Industry Expert Interview - Part 5

Interviewee: Robert (Rob) Calthorpe - Senior Industry Consultant (independent)

Background: Ex-Mainland Poultry exec (1994-2011); now advises private investors

Interviewer: Iris Beaumont (Halberd Capital Partners - Research)

Date: Tuesday, 19 May 2026

Duration: 38 minutes

Format: Video call (Auckland / New York); recording transcribed by I.B.

Anonymisation: None - interviewee consented to attributed transcript

Note (I.B.): Fifth Calthorpe session, scheduled at Vivian's request after the value-chain Part 4 annex landed. Bucket here is consumer demand: vegetarian / vegan / flexitarian dynamics, plant-based egg substitutes, cost-of-living trade-down across production tiers, premium-tier sustained willingness-to-pay, NZ-Made provenance, the rehabilitated cholesterol narrative and the high-protein tailwind, generational mix, and what retailer-assortment decisions imply about consumer demand. R.C. has 8 minutes hard-stop at the end.

[00:00:22]

I.B.: Rob - thanks for fitting another one in. Vivian's last note was that we have the supply-side value chain pinned but we haven't pressure-tested the consumer-demand picture - vegetarianism, plant-based substitutes, cost-of-living trade-down across tiers, the cholesterol piece. Can we walk through that end-to-end?

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Calthorpe: Yes. Let's do this in five layers because they don't all push the same direction. One - dietary mix shift and what it means for egg demand specifically. Two - plant-based egg substitutes and whether they're a real substitution risk. Three - the cholesterol narrative reversal and the high-protein tailwind. Four - cost-of-living trade-down across the production tiers, which is the most underweighted dynamic in the deal. Five - generational mix and provenance. I'll cover them in that order.

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Calthorpe: Layer one. Dietary mix shift is well-known - flexitarian segment has grown to about 21% of NZ adults on the latest ACII Wave 11, up from 14% four years ago. Vegetarian segment is statistically flat at around 7%. Vegan is 1.5%. The narrative most investors reach for is - dietary shift hurts egg demand. That narrative is wrong and the ACII data shows it's wrong. Eggs are accepted in both flexitarian and vegetarian diets as a complete-protein substitute for red and white meat. The flexitarian segment consumes about 242 eggs per adult per year vs about 224 for the traditional omnivore segment. Vegetarian is even higher at 263.

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Calthorpe: So the dietary mix shift is a net tailwind for egg category demand. About 0.4 to 0.5 percentage points per year tailwind to per-capita egg consumption from the segment migration alone. Anyone modelling per-capita egg consumption flat across the forecast horizon is leaving 40 to 50 basis points of category growth on the table per year. That's a positive - but it's a small positive, easy to overstate.

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I.B.: Layer two - plant-based egg substitutes. just Egg, OGGS, Crackd, Orgran Easy Egg. How real is that as a substitution risk in NZ?

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Calthorpe: Today, very small. Tomorrow, watch it. Today the plant-based egg category in NZ is - my read - well under 1% of total egg-by-volume equivalent demand. It's a specialty-channel product. Orgran Easy Egg has the broadest distribution because it's a shelf-stable powder, sells through most grocery stores in the free-from / vegan section. just Egg - the US-origin liquid-mung product - is available through specialty retailers and online (Ubuy and similar) but I have not seen it on the egg shelf in either Pak'nSave or Countdown. OGGS is mostly used in the vegan baking sub-category. Crackd is UK-stocked, not NZ-stocked as of this week.

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Calthorpe: What I'd watch is the signal Foodstuffs and Woolworths NZ send when they decide whether to range a plant-based egg SKU in the chilled or shelf-stable section of the egg shelf. That moment - when the supermarket decides the category needs a plant-based offer alongside the shell-egg block - is when the substitution risk goes from theoretical to material. We're not there in NZ yet. Australia is closer - Coles and Woolworths AU range a couple of plant-based liquid egg products in the chilled section. NZ tends to lag Australia by 18 to 30 months on assortment decisions of this kind, so I'd model plant-based substitution as a 24-to-48 month tail risk, not a current-period one. By FY28-30 it's worth having a sensitivity scenario where 1.5 to 2.5% of national shell-egg volume is displaced by plant-based product.

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I.B.: And among the dietary segments - is the flexitarian segment the one that experiments with plant-based eggs?

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Calthorpe: Yes - flexitarian and vegan. ACII Wave 11 had a special cut on plant-based egg trial and awareness. About 28% of flexitarians had heard of just Egg or an equivalent product. About 7% had tried one. About 1% used one regularly. Vegan segment - much higher trial, but they're 1.5% of adults and they were already not buying shell eggs. Traditional omnivore trial is around 2% - background noise. So the substitution risk concentrates in the flexitarian segment, which is where the volume actually is, but trial-to-regular conversion is still very low.

[00:09:48]

Calthorpe: Layer three - cholesterol narrative reversal and the protein tailwind. This is the dynamic that often gets missed because it's a slow grind upward rather than a spike. The Heart Foundation NZ position has shifted materially over the last decade. Their original 1999 advice was to limit eggs to about three a week for at-risk individuals. Their current public position is that a healthy individual can eat eggs as part of a heart-healthy diet, and at-risk individuals can have up to six a week. That is a fundamental rehabilitation of eggs from - quote - the bad food of the 1990s back to a default protein.

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Calthorpe: On top of the cholesterol rehabilitation, the high-protein trend - which started in the gym / fitness space and has broadened into everyday eating, partly driven by the GLP-1 weight-loss medication wave where people on the drug need to maintain protein intake on lower total calories - eggs are the cheapest complete-protein per gram you can buy. So the protein narrative tailwind is real. ACII tracks this indirectly through the food-attribute drivers: 'high in protein' moved from the 8th-ranked egg-purchase driver in Wave 7 to the 3rd-ranked in Wave 11. That's a substantial shift in stated motivation.

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I.B.: OK. Layer four - cost-of-living trade-down. This is the one you said is most underweighted.

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Calthorpe: Yes. The cost-of-living squeeze is real and it has been going for two-and-a-half years now. The animal-welfare preference among shoppers is genuine in stated-preference surveys - 65 to 70% of NZ shoppers say they prefer free-range over barn or colony when the question is asked neutrally. But revealed preference under cost pressure is very different. ACII tracks both. When the same shoppers are asked - if your weekly grocery budget tightened by NZ$30, would you trade down on egg type - around 40 to 45% of free-range buyers say yes, they'd switch to barn or colony. Of that 40-45%, about half actually do trade down within 12 weeks of the budget event. So roughly 20 to 25% of free-range buyers are price-sensitive flippers under genuine budget pressure.

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Calthorpe: What that means for Aurora's free-range mix is - the premium tier is structurally less stable than the marketing narrative implies. In a cost-of-living squeeze you lose 20 to 25% of free-range volume to barn or colony at the category level. That doesn't all hit Aurora directly - some of it stays within Aurora's mix because Aurora has barn and colony product to catch the trade-down - but it does compress the achievable free-range premium because the marginal free-range buyer is more price-elastic than the marketing narrative says.

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Calthorpe: Compounding this - and this is the bit I'd push hardest on - the broker outreach for Aurora and the Aurora website both pitch a 'structural tailwind' for free-range from consumer health and welfare trends. The honest read of ACII Wave 11 and the trade-down behaviour is that the free-range premium has structural headwind from cost-of-living elasticity even before you account for the supply-side compression Part 3 covered. The two together - consumer cost-of-living elasticity plus barn-supply growth - are why the free-range premium is compressing 18 to 14 to 12 across FY26-28. The sell-side narrative that consumer demand is a tailwind for free-range premium retention is, in my view, wrong as stated.

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I.B.: And the premium-tier persistence at the very top - pasture-raised, omega-3, organic, NZ-Made provenance? Are those tiers more elastic or less?

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Calthorpe: Less elastic. Top-end premium - pasture-raised, omega-3 enriched, certified organic, NZ-Made-branded specialty - those buyers are demographically older and household-income skewed. ACII shows 78% of pasture-raised buyers are in the top two household-income quintiles. They don't trade down on cost-of-living the way commodity free-range buyers do. So if you're modelling Aurora's product portfolio, the persistence question splits: their commodity-free-range volume (which is about 50% of their FR pack) is exposed to consumer trade-down; any specialty-tier volume - omega-3, pasture-raised - is much more durable in revenue terms. Aurora doesn't have a meaningful pasture-raised or omega-3 SKU last I looked, which is a missed diversification opportunity but also an opportunity for post-acquisition uplift.

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Calthorpe: On NZ-Made provenance - this is a quiet but persistent tailwind. Foodstuffs Own Brands' Pams Free Range carries NZ-Made FernMark licensing, and Woolworths NZ Macro Free Range pushes 'NZ-owned NZ-laid' framing on-pack. ACII Wave 11 showed 'product of New Zealand' as the 2nd-ranked egg-purchase driver after price. Imports are negligible - MPI biosecurity controls keep table-egg imports near zero - so provenance preference accrues to all NZ producers as a category-level tailwind. Not a differentiator between Mainland, Heyden, Aurora at producer level, but a category-level shield against imported plant-based product.

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I.B.: Layer five - generational mix. Gen Z is supposedly the lowest-meat generation. Does that hit eggs?

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Calthorpe: Mixed picture. Gen Z (18-29 in Wave 11) is the highest flexitarian segment - 32% flexitarian vs 21% national average. They're also the highest plant-based-egg trial cohort - 14% have tried just Egg or equivalent vs 7% across all flexitarians. So the substitution risk is concentrated in this cohort. but - and this is the part the bear case misses - Gen Z eats 8% more eggs per capita than the national average (245 eggs/yr vs 229 national), because they're using eggs heavily as a high-protein convenience food and a flexitarian protein substitute. TikTok / social-media-driven recipes - egg-bites, egg-protein bowls, the carnivore-omad niche - all push Gen Z egg consumption up, not down.

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Calthorpe: Boomer cohort (65+) eats around 218 eggs per year - below the national average. Their consumption is steady, not growing. They're the cohort most attached to the 1990s cholesterol message and they're least exposed to the protein-narrative tailwind. So the generational transition is - on net - positive for egg category volume because the cohort coming in eats more eggs than the cohort ageing out, and the within-Gen-Z plant-based substitution is still small enough to net positive.

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I.B.: Cultural diversity? NZ has a growing Asian-NZ population and many Asian cuisines use eggs heavily.

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Calthorpe: Yes - this is a real and growing tailwind. NZ's Asian-ethnicity population grew from about 11% in 2013 census to about 17% in 2023 census, and is projected by Stats NZ to reach 22-24% by 2038. ACII Wave 11 shows the Asian-NZ cohort consumes about 268 eggs per adult per year, materially above the 229 national average and well above the 224 for traditional omnivores. That reflects egg-heavy cuisines - Chinese, Korean, Japanese, Filipino, Indian - across both home cooking and foodservice. The category-level tailwind from this demographic shift is roughly 0.2 to 0.3 percentage points per year on top of the dietary-mix shift. So when I say the per-capita drift is 0.4-0.5% pa, about half of that is dietary mix and about half is the demographic-cuisine compounding.

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I.B.: Foodservice and industrial demand - any consumer-side dynamics there or is that more B2B?

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Calthorpe: Mostly B2B but with consumer pull-through. Foodservice demand is more inelastic than retail - cafes need eggs for breakfast service regardless of cost-of-living, and the consumer pays whatever the menu price is. Industrial - bakeries, mayonnaise manufacturers - is very inelastic short term because eggs are a recipe-ingredient with limited substitution. Long-term, industrial buyers do reformulate when egg prices spike. Goodman Fielder reformulated several lines during the 2024-25 H7N6-driven price spike to use less shell-egg and more liquid-egg or aquafaba where the recipe tolerates it. That's an industrial-side substitution risk separate from the consumer one. Worth flagging in the assessment as a separate risk, not folded into the consumer story.

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I.B.: Implications for the deal team's target assessment?

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Calthorpe: Three things, in priority order. One - the broker outreach and the Aurora website both pitch a structural free-range premium tailwind from consumer health-and-welfare trends. That framing is wrong as stated. The honest read is that the consumer-side tailwinds - high-protein, cholesterol rehabilitation, dietary-mix shift, demographic mix - support egg category volume growth (~+0.4 to 0.5% per-capita pa on top of population), but the free-range premium tier specifically faces a consumer-side headwind from cost-of-living trade-down (20-25% of free-range buyers are price-elastic flippers under genuine budget pressure). That contradiction has to be surfaced in the target assessment - the deck cannot treat the broker pitch on premium tailwind at face value.

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Calthorpe: Two - plant-based egg substitution is currently negligible but the category trajectory points to a 1.5 to 2.5% volume displacement over the FY28-30 horizon as supermarket assortment evolves. That should be a sensitivity scenario in the model and a noted risk in the assessment, even if not a near-term concern. The signal to watch is supermarket assortment - when Foodstuffs or Woolworths NZ ranges a plant-based egg in the chilled section next to shell eggs, that's the substitution-risk trigger.

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Calthorpe: Three - Aurora's product portfolio is exposed to the wrong end of consumer demand. They have no meaningful pasture-raised or omega-3 SKU - which is the highest-margin and most consumer-elasticity-resistant tier. They're long commodity free-range (50%+ of FR is commodity) which is the cost-of-living-exposed tier. Post-acquisition there's an opportunity for premium-tier extension into pasture-raised / omega-3 - that's a top-line opportunity worth quantifying. NZ-Made provenance is a category-level tailwind that doesn't help Aurora differentially against other NZ producers, but it does shield the category from imported plant-based displacement.

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I.B.: Got it. Hard stop coming. Anything else worth pulling in before we close?

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Calthorpe: One last thing - the retailer-assortment-as-demand-signal point. Woolworths NZ Macro Free Range was a premium-tier launch driven by their consumer research showing free-range buyers wanted a clearer welfare-story product. Foodstuffs Pams Finest Free Range is the equivalent. Both of those exist because the supermarkets ran consumer research and the research said a premium-tier shelf adjacency lifts category value. Read those assortment decisions as the supermarket telling you what their consumers value. If a supermarket is investing private-label SKUs in premium tiers, the premium consumer demand is real in revealed-preference terms - even if cost-of-living elasticity sits underneath it.

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I.B.: Rob - thank you again. We'll have the working transcript and a one-page consumer-demand annex over to you within 24 hours.

[00:38:54]

Calthorpe: Sounds good. Send the annex - happy to caveat anything I've under-or-overstated.

[End of Part 5 - 38:58 elapsed]