Industry Expert Interview - Part 6

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, 26 May 2026

Duration: 60 minutes

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

Anonymisation: None - interviewee consented to attributed transcript

Note (I.B.): Sixth Calthorpe session, scheduled at Vivian's request after the consumer-demand Part 5 annex landed. Bucket here is competitor analysis - vertical-integration depth, per-producer revenue / profitability / brand-vs-private-label split, geographic concentration (North vs South Island, metro vs rural), niche specialty positions (organic / pasture-raised / omega-3), capital availability through the Phase 2 transition, and adjacent / cross-protein precedent transactions worth using as comp-set anchors beyond the Navis-Mainland 2017 deal already in the pack. R.C. agreed to push to 60 minutes if the topic warranted it; we ran 60.

[00:00:18]

I.B.: Rob - thanks. Vivian's note this morning is that the team has the supply-side and consumer-side picture pinned but the deck for IC is light on competitor structure. She wants vertical-integration depth per named competitor, per-producer revenue and profitability, brand-vs-private-label split per competitor, geographic concentration, and any adjacent precedent transactions worth using as anchors beyond the Navis 2017 deal already in the pack. Can we walk that end-to-end?

[00:01:12]

Calthorpe: Yes. I'll cover six layers. One - vertical-integration depth per producer, which is the most underweighted competitive dimension in the pack right now. Two - per-producer revenue, EBITDA margin estimates, and brand-vs-PL split. Three - geographic concentration, North vs South Island, metro vs rural. Four - niche specialty positions and who plays where. Five - capital availability through the Phase 2 transition window, which is going to drive a structural rationalisation of the long tail. Six - adjacent precedent transactions worth anchoring against beyond the Navis-Mainland 2017 deal. I'll do the six in that order. Stop me anywhere.

[00:02:38]

Calthorpe: Layer one. Vertical-integration depth. This is the dimension the broker outreach for Aurora skates over and it is in my view the single most important competitive distinction in the NZ shell-egg market. Mainland Poultry is FULLY-INTEGRATED, end-to-end, which is exceptional in the NZ context. They run their own breeder operation - day-old chicks come from Mainland-controlled rearing capacity, not from third-party DOC suppliers. They run their own feed mill operation under MainFeeds across three sites - Otago, Auckland, and the Manawatu - producing approximately 140,000 tonnes of compound feed annually, covering all internal needs and selling external. They run grow-out across approximately seven farms with 1.2 million layer birds. They run their own grading and packing. And they market under their own retail brands - Farmer Brown and Woodland - which they own outright through the Zeagold marketing arm. Plus Mainland holds category-captain status with both Foodstuffs and Woolworths NZ. That's a full seven-stage stack: breeder, DOC, feed, grow-out, grading, branding, category captaincy. Nobody else in NZ shell-egg has that stack.

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Calthorpe: Aurora is MID-STACK. They have grow-out, grading, packing, and a branded label - 'Sunbright Free Range' is their primary retail brand - but they buy feed externally on commercial terms (no captive feed mill), they buy day-old chicks externally (no captive breeder), they have no industrial egg-products or breaker division (no liquid egg, no dried egg, no pet-food-grade adjacency), and they have no category captaincy with either retailer. So they're a four-stage stack vs Mainland's seven. The 17-19% volume share is real, but structurally they're one operating tier down from Mainland on every dimension that matters for unit economics and pricing power.

[00:07:24]

Calthorpe: Heyden Farms is similar to Aurora on the operating stack - grow-out, grading, branded label, no captive feed, no captive breeder, no industrial adjacency. South-Island concentrated, family-owned (Heyden whanau), Patrick Heyden publicly noted as approaching retirement which puts succession on the table. Better Eggs is similar again - grow-out, grading, retail branded under their own label, family-owned (Anderson family), no feed or breeder integration. They did do the Smith-family Hawke's Bay tuck-in in 2023 which gives them some North Island footprint. Zeagold Foods - Mainland's eggs division, now under PEP via the 2025 Mainland take-out - is unusual: they're production-shy but have a strong industrial / egg-products angle and the Hamilton automated grading line they commissioned in 2025 is the first vision-graded line in the NZ egg sector. Henergy is pure-play free-range, family-owned (Wilson family), differentiated on welfare positioning rather than integration depth.

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Calthorpe: So if I rank the top-five by vertical-integration depth: Mainland (full seven-stage stack); Zeagold (production-light but integrated forward into industrial egg-products and automated grading); Aurora (four-stage mid-stack); Heyden, Better Eggs, Henergy (all four-stage at producer level, no captive feed, no breeder, no industrial adjacency). Aurora's #2 share by volume sits alongside #4 or #5 ranking on integration depth. That asymmetry matters when you sit a 12-14x EBITDA broker asking next to the Mainland-anchored 7.0-7.5x PEP-2025 precedent. Mainland traded at 7.0-7.5x with the full stack. Aurora without the full stack does not earn a multiple uplift over that comp - it earns a structural discount.

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I.B.: Layer two - per-producer revenue, EBITDA margin estimates, and brand-vs-PL split.

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Calthorpe: Estimates for FY24, with the usual privately-held-producer caveat. Mainland: NZ$240M revenue, EBITDA margin 14-16%, blended brand-vs-PL split approximately 70% branded / 30% PL. They protect the branded share through Farmer Brown and Woodland and through their category-captain status which lets them shape the planogram. Heyden: NZ$108M revenue, EBITDA margin 11-13%, split approximately 55% branded / 45% PL. Better Eggs: NZ$78M revenue, EBITDA margin 10-12%, split approximately 60% branded / 40% PL - they're stronger on the specialty side which keeps branded share up. Zeagold: NZ$62M revenue, EBITDA margin 13-15% supported by the industrial egg-products mix; their branded retail share is small, maybe 30%, the rest is industrial / egg-products / private-label. Henergy: NZ$48M revenue, EBITDA margin 9-11%, branded skewed (75%+) because they're pure-play free-range with their own specialty-tier label.

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Calthorpe: Aurora at NZ$84.6M FY24 revenue and 12.8% EBITDA margin sits in the cohort but on the wrong side of two of the three operating dimensions. Their EBITDA margin is below the Mainland 14-16% range and middle-of-pack overall. Their brand-vs-PL split is approximately 50/50 - which is the most PL-exposed share of the top-five excluding Zeagold's industrial book. So Aurora at #2 by share is actually mid-pack to bottom-tier on margin and PL exposure. The broker framing of 'leading shell-egg producer' is technically correct on volume share but the operating-quality picture below the share number is markedly less impressive.

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I.B.: Layer three - geographic concentration. North vs South, metro vs rural.

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Calthorpe: Mainland is dual-island, weighted to the South. Their core complex is Otago-anchored - Dunedin head office and Otago grow-out concentration - with Waikato and Manawatu sites for North Island balance and feed milling. Approximately 60% South Island flock, 40% North Island flock. That dual-island footprint is a meaningful biosecurity advantage - the H7N6 outbreak in 2024 was Otago-localised; a single-island producer would have faced more disruption. Heyden Farms is South Island concentrated, Christchurch-anchored from the 2020 expansion. Better Eggs is split with the Anderson original North Island base plus the 2023 Smith-family Hawke's Bay tuck-in. Zeagold is Hamilton-anchored, North Island. Henergy is Cambridge-anchored, North Island.

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Calthorpe: Aurora is two-site dual-island - one site each on the North and South Islands per the broker outreach. That's a thinner footprint than Mainland's seven-farm, three-feed-mill, 17-site network. Single-site failure - biosecurity event, fire, regulatory shutdown - is a materially higher exposure for Aurora than for Mainland. Worth flagging in the risk register as concentration risk that doesn't show up in customer concentration metrics. On metro-vs-rural - all of the top-five are rural-anchored production, that's the nature of layer farming. Geographic concentration risk is therefore really a within-island, single-site question, not a metro-vs-rural one.

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I.B.: Layer four - niche specialty positions. Who plays in pasture-raised, organic, omega-3, specialty cuisine eggs?

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Calthorpe: Henergy is the only top-five player with a clean specialty positioning - pure-play free-range, but importantly they don't have a true premium-tier specialty SKU above their core free-range. Mainland has small SKUs in omega-3 enriched and free-range premium under the Farmer Brown specialty sub-line; not material to mix but they have shelf representation. Better Eggs has the deepest specialty bench - they range omega-3, pasture-raised (they have a partner-farm pasture-raised SKU through the Smith-family Hawke's Bay acquisition), and certified organic. That makes them disproportionately important in the premium-tier consumer-demand picture I covered last session even though their volume share is only 9%.

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Calthorpe: Outside the top-five there's a long-tail specialty cohort - Hens-on-Pasture, Tasman Egg Co., a couple of Otago specialists, three Waikato boutique operators - total flock maybe 150-200k birds combined, premium-tier positioning, low absolute volume but margin-accretive. If a buyer with capital wanted to consolidate the specialty cohort that's a real path - 5-8 named operators, 5-6x EBITDA multiples, NZ$3-8M each, total NZ$30-50M to roll up the specialty book. Aurora doesn't currently play in pasture-raised or omega-3 - I covered that last session - so a specialty roll-up is a post-acquisition top-line opportunity for Aurora's owner, not a defensive move. There's also a co-operative / collective producer angle worth flagging - a couple of the smaller commercial operators are exploring purchasing and distribution co-ops to retain shelf access through the Phase 2 transition; if those co-ops form they may become small-but-real competitors at the bottom of the share roster.

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I.B.: Layer five - capital availability through Phase 2.

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Calthorpe: Capital availability is the structural rationalisation lever. Phase 2 conversion costs NZ$45-65 per bird - I covered that in Part 2. For Aurora at 610k birds with 40% colony exposure, that's roughly NZ$11-16M to convert their colony cohort. They have the balance sheet for it. Mainland - PEP-backed - obviously has the capital and the institutional access to debt. Zeagold - PEP-backed via Mainland - same. Heyden - family-owned in succession - has the conversion capex requirement on the table without an obvious capital partner unless they recap or sell. Better Eggs and Henergy - family-owned, smaller balance sheets - are stretched. The long-tail of 30-plus sub-scale and specialty producers is in real trouble: per-bird capex of NZ$45-65 is out of reach for many. By FY28 I'd expect 6-10 long-tail operators to exit via sale or wind-down. That's the rationalisation pressure the deck should name as a competitive structural feature, not just a market-sizing footnote.

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Calthorpe: Cross-cutting comment on capital - the foreign-capital appetite for NZ agribusiness is real and well-established. Navis Capital Partners came in for Mainland in 2017. PEP - Pacific Equity Partners, AU-based - took it from Navis in early 2025. PEP, Direct Capital, Macquarie Infrastructure Real Assets, Adamantem Capital - these are the AU/NZ mid-market sponsors who have done NZ agri. US mid-market sponsors are rarer at this scale, partly because the absolute deal size sits below most US institutional minimums. Halberd at trans-Pacific tuck-in framing fits the under-served gap; doesn't remove the scale-haircut question.

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I.B.: Layer six - adjacent precedent transactions. Beyond Navis-Mainland 2017 and PEP-Mainland 2025, what's worth using as comp anchors?

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Calthorpe: Three I'd put in the comp pack. One - Cal-Maine Foods has been on a small-but-active US M&A; run worth tracking even though Cal-Maine itself is a public listed comp. They acquired Echo Lake Foods, a Wisconsin ready-to-eat egg-products processor, for approximately US$258 million in April 2025; Echo Lake had approximately US$240 million annual revenue with a five-year revenue CAGR around 10%. That values Echo Lake at roughly 1.07x EV/Revenue which - on processed-egg margin assumptions - implies somewhere in the 6-9x EBITDA range. They also acquired the former Tyson Foods shell-egg facilities in March 2024 - asset-purchase, no public multiple - and acquired Deal-Rite Feeds in North Carolina in February 2025 to deepen their feed-mill captive position. Three Cal-Maine deals in 14 months. Two themes: industrial egg-products adjacency, and vertical-integration deepening into feed. Both are dimensions Aurora doesn't have.

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Calthorpe: Two - Inghams Group, the AU/NZ broiler poultry comp. The relevant precedent is the historical TPG take-private of Inghams in 2013, approximately AU$880 million, implied EBITDA multiple approximately 4.2x at the time. Inghams subsequently re-listed in 2016. The 4.2x is a low anchor but it reflects a particular market window plus AU broiler specifics - the current cross-trade reading on Inghams is 8-9x for the chicken-processing adjacency. Three - Better Eggs / Smith-family 2023 - 5-6x EBITDA on a NZ$7-9M tuck-in, which is the cleanest sub-scale NZ-eggs precedent at Aurora's scale tier. Plus the 5-8 specialty roll-up candidates I mentioned trade in the 5-6x range on NZ$3-8M each. So when you build the comp-set for Aurora, it's: Cal-Maine 9-11x and Inghams 8-9x as the public-cross-trade comps with appropriate scale haircut; PEP-Mainland 7.0-7.5x as the in-NZ control-transaction precedent at platform scale; Better Eggs / Smith-family 5-6x as the in-NZ tuck-in precedent at sub-platform scale; Cal-Maine Echo Lake at 1.07x revenue / approximately 6-9x EBITDA as the processed-egg adjacency anchor. That's the comp-set the deck should engage with.

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Calthorpe: Two summary calls for the deck. Call one - the broker outreach frames Aurora as one of the cleaner operators with long-standing retail relationships and no material customer churn. The honest competitor read is - Aurora is a four-stage mid-stack producer at #2 by volume share but #4 or #5 by integration depth, with the most private-label-exposed mix in the top-five excluding Zeagold's industrial book, and middle-of-pack EBITDA margin. None of that is hidden - it's all derivable from the Hartley Pearce competitor overview, the Navis 2017 press release and the value-chain Part 4 conversation. The broker framing is not a lie; it's a selective view of the volume-share dimension only. The deck should report Aurora's structural competitive position accurately rather than echo the broker pitch.

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Calthorpe: Call two - the precedent comp set should be built bottom-up from in-NZ-eggs control transactions (PEP-Mainland 7.0-7.5x as the platform anchor, Navis-Mainland 6.5x as the prior-cycle anchor, Better Eggs / Smith-family 5-6x as the sub-scale anchor) with Cal-Maine and Inghams as cross-trade scale-haircut comps. Cal-Maine's Echo Lake adjacency is useful as a processed-egg sensitivity anchor only. A buyer who builds the comp set top-down from Cal-Maine's 9-11x mid-cycle multiple without the scale haircut and without engaging with PEP-Mainland 7.0-7.5x as the more direct in-NZ precedent has not done the comp work properly.

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I.B.: Got it. Anything I missed on co-operative / collective producers?

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Calthorpe: One thing - the Foodstuffs Own Brands Pams / Pams Finest tender process is itself a collective-producer dynamic. Foodstuffs is structurally a co-operative, owner-operator model, and the Pams private-label tenders go to one or two suppliers per category. If a small-producer co-op forms with enough scale to hold a Pams tender, that's a real new competitive entrant at the bottom of the share roster, not a mom-and-pop story. Worth a footnote in the deck risk register, not a top-3 risk.

[00:50:12]

I.B.: Last one - any flags on Aurora's competitor relationships that surface in this layer that we haven't covered?

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Calthorpe: Two. One - if Heyden Farms goes through a strategic process in the next 12-18 months, which the Q4 2025 industry commentary suggests is on the table, the supply-side dynamics of the South Island shift materially. Aurora's South Island site sits in the same competitive footprint as Heyden's Christchurch base. A Heyden change-of-control could be a positive (consolidation upside) or a negative (more aggressive competitor under new ownership) for Aurora's position. That's a strategic-environment risk worth flagging. Two - Mainland's PEP ownership means Mainland will be harder, not softer, on competitive pricing through the Phase 2 window. PEP's stated thesis for Mainland is 'accelerate Phase 2 conversion and broaden adjacencies'. They will defend share aggressively. Aurora's thesis cannot assume a passive #1 competitor.

[00:52:48]

I.B.: Rob - one more before we wrap. Anything on Aurora-specific ownership / governance that the deck team should know? Tasman Mercantile's broker note frames the McKenna family management as 'stable' and treats governance and continuity as a clean positive.

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Calthorpe: I want to push back on that framing carefully because it's the standard sell-side line on every NZ family-controlled deal and it's almost never the full read on a transitional one. Aurora's principal is Mark McKenna - third-generation, MD - and on day-to-day operations Mark is genuinely competent and engaged. That part of the broker line is fine. Where I'd push harder is on the board-side structure and the strategic-decision rights once a capital partner is in.

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Calthorpe: Mark's mother Eleanor McKenna is chair of the family company board. She is in her late seventies now, still actively chairing, and the industry view is that Eleanor has signalled stepping back from the chair in the next 12 to 24 months but no successor chair has been publicly named. The board is currently five seats - three family (Mark, Eleanor, and one of Eleanor's siblings as a third family NED) and two external NEDs whose terms come up for renewal in FY26. Mark runs operations day-to-day but the chair has structural veto authority on strategic decisions - new debt facilities, major capex, transaction approvals. A partial-sale partner who assumes 'the McKenna family is unitary' on strategic direction is going to be surprised. Eleanor and Mark have not always agreed publicly on capex pacing or on what to do with the South Island site. Treat the Aurora governance / chair-succession read as a genuine confirmatory diligence item, not a tidy positive.

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I.B.: What about Mark's own succession - he's, what, late fifties?

Calthorpe: Mid-to-late fifties, in good health, expected to continue running the business for the next decade plus. Mark's own succession is not the near-term issue. The chair-succession question is. Plus the board-renewal cycle on the two external NEDs in FY26 - whoever the new capital partner is will likely want representation. So you've got Eleanor's chair-succession AND the FY26 external-NED refresh hitting in the same window. Both materially affect post-acquisition governance.

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Calthorpe: For the market overview, the practical implication is that the producer cohort splits cleanly into PEP-controlled (Mainland with Zeagold subsumed under it), family-controlled with succession or chair overhang (Heyden, Aurora), family-controlled stable (Better Eggs), and founder-led (Henergy). That ownership-and-governance split is at least as material as the production-system mix when you depict the competitive landscape, because it shapes who can move fast on Phase 2 capex (PEP-controlled producers can; family-controlled with succession or chair overhang will be slower) and who is sale-process eligible in the next two-to-three years (Heyden almost certainly; Aurora in process now; the others not).

[00:59:30]

I.B.: Got it. That's a really useful framing. Thanks Rob. Annex back to you within 24 hours.

Calthorpe: Send it. Happy to caveat anything.

[End of Part 6 - 60:00 elapsed]