

1<sup>st</sup> December 2015

**Freedom Foods Group Limited**  
**Completion of Popina Foods Acquisition, Expansion of Capabilities and China Cereal Launch**

**Completion of Transaction**

Freedom Foods Group Limited (ASX:FNP) advises that it has completed the acquisition of Popina Foods, a major Australian manufacturer of oat based cereals and snacks.

Popina Foods is a recognised leader in cluster format cereal and snacks in Australasia, with manufacturing operations based in Dandenong, Victoria. The acquisition will allow Freedom to have dual manufacturing capability in both allergen free and nut based capabilities and integration opportunities across its milling and ingredients operations.

The purchase price for Popina Foods was approximately \$35 million. The acquisition is expected to be accretive to earnings in its first full year of operations and is expected to provide operational efficiencies in the medium term.

**Expansion of Oat based Manufacturing Capabilities**

Existing oat based manufacturing capabilities at Popina are at capacity, reflecting increased market demand for cluster format cereal and snacks in Australasia and recognition of Popina as a leading manufacturer in this area.

To provide additional capacity to meet the growing demands of existing Popina customers and its branded portfolio as well as capability to grow into China and SE Asia, Freedom Foods has committed to a significant expansion of cereal oven capabilities at Popina's facility in Dandenong, Victoria.

The capacity expansion is expected to be installed from mid-2016 and will provide for growth in sales and earnings from FY2017.

Freedom Foods is also reviewing options to fast track volume, format and efficiency opportunities across its combined snacking capabilities.

**Cereals Launch into China Market**

The market for oat based cereal products including cluster and premium muesli porridge formats is expected to grow at a fast pace, driven by demand for better quality oats in existing consumption formats and also changing consumption patterns. The demand for high quality Australian origin oats will also be further developed by consumers accessing product through China's cross border free trade zones and the China Australia Free Trade Agreement that will reduce tariffs on oat based products over the next 5 years.

On 18<sup>th</sup> November 2015, Freedom Foods entered into a Memorandum of Understanding with JD Worldwide to further develop strategic cooperation between the two parties.

As part of this, Freedom Foods and JD Worldwide will work together to significantly expand the promotion and merchandising activities to drive further growth in the So Natural, Vitalife and Simply White UHT dairy milk brands. So Natural milk is currently one of the fastest growing 1 litre milk brands on JD.com. Additional product formats and product types in both the dairy and non-dairy UHT categories will be developed including Rice Milk. In an extension of these brands and product formats, Freedom Foods in early 2016 will launch a range of So Natural branded Oat-based Clusters and muesli products. This will further extend the So Natural family of products and provide additional cross promotion and product bundling opportunities.

In November 2015, Freedom Foods launched a flagship store on Alibaba's Tmall International to promote the "Freedom Foods" branded product portfolio to Chinese consumers.

With the newly acquired Popina product range and capabilities, Freedom Foods has fast tracked the launch into China of Freedom Foods "Arnolds Farm" cluster and muesli products to coincide with the upcoming 12/12 and Chinese New year promotional periods. Initial shipments of product for this promotional period commenced this week.

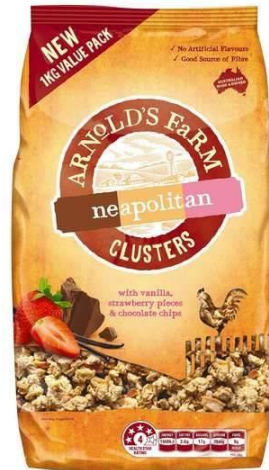
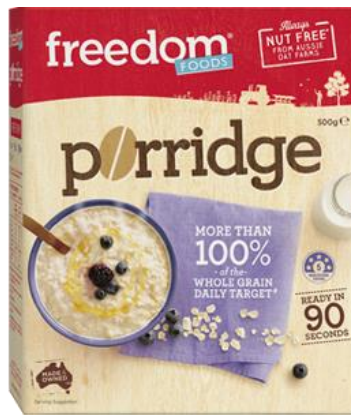
With its growing dairy and non-dairy platform established on JD Worldwide and Tmall International Freedom Foods will now accelerate sales of its branded Cereal and snack portfolio to establish a leading position in this developing product channel.

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## Initial Cereal Launch Products



## So Natural, Vitalife Dairy Range

