

**28 May 2018**

## Murray River Organics Business Update

Murray River Organics Group Limited (ASX:MRG) ("Group") provides the following update on 2018 Harvest, Turnaround Plan and Asset Sales.

### Harvest Update

The Group is pleased to report that it has completed the harvest of its dried vine fruit during which it experienced favourable harvest conditions. The quality of fruit is assessed as 'good' across the portfolio with the fruit harvested close to or at required moisture levels desired for processing.

Product	2017 Tonnes*	Actual 2018 Tonnes**
Dried Fruit	2,507	2,606
Fresh Table Grapes	607	499
<b>Total</b>	<b>3,114</b>	<b>3,105</b>

\*as reported and presented at the 2017 AGM

\*\*excludes fruit from our growers which is still being delivered by our growing partners

Whilst the Group is pleased with the quality of the dried fruit harvested, some of the farms reported a lack of growth in fruit size, which has led to a shortfall against previous yield forecasts.

While volumes are broadly comparable for dried fruit, fresh table grapes yield, and sales are below expectations. Agronomy, sales and management decisions over the prior 12 months have adversely impacted the harvest and sales outcomes for this season. We are reviewing our fresh fruit program to improve the harvest outcome for 2019.

The harvest of the Group's citrus crop has just begun, and an update will be provided at a later date.

Managing Director Valentina Tripp added "It is encouraging to see strong demand for our dried fruit, as we continue to focus on building our brands and value-added products in snacking and clusters for local and export markets. We are working to strengthen our farming operations and agronomy program in order to grow supply in 2019 and beyond to meet our customer needs."

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## Turnaround Plan

### Sales

Demand for dried vine fruit has been strong and the majority of our 2018 harvest is committed. Some of our most popular varieties are experiencing higher demand than our available supply and we are taking forward offers for the 2019 season. Our future crop development plans will take these factors into consideration. We are experiencing continued strong demand from our Japan, USA, Vietnam and China markets.

We are continuing to build strong long-term export relationships with several international customers visiting our Sunraysia farming and processing operations in May.

Development plans are on track to launch some new products in early 2019. In May we secured several new retailer branded listings, including organic quinoa flakes and coconut products, and relisted 23 lines previously lost in late November 2017.

We continue to bed down and leverage our significant capital investments in new capability to provide enhanced '*better for you*' ranging options for our major and specialty retail partners.

### Costs

The implementation of our cost out program, Project Muscat, has commenced with a restructure at our Dandenong operations, right sizing operations for our branded and value-added business, including changes to the structure of shifts, changeovers and staffing. The reduction in headcount and associated costs will see benefits realized from June 2018.

Ms Tripp commented "in May we have made changes to our supply planning and inventory parameters which has seen our excess inventories begin to reduce and velocity increase. We will continue to have a relentless focus on improving customer service and inventory management to significantly improve out-of-stocks, DIFOT and other key customer experience measures."

## Asset Sales

We continue to receive and evaluate expressions of interest for our Fifth Street conventional table grape property. An update will be provided once a decision has been made in relation to this property.

## Summary

Ms Tripp commented, "over the last six weeks we have had to make some tough decisions about our operating model. Our focus is on our service, our culture and our ways of working. Customers need to be at the center of our operating and investment decisions; and we are working to enhance our customers' experience with our brands, products/services and people."

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“As our operating backbone strengthens, we will further develop and grow our product categories working closely with our customers including major retailers, specialty retailers, wholesalers and export customers for retail and bulk channels.”

“Our investments are aligned to satisfy market trends both domestically and in international markets, and new talent acquisitions in the coming months will strengthen our ability to realize these opportunities and create value for our investors.”

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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)

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