



**BESTON** GLOBAL FOOD  
COMPANY

ANNUAL GENERAL MEETING

27<sup>th</sup> November 2015

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# Agenda

1. Chairman's Address
2. CEO Presentation
3. Resolutions
4. Closing Remarks





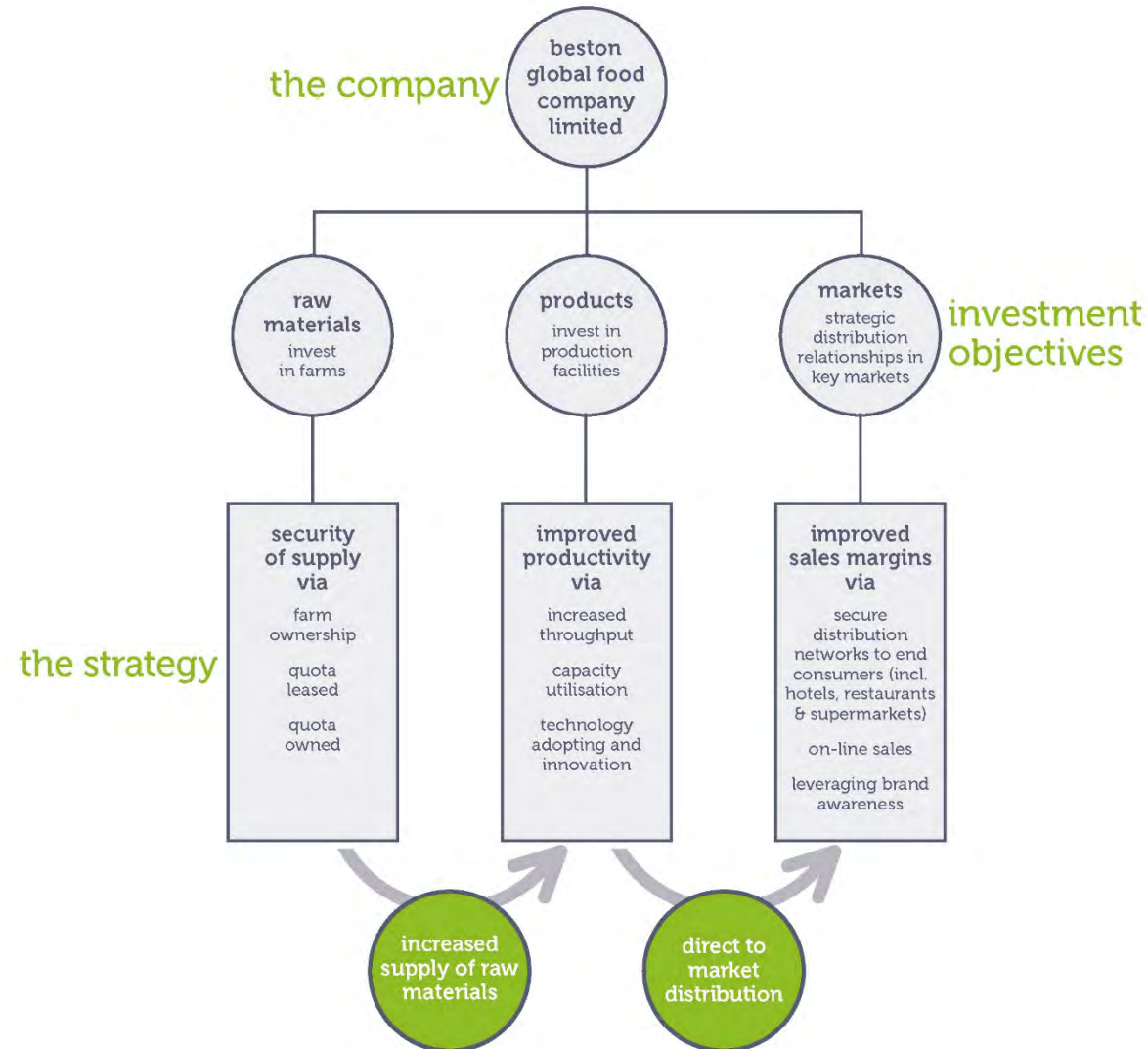
Chairman's Address: Dr. Roger Sexton

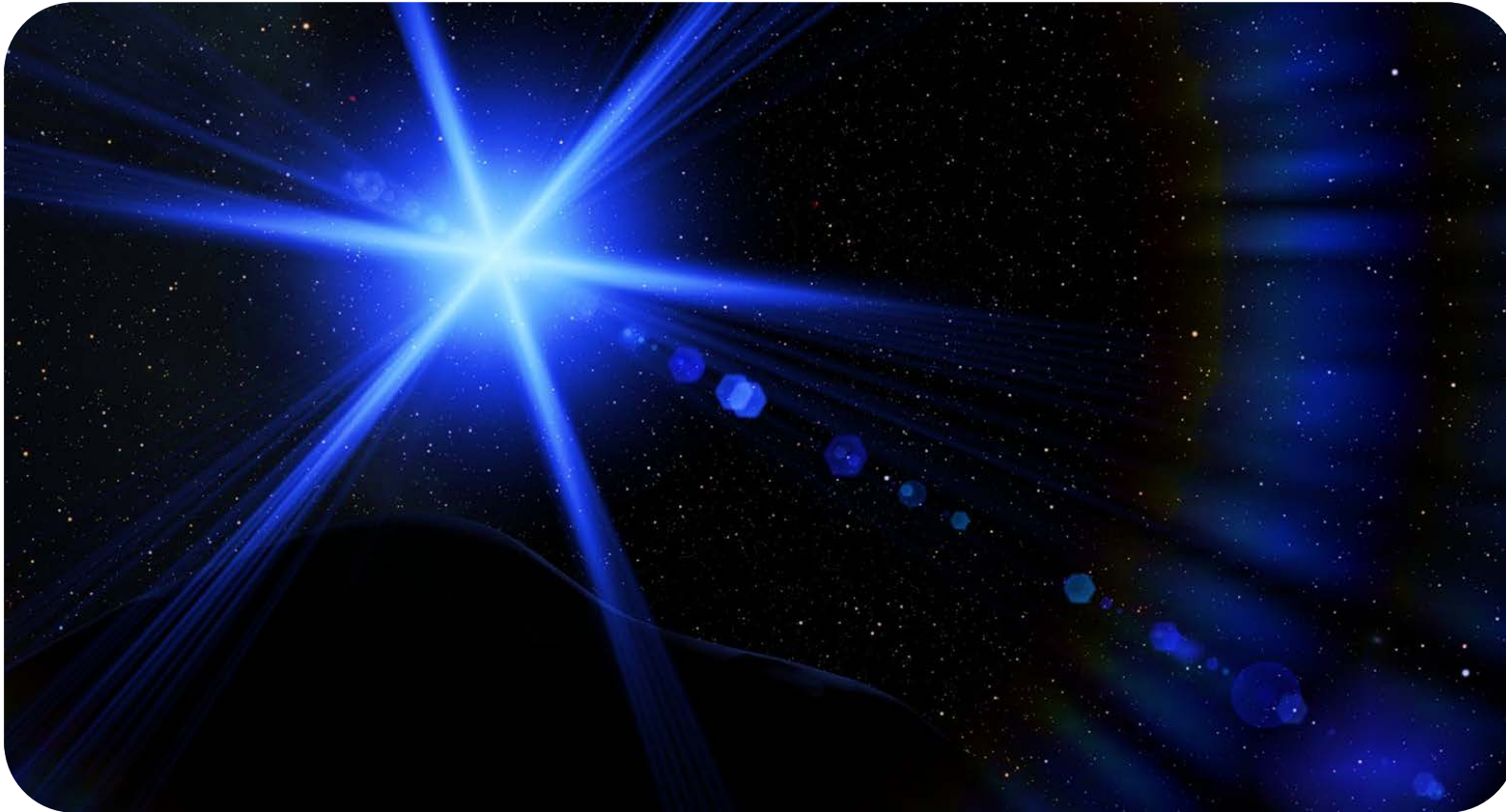


Taking healthy eating to the  
world's growing communities  
with Australia's best food



# The "Three Legged Stool" Model



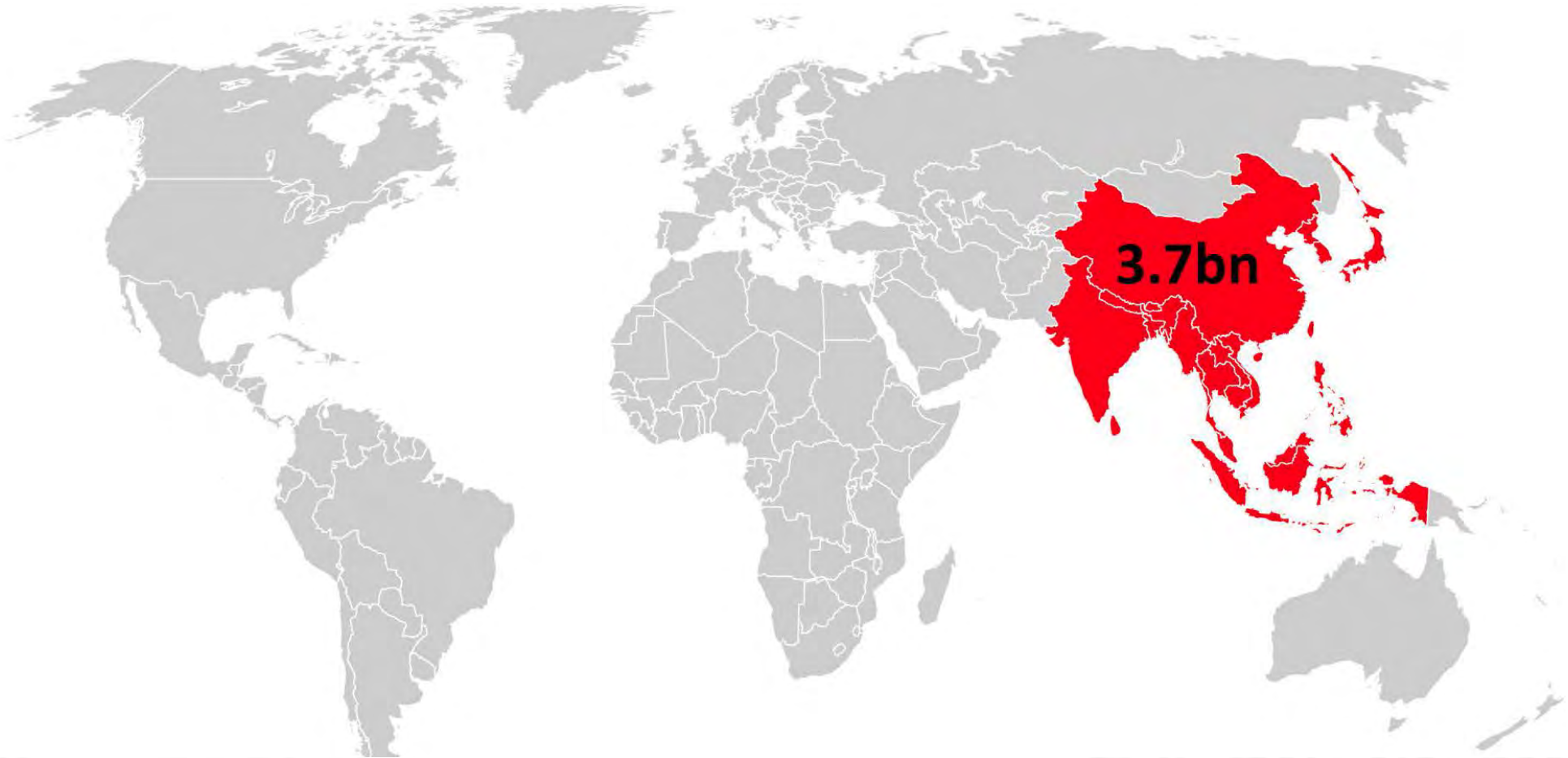


“.. an unswerving commitment and dedication to become one of the best branded food companies in the world.”



# Asia's Dominance in the Global Population

More than half the people in the world live in the red region



**Total World Population = 7.25bn**

Source: BofA Merrill Lynch Global Investment Strategy, UN DESA

**BESTON**  **GLOBAL FOOD  
COMPANY**







# CEO Presentation: Mr. Sean Ebert



1. Achievements To Date
2. Growth Initiatives
3. Overseas Operations
  - i. China
  - ii. Thailand
4. Food Safety
5. YTD Performance & Guidance



# Achievements To Date

<p><b>dairy</b></p> <p><b>B.-d. Farm</b> Paris Creek Bio-dynamic Organic Dairy Products</p> <p><b>Beston Pure Dairies</b> Murray Bridge &amp; Jervois</p> <p><b>Australian Provincial Cheese</b></p> <p><b>Wellington Dairy Farm</b></p> <p><b>Kurleah Dairy Farm</b></p> <p><b>Pedra Branca Dairy Farm</b></p>	<p><b>seafood</b></p> <p><b>Ferguson Australia</b> Premium Seafood Products</p> <p><b>Mori Seafood</b> Premium Seafood Products</p> <p><b>5 Star Seafood</b> Processing Plant</p> <p><b>Lobster Quota</b></p>	<p><b>meat</b></p> <p><b>Scorpio Foods</b> Premium Meat Products</p>	<p><b>health nutrition</b></p> <p><b>Neptune Bio- Innovations</b> Food &amp; Nutrition Health &amp; Wellbeing Products</p>
			

## What we are starting with

- Diversified portfolio
- House of Premium Australian Brands
- Closed loop supply chain
- Healthy, Safe and Verifiable Products

# Taking Healthy Eating To The World



*Exporting to over +15 countries*

*Employing over +190 people*



- Re-opened: UDP factory at Murray Bridge, renamed Beston Pure Dairies
- 26 million litres milk processed in 3 months (vs budget of 25 million litres for full year 2015-16)
- Produced 2600 tonnes of cheese YTD (vs budget of 1400 tonnes for full year 2015-16)
- Reopened Jervois dairy factory
- Produced 700 tonnes of whey powder YTD (vs budget of 270 tonnes)
- First shipment of 220 tonnes of cheese (in December 15)
- First order received from Europe for 120 tonnes of cheese
- Restart of high value Lactoferrin plant





- Acquired a2 dairy herd for production of a2 Milk™
- Produced first batch of 50% low sodium (salt) Cheese for trialling with health conscious consumers (an Australian First)
- Brought back former iconic “Centenary” black waxed vintage Cheddar and former range of Murray Bridge Cheeses (Gouda, Aussie Jack, Goshread)
- Superior Infant Formula developed in conjunction with NBI
- Blend and Pack agreement with strategic partner to implement early go-to-market strategy, ahead of dedicated facilities planned Jervois and Brunei
- +35 new jobs created
- +25 local suppliers engaged

## A Short Video Tour of the Beston Pure Facility (Murray Bridge)



Beston Global Food Company

Beston Pure Dairies

Murray Bridge

Delivering the full 'dairy spectrum' of products to our customers

## Premium Dairy

beston  
**pure**  
dairies

New



## Bio Dynamic/ Organic Dairy

B.-d. Farm Paris Creek  
biodynamic  
organic



## Gourmet Cheese Products

Australian  
Provincial Cheese  
Purveyors of Fine Cheese

Mable's  
Australian Cheese

GRANGE  
PEAK



## Innovative Dairy Solutions

nbi  
redefining health

MOO



- Settled acquisition of Mori Seafood (Port Lincoln) and Five Star Seafood (Port MacDonnell)
- Increased lobster production from 128 tonnes pa to 380 tonnes pa (+197%)
- Increased processing of Southern Blue Fin Tuna from 650 tonnes pa to 735 tonnes pa (+13% on prior period production)
- First to market with 4 tonnes of Southern Blue Fin Tuna retail packs to China (an Australian First)
- First BGFC shipment of Kingfish and Oysters to Shanghai customers
- Developed concept for a new retail "Ferguson" range of seafood to meet changing consumer markets



Delivering a full 'seafood spectrum' of products to our customers

## Southern SA Rock Lobster



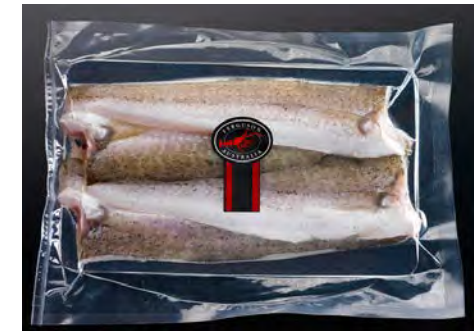
## Branded Southern Blue Fin Tuna Loins



## Full fresh seafood range



King Prawns



King George Whiting



Shark



Pacific Oysters



- Completed acquisition of Scorpio Meats
- New plant and equipment purchased and installed
- Meat processing production increase from 2,000 tonnes to 2,500 tonnes (+25%)
- Scorpio now has 98% market share of all meat used in Australian-produced baby foods
- Launched a “No Numbers” initiative i.e., an “Allergen Free” range of meat products (the products contain no artificial additives or preservatives which are normally shown as “Numbers” on food packaging)
- Signed agreement with leading food company for supply of Angus beef sliders to a major Australian supermarket chain
- New beef bacon product exported to Middle East and organic meatballs to Singapore
- Export of cooked lamb shanks to Japan
- Range of healthy, ready-to-eat meals introduced to the markets in Australia and overseas (under the “Yarra Valley” brand)

Full range of premium cuts and processed meats

## Premium Fresh & Frozen



## 'Meat Inside' (Australian Baby Food)



## 'Allergen Free' sliders



## 'Ready-to-eat meals'







- Settled 20% investment in Neptune Bio Innovations Pty Ltd
- Range of new health enhancing functional foods developed in conjunction with BGFC Dairy and Meat Divisions for release in 2016 (e.g. "Heart Healthy" Milk)
- New HQ and product research facility established at Lidcombe Business Park, Sydney
- Long-term contract signed with global customer for use of Lo-Sal 50 salt replacement product
- Orders obtained for condensed milk replacer product for export to India, Bangladesh and Pakistan
- Established Tropical Research Centre in Brunei (in conjunction with Government of Brunei) to produce medicinal, pharmaceutical and health products from plants in the Borneo Rain forest

## Food & Nutrition, Health and Wellbeing Products



### Diary Replacers

Condensed Milk Replacer



### Natural Sugar Replacer

1/16<sup>th</sup> the Calories  
all natural



### Salt Replacer

50% less Sodium



### Complete Meal Replacers

Low calories, high protein



30% less saturated fats



# Growth Initiatives

## 1. Brand building

- Established “Beston Pure Foods” as a symbol of clean, green, healthy and nutritional foods
- Target high growth segment of people seeking health conscious and safe foods
- Building Brands of Investee companies into global markets
- Created new products through synergies across the group aligned with the brand proposition
- NBI’s world class nutritional Intellectual Property brings ‘true science’ to support brand position



## 2. Build-out of our dairy range to meet changing customer needs

- Expanded the Dairy Spectrum of products with greater nutritional value range
- First to market product in Australia with 50% less sodium cheese under trial with planned launch in March - April 2016
- Extended Shelf Life (ESL) plant due for delivery at B.-d. Farm Paris Creek in January-February 2016
- ESL plant planned will double production capacity for export providing up to 30 days self life



50% less Sodium



Extended Shelf Life Project Underway

## 3. E-Commerce “Bricks & Clicks” sales strategy:

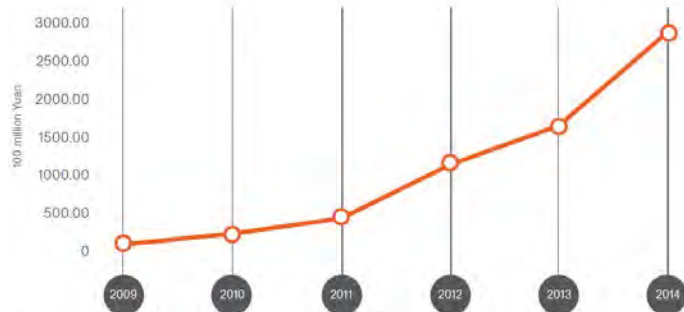
- E-commerce project team established with in-country China sales teams
- Designed to deliver combined online and offline sales strategy
- Platform targeted at 5 strategic China locations
- Designed to create a true Australian Online Food Marketplace for Australian firms to participate
- Leverage on our ‘food safe technology’ + E-commerce solution through cross-selling technology



© Can Stock Photo - csp11700009

## Key Market Drivers

By the end of 2015, China will expect to have 700 million online shoppers

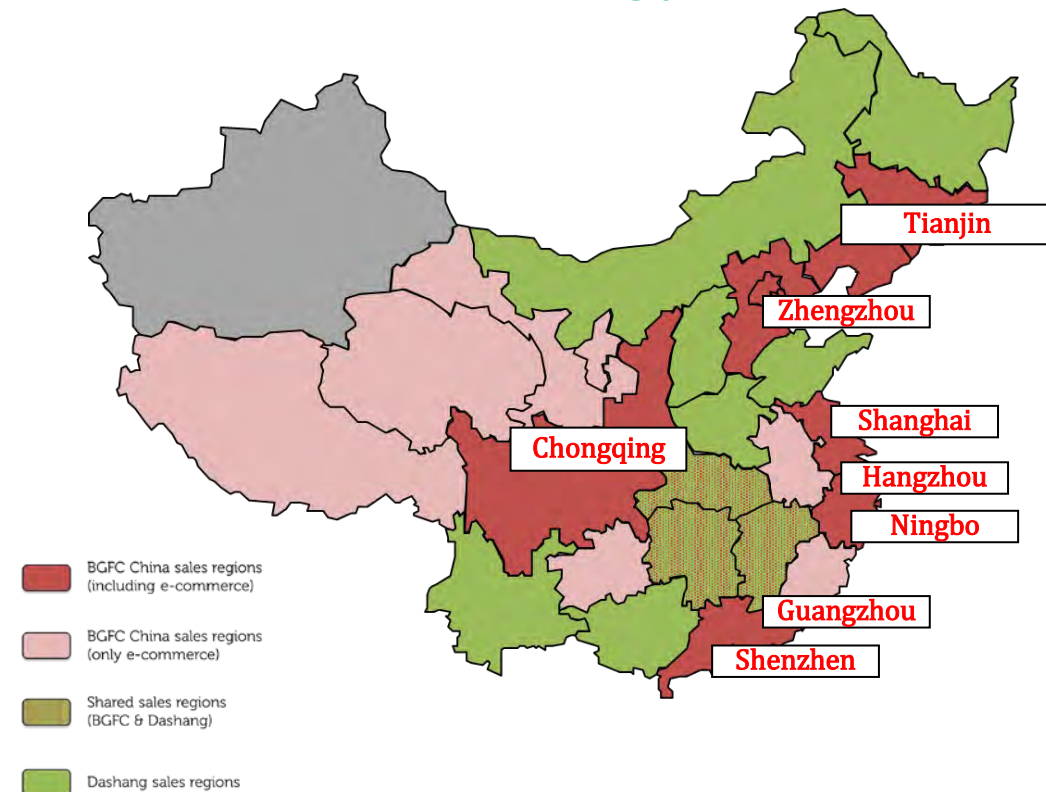


Source: National Bureau of Statistics Annual Online Retail Sales, January 2015

## Our Partners

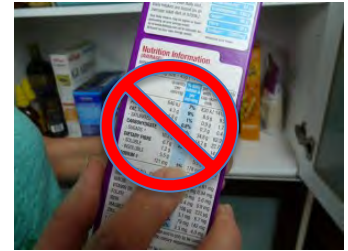


## BGFC China Sales Region Strategy



## 4. "No Numbers" Initiative: No nasties make healthier eating

- Processed food typically have a range of numbers on the label that most people don't understand
- These numbers are usually the artificial additives (preservatives, flavourings, stabilizers) that are introduced into our food
- The BGFC "No numbers" initiative is focussed on reducing or removing all the artificial ingredients that do not add any nutritional value and or can bring allergic side effects
- A full Meat range of premium allergen free, value add, "Ready to Eat" products launching in selected stores early 2016 (Yarra Valley Brand)



What's in my food?





## 5. Delivering Premium Australian Seafood to our customers with security of supply

- Continue to acquire Lobster Quota to increase security of supply
- Develop new retail seafood range to meet changing consumer needs
- Develop 'direct to market' channels into China to capitalise on Free Trade Agreement
- Continue to grow on China's strong demand for Southern Blue Fin Tuna

### Capitalise on Free trade agreement



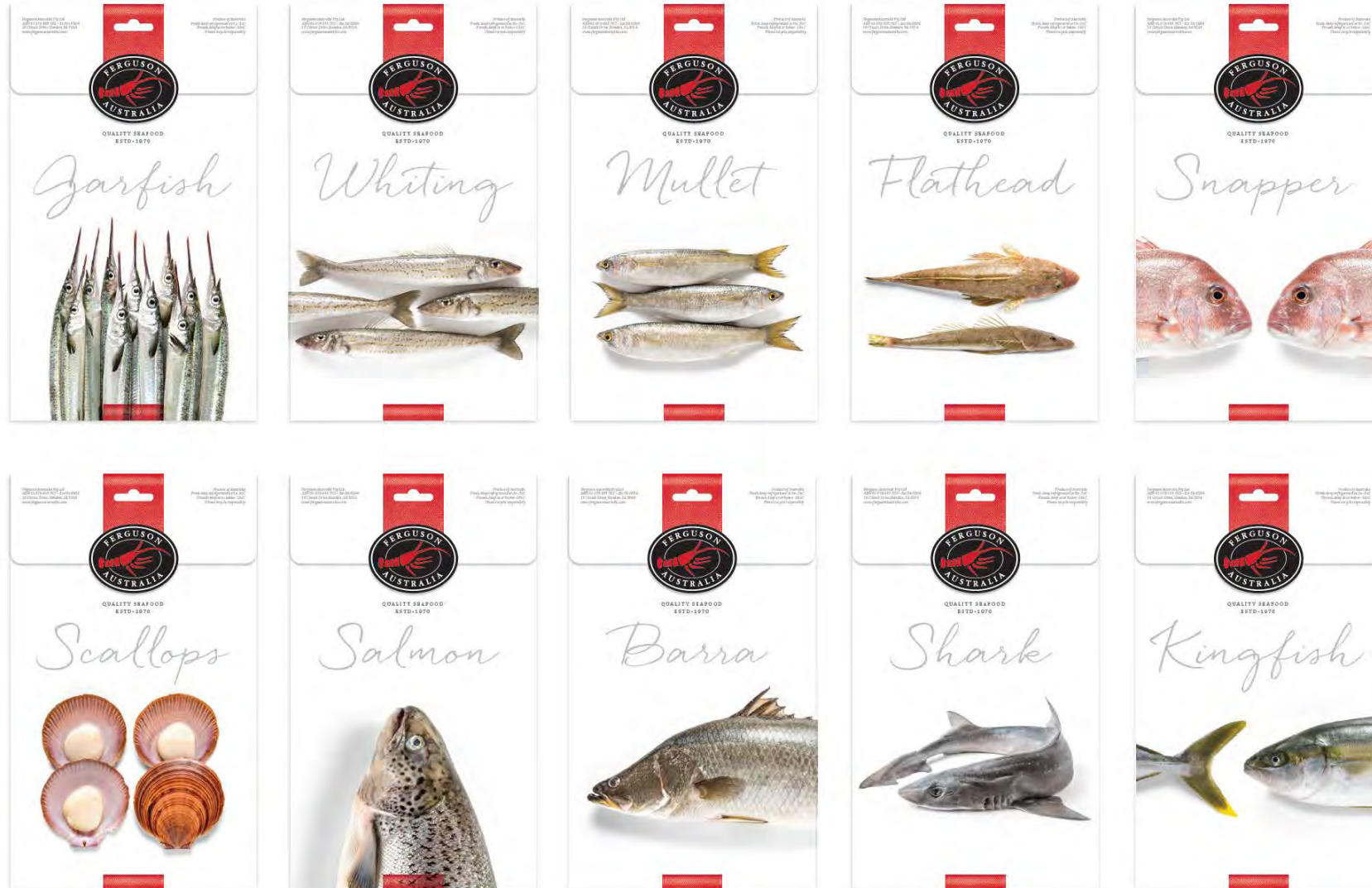
### Demand in premium products



### Increase security of supply



## New Product Development



# Overseas Operations- China

- Dashang strategic partnership:
  - Product mix and store selection in train
  - Development of new retail products for Dashang in progress
  - Finalising the first shipment to Dashang stores
- A new range of customers established across China:
  - First sales of Meat, Seafood, Dairy



Yonghui Supermarket



Hengdu Agriculture Group



Sungiven Foods



FamilyMart Convenience Store



Jilin Aman Food



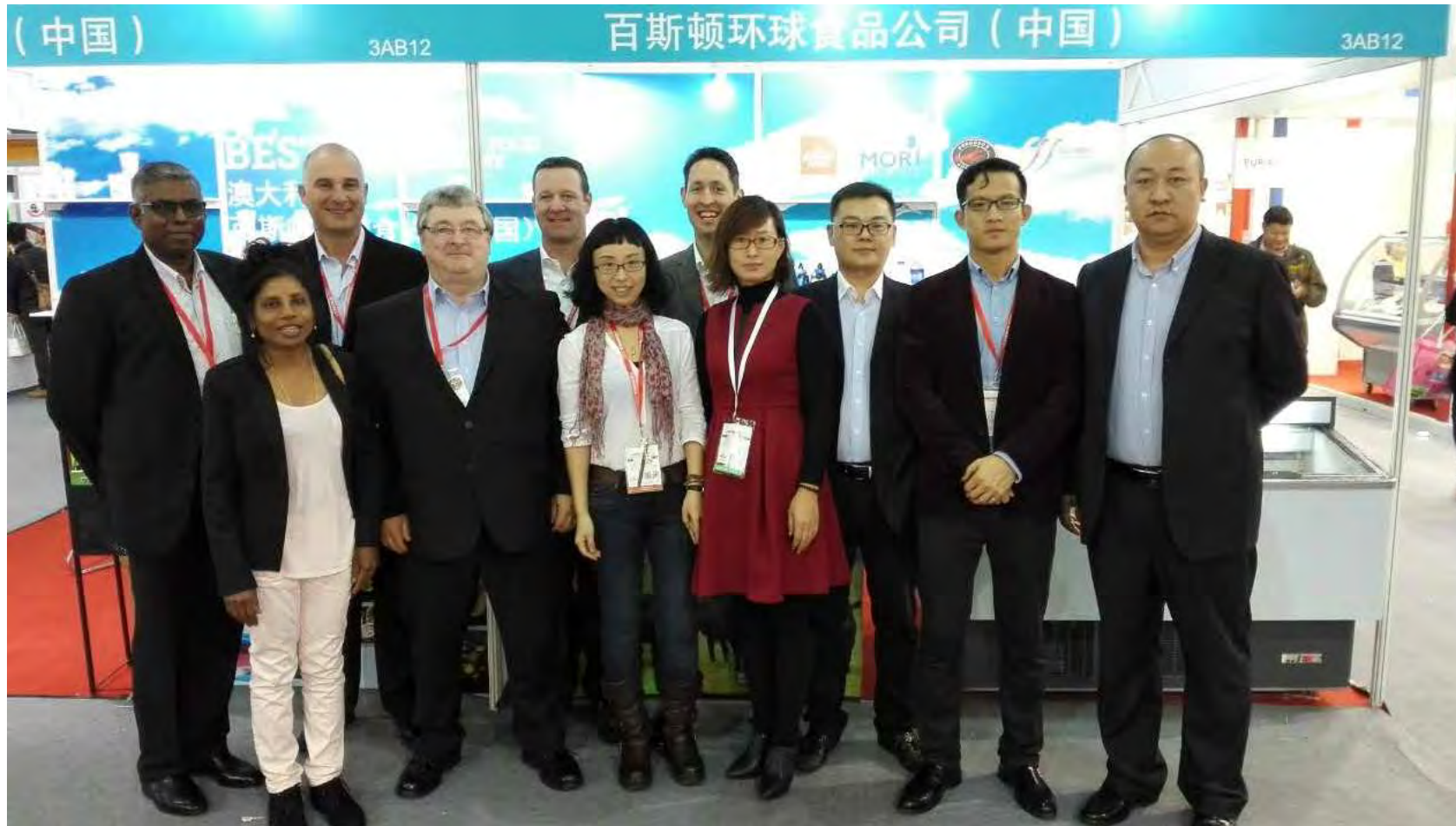
Guangzhou Free Brand Management

- Launch of the full range of BGFC products on the 11<sup>th</sup> to 13<sup>th</sup> November 15
- Joint sales teams with investee companies NBI and Scorpio Foods participating
- Good follow on sales anticipated from customers attending the event





BGFC Shanghai Food Expo Stand



BGFC China/Australia team together with NBI and Scorpio Foods



BGFC Premium Foods on show

## BGFC Gift Box – Seafood

## BGFC Gift Box – Variety Box





# Overseas Operations- Thailand

## Achievements to date:

- New products developed in partnership with Food Tech Asia.
- Distribution agreement with Indoguna Thailand for Seafood and Beston Pure Cheese
- Sales & manufacturing agreement with Lacto Asia for Singapore, Thailand, with extension to Japan
- First Dairy Sales of 120 tonnes to Food Tech with forward orders of 100
- First Seafood Sales for a range of oysters, giant crab, live lobsters and fish with Thammachart



Lacto Asia Pte Ltd



## In Country Prospects:

- New product development of a range new cheese flavoured products for the local market
- Joint development teams between Food Tech Asia and BGFC established
- First trial products are developed
- Market research and brand strategy process underway for 'fun cheese' brand for kids market



## Cubes & Blocks



# Leading The World In Delivering Safe Foods

The World Health Organisation has warned that unsafe food is a “growing global threat”.

- Food production and distribution has become more industrialised in response to rising demand.
- Which has introduced multiple opportunities for food to become contaminated with harmful bacteria, viruses, parasites or chemicals
- ‘It is clear that consumer concerns about “food safety” will become an even bigger issue in the future than what it is today, as the demand for food continues to outstrip supply.



**“Over 40% Of Chinese Goods Sold Online Are Counterfeit”**

- China’s ecommerce market is massive and only getting bigger.
- A report from China’s Ministry of Commerce (MOC) shows that in the second half of 2014, nearly 40 percent of the ecommerce products the Ministry inspected were fake or illegal.



**“China tightens online baby formula trade”**

- This is seen as a significant sales channel.. As Chinese consumers remain wary about the safety of goods which have been handled in China.



*Is this a healthy for me and my family?*

*How can you tell if its from there?*

consumers are more discerning



*Is this safe?*

*Where is it from?*

# What We Have Done About It

- World first in combining food traceability with anti-counterfeiting technology
- First version release expected in February-March 16

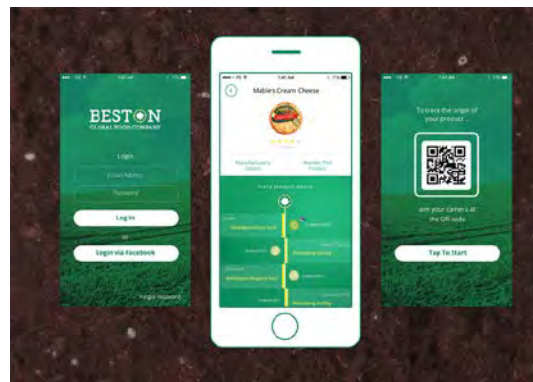


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**BGFC FOOD  
SAFE**

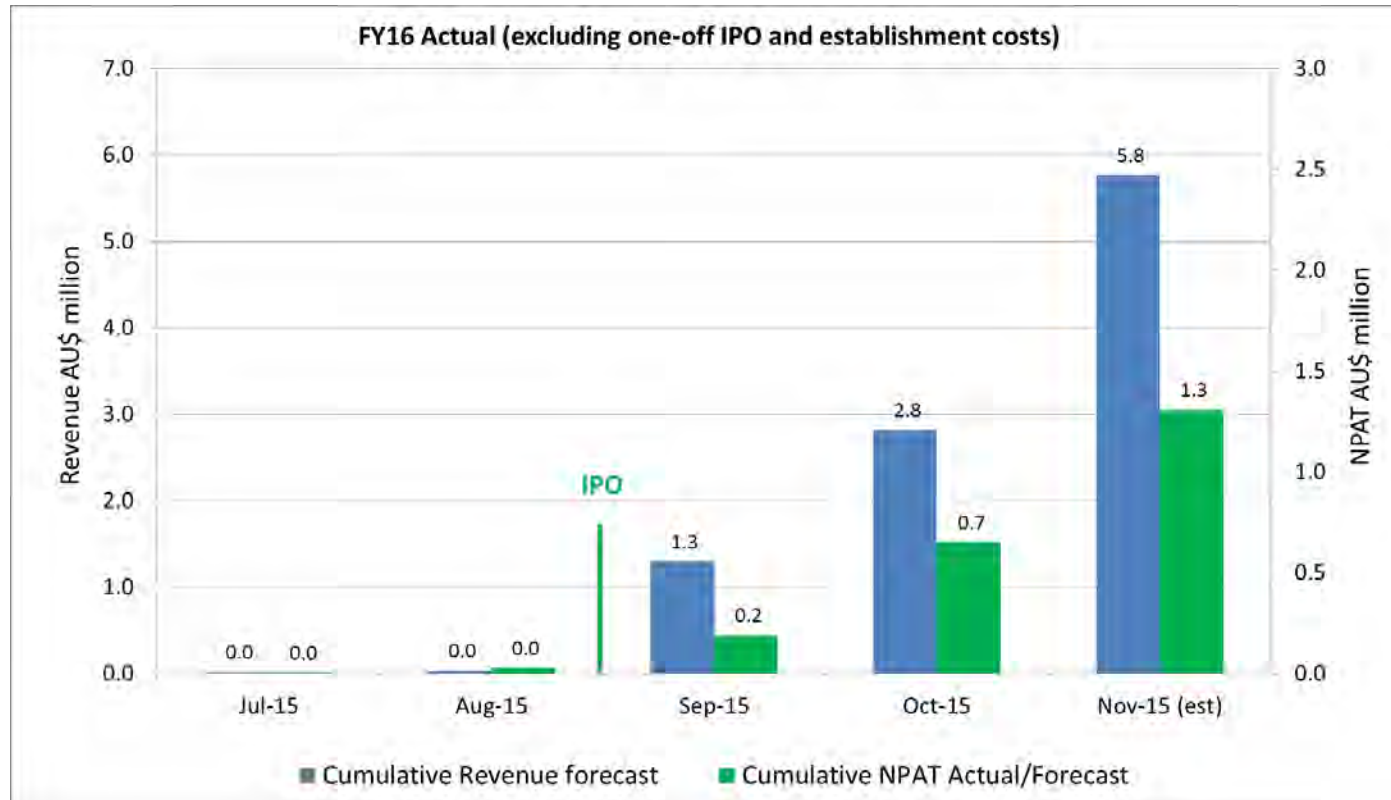


# DEMO



# Financials

- Company admitted to the ASX on 26<sup>th</sup> August 2015, IPO Prospectus acquisitions completed 28<sup>th</sup> September 2015
- Results to November 2015 (including November estimate) – Revenue \$5.8 million & NPAT \$1.3 million



- Beston Pure Dairies outperformance reflective of the impact of toll manufacturing; processed 26ML milk to November, compared to a full year budget of 25ML
- China Sales strengthened in November
- Convertible Note & Leased Assets income in line with expectations

- The China, Thailand & Vietnam sales team continue to execute the established trading relationships with the Dashang group, and other key distributors, and are anticipating sales growth as a result.
- Neptune Bio Innovations to achieve accelerated earnings growth with the main earnings coming in the second half in line with an increase in manufacturing capacity.
- Beston Pure Dairies has achieved an excellent startup period with high volumes, and has planned to diversify the product range throughout the year.
- Convertible Note & Leased Assets income inline with expectations.

- E-commerce represents a huge opportunity for the Group by expanding volumes and selling directly to end-consumers within China initially, and then beyond
- Expansion of product lines and throughput at Murray Bridge and Jervois operations – Plant currently under utilised
- Extracting superior margins via introduction of our food safety technologies
- Driving and delivering on-farm efficiencies as acquisitions bed down
- Introduction of new products
- Further targeted acquisitions

- The target dividend as per the IPO prospectus was a dividend in the range of 1.50 cents - 2.0 cents
- It is the current intention of the Board to declare a final dividend for the 2015-16 financial year based on a 60% - 85% payout ratio of the Company's annualised & normalised NPAT
- It is the intention of the Company that the FY16 dividend target of 1.50 cents - 2.0 cents per share remains
- The FY16 dividend is likely to be only partially franked. The extent of franking will be dependent on a number of factors

# Resolutions & Proxy Votes Received

# Total Valid Proxy Votes Received

# RECEIVED	SHARES	% OF SHARES ON ISSUE
131	111,755,107	30.8%

## Adoption of the Remuneration Report for the year ended 30 June 2015

	FOR	AGAINST	OPEN	ABSTAIN
#	72	18	28	8
SHARES	68,032,753	627,232	4,484,198	153,380
%	93.01	0.86	6.13	



## Re-election of Dr Roger Sexton as a Director

	FOR	AGAINST	OPEN	ABSTAIN
#	99	2	29	1
SHARES	74,013,126	7,100	4,485,898	5,715
%	94.28	.01	5.71	

## Election of Ms Petrina Coventry as a Director

	FOR	AGAINST	OPEN	ABSTAIN
#	98	3	29	1
SHARES	73,998,126	22,100	4,485,898	5,715
%	94.26	0.03	5.71	

## Election of Mr Jim Kouts as a Director

	FOR	AGAINST	OPEN	ABSTAIN
#	97	4	29	1
SHARES	73,983,840	36,386	4,485,898	5,715
%	94.24	0.05	5.71	

## Election of Mr Donald Taylor as a Director

	FOR	AGAINST	OPEN	ABSTAIN
#	97	3	30	1
SHARES	73,988,126	22,100	4,495,898	5,715
%	94.25	0.03	5.73	

## Appointment of Auditor

	FOR	AGAINST	OPEN	ABSTAIN
#	96	2	31	2
SHARES	73,965,911	8,600	4,525,898	11,430
%	94.22	0.01	5.77	

## Approval of 10% Placement Facility

	FOR	AGAINST	OPEN	ABSTAIN
#	75	18	30	9
SHARES	71,656,769	2,299,627	4,495,898	59,545
%	91.34	2.93	5.73	



# Closing Remarks: Dr. Roger Sexton



# BGFC Share Price

Last	Code	Change	Open	High	Low	Volume	Updated
<b>\$0.36</b>	ASX	0.01 (1.4%)	0.36	0.36	0.36	928,423	11:34AM 27/11/2015





Type	Description	Starting Assets	Closing Assets	Running Yield*	Exit
<b>Beston Wine Industry Trust</b>	Purchase and Lease back of vineyards in Australia and New Zealand	AUD 15.0 million (1999)	AUD 350.0 million (2011)	Initial yield: 10% pa, increasing to 13.0% pa over the period of ownership	Acquired by CK Life Ltd in 2011
<b>Vintage Wine Trust</b>	Purchase and Lease back of vineyards in Central Coast, Central Valley and Napa Valley, California, USA	USD 25.0 million (2001)	USD 150.0 million (2004)	Initial yield: 10% pa, increasing to 12.3% pa over the period of ownership	Acquired by Friedman, Billings and Ramsay in 2004
<b>Beston Parks Accommodation Trust</b>	Acquired and operated caravan parks across Australia (comprising tourist, residential and mining parks)	AUD 32.0 million (2005: an initial 5 Parks)	AUD 300.0 million (2012: 38 Parks)	Average yield: 11.3% pa to 15.0% pa	Acquired by a Macquarie Bank Consortium in 2011 and subsequently Sunsuper

## (1) Increase the productive efficiencies on our farms and factories

- Investment of capital to enhance productivity
- Reduce cost of raw material inputs
- Lift quality of goods we produce
- Achieve “price maker” margins (and profits) which are not dependent on global commodity prices



## (2) Build value proposition for our customers

- Success in business is about serving others
- Provide customers with what they really want
- Provide assurance that products are safe to eat
- Build long term brand loyalty



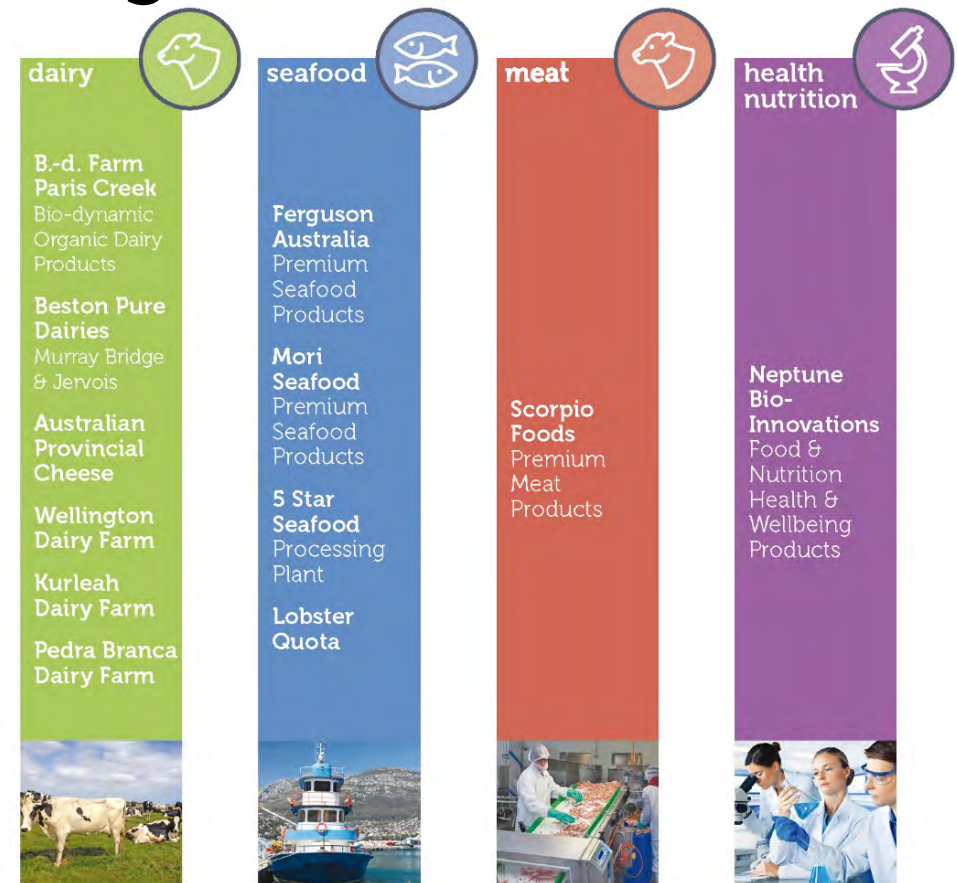
## (3) Align interest of our employees with the interests of our shareholders

- Below market salaries but performance rewards based on TSR returns
- Employee share ownership
- Performance rewards paid in equity, not cash
- Lean, focussed team: “Think like a small company, act like a big company”
- Profits on initial acquisitions passed on to shareholders



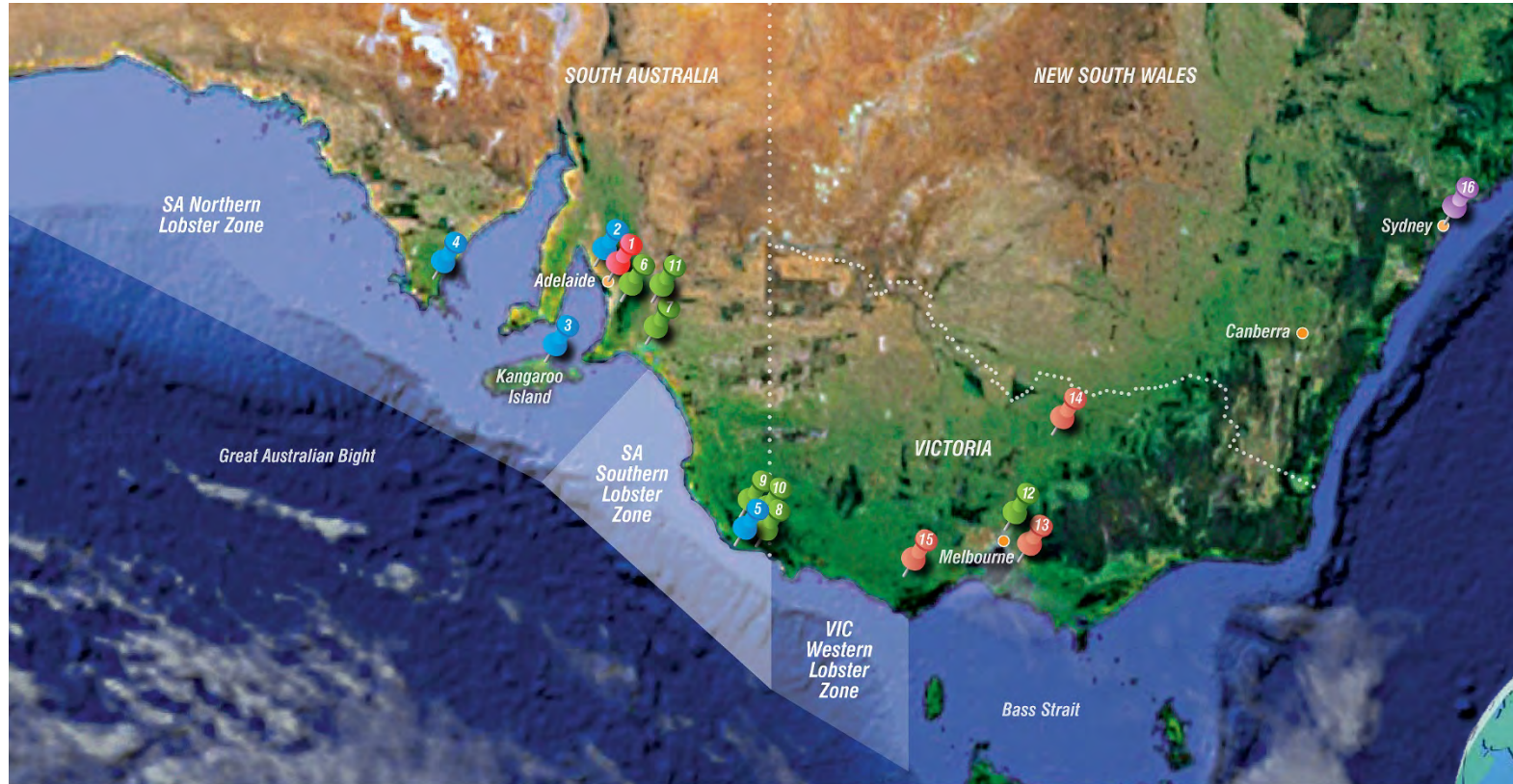
## (4) Build each operating divisions (“industry verticals”) with the specific objective of spinning them off

- Bulk up businesses to achieve critical mass
- Each division to be best practice and world class
- 2 + 2 = 5: Sum of the parts is worth more than the whole
- Strategic transformation of the agri-business sector





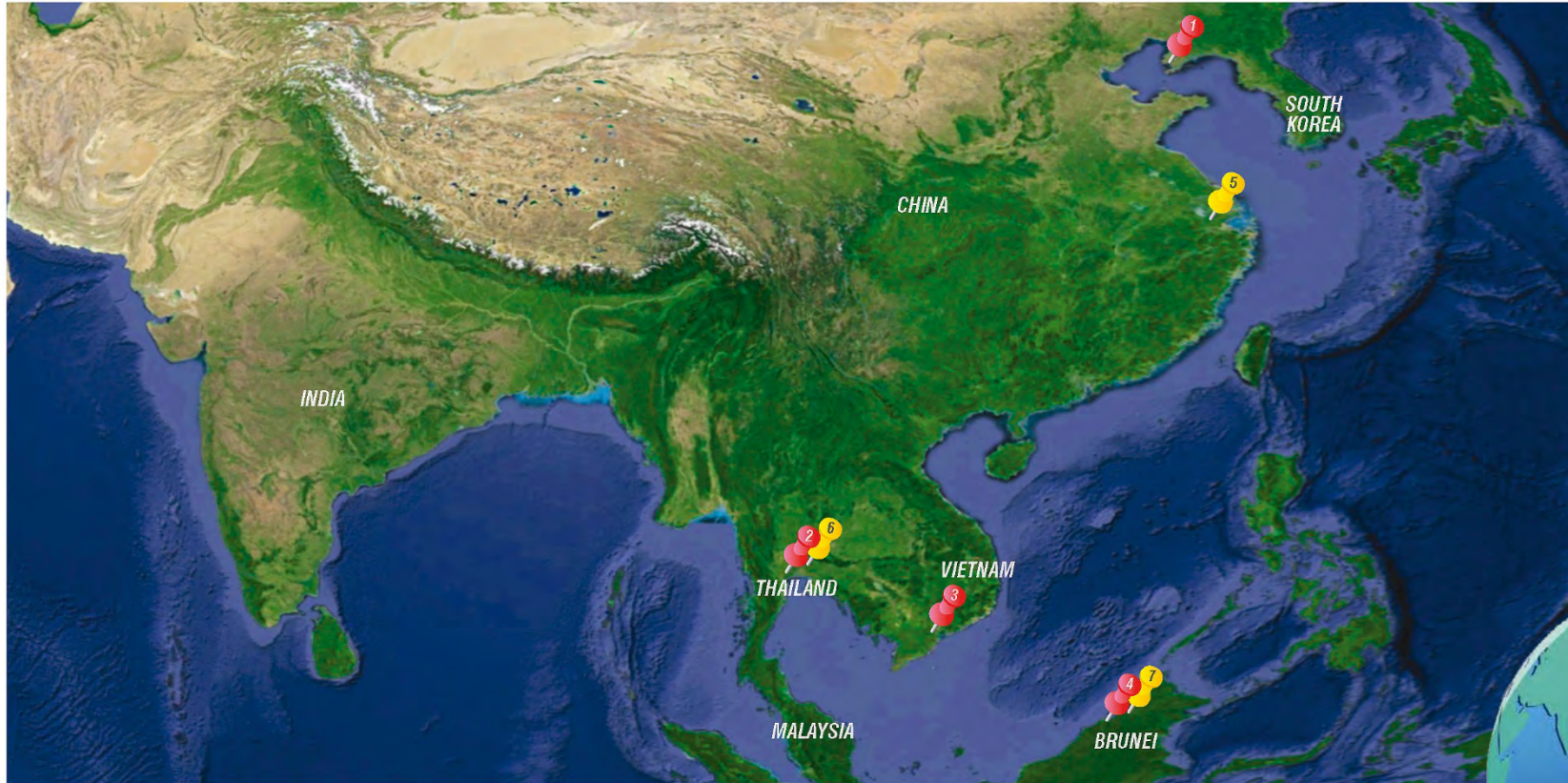
# Asset Location: Australia



- |   |   |  |
|---|---|--|
| 1 BGFC Corporate Office                       | 6 B.-d. Farm Paris Creek Processing Plant | 11 Processing Facility                 |
| 2 Ferguson Australia Seafood Processing Plant | 7 Wellington Dairy Farm                   | 12 Australian Provincial Cheese        |
| 3 Ferguson Australia Fishing/Quota Area       | 8 Kurleah Dairy Farm                      | 13 Scorpio Foods Head Office           |
| 4 Mori Seafood                                | 9 Weneeda Dairy Farm                      | 14 Scorpio Foods Cool Store            |
| 5 Seafood Processing Plant                    | 10 Pedra Branca Dairy Farm                | 15 Scorpio Foods Production Facility   |
|   |   | 16 Neptune Bio-Innovations Head Office |



# Asset Location: Asia



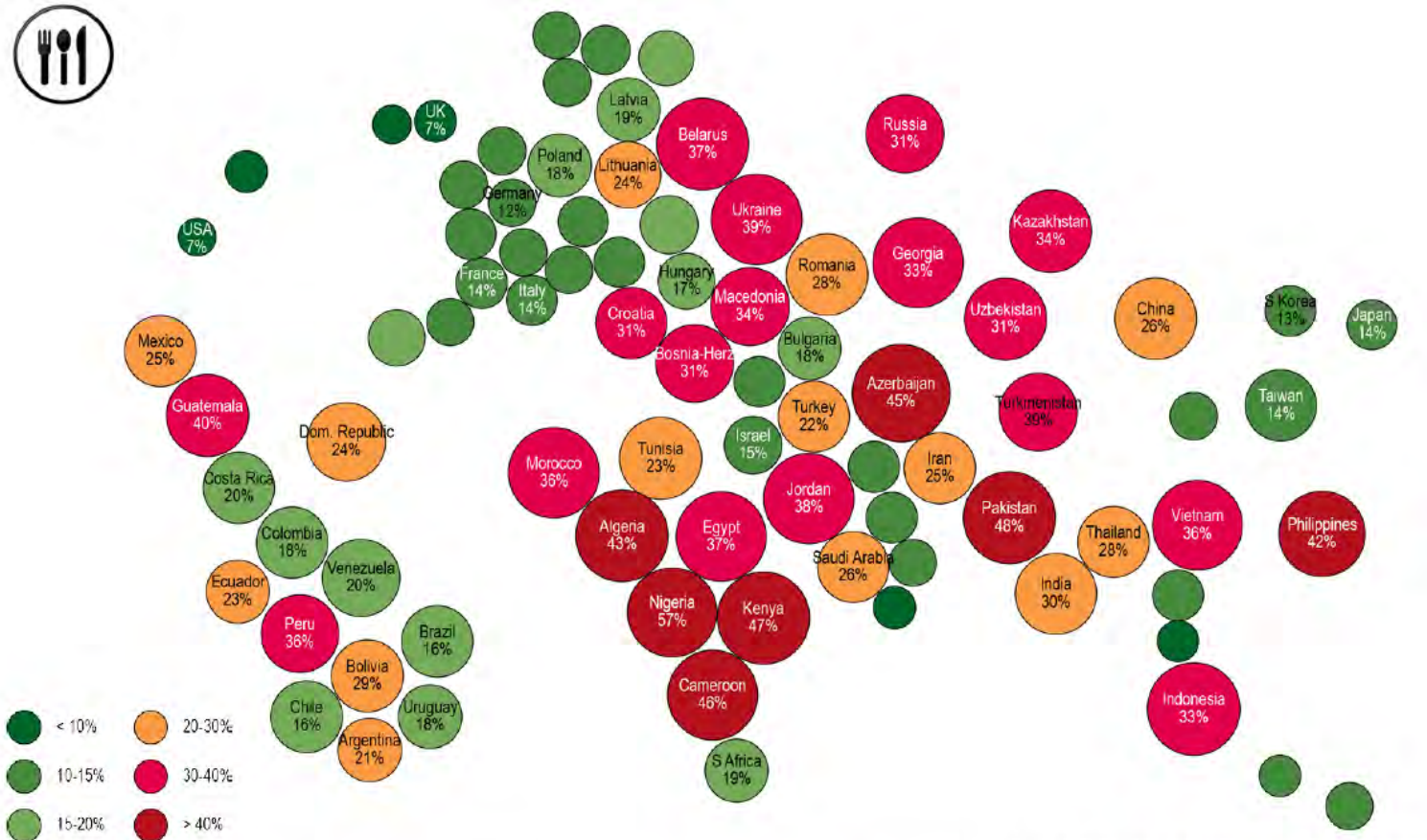
- 1 Beston Global Food Company - China Office
- 2 Beston Global Food Company - Thailand Office
- 3 Beston Global Food Company - Vietnam Office
- 4 Beston Global Food Company - Brunei Office

- 5 Yihaodian Customer Relationship
- 6 Thailand Joint Venture
- 7 Brunei Distribution





## Food expenditures as a % of total household consumptive expenditures



Source: BofA Merrill Lynch Global Investment Strategy, USDA ERS

- Increased water stress reduces the supply of food and thus raises its cost, which is bad news for 805 million people who are already chronically [undernourished](#).
- Populous countries such as Nigeria, Pakistan and Kenya spend a staggering 47-57% of their household expenditures on food.

- The demand for food will increase by 70% between now and 2050
- World food production will need to be more than double to feed the global population by 2050
- As incomes increase in Asia, people are also demanding more high quality food, in addition to greater quantity.
- But lack of water and urban sprawl; are constraining the ability of food production to keep up increasing demand
- Global water demand is estimated to exceed supply by 40% over the next 20 – 30 years.



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the natural direction