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19 November 2015

Announcements Officer
ASX Limited
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MELBOURNE VIC 3000

PATTIES FOODS LTD (PFL)
Managing Director's Address – Annual General Meeting 2015

Please find attached the Managing Director's address which will be delivered to shareholders at the Annual General Meeting today.

The attached document will be posted to the Patties Foods' website once release to the market.

Yours faithfully

Clinton Orr
COMPANY SECRETARY



Patties



Creative Gourmet





Australia's Favourite Food

How we're making a good company great



Annual General Meeting 2015

Steven Chaur – Managing Director and CEO



Thank you Mark for your introduction and a warm welcome to all our shareholders, investment community and key stakeholder representatives.

Ladies and gentlemen, Patties Foods is a truly great company and in 2016, we will celebrate 50 years of successful business in Australia.

It is fair to say, that the past 12 months have been very challenging for our trading aspirations, lead largely by the highly publicised Frozen Berries recall in February, which involved a national recall of selected Nanna's Fruit products, as well as escalating meat prices.

There has been however significant positive and sustainable progress in our company since I stood before you last year in our core brand focus, innovation, operational performance and focus on building new markets for our delicious products. I am delighted to share with you some of these achievements today.

I would first like to take this opportunity thank our entire organisation, our Board, our valued customers and our investors for their support during this period and to reaffirm that our future does remain bright.

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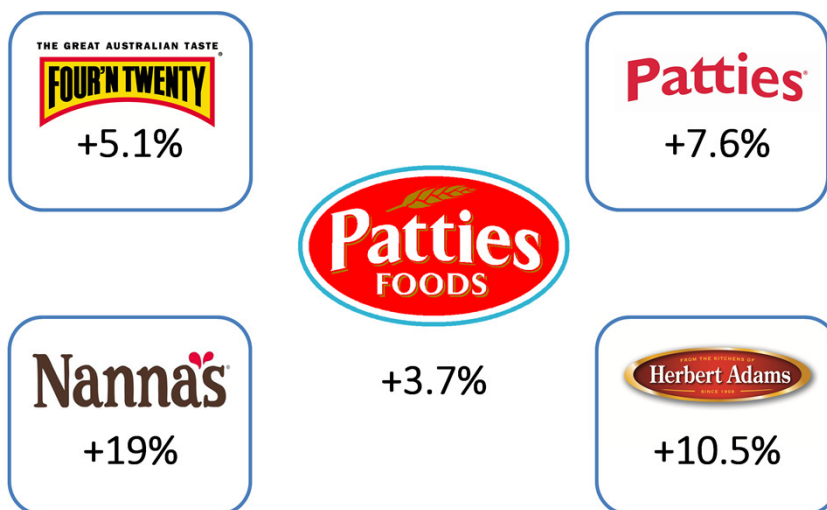
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Lets now turn to the brand activities undertaken over the past year.

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Strong Revenue Growth in Icon Brands

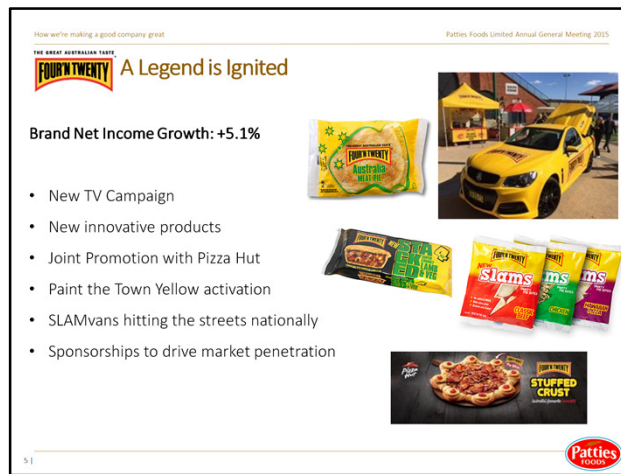


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Over the course of the past 12 months, our commitment to driving new to market product innovation and investing in our core brands with both media and customer activation has seen strong growth delivered.

In revenue terms, Group sales increased by +3.7% or \$9.2 million, from the previous corresponding year to \$257M - and this was delivered through each of our core brands.

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2015 was a busy year for FOUR'N TWENTY as we implemented new strategies to drive our favourite Aussie icon.

Over the course of the year, we launched a new TV campaign centred around our heartland of AFL and NRL football. Using our iconic football ambassadors of Jonathan Brown and newly recruited Gorden Tallis.

We also launched a number of exciting new products with FOUR'N TWENTY Slams - innovative Party Pie Bites sold in the P&C channel, schools and major venues.

In the Out-of-Home channel, our Real Chunky slow cooked pie offer continued to gain strong sales after launch and in late 2015 we extend the range to 6 skus, including a first to market Pulled Pork variety. We also launched a FOUR'N TWENTY "Australia" shaped pie which debuted at various major sports events as a promotional item.

In Grocery, we launched a range of three Super Chunky pies we called 'STACKED', targeting young adults seeking a chunky, hunger busting meal.

In a first for Patties Foods, two legendary products in FOUR'N TWENTY pies and a Pizza Hut pizzas were brought together in a culinary marriage in May 2015.

Our "Paint The Town Yellow" activation gained serious momentum over 2015 with the purchase of 6 custom built 'SLAMvans'. The limited edition Holden Sandman utes have been used to sample products at outdoor locations, music festivals and other trade events. They have been a huge crowd pleaser.

In South Australia, where our savoury market share has been traditionally weaker, we commenced a 3 year sponsorship with Port Adelaide Power to help build awareness and drive sales in South Australia and nationally.

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FOUR'N TWENTY 'Saucy' Television



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During late 2014, we created a new national TV campaign for the FOUR'N TWENTY brand called 'Saucy'.

In the time honoured tradition of FOUR'N TWENTY humour, the ad features two young Aussie blokes sitting on a bench outside a shop enjoying a meat pie moment together, when the shop keeper shows some interest in the young Tradie.

This national campaign was aired during the key 2014 winter sales season and helped generate a positive brand sales improvement of +5% in the first half versus the year prior.

Lets now have a look at the FOUR'N TWENTY 30 second 'Saucy' commercial.
(PLAY TVC)

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New FOUR'N TWENTY Television



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Lets now have a look at the other new FOUR'N TWENTY 30 second TVC for 2015 that aired on Fox Sports during the AFL and NRL season.

This campaign was launched in the second half of FY15, supported with social media and a radio campaign on the MMM FM network.

Let's hear Gordy and Brownny tell us about how much the love having a FOUR'N TWENTY meat pie.

(PLAY TVC)

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Pizza Hut Stuffed Crust Television



As I highlighted earlier, in May 2015 we partnered with Pizza Hut to create a unique 'limited offer' campaign for these two icon products – and so was born the Pizza Hut FOUR'N TWENTY Stuffed Crust Pizza.

The 8 week promotion was supported with a national TV campaign, radio, in store point of sale material and a social media digital campaign which presold the offer two weeks prior to the product launch.

This was an exciting test market activity for both the brand and Patties Foods, as we now look to further leverage our products into the Quick Serve Restaurant space.

Let's have a look at the TV commercial.

(PLAY TVC)

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Patties® Focussed on Finger Foods & Snacking

Brand Net Income Growth: +7.6%

- Remains Party market leader at 43% share
- Patties Pie Bites captures incremental share
- National consumer media support
- New Mini Pizza and Hawaiian Pie Bites
- Distribution drives in Out-of-Home



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Like all our brands, Patties experienced strong growth at +7.6% versus last year in Net Income and remains the strong Party savoury market leader with 43% share in the In-Home channel.

In the In-Home channel, our new Patties Pie Bites product has captured 6.6% share of the supermarket Party savoury segment since its launch and later in 2015, the Bites range was complimented with the launch of a Hawaiian Pizza variety and also Mini Party Pizzas.

In the Out-of Home channel, our program was successful in driving end user engagement in the Foodservice market, Pubs, Clubs and catering customers with entertaining solutions and seasonal events featuring core Patties Party products and the new Party Pie Bites range.

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Herbert Adams Leads New Technologies

Brand Net Income Growth: +10.5%

- Brand share increased to 12.9% in grocery and growing at +34.8%
- Slow -Cooked range captures 4.8% share of the IH single serve segment
- More new products launched
- Consumer advertising support
- Silver Medal – Sydney Royal Easter Show



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Herbert Adam's has been a stand out success over the past 12 months - particularly in the In-Home grocery channel - where the brand has redefined the Premium pie segment with the Slow Cooked 2-pack range launched in early 2015.

Our brand's share of grocery single serve segment has increased to 12.9%, up +3.1 share points and showing brand growth at +34.7%.

Over the course of the year, we refreshed the base Herbert Adam's range with new packaging livery and launched a number of new products including a premium RSPCA Chicken and Chorizo pie; an 8hr Slow Cooked Lamb & Rosemary pie and; a Slow Cooked Pulled Pork pie.

Excitingly, our efforts to create the world's best tasting premium meat pie was rewarded with a Silver Medal at Sydney Royal Easter Show 'Great Aussie Pie' Competition.

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Nanna's[®] Sweet Pastry : A Much Loved Classic

Brand Net Income Growth: +19.0%

- Significant growth despite Recall publicity
- Still market leader in In-Home Fruit Pies segment with **55.5% share**
- Major packaging refresh
- New products launched
- National consumer advertising



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The Nanna's Sweet Pie business has been an terrific growth story over the past 12 months thanks to the reversal of downward sales trend from a modern packaging refresh, product improvements and new dessert products such as Crumbles, Churro's and Donuts.

Growing at +19% year on year in Net Income, Nanna's remains the market leader in In-Home Fruit Pies segment with 55.5% share.

During the year, a major packaging overhaul refreshed the brand and attracted new consumers through In store PoS in grocery; national magazine editorial and PR and; database marketing with major retailers.

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Frozen Fruit Update

Brand Net Income Growth: -6.6%

- Nanna's Frozen Fruit: -11.0% NI
- Creative Gourmet Fruit: +1.2% NI
- February 2015 - National Recall
- Independent testing did not find any direct scientific link to the Hepatitis A
- Category sales are recovering but progress is slow
- Company continues to monitor and review category recovery

Nanna's Creative Gourmet



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The Frozen Berries Recall in February 2015 was a major focus for our company, when we undertook a precautionary product recall following advice from the Victorian Health Department, on our Nanna's and Creative Gourmet Mixed Berries and Raspberries products.

The Recall's significant publicity did affect sales of the total Australian frozen berries market and whilst category sales are now in recovery, progress is slow and there has been a strong sales migration to Private Labels.

Independent testing did not find any direct scientific link to the Hepatitis A outbreak in our Nanna's or Creative Gourmet brands. Every batch of product continues to be sold today on a 'positive release' batch test regime to all customers and we continue to have nil detection of Hepatitis A.

Patties Foods continues to actively participate in the Frozen Fruit category and as the Australian market slowly recovers, the Company will monitor and review its progress.

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Let's now have a look at the past 12 months Market highlights.

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Channel Breadth remains our Strength



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Over the course of the past year, we continued to build on our strong relationships with our customers in both the In-Home and Out of Home channels.

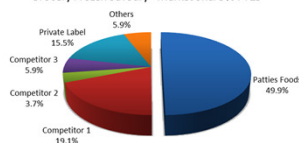
We were successful in delivering two price increases to help offset the cost impact of meat, gained new product ranging and won key major supply tenders in the Out of Home channel.

Through a revitalised business strategy, we do see opportunities to continue to profitably grow our overall business in all sales channels - in particular the Out-of-Home channel - through existing and new customers that we have not traditionally sold our product to, new foodservice products and; new routes to market.

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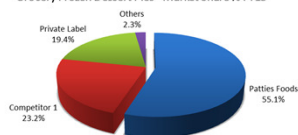
In-Home: PFL Maintains Market Leadership

Grocery Frozen Savoury - Market Share % FY15



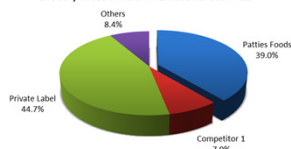
- PFL maintains its branded leadership at **49.9%** in a competitive grocery market

Grocery Frozen Dessert Pies - Market Share % FY15



- PFL maintains branded leadership at **55.1%** of total Dessert Pies

Grocery Frozen Fruit - Market Share % FY15



- Category is in a **slow recovery**
- Private label brands now dominate

SOURCE: Aztec retail scan data by value MAT June 2015

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In the highly competitive In-Home grocery channel, Patties Foods has again remained the market leader in both Savoury and Sweet Pastry, two core categories for our company.

The Grocery Savoury Market grew at +4.0% on an annualised basis and is valued at \$291M per annum in Retail Sales Value.

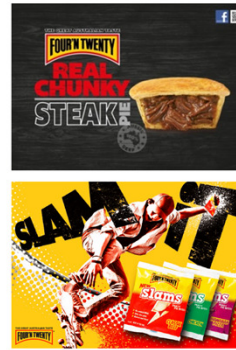
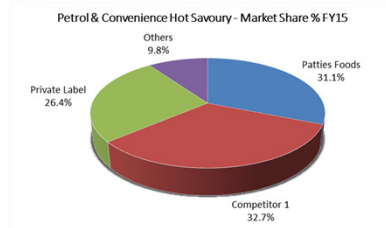
Patties Foods grew its savoury branded leadership to 49.9% of this category, growing at +6.7% overall, with all of our core savoury brands growing in sales.

In the Sweet Pastry category, which is valued a \$32M in annual Retail Sales Value and growing at +3.0%, Patties Foods maintained its branded leadership at 55.1% with a refreshed Nanna's brand offer, consumer advertising and innovative new products.

Whilst the In-Home channel remains always challenging, we continue to focus on managing our strong brand portfolio, driving promotional effectiveness, improving shelf position and product differentiation, seeking margin improvement and; increasing consumer awareness for our high quality product ranges.

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Petrol & Convenience: PFL retains market leadership



PFL remains the market leader in the P&C channel with:

- a total branded share of **31.1%**
- total combined market share (PFL & Customer brands) of **53.5%**

SOURCE: Aztec retail scan data by value MAT June 2015

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In the important Petrol and Convenience channel, the market size grew at +3.8% year on year to over \$114M in retail sales value. Growth in fact has been higher at +10.6% in the last September Quarter.

This channel includes 7-Eleven, BP, Coles Express, Caltex to name a few. Certainly a very important growth channel for 'food on the go' products and the success of our icon brands like FOUR'N TWENTY.

Patties Foods remains the branded market leader with a total brand share of 31% - or 53% if customer brand manufactured product is included.

We continue to drive aggressively into this channel against our competition with new products like FOUR'N TWENTY Real Chunky and 'SLAMS' party pie bites; strong field activation and cross promotions and; tailored business plans with each of our major Convenience customers. I am pleased to report that we were also successful in securing a number of key national contract exclusively during 2015.

Finally, thanks to the efforts of our professional national sales team, we were voted by the Industry representative body, the *Australian Association of Convenience Stores*, as the 2015 "Supplier of the Year" for its 'On the Go Food' category.

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Now I would like to turn to some of the Operational improvements we are making at our company.

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How we're making a good company great

Patties Foods Limited Annual General Meeting 2015

Bakery Operations are Best in Class

- New experienced leadership group in place
- Continuous Improvement deliver over \$2.8M benefits
- 'Make Right First Time' delivering consistent quality
- Line reliability and uptime delivers improved recoveries
- Pie Line 2 robotic automation full stabilised
- 2 major capital projects successfully commissioned
- Move to Value Stream Manufacturing (VSM) in FY15
- Significant upward pressure on meat prices impacts Inventory and Borrowing costs short term



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The most exciting step change in our business model has been the significant improvement at the Bairnsdale Bakery.

Under a new leadership team, we have re-launched our Continuous Improvement Program and are identifying new opportunities to further drive efficiencies, standardise and reduce costs across the Bakery and our national supply chain.

Programs such as 'Right First Time', our new Value Stream based line leadership structure and; our focus on plant reliability metrics have delivered cost savings of \$2.8M already, with more to come in F16.

During the year, we successfully commissioned two new major capital projects which delivered branded innovation, quality and capacity improvement, being a new Sous Vide production plant for Slow Cooked pie fills and; a new Pie Line tunnel oven, which significantly improved quality, reduced operating costs and lifted throughput rates. Both projects were installed successfully and are delivering the expected benefits.

Procurement effectiveness remains an major focus for our company, with the specific aim of driving further savings through our raw material purchasing; meat buying; warehouse & distribution and; indirect overhead cost base.

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Safety and People

- Safety performance is improving - cultural change
- Injury Management Strategy has delivered reductions to Insurance Premiums
- Employee engagement increased
- Increased training – safety standards, job skills and leadership
- Our regional community ties remain important in Gippsland Victoria



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Our top down focus on People & Safety performance has been maintained through more frequent communication, training, visible leadership, empowered safety committees, early injury intervention and proactive return to work processes.

Employees are being regularly trained in Occupational Health & Safety principles and work procedures through daily Tool Box meetings and safety briefings. All managers are now conducting daily Safety Walks, focussing on prevention and hazard reporting.

The full implementation of our Injury Management Strategy over FY15 continued to deliver positive results, leading to a further reduction in injuries and a lower Workers Compensation Premium for FY16.

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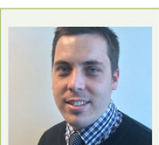
Experienced Leadership Group



Steven Chaur
Managing Director &
Chief Executive Officer



Robin Donohue
Chief Financial Officer
(Acting)



Clinton Orr
Legal Counsel &
Company Secretary



Jeff Pentney
General Manager
People & Organisation



Denis Gerrard
General Manager
Operations



Steve Beauchier
Group Procurement
Manager



Stuart Smyth
General Manager
Marketing & Innovation



Bethaney George
General Manager
In-Home Sales



Greg Wharton
General Manager
Out-of-Home Sales

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Over the past 12 months, our Executive Group has been reformed in order to better deliver our Strategic Roadmap and Savoury market growth objectives.

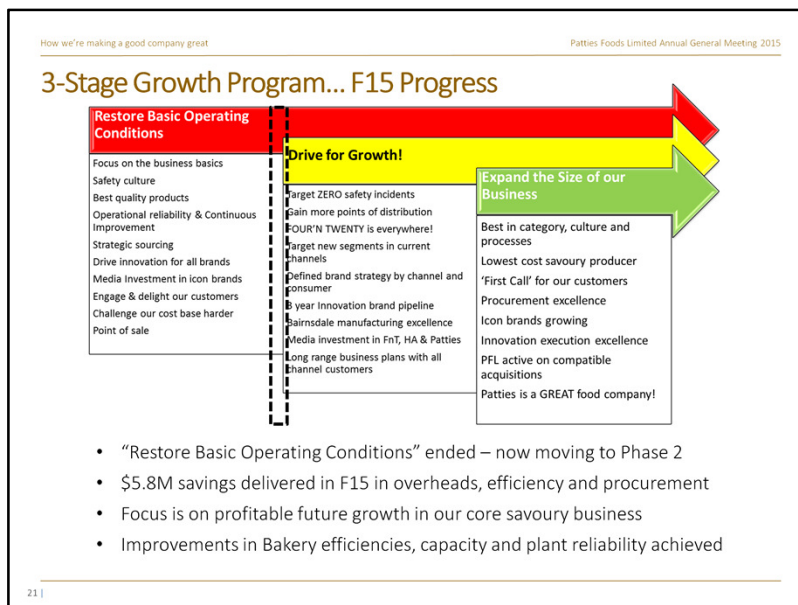
I am delighted with the high calibre of the experienced management we have, not only at our senior levels, but also throughout the organisational levels. The team is driven, challenging the norms and striving to deliver profitable and sustainable growth.

Recently at our top fifty Senior Leaders Conference in October, I was pleased to present 8 Awards for Outstanding Achievement across the company linked to our Company's Values.

What excited me was the high calibre talent we have in our company, at all functional levels, with seven young future leaders recognised for delivering outstanding results over the past year.

As a team, we look forward to delivering clear leadership, governance and profitable growth in the years ahead.

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Last year I presented our new and simplified *3 Stage Growth Roadmap*, which we expect to achieve over the next 3-5 years.

Over the past 12 months, a deep dive approach was undertaken to find better ways to deliver sustainable results; engage our stakeholders and; improve on the core business fundamentals.

This deep dive activity delivered stronger brand growth, over \$3M in overhead cost savings, as well as another \$2.8M in operational benefits during F15.

Additionally, we strengthened customer relationships, improved our operational performance, reduced business complexity, built a stronger talent pool and; we invested an additional +\$1.6M in marketing our core brands.

Having completed Phase 1 of the Plan to a new efficient baseline, the Group is now focused on driving growth in Phase 2, to deliver sustainable margin improvement; capture new sales and; additional productivity gains.

Simply put, more quality Patties Foods branded pies sold in more places, to more people, more often and more profitably.

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Clear Focus on 8 Deliverables



Drive Manufacturing
Efficiencies



Profitable Sales &
Margin Growth



Innovation Leadership



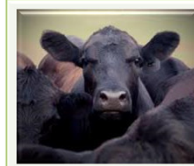
Category Captains
with Customers



Further Investment in
Icon Brands



Overhead & Working
Capital Management



Material & Freight
Cost Mitigation



High Performing
Culture

2015 was a challenging year but we remain committed to rebuild earnings growth over FY16 and building shareholder value through our focus on delivering the 8 basic priorities in our business plan.

For each of these enablers, we have clear and operationally aligned action plans underway and we expect to deliver continued improvements in these areas over the year ahead.

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How we're making a good company great



Thank You

Thank you ladies and gentlemen for your attention and continued support of our company.

We do look forward to an exciting and more stable trading year ahead, as we celebrate our 50th in operation over 2016.

I now hand you back to our Chairman, Mr Mark Smith.

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