

Freedom Foods Group

Annual General Meeting Presentation

Rory J F Macleod, Managing Director & CEO

29<sup>th</sup> November 2018

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# 3 Key Pillars to our Strategy

Capability



Innovation



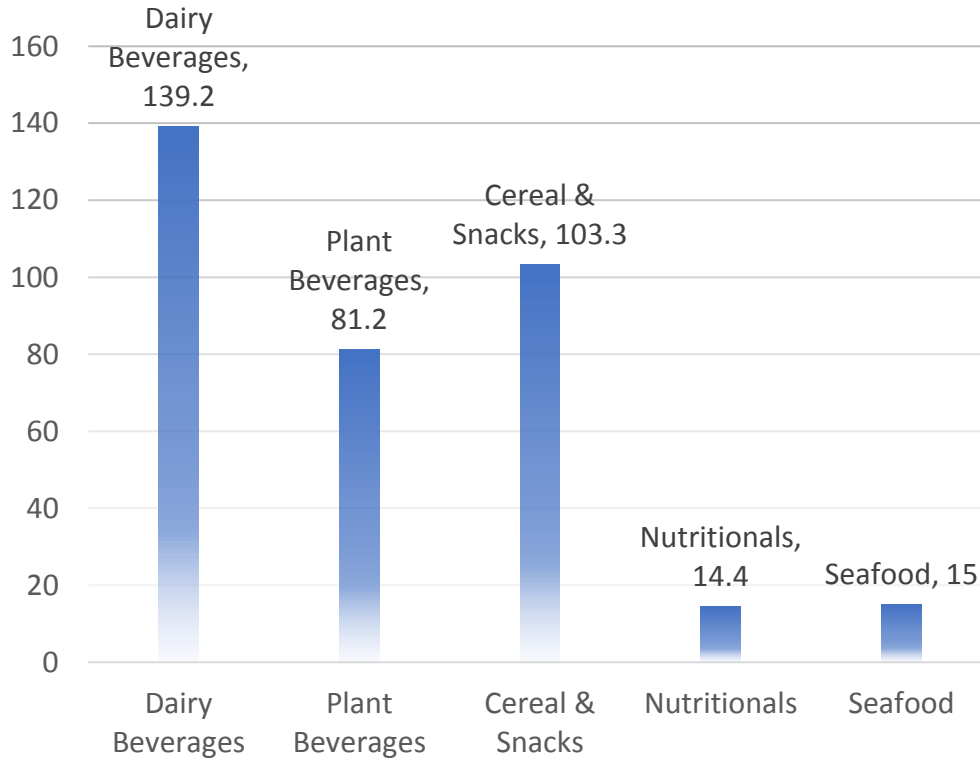
Markets



# Sales Performance

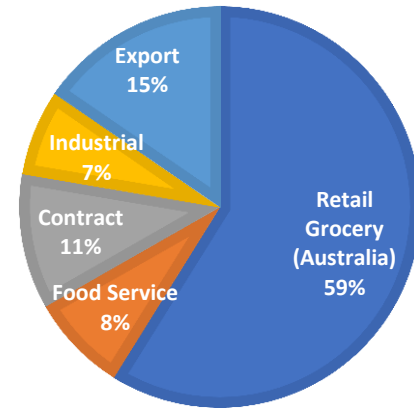
FY 2018  
\$353 MILLION

## NET SALES BY BUSINESS GROUP

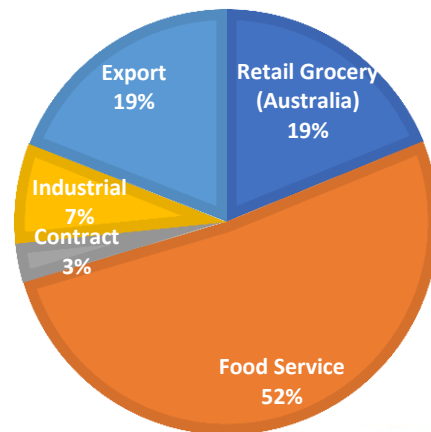


Source: FFGL Management Accounts

## FY 2018 SALES BY SALES CHANNEL

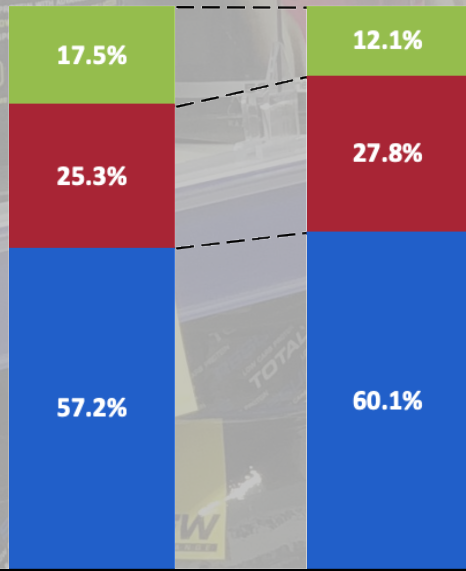


## GROWTH RATES FY 18 % VS FY 17



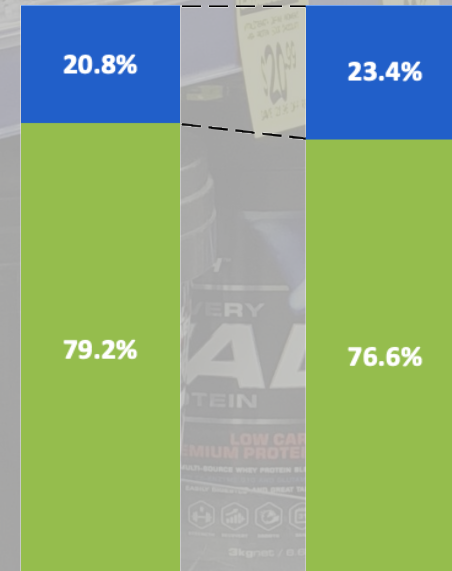
# Driven by a focus on our brands & innovation

Branded sales now 60% of sales



Contract Private Label Proprietary

With NPD will representing over 20% of total sales



NPD Base

Source: Current FYTD 2019 gross sales growth vs FYTD 2018

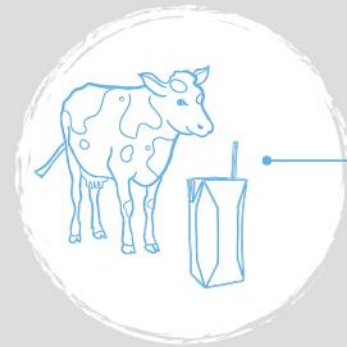
# WHAT DO WE MAKE?



**CEREAL**



**NUTRITIONALS & SPECIALTY**



**DAIRY**



**SNACKING**

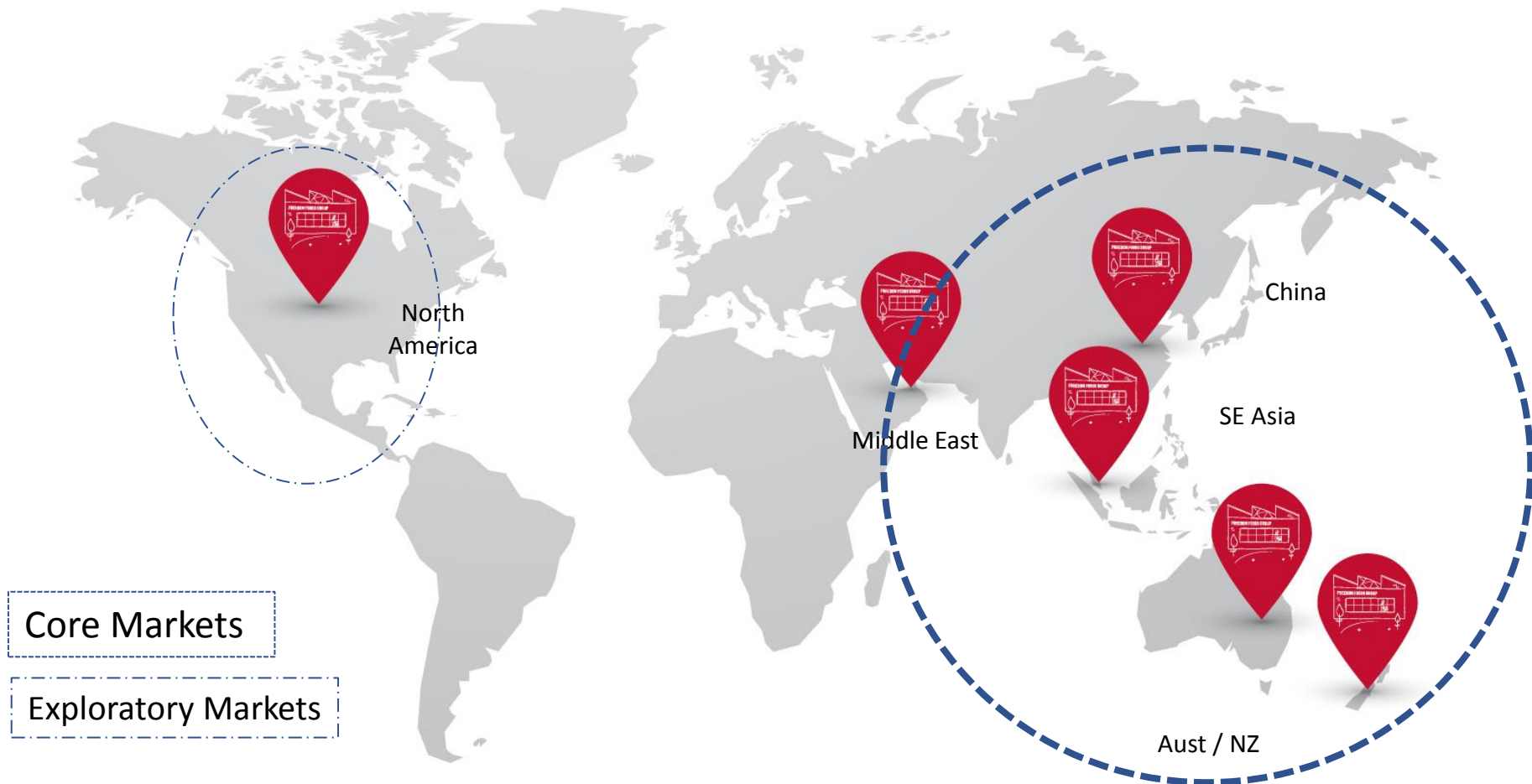
**PLANT BASED**



# DISRUPTING CATEGORIES AND CHANNELS



# Key Markets





- Changing demographics
- More health focused consumers
- Changing retail dynamics and different shopping and lifestyle experiences

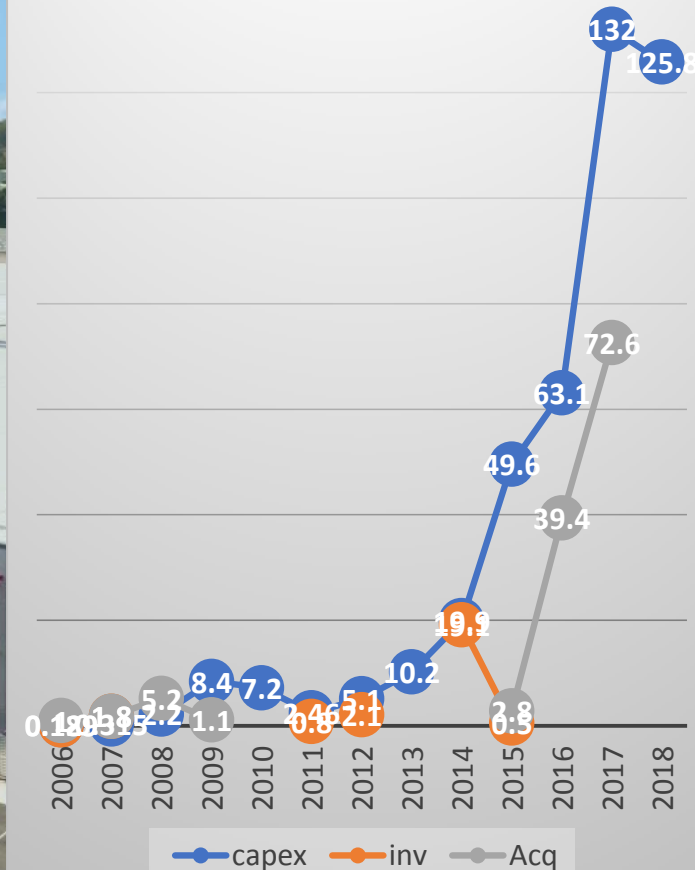


- 65% Worlds Middle Class by 2030
- Strong dietary preferences for Dairy Proteins and Grains
- Australia origin and quality has strong trust and reputation

# Continued Investment in New Facilities and Capabilities



## Investment





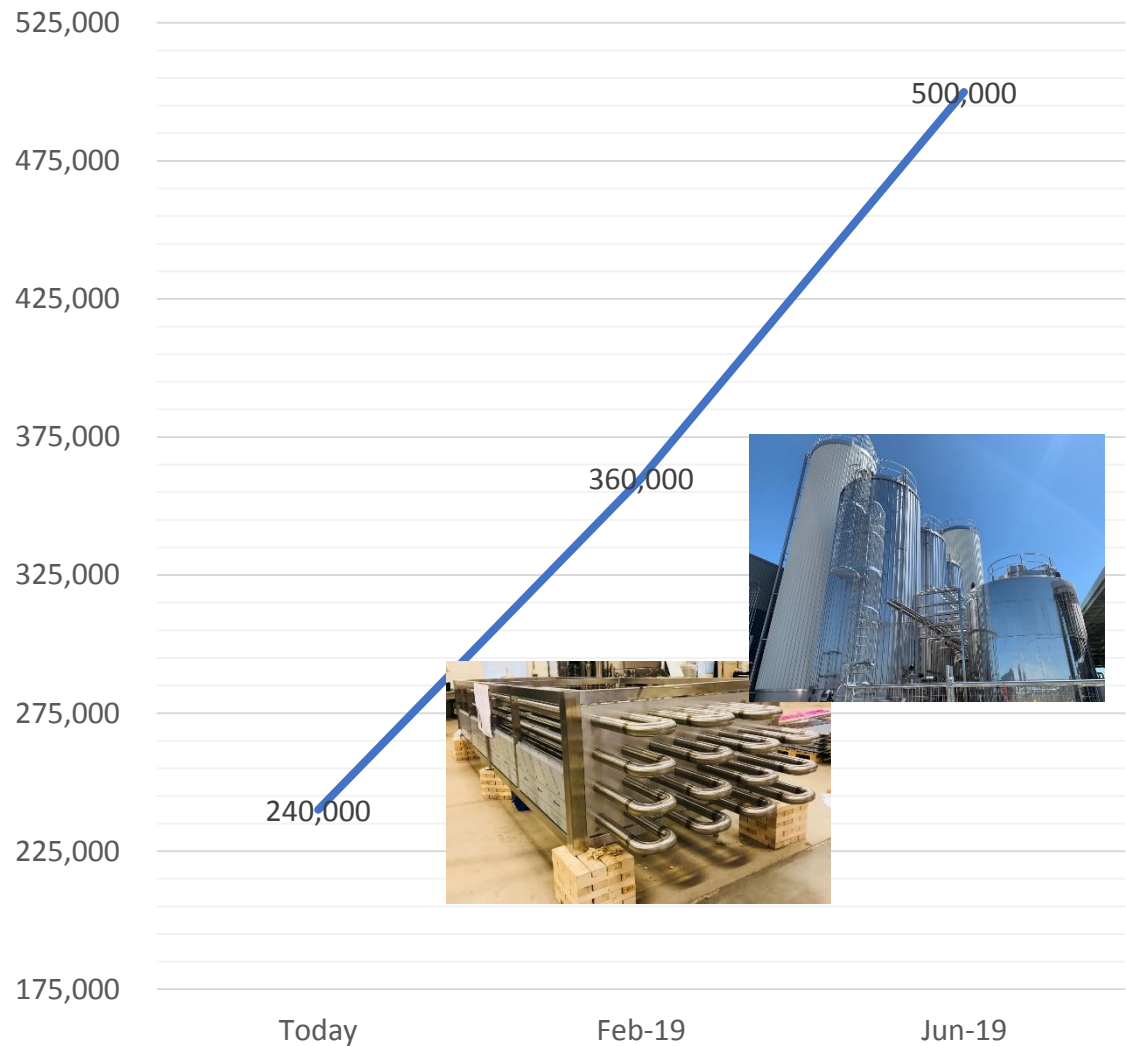
Shepparton - Significant Transformation since June 2013



Shepparton Dairy Processing and UHT  
Will be the 4<sup>th</sup> Largest Dairy Site in Australia

# UHT Processing Capacity Increase on Track

## Processing Capacity





# Shepparton Nutritionals

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# Ingleburn (Plant & Value Added Dairy)

# Brands Accelerating our Growth

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Leveraging current and emerging trends in  
consumption



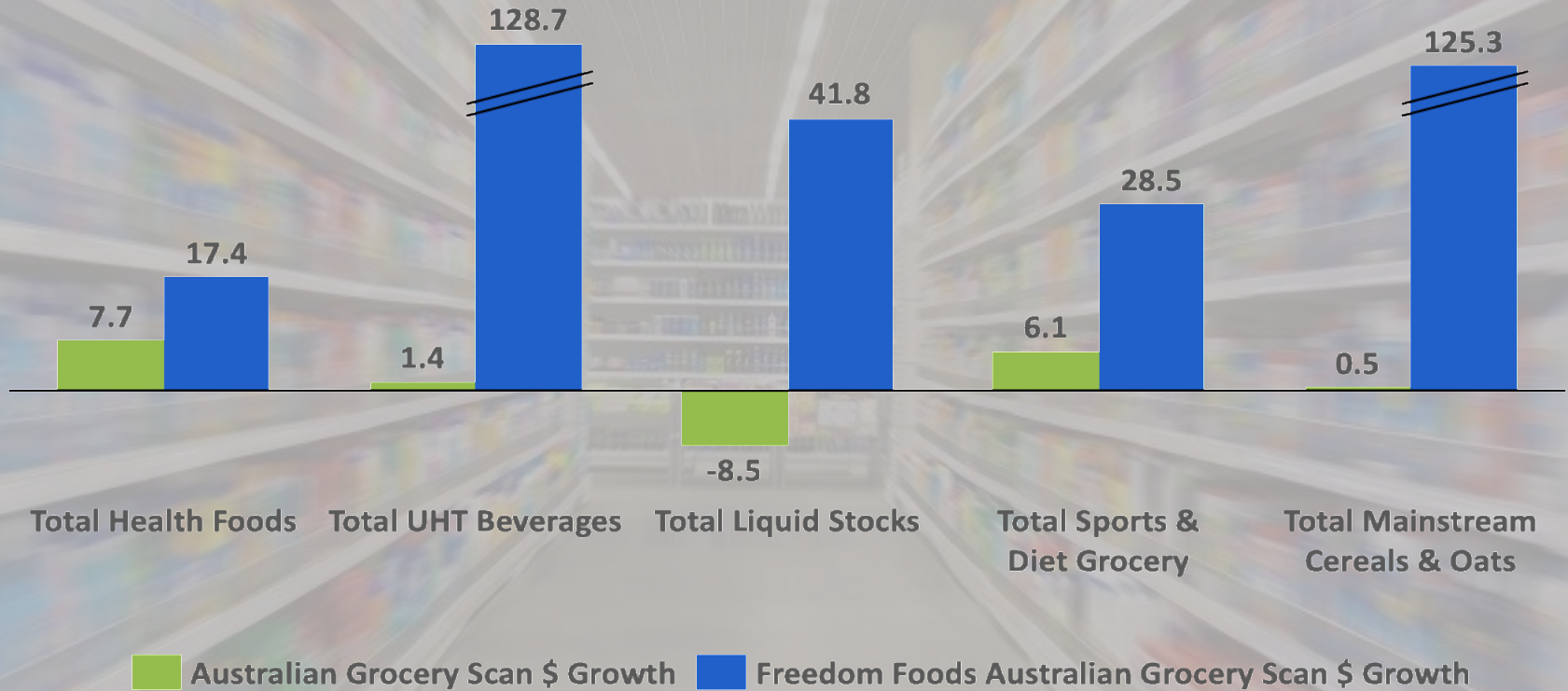
Led by our **two master** brands



We are the **5<sup>th</sup> fastest growing**  
food & beverage company  
in Australian retail

**+20% Vs. YA (FY18)**

# We are outpacing the market across our core categories

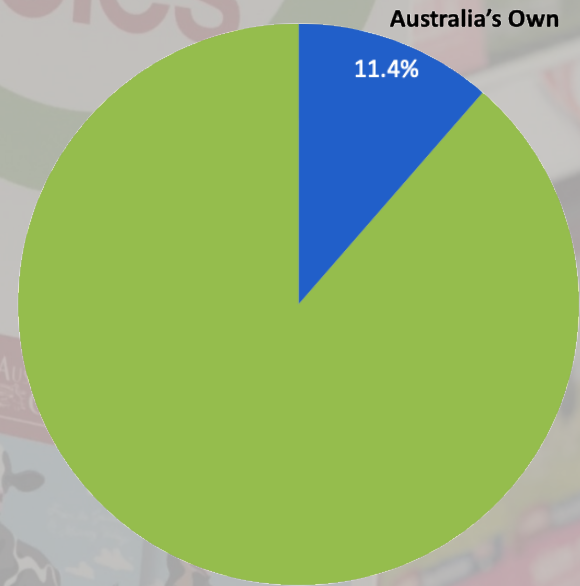


Source: IRI Data Financial YTD to 28/10/18  
Australian Grocery Scan Data  
\*Total UHT Milk = UHT Dairy + UHT Plant Based



**11.4%**  
share captured  
within 5 months of **UHT**  
**Dairy** category

Manufacturer Value Share (RSV) of White Milk –  
Australian Weighted Grocery FYT



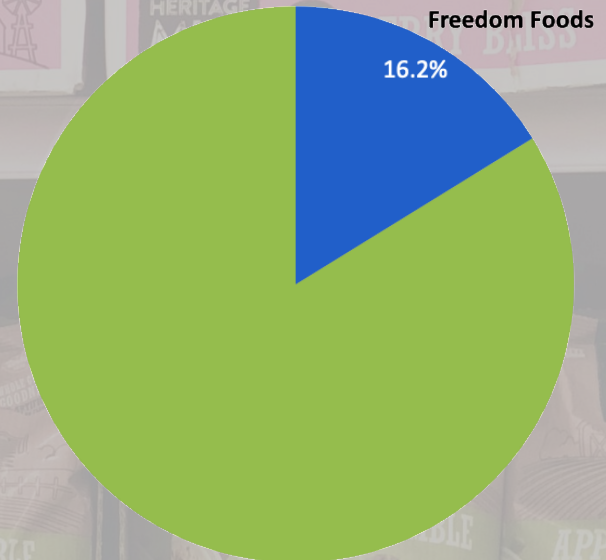
Source: IRI Data Financial YTD to 28/10/18

**freedom**  
FOODS

16.2%

share captured  
within 5 months of  
Breakfast Cluster &  
Muesli category in Coles

Branded Value Share (RSV) of Clusters & Muesli  
– Coles Group Scan FYTD\*\*



Source: Nielsen Direct Data Explorer Web Financial YTD to 13/11/18

Messy Monkey Bites RSV \$(000) –  
Australian Grocery



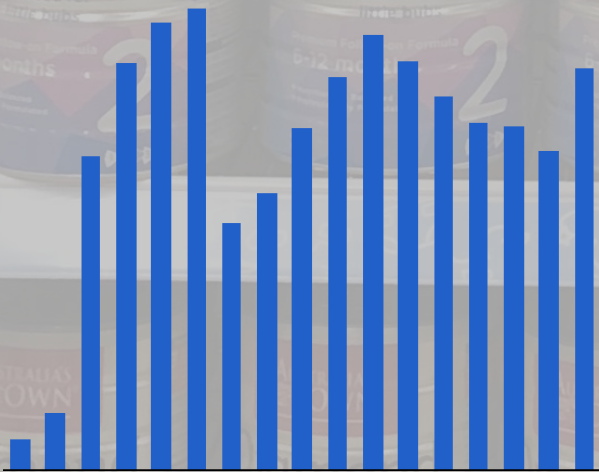
**freedom**<sup>®</sup>  
FOODS

Our innovation & communication efforts are continuing to build our brands

Source: IRI Data to 28/10/18

# Domestic parents focus, building momentum to earn trust via consumer & HCP communication

Total AO Diamond pro+ rolling  
4weeks scan data



Source: IRI Data to 28/10/18

Social Soup - consumer survey of 95 respondents , October, 2018

DANIELLE

Value for money

★★★★★ 5

I have struggled to find a formula suited to my daughter who is now 2. She struggles with cows milk, refuses soy, almond and all those other. Diamond pro is not only the first formula that agrees with her, but she loves it. It makes sleep and nap time so much easier for us.

Posted: 15/10/2018

LAVERNE

Best, great quality milk, good value of money

★★★★★ 5

This formula milk is outstanding when it comes to it's appearance and quality, toddler loves how it tastes. We all want the best for our kids and this toddler milk is perfectly composed of lots of nutrients + probiotics that LO needs. From now on we will use this.

Posted: 15/10/2018

ERUM IMRAN

Yummy, easily digestible

★★★★★ 5

I highly recommend this formula! With 3 kids, I already stock other products by Australia's Own and Freedom Foods so it was an obvious choice for us. So far, no problems on my baby digestion and he just loves it. Thank you Australia's Own!

Posted: 6 days ago

MEL

Yummy, healthy and Australian

★★★★☆ 4.5

My daughter doesn't always eat all her vegetables, so Diamond pro+ Premium Toddler Milk gives me peace of mind that she is getting what she needs to grow up big and strong. And she loves the taste, always asking for more!

Posted: 7 days ago

LEONILA

Excellent

★★★★★ 5

My son loves it. It's not sweet not unlike other brand

Posted: 6 days ago

MELANIE

Healthy, nutritious, delicious

★★★★☆ 4

My toddler loved this drink, it made me feel good to know that she was getting a decent amount of vitamins and nutrition considering that she is a tussy eater.

Posted: 6 days ago



# MILKLAB

- Ongoing strong growth in sales in out of Home Channels
- Almond the primary driver
- Increasing usage of Coconut, Soy and Lactose Free Variants
- New Macadamia launched in September 18





#7 selling food brand

&



#5 most pre-ordered brand  
on Singles Day on Tmall Global



JV announced at CIE to further  
accelerate Arnold's Farm offline



AUSTRALIA'S  
OWN<sup>®</sup>

#8 selling imported milk brand  
on Singles Day on JD.com



On track to sell **60M packs** across  
+3,000 retail outlets & e-commerce



Launch of A2 Protein Kid's Milk





**freedom** **GROUP**  
Making food better **FOODS** **UNITED**

## Distribution and JV Announcement with TheLand



# Building Partnerships – Lyfen Snacking China



# Milklab in SE Asia

## United Arab Emirates



## Jordan



## Singapore



## Myanmar



## Philippines



## Vietnam



## Malaysia



## Brunei



## Indonesia



# Plant based and Dairy Milks in SE Asia



# Cereals and Snacks in SE Asia





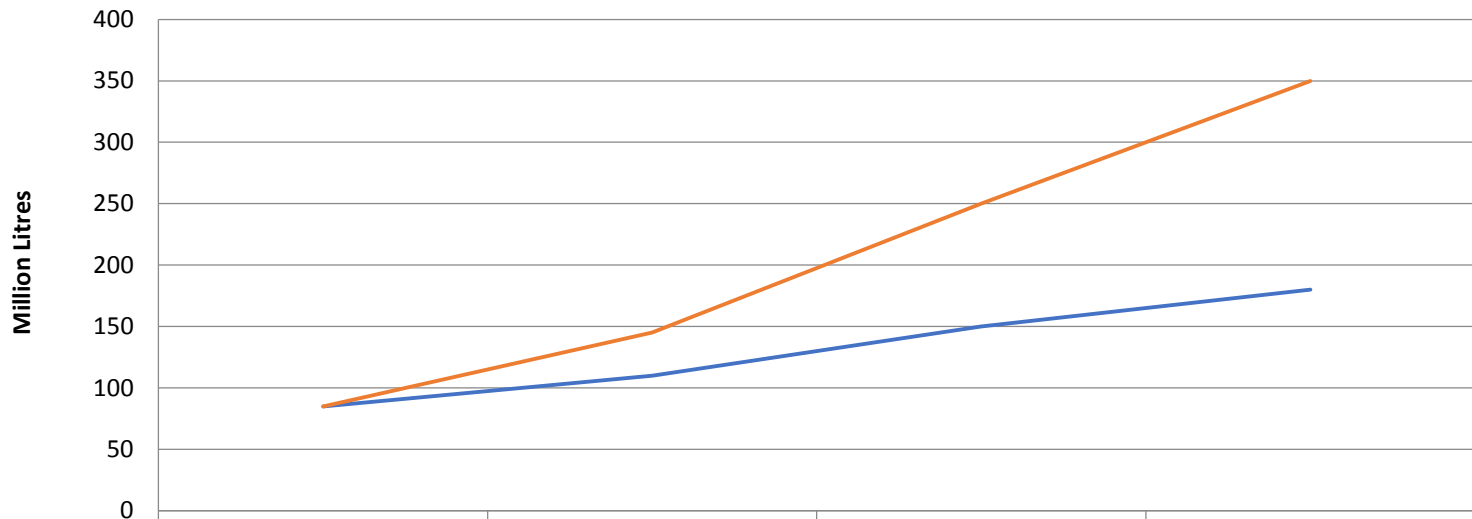
# More Branded Innovation into 2019



# Value Added Dairy Platform

# Accelerated Dairy Demand

## Dairy Litres – All Sites



	FY 2017	FY 2018	FY 2019	FY 2020
FY 2017 Plan	85	110	150	180
Accelerated Plan	85	145	250	350

- Growth from category demand, new product development and impacts of structural change in Australia
- Category demand from Australia, SE Asia and China

Note:

- FY 2017 3 Year Business Outlook
- FY 2018 Updated 3 year Business Outlook

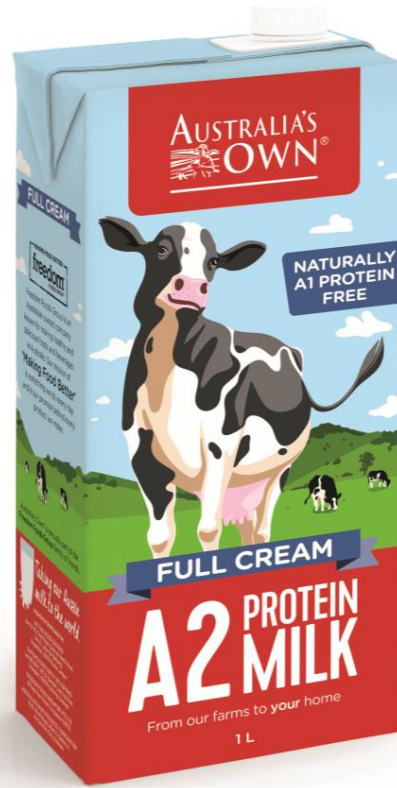
# Sourcing Dairy from Great Quality Farm Partnerships



Moxey Farms, part of AFMH Group

# Value Added Dairy Platform



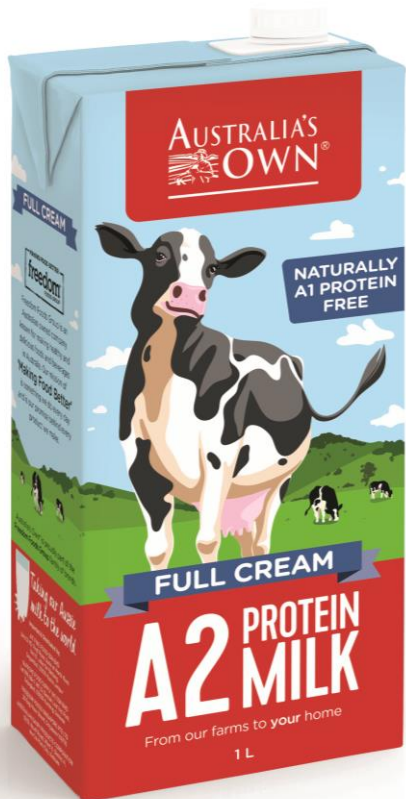


# Today in Dairy

# Tomorrow - Valuing Adding Dairy Ingredients



# Extracting more Value from Cream and Protein



## Standard Product Composition

Composition	Standard
Protein	3.3%
Fat	3.4%
Lactose	5.0%
Minerals	0.7%
Water	87.6%
Total	100.0%

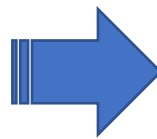
*Based on FFG Standard*

Standardise any excess protein and fat in raw milk above consumer standard to create value added products

# Value Added Dairy Platform

Value Added Cream

From this (Bulk Cream)





# Our 1<sup>st</sup> Nutritional Ingredients

freedom  
Nutritionals  
Micellar Casein Powder

freedom  
Nutritionals  
Native Whey Protein Isolate

freedom  
Nutritionals  
Native Whey Protein Isolate

freedom  
Nutritionals  
Micellar Casein Powder

# New Protein Based Ingredients

## Freedom Foods Ultra Premium Native Whey Protein Isolate (nWPI)



### Native Whey Protein Isolate

High quality protein intakes are needed to optimise muscle protein synthesis and exercise recovery.

Due to its superior leucine content, **Native Whey Protein Isolate** represents the best quality protein source to stimulate new muscle protein synthesis, on a gram per gram basis. This is one of the reasons Native Whey Protein Isolate is considered so premium.

nWPI also contains high levels of another key essential amino acid called Cysteine, which is a precursor for glutathione production. This is really important, as glutathione is one of our body's 'home-made' and powerful antioxidants, which we know are super important for health and immune function.

*Available for commercial sale in early 2019*

# New Protein Based Ingredients

## Freedom Foods Ultra Premium Micellar Casein



### Micellar Casein Concentrate

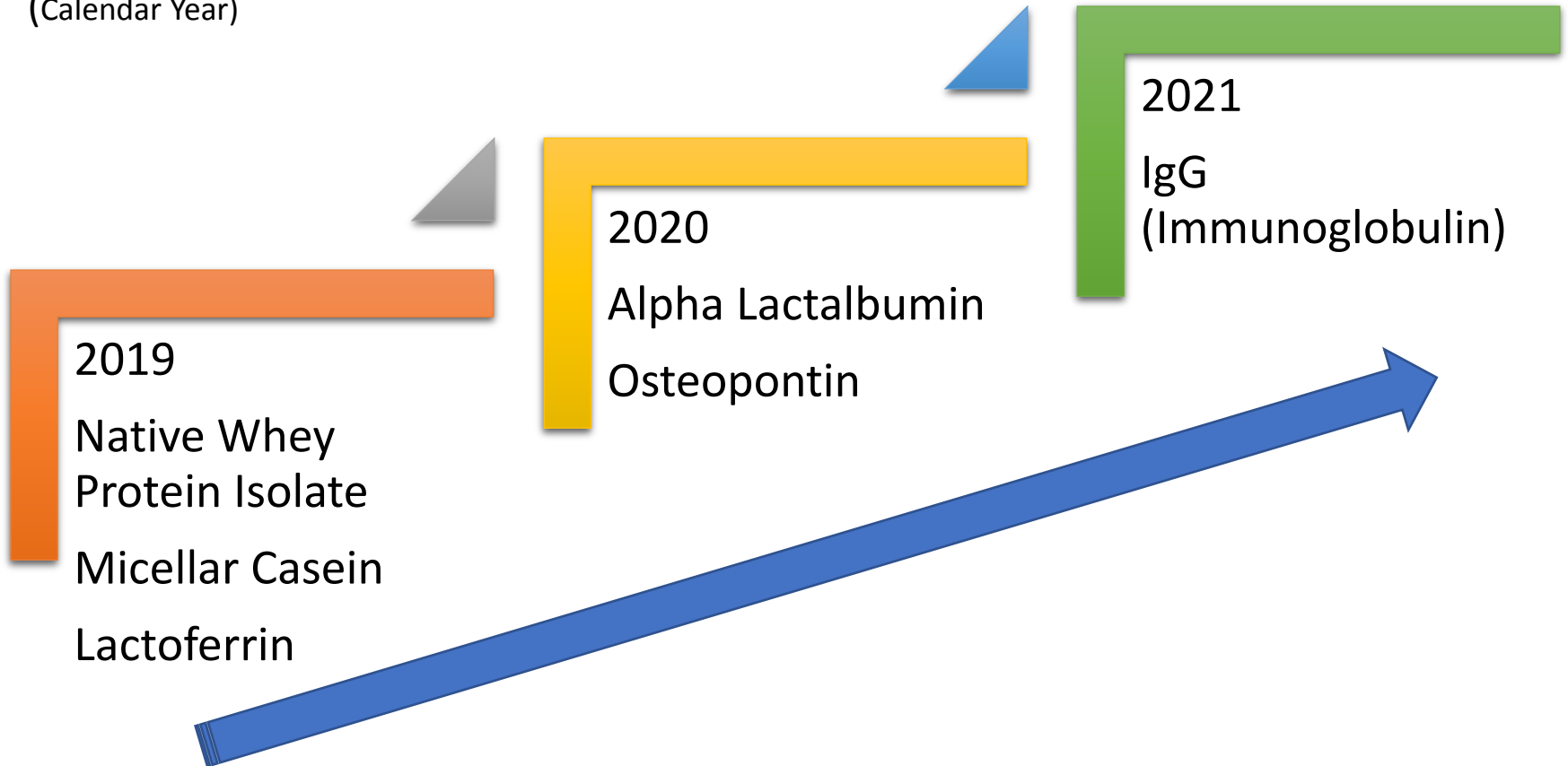
The 2 major groups of cow's milk proteins include whey proteins and casein proteins. Casein micelles are structures that contain the casein proteins together, linked by calcium and phosphorus minerals.

The high protein concentration of our Native Micellar Casein Concentrate (*n*MCC) is another reason this *n*MCC is so Premium. Yet another important differentiator is the high level of branched chain amino acids (BCAA) present, which are essential amino acids of high biological value for both endurance sports and sports recovery.

*Available for commercial sale in early 2019*

# Nutritionals - Product Capabilities

Timeline for Commercial Product Availability  
(Calendar Year)



# Building Protein Ingredients into Our Brands



↪ formulated for tiny tummies

↪ tailored for growing toddlers

↪ balanced for little bubs

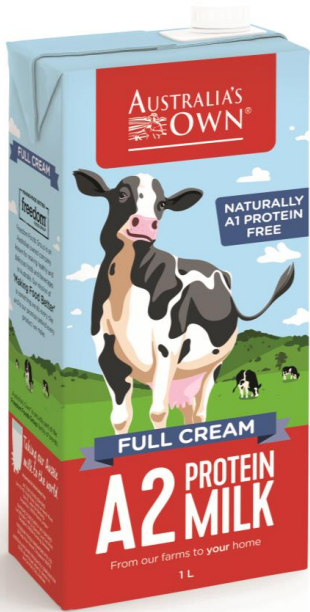


# Outlook



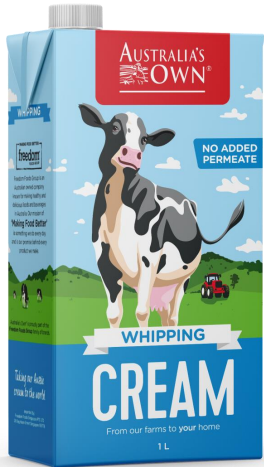
- The Group is increasingly well positioned to strategically build into a major global food and beverage business with scale in key food and beverage platforms from key markets and channels in Australia / New Zealand, China, SE Asia and North America.

# Outlook



- The Group continues to experience strong demand across its business activities in Australia, China and SE Asia
- As outlined in August 2018, the Group expects net sales revenue from current business activities in FY 2019 to be in the range of \$500 to \$530 million

# Outlook



- New product revenue streams from major capital expenditure projects are expected to materially positively impact sales and earnings into FY 2020 and beyond.



# Recognising Our People



