

# CORONAVIRUS UPDATE AND FURTHER WALMART ORDER

26 February 2020

- Coronavirus anticipated to have an immaterial impact on Keytone business
- Chinese consumption of staple food products, including dairy, is reported to have increased substantially due to the Coronavirus crisis, including those sourced from New Zealand and Australian dairy
- Keytone's product development team is prioritising development of immunity-style nutritional products to meet in-bound demand from the Chinese market
- Further order received from Walmart China ahead of schedule

*Sydney and Melbourne, Australia and Christchurch, New Zealand* – Keytone Dairy Corporation Limited (ASX:KTD or KTD.AU) (the "Company" or "Keytone") is pleased to provide an update on the impact of, and opportunities presented by, the recent outbreak of Coronavirus and details of a further order received from Walmart ahead of schedule.

In terms of the outbreak of Coronavirus and its impact on the Keytone business, whilst shipping and general supply chain logistics to and from China have been disrupted globally and have resulted in the postponement of a small number of Chinese orders received by Keytone, this is not expected to have a material impact on Keytone's financial performance, and Keytone expects a strong current quarter and run rate leading into its new financial year commencing on 1 April 2020.

Further, sales of staple food products in China have been reported to have experienced substantial increases. Among others, the major Chinese online retailer JD.com has reported a substantial increase in food and health-related product sales, including products such as the New Zealand and Australian made products manufactured by Keytone.

The outbreak has also focused Chinese consumers on immunity-boosting health products and, as a result, in recent weeks Keytone has received in-bound interest in immunity style nutritional based products for Chinese markets. Keytone is uniquely positioned to satisfy that demand through its flexible operational and production structure, designed to react to customer requirements quickly. This production capability is coupled with the substantial product development and formulation expertise of the Company (which recently experienced a substantial boost following the acquisition of Omniblend and its in-house formulation team).

Consequently, Keytone's product development team, as a matter of priority, is working on a roll-out of immunity boosting nutritional SKUs, to satisfy the inbound wholesale customer requirements for the China market.

Validating the third-party reports as to increases in dairy sales, Keytone has continued to experience demand for clean, green, pristine food staples/general health and wellness products. Notwithstanding the fact that shipping and general supply chain logistics to and from China have been disrupted

globally, Keytone has received a new order, ahead of schedule, from Walmart (China) Investment Co. Ltd (“Walmart China”) for approximately \$350,000 in product for Sam’s Club West, Inc. (China), a wholly owned subsidiary of Walmart, Inc. Keytone is pleased to be continuing to build and supply this strategic relationship with Walmart China and is confident in the pipeline of future orders.

As to the impact of the Coronavirus on the Keytone business, Keytone’s Chief Executive Officer, Danny Rotman commented: “Whilst we are carefully monitoring the Coronavirus outbreak in China and we hope that the health crisis abates quickly, at present it has had an immaterial impact on the Keytone business.”

“Rather, we have seen a noticeable increase in demand for immunity boosting nutritional products, particularly those bound for China, and we are in a unique position to respond to these changing customer demands through our experienced in-house product development team. We look forward to further updating the market on our new immunity style product development efforts in response to Coronavirus in the near term.”

The release of this announcement was authorised by the board.

\* \* \* \* \*

#### **Further Information**

Jourdan Thompson  
Chief Financial Officer, Keytone Dairy Corporation Limited  
Email: [investors@keytonedairy.com](mailto:investors@keytonedairy.com)  
Tel: +612 9969 9690

#### **About Keytone Dairy Corporation Limited**

Based in Sydney and Melbourne, Australia and Christchurch, New Zealand, Keytone Dairy Corporation Ltd is an established manufacturer and exporter of formulated dairy products and health and wellness products. Keytone Dairy’s wholly-owned subsidiary Omniblend is a leading Australian product developer and manufacturer in the health and wellness sector, with both dry powder and ready to drink health and wellness-based product capability. In addition to Keytone Dairy’s own brands, the company is a trusted production partner, contract packing for well-known brands in Australia, New Zealand and internationally. The Company’s purpose-built production facilities in Australia and New Zealand offer a wide range of dairy, health and wellness and nutritional packing solutions, meeting the diverse needs of consumers from different markets and cultures. Please visit [www.keytonedairy.com](http://www.keytonedairy.com) for further information.

**ENDS**

