case study 1.2

How sustainable is Telecom NZ’s financial performance?

Telecom Corporation of New Zealand Limited (Telecom NZ) is listed on the New York Stock Exchange. One of many obligations under United States legislation arising from this listing is the disclosure of the nature of forward-looking statements made in the financial statements (Telecom NZ Annual Report 2013, pp. 169–170). Forward-looking statements provide investors with the management’s stance on future developments that might have an effect on the financial performance and position of the company. See the next pages for this document.

Question

A SWOT analysis is a tool to visualise the strengths, weaknesses, opportunities and threats of a business on a matrix. It is often used as a management planning tool. However, it can also be used to analyse a company’s potential to generate sustainable performance from an investor’s perspective.



Develop a SWOT matrix for Telecom NZ based on the disclosure on forward-looking statements and any other information you may find about Telecom NZ. Based on your findings, discuss how sustainable Telecom NZ’s financial performance is.



