



## **ASX Announcement 11 August 2021**

### **Cobram Estate Olives commences trading on the ASX**

#### **Highlights**

- Cobram Estate Olives Limited commences trading on the Australian Securities Exchange at 11:00am AEST on 11 August 2021
- Cobram Estate Olives was established in 1998 and is the market leader in the Australian olive oil industry, expected to produce more than 70% of Australia's olive oil crop in 2021
- Cobram Estate Olives has invested more than \$200 million on capital and operating expenditure over the past four years to support medium and long-term growth strategies
- Olive trees naturally bear fruit in biennial cycles, with a higher yielding crop one year followed by a lower yielding crop the next. As a result, the financial performance of the business is best assessed based on two-year rolling average results.

Leading Australian olive oil grower and producer Cobram Estate Olives Limited (ASX: CBO, "Cobram Estate Olives" or "the Company") is pleased to announce it has commenced trading on the Australian Securities Exchange (ASX) today at 11am AEST.

Cobram Estate Olives will trade under the code "CBO". It currently has 387,436,594 shares on issue and has more than 850 existing shareholders.

Established in 1998 by Rob McGavin and Paul Riordan, Cobram Estate Olives has become Australia's leading olive oil grower and a producer of world-class extra virgin olive oil. Today it has more than 2.4 million olive trees planted in Victoria and is expected to produce more than 70 per cent of Australia's olive oil crop for 2021.

Co-founder and Chair Mr. McGavin said Cobram Estate Olives' ASX listing was a natural progression for the Company and aimed to provide liquidity for its shareholders, many of whom have been investors for more than 20 years ago.

"As well as providing a liquid market for the company's shares, our ASX listing will offer additional financial flexibility with access to capital markets and give us greater ability to pursue growth opportunities," he said.

Cobram Estate Olives is a leader in sustainable olive farming, with operations in Australia and the USA and has built a portfolio of premium brands. It is well positioned for future growth. From 2017 to 2021, it invested more than \$200 million in operating expenditure and capital expenditure to support its medium- and long-term growth strategies, including growing its vertically integrated business in the USA.

"Paul and I are so proud of what the team has achieved in the past two decades with Cobram Estate Olives, and are excited about its future," Mr. McGavin said.

"In the next 10 years, our fully productive Australian groves are set to increase by another 3,000 hectares, largely from trees already planted."

Much of the Company's success can be attributed to its fully integrated business model that takes a tree-to-table approach, as it manages all aspects of the olive life cycle to ensure every bottle of extra virgin olive oil it produces meets its high standards.

As well as having Australia's largest olive tree nursery, Cobram Estate Olives owns three olive oil mills and two bottling and storage facilities where the company produces oil for its Cobram Estate and Red Island

brands. The Company recently extended its product range to include a variety of health and wellness products sold under the Wellgrove brand, creating value from its olive oil by-products, and minimising its waste footprint.

For the past 20 years, Cobram Estate Olives has made sustainability a core component of its business and has taken measures to maximise quality and yields, whilst achieving a low impact on the environment across its operations. Olive trees are a natural carbon sink, and whilst the ability to capture carbon varies from grove to grove, the International Olive Council estimates that producing one litre of extra virgin olive oil captures an average of 10.65kg of CO<sub>2</sub> from the atmosphere.

“We are committed to operating our business in an environmentally sustainable way and are working to achieve zero-waste on our olive groves,” Mr. McGavin said.

Olive trees naturally bear fruit in biennial cycles, with a higher yielding crop one year followed by a lower yielding crop the next. This is a known and expected natural cycle and is easily managed logistically by the business. Under accounting standards, the profit for each year of harvest is adjusted by the difference between the cost of production and the net realisable value of the oil produced in that year. Hence the profit is recorded in the year of production, rather than the year of sale. This causes material but expected statutory profit variability in two-year cycles depending on if we are in a higher or lower yielding crop year.

“We believe that the application of the accounting standard tends to overstate our performance in high yielding crop years and understate our performance in lower yielding crop years. As a result, the financial performance of the business should be judged on two-year rolling average results,” Mr. McGavin said.

The Company would like all shareholders and prospective shareholders to understand that a true gauge of actual business performance is to average profit across two years (considering both a higher yielding crop year and a lower yielding crop year). 2021 is a high yielding crop year and the forecasted strong profit for 2021 reflects this high harvest. Investors should therefore make allowance in their investment decision making for the fact that the 2022 crop yield will be lower, and the resulting financial figures will be materially lower than the forecast 2021 results.

Bell Potter, Morgans and Ord Minnett were Joint Arrangers to the listing.

Approved by the board of Cobram Estate Olives Limited.

## **Contact details**

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## **About Cobram Estate Olives**

Cobram Estate Olives is Australia’s largest producer and marketer of premium quality extra virgin olive oil. With operations in Australia and the USA, export customers in 17 countries, and a portfolio of premium brands including Australia’s number one extra virgin olive oil\*, Cobram Estate, the Company is a market leader in the Australian extra virgin olive oil industry and a leader in sustainable olive farming.

For further information, please visit <https://cobramestateolives.com.au>.

\* Source: IRI scan data, 1 January – 31 December 2020