

A close-up, high-resolution photograph of a granola mixture. The granola consists of various ingredients including rolled oats, sliced almonds, cashews, raisins, and small pieces of dried fruit. The colors are warm, ranging from light beige to dark brown. The texture is chunky and irregular.

Murray River Organics™

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H1 FY17 Results presentation

22 February 2017

H1 FY17 results



On track to meet FY17 Prospectus forecasts

Statutory H1 FY17 results

- Revenue of \$16.7m
- EBITDA of \$1.8m
- NPAT of (\$1.2m)

Pro forma H1 FY17 results

- Revenue of \$30.8m
- EBITDA of \$5.7m
- NPAT of \$1.5m

Strong balance sheet

- Gearing ratio of 41% (Net debt (including finance leases) / Equity)
- Net assets increased by \$41m over H1 FY17
- PP&E of \$70.8m

Completed acquisitions of complementary businesses

Increased total acreage to more than 4,700 acres following acquisition of Fifth Street vineyard

Established organically certified consumer goods facility in Dandenong

Consolidated processing facilities

Well positioned to capitalise on growing domestic and international consumer demand for organic, natural, and better-for-you foods

H1 FY17 operational summary

We Say What We Do and We Do What We Say

- Listed on the ASX on 16 December 2016
- Execution of key projects is on track and on budget
 - Completed and successfully integrated the acquisitions of Food Source International and Australian Organics Holdings
 - Acquired Fifth Street vineyard, increasing the Group's farmland to more than 4,700 acres
 - Established an organically certified consumer packaged goods, value-add, and pick-pack facility which is now operational
 - Upgraded Sunraysia processing facility
 - Consolidation of Sunraysia processing facilities from four sites into one site is well progressed
- Integrated business model generating strong results
 - Growth across products, channels, and regions
 - Operational efficiencies now being driven
- Group remains well placed for further value accretive opportunities



Well placed for future growth

Murray River Organics helps provide customers globally with the opportunity to maintain a healthier way of eating, snacking and living

Strategic driver	MRG actions
Exploit growth trend	<ul style="list-style-type: none">• Acquisitions of Food Source International and Australian Organic Holdings broadens range of healthy products• Entered new geographical markets and new channels
Long shelf life focus	<ul style="list-style-type: none">• Products include dried vine fruit, nuts, seeds, chia seeds, prunes, dried ginger, dried mango, quinoa, coconut products, rice, and grains
Leverage multi-use products	<ul style="list-style-type: none">• Increased acreage through Fifth Street vineyard acquisition• 4,700 acres now under management, with 2,069 acres planted to dried vine fruit production
Expand packaging capabilities	<ul style="list-style-type: none">• Established an organically certified consumer packaged goods, value-add, and pick-pack facility which enables the Group to expand its service domestically and internationally
Seek value accretive opportunities	<ul style="list-style-type: none">• Completed key acquisitions over the half year• Continue to assess new strategic opportunities
Leverage Australian 'clean' and 'green' produce image	<ul style="list-style-type: none">• Continue to implement environmentally sound business practices and manufacturing processes• Focus on growing sustainably

Growing revenue & earnings

Pro forma metrics showing strong growth trajectory

\$m	H1 FY17
Pro forma results*	
Revenue	30.8
Fair value gain	6.9
EBITDA	5.7
EBIT	4.0
NPAT	1.5



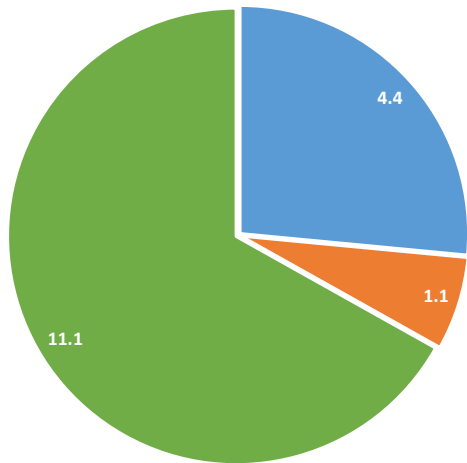
- Strong growth in revenue driven by:
 - Continued growth in global demand
 - Maturing of vine profile
 - Building out of sales team
- Group profitability is naturally skewed to the second half of each financial year due to crop production cycles
 - Growth in distribution activities expected to smooth this over coming years
- Fair value of agricultural produce represents the fair value gain recognised in relation to unharvested biological assets

* See Appendix for reconciliation of Statutory and Pro forma earnings.

Revenue streams (statutory)

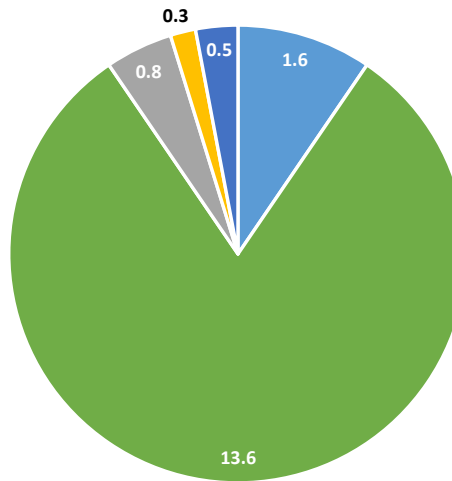
Platform in place for further diversification of revenue streams

H1 FY17 sales by product (\$m)



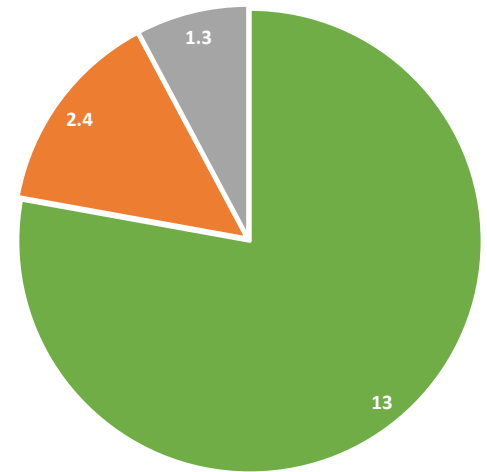
■ Dried vine Fruit ■ Other ■ Acquired businesses

H1 FY17 sales by region (\$m)



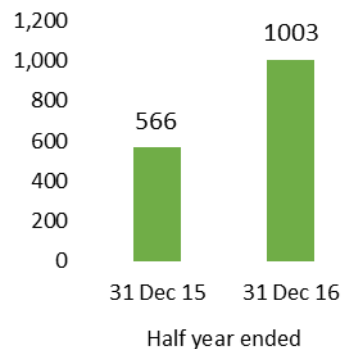
■ Asia ■ Aust/NZ ■ Europe ■ US ■ Other

H1 FY17 sales by channel (\$m)

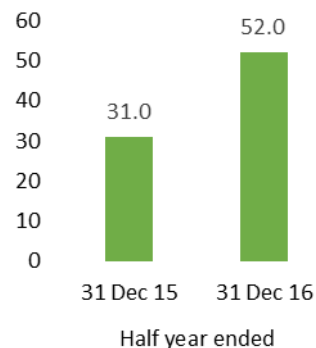


■ Food service ■ Retail ■ Industrial

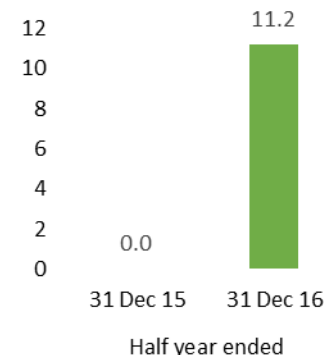
Loose berries (tonnes)



Clusters (tonnes)



Acquired businesses (\$m)



Strong balance sheet

Well positioned for future growth

\$m	31 Dec 16	30 Jun 16
Cash and cash equivalents	11.0	2.2
Inventories	16.7	10.9
Agricultural produce	11.7	0.6
Total current assets	51.8	19.5
Property, plant & equipment	70.8	48.5
Intangible assets	10.7	-
Total non-current assets	81.6	48.5
TOTAL ASSETS	133.4	67.9
Current debt	8.6	3.5
Total current liabilities	27.5	8.0
Non-current debt	31.4	29.1
Total non-current liabilities	35.0	30.1
TOTAL LIABILITIES	62.5	38.1
NET ASSETS	70.9	29.9

- Increase in current assets driven by investment in:
 - inventories
 - agricultural produce (to be harvested in H2)
- Increase in Property, plant & equipment driven by:
 - Fifth Street vineyard acquisition; \$8.7m
 - Expansion of existing vineyards; \$8.1m
 - Fitout of Dandenong facility; \$2.9m
 - Upgrade of Sunraysia processing facility; \$2.6m
- Intangible assets include goodwill on acquisitions
- Increase in borrowings driven by;
 - \$5.2m increase in trade finance loan
 - \$2.3m increase in non current borrowings
 - \$1.5m lease liability
 - \$0.8m equipment finance

Cash flows reflect investment

Investing to drive future growth

\$m	31 Dec 16	31 Dec 15
Receipts from customers	12.5	5.7
Payments to suppliers/employees	(18.6)	(6.0)
Net operating cash flows	(7.3)	0.6
Payments for PPE	(18.7)	(4.5)
Business acquisition payments	(15.2)	-
Net investing cash flows	(33.5)	(4.1)
Proceeds from borrowings	5.2	0.1
Proceeds from capital raise	45.1	8.5
Net financing cash flows	49.6	8.7
NET CASH FLOW	8.7	5.3

- Operating cash outflow of \$7.3m reflects:
 - Investment in the 2017 crop (\$10.8m) – to be harvested in H2
 - Increase in inventories following the acquisition of new businesses
- Investing cash outflow of \$33.5m driven by:
 - Business acquisitions
 - Acquisition of Fifth St vineyard
 - Dandenong packaging facility
 - Conversion and development of vineyards
 - Upgrade of Sunraysia processing facility
- Financing cash flow of \$49.6m driven by IPO and pre-IPO raise



Prudent capital management

Strategic investments to build long term shareholder value

Investments made to deliver strong and sustainable future growth

Project	Investment (\$m)
Acquisitions of Food Source International and Australian Organic Holdings	15.0
Fifth Street vineyard acquisition	10.4
Conversion & development of existing vineyards	8.1
Establishment of Dandenong packing facility	2.9
Upgrade of Sunraysia processing facility	2.6
Total	39.0

Remain well placed for further value accretive opportunities



A large yellow agricultural harvester, likely a grape harvester, is shown from a low angle, partially obscured by a dark semi-transparent overlay. The machine is positioned in a vineyard, with green grapevines visible in the foreground and background. The sky is bright blue with wispy white clouds. The harvester has a complex structure with various mechanical components, hoses, and a central operator's cab. Two black rectangular sensors or cameras are mounted on top of the machine. The overall scene is bright and clear, suggesting a sunny day.

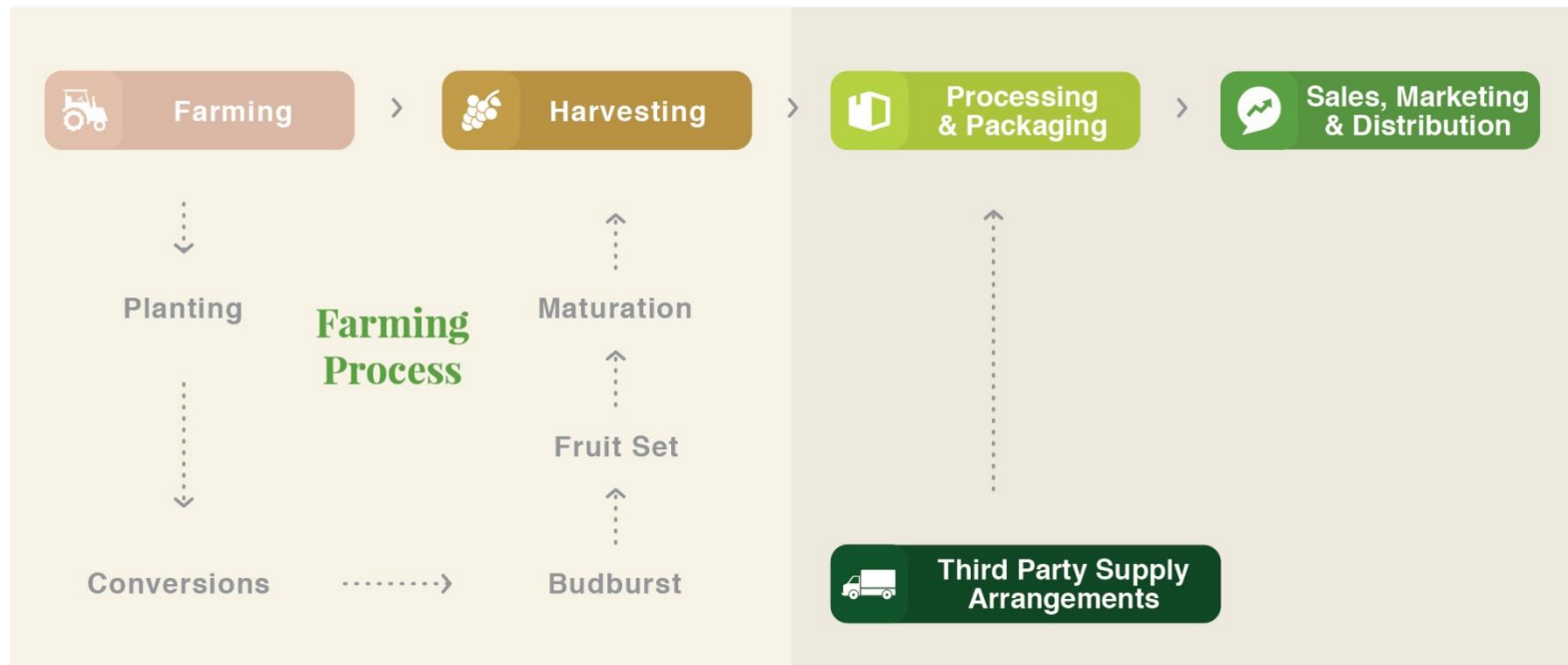
Operational overview

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Vertical integration business model

Vertical integration through farming, processing, packing and sales and marketing operations

Vertical Integration Business Model

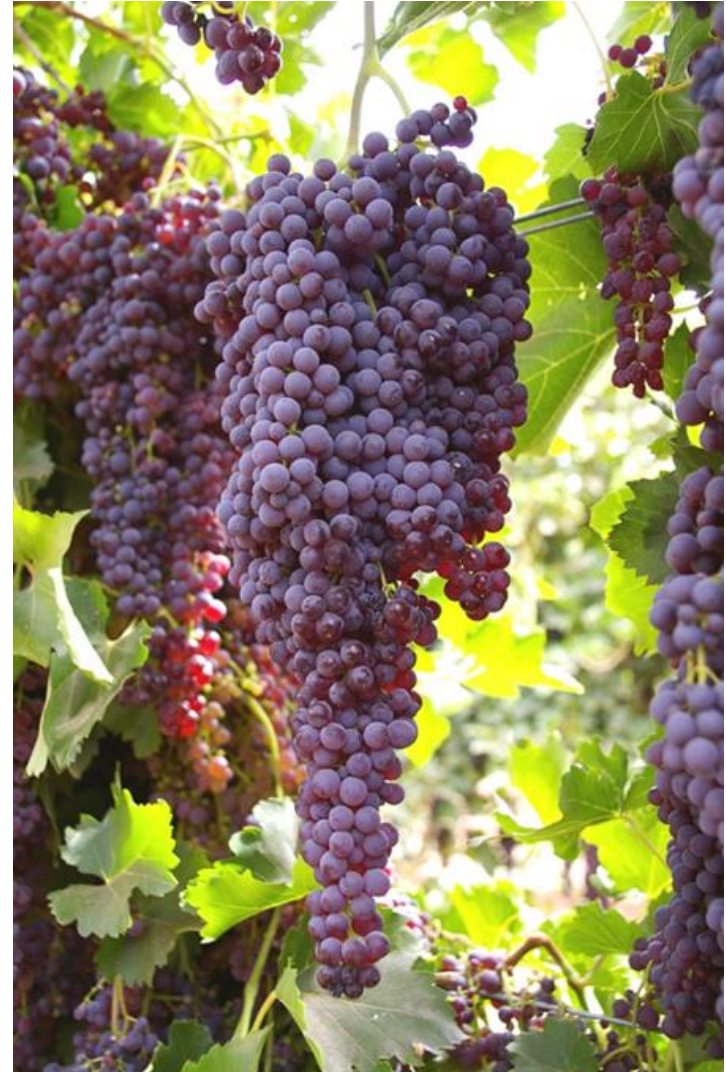


INTEGRATED PLANNING AND OPTIMISATION

Vineyard operations

Increased total acreage to over 4,700 acres

- Completed acquisition of Fifth Street vineyard
- Group now owns or controls over 4,700 acres of farmland in the Sunraysia region
 - 2,069 acres are planted to dried fruit production
 - 394 acres planted to table grapes/clusters
 - 149 acres planted to citrus
- Largest dried vine fruit producer in Australia
- Largest vertically integrated certified organic producer of dried vine fruit globally

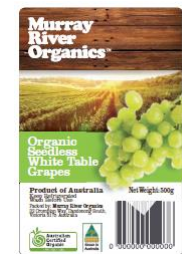


H1 operational achievements

Two significant business acquisitions integrated

Food Source International & Australian Organic Holdings

- Integration of both businesses is well progressed in terms of operations, assets and brands
- Implementation of uniform operational, marketing, sales & distribution strategies across the Group is on track
- Range of healthy products has now been broadened
- Relationships with key Australian domestic retailers has been strengthened
- New single-solution ERP was implemented on 4 January across entire Group
 - Further streamlining is taking place and will continue until end of March
 - Provides significant benefits in terms of reporting capabilities and efficiencies
- Online shopping portal under development and being rolled out



H1 operational achievements cont.

Certified Organic consumer packaged goods facility established

- Established new organically certified consumer packaged goods, value-add and pick-pack facility in Dandenong, Victoria
- Facility is now operational and is also the new Head Office of the Group
- 4,219 sqm facility has been fitted with more than 2,500 pallet spaces
- 5 of 6 packaging lines are in operation with the last line to be completed by mid-March 2017
- Multiple differentiated packaging and value-add capabilities
- Designed to service the industrial, retail and foodservice markets domestically and internationally
- Enables the Group to competitively service its large and fast growing customer base
- Additional automation options for end of packing lines being scoped out



H1 operational achievements cont.

Significant upgrade and consolidation of Sunraysia processing facility

- \$2.5m upgrade to the Sunraysia processing facility
 - Additional metal detection units installed
 - Additional laser sorter installed
 - Elevated walk ways and cat walks installed
 - New processing equipment
- Consolidating four existing processing facilities into one
 - Reduces complexity of pre-production supply chain
 - Significantly improves efficiency around cost and inventory management
 - Planned completion for 2017 crop receival
- Processing facility has the capacity to process approx. 15,000 tonnes of dried fruit in bulk and approx. 1,000 tonnes of clusters per year
- Site will be equipped with renewable sources of low cost energy including solar panels and biomass



Synergies expected to materialise

H1 FY17 was a period of significant investment for the Group

- Cost synergies will be driven by focus on
 - Reduction in packaging costs by insourcing all packing, and eliminating packing previously undertaken by Australian Organics Holding
 - Eliminating warehouse rent in Sydney
 - Reduction in input costs
 - Strengthened distribution relationships
 - New / improved procurement opportunities
 - Efficiencies from consolidated and improved processes
 - Further automation benefits at organic packing facility
 - Reduced handling costs from consolidated Sunraysia processing facilities

Which is expected to deliver savings of \$3 million run-rate exiting FY18

- New revenue opportunities driven by
 - Roll out of international sales team
 - Broadened product portfolio
 - Dedicated new product development efforts
 - Organic packaging facility opens up new domestic and international revenue opportunities



Growth strategy

Dual track growth strategy

Growth through existing operations

- Maturing and expansion of current producing assets
- Growing portfolio of products
- Growing geographically – currently selling into 26 countries
- Growing sales channels
- Roll out of international sales team
- Scale benefits from strengthened relationships with key suppliers and customers
- Efficiencies through new ERP system and consolidated processing facilities

Value accretive opportunities

- Full integration of recently completed acquisitions (Food Source International and Australian Organic Holdings) provides a broader product range to sell to domestic and international customers
- Fifth Street vineyard providing operational flexibility to produce to the highest margin market, and expansion opportunities
- Ongoing disciplined evaluation of acquisition opportunities of additional accretive assets, businesses and brands

A close-up photograph of several granola bars on a light-colored wooden surface. The bars are made of oats, nuts, and dried fruit, with some chocolate chips visible. The lighting is warm and natural, highlighting the textures of the ingredients. A dark, semi-transparent rectangular overlay covers the bottom left portion of the image, serving as a background for the text.

Outlook

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H2 FY17 outlook

On track to meet FY17 Prospectus forecasts

Strong start to H2 FY17

- Realised price of table grapes sold to date higher than forecast
- MRG FY17 yield expectations are in line with forecast
 - Despite reduced market supply of Australian dried vine fruit by 25% due to weather events
- Significant new customer wins

Domestic and international demand for organic, natural and better-for-you foods continues to experience significant growth

Roll-out of international sales team gaining good traction

Continued execution on key projects

Synergies to flow in FY18



Summary

Foundations in place to build significant shareholder value

- H1 FY17 was a milestone period for MRG
- On track to meet FY17 Prospectus forecasts
- Building blocks have been put in place to capitalise on strong domestic and international demand for organic, healthy and better-for-you produce
- Strong revenue and earnings growth profile
- An integrated business model that offers multiple revenue sources
- Well positioned for further disciplined value accretive growth





Appendix.

Profit & Loss reconciliation

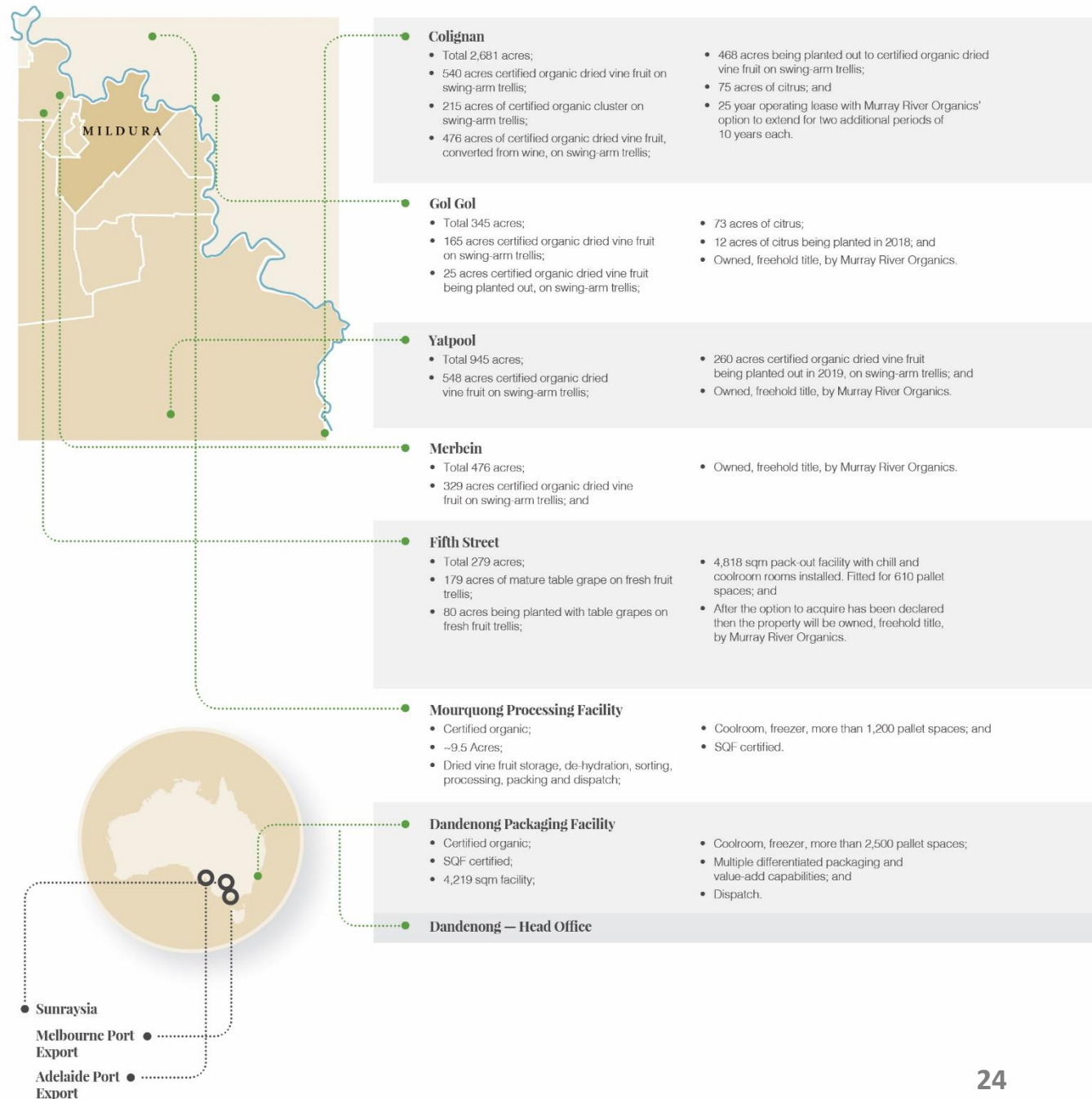
\$m	31 Dec '16 Statutory	Proforma Adjustments				31 Dec '16 Proforma
		AO Acquisition	FSI Acquisition	Fifth Street Acquisition	IPO one-off's	
Revenue	16.7	9.2	4.9	-	-	30.8
Other Income	0.6	(0.2)	-	-	-	0.4
Fair value of agricultural produce	6.9	-	-	1.0	-	7.9
Raw materials, finished goods consumed and change in finished goods and work in progress	(16.7)	(6.9)	(4.2)	-	-	(27.8)
Employee benefits expense	(2.2)	(0.6)	(0.1)	-	-	(2.9)
Other operating expenses	(3.5)	(0.7)	(0.0)	-	1.5	(2.7)
EBITDA	1.8	0.9	0.6	1.0	1.5	5.7
Depreciation	(1.7)	-	-	-	-	(1.7)
EBIT	0.1	0.9	0.6	1.0	1.5	4.0
Finance costs	(0.9)	(0.1)	(0.1)	-	-	(1.1)
PBT	(0.9)	0.8	0.5	1.0	1.5	2.9
Tax	(0.3)	(0.2)	(0.2)	(0.3)	(0.4)	(1.4)
Profit / (loss) after tax	(1.2)	0.6	0.4	0.7	1.0	1.5

- Adjustments relating to acquisitions include:
 - Pre-acquisition earnings (excluding intercompany)
 - Elimination of impact of PPA accounting (eg. FV of inventory)
 - Fifth Street includes FV gain on agricultural produce (net of vineyard costs)
- IPO costs exclude those already included in equity
- Through the half-year end stock take process the inventory mix was reviewed and MRG consciously decided to convert some of its cluster inventory to loose berries, to ensure that any sales to the developing high margin cluster market, are of superior product quality.

Farmland

Murray River Organics was founded in 2010 on the Acquisition of a 72 acre organic vineyard in Merbein, Victoria.

Since then MRO has acquired or gained control of additional acreage such that it now holds a total of 4,726 acres (of which 4,447 acres is certified Organic) farmland through a series of strategic acquisitions over the past six years, making it the largest dried vine fruit producer in Australia, and the largest Organic producer globally.



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