

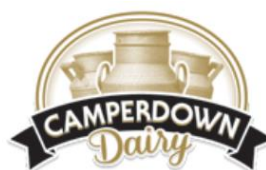
# Australian Dairy Nutritionals Group

26 August 2019

ASX Code: AHF

## Market Update

- **AHF enters joint venture with premium dairy business Jonesy's Dairy Fresh**
- **Joint venture provides a strategic platform for the most comprehensive range of premium milks in the market**
- **AHF completes purchase of its organic infant formula plant now re-located to Camperdown, Victoria**



## Jonesy's Dairy Fresh Joint Venture

The Board of Australian Dairy Nutritionals Group (the **Group** or **AHF**) is pleased to announce that it has entered into a joint venture arrangement with premium milk distribution business, Jonesy's Dairy Fresh. Jonesy's was established in 2009 by dairy farmers, Rhonda & Wayne Somerville and is one of two premium milk brands serving the hospitality and niche retail market in metro Melbourne and regional Victoria.

Under the terms of the joint venture, the Jonesy's Dairy Fresh business assets will be transferred to a new trading company, Jonesy's Distribution Pty Ltd which will be 50% owned by AHF and 50% owned by Rhonda & Wayne Somerville. The business assets include:

- the Jonesy's Dairy Fresh brand and associated distribution IP;
- long established relationships supplying cafes, restaurants and retailers;
- premium quality brands and products; and
- delivery systems and infrastructure.

In addition, AHF's wholly owned subsidiary, Camperdown Dairy Company (**CDC**) will provide working capital of up to \$100,000 to the joint venture entity through a loan facility fully secured against the existing and future assets of Jonesy's Distribution Pty Ltd. The loan facility provided by CDC also includes all trade payables owed to CDC by the Jonesy's Dairy Fresh business (giving CDC the ability to potentially recover these amounts). CDC will supply milk and dairy products to the newly formed Jonesy's company, providing another distribution channel for CDC's products.



## **Jonesy's Revitalised Range**

The new Jonesy's business will offer customers a revitalised product offering with the introduction of the following new products to complement the existing Jonesy's milks:

- Jonesy's 2L Cream;
- Camperdown Dairy ORGANIC milks;
- Camperdown Dairy Single Origin JERSEY milks;
- Camperdown Dairy butter, yoghurt and other products.

CDC's single origin Jersey milks are expected to be particularly attractive to the café and hospitality segment due to superior foam and frothing ability and rich, creamy taste.

## **Strategic platform to expand hospitality distribution and strong alignment of business values**

AHF sees the Jonesy's joint venture as a strategic platform to expand its position in the hospitality and niche retail distribution market. The Jonesy's brand commands a premium position and price point in the market offering a fair price to farmers and transparency through the supply chain, right back to the dairy farm.

Jonesy's Dairy Fresh was started with the aim of ensuring farmers are paid a fair price for great tasting, quality milk. The last 12 months have been particularly difficult for dairy farmers with the combination of drought conditions and very high feed costs putting significant pressure on the viability of many farms. Sadly, this has forced many dairy farmers to sell their farms and leave the industry.

Rhonda & Wayne Somerville have experienced this struggle first hand and believe the partnership with Camperdown Dairy Company not only provides the opportunity to strengthen the range of premium dairy products offered to their customers but also strongly aligns with the values on which their business was started.

Group CEO, Peter Skene said, *"We have been working with Wayne and Rhonda on this opportunity for some time and are very pleased to now be joining forces all the way from farm to consumer. The expansion of the range to include Organic and Jersey milks creates a compelling range for cafés, restaurants and retailers"*.

Completion of the joint venture is subject to standard conditions precedent for a transaction of this type and is expected to occur by early September 2019.

## **Completion of purchase of Infant Formula Plant**

AHF is also pleased to advise that the acquisition of the infant formula and nutritionals mixing plant announced on 4 April 2019 will complete by Tuesday 27<sup>th</sup> August 2019. The plant has obtained full customs and AQIS clearance and has now been re-located to Camperdown, Victoria.

## **Release of FY19 Accounts**

AHF will release its 2019 annual report by Friday 30 August 2019. Subject to finalisation of the full year audit of its financial accounts, AHF anticipates FY19 revenue to be approx. \$21.3 million, up 10% on FY18 and EBITDA of (-\$1.7 million) compared to (-\$2.8 million) in FY18, an improvement of \$1 million.

**Ends.**

## **AUSTRALIAN DAIRY NUTRITIONALS GROUP**

For additional company information or media enquiry matters please contact:

**Peter Skene**  
**Group CEO/ Director**  
Australian Dairy Nutritionals Limited  
Email: [peterskene@adfl.com.au](mailto:peterskene@adfl.com.au)