

ASX Announcement : 13 December 2016

New Executive Chairman appointed 7th December 2016

Open Briefing interview with incoming Executive Chairman
Graham Brown



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In this Open Briefing, Graham Brown discusses:

- His appointment as Executive Chairman
- Abundant's focus on developing plant intellectual property in the form of novel varieties of horticultural plants
- Strategies for translating that intellectual property to shareholder value

Record of interview:

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Abundant Produce has just announced that you have been appointed as Executive Chairman, replacing Vince Logan who has resigned from the board. Does this represent a change of direction for Abundant?

Abundant Produce Executive Chairman Graham Brown

Not so much a change of direction as a tightening of focus on our roots, if you'll excuse the pun. Vince's expertise was invaluable in Abundant's transition to becoming a publicly listed company and I'd like to take this opportunity to thank him for his contributions.

Now our attention is absolutely focused on our core business, which is the development and accumulation of a portfolio of plant and vegetable intellectual property in the form of novel varieties of horticultural plants. That was my vision when I founded the business and it continues to be today, because that's what will drive the greatest value for shareholders. We're about developing, and where possible acquisition, of plant intellectual property.

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Can you briefly describe how that will work for investors? How will Abundant translate intellectual property into sales and profits?

Abundant Produce Executive Chairman Graham Brown

It's important to understand that we're not a volume business. Most agricultural businesses sell low margin commodities, but we don't need massive sales to make high profits. Even though our output is ultimately transformed through agriculture into food, we're actually a technology business. We could make money without directly selling a single seed, by licensing our plant varieties. Whether we do that, or produce seeds ourselves or engage a grower to produce them for us, we'll decide on a case by case basis to maximise profits.

It's a business model I'm personally very familiar with. Nuflora was formed in the 1990s to transform the University of Sydney's intellectual property in new flowering plant varieties into an ongoing royalty business. I was involved from the beginning, and Nuflora became an Australian first in profitable plant development by exploiting desirable traits in Australian Native species. Nuflora has become internationally recognised as it has developed more than 150 new varieties.

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So Nuflora paved the way for Abundant?

Abundant Produce Executive Chairman Graham Brown

It provided the contractual framework for Abundant Produce to share Sydney University resources including staff, greenhouses and research labs. It also established our breeding philosophy of releasing 'minimum input' and heat tolerant varieties that match actual growing conditions in most of the world, including Australia, Asia and the Middle East.

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So in a way, even though Abundant is a young business, the people and institutions behind it have a substantial track record.

Abundant Produce Executive Chairman Graham Brown

Certainly, our primary associations are with the 150 year old University of Sydney and its Plant Breeding Institute, which traces its roots back to the 1920s. I personally became involved in the Plant Breeding Institute back in 1973, so I'm no newcomer to the business. That's vital because the international vegetable seed distribution business is a complex beast that requires deep understanding, strong credibility and good relationships.

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Are you confident of emulating Nuflora's success with Abundant Produce?

Abundant Produce Executive Chairman Graham Brown

At the end of the day, Nuflora's plants were sold to gardening enthusiasts. Our seeds will be used to potentially feed billions of people, so I think the scope to build shareholder value is vastly greater.

The Netherlands-based seed developer and supplier Rijk Zwaan provides an example of the potential. Privately owned by three families and employees, they've grown autonomously over the years to generate 388 million euros in net sales in the 2015/2016 financial year. We can see another example of where things can lead in the acquisition earlier this year of US seed company Magnum, and its parent company Genica founded in 1999, for an undisclosed but reputedly very substantial price.

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That certainly sounds like significant potential.

Abundant Produce Executive Chairman Graham Brown

It does, and to achieve it requires unwavering focus on execution of our commercialisation strategy, which is what my chairmanship will be about.

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Thank you Graham.

For more information about Abundant Produce Ltd (ASX: ABT), visit AbundantProduce.com.

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