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**Media Release**

**Tegel Foods FY18 Interim Results Announcement**

**Tegel reports continued solid financial performance**

New Zealand's largest poultry producer, Tegel Group Holdings Limited (NZX/ASX: TGH, the Company), today reported its FY18 interim results for the 26 weeks ended 29 October 2017. The company reported Net Profit After Tax (NPAT) of \$14.8 million, slightly down (2.3%) on the same period the previous year. Gross Profit was \$70.3 million, up 2.4% with an improved Gross Profit margin, while Underlying EBITDA was stable at \$34.6 million, down 1.7%.

The company continues to grow year on year poultry volumes, processing 48,676 tonnes during the first half year, an increase of 0.8% on the same period in FY17. Revenue increased 2.0%, with total revenue of \$302.3 million for the period.

Tegel CEO Phil Hand said the company was focused on sustainable growth over the long term, and was making good progress in achieving its strategic goals.

"We have maintained our leading position in the New Zealand market, despite on-going challenges around pricing. We are continuing to invest in our brand, and at the same time accelerating our innovation and new product development programme which is resulting in more higher value product in market, particularly free range products and value added meal solutions," he said.

New Zealanders are continuing to eat more chicken<sup>1</sup>, and the company noted trends showing New Zealanders are also eating out more, looking for increasingly convenient meal solutions. CEO Phil Hand emphasised that Tegel was well positioned to benefit from these trends, with the company's well established Foodservice and QSR (Quick Service Restaurant) channels, which both saw higher volumes during the period.

In line with the company's expectations, export volumes were down for the half year by 371 tonnes, while total export revenue was down by \$5.8 million compared to the first half of FY17. This was largely due to an expected volume reduction in Australia, where Tegel has been working hard to diversify both channel and customer mix.

CEO Phil Hand said the company's diversification strategy in Australia is progressing well, with major new customers acquired in Retail, Foodservice and QSR during the year, and the company is positive about the breadth of distribution achieved for Tegel products across the country.

"Australia presents a significant market and opportunity, and in the last six months we have expanded in the retail market in Australia, with an incremental 11 products launched. These products are across frozen value added and chilled categories including cooked and smoked products. This reflects the efforts of our people right across the business, from new product development through to manufacturing, sales and distribution. It has been particularly satisfying to see Tegel products achieving such significant national distribution in Australian retail," he said.

In other export markets, Tegel increased its international presence with the launch of Tegel products into one of the major supermarket chains in Bahrain. This is a potentially attractive market for Tegel, with its '100% Pure New Zealand Premium Chicken' positioning.

Tegel has continued to invest in agriculture and processing assets that are supporting sales growth, efficiency gains and savings. The company is seeing on-going growth in sales of free range products both domestically and internationally, and has a programme underway to increase capacity through the building of new multi-use sheds, and the conversion of existing farms to free range.

CEO Phil Hand said Tegel had maintained its focus on costs throughout the period, and that efficiency projects across the business were progressing as planned.

Tegel's Board of Directors declared an interim dividend of 3.45 cents per share, to be paid on 26 January 2018.

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**For further information, contact**

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**About Tegel**

Tegel Group Holdings Limited (NZX/ASX: TGH) processes approximately 55 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.

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