



Buderim Group Limited FY19 Results Commentary



Disclaimer and Important Notice

This presentation and any materials provided (materials) have been prepared by Buderim Group Limited (BUG) and contains general information about BUG activities. By accepting the Materials and attending BUG's presentation you agree to be bound by the below terms and conditions.

Terms and Conditions

This presentation is provided for information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situations or needs of any particular investor. Investors should assess their own individual financial circumstances and consider talking to a financial adviser or consultant before making any investment decision.

Certain statements in this presentation may constitute forward looking statements. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

While all reasonable care has been taken in relation to the preparation of this presentation, none of the Company, its subsidiaries, or their respective directors, officers, employees, contractors or agents accepts responsibility for any loss or damage resulting from the use of or reliance on the presentation by any person.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given.

Some of the information in this presentation is based on unaudited financial data which may be subject to change.

All values are expressed in Australian currency unless otherwise stated.

All intellectual property, proprietary and other rights and interests in this presentation are owned by the Company.

Turnaround Year - Highlights

- ✓ \$13.92m earnings turnaround delivers Group NPBT profit of \$91,000.
- ✓ All business units profitable
- ✓ Key Drivers
 - First full year of transformational *Royal Hawaiian Orchards* macadamia snacks business – No 1 in continental USA
 - Uplift in *MacFarms* business from brand and product refresh
 - Strategic initiatives return Ginger Division to profit in flat market
 - Increased earnings from *The Ginger Factory* aligned with Queensland tourism growth
- ✓ Solid platform for sustainable earnings
- ✓ Opportunities for further export growth
- ✓ Land values up \$5.52 million supported by independent valuations
- ✓ Net Tangible Assets up from \$0.40/share to \$0.48/share.

Buderim Group – Key Achievements

Macadamias

Maintained position as the largest orchard to retail macadamia business in the USA and No.1 marketer in continental USA, with supply security and distribution increased to over 47,000 stores, restoring profitability.

Ginger

Completed strategic review and implemented initiatives to restore profitability and refocus on the provenance and heritage of Buderim Ginger, Australia's premium ginger brand.

Tourism

Built upon the foundations laid in prior year resulting in continued visitor growth and increased profitability.

Buderim Group – Strategic Focus of FY20

Macadamias

- Continue to leverage strategic position to further penetrate the USA market, and look to other markets including China.
- Strengthen supply chain and further develop strategic partnerships.
- Investment in orchard and factory to further improve production efficiencies.

Ginger

- New product development – preservative free ginger.
- Expand sales and distribution domestically and in export markets.
- Increase focus on provenance and heritage in marketing and promotional activities.

Tourism

- Drive visitation and increased spend through domestic and international tourism opportunities.

Financial Results

	30/06/19		30/06/18	
	Revenues	Results*	Revenues	Results*
	\$'000	\$'000	\$'000	\$'000
<i>Business segments</i>				
Ginger operations	25,837	1,718	27,761	(6,190)
Macadamia operations	42,408	2,574	26,464	(3,608)
Tourism operations	6,349	384	5,750	245
Total	74,594	4,676	59,975	(9,553)
Consolidation adjustments	(739)	-	(1,872)	-
Fair value gain on derivative		2,365		1,387
Finance Costs		(4,025)		(2,774)
Corporate overhead expenses		(2,925)		(2,891)
Group income and profit/(loss) from continuing operations before income tax	73,855	91	58,103	(13,831)
Tax expense		(321)		(2,675)
Net Loss after tax from continuing operations		(230)		(16,506)

*Business segment results represent profit before corporate overheads, interest and tax

- Statutory result includes net expenses of \$0.97m of non-cash items comprising, fair value adjustments, impairments, convertible note costs, and onerous lease provision.
- Finance costs include \$3.82 million relating to Convertible Notes.
- Cash & cash equivalents \$1.51m at 30 June 2019.
- Net debt increased \$11.65m to \$21.36m, supporting increased Working Capital primarily an increase in Inventories of \$11.41m.

Macadamias – The Year in Review



Macadamia farming, processing and marketing operations located in USA

- Revenue from sale of goods* up 59% to \$41.59m (2018 \$26.15m).
- Segment EBITDA* \$3.11m (2018 \$(2.98m)).
- Orchard production 10.66mlbs (2018: 9.89mlbs)

Revenue drivers

- Earnings accretive acquisition of the Royal Hawaiian Orchards branded retail business.
- *MacFarms & Royal Hawaiian Orchards* products distributed to over 47,000 stores across US market, further sales potential into export markets including China.
- *MacFarms* brand refresh and gross margin improvement initiatives.
- *Royal Hawaiian Orchards* organics range launched.
- Favourable growing conditions and increased independent grower supply.



* Refer Annual Report Note 5

Ginger – The Year in Review



Ginger processing and marketing operations located in Australia and Fiji

- Revenue from sale of goods* down 2.5% to \$23.97m (2018 \$24.59m).
- Segment EBITDA* before impairments \$2.50m (2018 \$(0.45m)).
- Awarded 2019 Queensland Business Leaders Hall of Fame – Business History Award.

Profit improvement

- Range rationalisation, reduction of promotional discounting, improved manufacturing efficiencies and reduced costs.
- Developed stronger strategic partnerships with customers and supply chain partners.
- 100% Australian provenance and heritage on *Buderim Ginger* domestic products.
- Government grant to assist with development of preservative free ginger products to target export markets including China.



* Refer Annual Report Note 5



Tourism – The Year in Review

The Ginger Factory – winner of 2018 Sunshine Coast Business Awards Major Attractions Award

- Revenue* up 10.44% to \$6.35m (2018 \$5.75m).
- Segment EBITDA* \$652,000 (2018 \$(524,000)).

Revenue drivers

- Visitor numbers up 2.6% to over 306,000, highest level in 8 years.
- Full year of earnings following acquisition of the remaining fifty percent share of the Ginger Head Quarters joint-venture comprising the *Overboard* and *Moreton* train rides in September 2017.
- Increased spend per head.

* Refer Annual Report Note 5





Media enquiries, please contact:

Graham Campbell, GRACosway on: 0411 830 790

