
BUDERIM GINGER GROUP



27 MARCH 2015

AGENDA

INTRODUCTION

PRINCIPAL ACTIVITIES

PAST PERFORMANCE

RESTRUCTURING FOR PROFIT

STRATEGY

2013 to 2014 ACTIONS

HALF YEAR DECEMBER 2014

CASH FLOWS

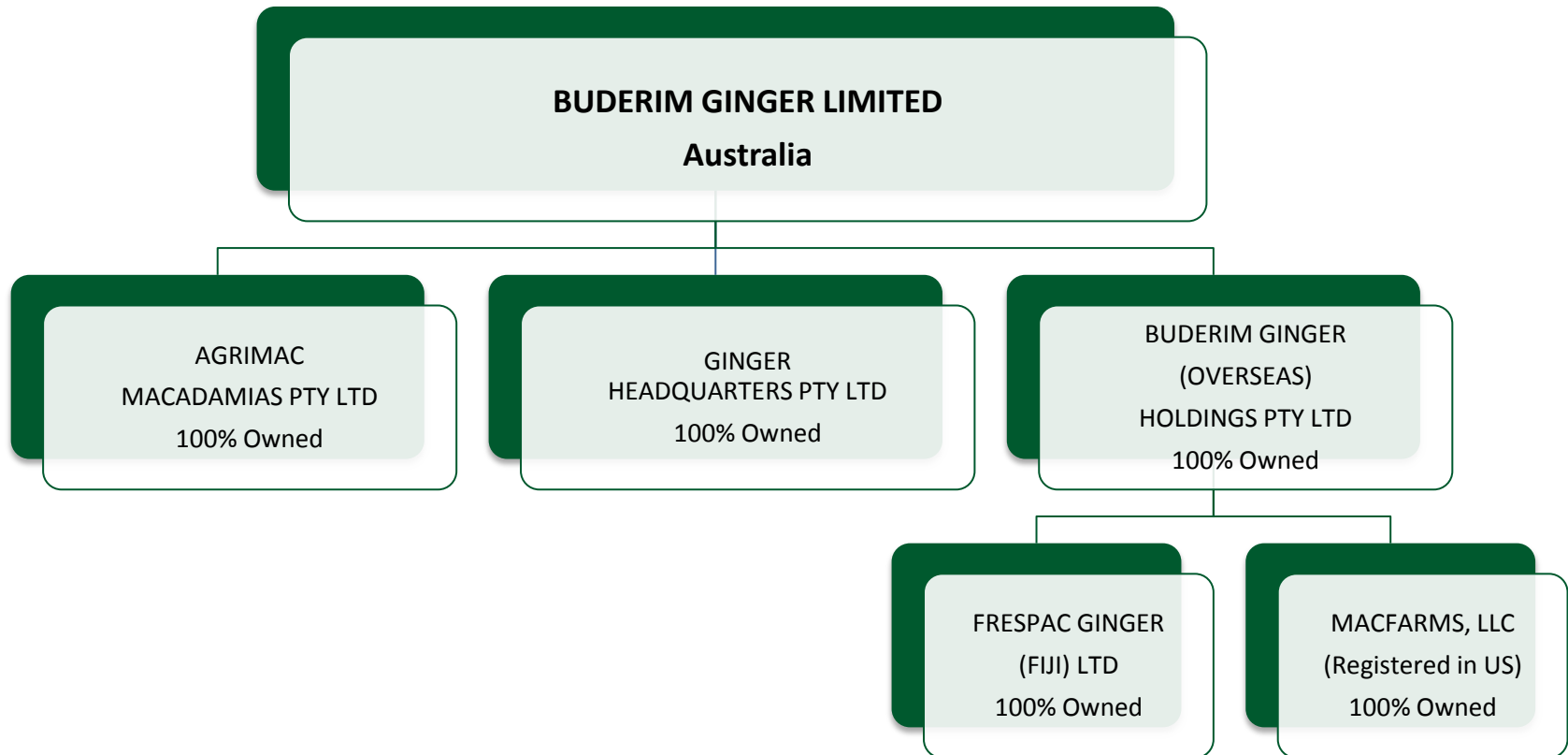
PRODUCTS

MACADAMIAS

GINGER

INTRODUCTION

- Buderim Ginger Limited was established as a Co-operative in 1941 by five Buderim farmers. In 1989 the company was listed on the Australian Securities Exchange.



PRINCIPAL ACTIVITIES



- **Ginger**
Manufacturer in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;



- **Macadamias - Australia**
Processing of macadamia products and marketing to wholesale and retail customers throughout the world;



- **Macadamias - Hawaii**
Production and processing in the USA of macadamia products and marketing to wholesale and retail customers throughout the world;



- **Tourism**
The sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

PAST PERFORMANCE

GROUP	2009	2010	2011	2012	2013 H1	2014
Revenue	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Consolidated Revenue	92114	87582	79683	77170	34977	70067
EBITDA						
EBITDA pre-normalised					(4,602)	125
Baking closedown (2013&14); Inventory, redundancies, product withdrawal.					5,338	1,119
EBITDA normalised	841	752	5,710	6,858	736	1,244
EBIT	(1,962)	(1,922)	3,137	4,181	(5,940)	(1,944)
NPBT	(4,518)	(4,213)	1,829	3,008	(6,430)	(2,956)
NPAT	(2,769)	(2,605)	1,541	1,840	(4,601)	(1,493)

- Underperforming business
- Baking business losses in 2013 critically affecting cash flow and profit
- Ginger old age products in poorly branded packaging targeted at old consumers
- Excessive outsourcing of services

Earnings volatility has been the result of write-downs to investments following withdrawal from marginal business segments and volatile trading in core businesses

Past restructuring has included asset sales, a capital raising, and the exit of marginal businesses.

RESTRUCTURING FOR PROFIT

- Retain a competent, skilled and motivated management team with the capabilities to fit a diversified strategy and set of businesses.
- Focus on the core businesses of Macadamias, Ginger and our Tourist facility.
- Focus on our brands and products relevant to consumers.
- Establish low cost structures with better automation and more vertical integration.
- Change a production driven culture into a market driven outlook.

STRATEGY

- ✓ CORE BUSINESS
 - Ginger
 - Macadamias
 - Tourism
- ✓ LOWER COST STRUCTURE
- ✓ DIFFERENTIATION through BRANDING
- ✓ NEW PRODUCT DEVELOPMENT
- ✓ VERTICALLY INTEGRATE SUPPLY

2013 to 2014 ACTIONS

- ✓ Loss making baking business sold September 2013.
- ✓ Capital raising in May 2014 which was oversubscribed and raised more than \$11.3 million.
- ✓ Preferred senior management team put in place.
- ✓ Head Office structure implemented to remove duplicated costs in 4 subsidiaries.
- ✓ Introduced an integrated sales & operation planning process to enable inventory planning, purchasing decisions, financial modelling and cash flow forecasting.
- ✓ Business Improvement Plan implemented to reduce excessive outsourcing of services, cut organisational slack and improve production and processing flows.
- ✓ Sales & Marketing changes:
 - Brand Strategy to go hand in hand with new product rollout.
 - New Products determined with best chance of success.
- ✓ Acquisition of Kapua Orchard, Hawaii a 4000 acre 280,000 tree orchard.

KAPUA ORCHARD

- ✓ Acquisition of 4000 acre 280,000 macadamia tree orchard in Hawaii
- ✓ Previously leased by BUG with 17 year term to run.
- ✓ Increases control of macadamia supply in a market where current dynamics are demand exceeds supply.
- ✓ Cost US\$4.5 m funded by US\$2.25 m debt and balance from share rights issue proceeds.



HALF YEAR DECEMBER 2014

	2009	2010	2011	2012	2013 H1	2014	2015H1
Revenue	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Consolidated Revenue	92114	87582	79683	77170	34977	70067	40634
EBITDA normalised	841	752	5,710	6,858	736	1,244	5,140
EBIT	(1,962)	(1,922)	3,137	4,181	(5,940)	(1,944)	4,066
NPBT	(4,518)	(4,213)	1,829	3,008	(6,430)	(2,956)	3,651
NPAT	(2,769)	(2,605)	1,541	1,840	(4,601)	(1,493)	2,235

Shareholder returns and performance measurements on half-year accounts

	Dec 14	Dec 13	Jun 13(ii)	Jun 12	Jun 11	Jun 10
Profit before tax / revenue (%)	10.17	(1.1)	(19.1)	4.0	0.2	(2.1)
Profit after tax / revenue (%)	6.23	(0.2)	(13.7)	2.5	0.4	(1.8)
EBIT (\$'000)	4,066	105	(5,940)	1,954	864	(11)
EBITDA (\$'000)	5,140	1,177	(213)	3,250	2,138	1,329
Basic earnings per share (cents) (i)	5.15	(0.38)	(22.3)	4.27	0.17	(1.34)
Current Ratio (%)	299	105	103	103	97	88
Net tangible asset backing (cents)	97	122	122	152	35	65

Ginger segment profits increased by \$454k with operational profits improved through cost reductions following commencement of business improvement initiatives. Profits further benefited from the favourable movement in the Australian dollar.

The Baking business was discontinued during the comparative period

The Macadamia business increased its profit by \$3.3m based on revenue growth of \$4.6m from \$20.7m to \$25.2m, attributable mainly to the fair value adjustment of \$3.6m for biological assets acquired as part of the Kapua Orchard, Hawaii.

CASH FLOWS

	2009	2010	2011	2012	2013 H1	2014	2015H1
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cash Flows							
Operating	(742)	5,035	3,954	2,517	1,469	462	(587)
Investing	(3,932)	(1,535)	77	(2,007)	(929)	(206)	(6,112)
Financing	2,628	(2,326)	(1,997)	(2,863)	1,538	11,360	(2,470)
Net Cash Flow	(2,046)	1,174	2,034	(2,353)	2,078	11,616	(9,169)
Debt	30891	27107	19712	17403	21624	21,458	19437
Cash	1059	1638	3295	1230	1,443	12,813	3,465
Net Debt	29,832	25,469	16,417	16,173	20,181	8,645	15,972
Interest bearing debt to equity (%)	113.7%	111.6%	65.1%	57.2%	77.9%	57.2%	45.4%

Cash declined from \$12.6m to \$3.5m during the six months ended 31 December 2014 primarily as a result of the following outflows :

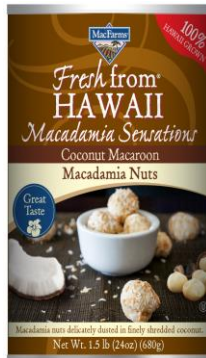
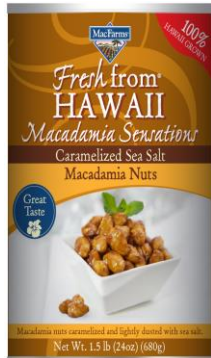
- Kapua Orchard purchase outflow \$5.6m,
- Debt repayments \$5.3m,
- Business Improvement Program asset purchases \$0.4m.
- Net Operational cash outflows \$0.6m

The above outflows were partially offset by the following inflow:

- Debt drawdowns \$2.8m.

CORE BUSINESS

PRODUCTS



MACADAMIAS

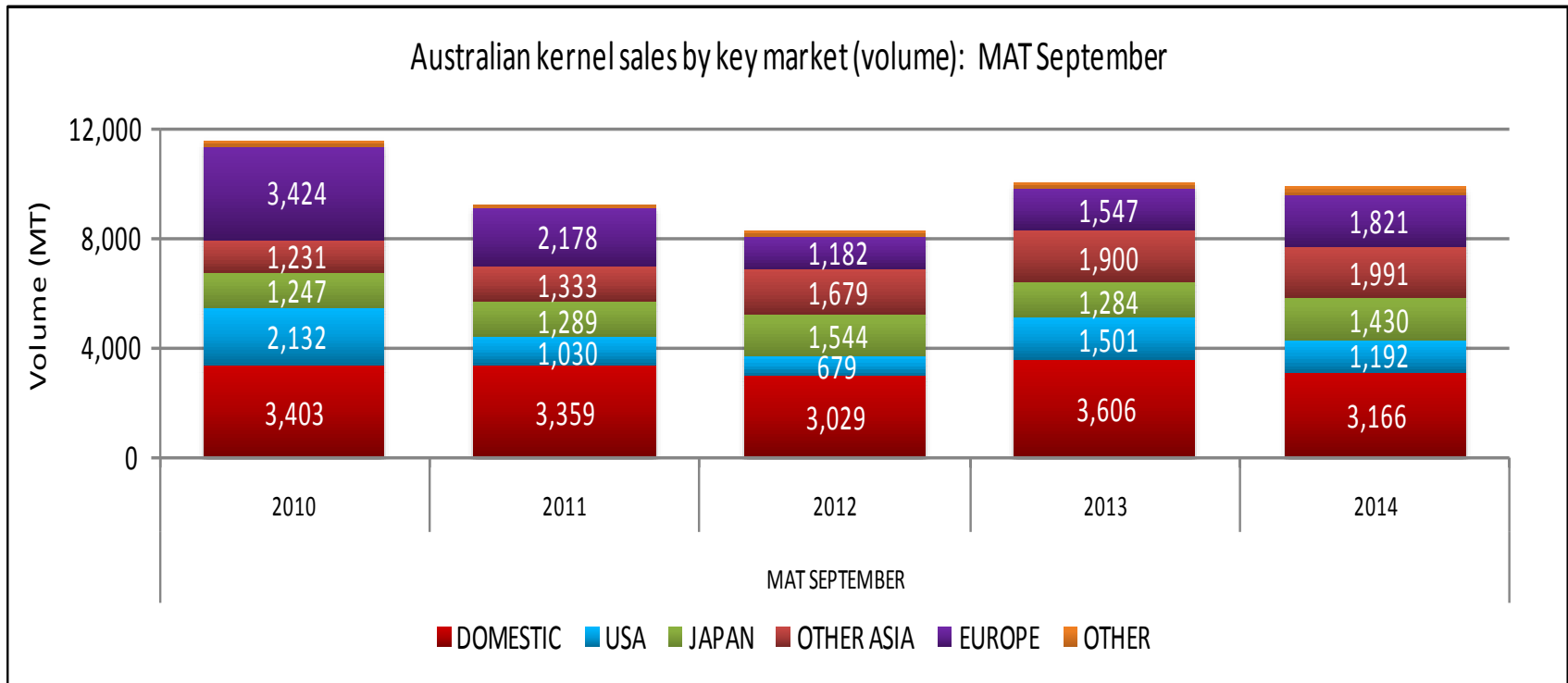
- **WORLD**

- Major macadamia producing countries are Australia, Hawaii, South Africa with +60% of world crop
- In 2014, Kernel production decreased from 30,000Mt to 28,000Mt ↓7%

- **AUSTRALIA**

- Kernel production at 9,000Mt
- Annual demand for Australian kernel of 11,000Mt
- Local market undersupplied

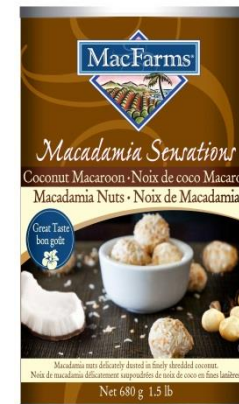
DEMAND BY COUNTRY 2014



- Europe increased 18% to 1,821Mt
- Japan increased 11% to 1,430Mt
- Asia (without Japan) increased 5% to 1,991Mt
- Australia decreased 12.2% to 3,166Mt.
- USA decreased 21% to 1,192Mt

MACFARMS - Hawaii

- ✓ 4,000 acre macadamia orchard (250,000 trees) in Hawaii
- ✓ Owned by Buderim Group
- ✓ Season July – April (allowing BGL two harvests/year)
- ✓ MacFarms brand sold into Costco and Safeway in North America
- ✓ **MacFarms consumer brand**



AGRIMAC - Australia

- ✓ Started 1993 – purchased by BGL 2008
- ✓ World leading supplier of premium macadamias.
- ✓ HACCP, SQF efficient processing facility in NSW Australia
- ✓ Harvest between March and September
- ✓ Handle 14% of Australian production and 5% world production
- ✓ **Agrimac - Industrial brand**



GINGER - Australia



- ✓ Australia's manufacturing expert in Ginger over 50 years
- ✓ One of the the world's largest manufacturers of sugar processed ginger
- ✓ Major supplier to retail and industrial customers globally
- ✓ Strong QA and R&D teams
- ✓ Committed to the highest standards of food safety – BRC certified, HACCP, ISO 9001, SQF 2000, HALAL Certified

GINGER DIVISION - Fiji



- ✓ JV between Buderim Ginger and Fiji Government
- ✓ Largest ginger producer in Fiji with over 90% of production
- ✓ Conforms to BGL standards
- ✓ ISO 22000
- ✓ Halal certified

Ensure continuity of Supply



DRIVING SALES IN THE GINGER CATEGORY

✓ Two areas of focus: Current & New consumers

Increase
frequency
of purchase

Entice
existing
consumers
to buy more

Price promotions
Recipe advertorials
Online engagement

Increase
penetration

Attract
new buyers
i.e. younger
audience

Brand relevance
Sampling
New products
**Get them talking
about ginger!**



OUR CHALLENGE IN 2014 / 15

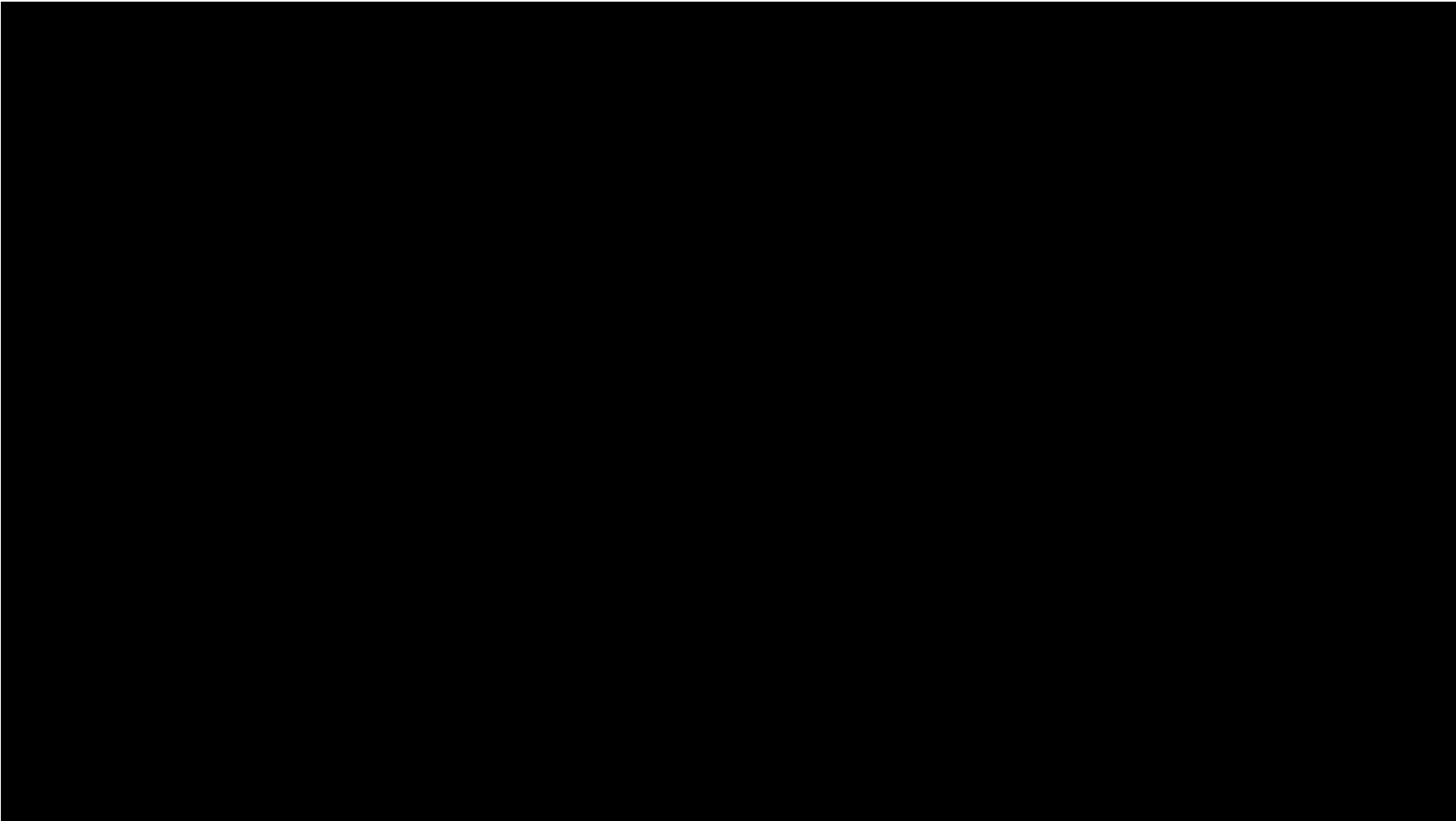
TO CREATE A GINGER REVOLUTION!

- ✓ With over 70 years of bring ginger products to the market, we are the experts at bringing flavour to Australian's taste buds

But we need to:

1. Create an “ownable” visual appearance
2. Inspire a younger generation to pick up our products





CREATING A GINGER REVOLUTION

FROM:



TO:



CREATING A GINGER REVOLUTION

FROM:



TO:



MARKETING SUPPORT:

Transitioning loyal customers

✓ Key message across Magazine, Press & Digital:

After 70 years of being a traditional family favourite, Buderim Ginger is getting a refreshing new look. You'll find it on the same shelves, looking completely different in 2014.



TV Soap - double page strip advertisement under Celebrity Interview spread – 27 Feb issue

CREATING A GINGER REVOLUTION:

Get 'em talking!

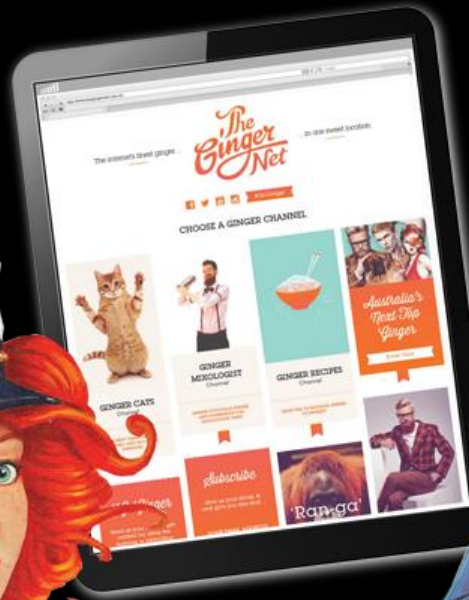


#goginger

NATIONAL BRAND CAMPAIGN

#goginger

The Ginger Net



- **Innovative** 6 month campaign
- Exclusive Sydney launch party
- **National** Competition to find Australia's **Hottest Ginger**
- **thegingernet.com.au**
 - Online Portal celebrating all things **Ginger**



SAMPLING

- **National** sampling campaign from our newly restored Kombi Ute, **GINGER1**, initially targeting **major** events on eastern coast.

CAMPAIGN LAUNCH

Official launch of *The Ginger Net* brand campaign was held in Sydney on 21st October with 133 people in attendance including

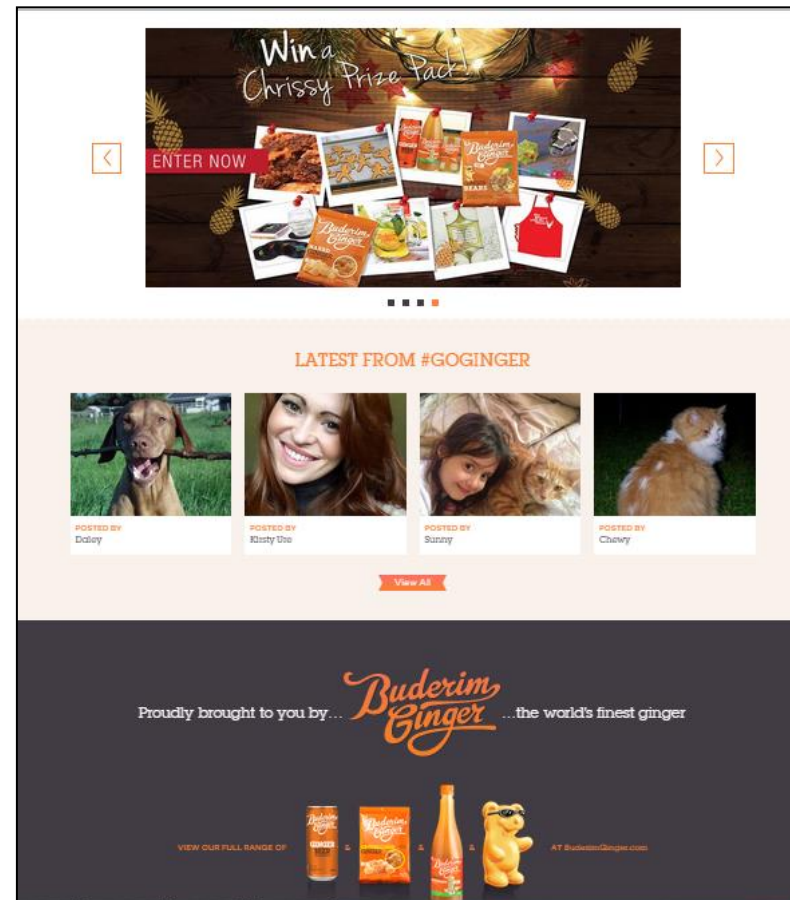
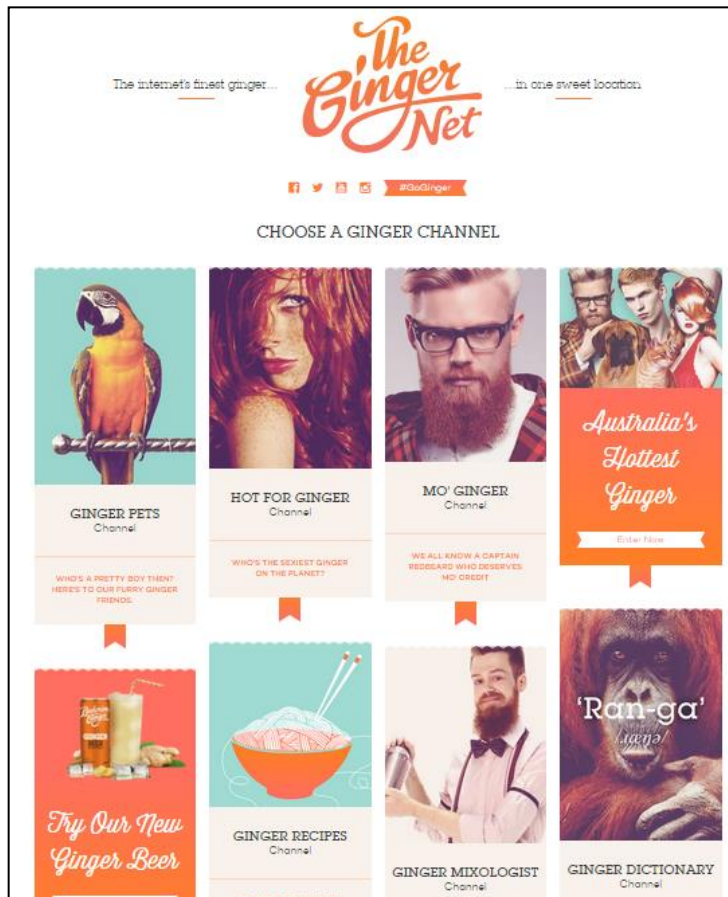
- Big Brother's Michael Beveridge,
- celeb DJs The Faders,
- Andreas Gloor (Canterbury Bulldogs),
- Christina Batista & Kylie Millar (Masterchef),
- Louize Scott (musician)
- Griffen Avis-Foster (model).

38,000 Instagram and Twitter accounts were reached as a result of the **97** social media posts on the night.



HUGE RESPONSE FOR thegingernet.com

- Successfully engaging 18-34yo
- In its first month, achieved 57 011 visits and 126 047 page views



AUSTRALIA'S HOTTEST GINGER COMP.

- October to December
- No of entries = 2325
 - Hot for Ginger 1800
 - Ginger Pets 329
 - Ginger Mo's 196
- No of votes = 207,743
 - Hot for Ginger 177 171
 - Pets 14 656
 - Mo's 15 916
- Competition Finale was held on Thursday 5th February in King George Square, Brisbane. Media coverage included TV, Radio, Print, Online.



TAKING GINGER1 TO MEET THE PEOPLE

MARTIN PLACE, SYDNEY 17TH NOV



WORLD SQUARE, SYDNEY 28TH NOV



ST KILDA FORESHORE, 6TH DEC



MELBOURNE CENTRAL, 9TH DEC



PR – SOCIAL MEDIA SEEDING



MAG ADVERTISING – TRADE & CONSUMER

Australian Beverage Guide (Trade)

Buderim Ginger

Welcome to
The Ginger Revolution

Established in 1941, our 74 years of experience with ginger speaks for itself.

Our ginger cordial mixes have been an Australian favourite for years. Our flagship Ginger Refreshers turns a glass of water into a taste sensation.

Recently launched into the market, is a range of lightly carbonated ginger based drinks that are produced from quality natural ingredients that deliver a flavour hit like no other.

Available in a convenient 250ml, slimline can, these great tasting unique flavours bring much needed excitement to the ginger beer category.

Secure your stock by calling: 1800 067 686

Convenience World (Trade)

Buderim Ginger

Introducing 3 New Flavours to our family...

POINT OF SALE

- Shelf / Fridge Trolleys
- Counter Top Display
- Fridge / Window Decals

NATIONAL BRAND CAMPAIGN

#goginger

The Ginger Net

thegingernet.com.au

An online portal celebrating all things 'ginger', with a range of ginger prints, from funny recipes and ginger cookbooks, to a gallery of Australia's best ginger and an urban ginger dictionary.

SAMPLING

National sampling campaign from our newly restored Kombi Van, **GINGER**

Due to the success of our Original Ginger Beer, our master brewers realise even at Buderim Ginger have been busy creating some new & unique delicious flavours:

- Ginger Beer & Pear
- Ginger Beer & Guaraná
- Reduced Sugar Ginger Beer with 60% Less Sugar*

* Compared to our Original Ginger Beer

All made with only the freshest ginger

Secure your stock by calling: 1800 067 686

Maxim Magazine (Consumer)

Buderim Ginger

Viva La **Ginger Revolution!**

As fine purveyors of all things ginger since 1941, Buderim Ginger Beers and Ginger Cordial mixes are crafted to deliver a flavour hit like no other. Made with REAL ginger it gets fresh with your taste buds and puts the zing in everything.

We have been perfecting our brews for over a decade on the golden shores of the Sunshine Coast in Queensland, shaped by the pickiest of ginger connoisseurs. From mixing it into a sangria, playing poolside, to quenching your thirst after a big surfing set, or adding a zesty splash to a day of fishing out in the tinnie, we've got the unanimous thumbs up!

Ask for your favourite at your local store or call 1800 067 686

C&I Retailing Magazine (Trade)

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TRADE SHOWS



GINGER RALLIES AROUND THE WORLD



HOLLAND

EDINBURGH

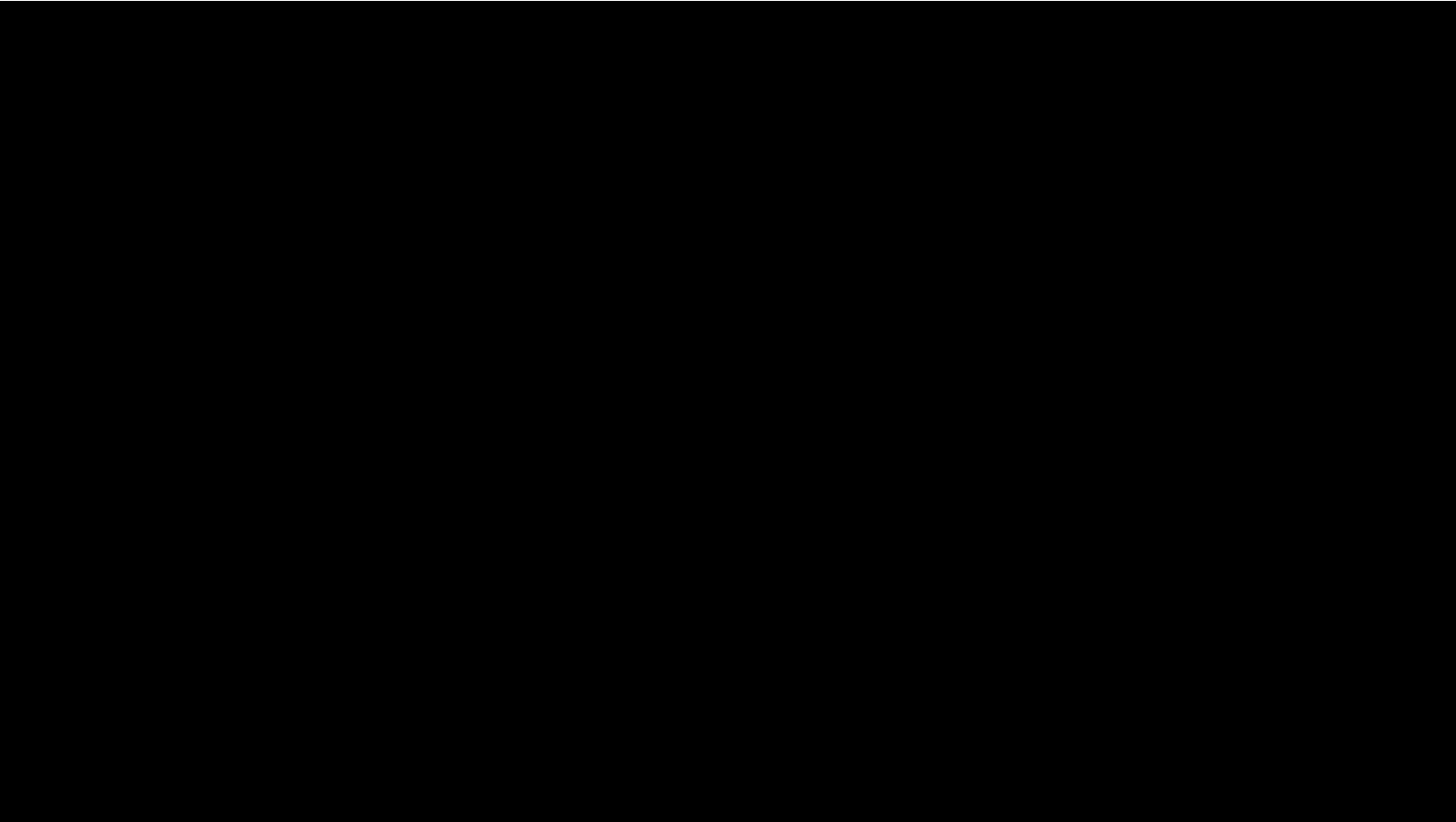


AGGRESSIVE NPD PROGRAMME



NEW POUCH PACKAGING







Buderim Ginger™

THE TASTE OF SUMMER

