



CAPILANO

HONEY LIMITED

ABN: 55 009 686 435

Presentation

March 2014



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Introduction

- Capilano is the market leader for honey in Australia.
- One of the world's largest honey packers.
- Revenue of \$67.8 m FY12; \$72.1m FY13.
- Seasonal agricultural product, revenue has been as high as \$88 million since 1997.
- Established in 1953 – 60 years of experience.
- Brand that Australians trust (96% recognition factor). Renowned for taste and quality.
- Exporting to over 30 countries.





Introduction

- Originally a 100% beekeeper supplier owned co-operative, with objectives to provide the best market for all the honey produced by shareholders.
- Production driven supply chain.
- Changes to legislation resulted in the company listing on the Bendigo Stock Exchange (BSX) to become a publically listed company in 2004.
- Now listed on the ASX (July 2012).



Re-focussing Capilano

- Capilano is concentrating on growing premium retail markets.
- There is a renewed sales & marketing effort and focus on our branded ranging, both locally and internationally.
- We have undertaken widespread consumer research to ensure our marketing and product offering meets consumer's needs.
- Operationally we are re-building after the fire and continue to invest in automation and heightened retail packing capabilities.



Post Fire

- Insurance claims have been all settled in February 2014 after the Sept 2012 fire.
- The Richlands site is being re-configured to improve efficiencies.
- New hotrooms and decanting equipment will reduce labour and increase flexibility.
- Packing line investment is about meeting future needs, consumer trends and high value retail offerings (eg. glass, manuka).



FINANCIALS

HALF YEAR ACCOUNTS



Condensed consolidated Statement of Profit or Loss and other comprehensive income

	Note	31 December 2013 \$	31 December 2012 \$
Revenue		43,182,005	33,820,531
Other income		133,657	17,156
Finance costs		(490,489)	(539,556)
Other expenses		(40,375,913)	(31,812,815)
		2,449,260	1,485,316
<i>Impact of fire damage at Richlands Plant</i>			
Insurance proceeds	7	809,400	2,644,191
Damage to assets and consequential expenses		(303,809)	(3,107,624)
Profit before income tax		2,954,851	1,021,883
Income tax expense		(878,897)	(290,847)
Net profit attributable to members of Capilano Honey Limited		2,075,954	731,036
Other comprehensive income		-	-
Total comprehensive income for the period attributable to members of Capilano Honey Limited		2,075,954	731,036
Basic earnings per share (cents)		24.37	8.58
Diluted earnings per share (cents)		24.37	8.58
<i>The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.</i>			

Condensed consolidated Statement of Financial Position

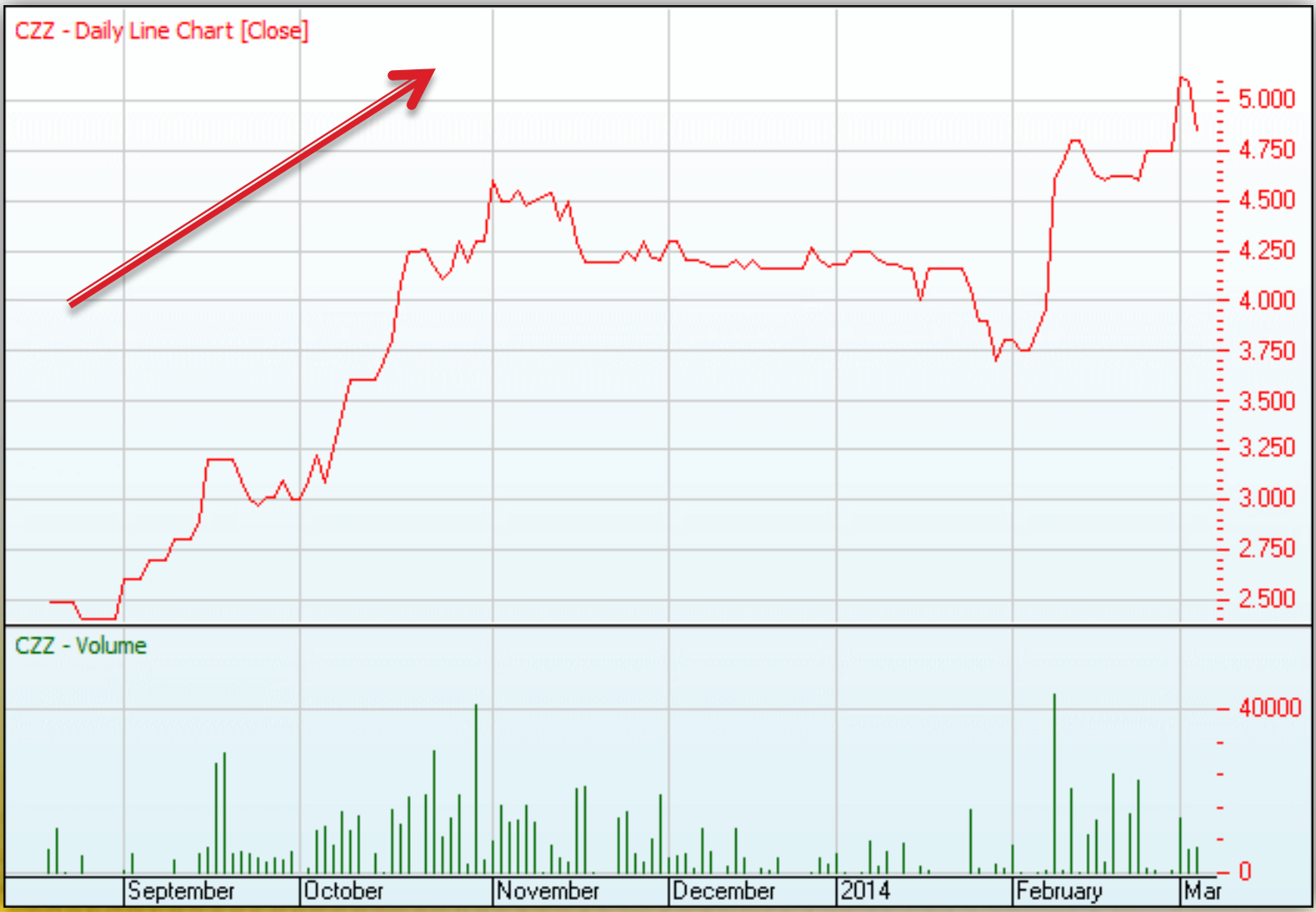
As at 31 December 2013

	31 December 2013	30 June 2013
	\$	\$
TOTAL CURRENT ASSETS	28,055,516	34,085,455
TOTAL NON-CURRENT ASSETS	19,588,065	20,613,884
TOTAL ASSETS	47,643,581	54,699,339
TOTAL CURRENT LIABILITIES	10,545,811	12,475,851
TOTAL NON-CURRENT LIABILITIES	9,352,872	15,276,514
TOTAL LIABILITIES	19,898,683	27,752,365
NET ASSETS	27,744,898	26,946,974
TOTAL EQUITY	27,744,898	26,946,974

Improving Profit Performance

Capilano Honey Limited Group - 6 months to 31 December 2013	Current Half Year \$million	FY13 Half Year \$million
Revenue	\$43.2	\$33.8
Earnings Before Interest and Tax (EBIT)	\$3.33	\$1.47
Net Operating Profit Before Tax (NPBT)	\$2.95	\$1.02
Average Honey Price / Kg	\$3.49	\$3.36
Current Ratio	2.66	2.58
Debt Ratio (Total Liabilities/Total Assets)	42%	46%
Interest Cover	11.5	5.3
Net Assets	\$27.74	\$24.23
Net Assets Backing/Share	\$3.26	\$2.84
Interest Bearing Debt	\$10.3	\$12.7
Gearing Ratio (Interest Bearing Debt/Equity)	37%	52.3%

Improving Share Price (CZZ)



Dividends (CZZ)

- CHL's Constitution prescribes that directors may determine that a dividend is payable to Shareholders.
- Directors also have power to pay interim dividends.
- In determining the amount of dividend (if any), directors take into account: the importance of retaining a portion of profits to provide funds for operations and to provide for future growth; and the need to pay dividends to reward Shareholders for their investment in the Company.
- Franking credits.



THE MARKET



Marketing

- Capilano's brand recognition and brand awareness remains No.1.
- Consumer preference for honey remains with Capilano, and everyone in the family enjoys our products.
- What are we reinforcing and strengthening:
 - ✓ Continue loyalty with the consumers of tomorrow.
 - ✓ Education of the importance of honey and our industry.
 - ✓ Push the boundaries of innovation, more than breakfast.
 - ✓ Expanding usage, including active honeys.



Marketing Efforts

- Ramping up our branded communication strategy, less product focus more about who we are and who our beekeepers are!
- Better on-pack messaging.
- More magazine, print, in-store, on-line, sampling.
- Website refresh.
- New Brands to target new channels, like Barnes Naturals in Health Food.
- Pursuit of packaging innovations.
- Winter 'Hive to Home' campaign.
- 100% Australian heritage and product.



Marketing Efforts

The screenshot displays the Barnes Naturals website. At the top left is the logo "Barnes Naturals" with "SINCE 1924" above it. To the right is the tagline "OVER ONE HUNDRED YEARS OF NATURAL HEALTH GOES INTO EVERYTHING WE DO..." and a circular logo for "100% AUSTRALIAN HONEY & VEGAN". A search bar is located to the right of the tagline. Below the header is a navigation menu: "HOME | OUR STORY | PRODUCTS | NATURAL HEALTH | WHERE TO BUY | CONTACT". The main content area features a large image of a historic building with "W. J. F. BARNES" and "HONEY PACKERS" signs. A white box over the image says "OUR STORY". Below the image, the text reads: "THE BARNES BRAND FORGED A REPUTATION FOR TRUST AND QUALITY". To the right of this text are two paragraphs of descriptive text. At the bottom of the page are three promotional banners: "DISCOVER OUR STORY SO FAR" with a notebook icon, "APPLE CIDER VINEGAR RANGE" with a bottle and apple icon, and "HONEY RANGE" with a jar of honey icon. Each banner includes an "Explore Here >" link. At the very bottom, there is a copyright notice and a "Follow Us" button with a Facebook icon.

SINCE 1924
Barnes
Naturals

OVER ONE HUNDRED YEARS OF
NATURAL HEALTH
GOES INTO EVERYTHING WE DO...

100% AUSTRALIAN
HONEY & VEGAN

HOME | OUR STORY | PRODUCTS | NATURAL HEALTH | WHERE TO BUY | CONTACT

OUR STORY

THE BARNES BRAND FORGED A REPUTATION FOR TRUST AND QUALITY

Barnes Naturals™ quality and heritage is rooted in the excellence and long standing success of the Barnes Honey brand, which started in regional Victoria in 1924. The Barnes brand forged a reputation for trust and quality with its pure and natural honey based products.

Barnes Naturals™ was established with the intention of keeping the reputation of the Barnes brand alive, ensuring our offering sits as one of natural, organic products chosen for their quality performance and, importantly, taste. Like our predecessors, the Barnes Naturals™ mission is to continue with the same passion for developing products that can assist in the health and well-being of Australian families.

DISCOVER OUR STORY SO FAR
[Explore Here >](#)

APPLE CIDER VINEGAR RANGE
[Explore Here >](#)

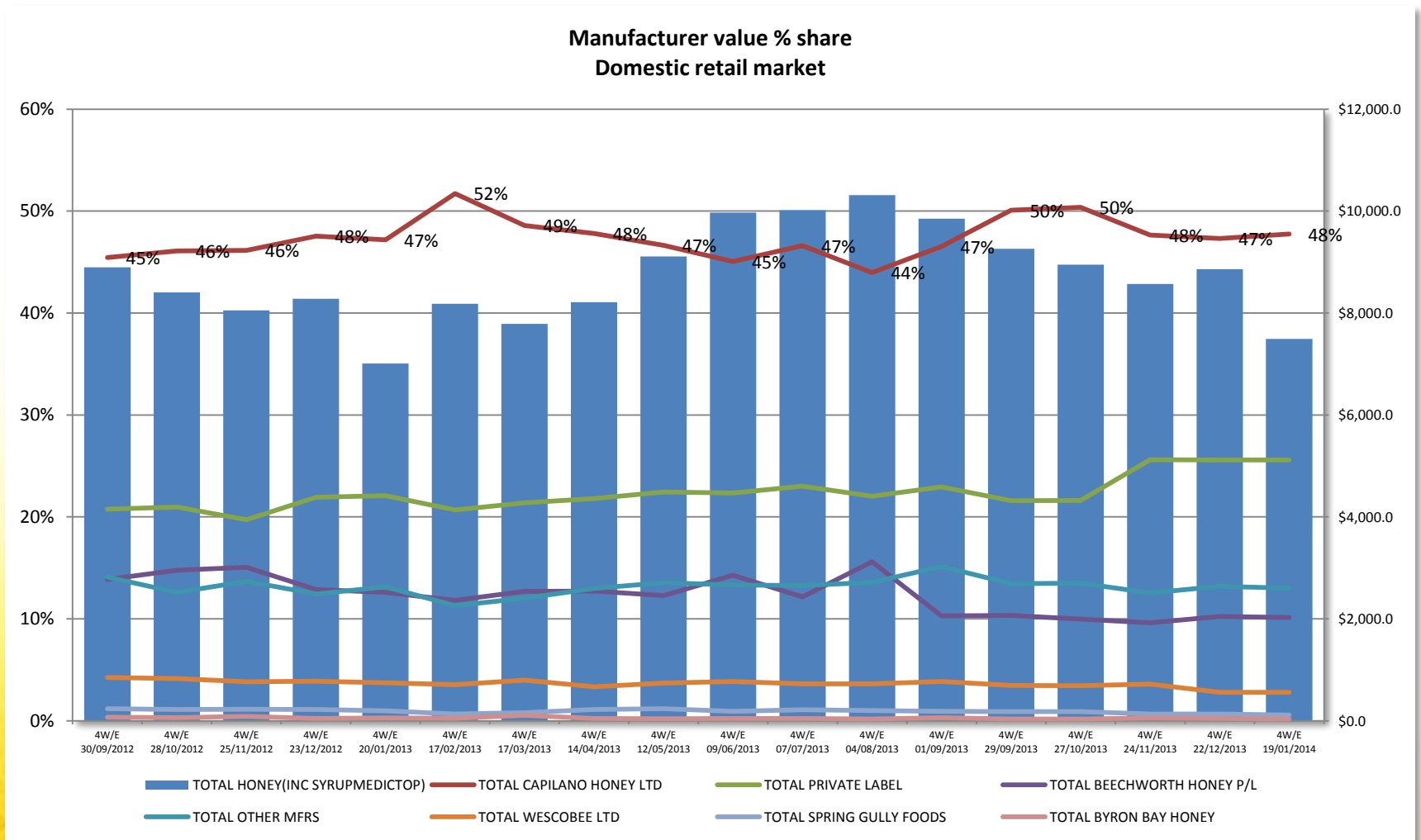
HONEY RANGE
[Explore Here >](#)

© 2012 Barnes Naturals, 2012 Website Design | [Search](#)

Follow Us

Market Share

- Value % Market Share by Manufacturer



Market Share

- Value % Market Share by Manufacturer

Val % Share	National	Woolworths	Coles	Metcash
MAT 20.1.14				
TOTAL CAPILANO HONEY LTD	48%	45%	49%	48%
TOTAL PRIVATE LABEL	23%	22%	26%	30%
TOTAL OTHER MFRS	13%	18%	9%	2%
TOTAL BEECHWORTH HONEY	12%	12%	12%	6%
TOTAL WESCOBEE LTD	3%	3%	3%	9%
TOTAL SPRING GULLY FOODS	1%	0%	1%	5%



Wescobee



Wescobee

- Capilano is investing in plant & equipment in WA.
- Better packing line efficiencies, through improved capabilities.
- Slight label refresh.
- DR Ranging conserved.
- New Operations Manager.



Manuka & Jarrah

- Capilano is committed to growing higher returns from specialist honeys.
- Honeys like Jarrah & Manuka.
- Honey prices are increasing to encourage production.
- Widespread research being undertaken to support claims and improve the science.

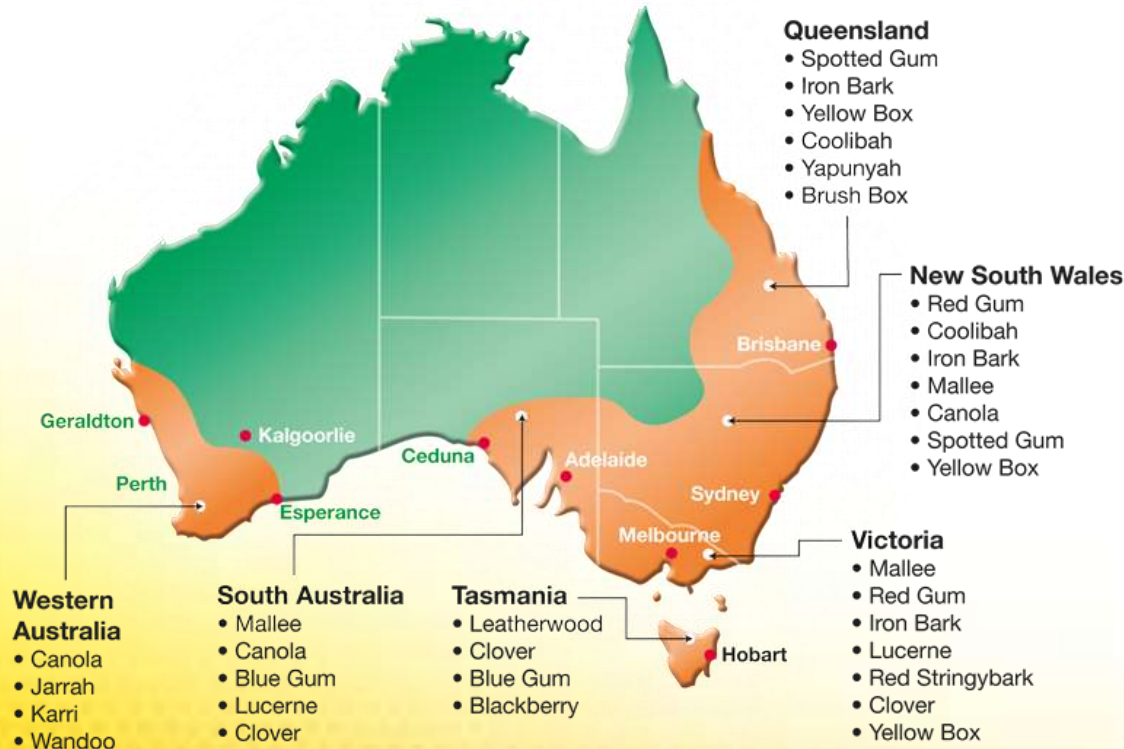


HONEY SUPPLY



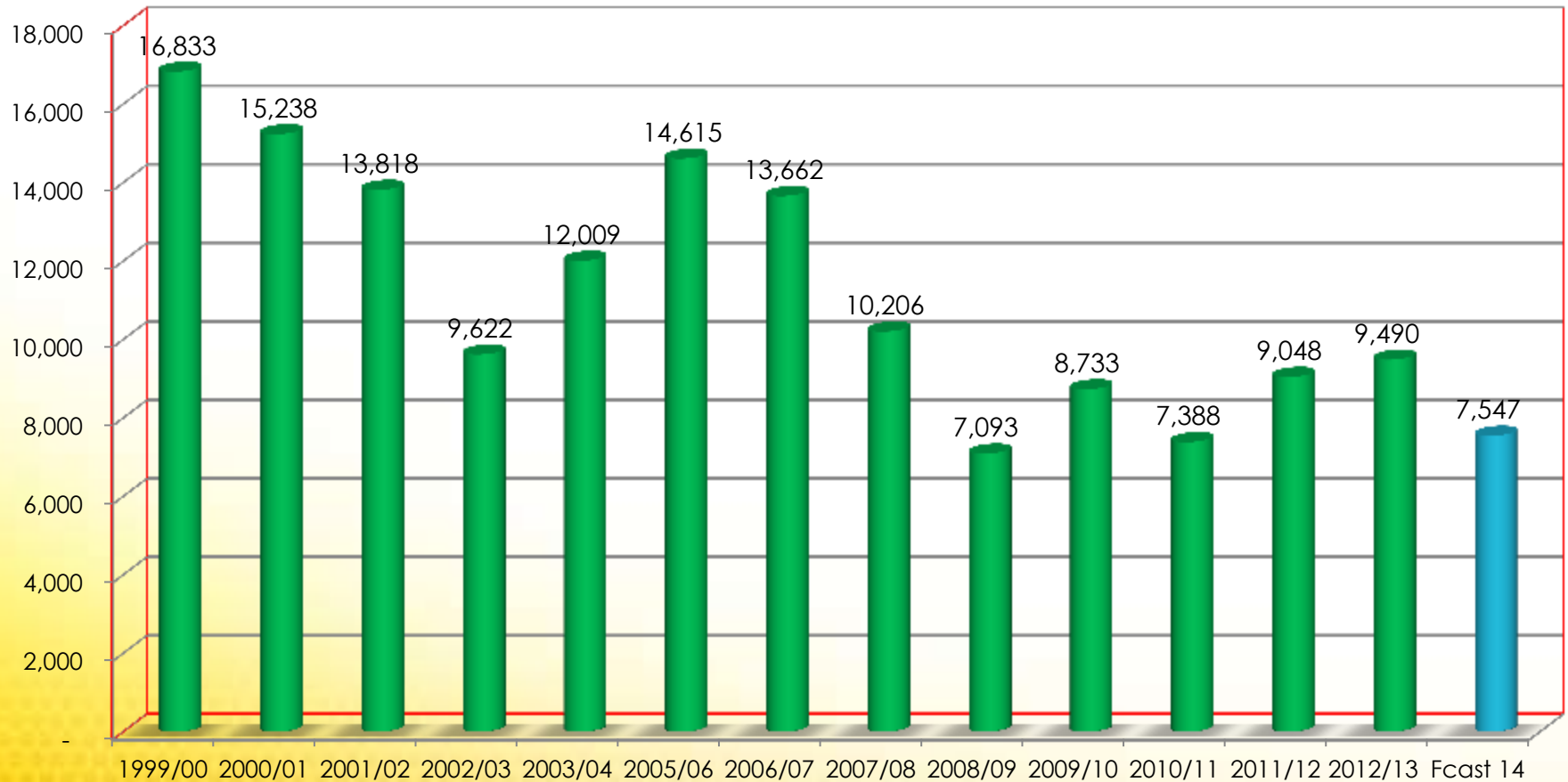
WHERE DO WE SOURCE OUR HONEY FROM?

Capilano honey is sourced from hives nestled in unspoilt pockets of Australia's native bushlands. Our beekeepers ensure only the highest quality honey is delivered to Capilano. We simply take what nature produces, bottle it and provide it in a handy pack ready for you to use. It's our hive to home guarantee, naturally.





Honey Supply





Honey Supply

Capilano needs to retain and grow our supplier base:

- Improving recruitment into the industry;
- Better industry cohesion and interaction of Capilano suppliers;
- Leading honey price market as best we can afford;
- Changes in Honey Supply Agreements.



Honey Supply Agreements

- Having quota beekeeper suppliers retaining shares according to the shares to hive ratio is no longer a necessity for liquidity in share trading.
- Capilano has resolved to remove the requirement for existing and new quota suppliers to purchase and own shares.
- This move is designed to ensure beekeepers are not discouraged from joining Capilano based on a share buy financial burden.



BUSINESS

STRATEGIES & OUTLOOK



Business Strategy

- Drive marketing support to continue development of the Capilano Brand.
- Expand the honey category and honey's usage.
- Maintain national market leadership & strong customer relationships.
- Best operational cost structure.
- Grow premium local & export retail markets.
- China.
- Consider opportunities for merger and acquisition with other businesses that would deliver profit, growth and synergistic benefits.
- The best people.





A delicious world of Australian honey...

Explore the amazing world of **Capilano Honey** – a wonderful choice of flavours, sizes and signature ‘no mess no drip’ convenience packs...

And as a **60 year old Australian company**, we use pure Australian Honey...naturally!



100% Australian Owned & Grown