

WAIKATO

The Waikato region is one of the most productive regions in New Zealand, with a prime location and diverse economy providing a springboard for innovation and opportunity.

Waikato is an agricultural powerhouse and a key contributor to New Zealand's dairy industry, as well as offering strengths in manufacturing. Its location within the 'golden triangle' connecting Hamilton, Auckland and Tauranga makes it a convenient access point for freight and logistics.

There are investible opportunities in dairy processing, high-value manufacturing and expansion of Waikato's logistics infrastructure.



REGIONAL HIGHLIGHTS

Dairy production powerhouse

High-value manufacturing

Key logistics location

Agri-technology innovation

AREAS OF OPPORTUNITY

High-value manufacturing

Waikato's strong and innovative agricultural technology and aviation industries have driven the development of a vibrant manufacturing base, creating investible opportunities in new products and technologies.

high-value dairy processing, including investment in caprine and ovine.

Expanding logistics hub

The Waikato region is centrally located on a nationally significant infrastructure corridor. Primary production and manufacturing exports are transported via major sea ports at Tauranga and Auckland. The \$100 million Waikato Expressway will create the key strategic corridor for the Waikato region, and will solidify Waikato's position as a logistics hub.

Added-value dairy and food products

Dairy farming productivity increases are creating further growth capacity which, combined with the availability of industrial land, offers investment opportunities in



AN AGRICULTURAL POWERHOUSE

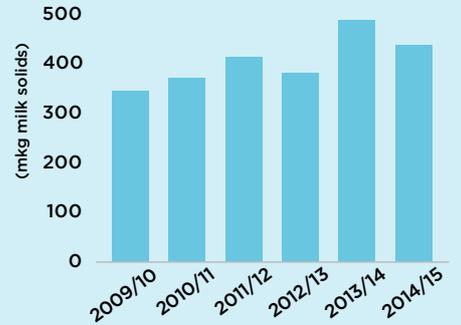
Key attributes of the region

Waikato is the fourth largest contributor to the New Zealand economy and is home to 9 percent of the nation's workforce. Hamilton, Waikato's largest city, supports a range of high-value, knowledge-intensive businesses (including manufacturing and ICT operations) and produces nearly two-thirds of the region's manufacturing exports.

Waikato is home to the Waikato Innovation Park and a number of aviation firms based at Hamilton Airport. It is a key part of the 'golden triangle' connecting Hamilton, Auckland and Tauranga in the Bay of Plenty, home to around two million people.

Waikato has good infrastructure provision and excellent research and education resources. The region has eight major food processing firms driven by a powerful agricultural economy.

Waikato Milk Production



Leading dairy producer

with 34 percent of New Zealand herds

Eight

global food processing firms

Fourth largest

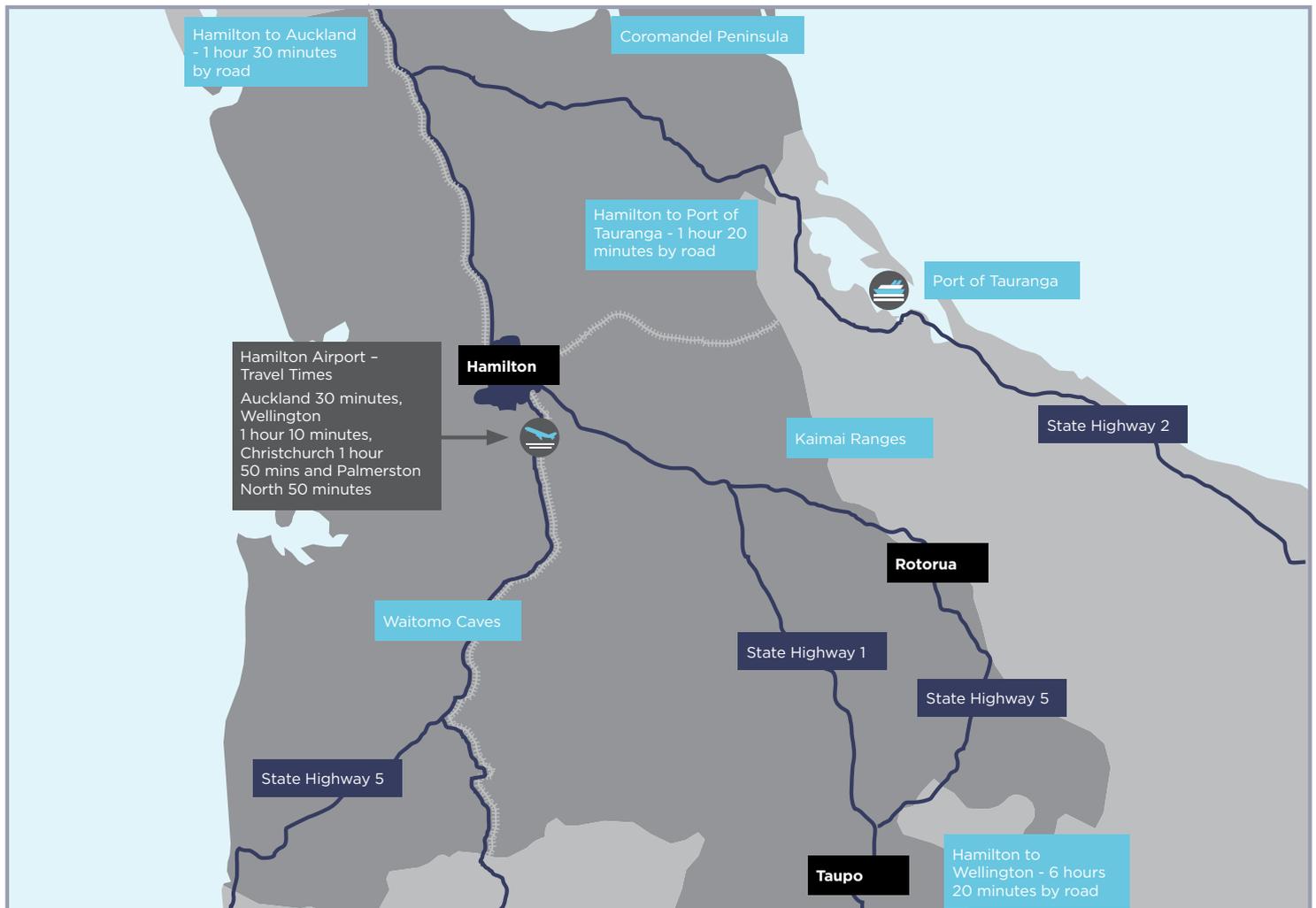
ICT workforce in New Zealand, with 2,500 workers producing \$720 million in GDP

Connection

between Auckland and Tauranga, as part of the 'golden triangle'

University of Waikato

is a leading New Zealand university





HIGH-VALUE MANUFACTURING

Waikato's strong agricultural and food processing sectors are the driving force behind the development of the region's manufacturing and engineering industries.

The region is a leading hub for agricultural and biotech businesses, supported by the Waikato Innovation Park. Investible opportunities are being created by commercialising research such as biotechnology firm ZyGEM, human and animal health firm Quantec, and environmental monitoring firm HyQuest Solutions.



People

\$46,990 a year

median earnings for manufacturing in 2014 (NZ median was \$46,010)

22,300

employees in manufacturing

Vocational training

at the Waikato Institute of Technology

Research for commercial potential

Waikato is commercialising research and development in biotechnology and engineering through WaikatoLink, the commercial arm of the University of Waikato.



Infrastructure

Multiple industrial sites

available for industrial development

Renewable energy

generation from hydro, geothermal and wind sources

Leading-edge

innovative research facilities

Central innovation hub

Waikato Innovation Park is home to 40 companies and offers local and international networks, funding networks and modern commercial and laboratory facilities.



Business

Strong aviation capability

with 30 aviation businesses based at Hamilton airport and across the region

2,100+

small manufacturing firms

99

patent applications per head (NZ median: 74)

Collaborative business environment

The region is known for its strong groups of manufacturing firms, including agricultural biotechnology businesses working in a range of agricultural and biological areas from genetics to animal health.

Global manufacturing success, built in the Waikato

Gallagher Group is a global leader in the innovation and marketing of animal management, security, fuel systems and contract manufacturing solutions. The Group was founded by Bill Gallagher Senior, inventor of New Zealand's first electric fence in 1938. With headquarters in Hamilton, Gallagher also has an international network of regional offices and independent third-party distributors.

Pacific Aerospace, the second largest aircraft manufacturer in the Southern Hemisphere, has manufactured more than 600 aircraft for global markets since it was first formed more than 50 years ago. Today, more than 120 staff operate in a lean manufacturing environment to build utility and training aircraft that perform where others can't. The vertically integrated operation includes design, certification, component manufacture and assembly.

NDA Group is a world leader in the specialised manufacturing of stainless steel process vessels and heat exchangers for industry, and the provision of other engineered products and services. Based in Hamilton, the company's precision manufacturing capability and commitment to global service excellence have been demonstrated by the strong growth of its operations in New Zealand, Australia and North America.



EXPANDING LOGISTICS HUB

Freight movements between Hamilton, Auckland and Tauranga represent about two-thirds of all inter-regional freight movements, offering investment opportunities in an expanding regional hub for freight and logistics.

Economic activity will be further supported by a proposed 480-hectare inland port development, with access to inter-regional road, rail and air transport. Tainui Group Holdings, the developer, estimates that the hub will generate 11,000 jobs and inject \$5 billion into the region upon completion, covering an area larger than the Auckland Central Business District.



People

\$44,090 a year

median earnings for transport, postal and warehousing in 2014 (NZ median was \$47,440)

5,160

employees in the transport, postal and warehousing sector

Regional stakeholders

engaged and supportive of infrastructure developments

The right people, ready to hand

The region's central location enables it to access skilled labour from Auckland and other surrounding regions.



Infrastructure

Available land

for logistic-based development at Northgate Business Park

16%

of the national state highway network

8.5%

of the national rail network, linking Waikato to sea ports at Auckland and Tauranga

New Zealand's rail freight heartland

Nearly 45 percent of the national total of rail freight originates in, has a destination in, or passes through the Waikato region.



Business

25%

of New Zealand's land freight moments start, end or travel through the Waikato

227,404 km

more than double the national average of heavy vehicle kilometres travelled

Global

packing and distribution companies

'Golden triangle' drives demand

Freight movements are generated by Waikato's connections to other regions, in particular the major export sea and air ports of Auckland and Tauranga and the food processing and manufacturing industries of Hamilton.

The Waikato region - delivering value to logistics investors

Tainui Group Holdings (TGH) is leading a project to establish a \$3.3 billion inland freight and logistics hub at Ruakura near Hamilton. Consented in March 2016, it includes a 195-hectare logistics precinct, with a cornerstone 32-hectare inland port featuring full customs and biosecurity services. The Ruakura site will have direct connections to Auckland and Tauranga ports via rail and road, with the proposed new Waikato Expressway (scheduled to be completed in 2019) on its eastern boundary.

RJ Lincoln, a logistics firm, partnered with the South Waikato District Council, Kiwirail and the New Zealand Transport Agency to open the Tokoroa Road Rail Terminal in September 2015. The terminal adds a siding to the existing Kinleith rail line, including a tarmac hardstand and container loading and unloading area. An 8400-square-metre storage facility is currently under construction. The site is well-located to handle increasing export and import freight in the central North Island.

Ports of Auckland Limited has purchased 33 hectares of land at Northgate Business Park for development as a freight hub. The site has connections to State Highway 1 and the North Island main trunk line and is located at Horotiu, 8 kilometres north of Hamilton. The new hub will complete the Ports of Auckland freight hub network, complementing existing sites in the Manawatu, the Bay of Plenty and Wiri, South Auckland.



ADDED-VALUE DAIRY AND FOOD PRODUCTS

Waikato is nationally renowned as a leading dairy centre, producing 27% of New Zealand's milk supply. Together with a ready supply of industrial land, a planned increase in irrigable land will increase dairy farming productivity and unlock further investment opportunities for global food processors.

The region is also an increasingly important hub for added-value food production, building on a wide range of food inputs from the Waikato and across New Zealand. The FoodWaikato open-access spray dryer facility is used by multiple companies processing cow and sheep milk, nutritional oils, avocados and more for export.



People

\$46,990 a year

median earnings for manufacturing in 2014 (NZ median was \$46,010)

17,800

agricultural employees

13,683

dairy employees in the Waikato region

Education and research team up for growth

AgResearch, DairyNZ, University of Waikato, WINTEC, NIWA, Landcare Research, Lincoln University, Waikato Innovation Park and the Hamilton City Council are cooperating to form the Waikato AgriHub to help deliver on New Zealand's goal to double primary industry exports by 2025.



Infrastructure

Industrial land

available with access to airport

34%

of national dairy herds

Renewable energy

with 75% of the nation's geothermal resources

Equipped for product innovation

FoodWaikato is an open-access spray-dryer facility with a half-tonne per hour capability. It has expanded capabilities which allow full nutritional formulation, and has been leading the expansion of ovine and caprine nutritional products for several overseas and local joint ventures.



Business

Eight

global food processing plants

International investment

including recently opened \$220 million Yashili dairy plant

Leading

dairy-producing region (34% of New Zealand's dairy herd and 27% of milk production)

Pastoral expertise for global markets

The region is building on its knowledge of agricultural production. Companies like Dairy SolutionNZ design and integrate technologies for large-scale offshore pastoral farms using systems and expertise from local partners.

Global value from a food production heartland

Miraka's dairy factory at Mokai in the south Waikato uses renewable geothermal energy to process 250 million litres of milk annually, creating powders and UHT products exported to more than 23 global markets. Milk is supplied from 100 farms based within 85 kilometres of the factory, providing a 'farm-fresh' quality advantage. Miraka is owned by a group of Māori incorporations and trusts, and is focused on long-term sustainable business practices to benefit both current and future generations.

Spring Sheep Milk Co is a joint venture between Landcorp Farming Limited (New Zealand's largest farmer) and boutique marketing company SLC Group. The business draws on a 4,000-hectare farm milking 3,000 ewes at Reporoa (near Taupō), with the milk processed into powder products at the FoodWaikato spray dryer facility. Spring Sheep currently markets sheep whole milk powder, and is developing other value-added products for the New Zealand market and for export.

Allied Faxi has established New Zealand's first Chinese-owned ice cream factory, based at Kerepehi in the Waikato (between Ngātea and Paeroa). The company has refitted an existing dairy factory at the site, making use of available cool stores and its proximity to State Highway 2 and Auckland and Tauranga ports. The factory will use locally-sourced milk and employ 30 to 50 staff, to produce up to 10 tonnes of ice cream daily for the Chinese market.

WHO HAS INVESTED IN WAIKATO?



Oji Fibre Solutions (Japan)

Oji Fibre Solutions is a pulp paper and packaging business with operations in New Zealand and Australia. Some of Oji Fibre Solutions' key assets are located in the Waikato and Bay of Plenty Regions, including the Kinleith pulp and paper mill near Tokoroa, the Tasman pulp mill near Kawerau, a speciality boards manufacturing site in Hamilton and the Lodestar logistics operations based principally in Tauranga.

Based in Tokyo, Japan, Oji Holdings is one of the largest pulp and paper companies in the world, with 158 consolidated subsidiaries located in 17 countries worldwide. Founded in 1873, the company employed 33,668 staff on a consolidated basis as at March 2015.



Tetra Pak (Sweden)

Food and beverage processing and packaging solutions company Tetra Pak moved its New Zealand offices into the Waikato Innovation Park in 2009. Tetra Pak built the Waikato Innovation Park spray drier – New Zealand's only independent development dryer for milk formula – and recently opened a new purpose-built facility at the site to house its New Zealand headquarters and design team, in addition to a workshop for its technical service team.

Headquartered in Sweden, Tetra Pak turned over NZ\$21 billion in 2016, with 23,600 employees worldwide, including more than 150 in New Zealand. For more than 60 years, Tetra Pak has delivered innovative products and services to customers worldwide, helping them to improve the efficiency, productivity and system cost of their production lines.



Pacific Equity Partners (Australia)

Sydney-headquartered Pacific Equity Partners (PEP) purchased Manuka Health, one of the world's largest natural healthcare companies, in September 2015. Manuka Health manufactures a range of natural healthcare products at Waipa in the Waikato, which are exported to 50 countries. Its turnover increased from \$17 million in 2012 to approximately \$70 million in 2015.

The acquisition allows Manuka Health to draw on PEP's experience in growing consumer products businesses (including Griffin's, Tegel and Frucor), with PEP benefiting from Manuka Health's aggressive category expansion and pursuit of key growth regions including China, the United States, Germany and Japan.



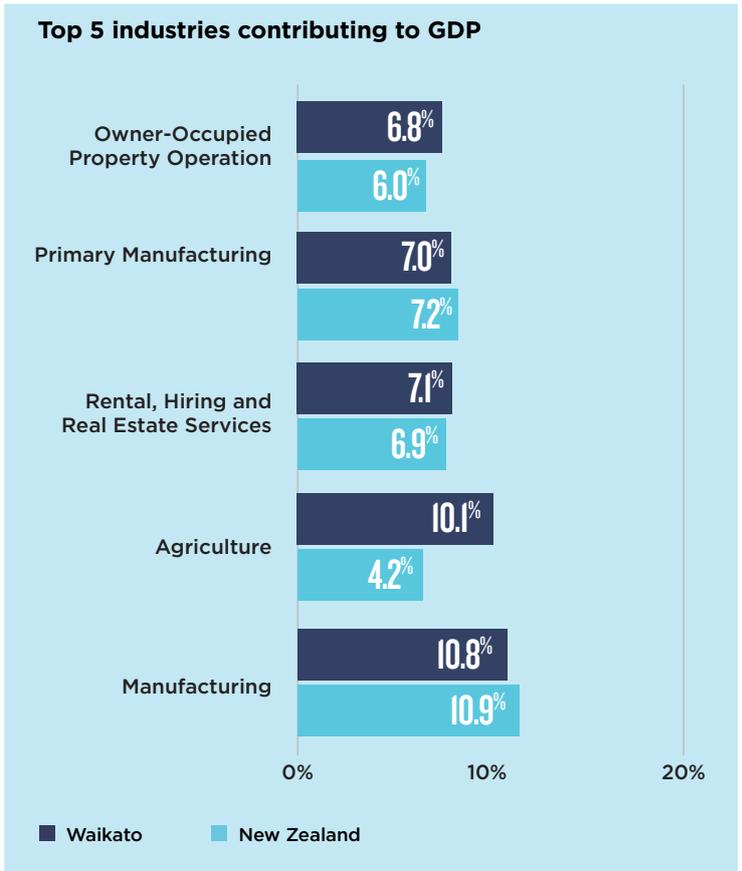
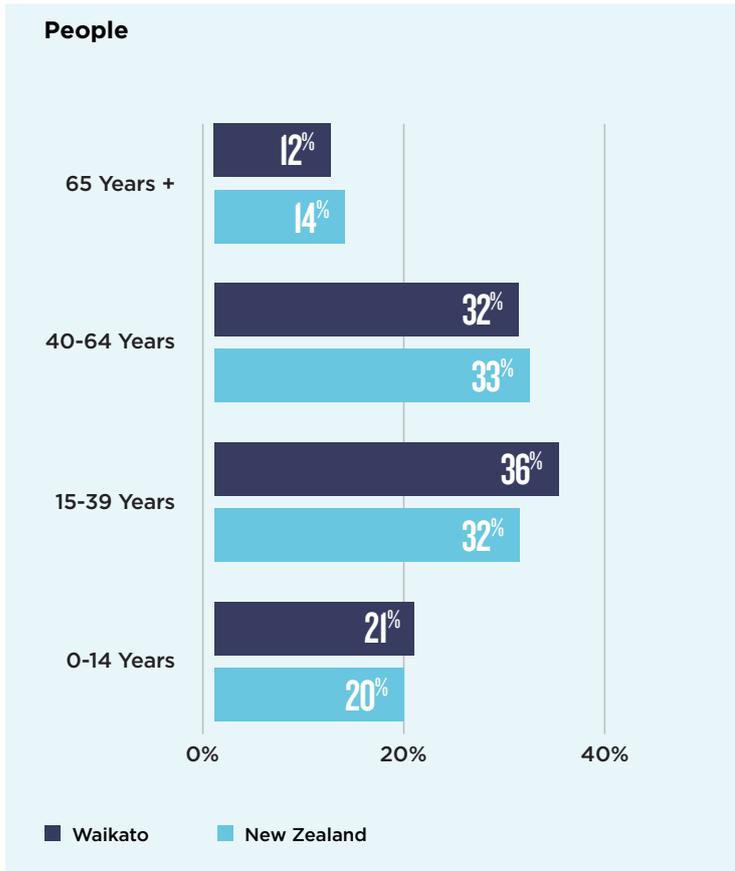
OceanaGold (Australia)

International gold mining company OceanaGold purchased the Waihi gold mine from Newmont Mining Corporation in October 2015, for US\$101 million. The acquisition adds to OceanaGold's existing mining operations in the South Island of New Zealand, the United States and the Philippines.

The Waihi mines, located in the Waihi township, include the Martha open pit and the Correnso underground mine. Correnso produces approximately 100,000 ounces of gold per year, with measured and indicated resources of 310,000 ounces of gold and 1,170,000 ounces of silver. OceanaGold is actively searching for gold prospects to extend the life of the mine, which currently employs around 300 people.

HOW WAIKATO COMPARES

Population 449,200 Waikato <hr/> 4,693,000 New Zealand	Annual net international migration 2,618 Waikato <hr/> 69,954 New Zealand	Regional GDP (NZbillion) \$19.6 Waikato <hr/> \$241.2 New Zealand	GDP per capita \$45,160 Waikato <hr/> \$52,953 New Zealand
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Education
 % of all school leavers achieving university entrance standard (2015)

31.5%
 Waikato

40.6%
 New Zealand

Mean household income

\$94,765
 Waikato

\$91,198
 New Zealand

Median house price

\$406,000
 Waikato

\$432,500
 New Zealand

Mean weekly rent

\$335
 Waikato

\$408
 New Zealand

Unemployment rate

4.5%
 Waikato

4.9%
 New Zealand

Mean weekly office rent (\$/m²)

\$190
 Taupo

The Waikato Chamber of Commerce supports sustainable and profitable business growth in the region and is the first point of contact for investors.

The Chamber embraces the Waikato ethos of mahia te mahi – ‘getting the job done’ – which drives its work on behalf of businesses, investors and the region.

The Chamber has close connections with economic development units (EDUs) at local government level, including Hamilton City and rural districts, as well as private sector suppliers of goods and services.

Economic development strategy

The region’s economic development strategy aims for the Waikato region to:

- Leverage value from its location and connections as the key servicing hub of the North Island
- Provide quality education that encourages high levels of participation and lifelong learning
- Become New Zealand’s premier engineering and primary processing hub
- Be known for excellence in sustainable food production, agri-research and agribusiness.

How we help investors

The Waikato Chamber of Commerce:

- Uses regional knowledge, relationships and coordination skills to make connections into and within the region for international businesses
- Acts as a conduit for investors to discuss their interests with EDUs, local and national government agencies in the region, ensuring that the right connections are made
- Brings together industry, local and central government agencies, research, science and education providers and other parties to work together on regional investment projects.



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Region-led initiatives

The Waikato District Council was actively involved in securing the Yashili infant formula dairy processing plant. The Council worked closely with Dine Fulton Hogan, a joint venture land-development company that led the process. The Council provided executive team support, as well as establishing a wrap-around project team to manage the consenting processes. The Council was also involved in the negotiation of infrastructure costs, development contributions and facilitation of discussions with third-party infrastructure providers. Feedback from Yashili was that having direct access to Council’s executive team was highly valuable.

This document was produced by New Zealand Trade and Enterprise, New Zealand’s international business development agency. www.nzte.govt.nz

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ISBN 978-0-908344-35-2 December 2016