

Australian Dairy Farms Group

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Australian Dairy Farms snaps up farm and progresses premium dairy products plan

Australian Dairy Farms Ltd (ASX:AHF) has picked up a new farm as the company progresses a plan to focus on premium dairy products, including organic milk and milk produce.

The company released its annual results today, with chief executive officer Peter Skene highlighting the company's board had set a mandate to move away from being a producer of low-value, high competition products to "premium and specialty dairy products".

Skene will speak at the upcoming ASX Small and Mid-Cap Conference in Sydney this Thursday and affirmed the board's decision in July last year adopted a strategy that had taken into account opportunities and challenges.

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Skene wrote in the company's annual report: "The board ... commenced a detailed feasibility of new opportunities while also making hard decisions about curtailing production of low or no-margin commodity products such as conventional white milk for others."

Earlier this year Skene spoke about Australian Dairy Farms' plan to convert all its farms to organic within three years.

He told investors in March he expected the process would involve externally sourcing milk to reach targeted volumes ahead of schedule.

Strategy in motion

Today the chief executive used the company's annual report to highlight the group would become one of the biggest producers of organic milk in Australia.

Skene said: "These changes are truly transformational for the group — both in the production of organic milk and in its utilisation in the production of specialty high value-added products backed by committed distribution of Australia's largest retail supermarket chain.

"The expected positive cash flow and profitability from these changes and others that are in the negotiation pipeline set the group up to be able to actively pursue its expansion aspirations into the organic infant and toddler formula market and the establishment of powder-drying blending and tinning facilities for domestic and export production."

Skene reported the company had picked up many new clients in the past 12 months and developed new business opportunities while introducing new product offerings.

Price: A\$0.14

Market Cap: A\$42.02M

1 Year Share Price Graph



Share Information

Code: AHF

Listing: ASX

52 week High Low
A\$0.20 A\$0.12

Sector: Food & Beverages

Website: www.apafs.com.au

Company Synopsis:

Australian Dairy Farms Group (ASX:AHF) is listed on the Australian Securities Exchange.

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He said: "There have been significant head winds in recent times."

READ: Australian Dairy Farms Group receives opening milk price of \$6 per kilo

Among the changes coming up is Australian Dairy Farms' acquisition of a Western Victoria farm, announced to the market yesterday.

The purchase is forecast for October at an undisclosed price, with the 332.97-hectare Yaringa farm at Nirranda South on the Bass Strait being a cornerstone to the company's go-organic plan.

Australian Dairy Farms reported the acquisition would make it the biggest producer of organic milk in the country, once its other farms went organic.

The Brisbane-registered company has a processing facility in Camperdown in Victoria.

Australian Dairy Farms' farm grab is the second acquisition it announced this week, with the first being a snap-up of Sydney infant formula company Flahey's Nutritionals.

If approved by shareholders, the formula company acquisition will also sweep Flahey's managing director Chris Flahey into the Australian Dairy Farms fold.

Flahey will become the company's inaugural sales and marketing director, charged with fully-branding the business.

Transition period results

Australian Dairy Farms reduced its annual revenues by \$4.1 million or 21% to \$19.5 million last financial year.

The net loss for the 2017-18 financial year was increased over the 2016-17 period by \$2 million to \$4.2 million.

Australian Dairy Farms asset backing per security slipped 1.3 cents or 17.1% to 9.8 cents.

Australian Dairy Farms chief executive Peter Skene, CEO will present at the inaugural ASX Small and Mid-Cap Conference in Sydney on Thursday, September 6. To attend the conference, register here.

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