

ASX ANNOUNCEMENT

25th February 2016

COSTA GROUP ANNOUNCES NEW BERRY GROWTH PLAN

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading grower, packer and marketer of fresh fruit and vegetables today announced that the Costa Board has approved a new Berry growth plan with an estimated \$80 million worth of capital projects to be undertaken over a four year period from 2017 to 2020.

Costa CEO Harry Debney said the new growth plan reflected Costa's "high conviction with respect to the long term growth prospects for fresh berry products, both in global and domestic markets."

Following the success of the Company's existing berry growth expansion project, this new growth plan will underline Costa's market leadership for an extended period. Up to 11 individual projects are involved, each individually assessed on merit, covering all four berry types - blueberries, raspberries, strawberries and blackberries. Costa expects to fund the new growth program through cash flow and existing debt facilities.

"The current Berry growth plan as documented in the Company's 2015 prospectus is a three year program costing \$47 million which will be completed in 2017. This has cemented Costa as the clear technology and market leader in the production of blueberries and raspberries, and as a high tech seasonal strawberry producer in Australia with product marketed through our joint venture, Driscoll's Australia," said Mr Debney.

As of this year, Costa has uniquely achieved 52 week supply of blueberries with production from five regions, and has substantially built on the full year supply position of quality raspberries. Underpinning the expansion are the Costa blueberry genetics and Driscoll's raspberry and strawberry varieties.

Whilst completion of the existing plan will provide earnings growth through 2020, the new growth plan commits Costa to further developing its market position in the rapidly growing berry category.

Additional plantings in 2017 will augment the last elements of the current program, with major capital expansion to follow in the years 2018, 2019 and 2020. High quality new blackberry varieties are also expected to become available during the next two years and these will be commercialised to build the nascent blackberry subcategory into a growth business.

"In keeping with Costa having been a global pioneer of substrate berry production, all of the extensive new plantings will be housed under protected cropping and the vast majority grown in substrate above the soil," said Mr Debney.

The plan will include increased production farming and support infrastructure in Far North Queensland, Corindi NSW (with both new plantings and blueberry conversion to substrate), and potentially Western Australia and Tasmania. Yet to be determined will be the location of the temperate climate southern expansion where economic comparisons are being evaluated between expanding Costa's footprint in Tasmania or Western Australia.

**About Costa**

Costa is Australia's largest grower, packer and marketer of fresh fruit & vegetables and operates principally in four core categories: berries, mushrooms, glasshouse tomatoes and citrus. Operations include approximately 3,000 planted hectares of farmland, 30 hectares of glasshouse facilities and seven mushroom growing facilities across Australia. Costa also has strategic foreign interests, with interests in five blueberry farms in Morocco and is currently developing a new berry farming operation in China.

For further information contact:

Michael Toby
Corporate Affairs Manager
T: +613 8363 9071