



Market Release

21 June 2016

Tegel FY2016 Full-Year Results Announcement

FY2016 Financial Results ahead of the Prospective Financial Information and FY2015

Key Highlights from the full-year audited financial results for the year ended 24 April 2016:

- FY2016 full year results deliver record revenue for Tegel;
- FY2016 financial results are ahead of the Prospective Financial Information (PFI)¹ and FY2015:
 - Revenue of \$582.4 million, \$1.3 million ahead of PFI, and \$19.7 million ahead of FY2015;
 - Gross Profit of \$147.4 million, \$2.6 million ahead of PFI, and \$14.4 million ahead of FY2015;
 - Underlying EBITDA² of \$74.9 million, \$0.2 million ahead of PFI and \$13.8 million ahead of FY2015;
 - Net profit after income tax (NPAT) of \$11.3 million, \$1.3 million ahead of PFI and \$2.6 million ahead of FY2015;
- Strong continued performance in both domestic and export markets;
- Expansion of Tegel brand into Foodservice channel in United Arab Emirates (UAE).

Summary Financials NZD million	2015 Actual	2016 Actual	2016 PFI ¹	Growth against 2015
Revenue	562.7	582.4	581.1	3.5%
Cost of goods sold (COGS)	429.7	435.0	436.2	1.2%
Gross profit	133.0	147.4	144.9	10.9%
Gross profit %	23.6%	25.3%	24.9%	
Underlying EBITDA ²	61.1	74.9	74.7	22.7%
Net profit after income tax	8.7	11.3	10.0	29.5%

¹ Prospective financial information (PFI) contained in the Product Disclosure Statement 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.

² 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 note 2.1 of the financial statements attached to this announcement.

New Zealand's largest poultry producer, Tegel Group Holdings Limited (NZX/ASX: TGH), is pleased to present its first annual result as a listed company on NZX and ASX. The FY2016 full year results deliver record revenue for Tegel, which has been trading since 1961.

"Tegel is proud to have achieved this significant milestone in the Group's history", said Tegel's CEO Phil Hand. "We warmly welcome our new shareholders to join us on the continued growth journey of this iconic New Zealand brand. The FY2016 result is extremely pleasing, made possible by all divisions joining together to deliver strong sales growth and operational efficiencies."

Financial Overview - FY2016

The financial year ended with revenue \$1.3 billion ahead of PFI at \$582.4 million, and \$19.7 million ahead of FY2015. Revenue growth continues to be driven by strong, growing demand for poultry as a meat protein in New Zealand and globally, and record sales in Tegel's key export markets. Underlying poultry consumption continues to increase, driven by population growth and share of plate gains.

Domestic revenue growth was driven by general market demand, in addition to securing two major supply contracts during FY2016. Export sales were strong in Australia, the Pacific Islands and UAE, with the FY2016 launch into the Foodservice Channel in UAE providing incremental revenue gains.

Gross profit achieved was \$147.4 million, this was an increase of \$14.4 million against FY2015, and \$2.6 million ahead of PFI. The gross profit percentage improved from 23.6% in FY2015 to 25.3% in FY2016 as a result of significant investment in the business improving capacity and efficiency.

The Tegel financial year concluded on 24 April 2016, nine days prior to Tegel listing on the New Zealand and Australian Stock Exchanges on 3 May 2016. Therefore, the results reflect a pre-IPO capital structure. Further information on the effect the IPO has had on the Group's financial statements is outlined in Note 1.4 of the Financial Statements attached to this announcement.

Cash inflow was higher than PFI resulting in the Group's closing net debt position being \$2.4 million ahead of PFI. Following the repayment of \$130 million of debt on 4 May 2016, the Group's conservative post-IPO balance sheet provides flexibility to allow for future growth in FY2017 and beyond.

Performance Drivers for FY2017

Tegel is well positioned to deliver the FY2017 forecast contained in the Product Disclosure Statement off the back of strong FY2016 performance.

During FY2017, Tegel's core focus is on strengthening its existing domestic business and continuing to grow its export business.

FY2017 Domestic

In the domestic market, New Zealanders will see the culmination of the brand refresh project, with the initial launch of Tegel's new brand imagery, packaging and new products in the first half of the financial year. The brand refresh and innovation programme will be supported by a comprehensive communications campaign that is intended to deliver growth to the Tegel brand. Brand, innovation and advertising will continue to roll-out through FY2017, with new product innovations aiming to deliver additional growth through all channels.

Sales volume and revenue growth is expected from a combination of consumption growth, share of plate gains and the full year effect of contracts secured in FY2016. Additional positive revenue growth is expected through increased free range consumption, sales channel mix and price re-alignment.

FY2017 Export

Tegel is aiming to generate revenue growth in existing international markets through the distribution of new products and the addition of new customers. Tegel is also currently working with a number of new customers in new markets. Since listing, Tegel has met with customers and presented new products in the Philippines and Japan. Market access has been opened to Bahrain and South Africa, with OMAR's³ in place, and work streams underway for entry into these two markets.

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About Tegel

Tegel Group Holdings Limited (NZX/ASX: TGH) processes approximately 50 million birds per year, across vertically integrated operations in Auckland, Christchurch and New Plymouth. It is New Zealand's leading poultry producer, processing approximately half of New Zealand's poultry, and also manufactures and markets a range of other processed meat products. Tegel produces a range of products across its core business (e.g. fresh and frozen whole chickens, fillets and portions), and value added convenience products (e.g. fresh value added, cooked and smoked small-goods and frozen further processed products), which are sold through three key sales channels domestically (retail grocery, foodservice / industrial and quick-service restaurants), and in selected channels in international markets. Its brands are Tegel, Rangitikei and Top Hat.

For more information go to: www.tegel.co.nz

³ Open Market Access Requirement (OMAR) outline destination country requirements that must be met when exporting.