



Tegel Group Holdings Limited

FY18 Full Year Results And Target
Company Statement Presentation

11 June 2018



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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 consistent with Tegel's non-GAAP Financial Information Policy (available at investors.tegel.co.nz). A reconciliation of Underlying EBITDA to net profit after income tax is provided in note 2.1 of the financial statements.

Agenda



1.

FY18 Results Highlights – Phil Hand, CEO



2.

FY18 Financial Results – Peter McHugh, CFO



3.

Outlook – Phil Hand, CEO

4.

Target Company Statement – David Jackson, Chairman



5.

Appendices



FY18 Full Year Results Highlights

Phil Hand, CEO

FY18 Highlights

Resilient Financial Performance, Significant Agriculture Investment



Record Poultry Volumes

~100k tonnes

Record Revenue

\$615m

Free Range farm footprint

169%

EXPANDED CAPACITY

Underlying EBITDA¹

\$70.2m

Net Profit After Tax

\$26.1m

Final declared dividend of

4.10c PER SHARE

Full year dividends paid of
7.55c per share

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FY18 Highlights

Delivering On Key Domestic Growth Strategy



Domestic

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

- ✓ Domestic market share held
- ✓ ~25% of all meat consumed in NZ is from Tegel¹
- ✓ Domestic consumption growth solid, improved second half volumes
- ✓ Rangitikei brand refresh and advertising campaign
- ✓ Product innovation strategy delivering continued high growth in Free Range and value added
- ✓ The number one poultry brand in New Zealand, with the highest brand awareness and preference²

Export

Strengthen position in current markets
Enter new markets

- ✓ Continued diversification of channel and customer mix in Australia partly offsetting loss of volumes to QSR customer
- ✓ Following launch of new products into mainstream Retail, volume growth of 37% across three major retail categories
- ✓ Foodservice and Industrial channel volume growth of 79% with sales to nine new customer groups
- ✓ Launch of 41 new products into the Australian market
- ✓ Restructure of channel management across NZ and Australia gaining traction
- ✓ Strong performance from Pacific Islands delivered 12% volume growth
- ✓ UAE brand refresh and launch of Free Range products continues to drive revenue and margin growth

Operations

Smart investment to reduce costs and improve efficiencies

- ✓ Health and safety: implementing new industry agreed farm work practices
- ✓ Strong focus on animal welfare
- ✓ Minimal customer disruption following Ex-cyclone Gita, demonstrating strategic benefit of multiple plants
- ✓ Executive team restructure continued, with new roles of GM – Strategy and Business Development and GM – Sales
- ✓ New Plymouth feedmill capacity expansion strategic land purchase
- ✓ Continued hatchery and farms development including Free Range capacity capability
- ✓ Continued focus on cost control and efficiency improvements through continuous improvement processes (“SIMPLIFY”)

¹ Based on New Zealand per capita meat consumption share Poultry (52%), Beef (18%), Pork (25%), Sheep (4%). Source: OECD-FAO Data

² Tegel Brand Tracker Research December 2017

FY18 Domestic Developments

Brand Investment And Innovation



Leading Brand Recognition¹

- Trusted and iconic Tegel brand:
 - Most preferred brand across all areas of the supermarket
 - Over 90% brand awareness
 - Brand of first choice for 15%, significantly higher than its closest competitor, on 2%.
- Investment in Tegel Free Range Brand delivering positive results:
 - 52% prompted brand recall, up 5% from March 2017
 - Free Range brand of first choice or one of several brands purchased for 27%, significantly higher than its closest free range competitor, on 14%
- Overall significantly improved association with free range options, cage free options and high standards of animal welfare

Free Range And Value Added Demand Continues

- Free Range poultry now worth \$60.7m in NZ Grocery with Free Range holding 13% of total poultry scan sales market share
- Increased sales of value added and free range products to satisfy evolving consumer preferences:
 - Fresh value added up 19%
 - Frozen further processed up 16%
 - Dairy Deli up 8%
 - Free Range up 21%
 - Rotisserie whole and portions up 8%
- Continued consumer messaging and enhanced educational shopper on Free Range, cage free, no added hormones, NZ raised:
 - Full Free Range advertising campaign
 - Launch of Rangitikei's new look



¹ Tegel Brand Tracker Research December 2017

Sustainable Farming Investment

Aligning The Business For Increased Free Range Demand



FY18 Agriculture

- Raising consumers' awareness through online video featuring Tegel Free Range farmer. Provides transparent and educational insight into farming practices and animal welfare via a personal day-in-the-life story
- Free Range farm conversions, expansions and additions, increasing Free Range capacity by 80,000 square metres or 169%, now representing 23% of total farming capacity
- Increased overall farm footprint:
 - Continued development of breeder farms with shed units completed in Canterbury
 - Last of standard broiler sheds completed in FY18, going forward all new broiler farms will have Free Range capability
 - Contracting of an additional seven farms in the Waikato region including five which are Free Range
 - New Free Range farms completed in New Plymouth and under construction in Canterbury incorporating latest technology
 - New Plymouth hatchery expansion
- Impact of Auckland urbanisation reducing number of farms in that region and leading to need for expansion in parts of Northland and the Waikato, which are within range of Tegel's Henderson processing facility



Sustainable And Efficient Business

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

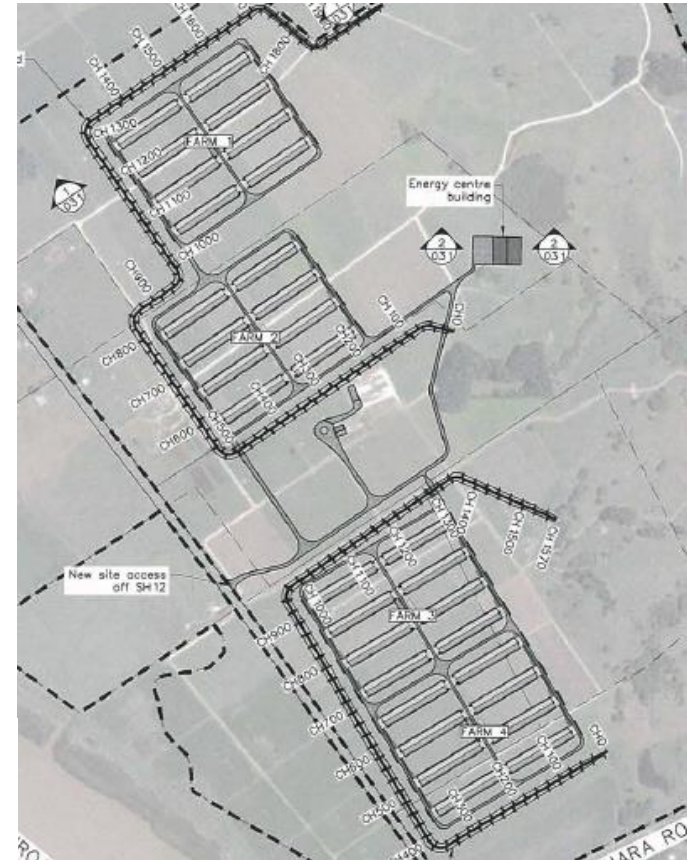
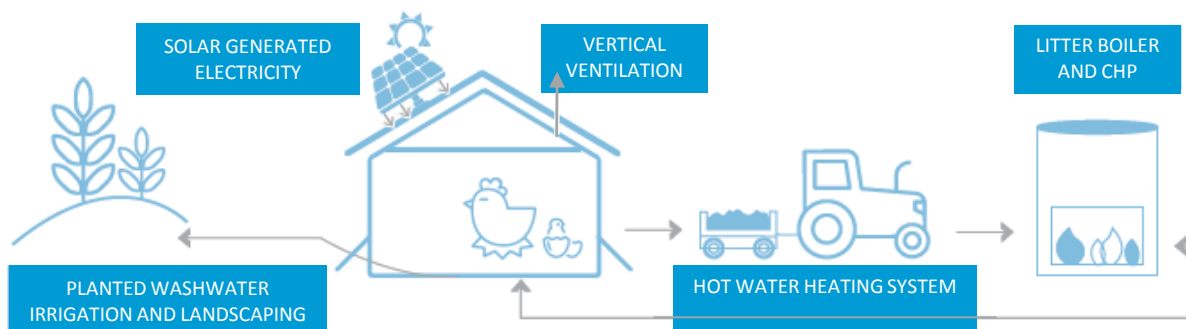
- World class FCR - lower feed use per kg food
- Lower water use per kg food
- Fewer hectares used per kg food
- Less effluent produced per kg food

Northland Future Farming

An Exciting Project For Northland



- Suitable land identified for new state-of-the-art Free Range poultry farm in Northland
- Sustainable Free Range farm built at large scale using latest technologies, animal welfare focussed:
 - Large scale solar installation providing majority of electricity
 - 75% self-sufficient for water via sophisticated rain water collection and treatment system
 - Litter burner
 - Lowers farm LPG consumption by 95%
 - Allows utilisation of renewable fuels
 - Improves air quality through less CO₂, CO and moisture in shed
 - Reduced greenhouse gas emissions, minimal waste to landfill
 - Very low overall environmental footprint, converting from dairy to poultry
- 32 jobs once farm is operational, significant number of additional jobs during the 3 year construction period
- Public information sessions held
- Iwi engagement
- Resource Consent Hearing preparation underway
- Subject to Board and Regulatory Approval



Strategy

Growth Underpinned By Strong Domestic Position



Strategy

Creating long term shareholder value through maintaining our leading domestic position and continued growth and development of export markets.



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

Organisational Restructure To Deliver Future Growth



Phil Hand
CEO



Peter McHugh
CFO



Ed Campion
GM, Operations



John Russell
GM, Agriculture & Supply



Christine Cash
GM, Strategy & Business Development



Malcolm Clack
GM, Sales



Austin Laurenson
GM, Supply Chain & Technical Services



Evelyn Davis
GM, Human Resources



Financial Results

Peter McHugh, CFO

Financial Overview

Resilient Financial Performance



Financial Summary

NZ\$m	FY18 52 weeks audited	FY17 52 weeks unaudited	Var	Var %	FY17 53 weeks audited
Poultry Volume (tonnes)	99,908	98,036	1,872	1.9%	99,806
Revenue	615.4	603.2	12.2	2.0%	614.0
Cost of Sales	(478.1)	(462.3)	(15.8)	(3.4%)	(468.9)
Gross Profit	137.3	140.9	(3.6)	(2.6%)	145.1
Gross Profit %	22.3%	23.4%	110bps		23.6%
Underlying EBITDA ¹	70.2	72.0	(1.8)	(2.5%)	75.6
Net Profit After Tax (NPAT)	26.1	31.7	(5.6)	(17.7%)	34.2
Final Dividend (cps)	4.10	-	-	-	4.10

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Key Highlights

Volume And Revenue Growth

- Solid poultry volume growth driven by domestic demand
- Revenue increase driven by volume and improved price/mix in domestic market

Gross Profit

- Gross Profit impacted by Cost of Sales pre-tax non-repeating costs of \$8.4 million including industry compliance costs of \$4.1 million, Ex-cyclone Gita and other one-off events of \$3.3 million and restructuring costs of \$1.1 million
- Growth in revenue, commodity tailwinds and foreign exchange gains partially offset by higher operational costs

Underlying EBITDA¹

- Increased investment in sales, branding and distribution to build a base for export growth

Net Profit After Tax

- Significant non-repeating costs noted above partially offset by lower tax

Final Dividend

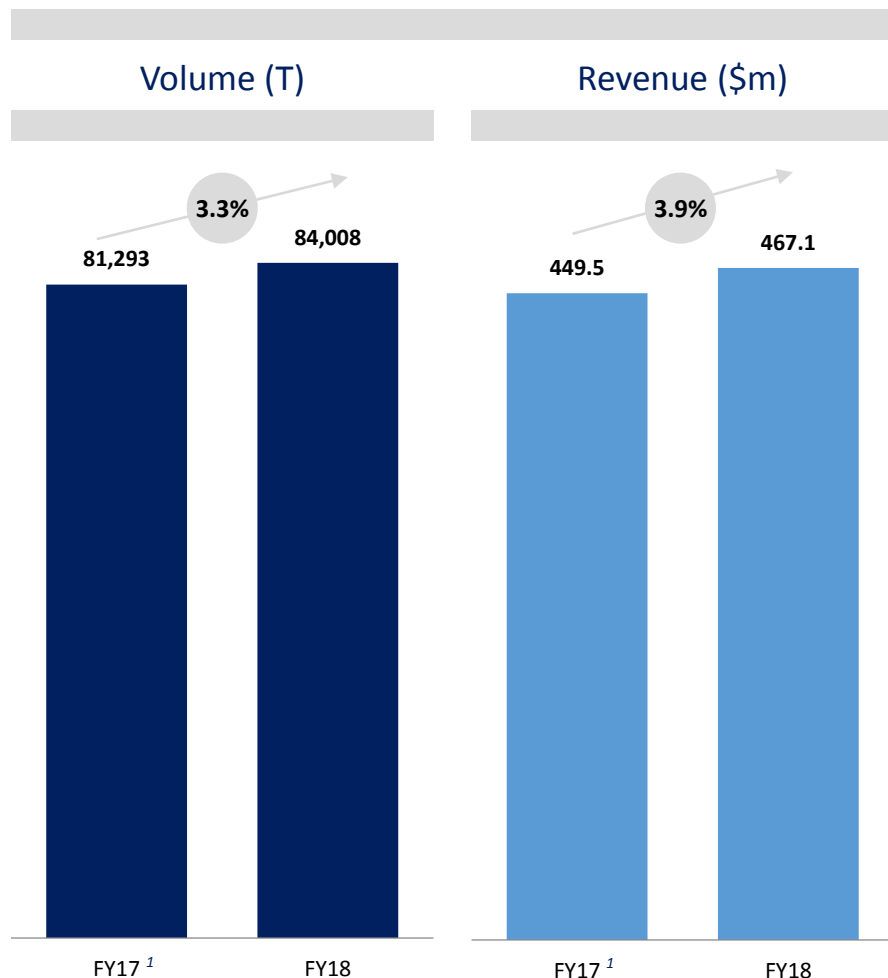
- A fully imputed final dividend of 4.10 cents per share will be paid on 13 July 2018
- Combined with the interim dividend of 3.45 cents per share, this gives a total dividend for the FY18 year of 7.55 cents per share, consistent with FY17

Domestic

Strong Second Half Volumes Contributing To Solid Growth Overall



Domestic Volumes and Revenue



¹ 52 week basis. FY18 is the 52 weeks ended 29 April 2018 compared to FY17 being the 52 weeks ended 23 April 2017. On a Statutory basis, FY17 is the 53 weeks ended 30 April 2017.

Key Highlights

Domestic Volume Growth

- Solid domestic volumes, up 3.3% for the year, recovering volumes ceded in the first half, with second half up 4.9%
- Continued poultry consumption growth with increases in all domestic channels during the year
- QSR and Foodservice growth continued throughout FY18 reflecting shifting consumer trends of convenient meal solutions

Domestic Revenue Growth Despite Challenging Pricing Environment

- Domestic revenue increased by \$17.6 million or 3.9% driven by volume and some improvement in price/mix
- Revenue gains across all three Retail, Foodservice and QSR channels
- Improved overall Net Sales Value per kg

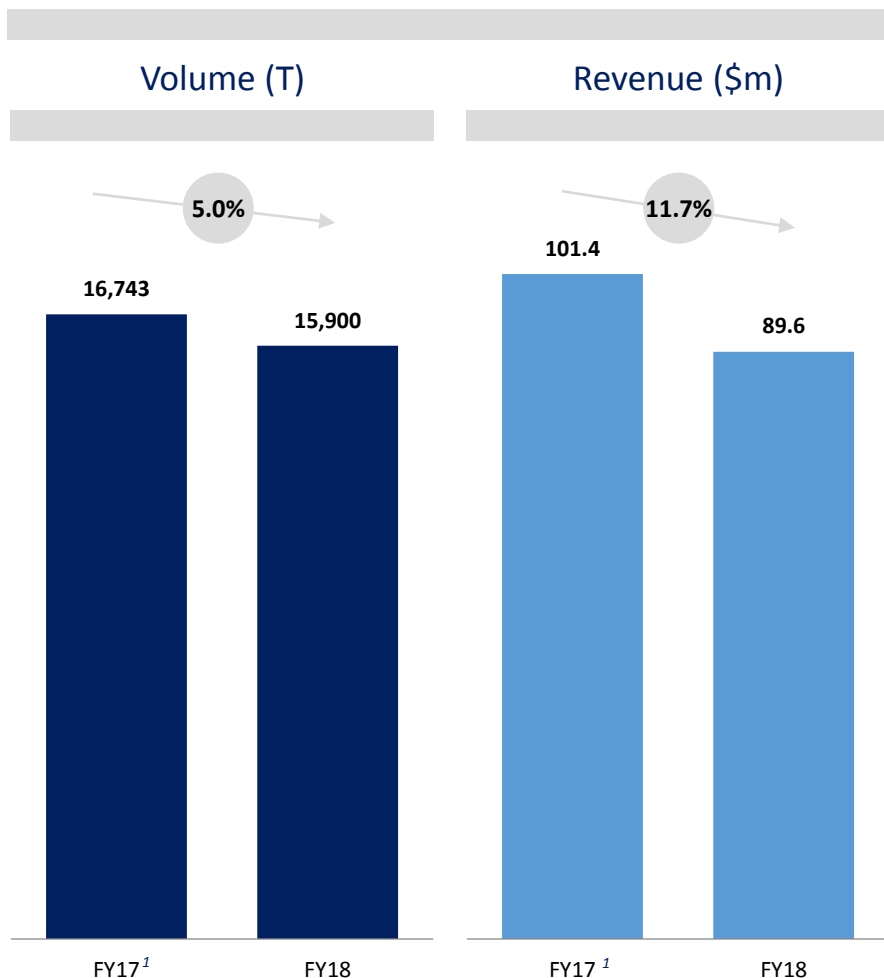


Export

Customer Transitioning In Australia



Export Volumes and Revenue



¹ 52 week basis. FY18 is the 52 weeks ended 29 April 2018 compared to FY17 being the 52 weeks ended 23 April 2017. On a Statutory basis, FY17 is the 53 weeks ended 30 April 2017.

Key Highlights

Export Volume

- Long term customer diversification strategy in Australia with 41 new products introduced:
 - Volumes lower as expected due to diversification of channel and customer mix
 - Addition of significant new customers into Retail and Foodservice delivering excellent volume growth
 - New QSR customers
- Strong volume growth of 12% into the Pacific Islands

Export Revenue

- Export revenue declined by \$11.8 million to \$89.6 million driven by decline in volumes to higher margin countries
- Australia revenue lower as expected due to timing of transitioning
- UAE brand refresh undertaken with new brand rolled out in Q4, Free Range and nine new products introduced



Balance Sheet And Working Capital

Robust Balance Sheet Facilitating Growth



Summary Balance Sheet NZ\$m	FY18 29 Apr'18	FY17 30 Apr'17 Restated ¹	Var	Var %
Current Assets	224.7	196.0	28.7	14.6%
Non-Current assets	526.5	507.0	19.5	3.8%
Total Assets	751.2	703.0	48.2	6.9%
Current Liabilities	97.7	71.7	26.0	36.3%
Non-Current Liabilities	170.6	149.2	21.4	14.3%
Total Liabilities	268.3	220.9	47.4	21.4%
Net Assets	482.9	482.1	0.8	0.2%
Issued Capital	427.1	427.1	-	-
Retained Earnings and Reserves	55.8	55.0	0.8	1.4%
Total Equity	482.9	482.1	0.8	0.2%

Working Capital NZ\$m	FY18 29 Apr'18	FY17 30 Apr'17 Restated ¹	Var	Var %
Trade and other receivables	85.6	63.3	22.3	35.2%
Inventories	92.4	84.9	7.5	8.8%
Trade and other payables	(89.3)	(66.6)	(22.7)	(34.1%)
Operating Working Capital	88.7	81.6	7.1	8.7%

¹ FY17 balance sheet has been restated as set out in note 1.2 of the financial statements.

Key Highlights

Assets

- Non-current assets increased following New Plymouth land acquisition, Enterprise Resource Planning (ERP) investment, New Plymouth hatchery expansion and ongoing investment in plant automation

Liabilities

- New borrowing arrangements negotiated to October 2020: \$120 million senior facility and \$50 million working capital facility. Considerable headroom on debt and interest cover ratios

Operating Working Capital

- Higher levels of trade and other receivables due to timing and higher revenues offset by higher trade and other payables
- Inventory levels increased through higher margin products and holding a great value of spare parts given higher levels of automation



Cash Flow And Capex

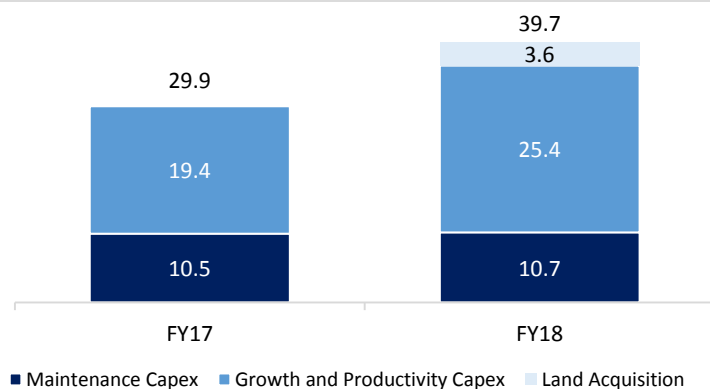
Capital Expenditure For Future Growth



Cash Flow Summary

NZ\$m	FY18	FY17	Var	Var %
Cash inflow from operating activities	41.5	45.6	(4.1)	(9.0%)
Cash (out)flow from investing activities	(37.8)	(30.2)	(7.6)	(25.2%)
Cash (out)flow from financing activities	(7.7)	(6.0)	(1.7)	(28.3%)
Increase / (decrease) in cash	(4.0)	9.4	(13.4)	(142.6%)
Opening cash balance	13.4	4.0	9.4	235.0%
Closing cash balance	9.4	13.4	(4.0)	(29.9%)

Capital Expenditure Summary (\$m)



Key Highlights

Operating Activities

- Cash flows impacted by timing differences partially offset by reduced payments to employees and lower tax; with IPO related costs in prior period

Investing Activities

- Higher investing activities from property purchase and software development costs relating to the ERP upgrade

Financing Activities

- New banking facility negotiated, new three year facility including a \$10.0 million higher working capital facility
- Timing of dividend payments (two in FY18, one in FY17)

Capex

- Enterprise Resource Planning (ERP) project "M3"
- New Plymouth land acquisition \$3.6 million
- New Plymouth hatchery expansion
- Continued investment in new automation equipment and new product innovation
- Investment in Northland and seven farms, including five Free Range farms for future growth, readied to Tegel standard

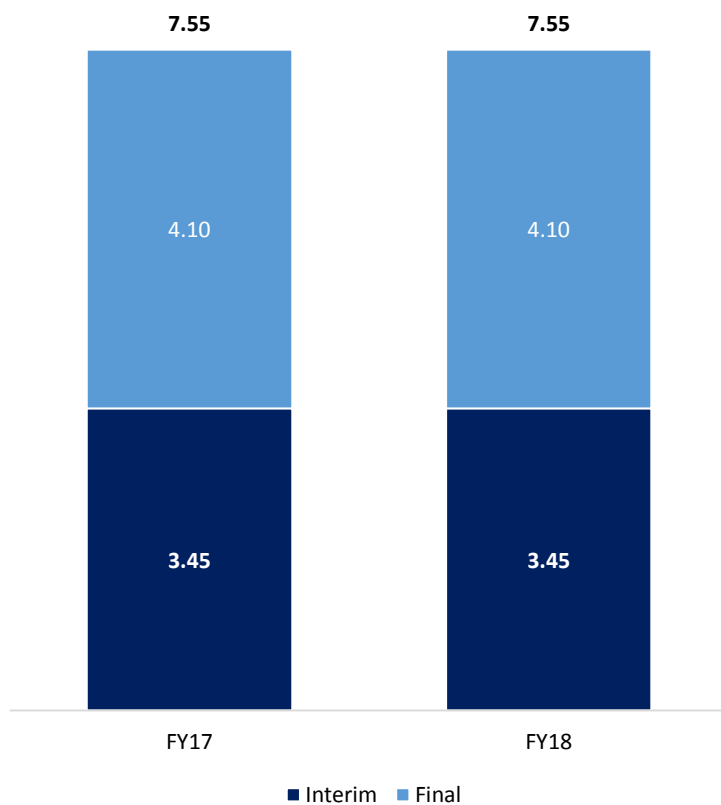


Dividend

Consistent Dividend Payment



Dividend Payments (cps)



Payment

Payment

- A fully imputed interim dividend of 4.10 cents per share will be paid on 13 July 2018 (in H1'19)





Outlook

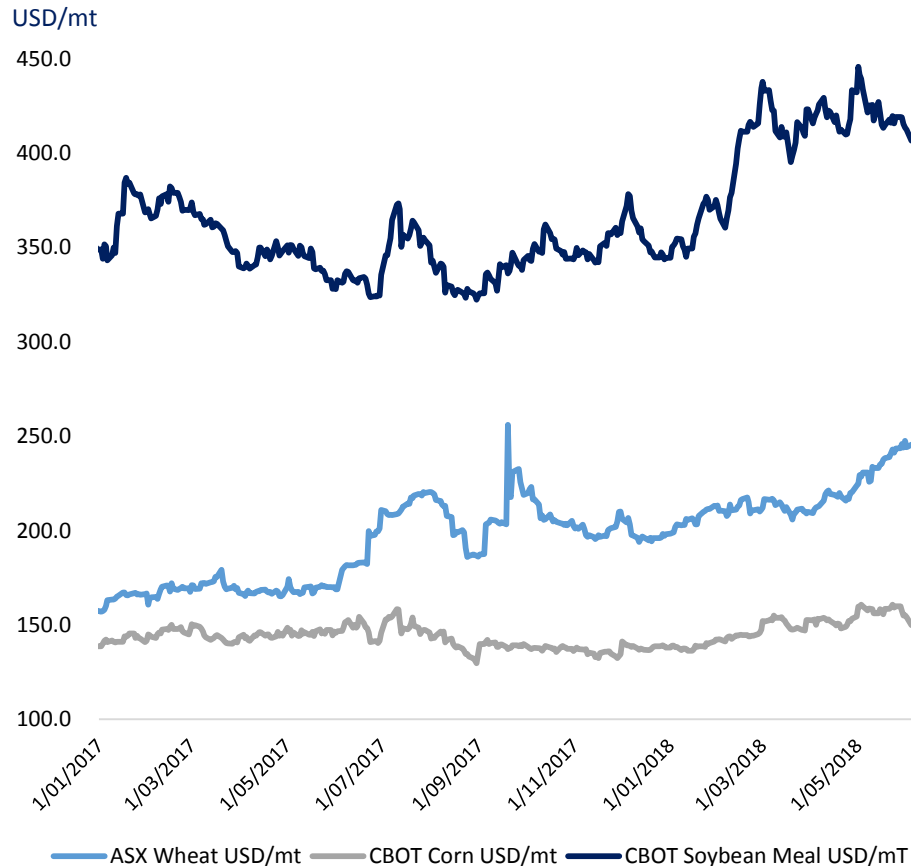
Phil Hand, CEO

Commodity And Cost Headwinds

Impacting Almost Half Of Cost Of Sales, Partially Offset By Hedging



Commodity Prices¹ Lifted From Multi-Year Lows



¹ Source: IndexMundi

Other Costs With Hedging Locked In

- Crude oil increase impacting across most parts of the business
- Impact of NZ minimum wage increase
 - Current minimum wage is \$16.50/hr, increasing to \$20.00/hr by 2021, Tegel pays above this rate already for all employees
- Partially offset by hedging. As at 29 April 2018,
 - 58% of US dollar raw material purchase requirements; and
 - 70% of forecast Australian dollar receipts were hedged



Looking Ahead: FY19 Outlook



Domestic

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

- Expect continued domestic consumption growth of 4-5%
- Grow share of domestic market, from additional Free Range farming capacity
- Increased sales of value added and Free Range products
- Continued new product innovation

Export

Strengthen position in current markets
Enter new markets

- Grow volumes in Australia by building on channel synergies across Australia and New Zealand with continued customer diversification
- Maintain profitable balance in the Pacific
- Continue to establish and grow business in UAE and Hong Kong

Operations

Smart investment to reduce costs and improve efficiencies

- Agriculture footprint rightsized to deliver optimal efficiency and animal welfare outcomes
- Completion of Enterprise Resource Planning (ERP) project “M3”
- Continuation of SIMPLIFY! Cost control and efficiency improvement initiatives
- Higher cost environment through higher commodities, production fixed costs, salaries & wages and overheads partly offset by hedging

In response to Bounty’s Offer, and in parallel to accelerating the review and reporting of these FY18 results, management recently prepared and a sub-committee of Independent Directors reviewed an FY19 earnings range. This FY19 Illustrative EBITDA range of \$65.5 million to \$70.2 million is to facilitate the preparation of the Independent Adviser’s Report and broader Target Company Statement. At this early stage of the financial year there are many uncertainties which could materially impact the FY19 results for Tegel. For the avoidance of doubt the FY19 Illustrative EBITDA Range does not constitute a forecast.



Target Company Statement

David Jackson, Chairman

Summary Of The Bounty Takeover Offer

Details Of The Offer - Tegel Board Recommendation



- Full takeover offer made on 28 May 2018 (“Offer”) by Bounty Holdings New Zealand Limited (“Bounty”), a wholly owned subsidiary of Bounty Fresh Food
 - The Offer period runs until 25 August 2018, unless extended under the Takeovers Code
 - The Offer may be declared unconditional up to 24 September 2018 (being not later than 30 days after the end of the Offer period), unless extended under the Takeovers Code
- Offer Price of \$1.23 per ordinary Tegel Share on issue (with a permitted dividend of \$0.041 per Tegel Share). The Offer Price (excluding the value of the dividend) represents:
 - 50.0% premium to the \$0.82 close price of Tegel Shares on 24 April 2018¹ on the NZX
 - 25.4% premium to the three month VWAP² of \$0.98 per Tegel Share prior to 24 April 2018
- The Offer remains subject to a number of conditions – including Bounty receiving approval from the Overseas Investment Office
- The 50% minimum acceptance condition has been satisfied, with total acceptances of 62.4% as at close of Thursday 7 June 2018, including:
 - 16.3% of Tegel Shares on issue that Bounty owns
 - 46.1% of Tegel Shares on issue in respect of which the Offer has been accepted (including the 45.0% held by significant shareholder Claris’ Investments Pte. Ltd (“Claris”))
- Independent Directors Committee formed to manage Tegel’s response to the Offer on behalf of the Tegel Board
- KordaMentha appointed as the Independent Adviser in respect of the Offer

¹ 24 April 2018 being the last trading day before Tegel received Bounty’s Takeover Notice

² VWAP means the cumulative volume weighted average price at which Tegel shares have traded on the NZX Main Board for the relevant period. VWAP is calculated by summing the value of all the trades which occurred before the relevant period and dividing that sum by the volume of shares transacted in those trades.

Summary Of The Bounty Takeover Offer

Tegel Board Recommendation



The Independent Directors **unanimously recommend that shareholders accept the Bounty Offer**

Reasons behind the Board's recommendation

- The Offer price is fair and within the range assessed by both the Independent Directors' and KordaMentha for the current value of Tegel Shares;
- The Offer price represents a premium to Tegel's undisturbed historic trading price;
- The Offer's 50% minimum acceptance condition has already been satisfied;
- Bounty will have effective majority control of Tegel if the Offer is declared unconditional. This introduces additional uncertainties for any minority shareholders who elect to reject the Offer, including in respect of Tegel's future business strategy, and dividend and capital management policies (as to which the Independent Directors Committee does not have any visibility, and so cannot assess);
- If Tegel remains listed following completion of the Offer, it is likely that there will be reduced liquidity impacting the ability to sell Tegel Shares;
- The trading price of Tegel's Shares may fall in the absence of the Offer or a superior proposal; and
- It is unlikely that there will be a competing offer (given Bounty's current shareholding of 16.3%, as at close of Thursday 7 June 2018, and likely majority control).

Further detail in respect of the above is available in the Target Company Statement – notwithstanding the reasons outlined above, the Independent Directors Committee recognises that some Tegel shareholders with a greater tolerance for risk, and a longer investment time horizon, and who have a view that Bounty's involvement with Tegel will create value for all Tegel shareholders, may consider rejecting the Offer. As always, the decision as to whether or not to accept the Offer will depend on the circumstances for each individual shareholder, including individual risk profile, portfolio strategy, tax position, financial circumstances and investment horizon.

The Independent Directors Committee advise shareholders to take independent advice in respect of their Tegel shares and to consider the Bounty Offer in conjunction with the full Target Company Statement

Summary Of The Bounty Takeover Offer

Other Key Considerations



Tegel shareholders should also take the following into account in respect of the Offer

- There is no benefit to accepting the Offer early as it restricts flexibility – the minimum acceptance condition has been satisfied and no cash will be paid until the Offer becomes unconditional
 - If you accept the Offer in respect of your shares, you are still entitled to the final dividend of 4.10 cents per share which is scheduled to be paid on 13 July 2018
 - However, you will not be entitled to this final dividend in respect of any shares sold on market prior to 5:00pm on the record date of 29 June 2018 (as noted on NZX Appendix 7)
- If Overseas Investment Office approval is not received by 24 September 2018 (the latest date by which the Offer must be unconditional), the Offer will lapse. However, the lock-up agreement between Bounty and Tegel's significant shareholder, Claris, will continue to apply if Bounty and Claris reasonably agree, based on legal advice, that it is reasonably likely that the OIO condition will be satisfied
 - In these circumstances, Bounty is required to make a replacement takeover offer within 10 business days of 24 September 2018 for the shortest possible offer period under the Takeovers Code
 - Assuming the replacement takeover notice was served on 8 October 2018, and assuming the shortest possible timeframes under the Takeovers Code, the replacement offer period would end on 17 November 2018



Questions And Answers





Appendix 1

Supplementary Information



Reconciliation To GAAP



Underlying EBITDA is a profit measure used by Tegel to manage the business and differs from NZ IFRS net profit after tax. Underlying EBITDA is used by management in conjunction with other measures to monitor operating performance and make investment decisions. Underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation. Underlying EBITDA is a non-GAAP profit measure and excludes the effects of certain IFRS fair value adjustments and items that are of a non-recurring nature.

NZ\$m	FY18 52 weeks	FY17 52 weeks	FY17 53 weeks
Underlying EBITDA¹	70.2	72.0	75.6
Unrealised gains/(losses) on foreign exchange revaluations (Administration)	0.1		(0.4)
Fair value adjustment to biological assets (Cost of Sales)	0.2		-
Share based payments (Other)	(0.5)		(0.2)
Settlement of historical legal and other claims (Administration)	-		(0.7)
Listing costs (Other)	-		(0.2)
Gains / (loss) on the disposal of property, plant and equipment (Administration)	2.0		(0.2)
Kaikoura earthquake costs and other distribution costs (Distribution)	(1.4)		(0.5)
Industry compliance costs (Cost of Sales)	(4.1)		-
Costs related to Ex-cyclone Gita and other one-off events (Cost of Sales)	(3.3)		-
Restructuring costs (Cost of Sales)	(1.1)		-
EBITDA	62.1	69.8	73.4
Depreciation	(16.7)		(16.3)
Amortisation	(3.3)		(3.2)
Net finance costs	(6.2)		(6.0)
Profit before tax	35.9		47.9
Income tax	(9.8)		(13.6)
Net profit after tax	26.1	31.7	34.2

Volume And Revenue



Poultry Volume (T)	FY18 52 weeks	FY17 52 weeks unaudited	Var	Var %	FY17 53 weeks	FY16 52 weeks
Domestic Poultry	84,008	81,293	2,715	3.3%	82,777	77,182
Export Poultry	15,900	16,743	(843)	(5.0%)	17,029	15,967
Total Poultry Volume	99,908	98,036	1,872	(1.9%)	99,806	93,149

Revenue (NZ\$m)	FY18 52 weeks	FY17 52 weeks unaudited	Var	Var %	FY17 53 weeks	FY16 52 weeks
Domestic Poultry	467.1	449.5	17.6	3.9%	457.8	432.5
Export Poultry	89.6	101.4	(11.8)	(11.7%)	103.0	101.9
Other Revenue ¹	58.7	52.3	6.4	12.3%	53.2	48.0
Total Revenue	615.4	603.2	12.2	2.0%	614.0	582.4

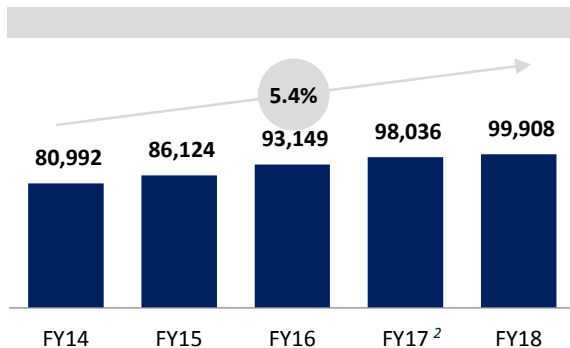
¹ Other revenue includes sales of eggs, day-old chicks, petfood, feed and offal.

Five Year Highlights

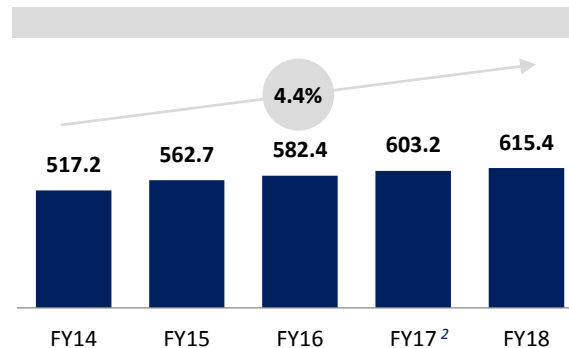
Solid Track Record



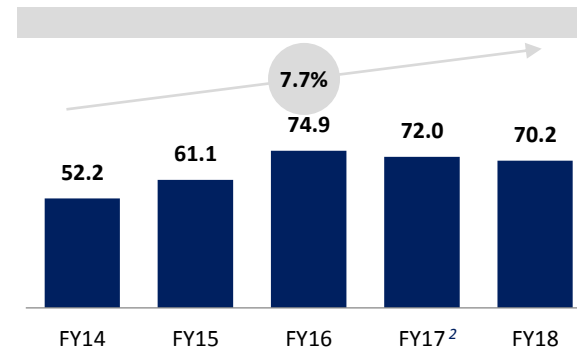
Volume (T)



Revenue (\$m)



Underlying EBITDA (\$m)¹



- ✓ **New Zealand's leading poultry producer with strong heritage** – part of New Zealander's lives since 1961
- ✓ The number one poultry brand in New Zealand, with the highest brand awareness and preference³
- ✓ Completion of full re-brand, including brand livery, packaging re design, and launch of new advertising campaigns
- ✓ Leading producer of high quality core and value-added poultry products, **exporting to 19 countries** across Australia, the Middle East, Asia and the Pacific
- ✓ **Five years of continued growth** in Volume and Revenue

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. A reconciliation of Underlying EBITDA to net profit after income tax is provided in note 2.1 of the FY2018 financial statements.

² 52 week basis

³ Tegel Brand Tracker Research, December 2017, PSL Research.

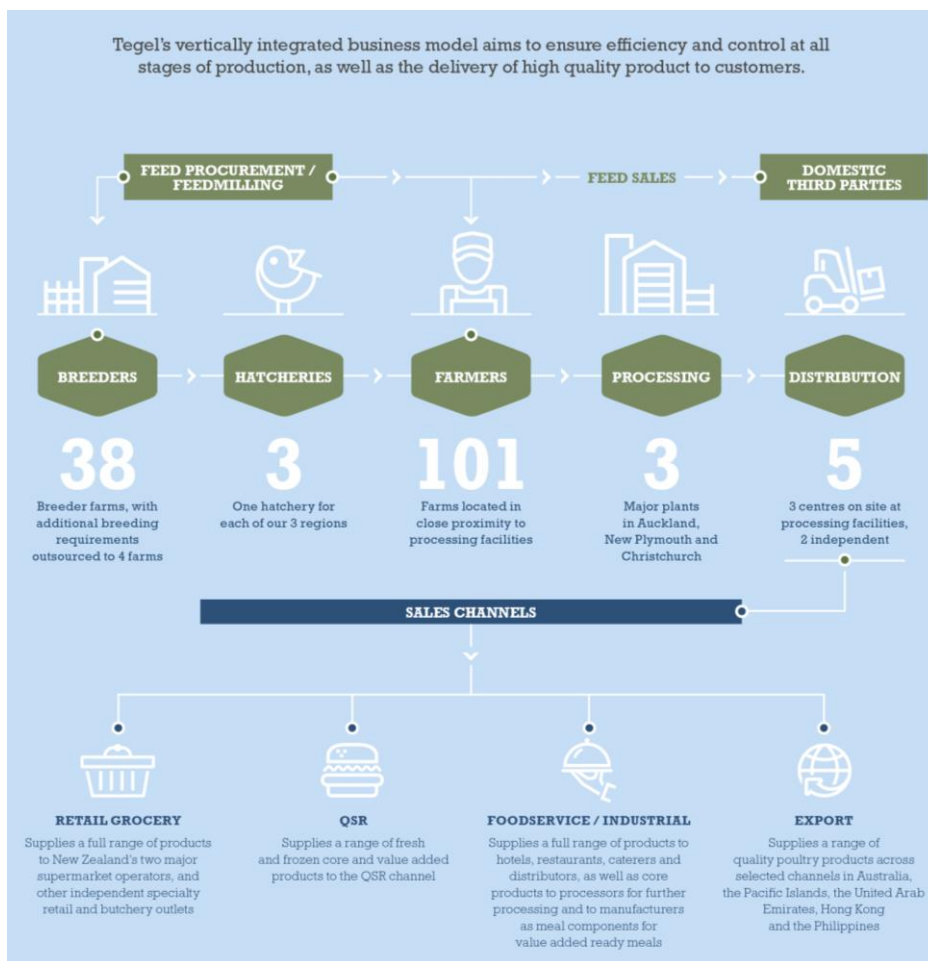


Vertically Integrated Regional Operations

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, processing and distribution
- Farms**
Breeder and grower

Primary processing capacity

75m

Birds per annum



* Outside of its three main geographic regions, Tegel operates a small leased distribution facility in Feilding 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