	6.2	42.3	51.0	53.3	10.4	11.4	(1.9)
Genesis Energy	31.2	37.9	37.5	30.7	28.1	12.0	27.7	37.0	32.1	33.8	30.9	20.0
Mercury NZ Limited	84.9	63.1	57.2	21.4	17.5	16.2	87.3	66.1	62.4	36.7	29.3	20.8
Meridian Energy Limited	40.1	39.3	41.2	-	-	-	51.4	44.6	50.3	(3.3)	6.1	(1.3)
Gentailers	**47.5**	**45.6**	**42.5**	**15.9**	**14.1**	**8.6**	**52.2**	**49.7**	**49.5**	**19.4**	**19.4**	**9.4**
Eastland Group Limited	51.4	66.8	44.2	1.8	3.5	0.4	69.6	136.6	51.1	17.7	(18.0)	13.2
Electricity Ashburton Limited	45.3	44.4	41.8	87.9	117.9	112.2	103.1	62.3	41.6	38.4	75.9	84.3
Manawa Energy Limited	37.5	37.1	48.2	19.9	13.0	-	42.4	31.2	5.2	23.9	27.1	45.2
Counties Energy Limited	41.4	42.1	38.6	49.7	68.0	53.0	85.1	96.9	89.1	32.8	34.6	29.7
Northpower Limited	66.7	59.6	58.8	33.5	28.3	20.9	36.6	34.0	32.8	65.2	56.8	52.9
Orion New Zealand Limited	40.7	43.2	45.1	29.9	34.5	29.0	62.7	65.2	64.1	19.7	22.4	21.5
PowerNet Limited	26.1	15.3	13.9	14.6	11.9	9.8	18.1	23.6	16.4	23.0	4.6	7.8
Top Energy Limited	42.5	41.1	32.8	24.2	31.4	34.6	41.0	44.0	40.9	35.8	35.8	29.9
Transpower New Zealand Limited	39.2	32.4	40.4	-	-	-	113.4	92.3	107.7	(0.4)	(4.0)	(3.9)
Unison Networks Limited	45.5	47.1	49.9	185.8	187.5	255.0	84.4	110.8	115.7	84.6	77.1	98.7
Vector Limited	55.8	59.6	53.5	14.4	13.4	16.6	94.7	144.0	114.7	11.0	(9.7)	3.6
Watercare Services Limited	39.5	45.7	46.5	44.1	41.2	40.6	47.4	65.6	48.8	39.0	41.3	45.1
WEL Networks Limited	33.1	42.9	36.6	-	-	-	43.5	43.5	46.8	3.7	12.0	4.3
Wellington Electricity Distribution Network Limited	29.8	33.0	31.9	-	-	-	103.3	96.3	85.7	(27.8)	(21.0)	(16.5)
Other Utilities providers	**42.5**	**43.6**	**41.6**	**36.1**	**39.3**	**40.9**	**67.5**	**74.7**	**61.5**	**26.2**	**23.9**	**29.7**
Peer group average	**43.6**	**44.0**	**41.8**	**31.7**	**33.7**	**33.7**	**64.1**	**69.2**	**58.8**	**24.7**	**22.9**	**25.2**

Basis of Preparation

Data used in this survey has been sourced from the S&P Capital IQ platform and annual accounts.

Peer group classification

The Building Products, Construction & Engineering, Food & Beverage, Leisure, Mining & Resources, Retail and Transport & Distribution peer group samples underpinning this report have been selected according to the Global Industry Classification Standards ("GICS") listed in the table opposite.

Accounting periods

The report uses financial information released during 2024, accessed in February 2025. The average balance date across all companies surveyed is 27 April 2024 and includes information released during 2024 for balance sheet dates on or after 31 December 2023.

Peer group sample	GICS industries/sub-industries included
Building Products	Building Products Construction Materials Forest Products Specialty Chemicals Steel
Construction & Engineering	Construction and Engineering Heavy Electrical Equipment
Food & Beverage	Agricultural Products and Services Brewers Distillers and Vintners Distributors Diversified Support Services Food Distributors Packaged Foods and Meats Personal Care Products Restaurants
Leisure	Casinos and Gaming Hotels, Resorts and Cruise Lines Passenger Ground Transportation Restaurants
Mining & Resources	Aluminium Commodity Chemicals Oil and Gas Exploration and Production Steel
Retail	Apparel Retail Automotive Retail Broadline Retail Food Retail Home Improvement Retail Homefurnishing Retail Household Appliances Office Services and Supplies Other Specialty Retail Restaurants Trading Companies and Distributors
Transport & Logistics	Air Freight and Logistics Airport Services Cargo Ground Transportation Marine Ports and Services Passenger Ground Transportation
Utilities	Construction and Engineering Electric Utilities Marine Ports and Services Multi-Utilities Renewable Electricity Water Utilities

The full peer group samples are included on pages 21 - 26.

Basis of Preparation

Source data

This publication contains high level financial information sourced from the S&P Capital IQ database of the latest available financial statements of New Zealand domiciled entities. The information contained herein is based on sources we believe are reliable, but we do not guarantee its accuracy, and it should be understood to be general information only. The information is not intended to be taken as advice with respect to any specific organisation or situation and cannot be relied upon as such. McGrathNicol accepts no responsibility for errors or omissions in financial information underpinning this publication, nor the loss of any person arising from use of or reliance on information herein. All readers of this publication must make their own enquires or obtain professional advice in relation to any issue or matter referred to in this publication.

Limitations

McGrathNicol acknowledges that at the level of detail applied, the analysis has limitations, some of which are noted below. For this reason, the analysis focuses on performance relative to the prior period, rather than in absolute terms against peers.

Days sales outstanding

Debtors include GST, whilst sales do not. To the extent that a company makes more or less of its sales in Australia (or another jurisdiction that levies a consumption tax), results will vary.

Days inventory outstanding

To the extent that a company has more or less labour included in its cost of sales, results will vary.

Days purchases outstanding

Creditors include GST, whilst cost of sales do not. To the extent that a company acquires inventory or input services in New Zealand (or another jurisdiction that levies a consumption tax), results will vary.

In addition, to the extent that there has been an accounting adjustment that has affected a company's sales, purchases, debtors, inventory or creditors, this has not been isolated in the analysis and will be reflected as a change in working capital.

Calculation methodology

The working capital metrics referred to in this report have been calculated, as follows:

Days Sales Outstanding ("DSO")

DSO is the number of days' worth of sales represented by the outstanding debtors at the relevant calculation date. The calculation used in this survey is:

$$DSO = \frac{\text{Debtors}}{\text{Sales}} \times 365$$

A low DSO metric is desirable and indicates that it takes a relatively low number of days for a company to collect debtors.

Days Inventory Outstanding ("DIO")

DIO is the number of days' worth of purchases represented by the inventory balances at the relevant calculation date. The calculation used in this survey is:

$$DIO = \frac{\text{Inventory}}{\text{Cost of Sales}} \times 365$$

Days Purchases Outstanding ("DPO")

DPO is the number of days' worth of purchases represented by the outstanding creditors at the relevant calculation date. The calculation used in this survey is:

$$DPO = \frac{\text{Creditors}}{\text{Cost of Sales}} \times 365$$

A low DPO metric indicates that it takes fewer days for a company to pay its trade creditors. A high DPO is desirable from a cash flow and working capital management perspective, but can be an indicator of tight liquidity and the cause of strained supplier relationships.

Days Working Capital ("DWC")

DWC is a relative measure of total working capital tied up in a company relative to sales. The calculation used in this survey is:

$$DWC = \frac{\text{Debtors + Inventory - Creditors}}{\text{Sales}} \times 365$$

A low DWC metric is favourable as it indicates a low level of working capital relative to the size of the business.

Our offices

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