

# Farm Pride Foods Limited

## 2014 Annual General Meeting





**Peter Bell** (Chairman)  
welcomes you to our  
Annual General Meeting of  
Farm Pride Foods Ltd.





## Farm Pride Foods Limited Board

**Peter Bell**

Chairman & Non-executive Director



**Malcolm Ward**

Non-executive Director



**Bruce De Lacy**

Interim CEO / Company Secretary/ CFO





## Items of business

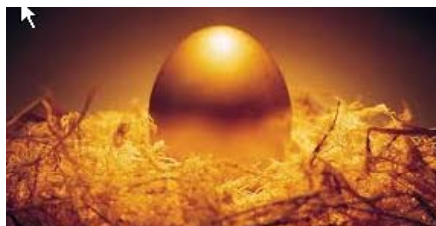
- Receive and consider the Financial Report, Directors Report, notes to Financial Statements and Auditors Report for the year ended 30 June 2014.
- Re-election of Mr. Peter Bell as a director of the company.
- Election of Mr. Bruce De Lacy as a director of the company.
- Adoption of Remuneration Report for the year ended 30 June 2014.





## Item 1: Financial statements

To consider and receive the Financial Report, Directors Report and Auditors Report for the Company for the year ended 30 June 2014.



Farm Pride Foods Ltd





## Item 2: Election of directors

- 2.1 Peter Bell is to retire by rotation and being eligible, offers himself for re-election as a director of the Company.

For	Against	Open	TOTAL	Abstain
37,979,560	92,402	570,379	38,642,341	16,440
98.28 %	0.24%	1.48%		



## Item 2: Election of directors

2.2 Bruce De Lacy who was appointed to fill a casual vacancy offers himself for re-election.

For	Against	Open	TOTAL	Abstain
37,979,560	92,402	570,379	38,642,341	16,440
98.28 %	0.24%	1.48%		



## Item 3: Adoption of remuneration report

To adopt the Remuneration Report for the Company for the year ended 30 June 2014.

For	Against	Open	TOTAL	Abstain
7,607,785	235,656	571,379	8,414,820	18,668
90.41 %	2.80%	6.79%		





# Interim Chief Executive Officer Update



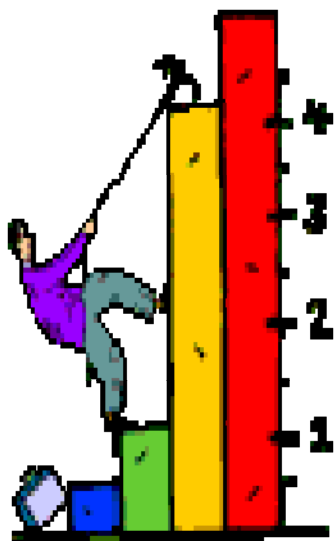
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## FY14 overview

- Statutory NPAT \$2.17million.
- Fulfilled commitment to undertake a major review of overhead costs in response to shareholder concerns.
- Second review undertaken in Q1FY15.
- Further reviews to be undertaken between Q2FY15 and Q4FY15.
- Better placed to meet the challenges of an industry over supply.





## Results FY13 vs. FY14

	2013 \$'000	2014 \$'000	%
Profit after income tax	604	2,169	259.1
Current liabilities	32,858	26,575	(19.1)
Current assets	24,233	21,296	(12.1)
Earnings per share (cents)	1.09	3.93	260.6



## Delivering on strategy

Year on year:

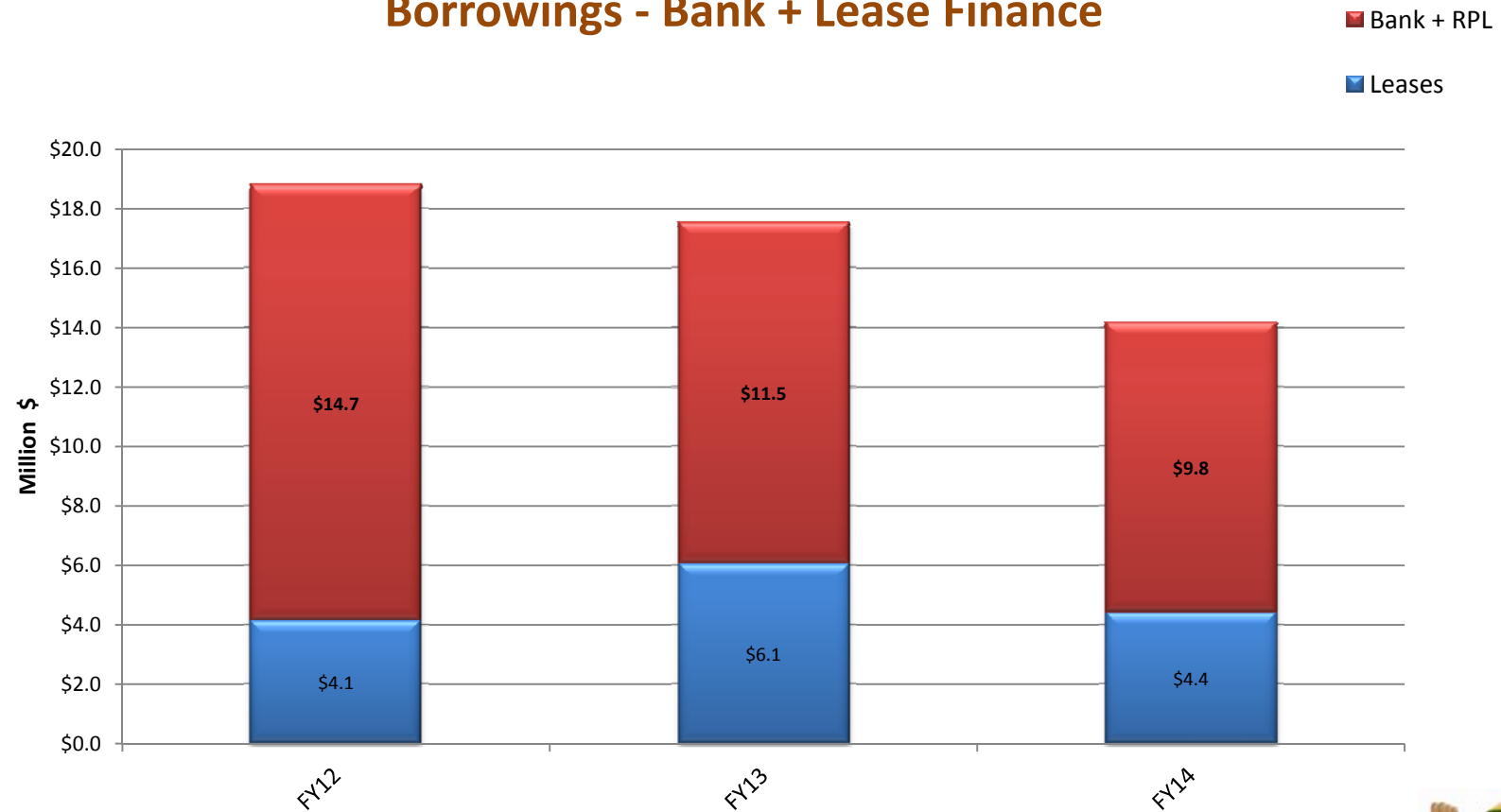
- Borrowings reduced by 19%
- EBITDA increased by 24%
- Net cash flow provided by operating activities increased by 53%
- Further debt reduction and improving profitability now key focus for enhancing shareholder value







## Borrowings - Bank + Lease Finance



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## Net Tangible Assets



## Net Cash Flow from Operating Activities







## FY14 Performance highlights

- First half loss \$52,000. Second half profit \$2.224 million.
- EBITDA first half \$2.415 million. Second half \$4.917 million.
- Net cash provided by operating activities first half \$2.11 million. Second half \$2.65 million.
- Net cash used in financing activities first half \$0.86 million. Second half \$1.39 million.
- Gearing well within banking covenants.





## Shell business

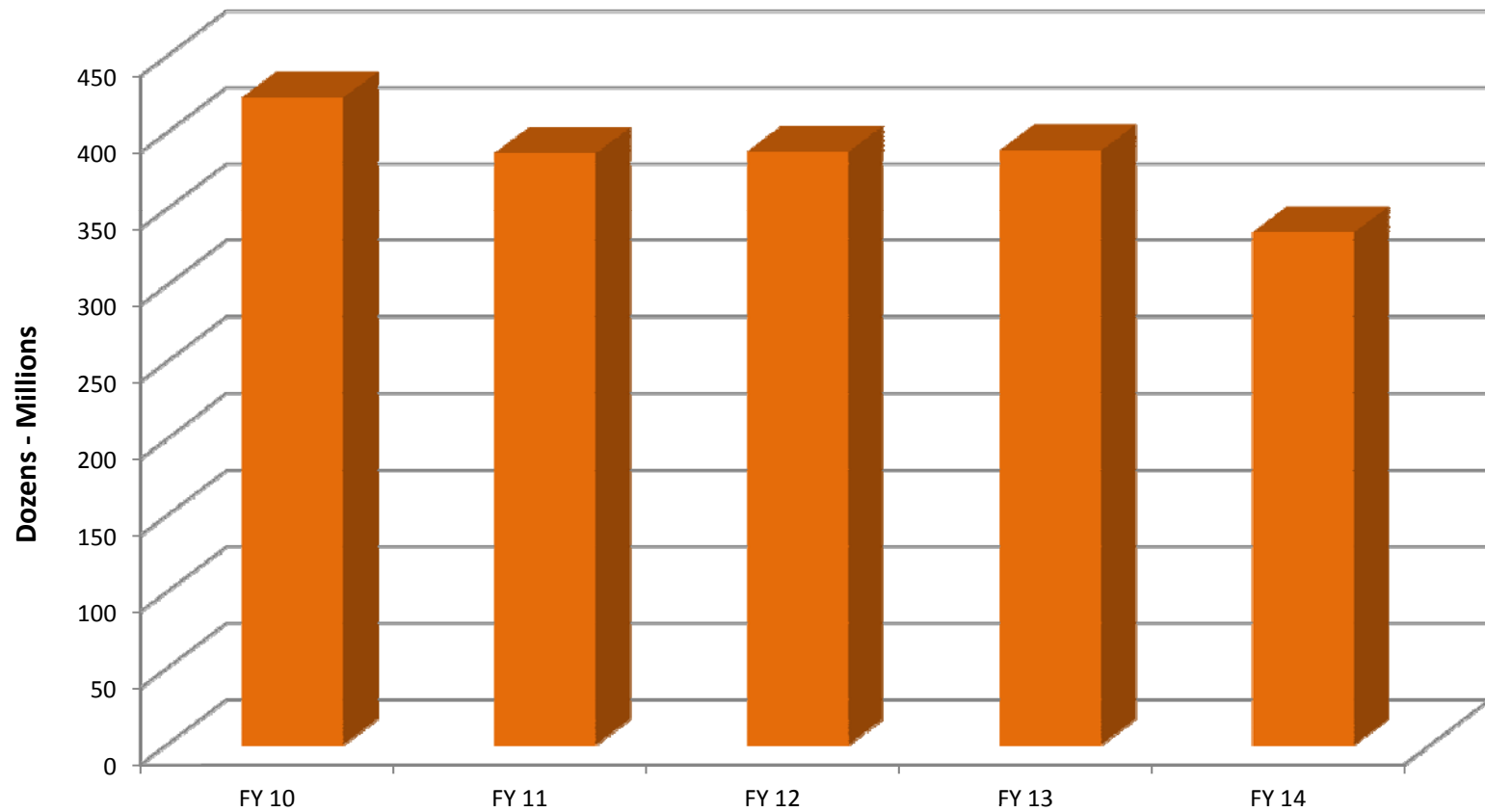


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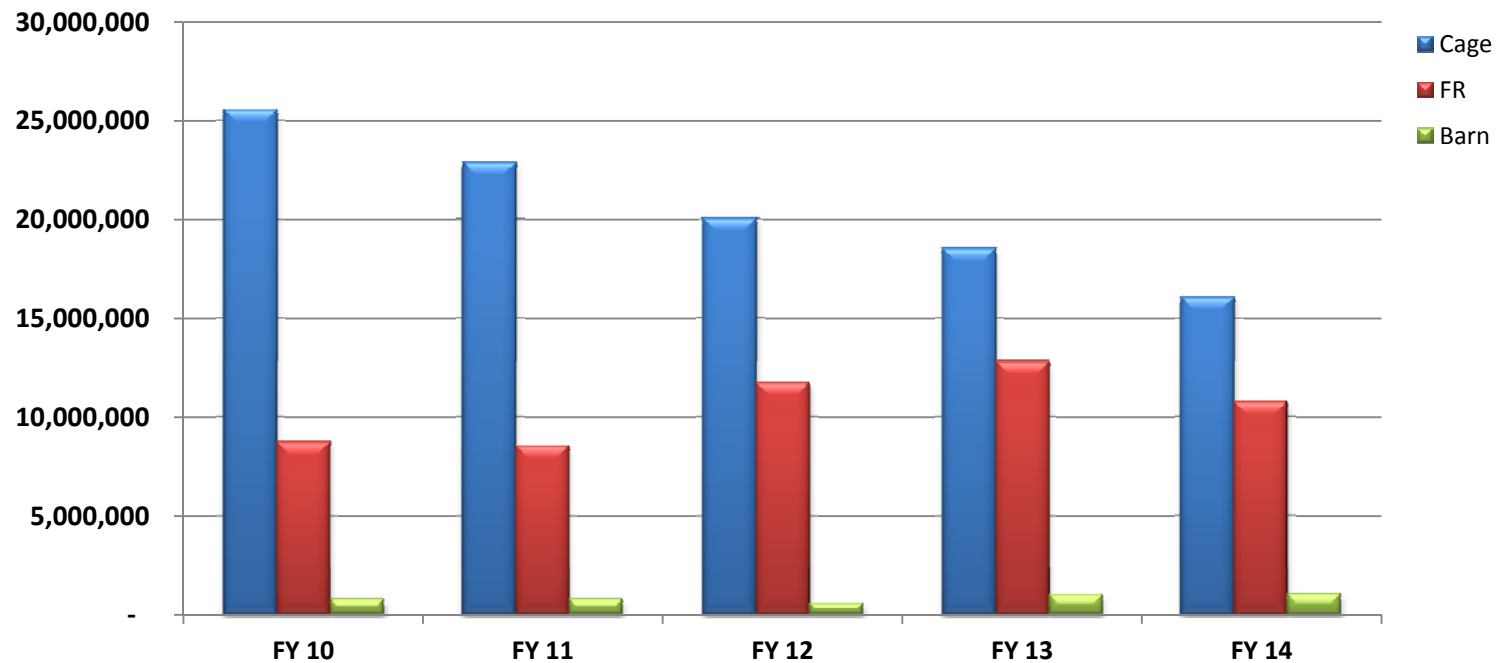


## Eggs Sold (excluding product egg)





## Eggs sold by category (doz.)





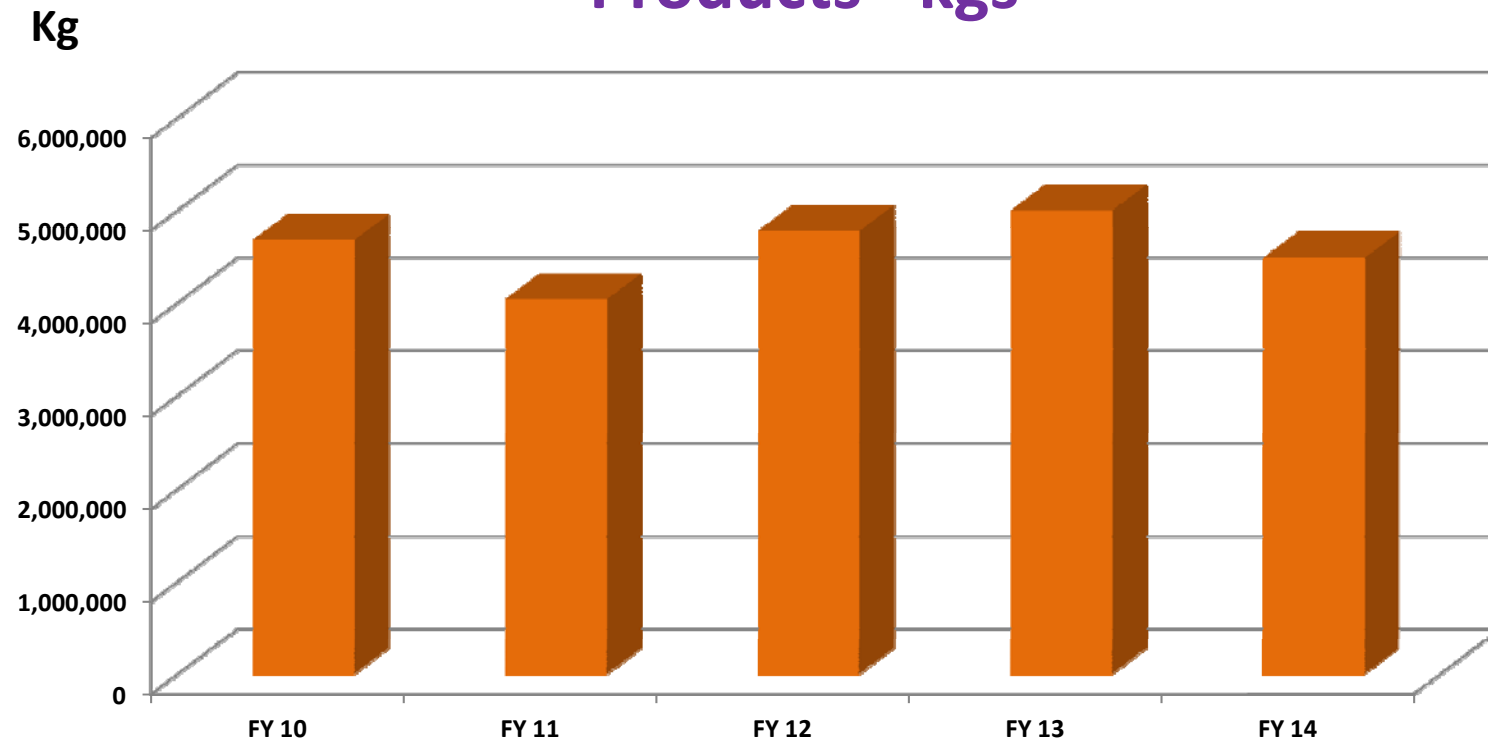
## Product business



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## Sales of Manufactured Egg Products - kgs

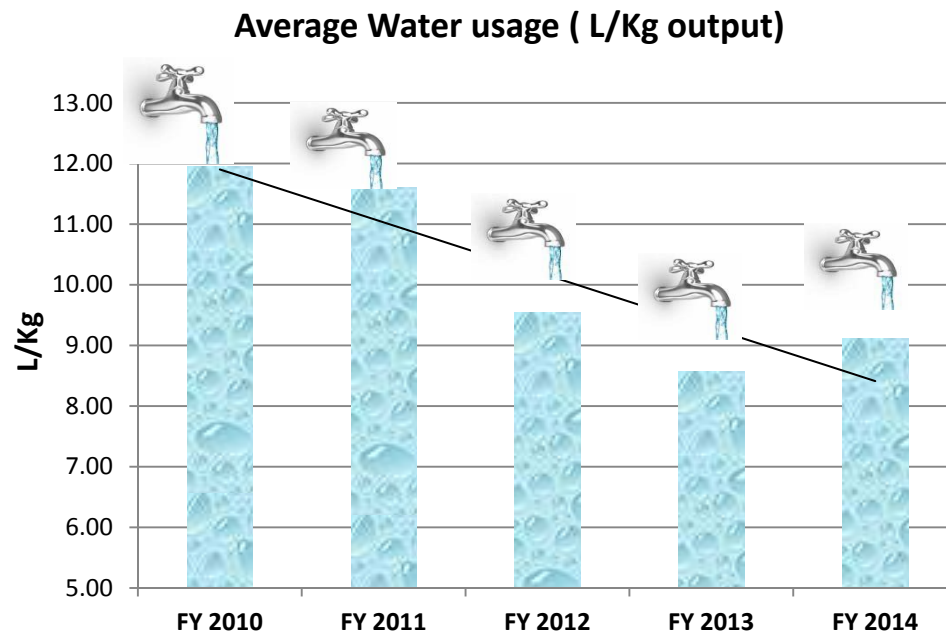






## Manufactured egg products

- Processes streamlined resulting in reduced volumes of water used(L/Kg)



- Additional procedures implemented to further reduce risk of contamination (E.coli).
- Installation of controllers on equipment to reduce foaming of egg product and energy used.
- Smart meters installed to allow monitoring of electricity usage to assist in cost analysis and increased savings.

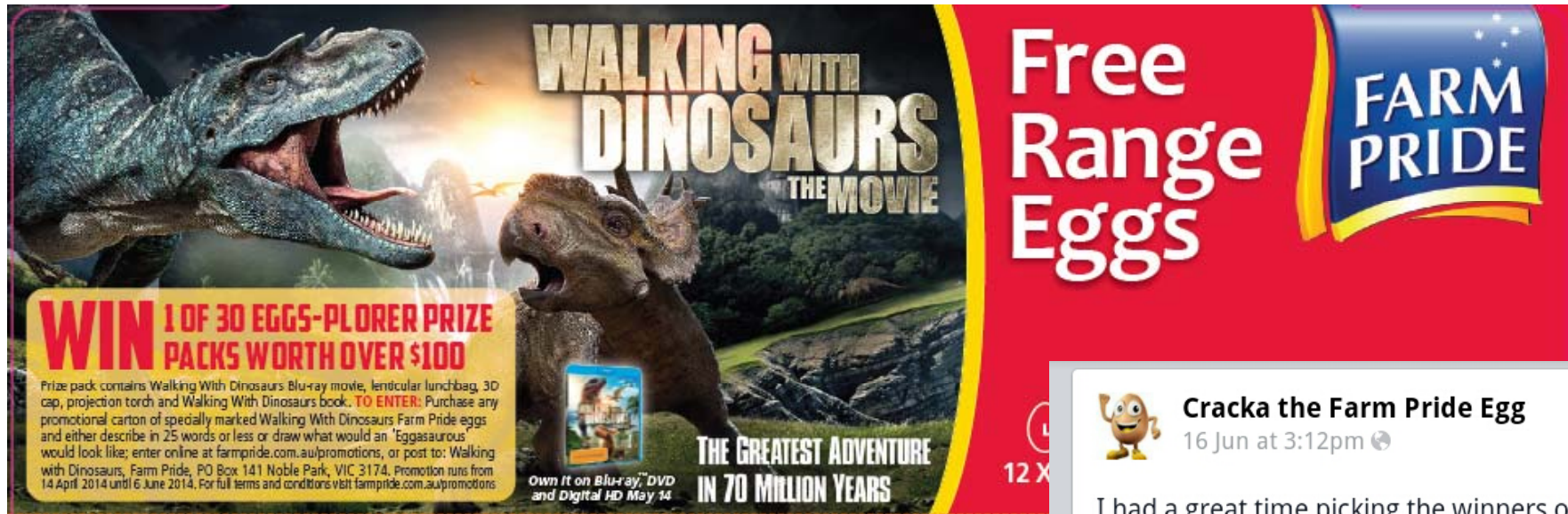


## What's new?

- On-pack promotion to coincide with movie / DVD launch.
- Prize supplied by movie house, creates a lot of consumer interest and point of difference versus other free range brands.



# Walking with Dinosaurs



**WALKING WITH DINOSAURS THE MOVIE**

**Free Range Eggs**

**FARM PRIDE**

**WIN 1 OF 30 EGGS-PLORER PRIZE PACKS WORTH OVER \$100**

Prize pack contains Walking With Dinosaurs Blu-ray movie, lenticular lunchbag, 3D cap, projection torch and Walking With Dinosaurs book. **TO ENTER:** Purchase any promotional carton of specially marked Walking With Dinosaurs Farm Pride eggs and either describe in 25 words or less or draw what would an 'Eggasaurus' would look like; enter online at [farmpride.com.au/promotions](http://farmpride.com.au/promotions), or post to: Walking with Dinosaurs, Farm Pride, PO Box 141 Noble Park, VIC 3174. Promotion runs from 14 April 2014 until 6 June 2014. For full terms and conditions visit [farmpride.com.au/promotions](http://farmpride.com.au/promotions)

Own it on Blu-ray™, DVD and Digital HD May 14

**THE GREATEST ADVENTURE IN 70 MILLION YEARS**

Our most recent promotion, with social media activity and happy winners



## Cracka the Farm Pride Egg

16 Jun at 3:12pm

I had a great time picking the winners of our Walking with Dinosaurs - The Movie competition. Here are some of the winners and the full list is on our website.





## Next..... The Hobbit - The Battle of Five Armies



**THE HOBBIT™**  
THE BATTLE OF THE FIVE ARMIES  
IN CINEMAS SOON

**WIN 1 OF 30 EGGS-PLORER PRIZE PACKS WORTH OVER \$100**

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Check the Classification

**Free Range Eggs**

**700g** Min. total weight

12 X-Large eggs

**FARM PRIDE**

**WIN 1 OF 30 EGGS-PLORER PRIZE PACKS WORTH OVER \$100**  
SEE TOP FOR DETAILS

**THE HOBBIT™**  
THE BATTLE OF THE FIVE ARMIES  
IN CINEMAS SOON

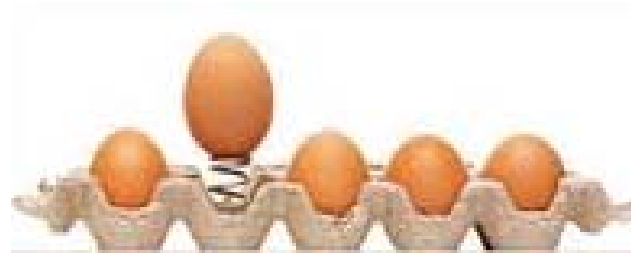
MGM NEW LINE CINEMA

[WWW.HOBBITMOVIES.COM.AU](http://WWW.HOBBITMOVIES.COM.AU) Roadshow Films

WARNER BROS. PICTURES

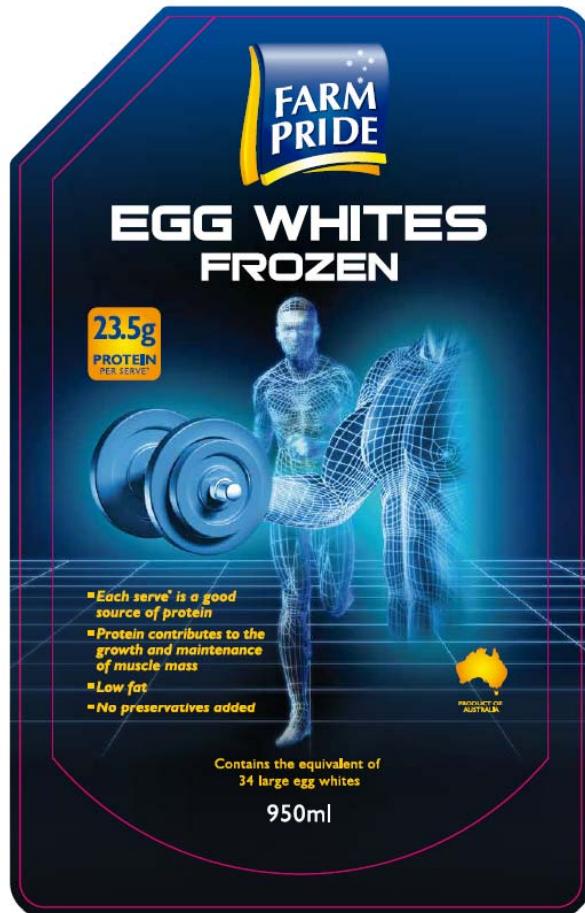
© 2014 Warner Bros. Ent. Inc. The Hobbit: The Battle of the Five Armies and The Hobbit, names of the characters, events, items and places therein, are trademarks of The Saul Zaentz Company d/b/a Middle-earth Enterprises under license to New Line Productions, Inc. All Rights Reserved.

This promotion will run from Nov to Jan to celebrate the Dec 26 release in movies



Carton Packaging plant has been manufacturing green egg cartons for all our free range egg carton brands.

Now manufacturing pink coloured egg cartons for McGrath Foundation “pink” free range and barn laid eggs.

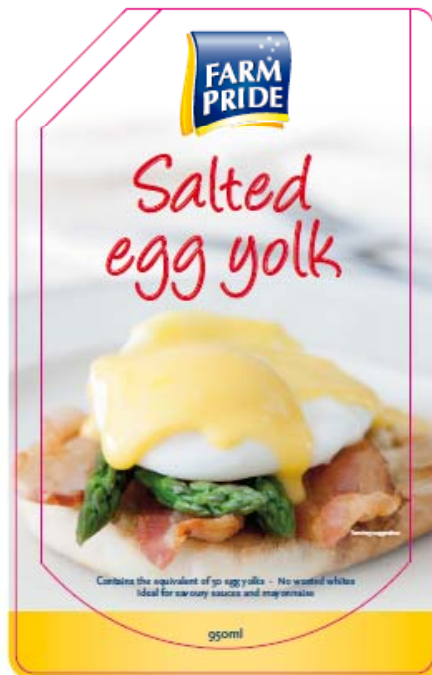


Due to community concerns about food quality in general, Farm Pride will shortly launch a range of smaller frozen 950ml egg white, egg yolk and whole egg.

Aimed at smaller bakeries, food service customers and distributors who can't defrost current 10kg product and use within shelf life.









## Quality assurance



- All Farm Pride sites have now achieved annual audit status for SQF 2000 Food Safety Standard.
- In the past 12 months improvements made in reducing contamination risk in processing areas. Including:
  - Improved sanitation program.
  - Changes in policies to provide further protection from carry over from contaminated areas.
  - Foot dips at all entries.
  - Further staff training
- Improved systems and analysis of data means improved quality of end product and reduced customer complaints and rejections.



# Health and safety



- Safety is a priority for our business and improvements to processes and equipment are regularly reviewed.
- Staff training and focus on health and safety has increased.
- New WinOHS software allows us to better report and monitor incidents that have occurred across various areas of the business.





## Outlook

- Industry conditions weakening reflecting impact of increased egg production.
- Average egg prices expected to ease over the next 6 to 8 months.
- Continuing to assess opportunities to remove cost and increase profit by better utilising capacities at each site.
- Free Range and Cage Free demand remains strong and increasing. Additional capital requirements for transition to more cage free production.
- Continuation of easing demand for cage eggs. May rebound if economic conditions tighten.
- 1H15 EBITDA expected to be similar to 2H14.
- Weaker volumes.
- Downward price pressure increases 2Q15.
- 2H15 EBITDA expected to benefit from full impact of cost savings.
- Further progress and focus on increasing EBITDA and reducing net debt.





**QUESTIONS ?**

**THANK YOU**



Farm Pride Foods Ltd