



Bell Potter Home Grown Agriculture Conference

Cobram Estate Olives Limited | ACN: 115 131 667



14th June 2023

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Cobram Estate Olives

One of the world's leading vertically integrated producers and marketers of premium quality extra virgin olive oil



About Cobram Estate Olives

- Established in 1998, Cobram Estate Olives (ASX: CBO) is Australia's largest vertically integrated producer and marketer of premium quality extra virgin olive oil
- CBO owns Australia's top two home-grown olive oil brands, Cobram Estate® and Red Island.®
- CBO owns over 2.6 million olive trees planted on 7,000 hectares of freehold farmland in Victoria, Australia, and 306,500 trees planted on 552 hectares of long-term leased and freehold properties in California, USA.
- In total, CBO owns 18,677 hectares of freehold farmland, of which 16,700 hectares is freehold farmland in central and north-west Victoria and south-west New South Wales. The Company also owns Australia's largest olive tree nursery, three olive mills, two olive oil bottling and storage facilities, and the Modern Olives® laboratory.
- CBO is a global leader in sustainable olive farming through continued innovation and market education; the release of 27 peer reviewed research publications; the development of the Oliv.iQ® integrated olive production system (<https://oliv-ig.com/>); our zero-waste initiative; and the creation of the Olive Wellness Institute® (<https://olivewellnessinstitute.org/>).



CBO's Competitive Advantages

CBO's strategic olive assets deliver significant competitive advantages and strong barriers to entry



Vertically integrated operations with strategically located, freehold-owned, olive groves and olive mills



Proprietary Oliv.iQ® Integrated Olive Production System



Premium market-leading brands Cobram Estate® and Red Island®

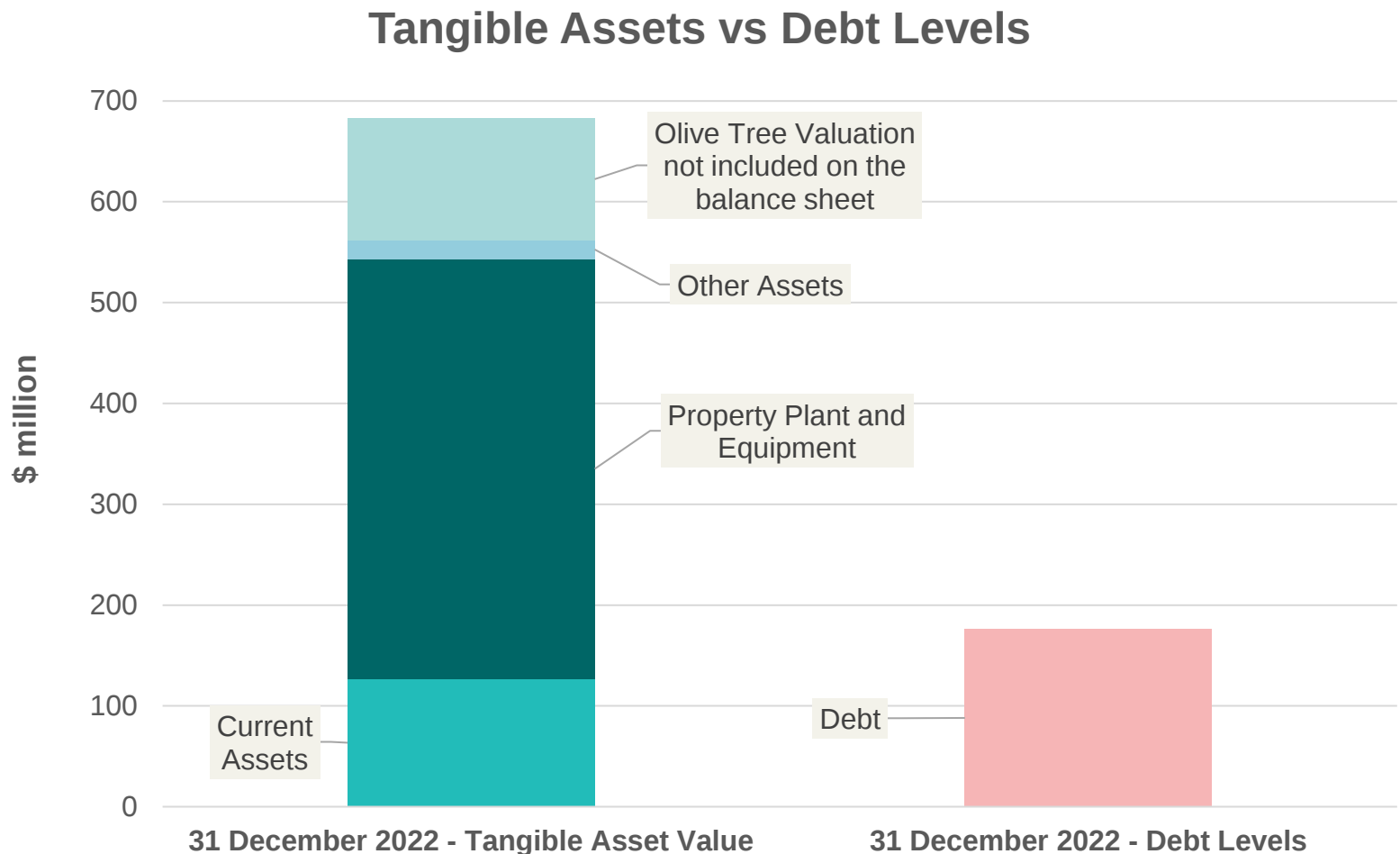


Industry-leading sustainability initiatives and products

Significant Barriers to Entry

Real Asset Backing and Minimal Leased Assets

Tangible assets valued at \$683 million as of December 2022 (including olive trees and irrigation)



Key points

- Tangible assets of \$562m at 31 December 2022, or **\$683m** if you include the amount over book value the Company’s olive trees and irrigation were externally valued at 30 June 2022 (i.e. the external valuation of the Company’s olive trees and irrigation over book value is not reflected on the Company’s balance sheet).
- Cobram Estate® and Red Island® brands on the balance sheet as intangible at acquisition cost of \$6.7m (FY22 global sales: \$100.6m).
- Less than 5% of planted hectares are leased.

Group Olive Oil Sales

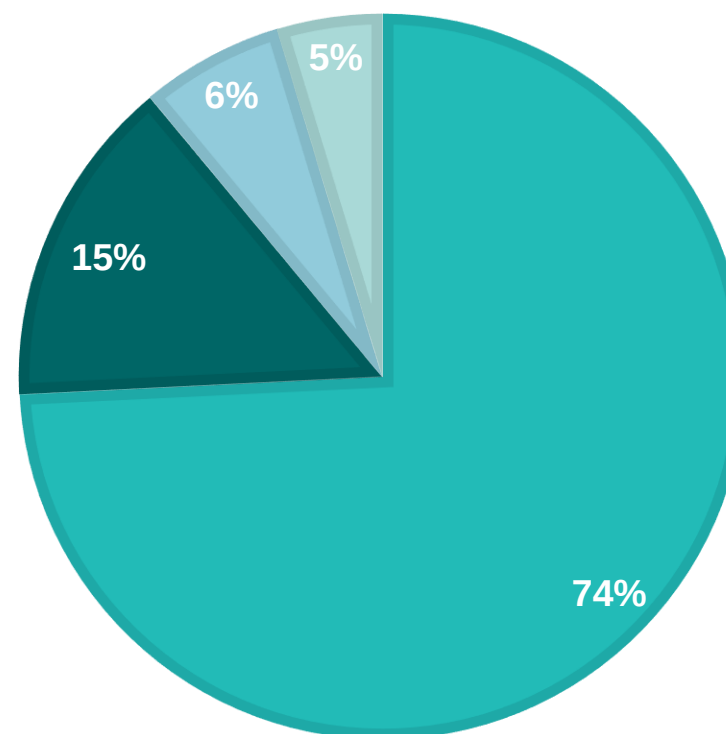
Group packaged goods sales grew by 6.3% in 1HFY23 (vs 1HFY22), with further growth in the March quarter

Key points

- Total Group packaged goods sales of \$60.9m in 1HFY23, up 6.3% versus 1HFY22 (\$57.3m).
- 89% of group sales for the period were in packaged goods, mostly in Australia.
- Sales for the March 2023 quarter were strong, with packaged goods sales higher than the September and December 2022 quarters in both Australia and the USA. The Company's sales outlook remains positive for the last quarter of FY23.
- Imported olive oil products remain under increased margin pressure with European olive oil supply well down and bulk prices at 20-year highs. This has resulted in material retail price increases for imported olive oils in Australia, the USA, and Europe.

GROUP OLIVE OIL SALES BY PRODUCT / COUNTRY – 1HFY23

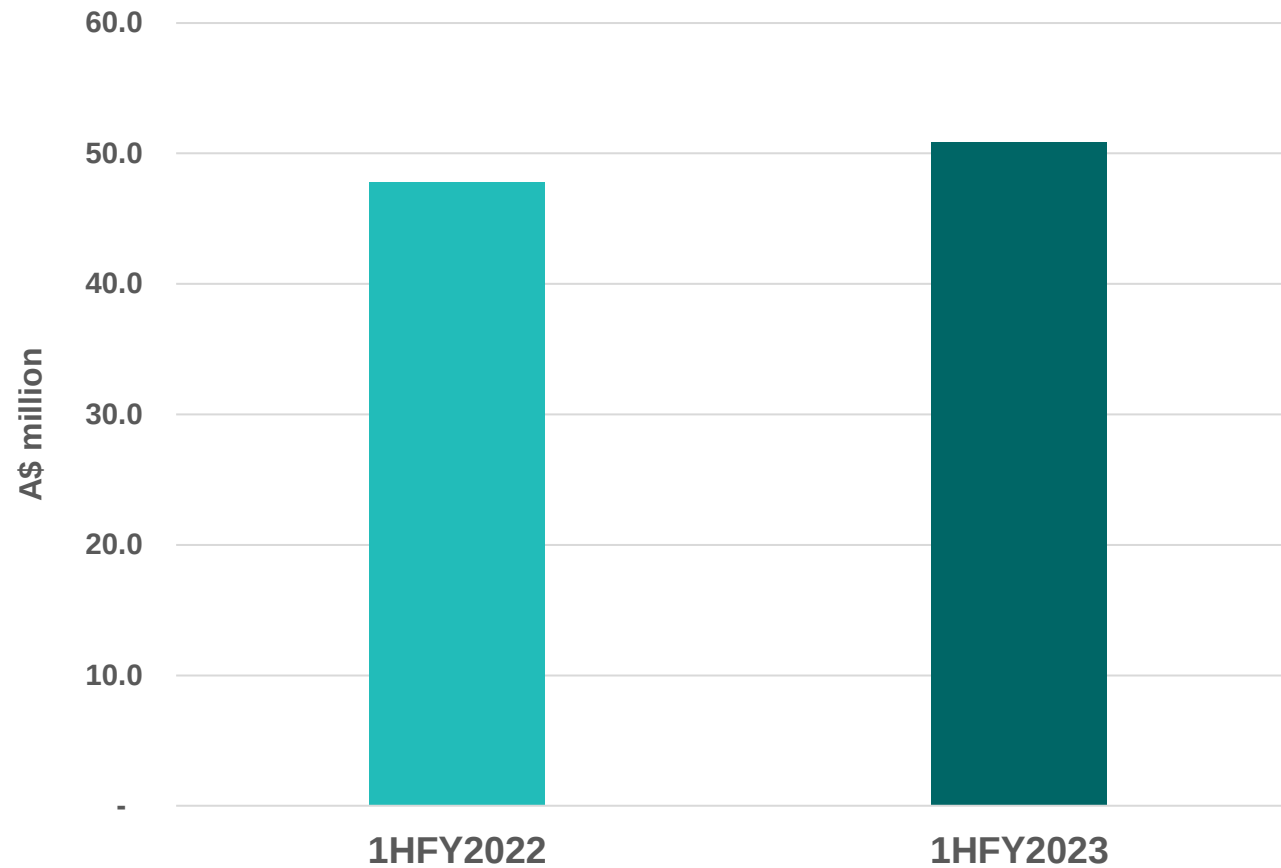
■ Packaged Goods - AUST ■ Packaged Goods - USA ■ Bulk - Aust ■ Bulk - USA



Strong Sales Growth for Australian Olive Oil Operations in 1HFY23

Australian packaged goods sales up 6.3% in 1HFY23 (vs 1HFY22)

PACKAGED GOODS SALES - AUSTRALIA



Key points

- Strong group olive oil sales from Australian operations in 1HFY23, led by significant growth in packaged good sales.
- Total Australian olive oil sales of \$55.2m in 1HFY23, up 3.8% versus the prior period (1HFY22: \$53.1m).
- Total 1HFY23 packaged good sales (Cobram Estate® + Red Island® + private label) of \$50.8m, up 6.3% (1HFY22: \$47.8m).
- Strong sales growth has been supported by multi-channel marketing activity across the period, focused on product quality, origin, and sustainability.
- Sales for the 3-months to March 2023 were strong, and the sales outlook remains positive for the last quarter of FY23.

Return to Growth for USA Packaged Goods Sales in 1HFY23

USA packaged goods sales up 6.2%; Cobram Estate® sales up 70.8% (vs 1HFY22)



Key points

- The Group reported strong olive oil sales from its USA operations in 1HFY23, led by significant growth in packaged good sales together with bulk oil sales of Californian and Australian olive oil.
- USA packaged good sales (Cobram Estate® + private label) totalled \$10.1m in 1HFY23, up 6.2% (1HFY22: \$9.5m).
- Cobram Estate® brand was the growth driver in 1HFY23, with sales of \$7.8m (up 70.8% versus 1HFY22). Private label sales were down during the period due to Californian olive oil supply constraints.
- **Cobram Estate® is the #9 highest selling extra virgin olive oil by value in USA supermarkets and natural food stores (excluding private label)*.**
- Sales for the 3-months to March 2023 were strong, and the sales outlook remains positive for the last quarter of FY23.

Financial Outlook

Outlook is positive, underpinned by a larger Australian crop, strong sales, and softening grove input costs

- Demand for Australian and Californian extra virgin olive oil remains strong, and we anticipate this will continue despite the evolving economic situation in our key markets.
- A significant increase in the Australian olive oil crop is expected in FY23 (vs. FY22).
- **Full Year FY23 Statutory EBITDA is expected to be materially higher than FY22** (subject to the risks associated with olive farming).
- Cash flow from operations is forecast to be materially higher in the second half due to substantial second-half sales growth in the USA.
- Grove input costs in Australia for FY23 are around 10% lower than internal budgets primarily due to less water application and softening of costs, particularly in relation to water. Key grove input costs such as water, fertilizer, and electricity are expected to remain soft into FY24.



Olive Oil Operations Update - Australia

Australian harvest well-progressed, production of 12.6m-13.2m litres expected

Key points - Australia

- Harvest is progressing well at our Australian groves, with around 60% of our grove area harvested to date.
- Based on the current trends and the areas and varieties harvested, it is expected that the combined production of both groves will be between 12.6m and 13.2m litres. This compares to last year's harvest of 9.5 million litres (our last 'off-year') and 16.1 million litres in 2021 (our last 'on-year').
- As previously announced, this reduction in estimated production is largely driven by the unusually cold and shorter growing season which resulted in lower-than-average oil content in the fruit combined with smaller fruit size.
- Subject to weather conditions, we expect to finish harvest by the end of June 2023.
- Good growing conditions during summer and above average annual rainfall have resulted in pleasing levels of vegetative growth and productive potential across our farms.

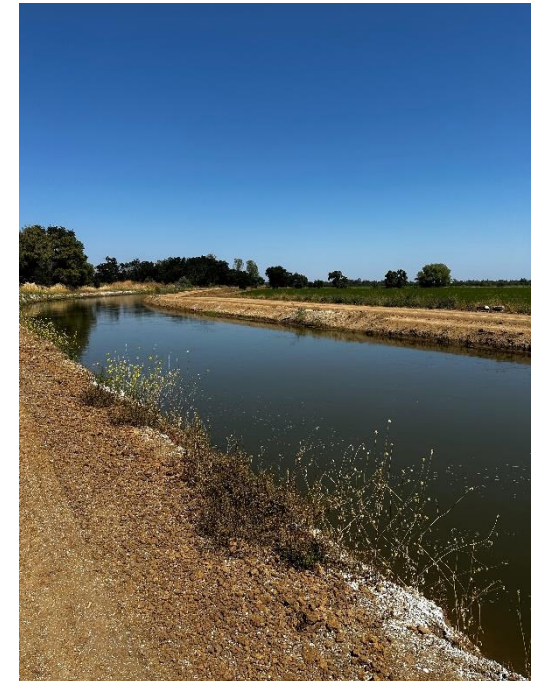


Olive Oil Operations Update - USA

High rainfall and favourable flowering have set up a good 2023 season in California

Key points - USA

- CBO's Californian olive groves are in very good condition. Significant rain and snowfall during the Northern Hemisphere Winter and Spring provided welcome relief for Californian water users in general, including the irrigation district where our groves are located, resulting in material water allocations for the growing season.
- Californian groves are typically harvested between October and November, with the groves having just been through the peak flowering period. Flowering was favourable, and we are therefore hopeful of a good harvest in November, but of course subject to weather conditions between now and then.



Growth Strategy

Four core pillars of growth

1.

Increasing supply from our Australian olive groves through maturing plantings and efficiency gains

41% of the company's total Australian plantings are not fully mature and are not yet producing mature yields including 13% of total Australian plantings yet to produce a harvested crop.

2.

Growing our vertically integrated business in the USA

The Company is encouraged by the immense opportunity to replicate its Australian business model in the USA in the medium to long term. The key focus is increasing the supply pipeline of Californian produced olive oil to drive packaged goods sales at retail.

3.

Growing branded product sales and improving the net price per litre for our extra virgin olive oil

Continued premiumisation and differentiation of the company's brands globally whilst never compromising consumer trust and/or value proposition.

4.

Capitalising on our sustainable position and upcycling our olive oil by-products

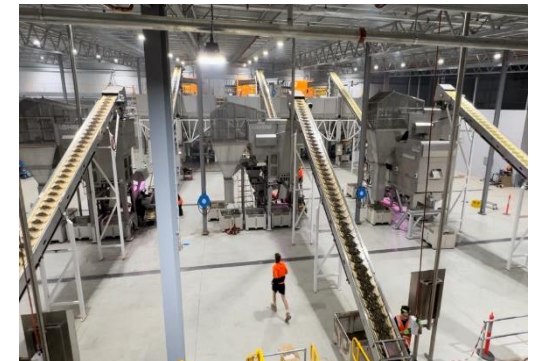
Extracting and commercialising the valuable by-products from extra virgin olive oil production through both B2B sales and high-value consumer brands.

Boort Olive Mill Upgrade

Harvest commenced on time at the newly upgraded Boort olive mill (Victoria)

Boort olive mill upgrade

- The Boort new olive mill was commissioned on time, with harvest commencing in late April as planned.
- The mill upgrade has delivered a capacity upgrade from 30 to 50 tonnes of olives per hour, with equipment to deliver a further 50 tonnes/hr capacity to be installed in coming years to match future needs.
- Once the upgrade is completed, the Boort olive mill will be the largest in the southern hemisphere.



New Grove Developments at Boort (Victoria) and Woodland (California)

415-hectare development at Boort and 194-hectare development at Woodland



Boort grove development – March / April 2023

- Completed a greenfield 415-hectare olive planting at our Boort grove in Victoria, increasing our total olive plantings at Boort from 3,101 hectares to 3,516 hectares. (Image of new Boort planting above).



California grove development – May / June 2023

- Phase 1 of the Dunnigan Hills Ranch development is underway with the planting of 194 hectares to be completed by 30 June 2023. As a result of this development, our planted area in California will increase by 54% to 552 hectares. (Image of Esparto South planting above).

CBO’s Maturing Australian Groves & Contracted Third-Party Groves will Deliver Material Supply Increases in Coming Years Enabling Sales Growth

Maturing groves to grow by CAGR of 6.5% over the next 8-years, supplemented by third-party supply

Cobram
Estate Olives
Limited™



Market opportunity

- Australian grown olive oil currently accounts for less than 50% of Australian domestic consumption, with the balance imported due in part to a lack of available local olive oil.
- CBO’s investment in expanding and redeveloping our Australian olive groves will grow its future supply of Australian olive oil, enabling the Company to drive further market share growth in the Australian market and target export markets.

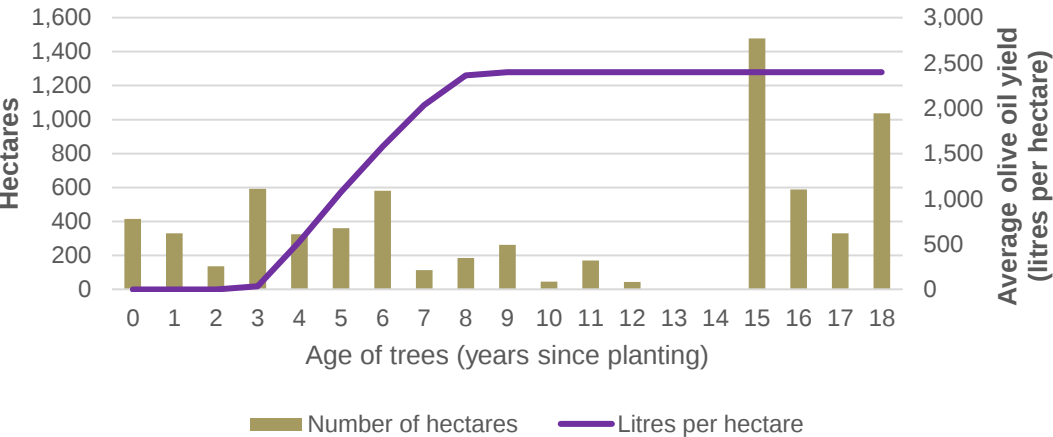
Maturing Australian groves

- Based on current and planned future plantings, CBO’s mature groves in Australia will increase from 4,000 hectares to 7,000 hectares over the next 9-years.
- Currently 59% of CBO’s Australian groves are mature, 28% immature, 13% not yet productive*.

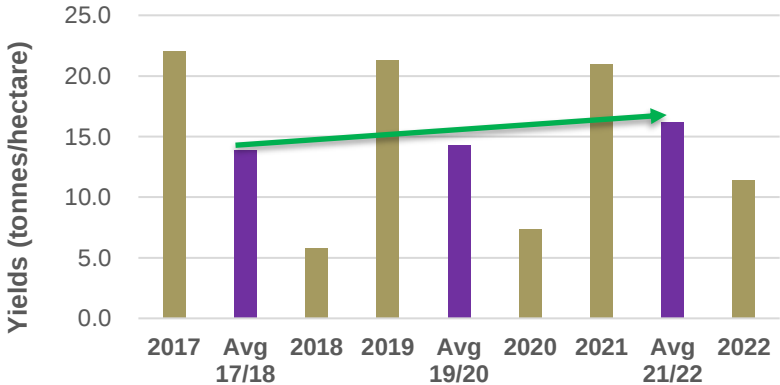
New third-party groves coming online

- Contracted supply from third party groves in Australia will increase materially in FY23, with more than 5,000 tonnes of olives expected.
- CBO will receive toll-milling revenue at market rates for processing the olives and will receive a margin on marketing approximately 1 million litres of olive oil produced.

AGE PROFILE OF CBO’S AUSTRALIAN GROVES BY PLANTED HECTARES AND AVERAGE OLIVE OIL YIELD PER HECTARE BY YEAR OF AGE*



AVERAGE MATURE YIELDS FROM CBO’S AUSTRALIAN OLIVE GROVES



Building on our sustainability leadership position

CBO recognised as an Australian leader in sustainability in the food / agribusiness sector

Sustainability highlights for FY23 include:

- Winner of the 2022 Woolworths Better Tomorrow Award (Sustainability Supplier of the Year).
- Recognised as a Sustainability Leader for 2022 by the Australian Financial Review / BCG in the category of Agriculture and Environment.
- Achieved Net Zero+ carbon certification for our growing and processing operations.
- Completed phase one of our Boundary Bend Reforestation Project with 166 hectares of Mallee seeding.
- Commenced a partnership with the Victoria Mallee fowl Recovery Group to support the protection of the endangered Mallee fowl.
- Signed the United Nations Global Compact and are now a business member of their network.
- Staff participated in RUOK Day in September 2022.
- Donated over 15,000 bottles of olive oil to Foodbank.
- Received the tumble dryer at our Boundary Bend grove as we move one step closer to implementing our Sustainable Olive Pomace Waste project with Sustainability Victoria.



Questions?

A rusted metal sign with the text "Cobram Estate" and a stylized leaf logo. The sign is mounted on a corrugated metal wall. The text "Cobram" is in a large, sans-serif font, and "Estate" is in a smaller, sans-serif font. A registered trademark symbol (®) is located to the right of "Estate". Below the text is a stylized leaf logo with three leaves and a central stem. The sign is mounted on a corrugated metal wall. The background shows a corrugated metal roof and some foliage.

Cobram

Estate®



Thank you!