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ASX Release

TasFoods signs agreement to buy Betta Milk

- Transformational acquisition with significant growth and synergy opportunities
- Complements and strengthens TasFoods' existing dairy business
- Purchase subject to final due diligence
- TasFoods expects to be EBITDA positive in FY2019 from existing operations

TasFoods Ltd. (ASX: TFL) today announced that it has entered into an agreement to purchase the milk processing assets and brands of The Betta Milk Co-Operative Society Limited (Betta Milk), an unlisted public company, subject to final due diligence and approval by Betta Milk's shareholders. The cost of the acquisition will be approximately \$11.5 million in cash which will be funded from internal and external sources including an \$8 million non-renounceable rights issue which has been fully underwritten at \$0.12 per share. At 30 April 2019, TasFoods' cash-on-hand was circa \$6 million.

The acquisition of Betta Milk's milk processing assets (and brands), located in Burnie, Tasmania, will strengthen TasFoods' existing dairy business and are expected to lead to significant revenue opportunities and operational synergies as well as contributing to TasFoods' expected positive EBITDA in FY2019. The transaction, which is anticipated to be underlying earnings per share accretive in the year to 31 December 2019, is expected to complete in late July 2019.

Betta Milk, established in 1956, processes approximately 10 million litres of milk each year, and has market shares of 17% of Tasmanian fresh milk sales and 37% of branded milk sales. In FY2018, the business' net revenue was \$16.422 million.

The sale agreement includes Betta Milk's recently upgraded export-accredited processing facility in Burnie as well as distribution centres in Launceston and Hobart. Betta Milk will complement TasFoods' existing dairy brands – Pyengana Dairy, Meander Valley Dairy and Robur Farm – and will expand its present distribution network.

TasFoods' Executive Chairman, Shane Noble, said: "This is a transformational acquisition for TasFoods that will enable us to leverage our present resources and facilities. Betta Milk has excess production capacity presenting multiple avenues for growth within Tasmania, other states and export markets.

“TasFoods’ increased scale will allow us to grow our investment in premium Tasmanian food products and help us achieve our goal to become a more significant player in the Australian dairy market. TasFoods will continue to support the Betta Milk brand in the Tasmanian market where it has a strong and loyal following. We believe there are also opportunities in mainland and Asian markets to leverage our recently registered Van Diemen’s Land Dairy brand.

“We also confirm that we remain on track to report positive EBITDA from existing operations for the year to 31 December 2019.”

Further detail in relation to the rights issue (including the record date) as well as the required offer documentation (including an investor presentation and offer booklet) will be released to the ASX and sent to shareholders once the due diligence and Betta Milk shareholder approval conditions have been satisfied. TasFoods has signed a binding agreement with Wentworth Global Capital Partners to underwrite the \$8 million rights issue at \$0.12 per share.

For further information please contact:

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About TasFoods

TasFoods, established in 2015, 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.

The company owns a stable of high value food brands, focused on the three key product categories of Chicken (Nichols Poultry), Dairy (Pyengana, Meander Valley and Robur Farm) and Horticulture (Shima Wasabi).

TasFoods has a strong and loyal customer base in Tasmania and continues to focus on showcasing the State’s finest produce to the world.

