WESTERN AUSTRALIAN **PREMIUM AGRIFOOD** MARKET OPPORTUNITY

A Project Under the **Food Industry Innovation** Project

December 2016

CORIOLIS FOR

Department of Primary Industries and Regional Development

GOVERNMENT OF WESTERN AUSTRALIA

ACCESSIBILITY

Coriolis seeks to support the widest possible audience for this research. This document has been designed to be as accessible to as many users as possible.

Any person – with or without any form of disability – should feel free to call the authors if any of the material cannot be understood or accessed.

We welcome the opportunities to discuss our research with our readers and users.

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ROYALTIES FOR REGIONS

DOCUMENT STRUCTURE

DOCUMENT STRUCTURE - PROFILES

Why did DAFWA undertake this project?

Western Australia has a large and robust agri-food industry. The industry has a gross farmgate value of A$8.4b spread across 12,416 agricultural businesses. Beyond the farm, the state has A$13b in agri-food processing and bulk handling turnover. The total WA agri-food value chain employs 158,000 people, or one in eight of the working population.

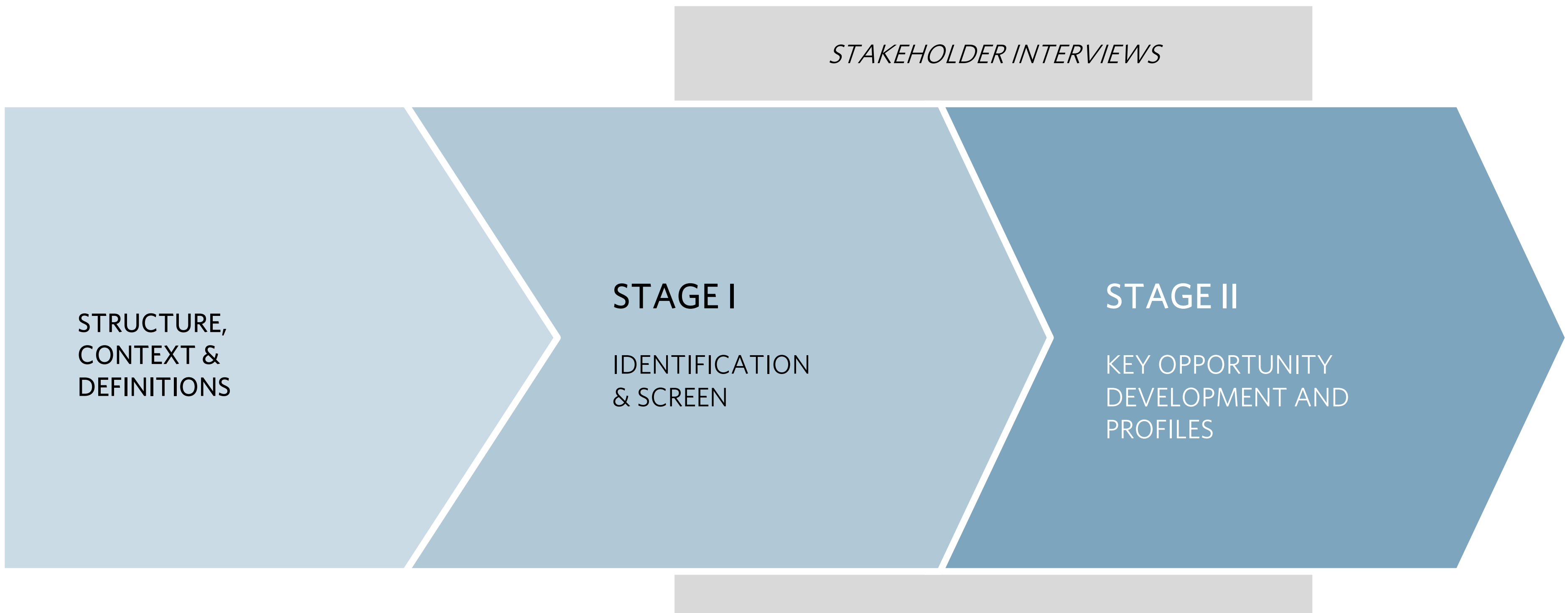
Currently Western Australia predominantly exports raw material ingredients at the world price. Highly relevant peer group countries strongly suggest Western Australia currently underperforms in terms of the share of agri-food exported in substantially transformed, processed, and/or packaged form.

Western Australian has an emerging value-added food and beverage sector that is driving real innovation. However, the industry is currently small, fragmented and under-skilled. The government is focusing resources on improving the situation through the Food Industry Innovation project. However, this project needs to focus scarce resources on the products with the highest market potential.

Core question that Coriolis were engaged to address:

What market opportunities can be identified for premium (including organic) Western Australian agri-food products?

This project used a multistage screening process to evaluate and identify specific key premium agri-food market opportunities



This project involved significant stakeholder consultation and has been guided by a steering group

STAKEHOLDERS INTERVIEWED

Farmer Jack's 100% WA OWNED
fresh provisions passion for food
BOATSHED MARKET
manna Wholefoods & Cafe
Perth Organics Harvest to Home
Swanbourne Cellars Fine Wine & Liquor Specialists
peaches fresh food
THE FREO DOCTOR LIQUOR STORE
LITTLE CREATURES BREWING
The Organic Collective earth foods
Arcadian Meat Co. Organic & Natural
The other side
kadac
HARRIS FARM MARKETS
百美超级市场 PRIME SUPERMARKET
little farms
JAAN
Bunbury FARMERS MARKET

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EXECUTIVE SUMMARY

Western Australia has traditionally produced and exported bulk quantities of agri-food ingredients. These ingredients are sent to other countries where they are transformed into products that consumers eat and drink. Unlike Western Australia, other rich developed countries or regions predominantly export premium, value-added consumer ready products.

This project seeks to identify new and emerging premium products that add value to Western Australia's abundant raw materials.

The Department of Agriculture and Food, Western Australia (DAFWA) has established the Western Australian Premium Food Centre to identify markets for premium agri-food products and assist businesses state-wide to upscale and coordinate production and promotion of high value, low input products. The centre is part of DAFWA's Food Industry Innovation project, made possible through investment by the State Government's Royalties for Regions program.

This Premium Agri-foods Market Opportunities report will influence project priorities ensuring that the project focuses on market demand and delivers tangible commercial outcomes. The identified opportunities from this report will be prioritised, paving the way for the development of sector and market plans. The research focused on Asian exports markets, looking to capitalise on the significant opportunities presented by the Asian Century as identified in the Government of Western Australia's Seizing the Opportunity in Agriculture initiative.

The research has identified twenty product categories that present excellent opportunities to add value to Western Australian ingredients. These include a huge range of different products, ranging from organic beef through to speciality breads, beef jerky through to organic baby food, and cured meats through to cider. All of these products represent real opportunities for Western Australian producers to grow, expand and add value.

These products are not hypothetical concepts developed in abstraction. Research was focused on existing products on shelf, not "blue sky" potential ideas without supporting sales data. In all cases, for all products, Western Australia already has innovative and successful firms across the state driving the growth of the category. These firms range in size, from small start-ups to large, well-capitalised operations. These firms have varying levels of capability, with many having identified gaps in their skill set that the Premium Food Centre is well positioned to support. As a general observation across the gap assessments, increased focus on marketing and awareness activities and improvement in sales capabilities is required. However, what all producers share in all cases is a passion and belief in the incredible opportunities that premium products present for Western Australia.

The concept of premium food is easy to discuss but difficult to define. This report defines premium products as those that seek a materially higher price per standardised unit than the product or category average. But success in premium is more than asking a high price; it is regularly getting that high price through strong and growing sales.

Organic production presents Australian producers with a path to attaining a price premium. The organic category has changed rapidly, from being a fringe niche segment in the seventies to being fast growing and mainstream today. Today organic food and beverages are a large market globally (US$80b) that is showing strong growth (11% CAGR, 2003-2014). Nationally, Australia has a large, and growing, organic food & beverage industry with sales of A$1.4b in 2014. Australian retail sales of organics are spread across a wide range of categories; however exports are concentrated in meat, processed food and dairy. This research highlights clear, specific key opportunities for the Western Australian organic sector.

Potential premium food and beverage opportunity categories were identified through extensive screening of a range of retail and foodservice operations: locally, nationally and internationally. This process delivered around five hundred product categories that have potential to support premium food and beverage products. These identified products were then screened against a criteria-based methodology to identify the short list of twenty opportunities.

The list of opportunities was not developed in isolation. Extensive consultation was undertaken with some of the leading premium retailers and foodservice operators in Australia and Singapore. These interviews brought an added level of depth and richness to the analysis of the opportunities. Interviewees supported the opportunities but stressed the importance of service and processes.

The Stage I list and scoring of the 506 products is presented in Appendix 1. In Stage II, these twenty opportunities are each profiled in extensive detail.

All products do not suit all markets and all channels. Chefs in food service have different needs to boutique premium retailers. Organic products are more suited to retailers with a strong organic offer; premium alcoholic spirits are more suited to high-end bars and restaurants.

The same is true in export markets. Each potential market has their own rules and channels, and export markets are each in a different stage of food industry evolution. Some are ahead of Australia in trends and sophistication, while others are behind. This in some way accounts for the small exports of some of the products identified in the research. As the markets mature, it is expected they will increasingly follow similar global trends. Alternatively, in some categories Asia is the source of the trend, such as in the case of fermented foods (one of the identified opportunities).

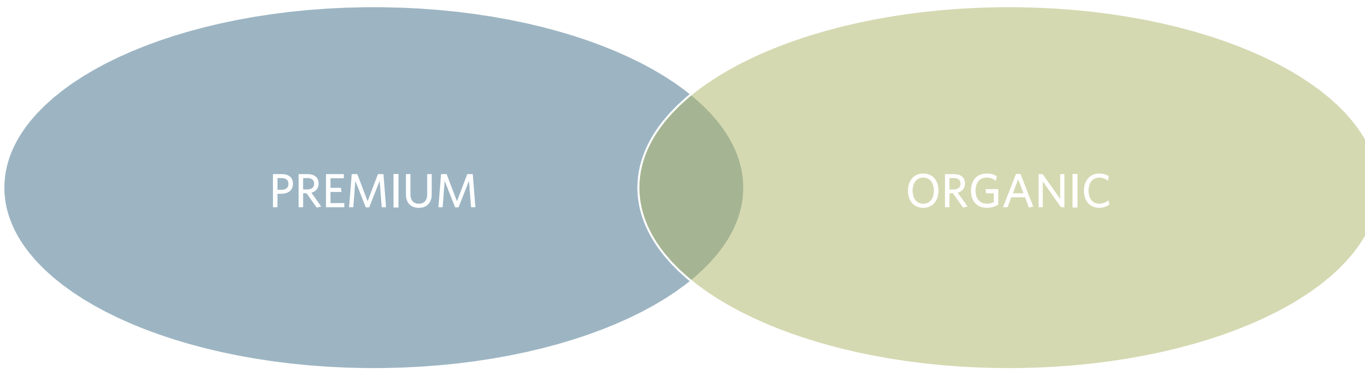
While all identified opportunities can potentially work across all regions of Western Australia, this research is asked to identify specific key opportunities for the Great Southern, Wheatbelt, and Manjimup and the South West regions. The opportunities were triaged into good, better, best categories for the three regions, based on criteria that include comparative advantage in producing raw ingredients, presence and scale of existing producers, and success of global peer regions in the category. The Wheatbelt, Manjimup and the South West, and Great Southern regions each have a range of high potential opportunities that they are well positioned to execute.

Following on from this research will be two further stages of work: (1) the preparation of Market Development Plans and (2) the development of Sector Capacity Plans.

These twenty premium food and beverage concepts present Western Australian producers across the state with real opportunities for growth. From a resource perspective, Western Australia is well positioned to capitalise on the growing global demand for food. The Western Australian Premium Food Centre will work with producers and processers throughout Western Australia; assisting businesses to upscale and encouraging collective supply to capture these priority market opportunities.

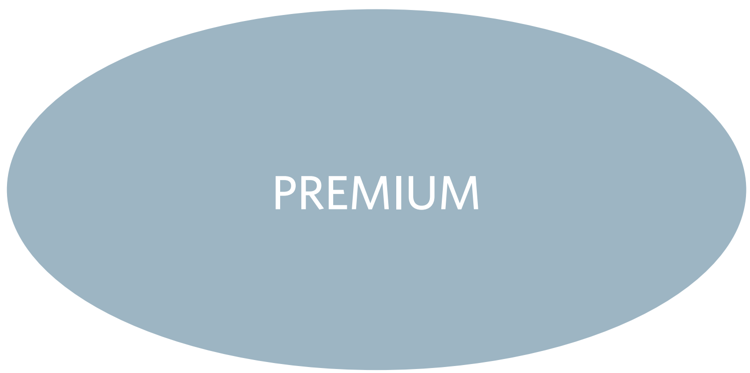
DOCUMENT STRUCTURE

In the food industry, premium and organic are related but different concepts



PREMIUM

The concept of premium, which can be "dressed up," is in practice asking consumers to pay more for a food or beverage product



Dictionary definitions of "premium" are easily available, but vague

"A high value or a value in excess of
that normally or usually expected."

Merriam-Webster

"A sum of money or bonus paid in addition to a regular price…
of superior quality or value."

The American Heritage dictionary

"Of exceptional quality or greater value
than others of its kind; superior"

Random House

"If something is at a premium, it is wanted or needed,
but is difficult to get or achieve… If you buy or sell something at a
premium, you buy or sell it at a higher price than usual, for example
because it is in short supply."

HarperCollins

In theory any food or beverage category can be made premium through a wide range of activities, processes and claims

EXAMPLES OF POTENTIAL CLAIMS OR ACTIONS SUPPORTING A PREMIUM POSITION

Model; 2016

ORGANIC	SMALL BATCH	ETHICAL	ARTISAN	FAIR TRADE
LOCALLY PRODUCED	PICTURESQUE SOURCE	RARE/LIMITED SUPPLY	CAVE/BARREL AGED	ESTATE GROWN
SUSTAINABLE	HEIRLOOM/RARE BREED	EXPENSIVE INGREDIENTS	EXPENSIVE PACKAGING	PROTECTED NAME
NAMED PRODUCER	SECRET/FAMILY RECIPE	RICH/DISTINCT FLAVOUR	FREE RANGE	GRASS FED
FAMILY OWNED	AWARD WINNING	CELEBRITY ENDORSED	PROMOTED & ADVERTISED	HAND CRAFTED

"Premium" products, are at least partially, an illusion created by marketing

EXAMPLE: SELECT TEQUILA PRODUCTS FOR SALE AT BEVMO! LIQUOR STORES

US$; Nov 2016

SAUZA TEQUILA EXTRA GOLD (750 ML)

$10.99

Contains 750ml of tequila

35 times more →

← Same amount of tequila

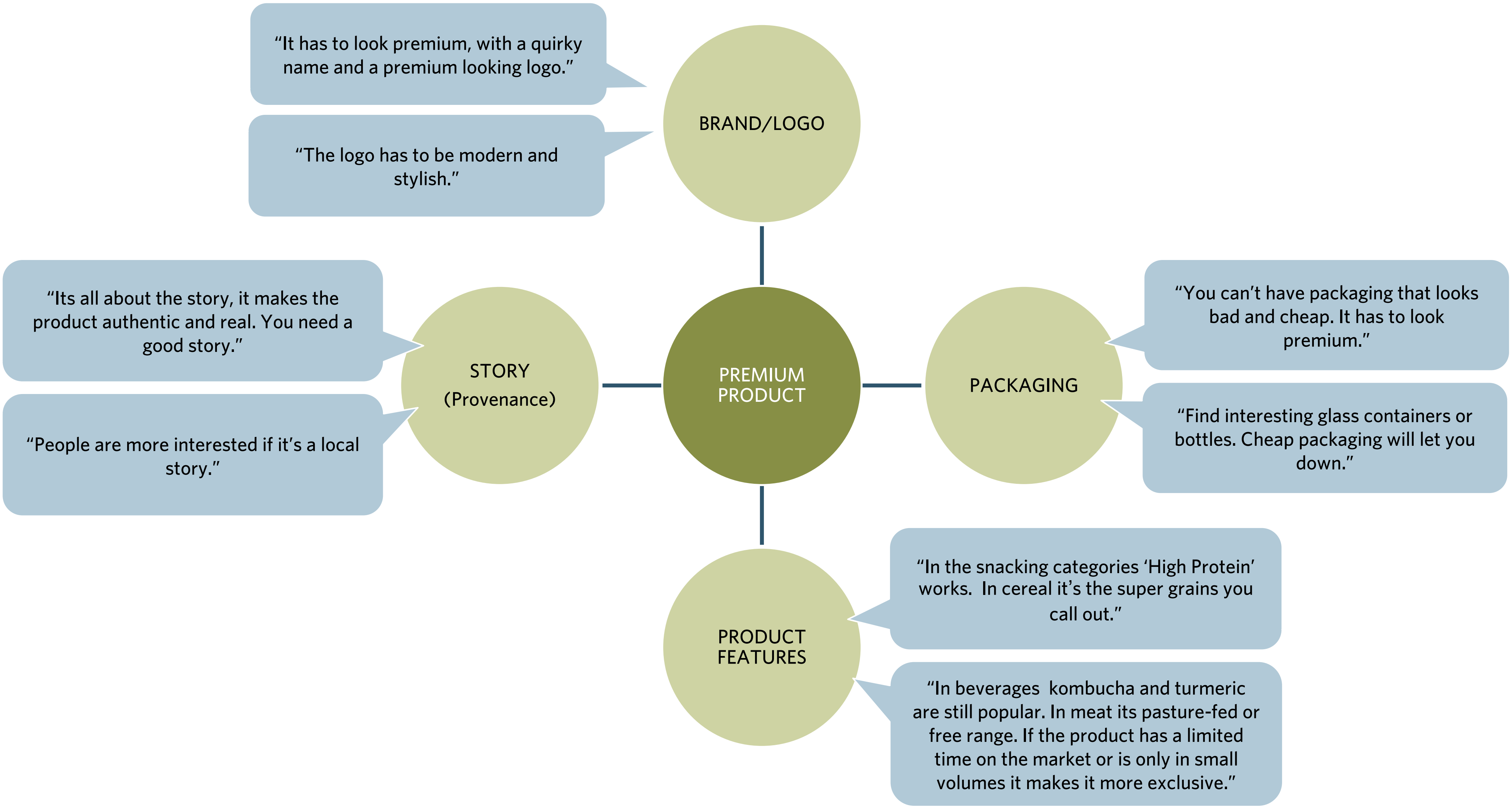
HERRADURA TEQUILA SELECCION SUPREMA (750 ML)

$389.99

Contains 750ml of tequila

Source: store checks (BevMo! California); photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Industry participants recognise all elements must align to create a premium product, starting with a high quality product and extending into the marketing elements



Source: Industry interviews, Coriolis analysis

"Poach Pear - Artisan Foods" highlights the use of premium signals across its range

EXAMPLE: POACH PEAR
2016

ELEMENTS	FEATURES OF PREMIUM
BRAND/LOGO	- Stylish modern font and design - "Poach Pear" - unique name - "Artisan Foods" in name
PACKAGING	- Original looking reusable, recyclable glass jars - Gold lids - Hand-made, crafty, natural label attachment
PRODUCT FEATURES	- High quality ingredients - Traditional but reinvigorated - Gluten-free - Free-range - Calling out local "Linley Valley pork" - Limited supply
STORY/PROVENANCE*	- Husband and wife team classically trained chef and sales and marketing professional - Providing hand-made restaurant quality foods

** Poach Pear website; Source: Industry interviews, Coriolis analysis*

In practice, some product categories are more welcoming to premium than others

Indications that premium products may struggle	Indications that premium products will thrive
Product has limited taste or flavour variation	Product has wide taste and flavour variation
Product quality is stable through time	Product quality improves over time
Product has negative health connotations	Product has positive health associations
Category has falling consumption per capita	Category has growing consumption per capita
Low average prices relative to other categories	Higher prices relative to other categories
Limited range on shelf (# of SKU*)	Wide range on shelf
Limited number of different brands	Wide number of brands
Highly processed foods	Traditional production process
Frozen or freeze dried (generally)	Chilled or fresh
High economies of scale in production	Low barriers to entry
High capital cost to produce	Limited capital required to produce
UNDER THESE CIRCUMSTANCES PREMIUM IS POSSIBLE BUT SUCCESS WILL BE DIFFICULT	UNDER THESE CIRCUMSTANCES PREMIUM PRODUCTS ARE LIKELY TO BE WELCOMED

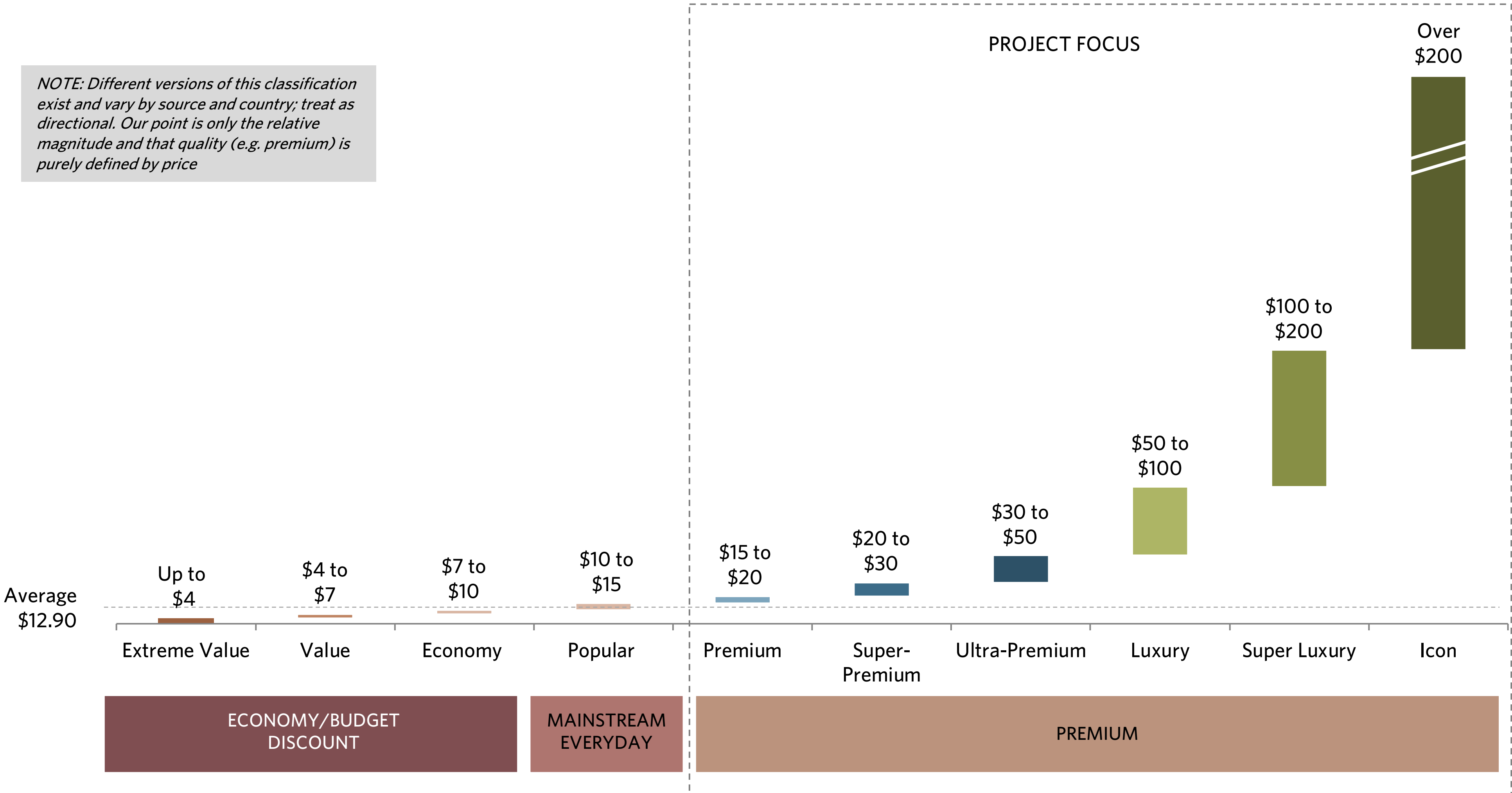
*SKU Stock Keeping Units

Unlike most sectors, the wine industry has clear definitions and purely defines "premium" and other quality-related phrases according to retail price

CLASSIFICATION OF WINE BY QUALITY TYPE IN U.S. MARKET BY RETAIL PRICE

US$; actual; suggested retail price (before discounts; street price is lower); 2016

NOTE: Different versions of this classification exist and vary by source and country; treat as directional. Our point is only the relative magnitude and that quality (e.g. premium) is purely defined by price



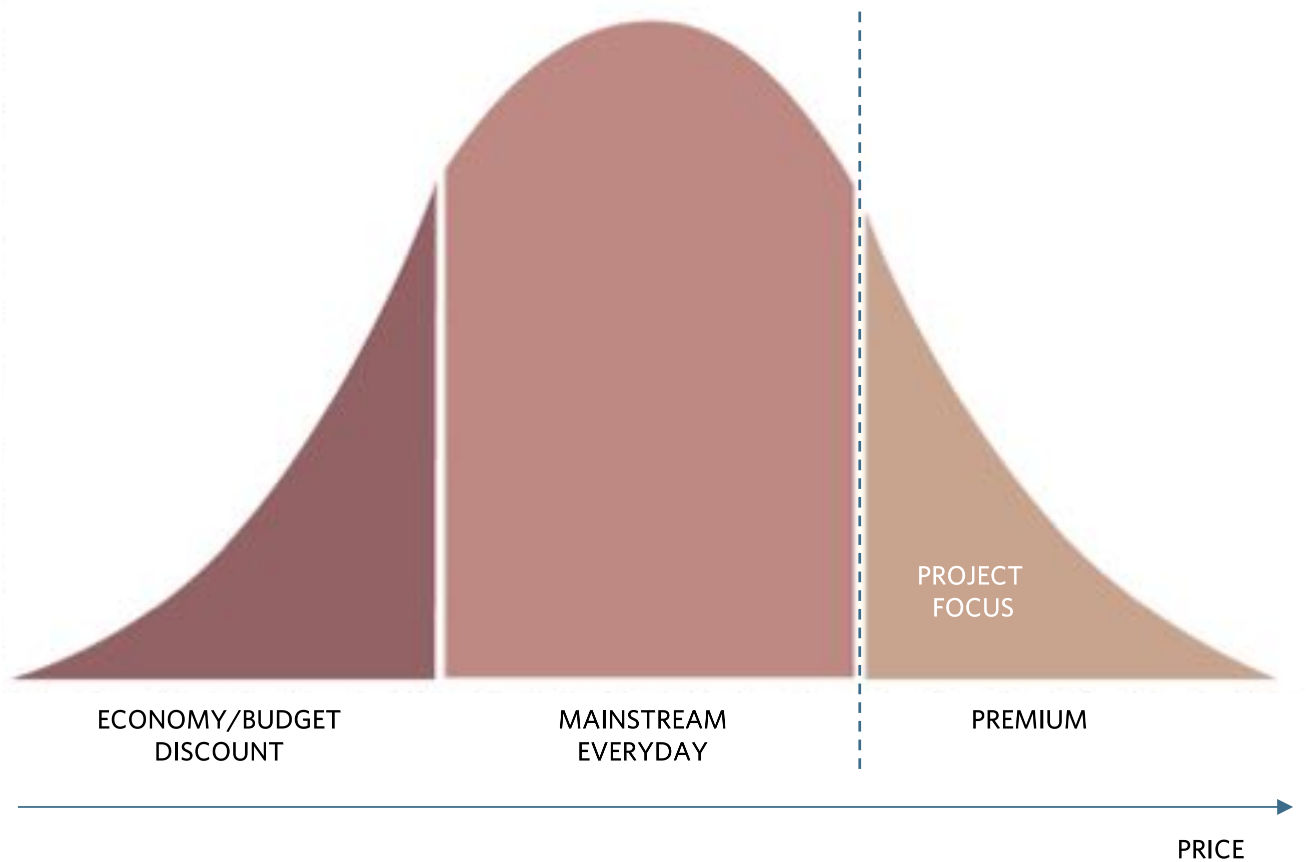
Note: Please do not mis-read this chart; this is only price bands; it is not proportional to volume, total sales, margin, gross profit or net profit, it just shows relative price;

Source: Tincknell & Tincknell, Inc.; Wine Folly; Fredricks; Wine Institute; Coriolis analysis

This report defines "premium" products as those achieving higher prices than the "mainstream everyday" category average

SIMPLIFIED FOOD & BEVERAGE CATEGORY CLASSIFICATION INTO THREE PRICE BASED QUALITY SEGMENTS

Model; 2016



Source: Coriolis

Applying this classification to two example categories demonstrates how it works in practice

	ECONOMY/BUDGET DISCOUNT	MAINSTREAM EVERYDAY	PREMIUM
Yoghurt	 A$3.60 per kg.	 A$5.00 per kg.	 A$17.20 per kg.
Breakfast Cereal	 A$1.80 per kg.	 A$5.50 per kg.	 A$33.40 per kg.

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

The key opportunities for premium Western Australian agri-food products are in large and growing categories with the right characteristics

ON-SHELF RANGE IN COLES IN THREE SELECT CATEGORIES

Presence; 2016

FRESH PINEAPPLE	SHELF-STABLE ASPARAGUS	YOGHURT
		
HARD *1 product/0 brands* *No premium range*	*CHALLENGING* *4 products/3 brands* *No premium range*	*ATTRACTIVE* *233 products / 25+ brands* *Extensive premium range*

... AND 211 OTHER PRODUCTS

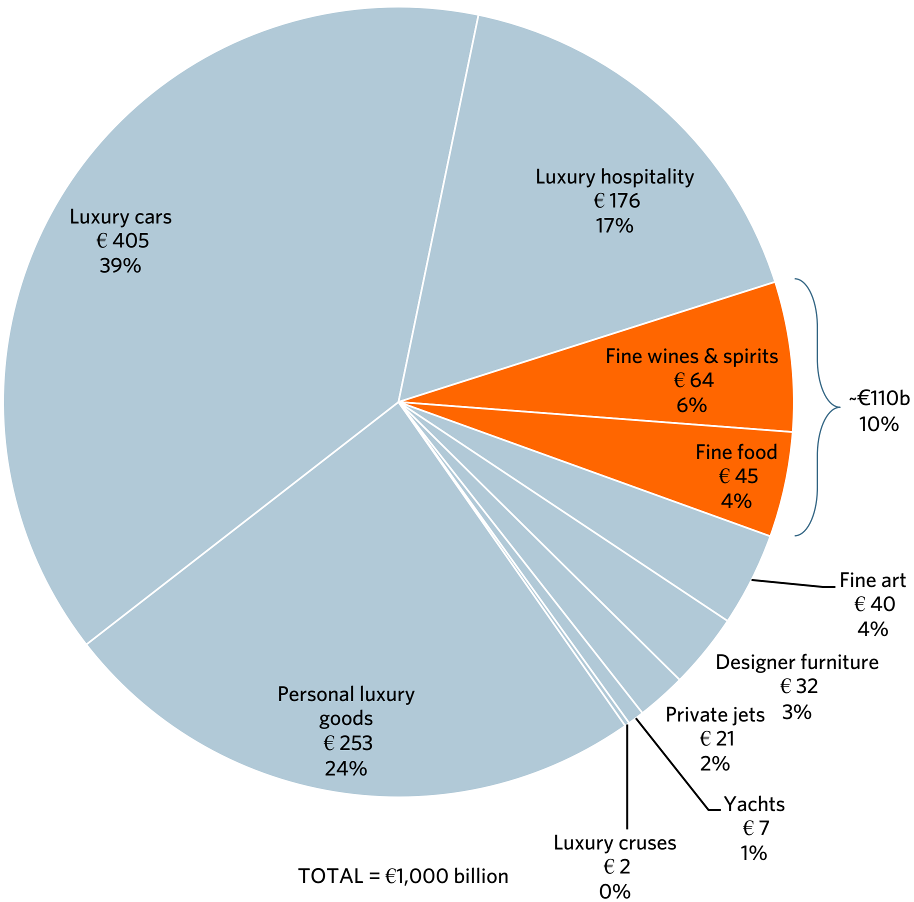
Source: store checks (Coles); photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

A subset of premium is luxury goods, which are a €1 trillion market; fine wines & spirits and fine food account for 10% of this total (or €110b); fine wines, spirits and food only showing moderate growth (3-4%)

WORLDWIDE RETAIL SALES OF LUXURY GOODS BY SEGMENT

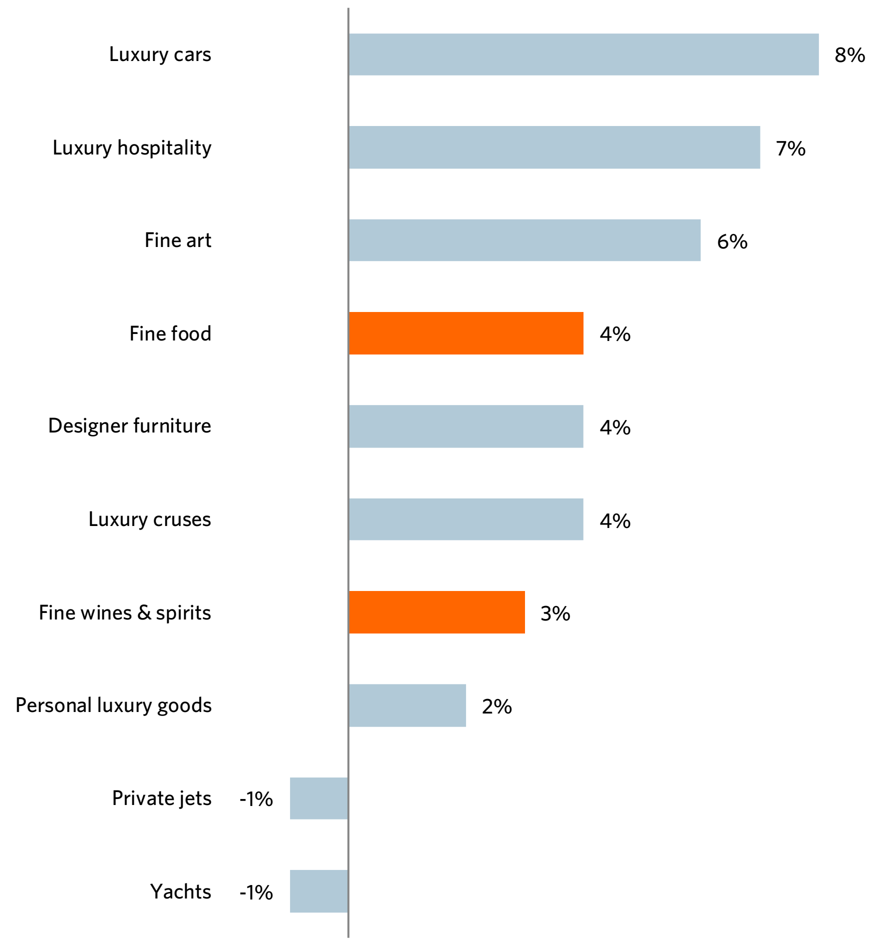
€; b; 2015

Data is consumer expenditure; wholesale will be significantly less



YEAR-ON-YEAR GROWTH RATE BY SEGMENT

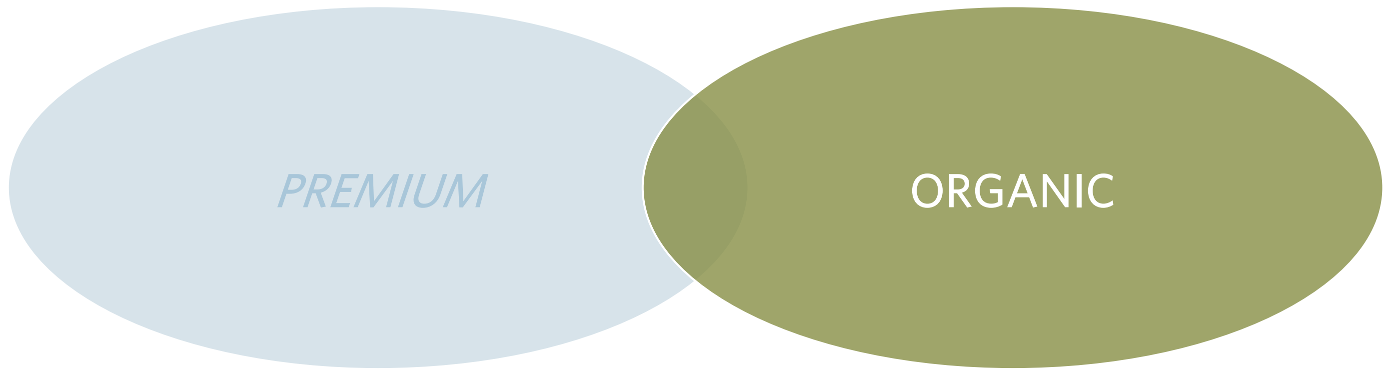
% of €; constant exchange rate; 2014 vs. 2015



Source: Bain Consulting - Luxury Goods Worldwide Market Study Fall, 2015

ORGANIC

"Organic" represents a related group of agricultural productions systems that produce lower yields, but are perceived by consumers as more "healthy" or "natural"



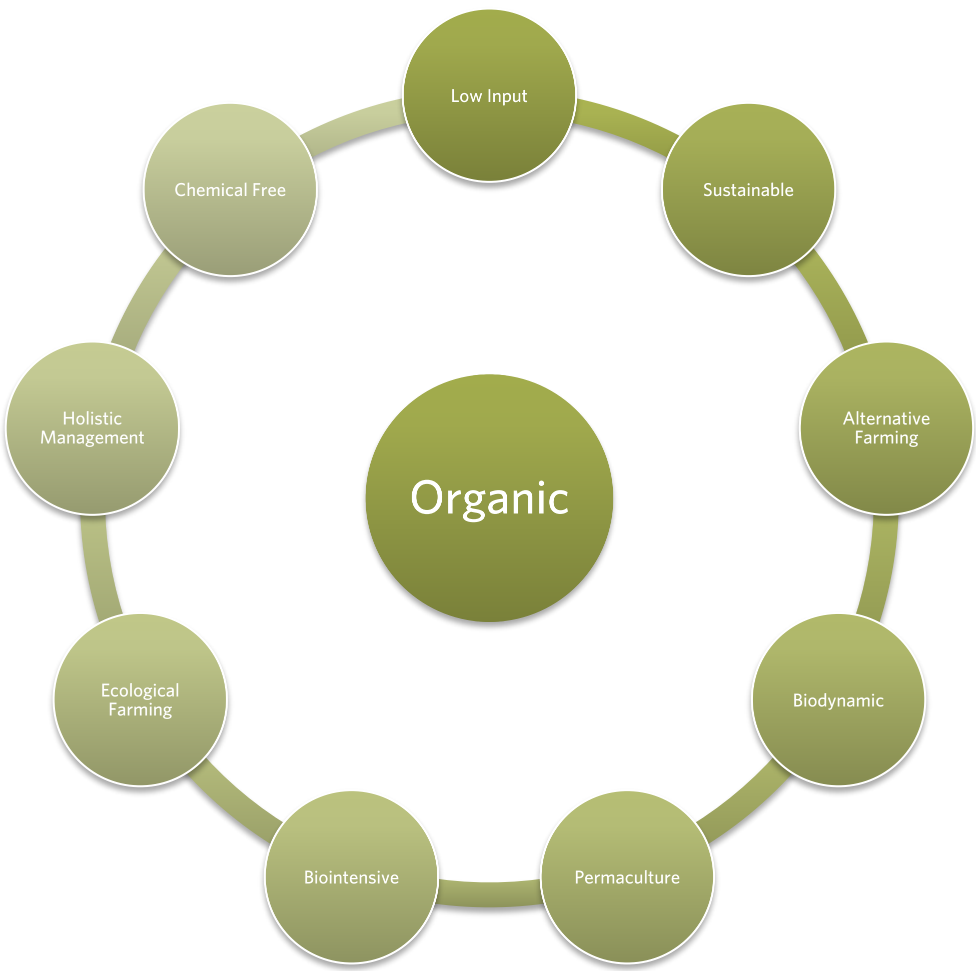
Organic are "on-trend" and growing; they present a good opportunity for Western Australian producers, however achieving real success in the sector is challenging, particularly in export markets

ORGANIC: KEY TAKEAWAYS FOR WA PRODUCERS

- There is potential for organic across most products and categories; effectively almost any food or beverage can be "made" organic
- However, organics are not equally distributed across all products; organics appear to cluster in categories with one or more of the following characteristics:
    1. Products targeting children (e.g. baby food),
    2. Products that use a small amount of ingredients, but are mostly water (e.g. beverages), or
    3. Products produced in low intensity farming systems that are "basically organic" anyway (e.g. rangeland beef)
- Demand is primarily for "certified organic," particularly in export markets
    - Certification and export regulations make exporting very challenging (in particular for fresh products)
    - Fresh produce in Asian markets (e.g. Singapore) receiving significant price premium
- Interviewees and market conditions support moderate price premiums for organic; there is no constituency for "organic at any price" in Australia
- The growth of the category has increased price pressure on organic products; organic prices are increasingly almost in-line with conventional products (e.g. baby food)
- Price pressure driven by major retail chains expanding into organics; as a result scale is required to drive efficiencies and volumes in sector

Source: Interviews; Coriolis analysis

"Organic" food is the generic name given generally to a related set of agricultural production systems



FROM A CONSUMER POINT-OF-VIEW

"Organic food is produced by farmers who emphasize the use of renewable resources and the conservation of soil and water to enhance environmental quality for future generations. Organic meat, poultry, eggs, and dairy products come from animals that are given no antibiotics or growth hormones. Organic food is produced without using most conventional pesticides; fertilizers made with synthetic ingredients or sewage sludge; bioengineering; or ionizing radiation. Before a product can be labeled "organic," a Government-approved certifier inspects the farm where the food is grown to make sure the farmer is following all the rules necessary to meet USDA organic standards. Companies that handle or process organic food before it gets to your local supermarket or restaurant must be certified, too."

USDA, Agricultural Marketing Service, National Organic Program

FROM A FARM/FARMING POINT-OF-VIEW

"Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycles and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain and enhance ecological harmony. 'Organic' is a labeling term that denotes products produced under the authority of the Organic Foods Production Act. The principal guidelines for organic production are to use materials and practices that enhance the ecological balance of natural systems and that integrate the parts of the farming system into an ecological whole. Organic agriculture practices cannot ensure that products are completely free of residues; however, methods are used to minimize pollution from air, soil and water. Organic food handlers, processors and retailers adhere to standards that maintain the integrity of organic agricultural products. The primary goal of organic agriculture is to optimize the health and productivity of interdependent communities of soil life, plants, animals and people."

Final Minutes of the National Organic Standards Board, Orlando, Florida, April 24-28, 1995 (NOSB, 1994), p. 50.

Low-Input farming systems seek to minimise the use of external inputs

"Low input farming systems seek to optimize the management and use of internal production inputs (i.e. on-farm resources)... and to minimize the use of production inputs (i.e. off-farm resources), such as purchased fertilizers and pesticides, wherever and whenever feasible and practicable, to lower production costs, to avoid pollution of surface and groundwater, to reduce pesticide residues in food, to reduce a farmer's overall risk, and to increase both short- and long-term farm profitability."

JF Parr et al., "Sustainable Agriculture in the United States," in Sustainable Agricultural Systems, ed. by Clive A. Edwards, et al. (Ankeny IA: Soil and Water Conservation Society, 1990), p. 52.

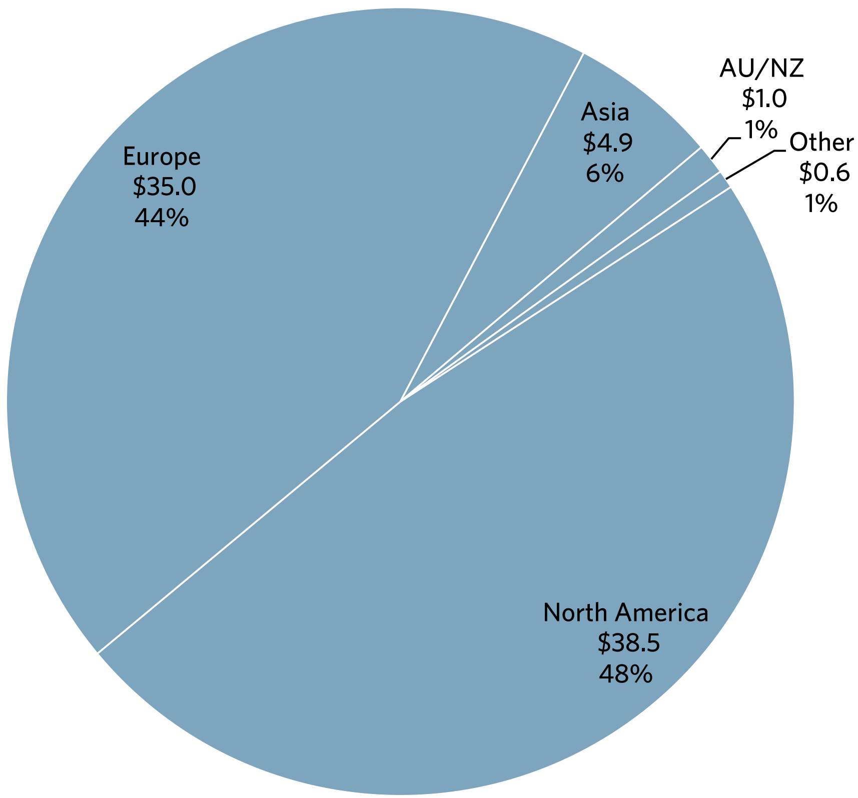
"The term is "somewhat misleading and indeed unfortunate. For some it implied that farmers should starve their crops, let the weeds choke them out, and let insects clean up what was left. In fact, the term low-input referred to purchasing few off-farm inputs (usually fertilizers and pesticides), while increasing on-farm inputs (i.e. manures, cover crops, and especially management). Thus, a more accurate term would be different input or low external input rather than low-input."

David Norman, et al., Defining and Implementing Sustainable Agriculture (Kansas Sustainable Agriculture Series, Paper #1; Manhattan KS: Kansas Agricultural Experiment Station, 1997)

Organic foods and beverages are a large market globally (US$80b), showing strong growth (11% CAGR; 2003-14); key markets are predominantly Western (North America (48%), Europe (44%) and AU/NZ 1%)

SIZE OF GLOBAL ORGANIC MARKET

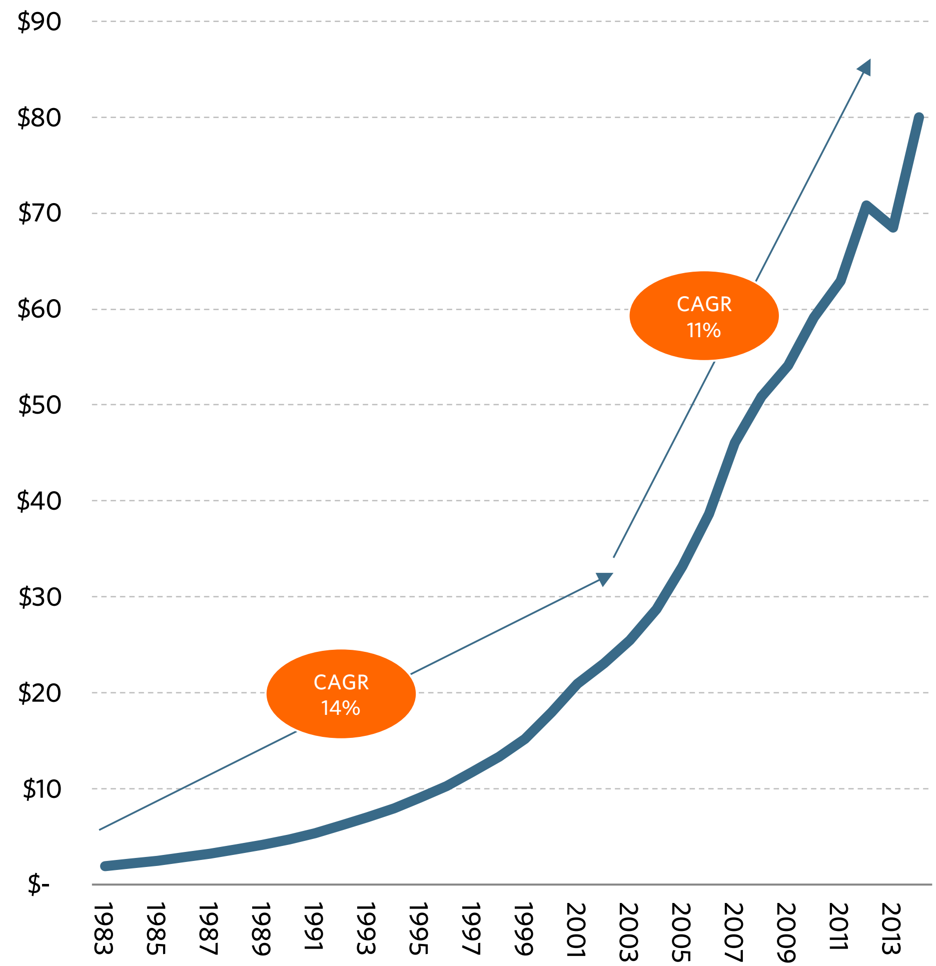
US$; b; 2014



TOTAL = US$80 billion

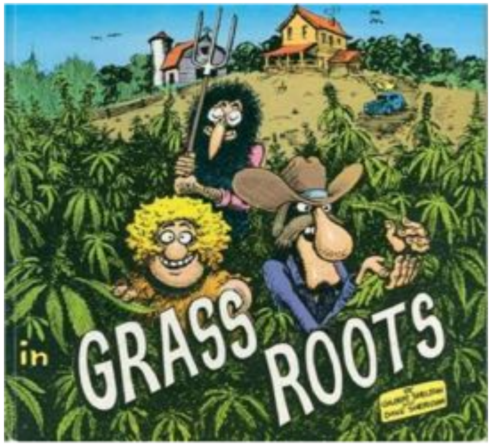
SIZE OF GLOBAL ORGANIC MARKET

US$; b; 2014



Source: USDA Economic Research Service; Organic Trade Association; International Federation of Organic Agriculture Movements; Statisa; Coriolis analysis and estimates

The rapid global growth of the organic food sector has attracted the multinational food giants to the category, leading to on-going waves of acquisitions



DANONE	$4b 2016	WhiteWave FOODS
Hormel Foods	$775m 2016	APPLEGATE NATURAL & ORGANIC MEATS
GENERAL MILLS	$820m 2014	Annie's HOMEGROWN
SMUCKER'S THE J.M. SMUCKER COMPANY	N/A 2014	SNACK BETTER SAHALE SNACKS

Source: photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes or transformative, criticism, comment, scholarship & research; no other available source); Coriolis analysis

Organics are receiving a premium on shelf, as this example in Singapore highlights

- "Earthbound Farm - Organic"
- Product of the USA
- USDA Certified
- Celery S$9.50; Cauliflower S$15.00

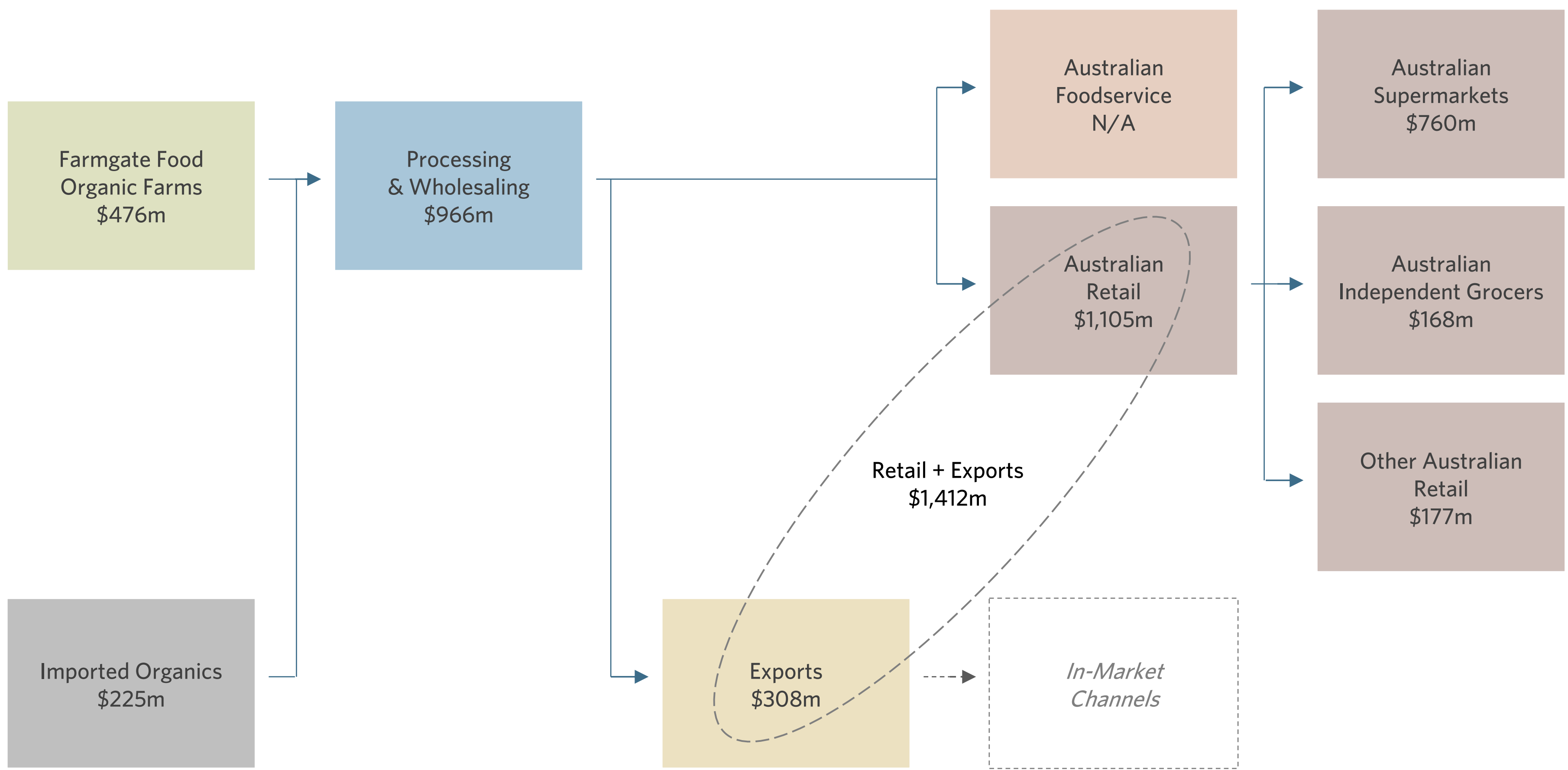
- "Zenxin Organic" Malaysian supplier and distributor of organic products
- Product of USA
- USDA Certified
- S$6.20/pk (4 apples)

Source: Jasons Marketplace, Singapore; Coriolis

Australia has a large organic food & beverage industry with sales of A$1.4b in 2014

SIMPLIFIED STRUCTURE OF AUSTRALIAN ORGANIC FOOD VALUE CHAIN

A$; m; 2014

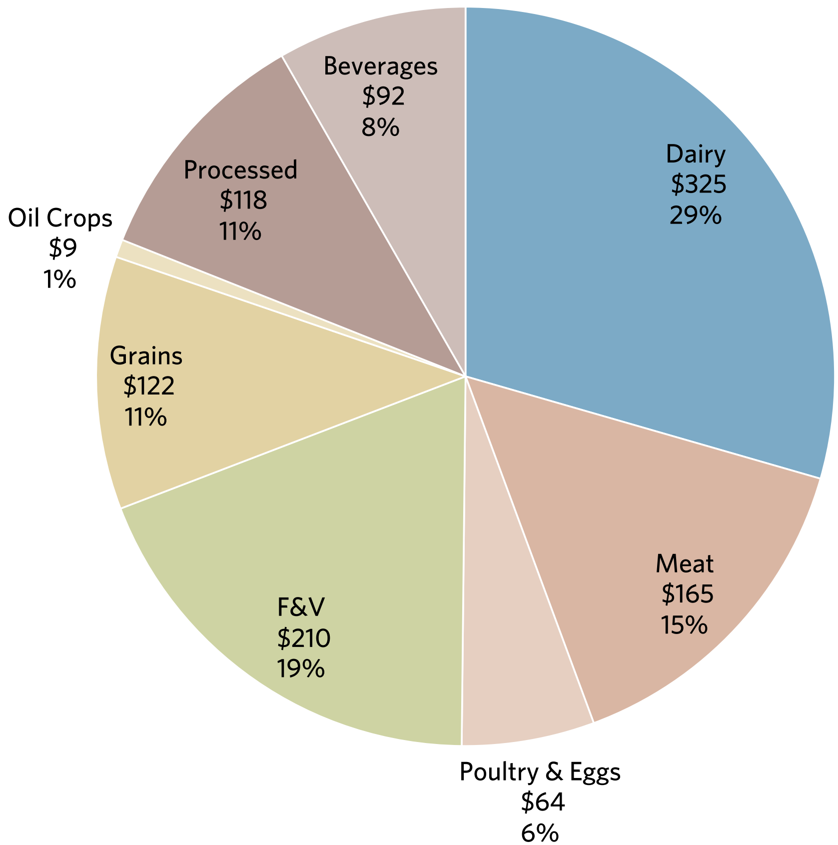


Note: Data is all organic food and beverages (excluding non-food). Source: Australian Organic Market Report (various years); Coriolis estimates and analysis

Australian retail sales of organics are spread across a wide range of categories; however exports are concentrated in meat, processed food and dairy

RETAIL VALUE OF AUSTRALIAN ORGANICS BY TYPE

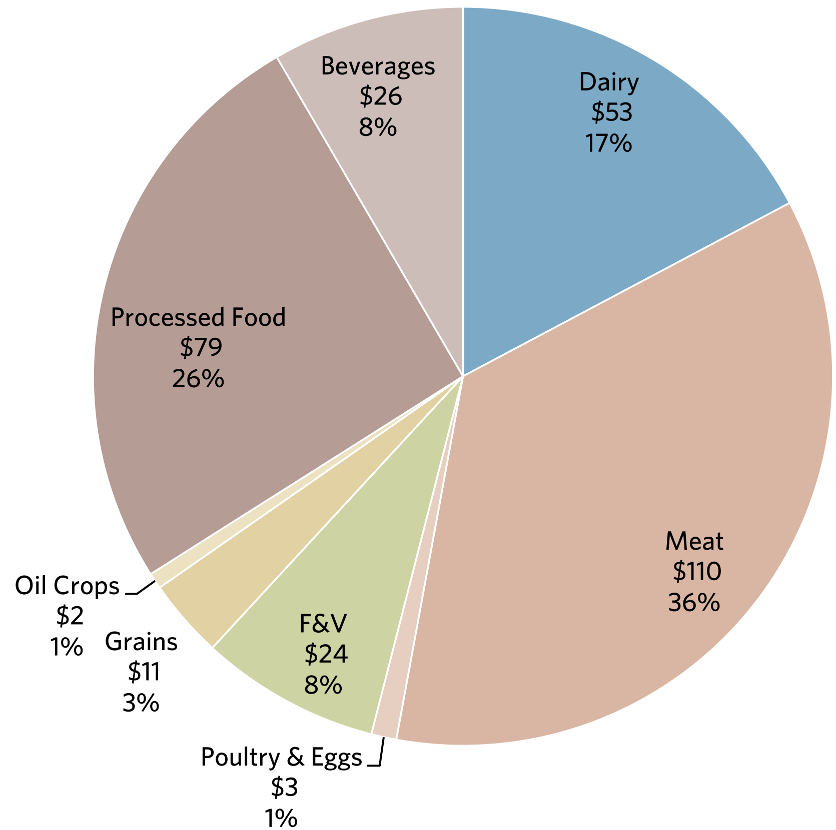
A$; m; 2014



TOTAL RETAIL = A$1,105m

EXPORT VALUE OF AUSTRALIAN ORGANICS BY TYPE

A$; m; 2014



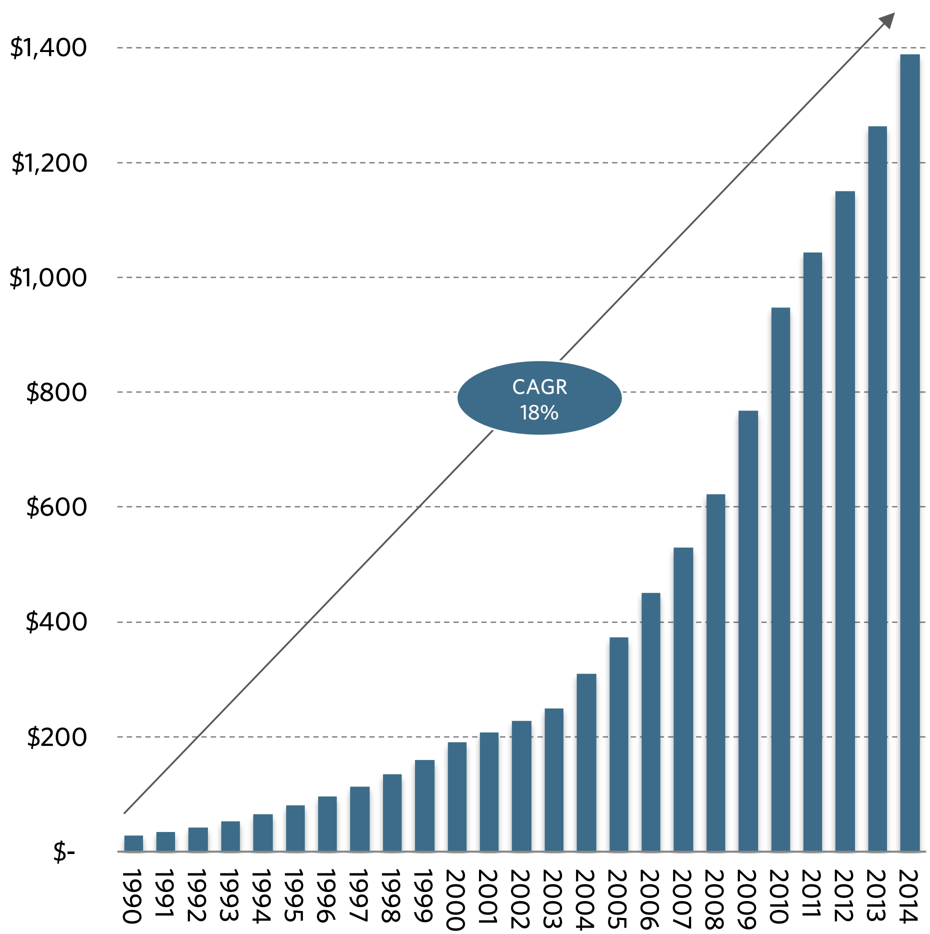
TOTAL EXPORTS = A$308m

Note: Data is all organic food and beverages (excluding non-food). Source: Australian Organic Market Report (various years); Coriolis estimates and analysis

Retail sales of organic products are growing in Australia, driven by growing per capita spending

RETAIL SALES OF ORGANIC PRODUCTS IN AUSTRALIA

A$; m; 1990-2014



RETAIL ORGANIC PRODUCT SALES PER PERSON: AUSTRALIA

A$ per person; 1990-2014

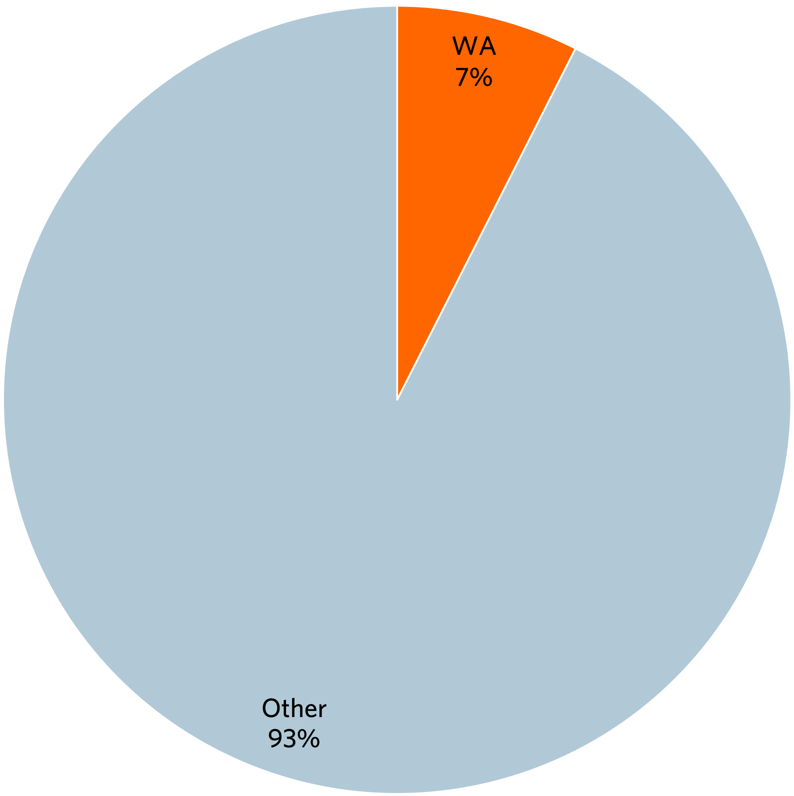
Note: Data is all organic products (food & non-food), including imports, excluding exports, sold to Australian residents (not adjusted for tourists)

Source: Australian Organic Market Report (various years); United Stations PopStat database; Coriolis estimates and analysis

Western Australia accounts for 7% of Australia's organic primary production operations but only 0.3% of organic area

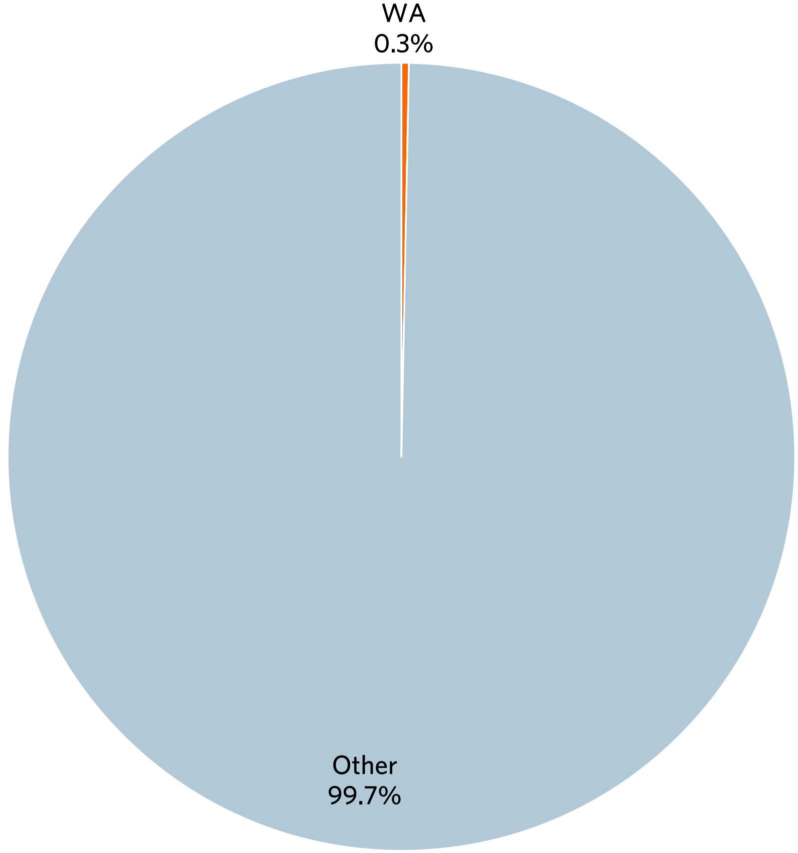
WA SHARE OF AU ORGANIC PRIMARY PRODUCTION OPERATIONS

% of units; 2014



WA SHARE OF AU ORGANIC AREA

% of hectare; 2011

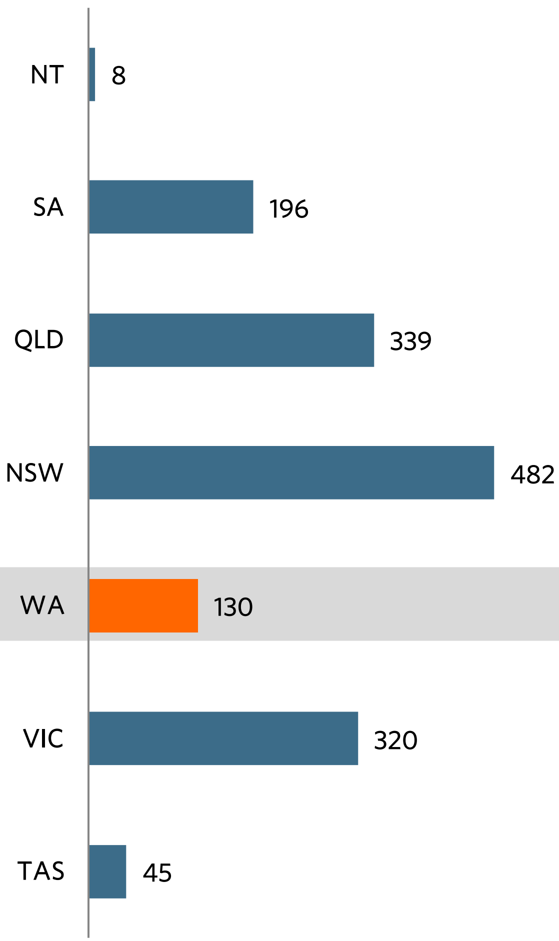


Source: Australian Organic Market Report (various years); Coriolis estimates and analysis

Western Australian organic farms are small relative to those in key states (SA, QLD & NSW)

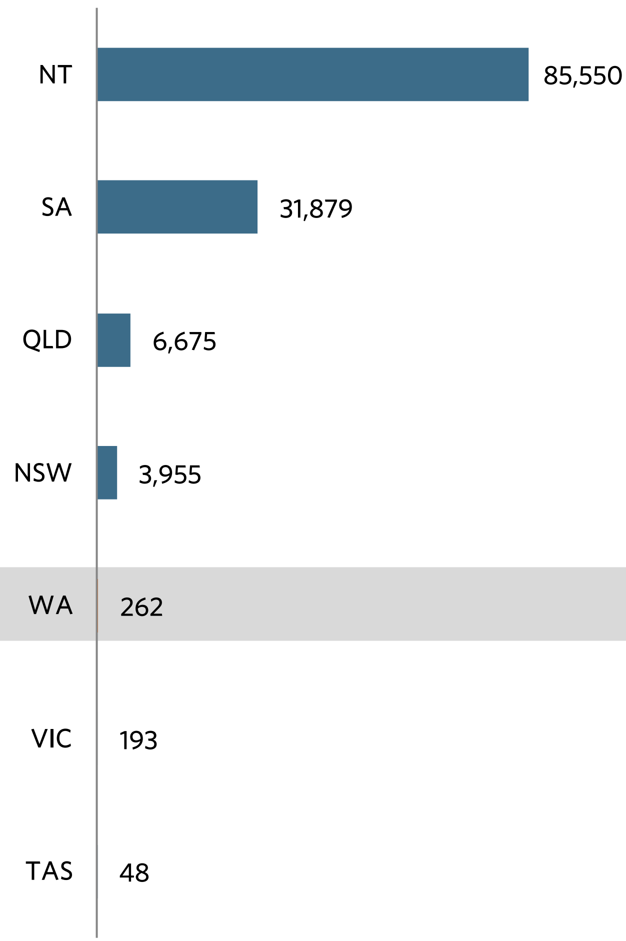
NUMBER OF ORGANIC PRIMARY PRODUCTION OPERATIONS

Certified; units; 2014



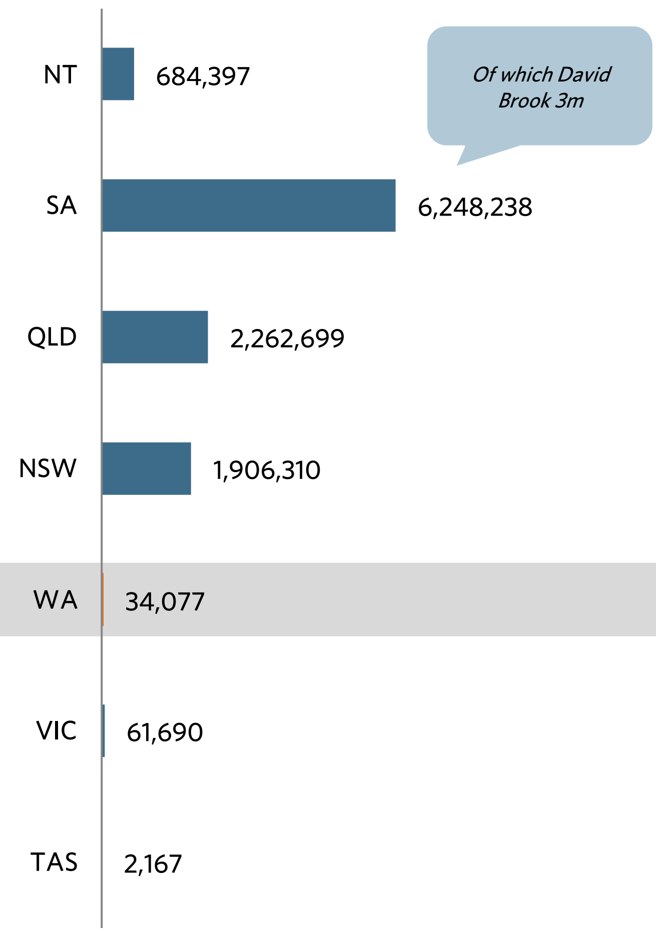
AVERAGE AREA PER ORGANIC PRIMARY PRODUCTION OPERATION

Hectare/unit; 2011/14



TOTAL ORGANIC AREA

Hectare; 2011



Source: Australian Organic Market Report (various years); Coriolis estimates and analysis

DOCUMENT STRUCTURE

Potential premium food and beverage opportunity categories were identified through extensive retail and foodservice range screening

MARKET FACING OUTLETS SCREENED TO ASSIST IN IDENTIFICATION OF OPPORTUNITIES: RETAIL & FOODSERVICE

Reviewed; Oct 2016

	Western Australia Specialists	Australian National Chains	International Leaders
RETAIL	Boatshed Market; the Herdsman Inspiring Food; peaches fresh food; Swanbourne Market; Farmer Jack's 100% WA Owned; manna Wholefoods & Cafe; Avida Vegan Grocery	coles; Woolworths Australia's fresh food people; Harris Farm Markets	Sainsbury's Try something new today; Waitrose; Zabar's New York is Zabar's...Zabar's is New York; Fresh St. Market
FOODSERVICE	European Foods Wholesalers Pty Ltd; Food Services & Logistics; *Plus menu and drinks lists from numerous "hot" restaurants*	Bidvest; PFD Foodservices; Campbells	Woods Foodservice Delivering Excellence; Creed The Foodservice Company; Booker

This process delivered around five hundred product categories that have potential to support premium food and beverage products

NUMBER OF CATEGORIES AND (PRODUCT SEGMENTS) IDENTIFIED

#; actual; 2016

SEE APPENDIX FOR DETAILS

MEAT (27)	SEAFOOD (43)	PRODUCE (217)	BAKED (13)	FROZEN/CHILLED (34)	SHELF-STABLE (114)	DAIRY, EGGS (38)	BEVERAGES (20)
Beef, lamb, pork , goat (10)	Wild caught (33)	Vegetables (133)	Bread (10)	Chilled (18)	Jams, Honey, Spreads (8)	Milk, Alternative (7)	Alcoholic (4)
Poultry (6)	Aquaculture (10)	Fruit (77)	Cakes (3)	Frozen (16)	Table Sauces, Dressings, Condiments (10)	Butter, Spreads (4)	Soft Drinks (5)
Game, other (11)		Nuts (7)			Canned, Tinned & Packaged Foods (14)	Cheese (10)	Juices, Fruit Drinks (4)
					Breakfast Cereals (6)	Yoghurt (7)	Waters (2)
					Biscuits (9)	Desserts (3)	Tea, Coffee (5)
					Snacks (6)	Cream, Custards (4)	
					Confectionery (7)	Eggs (3)	
					Rice, Pasta, Noodles, Grains (6)		
					Cooking Sauces, Meal Kits (6)		
					Sugar, Baking Ingredients (13)		
					Oils (7)		
					Cooking Ingredients (7)		
					Desserts (8)		
					Baby Food (7)		

Source: Coriolis analysis

DOCUMENT STRUCTURE

The identified categories and segments were then screened against criteria based methodology to identify a short list of key opportunities

THIS SECTION

Identification of 506 categories or segments with premium opportunities

Screening of 506 identified categories or segments against criteria based methodology

List of 20 'key opportunities', targeting high value and high growth markets

The following criteria based methodology was developed to narrow the identified opportunities down to a list of 'key opportunities', targeting high value and high growth markets

Defined Criteria	Detail of Criteria	Why? Logic for WA situation
Product has gourmet or luxury characteristics	- Includes intrinsic characteristics (flavours and aroma) cultural characteristics (tradition, heritage)	- Makes it easier to deliver premium - Product can be differentiated from competitors
Scale not a critical factor	- Production process for the product can be conducted at a wide range of facility sizes	- Many premium firms in WA are small by global standards - Requirement of client brief
Product supports wide range of price points	- Category observed to have wide range of different price points on the shelf in retail/foodservice outlets	- Good indicator of a strong premium segment in the category - Provides "oxygen" for low scale/high price new entrants
Category supports smaller brands	- Category observed to have wide range of different brands on the shelf in retail/foodservice outlets - Observed brands come from a wide range of suppliers by size	- Indicator category will be welcoming of new suppliers - Indicator of a relatively new or dynamic category
Category is "on trend" emerging or new products	- Product is regularly featured in food and beverage magazine articles or recipes - Product features in recent "What's Hot?" lists	- Indicator category will be welcoming of new suppliers - Indicator category has future growth potential
Retailers are increasing range in the category	- Retailers are increasing both number of items (SKU) and space allocated to category	- Indicator category will be welcoming of new suppliers - Indicator category has future growth potential
Growing world trade into Asia	- Product category crosses borders and imported product is observed on the shelf in key Asian markets	- Indicator WA firms can grow at export - Requirement of client brief
Organic exists and is gaining traction	- Category resonates with organic consumers driving demand growth	- Indicator there is an organic opportunity in the category - Requirement of client brief
Provenance/origin is important to some consumers	- Source is called out on packaging, promotional material or signage; indications this matters to consumers	- Indicator "Brand WA" has value in the category - Indicator a robust origin story is relevant and can be told
Source noted on menu (high end foodservice)	- Source is sometimes called out on menu; indications this matters to chefs and consumers	- Indicator product is not a commodity raw material to chefs - Indicator of premium opportunities in foodservice
WA has clear comparative advantage in ingredients	- Western Australia has comparative advantage in production relative to key international competitors	- Indicator WA can succeed in the category beyond WA - Indicator WA has comparative advantage/path dependence
WA has existing firms in the category	- Retail/ foodservice supplier audits reveal Western Australian firms producing the product	- Indicator the opportunity can be realised in practice - Requirement of client brief (timeframe for results)
WA has proven capability at execution	- Retail/foodservice supplier audits reveal Western Australian firms delivering on a strong customer offer	- Indicator the opportunity can be realised in practice - Indicator of skills and capabilities required for success
WA produces key raw materials	- Western Australia specifically makes one or more of the key raw materials in any quantity	- Indicator WA can succeed in the category beyond WA - Indicator WA has comparative advantage/path dependence
Global premium models exist to fast follow	- Store or foodservice supplier audits reveal firms in other markets delivering on a world class offer - able to fast track	- Indicator the category "has legs" and can last and grow - Indicator there are clear "low hanging fruit" for fast follow

Stage I delivered a wide range of opportunities for Western Australia

ALL 57 IDENTIFIED PREMIUM OPPORTUNITIES

OPPORTUNITIES ADDRESSED IN TMO RESEARCH (11)	IDENTIFIED KEY OPPORTUNITIES (20)	ADDITIONAL HIGH POTENTIAL OPPORTUNITIES (16)	"BLUE SKY" OPPORTUNITIES (10)
Honey	Baby Food (excl. infant formula)	Chilled Dressings	Breakfast Drinks
Beer	Specialty Breads	Chilli/Hot Sauces	Breakfast Bars/Biscuits
Chocolate	Organic/Biodynamic Beef	Nut Oils	Toddler Drinks
Wine	Oat Milk/Alternative Dairy	Coffee	Premium Age Care Nutritional Meals*
Olive Oil	Wagyu Beef	Flavoured Oils	Prepared Adult Nutritional Meals *
Yoghurt	Premium Soft Drinks	Porridge/Oats	Injury Recovery Meals*
Milk	Cheeses	Crackers	Australian Grown Tea
Western Rock Lobster	Alcoholic Spirits	Dessert Sauces/Toppings	Toddler Ready Meals
Prawns	Dips/Spreads	Bottled Water	Toddler Desserts
Apples	Breakfast Muesli/Cereals	Gluten Free/Free From Bakery Goods	Toddler Snacks
Avocados	Healthy Snacking	Marron	
	Cured/Continental Meats	Truffles	
	Cider	Ethnic Meal Kits	
	Meat Snacks	Chilled Ready Meals	
	Premium Grains	Chutneys/Pickles/Relishes	
	Chilled Pasta	Frozen Smoothie Mix	
	Olives/Marinated Vegetables		
	Fermented Foods		
	Nut Butter		
	Cooked/Smoked/Marinated Seafood		

- Addressed in DAFWA's Asian Market Success report "Target Market Opportunities" and profiled in depth there

- Existing, capable producers in place in Western Australia
- Can be progressed significantly within existing project timeframe

- Existing WA producers are generally unknown or have low market awareness
- Can be progressed in 5+ year timeframe

** added by DAFWA*

This section profiles the twenty key premium opportunities identified for Western Australia that are within the scope of this project

OPPORTUNITIES ADDRESSED IN TMO RESEARCH (11)	IDENTIFIED KEY OPPORTUNITIES (20)	ADDITIONAL HIGH POTENTIAL OPPORTUNITIES (16)	"BLUE SKY" OPPORTUNITIES (10)
Honey Beer Chocolate Wine Olive Oil Yoghurt Milk Western Rock Lobster Prawns Apples Avocados	Baby Food (excl. infant formula) Specialty Breads Organic/Biodynamic Beef Oat Milk/Alternative Dairy Wagyu Beef Premium Soft Drinks Cheeses Alcoholic Spirits Dips/Spreads Breakfast Muesli/Cereals Healthy Snacking Cured/Continental Meats Cider Meat Snacks Premium Grains Chilled Pasta Olives/Marinated Vegetables Fermented Foods Nut Butter Cooked/Smoked/Marinated Seafood	Chilled Dressings Chilli/Hot Sauces Nut Oils Coffee Flavoured Oils Porridge/Oats Crackers Dessert Sauces/Toppings Bottled Water Gluten Free/Free From Bakery Goods Marron Truffles Ethnic Meal Kits Chilled Ready Meals Chutneys/Pickles/Relishes Frozen Smoothie Mix	Breakfast Drinks Breakfast Bars/Biscuits Toddler Drinks Premium Age Care Nutritional Meals* Prepared Adult Nutritional Meals* Injury Recovery Meals* Australian Grown Tea Toddler Ready Meals Toddler Desserts Toddler Snacks

- Addressed in DAFWA's Asian Market Success report "Target Market Opportunities" and profiled in depth there

- Existing, capable producers in place in Western Australia
- Can be progressed significantly within existing project timeframe

- Existing WA producers are generally unknown or have low market awareness
- Can be progressed in 5+ year timeframe

** added by DAFWA*

Identified opportunities have a large estimated wholesale market size across domestic Australian and export markets

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

SUMMARY OF ESTIMATED WHOLESALE AND EXPORT MARKET SIZE FOR IDENTIFIED OPPORTUNITIES

A$; m; 2015 or as available

Opportunity	Est. Au Wholesale Market Size	Est. Export Market Size	Comments/Notes/Limitations
Baby Food (excl. infant formula)	A$160-180m	A$15-25m	Retail market channel will include tourists and "suitcase" exports; no baby food-specific trade code exists
Specialty Breads	A$133-155m	A$3-5m	Category becomes grey at fringes as it blends into independent retail bakeries (e.g. Baker's Delight) that may also sell to wholesale accounts; ~5% of packaged bread production; no specialty bread-specific trade code exists
Organic/Biodynamic Beef	A$200-220m	A$140-160m	Retail market channel will include tourists and "suitcase" exports; no organic beef-specific trade code exists
Oat Milk/Alternative Dairy	A$150-160m	A$10-15m	Retail market channel will include tourists and "suitcase" exports; no alternative dairy-specific trade code exists
Wagyu Beef	A$400-420m	A$320-340m	Retail market channel will include tourists and "suitcase" exports; no wagyu-specific trade code exists
Premium Soft Drinks	A$310-330m	A$3-5m	Retail market channel will include tourists and "suitcase" exports; no premium soft drink-specific trade code exists
Cheeses	A$2,700m	A$730m	Data is total cheese category, not premium
Alcoholic Spirits	A$1,800m	A$250m	Excludes imported spirits
Dips/Spreads	A$115-125m	A$2-3m	Retail market channel will include tourists and "suitcase" exports; no refrigerated dips-specific trade code exists
Breakfast Muesli/Cereals	A$1,590m	A$90m	Total breakfast cereal, not premium
Healthy Snacking	A$2,290m	A$90m	Data is total snacking super-category
Cured/Continental Meats	A$4,110m	A$50m	Data is total continental meats, not premium
Cider	A$320m	A$10-15m	Data is total cider category, not premium
Meat Snacks	A$175-270m	A$120-200m	Retail market channel will include tourists and "suitcase" exports; no beef jerky-specific trade code exists
Premium Grains	A$3,800m	A$1,940m	Data is total processed grain products category, not premium
Chilled Pasta	A$670-750m	A$30-50m	No chilled pasta-specific trade code exists
Olives/Marinated Vegetables	A$250-300m	A$2-3m	Market size includes bulk import/repack; no olives/marinated vegetables-specific trade code exists
Fermented Foods	A$5-15m	A$0-1m	Market size excludes imports; vegetable based only; includes refrigerated & shelf stable; no fermented foods-specific trade code exists
Nut Butter	A$240-280m	A$8-10m	Larger jams and spreads category sized; no nut butter-specific trade code exists
Cooked/Smoked/Marinated Seafood	A$300-350m	A$40-50m	Includes significant estimates

Source: See product profiles later in document for details

Western Australia has clear, specific key opportunities in the organic sector emerging from the research

IDENTIFICATION OF SPECIFIC KEY OPPORTUNITIES FOR ORGANICS: SUMMARY

Relative scoring; 2016

	Baby Food	*Specialty Breads*	*Organic/Biodynamic Beef*	*Oat Milk/Alternative Dairy*	*Wagyu Beef*	*Premium Soft Drinks*	*Cheeses*	*Alcoholic Spirits*	*Dips/Spreads*	*Breakfast Muesli/Cereals*	*Healthy Snacking*	*Cured/Continental Meats*	*Cider*	*Meat Snacks*	*Premium Grains*	*Chilled Pasta*	*Olives/Marinated Vegetables*	*Fermented Foods*	*Nut Butter*	*Cooked/Smoked/Marinated Seafood*
Succeeding in peer group countries	●	●	●	●	●	●	◑	○	◑	●	●	○	◑	◑	●	◑	○	◑	●	○
Demonstrated consumer demand in Australia	●	●	●	●	●	●	◑	○	◑	●	●	○	◑	○	●	○	○	◑	●	○
Australian producers achieving traction	●	●	●	◑	◑	●	◑	○	◑	●	●	○	○	○	◑	○	○	◑	●	○
Support from interviewees	●	◑	●	●	●	●	◑	○	◑	●	●	○	○	○	◑	◑	○	◑	●	○
Overall	●	●	●	●	●	●	◑	○	◑	●	●	○	○	○	●	○	○	◑	●	○

HIGH ● MEDIUM ◑ LOW ○

Source: Coriolis analysis

DOCUMENT STRUCTURE

Stage II evaluates the twenty identified premium opportunities as follows

- ✓ Identify the prospective **markets** and **market channels** for these key opportunities, which will include both **international and domestic markets**. Include **market size, supply chain analysis** and **other relevant market intelligence**.
- ✓ Drawing on recent industry consultation, where required conduct additional stakeholder consultation to **confirm the commercial reality** of key opportunities identified.
- ✓ Consider the key opportunities identified in Western Australia against **current national trends** and **'winners'**, and **draws findings from the comparison**.
- ✓ **Identify key issues and limitations** related to accessing these markets including but not limited to **demand, scale, competitive advantage, proximity to markets, barriers to market, knowledge, access to funds, marketing, packaging and willingness of stakeholders to collaborate**.

Recommendation should also be made in the final report to inform the next two stages of work. Any future work will be treated as a separate commission to this piece of work.

1. The preparation of **market development plans** where demonstrated opportunity has been identified for the selected key premium and organic market opportunities.
2. The development of **sector capacity plans** to provide support for and transition businesses in the identified key premium and organic market opportunities.

DOCUMENT STRUCTURE

Project Objectives, Overview & Executive Summary

Define the term "Premium Food" sector (including organic, premium, luxury and low input)

STAGE I – IDENTIFICATION & SCREENING

Analyse and identify opportunities in the premium agri-food sector, across all of Western Australian

Develop a criteria based methodology which narrows the identified opportunities down to a list of 'key opportunities', targeting high value and high growth markets

STAGE II – PROFILING

EVALUATED FOR EACH OPPORTUNITY

Identify the prospective markets and market channels for these key opportunities

Conduct stakeholder consultation to confirm the commercial reality of key opportunities identified.

Consider the key opportunities identified in Western Australia against current national trends and 'winners', and draws findings from the comparison.

Identify key issues and limitations related to accessing these markets

Recommendation to inform the next two stages of work

Appendix – Stage I Criteria-Based Scoring

Appendix - Identify specific key opportunities for the Great Southern, Wheatbelt, Manjimup and the South West

STAGE II – SECTORS

Organic baby food is a premium segment emerging across multiple markets

ORGANIC BABY FOOD CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Organic baby foods are on-trend and a growing phenomenon globally

"The marketing efforts by baby food manufacturers and retailers has been targeting… parents that want to provide their young ones with optimal nutrition, so this has provided an increase in demand for premium and gourmet baby food."

Food&Beverage Industry News

"Technavio… predicts the global organic baby food market to grow steadily at a CAGR of around 12% in terms of revenue between 2016 and 2020. The organic baby food market caters to the niche consumer segment that looks for safe and nutritious alternatives to conventional baby foods. To capitalize on the opportunity offered, vendors are offering novelty in products with attractive packaging to gain a strong foothold in this market."

technavio

"Alison Eberle from Pure Spoon said the future of baby food is in our chillers, and she's not the only one to think so. Major retailers like Target have picked up on the trend and started to slowly replace more mainstream brands with innovative labels like Pure Spoon and Once Upon a Farm, dedicating entire refrigerators to HPP baby food alternatives."

THE HUFFINGTON POST

"Three out of four British babies are being fed organic food because of parents' concerns about pesticides and contamination. Details emerged as it was revealed that sales of organic food have topped £1 billion for the first time. Demand for naturally-grown products is growing at more than 10% a year… Sales of organic baby food were particularly strong - up 20% in the year to April. Affluent new parents - particularly those in their forties - are leading the food revolution."

Daily Mail

Source: various industry websites; Coriolis analysis

Nationally Australia has several high profile firms in baby food; WA has recently entered the category with Born Pure

SELECT EXAMPLES OF AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Western Australia	Australia	
Born pure "Nature's goodness, kept pure."	Rafferty's Garden	Bellamy's Organic — A pure start to life!

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian produced baby food is primarily sold through retail (93-95%), with 5-7% currently exported

ESTIMATED MARKET SIZE BY CHANNEL: AU BABY FOOD

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$150-170m (ex. imports)
Foodservice	$-
Export	$15-25m
TOTAL	$160-180m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU BABY FOOD

A$; m; 2015

PRELIMINARY
NO BABY FOOD-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Singapore	$3-5m
South Korea	$8-15m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States	$2m
Other	$2-3m
TOTAL	$15-25m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Baby food has a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – BABY FOOD CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass or plastic packaging; growth of pouch-and-spout - Cardboard carton outer for transport KEY INGREDIENT(S) - Vegetables - Fruit - Meat - Dairy products (milk, yoghurt, cream, etc.) - Water - Sugar - Salt and other mild seasonings - Ingredients (particularly organic) will be domestic and imported	- Expectations of food safety in the sector are extremely high; food safety failures are catastrophic - Product is almost universally hot fill/heat treated to kill all possible bacteria - High Pressure Processing (HPP) new innovation in baby food processing - Can and glass packaging and packing equipment expensive; hot fill aseptic pouch packaging and line much cheaper (lowering barriers to entry) - Manufacturers generally offer a wide range of flavours, leading to complex sourcing	- Product is typically manufacturer direct to Coles, WWX or Metcash distribution centre - Product is primarily shelf stable with a long shelf life - Smaller independents buy from regional wholesalers	- Supermarkets dominate the category; organic/health specialists only other major channel	- Product is basically not sold through foodservice to any real extent

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA	
EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product moves through one or more layers of wholesaler to retailer	- As Australia - Other than China, where direct sales by Haitao and Daigou on Tmall, etc.

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – BABY FOOD CATEGORY

2016

"There is a place for babyfood in the market, but plastic pouches don't really match the organic target market. They generally don't like plastic."

Chain retailer, Perth

"There is always demand for high quality, especially organic, baby food. Australia is a trusted supplier."

Mid-market chain supermarket, Singapore

"We are very interested in organic baby and children food, this is highly sought after by our customers. It would be good to get that product."

Retailer, WA

"Organic baby food would really win with our market. Especially from a small local producer. The current range on the shelf is pretty run of the mill."

Retailer, WA

"Interested in Australian made babyfood. Organic is on trend, can't see that changing"

Independent retailer, NSW

"Fresh, chilled high quality babyfood would be welcome in our store."

Retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – BABY FOOD CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Consumer expenditure is growing at 3-4% per annum - Strong consumer demand for organic in category (~60%+); organic has been growing 3x as fast as category; slowing as it starts to saturate - Consumers are typically loyal to a few trusted brands - Narrow segment of total population become category buyers for short period (1-4 years depending on number of children) then exit never to shop again	- Product is a known value item (KVI) to most category consumers, who are often under cost pressure due to cost of new family member - Expectation of single-serve price is A$1-1.50 (for glass) to A$1.50-1.99 (for pouch) - Three large firms dominate the shelf (Bellamy's, Heinz & PZ Cussons) - Category is very competitive; organic line priced with non-organic - Strong presence of shelf stable brands in Singapore (Ella's Kitchen, Plum, Happy baby/Happy tot, Organix, Bub's, Earth's Best)	- Retailers make low margins and often use the product as a so-called "loss leader" as it draws in desirable 'large basket' primary grocery shoppers to the store - As a result, retailer push hard on their buy price to attempt to maintain margins - Products are constantly promoted, with promotional slots rotating among the large firms and across the three main retail groups (Coles, WWX, Metcash/IGA)	- Strong expectations of good systems and professionalism - Shelf-stable nature of most products in category make supply chain reasonably forgiving

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of baby food

NATIONAL TRENDS IN PRODUCT CATEGORY – BABY FOOD CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Fewer children per family/more investment per child	- Children born per woman in Australia 1.77 (2016 estimate), down from 1.88 (2013) - 300,000 children born in 2014 in Australia - Middle income families spend up to A$458/week per child; high income more - "The cost of (raising) two children to the age of 21 is about A$800,000"	- Number of consumers is flat-to-falling - Expenditure per child is high and rising - There is a clear base expenditure underpinning the sector and supporting "trading up" to premium
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods, particularly for babies and children, who are seen as more vulnerable	- Demand for organic baby food will be strong and sustainable among some consumer segments
Category innovation driven by packaging	- Unlike most products (other than pet food), the buyer is not the consumer; therefore flavour and formulation are not key drivers - Category has developed through packaging: box > can > jar > pouch > frozen? - Single serve, "pouch-and-spout" packing growing rapidly - New entrants emerging around snacking (fruit, biscuits) currently	- History suggests embracing new forms of packaging likely the best path for new category entrants - Convenience packaging, looking towards recyclable, biodegradable materials
Industry consolidation is increasing	- Supermarkets (85-90% of retail sales) are making demands that are driving industry consolidation to increase scale and reduce costs - Industry now dominated by a handful of large processors	- WA manufacturers will need to be highly efficient and may struggle to compete in East Coast markets

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed but this will require innovative packaging and new product flavours and forms

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – BABY FOOD CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
PZ Cussons; Rafferty's Garden	- Founded in 2007 by Adrian Pike - Enabled by emergence of new, cheaper packaging types (plastic not glass) - Acquired by Anacacia (private equity) in 2010 - Heinz acquisition rejected by ACCC in 2012 - Acquired by PZ Cussons in 2013 for A$70m - PZC is a British personal care and consumer good firm with sales of £819m (15)
Bellamy's Organic	- Founded by Tasmanian family in 2004 - Australia's first certified organic baby food - Launched first AU organic formula in 2005; product is contract produced and packed - Listed on ASX in July 2014 IPO - Revenue A$132m (2015); ~40 employees - Growing organic formula exports to China - Company is supply constrained on organic milk - Small marketing budget; focuses on digital & social media
Palm; Only Organic; Natureland	- Founded in New Zealand in 1974 by Hector McCallum - Produces canned processed meat (e.g. Palm, Salisbury, Monarch & Melrose); domestic NZ and Pacific Is. Exports - Expanded into organic baby food in mid-90's - 2 brands, Only Organic & Natureland - Started with glass jars; moved into plastic pouch - Significant percent of ingredients imported - Strong range across AU (Coles 32 SKU; WWX 21 SKU)
annabel karmel	- "Guru" British author of best selling baby feeding book in 1991 following death of first child (2nd best-selling non-fiction hardback of all time) - Has since written over 40 books; sold 4m+ copies - Launched frozen range for busy parents in UK - Entered Australian market in April 2015 with a supermarket range of frozen Baby Purees, Toddler to 5 Meals - "Balanced, fun and full of flavour" - Distributed in Western Australia by Vesco Foods

FINDINGS DRAWN FROM COMPARISON

- Industry is relatively young and many market leaders emerged relatively recently
- Historical leaders too slow moving, have failed to adapt and are struggling in category (e.g. Heinz, Nestle)
- New entrants were enabled by new forms of packaging, reducing barriers to entry (plastics vs. glass)
- Annabel Karmel (from UK) late entry enabled by frozen form and UK scale and ready meals experience
- Organic is very very strong in sector; majority of products are organic
- Sector is maturing and rapidly becoming more professional
- Firms transitioning from family/start-up to multinational (PZ Cussons) and ASX-listed entities

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian baby food faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – BABY FOOD CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Domestic demand is solid, but not spectacular (inflation plus 1-2%) - Clear demand for organic, not currently a WA strength - Some amount of perceived demand is leakage of domestic product to export through haitao/daigou* channels	- Limited demand for product; highly competitive; baby food (aseptic pureed food) - as opposed to infant formula - is only a relatively minor category throughout much of Asia - Highly Westernised Singapore, for example, is a A$4-5m total market at wholesale (from all suppliers)
Scale	- WA firms in the category are small and lack scale	- Domestic category leaders are also the Australian leaders on the shelf in key export market
Comparative Advantage	- WA has 0.3% of Australian organic area and 8% of organic growers - WA can increase this in rangelands which – as they are un-sprayed – are basically organic by default (bar some paperwork)	- Australia is generally recognised in key markets as a producer of safe food; this creates a halo over exported baby foods - Australia is a low cost producer of meat, grain and some mechanically harvested vegetables relative to key markets
Proximity to Markets	- Well positioned to supply regional Western Australian market	- Well located to supply South East Asia, the Middle East and East Asia - Additional considerations and care required with chilled into Asia
Barriers to Market	- Small WA producers will struggle to break into the large chain supermarkets (particularly with "me-too" products)	- "Me-too" products from small producers will struggle to achieve any traction or cut-through into relatively small, saturated markets

**Haitao "cross border e-commerce", the practice of buying from online sites based outside of China; daigou translates to "buying on behalf of" and is the practice of Chinese travelling overseas and purchasing goods for their clients in China. Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing*

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – BABY FOOD CATEGORY

2016

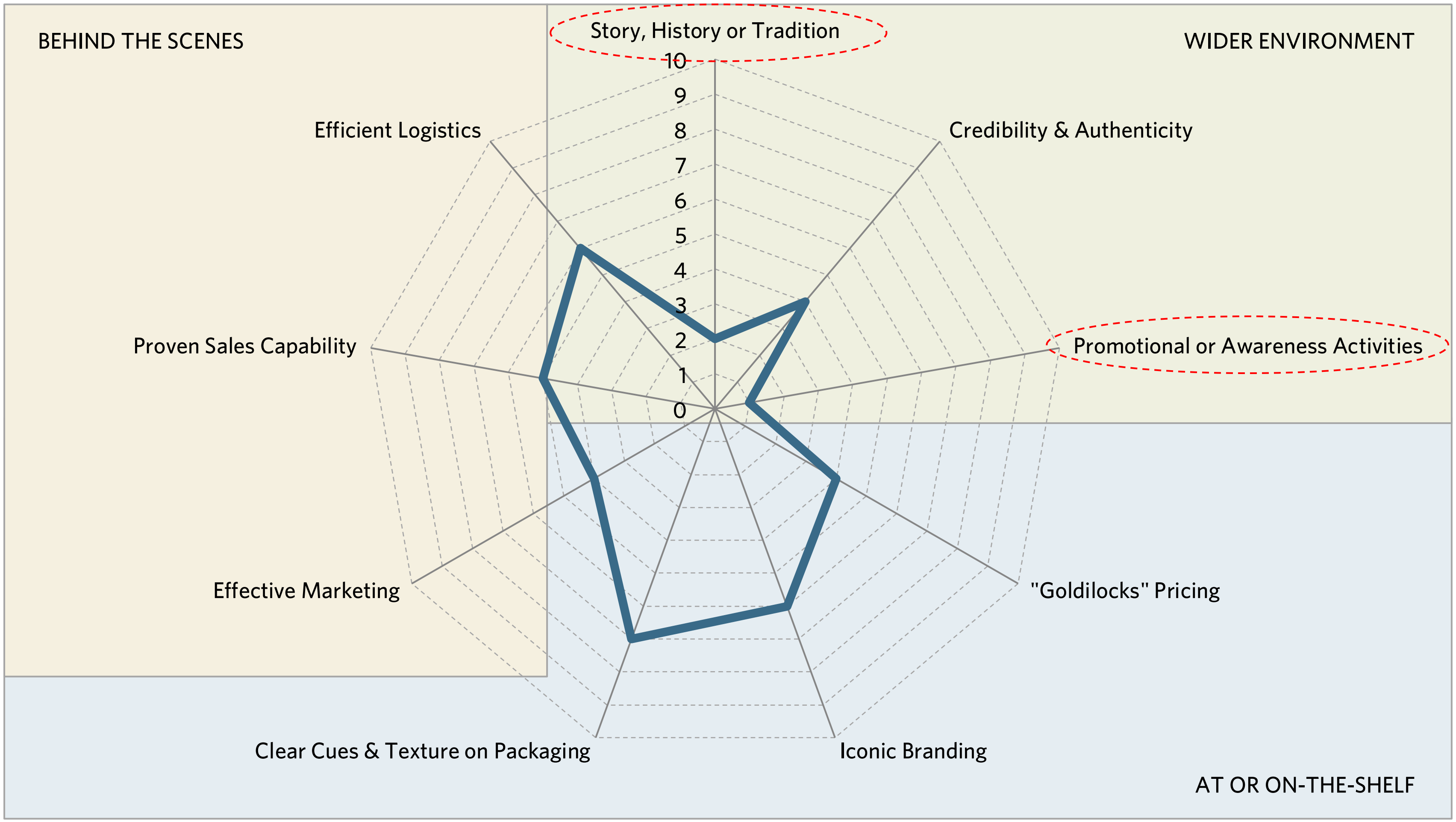
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack depth of knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital - A range of larger, well-funded WA firms could enter the category	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Category requires constant strong presence on social media to draw in new parents (e.g. Annabel Karmel website)	- Difficult to achieve any marketing cut through beyond at shelf
Packaging	- Industry in constant churn, with new packaging forms constantly emerging; new equipment can be expensive	- As baby food (not formula) is a relatively small category - therefore low velocity per store per week - retailers prefer shelf-stable (e.g. Singapore ~$7/day/supermarket or 3-4 items)
Willingness of stakeholders to collaborate	- Cautious interest in WA baby food expressed by retailers interviewed - No interest in foodservice - Keen for a well-priced, quality product	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Baby food producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: BABY FOOD

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Specialty breads is a premium segment emerging across multiple markets

SPECIALTY BREADS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

CANADA

Speciality breads are on-trend and a growing phenomenon globally

"While the share of pre-packed baked goods in Ireland and the UK is much larger than fresh products, for example, fresh bread consumption is in growth. The researchers also discovered a polarisation in the market, with an increasing demand for high quality artisan breads and premium products, supplied not just by artisans but also by industrial bakeries while on the other hand, basic/commodity and low priced products are growing, driven by the growing presence of hard discounters offering fresh bread."

Bord Bia Irish Food Board

"Consumers are also experimenting with flavours and types of bread. Growth in the market is being driven by more versatile and interesting bread varieties, such as flatbreads and ethnic breads and this will continue in 2016. Indeed three-quarters of Italian, German, French and Spanish consumers say that trying different types of bread appeals to them."

MINTEL

"Increasing demand for specialty high-value breads will drive growth in niche and artisan bread products over the next five years. Bake-at-home products, par-baked and flash-baked premium bread products targeted at the food – service sector will also drive growth... Australians have also become more sophisticated in their bread consumption said IBISWorld, opting for a greater variety of international and artisan breads. This includes seeded, wholemeal, organic and gluten-free loaves, along with sourdough, rye breads and focaccias. The increase in the number of artisan bakeries, particularly in capital cities, is further testament to this trend."

Food&Beverage Industry News
Manufacturing · Business · Technology · Solutions

"In London, artisan bakeries are advancing so fast they may soon eclipse coffee shops. As Chris Young of the Real Bread Campaign confirms: "While sales of white sliced breads continue to decline [according to The Grocer, the combined sales of the UK's three biggest brands have dropped by £120m in a year], Real Bread is on the rise. Since 2008, more than 650 Real Bread bakeries have added their loaves to the Real Bread campaign map.""

INDEPENDENT

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian specialty bread is primarily sold through retail and foodservice, with exports currently tiny

ESTIMATED MARKET SIZE BY CHANNEL: AU SPECIALTY BREAD

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail	$70-80m
Foodservice	$60-70m
Processing	$-
Export	$3-5m
TOTAL	$133-155m (~5% of packaged bread production)

NOTE: Category becomes grey at fringes as it blends into independent retail bakeries (e.g. Baker's Delight) that may also sell to wholesale accounts

ESTIMATED SIZE OF KEY EXPORT MARKET: AU SPECIALTY BREAD

A$; m; 2015

PRELIMINARY
NO SPECIALTY BREAD-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Singapore	$1m
South Korea	$2m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States	$1m
Other	$1m
TOTAL	$3-5m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Specialty bread has a relatively simple supply chain, with key leverage occurring around distribution logistics

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – SPECIALTY BREAD CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic bags - Cardboard carton outer KEY INGREDIENT(S) - Wheat & other flours (e.g. rye, Khorasan, buckwheat, millet, teff, spelt, etc.) - Water - Specialty grains (barley, quinoa, etc.) - Specialty seeds (chia, flaxseed, etc.) - Sunflower and other oils - Raisins, figs, apricots and other dried fruit - Psyllium husks - Lecithin - Salt (e.g. Himalayan pink rock salt) - Additives & preservatives in some cases	- Low barriers to entry - Production can be done at very small scale - Blurred line between local retail bakeries and small manufacturers - Large national bakeries are highly consolidated across two firms (Goodman Fielder & GWF), driven by scale and truck delivery economics - Large bakeries can launch specialty bread products as "flavours" in their existing range (e.g. GWF's Burgen) - Very short shelf-life	- Product is relatively bulky and highly perishable, leading to deliveries every 1-2 days to most outlets - Delivery is typically by manufactures own trucks (or franchised contractors) - Frozen specialty bread not well developed (necessity for some products due to short shelf-life)	- Large stores expect delivery every 1-2 days - Weekly deliveries (after two days transfer to frozen category) - Product competes with in-store bakery when present	- Chains (e.g. Hungry Jack's) typically take non-specialty frozen processed par bake - Mid-range foodservice buys from local suppliers (often very local) - High end restaurants make their own as a point of difference

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Distribution is highly fragmented	- Chains similar to Australia - Independents very highly fragmented

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates a growing category, but not without challenges

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – SPECIALTY BREAD CATEGORY

2016

"Most of the breads in Singapore are terrible. I think there is a great opportunity for specialty bread. Fly it straight in direct."

Buyer, retailer Singapore

"This is a growing category. There are many local companies in this space. Strange Grains make a great product. Customers understand it doesn't last long fresh because it has no preservatives. "

Manager, retailer WA

"Organic, gluten-free and local products all do really well in our store. People look out for it."

Co-owner, retailer WA

"Have definitely seen the trend for customers to want more artisan, premium breads. We changed suppliers to satisfy this."

Chef, large restaurant, WA

"Breads are a hard one. Customers understand it has to be frozen. Always keen to look at new products."

Owner, retailer, Singapore

"There are some great specialty bread suppliers. It's great to have quality local bread."

Owner, retailer, WA

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – SPECIALTY BREAD CATEGORY

2016

CONSUMER DEMAND

- Category is on-trend and growing strongly, though off a low base (10-20% of category)
- Absolute low volume overall and velocity per store per day drives high shrink (waste/loss)
- +50% volume of bread sales in premium stores are specialty bread and 70-90% in organic/health stores
- Category is on-trend and growing in particular gluten-free and paleo range
- Understanding from consumers that freezing bread required due to no preservatives

COMPETITIVE SITUATION

- Overall packaged bread market is dominated by Goodman Fielder (32%) and George Weston Foods (22%); however robust "other"
- Non-specialty bread a known value item (KVI) and often used as price leader (e.g. store brand white bread loaf at A$0.85) setting price floor
- "Fresh" bread is dominated by local independent bakeries and supermarket in-store operations
- Smaller, independent packaged bread operators exist, but typically specialise in specific products (e.g. bagels, tortillas/wraps, etc.) or organic
- Long tail of smaller operators that blend into retail bakeries; 54% of businesses in "bread manufacturing" employ less than 20 people
- Singapore premium range (Sol Breads, Wild Free, Rudi's Food for Life, Berlin Bakers Sunshine), reaching up to S$23 a loaf

MARGIN & PROMOTION EXPECTATIONS

- Retailers expect a 30-45% margin, depending on velocity and packaging
- "We take a hit on margin, to keep the price down, because it's a good product."
- Retailers need higher margins to make up for higher wastage and lower velocity
- Product is regularly promoted
- Markdowns of close to expired product much more common
- Foodservice operators are very price sensitive and they can change suppliers or bake or par-bake their own

SUPPORT, LOGISTICS & SYSTEMS

- Maintaining correct stock levels highly challenging, due to need to balance in-stock position with spoilage/wastage
- Generally vendor managed inventory
- Retailers expect credits for spoilage processed and credited promptly
- Success is typically a function of efficient truck operations rather than factory operations (effectively sales per kilometre travelled)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of specialty bread

NATIONAL TRENDS IN PRODUCT CATEGORY – SPECIALTY BREAD CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income is generally correlated with education and inversely correlated with obesity; educated consumers more likely to follow food trends (e.g. paleo) - Income available to buy premium specialty breads	- Demand will not be equally distributed across all areas or regions - Demand for high price, premium specialty bread will be concentrated in high income areas
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested more natural, less processed foods	- Traditional loaf of processed white bread falling out of favour among some consumers - Demand will be strong and sustainable among some consumer segments
Evolving nutrition concerns	- Changing popular concerns around carbohydrate consumption - Growing demand for low carb, high fibre, high protein diets - Generalised demonisation of grains and grain based foods - Emergence and promotion of "caveman diet," paleo, coeliac, gluten free,	- Specialty bread sector experiencing on-going waves of product innovation in response to changing consumer perceptions, trends and fads
Demand for "fresh" product with no preservatives	- Growing segment of consumer seeking to reduce their consumption of processed foods containing preservatives - Growth in purchases of highly perishable fresh bread	- Moving to a more European approach to breads - WA firms may need to open a sequence of regional bakeries to supply other regions

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – SPECIALTY BREAD

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
BILL'S Certified Organic Health Bakery	- Family business started in 1977; initially classic breads, cakes & pies baker - Started to specialise in sourdough in 90's - Currently run by Grandson of founder - Now focused on specialist baker of certified organic sourdough; all ingredient are now organic - Stocked in 600 Coles, WWX & Harris Farm stores across NSW, VIC and QLD - Recent rebranding to improve shelf presentation - Launched "ancient grains" range in 2015 - Now 100% carbon neutral, ethical and fair trade
CR Cuisine Royale Fine Baked Goods; Pure Bred Gluten Free	- Cuisine Royale is a specialist bakery primarily supplying foodservice - Launched Pure-Bred to target emerging coeliac disease/gluten intolerance market - Product stocked in Coles and WWX - Appears to be having greatest success in specialty products (e.g. muffins, bagels, cakes)
Schwob's Swiss Bakery	- Privately owned family business in Melbourne - Production facilities in Sydney & Melbourne - Founded in 1954 by Swiss immigrant - Customers are foodservice organisations, delis, supermarkets, and other retail - Recently introduced biodegradable packaging
Dovedale Bread	- Founded in Sydney in 1988 by Roland Dallas - Then moved operations to Nelson, New Zealand - First Australian bakery established in 06 in VIC - Specialises in baking gluten free, wheat free, dairy free and no added yeast products - Range is limited to five products - No preservatives; packaging is gas flushed

FINDINGS DRAWN FROM COMPARISON

- Strong presence of smaller, specialist firms in the segment; small firms can succeed
- Required significantly differentiated offer from majors
- Clear need to move quickly (relative to slow moving bread leaders) into new, emerging fashion-forward niches (e.g. coeliac, ancient grains, fair trade, biodegradable, carbon neutral, etc.)
- Most producers are regional; appear to often build new bakery sites as they expand
- Limited proven capability to create long shelf-life bread for national distribution

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian specialty bread faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – SPECIALTY BREAD CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Consumer sentiment is fickle and in flux, driven by on-going demonisation of carbohydrates in the media - Growing consumer demand for "fresh baked" bread - Demand for paleo and gluten-free quality products - Significant segment of the market sold into foodservice (e.g. catering companies); these are fragmented and costly to serve	- East & South East Asian cultures have completely different baked goods usage and pathways; Mid-East more similar - Market demand for "Western-style" breads limited as a percent of total market across most countries
Scale	- Significant investment by majors in automated production processes - WA specialty breads industry is currently dominated by a large number of small firms	- Large scale bread manufacturers in place across markets (e.g. QAF/Gardenia in Singapore) - Niche specialist bread firms emerging in leading markets (e.g. SwissBake in Singapore)
Comparative Advantage	- Australia is a major wheat exporter accounting for ~10% of world trade - WA generates about 50% of Australia's total wheat production with more than 95% of this exported predominantly to Asia and the Middle East	- WA is a low cost grain producer with significant comparative advantage relative to key markets across South East Asia and the Middle East
Proximity to Markets	- Well positioned to supply regional Western Australian market	- Well located to supply South East Asia, the Middle East and East Asia
Barriers to Market	- Fresh bread is relatively bulky and highly perishable	- Fresh bread is relatively bulky and highly perishable - Building a significant export business will likely involve in-market bake-off of frozen par bake or production from mix

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – SPECIALTY BREAD CATEGORY

2016

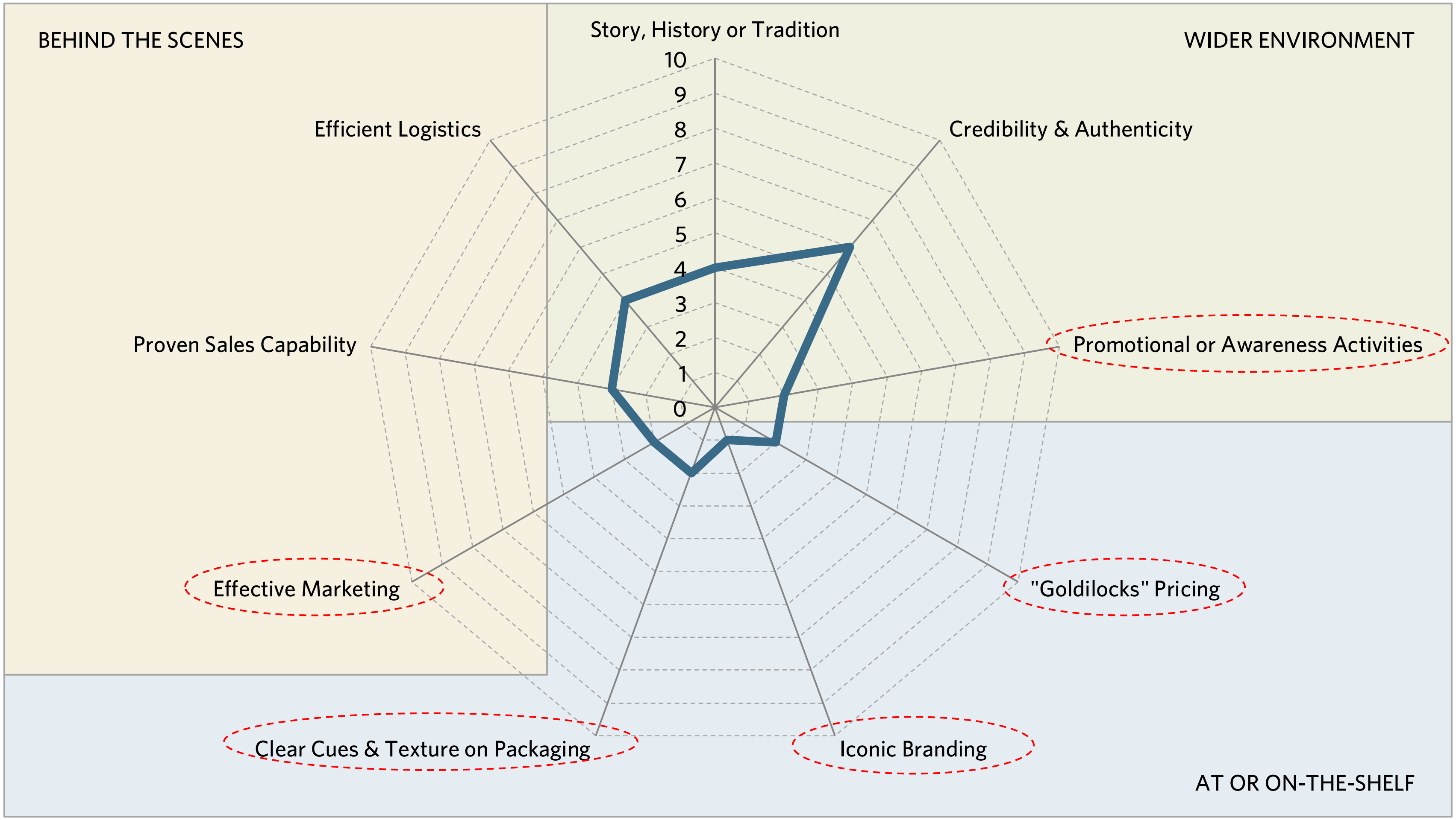
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Existing WA firms appear to be generally trailing not leading global trends; may be opportunities to follow more rapidly	- Low/no apparent knowledge of bread/baked goods consumers or market dynamics in key export markets
Access to Funds	- Baked goods have a short shelf life and so do not require significant inventory or working capital (relative to other products) - Small scale operations require limited capital, however scale up can be capital intensive (factory, trucks)	- Exporting can require significant cash flow to fill pipeline
Marketing	- Category is highly competitive at retail, with lots of brands and products on the shelf; success requires clear messaging	- Low knowledge or awareness of WA-based specialty bread brands or firms; New Norcia exporting mostly nut cake/biscotti products (long shelf life)
Packaging	- Standard industry packaging limits shelf life and distribution distances - Consumer acceptance of non-traditional packaging (e.g. vacuum packing) or form (e.g. frozen) limited - Innovation may be required	- Significant success in export markets will likely require either non-traditional packaging, frozen or other options (e.g. chain of retail par bake outlets)
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in WA specialty breads, however they expressed concerns with wastage and service levels	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Specialty bread producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: SPECIALTY BREADS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Organic/biodynamic beef is a premium segment emerging across multiple markets

ORGANIC BEEF CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

UNITED STATES

CANADA

Organic beef is an on-trend and a growing phenomenon globally

"Demand for grass-fed beef has grown at an annual rate of 25-30 percent for the past decade at the same time that per capita beef consumption for traditional beef products continues to decline. A recent study determined that grass-fed beef demand in several major US metropolitan markets is 3 to 6 percent of the total beef market share…Wegmans has been ahead of the curve when it comes to selling grass-fed beef. They began selling it in 2009. Today it is sold as part of Wegmans' Food You Feel Good About Organic Beef program."

Forbes

"Driven by relentless global demand and local supply constraints brought on by two years of drought, prices for Certified Organic slaughter cattle across Australia have reached stratospheric levels over the past four weeks. The Organic segment has defied this year's broader price trend for conventional slaughter cattle, which has seen direct consignment prices in southeast Queensland decline by around 45c/kg or 8 percent since December. Instead, based on the current Teys Australia grid, certified organic slaughter cattle are now at all-time record levels"

BEEF CENTRAL

"With compound growth of 127 per cent 2011–2014, beef was the second fastest growing sector with a total value of $198 million in 2014. Alister Ferguson, CEO Arcadian Organic & Natural Meat Co., said Arcadian could meet consumer demand for organic beef. "At the moment we're trading equal amounts of organic and natural meat products but organic is always our preference," Mr Ferguson said. "It's what we market and need a lot more of. There is a solid future in organic meat farming and even if we doubled supply the consumer demand would continue to grow," he said."

AUSTRALIAN FOOD NEWS
THOUGHT FOR FOOD

"UK sales of organic red meat are on a high, boosted by a belief that it is healthier than conventionally produced meat, according to the Soil Association. The UK's organic certification body, the Soil Association, believes sales of organic meat have been boosted by a scientific study published in the British Journal of Nutrition earlier this year which suggested organic meat contains up to 50% more omega-3 fatty acids than conventionally produced meat."

FOOD navigator.com

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian organic beef is primarily sold through export (~70%), with domestic taking the remainder

ESTIMATED MARKET SIZE BY CHANNEL: AU ORGANIC BEEF

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$15-20m
Foodservice	$35-40m
Processing	$5m
Export	$140-160m
TOTAL	$200-220m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU ORGANIC BEEF

A$; m; 2015

PRELIMINARY
NO ORGANIC BEEF-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Japan	$30-40m
South Korea Taiwan Hong Kong China (including grey market via Hong Kong)	$30-40m
United States	$70-80m
Other	$10m
TOTAL	$140-160m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Organic beef has a multi-layered supply chain – opportunity for producers to get together to grow volume

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – ORGANIC BEEF CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Primals packaging (e.g. Cryovac) - Cardboard carton outer KEY INGREDIENT(S) - Beef cattle raised using organic systems - Organic is an expensive product; it therefore predominantly uses "premium" breeds of Bos taurus (Angus, Hereford, Kobe/Wagyu), rather than bos indicus - "Free range" and "grass fed" beef - Significant areas of land already 'organic' and do not need transitioning	- Primary kill is highly regulated, due to health safety issues - Carcass processing can be completed by smaller scale operators (particularly where the product is sold fresh in the local region) - Export processing is more regulated and requires significant scale - Many export markets make additional certification requirements / don't recognise AU standards (USA, Asia) - Cross-contamination is a significant issue; most export lines/chains operate on one species only	- Product is relatively bulky - Product must be refrigerated and will typically be delivered by specialist meat wholesalers (or by larger operators as part of a wider refrigerated order) - Exports are almost exclusively vacuum packaged "boxed beef" - Distribution to chain operators (retail and foodservice) highly consolidated - Distribution to independents, small stores and non-chain foodservice more fragmented	- Major chains have regional contract plants that pack case-ready for stores - Delivery 3-4 times per week expected - Product ordered by stores on an as needed basis - Butchers/independent retailers may cut primal or offer only long-shelf life case ready (vacuum packed)	- Typically only sold through high end restaurants - Independents take primal/sub-primal or processed - Delivery 2-3 times per week expected

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Typically still processed in store from primal/sub-primal - Distribution is highly fragmented	- Chains similar to Australia - Independents very highly fragmented

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates a growing category, but one that is difficult and that can be "more trouble than it is worth"

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – ORGANIC BEEF CATEGORY

2016

"Organic has moved from hippy stores and bush shops to mainstream. It's still a small part of the overall sales, but its growing. It not just organic, you can also get a great premium in export markets for "free-range" or "sustainable" or "grass-fed," but it must be third party audited."

Co-founder, organic beef supplier, Australia

"Organic beef premium fluctuates between 15-20% in Australia. This is pretty stable. It seems to have flat-lined. In Australia sales are about 1% of total beef, its not really growing. Australians already think their [non-organic] beef is good quality."

Co-founder, organic beef supplier, Australia

"Beef and truffles out of Western Australia would be great. Always keen to try new quality products."

Chef, Michelin Star restaurant, Singapore

"Grass-fed and organic beef is huge in the USA, they are showing huge growth and they have a lot of money. Asia is growing as they learn more about it. They see "organic" and "clean and green" as the same thing."

Co-founder, organic beef supplier, Australia

"Australia has big advantages, we can have 365 day grass-fed cattle. Many countries can't. We have a good reputation. This helps us grow."

Co-founder, organic beef supplier, Australia

"Our organic beef is really popular, but its hard to sell all cuts. Customers also like the grass-fed, the problem is with the consistency of quality through the year."

Director, retailer, Perth

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – ORGANIC BEEF CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Demand is limited (~1% of total beef) - Retail prices are high (organic mince A$20-22/kg at retail vs. A$7-10/kg for conventional) - Category is on-trend and growing strongly, though off a low base - Absolute low volume overall and velocity per store per day drives high shrink (waste/loss)	- Large scale organic beef processors in QLD, NSW and SA dominate the market (4 majors) - Woolworths & Coles basically "tied up" by AMC/Cleaver's case-ready range (2-6 SKU on shelf) - Woolworths also has store brand Macro packed by AMC/Cleaver's - Due to low velocity and high shrink, major domestic retailers demand long shelf life case ready product in relatively expensive MAP packaging (barrier to entry) - Export markets take vacuum packed primals and sub-primals	- Retailers expect a 30-40% margin, depending on packaging form - Retailers need higher margins to make up for higher wastage and lower velocity - Product is only occasionally promoted - Markdowns of close to expired product much more common - Foodservice operators are very price sensitive, and other than organic specialists, they can swap out for equally premium other types of beef (e.g. grain fed Angus) - Processors pay 15-20% premium for organic beef	- Maintaining correct stock levels highly challenging, due to need to balance in-stock position with spoilage/wastage - Often out of stock, limited supply in the market - Product is refrigerated and highly perishable and requires regular delivery and strong cool chain management

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of organic beef

NATIONAL TRENDS IN PRODUCT CATEGORY – ORGANIC BEEF CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income available to buy organic beef if it is a priority	- Demand will be concentrated in high income areas
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing where and how beef raised	- Demand will be strong and sustainable among some consumer segments
Growth of vegetarianism and veganism	- 11.2% of AU population is vegetarian; knock on effect on household habits - Many of these shoppers are also in the LOHAS segment (lifestyles of health and sustainability), the prime segment for organic buyers - Organic beef is therefore targeting a relatively narrow sub-segment	- Marketing and promotional activities need to be focused
Range of competing/complementary claims exist	- Beef marketed as natural, free-range, organic, grass-fed, pasture-fed, animal welfare, growth hormone (HGP) free etc. - Certified organic gets a premium over other offers and is recognised - However, multiple organic certification systems exist	- Certified organic achieves higher prices than competing, but less difficult and less well recognised claims - Ability to achieve premium if third party audit obtained
Industry consolidation is increasing	- Supermarkets (56% of retail sales) are making demands that are driving industry consolidation to increase scale and reduce costs - Industry now dominated by a few processors in a handful of states	- WA (1% of AU organic beef) is a small producer - WA processors will need to be highly efficient - WA processors may struggle to compete in East Coast markets

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – ORGANIC BEEF CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
Arcadian Meat Co. Organic & Natural; Cleaver's Organic	- Australia's largest organic beef supplier - Initially formed by two farming families - Formed in 2012 merger of The Organic Meat Company and Cleaver's Organic Meat - Grown from 1 farm processing 33 head/week in 05 to 120 suppliers in 2014; cur. 900/week - Supply is from Q (69% AU) & NSW (13%); located in Toowoomba; 60 employees - Contract kill/proc. by Stanbroke & Bindaree - Firm is now 50% owned by Beak & Johnson - 70% is exported to 9 markets - Case-ready Cleaver's Brand packed by B&J and sold at retail in AU through Coles & WWX - Recently seeking to raise A$50m capital (Jun 16)
AOM Australian Organic Meats	- Partnership of two farming families (Tully & O'Leary) with over 100 years farming experience - Located in Dubbo NSW - Meat is contract killed/processed - Source from range of suppliers in QLD & NSW - 20% supplied to domestic AU market - 80% exported to Middle East, Asia and USA
obeorganic australia	- Founded in 1995 by group of farming families - Located in Brisbane; 11-50 employees (LinkedIn) - Meat is contract killed/processed - Part owner David Brook has 3m organic hectares - Sources beef from QLD, NSW and SA - Exported to Middle East, Asia and USA - Export customers include AS Watson (HK), Fairway (NYC), Daiei (JP) and Carrefour (in UAE) - USDA & NASAA Certified Organic; Halal
STANBROKE	- Integrated cattle station/processor/exporter - 1.6m hectares in QLD plus 30,000 head feedlot - Manage 46 backgrounding properties in S. QLD - Organic beef offered as part of portfolio

FINDINGS DRAWN FROM COMPARISON

- Strong presence of farmers and farming families in the industry; operators with scale and passion can succeed
- Growth is possible; all appear to be growing strongly; leaders have achieved dramatic growth over past decade
- However, success is not overnight; belief and passion for healthy farming systems and organics are needed
- Lots of talk about partnerships with farmers and organic conversion coaching; clearly sector is supply constrained
- Industry is becoming more professional and drawing in new capital and new investment
- None of the leaders process their own meat; all use contract packer/processors (scale)
- Typically 70-80% exported to a handful of key markets; strong sales and relationship component apparent
- All focus on telling their own unique story
- Leverage grass-fed and free-range as part of the message; third party audits result in higher premiums

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian organic beef faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ORGANIC BEEF CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Niche product demanded by a small segment of the population - High prices (2x at retail) relative to other options limits uptake - WA market is small volumes to a large number of small accounts - WA appears to have an organic beef deficit, with excess demand supplied from the East Coast	- Growing demand across higher income markets, including USA, Asia and Middle East - Market leaders exporting 70-80% of volume - Market appears concentrated in major chains with strong "organic friendly" customer bases (e.g. Whole Foods USA)
Scale	- WA appears to lack very large "anchor" organic beef farmers - WA organic beef processors lack scale relative to East Coast - Chain retailer demand long-shelf life case ready modified-atmosphere packaging (MAP), which is expensive and requires scale - Foodservice and retail butchers will buy primals/sub-primals	- Export price of Australian organic beef set by large producers and processors in QLD & NSW - WA processors and exporters "struggle" at these prices - Unclear the industry currently has the competitiveness to succeed in export markets
Comparative Advantage	- WA has 8.8% of Australian total cattle herd - WA has a strong beef processing industry, with large firms operating at scale (e.g. Harvey Beef) - WA has large amounts of low intensity (organic) land suited to organic beef	- Australia is the largest beef exporter in the world - Australian beef is recognised in these markets
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- WA is well situated to supply Singapore, the Middle East and Asia
Barriers to Market	- Total AU domestic market is relatively small (est. A$60-80m) - WA-produced organic beef sold in WA is small (est. A$4-6m) - Supply to retail duopoly (WWX, Coles) dominated by Arcadian, able to supply long shelf life case-ready	- Lack relationships with key global accounts - Difficult to get fresh beef into China - Certification and regulations onerous for export

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ORGANIC BEEF CATEGORY

2016

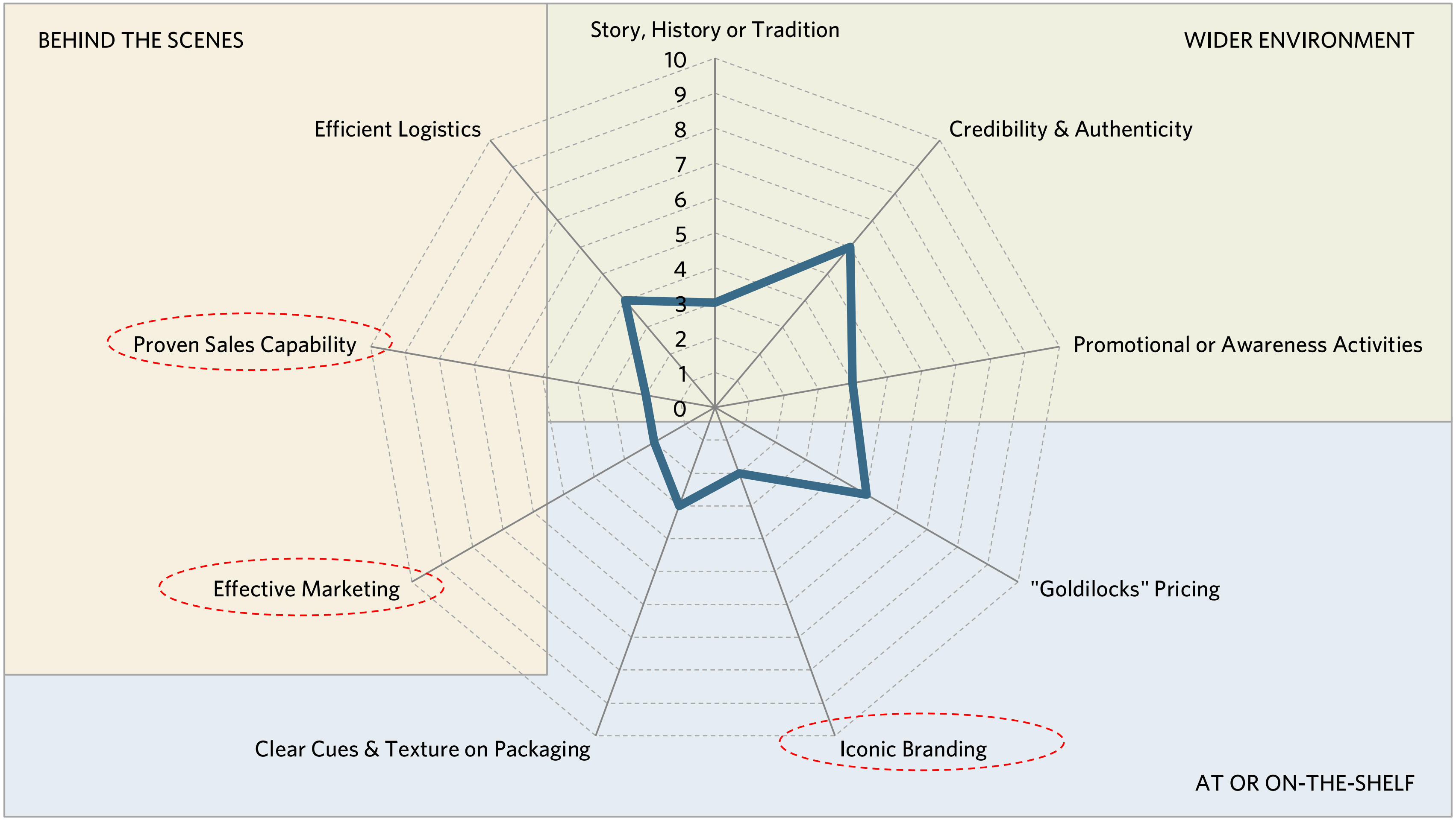
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Local WA organic producers have limited knowledge of East Coast markets - Local WA organic producers lack skills and systems required to service national accounts	- Local organic producers and processors lack depth of knowledge on consumer drivers and certification requirements and experience in key export markets
Access to Funds	- Larger WA meat processors are generally well capitalised	- Strong organic beef export growth can impact cashflow and create challenges, particularly for smaller firms
Marketing	- WA organic beef producers lack strong brands - WA organic beef producers lack national sales and distribution networks	- WA organic beef producers lack strong brands, in-market sales networks and international distributor networks
Packaging	- Chain retailer demand long-shelf life case ready modified-atmosphere packaging (MAP) to control shrink - Butchers and foodservice operators accept vacuum packed meat	- Export markets use vacuum packed primal/sub-primal meat, ("boxed beef") which is further processed in market for consumers presentation and sale - WA beef processors can vacuum pack boxed beef
Willingness of stakeholders to collaborate	- Stable growth but limited growth	- Demand appears to exceed supply

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Organic beef producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: ORGANIC BEEF

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II - SECTORS

Oat milk – and the wider alternative dairy category – is a premium segment emerging across multiple markets

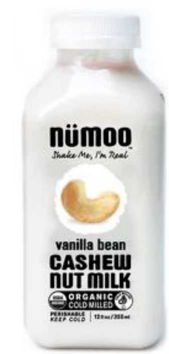
OAT & OTHER ALTERNATIVE MILKS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES



Note: Oatly is manufactured in Sweden. Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Alternative dairy products are on-trend and a growing phenomenon globally

"Seen as a better-for-you alternative to dairy milk, non-dairy milk offerings continue to see strong growth, with gains of 9% in 2015 to reach $1.9 billion. The continued popularity of non-dairy milk is troubling for the dairy milk category with research revealing that half (49%) of Americans consume non-dairy milk, including 68% of parents and 54% of children under age 18. What's more, seven in 10 (69%) consumers agree that non-dairy milk is healthy for kids compared to 62% who agree that dairy milk is healthy for kids. Among non-dairy milk consumers, nearly half (46%) drink it at least once a day, including 57% of parents."

MINTEL

"In Europe, where WhiteWave sells the Alpro brand, plant-based dairy is no longer a fad or a food lurking at the bottom of the supermarket aisle for hippies or people with health issues. Now it is going global. Sales are already strong in China where there is more of a tradition of drinking soya milk and a deep mistrust of domestic milk production. Sales are also expected to grow strongly in Latin America over the next few years as consumers switch out of fizzy drinks."

FINANCIAL TIMES

"Nut milks in Australia appear to be on the rise, with almond milk in particular experiencing very strong growth. Both traditional dairy milks and milk alternatives, including soy and grain milk, are expected to grow in the next five years… IBISWorld expects milks of all kinds to post yearly growth of 3.9% to reach revenue of $4.2 billion by 2019-20… and found that milk alternatives — including soy milk, grain milk and nut milks — had posted significant growth in the past few years."

AUSTRALIAN FOOD NEWS
THOUGHT FOR FOOD

"With plant-based diets all the rage in the US currently, milk alternatives – and particularly those from almonds – are seeing strong sales growth and increased innovation, while sales of dairy milk are contracting. In the past five years, sales of almond milk have grown 250% to more than $894.6 million in 2015."

FOOD navigator.com

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Pressed Earth.
Balance·Pressed·Daily

The Pure Press.

MADE
COLD-PRESSED JUICE

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian alternative dairy is split almost evenly between retail (45-50%) and foodservice (40-45%), exports are relatively minor currently

ESTIMATED MARKET SIZE BY CHANNEL: AU ALT. DAIRY

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$70-80m
Foodservice	$60-70m
Export	$10-15m
TOTAL	$150-160m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU ALT. DAIRY

A$; m; 2015

PRELIMINARY
NO ALTERNATIVE DAIRY -SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Singapore	$2-3m
South Korea	$4-7m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States/Canada	$2-3m
Other	$2m
TOTAL	$10-15m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Alternative dairy milks have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – ALTERNATIVE DAIRY CATEGORY

2016

KEY INPUTS & INGREDIENTS

PACKAGING SUPPLIER

- Packaging (plastic, glass)
- Cardboard carton outer

KEY INGREDIENT(S)

- Water (~90%)
- Oats (from oat farmers)

SECONDARY INGREDIENTS

- Oils
- Salt
- Flavours

MANUFACTURING & PROCESSING

- Fresh/perishable can be produced at "kitchen" scale
- Shelf-stable required large scale packing line (e.g. Tetra Pak line)
- Cross-contamination is an issue; line will need to be sterilised on change
- No existing high quality product in WA

DISTRIBUTION & WHOLESALING

- Product is relatively bulky
- Will be delivered with other products in similar temperature state
- Smaller producers generally go through larger distributor/wholesalers
- Exports are almost exclusively shelf-stable Tetra Pak packaged

INDEPENDENT/CHAIN RETAILING

- Strong and growing sales in health and organic stores
- Delivery 2-3 times per week expected
- Product ordered by stores on an as needed basis
- Major retailers take direct shipments into state-level distribution centres from major suppliers
- Smaller/independent retailers order from Metcash, another wholesaler or directly from supplier

INDEPENDENT/CHAIN FOODSERVICE

- Delivery 2-3 times per week expected
- Independent cafés order product from existing dairy supplier route sales driver or from foodservice wholesaler
- Chain operators (e.g. Starbucks, McCafe, Dome) plan and buy nationally/regionally

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING

- Similar to Australia
- However, distribution is more fragmented (excl. NZ)

RETAIL & FOODSERVICE

- Similar to Australia

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicated a strong category, but with growing competition

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – ALTERNATIVE DAIRY CATEGORY

2016

"Alternative dairy is a very popular category in health food and organic stores, especially almond. There is currently no good oat milk."

Organic retailer, Perth

"Alternative dairy products aren't really a thing in Asia. Asians like fresh milk."

Buyer, Singapore retailer

"Alternative dairy has to be chilled to be premium. Nutty Bruce (which is chilled) sells 70 units/week but the other ambient products sell 20. Its organic and activated and with 'more' almonds"

Store manager, retail chain, Perth

"This is a popular category, with lots of nuts moving into the space. Its all about how much of the actual nut vs. water you have. Not sure about oats, it would have to be chilled to work."

Store manager, retail chain, Perth

"It's a small category but very much on trend as there is a move away from dairy. Long life is not where we want to be, we always want fresh. "

Independent retailer, NSW

"We use almond and soy but not local. We like to support the companies in the local area. For coffee it has to have the quality performance. We would definitely look at local for the breakfast cereals"

Owner, cafe, Perth

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – ALTERNATIVE DAIRY MILK CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is on-trend and growing - Retailers are increasing space - Foodservice operators are increasing choice, driven by consumer demand - Product is a price sensitive known value item (KVI) for both key consumer and café owners - Many consumers are not type loyal and will switch between alternatives - Premium more likely for chilled product in glass bottles	- Alternative dairy category is competitive, with four main suppliers (Freedom Foods, Vitasoy, Lion & Sanitarium) - Wide range of competing alternatives in the category (soy, rice, almond, macadamia, and rice) - New products continue to emerge (date, date/macadamia-blends) - Singapore brand presence primarily shelf stable (Oatly, Pacific, Pure Harvest, Blue Diamond, Natura, Freedom) and limited range of chilled (Califia)	- Retailers expect a 25-35% margin, depending on sub-category and velocity (more for slower moving ranges) - Product is regularly promoted; promotions typically a reduction of 30%+ - Access to promotional slots is competitive - Foodservice operators are very price sensitive due to high labour costs and higher wastage but limited ability to pass on price in excess of milk (e.g. +A$0.50) - Retailers expect in-store promotions and tastings for new products	- Products cannot be out of stock in foodservice or retail; suppliers experiencing out-of-stocks will be discontinued - Refrigerated/perishable required regular delivery, strong cool chain management and prompt returns/credits

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of alternative dairy milks, particularly oat-based ones

NATIONAL TRENDS IN PRODUCT CATEGORY – ALTERNATIVE DAIRY MILK CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Growing consumer demand for alternative-dairy	- Growth of alternative dairy is a global phenomenon; Australia trailing global trends not leading; peers suggest significant further growth - 68% of Australians drink cow's milk regularly; only 3% drink alternatives - Alternative-dairy category growing at 6-8% per annum, while cow dairy growing at only 1%	- Good prospects for new entrants - Good prospects for long term growth
Rise and rise of "superfoods" concept	- "Superfood" is a commonly used marketing term describing foods with strong supposed health benefits - Wide range of products, including oats, not claim superfoods status	- Oats now generally recognised as a superfood - Strong halo effect around products containing oats as a result
On-going proliferation of new alternative dairy milk varieties	- Soy milk originated category but has begun to attract negative news/science (e.g. phytoestrogens) - Almond, coconut, rice, oat and macadamia on shelf in Australia - Core consumers becoming both more discerning and more fickle/fashion oriented - Third tier of alternative milks emerging (e.g. quinoa, hazelnut, cashew, hemp, date, macadamia, numerous others) - One third of all new products launched in 2014 in the USA wider dairy category were alternative dairy	- Oat milk is one of number of emerging soy alternatives - Category becoming more competitive, with more and more products competing for shelf and mid space - Coconut may be "more sexy" than oat currently
"Fresh" emerging at retail in high end retailers	- While shelf-stable requires scale, refrigerated can be produced at much smaller scale - Multiple small regional premium, small-batch refrigerated suppliers have emerged - Very high prices of fresh refrigerated (A$8/litre) vs. shelf-stable (A$2-3/litre)	- New market entry by small scale producers possible - Small scale producers often offer a proliferation of varieties and move toward becoming more generalist drinks suppliers

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms will need to identify a defensible position in the market and a unique selling proposition

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – ALTERNATIVE DAIRY MILK CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
Vitasoy / Kirin / Lion	- Parent founded in Hong Kong in 1940's - Global alternative dairy category leader, production in Hong Kong, China, USA & Australia - Australian operation a JV with Kirin/Lion Beverages (Pura/Dairy Farmers/Farmers Union) - Built AU factory in 2001 - Range includes soy, almond, coconut, oat and rice - Produces organic bean soymilk - Recently launched range of blends (oat/almond)
Freedom Foods Group	- Australian ASX public listed company - Produce breakfast cereal, snacks and UHT aseptic products as well as canned seafood - Contract packs UHT dairy for domestic & export
Pureharvest	- Est. in 1979 in VIC; initially bulk grains and beans to health food stores - Launched "Aussie Soy" brand in 1987 - Have expanded into rice, oat and almond milks - Range of other health-related products - Offer organic products - National distribution network
Sanitarium / So Good	- Founded in 1898 in VIC; owned by Seventh Day Adventist Church; vegetarian diet - Major breakfast cereal producer - Wide range of other vegetarian products - "So Good" range of soy, almond & coconut milks - Strong marketing capability; pushing packaging and branding into mainstream

FINDINGS DRAWN FROM COMPARISON

- Strong alternative dairy leaders exist in shelf-stable
- Category is highly competitive
- All existing market 'winners' offer a range of alternative milks (soy, almond, rice, oat, etc.)
- No Oatly (EU) style oat milk specialist exists in the category currently
- Existing 'winners' appear to find it easy to extend into new alternative milks, treating them as flavours
- Many 'winners' have leverage in the category from existing assets (e.g. Lion distribution network)
- Contract packers exist that would pack for a brand focused oat start-up

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian oat-based alternative-dairy milks face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ALTERNATIVE DAIRY MILK CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Growing demand for alternative dairy milks - Newer alternatives, such as oat, are growing faster than soy - Oat has health association coming from its "superfoods" status	- Soy dominates market currently for traditional/cultural reasons - Oats perceived as healthy; strong in breakfast & snacks - Almonds clear number two after soy in Asia
Scale	- Large firms (e.g. Lion) already at scale in production and able to leverage national distribution infrastructure - New WA entrant would need to focus on niche products or be at scale (e.g. Archer/Brownes or Lactalis/Harvey Fresh	- Alternative dairy sold as a flavour by many large dairy firms - Lactalis/Harvey Fresh dairy milk sold in Asia - Australian and European competitors already in market
Comparative Advantage	- Western Australia is a major oat producer, producing more than China but less than the UK - WA achieves the highest oat yields of any state in Australia - WA has the largest average oat farm size of any state in AU	- WA produces more oats than all of East and South East Asia - South East Asia is incapable of producing oats commercially
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Supermarket duopoly already stocked with alternative milk suppliers - Achieving strong distribution across numerous small accounts	- Key competitors (e.g. Oatly (EU) and Pure Harvest (AU) already present in market; without USP it is a late arrival with me-too

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ALTERNATIVE DAIRY MILK CATEGORY

2016

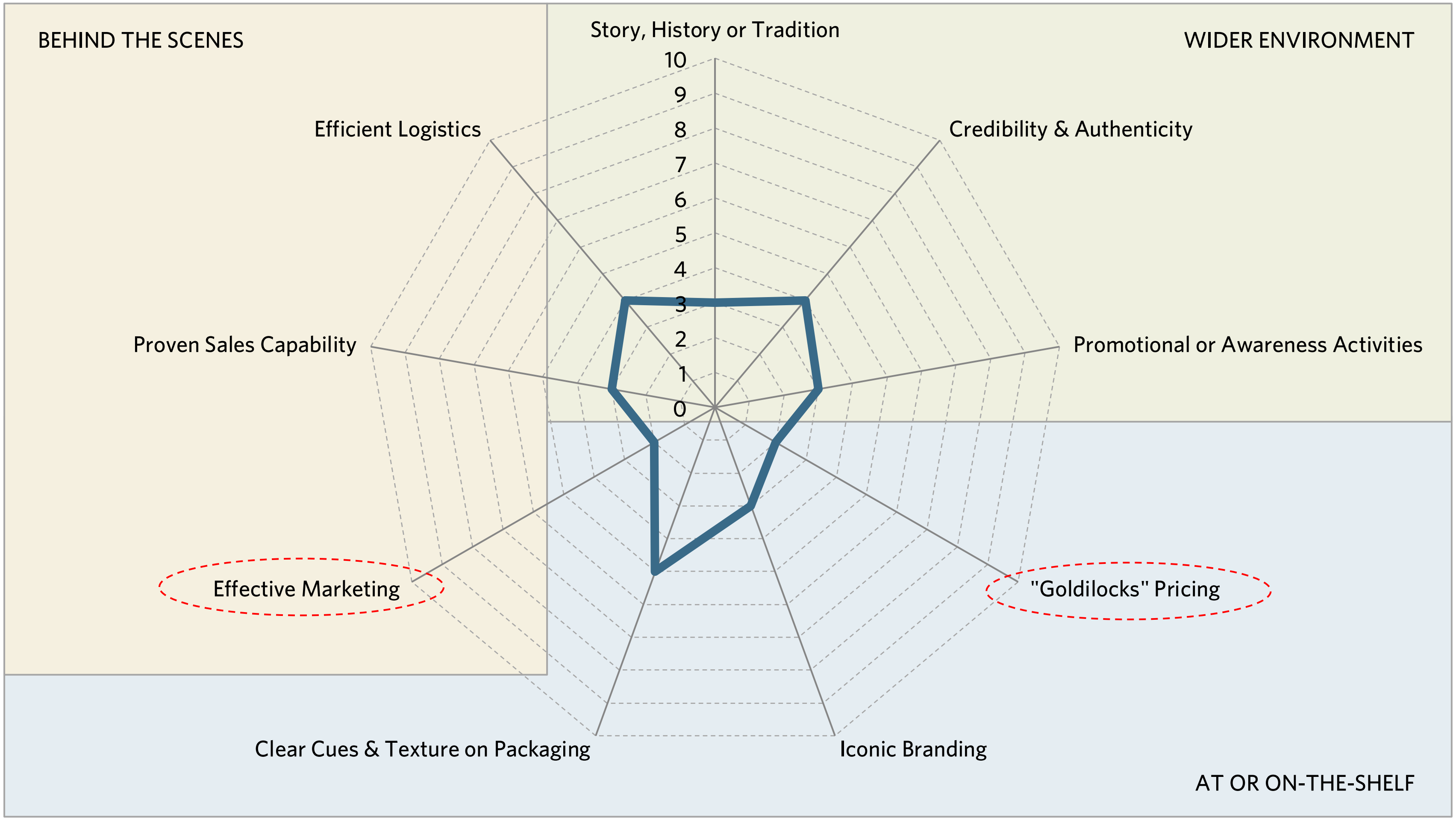
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- No currently identified commercial scale oat milk production in WA - Transferrable capabilities from dairy and UHT - Will need to develop oat-milk specific products and capabilities	- Potential producers of WA oat-based alternative dairy milks have almost no knowledge of alternative-dairy market situation across key premium markets in Asia - No consumer qualitative or quantitative research completed on perceptions of product, competitors or category
Access to Funds	- All three large WA-based dairy processors are well capitalised - Smaller firms and start-ups coming into the space would lack capital	- Export growth can require significant financing to support pipeline and payment terms
Marketing	- Need to introduce a completely new brand & marketing story into a somewhat crowded category - Alternatively possible to leverage existing brand (e.g. Harvey Fresh) with some equity in key export markets in Asia	- Need to introduce a completely new brand & marketing story into a somewhat crowded category - Alternatively possible to leverage existing brand (e.g. Harvey Fresh) with some equity in key export markets in Asia
Packaging	- Shelf stable packaging technology known and well understood in WA - Existing lines and capacity appears available - Volumes for premium products achieved in chilled category versus ambient for upmarket retailers	- Strong market acceptance of shelf-stable/UHT - Short shelf life fresh/refrigerated/perishable appears challenging without innovative/expensive packaging or irradiation/flash pasteurisation
Willingness of stakeholders to collaborate	- Retailers and foodservice operators interviewed expressed interest in new WA-produced products in the category - Interviews with other stakeholders out-of-scope	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Oat milk/alternative dairy producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: ALTERNATIVE DAIRY

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II - SECTORS

Wagyu beef is a premium segment emerging across multiple markets

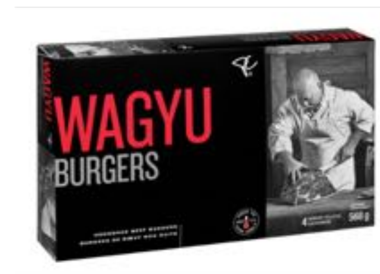
WAGYU BEEF CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES



Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Wagyu beef is on-trend and a growing phenomenon globally

“People get excited about it," says Chris Nuttal-Smith, the Toronto restaurant critic for the Globe and Mail. "It’s a delicacy."
The rare meat is a recent food trend, with some Toronto restaurants charging up to $350 for a 40 ounce high quality steak.”

CBC news

“When the beef stakes are high, Wagyu beef steak prices are generally even higher. Such is the demand for the breed whose popularity is now so great it commands its own commodity grouping – separate to beef – at major international trade shows. And experts remain upbeat about its future, saying the Wagyu bubble shows no signs of bursting anytime soon…Wagyu beef now sits squarely at the top of menus at high-brow restaurants, has become an industry leader in genetics and performance, and continues to deliver record prices to producers.”

The Weekly Times

“Many of Australia’s end markets are seeking a point of difference he said. Based on Wagyu production as projected at the conference, he said Wagyu beef was not expected to saturate demand by 2020.
“The big emerging trend is that as incomes increase, consumers are more likely to expect greater taste and more enjoyment from eating beef and Wagyu clearly has a big role to play in that”.

Beef Central

“Wagyu beef from Japan and Australia, and premium offers from North America and Australia, are popular in the high end of the Hong Kong market, which accounts for nearly 70 per cent of the food consumed there, while Brazil and other suppliers provide large quantities of beef to the mass market. But it is the niche markets that farmers seek out, because the prices they receive are at premium levels.”

Raconteur

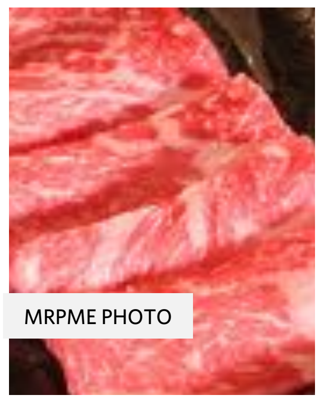
Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

IRONGATE PHOTO



MRPME PHOTO

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian wagyu beef goes predominantly to export, primarily Japan and other rich Asian countries and to high-end foodservice in Australia

ESTIMATED MARKET SIZE BY CHANNEL: AU WAGYU BEEF

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$5-15m
Foodservice	$60-80m
Export	$320-340m
TOTAL	$400-420m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU WAGYU BEEF

A$; m; 2015

PRELIMINARY
NO WAGYU-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Japan	$180-220m
South Korea	$100m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States	$20m
Other	$10m
TOTAL	$320-340m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Wagyu beef has a multi-layered supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – WAGYU BEEF CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Primals packaging (e.g. Cryovac) - Cardboard carton outer KEY INGREDIENT(S) - Breeders of purebreed lines (e.g. Irongate) - Purebred or cross Wagyu breeds of beef cattle - Meat is scored on a wagyu-specific marbling scale (1-9) - Full product traceability now expected - May be grain fattened (up to 500 days) or grass-fed	- Primary kill is highly regulated, due to health and safety issues - Carcass processing can be completed by smaller scale operators (particularly where the product is sold fresh in the local region) - Export processing is more regulated and requires significant scale - Many export markets make additional certification requirements (e.g. Japanese Agricultural Standards accredited) - Cross-contamination is a significant issue; most export lines/chains operate on one species only	- Product is relatively bulky - Product must be refrigerated and will typically be delivered by specialist meat wholesalers (or by larger operators as part of a wider refrigerated order) - Exports are either vacuum packed "boxed beef" or live animals - Distribution to chain operators (retail and foodservice) highly consolidated - Distribution to independents, small stores and non-chain foodservice more fragmented	- Major chains vary from 0-2 fresh Wagyu SKU - Major chains have regional contract plants that pack case-ready for stores - Delivery 3-4 times per week expected; ordered by stores on an as needed basis - Butchers/independents cut primal or carcass	- Product typically only sold through high end restaurants - Chefs take primal/sub-primal vacuum packed meat - Delivery 2-3 times per week expected

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Processed regionally into case-ready form and delivered daily to retail - Foodservice use primal/sub-primal - Distribution is highly fragmented	- Large number of small accounts; highly fragmented - Power rests with distributors/wholesalers

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an expensive product not typically stocked

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – WAGYU BEEF CATEGORY

2016

"There is incredible growth in Wagyu. There seems to be an insatiable demand."

Organic beef supplier

"Wagyu gets a huge premium, 50% more than organic. If you have organic and wagyu, well…"

Organic beef supplier

"We can't get enough wagyu. When we do have it, it sells in a few days. People will come in and buy A$300 worth. We get the offcuts and make sliders and sausages. They are popular. We need more wagyu."

Manger, retailer, WA

"Wagyu is popular. There is a segment of the market, that loves it. Its popular."

Perth, upmarket retailer

"Wagyu is quite a commercial product now. People know what it is."

Independent retailer, NSW

"Wagyu, is popular. Yes it's a small percentage of meat sales but at the high end its the ultimate in beef. It has the best reputation. Customers are buying it by the gram not kilo."

Retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – WAGYU BEEF CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Demand is small (~1% of total beef) - Retail prices are high (wagyu mince A$20/kg+ at retail vs. A$7-10/kg for conventional) - Special occasion meat/market is predominantly foodservice - Category is on-trend and growing, though off a low base - Most retailers do not stock fresh product; high price, absolute low volume overall and very low velocity per store per day drives high shrink (waste/loss)	- 4-5 large scale wagyu beef processors dominate the market - Due to low velocity and high shrink, major domestic retailers do not stock or demand long shelf life case ready product in relatively expensive MAP packaging (barrier to entry) - Export markets take vacuum packed primals and sub-primals - Significant growth in bulls available - Significant presence on shelves of premium retailers fetching premium prices	- Foodservice operators are very price sensitive as they can swap out for equally premium other types of beef (e.g. grain fed Angus) - Retailers need higher margins to make up for higher wastage and lower velocity and expect a 50%+ margin, depending on packaging form - Product is almost never promoted - Markdowns of close to expired product much more common	- Maintaining correct stock levels highly challenging, due to need to balance in-stock position with spoilage/wastage - Product is refrigerated and very perishable; requires regular delivery and strong cool chain management

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of wagyu beef

NATIONAL TRENDS IN PRODUCT CATEGORY – WAGYU BEEF CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income available to buy wagyu beef if it is a priority	- Demand will be concentrated in high income areas - Demand will be concentrated in high end dinner restaurants (i.e. not lunchtime cafés)
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Wagyu is one of the few widely known beef breeds, along with Angus and Hereford - Strong underlying support for growth in domestic demand going forward
Industry consolidation is increasing	- Sector attracting strong interest from "big end of town" - Wagyu appears to support scale and industry consolidation more than other species; drivers would include control of genetics and scale in feedlots - Industry consolidating to increase scale and reduce costs - Industry now dominated by a handful of processors in a handful of states	- WA (~1-2% of AU wagyu beef) is a small producer - WA processors will need to be highly efficient - WA processors may struggle to compete in key export markets relative to large East Coast producers

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms will need to be well capitalised to succeed long-term

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – WAGYU BEEF CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
AA CO	- Founded in 1824; 1% of AU area; listed on ASX - Purchased Westholme full blood herd in 2006 - Total herd 500,000 head; 40,000 wagyu - Largest Wagyu herd in world; ~50% of AU herd - Owns farms, feedlots & processing facility - Moved from selling live cattle to branded, boxed beef - A$428m beef sales; 88% branded - Wagyu: A$177m (13.3m kg at A$13.33/kg avg.) - 592 FTE across business
STANBROKE	- Integrated cattle station/processor/exporter - Owned by rich-list Menegazzo family - 1.6m hectares in QLD plus 30,000 capacity feedlot; 90,000 annual turnoff - Manage 46 backgrounding properties in S. QLD - Wagyu beef offered as part of portfolio - 10,000 F1 Waygu being fed
RANGERS VALLEY	- Founded in 1839; 43,000 head throughput (21,000 angus; 11,000 wagyu; 11,000 Coles contract); 2nd largest Waygu herd in Australia - 4th largest feedlot in AU; 32,000 head; 50 staff - Animals finished on grain (Wagyu 350+ days) - Acquired by Marubeni Corp (Japan) in 1988 - Marubeni is US$102b turnover and 39,126 emp. - Japan is key market; supplies 20+ other markets - Meat is contract killed/processed - A$6m upgrade to feedlot in 2015
HANCOCK PROSPECTING	- Acquired farms in Dubbo/NSW & Mary River/QLD - Including Glencoe Station in Dubbo ($30m) - Initially planned A$500m infant formula project - Switched to Wagyu in 2015 - Acquiring multiple pureblood wagyu herds - Launched 2GR Wagyu brand

FINDINGS DRAWN FROM COMPARISON

- Industry rapidly evolving from a large number of small suppliers to a small number of large suppliers
- Appears to be a "big boys game", with industry dominated by large firms and billionaires
- Growing investment from "smart money" indicating strong growth and profitability potential
- Genetics may be difficult to acquire and expensive; Hancock/Rinehart purchased 2,000 full-blood breeding cows for A$7m in 2016 (A$3,500/head)
- Exports to Japan and other rich Asian markets are the key growth opportunity being targeted

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian wagyu beef faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – WAGYU BEEF CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Niche product demanded by a very small segment of the population - Very high prices relative to options limits uptake - WA market is small volumes to a large number of small accounts - AU market small (~10% of value) and mostly high end foodservice	- Described as "the Louis Vuitton of beef" - Estimated 90% of production (by value) currently exported - Japan is single largest market, followed by rich Asia & China
Scale	- WA appears to lack very large "anchor" wagyu beef farmers - WA organic beef processors lack scale relative to East Coast - Chain retailer demand long-shelf life case ready modified-atmosphere packaging (MAP), which is expensive and requires scale - Foodservice and retail butchers will buy primals/sub-primals	- Export price of Australian organic beef set by large producers and processors in QLD & NSW - WA processors and exporters "struggle" at these prices - Unclear the industry currently has the competitiveness to succeed in export markets
Comparative Advantage	- WA has 8.8% of Australian total cattle herd - WA has a strong beef processing industry, with large firms operating at scale (e.g. Harvey Beef) - WA has large amounts of low intensity land suited to grass-fed beef - WA has limited production of feed grains; no Top 25 AU feedlot operators; cost of feed grain high relative to other countries	- Australia is the largest beef exporter in the world - Total global wagyu herd is ~2m+; 96% in Japan; 2% AU; 2% USA and other Americas; AU has second largest pureblood herd - Australian wagyu beef is recognised as a premium product, second only to Japan in terms of quality, in Japan and other premium markets
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- WA is well situated to supply Singapore, the Middle East and Asia
Barriers to Market	- Total AU domestic market is relatively small (est. A$80m) - WA-produced wagyu beef sold in WA is small (est. A$1-3m) - Market is predominantly large number of small accounts, concentrated in downtown and higher income areas of major cities	- Lack of Japanese ownership in WA meat industry to enable access to "closed shop" Japan market - Lack relationships with key global accounts - Difficult to get fresh beef into China

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – WAGYU BEEF CATEGORY

2016

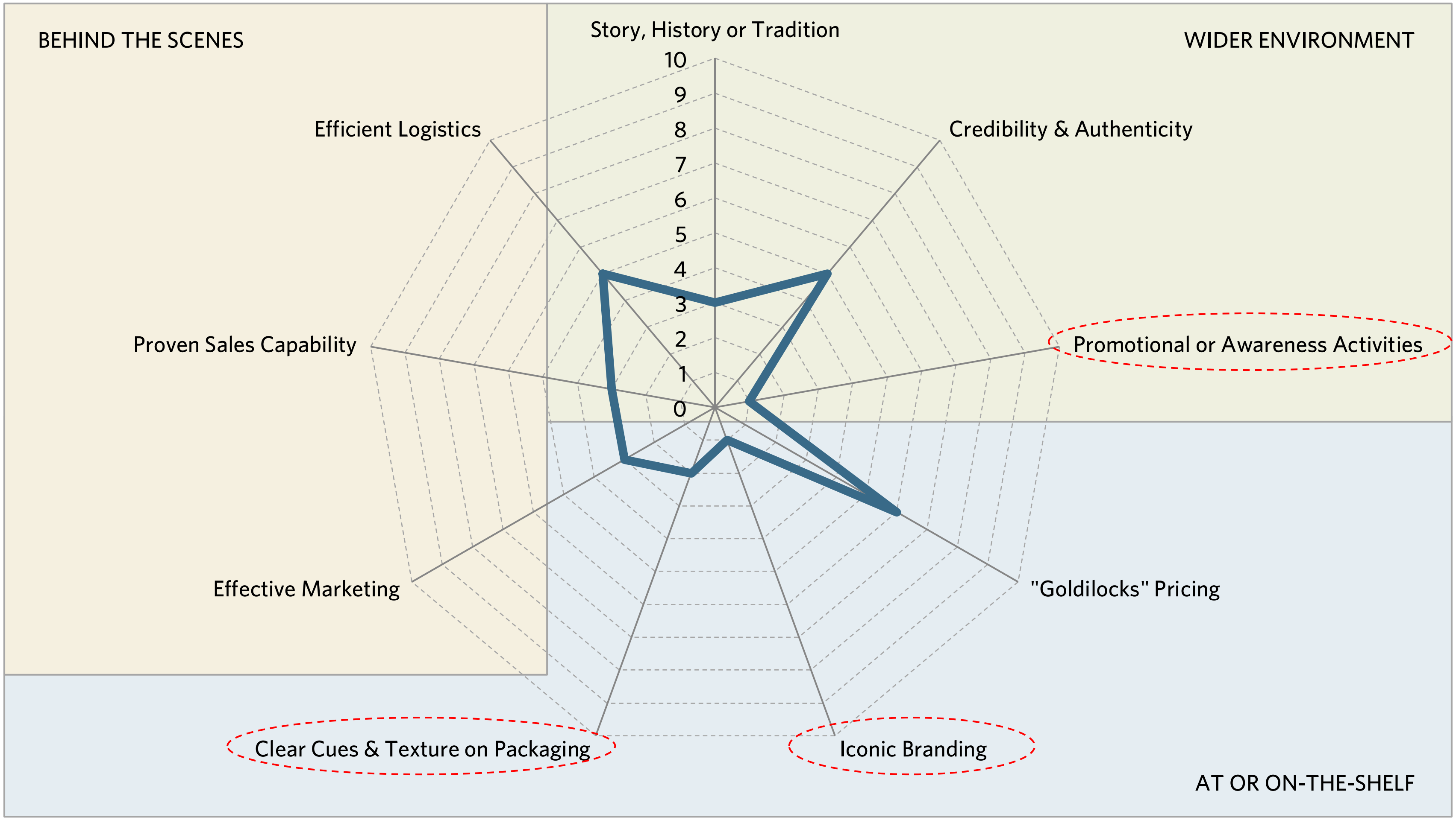
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Local WA wagyu producers have limited knowledge of dynamics of national Australian wagyu market - Local WA wagyu producers lack skills and systems required to service major accounts on East Coast	- Local wagyu producers and processors lack depth of knowledge and experience in key Japanese markets
Access to Funds	- Larger WA meat processors are generally well capitalised	- Strong wagyu beef export growth can impact cashflow and create challenges, particularly for smaller firms
Marketing	- WA wagyu beef producers lack strong brands, Australian sales networks and nationwide distributor networks	- WA wagyu beef producers lack strong brands, in-market sales networks and international distributor networks - Develop WA story based on super-premium grades
Packaging	- Butchers and foodservice operators accept vacuum packed meat - Chain retailer demand long-shelf life case ready modified-atmosphere packaging (MAP) to control shrink	- Export markets use vacuum packed primal/sub-primal meat, ("boxed beef") which is further processed in market for consumers presentation and sale - WA beef processors can vacuum pack boxed beef
Willingness of stakeholders to collaborate	- Breeders currently looking for partners	- Demand appears to exceed supply - Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Wagyu beef producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: WAGYU BEEF

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II - SECTORS

Premium soft drinks are a hot segment emerging across multiple markets

PREMIUM SOFT DRINKS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

CANADA

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium soft drinks are on-trend and a growing phenomenon globally

"More of us are shunning alcohol than ever before in the quest for better health, sounder sleep, clearer skin or to raise much-needed funds for charity… Whether you're intending to take a sober sabbatical or just trying a spot of moderation management, these grown up, non-alcoholic options are a world away from the sugar-laden softies we grew up with. Solving the dilemma of what to drink when you're not drinking, the innovative new brands on the market offer something for every occasion, be it an aperitif to share with friends or a mocktail for one, we've got it covered."

INDEPENDENT

"As consumer preferences shift away from sugar-laden soft drinks such as colas and lemonades, and towards other 'healthier', more 'natural' sparkling beverages, we've seen increased marketing activity in this segment… It seems our tastes are slowly but surely evolving towards 'lighter', less heavily flavoured beverages."

AUSTRALIAN FOOD NEWS
THOUGHT FOR FOOD

"Adult soft drinks are among the greatest growth opportunities in the beverage market today. There are many occasions when people want to make more personal choices involving more differentiated products for more grown up tastes… Adult soft drinks are sometimes mixed with alcohol, but more often serve as an alternative to alcohol or family soft drinks."

zenithinternational

"In neighborhoods across the country kombucha is popping up on the menu at health cafes and in coffee shops. And in L.A. and New York, dedicated kombucha bars have even begun pouring the probiotic brew on tap. So, what is this strange new health trend, and what's all the fuss about? While the drink has been used in Asia for centuries and has been homebrewed and used holistically on the alternative-health scene for some time, it's now starting to creep into the mainstream."

StyleCaster

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

raw · organic · kombucha
rok
margaret river

Kommunity
BREW

Since 1999
MARGARET RIVER
BEVERAGES

Currently, Australian premium soft drinks are predominantly (75%) sold through domestic foodservice

ESTIMATED MARKET SIZE BY CHANNEL: AU PREM. SOFT DRINKS

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$70-75m
Foodservice	$230-250m
Export	$3-5m
TOTAL	$310-330m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU PREM. SOFT DRINKS

A$; m; 2015

PRELIMINARY
NO PREMIUM SOFT DRINKS-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Singapore/Malaysia	$1-2m
UAE	$1-2m
Hong Kong	
China (including grey market via Hong Kong)	
Other	$1-2m
TOTAL	$3-5m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Premium soft drinks have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – PREMIUM SOFT DRINKS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Aluminium, glass or plastic packaging - Cardboard boxes for multipacks - Cardboard carton outer KEY INGREDIENT(S) - Water - Fruit juice or concentrates - Limited sugar or alternative sweeteners in premium - Caffeine or caffeine containing plants - Other specialty ingredients - Carbon dioxide - Popularity of ginger, turmeric, dragon fruit	- Premium manufacturing processes can be conducted at a low scale - Large scale contract packers exist - Large scale production in wider soft drinks category has substantial economies of scale	- Like most ready consumables, there is strong leverage and market power in distribution, particularly to smaller outlets	- Large range in upmarket retailers - Convenience & petrol a major channel - Supermarkets have a growing range	- Segment well ranged in independent café and casual dining outlets - Growing opportunity in bars and restaurants for non-alcohol drinkers

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Typically small number of large distributors touching all outlets - Long tail beyond this with most Asian markets highly fragmented	- Asian markets have a much greater number of small stores and convenience outlets

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM SOFT DRINKS CATEGORY

2016

"The adult drinks is a really popular range. We are always looking for new products (especially if its from WA). The prices need to be in line. They need to be realistic by looking at the pricing of the competition."

Store manager, retailer, WA

"Kombucha is everywhere. Its still really popular. If you are going to have a drink, why not have a healthy option. We love this category. We did drop ROK though it was too expensive."

Manager, Organic retailer, Perth

"You have to be in line with price in this category. We sell twice as much of the East Coast brand because its A$2 cheaper."

Store manager, retailer, WA

"Healthy drinks like kombucha are really popular, so are the small tonics, elixirs and shots like Jenny's Jamu. It's organic turmeric and ginger."

Owner, organic retailer, Perth

"This is a really growing category. Lots of brands are entering the market. You have to be unique to stand out. In the end someone has to leave the shelf for a new product to enter."

Owner, retailer, Perth

"High quality drinks are popular. We sell Emma and Toms, Gorilla Press and others. They do well in our store. There is a lot of competition in this category."

Owner, retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – PREMIUM SOFT DRINKS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Total soft drinks category growing at ~1.0% per annum (i.e. under inflation) - Consumption of traditional soft drinks (e.g. Coke, Pepsi) declining - However energy drinks, sports drinks and functional drinks growing - Product is primarily an impulse item with seasonal variance - Premium "adult-focused" soft drinks, including organic, are growing strongly from a low base - Branding and price largely drive demand - Shoppers are promiscuous and shop from a repertoire of brands and products	- Category is intensely competitive - Wider soft drinks category dominated by Coca-Cola Amatil (54%) and Asahi (25%); Tru-Blu (5%) is only other firm at any scale; remaining 15% spread across a wide range of emerging and regional firms and store brands - Access to shelf space can be challenging as majors often supply refrigerators - Low barriers to entry - Very full shelves in Asia in retail and convenience channels (Sommer, Charlies, Rope, Argo tea, Chia)	- Wider soft drink category is a major profit generator for retailers and foodservice operators - Margin expectations are high, particularly in convenience channels (30%+) - Category is continuously promoted	- Delivery logistics are the key to success - The fight for shelf space is fierce; products that are regularly out-of-stock are discontinued

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium soft drinks

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM SOFT DRINKS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing more about how their product was produced or have some connection with smaller producers	- Demand will be strong and sustainable among some consumer segments
Growth of organic food as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns	- Changing popular concerns around sugar and carbohydrate consumption - Growing demand for low/no sugar drinks and natural sweeteners - Constant emergence of new diets: "caveman," paleo, etc.	- Premium soft drinks sector experiencing on-going waves of product innovation in response to changing consumer perceptions, trends and fads

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through focusing on selling an on-trend product

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM SOFT DRINKS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
nexba natural	- Start-up founded 2011 by 2 Gen-Y entrepreneurs - Initially iced tea; expanded into soft drinks - Focuses on sugar-free/erythritol - Raised money from family, then angel investor Peter Baron (inventor of Sipahh milk drink straw) - Ranged in petrol stations and Coles - Uses CTD for logistics and distribution - Turnover A$5m in FY15
Buderim Group; Buderim Ginger	- Formed as farmer coop in QLD; now publicly listed on ASX (Buderim Group) - Initially processed ginger; expanded into confectionery, cordials, soft drinks & alcoholic - Also macadamia based confectionery (MacFarms) - Headquarters is tourist destination on Sunshine Coast ("The Ginger Factor") - Recently refreshed branding; recent national listing in Coles for non-alcoholic ginger beer - Revenue A$78m (FY16)
Daylesford and Hepburn Mineral Springs Co. 1910	- Founded in 2006 by entrepreneurial couple - Initially bottled local mineral water from regional springs on Mornington Peninsula, VIC - Expanded into range of natural soft drinks and juices; significant organic range - Sell through restaurants, cafes, Harris Farms and independents
sabrands; Devondale 100% sparkling apple juice, No added sugar, No added preservatives	- Founded in 1977 by Dan Presser - Produced Sunraysia fruit juices - Acquired Devondale Sparking Juice in 2009 - Recent rebranding and marketing campaign - 25 staff, including London & Hong Kong - Ranged in Coles & IGA; exports to 25+ countries

FINDINGS DRAWN FROM COMPARISON

- Success is possible for smaller firms, but need to be unique
- Need to be innovative and fast moving
- Significant investment required in marketing
- Firms rebranding and launching new ranges indicating growth and profitability

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium soft drinks firms face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM SOFT DRINKS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- While demand exists and is growing, category and shelf is crowded	- Clear niche position available for premium Western soft drinks with a clear story/message
Scale	- Barriers to entry are relatively high beyond regional/niche production - Firms must generally offer a range of products and sizes	- Soft drink producers in-market will have significantly greater scale in most cases
Comparative Advantage	- WA produces a wide range of fruit and other ingredients	- Australia a recognised source of safe, healthy, trusted foods - Organic and similar food standards and certifications trusted by in-market consumers
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Cafés, bars and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels are attractive, but highly competitive - Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply	- Convenience oriented beverage markets generally highly fragmented - Market power rests with distributors with truck on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM SOFT DRINKS CATEGORY

2016

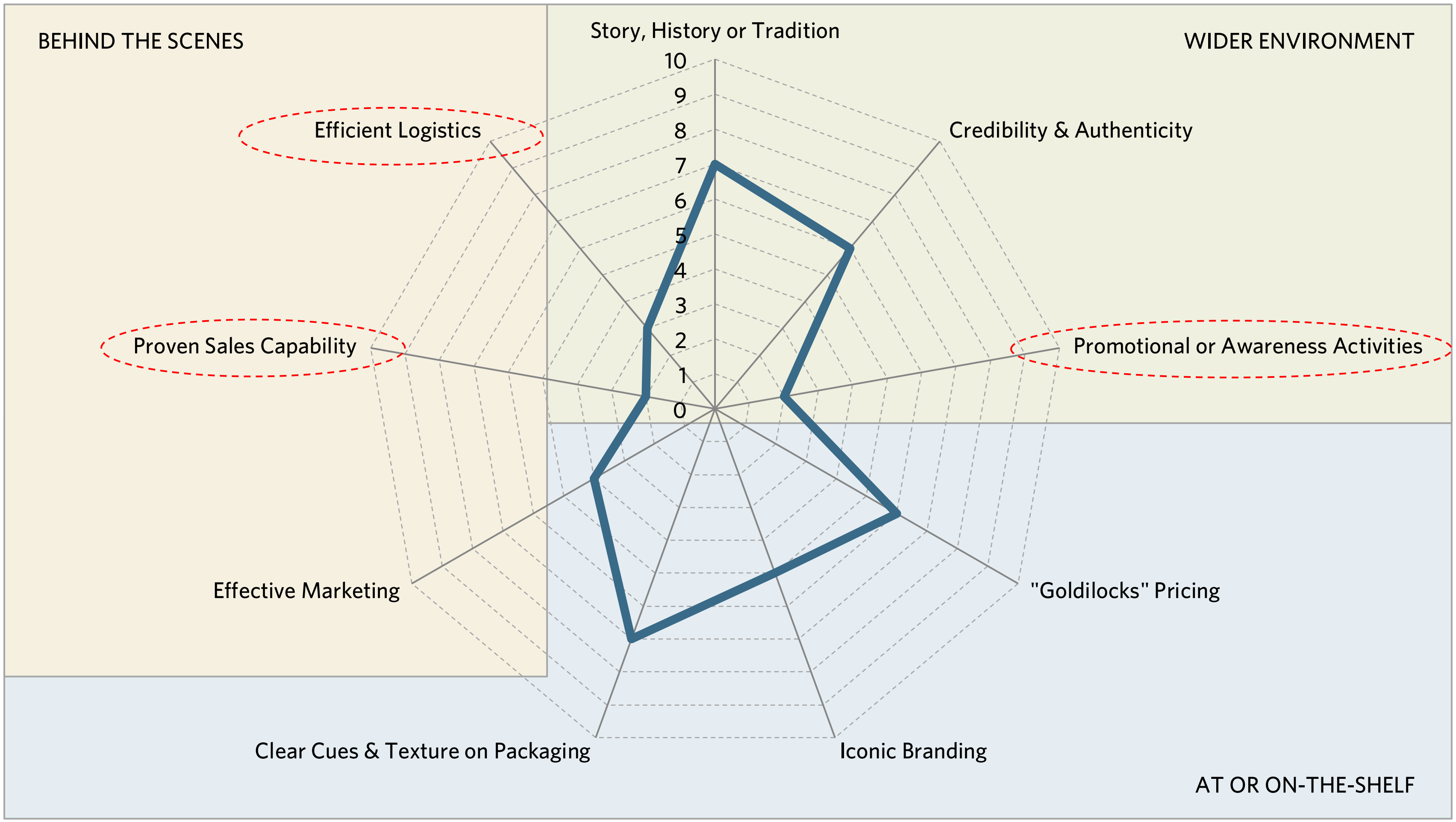
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Existing WA firms have solid product knowledge but appear to have opportunities for improvement in systems and processes	- Current producers of WA premium soft drinks have almost no knowledge of market situation across key markets in Asia - No consumer qualitative or quantitative research completed on perceptions of product, competitors or category
Access to Funds	- All three large WA-based dairy processors are well capitalised - Smaller firms and start-ups into the space would lack capital	- Export growth can require significant financing to support pipeline and payment terms
Marketing	- Product presentation and packaging contributes significantly to the perceived value of the product - “Brand WA” can support a sun, surf and lifestyle brand in the category (e.g. Margaret River Beverages)	- No awareness of existing brands or products
Packaging	- Glass bottles are significantly more expensive, but contribute strongly to perceptions of premium (and “natural” or “healthy”)	- Premium products should be in glass
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed strong interest in new innovative premium soft drinks that were on-trend	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Premium soft drink producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: PREMIUM SOFT DRINKS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium cheeses are a premium segment emerging across multiple markets

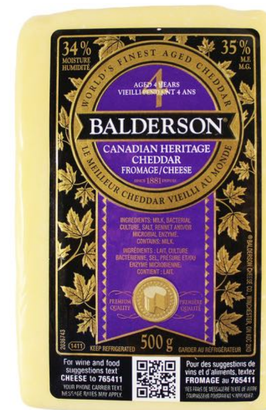
PREMIUM CHEESES CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

CANADA



Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium cheeses are on-trend and a growing phenomenon globally

"Demand for gourmet, organic and unprocessed varieties is driving the $16 billion [U.S.] natural and specialty cheese market, which is projected to grow by a compound annual growth rate of 4% during 2014 to 2018… Positioned as a nutritious snack, cheese marketed as natural benefits from increasing demand for protein-rich products on the go. Consumption of natural cheese in all forms has increased over the past decade, while processed cheese has declined. Moreover, varieties made with organic milk, milk from grass-fed cows and milk free of artificial growth hormones are surging in popularity. "

FOOD BUSINESS NEWS

"In 2012, 825 licensed, artisan cheese producers in the U.S. provided more than 300 varieties of cheese—more than doubling the figures from six years before. Sales in the natural and specialty cheese markets are expected to reach $19 billion in 2018. And small cheesemaking facilities accounted for 46% of all cheesemaking establishments, up five percent since 2007. Meanwhile, the USDA reports that consumption of processed cheeses has declined by four percent. Real cheese is back."

the Atlantic

"As evidenced by the endless blocks taking up the supermarket cheese aisles, Australia is, in essence, still a cheddar-loving nation. According to the Australian Bureau of Statistics, although cheese is regularly consumed by 32% of the population, 67% of that is of the hard, ripened variety (with processed cheese pulling in the silver medal at 22%). Yet while surface-ripened cheese makes up only 3% of the cheese we consume, the number of artisan cheesemakers is growing at an unprecedented rate."

SBS

"Most Canadians would probably admit to being caseophiles if they knew what it meant. Caseophile is just a five-dollar word for cheese lover, from the Latin "caseus," meaning cheese, and although we're well behind countries such as France… Canadians still manage to put away more than 12 kilograms of cheese a year each… Cheddar and mozzarella account for 61% of that production, with their manufacture dominated by large industrial firms. But more and more consumers are turning to specialty or artisanal cheeses made by small, hands-on producers."

NATIONAL POST

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Cambray Cheese — Handmade Farmhouse Cheese — Paddock to Platter — Nannup · Western Australia

Dellendale Creamery

Borrello Cheese

Australia sells a wide range of cheeses through a wide range of channels; exports are large and account for ~25% of industry turnover

MARKET SIZE BY CHANNEL: AU CHEESE

A$; m; 2015

Market Channels	Estimated wholesale market size
Supermarkets/Chain Retail	$890m
Foodservice/Small Retail	$730m
Mnfg./Industrial	$350m
Export	$730m
TOTAL	$2,700m

MARKET SIZE BY PRODUCT: AU CHEESE

A$; m; 2015

Product	Estimated wholesale market size
Cheddar	$1,400m
Edam, Gouda, etc.	$820m
Feta, other fresh	$350m
Hard grating	$80m
Mould Ripened	$50m
TOTAL	$2,700m

SIZE OF KEY EXPORT MARKET: AU CHEESE

A$; m; 2015

Export Destination	Estimated FOB market size
Japan	$150m
China	$80m
Singapore	$70m
Indonesia	$50m
Other	$390m
TOTAL	$730m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Cheese – premium or otherwise - has a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – CHEESE CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic packaging - Labels - Cardboard carton outer KEY INGREDIENT(S) - Milk (cow, sheep, goat, camel, buffalo) - Vegetarian option - Cultures - Rennet - Salt - Spices & other flavours - Additives - Preservatives	- Can be produced at a wide range of scales, from kitchen to world-scale plant - Production has high standards for exports (to preserve Australian reputation for quality) - In 2013 Cheese firm Jindi recalled 100+ products following a Listeria outbreak leading to 3 deaths - Very large plants exist (e.g. Glanbia's Clovis plant in the USA 200,000t) - Smaller producers can be competitive through specialisation in low volume, "finicky" cheese	- Product requires refrigerated supply chain - Typically flows through wider refrigerated wholesale distributor system (e.g. supermarket chain own trucks)	- Supermarkets expect delivery 2-3 times per week - Minimal amounts through convenience channels - Smaller independents and specialist delis, etc. generally buy through wider ranging wholesalers	- Heavy usage in QSR chain outlets (e.g. Domino's) - High end restaurants are key users of premium/specialty

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Distribution is concentrated for chain QSR and large chain retail - Fragmented for all other channels - Generally controlled by local dairy milk firms with trucks	- Niche/novelty items outside Western foodservice across most markets (excluding Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM CHEESE CATEGORY

2016

"We have a good specialty cheese range. We have the European cheeses but love stocking the local cheeses we have "Heritage, Ha Ve, Dellendale, Margaret River Dairy Company. Always happy to look at more."

Co-owner, retailer, Perth

"Cheeses are always popular, they are not showing huge growth but it's a good category with good margins."

Retailer, Perth

"It's good if we know the story behind the farm, behind the cheese."

Owner, retailer, Perth

"Cheese is popular in Australia, but its not that popular in Asia. Consumers don't really eat cheese."

Buyer, mid-market retailer, Singapore

"Cheese is a very competitive market. There are many great imported cheeses. We don't have many local cheeses at the moment."

Owner, retailer, Perth

"The ex-pat stores and top end stores have good cheese selections, primarily out of Europe. You see large selections of Beemster [Holland], President [France] etc."

Buyer, mid-market retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – CHEESE CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Basic cheeses are household staples and have constant demand - QSR channels also have strong, constant demand for large amounts of ingredient cheese - Demand for premium/specialty cheeses increases as income rises - Levels of education and world travel also increases demand for premium/specialty cheeses - High demand for specialty European cheeses (French, Danish, Swiss)	- Five firms account for 2/3 of total cheese market (Bega 20%, WCBF 14%, Lion 12%, MG 12% & Fonterra 7%); wide range of other firms account for remainder - Large firms offer a wide selection of products and brands, including premium/specialty ranges - As specialty/premium categories move from niche to mainstream, they are typically targeted by majors; at this point smaller firms need to move on and/or continue to innovate - Store brands exist, but generally target the middle of the market down - Low barriers to entry in cheese - Strong presence of multiple European brands in the premium specialty cheese category	- Retailers expect 20-30% margins, depending on products velocity and volume - Foodservice operators are highly price sensitive on all products other than premium dessert cheese board products where the producer is "called out" on the menu	- Retailers expect regular deliveries and prompt credits - While product has a long shelf life, it can go off, particularly if it is not rotated correctly on shelf

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium/specialty cheese

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM CHEESE CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Income is generally correlated with education; educated consumers more likely to follow food trends, travel and be exposed to new varieties of cheese - Income available to buy premium/specialty cheese	- Demand will not be equally distributed across all areas or regions - Demand for high price, premium specialty cheese will be concentrated in high income areas
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Strong underlying support for growth in domestic demand going forward
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing the story behind their cheese	- Demand will be strong and sustainable among some consumer segments
Growth of organic food as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns	- Changing popular concerns around diet and obesity - Mixed messages on fat in the media - Some consumers appear to be eating "less but better" cheese, encouraging a trade up from bulk cheddar to premium/specialty cheeses - Constant emergence new diets: "caveman," paleo, etc.	- Some innovation to address consumer concerns - Either a known "special occasion" indulgence or more opportunity in this space to sell "healthy cheese"
Growth of vegetarianism and veganism	- 11.2% of AU population is vegetarian; knock on effect on household habits - Many of these shoppers are also in the LOHAS segment (lifestyles of health and sustainability), the prime segment for organic buyers - Growing demand (albeit off a small base) for vegetarian cheese	- Growth of vegetarian cheese (non-cow rennet) - Marketing and promotional activities need to be focused

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through focus on leading in a specific type of specialty cheese, ideally non-bovine

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM CHEESE CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
Shaw River Buffalo Cheese	- Haldane family imported water buffalo from Italy and Bulgaria in early 90's - AU first water buffalo dairy producer in 1996 - Has won numerous awards; in Qantas lounge - Initially mozzarella; added yoghurt and others - Still family owned and operated - Good national distribution across IGA and restaurants/cafes; limited range in Coles & WWX
meredith dairy	- Family owned farm running beef, lamb and wool - Switched to goat and sheep dairy in 90's - Produce fresh and marinated goat cheese, curd and yoghurts (sheep & goat) - Has won numerous awards - In Coles, WWX, IGA, numerous independents - Exports to multiple countries
King Island Dairy	- Founded in early 1900's - Located in Bass Strait between VIC and TAS - Produces a range of "named" artisan cheeses (The Huxley, The Furneaux, etc.) - Has won numerous awards - Acquired by Lion/National Foods for A$92m in 02 - Works hard to present itself as a small independent artisan producer
Tasmanian Heritage Truly Tasmanian	- Founded in 1955 by Czech refugee and dairy technologist Milan Vyhnalek - Makes soft white, blue and washed rind - Has won numerous awards - Acquired by Bongrain SA (France) in 1981 - Acquired by Lion (Lactos Pty.) in 06

FINDINGS DRAWN FROM COMPARISON

- Smaller producers can succeed through focus
- Non-bovine dairy (goat, sheep, buffalo) appears to be a viable long-term niche to support smaller producers
- Smaller producers focus on high water content fresh cheeses
- Winning awards – and talking about these wins – appear to be a major part of success
- Dairy majors, particularly Lion, are strong in the sector through a "stealth" presence via ownership of smaller brands

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium/specialty cheese producers face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CHEESE CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Overall cheese category is mature with low consumption growth - Indications of continued growth in specialty cheese as some consumer trade up to "less but better" - Strong, well accepted usage at social events and with guests - Use in restaurants as dessert option (matched with dessert wine)	- Overall cheese consumption low across Asia; market is primarily processed slices and QSR (pizza, etc.) - Premium/specialty cheese category small but growing - Premium/specialty imported cheese is a relatively small category - therefore low velocity per store per week - Market currently favours premium heritage European cheeses
Scale	- WA firms lack scale relative to key premium competitors (particularly those owned by dairy majors)	- European heritage brands in the market have higher scale and lower costs; WA exporters will need to be differentiated
Comparative Advantage	- WA is a minor cheese producer (0.9% of AU)	- Asian markets (other than Japan) produce almost no cheese
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply - High end restaurants and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels and most other channels sell almost no premium cheese	- Supermarkets and a relatively limited number of European deli type specialists are most of the market in Asia - Market power rests with distributors with refrigerated trucks on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CHEESE CATEGORY

2016

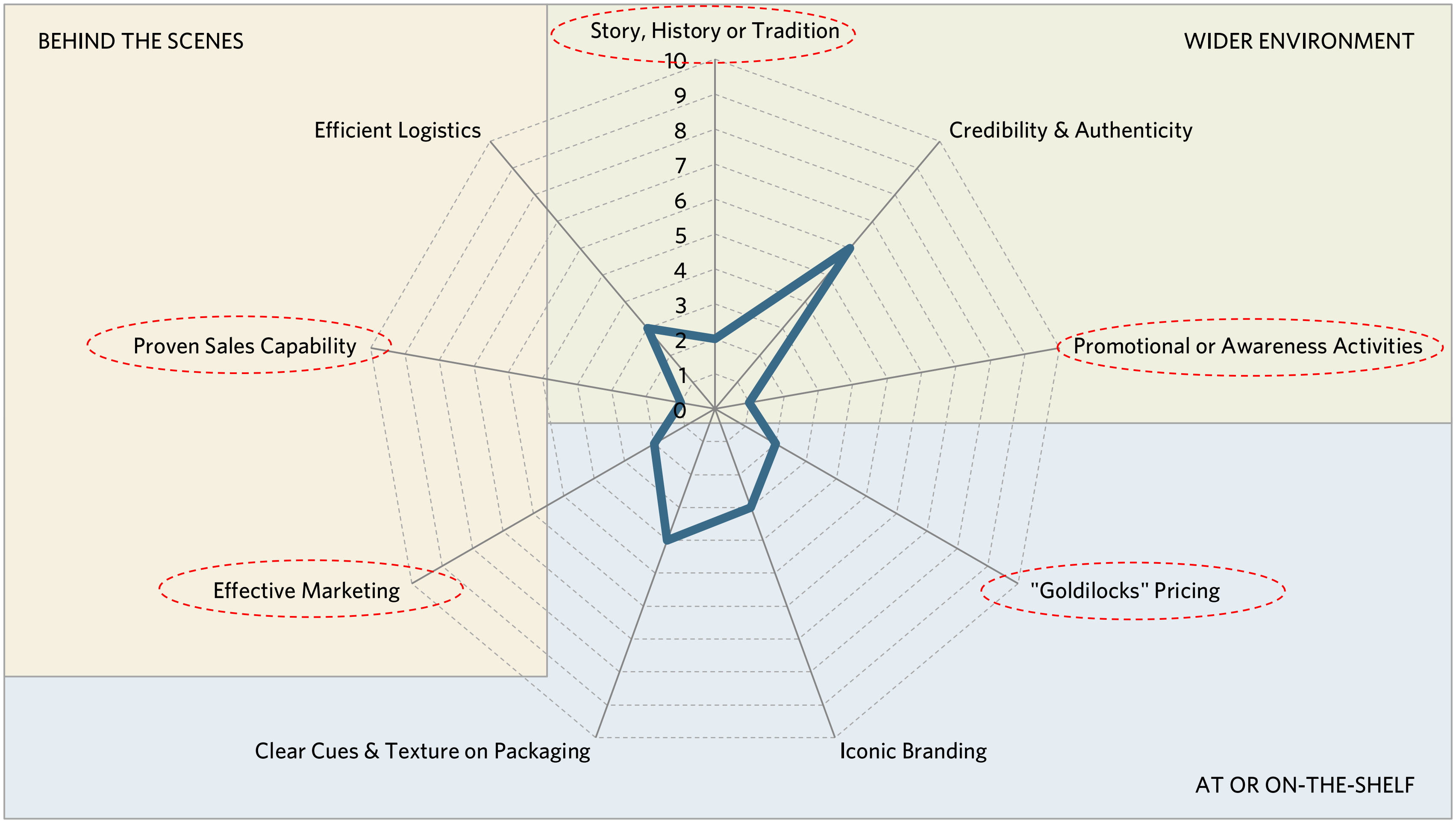
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital to support scale up for national and export growth - A range of larger, well-funded WA dairy firms could enter the category strongly/more strongly (e.g. Brownes)	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Social media, "cellar door" tourism, and in-store demos are key communication channels for premium producers - Winning awards a strong focus for peers	- Difficult to achieve any marketing cut through beyond "at-shelf"; therefore packaging needs to immediately communicate clearly
Packaging	- Industry is relatively staid and conservative, with little packaging innovation; most cheeses sold in blocks or European style rounds - New packaging equipment can be expensive	- Most Asian export markets appear to favour traditional, European presentation and packaging
Willingness of stakeholders to collaborate	- Cautious interest expressed by retailers interviewed in WA - No interest in foodservice	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Cheese producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: CHEESES

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium spirits are emerging across multiple markets

PREMIUM SPIRITS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

UNITED STATES

CANADA

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium spirits are on-trend and a growing phenomenon globally

"Australia's burgeoning spirits industry is surfing a wave of kudos and quality – major recent international awards… have brought unprecedented attention to the industry.."

ExecutiveStyle

"The surge of interest – and sales – in the craft beer industry is having a spillover effect. The explosion in craft distilleries is showing no signs of slowing down… Ten years ago, there were roughly 50 craft distilleries in the United States. Today, says the American Craft Spirits Association, there are 769. "

FORTUNE

"Craft distillers are catering to drinkers who have a taste for the regional and the unique. They're still just a fraction of the market, but more small-batch spirits are showing up on liquor-store shelves, next to pints of Jack Daniel's."

npr

"Although Smirnoff and Absolut led the growth, small batch vodka producers have mushroomed in recent years. The zeitgeist can be gauged by listening to people at the heart of the business, such as new-wave distillers, market leaders, specialist importers, high-end retailers and dynamic bartenders… in the last 12 months 30 licences have been granted for stills in the UK."

the drinks business

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

THE WEST WINDS GIN
MARGARET RIVER
AUSTRALIA

HIPPOCAMPUS

Limeburners
Margaret River
DISTILLING COMPANY

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australia sells a wide range of locally produced alcoholic spirits through retail and foodservice; exports are moderate and account for ~15% of industry turnover

EXCLUDES IMPORTED SPIRITS

MARKET SIZE BY CHANNEL: AU SPIRITS

A$; m; 2015/16

Market Channels	Estimated wholesale market size
Retail (direct)	$780m
Hospitality (direct)	$310m
Wholesalers (who on-sell to retail and hospitality)	$460m
Export	$250m
TOTAL	$1,800m

MARKET SIZE BY PRODUCT: AU SPIRITS

A$; m; 2015/16

Product	Estimated wholesale market size
Spirits	$480m
Liqueurs	$220m
RTDs	$960m
Other (premix, etc.)	$140m
TOTAL	$1,800m

SIZE OF KEY EXPORT MARKET: AU SPIRITS

A$; m; 2015

Export Destination	Estimated FOB market size
Vietnam	$80m
New Zealand	$50m
South Korea	$10m
Netherlands	$10m
Other	$100m
TOTAL	$250m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Alcoholic spirits have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – ALCOHOLIC SPIRITS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass bottles - Labels - Cardboard box - Cardboard carton outer KEY INGREDIENT(S) - Water - Grains - Sugar - Grapes & other fruit - Other flavourings	- Wide range of different products exist; producers are generally specialists (e.g. rum, brandy) - Production is either close to key inputs (sugar) or markets (NSW/VIC) - Polarised industry structure of three large firms at ~50% (Diageo, CCA & Asahi) and long tail of other - Soft drink majors (CCA & Asahi) have moved into sector, particularly RTDs	- Metcash owned Australian Liquor Marketers (ALM) dominates wholesaling with 63% share of wholesaling - Independent Liquor Group is #2 with ~7%; coop with 1,200 members in NSW/QLD; 2 Distribution Centres - Major wholesalers are investing in warehouse automation to reduce costs - Large retailers buying direct and delivering through own distribution systems (Coles & WWX compete with Metcash)	- Dominated by Woolworths (43%) and Westfarmers (21%); however large other at 1/3 of market (36%) - Large retailers bypassing wholesalers and buying direct from manufacturer - ALM has a large number of franchised or banner group fascia (e.g. Thirsty Camel)	- Segment of large operators (Pubs, hotels, casinos, airlines, other chain or group hospitality) - However most (~75-80%) of industry is fragmented independents

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Fragmented distribution infrastructure - Typically regional rather than national, particularly in larger markets	- Challenging to retail in many Muslim markets - Asian markets have a much greater number of small stores and convenience outlets (e.g. Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – ALCOHOLIC SPIRITS CATEGORY

2016

"We are expanding into spirits next year. Looking for unique, interesting and top quality spirits from around the world and Australia. We see this category as a great new opportunity for us."

Owner, up-market retailer, Perth

"There are some new brands and companies emerging in WA. We are happy to try new spirits. It's a good high premium market."

Owner, up-market retailer, Perth

"Australian gin is still young, but Australian bartenders are really backing it. Overseas bartenders are next."

Matt Jones, Four Pillars

"Moonshine is the new black."

General Manager, Independent Liquor Store, Perth

"There is a big push for local and organic. It has to be about purity of ingredients. Every tasting has to emphasis the story all the way back to the farmer."

Manager, Independent Liquor Store, Perth

"We focus on wine and French champagne, customers find French a 'safe' option. With spirits we focus on the big brands only, but some of the trendy cocktail bars will look into boutique spirits to stand out."

Sommelier, Michelin Star restaurant, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – ALCOHOLIC SPIRITS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Increasing health consciousness - Declining spirit consumption per capita in Australia overall - Shifting trends around types (e.g. revitalisation and rise of gin) - Trend to drinking more expensive spirits has partially offset declining consumption (less but better) - Increasing popularity of cocktails - Large part of alcoholic spirit consumption is imported - Increasing demand for craft/boutique distilled local/Australian spirits - Interest in unique flavours	- Higher value, lower volume per unit that other alcohols; higher theft - Allocated less store-floor space than beer or wine, despite being ~20% of sales (excluding RTD) - Huge number of global producers and brands in almost every segment - Therefore highly competitive at retail, on the drinks list and behind the bar - Hospitality highly price sensitive for default "house" spirits	- Retailers expect 25-35% margins - Products are promoted regularly, both at retail to consumers and through wholesale to hospitality and independents - In-store demonstrations are common - Off-site promotions at events and shows are common	- Product is relatively high value and low volume - Typically delivered as part of a wider order/delivery, but can be couriered - Expectation of 1-2 deliveries per week - Reasonable stock-on-hand; some carrying capacity, particularly of lower velocity brands (slower moving bottles "for show" above the bar)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium alcoholic spirits

NATIONAL TRENDS IN PRODUCT CATEGORY – ALCOHOLIC SPIRITS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Increasing health consciousness around alcohol	- Increasing awareness of the role of alcohol in obesity and health issues - Positive and negative effects recognised from alcohol in health research - On-going messaging about moderation; push against binge drinking - Increased government regulation around labelling and advertising	- Supports "less but better" trend - Position premium for responsible drinking
Consumers over 40 account for most of premium segment	- Consumers over 40 account for 50%+ of total spirits spending and 80%+ of premium spirits spending - However, may be over-weighted to traditional brands (e.g. Scottish whisky)	- Focus on retailers, restaurants and bars in older, high income areas - Opportunity to position/reposition
Declining per capita alcohol consumption overall in Australia	- Aging baby boomers trading up to premium - Generation X (and Millennials) trying to "be different" - Millennials with no money "living at home with parents"	- Market likely to become more competitive going forward; same volume chasing fewer litres - Supports "less but better" trend - Ideal position is reasonably priced premium or "Champagne taste on a beer budget"
Less but better alcohol	- Clear movement among some consumers segments towards premium - Trend to drinking more expensive alcohol has partially offset declining consumption (less but better) - Driving growth of microbreweries, smaller wineries, craft cider and craft spirits	- Solid long term foundation under continued investment in developing craft spirits

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national ‘winners’ suggests Western Australian firms can succeed through making a unique products and pushing hard in sales

NATIONAL ‘WINNERS’ IN PRODUCT CATEGORY – ALCOHOLIC SPIRITS CATEGORY

2016

CURRENT NATIONAL ‘WINNERS’	DETAILS
FOUR PILLARS	- Launched Dec 2013 by Olympic sprinter & friends - Initially “almost virtual”; opened distillery in 2015 - Located in Healesville, Yarra Valley, VIC - Produces four retail gins; all have won gold medals - Also produce small-batch gins only available at door - Use fresh ingredients & unique AU botanicals - 800 accounts (as of Nov 2015); Dan Murphy’s, etc. - Began exporting to USA in April 2016
MR·BLACK	- Established in 2012 by graphic designer and distiller - Located in Erina, NSW - “Inspired by Australians’ love of coffee”; desire to make a quality coffee liqueur - Won gold at 2012 IWS in London - Stocked nationally and exported to UK
HUSK DISTILLERS; HUSK RUM; ink DRY GIN AUSTRALIA	- Founded 2012 in Tumblegum, NSW by Paul Messenger - “Paddock-to-plate” “virgin cane” agricole rum distillery; American oak barrel aged - Added gin while rum matured - Designed from farm shed & kitchen table - “Weirdest gin in the world” “lustrous blue/purple, but it changes colour in the glass” - Includes aphrodisiac butterfly pea (Clitoria ternatea), pH sensitive, changes colour with acidic mixers/tonic - Available in bars, Dan Murphy’s and select retailers
VODKA O	- Founded in mechanics garage in Sydney in 2003 - Now third best selling vodka in Australia - Product uses imported low cost NZ dairy whey alcohol - Now available in almost every liquor store in AU - Expanded into whisky, rum, tequila and gin; all made by others elsewhere; launched RTD range (bottles/cans)

FINDINGS DRAWN FROM COMPARISON

- Single product, single brand architecture
- Move rapidly into latest “on-trend” category
- Need to have a unique product with strong “talking points” for consumers, bartenders and the media (e.g. “changes colour” “real coffee” “pepperbush”)
- Non-aged products (gin, liqueurs) provide better cashflow for start-ups
- A stylish logo & design are expected by premium consumers and bartenders in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian alcoholic spirits manufacturers faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ALCOHOLIC SPIRITS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Flat demand overall; growing demand for premium - Growing global trend to craft spirits - Crowded category; need to stand out	- Historically focused on well known status brands from Europe and America - Some signs of emerging interest in premium/unique craft spirits across developed richer markets (e.g. Singapore, Hong Kong)
Scale	- WA firms small relative to large national leaders, but similar in size to emerging group of next generation craft distillers - Spirits have high prices and high margins, creating a broad umbrella for higher cost/lower scale producers	- WA firms are very small relative to global leaders - Small producers without scale (e.g. Scottish whisky) can create a premium position in global markets
Comparative Advantage	- WA is a major global producer of grains - WA has most of the ingredients needed to successfully produce alcoholic spirits	- Key Asian markets are major importers of premium alcoholic spirits from cultural and climatic peer group to WA
Proximity to Markets	- 2.6m people in WA, many with some interest in local/craft spirits - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Bars, restaurants and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels are attractive, but highly competitive - Chain liquor stores and supermarkets are difficult to access, have high margin expectations and want national supply	- Convenience oriented beverage markets generally highly fragmented - Market power rests with distributors with truck on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – ALCOHOLIC SPIRITS CATEGORY

2016

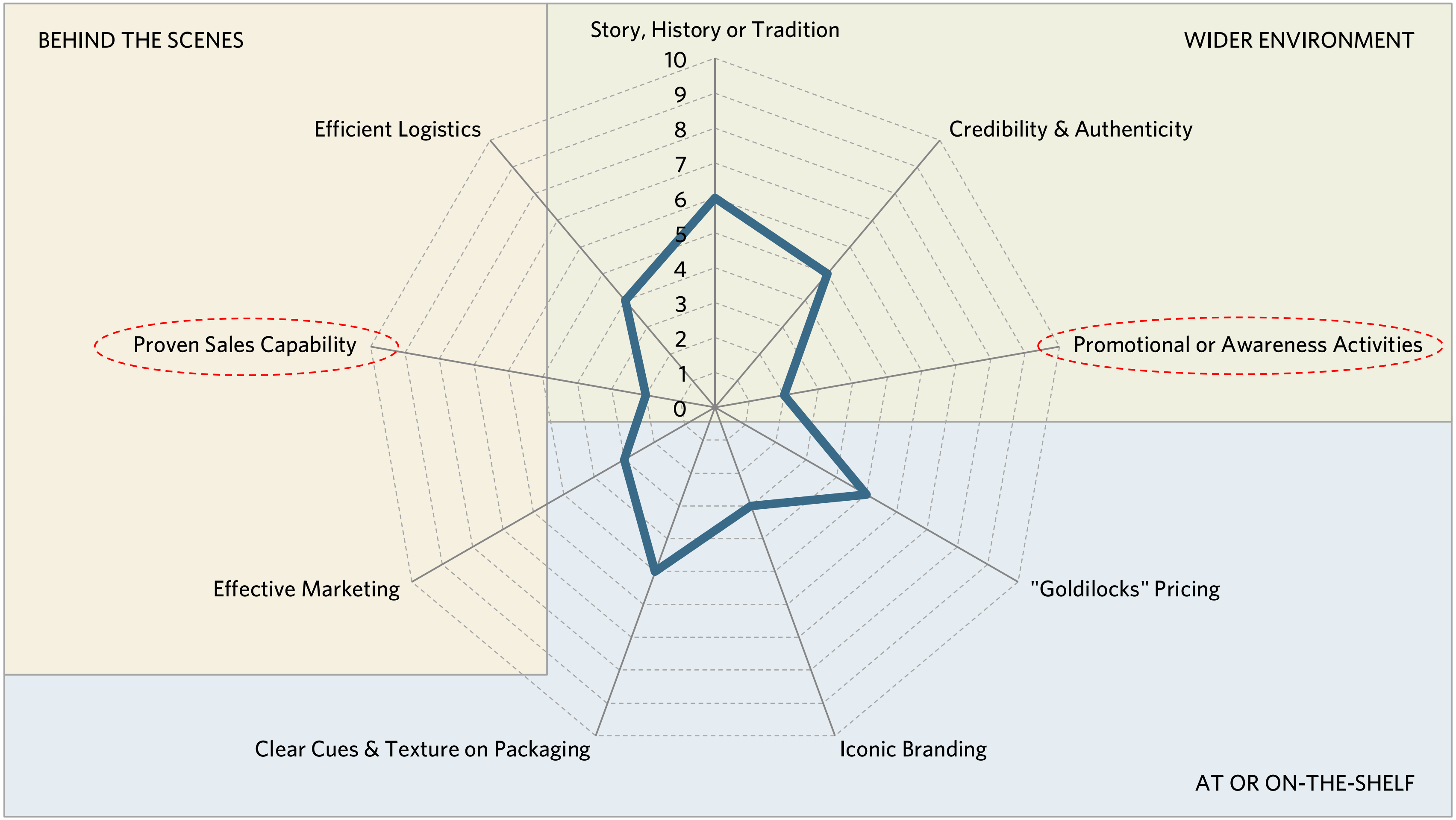
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Existing WA firms have solid product knowledge while appearing to have opportunities for improvement in systems and processed	- Current producers of WA premium alcoholic spirits have almost no knowledge of market situation across key markets in Asia - No consumer qualitative or quantitative research completed on perceptions of product, competitors or category
Access to Funds	- While alcoholic spirits are high margin, they are expensive and relatively slow moving; supply chain inventory can tie up a lot of cash - Slow growth can be funded through retained earnings; rapid scale up will require new capital raising	- Export growth can require significant financing to support pipeline and payment terms
Marketing	- WA lacks a clear identity spirit (e.g. Scotland/Tasmania = whisky; Kentucky = bourbon; Russia/Sweden = vodka)	- No awareness of existing brands or products
Packaging	- WA lacks a low cost supply of glass bottles - However, packaging is only one component of overall competitiveness	- Premium products are always in glass - Packaging may need to be customised or over-stickered for some markets
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in WA premium alcoholic spirits, particularly if different or unique	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Alcoholic spirits producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: ALCOHOLIC SPIRITS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II - SECTORS

Premium refrigerated dips & spreads are emerging across multiple markets

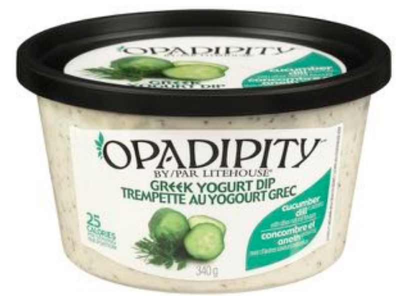
PREMIUM REFRIGERATED DIPS & SPREADS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

CANADA



Premium dips & spreads are on-trend and a growing phenomenon globally

"Hummus is becoming mainstream and moving beyond Middle Eastern flavors... Traditionally, dips were served with fried salty snacks. Now, they've moved beyond sinful snacking to healthful eating. Nearly anything can be dipped—from fresh veggies to pita bread—and the dips themselves offer a delicious way of eating vegetables. Take salsas, with their tomato, vegetable or fruit base, which provide sound nutrition and important phytonutrients."

NATURAL PRODUCTS INSIDER

"The dips categories continues to perform well, boosted by consumer interest in snacking, and a variety of innovative flavors and formats. The category is driven by taste, rather than health, as consumers allow themselves to indulge. The chips and dips markets are expected to maintain stable growth, despite competition from other types of snacks, as well as foodservice options. Growth in US demographics, including Millennials and Hispanics, who are core purchasers of these products, will also help sustain future growth."

MINTEL

"Dips, integral to party fare, are making their way into the "anytime is snack time" trend and manufacturers are also creating healthy options for consumers to meet their demand for better-for-you snacks. It is interesting to note that as healthier dips have been introduced, consumers' perceptions that dips and their salty snack partners are "unhealthy" has decreased by 10% in the last year alone. And, with [U.S.] sales hovering around $1.6 billion, the dips category is poised to capitalize on the forecasted growth for the salty snacks and chips market – 31% by 2018."

FONA INTERNATIONAL

"The versatility of hummus has also helped boost its status. Consumers, young and old, have discovered that hummus is much more than a dip and they're finding creative ways to implement it as a spread in sandwiches, on pizza, as a topping for grilled veggies and even as a salad dressing. All of this, of course, is expanding the usage occasions for hummus and that bodes well for its continued growth."

CG Canadian Grocer

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

THE TRUFFLE & WINE Co
MANJIMUP ~ WESTERN AUSTRALIA

MARGARET RIVER -dips-

POACH PEAR
ARTISAN FOODS

MR DIPS PHOTO

POACH PEAR PHOTO

Australian refrigerated dips & spreads category predominantly sells through retail

ESTIMATED MARKET SIZE BY CHANNEL: AU DIPS/SPREADS

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail	$90-110m
Foodservice	$15-25m (excl. bulk)
Export	$2-5m
TOTAL	$115-125m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU DIPS/SPREADS

A$; m; 2015

PRELIMINARY
NO REFRIGERATED DIPS-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Singapore	$1-2m
UAE	$1-2m
Other	$1-2m
TOTAL	$2-3m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Refrigerated dips/spreads have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – REFRIGERATED DIPS/SPREADS CATEGORY

2016

KEY INPUTS & INGREDIENTS

PACKAGING SUPPLIER

- Plastic tubs/pottles
- Glass containers
- Labels
- Cardboard carton outer

KEY INGREDIENT(S)

- Chickpeas, other pulses
- Dairy ingredients
- Meat and seafood
- Vegetables
- Salt and spices
- Preservatives

MANUFACTURING & PROCESSING

- Relatively simple mixing and blending process
- Can be produced at a wide range of scales, from kitchen to world-scale plant
- Product requires strong food safety systems
- Short shelf life

DISTRIBUTION & WHOLESALING

- Requires refrigerated distribution
- Typically flows through wider refrigerated wholesale distributor system (e.g. supermarket chain own trucks)

INDEPENDENT/CHAIN RETAILING

- Supermarkets expect delivery 2-3 times per week
- Minimal amounts through convenience channels
- Smaller independents and specialist delis, etc. generally buy through wider ranging wholesalers
- Limited organic range (too expensive)

INDEPENDENT/CHAIN FOODSERVICE

- Mid-market foodservice the key channel
- High end restaurants may make their own
- QSR will use low quality bulk/discount products

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING

- Relatively short shelf life makes cool chain control and rapid distribution critical
- Fragmented for all other channels
- Generally controlled by local dairy milk firms with trucks

RETAIL & FOODSERVICE

- Limited but growing presence in Westernised Asian markets
- Niche/novelty items outside Western foodservice across most markets (excluding Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – REFRIGERATED DIPS/SPREADS CATEGORY

2016

"There are new flavours and styles constantly evolving in the dips category. We are always happy to try new flavours."

Store Manager, retailer, Perth

"This category is pretty full. You need to make a unique product at the right price to get on the shelf."

Co-owner, retailer, Perth

"Dips are winners. A local product would be great. Vegan especially is doing really well."

Co-Owner, retailer, Perth

"We have a good selection of dips from Australia. Many of the chilled dips and spreads in Singapore are from Australia like Yumi's, Chris's and BlackSwan, we stock mainly Fresh Fodder."

Owner, retailer, Singapore

"This is an interesting category, with lots going on. New flavours are always evolving."

Manager, retailer, Perth

"Its good to see new flavours and innovations in this area, it's a popular category."

Manager, retailer, NSW

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – REFRIGERATED DIPS/SPREADS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is growing - Retailers are increasing range - Consumers are promiscuous and shop from a repertoire of known/acceptable brands - Increasing usage, trading up, seeking healthy options	- Category is growing and new entrants continue to emerge - Pricing becoming more competitive - 30-40% of shoppers buy on price amongst acceptable quality brands - Store brand presence in Singapore (importing in bulk, Red Garden/Red Gum)	- Retailers expect to make 25-35% margins - Category is constantly promoted - Markdowns of close to expired product common - Foodservice operators are very price sensitive, and they can swap out for own "in-kitchen" production	- Maintaining correct stock levels highly challenging, due to need to balance in-stock position with spoilage/wastage - Product is refrigerated and highly perishable and requires regular delivery and strong cool chain management - Stock rotation a challenge - Regular returns and markdowns in category - Returns/credits processing a key issue

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of dips & spreads

NATIONAL TRENDS IN PRODUCT CATEGORY – REFRIGERATED DIPS/SPREADS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing the story behind their food - Move away from shelf-stable "processed" foods to "fresh" refrigerated	- Demand will be strong and sustainable among some consumer segments
Growth of organic food as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns	- Changing popular concerns around diet and obesity - Mixed messages on fat in the media - Some consumers appear to be eating "less but better" - Constant emergence new diets: "caveman," paleo, etc.	- On-going waves of product innovation in response to changing consumer fads and trends - Need to stay on forward edge of international food and diet trends
Growth of vegetarianism and veganism	- 11.2% of AU population is vegetarian; knock on effect on household habits - Many of these shoppers are also in the LOHAS segment (lifestyles of health and sustainability), the prime segment for organic buyers - Growing demand (albeit off a small base) for vegetarian and vegan options	- Growth of non-dairy; hummus/similar are halal, kosher, vegetarian, vegan, low fat, high protein, low carb
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Strong underlying support for growth in domestic demand going forward - Similar to emergence of distinct regional Italian from generic pasta, we expect hummus-type dips to become more authentic and refined

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through having passion about their products and story

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – DIPS/SPREADS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
MAGGIE BEER	- Founded by well known cook and food author - Moved from Sydney to Barossa in 1979 - Opened shop/restaurant in region - Expanded into range of gourmet foods, including pate, quince paste, verjuice and ice cream - Premium dip/spread range stocked in Coles and WWX - Regular on TV and radio; bestselling author
Pilpel WHEN QUALITY COUNTS; DARI'S TABLE	- Founded in 2004 by Israeli/Australian couple with foodservice background - Entire range is vegetarian/vegan any key allergy free - Two brands: Pipel & Dari's Table - Award winning; regularly featured in food magazines - Targets high prices on shelf in category (A$7 vs. A$2) - Stocked in Coles, WWX, IGA and independents
YUMI'S	- Founded by young kosher fishmonger in Melbourne - Expanded into wide range of kosher foods - Initially fish-based dips; expanded into hummus - Broke into supermarkets through kosher section - Transitioned to wider range of dips - Stocked in Coles, WWX, IGA and independents - Targets premium prices ("we charge twice as much")

FINDINGS DRAWN FROM COMPARISON

- Passionate individuals drive premium foods
- It helps to have a strong food heritage that can be leveraged into an emerging category
- Premium foods can succeed in supermarkets at twice the price of mainstream
- You can't just make a great product and sit back; constant product and flavour innovation is required

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian dips & spreads producers face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – DIPS/SPREADS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Growing demand for premium healthy dips - Newer alternatives, such as hummus, are growing; classic dairy based options flat to declining (may be re-invention option?) - Hummus as health association from use of high protein chickpeas	- "Chips & Dips" are a Western introduction into Asia, not part of traditional cuisines and food pathways in Asia - Growing off a low base in Singapore, Hong Kong and UAE - Still predominantly cans and jars (outside Japan); opportunity to lead move to chilled/refrigerated
Scale	- Larger firms already in category with national distribution - New WA entrant would need to focus on niche products or be at scale (e.g. Archer/Brownes)	- Some Australian and European competitors already in market (particularly in Singapore)
Comparative Advantage	- WA produces all major ingredients; particularly strong in pulses	- WA is a major exporter of pulses
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia, with refrigerated product
Barriers to Market	- Supermarket duopoly already stocked with suppliers - Achieving strong distribution across numerous small accounts	- Chilled product where market power rests with distributors with refrigerated truck on the road (e.g. dairy firms) - Key competitors already present in market; without USP, late arrival with me-too

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – DIPS/SPREADS CATEGORY

2016

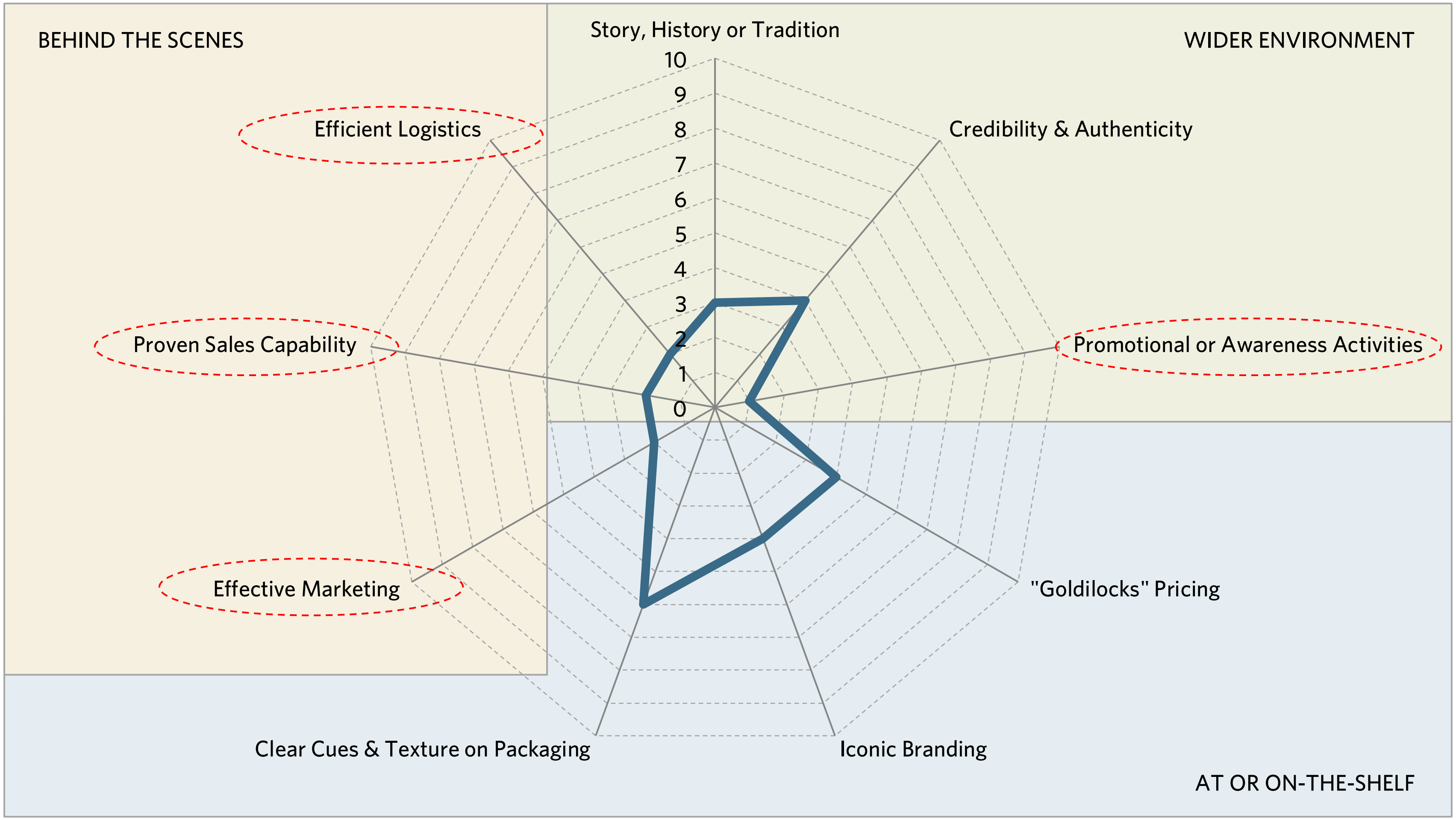
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing (the key channel)	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital - Larger, well-funded WA firms could enter the category; category particularly suits dairy firms with refrigerated distribution systems in place	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Category requires constant strong presence on social media to draw in new consumers	- Difficult to achieve any marketing cut through beyond at shelf
Packaging	- Industry growth has been driven by new packaging forms; new equipment can be expensive - Constant, on-going flavour innovation requiring new labels; cascading impact on wastage, returns and inventory; range churn	- A relatively small category - therefore low velocity per store per week – such that retailers prefer shelf-stable
Willingness of stakeholders to collaborate	- Interest expressed by retailers interviewed, cautious due to short shelf life - No interest in foodservice	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Dips/spreads producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: DIPS/SPREADS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II - SECTORS

Premium breakfast muesli/cereals is a fast growing segment emerging across multiple markets

PREMIUM BREAKFAST MUESLI CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium breakfast muesli/cereals are an on-trend and growing phenomenon globally

"Australians are choosing healthier cereals and snack options which has reduced the value share of two of Australia's major food players: Nestle and Kellogg's, according to a new report. The trend suggests Australians are gravitating towards more organic products and steering clear of traditional foods like breakfast cereals and conventional snack bars... Breakfast cereal sales in Australia were described as "stagnant" across the board, but surprisingly, there has been a 39 per cent increase in volume sales for hot cereals and 27 per cent growth for muesli in the past six years. "

The Sydney Morning Herald

"Granola has come a long way in Japan, from a relatively unknown breakfast cereal five years ago to — along with pancakes and popcorn — a full-on fad food. While granola from Kellogg's and Calbee has been around for years, granola consumption was steadily average up until the recent boom. The market in 2010 was worth ¥4.9 billion, with 6,942 tons of the product sold. In 2013 those numbers exploded to ¥14.6 billion and 18,802 tons, according to research by the Japan Snack Cereal Foods Association."

The Japan Times

"Craft beers and hand-roasted coffee are the current local food stars, but one humble product is quietly stealing a little of the spotlight: granola. In an area where food entrepreneurship is thriving, granola is poised to boom, and several Minnesota companies are leading the way. Cereal variations focus on food trends such as gluten-free blends, locally sourced ingredients and hip packaging, creating an array of choices in the breakfast foods aisle of specialty groceries and supermarkets alike."

StarTribune

"Forget cornflakes, instead look for more exotic grains and cereals, whether its quinoa flakes, amaranth or white corn meal instead of oats as they do at Ruby's Diner in Sydney with their coconut quinoa bircher or the slowcooked five-grain porridge... Or take inspiration from the wealth of unusual seedy, nutty and grainy muesli or granola out there - perhaps used in another cool trend, the breakfast trifle"

taste.com.au

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

N TOAST	GRANOLA GIRLS HAND MADE | SF | V	THE GREEN PANTRY
		

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian breakfast cereal are predominantly sold through retail

ESTIMATED MARKET SIZE BY CHANNEL: AU BREAKFAST CEREALS

A$; m; 2015

PRELIMINARY
INCLUDES ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$1,000m
Wholesalers (to small independents and foodservice)	$300m
Foodservice	$200m
Export	$90m
TOTAL	$1,590m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU BREAKFAST CEREALS

A$; m; 2015

PRELIMINARY
NO BREAKFAST MUESLI/CEREAL-SPECIFIC TRADE CODES EXIST
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
New Zealand	$30m
Malaysia	$10m
Japan	$10m
Other	$40m
TOTAL	$90m

** will include tourists and "suitcase" exports; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Breakfast muesli/cereals have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – BREAKFAST MUESLI/CEREALS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic packaging - Label or exterior box - Cardboard carton outer - Standing plastic pouch - Glass jar KEY INGREDIENT(S) - Grains (organic) - Seeds - Nuts - Dried fruit - Sugar - Flavourings - Other additives and ingredients	- Production can be done at very small scale - Large scale production is dominated by multinational brands, driven by scale and truck delivery economics - Proliferation of brands, flavours, product extensions on shelf - Issue of weevils in key local brands	- Product is typically shipped manufacturer direct to Coles, WWX or Metcash distribution centre - Product is primarily shelf stable with a long shelf life - Smaller independents buy from regional wholesalers	- Supermarkets dominate the category; organic/health specialists only other major channel	- Product is sold in small amounts through foodservice, mainly hotels/motels

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product moves through one or more layers of wholesaler to retailer	- Lower absolute consumption, other than in highly Westernised Asian countries

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM BREAKFAST MUESLI CATEGORY

2016

"This is a popular category. English brands seem to do well in this area. They have a lot of brands in Jason's stores. We stock Brookfarm and Byron Bay Muesli"

Store manager, retail chain, Perth

"Its amazing the prices people will pay for cereal. We have one over A$50. It sells. The more supergains it has the better it sells. We would like one though that is not only made in WA, but sources product from WA."

Co-owner, Retailer, Perth

"In our store, we can't justify A$12-13 for muesli. Gaby's muesli is reasonable. We work with different suppliers to get the price down. The cereals that are high in protein have shown a lot of growth."

Manager, retailer, WA

"Its about the product, and packaging utility in the cereal category. Its good if the product is re-sealable and can standup. It just looks better."

Co-owner, Retailer, Perth

"This is a large category. Our selection is very health conscious, we have got some great products. There is always room to grow."

Independent retailer, NSW

"Customers definitely expect more from breakfast muesli now. Paleo and free-from are big trends.."

Chef, large restaurant, WA

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – PREMIUM BREAKFAST MUESLI CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Overall category expenditure is growing at ~4% (population plus inflation) - Grains are a key input for the industry; when grain prices rise, cereal prices rise, dampening demand - Shoppers are promiscuous and shop from a repertoire of brands and products in their target price range - High protein, seeds, paleo are drivers in premium category	- Overall breakfast cereal market is dominated by Kellogg, Sanitarium, General Mills and Nestle; however robust and growing "other" - Access to shelf space can be challenging in supermarkets - New products, brands and producers continue to emerge - Multiple brands on Singapore shelves, strong UK brand presence (Lizis, Alaras, Rude Health, Jordan's, nak'd, Dorset etc.)	- Retailers expect to make 25-35% in the category - Products are constantly promoted, both at retail and through foodservice channels - Foodservice operators primarily use in breakfast buffet/bars and are highly price sensitive	- Strong expectations of good systems and professionalism - Shelf-stable nature of most products in category make supply chain reasonably forgiving - Retailers expect regular deliveries and prompt credits - While product has a long shelf life, it can go off, particularly if it is not rotated correctly on shelf

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium breakfast muesli

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM BREAKFAST MUESLI CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income available to buy premium cereals/muesli if it is a priority	- Demand will be concentrated in high income areas - Segment of the population exists who are time poor and looking for a quick, healthy breakfast solution
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing where and how food is made	- Need to tell a good story that connects the consumer with the producers in a way that Kellogg or General Mills cannot
Fewer children per family/more investment per child	- Children born per woman in Australia 1.77 (2016 estimate), down from 1.88 (2013) - 300,000 children born in 2014 in Australia - Middle income families spend up to A$458/week per child; high income more - "The cost of (raising) two children to the age of 21 is about A$800,000"	- Breakfast cereals over-weighted to children - Number of consumers is flat-to-falling - Expenditure per child is high and rising - There is a clear base expenditure underpinning the sector and supporting "trading up" to premium
Rise and rise of "superfoods" concept	- "Superfood" is a commonly used marketing term describing foods with strong supposed health benefits - Wide range of superfoods available as potential breakfast cereal ingredients	- Oats now generally recognised as a superfood; strong halo effect around oat products as a result - Wide range of other superfoods and similar being loaded into premium cereals
Growing consumer demand for alternative-dairy supporting premium breakfast cereals	- Growth of alternative dairy is a global phenomenon; Australia trailing global trends not leading; peers suggest significant further growth - 68% of Australians drink cow's milk regularly; only 3% drink alternatives - Alternative-dairy category growing at 6-8% per annum, while cow dairy growing at only 1%	- 70%+ premium cereal more likely to be used with alternative dairy - Two categories – alternative dairy and premium cereals - working synergistically

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national ‘winners’ suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL ‘WINNERS’ IN PRODUCT CATEGORY – PREMIUM BREAKFAST MUESLI CATEGORY

2016

CURRENT NATIONAL ‘WINNERS’	DETAILS
Table of Plenty	- Founder Kate Weiss inspired by daughters disability to found health food company - Produces a range of health foods, including dukkah, breakfast cereals and healthy snacks - Ranged in Coles, WWX, Caltex & independents - Cereals are 5x price of store brands
Carman's Real food made with real passion.	- Founded in 1992 by Carolyn Creswell, then 18 year old University student, to produce muesli - Range of products: muesli, porridge, muesli bars, protein bars, other healthy snacks - On trend with flavours: chia, super berry, super oats, almond, coconut, cinnamon, bircher, etc. - Available across all major retailers; exports
food for health	- Founded by naturopath/health food store owner Narelle Plapp in 2005; initially made in store - “Never aspired to be a muesli chick” - Early on the “gluten free bandwagon” - Range is now mueslis, muesli bars and other snacks - Now a A$5m brand with national distribution - Ranged in Coles, WWX, Caltex & independents - Exports to 14 countries

FINDINGS DRAWN FROM COMPARISON

- Category has strong associations with health
- Colourful, passionate founders are a key part of the marketing message
- Need a clear point-of-difference from mainstream cereals
- Need to constantly innovate and stay ahead of trends
- Penetration of Coles & Woolworths is possible with a compelling, differentiated products that is on-trend
- Ability to move into associated healthy snacking category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium breakfast muesli/cereals face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM BREAKFAST MUESLI/CEREALS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Premium breakfast cereals, for example "paleo" types contain expensive ingredients (seeds, nuts, etc.,) and are therefore expensive themselves; this high price relative to other options limits overall demand	- Only Westernised Asian consumer eat breakfast cereal; primarily given to children with milk - Adults did not generally grow up eating breakfast cereal; unclear ultimate size of premium opportunity in Asia?
Scale	- WA firms in the category are small and lack scale	- Domestic category leaders are also the Australian leaders on the shelf in key export markets
Comparative Advantage	- Australia is a major wheat exporter accounting for ~10% of global trade - WA generates about 50% of Australia's total wheat production with more than 95% of this exported, predominantly to Asia and the Middle East	- WA is a low cost grain producer with significant comparative advantage relative to key markets across South East Asia and the Middle East
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- WA is well situated to supply Singapore, the Middle East and Asia
Barriers to Market	- Small WA producers will struggle to break into the large chain supermarkets (particularly with "me-too" products)	- "Me-too" products from small producers will struggle to achieve any traction or cut-through into relatively small, saturated markets

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM BREAKFAST MUESLI/CEREALS CATEGORY

2016

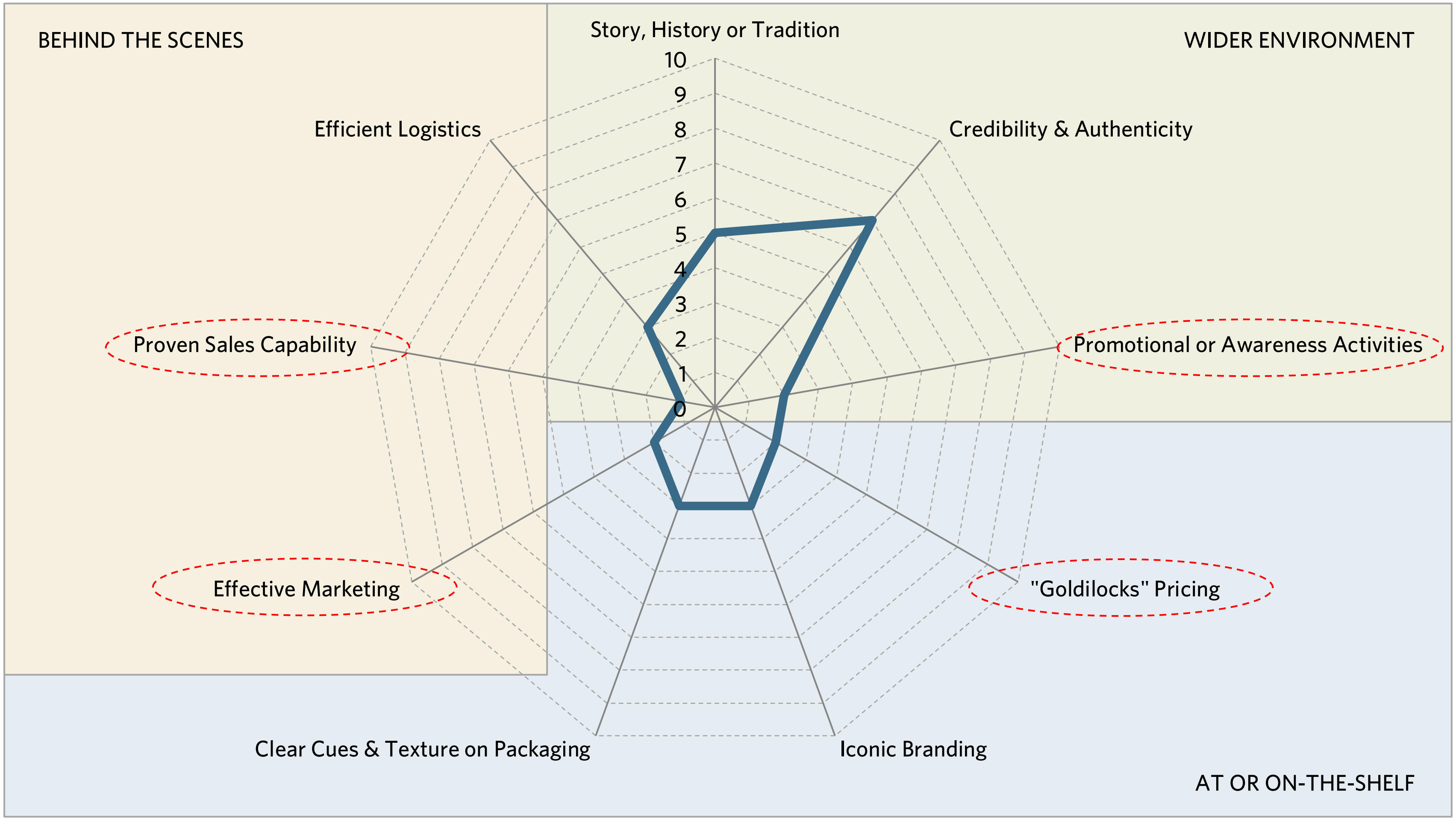
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital - A range of larger, well-funded WA firms could enter the category	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Difficult to achieve any marketing cut through beyond at shelf	- Difficult to achieve any marketing cut through beyond at shelf
Packaging	- Industry in constant churn, with new packaging forms constantly emerging; new equipment can be expensive	- Need to present a premium package and image in line with Asian consumers expectation (which may not be the same as those of trendy West Perth millennials)
Willingness of stakeholders to collaborate	- Interest expressed by retailers interviewed in more WA breakfast cereals & muesli if it delivered on innovation and uniqueness - No interest in foodservice	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Premium breakfast muesli producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: PREMIUM MUESLI

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

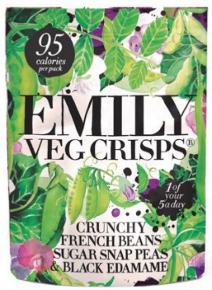
STAGE II - SECTORS

Healthy Snacking is a premium segment emerging across multiple markets

HEALTHY SNACKING CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM



NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Healthy snacking products are on-trend and a growing phenomenon globally

"The healthy snack segment is outpacing the entire food and beverage market in sales growth... The reason? Healthy-ingredient snacks offer the perfect convergence of many important modern food industry trends, and as a result, the segment is thriving... Portable? Check. Healthy? Check. Transparent labels and packaging? Check. Between 2011 and 2015, the healthy snack segment achieved a compound annual growth rate (CAGR) of 4.7%. The growth skyrocketed in the past two years in particular, fueled by double-digit growth in the meat snack and trail mix categories in 2014 and growth in granola and snack bar sales in 2015."

FOODBUSINESSNEWS

"The definition of snacking is continuously evolving; it is no longer constrained to just moments of indulgence... Consumers are now shifting their mindset towards snacking for the purpose of healthy, mindful eating. While Millennials aren't the only consumers changing the snacking landscape, they do play a large role in the future of snacking and, as parents, they greatly influence how the next generation will define it as well."

Forbes

"The global market for Snack Foods is projected to exceed US$630 billion by 2020, driven by robust demand for functional snacks, and the rising popularity of protein-fortified, organic and natural ingredients-based snacks. The growing tendency to graze and the ensuing replacement of traditional meals with snacks is also expected to benefit growth in the market. Low-sugar, low-carb, low-calorie, gluten-free, preservative-free, GMO-free, reduced/low/no trans-fat, and all natural products are poised to witness strong demand, supported by the growing trend of healthy snacking"

Global Industry Analysts, Inc.
A Worldwide Business Strategy & Market Intelligence Source

"With Australians navigating increasingly busier lifestyles, leaving less time to prepare and eat homemade meals, the overall consumption of snack foods is increasing...While traditional Snack Food Manufacturing continues to generate the greatest overall revenue... the Health Snack Food Production industry as growing at the faster pace over the past five years, increasing by an annualised average of 3%."

AUSTRALIAN FOOD NEWS
THOUGHT FOR FOOD

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

THE GREEN PANTRY

omega PREMIUM WALNUTS WESTERN AUSTRALIAN FRESH

RAWSOME

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Wider Australian snacks category is large and currently moves primarily through retail (supermarket and convenience)

MARKET SIZE BY CHANNEL: AU SNACKS
A$; m; 2015/16

Market Channels	Estimated wholesale market size
Retail (direct)	$1,120m
Wholesalers (to smaller retail and foodservice)	$730m
Other domestic	$350m
Export	$90m
TOTAL	$2,290m

MARKET SIZE BY PRODUCT: AU SNACKS
A$; m; 2015/16

Product	Estimated wholesale market size
Potato chips	$860m
Corn chips	$350m
Nuts	$520m
Healthy snacks (x nuts)	$442m
TOTAL	$2,290m

SIZE OF KEY EXPORT MARKET: AU SNACKS
A$; m; 2015

Export Destination	Estimated FOB market size
New Zealand	$22m
USA	$9m
Indonesia	$9m
Thailand	$6m
Other	$38m
TOTAL	$90m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Snacks have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – SNACKS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic laminated barrier film packaging - Cardboard carton outer KEY INGREDIENT(S) - Potatoes and other vegetables - Corn and other grains - Nuts - Dried fruit - Salt - Sugar - Seasonings	- Small scale production is possible (basic dry pack) - However, large scale production is highly concentrated across a few firms (Pepsico, Snack Brands), driven by scale and truck delivery economics - Large firms can launch "premium" products as new brands in their existing range (e.g. Pepsico/Smith's/Red Rock Deli)	- Product is typically shipped manufacturer direct to Coles, WWX or Metcash distribution centre - Product is shelf stable, but with a limited shelf life, without expensive barrier films - Smaller independents buy from regional wholesalers	- Supermarkets, petrol stations and other convenience dominate the category - Health/organic stores growing through differentiated offer (e.g. activated nuts, vegetable chips)	- Product is sold in casual dining and sandwich shops - Non-branded healthy snacks

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product moves through one or more layers of wholesaler to retailer	- Need to have expensive packaging to maintain freshness to market

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – HEALTHY SNACKS CATEGORY

2016

"The protein balls and protein bars, plus the paleo bars and snacks do really well. We also have a range of dried vege snacks that do well. Its amazing what people will eat. These are really popular products with our customers."

Store Manager, chain retailer, Perth

"High protein and unique products, marketing and packaging. You need to stand out in this category."

Co-owner retailer, Perth

"The local walnuts are doing well. The local products are always more expensive so its hard to sell in large volumes. If they are more expensive they have to look like a premium product."

Co-owner, retailer, Perth

"This is an pricey category so your prices need to be in line."

Manager, retailer, WA

"Snacking is a huge category in Asia. There are large local nut and snack companies like Tong and Camel, and the premium imports like Brookfarms, nak'd, Wallaby Forager, NuVitality and Barkthins"

Owner, retailer, Singapore

"This is a great category. Healthy snacking is a popular category, organic, high protein, paleo, vegetables combinations are all trendy."

Manager, retailer, NSW

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – HEALTHY SNACKS CATEGORY
2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Overall category expenditure is growing at ~4% (population plus inflation) - Healthy snacks reported to be growing at 2-3x this rate (cannibalisation) off a low base - Signs of a shift to "less but better" (nuts not chips) - Shoppers are promiscuous and shop from a repertoire of brands and products in their target price range - Consumers seeking out new and interesting products	- Overall market is dominated by large multinationals; however robust and growing "other" premium brands - Access to shelf space can be challenging in supermarkets - New products, brands and producers continue to emerge. Proliferation of new, local products - Large presence of local and imported brands (Loving Earth, Ceres, NuVitality, Origins, Natures Wonders)	- Retailers expect to make 25-35% in the category - Products are constantly promoted, both at retail and through foodservice channels - Limited brands sold at cafes, highly price sensitive	- Strong expectations of good systems and professionalism - Shelf-stable nature of most products in category make supply chain reasonably forgiving - Retailers expect regular deliveries and prompt credits - While product has a long shelf life, it can go off, particularly if it is not rotated correctly on shelf

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of healthy snacks

NATIONAL TRENDS IN PRODUCT CATEGORY – HEALTHY SNACKS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Income is generally correlated with education and inversely correlated with obesity; educated consumers more likely to follow food trends (e.g. paleo) - Income available to buy "on trend" premium healthy snacks	- Demand will not be equally distributed across all areas or regions - Demand for high price, premium healthy snacks will be more concentrated in high income areas
Growth of organic food as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns	- Changing popular concerns around carbohydrate consumption - Growing demand for low carb, high fibre, high protein diets - Generalised demonisation of potatoes, grains and grain based foods - Emergence and promotion of "caveman diet," paleo, coeliac, gluten free,	- Non-carb healthy snacks sector experiencing on-going waves of product innovation in response to changing consumer perceptions, trends and fads
Decline in meals and the rise of snacking	- Busy lifestyles, changing nature of work, increased responsibilities - Long- term trend across Western world (yes, even in France) to fewer formal meals and more eating "on the go" - Solid 20+ year trend to more and more snack occasions per consumer per day	- Strong growth across all snacking categories - Higher income consumers want "guilt-free" snacking
More travel, more cuisines, more adventurous foods	- Growing consumer willingness to try interesting and exotic ingredients, such as Thai chilli and lime	- Push the limits with flavours to generate publicity (Bush lime, choko and chilli)
Demand for "natural" or "fresh" "local" product with no preservatives	- Growing segment of consumer seeking to reduce their consumption of processed foods containing preservatives ("clean labels", "no E numbers") - Growth in purchases of "simple, natural" snacks such as seed and nuts	- Clear support for WA produced healthy snacks
Rise and rise of "superfoods" concept plus rapid growth of paleo diet and products	- "Superfood" is a commonly used marketing term describing foods with strong supposed health benefits - "Paleo" diet tried to reproduce human food in the Paleolithic period - Wide range of snacking products claim superfoods and/or paleo status	- Superfoods (e.g. dark chocolate) and paleo (e.g. seeds) have strength in promoting new snacks

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – HEALTHY SNACKS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
Lucky – Thank Goodness for Lucky	- Founded in 1957 as candy packer; expanded into range of packaged snacks - Acquired by Select Harvests; ASX-listed almond producer with large scale AU nut orchards - Packs Australian and imported nuts and seeds - Moving from bulk nuts to trail mixes and toppers - Now the leading brand in dried fruit & nuts category in Australia; exports worldwide
majans / BHUJA SNACKS	- Founded in Fiji by Fijian Indian; est. Au in 1980 - Range of Indian/Mid-East style snack mixes - Initially wholesale trader; launched retail Bhuja snack mix in 1987; stocked in Coles in 1994 - Stocked in WWX, Coles, IGA, Costco and all major liquor outlets; Whole Foods in USA; exports worldwide - Launches new look and "Smart Snacks" in 2014
thinkproducts – WE'VE DONE THE THINKING FOR YOU. / munch	- Founded in 2013 by Hugh Cowan, naturopath and "father of two" (ex-Blackmores) - Founder was anti artificial colours due to their causing hyperactivity in children; wanted healthy snacks - Range includes Munch snacks, Smooze ice blocks, and CrispyFruits fruit snacks - "0% dairy, gluten, honey, trans fat, cholesterol, artificial additives" - Sponsors Pathways Foundation with every purchase - Ranged at WWX, Coles, Harris Farm, Costco, IGA and a wide range of independent retail outlets

FINDINGS DRAWN FROM COMPARISON

- While bulk nuts and seeds are price driven commodities, flavoured blends can differentiate themselves
- Category is strong in petrol/convenience and liquor outlets; this reduces dependence on Coles/WWX/IGA
- Category supports multi-product generalists not single product specialists
- Category growing and emerging rapidly
- Clear opportunity for new entrants
- Perth retailers looking for unique brands and sole supply

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian healthy snacks face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – HEALTHY SNACKS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Demand for healthy snacks is growing - Existing WA firms appear to be generally trailing not leading global trends; may be opportunities to more rapidly follow (or even lead)	- Low/no apparent knowledge of Asian snack consumers or market dynamics in key export markets
Scale	- Snacks turnover quickly and so do not require significant inventory or working capital (relative to other products) - Small scale operations require limited capital, however scale up can be capital intensive (factory, trucks) - Significant investment by majors in automated production processes - WA healthy snacks industry is currently dominated by a large number of small firms	- Large competitors in all key markets; will need to be unique and differentiated
Comparative Advantage	- Category is highly competitive at retail, with lots of brands and products on the shelf; success requires clear messaging	- No knowledge or awareness of WA-based snack brands or firms
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Convenience/petrol channels are attractive, but access to limited supply of high value shelf space is highly competitive - Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – HEALTHY SNACKS CATEGORY

2016

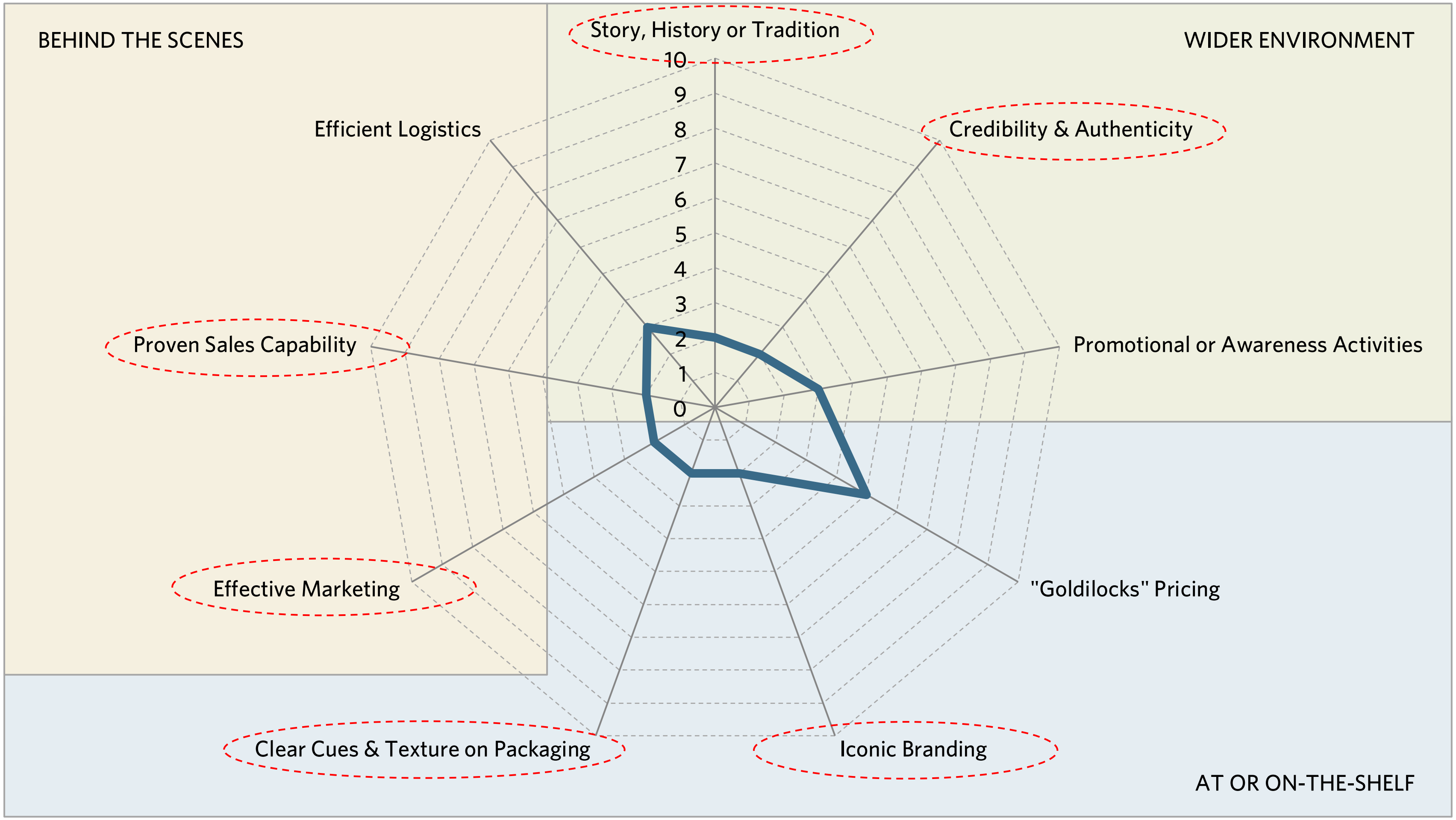
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Consumer sentiment is fickle and in flux, driven by on-going demonisation of salt, fat, grain, carbs and almost everything else in the media; suggest a varied portfolio to minimise risk - Reasonable segment of the market sold into foodservice (e.g. sandwich shops) and convenience (e.g. petrol); these are hard to serve but profitable if they can be "cracked"	- East & South East Asian cultures have highly competitive snack food markets - Local healthy snack producers lack depth of knowledge and experience in key markets
Access to Funds	- Existing small producers appear to lack significant capital to support scale up for national and export growth	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Category is highly competitive at retail, with lots of brands and products on the shelf; success requires clear messaging	- No knowledge or awareness of WA-based snack brands or firms
Packaging	- Standard industry packaging can limit shelf life and distribution distances for some products - Consumer acceptance of non-traditional packaging (e.g. vacuum packing) limited	- Significant success in export markets may require more expensive packaging
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in WA snacks, however they expressed concerns with a lack of innovation	- Low apparent awareness by in-market stakeholders of potential WA healthy snacks offer

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Healthy snack producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: HEALTHY SNACKING

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium continental meats are a growing segment emerging across multiple markets

PREMIUM CONTINENTAL MEATS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium continental meats are on-trend and a growing phenomenon globally

"Ed Smith, co-director of Cannon & Cannon, a small firm that sources and sells British charcuterie online, says the area is booming. "There are about 60 businesses already and I get calls from three new ones every month. People are making unusual stuff too, like venison salami and smoked mutton…But British charcuterie is expensive. "It will always be expensive. It's the quality of the meat," says Matt Hill, one of the partners. "You don't know what goes into French or Italian salamis but British producers use British meat. We have the best meat in the world here and everything we use is traceable."

The Telegraph

"Cured meat is hip again due to its old world charm. According to a 2014 report by NewBrandAnalytics, a social media intelligence firm, the appetizer most likely to generate buzz for restaurants is charcuterie. Why is traditionally cured meat suddenly in vogue? "Over the last couple of years, I've noticed a distinct renaissance in the world of charcuterie in the US — thanks to old world traditions crossing the seas, we're seeing a surge of US artisan cured meats inspired by these old traditions," said Cathy Strange, global cheese and specialty food buyer, Whole Foods Market®1, on Whole Story, Whole Foods Market® blog."

Food Processing InPerspective™ by Cargill Salt

"Over the past five years, demand for smallgoods has been buoyed by the development of new products to address consumer demand for more convenient and healthier eating. New industry products have included gluten free, low-fat and low-salt smallgoods, along with a growing array of artisan style products boosted by an increasingly sophisticated consumer palette. Packaging innovations have also supported industry growth, with products now packaged in single-serve packaging or pre-diced to make them more convenient."

IBISWorld
Where Knowledge is Power

"Specifically, we're talking charcuterie, the act of drying and curing beef, pork, fowl, and — more recently — even seafood. In the past several years, the craft has seen a renaissance of sorts, part of a nationwide push for a return to basics. Today, foodie cities nationwide are embracing the trend, displaying a renewed interest in what is — at its most simple definition — a basic way to preserve food, revisiting old-world curing methods, unearthing decades-old recipes, and breeding heritage animals."

Broward Palm Beach New Times

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

PRINCI EST. 1979 SMALLGOODS

MONDO DORO

THE FARM HOUSE MARGARET RIVER

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian continental meats sell through a wide range of channels and markets

MARKET SIZE BY CHANNEL: AU C. MEATS
A$; m; 2015/16

Market Channels	Estimated wholesale market size
Retail (direct)	$1,970m
Wholesalers (to smaller retail and foodservice)	$1,460m
Foodservice	$630m
Export	$50m
TOTAL	$4,110m

MARKET SIZE BY PRODUCT: AU C. MEATS
A$; m; 2015/16

Product	Estimated wholesale market size
Bacon	$1,640m
Ham	$660m
Salami, similar	$600m
Sliced poultry	$310m
Other	$900m
TOTAL	$4,110m

SIZE OF KEY EXPORT MARKET: AU C. MEATS
A$; m; 2015/16

Export Destination	Estimated FOB market size
Singapore	$19m
New Zealand	$10m
Papua New Guinea	$6m
South Korea	$5m
Other	$11m
TOTAL	$50m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Continental meats have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – CONTINENTAL MEATS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic vacuum packaging - Cardboard carton outer KEY INGREDIENT(S) - Beef - Pork - Other meats - Salts - Seasonings - Flavourings	- Primary kill is highly regulated, due to health safety issues - Cured meat processors generally buy carcass from primary processors - Export processing is more regulated and many export markets make additional certification requirements - Food safety and cross-contamination are significant issues - Religious dietary restrictions limit pork opportunity in many key markets for WA; opportunities to specialise in halal beef and lamb	- Product must be refrigerated and will typically be delivered by specialist wholesalers (or by larger operators as part of a wider refrigerated order) - Distribution to chain operators (retail and foodservice) highly consolidated - Distribution to independents, small stores and non-chain foodservice more fragmented	- Supermarkets expect delivery 2-3 times per week - Smaller independents and specialist delis, etc. generally buy through wider ranging wholesalers - Very minimal amounts through convenience channels; may be opportunity for premium snack packs	- Key opportunity is mid/high end restaurants and premium cafés

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Fragmented for most channels	- Large variance by market depending on traditional food culture and level of Westernisation

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM CONTINENTAL MEATS

2016

"We have steady sales in this category."

Co-owner, Retail, Perth

"We have a combination of local and imported meats, it's a steady category."

Store manager, retail chain, Perth

"Nitrate-free on packaging is a bonus for our customers. But we have to be careful with the ordering because it has a shorter shelf-life."

Co-owner, retailer, Perth

"We source our ham and cured meats locally. It's always popular. People are wanting more interesting ingredients on their pizzas."

Chef, large restaurant, WA

"You don't see many Australian continental meats in Singapore, we have Greenvale Farms. There is a lot of Verkerk's from New Zealand, but it is mostly Italian and Spanish. "

Owner, retailer, Singapore

"This is a pretty consistent category. Its good to see the nitrate free options, and free range. This is a pretty small market.

Owner, retail, WA

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – CONTINENTAL MEATS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is growing - Retailers are increasing range - Increasing usage, trading up, seeking new and different options - "Back to Basics" products in demand	- Category is growing - Retailers will sell through in-store deli and in refrigerated dairy/deli case; may be two separate buyers - Challenge for actual local producers is to differentiate from locally cut imports Spanish or Italian - Pricing is competitive - 30-40% of shoppers buy on price amongst acceptable quality brands - Strong presence of Italian and Spanish brands	- Retailers expect to make 25-35% margins - Category is regularly promoted - Foodservice operators are highly price sensitive on all products other than premium local products where the producer is "called out" on the menu	- Retailers expect regular deliveries and prompt credits - While product has a long shelf life, it can go off, particularly if it is not rotated correctly on shelf - Regular returns and markdowns in category - Returns/credits processing a key issue

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium continental meats

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM CONTINENTAL MEATS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income available to buy premium continental meats if it is a priority	- Demand will be concentrated in high income areas
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing where and how meat raised	- Segment of consumers seeking "real," "authentic" food made by local, craft producers - However, the challenge is competing with more "authentic" traditional European suppliers - Need for a "New World" style, as happened in wine; be different, not the same
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Need to be both different and authentic - Premium continental meats are not commodities; they can be strongly differentiated - Strong underlying support for growth in domestic demand going forward
Evolving nutrition concerns	- Changing popular concerns around fat and carbohydrate consumption - Growing demand for low carb, high fibre, high protein diets; maybe fat is ok? - Generalised demonisation of potatoes, grains and grain based foods - Emergence and promotion of "caveman diet," paleo, coeliac, gluten free,	- Focusing on traditional, non-chemical meat preservation techniques (e.g. air-cured, salt cured)
Category innovation driven by packaging	- Australian suppliers generally behind Europe in providing newer, more appealing layered display packs of premium meats	- History suggests embracing new forms of packaging likely the best path for new category entrants

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM CONTINENTAL MEATS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
D'ORSOGNA Since 1949	- Founded in 1949 in West Perth by Italian immigrant Tommaso D'Orsogna - Make a wide range of continental meats - 500 employees; two plants (WA & VIC) - Products sold Australia wide - Sales of ~A$160m (2013)
JBS & Primo	- Founded in 1985 by Paul & Andrew Lederer - 4,500 employees; five plants in AU/NZ - All major retailers; exports to 70 countries - Primo has A$1.6b in sales in 2015 - Acquired by JBS (Brazil) in Nov 2014 for A$1.45b from family and private equity
Associated British Foods plc; DON; KR Castlemaine; GWF / George Weston Foods Limited	- Darling Downs Bacon Coop founded 1911; Don founded 1947 by Essendon butcher R.J. Gilbertson - ABF/GWF acquired Don in 1999; acquired KR Castlemaine in 2008 (merges two businesses) - Recently built new plant in VIC - ~A$800m in sales of continental meats

FINDINGS DRAWN FROM COMPARISON

- Category dominated by large firms, including D'Orsogna of Western Australia
- Market is currently clustered around the mid-market, with only limited premium or differentiated products (relative to other peer group countries)
- Limited innovation; sector is arguably following product and packaging innovation released in other markets at a distance
- Imported Spanish and Italian products filling premium/specialty niche currently

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium continental meats face a wide range of key issues and limitations...

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CONTINENTAL MEATS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Indications of continued growth in premium continental meats as some consumer trade up to "less but better" - Sandwiches not going away despite anti-carbs movement - Well accepted usage at social events and with guests - Potential to grow usage in restaurants and cafés - "Back to Basics" trend in consumption pattern	- Premium/specialty cured meats category small but growing - Premium/specialty imported continental meats is a relatively small category - therefore low velocity per store per week - Market currently favours premium heritage European meats
Scale	- D'Orsogna large and at scale; other producers small and likely undercapitalised	- European heritage brands in the market have higher scale and lower costs; WA exporters will need to be differentiated
Comparative Advantage	- WA is a major producer and exporter of beef and lamb - Also a producer of pork, chicken and a range of other meats	- Asia not a low cost producer of lamb or beef
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply - High end restaurants and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels and most other channels sell almost no cured/continental meats	- Supermarkets and a relatively limited number of European deli type specialists are most of the market in Asia - Sandwiches are an emerging foodservice segment in Westernised markets - Market power rests with distributors with refrigerated trucks on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CONTINENTAL MEATS CATEGORY

2016

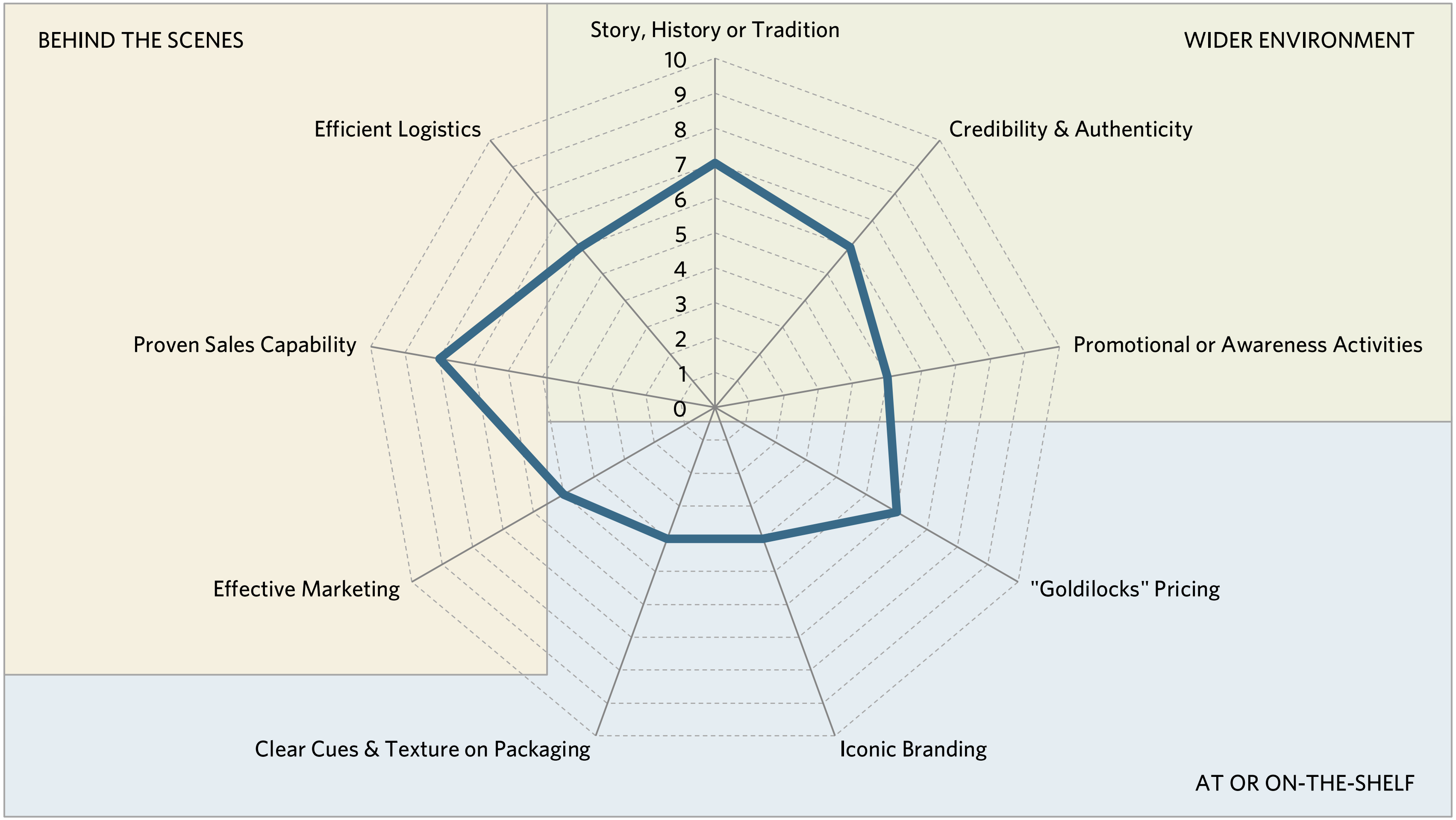
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- D'Orsogna large and at scale - Existing smaller producers appear to lack significant capital to support scale up for national and export growth	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Social media and in-store demos are key communication channels for premium producers	- Difficult to achieve any marketing cut through beyond "at-shelf"; therefore packaging needs to immediately communicate clearly
Packaging	- Industry is relatively staid and conservative, with little packaging innovation; packaging further advanced in other markets (e.g. Spain) - New packaging equipment can be expensive	- Most Asian export markets appear to favour traditional presentation and packaging
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in new innovative premium continental meats	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Cured/continental meat producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: CURED MEATS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Microbrewed Cider is a premium segment emerging across multiple markets

MICROBREWED CIDER CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Microbrewed Ciders are on-trend and a growing phenomenon globally

"Cider has proven to be the world's fastest growing beverage category over the last 10 years," said Snyder…A major trend in the craft beer industry is a focus on the quality and origin of ingredients. Snyder says that it's important that cider makers convey this kind of information to their customers. "Just like IPA drinkers want to know what kind of hops are used – where are they grown and the flavor profile – folks want to know that about your apple varieties," said Snyder."

WINE & CRAFT BEVERAGE NEWS

"It's grown like craft beer on steroids," says Alejandra de Obeso, Strongbow's brand manager in the US. According to Heineken, the apparent end of the cider trend is just the defeat of cider brands who misunderstood what consumers wanted. "We've got a lot of brands that came in very quickly, with big distribution, big budgets, and obviously not every brand in the market is going to be a success," says de Obeso. The cider craze, sparked in 2012, is an undeniable fact. The number of households with cider drinkers in the US jumped to 18 million from 6 million, with the category growing an estimated 60% in five years."

BUSINESS INSIDER

"The cider category continues to grow and evolve, responding to the consumer's ever-changing tastes and thirst for experimentation. It is currently up in terms of both value and volume on last year and we expect to see this growth continue during the year"

THE MORNING ADVERTISER — inspiration for pub success since 1794

"Interest in cider has piggybacked on both the craft beer and foodie trends, in which a sizeable swath of consumers devotes a considerable amount of time, effort, and dollars to regularly seeking out new, interesting, typically local flavors. The popularity of cider in the U.S. also follows in the footsteps of the market in Europe."

TIME

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Theoretically a beer,
in practice it competes with fruit cider

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

The Australian cider market is spread across hospitality and retail; exports currently small

ESTIMATED MARKET SIZE BY CHANNEL: AU CIDER

A$; m; 2015

PRELIMINARY
INCLUDES ESTIMATES

Market Channels	Estimated wholesale market size
Wholesalers (on to hospitality, foodservice or retail)	$150-170m
Retail (direct)	$110-130m
Hospitality (direct)	$20-40m
Export	$10-15m
TOTAL	$320m

SIZE OF KEY EXPORT MARKET: AU CIDER

A$; m; 2015

PRELIMINARY
INCLUDES ESTIMATES

Export Destination	Estimated FOB market size
New Zealand	$3-5m
South Korea	$2-3m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States	$3-5m
Other	$2-3m
TOTAL	$10-15m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Ciders (and similar products) have a clean and simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – CIDER CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass bottles (unique) - Labels - Cardboard packaging - Cardboard carton outer KEY INGREDIENT(S) - Water - Fruits - Sugar - Yeast - Other flavourings & specialty ingredients - Preservatives	- Premium manufacturing processes can be conducted at a low scale - Large scale contract packers exist - Large scale production by beer brewers, wine makers or spirit producers relatively simple and straight forward (low barrier to entry)	- Like most ready consumables, there is strong leverage and market power in distribution, particularly to smaller outlets - Metcash owned Australian Liquor Marketers (ALM) dominates wholesaling with 63% share of wholesaling - Independent Liquor Group is #2 with ~7%; coop with 1,200 members in NSW/QLD; 2 DC - Major wholesalers are investing in warehouse automation to reduce costs - Large retailers buying direct and delivering through own distribution systems (Coles & WWX compete with Metcash)	- Regulated by government - Dominated by Woolworths and Westfarmers; however large other at 1/3 of market - Large retailers bypassing wholesalers and buying direct from manufacturer - ALM has a large number of franchised or banner group fascia (e.g. Thirsty Camel)	- Segment of large operators (Pubs, hotels, casinos, airlines, other chain or group hospitality) - However most (~75-80%) of industry is fragmented independents

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Typically small number of large distributors touching all outlets - Long tail beyond this with most Asian markets highly fragmented	- Challenging to retail in many Muslim markets - Asian markets have a much greater number of small stores and convenience outlets (e.g. Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM CIDER CATEGORY

2016

"Cider is still a strong product…people like to try new ciders. It would be good to have some local ciders on tap."

Bar Manager, Perth

"The bigger companies are making so-called craft ciders. I like to have cider from the real local companies."

Manager, Liquor Store, Perth

"Cider is very seasonal. On a hot day half our sales can be in cider but in winter there isn't the interest. Some producers are trying mulled cider and hosting food and cider events during winter to generate sales."

Manager, Independent Liquor Store, Perth

"Customers are asking for local and organic ciders. They are becoming more sophisticated from the old Strongbow drinkers. Now they ask for dry styles."

Manager, Independent Liquor Store, Perth

"Cider packaging has to be eye catching. You are competing for visual real estate. Consumers will decide based on the look and then ask about it. Local and small producers is our thing so we will suggest local alternatives to our customers."

Manager, Independent Liquor Store, Perth

"There is a good range of ciders in Singapore, you see some Australian brands [Cheeky Rascal, Three Oaks, and Little Creatures], some New Zealand [Monteiths] and big brands [Somersby (Carlsberg), Orchard Thieves (Heineken]. "

Owner, retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – PREMIUM CIDER CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Increasing health consciousness - Declining alcohol consumption per capita in Australia overall - Fast growing demand for cider (10-15% per annum); cider is more than twice as popular with people under 30 than over 50 - Trend to drinking more expensive drinks has partially offset declining consumption (less but better) - Consumers are not brand or product loyal; try different varieties and switch out of category - Increasing demand for craft/boutique distilled local/Australian cider	- Allocated less store-floor space than beer or wine; typically allocated 5-15% of beer space; however space is growing rapidly - Increasing number of producers and brands - Carlton & United and Lion Nathan the market leaders in mainstream - Limited category/sub-category segmentation to date other than apple/other fruit - Becoming more competitive at retail, on the drinks list and behind the bar as rapid growth draws in new firms - Price sensitive to some degree due to switching at point-of-purchase - Strong presence of imports from UK, Europe and New Zealand	- Retailers expect 25-35% margins - Products are promoted regularly, both at retail to consumers and through wholesale to hospitality and independents - In-store demonstrations are common - Off-site promotions at events and shows are common	- Typically delivered as part of a wider order/delivery - Expectation of 1-2 deliveries per week - Reasonable stock-on-hand; some carrying capacity, particularly of lower velocity brands

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium cider

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM CIDER CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing where, how and by whom their drink was produced	- Position as small, craft producer - Build connection with the brand
Increasing health consciousness around alcohol	- Increasing awareness of the role of alcohol in obesity and health issues - Positive and negative effects recognised from alcohol in health research - On-going messaging about moderation; push against binge drinking - Increased government regulation around labelling and advertising	- Supports "less but better" trend - Position premium for responsible drinking
Declining per capita alcohol consumption overall in Australia	- Aging baby boomers trading up to premium - Generation X (and Millennials) trying to "be different" - Millennials with no money "living at home with parents" - Cider is one of the few "bright spots" in alcohol industry	- Market likely to become more competitive going forward as it is a growth sector - Supports "less but better" trend - Ideal position is reasonably priced premium or "Champagne taste on a beer budget"
Less but better alcohol	- Clear movement of some consumers segments towards premium - Trend to drinking more expensive alcohol has partially offset declining consumption (less but better) - Driving growth of microbreweries, smaller wineries, craft cider and craft spirits	- Solid long term foundation under continued investment in developing craft cider

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM CIDER CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
The Hills Cider Company	- Launched in 2010 by Steve Dorman & Tobias Kline - "100% fresh & hand crafted, no concentrate, sugar or water added, gluten free, vegan friendly" - Based in Adelaide (Adelaide "Hills") - Use local fruit; support local farmers; complete "land-to-hand" control over every step of production - Regularly wins awards; do "small batch" releases - Ranged across Australia; growing exports
Endless Cider	- Launched by Sasha and Danae Goldsmith following trip to UK and tasting UK ciders in 2012 - Couple had existing wine and online retail business - Coming from wine, used a champagne yeast - Use only traditional artisan techniques with only real crushed fruit from Gippsland, VIC - Tried to differentiate product with vertical label - Ranged in Dan Murphy's and others
KIRIN LION 5 SEEDS CIDER	- Launched by Lion into growing cider category - Presents a "craft"; have to look hard to see Lion - Range of flavours: crisp apple, bright apple, cloudy, premium cut and apple cider/vodka RTD - Bottles and cans - Strong social media marketing campaign - Strong promotional activity and sponsorship - National distribution across all major accounts

FINDINGS DRAWN FROM COMPARISON

- Small firms can succeed in the category through passion and making a great product
- Need to tell a good story: "land to hand"
- Success in introducing "Wine like" elements to the product and marketing mix
- Need to create a bond with the brand and sell it through social media
- Beverage majors with strength and leverage are moving into the category as it grows and changing the category dynamic
- Unclear if it can remain like wine or craft beer with a large number of small producers; do consumers want variety?

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium cider faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CIDER CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- While demand exists, and is growing, category and shelf are becoming more crowded	- Clear niche position available for premium Western cider with a clear story/message - Some markets are Muslim and therefore difficult
Scale	- Barriers to entry are relatively high beyond regional/niche production - WA firms small relative to large national leaders, but similar in size to emerging group of next generation craft producers - Cider has high prices and high margins, creating a broad umbrella for higher cost/lower scale producers	- Not yet produced at any major scale outside Japan; novelty/niche product with room to grow
Comparative Advantage	- WA produces a wide range of fruit and other ingredients	- Australia a recognised source of safe, healthy, trusted foods - WA firms are very small relative to global leaders (e.g. Rekorderlig) - Organic and similar food standards and certifications trusted by in-market consumers
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Bars and small independent stores are numerous but costly to serve (a large number of small accounts) - Chain liquor outlets and supermarkets are difficult to access, have high margin expectations and want national supply	- Convenience alcohol retailing and hospitality channels are highly fragmented - Market power rests with distributors with truck on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CIDER CATEGORY

2016

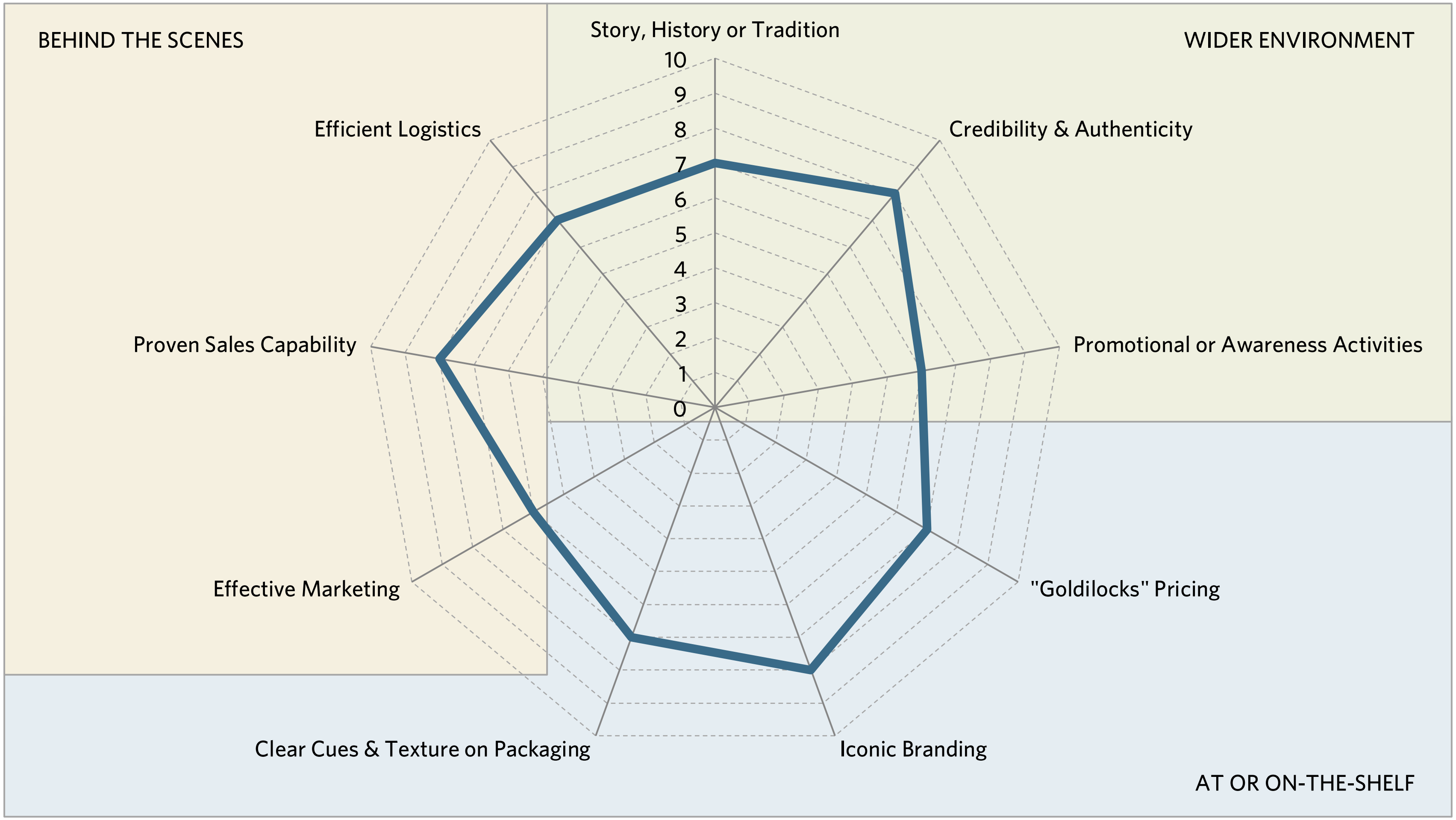
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Existing WA firms have solid product knowledge but appear to have opportunities for improvement in systems and processes	- Current producers of WA premium ciders have almost no knowledge of market situation across key markets in Asia - No consumer qualitative or quantitative research completed on perceptions of product, competitors or category
Access to Funds	- Larger WA firms have good access to capital for expansion - Smaller firms and start-ups into the space would lack capital	- Export growth can require significant financing to support pipeline and payment terms
Marketing	- Product presentation and packaging contributes significantly to the perceived value of the product - "Brand WA" can support a "clean-and-green" or a "sun, surf and lifestyle" brand in the category (e.g. Matso's)	- No awareness of existing brands or products
Packaging	- Glass bottles are significantly more expensive, but contribute strongly to perceptions of premium (and "natural" or "healthy") - WA lacks a low cost supply of glass bottles - However, packaging is only one component of overall competitiveness	- Premium products are always in glass - Packaging may need to be customised or over-stickered for some markets
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed strong interest in new innovative premium ciders that were on-trend	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Premium cider producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: CIDER

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium meat snacks are a premium segment emerging across multiple markets

PREMIUM MEAT SNACKS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Premium meat snacks are on-trend and a growing phenomenon globally

"It's cool to snack on meat jerky. It's available in a range of flavors and meshes well with trends on snacking and protein. Even though consumers have been cutting back on center-of-the-plate meats, the jerky category maintained growth during the recession, as consumers continued to purchase low-cost snacks like beef jerky... In the past five years, beef jerky/meat snack consumption has climbed 18%."

FOOD PROCESSING
The Information Source for Food and Beverage Manufacturers

"Meat snacks are having a moment. Last Christmas the UK's first jerky advent calendar went on sale, packaged dried meats gained unprecedented shelf space at London's specialist foods shops and at Selfridges, sales of artisan dehydrated meats are up nine per cent on last year. No longer a fatty road trip item, 'health-conscious' pre-packaged meats are being praised for their many benefits - South African biltong in particular."

EveningStandard.

"Jerky is undergoing something of a renaissance. The word "artisanal" is actually being applied to many of these products, which command high retail prices... Real jerky is sliced from a single piece of meat, salted and cured. The quality of the meat, and the addition of flavorings, is what pushes it into the "high end" category. The recent jerky explosion really started more than a decade ago, though it has trended up more recently. "If only a few years ago, jerky seemed an old-fashioned kind of food," The Economist observed in 2006, the carniphilia inspired by the Atkins diet has given it a new life."

FORTUNE

"Dried meat snacks are one of the fastest growing market segments in the United States. Tasmanian food manufacturer Andrew Fist's start-up company, Kooee Snacks, is hoping to join the trend. "Inside meat snacks, it's more than just jerky," Mr Fist said. "You also have formed products. "One thing that's taken off recently is meat bars, so people are making muesli bars with meat. "That started off with beef and lamb."

Rural

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

just jerky™

HARVEY BEEF SINCE 1919 WESTERN AUSTRALIA

OCD JERKY PREMIUM QUALITY HAND CRAFTED BEEF

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

The Australian premium meat snacks category is robust; sales currently focused in retail (primarily convenience)

ESTIMATED MARKET SIZE BY CHANNEL: AU MEAT SNACKS

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$50-60m
Foodservice	$5-10m
Export	$120-200m
TOTAL	$175-270m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU MEAT SNACKS

A$; m; 2015

PRELIMINARY
NO BEEF JERKY-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Japan	$80-100m
South Korea	$20-30m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
United States	$10-20m
Other	$10-50m
TOTAL	$120-200m

** will include tourists and "suitcase" exports from Duty Free, etc.; Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Meat snacks have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – MEAT SNACKS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic/foil barrier film packaging - Label (if required) - Cardboard carton outer KEY INGREDIENT(S) - Beef - Other meats - Salt - Oils - Seasonings - Other flavours - Preservatives (sodium citrate, sodium nitrate, erythorbate and others)	- Relatively simple production process (seasoned, marinated meat cut into strips and dried) - Can be produced at a range of scales, from kitchen bench to national scale) - Limited range of flavours and forms - Higher fat levels reduce shelf life (wagyu goes rancid rapidly) - Cheaper products use lots of sugar and water (to drive down price); also artificial colours, flavours and preservatives	- Product is shelf stable with a long shelf life; will be delivered with similar products - Needs regular distribution to large number of liquor, convenience & petrol outlets - Product is typically manufacturer direct to Coles, WWX or Metcash distribution centre - Smaller independents buy from regional wholesalers - Smaller producers generally go through larger distributor/wholesalers	- Traditionally "male oriented" channels are key: liquor, convenience and petrol - Supermarkets in the category, but not strong - Also sold through vending	- Very limited sales through foodservice

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Fragmented distribution; typically piggy-backs off wider convenience distributor	- Duty free sales are significant, though products needs to target/fit channel profile (Prada not Trucker) - Convenience stronger in Asia than AU (particularly Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – MEAT SNACKS CATEGORY

2016

"Protea foods really drives this category. We sell a lot of their product."

Store manager, mid-market retailer, Perth

"This is a small and steady category. We are seeing new brands coming into the market."

Co-owner, retailer, Perth

"We make our own jerky so we don't really get it in from others. It's a good category."

Owner, retailer, Perth

"We don't sell any. You see a big Jack links range around [7Eleven and Jason's Gourmet] ."

Owner, retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – MEAT SNACKS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Demand is growing strongly - Convenience/petrol/liquor retailing the key locations for impulse purchase - Seen as a healthy snack; high protein and no carbohydrates - Significant sales to tourists and via Daigou/Haitao	- Market currently dominated by two firms: global leader and AU leader - Increasing range of new start-ups entering the category - Accessing limited space allocated in small convenience store sections is key challenge - Jack Links on the shelf in retail and convenience	- Convenience retailers expect a 30-45% margin; supermarkets 25%-35% - Retailers are seeking high margins and high velocity (cash turn); not expensive products that sit on the shelf gathering dust - While product is promoted, as an impulse “salty snack” line, promotional space allocation creating awareness is more important than price	- Strong expectations of good systems and professionalism - Shelf-stable nature of most products in category make supply chain reasonably forgiving

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium meat snacks

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM MEAT SNACKS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Evolving nutrition concerns	- Changing concerns around carbohydrate consumption pushing high income, aware and/or educated consumers away from potato & grain based shacks - Growing demand for low carb, high fibre, high protein diets - Generalised demonisation of potatoes, grains and grain based foods - Emergence and promotion of "caveman diet," paleo, coeliac, gluten free, etc.	- Premium beef jerky/biltong type products are firmly on trend and growing
Decline in meals and the rise of snacking	- Busy lifestyles, changing nature of work, increased responsibilities - Long- term trend across Western world (yes, even in France) to fewer formal meals and more eating "on the go" - Solid 20+ year trend to more an more snack occasions per consumer per day	- Strong growth across all snacking categories - Higher income consumers want "guilt-free" snacking
Demand for "natural" or "fresh" "local" product with no preservatives	- Growing segment of consumer seeking to reduce their consumption of processed foods containing preservatives ("clean labels", "no E numbers") - Growth in purchases of "simple, natural" snacks such as seed and nuts	- Clear support for WA produced meat snacks
Growing tourist arrivals from Asia	- Tourist numbers from Asia are growing - East Asia has a strong gifting culture among wide social networks - Tourists regularly return with "suitcases full" of premium gifts	- Beef jerky seen as a premium gift in Asia - Growing range across duty free stores globally

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM MEAT SNACKS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
NEW WORLD FOODS; LOCAL LEGENDS BEEF JERKY; MARIANI BEEF JERKY	- Founded in 1977 by Paul Mariani in NSW - Manufactured in Australia, UK and Korea (license) - Produce full range: soft, teriyaki, bulgogi, biltong, etc. - Launched Local Legends brand in 2012 - Sold in Coles, Woolworths, Costco and others - Operations in York, UK; in Tesco & Morrisons - Acquired Bare Earth in UK (biltong manufacturing) - Exports to Japan and a range of other countries - Uses 70t/month; most product grass fed; yield loss of 50-60% through drying/manufacturing process
JACK LINK'S	- Founded in U.S. in 1986 by John 'Jack' Link - 6 plants across USA; 1 in Germany; 1 in NZ; 1 Brazil - Built plant in NZ in 02; 3,500m2; 250 employees; more than 100t/mo.; 94% exported globally (inc. AU) - Came to NZ seeking low cost/low fat beef - Acquired Unilever meat snack in Europe in 2014 - Produce a wide range of flavours and pack sizes - Have moved into "bacon jerky" and refrigerated sausages - New logo and slogan in 2015 ("Feed your wild side") - Market leader in Australia
BILLABONG	- Founded in 1995; initially thick strips; changed to thin sliced and packaged - Produce exotic Australian jerkies: Crocodile, Emu, Kangaroo; also beef - Factory in Cootamundra NSW - Sold in Australian Duty Free and tourist stores - AQIS inspected; exports

FINDINGS DRAWN FROM COMPARISON

- Category still relatively immature and growing
- Still me-too to American styles; cowboys and country; weak current appeal to women, trendy millennial or metrosexuals on a paleo diet
- Not huge volumes of meat (leaders are 70-100t/mo.)
- Exports clearly a key segment, particularly to Asia
- Further untapped opportunities around Australian-unique species (Crocodile, Emu, Kangaroo)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium meat snacks faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM MEAT SNACKS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Australian consumers have growing interest in healthy snacks - Dried beef products have moved from "the truck stop to the gourmet shop"; strongly on trend (low fat, natural, paleo, local, etc.)	- Strong and growing demand from Asia, North America and Europe - Chinese limitations and restrictions on jerky not as serious as for fresh meat
Scale	- Mindaroo/Harvey Beef recently launched into the category - Range of firms in WA producing product	- Export price of Australian jerky set by "New World" with large operations in NSW - WA processors and exporters may "struggle" at these prices - Unclear the industry currently has the competitiveness to succeed in export markets
Comparative Advantage	- WA has 8.8% of Australian total cattle herd - WA has a strong beef processing industry, with large firms operating at scale (e.g. Harvey Beef) - WA has large amounts of low intensity land suited to producing free-range beef; free-range beef is low fat which is good for jerky	- Australia is the largest beef exporter in the world - Australian beef is recognised for consistent quality in these markets
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- WA is well situated to supply Singapore, the Middle East and Asia
Barriers to Market	- Total AU domestic market is relatively small (est. A$50-60m wholesale) and two market leaders already exist - WA-produced beef jerky is small (est. A$2-4m) - Fragmented outlets	- Lack relationships with key global accounts (e.g. Duty Free)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM MEAT SNACKS CATEGORY

2016

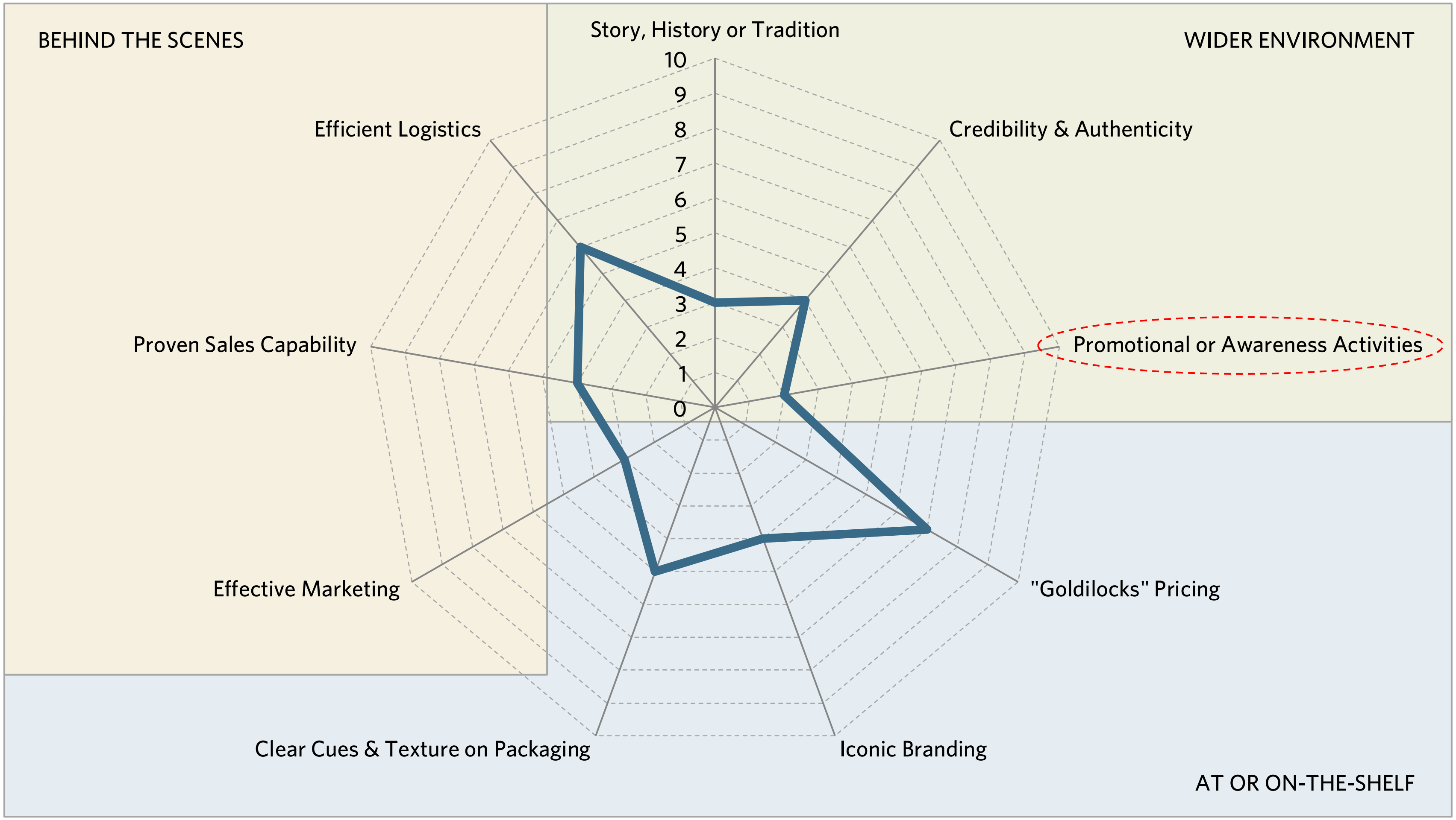
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Local WA producers have limited knowledge of East Coast markets - Smaller local WA producers lack skills and systems required to service national accounts	- Local producers and processors lack depth of knowledge on consumer drivers and experience in key export markets - Asian consumers – particularly older – have "poor teeth" and seek softer products that are easier to chew
Access to Funds	- Larger WA meat processors are generally well capitalised - Smaller firms may need additional capital to scale-up and improve competitiveness	- Strong export growth can impact cashflow and create challenges, particularly for smaller firms
Marketing	- WA meat snack producers lack strong, well recognised brands - WA meat snack producers lack national sales and distribution networks	- WA meat snacks primarily being sold as "cowboys and truckers" (e.g. D.Jays & Truckin' Good Jerky [Malaga]); this position may not suit export markets - WA meat snack producers lack strong brands, in-market sales networks and international distributor networks
Packaging	- Low/no packaging innovation	- Export markets want larger gift pack sizes
Willingness of stakeholders to collaborate	- Mixed enthusiasm, depending on channel	- Demand appears to exceed supply - Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Meat snack producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: MEAT SNACKS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium grains are a premium segment emerging across multiple markets

PREMIUM GRAINS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

CANADA

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium grains are on-trend and a growing phenomenon globally

"American consumers increasingly are waking up to ancient grains, which is evident from recent product launches from Quaker and Kellogg. Beside breakfast items, product developers are focusing on incorporating ancient grains like quinoa and amaranth into yogurt, bars, shakes and pizza crust as well. Research… gives credence to ancient grain developments. The global number of food and drink product launches containing chia increased 70% between 2014 and 2015 while the percentage increases were 31% for teff and 27% for quinoa. 41% of U.S. consumers have eaten ancient grain-based cereals."

FOODBUSINESSNEWS

"In particular, the trend towards a wheat-free diet has resulted in a growing number of products containing the "supergrains" ancient grains. And whilst quinoa and buckwheat have all become household names in recent years, it's chia which has seen the biggest rise in usage. "Desire for healthier, less refined alternatives to wheat has fuelled the rediscovery of ancient grains."

MINTEL

"These ancient grains are rapidly gaining recognition and allegiance among consumers. The fourth annual "What's Trending in Nutrition" survey from Today's Dietitian and Pollock Communications, a food, health, and wellness public relations agency in New York City, asked 450 dietitians for their observations on what's hot and what's not. The survey showed that 50% of respondents said ancient grains would achieve "superfood" status in 2016 among consumers."

Today's Dietitian

"The dietitians predict ancient grains and turmeric will be popular in 2016. "Ancient grains such as quinoa and spelt have been popular for a while now and dietitians are telling us that this will continue, alongside the growth in popularity of lesser-known grains such as freekah and teff," said Maree Ferguson, director of Dietitian Connection. "This is good news as the message from dietitians around the importance of wholegrains seems to be getting through," she says."

AUSTRALIAN FOOD NEWS
THOUGHT FOR FOOD

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

three 3 farmers

THE CHIA CO.

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australia has a robust grain products category

MARKET SIZE BY CHANNEL: AU GRAIN PRODUCTS

A$; m; 2015/16

Market Channels	Estimated wholesale market size
Retail & Wholesale	$1,300m
Industrial/Manufacturing	$410m
Other AU markets	$140m
Export	$1,940m
TOTAL	$3,800m

MARKET SIZE BY PRODUCT: AU GRAIN PRODUCTS

A$; m; 2015/16

Product	Estimated wholesale market size
Flour	$960m
Rice	$860m
Starch & Gluten	$750m
Malt	$460m
Other products	$770m
TOTAL	$3,800m

SIZE OF KEY EXPORT MARKET: AU GRAIN PRODUCTS

A$; m; 2015/16

Export Destination	Estimated FOB market size
United States	$265m
Thailand	$165m
South Korea	$150m
Vietnam	$110m
Other	$1,250m
TOTAL	$1,940m

Note: AU Grain Products refers to 'substantially transformed' processed grain products from all grains. Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Retail grains have a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – PREMIUM RETAIL GRAINS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic packaging - Cardboard packaging - Cardboard carton outer KEY INGREDIENT(S) - Wheat - Other grains - Wide range of other ingredients when value added processing - Research to support functional/nutritional elements of product	- Basic products are simple dry fill, with low barriers to entry; most competitors are pure re-packers without exposure to farming - Small scale production is possible - Requirements for scale and investment increase with product complexity - Strong competition from imports, both bulk/foodservice and for re-packing - Care to avoid presence of weevils	- Product is highly shelf stable - Product is typically shipped manufacturer direct to Coles, WWX or Metcash distribution centre - Smaller independents buy from regional wholesalers	- Supermarkets dominate the category at retail - Health/organic stores growing through differentiated offer (e.g. organic)	- Product is used across most mid/high end foodservice outlets
			KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA	
			EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
			- Product moves through one or more layers of wholesaler to retailer	- May need more expensive packaging to maintain freshness to market

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM RETAIL GRAINS CATEGORY

2016

"The supergrains hype has died down a bit, but the category is still really popular. We are always keen to stock WA based grains."

Manager, organic retailer, Perth

"We would love more local grains in the store."

Co-owner, retailer, Perth

"We import all our grains from Bolivia and South America, we are after a high nutritional value."

Buyer, Wholesaler, Australia

"Ancient grains are great way to add value to a salad, to turn it from a side dish to a main meal and really increase its appeal."

Chef, large restaurant, WA

"This category is really popular. You see all sorts of brands and products on the market in Singapore. We have organic ranges of quinoa, chia, LSA, psyllium husk. You see it in bulk in Jason's [NuVitality, Select Harvests and Bob's Red Mill (USA)] "

Owner, retailer, Singapore

"Organic grains, gluten-free options are popular."

Manager, retailer, WA

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – PREMIUM RETAIL GRAINS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Demand is growing - Chia driving wider category	- Handful of key national brands in wider category - Long tail of dry packers, typically with a broad range and using significant imports (e.g. quinoa from Peru, Bolivia) - Store brands are strong, with good packaging and presentation - Mainstream brands have moved into category in Coles/WWX and are driving growth - Bob's Red Mill strong presence and range in Singapore	- Retailers expect a 25-30% margin, depending on sub-category and velocity (more for slower moving ranges) - Product is regularly promoted; promotions typically 20-50%+ reduction - Access to promotional slots is competitive - Foodservice operators are very price sensitive as source is not a headline issue and almost never mentioned on the menu	- Ripped bags and spillage a challenge - Retailers expect credits for spoilage processed and credited promptly - Reasonable stock-on-hand; some carrying capacity

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium retail super-grains

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM RETAIL GRAINS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Food becoming more like fashion - Need to lead the waves not trail
Evolving nutrition concerns	- Changing popular concerns around diet and obesity - Mixed messages on fat in the media - Some consumers appear to be eating "less but better" grains - Constant emergence new diets: "caveman," paleo, etc.	- Need to message: "these grains are different"; the "good" grains, not the "bad" - Achieve this through a range of adjectives: ancient, superfoods, fairtrade, organic, natural, etc.
Growth of vegetarianism and veganism	- 11.2% of AU population is vegetarian; knock on effect on household habits - Many of these shoppers are also in the LOHAS segment (lifestyles of health and sustainability), the prime segment for organic buyers	- Marketing and promotional activities need to be focused

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through passion and vision

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM RETAIL GRAINS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
HBC (HBC Trading Australia Pty Ltd); Chef's choice	- Founded in 2005 to supply hospitality with wholesale spices, condiments & ingredients - Importer, exporter and distributor - 2 warehouses; 50 employees & 10,000 accounts - All lines appear to be contract packed by others - Large range of products and pack forms - Fashion forward; quick follower of food trend
THE CHIA CO.	- Founded by WA grain farmer John Foss - Discovered chia travelling on Nuffield Farming Scholarship tour; farms located in Kimberley, WA - Partial sale to USA private equity in 2012 (VO2 & Arlon) to provide capital for growth - Initially bulk dry pack seeds, expanded into RTE desserts with spoon; sell 20m Chia Pods/year (15) - Now adding oats and coconut - Turnover A$50m (15) plus A$370m in USA (15/16) - Europe & Asia key expansion market - Good presence in Jason's Gourmet, Singapore
CONNECT FOODS	- Founded by Tony Pountney & Barak Bagleiter - "Wanted to create a brand that creates health, happiness and well-being through food" - Fair trade, non-GMO, sustainably grown, etc. - Plastic pouch, dry fill - Range includes: organic black chia seeds, organic cacao, maca powder, organic cacao nibs, organic amaranth - Stocked at Woolworths and other outlets

FINDINGS DRAWN FROM COMPARISON

- Smaller firms can succeed
- Clear, simple messaging is key
- Range and scope seems to increase with time in response to changing trends
- Selling a convenient solution to the consumer (e.g. Chia Pods) rather than ingredients appear to be key learning that evolves as firms mature

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium retail super-grains face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM RETAIL GRAINS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Consumer sentiment is fickle and in flux, driven by on-going demonisation of carbohydrates in the media - Significant segment of the market sold into foodservice (e.g. catering companies); these are fragmented and costly to serve	- East & South East Asian cultures have completely different grain usage and pathways; Middle East more similar - Market demand for new, trendy ancient grains limited as a percent of total market across most countries
Scale	- Significant investment by majors in automated packaging production processes - Number of large and very large grain handlers in WA - WA retail ready specialty grains industry is currently small	- Large scale retail grain packers and marketers in place across all markets; simple line extension for many (e.g. rice > quinoa) if demand grows significantly
Comparative Advantage	- Australia is a major wheat exporter accounting for ~10% of trade - WA generates about 50% of Australia's total wheat production with more than 95% of this exported, predominantly to Asia and the Middle East	- WA is a low cost grain producer with significant comparative advantage relative to key markets across South East Asia and the Middle East
Proximity to Markets	- Well positioned to supply regional Western Australian market	- Well located to supply South East Asia, the Middle East and East Asia
Barriers to Market	- Products are relatively bulky	- Lack relationships with key regional retail accounts - Some process and treatment challenges to get grains into some markets

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM RETAIL GRAINS CATEGORY

2016

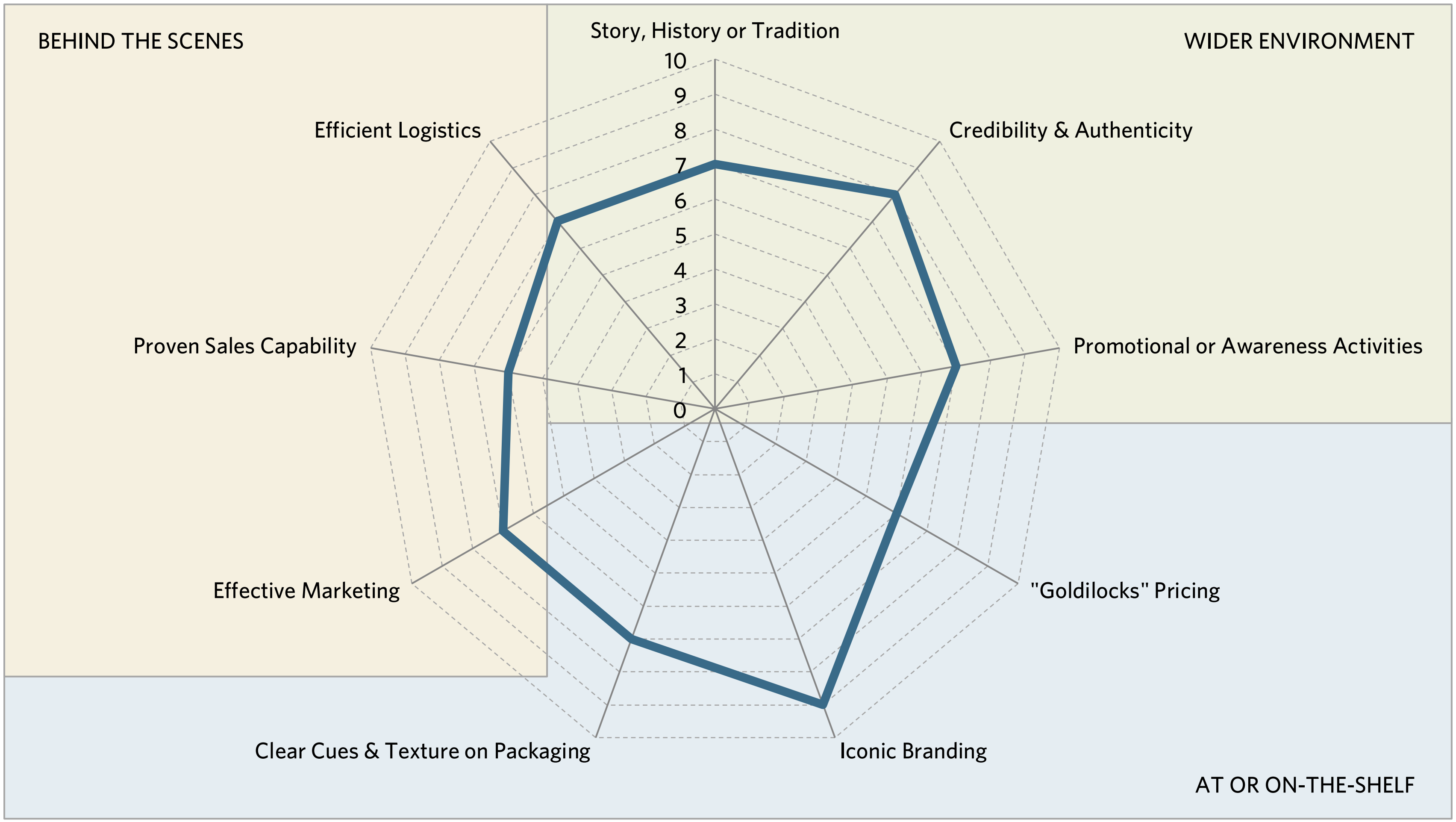
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- Small scale operations require limited capital, however scale up can be capital intensive (factory, trucks) - Funds required for extension into new categories; highly branded category	- Exporting can require significant cash flow to fill pipeline
Marketing	- Category is highly competitive at retail, with lots of brands and products on the shelf; success requires strong branding and clear messaging - Necessary to relay the functional benefits and uses of grains - Research required to support health claims on pack	- Chia moving into high value export markets (e.g. USA)
Packaging	- Few challenges with packaging - Longer shelf life requires more expensive packaging	- Significant success in export markets will likely require more expensive packaging
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in WA specialty grains	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category beyond Chia (e.g. quinoa)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Premium grain producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: PREMIUM GRAINS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium chilled pasta is a growing segment emerging across multiple markets

PREMIUM CHILLED PASTA CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

AUSTRALIA

NEW ZEALAND

CANADA

UNITED KINGDOM

Premium chilled pasta is on-trend and a growing phenomenon globally

"Despite more noise about gluten free and low carb diets, the [UK] pasta market is in rude health with value and volumes growing over the past year... Brits are whipping up their own sauces from scratch, further impacting on the market... Tomato-based cooking products such as canned tomatoes and puree have seen a combined volume growth over the past three years"

The Grocer

"Carbs – they are every dieters nightmare, but it seems we simply can't resist them, as new research from Mintel highlights Britain's insatiable appetite for pasta, rice and noodles. "

MINTEL

"Pasta is a staple ingredient in the United States. It is versatile for making both comfort and gourmet dishes... Since 2009, there were many new products launched with convenient and easy-to-cook options. This encouraged manufacturers to introduce various chilled/fresh pastas featuring diverse flavours... Manufacturers are producing such options as organic, gluten-free, fortified, and enriched, while exploring other grains to diversify their offerings. This demand for innovative products, such as alternative grain pasta, has contributed to value sales performance."

Agriculture and Agri-Food Canada

"Chefs and cooks across Canada are reinventing traditional pasta... recipes and preparation methods with contemporary Canadian ideas... Leading restaurants are creating more craveable Italian fusion fare by adding indulgent ingredients and bold flavours to pasta dishes... But diners still expect more... Technomic's 2014 "Canadian Healthy Eating Consumer Trend Report"... shows gluten-free is the preeminent health claim at the Top 250 chain restaurants and is also the fastest-growing health claim at leading limited-service restaurants. "

FOODSERVICE AND HOSPITALITY

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

MANCINI™ the fresh pasta.

I Pastai TASTE & TRADITION

GR

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian pasta sales are concentrated in retail and foodservice

ESTIMATED MARKET SIZE BY CHANNEL: AU PASTA

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail	$440-460m
Wholesale (on to retail and foodservice)	$120-140m
Foodservice	$80-100m
Export	$30-50m
TOTAL	$670-750m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU PASTA

A$; m; 2015

PRELIMINARY
NO CHILLED PASTA-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
New Zealand	$10-20m
South Korea	$15-20m
Taiwan	
Hong Kong	
China (including grey market via Hong Kong)	
Other	$5-10m
TOTAL	$30-50m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Chilled pasta has a streamlined supply chain designed to deliver the product to consumers rapidly

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – CHILLED PASTA CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic packaging - Labels - Cardboard packaging - Cardboard carton outer KEY INGREDIENT(S) - Water - Flour - Meat - Vegetables - Salt - Spices , other flavours and seasonings - Additives - Preservatives	- Can be produced at a range of scales - However, large processors exist at scale - Product requires strong food safety systems	- Requires refrigerated distribution - Typically flows through wider refrigerated wholesale distributor system (e.g. supermarket chain own trucks) - Distribution to chain operators (retail and foodservice) highly consolidated - Distribution to independents, small stores and non-chain foodservice more fragmented	- Supermarkets the key channel - Expectations of 2-4 deliveries per week - Minimal amounts through convenience channels - Smaller independents and specialist delis, etc. generally buy through wider ranging wholesalers	- Most (~75-80%) of industry is fragmented independents - High end foodservice make their own - Mid market present some opportunities for everyday premium - QSR/fast food driven by price

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Relatively short shelf life makes cool chain control and rapid distribution critical	- Have own grain based noodles - Western pasta is a niche/novelty items outside Western foodservice across most markets (excluding Japan)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM CHILLED PASTA CATEGORY

2016

"We stock a few brands that sell well. Our customers really recognise the difference between dry and fresh pasta."

Co-owner, retailer, Perth

"We make our own meals including pasta meals. We are reconsidering our range. I think we will stock less brands as we produce more ourselves."

Owner, up-market retailer, Perth

"There is growth in the freshly made pasta category. There is opportunity here."

Independent retailer, NSW

"There is an opportunity for premium pasta with the associated premium topping/flavouring."

Manager, retailer, Perth

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – PREMIUM CHILLED PASTA CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Mixed trend messaging; category is somewhat on-trend and growing - Category is ranged across most retailers - Most consumers buying dry; clear opportunity to grow category through "trade up to fresh", with capacity for unique flavours	- Wide range of competitors; many regional - Singapore presence of large brands (San Remo, Buitoni, Food for Friends)	- Retailers expect a 35-50% margin, depending on velocity (more for slower moving ranges) - Retailers need higher margins to make up for higher wastage and lower velocity and expect a 50%+ margin, depending on packaging form - Product is regularly promoted; promotions typically involve 30%+ reduction in retail price - Markdowns of close to expired product are common	- Product is refrigerated and highly perishable - Refrigerated/perishable requires strong cool chain management - Maintaining correct stock levels highly challenging, due to need to balance in-stock position with spoilage/wastage - Retailers expect prompt returns/credits

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium chilled pasta, though with some headwinds

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM CHILLED PASTA CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income rich, time poor	- Very long term trend to reduced time in the kitchen & growth of foodservice - Time poor consumers looking for quick and easy meal solutions	- Chilled pasta meals are expensive relative to dry but good value relative to a meal out - Sell premium "restaurant equivalent" solutions
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- "TV Dinner for the modern era" - Need to fast follow trends in terms of varieties, cuisine-styles and current hot flavours - Create news through edgy flavours (e.g. Camel & Kakadu Curry ravioli)
"Fresh" emerging at retail in high end retailers	- While shelf-stable pasta requires scale, refrigerated can be produced at much smaller scale - Regional WA premium, small-batch refrigerated suppliers have emerged	- New market entry by small scale producers possible - Small scale producers often offer a proliferation of varieties (too many?)
Evolving nutrition concerns	- Changing popular concerns around diet and obesity - Mixed messages on fat in the media - Some consumers appear to be eating "less but better" - Constant emergence new diets: "caveman," paleo, etc.	- Fair to say traditional pasta has some headwinds from some segments of shoppers - Need to stay on forward edge of international food and diet trends

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM CHILLED PASTA CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
General Mills; Latina fresh; Pasta Master	- Parent is multinational grain-based food manufacturer; US$16.6b (16); 39,000 emp. - AU brands include Old El Paso, Nature Valley, Latina Fresh & Betty Crocker; 400 emp. in AU - "Created" the AU fresh pasta category in 1989 - Pasta range includes gluten-free, filled, deli-inspired, kids and a range of refrigerated sauces - Acquired Pasta Master in 2011; merged - Expanded chilled meals factory in Mt. Waverley in 2012/13; created 40 new jobs - Stocked in Coles, WWX, IGA and others
Simplot; Leggo's	- Founded by Hentry Leggo in Bendigo - Acquired by french fry producer Simplot (USA) - Predominantly produce tomato based sauces - Expanded into chilled pasta - More limited range than Latina - Stocked in Coles, WWX, IGA and others
Bacci's Fresh Pasta; il Pastaio; Red Ass	- Founded in 1986 in pasta shop in Sydney - Range now includes: fresh pasta, meals & sauces - Expanded into Mexican (burritos, etc.) - Stocked in Harris Farm, IGA and others

FINDINGS DRAWN FROM COMPARISON

- Key Australian dry pasta firms were unable to make the transition to refrigerated fresh (different skill set? Lack of vision?)
- Supermarket refrigerated pasta dominated by two large firms (General Mills, Simplot) targeting the mid-market
- No clear national leader in premium chilled pasta meals; market gets highly fragmented and regional
- Opportunity clearly exists for WA firms to build a premium position

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium chilled pasta faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CHILLED PASTA CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Total pasta flat to declining overall; refrigerated pasta growing into a static markets, driven by a quality/convenience offer to consumers	- Asia invented grain-based noodles; Coal-to-Newcastle? - Need clear point-of-difference and messaging
Scale	- Larger firms already in category with national distribution - WA firms small relative to large national leaders, need to scale up	- Some Australian and European competitors already in market (particularly in Singapore)
Comparative Advantage	- WA produces all major ingredients; particularly strong in grains	- WA is a major exporter of grains
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia, with refrigerated product
Barriers to Market	- Supermarket duopoly already stocked with suppliers - Achieving strong distribution across numerous small accounts	- Chilled product where market power rests with distributors with refrigerated truck on the road (e.g. dairy firms)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM CHILLED PASTA CATEGORY

2016

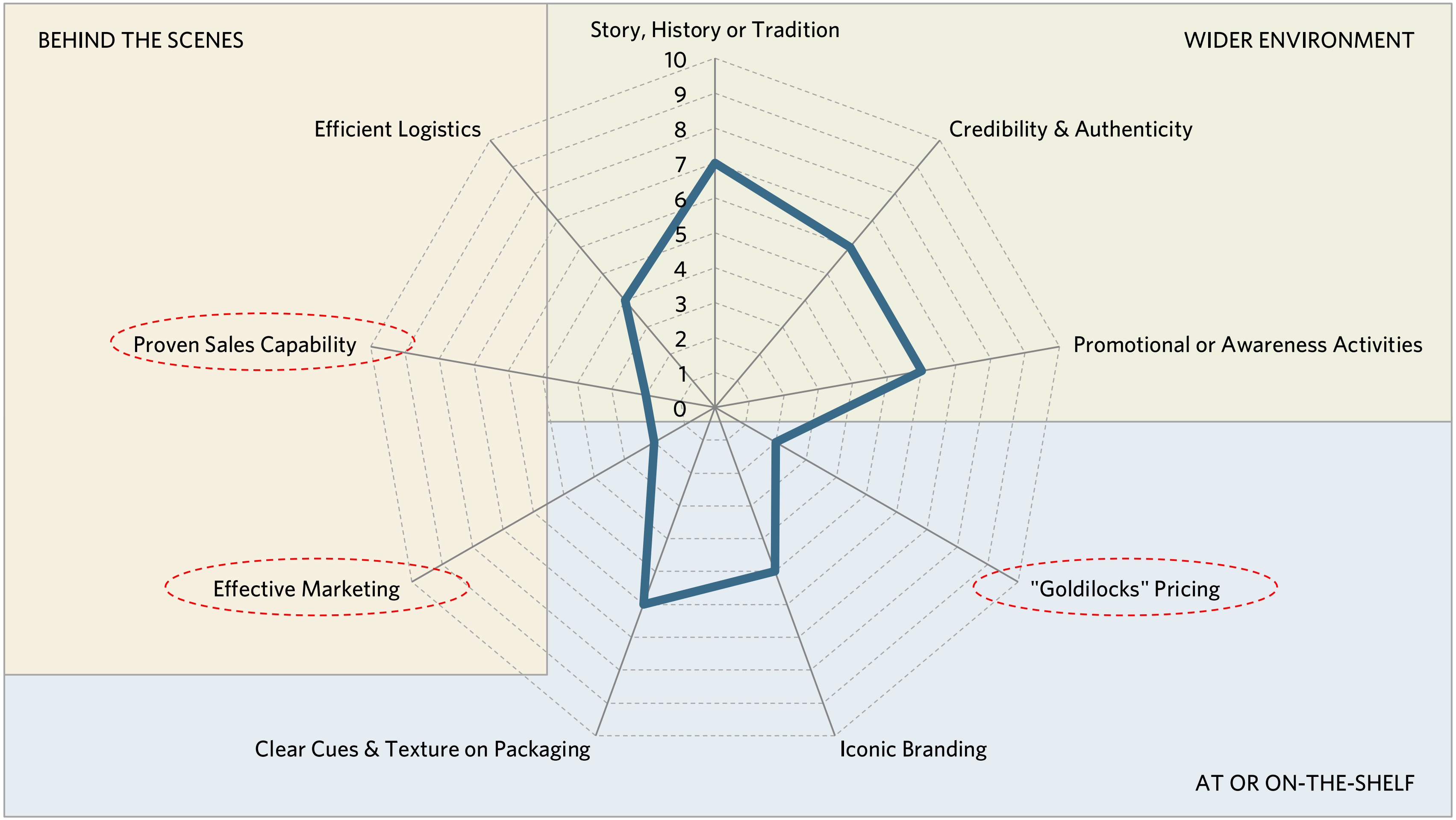
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing (the key channel)	- Small WA producers lack in depth knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital - A range of larger, well-funded WA firms could enter the category; category particularly suits firms with refrigerated distribution systems in place	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Category is "meal-solution" with either pantry stock or impulse characteristics; required constant consumer prompts for awareness - Appeal to in-store meal decision making	- Difficult to achieve any marketing cut through beyond "at shelf" - Need clear, targeted messaging on pack
Packaging	- Industry growth has been driven by new packaging forms; new equipment can be expensive - Constant, on-going flavour innovation requiring new labels; cascading impact on wastage, returns and inventory; range churn	- Refrigerated relatively small category - therefore low velocity per store per week – though growing
Willingness of stakeholders to collaborate	- Interest expressed by retailers interviewed - No interest in foodservice	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Chilled pasta producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: CHILLED PASTA

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium olives/marinated vegetables is an emerging segment across multiple markets

PREMIUM REFRIGERATED OLIVES/MARINATED VEGETABLES CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

CANADA

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Premium olives/marinated vegetables is on-trend and a growing phenomenon globally

"Feasting on light bites of food has become a dining trend… Antipasti are getting really popular. People feel very comfortable feasting on a selection of different dishes… High street restaurants like Zizzi have an extensive antipasti menu, Marks & Spencer produces a ready-made "antipasti platter", and many notable eateries, like Polpo in London, are placing an increasing emphasis on small dishes… In northern Italy you get cicheti, small savoury mouthfuls ordered one by one. Spanish food has been served this way for a very long time. In Greece they have mezze, and there is a similar style of eating throughout the Mediterranean and parts of north Africa."

The Telegraph

"Antipasti and olives, once considered posh people's nibbles, have surprisingly become one of Britain's fastest growing culinary trends on the back of the ever-growing love for Italian food and Italian recipes. In the last year demand for the starters has taken off with sales rising by 42% across all UK retailers in a market worth £38m. At Tesco, antipasti and olives, in particular the dressed variety, have become the fastest growing foods on its deli counters. So great is the UK's appetite for olives that the supermarket now sells 16 different varieties having more than doubled its range in the last year."

TESCO realfood

"Tapas combine ethnic flavors and plate-sharing to create today's hottest [U.S.] fine-dining trend. Tapas are a little bit like Kleenex, which began as a category-defining brand but is now often used generically. While tapas are Spanish, the food term has become synonymous with virtually all small plates regardless of culinary origin. Blame it on fusion cuisine, which has blurred boundaries while being embraced by consumers who are looking for delicious dishes that satisfy their palate no matter what the food's roots."

FSR

"Whip up simple and elegant appetizers with one of these delicious antipasto recipes including platters, mixed olives, marinated feta, arancini or even a breakfast antipasto plate."

taste.com.au

Source: various industry websites; Coriolis analysis

Western Australia has a number of firms succeeding in the category, though all are currently shelf-stable rather than in the premium refrigerated segment

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Drummonds View
Olive Grove

Olio Bello™

Eagle Vale Olives
Your Healthy Indulgence

The wider Australian olives/marinated vegetables category is robust and sells predominantly through foodservice and retail; exports currently minor

ESTIMATED MARKET SIZE BY CHANNEL: AU OLIVES/MAR.VEG.

A$; m; 2015

PRELIMINARY
INCLUDE BULK IMPORT/REPACK
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail	$70-100m
Foodservice	$180-200m
Export	$2-3m
TOTAL	$250-300m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU OLIVES/MAR.VEG.

A$; m; 2015

PRELIMINARY
NO OLIVES/MAR. VEG.-SPECIFIC TRADE CODE EXISTS
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
New Zealand	$1-2m
United Arab Emirates	$1-2m
Other	$1-2m
TOTAL	$2-3m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Olives/marinated vegetables has a clear, simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – OLIVES/MARINATED VEGETABLES CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass jars - Plastic packaging (pouch or tubs) - Labels - Cardboard packaging - Cardboard carton outer KEY INGREDIENT(S) - Olives - Vegetables - Oils - Vinegars - Salt - Seasonings - Cheese - Wide range of other ingredients - Preservatives	- Processing, mixing and blending production process can be "fiddly" and complex without automation (e.g. stuffed peppers) - Can be produced at a range of scales - Product requires strong food safety systems	- Product can be shelf-stable or refrigerated - Other markets (e.g. UK) suggest premium will transition to refrigerated distribution - Typically flows through a wide range of wholesale distributor, including significant volumes through import specialists (e.g. "Mediterranean Foods" type operators)	- Supermarkets are the channel - Strong sales through delis and specialty food stores - Expectations of 1-2 deliveries per week	- High end restaurants are key uses of premium/specialty - Mid market present some opportunities for everyday premium, but are price driven

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product moves through one or more layers of wholesaler to retailer	- Niche/novelty/specialty outside highly Westernised markets

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates a need to tell a good story and differentiate products from deli lines and imports

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – PREMIUM OLIVES/MAR.VEGETABLES

2016

"This is a pretty consistent category. There are not many strong brands in the store. I'm not sure how important local is in this category."

Co-owner, retailer, Perth

"This is quite a hard category for us, because we have our own deli. The issue we have with many local suppliers is they are too expensive."

Manager, retailer, WA

"[In Asia] the Italian thing is really taking off!... In export markets, we have been able to gain leadership in areas due to the complete range of condiments and preserved vegetables (antipasto lines) that we offer to the western style hotels, airlines, caterers and restaurant/café trade and it shows that western foods – particularly Italian and Mediterranean foods - are experiencing a tremendous growth in Asian markets."

Mimmo Lubrano, Sandhurst Fine Foods, Dec 2010

"Olives, sundried tomatoes, marinated vegetables – they will always be staple ingredients for us, but we look for good quality versions."

Chef, large restaurant, WA

"This is a steady category for us. It needs more innovation."

Manager, retailer, NSW

"There is not a huge range of this category in Singapore. Its hard to compete with the Europeans. There is opportunity for something different."

Owner, retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – OLIVES/MAR. VEGETABLES CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is growing - Retailers are increasing range, both on shelf and in their in-store delis - Consumers are promiscuous and adventurous in the category; will buy unknown brands - Increasing usage, trading up, seeking healthy options	- Competes with in-store deli in many retailers - Category is growing and new entrants continue to emerge - Pricing is competitive and imports from Italy, Spain or Greece typically dominate “everyday premium” - 30-40% of shoppers buy on price amongst acceptable quality brands - Singapore supplied by bulk import firms (Red Gum), large EU companies (Vlasic, Knax, Waitrose) and specialists (Epicure, Maison Therese)	- Retailers expect to make 25-35% margins - Category is regularly, though not constantly, promoted	- Despite long shelf life, stock rotation a challenge; always too many slow moving lines crowding the shelves - Regular markdowns in category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of premium olives/marinated vegetables

NATIONAL TRENDS IN PRODUCT CATEGORY – PREMIUM OLIVES/MARINATED VEGETABLES CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Need to be both different and authentic - Premium olives/marinated vegetables are not commodities; they can be strongly differentiated, particularly through unique flavours and ingredients (e.g. bush foods)
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Income available to buy premium olives/marinated vegetables if it is a priority	- Demand will be concentrated in high income areas
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Consumer seeking connections with food or to re-connect with the land - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing where, how and by whom their food is produced	- Segment of consumers seeking "real," "authentic" food made by local, craft producers - However, the challenge is competing with more "authentic" traditional European suppliers - Need for a "New World" style, as happened in wine; be different, not the same
Casual lifestyles, socialising, BBQ, small plates, healthy snacking	- Busy lifestyles, changing nature of work, increased responsibilities; extra burden to cater for these constant events - Constant search for premium, healthy, "guest-ready" solutions in a fussy modern world (healthy? vegetarian? gluten free?)	- Premium olives/marinated vegetables are a solution to this common modern challenge - Opportunities for wine matching
Category innovation driven by packaging	- Australian suppliers behind Europe in providing newer, more appealing refrigerated display packs of premium olives/marinated vegetables	- History suggests embracing new forms of packaging likely the best path for new category entrants

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – PREMIUM OLIVES/MARINATED VEGETABLES CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
SANDHURST	- Founded in 1988 by Italian immigrants Vince & Geraldine Lubrano in Melbourne - Focus on traditional Italian antipasto products, olives, oils and vinegars; 700 SKUs; 30 staff - Process AU ingredients and repack imports - Foodservice 75%; retail 25% - In all major chains and many independents - Opened retail outlet: "Sandhurst to Go" - Exports to New Zealand, Singapore, Hong Kong and other markets in Asia
PENFIELD OLIVES	- Founded in 1996 by Dimitrios Kafantaris in SA - Family-owned and family-operated, - Grow, cure and produce a range table olives, including Kalamata, Green Jumbo and Wild - Jars & foodservice pails; whole, slices, pitted, stuffed and olive oils - Supply retail and foodservice - Stocked in Harris Farms and independents
Sun Rice; Riviana; ALWAYS FRESH	- Started in 1977; contract packed/repacked Mediterranean foods - Now owned by Riviana Food itself Sun Rice - 100+ SKU; wide range of pickled veg, olives, antipasto, relishes, dips, etc. - Specialise in "bringing classic and emerging international tastes and trends to the tables of Australia" - Recent rebranding (2016); new logo/packaging

FINDINGS DRAWN FROM COMPARISON

- There are two models in category: (1) land/asset heavy olive grower or (2) asset light gourmet food importer
- All a mixture of Australian and imported ingredients
- Need to stay on top of food trends
- Most of the volume moves through foodservice (~75% for Sandhurst)
- Chefs and foodservice drive awareness, trial and acceptance; products then migrate to retail
- As products mature, supermarket store brands move in to the segment

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian premium olives/marinated vegetables faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM OLIVES/MARINATED VEGETABLES CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Indications of continued growth in premium olives/marinated vegetables - Well accepted usage at social events and with guests - Potential to grow usage in restaurants and cafés, particularly through call out of local/regional supply on menu	- Premium/specialty olives/marinated vegetables category small but growing - Market currently favours premium heritage European products and brands
Scale	- Current producers mostly small and likely undercapitalised	- European heritage brands in the market have higher scale and lower costs; WA exporters will need to be differentiated
Comparative Advantage	- WA produces most key ingredients - WA has a strong olive industry	- Olives not a major crop in Asia; demand filled through imports
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Delis and premium foods specialists a key channel, though fragmented and often wedded to imported (e.g. Italian) - Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply - High end restaurants and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels and most other channels sell almost no olives/marinated vegetables	- Supermarkets and a relatively limited number of European deli type specialists are most of the market in Asia - Market power rests with distributors

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – PREMIUM OLIVES/MARINATED VEGETABLES CATEGORY

2016

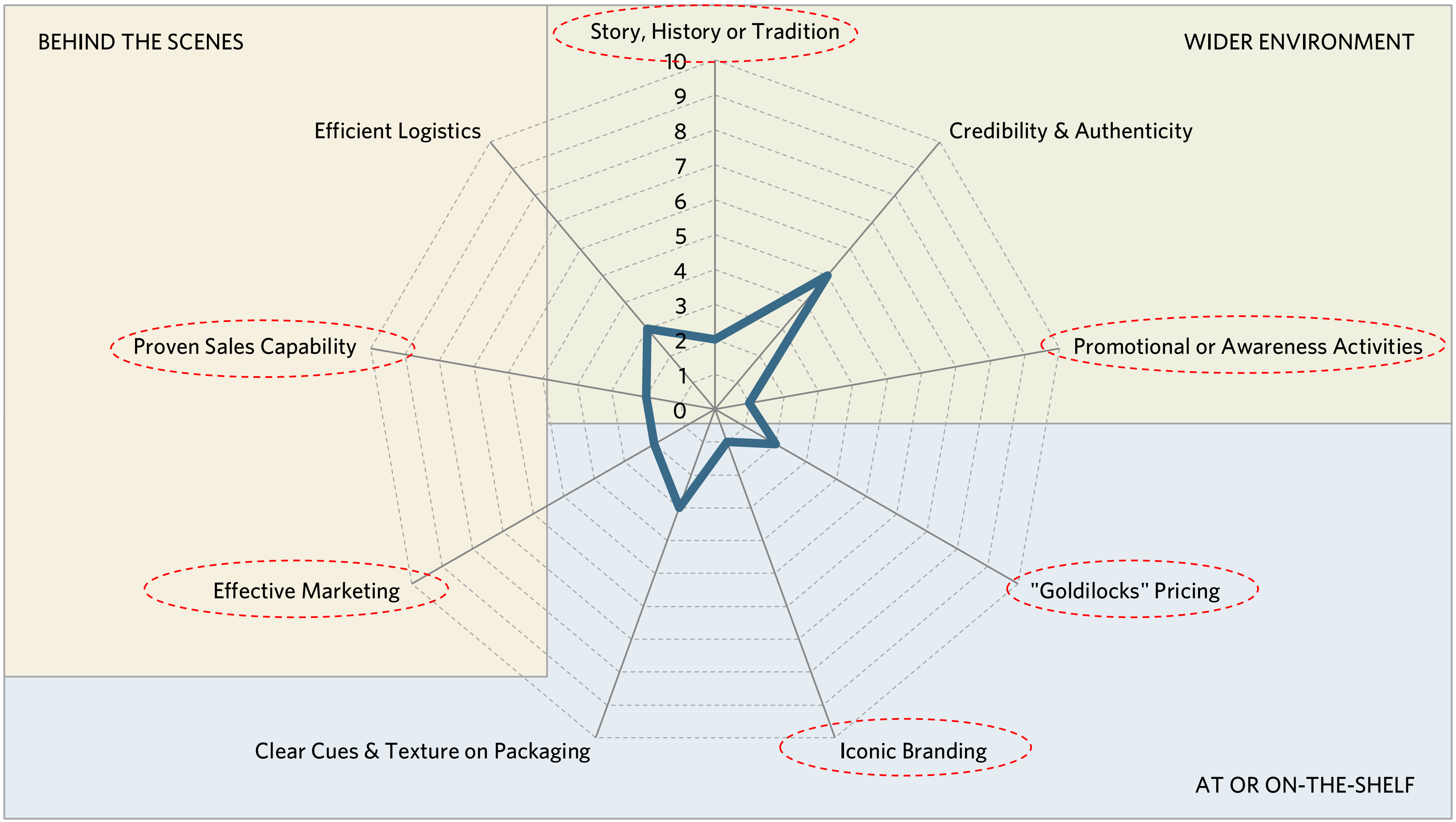
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing smaller producers appear to lack significant capital to support scale up for national and export growth	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Social media and in-store demos are key communication channels for premium producers	- Difficult to achieve any marketing cut through beyond "at-shelf"; therefore packaging needs to immediately communicate clearly
Packaging	- Industry is relatively staid and conservative, with little packaging innovation; packaging further advanced in other markets (e.g. UK) - New packaging equipment can be expensive	- Most Asian export markets appear to favour traditional presentation and packaging
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in new innovative premium olives/marinated vegetables - Some expressed concerns with premium products that would compete with their own in-store deli offer	- Low apparent awareness by in-market stakeholders of WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Olives/marinated vegetables producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: OLIVES/MAR. VEGETABLES

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Premium fermented foods are a premium segment emerging across multiple markets

PREMIUM FERMENTED FOODS CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Fermented foods are on-trend and a growing phenomenon globally

"With research from a recent physiological study suggesting that fermented foods including yogurt and pickled vegetables could help to treat anxiety, it is clear that, for our health interests alone, fermentation is here to stay... Try some hipster-friendly sauerkraut at Anglo-Austrian restaurant Boopshi's or swing by award-winning bar Artesian at The Langham hotel for a cocktail with gin, carrot and kombucha (fermented tea).Funky foods aren't just a fad, they're fast becoming a staple of London's food scene - not to mention in homes all over the country; crossing cultures and cuisines without a care in the world. "

The Telegraph

"Fermenting is the new food trend. Fermented foods are back in fashion. Worth more than $23 billion [*all fermented foods, including dairy and beer*] and on the rise, good bacteria is not the only thing growing from the fermentation process. "

The Sydney Morning Herald

"The health benefits of fermented foods are being reported on increasingly, with western consumers widely opening up to new concepts. Consumption of fermented foods can be traced back thousands of years, if not longer, but it seems in 2016, buoyed by new product developments and consumers' heightened awareness of the negative perceptions of processed foods, fermented foods are to establish themselves as a major food trend... Fermentation is part of one of the top products trends for 2016: Processing the natural way."

food ingredients 1st

"From kefir (fermented milk) to sauerkraut (fermented cabbage), miso paste (fermented soybean) and Korean kimchi (fermented vegetables), a love affair of live cultured food and drink has begun as health-conscious consumers buy into the supposed health benefits these products provide. While the trend remains hot, budding food and drink entrepreneurs are advised to consider starting a business in the fermented market"

startups

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Australian fermented foods are a relatively small category at this point in their evolution; sales mostly in retail

ESTIMATED MARKET SIZE BY CHANNEL: AU FERMENTED FOODS

A$; m; 2015

VEGETABLE BASED ONLY
INCLUDES REFRIGERATED & SHELF STABLE

PRELIMINARY
EXCLUDES IMPORTS
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail	$5-10m
Foodservice	$3-5m
Export	$0-1m
TOTAL	$5-15m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU FERMENTED FOODS

A$; m; 2015

PRELIMINARY
NO FERMENTED FOODS SPECIFIC TRADE CODES EXISTS

Export Destination	Estimated FOB market size
New Zealand	$0-1m
Other	$0-1m
TOTAL	$0-1m

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Fermented foods have an emerging supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – FERMENTED FOODS CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass jars (recyclable) - Plastic packaging (pouch or tubs) - Labels - Cardboard packaging - Cardboard carton outer KEY INGREDIENT(S) - Cabbage - Ginger - Carrot - Sweet potato - Peppers - Other vegetables - Vinegars - Salt - Turmeric and other seasonings - Bacteria (specific strains) - Wide range of other potential ingredients	- Processing, mixing and blending production process can be "fiddly" and complex - Can be produced at a range of scales - Product requires strong food safety systems due to use of bacteria and potential for contamination/cross-contamination	- Product can be shelf-stable or refrigerated; premium is all live and therefore all refrigerated - Premium uses refrigerated distribution - Typically flows through a focused refrigerated wholesale distributor	- Organic food stores, gourmet food stores and independents are the key channel currently; multiple local brands stocked - Yet to penetrate AU chain supermarkets; well ranged in leading UK retailers suggesting a strong future - Expectations of 1-2 deliveries per week	- High end restaurants are key either make their own or uses of premium/specialty - Mid market present some opportunities for everyday premium, but are price driven

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product has limited shelf life if live; may require in market processing (?) - Refrigerated product moves through one or more layers of wholesaler to retailer	- Many East Asian markets have their own fermented foods; "coal to Newcastle "problem in these markets - Niche/novelty/specialty opportunities in UAE, Hong Kong and Singapore

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – FRESH FERMENTED FOODS CATEGORY

2016

"Fermented foods were flying out the door last year. They are still steady this year. Its all about gut health."

Owner, Organic retailer, Perth

"We have a good fermented foods range. Having a variety of flavours is important, something that tastes unique."

Manager, Organic retailer, Perth

"Gut health is really influencing the fermented food category. Its still popular."

Store manager, chain retailer, Perth

"Fermented food is a growth market. They do need to be careful about some of the health claims being made though."

Independent retailer, NSW

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – FRESH FERMENTED FOODS CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is small, though growing strongly off a low base - Retailers are increasing range - Brand and category leaders have yet to emerge - Unknown to most consumers; mostly “health nuts and foodies” with knowledge of probiotics - Category consumers are promiscuous and adventurous in the category; will buy unknown brands - Increasing usage by loyal shoppers; new shoppers entering category with publicity	- In transition from old-style dead, no bacteria shelf-stable jar to active/live/chilled fresh products - Fresh/live is very under-developed category in early stages of growth - Penetration and frequency through awareness and trial they key issues currently, not price - Category is growing and new entrants continue to emerge - Welcoming environment for new entrants	- Retailers expect to make 25-35% margins - Category is not promoted on price; key objective is awareness and trial; strong demand for in-store demonstrations - Foodservice are price sensitive as mid/high end operators can make their own relatively easily	- Product is highly perishable; packages swell, leak, break and go off regularly - Stock management and rotation a key issue - Returns and prompt credits are expected - Regular markdowns in category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of fermented foods

NATIONAL TRENDS IN PRODUCT CATEGORY – FRESH FERMENTED FOODS CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income is generally correlated with education and inversely correlated with obesity; educated consumers more likely to follow food trends (e.g. paleo) - Income available to buy trendy foods featured in magazines	- Demand will not be equally distributed across all areas or regions - Demand for high price, premium fermented foods will be more concentrated in high income areas
Growth of interest in "real," healthy, natural foods as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns around gut health and gut bacteria	- Positioning of gut bacteria as the "forgotten organ" - Growing demand for a wide range of products that improve "gut health" (yoghurt, probiotics, prebiotics, kombucha, lacto-fermented pickles) - Emergence and promotion of "caveman diet," paleo, coeliac, gluten free, etc.	- Wider "gut health" concern appears valid and sustainable into the future - Fermented food sector growing rapidly - Sector experiencing on-going waves of product innovation in response to changing consumer perceptions, trends and fads
Growth of vegetarianism and veganism	- 11.2% of AU population is vegetarian; knock on effect on household habits - Many of these shoppers are also in the LOHAS segment (lifestyles of health and sustainability), the prime segment for organic buyers	- Fermented foods are "yoghurt for vegans"
Demand for "natural" or "fresh" "local" product with no preservatives	- Growing segment of consumer seeking to reduce their consumption of processed foods containing preservatives ("clean labels", "no E numbers") - Growth in purchases of "simple, natural" snacks such as seed and nuts	- Clear support for fresh WA fermented foods - May prove challenging to export refrigerated products full of live bacteria

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through cooperation, passion and focus

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – FRESH FERMENTED FOODS CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
Peace Love & Vegetables	- Founded in Byron Bay by Adam & Anya - 100% organic; sustainable; vegetarian; live and raw - Produce sauerkrauts, cashew cheese and kefir - "If you look at the ingredient list on any of our products you will see that the first ingredient is Love Particles" - "Started out with a dream to provide and integrate holistic and healthy products into everyday life" - Add "medicinal herbs and spices as well as locally grown native Australian bush foods"
Foley's Frothing Fermentations	- Founded by Margot (chef) & Tim Foley - Located in Dunsborough, WA - Range includes raw sauerkraut, turmeric kraut, raw beet kraut, raw kimchi - "Fresh raw organic vegetables are fermented in traditional German crocks, allowing the proliferation of natural enzymes and lactobacilli" - Recently added gut shots range - Sold in WA, SA and VIC, primarily through organic/health stores

FINDINGS DRAWN FROM COMPARISON

- Category is strongly on trend
- Industry is early stage in Australia
- True believers, idealists and dreamers, rather than corporate multinationals
- Both appear to be realising strong growth
- Signs of a shift to more consumer friendly and convenience packaging (e.g. gut shots), similar to chia going from bagged seed to RTE puddings
- Clear low hanging fruit available from fast following international leaders (particularly in the UK)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian fermented foods faces a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – FRESH FERMENTED FOODS CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Small/low but growing rapidly	- Many East Asian markets have their own fermented foods; "coals to Newcastle "problem in these markets - However, significant food scares in Chinese kimchi (including parasitic eggs from human waste and excessive lead) - Niche/novelty/specialty opportunities for Western products in UAE, Hong Kong and Singapore - Presence of UK brand, Laurie's on shelf in Singapore
Scale	- WA firm is #2 in the fresh/refrigerated segment of the category - Further growth will require capital	- Large producers of traditional fresh fermented foods will have scale (e.g. 2m t/year of kimchi made in South Korea)
Comparative Advantage	- WA produces cabbage and all other major ingredients	- WA is a major exporter of carrots and other vegetables to the high-income, developed countries of Asia
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia, with refrigerated product
Barriers to Market	- Supermarket duopoly always a challenge - Achieving strong distribution across numerous small accounts	- Chilled product where market power rests with distributors with refrigerated truck on the road (e.g. dairy firms)

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – FRESH FERMENTED FOODS CATEGORY

2016

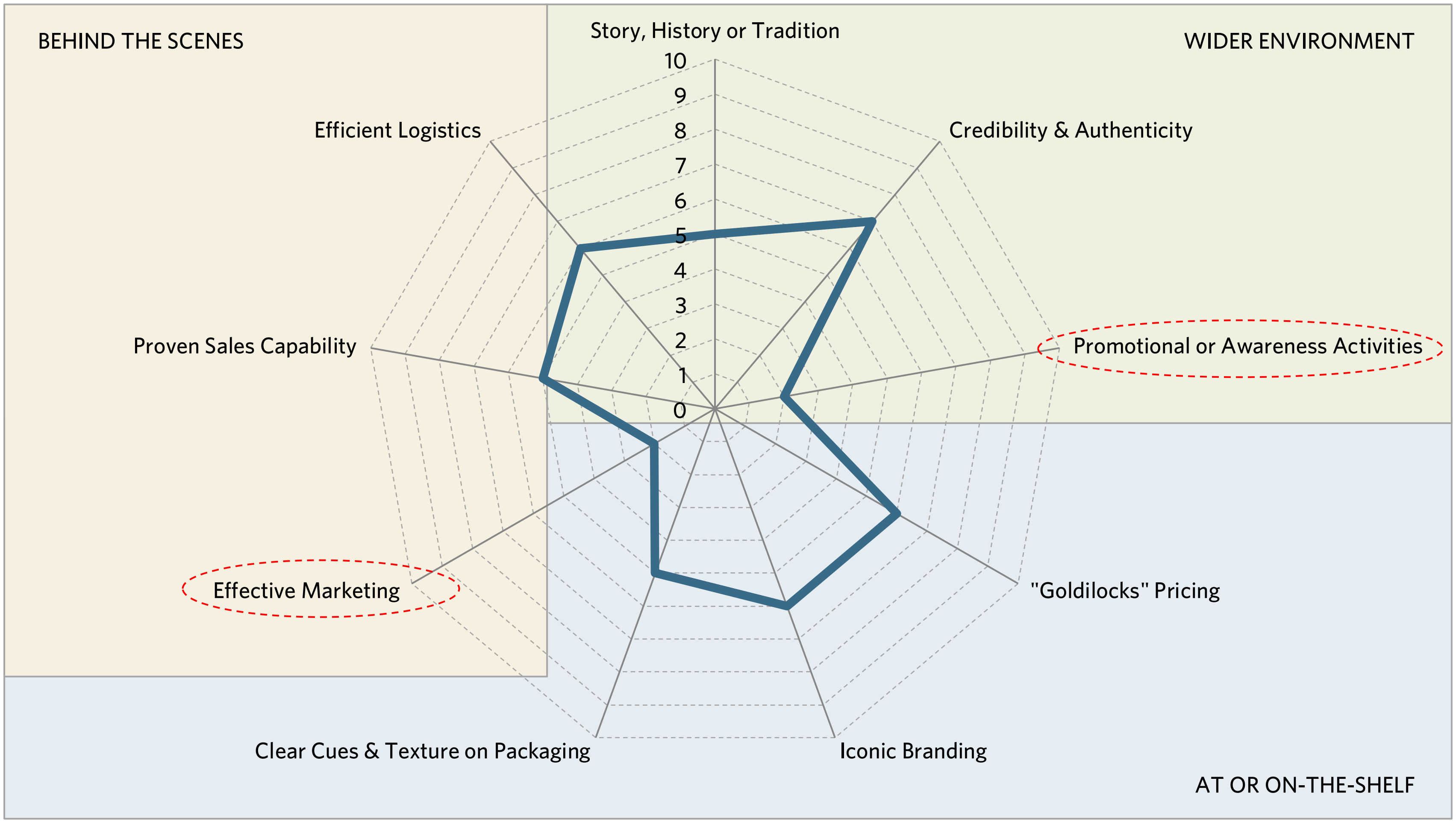
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing (the key channel)	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing small producers appear to lack significant capital - A range of larger, well-funded WA firms could enter the category; category particularly suits firms with refrigerated distribution systems in place	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Category is still in its infancy and needs strong promotion and marketing to build awareness and trial	- Difficult to achieve any marketing cut through beyond "at shelf" - Need clear, targeting messaging on pack
Packaging	- Industry growth has been driven by new packaging forms; new equipment can be expensive - Appears need for innovation around product form and packaging	- Refrigerated relatively small category - therefore low velocity per store per week – though growing
Willingness of stakeholders to collaborate	- Interest expressed by retailers interviewed	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Fermented food producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: FERMENTED FOODS

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Nut butter is a hot segment emerging across multiple markets

NUT BUTTER CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Nut butter is on-trend and a growing phenomenon globally

"Nutty about the new butters! Forget peanut butter. From almond to coconut, hazelnut and cashew sales are soaring because of their health benefits. Peanut butter aside, nut butters used to be for the serious health brigade only. I remember going to a smart spa a few years ago and being presented with a little pot of cashew nut butter as though it were from Mars. Now you can buy almond butter, cashew nut butter, and even almond and coconut butter in your local supermarket, and retailers say sales are soaring in 2015 as shoppers realise their health benefits.

Daily Mail

"The good news is that all the leading grocery retailers are devoting more space to natural and organic foods, and nut butters in particular, added Adrian Reif. "The category is exploding. The [USA] natural nut butter is around $600m forecast to get to $1bn in 2018, and nut butters are one of the fastest growing categories in specialty foods according to the Specialty Food Association"

FOOD navigator.com

"Nut restrictions at schools and daycare centers are driving interest in alternative spreads, food marketing and retail experts say. More than a third of U.S. school districts ban certain foods, and 93% of those ban peanuts, according to a 2014 survey of 1,102 school districts by the School Nutrition Association...According to Netherlands-based Innova Market Insights, which tracks new products, the number of new cashew and almond butters is growing while peanut-butter launches are declining.

THE WALL STREET JOURNAL.

"Where once there stood just simple peanut butter, the shelves are now being filled with butters made from other nuts and seeds. First came almond and cashew butter, then hazelnut, followed by walnut and sunflower-seed butters. According to Sainsbury's, its sales of nut butters are increasing by 14% year on year...Pip & Nut is only a year old, but the company has grown shockingly fast: its products are already available in almost 1,300 stores in the UK. Pip & Nut told IBTimes UK that its turnover topped £600,000 in 2015 and is expected to increase to £2.5m in 2016 – that's an increase of more than 350%."

INTERNATIONAL BUSINESS TIMES

Source: various industry websites; Coriolis analysis

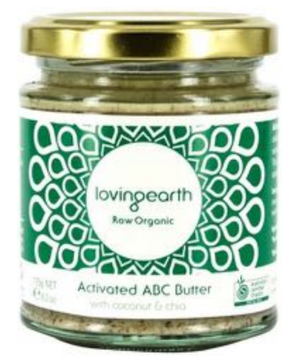
Nationally Australia has several high profile firms in nut butter; WA entered the category with Health Nut Foods in 2014

SELECT EXAMPLES OF AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

Western Australia

Australia



Australian nut butter is part of the larger jams & spreads market, a $210-240m market dominated currently by the retail channel

ESTIMATED MARKET SIZE BY CHANNEL: AU JAMS & SPREADS

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$210-240m
Foodservice	$20-30m
Export	$8-10m
TOTAL	$240-280m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU JAMS & SPREADS

A$; m; 2015

Export Destination	Estimated FOB market size
New Zealand	$2-3m
Singapore & Malaysia	$2-3m
Japan	$1m
Hong Kong & China	$1m
Other	$2-4m
TOTAL	$8-10m

** will include chain retail (scan universe) and independent, online, gourmet and other channels. Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Nut butter has a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – NUT BUTTER CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Glass containers - Labels - Cardboard carton outer KEY INGREDIENT(S) - Nuts (peanut, macadamia, cashew, almond, hazelnuts, etc.) - Salt	- Relatively simple crush, mix and blend process - Produced at a range of scales - Potential range of sizes, nut types - Potential to expand into “shots” or “slugs”	- Ambient distribution - Shipped direct to chain distribution centre - Smaller independents buy from regional wholesalers	- Health and organic stores growing range of differentiated and local offers - Supermarkets expect deliveries 2-3 times per week - Minimal through convenience channels	- Limited amount sold through foodservice

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Product moves through one or more layers of wholesaler to retailer	- Niche spread in non-Western markets (higher sugar and chocolate contents)

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – NUT BUTTER CATEGORY

2016

"Nut butters are really popular, they are doing great. We would love to see more."

Store owner, retailer, Singapore

"This is a great category. We are seeing a big growth in alternatives to peanut spreads."

Manager, Organic retailer, Perth

"It is a growth area from a small market. I can see the potential here."

Independent retailer, NSW

"Peanut butter is like vegemite, a home comfort. I could see different nut butters working at breakfast, with offering of different breads, like gluten free and specialty grains. We would make it in-house if we did that."

Chef, large restaurant, WA

"This is a great category. So much more innovative than it used to be."

Owner, retailer, Singapore

"The new flavours are showing good growth."

Manager, retailer, Perth

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – NUT BUTTER CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Overall category growing (population plus inflation) - Retailers increasing their range beyond (crunchy and smooth) - Consumers willing to try new and interesting flavours - Demand for high protein, "good oil" spread options	- Dominated by traditional peanut butter manufacturers (Kraft, Sanitarium); robust and growing other - Hazelnut dominated by "Nutella" and "Jif" - Strong recent growth of alternative nut butter brands; cashews, almonds, pecan - Significant category in Singapore, brand presence in multiple stores (Carley's, Pics, Meridian, Melrose, Whole Earth); Kaya (coconut, butter and sugar traditional spread, low price option)	- Retailers expect to make 25-35% margins on dry grocery - Category promotions between the dominant manufacturers	- Strong expectations of good systems and professionalism - Shelf-stable item is relatively forgiving through supply chain - Retailers expect regular deliveries and prompt credits - Long shelf life of product

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of nut butter

NATIONAL TRENDS IN PRODUCT CATEGORY – NUT BUTTER CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled “fear of food” through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing more about how their product was produced or have some connection with smaller producers	- Demand will be strong and sustainable among some consumer segments - Demand for local products - Website with information around source and manufacturing process
Growth of organic food as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability - Focus on the healthy oil components “high oleic” nuts
Evolving nutrition concerns	- Changing popular concerns around sugar and carbohydrate consumption - Growing demand for low/no sugar products and natural ingredients - Constant emergence new diets: “caveman,” paleo, etc. - Increase interest in high protein and high energy foods	- Nut spread category undergoing product innovation in response to changing consumer perceptions, trends and fads around healthy eating - more nuts and seeds, “good oils and fats” - Interest in healthy snacking

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through focusing on selling an on-trend product

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – NUT BUTTER CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
MAYVER'S – Better For You. Naturally	- Based in VIC - Established Healthfarm Fine Foods 2001 - Acquired tahini company in receivership (with products primarily into foodservice) - Entered with retail brand 2010 - A$20m sales 2014, 30 employees; 60% owned by Raff Family - Mayver's "Pure-state wholefoods" range of 9 spreads, total of 20 products - Pure and natural no additives, oils fats, sugar etc. - Entered into export markets Singapore, HK and Malaysia in 2016 - Contract pack for others (Planet Organic, Flannery's etc.) - Products stocked in Woolworth's, Coles and independent health stores
Ridiculously Delicious – 100% Australian Old Fashioned Peanut Butter	- Founded in QLD with standard super smooth and chunky crunch peanut butter - 100 growers of Kingaroy peanuts supply roaster - Crumpton G & Sons (shell, blanch, grade and roast) - Manufacturer, crushes, mixes, bottles, labels - Distribute to independent retailers throughout AU - Expanded in 2015 to flavoured peanut butter bars

FINDINGS DRAWN FROM COMPARISON

- Niche and smaller brands are driving the success of the category; larger brands trailing
- Product requires significant differentiation from major brands (flavours, combinations, claims)
- Able to gain production efficiencies by co-packing
- Long shelf life enables shipping, therefore opportunity to expand to East Coast and internationally

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian nut butter firms face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – NUT BUTTER CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Demand exists and is still growing, national alternative leaders establishing themselves in the category, but room for niche companies	- Clear niche position available for premium Western nut spreads with a clear story/message
Scale	- Barriers to entry are relatively low beyond regional/niche production - Firms (beyond peanuts only) must generally offer a range of products	- Limited production in Asia (presence of Jif and Goober by Smucker's)
Comparative Advantage	- WA produces a wide range of nuts (almonds, pistachios, walnuts, macadamia, pecans); almonds largest volumes in WA	- Australia a recognised source of safe, healthy, trusted foods - Currently significant volumes of peanuts in QLD - Organic and similar food standards and certifications trusted by in-market consumers
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia; shelf stable items can be shipped
Barriers to Market	- Small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels are attractive, but highly competitive; very limited range outside of new peanut butter bars or "slug" pouches - Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply	- Convenience oriented healthy snacking markets generally highly fragmented - Market power rests with distributors with truck on the road - Able to access with shelf stable products

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

… (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – NUT BUTTER CATEGORY

2016

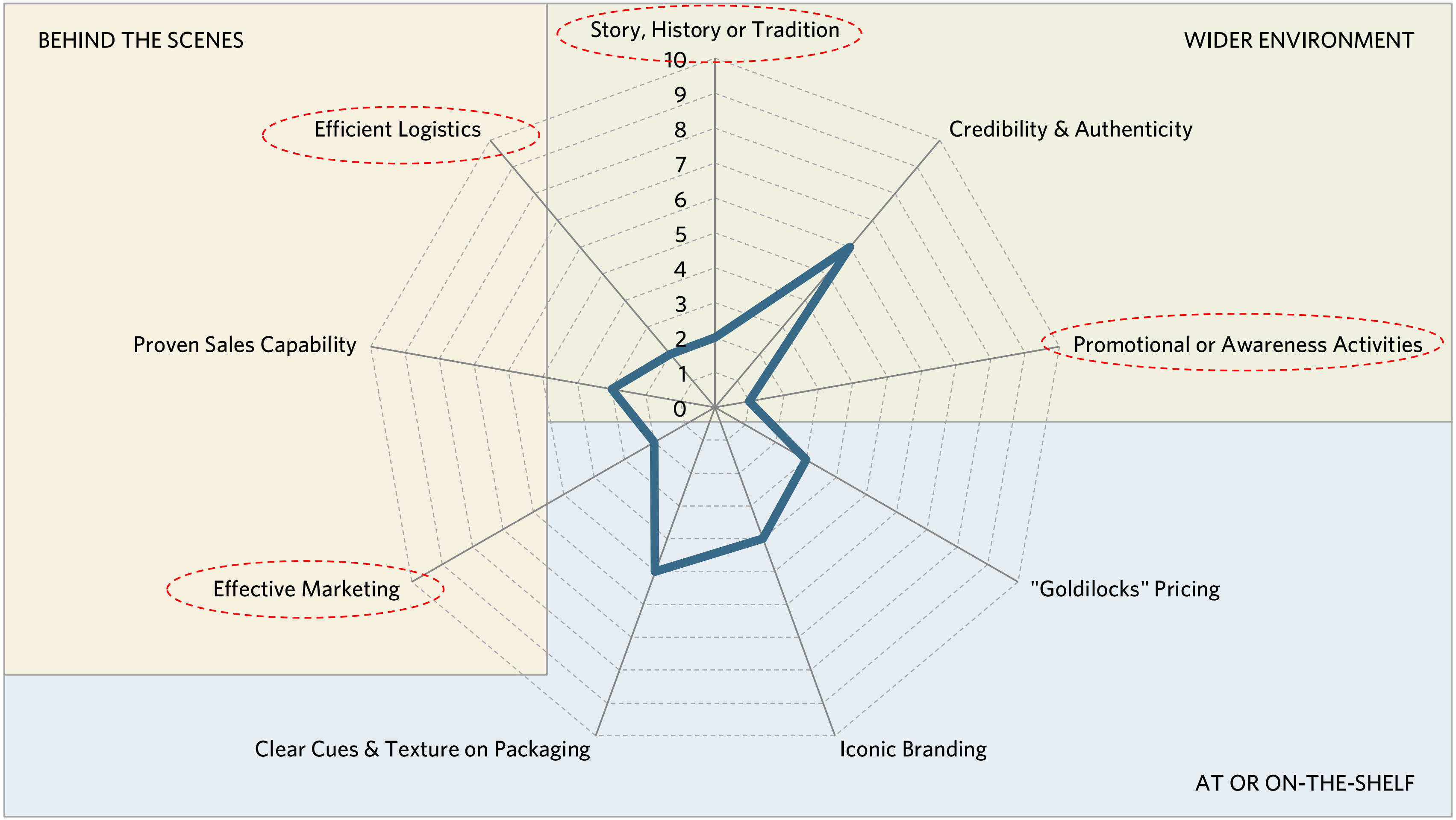
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Existing WA firms have solid product knowledge but appear to have opportunities for improvement in systems and processes	- Current producers of WA premium nut butters have almost no knowledge of market situation across key markets in Asia - No consumer qualitative or quantitative research completed on perceptions of product, competitors or category
Access to Funds	- Smaller firms and start-ups into the space, would lack capital for national expansion	- Export growth can require significant financing to support pipeline and payment terms
Marketing	- Product presentation and packaging contributes significantly to the perceived value of the product - "Brand WA" can support a sun, surf and healthy lifestyle brand in the category	- No awareness of existing brands or products
Packaging	- Glass bottles are significantly more expensive, but contribute strongly to perceptions of premium (and "natural" or "healthy")	- Premium products should be in glass
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed strong interest in new nut butters - Growers could work together to supply local manufacturer	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Nut butter producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: NUT BUTTER

Relative index; 0=underperforming, 10=world class; 2016



NOTE: Red dashed circles highlight priority areas for focus. Source: Coriolis from store visits, promotional material, analysis, assessment & interviews

STAGE II – SECTORS

Cooked/smoked/marinated seafood is a hot segment emerging across multiple markets

COOKED/SMOKED/MARINATED SEAFOOD CATEGORY: EXAMPLE PRODUCTS

Select; late 2016

UNITED KINGDOM

NEW ZEALAND

UNITED STATES

Source: Coriolis from store checks; photo credit (fair use/fair dealing; low resolution; complete product/brand for illustrative purposes); Coriolis analysis

Cooked/smoked/marinated seafood is on-trend and a growing phenomenon globally

"Whether it's the seafood counter in a supermarket or an independent high street fishmonger, expect to see more than just wet fish on the slab next year. Following in the footsteps of the gourmet butcher and baker serving up food, more value-added seafood will be on sale in 2015 – both ready to cook and ready to eat. Convenience is a powerful trend and, while slow to see this opportunity, seafood is catching on."

food service

"Convenience and ease of preparation are recurring themes in many of the responses, with some 20% of Irish consumers indicating that they would like to see more ready-to-eat or ready-to-cook shellfish formats."

Bord Bia
Irish Food Board

"There's no smoke and mirrors about it — Americans are eating a lot more smoked seafood than they used to...sales at 18,000 supermarkets, mass merchandisers and club chains jumped 17 percent last year, 12 percent in 2011 and 4 percent in 2010... And smoked seafood imports to the U.S. have been climbing, from $75 million in 2006 to $135 million in 2011...It makes sense that smoked seafood sales are growing. American diners have become more sophisticated about their seafood, and smoked seafood tends to be a higher-end product"

azcentral

"Supermarket sales of prepared foods have risen significantly in the past few years, yet many stores lack a variety of customized, portable seafood options. Grocery stores and fish markets can play to consumers' growing desire for ethnic flavors, customized retail meals and individual portions to boost ready-to-eat seafood sales."

SeafoodSource.com
Your Global Seafood Solution

Source: various industry websites; Coriolis analysis

Western Australia has a number of high profile firms succeeding in the category

SELECT EXAMPLES OF WESTERN AUSTRALIAN FIRMS IN THE CATEGORY

Presence; late 2016

FREMANTLE SARDINE COMPANY

FremantleOctopus

Holy Smoke!

Australian cooked/smoked/marinated seafood is currently a $300-350m market sold through foodservice, retail and export

ESTIMATED MARKET SIZE BY CHANNEL: AU COOKED SEAFOOD

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Market Channels	Estimated wholesale market size
Retail*	$100-120m
Foodservice	$160-180m
Export	$40-50m
TOTAL	$300-350m

ESTIMATED SIZE OF KEY EXPORT MARKET: AU COOKED SEAFOOD

A$; m; 2015

PRELIMINARY
INCLUDES SIGNIFICANT ESTIMATES

Export Destination	Estimated FOB market size
Hong Kong & China	$15-20m
Singapore	$10-12m
Japan	$3-4m
New Zealand	$2-3m
Other	$10-11m
TOTAL	$40-50m

** will include chain retail (scan universe), fishmongers, and independent, gourmet and other channels. Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling*

Cooked/smoked/marinated seafood has a relatively simple supply chain

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – SUPPLY CHAIN ANALYSIS – COOKED SEAFOOD CATEGORY

2016

KEY INPUTS & INGREDIENTS	MANUFACTURING & PROCESSING	DISTRIBUTION & WHOLESALING	INDEPENDENT/CHAIN RETAILING	INDEPENDENT/CHAIN FOODSERVICE
PACKAGING SUPPLIER - Plastic vacuum packaging - Plastic pouches - Plastic tubs/pottles - Cardboard carton outer - Glass jar - Cans - Labels KEY INGREDIENT(S) - Seafood - Oil - Brine - Flavourings - Salt and spices - Preservatives	- Fresh/frozen seafood sourced locally or imported - Origin/authenticity of seafood can be issue - Relatively simple cooking or smoking process - Food safety and cross-contamination are significant issues - Short shelf life for some products	- Product must be refrigerated (excluding canned products) and will typically be delivered by specialist wholesalers (or by larger operators as part of a wider refrigerated order) - Distribution to chain operators (retail and foodservice) highly consolidated - Distribution to independents, small stores and non-chain foodservice more fragmented	- Supermarkets expect delivery 2-3 times per week - Smaller independents and specialist delis, etc. generally buy through wider ranging wholesalers - Minimal amounts through convenience channels; may be opportunity for premium snack packs (e.g. salmon jerky, tinned products)	- Mid-market foodservice the key channel - High end restaurants may make their own - QSR will use low quality bulk/discount products

KEY PREMIUM EXPORT MARKETS FOR WESTERN AUSTRALIA

EXPORT LOGISTICS & WHOLESALING	RETAIL & FOODSERVICE
- Fragmented for most channels	- Large variance by market depending on traditional food culture and level of Westernisation

Source: Coriolis from a wide range of sources; Coriolis estimates, analysis and modelling

Market intelligence collected from market-facing stakeholder consultation indicates an attractive and growing category

IDENTIFY PROSPECTIVE MARKETS & MARKET CHANNELS – OTHER MARKET INTELLIGENCE – COOKED SEAFOOD CATEGORY

2016

"There is potential in this market. Large increase in salmon prices worldwide recently."

Independent retailer, NSW

"Smoked salmon is such a staple breakfast ingredient. You will always have it on every breakfast menu. Differentiating it by different curing and flavourings is important if its to be the hero of the dish. Marinated octopus sells well and is super easy for us. Its such a Freo institution"

Chef, large restaurant, WA

"Salmon is the most popular product in this category. There is the opportunity for new innovative products and ideas."

Manager, retailer, WA

"At the moment the range is pretty weak. I would be keen to see some new products."

Owner, retailer, Singapore

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Market-facing stakeholder consultation confirmed commercial practicalities and realities of category

COMMERCIAL PRACTICALITIES/REALITIES CONFIRMED IN STAKEHOLDER CONSULTATION – COOKED SEAFOOD CATEGORY

2016

CONSUMER DEMAND	COMPETITIVE SITUATION	MARGIN & PROMOTION EXPECTATIONS	SUPPORT, LOGISTICS & SYSTEMS
- Category is growing - Retailers are increasing range - Increasing usage, trading up, seeking new and different options - "Back to Basics" products in demand - Smoked food is very on trend	- Category is growing - Retailers will sell through in-store deli and in refrigerated dairy/deli case; may be two separate buyers - Challenge for actual local producers is to differentiate from locally packed imports - Pricing is competitive; locally sourced seafood is expensive - 30-40% of shoppers buy on price amongst acceptable quality brands - Limited range in Singapore, primarily Salmon from NZ, Norway, Scotland	- Retailers expect to make 25-35% margins - Category is regularly promoted - Markdowns of close to expired product common - Foodservice operators are highly price sensitive on all products other than premium local products where the producer is "called out" on the menu	- Retailers expect regular deliveries and prompt credits - While smoked product has a reasonable shelf life, it can go off, particularly if it is not rotated correctly on shelf - Some cooked products have very short shelf life - Product is refrigerated and requires regular delivery and strong cool chain management - Regular returns and markdowns in category - Returns/credits processing a key issue

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that current national trends support the continued growth of cooked/smoked/marinated seafood

NATIONAL TRENDS IN PRODUCT CATEGORY – COOKED/SMOKED/MARINATED SEAFOOD CATEGORY

2016

NATIONAL TREND	DETAILS	FINDINGS DRAWN FROM COMPARISON
Urbanisation of population/loss of contact with farming and food production	- Almost 90% of Australians live in cities - On-going media fuelled "fear of food" through sequence of crises - Driving demand among some consumers for real, natural and organic foods - Segment of consumers interested in knowing more about how their product was produced or have some connection with smaller producers	- Demand will be strong and sustainable among some consumer segments - Segment of consumers seeking "real," "authentic" food made by local, craft producers
Growth of local, sustainable seafood as part of wider LOHAS trend	- LOHAS segment (lifestyles of health and sustainability) growing - This group seeks healthy and sustainable attributes in their purchases	- Marketing and promotional activities need to focus on telling a strong story of health and sustainability
Evolving nutrition concerns	- Changing popular concerns around red meat consumption - Growing demand for omega 3, 'good fats', etc. - Constant emergence new diets: "caveman," paleo, etc.	- Seafood sector experiencing on-going waves of product innovation in response to changing consumer perceptions, trends and fads
Food tastes becoming more discerning and refined; growth of "café culture"	- Australia moving beyond 50's era mass market homogenous food culture - Trend being driven by celebrity chefs and popular food shows & magazines - Growing interest in greater choice and variety among mid/high income - Greater awareness of sub-varieties, speciality products and regional cuisines - Increasing interest in premium/authentic products (e.g. balsamic vinegar)	- Need to be both different and authentic - Premium seafood products are not commodities; they can be strongly differentiated - Strong underlying support for growth in domestic demand going forward
Category innovation driven by packaging	- Australian suppliers generally behind Europe in providing newer, more appealing and convenient packaging for longer shelf life	- History suggests embracing new forms of packaging likely the best path for new category entrants
Income polarisation/expenditure on food falling as a percent of total income	- Segment of the population has disposable income to spend - Richest 20% of AU households have 7 times the income of the poorest 20% - Richest 20% of households account for ~45-50% of foodservice spending - Income available to buy premium continental meats if it is a priority	- Demand will be concentrated in high income areas

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Research finds that comparison with national 'winners' suggests Western Australian firms can succeed through focusing on selling an on-trend product

NATIONAL 'WINNERS' IN PRODUCT CATEGORY – COOKED/SMOKED/MARINATED SEAFOOD CATEGORY

2016

CURRENT NATIONAL 'WINNERS'	DETAILS
HUON TASMANIA	- Founded in 1986 in TAS by cattle and sheep farmers, Peter and Frances Bender as part of family business; bought outright in 1994 to focus full time on fish farming; initially as contract growers - Huon brand established in 2005; bought factory in Adelaide in 2006; purpose built second processing plant at Paramatta Creek, TAS opened in 2015 - ASX listed October 2014 - Fresh, cold and hot smoked salmon and trout products; 16,536 tonnes of salmon annually - 550 employees; turnover of A$191.7m (2015) - 75% wholesale; 10% retail; 15% export
tassal	- Founded in 1986 in TAS - Largest salmon producer in Australia - ASX listed in 2003 - Acquired De Costi Seafoods in 2015 - Revenue of A$430.9m (2016), - One of TAS's largest employers
YUMI'S	- Founded by young kosher fishmonger in Melbourne, VIC - Expanded into wide range of kosher foods - Initially fish-based dips; expanded into hummus - Broke into supermarkets through kosher section - Stocked in Coles, WWX, IGA and independents - Smoked salmon and trout, prepared fish products, fish dips - Targets premium prices ("we charge twice as much")

FINDINGS DRAWN FROM COMPARISON

- Salmon category dominated by large firms; large investment required for aquaculture
- Market is dominated by salmon products; only few marinated products, largely imported from Europe
- Limited innovation; sector is arguably following product and packaging innovation released in other markets at a distance
- Imported and private label competition; premium for Australian sourced seafood

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Western Australian cooked/smoked/marinated seafood firms face a wide range of key issues and limitations…

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – COOKED/SMOKED/MARINATED SEAFOOD CATEGORY

2016

CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: AUSTRALIAN MARKET	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS: HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Demand	- Indications of continued growth in premium cooked/smoked/marinated seafood as some consumer trade up to “less but better” - Sandwiches not going away despite anti-carbs movement - Well accepted usage at social events and with guests - Potential to grow usage in restaurants and cafés - “Back to Basics” trend in consumption pattern	- Cooked/smoked/marinated seafood category small outside of smoked salmon, but growing - cooked/smoked/marinated seafood is a relatively small category outside of smoked salmon - therefore low velocity per store per week - Market currently favours premium Norwegian/NZ salmon
Scale	- Fremantle Octopus medium sized; other producers small and likely undercapitalised	- Tasmanian, New Zealand and Norwegian brands in the market have higher scale and lower costs; WA exporters will need to be differentiated
Comparative Advantage	- WA is a major producer and exporter of seafood	- Asia is a low cost producer of seafood
Proximity to Markets	- Captive market in WA of 2.6m people - Western Australia is located at a significant distance from eastern population centres (e.g. 4,110 km by road to Sydney)	- Western Australia is well situated to supply Asian markets, particularly Singapore & Malaysia
Barriers to Market	- Chain supermarkets – Coles & WWX – are difficult to access, have high margin expectations and want national supply - High end restaurants and small independent stores are numerous but costly to serve (a large number of small accounts) - Convenience/petrol channels and most other channels sell almost no cooked/smoked/marinated seafood	- Supermarkets and a relatively limited number of European deli type specialists are most of the market in Asia - Market power rests with distributors with refrigerated trucks on the road

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

... (continued)

KEY ISSUES AND LIMITATIONS RELATED TO ACCESSING THESE MARKETS – COOKED/SMOKED/MARINATED SEAFOOD CATEGORY

2016

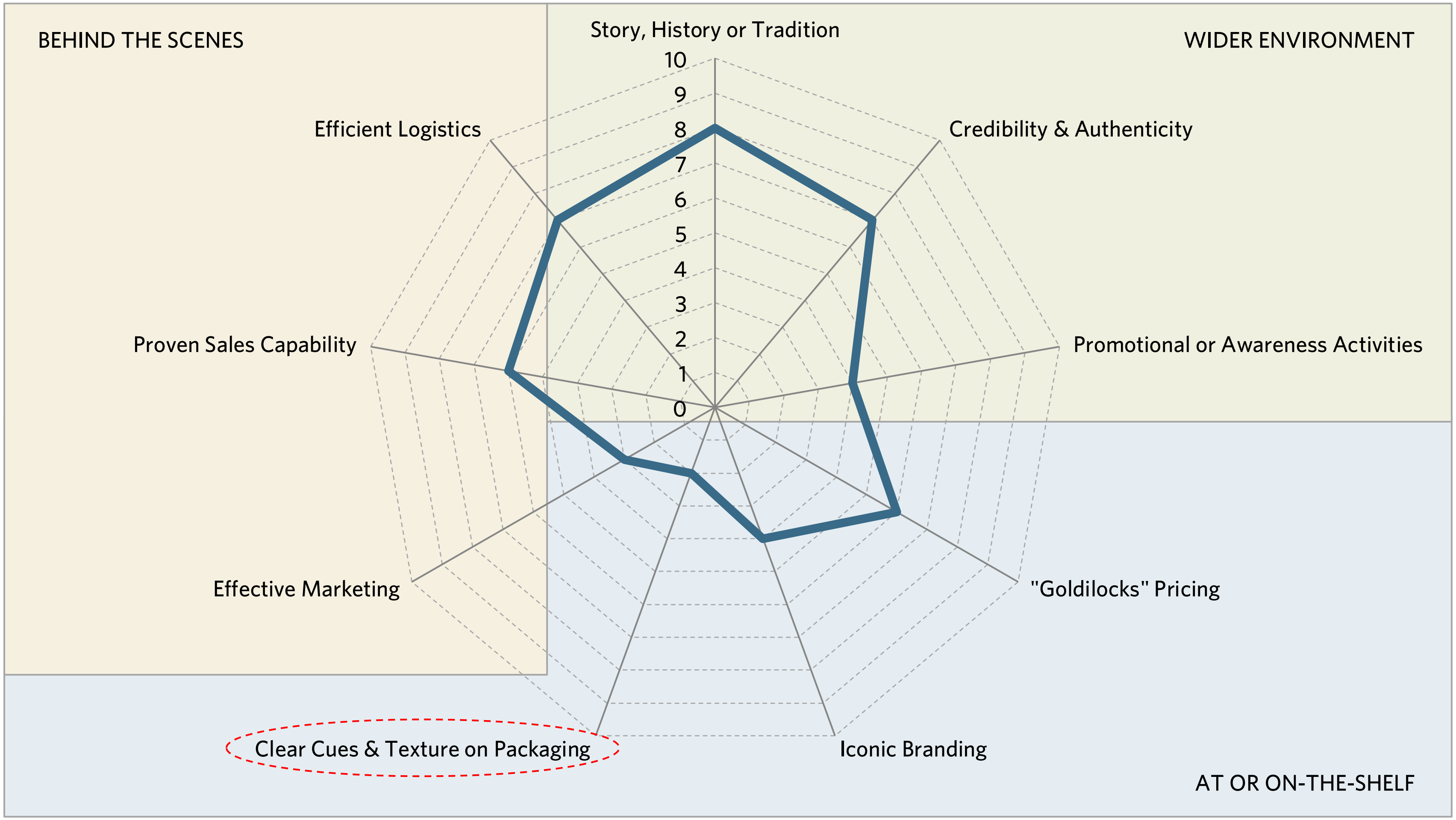
CLIENT DEFINED ISSUES	KEY ISSUES AND LIMITATIONS RELATED TO THESE MARKETS	
	AUSTRALIAN MARKET	HIGH GROWTH/HIGH POTENTIAL EXPORT MARKETS
Knowledge	- Small WA producers lack key skills needed for success in fast moving consumer goods in chain supermarket retailing	- Small WA producers lack knowledge of key markets
Access to Funds	- Existing smaller producers appear to lack significant capital to support scale up for national and export growth	- Exporting can "suck up" significant cash-flow - Building a successful, long term export business requires long term commitment and investment
Marketing	- Social media and in-store demos are key communication channels for premium producers	- Difficult to achieve any marketing cut through beyond "at-shelf"; therefore packaging needs to immediately communicate clearly
Packaging	- Industry is relatively staid and conservative, with little packaging innovation; packaging further advanced in other markets (e.g. Norway) - New packaging equipment can be expensive	- Most Asian export markets appear to favour traditional presentation and packaging
Willingness of stakeholders to collaborate	- Market-facing stakeholders interviewed expressed interest in new innovative, local cooked/smoked/marinated seafood	- Low apparent awareness by in-market stakeholders in WA offer and potential offer in the category

Source: Coriolis from stakeholder interviews and published articles; Coriolis analysis and editing

Cooked/smoked/marinated seafood producers in Western Australia appear to have a wide range of opportunities for improvement

GENERIC GAP ASSESSMENT OF WA CURRENT SITUATION AGAINST REQUIRED CAPABILITIES & ATTRIBUTES: COOKED SEAFOOD

Relative index; 0=underperforming, 10=world class; 2016



DOCUMENT STRUCTURE

This section makes recommendation to inform the next two stages of work

1. MARKET DEVELOPMENT PLANS

Recommendations on the preparation of market development plans where demonstrated opportunity has been identified for the selected key premium and organic market opportunities.

2. SECTOR CAPACITY PLANS

Recommendations on the development of sector capacity plans to provide support for and transition businesses in the identified key premium and organic market opportunities.

1. MARKET DEVELOPMENT PLANS: We recommend answering the following questions as the next steps for the preparation of market development plans

RECOMMENDED NEXT STEPS FOR THE PREPARATION OF MARKET DEVELOPMENT PLANS: ANSWER THESE QUESTIONS

Model; 2016

DEMAND: MARKET SITUATION

HIGH LEVEL INDUSTRY

- What is the structure of the industry?
- What are the potential markets? (WA, East Coast and Export) How are these markets segmented?
- Which markets are the most attractive?
- Who is the competition? What are their strengths?
- What is the current strategic position of WA firm(s)? (e.g. SWOT Analysis or similar)

TARGET COUNTRY OR REGION

- What are the key distribution channels?
- How should the product be distributed?
- Should the product be sold directly to key retailers or through in-market distributor(s)?
- Who are the main distributors? What product do they currently carry?
- Which channels are the most attractive?
- Who are the most attractive potential retailers and/or foodservice wholesalers?
- Who are the key buyers or decision makers?
- Who are the trend setters? How do we create awareness among decision makers?

PRICE

- Can WA products compete at market prices?
- What is the pricing strategy?
- Is the product a price leader or follower? Which competitors will it "price off"?

SUPPLY: WESTERN AUSTRALIAN OFFER

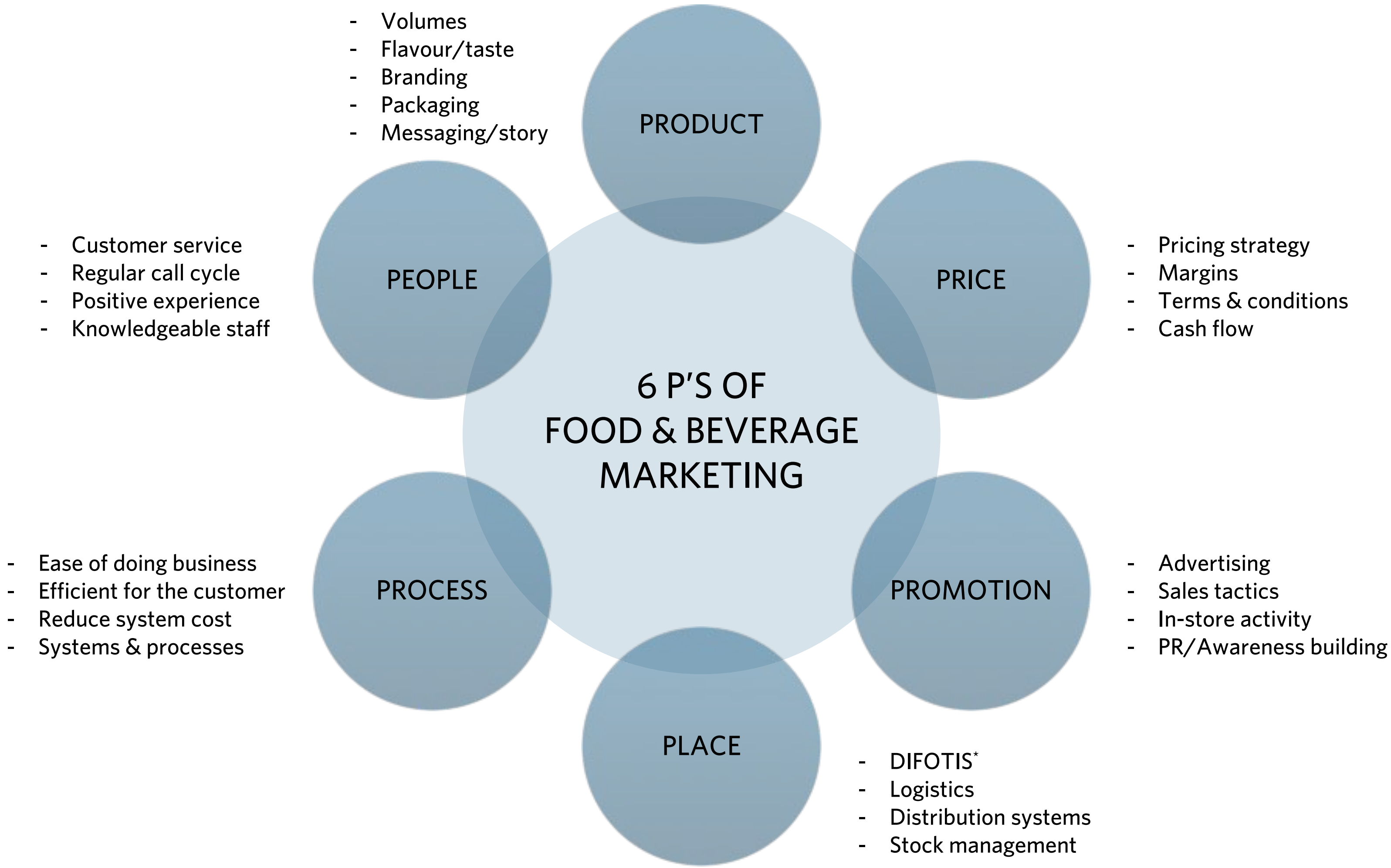
- Why WA? What is the "elevator test" or pitch?
- Who are the target customers? How large is the segment? What is product category/segment penetration, frequency and spend?
- Why will these consumer want it? What is the hook that piques interest? What is the unique selling proposition (USP)?
- What is the clear story and messaging around WA and the product? How is this communicated?
- How is WA product markedly different than that of the competition? Does the product need to be adapted to suit local tastes or preferences?
- How regularly do competitors promote? Will this schedule be matched?
- What are the market service expectations? How will the market be serviced?
- How will the "on-shelf" situation be managed? How will compliance be measured?
- Why won't this be a "flash in the pan"? (particularly in export markets such as Singapore)

** The "elevator test" (aka. elevator pitch, elevator speech or elevator statement) is a summary able to be delivered in the time it takes for an elevator ride (i.e. 30 seconds – 2 minutes)*

2. SECTOR CAPACITY PLANS: WA firms face a common set of challenges in execution that need to be addressed as the next steps for the preparation of sector capacity plans

COMMON SET OF EXECUTIONAL CHALLENGES FACING PREMIUM AND ORGANIC FOOD & BEVERAGE SUPPLIERS

Model; 2016



** DIFOTIS: Delivered In Full On Time In Specification*

2. SECTOR CAPACITY PLANS: We recommend these next steps for the preparation of sector capacity plans

RECOMMENDED NEXT STEPS FOR THE PREPARATION OF SECTOR CAPACITY PLANS

Model; 2016

	Understand Customer Requirements	Identify Industry Best Practice	Assess & Identify Current Gaps	Develop & Deliver Training Program	Measure Results
Key Recommendation	- Understand customer requirements from suppliers - Understand key drivers of product or supplier selection & deletion - Understand critical failure points	- Identify what is possible in terms of delivery - Identify "best practice" model to copy	- Identify performance and capacity gaps of firms targeting identified key opportunities - Assess cause of gaps	- Develop a training program designed to up-skill key WA industry participants - Deliver program through series of short courses	- Proactively survey key customers on performance - Track customer satisfaction - Track performance
Examples	- Returns and credits handled promptly with no need to "chase up" suppliers on an issue	- "Firm X" has 99.9% invoice accuracy	- "Firm Y" has poor systems for credits	- "Flawless Execution in Food" course delivered to 17 WA firms	- "Firm Z" continues to have challenges with order accuracy

DOCUMENT STRUCTURE

PRODUCT	OVERALL SCORE	Product has gourmet /luxury characteristics	Scale not critical factor	Product supports wide range of price points	Category supports smaller brands	Product is "on-trend" with emerging or new products	Retailers are increasing range in category	Growing world trade into Asia	Organic exists and is gaining traction	Provenance /origin is important to (some) consumers	Source is noted on menus (high end food service)	WA has clear comparative advantage in ingredients	WA has existing firms in category	WA has proven capability at execution	WA produces key raw ingredients	Global premium model exists for fast follow
SHELF-STABLE																
Jams, honey & spreads																
Honey	29	High	High	High	High	High	High	High	High	High	Medium	High	High	High	High	High
Nut butter	23	High	High	High	High	High	High	Medium	High	High	Medium	Low	Medium	Medium	Medium	High
Jams and conserves	19	High	High	High	High	Low	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium
Savoury pastes	18	High	High	High	High	Low	Low	Medium	Medium	Medium	High	Medium	Medium	Medium	High	Low
Marmalade	17	High	High	Medium	High	Low	Low	Low	Medium	High	Medium	High	Medium	Medium	High	Low
Chocolate, sweet spreads	15	High	High	Medium	High	High	High	High	Low	Low	Low	Low	Medium	Medium	Low	Low
Curds	13	Medium	High	Medium	High	Low	Low	Low	Low	Low	Medium	High	Low	Medium	High	Medium
Marmite, yeast extracts	6	Low	Low	Low	Medium	Medium	Low	Low	Low	Medium	Low	Medium	Low	Medium	Medium	Low
Table sauces, dressings and condiments																
Salad dressings	24	High	High	High	High	Medium	High	Medium	Medium	High	Medium	Medium	High	High	Medium	High
Salad cream , aioli, mayonnaise	24	High	High	High	High	Medium	High	Medium	Medium	High	Medium	Medium	High	High	Medium	High
Chilli, hot sauce	23	High	High	High	High	Medium	High	High	Medium	High	Medium	Low	High	High	Medium	Medium
Chutneys, pickle and relishes	20	High	High	High	High	Low	High	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium
BBQ sauce and marinades	19	High	High	High	High	Medium	High	High	Low	Medium	Medium	Low	Medium	Medium	Medium	Medium
Condiments (apple, mint, horseradish, etc.)	18	High	High	High	High	Low	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Low
Vinegar	17	High	High	High	High	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium	Medium	Low
Mustard	15	High	High	High	High	Low	Medium	Medium	Low	Medium	Medium	Low	Medium	Medium	Low	Medium
Tomato ketchup	11	Medium	Low	Medium	Medium	Low	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	Medium	Low

HIGH ● MEDIUM ◑ LOW ○

PRODUCT	OVERALL SCORE	Product has gourmet /luxury characteristics	Scale not critical factor	Product supports wide range of price points	Category supports smaller brands	Product is "on-trend" with emerging or new products	Retailers are increasing range in category	Growing world trade into Asia	Organic exists and is gaining traction	Provenance /origin is important to (some) consumers	Source is noted on menus (high end food service)	WA has clear comparative advantage in ingredients	WA has existing firms in category	WA has proven capability at execution	WA produces key raw ingredients	Global premium model exists for fast follow
SHELF-STABLE																
Table sauces, dressings and condiments																
Worcester, soy sauce	2	○	○	○	○	○	○	○	○	◑	○	○	○	◑	○	○
Canned, tinned and packaged foods																
Olives, marinated olives, shelf stable	27	●	●	●	●	◑	●	●	◑	●	●	◑	●	●	●	●
Pickled food (gherkins, etc.)	27	●	●	●	●	◑	●	●	◑	●	●	◑	●	●	●	●
Cooked, smoked, marinated seafood	24	●	●	●	●	○	○	●	○	●	●	●	●	●	●	●
Wholefoods, powders, husks, etc.	19	●	●	●	●	●	●	○	●	●	○	○	◑	◑	○	◑
Canned fruit, fruit pots	12	◑	○	◑	◑	○	◑	●	●	◑	○	◑	○	○	◑	◑
Canned, pouch soup	9	◑	○	◑	◑	◑	◑	○	◑	◑	○	◑	○	○	◑	○
Cup, instant soup	8	◑	○	◑	◑	◑	◑	○	◑	○	○	◑	○	○	◑	○
Canned meat meals (e.g. 'Big Eats')	7	○	○	○	○	●	●	◑	○	◑	○	○	○	○	◑	○
Canned fish	6	◑	○	◑	○	○	○	◑	○	●	○	○	○	○	◑	○
Canned vegetables	6	○	○	○	○	○	○	◑	●	◑	○	◑	○	○	◑	○
Canned pulses, beans	6	○	○	○	○	○	◑	◑	●	◑	○	○	○	○	◑	○
Canned tomatoes	4	○	○	○	○	○	○	◑	◑	◑	○	○	○	○	◑	○
Baked beans, canned spaghetti	2	○	○	○	○	○	○	○	○	◑	○	○	○	○	◑	○
Canned cold meat	2	○	○	○	○	○	○	◑	○	○	○	○	○	○	◑	○

HIGH ● MEDIUM ◑ LOW ○

PRODUCT	OVERALL SCORE	Product has gourmet /luxury characteristics	Scale not critical factor	Product supports wide range of price points	Category supports smaller brands	Product is "on-trend" with emerging or new products	Retailers are increasing range in category	Growing world trade into Asia	Organic exists and is gaining traction	Provenance /origin is important to (some) consumers	Source is noted on menus (high end food service)	WA has clear comparative advantage in ingredients	WA has existing firms in category	WA has proven capability at execution	WA produces key raw ingredients	Global premium model exists for fast follow
SHELF-STABLE																
Breakfast cereals																
Muesli	27	●	●	●	●	●	●	◐	●	◐	◐	●	●	●	●	●
Porridge, oats	22	◐	○	◐	◐	●	●	●	●	◐	○	●	●	●	●	●
Breakfast drinks	21	◐	○	◐	◐	●	●	●	◐	◐	○	●	●	●	●	●
Breakfast bars, biscuits	20	●	◐	●	●	●	●	●	◐	◐	○	●	○	○	◐	●
Granola, crisp cereals	12	◐	○	◐	◐	◐	◐	◐	◐	◐	○	●	○	○	◐	◐
Family breakfast cereals	4	○	○	○	○	◐	○	○	○	◐	○	◐	○	○	◐	○
Biscuits																
Crackers	22	●	●	●	●	●	●	●	◐	◐	○	◐	◐	◐	◐	●
Luxury biscuits	18	●	●	●	●	○	◐	●	○	◐	○	◐	◐	◐	◐	●
Breadsticks, toasts	17	●	◐	●	●	◐	◐	●	○	◐	○	◐	◐	◐	◐	◐
Shortbread	16	●	◐	◐	●	○	○	●	○	◐	○	◐	◐	◐	●	●
Chocolate biscuits	16	●	◐	●	●	○	○	●	○	◐	○	◐	◐	◐	◐	●
Crackers, pita crisps	13	◐	○	◐	◐	◐	◐	●	○	◐	○	◐	◐	◐	◐	◐
Kids biscuits	10	○	○	○	○	◐	◐	●	○	◐	○	◐	◐	◐	◐	◐
Plain biscuits	9	○	○	○	◐	○	○	●	○	◐	○	◐	◐	◐	●	○
Rice cakes	5	○	○	○	○	◐	◐	◐	◐	◐	○	○	○	○	○	○
Snacks																
Meat snacks	27	●	●	●	●	●	●	●	◐	●	◐	◐	●	●	●	●

HIGH ● MEDIUM ◐ LOW ○

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SHELF-STABLE																
Snacks																
Fruit, seeds, snacking	25	●	●	●	●	●	●	●	●	◐	○	○	●	●	●	●
Nuts, snacking	22	●	●	●	●	◐	◐	●	●	●	◐	○	◐	◐	◐	●
Popcorn	17	●	●	●	●	◐	◐	◐	●	◐	○	○	◐	◐	○	◐
Crisps	7	◐	○	◐	○	◐	◐	◐	○	◐	○	○	○	○	◐	○
Corn chips	6	◐	○	◐	○	○	◐	◐	◐	◐	○	○	○	○	○	○
Confectionery																
Block chocolate	26	●	●	●	●	●	●	●	●	●	◐	○	●	●	◐	●
Assorted chocolates	24	●	●	●	●	◐	●	●	◐	●	◐	○	●	●	◐	●
Nougat	19	●	●	◐	●	○	◐	◐	○	●	◐	○	●	●	◐	●
Chocolate bars	12	◐	◐	◐	◐	◐	◐	●	○	○	○	○	◐	◐	◐	◐
Sweets	8	◐	◐	◐	◐	○	○	◐	○	○	○	○	◐	◐	◐	○
Multipack of mini bars	2	○	○	○	○	○	○	●	○	○	○	○	○	○	○	○
Mints, chewing gums	2	○	○	○	○	◐	○	◐	○	○	○	○	○	○	○	○
Rice, pasta, noodles, grains																
Quinoa, chia, couscous, pulses	26	●	◐	◐	●	●	●	◐	●	●	◐	●	●	●	●	●
Dried pasta	10	○	○	○	○	◐	◐	◐	◐	○	○	●	○	○	●	●
Microwave, instant rice	7	◐	○	◐	○	●	●	○	◐	○	○	○	○	○	○	○

HIGH ● MEDIUM ◐ LOW ○

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SHELF-STABLE																
Rice, pasta, noodles, grains																
Instant noodles, pasta meals, rice meals	6	○	○	○	○	●	●	○	○	○	○	○	○	○	●	○
Noodles	4	○	○	○	○	○	○	○	○	○	○	●	○	○	●	○
Rice	1	○	○	○	○	○	○	○	◑	○	○	○	○	○	○	○
Cooking sauces and meal kits																
Ethnic meal kits	21	●	●	●	●	●	●	◑	◑	●	○	○	◑	◑	◑	●
Pestos	13	◑	◑	◑	◑	◑	◑	◑	◑	◑	○	○	○	◑	◑	●
Cooking sauces	11	◑	○	◑	○	◑	◑	○	◑	◑	○	○	◑	◑	◑	●
Pasta sauces	9	◑	○	◑	◑	○	○	◑	◑	◑	○	○	○	◑	◑	◑
Tomato paste	4	○	○	○	○	○	○	◑	◑	◑	○	○	○	○	◑	○
Packet sauces	2	○	○	○	○	◑	○	○	○	○	○	○	○	○	◑	○
Sugar and home baking																
Raw nuts, seeds, for baking	19	◑	○	●	◑	◑	◑	●	●	◑	○	○	●	●	●	●
Dried fruit, peel	18	◑	◑	◑	◑	○	○	●	●	◑	○	◑	●	●	●	●
Cake, muffin, slice mixes	18	●	◑	●	●	●	●	○	○	◑	○	◑	◑	◑	◑	●
Sweeteners	18	●	◑	◑	◑	●	●	◑	●	●	◑	○	◑	◑	○	◑
Bread mixes, yeasts	12	◑	○	◑	◑	◑	○	○	◑	○	○	●	◑	◑	●	◑
Flour	9	○	○	○	○	○	○	◑	○	○	○	●	●	●	●	○

HIGH ● MEDIUM ◑ LOW ○

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SHELF-STABLE																
Sugar and home baking																
Cooking chocolate	9	●	○	●	○	○	○	○	◐	◐	○	○	◐	◐	○	◐
Sugar, all kinds	8	◐	○	◐	○	◐	◐	◐	●	◐	○	○	○	○	○	○
Baking ingredients, colourings	8	○	◐	○	◐	○	○	○	○	○	○	○	●	●	◐	◐
Decorations	7	◐	●	◐	●	○	○	○	○	○	○	○	○	○	○	◐
Pastry mixes	5	○	○	○	○	○	○	◐	○	○	○	◐	◐	◐	◐	○
Icing, marzipan	3	◐	○	◐	○	○	○	○	○	○	○	○	○	○	○	◐
Sweetened condense milk, reduced cream	2	○	○	○	○	○	○	●	○	○	○	○	○	○	○	○
Oils																
Extra virgin olive oil	24	●	●	●	●	○	◐	●	◐	●	◐	◐	●	●	●	●
Nut oils	23	●	●	●	●	●	●	●	●	◐	◐	○	◐	◐	◐	●
Flavoured oils	22	●	●	●	●	◐	◐	◐	◐	◐	◐	◐	●	●	●	◐
Coconut oil	18	●	○	●	●	●	●	○	●	◐	◐	○	◐	◐	○	●
Vegetable oils	12	○	○	○	○	◐	◐	●	◐	◐	○	●	◐	◐	●	○
Olive oil	11	◐	○	○	○	○	○	●	○	◐	○	◐	●	●	●	○
Spray oils	8	○	○	○	○	◐	○	●	◐	◐	○	◐	○	○	●	○
Cooking ingredients																
Herbs, spices, seasoning	18	●	●	●	●	○	○	○	○	◐	◐	◐	●	●	◐	●

HIGH ● MEDIUM ◐ LOW ○

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SHELF-STABLE																
Cooking ingredients																
Cooking pastes	16	◐	◐	●	●	◐	◐	◐	◐	◐	○	○	◐	◐	◐	●
Salt and pepper	13	◐	○	○	◐	○	○	○	○	◐	◐	◐	●	●	●	●
Stocks	12	◐	◐	◐	◐	◐	◐	○	◐	◐	○	◐	◐	◐	◐	○
Stuffings	8	○	○	○	○	◐	○	○	○	○	○	◐	●	●	●	○
Breaded, batter coatings	8	○	○	○	○	◐	○	○	○	○	○	◐	●	●	●	○
Chilli, curry powder	6	○	○	○	○	○	○	○	○	◐	○	○	●	●	○	◐
Gravies	5	○	○	○	○	◐	○	◐	○	○	○	○	◐	◐	◐	○
Shelf stable desserts																
Sauces, syrups, toppings	22	●	●	●	●	◐	◐	●	◐	◐	◐	○	●	●	◐	●
Ready to heat, individual serve puddings	11	◐	◐	●	◐	○	○	◐	○	◐	○	○	◐	◐	◐	◐
Freeze at home iceblocks	9	◐	○	◐	◐	○	○	○	○	◐	○	◐	◐	◐	◐	◐
Meringues, pastry cases	8	◐	◐	◐	◐	○	○	○	○	○	○	◐	◐	◐	◐	○
Mousse, custard mixes	3	○	○	○	○	○	○	○	○	○	○	○	◐	◐	◐	○
Ice cream cones, waffles	3	◐	○	○	○	○	○	◐	○	○	○	◐	○	○	○	○
Jelly	1	○	○	○	○	○	○	○	○	○	○	○	○	○	◐	○
Rice pudding	1	○	○	○	○	○	○	○	○	○	○	○	○	◐	○	○

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BEVERAGES																
Alcoholic																
Beer	27	●	●	●	●	●	●	●	○	●	●	◐	●	●	●	●
Cider	27	●	●	●	●	●	●	●	○	●	●	◐	●	●	●	●
Spirits	27	●	●	●	●	●	●	●	○	●	●	◐	●	●	●	●
Wine	26	●	●	●	●	◐	◐	●	◐	●	●	◐	●	●	●	●
Soft drinks																
Adult soft drinks	28	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●
Mixers	9	◐	○	◐	○	○	○	◐	○	○	○	○	●	●	◐	◐
Sports, energy drinks	8	◐	○	○	○	◐	◐	◐	○	○	○	○	◐	◐	◐	◐
Squash, cordials	7	○	○	◐	○	○	○	◐	○	○	○	○	●	●	◐	○
Fizzy drinks	7	○	○	○	○	◐	○	◐	○	○	○	○	●	●	◐	○
Juice and fruit drinks																
Chilled fruit juice, smoothies	19	●	◐	●	◐	●	●	○	◐	●	○	○	●	●	◐	◐
Coconut water	15	●	○	◐	◐	●	●	○	●	◐	○	○	◐	◐	○	●
Long life juice	11	○	○	○	○	○	○	◐	◐	◐	○	◐	●	●	●	◐
Fruit drinks	8	○	○	○	○	○	○	◐	○	○	○	◐	●	●	●	○
Water																
Water, bottled	22	●	○	●	●	◐	◐	●	○	●	●	○	●	●	●	●

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BEVERAGES																
Water																
Flavoured and vitamin water	14	◐	○	◐	○	●	◐	◐	◐	◐	○	○	●	●	◐	◐
Tea, coffee, hot drinks																
Coffee	23	●	◐	●	●	◐	◐	●	●	●	●	○	●	●	○	●
Tea	20	●	◐	●	●	◐	●	○	●	●	●	○	◐	◐	○	●
Coffee machine pods	14	●	○	◐	○	●	●	●	◐	●	○	○	○	○	○	●
Hot chocolate, milky drinks	12	●	○	●	○	○	○	◐	◐	◐	◐	○	◐	◐	○	●
Whiteners	2	○	○	○	○	○	○	●	○	○	○	○	○	○	○	○
BABY FOOD																
Pureed baby food (jars, pouches, etc.)	24	●	●	●	●	●	●	●	●	●	○	○	◐	◐	●	●
Toddler ready meals	23	●	●	●	●	●	●	●	●	●	○	○	○	●	◐	●
Toddler desserts, fruit pots	21	◐	●	●	●	●	●	●	●	●	○	○	○	◐	◐	●
Toddler snacks, rusks	21	◐	●	●	●	●	●	●	●	●	○	○	○	◐	◐	●
Toddler drinks	21	●	◐	●	●	●	●	●	●	●	○	○	○	◐	◐	●
Baby food cereals	16	○	○	○	●	○	○	●	●	●	○	●	○	●	●	●
Baby milk, infant formula	14	●	○	●	○	◐	◐	●	●	●	○	○	○	○	○	●

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BAKED																
Bread																
Gluten free, free from	22	●	●	●	●	●	●	○	●	◐	◐	○	◐	●	◐	●
Whole loaf, specialty bread (e.g. ciabatta)	21	●	●	●	●	◐	◐	○	◐	◐	◐	◐	●	●	●	◐
Croissants, pastries	17	●	●	●	●	○	○	○	○	◐	◐	◐	●	●	●	○
Wraps, pita, bagels, etc.	16	◐	◐	◐	◐	◐	◐	○	◐	◐	○	◐	●	●	●	◐
Sliced white bread	11	◐	○	◐	○	○	○	○	○	◐	○	◐	●	●	●	◐
Sliced grains, wholemeal, rye bread	11	◐	○	◐	○	○	○	○	○	◐	○	◐	●	●	●	◐
Fruit bread	9	◐	○	◐	◐	○	○	○	○	◐	◐	○	◐	◐	◐	◐
Rolls (e.g. hotdog buns)	7	○	○	○	○	○	○	○	○	○	○	◐	●	●	●	○
Part baked bread, rolls	7	◐	○	○	○	◐	◐	○	○	○	○	◐	◐	◐	◐	○
Crumpets, breakfast muffins, pancakes	5	○	○	○	◐	○	○	○	○	○	○	◐	◐	◐	◐	○
Cakes, slices, muffins																
Muffins, scones, doughnuts	17	●	●	●	●	◐	○	○	○	○	○	◐	●	●	●	◐
Bakery biscuits, slices	16	●	●	●	●	○	○	○	○	○	○	◐	●	●	●	◐
Cakes	16	●	●	●	●	○	○	○	○	○	○	◐	●	●	●	◐
FROZEN																
Prawns, seafood, raw, cooked, prepared	22	●	○	●	◐	◐	◐	●	○	●	●	◐	●	●	●	●

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FROZEN																
Frozen ready meals	21	●	●	●	●	●	●	◐	◐	◐	◐	○	●	●	◐	○
Party food, pies, etc.	21	●	●	●	●	◐	●	◐	◐	◐	◐	○	●	●	◐	◐
Smoothie mixes	20	◐	●	◐	●	◐	◐	◐	◐	◐	◐	○	●	●	●	●
Ice cream	18	●	●	●	●	◐	◐	○	◐	◐	◐	○	◐	◐	◐	●
Frozen fish, breaded, crumbed, battered	16	○	○	◐	○	◐	○	●	○	●	●	◐	●	●	●	◐
Frozen desserts, pastry	15	●	◐	●	●	◐	○	◐	○	◐	◐	○	◐	◐	◐	◐
Vegetarian burgers, sausages	15	◐	●	◐	●	●	●	○	●	●	○	○	○	○	○	◐
Frozen chicken	11	○	○	○	○	○	○	○	●	●	◐	○	●	●	●	○
Chips, wedges	10	○	○	○	○	○	○	◐	○	◐	○	○	●	●	●	●
Frozen berries, fruit,	8	◐	○	○	○	○	○	◐	◐	◐	○	○	◐	◐	◐	◐
Frozen chicken, crumbed, prepared etc.	8	◐	○	○	○	○	○	○	◐	◐	◐	○	◐	◐	●	○
Burgers	8	○	○	○	○	○	○	◐	◐	◐	○	○	◐	◐	●	◐
Harsh browns	7	○	○	○	○	○	○	◐	○	◐	○	○	◐	◐	◐	●
Pizza, garlic bread	5	○	○	○	○	○	○	◐	○	○	○	○	◐	◐	◐	◐
Frozen vegetables	5	○	○	○	○	○	○	●	○	◐	○	◐	○	○	○	◐
CHILLED																
Dips	26	●	●	●	●	●	●	○	●	●	●	○	●	●	●	●
Olives, marinated vegetables, chilled	26	●	●	●	●	◐	●	◐	◐	●	●	◐	●	●	●	●

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CHILLED																
Cured, continental meats	25	●	◐	●	●	○	●	●	◐	●	●	◐	●	●	●	●
Fresh pasta	25	●	●	●	●	◐	◐	◐	◐	●	◐	●	●	●	●	●
Fermented foods	25	◐	●	●	●	●	●	◐	●	●	◐	○	●	●	●	●
Pate, terrine	24	●	●	●	●	○	◐	○	●	●	●	◐	●	●	●	●
Cooked, smoked seafood and fish	23	●	◐	●	◐	◐	◐	●	○	●	●	◐	●	●	●	●
Ready meals, chilled	22	●	◐	●	●	◐	●	○	◐	●	◐	○	●	●	●	●
Specialty seafood (marinated prawns, etc.)	21	●	◐	●	●	○	○	●	○	●	●	◐	◐	●	●	●
Coleslaw, salads	19	●	●	●	●	○	◐	○	◐	◐	◐	○	●	●	●	◐
Bacon	18	◐	○	◐	◐	○	○	●	◐	●	◐	◐	●	●	●	●
Fresh pies, pasties, quiches	17	◐	●	●	●	○	◐	○	◐	◐	○	○	●	●	●	◐
Ham	16	◐	○	◐	◐	○	○	◐	◐	●	◐	◐	●	●	●	◐
Tofu, vegetarian foods	16	◐	◐	◐	◐	●	●	○	●	●	○	○	◐	◐	◐	◐
Chilled soup, risotto	13	◐	○	◐	◐	◐	◐	○	◐	●	○	○	◐	◐	◐	●
Fresh pasta sauce	9	◐	○	○	◐	○	○	○	◐	◐	○	◐	◐	◐	◐	◐
Cooked chicken, turkey	8	◐	○	○	◐	○	○	○	◐	●	○	○	◐	◐	◐	○
Chilled pastry	2	◐	○	○	○	○	○	○	○	○	○	◐	○	○	○	○

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DAIRY, EGGS																
Milk																
Fresh milk	21	◑	○	◑	◑	◑	◑	●	●	●	◑	◑	●	●	●	●
Oat milk	21	◑	◑	◑	◑	●	●	●	●	●	◑	●	○	○	●	●
Nut milks	20	●	●	●	●	●	●	○	●	●	○	○	◑	○	◑	●
Flavoured milk	12	◑	○	○	○	○	○	◑	○	◑	○	◑	●	●	●	●
Long life milk	9	○	○	○	○	○	○	◑	◑	◑	○	○	●	●	●	○
Soy milk	7	◑	○	○	○	○	○	○	●	◑	○	○	◑	◑	○	◑
Milk powder	5	○	○	○	○	○	○	◑	○	●	○	○	○	○	◑	◑
Butter and spreads																
Butter, block, spreadable	9	◑	○	○	○	◑	○	●	◑	◑	◑	○	○	○	◑	◑
Cholesterol lowering spreads	7	◑	◑	●	○	◑	◑	○	○	○	○	○	○	○	○	◑
Sunflower, olive oil spreads	6	◑	○	○	○	◑	○	○	◑	○	○	○	○	○	●	◑
Lard, drippings, etc	1	○	○	○	○	○	○	○	○	○	○	○	○	○	◑	○
Cheese																
Soft cheese	25	●	●	●	●	○	●	●	◑	●	●	○	●	●	●	●
Fresh cheese	25	●	●	●	●	○	●	●	◑	●	●	○	●	●	●	●
Fruit, flavoured cheese	24	●	●	●	●	○	◑	●	◑	●	●	○	●	●	●	●

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DAIRY, EGGS																
Cheese																
Parmesan, hard cheese	23	◐	●	●	●	○	◐	●	◐	●	●	○	●	●	●	●
Blue cheese	22	●	●	●	●	○	◐	○	◐	●	●	○	●	●	●	●
Cheddar, smoked, gouda	22	◐	●	●	●	○	◐	◐	◐	●	●	○	●	●	●	●
Sheep, goat cheese	22	●	●	●	●	○	◐	●	◐	●	●	○	◐	◐	●	●
Cottage, ricotta, cream cheese	12	○	○	○	◐	○	○	●	◐	◐	○	○	●	●	●	◐
Dairy free cheese	11	◐	●	◐	◐	●	◐	○	◐	◐	○	○	○	○	○	◐
Family block, grated, sliced	8	○	○	○	○	○	◐	◐	○	●	○	○	◐	◐	◐	◐
Yoghurts																
Yoghurt with toppings	25	●	◐	●	●	●	●	●	◐	●	◐	○	●	●	●	●
Natural, greek yoghurt	20	●	○	●	◐	○	◐	●	◐	●	◐	○	●	●	●	●
Flavoured yoghurt	20	●	○	●	◐	○	◐	●	◐	●	◐	○	●	●	●	●
Drinking yoghurt	20	◐	○	◐	◐	●	●	●	◐	◐	◐	○	●	●	●	●
Active yoghurt	19	●	○	●	○	○	◐	●	◐	●	◐	○	●	●	●	●
Kids yoghurt	15	○	○	○	○	◐	◐	●	◐	●	○	○	●	●	●	●
Diet, low fat yoghurt	13	○	○	○	○	◐	◐	●	◐	●	○	○	●	●	●	○

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DAIRY, EGGS																
Chilled Desserts																
Chilled family sized cheesecake, crumble	17	●	●	●	●	○	○	○	○	◑	◑	○	●	●	◑	●
Chilled profiteroles, pastries	17	●	●	●	●	○	○	○	○	◑	◑	○	●	●	◑	●
Chilled individual pot desserts	15	●	◑	●	●	◑	◑	○	○	◑	○	○	◑	◑	◑	●
Creams, custard																
Cream	16	◑	○	◑	◑	○	○	●	◑	◑	◑	○	●	●	●	●
Sour cream	11	○	○	○	○	○	○	●	◑	◑	○	○	●	●	●	◑
Crème fraiche	10	○	○	○	○	○	○	●	◑	◑	○	○	◑	◑	●	●
Chilled custard	9	○	○	○	○	○	○	◑	◑	◑	○	○	◑	◑	●	●
Eggs																
Eggs, free range, pastured	17	◑	◑	●	◑	○	◑	○	◑	●	◑	○	●	●	●	◑
Eggs, barn	9	○	○	○	○	○	○	○	◑	●	○	○	●	●	●	○
Eggs, cage	7	○	○	○	○	○	○	○	○	◑	○	○	●	●	●	○
MEAT AND SEAFOOD																
Meat																
Beef, wagyu	24	●	◑	●	●	◑	◑	●	●	●	●	◑	◑	◑	●	●
Venison	21	●	◑	●	●	○	●	●	◑	●	●	○	◑	◑	◑	●

HIGH ● MEDIUM ◑ LOW ○

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MEAT AND SEAFOOD																
Meat																
Beef (Bos taurus)	18	High	Medium	High	Medium	Low	Low	High	Medium	High	High	Low	Medium	Medium	Medium	High
Prepared (marinade, crumbed, etc.)	18	High	Medium	Medium	Medium	Low	Medium	High	Medium	High	High	Low	Medium	Medium	Medium	High
Sausages	18	Medium	Medium	Medium	Medium	Low	Low	High	Medium	High	High	Low	High	High	High	Medium
Pork	18	Medium	Low	Medium	Low	Low	Low	Medium	High	High	High	Medium	High	High	High	High
Kangaroo	18	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Low	Medium	Medium	High	High	High	High	Medium
Chicken	15	Medium	Low	Medium	Low	Low	Medium	Low	Medium	High	High	Low	High	High	High	Medium
Beef (Bos indicus)	15	Medium	Low	High	Low	Low	Low	High	Medium	High	Low	Medium	High	High	High	Low
Duck	15	High	Medium	Medium	High	Low	Medium	Low	Medium	High	High	Low	Low	Medium	Medium	Medium
Emu	15	Medium	Medium	Low	Medium	Low	Low	Low	Low	Medium	High	High	High	High	High	Medium
Lamb	14	High	Low	Medium	Low	Low	Low	Medium	Medium	High	High	Low	Medium	Medium	Medium	High
Burgers, meatballs, rissoles	13	Medium	Low	Low	Low	Low	Low	Low	Medium	High	High	Low	High	High	High	Medium
Turkey	13	High	Medium	Medium	High	Low	Low	Medium	Medium	High	Low	Low	Low	Medium	Medium	Medium
Quail	12	High	High	Low	High	Low	Low	Low	Low	High	High	Low	Low	Medium	Low	Medium
Goose	12	High	Medium	Low	High	Low	Low	Low	Low	High	High	Low	Low	Medium	Medium	Medium
Veal	11	Medium	Low	Low	Low	Low	Low	High	Medium	High	Medium	Low	Medium	Medium	Medium	Medium
Crocodile	10	Medium	Medium	Low	Medium	Low	Low	Low	Low	Medium	Medium	High	Medium	Medium	Medium	Low

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MEAT AND SEAFOOD																
Meat																
Rabbit	10	◑	◑	◑	◑	○	○	○	○	◑	◑	○	◑	◑	◑	◑
Snail	10	●	●	○	◑	○	○	○	○	●	●	○	○	○	○	◑
Goat	9	○	◑	○	◑	○	○	●	○	○	○	◑	◑	◑	●	○
Ostrich	9	◑	◑	○	◑	○	○	○	○	◑	●	○	○	●	○	◑
Guineafowl	7	◑	◑	○	◑	○	○	○	○	◑	◑	○	○	◑	○	◑
Camel	6	○	◑	○	◑	◑	○	○	○	○	○	○	○	◑	●	○
Horse, donkey	4	○	◑	○	◑	○	○	○	○	○	○	○	○	◑	◑	○
Llama, alpaca	4	○	◑	○	◑	○	○	○	○	○	○	○	○	◑	◑	○
Water buffalo	3	○	◑	○	◑	○	○	○	○	○	○	○	○	◑	○	○
Seafood																
Western rock lobster	23	●	◑	◑	●	○	◑	●	○	●	●	●	●	●	●	●
Octopus	20	◑	◑	◑	●	○	○	●	○	●	●	◑	●	●	●	●
Blue swimmer crab	15	●	◑	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Crystal crabs	15	●	◑	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Saucer scallop	14	●	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Whitebait	14	●	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑

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MEAT AND SEAFOOD																
Seafood																
Mud crabs	14	●	◑	○	○	○	○	●	○	●	●	○	●	◑	◑	◑
Barramundi	13	◑	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Tiger prawn	13	◑	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Western king prawn	13	◑	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Australian sardine	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Banana prawn	12	◑	○	○	○	○	○	●	○	●	●	○	●	◑	◑	◑
Black bream	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Cobbler	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Endeavour prawn	12	◑	○	○	○	○	○	●	○	●	●	○	●	◑	◑	◑
Goldband snapper	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Harpuku	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
King george whiting	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Red emperor	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Pink snapper	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Shark	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑
Spanish mackerel	12	○	○	○	○	○	○	●	○	●	●	○	●	◑	●	◑

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MEAT AND SEAFOOD																
Wild Capture																
Cockles	12	◐	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Australian herring	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Blue threadfin	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Crimson snapper	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
King threadfin	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Redthroat emperor	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Saddletail snapper	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Southern garfish	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Tailor	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Yelloweye mullet	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Beche-de-mer	11	○	○	○	○	○	○	●	○	●	●	○	●	◐	◐	◐
Aquaculture																
Marron	22	●	◐	◐	●	◐	○	●	○	●	●	◐	●	●	●	●
Mussels	16	●	○	●	◐	○	○	●	○	●	●	○	◐	◐	◐	●
Oysters	15	●	○	◐	◐	○	○	●	○	●	●	○	◐	◐	◐	●
Salmon	13	●	○	●	○	○	○	●	○	●	●	○	○	○	◐	●

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MEAT AND SEAFOOD																
Aquaculture																
Abalone	13	◑	○	●	◑	○	○	●	○	●	●	○	◑	◑	◑	○
Barramundi	11	◑	○	◑	○	○	○	●	○	●	●	○	◑	◑	◑	○
Shrimp/prawn	10	●	○	◑	○	○	○	●	○	●	●	○	○	○	◑	○
Marine algae	9	○	○	○	○	●	◑	●	○	●	◑	○	○	○	◑	○
Rainbow trout	7	○	○	○	○	○	○	●	○	●	●	○	○	○	◑	○
Silver perch	7	○	○	○	○	○	○	●	○	●	●	○	○	○	◑	○
PRODUCE																
Packaging method																
Prepacked fruit	18	◑	○	◑	◑	○	◑	◑	●	●	◑	◑	●	●	●	◑
Prepacked vegetables	18	◑	○	◑	◑	○	◑	◑	●	●	◑	◑	●	●	●	◑
Baby vegetables	18	◑	○	◑	◑	◑	◑	◑	●	●	◑	○	●	●	●	◑
Prepacked salad	15	◑	○	◑	○	◑	◑	○	◑	●	○	◑	●	●	●	◑
Loose fruit	14	○	○	○	○	○	○	○	●	●	◑	◑	●	●	●	●
Loose vegetables	11	○	○	○	○	○	○	○	●	●	○	◑	●	●	●	○
Fresh herbs	9	○	○	○	○	○	○	○	◑	●	○	○	●	●	●	○

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PRODUCE																
Vegetables																
Truffles	22	●	●	●	●	◑	○	◑	○	●	●	○	●	●	●	●
Beetroot, baby	18	◑	○	○	◑	◑	◑	●	●	●	○	○	●	●	●	●
Cucumber, baby	17	◑	○	○	◑	◑	◑	●	◑	●	○	○	●	●	●	●
Carrot, mini	16	◑	○	○	◑	◑	◑	◑	●	●	○	○	●	●	●	◑
Cucumber, mini	16	◑	○	○	◑	◑	◑	●	◑	●	○	○	●	●	●	◑
Tomato, cherry	15	◑	○	○	◑	◑	○	●	●	●	○	○	●	●	●	○
Tomato, kumato	15	◑	○	○	●	◑	◑	●	◑	●	○	○	◑	●	◑	◑
Tomato, kumato, grape	15	◑	○	○	●	◑	◑	●	◑	●	○	○	◑	●	◑	◑
Zucchini, baby	15	◑	○	○	◑	◑	◑	◑	◑	●	○	○	●	●	●	◑
Asparagus	14	●	○	◑	○	○	○	◑	◑	●	◑	○	●	●	●	○
Beetroot	14	◑	○	◑	○	○	○	●	●	●	○	○	●	●	●	○
Carrot	14	○	○	◑	○	○	○	◑	●	●	○	●	●	●	●	○
Lettuce, mesclun mix leaves	14	◑	○	○	◑	○	◑	◑	●	●	○	○	●	●	●	○
Mushroom, dried	14	●	○	◑	◑	○	○	●	○	●	○	○	◑	●	◑	●
Sweet corn	14	○	○	○	○	○	○	●	●	●	○	●	●	●	●	○
Tomato, roma, mini	14	◑	○	○	◑	◑	◑	●	◑	●	○	○	◑	●	◑	◑

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PRODUCE																
Vegetables																
Tomato, sweet solanato	14	◑	○	○	◑	◑	◑	●	◑	●	○	○	◑	●	◑	◑
Chilli, baby	13	◑	○	○	◑	◑	◑	○	○	●	○	○	●	●	●	◑
Green beans	13	○	○	○	○	○	○	◑	●	●	○	●	●	●	●	○
Kale	13	◑	○	○	○	◑	◑	○	●	●	○	○	●	●	●	○
Leafy greens	13	◑	○	○	○	○	◑	◑	●	●	○	○	●	●	●	○
Mushroom, oyster	13	●	○	○	◑	◑	◑	◑	○	●	◑	○	◑	●	◑	○
Mushroom, shiitake	13	●	○	○	◑	◑	◑	◑	○	●	◑	○	◑	●	◑	○
Pea, snow	13	◑	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Spinach, baby	13	◑	○	○	◑	○	○	●	◑	●	○	○	●	●	●	○
Spinach, english	13	◑	○	◑	○	○	○	●	◑	●	○	○	●	●	●	○
Tomato, grape	13	◑	○	○	◑	◑	○	●	◑	●	○	○	◑	●	◑	◑
Capsicum	12	◑	○	◑	○	○	○	◑	◑	●	○	○	●	●	●	○
Capsicum, mini	12	◑	○	○	◑	◑	◑	◑	◑	●	○	○	◑	●	◑	○
Carrot, dutch	12	◑	○	○	○	○	○	◑	●	●	○	○	●	●	●	○
Chilli, green ball	12	◑	○	○	◑	◑	◑	○	○	●	○	○	●	●	●	○
Chilli, habanero	12	◑	○	○	◑	◑	◑	○	○	●	○	○	●	●	●	○

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PRODUCE																
Vegetables																
Cucumber, lebanese	12	○	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Potato, dutch cream	12	○	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Potato, white	12	○	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Sprouts	12	◐	○	○	●	○	○	○	◐	●	○	○	●	●	●	○
Sweet potato	12	○	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Tomato, field	12	○	○	○	○	○	○	●	●	●	○	○	●	●	●	○
Tomato, truss	12	◐	○	○	○	○	◐	●	◐	●	○	○	◐	●	◐	◐
Artichoke	11	◐	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Broccoli	11	○	○	○	○	○	○	◐	●	●	○	○	●	●	●	○
Broccolini	11	○	○	○	○	○	○	◐	●	●	○	○	●	●	●	○
Brussel sprouts	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Chilli, japaneno	11	◐	○	○	◐	○	◐	○	○	●	○	○	●	●	●	○
Cucumber, continental	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Eggplant	11	◐	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Garlic	11	○	○	○	○	○	○	◐	●	●	○	○	●	●	●	○
Leek	11	○	○	○	○	○	○	◐	●	●	○	○	●	●	●	○

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PRODUCE																
Vegetables																
Lettuce, green oak	11	○	○	○	○	○	○	◐	●	●	○	○	●	●	●	○
Pea, sugar snap	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, carisma	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, kipfler	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, krestrel	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, royal blue	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, royal blue, baby	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, white, baby	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Potato, red	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Sweet potato, gold, mini	11	○	○	○	◐	○	◐	●	◐	●	○	○	◐	●	◐	○
Zucchini	11	◐	○	○	○	○	○	○	●	●	○	○	●	●	●	○
Bean shoots	10	○	○	○	◐	○	○	○	◐	●	○	○	●	●	●	○
Bok choy, baby	10	○	○	○	○	◐	○	○	◐	●	○	○	●	●	●	○
Cabbage, green	10	○	○	○	○	○	○	○	●	●	○	○	●	●	●	○
Cauliflower	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Celery	10	○	○	○	○	○	○	○	●	●	○	○	●	●	●	○

HIGH ● MEDIUM ◐ LOW ○

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PRODUCE																
Vegetables																
Chilli, cayenne	10	◐	○	○	◐	○	○	○	○	●	○	○	●	●	●	○
Chilli, sweet yellow	10	◐	○	○	○	○	◐	○	○	●	○	○	●	●	●	○
Eggplant, lebanese	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Endive/witlof	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, other	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, butter	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, cos	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, gem	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, iceberg	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, oakleaf	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Lettuce, red oak	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Okra	10	○	○	○	○	○	○	◐	◐	●	○	○	●	●	●	○
Pumpkin, butternut	10	○	○	○	○	○	○	○	●	●	○	○	●	●	●	○
Pumpkin, jarrahdale	10	○	○	○	○	○	○	○	●	●	○	○	●	●	●	○
Pumpkin, kent	10	○	○	○	○	○	○	○	●	●	○	○	●	●	●	○
Rocket	10	◐	○	○	○	○	○	○	◐	●	○	○	●	●	●	○

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PRODUCE																
Vegetables																
Sweet corn, baby	10	○	○	○	◐	○	○	●	◐	●	○	○	◐	●	◐	○
Watercress	10	◐	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Betel leaves	9	○	○	○	●	◐	○	○	○	●	○	○	◐	●	◐	○
Bok choy	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Cabbage, red	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Cabbage, savoy	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Capsicum, bullhorn	9	◐	○	○	○	○	○	◐	◐	●	○	○	◐	●	◐	○
Chicory	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Chili, green	9	◐	○	○	○	○	○	○	○	●	○	○	●	●	●	○
Chilli, birdseye	9	◐	○	○	○	○	○	○	○	●	○	○	●	●	●	○
Chilli, red	9	◐	○	○	○	○	○	○	○	●	○	○	●	●	●	○
Chinese radish	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Choko	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Choy sum	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Choy sum, baby	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Lettuce, cos, baby	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○

HIGH ● MEDIUM ◐ LOW ○

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PRODUCE																
Vegetables																
Kohl rabi	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Mushroom, cup	9	Low	Low	Low	Low	Low	Low	Medium	High	High	Low	Low	Medium	High	Medium	Low
Mushroom, portobello	9	Medium	Low	Low	Low	Low	Low	Medium	Medium	High	Low	Low	Medium	High	Medium	Low
Mushroom, swiss brown	9	Medium	Low	Low	Low	Low	Low	Medium	Medium	High	Low	Low	Medium	High	Medium	Low
Onion, brown	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Onion, red	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Onion, salad	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Onion, white	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Onion, white globe	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Pak choy	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Pak choy, baby	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Parsnip	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Pumpkin, japanese	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Pumpkin, marrow	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Radish	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low
Shallots	9	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	High	High	High	Low

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PRODUCE																
Vegetables																
Silver beet	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Spring onions	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Squash	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Squash, gold button	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Swede	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Sweet corn, bi-corn	9	○	○	○	○	○	○	●	◐	●	○	○	◐	●	◐	○
Sweet potato, gold	9	○	○	○	○	○	○	●	◐	●	○	○	◐	●	◐	○
Sweet potato, hawaiian	9	○	○	○	○	○	○	●	◐	●	○	○	◐	●	◐	○
Sweet potato, purple	9	○	○	○	○	○	○	●	◐	●	○	○	◐	●	◐	○
Tomato, roma	9	○	○	○	○	○	○	●	◐	●	○	○	◐	●	◐	○
Turnip	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Wong bok	9	○	○	○	○	○	○	○	◐	●	○	○	●	●	●	○
Chinese cabbage/wombok, baby	8	○	○	○	○	◐	○	○	◐	●	○	○	◐	●	◐	○
Fennel	8	◐	○	○	○	○	○	○	◐	●	○	○	◐	●	◐	○
Ginger	8	○	○	○	○	○	○	○	●	●	○	○	◐	●	◐	○
Mushroom, button	8	○	○	○	○	○	○	◐	◐	●	○	○	◐	●	◐	○

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PRODUCE																
Vegetables																
Mushroom, field	8	○	○	○	○	○	○	◑	◑	●	○	○	◑	●	◑	○
Chinese cabbage/wombok	7	○	○	○	○	○	○	○	◑	●	○	○	◑	●	◑	○
Gai lan/chinese broccoli	7	○	○	○	○	○	○	○	◑	●	○	○	◑	●	◑	○
Rhubarb	7	○	○	○	○	○	○	○	◑	●	○	○	◑	●	◑	○
Bamboo shoots	5	○	○	○	○	○	○	○	○	●	○	○	◑	◑	◑	○
Fruit																
Apple, bravo	20	●	◑	○	○	●	○	●	◑	●	○	●	●	●	●	●
Avocado, hass	20	◑	○	◑	◑	●	○	●	●	●	◑	◑	●	●	●	◑
Cherries	17	◑	◑	◑	◑	○	○	●	◑	●	◑	○	●	●	●	◑
Figs, fresh	17	◑	◑	○	◑	◑	○	●	◑	●	◑	○	●	●	●	◑
Fingerlime	17	◑	◑	○	◑	●	○	○	○	●	◑	●	●	●	●	◑
Avocado, mini	16	◑	○	○	◑	●	○	●	◑	●	○	○	●	●	●	◑
Blueberries	16	◑	◑	○	◑	◑	○	●	◑	●	○	○	●	●	●	◑
Pomegranate	15	●	◑	○	○	●	◑	◑	◑	●	○	○	◑	◑	◑	●
Lime	14	◑	◑	○	○	○	○	●	◑	●	○	○	●	●	●	◑
Apple, fuji	13	◑	○	○	○	○	○	●	◑	●	○	○	●	●	●	◑

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PRODUCE																
Fruit																
Feijoa	13	Medium	High	Low	Medium	Low	Low	Low	Low	High	Low	Low	High	High	High	Medium
Mango, kensington pride	13	Medium	Low	Medium	Low	Low	Low	Low	Medium	High	Medium	Low	High	High	High	Medium
Mango, r2e2	13	Medium	Low	Medium	Low	Low	Low	Low	Medium	High	Medium	Low	High	Low	High	Medium
Mango, tpp1	13	Medium	Low	Medium	Low	Low	Low	Low	Medium	High	Medium	Low	High	High	High	Medium
Raspberries	13	Medium	Medium	Low	Medium	Medium	Low	High	Medium	High	Low	Low	Medium	Medium	Medium	Medium
Rustleberries	13	Medium	High	Low	Medium	Medium	Low	Low	Low	High	Low	High	Medium	Medium	Medium	Medium
Strawberries	13	Medium	Medium	Low	Medium	Low	Low	Low	Medium	High	Low	Low	High	High	High	Medium
Acai berry	13	High	Low	High	Medium	High	Low	Medium	Medium	High	Low	Low	Low	Low	Low	High
Blackberries	12	Medium	Medium	Low	Medium	Medium	Low	Medium	Medium	High	Low	Low	Medium	Medium	Medium	Medium
Boysenberries	12	Medium	Medium	Low	Medium	Medium	Low	Medium	Medium	High	Low	Low	Medium	Medium	Medium	Medium
Dates, fresh	12	Medium	Low	Low	Low	High	Medium	High	High	High	Medium	Low	Low	Low	Low	Medium
Kiwifruit, green	12	Low	Low	Low	Low	Low	Low	High	High	High	Low	Low	High	High	High	Low
Apple, golden delicious	11	Low	Low	Low	Low	Low	Low	High	Medium	High	Low	Low	High	High	High	Low
Apple, granny smith	11	Low	Low	Low	Low	Low	Low	High	Medium	High	Low	Low	High	High	High	Low
Apple, jazz	11	Low	Low	Low	Low	Low	Low	High	Medium	High	Low	Low	High	High	High	Low
Apple, pink lady	11	Low	Low	Low	Low	Low	Low	High	Medium	High	Low	Low	High	High	High	Low

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PRODUCE																
Fruit																
Apple, red delicious	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Apple, royal gala	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Apple, sundowner	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Grapes, black	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Grapes, green	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Grapes, red	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Lemon	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Mandarin, afourer	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Mandarin, gold nugget	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Mandarin, mystique	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Orange, navel	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Orange, valencia	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Pear, beurre bosc	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Pear, corella	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Pear, josephine	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○
Pear, packham	11	○	○	○	○	○	○	●	◐	●	○	○	●	●	●	○

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PRODUCE																
Fruit																
Tangelo	11	○	○	○	○	○	○	●	◑	●	○	○	●	●	●	○
Grapefruit, red	10	○	○	○	○	○	○	◑	◑	●	○	○	●	●	●	○
Grapefruit, white	10	○	○	○	○	○	○	◑	◑	●	○	○	●	●	●	○
Rockmelon	10	○	○	○	○	○	○	◑	◑	●	○	○	●	●	●	○
Watermelon	10	○	○	○	○	○	○	◑	◑	●	○	○	●	●	●	○
Coconut, green (drinking)	9	◑	○	○	◑	●	◑	○	◑	●	○	○	○	○	○	◑
Guava	9	◑	◑	○	○	○	○	○	◑	●	○	○	◑	◑	◑	◑
Plum, black	9	○	○	○	○	○	○	○	◑	●	○	○	●	●	●	○
Plum, red	9	○	○	○	○	○	○	○	◑	●	○	○	●	●	●	○
Tamarillo	9	◑	●	○	○	○	○	○	○	●	○	○	◑	◑	◑	◑
Banana, cavendish	8	○	○	○	○	○	○	◑	●	●	○	○	◑	◑	◑	○
Banana, lady finger	8	○	○	○	○	○	○	◑	●	●	○	○	◑	◑	◑	○
Kiwifruit, gold	8	○	○	○	○	○	○	●	◑	●	○	○	◑	◑	◑	○
Blackcurrant	8	◑	○	○	○	○	○	○	◑	●	○	○	◑	◑	◑	◑
Apricot	7	○	○	○	○	○	○	◑	◑	●	○	○	◑	◑	◑	○
Coconut	7	◑	○	○	○	○	○	●	◑	●	○	○	○	○	○	◑

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PRODUCE																
Fruit																
Dragon fruit	7	Medium	Medium	Low	Medium	Low	Low	Low	Medium	High	Low	Low	Low	Low	Low	Medium
Kumquat	7	Medium	Medium	Low	Medium	Medium	Low	Low	Low	High	Low	Low	Low	Low	Low	Medium
Loquat	7	Medium	Medium	Low	Medium	Medium	Low	Low	Low	High	Low	Low	Low	Low	Low	Medium
Nashi	7	Low	Low	Low	Low	Low	Low	Medium	Medium	High	Low	Low	Medium	Medium	Medium	Low
Passionfruit	7	Medium	Low	Low	Low	Low	Low	Low	Low	High	Low	Low	Medium	Medium	Medium	Medium
Passionfruit, panama	7	Medium	Low	Low	Low	Low	Low	Low	Low	High	Low	Low	Medium	Medium	Medium	Medium
Persimmon	7	Low	Medium	Low	Low	Low	Low	Medium	Low	High	Low	Low	Medium	Medium	Medium	Low
Custard apple	6	Low	Medium	Low	Medium	Medium	Low	Low	Medium	High	Low	Low	Low	Low	Low	Low
Honeydew melon	6	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	Medium	Medium	Medium	Low
Lychee	6	Medium	Medium	Low	Medium	Low	Low	Low	Low	High	Low	Low	Low	Low	Low	Medium
Nectarine	6	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	Medium	Medium	Medium	Low
Paw paw	6	Low	Low	Low	Low	Low	Low	Medium	Low	High	Low	Low	Medium	Medium	Medium	Low
Peach, golden	6	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	Medium	Medium	Medium	Low
Peach, white	6	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	Medium	Medium	Medium	Low
Peach, yellow	6	Low	Low	Low	Low	Low	Low	Low	Medium	High	Low	Low	Medium	Medium	Medium	Low
Quince	6	Low	Medium	Low	Low	Low	Low	Low	Low	High	Low	Low	Medium	Medium	Medium	Low

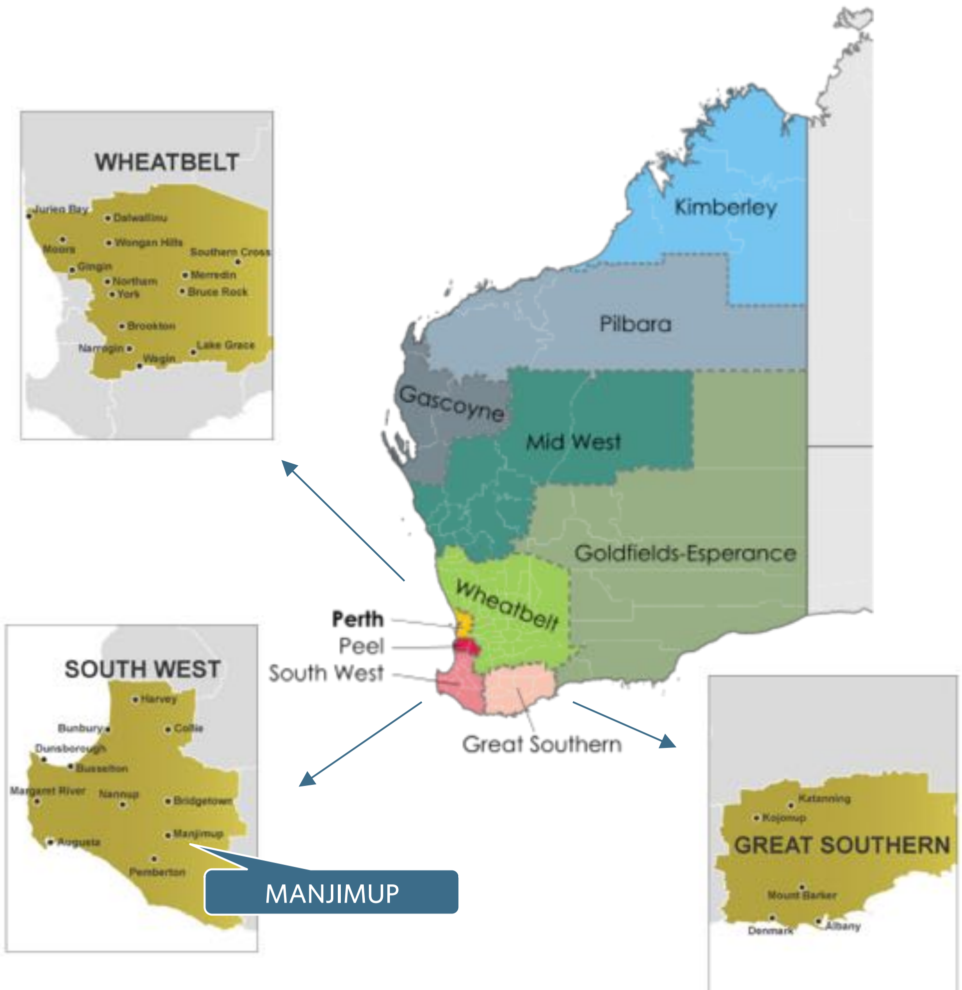
HIGH ● MEDIUM ◑ LOW ○

PRODUCT	OVERALL SCORE	Product has gourmet /luxury characteristics	Scale not critical factor	Product supports wide range of price points	Category supports smaller brands	Product is "on-trend" with emerging or new products	Retailers are increasing range in category	Growing world trade into Asia	Organic exists and is gaining traction	Provenance /origin is important to (some) consumers	Source is noted on menus (high end food service)	WA has clear comparative advantage in ingredients	WA has existing firms in category	WA has proven capability at execution	WA produces key raw ingredients	Global premium model exists for fast follow
PRODUCE																
Fruit																
Papaya, red	5	○	○	○	○	○	○	○	○	●	○	○	◑	◑	◑	○
Tamarind	4	○	○	○	○	●	○	○	○	●	○	○	○	○	○	○
Pineapple	3	○	○	○	○	○	○	○	◑	●	○	○	○	○	○	○
Nuts																
Hazelnuts	22	●	●	●	●	◑	◑	●	●	●	◑	○	◑	◑	◑	●
Walnuts	22	●	◑	●	●	◑	◑	●	●	●	◑	○	●	◑	◑	●
Pistachios	22	●	◑	●	●	◑	◑	●	●	●	◑	○	●	◑	◑	●
Chestnuts	22	●	●	●	●	◑	◑	●	●	●	◑	○	◑	◑	◑	●
Macadamia	21	●	◑	●	●	◑	◑	●	●	●	◑	○	◑	◑	◑	●
Almonds	21	●	◑	●	●	◑	◑	●	●	●	◑	○	◑	◑	◑	●
Pecan	19	●	◑	●	●	◑	◑	●	●	●	◑	○	○	◑	○	●

HIGH ● MEDIUM ◑ LOW ○

DOCUMENT STRUCTURE

Specific premium food and beverage opportunity categories were identified for the Great Southern, Wheatbelt and Manjimup and the South West



Source: Coriolis

The Great Southern region takes in several hundred kilometres of Western Australia's southern coastline and extends 240 kilometres inland

DEFINED KEY OPPORTUNITY REGION – GREAT SOUTHERN

REGIONAL SNAPSHOT

Land area – 39,007 km^2

Population – 59, 234

Main industry – agriculture

Number of local government areas – 11

Largest population centre – Albany

Administration centre – Albany

Climate – Mediterranean on coast, semi-arid to the north and east of region

EXAMPLE REGIONAL FIRMS

THE GREEN PANTRY
BRM Beaufort River Meats
IRONGATE
THE OVER THE MOON ORGANICS
DELLENDALE CREAMERY
PAYNEHAM VALE ORGANICS
Scrupulicious. UNIQUE WESTERN AUSTRALIAN FLAVOUR
vinofood FLAVOURS FROM THE VINE
ELIXIR RAW HONEY
EDEN GATE BLUEBERRIES

Source: Government of Western Australia Department of Regional Development photo credit; Great Southern Development Commission; Coriolis analysis

The Great Southern region has clear, specific key opportunities emerging from the research

DETAILS PROVIDED IN STAGE II

IDENTIFICATION OF SPECIFIC KEY OPPORTUNITIES FOR THE GREAT SOUTHERN: SUMMARY

Relative scoring; 2016

GOOD	BETTER	BEST
- *Oat Milk/Alternative Dairy*	- *Baby Food*	- *Organic/Biodynamic Beef*
- *Premium Grains*	- *Specialty Breads*	- *Wagyu Beef*
	- *Premium Soft Drinks*	- *Cheeses*
	- *Cured/Continental Meats*	- *Alcoholic Spirits*
	- *Cider*	- *Dips/Spreads*
	- *Chilled Pasta*	- *Breakfast Muesli/Cereals*
	- *Fermented Foods*	- *Healthy Snacking*
	- *Nut Butter*	- *Meat Snacks*
		- *Olives/Marinated Vegetables*
		- *Cooked/Smoked/Marinated Seafood*

Source: Coriolis analysis

The Wheatbelt extends north from Perth to the Mid West region, meeting the Indian Ocean, east to the Goldfields-Esperance region and south to the South West and Great Southern regions

DEFINED KEY OPPORTUNITY REGION – WHEATBELT

REGIONAL SNAPSHOT

Land area – 154,862 km^2

Population – 75,000

Main industry – agriculture, mining

Subregions – Avon, Central Coast, Central East, Central Midlands, Wheatbelt South

Number of local government areas – 43

Largest population – Shire of Northam

No clear dominant regional centre

Climate – Hot dry summers and mild winters; moderately high rainfall in coastal area

EXAMPLE REGIONAL FIRMS

The Wheatbelt region has clear, specific key opportunities emerging from the research

DETAILS PROVIDED IN STAGE II

IDENTIFICATION OF SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT: SUMMARY

Relative scoring; 2016

GOOD	BETTER	BEST
- *Premium Soft Drinks*	- *Baby Food*	- *Organic/Biodynamic Beef*
- *Cider*	- *Specialty Breads*	- *Meat Snacks*
	- *Oat Milk/Alternative Dairy*	- *Premium Grains*
	- *Wagyu Beef*	- *Olives/Marinated Vegetables*
	- *Cheeses*	- *Cooked/Smoked/Marinated Seafood*
	- *Alcoholic Spirits*	
	- *Dips/Spreads*	
	- *Breakfast Muesli/Cereals*	
	- *Healthy Snacking*	
	- *Cured/Continental Meats*	
	- *Chilled Pasta*	
	- *Fermented Foods*	
	- *Nut Butter*	

Source: Coriolis analysis

The South West is home to several food and wine hubs including the Manjimup, Southern Forest Foods and the Margaret River regions

DEFINED KEY OPPORTUNITY REGION – SOUTH WEST

REGIONAL SNAPSHOT

Land area – 23,970 km^2

Population – 174,000

Main industry – mining, retail, tourism, agriculture

Subregions – Bunbury Wellington, Vasse, Warren Blackwood

Number of local government areas – 12

Largest population centre – Bunbury

Administration centre – Bunbury

Climate – Mediterranean

EXAMPLE REGIONAL FIRMS

Source: Government of Western Australia Department of Regional Development photo credit; South West Development Commission; Coriolis analysis

Manjimup and the South West region have clear, specific key opportunities emerging from the research

DETAILS PROVIDED IN STAGE II

IDENTIFICATION OF SPECIFIC KEY OPPORTUNITIES FOR MANJIMUP AND THE SOUTH WEST: SUMMARY

Relative scoring; 2016

GOOD	BETTER	BEST
- *Oat Milk/Alternative Dairy*	- *Baby Food*	- *Organic/Biodynamic Beef*
- *Premium Grains*	- *Specialty Breads*	- *Wagyu Beef*
	- *Cured/Continental Meats*	- *Premium Soft Drinks*
	- *Chilled Pasta*	- *Cheeses*
	- *Nut Butter*	- *Alcoholic Spirits*
		- *Dips/Spreads*
		- *Breakfast Muesli/Cereals*
		- *Healthy Snacking*
		- *Cider*
		- *Meat Snacks*
		- *Olives/Marinated Vegetables*
		- *Fermented Foods*
		- *Cooked/Smoked/Marinated Seafood*

Source: Coriolis analysis

Organic baby food is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Wheat
- Specialty grains
- Meat – organic
- Vegetables – organic
- Fruit – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

SOUTH WEST*

INGREDIENTS PRODUCED

- Dairy – organic
- Meat – organic
- Vegetables – organic
- Fruit – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	◑
OVERALL	◑

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Dairy – organic
- Meat – organic
- Vegetables – organic
- Fruit – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

** Manjimup and the South West; Source: Regional Development Commissions; Coriolis analysis*

Specialty breads is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Major producer of wheat in the State
- Specialty grains
- Seeds & nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

SOUTH WEST*

INGREDIENTS PRODUCED

- Limited amount of wheat produced
- Specialty grains
- Seeds & nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	●
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	◑
OVERALL	◑

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Wheat
- Specialty grains
- Seeds & nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	◑
OVERALL	◑

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Organic beef is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Organic beef

FIT WITH REGION SCORECARD	
CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	◑
OVERALL	●

SOUTH WEST*

INGREDIENTS PRODUCED

- Organic beef

FIT WITH REGION SCORECARD	
CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	●
Branding, packaging & marketing	◑
Global peer group success	◑
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Organic beef

FIT WITH REGION SCORECARD	
CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Oat milk/alternative dairy is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Major producer of oats in the State
- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Oats
- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◐
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	◐
OVERALL	○

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Oats
- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◐
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	○

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Wagyu beef is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Wagyu beef potential

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	Low
Scale /capacity of existing firms	Low
Branding, packaging & marketing	Low
Global peer group success	High
OVERALL	Medium

SOUTH WEST*

INGREDIENTS PRODUCED

- Major supplier of Wagyu beef in the State

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	High
Scale /capacity of existing firms	Medium
Branding, packaging & marketing	Medium
Global peer group success	High
OVERALL	High

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Wagyu beef

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	Medium
Scale /capacity of existing firms	Medium
Branding, packaging & marketing	Medium
Global peer group success	High
OVERALL	High

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium soft drinks is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Spring water
- Flavouring ingredients

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	○

SOUTH WEST*

INGREDIENTS PRODUCED

- Spring water
- Flavouring ingredients

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	●
Scale /capacity of existing firms	●
Branding, packaging & marketing	●
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Spring water
- Flavouring ingredients

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	◑
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium cheeses is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Milk

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Milk

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	●
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Milk

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium spirits is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Major grain producing region in the State
- Spring water

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Grains
- Spring water

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◐
Current industry activity	◐
Scale /capacity of existing firms	●
Branding, packaging & marketing	●
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Grains
- Spring water

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◐
Current industry activity	◐
Scale /capacity of existing firms	●
Branding, packaging & marketing	●
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium dips is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Vegetables – organic
- Meat – organic
- Seafood

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Dairy – organic
- Vegetables – organic
- Meat – organic
- Seafood

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Dairy – organic
- Vegetables – organic
- Meat – organic
- Seafood

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium breakfast muesli/cereals is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Main grain producing region in State
- Quinoa
- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Healthy snacking is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

SOUTH WEST*

INGREDIENTS PRODUCED

- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Specialty grains
- Nuts
- Seeds

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium cured/continental meats is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Beef – organic, grass fed
- Pork – organic, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Beef – organic, grass fed
- Pork – organic, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Beef – organic, grass fed
- Pork – organic, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Cider is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Apples, pears not grown at commercial levels

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	○
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	○

SOUTH WEST*

INGREDIENTS PRODUCED

- Major apple producing region in State
- Pears

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Apples
- Pears

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Meat snacks is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Meat – organic, grass fed, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

SOUTH WEST*

INGREDIENTS PRODUCED

- Meat – organic, grass fed, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	●
Branding, packaging & marketing	●
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Meat – organic, grass fed, free range

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Premium grains is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Main grain producing region in State
- Quinoa
- Specialty grains

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◑
Scale /capacity of existing firms	◑
Branding, packaging & marketing	◑
Global peer group success	●
OVERALL	●

SOUTH WEST*

INGREDIENTS PRODUCED

- Some specialty grain production

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	◑
OVERALL	○

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Some specialty grain production

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	◑
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	◑
OVERALL	○

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Chilled pasta is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Main wheat producing region in State
- Meat – organic
- Vegetables – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

SOUTH WEST*

INGREDIENTS PRODUCED

- Some wheat production
- Meat – organic
- Vegetables - organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	◐
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	◐
OVERALL	◐

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Some wheat production
- Meat – organic
- Vegetables - organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◐

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Olives/marinated vegetables is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Vegetables – organic
- Olives - organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	●

SOUTH WEST*

INGREDIENTS PRODUCED

- Vegetables – organic
- Cheese – organic
- Olives - organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Vegetables – organic
- Cheese – organic
- Olives – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	◐
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Fermented foods is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Vegetables – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	Low
Scale /capacity of existing firms	Low
Branding, packaging & marketing	Low
Global peer group success	High
OVERALL	Medium

SOUTH WEST*

INGREDIENTS PRODUCED

- Vegetables – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	Medium
Scale /capacity of existing firms	Medium
Branding, packaging & marketing	High
Global peer group success	High
OVERALL	High

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Vegetables – organic

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	High
Current industry activity	Low
Scale /capacity of existing firms	Low
Branding, packaging & marketing	Low
Global peer group success	High
OVERALL	Medium

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Nut butter is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◑ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

SOUTH WEST*

INGREDIENTS PRODUCED

- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Nuts

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	○
Scale /capacity of existing firms	○
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	◑

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

Cooked/smoked/marinated seafood is an identified key opportunity for the following regions

SCORECARD FOR SPECIFIC KEY OPPORTUNITIES FOR THE WHEATBELT, SOUTH WEST* AND GREAT SOUTHERN REGIONS

2016

HIGH ● MEDIUM ◐ LOW ○

WHEATBELT

INGREDIENTS PRODUCED

- Western Rock Lobster
- Yabbies
- Abalone
- Crabs
- Aquaculture finfish
- Wild caught fish

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	●

SOUTH WEST*

INGREDIENTS PRODUCED

- Marron
- Yabbies
- Trout
- Silver Perch
- Rock Lobster
- Wild caught fish

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	●

GREAT SOUTHERN

INGREDIENTS PRODUCED

- Oysters
- Mussels
- Abalone
- Marron
- Trout
- Yabbies
- Crabs
- Rock lobsters
- Wild caught fish

FIT WITH REGION SCORECARD

CRITERIA	SCORE
Comparative advantage	●
Current industry activity	●
Scale /capacity of existing firms	◐
Branding, packaging & marketing	○
Global peer group success	●
OVERALL	●

** Manjimup and the South West. Source: Regional Development Commissions; Coriolis analysis*

List of acronyms used in the "Premium Agri-Food Market Opportunity "(PMO) report

ASX	Australian Securities Exchange
CAGR	Compound Annual Growth Rate
DAFWA	Department of Agriculture and Food Western Australia
DIFOTIS	Delivered In Full On Time In Specification
FII	Food Industry Innovation
FMCG	Fast Moving Consumer Goods
FOB	Free On Board
FTE	Full Time Equivalents
HGP	Hormone Growth Promotant
HPP	High Pressure Processing
IGA	Independent Grocers of Australia
IPO	Initial Public Offering
KVI	Known Value Item
LOHAS	Lifestyles of Health And Sustainability
MAP	Modified Atmosphere Packaging
NASAA	National Association for Sustainable Agriculture, Australia
PMO	Premium Agri-Food Market Opportunity
QSR	Quick Service Restaurant
R&D	Research and Development
RTD	Ready To Drink
RTE	Ready To Eat
SKU	Stock Keeping Unit
STOA	Seizing the Opportunity in Agriculture
SWOT	Strengths, Weaknesses, Opportunities and Threats
TMO	Target Market Opportunities
UHT	Ultra High Temperature
USDA	United States Department of Agriculture
USP	Unique Selling Proposition
WWX	Woolworths

This project is driven by the following client brief and specified required output

PROJECT BACKGROUND

The Department of Agriculture and Food Western Australia (DAFWA) is committed to growing Western Australia's world class agriculture and food industries through excellence and innovation. A key DAFWA role is to support economic development across the wide range of agribusiness sectors in Western Australia.

In 2013, the Government of Western Australia (WA) announced the Seizing the Opportunity in Agriculture initiative for the agriculture and food sector, through Royalties for Regions investment. The initiative aims to place the State in the best position to be able to capitalise on the significant opportunities that are presented by the Asian Century for growth and diversification of WA's economic base. One of the priorities under Seizing the Opportunity is the "Food Industry Innovation" project.

Food Industry Innovation (FII) will assist WA regional agri-food businesses to create a sustainable competitive advantage by providing confidence to collaborate, innovate and capitalise on premium market opportunities resulting in improved competitive growth. The project aims to facilitate businesses working together to better market their products, reduce their costs and coordinate production. Refer https://www.agric.wa.gov.au/r4r/food-industry-innovation.

The FII project is comprised of two strategic activities – the development of a Premium Food Centre based in Manjimup with a state wide focus on premium (including organic) food production and a Specialised Food Centre located in Albany to identify and support opportunities for value adding of produce and cost sharing in the Great Southern and Wheatbelt.

SCOPE OF WORK

This scope of work focuses on one of the key deliverable's for the Premium Food Centre, being:

- identify market opportunities for premium (including organic) Western Australian agri-food products

This commission is specifically for the provision of a "**Premium Agri-Food Market Opportunity** "(PMO) report which will:

- ✓ Define the term "Premium Food" sector (including organic, premium, luxury and low input)
- ✓ Informed by the findings of recent DAFWA reports for Asian Market Success "Target Market Opportunities", and Agricultural Sciences R & D "Pathways to Competitiveness; and considering any other relevant reports and information, analyse and identify opportunities in the premium agri-food sector, across all of Western Australian.
- ✓ Develop a criteria based methodology which narrows the identified opportunities down to a list of 'key opportunities', targeting high value and high growth markets. In recognising at the premium and luxury sector, scale is not a determinant of success, consider a range of business sizes including start-up.
- ✓ Identify specific key opportunities for the Great Southern, Wheatbelt and Manjimup and organic sector.
- ✓ Identify the prospective markets and market channels for these key opportunities, which will include both international and domestic markets. Include market size, supply chain analysis and other relevant market intelligence.
- ✓ Drawing on recent industry consultation, where required conduct additional stakeholder consultation to confirm the commercial reality of key opportunities identified.
- ✓ Consider the key opportunities identified in Western Australia against current national trends and 'winners', and draws findings from the comparison.
- ✓ Identify key issues and limitations related to accessing these markets including but not limited to demand, scale, competitive advantage, proximity to markets, barriers to market, knowledge, access to funds, marketing, packaging and willingness of stakeholders to collaborate.

Recommendation should also be made in the final report to inform the next two stages of work, Any future work will be treated as a separate commission to this piece of work.

1. The preparation of market development plans where demonstrated opportunity has been identified for the selected key premium and organic market opportunities.
2. The development of sector capacity plans to provide support for and transition businesses in the identified key premium and organic market opportunities.

STAKEHOLDER CONSULTATION

To complete this analysis it is expected that the successful contractor will draw on the findings of recent consultation exercises, but also examine the opinions and attitudes of key stakeholders regarding the key opportunities. This will aid in providing insights into the commercial practicalities/realities of the proposed markets. A consultation strategy should be provided in the response. It is anticipated that the project may require consultation with up to 20 key stakeholders. This would consist of:

- Members of various agri-food supply chains (producers, processors, distributors and buyers) representing the spread of agri-food enterprises captured

DAFWA will support the contractor with identifying and introducing key stakeholders, but it is expected that the successful respondent will coordinate and manage all liaison, meetings and information gathering.

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Coriolis is the leading Australasian management consulting firm specialising in the wider food value chain. We work on projects in agriculture, food and beverages, consumer packaged goods, retailing & foodservice. In other words, things you put in your mouth and places that sell them.

WHERE WE WORK

We focus on the Asia Pacific region, but look at problems with a global point-of-view. We have strong understanding of, and experience in, markets and systems in Australia, China, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, the United Kingdom and the U.S. We regularly conduct international market evaluations and benchmarking.

WHAT WE DO

We help our clients assemble the facts needed to guide their big decisions. We develop practical, fact-based insights grounded in the real world that guide our clients decisions and actions. We make practical recommendations. We work with clients to make change happen. We assume leadership positions to implement change as necessary.

HOW WE DO IT

All of our team have worked across one-or-more parts of the wider food value chain, from paddock-to-plate. As a result, our recommendations are grounded in the real world. Our style is practical and down-to-earth. We try to put ourselves in our clients' shoes and focus on actions. We listen hard, but we are suspicious of the consensus. We provide an external, objective perspective. We are happy to link our fees to results.

WHO WE WORK WITH

We only work with a select group of clients we trust. We build long term relationships with our clients and more than 80% of our work comes from existing clients. Our clients trust our experience, advice and integrity.

Coriolis advises clients on growth strategy, mergers and acquisitions, operational improvement and organisational change. Typical assignments for clients include...

FIRM STRATEGY & OPERATIONS

We help clients develop their own strategy for growing sales and profits. We have a strong bias towards growth driven by new products, new channels and new markets.

MARKET ENTRY

We help clients identify which countries are the most attractive – from a consumer, a competition and a channel point-of-view. Following this we assist in developing a plan for market entry and growth.

VALUE CREATION

We help clients create value through revenue growth and cost reduction.

TARGET IDENTIFICATION

We help clients identify high potential acquisition targets by profiling industries, screening companies and devising a plan to approach targets.

DUE DILIGENCE

We help organisations make better decisions by performing consumer and market-focused due diligence and assessing performance improvement opportunities.

EXPERT WITNESS

We provide expert witness support to clients in legal cases and insurance claims. We assist with applications under competition/fair trade laws and regulations.