



TASFOODS LTD

INVESTOR PRESENTATION
MAY 2018





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TasFoods is the Tasmanian food specialist.

We are the trusted source for premium Tasmanian products fit for the world stage.

Our products are the essence of Tasmania.

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Company Overview

- TasFoods is a diversified food business focused on leveraging the natural attributes of Tasmania's agricultural and food production environment to create premium food products for sale to Australian and export consumers.
- Our 2017 revenue totalled \$30.7 million with major customers being national retail supermarkets, premium food retailers and a range of distribution channels into premium food service markets.
- The business delivered strong revenue growth of 92% in 2017 through a combination of both organic growth and the strategic acquisition of Pyengana Dairy in October 2017



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The Tasmanian Advantage

Production Advantages

- Tasmania has a cool climate and fertile soils capable of producing a wide range of food products with a high level of water security.
- As an island located in the remote Southern Ocean Tasmania offers biosecurity advantages for high value products.

Branding Advantages

- Tasmania has a strong brand recognised internationally as a source of premium quality food.
- Tasmania's island status provides identifiable geographic boundaries that make the place of origin easy to identify and relate to.

How we leverage being Tasmanian

- We have strong defendable position for sales within Tasmania to a loyal local community and are able to introduce our brands to visitors through restaurants and cafes, providing a foundation for expansion into interstate and export markets.
- We underpin the premium branding of our food products through the positioning of the Tasmanian brand, enhancing access to new markets interstate.
- We understand and are connected to the Tasmanian agricultural, tourism and business environment



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Brand Strategy

Tasmanian origin is at the heart of all our brands. We value the rich heritage of the brands we produce.

The Tasmanian Food Co is an endorser brand that has been developed to market premium products produced by TasFoods owned businesses.

For products to be labelled under The Tasmanian Food Co endorser brand they must first meet the quality and animal welfare standards, along with the values and beliefs of the brand;

- **Passion** for Tasmania and our products
- **Accountability** in our people
- **Respect** for each other, our animals, the environment and our stakeholders
- **Trust** in the authenticity of claims we make about our business and our products



The **TASMANIAN FOOD CO**



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Business Streams and Brands



Protein

Nichols Poultry
Nichols Ethical Free Range Chicken
Nichols Kitchen



Dairy

Meander Valley Dairy
Pyengana Dairy
Robur Farm Dairy



Horticulture

Shima Wasabi

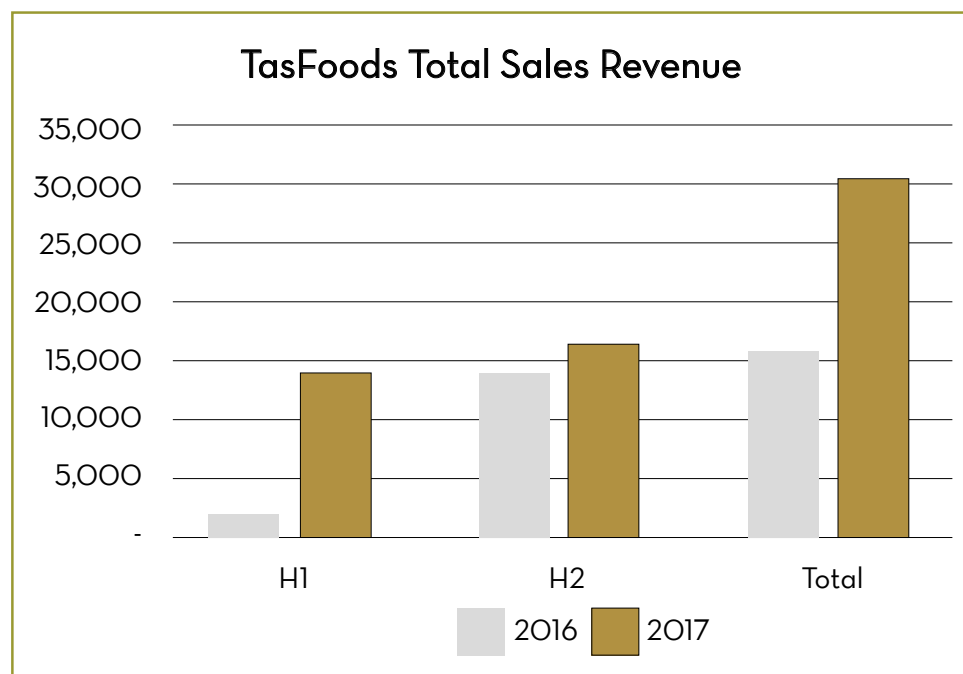


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Financial Results 2017

- Strong revenue growth of 92% was achieved in 2017
- 2017 revenue growth reflects the purchase of Nichols Poultry and Shima Wasabi in June 2016 and a full 12 months of trading for these business units in 2017. 2017 sales revenue includes 3 months of trading for Pyengana Dairy
- 2017 results include the impairment of Shima Wasabi Goodwill of \$2.116 million

	2017 \$'000	2016 \$'000
Sales Revenue	30,743	15,980
Trading Net Loss	(4,710)	(2,982)
Profit/(Loss) before income tax expense	(6,639)	(2,206)
Loss after income tax expense	(6,808)	(2,577)



Balance Sheet

- Net assets declined during the year by \$3.4 million, however total assets grew by \$1 million as a result of the acquisition of Pyengana Dairy and the integration of the business operations.
- Intangible assets include the impairment of Shima Wasabi goodwill for \$2.1 million.
- Total borrowings grew by \$1.6 million as a result of financing production equipment purchased to improve processing efficiency.
- Other non current liabilities of \$1 million represent deferred tax liabilities.

	2017 \$'000	2016 \$'000
Current Assets		
- Cash and cash equivalents	9,663	11,862
- Receivables	2,799	2,222
- Biological assets	1,932	1,814
- Other	2,363	1,569
Total Current Assets	16,757	17,467
Non-Current Assets		
- Property, plant and equipment	14,944	12,793
- Intangibles	8,673	8,989
- Other	328	423
Total Non-Current Assets	23,945	22,205
Total Assets	40,702	39,672
Current Liabilities		
- Payables	4,775	3,117
- Borrowings	1,255	690
- Provisions	524	373
Total Current Liabilities	6,554	4,180
Non-Current Liabilities		
- Borrowings	1,379	321
- Provisions	144	98
- Other	979	-
Total Non-Current Liabilities	2,502	419
Total Liabilities	9,056	4,599
Net Assets	31,646	35,073

Focus areas for 2018 - 19

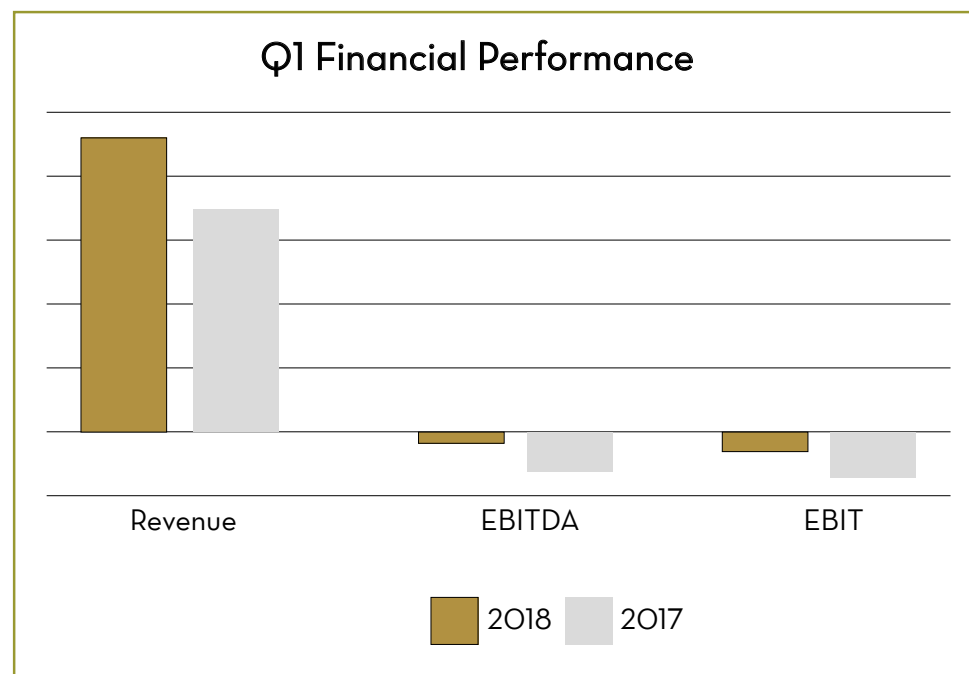
- Establish strategic distribution partnerships to broaden ranging across the national independent retail network.
- Crystallise new opportunities in specialised food service market.
- Commence dairy exports through strategic distribution partnerships.
- Drive production efficiency program through processing operations.
- Expansion of chicken contract grower network to increase chicken growing capacity.
- Capital Investment initiated for Nichols Poultry to improve throughput and process efficiency.
- Refine and optimise the fixed cost base.



Q1 Financial Performance 2017 and 2018

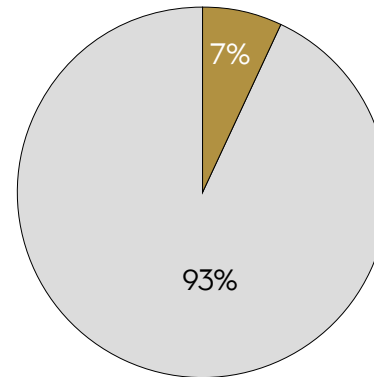
Financial results for the first quarter of 2018 have seen a significant improvements across the board in revenue and gross margin. A combination of improved cost control and manufacturing efficiency has improved gross margins

	2018	2017	% Growth
Revenue	\$9.287	\$7.177	29%
Gross Margin	27%	22%	5%
EBITDA	(\$0.236)	(\$1.172)	80%
EBIT	(\$0.496)	(\$1.350)	63%

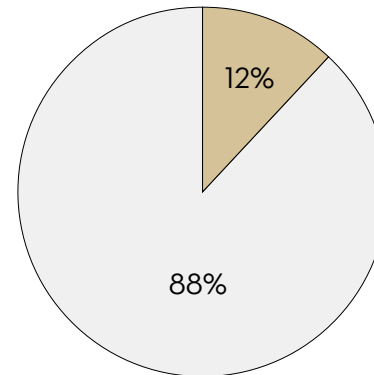
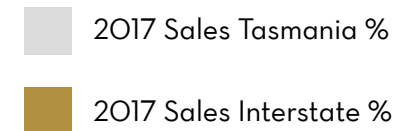


Growth in Interstate Sales

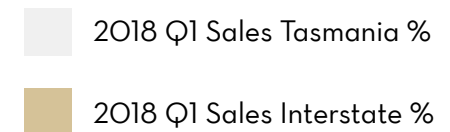
- 93% of all product sales revenue in 2017 was generated in Tasmania.
- Strategies to grow interstate sales have seen the percentage of interstate revenue grow overall from 7% to 12% in Q1 2018 on the back of a 29% growth in revenue. The largest area of growth from interstate sales has been in dairy products.



2017 % of Total Sales



Q1 2018 % of Total Sales



Summary

- 2017 delivered strong 92% year on year revenue growth for TFL but a disappointing \$4.7M trading loss
- The corporate foundations for a diversified premium food business are in place but at the end of calendar 2017 with full year annualised revenue of circa \$30M+ the business was still “sub-scale”
- We have continued to see strong organic growth of 20% in Q1 2018 compared to Q1 2017 on a like for like basis (excluding Pyengana) and we expect Q2 2018 to show similar strong growth against prior year but its revenue will be relatively flat compared to Q1 2018. A number of ranging and distribution gains have been crystallised during the first half 2018 which will see the business deliver strong growth in 2nd half 2018 compared to 1st half.
- Acquisition will continue to be part of the strategic growth plan and the aspirational goal is to eventually have a business foundation built on 3 key product categories, Chicken, Dairy, and one other.

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