

MEDIA STATEMENT

6 October 2017

ALLIANCE DELIVERS ON STRATEGY

Leading food company Alliance Group announced today it is investing \$54 million in capital expenditure in the co-operative over the next year as its annual road-show is held across the country.

Alliance Group chief executive David Surveyor said the success of the business strategy meant the cooperative was in a position to re-invest in continuing to build the company's operational performance.

In addition to a pool payment, the company will have a bonus share issue and reward farmer shareholders by increasing their shareholding in the co-operative. The level will be based upon the supply of lambs, sheep, cattle, calves and deer during the 2017/18 season.

"Alliance is now a much fitter co-operative as a result of our focus on lifting efficiency and improving sales and marketing," said Mr Surveyor.

"We are making good progress against our key measures with a stronger balance sheet, improved profitability and better livestock pricing for farmers.

"We're working hard to ensure our improvements are sustainable through further investment, growing our value add and building our organisational capability."

The co-operative was encouraged by its health and safety performance with the Total Recordable Injuries Frequency Rate improving by 42% year on year.

"Looking after our people is the right thing to do. We have made good progress, but there is still some way to go. We were unfortunately reminded of that by a serious accident at our Smithfield plant in March."

As part of the strategy programme, Alliance Group has made significant investments in technology and operational improvements, lifting processing and productivity across its plants and incorporating best practice from around the world, said Mr Surveyor.

That included new primal cutters and middles technology at the Dannevirke plant, a range of investments to lift the recovery of "5th quarter" products, improving chiller performance, investing in the Pukeuri plant beef chain and packaging innovations.

The co-operative expected to make further gains as a result of its recent acquisition of Singaporebased marketing and sales company Goldkiwi Asia, which will be known as Alliance Asia.

Alliance is focused on being a co-operative and supporting New Zealand's best farmers.

"We are doing a better job of rewarding loyal shareholders. More frequent minimum price contracts are helping provide our farmers with certainty. However, there is still some work to do in this area and our prime beef performance needs to be lifted."

Alliance is continuing to maximise the schedule price to farmers, he said.

Meanwhile, James Ogden is to retire as an Alliance director at the end of his term of appointment on 30 November. He will be replaced by Peter Schuyt.

Mr Schuyt is an experienced independent director on a range of New Zealand businesses including Tatua Co-Operative Dairy Company, TSB Bank Ltd and Foodstuffs North Island Ltd. He has also held senior executive roles at the New Zealand Dairy Board, Fonterra and the NZ Post Group. Mr Schuyt is a Chartered Fellow of the New Zealand Institute of Directors.

The annual roadshow programme, covering the North and South Islands, began in Dannevirke on 2nd October and finishes in Fortrose on 19 October.

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NOTES TO EDITOR

Alliance Group is a co-operative owned by approximately 5,000 farmer shareholders and exports lamb, beef, venison and co-products to customers in more than 65 countries.



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