



Tegel Group Holdings Limited

2017 Annual Shareholder Meeting
7 September 2017



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"Forecast" refers to the Prospective Financial Information (PFI) contained in the Product Disclosure Statement (PDS) dated 31 March 2016 and the document entitled "Tegel's Prospective Financial Information, a reconciliation of non-GAAP to GAAP information, and supplementary financial information" available on the offer register at www.business.govt.nz/disclose, offer number OFR10514.

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. A reconciliation of Underlying EBITDA to net profit after income tax is provided in Appendix 1 to this presentation and note 2.1 of the FY17 financial statements.

Agenda



1.

Welcome and introductions – David Jackson, Chairman

2.

Chairman's Address – David Jackson, Chairman

3.

Chief Executive Officer's Address – Phil Hand, CEO

4.

Business of the Annual Shareholder Meeting – David Jackson, Chairman





Welcome And Introductions

David Jackson, Chairman

Welcome And Introductions - Board



David Jackson
Chairman



Phil Hand
CEO and
Executive
Director



Tang Kok Yew
Non-Executive
Director



Brett Sutton
Non-Executive
Director



George Adams*
Independent
Non-Executive
Director

*Chair of Audit and Risk Committee and Chair of Governance and Remuneration Committee



Chairman's Address

David Jackson

FY17 Highlights

Solid Financial Performance And Delivering On Strategy



Record poultry volumes

~100k tonnes

UP 7% YEAR ON YEAR

Revenue

\$614m

UP 5% YEAR ON YEAR

Primarily driven by volume growth

Underlying EBITDA¹

\$75.6m

UP 1% YEAR ON YEAR

Within revised guidance

Cashflow from operating activities

\$45.6m

Net Profit After Tax

\$34.2m

UP 203% YEAR ON YEAR

Within revised guidance

FY17 total dividends of

7.55c PER SHARE

Interim and Full year dividends paid of 3.45c and 4.10c per share respectively

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Favourable Domestic Industry Dynamics

New Zealand's poultry market has favourable macroeconomic trends



Poultry consumption
growth

~5% p.a.

SINCE 1990¹

Poultry taking increasing
share of protein plate

53%

VS 28% IN 2000¹

Poultry more affordable
than other proteins²

\$10.78/kg

VS \$19.90/kg FOR BEEF

Strong ongoing trends

- | | |
|------------------------|-------------------------|
| 1 Health and nutrition | 4 Environmental/Ethical |
| 2 Versatility | 5 Reputation |
| 3 Convenience | |



1. Source: OECD-FAO Agricultural Outlook. Time period shown reflects available dataset provided in OECD database (1990 – 2017). The OECD database assumes poultry consumption is equal to production. Protein plate are comparisons to Beef, Pork and Sheep which are on a carcass weight equivalent basis, poultry shown on a ready to cook equivalent basis per OECD analysis. Sheep includes lamb and mutton.

2. Source: Prices are shelf prices observed by Tegel at selected New World, PAK'nSAVE and Countdown retail outlets for 2 January 2017 to 28 August 2017, 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 (\$6.94/kg), chicken bone-in thighs (\$7.71/kg), chicken breast skin on (\$13.36/kg) and chicken breast skin off (\$15.11/kg); pork – pork shoulder chop (\$12.34/kg); beef – beef mince (\$12.14/kg), beef schnitzel (\$20.19/kg), beef chuck steak (\$17.60/kg) and beef sirloin steak (\$29.67/kg); and lamb – lamb shoulder chop (\$14.66/kg) and lamb leg steak (\$25.51/kg)

Global Reputation For Producing High Quality Poultry Products



High quality, safe and secure from New Zealand

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

Vaccinations are not required and chickens are grown with no added hormones

Strict biosecurity with protected borders prohibiting imports

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

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

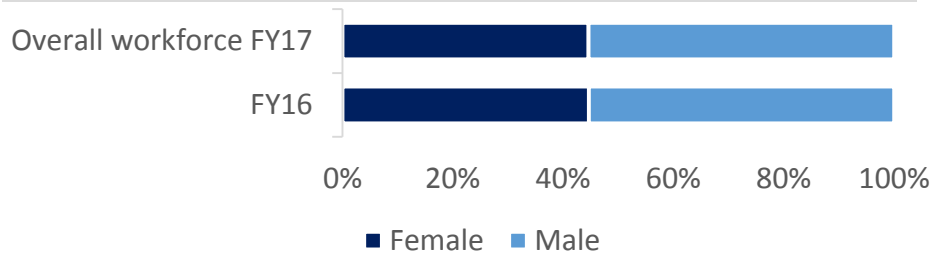
Proactive quality and compliance culture to support the reputation of its brand, that aims to ensure the welfare of animals and customers

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

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

People

Diversity



Food

- 100% New Zealand Raised
- No added hormones
- Cage-free
- Animal welfare practice internationally recognised

Environment

- We do the right thing for our environment
- Light farming and production footprint
- Focus on energy savings
- Focus on reducing waste

How We Do Business

- We strive to continually improve
- SIMPLIFY!



Chief Executive Officer's Address

Phil Hand

Welcome And Introductions - Executive Team



Phil Hand

CEO and Executive
Director



Peter McHugh

CFO



Christine Cash

GM, Sales and
Marketing



Evelyn Davis

GM, Human Resources



John Russell

GM, Agriculture
and Supply



Austin Laurenson

GM, Business
Improvement



David Taylor

GM, Regional
Operations, Upper
North Island



Martin Baker

GM, Regional
Operations, Lower
North Island



Ed Campion

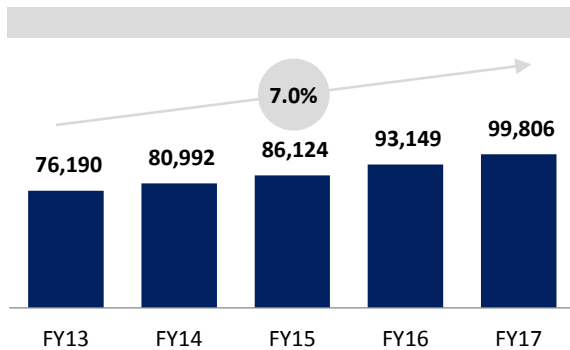
GM, Regional
Operations, South
Island

FY17 Highlights

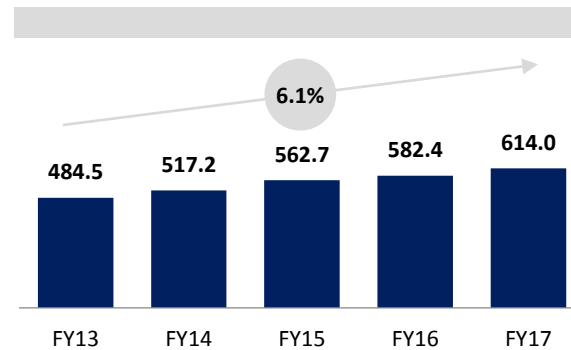
Continuing To Deliver Strong Results And Delivering On Our Strategy



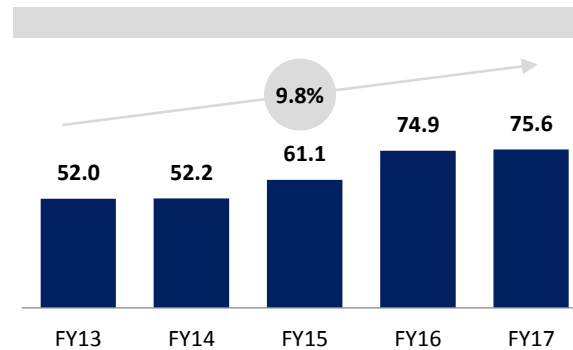
Volume (T)



Revenue (\$m)



Underlying EBITDA (\$m)¹



- ✓ **New Zealand's leading poultry producer with strong heritage** – part of New Zealander's lives since 1961
- ✓ Number one poultry brand in New Zealand, with the highest brand awareness and preference², market share increased to 52%³
- ✓ Completion of full re-brand, including brand livery, packaging re design, and launch of new advertising campaigns
- ✓ Continued product innovation with **new products** launched domestically and to **new markets**
- ✓ Leading producer of high quality core and value-added poultry products, **exporting to 18 countries** across Australia, the Middle East, Asia and the Pacific
- ✓ **Five years of continued growth** in each of Volume, Revenue and Underlying EBITDA

1. 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. A reconciliation of Underlying EBITDA to net profit after income tax is provided in Appendix 1 to this presentation and in note 2.1 of the FY2017 financial statements.

2. Tegel Brand Tracker Research, March 2017, PSL Research.

3. AZTEC Retail Scan data April 2017 and Management estimates for non-retail channels

FY17 Financial Overview

Solid Financial Results Driven By Volume Growth And Improved Efficiency



Financial Summary

NZ\$m	FY17 53 weeks	FY16 52 weeks	Var	Var %	FY17 PFI 53 weeks
Poultry Volume (tonnes)	99,806	93,149	6,657	7.1%	100,505
Revenue	614.0	582.4	31.6	5.4%	637.0
Gross Profit	145.1	147.4	(2.3)	(1.6%)	163.1
Underlying EBITDA ¹	75.6	74.9	0.7	0.8%	87.4 ²
Net Profit After Tax (NPAT)	34.2	11.3	22.9	202.8%	44.0 ²
Total Dividend (cps)	7.55				

Key Highlights

Volume And Revenue Growth

Underlying EBITDA¹

- Top line volume growth offset by weaker than expected domestic pricing, impacting profitability
- Within revised guidance range², though below PFI

Net Profit After Tax

- Net financing costs lower due to lower interest rate on new facilities, and reducing net debt

Dividends

- Total dividend for the FY17 year of 7.55 cents per share (final dividend 4.10 cents per share and interim dividend 3.45 cents per share)

Strong Balance Sheet Supporting Ongoing Growth

Continuing To Generate Strong Operating Cash Flows

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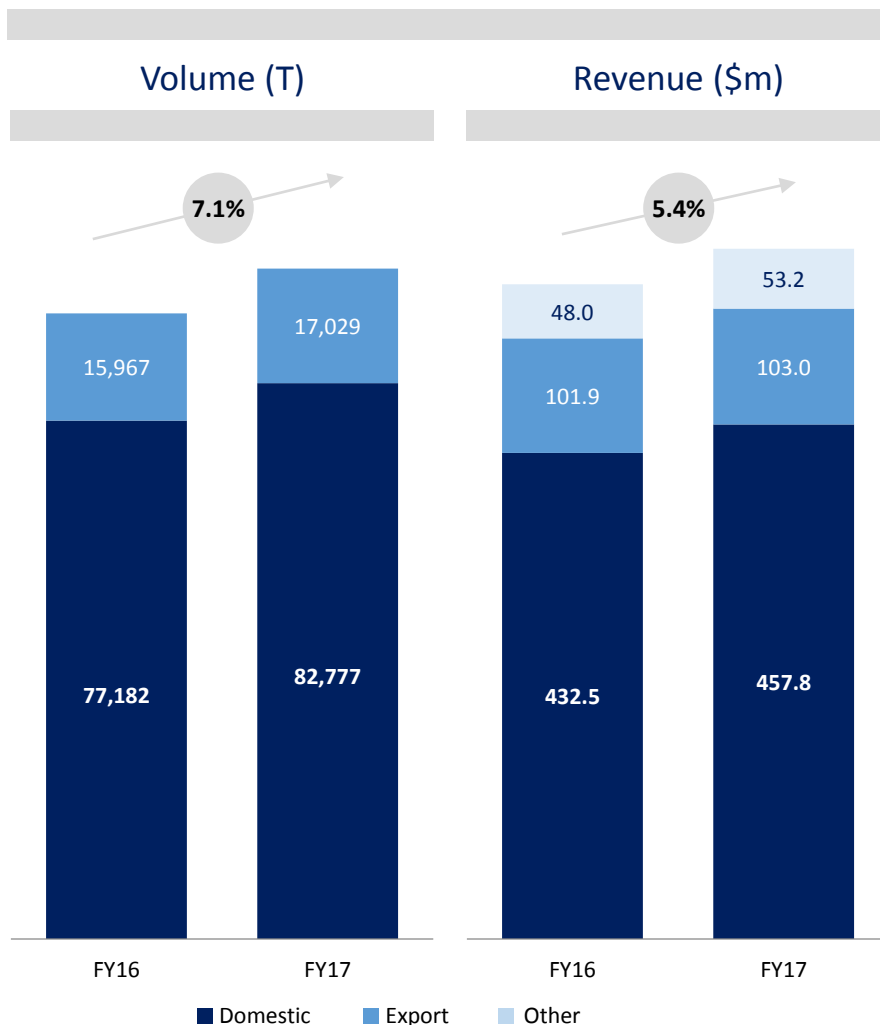
² Underlying EBITDA was revised on 15 December 2016 to a range of between \$75 and \$85 million and NPAT was revised to between \$33 and \$41 million.

FY17 Volumes And Revenue

Domestic Consumption Growth And New Contracts Won; Export Growth



Volumes and Revenue



Key Highlights vs FY16

Domestic

- Domestic volumes up 7.2%
- All channels increased volumes in FY17 as chicken consumption continues to grow
- Extra week of sales (53rd week) included in FY17 results
- Domestic revenue up 5.9% or \$25.3 million despite softer pricing

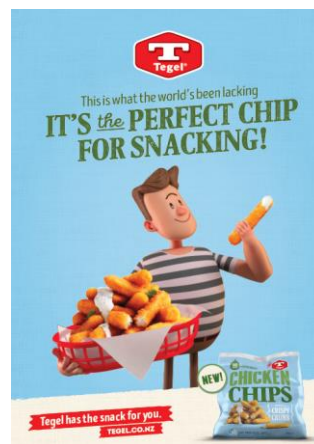
Export

- Over 1,000 tonnes in export growth, volumes up 6.7% from new and existing markets
- Export revenue up 1.1% or \$1.1 million
- Strong growth into Asia, Middle East and the Pacific



FY17 Highlights

Brand Refresh Completed Supported By Advertising Campaign



Investment And Brand Recognition

- Brand investment, packaging redesign
- Enhanced educational shopper and consumer messaging: cage free, free range, no hormones, NZ raised
- Tegel's brand awareness and preference continue to be the highest of any New Zealand poultry brand¹
- Approximately 2/3rds shoppers say Tegel is their first choice (or high consideration) of poultry brands to purchase¹
- Tegel has the highest first choice brand preference at 7x higher than any other poultry brand¹

¹ Tegel Brand Tracker Research, March 2017, PSL Research

FY17 Highlights

Significant Innovation Delivered To Market



New Value Added Products

Extensive range of new value added products introduced to market in FY17:

- Launch of Tegel Quick Cook range
- Tegel Fresh value added products, kebabs and butterflied whole birds, delivering sales increase of 24% over FY16

Free Range Growth

- Launch of Tegel Free Range products into the successful Meal Maker range
- FY17 sales of free range product increased by 28% from FY16, contributing 25% of total sales growth



¹ Aztec Scan Data April 2017

Maintain Leading Domestic Position, Continued Growth And Development Of Export Markets



KEY MARKETS

6



1

NEW ZEALAND

Market leader with 52%¹ market share, serving all channels with core, further processed and value added products

2

AUSTRALIA

Partnering Retail, QSR and Industrial customers with further processed and value added products

3

PACIFIC REGION

Serving 13 countries with products into Retail, QSR and Foodservice channels

4

PHILIPPINES

Partnering with major QSR customer

5

HONG KONG

Partnering leading Supermarket and Foodservice customers with Cage Free and Free Range products

6

UNITED ARAB EMIRATES

Partnering leading Supermarket and Foodservice customers with a range of over 50 Cage Free and Free Range products

¹ Aztec retail scan data April 2017 and management estimates for non-retail channels



DOMESTIC

FOCUS ON:

Volume growth,
market growth,
category growth,
new product development
and brand

Increase sales of value added
products to satisfy evolving
consumer preferences



EXPORT

Expand existing markets
through new channels, products
and customers

Enter new markets

Build brand "100% Pure NZ
Premium Chicken"

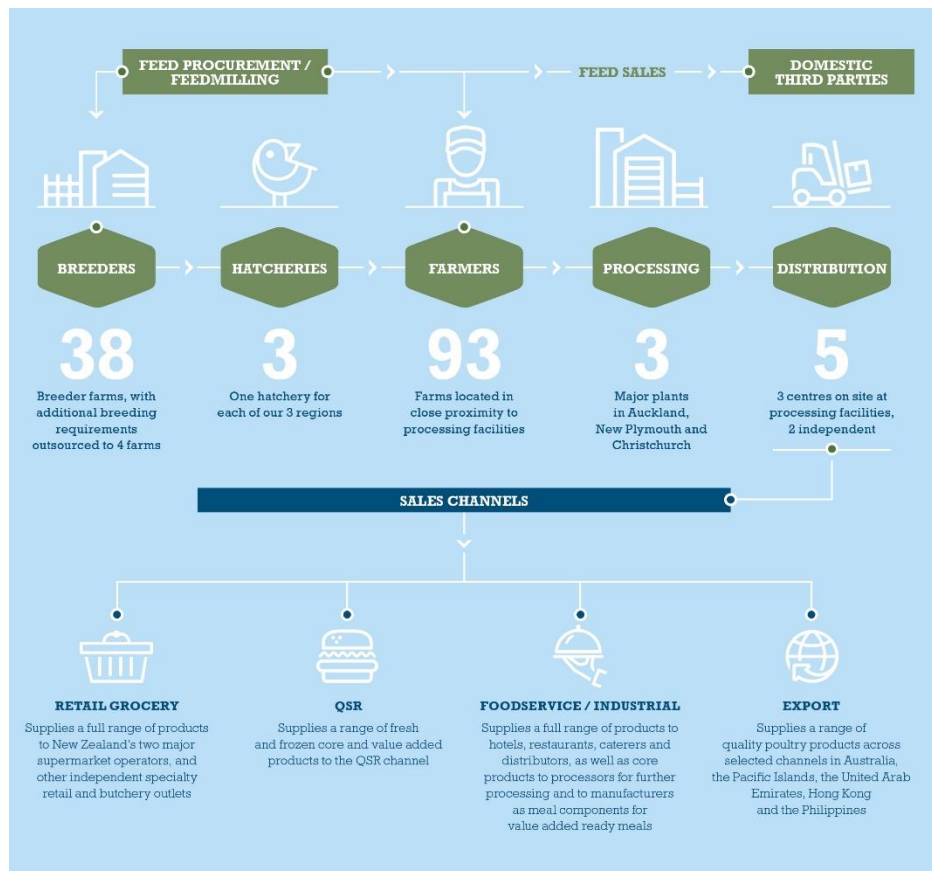
Grow market for high value
convenient meal solutions,
including free range

Vertically Integrated Regional Operations

Strategic National Coverage



Tegel's vertically integrated business model aims to ensure efficiency and control at all stages of production as well as the delivery of high quality product to customers



STRATEGIC LOCATIONS

3

Facilities
Hatchery,
feedmill,
breeder farms,
grower farms,
processing and
distribution

Upper North Island
AUCKLAND

Lower North Island
NEW PLYMOUTH

South Island
CHRISTCHURCH

Fielding
Distribution*

Wellington
Processing*

Primary processing capacity

75m

Birds per annum

* Outside of its three main geographic regions, Tegel operates a small leased distribution facility in Fielding to further service the lower North Island, and operates a processing facility in Wellington which produces various poultry, turkey, beef and other smallgoods products

Sustainable And Efficient Business

Compared to Dairy / Lamb / Beef / Pork, Tegel's poultry is more efficient and sustainable, based on:

- World class FCR - lower feed use per kg food
- Lower water use per kg food
- Fewer hectares used per kg food
- Less effluent produced per kg food

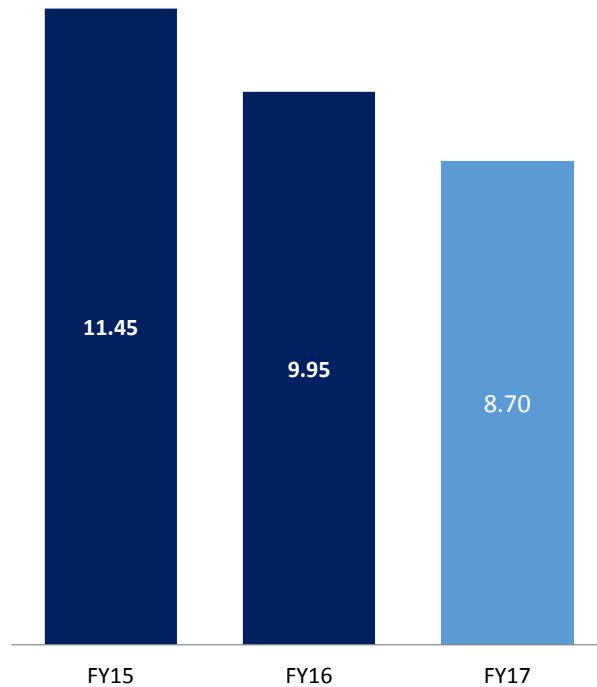
People

Passionate People, Powerful Teams



Health and Safety

LTIFR (per million hours)



People

- Think Safe, Work Safe
- Long Service Awards
- Continued Training And Provision of Bespoke Training Courses
- Community Support
- Awards



FY18 Outlook



Domestic

Drive category growth
Innovate to increase value added sales
Enhance market leadership position

- Expect continued domestic consumption growth of 4-5%
- Hold share of domestic market
- New brand imagery and packaging launched in FY17, continued investment in FY18
- Free range expansion, brand investment and product innovation

Export

Strengthen position in current markets
Enter new markets

- Diversification of channel and customer mix in Australia, with new range launches in Q2
- Increased presence in Australia through establishment of office and expansion of the team
- Continued focus to build on positions in Asia and the Middle East
- Launch of first products to Bahrain in Q1
- Seek in-market partners in Japan and to gain market access in Singapore, Korea and Taiwan
- Management continuing to target export revenues to represent approximately 25% of total revenues in four years

Operations

Smart investment to reduce costs and improve efficiencies

- Capital expenditure guidance of \$30m across a range of efficiency and growth initiatives
- Continued focus on cost control and efficiency improvements, through continuous improvement processes ("SIMPLIFY")
- Hatchery expansion and continued development of breeder and broiler farms
- FY18 Underlying EBITDA ahead of FY17



Free Range Video



- <http://www.tegel.co.nz/free-range/>





Appendix 1

Supplementary Information





Balance Sheet and Working Capital

Strong Balance Sheet supporting ongoing growth

Summary Balance Sheet NZ\$m	FY17	FY16	Var	Var %	FY17 PFI
Current Assets	196.0	208.6	(12.6)	(6.0%)	231.6
Non-Current assets	497.6	487.1	10.5	2.2%	491.7
Total Assets	693.6	695.7	(2.1)	(0.3%)	723.3
Current Liabilities	71.7	240.4	(168.7)	(70.2%)	95.1
Non-Current Liabilities	139.8	141.4	(1.6)	(1.1%)	136.7
Total Liabilities	211.5	381.8	(170.3)	(44.6%)	231.8
Net Assets	482.1	313.9	168.2	53.6%	491.5
Issued Capital	427.1	284.4	142.7	50.2%	428.6
Retained Earnings and Reserves	55.0	29.5	25.5	86.4%	62.9
Total Equity	482.1	313.9	168.2	53.6%	491.5

Working Capital ¹ NZ\$m	FY17	FY16	Var	Var %	FY17 PFI
Trade and other receivables ¹	63.3	78.1	(14.8)	(19.0%)	87.0
Inventories ¹	84.9	82.3	2.5	3.1%	86.9
Trade and other payables	(66.6)	(82.0)	15.4	(18.8%)	(89.0)
Operating Working Capital	81.5	78.4	3.1	3.9%	84.9

¹ To enable a like for like comparison to PFI, FY17 Trade and other receivables is \$69.0m and Inventories is \$79.2m.

Key Highlights

Assets

- Inventory at appropriate levels for Tegel's current production and sales
- Greater investment in automation equipment increasing non-current assets

Liabilities

- Current liabilities reduced mainly through debt repayment of \$130.0m in May 2016
- New borrowing arrangements: \$120.0m and \$40.0m working capital facility. Considerable headroom on debt and interest cover

Operating Working Capital

- Small increase in operating working capital vs FY16 from lower levels of trade and other payables partly offset by lower trade and other receivables due to timing of receipts
- Appropriate inventory levels to support higher sales to both domestic and export markets

Cash Flow

Tegel Continues To Generate Strong Operating Cash Flow

Cash Flow Summary

NZ\$m	FY17	FY16	Var	FY17 PFI
Cash inflow from operating activities	45.6	46.4	(0.8)	55.0
Cash (out)flow from investing activities	(30.2)	(26.6)	(3.6)	(24.0)
Cash (out)flow from financing activities	(6.0)	(27.8)	21.8	(8.5)
Increase / (decrease) in cash	9.4	(8.0)	17.4	22.5
Opening balance	4.0	12.0	(8.0)	0.5
Closing cash balance	13.4	4.0	9.4	23.0

Key Highlights

Operating Activities

- Operating cash flows stable with increased receipts from customers offset by increased supplier payments, higher employee payments and the payment of expenses related to listing

Investing Activities

- Investing activities mainly on automation of production equipment

Financing Activities

- Financing activities mainly relate to interest payments which decreased significantly due to lower levels of debt



Reconciliation To GAAP



NZ\$m	FY17 53 weeks	FY16 52 weeks	FY17 PFI 53 weeks
Underlying EBITDA¹	75.6	74.9	87.4
Unrealised foreign exchange revaluations	(0.4)	-	-
Fair value adjustment to Biological Assets	-	0.5	-
Share based payments, listing costs and management bonus	(0.4)	(12.0)	-
Settlement of historical insurance claims and other legal costs	(0.7)	(0.4)	-
Gains / (loss) on the disposal of property, plant and equipment	(0.1)	-	-
Kaikoura earthquake	(0.5)	-	-
EBITDA	73.4	63.0	87.4
Depreciation	(16.3)	(15.1)	(16.8)
Amortisation	(3.2)	(3.3)	(2.3)
Net finance costs	(6.0)	(28.0)	(7.1)
Net profit before income tax	47.9	16.7	61.2
Income tax	(13.6)	(5.4)	(17.2)
Net profit after income tax	34.2	11.3	44.0

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Volume And Revenue



Poultry Volume (T)	FY17 53 weeks	FY16 52 weeks	Var	Var %	FY17 PFI 53 weeks	Var	Var %
Domestic Poultry	82,777	77,182	5,595	7.2%	83,431	(654)	(0.8%)
Export Poultry	17,029	15,967	1,062	6.7%	17,074	(45)	(0.3%)
Total Poultry Volume	99,806	93,149	6,657	7.1%	100,505	(699)	(0.7%)

Revenue (NZ\$m)	FY17 53 weeks	FY16 52 weeks	Var	Var %	FY17 PFI 53 weeks	Var	Var %
Domestic Poultry	457.8	432.5	25.3	5.9%	477.9	(20.1)	(4.2%)
Export Poultry	103.0	101.9	1.1	1.1%	107.7	(4.7)	(4.4%)
Other Revenue ¹	53.2	48.0	5.2	10.7%	51.4	1.8	3.5%
Total Revenue	614.0	582.4	31.6	5.4%	637.0	(23.0)	(3.6%)

¹ Other revenue includes sales of eggs, day-old chicks, feed and offal. Smallgoods were previously classified as Other revenue but are now classified into Domestic poultry and Export poultry for all periods. PFI comparatives have been restated on a consistent basis.