



Brief Bytes

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



Thank you

A big thanks to all farmer shareholders for supporting the co-operative over the past year and our staff for their hard work and determination to getting a great result for farmers. This is the last Brief Bytes for the year and the first 2017 edition will return on January 20. We wish you all a peaceful, safe and happy festive season.

Annual meeting

This week’s annual meeting in Nelson was a good opportunity to reflect and recap on a year in which your business has undergone much positive change. It was also good to receive feedback from farmer shareholders and hear their ideas. It has been a year of challenging markets, but the business strategy is beginning to achieve results. Alliance Group is still in the early stages of transforming the company’s performance and we’re confident we can capture more value from the business. We have a full pipeline of strategy projects that will continue the momentum. As we progress our strategy, the emphasis will change from moving the company down the cost curve to capturing more value from the market. We already have some market initiatives underway that offer exciting opportunities to lift returns for you, our farmer shareholders. Confidence has lifted across several sheepmeat markets in recent months and more positive signs of economic growth are appearing around the world. However, we are subject to the vagaries of the exchange rate. There is a huge amount of work still to do before Alliance Group delivers the level of performance our farmers expect.



Director elections

At the annual meeting, Don Morrison and Murray Taggart were re-elected to the Alliance Group board. Thank you to all farmer shareholders who cast their votes. Fifty-three point six seven per cent (53.67%) of eligible votes were exercised in the directors’ election (2015 – 50.18%; 2014 – 63.21%).

Ballot results:

<u>Name</u>	<u>Votes</u>
Murray Taggart	25,210,890
Don Morrison	21,578,186
Leon Black	19,316,289

Pool surplus distribution payments

Following our announcement of a \$9.8 million distribution to farmer shareholders last month, pool surplus payments will be deposited into bank accounts from tomorrow (December 16). This distribution reflects our commitment to ensuring every cent we make goes directly back to our farmer shareholders or is re-invested in our farmer-owned business. The pool surplus distributions will be: Lamb \$1.50/head; Sheep \$1.00/head; Cattle, including prime, cow and bull, \$10.00/head; Deer \$5.00/head and calves \$1.00/head.

Update on the Indian market

We are continuing our work to develop a significant export market for New Zealand red meat products in India. QualityNZ, our in-market partner in India, is now offering 10 different premium cuts of Pure South lamb to five star hotels across India as well as through high-end retail stores. In recent months, we've seen triple digit growth compared to the same period last year. While it is a market that will take time to mature, we believe that it will one day represent a significant export destination for the co-operative. In October, QualityNZ was part of a New Zealand Government delegation to the country. Former New Zealand cricket captain Brendon McCullum, a QualityNZ shareholder and ambassador, joined QualityNZ customer Chef Adrian Mellor from the Leela Palace Hotel in New Delhi to cook marinated Pure South lamb shanks for the visitors, using a traditional Indian cooking method.



Earthquake

As we head into the Christmas break, our thoughts are very much with our farmer shareholders and suppliers affected by the Kaikoura earthquake. We know a number of farmers have suffered damage to their homes and farms. Please do contact your Alliance Livestock Rep if there is anything we can do to help.

One month to go to apply for Alliance Group Bursaries

Applications for Alliance Group's two study bursaries for the children of shareholders close on 20 January 2017. Our Undergraduate Study bursary is for school leavers applying for admission to a New Zealand university. The bursary has a value of \$2000 per year for three years and aims to encourage children of shareholders to undertake university study in areas related to the meat industry, associated industries and/or primary production.

Applications for our Diploma or Certificate in Agriculture Bursary are invited from the children of shareholders who are about to embark on full time study towards the Certificate or Diploma in Agriculture. The bursary is for one year and has a value of \$1,000. For an application form and conditions of application, contact James Neylon at jamesn@alliance.co.nz or download these from www.alliance.co.nz.

Have you tried our Farm Alliance app?



We've launched a Farm Alliance app to help farmer shareholders with their businesses. It enables you to see your livestock processing results in real time, access your latest kill sheets, booking requests, statistics, schedule and industry updates. You'll get kill sheets delivered straight to your mobile phone as soon as your stock is processed and be automatically notified when new

information is available. The menu will include all your kills for the previous six months, your annual kill stats for the last three years and your kills per month. It also makes requesting a stock booking very simple. To download the app, go to the app store on your mobile phone and search 'Farm Alliance'. If you have any questions, please email communications@alliance.co.nz.

Keeping children safe on the farm

Christmas and New Year is a time for families to come together, but tragically summer is also a peak time for injuries on farms, in particular, for children. There were seven child fatalities as a result of accidents on a farm between 2013-2015 and thousands were injured. Fatalities involving children on farms often occur when they're near their parents working. If you're trying to mind small children and do a job, you may get distracted, so it's a good idea to ensure they're well supervised at all times.



Festive plant closure



The Alliance Group offices in Invercargill and Christchurch will close from December 23 and re-open on January 9 2017. Our processing plants will close for the Christmas season on Thursday 22 December, with all plants re-opening on Wednesday 4 January 2017.

Market Update

Lamb

Post-Christmas chilled business for the UK is now confirmed and the frozen market is firming, particularly for legs. In Europe, most key account programmes are now finalised for 2017. Interest remains firm for all middle cuts with some improvement in the leg and shoulder categories as the

dust settles on Brexit. Both chilled and frozen programmes are now confirmed for North America, with good demand across all product sectors. China has seen increased interest over the last few weeks as the domestic processing season winds down – however market stability post-Chinese New Year still needs to be determined. The Middle East remains firm for chilled and frozen products.

Mutton

Kill numbers are starting to build but firm demand across several markets should assist in price stability.

Venison

Demand and prices remain firm. The reduced NZ supply remains a concern as herd re-building begins and we are struggling to maintain existing programmes in some markets.

Beef

US markets remain under pressure with prices dropping further this week. Chinese market levels have been steady for delivery of goods prior to Chinese New Year in late January, but price indications for post-Chinese New Year are slightly softer. Chilled markets remain critically short of supply and prices are firm.

Co-Products

There has been no change to prices for pickled pelts but slightly stronger inquiries for low grades. There is good demand for wool lambskins suitable for rugs and furnishings. Renderable prices remain firm and there is no change for casings.

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



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