

## **Longtable Group completes a transformational half-year**

### **Acquisition of B.-d Farm Paris Creek**

### **Heavily oversubscribed \$45 million capital raising to fund growth**

### **Appointment of Chief Financial Officer and General Manager Sales**

Melbourne, 27 February 2018: Longtable Group Limited (ASX: LON) is pleased to announce its results for the six months ended 31 December 2017 (H1 FY18) – a transformational period that saw the Company progress its vision of building an iconic food and beverage business, with the acquisition of B.-d Farm Paris Creek (Paris Creek), Australia’s largest biodynamic and organic dairy business.

### **Building an iconic food and beverage business**

“The past six months was a period of tremendous change for our company. We are very focused on executing on our vision to acquire and build iconic food and beverage businesses. Over the past six months we considered multiple opportunities in the rich landscape of food and beverage in Australia, and last December settled on Paris Creek.

“The acquisition of Paris Creek represented the best initial opportunity for our company to invest in a business with solid foundations and prosperous growth opportunities in a market we know well – biodynamic and organic. Paris Creek is Australia’s largest biodynamic and organic dairy business producing a range of milk, cheese, yoghurt and butter. It complements the 48% stake of Maggie Beer Products purchased the preceding year”, said Longtable’s CEO and Managing Director Laura McBain.

### **H1 FY18 results reflect period of transformational change**

- Revenue of \$371k
  - Related to trading results of the 8 days of ownership of Paris Creek
- Net loss after tax of \$(3.0) million (H1 FY17: \$(0.2) million)
  - Includes \$2.0 million expense relating to the fair value accounting for share based payments
  - Includes \$120k share loss from Maggie Beer Products
- Net assets of \$55.6 million (30 June 2017: \$9.4 million)
  - Includes Paris Creek, which was acquired on 22 December 2017
- Net cash of \$7.7 million (30 June 2017: \$5.0 million)

The Company’s statutory financial results reflect a period of transformational change, and as a result do not accurately reflect underlying business earnings, which will flow from H2 FY18.

### **Heavily oversubscribed capital raising strengthened our balance sheet**

The \$45 million capital raising over December and January to fund the purchase of Paris Creek and our growth strategy more generally was heavily oversubscribed. Our cash position at 12 February 2018 was \$9.1 million, up from the 31 December 2017 position of \$7.7 million following the acquisition of Paris Creek.

Further strengthening our balance sheet, we have also had independent valuations of the property plant and equipment at Paris Creek following its acquisition, indicating a fair value of \$16 million.

### **Transitioning Paris Creek to a sophisticated business model**

“We are very pleased with our acquisition of Paris Creek. Our immediate focus is transitioning the business from its family owned roots to a sophisticated business model given the exciting growth opportunities we see for this business”, said Mrs McBain.

Key initiatives to drive growth include:

- Expanding distribution and penetration into the Eastern seaboard cities, given 75% of Paris Creek’s current sales are in South Australia
- Appointment of a new General Manager of Sales, Bethaney George, who has a strong history and successful track record in FMCG food brands in Australia
- Optimising the existing product mix with greater focus on value-added higher margin yogurt and cheese products
- Growing the Company’s pool of organic milk in Australia
- Utilising manufacturing capacity from current 12 million litres per annum up to 30 million litres
- Investing in marketing to build brand and underpin growing sales.

### **Maggie Beer continuing to evolve**

The last six months have been a challenging period for this business, with lower gross profit margins caused by the slower than expected rollout of Metcash distribution, sales product mix being skewed towards products with lower margins, and increased spend in promotions. The team at Maggie Beer are undertaking multiple initiatives which is expected to lead into an improvement in its performance.

### **Key priorities for H2 FY18**

Commenting on Longtable’s key priorities for H2 FY18, Mrs McBain said:

“We are in the middle of building the leadership team at Longtable, having appointed a head of sales and more recently a CFO. Having the right team in place is critical to ensure we can build the infrastructure necessary to enable the business to leverage the exciting growth opportunities we see.

“We are in the process of transitioning Paris Creek from its family owned roots to a sophisticated business model and expect to see the benefits from our initiatives start to flow towards the latter part of the second half, and certainly in FY19. At the same time, we are monitoring and assessing our investment in Maggie Beer Products as that company evolves.

“We continue to explore new opportunities to expand the Longtable portfolio of products and brands. We have no intention of slowing down and are very focused on ensuring we successfully integrate Paris Creek into Longtable. The focused strategy we are executing on should deliver attractive, growing long-term shareholder returns.”

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Longtable will be holding a results' briefing teleconference at 11:00am (AEDT) today.

To pre-register for this conference and avoid a queue when calling, please follow the link below. You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event.

<https://services.choruscall.com.au/diamondpass/longtable-766038-invite.html>

If you are unable to register, then at the time of the conference you can call one of the numbers below and provide the conference ID 766038 to an operator:

- Attendee Dial-in (Australia Toll Free): 1800 558 698
- Attendee Dial-in: +61-2 9007 3187