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T&G Global builds strong foundations for future growth

T&G Global Limited's (T&G) results for the year to 31 December 2019 demonstrate progress on its three-year roadmap for growth, with improvements in its underlying business despite a difficult operating environment.

- Operating profit of \$16.5 million, compared to \$15.6 million in 2018
- Net assets for the Group \$474.4 million, compared to \$413.6 million in 2018
- Revenue maintained at \$1.2 billion
- Profit for the year \$6.6 million, compared to \$8.3 million in 2018

T&G Global Chief Executive Gareth Edgecombe says 2019 was a year of continued transition for the Company as it creates the foundation for strong growth and improved financial returns.

"With consumers increasingly seeking out healthier foods, the growing global population and the premiumisation of global produce, T&G sits in a position with significant potential," says Mr Edgecombe.

"To unleash our full potential, our business has to evolve. In 2019, our team put in a lot of hard work to turn around our business, and while we have some way to go until we're delivering to our full financial potential, it's pleasing to see the green shoots coming through."

"While a number of factors adversely impacted the overall financial result, the underlying performance of the organisation is showing improvement.

"Our operating profit for the year increased to \$16.5 million, compared to \$15.6 million in 2018. This increase came despite incurring \$7.1 million in costs relating to the reorganisation of our business, strategic transactional activities and the Holidays Act remediation."

Revenue was maintained at \$1.2 billion, the same level as 2018, with profit for the year at \$6.6 million, compared to \$8.3 million in 2018.

In many of its key export markets, including Asia, the United States, Australia, the United Kingdom and the Pacific Islands, T&G experienced strong sales and margin growth.

"Our International Produce division had a strong close to the year, increasing revenue by 14%, to \$305.1 million, largely driven by our Asian trading business boosting revenue by \$40.6 million.

“A critical aspect of realising the potential of our Apples division, is the increased focus on premium varieties. In 2019, this saw us re-planting some orchards which, while vital for setting us up for the future, had a cost impact. This, combined with weather challenges and an oversupply of commodity apple varieties in the European market, impacted our Apples revenue. Strong sales in North America and the United Kingdom partly offset this, resulting in a 1% decline in revenue for our Apples division, to \$656.9 million,” says Mr Edgecombe.

“In the United States, as a result of bolstering our sales and marketing expertise and an integrated activation programme, we accelerated the growth of our premium apple brands, delivering 43% growth in Envy™ sales.

“In New Zealand, favourable growing conditions throughout 2019 resulted in an abundance of supply and this adversely affected sales values across most product groups, resulting in a 2% decline in revenue for our New Zealand Produce division, to \$227.0 million.”

Mr Edgecombe said freeing up capital to reinvest in growth is central to T&G’s strategy.

“This year, we sold our Mt Wellington site in Auckland for \$65.0 million. By divesting non-core assets, we’re able to invest our cash more productively into new capabilities and future growth opportunities.

“This sale and the uplift in the site’s value, combined with an increase in the fair value of other T&G properties, contributed to an increase in net assets, from \$413.6 million in 2018 to \$474.4 million in 2019.

“A key part of our growth strategy is our planned acquisition of the New Zealand domestic fresh produce division of Freshmax New Zealand, which is subject to Commerce Commission approval. It will expand and strengthen our presence in New Zealand and deliver better services to growers and customers.

“Looking to the year ahead, we will focus on delivering improved shareholder returns by harnessing our vertical model strengths, from genetics and growing, through to sales and marketing, to strengthen our existing categories and develop our emerging categories of blueberries and grapes,” says Mr Edgecombe.

For further information, please contact:

Adrienne Sharp

Head of Corporate Affairs

Ph: +64 (0)27 801 5534

adrienne.sharp@tandg.global

About T&G Global

Established more than 122 years ago, global fresh produce company T&G Global is one of New Zealand’s largest growing, packing, shipping and marketing companies, and one of the largest New Zealand exporters of apples to the world. Our success comes from having the best genetics, sustainable growing practices, a robust supply chain, trusted brands and a passionate team of people around the world. Our apples, including the premium, kiwi-bred varieties JAZZ™ and Envy™, are grown in 14 countries and sold in more than 60 countries year-round. Our emerging global categories, berries and grapes, are earmarked for future growth. We’re passionate about growing healthier futures through fresh fruit and vegetables.