

25 July 2018

ASX RELEASE

PROPRIETARY AMF PRODUCT – LAUNCH AND FIRST ORDER

- **Keytone launches its first ‘wet product’ – Anhydrous Milk Fat (AMF)**
- **Launch signals entry into US\$2.6 billion global AMF market**
- **Production is to be outsourced, with Keytone signing a production agreement with Bakels Edible Oils, New Zealand’s leading supplier of edible oils**
- **Capacity of up to 400 tonnes over 12 months available to Keytone, without a corresponding minimum order obligation**
- **First order for the AMF product received from international food service supply company Tehmag Foods Corporation, Taiwan**
- **Launch is representative of the Company’s ‘four-pillar’ growth strategy, expanding across products and geographies and recalibrating production to proprietary products.**

Sydney, Australia and Christchurch, New Zealand - **Keytone Dairy Corporation Ltd (ASX:KTD)** (“Keytone Dairy” or the “Company”) is pleased to provide the following update on its market development activities over the recent days.

Launch of AMF Product

Following a comprehensive market assessment and in line with the Company’s ‘four-pillar’ growth strategy, Keytone Dairy is pleased to announce it has launched its first ‘wet’ product, KeyDairy® Anhydrous Milk Fat (“AMF”) in 18kg tins for the food service channel, targeted at its core market of Greater China and South East Asia.

During development of the product, the Company tested the market by sending customers samples and is launching the product in response to the positive reaction and demand from these customers.

First Order for AMF product

The Company has received the first customer order for its AMF product totaling NZD268,000¹ from Tehmag Foods Corporation, Taiwan (“Tehmag”). Tehmag is Taiwan’s leading supplier of bakery ingredients. The full order is due for shipment in August 2018.


Tehmag is a Taiwan-based listed company principally engaged in sales of bakery ingredients. Tehmag has offices in Taiwan, China, Hong Kong, Thailand and Malaysia. The Company mainly distributes its products in the domestic market. It has 12 product verticals and works with more than 35 brand partners, now including Keytone Dairy.

AMF Production Capacity

The Company’s existing manufacturing facilities are geared for production of ‘dry’ products only. However, in line with the Company’s growth strategy Keytone Dairy is utilising its brand and marketing channels for other synergetic products. has entered into an outsourced manufacturing and packing contract for the AMF product range with Bakels Edible Oils (“Bakels”), New Zealand’s largest supplier of edible oils.


Under this agreement, Bakels will guarantee the Company a minimum supply of up to 400 tonnes of the product over the next 12 months. Keytone Dairy has not, however, committed to a minimum order level.

¹ Order received in USD in the amount of USD182,250 and converted to NZD as at 25 July 2018




Anhydrous Milkfat

Pure Quality Guaranteed




Product of New Zealand



100% SATISFACTION

Net Weight 18kg

Manufactured for Keytone Enterprises (NZ) Co., Ltd.
7 Paragon Place, Christchurch 8042, New Zealand, www.keytonedairy.com



About AMF

AMF contains at least 99.9% milk fat and only requires ambient storage. This makes it more convenient and cost effective than equivalent butter products (which require cold storage) and makes it ideal for the logistics of food service users. Traditionally this product has been used for butter making or exporting to bulk industrial manufacturers. With the rapid growth of bakery and food & hotel services in Asia, the demand for smaller packs of AMF is expanding, as the product doesn't require cold storage and is light enough for individual handling without the use of specialised equipment. Already well-known in India and the Middle East, AMF is meeting growing acceptance in the bakery industry in China, Hong Kong and Taiwan because of its flavour in pastry and cake making.

AMF Market

According to the IMARC's 2018 study "*Anhydrous Milk Fat (Butter Oil) Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2018-2023*" the global anhydrous milk fat market grew at a CAGR of 4.7% during 2010 – 2017, reaching US\$2.6 billion in 2017. Some of the key factors driving this demand include ease of transportation and storage, flourishing food manufacturing industry, population growth, increasing disposable incomes, changing dietary habits and rising demand from developing markets. AMF is a truly global export, with the top global markets being China, South East Asia, Mexico, the Middle East, India and the United States respectively.

Growth Strategy

The successful launch of the KeyDairy AMF product is validation of Keytone's four-pillar growth strategy as of the Company's expands its product range, recalibrates its production mix to proprietary products and extends its distribution into new geographies and markets.

Further Information

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About Keytone Dairy Corporation Limited

Based in Sydney, Australia and Christchurch, New Zealand, Keytone Dairy is an established manufacturer and exporter of formulated dairy products. In addition to Keytone Dairy's own brands, the company is a trusted production partner, contract packing for well-known brands in New Zealand and internationally. Keytone's purpose built dairy production facility offers a wide range of dairy and nutrition packing solutions, meeting the diverse needs of consumers from different markets and cultures.

Keytone Dairy's facility is certified with the New Zealand Ministry of Primary Industries, and Keytone holds a Certification and Accreditation Administration (CNCA) of the People's Republic of China manufacturer registration, thereby enabling export of Keytone's products to China. In addition, the facility holds a Halal certification from the Federation of Islamic Associations of New Zealand (an accredited body recognised by Islamic countries worldwide). Please visit www.keytonedairy.com for further information.

About Bakels Edible Oils

Bakels Edible Oils, a member of the International Bakels Group, is New-Zealand's largest supplier of edible oils. Bakels is strategically located in Mount Maunganui, New Zealand's major export port. Today Bakels Edible Oils is a 24/7 Oil Refining operation, employing in excess of 100 staff and manufactures a range of products for the Bakery, Foodservice, Industrial food processing, Dairy infant nutrition and Retail markets.

About Tehmag Foods Corporation, Taiwan

Tehmag Foods Corporation (TSX: 1260.TWO) is a Taiwan-based company listed on Taiwan's emerging stock market and principally engaged in the sales of bakery ingredients. Tehmag has subsidiary companies in China, Hong Kong, and Malaysia. In China Tehmag runs and owns 50% of Zeelandia China. Zeelandia is a global bakery supplier with its HQ in the Netherlands. The Company's main products include flour, pastry buns, chocolates, fillings, dried fruits and cereals, additives, dairy products, frozen foods and others. It has 12 product verticals and works with more than 35 brand partners, including Keytone Dairy.

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