

# Australian Dairy Farms Group

09 July 2018  
ASX Code: AHF

- **Camperdown Dairy enters the ORGANIC YOGHURT market with the production and multi state distribution of ORGANIC YOGHURTS via a major Australian retailer this month – July 2018.**
- **Camperdown Dairy is now packing ORGANIC BOTTLED MILK for distribution and sale by a major supermarket chain in several states including VIC, NSW and QLD.**
- **Camperdown Dairy Company - now producing ORGANIC BUTTER under a supply agreement as announced on 2 July 2018, and now have several advanced opportunities for new organic butter customers.**

The Australian Dairy Farms Group (the Group or AHF) board is very pleased to be able to advise shareholders that Camperdown Dairy's participation in the organic dairy products market will this month, reach across all current Camperdown Dairy segments (milks, butters and yoghurts).

CEO Peter Skene today said *"We are very pleased with the progress, and the opportunities it brings to Camperdown Dairy. **This is an excellent step along the Group's Organic Journey**". **The new organic yoghurt products will be progressively rolled out in a national supermarket chain commencing this month with the target of national distribution by the end of this calendar year.***

Peter also said *"**the market for organic dairy products is continuing to grow at rates far in excess of the conventional white milk market.**"*

As announced on 2nd July 2018 Camperdown Dairy has full access and ownership of the butter making facilities (Butter Plant) which, for the last 5 years, have been part of a Joint Venture (JV) with Organic Dairy Farmers of Australia (ODFA) that ceased 2 July 2018 removing Camperdown Dairy's exclusivity restrictions.

## **Market and background**

The Camperdown Dairy factory at Camperdown is already certified to receive organic milk and process it into organic products such as butter, yoghurt and bottled milk. In March 2018, all of the Group's dairy farms completed applications to convert to certified organic dairy milk production, which is a three-year process. The Organic milk market is higher margin manufacturing and wide-open for flexible specialty product processors like Camperdown Dairy with ability to create successful "Own Brands".

Certifying bodies provide auditing services and resulting market confidence in the production of organic products.



**AUSTRALIAN DAIRY FARMS LIMITED**

ACN 057 046 607

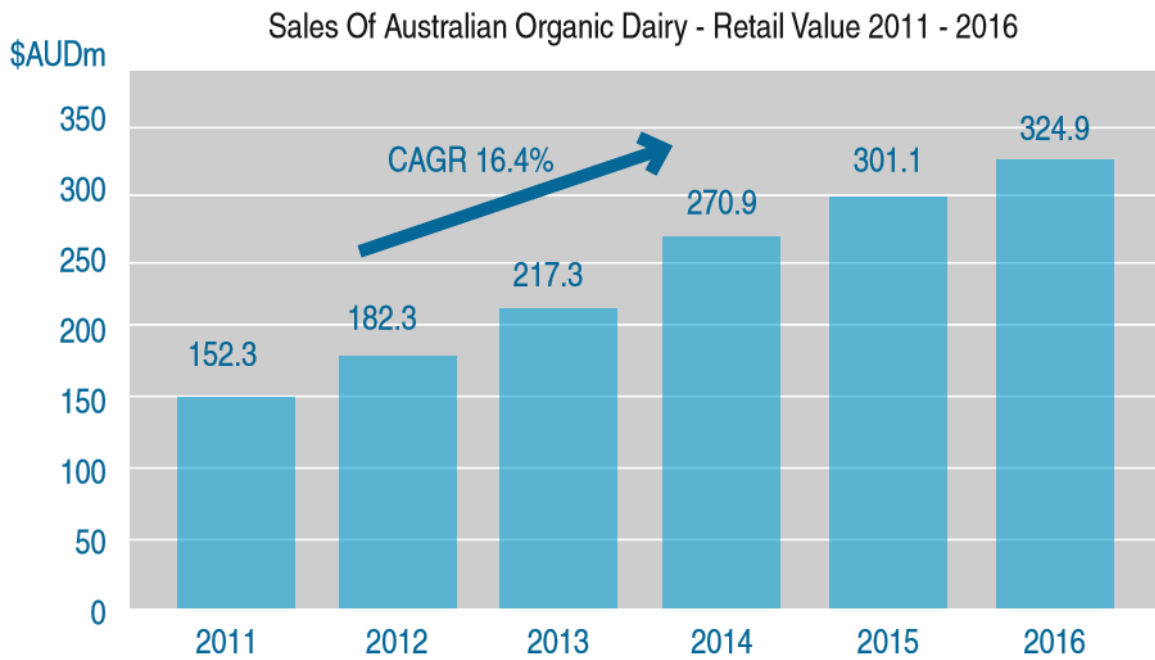
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**AUSTRALIAN DAIRY FARMS TRUST**

ARSN 600 601 689

Organic Dairy Market in Australia is achieving scale and is **growing at an impressive rate** of 16% per year



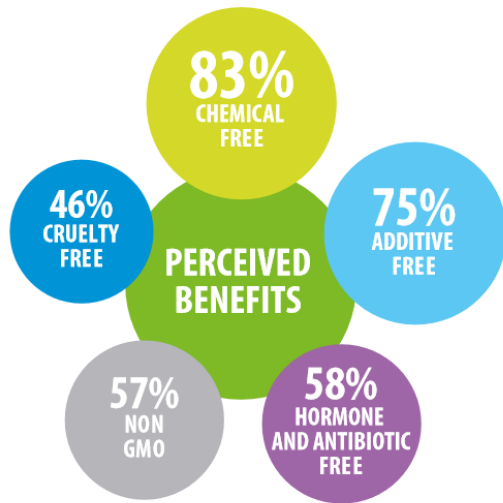
Source Euromonitor

There has been a **significant increase** in the % of all shoppers purchasing organic dairy products from 34% in 2012 to 47% in 2016

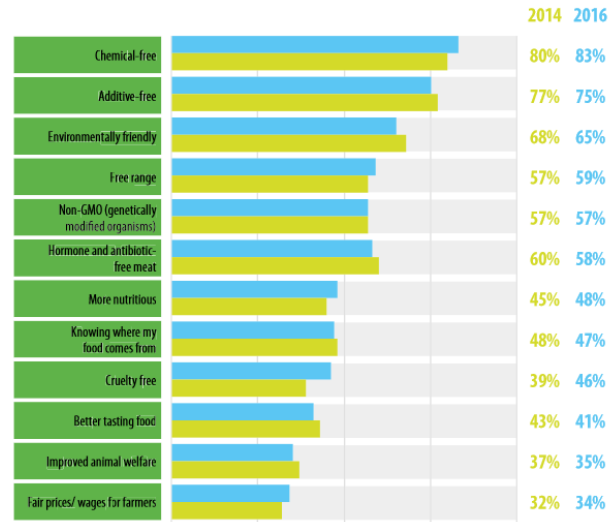
ORGANIC SECTOR	% ALL SHOPPERS WHO CLAIMED PURCHASE IN PREVIOUS 12 MONTHS			FREQUENCY OF PURCHASE	USUAL PLACE OF PURCHASE
	2016	2014	2012		
FRUIT AND VEGETABLES	61%	57%	60%	Moderating with more occasional buyers.	Supermarkets have highest share at 56% but down from 63% in 2014; alternative outlets making sound share gains.
	Penetration highest of all categories & increasing.				
<b>DAIRY</b> (E.G. MILK, YOGHURT, AND CREAM)	47%	41%	34%	Solid uplift in 1-30 day frequency in 2016, continuing positive trend.	Supermarkets dominant, other outlets showing marginal gains.
	Strong gains continue period on period.				

Source Australian Organic Market Report 2017

Top **Perceived** 'Free From' Benefits of Organic Food\*



Australia's Top 12 Perceived Benefits\* of Organic Food



Chemical Free - Additive Free - Non GMO - Hormone and Antibiotic Free

Source Australian Organic Market Report 2017

**As announced by the company on the 26<sup>th</sup> March 2018;**

- AHF intends to enter the **organic infant formula** market with new company owned brands, and a **vertically integrated AUSTRALIAN** manufacturing facility using **AUSTRALIAN organic milk**
- **AHF has completed** applications for conversion to organic milk production on all 3,600 acres (which based on today's market will become **the largest** single owned entity organic dairy farming operation in Australia)
- **AHF will have vertical supply chain and control**, with organic farms, processing and infant formula tinning in Western Victoria
- **AHF are growing from** bottled milk, yoghurt and butter markets to **Australian Origin Organic Infant Formula** – **high value**, growth rates and high barriers to entry

**AUSTRALIAN DAIRY FARMS GROUP**

Ends.

## Further Details

For additional company information or media enquiry matters please contact:

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Australian Dairy Farms Limited

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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](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

*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.*