

Investor Presentation

Review of Half Year Results FY 2014

Rory Macleod
Managing Director



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



Business Units and Investments

Freedom Foods



Pactum



Specialty Seafood Brands



A2 Corporation (17.9%)



Overview of 1st Half FY 2014



Financial Summary – FY 2014

- Operating EBDITA of \$6.8 million, an increase of 64%.
- Net Operating Profit was \$4.2 million, an increase of 98% (against PYP), including an increase in operating income tax expense to \$1.5 million, against a \$280k tax benefit for the prior year period.
- The Company completed a capital raising of \$30m (gross proceeds) at \$2.10 per share from a placement and entitlements offer in September 2013. The capital raising was significantly oversubscribed with strong demand from a broad range of high quality institutional investors and existing shareholders.
- Net Cash and financial assets position at December of \$14.5m compared to net debt of \$7.8m at June 2013, reflecting the exercise of options by shareholders as well as the \$30m capital raising during the period.
- During the period, the Company invested \$5.8m in capital expenditure, \$4.5m in equity associates and repaid debt of \$12.1m.



Financial Summary – Half Year FY 2014

6 months to 31 st December	2013	2012 \$'000	% Change
Gross Sales Revenues (Note)	59,303	55,026	+7.8%
Net Sales Revenues (Note)	51,273	46,757	+9.7%
EBDITA (Operating) (Note)	6,781	4,132	+64.0%
EBITA (Operating) (Note)	5,492	2,847	+92.0%
Equity Associates Share of Profit	450	513	-12.2%
Pre Tax Profit (Operating)	5,742	1,828	+214%
Pre Tax Profit (Reported)	5,562	13,671	-59.0%
Net Profit (Operating)	4,184	2,118	+98%
Net Profit (Reported)	4,004	10,080	-60.0%
Total Ordinary Dividend (cps)	\$0.015	\$0.010	+50.0%
Total CRPS Dividend (cps)	\$0.0135	\$0.0135	-
EPS (cents per share)(Fully Diluted for CRPS)	2.78	10.5	-74%
Net Debt / Equity (including financial assets)	-	28%	-
Net Assets per Share	\$0.77	\$0.55	+39.0%
Net Tangible Assets per Share	\$0.63	\$0.36	+74.0%

Notes:

Gross Sales Revenues does not include revenues from group associate entities, A2 Corporation. Net Sales Revenues in the table above differs from the Appendix 4E, as the above sales includes Pactum sales to Freedom Foods, which is eliminated under consolidation accounting practice, but recognised by the Group as revenue, given the businesses sell at arm's length. Operating EBDITA and EBITA, excludes pre-tax abnormal or non-operating charges with an add back of non cash employee share option expense of \$180k



Freedom Foods

- Continued momentum from FY 2013
- Growth in Cereal volume
 - Market share at 50% of Health Food category, with Category growth of 16.8%*
 - Increasing share of shelf, with focus on category development
 - Increasing US sales (based on allergen free / non GMO claims)
 - Improved Leeton efficiencies, including labour, supply chain and distribution
- Dairy Alternative beverage growth
 - Almond category 27.5%* YTD vs 17.1%* prior year
 - Freedom category share of 54%, from growth in Australia Own Organic and Blue Diamond Almond Milk brands
- Increased senior sales and marketing investment
- Increased Business EBDITA contribution, inclusive of a loss of \$250k from start of North American operations

* Source: Aztec



Pactum

- Innovative Solutions in UHT (Long Life) Food and Beverage Products
- Increasing mix of value added UHT products contributed to improved margins
- Non-dairy production volumes increased during the period to support the growth of the Freedom Foods Australia's Own, Blue Diamond brands and Private Label, in particular focussed on the fast growing almond beverage category.
- Increased sales and marketing investment to support capacity growth
- Increased Business EBDITA contribution



Specialty Seafood

- Brunswick maintained its No 1 Brand leadership position in Australia / New Zealand
- In Salmon, Paramount was impacted by SKU ranging reductions implemented during 2nd half FY 2013
- Impact of these reductions on profitability was reduced through management of promotional spend and improved cost of goods against plan. The business performed broadly in line with previous corresponding period
- The business continued to utilise the procurement power of Bumble Bee Foods of North America, with Bumble Bee securing inventory requirements through priority access to Salmon and Sardine catch volumes.



A2 Corporation – 17.9% Strategic Investment

- a2™ branded milk is the fastest growing milk brand in the Australian market with 8.0% of grocery channel market share by value*.
- A2C launched during the 2013 year a2™ Platinum™ infant formula to consumers in China, Australia and New Zealand.
- New arrangements to accelerate development of the business in the United Kingdom were progressed with acquisition of the UK joint venture completed on 1 January 2014.
- A plan to enter the North American fresh milk market is progressing.
- FNP's 17.9% investment valued at around A\$102 million, materially above the book value of A\$10.4 million.

* A2C, Aztec Data WW, Coles Only



Issued Capital and Shareholding Base

- Issued Capital
 - 149.2m Ordinary Shares
 - 0.1m CRPS (9% Yield) (Buyback rights now available from Dec 13)
 - 8.4m Employee Options
- Growth in Institutional shareholder base during the half, from capital raising and market trading

Rank	Name	24 Feb 14	%IC
1	PERICH GROUP (Arrovest Pty Ltd)	86,000,000	57.61%
2	NATIONAL NOMINEES LIMITED	10,877,710	7.29%
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	10,332,162	6.92%
4	CITICORP NOMINEES PTY LIMITED	8,529,199	5.71%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,117,044	2.09%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,071,863	2.06%
7	BNP PARIBAS NOMS PTY LTD	1,929,651	1.29%
8	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,894,750	1.27%
9	MIRRABOOKA INVESTMENTS LIMITED	1,800,000	1.21%
10	AUST EXECUTOR TRUSTEES SA LTD	1,022,667	0.69%



Looking forward into 2014



Freedom Foods Australasia

- Continued growth in Cereals and Non Dairy Beverage
- Exciting Innovation Pipeline through 2014
 - Cereals – i.e. Active Balance Digestive Launch
 - Non Dairy Beverages - Almond Milk, Liquid Stocks
 - Product format differentiation (convenience, bulk, value)
 - Bar expansion from 2015 (new capability coming on stream August 14)
- Increased senior sales and marketing expertise to drive growth in retail and other channels (convenience, food service, industrial)
- Focus on increasing brand awareness from condition specific to health conscious consumers
- Leeton operations cereal packaging upgrade on time and budget
- Extrusion upgrade on time for June 14





freedom
HONEST, NUTRITIOUS & FREE **FOODS**

Building Australia's most admired health brand



Category Leading Innovation, launch 4th quarter 2014

Fibre and Prebiotics for Digestive Balance

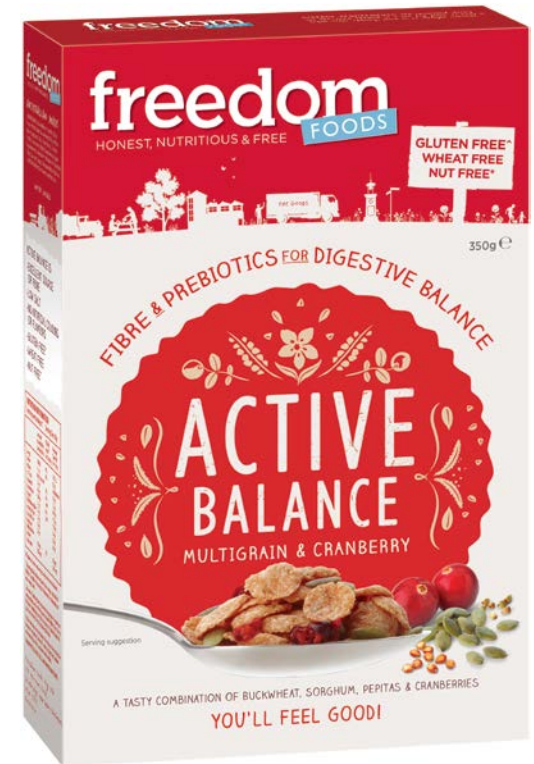


WHAT ARE PREBIOTICS & WHY ARE THEY SO IMPORTANT FOR YOUR BODY?

PREBIOTICS ARE AN
EXTRAORDINARY, NATURALLY
OCCURRING FORM OF FIBRE.

PREBIOTIC FIBRES ARE THE
PERFECT FOOD TO NOURISH
THE GOOD BACTERIA IN YOUR
DIGESTIVE SYSTEM.

INCLUDING PREBIOTICS IN YOUR
DIET HELPS CREATE THE IDEAL
ENVIRONMENT FOR YOUR
DIGESTIVE SYSTEM TO WORK
AT ITS BEST, LEAVING YOU
FEELING GREAT!



New Product Innovation

New Kids Bars, Free From, Great Taste



Oats Extensions



Organic Cereal



Organic Stocks, 25% Less Salt



Health Category expanding as a destination

Freedom driving retailer engagement on Health Floor Space expansion to facilitate Market Growth



Coles and WW expanding Health Food Sections



Freedom Foods North America

- Focus largely on Specialty / Natural Products Retailers, although mainstream conventional grocery chains are engaging more
- Last 5 months establishing business with key distributors, brokers and retailers
- Strong consumer interest in Freedom proposition (allergen free and non GMO)
- New Ranging in excess of 2,000 Stores in 2014



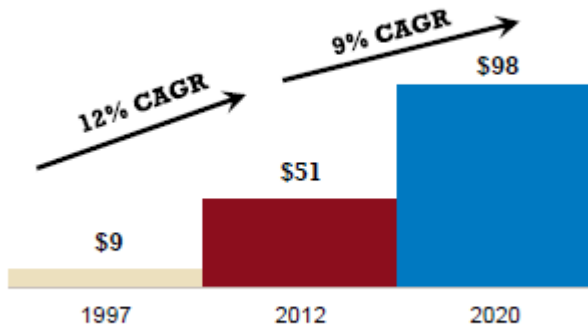
- Sales and marketing resources focussed on driving consumer offtake within expanding retail distribution



Presence in Market

Strong Market Opportunity¹

\$600B U.S. Supermarket Industry



Natural & Organic Sales Projected to Grow by 9% Annually Through 2020

Source: Sprouts



FREE FROM

G
GLUTEN

N
NUTS*

W
WHEAT

D
DAIRY

E
EGGS

F
FRUCTOSE

S
SOY

Y
YEAST

GM
GEN/MOD



Pactum

- Strong growth in Non Dairy Beverages, particularly Almond
- Dairy milk volumes transferring to Shepparton in 2nd half
- Exciting Innovation Pipeline into 2014
 - Non Dairy Beverages
 - New capabilities in Prisma 250ml and Dreamcap 330ml from June 14
 - Trial launch of Shenzhen JLL product
- Increased sales & marketing resources to drive growth
- Business reviewing options for increased value added capacity / formats in medium term including improved warehousing / distribution efficiencies
- Other Aseptic format opportunities being reviewed

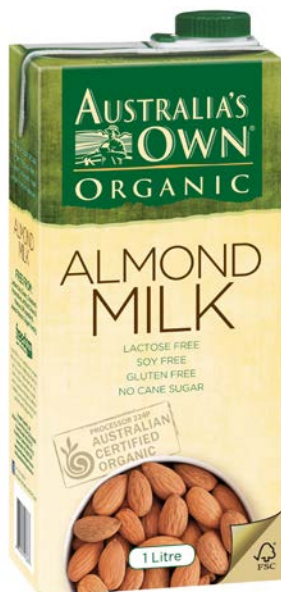


Growth in Non Dairy and Convenience

Pactum 
REAL SOLUTIONS

UHT Food & Beverages

Prisma, Dreamcap
(from July 14)



Gluten and Lactose Free
Kids Milk Snacks

NO ADDED SUGAR
WITH VITAMIN D
CALCIUM
PROTEIN
SCHOOL SAFE

Naturally Delicious
School Snack



Pactum – Shepparton Dairy UHT

- Shepparton commissioning trials commenced in December 2013
- Constructed in 9 months, with the project materially on budget
- Business volumes into 2014 well advanced on 3 Year Business Plan
 - Strong Asian demand for 1 Litre
 - Initial 250ml Portion Pack volume under commitment
 - Major Strategic customers secured for Portion Pack
 - A2 for Australia, China and SE Asia
 - Shenzhen JLL (Tao Group) for China (inc Licence of AO brand)
- Additional capacity on stream from June 14, further filling equipment into 2015
- Business reviewing incremental warehousing and logistics capability at site
- Reviewing customer driven opportunities to vertically integrate into value added dairy activities



Shepparton Site





Pactum
REAL SOLUTIONS



UHT
Dairy

Our Products 产品类型



Dairy
Milk
牛奶



Lactose
Free
无乳糖牛奶



Flavoured
Milk
调味奶



Fortified
Milk
营养加强奶

Packaging Formats 包装形式



Tetra Drink Steril
1000 ml



Tetra Drink Steril
250 ml



Tetra Drink Steril
200 ml



Tetra Drink Steril
200 ml with
Chopped Cap



Tetra Drink Steril
250 ml

Your Label 客户自有品牌



Your
Brand
您的品牌

Our Capability 我们的能力



State of the
art facilities
先进的设备



R&D centre
研发中心



Quality control
质量控制



Specialty Seafood

- Continue to drive established brands Brunswick Sardines and Paramount Salmon
- Salmon catch (2013) inventory secured for sales into 2014
- Positioning for driving the business towards value added products reflecting consumer demand for convenience and superior health benefits
- Revitalised packaging for the Brunswick and Paramount Brands to launch into 2014



Evolution of Seafood Packaging



A2 Corporation – 17.9% Strategic Investment

- A2C strategy remains focussed on a number of key initiatives
 - Further develop the strong suite of IP and uniqueness of a2® brand products
 - Further grow the Australian fresh milk business and increase activities in NZ
 - Accelerate investment in the UK fresh milk business (100% owned)
 - Accelerate investment in the China infant nutrition business
 - Prioritise new product and market growth options standalone or with partners.
As part of this A2C is actively assessing options to enter North America

Source: A2 Corporation

- FNP is supportive of A2C in delivering its strategy and will actively support its UHT requirements in Australia and Asia. While FNP intends to maintain a strategic shareholding in the medium term, it will retain the option to realise capital from the investment to support growth opportunities.





Financial Outlook

- Overall Business performing to plan
- Expectation of further growth in Operating EBDITA in 2nd half FY 14
 - 2nd half has a stronger business seasonality
 - Operating efficiencies flowing from packaging upgrade at Leeton in 2nd half
- Pactum Dairy Shepparton (PDG) contributing in FY 15
- Growth from capital investment program to impact FY 15 and FY 16
- Capital raisings have provided significant balance sheet flexibility to fund organic growth and pursue strategic opportunities as they arise.



Questions



MAKING FOOD BETTER

