

# Tech firm revenues up by 5pc

By TOM PULLAR-STRECKER - The Dominion Post | Monday, 20 October 2008

**New Zealand's top 100 ICT, hi-tech manufacturing and biotech firms grew their combined revenues 5 per cent to \$6.4 billion during their last financial year, as the clouds started to gather over the global economy, according to a survey commissioned by Technology Investment Network.**

Revenue growth was down from 8 per cent the previous year, and the 10 listed firms in the sample saw their pre-tax profits drop to 6 per cent of sales, from 9 per cent.

Ben Willems, technology sector head at Ernst & Young, a sponsor, says a "staggering" 75 per cent of revenues were from exports – up one percentage point on the previous year.

The technology sector's direct exposure to the United States economy decreased but remains substantial, with 23 per cent of revenues coming from US customers – down from 26 per cent.

Technology Investment Network founder Greg Shanahan says it is hard to predict how the global credit crunch will affect the surveyed companies.

"You can't predict how bad the downturn is getting. It is surprising to see how many companies were enjoying double-digit growth."

The drop in the value of the New Zealand dollar and easing of commodity prices will be providing significant relief to companies.

Mr Shanahan forecasts companies will seek to further reduce their dependence on the United States export market, looking to Asia and Europe.

Fisher and Paykel Appliances and Fisher and Paykel Healthcare were included in the TIN 100 survey, accounting for more than a quarter of sales.

So were some firms that might not automatically be considered technology companies, such as vehicle-maker Kea Campers, but this did not appear to greatly skew the results.

The seven ICT service and support firms grew sales 10 per cent to a combined \$628.9 million for the year, led by strong performances by sector heavyweight Datacom and Wellington-based Interger and Revera.

Twenty-four software developers were included in the survey, growing revenues 5 per cent to \$341.7 million.

Ernst & Young says sector leader Orion Health, whose revenues were up 38 per cent at \$53.5 million, has become one of the few New Zealand software companies to establish a truly sizeable international presence while remaining New Zealand- owned.