

# FREEDOM FOODS GROUP

## AGM PRESENTATION



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# FY19 RESULTS OVERVIEW

Perry Gunner CHAIRMAN



# 2019 Financial Highlights

## NET SALES

**\$476.2M**

↑ **34.9%** on prior year

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## OPERATING EBITDA

**\$55.2M**

↑ **40.9%** on prior year

## EBITDA MARGINS

**11.6%**

From 11.1% on prior year

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## OPERATING NET PROFIT

↑ **40.1%** to  
**\$21.9M**

## FINAL DIVIDENDS

**3.25 cents** per share  
(unfranked)

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## TOTAL DIVIDEND

**5.50 cents** per share  
(partially franked)

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## CAPITAL RAISING

**\$130M**  
@ \$4.80 per share

# COMPANY REVIEW & OUTLOOK

**Rory J F Macleod**  
**MANAGING DIRECTOR & CEO**



# FFGL Team Today

**Rory Macleod** MANAGING DIRECTOR & CEO

**Amine Haddad** CHIEF EXECUTIVE OFFICER COMMERCIAL

**Campbell Nicholas** CHIEF FINANCIAL OFFICER

**Amber Stanley** GENERAL COUNSEL & COMPANY SECRETARY

**Timothy Moses** STRATEGIC DEVELOPMENT DIRECTOR

**Matt Vince** CHIEF COMMERCIAL OFFICER

**Abdul Badreddine** GROUP GENERAL MANAGER OPERATIONS

**Stephanie Graham** GENERAL MANAGER CORPORATE DEVELOPMENT



# Our Strategy

We continue to leverage our strengths & evolve into a brand led business

## Capability



## Markets



## Brands

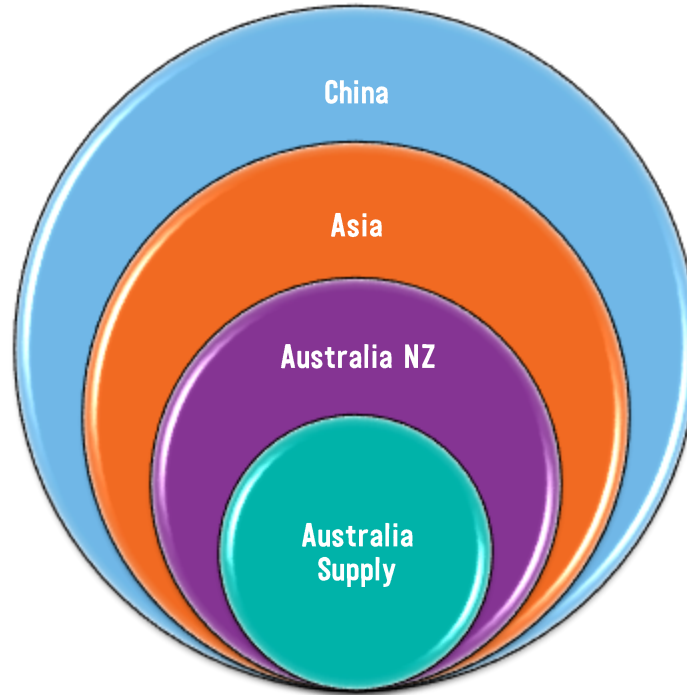


**freedom**  
FOODS

## Innovation



# Australasian Food and Beverage Company



# On Trend

## Positioned across key Health Focus Areas



### DAILY HEALTH

Help consumers with taking everyday wellness & vitality to a new level



### POLLUTION/DETOX

Protection from toxicity and pollution, inside and out, to promote long term organ health and healthy appearance



### DIGESTION

Help consumers manage their digestive health as a foundation for good health & wellbeing



### HEALTHY KIDS

Help parents feel confident in their kid's day-to-day health and long-term development



### KEEP MOVING

Help consumers manage the joint, bone and muscle health issues that emerge from their late 40's.



### MENTAL WELLBEING

Natural support for consumers experiencing mild to moderate stress, anxiety, insomnia and fatigue

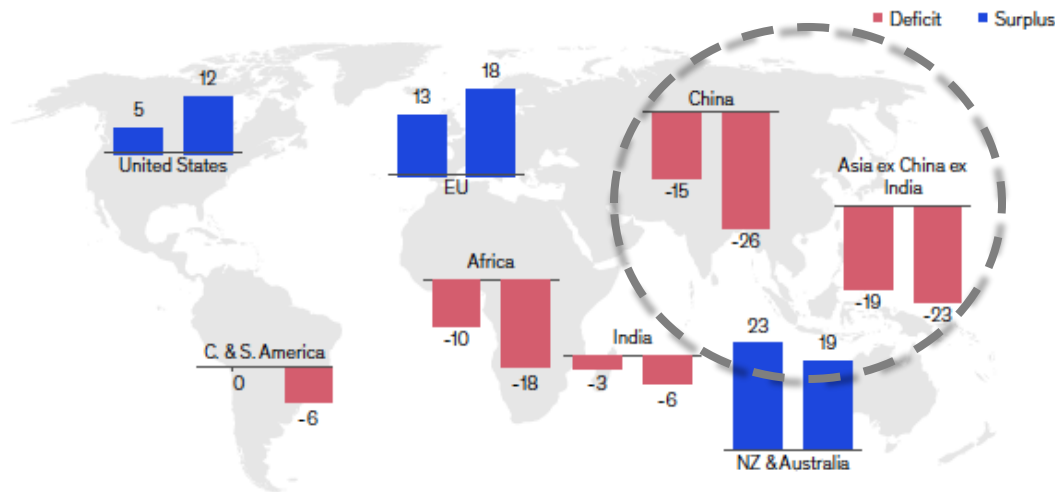


### HEALTHY WEIGHT

Help consumers achieve and maintain a healthy weight and reduce the risk of metabolic disease

# Why China & SE Asia?

Dairy Global Deficits / Surplus (2017 vs 2027)



Source: Mckinseys

## Demand

Continued income **growth** and **urbanisation** are driving a shift in China and SE Asia consumption patterns

It's not about food, it's about a change in food structures towards higher intakes of **animal** and **plant proteins**

Rise in demand will translate to higher imports in both volume and contribution to these markets

Strong trust in Australia's **quality** agriculture and food standards

Source: Goldman Sachs

## Complementary Verticals

### Dairy

- Dairy Beverages
- Dairy Nutritionals

### Plant

- Plant Beverages

### Snacking

- Protein
- Health



# We believe in market access through the power of Collaboration & Partnership

## Direct Distribution (Our Brands)

Australia



SE Asia



China



# We believe in market access through the power of Collaboration and Partnership

## Strategic Partnerships (Brand Partners)

China



## Product Distribution (Contract)

Australia

coles



SE Asia



red'mart™

FairPrice



China



蒙牛



Walmart  
沃尔玛

品渥PINLIVE



良品铺子  
BESTORE

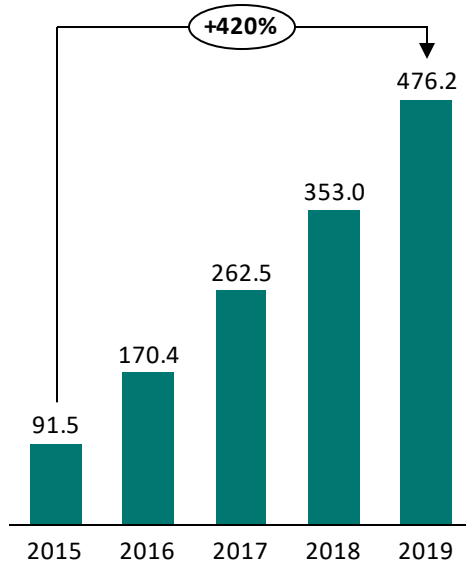
# We believe in market access through the power of Collaboration and Partnership



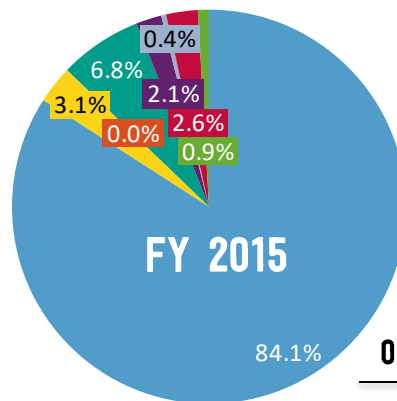
# MARKETS

# Our evolution as a global business

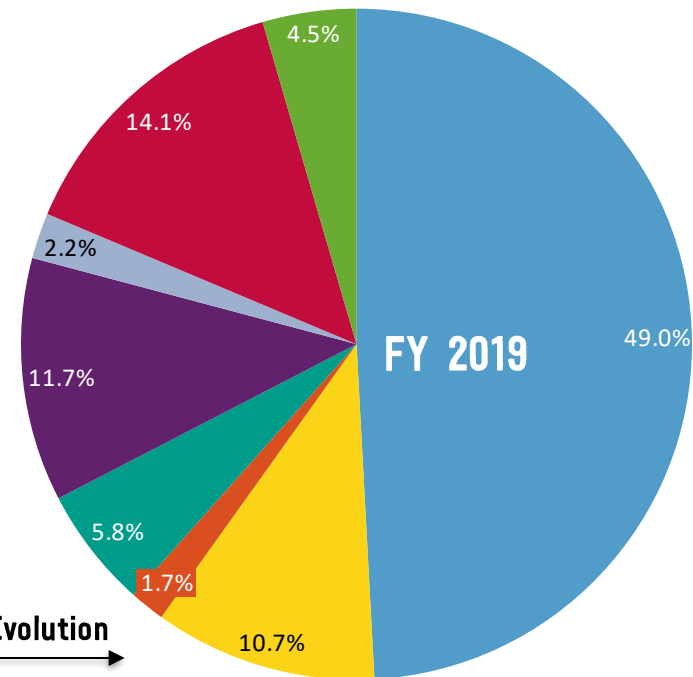
5 years' Sales Growth



## Reducing risk through diversification



Our Mix Evolution

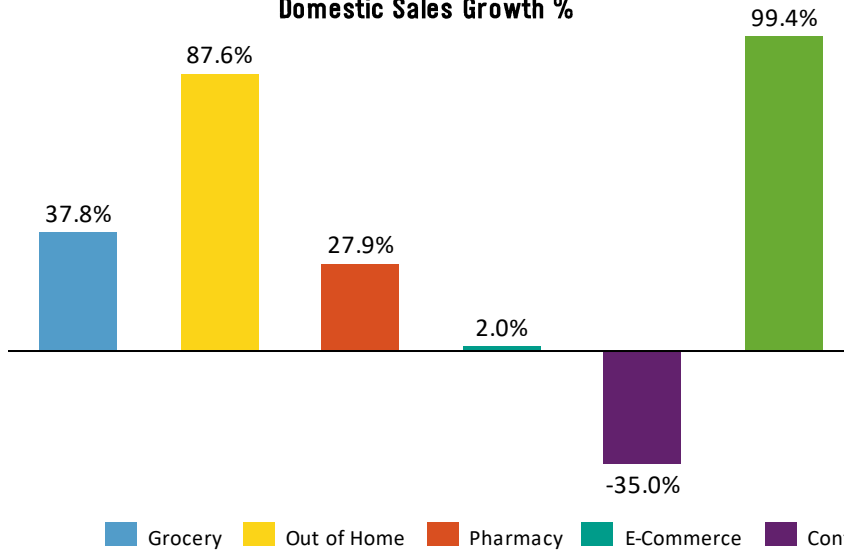


■ Grocery 
 ■ Out of Home 
 ■ Pharmacy 
 ■ Contract 
 ■ Industrial 
 ■ Other 
 ■ China 
 ■ South East

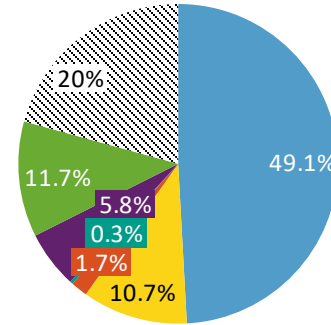
# Continued strong growth in Australia

Diversifying through **Out of Home** and **Industrial** to drive significant growth

**Domestic Sales Growth %**



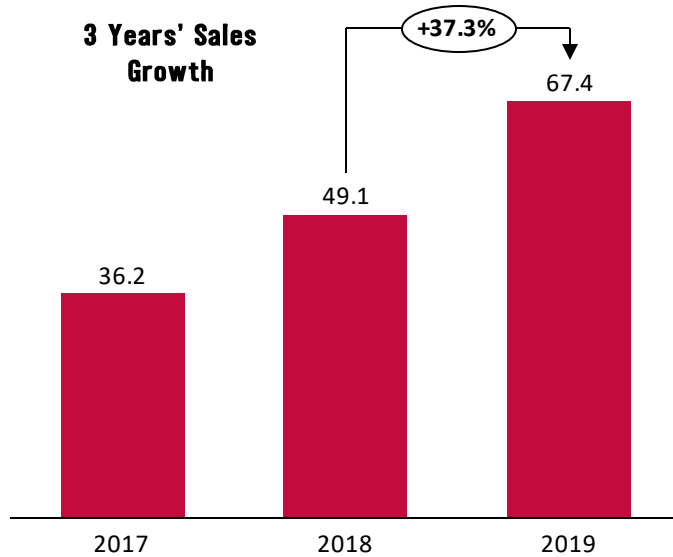
**Total Market % Mix**



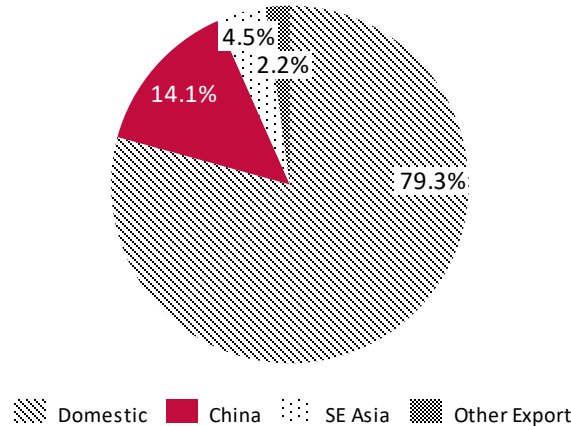
# CHINA

High Growth from **strong partnerships** and **distribution platforms**

3 Years' Sales Growth



Total Market % Mix



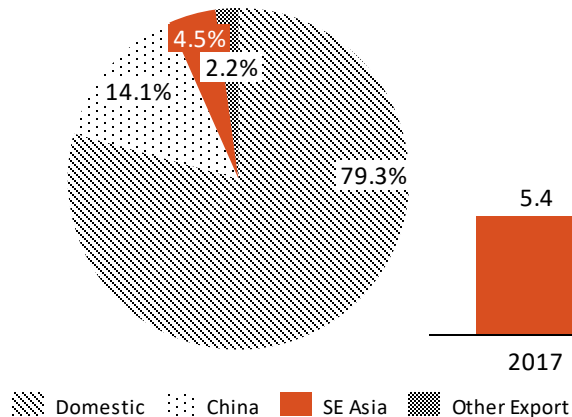
# SE ASIA

## Exceptional growth in SE Asia

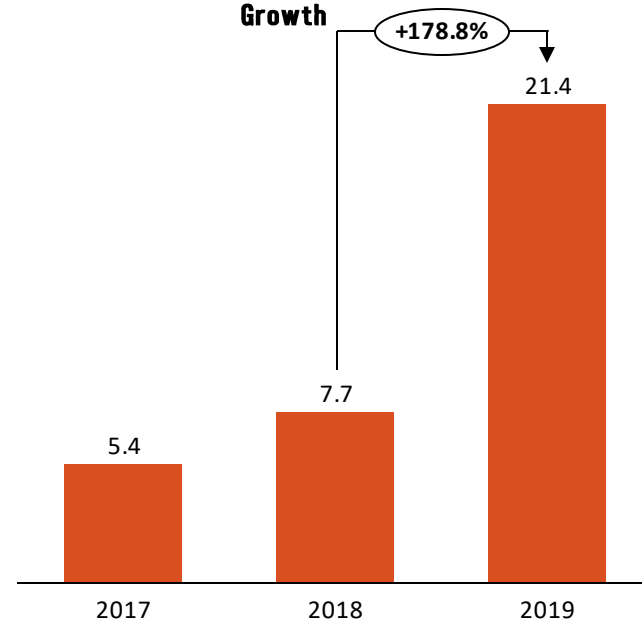
MILKLAB recently won the **Best Export Product** in the Asian Export Awards\*



Total Market % Mix



3 Years' Sales Growth



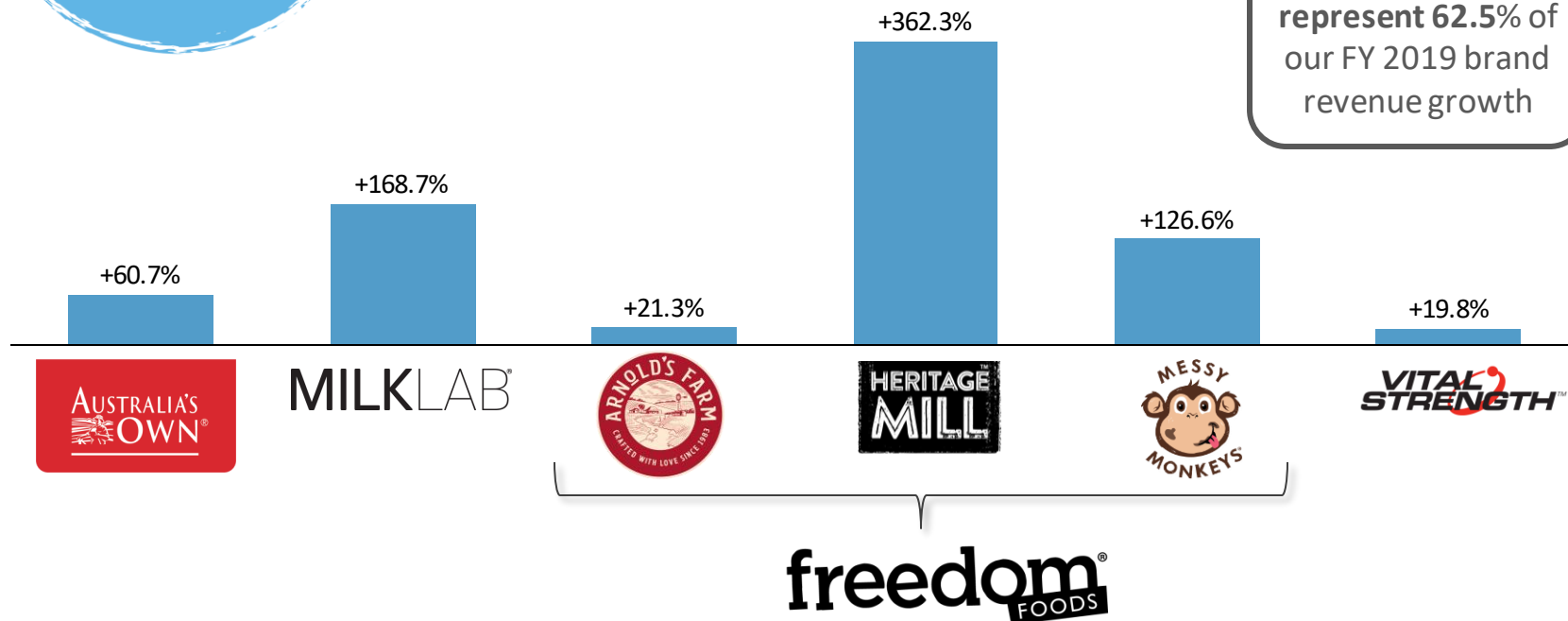


# INNOVATION & BRANDS

# Our Brands

Our focus is on our **global & scalable** brands

These 6 brands represent 62.5% of our FY 2019 brand revenue growth



# Our Brands

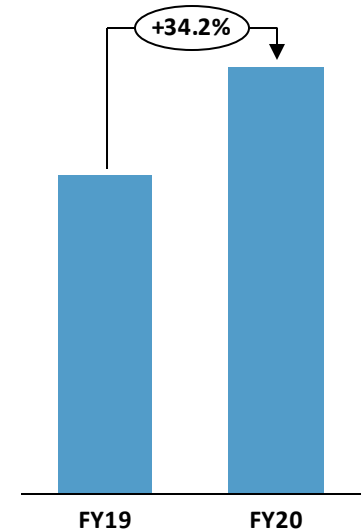
AUSTRALIA'S  
OWN®

AUSTRALIA'S  
OWN®

freedom  
Making food better FOODS GROUP LIMITED



## Brand Sales Growth first four months of FY20

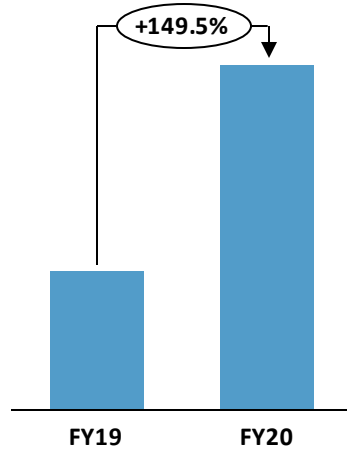


Includes growth in plant based beverages & dairy range

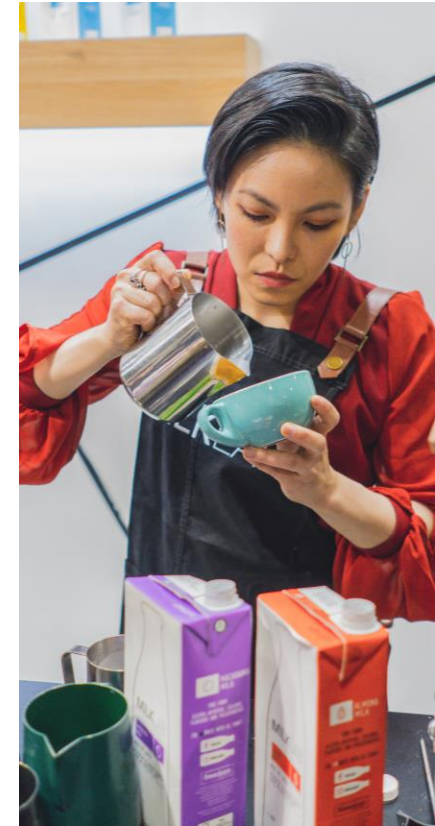
# Our Brands

# MILKLAB®

**Brand Sales Growth first four months of FY20**



Includes growth in plant beverage & dairy range



# Our Brands

## DO YOU HAVE MILKLAB?

Instagram



kt\_duncs I love the creaminess of the almond milk, and purposely track down cafes that use it when I order my coffee!



inspiringwit They just make my coffees taste better!! No comparison!!



annie90b It makes my soy lattes super smooth and tasty!



jda0121 I love my coffee. That's why I love MilkLab.



lisayuuu Honestly the best barista blend almond milk for coffees ☺ I will walk out of a cafe if they don't use milk lab almond milk.



a\_liceguest Your almond milk is amazing! So creamy and delishhh and doesn't separate in my coffee! Game changer ☺



\_elise\_s You make almond milk that doesn't taste like almond milk ... nothing compares to your almond milk !



arrostto\_paddington Our customers love your almond milk, we display it with pride and suggest it to anyone looking for an alternative! Keep it up!



chrisleonen I. LOVE. COFFEE. ...When I get back here in the Philippines, I'm happy to find local cafés are serving specialty coffee and was looking for @milklabco products as well. And I finally found one retailer here and can't be happier. I make my own latté at home, of course using @milklabco milk for coffee ☺



lauran.jervis Macadamia milk. It's nuts. Absolute game changer. @lifeatburnsbeachcafe knows where it's at ☺



appetite\_eatery Blends with our beans just right!



tracy\_vegh Your almond milk is the best, I've tried them all & it's the only one that doesn't ruin my coffee ☺☺☺



amyjane1802 Love the texture and the full creamy flavours. Great for baking.



Hi there, do you have distributor for your product here in Jakarta Indonesia?



love.staxx I like how creamy it tastes. I only order almond coffees if they use milk lab as much as I feel like a snob to ask and decline if they don't ☺

# Our Brands

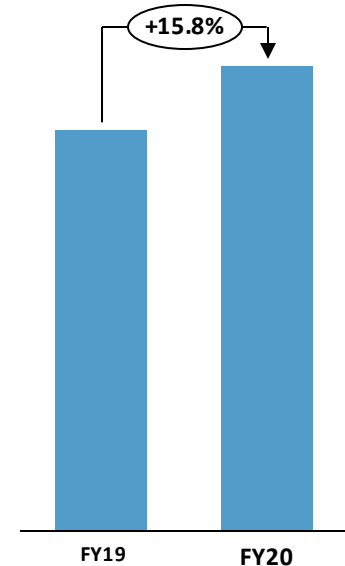
freedom<sup>®</sup>  
FOODS



freedom<sup>®</sup>  
Making food better FOODS GROUP LIMITED



## Brand Sales Growth first four months of FY20



Includes growth under the Freedom Foods brand

MAKING FOOD BETTER

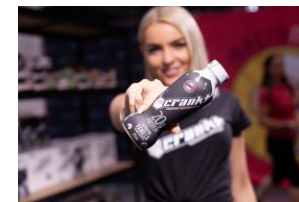
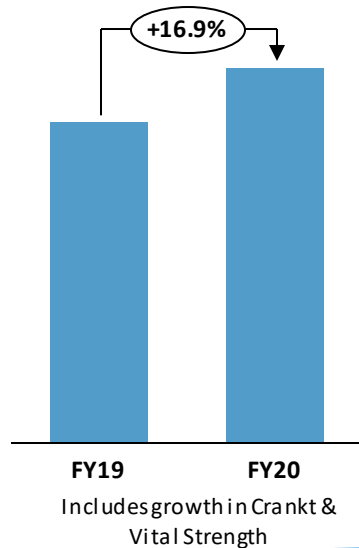
# Our Brands

**VITAL<sup>2</sup> STRENGTH™**

high protein • low carb  
**crankt**

**freedom** GROUP  
Making food better **FOODS** LIMITED

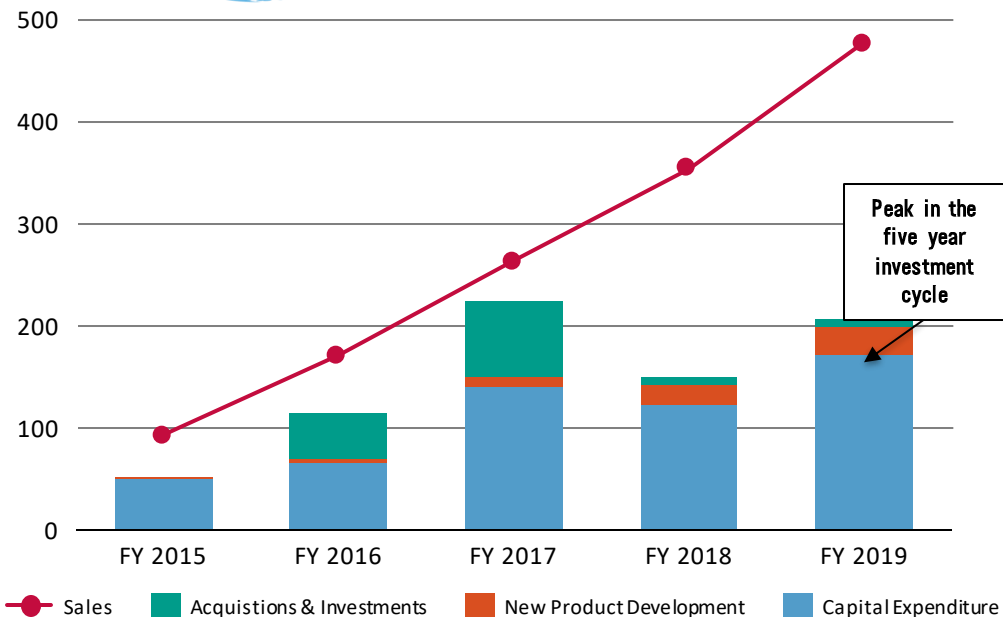
Brand Sales Growth first four months of FY20



**MAKING FOOD BETTER**

# 5 Years of Investments & Growth

## Creating Capacity for Growth



### Accumulative balances

Sales  
Revenues  
**\$1.4B**

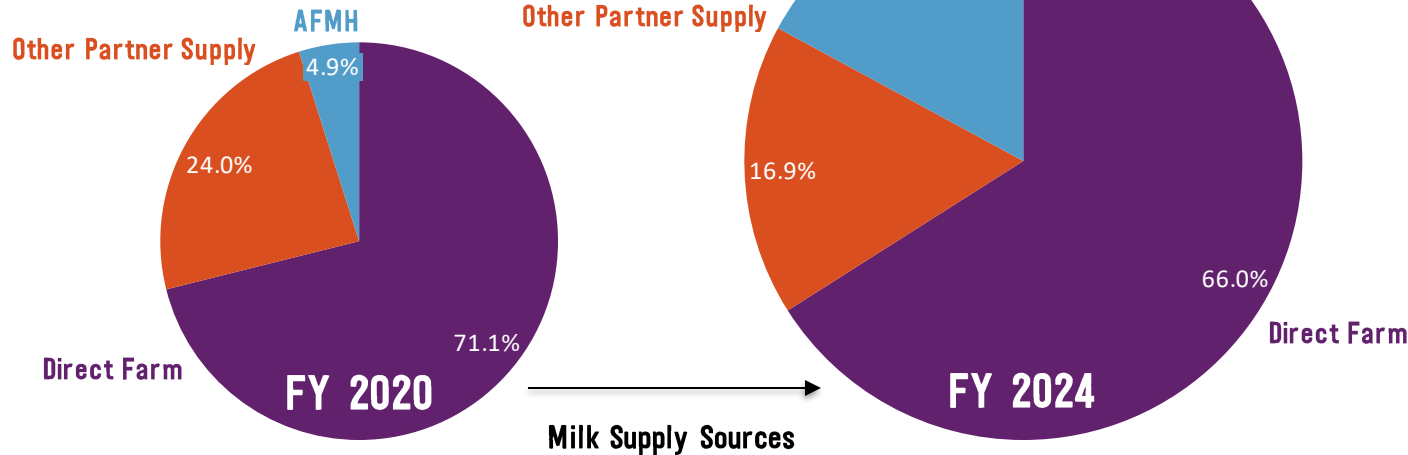
Acquisitions &  
Investments  
**\$134.8M**

New Product  
Development  
**\$62.0M**

Capital  
Expenditure  
**\$545.6M**

# Milk Supply Outlook

400 million litres contracted supply in FY20  
growing direct supply through **AFMH** and  
direct farms



# Australian Fresh Milk Holdings

The **largest** dairy milk producer in Australia, forecasted to produce more than **150 million litres** in FY 2020

- Currently completing an **expansion** project at Moxey Farms that began two years ago, increasing capacity from 3,500 to 8,000 milking cows
- Completed the acquisition of **Coomboona Dairy** operation in Northern Victoria
- AFMH is a **strategic partnership** owned by the Moxey and Perich families, in which Freedom has a 10% equity shareholding

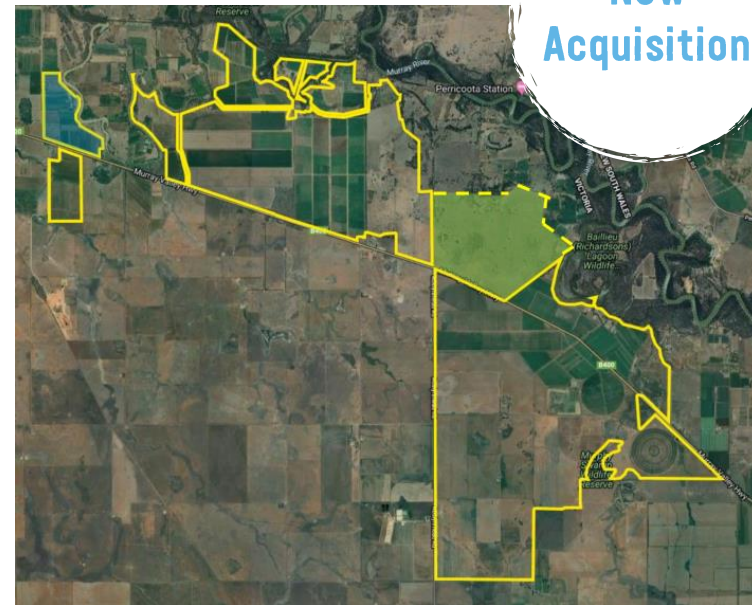


**Coomboona Dairy Operations in Northern Victoria**

# Australian Fresh Milk Holdings

## Torrumbarry Aggregation supports the accelerated growth and specialisation plans at Moxey Farms and Coomboona

- Torrumbarry Aggregation comprises **3,500 hectares** on the Murray River
- As part of the acquisition, Freedom Foods contributed **\$4.0 million** in equity funding, based on its 10% equity shareholding



New  
Acquisition

# NUTRITIONALS UPDATE

# Our Nutritionals Journey



**freedom** GROUP  
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May  
2017

August  
2018

February  
2019

April  
2019

February  
2020



Power Foods Acquisition



Crankt Acquisition



Shepparton Nutritionals  
Plant Operational  
• MCC liquid

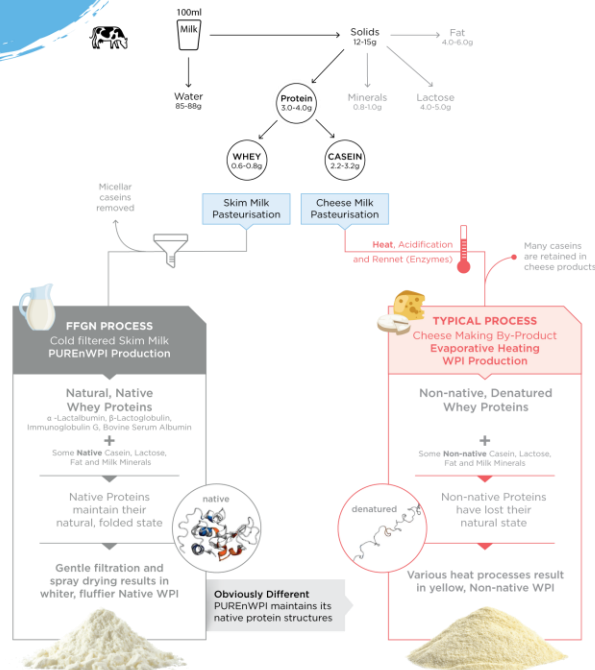


Shepparton Nutritionals  
Plant Operational  
• Native WPI  
• WPC80  
• Lactoferrin  
commissioning



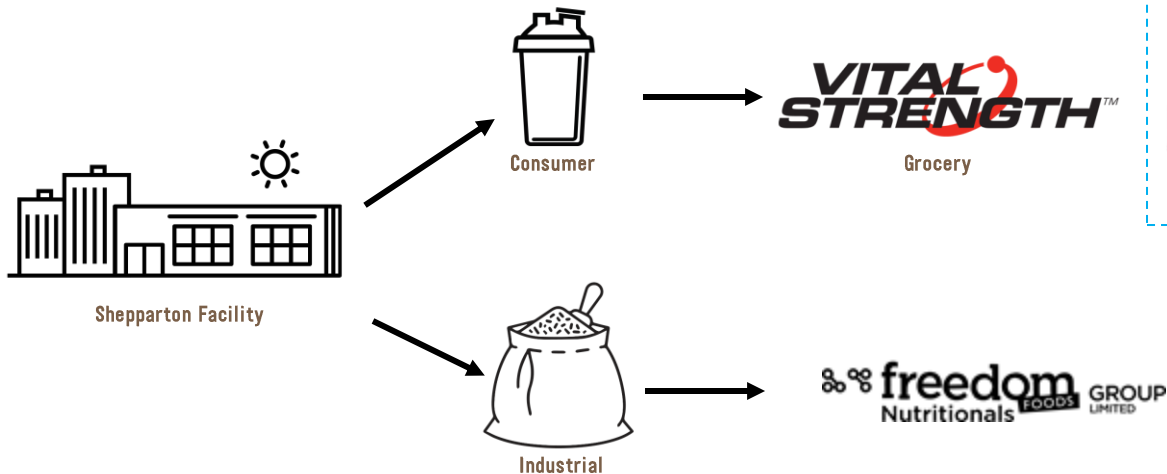
# Shepparton Plant

New state of the art facility delivering Australian made,  
**Nutritionally superior Native Proteins**



# Nutritional Platform & Brands

Vertically integrated model delivering the best in  
Consumer and Industrial Nutritionals



# Nutritionals Update

Freedom Foods Group has  
been producing and selling  
**Lactoferrin** since  
September 2019



# WHAT'S NEXT?

- **We have the ingredients**
- **We have supply**
- **We have the brand**
- **We will create consumer offerings that address many consumer health concerns**
- **Launching in 2020...**

# ESG & OUTLOOK

# Sustainability

## Energy Consumption

- Installing across the total Shepparton site, the **largest on roof solar battery** project in Victoria

## Reducing Our Environmental Impact

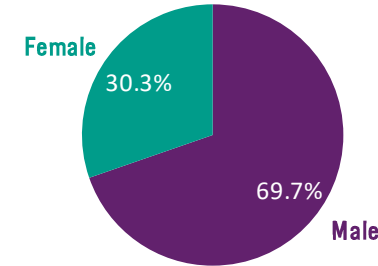
- Installation of a chemical recovery and **recycling system** at Shepparton

Equivalent projects to be installed across our major sites in coming years



# Our People are Talented and Passionate

Developing our **people** and **talent** identification processes to align with the Group's rapidly expanding sales and operational platform



# Employee of the year



## Kylie Geer

Kylie has delivered above and beyond in 2019, delivering a strong focus on our systems and culture in her role as Group Administration Manager, as well as Executive Assistant.

She also assumed the role of Project Manager for our new Taren Point Corporate Office, a project that started over 2 years ago and required navigating council regulations, consultants, building contractors and many more, in this consuming process. We are proud of our new Corporate Office and it reflects significantly on Kylie's contribution.

Kylie demonstrates the qualities of what we call the **"Freedom Way"**.

# Outlook

- The Group is well positioned to build into a major global food and beverage business with scale in key food and beverage platforms, providing diversification in sales, together with earnings growth, from key **markets and channels** in Australia, China and SE Asia
- 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, together with our new successes, MILKLAB and Messy Monkeys
- With the completion of stage 1 of a **transformational Nutritionals capability**, the Group will continue to evolve its scaled dairy capabilities into high value added protein based ingredients and consumer applications
- **Revenues and Operating profits** will increase as the Company moves out of the investment cycle, balanced against a requirement to invest in people, systems and process to manage a scaled and diversified business platform





# Building a Major Global Food & Beverage Company from Australia

MAKING FOOD BETTER