



# ASX Release

## Strong 1H25 financial results and FY25 guidance reaffirmed

Inghams Group Limited (ASX: ING) (Inghams, Company) today announced its interim FY25 (1H25) financial results.

Key Financial Results	1H25	Variance to 1H24	
			%
Core Poultry Volume (kt)	234.2	(6.6)	(2.7)
Total Poultry Volume (kt)	294.4	(1.4)	(0.5)
Net Selling Price (NSP) (\$/kg)	6.34	0.08	1.0
Revenue (\$M)	1,611.3	(30.9)	(1.9)
EBITDA (\$M)	210.4	(43.3)	(17.1)
Underlying EBITDA pre AASB 16 (\$M)	124.0	(14.4)	(10.4)
NPAT (\$M)	51.5	(11.9)	(18.8)
Underlying NPAT pre AASB 16 (\$M)	53.8	(15.5)	(22.4)
Leverage (x)	1.8	(0.3)	(20.0)
Cash conversion (%)	94.5	5.4pp	6.1
Dividends (fully franked) (cps)	11.0	(1.0)	(8.3)

Commenting on the 1H25 results, Inghams' CEO and Managing Director, Andrew Reeves, said: "It is a credit to the hard work of the entire Inghams team that the Company has delivered its second highest interim earnings result on an Underlying pre AASB 16 basis since listing in 2016.

"We have made significant progress in covering the reduction in volume under the new Woolworths supply agreement, with new business in Retail and QSR equivalent to approximately 75% of the volume reduction now secured and I remain confident of further progress in the coming months.

"Overall, the business is performing well, and today's results confirm the Company remains on-track to achieve its FY25 volume and earnings guidance provided at the FY24 results in August 2024."

### INGHAMS GROUP

Inghams delivered 1H25 EBITDA pre AASB 16 of \$124.0 million (-10.4% on PCP<sup>1</sup>), which is the second highest first half earnings result since listing. On an As-Reported basis (post AASB 16), the Company delivered 1H25 EBITDA of \$210.4 million (-17.1% on PCP) and NPAT of \$51.5 million (-18.8% on PCP).

Inghams is successfully navigating changes to its customer portfolio, and has maintained a disciplined approach to pricing with core poultry Net Selling Price (NSP)/kg growth of 1.0% on PCP, with Bostock Brothers in New Zealand (BBL) (acquired in FY24) contributing 30 basis points to that growth.

1H25 saw a shift in channel mix, with volume moving into Retail from Wholesale, combined with strong growth in by-products volume following the transition of some third-party Wholesale sales to in-house processing, which was supported by our recent investments in automation and efficiency initiatives and the temporary closure of Export markets.

Revenue marginally declined, in line with volume, with the decline in core poultry volume partially offset by growth in core poultry NSP/kg. Within this, Wholesale NSP/kg declined 8.2% on PCP, reflecting the progressive post-COVID recovery in channel supply.

Total costs within EBITDA declined 0.9% (\$12.4 million) on PCP and were largely flat (+\$0.3 million) excluding internal feed costs and AASB 16-related amounts. The impact of the acquisition of BBL (+\$9.9 million) and other increases were offset by the implementation of a range of cost management initiatives and further operational efficiencies. Internal feed costs declined \$34.0 million during the period. The conversion of 102 growers to variable

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1. Prior corresponding period

performance-based contracts over the past 18 months resulted in a higher operating cost impact due to AASB 16 of \$21.1 million, largely offset by lower AASB 16 depreciation and interest charges.

Cash conversion improved 5.4 percentage points to 94.5% due to reduced inventory levels and lower feed prices.

#### **AUSTRALIA**

In Australia, core poultry volume declined 4.1% on PCP due to a temporary reduction in the number of birds processed during the period to manage both inventory levels in 2H24 and the transition to the new Woolworths supply agreement. Retail channel growth was offset by declines across QSR, Wholesale and Export.

Revenue declined 2.5% on PCP, with the decline in core poultry volume partially offset by higher core poultry NSP/kg (+1.6%). A small reduction in by-products revenue (-1.0%) was driven by strong by-products volume growth, offset by lower by-products pricing. Growth in external feed volumes was offset by a decline in pricing reflecting the reduction in key feed input costs.

Total costs (Underlying pre AASB 16) declined 2.0% on PCP, with internal feed costs declining \$27.8 million and cost management initiatives limiting growth in other costs to \$2.7 million.

#### **NEW ZEALAND**

New Zealand core poultry volume increased 5.0% on PCP, driven by growth in both the Retail and Export channels, with BBL contributing 2.9 percentage points to NZ growth. External feed volumes declined 5.1% on PCP due to an increase in internal feed requirements and a reduction in external customer business.

New Zealand revenue increased 1.5% on PCP due to growth in core poultry volume combined with growth in core poultry NSP/kg (including BBL) of 0.6%, partially offset by lower by-products revenue and a reduction in external feed revenue due to a decline in both volume and also feed NSP/kg as a result of lower key feed input costs.

Total costs (Underlying pre AASB 16) increased 3.9% on PCP due largely to an increase in operating costs from the BBL (+\$9.9 million) and Bromley Park Hatcheries acquisitions, and expenditure on promotion and branding, distribution, labour, repairs and maintenance, and packaging. Internal feed costs improved by \$6.2 million during the period due to the decline in the international price of key feed inputs.

#### **CAPITAL MANAGEMENT & DIVIDENDS**

During the period, the Company refinanced its existing syndicated finance agreement. An increase in the total size of the combined facilities of \$200 million, together with an increase in the weighted maturity by approximately 2.4 years, provides Inghams with the funding flexibility to progress its various operational and automation investment programs, and to take advantage of other opportunities that may arise.

Total capital expenditure and acquisitions during the period was \$69.7 million, following the settlement of the acquisition of BBL and progress across various Sustaining and Investing initiatives. Net debt increased \$49.4 million in the period to \$397.3 million, while leverage increased to 1.8 times (+0.3x since June 2024), which is within the Company's target range of 1.0 to 2.0 times of Underlying EBITDA pre AASB 16.

The Board declared a fully franked interim dividend of 11.0 cents per share, representing a payout ratio of 72.4% which is within the Company's target range of 60-80% of Underlying NPAT.

#### **GUIDANCE & OUTLOOK**

Inghams reaffirms its guidance for FY25, based on normalised FY24 (52-week) results of:

- **Core poultry volume growth:** -1% to -3%
- **Underlying EBITDA (pre AASB 16):** \$236 million to \$250 million (representing flat to ~6% growth)

The guidance provided for FY25 considers several key factors, including current operating performance, the new Woolworths supply agreement for Australia, a sustained improvement in the price of key feed inputs, and Wholesale market pricing being below the levels of FY24.

FY25 core poultry volume is expected to be marginally lower than FY24 due to the phased introduction of the new Woolworths supply agreement, the timing of commencement of new business, and the ongoing effects of cost-of-living pressures on consumers. The Company expects core poultry NSP to show modest growth in FY25.

Based on current commodity pricing levels and observed trends, Inghams expects some net benefit from lower key feed costs in FY25, and the Company expects to deliver annualised cost savings through procurement, operational and continuous improvement initiatives that will significantly contribute to offsetting general inflationary effects.

FY25 forecast of \$100-120 million for capital expenditure and the BBL acquisition.

**MARKET BRIEFING**

Inghams will hold a market briefing at 10.00am today, 21 February, hosted by Andrew Reeves (Chief Executive Officer and Managing Director) and Gary Mallett (Chief Financial Officer).

The webcast can be viewed using the following link: <https://meetings.lumiconnect.com/300-256-852-872>

This announcement has been authorised by the Inghams Group Limited Board.



Marta Kielich

Company Secretary

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