

Freedom Foods Group Limited

Annual General Meeting Presentation
29th October 2015

Rory J F Macleod
Managing Director



MAKING FOOD BETTER

We desire to be recognised as creators — creating on-trend, great-tasting, responsibly Australian produced food and beverages. Food and beverages that people enjoy and feel good about.

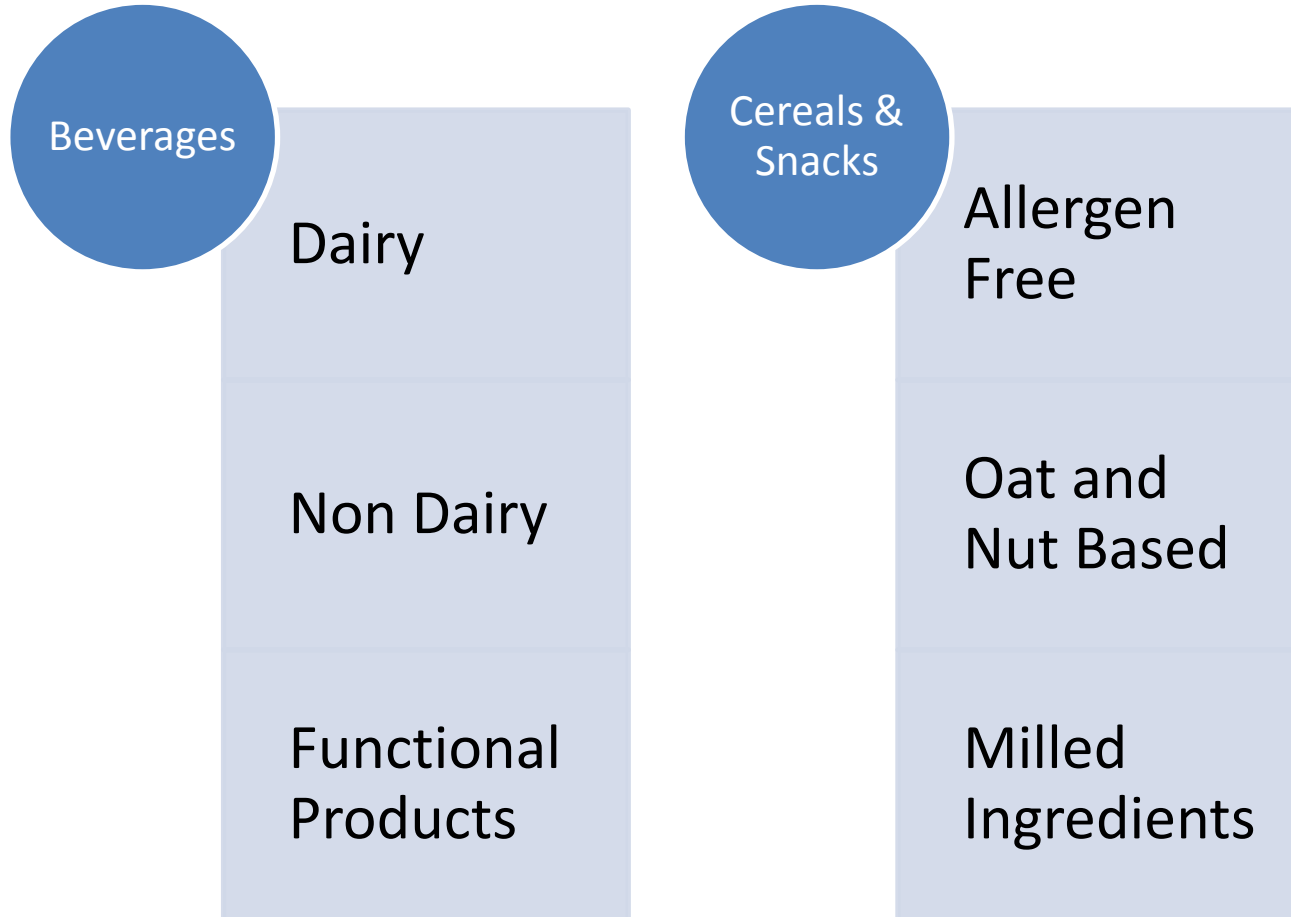
We aim to continually innovate and reimagine what is possible, to change the way the world eats for the better.

Through our brands and customers, we will leverage new categories and emerging consumer trends while also understanding our consumers' needs, backed up by strong research and product development, marketing and commercial capabilities uniquely based on Australian source advantage.

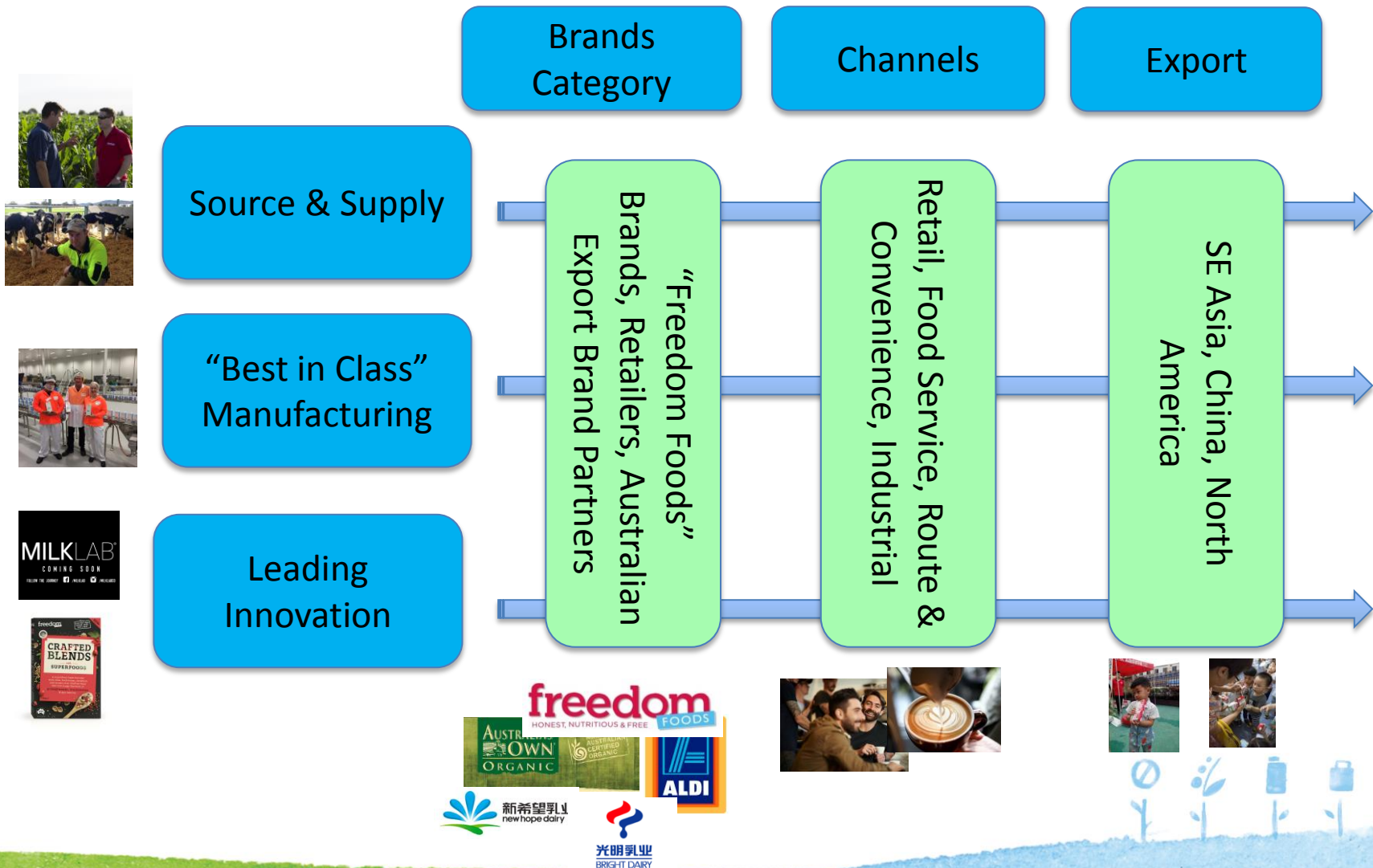
Strategic investments in our manufacturing footprint and supply chain will allow us to continue scaling and controlling our business into the future in both Australia and key Asia Pacific global markets.



Core Category Focus



Integrated Model - Paddock to Plate

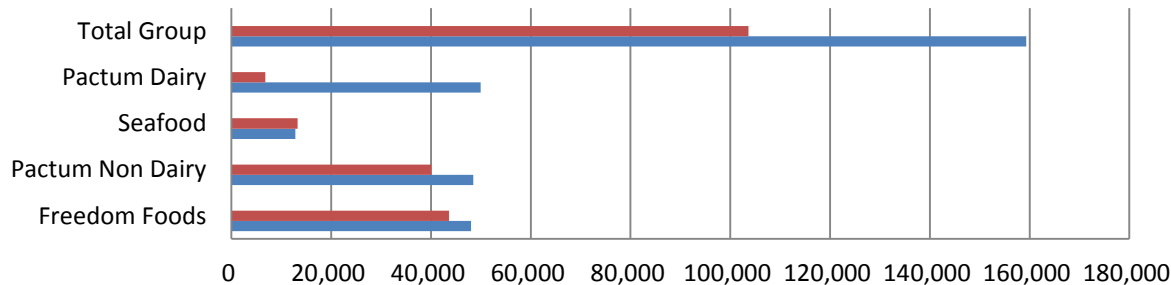


Highlights from FY 2015



Sales Revenues Development

Net Sales Development

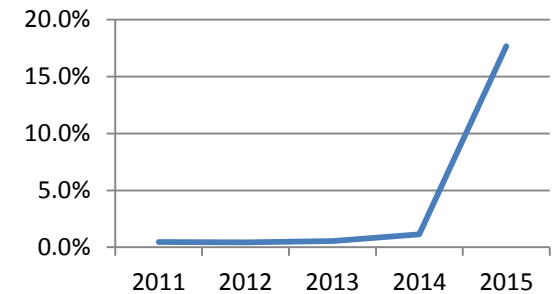


	Freedom Foods	Pactum Non Dairy	Seafood	Pactum Dairy	Total Group
% Change	10.2%	21%	-3%	635%	54%
FY 14	43,582	40,033	13,239	6,801	103,655
FY 15	48,041	48,483	12,803	49,984	159,311

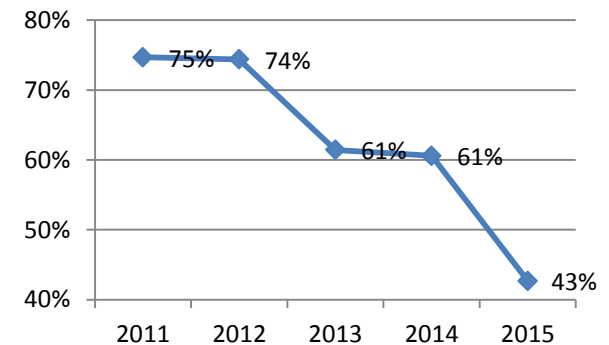
Note: Freedom sales eliminates impact of discontinued biscuit business sales from FY 14 and FY 15

- Sales growth in Freedom notwithstanding major plant capex in FY 15
- Group brands share of Pactum Non Dairy increasing
- Group sales exposure to WW / Coles reducing through increased mix of domestic and international sales

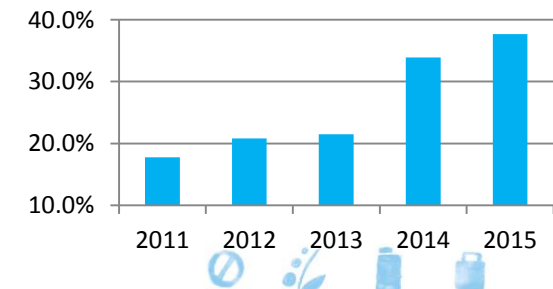
% Group Sales Revenues ex Aust / NZ



WW / Coles % Total Group Revenues



Freedom Brands % of Pactum Non Dairy Sales



Operating EBDITA (Underlying vs Statutory)

Year ended 30th June (A\$'000)	2015	2014
Underlying Operating EBDITA before significant items	16,420	15,289
Significant Items expensed to profit:		
Exchange and Market Demand Impact on Purchases of Almond inputs	-1,183	-
Underlying Operating EBDITA	15,237	15,289
Other costs not representing underlying performance		
One off Marketing and Promotional Costs for Mainstream Bar Launch	-1,351	-
One off Marketing Costs for Cereal Launch	-550	-
Bar Line Commissioning Impact on Gross Margin	-890	-
Total Other Costs	-2,791	-
Operating EBDITA	12,446	15,289
Employee Share Option Expense (non cash)	360	360
Statutory EBDITA	12,086	14,929

- One off investment costs relating to Bar Commissioning and Launches impacted gross margin and operating expense in Freedom business unit by \$2.8m
- Almond input price increases and exchange rate impact (compared to prior year) impacted gross margin by \$1.2m in FY 15 (85% of this in 2nd half FY 15)
 - Business working to offset proportion in FY 16 through process, efficiency gains

Note: Operating EBDITA is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Operating EBDITA is used by management and the directors as the primary measures of assessing the financial performance of the Group and individual segments



Recent Strategic Developments



Snacks



FY 2015

- Significant investment in Snack Bar production capacity and capabilities for future growth (new line installation)
- Material improvement in quality, specification, reduced wastage
- New formats (Kids “Nut Free” bars) launched in Coles mainstream from January 15
- Strong growth in 2nd half FY 15
- Products performing well with Choc Crunch and Apricot Chia best performers
- Expanding New Product Pipeline into 2016
- Capacity and cost base to create scale in snacking
- Extruded snacks extensions into 2016



Freedom Farmers



- Quality and security of supply will be critical to managing and developing growth
- Freedom utilises complex and unique grains that have inherent supply challenges
- Freedom Farmers are a network of key supplier relationships based:
 - Long term contracted supply
 - Fair price
 - Seed supply
 - Highest quality standards
 - No cross contamination
 - Managed by dedicated liaison officer
- Key requirements include Maize, Rice, Sorghum, Buckwheat, Oats
- Milled and processed by Freedom Foods
- AO organic farmer fund initiative (local sourcing development)



Darlington Point Mill



wiseGEEK



- Acquired Darlington Point Mill operations based in the Riverina district of New South Wales (completed 31 August 15)
- The mill gives Freedom a + 40% share of popping corn processing in Australia, also gluten free and non GMO grains. It also brings customers in food service and processing markets in Australia as well as export markets
- Our plans are to expand milling operations:
 - for internal use and external third party customers to grow sales and access cost efficiencies; and
 - provide opportunity for expansion into processing of other key grains (i.e. oats)
- The acquisition price for the assets (excluding raw materials) is approximately \$5.85 million (exclusive of stamp duty), plus working capital
- Will contribute in FY 16



Australian Fresh Milk Holdings (10% Investment)



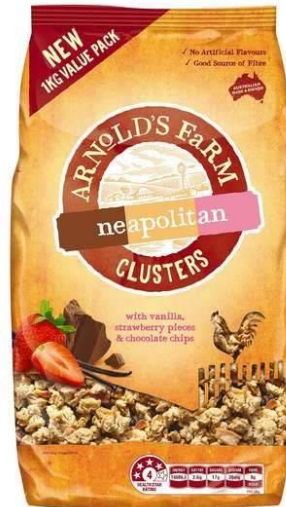
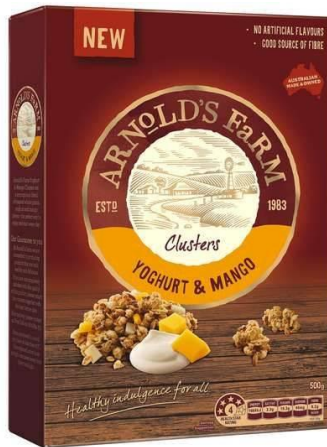
- Australian Fresh Milk Holdings consortium (AFMH) acquired Moxey Farms, Australia's largest single-site dairy operation in July 15
- Fully integrated dairy farming operation located in the Lachlan Valley, New South Wales, 340 km west of Sydney
 - 2,700 hectares
 - 3,700 milking cows for 50 million litres of milk per year
- Ongoing strategy to develop a world-class milk production platform, including expansion of Moxey Farms and greenfield dairy farming operations within a reasonable distance to key processing operations in Australia
- The arrangements provide FFG access to high quality milk supply to be utilised in its processing capabilities for key customers in Australia, China and South East Asia
- AFMH is a major supplier of a2 milk, alongside Leppington Pastoral's a2 milk production

Popina Foods Acquisition

- Freedom Foods has entered into a binding agreement to acquire Popina Foods, an Australian based major manufacturer of Oat based Cereal and Snacks
- Oats is an expanding consumer preference in Australia and Asia
- Popina has a 30 year operating history with a strong track record of growth
- Popina is a recognised leader in cluster format Cereals and snacks in Australia, with manufacturing operations based in a 10,500 sqm facility in Dandenong, Victoria
- Popina is a strong whole of category supplier, with +25% of sales from its proprietary brands (Arnold's Farm and Goodness Superfoods) and balance from a range of leading 3rd party brands and retailers in Australia and Asia
- Transaction Parameters
 - Total Sales Revenue in excess of \$50 million and profitable
 - Acquisition consideration of approximately \$35 million (total enterprise value), subject to closing conditions
 - Implied EBDITA multiple of 7-8 times annualised earnings under Freedom Foods



Popina, proprietary and third party brands production consistent with the Freedom business model



Supporting
a range of
leading 3rd
party brands
and retailers in
Australia and
Asia

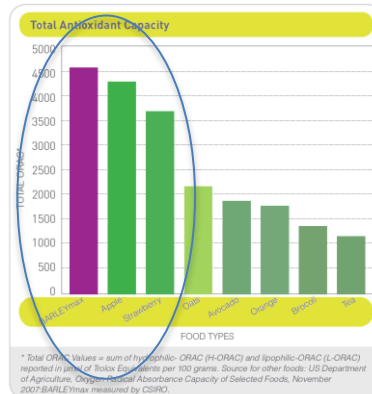
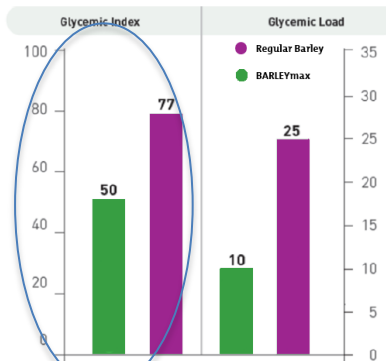
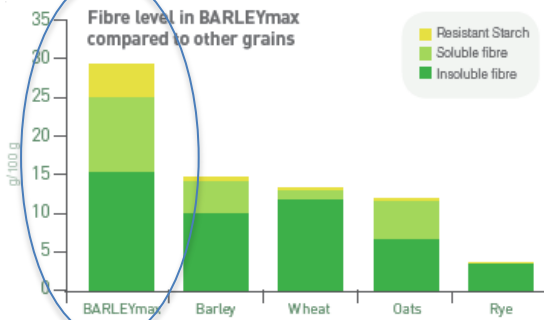
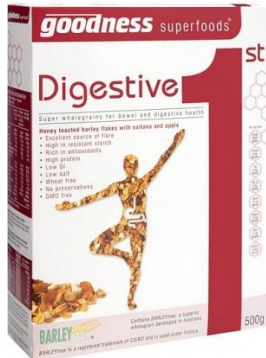


Popina Foods – Opportunity for Freedom Foods

- Demand for Oat based Cereal products (including Cluster, Granola's and related snacks) is expected to grow, reflecting increasing consumer awareness of the health benefits of Oats, improved product format and growing demand for Oat based Cereals in Asian markets
- Popina Foods capability will enable Freedom to expand its brand and category segment offering, in Australia and into Asia
- The acquisition will position Freedom as a leading Australian owned Cereal and Cereal snacks manufacturer, with dual manufacturing capability in both Allergen free and broad nut based capabilities, with further integration opportunities across its milling and ingredients operations
- Planned near term capacity expansion will support export development, as well existing key customer growth requirements
- The acquisition is expected to be accretive to earnings in its first full year of operation and is expected to provide operational efficiencies in the medium term



Goodness – BARLEYmax...a sleeper in the Portfolio



- Goodness Superfood Cereals and Snacks
- Contains CSIRO developed BARLEYmax™
- A diet rich in BARLEYmax™ can reduce the risk of heart disease, diabetes and obesity, improve bowel health and may even limit osteoporosis.
- BARLEYmax™ is also the highest fibre wholegrain with resistant starch content
- Compared to a refined grain, BARLEYmax™ wholegrains feature:
 - 75% more fibre
 - 60% more iron and thiamine
 - 80% more folate
- We will look to re position this product capability across a range of products for domestic, SE Asia and North American markets



New UHT facility Ingleburn Sydney

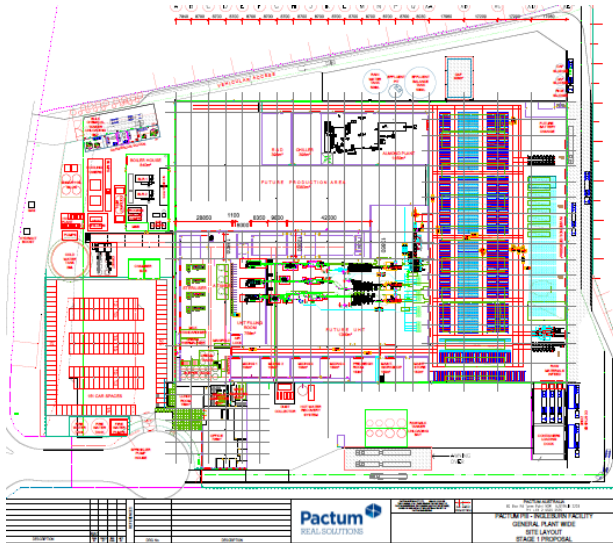
- Existing non dairy capabilities are constrained at Taren Point, restricting growth and financial returns
- Ingleburn to provide increased capacities to drive growth in Liquids categories
 - Non Dairy
 - Value Added Dairy
- Lowest Cost / Efficient Operations
 - Best in class processing, long runs
 - Automated filling and packaging
 - Integrated warehousing and distribution (medium-term fully robotised)
- Warehouse Stage delivered by June 2016
 - Material savings and efficiencies
- Processing Stage delivered by June 2017
 - Material capacity increase for growth with associated efficiency benefits from latest technology



Site (North West end)



Site (North East end)



a2 Milk Company Limited

- On 20 October, Freedom Foods sold 42.5 million shares in The a2 Milk Company Limited (“a2MC”) at a price of NZ\$0.73 in an on-market trade, generating approximate net proceeds of A\$28 million
- Net proceeds will be invested into income producing assets consistent with Freedom Food’s growth strategy
- Freedom Foods retains a holding of 75.2 million shares in a2MC shares, or 10.4%¹ of total a2MC shares on issue post their recent placement and share purchase plan
- Freedom Foods current intention is to maintain a strategic stake in a2MC, while continuing to provide a2MC with production capabilities and milk supply through its group and associated entities

Note: (1) based on calculated fully diluted shares in a2MC including placement shares, SPP shares and existing partly paid shares



Funding Capability, Equity Raising

- Freedom Foods Group announced on 21 October, that it is raising approximately \$65 million (the “Equity Raising”) through:
 - a 4 for 33 accelerated non-renounceable pro-rata entitlement offer (“Entitlement Offer”) to eligible shareholders at \$2.85 per share to raise approximately \$53 million; and
 - an institutional placement (“Placement”) of approximately 4.2 million new fully paid ordinary shares (“New Shares”) at \$2.85 per share to raise approximately \$12.0 million
- Proceeds from the Equity Raising will be used to fund the Company’s growth strategy including:
 - acquisition of Oat based Cereal and Snacks manufacturer, Popina Foods;
 - the construction of a new UHT processing facility at Ingleburn in South West Sydney; and
 - to provide additional balance sheet flexibility for future growth opportunities.
- The accelerated Institutional Entitlement Offer and the Placement raised approximately \$56.7 million, at an Offer Price of \$2.85. The placement was significantly oversubscribed with strong demand from a broad range of high quality institutional investors including existing institutional shareholders and the Perich Group.
- The retail component of the Entitlement Offer opened on Wednesday 28 October 2015 and is expected to close on Monday 9 November 2015.



Recent Macro Developments

Australia

- Consumers demanding portability, choice, innovation (not always about price !)
- Food Service (Route and Convenience) channels exhibiting strong growth, with good margin potential
- Retail grocery market remains very dynamic, with the growth of Aldi and Cosco challenging industry structure

Export

- Australia / China FTA conclusion and lower A\$ exchange rate has seen a strong orientation to securing source, particularly in dairy and beef
- Online (free trade zone) in China growing with demand increasing across multiple channels
 - Value added milks, cereals and snacks early stages but developing
- Increasing demand from Asia for Non GMO Gluten Free Grains
- Dairy global market has bottomed, China demand starting to turn around
- SE Asia and India are untapped export markets beyond China



Outlook

- The group will continue to invest in its people, brands and manufacturing capabilities to build a leading value added specialised food group operating across Australia and key Asia Pacific Global markets
- We will continue our investment in leading supply chain and manufacturing capability to support our brands and customers growth
- Acquisitions will be progressed where they accelerate the business plan or provide further value adding benefits to the expanding sales, manufacturing and supply chain footprint of the group
- The recent capital raising and sell down in a2, provides the necessary funding for our near term major growth initiatives
- Investment in innovation, channel development and the multi stage capital programme will accelerate group profits and returns from FY 16 and beyond



Finally, thank you to all our customers and supply partners,
but importantly our people, senior management group, board
and shareholders for all their support and dedication
throughout FY 2015

We look forward to a successful FY 2016 and beyond



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