

AU/NZ Poultry - Sector Notes for Layer-Producer Comparable Analysis

Sector composition

The AU/NZ poultry sector splits broadly into two distinct sub-sectors: poultry meat (broiler) production and shell-egg (layer) production. The two sub-sectors operate on materially different unit economics and are best treated as separate comparable sets when benchmarking listed-comp valuations. The most prominent listed Australasian poultry comparables - for example Inghams Group on the ASX - are broiler producers, not layer producers; their published cost-structure data and trading multiples carry an inherent product-mix differential when applied to a layer business.

Cost structure benchmarks

AU/NZ poultry-meat producers typically disclose a feed-cost ratio of ~50-55% of revenue, with a high-feed-conversion broiler bird translating into relatively favourable feed-to-meat economics across a short (35-42 day) production cycle. Layer producers, by contrast, run feed cost as a higher share of revenue because the laying-hen feed-conversion ratio is structurally less efficient than the broiler equivalent and the production cycle (laying lifecycle ~70-90 weeks) is longer. NZ-specific layer-producer EBITDA margins typically cluster in the 8-15% range, with most operators at 10-12%; premium-tier or vertically-integrated operators range higher, while distressed or transition-exposed producers compress lower.

Layer vs broiler - key adjustments

Product mix: broiler revenue is meat tonnage; layer revenue is dozens or trays of shell eggs (plus residual spent-hen revenue). The two products face different retail dynamics, different welfare-regulation pathways, and different premium-tier opportunity sets.

Capital intensity: broiler operations are typically lighter-asset (contract growing) than vertically-integrated layer operations. Layer producers at scale carry shed, equipment, grading-and-packing, and (sometimes) feed-mill capex on balance sheet.

Welfare-regulation pathway: AU and NZ share broad regulatory framing on animal welfare and biosecurity, but NZ has accelerated its layer-hen cage-free transition (Phase 1 battery-cage ban completed end-2022; Phase 2 retailer-driven deadline by end-2027). Australia is at an earlier stage of phase-out. This makes near-term NZ layer-producer commercial pressure materially higher than the AU equivalent and, by implication, higher than the AU broiler comparables on the ASX would suggest.

Adjustment guidance for comparable analysis

When using AU broiler producers (e.g. Inghams Group, ~AUD multi-billion revenue) as adjacency comparables for an NZ shell-egg producer in the NZ\$80-100M revenue range, applying two haircuts is good practice:

- **Product-mix haircut** - broiler vs layer differs in cost structure, cycle length, and premium-tier addressable market. Layer multiples should reflect this rather than mechanically cloning the AU broiler trading multiple.
- **Scale haircut** - an Inghams-type AU broiler comparable trades at multi-billion-AUD revenue scale; a NZ-private layer in the NZ\$80-100M revenue range carries materially lower trading liquidity and inferior buyer-pool optionality. Listed-comp multiples should be discounted to reflect the size delta.

When using Cal-Maine Foods (NYSE: CALM) - the largest US shell-egg pure-play comparable - the dominant adjustment is for scale: Cal-Maine operates at roughly 50× the revenue scale of a NZ-private layer producer, and as a US-domiciled commodity producer is exposed to materially different demand cycles, feed-input pricing, and regulatory environment. A pure layer-producer-vs-layer-producer business comparison is informative for operating margin and capital-intensity benchmarking; the trading multiple is not directly transferable.

Cost-out programmes - AU/NZ precedents

AU/NZ poultry-meat operators have publicly disclosed a range of cost-out levers in recent investor communications, useful as directional precedents for NZ layer-producer cost-out conversation. Disclosed examples include:

- In-house feed-mill capacity (vertically-integrating feed procurement to capture grain-trading and transport spreads).
- Automation capex in grading, packing and palletising lines (labour-cost leverage; quality consistency at scale).
- Supply-chain consolidation - route optimisation, regional distribution-centre rationalisation, and tighter SKU range management.
- Energy-efficiency capex - particularly relevant in shed-heating and ventilation cost lines under both broiler and layer production systems.

These broiler-side disclosures translate qualitatively to layer-side cost-out thinking but require sizing against NZ layer-producer revenue base; an Inghams-scale automation-capex programme is not directly resizable to a NZ layer at sub-NZ\$100M.

Compiled from public-domain ASX listed-issuer disclosures, NZ MPI / EPPNZ industry commentary, and US SEC public filings (Cal-Maine Foods). For informational use; not investment advice.