



**BESTON**  
GLOBAL FOOD COMPANY

**RESILIENCE & GROWTH DURING VOLATILE TIMES**

**ASX : BFC**

**FY23 Results Presentation**

# DISCLAIMER

This report includes both information that is historical in character and information that consists of forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements are subject to risks, stakeholder engagement, uncertainties and assumptions which could cause actual results, timing, or events to differ materially from the expectations described in such forward looking statements. Those risks and uncertainties include factors and risks specific to the industry in which Beston Global Food Company operates, any applicable legal requirements, as well as matters such as general economic conditions.

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**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**





# FY23 KEY ACHIEVEMENTS



**LACTOFERRIN  
SALES UP 172% VS FY22**



**DAIRY GROSS MARGINS  
UP 175% VS FY22**



**Trading EBITDA\*  
significantly improved  
UP \$14.5M VS FY22**



**OPERATING  
CASH NEUTRAL IN H2**





# Resilient Results during Volatile Times

FY23

**\$170 Million**

Net Sales from Continuing Operations  
UP 34% vs FY22 (^)

**(\$1.7 Million)**

Group Trading EBITDA  
from Continuing Operations (\*^)

**\$4.1 Million**

Dairy Division  
Trading EBITDA (\*)

**\$26 Million**

Gross Margins from Continuing  
Operations UP 175% vs FY22 (^)

**21.5 tonnes**

Lactoferrin Sales UP 172% vs FY22

**\$9.84/Kg MS**

Record Actual Milk Price Paid  
to Dairy Farmers

**152ML**

Total milk collected stable vs FY22  
despite national production decline

**18.5 tonnes**

Record Lactoferrin production fueled  
by record yields delivered

- ✓ Operations Streamlined
- ✓ Capital Plan on track
- ✓ Divestments Underway
- ✓ Funding Secured

\* EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

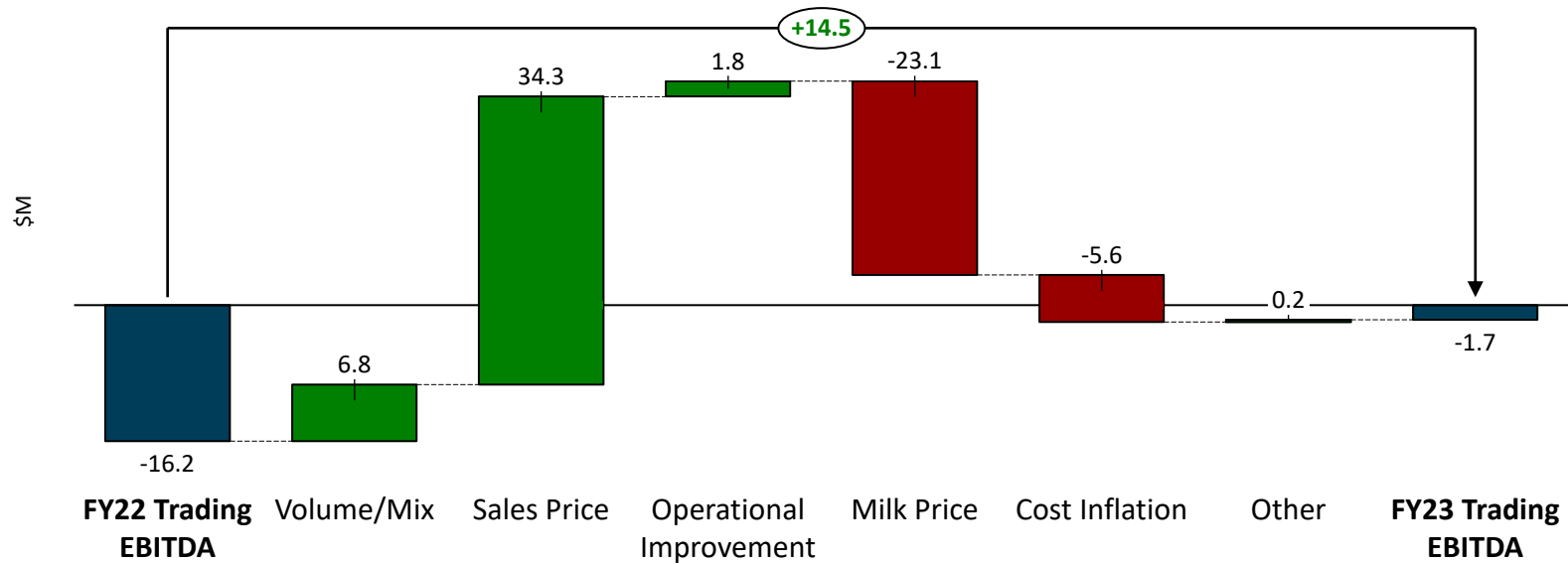
\* Trading EBITDA excludes non-recurring items.

^ Continuing Operations includes the Dairy Division and Corporate segments

# Resilient Results during Volatile Times

Pricing and Product Mix focus outperformed cost pressures

Trading EBITDA from Continuing Operations



## KEY CALLOUTS

- Volume/Mix: Strong result driven by Lactoferrin growth
- Price: Successfully increased price, key categories driving this uplift: Mozzarella, Cream and Lactoferrin
- Cost inflation: As a result of elevated levels of Gas, Electricity, chemicals, Insurance and other operational costs

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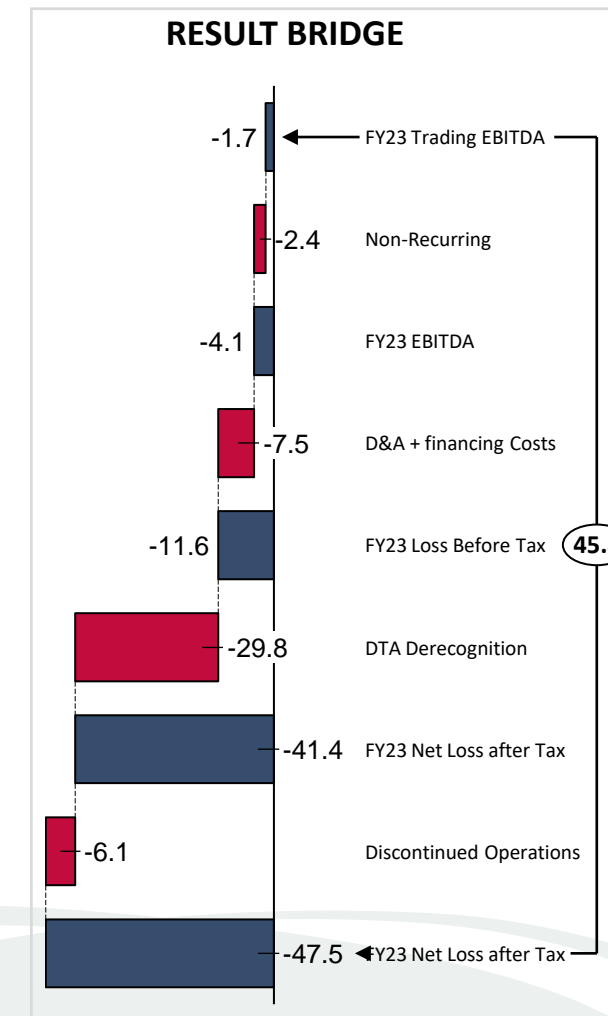
\*Continuing Operations includes the Dairy Division and Corporate segments

# Resilient Results during Volatile Times

Significant step change in trading performance from continuing operations as we transition our sole focus towards the Dairy business

Profit & Loss (\$M)	Continuing Operations ^			Discontinued Operations			TOTAL Business		
	FY2023	FY2022	Variance	FY2023	FY2022	Variance	FY2023	FY2022	Variance
Total Revenue	169.6	126.8	42.8	13.1	12.9	0.1	182.6	139.8	42.9
Operating Expenses	(171.3)	(143.0)	(28.3)	(14.1)	(15.1)	1.0	(185.4)	(158.1)	(27.3)
<b>Trading EBITDA</b>	<b>(1.7)</b>	<b>(16.2)</b>	<b>14.5</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>1.1</b>	<b>(2.7)</b>	<b>(18.3)</b>	<b>15.6</b>
Non recurring items before EBITDA	(2.4)	0.0	(2.4)	(0.1)	0.0	(0.1)	(2.5)	0.0	(2.5)
<b>EBITDA</b>	<b>(4.1)</b>	<b>(16.2)</b>	<b>12.1</b>	<b>(1.1)</b>	<b>(2.1)</b>	<b>1.0</b>	<b>(5.2)</b>	<b>(18.3)</b>	<b>13.1</b>
Non recurring items After EBITDA	0.0	0.0	0.0	(4.0)	(2.0)	(2.0)	(4.0)	(2.0)	(2.0)
Depreciation and Amortisation	(3.7)	(3.6)	(0.1)	(0.8)	(0.6)	(0.2)	(4.5)	(4.2)	(0.3)
Net finance costs	(3.8)	(1.1)	(2.7)	(0.2)	(0.1)	(0.1)	(4.0)	(1.2)	(2.8)
<b>Loss Before Tax</b>	<b>(11.6)</b>	<b>(20.9)</b>	<b>9.3</b>	<b>(6.1)</b>	<b>(4.8)</b>	<b>(1.3)</b>	<b>(17.7)</b>	<b>(25.7)</b>	<b>8.0</b>
Tax	(29.8)	3.0	(32.8)	0.0	1.0	(1.0)	(29.8)	4.0	(33.8)
<b>Net Loss after Tax</b>	<b>(41.4)</b>	<b>(17.9)</b>	<b>(23.5)</b>	<b>(6.1)</b>	<b>(3.8)</b>	<b>(2.3)</b>	<b>(47.5)</b>	<b>(21.7)</b>	<b>(25.8)</b>

- **Group revenues at record levels** driven by pricing and much improved product mix performance
- **Record Group gross margin performance** from improved productivity, product mix and pricing performance against record milk price
- Trading EBITDA performance **significantly improved on prior year**
- High funding costs for the period relating to **higher interest rates**
- **Non-Recurring Items pre-EBITDA** related to parts of our capital raising and includes one off employee related costs and operating expenses
- **Non-Recurring Items post-EBITDA** are related to noncash impairment charges for the discontinued business units of Technology and Meat
- **Deferred Tax Asset** derecognition of the asset which is a noncash balance sheet adjustment. Tax losses remain in place for future use.



\*EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

^ Continuing Operations includes the Dairy Division and Corporate segments



# Resilient Results during Volatile Times

Cashflow improvement from FY22 and neutral operating cashflow in H2 despite strong cost headwinds

Cashflow \$M	H1	H2	FY2023	FY2022
Receipts from customer	85.6	92.4	178.1	139.1
Payments to suppliers and employees	(93.6)	(90.2)	(183.8)	(157.8)
Interest and costs of financing	(2.1)	(2.0)	(4.2)	(1.2)
<b>Operating Activities</b>	<b>(10.1)</b>	<b>0.2</b>	<b>(9.9)</b>	<b>(19.8)</b>
<b>Investing Activities</b>	<b>(3.5)</b>	<b>(3.3)</b>	<b>(6.8)</b>	<b>(4.6)</b>
Net Proceeds From Capital Raise	26.4	0.0	26.4	0.0
Proceeds from Govt Grants	0.0	0.0	0.0	0.9
Net borrowings (repayment)/Lending	(13.0)	3.0	(10.0)	23.0
<b>Increase/Decrease in Cash</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.6)</b>

## CASHFLOW CALLOUTS

- Improvement during FY23 driven from operational business performance
- H2 operating cashflow neutral level despite business inflationary headwinds
- Successful capital raise during H1 with \$16M contributing to Debt reduction

Balance sheet \$M	FY2023	FY2022
Cash	0.2	0.3
Receivables (Trade & Other)	20.9	16.8
Prepayments	1.2	2.2
Inventories	18.4	18.1
Assets Held for Sale	12.8	0.0
Right of Use Assets	0.6	0.0
Property Plant & Equipment	48.9	57.2
Deferred Tax Assets	0.0	31.8
Intangibles	1.2	5.1
<b>TOTAL Assets</b>	<b>104.3</b>	<b>131.5</b>
Trade and Other Payables	20.6	17.9
Unearned Revenue	0.3	0.0
Borrowings	45.0	56.1
Employee benefit obligations	1.4	1.4
Deferred tax liabilities	0.0	2.0
Liabilities Held for sale	3.5	0.0
<b>Total Liabilities</b>	<b>70.9</b>	<b>77.4</b>
<b>Net Assets</b>	<b>33.4</b>	<b>54.1</b>

## BALANCE SHEET CALLOUTS

- Heightened receivables driven by large sales month in June 23
- Assets and liabilities of discontinued operations now classified as held for sale
- Deferred Tax Asset derecognition which is a noncash balance sheet adjustment
- Intangibles reduction driven by impairment of PFG and Technology
- Trade payables driven by higher farmgate milk prices in FY23



Strategy & Progress being delivered



# 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 (NEW)**

**FOODSERVICE  
SOLUTIONS (NEW)**

**ADVANCED NUTRITION**

OUR  
FOUNDATIONS



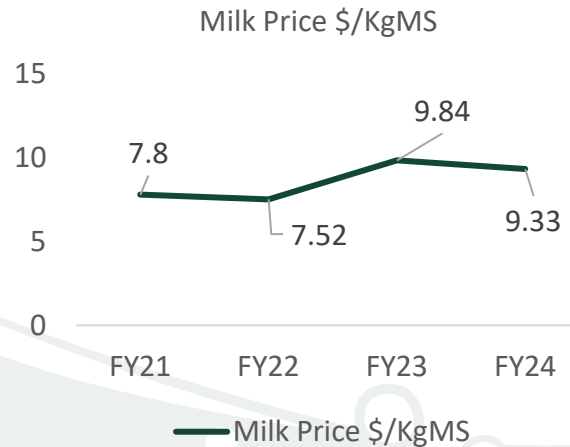
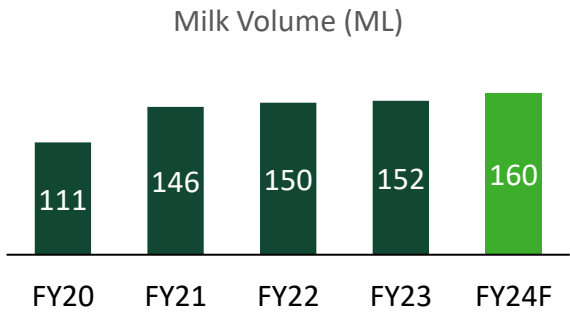


# STRATEGIC PROGRESS BEING DELIVERED

**VERTICAL INTEGRATION:** In less than 10 years, BFC has consolidated itself as the largest processor of South Australian milk, managing approximately 30% of what the State produces, playing a significant role in the livelihoods of Dairy Farmers

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## MILK SUPPLY & SOLIDS SECURED AND GROWING



## STRATEGIC PROGRESS DELIVERED

- **152ML of milk collected** from South Australian Dairy Farmers during FY23.
- **Over \$105 million in milk cheques contributed to Dairy Farmers in FY23** and the highest ever milk payout in the history of BFC with an actual milk price paid of \$9.84KgMS.
- **BFC secured additional farmers and milk solids for our FY24 season**, securing our growth.
- **Milk solids sourcing partnerships secured for FY24**, mitigating supply risk and ever-changing seasonal conditions.
- **BFC recognized as having the best Dairy Processor – Dairy Farmer relationship in South Australia** as per the Dairy Industry Association Awards in Adelaide on August 4<sup>th</sup> 2023.

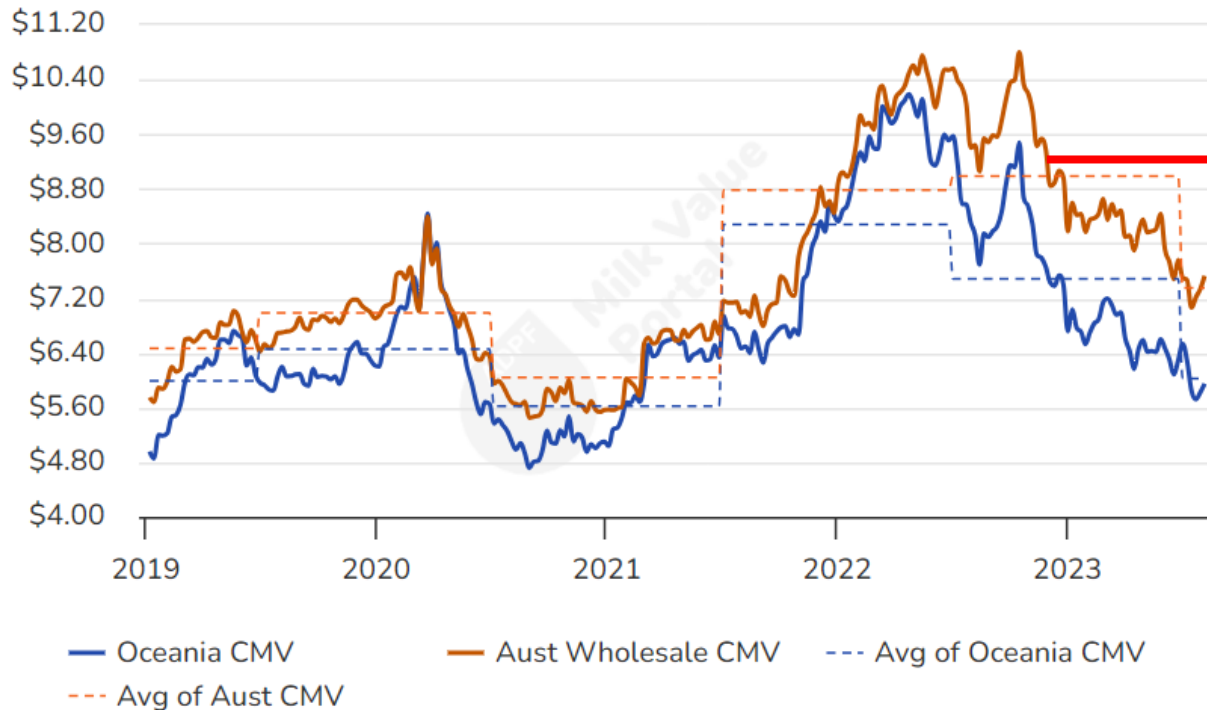




## STRATEGIC PROGRESS BEING DELIVERED

**VERTICAL INTEGRATION:** Milk Competition, fueled by a fragmented industry, is driving record milk price payouts, generating a significant disconnect between Australian Farm Gate prices and the rest of the world. **Long term focus is paramount** as milk pricing correction has happened twice over the history of Dairy markets in Australia.

Weekly CMV using NZ & Aust Spot series  
(A\$/kgms)



- **Current Oceania commodity milk value prices suggest a milk price of below \$6.00's** when looking at past norms
- **NZ milk price dropping quickly** and has corrected in line with commodity prices
- **Australian Dairy imports** from New Zealand are up by 28% year to date to June 2023
- **NZ milk is already >\$3.00KgMS cheaper than in Australia,** and at risk of declining further
- **The correction of the AU average milk price in line with NZ would translate to >\$20 million of P&L benefits to BFC in FY24**

Source: Milk Value Portal (Australian Dairy Products Federation - ADPF)

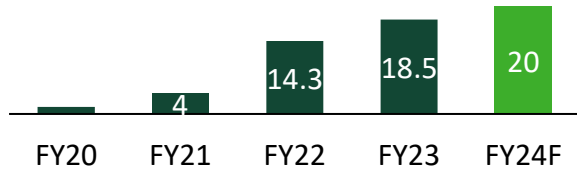
# STRATEGIC PROGRESS BEING DELIVERED

**OUR PREMIUM PRODUCT MIX:** Our Lactoferrin business continues to grow rapidly on the back of solid customer relationships, significant production yield improvements and quality recognition from our regular customers

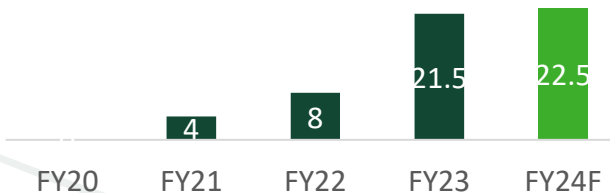
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## LACTOFERRIN BUSINESS GROWING FAST

Lactoferrin Volumes Produced (Tonnes)

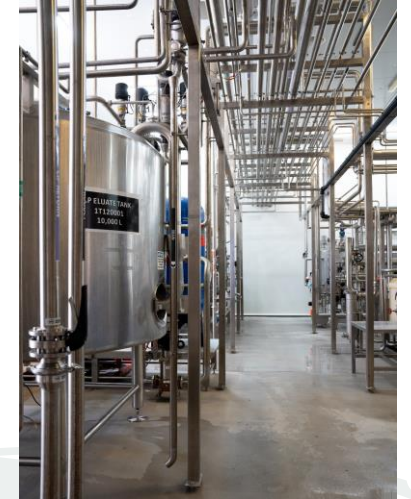


Lactoferrin Volumes Sold (Tonnes)



## STRATEGIC PROGRESS DELIVERED

- **Best ever Lactoferrin extraction yields, underpinning record production of 18.5 tonnes in FY23** despite flat milk intake vs FY22.
- **Achieved product manufacturing stability as well as quality**, allowing BFC to commence supplies to regular major IMF International branded businesses.
- **Achieved 172% growth in sales vs FY22.**
- **Capital plan on track and 3<sup>rd</sup> Lactoferrin extraction column to become operational by October 2023.**
- **FY24 Production Plan pre-sold with clients across Asia-Pacific** with pricing reviews taking place once every quarter or every six months.
- **Lactoferrin extraction partnerships in play** and on track to be executed in FY24.
- **Pricing performance much healthier in FY23** with firm pricing indications for FY24.



# STRATEGIC PROGRESS BEING DELIVERED

**OUR PREMIUM PRODUCT MIX:** Our scale of Mozzarella production will now be complemented by a premium range of hard type Cheeses in Retail and Foodservice channels.

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## MOZZARELLA RETURNS IMPROVING NOW COMPLEMENTED BY A PREMIUM & AWARD-WINNING CHEESE PORTFOLIO

Mozzarella Produced (000' Tons)



- **Production stability maintained** and yield improvements achieved during FY23 vs FY22.
- **Multi-year supply agreements renewed with Woolworths as well as McCains** domestically.
- **Launch of Retail “Farmers Tribute” premium cheeses** across South Australian retailers confirmed from October 23.
- **Exports of Mozzarella** to Thailand, Philippines, China, South Korea and Singapore remains on track
- **Ramp up of hard type cheeses production** at Murray Bridge expected from September 23 onwards for Retail Sales.
- **Sales of Retail Cream Cheese** up by 165% in FY23 vs FY22.
- **Retail & Foodservices channels to contribute to 5% of Net Sales** by end of FY24.





## STRATEGIC PROGRESS BEING DELIVERED

**OUR SUSTAINABLE APPROACH:** We continue to embrace technology as well as innovation to address our carbon footprint. We aim to halve our emissions by 2030 and to become net zero by 2050

### ON FACTORY & ON FARM PROGRESS

#### EMBRACING SUSTAINABLE STRATEGIES

- **Completion of detailed carbon footprint audit at our manufacturing facilities** (“We know our GHG number”) – Scope 1 & 2
- **Electricity and Gas usage accounting for approximately 65% of Beston’s GHG emissions** – Scope 1 & 2
- **Water treatment plant being put in place at Jervois** will significantly improve our water costs, reuse as well as overall GHG footprint with up to \$1M of savings annually.
- **BIOGAS assessment 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.
- **Concluded a meaningful methane abatement trial** on farm in close partnership with SEAFORST, PIRSA (SA Government) and Dairy Farmers.

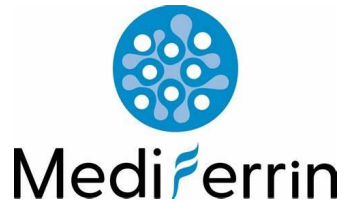


# Focus Areas & FY24 Outlook



## FOCUS AREAS

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



### LACTOFERRIN (GLOBAL SALES EXPANSION)

- Successfully commission 3<sup>rd</sup> Lactoferrin extraction column and capitalize from yield improvements
- All FY24 Lactoferrin production is committed with customers (with pricing review clauses)
- BFC's Mediferrin is now sold in China, South Korea, New Zealand, India and Europe
- Strong partnerships with Australian Infant Formula producers that are also exporting
- Spot pricing holding steady and ahead of FY23 average actuals (Up 46% vs FY23)

### CHEESE (RIGHT MARKET, CHANNEL AND PRODUCT)

- Awarded the best Cheddar Cheese in Australia as per the Dairy Australia Grand Dairy Awards
- Turbo charging Parmesan production at Murray Bridge and capitalize from large domestic market demand
- Strong partnerships with domestic market leaders such as McCains and Woolworths in Australia
- Solid partnerships with leading regional players in key export markets such as Thailand, South Korea, Philippines, Vietnam and China
- Successful launch of Farmers Tribute in South Australia, accelerating our Retail return play
- Return to the Foodservice space with a much improved portfolio



### OPTIMISED CREAM PORTFOLIO (MORE MABLES CREAM CHEESE)

- Achieved a 170% sales revenue increase across our MABLES Cream Cheese range in FY23 vs 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
- Cream Cheese pricing return >50% better than Butter on a milk solids per Kg basis
- Re-launch Farmers Tribute new flavored Cream Cheese range



### COST, YIELD, COST, YIELD

- Achieved improvements in our Mozzarella yield productivity, making the very most of every drop of milk
- Achieved significant reduction of quality costs and also established sales channels for processed cheese sales
- Deliver capital program in full 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





## FY24 OUTLOOK

We will continue our **focus on our operating costs, yield, quality performance and cash**. We will be well positioned for when the Dairy markets in Australia corrects to align with international markets

- **Dairy industry consolidation remains paramount**, we are aiming to be part of it
- We will stay focused on our controllables
  - ✓ **Deliver on domestic and international partnerships** for milk solids sourcing and growth
  - ✓ **Accelerate the Premiumisation of the portfolio** through growth in Lactoferrin, Retail and Foodservice towards 20% of group sales
  - ✓ **Focus on cash performance** through working capital management
  - ✓ **Successfully conclude divestments** of Meat, Water and Technology businesses
  - ✓ **Successfully commission CAPEX plan** as per capital raise commitments
  - ✓ **Deliver operating cost reduction** totalling up to \$5M vs FY23, making the most of CAPEX projects and plan





Questions

Thank you

