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TASFOODS LTD
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Investor Presentation

March 2019

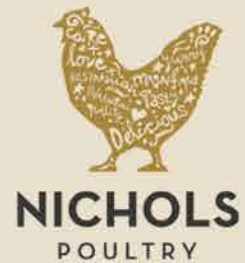


About TasFoods

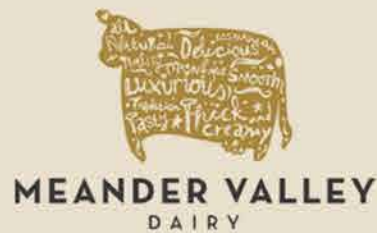
TasFoods is a diversified food business leveraging Tasmania's unique environment to create premium food products for sale to Australian and export customers.

The company owns a stable of high value food brands in three key product categories:

Poultry



Dairy



Horticulture



FY18* Company Highlights

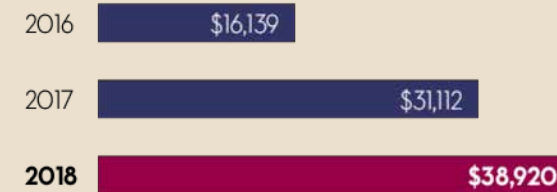
FY18 was a year of strong growth for TasFoods, setting the company on a pathway to profit.

Highlights include:

- Sales revenue up 25% to \$38.4 million.
- Gross profit up 54% to \$10.7 million.
- EBITDA improvement of \$4.6 million.
- H2 delivered positive operating cash flow.

**Financial year ended 31 December 2018.*

Total revenue (\$'000)



Revenue
by division
%

- Nichols Poultry – 84%
- Dairy Division – 15%
- Wasabi & other – 1%

Results Summary

	FY2018 \$'000	FY2017 \$'000	Change \$'000	Change %
Sales revenue	38,391	30,743	7,648	25%
Gross profit	10,716	6,961	3,755	54%
Gross profit margin	28%	23%		5%
EBITDA	(1,110)	(5,710)*	4,600	
NPAT	(1,358)	(6,808)	5,450	

**Includes an impairment charge of \$2.11m.*

Sales revenue (\$'000)



EBITDA (\$'000)



Balance Sheet and Capital Management

- Improving operational efficiency across the business was a core focus in 2018.
- Net assets increased by \$2.62 million, assisted by a \$3.79 million capital raising, (net of costs) in early FY18.
- Cash balances declined during the year by \$3.01 million, in part due to;
 - Strategic capital investment program (\$4.11 million) in the dairy and poultry segments (including a new air chiller at the Nichols Poultry processing site).
 - Repayment of borrowings (\$1.11 million).
 - Movements in working capital, including;
 - Increase in inventory levels (\$0.60 million) due to higher cheese production volumes (requiring a 12 month maturation period) and raw materials and packaging (associated with increased sales volumes and delivery lead times); and
 - Decrease in trade payables balance (\$0.80 million).

	2018 \$'000	2017 \$'000
Current Assets		
- Cash and cash equivalents	6,658	9,663
- Receivables	2,609	2,799
- Biological assets	2,432	1,932
- Inventory	2,572	2,013
- Prepayments	542	350
Total Current Assets	14,814	16,757
Non-current Assets		
- Property, plant and equipment	17,458	14,944
- Intangibles	8,673	8,673
- Other	275	328
Total Non-current Assets	26,406	23,946
Total Assets	41,220	40,702
Current Liabilities		
- Payables	3,976	4,775
- Borrowings	1,470	1,255
- Provisions	623	524
Total Current Liabilities	6,069	6,554
Non-current Liabilities		
- Borrowings	727	1,379
- Provisions	156	144
- Other	-	979
Total Non-current Liabilities	883	2,502
Total Liabilities	6,953	9,056
Net Assets	34,267	31,646

Business Operations



Brands and Market Expansion

TasFoods aims to showcase Tasmania's finest produce to the world. One of our objectives in 2018 was growing sales to markets outside Tasmania.

FY18 Achievements:

- Key distribution partners established to supply dairy and poultry products to customers in Victoria, New South Wales and Queensland.
- 106% sales growth in interstate markets, representing 13% of total sales in FY18.
- Growth of 18% in Tasmania through increased sales of Nichols Poultry and Pyengana Dairy branded milk.



Total sales
revenue 2018
%

■ Interstate - 13%
■ Tasmania - 87%



Total sales
revenue 2017
%

■ Interstate - 7%
■ Tasmania - 93%

Poultry

Operational Activities

- Poultry processing.
- RSPCA approved barn raised poultry growing.
- Free range poultry growing.
- Contract grower management.

Achievements of the Year

- Sales revenue growth of 15% to \$32.10 million.
- Lower processing labour costs through automation of processing lines.
- New contract grower sheds commissioned contributing 12% growth in bird numbers.
- New air chiller installed on time and on budget to increase processing capacity by 50%.

Objectives for 2019

- Construction of new company owned tunnel ventilated poultry growing sheds at Nichols Poultry to increase bird numbers to leverage processing capacity.
- Relocation of targeted processing operations into old air chiller space to improve operational efficiencies.
- Continued expansion of Nichols Ethical Free Range Chicken sales to interstate markets.



Sales revenue (\$'000)



Dairy

Operational Activities

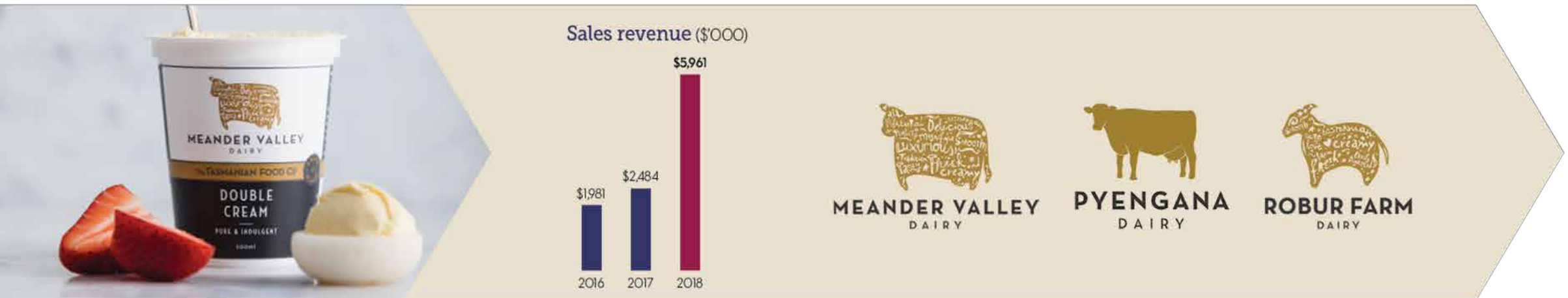
- Milk and cream processing facility.
- Cheese manufacture and maturation facility.
- Café and retail shop.
- Goat farming operation.

Achievements of the Year

- Sales revenue growth of 140% to \$5.96 million.
- New premium brand developed for Pyengana Dairy Milk with successful launch of 9 new products in the range.
- Ranging for Meander Valley Dairy Double Cream in Coles nationally.
- Rebranding of Pyengana Dairy Traditional Cloth Matured Cheddar and launch of retail portion cheese range and 1.3kg truckle wheels.

Objectives for 2019

- Sales growth benefiting from full year of sales from new markets established in 2018.
- Launch of new Pyengana Dairy cheese products including St Columba Blue and Cloth Matured Goat Cheddar.
- Continued focus on expanding Meander Valley Dairy and Robur Farm Dairy branded products into interstate markets.



Horticulture

Operational Activities

- Wasabi growing and harvesting facilities.
- Wasabi packing and processing facilities.

Achievements of the Year

- Sales revenue growth of 25% to \$0.33 million.
- Development of new distribution network to improve service and delivery to restaurant customers.
- Efficiency gains in labour management through revised harvest systems.

Objectives for 2019

- Launch of new value added wasabi products.
- Expansion of distribution network for fresh wasabi product.
- Continued research into active components of the wasabi plant that may have value in the health and wellbeing industry.



Outlook



Group Outlook

TasFoods has established a solid base from which the business can scale and grow.

Under its current operating structure, positive EBITDA is expected for the year to December 2019, despite commodity price headwinds.

Key Business Objectives for FY19:

Revenue Growth:

- Expansion of Meander Valley Dairy product lines into mainstream grocery.
- Expansion of Nichols Ethical Free Range Chicken into interstate foodservice and high-end retail markets.
- Pyengana Dairy range expansion.

Business Optimisation:

- Maintaining strong discipline on costs through the Pathway to Profit initiatives.
- Strategic investment to leverage processing capacity gains for Nichols Poultry.
- Contracting additional sources for key inputs to manage cost and secure supply.
- Strategic price adjustments to reduce impact of commodity cost increases in both poultry and dairy.

Acquisition:

- Growth through acquisition to build business scale and strengthen bottom line performance.

TasFoods Well Positioned for Profitable Growth

- Strategic leverage of the Tasmanian brand and its ability to deliver a premium food offering valued by consumers.
- Two established businesses in poultry and dairy, each with a solid and loyal customer base in Tasmania.
- Strong defendable brand market position in Tasmania.
- Growing brand presence in the much larger interstate markets through strategic distribution partnerships.
- Business operations located close to the shipping ports of the North West Coast of Tasmania.

“We find it wonderful working with TasFoods’ outstanding portfolio of world class Tasmanian products. All are brands that are committed to quality, innovation and sustainability - attributes we love here at Two Providores. We are looking forward to continuing to showcase these products and build the brands here in NSW and ACT.”

Sally Gosper, General Manager, Two Providores, Sydney

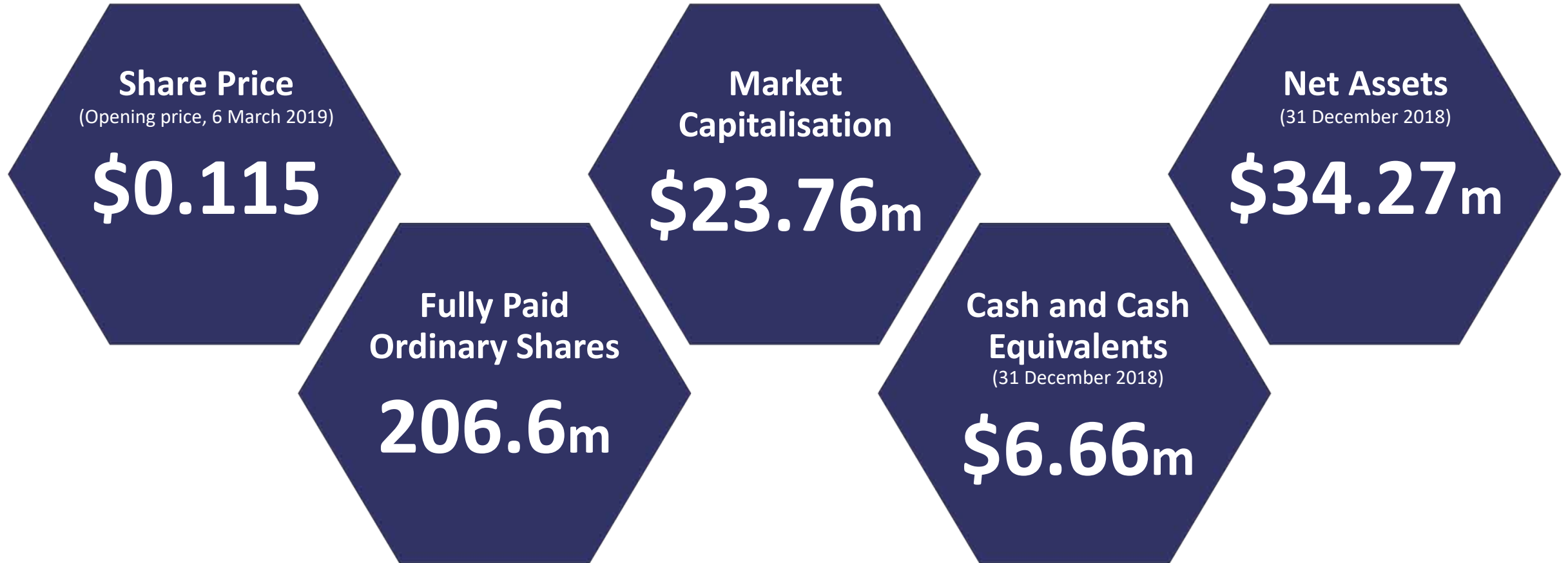
“I choose Nichols Ethical Free Range chicken because they share the same beliefs as we do at Pure South in regards to sustainability and the ethical treatment of animals raised for food. I think the extra care taken and methods for rearing their chickens results in superior flavour, texture and overall quality.”

David Hall, Executive Chef, Pure South, Melbourne

Appendix



Corporate Overview



Board of Directors



Shane Noble
Executive Chairman

Shane has over 20 years experience operating at either the CEO or Executive Chair level in a diverse range of businesses across the consumer foods and agribusiness sectors. Appointed as a Non Executive Director on 30 November 2017, Shane became Executive Chair as of 1 February 2018. In his most recent role Shane was Executive Chairman and CEO of Green Foods Holding for 8 years.

Alexander (Sandy) Beard
Non-executive Director

Sandy is CEO of CVC Limited and has extensive experience in a broad range of businesses with particular expertise in food manufacturing. He is an experienced Board Director and has played important roles in delivering value to shareholders over the past 20 years across a broad spectrum of industries and stages of company growth. He was appointed as a Non-Executive Director on 13 March 2018.

Roger McBain
Non-executive Director

Roger led a Tasmanian based Chartered Accounting firm as a partner for 25 years ultimately leading the successful merging of the practice into Deloitte in 2010. Continuing as a partner at Deloitte for a further 5 years, Roger delivered strong results to the Tasmanian practice, through his extensive experience in a broad range of businesses with particular expertise in FMCG, agribusiness and mining services. Roger currently pursues a number of private business interests including a water remediation technology company, property development, tourism, hospitality and retail investments.

Jane Bennett
Managing Director & CEO

Jane has over 20 years of experience as a senior executive in vertically integrated dairy businesses in Tasmania and the UK. She has extensive past experience in regional provenance branding as Chair of the Tasmanian Food Industry Council, Board Member of the Brand Tasmania Council and Nuffield Scholar studying Place of Origin Branding. Jane has previously served on the Boards of Australian Broadcasting Corporation, CSIRO, and Food Innovation Australia Ltd. She is a Fellow of the Australian Institute of Company Directors. Jane was named 2010 Tasmanian Telstra Business Woman of the Year and 1997 Australian ABC Rural Woman of the Year.

Janelle O'Reilly
Company Secretary & General Counsel

Janelle is an experienced corporate lawyer and chartered company secretary having worked for ASX listed entities Crane Group Limited and Ruralco Holdings Limited and as General Manager Governance with Aurora Energy.

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