

# FREEDOM FOODS GROUP

AGM Presentation – 30 November 2017

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Growing through health and wellness



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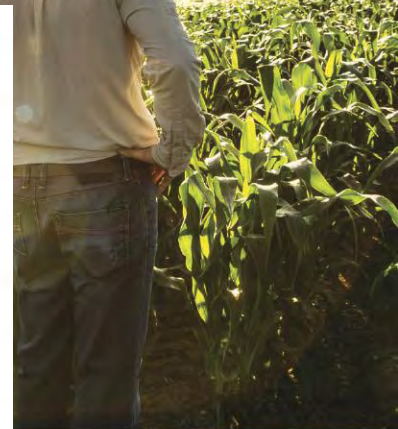
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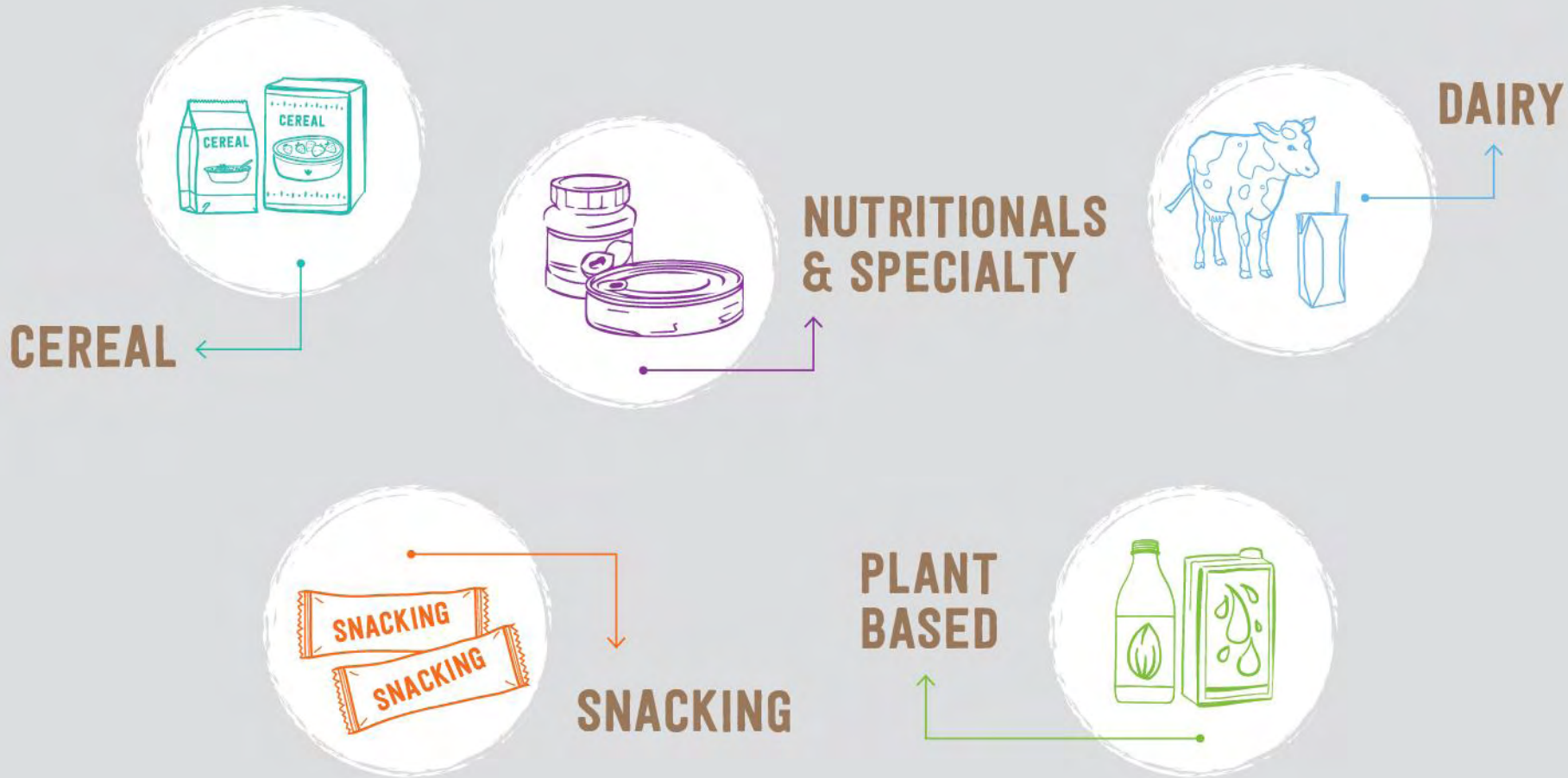






# WHAT DO WE MAKE

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# WHERE TO FIND US

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# WHERE TO FIND US

## Australian Retailers



## Food Service, Petrol and Convenience



## Partnerships and Distribution scale in China, SE Asia



## Building Distribution scale in North America





# CAPABILITIES



# \$250 Million Investment in New Facilities and Capabilities

(FY 16 – FY 17)







## UHT FACILITY INGLEBURN

## Ingleburn Facility

- \$120 million investment
- 180 million litres processing capability
- 80 million litres filling capacity (Stage 1)
- Provides opportunity to expand our brands through a material expansion in capacity and efficiency improvements compared to original operations
- Will materially impact sales and earnings from FY 2019

# SHEPPARTON SITE UPGRADES



- Expansion of 1 litre format capacity
- Upgraded processing and downstream packaging capability
- Installed capacity is approximately +200 million litres or 455 million packs per annum
- Investment critical to long term growth





# DANDENONG FACILITY

- Expansion of cereal oven and related packaging capabilities
- This capacity expansion provides for the growing demands of existing customers and our branded portfolio in Australia, China and SE Asia.



# Our Brands Drive Our Innovation





# Our Key Master Brands

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

**AUSTRALIA'S  
OWN<sup>®</sup>**



**freedom** **FOODS**



# Plant Beverages



# No 1 in UHT Plant Beverages in Australia

- Extensive platform of branded and private label Plant beverages in Australia
- Using capacity expansion at Ingleburn to drive innovation in the category in Australia, as well as developing export markets in the medium term





# AUSTRALIA'S OWN

## ORGANIC

- In retail grocery, the Company is largest supplier of Almond beverages, including products under the Australia's Own brand, our licensed Blue Diamond Almond Breeze brands and private label offers
- The trend towards plant based food and beverages is increasing in Australia and global markets, driven by a desire for healthier and "cleaner" lifestyles, which is motivating consumers to focus on fruits, vegetables, nuts, seeds grains and other botanicals





# MILKLAB

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- The increasing growth of food service channels (e.g. cafes and similar) and demand for plant based milks, has seen increasing demand for coffee milk products
- The Company's range of Barista blend brands including the premium "MilkLab" range, "Almond Breeze" Almond Barista incorporate process technology to deliver a product that "works" with coffee.
- Significant growth opportunity in this growing and high margin food service channel
- We are expanding our food service field team to accelerate this business area in 2018

# ALMOND BREEZE

- Leading Almond Specialist Brand
- Strong Retail presence
- Leading Milk for Coffee Almond Milk
- Currently ranged in over 13,000 stores Australia wide





# AO BY AUSTRALIA'S OWN

Launch of a range of fresh organic Almond beverages under the Australia's Own Brand into retail grocery

The launch is the Company's first activation into the chilled category and has performed ahead of expectations



# Cereals & Snacks



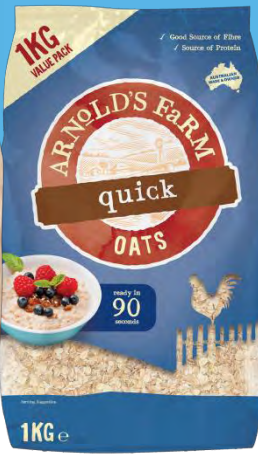


# Category Leader

- Category leader within the Health Food Section of retail supermarkets in Australia



We are one of the  
top 2 Producers of  
oat based cereals  
and snacks in  
Australia



# Top Ranked CEREAL ON TMALL INTERNATIONAL

- The “Arnold’s Farm” brand is one of the top 3 cereals on Tmall International with the cereal category holding significant growth potential
- No. 2 selling cereal sku on Tmall during Single’s Day sales
- Driving 63% sales uplift from June promotional period





# China Offline Channels

- With strong online brand recognition, we are building distribution of “Arnolds Farm” in traditional off line distribution channels in key cities in China, as well as SE Asia
- Cereal market in China has significant long term growth potential
- Strong sourcing and conversion capabilities uniquely position it to build a significant branded business in China for high quality imported oat based Cereal and Snacks
- Complementary to our dairy beverage position





# BARLEY<sup>+</sup>

A range of delicious cereals and bars that are uniquely formulated with the superior wholegrain BARLEYmax.

It contains more of the 3 fibre types needed to support good gut health



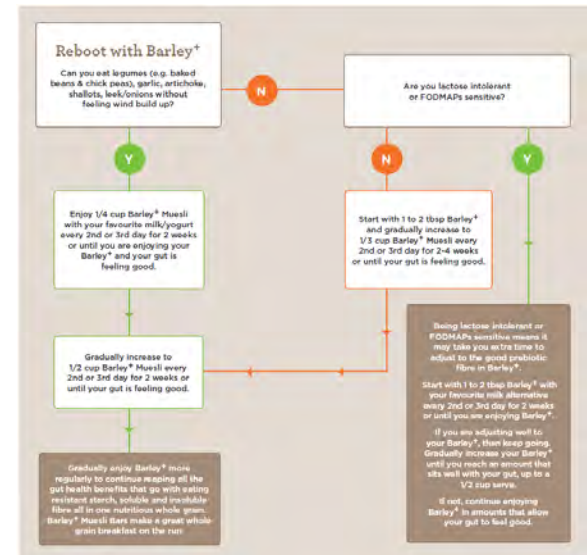
# Health Care Practitioners Network

- Building a science based support and education network for Health Care Practitioners
- Led by Dr Sonja Kukuljan PhD
- A key part of our nutritional care support to Barley + and other key nutritional products being launched by the Company

 **freedom**  
FOODS  
Making food better

APPLIED NUTRITION SCIENCE

  
**REBOOT YOUR GUT BACTERIA,  
WITH BARLEY<sup>+</sup> AND ITS PREBIOTIC  
DIETARY FIBRE**



**New Barley<sup>+</sup> Muesli and Muesli Bars**

Could it help your patients  
to better gut health?

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# BRANDED INNOVATION TO LAUNCH IN FY 2018





# Dairy Beverages



# No 1 in UHT Dairy in Australia

- Largest producer of branded and private label UHT milk in Australia
- Complementary production sites in Shepparton and Ingleburn
- Servicing Australia, NZ, China, SE Asia and Middle East



# Australia's Own Dairy

- New range of Dairy Milks
- Ranging in Key Retailers in 2018
- Complementary to our AO Dairy offer in China and SE Asia







# SO NATURAL in online channels in China

- Sales of “So Natural” UHT products have continued to grow through cross border ecommerce channels with the major online retailers JD.com and Tmall
- Offline distribution in China in food service
- Growing sales in SE Asia and Food Service in Australia



# VITALIFE in Offline Channels in China

- Vitalife brand building offline distribution in the China market,

# AO KIDS MILK

- AO Kids Milk product has continued its strong growth trajectory, with the product now the No 1 imported Kid's Milk brand in China
- With strong demand forecast in coming years, the Company has invested in high speed 200ml capacity to be available from late 2017
- Will be complimented with product extensions into drinking yoghurt in 2018
- The Company has taken a 10% equity interest in the AO China Company, established to accelerate sales, marketing and distribution of the AO business

+ 60 Million Packs in 2018  
(from 30m Packs in 2017)





# Nutritionals

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# Value Adding Dairy Ingredients

Investment in Nutritional Capabilities to unlock power of Proteins



Fat 4.1%  
Protein 3.5%  
\$.50

## Protein & Cream

Standardise excess



Fat 3.3%  
Protein 3.3%  
\$1.50

High Value Ingredients

Packed Cream



Using Fat  
\$4.50

Drinking Yoghurt



Value added  
milk / fat  
\$8

On-the-go Sports Nutrition



Whey Protein  
Isolate  
\$12

Infant + Adult Nutrition



Protein  
Lactoferrin &  
 $\alpha$ -lactalbumin  
\$25-\$35

Sports Nutrition



Whey Protein  
Isolate  
\$50



\$200

High value added product ranges supplied by fully integrated nutritional capabilities



# VITAL STRENGTH

The Company is leveraging its growing dairy capabilities to build a branded high margin product portfolio in specialty nutritional products



# VITAL STRENGTH

Opportunity from our nutritional capabilities is that we can supply best quality and high cost ingredients to ourselves.

Up to 90% ingredients sourced from FFGL nutritional capabilities.



## Main ingredients

- Whey protein concentrate
- Whey protein isolate
- Calcium caseinate

## Flavour ingredients

- Cocoa
- Flavour
- Fructose

## Active ingredients

- Thermogenics
- V&M
- Gums



# ADULT NUTRITIONALS

Looking to introduce real innovation into the Adult Nutrition category

Leveraging our overall Nutritional capabilities



# INFANT Nutrition

- Developing presence in SE Asia
- New Innovation built around Nutrition Science
- Developing into this category with a view to establishing a strong vertical integration platform complimentary to our partners in SE Asia and China



Following calls for more affordable infant formula options here, supermarket chain FairPrice announced the launch of a new range imported from Australia, priced between \$27.50 and \$35 for a 900g tin. It is priced similarly as in Australia, where the range is





# Supply Chain

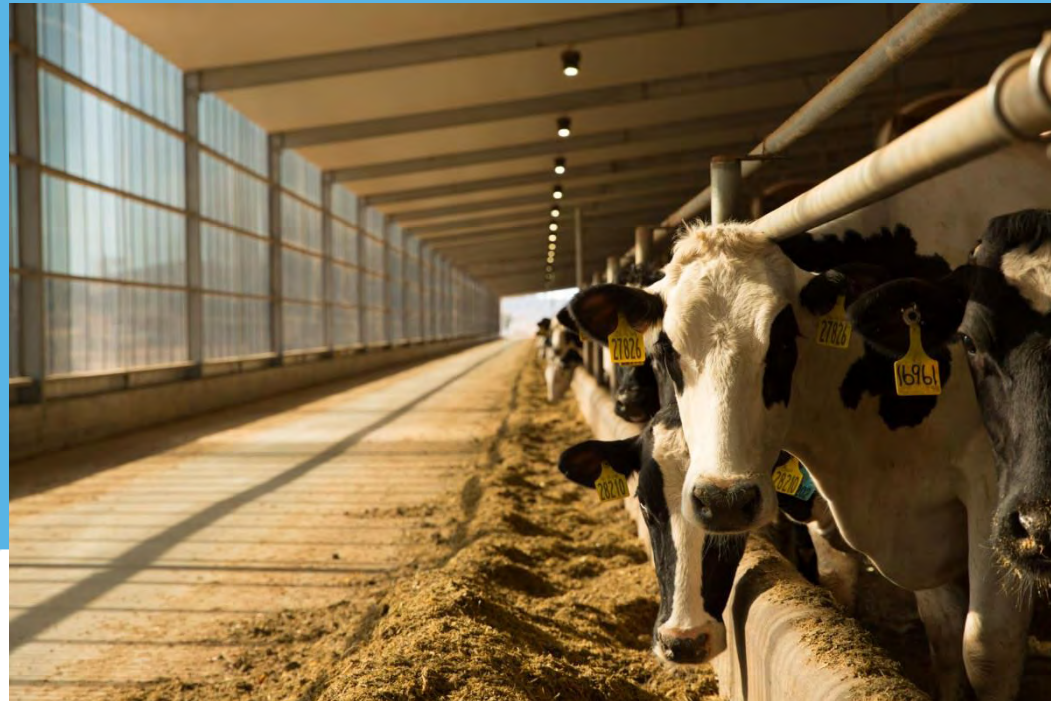


# DAIRY MILK

## MOXEY FARM

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- Moxey Farm is the largest single format dairy milking operation in Australia
- Focus on “best quality” dairy milk
- Recent expansion from 3,700 milking cows to 5,500 milking cows to produce 75m litres per annum
- Building a network of direct supply farms to complement Moxey farms



# Key Grains Supply

- Utilising key farmer suppliers to build the Company's specialised grains supply platform
- Expanded to include Oat and Barley requirements during the year.



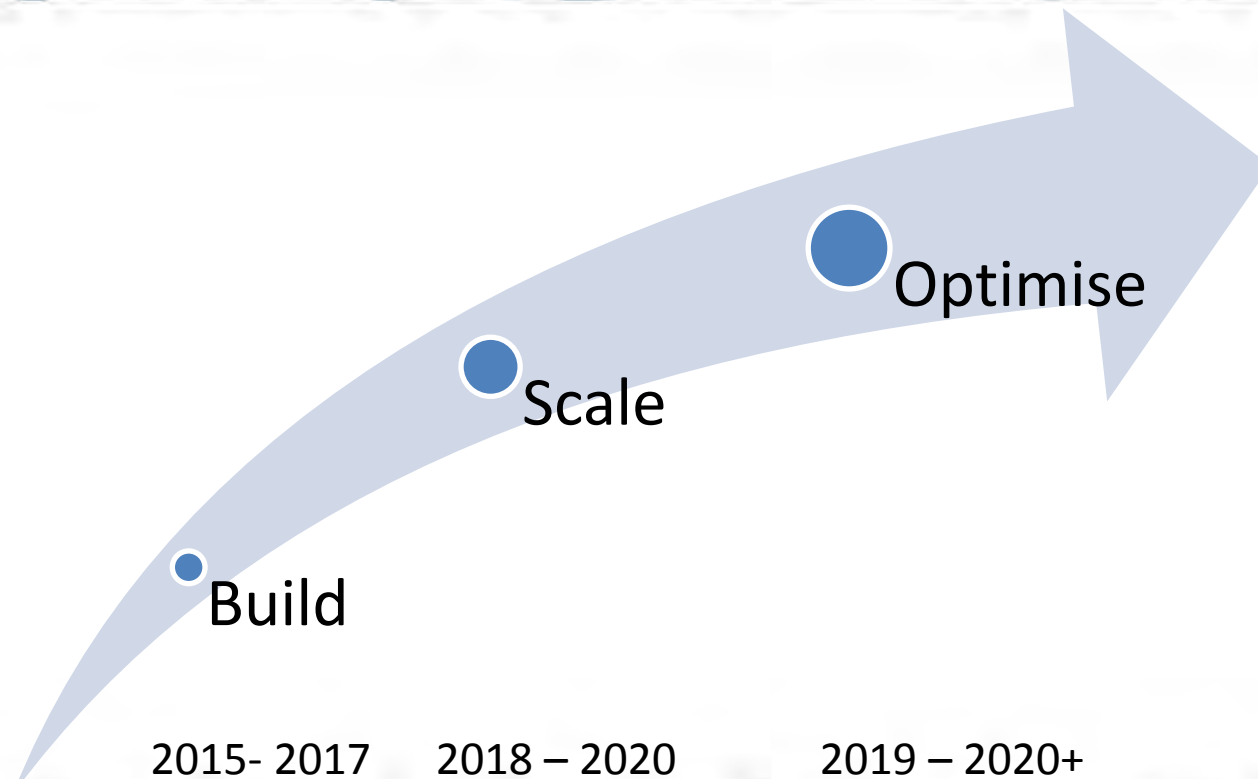


# Financials & Outlook

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# Development Curve



- Harvesting benefits of building capacity in brands, innovation and operational capability
- Building sales through expanded share and development of new markets
- Optimising scale economies

WE ARE  
ON TRACK

- In September we reaffirmed guidance for FY 2018 net sales to be in the range of \$340 to \$360 million, as compared to \$262 million in FY 2017
- With further growth and development in recent months, we estimate net sales revenues to be in the range of \$360-\$380 million.
- 1<sup>st</sup> half earnings will improve on the prior year period, with acceleration in earnings in the 2<sup>nd</sup> half FY 2018

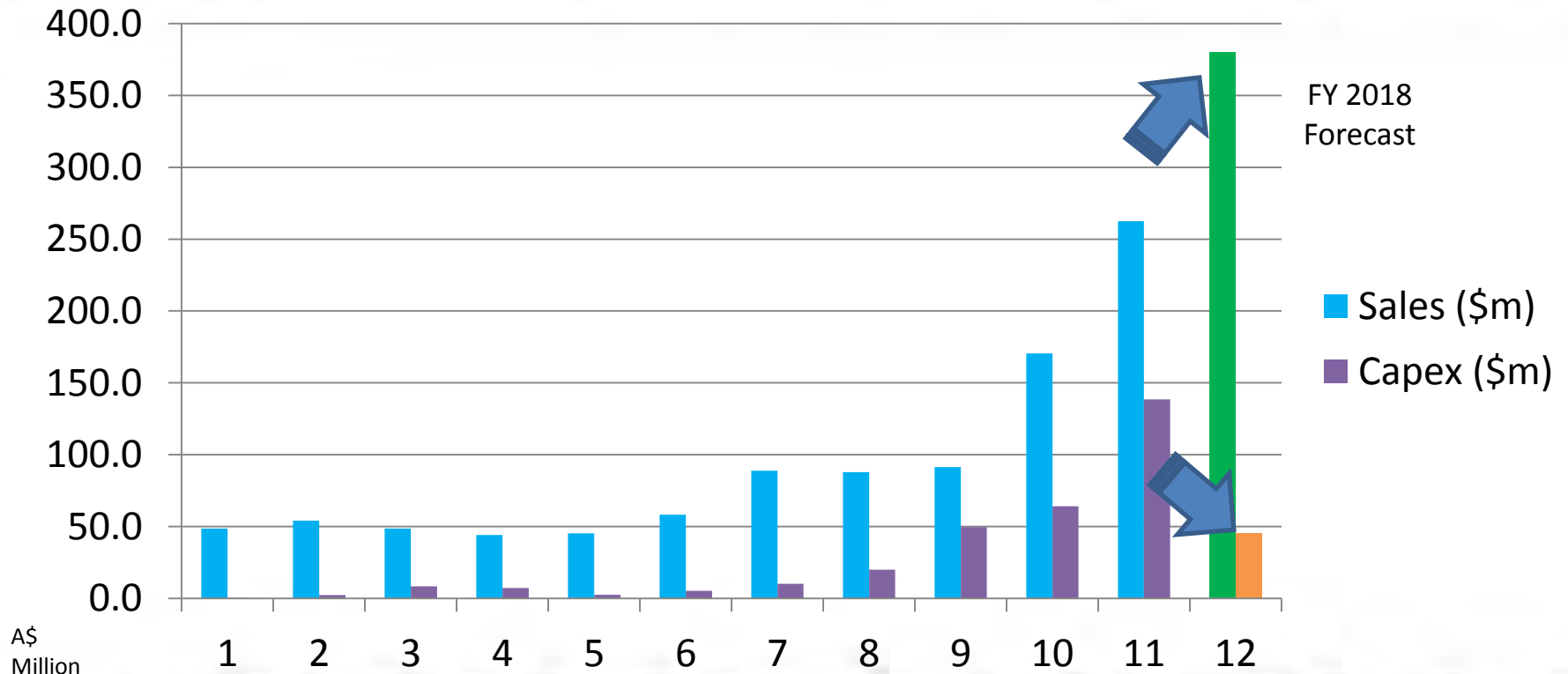
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FreedomFoodsGroup

and (ASX: FFG)  
provided an update on the Group's full  
with the sales revenues for the 1<sup>st</sup>  
Asia and China, with a  
leading to further sales  
profit in demand  
and demand  
50 million  
2017

MAKING

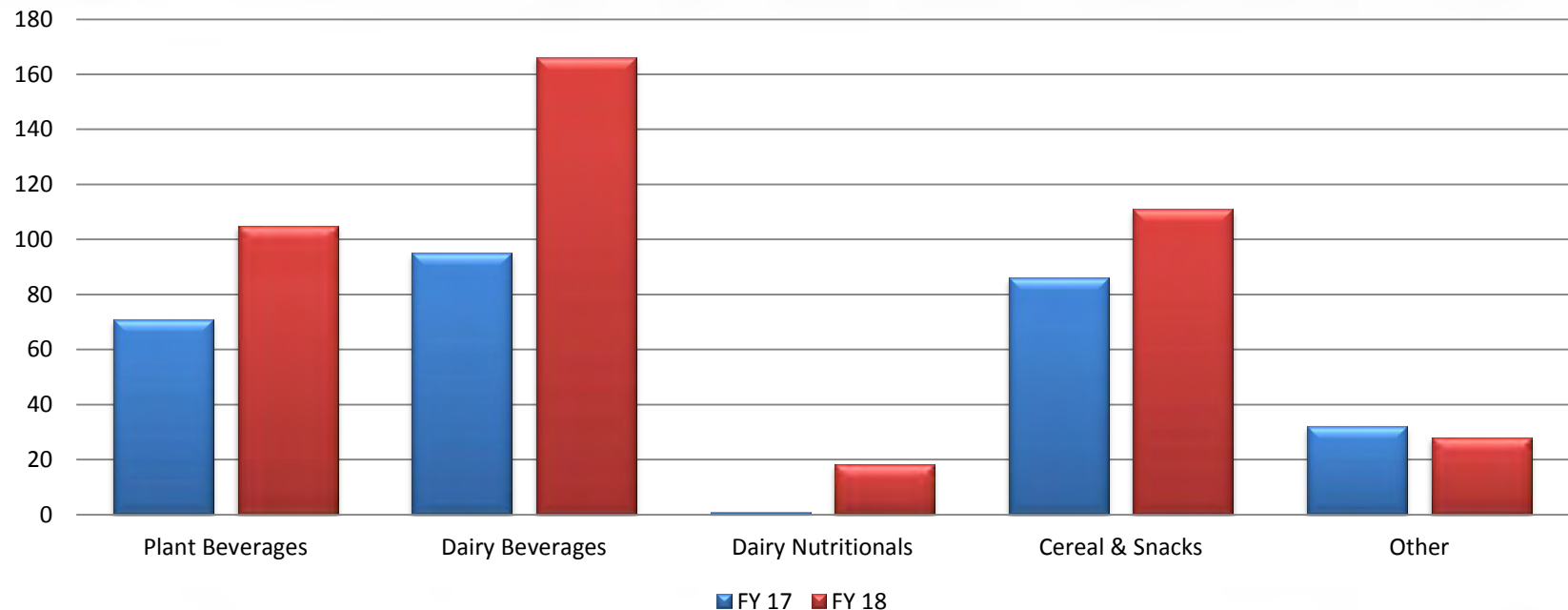


# Sales Development (relative to Capex)



- Significant capex in recent years
- Supporting strong sales growth into FY 2018 and beyond
- Underlying Earnings also expected to accelerate with Sales and Operational throughput benefits

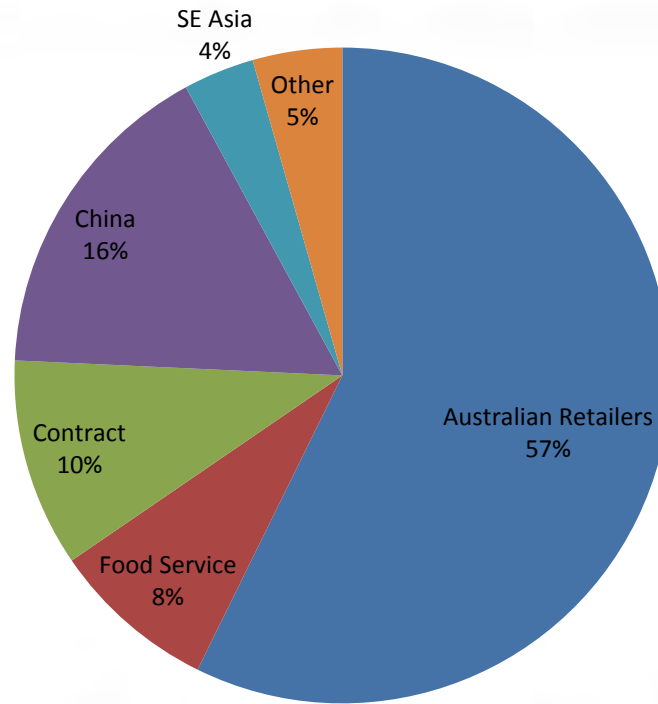
# Forecast Sales Mix by Business Group



- Gross Sales by Business Group
- Strong growth across key business groups

*Note: FY 2017 Gross Sales Revenues – Actuals by Business Group  
FY 2018 Gross Sales Revenue – Business Estimate, subject to change*

# Forecast Sales Mix by Category / Geography



FY 2018 Forecast Sales

As compared to 92% from  
Australian Retailers 5 Years ago  
(FY 2013)

- Strong growth across all key channels
- Strong growth in Australian Retailers and Food Service
- China a significant sales driver for the Company
- SE Asia starting to accelerate



# OUTLOOK

## *Building a Global Food and Beverage Business based in Australia*

- Uniquely well positioned to build scale in key business platforms of plant based beverage, premium dairy and specialty cereal and snacks in Australia and key international markets
- Our key brands “Freedom Foods” and “Australia’s Own” will be at the forefront of driving our returns from our innovation and manufacturing capabilities
- We expect current years and future sales growth to flow through positively to increased operating margins reflecting the ongoing benefits of the strategy and multi stage capital investment program with acceleration of profits and returns in FY 2018 and beyond





