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BFC REPORTS 49 PER CENT INCREASE IN REVENUE AS IT INVESTS FOR FUTURE GROWTH

- Strong sales growth, particularly from Dairy business with solid momentum in second half
- Significant investments in infrastructure capital and growth initiatives for long term value creation:
 - procuring a state-of-the-art mozzarella plant
 - re-commissioning of hard cheese line to produce parmesan and other varieties
 - investments in farming operations to improve productivity
 - Substantially expanding milk supply to underpin future earnings growth
- Earnings results impacted by capital and infrastructure investments, lower milk availability in H1, investment in own brand development entry into the Australian market and lower than expected sales in China as per previous market advice – net loss of \$7.7 million in FY 2017
- Robust financial position maintained – BFC has no debt
- Strong platform established for future growth with options for shareholder value creation

Beston Global Food Company Limited ('BFC' or the 'Company') a leading manufacturer, exporter and distributor of food products, today announced a 49 per cent increase in sales revenue to \$24 million (which excludes revenues from investee companies) for the year ended 30 June 2017.

Strong domestic sales contributed around 75 per cent of the revenue uplift, with the balance coming from the Company's international operations.

In a year where the Company made significant investment in infrastructure and capital for future growth initiatives, BFC had previously advised the market that notwithstanding this strong sales growth, the Company expected to report a loss for the full year and would not pay a dividend. Consistent with this advice, BFC reported a loss after tax of \$7.7 million and will not pay a dividend for FY2017.

The result had been impacted by capital and infrastructure investments, lower milk availability in the First Half (both from BFC's own farms and contract suppliers), investment in own brand development, entry into the Australian retail and wholesale market and the repositioning of the China business as a consequence of shortfalls on sales, as previously advised by the Company in its Market Update on 19 June 2017. A number of "one-off" adjustments had also added to the loss, including a \$0.7 million downward adjustment on the spot market revaluation of the Company's dairy herd and the clearing of aged debtors in China.

BFC's Chief Executive, Mr Sean Ebert said the Company had made significant progress during the year in creating a stronger platform for longer term sustainable growth and value creation.

"The Board of BFC has taken the deliberate decision to leverage the Company's strong financial position to invest in our critical infrastructure assets and strategic growth initiatives across the business.

"These investments included the re-commissioning of a hard cheese line to produce parmesan and other varieties, installing a \$26 million state-of-the-art mozzarella plant at Jervois and further investments in our farming operations to improve productivity.

"We are also investing to secure additional milk supply from independent dairy farmers and further developing our unique, industry-leading technology platforms.

Strong result in Dairy

The Dairy business delivered a strong result, reflected in a \$1.4 million profit turnaround and highlighted by the Company winning a number of prestigious awards including the Christian Hansen Cup for the "Best Cheddar in Australia" at the National Dairy Industry Association of Australia awards.

Sales increased by over 150 per cent on the prior year following expansion of sales channels into Metcash across Australia, the ASEAN region and food service, together with an expanded product range.

International expansion

BFC continues to focus on expanding its international footprint into ASEAN countries and China.

Sales to the ASEAN region increased by 200 per cent following the launch of new product ranges into Singapore, Thailand and Vietnam and opening a new office in Malaysia.

As previously advised to the market, sales in China were disappointing and significantly below expectations. The Company restructured this business in the third quarter with the appointment of a new Chief Executive in China which has led to the signing of direct contracts with leading Chinese retailers including Walmart China. BFC expects the restructure to result in improved sales in the FY2018 financial year.

Outlook – strong platform for growth

Mr Ebert said the significant investments over the past year had strengthened the Company's platform to implement its growth initiatives.

"Our underlying earnings are continuing to improve in line with increased milk volumes which are now at 90 million litres per annum annualised and growing. This increased supply, has been achieved through a cooperative policy of building trust with independent dairy farmers to secure new contracts and by assisting the dairy farming community with their financial, family and personal needs."

"The current annualised milk supply has returned our factories to production rates similar to the rate at which they were operating prior to their closure by the Receiver in April 2015. The additional milk supply, coupled with other milk contracts to come on stream by mid 2018, has provided the ability for BFC to produce high value products, including Mozzarella and is expected to place BFC in a strong earnings position in FY 2018"

The Chairman, Dr Roger Sexton, said that BFC was progressing the consideration of a number of initiatives to place the Company on a trajectory for sustained earnings growth over the next few years and achieve further value creation for the Company's shareholders.

"These initiatives include an evaluation currently being undertaken on the of the establishment of a Dairy Farm Real Estate Investment Trust with an estimated capital of \$100 million as the holding entity for the Company's existing dairy farms and to enable the acquisition of additional farms.

"We are also considering the possible divestment of an equity interest in our wholly-owned technology business to realise part of the value created by our industry-leading OZIRIS technology platform. The OZIRIS technology offers consumers full traceability, provenance verification and anti-counterfeiting for both product and brand protection. As at 30 June 2017 BFC held 11 International Patents or Patents pending for the technology which incorporates the use of blockchain".

"The Company has made significant progress in implementing its strategy for future growth and we now have a stronger platform and options to deliver value for our shareholders," he said.

He noted that the Company had incurred significant expense with investment and capex during the financial year in line with the Company's overall Group Strategy to take advantage of opportunities at the "right time" in the dairy industry. "The benefits of these expenditures are expected to flow through as an earnings uplift in the 2017-18 fiscal year and beyond," he said.