



**Welcome to the
2017
Buderim Group Limited
Annual General Meeting**



Order of Business

- Welcome & Introductions
- Chairman's Address
- Chief Executive Officer's Address
- Items of Business
- Discussion



Introductions

Board

- Steve Morrow
Chairman
- Christina Chen
Non Executive Director
- Albert Tse
Non Executive Director
- Peter O'Keefe
Non Executive Director

Executives

- Roger Masters
Chief Executive Officer
- Andrew Bond
Company Secretary/CFO





CHAIRMAN'S ADDRESS



Year in Review

A disappointing financial result

- Net loss before tax was \$5.10m, including a favourable fair adjustment of \$2.29m in respect of the derivative component of the Convertible Notes issued as part of the capital restructure of the Group.
- The result compared to a loss of \$9.57 million in 2016, which included impairment write downs of \$4.51 million.
- CEO will cover 2017 results in more detail



Year in Review

Capital Raising :-

- Partnering with Asia Mark Development Limited (AMD) and local private equity group, Wattle Hill RHC, \$25.77m capital raised by way of a combination of a share placement, rights issue and convertible notes.
- Strengthened balance sheet, introduced an entrée into China via our new partners.
- Enabled us to finalise revised banking facilities with our bankers.



Year in Review

Ginger

- Traditional ginger products challenged by strong competition in both domestic and export markets.
- Both volume through our factories and margins affected.
- The new partnership with AMD should open significant opportunities for our retail ginger products through 900,000 distribution outlets in China. We are working on our first shipments to China as preparations stay well focussed.



Year in Review

Macadamias

- Agrimac continues to be challenged by strong demand for Nut in Shell from China, which leaves local processors competing for lower local processing volumes. The result for us was lower volume and lower margins.
- MacFarms, had a slightly lower production year and harvesting proved challenging.



Year in Review

Tourism

- A lower result than the previous year due to higher costs and some lost tenant rental income.
- We have a plan with our new partners to introduce more Chinese tourists to the park and focus on better cost control.



Outlook

- New products launched over the past two years are gaining distribution locally and overseas and volumes are growing.
- MacFarms is positive, with favourable seasonal conditions and some good potential higher paying customers in Japan and China looking to purchase Hawaiian nut for the first time.
- Seeking EOI for Agrimac.
- Opportunities and potential benefits presented by our new investment partners are exciting, however, the turn-around will take some time.



Board and Management

- Retirement of Lewis Timms and Shane Templeton.
- Appointment of Albert Tse representing Wattle Hill RHC, Christina Chen and Yigang Yang representing AMD.
- Retirement of Yigang Yang.
- Resignation of Roger Masters – CEO





CHIEF EXECUTIVE OFFICER'S ADDRESS



Chief Executive Officer's Address

Review of Business

Year Ended 30 June 2017



BUDERIM GROUP

A story to be proud of ...



1940's

1941 Buderim Ginger o-Operative Association forms
1942 Factory opens at Buderim.

1960's

1961 Commenced exporting overseas.

1980's

1980 Tourist attraction the Ginger Factory opens.
1989 Buderim Ginger Limited lists on the ASX as a public company.

2000's

2000 Now exporting to 17 countries
2003 Taste of Ginger Tour opens at the Tourist attraction
2007 Acquires Australia's 3rd largest macadamia nut processor Agrimac
2008 Acquires brand MacFarms and leases orchard in Hawaii

1950's

1958 First ginger retail outlet opens at Buderim factory

1970's

1979 Ginger processing begins at Yandina plant

1990's

1998 investment in Fiji ginger processing industry with Frespac

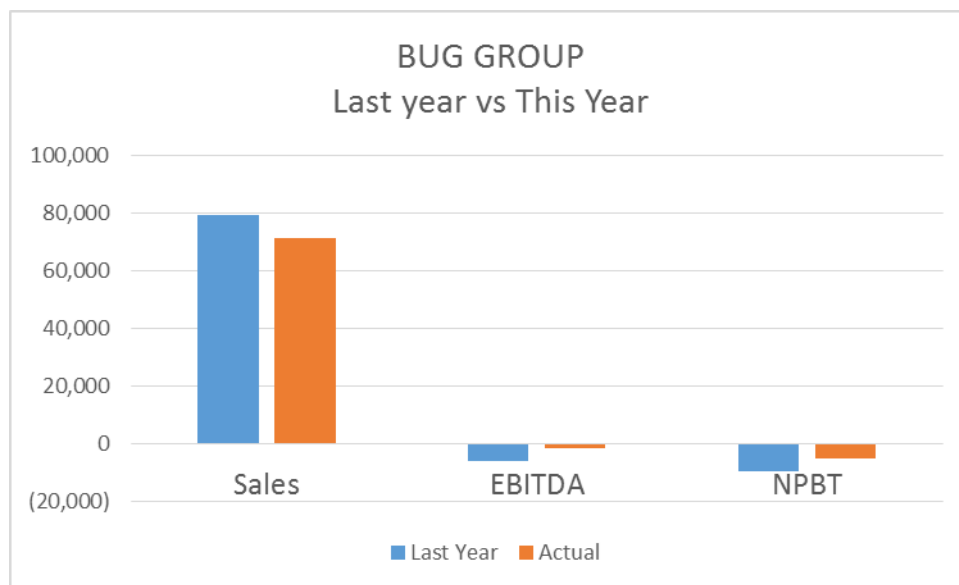
2010's

2014 Purchase of Kapua macadamia orchard.
2017 major investment in Buderim Ginger by ChaCha/Wattle group.
2017 Acquired bottling assets of Alpine Spring beverages.
2017 GHQ tourism joint venture acquired

JUNE 2017

Key Financials

- Sales Revenue decreased by \$9.89 million (12.6%)
- EBITDA improved by \$4.58 million to \$(1.52) million
- Net Loss Before Tax at \$(5.10) million.
- Net Loss After Tax \$(8.97) million.



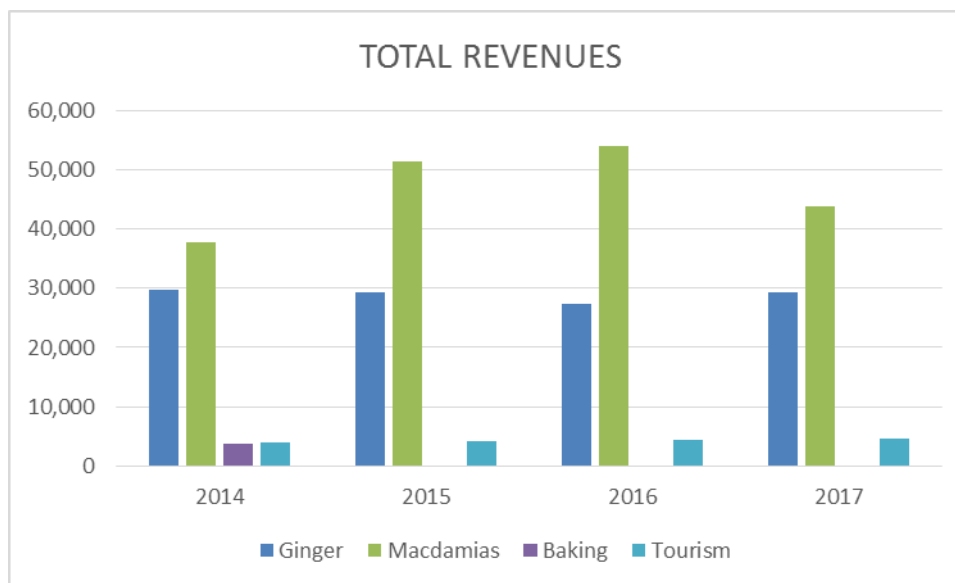
NLAT includes:

- Favourable Derivative Fair Value Adjustment \$2.29 million
- De-recognition of Deferred Tax Assets \$(4.57) million



Total Revenue

Total Revenue	2014	2015	2016	2017
	\$000's	\$000's	\$000's	\$000's
Ginger	29,663	29,256	27,264	29,314
Macdamias	37,850	51,369	54,045	43,812
Baking	3,713			
Tourism	3,994	4,069	4,418	4,691
Consol. Entry	(5,153)	(8,652)	(6,231)	(6,423)
Consolidated Revenue	70,067	76,042	79,496	71,394



Profitability

	2014	2015	2016	2017
EBITDA	125	3,326	(6,104)	(1,524)
EBIT	(1,944)	5,519	(8,635)	(3,676)
NPBT	(2,956)	2,516	(9,567)	(5,102)
NPAT	(1,493)	290	(6,938)	(8,971)

2017

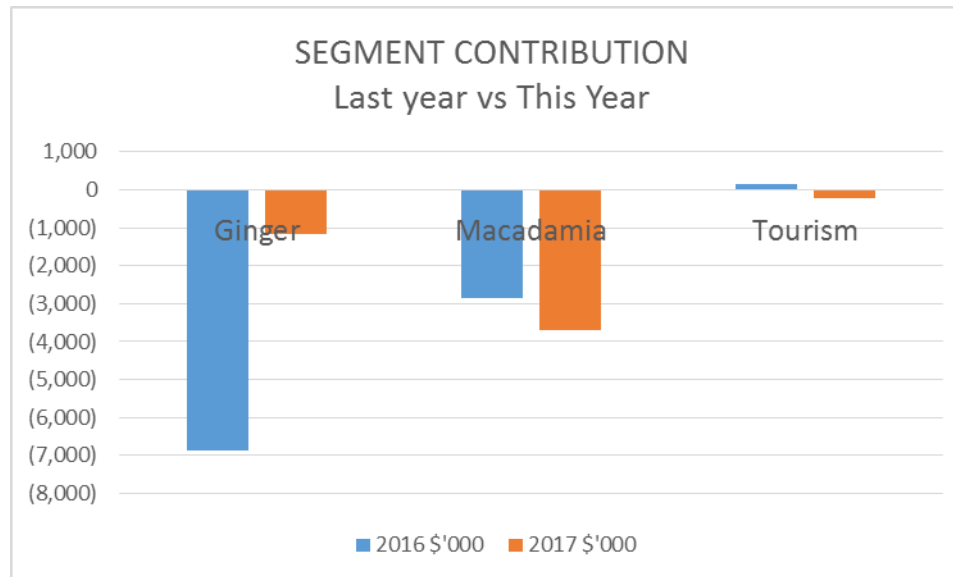
- 2017 favourable Fair Value Adjustment (FVA) of \$2.29 million before tax.
- 2017 unfavourable charge of \$4.57 million for de-recognition of deferred tax assets in relation to past year losses.
- 2017 net favourable improvement in Ginger division operations \$661,000 .
- 2017 net unfavourable operational result due to lower crops in both Agrimac and MacFarms and increased costs \$2.441million.
- 2017 net unfavourable operational costs in Tourism \$437,000.

2016

- 2016 year Yandina plant & equipment and trademark impairments \$2.897m
- 2016 year Agrimac goodwill and plant & equipment impairments \$1.611m

Segment Results

SEGMENT Contribution	2016 \$'000	2017 \$'000
Ginger	(6,857)	(1,175)
Macadamia	(2,869)	(3,700)
Tourism	159	(227)
	<u>(9,567)</u>	<u>(5,102)</u>



Cash Flow

	2015	2016	2017
	\$000's	\$000's	\$000's
Cash Flows			
Operating	145	(2,404)	(3,289)
Investing	(7,210)	(1,021)	(973)
Financing	(1,037)	2,426	7,012
Net Cash Flow	(8,102)	(999)	2,750
 Debt	 21,024	 24,040	 13,824
Cash	4,532	3,901	6,283
Net Debt	16,492	20,139	7,541

Major cash flows:

- Net borrowings decrease of \$10.2 million.
- Composition of debt at year end: bank \$4.7million and convertible notes \$9.0 million
- Operating cash outflow are mainly trading losses.



Objectives

- ❖ Change industrial focus to higher margin branded retail
- ❖ Strengthen our brand position
- ❖ Create new products to replace deletions
- ❖ Lower our cost structure with better automation and enhanced co-packing relationship
- ❖ Strengthen our distribution platform.
- ❖ Drive sales growth with new & existing products in enhanced distribution channels.
- ❖ Reduce product cost through increased volume
- ❖ Consider vertical integration opportunities



Setting a platform...

- ✓ **Head Office** – greatly improved financial reporting systems, human resources capability, information technology and quality assurance across the group.
- ✓ **Manufacturing** – pouch packing equipment, sugar handling equipment, electronic nut sorters, nut-in-shell sizing trommels.
- ✓ **Vertical integration** - secure supply from owned Kapua orchard; Alpine Beverages for bottling capability.



The brand evolution....

THE BRAND EVOLUTION...



"Merrybud"

12.2.1951

Merrybud

Brand

The internet's finest ginger...

The Ginger Net

...in one sweet location



#GoGinger

CHOOSE A GINGER CHANNEL



GINGER CATS
Channel

THE BEST THING ON
THE INTERNET JUST
GOT MORE
AWESOME



GINGER
MIXOLOGIST
Channel

GINGER COCKTAILS,
MIXERS, AND
HOMEBREWS FOR
GOOOOOOD TIMES



GINGER RECIPES
Channel

FROM TEA TO
NOODLES, DINNER
TO DESSERT



Australia's
Hottest
Ginger

Enter Now



'Ran-ga'
Channel

GINGER



MO' GINGER
Channel

WE ALL KNOW A
CAPTAIN RED
BEARD WHO



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Send us your own
Ginger content by
using the hashtag or
submitting from
here, here or here...



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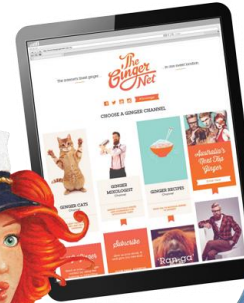
Give us your email,
& we'll give you free
stuff...

Your email address

Submit

NATIONAL BRAND CAMPAIGN

The Ginger Net



#go

*Buderim
Ginger*

- Innovative & Award-Winning
- Exclusive Partnerships
- National Campaign to Start
- Hottest Ginger
- thegingernet.com.au
- Ginger Mixologist
- Ginger Recipes
- Ginger Cats



SAMPLING

- National sampling campaign from our
newly national brand is available
to ginger mixologist and ginger cats

GINGER1



New Products



Distribution

- ✓ Defended shelf space in Australia with brand and new products.
- ✓ Drinks expanding in Australia and overseas
- ✓ Europe – wider distribution through selected partners.
- ✓ CHINA – strategic partnering.
 - CIQ registration of products
 - On-line and offline sales in China
 - Diagou market from Australia



OUTLOOK

- ✓ Opportunities through our new investors
 - management co-operation
 - distribution into China
 - Strategic alliances & mergers



Discussion / Questions





2017 AGM ITEMS OF BUSINESS



Financial Statements and Reports

To receive and consider the following reports in respect of the financial year of the Company ended 30 June 2017:

- The Financial Report (which includes the Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Directors' Declaration); and
- The Directors' Report and the Auditor's Report.



Resolution 1 – Election of Director Ms Qi (Christina) Chen

To consider and, if thought fit, to pass the following Ordinary Resolution:

- That Ms Chen, having been appointed as a director by the Board on 28 July 2017 to fill a casual vacancy, and, being eligible for election, be elected as a Director.

Resolution 2 – Election of Director Mr Albert Yeuk Kuk Tse

To consider and, if thought fit, to pass the following Ordinary Resolution:

- That Mr Tse, having been appointed as a director by the Board on 15 February 2017 to fill a casual vacancy, and, being eligible for election, be elected as a Director.



Resolution 3 – Re-election of Director Mr Peter Francis O’Keeffe

To consider and, if thought fit, to pass the following Ordinary Resolution:

- That Mr O’Keeffe, who retires by rotation in accordance with the Constitution and, being eligible for re-election, be re-elected as a Director.



Resolution 4 – Change of Auditor

To consider and, if thought fit, to pass the following Ordinary Resolution:

- That PricewaterhouseCoopers, who have consented in writing to act as auditor of the company, be appointed auditor of the company.



Resolution 5 - Remuneration Report included in the Directors' Report

To consider and, if thought fit, to pass the following Ordinary Resolution under section 250R of the Corporations Act:

- That the section of the Directors' Report dealing with the remuneration of the Company's Directors and senior executives ('Remuneration Report') be adopted.



Discussion / Questions





**Thank You
Please join us
for refreshments**

