



THE **FOOD**  
REVOLUTION  
GROUP

30 June 2018

# PRELIMINARY RESULTS

FY 2018

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# WHO WE ARE

- The Food Revolution Group (ASX: FOD) is one of the largest beverage and functional food companies in Australia.
- We manufacture high quality kombuchas, juices and beverages, fibres, cold-pressed oils and waters.
- Branded products are sold across several ranges (*The Juice Lab, The Bucha Shop, Thirsty Brothers, Fruit Farm*) and as ingredients to other food producers.
- Positioned for further growth and eyeing expansion into overseas markets including China.

# FY18 NEWS HIGHLIGHTS

- **Record financial result** - NPAT increased by 52% to \$2.7 million
- **Health More Agreement** - Australia's largest and pre-eminent Daigou and e-commerce distributor into China
- **One of the top 3 Kombucha businesses in Australia** - Launched The Bucha Shop range of kombucha drinks, becoming one of the top 3 selling kombucha drinks on the market and increasing FOD sales. Range extended during the year
- **Increased yields and revenue through innovation**
  - Commenced production of essential cold-pressed orange oil and signed an offtake deal with Natural Fractions to sell orange oil valued approx. \$1M p.a. for the next two years
  - Launch of new Replenish range, and extension of The Juice Lab, Thirsty Brothers and Fruit Farm ranges
  - New products in development including supplements, soups, icy poles, coffee and tea drinks and plant-based milks
  - **Productivity improvements** - Increased productivity at Mill Park plant and signed 15-year lease for the facility, with owners to invest in plant upgrades
- **Plant only running at 35% of capacity** - plenty of capacity available for growth
- **Strengthened management team:**
  - New CFO/Company Secretary - John Fitzgerald
  - New Chief Operating Officer- John Florey
  - New Head of Product Development - Pragma Sehgal



# FY18 FINANCIAL HIGHLIGHTS

- Net Tangible assets per share **increased by 463% to 2.59 cents**
- Net Profit After Tax **increased by 52%**
- Earnings Per Share **increased by 33%**
- Net Sales of Branded Products up by **17% YOY**
- Net Cash Flows from Operations improved by **\$1.7M**
- Expenses reduced by **15% YoY**
- Net assets **increased 100%** to \$20M from \$10M
- **EBITDA of \$3.8M, after provision for impairment of assets \$0.86M**
- Executed \$1M p.a. off-take agreement for cold-pressed essential orange oil to boost revenue in FY2019
- Signed agreement with Health More for distribution into China
- Refinanced debt and divested mineral projects



# FY18 FINANCIAL SUMMARY

	YEAR ENDED 30 JUNE 2018 \$'000	YEAR ENDED 30 JUNE 2017 \$'000	% CHANGE
Net Sales	\$33,125	\$31,662	✓ 5%
Gross margin	\$13,207	\$15,192	-13%
Lease income	\$1,226	\$649	✓ 89%
Expenses	\$11,641	\$13,767	✓ 15%
<b>EBITDA from operations</b>	<b>\$3,788</b>	<b>\$3,756</b>	✓ <b>0%</b>
Depreciation & Amortization	\$1,600	\$2,045	✓ -22%
Interest	\$627	\$616	2%
R&D tax Income	\$1,932	\$1,829	✓ 6%
Income tax benefit	\$1,098	\$653	✓ 68%
NPAT	\$2,659	\$1,748	✓ 52%

- Net sales up by 5%, driven by branded product sales and distribution.
- Gross Margin healthy at 38%. Lower than last year due to different product mix and wider product portfolio and sale of LTC
- Expenses down by \$2.1M or 15%
- EBITDA stable ( after a Provision for impairment of assets of \$865K)

# BALANCE SHEET

	AS AT 30 JUNE 2018 \$'000	AS AT 30 JUNE 2017 \$'000
Current Assets	\$10,259	\$11,651
Non-Current Assets	\$29,915	\$16,878
Total Assets	\$40,174	\$28,529
Current Liabilities	\$16,740	\$11,174
Non-Current Liabilities	\$3,014	\$6,987
Total Liabilities	\$19,754	\$18,162
Net Assets	\$20,420	\$10,367

- Balance sheet improved
- Net assets increased to \$20M
- Re-evaluation of plant and equipment by \$10M, less deferred tax liability of \$2.9M.

# COSTS CONTROLLED

	Year Ended 30 June 2018 \$'000	Year Ended 30 June 2017 \$'000	% change
Employment Costs	\$4,363	\$4,738	✓ -8%
Administration Costs	\$2,398	\$3,573	✓ -33%
Marketing Costs	\$587	\$912	✓ -36%
Operating Costs	\$4,293	\$4,331	✓ -1%
Provision for Impairment	\$865	\$212	308%
RTO Costs	\$70	\$74	✓ -5%
Total	\$12,576	\$13,840	✓ -9%

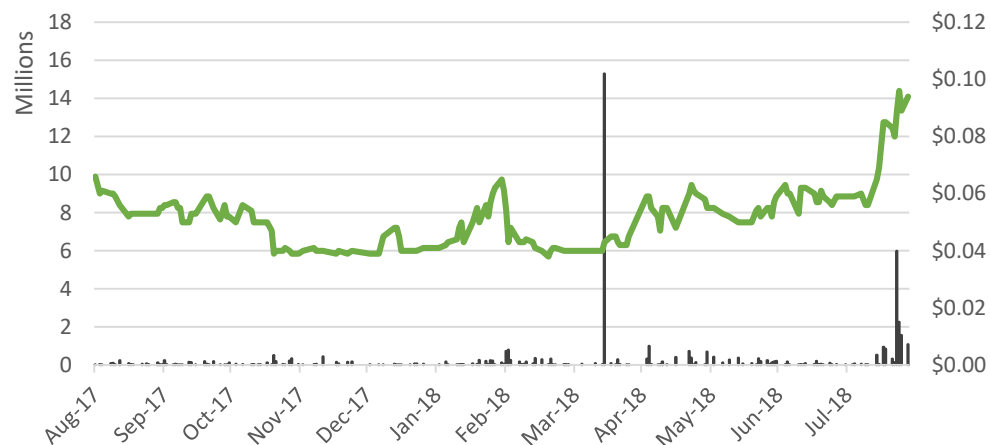
- Admin lower due to fewer legal and transaction costs
- Marketing cost on ingredients lower, branded products marketing maintained. Promotional costs of branded products are treated as a direct cost i.e. deals, rebates and trading terms



# CORPORATE SNAPSHOT

## CAPITAL STRUCTURE

Ordinary Shares	434.06m
Share Price (as at 29.08.2018)	\$0.082
Market Capitalisation	\$35.6m
Unlisted Options	3.7m
Note: Performance C Shares and Rights will lapse	



## DIRECTORS AND MANAGEMENT

Executive Chairman

Bill Nikolovski

Non-Executive Director

Matt Bailey

Non-Executive Director

Minna (Norman) Rong

Chief Financial Officer & Company Secretary

John Fitzgerald

Chief Operating Officer

John Florey

# INDUSTRY PEER COMPARISONS – FY2018

	 THE FOOD REVOLUTION GROUP	 Keytone Dairy	 WattleHealth®	 böbs	 freedom Foods	 BELLAMY'S ORGANIC	 THE 2 MILK COMPANY a2 FEEL THE DIFFERENCE
<b>Market Capitalisation</b> <i>BB 29/08/18</i>	\$35.5m	\$54.7m	\$254.8m	\$304.6m	\$1,478.5m	\$1,350.0m	\$9,462.6m
EV <i>BB 29/08/18</i>	\$43.5m	\$55.2m	\$245.2m	\$299.3m	\$1,616.2m	\$1,267.7m	\$9,122.2m
Gross Sales or Gross Cash receipts	\$35.6m	\$1.9m	\$1.4m	\$16.0m	\$353.0m	\$328.7m	\$922.7m
EBITDA or Operating Cashflow	\$3.7m	(\$0.9m)	(\$7.2m)	(\$12.9m)	\$38.8m	\$70.6m	\$283.0m
EV/EBITDA	11.8x	-	-	-	40.9x	14.5x	23.8x
Price/Sales	1.0x	28.8x	112.4x	17.6x	4.2x	4.0x	9.4x



# FY2019 OBJECTIVES

1. Finalise strategic partnership with Health More
2. Finalise China based distribution deals
3. Continue product innovation
4. New product launches planned
5. Diversify into new categories, with products already developed
6. Win more private label work
7. Continue focus on Petrol and Convenience and Route markets via partners



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