

## MARKET UPDATE

29 February 2024

### Cyclone-related loss clouds positive strategic progress

#### At a glance:

- Revenue: \$1.33 billion, up from \$1.30 billion
- Operating (loss)/profit: (\$45.6 million), down from \$20.4 million
- Net loss before tax: (\$64.2 million), down from (\$3.3 million)
- Net loss after tax: (\$46.6 million), down from (\$0.9 million)

The impact of Cyclone Gabrielle and the complexity of T&G Global's associated insurance claim have been influential factors in the Company recording a full-year loss before tax of \$64.2 million for the year ending 31 December 2023.

This complexity has resulted in delays in finalising the value of the insurance claim receivable at balance date.

T&G Global Chair, Benedikt Mangold, said the loss reflected both the cyclone's physical and fiscal impact and a challenging year in terms of growing and economic conditions.

"After three seasons of COVID-19 related disruptions, we came into the 2023 financial year focused on converting increasing demand into higher sales volumes. But the weather had other ideas. The February cyclone completely disrupted our Apples operations in Hawke's Bay for five days, destroyed orchards on some 13% of our planted hectares and interrupted our supply chains for export and domestic crops. The cyclone, along with five-year highs in rainfall and lows in sunshine across the year, made conditions more than challenging."

Mr Mangold said the cyclone was an exceptional event in an exceptional year and while it influenced the financial result, it did not undermine progress within the business or the strength of its strategy.

"The impact will add at least 18 months to our strategy's delivery, but it did not destroy its strong foundations or our confidence that we are on the right track. This meant we were able to keep achieving several positive milestones, despite lower volumes, financial constraints and some challenging growing conditions.

"The confidence of BayWa AG, T&G's ultimate parent company, in the strategy and its delivery was demonstrated by its willingness to provide a \$24 million subordinated facility to support cyclone recovery work and working capital through the year," said Mr Mangold.

T&G Global Chief Executive, Gareth Edgecombe, said that T&G's strategy guided priorities in the post cyclone chaos and led to milestone achievements.

"The clear focus on winning in key markets saw our Apples business launch a fast-start programme to get Envy™ into high value Asian markets as quickly as possible following the March harvest. With 45,000 tray carton equivalents (TCEs) exported across five to six weeks, the programme set a record for Aotearoa New Zealand air freight. Its success was a team effort across harvesting, quality control, packing, freight management and in-market promotional support. We also achieved good growth in the United States with strong support from our Washington growers," said Mr Edgecombe.

Apples revenue increased year-on-year by 3.2% to \$799.0 million. Operating profit in Apples was \$10.6 million compared to \$27.8 million in 2022. Lower Aotearoa New Zealand volumes, higher cyclone-related harvesting costs and inflation-driven increases for insurance and fertiliser were partially offset by a softening in post-pandemic shipping rates.

T&G's Aotearoa New Zealand apple export volumes were 4 million TCEs - from both its own and independent growers' orchards, down from 5.2 million TCEs in 2022. United States apple volumes for 2022/23 were 4.4 million TCEs compared to the prior year's 4.1 million TCEs.

In 2024, T&G is forecasting 2.9 million TCEs of Envy™ to be exported from Aotearoa New Zealand, an increase from 2.2 million in 2023, as the first fruit comes off new plantings and Envy™ trees continue to mature.

T&G Fresh revenue was \$434.5 million, an 8.5% increase on the prior year. Its operating profit was down 37.6% at \$11.1 million compared to \$17.8 million in 2022 due to the impact of the cyclone on grower crop volumes and on the transport network. This was offset by strong pricing in tomatoes in the first half of the year.

"Our T&G Fresh results reflect lower volumes – some due to weather related shortages and some to consumers tightening their budgets with inflation driving up living costs. Operating costs were also inflation-impacted, particularly in respect of labour costs," said Mr Edgecombe.

In Australia the business has been reorganised around our strongest categories of citrus, blueberries, grapes and asparagus. The Pacific Islands business enjoyed strong trading with the return of tourism post COVID-19.

VentureFruit® revenue was \$9.0 million compared to \$29.1 million in 2022, and reported an operating loss of \$14.7 million, compared to a profit of \$11.0 million in 2022.

This performance was largely the result of fewer new Envy™ right-to-grow licences being taken up in Aotearoa New Zealand, mainly because of financial constraints on growers in a difficult year. 2020 Envy™ plantings have yet to produce royalty-earning crops.

VentureFruit® commercially launched Tutti™ in February, the world's first specifically bred hot climate tolerant apple variety, and Joli™ in June, T&G's new premium apple brand. Both varieties have been well received and there is good grower interest.

"Blueberry consumption continues to increase globally and VentureFruit® is well placed to help meet growing demand through its breeding, research partnerships and licensing arrangements. T&G's own blueberry farm in Queensland is being extended to 62 hectares to meet growing demand," said Mr Edgecombe.

International Trading revenue was \$91.8 million compared to \$100.7 million in 2022, with an operational loss of \$5.1 million compared to \$2.6 million in the prior year. This largely reflects the start-up costs and expected low initial yields for the Queensland blueberry farm.

Mr Mangold said there was much to be encouraged about in the new season with apple volumes looking strong, growth opportunities for both sales and volumes in the United States and steady progress in key global markets in Asia. There were also good growth opportunities in blueberries and the new VentureFruit™ apple varieties.

"Inflation will continue to influence costs, but these will be partly offset by full-year operational efficiencies from our new Whakatu packhouse in Hawke's Bay, our continuous improvement programme in Apples and our ongoing focus on improving operational efficiencies across the Group.

"We have a strong leadership team and work force who've shown considerable resilience, determination and initiative in a difficult year."

T&G's 2023 Annual Report and 2023 Climate-related Disclosure are available at:  
<https://tandg.global/investors/reporting/>

**ENDS**

For further information, please contact:

Adrienne Sharp

Head of Corporate Affairs

[adrienne.sharp@tandg.global](mailto:adrienne.sharp@tandg.global)

+64 27 801 5534

### **About T&G Global**

Our story began more than 125 years ago as Turners and Growers, and today as T&G Global we help grow healthier futures for people around the world. Located in 13 countries, our team of 1,600 people grow, market, sell and distribute nutritious fresh produce to customers and consumers in over 60 countries. We grow apples, tomatoes, citrus and blueberries, and we partner with over 800 independent growers. As kaitiaki, T&G does this guided by kaitiakitanga. For us, this means we treat the land, people, produce, resources, and community with the greatest of respect and care.

[www.tandg.global](http://www.tandg.global)