MARKET UPDATE

9 August 2024

T&G Global reports its 2024 interim results

At a glance

- Revenue: $820.1 million, up from $765.3 million
- Operating loss: $2.6 million, compared to a loss of $11.6 million
- Net loss before tax: $8.2 million, compared to a loss of $21.4 million
- Net loss after tax: $18.6 million, compared to a loss of $15.7 million

T&G Global today released its interim results for the six months ending 30 June 2024 which show solid progress delivering its strategy as the Company continues to recover from the impact of Cyclone Gabrielle.

Total revenue for the Group increased 7% to $820.1 million, compared to $765.3 million in the prior year. Operating loss was $2.6 million, compared to a loss of $11.6 million in 2023, and there was a loss before income tax of $8.2 million compared to a loss of $21.4 million in the year prior. Net loss after tax for the period was $18.6 million, including a tax expense of $10.4 million. Tax expense as of 30 June 2024 includes a one-off, non-cash adjustment for deferred tax on buildings of $12.7 million, which relates to New Zealand Government legislation changes.

Chief Executive Officer Gareth Edgecombe said, "Over the last five years, significant investment and mahi has gone in to building the foundations for our future growth. In the first half of the year, we've seen the benefits of this as we navigated and adjusted to the economic conditions and made progress executing our strategy. It has however been a slower than expected start to the year.

"This season's apples are high quality, with great flavour and storability, however the lingering impact of Cyclone Gabrielle has reduced this season's Hawke's Bay apple volumes. While this is commensurate with the industry-wide experience, it has impacted our financial results. We have also experienced weak fruit and vegetable pricing in the domestic market due to plentiful supply combined with subdued consumer sentiment."

Notwithstanding this, T&G's Apples business increased its revenue 14% to $589 million, compared to $518 million in 2023.

"Our Apples strategy is focused on growing great brands and winning in key global markets and we've invested significantly in the building blocks for our growth. In the last six months, it's been great to see the maturing of our Apples strategy," says Mr Edgecombe.

"It's the first full season for our new, highly automated Whakatu packhouse and it's operating at planned efficiency levels – and continuing to improve. In the coming years we expect it to be a strong contributor to profitability as apple volumes increase. Likewise, our appointment of Kotahi to procure ocean freight has enabled us to realise savings and logistical efficiencies.

"To meet growing global consumer demand for our premium apples, we operate a dual hemisphere, multi-country growing strategy, and our 2023/24 North American ENVY™ apple crop was high quality. The brand is holding up exceptionally well in the challenging United States domestic market, with it outperforming other premium brands in both pricing and sales. In Asia, the crop experienced strong sales, and we expect this momentum to continue now that we've transitioned across to Aotearoa New Zealand-grown apples."

Revenue in T&G's Australasian business, T&G Fresh, decreased to $218 million, compared to $232 million in 2023. This was largely due to it being a difficult trading period in Aotearoa New Zealand with low demand and soft prices, and whitefly impacting tomato volumes.

"While the local market was challenging, given weak consumer sentiment coupled with plentiful supply, our Fijian and Pacific Islands business continued to trade well.

"In Australia, initial production is coming online at our 20 hectare Queensland berry farm, which is planted with unique blueberry varieties licensed by our VentureFruit® business. These berries are outstanding performers in terms of their size, flavour, colour and shelf life. While it's early in the season, signs are positive for a high yield and strong prices.

"We've also made excellent progress with our expansion of the farm, where we're planting an additional 20 hectares of berries. We expect this to be completed by year end."

T&G's VentureFruit® business saw its revenue decrease to $4 million, compared to $5.3 million in the comparable period. While licensing revenue was reduced given the macro-economic environment, new licensed plantings in Aotearoa New Zealand, the United States and China demonstrate continued strong demand for T&G's premium ENVY™ and JOLI™ apples.

"Looking out to the remainder of the year, it's encouraging to see early signs of easing inflation, which will not only benefit our business, but also many households," says Mr Edgecombe.

"Last year's cyclone and this year's reduced apple volumes have highlighted the need to continue to develop resilience across our business to ensure we're in a strong position, regardless of what comes our way.

"Our team have responded strongly to this. We're firmly focused on delivering our strategy and looking for opportunities to reduce costs, drive efficiences and grow revenue, to ensure we meet our medium-term strategic and financial objectives."

ENDS

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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.
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