



Buderim Group Limited FY20 Results Commentary



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Chairman's Message

“A solid result with stronger product margins mitigating COVID-19 disruption, enabling the Ginger Division to be successfully readied for sale, and positioning the Macadamia Division to be the engine-room / flywheel of a health and plant protein business in the post-pandemic era.” – Guy Cowan, Chairman

Solid result in challenging year impacted by COVID-19

- ❖ Consolidated Group Income* \$72.59 m (2019 \$73.86m) despite significant COVID-19 impacts
- ❖ Net Loss after Income Tax \$(7.56)m (2019 \$(0.23m))
- ❖ Key Drivers
 - Ginger segment impairment \$6.05m recognised following announcement of sale transaction
 - Macadamia sales in US impacted in second half by COVID-19
 - Ginger sales resilient despite COVID-19 impacts
 - Tourism operations closed for three months in second half due to COVID-19

- ❖ US macadamia business well positioned to benefit from increased focus on health and plant protein
- ❖ Early market indications of recovery post COVID-19 evident
- ❖ Net Tangible Assets fell from \$0.48/share to \$0.36/share as a result of impairments and loss for the year.



* Refer Annual Report Note 2b

A year of meaningful margin and distribution growth despite challenges

Macadamias

Increased distribution to circa 52,000 stores across the US including securing new business with Walmart and CVS Pharmacy during the midst of the COVID-19 pandemic. Maintained operations and supply chain providing security of supply to all customers.

Ginger

Completed strategic review resulting in announcement of intended sale, maintained operations and profitability in difficult economic circumstances, successfully meeting increased domestic consumer demand.

Tourism

Navigated through initial phases of COVID-19 pandemic and three month hibernation of the business.

Health and plant protein the strategic focus for FY21

“Best opportunity to materially grow returns lies in Macadamia and adjacent health and plant protein categories” – Strategic Review, 2020

Corporate

- Sale of Ginger and Tourism business to fully focus on US macadamia business
- Management transition
 - Appointment of Dennis Lin as Executive Director effective 1 July 2020.
 - Andrew Bond CEO to join the Board as a Non-executive Director post completion of ginger and tourism sale.
- Restructure corporate overheads to right size to business needs
- Shareholder approval to be sought to change name to Health and Plant Protein Group Limited

Macadamias

- Continue to leverage strategic position to further penetrate the USA market, and look to other export markets
- Further strengthen supply chain partnerships.
- Continued focus on investment in orchard and factory to further improve production efficiencies.



Financial Results – Continuing Operations

	30/06/2020		30/06/2019	
	Revenues \$'000	Results* \$'000	Revenues \$'000	Results* \$'000
<i>Business segments</i>				
Macadamia operations	42,446	1,090	42,408	2,530
Total	42,446	1,090	42,408	2,530
Consolidation adjustments	-		(17)	-
Other	463	414	902	353
Fair value gain/(loss) on derivative		(932)		2,365
Finance costs		(1,585)		(4,033)
Corporate overhead expenses		(1,204)		(1,663)
Group revenues and other income	42,909		43,293	
Group loss before income tax		(2,217)		(448)
Income tax (expense)/benefit		(265)		49
Net Loss after tax		(2,482)		(399)

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

- Excludes Ginger and Tourism results, due to their treatment as discontinued operations following announcement of sale transaction in June 2020.
- Finance costs include \$1.0 million relating to Convertible Notes.
- Cash & cash equivalents \$2.67m at 30 June 2020.
- Net debt increased \$2.99m to \$24.35m, primarily due to receipt of the US Paycheck Protection Program loan of \$1.80m to assist with COVID-19 impacts in the US.

Macadamia now in 52,000 USA stores - softening COVID-19 impact



Macadamia farming, processing and marketing operations located in USA, now a scale business with 52,000 points of sale

- Revenue from sale of goods* up 1.3% to \$42.12m (2019 \$41.59m).
- Segment EBITDA* \$2.47m (2019 \$3.43m).
- Orchard production 9.77mlbs (2019: 10.67mlbs)
- US Government Paycheck Protection Program loan \$1.80m – COVID-19

Revenue drivers

- Increased distribution to circa 52,000 stores (2019 47,000 stores) across USA market, including new distribution into Walmart and CVS Pharmacy
- Further sales potential into export markets including other North American and Asian markets.
- COVID-19 adverse impacts on Hawaiian tourism and foodservice markets, reduced in-store foot traffic in mainland stores. Impairment of RHO goodwill.
- Favourable growing conditions and consistent independent grower supply.
- High rainfall contributed to higher levels of aflatoxin affected stock resulting in stock write downs.



Ginger turnaround secures optimal sale price



Ginger processing and marketing operations located in Australia and Fiji

(Reported for accounting purposes as Discontinued Operations following announcement of intended divestment)

- Revenue from sale of goods* down 1.9% to \$23.52m (2019 \$23.97m).
- Operating Profit* before impairments & write downs \$1.68m (2019 \$1.19m)
- Segment EBITDA loss \$4.77m (2019 Profit \$1.34m)
- Jobkeeper support \$450,000.

Ginger Division Strategic Review

- Announcement of sale of Ginger and Tourism assets at an optimal sale price c.\$13.0m
- Impairment of assets held for sale as at 30 June \$6.1m*



* Refer Annual Report Note 2c

Ginger Factory positive EBITDA despite 3-month closure

The Ginger Factory – winner of 2019 Sunshine Coast Business Awards Major Attractions Award for the second year running

(Reported for accounting purposes as Discontinued Operations following announcement of intended divestment)

- Revenue* down 19.1% to \$5.14m (2019 \$6.35m).
- Segment EBITDA* \$336,000 (2019 \$947,000).
- Materially impacted by temporary 3 month closure – COVID-19
- Jobkeeper support \$300,000.

Revenue drivers

- Visitor numbers down 28.4% to 220,000.
- Adverse weather and COVID-19.
- Increased spend per head.

* Refer Annual Report Note 2c



FY20 in Summary

- ✓ Solid result in challenging times with improved margins mitigating COVID-19 impacts
- ✓ Ginger division successfully readied for sale at an optimal price
- ✓ Strategic Review confirmed resources best applied to Macadamia and a focus on health and plant protein categories



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