

8 February 2018

ASX CODE: BFC

Beston advances with transformational restructuring of Scorpio Meat business

Beston Global Food Company Limited (ASX:BFC) foreshadowed at last year's Annual General Meeting, and in our Annual Report that it had reached agreement with the Founders of Scorpio Food Pty Ltd ("Scorpio") for BFC to move to a 100% shareholding of the business.

A Heads of Agreement was put in place to enable BFC to acquire the remaining 60% of Scorpio which BFC did not currently own, through the conversion of our existing loans to Scorpio and the injection of additional capital. The conversion of BFC loans to equity in Scorpio was subject to a number of conditions precedent, which are now substantially complete.

BFC took management control of the operations of Scorpio on 2 January, 2018 and immediately implemented a strategic transformational program developed by BFC's Investment Manager, Beston Pacific Asset Management Pty Ltd, as part of its role in actively managing BFC's portfolio of investments in the food industry.

The transformational initiatives introduced into Scorpio are designed to substantially (and sustainably) lift revenues and profits in our processed meat business and have included the following:

- the closure of Scorpio's operations at Colac, Victoria
- the sale of the Colac building
- the transfer of all plant and equipment from Colac to Shepparton, Victoria
- the consolidation, upgrading and expansion of the Scorpio factory at Shepparton
- the appointment of a new General Manager of Scorpio Foods post takeover. Mr Luke Bramston to assume the role of General Manager to replace Mr Ian Paterson, the current Managing Director of Scorpio who will be retiring. (Mr Bramston was previously the Managing Director of Cater Fair, a subsidiary of Top Cut Meats).

The sale of Colac factory and consolidation of operations at Shepparton has generated a substantial number of early benefits and synergies:

- significant savings in overheads stemming from elimination of duplicate costs (e.g. insurances)
- efficiencies in production by having all plant and equipment on the one site
- the ability to achieve economies of scale through consolidation of production and longer product runs
- synergies from having all management, technical and production staff on the one site to streamline the manufacturing processes and service customer inquiries and needs more readily

Shepparton is a large factory which has its own cold storage facilities and has ample room for expansion of production. As one example, we have already doubled the cooking capacity of the business through utilisation of the available space (only about 30% of the factory space at Shepparton had previously been used by Scorpio, in part because these areas required refurbishment, which has now been substantially undertaken).

Since the operations of Scorpio were consolidated at Shepparton, the Company has won a number of new contracts, including with Costco Australia who will stock our Yara Valley brand products in the frozen foods section of Costco stores across Australia. Ongoing orders are expected after the initial promotional campaigns on the products being implemented by Costco.

In the final stage of restructuring the Scorpio business, BFC will acquire and lease back the Shepparton building to Scorpio on commercial terms. This will occur in the next few weeks and will enable the Scorpio business to retire existing debt, repay creditors and refocus its working capital commitments on expanding production to meet the increasing demand for its products. Scorpio earns rental income on its extensive cold storage facilities from independent parties which provides substantial income to the business, quite separately from its own trading activities, which will readily facilitate the lease payments to BFC.

The transformational changes introduced at Scorpio have significantly improved the financial viability of the business and achieved a marked turnaround on its previous performance. Scorpio expects to generate a healthy year end profit, the extent of which will be largely determined by the extent of repeat orders derived by customers, many of who have come on board in recent months.

ENDS

FOR FURTHER INFORMATION PLEASE CONTACT:

Media

Sean Ebert, Chief Executive Officer

+61 8 8470 6500

sebert@bestonpacific.com.au

Investors

Nicholas Rathjen, Investor Relations

+61 8 8470 6500

nrathjen@bestonglobalfoods.com.au

About Beston Global Food Company

Beston Global Food Company Limited (BFC) is a leading Australian food, beverage and nutritional company producing premium products across dairy, meat, seafood, health and nutritional sectors. BFC comprises wholly owned and operated businesses and a collection of investee companies to hold a diverse portfolio of natural and clean premium Australian produced products. For more information please visit www.bestonglobalfoods.com.au.