

# **CHAIRMAN'S SCRIPT**



**Annual General Meeting  
Friday 8 November 2019 at 10.00am  
50 Pioneer Road,  
Yandina, Qld**

**BUDERIM GROUP LIMITED**  
**ANNUAL GENERAL MEETING**  
**SPEECHES BY**  
**CHAIRMAN, GUY COWAN**  
**AND**  
**CHIEF EXECUTIVE OFFICER, ANDREW BOND**

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**CHAIRMAN, GUY COWAN**

Ladies and gentlemen, Good Morning.

It is my pleasure to welcome you to the 31st Annual General Meeting of Buderim Group Limited.

My name is Guy Cowan and I am your Chairman.

I would like to acknowledge that this meeting is being held on the traditional lands of the Gubbi Gubbi people. I pay respect to Elders past, present and emerging.

At the outset, we would appreciate your cooperation in making sure your mobile phones are silent for the duration of this meeting.

In the case of an emergency, we ask that you please follow directions from the Ginger Factory staff and fire wardens.

Before commencing the meeting I would like pay our respects to Shareholders and Staff who have passed during the year with a minutes silence. Thank you.

The meeting has been called under the Notice of Meeting dated 4<sup>th</sup> October 2019 which was sent to all shareholders. If there is no objection, I propose to take the notice as read. Extra copies of the notice are available at the registration table, if required.

It is now just after 10.00am and I have been informed by the Company's registry, Computershare, that a quorum is present, so I declare the meeting properly constituted and open.

I take this opportunity to introduce to you the Members of the Board of Directors and Senior Executive Team.

Chairman introduces each Member of the Board.

On my far right, which is your left, and in order of seating, we have non-executive directors, Ms Christina Chen, Mr Dennis Lin and Mr Peter O'Keeffe. On my immediate right are our CEO, Mr Andrew Bond, and our Company Secretary, Ms Nicole Nolan.

Also present is Paddy Carney and Kristy Van Horck from PricewaterhouseCoopers, the Company's Auditor,

Eugene Fung from Thompson Geer, the Company's Lawyers,

Jodi Woodroff from Computershare Investor Services, our Share Registry.

Welcome all.

The Register of Directors' Shareholdings is with the Company Secretary, Nicole Nolan

It is open and accessible to all persons attending the Meeting

Proxies have been received for 49,385,648 shares from 86,021,860 shareholders representing 57.41% of the Company's issued voting capital. Issued capital totals 86,021,860 shares.

I will call upon Nicole Nolan, the Company Secretary, to give details of the proxies in respect of each resolution as that resolution is put to the meeting.

*[Chairman's Address 2019 AGM]*

Dear Shareholders, Staff, Ladies and Gentlemen

Welcome to the Buderim Group Limited AGM. I look forward to interacting with you today and catching up after the meeting.

I would first like to introduce my fellow Board members. Christina Chen, Peter O'Keeffe and Dennis Lin. Andrew Bond our CEO will address you after me. I would also like to thank Albert Tse for his services to the Buderim Group. Albert resigned during the year following the sale of Wattle Hills convertible notes to the our other noteholder and cornerstone investor Asia Mark Development.

At the last AGM you had the opportunity to hear from, and to meet, Scott Wallace who headed up our US macadamia business. It is with deep sadness that we lost Scott shortly after the AGM when he passed away quite suddenly on his return to Los Angeles. I'm pleased however that we have been able to find an excellent replacement in KC Blinn.

Last year I mentioned that I was confident the company had taken a number of initiatives to turn the business around and I'm pleased to report that this has been the case, with increased revenues, a turnaround in profitability and an increased underlying asset base.

The macadamia business has made significant progress and there is no doubt our brands are gaining increased recognition in the USA, backed by our orchard and processing facilities in Hawaii, providing a strong platform to grow the business. Andrew will talk more about this.

We did complete the review of the ginger division and have started to implement a number of the recommendations. This is reflected in the improved profitability of the division and we will continue to implement a number of the recommendations as funding becomes available.

There is no doubt that ginger has good long-term potential as it becomes increasingly recognised as a healthy food supplement, but this transformation will necessarily be one that takes resources and time.

Our award winning Tourism operations here at The Ginger Factory continue to go from strength to strength.

Funding continues to be a concern as you can see from our annual report and we are thankful for the support from Rabobank and noteholders. Recently we have had positive discussions on working capital facilities with a third-party finance provider, and I am hopeful that we can announce this shortly. It will provide an opportunity for us to better manage the growth of our business, particularly in macadamias.

Although the business has been turned around and I'm confident it will continue on this trajectory, the overhang of substantial debt in the form of convertible notes, and the relative illiquidity of the shares, has meant that the improved performance and the increased asset base has not been reflected in the share price at this point.

I'm hopeful that in the forthcoming year we can resolve these matters and that the full value of the company will become realised in the share price.

I would like to thank Andrew Bond for an excellent job in difficult circumstances and also his executive team and all staff who have put in an exceptional effort to turn the company around.

I should also like to thank my board members for their support and advice and to thank all our shareholders for their continued support.

Thank you and I will pass over to Andrew and we will take questions later.

*[Text in Italics denotes CEOs 2018 AGM Address]*

**CHIEF EXECUTIVE OFFICER, ANDREW BOND**

*Good morning Ladies and Gentlemen and welcome,*

*I like to start by introducing some of the newer members of our management team who are here today. Lisa Davis Finance Manager, Brenda Bailey Tourism Manager, KC Blinn General Manager Sales and Marketing MacFarms, and Claude Weiller National Sales Manager MacFarms.*

*Also present in the room are Joel Wood General Manager of Operations, Mark Crawford Operations Manager MacFarms, Adam Cunningham Commercial Manager Macadamias, Rob Eustace Export Business Development Manager, Robin Taylor IT Manager, Michael Redshaw HR Manager as well as a number of our other staff.*

*As highlighted earlier, 2019 saw a significant turnaround in our financial results delivering a Net Profit before Tax of \$91,000 compared to the \$13.8 million Net Loss before Tax in 2018.*

*All business units were profitable driven by the earnings from the first full year of ownership of the Royal Hawaiian Orchards retail macadamia business or RHO for short, an uplift in the MacFarms business, focussed execution of initiatives to return to Ginger Division to profit in an otherwise flat market and increased earnings from The Ginger Factory aligning with Queensland tourism growth.*

*Total consolidated sale of goods for the Group increased 27.3 percent from \$56.4 million to \$71.8 million.*

*There are exciting opportunities for further growth building upon the platforms laid over the past 18 months, particularly in the macadamia segment and we will see more about that later.*

*Our net tangible asset backing increased 20% from 40cents per share to 48cents driven primarily by a \$5.5 million increase in land valuations largely relating to the orchard in Hawaii. Macadamia orchard valuations in regions like Australia and Hawaii have increased significantly in recent years reflecting the strong demand and increasing returns on macadamias.*

*Significant activities undertaken during the year included:-*

*Launching the RHO organics range and preparing the MacFarms branding refresh.*

*Increasing our macadamia inventories to support sales growth in the US market.*

*Acquiring equipment and trialling preparation of the macadamia orchard floor with a view to future mechanical harvesting in areas of the orchard which can be converted from hand-harvesting.*

*Undertaking a Strategic Review of the Ginger Division identifying opportunities for new products and ways to improve returns.*

*Ceasing operations at the Morwell bottling factory and mothballing the facility to reduce operational costs associated with the regional location of the facility.*

*With support from our cornerstone investor Asia Mark Development Limited, the maturity date of the Convertible Notes was extended until 30 September 2020.*

*The Group recorded a Net Loss after Tax from continuing operations, of \$(230,000) compared with a \$(16.5) million loss in 2018.*

*Included in the result were a number of significant items including net non-cash items of \$970,000 comprising the following:-*

*A favourable Fair Value Adjustment of \$2.4 million related to the change in fair value of the derivative component of the convertible notes.*

*A favourable net Fair Value Adjustment of \$760,000 relating to the increased value of biological assets being the macadamias growing on the trees and ready for harvest on the ground.*

*Non-cash Finance charges on the Convertible Notes of \$3.15 million being the amount of non-coupon finance costs in relation to the convertible notes calculated in accordance with Australian accounting standards. The actual cash expense incurred in relation the Convertible Notes is \$675,000 per year being a 4.5% coupon rate.*

*Non-cash impairments and provision for onerous lease commitments of \$950,000 before tax relating to the write down in the value of plant and equipment within the Ginger segment relating to the Morwell facility following its closure.*

*In addition to these non-cash items, net one-off costs and provisions of \$200,000 before tax relating to, the sale of a small parcel of surplus land in Hawaii, corporate advice and ginger division review costs were included in the results along with expenses relating to employee incentive plans and share based payments including oncosts of \$1.1 million.*

*Whilst net debt increased \$11.6 million to \$21.4 million, the increase related directly to increased Working Capital requirements to fund additional inventory to support the sales growth in the Macadamia segment.*

*Cash and cash equivalents at 30 June were \$1.5 million.*

*Taking a closer look at the macadamia segment it is pleasing to report that the division performed well with revenues increasing 59.0 percent to \$41.6 million, validating our strategy to focus on the near term opportunities offered by the sector. Segment EBITDA came in at \$3.1 million a \$6.1 million improvement on the prior year.*

*Favourable growing conditions resulted in the total crop harvested from the orchard increasing 7.8% to 10.7 million pounds from 9.9 million pounds the previous year. In addition to our own harvest we purchased an additional 2.8 million pounds from independent growers, an increase of 40%.*

*Revenue drivers contributing to the turnaround included a full twelve months of RHO retail sales, combined with increased selling prices, distribution and gross margin improvements across both RHO and MacFarms products. Our macadamia products are now distributed to over 47,000 stores across the US. We recently signed a distribution agreement with Dot Foods, the US's largest food industry redistributor, to enable us to service our smaller customers more cost effectively. Further potential sales growth into export markets including Canada, Taiwan and China are being explored. Of course I've already spoken earlier about the launch of the RHO organic range and the MacFarms brand refresh, both of which have had positive outcomes. Consumers are seeking 'healthier for you' snacking options, and demand for macadamias remains strong. All our natural and savoury products now carry the USFDA approved heart health claims.*

*Marketing initiatives have included developing and creating social media content to support the brands and establishment of an online e-commerce offering for MacFarms.*

*Turning to look at Ginger, despite sales declining a further 2.5 percent to \$24.0 million, pleasingly segment EBITDA before impairments returned to profitability up \$2.9million to \$2.5 million.*

*As highlighted in the past, the challenges faced by our traditional products continue, with strong market competition from cheaper commodity private label and non-Australian origin products in both our domestic and export markets.*

*In addressing these challenges and delivering the needed profit improvement we actioned a broad range of initiatives including rationalising non-performing products, reducing the frequency and depth of promotional discounting of mature retail products, placing a greater focus on developing strategic relationships with both customers and supply chain partners, continuing to develop new markets, promoting our provenance, heritage and product usage occasions, new product development activity, improving manufacturing efficiencies and reducing costs. We have been quite busy, but as the results show also productive.*

*In addition, the Strategic Review of the Ginger division identified a number of potential capital projects to improve profitability and develop new product streams. However due to funding constraints we chose to focus on the Macadamia opportunities with more immediate returns. The Morwell bottling facility was closed in January and an impairment charge and provision for onerous lease costs was recognised in the results.*

*Whilst Australian ginger supply was sufficient, ginger supply shortages in Fiji resulted following a smaller than expected crop as growers facing higher input costs turned to other root crops. This led to some of the decline in sales.*

*We are working to develop innovative preservative free ginger products to target export markets, including China, and are grateful for the support of the Queensland Government who has provided us with grant assistance for this initiative. Our goal is to develop a process to produce an allergen free product. Whilst initial trials are positive we still have a few technical matters to resolve before moving to the commercialisation stage, but we are very optimistic.*

*Marketing activities domestically have focused on consumer sampling and trial with various activations undertaken throughout the year. Development of export markets continues with marketing activities being undertaken in Canada, China and Taiwan. In China we continued our trials and testing in both offline and online channels as well as entering distribution agreements with strategic partners to service the Australia-China daigou or 'personal shopper' market.*

*This year our tourism park, The Ginger Factory where we meet today was the recipient of two major awards in recognition of the work we do here each and every day.*

*In November last year The Ginger Factory won the 2018 Sunshine Coast Business Awards Major Attractions award and recently in July this year Buderim Ginger was the recipient of this year's Queensland Business Leaders Hall of Fame – Business History award. I am also pleased to announce that the park has been named as a finalist again for this year's 2019 Sunshine Coast Business Awards and we are looking forward to attending the award ceremony tomorrow evening.*

*Revenues increased 10.4 percent to \$6.4 million and EBITDA increased 24.4% to \$652,000. Visitor numbers continued to grow, up 2.60% to over 306,000 the highest level in eight years. This year was also our first full twelve months of 100% ownership of the Ginger Head Quarters business which operates the Overboard and Moreton train rides.*

*We have started to see an increase in international visitors including the emerging Chinese traveller market as we continue to promote joint itineraries, develop market specific collateral and foster closer relationships with inbound and domestic tourism operators.*

*The Ginger Food and Flower Festival, held annually in January, and seasonal activities such as the school holiday entertainment programs and Santa's workshop at Christmas time, continue to attract local visitors. On the 17th -19th of January 2020 we will hold the 24th annual Ginger Food & Flower Festival and preparations are well under way for this iconic event.*

*Strong global demand for Macadamias is expected to continue. To capitalise on this and leverage our strategic position to further penetrate the US market we are working to ensure the necessary resources are in place to support the US growth and looking at opportunities in other markets including China.*

*We are focusing on strengthening our supply chain and developing further strategic partnerships to ensure sufficient macadamia kernel is available. As mentioned earlier we have strengthened and broadened our US distribution capabilities through Dot Foods.*

*We are investing in improving our orchard and factory to further improve production efficiencies. Initial outcomes of our orchard floor re-profiling project have been promising however additional specialist equipment will be required to achieve the desired results.*

*In ginger as mentioned earlier we are working to develop new products, in particular preservative free products. At the same time we are expanding sales and distribution domestically and in export markets and will move to a direct store distribution model in Australia in 2020 to better serve the independent retailers and reduce costs.*

*We have gained increased distribution for our cordials and alcoholic ginger beers and are bringing to market three new ginger chews including mango, turmeric and lemon propolis. There will also be an increased focus on provenance and heritage in our marketing and promotional activities.*

*Our focus for Tourism remains to drive visitation and increased spend through domestic and international tourism opportunities. The Ginger Factory is well placed to benefit from the*

*growth being experienced on the Sunshine Coast and as an active participant in tourism industry groups is working collaboratively to attract more visitors. It remains a showcase for our Buderim Ginger products, something to be very proud of.*

*Whilst each of the points on this slide are challenges they are also opportunities for us over the next one to two years.*

*The continued strong demand for macadamias presents an opportunity for us to build brand awareness, increase our consumer marketing through both online and offline initiatives, and develop strategic relationships with partners that share our core brand values of high quality and health. Our challenge is to ensure we build a strong presence in an increasingly competitive market.*

*Access to sufficient working capital funding remains a challenge. Our financier Rabobank continues to be supportive and increased our working capital facility to \$7million from \$4million. This allowed us to secure more kernel to support our sales growth, however with our covenants weighted towards Australian assets the increase in US inventories caused some challenges for us in meeting the covenant requirements. Rabobank acknowledges our position and has provided covenant waivers as needed.*

*Maximising our orchard production and kernel production, as mentioned earlier, is a key focus. The orchard has experienced the highest level of rain fall over the last twelve months since 1977 and as you can see by the photo on this slide our challenge at present is to ensure the nuts are harvested and processed in a timely manner.*

*With ginger our key challenges and opportunities are to maintain a strong continued focus on gross margins and profitability. This includes focussing our marketing to position the products as premium and differentiate them from commodity products. We have the opportunity to develop our export markets in Europe, North America and emerging Asian markets such as China.*

*Whilst we see the increased investment occurring on the Sunshine Coast as a great opportunity to increase interstate and overseas visitors to The Ginger Factory we also are aware that competition is increasing with more attractions and agri-tourism businesses opening in the local area. It is important that The Ginger Factory retains its unique character and focus.*

*I am proud of our team and their achievements over the last 12 months. I believe we are well positioned for further growth and I am excited to continue our journey.*

*In closing I'd like to thank you for attending today and your ongoing support as we take Buderim Group forward and I am happy to answer any questions you may have now or after the meeting. Thank you.*

*[Chairman's Speech resumes]*

There are a number of procedural matters which I would like to bring to your attention. When you registered at the attendance desk this morning, you should have received a card from Computershare:

- members holding a blue card can vote and speak at the meeting;
- members holding a red card are not eligible to vote but can speak at the meeting; and



- visitors holding a yellow card are not eligible to vote or speak at the meeting.

If there is anyone present who is eligible to vote, but has not received a blue card, please see a representative of Computershare now.

To enhance good corporate governance and transparency I intend to conduct a Poll Vote on each of the Resolutions for the meeting.

The order of business will be that I will read out each item of business in turn, take questions on that item of business, and then defer voting until the end of the meeting at which time a Poll will be conducted at the same time for items 2 to 5. Once voting is finalised for the Poll, the meeting will be closed. The results of the Poll will be released to the ASX not long after the meeting has closed.

I appoint Jodi Woodroff, a representative of Computershare Investor Services, assisted by members of her staff, as Returning Officer for this meeting. Ms Woodroff is appointed to conduct the Poll.

As Chair of this meeting, I advise that I intend to vote all undirected proxies in favour of the resolutions in items 2 to 5 inclusive.

Ladies and Gentlemen, I will now move onto the formal business of the meeting.

There are 5 items on the agenda. Item 1 relates to the financial statements and does not require a vote. Items 2 to 5 inclusive are resolutions for consideration today.

Item 3 relates to the Remuneration Report and is a non-binding advisory vote only.

Item 2, is an ordinary resolution which means that in order for the resolution to be passed, more than 50% of votes cast on the resolution must be in favour of it.

Items 4 and 5 are special resolutions which means that in order for the resolution to be passed, more than 75% of votes cast on the resolution must be in favour of it.

Questions relating to a specific item of business may be raised when that item of business is being considered. At the conclusion of the formal items of business, there will be an opportunity for general questions to be raised by members holding a blue or red card.

Ladies and Gentlemen

The first item of business set out in the Notice of Meeting is:-

To receive and consider the following reports in respect of the financial year of the Company ended 30 June 2018:

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

- The Directors' Report and the Auditor's Report.

The Meeting is now open for discussion on the accounts and reports and I will now take questions from the floor. If you wish to speak please raise your BLUE voting card, and wait for a microphone to reach you. Before you speak, please give your name and state whom you are representing.

In order that everyone has an opportunity to speak, each person's questions or comments will be kept to 2 minutes.

There being no further discussion I now move to the items of business which relate to the Election of Director.

The next item of business is:-

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

That Ms Christina Chen, having been appointed as a director by the Board on 28 July 2017 to fill a casual vacancy, and who retires in accordance with clause 15.4 of the Company's Constitution, and being eligible for election, be elected as a Director of the Company.

Clause 15.4 of the Company's Constitution states that the Board may at any time (except during the period from the opening to the closing of a general meeting) appoint any person as a Director (other than an Alternate Director) to fill a casual vacancy or as an addition to the Board but so that the number of those Directors does not any time exceed the maximum number set under clause 15.1. A person appointed to fill a casual vacancy shall hold office until the next general meeting of the Company and shall then be eligible for re-election.

Are there any questions in relation to item 2?

For your information I ask Ms Nolan to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

This next resolution is:

To consider and, if thought fit, to pass the following non-binding 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.

The Remuneration Report is found on pages 16 to 21 of the Annual Report.

Shareholders should note that this Resolution is an "advisory only" resolution which does not bind the Directors or the Company.

Are there any questions in relation to item 3?

For your information I ask Ms Nolan to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

This next resolution is:

To consider and if thought fit, pass the following resolution as a Special Resolution:-

That the proportional takeover approval provisions contained in clause 10 of the Constitution of the Company be hereby renewed for a further period of 3 years from the date of this resolution pursuant to section 648G of the Corporations Act 2001.

Are there any questions in relation to item 4?

For your information I ask Ms Nolan to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

This next resolution is:

To consider and if thought fit, pass the following resolution as a Special Resolution:-

That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of such a number of shares equal to up to 10% of the issued capital of the Company, at the time of the issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.

Are there any questions in relation to item 5?

For your information I ask Ms Nolan to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

Does anybody wish to raise any item of other business which may be brought forward in conformity with the Company's Constitution?

I will call upon Ms Woodroff to confirm the requirements of the Poll for today.

*[Ms Woodroff from Computershare then conducts the Poll]*

I will now close the Poll.

The results of the Poll will be announced by the Company Secretary on the ASX later today.

We would now like to open the discussion to shareholders in attendance – are there any questions from shareholders?

Ladies and Gentlemen,

As there is no further business

I declare the Meeting closed and in doing so thank you for your attendance and for your loyalty and ongoing support of Buderim Group.

Would you please join members of the Board and management for light refreshments.

Thank you Ladies & Gentlemen.



**2019  
Annual General Meeting  
Welcome**



# Order of Business

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

# Introductions

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## Board

- Guy Cowan  
**Chairman**
- Christina Chen  
**Non Executive Director**
- Peter O’Keeffe  
**Non Executive Director**
- Dennis Lin  
**Non Executive Director**

## Executives

- Andrew Bond  
**Chief Executive Officer**
- Nicole Nolan  
**Company Secretary**



## Chairman's Address





# Turnaround Year

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- ✓ \$13.92m earnings turnaround delivers Group NPBT profit of \$91,000.
- ✓ Solid platform for sustainable earnings
- ✓ Significant US Macadamia business
- ✓ Ginger Division Review





## Chief Executive Officer's Address



# FY19- Highlights

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- ✓ **Group NPBT profit of \$91,000 vs LY\$(13.83)m loss**
- ✓ **All business units profitable**
- ✓ **Revenues \$71.80 million up 27.28%**
- ✓ **Opportunities for further growth**
- ✓ **Land values up \$5.52 million supported by independent valuations**
- ✓ **Net Tangible Assets up from \$0.40/share to \$0.48/share.**



# FY19- Significant Activities

- ✓ *Royal Hawaiian Orchards* organics range
- ✓ *MacFarms* brand refresh
- ✓ Macadamia inventories to support sales growth
- ✓ Orchard floor preparation trial for mechanical harvesting
- ✓ Strategic Review of the Ginger Division
- ✓ Morwell bottling factory closed
- ✓ Convertible Note maturity date extended until 30 September 2020



# Financial Results

	30/06/19		30/06/18	
	Revenues \$'000	Results* \$'000	Revenues \$'000	Results* \$'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)

- 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.



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

# 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)
- ✓ Independent grower supply 2.78mlbs (2018: 1.98mlbs)

## 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)).

## 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.
- Ginger Division Review



\* Refer Annual Report Note 5



# Tourism – The Year in Review

## *The Ginger Factory*

- ❖ winner of 2018 Sunshine Coast Business Awards Major Attractions Award
- ❖ awarded 2019 Queensland Business Leaders Hall of Fame – Business History 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





# Buderim Group – Strategic Focus for 2020

## 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. Branding and marketing platform for *Buderim Ginger*



# Buderim Group – Challenges & Opportunities

## Macadamias

- Build brand awareness and consumer demand
- Access to Working Capital funding
- Maximising orchard production and kernel production

## Ginger

- Continued focus on gross margins and profitability
- Position product as a premium product not a commodity product

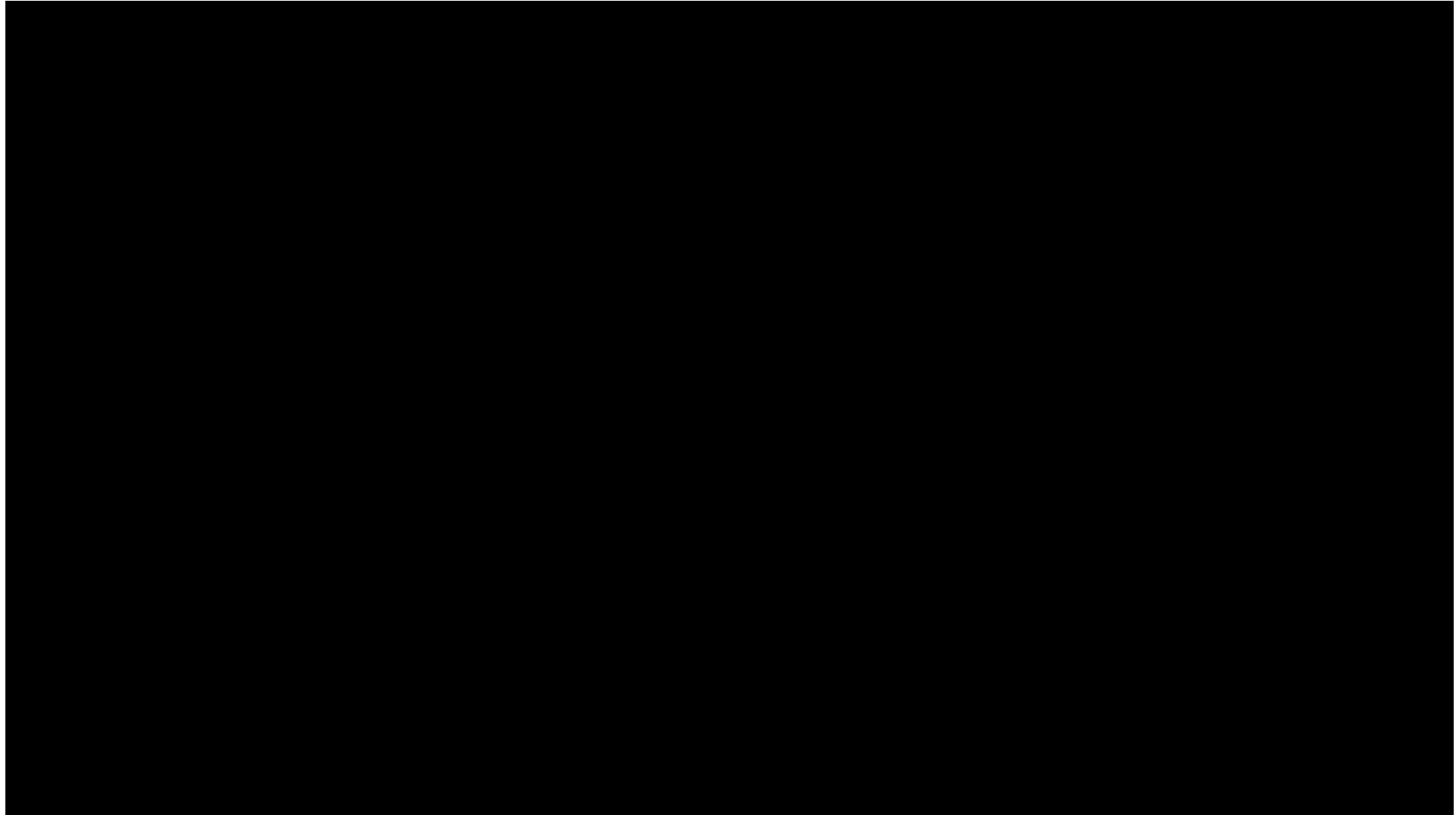
## Tourism

- Increased competition



# PROMOTIONAL VIDEO

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## 2019 AGM Items of Business



## Financial Statements and Reports

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To receive and consider the following reports in respect of the financial year of the Company ended 30 June 2019:

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

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

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

*That Ms Chen, who retires by rotation in accordance with clause 18.3 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company.*

## Resolution 2 – Adoption of the Remuneration Report

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To consider and, if thought fit, to pass the following non-binding Ordinary Resolution under section 250R(2) 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.*

## Resolution 3 – Constitution - Proportional Takeover Provisions Renewal

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To consider and if thought fit, pass the following resolution as a Special Resolution:-

*That the proportional takeover approval provisions contained in clause 10 of the Constitution of the Company be hereby renewed for a further period of 3 years from the date of this resolution pursuant to section 648G of the Corporations Act 2001.*



## Resolution 4 – Approval of Enhanced Placement Capacity

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

*That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of such a number of Shares equal to up to 10% of the issued capital of the Company, at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.*



**Thank You**  
**Please join us**  
**for refreshments**



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