



TASFOODS LTD

Investor Presentation

Acquisition of selected assets and brands of Betta Milk Co-operative Society
June 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.

TasFoods has a strong and loyal customer base in Tasmania and continues to focus on its vision to showcase the State's finest produce to the world.

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

Poultry



NICHOLS
POULTRY

Dairy



MEANDER VALLEY
DAIRY



PYENGANA
DAIRY



ROBUR FARM
DAIRY

Horticulture



SHIMA
WASABI

FY18* Company Highlights

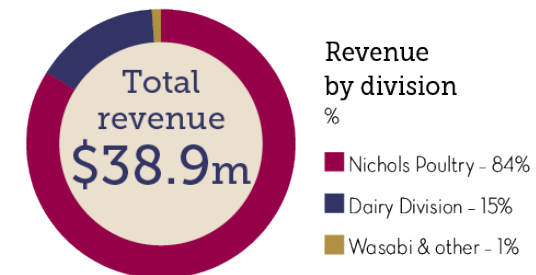
FY18 was a year of strong growth for TasFoods, setting the company on a pathway to profit.

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)



TasFoods' Dairy Operations

TasFoods has a small, strongly growing dairy business with a diversified suite of brands and product types. Sales revenue grew by 140% in FY 2018 to \$5.96 million.

Premium Quality Artisan Cheese

Sold to independent retail, premium food service and hospitality customers.

- Pyengana Dairy Cloth Matured Cheddar
- Pyengana Dairy St Columba Blue
- Robur Farm Marinated Goat Cheese
- Robur Farm Spreadable Chevre

Indulgent Cream and Butter

Sold to national retail supermarkets, independent retail, premium food service and hospitality customers.

- Meander Valley Dairy Double Cream
- Meander Valley Dairy Crème Fraiche
- Meander Valley Dairy Clotted Cream
- Meander Valley Dairy Cultured Butter

Premium Milk

Sold to major retail chains in Tasmania, food service customers in Tasmania and independent retail in Tasmania and NSW.

- Pyengana Dairy White Milk Range – Full Cream, Non Homogenised and Light.
- Real Milk – Non Homogenised
- Pyengana Dairy Premium Flavoured Milk
- Robur Farm Goat Milk

Sales revenue (\$'000)



Dairy Expansion



TasFoods Expands Dairy Business with Purchase of Betta Milk

Transformational acquisition for TasFoods with significant growth and synergy opportunities.

- On 13 May 2019, TasFoods entered into an agreement to purchase the milk processing assets and brands of the Betta Milk Co-operative Society Limited.
- The cost of the acquisition will be approximately \$11.5 million in cash, funded in part through a fully-underwritten \$8 million non-renounceable rights issue at \$0.12 per share.
- Betta Milk, established in 1956, services the Tasmanian milk market and has market shares of 17% of Tasmanian fresh milk sales and 37% of branded milk sales.
- In FY19*, Betta Milk is expected to deliver net sales revenue of approximately \$16.7 million and a normalised EBITDA of approximately \$0.8 million before synergy benefits and growth opportunities are realised, excluding one-off integration costs.
- Acquisition includes Betta Milk's export-accredited processing facility in Burnie, and distribution centres in Launceston and Hobart.
- Acquisition is expected to complete in late July 2019.

**Betta Milk completes its FY19 financial year on 30 June 2019.
TasFoods completes its FY19 financial year on 31 December 2019.*

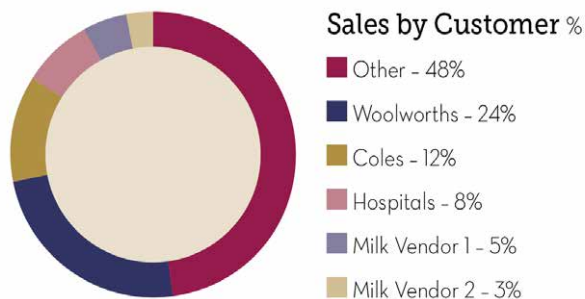


Betta Milk Customer and Product Mix for FY19

Betta Milk has a diversified customer mix, all located in Tasmania, with the top 10 customers representing 60% of sales. No individual customer represents more than 24% of total sales.

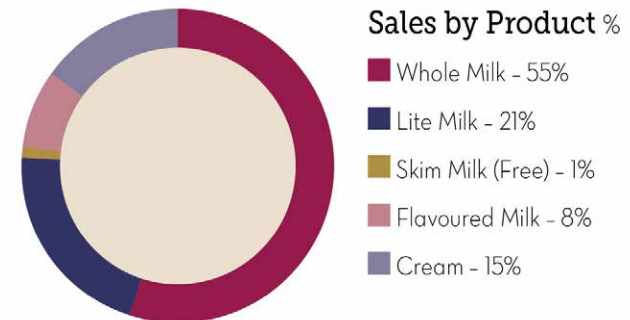
Major customers include:

- Woolworth and Coles stores in Tasmania, which combined represent 36% of sales.
- State-wide contracts with Tasmanian Department of Health and Human Services.
- Vendor network of 17 independent businesses purchasing milk to resell to customers.
- Independent retail stores in Tasmania.
- Fast food restaurant chains.



Betta Milk has a simple product mix derived from whole milk with a range of product sizes including:

- 10 litre bulk bladders.
- 4 litre, 3 litre, 2 litre, 1 litre, 600ml, 300ml, 200ml bottles.
- 1 litre, 600ml, 300ml, 200ml cartons.



Betta Milk Assets

Key assets included in the Betta Milk purchase are:

- Export accredited processing facility located at 147 Old Surrey Road, Burnie, which includes:
 - High speed volumetric filler and associated equipment installed in 2018.
 - 1 refrigerated delivery vehicle.
- Refrigerated distribution centre located at 9-11 Montague Street Invermay, Launceston, which has:
 - 3 refrigerated rooms and office.
 - 8 refrigerated delivery vehicles.
- Refrigerated distribution centre located at 10 Sunmont Street Derwent Park, Hobart, which includes:
 - 3 refrigerated rooms and office.
 - 6 refrigerated delivery vehicles.
- Coolroom and land located at 22 Emmett St, Smithton.



Key Attributes of the Betta Milk Assets

Processing Plant Upgrade

Betta Milk has invested in equipment to support business growth.

In 2018, Betta Milk invested in a new high speed volumetric filler and associated equipment. This capital upgrade has provided a number of advantages to the business, including:

- Increase in processing capacity of more than 50%.
- Increase in shelf life by up to 7 days enabling supply of milk to interstate and export markets.
- Reduction in give-away through volumetric filling.
- Capacity to fill both PET and HDPE bottles which provides flexibility to meet robust packaging requirements for export and interstate customers.

Distribution Network

The Betta Milk distribution network provides a refrigerated delivery service that covers all of Tasmania.

- Betta Milk owns refrigerated distribution centres in Hobart and Launceston. Each facility has excess storage capacity of approximately 40%. Each facility runs a number of company owned refrigerated trucks servicing retail, route trade markets and food service customers.
- Betta Milk owns or leases small coolroom facilities in the townships of Ulverstone, Smithton and Zeehan to provide local storage of products for collection by milk vendors.
- A network of 17 milk vendors complement the company owned delivery service, supplying product to customers across regions which are not supplied directly.

Betta Milk Complements and Strengthens TasFoods Dairy Business

The acquisition of Betta Milk is another step in TasFoods' strategy to build a successful premium food business leveraging Tasmania's unique environmental and marketing advantages.

Strategic advantages include:

- Existing revenue stream of approx. \$16.7 million (FY18).
- EBITDA positive operations, FY19 forecast of \$0.8 million.
- Leading Tasmanian dairy brand with loyal customer base.
- Tasmanian customer profile complementary to TasFoods' existing brands and business divisions.
- Significant excess processing capacity presenting multiple opportunities for growth within Tasmania, other states and export markets.
- Facility in Burnie recently upgraded to include high-speed volumetric bottle filling system which has doubled production capacity and increased shelf-life of products.

Synergies with existing operations include:

- Complements existing dairy brands – Pyengana Dairy, Meander Valley Dairy and Robur Farm.
- Expands present distribution network whilst enabling freight and logistics cost savings.
- Improved buying power for raw materials and packaging through increased volume.
- Streamlining of milk bottling operations into the one location – export-accredited Burnie facility.
- Provides greater scale and market presence for the combined dairy business and leverages present resources and facilities.

Growth Opportunities from Betta Milk Acquisition

Significant merger benefits and growth opportunities over the short and medium term are expected from the Betta Milk acquisition. The combination of Betta Milk's processing assets and TasFoods' strong market offering will create a scalable dairy business.

- Excess processing capacity at Betta Milk's Burnie facility provides opportunities to tender for future contracted milk business to increase revenue streams.
- Opportunities to leverage TasFoods' recently registered Van Diemen's Land Dairy brand in mainland and Asian markets.
- Processing efficiencies and extended fresh milk shelf life capabilities provides opportunities for expansion into interstate and international markets.
- Further enhances the opportunity to showcase the State's finest produce whilst retaining a solid focused market position in Tasmania.
- TasFoods will continue to support the Betta Milk brand in the Tasmanian market where it has a strong and loyal following.
- A number of incremental new product opportunities have been identified which can be brought to market.

Pro Forma Balance Sheet Post Acquisition

	31 Dec 2018 \$'000	Capital Raising Impact* \$'000	Betta Milk Acquisition Impact** \$'000	Proforma Post Capital Raising and Acquisition \$'000
Current Assets				
- Cash and cash equivalents	6,658	7,500	(11,115)	3,043
- Receivables	2,609	-	-	2,609
- Biological Assets	2,432	-	-	2,432
- Inventory	2,572	-	376	2,948
- Prepayments	542	-	-	542
Total Current Assets	14,814	7,500	(10,739)	11,575
Non-Current Assets				
- Property, Plant and Equipment	17,458	-	5,616	23,074
- Intangibles (including brands)	8,673	-	5,576	14,249
- Other	275	-	-	275
Total Non-Current Assets	26,406	-	11,192	37,598
Total Assets	41,220	7,500	453	49,173
Current Liabilities				
- Payables	3,976	-	-	3,976
- Borrowings	1,470	-	-	1,470
- Provisions	623	-	453	1,076
Total Current Liabilities	6,069	-	453	6,522
Non-Current Liabilities				
- Borrowings	727	-	-	727
- Provisions	156	-	-	156
Total Non-Current Liabilities	883	-	-	883
Total Liabilities	6,952	-	453	7,405
Net Assets	34,267	7,500	-	41,767
Equity				
Contributed Equity	46,354	7,500	-	53,854
Reserves	390	-	-	390
Accumulated Losses	(12,477)	-	-	(12,477)
Total Equity	34,267	7,500	-	41,767

* Net costs of the Offer.

** Balance as per Betta Milk Co-operative Society Limited unaudited 31 March 2019 financial statements.

Set out in the table is the Company's; (i) statement of financial position as at 31 December 2018 (audited), and; (ii) pro forma statement of financial position as at 31 December 2018 (unaudited), giving effect to the Acquisition and Rights Issue as though these transactions had occurred as at 31 December 2018 (Pro Forma Balance Sheet).

The Pro Forma Balance Sheet is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Company's annual report (Annual Report) (which is prepared in accordance with the accounting standards) and cannot be expected to provide as full an understanding of the Company's financial position as a statement of financial position in the Annual Report.¹

The Pro Forma Balance Sheet is indicative only and is not intended to be a statement of the Company's current financial position.

The financial information "as at" 31 December 2018 is from TasFoods' 2018 Annual Report lodged with the ASX on 27 February 2019.

The Pro Forma Balance Sheet has not been audited, has been prepared for illustrative purposes only and gives effect to the following transactions as if they had occurred on 31 December 2018:

- the Acquisition; and
- the Rights Issue.

Investors should be aware that a number of transactions have occurred post-31 December 2018 that have not been reflected in the pro forma balance sheet. These omitted transactions will be included in the Company's financial statements prepared for the half year ending 30 June 2019.

¹ The Pro Forma Balance Sheet is indicative only and is not intended to be a statement of the Company's current financial position.

Non-Renounceable Rights Issue Overview

- Rights Issue to raise \$8 million, comprising:
 - A 1 for 3.099 non-renounceable rights issue.
- The Issue Price for the Rights Issue is \$0.12 per New Share. This represents a:
 - 25% discount to the last trading price of the Company's shares on ASX on Wednesday, 19 June 2019 (the last trading day immediately before TasFoods announced it would be proceeding with the Rights Issue).
- Rights Issue is expected to open on 1 July 2019 and close at 5pm (Sydney time) on 12 July 2019.
- The Record Date for the Rights Issue is 7pm (Sydney time) on 25 June 2019.
- The Rights Issue is fully underwritten by Wentworth Global Capital Partners.
- The Rights Issue is non-renounceable. This means that shareholders' rights to subscribe for New Shares under the Rights Issue are not transferable.

Rights Issue Timetable

Indicative Timetable

The anticipated timetable for the Rights Issue is as follows:

Event	Date
Lodgement of Appendix 3B and cleansing notice including Offer Booklet and Investor Presentation with ASX	Thursday, 20 June 2019
"Ex" date (date from which Shares trade without an Entitlement)	Monday, 24 June 2019
Record date for the Rights Issue (Record Date)	7pm, Tuesday, 25 June 2019
Mailing of Offer Booklet and Entitlement and Acceptance Forms	Friday, 28 June 2019
Rights Issue opens	Monday, 1 July 2019
Rights Issue closes (Closing Date)	5pm, Friday, 12 July 2019
Trading in New Shares (on a deferred settlement basis) starts	Monday, 15 July 2019
Announcement of shortfall (if any) under the Rights Issue	Wednesday, 17 July 2019
Issue of New Shares under the Rights Issue	Friday, 19 July 2019
Trading of New Shares (on a normal settlement basis) starts	Monday, 22 July 2019

Note: Times and dates shown above are indicative only and subject to change. All times and dates refer to Sydney time. The Company reserves the right, subject to the Corporations Act, the Listing Rules and the Underwriter's consent, to vary the dates of the Rights Issue without prior notice, including by extending the Rights Issue or accepting late Applications, either generally or in particular cases, or to withdraw the Rights Issue. The commencement of quotation of New Shares is subject to confirmation from ASX. References in the above noted Rights Issue timetable to "New Shares" includes a reference to "Additional New Shares" if the context requires.

Key Risks - Corporate

A number of risks and uncertainties, which are both specific to TasFoods and of a more general nature, may affect the future operating and financial performance of TasFoods and the value of its shares.

While some common risk factors are set out below, it is not possible to produce an exhaustive list. You should carefully consider the following risk factors, as well as the other information provided by TasFoods in connection with the Rights Issue, and consult your financial and legal advisers before deciding whether to invest.

The risks and uncertainties described below are not the only ones facing TasFoods. Additional risks and uncertainties that TasFoods is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect TasFoods' operating and financial performance.

Share Price Volatility

The value of securities can be expected to fluctuate depending on various factors including the general condition of the Australian economy, general worldwide economic and political conditions, changes in government policies, taxation changes and legislative or regulatory changes, investor sentiment, inflation levels, movements in the price of shares, movements in interest rates and stock markets, commodity prices, industrial disruption, environmental impacts, international competition, and other factors which may affect the Company's financial performance and position. Many of these factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company. Accordingly, assuming that the New Shares (and if applicable, the Additional New Shares) are granted official quotation by ASX, they may trade on ASX at higher or lower prices than the Issue Price.

Dividend Payment

Neither the New Shares (nor the Additional New Shares, if applicable) carry a guarantee with respect to the payment of dividends, returns of capital or the market value or liquidity of those Shares.

Key Risks - Operational

Supply Risk

Ensuring our input supply is secure, stable and reliable.

TasFoods is reliant on a number of key suppliers for inputs such as hatchlings, milk, cream and animal feed. We have strong relationships and contracts with our suppliers to ensure that quality, quantity and price are stable. Where appropriate and able, TasFoods is diversifying supply channels to reduce risk levels and dependence on key suppliers.

Market Risk

Delivering on our customer promises and growing our customer base.

TasFoods has a number of large key customers and the loss of one or more would have a detrimental impact on TasFoods as a whole. TasFoods mitigates this risk by investing in its relationships, ensuring it delivers product in accordance with our customer's specifications, growing our customer base and entering into contracts for supply. In addition, TasFoods responds to changing customer compliance requirements via upgrading facilities and processes. TasFoods has also developed a point of difference in our products which reduces the risk of substitution.

Safety Risk

Ensuring our products are safe for customers and our staff are safe at work.

Food safety and workplace health and safety are risks (the occurrence of which could be materially detrimental to TasFoods) that must be managed by Tasfoods at all times. We have built strong quality and safety assurance systems which are externally audited against relevant standards, are overseen by highly skilled staff and a culture committed to food and people safety. In addition, TasFoods holds relevant insurances to further mitigate food safety and workplace health and safety risks.

Biosecurity Risk

Minimising the risk of disease and infection impacting our animals, plants and inputs.

Careful site management, biosecurity measures and good husbandry and agricultural management are used to manage TasFoods risk of exposure to disease, infection and contamination. Significant disease outbreaks may result in mass mortality of livestock or loss of plants, having a significant impact on saleable goods. Such an event could have a materially adverse impact on TasFoods. Suppliers undergo an approval process to ensure inputs comply with product specifications. These are internally and where appropriate externally audited and monitored for compliance.

Key Risks - Acquisition

Integration

Achieving the synergies available from the acquisition of the Betta Milk assets.

Successful integration of the Betta Milk operations into the TasFoods structure will be complex. To manage this complexity there will be a dedicated Integration Manager and Integration Team to lead the process. TasFoods employs a number of people with extensive dairy processing experience who will form part of the integration team. The TasFoods dairy and sales teams have existing relationships with the key customers of Betta Milk and major suppliers of ingredients and packaging. To the extent that Betta Milk's milk assets and brands are not able to be integrated as expected, additional costs may be incurred by TasFoods.

Finished Goods and Raw Material Price Changes

Managing pricing risk.

The majority of company products are derived from raw materials that are subject to fluctuating market conditions. The business will continue to focus on generating savings from cost of production and review customer pricing to manage margins.

Experienced Food and Dairy Team Leading Integration



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.



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.



Donna Wilson
CFO

Donna is a qualified finance executive with over 18 years of experience working within public practice at KPMG, ASX listed companies and at an executive level in statutory government authorities. Donna holds a Masters of Business Administration in Corporate Governance and a Bachelor of Commerce. She is a member of the Chartered Accountants Australia and New Zealand.



Tom Woolley
COO

Tom Woolley is an experienced investment manager with over 11 years of private equity and investment banking experience. Tom worked at Credit Suisse for 3 years followed by 8 years as a Director at Ironbridge Capital, an Australian private equity company focused on growth investments. He holds a Bachelor of Commerce (Honours) and a Bachelor of Science. Tom is a graduate of the Tasmanian Leaders program.



David Bennett
Chief Sales and
Marketing Officer

David has extensive experience in national sales, distribution and marketing of fast moving consumer goods, specialising in premium dairy products. David holds a Bachelor of Laws (Honours) and Bachelor of Commerce and has completed a Graduate Diploma in Legal practice. He previously served as Inaugural Chair of the North West Tasmanian Tourism, Cradle to Coast Tasting Trail



Leigh Austin
Dairy Operations
Manager

Leigh has over 30 years of experience in the dairy processing industry working for large dairy companies in a variety of production and quality management roles. Leigh has also worked as a food safety auditor conducting audits on behalf of the Tasmanian Dairy Industry Authority and AQS. Leigh holds a Bachelor of Applied Science in Dairy Technology. He has previously worked with TasFoods for 3 years in the position of Operational Compliance Manager

Further Shareholder Information

For further information on the Rights Issue, shareholders can use the following contacts:

- TasFoods Shareholder Information Line;
 - During office hours (Monday to Friday 9am to 5pm Sydney time) on 1300 407 677 (or internationally on +61 1300 407 677).
- Dedicated website address www.tasfoods.com.au/rightsissue
- If you require advice on the Rights Issue contact your stockbroker or professional adviser.

Disclaimer

This presentation is provided by TasFoods Ltd ACN 084 800 902 (TasFoods) to provide summary information about TasFoods and its subsidiaries and their activities as at the date of this presentation. In addition, summary information relating to Betta Milk has been provided based on due diligence enquiries made by TasFoods as part of its acquisition of Betta Milk. TasFoods is not able to verify any statements regarding Betta Milk or its activities but is not aware of any information regarding Betta Milk or its activities that would render these statements misleading or deceptive. The information in this presentation is of a general nature and does not purport to be complete and may change without notice. Undue reliance should not be placed on the information contained within this presentation for investment purposes as it does not take into account personal investment objectives, financial position, circumstances or needs. These factors should be considered, with professional advice, when deciding if an investment is appropriate.

The financial information includes non-IFRS information which has not been specifically audited in accordance with Australia Accounting Standards but has been extracted from the 2018 annual report and other available financial information.

This presentation contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. No representation, warranty or assurance (express or implied) is given or made by TasFoods that the forward looking statements contained within this presentation are accurate, complete, reliable or adequate, or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, TasFoods and its respective officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered from any person as a consequence of any information in this presentation or any error or omission from it.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, TasFoods disclaims any obligation or undertaking to disclose any updates or revisions to any forward looking statements in this presentation to reflect any changes in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in this presentation shall under any circumstances create an implication that there has been no change in the affairs of TasFoods since the date of this presentation.