

# TasFOODS LTD

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ABN 53 084 800 902 ACN 084 800 902

**ASX Announcement:** 30 April 2019

## Continued positive operating cash flow

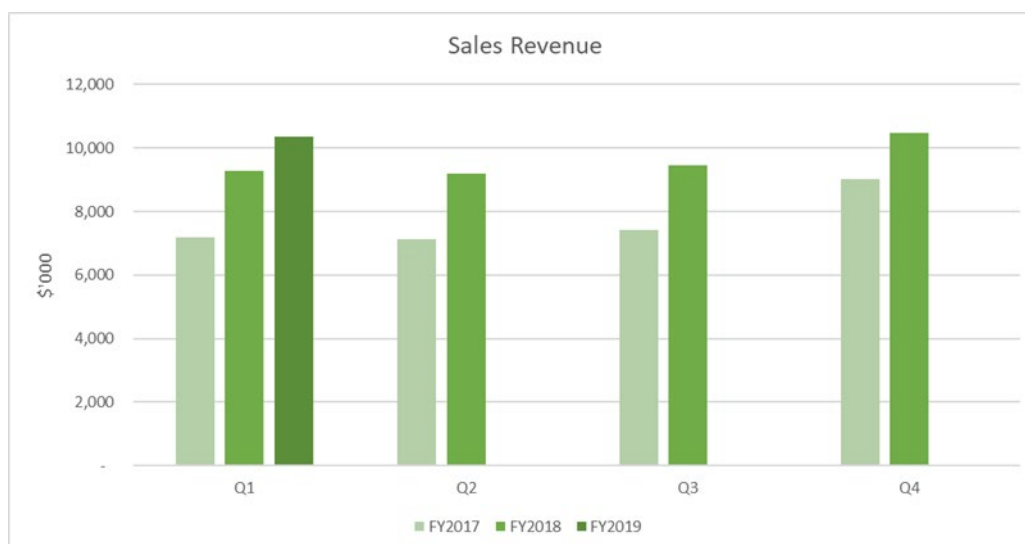
**Q1 2019 sales up 11% on Q1 2018**

**Q1 2019 operating EBITDA up 21% on Q1 2018**

### Business Update and Appendix 4C for the quarter ended 31 March 2019

TasFoods Limited (ASX: TFL) today announced a third successive quarter of positive operating cash flow. Unaudited results for Q1 2019 also showed sales revenue of \$10.348 million, 11% above Q1 2018; a 7% increase in gross profit to \$2.639 million; and a 21% improvement in operating EBITDA.

	Q1 2019 \$'000	Q1 2018 \$'000	Change \$'000	Change %
Sales Revenue	10,348	9,287	1,061	11%
Gross Profit	2,639	2,474	165	7%
Gross Profit Margin	26%	27%		-1%
Operating EBITDA	(187)	(237)	50	21%



Shane Noble, TasFoods Limited's Executive Chairman, said: "Q1 2019 has progressed in line with expectations, consolidating the gains of 2018 and positioning the business for its next stage of growth. We are particularly pleased that sales momentum continued, with only a 1% reduction from seasonal Christmas period sales in Q4 2018."

“While margins weakened slightly in Q1 2019, they were in line with our expectations. Both the dairy and chicken industries are experiencing commodity price headwinds and TasFoods is progressing a number of initiatives to offset any further margin impact. Optimisation and cost control will be a focus in H1 2019, while in H2 2019 we will target revenue growth through strategic initiatives including increased volume in our poultry division and expansion of our dairy division's product range and distribution.”

### **Financial Highlights for Q1 2019**

- **Sales revenue** was 11% higher than Q1 2018. Dairy sales grew by 40% reflecting the increased retail ranging and expanded distribution network for Meander Valley Dairy Double Cream and Pyengana Dairy Milk. Chicken sales grew by 7% due to the increased volume of chicken available for sale from the new chicken growing sheds that came on line in Q4 2018 and Q1 2019.
- **Gross profit** increased by 7% compared to Q1 2018. Gross profit margin, however, contracted by 1% to 26%, consistent with management expectations and due to industry-wide price increases for grain which is one of the business' largest inputs. Management have identified opportunities to offset commodity price headwinds which are being implemented progressively over H1 2019.
- **Operating EBITDA** for Q1 2019 improved by 21% to negative \$0.187 million from negative \$0.237 million in Q1 2018 and a 6% improvement from Q4 2018 (negative \$0.199 million).

### **Q1 2019 Key Achievements**

#### ***Expansion of Dairy Product Range***

The range of Meander Valley Dairy cream products was expanded as a result of customer demand in the food service sector. The new products will be released as a retail range in H2 2019 with packaging that complements existing product lines.

A new blue cheese was also released under the Pyengana Dairy brand and is being sold through existing distribution channels to premium retail and food service customers.

#### **Growth in Interstate Markets**

TasFoods has continued to pursue its strategy to increase dairy and poultry sales to interstate markets. A distributor in New South Wales has been appointed to distribute Pyengana Dairy fresh milk products to the independent retail trade and food service markets. The range of Nichols Poultry products will be expanded through the company's existing New South Wales poultry distributor for retail and food service customers. Sales from these initiatives will commence in late Q2 2019.

## **Chicken Shed Capital Expenditure**

Capital expenditure on two new 40,000 bird tunnel ventilated chicken growing sheds on the Nichols Poultry farm began in Q1 2019. These company owned and operated sheds will commence supply of chickens for processing in Q4 2019, complementing the existing contract grower shed network and increasing production volume and sales revenue.

## **Quarterly Cash Flow**

TasFoods' Appendix 4C for the quarter ended 31 March 2019 has been lodged with the ASX today. At 31 March 2019, TasFoods held cash of \$5.325 million (net of overdraft). Key points include:

- A third consecutive quarter of positive net cash flow from operations;
- Investing cash outflow of \$0.449 million, principally associated with the construction of the Nichols Poultry chicken growing sheds; and
- Repayment of borrowings of \$0.235 million.

## **TasFoods Contacts**

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Company Secretary  
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## **Forward-looking Statements**

The Appendix 4C contains certain forward-looking statements that are based upon information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of TasFoods. These factors may cause actual results to differ materially from those expressed in the Appendix 4C contained in this announcement.

## **About TasFoods**

TasFoods, established in 2015, 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 customers. TasFoods is a public company listed on the ASX with a mix of institutional investors, high net worth individuals and retail investors.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

TasFoods Limited

**ABN**

53 084 800 902

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	10,043	10,043
1.2 Payments for		
(a) research and development	(9)	(9)
(b) product manufacturing and operating costs	(6,458)	(6,458)
(c) advertising and marketing	(111)	(111)
(d) leased assets	(47)	(47)
(e) staff costs	(3,075)	(3,075)
(f) administration and corporate costs	(313)	(313)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	28
1.5 Interest and other costs of finance paid	(38)	(38)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other:		
Costs associated with potential acquisitions	(34)	(34)
Insurance and Workers Compensation Recoveries	28	28
Freight Equalisation Rebates	11	11
Other	7	7
<b>1.9 Net cash from / (used in) operating activities</b>	<b>32</b>	<b>32</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(449)	(449)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(449)</b>	<b>(449)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(235)	(235)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(235)</b>	<b>(235)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,977	5,977
4.2	Net cash from / (used in) operating activities (item 1.9 above)	32	32
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(449)	(449)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(235)	(235)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>5,325</b>	<b>5,325</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,438	704
5.2	Call deposits	3,959	5,959
5.3	Bank overdrafts	(61)	(681)
5.4	Other	(11)	(5)
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,325</b>	<b>5,977</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	115
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Not applicable		

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Not applicable

8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,322	1,322
8.2 Credit standby arrangements	2,000	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

TasFoods total loan facilities (excluding financial liabilities required to be disclosed under AASB 9 Leases) at 31 March 2019 amounted to \$1.322 million, which are secured over the assets financed. Interest rates on these liabilities range between 3.94% and 6.78%, with the average interest rate being 5.39%.

Nichols Poultry Pty Ltd has access to a \$2.0 million facility with the ANZ which remained undrawn at 31 March 2019. This facility is secured.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(7,064)
9.3 Advertising and marketing	(165)
9.4 Leased assets	(74)
9.5 Staff costs	(3,398)
9.6 Administration and corporate costs	(381)
9.7 Other	(100)
<b>9.8 Total estimated cash outflows</b>	<b>(11,182)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	Nil during quarter	Nil during quarter
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: Managing Director and CEO

Date: 30 April 2019

Print name: Jane Bennett

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.