COMVITA®

ANNUAL SHAREHOLDERS' MEETING

October 2016

CELEBRATING 42 YEARS OF NATURAL HEALTH

42

Share Nature. Share Life.

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WELCOME TO

NEIL CRAIG CHAIRMAN'S ADDRESS

BOARD OF DIRECTORS

Neil Craig
Non-executive
Chairman

Alan Bougen
Non-executive Director
& Deputy Chairman

David Cullwick
Independent Director

Sarah Ottrey
Independent Director

Luke Bunt
Independent Director

Sarah Kennedy
Independent Director

Murray Denyer
Independent Director

KEY ACHIEVEMENTS

$231m
(15 Months)

CAGR
March 15-16
of 32%

$18.5m
(15 Months)

Operating earnings
of $17.1m in line
with guidance

Extended supply
security via strategic
alliances in both NZ
and Australia

Peer reviewed,
published, clinical
research studies on
Olive Leaf Extract
driving sales growth

SEADRAGON
SUSTAINABLY PURE

Strategic
investment in
SeaDragon

SALES GROWTH

RECORD EARNINGS

SUPPLY SECURITY

CLINICAL STUDIES

EXTENDED INGREDIENT PLATFORM

COMVITA

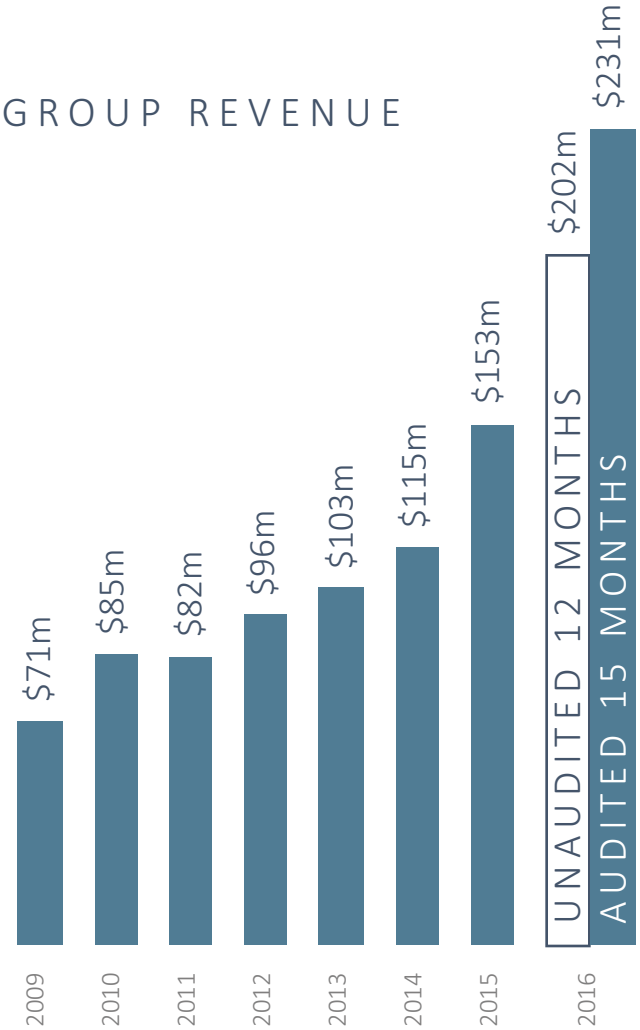
Financial results for the period ended	30 June 2016 $'000 15 Months	31 March 2016 $'000 12 Months	31 March 2015 $'000 12 Months	Change Mar 15-16 %
Revenue	230,743	202,155	152,702	32%
EBITDA*	39,445	36,416	22,950	59%
EBITDA % of operating revenue	17.1%	18.0%	15.0%	3%
Net profit after tax	18,477	17,204	10,244	68%
Earnings per share (cents per share)	46.91	43.36	29.88	45%
Dividends (cents per share)**	18.00	16.00	13.00	23%
Return on Capital Employed (ROCE)	14.3%	15.3%	12.0%	28%

*EBITDA: earnings before interest, tax, depreciation and amortisation.
** Note dividend payment ratio lowered to 40-45%.

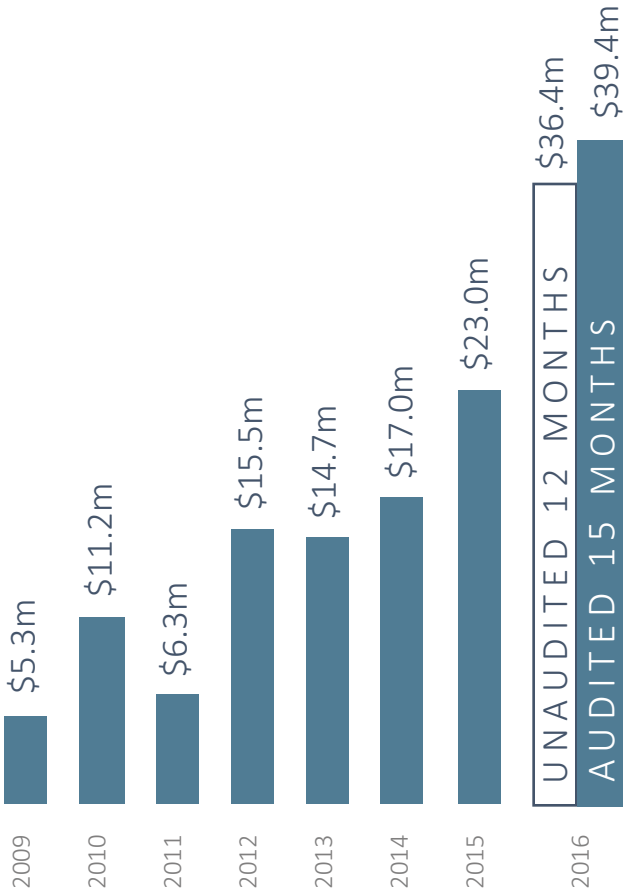
KEY FINANCIAL HIGHLIGHTS

COMVITA

GROUP REVENUE



EBITDA*



* EBITDA – earnings before interest, tax, depreciation and amortisation.

FINANCIAL PERFORMANCE

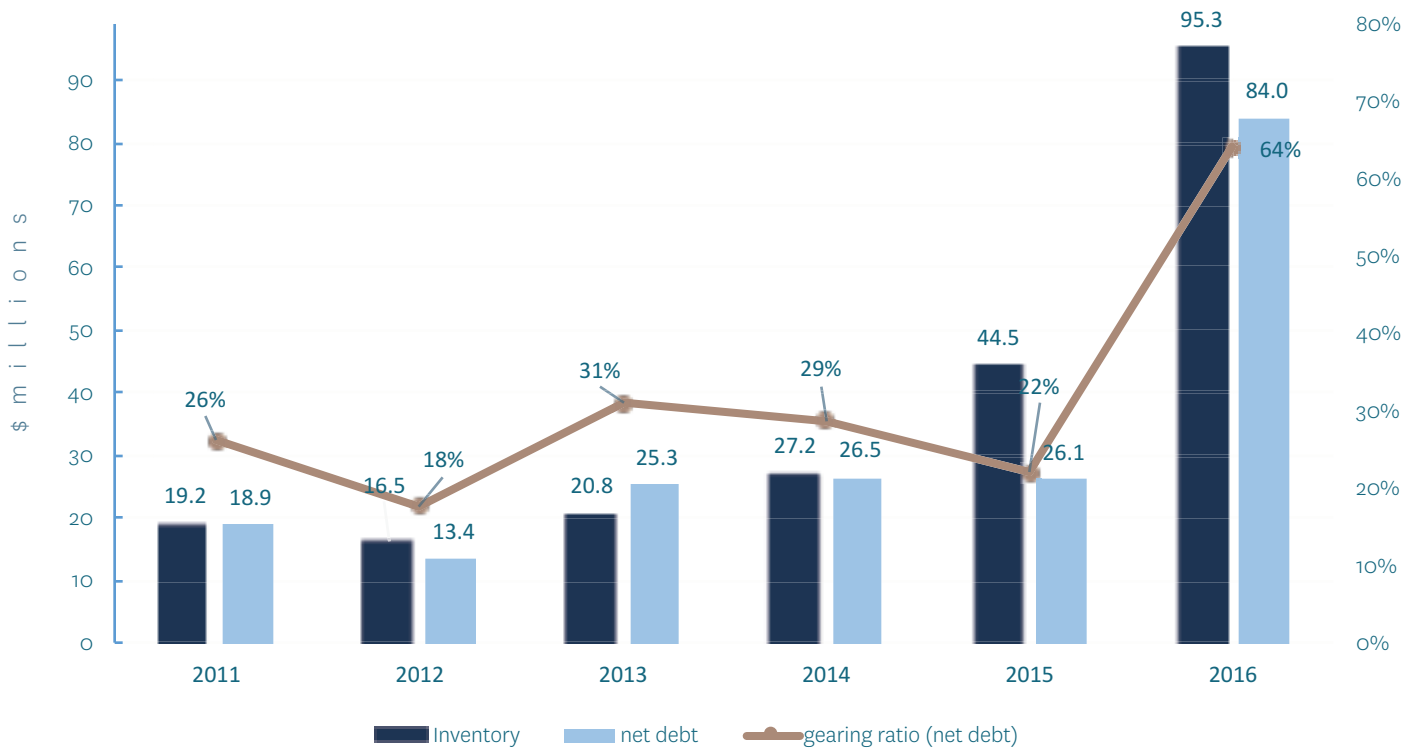
Key Balance Sheet Ratios	30 June 2016 $'000	31 March 2015 $'000	Change %
Total assets	243,268	199,722	22%
Raw material inventory	64,509	27,722	133%
Net debt	84,020	26,093	222%
Net debt to equity ratio	63.7%	22.0%	190%
Weighted average shares on issue	39,386	34,285	15%
Net debt to EBITDA	2.1x	1.1x	91%
Interest cover	6.8x	6.0x	13%

$

KEY BALANCE SHEET RATIOS

COMVITA

NET DEBT AND GEARING



DEBT GROWTH IS CORRELATED TO INVENTORY

TOTAL SHAREHOLDER RETURN
% GROWTH OVER 5 YEARS

Comvita TSR NZX 50 Index

5 YEAR TOTAL SHAREHOLDER RETURN

Comvita has provided excellent returns to its long term shareholders

CHINA
RESOURCES
NG FUNG

- Placement of 2.0 million ordinary shares at $10.60 per share ($21.2m)
- Will own Circa 9.0% of Comvita
- Ng Fung affiliated retailers have 4,000 supermarket outlets in China
- Over 60% of our customers are Chinese, important market for us and relationships in this market are critical

COMVITA

SUPPLY
PARTNERSHIP
GROUP

Innovative scheme to reward beekeepers, who sign long term contracts, with Comvita shares.

55

BEEKEEPERS

in the scheme

COMVITA

WELCOME TO

SCOTT COULTER CHIEF EXECUTIVE OFFICER'S REVIEW

EXPERIENCED LEADERSHIP

Scott Coulter
Chief Executive Officer

Mark Sadd
Chief Financial Officer

Patrick Brus
Chief Corporate Services Officer

Ben Shaw
Chief Marketing Officer

Sharon Hollenstein
Chief Innovation Officer

Colin Baskin
Chief Supply Chain Officer

Simon Pothecary
Chief Sales Officer

VISION: SOURCE TO SHELF

CONNECTED TO THE SOURCE

NATURAL PRODUCTS THAT WORK, BACKED BY SCIENCE

CLOSE, DIRECT LINKS WITH CONSUMERS IN KEY MARKETS

TRUSTED

COMVITA STRATEGY

$400m by FY21
SOURCE TO SHELF BUSINESS MODEL

EARNINGS FOCUS

Concentrate on earnings growth

CONNECT TO SOURCE

Supply chain ownership and partnerships that connect customers directly to the source

CONNECT TO CONSUMERS

Move closer to our consumers

- Grow direct-to-consumer channels
- Increase marketing and spend
- Balance East and West distribution

INNOVATION

Optimise and diversify ingredient platforms

- Olive Leaf Extract
- Marine bioactives (+Omega-3)

New

- Berries
- Milk
- Probiotics
- Kiwifruit

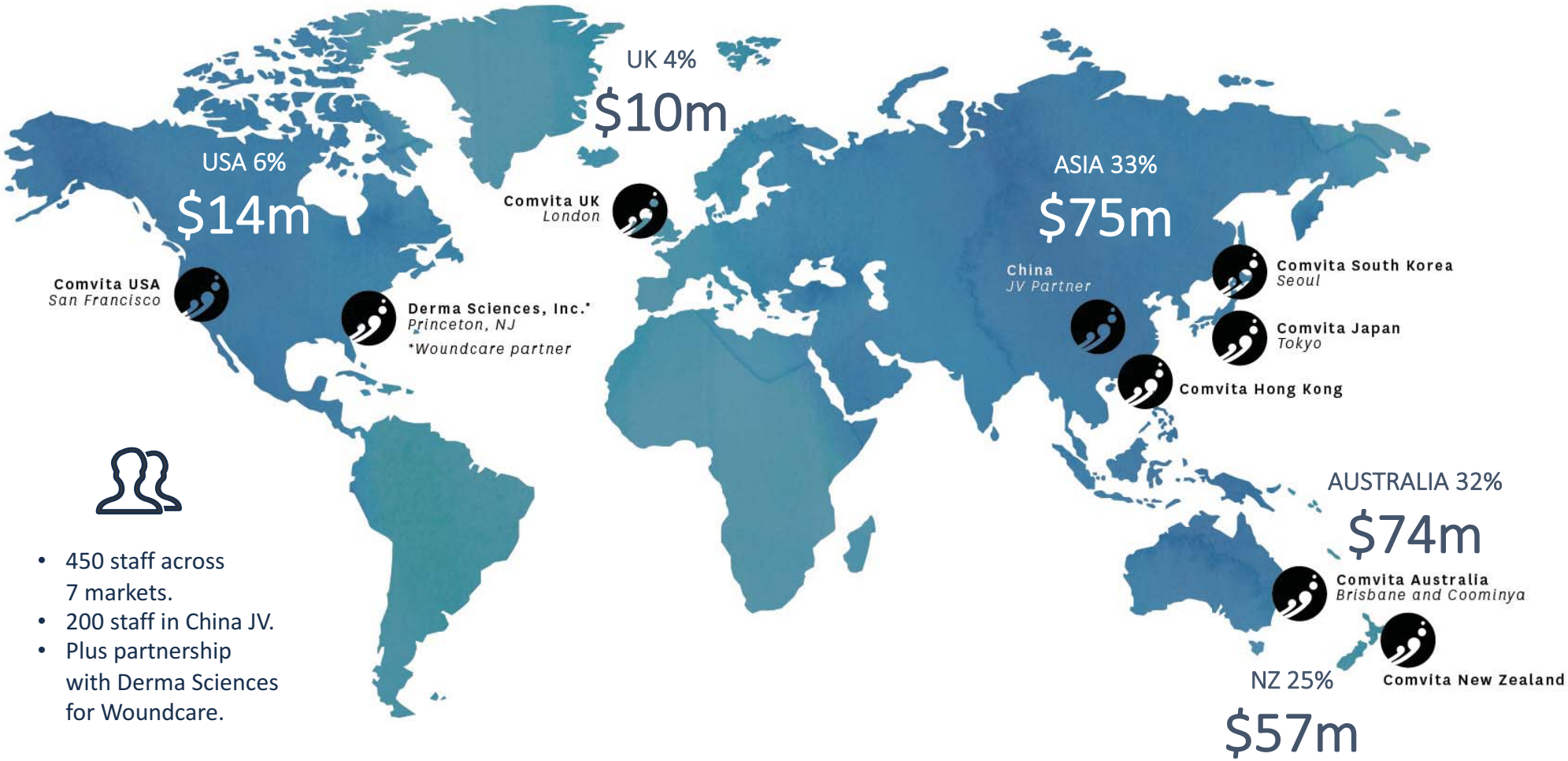
ACQUISITIONS

Focus on profitable acquisitions

Comvita has always invested in the long-term…

GLOBAL DISTRIBUTION

8 Target Markets, 8 Market Companies



- 450 staff across 7 markets.
- 200 staff in China JV.
- Plus partnership with Derma Sciences for Woundcare.

Figures are based on 15 months audited results to 30 June 2016.

PREMIUM GLOBAL

RETAIL NETWORK

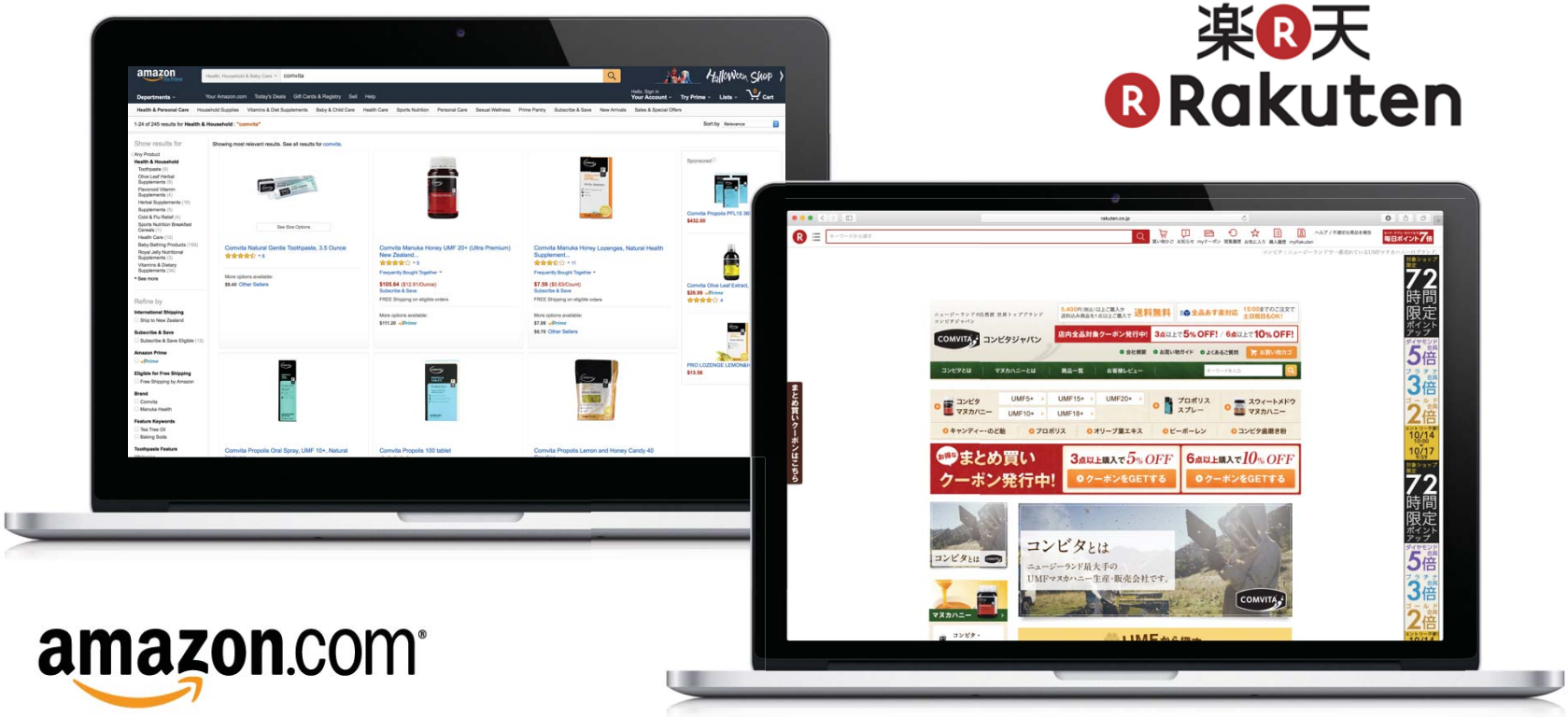
Popcorn Mall, Hong Kong

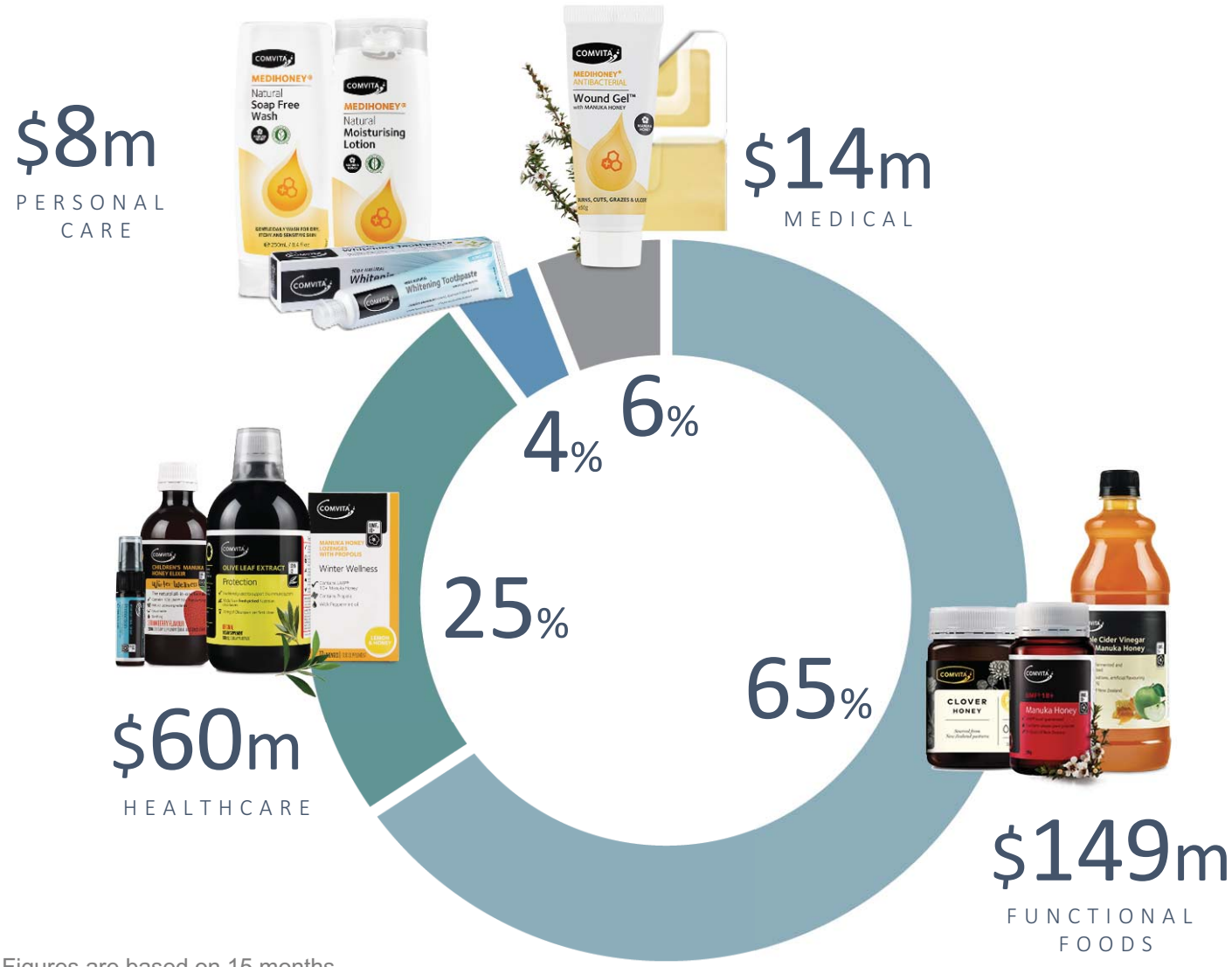
My Chemist, Australia

Sogo Dept Store, Hong Kong

Shinsegae Dept Store, South Korea

DIGITAL


amazon
楽天
Rakuten
amazon.com
COMVITA
まとめ買いクーポン発行中!
3点以上購入で5% OFF
6点以上購入で10% OFF
クーポンをGETする
コンビタとは



Figures are based on 15 months audited results to 30 June 2016.

PRODUCT SEGMENTS OF TOTAL REVENUE

CONNECTING TO THE

SOURCE

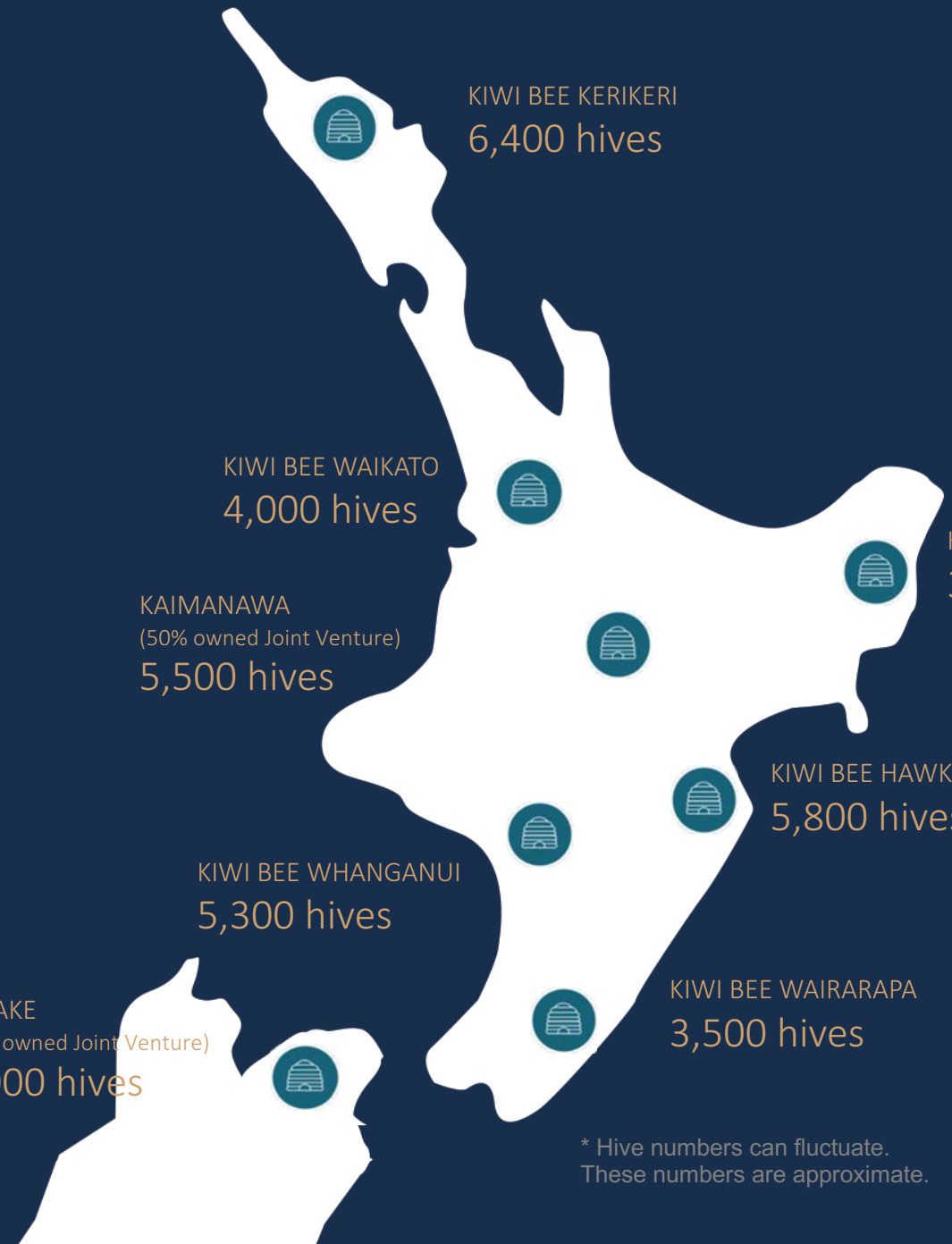
Supply side initiatives

KIWI BEE LOCATIONS

Kiwi Bee strategy has focused on regional diversification in order to mitigate weather events.

Approximately 30,000 hives*

Several thousand more under management.



* Hive numbers can fluctuate.
These numbers are approximate.

JOINT VENTURE: BLENHEIM

PUTAKE

South Island operation

1,200 hives

2,800 hives under management

JOINT VENTURE:
EAST TAUPO LANDS TRUST, TUWHARETOA

KAIMANAWA

Commencing third season

⇧

Commenced with 3000 hives

⇧

This year 5500 hives will be air lifted in

⇧

Targeting 10,000 hives

KAIMANAWA

COMVITA

JOINT VENTURE: RUATITI, RATAHEI

MAKINO STATION

1,671ha high quality Manuka Honey

Manuka plantation opportunity

50:50 joint venture with Apiflora

JOINT VENTURE AUSTRALIA:
MEDIBEE APAIRIES

CAPILANO ASX:CZZ

2,000 hives;
looking to acquire more

Medical grade honey

COOMINYA, QUEENSLAND, AUSTRALIA

FRESH PICKED OLIVE LEAF EXTRACT

More than one million olive trees, over two farms

Fresh picked daily at 5.00am, processed daily

Invested in Harvest and process automation

Planting of a further 80,000 trees

INVESTMENT: NELSON, NEW ZEALAND

SEADRAGON

STRATEGIC FOCUS

High quality New Zealand fish oils with a genuine source story

POST RIGHTS ISSUE

SeaDragon capital raising will able them to invest in additional technology to broaden their customer base

9.1% stake able to increase to 20.2% by conversion of convertibles and execution of options

New Zealand seafood industry wants to create value from limited amount of fish; utilising waste material is a key driver (66% of a fish is by- product)

SEADRAGON
SUSTAINABLY PURE

2 plants:
- 5,000T
- 500T

Can do pilot and large scale manufacturing

Technical expertise in processing fish oil

COMVITA

CONNECTING TO

CONSUMERS

Distribution & channel initiatives

COMVITA

JOINT VENTURE: SHENZHEN CHINA

COMVITA CHINA

47%

GLOBAL E-COMMERCE

74%

CHOOSE BRANDS

COMVITA

WELCOME TO

MR. ZHU GUANGPING

CHAIRMAN SHENZHEN COMVITA NATURAL FOOD COMPANY

CHINA RETAIL NETWORK

35 STAND ALONE STORES AND OVER 400 RETAIL KIOSKS

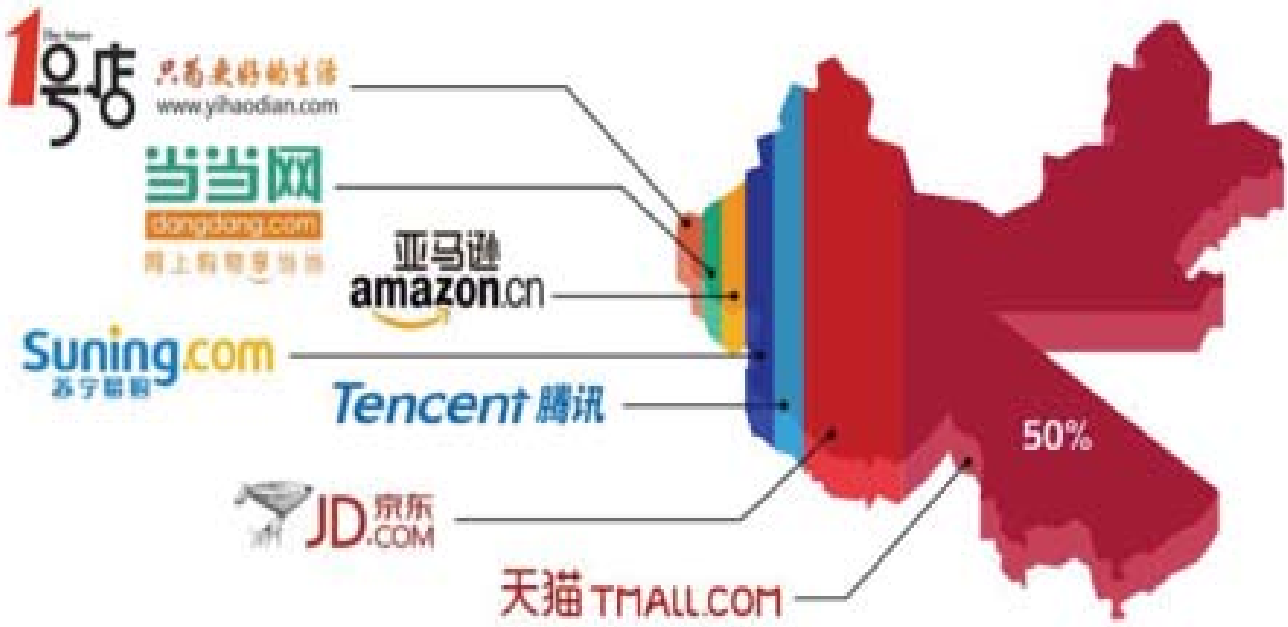
Focus on Eastern Seaboard and Duty Free locations

CHINA WHOLESALE NETWORK

National Wholesale Distribution

COMVITA

CHINA DIGITAL NETWORK



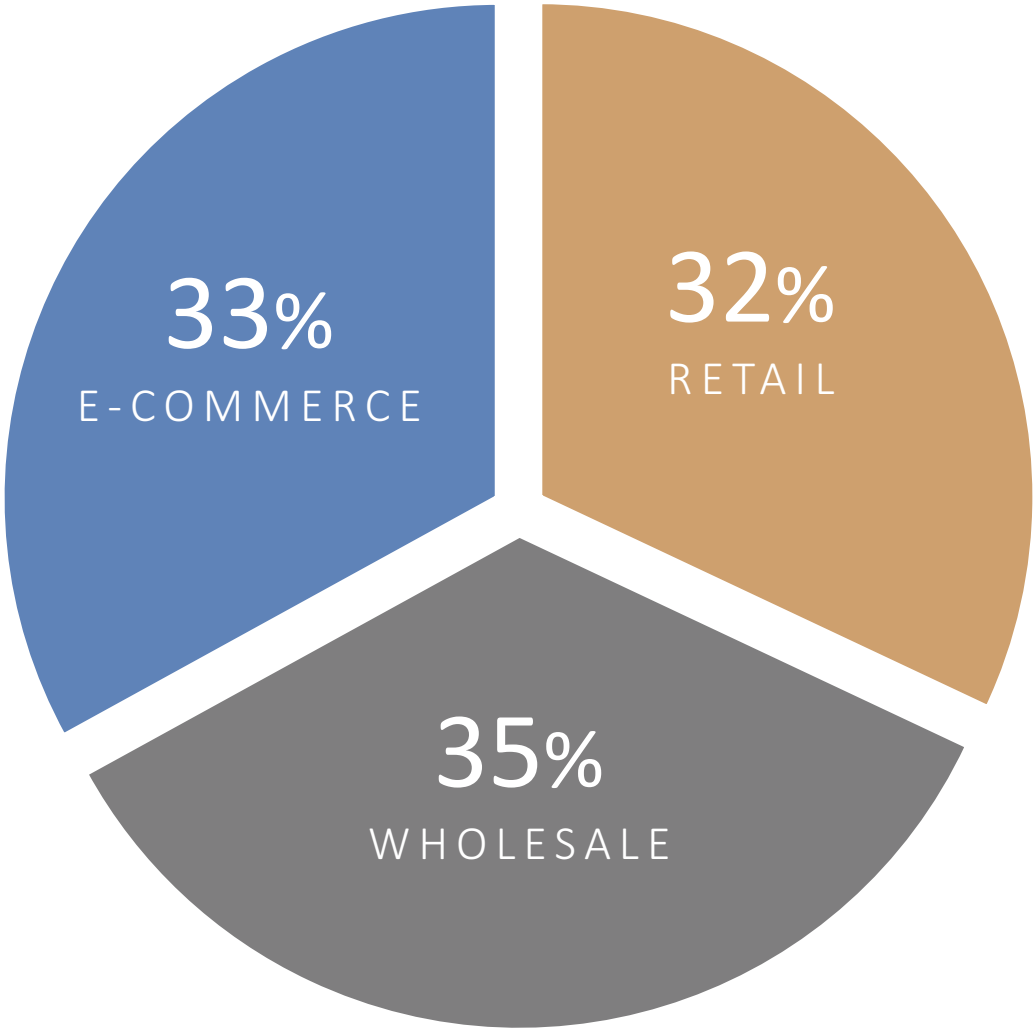
Products are listed on all major e-commerce platforms

COMVITA
CHINA SALES

#1
IN TAO BAO C2C

#2
IN T-MALL B2C

COMVITA



CHINA SALES SPLITS

WITHIN CHINA:
Even balance of e-commerce, wholesale and retail

INNOVATION & MARKETING

HEALTHY INGREDIENTS THAT HELP WITH HEALTH NEEDS

EXTEND AND DEFEND

BEE BASED PRODUCTS:
Manuka, Honey, Propolis, Royal Jelly, Pollen

DRIVE CATEGORY GROWTH:

Marketing, NPD, Clinical

MEDIHONEY

OMEGA

OLIVE

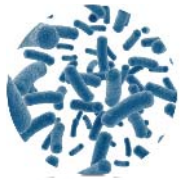
EXPAND

New consumer benefits, partnerships, M&A

MILK

BERRY

KIWIFRUIT



PROBIOTICS

A VISION FOR COMVITA RETAIL

$150 million of new (to Comvita) product sales by FY21

FRESH PICKED

OLIVE LEAF EXTRACT

LEVERAGING CLINICAL TRIAL:

Effect of Extra Strength OLE on **blood pressure** may be associated with:

9-14%
REDUCTION
in cardiovascular disease risk

20-22.5%
REDUCTION
in stroke and heart attack risk

SHIFT FROM IMMUNITY TO CARDIOVASCULAR

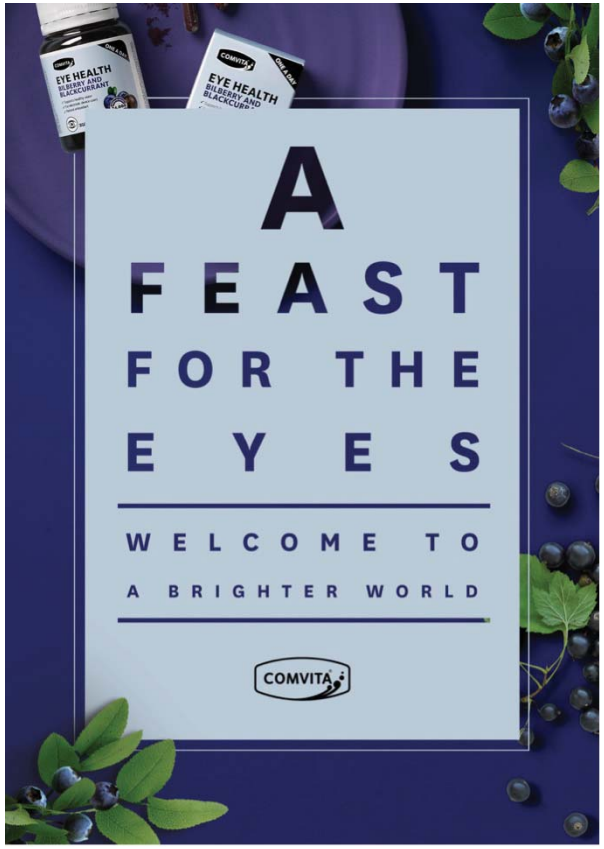
Targeting the 3 highs:

Blood Sugar
Cholesterol
Blood pressure

COMVITA

EYE HEALTH

NEW ZEALAND SOURCED BLACKCURRANTS



EYE HEALTH IS ONE OF THE LARGEST HEALTH CONCERNS IN ASIA

New Zealand blackcurrant has excellent levels of anthocyanins.

THE MARINE BIOACTIVES PORTFOLIO IS DESIGNED TO ADDRESS KEY CONSUMER HEALTH CONCERNS THROUGHOUT EACH LIFE STAGE

Brain development (Eye health)

Brain, Mood, Eye, Skin

Brain development, wellbeing for mother

Brain, Mood Eye, Beauty, Sleep

Heart, Sleep, Mental Agility, Beauty, Mood

Brain, Heart, Mobility/bone health, Mental agility

MARINE BIOACTIVES: EPA / DHA, Collagen, Calcium

SUPPLEMENTS PIPELINE

FUNCTIONAL FOODS PIPELINE

MARKETING: DRIVING OUR LEADERSHIP IN MANUKA HONEY

COMVITA

PEOPLE & SUSTAINABILITY

OUR PEOPLE

Thank you to our hard-working and passionate staff, many of them who are shareholders

Clear link between staff engagement and productivity

Finalist in Best Places to work 2016

Had to right-size the business, some tough decisions have been made on overhead structure

BE GOOD BY DOING GOOD

1,000ha
of profitable and environmentally sustainable Manuka planted.

10,000L
of waste water treated onsite at Paengaroa daily and used to irrigate 40,000 native plants.

2,100
native trees planted in partnership with Tauranga City Council Kopurererua Valley restoration project.

1,800
school children, (teachers and parents) engaged through our education programmes.

$110,000
donated to industry and community organisations.

COMMUNITY & SUSTAINABILITY

TRADING CONDITIONS

OUTLOOK

- For the first quarter ended 30 September 2016, we have experienced tough trading with sales significantly lower than the prior year.
- This lower than expected sales over the last few months is entirely a result of the slowdown in the NZ and Australian informal trade channels into China resulting from the impact of regulatory changes by China. These changes are the imposition of certain restrictions on sales into China by individual traders including a new border taxation of 11.9%.
- We are starting to see these channels recover with sales now growing again on a monthly basis as the traders who operate in the informal channels adjust to the new rules.
- The first half result ending 31 December 2016, is expected to be a loss. Due to the seasonality of sales and the positive expected impact of profit from our Kiwi Bee Apiary business, the second half year will produce the entire profit for the 2016-17 financial year.
- We now expect our net profit after tax for the 2017 June financial year will be similar to our 2016 after tax profit operating earnings of $17.1m.

Outlook continued

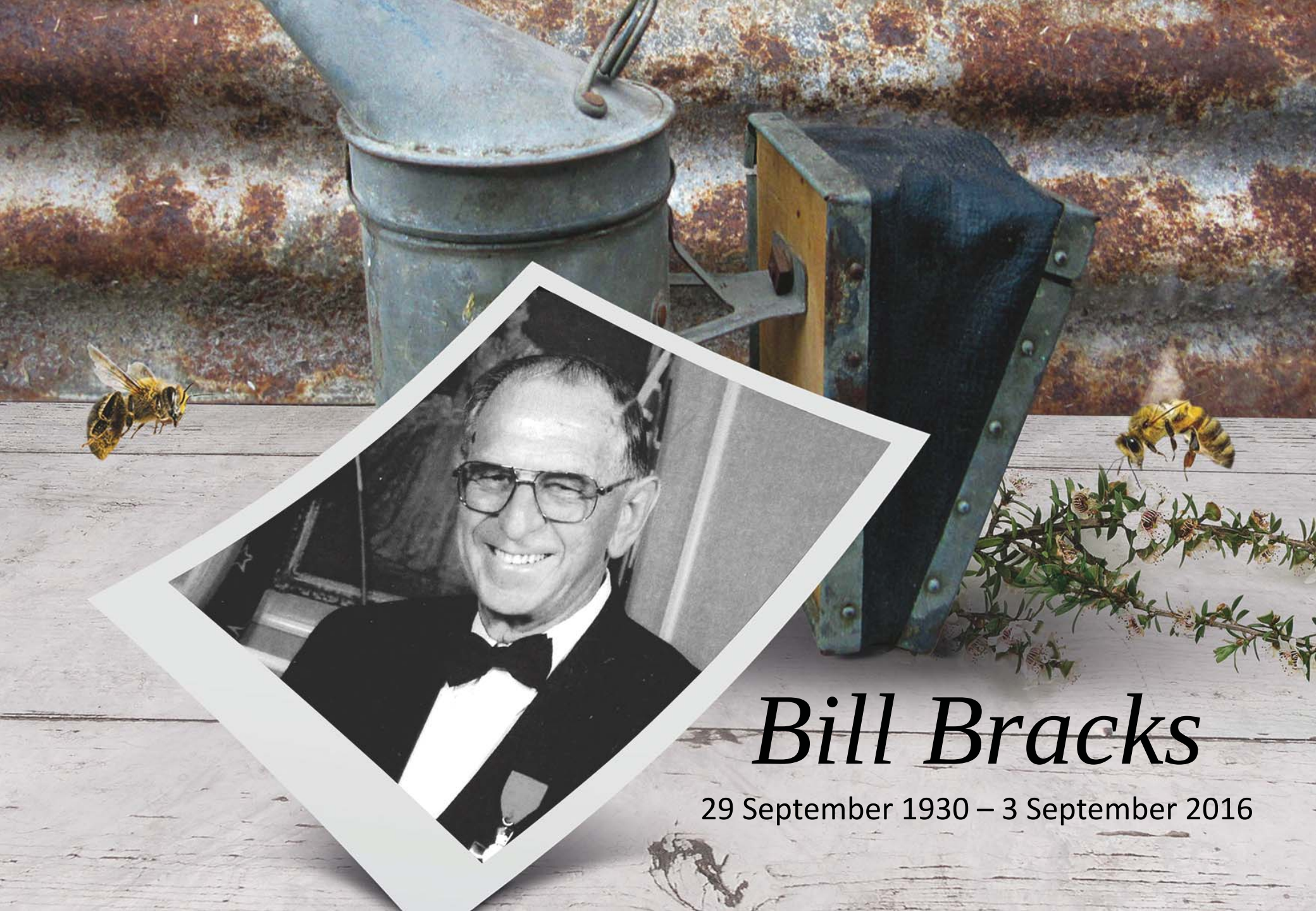
- Our inventory position is strong and we are using this position to grow sales in new markets as well as new sales channels in existing markets. In the past three years, growth in new market opportunities were generally restricted by not having adequate supply.
- An ongoing focus on operating efficiencies has resulted in our cost base being lowered significantly compared to the prior year, primarily through a reduction in headcount and overheads in New Zealand. This will positively impact profit in the second half of our 2017 financial year and beyond.
- Our innovation focus is starting to deliver some exciting new products, targeted at consumer needs. These are in 'line extensions' of existing ingredient platforms such as fresh olive leaf extract but also products derived from berries and marine bioactives.
- The China Resources placement of $21.2m at $10.60 per share, has strengthened our balance sheet. This will be used primarily to strengthen working capital and provide funding to support several strategic initiatives currently under consideration.
- We expect our new China JV with our long term distributor announced in September 2016, supported by the extensive China Resources retail network will, greatly assist in countering any future volatility in sales currently being experienced in the informal Chinese channels. These relationships will continue to compliment the growing digital sales channels
- The Board and Management remain confident it can deliver strong long term earnings growth on the back of our FY21 sales target of $400m.

COMVITA

RESOLUTIONS

1. Reports and Financial Statements
2. Appointment and Remuneration of Auditors
3. Re-elect Lucas Nicholas Elias Bunt
4. Elect Murray John Denyer
5. Director’s Remuneration

GENERAL BUSINESS



Bill Bracks

29 September 1930 – 3 September 2016

FAREWELL TO

DAVID CULLWICK
COMVITA DIRECTOR

Board member since 2005

THANK YOU TO OUR SHAREHOLDERS

Share Nature. Share Life.