



Brief Bytes

Email update from Alliance Group - your co-operative & partner in farming excellence



Price Schedule



After a successful Easter chilled programme, which was made possible by your support in bringing lambs forward, the forecast shows we are now entering a period where lamb flows will reduce as farmers add weight to their remaining lambs. Although global prices are less than those for the chilled period, we are continually reviewing our schedule to ensure your co-operative is consistently

paying you prices that reflect in-market values, but also mindful of the fact that supply and demand fundamentals also have a bearing on in-field prices. We expect there may be some volatility in procurement pricing over the coming weeks. As a 100% farmer-owned co-operative, we always aim to ensure we have consistent prices, but we also recognise we do not operate in isolation of competitive forces. That means we will be working hard to offer a competitive position for our farmer shareholders during what could be a challenging and volatile period.

Improving our plants' performance

Alliance Group is committed to lifting the performance and productivity of our plants by reducing our costs and improving our quality to deliver greater returns to our farmer shareholders. Our Manufacturing Excellence programme is now well underway at the Lorneville plant and currently being introduced to Mataura before we roll it out across the network. This year, we are



focused on taking a hard look at the way we work. We are training our people so they know what 'good looks like', including establishing new targets, key priorities and action points for each area every week. At Lorneville, every day now starts with a 20-minute senior team meeting to look at a wide range of factors from safety through to productivity. We're focusing on certain parts of the process to remove waste before moving onto the next areas. Our first priority is improving yield, which gives us more meat in boxes. The co-operative is achieving good early results and the boning rooms at Lorneville is now delivering their best-ever performance. Our plant staff are also seeing a real difference. Our Manufacturing Excellence programme is based on achieving behaviour and culture change and is a significant part of our business strategy. It's driving accountability and responsibility and empowering supervisors and managers to make good decisions.

Major investment for Dannevirke

Another vital part of our business strategy is lifting returns to you by improving the efficiency of our livestock processing. We're leading the way in processing innovation at our plants. That's why I am pleased to announce we will be investing \$10.6 million in new robotic primal/middle cutting machinery in the boning room of our Dannevirke plant. The custom-built technology features an x-ray unit which analyses each carcass and instructs the two cutting machines where to cut. The robotic primal cutting machine then separates the carcass into hind, middles and forequarter cuts. A robot middles cutting machine then separates middles into racks, loin, flap or saddle. The major benefit of the machinery comes from higher product yields with additional productivity and safety benefits. The technology has the ability to automatically adjust to a wide variation in carcass size, a significant challenge in the red meat processing sector. It also minimises waste and improves the accuracy of the cut. The same technology has been installed at Smithfield in Timaru and Pukeuri in Oamaru. In addition to the primal/middle cutting technology, the project also involves the reconfiguration of the boning room to improve efficiency. This is another major investment for the co-operative as we seek to optimise returns and ensure that New Zealand red meat production continues to be competitive on a global scale. It also reflects our commitment to the Dannevirke plant and the community.



Wanaka Show and The Glammies

I'm looking forward to meeting with farmers at the Wanaka Show next week. If you're in the area, drop into our tent and say hello.

As always, it's great to see so many Alliance farmer shareholders among the finalists for the Beef + Lamb New Zealand Golden Lamb Awards (aka The Glammies).

The Alliance finalists are:

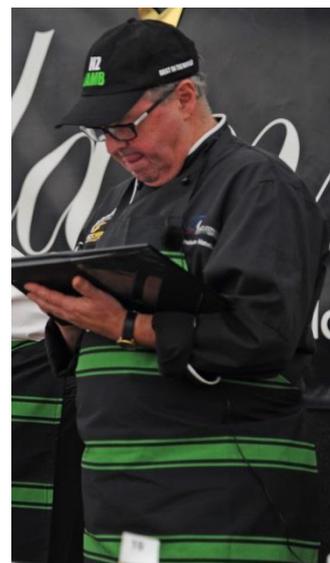
CLASS 1: BEST OF BREED: TRADITIONAL: Robert Gardyne, Oturehua (Perendale), processed at Lorneville; Paul, Rachel, Mark, Louise Heslip, Dipton (Perendale/Romney), processed at Lorneville; Hamish Mackay, Gore (Romney), processed at Lorneville; Don Morrison, Gore (Romney), processed at Lorneville.

CLASS 2: BEST OF BREED: CROSSBREED: Jane Leogreen, Dannevirke (Texel/Perendale/Romney), processed at Dannevirke; Hayden Peter, Wyndham (Greeline), processed at Lorneville.

CLASS 3: BEST OF BREED: TERMINAL CROSS: Don Morrison, Gore (Growbulk/Charrollais), processed at Lorneville; Allan Patterson, Otautau (CoopTexel/Texel), processed at Lorneville.

CLASS 4: BEST OF BREED: OPEN: Doug Brown, Oamaru (Poll Dorset/Texel), processed at Smithfield; Forbes Cameron, Ashhurst (Growbulk), processed at Dannevirke; Robert Gardyne, Oturehua (Perendale/Suffolk/Texel), processed at Lorneville.

CLASS 5: RETAIL Pure South, Alliance Meats (Romney/Texel from JW, JC & JR Clark, Milton).



Each of the finalists' lamb has been through rigorous scientific testing to assess the tenderness, yield, colour and succulence. They will now be judged in two rounds by six of New Zealand's leading chefs at the Grand Final. Best of luck to all finalists.

Pictured above: Grand Final head judge and President of the New Zealand Chefs Association Graham Hawkes

Iran sheep and beef

The Minister of Primary Industries, Hon. Nathan Guy, has witnessed an agreement in Tehran enabling the resumption of sheep and beef exports to Iran. It represents a crucial step for New Zealand meat companies such as Alliance Group when considering looking to re-enter the Iranian market. The conclusion of a Meat Arrangement between the Iranian Veterinary Organisation (IVO) and the New Zealand Ministry for Primary Industries provides the conditions for chilled and frozen sheep and beef exports to resume with the country, the second largest economy in the Middle East and North Africa region. We do not have currently have access to the market, but we're watching these developments with interest.

MARKET UPDATE

Lamb and mutton

The UK Easter chilled production is now complete and volumes of chilled supply are expected to decline post-Easter. Frozen is steady with some forward sales concluded to established key accounts. Easter chilled has also been completed in Europe, with the focus shifting to key account annual programmes. North American demand remains firm across all product types. In China, demand for imported product continues post-Chinese New Year. We are looking at positively supporting key customers, with concern overall market volumes were impacted by their own domestic culling last year. The Middle East market remains steady with importers concerned as increased supplies out of New Zealand are putting some pressure on price. Mutton demand and prices are holding as the mutton season begins to wind down. Interest from several markets (EU, Asia and North America) are assisting with keeping fundamentals favourable and prices solid. There has been some recent strong interest from China for immediate shipment, which has provided some stimulus to our livestock prices.

Venison

The market remains strong on the back of known lower supplies out of New Zealand. Some earlier pre-game season chilled programmes have been concluded.

Beef

US bull and cow prices have improved marginally over this past week as buyers look to secure remaining bull stocks before the bull season runs out. However, US domestic prices are under severe pressure. With China only just returned from New Year, buyers are just in the price discussion phase so it's too early to say if prices will remain steady. Japan and Taiwan have been quiet while Indonesia has shown limited buying interest. The recently imposed ban placed on New Zealand beef by Russia will have an impact on New Zealand exports particularly beef liver but this is only minimal exposure to Alliance. Chilled prices remain strong although the New Zealand grilling season is nearing an end so prices in the domestic market can be expected to ease.

Co-Products

Pelts remain unchanged. Poor demand continues for wool but hide prices have improved slightly. There is also no change regarding casings.

Warm regards

David Surveyor
Chief Executive

Your co-operative, working with you across the supply chain



PROCESSING
YOUR STOCK



MARKETING YOUR
PRODUCTS



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