



Australian Dairy Farms Group

23 April 2018
ASX Code: AHF

- **AHF subsidiary Camperdown Dairy Company signs significant new contract processing agreement with an international food company.**
- **New material multiyear contract is expected to exceed \$30 Million sales in the first 4 years of production.**
- **Expectations based on detailed estimates of unit sales per store, number of products being ranged, and number of stores ranging the products in Australia, as well as consideration for prices and volumes of sales for the same products in other markets where the products have been launched.**
 - **National distribution through mainstream supermarket retailer.**
 - **2018 - 2019 volumes expected to exceed Camperdown's current production capacity for this product segment.**
 - **Capacity expansion commencing immediately for the product segment.**
 - **Production due to commence in early July 2018.**

Since August 2017 senior management of the Camperdown Dairy Company have been developing the business case with the International foods business, and recently negotiating a material contract with a successful, though not widely known, specialty dairy manufacturer and brand owner (the Customer) of a range of premium, specialised, fresh dairy products that have been achieving high levels of success in other international markets over many years.

The products, which are new to the Australian market, are scheduled to be launched in Australia during July/August 2018 through a major Australian retail supermarket chain which is strongly supporting the products being introduced in Australia and widely ranged

Because of non-disclosure agreements in place in relation to the marketing launch of these products, which are to be progressively distributed nationally, AHF and Camperdown Dairy are prohibited from disclosing the identity of the brands or retailer until after the marketing launch. The confidentiality agreements are primarily to protect the significant commercial interests and investment of the Customer and the Retailer in the lead up to market launch. The identity of the Customer is not considered by the directors to be of any sensitivity to the Group's security price.

A formal contract was approved and executed by the AHF board following its board meeting late on Friday afternoon 20 April 2018. Work will commence imminently on the expansion of the product segment manufacturing capacity within the existing factory. Capital costs for the expansion is budgeted at approximately \$750,000, which is predominantly moveable plant. The Group has available funds to cover this expansion cost.

Successful manufacturing trials for the product range have been conducted at the Camperdown Dairy Factory at Camperdown, Victoria over the last two months with combined production teams of the Customer and Camperdown Dairy Company.

Implementing the Strategy

The board is pleased to be able to announce another major milestone in the implementation of its Corporate Strategy, to progressively move away from its concentration on highly competitive conventional white milk production to high value-added products of its Own Brands and contract packing of premium brands owned by others.

AUSTRALIAN DAIRY FARMS GROUP

Ends.

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AUSTRALIAN DAIRY FARMS TRUST

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Further Details

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Communications Policy

As a policy, because of the heavy demands on limited management resources and to ensure compliance with continuous market-wide disclosure regulations, AHF does not respond to individual security holder communications regarding the management of the business, the company or with respect of any opinion or analysis that is not contained in market releases and released financial reports.

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 AHF's 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 (Camperdown Dairy) – see announcement on <http://www.adfl.com.au/announcements>.

Camperdown Dairy 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. Refer to the Group's Strategy Overview release to market on 11 July 2017 for additional information about AHF's immediate and longer term strategic planning. See the above link to ASX announcements or the Group's website for a copy of the Group's Strategy Overview.

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.