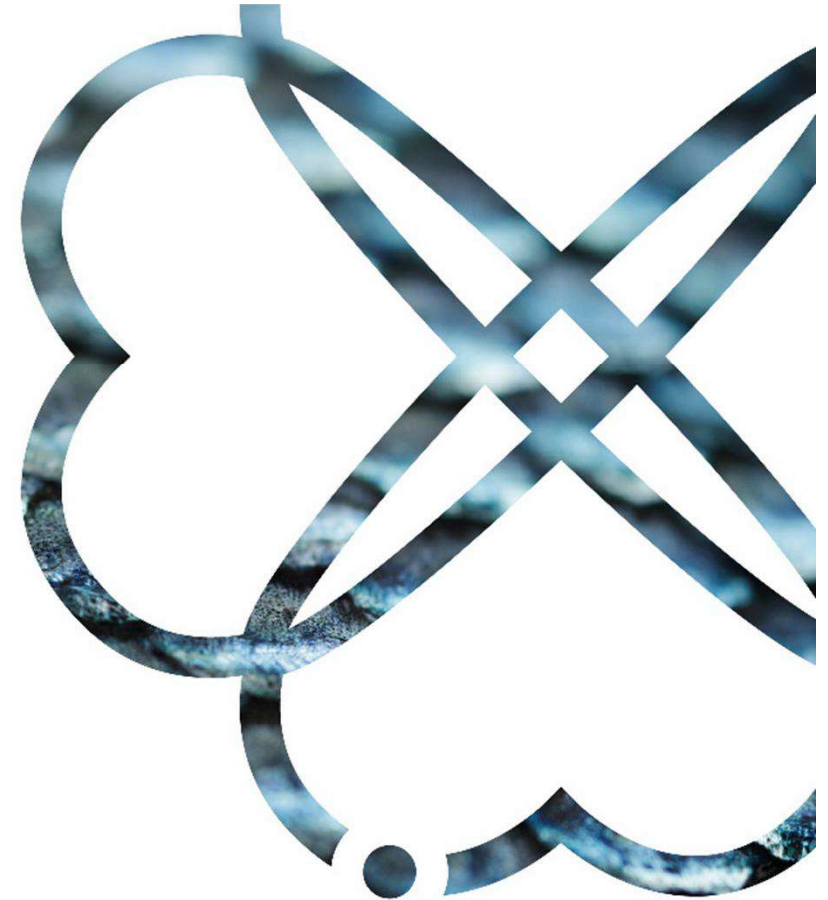


Managing Director's Report 12 Months to 31 July 2019

20 September 2019



Vision and Mission Statement

Vision

To optimise the health and development of adults, infants and children.

Mission

To deliver science based bioactives which provide health benefits to adults, infants and children.

Full Year Performance Highlights

- ✓ Total full year Revenue **\$76.7m** up **21.8%** on FY18 \$63.0m driven by improved demand
- ✓ Net Profit **\$10.1m** up **33.1%** on FY18 \$7.6m.
- ✓ Operating Expenses **\$10.6m** (FY18 \$8.3m); investment in people and technology to develop new products and sales
- ✓ New products delivering growth in new segments and countries
- ✓ Inventory at **\$27.7m** up \$7.9m on FY18 full year upon forward demand
- ✓ EBITDA covers net debt by **2.7** times
- ✓ Final dividend declared of **1.75 cent** per share, a 40% increase on prior year final dividend

Full Year 2019 Results

AUD million	4E Reported 31 Jul 2019	4E Reported 31 Jul 2018
Revenue	\$76.7	\$62.9
EBITDA	\$14.0	\$10.9
NPBT	\$14.0	\$10.6
Tax	(\$3.9)	(\$3.0)
NPAT	\$10.1	\$7.6
EPS	6.12 cps	4.59 cps
ROE (annualised)	24.3%	21.4%

- ♣ 22% year on year revenue growth
- ♣ High sales growth rates in Asia, EU & USA, whilst Australia/NZ still key sales region
- ♣ EBITDA \$14.0m (PY \$10.9m)
- ♣ Fixed costs managed \$10.7m (PY \$8.3m); resourcing for future growth
- ♣ NPAT result \$10.1m (PY \$7.6m)

Balance Sheet 31 July 2019

AUD million	Reported 31 Jul 2019	Reported 31 Jul 2018	Movement
Cash	\$8.3	\$7.9	+\$0.4m
Trade Receivables	\$18.4	\$15.3	+\$3.1m
Inventories	\$27.7	\$19.8	+\$7.9m
Total Current Assets	\$55.4	\$43.6	+\$11.8m
Fixed Assets	\$19.4	\$8.5	+\$10.9m
Total Assets	\$74.8	\$52.0	+\$22.8m
Trade Payables	(\$12.5)	(\$7.8)	-\$4.7m
Current borrowings	(\$1.5)	(\$0.5)	-\$1.0m
Total Current Liabilities	(\$17.6)	(\$10.1)	-\$7.5m
Non current borrowings	(\$12.0)	(\$3.7)	-\$8.3m
Total Liabilities	(\$29.6)	(\$13.9)	-\$15.7m
Net Assets	\$45.1	\$38.1	+\$7.0m

♣ Net debt of \$5.2m as compares to EBITDA of \$14.0m

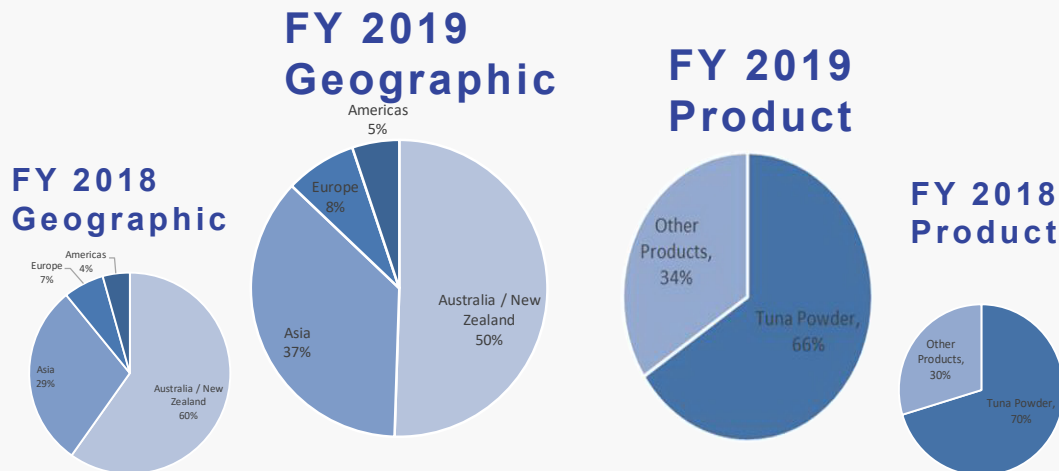
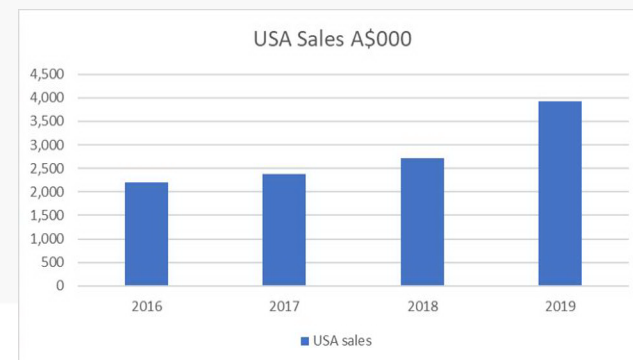
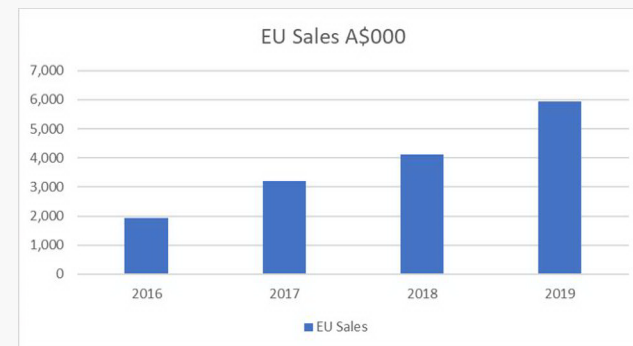
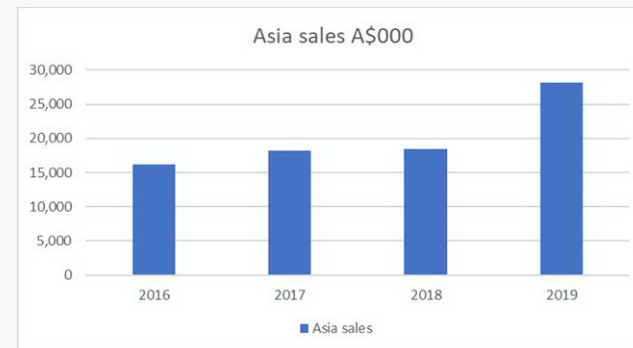
♣ Trade receivables up on FY18 reflects sales increase

♣ Inventory levels increased to meet demand

♣ Payables increased in line with inventory activity

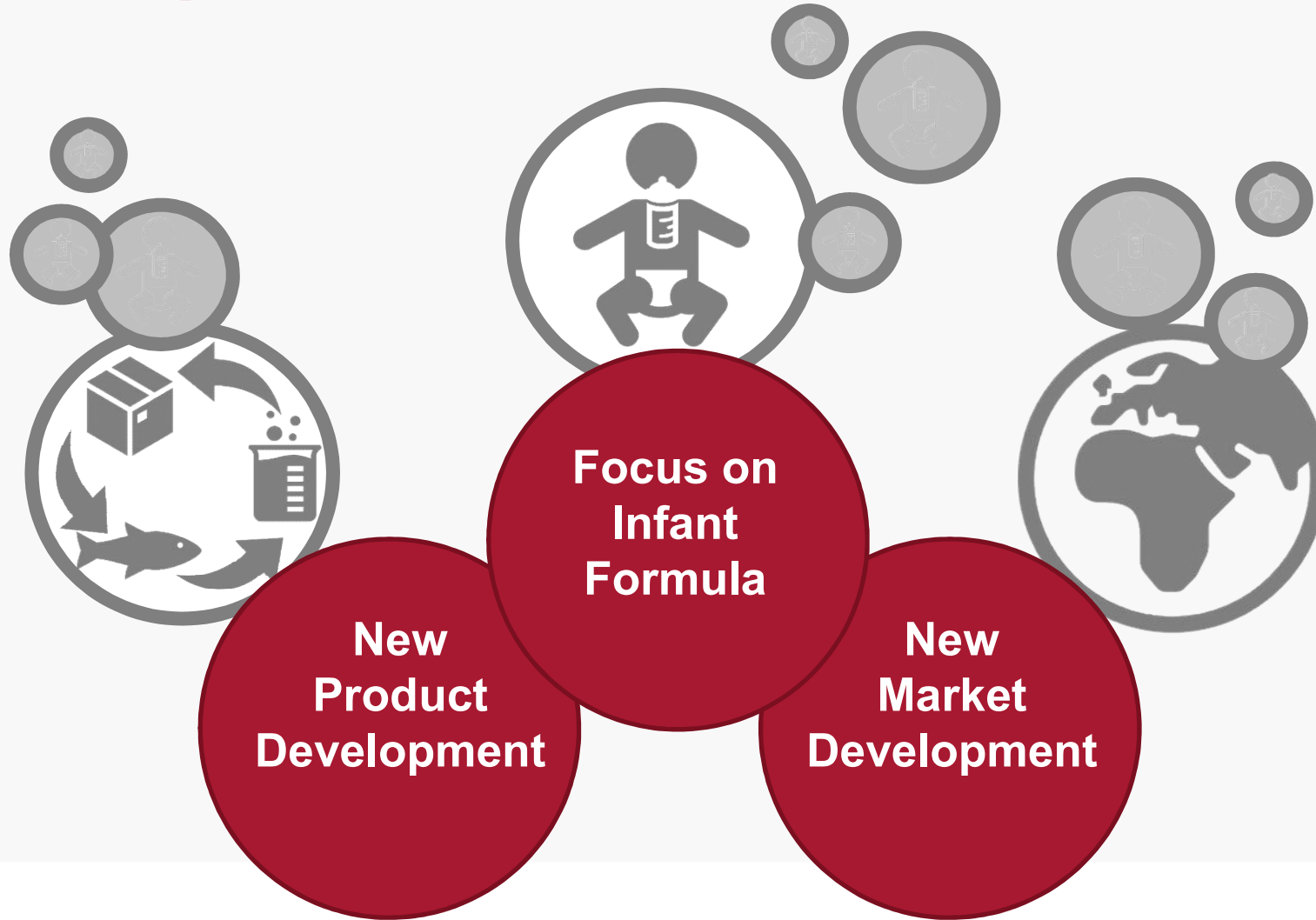
Sales by Geography & Product

- ♣ Sales across all key regions have grown during FY19 compared to FY18
- ♣ Asia key growth area for IF for the Chinese market, whilst USA growth in non IF sector



- ♣ Encapsulated Tuna oil leads sales revenue with encapsulated Algal oils and other oils represented in other products

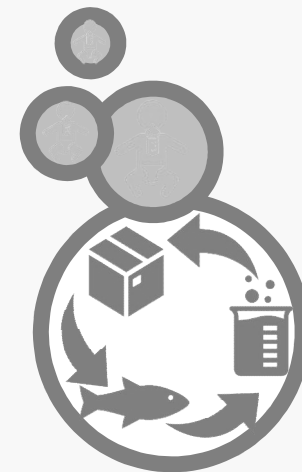
An Update on Growth Platforms



Growth Platform

New products driving future growth

- ♣ Clover's new products have won new business in food fortification across different segments
- ♣ The highly concentrated DHA powder delivering a 60% oil loading is used across health bars, powders and gummies
- ♣ Clover has released 4 new products for the year delivering solutions to customer requirements
- ♣ Development and adoption of new products takes extensive market testing, and up to three years to commercialise



**New
Product
Development**

Growth Platform

Infant formula maintains growth

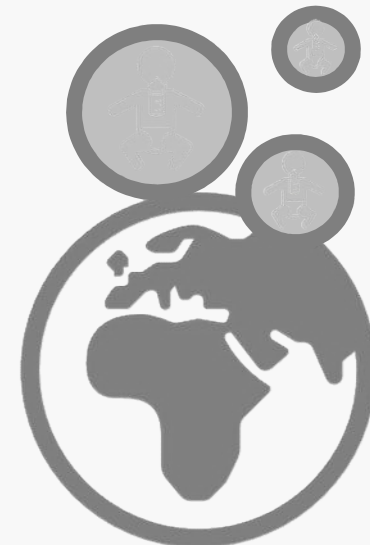
- ♣ China adds 22 Bonded warehouses to facilitate CBEC (Cross Border Electronic Commerce) trade
- ♣ Awarding of SAMR licenses, to market and sell product in China's retail channel, remains slow
- ♣ China has released DRAFT legislation that would require infant formula to contain a min 15mg/100Kcal of DHA and ARA
- ♣ European customers prepare to meet the new EU standard for infant formula of 20mg/100Kcal of DHA in Feb 2020



Growth Platform

New markets development

- ♣ Clover has grown sales in USA, Europe, Asia and ANZ
- ♣ The USA has delivered sales growth across food, drink and nutraceutical applications
- ♣ Clover has sales staff across Europe, China, New Zealand and dedicated staff for SE Asia and Australia providing a face to face solution
- ♣ The company has entered a partnership in Melody Dairies to build a spray drying facility in NZ



**New
Market
Development**

1 HFY20 Outlook & Priorities

- ♣ Growth in European markets driven by the requirement to increase DHA levels in infant formula
- ♣ Build completion of spray drying facility in Hamilton, New Zealand
- ♣ Development of new products targeting sports nutrition, children's and seniors' health
- ♣ Growth expected in Asia, USA and South America
- ♣ Establish customers for new products in nutraceuticals, pharmaceuticals, and sports nutrition
- ♣ Improve efficiencies and reduce operating costs
- ♣ FY20 Q1 customer order rates consistent with FY19 second half customer order rates
- ♣ Add value through strategic acquisition and/or partnership

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