TATUA

**PRESS RELEASE – 5 October 2023**

**TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 July 2023**

The Tatua Board of Directors and Executive met on 4 October 2023 to consider the financial results for the 2022/23 financial year and to finalise the milksolids payout to supplying shareholders.

Over the dairy season from June through to the end of May, we processed 14.85 million kilograms of milksolids supplied by our 101 shareholder farms. As a farmer owned co-operative, these milksolids are the basis for distributing earnings generated over the financial year, less any funds retained for reinvestment.

Wet conditions and lack of sunshine early in the season severely impacted supply, with milk received over the peak supply period 6.6% behind. Fortunately, those same wet conditions helped boost milk supply later in the season, to end 1.0% higher than the previous season overall.

We are pleased to report that the business has had another good year, achieving record Group income of $537 million and earnings available for payout of $225 million.

Revenue from our bulk ingredients business of caseinate, whey protein concentrate (WPC) and anhydrous milkfat (AMF) was the highest ever, buoyed by global dairy protein prices in particular, which contributed significantly to our earnings uplift. Prices have subsequently fallen, which will result in more typical earnings over the year ahead.

The bulk ingredients revenue uplift coincided with combined revenue from our inherently more stable specialised Nutritionals, Foods, and Flavours businesses also reaching a new high, and making a valuable contribution to overall earnings.

Our earnings equate to $15.20 per kilogram of shareholder supplied milksolids, before retentions for reinvestment. This is an improvement on the previous year earnings of $12.65 per kilogram of milksolids, and is a record for Tatua.

We have confirmed a cash payout to shareholders of $12.30 per kilogram of milksolids supplied and have retained $2.90 per kilogram of milksolids, equivalent to $43 million before tax, for reinvestment in the business.

In deciding our payout, we have sought to balance the needs of our shareholders farming businesses, in an environment where costs have increased well beyond mainstream inflation, and our need to continue to invest in the business while also maintaining balance sheet strength.

Our gearing (debt divided by debt plus equity) averaged 21.7% for the year, but lowered to 16% at balance date, following the sale of higher than typical inventory levels.

In addition to achieving record income and earnings, good progress has been made in many areas of the business, including a number of significant capital projects and business improvement initiatives, that together, have once again made for a very complete year.

Our teams in New Zealand and in our off-shore subsidiaries have continued to demonstrate their commitment and dedication to the business and this is reflected in all that has been achieved.

We thank our customers and all those who partnered with us during the past year and now look forward to another productive year ahead.

Kind regards

S.B. Allen.

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