

# Freedom Foods Group Limited

## Managing Director & CEO AGM Presentation 24<sup>th</sup> November 2016



# Agenda

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Chairman's Address

Managing Director & CEO's Address

Video of 2016 Highlights

MD Presentation on FY 2017 Developments

New Product Development

Questions

Formal Meeting Requirements

# Introduction



# Our Mission Statement



A stamp of quality to go on all the company owned products. Freedom Foods stands for the healthy alternative to mainstream retail brands.

## **Freedom Foods Makes Food Better**

- From paddock to plate
- With investment in better technology Food & Technical
  - Innovation targeting better for you & great taste
  - Less ingredients, cleaner products, allergen free
- On trend: Low salt, low sugar, whole grains & Fresher

# Our Company

*Strategically well positioned to build scale in key food & beverage platforms with long term sales and earnings growth from Australia and other key international markets*

## Category Platforms

Plant Based Beverages  
Dairy (Beverages & Nutritionals)  
Specialty Cereal and Snacks

## Markets

Australia / NZ  
China, South East Asia  
North America

## Category Brands

Freedom Foods  
Australia's Own

# A Truly Unique Capability Targeting Diverse Categories



# Significant Investment in Food and Beverage Manufacturing Capability





# New UHT Facility at Ingleburn, South West Sydney

*Largest Investor in UHT Technology and Capacity in Australia*

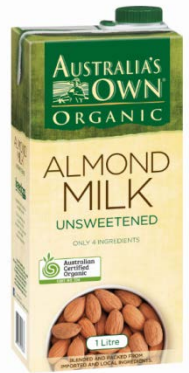




# New UHT Facility at Ingleburn, South West Sydney

## *Largest Investor in UHT Technology and Capacity in Australia*

- Long Term Infrastructure to provide for 300m Litres Capacity
  - Plant based beverages, Premium Milk beverages
- Starting to come on stream from April 2017
  - 100% of production transferred from Taren Point by Sept 17
- Installed Capacity for up to 180m Litres per annum
  - Traditional “Tetra” Carton Board Packaging Formats
  - New UHT and ESL Plastic Bottle Packaging Capability
    - October 2017
  - Lower cost, efficiency and integrated warehouse and distribution



# New Capacity at Shepparton

*Largest Investor in UHT Technology and Capacity in Australia*



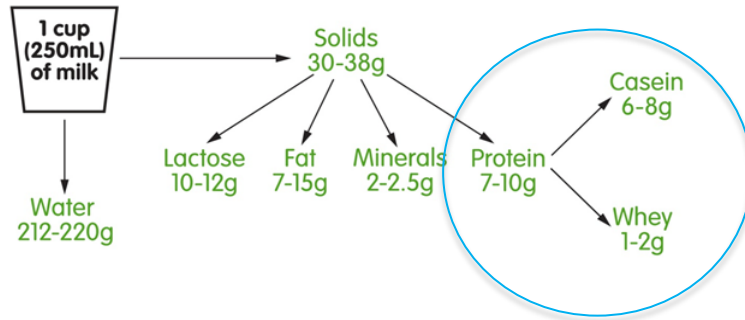
# UHT Facility at Shepparton, Victoria

## *Largest Investor in UHT Technology and Capacity in Australia*

- Established in April 2014
- Growing demand (domestic and export) with monthly Volumes averaging 9m Litres from November, with further growth into 2017
- Additional processing and packaging upgrades from 1<sup>st</sup> quarter 2017
- With large base dairy volume established, focus is on driving the business towards specialty and high value added products
  - UHT Cream (whipping, pouring)
  - Ambient Drinking Yogurt
  - High Protein products



# Building Capability in Specialty Protein Solutions



- Major milk proteins are unique to milk. Milk proteins are valuable as they have appropriate amino acid composition for growth & development
- Build capability in Highest Purity Specialty Proteins for Value Added Food & Beverage Solutions
- Utilise processing and packaging capabilities
- Capability on-stream from early 2018
- Potential for acquisition opportunities in core categories

## Internalise Existing Protein Requirements



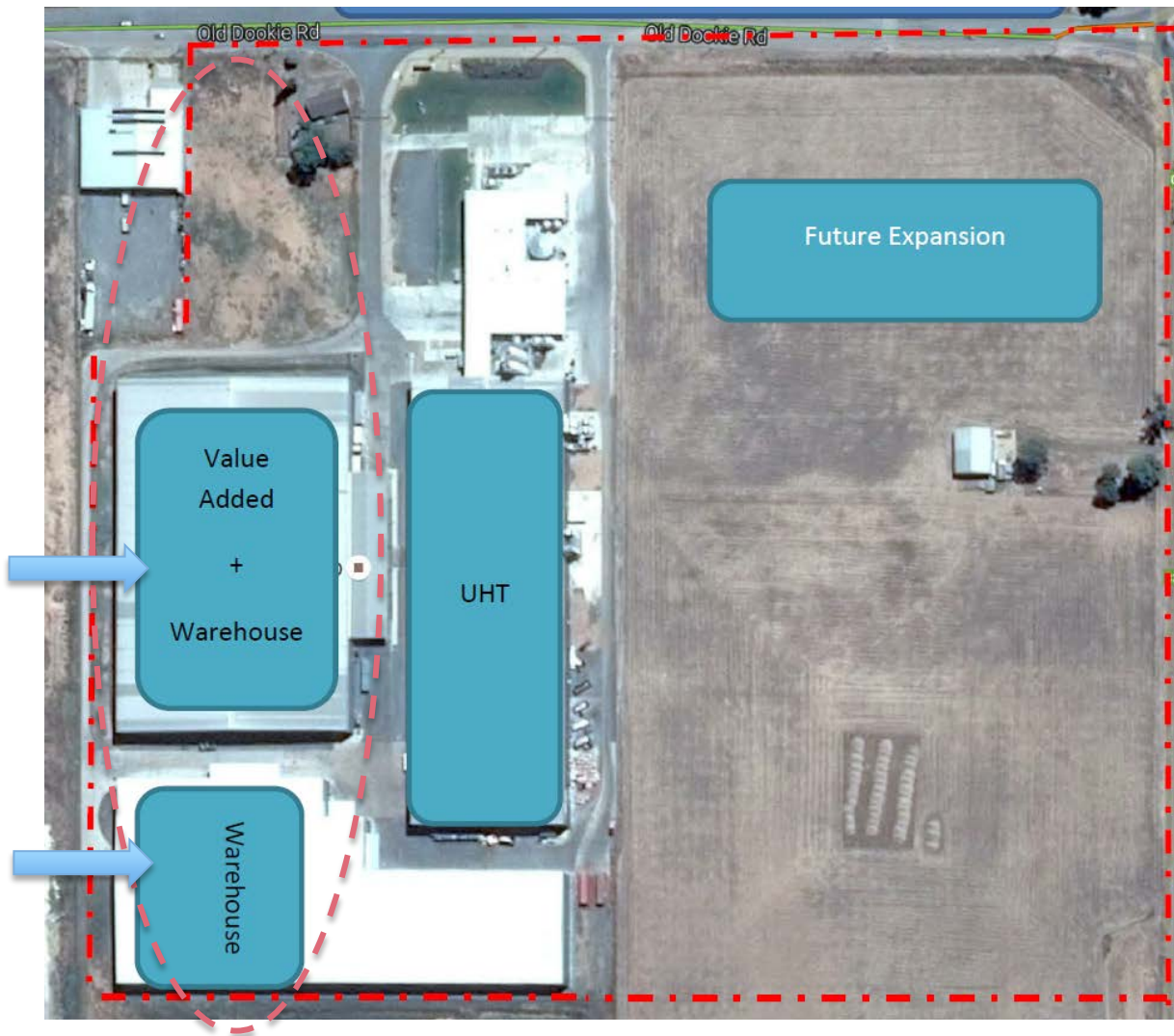
## Build into New Formats and Categories



Current market examples, not made by the Company



# Additional Infrastructure at Shepparton



- Company now owns or leases (long term lease) all of the land and building infrastructure at the Shepparton site
- In house warehousing capacity has come on stream from November 2016
- Expanded facilities provide for fast tracking additional production capabilities

# New Oats Processing capability at Dandenong

*Building capacity to drive Australian and Export (China and SE Asia) Demand*



New Oven and In Feed





# Significant and Unique Manufacturing Capabilities

*Approx \$220m of capital expenditure either in progress (Ingleburn, Dandenong, Shepparton) or in early stages of utilisation (between 1-2 years)*  
*Post 2018, a capability with replacement cost estimated at +\$450 Million \**



\* Management Estimate



# Building New Channels and Markets



# Strategic Platform Established

*The Cereal, Snack and Milling business is now strategically positioned to build a significant growth platform in multiple products, channels and distribution*



Allergen Free Cereal & Snacks  
Leeton Manufacturing Facility



Oat based Cereal & Snacks  
Dandenong Manufacturing Facility

Darlington Point Milling Facility

# Branded Portfolio – Australia

*Number 1 Health Food Cereal Brand with +40% Market Share and Growing*





# Execution of dynamic & on trend innovation

+10 new products launched in FY17 in a retailer reduced range environment



New Cereal & Snacking range on shelf in Woolworths & Coles stores now

# Building presence in value added cereal in Breakfast category

Leveraging Arnold's Farm to fill a gap in the Oats & Muesli segment in the Breakfast category exclusively in Woolworths with +14% share



Arnold's Farm on shelf in Woolworths stores



# Food Service

*Building New Channels Through Innovation in Coffee Milk Application  
→ Strong Brand Recognition and Sales Achieved within this Higher Margin Channel*

THE **WORLD'S FIRST** MILK BRAND ESPECIALLY DESIGNED  
FOR USE WITH **ESPRESSO** BASED COFFEE



DAIRY



LACTOSE FREE



ALMOND



SOY



COCONUT



# Expansion of packaging capability to drive innovation

Expanding plant based beverages into the chiller for increased convenience & to directly compete with dairy



In Woolworths stores 1<sup>st</sup> of November



# Australia's Own for China....A Premium Dairy Platform

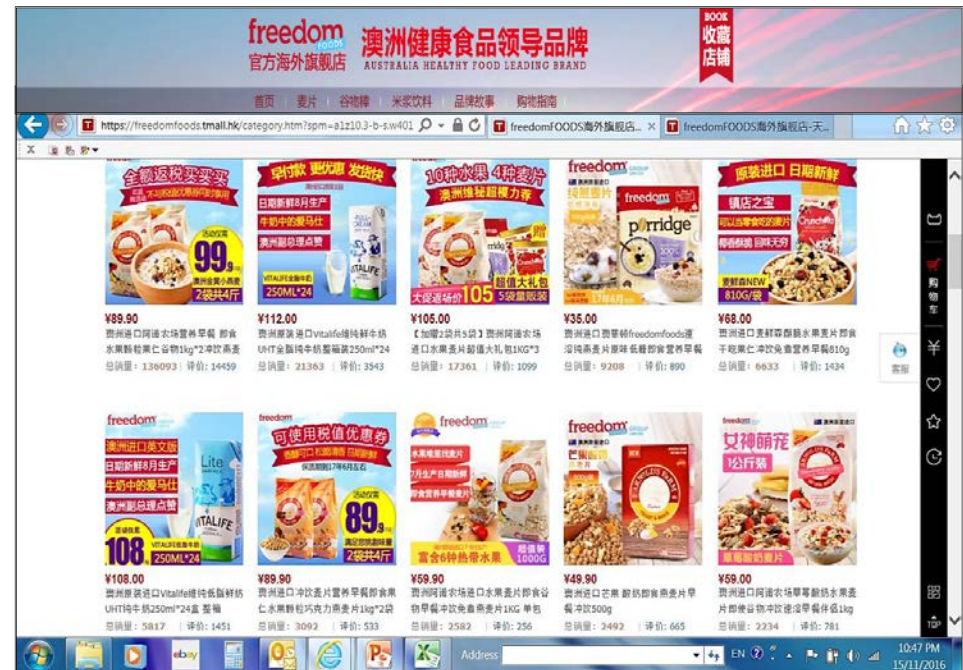
*Continued Strong Growth Trajectory through 2016 making it the Largest Imported Kid's Milk Brand in China*





# Cereal in China, market expected to accelerate in China

*“Arnold’s Farm” brand was the No. 1 Cereal Product on Tmall International during the CNY promotional period and one of the Top 3 selling products in Tmall*



# Building Online Channel for Cereals

行业粒度 累计值

最近1天 (2016-11-11~2016-11-11) 咖啡/麦片/...品>冲饮麦片 所有终端 全网

热销商品榜 流量商品榜 热销店铺榜 流量店铺榜

请输入店铺名称 搜索

热销排名	店铺名称	信用等级	交易指数	交易增长幅度	支付转化率指数	操作
1	qqc海外旗舰店	天猫 TMALL.COM	534,200	↑36314.34%	655	查看详情
2	seamild西麦旗舰店	天猫 TMALL.COM	495,093	↑32371.84%	757	查看详情
3	quaker桂格旗舰店	天猫 TMALL.COM	398,400	↑15683.21%	536	查看详情
4	freedomFOODS海外旗舰店	天猫 TMALL.COM	360,066	↑19509.48%	568	查看详情
5	Sainsbury's官方海外旗舰店	天猫 TMALL.COM	347,557	↑92812.53%	367	查看详情
6	老婆大人进口食品店	天猫 TMALL.COM	336,122	↑>99999%	429	查看详情
7	天猫国际海外直营	天猫 TMALL.COM	293,708	↑>99999%	565	查看详情
8	Metcash官方海外旗舰店	天猫 TMALL.COM	274,695	↑>99999%	813	查看详情
9	桥本贸易海外专营店	天猫 TMALL.COM	267,793	↑9738.29%	412	查看详情
10	家乐氏食品官方旗舰店	天猫 TMALL.COM	258,564	↑94605.85%	803	查看详情

- No 4 Ranked on Tmall in Cereal Category on 11/11
- Significant achievement against well credentialed and established players in China
  - Seamild, Quaker and Calibee
- 11/11 sales equal to 66% of 3 week promotion in Chinese New Year

# So Natural and Vitalife

## Company Brands Building Through Online Channels into China



- So Natural Dairy Milk No 1 imported dairy milk brand on JD Worldwide (cross border channel)
- So Natural brand building beyond dairy into Cereals and related products
- So Natural Muesli one of 10 Special “best in class” food products promoted by JD.



# Access to Value Added Supply Chain – Dairy Milk

*Collectively the combined Moxey Farm and Perich Group's Leppington Pastoral Company dairy milk production is the largest dairy milking operation in Australia*



- Specialty Milk Streams
  - A2, High Protein, Organic
- Best in Class Quality for Premium Dairy Products
- Scalable to build additional capability to supplement processing base in Australia



# Freedom Farmers

*Aiming to be a fully integrated paddock to plate provider to ensure full quality control of our supply chain*



Harvesting in 2017

Maize (Corn)  
Sorghum  
Buckwheat  
Oats



# Darlington Point Mill (DP Mill)

*Largest supplier of popping corn in Australia with over 40% share*





# Branded Portfolio – North America

*Distribution base provides for growth in range into 2017*



Innovation is our Passion

# New Product Development Overview



# Outlook

***“Australia’s Own” and “Freedom Foods” brands will increasingly be at the forefront of driving our returns from our innovation and manufacturing capabilities***

- We believe the ability to control manufacturing inputs and our commitment to deliver innovation across a range of formats for our brands and our key customers will be a key strategic advantage in the medium to long term, particularly in value adding Australia’s unique agricultural base
- We continue to invest to achieve this outcome which will drive scale and generate profitability:
  - Expansion at Ingleburn → meet increasing demands for plant-based beverages
  - Shepparton → absorb growing Asian demand for Australian dairy products
  - Expansion into Dairy Nutritionals → build a more integrated dairy processing platform
  - Capital investment at Leeton, Dandenong and DP Mill → deliver manufacturing efficiencies
  - We are actively evaluating acquisitions that add value to and significantly accelerate and or leverage our sales, marketing and operational platforms
- We will ensure we maintain a strong balance sheet capability to execute our strategy.
- Our operating profits will increase through the investment cycle, balanced against a requirement to invest in people, systems and process to manage a scaled and diversified business platform.
- A strong start to the 2017 financial year in sales across all business areas will further accelerate into the second half FY 17. The Company anticipates the ongoing benefits of the strategy and its multi stage capital investment programme to accelerate increased group profits and returns in FY 2017 and beyond.

# Questions



# Formal Business

## Proxy Voting Results



## Resolution 1:

### Non Binding Resolution to Adopt Remuneration Report

*“That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2016 be adopted.”*

	For	Against	Abstain
Votes by Proxy	48,592,465 99.64%	175,793 0.36%	11,000

## Resolution 2:

### Re-election of Anthony Perich as a Director

*“That A. Perich, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director.”*

	For	Against	Abstain
Votes by Proxy	150,794,503 99.50%	760,044 0.50%	-



## Resolution 3:

### Re-election of Perry Gunner as a Director

*“That P. Gunner, who retires in accordance with clause 93(3) of the Constitution and, being eligible for re-election, be re-elected as a Director.”*

	For	Against	Abstain
Votes by Proxy	151,551,665 99.99%	2,882 0.00%	-

## Resolution 4:

### Directors' Remuneration Pool

*“For the purposes of ASX Listing Rule 10.17 and clause 94(1) of the Company’s Constitution and for all other purposes, the maximum aggregate fees that may be paid to non-executive directors of the Company be increased from \$500,000 to \$750,000 per annum (inclusive of statutory entitlements).”*

	For	Against	Abstain
Votes by Proxy	48,448,832 99.60%	193,426 0.40%	137,000

## Resolution 5:

### Freedom Foods Equity Incentive Plan (EIP) Approval

*“That approval be given for the adoption and establishment of the Freedom Foods Equity Incentive Plan (EIP), as described in the Explanatory Memorandum, and issues of securities under the EIP for all purposes under the Corporations Act and ASX listing rules, including for the purpose of ASX listing rule 7.2 exception 9.”*

	For	Against	Abstain
Votes by Proxy	147,912,103 99.88%	176,708 0.12%	14,000



