

Booming Exports Help Propel TIN200 Companies to Billion Dollar Revenue Rise in 2018, Cementing Future for Tech as New Zealand's Key Export Earner

TIN Report Shows NZ Tech Companies Continue to Demonstrate their Ability to Compete and Win Overseas

Key Highlights

-  \$11.1 billion: TIN200 total revenue for 2018
-  \$1.1 billion: TIN200 total revenue growth for 2018
-  47,417: Number of TIN200 full-time staff in 2018
-  Profitability up by 38.1%
-  Fintech growth of 33.2% or \$220 million
-  North American growth of 13.4% or \$289 million
-  R&D reaches \$991 million or 10.2% growth
-  Top 10 TIN Public Company Stock Price Index climbs 57.3%
-  26 companies qualified for TIN Rising Star** status, combined they contributed revenue of \$1.9 billion with a three-year compound annual growth rate of 38.1%
-  Datacom #1 on TIN200 list, #1 EY Ten Companies to Watch for second year running
-  HMI Technologies - recipient of TIN Rocket Award 2018 for biggest jump in TIN200 rank (climbed 44 places)

Auckland, 24 October 2018 – The 2018 TIN Report, launched tonight at a gala awards event in Auckland, shows that turnover for New Zealand's top 200 ('the TIN200') technology companies increased by 11% to reach \$11.1 billion in the past year; the second billion-dollar growth result in three years and the driver behind a record profitability** rise for this group of companies.

Exports growth drove this expansion, growing 12.4% to reach a total of nearly \$8 billion, helping companies achieve the economies of scale needed to grow profitability by a record 38.1%. The North American and Australian markets provided the bulk of export dollar growth (\$571 million in combined growth); however, Europe was the fastest growing sector (16.7%) highlighting the ability of the TIN200 to compete and win globally.

"This year, the performance of New Zealand's tech export sector is sending a strong message that it has the potential to become our country's leading source of offshore income", said Greg Shanahan, managing director of TIN. "An overwhelming number of key metrics point towards long-term sustainable growth for the TIN200 and we're very excited to see the further potential that this growth presents."

The TIN Report monitors the performance of New Zealand's 200 (TIN100 and Next100) largest technology exporters in the areas of Information and Communications Technology (ICT), High-tech Manufacturing and

Biotechnology. It is sponsored by New Zealand Trade and Enterprise, Spark, EY, Absolute IT, James & Wells and Simmonds Stewart.

ICT companies accounted for almost half this year's TIN200 revenue growth, adding \$521 million in combined revenue. The TIN200's High-tech Manufacturing and Biotech firms also trended above their historical averages, increasing revenue by 8.6% and 13.6%, respectively. For the first time in the 14-year history of the TIN Report, there are more ICT companies than High-Tech Manufacturing firms in the TIN200, reflecting the rapid proliferation of high-growth ICT companies in New Zealand over recent years. Furthermore, of the record 19 new entries joining the TIN200 ranks this year, more than half of these were ICT firms.

The Fintech secondary sector recorded the highest growth with a 33.2% increase in revenue for the year (a rise of \$220 million). In addition, nine of the twelve TIN secondary sectors improved profitability.

Growth in 2018 was shared equally across the TIN200 companies with every revenue band growing by over 8%. Smaller TIN companies with turnover below \$20 million experienced a growth resurgence this year with a 12.8% revenue rise, tripling their growth rate from last year's Report.

This year's TIN Report shows that growth was also spread across all New Zealand, with over half of the regions achieving revenue increases over 10%. The combined Greater Auckland and Northland regions accounted for 122 of the TIN200 companies and had a particularly strong year – contributing 54.9% (or \$604m) of total TIN200 revenue growth.

The Hamilton and North Auckland/Northland regions each grew by over 16%, and Otago/Southland grew by 13%. The Wellington/Lower North Island region grew by more than 12% to reach more than \$2.3 billion of this year's total TIN200 turnover; the second-largest revenue generator after South Auckland (with \$5.2 billion revenue).

Research and Development spend rose almost in line with revenue growth, rising 10.2% to just below \$1 billion (\$991 million). This suggests that the TIN200 place innovation at the heart of their core competencies and a key to their continued success.

“Technology has become a significant part of our economy,” said Mr. Shanahan. “But this is just the start of the New Zealand tech story, with the TIN200 setting their sights high as they push to become the number one export. The host of exciting companies at tonight's launch event are testament to the strength, depth and shared ambition within the sector. This is a milestone for the sector, worthy of celebration.”

According to the TIN Report, the tech sector now employs 47,417 people globally with just over half in New Zealand (25,451). These jobs yield significantly higher wages than the national average, providing the opportunity for tech to help raise wellbeing and address economic disparities in New Zealand.

Foreign interest in New Zealand technology remains buoyant. TIN-tracked companies received more than \$200 million in offshore investments in the past two years, including \$41.2 million dollars invested in FY2018. There were also eight foreign buyouts of TIN200 firms in the past year, all focused on companies in sectors with high growth and unique IP.

Copies of the TIN Report are available in eBook or hard copy and can be ordered from www.tin100.com. Lists of the top ten and most promising companies in each category are listed below. A further regional breakdown is available on <https://tin100.com/media/>

Notes to Editors

***TIN Rising Stars:** A TIN200 company qualifies as a TIN Rising Star if it has demonstrated sustained high growth over the past three years (Minimum 20%, 3-year CAGR). The Rising Stars come from a diverse range of New Zealand's highest growth secondary sectors

****Profit** is measured as EBITDA unless otherwise stated

Top 10 Companies by Rank 2018 (measured by revenue)

2018 Rank	Company	2018 Revenue (\$000)	2017 Rank
1	Datacom Group	\$1,270,000	1
2	Fisher & Paykel Appliances	\$1,118,000	2
3	Fisher & Paykel Healthcare	\$980,800	3
4	Xero	\$406,600	4
5	Gallagher Group	\$250,000	5
6	Livestock Improvement Corporation	\$236,400	New arrival 2018
7	Douglas Pharmaceuticals	\$225,797	7
8	Temperzone Group	\$187,000	9=
9	Tait Communications	\$171,039*	8
10=	Orion Health	\$170,000	6
10=	Magic Memories	\$170,000	11

*Estimated revenue

EY Ten Companies to Watch 2018: TIN100 companies with the largest revenue growth in 2018

Rank	Name	Growth (\$000)	2018 Revenue (\$000)
1	Datacom Group	\$112,697	\$1,270,000
2	Xero	\$111,200	\$406,600
3	F&P Healthcare	\$86,400	\$980,800
4	Pushpay	\$49,217	\$98,239
5	Douglas Pharmaceuticals	\$36,295	\$225,797
6	Transaction Services Group	\$30,700	\$127,000
7	Gentrack Group	\$22,500	\$75,200
8	Scott Technology	\$21,000	\$133,000
9	Invenco	\$20,827	\$103,500
10	McKay Ltd	\$20,000	\$58,000

The EY Ten Companies to Watch list recognises the TIN200 companies with the highest dollar value increase in revenue in the past year. Included are companies that have provided revenue figures and achieved a minimum growth of 5%.

Absolute IT Supreme Scale-Ups 2018: The Next100 companies (ranked between 101-200 in the TIN200) with the largest revenue growth in the past year

Rank	Name	Growth (\$000)	2018 Revenue (\$000)
1	90 Seconds	\$7,000	\$17,000
2	HMI Technologies	\$6,500	\$15,000
3	Promapp Solutions Ltd	\$5,000	\$15,000
4	Plexure	\$4,509	\$11,553
5	Syft Technologies	\$4,100	\$12,400
6	Adherium	\$4,011	\$6,431
7	Merlot Aero	\$4,000	\$9,000
8	Technopak Ltd	\$3,900	\$13,600
9	Frogparking	\$3,842	\$6,390
10	Modica Group	\$2,600	\$14,100

The Absolute IT Supreme Scale-Up Companies list recognises the Next100 companies (ranked between 101-200 in the TIN200) with the highest dollar value increase in revenue in the past year. Included are companies that have provided revenue figures and achieved a minimum growth of 5%.

Spark Early Stage Companies 2018 (listed alphabetically)

Name
Aquafortus
AskNicely
Dexibit
DROPIT
FaceMe
Halter
Kode Biotech
Orbica
Point Zero
Tatau.io

The award recognises promising TIN companies that are in an early stage of the company lifecycle (development, pre-commercialisation or in market stages) from the 2018 TIN100 Report. These companies have been selected based on an assessment of the innovation of their technology and the potential market opportunity.

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About the TIN Report

The TIN Report is produced by Technology Investment Network with sponsorship from New Zealand Trade and Enterprise, Spark, EY, Absolute IT, James & Wells and Simmonds Stewart. The TIN Report is a critical reference for benchmarking the performance of New Zealand's 200 largest globally focused technology companies. The size of the tech industry has grown significantly since 2005 and in recognition of this, TIN sent surveys to approximately 700 companies in 2018.

About Technology Investment Network

Technology Investment Network (TIN) is a private company established in 1999 to facilitate the growth of the technology export sector in New Zealand. The company's goal is to contribute to the New Zealand economy by supporting the growth of large, sustainable, New Zealand based, global technology businesses. For more information visit www.tin100.com

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