

FY19 Trading Results Update

- **Saint David Dairy generates \$1 million EBITDA, with revenue up circa 23%.**
- **Maggie Beer Products generates positive circa \$2 million EBITDA after \$3 million turnaround.**
- **While momentum has been building for Paris Creek Farms, current performance results have led to a one-off non-cash goodwill impairment of circa \$15 million.**
- **Paris Creek Farms generates a normalised \$4m EBITDA loss.**
- **Strong cash position of \$9.8 million at 30 June 2019 to support future Group operations.**

Longtable Group Limited (**ASX:LON**) (**the Company**) provides the following trading update in relation to the Company's financial performance over the 12 months ended 30 June 2019.

Saint David Dairy EBITDA of \$1 million, with revenue up circa 23%

Saint David Dairy has continued to expand its footprint in Melbourne and Sydney, both in terms of customer numbers and product mix. Sales revenue in FY19 increased circa 23% to circa \$7 million, predominantly reflecting growth in butter as well as growth in the Sydney market.

FY19 EBITDA margin will be between 14% to 15% of revenue, with positive cash flows from operations of circa \$0.9 million.

Led by Jamie Kitchen, newly appointed General Manager, Saint David Dairy is in a strong position to continue delivering on its growth trajectory, with the team focused on further growing revenue and EBITDA through:

- outstanding product quality and extending its existing product range;
- increasing distribution via selected retailers, cafes and restaurants;
- enhancing the supply chain to drive efficiencies in operations; and
- developing collaborative, lasting partnerships with existing and new customers such as Lune Crossanterie, La Madre, Piedemontes and Cumulus, Inc.

Maggie Beer Products generates positive circa \$2 million EBITDA after \$3 million turnaround in EBITDA

The financial performance of Maggie Beer Products was outstanding, reflecting the commitment of its entire team in implementing cost out initiatives that enhanced the business' operations while not impacting the top line performance of the business.

Net trading revenue for FY19 was up 9% to circa \$21 million, with a \$3 million positive turnaround in EBITDA to circa \$2 million.

Reflecting a renewed level of product innovation, the key growth categories for Maggie Beer Products were cheese and stocks.

Maggie Beer Products is pursuing opportunities in further category development aligned with the brand including plant-based meals and new entertaining products. The Company is also

in discussions to expand its export footprint, particularly to markets such as India, where a strong following of the Masterchef series will complement a launch into that market.

Maggie Beer Products is strongly positioned to continue to grow in FY20.

Paris Creek Farms' performance reflects challenging trading conditions but momentum building

Business performance for FY19 was challenging for Paris Creek Farms with a number of changes to the business implemented in early FY19 delivering limited success in its early phases and resulting in a normalised EBITDA trading loss of circa \$4 million.

The changes during the year included price increases across the Paris Creek Farms' product range that were implemented to better reflect the cost of biodynamic and organic milk, new packaging to improve brand positioning and the re-branding of products.

The changes in October 2018 to milk packaging and pricing produced the most significant impact to the business, with sales in South Australia declining as a result. A return to the former, familiar 1 litre and 2 litre milk bottle format has underpinned recent improvements in volume and margins.

Biodynamic-organic milk supply increased by circa 7% for the year from the existing farmer base. Expansion of biodynamic-organic milk supply will continue into FY20, with further expansion from existing farms and the addition of new farms when required.

In recent months, Paris Creek Farms has achieved several milestones that demonstrate the brand's ongoing potential. These include expansion of the Triple Cream Camembert range with Coles to more than 260 stores, ranging of butter in Coles nationally, continuing improvement of milk sales in South Australia, increasing ranging of products across Harris Farms' store network, and Metcash continuing to expand ranging and distribution. These are expected to contribute circa \$1 million in additional revenue in FY20.

To better reflect the business model, a number of cost out initiatives were implemented during late FY19 that are expected to deliver annualised gross savings of approximately \$2 million in FY20. As a result, the business is expected to deliver a cash flow positive monthly position during 2H FY20 and build towards sustainable long-term profits.

One-off non-cash goodwill impairment to Paris Creek Farms

In accordance with Accounting Standards, a one-off non-cash impairment of goodwill of around \$15 million is expected. At this stage, it is estimated Paris Creek Farms' net statutory loss before tax will be approximately \$6 million to \$7 million before impairment.

In assessing the carrying value of Paris Creek Farms, key inputs were updated to reflect revised sales forecasts factoring the re-brand in FY19, increased recent milk prices and the impact on the cost base following cost out initiatives. In accordance with Accounting Standards, growth from new product development and possible new markets and customers have not been factored in the fair value assessment.

It is anticipated the balance sheet carrying value of the goodwill in Paris Creek Farms will be reduced from its current value of \$27 million to circa \$12 million. The final carrying value is subject to further internal review and external audit.

Strong cash position to support the group's operations

Longtable Management have completed a review of the cash flow requirements of the business for the next two years and are confident that the Company's current cash position will strongly support the business.

Longtable Group's cash position stood at \$9.8 million as at 30 June 2019.

In review of the financial performance, Managing Director, Laura McBain said: "We are obviously disappointed with the results for Paris Creek Farms and the resultant one-off non-cash write down of goodwill on the balance sheet. The last two years at Maggie Beer Products have demonstrated Management's capability to successfully turnaround a premium food brand, and we are confident that we have the right skills in place to turnaround Paris Creek Farms in a similar way. We are delighted with the result of Maggie Beer Products and the continued growth at Saint David Dairy."

All financial information outlined in this ASX announcement is unaudited and subject to change. Longtable plans to release its audited financial results for FY19 on 29 August 2019.

It should also be noted that the financial information outlined in this ASX announcement is based on internal management reporting and assumes ownership of all businesses for the full financial year for comparative purposes. The audited statutory accounts to be released will report on the financials from date of acquisition of each business.

Briefing session for investors and analysts to be held at 11.00am AEST on 29 August 2019

To pre-register for the briefing and avoid a queue when calling, please follow the link below:

<https://s1.c-conf.com/diamondpass/longtable-10001853-invite.html>

If you are unable to pre-register, at the time of the call please dial one of the numbers below and provide the conference ID 10001853 to the operator:

- Australia Toll Free: 1 800 267 430
- Australia Local: +61 (0)2 9008 9006

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