



# Australian Dairy Farms Group

4 July 2018  
ASX Code: AHF

## FINANCIAL YEAR 2018/19 MILK SUPPLY CONTRACT PRICES ANNOUNCED

- **Farm gate 2018/19 opening price of \$6.00/kg v \$5.78/kg 2017/18 - all Group farms.**
- **New flexible milk collection contracts allowing continuation and growth of Vertical Milk Supply Path.**
- **Segregated specialty milks – Jersey, Free range and Conventional milks.**
- **Specialty (segregated) milk sales growing and to be included in several new product launches facilitating competition on Point of Difference versus Price.**

Australian Dairy Farms Group (“AHF” or “Group”) is pleased to advise that from 1 July 2018, new financial year milk supply contracts will continue to provide Camperdown Dairy and its customers and consumers with **clear transparency to the origin of its milk and the farms and the cows that produced it.**

**It’s a “Vertical Supply Path” and the Farm and Factory management and personnel and the Board are very proud to have delivered and to continue growing this fairly unique product range.**

AHF Group CEO, Peter Skene said **“Since day one we have been evaluating options to use our own farm milk for Camperdown Dairy products in an effective and cost-efficient way, while also ensuring we achieve the best price for any surplus milk. With the cooperation of our milk supply partners we have achieved this target.”**

“This is an excellent result for both Camperdown Dairy and SW Dairy Farms Pty Ltd, the AHF subsidiary that operates the AHF farms.

In assessing options for milk supply and collection Camperdown Dairy management identified that the key considerations included the following;

- **Vertical Integration:** - processing of AHF’s own farm milk for premium retail products with source transparency;
- **Supply Segregation:** - utilising Camperdown Dairy’s flexible milk segregation capabilities to separately process AHF’s own farm milk.
- **Cost Minimisation:** - achieving efficient raw milk supply chain costs (from milk ex-farm to delivery to factory including transport, testing and administration costs)
- **Milk Premium Quality:** - maintaining high milk quality throughout and its influence on end-product quality.
- **Farm Milk Pricing:** - optimising the farm milk supply price in the face of unfavourable market conditions
- **Balancing Milk Supply Volumes:** – managing supply from farms with sales orders for finished dairy products in a fresh / short shelf life environment.
- **Security of Milk Supply:** - enabling Camperdown Dairy to be able meet any short-term product sales opportunities and receive the milk volumes as needed.

The Board believes this new arrangement continues to deliver on promises to investors that the Group would achieve its vertical integration aspirations on a cost-effective basis and in the timing that is required in acting responsibly and ethically in commercial arrangements. It is a great outcome for AHF, which helps the Board to finalise additional in-progress negotiations.

### AUSTRALIAN DAIRY FARMS GROUP

Ends.

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## Further Details

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*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](http://www.adfl.com.au)*

## About Australian Dairy Farms Group

**Australian Dairy Farms Group (AHF)** was the 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>.

**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

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