

AUSTRALIAN DAIRY FARMS GROUP

ANNUAL GENERAL MEETING 25 NOVEMBER 2016



ASX's First Vertically Integrated Dairy Company
Focused on Fresh Milk - Specialty Milk - Organic - Value Added Milk Products

Australian Dairy Farms Group (AHF) consisting of:
Australian Dairy Farms Limited ABN 36 057 046 607 and Australian Dairy Farms Trust ARSN 600 601 689





DISCLAIMER

Commercial in Confidence

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Forward-Looking Statements

This Presentation contains certain statements which may constitute forward-looking statements or information ("forward-looking statements"), including statements regarding the use of proceeds of any funds available to the Group. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the general economic conditions in Australia and globally, industry conditions in Australia and the intended operations of the Group. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date hereof. Although the expectations and assumptions reflected in the forward-looking statements are reasonable in the view of the Group's directors and management, reliance should not be placed on such statements as there is no assurance that they will prove correct. This is due to forward-looking statements being subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Group ; global economic conditions; risks associated with the global dairy industry; commodity prices, exchange rate changes; operational and seasonal risks associated with farming; delays or changes in plans; specific risks associated with the ability to execute production contracts, ability to meet work commitments and capital expenditures; and risks associated with securities market volatility. The Group assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by Australian securities laws and ASX Listing Rules.

¹ Associates of Australian Dairy Farms Group include any of its directors, employees, contractors, advisers, brokers, consultants and their respective employees and representatives. References to "Australian Dairy Farms", the "Group" Australian Dairy Farms Limited, Australian Dairy Farms Trust and its trustee are references to Australian Dairy Farms Group and / or the following constituent entities. Australian Dairy Farms Limited ACN 057 046 607, Australian Dairy Farms Trust ASRN 600 601 689, Camperdown Dairy Company Pty Ltd ACN 140 640 606, SW Dairy Farms Pty Ltd ACN 600 103 553 and other subsidiary entities.



AGM AGENDA

1. Welcome
2. Meeting Procedures
3. Chairman's Address
4. Company Management Structure
5. CEO's Presentation
6. Questions
7. Resolutions
8. Voting
9. Meeting Closure



COMPANY AND MANAGEMENT STRUCTURE

AUSTRALIAN DAIRY FARMS GROUP (ASX LISTED as AHF)

AUSTRALIAN DAIRY FARMS TRUST (ADFT)

AUSTRALIAN DAIRY FARMS LIMITED¹ (ADFL)

MICHAEL HACKETT
Chairman
(Executive Duties)²

ADRIAN ROWLEY
Director
(Executive Duties)²

PETER SKENE
AHF Group **CEO** Director

Trustees Australia Limited¹
Currently the Responsible Entity (RE) for ADFT,
change proposed to Dairy Fund Management Limited

SW Dairy Farms Pty Ltd (SWDF)

Camperdown Dairy Company Pty Ltd (CDC)

Michael Hackett	Chairman
Nathan Leman	Executive Director
Kerry Daly	Director (Non-Executive)
Jerome Jones	Company Secretary / CFO
Evelyn Anderson	Financial Accountant

Adrian Rowley	Director
Nathan Leman	Director (Executive Duties) ²
Michael Hackett	Director
Jerome Jones	Company Secretary/CFO
Graeme Willis	Farms Operations Manager

Michael Hackett	Director
Peter Skene	Director
Adrian Rowley	Director
Chris Melville	General Manager
Jerome Jones	Company Secretary/ CFO

NOTES

1. Trustees Australia's RE role to change to Dairy Fund Management Limited subject to ASIC licensing.
2. Special Duties of executive and oversight roles for specific duties are assigned to directors in the early growth stages of the Group.
3. Keith Jackson retires by rotation at this AGM and does not seek re-election.



OVERVIEW – KEY POINTS

ADFG

- Acquisition of milk processing capability – Camperdown Dairy Company (CDC), completed in April 2016.
- Appointment of Peter Skene as ADFG Group CEO and Director of AHF with focus to drive profit and growth.
- ADFG has successfully transitioned from being a corporate dairy farmer to being a vertically integrated dairy producer, processor and exporter.
- Increased management capacity to balance revenues and profitability from farming and processing.
- Vertical integration reduces global commodity pricing, allows the business to bring to the market a range of niche products with full traceability back to the farm.
- Opportunities to partner and joint venture with successful established parties for growth and diversification.



CDC

- FY 2017 processing results likely to benefit materially from:
 - Substantially increased Q1 and Q2 sales.
 - Diversification of customer base.
 - Widening of product range.



FARMS

- FY 2016 farm results adversely affected by hot dry El Niño summer and resulting high input costs.
- FY 2017 farm results likely to benefit from current moderate La Niña system with wetter winter and spring conditions.
- Appointment of a highly experienced Farm Operations Manager in Graeme Willis.
- Significant Capital works undertaken on Brucknell and Drumborg Farms now complete (benefits now being seen this season and will be seen year on year going forward).
- Investigation of specialty farming options including organic production.





CORPORATE PROFILE

Corporate Statistics – 18 November 2016

	18.12.2015	18.11.2016
ASX Code	AHF	AHF
Security price	\$0.13	\$0.18
12 month security price range	\$0.13-0.38	\$0.125-0.59
Stapled Securities on issue	156,126,217	197,633,109
Number of Security-holders	1,358	4,069
Market capitalisation	\$21.86m	\$35.57m
Average daily trade volume (ann)	249,000	1.9 million

Comparison of Listed Dairy Companies

	18.12.2015	18.11.2016	Var.
AHF	0.13	0.18	38%
A2 Milk Company	1.38	2.24	62%
Bega Cheese	6.14	4.40	-28%
Warrnambool Cheese and Butter	8.94	6.9	-23%
Murray Goulburn	2.24	1.1	-51%
Bellamys Australia	13.02	8.63	-34%



FINANCIALS – STATEMENT OF PERFORMANCE

	Jul-16	Aug-16	Sep-16	Oct-16	YTD Total
INCOME ¹					
Dairy Income	469,281	401,974	443,776	650,622	1,965,653
CDC Income	1,532,676	1,551,984	1,768,979	1,318,036	6,171,675
	2,001,956	1,953,958	2,212,755	1,968,658	8,137,328
LIVESTOCK					
Livestock Sales	8,906	35,032	288,568	35,524	368,030
Deemed Cost on Livestock Sales ²	(10,500)	(53,100)	(389,900)	(54,250)	(507,750)
FV Adjustments on Livestock ³	103,600	6,200	72,992	114,160	296,952
	102,006	(11,868)	(28,340)	95,434	157,232
COGS					
CDC COGS	(1,264,288)	(1,283,887)	(1,374,291)	(1,059,583)	(4,982,049)
	(1,264,288)	(1,283,887)	(1,374,291)	(1,059,583)	(4,982,049)
EXPENSES					
Administration Costs	(67,381)	(50,316)	(53,411)	(49,537)	(220,645)
Dairy Farms Employment Costs	(129,255)	(120,877)	(120,043)	(127,692)	(497,867)
Dairy Farms Operating Costs	(606,418)	(505,412)	(452,108)	(378,552)	(1,942,489)
CDC Operating Costs	(157,190)	(153,845)	(224,414)	(154,982)	(690,430)
	(960,244)	(830,450)	(849,975)	(710,762)	(3,351,431)
EBITDA	(120,570)	(172,247)	(39,851)	293,747	(38,920)
Interest Received	1,302	1,001	761	782	3,846
Finance Costs	(53,706)	(53,437)	(52,163)	(52,727)	(212,033)
Depreciation & Amortisation	(75,684)	(76,099)	(87,249)	(77,406)	(316,439)
NET PROFIT	(248,658)	(300,782)	(178,502)	164,396	(563,547)

Notes:

1. CDC as a manufacturing business accounts on 4 week or 5 week "months", September 2016 is 5 weeks. Farms account by calendar month.
2. Deemed cost on Livestock Sales is the book value of livestock sold.
3. FV Adjustment on Livestock is the market revaluation of livestock as they mature from calves to milking stock.



Commentary on Performance

Farm Sensitivities

- Milk Volume and Prices:
 - Milk production volumes are achieving production forecasts – 16.5M litres in FY17.
 - Milk price weak but now improving (\$5.10/kgms vs. \$6.40 at listing in mid-2014).
 - \$1/kgms is equivalent to change in revenue of \$1.2M with same costs.
 - Fodder cost is the largest single farming expense – driven by seasonal conditions which are markedly improved from last year.

CDC Sensitivities

- Sales Volumes, Customer Concentration, Product Margins:
 - Strong growth in sales in the financial year to date – with significant sales pipeline.
 - Focus on expanding customer numbers for existing product lines.
 - Concentrating future on higher value added and higher high margin products.



Conversion of Convertible Notes

The only significant Capital Event since the release to ASX of the Annual Financial Report and the September quarter cash flow report (Appendix 4C) is the conversion of the Convertible Notes on Issue since the Group Listed on ASX together with accrued interest.

An unsecured Current Liability of \$2.689m including interest was converted to ordinary stapled securities by 1 September 2014. A total of 14,627,779 fully paid Stapled Securities were issued at a per security price of 18.38 cents which was above the market traded price of 17 cents, a premium of more than 8%.

The Convertible Notes were held by Trustees Australia Limited, the responsible entity of the Australian Dairy Farms Trust. Trustees Australia is chaired by Michael Hackett, the Chairman of AHF. Trustees Australia and the other associates of the Group's Chairman currently hold approximately 10.

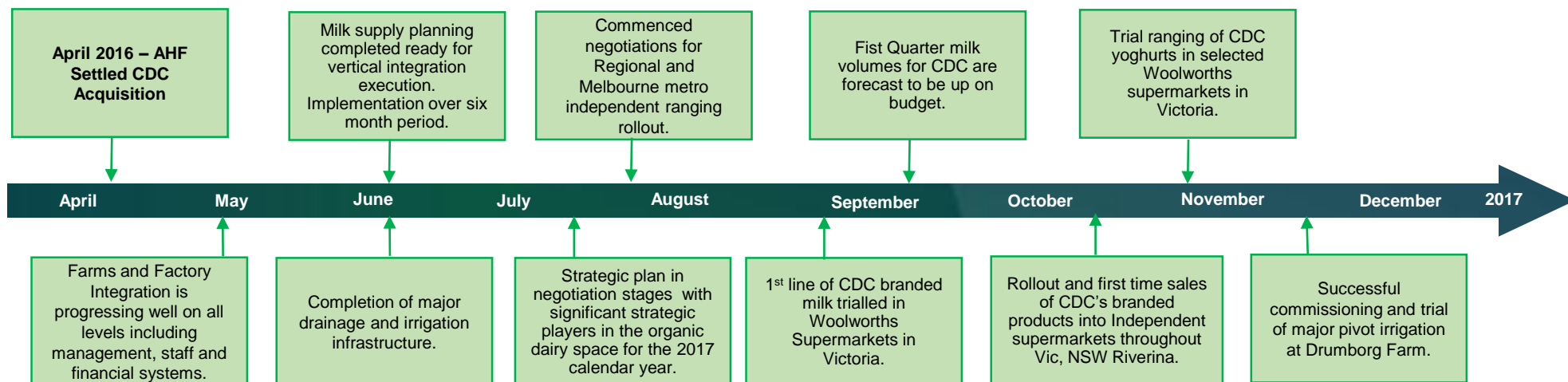
The primary effect of the conversion of the Convertible Notes to equity versus repaying the face value and interest in cash – an option available to the holder is set out below:

- Debt reduced by \$2.38M on conversion
- Current liabilities reduced to \$3.22M (FY16: \$6.80M)
- Quick Ratio improves from 1.04 x (FY16) to 1.65 x
- Net assets increased to \$29.26M (FY16: \$27.45M)
- Net profit improves by \$172k (FY16) year on year from the reduction in interest expense.

The independent Directors of AHF (i.e. excluding Michael Hackett) view the decision by Trustees Australia to elect to convert to equity under these price statistics as a material vote of confidence in the future of the Group and its current position from a position of detailed knowledge of the affairs and position of the Group.

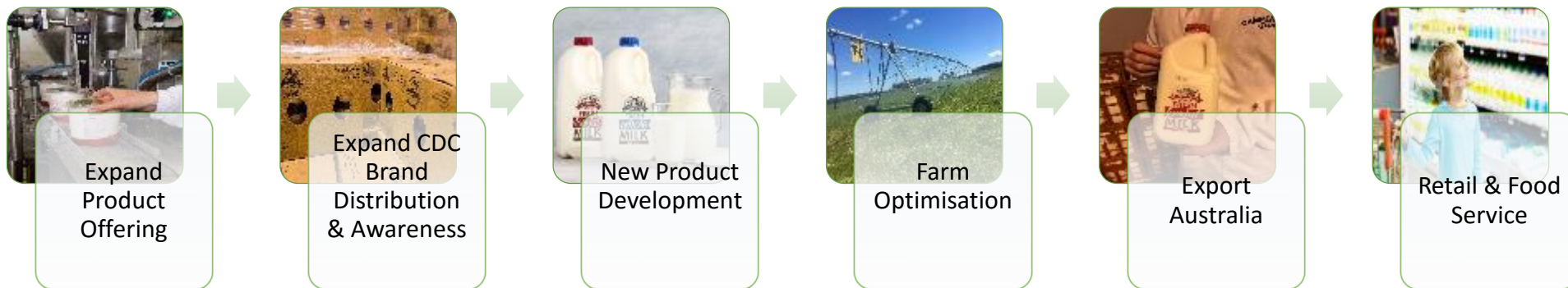


FIRST 8 MONTHS OF AHF - CDC





GROWTH OPPORTUNITIES



Export to Asian Markets

- AHF continues to work directly with potential customers to grow export sales in Asia, with the aim into China and wider Asia.
- Aim is to secure a long term, significant volume off take contract with established importers and distributors who take product responsibility at Tullamarine airport.
- Current export volumes are small with significant potential over time therefore management focus is on securing immediate domestic sale and produce development.

Expand product offering

- CDC is respected as a safe and reliable manufacturer of both Camperdown branded and other branded milk products. Management is focussed is working with existing and new retailers to expand their product range into other CDC processed consumer dairy products.

Expand CDC Brand Marketing Distribution

- Management are working to expand the distribution of Camperdown Dairy branded milk, yoghurt and butter in Woolworth's stores. This will initially focus on Woolworth's Western Victorian regional stores and then Victoria wide.
- CDC has implemented the strategy to better service and expand volume sales in the independent retail channel under the Camperdown Dairy banner with cost effective marketing and distribution building wider brand awareness.

New Product Development

- CDC is focused on producing exciting new and innovative domestic market higher margin products - pouch yoghurt, drinking yoghurt, and buttermilk to meet customer demand, grow brand recognition and drive sales of Camperdown Dairy branded products.

Farm and Management Optimisation

- Focus on ensuring farm productivity and value through risk minimisation via improved drainage, water storage and stocking rate. This has largely been completed in summer 2015-16 with the main focus now being on the farm management practices.
- Investigating potential for introducing share farming with current managers and partnerships.
- Growth prospects focus is on organic production and other specialised dairy farming.



SALES ACHIEVEMENTS

Our Butter



Salted Butter
250gm



Unsalted Butter
250gm



Our Squeeze Yoghurt



Mixed Berry
70gm



Strawberry
70gm



Vanilla
70gm



Building Brand Value

- Increased sales of CDC branded products

Diversifying Customer Base

- Decreased customer concentration reduces sales maintenance risk.
- Allows for diversification of products including specialty high value added ones.

Entered new market channels

- CDC milk into Woolworths.
- Yoghurts, milks and butters in independent trade (21 November 2016).
- Yoghurts into Woolworths (21 November 2016).
- Regional distribution.
- Victoria wide and NSW Riverina distribution to independent supermarkets with strong take-up.

Significant sales pipeline developed and progressing well

- National opportunities.
- Convenience sector opportunities.
- New products.
- Farm milk differentiated products which are only possible as a result of control of farms and factory.

New products released

- New products including pouch products, Natural yoghurt and range extension of Greek yoghurts.



DIRECTION FORWARD

- The company is in discussions with several strategic potential partners and customers at every stage of the value chain from primarily production of milk, processing and through to sales. These commercial discussions are developing well and as per normal business practise are confidential. This includes new products, differentiated milks and services and range in scale.
- Invest in, and grow our brand.
- Extend volumes in existing and new market channels via existing capacity.
- Continue to diversify the customer base.
- Focus on the value added products, particularly yoghurts.
- Efficient geographical sales expansion – local and state are first priorities.
- Entering the organic dairy market segment.
- Procure, consider and implement synergistic distribution solutions.
- Leverage use of own farms for marketing, sales and costs.

