



CELEBRATING

SINCE LISTING

RETAILFOODGROUP

STRENGTH IN BRANDS

ACQUISITION OF HUDSON PACIFIC CORPORATION



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Executive Summary & Vision



The Transaction

Expediting RFG's evolution into a full service food & beverage company

The Transaction:

- Share Purchase Agreement (SPA) to acquire 100% of issued capital in Hudson Pacific Corporation Pty Ltd (HPC)
- Subject to confirmatory due diligence & usual conditions
- Anticipated completion late September 2016

Acquisition Pricing:

- c.\$88m⁽¹⁾

Transaction Metrics:

- Out-year⁽⁶⁾ Pro-forma EBITDA c.\$15.5m⁽²⁾
 - Excludes significant scale & leverage opportunity
- Out-year acquisition EV/EBITDA c.5.7x
- Out-year EPS accretion +10%

Funding:

- Banking facilities & cash: \$55m⁽⁴⁾
 - Out-year Gearing Ratio of c.30%⁽³⁾
- RFG scrip consideration: c.\$33m⁽¹⁾
 - Represents c.38% of Acquisition Pricing
 - Vendor aligned with RFG vision
 - Motivated to grow acquired business

Hudson Pacific will contribute c.\$11m⁽⁵⁾ to FY17 Group EBITDA⁽²⁾ & comprises the following functional business units:



- Leading Victorian independent foodservice business
- +4,000 SKU's/2,000 customers
- c.5000m² warehousing & 17 delivery vehicles
- 20+ years servicing select RFG Brand Systems
- ➔ >\$300m distribution value when combined with RFG
- ➔ Facilitates penetration of RFG product into new markets



- Australia's largest independent cheese value-adding enterprise
- Focus on high-volume contract manufacturing, packing & processing
- Significant export opportunity
- 2nd Victorian facility being commissioned – doubling capacity
- ➔ Sizeable vertical integration & scale opportunity
- ➔ Value-add dairy products to be supplied into Brand Systems & wholesale customers



- Victorian based manufacturer of chilled/frozen value-added bread products
- Key clients include supermarkets & foodservice
- Two production lines
- ➔ Vertical integration & scale opportunity
- ➔ Product innovation/central bakery supporting RFG's Café/Bakery Division

(1) Subject to final settlement adjustments
(2) Underlying: gross of acquisition integration costs

(3) Consistent with present gearing & comfortably within all lending covenants
(4) Agreed fixed portion of Pricing/Senior Debt Facility headroom of +\$110m

(5) Assumes settlement late September 2016
(6) The twelve month period from transaction completion

Evolution of RFG

Vertical integration drives **transformation** & benefits RFG, it's franchise community & wholesale customers

- Significant step change in operations & growth opportunity
 - Formal entry into procurement, warehouse, distribution & food manufacturing
 - Access to new markets – domestic & international
 - Meaningful vertical integration opportunity
 - Significant uplift in scale for supply-side leverage
 - Delivers further growth via incremental value add opportunities
- Dedicated Commercial Division to extract substantial opportunity & complement existing Franchise, Coffee & Allied Beverage, International and M&A growth levers
- c.20 year RFG/HPC relationship provides comfort
- HPC founder Ken Skoulllos & CEO Frank Karkalas committed to RFG long term
 - Combined 70+ years experience in foodservice, procurement, warehouse, distribution, manufacturing, import/export & commodities
- HPC & RFG in alignment with future growth potential & synergistic opportunity
 - Organic & acquisitive growth throughout Eastern seaboard
 - Establishment of international food service hubs
 - Increase product, ingredient & manufacturing pursuits

VISION: CREATING COMPELLING
OPPORTUNITIES FOR SUCCESS GLOBALLY



FRANCHISE



COFFEE &
ALLIED BEVERAGE



INTERNATIONAL



COMMERCIAL

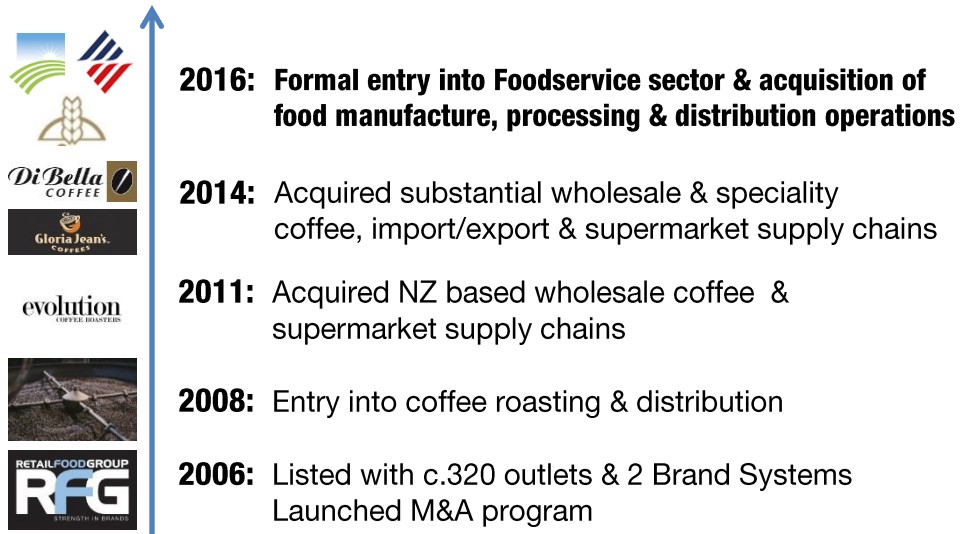


M&A

Strategic Rationale

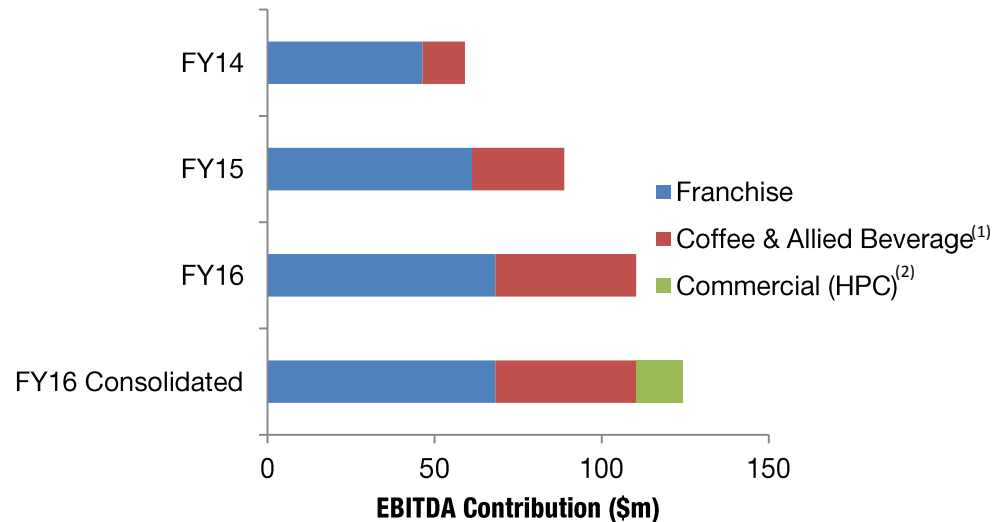
Natural progression from coffee & allied beverage to distribution & food processing/manufacturing activities

Complements RFG's Commercial Aspirations



- Acquisition provides meaningful benefit to franchisee community
- Transaction satisfies entirety of RFG's core investment criteria & considered unique in terms of past M&A activity
 - Earnings per Share (EPS) accretive
 - Each acquired business unit complements existing operations & generates increased scale
 - Diversifies revenue streams & offers vertical integration opportunity

Further Diversifies EBITDA Composition



- Broadens revenue streams & further diversifies portfolio
- Enhances ability to capitalise on new growth opportunity whilst supporting existing business
- Augments utilisation of corporate resources
- Enables realisation of scale benefits
- Further reduces reliance on any one business unit

(1) Includes EBITDA contribution from coffee & allied beverage sales to Brand System franchisees

(2) Represents HPC FY16 Pro-Forma EBITDA

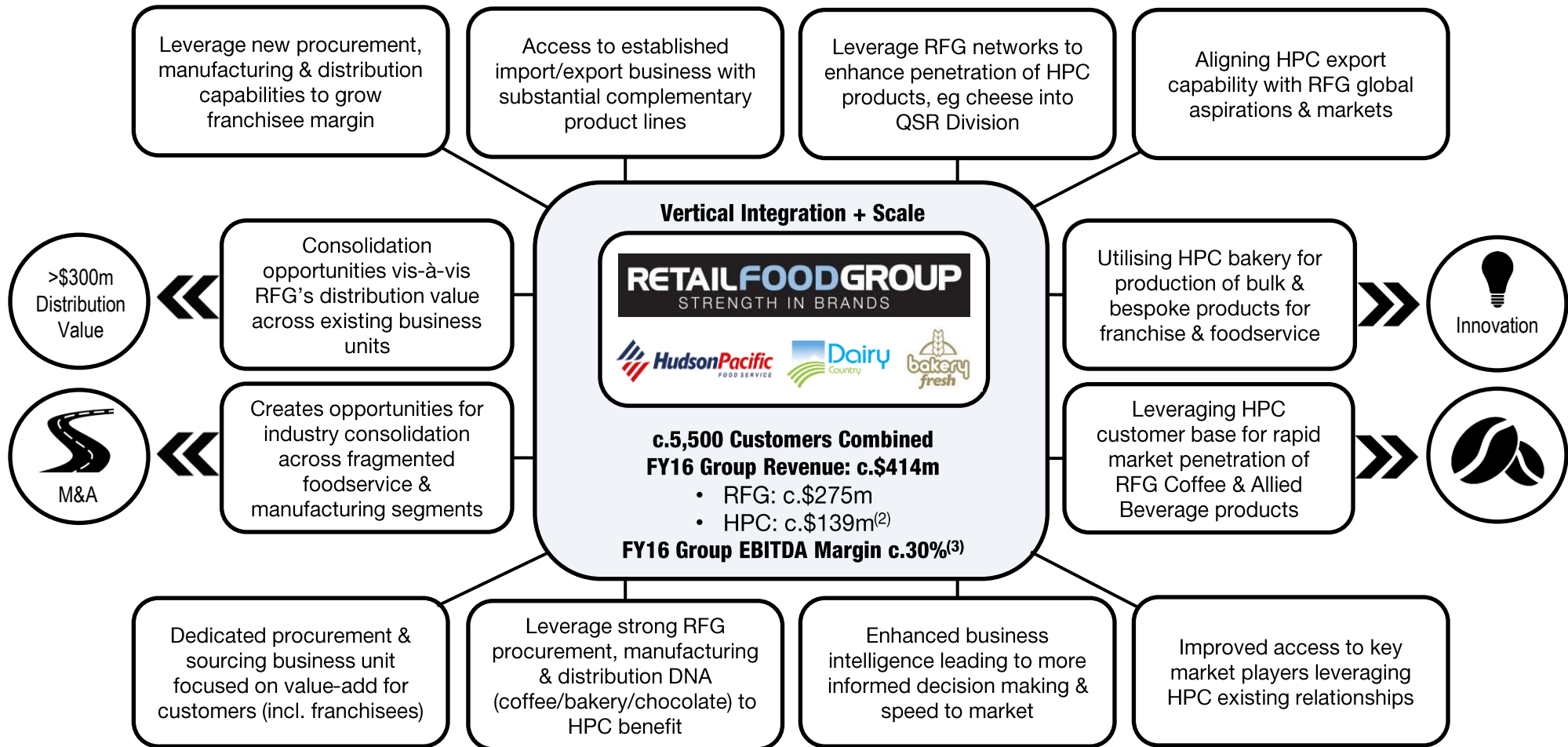
Controlling Routes to Market

Enhancing control of **route to market, product quality & provenance** capturing greater portion of third party food service & manufacturing EBITDA



Opportunity Profile

Alignment provides an enhanced growth platform with significant opportunity & increases RFG revenue by c.50%⁽¹⁾



(1) Based on FY16 RFG Revenue + FY16 HPC Pro Forma (unaudited) Revenue

(2) FY16 Pro Forma subject to audit

(3) FY16 Pro Forma subject to audit in respect of HPC

Complementary Operations

Hudson Pacific is a complementary business, presenting synergistic benefits as well as new opportunities for RFG's current operations

Capabilities	RFG	HPC	Consolidated
Wholesale Channels to Retailers	✓	✓✓✓	✓✓✓✓
Wholesale Channels to Supermarkets	✓	✓✓	✓✓✓
Wholesale Channel to Commercial Businesses, Airlines & Hospitals		✓✓✓	✓✓✓
Packaging & Warehousing	✓	✓✓	✓✓✓
Established Distribution Network	✓	✓✓	✓✓✓
International Supply Chain	✓	✓	✓✓
Advanced Procurement & Direct Sourcing Network	✓	✓✓✓	✓✓✓
Food Manufacturing & Processing		✓✓	✓✓✓
Coffee & Allied Beverage Manufacturing	✓✓✓		✓✓✓
Export Channels	✓	✓	✓✓
Import Channels		✓	✓✓

Emerging: ✓

Mature: ✓✓✓✓✓

Complementary Product Range

HPC & RFG each have complementary manufactured & wholesale product ranges that provide additional leverage

Key Product Categories	RFG Vertically Integrated	HPC Vertically Integrated	Consolidated Vertically Integrated
Cheese & Dairy Products		✓✓✓	✓✓✓✓
Value Added Breads (Garlic, Ciabatta, Rolls)		✓✓	✓✓✓
Coffee (Ground, Beans & Capsules)	✓✓✓		✓✓✓✓
Drinking Chocolate Powder	✓✓		✓✓✓
Syrups & Allied Beverage Products	✓		✓✓
Emerging: ✓ Mature: ✓✓✓✓✓			

Key Product Categories	RFG Sourced	HPC Supplied
Small Goods	✓	✓
Flour, Sugar & Oils	✓	✓
Packaging	✓	✓
Meats (Beef, Lamb, Chicken)	✓	✓
Sauces & Condiments	✓	✓

Business Overview

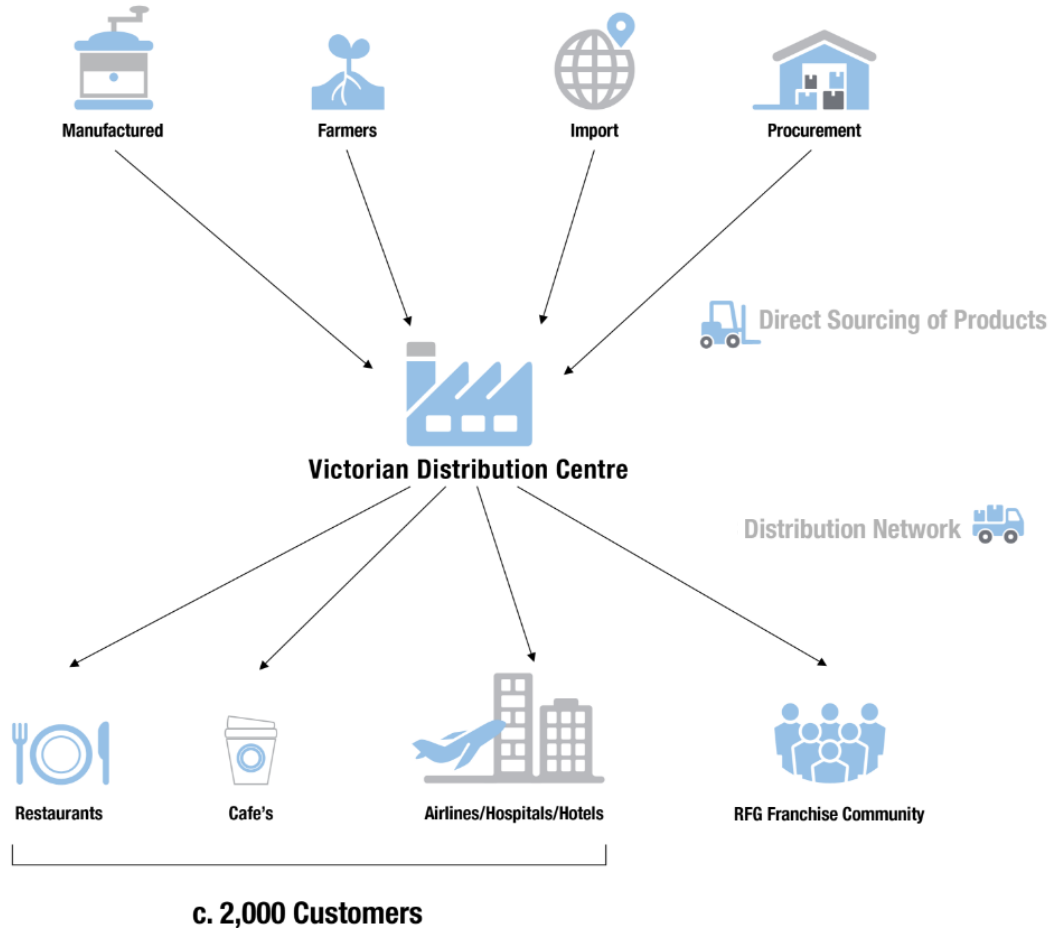


Hudson Pacific Food Service

30+ years experience supplying Australia's leading restaurants, cafes, food retailers & institutions



- Established in 1985 by Ken Skoulllos
 - 20+ years relationship with RFG
- Foundation member of Countrywide national distribution group (+100 members)
- Leader in foodservice with strong (+2,000) customer base
 - +4,000 SKUs across frozen, chilled & ambient
- Importing division established 1995
- Suite of established proprietary brands



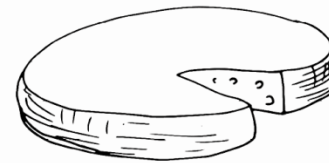
Dairy Country

Vertical integration **complements** increasing demand for Australian dairy goods

- Established in 2005 to meet demand for value added dairy products
 - Long term relationships with key industry players
- Highly automated & efficient plant with state-of-the-art equipment
- Specialist value-add cheese processing business
 - High-volume manufacturing, packing & processing
 - Works with some of Australia's most trusted & loved dairy brands
- Processing facility shreds, grates, shaves & packages products for local & export markets
- In-house proprietary brands for domestic sale & export markets
- Maintains necessary export accreditations
 - Access to growing foreign demand for Australian dairy products
- Significant opportunity for vertical integration within RFG franchise community to enhance product traceability & efficiencies
 - RFG's Brand Systems currently consume c.\$35m in dairy products
 - Dairy Country not currently a supplier into RFG
- Simplicity of model mirrors existing coffee roasting operations with opportunities to extract further efficiencies under RFG stewardship

INDUSTRY

45% OF DOMESTIC SALES OF
AUSTRALIAN PRODUCED
CHEESE
TO MAJOR SUPERMARKETS



FY15 SALES OF DOMESTIC
PRODUCT VALUED AT **\$1.95
BILLION**

CHEESE EXPORTED TO



**60
COUNTRIES**

– MAJORITY OF EXPORTS –

{ JAPAN, CHINA, MALAYSIA,
SOUTH KOREA, SINGAPORE }

DAIRY COUNTRY

**25
000
TONNES**

OF  PROCESSED
EACH YEAR

AUSTRALIAN QUARANTINE &
INSPECTION SERVICE

{ **AQIS** }



Bakery Fresh

Specialist manufacturer of private label & proprietary value added bakery products for grocery & foodservice segments

- Established 2004 to meet demand for par-baked & frozen bakery products
- Manufactures chilled & frozen bakery products including garlic bread & ciabatta
- Existing supplier to:
 - National supermarket accounts
 - Foodservice industry
 - RFG franchise network
- Long term partnerships provide secure base to grow operations
- Vertical integration opportunity with RFG's Café/Bakery Division
 - Offers bespoke solutions to counter challenges inherent in retail bakery industry
 - Bakery Fresh currently limited supplier into RFG
- SQF (Safe Quality Food) Certified



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