

Annual General Meeting

Review of FY 2013 and into 2014

Rory Macleod
Managing Director



Overview of our Company



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



Snapshot on the Company

- ASX Listed Company since 1986 (ASX Code: FNP)
- Base in Healthy Foods, initially established as a Soy Beverage Company
- Transformation over last 10 years, through acquisition, significant investment in Specialised niches of the Food Industry
- Significant supportive shareholder in the Perich Group, a large dairy agricultural and land based family enterprise in Australia
- Core management and board have driven the transformation
- Since 2012, earnings materially increased, reflecting sales growth and operational leverage



Business Units and Investments

Freedom Foods



Pactum



Specialty Seafood Brands



A2 Corporation (18.04%)



Key Trends impacting Food Markets

- Premiumisation - Quality, Safety, Non GMO
- Growth in Food Allergies / Demand for Superfoods
- Shifting face of Retail (Premium, Speciality, Mass, Bulk, Online)
 - In US, sales of natural and organic food are expected to continue to grow at a CAGR of 10% from 2011 to 2020*
- Transparency – who is making our Food and where does it come from
- Surge in growth in Asian (and South American) Middle Class
 - Quality / Safe Food is Key
- 2050 ! FAO projects a world population of 9.1 billion, requiring significant growth in food production (70 % between 2005/07 and 2050).

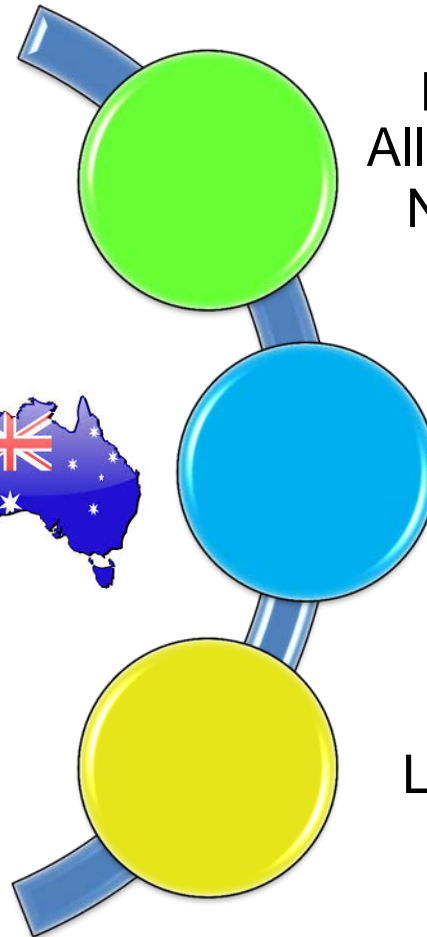
* Source : Nutrition Business Journal .



Value adding Australian Unique Food Capabilities



Global Application



Premium
Allergen Free
Non GMO
Grains

Value Added
Long Life
Dairy

Value Added
Long Life Food &
Beverage



Critical Paddock to Plate Process

Paddock to Plate, Quality Assurance

WE SEE OUR PRINCIPLES
INFLUENCING BETTER
FOOD PRACTISES FOR
AUSTRALIA & THE WORLD

Source



- Supply Growth
- Contracted
- Premium

Manufacturing



- Lowest Cost
- Best Quality
- Multiple Capability

Branding



Feel the difference™



- Trusted
- Honest
- Innovative

Overview of FY 2013



Freedom Foods

- Strong momentum from FY 2012
- Core Cereals sales of 1 million cases (50% volume / 41% sales)
 - New product innovation
 - Increased distribution points, shelf weights, user frequency
 - Increasing international sales (based on allergen free / non GMO claims)
 - Cereal growth driving increased Leeton efficiencies, including labour, supply chain and distribution
- Dairy Alternative beverage growth of 14% volume / 24% sales
 - Increased market share of Australia Own Organic and Blue Diamond Almond Milk
- Significantly increased Business EBDITA contribution



Pactum

- Innovative Contract Solutions in UHT (Long Life) Food & Beverage Products
- Non-dairy production volumes increased during the year to support the growth of the Freedom Foods Australia's Own and Blue Diamond brands, in particular focussed on the fast growing almond beverage category.
- Expansion of Packaging Capabilities
 - Portion Pack (250ml Capabilities) commissioned from January 13
 - Significantly increased depth and breadth of customers and sales
 - Advanced the construction of UHT facility for export (China, SE Asia) for UHT dairy based in Shepparton, Victoria
- Strong Business EBDITA contribution



Specialty Seafood

- Brunswick Sardines and Paramount Salmon
- Brunswick sardines maintained its No 1 brand leadership position in Australia and New Zealand.
- In Salmon, Paramount increased its share in the Pink Salmon segment, although the brand suffered SKU ranging reductions in the 2nd half.
- The Speciality Seafood business performed below the previous corresponding period, reflecting lower sales in New Zealand and increased cost of Salmon.
- 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.



A2 Corporation – 18% Strategic Investment

- a2™ branded milk is the fastest growing milk brand in the Australian market with 7.4% of grocery channel market share by value*. Sales growth in Australia increased 48%.
- a2™ brand milk in the UK market established in five retailer groups and 1000 retail outlets
- a2™ Platinum™ infant formula into China with first shipment invoiced in June 13, with sales planned from November 2013.
- In December 2012, FNP sold 40m shares in A2C at NZ\$0.50, for a total net consideration of \$15.4 million, recording a pre tax profit of \$11.8m.
- FNP's 18% investment valued at around A\$72 million, materially above the book value of A\$9.9 million. (A\$81m AGM date vs. cost base of \$10.2m)

* WW, Coles Only



Financial Summary – FY 2013

- Operating EBDITA of \$11.6 million, an increase of 113%
- Net Operating Profit was \$6.4 million, an increase of 92%, including an increase in operating income tax expense to \$1.8 million, against \$185k for the prior year period.
- Equity Associates contributions of \$0.8 million reflected share of estimated year end profits from A2 Corporation including share of profits from FY 2012 not previously recognised.
- The Company completed a successful capital raising of \$17.4 million (gross proceeds) at \$1.04 per share from a placement and entitlements offer in March 2013.
- Net Debt / Equity at 10% from 82% at June 2012, reflected the sell down of the A2C shareholding and exercise of options by shareholders as well as the \$17.4m capital raising during the period.



Financial Summary – Full Year FY 2013

12 months to 30 June	2013	2012 \$'000	% Change
Gross Sales Revenues (1)	115,516	72,556	+59.2%
Net Sales Revenues (1)	98,718	58,134	+69.8%
EBDITA (Operating) (2)	11,600	5,447	+113.0%
EBITA (Operating) (2)	8,972	4,075	+120.2%
Equity Associates Share of Profit	819	1,214	-32.5%
Pre Tax Profit (Operating)	7,524	3,476	+116.5%
Pre Tax Profit (Reported)	18,524	3,250	+470.0%
Net Profit (Operating)	6,351	3,305	+92.2%
Net Profit (Reported)	13,722	3,012	+355.6%
Total Ordinary Dividend (cps)	\$0.020	\$0.010	+100%
Total CRPS Dividend (cps)	\$0.028	\$0.028	-
EPS (cents per share)(Fully Diluted for CRPS)	11.39	3.03	+275.9%
Net Debt / Equity	10%	82%	-87.8%
Net Assets per Share	\$0.63	\$0.49	+29.6%
Net Tangible Assets per Share	\$0.47	\$0.26	+75.7%



Issued Capital and Shareholding Base

- Issued Capital
 - 146.5m Ordinary Shares
 - 0.7m CRPS (9% Yield) (Buyback rights from Dec 13)
 - 0.5m Options over Ordinary Shares (@\$0.40)
 - 10.0m Employee Options
- Significant change in Register in last 12 months

Rank	Name	27 Nov 13	%IC
1	ARROVEST PTY LTD	85,994,594	58.70%
2	NATIONAL NOMINEES LIMITED	9,906,737	6.76%
3	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	9,784,351	6.68%
4	CITICORP NOMINEES PTY LIMITED	8,757,959	5.98%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,787,635	2.59%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,909,412	1.99%
7	BNP PARIBAS NOMS PTY LTD	2,000,452	1.37%
8	MIRRABOOKA INVESTMENTS LIMITED	1,800,000	1.23%
9	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	938,902	0.64%



Looking forward into 2014



Freedom Foods Australasia

- Continued growth in Cereals and Non Dairy Beverage
- Exciting Innovation Pipeline into 2014
 - Cereals
 - Non Dairy Beverages
 - Product format differentiation (convenience, bulk, value)
 - Bar expansion from 2015
- Increased senior sales & marketing expertise to drive growth in retail and other channels (convenience, food service, industrial)
- Focus on increasing brand awareness from condition specific to health conscious consumers
- Leeton operations cereal packaging upgrade on time and budget
- Extrusion upgrade on time for June 14.

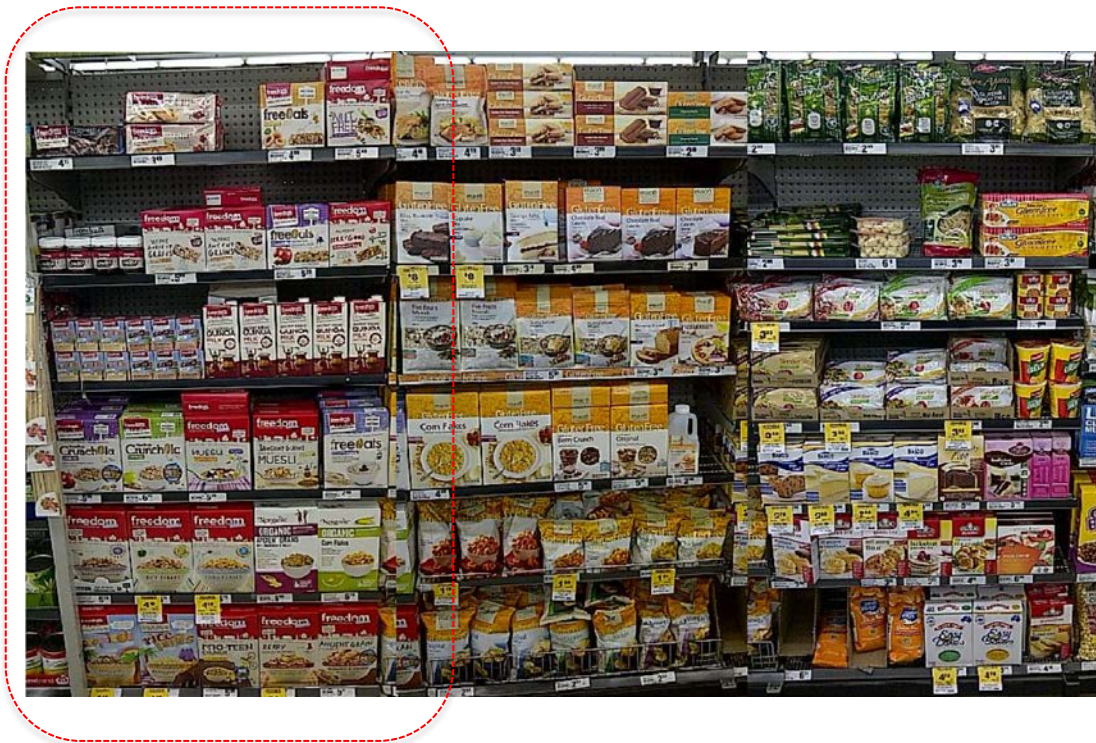


Recent Developments

Dedicated Bay in Woolworths Stores



Extension of AO Brand



Freedom Foods North America

- Our focus is largely on Specialty / Natural Products Retailers, although mainstream conventional grocery chains are engaging more
- Last 3 months establishing business with key distributors, brokers and retailers
- New Ranging in excess of 2,000 Stores in 2014



- Focussed sales and marketing resources being committed to ensure compliance, manage retail distribution
- Strong consumer interest in Freedom proposition (allergen free and non GMO)



Presence in Market



FREE FROM

- G** GLUTEN
- N** NUTS*
- W** WHEAT
- D** DAIRY
- E** EGGS
- F** FRUCTOSE
- S** SOY
- Y** YEAST
- GM** GEN/MOD



Pactum

- Innovative Solutions in UHT (Long Life) Food & Beverage Products
 - Branded and Private Label Customers
- Continued growth in Non Dairy Beverages, particularly Almond
- Exciting Innovation Pipeline into 2014
 - Non Dairy Beverages
 - New capabilities in Prisma 250ml and Dreamcap 330ml from June 14
- Business reviewing incremental warehousing and logistics capability at Taren Point site to provide for increased capacity and improved efficiencies



Growth in Non Dairy and Convenience

Pactum 
REAL SOLUTIONS

**UHT Food &
Beverages**



Pactum – Shepparton Dairy UHT

- Shepparton operation commencing commissioning trials in December
- Equipment budget largely on time and on budget
- Business volumes into 2014 ahead of 3 Year Business Plan
 - Strong Asian demand for 1 Litre
 - Initial 250ml Portion Pack volume committed
 - Major Strategic customers secured for Portion Pack
 - A2 for Australia, China and SE Asia
 - Shenzhen JLL (Tao Group) for China (inc Licence of AO brand)
 - Chinese Dairy Group
- Additional capacity on stream from June 14, further filling equipment into 2015
- Business reviewing incremental warehousing and logistics capability at site
- Opportunity to pursue further value added dairy capabilities in medium term



Shepparton Site





Pactum

UHT Dairy

REAL SOLUTIONS

Our Products 产品类型



Packaging Formats 包装形式



Your Label 客户自有品牌



Our Capability 我们的能力



Specialty Seafood

- Continue to drive established brands Brunswick Sardines and Paramount Salmon
- Salmon catch (2013) inventory secured for sales into 2014
- Positioning for driving the business towards value added products reflecting consumer demand for convenience and superior health benefits





**POSITIVELY
GOOD SARDINES**

We call it positive eating, that's eating foods that add to our total health, Sardines is one of those nutritious super seafoods.

Did you know that these Sardines are packed full of Omega 3+ High Protein & Vitamin D which are great for activating your joints and keeping your heart healthy



ALL

50%

25%

this represents
your recommended
daily intake



A2 Corporation – 18% Strategic Investment

- A2C updated the market at its recent AGM.
- A2C strategy remains focussed on a number of key initiatives
 - Further develop the strong suite of IP and uniqueness of a2® brand products
 - Further grow the Australian fresh milk business and increase activities in NZ
 - Accelerate investment in the UK fresh milk business (100% owned)
 - Accelerate investment in the China infant nutrition business
 - Prioritise new product and market growth options standalone or with partners. As part of this A2C is actively assessing options to enter North America
- FNP is supportive of A2C in delivering its strategy and will actively support its UHT requirements in Australia and Asia

Source: A2 Corporation



“Milk used to give Poppy tummy aches. Not anymore.”

Mary, Poppy's mum



Great tasting British cows' milk with only the natural A2 milk protein, from specially selected cows that naturally produce a2 Milk. Try a2 Milk today and see if you **FEEL THE DIFFERENCE.**

  a2 Milk UK

a2 is not suitable for anyone medically diagnosed with galactosaemia, lactose intolerance or a cow's milk allergy



Financial Outlook

- Overall Business performing to plan
- Expectation of growth in Operating EBDITA in FY 2014
 - 1st half ahead of prior year period
 - 2nd half has a stronger business seasonality
- Operating efficiencies flowing from packaging upgrade at Leeton in 2nd half
- Pactum Dairy Shepparton (PDG) contributing in FY 15
- Capital raisings have provided significant balance sheet flexibility to fund organic growth and pursue strategic opportunities as they arise.



Questions



MAKING
FOOD
BETTER

