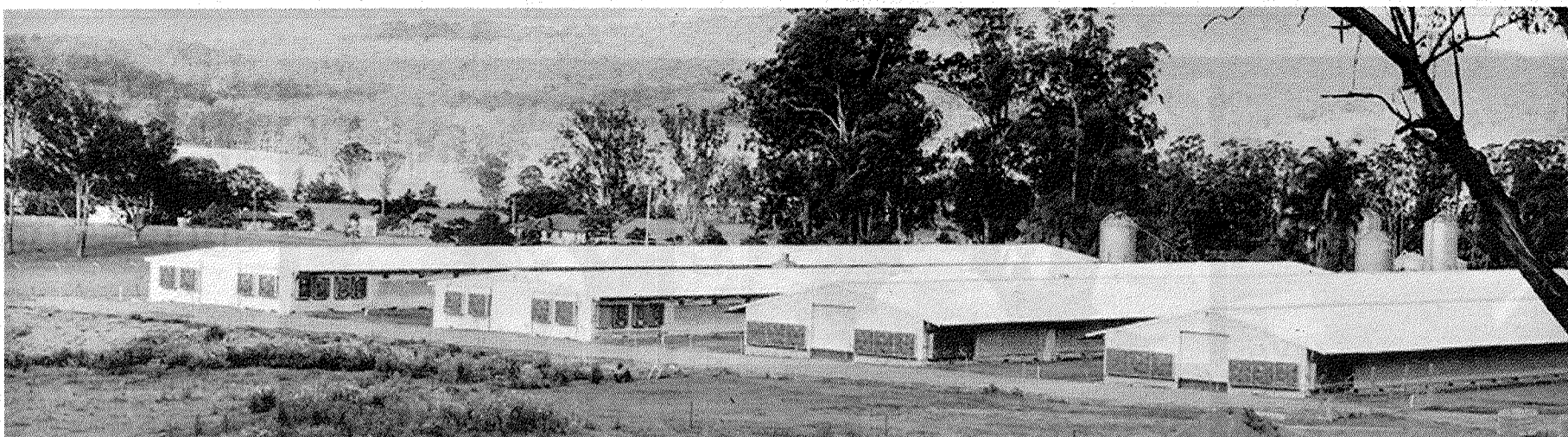


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Inghams opens the shed doors for more breeder and grower farms

“The fact that chicken meat consumption has surpassed that of beef and veal to become the most consumed protein in Australia is testament to the product’s versatility, consistency and affordability”

Poultry meat consumption in Australia has increased from 5.9kgs per head in 1965 to a forecast 38kgs in 2009/10, with chicken meat accounting for 96 percent of poultry meat. For those in the chicken production industry, this means increased production and generous returns.

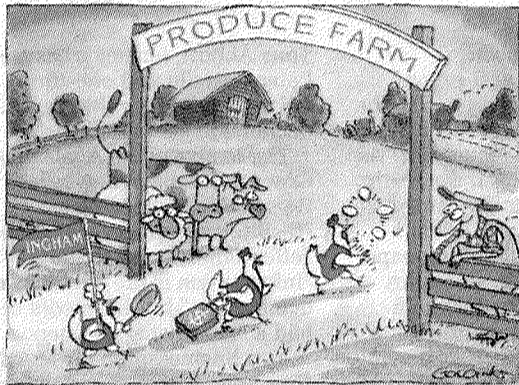
With consumption forecast to continue to increase by 10 percent to 2014/15, the good times for chicken meat producers are expected to continue.

Kevin McBain, CEO of Inghams Enterprises, Australia’s leading supplier of chicken meat with an annual turnover of \$1.9 billion, is only too aware of the opportunities that the expansion of the industry presents.

“The fact that chicken meat consumption has surpassed that of beef and veal to become the most consumed protein in Australia is testament to the product’s versatility, consistency and affordability,” said Mr McBain.

“Australians love chicken meat and it is up to us to keep supplying what consumers want, when they want it. To do this, we rely on committed producers to work with us under contract to meet this growing demand,” Mr McBain continued.

One characteristic which allows the chicken meat industry to adapt and respond to market signals and deliver what consumers want is the vertically integrated nature of the industry. Inghams exemplifies this integration, being directly involved throughout the supply chain from producing breeder chickens and contracting producers to grow broilers through to feedmill operation, processing and cooking.



In the face of increasing demand for chicken meat, Inghams is currently looking to contract more producers in Queensland, Victoria and South Australia. This opportunity to provide breeder

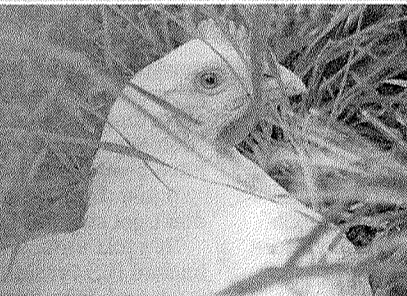
facilities or grow broiler chickens should appeal to those producers who can see the benefits of working as part of an integrated supply chain in a profitable industry that consistently delivers a pay cheque every six to eight weeks.

Breeder chickens are owned and managed by Inghams in facilities that are built by the producer and leased back to Inghams for at least 10 to 20 years. Broiler chickens are grown out from day-old chicks in facilities established by the producer under contract to Inghams. In broiler production, the producer establishes the facilities and manages the chickens through to processing weight. Contracts with Inghams are usually on a five-plus-five year basis.

Inghams broiler grower John Cochrane, from Jimboomba in Queensland, has been doing business with Inghams for 30 years and values the chicken production component of his farming business.

“I also run an Angus stud and I’ve always valued chicken production as part of my business. As a primary producer you expect lumpy cash flow to be an unavoidable fact of life, so we really enjoy the benefits of a regular cash flow free from the worry of fluctuating markets and variables such as exchange rates. It doesn’t even really matter if it rains or not, it is as ‘drought proof’ as any rural industry can be,” said Mr Cochrane.

CHICKEN NOW AUSTRALIA’S BIGGEST MEAT



CASHING IN ON CHOOKS

The growth in chicken meat consumption in Australia since the 1960s has been nothing short of spectacular. Having come from a very low base with only 5.9kgs of poultry meat consumed per head in 1965 to a massive 38kgs per person forecast in 2009/10, this makes poultry meat the most highly consumed meat in Australia, ahead of beef and lamb.

Adding further context to these figures, let’s not forget that in 1965 there were just 11 million people in Australia. The fact that Australia’s population is now twice that means that the dramatic increase in consumption per head has had an even more profound effect on production with almost half a billion chickens currently processed each year.

The industry boasts an annual turnover of \$3.6 billion, creating more than 40,000 jobs.

So where do all the chickens come from? The structure of the chicken meat industry is different to that of most other primary production enterprises, which often have complex supply chains. In chicken meat production, there are a handful of large companies which typically have interests throughout the supply chain,

The industry boasts an annual turnover of \$3.6 billion, creating more than 40,000 jobs.

from breeding chickens through to growing, processing, cooking and distribution.

Producers are contracted by the major chicken meat producing companies to both breed chickens and grow out meat chickens, otherwise known as broilers. There are about 800 individual growers operating under such contracts throughout Australia producing 80 percent of broiler chickens.

While the specifics may vary, a typical arrangement would follow that the contract grower owns the farm and provides the management, shedding, equipment, labour, bedding and water to rear chickens. The processing company owns the chickens and supplies the day old chicks, along with feed, veterinary and technical advice to the contract grower or producer.

Contract growing chickens offers producers the opportunity to become involved in a highly integrated supply chain and benefit from a diversified income with a regular cashflow.

Astute producers and investors are aware of the risks associated with having all of their interests tied up in one area or commodity. Chicken meat production is considered to be a lower-risk investment than many other primary production enterprises and - for those producers who include chicken meat production in their enterprise mix - the rewards include regular, consistent pay, minimal reliance on the weather and freedom from variables, such as currency, associated with export commodities.

John Cochrane from Jimboomba in Queensland has been growing chickens under contract to Inghams in combination with his Angus stud enterprise for 30 years.

“The chicken business is a great industry to be involved with. For us, the contracted production arrangements mean that we know what’s coming and when,” said Mr Cochrane.

“Having made the initial investment, we are now basically enjoying the return on that investment, as well as the benefit of a diversified income. In my view, in any business, be it rural or city-based, cash flow is king and no other rural business demonstrates this more

FOR MORE INFORMATION ON GROWING BROILER OR BREEDER CHICKENS FOR INGHAMS ENTERPRISES CONTACT:

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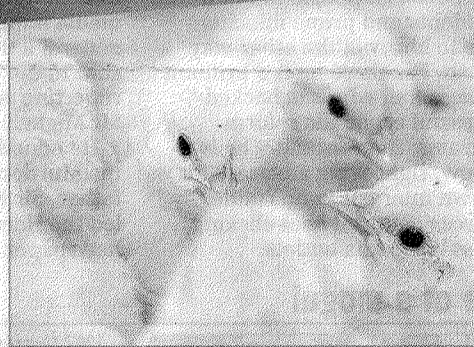
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“In any business, be it rural or city-based, cash flow is king and no other rural business demonstrates this more thoroughly than chicken farming.”

thoroughly than chicken farming.”

“While we take our Angus stud business very seriously, it’s good not to have all our eggs in one basket,” concluded Mr Cochrane.

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