

22 May 2017

Murray River Organics 2016-2017 Harvest Information Update and Revised Earnings Guidance

Murray River Organics Group Limited (ASX: MRG) provides the following information update in respect of the on-going harvest of its dried vine fruit crop.

As at 20th May 2017, harvest on more than 80% of the Company's fruit bearing acreage has been completed, yielding 1,868 tonnes of sellable dried vine fruit. Approximately 500 acres remains to be harvested, of which approximately 50% is under cover, which is estimated to yield 1,100 tonnes of sellable dried vine fruit.

From MRG's total fruit bearing acres of varying maturity profiles, yields for the 2016-2017 harvest are currently expected to be approximately 3.0 tonnes per mature acre for Sun Muscat, 2.5 tonnes per mature acre for Currants and 1.6 tonnes per mature acre for Sultana.

MRG notes the weight of the Sultana crop appears to have been significantly affected by the wet and cold Spring. While the number of bunches counted on the Company's fruit bearing acreage planted to Sultana indicated a tonnage per mature acre that would typically be expected and was in line with MRG's experience from previous harvest seasons, the actual bunch weight at harvest has been materially lower than what would typically be expected.

The yield per mature acre achieved by MRG in the 2016-2017 crop season is consistent with what has been reported across the Sunraysia region.

The reduction in sellable dried vine fruit from the 2016-2017 crop, due to the recent and previously announced cold and wet weather experienced in the Sunraysia region, has resulted in the Company revising its estimated FY17 pro forma EBITDA to be in the range of \$6.5-7.5 million and pro forma FY17 NPAT in the range of \$0.1-0.8 million (excluding any contribution from the acquisition of approximately 7,700 acres announced 4th May 2017).

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Despite the lower than expected crop yields, operating cash flow projections for FY18 remain positive. The Company estimates that as at 30 June 2017 it will have net debt of approximately \$26.7 million (excluding finance leases), its Net Assets will be \$0.74 per share and Net Tangible Assets will be \$0.62 per share.

The Company is currently compliant with its bank covenants. On the basis of the revised earnings guidance set out above, the Interest Cover Ratio covenant would be breached at 30 June 2017. The Company has today discussed this with its financier, who has confirmed that it will waive the anticipated covenant breach.

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About Murray River Organics

Murray River Organics Group Limited (ASX; MRG) is a leading Australian producer, manufacturer, marketer and seller of certified organic, natural and better-for-you food products. We service the organic, natural and healthy food and snack market globally. Our customers include industrial customers (such as cereal manufacturers, bakeries and confectionary manufacturers), retail customers (such as supermarkets, organic food stores, mass-market, e-commerce retailers and convenience stores) and food service channels (such as specialty and natural food distributors). We operate both in the domestic and international markets, with customers in 26 countries.

For further information please visit www.murrayriverorganics.com.au

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