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ASX Release

Inghams delivers stable FY25 Underlying EBITDA of $236.4M despite customer changes and softer 4Q25 market conditions

The financial year 2024 (FY24) included a 53rd trading week. All comparisons to FY24 throughout this document are provided on a 52-week versus 52-week basis (using a 26/27 week calculation method for 2H24) unless otherwise noted.

Inghams Group Limited (ASX: ING) (Inghams, Company) today announced its FY25 financial results.

Key points

- Underlying EBITDA stable despite challenging market conditions; As-Reported NPAT of $89.8 million, down 10.2% largely due to fewer AASB 16 Leases
- Successful Woolworths contract renewal and customer diversification
- Strong New Zealand performance underpinned by business and brand investments
- Tight FY25 cost control and substantial FY26 cost reduction program
- Solid financial position and decisive FY26 actions to set foundations for future growth

Commenting on the FY25 results, Inghams' CEO and Managing Director, Ed Alexander, said: "FY25 was a year of significant change, and I am proud of how the business responded, successfully completing the Woolworths contract renewal and onboarding of new customer volumes despite challenging Australian market conditions.

"We remain confident in our long-term value proposition, underpinned by solid business and market fundamentals and a clear strategic agenda focused on outstanding customer service, cost optimisation, and margin enhancement."

Key Financial Results[1]	FY25	Variance to FY24[2]	
		Change	%
Core Poultry Volume (kt)	461.2	(6.5)	(1.4)
Total Poultry Volume (kt)	580.0	2.3	0.4
Net Selling Price (NSP) ($/kg)	6.31	3.0c/kg	0.5
Revenue ($M)	**3,152.4**	**(49.6)**	**(1.5)**
EBITDA ($M)	392.2	(70.8)	(15.3)
Underlying EBITDA pre AASB 16 ($M)	**236.4**	**0.1**	**0.0**
Underlying EBIT pre AASB 16 ($M)	**174.5**	**(5.5)**	**(3.1)**
NPAT ($M)	89.8	(10.2)	(10.2)
Underlying NPAT pre AASB 16 ($M)	**95.2**	**(12.5)**	**(11.6)**
Leverage (x)	1.8x	0.3x	-
Cash conversion (%)	96.9	(80bp)	-
Dividends (fully franked) (cps)	19.0	(1.0)	(5.0)

1. A reconciliation between As-Reported and Underlying pre AASB 16 amounts is included in the FY25 financial results investor presentation which has been lodged with the ASX and is available on the Inghams Group website.
2. FY24 included a 53rd trading week. All comparisons with FY24 throughout this document are provided on a 52-week versus 52-week basis (using a 26/27 week calculation method for 2H24) unless otherwise noted.

INGHAMS GROUP

Inghams delivered FY25 EBITDA pre AASB 16 of $236.4 million, slightly above the PCP. On an As-Reported (post AASB 16) basis, the Company delivered FY25 EBITDA of $392.2 million (-15.3% on the PCP) and NPAT of $89.8 million (-10.2% on the PCP). The decline in As-Reported EBITDA was largely due to the reduction in AASB 16 Leases costs by $60.8 million versus the PCP to $166.0 million due to the conversion of contract growers to variable performance-based contracts over the past two years, and the acquisition of the Bolivar primary processing facility in FY24.

Core poultry volume declined 1.4% versus the PCP, with a decline in Australian volume (-2.5%) partially offset by solid New Zealand growth (+5.2%). By-products volume grew strongly (+8.1% on the PCP) following the transition of some third-party Wholesale sales to in-house processing, which was supported by previous investments in automation and efficiency initiatives and the temporary closure of Export markets.

Revenue declined 1.5% on the PCP to $3.15 billion, driven by the modest decline in core poultry volume which was partially offset by growth in core poultry Net Selling Price (NSP)/kg (+0.5% on the PCP), and a decline in external feed revenue due to a combination of lower external feed volumes and lower key feed input prices.

Total costs on a post AASB 16 basis increased 0.8% versus the PCP. Lower AASB 16 depreciation and interest charges were largely offset by a higher operating cost impact of +$60.8 million from previous AASB 16 leases. Total costs (pre AASB 16) declined 1.7% versus the PCP. Feed costs declined $57.2 million, reflecting the improvement in market pricing of key feed inputs over the past 12 months. Other costs (excluding feed costs and AASB 16 items) increased by $7.2 million, with the inclusion of Bostock Brothers Limited (BBL) operating costs of $19.8 million (following the completion of the acquisition in July 2024) and the impact of general inflation more than offset by cost reduction initiatives and operational efficiencies, including a reduction in SG&A of $26.2 million (-14.6%).

Cash conversion remained strong at 96.9% (FY24: 97.7%), predominantly driven by the reduction in EBITDA following the conversion of contract growers to performance-based variable contracts.

AUSTRALIA

In Australia, core poultry volume declined 2.5% on the PCP, reflecting the transition to the new Woolworths supply agreement and softer market conditions in key channels during 4Q25. At a channel level, Retail volumes declined 4.0kt, driven by the Woolworths transition, and partially offset by new business wins into other Retail and QSR customers. Volumes also declined across Wholesale and Export.

Revenue declined 2.6% on the PCP, driven primarily by the decline in core poultry volume. This was partially offset by higher core poultry NSP/kg (+0.5%). By-products revenue fell 1.8% as lower pricing offset strong volume growth, while lower external feed revenue was lower due to a NSP/kg decline of 8.3% reflecting the reduction in key feed input costs. Within core poultry NSP, Wholesale NSP/kg declined significantly by 10.0% on the PCP.

Total costs (Underlying pre AASB 16) declined $61.7 million (-2.4%) on the PCP. Feed costs declined $49.8 million, reflecting the improvement in market pricing of key feed inputs over the past 12 months. Other costs (excluding feed costs) declined $11.8 million. There was moderate growth versus the PCP in utilities and cleaning, while growth in salaries & wages of 3.9% broadly reflected the agreed annual increases across the Company's various enterprise agreements. SG&A costs declined 18.3%, with broad cost reduction initiatives helping to offset growth across other cost components.

NEW ZEALAND

New Zealand core poultry volume increased 5.2% on the PCP, driven mainly by growth in the Retail channel, with BBL contributing 3.0 percentage points to NZ volume growth. External feed volumes declined 7.9% on the PCP due to the loss of some external customer business, partially offset by increased internal feed demand from Bromley Park Hatcheries.

Revenue increased 4.0% on the PCP due to higher core poultry volumes and a 2.9% increase in core poultry NSP/kg (NZD, including BBL). This was partially offset by lower external feed revenue, reflecting reduced volumes and lower feed NSP/kg as key input costs eased.

Total costs (Underlying pre AASB 16) increased $11.6 million (+2.7%) on the PCP. Feed costs declined by $7.4 million during the period as a result of the decline in the international price of key feed inputs on the PCP. Other costs (excluding feed costs) increased $19.0 million, with the inclusion of a full year of operating costs from BBL (+$19.8 million), and expenditure on promotion and branding, and increases in labour, packaging and freight costs. These increases were partially offset by reductions in ingredients, utilities and insurance costs.

BALANCE SHEET & DIVIDENDS

During FY25, the Company refinanced its existing syndicated finance agreement. An increase in the total size of the combined facilities of $200 million, together with an increase in the weighted maturity by approximately 2.4 years (at the time of the refinancing), provides Inghams with the funding flexibility to progress its various operational and automation investment programs, and to take advantage of other opportunities that may arise.

Total capital expenditure and acquisitions during the period was $135.4 million, following the settlement of the acquisition of BBL and progress across various Sustaining and Investing initiatives. As a result, net debt increased $82.5 million in the period to $430.4 million, while leverage increased to 1.8 times (+0.3x versus June 2024), remaining within the Company's target range of 1.0 to 2.0 times of Underlying EBITDA pre AASB 16.

The Board declared a fully-franked final dividend of 8.0 cents per share, with total dividends paid or declared in FY25 representing a payout ratio of 72.7%, being within the Company's target range of 60-80% of Underlying NPAT (post AASB 16).

BUSINESS UPDATE & OUTLOOK

FY25 was a year of significant change for Inghams, with the completion of the Woolworths contract renewal, onboarding of new customer volumes and challenging market conditions. While lost Woolworths volumes in Australia were substantially replaced on a full-year basis, the financial results were impacted by a shift to a lower-margin mix, weaker wholesale pricing and softer overall retail demand, all of which contributed to a meaningful deterioration in 4Q25 earnings.

We have been and will continue to act decisively to address these issues, reducing excess inventory, adjusting production settings to match demand in each channel, and implementing structural cost reductions across the business. While these initiatives will impact 1H26 earnings they are expected to underpin a stronger 2H26 performance and beyond.

The full-year benefit of the cost-out program will be realised in FY27, alongside expected volume growth from expanded customer relationships and the full-year impact of contracts secured in FY26. Together, these factors and all of our initiatives are expected to support an improvement in earnings over time, underpinned by an improved mix and a lower cost base.

The performance of the New Zealand business over the past three years has been underpinned by the disciplined execution of Inghams' strategy, and a number of the initiatives implemented in New Zealand are now being applied to Australia.

FY26 GUIDANCE

Inghams expects FY26 underlying EBITDA (pre AASB 16) to be between $215.0 million and $230.0 million[1].

Earnings are expected to be significantly weighted to the second half, reflecting both the impact of weaker 4Q25 trading conditions and the timing of benefits from the operational changes underway.

Group core poultry volumes are expected to be slightly higher in FY26. In Australia, we expect growth in non-Woolworths Retail and QSR, partially offset by a targeted reduction in Wholesale. We expect New Zealand to continue to perform well, supported by strong brand performance and favourable category conditions.

Net selling prices are expected to be slightly lower in FY26, reflecting recent customer pricing outcomes, subdued Wholesale market conditions and competitive intensity for new business.

Operating costs, excluding feed, are expected to rise modestly in FY26. While general inflation would otherwise drive higher costs, cost reduction initiatives across labour, procurement and site-level operations are expected to deliver annualised savings of between $60 to $80 million to largely offset general FY26 cost inflation.

Feed costs are expected to provide a modest benefit, contributing to second-half margin recovery, and capital investment is expected to be between $80 million and $100 million.

[1] FY26 guidance takes into account several key factors, including current operating performance, full period effect of Woolworths Australia supply agreement, a sustained improvement in the price of key feed inputs and Wholesale channel average pricing somewhat below level of FY25

MARKET BRIEFING

Inghams will hold a market briefing at 10.00am today, 22 August, hosted by Ed Alexander (Chief Executive Officer and Managing Director), Gary Mallett (Chief Financial Officer) and Anne Marie Mooney (Chief Operations Officer).

The webcast can be viewed using the following link: https://meetings.lumiconnect.com/300-145-744-643

This announcement has been authorised by the Inghams Group Limited Board of Directors.

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