

28<sup>th</sup> February 2016

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

**Freedom Foods Group Limited**  
**Acquisition of Sports and Adult Nutrition Brand Vital Strength**  
**Value Adding Dairy Nutritional Capabilities**

Freedom Foods Group (**Freedom Foods** or the **Company**) has entered into binding acquisition documentation to acquire Power Foods International (**Power Foods**), an Australian based manufacturer and brand owner in the sports and adult nutrition category.

Power Foods owns the “Vital Strength” brand that markets a range of sports and adult nutrition products. The brand is recognised as a leader in high quality nutrition products, sold through retail grocery, pharmacy and fitness retailers in Australia.

Power Foods manufactures all its protein powders at its own blending and packing facility in Sydney.

The proposed acquisition will enable Freedom Foods to expand its brand and category segment offering into the sports and adult nutrition market in Australia/NZ, China and South East Asia, leveraging existing retail customer and distribution capabilities. Importantly, it will provide a unique vertical integration to the Company’s expanding dairy nutritional capabilities.

Power Foods has strong distribution into retail pharmacy chains which provides an opportunity for Freedom Foods to expand distribution of its expanding product range into this growing channel.

The business is expected to benefit from product development opportunities sourced from the Company’s capabilities in snack food and beverage manufacturing. The Company in collaboration with Power Foods has secured retail distribution for an expanded range of sports nutrition snacks and beverages under the “Vital Strength” brand to be introduced from June 2017. These products will be complementary to existing “Vital Strength” products and will be manufactured through Freedom Foods’ operational capabilities.

The Company intends to market the “Vital Strength” range under its ecommerce platforms in China. It will also seek to utilise the Power Foods blending and packing capability to service a broader category including retailers and other brand owners.

In the medium term, the business will benefit from sourcing internally key dairy protein ingredients from the dairy nutritionals platform at Shepparton. This will lead to significant cost improvements and further efficiencies including additional product claims not available to other competitors. The blending and packing capabilities in Sydney will be relocated to Shepparton in the medium term.

The proposed acquisition is for a cash purchase consideration of approximately \$20 million. The acquisition is expected to be accretive to earnings in its first full year of operation (FY 2018) and is expected to provide additional sales and operational efficiencies in the medium term.



The proposed acquisition is subject to customary documentation and closing requirements, with completion on 1 May 2017. Corporate advisory firm, PPB Advisory advised on the transaction.

For further information, please contact:

Rory J F Macleod  
Managing Director  
Freedom Foods Group Limited  
Tel: +61 2 9526 2555

**VITAL  
STRENGTH™**

