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ASX CODE: BFC

## UPDATE ON MOZZARELLA PLANT AND ANNOUNCEMENT OF INNOVATIVE PRODUCT INTO MAJOR AUSTRALIAN RETAILER

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Beston Global Food Company Limited ('BFC' or the 'Company') is pleased to provide this update to the market pursuant to our release of 14 February in which we announced the successful commissioning of our state-of-the-art Mozzarella plant at Jervois, South Australia.

### Mozzarella Plant

The production of Mozzarella at our Jervois plant has been gradually ramped up over the last two months as staff have become accustomed to the technical characteristics of the plant and fine-tuned its operations. The factory produced saleable product within a few days of commissioning.

All of the Mozzarella produced in the start-up phase of production in February and March, amounting to some 160 tonnes, has been sold and production is now running at a rate of around 500 tonnes per month. The completion of the Mozzarella line has highlighted the benefits of being able to offer a range of different cheese products to customers (i.e. both 'hard' cheese and 'soft' cheese) and to move milk supply between the Company's two plants at Murray Bridge and Jervois to achieve operating efficiencies and maximise plant utilization on a daily basis. The total throughput of milk across the two factories is now running at 100 million litres of milk p.a., on an annualised basis, and is expected to increase to around 130 to 140 million litres (annualised) over the next 4 to 5 months.

Export Accreditation for the newly renovated Mozzarella factory at Jervois has recently been received, enabling this product to be sold into overseas markets (prior to receiving this Export licence, all sales of Mozzarella have been to domestic customers).

As foreshadowed at the AGM on 22 November, 2017, BFC has put a banking facility in place to fund the procurement of milk from contract farmers. A working capital finance facility of \$15million was put in place with ANZ Bank in January 2018 to provide adequate funding for the Company's milk purchases through 2018.

Currently, 80 million litres of milk per annum are sourced from contracted dairy farms and 20 million litres of milk are sourced from BFC's own farms in Mt Gambier, South Australia. BFC held a 'Farmers Day' on 23 April 2018 at its Jervois factory to acknowledge the contributions made to the Company by its contract farmers as well as the farmers and staff employed on its Company owned farms and to conduct negotiations with potential new contract farmers for additional milk.

Over 150 people attended the 'Farmers Day' event (including several large customers) resulting in negotiations being concluded on a number of new milk supply arrangements. BFC is targeting to increase the milk throughput at its Murray Bridge and Jervois factories to 130 to 140 million litres over the next few months, as above, and to further increase throughput to around 160 to 180 million litres (on an annualised basis) by the end of calendar 2018.

### **New Product Release**

BFC has recently completed the development of a new innovative adult cheese snacking product, called 'Fancy Bites'. Adult snacking in cheese categories has grown more than 30% per annum in dollar value over the last three years, making it the highest growth category in the Australian retail cheese market.

BFC has secured national ranging for its innovative 'Fancy Bites' products with major supermarket chain Woolworths. These first to market cheese snack products to be sold under our Edwards Crossing premium cheese brand and in three different variants, will be supplied to 700 Woolworths stores across Australia and will be available in-store from early June, 2018. Woolworths will conduct promotional programs and product activation activities on the new products, commencing on 6 June 2018.

The CEO of BFC, Mr Sean Ebert, stated that the company identified a gap in the Adult Cheese Snacking market and had developed its new Edwards Crossing 'Fancy Bites' product to fill this gap. "There has been a distinct lack of innovation in the Adult Snack market in Australia. One of the characteristics of the 'Fancy Bites' products is that BFC can easily add new product variants, and at minimal cost, in response to market demand," Mr Ebert said.

As part of the supply arrangements which have been put in place, Woolworths will also take 3 of BFC's award winning 'Edwards Crossing' cheese products (Cheddar, Colby and Gouda) for ranging in its supermarkets, initially across all Woolworths stores in South Australia, across Australia. The Edwards Crossing brand of cheeses produced by BFC at its Murray Bridge factory has been one of the fastest growing cheese products in Australia over the last 2 years. This range has now accumulated 28 medals and trophies since being introduced to the market by BFC after the Company acquired the dilapidated former UDP milk processing factory in September 2015.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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## **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](http://www.bestonglobalfoods.com.au).