



Australian Dairy Farms Group

25 August 2017

ASX Code: AHF

- **Farm making solid earnings contributions**
- **Positive weather/ seasonal outlook**
- **Strong pasture growth and retained silage from FY2017**
- **Milk Prices generally holding well as regional production is down**
- **Emphasis on specialty milk production**

Farms Outlook

Directors are pleased to confirm the positive EBITDA performance of the Group's dairy farms in FY 2017 of approximately \$700,000, with operational budgets for FY 2018 on track for a material increase to a range of \$1,750,000 to \$2,200,000.

The budgets have been carefully formulated based on seasonal and weather forecasts, grain prices, silage production, milk price and volume expectations with detailed input from the Farms Operations Manager, each Farm Manager and the consultant agronomist in conjunction with an experienced external modelling consultant.

The farms are physically in the best condition since they were acquired between 2012-2014, with capital expenditure on drainage and water conservation as well as paddock, laneway and expansion of storage upgrades all combining to deliver proceeds to the bottom line on a long term basis.

Clearly, in the agricultural industry, as with many industries, nature can change the fundamental inputs at any time, although each input and output has been realistically estimated based on current and forecast conditions with reasonable fall back protections in key cost areas.

Farm Management Flow-On Effect

The Group is fortunate to have a very strong farm management team from Operations Manager, Graeme Willis and committed individual Farm Managers and on-farm teams. There has been nominal staff turnover with each manager benefiting from strong leadership and training. The strength of the farm operations in specialist milk production with high quality Jersey and Holstein herds and continued improvements will continue to flow on to CDC in the production of high quality, segregated milk which can be sold in the premium milk market. CDC is already becoming well established in processing and marketing of premium priced Jersey and Free Range milks with direct transparency to the production farms.

Continued lower industry-wide milk production levels in Australia and overseas, are expected to maintain milk prices at reasonable levels through the coming season.

Capital Value

The Board has not undertaken separate independent farm valuations in the 2017 financial year, although these will be completed for inclusion in half yearly results. The Directors expect that these valuations will show material value improvements based on anecdotal advice from local valuers and recent farm sales.

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Ends.

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Communications Policy

As a policy, AHF does not respond to individual security holder communications regarding the management of the business, the company or with respect of any analysis that is not contained in market releases.

AHF makes ASX market releases at times directors believe it would be helpful or necessary for investors and as required by the Listing Rules. For further information regarding our shareholder communications policy, please refer to our website: www.adfl.com.au

About Australian Dairy Farms Group

***Australian Dairy Farms Group (AHF)** was Australia's first ASX listed dairy farmer. Its initial focus was on aggregating high quality dairy farms in Victoria, initially in the South Western region with particular emphasis initially, on the famous Dairy Golden Triangle region of South West Victoria between Warrnambool and Colac south of the Princes Highway to the coast around Port Campbell.*

In April 2016 the Group completed the acquisition of Camperdown Dairy Company Pty Ltd - ACN 140 640 606 (CDC) – see announcement on <http://www.adfl.com.au/announcements>.

CDC is a wholly owned subsidiary of AHF. The Group is now a vertically integrated milk producer, processor and product distributor in Australia and for export.

***Australian Dairy Farms Group** is listed as a stapled security comprising one fully paid share in **Australian Dairy Farms Limited (the Company)** and one fully paid unit in **Australian Dairy Farms Trust (the Trust)**. Within the structure, the Company is the operator and manager of the dairy farm properties, which are leased from the Trust as the registered owner.*

Disclaimer – Forward Looking Statements

This announcement may include “forward looking statements” within the meaning of securities laws of applicable jurisdictions. These forward-looking statements are not historical facts but are based on AHF's current expectation, estimates and projections about the industry, in which it operates, and beliefs and assumptions. Forward looking statements may include indications of, and guidance on, future earnings or distributions and financial position and performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of AHF, and its officers, employees, agents, or associates, that may cause actual results to differ materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and AHF assumes no obligation to update such information.