costa well grown

Results Presentation

6 month financial period to December 2018 (FP18)

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Non-IFRS measures: Throughout this presentation, Costa has included reference to certain non-IFRS measures. Non-IFRS measures have not been subject to audit. A further explanation of these measures is provided in the Appendix.

Contents

New premium blackberry pack

New 'Victoria' blackberries

Highlights

Highlights

Headlines

- In line with timing changes in the business cycle communicated last August, earnings for the six month period to December were expected to be considerably lower than the prior year, inclusive of:
  - consolidation of African Blue
  - citrus biennial cycle and
  - seasonality of production to the Jan-Jun period
- Subdued trading in a number of categories during December, and late impact of the citrus ‘off year’ crop resulted in NPAT-S earnings below plan by approx. $3.5m
- Cash flow and balance sheet position remain robust

Growth Program

- Acquisition of NCF citrus and grape farm in Sunraysia completed in early December, with initial harvest from January exceeding expectations
- Minor delay of Monarto commissioning, with accelerated ramp up to full incremental 120Tper week production during Q3 CY2019
- Berry expansion programs across Australia, China and Morocco progressing to plan
- New tomato glasshouse expansion approved, and in early stages of supplier negotiations. Commissioning is expected from late Q1 CY2020
- Integration of acquired avocado farms progressing well

Financial Headlines

For the financial period ended December 2018*

Revenue	EBITDA-S*	NPAT-S*	Leverage	FP18 Dividend
$478m	**$35.3m**	**$8.5m**	**1.96x**	**5.0 cps**

Financial Performance
#

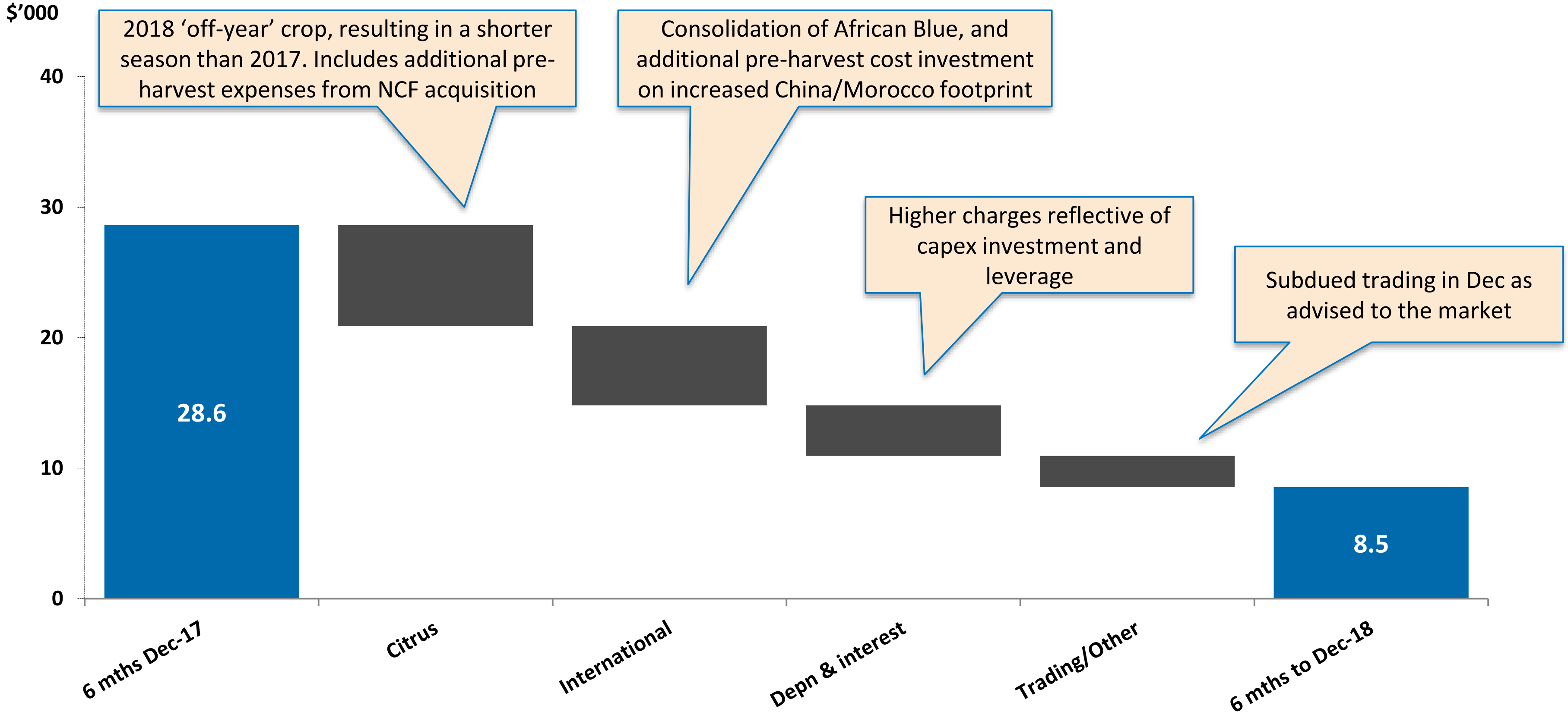
- Revenue $478m, down 2.4% on the previous corresponding period
- EBITDA before SGARA and material items & amortisation (EBITDA-S) $35.3m, down 42.0% on prior period
- NPAT before SGARA and material items & amortisation (NPAT-S) of $8.5m
- Leverage at 1.96x EBITDA-S at December 2018, with net debt of $244.6m
- Dividend of 5.0 cents per share, fully franked
- Statutory NPAT of $4.3m

* *Refers to the 6 months ended December 2018, with the comparative period being the 6 months ended December 2017 (formerly H1 2018)*

\# *Refer to the Appendix for further details on non-IFRS measures and details of material items & amortisation of acquired intangibles.*

Earnings bridge - NPAT-S

*For the financial period ended December 2018**



* *Refers to the 6 months ended December 2018, with the comparative period being the 6 months ended December 2017 (formerly 1H2018)*

Costa's vertically integrated business model is strategically designed to achieve competitive advantage and manage agricultural risk

Our values and people culture underpins the model and is the main success factor

Diversification

- Diversified category **portfolio** with scale and market share
- **Vertically integrated** produce operations
- **Geographic spread** of production
  - National Australian footprint across the 6 states
  - International berry footprint (Morocco, China)
- Royalty income streams
- Multiple sales channels (domestic & export)

Protected cropping

- Costa's core produce categories have the potential for protected cropping to mitigate environmental risk
- **Protected cropping** techniques across a number of key categories (~65% of produce related earnings in FY18)
- Growing indoors, in glasshouses, under tunnels & permanent netting , and in substrate manages risk and **improves yield & quality**

IP, technology and people

- **Superior product genetics,** both developed internally and through external partnering arrangements
- Costa adopts a 'lowest cost' mindset
- Efficient production techniques
  - Modern farming, harvesting and irrigation
- Post- harvest and product quality discipline
- Product innovation and branding

Year-round production

- Costa has invested in produce categories that are **large scale** and have the potential for year-round supply
- **52-week supply** removes seasonality, maintains consumer reach and smooths cash flow
- Achieved by production methods, varietal selection and geographic spread
- Marketing programs aligned to supply patterns

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Current strategic settings on target to meet medium – long term profit growth objectives …….and continue to build

BERRY

- Blueberry shoulder period development
  - Temperate varieties in substrate for Tasmania
  - Purpose designed tropical varieties for FNQ
- Premiumization for enhanced margins
  - Arana blueberry
  - Elvira & Victoria blackberry
- Continue to expand volume & reduce cost base
- Automation of processes
- Raspberry & blackberry 'long cane' program to optimize production cycles
- Further development of substrate protected cropping
- Gain market access for blueberries into Japan & China

CITRUS

- Build on 'best in class' reputation in export markets
- Major focus on Japan, US, Korea, China markets
- Further automation of packing operations
- Continued scale build (M&A and greenfield)
- Commercial plantings of new citrus varieties
- Rapid growth of 'Sun World' proprietary grape program
- Investigate cost/benefits of protected cropping

AVOCADO

- Costa farm harvest span now 10 months → expand to 12 months
- Trial high density/trellised/protected cropping
- Optimise yield/production cost
- Enhance customer experience & sales via 'Lovacado' brand → consistent quality paradigm
- Develop export opportunities for 'Lovacado'

INTERNATIONAL

- Expand varietal breeding program – both sub-tropical and tropical
- Moroccan season extension and continued growth
- China expansion and market optimization
- Expand royalty program to new countries

TOMATO

- Ongoing R&D evaluation of new snacking & cocktail cultivars
- Construct large new nursery for lower cost & more advanced plants
- Add glasshouse capacity for market growth & in-housing external volume
- Develop new sales channels

MUSHROOM

- Build new capacity to claim market growth (ongoing)
- Implement new technologies → lower cost
- Expand brown mushroom sub category
- Establish an effective mushroom brand to add value

Segment Performance - Produce

Mushroom

- The business unit met its financial targets for the period, even though variable compost quality earlier in the period had a negative impact on production volumes
- The prolonged dry weather has increased cost of straw which will manifest over CY2019 when existing inventory is replenished, which has been factored into current forecast

Berry

- Blueberry performance was mixed:
  - Strong production volumes from Corindi, offset by lower FNQ volumes
  - Market realisation was slightly above expectations, led by a strong start to the season which reduced as industry volumes peaked
  - Arana premium offering was well received, with 23% price premium on 200g special packs, and double digit premium in wholesale
- Raspberry contribution was disappointing

Segment Performance - Produce

Citrus

- Category contribution was forecast to be significantly below the prior year due to the ‘off-year’ biennial fruit production cycle
- Lower quality towards the tail end of harvest affected sales price realisation in Nov/Dec
- Exports comprised 73% of packed volume, with Japan being 40% of exports, followed by the US, NZ and China. Korean market exposure expected to increase in 2019
- Murtho packing line upgrade has delivered targeted productivity benefits. Further major automation work at the Renmark packing shed scheduled for the 2019 season
- The Mundubbera grape farm received some hail damage. The farm has been progressively covered with permanent netting with the majority expected to be covered in time for the next harvest

Tomato

- Snacking: excellent production of snacking/cocktail varieties encountered weaker retail channel pull through, resulting in more product being sold to wholesale with overall lower price realisation
- Truss: lower production volumes and pricing. A new truss variety is now being grown with enhanced yield, shelf life and disease resistance

Segment Performance – Produce, CF&L

Avocado

- Main production region during the period was NNSW, with some residual volume from the QLD farms.
- Pricing for the period was challenged with overlap between Central QLD at the start of the season, and WA at the end of the season resulting in higher supply volumes
- Third party marketed volumes were over 1m trays for the period, an increase of 14%
- Additional investment undertaken on orchard nutrition & health programs to ensure maximum tree health for future yield
- Introduction of Lovacado brand
- Initiated export of avocados to SE Asia

Costa Farms & Logistics

- Solid trading outcome, with good interplay between supply and price opportunities optimising trading margin across the three wholesale operations in Vic, SA and QLD

Segment Performance - International

Morocco

- Morocco harvest occurs in H1 CY2019, with only pre-harvest cost investment through Jul-Dec
- Flowering and crop development demonstrating recovery from yield shortfall from prior season

China

- Raspberry harvest has been in line with expectations, albeit volume lower than last year due to timing of 2nd harvest cycle
- Good early start to the blueberry harvest at the main Mainlai farm, with positive market reception with added premium pricing received for large berries
- Some pest and disease pressure at the smaller 25ha Bailang farm with some reduction in forecast yield

Licensing

- Continued revenue growth from US based royalties

Financial Results

FP18 vs 1H FY17 Results

Comparison of results for the 6 months to December

A$m	Jul-Dec17 H1 FY18	Jul-Dec18 FP18	Variance
Revenue	489.3	477.6	(11.7)
Share of assoc. and joint ventures	3.5	4.1	0.6
Operating expenses	(431.9)	(446.4)	(14.5)
EBITDA before SGARA	**60.9**	**35.3**	**(25.6)**
Fair value mvmt in bio. assets	0.6	(1.5)	(2.1)
EBITDA	**61.5**	**33.8**	**(27.7)**
Depreciation & amortisation	(16.0)	(20.2)	(4.1)
EBIT	**45.5**	**14.1**	**(31.3)**
Interest expense	(3.0)	(4.2)	(1.2)
NPAT (before material items & amortn)	**29.0**	**7.1**	**(21.9)**
Material/pro forma items, post tax	45.5	(3.1)	(48.6)
Non-controlling interest	0.1	0.3	0.3
NPAT attributable to shareholders	**74.5**	**4.3**	**(70.2)**
NPAT-S (before material items & amortn)	28.6	8.5	(20.1)
Transacted Sales	663.1	665.2	2.1

Key Highlights

Revenue -2.4%:

- Citrus category revenue $22m lower than pcp primarily due to lower biennial crop cycle, largely anticipated
- Transacted sales growth through higher Driscoll's and avocado marketing sales

EBITDA before SGARA -42.0%:

- EBITDA reduction expected due to shift in seasonality of earnings to Jan-Jun, citrus cycle, African Blue consolidation
- Softer Produce segment trading in December also impacting

NPAT-S (before material items & amortisation) -$20.1m:

- Higher depreciation and interest charges following African Blue acquisition and recent capex investments

Material items & amortisation:

- African Blue: gain on revaluation of equity investment and transaction costs (H1FY17 only), amortisation of acquired intangibles

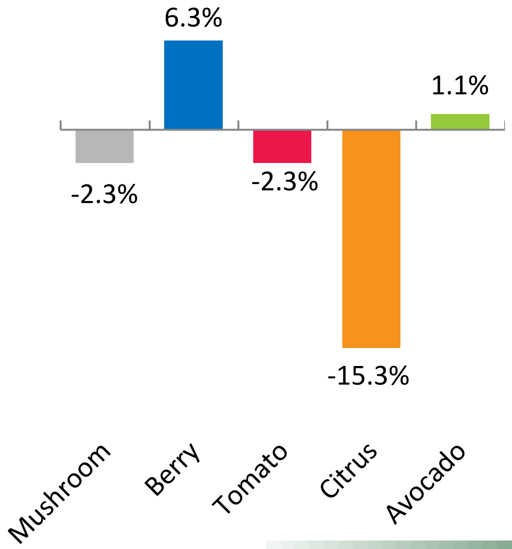
Note: Refer to the Appendix for a reconciliation of statutory NPAT to the non-IFRS measures disclosed, details of material items & amortisation of acquired intangibles

Produce

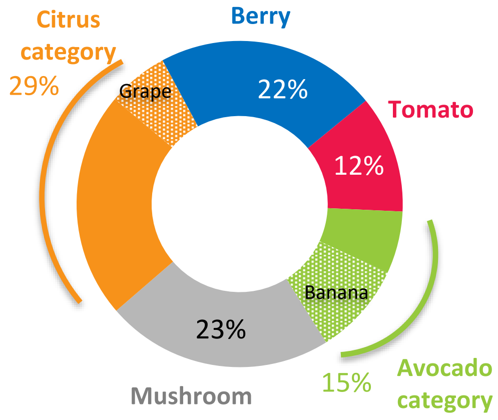
Segment financial and operating metrics

A$m	Jul-Dec17 H1 FY18	Jul-Dec18 FP18	Var
Revenue	444.8	425.6	(19.2)
EBITDA before SGARA	59.9	38.8	(21.1)
EBITDA-S margin	13.5%	9.1%	-4.4%
Transacted sales	620.3	615.7	(4.6)

Revenue growth: -4.3%



FP18 share of revenue



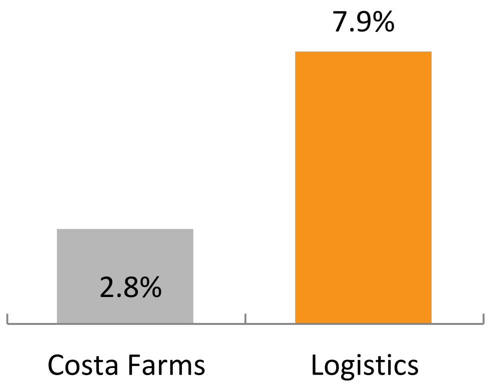
- **Mushroom:** production 6% lower vs pcp but offset by stronger pricing.
  - Category contribution was in line with expectations
- **Berry:**
  - Blueberry volume growth in line expectations; average pricing whilst slightly below pcp was ahead of plan
  - Raspberry volume growth +30% (recovery from prior year cooler weather and new plantings), however timing was later than expected
  - Overall raspberry pricing lower due to timing and some lower quality production from Corindi
- **Tomato:** revenue reduction from continued shift from truss into snacking/cocktail production.
  - Excellent production at GH3, but softer market pricing
- **Citrus: s**ubstantial off-year impact with lower volumes and shorter season
  - Navel orange pricing was above expectations, but offset by lower price realisation towards the end of the season, and across mandarins and other product lines
  - Average FX rates JPY 81 and USD 0.74
- **Avocado:** Increased volumes from new NNSW farms, and growth in marketing volumes – overall 1.87m trays during FP18
  - Pricing was lower than expected with higher supply and overlap of production regions
  - Banana: some volume impact at Tully farm from early 2018 floods

Costa Farms & Logistics

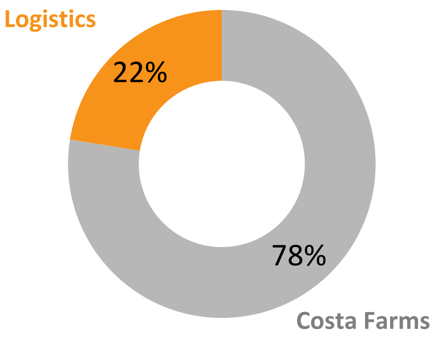
Segment financial and operating metrics

A$m	Jul-Dec17 H1 FY18	Jul-Dec18 FP18	Var
Revenue	76.1	79.0	2.9
EBITDA before SGARA	3.4	3.6	0.1
EBITDA-S margin	4.5%	4.6%	0.1%
Transacted sales	74.3	76.6	2.3

Revenue growth: +3.8%



FP18 share of revenue



- **Revenue** up $2.9m or 3.8%:
  - Mixed supply period across the core produce lines, with lower banana and mushroom volumes and higher avocado and tomato
  - Logistics revenue growth through further utilization of contract warehousing capacity at Eastern Creek
- **EBITDA before SGARA** in line with prior period:
  - Positive margin growth from the wholesale business, leveraging market pricing/volume opportunities
  - Logistics contribution in line with prior year, with additional income from contract warehousing offset by lower earnings on produce handling

International

Segment financial and operating metrics

A$m	Jul-Dec17 H1 FY18	Jul-Dec18 FP18	Var
Revenue	3.6	6.6	3.0
EBITDA before SGARA	(2.5)	(7.1)	(4.6)
EBITDA-S margin	n/a	n/a	n/a
Transacted sales	3.7	6.5	2.8

Morocco original soil plantings – 11 years old!

Key Drivers

- Earnings are heavily weighted to calendar H1, with harvests in Morocco and China and licensing income from fruit sales occurring predominantly over this period
- Calendar H2 primarily reflects farming cost investment, which will increase each year with ongoing farm expansions

- **China:**
  - Harvest of early raspberry crop during the period
  - Some revenue growth from small volumes of early season blueberry and new blackberry production
  - Initial season pricing has been above expectations, including premium on 'jumbo' blueberries

- **African Blue**
  - Majority acquisition completed 27 Nov-17. FP18 includes full 6 months consolidation vs pcp 5 months equity accounted only
  - Harvest activity to commence from Jan-19 across the northern farms
  - Timing of planting of new Agadir southern farm will result in little volume this season

- **Royalty income:**
  - Royalty income growth with higher US royalties, both plant and fruit based

Cash flow

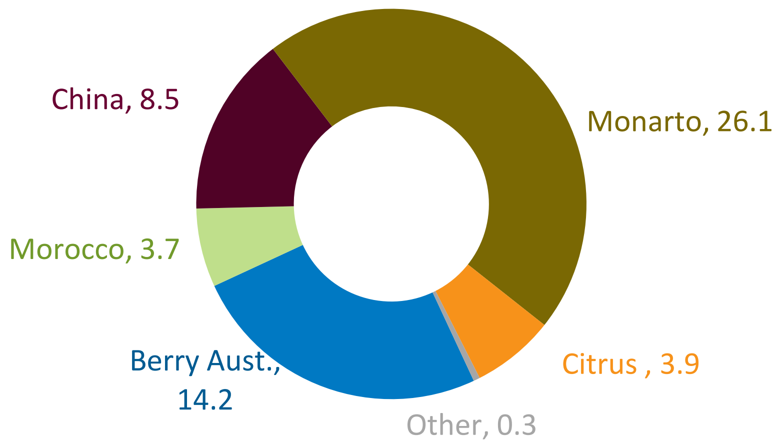
A$m	Jul-Dec17 H1 FY18	Jul-Dec18 FP18	Var
EBITDA-S	**60.9**	**35.3**	**(25.6)**
Less: share of JVs profit	(3.5)	(4.1)	(0.6)
Dividends from JVs	2.8	1.1	(1.7)
Movement in working capital / non-cash items	(2.5)	15.8	18.3
Operating capex	(8.6)	(10.7)	(2.1)
Free cash flow	**49.1**	**37.4**	**(11.7)**
Productivity & growth capex	(27.5)	(56.7)	(29.2)
Payments for business acquisitions	(4.2)	-	4.2
Payment for acquisition of subsidiary	(57.4)	-	57.4
Other	0.1	(1.2)	(1.3)
Net cash flow before financing, tax, dividends & material items	**(39.8)**	**(20.4)**	**19.4**
Cash conversion ratio [(1)]	**81%**	**106%**	

Note:
(1) Cash conversion ratio is Free Cash Flow / EBITDA-S

Key Highlights

- Strong free cash flow outcome, with 106% cash conversion
- Working capital movement benefitting from earlier end to citrus season allowing debtor conversion, timing of calendar month end and Vitalharvest variable rent payments
- JV adjustments relates to Driscoll's Australia marketing JV, with cash retained to fund nursery expansion
- Operating capex in line with expectations
- Total investment in growth initiatives $56.7m

Growth Capex Initiatives $56.7m

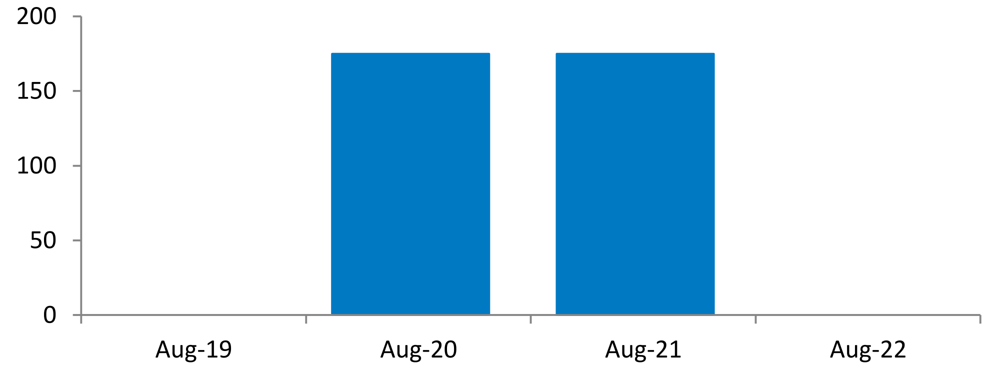


Balance sheet & net debt

A$m	Jun-18	Dec-18	Var
Cash & cash equivalents	60.4	45.8	(14.6)
Receivables	109.8	92.5	(17.3)
Inventories	26.0	25.4	(0.6)
Biological assets	47.8	48.3	0.5
Equity accounted investments	11.4	14.4	3.0
Intangibles	255.8	255.6	(0.2)
Property, plant & equipment	364.6	414.2	49.6
Other assets	32.3	40.7	8.4
Total Assets	**908.1**	**937.0**	**28.8**
Payables	127.0	130.2	3.2
Borrowings	236.5	290.4	54.0
Provisions	26.1	27.0	0.9
Other liabilities	39.2	26.3	(12.9)
Total Liabilities	**428.8**	**474.0**	**45.1**
Net Assets	**479.3**	**463.0**	**(16.3)**

	Jun-18	Dec-18	Var
Net debt	**176.1**	**244.6**	**68.5**
Net debt / LTM EBITDA-S	**1.17x**	**1.96x**	**0.8x**

Senior debt facility maturity profile



- Net leverage increased to 1.96x EBITDA-S at Dec-18 with capex ramp up and earnings seasonality
- Modest financing facilities established for each of China/Morocco for seasonal working capital and capex requirements

Change in lease accounting standard

Impact to balance sheet and future disclosures

Application

- The new lease accounting standard AASB16 became effective for Costa from 1 January 2019
- **Modified Retrospective Approach** adopted – meaning future application only, and no changes to prior comparative period reporting

Impact to Financial Reporting

- Initial recognition of right of use asset at 1 January 2019 of approximately **$310m**, and corresponding lease liability
- For June and December 2019 reporting periods, existing pre-SGARA metrics will be updated to exclude the impact from the new lease accounting standard:
  - EBITDA-SL, EBIT-SL and NPAT-SL
  - Provides year on year comparative vs existing CY2018
  - Allows CY2019 results to incorporate accounting under the new standard for comparisons into CY2020

- The adoption of AASB16 will not have any impact on Costa's loan covenants or cash flow

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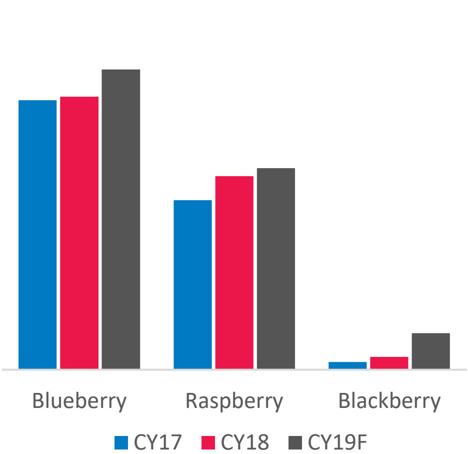
Growth Plan Update

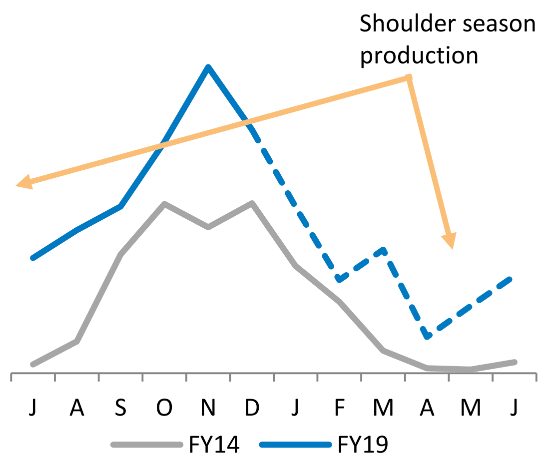
#1 Australian Berry expansion

- 2018/19 planting program of 47ha completed. Includes 27ha blackberries
- Premium Arana volume will increase into 2019 with maturity of existing plants (46ha) and new plantings (12ha)
- New blackberry premium product being launched as production volumes of Elvira and Victoria blackberry varieties continue to increase
- Blueberry 'shoulder season' production accounts for ~50% of total Costa production.
  - Improved yield at FNQ and incremental planted area in WA driving overall increased production in CY2019
  - 14ha of temperate substrate plantings in Tasmania will contribute from CY2020
- Introduction of long cane raspberry production with intent to smooth summer raspberry production peak. The Driscoll's JV is building a new nursery facility to provide capacity for this initiative
- Strong pipeline of new blueberry varieties from Corindi and first early release from FNQ tropical breeding program

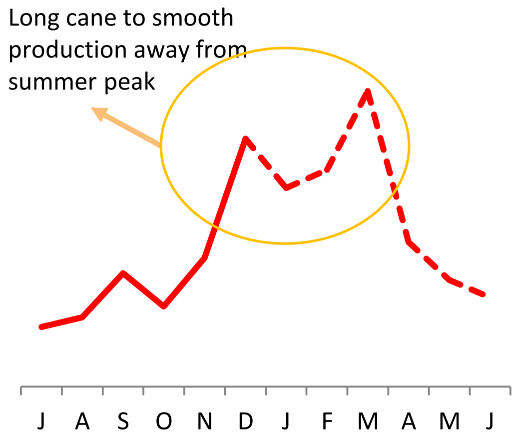
Production volume



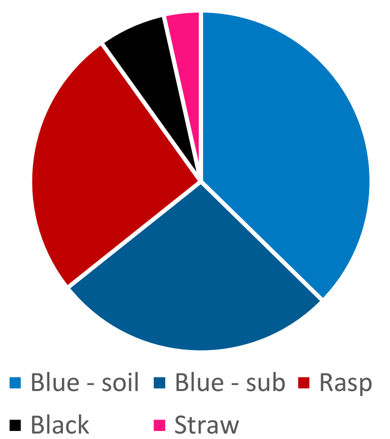
Blueberry volume



Raspberry volume



725ha Planted – CY19



(#2) Mushroom expansion – Monarto SA

- Monarto is Costa's most modern and lowest cost mushroom composting and growing facility adopting world's best practice technology
- The project entails doubling existing capacity to 240t per week
- Weather related issues have caused approximately 5 weeks delay; acceleration of the subsequent ramp will partially mitigate
- New technology Phase 1 compost facility will have a significant positive impact over the long term and will operate from Q4 2019
- Positive engagement with retail and wholesale customers to allocate new volume. Strong latent consumer demand is expected to consume incremental volume

Compost bunkers

Air handling units for growing rooms

Growing rooms with shelving

#3 Citrus expansion

- Acquisition of Nangiloc Colignan Farms (NCF) completed in early December 2018
  - Acquisition completed in conjunction with CK Life Sciences, under which Costa will operate the farm under a 20 year lease
- Total 567 ha, including 240ha of citrus, 204ha table grapes, and 123ha of wine grapes
- Lease provides 3,800ML permanent water plus over 100ML of irrigation dam capacity, approx. 75% of water requirement
- Acquisition will be earnings accretive from CY2019. Some negative impact on FP18 earnings due to pre-harvest farming costs from completion
- The acquisition takes Costa's farming footprint across Riverland (SA) and Sunraysia (VIC) to 2,996ha, across 7 farms
- Water requirement across the 7 citrus farms is currently well positioned with ~57% under permanent licence and ~15% hedged. Remaining exposure at spot rates is significant but not material and has been factored into current forecast

Aerial overview, NCF farms

#4 Avocado vertical integration

- Integration activities well progressed, focussing on brand development, farm optimisation and supply chain
  - Lovacado brand launched with ~0.75m branded trays sold. This will increase in 2019 with own farm production, providing enhanced customer experience and consistent quality
  - Focus on export market development. 60k trays exported in 2018 with plans to increase in coming years
  - Enhancement of supply chain practices with an emphasis on improving quality, shelf life and customer experiences
  - Automation of irrigation systems at all farms using data driven probes
  - Childers packing shed expanded to increase storage capacity and improve site productivity and safety
- 26 new hectares planted across Tinaroo (FNQ) and Comboyne (NNSW)
- Rejuvenation of older blocks at Gunalda (farm acquired as a turnaround) and Kumbia (hail damage)
- Tinaroo R&D block to be planted post wet season following small earlier trial blocks of high density, trellised plantings under protective cropping
- CY2018 own farm production was 0.9m trays; expecting ~10% volume growth in CY2019 with tree maturity

Lovacado merchandising

#5 Tomato glasshouse and nursery expansion

- $67m project announced in August 2018 encompassing new 10ha high tech glasshouse, expanded nursery facility and enhanced packing and post harvest facilities
- Additional 10ha growing area enables on-going development of the snacking and speciality segment, and also provides optionality to internalise some of the production currently outsourced
- The new automated nursery facility provides capacity to grow larger seedlings to maximise glasshouse production:
  - The nursery also enables 100% self sufficiency of grafted plant supply for improved plant quality and disease management
- Active program testing and trialling 40+ new varieties pa. to provide new and enhanced tomato offerings.
- Project progress:
  - Additional land for nursery has been acquired
  - Council and DA approvals completed
  - Tender for glasshouse construction and other critical items in progress

Glasshouse exterior

Glasshouse interior

#6 International growth projects

Morocco

- Total Morocco footprint 294ha, further 45ha to be planted H1 CY2019
- 2018/19 expansion program focusing on further early season planting in Agadir. Contribution from Agadir will commence from CY2020 due to timing of planting the new 21ha early season crop last year
- New packing shed at Larache completed, with admin and sales team functions also centralised on site
- Recent capex also includes investment in water purification units at the Baytar farm to remove turbidity and solids, to improve crop productivity
- Further 1.33% share acquisition completed (to 87.33%), towards overall 90% ownership over the next 2 years

New African Blue packing shed at Larache, Morocco

China

- China plantings currently 110ha: 79 blueberry, 23 raspberry, 8 blackberry
- 2019 program entails 64ha at ManhHong (57 blueberry, 7 raspberry). Tunnel work is well progressed with planting to commence in February
- 8ha of existing raspberry at Bailang will be replanted to blueberry, which is better suited to the climate of that farm
- Land for 2020 program has been finalized with initial groundworks underway. This development will require the construction of a pipeline to a nearby reservoir
- Overall China rollout tracking to initial 5 year plan. Market acceptance for blueberry remains strong with raspberry/blackberry undergoing further market development

Planting underway at new ManHong farm, China

Licensing: Development of blueberry licensing arrangements including initial income from China and South Africa

Outlook

Outlook

- Costa has now transitioned to a calendar year reporting period which better reflects planning, revenue generation and reporting cycles
- With later Monarto commissioning and timing of the new citrus season inclusive of the NCF acquisition, there will be more earnings weighted to the second half than previously communicated
- Substantial progress continues to be made for both the near and long term across the five core Australian categories with each presenting value accretive growth prospects. The International business unit has now also become a significant earnings contributor
- During February solid price recovery has been experienced across our categories from the earlier challenging period
- At this early stage, the outlook for market, crop performance and weather conditions are generally positive, and the company expects CY2019 NPAT-SL growth of at least 30%, with further update to be provided at the AGM in May
- Cash flow and balance sheet positions remain strong

Appendix 1 - Material items & amortisation of acquired intangibles

A$m		Jul-Dec17 H1 FY18	Jul-Dec18 FP18
African Blue step-up valuation gain	1	48.3	-
African Blue transaction costs	2	(2.9)	-
Amortisation of intangibles	3	-	(3.9)
Total material items & amortisation (before tax)		**45.5**	**(3.9)**
Tax effect on material items & amortisation		-	0.8
Total material items & amortisation (after tax)		**45.5**	**(3.1)**

1. **African Blue step-up valuation gain:** notional disposal and repurchase of existing 49% equity stake at the transaction value, less control premium, upon first time consolidation of African Blue. This has been updated to reflect the revised gain upon finalisation of acquisition accounting. This gain has no tax impact

2. **African Blue transaction costs**: comprised of stamp duty, due diligence, legal and other expenses associated with the acquisition of African Blue

3. **Amortisation of acquired intangibles**: comprises amortisation of customer contracts and re-acquired rights arising from the African Blue acquisition. These amounts will be written off over a period of 2 years

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Appendix 2 – calendar year historical comparatives

Profit & loss, cash flow

Profit & Loss - A$m	CY17 *	CY18	Variance
Revenue	952.9	990.3	37.4
Share of assoc. and joint ventures	14.2	7.4	(6.8)
Operating expenses	(840.0)	(872.5)	(32.5)
EBITDA before SGARA	**127.1**	**125.2**	**(1.9)**
Fair value mvmt in bio. assets	8.4	(6.1)	(14.4)
EBITDA	**135.4**	**119.1**	**(16.3)**
Depreciation & amortisation	(30.7)	(39.0)	(8.3)
EBIT	**104.1**	**80.5**	**(23.6)**
Interest expense	(5.8)	(8.4)	(2.6)
NPAT (before material items)	**71.0**	**54.7**	**(16.3)**
Material/pro forma items, post tax	46.1	(7.4)	(53.5)
Non-controlling interest	(0.8)	(2.3)	(1.5)
NPAT attributable to shareholders	**116.2**	**45.0**	**(71.2)**

NPAT-S (before material items)	64.3	56.6	(7.7)
Transacted Sales	1,271.7	1,338.2	66.5

Cash Flow - A$m	CY17	CY18	Variance
EBITDA-S	**127.1**	**125.2**	**(1.9)**
Less: share of JVs profit	(14.2)	(7.4)	6.8
Dividends from JVs	6.8	3.8	(3.0)
Movement in working capital / non-cash items	(15.7)	16.5	32.1
Operating capex	(20.4)	(21.0)	(0.6)
Free cash flow	**83.6**	**117.0**	**33.4**
Productivity & growth capex	(46.8)	(99.9)	(53.1)
Payments for business acquisitions	(4.2)	-	4.2
Payment for acquisition of subsidiary	(57.4)	-	57.4
Other	3.1	(0.6)	(3.7)
Net cash flow before financing, tax, dividends & material items	**(21.7)**	**16.5**	**38.2**
Cash conversion ratio	**66%**	**93%**	

* *CY17 includes 5 months of African Blue equity accounted at 49%, prior to Costa's majority share acquisition*

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Appendix 3 - Explanation of certain non-IFRS operating measures

Term	Definition
Transacted Sales	Transacted Sales is used by management as a key measure to assess Costa's sales and marketing performance and market share. Transacted Sales represent the aggregate volume of sales in which Costa is involved in various capacities (including sales of third party-grown produce marketed by Costa under agency arrangements), as well as royalty income. Transacted Sales are not considered by Costa to be a revenue measure. There are material differences between the calculation of Transacted Sales and the way in which revenue is determined under AAS. Transacted Sales comprise: • statutory revenue; • gross invoiced value of agency sales of third party produce; • Costa's proportionate share of joint venture sales relating to the African Blue (prior to Costa's majority share acquisition) and Polar Fresh joint ventures; • 100% of Driscoll's Australia Partnership sales after eliminating Costa produce sales to the Driscoll's Australia Partnership. Prior to the formation of Driscoll's Australia in 2010, all of Costa's domestic sales and marketing activities for the berry category were managed by Costa.
EBITDA before SGARA (EBITDA-S)	Earnings before interest, tax, depreciation, material items & amortisation and fair value movements in biological assets (SGARA)
NPAT-S	Net profit after tax attributable to shareholders, but excluding material items & amortisation and SGARA

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