

# Management Update

## *2014 Annual General Meeting*



**Date:** 21 November 2014

**Presented to:** Annual General Meeting

**Presented by:** Ben McKee, Managing Director



# Capilano delivers solid profit performance

- Revenue and volume growth was achieved.
- EBIT was \$7.140m, compared with \$5.903m last year (FY2013).
- NPBT was \$6.490m, compared with \$4.994m last year (FY2013).

	2012	2013	2014
	\$	\$	\$
Revenue	67,778,704	72,160,396	86,003,491
Insurance proceeds	-	4,694,337	2,296,993
Damage to assets and consequential expenses	-	-3,922,035	-891,395
Finance costs	-1,207,142	-1,092,014	-863,070
Expenses	-62,897,018	-66,845,874	-80,055,896
<b>Profit before income tax</b>	<b>3,674,544</b>	<b>4,994,810</b>	<b>6,490,123</b>
Income tax expense	-1,121,722	-1,548,206	-1,871,112
<b>Net profit for the year attributable to CZZ members</b>	<b>2,552,822</b>	<b>3,446,604</b>	<b>4,619,011</b>
Earnings per share (cents)	30	40.4	54.2

# Continued Sales & Profit Performance

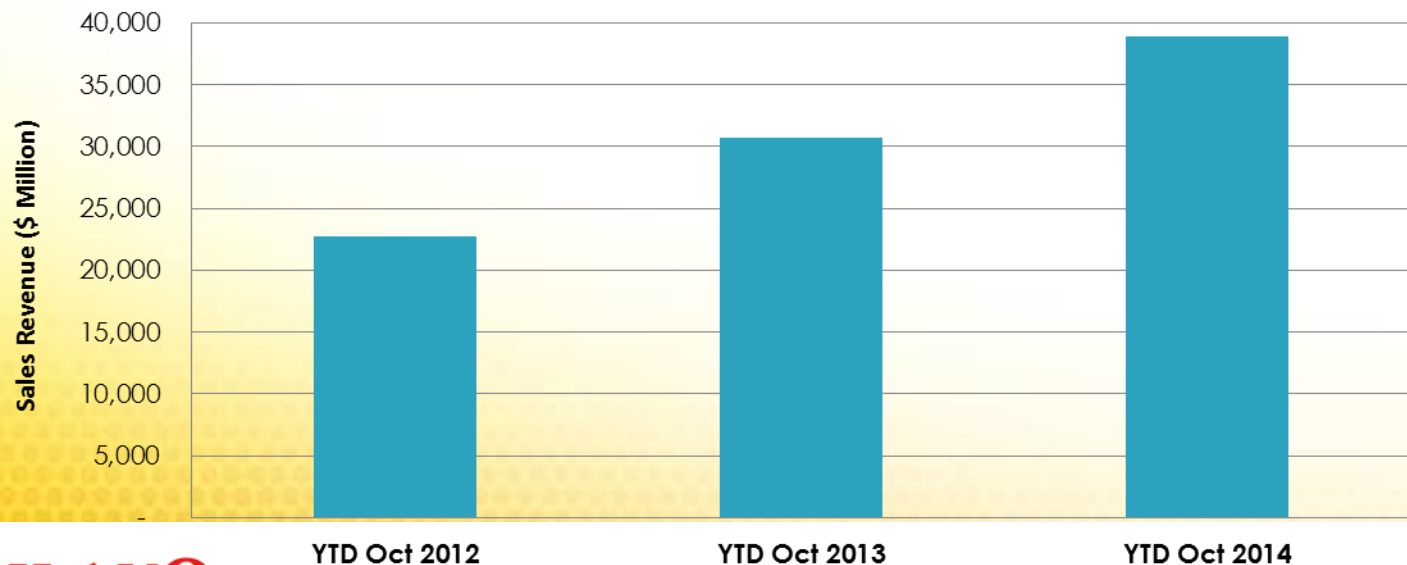
- The business has continued to operate under a low cost model focussing on core markets, product strengths and our primary expertise.
- It is pleasing that revenue and profit growth is stemming from all key segments, such as:
  - industrial;
  - health & wellness;
  - more channel diversity;
  - medicinal;
  - premium export retail;
  - the relinquishing of low margin bulk segments.



# Continued Sales & Profit Performance

- Revenue grew \$13.8m (19.2%) in FY2014.
- Results YTD October FY2015 shows the continuation of double digit revenue growth.
- This year's YTD October profit for FY2015 has surpassed last year's half year result as at the end of December 2013.
- A well managed supply chain has underpinned Capilano's ability to meet sales demands, in an environment of escalating honey prices.
- Our Retailer partners have been supportive and responsive to rising honey commodity costs.

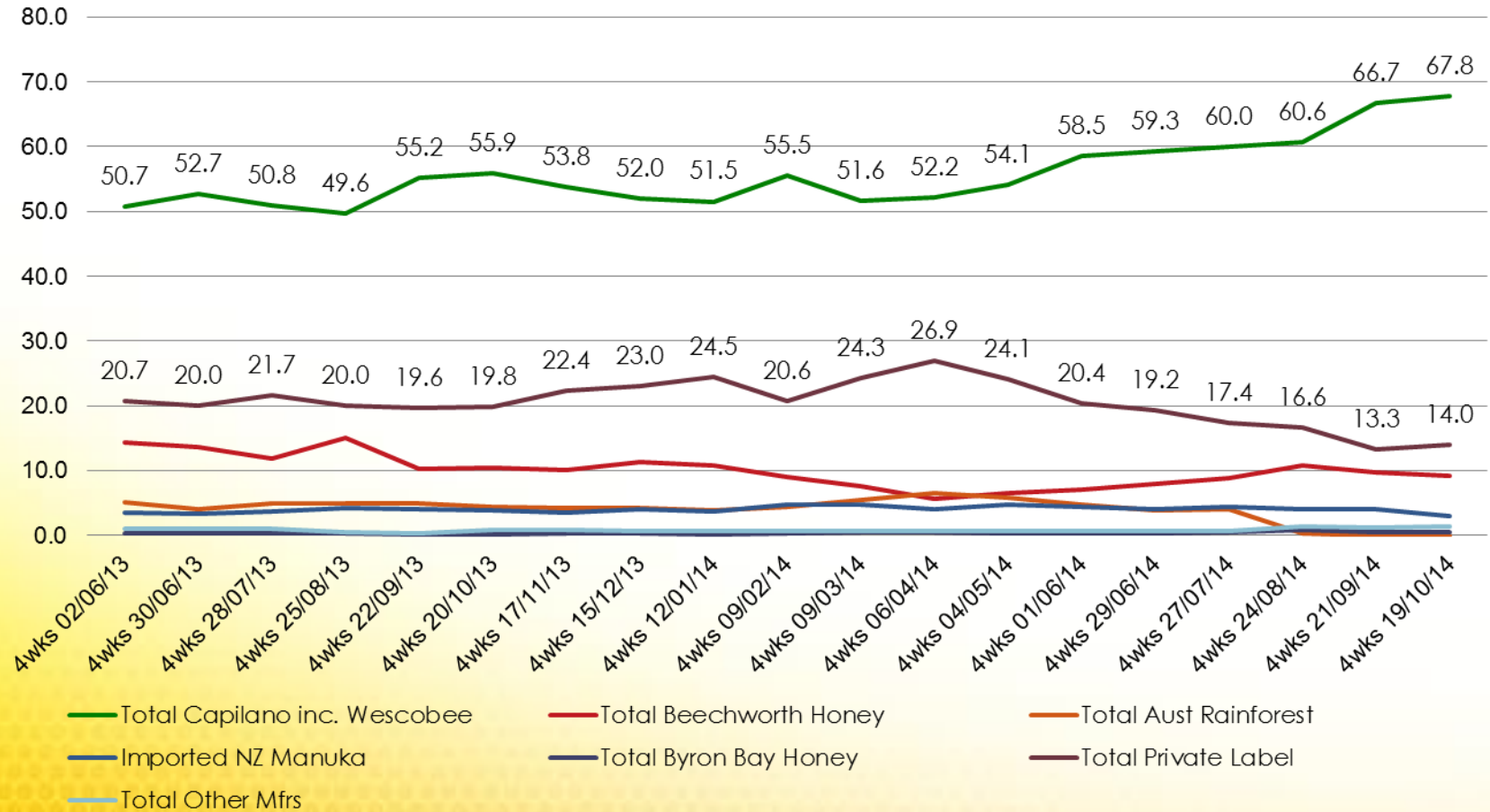
**Total Sales YTD Oct'14**



**CAPILANO**

# Share of Category - Value

**Australia Grocery Weighted  
Dollars (000s) Share of Total Honey**





# Sales & Marketing Focus

- Barnes Naturals Brand for Health Food achieving results.
  - *Now ranged in Chemist Warehouse as part of our pharmacy channel.*
- Increased 'Health & Wellness' focus, including Apple Cider Vinegar.
- Updated Capilano, BeeVital and Wescobee websites (mobile friendly).
- Greater Manuka honey education focus.
- Point of sale packaging enhancements for Capilano.
- New 'Meet the Beekeepers' campaign starting now.
- Continued release of premiums floral honeys as part of 'Seasonal Selections' for honey lovers.



# Honey Supply



- Sales growth continues to put pressure on the Australian honey supply chain, which we have had to buffer with imported product.
- Like other agricultural products, the honey harvest is at the mercy of the weather. Trees flower and yield more honey following preceding rain, whilst bees flourish during flowerings in fine warm conditions.
- The Australian spring crop is progressing, although the environment remains dry in many production regions.
- Honey price has risen over the season as we compete for supply before the peak summer production period.





# Honey Supply



- Capilano's domestic honey supply base is our strength, with the largest beekeeper pool we source from every Australian State.
- Growing our honey supply base domestically remains a priority.
- Imports are derived from a few long term competent, large, quality international suppliers.
- World honey prices remain firm and stable.





# Capilano's Business Strategy

## Business strategy remains unchanged:

- Maintain our strong position as the national market leader.
- Maintain our key export markets, and position ourselves to benefit from improving economic conditions internationally and specific Asian opportunities.
- Continuously work to improve our position as a low cost food manufacturer with the highest quality standards.
- Drive marketing support to develop the Capilano Brand and expand the honey category and honey's usage.
- Look for growth opportunities in acquiring or developing honey brands or other related businesses that would deliver profit, growth and synergistic benefits.
- The best enthusiastic and motivated people.





# Meet Our Beekeepers



## Meet Our Beekeepers

Aussie Beekeeper, Rodney Ruge, has been supplying Capilano Honey for 29 years! He and his family run a large commercial beekeeping operation in **Kleinton, just north of Toowoomba**, on Queensland's beautiful Darling Downs. Rodney travels in excess of 100,000 kilometres every year for honey.

To find out more about Rodney and Beekeeping, go to [www.capilano.com.au](http://www.capilano.com.au)



**Rodney Ruge**



## Meet Our Beekeepers

Aussie Beekeeper, Graham Baker, has been supplying Capilano Honey with a wide array of delicious Australian honey for over 30 years! Graham runs a large commercial beekeeping operation in **Glen Innes, NSW**. Graham travels thousands of kilometres per year in search of honey and thinks very highly of the landholders whose properties he uses for sites. Graham's favourite honey is Yellowbox.

To find out more about Graham and Beekeeping, go to [www.capilano.com.au](http://www.capilano.com.au)



**Graham Baker**



## Meet Our Beekeepers

Aussie Beekeeper, Mark Hall, has been supplying Capilano Honey his entire Beekeeping life (26 years). In fact, Mark's family has supplied Capilano since the late 1960s. Mark's Beekeeping operation is based in **Dunolly, in central Victoria**. One of Mark's favourite things about Beekeeping is travelling the Australian countryside and seeing our native plants and animals in the bush. He's also a keen photographer.

To find out more about Mark and Beekeeping, go to [www.capilano.com.au](http://www.capilano.com.au)



**Mark Hall**



## Meet Our Beekeepers

West Australian Beekeeper, David Leyland, has been a commercial beekeeper for 31 years and is based in **Beechina, WA**. In his search for honey, it is not uncommon for David to have sites as far as 1100km away from home. David's approach to reducing the number of bee stings he gets, is by breeding bees that sting less often.

To find out more about David and Beekeeping, go to [www.capilano.com.au](http://www.capilano.com.au)



**David Leyland**



<http://capilano.com.au/capilano-story/meet-our-beekeepers>