



NZX/ ASX Market Release

7 September 2017

Tegel Group Holdings Limited – 2017 Annual Shareholder Meeting

The attached presentation will be given at Tegel Group Holdings Limited's Annual Shareholder Meeting starting at 10:30am today in the East Lounge, South Level 4, Eden Park in Auckland, New Zealand.

1. 2017 Annual Shareholder Meeting Chair and CEO's Addresses
2. 2017 Annual Shareholder Meeting Presentation

For those shareholders who are not able to attend in person, the meeting will be accessible via live webcast at: <http://webcast.openbriefing.com/3972/>

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About Tegel Group Holdings Limited

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

Slide 1: Tegel Group Holdings Limited

Good morning ladies and gentlemen, I am David Jackson, Chairman of your company. It is my pleasure to welcome you all to this, our second Annual Meeting, since Tegel became a publicly listed company in May last year. I would also like to welcome our shareholders and others who are tuning into the Annual Meeting remotely through our webcast of today's proceedings.

Some housekeeping matters before we start:

- Shareholders and proxies who are entitled to vote should have received a Voting/Proxy Form when they registered upon arrival at the meeting. If you have not received a Voting / Proxy form, please go to the Computershare registration desk where their representatives will be able to assist you.
- Please be aware that the meeting is being audio webcast to shareholders who could not attend in person today.
- I would like to remind you, as a matter of courtesy, to turn your mobile phones to silent.
- If there is an emergency and we need to leave the venue, please do so through the marked exits and follow the instructions of the venue staff.

The company's constitution prescribes a quorum requirement of five shareholders. As you can see, this requirement has been met. Accordingly, I declare the 2017 Annual Meeting of Tegel Group Holdings Limited is formally open.

Slide 2: Disclaimer

Slide 3: Agenda

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting. The Company Secretary has confirmed to me that the Notice of Meeting was sent to shareholders and other persons entitled to receive it on 18 August 2017.

The order of proceedings today is that I will briefly comment on the highlights of the last 12 months, followed by an address by Phil Hand, our CEO. We will then attend to the resolutions. Shareholders will have an opportunity to ask questions. You will also have an opportunity to raise any matters of a general nature at the end of the meeting.

Proxies have been appointed for the purposes of this meeting in respect of 246 million shares, representing 69.25% of the total number of shares.

At the close of the meeting, we hope you will join us for morning tea where we will showcase a number of our delicious products.

The financial statements for the financial year ended 30 April 2017, together with the Auditors' report, are set out in the Company's 2017 annual report. The annual report was made available on Tegel's website on 21 July 2017. Spare hard copies of the annual report are available in the registration area.

Slide 4: Welcome And Introductions: David Jackson Chairman

Slide 5: Welcome And Introductions - Board

I would now like to introduce my fellow Directors – seated here firstly to my right is Phil Hand, Tegel's CEO and an executive Director. Next to him is KY Tang, non-executive Director. Alongside KY Tang is Brett Sutton, also a non-executive Director. Then finally George Adams, Independent non-executive

Director. George is also Chair of both Tegel's Audit and Risk Committee and Governance and Remuneration Committee.

Peter McHugh, Tegel's CFO, also joins us at the front here.

Biographies for each director can be found on the Tegel investor website and in the Annual Report.

I would also like to welcome the members of Tegel's management and staff in attendance, as well as our external auditors, PwC, and our lawyers, Minter Ellison Rudd Watts.

No apologies have been received to date. Do any shareholders have any apologies that they would like to have recorded?

Before I move on to my address regarding the FY17 results, I would just like to make a few comments on our Board and Governance.

While a relatively small Board for a listed company, we take best-practice corporate governance very seriously at Tegel. We have robust governance, risk management and compliance practices and procedures; and we have two Board committees to enhance the efficiency and effectiveness of the Board – the Audit and Risk Committee and the Governance and Remuneration Committee.

During the year, as part of our corporate governance process, we completed a Board evaluation which was facilitated by the Institute of Directors. This exercise confirmed that the Board has the appropriate leadership, governance and experience in place. The directors on the Board bring extensive and varied experience in governance, finance and risk management and operations; both domestically and internationally.

In early May we accepted the resignation of former Chairman James Ogden and the Board and I would like to extend our thanks to him for his service to the company. The process to fill the independent director vacancy is currently underway and we are making good progress. We are keen to complement and enhance the current Board skill set to ensure that we have a variety of relevant skills across a range of disciplines including sales, marketing, and export experience, as well as retail experience and agricultural industry expertise.

As a company we embrace diversity, and in our search for the non executive Director we will focus on achieving diversity, all other skills and attributes being equal.

Slide 6: Chairman's Address, David Jackson

Slide 7: FY17 Highlights

So now to give an overview of the year and then touch on some of the demographic trends which indicate that poultry continues to be a growing sector.

Tegel is New Zealand's market-leading poultry producer. We are proud of our heritage having been part of New Zealander's lives for more than 55 years.

FY17 has been another year of significant milestones in this history. We have never before grown so many birds and produced as many products for sale to our customers in New Zealand and our overseas markets. Our record volumes for FY17 were close to 100,000 tonnes, up 7.1% compared to FY16. Revenues exceeded \$600 million for the first time ever. Our underlying EBITDA was solid compared to

FY16 and our NPAT earnings of \$34.2 million, with cash flows from operating activities of \$45.6 million for the year, indicate that the business is in good shape.

Notwithstanding this is the disappointment felt by the Board and Executive Team at not achieving our original PFI numbers due to fierce domestic pricing competition. FY17 was a very challenging year and I would like to acknowledge the efforts of the team at Tegel who worked tirelessly throughout. We achieved our adjusted forecasts and overall we delivered a strong result compared to prior years and we have continued to deliver on our strategy.

As a result of the very favourable NPAT, adjusted for amortisation of customer contracts, the Board paid a fully imputed final dividend of 4.10 cents per share. Combined with our interim dividend of 3.45 cents per share, this resulted in a total dividend for FY17 of 7.55 cents per share. This equates to a gross dividend yield of 4.9% on the IPO price and 5.1% on the average daily close during FY17.

Tegel's dividend policy remains unchanged. As we have previously communicated and looking beyond 2017, it is the Board's intention to target a dividend payout ratio in the range of 60-75% of annual NPAT excluding the expense relating to the non-cash amortisation of customer contracts.

Phil will cover in more detail later the composition of the financial numbers achieved, along with other highlights for FY17 and our FY18 outlook.

Slide 8: Favourable Domestic Industry Dynamics

So now to reflect on some of the compelling industry dynamics. New Zealand's poultry market is stable and continues to demonstrate favourable macroeconomic trends. Poultry consumption shows sustained compound growth of around 4 to 5% per annum. This is reflected through a number of factors including a growing population, its relative affordability compared to other proteins and the shift to more healthy eating.

Looking at some of these factors in a bit more detail:

- In New Zealand, chicken rates as a much more affordable option for consumers than the likes of beef and lamb which are almost double the price of poultry. It's not surprising then that poultry now commands some 53% of share of plate, double that of only 16 years ago.
- Further trends include consumers moving to healthier living trends and there is an awareness of the nutritional values of poultry as a leaner protein.
- The versatility of poultry makes it more ethnically universal than beef and pork. It can be used in different cuisines across many consumption channels and it has a broad cultural and religious acceptance.
- The need for convenience is also becoming more important for busy families.
- We also see an increase in environmental and ethical awareness in our consumers. Chicken generally requires less land and a lower footprint to produce, it has a lower environmental impact, a lower cost of production and a significantly shorter growing cycle relative to other forms of meat protein.

So New Zealanders are eating more chicken and Tegel is positioned at the heart of this to benefit from these favourable market conditions. We see these trends continuing supporting our domestic growth.

Slide 9: Global Reputation for Producing High Quality Poultry Products

Then looking beyond our borders – and this is one of the reasons why I personally believe in Tegel - New Zealand has a favourable reputation globally as a clean, green premium quality food producing nation with strict biosecurity controls and food safety regulations.

Significantly New Zealand is one of only two countries in the world free of major avian diseases – the other is Iceland. This gives us an advantage through lower costs and healthier birds which are also not genetically modified and have no added hormones.

There are stringent regulations to prevent chicken being imported into NZ which protects our domestic market but it also supports our ability to export. Tegel's approach to these benefits is to ensure that the welfare of our animals is a primary focus – ensuring the highest standards of farming, health and nutrition. Our quality and compliance culture is embedded in our organisation and we maintain strict compliance with all applicable standards. This ensures we protect our brand reputation and the quality of our products which is an ideal platform for Tegel internationally.

Slide 10: Governance

As you will hear from Phil shortly, Tegel has a clear strategy to drive growth and it has a proven business model. The Board continues its commitment to maximising long-term shareholder value. We have in place robust governance, operational risk and compliance frameworks and we provide comprehensive, transparent, and timely communications to our shareholders.

Tegel employs a diverse workforce and has a 45% female to 55% male ratio which we are very proud of. However we recognise that we have work to do to achieve diversity across all layers of our workforce. During the year Tegel implemented a system to collect ethnicity data.

Tegel is committed to ensuring the highest standard of Animal Welfare and complies with all regulatory requirements. All our birds are cage free and we label our products accordingly.

On the environmental front, we continue to seek to improve and innovate, for example in planning for new sheds, building sheds that require less energy to operate and developing this into a fully sustainable operating model. Our focus on continuous improvement includes factors such as ongoing efforts to reduce waste.

Together all these aspects ensure that as a business we strive to continually improve.

This last year we weathered some unpredictable events. Importantly, through this, we have continued to listen to feedback provided by our institutional investors both through myself and management. We have also listened to feedback provided by our retail shareholders and we appreciate your continued support through this time. We look forward to hearing later in the meeting from the shareholders here today.

Overall, the Board is very pleased about the operational progress Tegel is making and the exciting opportunities that lie ahead. I would like to thank you, our shareholders and we look forward to sharing in the success of Tegel with you.

I'll now invite Phil Hand to address you who will provide further commentary on the company's results.

At the conclusion of Phil's presentation, we will move to the formal business of the meeting. While votes are being counted, you will have an opportunity to ask questions. We please ask that if you have a question not relating to the resolutions being considered today, you save it for this time.

Slide 11: Chief Executive Officer's Address: Phil Hand

Slide 12: Welcome And Introductions - Executive Team

Thanks very much David and good morning everyone. So to begin with - introducing you to our management team who are seated in the front row. As I introduce them, they'll stand briefly and you will have a chance to speak to them following the conclusion of the formal business. Firstly we have Christine Cash our GM Sales and Marketing and Evelyn Davis who heads up our Human Resources function. Then we have John Russell, GM Agriculture and Supply and Austen Laurenson, GM Business Improvement. Over to our regional operations general managers, we have David Taylor for the Upper North Island, Martin Baker in the Lower North Island and to complete the team, Ed Campion in the South Island. Together our Executive Team has extensive experience and we are focused on delivering our strategy.

Slide 13: FY17 Highlights: Continuing to deliver strong results and delivering on our strategy

2017 was another record year for Tegel, and the business continued to improve on many metrics. I would like to thank my fellow Directors, Management, employees, growers, suppliers and customers for helping us achieve these results.

As you can see on the charts, Tegel has been consistently growing volume, revenue and underlying EBITDA over the last five years due to continuing favourable domestic market conditions, new product development, capital investment and expanding export sales.

In terms of our strategy, on every objective or goal, we delivered on this.

In our domestic market, we grew our market share by 2% and we completed our brand refresh delivering real results for us.

Our innovation team brought 29 new products to market during the year. Some of these products are proving very popular and include our value added meal solutions range as well as our free range products.

On the export front - in line with our export strategy and the market access change for the Australian market, we recently announced that we have a wider range of our Tegel branded products now on shelf in the Australian retail channel in Woolworths supermarkets. This is an exciting development in the diversification of our Australian business, but it is still early days.

In our other export markets, we saw a particularly strong performance from the Pacific Islands and Asia continued to grow year on year.

During the year we developed new products for our export markets and we entered a new market, the Philippines, where we secured our first sales.

To reinforce our strategic focus, we have continued to invest in agriculture and processing assets that are supporting sales growth, efficiency gains and savings. We invested in a new state of the art breeder farm in Christchurch and our automation and capital expenditure programme continues. We experienced the immediate benefit of this, for example our new automatic breast deboner and cut up

equipment which we put into New Plymouth, reduced shift processing time by 1 hour per shift. Meanwhile our focus on cost saving initiatives and continuous improvement programmes resulted in \$12 million of savings for the year.

All this is underpinned by a trusted and iconic brand and a reputation for producing quality products.

Slide 14: FY17 Financial Overview

So looking at the FY17 numbers in a bit more detail.

Firstly, comparing revenue and volumes to our original PFI.

Overall we were within 1% of forecast volumes. This was through delivering new contracts secured in FY16 and in early FY17. However, against a backdrop of fierce domestic pricing pressure throughout much of FY17, revenues fell short of expectations. Export revenues were lower than expected due to product mix.

However, our Underlying EBITDA and Net Profit After Tax were within the revised guidance range.

Now, comparing to FY16. Overall poultry volumes increased by 7.1% to nearly 100,000 Tonnes. Revenue was up 5.4% to \$614.0 million driven by volume growth. And I'll come to the detail of volumes and revenues shortly.

Gross Profits overall fell by 1.6%. However, while we have seen some price stabilisation in the second half of FY17, the market remains highly competitive.

Our targeted costs savings projects delivered on expectations.

Net Profit After Tax was \$34.2 million. This was \$22.9 million higher than last year mainly as a result of earnings growth and the change in capital structure.

Adjusting the bottom line for a number of items including depreciation, amortisation, net finance costs, Kaikoura earthquake-related costs and foreign exchange, Underlying EBITDA was \$75.6 million. This was flat on the comparative period.

As David mentioned, the Company paid total dividends of 7.55 cents per share for FY17.

Overall we have a strong balance sheet supporting ongoing growth and we continue to generate strong operating cash flows.

Slide 15: FY17 Volumes and Revenue

Turning now to some of the detail. Domestic volumes were up 7.2% for the year. Although softer pricing impacted FY17, domestic revenue increased by \$25.3 million or 5.9%.

The domestic business continues to be supported by favourable macro economic conditions including population growth, increased chicken consumption and our ability to work with our customers to develop new products.

In total, export volumes were up 6.7% for the year while total export revenue was up 1.1% compared to FY16.

Australia continues to make up the majority of our exports, where we have approximately a 1% share of the market. Volumes to Australia for FY17 were down slightly compared to FY16 which was in part driven by one of our customers taking one product line inhouse and the non-repeat of promotional activity. This decline was more than offset by growth in volumes to the Pacific, Asia and the Middle East regions.

In the UAE, a second major supermarket now sells Tegel branded product which allows us to capture another tier of the market there. During the year, we supplied product for the QSR channel in the Philippines for the first time. Overall our export volumes were very close to PFI.

Slide 16: FY17 Highlights: Brand refresh completed supported by advertising campaign

So now on to slide 16. We are very pleased with our brand refresh and advertising campaign which was implemented and completed this year. It has been a great success. It also gave us an opportunity to enhance our labelling and dispel some myths. Our research found that some people still confuse the egg laying industry with the broiler chickens that we grow for consumption. So we have updated our labelling to clearly show either the cage free or free range stamp. All our products are free of added hormones and our labels reflect this.

Slide 17: FY17 Highlights: Significant innovation delivered to market

Looking at new product development on slide 17. During the year, as I stated earlier, we launched 29 new products out into the market. Free range product growth has been particularly pleasing increasing by 28% year on year.

New product development is a major focus for us. We know for the health of our business we need to bring our customers up the value chain. Simply participating in the bulk commodity space will not drive growth. The more we can do this, the more we can improve our margins and diversify our business.

Slide 18: Maintain Leading Domestic Position, Continued Growth And Development of Export Markets

This slide is a reminder of our strategy of creating long term shareholder value through maintaining our leading domestic position and continued growth and development of our export markets.

As you can see we are in six key markets with exports to five territories, the most recent of which is Bahrain.

Slide 19: Vertically integrated regional operations give strategic national coverage

The next slide is an illustration of our fully integrated regional operations and our strategic advantage of having national coverage. These fully integrated regional sites - from breeder farms to distribution centres - provide Tegel with a strategic advantage ensuring consistent national and international supply to all our customers.

Tegel enjoys a world class feed conversion ratio due to a favourable growing environment and our fully vertically integrated supply chain which allows close control of feed. We also produce poultry sustainably, with minimal environmental impact. Our water use per kg of food is the lowest amongst protein farmers, we require fewer hectares per kg of food and we produce less effluent.

Slide 20: People

We have 2,300 dedicated Tegel team members, and we are proud of them. At Tegel we strive for operational excellence in everything we do. Our values guide our behaviour and help foster an environment of collaboration and innovation.

First and foremost, our focus on safety continues to grow. We have 107 safety representatives across our workforce. We are seeing increasing levels of safety awareness across the company as evidenced by our key safety tool, the “green card”. This card is the primary mechanism that our people can provide feedback on anything to do with safety. This could be something such as a hazard, a risk or an unsafe behaviour. Increasingly we are seeing more cards highlighting positive safety behaviours. We acknowledge receipt of all cards and advise actions as they happen. Our leading indicator score was tracking above the target of 95% at year end. In terms of Health and Safety reporting, we are pleased to have achieved a reduction in Lost Time Injury Frequency Rate to 8.7 per million hours in FY17.

Tegel’s focus will remain on raising the bar in all aspects of safety with a key focus on engaging our people. We must keep ourselves and each other safe so we all go home to our families at the end of the day.

Length of tenure at Tegel is something that we are especially proud of and we celebrate each year. Last year 87 employees were presented with awards at Tegel’s annual Long Service Award dinners. Of these, 30 employees were recognised for 20 or more years of service.

Training and development of our people is very important. Our bespoke training courses continue to deliver the National Certificate Food and Related Products Processing Level 2 qualifications to our process workers.

Our National Certificate in Business (First Line Management) Level 3 qualification is continuing to deliver benefits to our business and to our people.

In addition, around 75% of our employees have now been trained in SIMPLIFY! – which is how we talk about lean manufacturing at Tegel. This is embedding the principles of lean manufacturing to ensure long term, sustainable change across the business.

We contribute to our communities and Tegel is a proud supporter of many causes and charity organisations that are important to New Zealanders both locally in the communities where we operate, and nationally. These include Ronald McDonald House, Iron Maori, Salvation Army, City Mission and Just Cook, as well as a range of school and community projects. We are focused on working with organisations that are aligned with our purpose of “Helping Families Eat Well Everyday”

Recently Tegel won the Subway IPCA Supplier of the Year Award for 2017. This is great recognition from one of our large customers. We have been supplying Subway in New Zealand since they opened their first store in 1994, and products to Australia since 2008. This award reflects the efforts of many parts of our business over several years, including the Product Development and Further Processing teams with their on-going focus on innovation and quality.

Slide 21: FY18 Outlook

So on to our final slide, before we take questions.

Tegel has been NZ's leading poultry producer for more than 55 years.

With the PFI period now complete, we will continue with our strategic objectives for our domestic and export businesses.

Domestic volume and market growth is underpinned by increased poultry consumption of around 5% since 1990. We see those trends continuing and they will impact favourably on our business.

We have an expanding population and the competition for protein still lies in favour of poultry.

We will continue to drive category growth. We invested significantly in our brand refresh and we have seen poultry share within most retailers continue to grow.

We'll continue to drive free range expansion which attracts higher margins.

In our export markets we'll continue to roll out more new products. We are working hard to increase exports to new markets.

Our capex programme to date has been a great success and has delivered benefits rapidly. We will continue on the path of proven success with capital expenditure of around \$30 million in FY18 across a range of initiatives including the hatchery expansion in New Plymouth, brand investment and new product innovation.

As free range demand continues, we are constructing multi-use sheds and we are also converting existing farms to free range.

Our costs are well controlled and we continue to drive efficiencies within our business through the continued roll out of SIMPLIFY!

So looking at FY18, based on the current market conditions, holding domestic market share, with ongoing domestic consumption growth of 4-5% and continuing exports, we expect to deliver an increase in underlying EBITDA from the level at FY17.

Tegel remains a solid and growing business. Our people are working hard to deliver sustainable growth and we are extremely proud of their skills and dedication.

-ENDS-