

TasFOODS LTD

54 Tamar St, Launceston.
PO Box 425, Launceston, TAS, 7250.
(03) 6331 6983
admin@tasfoods.com.au

ABN 53 084 800 902 ACN 084 800 902

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Laying the Foundations for Future Profit

- **FY2018 sales up 25%**
- **Gross profit up 54%**

TasFoods Ltd. (ASX: TFL) today released the company's full year results and annual report for the 2018 financial year.

Executive Chairman, Shane Noble commented: "In summary, 2018 was a year of growth and operational improvement for TasFoods, laying the foundations for a profitable future operation."

"I am pleased with the progress the business has made towards achieving our strategic goals for both revenue growth and operational optimisation. The business has been disciplined in its focus on cost control, expansion of its sales channels, and prudent capital investments in its manufacturing facilities. This focused approach has delivered strong revenue growth and margin improvement and positioned the business well for further gains in 2019."

TasFoods Ltd Financial Results	FY2018 \$000	FY2017 \$000	Change \$000	Change %
Sales revenue	38,391	30,743	7,648	25%
Gross profit	10,716	6,961	3,755	54%
Gross profit margin	28%	23%		5%
EBITDA	(1,110)	(5,710)	4,600	
NPAT	(1,358)	(6,808)	5,450	

The group's 2018 sales revenue grew 25% to \$38.39 million from \$30.74 million in 2017. The foundations laid in 2017 through rebranding the businesses and developing sales channels supported growth across each of the operating divisions, with the dairy segment's sales increasing by 140% and Nichols Poultry's by 15%.

A 54% increase in gross profit to \$10.72 million in 2018 from \$6.96 million in 2017 was a major contributor to the \$4.60 million improvement in earnings before interest, tax, depreciation and amortisation (EBITDA) to negative \$1.11 million in 2018 from negative \$5.71 million in 2017 (which included an impairment charge of \$2.11 million). The gross margin improvement of 5% to 28% in 2018 from 23% in 2017 was achieved by a combination of increasing economies of scale through revenue growth, strategic investment in automation, and labour efficiencies across the businesses.

The company's bottom line performance was a net loss after income tax of \$1.36 million which was a \$5.45 million improvement on the 2017 net loss of \$6.81 million.

The capital investment made during 2018 to upgrade the chicken processing facility at Nichols Poultry has increased processing capacity by 50%. In December 2018, TasFoods' board approved further capital expenditure of \$2.5 million to utilise some of that capacity by building a further two tunnel-ventilated chicken growing sheds, each with a capacity of 40,000 birds, on the Nichols Poultry farm site. These sheds are scheduled to commence supply of chicken in the fourth quarter of 2019. The business is continuing to pursue opportunities to expand the contract grower network of sheds.

TasFoods' Pathway to Profit business optimisation program, commenced in 2018, will continue to drive efficiencies throughout the company's operations and improve productivity. The company continues to seek complementary acquisitions with the potential to build scale and strengthen bottom line performance.

"The board believes that the long-term fundamentals of TasFoods' business are strong, with increasing demand expected for premium foods, especially in the premium dairy and free-range chicken segments," said Mr Noble. "The company's strategy will be to continue to expand through leveraging its Tasmanian heritage and the premium provenance of its brands to grow its distribution footprint in existing and new markets."

TasFoods Contacts

Jane Bennett
Managing Director and CEO
+61 3 6331 6983

Janelle O'Reilly
Company Secretary
+61 3 6331 6983

About TasFoods

TasFoods is a diversified food business focused on leveraging the natural attributes of Tasmania's agricultural and food production environment to create premium food products for sale to Australian and export customers. TasFoods is a public company listed on the ASX with a mix of institutional investors, high net worth individuals and retail investors.

