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ASX Release

Inghams returns to volume growth with earnings in line with guidance

Inghams Group Limited (ASX: ING) (Inghams, Company, Group) today announced its FY26 financial results.

Key points

- Underlying EBITDA pre AASB 16 of $186.4 million (-21.2% on PCP[1]) was within guidance of between $180.0 million to $200.0 million, Underlying EBIT of $153.6 million (-30.0% on PCP), and Net Profit after Tax of $34.6 million (-61.5% on PCP)
- Return to core poultry volume growth (+1.9% on PCP), with growth in both Australia and New Zealand, and net selling prices up 1.4% on PCP
- Cost discipline delivered $82.3 million in savings at the upper end of target through continuous improvement and procurement initiatives, with significant recovery of incremental costs due to Middle East conflict (net impact $4.7 million)
- Strong cash generation with cash conversion of 105.5%, and net debt reduced by $27.1 million
- Final fully franked dividend of 6.1cps declared and introduction of Dividend Reinvestment Plan

Commenting on the FY26 results, Inghams' CEO and Managing Director, Ed Alexander, said: "We made significant progress strengthening the underlying business during FY26. Encouragingly, our earnings in the second half were materially above the first half, reflecting the improved underlying operating metrics.

"During FY26, we returned to volume growth, materially diversified our customer portfolio, reduced inventory and delivered $82 million of cost savings.

"Importantly, our operational performance improved through the second half despite geopolitical impacts. Inventories have normalised, new customer volumes were successfully delivered, and Australia returned to volume growth.

"While the operating environment remains challenging, we enter FY27 with a more balanced network, a stronger and more diversified customer portfolio, a refreshed senior management team, and clear visibility of the opportunities still to unlock."

Key Financial Results[2]	FY26	Variance to FY25	
		Change	%
Core Poultry Volume (kt)	470.1	8.9	1.9
Net Selling Price (NSP) ($/kg)	6.40	9.0c/kg	1.4
Revenue	3,227.4	75.0	2.4
EBITDA ($M)	297.3	(94.9)	(24.2)
Underlying EBITDA pre AASB 16 ($M)	186.4	(50.0)	(21.2)
Underlying EBIT ($M)	153.6	(65.9)	(30.0)
NPAT ($M)	34.6	(55.2)	(61.5)
Underlying NPAT pre AASB 16 ($M)	56.6	(38.6)	(40.5)
Leverage	2.2x	0.4x	-
Cash conversion (%)	105.5	8.6pp	-
Return on Invested Capital	10.4	5.7pp	-
Dividends (fully franked) (cps)	10.1	(8.9)	(46.8)

1. Prior corresponding period
2. A reconciliation between As Reported and Underlying pre AASB 16 amounts is included in the FY26 financial results investor presentation, which has been lodged with the ASX and is available on the Inghams Group website.

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INGHAMS GROUP

Underlying EBITDA pre AASB 16 was $186.4 million (-21.2% on PCP), in line with guidance. As-reported Net Profit after Tax (NPAT) was $34.6 million (-61.5% on PCP) due to lower operating earnings and the inclusion of a $12.7M tax provision. Inghams has lodged an objection to an amended Australian Tax Office (ATO) assessment relating to R&D tax offset claims paid for the financial years 2019–2021 and intends to defend its position.

Group revenue increased 2.4% to $3,227.4 million, driven by core poultry volume growth of 1.9% and an increase of 1.4% in core poultry net selling prices to $6.40/kg. Volume growth was achieved across both markets, with Australian core poultry volumes increasing 2.0% and New Zealand volumes increasing 1.5%. Australian volume growth accelerated during 2H26 as recently secured customer volumes were fully delivered.

Revenue growth was more than offset by a 6.2% (+$169.9 million) increase in total costs which reflected growth in production volumes, cost inflation and production inefficiencies. Adjusting for volume growth, total cost growth was 4.1%. This reflects inflationary pressures across packaging, ingredients, cooking oil, freight, labour, and repairs and maintenance, while the impact of the current Middle East conflict contributed additional costs of $13.2 million, partially offset by the Group's cost reduction program which delivered $82.3 million of savings, and $27.6 million of lower internal feed costs versus PCP.

The Company continues to transition contract growers to variable performance-based arrangements, with minimal impact on post AASB 16 EBIT. This stabilisation will allow a reporting focus on post AASB 16 underlying EBIT in future periods.

Cash generation remained strong, with cash conversion increasing 8.6 percentage points to 105.5%. This was supported by working capital initiatives and improved overall working capital levels versus PCP.

AUSTRALIA

Australian revenue increased 3.5% to $2,732.0 million, supported by core poultry volume growth of 2.0% and a 2.4% increase in net selling prices to $6.50/kg.

Volume growth was broad-based across key channels. QSR volumes increased 4.7%, Food Service increased 10.3% and Retail increased 1.3%. Importantly, Retail volumes excluding Woolworths increased 17.2%, reflecting significant progress in diversifying the customer portfolio.

Wholesale pricing remained stronger through much of FY26 before declining materially in Q4 as market economics softened.

Australian costs increased 8.1%, reflecting higher volumes and inflation across key input categories. Adjusting for core poultry volume growth, total cost growth was 6.0%, benefiting from cost reduction initiatives and a decline of $22.7 million in internal feed costs.

Operational performance improved significantly in 2H26 as inventory levels and production settings normalised, although production inefficiencies in 1H26 and higher supply chain costs were a material drag on full-year earnings.

NEW ZEALAND

New Zealand core poultry volumes increased 1.5%, with combined Wholesale, Food service and Export volumes increasing 6.4%. Export volumes increased 41.9%, supported by the re-opening of key offshore markets.

Core poultry net selling prices increased 1.4% to NZ$6.81/kg, supporting local currency revenue growth of 2.0%, versus a decline of 3.3% in AUD terms due to a strengthening in the Australian dollar.

Total costs increased 1.3% in New Zealand dollar terms, with inflation across key cost categories substantially offset by lower SG&A costs, in part reflecting the effect of acquisition-related integration costs included in the PCP.

BALANCE SHEET & DIVIDENDS

Working capital improved $46.5 million in FY26, reflecting targeted actions across inventory, receivables and payables. Lower processed poultry inventory improved the balance between production and demand while releasing capital.

Net debt reduced $27.1 million to $403.3 million. Year-end leverage was 2.2 times Underlying EBITDA pre AASB 16, above the Company's policy range of 1.0 to 2.0x, reflecting lower FY26 earnings. Reducing leverage remains a priority for FY27.

Capital expenditure was $77.4 million, comprising $28.9 million of sustaining capital, $6.8 million of optimisation investments and $41.7 million of growth and strategic investments. Major projects included automation investments at the Lytton, Murarrie and Bolivar facilities, expansion of fully cooked capacity at Lisarow, and additional growing capacity for Bostock Brothers in New Zealand.

The Board has declared a fully franked final dividend of 6.1 cents per share, representing a payout ratio of 70%, within the Company's target range of 60-80% of Underlying NPAT. The Company has also established a dividend reinvestment plan, which will enable shareholders to reinvest their dividends and acquire additional shares without incurring brokerage costs.

FY27 OUTLOOK

FY27 has commenced against a challenging external backdrop including input cost inflation, continuing geopolitical disruption and softer Australian Wholesale market conditions.

For FY27, the Group is transitioning to Underlying EBIT as its primary earnings measure, providing greater visibility of earnings after depreciation associated with the capital deployed in the business.

Inghams expects **FY27 Underlying EBIT (post AASB 16) of between $155.0 million and $180.0 million.** This is equivalent to Underlying EBITDA pre AASB 16 of between $190.0 million and $220.0 million.

The FY27 guidance assumes:

- Core poultry volume growth of 2.5–4.0%;
- Operating cost growth (excluding feed) of 4–5%, including forecast volume growth, to be significantly offset through pricing (including some feed cost recovery), continuous improvement and procurement initiatives;
- $30 million of additional transport and packaging costs associated with the Middle East conflict;
- $40–50 million of higher feed input costs, based on current market conditions and expected volumes; and
- Capital expenditure of $80 million.

MARKET BRIEFING

Inghams will hold a market briefing at 10.00am today, 21 August, hosted by Ed Alexander (Chief Executive Officer and Managing Director) and Andrew Just (Acting Chief Financial Officer).

The webcast can be viewed using the following link: https://meetings.lumiconnect.com/300-423-065-130

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

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