



ABN: 55 009 686 435

2015 AGM PRESENTATION

Introduction | Financials | The Market | Honey Supply | Beekeeping Enterprise | Outlook

INTRODUCTION

- Capilano achieved record growth as we focussed on delivering quality 'family friendly' retail products into our core markets.
- Capilano's segmented brand portfolio delivers customers with choice of delivery mechanism and product and price.
- The acquisition of Melbourne based honey packer, Chandler's Honey, which has delivered the growth in supply and revenue we anticipated.
- Such growth in volume has justified the re-commissioning of our southern manufacturing facility located in Maryborough, Victoria.
- In addition, we finalised the installation of a new European manufactured packing line into our primary retail operation in Brisbane. This line has delivered improvements to efficiency, flexibility and quality.



INTRODUCTION - MARYBOROUGH SITE



INTRODUCTION - NEW RETAIL LINE



EARNINGS & DIVIDEND GROWTH ACHIEVED

The 2015 performance includes the impacts of:

- ✓ A revenue increase of \$34.9m (41%) as domestic and export retail sales continued to grow in volume and price.
- ✓ Expenses as a percentage of net sales reduced from 14.3% last year to 10.8% as the operation benefited from increased volumes.
- ✓ EBIT improved \$4.41m (62%) to \$11.6m as revenue grew and sales mix improved.
- ✓ Earnings per share increase of 37.1¢ (68%) to 91.3¢.
- ✓ Dividend increased from 20¢ to 37.5¢ per share.



BALANCE SHEET STRENGTHENED



- ✓ Operating cash flow decreased as there was no insurance cash reimbursements included this year, and the larger business required greater working capital to fund more inventories.
- ✓ Incoming cash flows were used to decrease borrowings some \$2.93m, leading to a 38.6% reduction in net debt this year to a new low of \$4.67m.
- ✓ An increased tax expense of \$3.34m this year, compared with \$1.95m last year.
- ✓ The statement of financial position remains strong with net assets increasing by \$5.12m (18%) this year.

**AUSTRALIA'S
FAVOURITE HONEY
VOTED NO.1**



Winner Sweet Spreads & Sauces Category, Survey of 15,000 people by Nielsen.



FINANCIALS - FY15



REVENUE

▲ \$120.8M

EXPENSES

▼ 10.8%

EBIT

▲ \$11.6M

EARNINGS PER SHARES

▲ 91.3¢

NET DEBT

▼ 4.7M

NET ASSETS

▲ 33.7M

DIVIDEND

▲ 37.5¢ PER SHARE

Table	(\$,000's)	2013	2014	2015
Revenue		72,160	86,003	120,863
Earnings before Interest & Tax (EBIT)		5,903	7,140	11,554
EBIT Depreciation & Amortisation (EBITDA)		7,762	9,054	13,206
Net Profit before tax (NPBT)		4,995	6,490	11,128
Net Profit after tax (NPAT)		3,447	4,619	7,845
Operating Cash Flow		3,244	11,801	7,621
Net Debt		16,053	7,593	4,665
Net Assets		26,947	28,583	33,705
Current Ratio (Current Assets / Current Liabilities)		2.73	2.26	1.54
Debt Ratio (Total Liabilities / Total Assets)		50.7%	42.5%	50.8%
Interest Cover (EBITDA / Interest)		8.5x	13.9x	31x



LEADING MARKET POSITION IMPROVED

- 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.
- In-store messaging remains a focus, as we reinforce:
 - Brand heritage,
 - product provenance,
 - natural production environments,
 - our specialist Australian beekeepers.



MARKET GROWTH CONTINUES

DOMESTIC SALES

▲ 43%

EXPORT SALES

▲ 29%

KEY EXPORT MARKETS

▲ ASIA 29% ▲ NTH AMERICA 36%

▲ MIDDLE EAST 33%

FOOD SERVICE

▲ 25%

BULK INDUSTRIAL

▲ 28%

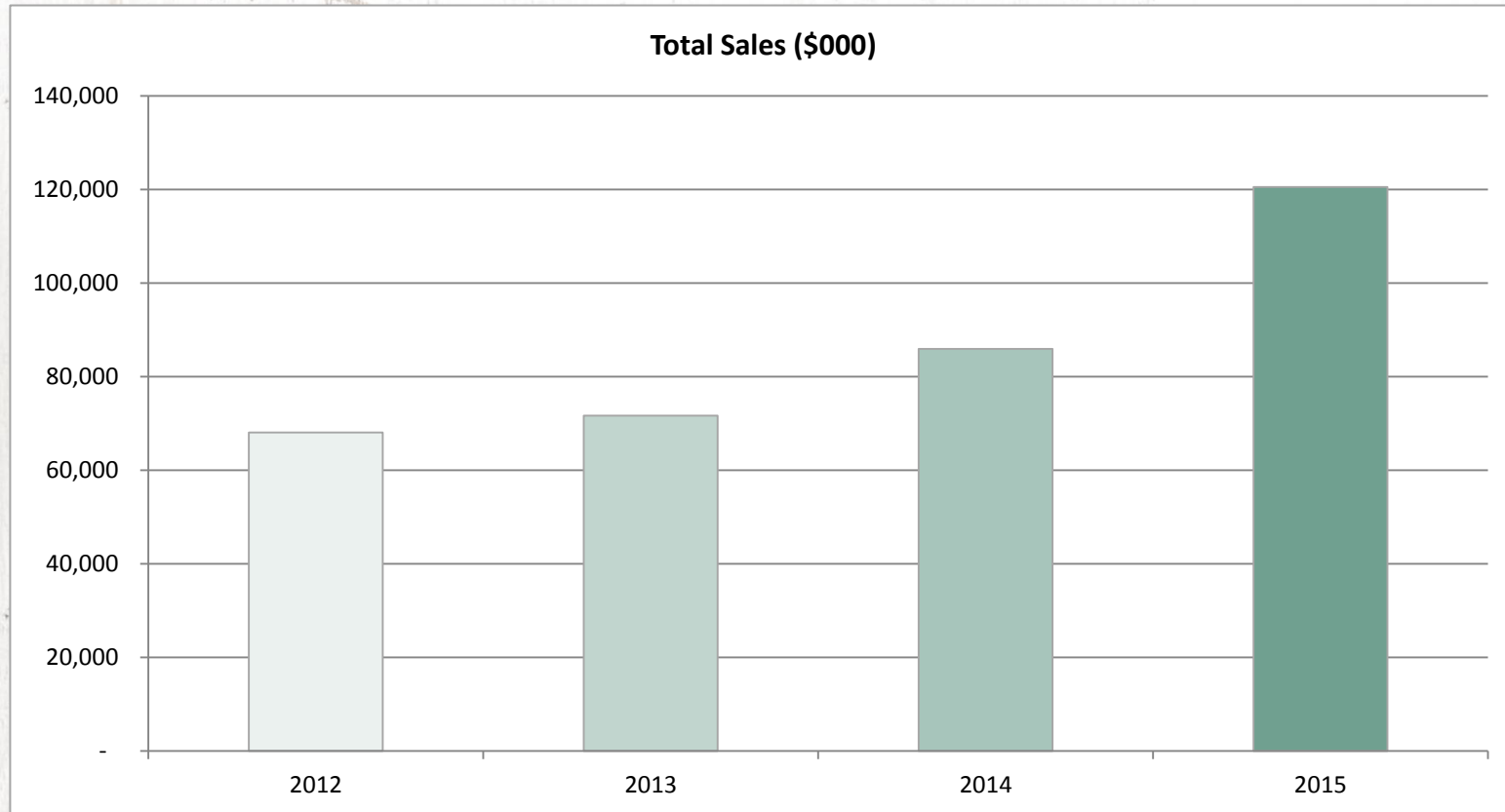
HEALTH & WELLNESS

▲ 26%

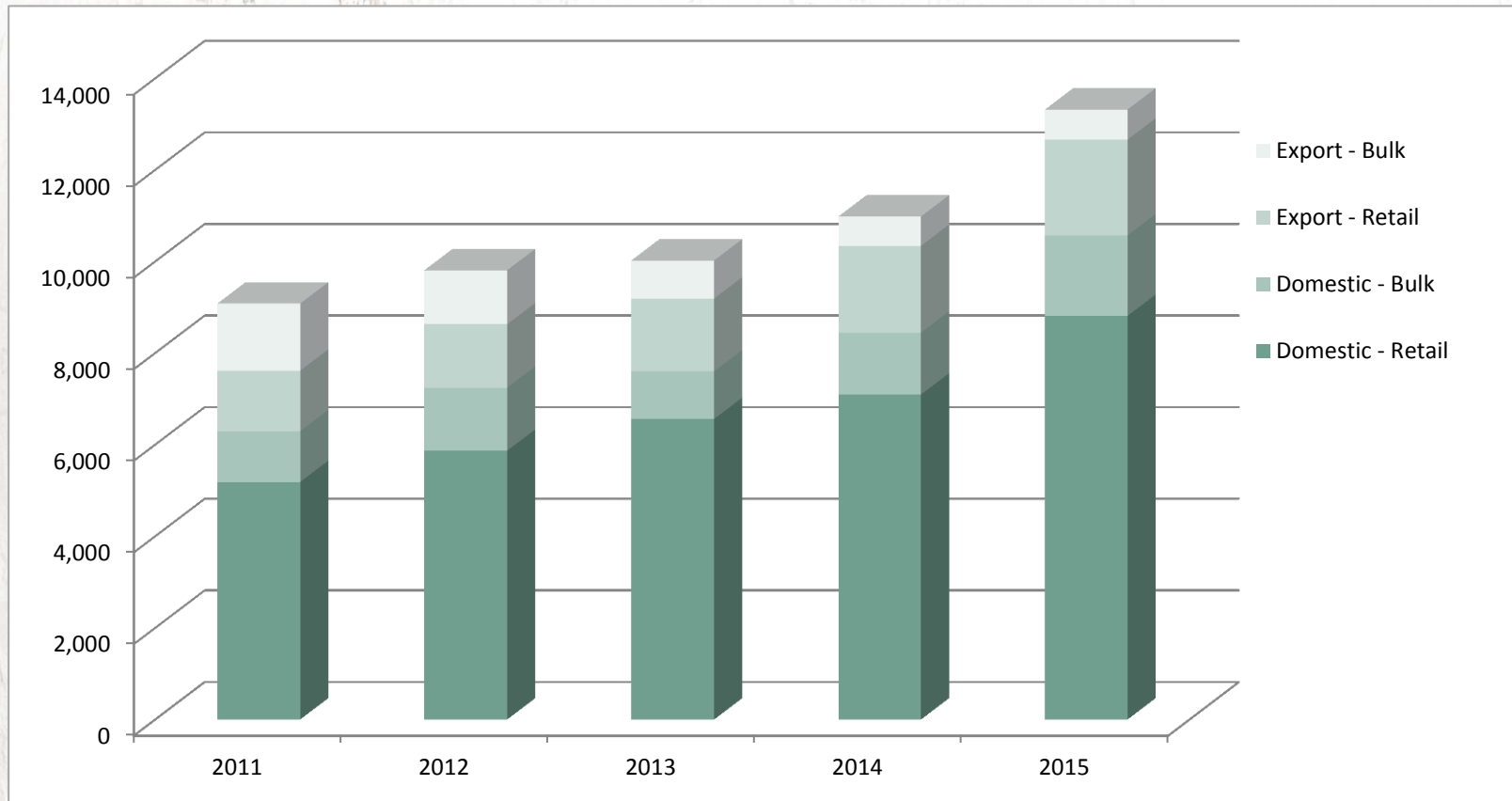
- Capilano's supply chain of raw honey has enabled us to deliver on expanding customer needs.
- Improving crops of Australian honey will be used to continue expanding domestic markets and for premium export markets.
- The production, blending and marketing of specialist premium honeys like Manuka continues.



SALES REVENUE (\$000)



FOCUS ON PREMIUM MARKET GROWTH (TONNES)



DIVERSIFIED SUPPLY BASE



- **NATIONAL SUPPLY BASE**
- **NATIONAL FREIGHT NETWORK**
- **REGIONAL COLLECTION DEPOTS**
- **TARGETING SUPPLIERS OF PREMIUM QUALITY HONEY**
- **INCREASING BEEKEEPER SUPPLIER BASE**
- **THE BEST BEEKEEPER SUPPORT**

HONEY SUPPLY



- Australian honey remains fundamental to Capilano's business and future.
- We remained focussed on delivering our beekeepers the best sustainable price and service.
- Honey prices have risen and remain high.
- This year to date we have had 15% more Australian honey delivered than last year, which is helping to supply a larger business demand.
- The peak supplying months are over the summer period with forecasts this year in line with last year, recognising the reality that short-term weather events can influence production greatly.



BEEKEEPING ENTERPRISE



- Following a recent acquisition, Capilano now operates one of Australia's largest active Manuka honey producers, which is located in Evans Head, New South Wales.
- Antibacterial active Manuka honey is produced from the *Leptospermum* species of plants that are native to Australia and New Zealand. This honey is recognised for its scarcity and unique clinically proven antibacterial qualities and consequential premium price.
- Capilano recognises that growing premium honey supply and industry capability by investing in our supply chain will deliver increased product security, whilst delivering a material benefit to our earnings over time.



OUTLOOK

- Market share levels have been conserved and Capilano is on-track to report a better half-year profit than it did for the same period last year.
- Preserve market leadership and growth.
- Continue to innovate and deliver the market new premium products.
- Utilise existing operational capacity to benefit from economies of scale.
- Help facilitate expansion and succession within the beekeeping industry.
- Work closely with beekeepers to strengthen our security of supply and working relationships.
- Continued focus on quality, flavour, service and cost.



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SINCE 1876
**Barnes
Bnatural**

Wescobee


bee vital™
