



CDI PINNACLE MANAGEMENT

Helping Agribusinesses Succeed Since 1989

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COMPANY SNAPSHOT

- CDI Pinnacle Management (CDIPM) commenced operation in July 1989.
- Focus is Food and Agribusiness, Aquaculture, Agri-Services, Rural and Regional Businesses.
- Act primarily for mid-sized corporately owned and larger family owned enterprises.
- Advising clients for over 20 years to successfully adopt new directions and capitalize on commercial opportunities.
- Completed over 300 assignments in Australia, Asia, South America, Europe and the USA.

CAPABILITIES

- Commercial Analysis and Commercial Due Diligence,
- Strategic Analysis, Opportunity Analysis and Planning,
- Mergers, Acquisitions, Divestments, Re-Capitalization,
- Business Improvement Programs and Advice,
- Benchmarking and Comparative Enterprise Assessment,
- Distressed Asset Management (Turn-around and Divestment),
- Agribusiness Buyers Agent / Advisor,
- Industrial Research and Competitive Analysis,

PRINCIPAL

- **Howard Hall**, Director ,
- Under Graduate: Bachelor of Applied Science (Rural Technology),
- Graduate: Diploma of Business Management,
- FAICD, CMC, MIMC, Licensed Real Estate Agent,
- Commercial & Management Roles – Agricultural Chemicals, Food Manufacturing & Food Distribution.

EXPERIENCE AND UNDERSTANDING

We have experience in sectors including:

- Fresh, frozen, and dry goods manufacturing and marketing.
- Vegetable production packing and marketing
- Apple, pear and stone fruit production packing and marketing
- Avocado, mango, banana, and tropical fruit production, packing and marketing
- Citrus production, processing, packing and marketing
- Fresh cut fruit and vegetable processing and marketing
- Macadamia and nut production processing and marketing
- Olive oil production and marketing
- Aquaculture production, processing and marketing
- Beef and pork production, processing and marketing
- Value added meat products and game meat
- Grain, stock feed and pet food processing and marketing

Included list of former clients and case studies demonstrate the depth of our agribusiness industry experience.

Experience across multiple sectors has enabled us to accumulate extensive networks of clients, industry contacts and associates.



SOME PAST CLIENTS

Agriculture Forestry & Fisheries Australia
 Agriculture Western Australia
 Agrimac International Enterprises Pty Ltd
 Austchilli Pty Ltd
 Australian Banana Growers Council
 Australian Eco Forestry Products Pty Ltd
 Australian Fast Food Dealers Corporation
 Australian Food and Fibre Limited
 Australian Fresh Fruit Company P/L
 Australian Mango Industry Association
 Australian Olive Oil Brokerage Pty Ltd
 Australian Organics Institute
 Australian Pork Limited
 Australian Prawn Farmers Association
 Australian Seafood Co-operative Research Centre
 Australian Seafood CRC Oyster Consortium
 Avocados Australia Limited
 Bonlac Foods
 Botanical Food Company Pty Ltd
 Central Burnett Fruit Processors Coop. Assoc. Ltd
 Central Fruit Packers Limited
 Cherbourg Aboriginal Council
 Chiquita Brands South Pacific
 Citrus Australia Limited
 Cooloola Agricultural Centre
 Dairy Farm International Limited
 Dairy Farm International Ltd
 Defiance Milling Co.
 Dekalb Shand (Dekalb Plant Genetics USA)
 Department of Agriculture, Forestry and Fisheries
 Endeavour Foundation Queensland
 Favco (QLD) Pty Ltd
 Federal Dept. of Transport & Regional Services
 Fisheries Research and Development Corporation
 Gascoyne Murchison Strategy (WA)
 GF Foodservices
 Glen Grove Pty Ltd
 Golden Mile #1 Pty Ltd
 Gould & Kennedy Pty Ltd
 Growcom (formerly QFVG)
 Gympie Packhouse Pty Ltd
 Hans Continental Smallgoods
 I & J Foods
 Indigenous Land Corporation
 Interfinancial Limited
 Kitchens of Sara Lee
 Macadamia King Pty Ltd
 Masterfoods (Mars Corporation)
 McClymonts Poultry Pty Ltd
 Meat and Livestock Australia (MLA)
 Miandetta Farms
 Motherly Foods Pty Ltd
 Mulgowie Farming Company P/L
 Mungalli Creek Dairy Pty Ltd
 National Agri-merchandising Network (NAN)
 National Food Industry Strategy Limited
 NationalPak (National Foods Limited)
 Northern Resource Management Pty Ltd
 Novartis Seeds Pty Ltd
 Nuplant Pty Ltd
 OBE Beef Pty Ltd
 Old Valley Holdings Limited
 Overseas Game Meat Exports Pty Ltd
 Pacific Packaging Pte Ltd
 Pacific Packaging Pty Ltd
 Pacific Seeds (Zennica International)
 Pork Industry Development Council (Qld)
 Primac Ltd
 Purina Mills Incorporated (U.S.A)
 Queensland Department of State Development
 S & G Seeds Pty Ltd
 Simplot Australia (formerly Edgell Birds Eye)
 Snapfresh Pty Ltd
 South East Queensland Olive Association
 Supermarket to Asia Limited
 Supermarket To Asia Limited
 Sweet C.J. & S. Pty Ltd
 Sweetee Citrus Growers
 Swickers Pork Processors Pty Ltd
 Valley Beef Pty Ltd
 Ventnor Grove Pty Ltd
 Wicked Products Pty Ltd
 Young Brothers Holdings

CASE 1: COMMERCIAL ANALYSIS & STRATEGY

Situation

A Hong Kong based client operated macadamia farms in Australia. The client required an assessment of options for expanding investment in macadamia production and potentially diversifying into processing on an international scale.

Client Requirements

- A detailed understanding of the global macadamia production and processing industries,
- An assessment of commercial opportunities going forward,
- A strategic expansion and entry plan for Board consideration,
- Presentation of advice on strategic options and a risk and return assessments at Board level,
- Manage areas of implementation.

Key Activities

- Develop global industry profile including production and supply chain, processing sector and markets structure,
- Develop an Australian industry situation and global competitiveness analysis,
- Develop strategic opportunity analysis in production, processing and marketing,
- Entry strategy options and analysis of their comparative strengths and weaknesses,
- Define and assess funding options,
- Develop options and recommendations for Board presentation,
- Facilitate Board level review and decision making support,
- Develop an implementation plan for the preferred option,
- Provide advice and support during the implementation.

Outcomes

- Family Board initially decided to expand into processing and re-structure production assets in Australia southern Africa,
- CDIPM successfully managed divestment of one macadamia farm in southern Queensland,
- Negotiations resulted in a Heads of Agreement to purchase the second largest Australian processor,
- The acquisition did not proceed, family reverted to a focus on production only (no processing),
- Detailed analysis and modeling to attract external investment in the planned expansion of production assets.

CASE 2: FEASIBILITY STUDY & TECHNOLOGY

Situation

A consortium of large scale growers sought to investigate the commercial wisdom of establishing a major corporate packing house to pack and market fresh produce all-year-round for export and domestic markets.

Client Requirements

- Situation analysis of the Australian production sector and its capacity to produce export grade produce all-year-round,
- Assess opportunities in selected export markets including Hong Kong / China, EU, Middle East and North America,
- Define Best Practice technology for inclusion in a Greenfields packing facility and identify most suitable locations.

Key Activities

- Access up to date data on production sector and product requirements and demand in selected export markets,
- Identify and interact with key parties in the major Australian producing regions,
- Model production capacity and likely access to volumes from all major regions,
- Identify and hold one-on-one interviews with key parties in selected export markets, and key producing countries where Best Practice technology has been adopted,
- Complete international meetings in USA, Mexico, UK, France, Spain, Hong Kong,
- Define, cost and model a Greenfields packing operation with selected technologies and identify critical milestones re volumes, costs, access to supply and international competitiveness for selected markets,
- Identify best-fit location and identify availability and cost of suitable site for operation,

Outcomes

- A consortium member proceeded to implementation as a family owned operation, scaled smaller than recommended,
- The facility was built and continues to operate in South East Queensland, however not in the recommended location.

CASE 3: DISTRESSED ASSET MANAGEMENT

Situation

A medium sized family owned vegetable producer was under-capitalized and heavily geared. The financier withdrew support and advised them to find an alternative financier within a defined timeframe or face foreclosure.

Client Requirements

Initially were retained to achieve a strategic divestment in a very tight timeframe. The financier had set an onerous debt reduction schedule, and imposed rigorous reporting requirements.

The engagement expanded to include negotiation and weekly liaison with the financier, concurrent with the divestment.

Key Activities

- Negotiate with the financier to vary the original Letter of Offer and improve timeframe,
- Represent the family in interactions with the financier, providing the requested reporting and disclosure,
- Arrange a formal valuation and detailed property maps (GPS).
- Prepare a professional Information Package for distribution to potential acquirers,
- Research and prepare a list of key targets,
- Develop a professional marketing brochure and direct mail-out to over 700 parties,
- Develop and place full colour advertisements in key trade and rural publications,
- Liaise with key targets and arranging inspections,
- Negotiate terms on behalf the client and establish a Heads of Agreement with intended buyer,
- Coordinate contract drafting and responses to commercial, financial, legal and environmental due diligence.

Outcomes

- The business sold at a price close to the sworn valuation, three months prior to the deadline set by the financier,
- Achieved 100% debt repatriation to the financier and all parties including unsecured creditors,
- Client achieved a return on their assets significantly greater than accumulated debt.

CASE 4: ECONOMIC CONTRIBUTION

Situation

The Australian banana industry has been severely impacted by cyclones in recent years. Industry peak body and grower representatives need to advocate for and support industry imperatives, with supply chain partners, regulators, policy makers and communities.

Client Requirements

- Provide an accurate analysis of the contribution and impact of this major industry on local and national economies,
- Access key data gained by managing the banana benchmarking program to provide the best possible analysis.

Key Activities

- Mine industry-level data from prior years' benchmarking data sets.
- Source key economic data and information from all viable sources.
- Identify and interview fifty (50) companies that rely on the industry, ascertain the importance and impact of the banana industry on these businesses.

Outcomes

- Comprehensive report clearly defines direct and indirect contribution of the industry including employment, employment multipliers, industry output, output multipliers, share of regional business turnover, share of regional employment,
- Information now in use by industry.



CASE 5: ORGANIC BEEF SYSTEM

Situation

Outback pastoral group sought to establish a globally competitive organic beef production, processing and supply system. Saw opportunity to exploit the unique attributes of their expansive outback grazing environment for organic beef production and supply.

Client Requirements

- Design, plan and manage steps to define an organic supply chain system, acquire suitable (organically certified), processing partners, identify importers and key accounts in export markets (Japan, USA, EU), establish viable trade volumes and clients,
- Provide and manage process, input and international market development activities such that the producer group would retain control and achieve long term commercial sustainability.

Key Activities and Outcomes

- Selected and appointed suitable (like minded) organic processor,
- Planned and managed multiple market development visits to export markets (Japan, USA and EU over multiple years),
- Established initial, and ongoing clients in target markets,
- Planned and monitored key 'first shipments' including turn out assessments on arrival,
- Established international markets for branded fresh and value added products including negotiation of retail shelf space for value added Australian organic beef products in the USA,
- Client (OBE Organic) recently held '15 years in business' celebrations, still growing and developing new markets.



CASE 6: STRATEGIC DIVESTMENT

Situation

The second largest macadamia processor in Australia and one of the largest in the world signed contracts to sell the business to an international group. The transaction halted in late 2006. The industry was at a turning point, kernel prices had escalated to a point of buyer resistance which led to a major industry down cycle.

The client approached CDIPM in early 2007 seeking assistance to identify a new buyer for the business.

Client Requirements

Achieve a strategic divestment to a new buyer.

Key Activities

- Collect, review and collate company information and other sources to develop a detailed professional Information Memorandum,
- Liaise with the client's directors, managers, accountants and advisors to prove and clarify all data sets for inclusion in the Information Memorandum,
- Develop and present an approved Information Memorandum for distribution to shortlisted targets,
- Create a target list including: larger macadamia producers, competing processors; downstream nut processors and marketers, and other food processors not involved in the macadamia industry with strategic interest in diversification,
- Complete a confidential search process,
- Intense negotiation and interaction with the ultimate buyer to reach a Heads of Agreement,
- Coordinate contract drafting and responses to legal, commercial, financial and environmental due diligence required by the intending buyer (a public listed company),
- Close the deal.

Outcomes

- Achieved a sound price in line with expectations,
- The buyer was a listed food processor and this was their first entry into nut processing and marketing,
- Result achieved in the most significant down cycle in the industry for two decades,
- The buyer has made further international acquisitions in the macadamia industry since.

CASE 7: EXPORT MARKET DEVELOPMENT

Situation

The Australian game meat industry encompasses products including goat, kangaroo and wild pig meats, sold for both human consumption and pet food

The human consumption market for kangaroo meat and 'wild boar' meat into export markets is substantial and Australia is the largest goat meat exporter in the world.

Client Requirements

- Design and manage steps to develop stronger markets for kangaroo meat and wild boar meat into the EU, following BSE outbreaks in the UK and EU,
- Re-design / re-align chain (and company) processes and procedures for market requirements,
- Change trading practices to support longer term trade relationships with key chain participants beyond importers.

Key Tasks and Outcomes

- Review supply chain processes and controls and identify areas for closer scrutiny,
- Research and manage in-market visits ensure client has first-hand knowledge of on-shore supply chain structures,
- Establish key trading partners in EU markets (included importers, boning room operators, foodservice distributors, restaurant chains, retailers,
- Design and manage product launches in 'challenging' segments (e.g. restaurateurs, foodservice 'cash stores', frozen food distributors (France, Belgium, Netherlands),
- Solid growth and adjustments to processes and relationship skills led to programs with major chains beyond importers,
- This industry since moved focus to processed food markets including Russia and Eastern Europe.



CASE 8: STRATEGIC DIVESTMENT

Situation

A large family owned vegetable producer wished to divest due to a lack of family succession. The assets included multiple titles and water assets, exceptionally well developed. The business had unique characteristics including:

- Too large for many potential buyers,
- Located in a unique region with high-value marketing window,
- Long serving management team and permanent staff,
- A highly profitable, well known business.

Turbulent Times in 2008-2009

- In mid-2008 CDIPM was initially engaged to achieve a strategic divestment,
- A buyer completed negotiations and withdrew in the last week of contract terms, stating lack of finance approval, late 2009
- A new buyer (well established in the industry) signed Heads of Agreement in December 2009,
- The transaction completed at the end of April 2010.

Key Activities

- Collect, collate review and confirm five years of detailed financial and operational information,
- Arrange a professional valuation by a Registered Valuer,
- Arrange preparation of a detailed farm maps outlining the water infrastructure, irrigation areas, improvements, and comprehensive water reticulation systems,
- Research and prepare a target list of potential buyers,
- Develop a professional Information Memorandum ,
- Conduct a confidential buyer search within industry (trade),
- Liaise with targets, facilitate inspections and negotiate with highly qualified parties,
- Negotiate a Heads of Agreement with the preferred candidate,
- Facilitate contracts drafting and responses to due diligence,
- Close the deal.

Outcomes

- They value achieved continues as a benchmark value today,
- The buyer has since expanded operations three-fold in this region, leveraging the management team, the core acquisition and the quality of water assets.

CASE 9: BENCHMARKING PROGRAMS

Situation

The changing shape of agribusiness and challenging market expectations are progressive producers to focus on how to improve their operational efficiency and adopt continuous improvement techniques.

Industry peak bodies are increasingly seeking more direction and focus to help direct future investment in research and development for their constituent industries.

Client Requirements

- Design and manage benchmarking activities in industry
- Provide reporting to participating producers and to industry peak bodies, to:
 - Assist participating producers to identify how to improve their business performance,
 - Assist industry (and peak body personnel) to identify focus and direction for ongoing research and development.

Key Activities

- Recruit a representative sample of producers to participate in the benchmarking program,
- Develop software that can store large data sets and provide reporting regimes as required for producer participants and industry peak bodies,
- Design data collection protocols that will capture the appropriate data, minimise inconvenience to participating producers and produce useful Key Performance Measures (KPIs) following analysis,
- Collect data, in person, on farm from producers,
- Collate, clean, review and cross check data, make necessary additions or refinements needed to ensure comparative analysis is valid and achieves goals,
- Enter, analyse and deliver reports as specified with input from industry stakeholders.

Outcomes

- Industries to adopt to date include the Australian banana industry, avocado industry, mango industry, prawn farming industry and oyster farming industry,
- Participants receive KPI reports covering productivity, quality, itemised costs, returns, profitability and labour use efficiency,
- Industry receive reports identifying trends and correlations and areas where further R&D can assist industry performance.

CASE 10: MARKET PERFORMANCE REVIEW

Situation

The Australian citrus industry achieved excellent export sales to the US market for almost three decades. New competitors, the high Australian \$, changes to market structure and possibly the market entry strategy of Australia, were thought to be key issues in major reduction in exports to the US in recent years.

Client Requirements

- A situation and value chain analysis of the performance of Australian citrus in the US market,
- An analysis of all commercial and regulatory issues around the existing US marketing arrangements.

Key Activities

- Access all relevant data related to the Australian production sector and all aspects of the operation of the chain within the US market,
- Identify key parties in Australia, the existing US supply chain, external parties and competing importers willing to contribute
- Hold one-on-one interviews in the supply sector (Riverlands, Sunraysia & MIA); exporters, packers, coordinators, industry personnel; appointed 'single importer' in the US market, US parties external to the current supply chain,
- Provide a concise and commercial assessment of findings,
- Provide clear analysis of key issues impacting current chain performance and potential areas of improvement.

Outcomes

- This report was a key input to a federal review of the DAFF [EEP] arrangements in 2011,
- DAFF modified its EEP arrangements in 2012 and industry is now pursuing a different market entry strategy.

