NZ Shell-Egg Sector Industry Briefing - FY24

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Pacific Agri Advisory (commissioned by the AU/NZ Poultry Producers Council)

Section 1 - About this Study

Pacific Agri Advisory has prepared this briefing on behalf of the AU/NZ Poultry Producers Council to provide independent reference benchmarks for the NZ shell-egg sector. The study covers cost-structure benchmarks, retail value-chain profit-pool composition, and a qualitative read of sector dynamics through to FY27. It is intended as a third-party reference for council members, regulators, and institutional investors evaluating producer-level performance against sector norms.

Section 2 - Methodology and Coverage

Cost-structure and profit-pool benchmarks in this briefing are derived from a confidential survey of NZ shell-egg producers operating above the 250,000-bird threshold for FY23 and FY24. Producer-level inputs were normalised to a consistent net-sales basis and weighted by production volume. Profit-pool tier estimates triangulate producer-reported margin data against retailer category margin disclosures and distributor cost-of-service benchmarks reported elsewhere in the supply chain. Producer-specific data has been anonymised. The numbers in Sections 3 and 4 are point-in-time and should be re-anchored against any newer commissioned work before being used as the basis for transaction-level decisions.

Section 3 - Cost Structure of an NZ Shell-Egg Producer at Scale

The data below reflects a weighted-average cost structure across surveyed NZ shell-egg producers (>250k birds, FY23-FY24), normalised to % of net sales.

- Feed: 60-65% of cash cost (largest single line; vertical-integration target if scale supports own-mill economics)
- Labour: 8-12% of net sales (automation lever; OEE benchmark 65-70% mid-pack vs 80%+ top-quartile on grading lines)
- Packaging: 4-6% of net sales (procurement lever in scale)
- Distribution / freight: 6-8% of net sales (route consolidation, depot footprint)
- Depreciation: 6-8% of net sales (capex-amortisation relevant)
- Sales / advertising / marketing: 1-3% of net sales (low - egg category is low-marketing-spend)
- Other overhead / G&A;: 8-10% of net sales

EBITDA margin range across surveyed producers: 8-15% with most operators clustering 10-12%. A target reporting >13% margin must be examined for adjusted-EBITDA addbacks that may not survive an audit.

Section 4 - NZ Shell-Egg Retail Value-Chain Profit Pool

Estimated tier-level share of retail value chain captured across the NZ shell-egg category. Use this as the anchor for profit-pool framework analysis where the target operates across multiple tiers; aggregate the captured share accordingly.

- Tier 1 - primary producer (egg producer): typically captures 30-40% of retail value chain in NZ shell eggs, depending on channel mix
- Tier 2 - grader / packer / processor: typically 10-15% of retail value chain
- Tier 3 - distributor / wholesaler: typically 8-12% of retail value chain
- Tier 4 - retailer / channel: typically 35-50% of retail value chain (the largest pool)

Where a producer operates across multiple tiers (e.g. integrated producer-grader-packer), aggregate the captured share. The framework also informs roll-up logic - where can a platform extract additional pool from adjacent tiers?

Section 5 - Sector Outlook and Limitations of these Benchmarks

These benchmarks reflect a sector mid-transition. Phase 2 retailer-driven cage-free pledges and ongoing investment in automation are reshaping both cost structure and tier margin capture; users of this briefing should treat the cost percentages as a snapshot rather than a forward run-rate. Where a producer is materially out-of-range on any single line, the appropriate response is to investigate the underlying operating model (in particular: vertical integration in feed; site footprint; channel mix between retail / foodservice / industrial / direct), not to assume the producer's reported figures are mis-stated. Where producer-level disclosure conflicts with this briefing, defer to producer disclosure for analysis of that specific operator.