TasFoods Limited (ASX:TFL)

INVESTOR UPDATE

May 2016

Refer to appendix for important notice and disclaimer

TasFoods Limited - Overview

TasFoods Limited (TasFoods) is an ASX listed entity with an experienced board and management team that is focused on acquiring and developing Tasmanian premium branded food businesses. Tasmania has proven to be a haven for the development of premium food businesses and brands trading on the Tasmanian provenance theme.

Consistent with its investment focus, TasFoods acquired the Meander Valley Dairy branded food products business based in Tasmania in September 2015.

Additionally, TasFoods has an option to acquire 100% of the shares in Nichols Poultry Pty Ltd and associated assets. Nichols Poultry Pty Ltd owns and operates the Nichols Poultry branded poultry processing business in Tasmania.

A general meeting of TasFoods was held on Monday 23 May 2016 that approved a number of resolutions relating to the proposed acquisition of the Nichols Poultry business as well as an issue of shares under a capital raising (see below).

Further information about the proposed acquisition and capital raising is set out in the meeting materials previously sent to shareholders.

TasFoods Limited – Overview (cont.)

- **The proposed capital raising is an offer of 121 million new fully paid ordinary shares in TasFoods at an issue price of $0.25 each to raise up to $30.25 million. Funds raised will be used to assist in funding the Nichols Poultry acquisition and to provide additional working capital for TasFoods to pursue its strategy of building an integrated business based on premium branded food products primarily sourced from Tasmania.**
- **Important note: It is anticipated that a prospectus will be made available from TasFoods' share registrar when the new shares in TasFoods are offered (which is anticipated will be on Wednesday 25 May 2016). Persons should consider the prospectus in deciding whether to acquire new shares under the offer and anyone who wants to acquire new shares under the offer will need to complete the application form that will be in or will accompany the prospectus.**

KEY CONSUMER BENEFITS	PRODUCTS
Premium Quality	Dairy - Cow
Provenance	Poultry
Trace to the source	Other
Sustainable	

Executive Summary

FIRST ACQUISITION – MEANDER VALLEY DAIRY	• TasFoods acquired Meander Valley Dairy in September 2015 and has achieved significant increases in sales through ranging in Woolworths, appointment of a national Sales Manager and expanding on the existing relationship with Coles. • Expansion of production capacity to meet market demand will be achieved in late 2016 through a move to larger facilities.
SECOND ACQUISITION – NICHOLS POULTRY	• TasFoods has an option to acquire 100% of the shares in Nichols Poultry Pty Ltd and associated assets • **Nichols Poultry is the second largest poultry processing business in Tasmania with a well established brand with Tasmanian consumers** • The consideration payable to acquire Nichols Poultry Pty Ltd and associated assets is $12.55 million (plus any GST and subject to adjustments)
THIRD ACQUISITION - SHIMA WASABI	• TasFoods has entered into an agreement to acquire Shima Wasabi Pty Ltd. • Shima Wasabi owns and operates a business producing and distributing wasabi, Japanese pepper, Japanese turnip and Japanese parsley in Northdown on the north west coast of Tasmania. • **As well as providing fresh wasabi stems and edible flowers to Australian restaurants, Shima Wasabi also produces premium concentrated freeze dried wasabi powder for distribution throughout Australia, Asia and Europe.** • TasFoods will acquire all of the issued shares in Shima Wasabi for consideration of $2,750,000 (plus any GST)
NEW BOARD AND EXECUTIVE TEAM	• A new Tasmanian based executive team has been established with both strong experience and history in consumer food markets with a strong network to identify and pursue acquisition opportunities in the premium branded food space.

TasFoods' strategy

Acquire and develop a portfolio of premium branded food products

Identify and build a portfolio of **PREMIUM BRANDED FOOD PRODUCTS**

Capitalise on the natural attributes of the **TASMANIA AGRICULTURAL ENVIRONMENT**

Expand into **NEW PRODUCT CATEGORIES**

Grow into new **DOMESTIC AND INTERNATIONAL MARKETS**

Innovative **PRODUCTS, PACKAGING AND MARKETING**

Recruit and develop **HIGH QUALITY TEAM**

MEANDER VALLEY DAIRY

Acquired and under development by TasFoods

Meander Valley Dairy

Achievements since acquisition in September 2015

Hired a **HIGH QUALITY TEAM** of skilled dairy technologists with experience in product development and quality assurance systems

Significant increase in sales through appointment of National Sales Manager and expansion into **WOOLWORTHS**

Cost review has identified **MARGIN OPPORTUNITIES** (subject to re-negotiation with key customers)

Development of plans for a **NEW FACTORY** to provide scope for new product development & volume growth

NICHOLS POULTRY

Proposed to be acquired by TasFoods

Nichols Poultry

Established brand with a product that has **PREMIUM QUALITIES**

STRONG PLATFORM FOR GROWTH

COMPETITIVE ADVANTAGES

- Premium quality product
- Room for expansion on existing site
- Well known and respected local brand that is the second largest poultry processor in Tasmania with a significant share of the Tasmanian retail market

SHIMA WASABI

Proposed to be acquired by TasFoods

SHIMA WASABI

Established brand with a product that has **PREMIUM QUALITIES**

STRONG PLATFORM FOR GROWTH

- Unmet demand for fresh products
- Potential for replacement of imitation powdered products with 100% wasabi powder in premium international markets

COMPETITIVE ADVANTAGES

- Premium quality product
- Unique controlled environment hydroponic production system
- Room for expansion on existing site
- Existing premium markets for most aspects of the plant – stem, flower, baby leaf, leaf stem
- Existing market for second grade plant products

Future acquisitions

Future acquisitions

Numerous additional opportunities available in the market

Local Tasmania presence provides access to unique **DEAL OPPORTUNITIES**

Distribution and **VALUE ADDED** product synergies to come with scale

Strong Management **DECISION FRAMEWORK** for considering opportunities for acquisition to ensure added value

New future factory site to provide facility capable of producing a growing range of dairy products

TasFoods are currently investigating a number of Tasmanian based premium branded food business opportunities ranging from a funding requirement of $1mil to $15mil.

TasFoods: People

TasFoods: People

The Directors and Senior Executives have a broad range of experience in the agribusiness and food sector

JANE BENNETT
MANAGING DIRECTOR/CEO

- Jane has 20 years experience as a senior executive in vertically integrated dairy operations in Tasmania and UK
- Jane is a director of Food Innovation Australia Ltd and the Australian Broadcasting Corporation. She has previously served on the boards of CSIRO and the Brand Tasmania Council
- Jane was named 2010 Tasmanian Telstra Business Woman of the Year and 1997 Australian ABC Radio Rural Woman of the Year

ROB WOOLLEY
NON-EXECUTIVE CHAIR

- Rob is the chairman of ASX-listed Bellamy's Australia Limited, a branded organic baby food company
- He is a former chairman of Tandou Ltd and a board member of Forestry Tasmania and the not-for -profit Tasmanian Leaders Inc
- Rob was previously managing director of Webster Limited following over 20 years as a partner of Deloitte

TasFoods: People

ROGER MCBAIN
NON-EXECUTIVE DIRECTOR

- Roger was a partner for 5 years with Deloitte and prior to this was a partner in a privately owned accounting firm for 25 years
- Roger holds a Bachelor of Business degree and is a member of Chartered Accountants in Australia & New Zealand and is a member of the Taxation Institute of Australia

TONY ROBINSON
NON-EXECUTIVE DIRECTOR

- Tony has held a number of senior management positions in a variety of service industries, including stockbroking, financial services, telecommunications and transport
- He is currently a director of Bendigo & Adelaide Bank Limited and was previously managing director of Centrepoint Alliance Limited.
- Tony was the Managing Director of Oncard International Limited from June 2014 to September 2015

HUGH ROBERTSON
NON-EXECUTIVE DIRECTOR

- Hugh has worked in the stockbroking industry for 30 years with a variety of firms including Investor First, Wilson HTM and more latterly Bell Potter. Among his areas of interest is a concentration on small cap industrial stocks and he currently sits on the boards of Centrepoint Alliance, Primary Opinion Ltd and AMA Group Ltd.

TOM WOOLLEY
CHIEF OPERATING OFFICER

- Tom is an experienced investment manager with over 11 years of private equity and investment banking experience
- Tom worked at Credit Suisse for 3 years followed by 8 years as a Director at Ironbridge Capital, an Australian private equity company focussed on growth investments.
- In early 2015 engaged as an independent consultant to two ASX 300 listed companies assisting them with business development projects and acquisitions
- Reviewed 10+ food business opportunities in 2015

CHRIS SHERBON
MARKETING CONSULTANT

- Chris is the owner and director of Synthesis Consulting providing branding, marketing, promotion and communication strategies for a number of food companies including Bellamy's Organic since 2009.
- Chris has an extensive background and over 40 years' experience in business development, brand management and advertising in the United Kingdom and Australia.
- Chris was Managing Director of SSB Advertising in Sydney for 4 years, is a graduate of the Stanford Executive Program on Strategic Marketing, a graduate of the International Management Development School (IMD), Lausanne, Switzerland on Competing Through Services and a graduate of the Australian Company Director's Course

TasFoods' strategy (detail)

VISION A trusted source of premium quality and innovative foods products with provenance

MISSION To build a stable of Tasmanian sourced food products with provenance to supply to premium markets across the globe

Efficient, Agile and Accountable

A. Capital investment to improve process efficiency, food safety and WHS

B. Investment in management expertise to;

i. Lead efficient processing operations

ii. Lead legislative and licensing compliance

iii. Implement food safety systems that enable compliance with all national and export supply opportunities

C. Implement an Integrated Management System across the business

Customers at the Centre

A. Develop a brand architecture and market strategies for target markets

B. Develop capacity to actively manage relationships with customers and identify new sales opportunities to grow product sales and market share

C. Develop an New Product Development process that centres around customer benefits.

Innovative and Engaged

A. Invest in Research and Development to create innovative products that appeal to target markets.

B. Invest in collaboration with relevant partners to develop new products and new channels to market

C. Develop a work culture that enables TasFoods to become the best place to work in agribusiness.

D. Provide learning opportunities for employees to ensure their skills are current and relevant.

APPENDIX: Important Notice & Disclaimer

Important Notice & Disclaimer

Disclaimer
This investor update (**Update**) has been prepared by TasFoods Limited (ACN 084 800 902) (**TasFoods**).

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This Update contains summary information about TasFoods and its activities which is current as at the date of this Update. The information in this Update is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in TasFoods or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.
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Investment risk
An investment in TasFoods shares is subject to known and unknown risks, some of which are beyond the control of TasFoods. TasFoods does not guarantee any particular rate of return or the performance of TasFoods. Investors should have regard to the risk factors outlined in this Update when making their investment decision.

Financial data
All dollar values are in Australian dollars ($ or AUD) unless otherwise stated.

Past performance
Investors should note that past performance, including past share price performance of TasFoods cannot be relied upon as an indicator of (and provides no guidance as to) future TasFoods performance including future share price performance.

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