

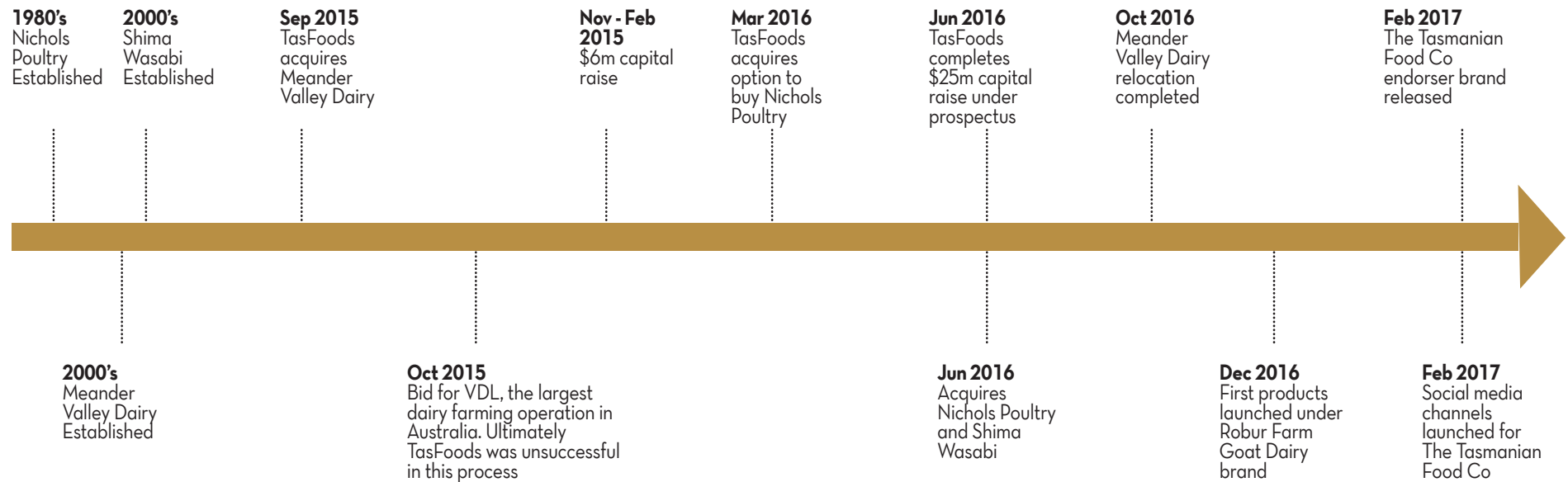
TasFOODS LTD

2016 RESULTS INVESTOR PRESENTATION



TASFOODS LTD

TasFoods was established in 2015 with an aim to build a portfolio of premium food brands that leverage the attributes of the provenance of Tasmania.



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Key Achievements for 2016

- Capital raising of \$25.39 million before costs to fund acquisitions
- Two significant acquisitions, being;
 - Nichols Poultry for \$9.36 million
 - Shima Wasabi for \$2.77 million
- Purchase of a 500 head dairy goat herd and development of accommodation and milking facilities on the Nichols site
- Relocation of the dairy processing operation to a larger facility
- Development of a shared services operation model
- Development of a brand identity for the business



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Market Research influences on

- Understanding of where premium dairy and chicken consumers choose to shop and eat – this is influencing distribution focus.
- Understanding of consumer usage of premium dairy and chicken products – this is influencing product range and sizing.
- Understanding consumer expectations of animal welfare standards – this is influencing free-range standards for chicken and goat welfare.



Endorser Brand and Family of Brands



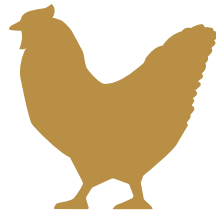
MEANDER VALLEY
DAIRY



ROBUR FARM
DAIRY



SHIMA WASABI



NICHOLS
ETHICAL FREE RANGE
CHICKEN



NICHOLS
KITCHEN



NICHOLS
POULTRY

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2016 Financial Performance

	2016 \$'000	2015 \$'000
Sales Revenue	15,980	1,019
Profit/(loss) before tax from continuing operations	(2,611)	(2,096)
Profit/(loss) after tax from continuing operations	(2,982)	(2,096)

- Sales revenue increased by \$14.961 million as compared to 2015, which can be primarily attributed to sales generated by Nichols Poultry (\$13.85 million) and Shima Wasabi (\$0.15 million) which were acquired in June 2016.
- Each individual business unit reported sales growth during the 2016 financial year when compared to the prior year comparative period, with sales revenue growth of 47% in Meander Valley Dairy, 3% in Nichols Poultry and 79% in Shima Wasabi.



2016 Financial Performance

The loss from continuing operations of \$2.6 million, reflects investment in key areas which underpin the growth strategy including:

- branding and marketing;
- human resources to build both capability and capacity;
- research and development;
- non-capitalised costs associated with investment and acquisition activities; and
- non-capitalised costs associated with the relocation and commissioning of the Meander Valley Dairy factory.



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2016 Financial Performance

A number of non-recurrent items impacted the financial performance for 2016, a reconciliation of the statutory loss to the operating loss is as follows:

	\$'000
Statutory loss from continuing operations before tax	(2,611)
- Non-capitalised acquisition expenditure	218
- Investment expenses	110
- Marketing and brand development	497
- Cost of establishing ethical free range and goat dairy standards	340
- Van Diemen's Land Company settlement legal fees	74
Underlying operating loss from continuing operations before tax	(1,372)



Financial Position

- Net assets increased by \$29.5 million which was driven by the capital raising and subsequent acquisitions of Nichols Poultry, Shima Wasabi and the goat herd.
- The increase in cash and cash equivalents can be associated with capital raising proceeds retained for working capital and future acquisition and investment activities.
- Property, plant and equipment increased as a result of acquisition and capital expenditure including the Meander Valley Dairy factory, goat milking parlour and accommodation, commencement of a new wasabi greenhouse, and the construction of free range chicken raising sheds.
- Biological assets reported an increase in fair value of \$1.2 million associated with growth of the wasabi crop post acquisition (\$0.84 million) and increased bird levels at Nichols Poultry (\$0.29 million).

Current Assets

- Cash and cash equivalents
- Receivables
- Biological assets
- Other

Total Current Assets

Non-Current Assets

- Property, Plant and Equipment
- Intangibles
- Other

Total Non-Current Assets

Total Assets

Current Liabilities

- Payables
- Borrowings
- Provisions

Total Current Liabilities

Non-Current Liabilities

- Borrowings
- Provisions

Total Non-Current Liabilities

Total Liabilities

Net Assets

	2016 \$'000	2015 \$'000
Current Assets		
- Cash and cash equivalents	11,862	2,799
- Receivables	2,222	1,718
- Biological assets	1,814	-
- Other	1,569	101
Total Current Assets	17,467	4,618
Non-Current Assets		
- Property, Plant and Equipment	12,793	230
- Intangibles	8,989	1,879
- Other	423	-
Total Non-Current Assets	22,205	2,109
Total Assets	39,672	6,727
Current Liabilities		
- Payables	3,117	990
- Borrowings	690	-
- Provisions	373	187
Total Current Liabilities	4,180	1,177
Non-Current Liabilities		
- Borrowings	321	-
- Provisions	98	-
Total Non-Current Liabilities	419	-
Total Liabilities	4,599	1,177
Net Assets	35,073	5,550



2017 Outlook

TasFoods intends to leverage from the investments made in 2016 to achieve the following in 2017:

Grow sales revenue across the group by:

- optimising distribution;
- releasing new products and changes to existing products;
- increasing offer to existing customers.

Building monthly run rate from a current run rate of \$2.4 million.

Increase gross profit margin by:

- releasing higher margin products;
- changing process flow to generate labour efficiencies;
- leveraging buying power.

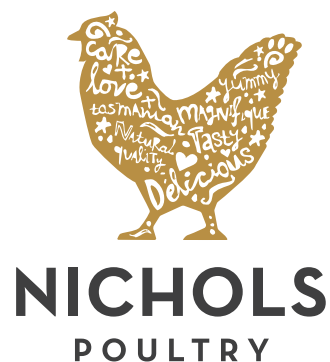


Nichols Poultry



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Nichols Poultry 2017 Strategy



Rebranding of Nichols range March 2017 into 3 brands;

- Nichols Ethical Free Range - premium chicken
- Nichols Kitchen - ready to cook range
- Nichols Poultry - RSPCA approved barn raised chicken

Launch of premium Ethical Free Range Q1 2017

Growth in revenue

- Growth in bird numbers and yield from barn raised chicken
- Sales of Ethical Free Range

Increase in Gross Margin

- Reduction in direct input costs
- Higher margin from Ethical Free Range chicken



Nichols Ethical Free Range Chicken

Standard developed to meet consumer expectations for free range

- 24 hour access to range
- Small flocks of <1,500 birds
- Natural lighting and ventilation

Transparency of operations

Tasmanian locational advantages

- Free from fox predation
- Temperate climate allows natural ventilation
- Reduced exposure to disease risk



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Dairy Operation



MEANDER VALLEY
DAIRY



ROBUR FARM
DAIRY



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Dairy Growth Strategy



Launch of Robur Farm brand and range of goat milk products Q1 2017

Rebranding of Meander Valley Dairy range Q2 2017

Launch of new MVD product lines Q2 2017

Growth in revenue

- New product sales to existing customers
- Expand retail market
- Expand food service market

Increase in Gross Margin

- Reduction in direct input costs



Shima Wasabi



SHIMA
WASABI



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Shima Wasabi 2017 Strategy



Rebranding of Shima Wasabi Q2 2017

Construction and plant out of second greenhouse Q2 2017

Growth in revenue

- Expanded sales of fresh wasabi stems
- Repackaging and branding of powdered wasabi into convenient retail packs with reduced price point
- Sales of retail powder packs into national premium retail market



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TASFOODS LTD

General queries:

P: (03) 6331 6983

E: admin@tasfoods.com.au

Investor queries:

Jane Bennett, CEO

M: 0418 567 480

E: jane.bennett@tasfoods.com.au

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