

## ASX Announcement

### Maggie Beer Holdings Limited (ASX:MBH)

24 February 2021

## Group achieves record sales in H1 FY21

### 31 December 2020 Results Update

Maggie Beer Holdings Limited (ASX: MBH) (**Maggie Beer Holdings**) provides the following H1 FY21 results update for the Group.

#### Overview

- Group achieves **20% or \$4.6m in net sales growth** in H1 FY21 over H1 FY20
- Group achieves **\$2.2m trading EBITDA** in H1 FY21, a **\$2.1m improvement** on H1 FY20
- Group achieves **\$0.4m positive operating cashflow** in H1 FY21, a **\$3.7m improvement on H1 FY20**. Cash to improve further in H2 with collections from strong Q2 FY21 sales
- Strong balance sheet with **\$9.3m in available funding** with \$6.3m in cash and \$3.0m in undrawn debtor finance facilities
- Maggie Beer Products achieves **28.6% net sales growth** in H1 FY21 over H1 FY20
- Paris Creek Farms achieves **11.4% net sales growth** in H1 FY21 over H1 FY20
- Saint David Dairy achieves **5.5% net sales growth** in H1 FY21 over H1 FY20
- Maggie Beer Products **e-commerce net sales increase by 167%** in H1 FY21 over H1 FY20 and now represent 8% of its net sales, a 100% increase on H1 FY20
- Maggie Beer Products to launch new **Soup range nationally in Woolworths and independent supermarkets in April 2021**

The Board is pleased with the performance of the Group in H1 FY21, with continued growth in net sales and trading EBITDA. With the Group well-funded, the executive team are well placed to continue the execution of the Group's strategic plan, together with capitalising on new opportunities as they arise.

#### Maggie Beer Products

Maggie Beer Products had record sales in H1 FY21, achieving net sales of \$14.6m which was \$3.2m or 28.6% higher than H1 FY20. Cheese was the best performing category with growth of 76% in H1 FY21 vs the prior comparative period (**pcp**), followed by cooking stocks with 44% growth. The core lines of fruit paste & pate achieved growth of 19% and 7% respectively in H1 FY21 vs H1 FY20, which is an excellent result from our more mature categories.

The focus on growing our e-commerce business continues to gather pace, with our e-commerce net sales increasing by 167% in H1 FY21 over pcp, growing our ecommerce net sales to 8% of its total net sales, an increase of 100% on the pcp. The Maggie Beer Food Club membership now exceeds 60k and visits to our website reached 2.1m in the 2020 calendar year, an increase of 35% on 2019. This is a result of our increased digital marketing efforts, together with the launch of our new e-commerce platform in November 2020 and new chilled delivery service in October 2020, delivering cheese and entertaining packs to the greater metro areas of SA, VIC, NSW and QLD.

Growing the Maggie Beer Products e-commerce business is a key strategic goal of the Group and we are currently reviewing our options to expand our direct-to-consumer (DTC) business and capitalise on this opportunity further.

Maggie Beer Products is excited to be launching its new Soup range nationally with Woolworths in April 2021. The single serve, fresh soup range includes a Pumpkin, Coconut & Ginger, Spiced Sweet Potato & Carrot and a Tomato & White Bean and are all a source of vegetables, protein and fibre. The fresh soup range is under the “Maggie’s Food for Life” sub brand and follows its philosophy of being nutritionally balanced, convenient, and full of flavour. Together with our growing cheese and cooking stocks range, the soups will help bolster the business’s winter trading period and further reduce seasonality.

The Barossa Liqueur & Raisin ice cream and White Chocolate & Boysenberry Ripple ice cream, which launched in independent supermarkets in November 2020, have proven to be successful and will form a core part of the ice cream portfolio for the near future. We are developing more ice cream flavours to further refresh and reinvigorate this range in Q1 FY22.

We are also well progressed in the creation of new fruit paste, pate and cheese formats, which we plan to launch nationally in Q1 FY22. Our relationship with key retail partners remains very strong, as we expand ranging of our existing key lines and new products nationally.

In Q2 FY21, Maggie Beer Products launched its four commercials on SBS “On Demand”. The commercials were viewed 319k times across NSW/VIC with an “end to end” viewing rate of 97.5% (well above market average of 80%), once again proving the strength and love for the brand. We are now developing new key marketing and advertising strategies for launch in FY22.

Maggie Beer Products portfolio and demand profile remains somewhat seasonal, with Q2 sales still the highest trading period, although the success of all year-round products of cheese and cooking stocks is reducing this.

## **Paris Creek Farms**

Paris Creek Farms net sales grew by 11.4% in H1 FY21 over pcp. The business achieved a small positive trading EBITDA for H1 FY21, an improvement of \$0.9m on H1 FY20.

Paris Creek Farms launched its new premium Vanilla Greek Style yoghurt in Costco nationally in December 2020 and is planning to launch this and its other two new Greek Style yoghurt flavours into major and independent supermarkets in Q4 FY21/Q1 FY22.

As a result of a radio advertising campaign in Q2 FY21, Paris Creek Farms has seen positive growth signs in its home state of South Australia (SA) and we now look to increase our marketing and brand awareness activities outside SA. Organic & Biodynamic farming and sustainability is very on trend and our marketing plans are focusing on sustainability, animal & environmental welfare, together with a search for a national brand ambassador.

The appointment of our Melbourne based sales representative in November 2020 is starting to pay dividends, with increased ranging in Victoria's speciality retail and using St David Dairy to deliver to our Victorian customers.

The business continues to work on new product development (NPD) with plans to expand its core range with new yoghurt, cheese and value-added milk.

Whilst milk continues to be the core product line, we are seeing good growth and potential in value added products including cheese and yoghurt in Q2 FY21. Relationships with our farmers remain strong and the business has adequate milk supply for growth.

With a re-set cost base, significant capacity and headroom, a growing customer base and a strong pipeline of valued added dairy NPD, the business is poised for growth.

### **Saint David Dairy**

The St David Dairy business continued to perform solidly with 5.5% in net sales growth in H1 FY21 over the pcp and a positive operating cashflow and trading EBITDA position in H1 FY21.

The business continues to operate in a market of uncertainty due to the Covid-19 restrictions imposed on Melbourne/Victoria, however it continues to prove its resilience and brand strength. The business was able to achieve net sales consistent with pre Covid-19 H1 FY20, even with the large reduction in food service customers. This is a result of greater sales to retail customers and a strong group of core café customers.

With growth stifled by the Covid-19 restrictions in Melbourne, the businesses gross margin was adversely impacted by excess raw milk sales which is not expected to be a recurring cost in FY22. Excluding excess milk sales, gross margin would be circa 51%.

After the implementation of its new truck fleet, the business has seen its fleet running costs decrease by 65% in H1 FY21, compared to the pcp and the pending implementation of new route planning software will reduce costs further. All other costs in the business are being controlled.

The business will launch its St David Dairy Triple Cream Brie and St David Dairy Camembert in March 2021 (made by Paris Creek Farms), which is an exciting new category for the business and will be sold into both the café/food service and specialty retail channels. The business plans to launch new yoghurt flavours in Q4 FY21.

The business has appointed a new distributor in Q3 FY21 to push further into the largely untapped markets of the Mornington Peninsula and Gippsland areas. The business has also recently been ranged in the new Harris Farms store in Albury, forming a relationship with a new key premium independent retailer.

Trading conditions are expected to improve in H2 FY21 as Victorian cafes/food service re-open, people return to work in the Melbourne CBD and with the easing of Covid-19 restrictions, and we are looking forward to the business returning to growth.

### **Corporate**

Head office costs are now right sized and stable, with \$0.6m in savings in H1 FY21 compared to H1 FY20, after the relocation of the head office to South Australia.

With the business now well and truly in a growth phase we are taking the opportunity to enhance our people capability by investing in strategic growth focussed roles and have recently hired an experienced Export Manager to capitalise on the export opportunities of the Group and we are in the process of appointing an E-Commerce Manager for Maggie Beer Products.

## Cash and undrawn banking facilities as at 23 February 2021

Cash and undrawn facilities	\$'m
Cash at bank	\$6.6
Undrawn debtor finance facility	\$3.0
<b>Total cash and undrawn facilities</b>	<b>\$9.6</b>

The businesses cash position will continue to improve with collections from the strong Q2 FY21 sales.

CEO Chantale Millard said “We are pleased to confirm to the market our strong result for H1 FY21. H2 FY21 has started on a similar trajectory to H1 FY21, however we are cognisant that there is still uncertainty in the economic outlook as JobKeeper winds down in March 21. Despite this uncertainty we remain confident of continuing to deliver double-digit net sales growth.

We are excited to be launching our new Soup range nationally with Woolworths and independent supermarkets in April 21, which further bolsters our sales during the winter months for Maggie Beer Products and to be launching the new yoghurt and cheese lines for Paris Creek Farms and St David Dairy. With strong new product development in the pipeline across the Group that we are accelerating for launch, and some exciting plans for our e-commerce and direct to consumer business, we have a busy and exciting second half in front of us”.

## Notice of 1H Half Year Results Presentation

A briefing for analysts and investors will be held by CEO Chantale Millard and CFO Eddie Woods on Wednesday 24 February 2021 AT 10.00 AM (AEDT).

Details of the call are as follows:

Join Zoom Meeting

<https://zoom.us/j/99249615510?pwd=Q3ByZkdSZzVWMVAXt0JsV2tLWXNHQT09>

Meeting ID: 992 4961 5510

Passcode: 1234

One tap mobile

+61280156011,,99249615510# Australia

+61370182005,,99249615510# Australia

Find your local number: <https://zoom.us/u/abtyUv3rou>

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## Authorised by the Board

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