



BESTON
GLOBAL FOOD COMPANY

RECORD REVENUE & PROFIT GROWTH
ASX : BFC

H1 FY23 Investor Presentation

OUR PURPOSE

We thrive by extracting the maximum value from every drop of precious milk, paying tribute to our farmers, and doing so in the most sustainable way.

Our People

Our Planet

Our Partners

Our Performance



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Transformative period that is delivering record results

H1 FY23

\$91 Million

Group Revenues up 33% vs pcp

\$3.0M

Group Trading EBITDA*

\$6.4M

Dairy Division Trading EBITDA**

\$ 15.7 Million

Group Margins at 17.3% of revenue

38%

Gearing level at H1 FY23 closing

\$9.65/Kg MS

(Weighted Average)
Competitive Milk Price



EMERGING STRONGER, MORE STABLE AND WITH SOLID FOUNDATIONS FOR THE FUTURE

OUR PEOPLE



New Management team now fully in place. We enjoy a diverse and experienced leadership team with over 100 years of combined experience in Dairy, Agriculture and FMCG value chains.

We have implemented a refreshed **new corporate branding, a new working environment and engagement plans** that makes BFC a great place to work.

OUR PARTNERS



Record Sales achieved via a relentless focus on market, channel and customer focus.

Solid customer partnerships in place with leading Australian and international customers.

We enjoy **share of wallet leadership supply positions in Mozzarella** across some of Australia's largest food companies. We selectively partner for value in key international markets (Thailand, Japan, China, Philippines).

OUR PERFORMANCE



We extract maximum value from every drop of milk.

We achieved record sales of Lactoferrin with >10 tonnes sold to clients in Australia and around the world.

We enjoy a diverse client base for our Lactoferrin spanning from China, India, North Asia and Europe.

Prices of Lactoferrin strengthening into H2 FY23 as clients broaden the usage of this powerful immune-boosting, dairy ingredient.

OUR PERFORMANCE



Balance Sheet reset achieved by a successful capital raise, allowing us to deliver against our capital plan.

New Capital Plan on track with the expansion of Lactoferrin production volumes as well as several high ROI capital projects that will significantly improve BFC's competitiveness and cost of goods at our Jervois and Murray Bridge facilities.

OUR PLANET



In conjunction with our South Australian Dairy Farmers, The South Australian Government (PIRSA) and the University of Adelaide, **we are leading one of Australia's largest methane abatement trials.**

We are using our technology arm (Beston Technologies) to ensure the appropriate monitoring and recording of methane abatement leading to carbon credit gains.

OUR NEW MANAGEMENT TEAM

Over 120 years of combined global experience spanning from Dairy, FMCG, Growth Management and Agribusiness.



Fabrizio Jorge
Chief Executive Officer

Over 25 years of global experience in the food and beverage industry and particularly in Dairy products across Latin America, Europe, Africa & the Middle East, Asia, Australia and New Zealand.

Fabrizio joined BFC as CEO from April 1st, 2022.

Fabrizio holds a Bachelor's degree in Business Administration from the Pontificia Catholic University in Sao Paulo, Brazil and is a graduate of the International Business School, University of California, USA and the Institute of Management Development (IMD), Lausanne, Switzerland.



Nick Martin
Chief Financial Officer

Over 22 years of experience in the food and beverage industry and particularly in Dairy products across Australia and New Zealand.

Nick joined BFC on February 1st, 2023.

Nick is a Fellow Certified Practising Accountant and joined Beston with a strong financial background across senior executive roles in the FMCG sector including with giant American food company McCormick and Company and publicly listed global dairy company, Fonterra Co-operative Group Limited.



David Isherwood
Chief Manufacturing Officer

David has 30 years of dairy experience with much of this centered around business growth and strategic change.

David joined BFC in April 2022 from Fonterra Australia where he led transformational manufacturing change in mozzarella and nutritional proteins for the Foodservice and Sports markets respectively.

David holds Bachelor of Science (Chemistry) and Bachelor of Engineering (Hons) degrees from Canterbury University, New Zealand and a Diploma in Business Administration (Finance and Marketing) from Massey University, NZ.



Cameron Woods
Director, Sales & Marketing

Cameron has a stellar global 20-year career in marketing, sales, and general management across Australia, Asia, and the UK.

Cameron joined BFC from Leprino Foods Company, where he was Managing Director of the APAC region, based in Singapore.

Cameron also held senior marketing and brand management positions in Australia and overseas with the L'Oreal Group.

Cameron holds a Bachelor of Business Marketing degree from Swinburne University, Melbourne.



Hamish Browning
Director, Agribusiness & Milk Supply

Hamish's career spans over 25 years in agriculture and food with Elders Ltd, Frontier International Agri Pty Ltd (Ruralco J/V, ASX:RHL), Thomas Foods International, and BFC.

Hamish rich career spans across Senior management and administration roles including Managing Director, Chief Operations Officer, General Manager, Senior Trader and Chairman.

Hamish has a Graduate Diploma in Financial Services and is a Harvard Business School Alumni having attended their Management Program.



Adrian Bartsch
Director, People & Culture

Over 15 years of hands-on and operational experience, Adrian joined BFC in 2019 as Human Resources Manager focusing on the Murray Bridge & Jervois plants.

Adrian's career includes HR Management within the meat industry for over 10 years, including roles with JBS Australia & Thomas Foods International.

Adrian holds a Bachelor of Management (Human Resource Management) from the University of South Australia



STRATEGIC OVERVIEW

We will deliver lasting sustainable and profitable growth **via a focused approach in enhancing value of our product portfolio** (by extracting maximum value from all product streams) and by **ensuring a world class manufacturing footprint** alongside a **solid partnership with our Dairy Farmers as well as clients domestically and internationally.**

FINANCIAL & OPERATIONAL ACHIEVEMENTS

RECORD REVENUES



We have emerged from the Covid 19 years stronger and returned to accelerated growth and improved cash flows. **Our H1 FY23 revenues are up 33% vs H1 FY22 and up 72% vs H1 FY21**

RECORD MARGINS



Our market, channel, product and client focus allow us a much better valorisation of our portfolio and we have achieved record margins. **Our H1 FY23 margins are significantly up vs H1 FY22**

BALANCE SHEET RESET



Our successful capital raise has allowed us to pay down debt and significantly improve our gearing levels down to approximately 38% at the end of H1 FY23

STRATEGIC MILESTONES

PRODUCTIVITY TARGETS



We have stabilised our production footprint and we are on track to meet our guidance productivity targets for Mozzarella, Sweet Whey Powder, Lactoferrin and Cream products. **Our H1 FY23 Mozzarella yield is 5.7% up vs H1 FY22**

MILK SUPPLY ON TRACK



Despite difficult conditions associated with the floods along the Murray River, we remain on track to meet guidance of total milk supplies and on track to achieve organic growth in FY24 and beyond

CAPITAL PLAN ON TRACK



Actions ongoing to implement several high return on capital initiatives across our manufacturing footprint as well as Lactoferrin production expansion, as from FY24 onwards

MACRO FORCES: OUR FOCUSED APPROACH DURING VOLATILE TIMES

PARTNERSHIPS

Long term value focused customer partnerships.
World class product portfolio for strategic customers.
Tight cost control.

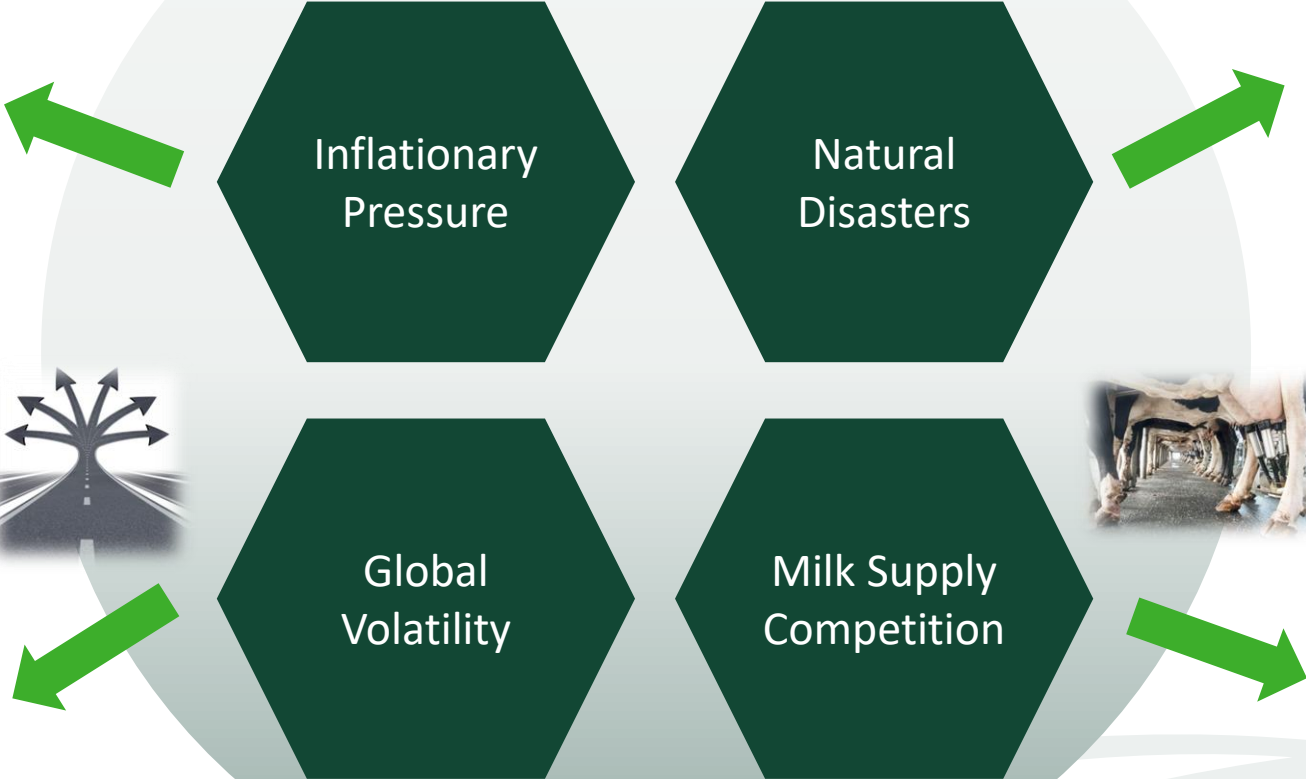


MACRO FORCES



BALANCE SHEET

Stronger and more resilient to navigate challenges and realize opportunities.



OPTIONALITY

Strategic understanding of global Dairy markets.
Focus on developing multi-tier Product, Market, Customer combinations that will generate value.



SERVICE & SUPPORT

A competitive milk price with a long-term focus on pricing and service levels.
Helping our farmers to better plan their cash flows and investments



H1 FY23 Financial Review



Performance Highlights H1 FY23

February 2023

\$91 Million

Group Revenues up 33% vs pcp

\$ 15.7 Million

Group Margins at 17.3% of revenue

\$3.0M

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Dairy Division Trading EBITDA**

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H1 FY23 PERFORMANCE PROGRESS VS OPERATING GUIDANCE

We reaffirm our guidance for FY23*

Measure		FY23 Guidance	Variance to FY22 Actuals	H1 FY23 Actuals
Milk Supply*	ML	155 – 175	Up 9%	81.9
Mozzarella Production	MT	15K – 16K	Up 5%	8.3K
Lactoferrin Production	MT	16 – 19	Up 10%	8.5
Group Sales	\$M	150 – 180	Up 18%	90.6
EBITDA**	\$M	8 - 10	Up Significantly	3.0
Revenue per litre of milk	\$/l	1.00 – 1.15	Up 28%	1.08
Capex	\$M	6 - 8	Up 40%	3.2

(*) Includes all milk received, from direct farmers and third party milk suppliers

(**) EBITDA excludes the impacts of abnormal costs

(*) Our FY23 operating guidance is based on our latest financial and operational forecast and does not consider unforeseen costs associated to milk supply volumes, milk price, milk composition changes and energy cost pressures.



H1 FY23 GROUP FINANCIAL RESULTS

	1H FY23 (\$m)	1H FY22 (\$m)
Group revenues	90.6	68.3
Cost of sales	74.9	63.9
Gross margin	15.7	4.4
Gross margin (%)	17.3%	6.4%
Other revenues		
Operating costs	12.7	14.0
Trading EBITDA*	3.0	(9.6)
Abnormal adjustments	0.9	0.3
Trading NPAT	(1.2)	(7.5)

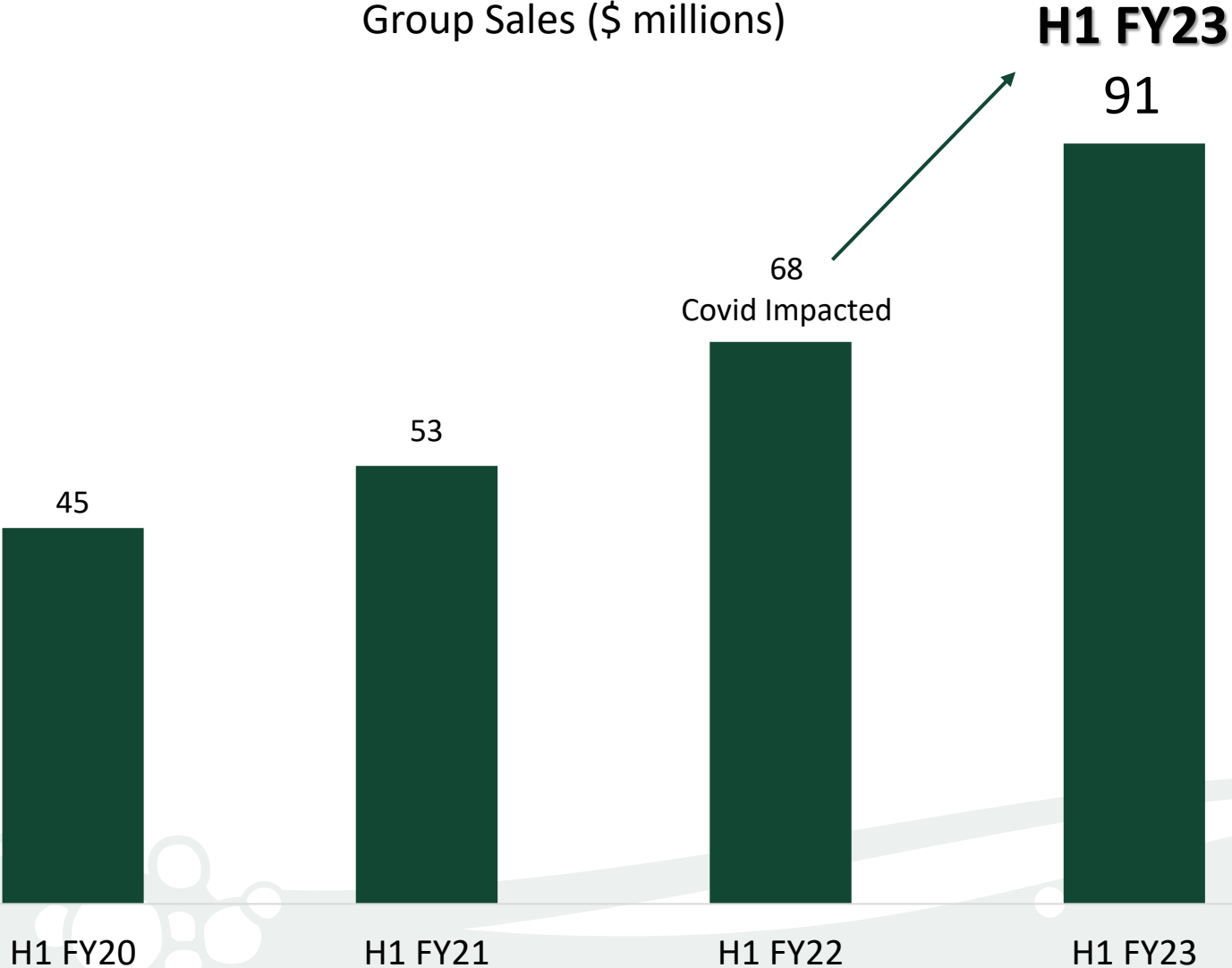
- **Group revenues at record levels** driven by pricing and much improved product mix performance
- **Record Group gross margin performance** on the back of improved productivity yields, product mix and pricing performance
- Trading EBITDA performance **aligned with guidance expectations for H1 FY23**
- **Much improved efficiency of operating expenses** moving from 20.5% of sales in H1 FY22 down to 14.0% of sales when adjusted for abnormal items
- High funding costs for the period totalling \$2.1M related to the period **prior to capital raise**. Cost of funding has already significantly reduced on the back of debt repayment (circa \$16M)
- Announced the **tender for our funding facilities** as part of optimisation efforts of our cost of capital
- **Abnormal adjustments** related to parts of our capital raising costs which cannot be capitalised and includes one off employee related costs and operating expenses
- **Gearing level at 38%** at end of December 2023

* Trading EBITDA excludes the impacts of abnormal costs

DELIVERING SUSTAINABLE, INCLUSIVE & PROFITABLE GROWTH

BFC emerged stronger from the Covid years, delivering record Group sales in H1 FY23

Group Sales (\$ millions)



On track to meet high end of FY23 revenue guidance of ~\$180M



Significant growth of 33% vs pcp and 72% vs 1HFY21

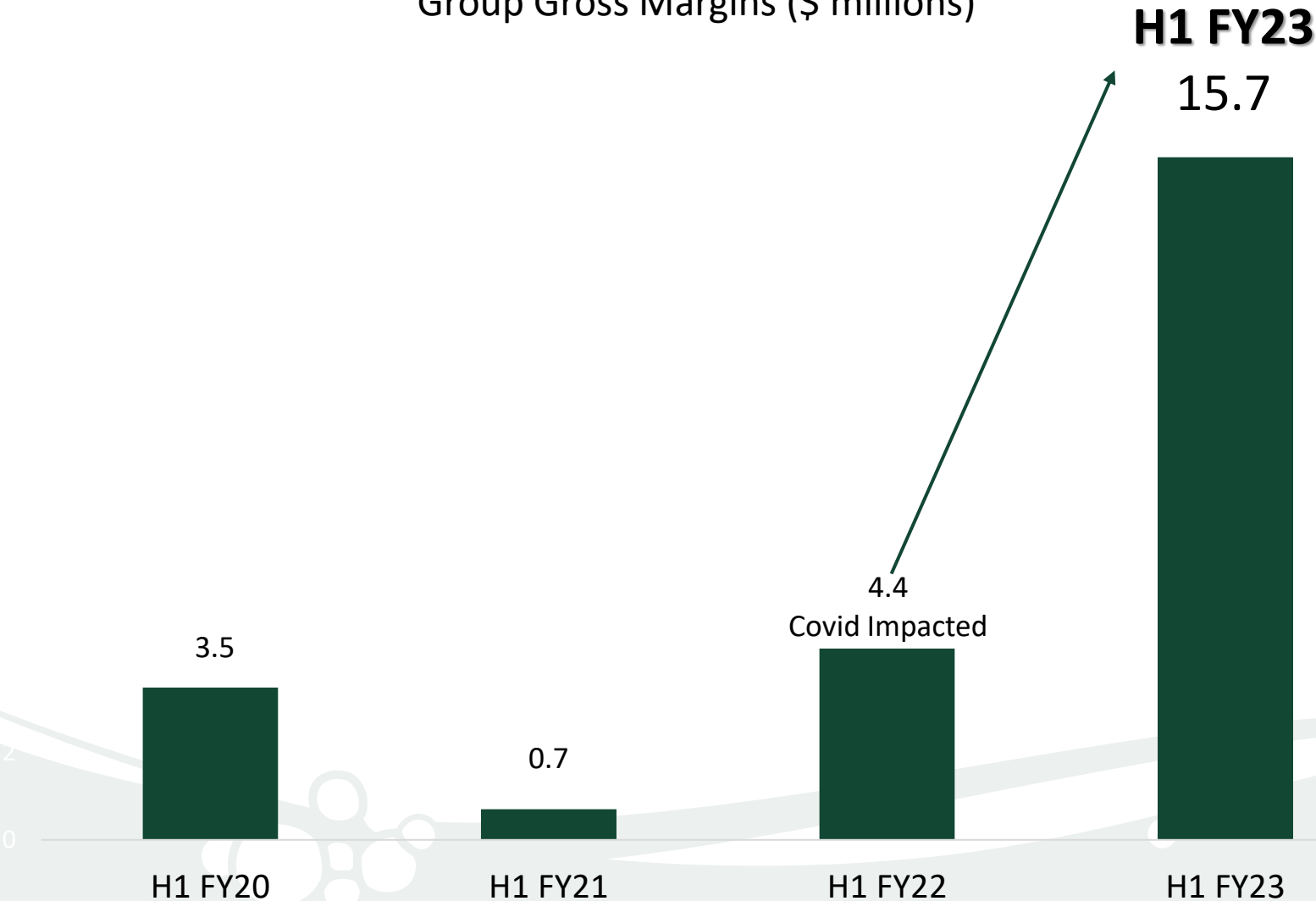


Stronger cash flows generated from growth in revenue

SIGNIFICANT GROSS MARGIN IMPROVEMENT

Achieved major improvement in total company gross margins due to strong pricing performance, customer partnerships as well as much improved product mix and manufacturing / productivity yields

Group Gross Margins (\$ millions)



Over 10 tonnes of Lactoferrin were sold during H1 FY23 and we forecast over 20 tonnes for FY23

Lactoferrin prices rising in H2 FY23 which will support margin improvement



MediFerrin



GROSS MARGIN DRIVERS

Strong focus on **Lactoferrin production and sales execution** whilst **optimizing our Mozzarella, Whey and Cream portfolios** for best possible market, channel and customer return



LACTOFERRIN (GLOBAL SALES EXPANSION)

- All FY23 Lactoferrin production is committed with customers (with pricing review clauses)
- All FY22 closing stocks being sold at higher price in FY23
- BFC's Mediferrin is now sold in China, South Korea, India and Europe
- Strong partnerships with domestic Australian Infant Formula producers that are also exporting
- Spot pricing now > US\$ 650 or circa AU\$ 920/Kg indicating strong recovery



MOZZARELLA (RIGHT MARKET, CHANNEL AND PRODUCT)

- All FY23 Mozzarella production is committed with customers (with pricing review clauses)
- Awarded the best Mozzarella in Australia as per the Dairy Industry Association of Australia (DIAA)
- Strong partnerships with domestic market leaders such as McCains and Woolworths in Australia and leading regional players in key export markets such as Thailand, South Korea, Japan, Philippines, Vietnam and China
- Exited the highly competitive and costly Australian Foodservices channel, redirecting volumes to high returning markets like Japan



OPTIMISED CREAM PORTFOLIO (MORE MABLES CREAM CHEESE)

- Achieved a 70% sales revenue increase across our MABLES Cream Cheese range in H1 FY23 vs H1 FY22
- Delivered strong sales with new client and partner for 100g Cream Cheese retail range
- Natural Cream Cheese tolling agreement using BFCs Cream in South Australia delivered and up and running
- Cream Cheese pricing return >50% better than Butter on a milk solids per Kg basis

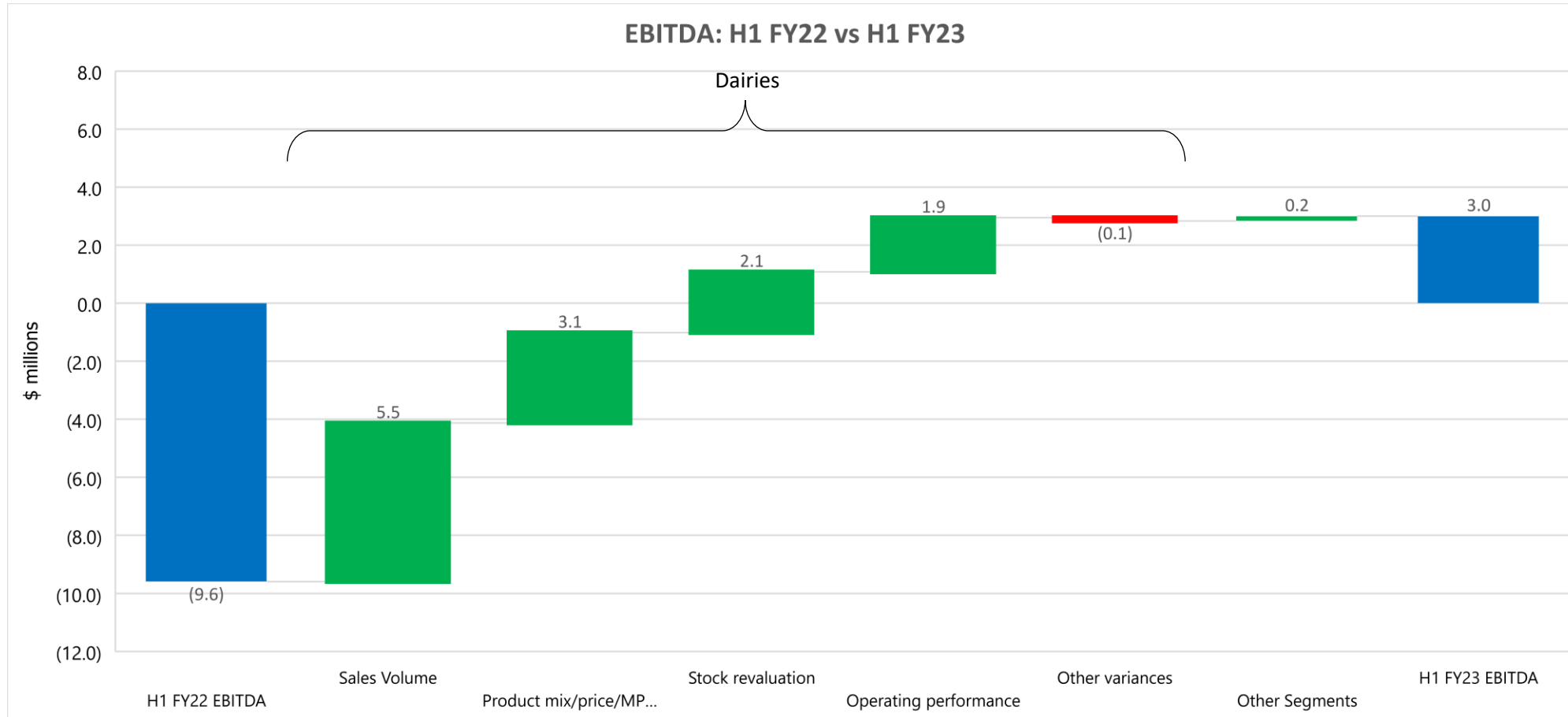


YIELD, YIELD and YIELD

- Achieved improvements in our Mozzarella yield productivity, making the very most of every drop of milk
- Achieved significant reduction of downgrade Cheeses and also established sales channels for processed cheese sales
- Delivered capital program aimed at overall improvement of first-time quality (FTQ) performance
- Capital plan in place to step change yield and costing performance of Jervois & Murray Bridge

H1 FY23 TRADING EBITDA IMPROVEMENT

Very strong turnaround from Dairies segment driven by improved productivity yields, product mix and pricing performance



(*) Other segments includes Australian Meat, Australian Other, International & Corporate

H1 FY23 IMPROVED BALANCE SHEET

The capital raise has strengthened the balance sheet by extinguishing \$16m of borrowings and providing further funding for high returning manufacturing capital projects

Loans and Borrowings	H1 FY23 Dec \$m		FY22 Jun \$m
Overdraft*	5.0		3.0
Equipment Lease & Hire Purchase	5.1		5.7
Term loan	20.5		36.5
Property Mortgage	2.4		2.6
Total Loans and Borrowings	33.0		47.8
Gearing	38.4%		69.5%

We announced that we are looking to restructure our banking arrangements and intend to undertake an open tender for our debt facilities to ensure they are aligned with our future plans and are fit-for-purpose

(*) The overdraft facility currently has a \$18.7M facility limit.

CAPITAL PLAN ON TRACK

Funds from the November 2022 capital raise are being deployed on a range of fast payback and high IRR projects.

These initiatives unlock savings and profits in operations and supply chain, while accelerating our environmental sustainability journey.



CAPITAL PLAN ON TRACK

Actions ongoing to implement several high return on capital initiatives across our manufacturing footprint as well as Lactoferrin production expansion as from FY24 onwards



Unlocking the full potential of our Lactoferrin capability

- All FY 2023 Lactoferrin production is contracted and sold at high margins.
- Consumption is increasing in infant formula and other emerging categories.
- Targeted expansion in and around our existing facility to expand capacity.
- Enhance systems and products to deliver customisation and differentiation.
- Attractive returns through leveraging existing assets and team capability.



Water Recycling

- Annual spend of water is currently a seven figure number.
- Planned Improvements to our water management results in a payback of < 1 year, delivering significant cost savings and step change to our long term sustainable management of water.



More Mozzarella from the same amount of milk

- Through multiple initiatives (including increased automation) there are low risk and attractive opportunities in yield and efficiency to drive \$/unit cost down.
- With all Mozzarella currently contracted, increased volume will further increase returns from every litre of milk.

Strategic Way Forward - Outlook



STRATEGIC COMPANY PROPOSITION

GROWTH
AMBITION

TO BE AUSTRALIA'S LEADING SUSTAINABLE & VALUE ADD DAIRY COMPANY

OUR
PURPOSE

THRIVE BY EXTRACTING VALUE FROM EVERY DROP OF PRECIOUS MILK, PAYING TRIBUTE TO OUR DAIRY FARMERS AND DOING SO SUSTAINABLY

OUR
PROPOSITION

AN ORGANISATION RECOGNISED BY CLEAN, PURE, TRACEABLE AND SUSTAINABLE DAIRY

VALUE
PROPOSITION

**VERTICAL INTEGRATION &
GLOBAL REACH**
(Our Dairy Farmers, Global Supply Partners)

PREMIUM PRODUCT MIX
(Lactoferrin, IgG, Premium Cheeses, Whey)

SUSTAINABLE APPROACH
(On Farm and Off Farm embracing innovation)

CHANNELS

**DOMESTIC
KEY ACCOUNTS & INGREDIENTS**

**INTERNATIONAL
KEY ACCOUNTS & INGREDIENTS**

PREMIUM RETAIL

ADVANCED NUTRITION

OUR
FOUNDATIONS



PEOPLE



PLANET



PARTNERS



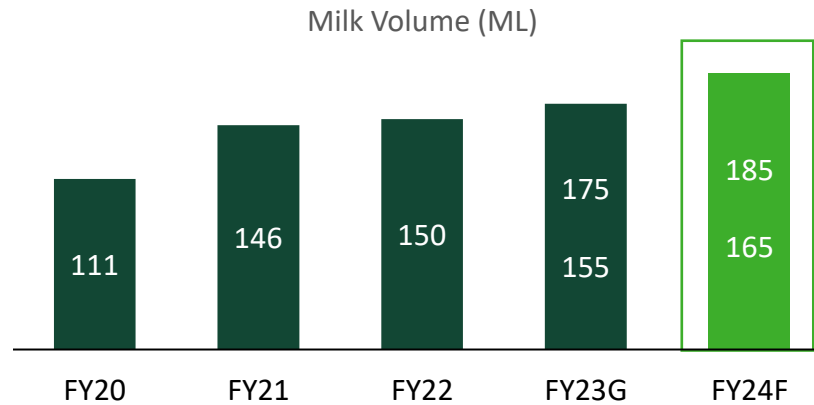
PERFORMANCE



STRATEGIC GROWTH STRATEGY

We will combine **the strength of our vertical integration in Australia** and our strong connection with Dairy Farmers **AND complementary portfolio strategies** with Global Partners (EU and USA focused).

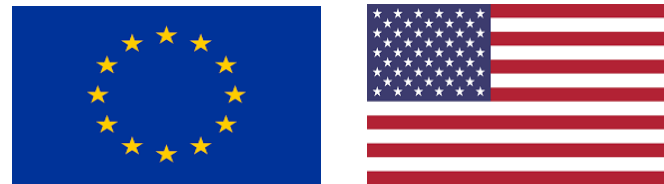
VERTICAL INTEGRATION
(Our Dairy Farmers, Supply Partners)



MILK GROWTH

- Achieve +6.5% milk pool sourcing expansion in Australia in FY24 via accelerating partnerships in South Australia and Western Districts of Victoria
- Accelerate product mix initiatives to de-risk our milk pool
- Explore M&A as a vehicle for rapid milk pool expansion in South Australia and Victoria

GLOBAL SUPPLY PARTNERS
(Servicing our global needs)



New Products, complementing our portfolio for our Global Markets

SUPPLY GROWTH

- Achieve incremental revenues in FY24 by accelerating partnerships in EU and USA on complementary Cheese portfolios for our Global customers
- Portfolio optionality for our Global clients, using the BFC Branding and IP

STRATEGIC GROWTH STRATEGY

We will continue to **pay tribute to our farmers** by developing a **premium and advanced product portfolio**, extracting maximum value from every drop of milk achieving double digit ROCE returns

OUR PREMIUM PRODUCT MIX
(Lactoferrin, IgG, Whey, Premium Cheeses, Premium Dairy Foods)

ADVANCED NUTRITION



Medierrin

GROW & SPECIALISE

PREMIUM CHEESES



GROW & SPECIALISE

PREMIUM DAIRY FOODS



GROW & CONSOLIDATE

DOMESTIC INGREDIENTS, EXPORT INGREDIENTS, RETAIL, SPECIALISED NUTRITION

OUR SUSTAINABLE APPROACH

Our approach towards sustainability is in the **physical world**, by achieving measurable and traceable carbon footprint reduction via our technology systems **OZIRIS™ Sure pay**



OUR SUSTAINABLE APPROACH (On Farm and Off Farm embracing innovation)

ON FARM



REDUCING ETHERIC METHANE PRODUCTION ON FARM

- Methane abatement trials have commenced across South Australian Dairy farms in partnership with PIRSA AG TECH GROWTH Fund and the University of Adelaide
- Trial the efficacy of Asparagopsis infused in partnership with SeaForest Pty Ltd.
- Trials expect to produce the following key outcomes:
 - Impact and risk assessment on animal health
 - Milk production
 - Efficacy of novel digital methane meters
 - Carbon Credit generation
 - **OZIRIS™ Sure pay** usage and efficacy for future licensing for usage across the Dairy and Beef sectors in Australia



THE UNIVERSITY
of ADELAIDE



ON FACTORY



EMBRACING SUSTAINABLE STRATEGIES

- Solar panels installed and up & running at the PFG factory in Shepparton, VIC and savings being captured
- Water treatment plant being put in place at Jervois what will significantly improve our water costs as well as overall footprint.
- BIOGAS assessment commenced to mitigate our natural gas costs at Jervois as well as waste / effluent disposal costs. Natural gas costs have more than tripled vs 12 months ago.



OUR WAY FORWARD

We have **emerged stronger** from the Covid-19 period. The **business foundations are in place** for the company to deliver sustainable and profitable growth for the years to come

GROUP STRATEGIC FOCUS

We will drive continued margin improvement across our portfolio via our vertically integrated supply chain, our global reach of customers, a multi-tier product offering and by embracing sustainable projects that will make a difference to our performance today and tomorrow



OUR VERTICAL INTEGRATION GLOBAL REACH

(Our Dairy Farmers, Global Supply Partners)



OUR PREMIUM PRODUCT MIX (Lactoferrin, IgG, Premium Cheeses, Whey)



OUR SUSTAINABLE APPROACH (On Farm and Off Farm embracing innovation)

DOUBLE DIGIT GROWTH & PROFITABILITY IMPROVEMENT

Our strategic plan will continue to deliver double digit organic growth with a continued improvement of our operating margins as well as profitability year on year



Thank you

