

ASX/NZX ANNOUNCEMENT

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GOODMAN FIELDER CONTINUES STRATEGY TO OPTIMISE PORTFOLIO WITH PROPOSED DIVESTMENT OF MEATS AND PIZZA BUSINESSES IN NEW ZEALAND

Goodman Fielder has continued its strategy to optimise its product and brand portfolio, today announcing it has agreed proposals to sell its Meats and Pizza businesses in New Zealand.

Goodman Fielder CEO, Chris Delaney said the divestments represented the near conclusion of the company's strategy to refocus on its core categories where it has market leading, profitable positions.

"Over the past 18 months, we have successfully prioritised our product portfolio with a number of business divestments, including Integro, NZ Milling, Copperpot and most recently the Biscuits business. On finalisation of the sales of Meats and Pizza businesses, we will have largely completed our divestment programme which will enable the company to focus our resources on our core categories."

Proposed Sale of Meats Business

Goodman Fielder has agreed a proposal to sell its Meats business to Hellers Ltd.

The proposed sale is subject to an employee consultation process and the consideration of any feedback received as part of that process.

Goodman Fielder's Meats business processes and markets small goods meat products to the New Zealand market including, Kiwi bacon and ham, Brooks Deli continental meats and bacon, Hutton's luncheon, bacon and ham, Sizzlers pre-cooked smallgoods and Milano cooked continental meats.

Hellers is a New Zealand small goods manufacturing company based in Christchurch which manufactures, markets and distributes a wide range of hams, bacons, sausages and luncheon products across New Zealand.

The consultation process includes the proposal to transfer Goodman Fielder's current meat processing activities at Frankton, Hamilton to Hellers' sites in Christchurch and Auckland. Should this proceed, the site at Frankton will be closed.

"We have had to make the very difficult recommendation to close the facility at Frankton," said Mr Delaney.

"Our strategic commitment is to focus our capital and marketing expenditure on our core categories and our Meats business is not core to Goodman Fielder. The proposal to sell also reflects the very difficult trading environment and market conditions which have existed for the Meats business for some time. We explored a number of alternative possibilities; however, none of these were viable which has led to this decision.

“We are consulting directly with employees impacted by this decision. Where possible, they will be provided the opportunity for redeployment to fill vacancies at other Goodman Fielder sites across New Zealand and potentially at Hellers. Employees who are not able to be redeployed will receive their full redundancy provisions as well as an employee assistance program, outplacement program and careers workshop.”

“We understand the impact these decisions can have on our people and our immediate priority is to ensure that our employees are supported through this process,” said Mr Delaney.

There are 125 employees at the Frankton site.

Proposed Sale of Pizza Business

Goodman Fielder has also agreed a proposal to sell its Pizza business to Mommas Frozen Products Ltd, subject to consultation with nine employees that work on the line at its Irvines pie factory in South Auckland.

The Pizza business’ primary brand is Leaning Tower which produces mainly fresh chilled pizza, including pizza bases and snack sized frozen pizza.

The transactions of both proposed sales are expected to be completed on 31 March 2014 subject to the completion of the employee consultation processes and satisfaction of conditions.

Net Proceeds

Total net proceeds from both divestments are expected to be in the range of NZ\$15 million to NZ\$17 million, including inventory, and net receivables and payables. Net proceeds will be used to reduce net debt and further strengthen Goodman Fielder’s financial position.

As a result of the divestments, Goodman Fielder expects to record a non-cash impairment charge after tax against the Meats and Pizza businesses of in the range of NZ\$32 million to NZ\$36 million. The impairment charge, together with site cash closure costs relating to the Meats business of approximately NZ\$8 million, will be recorded as significant items in the company’s FY14 interim accounts.

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Goodman Fielder is Australasia’s leading listed food company. The company has an excellent portfolio of well known consumer brands in some of Australia’s largest grocery categories, including MeadowLea, Praise, White Wings, Pampas, Mighty Soft, Helga’s, Wonder White, Vogel’s (under licence), Meadow Fresh and Irvines. Our products cover every meal, including breakfast, lunch, dinner and snacks. We produce bread, milk, margarine, flour, dressings, condiments, mayonnaise, frozen pastry, cake mix, pies, savouries, smallgoods, chilled and frozen pizza, desserts, sauces, vinegar and cooking oils.