

Freedom Foods Group Limited

Equity Raising Presentation
October 2015

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Managing Director



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Contents

- Executive Summary
- Details of Equity Raising
- Equity Raising Indicative Timetable
- Transaction Highlights
- Appendices
 - Appendix A - Key Risks
 - Appendix B - Foreign Selling Restrictions



Executive Summary

\$65 million Equity Raising	- Freedom Foods Group Limited ("Freedom Foods") is raising approximately \$65 million (the "Equity Raising") through: - a 4 for 33 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") to eligible shareholders at \$2.85 per share to raise approximately \$53 million; and - an institutional placement ("Placement") of approximately 4.2 million new fully paid ordinary shares ("New Shares") at \$2.85 per share to raise approximately \$12.0 million - The Equity Raising is supported by cornerstone investor Arrovest Pty Limited (a Perich Group company) ("Arrovest"), which has committed to take up its full allocation under the Entitlement Offer - The equity raising will not be underwritten
Strong pipeline of capital investments and acquisitions	- Proceeds from the Equity Raising will be used to fund the Company's growth strategy including: - acquisition of Oat based Cereal and Snacks manufacturer, Popina Foods; - the construction of a new UHT processing facility at Ingleburn in South West Sydney; and - to provide additional balance sheet flexibility for future growth opportunities. - In FY 2015, Freedom Foods invested \$49.6 million in capital expenditure and drew down financing facilities of \$43.1 million. Total Borrowings at 30 June 2015 were \$52.9 million
Sale of a2MC shares	- Freedom Foods has sold 42.5 million shares in The a2 Milk Company Limited ("a2MC") at a price of NZ\$0.73 in an on-market trade, generating approximate net proceeds of A\$28 million - Freedom Foods retains a holding of 75.2 million shares in a2MC shares, or 10.4%¹ of total a2MC shares on issue post their recent placement and share purchase plan - The Company's current intention is to maintain a strategic stake in a2MC, while continuing to provide the a2MC with production capabilities and milk supply through its group and associated entities

¹ Note: based on calculated fully diluted shares in a2MC including placement shares, SPP shares and existing partly paid shares



Details of Equity Raising

The Equity Raising comprises a \$53 million accelerated non-renounceable pro-rata entitlement offer and a \$12 million institutional placement

Entitlement Offer	4 for 33 accelerated non-renounceable pro-rata entitlement offer ("Entitlement Offer") to raise approximately \$53 million
Placement	Placement to eligible institutional investors to raise approximately \$12 million
Dividend eligibility and ranking	- All new Freedom Foods shares issued under the Entitlement Offer and Institutional Placement will rank equally in all respects with existing ordinary shares from the date of issue, except they will not be entitled to receive the dividend of \$0.015 per share announced in August 2015 ("ex div" of 29 October 2015 and payment date of 30 November 2015) - New Freedom Foods shares will trade under the ASX code FNP 2015
Offer price and discount	The Placement and Entitlement Offer will be conducted at an offer price of \$2.85 per New Share, representing a 2.5% discount to average share price of Freedom Foods over the past 30 days¹ (average price is for cum-dividend stock, but the stock being offered will not be entitled to the dividend paid on 30 November 2015)
Major shareholder commitment	- Freedom Foods's largest shareholder, Arrovest Pty Limited (a Perich group company) ("Arrovest"), which holds 56.2% of ordinary shares on issue, has committed to take up its full allocation under the Entitlement Offer - Arrovest will not be participating in the Placement
Retail Offer Booklet	Further details on the Entitlement Offer can be found in the Retail Offer Booklet to be dispatched to eligible Freedom Foods shareholders

¹ Note: based on average closing prices for 30 days to 20 October 2015.

Equity Raising Indicative Timetable

Indicative Equity Raising Key Dates	
Trading halt and open Placement and Institutional Entitlement Offer	Wednesday 21 st October 2015
Close Placement and Institutional Entitlement Offer	Wednesday 21 st October 2015
Resume trading, announce results of Placement and Institutional Entitlement Offer	Friday 23 rd October 2015
Record Date for Entitlement Offer (7.00pm, Sydney time)	Monday 26 th October 2015
Lodgement of Retail Offer Booklet with ASX and dispatch to Shareholders	Wednesday 28 th October 2015
Retail Entitlement Offer opens	Wednesday 28 th October 2015
Placement and Institutional Entitlement Offer settlement	Monday 2 nd November 2015
Allotment and quotation of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday 3 rd November 2015
Retail Entitlement Offer closes	Monday 9 th November 2015
Issue of New Shares under the Retail Entitlement Offer	Monday 16 th November 2015
New Shares under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	Tuesday 17 th November 2015

Note: These dates, along with any other dates noted in this announcement, are indicative and subject to change. All dates and times refer to Sydney, Australia time. Freedom Foods reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX listing Rules and other applicable laws. In particular, Freedom Foods reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation and trading of New Shares is subject to confirmation from the ASX.



Transaction Highlights

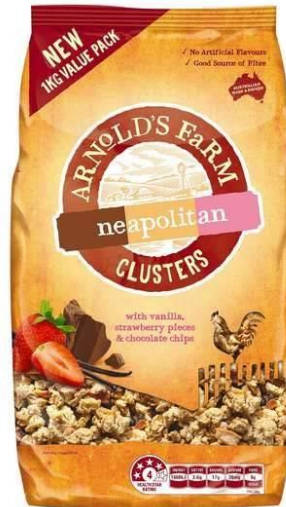
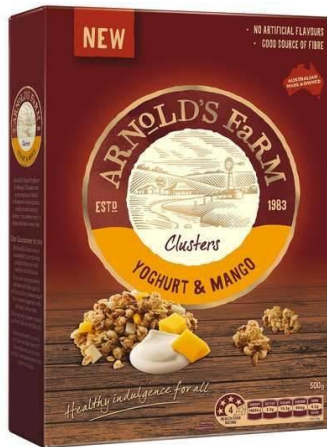


Popina Foods Acquisition

- Freedom Foods has entered into a binding agreement to acquire Popina Foods, an Australian based major manufacturer of Oat based Cereal and Snacks
- Oats is an expanding consumer preference in Australia and Asia
- Popina has a 30 year operating history with a strong track record of growth
- Popina is a recognised leader in cluster format Cereals and snacks in Australia, with manufacturing operations based in a 10,500 sqm facility in Dandenong, Victoria
- Popina is a strong whole of category supplier, with +25% of sales from its proprietary brands (Arnold's Farm and Goodness Superfoods) and balance from a range of leading 3rd party brands and retailers in Australia and Asia
- Transaction Parameters
 - Total Sales Revenue in excess of \$50 million and profitable
 - Acquisition consideration of approximately \$35 million (total enterprise value), subject to closing conditions
 - Implied EBDITA multiple of 7-8 times annualised earnings under Freedom Foods



Popina, proprietary and third party brands production consistent with the Freedom business model



Supporting
a range of
leading 3rd
party brands
and retailers in
Australia and
Asia



Popina Foods – Opportunity for Freedom Foods

- Demand for Oat based Cereal products (including Cluster, Granola's and related snacks) is expected to grow, reflecting increasing consumer awareness of the health benefits of Oats, improved product format and growing demand for Oat based Cereals in Asian markets
- Popina Foods capability will enable Freedom to expand its brand and category segment offering, including in Australia and into Asia
- The acquisition will position Freedom as a leading Australian owned Cereal and Cereal snacks manufacturer, with dual manufacturing capability in both Allergen free and broad nut based capabilities, with further integration opportunities across its milling and ingredients operations
- Planned near term capacity expansion will support export development, as well as existing key customer growth requirements
- The acquisition is expected to be accretive to earnings in its first full year of operation and is expected to provide operational efficiencies in the medium term



New UHT facility Ingleburn Sydney

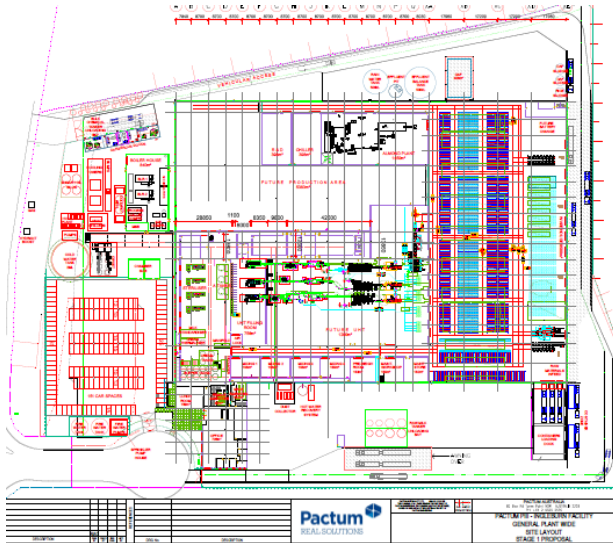
- Existing non dairy capabilities are constrained at Taren Point, restricting growth and financial returns
- Ingleburn to provide increased capacities to drive growth in Liquids categories
 - Non Dairy
 - Value Added Dairy
- Lowest Cost / Efficient Operations
 - Best in class processing, long runs
 - Automated filling and packaging
 - Integrated warehousing and distribution (medium-term fully robotised)
- Warehouse Stage delivered by June 2016
 - Material savings and efficiencies
- Processing Stage delivered by June 2017
 - Material capacity increase for growth with associated efficiency benefits from latest technology



Site (North West end)



Site (North East end)



a2 Milk Company Limited

- Freedom Foods today confirms the sale of 42.5 million shares in The a2 Milk Company Limited ("a2MC") at a price of NZ\$0.73 in an on-market trade, generating approximate net proceeds of A\$28 million
- Net proceeds will be invested into income producing assets consistent with Freedom Food's growth strategy
- Freedom Foods retains a holding of 75.2 million shares in a2MC shares, or 10.4%¹ of total a2MC shares on issue post their recent placement and share purchase plan
- Freedom Foods current intention is to maintain a strategic stake in a2MC, while continuing to provide a2MC with production capabilities and milk supply through its group and associated entities

¹ Note: based on calculated fully diluted shares in a2MC including placement shares, SPP shares and existing partly paid shares



Appendix A

Key Risks



Key Risks

A number of risks and uncertainties, which are both specific to Freedom Foods and of a more general nature, may affect the future operating and financial performance of Freedom Foods and the value of its shares. While some common risk factors are set out below, it is not possible to produce an exhaustive list. You should carefully consider the following risk factors, as well as the other information provided by Freedom Foods in connection with the Equity Raising, and consult your financial and legal advisers before deciding whether to invest. The risks and uncertainties described below are not the only ones facing Freedom Foods. Additional risks and uncertainties that Freedom Foods is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Freedom Foods's operating and financial performance.

Specific risks that affect Freedom Foods

Investors should be aware of the risks associated with an investment in Freedom Foods. In particular, prospective investors should consider the following, which is not intended to be an exhaustive list.

Competition

- Freedom Foods and its associate entities operate in a competitive market environment. There can be no guarantees that the competitive environment in which Freedom Foods and its associate entities currently operate will remain the same. New entrants, a material adverse change to the competitive environment or new initiatives implemented by competitors may have a material impact on the operating and financial performance of Freedom Foods and its associate entities.

Product liability and compliance

- Freedom Foods and its associate entities have procedures and policies in place to ensure compliance with the Australian and New Zealand Food Standards and to ensure Freedom Foods's products are free from contamination. Contamination, or an extortion threat on the basis of an alleged or actual contamination, of one of Freedom Food's and its associate entities' products, may lead to business interruption, product recalls or liabilities to consumers. While Freedom Foods maintains insurance cover with respect to a certain number of these risks, Freedom Foods and its associate entities may not be able to enforce its rights in respect of these policies. If Freedom Foods and its associate entities do recover an amount under their insurance policies for loss suffered, it may not be sufficient to offset any damage to the financial condition, reputation or prospects of Freedom Foods and its associate entities caused by the contamination or extortion threat. Product contamination or an extortion threat may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.
- Failure to comply with Australian and New Zealand Food Standards or other laws and regulations governing the manufacturing and sale of food could result in revocation of licences or registrations Freedom Foods and its associate entities require in order to conduct their business. This may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

De listing of a significant number of product lines by a major customer

- The Freedom Foods business units have strong relationships with major retail customers that make it unlikely that they will be delisted entirely as a supplier. While each of the business brands have established major segment positions that is being actively supported by their retailer customers, there is a risk that certain product lines may be delisted due to retailer strategy, competitive pressure or perceived underperformance. The business has an active process of reviewing and upgrading product lines to assist their competitive position.

Consumer preferences and perceptions

- Freedom Foods and its associate entities' business may be affected by changes in consumer tastes, international, national, regional and local economic conditions and demographic trends. There could be a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities if health or dietary preferences cause consumers to avoid Freedom Foods and its associate entities' products in favour of alternative products.

Key Risks (Cont.)

Reputation and brand names

- The success of Freedom Foods and its associate entities is highly reliant on its reputation and branding. Any factors or unforeseen issues or events that diminish Freedom Foods and its associate entities' reputation or brand names may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

New products and innovations

- Some of the new products or brands which Freedom Foods and its associate entities may launch in the future and upon which Freedom Foods proposes to develop its business, may not be successful. This may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities. There is also a risk that certain new products that Freedom Foods and its associate entities may introduce will be competitively inferior to similar products manufactured and sold by competitors. In addition, there may be technological or product innovations in the future which may impact on the perceived benefits of Freedom Foods and its associate entities' products which may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

Finished goods and raw material price changes

- While a number of the finished goods and raw materials purchases by Freedom Foods are subject to continual price movement, Freedom Foods purchases these items on forward contracts, which typically provide cover for periods between 3 and 6 months ahead depending on the nature of the product. These periods may not provide management and the business adequate time to pass price increases on to the customer through retail pricing or re shape the product to maintain margins.

Freedom Foods's growth strategies may not achieve their objectives

- Freedom Foods has identified a number of growth strategies to continue to drive margin improvements and sales growth. There is a risk that the implementation of Freedom Foods's growth strategies could be subject to delays or cost overruns and there is no guarantee that these initiatives and strategies will generate the full benefits anticipated or result in sales growth. Any delay in implementation, failure to successfully implement, or unintended consequences or implementing any or all of Freedom Foods's turnaround initiatives and growth strategies may have an adverse effect on Freedom Foods's future financial performance.

Relationships with suppliers

- Freedom Foods and its associate entities have a number of important arrangements with key suppliers, including co manufacturers for supply of seafood, certain Freedom Foods products not able to be produced at Leeton and A2 dairy milk. If Freedom Foods and its associate entities' relationships with any of these suppliers deteriorates or the supplier ceases trading for any reason and Freedom Foods and its associate entities' inventory is depleted, Freedom Foods and its associate entities may not be able to source alternative products or raw materials immediately or only on less favourable terms. Any event that results in Freedom Foods and its associate entities incurring higher costs from suppliers that cannot be passed on to the consumer may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.



Key Risks (Cont.)

Insurance

- Freedom Foods and its associate entities have in place insurance which it considers appropriate to its circumstances. However, not all material risks associated with Freedom Foods and its associated entities' business have been insured, as the relevant insurance may not be available or on terms which the Directors consider appropriate. In addition, no assurance can be given that Freedom Foods and its associate entities' insurance will be available in the future on reasonable terms or will provide adequate coverage against claims made. If Freedom Foods and its associate entities incur uninsured losses or liabilities, this may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

Intellectual property

- Freedom Foods and its associate entities maintain trade mark registrations in more than 5 jurisdictions around the world, which provide the legal underpinning for Freedom Foods and its associate entities' brands. Freedom Foods and its associate entities' trademarks and other intellectual property rights including rights to patents by a2MC (10.4% equity associate) in relation to the marketing and distribution of a2MC, are important to Freedom Foods and its associate entities' ongoing success and competitive position. If the actions taken to establish and protect Freedom Foods and its associate entities' trademarks and other intellectual property rights are not adequate to prevent product imitation or to prevent others from seeking to block sales of Freedom Foods and its associate entities' products, it may be necessary for Freedom Foods and its associate entities to initiate or enter into litigation in the future to enforce Freedom Foods and its associate entities' trade mark rights or to defend against claims of infringement. Any legal proceedings could result in an adverse determination, which may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

Environmental risk

- Freedom Foods and its associate entities' operations are subject to environmental laws and regulations. Freedom Foods and its associate entities could incur material costs in order to comply with those laws and regulations, or as a consequence of a breach of those laws and regulations. Such costs could arise due to the historic operations and activities of others conducted on a site owned or operated by Freedom Foods and its associate entities. Those costs may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities. In addition, changes to environmental laws and regulations may have a material adverse impact on the operating and financial performance of Freedom Foods and its associate entities.

Key personnel risk

- In common with many businesses, the success of Freedom Foods, will, to a significant extent, be dependent on the expertise and experience of the Managing Director and other senior management, the loss of one or more of whom could have a material adverse effect on Freedom Foods. Whilst Freedom Foods has entered into service agreements with the Managing Director and other senior management and they are shareholders, the retention of their services cannot be guaranteed.

Banking facilities

- There are certain conditions attaching to Freedom Foods existing bank facility which will determine the extent of the facility available to Freedom Foods. If those conditions are not met, Freedom Foods may not have available funds sufficient to enable it to conduct business in the manner envisaged. Freedom Foods has established bank facilities comprising equipment finance, trade facilities and debtor finance facilities inclusive, secured by first registered mortgage over all the groups' property, excluding items discharged under an equipment finance arrangement with NAB. The trade and debtor finance facilities are subject to annual review.



Key Risks (Cont.)

Taxation implications

- Future changes in taxation law in Australia, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Freedom Foods securities, or the holding or disposal of those securities. Further, changes in taxation law, or to the way taxation law is interpreted in the various jurisdictions in which Freedom Foods operates, may impact Freedom Foods future tax liabilities.

Credit risk

- Credit market conditions and the operating performance of Freedom Foods will affect borrowing costs as well as Freedom Foods capacity to repay, refinance and increase its debt.

General risks relating to equity investments and markets

- Investors should be aware that there are risks associated with any investment listed on the ASX. The value of Shares may rise above or fall below the Equity Raising price, depending on the financial condition and operating performance of Freedom Foods. Further, the price at which Shares trade on ASX may be affected by a number of factors unrelated to the financial and operating performance of Freedom Foods and over which Freedom Foods and its directors have no control. These external factors include:
 - economic conditions in Australia and overseas;
 - investor sentiment in the domestic and international stock markets;
 - changes in fiscal, monetary, regulatory and other government policies; and
 - geo-political conditions such as acts or threats of terrorism or military conflicts
- Investors should note that the historic share price performance of Shares provides no guidance as to its future share price performance.



Appendix B

Foreign Selling Restrictions



Foreign Selling Restrictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("**New Shares**") of Freedom Foods in any jurisdiction in which it would be unlawful. This document may not be distributed to any persons and the New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**").

The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of Freedom Foods with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the Entitlement Offer, the New Shares may not be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency;
- subscribes, or has subscribed, for securities that have a minimum amount payable of at least NZ\$750,000.

Hong Kong

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No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.



Foreign Selling Restrictions (Cont.)

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United Kingdom

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