



**16 October 2017**

**T&G GLOBAL LIMITED CONSIDERING OPTIONS TO EXIT PROCESSED FOODS**

T&G Global Limited (T&G) announces that it is considering the potential sale of the business and/or assets of its food processing subsidiary ENZAFoods New Zealand Limited trading as T&G Foods.

T&G's strategy is to focus on its core business of growing, sourcing, packing, marketing, selling and transporting trusted fresh produce to customers in New Zealand and around the world.

In line with this strategy, T&G has reviewed the operations of T&G Foods and determined that the fruit processing business is non-core and consequently should be either sold, rationalised or closed.

T&G Foods has the capacity to process up to 200,000 metric tonnes of apples and other fruit at its two manufacturing sites, one in each of Hastings and Nelson. The business processes apples into apple juice and has also diversified into the production of higher margin fruit ingredient products including diced apple for the food services industry, apple sauce in bulk and small format pouches for retail consumers.

The apple industry has been converting orchards to new apple varieties and in the last five years has added more than 2,500 hectares of orchards in New Zealand. While this has been positive for T&G's pipfruit division, with more whole fruit being exported, the volume of apples available and suitable for processing has been in significant decline and has negatively impacted T&G Foods trading. The strong New Zealand dollar and a decline in apple juice concentrate prices worldwide have also contributed to T&G Foods recent trading losses.

**Financial Impact:**

Depending on the timing and whether T&G Foods is ultimately sold, consolidated or closed, T&G may incur a significant after-tax loss due to a write down in the net book value of T&G Foods' assets and other associated costs. At this stage the negative impact to the T&G Group is estimated to be in the vicinity of \$14m.

Any such negative impact caused by the decision around T&G Foods will be largely offset by a fair value gain of approximately \$14m from T&G Group's investment in the US joint venture Grandview Brokerage LLC (GB LLC) announced on 3 March 2017.

Consequently T&G does not expect a material income statement impact to arise for the year ended 31 December 2017.

Alastair Hulbert, CEO of T&G Global says, "T&G Foods, and its people, need certainty and would benefit from an owner focused on fruit processing who is willing to invest for the long term."

"Despite the best efforts of T&G Foods' management and staff, the business has struggled to counter the current impact of the significant decline in the volume of fruit for processing in New Zealand and the continued worldwide decline in the commodity price of apple juice concentrate."

Expressions of interest are welcome by 15 November 2017.

**Background:**

T&G Foods was established in 1962 (as ENZAFOODS New Zealand) and is a market-leading, vertically integrated fruit ingredient and fruit and vegetable juice producer. The company is involved in the processing, marketing and distribution of fruit and vegetable products across New Zealand and to the wider global market. In addition, T&G Foods operates a contract packing and processing operation that produces quality products for customers.

T&G's pipfruit division, formerly known as ENZA and Apollo Apples, is not part of ENZAFoods New Zealand Limited.

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**Expressions of Interest:**

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