

## **2013 Preliminary Announcement**

### **TURNERS & GROWERS LIMITED AND SUBSIDIARY COMPANIES For the year ended 31 December 2013 (Unaudited)**

For the year ended 31 December 2013 the Turners & Growers Group announces a profit before income tax of \$23.4m and an after tax profit (after non-controlling interests) of \$16.2m.

#### **Exports**

The pipfruit export result improved due to higher volumes, price increases in market and greater market penetration into Asia. The Global Variety Development Programme also contributed to the improvement as the volume of Jazz™ and Envy™ apples grown in the Northern hemisphere increased substantially due to more plantings and maturing trees.

Sales price increases, efficiency improvements in the supply chain and overhead cost reduction enabled ENZA to significantly increase grower returns for all main apple varieties, led by further improved returns for Jazz™ and Envy™.

Delica continued to perform well. The New Zealand operation grew strongly with most products increasing in both volume and margin. Delica North America enjoyed continued sales and profit growth in pipfruit, berries and stone fruit categories. The Australian export business improved its result over last year despite a 40% reduction in the available citrus crop. Delica Domestic in Australia made a profit in its second year of operation due to volume growth and a successful launch of EnzaGold™ kiwifruit in to Australian retailers. Further increase in trading volumes from South American grown grapes and asparagus resulted in an uplift in profit for the Peruvian office.

Overall Exports trading has been a main contributor to Turners & Growers' profitability. The segment profit has risen from \$2.9m in 2012 to \$15.6m in 2013 primarily due to better market conditions; and operational improvements both in access to new markets and customers, and cost reductions.

#### **Domestic**

The Domestic business experienced tough market conditions in the second quarter of 2013 with low margins on imported produce and weak prices for tomatoes. A strong performance in quarter four, especially in bananas, pipfruit and crates, helped to achieve an increase in the segment's profit to \$3.6m compared to a prior year profit of \$1.5m.

#### **Processing**

World market prices for apple juice concentrate were depressed which, combined with the sharp rise of the NZD versus AUD and USD and storage constraints associated with the unusual warm weather in autumn, resulted in a substantial erosion in margins. ENZAFoods delivered a \$3.1m segment loss compared to a \$3.3m profit last year.

#### **Growing Operations**

The long and warm New Zealand autumn resulted in lower tomato prices in the second quarter than 2012. Despite continuing improvements in yield and reduced energy costs, Status Produce could not repeat last year's record profit.

In contrast Turners & Growers apple orchards' performance in 2013 was outstanding with regards to yield and quality, which supported the strong prices achieved in market. Increased price expectations and improvement in growing conditions resulted in an upward valuation of the biological assets which contributed to a very good result.

Kerifresh's result was again below expectations, despite being a slight improvement over 2012. The citrus crop was small in volume and size for almost all varieties generating lower margins than 2012.

The 2013 kiwifruit crop was higher in volume and quality and has been successfully marketed by Delica in Australia delivering a positive result.

Overall, Growing Operation's segment profit increased to \$6.7m in comparison with a \$22.8m loss in 2012.

### **Other**

Floramax suffered from a lack of flower supply, which was partly offset by increased imported product. ENZACOR, trading as Fruitmark, enjoyed good market conditions for its specialty product range and successfully executed its cost savings programme which resulted in an increase in profit in comparison with 2012. Increased transport volume and the completion of the truck fleet renewal led to a moderate profit increase for Turners Transport. In accordance with Turner & Growers' property strategy, two Auckland sites were sold during the year both resulting in gains on sale. In total this segment achieved a profit of \$3.1m compared to \$0.9m in 2012.

On 31 May 2013, Turners & Growers acquired the remaining 30% of the issued shares of Delica Limited for a purchase consideration of \$25.8m. Also during the year the Group acquired the non-controlling interests in Delica Domestic Pty Ltd and Delica Australia Ltd.

In November 2013, Turners & Growers set up a new company in Peru to increase its presence in the grape business in this region.

Basic earnings per share was 13.81 cents, compared to negative 13.07 cents in 2012. There was no dividend declared or paid in 2013.

Early 2014 trading is within expectations and the business is progressing well with the implementation of the new corporate strategy.

**Klaus Josef Lutz**  
**Chairman**