

DISTRICT VISITS

May 2006



CAPILANO
Honey Limited

Topics:



AUSTRALIA'S NO.1 HONEY... NATURALLY!

- **Financial Results**
- **Honey Supply**
- **Australian Sales**
- **Export Sales**
- **Marketing**
- **Medihoney**

Financial Results



Profitability



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Capilano Honey Limited	YTD	2005
31 March 2006	\$'000	\$'000

Sales - Domestic	35,704	37,758
- Export	14,369	16,123
- Tonnes	9,911	9,505
EBIT	2,652	(205)
	(5.5%)	(-0.4%)
NPBT	1,443	(1,403)

Balance Sheet



AUSTRALIA'S NO.1 HONEY... NATURALLY!

	YTD	2005

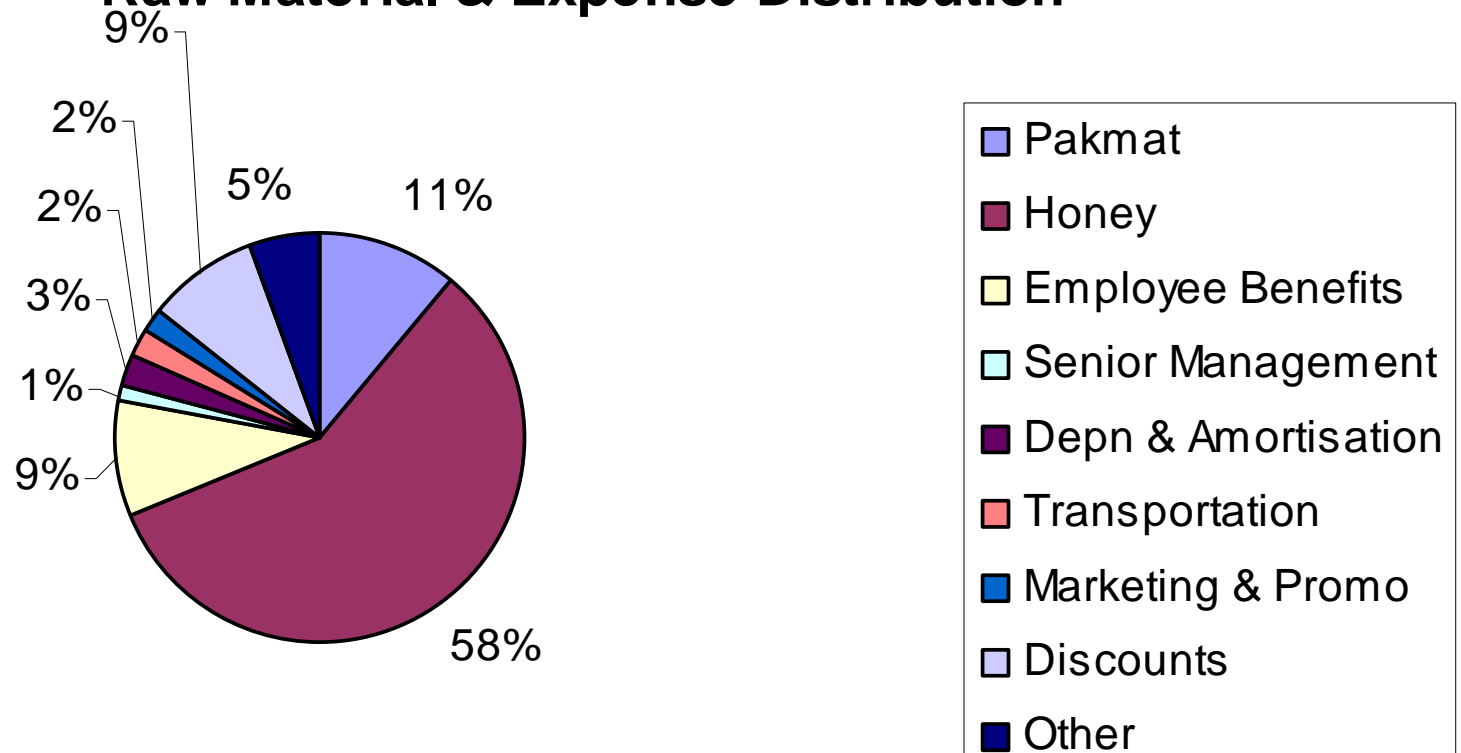
Current Ratio	3.05	2.54
Debt Ratio	57.9%	66.0%
Interest Cover	3.53	0.99



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Expense Allocation

Raw Material & Expense Distribution



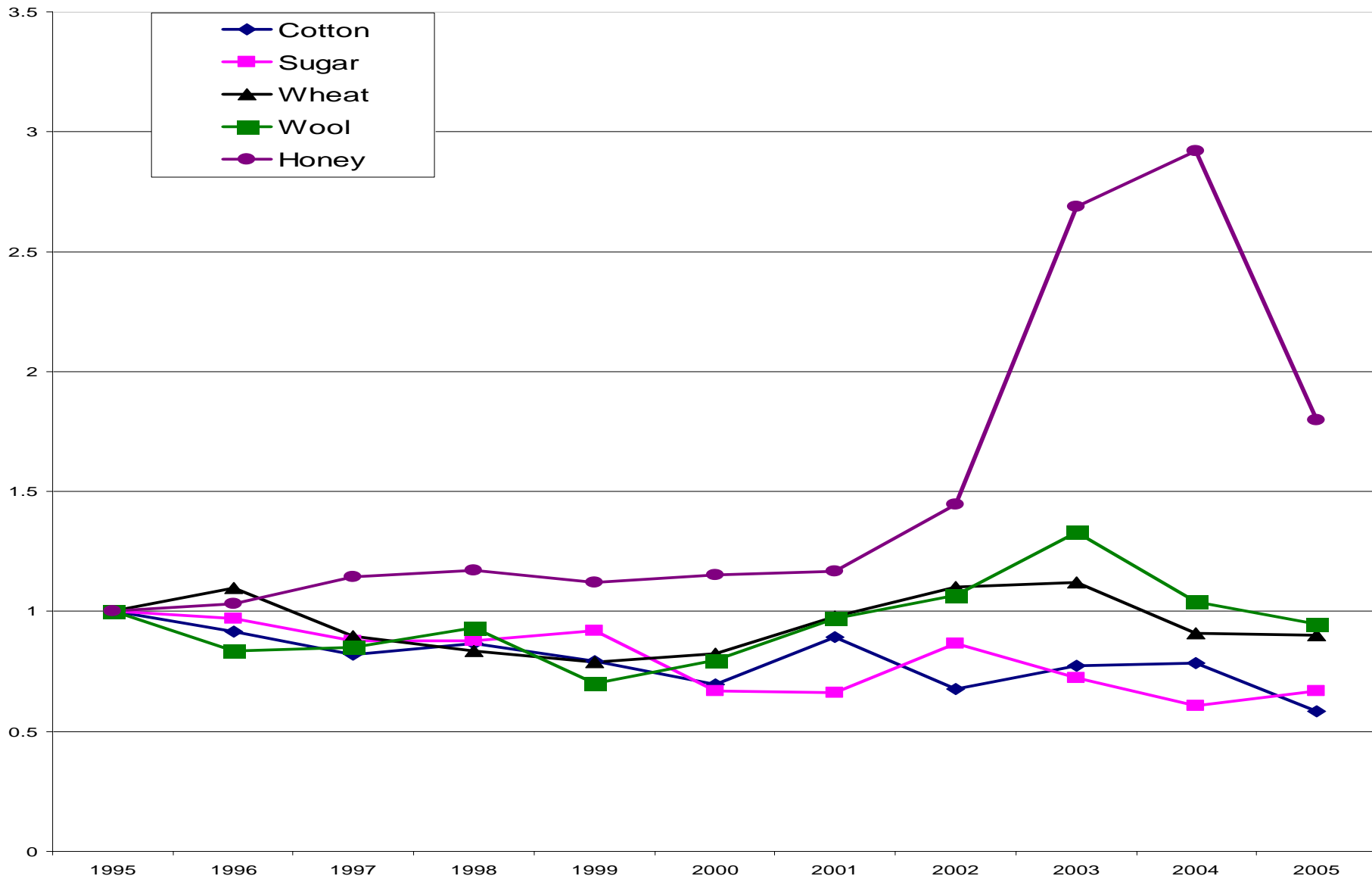
Honey Supply



CAPILANO
Honey Limited

Agribusiness Comparison

Percentage change in purchase price from a base year - 1995)



World Supply



AUSTRALIA'S NO.1 HONEY... NATURALLY!

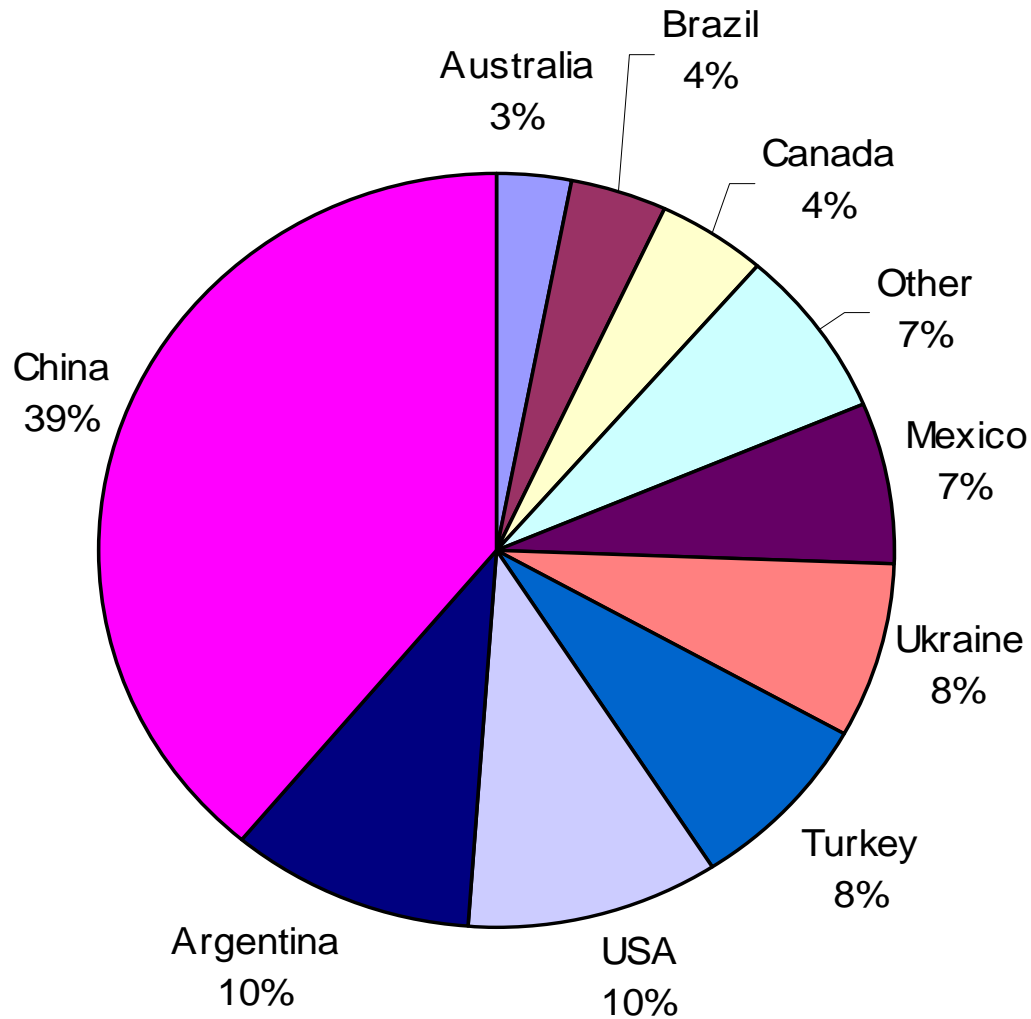
Tonnes (000's)	YTD
China	160 to 305
USA	80
Argentina	80
Ukraine	60
Turkey	60
Mexico	55
Canada	35
Brazil	30
Australia	25
Other	55

	785

World Supply



AS NO.1 HONEY...NATURALLY!



Australian Crop



AUSTRALIA'S NO.1 HONEY... NATURALLY!

	Tonnes	Trend
Supermarket	9,300	flat
Industrial Bulk	5,000	decline
Food Service	1,000	increase
Fruit & Vegetable	1,000	increase
Farm Gate	1,500	volatile
Export Retail	3,000	increase
Export Bulk	5,000	increase
Australian Crop	25,800	



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Capilano's Crop Averages

1986 - 2005

	Tonnes

1986 - 1990	17,747
1991 - 1995	16,868
1996 - 2000	17,295
2001 - 2005	13,019

Capilano Honey Supply



AUSTRALIA'S NO.1 HONEY... NATURALLY!

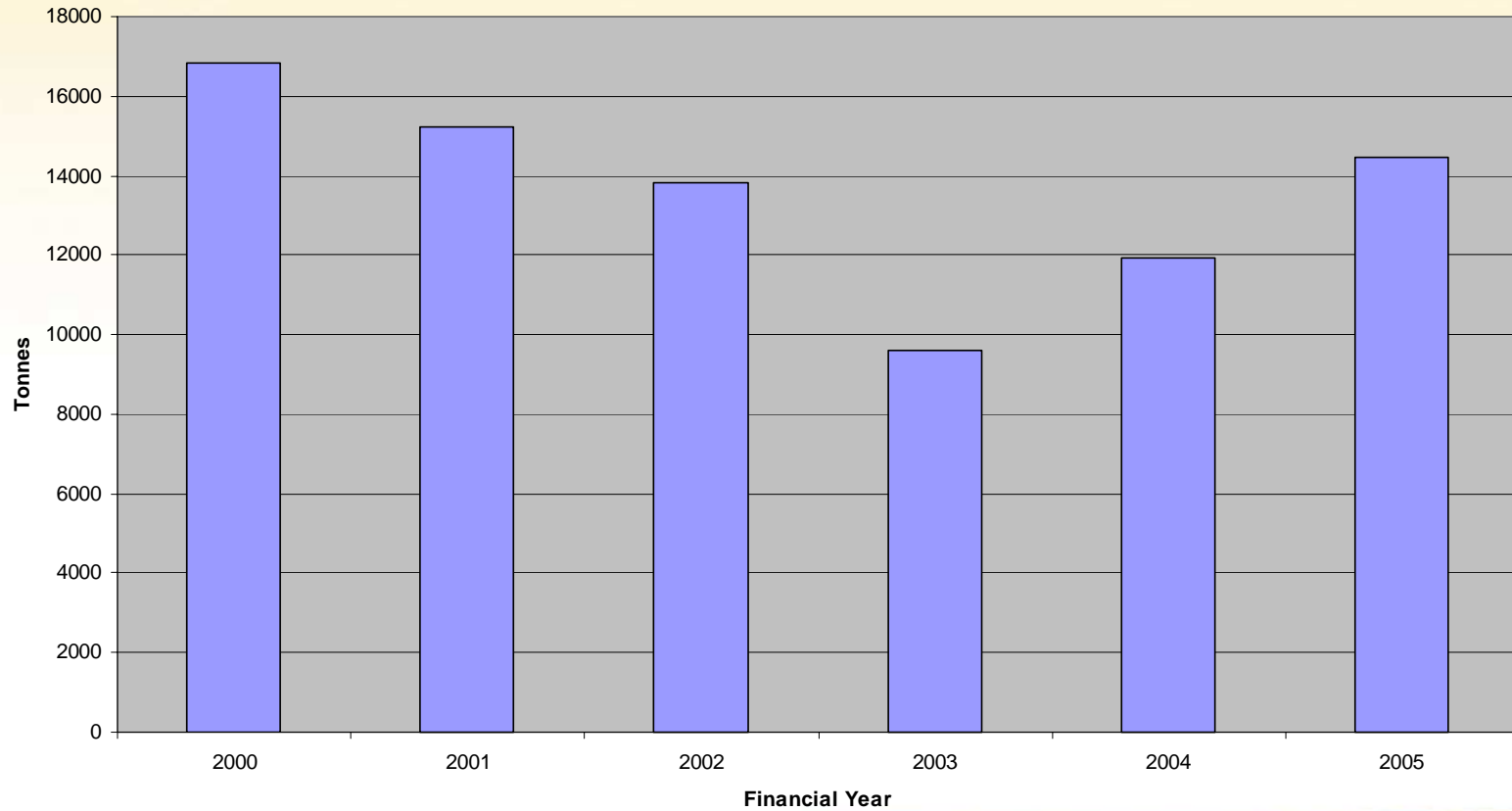
	2006 (est)	2005	2004	2003
Receivals - tonnes	14,261	14,466	11,949	9,527
Average Price - \$/kg)	2.03	2.70	4.38	4.23
Import - tonnes	180	333	2,384	5,000

Capilano Honey Supply



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Australian Crop Receivals



Australian Sales



CAPILANO
Honey Limited

Capilano's Australian Sales



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Stock on Hand	5,989	
Receivals	14,200	

	20,189	
Closing Target	3,500	
Available for Sale	16,689	tonnes

Capilano's Sales Mix



AUSTRALIA'S NO.1 HONEY... NATURALLY!

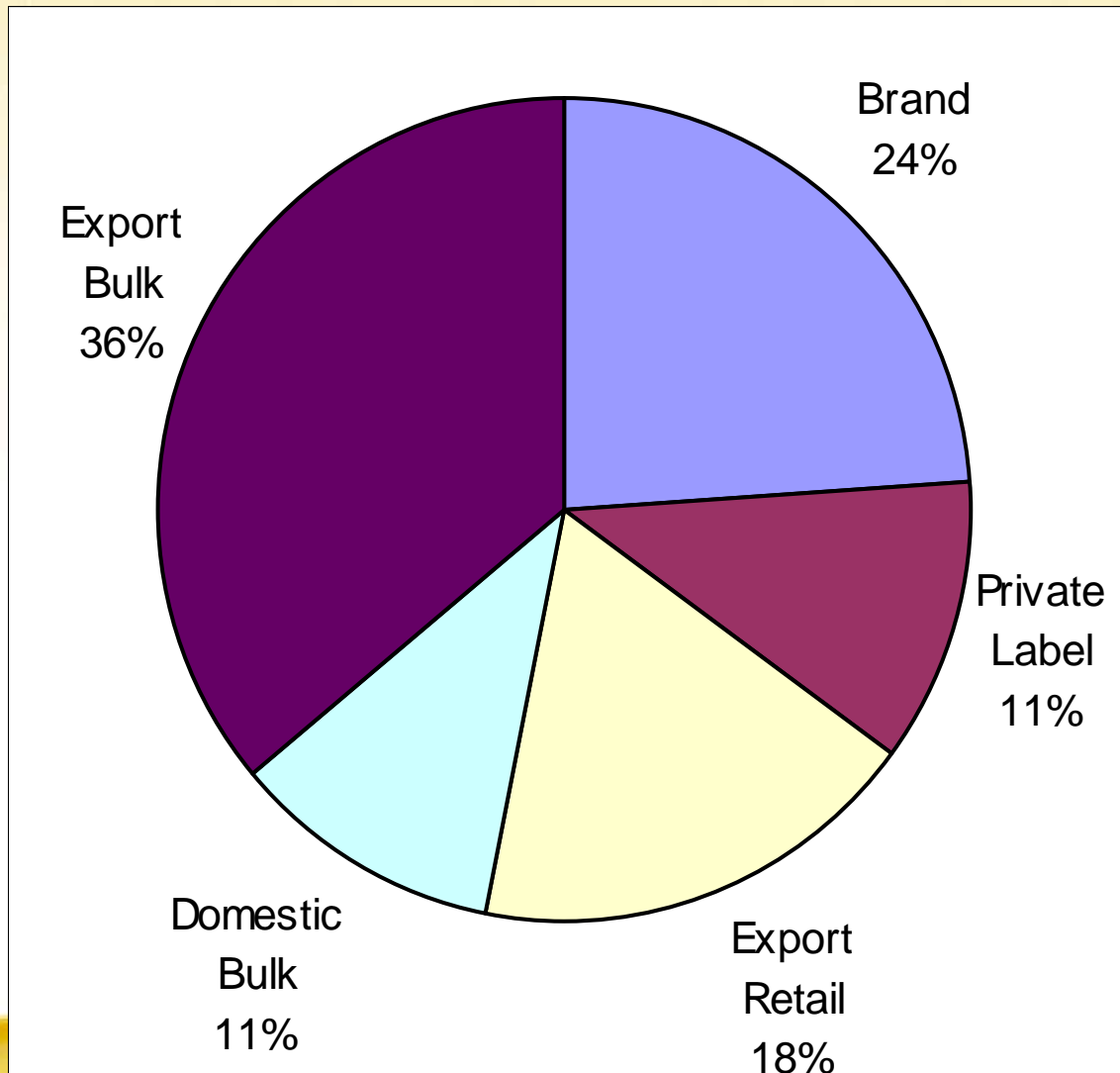
Available honey	16,689	100%
Domestic Retail	5,935	
Export Retail	3,000	
Domestic Bulk	1,800	

Excess to Bulk	5,954	

Sales Mix (%)



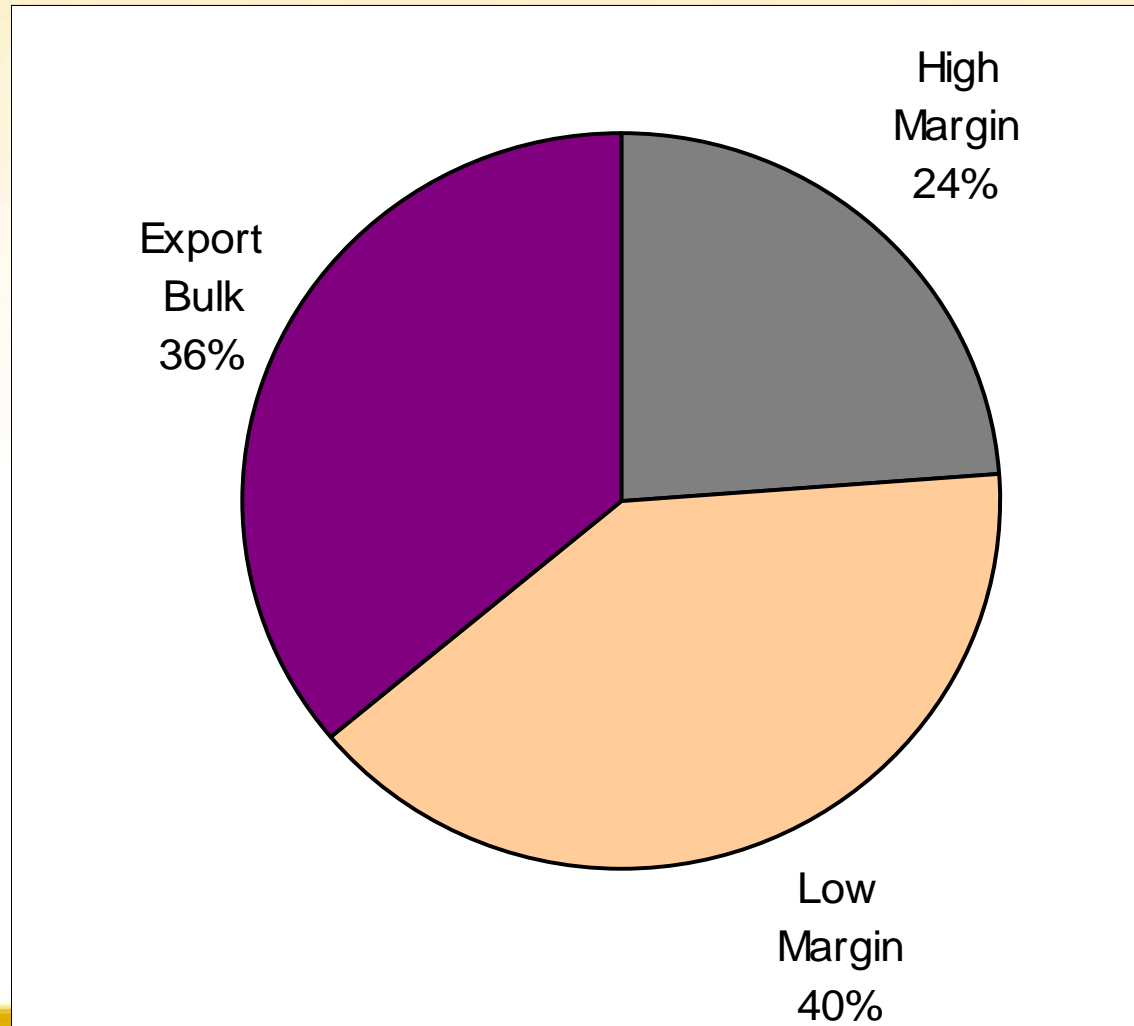
AUSTRALIA'S NO.1 HONEY... NATURALLY!





AUSTRALIA'S NO.1 HONEY... NATURALLY!

Segment Reporting



Export Sales

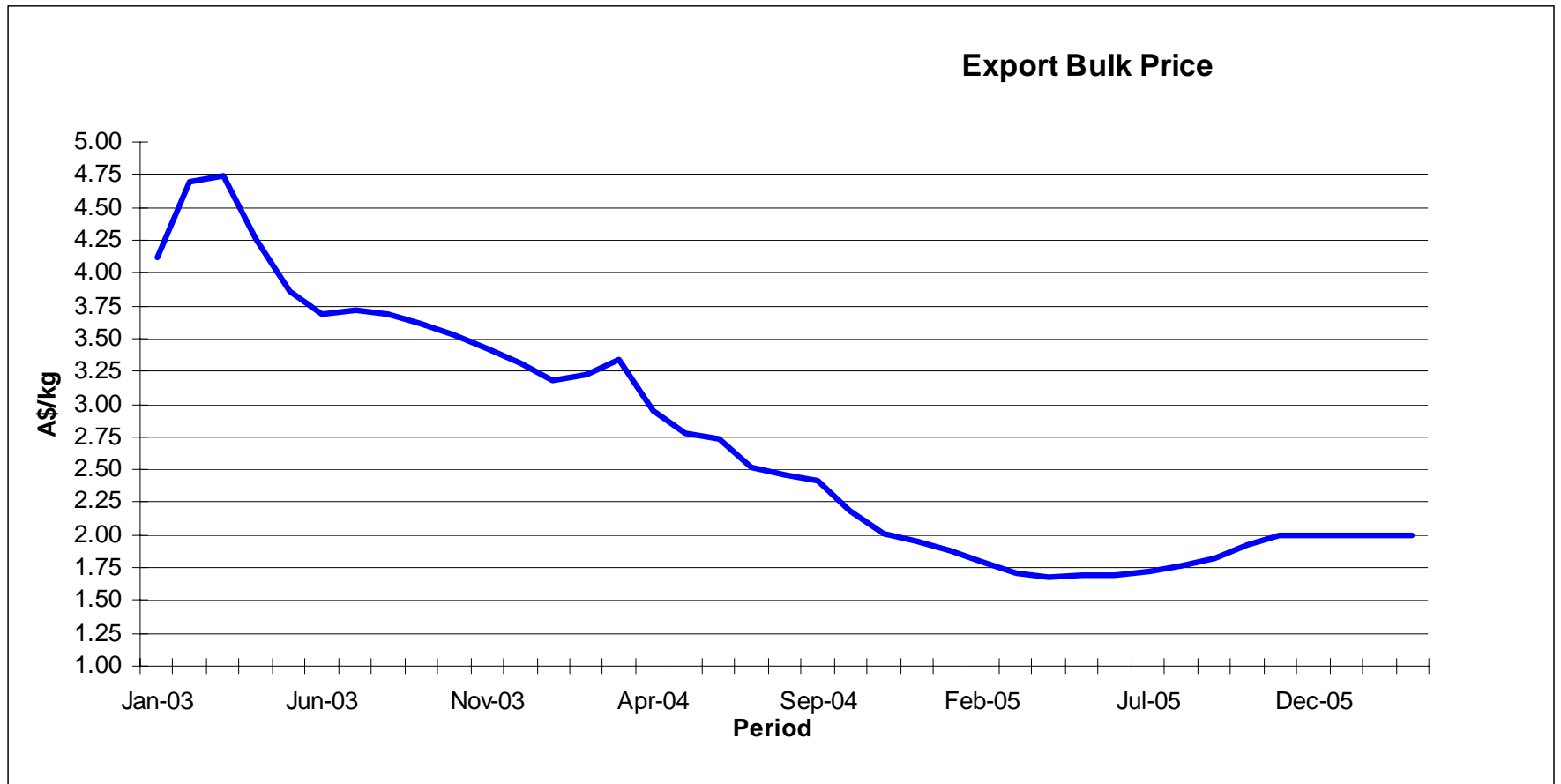


CAPILANO
Honey Limited



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Export Bulk Prices

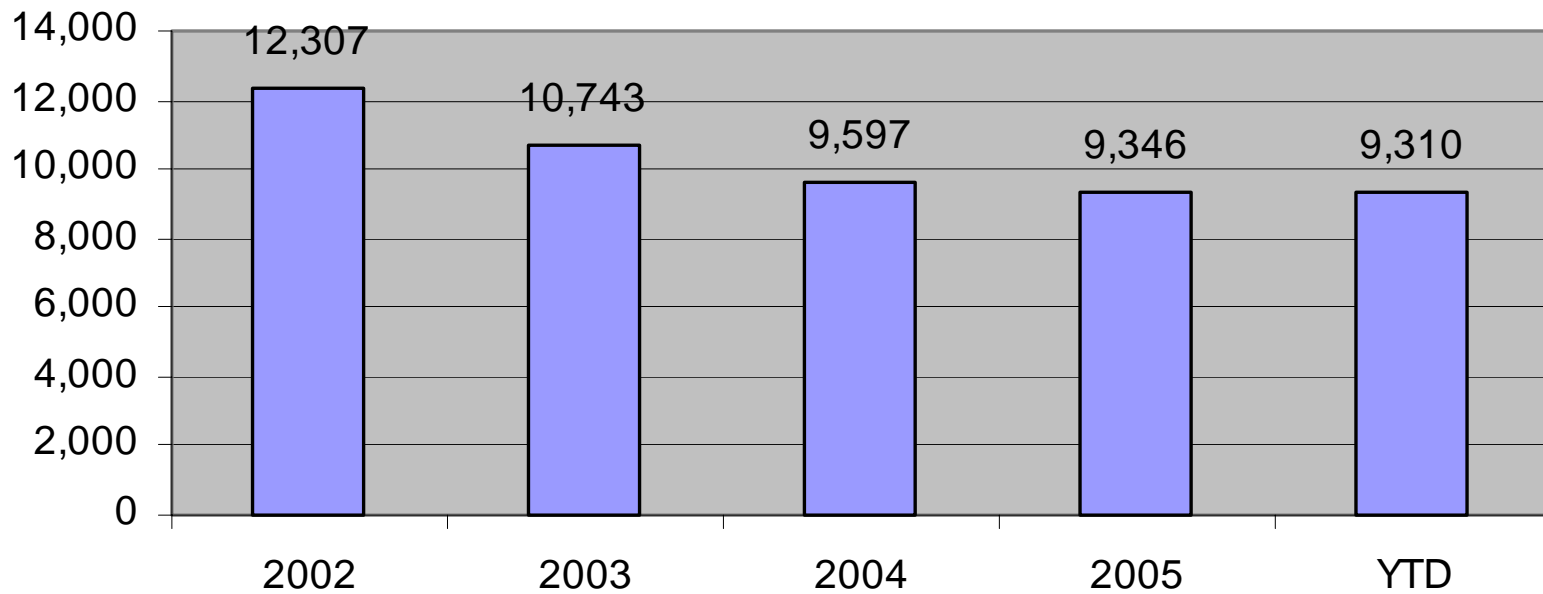




AUSTRALIA'S NO.1 HONEY... NATURALLY!

Australian Retail Market

Retail (MAT)

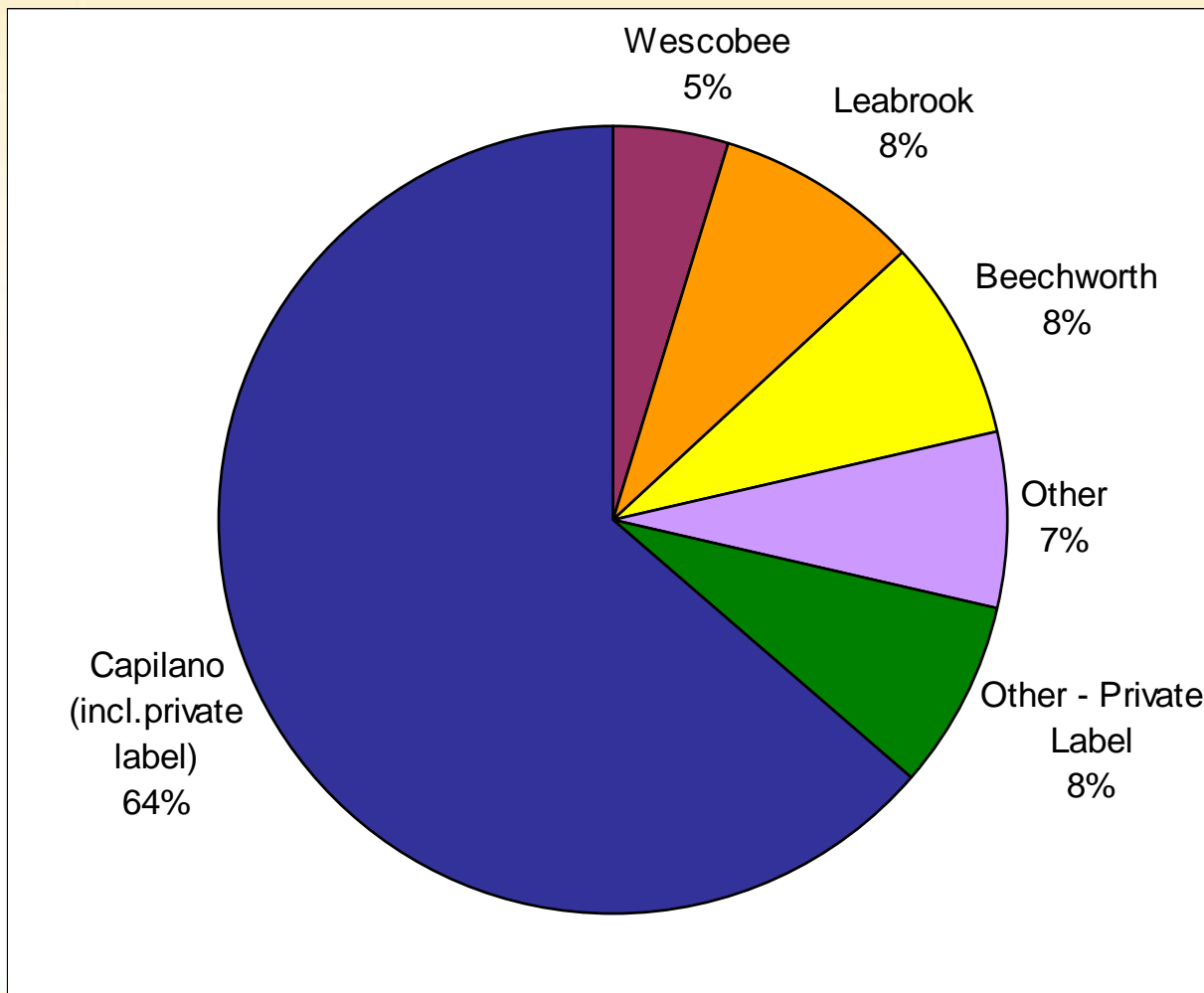


Market Share - Tonnes

as at 26 March 2006



AUSTRALIA'S NO.1 HONEY... NATURALLY!



CHL Stock Levels



AUSTRALIA'S NO.1 HONEY... NATURALLY!

	YTD	2005	2004
Tonnes	5,989	5,268	4,423

Bulk Export Prices



AUSTRALIA'S NO.1 HONEY... NATURALLY!

	US\$/Tonne	A\$/kg
Argentina	US\$1,500 - \$1,550	\$2.10
Australia	US\$1,500 - \$1,550	\$2.10
China	US\$ 800 - \$1,000	\$1.21
Brazil	banned by EU	

Bulk Export Returns



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Selling Price	A\$2.10/kg	
Drum, labour & overheads	(0.38)/kg	

Return	\$1.72/kg	less freight

Competitive Disadvantage



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Competitors have:

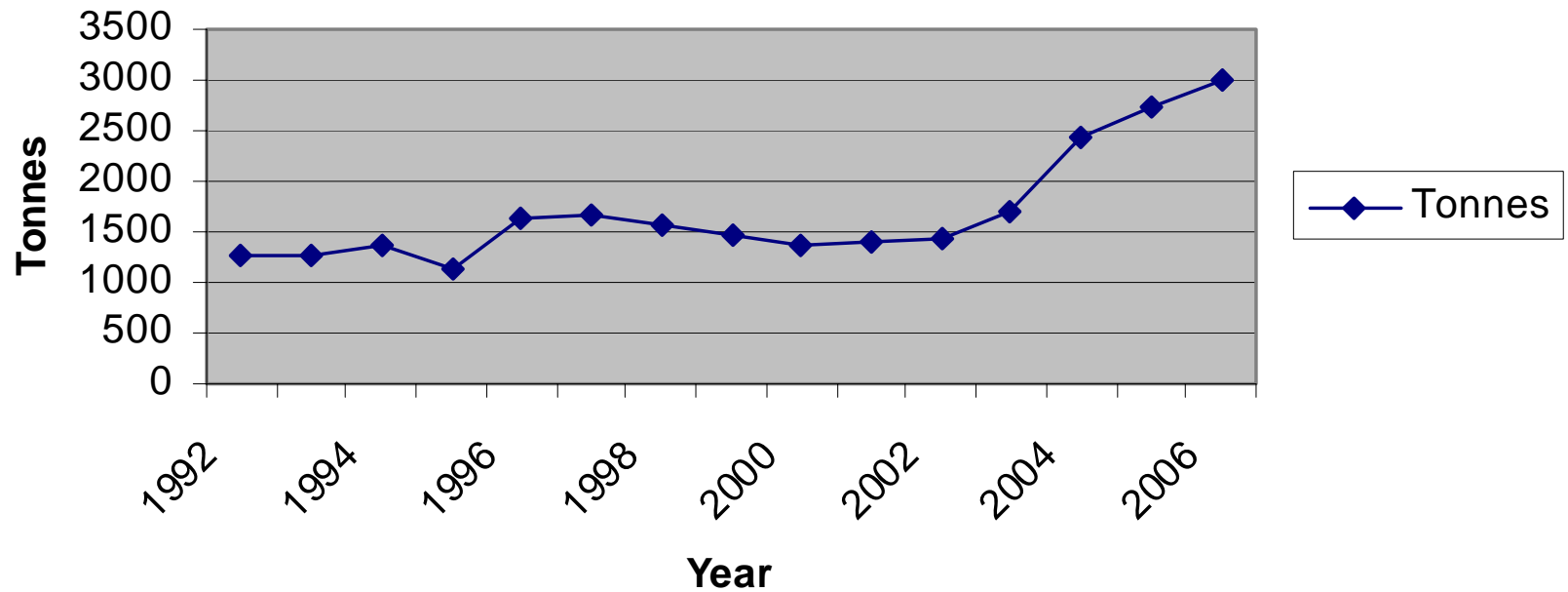
- no export bulk
- reject low margin private label
- don't buy market excess

Export Retail



AUSTRALIA'S NO.1 HONEY... NATURALLY!

EXPORT RETAIL SALES





AUSTRALIA'S NO.1 HONEY... NATURALLY!

Canada - Global Supply Strategy

	2006 (est)	2005	2004
	\$'000	\$'000	\$'000
EBIT	(156)	(276)	(338)

Other benefits

- transfers export bulk sales to retail pack sales
- proximity to USA markets
- Supermarket referral from Canadian success
- Canada trade links to USA

Argentina - Global Supply Strategy



AUSTRALIA'S NO.1 HONEY... NATURALLY!

- Supply to UK and Europe
- Customers blend specification
- Margin on tonnage shared equally

Marketing





CAPILANO HONEY BRAND STUDY

Market Research Findings April 2006

Prepared for: Capilano Honey

Prepared by: Footprints Market Research

Who we spoke to

	Honey Users Use honey every week	Lapsed/Non Honey Users Enjoy the taste but have not bought in last 6 months
Brisbane	✓	✓
Sydney	✓	✓
Melbourne	✓	✓

- Mix of pre-families and families (age range 25-50)
- Buy branded honey at least 1 time out of 3

What we wanted to know

- Understand reasons for the decline in purchasing and use of honey
 - Category issues
 - Differences by target markets
- Identify current and potential uses for honey
 - Appeal of new ideas
 - Effective communication channels
- Test messages for honey
 - Motivating messages by target markets
 - Brand name leverage for Capilano



Category Usage and Attitudes

Health concerns continue to influence food choices

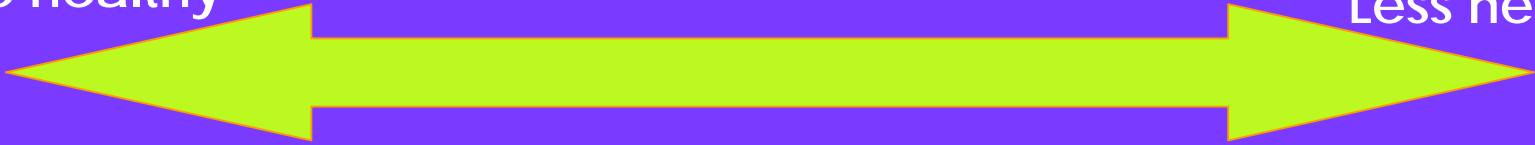
Innate goodness is not enough, food must be easy to categorise based on label descriptors

Increasing pressure on parents to 'do the right thing' for school kids

Honey in a competitive context

More healthy

Less healthy



Vegemite

Vitamin B
True Blue
Unique
Kids
Part of life



Honey

Pure
Organic
Nurturing
Sweet & sunny
Traditional



Jam

Nanna
Traditional
Healthier options



Peanut Butter

Smart, cool, groovy
American
Low in sugar, high in fat



Nutella

Kids choice
Fancy
Want to believe health claims

Honey usage

Traditional

- Crumpets, toast, sandwiches
- Baking
- Cereals and porridge
- Hot drinks (medicinal)

Contemporary

- Stir-fries
- Marinades
- Salad dressing
- Hot drinks (chai latte)

*“I would rather the kids put honey on their cereal than sugar so I’d rather spend money for the honey.”
(Brisbane, user)*

Changing trends in eating

- Health and nutrition are increasingly important, particularly for females (non-families) aged 25-35.
- Savoury and spicy tastes are preferable (grow out of sweet tastes + health reasons).
- Weight watching so calories are important, although linked to health benefits.
 - Substitute honey for savoury items or fruit
- Bread products are less of a staple item for families and singles (e.g. bread, crumpets, pikelets)
- Mums are not giving honey to their children to the same degree they ate it as children (not top of mind, limited uses, cereal alternatives)

“I eat healthier now. I used to eat crumpets, pancakes and stuff but I don’t now. It’s not the honey that’s unhealthy.”

(Melbourne, lapsed user)

Consumers talk about the drawbacks to honey...

- Sticky/messy
 - (Crystallises)
 - (Attracts ants)
- High in sugar
- Expensive (drought)

“It depends if I can be bothered fighting with the honey. Sometimes it’s just too much hassle.”
(Brisbane, lapsed user)

What is limiting honey usage?

A dormant category

Not top of mind

Limited usage occasions

Seasonal (winter only)

High in sugar

Fattening

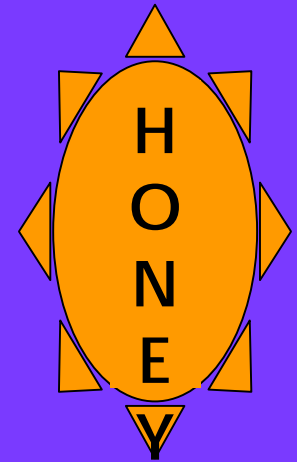
Sweet taste

+ reduced usage of bread products

Inconvenient

Messy

Difficult to use



“A lot of young people really don’t know what to do with it.” (Melbourne, lapsed user)

Price is double edged:

It’s a factor for regular users who switch to generics
It’s not a factor for lapsed users who buy infrequently

Brand Positioning

Capilano is the leader in its category based on:

- Being top of mind in all markets
- Having strong heritage back to childhood
- Easily identifiable packaging (consumers can describe the packs unprompted)

The brand is identified as:

- Reliable, consistent and trustworthy
- Good quality

It's personality is:

- Fun, childlike

Very little is know about:

- Australian heritage
- Product range

Capilano in a competitive context

- **Other brands mentioned:**

- Allowrie
- Beechworth
- Leabrook
- Barnes (Melbourne)



- **No strong identifiers for these brands**

- **Based on packaging:**

- Natural, pure cues
- Adult tone





Moving Forward

Barriers to overcome

What can we tell people about honey?

What tone should we take?

What devices should we use?



AUSTRALIA'S NO.1 HONEY... NATURALLY!

Pillars of our Brand

- Australian Honey produced by Australian Beekeepers
- Versatile and comes in a large number of varieties
- Healthy- 100% Natural. 0% Fat. Is in the Medium GI range
- Premium category player
- Natural - not manufactured
- Market leader
- Own the BEE personality
- Generational heritage - trusted.
In everyone's pantry



CAPILANO HONEY = THE TOP AUSTRALIAN NATURAL HONEY

Logo Transition



AUSTRALIA'S NO.1 HONEY... NATURALLY!

1953



Early 1980's



1984-1995



1995-2006



2006



Label Redesign



AUSTRALIA'S NO.1 HONEY... NATURALLY!



Media Campaign



AUSTRALIA'S NO.1 HONEY...NATURALLY!

- TVC in Sydney & Melbourne from June - October



- Featured product used in Ready Steady Cook (Ch.10)
- Honey Recipes in Super Food Ideas



Website



AUSTRALIA'S NO.1 HONEY... NATURALLY!

→ HOME → ABOUT US → PRODUCTS → EDUCATION → NUTRITION → RECIPES → MEDIA & NEWS → LINKS

WELCOME TO CAPILANO HONEY!

Store Search
Browse Honey variety

WELCOME TO CAPILANO HONEY!

0% fat, 100% natural, pure Australian Honey!

Online Poll: Which Honey variety is your favourite?
[VOTE NOW!](#)

Recipe of the Month

BANANA CREPES

Send us your favourite honey recipe ideas.

Contact us

MEDHONEY™

Capilano Honey are the experts in getting the honey straight from the honeybees' hive and into your home for the whole family to enjoy. That's why Capilano Honey has become Australia's No.1 Honey. Naturally! Long hours of sun-drying and precise quality control means that Australia has the perfect environment for producing pure refined honey. And did you know that honey has 0% fat. That's right, absolutely no fat and no additives! Capilano Honey is collected by over 700 beekeepers and bottled by us for your convenience. So it's actually quite a simple product and the end result is the deliciously healthy liquid gold.

0% fat, 100% natural, pure Australian Honey!

The Owner | Privacy Policy | Contact Us | © 2016 Capilano Honey Limited. Unconventional. All Rights Reserved.



Creating Better
Solutions
for Health Care



MEDIHONEY

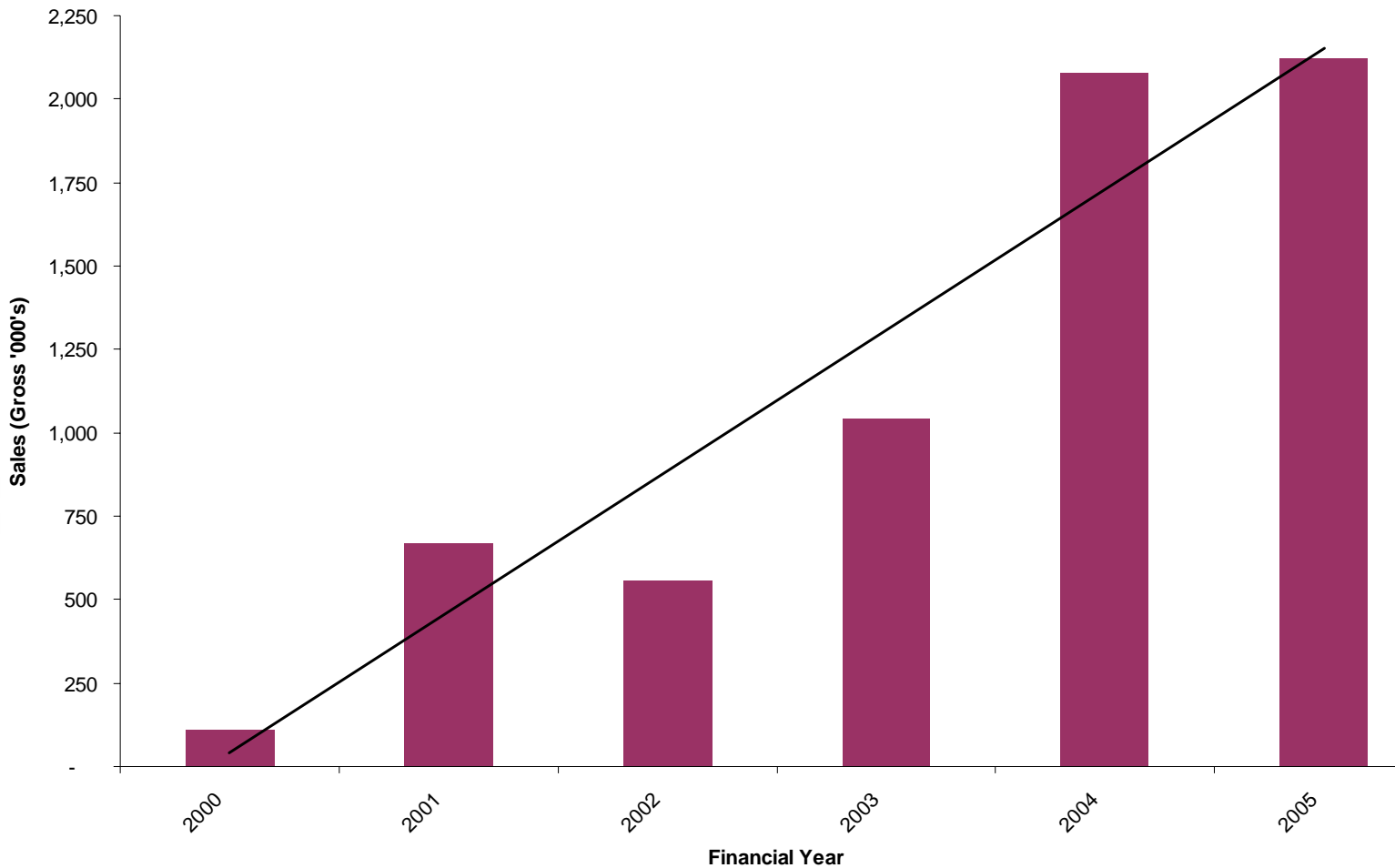


Financial Results

<u>31 March 2006</u>	YTD <u>\$'000's</u>	2005 <u>\$'000's</u>
Sales	2,126	1,516
NPAT	(1,086)	(999)



MEDIHONEY PTY LTD
Gross Sales - 2000 to 2005





COMMERCIALISATION PROCESS

Product Pipeline

Discovery



Market Research

Product
Development

Clinical
Trials



Regulatory
Approval

Manufacture

Market





Medihoney Pty Ltd - International success

- | | |
|----------------------|---|
| 2000 | 1 st listing on the Australian Register of Therapeutic Goods – 1 st time that medical honey was internationally recognised as a therapeutic product by a regulatory body. |
| 2000 | Antibacterial honey sold throughout Australian pharmacies as an over the counter product. |
| 2001 | Launch of Medihoney™ Active+ |
| 2002 | Launch of Medihoney™ Eczema Cream |
| May 2004 | Publication of Medihoney's 1 st clinical study |
| December 2004 | CE mark & Quality system certifications achieved |
| February 2005 | UK Launch |
| May 2005 | Publication of 1 st Randomized Controlled Trial study comparing Medical honey to a standard antibiotic. |
| August 2005 | UK Drug Tariff Listing |
| January 2006 | UK Patent for Pharmaceutical composition comprising honey |



Commercialisation Process

Marketing:

- Product Portfolio Review
- Branding Strategy Review
- Sales & Distribution Focus



Creating Better
Solutions
for Health Care

Medihoney Brand Portfolio 2006

- Capitalise on Medihoney Brand Strength.
- Create a stronger, more medical orientated brand.



Pharmacy *(Over the Counter)* - Brands & Application

- **B-eez**
Eczema Cream. Active ingredient Medihoney
- **BeeLab**
Nature's Antibacterial. Active ingredient Medihoney
- **Active+**
Oral Therapeutic Honey. Active ingredient Medihoney
- **BeeVital**
Manuka honey (Grocery)
- **BeeLife**
Manuka honey (Health food stores)
- **Active Ingredient Medihoney (Product endorsement logo)**



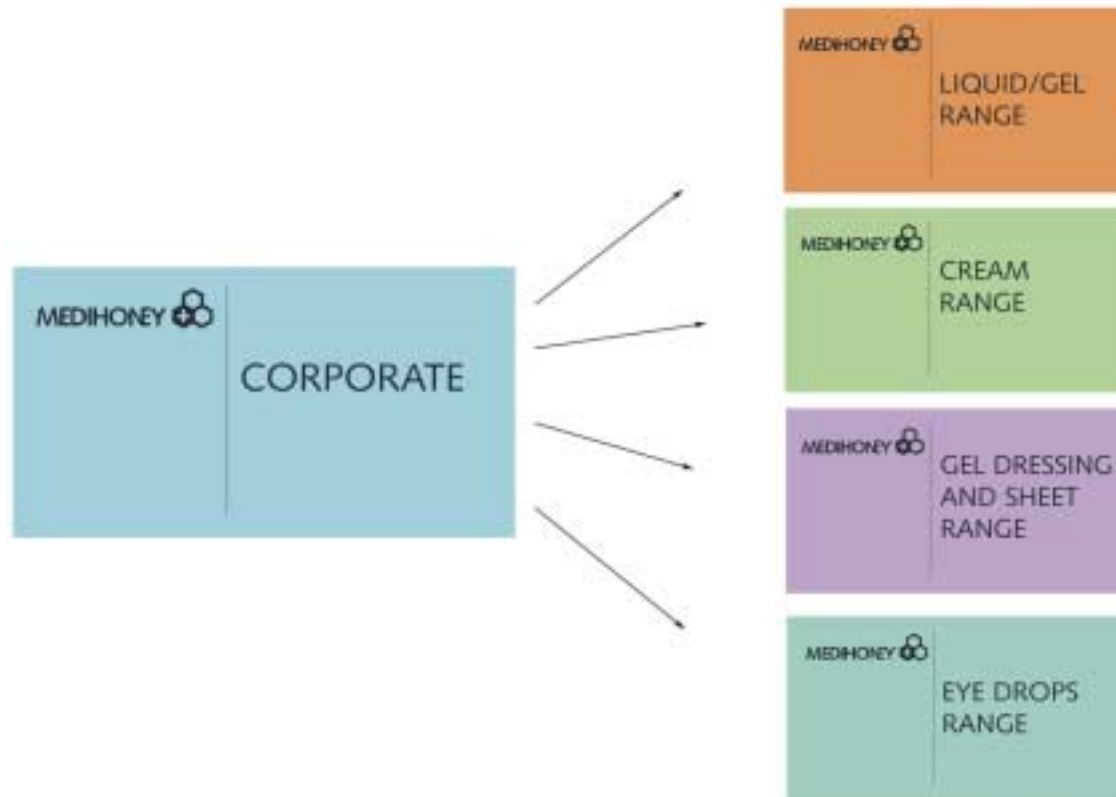
Creating Better
Solutions
for Health Care

Medihoney Medical Brand

- Refinement of the brand
- Creation of a colour code range for distinguishing product ranges
- Creation of new packaging
- Creation of new communication tools
- A new approach to case studies
- Creation of new product sheets



Colour codes for distinguishing product ranges





Creation of new packaging





Capital Raising

- Seeking to raise approximately \$15 million through issue of shares
- Purpose of the Capital Raising
 - Product Development
 - Brand and Product Portfolio
 - Distribution

Question Time



CAPILANO
Honey Limited