



THE MARKET

The salty snack retail market is worth \$500 million and is growing at 8.5 per cent a year. The market is divided into three core areas. The main segments are Potato, which represents over 55 per cent of the market, Corn with 15 per cent and Cereal with 14 per cent. Snack Brands Australia is well represented in all major segments of the snack category and is a fast-growing number two player.

ACHIEVEMENTS

In the 1960s, Thins revolutionised the chip category by providing the first genuine alternative to the dominant crinkle cut chip. Ultimately, Thins has been responsible for creating and building the thin sliced chip segment, bringing incremental growth to the entire category.

Thins' icon status stems from the fun and energy the brand exuded right from the beginning. Thins continues to connect with consumers across all age groups because its image in advertising is quirky and exciting. The "Not as Thick as Some", "Get Smart, Get Thins" and "Cracked Pepper"



HISTORY

Thins began life in Victoria in 1966 as Colvan thin sliced chips and was relaunched in 1984 as Arnott's Thins. In 1991 Frito-Lay (a subsidiary of Pepsico) bought out the Arnott's Snack Food joint venture and simplified the name to Thins.

In 1998 Frito-Lay bought The Smith's Snackfood Company and sold its original operation to Dollar Sweets Holdings (now an entity in Snack Foods Limited).

Snack Foods Limited, Snack Brands Australia's parent company, is the largest Australian owned and operated snack food company with annual sales of more than \$265 million. Snack Foods Limited is publicly listed on the Australian Stock Exchange.

Snack Brands Australia's head office is in Pymble, in Northern Sydney, with plants at Smithfield in New South Wales and Scoresby in

Victoria manufacturing Australian icon brands. The flagship brand is Thins. Other well known brands in the range are CC's, Samboy, Cheezels, French Fries, Planters and Colvan.

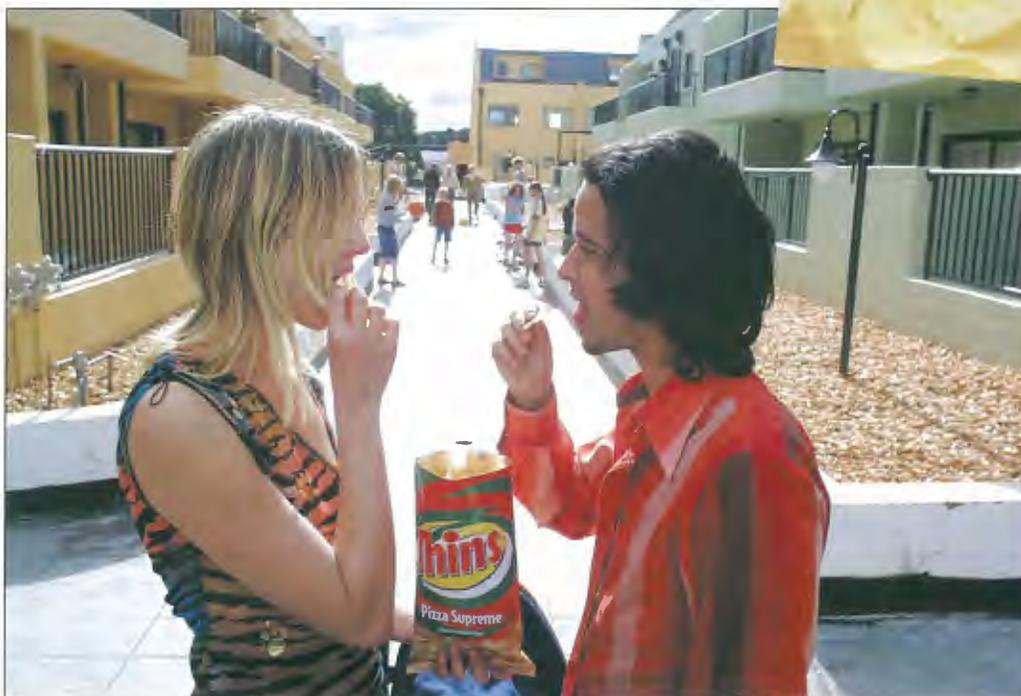
Thins was regarded as a modern and mainstream brand. Its functional strengths of thinness and crispness translated into a perception of a chip with less bulk, less salt



commercial are amongst the most successful and memorable television commercials for snack food marketing in Australia.

Thins is now the number one thin sliced chip in Australia and is listed in the Top 50 biggest selling grocery items in Australia for both Woolworths and Coles – Australia's biggest grocery retailers.

By the end of the millennium, Thins had turned the tide of history with a market share about to rival the crinkle cut market leader for supremacy in the Salty Snacks market.



and less oil – and consequently less guilt. Consumer guilt about salty snacks was replaced by permission to indulge.

Flavour is a major driver in the salty snack category and Thins is recognised as a brand that has a wide range of great tasting flavours.

THE PRODUCT

Thins has made a place for itself as an irresistible, good value, good quality and great tasting product. Thins chips are totally free

of artificial colours. Only the finest oils are used in the cooking of Thins to ensure the ultimate taste sensation.

Thins chips are manufactured using a precise and carefully controlled process. Rigorous Quality Assurance procedures at every stage in the supply chain, from the potato planting through to the packaged product and store delivery, ensure that consumer expectations are consistently met.

Fresh potatoes are grown under contract and transported directly to Snack Brands Australia's plants from farms in Queensland, New South Wales, Victoria and South Australia. Only high quality seed potatoes are selected and of the many varieties of potatoes grown in Australia it is the superior Atlantic variety that Snack Brands Australia prefers.

Harvested potatoes are batch tested to ensure they meet specifications for cooking quality and other critical factors for manufacturing Thins. After thorough cleaning, the potatoes are skinned by abrasive rollers, inspected again and sliced by high speed machines to the exact thinness required.

The slices then move onto a washing belt where they are sprayed with water to remove loose starch particles from the surface, before being drained on a wire conveyor belt and then completely immersed in a temperature controlled cooking tank.

The freshly cooked Thins chips are then picked up by another conveyor, drained of excess vegetable oil and passed under an automatic salter. Additional Quality Assurance inspections are then conducted to ensure all product is within Snack Brands Australia's specifications.



Thins Originals go straight to the weighing machines and into newly formed packs created from continuous rolls of film. A cushion of air is added to the pack to protect the product during transit. The top of the bag is trimmed and hermetically sealed. Thins Flavours are applied on the way to the weighing machines.

The finished packs are inspected, weighed and placed in cartons clearly marked with the designated pack size and flavour. The cartons are conveyed to the particular plant's warehouse ready for despatch directly to customers within 48 hours.

Thins chips are sold across many outlets, from the big grocery chains such as Woolworths, Coles, Bi-lo, Davids and Independents to the major petrol and convenience stores such as BP Express, Shell Select, Quix Food Stores, Campbell's Cash and Carry, Caltex and 7-Eleven, as well as liquor stores, clubs, school canteens and vending machines.

RECENT DEVELOPMENTS

Snack Brands Australia conducts extensive and ongoing research into salty snacks. This has enabled the company to launch new and innovative flavours with the objective of keeping Thins at the forefront of flavour development.

In April 2001 a unique flavour called Cracked Pepper was launched, supported by its own TV campaign.

PROMOTION

The Snack Brands Australia marketing teams conduct an extensive range of promotional activities for Thins, and these are backed up with the cross-promotional power of Snack Brands Australia's other leading brands such as CC's, Cheezels, Samboy and Planters.

In February 2001, Snack Brands Australia held a major multibranded activity using a licensed property, DragonBall Z, a popular children's TV

show. The consumer offer of a free licensed character disk in every pack was a highly successful promotion.

Consumers loved the collectability of the disks and the fact they could also play a wide variety of games with them. The results of the promotion have been highly satisfactory, with all associated brands experiencing double digit growth.

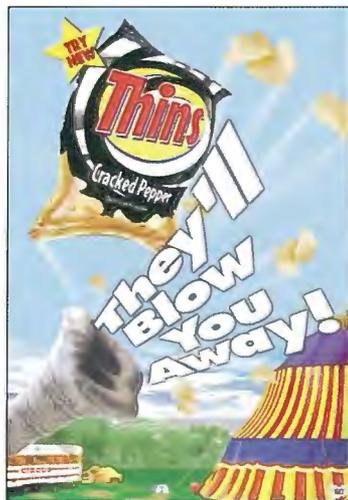
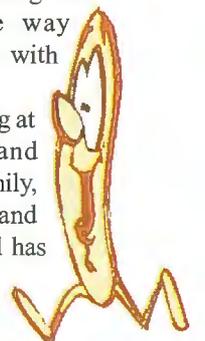
BRAND VALUES

Thins' strength comes from the fact that the product quality and the sophistication of its flavours are a match for any brand on the market. However, what really makes the Thins brand stand out, making it a favourite in Australia, is that its overriding values are Australian, with a strong sense of humour.



The Thins Cracked Pepper television commercial featuring an elephant squashing its pushy trainer captured the way Australians pursue a "fair go" with laconic humour.

Thins' texture and taste belong at Australian social, sporting and cultural activities as much as family, spectators, paying customers and invited guests. The Thins brand has been developed as a ticket to fun, and that is how it is perceived.



THINGS YOU DIDN'T KNOW ABOUT THINS

- The Snack Brands Australia story goes back to the 1960s when Arnott's Biscuits entered the snack food market and purchased shares in the Colvan potato chip company in Victoria.
- The original thin sliced potato chip business returned to 100% Australian ownership in 1998 when Snack Brands' parent, Snack Foods Limited, was formed as a result of the purchase of chip making operations from Frito-Lay Australia, the PepsiCo Foods company.
- The world's first potato chips were made in the nineteenth century by a native American, George Crumb, in an inn in Saratoga, approximately 160 kilometres from New York City.
- Thins are Australia's original thin sliced potato chips and are made only from Australian potatoes.