

21 August 2017

## MURRAY RIVER ORGANICS UPDATE

- **Bank covenants**
- **Update of Full Year results**
- **Completion of Nangiloc property acquisition**
- **Bud fertility test results; and**
- **Notification of upcoming release of Escrow Shares**

Murray River Organics Group Limited (the **Company**) (ASX: MRG) provides an update on the following:

### **Bank covenants revised and better aligned with MRG's business activities**

MRG has agreed the following revised covenants, deemed better aligned with the business activities of the Company, with its major financier, National Australia Bank Limited:

1. Interest Cover to be greater than 3.6x and be tested six-monthly at 31 December and 30 June each year; and
2. Stock, Debtor and Inventory Cover Ratio to be greater than 1.25x and be tested six-monthly at 31 December and 30 June each year.

### **2017 Full Year results update**

MRG advises that its full year (unaudited) proforma results are estimated to be as follows:

- Revenue of \$62.6 million, down from previous guidance of \$68.0 million, largely due to the harvest delays experienced
- EBITDA of between \$6.2 million and \$6.5 million<sup>1</sup>; and
- NPAT of between \$(0.2) million and \$0.1 million.

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<sup>1</sup> Inclusive of \$0.3m proforma contribution from the Nangiloc property.

#### Certifications



The Company advises that its 2017 full year (audited) results will be released to the market on 28 August 2017 (rather than previously intended on 23 August 2017).

### **Nangiloc acquisition completion**

Further to MRG's announcement on 4 May 2017, the Company has completed and settled the acquisition of the Nangiloc property, located adjacent to its Colignan vineyard in Victoria. Owned or controlled acreage in the Sunraysia region now totals 12,242 acres.

The scale of the property, its location relative to the Murray River, locational access to labour and the Company's other farming assets, coupled with the versatile high-quality soil, existing plantings and existing infrastructure, provides MRG significant optionality for future growth.

The Nangiloc property has 205 acres planted to citrus, 65 acres planted to wine, 314 acres serviced by centre pivots and 5,787 acres arable land suited to crops such as tree nuts, citrus, vines, grains, ancient grains and high protein beans and legumes. MRG has planted the 314 acres serviced by centre pivots and 449 acres of the arable land to chick peas which are intended to be harvested during Spring 2017.

The balance of 1,145 acres is non-arable land, although value creation opportunities for this acreage will be explored.

### **Dried vine fruit bud fertility test results**

While preparing for, and rolling, dried vine fruit growing canes to the trellis systems utilised, MRG undertakes bud fertility tests on its dried vine fruit varieties. MRG engages external experts to undertake this testing.

MRG's bud fertility 2017 test results show that its Sultana variety is at 65% fertility, which exceeds the long-term average for the Sunraysia region of 57% fertility, as measured by the Dried Fruit Association of Australia. The bud fertility of MRG's Sun Muscat plantings are at 70%.

Bud fertility is a lead indicator to fruit/yield potential. Actual fruit yield achieved is impacted by a range of factors, amongst others weather, which can impact negatively on actual yield, despite strong fertility test results.

### **Forthcoming release of Shares from Escrow**

In accordance with ASX Listing Rule 3.10A, MRG advises that 3,846,154 shares will be released from escrow on or about 1 September 2017.

The 3,846,154 shares were placed in escrow from the Company's date of ASX listing until the trading day after the day that is 3 trading days after MRG has lodged its preliminary full year report (Appendix 4E report) for FY2017.

#### **Certifications**



The release of the shares from escrow does not change the issued share capital of the Company, and 11,048,202 shares will remain subject to escrow (due to be released the trading day after the day that is 3 trading days after MRG has lodged its preliminary full year report (Appendix 4E report) for FY2018).

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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](http://www.murrayriverorganics.com.au)

### Certifications

