

16 March 2018

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

Freedom Foods Group Limited
\$200 million Equity Raising Announcement

Equity Raising

Freedom Foods Group Limited (ASX Code: FNP) (**Freedom Foods**) is pleased to announce a \$200 million equity raising (**Equity Raising**) comprising:

- a pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) of 3 fully paid ordinary shares in Freedom Foods (**New Shares**) for every existing 29 Freedom Foods shares held as at 7:00pm (Sydney time) on Tuesday, 20 March 2018 by eligible shareholders at an offer price of \$4.80 per New Share (**Offer Price**) to raise approximately \$100 million; and
- an institutional placement (**Placement**) of New Shares at an Offer Price of \$4.80 per New Share to raise approximately \$100 million, conducted under ASX Listing Rule 7.1.

The Offer Price represents a 6.0% discount to the volume weighted average share price of Freedom Foods over the past 30 trading days¹.

New shares will not participate in the interim dividend which was announced on 27th February 2018 to be paid in April 2018.

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, and has agreed to sub-underwrite the Entitlement Offer. Arrovest will not participate in the Placement.

The Equity Raising is fully underwritten by Veritas Securities Limited and UBS AG, Australia Branch.

Proposed Use of Funds

Funds raised from the Equity Raising will predominantly be used to accelerate Freedom Foods's growth strategy, including:

- acceleration of incremental capacity expansion programs of \$120 million; and
- \$75 million for balance sheet flexibility for growth including working capital requirements and potential acquisitions and alliances.

¹ For the 30 trading days between 2 February 2018 and 15 March 2018 inclusive



Capacity Expansion Programs

Funds raised will provide for an acceleration of capacity capabilities to meet:

- increased demand for UHT dairy formats;
- new packaging and product formats including plastic bottle capability and yoghurt; and
- increased investment in capability to produce a range of high value added nutritional products. The capability will include a significant expansion of protein fractionation and drying capability and blending and packing capabilities for sports, adult and infant nutrition products.

Outlook

Freedom Foods is strategically well positioned to build scale in its key business platforms of plant based beverage, premium dairy and specialty cereal and snacks, with strong sales and earnings growth over the long term from Australia and key international markets in China, South East Asia and North America.

Increasingly, our key brands “Australia’s Own” and “Freedom Foods” will be at the forefront of driving our returns from our innovation and manufacturing capabilities in Australia and international markets.

Freedom Foods is developing a unique supply and manufacturing footprint in its key categories, compared to an Australian food and beverage industry that has significantly underinvested over the past 20 years.

We believe the ability to control supply and manufacturing inputs and deliver innovation more quickly across a range of product formats for our brands and our key customers will be a key strategic advantage in the medium to long term, particularly in adding value to Australia’s unique agricultural grain and dairy supply base.

This unique capability provides for acceleration of our business, either through organic developments or through leveraging acquisitions. While this requires significant capital investment and patience, we will continue to invest to achieve this outcome.

The completion of our new plant and dairy beverage capabilities at Ingleburn in Sydney will result in a material increase in sales and profitability over the medium term, with further growth opportunities through meeting the increasing demands of our brands as well as our private label and other branded customer base.

With a large and significantly increasing base of dairy volume within the Company, the focus is on driving the dairy business towards specialty and high value-added products. The development of a specialised nutritionals platform at Shepparton aligned to the dairy UHT operations will provide for protein standardisation and the ability to separate milk into industrial grade pure protein components for use in our branded products and for sale to key strategic customers. The Vital Strength performance nutrition brand and ability to expand further across the nutritional products spectrum is a key part of this strategy and will materially contribute to sales and earnings in the medium term.

The Cereal, Snacks and Milling business is strategically well positioned to build a significant growth platform in multiple products, channels and distribution across Australia/NZ, China, SE Asia and North America.

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.

As outlined at the Annual General Meeting, the Company estimated FY 2018 net sales revenues to be in the range of \$360 to \$380 million. The Company now expects net sales revenues to be at the higher end of this range, with net sales revenue growth upwards of 40% on sales of \$263 million in FY 2017. The impact of this is expected to flow through to improved margins and increased EBDITA contribution from the 1st half. The full benefit of this growth and capital expenditure initiatives is expected to further grow sales and earnings into FY 2019 and beyond.

The Company is continuing to experience a significant increase in forward demand for its capabilities, beyond expectations from that outlined at the FY 2017 results. This growing demand in dairy, plant and cereal reflects the positive impacts on the Company of structural change within the Australian dairy industry, demand from customers for the Company's expanded operational footprint and increasing brand penetration providing for increased market share in key channels in Australia, SE Asia and China.

Investment in value added dairy nutritional capabilities currently underway provides further growth opportunities beyond the operational and channel developments outlined above.

The Equity Raising, along with support from our banking partners, provides strong balance sheet capability to execute our strategy.

Further details of Entitlement Offer

The Entitlement Offer has two components:

- an institutional offer, to eligible institutional shareholders to apply for their pro-rata entitlement (**Institutional Entitlement Offer**); and
- a retail offer, to eligible retail shareholders to apply for their pro-rata entitlement (**Retail Entitlement Offer**).

The Entitlement Offer will be available to eligible shareholders on the register as at 7:00pm (Sydney time) on Tuesday, 20 March 2018.

The entitlements obtained under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable.

Further details of the Placement

The Placement is an issue of approximately 20.8m shares at an offer price of \$4.80 to institutional investors.

Placement shares do not have rights to participate in the Entitlement Offer.

Timetable

The anticipated timetable of key events in relation to the Entitlement Offer and Placement is as follows:

Event	Date
Trading halt and open Placement and Institutional Entitlement Offer	Friday, 16 March 2018
Close Placement and Institutional Entitlement Offer	Friday, 16 March 2018
Resume trading, announce results of Placement and Institutional Entitlement Offer	Tuesday, 20 March 2018
Record date for Entitlement Offer (7:00pm, Sydney time)	Tuesday, 20 March 2018
Lodgement of Retail Offer Booklet with ASX and dispatch of retail offer booklet and entitlement and acceptance forms to eligible retail shareholders	Thursday, 22 March 2018
Retail Entitlement Offer opens	Thursday, 22 March 2018
Placement and Institutional Entitlement Offer Settlement	Friday, 23 March 2018
Allotment and quotation of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 26 March 2018
Retail Entitlement Offer closes	Thursday, 5 April 2018
Issue of New Shares under the Retail Entitlement Offer	Thursday, 12 April 2018
New Shares under the Retail Entitlement Offer commence trading	Friday, 13 April 2018

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.

Shareholder Enquiries

An offer booklet, including a personalised entitlement and acceptance form which will provide further details of how to participate in the Retail Entitlement Offer will be sent to eligible retail shareholders on or about Thursday, 22 March 2018. Those shareholders which Freedom Foods determines to be ineligible shareholders will also be notified by Freedom Foods.

For further information in relation to the Equity Raising, shareholders are advised to refer to the Investor Presentation released to the ASX on Friday, 16 March 2018.

For other enquiries, please contact the Freedom Foods Offer Information Line on 1300 420 709 (within Australia) and +61 1300 420 709 (outside Australia), during the offer period.

For further information, please contact:

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Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements can generally be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target", "anticipate", "likely", "intend", "should", "could", "predict", "plan", "propose", "potential" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Freedom Foods and cannot be predicted by Freedom Foods and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Freedom Foods operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. None of Freedom Foods or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy, likelihood of fulfilment or reasonableness of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Statements about past performance are not necessarily indicative of future performance.