



**Rory Macleod, Managing Director**

# October 2013

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## **Making Food Better**

We believe that people's needs have moved towards safer, nutrient rich, longer life convenient foods.

All our products have a purpose of bringing value to consumers lives through best nutrition and innovative convenience

# Snapshot

- ASX Listed Company since 1986 (ASX Code: FNP)
- Base in Healthy Foods, initially established as a Soy Beverage Company
- Transformation over last 10 years, through acquisition, significant investment in Specialised niches of the Food Industry
- Significant supportive shareholder in the Perich Group, a large dairy agricultural and land based family enterprise in Australia
- Core management and board have driven the transformation
- Since 2012, earnings materially increased, reflecting sales growth and operational leverage

# freedom FOODS GROUP LIMITED

Freedom Foods



Pactum



Specialty Seafood Brands



A2 Corporation (18.04%)

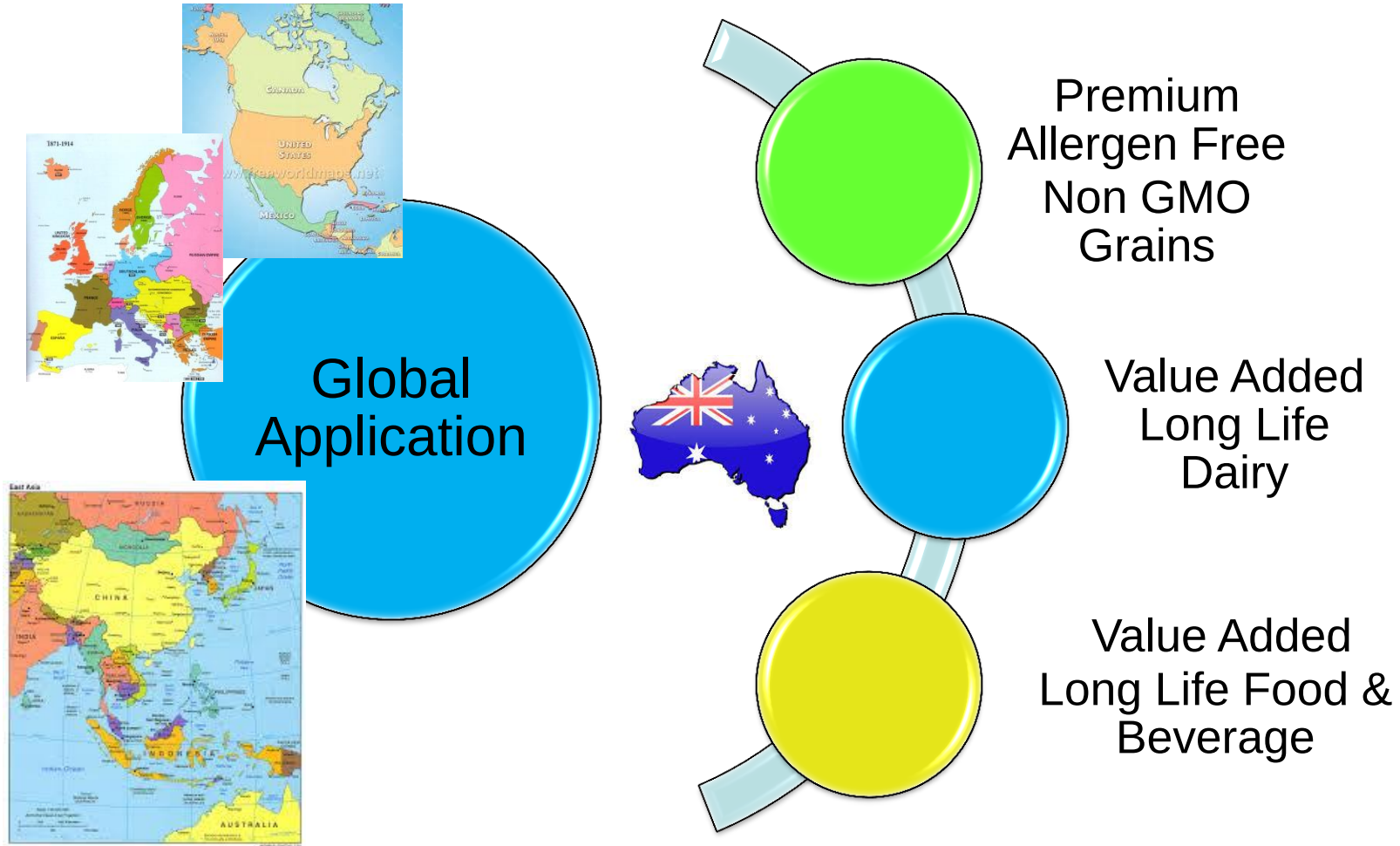


# Key Trends impacting Food Markets

- Premiumisation - Quality, Safety, Non GMO
- Growth in Food Allergies / Demand for Superfoods
- Shifting face of Retail (Premium, Speciality, Mass, Bulk, Online)
  - In US, sales of natural and organic food are expected to continue to grow at a CAGR of 10% from 2011 to 2020 \*
- Transparency – who is making our Food and where does it come from
- Surge in growth in Asian (and South American) Middle Class
  - Quality / Safe Food is Key
- 2050 ! FAO projects a world population of 9.1 billion, requiring significant growth in food production (70 % between 2005/07 and 2050).

\* Source :*Nutrition Business Journal* ,

# Value adding Australian Unique Food Capabilities



# Critical Paddock to Plate Process

## Paddock to Plate, Quality Assurance

WE SEE OUR PRINCIPLES  
INFLUENCING BETTER  
FOOD PRACTISES FOR  
AUSTRALIA & THE WORLD

Source



- Supply Growth
- Contracted
- Premium

Manufacturing



- Lowest Cost
- Best Quality
- Multiple Capability

Branding



- Trusted
- Honest
- Innovative



# freedom

HONEST, NUTRITIOUS & FREE

FOODS

# Freedom Foods

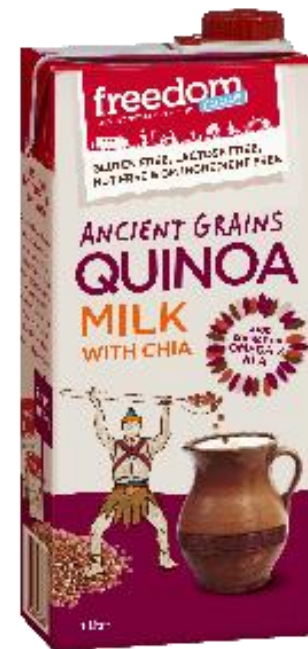
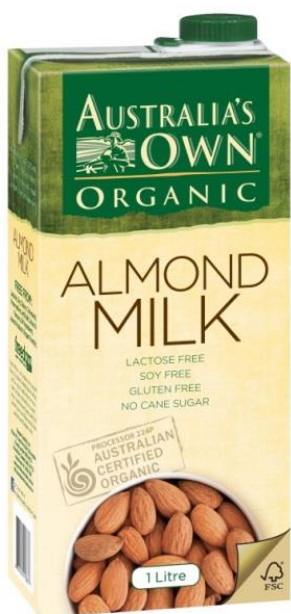
- Healthy Allergen Free / Non GMO Branded Foods
  - Cereals, Cereal Snacks Bars, Industrial products and Non Dairy Beverages
  - Increased range, taste and nutrition
- Established leader in Health Category in Australia
- Strong Retail Focus. Establishing new channels in Food Service, Convenience and Industrial / Ingredient
- Investment in low cost, product capabilities within a scale allergen free dedicated facility (Leeton, Regional NSW)
- Export focussed growth into North America
  - Leverage our unique point of difference (allergen free / non GMO)
  - Expand through Natural Product / Specialty retailers
- Medium term opportunities in UK, Europe and Asia

# Cereal and Snacks

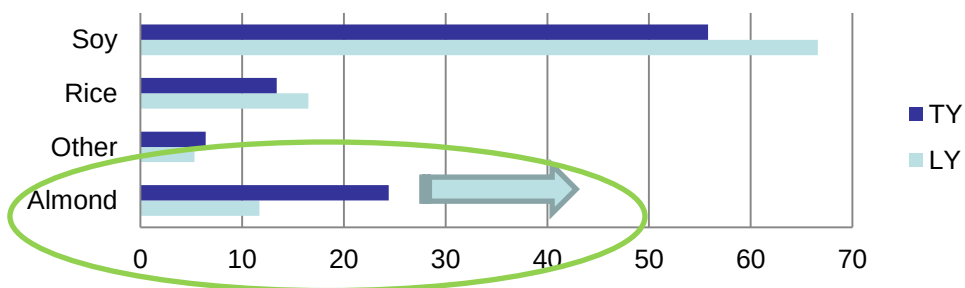


\* Some products in process of Non GMO Certifications

# Non Dairy / Free From Beverages



## Non Dairy Market Australia





# Pactum

REAL SOLUTIONS



## Real Ideas:

From the  
engine room  
of Ideas  
to the capability  
of producing real  
food & beverage  
solutions

# Pactum

- Innovative Solutions in UHT (Long Life) Food & Beverage Products
  - Branded and Private Label Customers
- Leader in Value Added Food & Beverage
  - Non Dairy (Almond, Soy), Breakfast Drinks, Cooking
- Expanding position in Premium Value Added Dairy Milk Products for SE Asia
- Growth from significant expansion of Packaging Capabilities
  - On the go consumption formats (200-350ml, pack formats)
  - Low cost value added dairy facility in Northern Victoria (dairy base)
  - Innovation (not commodity) driven with key strategic customers
  - Capacity for growth (product and volume)
- Australia and SE Asian Focus reflecting demand

## Multiple Format Capabilities\*



## Related Company Products



## Victorian Dairy Facility



## Sydney Value Added Facility







# Specialty Seafood

- Specialty Canned Seafood
- Long established brands Brunswick Sardines and Paramount Salmon
- No 1 Branded Sardines, No 2 in Branded Salmon (Australia & NZ\*), sourced from Atlantic and Alaska (sustainable sources)
- Long term procurement alliance with Bumble Bee Foods of North America, to ensure supply at world best pricing
- Strong retail presence has assisted growth of Freedom Group businesses
- Positioning for driving the business towards value added products reflecting consumer demand for convenience and superior health benefits

\* NZ only Sardines

# Specialty Seafood

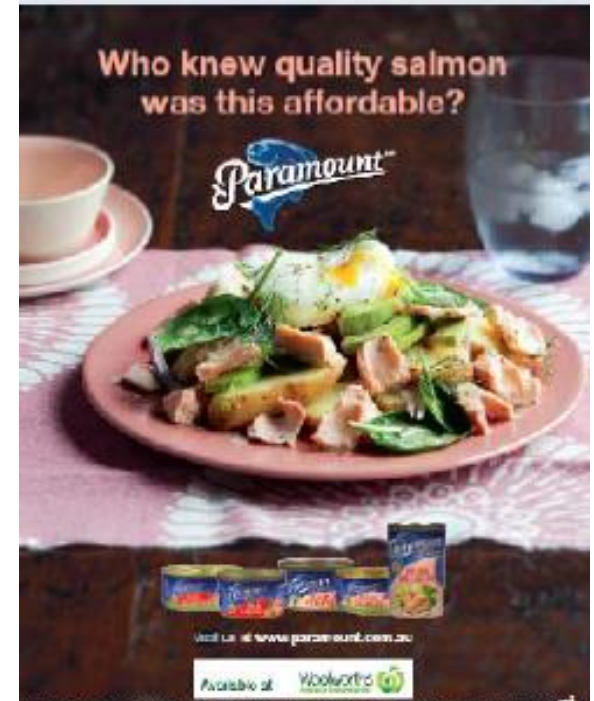
## POSITIVELY GOOD SARDINES

We call it positive eating, that's eating foods that add to our total health, Sardines is one of those nutritious super seafoods.

Did you know that these Sardines are packed full of Omega 3+ High Protein & Vitamin D which are great for activating your joints and keeping your heart healthy



this represents  
your recommended  
daily intake



Feel the difference™



# A2 Corporation – 18.04% Strategic Investment

- A2C is only company engaged in the commercialisation of a2™ brand dairy products globally, based on a comprehensive global suite of intellectual property rights
  - a2milk - natural milk from dairy cows who produce milk with only the A2 variant of the beta casein protein
- a2™ branded milk is the fastest growing milk brand in the Australian market with 8.4% of grocery channel market share by value
- Export Focus
  - UK for Dairy Milk, established in 2012 (1000 Retail Outlets)
  - China entry based on Infant Formula (current distribution), followed by UHT based product formats leveraging infant to toddler
  - Seeking other international market expansion opportunities
- Pactum long term exclusive supply arrangements with A2 for UHT
- FNP's investment valued at around A\$72 million, materially above the book value of approx \$10.0 million.



Source: A2 Corporation Web Site

# Financial Summary – Full Year FY 2013

| 12 months to 30 June                           | 2013    | 2012<br>\$'000 | % Change |
|------------------------------------------------|---------|----------------|----------|
| Gross Sales Revenues (1)                       | 115,516 | 72,556         | +59.2%   |
| Net Sales Revenues (1)                         | 98,718  | 58,134         | +69.8%   |
| EBDITA (Operating) (2)                         | 11,600  | 5,447          | +113.0%  |
| EBITA (Operating) (2)                          | 8,972   | 4,075          | +120.2%  |
| Equity Associates Share of Profit              | 819     | 1,214          | -32.5%   |
| Pre Tax Profit (Operating)                     | 7,524   | 3,476          | +116.5%  |
| Pre Tax Profit (Reported)                      | 18,524  | 3,250          | +470.0%  |
| Net Profit (Operating)                         | 6,351   | 3,305          | +92.2%   |
| Net Profit (Reported)                          | 13,722  | 3,012          | +355.6%  |
| Total Ordinary Dividend (cps)                  | \$0.020 | \$0.010        | +100%    |
| Total CRPS Dividend (cps)                      | \$0.028 | \$0.028        | -        |
| EPS (cents per share)( Fully Diluted for CRPS) | 11.39   | 3.03           | +275.9%  |
| Net Debt / Equity                              | 10%     | 82%            | -87.8%   |
| Net Assets per Share                           | \$0.63  | \$0.49         | +29.6%   |
| Net Tangible Assets per Share                  | \$0.47  | \$0.26         | +75.7%   |



# Recent Capital Raising

- \$30m Raising through Private Placement and Entitlements Issue
- Proceeds will assist funding and provide balance sheet flexibility for new initiatives, including:
  - Leeton Capacity expansion in Cereals and planned investment in new snack bar capability
  - Pactum Investment in Shepparton UHT Site
  - Expansion of Shepparton Filling Capacity into 2015
  - Potential Site expansions to improve efficiencies and provide for capacity growth into 2015
  - Working Capital Growth
- Investment focussed on maximising organic growth and driving improved manufacturing efficiencies at key sites

# Issued Capital and Shareholding Base

- Issued Capital 
  - 146.1m Ordinary Shares
  - 1.06m CRPS (9% Yield) (Buyback rights from Dec 13)
  - 0.6m Options over Ordinary Shares (@\$0.40)
  - 10.0m Employee Options
- Significant change in Register in last 10 months

|    | SHAREHOLDER                     | SHARES     | % INTEREST |
|----|---------------------------------|------------|------------|
| 1  | PERICH GROUP                    | 85,994,594 | 58.86%     |
| 2  | NATIONAL NOMINEES LIMITED       | 9,884,615  | 6.77%      |
| 3  | CITICORP NOMINEES PTY LIMITED   | 8,602,826  | 5.89%      |
| 4  | RBC INVESTOR SERVICES AUSTRALIA | 8,095,485  | 5.54%      |
| 5  | HSBC CUSTODY NOMINEES           | 3,250,305  | 2.22%      |
| 6  | UBS NOMINEES PTY LTD            | 3,071,610  | 2.10%      |
| 7  | J P MORGAN NOMINEES AUSTRALIA L | 2,149,880  | 1.47%      |
| 8  | MIRRABOOKA INVESTMENTS LIMITED  | 2,021,428  | 1.38%      |
| 9  | BNP PARIBAS NOMS PTY LTD        | 1,983,708  | 1.36%      |
| 10 | TELUNAPA PTY LTD                | 974,521    | 0.67%      |

# FFG in Summary

- Market Opportunity
  - Large categories Health/dietary-driven segments growing rapidly.
- Platform for Growth Established
  - Cereals, Snacks, facility, products and brand
  - Pactum growth in customer driven capacity expansion in dairy and value added food and beverage
  - A2 milk, Australian success, growing globally
- High barriers to entry in Freedom 'free from', Pactum UHT and A2
- Geographic exposure growing (Asia and North America)
- Stable, growing, earnings and cashflows on sales revenues
- Proven Management Team and Board

