



Tegel Group Holdings Limited

Credit Suisse / FNZC F&B Conference Presentation:
“Creating Value in Volatile Markets”
April 2017



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In this presentation underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation. Underlying EBITDA is a non-GAAP profit measure. Tegel uses underlying EBITDA as a measure of operating performance. Underlying EBITDA excludes the effects of certain IFRS fair value adjustments and items that are of a non-recurring nature. It has been calculated on a consistent basis with the "Pro forma EBITDA" presented in the PFI. Pro Forma EBIT refers to earnings before interest and tax prepared on a pro forma and consistent basis with the Pro Forma EBIT presented in the PFI. A reconciliation of underlying EBITDA to net profit after income tax is provided in note 2.1 of the financial statements.

Tegel At A Glance



Established, well recognised products across a range of categories



Vertically integrated operations

Three vertically integrated and regionally separated operations in New Zealand, each of which contains:


 Hatchery
 Feedmill
 Breeder farms
 Grower farms
 Processing facility
 Distribution centre

Surety of supply to customers
Integrated 'poultry to plate' model
Materially lower feed conversion ratios¹

Leading market positions

Processes approximately 50% of New Zealand poultry²

#1 across all branded poultry product categories³ in New Zealand

Established and growing export business

Key current export markets include:

Australia
Hong Kong
UAE
Philippines
Pacific Islands

Strong biosecurity controls supporting Tegel's premium international brand



1. Relative to the global average for the Ross breed of chickens

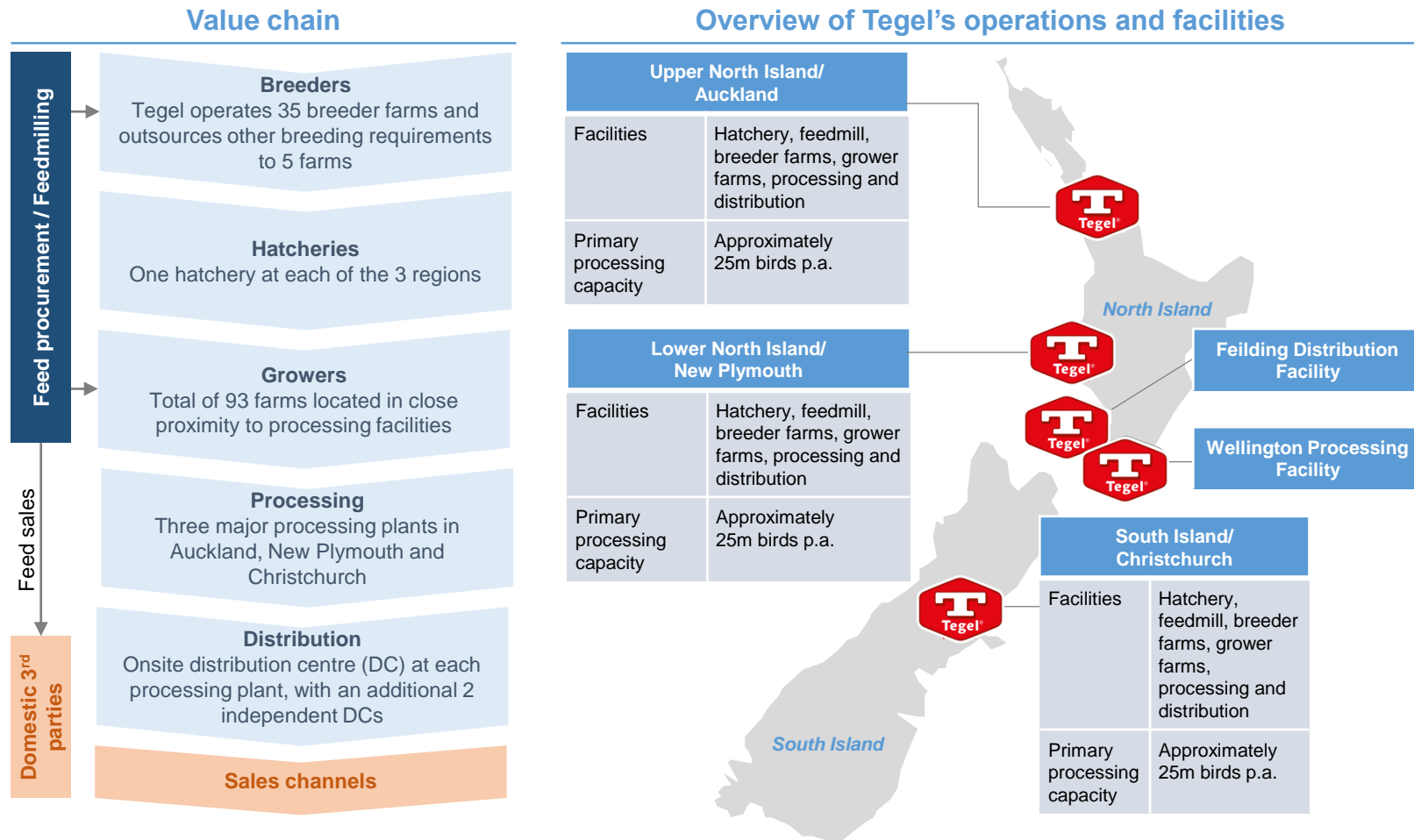
2. Calculated as a total share of poultry processed in New Zealand (measured by dress weight), as surveyed by Statistics New Zealand

3. New Zealand market data for branded product market share based on Aztec scan data using dollar value of sales for the 52 week period ending April 2016. Aztec data includes only Foodstuffs and Progressive scan data. Branded market share excludes private label products which represent approximately 32% of the poultry grocery market channel

Vertically Integrated Operations In Three Separate Locations



Integrated 'poultry to plate' model enables Tegel to effectively managed quality and cost

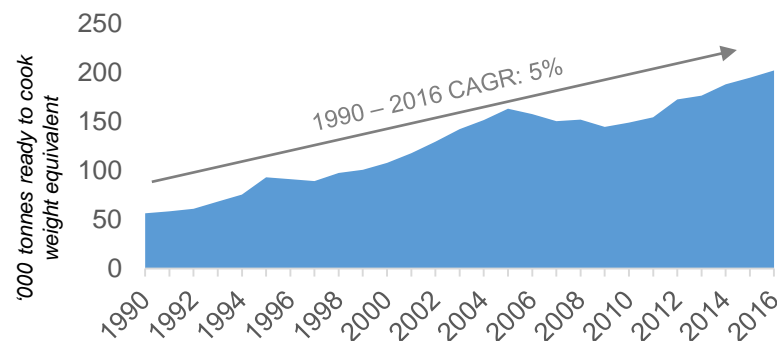


Favourable Domestic Industry Dynamics

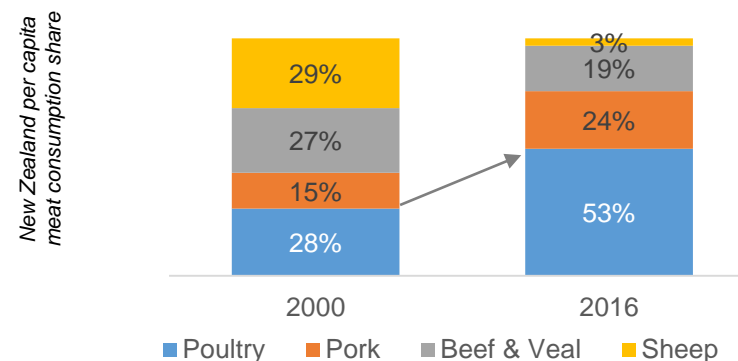


New Zealand's poultry market has favourable macroeconomic trends

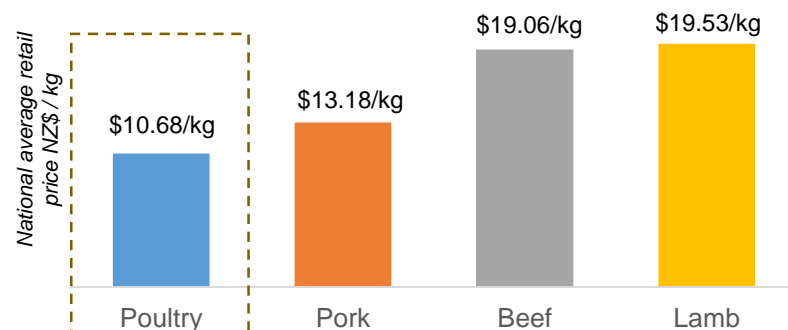
Poultry consumption has grown at ~5% p.a. since 1990¹ ...



... with poultry taking an increasing share of plate¹ ...



... driven by its relative affordability compared to other proteins² ...



... and ongoing strong demand trends

- | | |
|-------------------------|---|
| 1 Health and nutrition | • Lower fat, high protein alternative to other meat types, contributing to a healthy eating lifestyle |
| 2 Versatility | • Can be used across a wide range of ethnic cuisines and is consumed by an array of demographic groups |
| 3 Convenience | • Can be consumed hot or cold and is better suited to fast-food and on-the-go channels than other meats |
| 4 Environmental/Ethical | • One of the most environmentally friendly meat proteins to produce |
| 5 Reputation | • Favourable perception of New Zealand food products as being clean, healthy and high-quality |

1. Source: OECD-FAO Agricultural Outlook. Time period shown reflects available dataset provided in OECD database (1990 – 2016). The OECD database assumes poultry consumption is equal to production. Note Beef, Pork and Sheep shown on a carcass weight equivalent basis, poultry shown on a ready to cook equivalent basis per OECD analysis. Sheep includes lamb and mutton. Note that all years shown above are calendar years. 2016 numbers are forecast by OECD.

2. Source: Prices are shelf prices observed by Tegel at selected New World, PAK'nSAVE and Countdown retail outlets for 4 April 2016 to 14 November 2016, and are shown as an average of the equally weighted average of selected various cuts for each meat protein type. The average for each protein type is made up of the following cuts: poultry – chicken drums (\$6.92/kg), chicken bone-in thighs (\$7.82/kg), chicken breast skin on (\$13.19/kg) and chicken breast skin off (\$14.79/kg); pork – pork shoulder chop (\$13.18/kg); beef – beef mince (\$11.73/kg), beef schnitzel (\$19.43/kg), beef chuck steak (\$16.34/kg) and beef sirloin steak (\$28.76/kg); and lamb – lamb shoulder chop (\$13.88/kg) and lamb leg steak (\$25.19/kg)

Global Reputation For Producing High Quality Poultry Products



Tegel's approach



Animal health, welfare and nutrition are a primary focus of Tegel's agricultural operations



Proactive quality and compliance culture to support the reputation of its brand, that aims to ensure the welfare of animals and customers



Tegel aims to maintain strict compliance with all applicable New Zealand animal welfare standards and all regulations that apply to its entire production process

Key benefits

1

New Zealand has a unique status as being free of the three major avian diseases¹

2

As a result, vaccinations are not required and chickens are grown with no added hormones

3

This reputation increases Tegel's ability to access international markets and achieve premium product positioning amongst global consumers



100% New Zealand Raised

All Tegel's chickens and turkeys are locally farmed here in New Zealand.



Healthy chickens

New Zealand has world-class conditions for raising poultry. This is just as well, because raising healthy chickens and turkeys is very important to us here at Tegel.



No added hormones

The use of growth hormones is not permitted in New Zealand. We guarantee that we've never used added hormones in our chickens or turkeys, and we intend to keep it that way.



Not genetically modified

Our chickens and turkeys are not genetically modified in any way. We believe it's pretty hard to improve on nature.



1. Major avian diseases are Avian influenza (bird flu), Newcastle's Disease and Infectious Bursal Disease



Strategy

Strategic Objectives



Domestic

Volume growth

Market growth

Category growth

New product development

Brand refresh

Increase sales of value added products to satisfy evolving consumer preferences

Export

Expand existing markets

Enter new export markets

Domestic Growth Strategy



New product development and broader category growth have been major volume and revenue growth drivers

Key drivers of domestic volume growth

Volume and Market growth	<ul style="list-style-type: none"> Poultry consumption growth of ~5% p.a. since 1990 Driven by population growth and increasing consumption per capita due to lower relative price to other proteins and trends towards healthy eating
Category growth	<ul style="list-style-type: none"> Driving growth across all channels through extensive market experience, consumer and shopper insights and new product development capabilities Free range expansion continues
New product development	<ul style="list-style-type: none"> Focus on innovation in value-added meal solutions and providing increased convenience offerings Investment in technology and dedicated specialist development team 29 new products to market in FY17 Critical in building long term strategic partnerships with major customers (branded and private label)
Brand refresh	<ul style="list-style-type: none"> Delivering a rejuvenated product portfolio and packaging design via increased consumer brand preference New brand imagery and packaging launched in FY17 Comprehensive communications campaign underpins the brand refresh to drive growth for Tegel

Sales growth driven by new product development and value added products

Ready to Eat Meal Maker

Premium branded ready-to-eat meals, which can be used to prepare wholesome family meals in minutes



Convenience Meal Solutions

Pre-marinated ready-to-cook range, released in both the retail and foodservice channels



Brand Refresh And Advertising



Export Growth Strategy

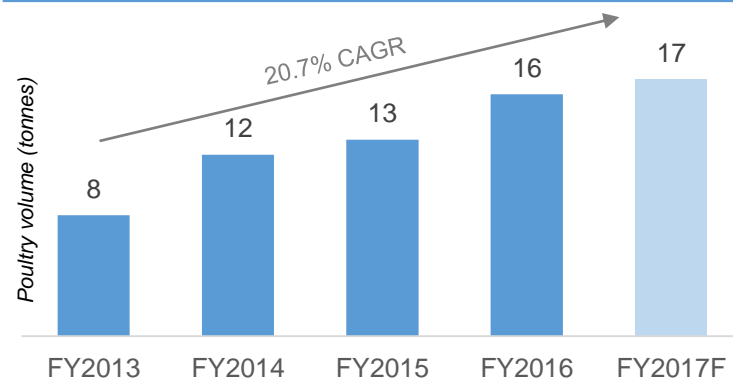


Established and growing export business supported by strong biosecurity controls

Current export footprint overview

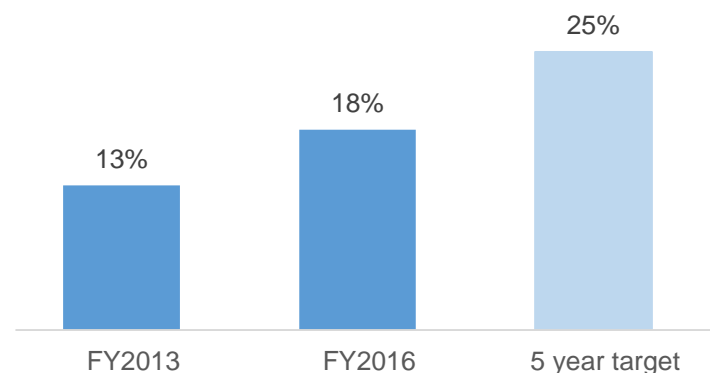
Australia	<ul style="list-style-type: none"> Value added products across the Retail Grocery, Foodservice / Industrial and QSR channels
UAE (Middle East)	<ul style="list-style-type: none"> Premium core and value-added products to two major supermarket chains in the UAE (fresh and frozen) Expansion into Foodservice / Industrial and QSR
Hong Kong (Asia)	<ul style="list-style-type: none"> Premium fresh and frozen branded product to major Retail Grocery and Foodservice / Industrial customers Tegel and Rangitikei branded products supplied into market
Philippines	<ul style="list-style-type: none"> Value-added product into Foodservice
Pacific Islands	<ul style="list-style-type: none"> Fresh, frozen and value-added products to a range of customers across the Pacific Islands

Total export poultry volume growth

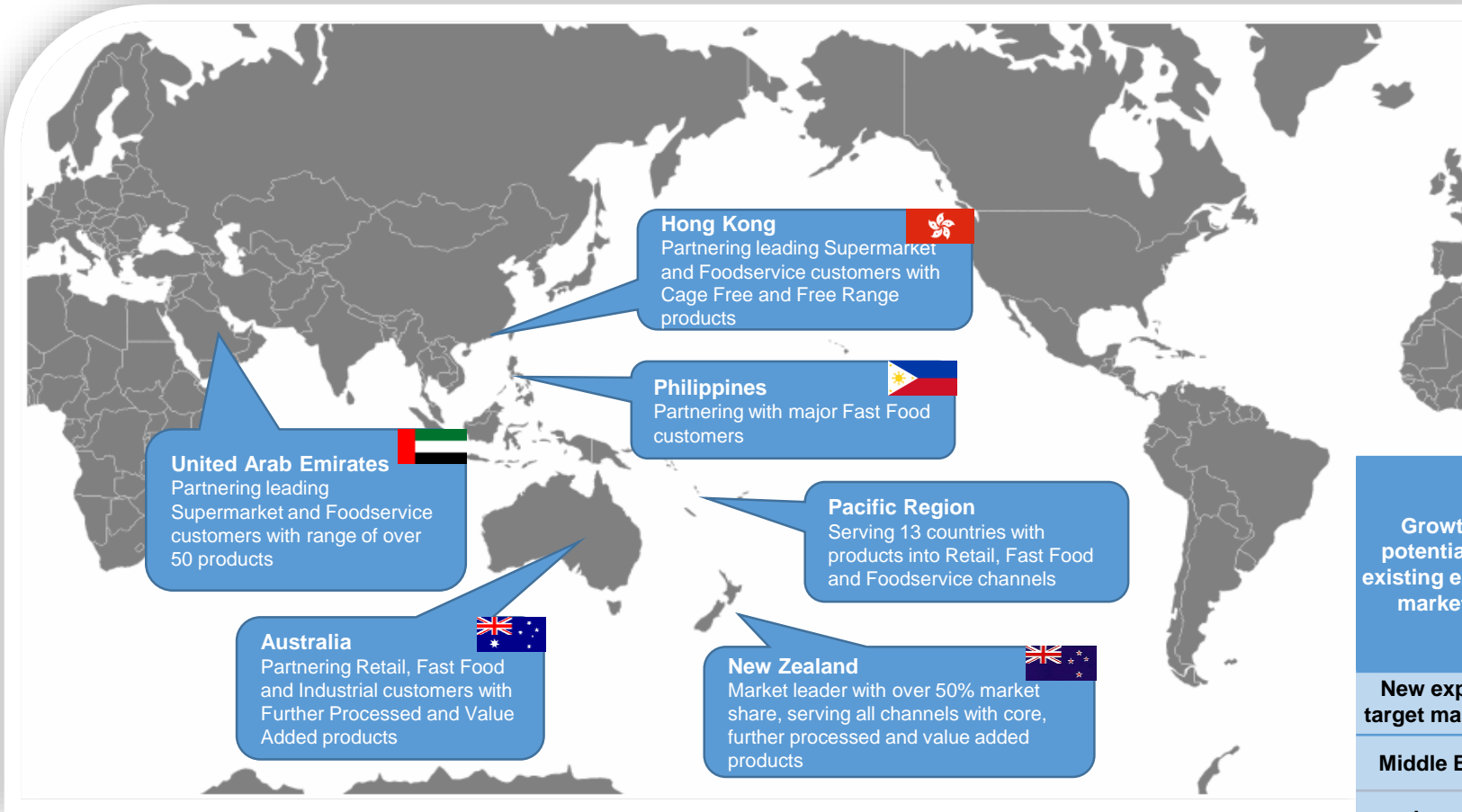


Export growth opportunity

Export revenue as percentage of total revenue



Growing Network Of International Partners



Growth potential in existing export markets	New products
	Existing customer growth
	New customers
	New sales channels
New export target markets	Market access ¹
Middle East	✓
Japan	✓
Korea	Working to facilitate market access
Taiwan	Working to facilitate market access

1. Market access is defined as markets where Tegel currently has approved poultry OMAR's (negotiated Overseas Market Access Requirements) . In the Middle East, Tegel has market access to the UAE and Bahrain

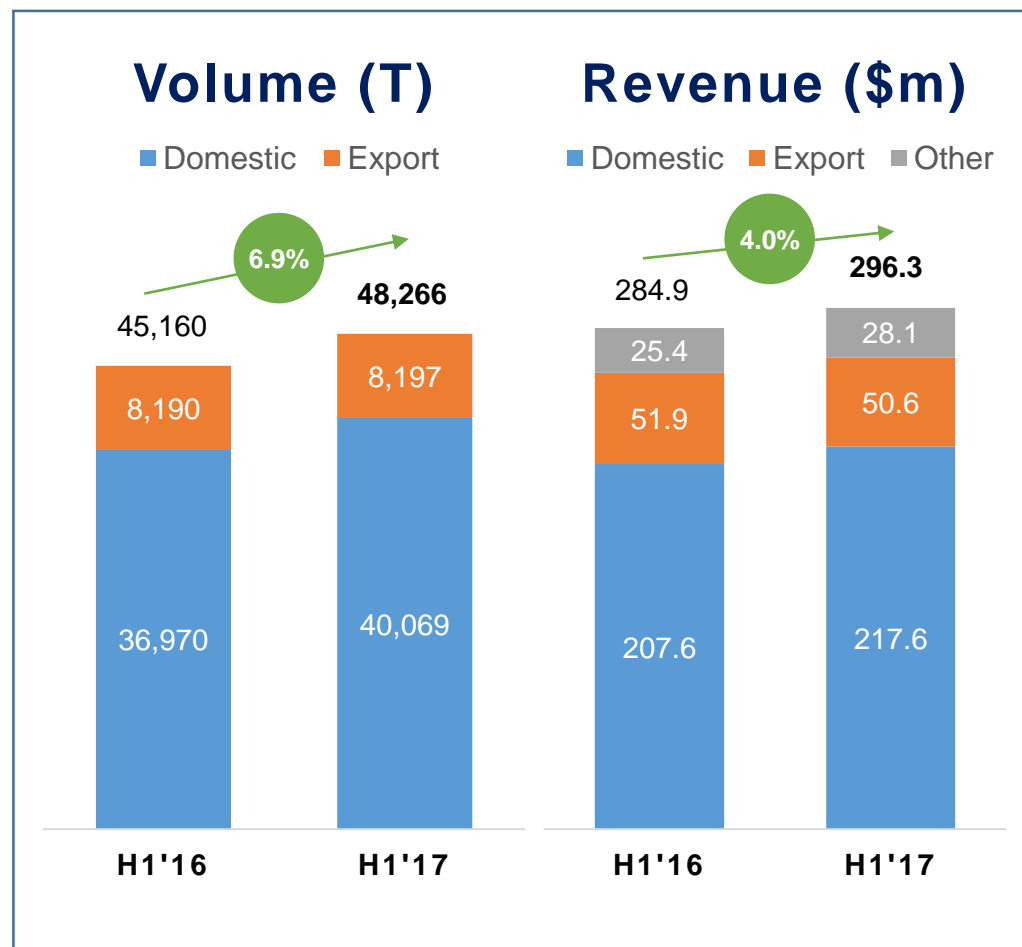
H1'17 Financial Highlights



Vs H1'16:

- Poultry Volume up 6.9% to 48,266T
- Revenue up 4.0% to \$296.3m
- Gross Profit down 3.9% to \$68.7m
- Underlying EBITDA¹ down 4.0% to \$35.1m
- NPAT up 153.2% to \$15.1m through higher revenues and lower finance costs partially offset by higher cost of sales and higher tax
- Interim dividend of 3.45 cents per share

FY17 underlying EBITDA between \$75 and \$85 million; NPAT between \$33 and \$41 million



1. Underlying EBITDA is a like for like comparison to Pro forma EBITDA in the PFI. Underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation and a number of other adjustments as noted in the disclaimer page.

Summary



- Proudly New Zealand's leading poultry producer for more than 50 years
- Domestic poultry consumption trends support sustained growth
 - Year on year volume and revenue growth, increased market share but domestic pricing pressure
- Well positioned for continued export growth
 - New products, existing customer growth, new customers and entry into new markets and new channels
- Capital investment in processing plants
- Costs well controlled, SIMPLIFY! culture well entrenched
- Trusted and iconic brand reputation, brand refresh well received
- Premium product quality, continued roll out of new products
- World class agronomy practices and expert personnel



Questions And Answers

