

16 April 2014

Turners & Growers announces the acquisition of Apollo Apples Ltd

Turners & Growers Limited (“T&G”) advises that its wholly owned subsidiary Apollo Apples (2014) Limited has entered into an agreement to acquire the business and assets of Apollo Apples Limited (“Apollo”).

Apollo is a vertically integrated apple operator growing, packing, and exporting approximately 1.4m cartons of apples in 2013. Apollo owns or leases over 500 planted hectares of apple orchards in the Hawke's Bay region. It also owns and operates a large packhouse and coolstore facility in Whakatu.

All permanent employees of Apollo will be offered employment with the Turners & Growers group. This includes Apollo's founders Bruce and Ross Beaton, who have committed to continuing to be involved in the Apollo business for at least the next four years.

The 2013 apple season was strong and this is reflected in Apollo's results. In the year ended 31 December 2013, Apollo's sales were \$50m and EBIT was \$6.3m. Apollo has fixed assets including land, buildings, plant and equipment and biological assets of \$57 million.

The purchase price comprises an initial payment of \$36.05m payable in cash at completion for the fixed assets, brands and trademarks of Apollo, plus an additional amount equivalent to the working capital of the business (approximately \$7.1m as at 31 December 2013). Up to a further \$8m may be paid to the vendor in cash over four years following completion in the event that certain performance benchmarks (e.g. growth in apple volumes) are met or exceeded by the Apollo business.

Completion is subject to certain conditions including consent to the acquisition being obtained under the Overseas Investment Act and the assignment of certain material contracts. The last of these conditions is expected to be satisfied within four months.

ABOUT TURNERS & GROWERS NZ LIMITED

Passion for freshness. Everyday. Everywhere.

Turners & Growers has a distinguished history stretching back to 1897 and is recognised as New Zealand's leading distributor, marketer and exporter of premium fresh produce. Since 2012 BayWa AG, Munich (Germany) is major shareholder of Turners & Growers Limited.

With a network of over 41,000m² of storage facilities, a global distribution network covering sales, marketing, and logistics, and a passionate, experienced team, Turners & Growers is intent on ensuring the produce their customers receive – whether they are in New Zealand or New York – is as good as the day it was harvested.

In addition Turners & Growers has agreed to acquire, for \$1m, a 50% shareholding in Apollo Foods Limited ("AFL"), a small processed apple foods business. An entity associated with Bruce and Ross Beaton will retain the remaining 50% shareholding in AFL.

The proposed acquisition of Apollo is part of Turners & Growers' growth strategy and will assist its ENZA business to meet, in part, the global demand for southern hemisphere supply.

Alastair Hulbert, CEO of Turners & Growers commented:

"We are delighted that Bruce, Ross and the Apollo team have agreed to merge Apollo with ENZA. Apollo is well respected within the industry and is perfectly aligned to our ENZA business strategy with its complementary skills and capabilities.

This acquisition demonstrates our commitment to further invest in the NZ apple industry, improve grower returns and increase NZ apple exports. We need to serve the demand of a greater number of export customers and markets. We welcome the Apollo team to the Turners & Growers family and look forward to working together."

Bruce Beaton, Managing Director of Apollo Apples also commented:

"This is a fantastic opportunity to continue Apollo's growth strategy. Apollo has witnessed the improvements at ENZA since BayWa invested in Turners & Growers. We welcome such supportive shareholders who can support the investment we require to grow Apollo. We look forward to contributing to the combined success of Apollo and ENZA and the further benefits this brings to our orchard landlords, third party growers, customers and dedicated employees."

ENDS

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