



Investor Presentation

August 2019

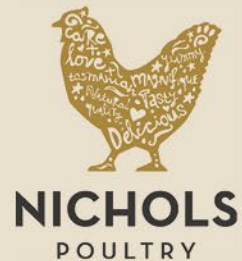
About TasFoods

TasFoods is a diversified food business leveraging Tasmania's unique environment to create premium food products for sale to Australian and export customers.

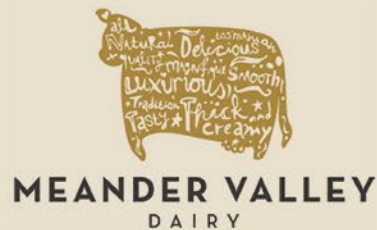
TasFoods has a strong and loyal customer base in Tasmania and continues to focus on its long-term vision to showcase the State's finest produce to the world.

The company owns a stable of high value food brands in three key product categories:

Poultry



Dairy



Horticulture



Half Year FY19* Company Highlights

Half 1 FY19 continued to deliver against strategic objectives

Highlights include:

- Sales revenue up 13% to \$20.8 million.
- Operating EBITDA up 2%.
- Positive operating cash flow after removal of acquisition costs.
- Acquisition of milk processing assets and brands of the Betta Milk Co-Operative Society Limited announced in H1 and completed in July 2019.

	H1 2019 \$'000	H1 2018 \$'000	H1 Change \$'000	H1 Change %
Sales Revenue	20,831	18,481	2,350	13%
Statutory EBITDA	(1,032)	(733)	(299)	-41%
Acquisition Costs	(329)	(15)		
Operating EBITDA*	(704)	(718)	15	2%
Statutory Net Loss	(1,846)	(1,268)	(578)	-46%

*Operating EBITDA is calculated as Statutory EBITDA less investment expenses associated with the acquisition of Betta Milk.

*Financial year ending 31 December 2019.

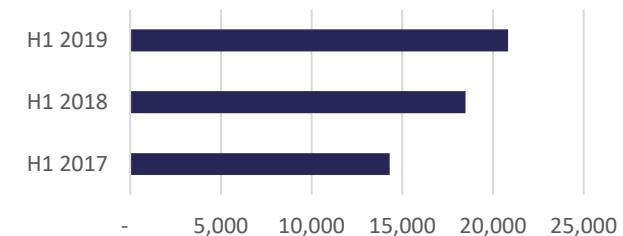
Half Year FY19* Sales Revenue Growth

Half 1 FY19 continued to deliver strong sales revenue growth

Highlights include:

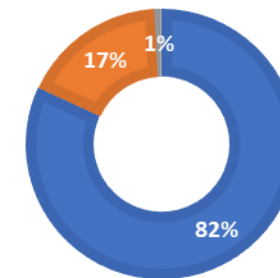
- Sales revenue up 13% to \$20.8 million.
- Dairy sales revenue up 46% to \$3.612 million.
- Poultry sales revenue up 8% to \$17.043 million.
- Interstate sales revenue grew by 22%.

Sales Revenue



H1 2019 TOTAL REVENUE \$20.814

■ Revenue by Division % Poultry ■ Revenue by Division % Dairy
■ Revenue by Division % Wasabi & Other



*Financial year ending 31 December 2019.

Half Year FY19* Operating Costs

Half 1 FY19 maintained strong focus on cost control, labour efficiency and business optimisation

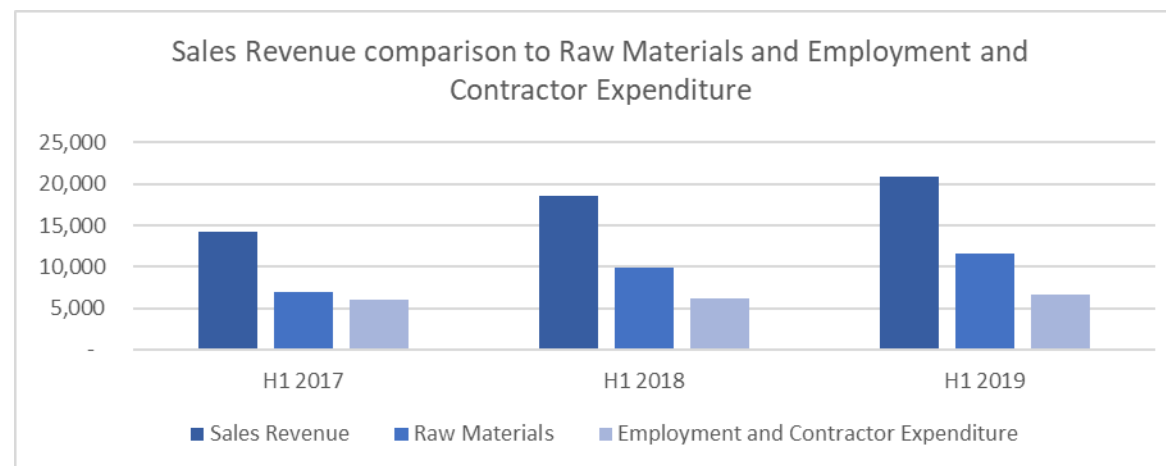
Highlights include:

- Despite strong revenue growth no increase in overhead and fixed cost base over H1 2018.
- Production labour efficiencies contributed additional 1% to gross margin when compared to H1 2018.
- Overall gross margin decline of 3% compared to H1 2018 resulting from increased commodity prices for key inputs.
 - Price increases effective in H2 2019 have been implemented to counter the GM decline.

*Financial year ending 31 December 2019.

	H1 2019 \$'000	H1 2018 \$'000	H1 Change \$'000	H1 Change %
Sales Revenue	20,831	18,481	2,350	13%
Gross Profit	5,181	5,088	93	2%
Gross Profit Margin	25%	28%		-3%
Statutory EBITDA	(1,032)	(733)	(299)	-41%
Acquisition Costs	(329)	(15)		
Operating EBITDA*	(704)	(718)	15	2%

*Operating EBITDA is calculated as Statutory EBITDA less investment expenses associated with the acquisition of Betta Milk.



Transformational Strategic Acquisition

Acquisition of Betta Milk

On 13 May 2019, TasFoods entered into an agreement to purchase the milk processing assets and brands of the Betta Milk Co-Operative Society Limited.

- Purchase price was approximately \$11.5 million (net of completion adjustments).
- Rights issue commenced in June 2019 raising \$8 million (before costs) to contribute to the acquisition of Betta Milk.
- The acquisition was completed on 31 July 2019.



Betta Milk Complements and Strengthens TasFoods' Dairy Business

The acquisition of Betta Milk is another step in TasFoods' strategy to build a successful premium food business leveraging Tasmania's unique environmental and marketing advantages.

Strategic advantages include:

- Existing revenue stream of approx. \$16.7 million.
- Annualised EBITDA positive operations, circa \$0.8 million.
- Leading Tasmanian dairy brand with loyal customer base.
- Tasmanian customer profile complementary to TasFoods' existing brands and business divisions.
- Facility in Burnie recently upgraded to include high-speed volumetric bottle filling system which has doubled production capacity and increased shelf-life of products.
- Significant excess processing capacity (50%) presenting multiple avenues for growth within Tasmania, other states and export markets.
- Distribution centres in Launceston and Hobart with chilled distribution network servicing whole of Tasmania.



H2 2019 Synergies

The acquisition of Betta Milk has created a number of cost saving and market expansion synergies for TasFoods' operations

Synergies that will be implemented in H2 2019:

- Transfer of Tasmanian distribution of all TasFoods' dairy products to Betta Milk distribution network generating freight and logistics cost savings.
- Streamlining of raw material purchasing and packaging across dairy operations generating input cost savings.
- Consolidation of milk bottling operations into the one location – export-accredited Burnie facility.
- Leveraging TasFoods' existing sales management and systems to grow dairy revenue.
- Leveraging TasFoods' existing New Product Development processes to develop complementary dairy product offerings.



Poultry Expansion

Poultry Shed Expansion

In July 2019 TasFoods completed a \$2.5 million capital works program that centered around construction of 2 new mechanically ventilated chicken sheds.

- Sheds will contribute a 10% increase in volume of chicken available for sale from October 2019.
- Sheds are owned and operated by Nichols Poultry.



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