



Australian Dairy Farms Group

8 May 2018

ASX Code: AHF

- **Farms making solid progress**
- **Livestock valuation methodology**
- **Farms Outlook**

Directors are pleased to confirm the positive progress being made on the farms with EBITDA for the 2018 financial year now expected to be in the range of \$800,000 – \$1,000,000, representing an 18% to 48% increase from the 2017 EBITDA of \$673K.

Excluding changes in livestock valuations, the underlying farms EBITDA this year is expected to exceed the previous year's underlying EBITDA by between \$800,000 and \$1,000,000. This is a great credit to our farm staff.

Operationally the farms are generally performing at budget expectations, with on farm livestock valuations based on current market prices the only variance. Livestock born on farm are valued according to age and weight with milking cows reaching their peak values between 3 and 6 years of age and then remaining generally stable until retired and sold at 8-9 years. Changes in livestock valuations are reflected in the financial accounts via the Statement of Profit and Loss and Comprehensive Income as realised or unrealised gains or decreases.

The valuation of the Group's herd between now and year-end can be subject to material change, however current forecasts are based on the most recent independent valuations. Dairy cattle prices are also reactive to milk prices offered to farmers by processors and farmers buy livestock when milk prices increase and sell when milk prices do not provide any incentive to increase milk production. 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.

The farms are being carefully managed 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.

AUSTRALIAN DAIRY FARMS GROUP

Michael Hackett
Chairman

Ends.

AUSTRALIAN DAIRY FARMS LIMITED

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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.