EastPack Year End Forecast Update

EastPack expects to pack a total of 33.5m class 1 trays in 2023 compared to 44.8m trays in 2022. The lower volumes relate to record low yields per hectare from across the regions in which EastPack operates, some regions being impacted greater than others. At normal yields, the company would have expected to pack more than 50m trays.

The company has completed a forecast for full year earnings for the year ended 31 December 2023. The group result for this year is forecast to be a net loss before tax of between $2.0m and $4.5m. This reflects a significant reduction in overall industry kiwifruit volumes. With depreciation forecast to be $22.5m for the year, EBTDA (effective cash earnings for the company after interest paid) is expected to be in the range of $18.0m to $20.5m so the company remains firmly cash positive and solvent.

All North Island growing regions have suffered significant weather events across the 2022-2023 kiwifruit growing season with warm 2022 winter temperatures, extended periods of rain throughout the season, a severe frost in October 2022 and major tropical cyclones Halle and Gabrielle in early 2023. Further a significant hail event in Te Puke in April 2023 resulted in further crop losses and EastPack packing over 3.2m trays of hail affected fruit followed by extended rain events through the peak of the kiwifruit harvest. Whilst we anticipated lower 2023 volumes when the EastPack Notes were issued, this combined with subsequent weather events to create a yield reduction that is unprecedented in the last decade and the full extent of these combined events became evident at time of harvest.

The company is expecting improved growing conditions for the 2023-2024 season and a significant rebound in volumes for 2024 should orchard production return to normal averages experienced over the last few years. The company is therefore forecasting to be back in a strong profit position in 2024.

The company has implemented a number of cost saving initiatives across the business and will be reducing its capital expenditure significantly in the next 12 months. EastPack's investment to date in infrastructure has put the company in a good position to pack expected 2024 volumes with no further infrastructure requirements needed. However, with continued growth expected in future years, further coolstore infrastructure will likely be required for the 2025 season and later years.

If you have any questions, please contact:

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EastPack
Growers at heart