



# Our Capabilities

March 2020

# Overview

## Our capability

- Freshagenda delivers **consulting and advisory services** to industry, government and corporate clients, addressing the challenges affecting food supply chain competitiveness and product value.
- The core skills of our team lie in interpreting industry, market and supply conditions and their outlook for decision makers. We have been engaged in a number of strategic planning assignments for industry and commercial clients.
- We possess deep experience in a number of sectors including dairy, fresh produce, proteins, grains and oilseeds sectors, as well as tracking and interpreting broader megatrends affecting the food sector; retail strategy and value-chain dynamics which influence agrifood sectors.
- Our global dairy market analysis is embodied in a platform called Global Dairy Directions
- We have well-established processes and tools to underpin the development of strategy. These are **tailored to the engagement** – including analysis of performance in terms of key indicators (volume and financial); opportunity analysis; development of future scenarios, and structured consultation with relevant influencers and opinion leaders.
- Our work is packaged for specific audiences and decision-making requirements. Our presentation is highly visual –the most effective way to deliver messages to a target audience.



## Directors

- **Steve Spencer and Joanne Bills** established the business in 2013.
- **Steve** has worked across the Australian food industry in a consulting and analysis role in dairy, fresh produce, processed food, livestock and poultry, as well as analysis of grocery retailing and foodservice markets. He has undertaken extensive studies of price determination within grocery and various analyses of industry profitability and performance.
- Prior to establishing his own consulting businesses he was a corporate finance and consulting director with PWC.
- **Joanne** is an agribusiness professional, with over two decades spent in the dairy industry. Joanne's skills include market and industry analysis, strategy development, knowledge management and communication.
- Prior to Freshagenda, Joanne was Manager of Strategy and Knowledge at Dairy Australia, and lead author of the annual Situation and Outlook for the Australian industry. She is a director of Australian Dairy Conference Ltd, an industry development enterprise.

## Support Team and Resources

- The directors are supported by a small team of experienced analysts with skills in market analysis, advanced modelling and simulation, econometrics, data science and research who are involved in the project research and delivery, and in the preparation of a large number information products.
- The Freshagenda analysis capability draws on data and insights from global dairy, feed and food markets.

# Strategy development and implementation

Nature	Role	Key features	Strategy tools/design
<b>Fresh food industry plan</b>	Advised CEO and Board	<ul style="list-style-type: none"> <li>Developed a strategy framework (based on “pillars”) for assessing and prioritising industry activities, helping to focus and streamline projects and identify gaps</li> <li>Used industry’s export market strategy as an input to the process</li> <li>Produced a strategic plan document that sets strategic priorities against future funding scenarios</li> </ul>	<ul style="list-style-type: none"> <li>Long-term industry capacity analysis</li> <li>Implementation priorities and planning</li> </ul>
<b>Pulse industry strategy</b>	Consulted to Board of Pulse Australia	<ul style="list-style-type: none"> <li>Assessed macro &amp; consumer trends influencing protein demand and future industry value chain</li> <li>Assessed priority opportunities and challenges</li> <li>Consulted widely with industry participants and influencers</li> <li>Developed criteria and ranked priority opportunities</li> <li>Developed strategies to address industry priorities</li> </ul>	<ul style="list-style-type: none"> <li>Environment scan of megatrend impacts</li> <li>Vision-setting process</li> <li>Opportunity ranking (market attractiveness v competitive advantage)</li> </ul>
<b>Value-added grains</b>	Strategy development for company	<ul style="list-style-type: none"> <li>Provided an assessment of Asian market opportunities based on researching consumer trends in individual countries</li> <li>The work identified and profiled demographic trends, supply chain and market characteristics relevant to product uptake</li> <li>Developed objective criteria to rank markets</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity analysis matrix</li> <li>Supply chain analysis</li> <li>Market consultation</li> </ul>
<b>Fibre processor</b>	Strategy analysis and development	<ul style="list-style-type: none"> <li>Strategic analysis of the major options for earnings improvement and expansion options for a major cotton processing and marketing business</li> <li>Working with management and a board committee to identify, evaluate, model and prioritise options</li> </ul>	<ul style="list-style-type: none"> <li>Financial model customisation</li> <li>Portfolio analysis</li> </ul>

# Strategy development and implementation

Nature	Role	Key features	Strategy tools/design
<b>Horizon 2020 for Australian dairy industry</b>	Steve and Jo led the project team (think tank) comprising a number of industry participants	<ul style="list-style-type: none"> <li>• Articulated the “agendas” driving change and their impact on the dairy supply chain</li> <li>• Developed scenarios describing the Australian dairy industry in 2020</li> <li>• Strategies, actions and priority industry projects were identified</li> <li>• <u>Note</u>: The Freshagenda team were not involved in the 2019 Dairy Plan development, which focused on the future of industry structures and funding. Horizon 2020 content and strategic initiatives were embodied in the plan analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Environment scan</li> <li>• Scenario development</li> </ul>
<b>Oilseeds industry plan</b>	Consulted to Australian industry body	<ul style="list-style-type: none"> <li>• Assisted develop a long-term industry strategic plan</li> <li>• Identified key agenda issues, engaged with industry players and opinion leaders</li> <li>• Development of a concise planning package which clearly profiled individual commodities, their prospects and imperatives to optimise opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity ranking (market attractiveness v competitive advantage)</li> </ul>
<b>Dairy industry vision</b>	Consulted to ADF Limited	<ul style="list-style-type: none"> <li>• Extensive stakeholder engagement through industry workshops</li> <li>• Facilitated development of an industry vision statement based on key themes from Horizon 2020 (above)</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted in facilitation of priority setting and visioning workshops</li> </ul>
<b>Australian Dairy Conference Ltd</b>	Advised Board of ADC	<ul style="list-style-type: none"> <li>• Worked with the Board to determine ADC’s positioning in a wider “playing field”, defining future opportunities and threats</li> <li>• Developed a strategic plan that mapped out activities to bolster and grow the business into the next five years</li> <li>• Articulated implementation priorities and innovations</li> <li>• Continuing to work with ADC on implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Environment analysis</li> <li>• Expansion scenario planning</li> </ul>

# Decision support

Nature	Role	Key features
<b>Due diligence</b>	Part of a due diligence team for purchase of a major processor	<ul style="list-style-type: none"> <li>• Modelled the integration of major dairy manufacturing businesses across milk collection regions and product portfolios</li> <li>• Modelled product stream returns and the impact on milk prices and profits</li> <li>• Modelled scenarios and their impact on earnings and value</li> </ul>
<b>Dairy industry and market analysis</b>	Advised overseas pension funds and private equity firms	<ul style="list-style-type: none"> <li>• Objective assessments of current and future production and market factors affecting milk production regions in south-eastern Australia</li> <li>• Comparison of production conditions, farm profitability and SWOT</li> <li>• Developed future regional market and supply scenarios</li> <li>• Reported to corporate and institutional investors</li> </ul>
<b>Milk price design</b>	Advice to a milk processor	<ul style="list-style-type: none"> <li>• Designed alternative milk price models to address specific farmer and processor situations and risk-sharing in a southern milk collection region</li> </ul>
<b>Sourcing strategy</b>	Assisted our client determine the preferred approach to sourcing raw inputs after securing major new customer commitments	<ul style="list-style-type: none"> <li>• Developed future regional market and supply scenarios</li> <li>• Assessed pros and cons of each pathway</li> <li>• Identified preferred option in line with long term strategy</li> </ul>
<b>Expert's report</b>	Independent analysis for a major litigation matter	<ul style="list-style-type: none"> <li>• Independent analysis of global and Australian dairy market conditions and developments and their impact on commodity markets</li> <li>• Assessed (at various time intervals) appropriate commodity product price forecasts and their impact on announced milk prices</li> </ul>
<b>Milk pricing review</b>	Independent analysis of aspects of Fonterra pricing model	<ul style="list-style-type: none"> <li>• Reviewed basis for asset beta used as a component in milk price determination</li> <li>• Compared milk pricing approaches used by dairy companies in several countries to understand relative exposures in each mechanism to commodity price movements</li> </ul>

# Custom analysis

Nature	Role	Key features
<b>Investment support</b>	Assessed investment opportunities across agribusiness sectors	<ul style="list-style-type: none"> <li>• Developed a framework for assessing investment attraction over a range of livestock and grain sectors</li> <li>• Provided inputs to offshore investment managers and marketing collateral</li> </ul>
<b>Market monitoring</b>	Market insights for the board of a milk supply group	<ul style="list-style-type: none"> <li>• Regular commodity market update and the implications for commodity milk values and southern Australia milk prices</li> <li>• Likely alternate manufacturing stream returns relevant to group milk pools</li> </ul>
<b>Beef supply chains</b>	Carried out a study for a major producer into the scope for improved supply chain returns	<ul style="list-style-type: none"> <li>• Mapped and priced key supply chains into key beef markets</li> <li>• Assessed comparative market settings and value drivers</li> <li>• Assessed scope for extracting better returns beyond farmgate</li> </ul>
<b>Food pricing</b>	A major independent study for an industry R&D Corporation	<ul style="list-style-type: none"> <li>• Articulated determinants and trends in agrifood pricing (farmgate, wholesale and retail) in Australia</li> <li>• Mapped agrifood supply chains and key price/cost drivers</li> <li>• Accessed credible, like-for-like data on price points thru-chain</li> <li>• Assessed transparency of pricing information to participants</li> </ul>
<b>Market entry</b>	Assisting a client evaluate market entry for an animal productivity tool into the Australian dairy market	<ul style="list-style-type: none"> <li>• Identified stakeholder relationship and influence</li> <li>• Assessed market and supply chain sensitivities and impacts</li> <li>• Assessed cost-benefit equations for end-users of the product</li> </ul>
<b>Innovation priorities</b>	Assessed future innovation requirements of food processors, and the scope to improve effectiveness of industry co-investment.	<ul style="list-style-type: none"> <li>• Undertook extensive stakeholder discussions to map innovation demands, processor needs and capacity gaps within the Australian dairy sector.</li> <li>• Identified innovation hot spots driven by supply chains and markets.</li> <li>• Recommended priorities for capacity development and investment models to drive industry outcomes.</li> </ul>

# Knowledge products and tools

Product	What is it	Key features
<b>Global Dairy Directions</b>	<p>A global dairy market analysis platform for corporate clients in Europe, North America, and Oceania. This uses our Dairy Trade Simulator (DTS) to allow dynamic analysis of changing outlook conditions</p> <p>This is delivered as a subscription and licensed product to clients</p>	<ul style="list-style-type: none"> <li>• This delivers a rolling analysis of market conditions and forecasts balance of trade for major dairy commodities as impacted by milk production, consumer demand, stock levels, and product mix</li> <li>• It enables rapid scenario development based on changing outlook drawing on our widespread global intelligence sources</li> <li>• The DTS contains rolling, up-to-date global data of dairy commodity trade</li> <li>• The platform provides regional forecasts of commodity values (as a proxy for prices) based on projected supply and demand balance, and their implication for milk prices in key regions including Europe, Australia and NZ</li> </ul>
<b>Milk price evaluator</b>	A tool that compares milk prices across Australian milk buyers	<ul style="list-style-type: none"> <li>• We maintain a tool that provides current and objective comparisons of milk supply agreements and arrangements in each major collection region based on available terms and conditions</li> <li>• This enables application to individual farm milk supply parameters</li> </ul>
<b>Commodity Milk Value (CMV)</b>	Calculation of the commodity value of milk based on spot prices	<ul style="list-style-type: none"> <li>• This tool calculates a value of milk based on spot and projected full year commodity prices, product mix, conversion costs and retentions and currency movements</li> <li>• The CMV is widely reported and used within the industry as a value benchmark</li> </ul>
<b>Milk returns tool</b>	Commodity returns model	<ul style="list-style-type: none"> <li>• This tool calculates milk returns based on various alternative manufacturing streams using a mass-balance approach to account for available milk solids</li> </ul>
<b>Dairy Business Navigator</b>	A farm decision-modelling tool to simulate future long-term scenarios	<ul style="list-style-type: none"> <li>• The dynamic tool allows users to model their farm enterprise over 10 years</li> <li>• Allows for flexibility in market prices, climate, efficiency and cost structures</li> <li>• Allows easy load-up of farm details and rapid analysis of outcomes</li> </ul>
<b>Milk price outlook</b>	A periodic update of the outlook for southern Australian farmgate milk prices two seasons ahead	<ul style="list-style-type: none"> <li>• Based on analysis of global dairy market and projections for commodity values</li> <li>• Tailored to reflect the southern Australian dairy industry's product/market mix</li> </ul>

# Global dairy directions

## What is it?

- A comprehensive platform of global dairy market analysis that **provides a continuously-updated rolling outlook** for major dairy commodities which is updated monthly.
- The platform draws on extensive sources to continually monitor global developments and forward indicators, projecting supply and demand for at least two years.
- The platform is underpinned by our unique **Dairy Trade Simulator (DTS)**, containing all production and global trade data for major commodities allowing dynamic modelling and analysis of the outlook.
- Subscribers access analysis reports, the DTS model and dashboard tools.

## The key take-outs

- **Projected commodity values** – based on market fundamentals derived from demonstrated historical supply-chain influences on value.
- **Sensitivity and “what-if” analysis** – the impact on market tension and commodity values based on changes in key variables.
- **Trade trends** – extensive analysis of trade trends over time by product, market region and exporter.
- **The impact on farmgate milk values** – in different regions based on typical product mix, conversion costs and exchange rates.

## How is it being used?

The platform is used by a global client base - including manufacturers, traders, brokers, ingredient buyers and FMCG customers:

- Assisting risk management decision-making;
- Supporting in-house analysis; and/or
- Providing input to strategy, planning and budgeting.

