

# THE AUSTRALIAN

SE Business

HD TasFoods looks to fly among the big boys

BY SUE NEALES Agribusiness

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LP Feisty Tasmanian pure foods minnow TasFoods is not letting size get in the way of its growth plans and ambitious vision.

After shareholders of the listed TasFoods gave final approval for the fledgling agribusiness to complete the \$12.5 **million purchase** of chemical-free chicken producer Nichols Poultry, it snapped up a leading wasabi farm for \$2.75m last week.

TD The Shima Wasabi farm, owned by Stephen and Karen Welsh, is the biggest supplier of fresh wasabi to Australia's top chefs and restaurants and wasabi powder for export, all hydroponically grown in controlled cool-climate greenhouses on Tasmania's northwest coast near Devonport.

To fund both purchases TasFoods is raising \$30m via the **sale** of new shares, each valued at 25c.

Chief executive Jane Bennett said while Tasfoods was only capitalised at \$12m and only owned two entities — Nichols Poultry and Meander **Dairy** — it aspired to turn TasFoods into an agricultural and food industry success story that rivalled fellow Tasmanian organic infant food **business**, Bellamy's.

"We would like to grow into a very sizeable and substantial food **company**, although I'm hesitant to say we will become a **billion-dollar business** because we are a long way off yet," said Ms Bennett, a former Tasmanian rural woman of the year and ABC and **CSIRO board** member, who grew up as part of the family Ashgrove **dairy business**.

"We think we can (grow quickly) by sticking to our strategy to **buy** small premium Tasmanian food businesses that are limited by capital, but which are producing great local products which we think are scalable, and with brands and products that we can take national and then, where relevant, export.

"They have to be premium, sustainable, have great technical expertise and totally focused on quality. We don't want tiny niche businesses, but the key is also that the owner has to be prepared to sell to us — to let their baby go." While TasFoods wholly owns its newly acquired businesses, its preferred model is to convince the farm's original owners to stay on to manage the growth of the new-look enterprise in partnership with TasFoods.

Critically, the Welshes have agreed to remain at Shima Wasabi, retaining all the technical knowledge about how to grow and cultivate the notoriously difficult wasabi crop, and in return taking \$300,000 of their **sale** price as TasFoods' shares.

"We have a very clear vision for the **business**; we've invested heavily in crop R&D and market development and have a sound platform from which to significantly expand the **business**," Mr Welsh said yesterday.

"From small beginnings 15 years ago we now **lead** the world in controlled-climate wasabi production; this **sale** will let us scale up and set our sights higher while retaining the same pursuit of excellence and core values that has underpinned the **business** to date." Nichols Poultry founder Rob Nichols, who is the public face of the acclaimed chicken meat **business** he founded, will remain at the helm of the 91 hectares of farmland, chicken rearing facilities, processing plant and **wind** turbine that he has single-handedly developed.

"The **company** had been doubling in size every five years and the **sale** means the **company** can continue its expansion plans; I knew for Nichols Poultry to achieve its potential, we had to bring somebody on **board** that could help us there," Mr Nichols said.

Critical in his decision to sell was the fact that TasFoods was a Tasmanian **business**, with its head office firmly in Launceston, and with well-known and experienced Tasmanian **business** leader Rob Woolley — chairman of Bellamy's and ex-chairman of Webster Walnuts Australia — as its major shareholder and **board** chief.

"It's important to know the **business** (stays in Tasmania) because the flow-on effects in the community are huge," Mr Nichols said.

"If the **business** is to double, we certainly need a huge amount of breeder facilities, new hatchery facilities, and extra contract growers and up to 20,000 tonnes of extra grain — that's how far the financial benefits spread throughout this community." Chairman Rob Woolley, who owns about 10 per cent of TasFoods, says the small **company** — created last year from a shell of a formal small loyalty card **business** OnCard — really only came to national prominence with its \$250m bid to **buy** Tasmania's biggest **dairy** farming **business**, the historic Van Diemen's Land **Company**.

While ultimately unsuccessful — TasFoods was gazumped at the 11th hour by **Chinese** Moon Lake **Investments** — Mr Woolley said there were some positives in the difficult experience (TasFoods was paid \$1.5m by the NZ vendor after a legal challenge to the **sale**).

"It brought us to national attention, showed we were capable of raising a significant amount of money, and demonstrated to us a clear desire and appetite for investment in the Tasmanian agrifood sector," Mr Woolley said.

"It also got the message out that we are not about buying farms, but investing in the value chain; VDL for us was not just a huge farm but about buying a unique place-of-origin **brand** and provenance." Bell Potter stockbroker Hugh Robertson, who is advising TasFoods on its capital raising with several large prospective shareholders eager to secure substantial stakes, says companies like TasFoods are Tasmania's future.

"The thing about Tassie is that it has been starved of capital for generations, yet is just starting to come into its own now as irrigation expands and as the premium food boom hits," Mr Robertson said. "Effectively TasFoods is **brand** Tasmania and all the provenance that goes with that; you can't **buy** a better slice of clean, green, traceable Australian agriculture."

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