



ASX: MBH  
FY22 RESULTS

24 August 2022





“

MBH is Australia's leading purveyor of premium food, beverage and gifting products

”



# Our recipe for success – MBH's Group Values



## RECIPE FOR SUCCESS

### *Our Values*

We create premium, innovative & memorable food, beverage and gifting products of the highest quality, that match people's ever-changing shopping habits and lifestyles by being:



### PASSIONATE

*We deliver premium products and experiences for our customers and shareholders by working together as a united, dedicated team whilst being easy to deal with.*



### NIMBLE

*We act with courage, curiosity, take calculated risks, and challenge how things are done with open minds, innovation and speed.*



### AMBITIOUS

*We have a growth mindset, driven to continually improve and deliver new, unique and sustainable ways to grow our business, ourselves and each other.*



### INCLUSIVE

*We create a culture of safety, care and belonging, where everyone is welcome, respected and valued.*



### COMMUNITY FOCUSED

*We are community minded, focused on sustainability, giving back, and providing memorable experiences to make people's lives better.*

# FY22 key take aways

- ◉ Strong financial performance of Continuing Operations (Maggie Beer Products and Hampers & Gifts Australia)
  - ✓ Increase in net sales of 22% (on a proforma basis\*) to \$75.2m
  - ✓ Delivered \$11.3m of trading EBITDA
  - ✓ Maintenance of 53% Gross Margin despite supply chain cost pressures
  - ✓ Generated \$11.3m in operating cashflow (from Continuing Operations), before tactical investment in inventory
  - ✓ \$10.8m in cash with no debt\*\*
  
- ◉ 1.0c per share Return of Capital proposed in lieu of FY22 dividend
  - ✓ subject to shareholder approval at the FY22 AGM
  
- ◉ FY23 Outlook
  - ✓ Continued revenue growth driven by expanding core range and delivering new products
  - ✓ Expected to deliver greater than 50% Gross Margin assuming supply chain cost pressures remain at current levels
  - ✓ Discontinued Operations (Paris Creek Farms and St David Dairy) are now assets held for sale and will be divested

\* Pro-forma results include unaudited HGA results prior to the acquisition on 21/05/2021

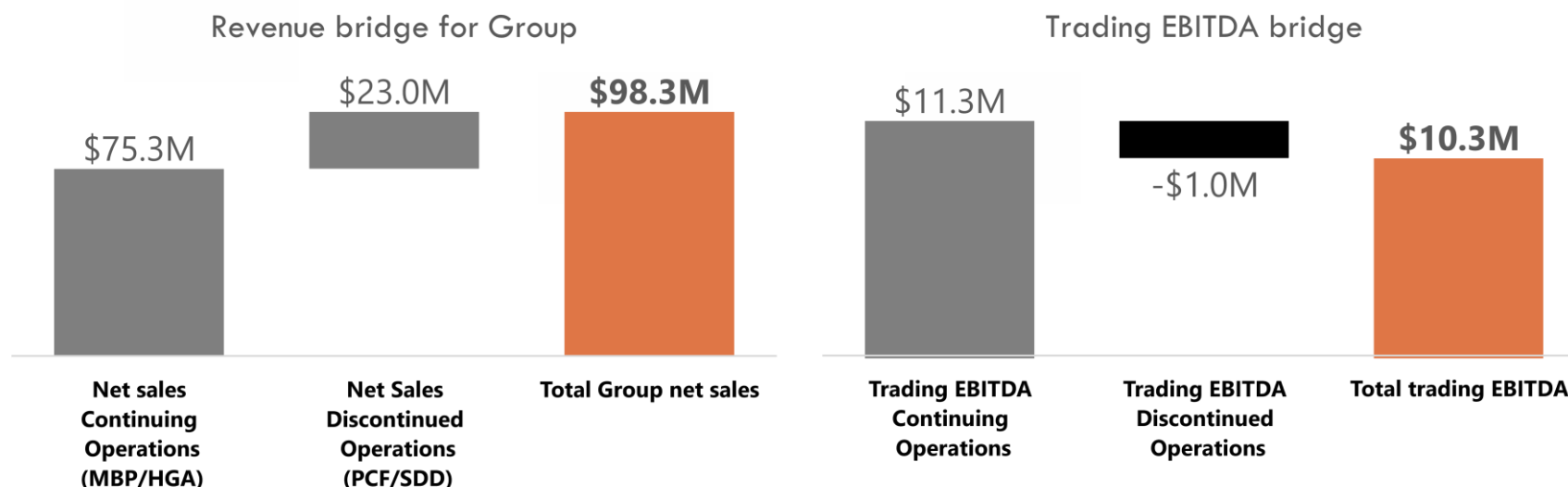
\*\* Only asset backed leases/debt

# FY22 shift towards core growth brands

## Earnings guidance achieved

- Total Group (Continuing and Discontinued Operations) achieved \$98.3m revenue and \$10.3m trading EBITDA in FY22 vs guidance of \$95-\$100m revenue and \$9.25-\$10.5m trading EBITDA

## Revenue & EBITDA bridge to financials



## Focus on core growth assets

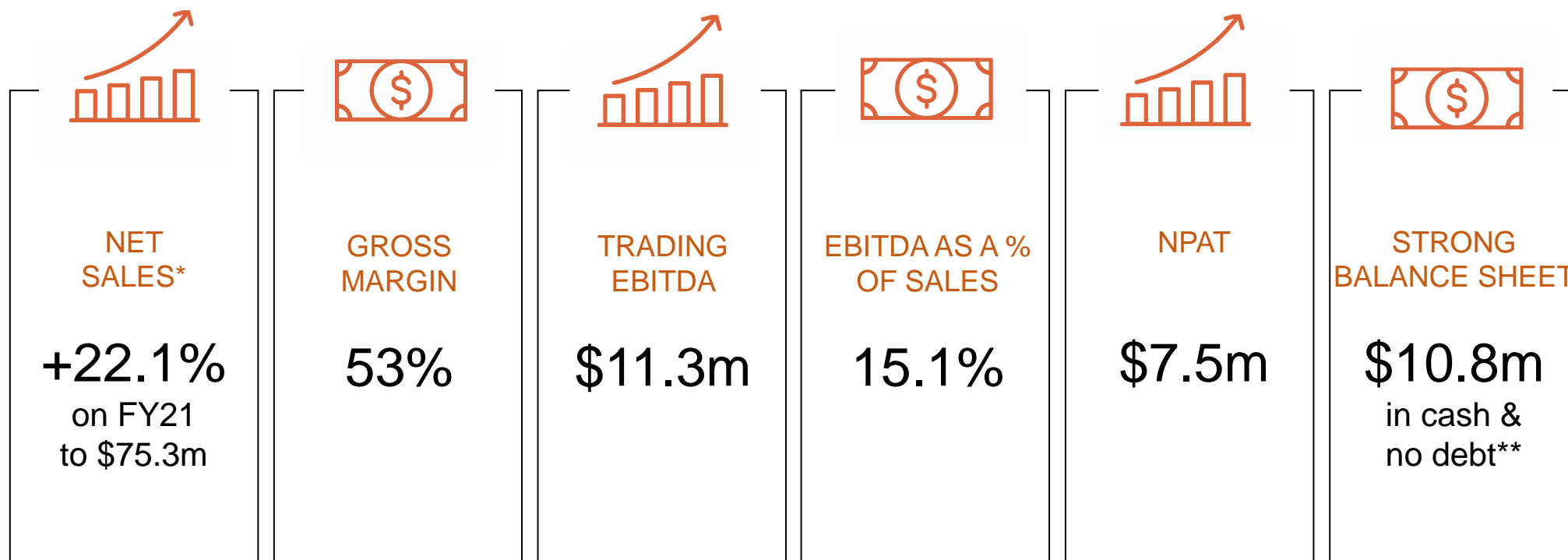
- Strategic decision to focus the Group's resources on the Maggie Beer Products and Hampers & Gifts Australia (Continuing Operations) that are delivering above average investment returns. Dairy Assets – Paris Creek Farms & St David Dairy (Discontinued Operations) are now Assets Held for Sale and will be divested. This presentation focuses on the Continuing Operations

## Non-cash impairment of Dairy Assets

- MBH Board has approved a \$17.5m non-cash write down & impairment of its Dairy Assets in FY22 when moving them to Assets Held for Sale, based on offers received for the assets and the plan to sell them in the near term

# Revenue from Continuing Operations was up 22.1% in FY22

Trading EBITDA from Continuing Operations strong at 15.1% of net sales

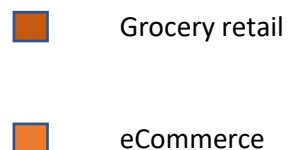


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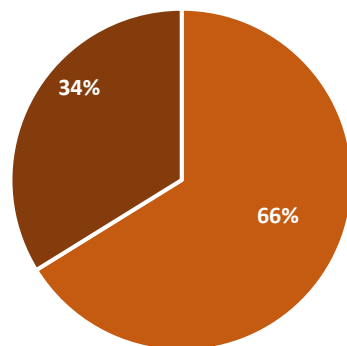
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# Optimising volume, mix & sales to higher margin e-commerce channel

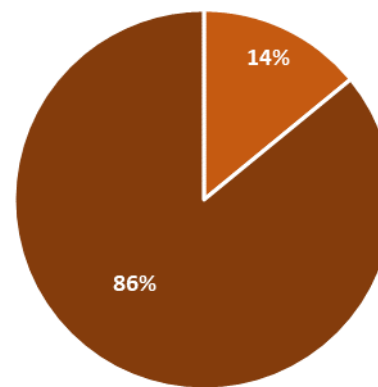
## MBP & HGA - net sales value & gross margin by channel



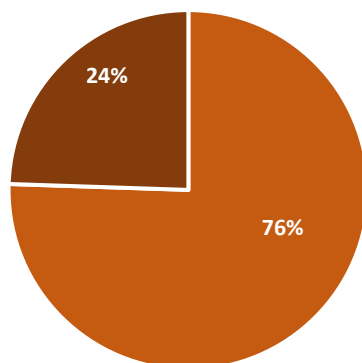
FY22 NSV



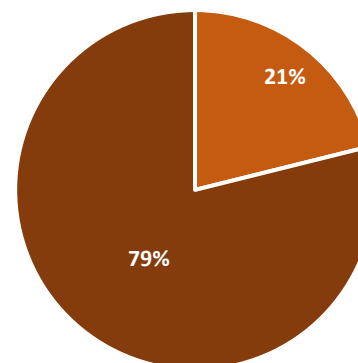
FY21 NSV



FY22 GM



FY21 GM



# Scalable platform to grow our premium brands

High customer engagement, product innovation and brand building driving increased MBP sales to HGA, as well as MBP direct e-commerce sales



HGA NET  
PROMOTER  
SCORE

**74**  
for FY22

GOAL TO ACHIEVE 80  
- WORLD CLASS NPS  
SCORE



OPERATIONAL  
EFFICIENCIES  
FROM  
SUCCESSFUL  
INTEGRATION  
OF  
E-COMMERCE  
BUSINESSES



NEW  
MARKETING  
INITIATIVES  
IMPLEMENTED  
FOR B2B  
AND B2C



SUCCESSFUL  
NEW  
PRODUCT  
LAUNCHES  
GROWING  
OUR  
PORTFOLIO



MBP PRODUCT  
SALES TO HGA

**\$1.1m in  
FY22**



## Marketing investment increasing customer reach

### Website Visits



HAMPER EMPORIUM  
FY22

**+25.98%**  
On FY21



GIFTS AUSTRALIA  
FY22

**+22.06%**  
On FY21

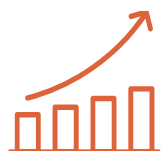


MAGGIE BEER  
FY22

**+18.26%**  
On FY21

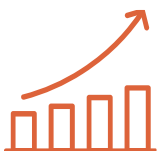
WEBSITE VISITS  
CONTINUE TO  
INCREASE AS  
OUR CUSTOMER  
REACH GROWS

### Conversion Rates



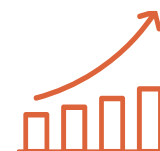
HAMPER EMPORIUM  
FY22

**+5.35%**  
On FY21



GIFTS AUSTRALIA  
FY22

**-4.78%**  
On FY21



MAGGIE BEER  
FY22

**+38.20%**  
On FY21

CONVERSION  
RATES  
CONTINUED TO  
IMPROVE IN FY22

# Digital marketing ROI growing through increasing the number of repeat customers

## Customer acquisition costs



HAMPER EMPORIUM  
FY22

**+32.92%**  
On FY21



GIFTS AUSTRALIA  
FY22

**+32.08%**  
On FY21



MAGGIE BEER  
FY22

**+8.06%**  
On FY21

CUSTOMER ACQUISITION COSTS INCREASED IN FY22 WITH UPWEIGHTED INVESTMENT IN DIGITAL MARKETING & OUR CUSTOMER DATA PLATFORM

THE NUMBER OF REPEAT CUSTOMERS INCREASED BY A HIGHER RATE

## Number of repeat customers



HAMPER EMPORIUM  
FY22

**+67.16%**  
On FY21



GIFTS AUSTRALIA  
FY22

**+36.92%**  
On FY21



MAGGIE BEER  
FY22

**+310.43%**  
On FY21

“ The HGA acquisition, integration and synergies have exceeded expectations and we have a scalable platform for future growth ”





# Financial Information

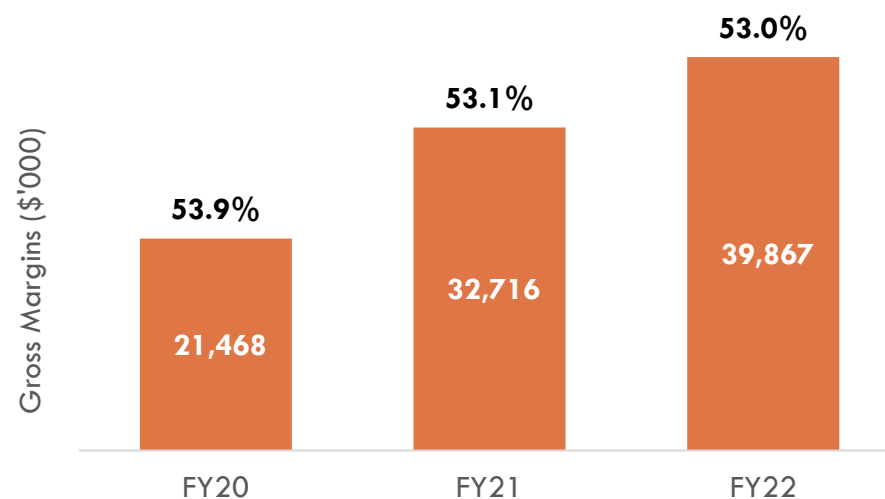
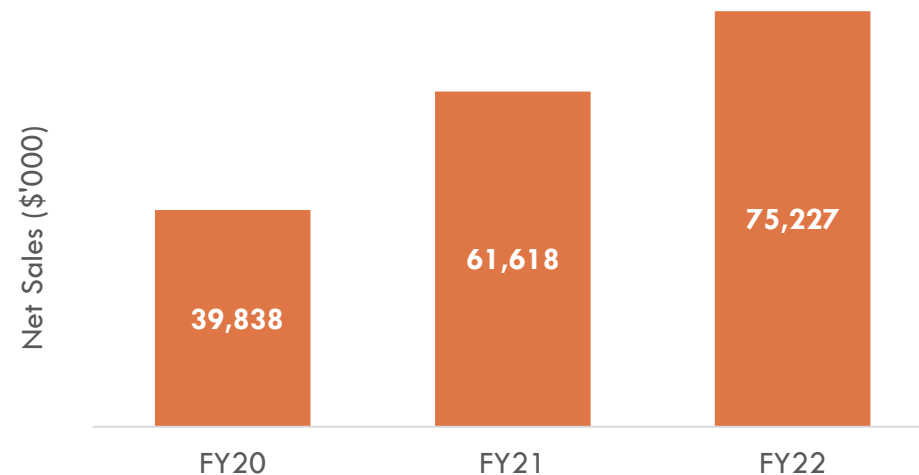


# Continuing Operations' net sales and margin growing strongly

Continuing Operations (\$'000)	FY22	FY21*	%Change
<b>Total Net Sales</b>	<b>76,361</b>	<b>61,620</b>	<b>23.9%</b>
Intersegment sales	(1,134)	(2)	56610.6%
<b>Net Sales</b>	<b>75,227</b>	<b>61,618</b>	<b>22.1%</b>
Gross Margin	39,867	32,716	21.9%
<b>GM %</b>	<b>53.0%</b>	<b>53.1%</b>	<b>-0.1 pts</b>

The above table includes HGA numbers for the full FY21 year on a pro-forma basis\*

- Total net sales of Continuing Operations grew by 23.9% in FY22 over the prior year (on a pro-forma basis\*)
- E-Commerce sales now make up 66% of revenue and are growing year on year. We also expect grocery retail sales growth to continue with increased ranging and new product launches
- Combination of HGA & MBP delivering strong growth in the first year
- GM% remained strong at 53.0% even with \$1.2m of extra import costs highlighting tight cost control and pricing power
- The overall gross margin increased by 21.9% to \$39.9M compared to \$32.7m in FY21 on a pro-forma basis\*



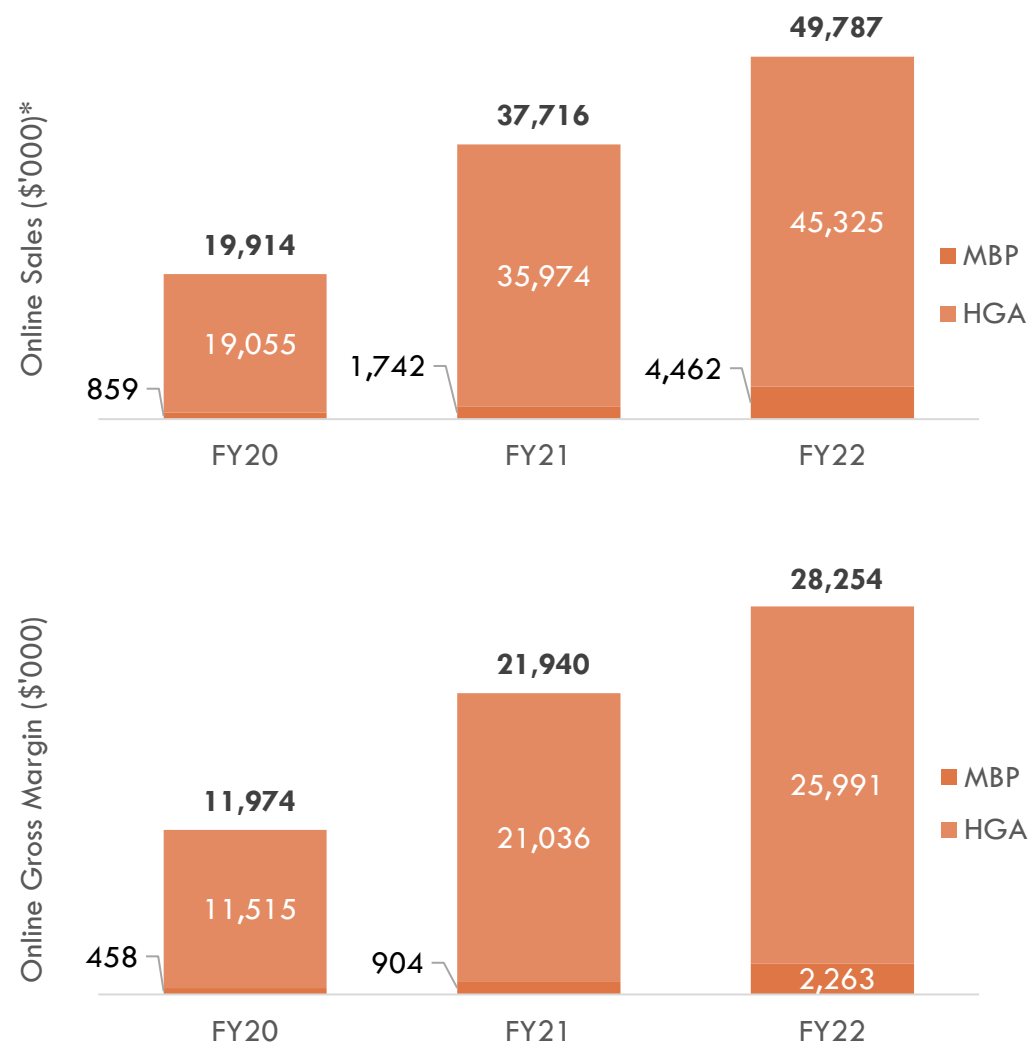
\* Compared to HGA unaudited prior years' pro-forma results

# E-Commerce sales and margin continues to grow rapidly

Online Sales (\$'000)	FY22	FY21*	%Change
MBP Online Sales	4,462	1,742	156.1%
HGA Online Sales	45,325	35,974	26.0%
<b>Total Online Sales</b>	<b>49,787</b>	<b>37,716</b>	<b>32.0%</b>
MBP Gross Margin	2,263	904	150.2%
HGA Gross Margin	25,991	21,036	23.6%
<b>Total Gross Margin</b>	<b>28,254</b>	<b>21,940</b>	<b>28.8%</b>
MBP GM%	50.7%	51.9%	-1.2 pts
HGA GM%	57.3%	58.5%	-1.1 pts
<b>Total GM%</b>	<b>56.8%</b>	<b>58.2%</b>	<b>-1.4 pts</b>

- MBP online sales grew 156.1% underpinned by the successful integration and impact of HGA/MBP
- HGA continued strong growth of 26.0% in FY22 compared to FY21 on a pro forma basis\*
- Very Strong GM% of 56.8% reduced by 1.4 pts from FY21 due to \$1.2m of higher import costs
- The overall Gross Margin of the combined online sales of the Group increased by 28.8% to \$28.3m compared to \$21.9m in FY21\*

\* Compared to HGA unaudited prior years' pro-forma results

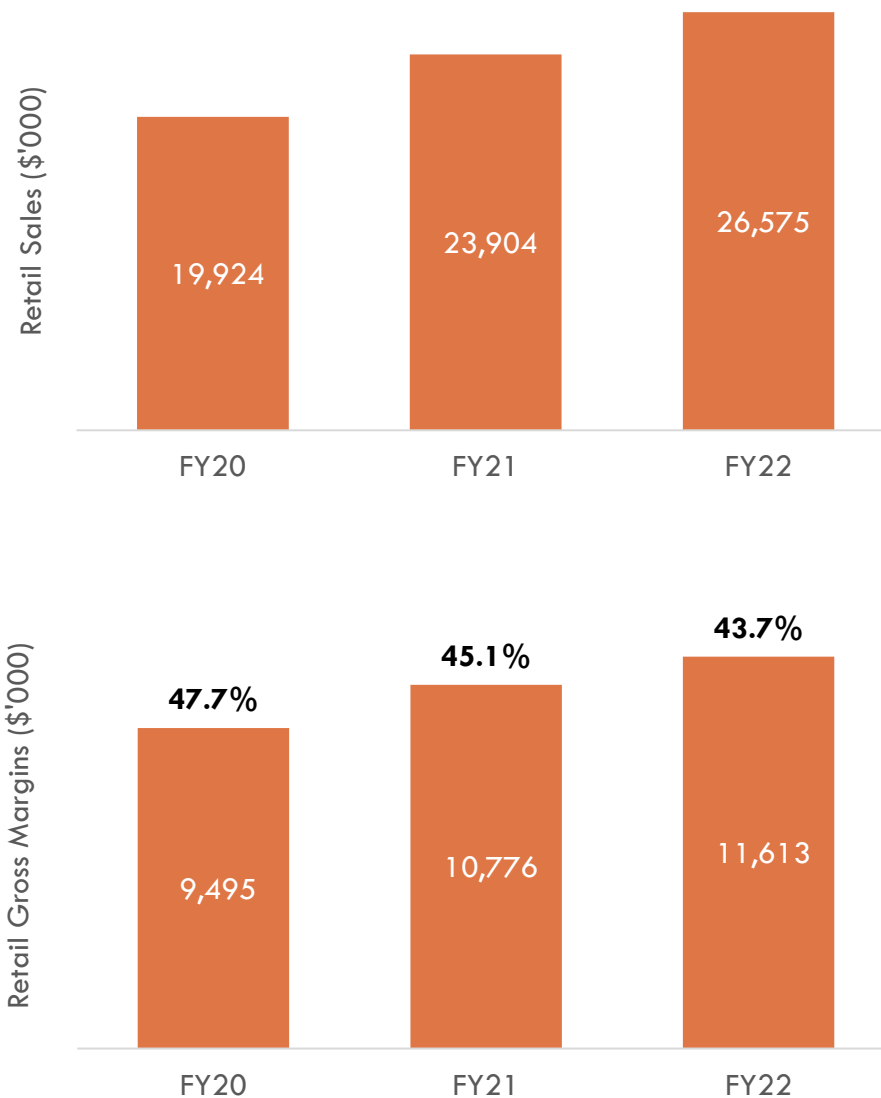




# MBP grocery retail sales growth underpinned by new products and increased ranging

Retail Sales (\$'000)	FY22	FY21	%Change
Net Sales*	26,575	23,904	11.2%
Gross Margin	11,613	10,776	7.8%
GM %	43.7%	45.1%	-1.4 pts

- MBP grocery retail sales were up 11.2% to \$26.6m in FY22 vs FY21
- Launch of new products and increased ranging drove higher sales in a challenging retail marketplace
- GM% decreased by 1.4 pts, mainly due to product mix, with the large sales growth in our lower margin 3<sup>rd</sup> party produced products such as our cooking stocks and bone broths
- Our cooking stocks and bone broths range were our highest growth category increasing 85% to \$5.6m with growth in our core 500ml stocks, the launch of our new bone broths and 1L stock lines. This was coupled with additional ranging points in a second major supermarket, showing the growth potential as we increase our ranging in major retailers.



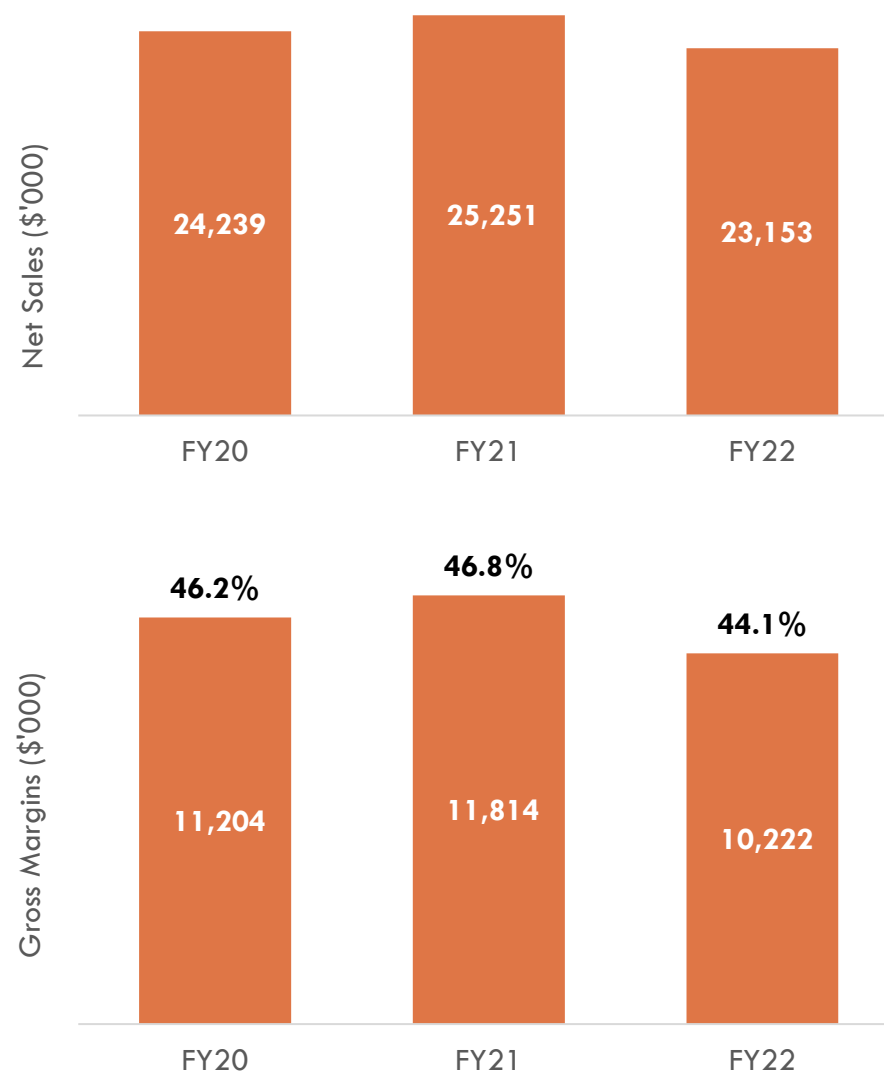
\*Net sales include intercompany sales of (\$1,134k) for FY22 and FY21 of (\$nil).

# Discontinued Operations' performance

Dairy Assets (\$'000)	FY22	FY21	%Change
<b>Net Sales*</b>	<b>23,153</b>	<b>25,251</b>	<b>-8.3%</b>
Gross Margin	10,222	11,814	-13.5%
<b>GM %</b>	<b>44.1%</b>	<b>46.8%</b>	<b>-2.6 pts</b>
<b>Trading EBITDA</b>	<b>(1,089)</b>	<b>810</b>	<b>-234.4%</b>
<b>Net Loss After Tax</b>	<b>(19,830)</b>	<b>(953)</b>	<b>-1980.8%</b>

- Dairy Asset results were impacted by the loss of white label milk sales in PCF and quality issues for SDD, together with the effects of Covid-19
- The GM% was impacted by raw milk sales
- Net loss after tax includes \$17.5m one-off non-cash impairment and write off given Dairy Assets are now held for sale
- FY23 will see the full benefit of the new ranging of PCF 2L milk in 300-400 Woolworths stores across VIC/NSW
- FY23 will see the launch of PCF flavoured milk and breakfast protein smoothies in Woolworths stores across VIC/NSW/SA
- New PCF brand ambassador launched in August 22 to drive the “Milk from Carbon Neutral Dairy Farmers” messaging

\*Net sales include intercompany sales of (\$255k) for FY22 and FY21 of (\$81k).

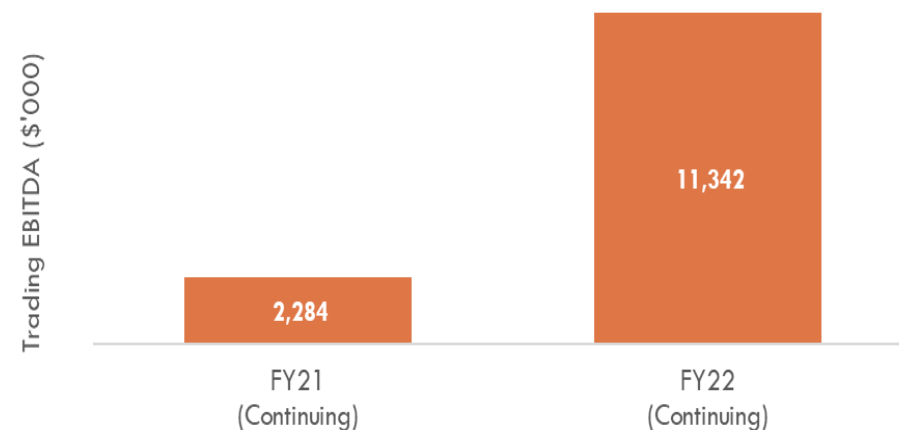


# Total group result including assets held for sale

- The below links the Continuing and Discontinued Operations to the FY22 Financial Statements. The FY21 numbers do not contain HGA pre 21/05/21.
- Dairy Asset contribute a \$19.8m loss to Group including the \$17.5m non-cash asset impairment and write off

(\$'000)	FY22	FY21
<b>Profit after tax from Continuing Operations</b>	<b>7,505</b>	<b>2,814</b>
<b>Loss after tax from Discontinued Operations</b>	<b>(19,830)</b>	<b>(953)</b>
<b>Total loss after tax</b>	<b>(12,325)</b>	<b>1,861</b>

Bridge to total loss after tax (\$'000)





# Strong balance sheet supports growth initiatives

(\$'000)	30-Jun-22	30-Jun-21
<b>Assets</b>		
Cash	10,801	13,542
Trade receivables	5,632	8,001
Prepayments and security deposits	2,612	1,351
Inventory	15,813	8,514
PPE & Right of use asset	6,444	19,835
Deferred tax	2,063	-
Intangibles	62,338	78,414
Assets Held For Sale	11,424	-
<b>Total assets</b>	<b>117,127</b>	<b>129,656</b>
<b>Liabilities</b>		
Trade and other payables	6,876	7,925
Employee benefits	1,378	1,466
Financial liabilities <sup>1</sup>	17,950	17,481
<b>Total liabilities</b>	<b>26,204</b>	<b>26,872</b>
<b>Net Assets</b>	<b>90,923</b>	<b>102,784</b>

<sup>1</sup> Includes \$14.0m HGA contingent consideration payable, \$3.5m lease liabilities and \$0.5m deferred revenue

\* Only asset backed leases/debt

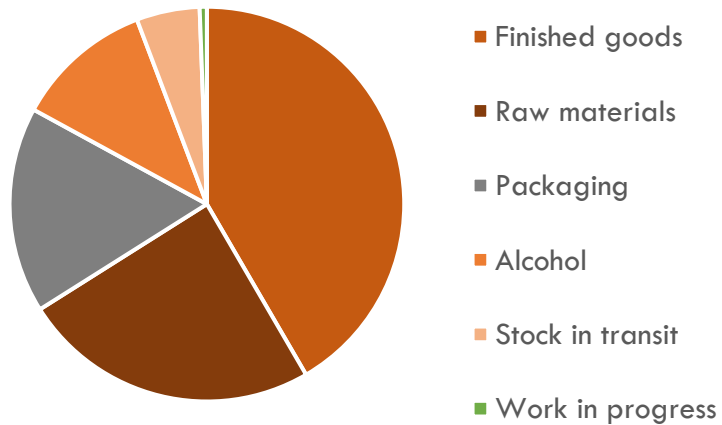
- Well-funded with \$10.8m cash and no debt\*
- Inventory at \$15.8m with working capital brought forward compared to FY21 to avoid supply chain delays prior to the busy Christmas trading season
- Decrease in net assets due to the \$17.5m impairment and non-cash write off on transfer of the Dairy Assets to be Assets Held for Sale. Net tangible assets increased by \$4.2m
- Assets held for sale represents the Discontinued Dairy Assets
- Except for lease liabilities, the Group has no non-asset backed interest-bearing liabilities
- Financial liabilities include the contingent earnout consideration for HGA of \$14m. The earnout range is between \$10m-\$15m depending on the achievement of trading EBITDA hurdles and will be 50% in cash and 50% in shares with any payment due September 2023

# Inventory & working capital changes FY22 vs FY21

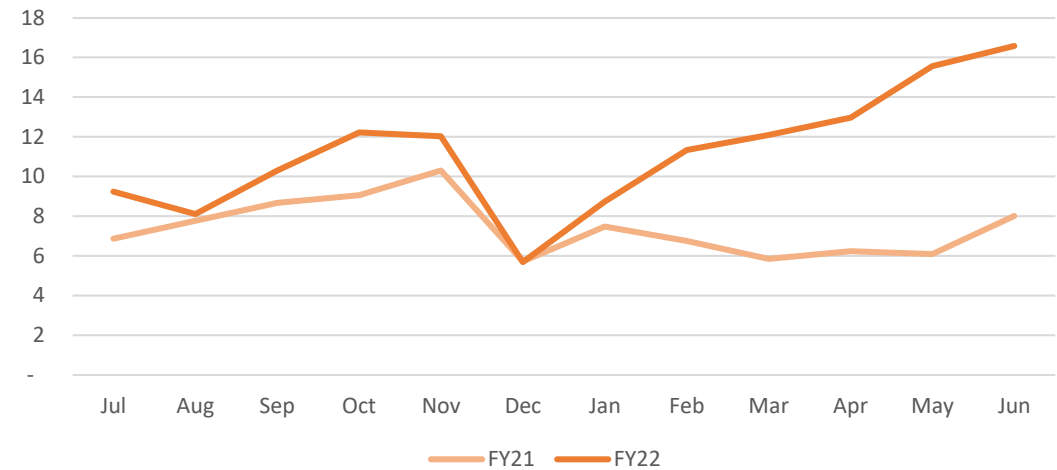
## Tactical decision on inventory:

- Working capital timing changed in FY22, with inventory peaking earlier than previous years to avoid supply chain delays & disruptions
- Inventory will reduce to normal levels between now and Christmas

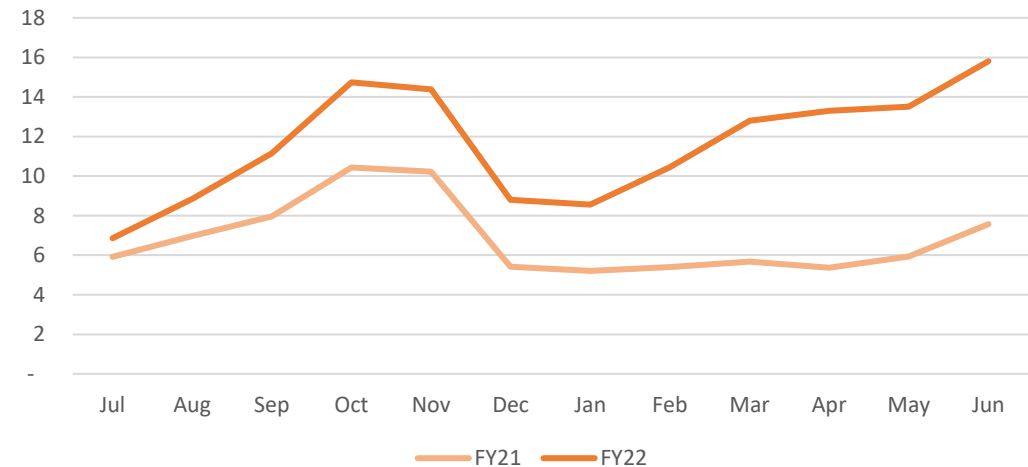
Inventory



Working Capital \$m



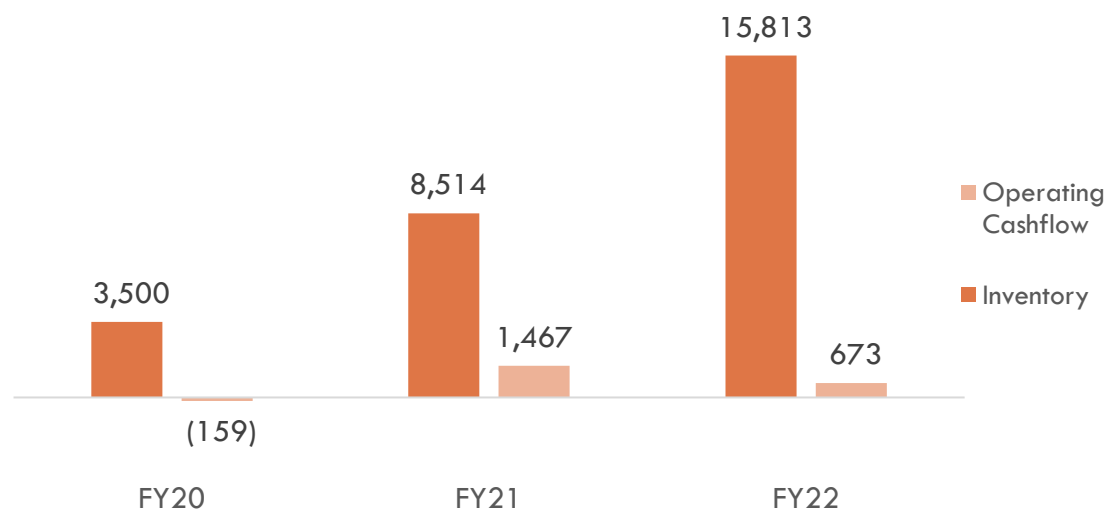
Inventory \$m



# Positive operating cashflow

(\$'000)	FY22	FY21	FY20
Receipts from customers (incl. GST)	102,938	54,106	43,945
Payments to suppliers and employees (incl. GST)	(102,265)	(53,530)	45,158)
Other income received	-	891	1,054
<b>Net cash from/(used in) operating activities</b>	<b>673</b>	<b>1,467</b>	<b>(159)</b>

Operating Cashflows vs Inventory



- Positive operating cashflow of \$673k generated for FY22 including \$2.3m net outflow used by the Discontinued Operations
  - Operating cashflow impacted by strategic move to bring forward c \$8.3m inventory purchases & hold more packaging for HGA & MBP's key stock lines, to avoid supply chain disruptions during the important H1 FY23 sales period.
- |  |               |
|--|---------------|
| Net cash from operating activities                                     | \$ 0.7        |
| Net cash used in Discontinued Operations                               | \$ 2.3        |
| Inventory purchased brought forward                                    | <u>\$ 8.3</u> |
| Estimated net cash from operating activities for Continuing Operations | \$11.3 m      |
- The cash balance will increase substantially by the end of H1 FY23, as inventory sells through
  - MBH is capital light, with a strong balance sheet which will strengthen after the divestment of the Dairy Assets



# Strategy & looking forward



# Key growth focus areas



Expand core ranging in Australia and export markets

Further penetrate new & existing markets, e-commerce, direct to consumer & retail channels

Review synergistic acquisition opportunities



Innovative New Product Development across our core brands linked to consumer trends and insights

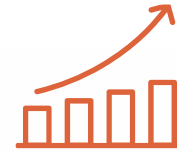
Focus on sustainability

Investing in our power brands and core categories to drive growth



Implement strategic marketing plans to capitalise on core brand strengths.

We intend to leverage our strong brands to reduce customer acquisition costs, drive our NPS and repeat customer rate



Continue to refine our manufacturing, distribution & operations to create further efficiencies and improve gross margins



## Key focus areas of growth



### MBP

National ranging of new 1L Cooking Stocks, 500mL Bone Broths & Finishing Sauces



### MBP

3,790 extra distribution points for Stocks & Bone Broths with ranging in 2<sup>nd</sup> major retailer



### MBP

Investment in an additional National Account Manager to ensure further increased ranging



### HGA

National chilled delivery service established for new Cheese & Entertaining Hampers



### HGA

Expansion into New Zealand & reviewing other expansion opportunities



### PCF

Launched 2L milk range into 300 stores across NSW/VIC in a major retailer





# Increased investment in marketing & brand awareness

## Key focus areas of growth



Upweighted investment in marketing initiatives for e-commerce to manage CAC whilst increasing number of repeat customers



Investment in successful new product launches for grocery retail



Launch of our "milk from carbon neutral dairy farms" campaign and brand ambassador for PCF



New MBP video assets for TV and streaming campaigns over the Christmas trading period



New Customer Data Platform, online corporate ordering tool & creation of imagery to increase organic search & conversion rates & lower CAC



Renovation of MBP packaging to include Australian owned and made call outs, together with natural, preservative free claims





# Looking forward

- Focus on Growth Assets**
  - ⦿ Renewed focus on expanding the ranging of core and new products for MBP and HGA. We intend to leverage our strong brands to reduce customer acquisition costs, drive repeat customers and increase our NPS
- Finalise Dairy Asset sale**
  - ⦿ Finalise the divestment of the Dairy Assets in the near term
- FY23 trading**
  - ⦿ COVID-19 lockdowns in FY22 will make it difficult to cycle growth in some months however we expect revenue growth to continue in FY23, through our diversified channels of grocery retail and e-commerce.
- Strong cash and no debt\***
  - ⦿ Cashflow increases substantially in Q2 FY23 as our inventory position unwinds, with no debt\*
- Opportunities**
  - ⦿ Positioned to take advantage of strategic opportunities and fund growth initiatives
- Dividend/Distribution**
  - ⦿ As announced in May 2022, it's MBH's intention to commence paying dividends but due to the loss on its Dairy Assets, the board proposes to recommend a Return of Capital of 1.0c per share in lieu of a FY22 Dividend, subject to shareholder approval at the AGM.
- Future Dividends**
  - ⦿ MBH Group has \$7.6m in franking credits which will support a future dividend program
- GM%**
  - ⦿ GM% is expected to remain above 50% in FY23 for our Continuing Operations
- Inventory to decrease & cash to increase**
  - ⦿ Inventory is at its highest point and will decrease substantially by end of H1 FY23. Everything in place for an excellent H1 FY23 and bumper Christmas trade.
- Customer base**
  - ⦿ We will continue to grow our customer IP and data base for e-commerce leveraging the investment in our Customer Data Platform and online corporate sales tool in FY23
- Employee Engagement**
  - ⦿ We will build on our employee engagement program, with the continued investment in our people and teams in FY23

\* Only asset backed leases/debt

# THANK YOU. QUESTIONS?





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# Thank you

**MAGGIE**  
**BEER**  
HOLDINGS

