

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 yellow cornflakes. The mixture is golden-brown and appears to be coated in a light syrup. The background is a dark, semi-transparent overlay that allows the granola texture to be visible.

Murray River Organics™

.....

FY17 AGM Presentation

22 November 2017



Agenda

- **Chairman's Address**
- **Items of Business**

Company overview

Murray River Organics is a leading Australian producer, manufacturer, packer and seller of organic, natural and 'better-for-you' food products

- A leading Australian producer, marketer and seller of organic, natural, healthy and better-for-you food products
- Largest dried vine fruit producer in Australia
- 12,253 acres (4,959 ha) of owned or controlled high quality farmland in Sunraysia
 - 4,760 acres (1,926 ha) are planted or planned to be planted by the end of 2017
 - Significant embedded growth, with farmed production expected to double by 2020
 - A further 5,144 acres (2,082 ha) of vacant land is available for planting

Corporate overview

- ASX: MRG – listed December 2016
- Market cap – \$58m (as at 21 Nov 2017)
- Shares on issue: 127,438,243



FY17 financial results



Results impacted by weather and operational challenges

Statutory FY17 results

- Revenue of \$48.5m
- EBITDA of \$(0.6)m
- NPAT of \$(6.0)m

Pro forma FY17 results¹

- Revenue of \$62.6m
- EBITDA of \$6.4m
- NPAT of \$(0.0)m

Balance sheet

- Net assets increased by \$36.4m over FY17 to \$66.3m (\$0.76 per share)
- PP&E of \$82.2m

- Maiden full year result as a publicly listed company
- Financial results impacted by:
 - Cold and wet weather in Spring and at harvest
 - Operational challenges
 - Revenue lower than expected by approximately \$15 million
- Strengthened balance sheet following fully underwritten pro-rata non-renounceable entitlement offer and placement

Proforma 30 June 2017 balance sheet post capital raise

- Net assets of \$77.5m (\$0.61 per share)
- Cash of \$7.5m
- Net debt of \$43.7m

1. Includes \$0.4m EBITDA contribution from Nangiloc acquisition

FY17 operational achievements

Substantial vertical integration in dried vine and fresh fruit; 61% certified organic

- Acquisition and integration of the Fifth Street farm and the Nangiloc farm
- Company now owns or controls and operates a large portfolio of 12,253 acres (4,959 ha) of farmland
 - 2,790 acres (1,129 ha) expected to be planted to dried vine fruit by the end of 2017
 - 244 acres (99 ha) expected to be planted to Clusters by the end of 2017
 - 309 acres (125 ha) expected to be planted to table grapes by the end of 2017
 - 391 acres (158 ha) currently planted to citrus
 - 763 acres (309 ha) currently cropped with chick peas
- Conversion of 476 acres (193 ha) from wine grapes to certified organic dried vine fruit at the Colignan farm expected to be completed by the end of 2017
- Preparation of 368 acre (149 ha) greenfield planting of dried vine fruit with installation of additional irrigation pumping capacity, irrigation lines and ramping posts at the Colignan farm



FY17 operational achievements

Since IPO in Dec 2016 our operational footprint has been transformed

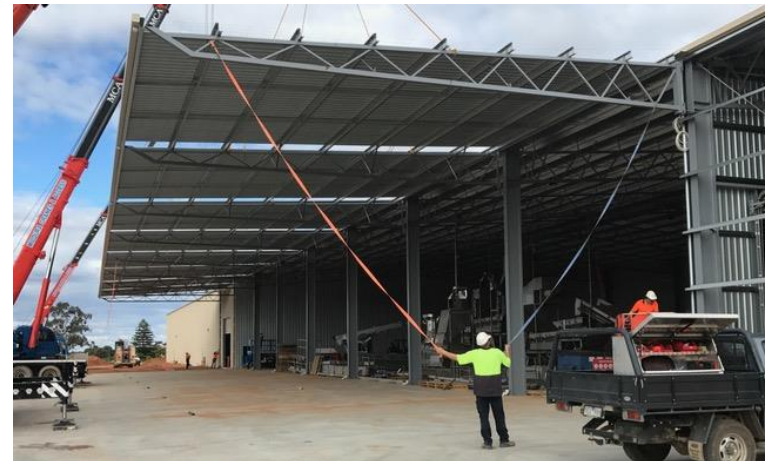
- Established a certified organic consumer packaged goods facility in Dandenong, Victoria, which is now fully operational
 - 4,219 sqm six-packaging-room facility
 - Provides ability to competitively service large and fast growing global customer base
- Full integration of the businesses, customers, suppliers, and brands of Food Source International and Australian Organic Holdings
 - Expands product range to sell to domestic and international customers
 - Broadens customer base and sales channel reach
- Implementation of a Group-wide single-solution ERP – “SAP”
 - Consolidates four previously utilised systems
 - Delivers improved reporting and analysis to assist management drive efficiencies across the business



Sunraysia Facility upgrade

Some delays, but expected to be fully commissioned & operational by end of calendar year

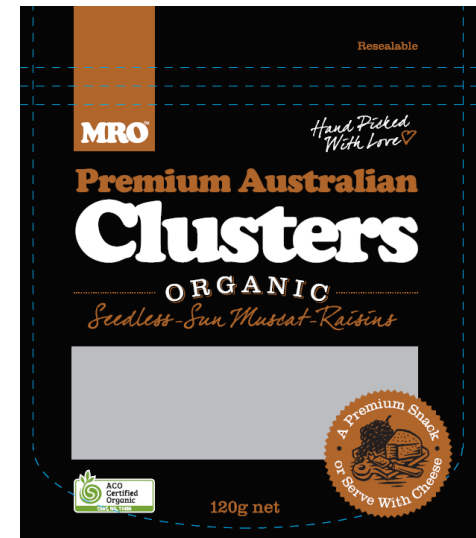
- Investment of \$5.4m on consolidation and improvement of Sunraysia processing facility in Mourquong, NSW
- Improvements include:
 - Equipped with an innovative bio-mass heat-source dehydration unit which will have the capacity to fulfil the Company's dehydration requirements
 - New processing equipment, additional metal detection units, laser sorter, elevated walk ways and cat walks installed
- Capacity to process approx. 15,000 tonnes of dried fruit in bulk and approx. 1,000 tonnes of Clusters per annum
- Benefits expected from consolidation and upgrades include improved product quality, more efficient handling, savings in operational expenses, and increase in processing speed
 - expecting to be at the \$3m annual run rate of synergies by the end of FY18
- Intention to sell existing facilities at Walnut Avenue and Benetook Avenue following completion



Customer engagement growing

Development of domestic and export markets continue to gain momentum

- According to the 2017 Australian Organic Market Report:
 - Volume of organic products exported from Australia grew by 17% in 2016
 - Australian organic packaged food and beverage sector grew by 5.4% in 2016
 - Australia has 53% of the world's organic farmland – 23% increase in the past 12 months
- Engagement with existing customers continues to grow and we are consistently winning new business
- New product development effort is driven by consumer trends and customer needs



Board and management evolution

- George Haggard appointed as CEO, effective 9 November 2017, following the resignation of previous MD & CEO, Erling Sorensen
 - George brings extensive experience in managing operational activities across farming, marketing and supply chain operations
 - Previously served as the COO of Costa Group, Australia's largest fresh produce company, for the past eight years
- As announced in August, the Board undertook a management restructure to ensure the Company can best deliver efficiencies, drive consistency of processes and ensure focus across all aspects of the business
- Established a clear focus on farm management and operational performance
- Board is well progressed with the search for additional non-executive Director(s) – seeking a balance of agricultural and commercial capabilities, particularly innovation and marketing

Inventory update

Full stocktake completed

- Post-2017 harvest review of inventory resulted in a \$2.8 million provision which was built into the FY17 financials
- In September, ~85 tonnes of cluster waste was identified as having been incorrectly packed and presented as finished goods and as a result another \$1.5 million provision was raised
- Following this discovery, the Board instructed that a full review take place on the complete inventory holdings
 - full stocktake which included weighing and critically assessing all bins of fruit
 - brought to light further operational issues that extended the adverse financial impact beyond those related to the harvesting process
 - FY18 reported EBITDA to be reduced by approximately \$4.3 million (inclusive of \$1.5 million provision)
 - On an underlying basis, the Board is comfortable with key EBITDA metrics in the FY18 forecast
 - Bank has confirmed removal of the current interest cover ratios for FY18
- External independent investigation underway into the practices that led to the inventory write downs and operational challenges

2017 yield summary

2017 yields were significantly below expectations

MRG 2017 actual yields vs expectations (tonnes)

Product	Prospectus yield expectation	May reforecast	Actual ¹
Loose dried	3,734	2,451	2,000
Clusters	430	700	507
Table grapes	1,750	607	607
Citrus	1,562	2,100	3,292 ²
Total	7,476	5,858	6,406

1. Tonnes sold and/or available for sale

2. Excludes 2,050 tonnes of citrus produced from Nangiloc

Priorities for FY18

Enhancing performance

- 2018 “operational playbook” is anticipated to substantially transform challenging 2017 season experience
 - Smarter farm management practices and agronomy to better match weather / climate conditions
 - Critical harvest activities will be controlled by MRG resources and not 3rd party contractors
 - Post-harvest fruit storage, handling, and quality control will fully transition to new Mourquong facility
 - Packing activity and sales & operations planning will be based on better data and processes
- New product development activity will be ramped up with focus on organic snacking convenience packs
- All existing sales channels will be critically evaluated to realign effort into higher margin markets
- Have commenced taking orders and signing contracts for the upcoming 2018 harvest



Maturing asset base

Significant capex program has been completed; platform in place to drive profit

- Significant future growth secured through FY17 farm investments into MRG's asset base

MRG farm footprint

	Current (2018 harvest)		2018 Maturity
Product	Acres	ha	%
Loose dried	2,400	971	50%
Clusters	244	99	45%
Table grapes	309	125	92%
Citrus	357	145	83%
Wine grapes	86	35	100%
Dry crops	752	304	100%
Vacant (plantable)	5,757	2,330	0%
Total	9,906¹	4,009¹	

1. Excludes 2,346 acres (950 ha) assessed as currently unplantable vacant land

Outlook for FY18

Focus on maximising profit and realising synergies from existing operations

- Board remains confident with the Company's asset base, its vision, the market thematic around healthy and organic food, and is looking forward to the new CEO, George Haggar, driving improved performance
- The new CEO will present a more detailed overview of the Company's future direction following his first 100 days in office
- As announced on 9 November, the Board expects FY18 financials as follows:
 - Revenue in the range of \$87.5 million and \$92.5 million
 - Reported EBITDA between \$10.0 million and \$11.0 million
 - Underlying EBITDA between \$14.3 million and \$15.3 million (net of inventory write down)



A close-up, high-resolution photograph of granola, showing a variety of ingredients including oats, almonds, raisins, and other dried fruits and nuts. The granola is golden-brown and appears to be freshly baked. The background is a dark, semi-transparent overlay that allows the granola texture to be visible.

Ordinary Business

- Financial Statements and Reports
- Resolution 1 - Remuneration Report
- Resolution 2 - Election of Directors
- Resolution 3 - Appointment of Auditor
- Resolution 4 - Ratification of previous issue of Shares to institutional investor under the Placement

Special Business

- Resolution 5 – Approval of 10% Placement capacity



Q&A

.....

Disclaimer

This presentation (Presentation) has been prepared by Murray River Organics Group Limited (ACN 614 651 473) (Company). Any references to "Murray River Organics" or "Group" in this Presentation refer to the Company and its controlled entities.

The information in this Presentation contains summary information about Murray River Organics' activities and the FY2017 results of the Group. The information in this Presentation is current as at the date of this Presentation and is of a general nature and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with ASX. This Presentation has been prepared without taking into account the objectives, financial situation or needs of individuals and is provided expressly on the basis that you will carry out your own independent inquiries into the matters contained in this Presentation and make your own independent decisions about the affairs, financial position or prospects of Murray River Organics.

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Company shares.

The information in this Presentation has been prepared by the Company in good faith and with due care, but the Company does not make any representation or warranty, express or implied, as to the fairness, accuracy, correctness or completeness of the information, opinions and conclusions contained in this Presentation. The information in this Presentation is subject to change without notice. Subject to any obligations under applicable law, the Company does not undertake any obligation to update any information in this Presentation.

To the maximum extent permitted by law, the Company and its related bodies corporate and affiliates, their advisers and each of their respective directors, officers, employees or agents, disclaim any liability (including, without limitation, any liability arising out of fault or negligence) for any loss or damage arising from the use of or reliance on of the information contained in this Presentation, including any error or omission, or otherwise arising in connection with it.

This Presentation contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Presentation, are expected to take place. While due care and attention has been used in the preparation of any forward-looking statements, any such statements, opinions and estimates in this Presentation, are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates.

Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Murray River Organics. These forward-looking statements are subject to various risk factors that could cause Murray River Organics' actual results to differ materially from the results expressed or anticipated in these statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this Presentation.

Murray River Organics' results are reported under International Financial Reporting Standards (IFRS). Throughout this Presentation, Murray River Organics has included certain non-IFRS financial information which has not been specifically audited in accordance with the Australian Accounting Standards, but has been extracted from the financial statements in the FY2017 Annual Report.



Address

32 Crompton Way,
Dandenong South VIC 3175



Contact

Company Website
www.murrayriverorganics.com.au
Phone:
+61 3 8792 8500

Murray River Organics™