

Analyst

Jonathan Snape 613 9235 1601

Authorisation

Chris Savage 612 8224 2835

Cobram Estate Olives (CBO)

First press

Recommendation
Buy (Initiation)

Price
\$2.00
Target (12 months)
\$2.30 (Initiation)

GICS Sector
Food Beverage and Tobacco
Expected Return

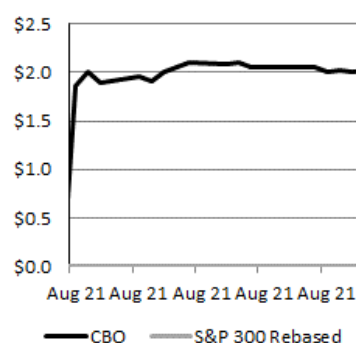
Capital growth	15.0%
Dividend yield	1.7%
Total expected return	16.7%

Company Data & Ratios

Enterprise value	\$948.5m
Market cap	\$774.9m
Issued capital	387.4m
Free float	67%
Avg. daily val. (52wk)	\$3.2m
12 month price range	\$1.81-2.21

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)			
Absolute (%)			
Rel market (%)			

Absolute Price


SOURCE: IRESS

Company background

Cobram Estate Olives (Cobram) is a vertically integrated producer and marketer of olive oil products with operations in Australia and USA and export customers in ~17 countries. Established in 1998, today Cobram owns or leases ~6,889Ha (~99% company owned) of maturing olive groves across Australia (6,584Ha) and California (305Ha), with ~3,182Ha of olive suitable land for expansion, and packaged olive oil sales reaching \$123.2m in FY21.

Fast growing brand with maturing orchard assets

Market leading Australian brands: Cobram has developed and owns two market leading Australian olive oil brands in Cobram Estates and Red Island which combined account for ~45% of the Australian Extra Virgin Olive Oil (EVOO) market, a segment which has seen retail sales value has grown by +37% since FY17.

Exposure to a maturing orchard asset base in Australia: ~39% of the Australian orchards have yet to reach maturity and ~15% have yet to reach first harvest. Maturing company orchards combined with access to additional fruit from immature third party plantings provide access to a step change in olive oil volumes over the next decade.

Exposure to a North American development asset: Since FY14 Cobram has grown to be the third largest producer and second largest Californian olive oil brand in the US. The transition from bulk to branded producer should benefit margins in the long run, while providing an outlet for any surplus oil inventory from the Australian groves.

Investment view: Initiate coverage with an Buy rating

We initiate coverage on Cobram with a Buy rating and \$2.30ps target price. Cobram offers exposure to a premium FMCG brand in a fast growing market. In addition the business should benefit from an expanding orchard asset base lifting oil supply and through the cycle earnings. As a compliance listing that provides a liquidity event, there is the potential of a near term stock overhang. However, we would see liquidity in an off production year as likely to provide buying opportunities.

Earnings Forecast

Year end June	2021	2022e	2023e	2024e
Revenue (\$m)	207.2	184.8	258.5	223.8
EBITDA (\$m)	70.3	24.3	85.5	36.3
NPAT (reported) (\$m)	32.6	0.4	43.2	8.9
NPAT (adjusted) (\$m)	32.6	0.4	43.2	8.9
EPS (adjusted) (cps)	8.0	0.1	10.6	2.2
EPS growth (%)	n.a.	n.a.	n.a.	n.a.
PER (x)	25.0	1,919.8	18.9	91.2
FCF Yield (%)	(0.3)	1.5	(1.0)	3.6
EV/EBITDA (x)	13.5	39.0	11.1	26.1
Dividend (eps)	-	3.3	3.3	3.3
Franking (%)	-	-	-	-
Yield (%)	-	1.7	1.7	1.7
ROE (%)	17.1	0.2	20.7	4.4

SOURCE: BELL POTTER SECURITIES ESTIMATES

Contents

Background and Investment highlights.....	3
Investment risks.....	5
Target price determination	8
Olive oil basics.....	11
Industry backdrop.....	12
Financial overview	16
Management and board.....	20
Major shareholders	22

Background and Investment highlights

COMPANY BACKGROUND

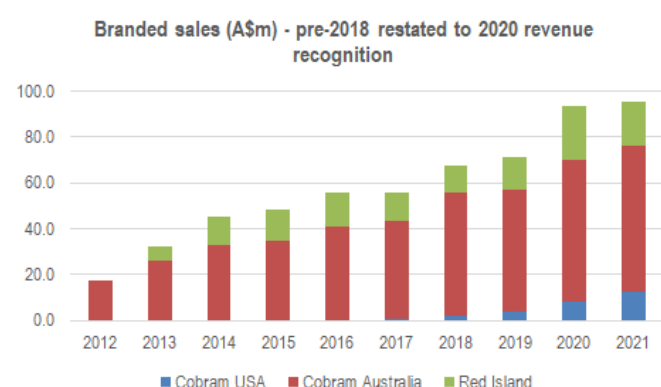
Cobram Estate Olives (Cobram) is a vertically integrated producer and marketer of olive oil products with operations in Australia and California and export customers in ~17 countries. Established in 1998, today Cobram is Australia's largest producer of extra virgin olive oil (accounting for ~70% of Australia annual oil production) and owner of the two largest retail brands in Cobram Estates and Red Island. In 2014 a beachhead was established in California, which today is the number three olive oil processor in California and number 10 ranked olive oil brand (at ~1.3% EVOO share). Today Cobram owns or leases ~6,889Ha of maturing olive groves across Australia (6,584Ha) and California (305Ha), with ~3,182Ha of olive suitable land for expansion. A brief overview and description of Cobram is detailed below:

Figure 1 – Cobram operational footprint

Division	FY21		Farming	Processing & storages			Sales and marketing
	Revenue	EBITDA		Milling	Storage	Bottling	
Australia	99.2	75.1	6,584Ha planted ~39% immature orchards ~15% yet to bear fruit 3,000Ha suitable for planting FY20 Production: 6.2mL FY21 Production: 16.1mL	~104#/Hr	#1 Australian processor 15.5mL (6.5mL at mill)	14,400/Hr	EVOO supermarket share: Cobram 35% Red Island 10% FY21 Branded sales: ~A\$83m
USA	38.9	0.5	305Ha planted 182Ha suitable for planting Third party suppliers + company production	~40#/hr	#3 California processor 2.9mL	3,500/Hr	1.3% EVOO share FY21 Cobram branded sales: ~A\$12m
Wellness and innovation	1.9	(5.3)					Olive leaf extract products Wellgorve brand Amazon channel partner

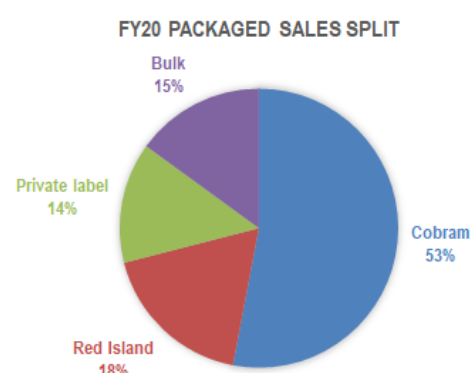
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 – Cobram packaged sales summary



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3 – Cobram FY20 packaged sales split



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Australia: The Australian business is a vertically integrated olive oil operation with a footprint from nurseries to oil processing and marketing. Cobram operates two large scale olive groves at Boundary Bend and Boort, with a combined 6,584Ha of maturing orchards and suitable land for future plantings (~3,000Ha). In addition, Cobram owns two olive oil mills, an olive oil bottling facility in Lara and two of Australia leading consumer facing brands in Cobram Estates (acquired 2006) and Red Island (acquired in 2012).

North America: In 2014 Cobram established a beachhead in the US, through the acquisition of a 3.6Ha industrial property site in Woodland, California. Since then, Cobram has established an olive mill, storage and bottling facility, laboratory, and administration offices. Olive supply is from company operated orchards (~305Ha of owned and leased

groves) and olive supply contracts with Californian growers, with the latter accounting for the majority of supply. Product is sold under the Cobram brand with in excess of 13,000 retail distribution points.

Wellness division: In 2017 Cobram established its Wellness division, which is responsible for the research, development and sale of products leftover from olive oil production. The primary focus of this division has been on the use of biomass for bioenergy and soil amendment, the extraction of antioxidants from olive by-products (including leaves and pomace), and more recently on the commercialisation of health and wellness products through the launch of the Wellgrove brand in the USA and Australia.

INVESTMENT HIGHLIGHTS

Key highlights of an investment in Cobram include:

Exposure to a fast-growing consumer brand: Cobram owns two market leading Australian olive oil brands in Cobram Estates and Red Island, which combined account for ~45% of the EVOO market. Cobram brands are positioned in the premium Australian Extra Virgin Olive Oil (EVOO) category, where segment retail sales value has grown by +37% since FY17.

Cobram brands achieving pricing gains: Since FY14 the NSR derived from Cobram's core brands has grown 70%. Price per litre has been a principal driver of top line growth, with price increases announced in Jul'19 (+15% prices increase across the portfolio) and Feb'21 (+19% in Cobram branded product and a +12% uplift in pricing of Red Island and private label volumes).

Exposure to a maturing orchard asset base in Australia: ~39% of the Australian orchards are yet to reach maturity and ~15% has yet to reach first harvest. Maturing company orchards combined with access to additional fruit from third party plantings (in excess of >1,000Ha planted in recent years) provide Cobram access to a step change in olive oil supply over the next decade. In addition Cobram has a further ~3,000Ha of land suitable for olive plantings, which could further add to the oil supply base.

Exposure to a North American development asset: Like Australia, the US market is heavily reliant on olive oil imports from Europe, which offers the opportunity for import substitution and the development of premium local brands. Since FY14 Cobram has grown to be the third largest producer and second largest Californian olive oil brand in the US. The transition from bulk to branded producer has seen the business reach EBITDA profitability in FY21, with branded sales reaching ~34% of the revenue mix.

Opportunities to internalise the US supply chain: Cobram planted its first US orchards in FY15, with subsequent plantings in FY19 and FY21. In FY20 internal oil accounted for ~1% of processed volumes lifting to ~14% in FY21. As orchards mature internal supply of oil should expand generating additional earnings opportunities. At the time of this report, Cobram had 305Ha of maturing US orchards with a further ~182Ha of land suitable for planting.

Lower water costs: Cobram does not own material water entitlement positions in Australia and as such is exposed to movements in water allocation prices on the southern MDB. The rapid acceleration in water prices in FY18-20 resulted in a material escalation in water costs, lifting from \$3.7m in FY18 to \$20.5m in FY20. This has now unwound in FY21 providing a tailwind to earnings.

Consideration should be given to biennial nature: The one element of the earnings that investors need to consider is the biennial nature of the olive harvest. Historically, the material variance of the crop size has resulted in material EBITDA volatility between reporting periods. In addition, given the lack of visibility in crop estimates, the majority of EBITDA take-up is in 2H again leading to material volatility through the half year reporting window.

Investment risks

Key risks of an investment in Cobram include but are not limited to:

Weather variability impacting crop yield: As a horticultural business, Cobram, is affected by weather and climate issues. Variable weather conditions and severe weather events may cause fluctuations in market supply or lead to severe crop damage and crop yield volatility, which may negatively impact Cobram's financial results. The nature of the potential impact on Cobram results may vary by region, and by the weather condition or event. Drought, frost, hail, flood, wind, extreme heat, bushfire, or a combination of these events can impact the health of the olive tree and the crop yield. The geographical dispersion of the Company's asset base, being groves in three locations in Australia, and three locations in USA, provides some mitigation against severe weather conditions or events. The crop is particularly vulnerable to weather impacts during flowering, fruit development, and harvest, when adverse weather conditions can have a detrimental effect on fruit set, fruit growth, oil accumulation, and fruit quality, reducing the fruit yield, oil yield, and/or oil quality. In Cobram's groves, drought, frost, hail, flood, wind, extreme heat, bushfire, or a combination of these events can impact the health of the olive tree and the crop yield. The geographical dispersion of the Company's asset base, being groves in three locations in Australia, and three locations in USA, provides some mitigation against severe weather conditions or events.

Cobram's groves are located in agricultural areas which can be subject to high risk of damage by fire. It is not uncommon for total fire bans to be declared in these regions during periods of extreme hot weather. Fire could cause damage to the groves, impacting the health of impacted trees and or the yield of impacted trees. Fire may also cause damage to olive oil in storage. To mitigate the risk of fire damage on any particular site, the Company maintains suitable firefighting equipment on site, provides regular firefighting training, and implements various bushfire preparedness measures. In the future, weather and climate issues that could adversely impact Cobram Estate Olives may arise with greater frequency or may be less predictable due to the effects of climate change.

Fluctuations in NPAT due to the biennial bearing nature of olive crops: Olive crops, as with many agricultural crops, exhibit biennial bearing, whereby a low-yield crop one year will be followed by a high-yield crop in the next year. Due to the accounting standards applicable to horticultural producers, Cobram is required to value the olive crop in the year the crop is harvested, not when the produced olive oil is sold, and as such the reported annual accounting profit or loss results may exhibit material movements from year to year.

Operationally, to mitigate the impact of potentially large variations in oil volumes between high and low yielding seasons, the Company manages the fluctuating olive crop yield by delivering to market average oil supply quantities over a 24-month period. Through a coordinated supply chain effort, the Company extends the supply period of high yield seasons across 14-16mths whilst reducing the supply period for the low yield seasons to 8-10mths.

Water availability and cost: Water is a key input to the production of olives. Cobram has no direct ownership of entitlement in Australia and uses ~35.8GL annually, purchasing its water requirements progressively during the year. The financial performance of Cobram is influenced by both its ability to source sufficient water and the cost of acquiring that water. Prolonged periods of drought in the Sothern Murray Darling Basin can influence Cobram's ability to both source water and the cost at which water can be acquired.

Pests and Disease: Pests and diseases can have a detrimental effect on the quality and/or yield of the olive tree and crop. Cobram is susceptible to disease risk, including insect infestation. The five potentially riskier pests and diseases which affect olive groves

are: Verticillium wilt, olive knot, Xylella, olive moth and olive fly. Xylella, olive fly and olive moth, whilst not currently present or established in Australia, could pose major threats. The USA olive groves are subject to identical management practices as for the Australian groves and are exposed to a similar level of risk with the only exception that the presence of olive fly has been documented in California.

Customer concentration risk: In Australia, Cobram sells its product to a number of large customers, including the two largest supermarket chains in Australia as well as other retailers. 50-55% of FY21 went to the top two customer accounts (Woolworths, Coles).

Brand and reputation risk: Cobram product is sold under a number of brands which are owned by Cobram, as well as through Private Label and Bulk sales channels. Those brands and their image, as well as Cobram reputation as a grower, are key assets of the Company. The reputation and value associated these brands has the scope to be impacted by a number of factors, including quality issues associated, product recall, product contamination or other public health issues, disputes or litigation with third parties such as partnership or joint venture partners, distributors, employees or third party growers, or adverse media coverage. Should Cobram's brands or their image be damaged in any way or lose their market appeal, this may have a material adverse impact on the financial performance,

Loss of product in storage: From time to time the Company will have material volumes of olive oil stored at various locations awaiting further processing or onward distribution. During this stage there is a risk of loss of such product caused by fire, engineering failure, or sabotage to or involving the storage vessels or facilities.

Reliance on third-party suppliers of olive fruit in the USA: In Cobram's USA operations, the company is dependent upon the supply of olive fruit from over 20 contracted growers, with contract terms ranging from one to four years. These growers accounted for approximately 99% of the company's Californian extra virgin olive oil supply in FY20. This reliance on external fruit supply may impact the Company's ability to supply products to key customers and may limit the Company's ability to grow its USA business. The progressive development of the Company's own groves in the USA will, over time, reduce but not eliminate the Company's supply risk for Californian extra virgin olive oil.

Ability to retain and attract key personnel: Cobram's performance is dependent to a large extent on the efforts and abilities of the Joint-Chief Executive Officers and other members of the senior management team. While each of these executives is party to an employment contract, under the terms of the employment contract each individual is permitted to terminate the contract by giving a specified period of written notice. The loss of one or more of the Joint-Chief Executive Officers or other members of the senior management team may have a material adverse impact on the operating and financial performance of Cobram. Cobram's operations and financial performance is also dependent upon its ability to hire additional key personnel as necessary to meet its management, administration, and other needs, including additional suitably qualified workers during the harvest period. The loss of a number of key personnel or inability to attract additional personnel, especially during the harvest period, may have an adverse impact on the operating and financial performance of Cobram.

General regulatory risks: Cobram is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Cobram include food standards, labelling and packaging, fair trading and consumer protection, employment, property, and the environment (including water), quarantine, customs and tariffs, foreign investment, taxation, and climate change. The introduction of any new laws or changes to existing laws, codes (or government policies), such as changes to food standards, food labelling or climate change regulations, could result in increased costs being incurred by

Cobram and therefore have a material adverse impact on the financial performance and prospects of Cobram.

Target price determination

Cobram has elements of both a traditional farming entity with a large installed orchard base and a high growth FMCG entity, with embryonic business in the US and wellness. Our target price of \$2.30ps is approximately the midpoint of our fair value range determined by our SOP model, which is summarised below with a more detailed analysis to follow.

Figure 4 – Cobram SOP target price

	FY22e	Multiple		Ent. Value		FY22e	Multiple		Ent. Value	
	EBITDA	Low	High	Low	High	Revenue	Low	High	Low	High
Australia	28.6	29.8	30.3	852.3	864.9	121.0	7.0	7.1	852.3	864.9
North America	1.0					42.4	3.8	4.9	159.3	209.1
Wellness	(5.2)					2.5	5.0	6.0	12.3	14.8
Enterprise Value	24.3					165.9	6.2	6.6	1023.9	1088.8
FY21 Net debt									(164.5)	(164.5)
FY21 Lease liabilities									(5.1)	(5.1)
FY21 Other financial liabilities									(4.1)	(4.1)
Director loans									12.4	12.4
Unrecognised tax losses									14.2	14.2
In the money option cash									30.6	30.6
Market value (\$m)									907.5	972.4
Shares on issue (m)									387.4	387.4
In the money options (m)									20.5	20.5
Adj. shares on issue (m)									407.9	407.9
Target price (\$ps)									2.22	2.38

SOURCE: COMPANY DATA AND BELL POTTER ESTIMATES

Australian valuation range: Given the finite life of the orchard assets we have utilised a blend of an NPV against the farming assets and an EV/EBITDA capitalisation against identifiable brand returns in excess of farmgate prices. We arrive at a value of \$852-865m for the Australian business, with main drivers identified below:

Figure 5 – Cobram Australian valuation summary

Australian valuation						Valuation (A\$m)	
						Low	High
Farming Asset value							
NPV farming	Drivers:	Asset Beta	0.63	Mkt gearing	18.3%	582.7	582.7
Carryover oil inventory		Risk Free rate	3.5%	Ce	8.1%	97.5	97.5
Residual land & water value		MRP	6.0%			7.8	7.8
Farming assets						688.0	688.0
						EBITDA mult. (x)	
						EBITDA	
						Low	High
Residual brand earnings						12.6	14.0
						164.3	176.9
Australian Value						852.3	864.9

SOURCE: COMPANY DATA AND BELL POTTER ESTIMATES

NPV drivers: In determining an NPV value for the farming assets we have utilised a discount rate of 8.1% reflecting the assumption of an asset beta of 0.63x, a risk-free rate of 3.5% and an MRP of 6.0%. The asset beta used in Cobram is consistent with that we apply to the orchard assets of SHV, which we recently reduced to reflect the movement in unlevered betas for farming and FMCG assets.

Capitalisation multiples on brand value: We have apportioned residual earnings within the Australian business (i.e. those not captured at the farmgate) to the branded portfolio of Cobram and capitalised earnings at 13.0-14.0x EBITDA. This range is determined having regard for peer group comparisons, observing the domestic average is 13.9x FY22e EBITDA and that international peers are trading at 13.5x FY22e EBITDA. For a full list of multiple derivation see page 15.

The midpoint of our value range for the Australian business represents 16.8x average FY21-22e EBITDA, the upper end of the domestic peer group at 7.0-16.8x FY22e EBITDA, with an average of 13.9x FY22e EBITDA, yet reflective of the value of through the cycle supply growth that is yet to be realised in FY21-22e.

Figure 6 - ProForma water adjusted FY20-21e Australian EBITDA

ProForma underlying Australia EBITDA	FY17	FY18	FY19	FY20	FY21	FY22e	FY23e	FY24e
Statutory Australian EBITDA	44.2	12.0	42.7	(2.9)	75.1	28.6	89.0	38.9
ProForma adj.			(2.7)	1.6				
ProForma EBITDA	44.2	12.0	40.0	(1.3)	75.1	28.6	89.0	38.9
Water cost deviation from long-term	(3.4)	(1.9)	9.8	14.8	(0.3)	(1.1)	(1.3)	(1.1)
ProForma core EBITDA	40.8	10.1	49.8	13.5	74.8	27.5	87.7	37.8
T24M Australia core EBITDA		25.5	29.9	31.6	44.1	51.2	57.6	62.7
EV/T24M EBITDA - at midpoint		33.7	28.7	27.1	19.5	16.8	14.9	13.7

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

USA business: In determining a value range for the US business we have utilised a sum of the parts approach, which looks at asset replacement values and EV/Revenue multiples for the developing brand portfolio. Major components of this are: (1) a cost to develop an acre at US\$15,000-25,000/acre as per UC Davis estimates at AUDUSD of 0.73; (2) \$20m mill replacement costs referencing announcements at the time of the asset development; (3) a 5.0-6.0x revenue multiple for the brand comparable with sector averages; and (4) a 2.0-3.0x for the non-branded business. Multiples are based on our analysis of junior ASX listed FMCG entities. For a full list of peer multiples see page 14.

Figure 7 – Cobram US valuation summary

US Value	Acres	Dev. cost (A\$m)		Revenue	Revenue mult (x)		Valuation (A\$m)	
		Low	High		Low	High	Low	High
North America	542	20,548	34,247				11.1	18.6
Olive oil mill							20.0	20.0
FY22e Brand revenue				14.4	5.0	6.0	72.2	86.7
FY22e Bulk and Private label				28.0	2.0	3.0	55.9	83.9
Value							159.3	209.1

SOURCE: COMPANY DATA

Wellness: Given the embryonic nature of the business and large losses, we have utilised the EV/Revenue of 5.0-6.0, which is comparable to other small cap FMCG entities on the ASX which trade at 5.4-6.5x T12M and annualised June quarter revenues. We note the derived value is a discount to the cumulative cash investment in developing the Wellness division to date, with ~\$28.6m invested since FY17.

PEER GROUP COMPARISON

When looking at emerging FMCG entities, we have looked at T12M EV/Revenue multiples for other listed entities and annualised 4Q21 run rates. This would infer an EV/Revenue range of 5.4-6.5x, with a wide spread of 0.8-19.1x. We note there is a material premium paid for branded business, which is why we apportion a higher multiple to branded vs. non-branded sales.

Figure 8 - Domestic emerging FMCG entities (as of 03/09/21)

	Share Price	Shares	Net cash (debt)	Ent value	1Q21	2Q21	3Q21	4Q21	T12M Revenue	Annualised Mar'21	EV/T12M	EV/AQ
Beston Global Food Co.	BFC	0.08	842.7	(32.3)	102.3				112.4		0.9	
Bubs Australia	BUB	0.42	612.8	26.6	230.8	9.4	12.8	11.8	46.8	51.2	4.9	4.5
Clean Seas Seafood	CSS	0.54	160.3	7.9	77.9	8.8	11.3	12.8	48.5	47.7	1.6	1.6
Food Revolution Group	FOD	0.03	940.5	(2.0)	25.5	9.6	11.1	10.0	39.7	36.0	0.6	0.7
Forbidden Foods	FFF	0.30	75.0	1.1	21.0			1.2	4.2	4.8	5.0	4.3
Health plant protein	HPP	0.22	122.8	(5.8)	32.9	14.1	9.6	10.3	43.0	36.0	0.8	0.9
Keytone Dairy	KTD	0.13	376.4	0.6	48.4			13.2	26.6	53.6	1.8	0.9
Lark Distilling	LRK	4.67	63.1	2.6	291.9	3.0	4.3	4.0	15.3	16.0	19.1	18.3
Maggie Beer	MBH	0.44	350.6	13.5	140.7				53.8		2.6	
Murray River Cod	MCA	0.32	573.0	0.6	182.8	1.2	2.3	3.5	14.3	9.9	12.8	18.4
Murray River Organics	MRG	0.23	44.1	(40.1)	50.3				42.6		1.2	
Nuchev	NUC	0.58	51.7	14.5	15.2	1.7	3.7	3.4	10.8	8.0	1.4	1.9
Wideopen Agriculture	WOA	0.78	114.2	13.0	76.1	0.8	1.0	1.1	4.3	5.8	17.5	13.0
Average											5.4	6.5

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The table below looks at domestic and international FMCG and farming entities. We note the domestic average is 13.9x FY22e. We also note that international peers are trading at 13.5x FY22e EBITDA and EV/Revenue averages of 3.0x FY22e for international FMCG and 5.0x FY22e for domestic peers.

Figure 9 - International and domestic farming & FMCG entities (as of 03/09/21 and in local currency unless stated)

Domestic	Code	Share price	Shares out (m)	Market cap (\$m)	Net Debt / (Cash)	Ent value (\$m)	EBITDA 2020	EBITDA 2021e	EBITDA 2022e	EV/EBITDA 2020	EV/EBITDA 2021e	EV/EBITDA 2022e	Revenue (\$m) 2020	Revenue (\$m) 2021e	Revenue (\$m) 2022e	EV/Revenue (x) 2020	EV/Revenue (x) 2021e	EV/Revenue (x) 2022e
The a2 Milk Co (AUD)	A2M	5.73	743.4	4,259.7	-854.0	3,405.7	525.7	117.5	202.7	6.5	29.0	16.8	1,648.7	1,149.2	1,268.6	2.1	3.0	2.7
Australian Agricultural Co	AAC	1.39	602.8	837.9	359.0	1,196.9	15.2	24.4	20.0	78.7	49.1	59.8	15.2	24.4	20.0	78.7	49.1	59.8
Bega Cheese	BGA	5.56	302.6	1,682.5	409.0	2,091.5	103.0	141.7	220.9	20.3	14.8	9.5	1,493.2	2,073.4	3,093.3	1.4	1.0	0.7
Blackmores	BKL	94.48	19.4	1,829.7	-69.0	1,760.7	0.0	74.1	88.7	0.0	23.7	19.9	0.0	579.8	645.4	0.0	3.0	2.7
Bubs Australia	BUB	0.42	612.8	257.4	-26.5	230.9	-9.1	-16.1	-6.9	n.a.	n.a.	n.a.	55.0	39.8	42.6	n.a.	n.a.	n.a.
BWX Ltd	BWX	4.89	158.8	776.7	12.7	789.4	30.4	34.4	49.6	26.0	23.0	15.9	188.2	206.6	272.0	4.2	3.8	2.9
Comvita Ltd	CVT	3.69	70.4	259.7	-1.2	258.6	17.9	24.1	28.5	14.4	10.7	9.1	196.0	207.3	204.0	1.3	1.2	1.3
Costa Group	CGC	3.20	401.0	1,283.2	637.0	1,920.2	187.2	213.8	262.9	10.3	9.0	7.3	1,119.5	1,167.5	1,303.1	1.7	1.6	1.5
Huon Aquaculture	HUO	3.85	109.9	423.0	293.1	716.1	47.2	16.7	66.5	15.2	42.9	10.8	326.5	402.9	481.6	2.2	1.8	1.5
Inghams Group Ltd	ING	4.05	371.7	1,505.3	1,783.0	3,288.3	408.9	448.7	450.6	8.0	7.3	7.3	2,555.3	2,668.8	2,687.0	1.3	1.2	1.2
McPherson's Ltd	MCP	1.08	128.6	138.9	5.3	144.2	27.6	16.4	20.7	5.2	8.8	7.0	222.0	204.2	211.2	0.6	0.7	0.7
NZ King Salmon	NZK	1.45	139.0	201.5	42.8	244.3	28.0	15.3	13.4	8.7	16.0	18.2	166.7	143.0	171.5	1.5	1.7	1.4
PGG Wrightson	PGW	3.85	75.5	290.6	18.4	309.0	26.9	56.9	54.9	11.5	5.4	5.6	795.0	839.5	854.0	0.4	0.4	0.4
Scales Corp	SCL	5.14	142.4	731.9	-104.2	627.8	56.0	68.7	76.3	11.2	9.1	8.2	484.7	478.0	525.3	1.3	1.3	1.2
Select Harvests	SHV	8.88	120.2	1,067.4	107.4	1,174.8	57.8	52.4	87.2	20.3	22.4	13.5	247.9	266.6	235.9	4.7	4.4	5.0
Synlait Milk Ltd (AUD)	SM1	3.13	218.6	684.2	455.0	1,139.2	163.2	53.4	133.4	7.0	21.3	8.5	1,240.0	1,146.1	1,258.6	0.9	1.0	0.9
Tassal Group	TGR	3.63	212.3	770.8	473.7	1,244.5	137.7	133.0	166.3	9.0	9.4	7.5	583.7	611.5	650.7	2.1	2.0	1.9
Treasury Wine Estates	TWE	12.37	721.8	8,929.3	759.1	9,688.4	679.3	662.5	688.1	14.3	14.6	14.1	2,687.1	2,521.6	2,495.9	3.6	3.8	3.9
United Malt Group	UMG	4.20	299.2	1,256.6	344.0	1,600.6	156.1	124.7	149.2	10.3	12.8	10.7	1,284.5	1,298.4	1,376.8	1.2	1.2	1.2
Average										15.4	18.3	13.9				6.1	4.6	5.0
International																		
Kraft Heinz	KHC US	36.07	1,223.4	44,127.6	18,337.9	62,465.5	6,540.4	6,149.6	5,881.9	9.6	10.2	10.6	26,089.4	25,366.5	24,390.4	2.4	2.5	2.6
Mondelez	MDLZ US	61.92	1,397.8	86,552.8	17,373.7	103,926.5	5,438.2	5,978.8	6,323.5	19.1	17.4	16.4	26,455.1	28,627.2	29,762.4	3.9	3.6	3.5
Pepsico	PEP US	156.95	1,382.1	216,922.9	32,171.9	249,094.8	13,069.0	14,514.6	15,590.4	19.1	17.2	16.0	69,676.4	77,030.7	80,254.3	3.6	3.2	3.1
Coca Cola Company	KO US	56.77	4,316.6	245,054.5	30,646.6	275,701.1	10,953.1	12,532.6	13,667.7	25.2	22.0	20.2	33,027.9	37,951.9	40,169.2	8.3	7.3	6.9
Campbell Foods	CPB US	42.81	303.1	12,973.6	4,612.8	17,586.4	1,790.4	1,712.0	1,642.8	9.8	10.3	10.7	8,655.7	8,408.6	8,424.4	2.0	2.1	2.1
Dr Pepper Snapple	KDP US	35.86	1,417.5	50,830.7	11,893.3	62,724.1	3,724.3	4,112.7	4,327.2	16.8	15.3	14.5	11,526.9	12,469.9	12,913.9	5.4	5.0	4.9
General Mills	GIS US	57.92	606.3	35,115.6	11,113.6	46,229.2	3,724.1	3,738.1	3,623.1	12.4	12.4	12.8	17,573.8	17,941.1	17,857.4	2.6	2.6	2.6
Kellogg Company	K US	63.46	340.9	21,632.2	6,954.8	28,587.0	2,293.2	2,283.8	2,309.3	12.5	12.5	12.4	13,820.9	14,002.2	14,196.1	2.1	2.0	2.0
Associated British Foods	ABF LN	19.65	791.7	15,552.4	-989.8	14,562.7	n.a.	1,802.2	2,485.9	n.a.	8.1	5.9	0.0	14,049.8	16,498.2	n.a.	1.0	0.9
Danone SA	BN FP	61.11	687.6	42,021.7	11,063.6	53,085.3	4,321.3	4,403.4	4,635.0	12.3	12.1	11.5	23,749.1	23,825.4	24,656.3	2.2	2.2	2.2
Nestle SA	NESN SW	115.52	2,815.0	325,188.8	35,501.2	360,690.0	18,606.8	18,463.8	19,470.2	19.4	19.5	18.5	84,954.1	85,878.1	89,801.1	4.2	4.2	4.0
Saputo Inc	SAP CN	35.60	413.6	14,725.1	3,834.6	18,559.7	1,507.9	1,528.3	1,509.0	12.3	12.1	12.3	14,743.4	14,626.3	14,659.4	1.3	1.3	1.3
Average										15.3	14.1	13.5				3.5	3.1	3.0

SOURCE: BLOOMBERG AND BELL POTTER ESTIMATES WHERE COVERED

Olive oil basics

Olive oil is the broad term used to describe the oil extracted from the fruit of an olive tree. There are various grades of olive oil, each of which possess distinct flavours and health benefits and vary in their suitability for use in applications including cooking, cosmetics, and pharmaceuticals. A summary of olive oil grades is discussed below, with the majority of Cobram's portfolio being EVOO.

Figure 10 – Grades of olive oil

Natural Olive Oils		
Extra Virgin Olive Oil (EVO)	Virgin Olive Oil (VOO)	Lampante Olive Oil
Natural juice of the olive fruit Highest grade of olive oil High in natural antioxidants and polyphenols Trans fat free	Lower grade than EVOO Moderately high in natural antioxidants Lower quality and less flavour than EVOO	Not fit for Human consumption without further processing Only intended for refining of technical use
Refined Olive Oils		
Refined Olive Oil	Olive Oil (OO)	Pure or Light Olive Oil
Obtained from natural olive oil and then refined Low in natural antioxidants May contain trans fats	Composed of refined olive oil and EVOO/VOO Typically contains 5-15% EVOO or VOO	Paler colour Similar to OO but with a lower % of EVOO or VOO Low in flavour and antioxidants
Pomace (waste) Olive Oil		
crude olive Pomace Oil	Refined Olive Oil	Olive-Pomace Oil
Obtained from treating olive pomace with solvents and heat For refining or technical use only	Oil produced from refining crude olive-pomace oil High in trans fat No natural antioxidants	Blend or refined olive-pomace oil and EVOO or VOO

SOURCE: COMPANY DATA

HEALTH BENEFITS OF EVOO

A growing number of studies have demonstrated that EVOO has specific health benefits, particularly for preventing cardiovascular diseases, breast cancer and type 2 diabetes. EVOO has been shown to lower blood pressure, reduce inflammation, have positive effects on the gut microbiome, may reduce the risk of colon cancer and assist with weight control, lowering the risk of obesity and been shown to have neuroprotective qualities reducing the risk of cognitive decline and brain diseases including Parkinson's.

EVOO has several attributes that explain its health benefits. The principal fat is oleic acid, a monounsaturated fat recognised as reducing the risk of heart disease when consumed in place of saturated fats. This evidence is strong enough for the USA Food and Drug Administration (FDA) to support a qualified health claim for consuming about 1.5 tablespoons of high oleic oil daily.

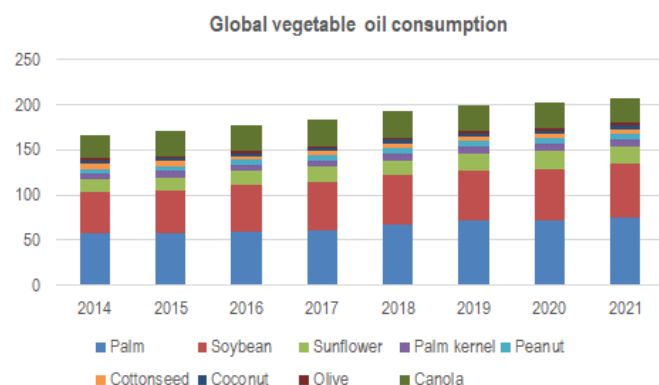
EVOO is unique amongst common cooking oils for being rich in phytochemicals including more than 30 polyphenols with anti-inflammatory, anti-thrombotic and antioxidant activities; squalene shown to have anti-tumour actions in the colon and skin; plant sterols with several potential benefits including lowering LDL-cholesterol, and vitamin E, the main fat-soluble antioxidant in the body.

Industry backdrop

GLOBAL BACKDROP IN OLIVE OIL

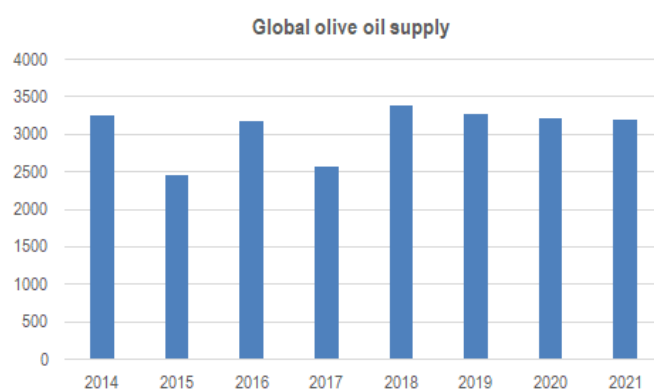
Since 2014 global consumption of vegetable oils has grown at a compound rate of +3.4% pa, with the majority of this growth achieved in soybean, palm and sunflower (CAGR of 3.6-5.2% pa). Olive oil consumption has experienced modest growth over this time frame up +1.3% pa, with limited supply growth the biggest constraint on olive oil consumption, with negligible supply side growth since FY18.

Figure 11 – Global vegetable oil consumption('000t)



SOURCE: STATISTA

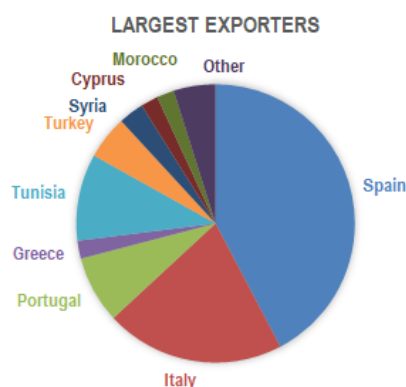
Figure 12 – Global olive oil supply (t)



SOURCE: IOOC

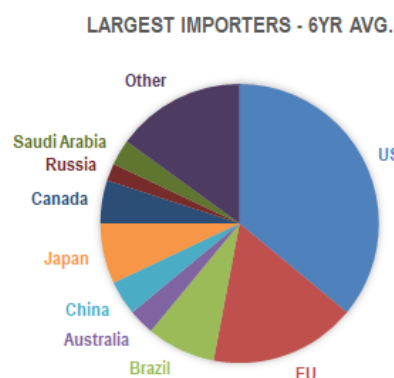
The EU is the largest global supplier of olive oil, accounting for ~70-75% of annual global exports, with the majority of production in Spain and Italy (combined account for 60-65% of global exports). The largest importer of olive oil is the US accounting for ~36% of average volume traded in the past six years and reflective of growing consumption against a relatively small domestic supply base, which has shown negligible growth.

Figure 13 – largest exporters - 2021



SOURCE: IOOCA

Figure 14 – largest importers – 6yr average



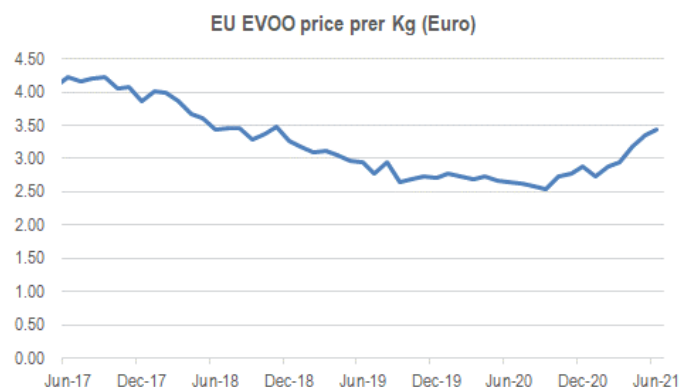
SOURCE: IOOC

There are three principal grades in olive oil trade: Extra Virgin olive oil (EVOO), Virgin Olive Oil (VOO) and Pomace Oil. In a simplistic sense, EVOO & VOO are essentially unadulterated products with limited flavour imperfections, while Pomace oil is processed oil used for lower priced product (typically labelled as pure or light olive oil). Cobram is focused on EVOO.

With the EU dominating the supply of EVOO and VOO we can track monthly exports of the product from the EU to identify a price per Kg. In Euro terms pricing has reached the highest level since 2018, with EVOO prices up +30% YOY, with this translating to AUD also up +26% YOY. With the majority of Cobram revenues destined for branded sales

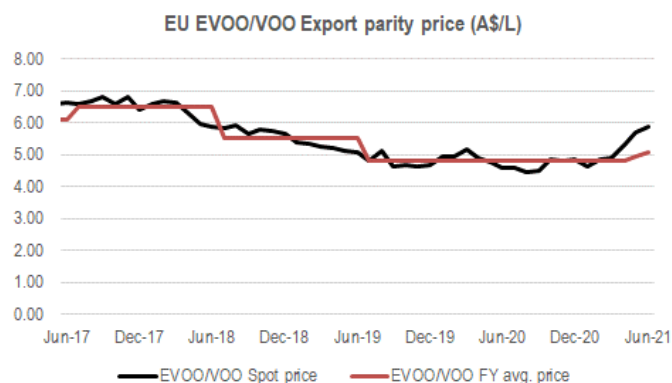
commodity values have limited impacted on direct revenues, though they can influence the rate at which imported brands are priced as well as lift the sale price for potential bulk sales.

Figure 15 – EU EVOO export values (Euro/Kg)



SOURCE: EUROSTAT

Figure 16 – EU EVOO&VOO export values (A\$/L)

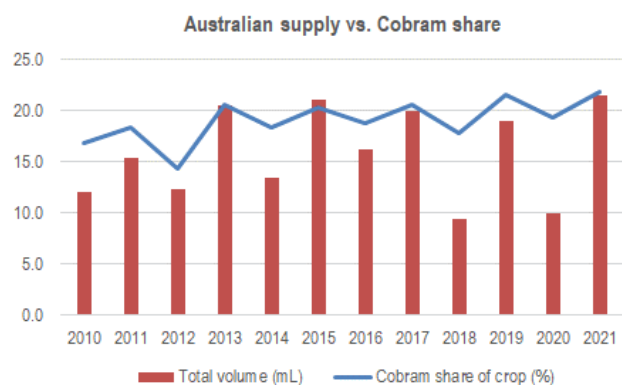


SOURCE: EUROSTAT

AUSTRALIA IN A GLOBAL CONTEXT

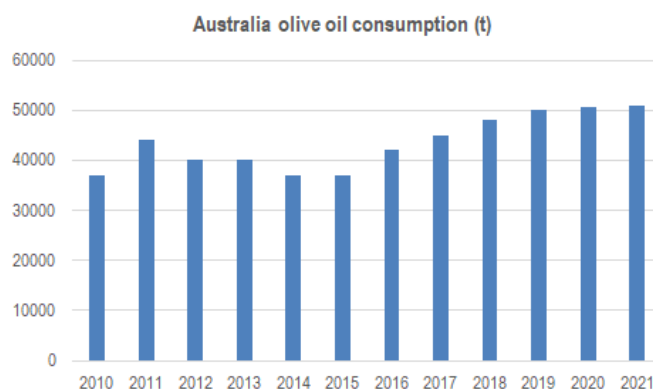
Australian consumption of olive oil has been growing at a compound rate of +6.0% pa since FY14. While volatile, domestic supply of olive oil has grown at a compound rate of +2.8% pa, however, the Australian market is still largely dependent on imports for market supply, which on average have accounted for ~65% of supply base since FY14. 95% of Australian imports are supplied by Spain, Italy and Greece. In FY21 Australian olive oil production is forecast to reach 21.5mL (~38% of Australian consumption), with Cobram expected to account for ~70% of this (~61% 10yr average).

Figure 17 – Australia olive oil production vs. Cobram share



SOURCE: IOOCA

Figure 18 – Australia olive oil consumption (t)



SOURCE: IOOC

Olive oils are native to the Mediterranean and so thrive in climates where there is a long, hot and dry summer and winter is cool. As such it is no surprise that commercial olive groves are concentrated around the Murray darling basin, with ~75% of groves planted in Victoria. Typically, the harvest window in Australian runs from April-July each year.

Figure 19 – Australian supply landscape (t olive produced)

State	2019/20 t	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
NSW	4,300												
VIC	34,575												
QLD	360												
WA	5,250												
SA	5,450												
TAS	65												
Availability		Low	Low	Low	Medium	Medium	High	High	High	High	High	High	High

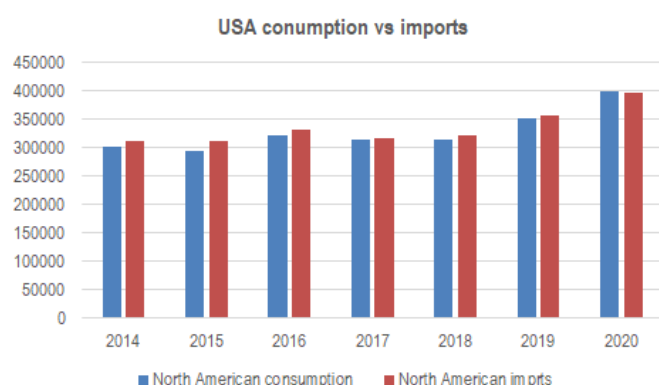
SOURCE: HORT INNOVATION STATISTICS

The majority of Australia's olive oil consumption occurs at home and is acquired from Australian grocery stores. Olive oil retail sales totalled \$387m in FY20, accounting for ~66% of total the value of the cooking oils segment, compared to only ~43% of the volume. EVOO accounted for ~73% of olive oil retail sales value in FY20 and Australian EVOO sales have grown at ~10% pa since FY17 having grown from \$115.2m to \$157.3m. This is the segment Cobram is most exposed to.

USA IN A GLOBAL CONTEXT

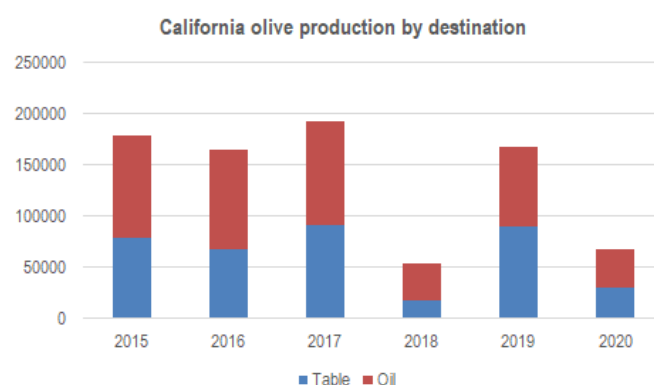
Consumption of olive oil in the USA has been growing at a compound rate of +4.3% pa since FY14, with the majority of supply coming from imports which have grown at a compound rate of +3.5% pa over the same time frame. Olive cultivation is largely concentrated in California (~99% of domestic supply), however, there has been limited acreage development, with ~36,000 acres planted to olives in 2020 producing ~67,700t of fruit. There are 45 mills operating in California with the three largest (of which Cobram is one) accounting for the majority of the State's production.

Figure 20 – USA consumption vs. imports (t)



SOURCE: EUROSTAT

Figure 21 – domestic oil supply growth



SOURCE: EUROSTAT

Total olive oil consumption fell slightly in 2020 due to the impact of the COVID-19 pandemic, however, olive oil sales in supermarkets grew substantially, up +30% YOY in value terms and +27% YOY in volume terms, reaching total sales of US\$1.6Bn. Given the fairly static growth the industry had experienced prior to FY20, there would seem a fair degree of panic COVID-19 linked buying inherent in the growth.

Supermarket sales in the USA are dominated by four brands, which have a combined ~50% market share (MAT to Mar'21). Private Label sales in the USA are also significant, accounting for ~28% of total sales of olive oil. California grown EVOO has carved out a niche reaching US\$37.8m in sales (MAT to Mar'21), equivalent to approximately 4.2% of USA supermarket and speciality store sales of EVOO. As highlighted above the limiting factor to growth of Californian EVOO is acreage development.

GLOBAL COST CURVE AND SUPPLY

There is large variability in annual production rates of olive oil stemming from the biennial nature of the crop. A heavy crop year which produces large volumes of fruit and oil is typically followed by a light crop year which can see a material fall in production volumes. This is clearly defined in the small market data pool for Australia and the USA where there is material variability of oil supply and hence large variability in import volumes year-to-year. A review of major regional studies across the region would suggest that the cost of growing and producing olive oil for a vertically integrated producer on irrigated properties would be in the region of ~A\$3/L in Australia and Europe, but materially higher in California. The four main studies on cost structure we can identify are detailed below:

International Olive Oil Council (2015): This report was a benchmarking tool across a number of geographies and differing farming styles. On average the global cost of

production was estimated at Euro3.44/Kg of oil, with Spain the largest producer having an average cost of Euro2.75/Kg. The average cost for irrigated farming, which is a more realistic comparison for Cobram, was estimated at Euro2.91/Kg, with a weighted average of Euro2.63/Kg and Spain at Euro2.07/Kg.

Hort Innovation 2019 benchmarks: This sampling of costs was run across a number of small to large operators and as such we have only focused on farms >84Ha. Our analysis of the data would suggest that operating costs (ex-processing) at ~A\$5,385/Ha, harvesting and labour costs at ~A\$5,468/Ha and processing costs estimated at A\$325/t (implied on the average of the 4.8t/Ha). Water costs were estimated to account for ~16% of the cost structure. This would equate to a cost of production of ~A\$2.80/Kg to the farmgate.

UC Davis 2016 Sacramento drip irrigation: UC Davis estimated an upfront investment of ~US\$39,040/acre, with an annual cost of production of ~US\$1.00/Kg at a yield of 5t/acre. If we assumed an oil extraction rate of 18% then this would imply a cost of ~US\$5.55/L of oil equivalent for the olive, assuming contract extraction at ~US\$300/t would imply a cost structure approaching US\$6.00/L

UC Davis 2011 Olive oil North and Central coasts: This study looked at the cost to bottling. It estimated total cash costs to produce olive oil at the farmgate at US\$7.51/Kg, with total cash costs to bottling estimated at US\$10.32/Kg.

Financial overview

Profit and Loss

Historically there has been high levels of volatility in reported NPAT within Cobram reflecting the adoption of SGARA accounting. Accounting standards require the oil produced to be valued at fair value less the anticipated selling costs. With the harvest completed in June each year, most of the oil from the harvest is on hand at balance date, meaning that all the profit forecast to be earned from selling the oil is recorded in the year of harvest, rather than the year of sale (which is the next financial year). Given the biennial nature of the olive harvest there is material variability through the years in profit and this is clearly visible in our forecasts below. FY21 was a high production year and as such we would expect a material reduction in volumes in FY22e and SGARA based earnings.

Figure 22 - Cobram Summary Profit & Loss

Summary P&L	2015	2016	2017	2018	2019	1H20	2H20	2020	1H21	2H21	2021	2022e	2023e	2024e
Australia					86.5	52.8	55.8	108.6	50.5	50.6	99.2	121.0	132.7	146.0
North America					24.5	17.2	12.7	29.9	20.7	20.7	38.9	42.4	45.7	49.5
Innovation & value add					1.3	0.5	1.7	2.2	1.3	1.3	1.9	2.5	3.2	4.2
Other					3.8	0.7	1.5	2.2	1.3	1.6	2.2	2.2	2.2	2.2
Net change agricultural produces					35.7	0.0	(11.1)	(11.1)	0.0	63.5				
Revenue	130.7	135.6	139.8	113.1	151.7	71.2	60.6	131.8	73.7	137.9	207.2	184.8	258.5	223.8
Australia					42.7	1.2	(4.1)	(2.9)	4.7	68.5	75.1	28.6	89.0	38.9
North America					(4.4)	(4.8)	(3.3)	(8.1)	0.8	(0.3)	0.5	1.0	1.6	2.2
Innovation & value add					(4.9)	(5.0)	(3.6)	(8.6)	(3.2)	(2.1)	(5.3)	(5.2)	(5.0)	(4.7)
Corporate					(0.2)	0.7	(0.7)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
EBITDA	28.4	9.5	35.2	1.7	33.2	(8.0)	(11.7)	(19.7)	2.3	66.2	70.3	24.3	85.5	36.3
...EBITDA Margin (%)	22%	7%	25%	2%	22%	-11%	-19%	-15%	3%	48%	34.0%	13.2%	33.1%	16.2%
Depreciation & Amortisation	(3.8)	(4.7)	(10.8)	(10.9)	(12.0)	(7.2)	(8.0)	(15.2)	(7.9)	(8.3)	(16.2)	(16.9)	(17.1)	(17.4)
EBIT	24.6	4.7	24.4	(9.2)	21.2	(15.1)	(19.7)	(34.9)	(5.6)	57.9	54.1	7.4	68.3	19.0
...EBIT Margin (%)	18.8%	3.5%	17.5%	-8.2%	14.0%	-21.2%	-32.6%	-26.5%	-7.6%	42.0%	26.1%	4.0%	26.4%	8.5%
Net Interest Income	(3.5)	(3.4)	(3.4)	(3.9)	(4.6)	(2.8)	(2.5)	(5.4)	(2.4)	(1.9)	(4.7)	(4.6)	(4.5)	(4.2)
Pre-tax profit	21.1	1.3	21.0	(13.1)	16.6	(18.0)	(22.3)	(40.2)	(8.0)	56.0	49.4	2.9	63.8	14.8
Tax	(6.7)	(1.0)	(8.1)	(0.1)	(7.9)	3.6	3.9	7.5	1.4	(15.8)	(16.7)	(2.4)	(20.7)	(5.9)
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NPAT	14.4	0.4	12.8	(13.3)	8.8	(14.4)	(18.3)	(32.7)	(6.6)	40.2	32.6	0.4	43.2	8.9

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Volatility in earnings is mostly on display in the Australian business given the large orchard asset base and internal supply of olive oil. The US business, which sources 99% of oil from third party growers has been less volatile though still emerging. Major determinants of earnings for each region are covered below.

AUSTRALIA

Major factors which influence the reported earnings of Cobram in Australia include:

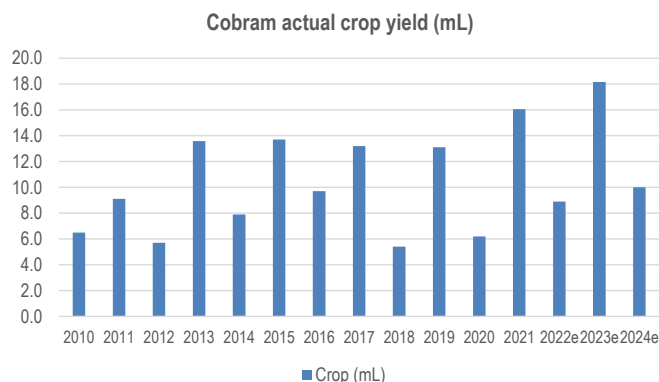
Volume of oil produced: Access to olive oil is determined by three primary drivers; orchard age and maturity, the biennial nature of the crop and seasonal factors, each are touched on below:

1. Biennial nature of olive trees: Trees naturally have a year with heavy production followed by a year with low production. Average oil production since FY14 has been ~10.5mL pa, with large variability in the year-to-year production values. FY21 was a high year (16.1mL of oil production forecast), which we expect to be followed by a light year in FY22e (8.9mL of oil produced). Our FY22e forecast compares to FY20 production of 6.7mL, though this was originally forecast at 9.7mL.

2. Major adverse climatic or agricultural events: Historically three events stand out as having an impact on oil yields: frost; excessive rainfall and excessive heat. In recent years the most notable agricultural event has been frost, which resulted in yield losses of 20% in 2018 and 6% in 2019 yields. Lower yields had a direct impact on farmgate profitability, but also reduced oil availability for sales into FY19.

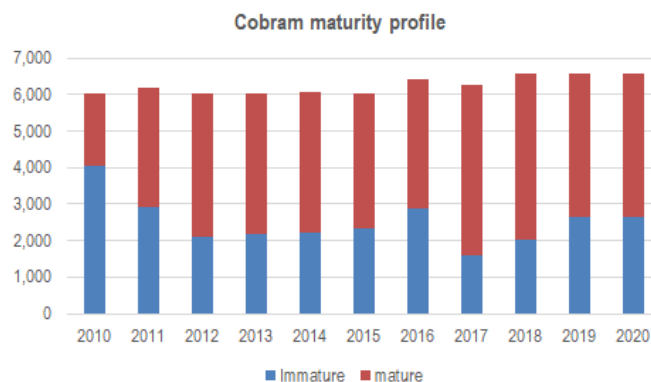
3. Orchard maturity: Olive trees begin producing fruit at 3 years and reach maturity at ~9 years. Cobram has highlighted that ~15% of the acreage is yet to have a commercial harvest and ~39% of the acreage is yet to reach maturity. As orchards mature, oil production should increase providing a tail of supply growth over the next decade. Our forecasts continue to assume a material contraction in off years, with production ~40% below theoretical levels.

Figure 23 – Historic and forecast oil production



SOURCE: COMPANY DATA

Figure 24 – Cobram orchard maturity profile

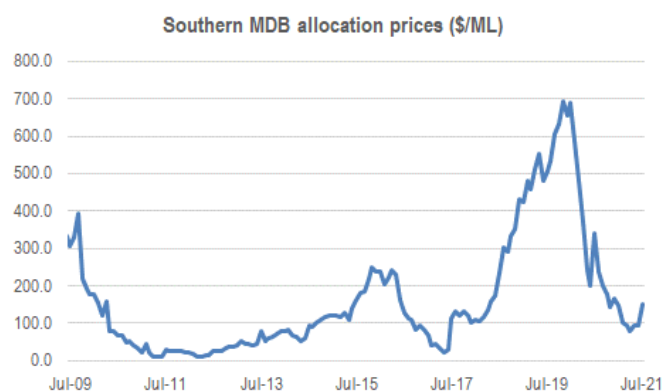


SOURCE: COMPANY DATA

In addition to its own orchards, Cobram secures additional oil volumes from AAP (with the farmgate price linked back to the value extracted from the Red Island brand) and a third party managed estate (~1,000Ha developed in the past two years). In FY15 AAP commenced a replanting program, with ~123Ha replanted over 2018-19 AAP and a further ~56Ha due for re-plant. In aggregate access to third party oil from a maturing ~1,179Ha of orchards should complement company supply expansion.

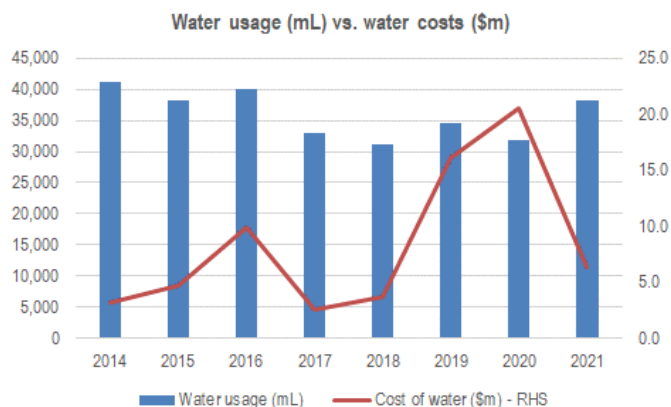
Farmgate costs: Outside of the cost of temporary water, orchards and processing costs are largely fixed. Cobram does not own material water entitlement positions in Australia and as such is exposed to movements in temporary water prices on the southern MDB. The rapid acceleration in water prices in FY19-20 resulted in a material escalation in water costs lifting from \$3.7m in FY18 to \$20.5m in FY20. This was largely unwound in FY21, with water pricing below historical averages at \$168/ML.

Figure 25 – Southern MDB water allocation pricing



SOURCE: BOM

Figure 26 – Historical water usage and water costs (\$m)



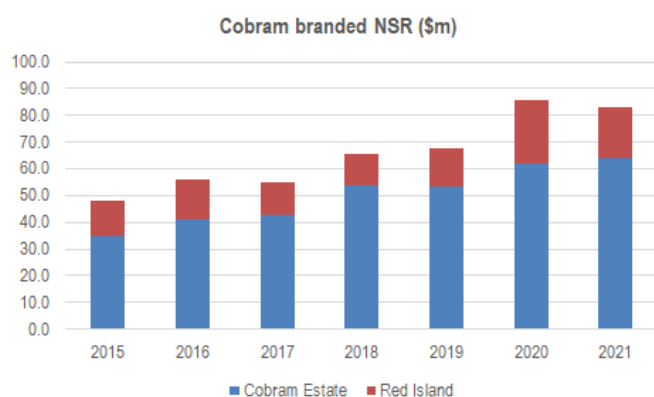
SOURCE: COMPANY DATA

At maturity management has estimated that a +/- \$100/ML movement in water prices would result in a +/- \$4.2m movement in EBITDA and operating cashflow.

Selling prices: The value at which oil is brought to account is highly correlated to the selling price that can be realised for the olive oil. Since FY14 Cobram has achieved 11% pa average growth in NSR against a back drop of limited supply growth. Pricing per litre

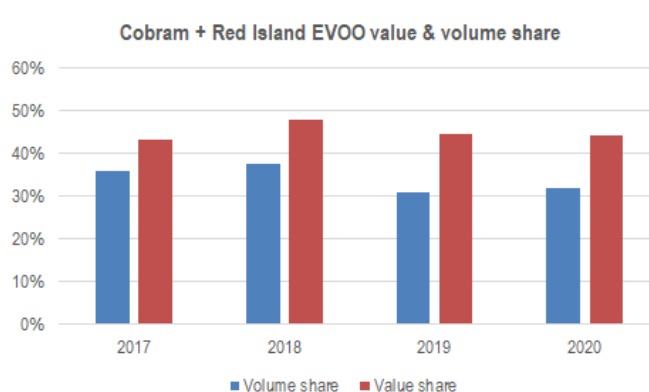
has been a principal driver of top line growth, with price increases announced in Jul'19 (+15% price increase across the portfolio) and Feb'21 (+19% in Cobram branded product and a +12% uplift in pricing of Red Island and private label volumes). The uplift in NSR can be seen in the relative movements in Cobram's share of EVOO sales by value and volume between FY17-20. Our forecasts assume no material uplift in selling prices of crop values in outward years given the requirement to sell larger oil crops and the potential for this volume to be moved through lower price point brands.

Figure 27 – Cobram + Red Island Aus. NSR (\$m)



SOURCE: COMPANY DATA

Figure 28 – Cobram and Red Island value and volume share

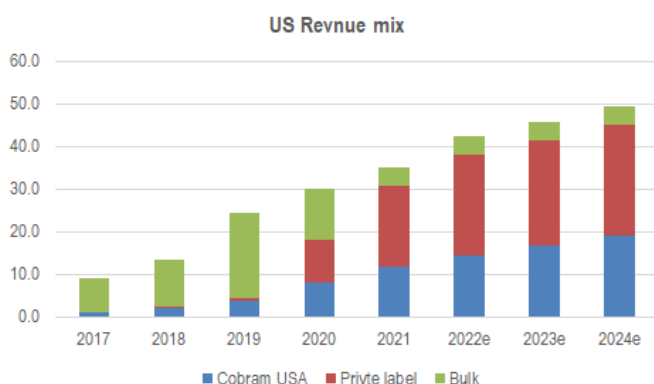


SOURCE: COMPANY DATA

NORTH AMERICA

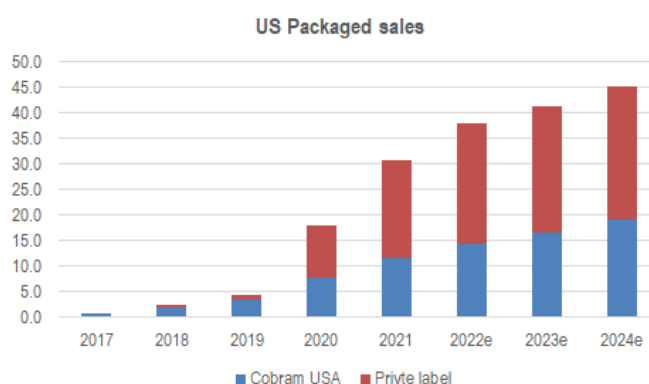
The US operations of Cobram are largely dependent on third party oil supply, with 99% of oil supply in FY20 sourced from third parties. In FY21 EBITDA Cobram US generated a modest EBITDA positive result, reflecting the continued transition in sales mix from bulk to consumer branded revenues, non-recurrence of customer start-up costs and lower marketing expenditures. A driver of the transition in sales mix is the establishment of distribution, with the number of retailer stockists expanding from ~3,000 in FY17 to in excess of 13,000 today.

Figure 29 – USA sales mix (A\$m)



SOURCE: COMPANY DATA

Figure 30 – US Consumer packaged sales mix (A\$m)



SOURCE: COMPANY DATA

The internalisation of the oil supply chain also provides additional EBITDA opportunities. As Cobram operates ~305Ha of orchards in the US, with the first olive groves planted in FY15 and subsequent plantings in FY19 and FY21. In FY20 third party oil accounted for 99% of processed volumes, with this falling to 86% in FY21.

WELLNESS DIVISION

The wellness division is in its infancy, with its primary focus being on the extraction of antioxidants from olive by-products (i.e. leaves and pomace) and the commercialisation of these products, through the launch of new health and wellness brands. In FY21 the

division reported revenues of \$1.9m, with Australia accounting for ~70% of revenue and the Wellgrove brand accounting for ~75% of revenues. The major channel partner in the US is Amazon and in Australia are Chemist Warehouse and Coles. The division also houses the Olive Wellness Institute, which is largely an education based platform to promote the benefits of EVOO and olive leaf extracts to healthcare professionals.

Balance sheet and cashflow

Historically there is less volatility in operating cashflows than in earnings, reflecting the more linear sales trajectory in the branded business. The major driver of year-to-year changes in operating cashflow, is the level of investment in working capital with ~\$20m in variability between a heavy and a light year.

Capex since FY15 has totalled ~\$151m with the most material investments being in the US (\$40.5m over FY17-20) and orchard redevelopment in Australia, following a major replant of the Boort acreage. We expect capex to be modestly higher in FY22e and largely in biological asset development.

Figure 31 – Cobram balance sheet and cashflow summary

Cashflow and balance sheet	2015	2016	2017	2018	2019	1H20	2H20	2020	1H21	2H21	2021	2022e	2023e	2024e
Lease Adjusted operating cashflow (\$m)	6.0	12.4	15.8	18.8	0.1	(4.1)	10.8	6.7	8.7	7.4	16.1	46.9	23.2	67.5
Operating cash realisation	33%	242%	67%	-806%	1%	57%	-105%	-38%	637%	15%	33%	271%	38%	256%
Statutory capex (\$m)	(7.7)	(16.2)	(20.2)	(31.5)	(31.4)	(15.6)	(9.4)	(25.0)	(8.8)	(10.2)	(19.1)	(20.2)	(20.2)	(20.2)
Free cashflow (\$m)	(1.7)	(3.8)	(4.3)	(12.7)	(31.3)	(19.7)	1.4	(18.3)	(0.1)	(2.9)	(3.0)	26.8	3.1	47.3
Net working Capital	68.8	61.5	74.5	54.1	78.1	52.9	52.4	52.4	26.8	94.2	94.2	73.6	112.2	87.4
Working capital/sales	53%	45%	53%	48%	51%	44%	40%	40%	20%	45%	45%	40%	43%	39%
Net Debt	72.7	84.7	92.4	88.8	135.4	165.8	159.9	159.9	160.2	164.5	164.5	150.5	160.2	125.7
Lease liabilities							5.6	5.6	5.0	5.1	5.1	5.1	5.1	5.1
Other financial liabilities	1.4	3.8	1.2	1.5	4.6	4.6	7.1	7.1	6.5	4.1	4.1	4.1	4.1	4.1
Total indebtedness	74.1	88.5	93.7	90.2	140.0	170.4	172.6	172.6	171.7	173.6	173.6	159.6	169.4	134.9
Net Debt/EBITDA	2.6	8.9	2.6	52.2	4.1	7.7	(8.1)	(8.1)	(17.1)	3.5	2.3	6.2	1.9	3.5
Net Debt/working capital	1.06	1.38	1.24	1.64	1.7	3.1	3.1	3.1	6.0	1.7	1.7	2.0	1.4	1.4

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Cobram's has four financing facilities provided by CBA that have an Oct'24 expiry as detailed below. Banking covenants have not been disclosed.

Figure 32 – Cobram debt facilities

Facility	Currency	Size	Drawn	Expiry
Core Debt	AUD	58.0	58.0	Oct24
Working Capital - A	AUD	55.0	55.0	Oct24
Working Capital - B	AUD	20.0	17.8	Oct24
Domestic foreign currency account	USD	10.5	10.5	Oct24
Total (@ AUDUSD 0.75)		147.0	144.7	
Chattel mortgage liability			20.9	
FY21 debt drawn			165.6	

SOURCE: COMPANY DATA

It should be noted that there is ~\$12.4m in director ESP loans that are outstanding, effectively a receivable for Cobram.

Dividend policy

Cobram has announced the intention to pay a dividend of 3.3¢ps in November/December 2021. This dividend has not been formally declared, but is expected to be announced at the 021 AGM. It is the intention of the Board to maintain an annual final dividend payment, but this is subject to the performance of the Company, with no firm guidance on payout ratio. We note that Cobram had an immaterial franking balance in its FY20 annual accounts.

Management and board

Robert McGavin (Chairman)

Rob is a co-founder of the Cobram Estate Olives and has extensive experience in the agribusiness sector. He is directly involved in a large-scale vineyard in South Australia, a grazing operation in Western Queensland, a cropping and grazing operation in South Western Victoria, as well as Cobram Estate Olives' development and management. Rob is also a board member of Marcus Oldham Agricultural College. Rob was also the Executive Chair and CEO of Cobram Estate Olives until 20 April 2021.

Paul Riordan (Executive Director)

Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co-founder of the Cobram Estate Olives Group. Paul was a Non-Executive Director of Select Harvests Limited from October 2012 until June 2018 when he moved to the USA. Paul is an Executive Director of Cobram Estate Olives and currently oversees the company's USA operations.

Tim Jonas (Non-Executive Director)

Tim is a former Managing Partner and National Chairman of Pitcher Partners, a national association of independent accounting firms across Adelaide, Brisbane, Melbourne, Newcastle and Hunter, Perth, and Sydney. His qualifications include a Master of Business Administration (University of Melbourne), Bachelor of Commerce (University of Melbourne) and Fellow of the Institute of Chartered Accountants in Australia. Tim is currently the Chairman of Yarra Valley Caviar Pty Ltd (fish farms and caviar production); Chairman of Daniel Roberson Pty Ltd (property holdings); and Director and Treasurer of Australian Stockman's Hall of Fame and Heritage Centre Ltd (Longreach, Queensland). Tim was formerly a Director of Silvan Australia Pty Ltd and a Director and Treasurer of Essendon AFL Football Club Ltd. Tim has been involved with Cobram Estate Olives since its inception and has been a Non-Executive Director since 2005. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Craig Ball (Non-Executive Director)

Craig is an Executive Director of stockbrokers Taylor Collison Limited, responsible for corporate finance in equity capital markets. He became a director of Taylor Collison in 1992 and has extensive experience in the Australian equity capital markets. Craig holds a Bachelor of Economics degree from the University of Adelaide. He worked for a decade with Chartered Accounting firms before joining the stockbroking industry in 1987. Craig is a Director of numerous private companies and was formerly a Director of ASX-listed Southern Titanium Limited. Craig has been involved with Cobram Estate Olives since 1998, assisting with its formation and development, and a Non-Executive Director since 2005. Craig is a member of the Audit and Risk Committee and the Chairman of the Remuneration Committee.

Joanna McMillan (Non-Executive Director)

Scottish born and raised, Joanna McMillan has spent the last 22 years living in Australia where she is one of the country's favourite and most trusted health and wellbeing experts. She is a PhD qualified nutrition scientist, Accredited Practising Dietitian, Adjunct Senior Research Fellow with La Trobe University, guest lecturer at The University of Sydney and Fellow of the Australasian Society of Lifestyle Medicine. A regular on television, Joanna has presented on the Today Show for over 15 years, is a host on ABC's science show Catalyst, and is a regular on radio and in print media. She is a TEDx and international keynote speaker and has authored eight books including her latest The Feel-Good Family Food Plan and her first Audible Original, Gutfull, What to Eat for a Happy Gut. Joanna has

been involved with Cobram Estate Olives since 2015 and the Australian olive industry since 2013. Joanna has been a member of the Company's scientific committee since 2018 and was appointed Non-Executive Director in May 2021.

Professor Jonathan West (Non-Executive Director)

Professor Jonathan West founded the Australian Innovation Research Centre. Prior to that role, Professor West spent 18 years at Harvard University, where he was Associate Professor in the Graduate School of Business Administration. He gained his Doctoral and Master's degrees in Economics at Harvard University, following a Bachelor of Arts majoring in history and philosophy of science at the University of Sydney, and more recently gained a PhD in Ancient Greek Philology. Jonathan has served as consultant to, and a Board member of, major corporations around the world and as an advisor to several governments, particularly in the fields of agribusiness, innovation policy, and economic development. He currently serves as a Board member and Chairman of ASX-listed Hexima Limited, a medical biotechnology company; a Board member and Chairman of the ASX-listed Gowing Brothers Investment Fund; a Board member of Hydralyte, a dehydration-therapy provider; and a Board member of the Three Valleys Food Company in Tasmania. Jonathan has been involved with Cobram Estate Olives since joining the Board in 2008 and is a member of the Remuneration Committee and the Audit and Risk Committee.

Leandro Ravetti – Joint-Chief Executive Officer (Technical and Production) and Executive Director

Leandro Ravetti graduated as an Agricultural Engineer in Argentina and worked for the National Institute of Agricultural Technology in olive production research from 1995 until he moved to Australia in 2001 to join the Cobram Estate Olives. Leandro has studied and worked as an invited researcher at the Olive Growing Research Institute of Perugia, Italy and at different Governmental Olive Institutes in Andalusia, Spain where he completed a postgraduate degree on olive growing and olive oil processing. Leandro was appointed Executive Director in 2005. As part of his role, Leandro has overseen all technical aspects of production, developing the Oliv.iQ® growing system. Leandro was an alternate director of the Australian Olive Association between 2009 and 2012 and was the Drafting Leader for the new Australian Standard for Olive Oil (AS 5264-2011). Leandro has also received a Meritorious lifetime award from the Australian Olive Association for his outstanding contribution to the Australian olive industry and he was also the recipient of an award in the Master Milling/Chemical Engineering Category in the inaugural "Health & Food, Extra Virgin Olive Oil Awards" announced in Spain in 2017. Leandro was appointed Joint-CEO (Technical and Production) of Cobram Estate Olives on 20 April 2021 and formerly held the role of Technical Director.

Sam Beaton – Joint-Chief Executive Officer (Finance and Commercial), Executive Director and Company Secretary

Sam joined the Company in August 2009. Sam has over 21 years' experience in commercial, corporate and finance roles. Sam began his career with KPMG, where he qualified as a Chartered Accountant and since then has held senior management roles. Sam has wide experience in financial modelling and analysis, management of corporate debt, capital raising, business planning and execution and strategy. Sam has a Bachelor of Commerce (Accounting and Finance) and a Bachelor of Science (Industrial Organic Chemistry) from the University of Melbourne. Sam was appointed Joint-CEO (Finance and Commercial) of Cobram Estate Olives on 20 April 2021 and formerly held the role of Chief Financial Officer and Chief Operating Officer.

Major shareholders

At the time of listing the Top 20 shareholders in Cobram held 50.8% of the company, with Chairman Rob McGavin the only substantial shareholder with an effective 18.6% interest in the company. Directors at this time had either direct or indirect relevant interest in ~33% of the issued capital. In addition there are 20.45m options on issue with strike prices of \$1.42-1.50ps and expiries from 2021-2028.

Cobram Estate Olives

as at 6 September 2021

Recommendation
Price
Target (12 months)

Buy
\$2.00
\$2.30

Table 1 - Financial summary

June year end	2017	2018	2019	2020	2021	2022e	2023e	2024e	Price (A\$ps)	\$2.00
Profit & Loss (A\$m)									Recommendation	Buy
Sales revenue	139.8	113.1	151.7	131.8	207.2	184.8	258.5	223.8	Target Price (A\$ps)	\$2.30
... Change		-19.1%	34.1%	-13.1%	57.2%	-10.8%	39.9%	-13.4%	Diluted issued capital (m)	387.4
EBITDA	35.2	1.7	33.2	(19.7)	70.3	24.3	85.5	36.3	Market cap (\$m)	774.9
Depreciation & amortisation	(10.8)	(10.9)	(12.0)	(15.2)	(16.2)	(16.9)	(17.1)	(17.4)	Enterprise Value (\$m)	948.5
EBIT	24.4	(9.2)	21.2	(34.9)	54.1	7.4	68.3	19.0	Free Float (%)	-67%
Interest expense	(3.4)	(3.9)	(4.6)	(5.4)	(4.7)	(4.6)	(4.5)	(4.2)	*Net debt trailing R12M	
Pre-tax profit	21.0	(13.1)	16.6	(40.2)	49.4	2.9	63.8	14.8	Valuation Ratios	
Tax expense	(8.1)	(0.1)	(7.9)	7.5	(16.7)	(2.4)	(20.7)	(5.9)	Core EPS (pps)	8.0 0.1 10.6 2.2
... tax rate	39%	-1%	47%	19%	34%	85%	32%	40%	Change (%)	n.a. n.a. n.a. n.a.
Minorities	-	-	-	-	-	-	-	-	PE (x)	25.0 1,919.8 18.9 91.2
Net Profit	12.8	(13.3)	8.8	(32.7)	32.6	0.4	43.2	8.9	EV/EBITDA (x)	13.5 39.0 11.1 26.1
Abs. & extras.	-	-	-	-	-	-	-	-	EV/T24M EBITDA (x)	37.4 20.0 17.3 15.6
Reported Profit	12.8	(13.3)	8.8	(32.7)	32.6	0.4	43.2	8.9	EV/EBIT (x)	17.5 127.6 13.9 50.0
Cashflow (A\$m)									NTA (\$ps)	0.45 0.42 0.50 0.49
EBITDA	35.2	1.7	33.2	(19.7)	70.3	24.3	85.5	36.3	P/NTA (x)	4.43 4.75 4.04 4.12
Net Interest Expense	(3.7)	(3.9)	(4.9)	(6.0)	(5.6)	(4.6)	(4.5)	(4.2)	DPS (\$ps)	- 3.3 3.3 3.3
Tax Paid	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	(0.2)	(11.5)	(13.3)	Payout (%)	0.0% 3167.6% 31.2% 150.5%
Change in Wkg Capital	(13.0)	20.4	(23.9)	25.7	(41.8)	20.6	(38.6)	24.9	Yield (%)	0.0% 1.7% 1.7% 1.7%
Other	(2.7)	0.7	(4.3)	6.7	(6.6)	6.8	(7.6)	23.7	Franking (%)	0% 0% 0% 0%
Operating Cash Flow	15.8	18.8	0.1	6.7	16.1	46.9	23.2	67.5	Performance Ratios	
Dividends paid	(5.7)	(5.3)	(6.0)	-	-	(12.8)	(12.8)	(12.8)	EBITDA/sales (%)	25.2% 1.5% 21.9% -14.9% 34.0% 13.2% 33.1% 16.2%
Capex	(20.2)	(31.5)	(31.4)	(25.0)	(19.1)	(20.2)	(20.2)	(20.2)	EBITA/sales (%)	17.5% -8.2% 14.0% -26.5% 26.1% 4.0% 26.4% 8.5%
Free Cash Flow	(10.0)	(18.0)	(37.3)	(18.3)	(3.0)	14.0	(9.7)	34.5	OCF Realisation (%)	67.0% -806.2% 0.6% -38.4% 33.0% 270.7% 38.5% 256.5%
Asset Sales	0.4	0.4	0.3	0.7	0.1	-	-	-	FCF Realisation (%)	-78.3% 135.7% -425.8% 55.9% -9.1% 3287.2% -22.5% 386.1%
Aquisitions	(0.0)	-	-	-	-	-	-	-	ROE (%)	8.3% -8.2% 4.9% -22.4% 17.1% 0.2% 20.7% 4.4%
Other	(1.8)	(4.4)	(10.9)	(8.5)	(1.7)	-	-	-	ROIC (%)	9.9% -3.7% 7.5% -11.2% 16.4% 2.2% 19.6% 5.4%
Equity Issues/Reduction	3.7	25.7	1.2	1.5	-	-	-	-	Asset turn (years)	3.27 0.16 2.76 (1.29) 4.34 1.44 4.99 2.09
(Inc.)/dec. in net debt	(7.7)	3.7	(46.6)	(24.5)	(4.6)	14.0	(9.7)	34.5	Capex/Depn (x)	1.87 2.88 2.61 1.64 1.18 1.19 1.18 1.16
Balance Sheet (A\$m)									Interest cover (x)	7.08 (2.38) 4.66 (6.51) 11.41 1.62 15.13 4.55
Cash & near cash	2.1	1.0	2.7	3.8	1.2	1.2	1.2	1.2	Net debt/EBITDA	2.63 52.25 4.07 (8.13) 2.34 6.18 1.87 3.46
Receivables	13.7	15.3	17.5	14.6	24.8	17.1	18.7	20.6	Net debt/equity (%)	59.9% 55.1% 75.3% 109.5% 86.3% 84.4% 76.8% 61.4%
Inventories & WIP	76.6	56.7	86.7	62.8	104.7	85.9	125.7	102.1	Drivers and divisionals	
Other Current assets	5.6	3.7	8.9	4.8	5.1	4.5	5.7	5.0	Australia	89.8 93.5 86.5 108.6 99.2 121.0 132.7 146.0
Current assets	98.0	76.8	115.8	86.0	135.8	108.8	151.3	128.8	North America	9.1 13.3 24.5 29.9 38.9 42.4 45.7 49.5
Fixed assets	108.7	127.7	180.2	184.0	176.9	172.3	168.0	163.9	Innovation & value add	0.0 0.0 1.3 2.2 1.9 2.5 3.2 4.2
Biological assets	83.8	90.0	99.8	108.2	114.0	122.2	129.8	137.0	Other	2.3 2.2 3.8 2.2 2.2 2.2 2.2 2.2
Right of use asset	-	-	-	5.5	4.9	4.9	4.9	4.9	Net change agricultural produces	38.6 4.1 35.7 (11.1) 65.0 16.7 74.6 22.0
Intangibles	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	Revenue	139.8 113.1 151.7 131.8 207.2 184.8 258.5 223.8
Other assets	0.1	0.1	0.1	0.2	10.4	10.4	10.4	10.4	Australia	44.2 12.0 42.7 (2.9) 75.1 28.6 89.0 38.9
Non current assets	199.3	224.5	286.8	304.6	312.8	316.4	319.8	322.9	North America	(6.8) (6.4) (4.4) (8.1) 0.5 1.0 1.6 2.2
Total assets	297.2	301.3	402.5	390.6	448.6	425.2	471.1	451.7	Innovation & value add	(2.5) (3.9) (4.9) (8.6) (5.3) (5.2) (5.0) (4.7)
Creditors	15.8	17.9	26.2	25.0	24.9	29.4	32.2	35.3	Corporate	0.2 0.1 (0.2) - - - -
Current borrowings	3.1	3.8	11.1	4.9	3.8	3.8	3.8	3.8	EBITDA	35.2 1.7 33.2 (19.7) 70.3 24.3 85.5 36.3
Lease liabilities	-	-	-	0.2	0.2	0.2	0.2	0.2	Australian crop (mL)	13.2 5.4 13.1 6.2 16.1 8.9 18.2 10.0
Other current liabilities	3.1	3.7	10.5	8.9	5.2	3.6	6.6	22.5		
Current liabilities	22.0	25.4	47.8	38.8	33.8	36.8	42.6	61.6		
Non-current borrowings	91.5	86.0	126.9	158.8	161.8	147.9	157.6	123.1		
Lease liabilities	-	-	-	5.4	4.9	4.9	4.9	4.9		
Other liabilities	29.6	28.9	48.1	41.6	57.4	57.4	57.4	57.4		
Non-current liabilities	121.0	114.9	175.0	205.7	224.1	210.2	219.9	185.4		
Total liabilities	143.0	140.2	222.8	244.5	258.0	246.9	262.5	246.9		
Net assets	154.2	161.0	179.8	146.1	190.6	178.3	208.6	204.8		
Share capital	82.3	109.9	112.5	114.2	127.7	127.7	127.7	127.7		
Reserves	(1.4)	(1.9)	12.7	10.3	8.4	8.4	8.4	8.4		
Retained earnings	73.2	53.1	54.5	21.6	54.5	42.1	72.5	68.6		
Outside equity interests	-	-	-	-	-	-	-	-		
S/holders' funds	154.2	161.0	179.8	146.1	190.6	178.3	208.6	204.8		
Net Debt (Cash)	92.4	88.8	135.4	159.9	164.5	150.5	160.2	125.7		

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Analysts			
TS Lim	Banks	612 8224 2810	tslim
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare	612 8224 2849	tnjain
Elyse Shapiro	Healthcare	613 9235 1877	eshapiro
Steven Anastasiou	Industrials	613 9235 1952	sanastasiou
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
James Filius	Industrials	613 9235 1612	jfilius
Sam Haddad	Industrials	612 8224 2819	shaddad
Hamish Murray	Industrials	613 9235 1813	hmurray
Jonathan Snape	Industrials	613 9235 1601	jsnape
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
Joseph House	Resources	613 9235 1624	jhouse
Associates			
Olivia Hagglund	Associate Analyst	612 8224 2813	ohagglund
Michael Ardrey	Associate Analyst	613 9256 8782	mardney

Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1701, 17/F
Prosperity Tower, 39 Queens Road
Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York
NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street
London, England
W1J 8DZ, United Kingdom
Telephone +44 7734 2929

The following may affect your legal rights. Important Disclaimer:

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. **In Hong Kong**, this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. **In the United States**, this research is issued and distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

Except insofar as liability under any statute cannot be excluded. Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

Research Policies:

For Bell Potter's Research Coverage Decision Making Process and Research Independence Policy, please refer to our company website:

<https://bellpotter.com.au/research-independence-policy/>

Disclosure of interest:

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Disclosure: Bell Potter Securities acted as a Financial Advisor to Cobram's compliance listing in August 2021 and received fees for that service.

ANALYST CERTIFICATION

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.