

Investor Presentation

Review of Full Year Results FY 2014

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Managing Director



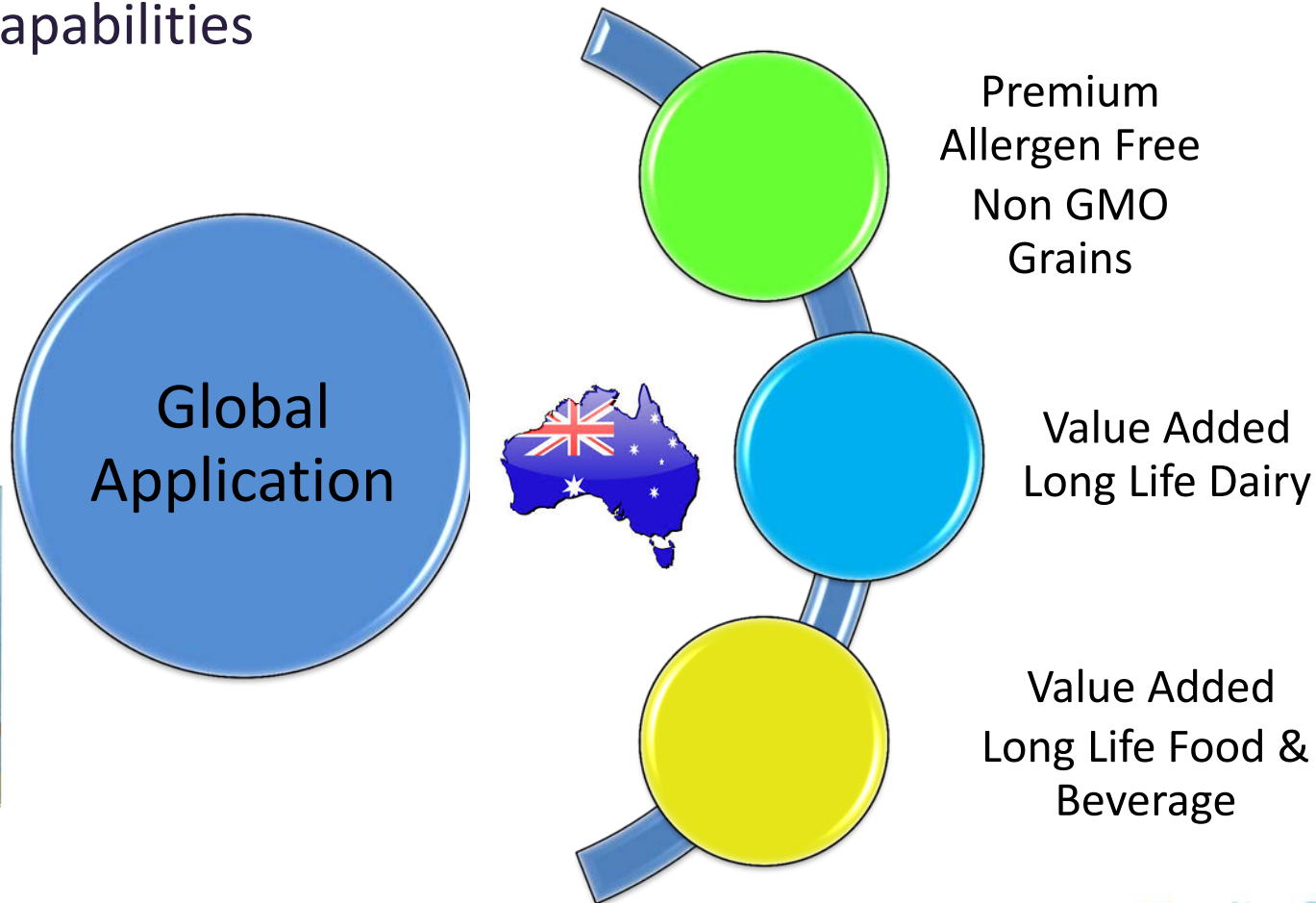
Making Food Better

We believe that people's needs have moved towards safer, nutrient rich, longer life convenient foods.

All our products have a purpose of bringing value to consumers lives through best nutrition and innovative convenience



We aim to be a leading Company Value Adding Australia's Unique Food Capabilities



Building Global Collaborative Partners to Value Add Australia's Food Capabilities

We have shown capability to build a network of key collaborative partners focussed on developing key category and product channels across global target markets



- Bright Dairies China



- New Hope Dairies, China



- Yihaodian



- Shenzhen JLL, China (former Jia Duo Bao Herbal tea Brand founders)



- Blue Diamond Almond Growers (USA)



- Bumble Bee Foods (North America)



Business Units and Investments

Freedom Foods



Pactum



Specialty Seafood Brands



A2 Corporation (17.9%)

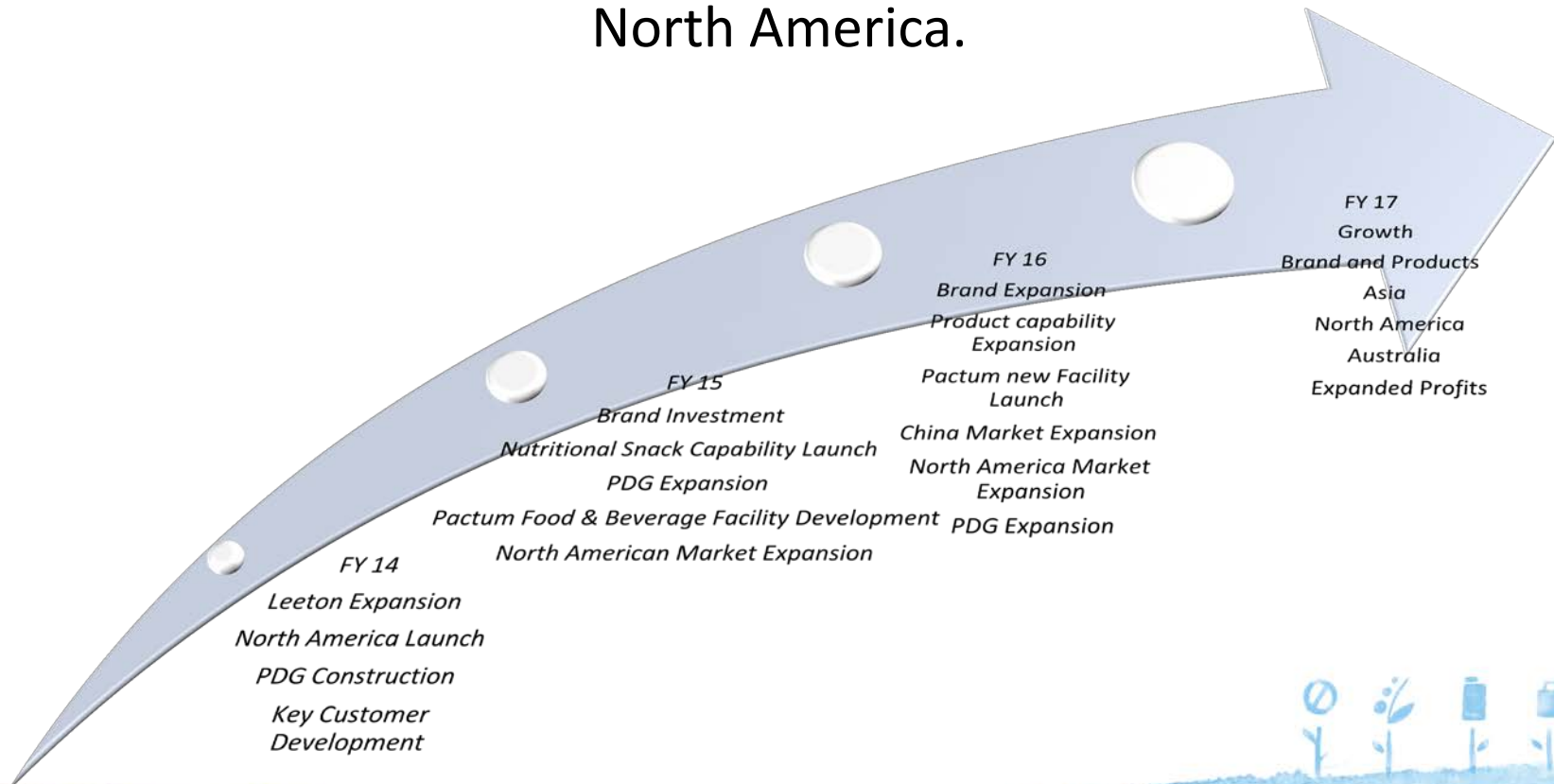


Overview of Full Year 2014



Financial Year 2014

Successful year building on the Company's capability and capacities for profitable growth, investing in our brands and establishing key customer relationships in Asia and North America.



Financial Summary – FY 2014

- Group gross sales growth of 6.3% to \$122.7 million (pre consolidation elimination)
- Operating EBDITA of \$16.6 million, an increase of 43%.
- Net Operating Profit was \$12.5 million, an increase of 97% (against PYP), inclusive of a decrease in operating tax expense from write back of over accrual of tax on disposal of a2 Milk Company shares in Dec 12.
- The Company completed a capital raising of \$30m (gross proceeds) at \$2.10 per share from a placement and entitlements offer in September 2013.
- Net Cash position including financial assets (loans to PDG associate of \$12.8 million) at June of \$7.9 million. During the period, the Company invested \$19.9 million in capital expenditure, \$4.5 in equity associates and repaid debt of \$12.5m



Financial Summary – Financial Year 2014

12 months to 30 th June	2014 \$'000	2013 \$'000	% Change
Gross Sales Revenues (Note)	122,722	115,516	+6.3%
Net Sales Revenues (Note)	104,616	98,718	+6.0%
EBDITA (Operating) (Note)	16,611	11,600	+43.2%
EBITA (Operating) (Note)	13,868	8,972	+54.6%
Equity Associates Share of Profit	(26)	819	-103.2%
Pre Tax Profit (Operating)	13,059	7,524	+73.6%
Pre Tax Profit (Reported)	12,673	18,524	-31.6%
Net Profit (Operating)	12,518	6,351	+97.1%
Net Profit (Reported)	12,132	13,722	-11.6%
Total Ordinary Dividend (cps)	\$0.030	\$0.020	+50.0%
EPS (cents per share)(Fully Diluted for CRPS)	8.65	14.73	-41.3%
Net Debt / Equity (including financial assets)	4.1%	10.0%	-59.5%
Net Assets per Share	\$0.81	\$0.63	+28.8%
Net Tangible Assets per Share	\$0.67	\$0.47	+43.7%

Notes:

Gross Sales Revenues does not include revenues from group associate entities, PDG or A2M. Net Sales Revenues in the table above differs from the Appendix 4E, as the above sales includes Pactum sales to Freedom Foods and Freedom to Freedom in North America, which is eliminated under consolidation accounting practice, but recognised by the Group as revenue, given the businesses sell at arm's length. Operating EBDITA and EBITA, excludes pre-tax abnormal or non-operating charges with an add back of non cash employee share option expense.



Freedom Foods

- Building momentum, investing significantly in capability and capacities for future growth including capital expenditure at Leeton and increase in brand marketing.
- Total sales growth of 15%
 - Focus on core Cereal, Cereal Snacks and Non Dairy Beverage
 - Growth in Cereals assisted Leeton efficiencies
 - Reduction in non core categories, impacting sales by approx \$2.6m and recoveries
- Dairy Alternative beverage growth
 - Volume growth of 44%. Almond category 30.0%* YTD vs 16.0%* prior year
 - Freedom category share of 54%, from Australia Own Organic and Blue Diamond Almond Milk brands
 - Inefficiencies in distribution impacted overall returns
- Investment in building sales and distribution in North America, with strong base of distribution coming on stream
- Increased Business EBDITA contribution to \$7.1m, with \$684k loss from start of North American operations

* Source: Aztec



Pactum Food & Beverage

- Building momentum , investing significantly in capability and capacities for future growth including the new Pactum Dairy Group (PDG) facility at Shepparton and investment in additional value added format capability.
- Pactum's non-dairy production volumes increased during the period to support the growth of the Australia's Own and Blue Diamond brands, as well as external private label requirements in the fast growing almond beverage category.
- The business continued to see the benefit of increasing its mix of value added UHT products to a range of private label and proprietary customers. Dairy milk production has been transferred to the PDG facilities in Shepparton.
- Inefficiencies in Almond processing and distribution impacted overall returns.
- During the 2nd half 2014, Pactum expanded its capabilities with the installation of 250ml Prisma Format and 330ml Prisma Dreamcap formats.
- Increase business EBDITA contribution to \$9.7 million.



Pactum Dairy

- Pactum Dairy (PDG) was established in 2013 to operate UHT dairy milk operations for supply into both the domestic and export markets. PDG is a joint venture between Pactum and Australian Consolidated Milk (ACM), a major Australian dairy milk supply group.
- The facility was established in the northern Victorian city of Shepparton, for a total investment of approximately \$45 million, with initial capacity for 100 million litres of dairy milk production, with capability to be increased up to 300 million litres in the longer term. The facility was completed over a construction period of approximately 9 months, with the project largely on budget.
- The plant commenced operations in April 2014, with commencing volumes ahead of its 3 year business plan, with strong demand from customers for 1 Litre and Portion pack volume from South East Asia and China.
- The Company equity accounted 1% of the loss in line with the current ownership structure. The Company has the capacity to obtain a 50% interest in PDG by converting convertible notes issued to it as part of its original investment. This is expected to occur in FY 15.



Specialty Seafood

- Brunswick maintained its No 1 Brand leadership position in Australia / New Zealand
- In salmon, the Paramount brands full year sales result was impacted by SKU ranging reductions implemented during 2nd half FY 2013, although the effect on profitability of these reductions was reduced in the FY 2014 year through management of promotional spend and improved cost of goods against plan. The impact of this SKU reduction impacted sales in the full year by approximately \$2.5m.
- The business continued to utilise the procurement power of Bumble Bee Foods of North America, with Bumble Bee securing inventory requirements through priority access to Salmon and Sardine catch volumes.
- The business performed broadly in line with the previous corresponding period, with business unit EBDITA of \$2.4 million



a2 Milk Company Limited (17.9% shareholding)

- a2™ branded milk is the fastest growing milk brand in the Australian market and the major driver of category growth nationally, accounting for approximately 9% of grocery channel market share by value.
- a2MC also markets a2™ Platinum™ infant formula to consumers in Australia and China.
- a2MC's plan to enter the North American fresh milk market is progressing, with a launch expected to commence during calendar 2015.
- The Company is the largest single shareholder in a2MC with a fully diluted shareholding of 17.9%. a2MC is listed on the main board of the New Zealand Stock Exchange (NZX: ATM), with a current market capitalisation of approximately NZ\$429million (A\$391 million) implying a value for the Company's 17.9% investment of around A\$70 million, materially above the book value of A\$10.6 million.
- The Company did not recognise any equity accounted profit from a2MC during the year, compared to \$819k in the prior year period. The Company expects a low effective tax rate relating to any capital gain on a sale of shares in a2 Milk Company.

* A2C, Aztec Data WW, Coles Only



Issued Capital and Shareholding Base

- Issued Capital
 - 150.7m Ordinary Shares
 - 0.1m CRPS (9% Yield) (Buyback rights now available)
- Growth in Institutional shareholder base from capital raising and market trading
- Top 10 Register below as at 29th August 2014

1	<u>ARROVEST PTY LTD</u>	86,000,000	57.06%
2	<u>RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED</u>	11,922,268	7.91%
3	<u>NATIONAL NOMINEES LIMITED</u>	11,022,366	7.31%
4	<u>CITICORP NOMINEES PTY LIMITED</u>	9,477,204	6.29%
5	<u>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</u>	4,519,661	3.00%
6	<u>J P MORGAN NOMINEES AUSTRALIA LIMITED</u>	2,786,447	1.85%
7	<u>UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD</u>	2,155,894	1.43%
8	<u>MIRRABOOKA INVESTMENTS LIMITED</u>	1,809,731	1.20%
9	<u>BNP PARIBAS NOMS PTY LTD</u>	1,410,235	0.94%
10	<u>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</u>	958,208	0.64%



Looking forward into 2015

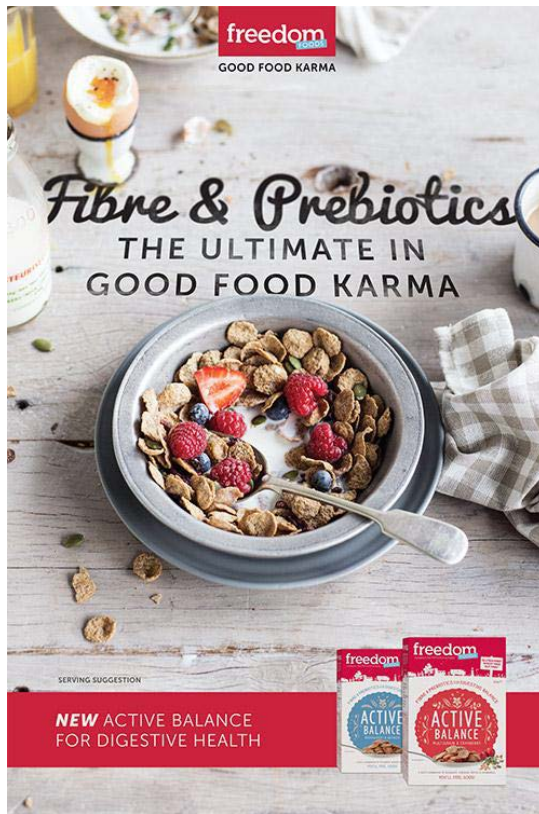


Freedom Foods Australasia

- Focus into 2015 remains on increasing sales in Australia through building on its category leadership in the health channel and further growth in distribution channels
- Exciting innovation pipeline has been developed which will be launched into 2015, through new products in Cereals, Non Dairy Beverages and new formats for convenience and food service channels.
- \$9 million upgrade to nutritional snack capabilities at Leeton will materially improve efficiencies on current business and provide a game changer for the Company in being able to meet demand for nutritious allergen free snacks in a range of formats in Australia and internationally. The new capabilities will come on line in 2 stages between November and March 2015.
- Capital investment at Leeton will improve operating efficiencies, increase production capability and quality.
- This aligned with ongoing marketing investment in building awareness of the brand and products across a broader consumer market open to healthier digestive and nutritional products, provides a strong base for growth.



Driving Awareness and Engagement In the Freedom Brand



Product Innovation
Allergen Free, Nutrition and Taste



freedom FOODS
HONEST, NUTRITIOUS & FREE

new FUN AND TASTY
KIDS CEREAL

freedom FOODS
HONEST, NUTRITIOUS & FREE

Delicious Cocoa Puffs

XO Crunch

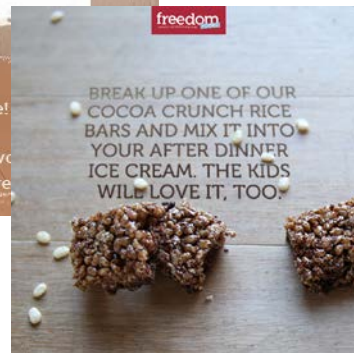
SOURCE OF FIBRE

with the goodness of 3 grains

7 X HIGHER IN FIBRE*
40% LESS SUGAR*
85% LESS SODIUM*
THAN THE LEADING KIDS
COCOA BREAKFAST CEREAL!

*per 100g (at time of print)

- ✓ Goodness of 3 grains
- ✓ Delicious chocolatey taste!
- ✓ Fun playful shapes
- ✓ No artificial colours or flavours
- ✓ Gluten*, wheat and nut* free

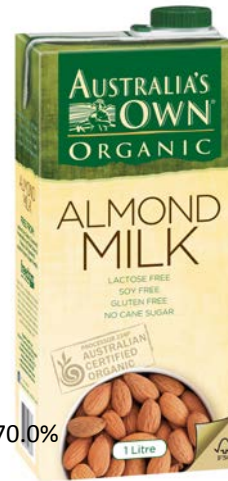
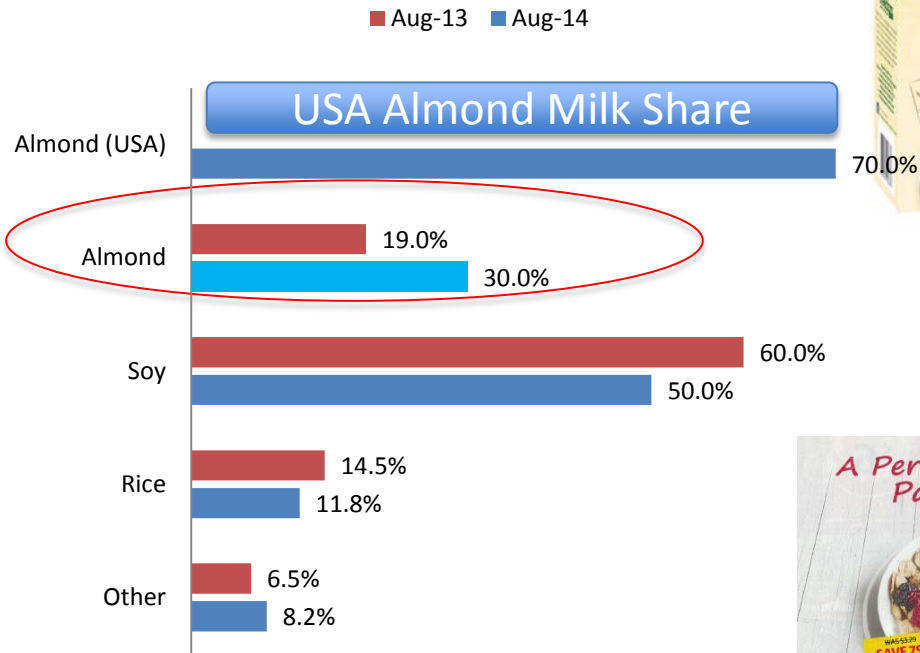


Australia's Own Brand

Delivering Best of Australian Food & Beverage to Australian and Asian Consumers



Almond Milk (Australia) Category Growth vs USA



NEWS IN BRIEF

Almond milk accounts for almost 70% of sales in plant-based beverage category, says WhiteWave Foods



By Elaine Watson+

12-Aug-2014

Last updated on 12-Aug-2014 at 23:43 GMT

Post a comment



Freedom Foods North America

- Focused on building sales within a core base of retail distribution that has been established in in 2014, largely into Specialty / Natural Products Retailers
- Current ranging in excess of 3,000 Stores that is either on shelf or due to be ranged over the next few months
- Key retailers such as Sprouts, Whole Foods, PCCC, Raleys, Wegmans, HEB and Kroger's, reflecting Freedom Foods unique proposition in Allergen Free and Non GMO.

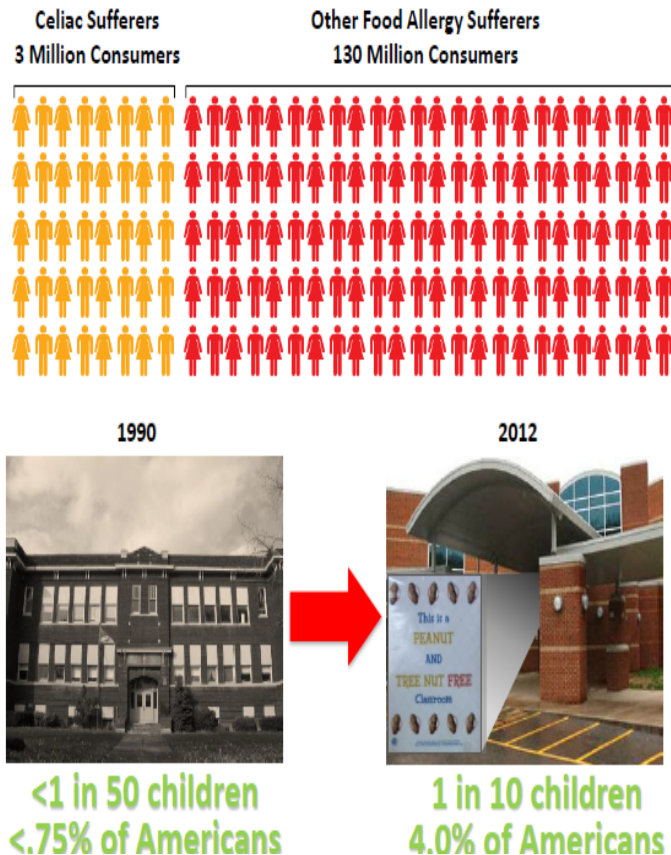


- Strong consumer interest in Freedom proposition (allergen free and non GMO) The business remains focused on delivering its medium term sales target of up to 1 million cases of Freedom Foods branded Cereals and Cereal snacks per annum.

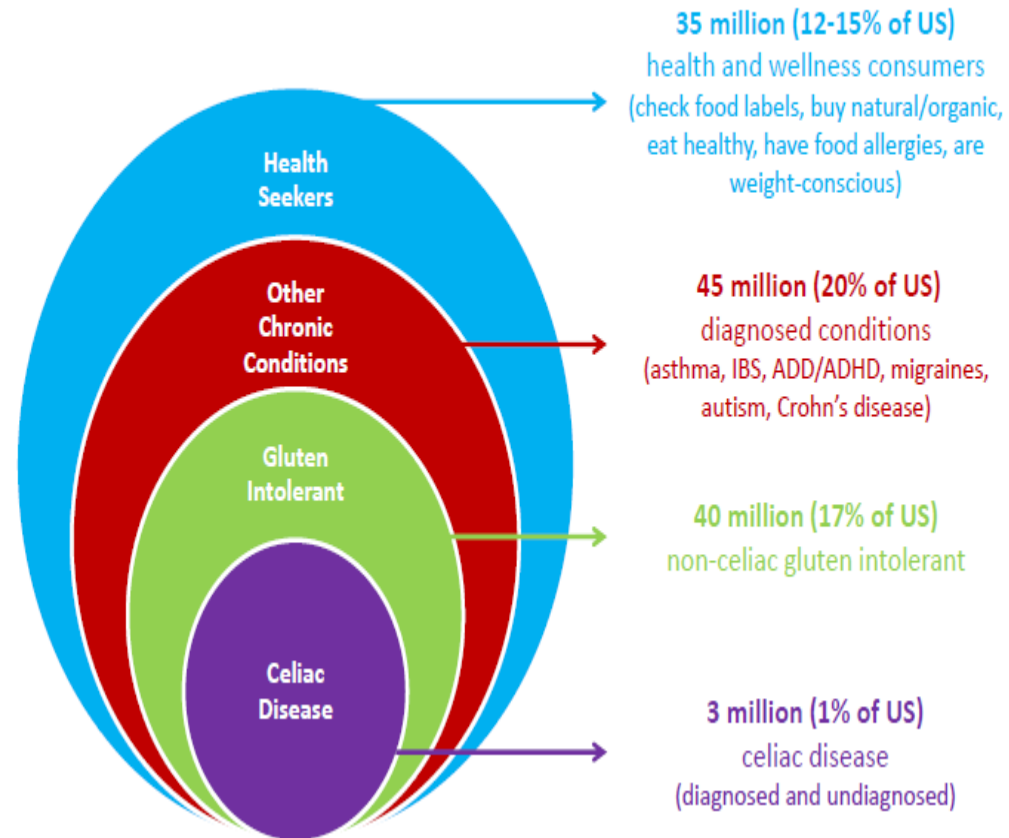


Free From Market is Large and Growing in North America

The Free From Consumer Base is Increasing



The size of the gluten-free market has been reported at 21 million households with 2.6 people per household (totaling 54.6 million consumers or 17% of the U.S. population).



Presence in Market



News Feed

Freedom Foods

August 28 at 6:15am • Fort Drum, NY, United States •

Hey! We are from Watertown, NY and while shopping in Syracuse last week, I found your cereal and bought 3 different kinds. Our kids love fun cereal. But with food allergies and a desire to eat foods free of dyes and GMOs, it's hard to find good tasting cereal that hits all the right nutrition marks AND doesn't break the bank 😊. Well, we opened our first box of Freedom this morning and they all LOVED it!! Thanks for the great product 😊 hoping to find somewhere a bit closer to home, but until then, we will be stocking up when we do head south! Thanks!!

Like · Comment · Share



Pactum Food & Beverage

- Expectation for increased non-dairy production volumes to support the growth of the Australia's Own and Blue Diamond brands, as well as external private label requirements in the fast growing almond beverage category.
- Further capital expenditure in FY 15 to improve almond processing and increase throughput and efficiencies
- 250ml Prisma Format and 330ml Prisma Dreamcap formats, currently owned by Pactum and operated at PDG's Shepparton facility will be for domestic customers, with a significant proportion of capacity being allocated to PDG dairy based export customers into 2015. T
- The total investment of approximately \$15 million will provide an initial earnings contribution in FY 15.



New Food and Beverage Facility in South West Sydney

- Planned new facility in Ingleburn in South West Sydney will provide for significant expansion in capacity and efficiency improvements, including providing more efficient and lower cost warehousing and logistics compared to current arrangements.
- Pactum will acquire approximately 66,000 sq. metres of land for an acquisition price subject to final adjustments, of approximately \$16.6 million. Settlement is expected on or around February .
- New facility will provide superior capabilities to customise food and beverage products for local and export markets, with efficiency and speed to meet the growing demand for high quality safe foods from Australia marketed under the Company's brands "Australia's Own" and "Freedom Foods" and leading brands of key customers in Australia and internationally.
- Construction of the facility is expected to commence in 2nd half FY 2015, with production commencing from 2nd half FY 2016.
- The acquisition of land, associated building and capital requirements is expected to be funded from existing finance facilities and other assets.



Ingleburn Site (66,000 Sqm adjacent to key National Transport Routes)



Pactum Dairy Group

- Strong demand from customers for 1 Litre and Portion pack volume from South East Asia and China, with Australian milk products providing highest quality and safety at a comparative cost advantage compared to locally sourced milk.
- Key relationships including Bright Dairy (Shanghai), New Hope Dairy (Chengdu), Shenzhen JLL (Guangzhou) and online retailer Yihaodian. Each of these relationships is complementary with significant diversification in local market distribution, product range and capability.
- Total dairy milk volume processed in 2015 is expected to be over 100 million litres, with the site total capacity estimated at 300 million litres, based on current planning configuration.
- To meet expected expansion in milk volumes over the medium term, PDG is evaluating additional processing and filling capacity expansion, including expansion of warehousing and logistics capability.
- Opportunities to vertically integrate into other value added dairy products streams are also being reviewed, consistent with our customers long term requirements.



Shepparton Site





Specialty Seafood

- Positioning for driving the business towards value added products reflecting consumer demand for convenience and superior health benefits
- Revitalised packaging for the Brunswick and Paramount Brands to launch into 2014



a2 Milk Company Limited – 17.9% Strategic Investment

- Australian business continues to drive growth in milk and infant formula. This is expected to support the ongoing development of China and market entry strategy for USA.
- Competitor activity (and recognition of a2) confirms strength of a2 business and the increasing consumer switch to a2 Protein Dairy
- The science behind a2 products continues to build momentum. Several new research studies were published supporting the unique benefits of dairy products free of A1 beta casein protein.
- FNP is supportive of a2 Milk Company in delivering its strategy in Australia , China and USA and will actively support its UHT requirements in Australia and Asia. While the Company intends to maintain a strategic shareholding in the medium term, it will retain the option to realise capital from the investment to support growth opportunities.





You can avoid the A1 protein in regular cows' milk by drinking a2 Milk™

**100%
A2 protein**

a2 a2 Milk™
comes from cows that naturally produce A2 protein and not A1.

**50%
A1 protein**

Pura milk
has around 50% A1 protein. Like all regular cows' milk, it comes from a variety of cows that produce a mix of A1 and A2 protein.



Outlook

- The Company will continue to build on its capability and capacities for growth, investing in our brands and establishing key customer relationships in Asia and North America through its Freedom Foods and Pactum businesses.
- Growth from capital investment program will impact earnings over the medium term across the key growth businesses of Freedom and Pactum
- Capital raisings have provided significant balance sheet flexibility to fund organic growth and pursue strategic opportunities as they arise.
- Overall the Company anticipates growth in sales, operating profitability and improving return on funds employed in FY 2015.



Questions



MAKING FOOD BETTER



Appendices

Financial Summary by Business – Financial Year 2014

Business Unit	Freedom	Pactum	Seafood
Net Sales	44,243	46,438	13,239
EBDITA	7,131	9,748	2,431
EBDITA Margins	16.1%	21.0%	18.4%
Funds Employed *	41,897	21,864	18,414
Return on Funds Employed (EBDITA)	17.0%	44.6%	13.2%
* Excludes FY 14 Capital Expenditure in Progress			

Capital Expenditures \$19.9m FY 14

Freedom Leeton 60% (Bar Line, Packaging Line, Extruder)

Pactum Stage 2 25%

Operational Expenditures 15%

* Excludes Investment in Pactum Dairy Group

