



CAPILANO

HONEY LIMITED

ABN: 55 009 686 435

Presentation

February 2015



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Introduction

- Capilano is the market leader for honey in Australia.
- It was established in 1953 as a 100% beekeeper owned co-operative.
- Historically a production driven company, with objectives to provide the best market for all the honey produced by its shareholders.
- Capilano is now one of the world's largest honey packers.
- Capilano is a Brand that Australians trust (96% recognition factor). Renowned for consistency, flavour, quality and innovative delivery mechanisms.
- Export represents 20-30% of our business and we trade with over 32 countries.



CAPILANO



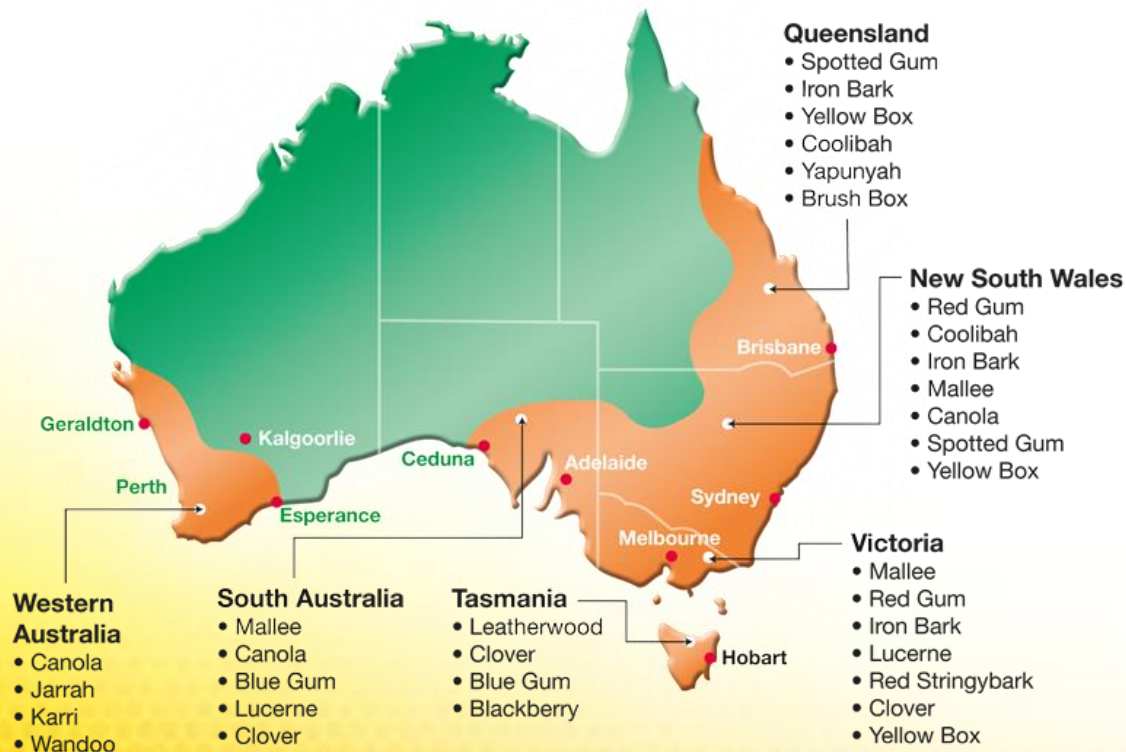
Introduction

- Changes to legislation resulted in the company listing on the Bendigo Stock Exchange (BSX) to become a publically listed company in 2004.
- Now listed on the ASX since 2012.
- Board consists of:
 - Two non-executive Directors
 - Two Independent non-executive Directors
 - Managing Director
- Head Office is located in Brisbane, with operational sites in Brisbane (QLD), Perth (WA) and Maryborough (Vic).



WHERE DO WE SOURCE OUR HONEY FROM?

Capilano honey is sourced from hives nestled in unspoilt pockets of Australia's native bushlands. Our beekeepers ensure only the highest quality honey is delivered to Capilano. We simply take what nature produces, bottle it and provide it in a handy pack ready for you to use. It's our hive to home guarantee, naturally.



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FINANCIALS

HALF YEAR ACCOUNTS



Summary Condensed Consolidated Financial Result

YTD	Dec -YTD	YTD-LY	Var. to LY	Improve. %
Net Sales	51,129	36,983	14,146	38%
Gross Profit	10,381	7,522	2,859	38%
GP %	20.3%	20.3%		
Expenses (Exp)	5,246	4,842	(404)	
Exp % of Net Sales	10%	13%		
EBIT	5,357	3,333	2,024	
EBIT % Net Sales	10%	9%		
NPBT	5,118	2,955	2,164	73%
Sales Tonnes	6,864	6,223	641	
Domestic Honey Price / Kg	\$4.60	\$3.49	(\$1.11)	

- ✓ NPBT increase of 73% (109% excluding insurance gains LY).
- ✓ Net sales as well as gross profit increase.
- ✓ Expenses 10% of Net Sales, relatively fixed as volume increases.
- ✓ Revenue & profit stemming from core business growth.



Condensed consolidated Statement of Financial Position

As at 31 December 2014



	31-Dec-14 \$	30-Jun-14 \$
CURRENT ASSETS		
Cash and cash equivalents	3,449,657	1,103,559
Trade and other receivables	18,305,538	14,922,176
Inventories	16,615,755	13,736,111
Other current assets	612,718	262,519
TOTAL CURRENT ASSETS	38,983,668	30,024,365
TOTAL NON-CURRENT ASSETS	20,697,556	19,659,436
TOTAL ASSETS	59,681,224	49,683,801
TOTAL CURRENT LIABILITIES	20,718,455	13,283,147
TOTAL NON-CURRENT LIABILITIES	6,781,112	7,816,739
TOTAL LIABILITIES	27,499,567	21,099,886
NET ASSETS	32,181,657	28,583,915
TOTAL EQUITY	32,181,657	28,583,915



Improving Profit Performance

- ✓ Net Debt of \$4.29m has been reduced from \$7.59m in June 2014.
- ✓ Working capital has increased as sales, revenue and volume grew.
- ✓ Capital Expenditure for new production line and acquisition paid (cash).
- ✓ Tax liability to be paid in February and December.
- ✓ Domestic honey price increased December 2014.

Capilano Honey Limited Group - 6 months to 31 December	Current Half Year \$million	FY14 Half Year \$million
Revenue	\$57.9	\$43.2
Earnings Before Interest and Tax (EBIT)	\$5.36	\$3.33
Net Profit Before Tax (NPBT)	\$5.12	\$2.95
Average Domestic Honey Price / Kg	\$4.61	\$3.49
Current Ratio	1.88	2.66
Debt Ratio (Total Liabilities/Total Assets)	46%	42%
Gearing Ratio (Net Interest Bearing Debt/Equity)	13%	35%
Interest Cover	25.9	11.5
Net Assets	\$32.2	\$27.7
Earnings Per Share (EPS)	\$0.42	\$0.24
Net Assets Backing/Share	\$3.78	\$3.26





Dividends (CZZ)

- CZZ's Constitution prescribes that directors may determine that a dividend is payable to Shareholders.
- Directors also have power to pay interim dividends.
- In determining the amount of dividend (if any), directors take into account: the importance of retaining a portion of profits to provide funds for operations and to provide for future growth; and the need to pay dividends to reward Shareholders for their investment in the Company.
- Directors will continue the practice of considering only an annual dividend.



THE MARKET





Sales & Marketing

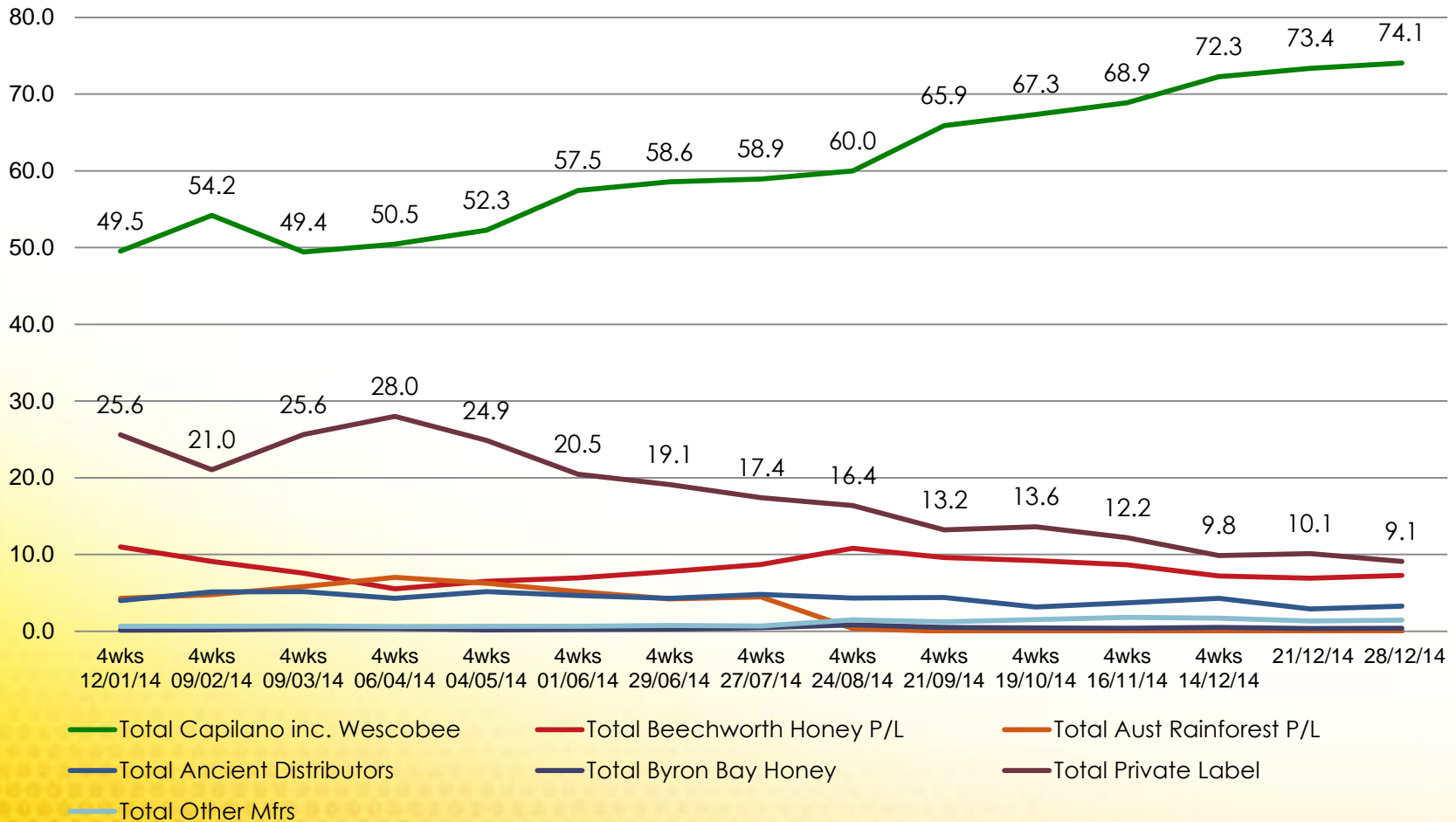
- Capilano's brand recognition and awareness remains at No.1.
- Consumer preference for honey remains with Capilano, with everyone in the family enjoying our products.
- Capilano Websites have been upgraded & refreshed, with digital and social media a notable part of our communication strategy.
- In-store messaging has been a recent focus, as we reinforce:
 - Brand heritage,
 - product provenance,
 - natural production environments,
 - our specialist Australian beekeepers.





Market Share Increases

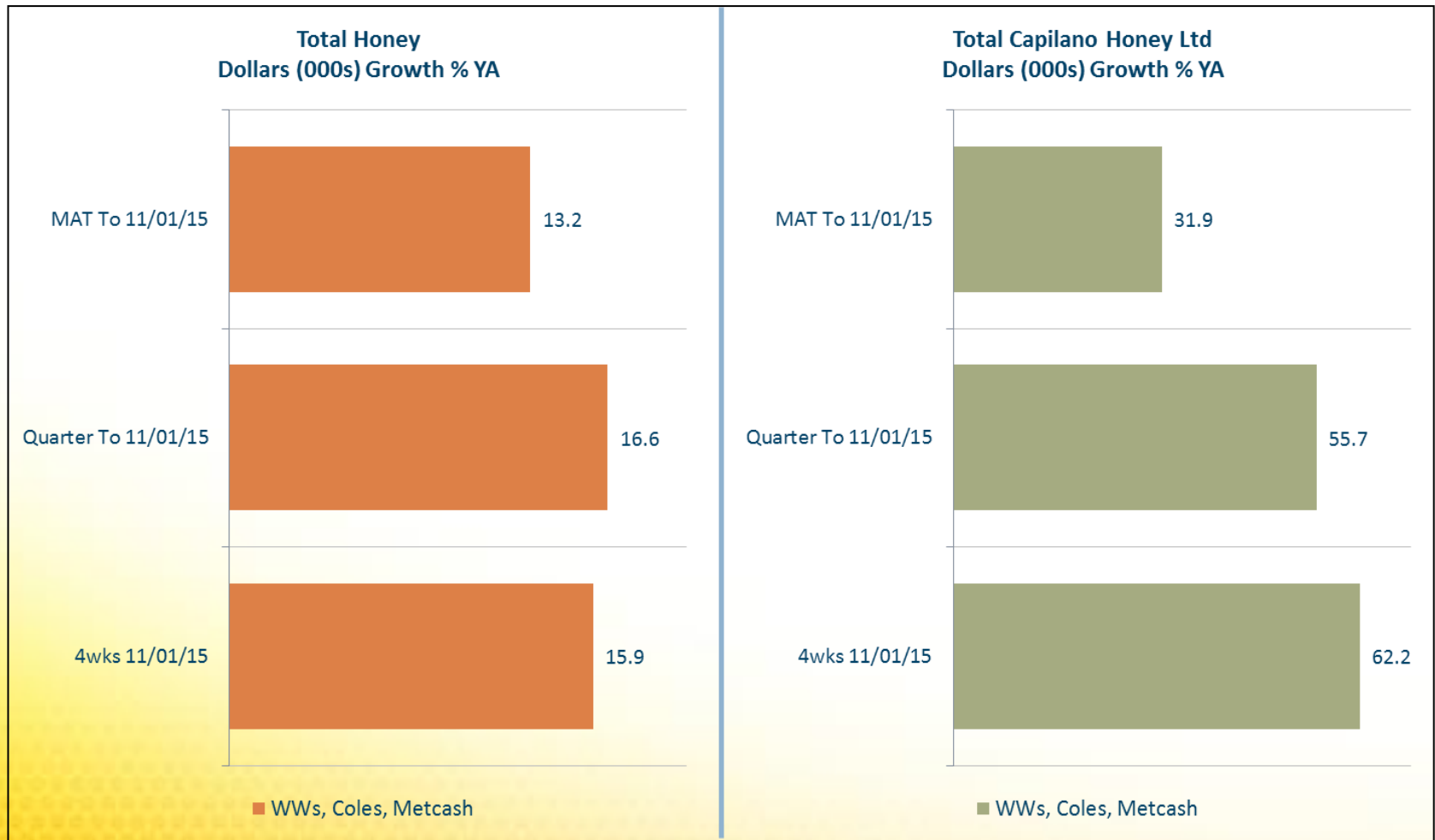
Dollars (000s) Share of Total Honey



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Domestic Category Growth





Premium Honeys

- Marketing premium Australian honeys to the world remains a priority.
- The production, blending and marketing of Manuka honeys continues to progress well.
- Capilano now markets a selected range of premium, fresh, floral honeys in glass jars, promoting the best product industry can offer.





- Our Barnes Naturals brand is found exclusively in health food and pharmacy channels.
- Product is being sold into Australia and Asia.
- This brand re-fresh has successfully re-entered the market.



• SINCE 1876 •

**Barnes
Bnaturals**

OVER ONE HUNDRED YEARS OF
NATURAL HEALTH
GOES INTO EVERYTHING WE DO...

Our heritage comes from the Barnes Honey brand, which started in regional Victoria in 1876. In 2014, Barnes Naturals™ offers a range of wonderful, natural products which include our organically certified Apple Cider Vinegar, organically certified 100% Australian Honey, Active Manuka Honey and Active Jarrah Honey. At Barnes Naturals™ we continue the legacy of more than 100 years of providing quality, natural products for Australian families.

Enquire about stocking our new, premium quality range today | www.barnesnaturals.com.au



Chandlers Honey Acquisition

- Mainly a bulk industrial processing plant, located in Melbourne.
- Plant and Equipment to be relocated to Capilano's Maryborough (Vic.) facility.
- Chandlers packed over 1,000 tonnes of honey pa.
- Vendor and key staff to be employed by Capilano.
- Goodwill will be minimal.
- Maryborough site fully operational for start of next Financial year.
- Site will include new packaging capabilities (eg. glass retail).
- The acquisition of this business brings much needed domestic honey supply back to Capilano.





HONEY SUPPLY





Honey Supply

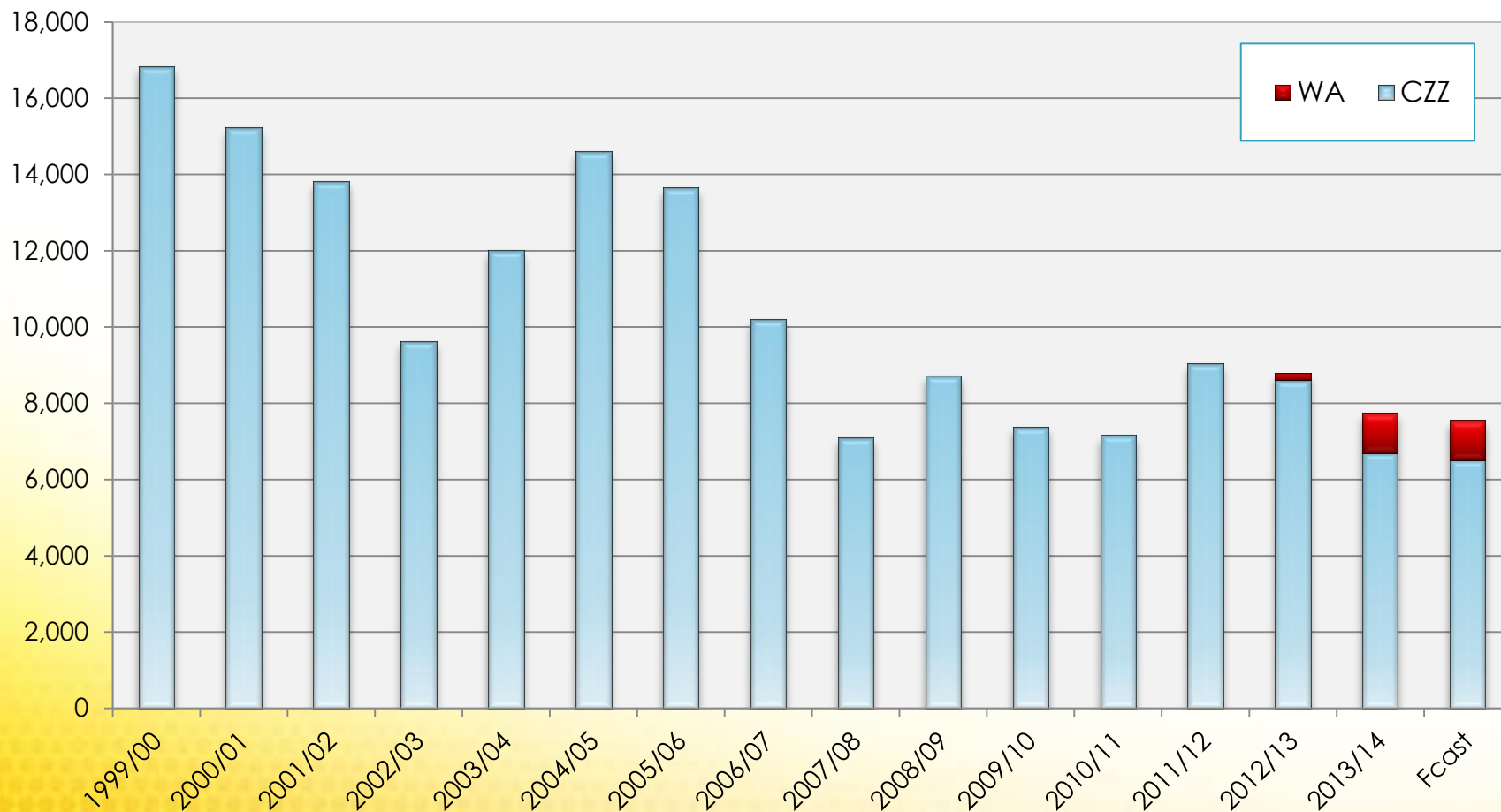
- Australian honey remains fundamental to Capilano's business and future.
- In 2013/14, unfavourable weather conditions delivered one of the worst honey production seasons on record.
- Our imported supply chain has enabled us to continue to meet sales demands in times of lower Australian supply.
- This years crop is progressing.
- Recent rains have brought welcomed relief to many production regions, which will help orchestrate a return to better seasons in the future as trees respond with increased flowering patterns.



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Capilano's Honey Supply (t)



BUSINESS

STRATEGIES & OUTLOOK





Business Strategy

- Drive marketing support to continue development of the Capilano Brand and maintain market leadership.
- Expand the honey category and honey's usage.
- Continue to improve operational cost structure.
- Focus on growing premium domestic and export retail markets.
- Improve domestic honey supply chain.
- Consider opportunities for merger and acquisition with other businesses that would deliver profit, growth and synergistic benefits.
- The best 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



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



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



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



David Leyland



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