



BESTON GLOBAL FOOD
COMPANY

AAA SA Agribusiness Breakfast With Dr Roger Sexton AM

1st March 2016

“The Beston Model and Plans for the Future”

Beston Global Food Company

Who are we?

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



- **ASX-listed food company** based in Australia
- Premium provider of **dairy, seafood, meat and health & nutrition products** to both **domestic and emerging markets**, particularly Asia
- Broad suite of premium products forming a **diversified portfolio**
- Security of supply through farms, manufacturing through plants and marketing distribution in Asia through partnerships and JV
- Headquarters based in **Adelaide** with Sales and Marketing offices in **China, Thailand, Vietnam and Brunei**.



Ticker: BFC AU

Share Price (1 st Mar 16)	A\$0.42
Number of Shares	363,241,052
Market Capitalisation	A\$152.5m
Average 3m volume	3,353,100
Cash (Dec 15)	\$34.4m
Debt (Dec 15)	-

3 Months Price Chart



Taking Healthy Eating To The World



Exporting to over +15 countries

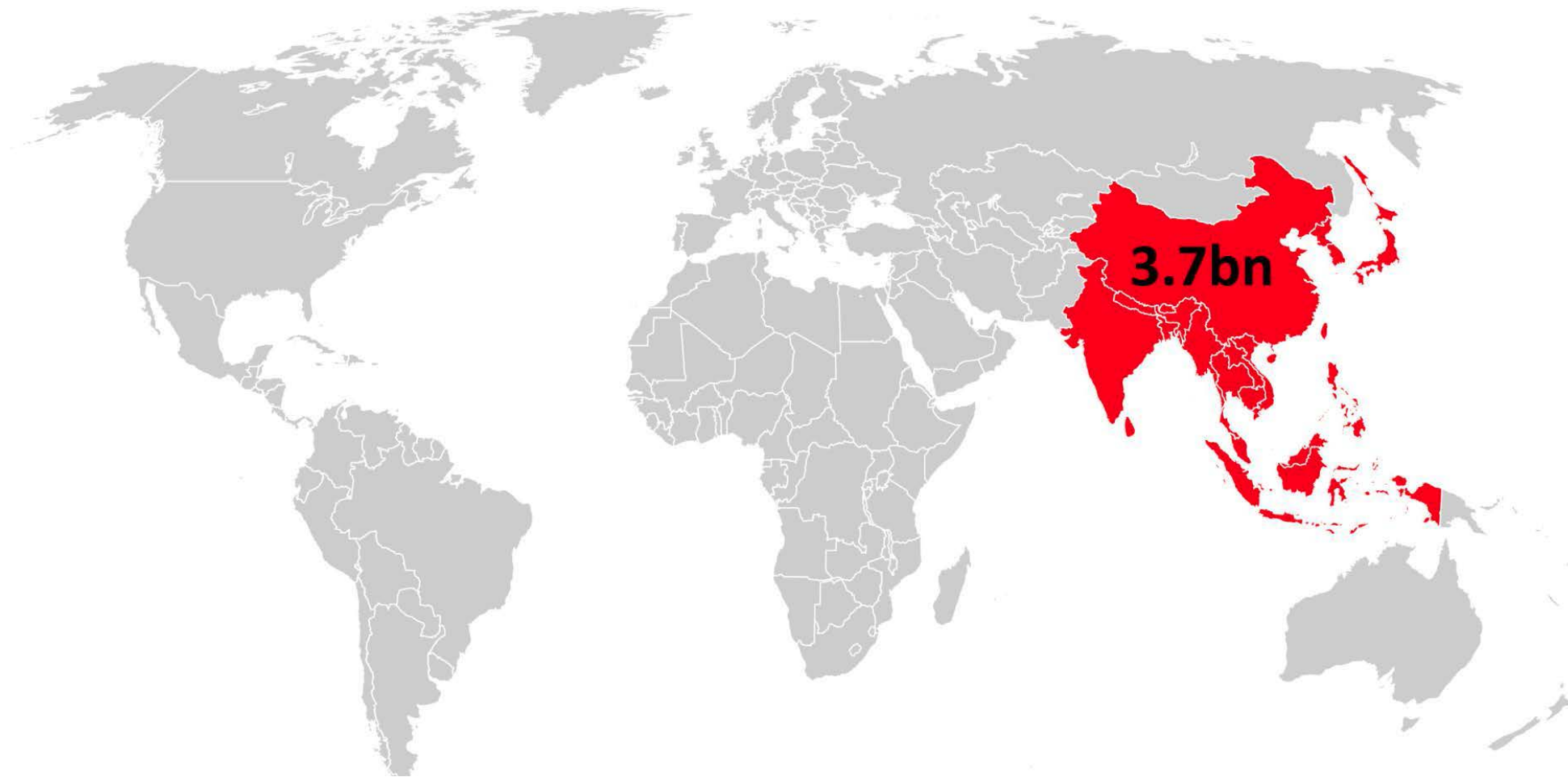
Employing over +190 people

The Emerging World Food Challenge

- World population is growing at a rate of 11.4% per annum (a net increase of 80 million people each year)
- The total world population will increase from the current 7.25 billion people to more than 8 billion by 2024
- By 2050, the worlds population will be 9 billion
- Of the 7.25 billion people on planet earth, 3.7 billion or 51% live in the Asia region
- As the global population increases, so too does the demand for food, particularly higher quality food

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

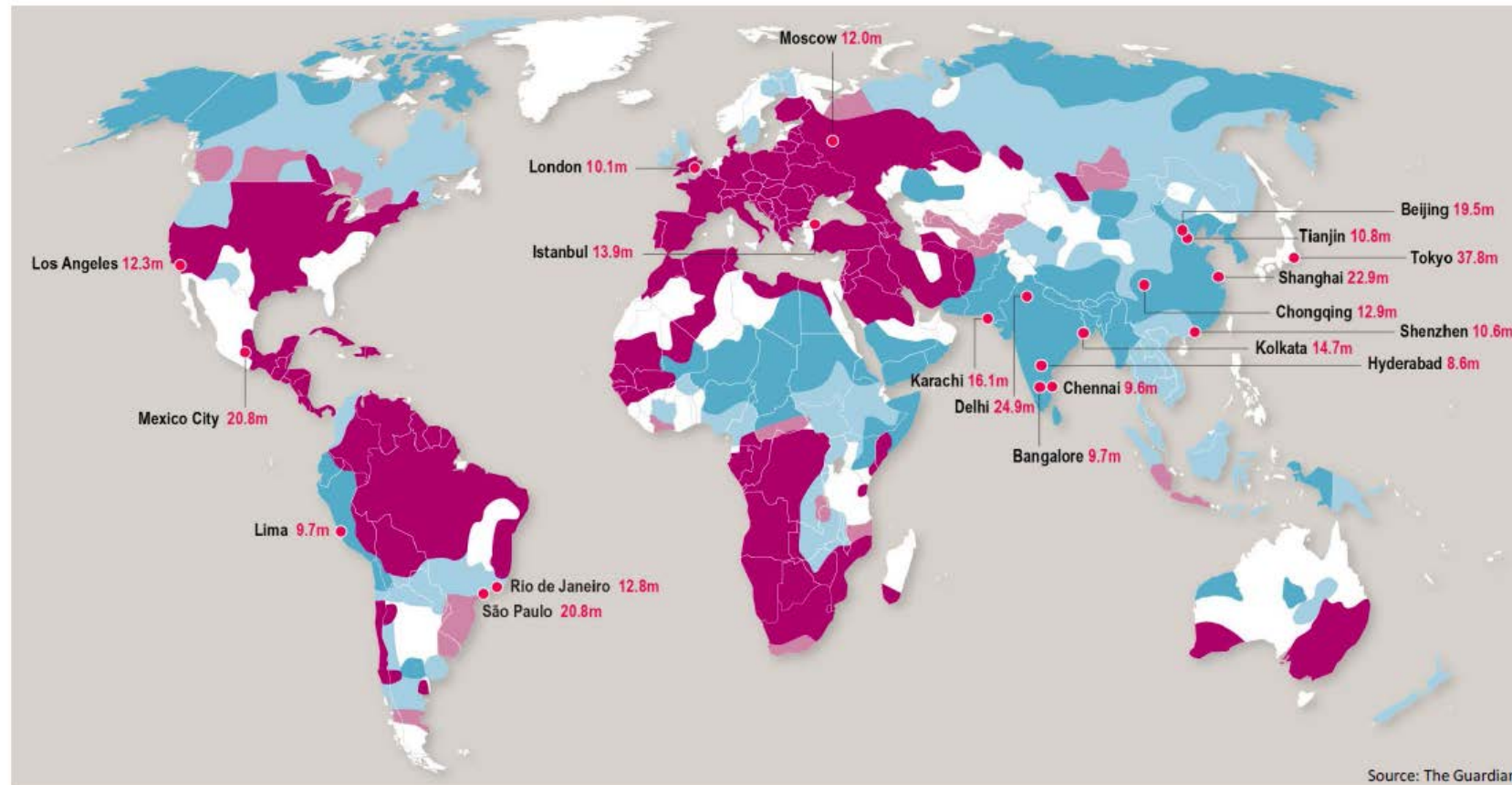
Source: BofA Merrill Lynch Global Investment Strategy, UN DESA

- 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
- The middle class is anticipated to expand dramatically over the next 10-20 years in relatively high population countries like China, India and Indonesia
- Rising income will also cause eating habits to change and increase the demand for ancillary food and beverage products such as dietary (nutritional) supplements, functional foods and wine

- The **footprint** available in the world for producing food is shrinking... and fast
- Urban sprawl in all countries is reducing the amount of available land
- Climate change (and increasing carbon dioxide emissions) have led to greater volatility in weather conditions
- Water is becoming more scarce, on a per capita basis.
- Global demand for water is estimated to exceed supply by 40% over the next 20-30 years

Water Stress

Top 20 cities facing greatest water stress by 2050



WATER STRESS AND CLIMATE CHANGE

Percentage change in water availability from 1961-1990 (average) to 2050

Based on IPCC climate change scenario A1



Top 20 largest cities under water stress

defined as cities that use at least 40% of all available water from watersheds

● Tokyo 37.8m (2014 population)

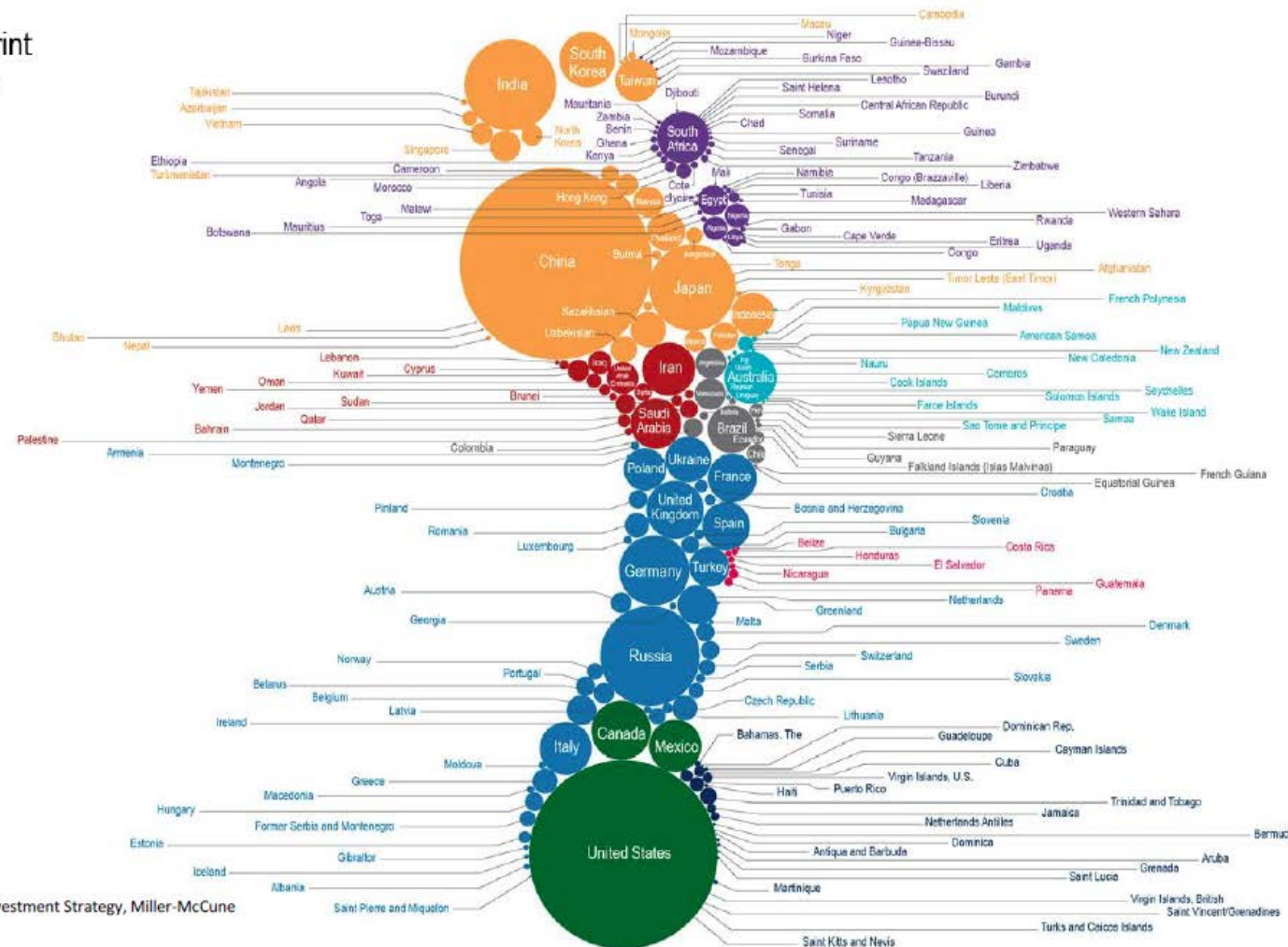
- Shown above are the regions and top 20 cities facing the greatest water stress in coming decades.
- BofA Merrill Lynch forecasts that global water demand is set to exceed supply by 40% in coming decades; by 2050, 3.9 billion people could be living under "severe" [water stress](#).

The World's Carbon Footprint

Total carbon dioxide emissions by nation

Global Carbon Footprint Total emissions by nation

- Africa
- Asia
- Caribbean
- Central America
- Europe
- Middle East
- North America
- Oceania
- South America



Source: BofA Merrill Lynch Global Investment Strategy, Miller-McCune

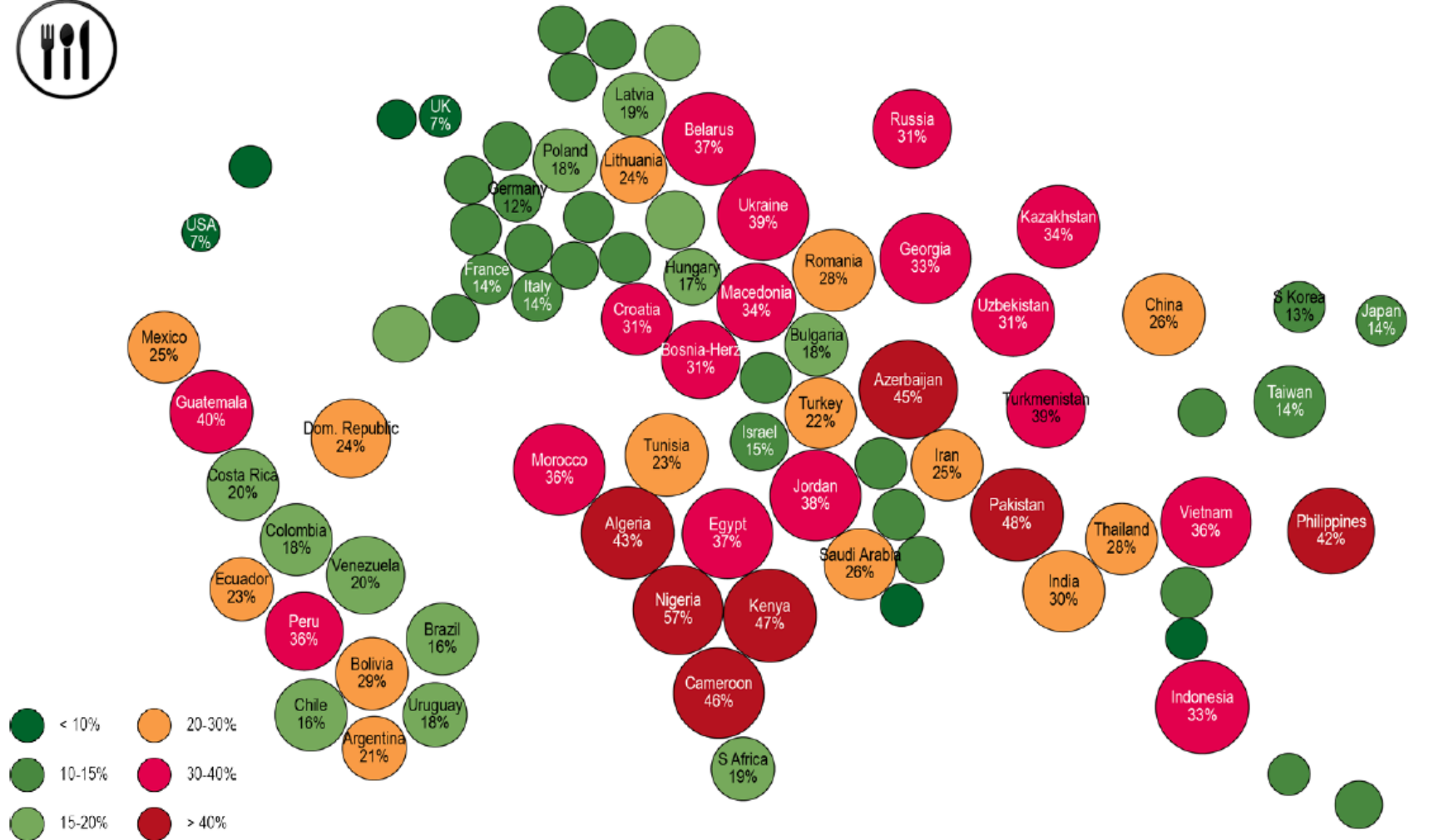
- In recent decades, carbon dioxide emissions and climate change have become major political, social and environmental issues.
- Half of all carbon dioxide emissions from fossil fuels have occurred since the mid-1980s.
- In 2014, China was the largest producer of carbon dioxide emissions at 27.5% of the global total, followed by the [US at 16.9%](#).

- All these factors are reducing the supply of food and raising its cost
- Future food security (ie sufficient food) will be an increasingly important challenge for the world
- 805 million people in the world are already going hungry
- There is a \$2.3 billion pa global demand for food currently. The volume and value of food demand will rise dramatically over the next 20 to 30 years



Food Security

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.

- An equally big future challenge... along with Food Security... is Food Safety
- As the food production footprint shrinks, and demand rises, food manufacturers are compromising
- More artificial ingredients are being used
- More short-cuts are being taken in production
- More disreputable producers are entering the food industry (eg as with the “melamine in milk”, “toxic bean sprouts”, “sewer/recycled oil” and “cadmium rice” scandals in China)

Food Safety: The elephant in the room!

The World Health Organisation recently issued a warning that unsafe food is a “growing global threat”.

“Food production and distribution has become more industrialised in response to rising demand and its trade and distribution has become more globalised, 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.

MIDDLE CLASS COMMUNITIES



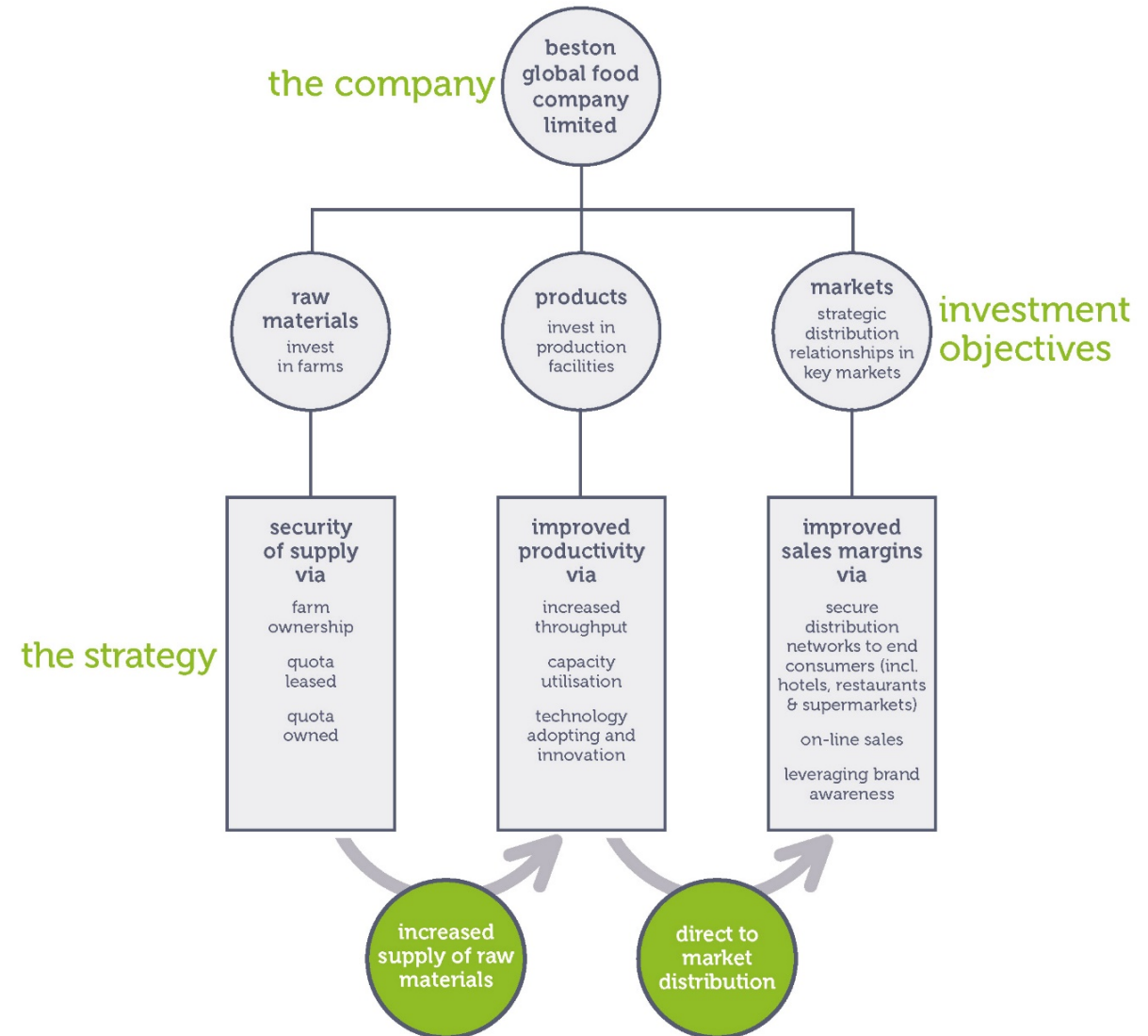
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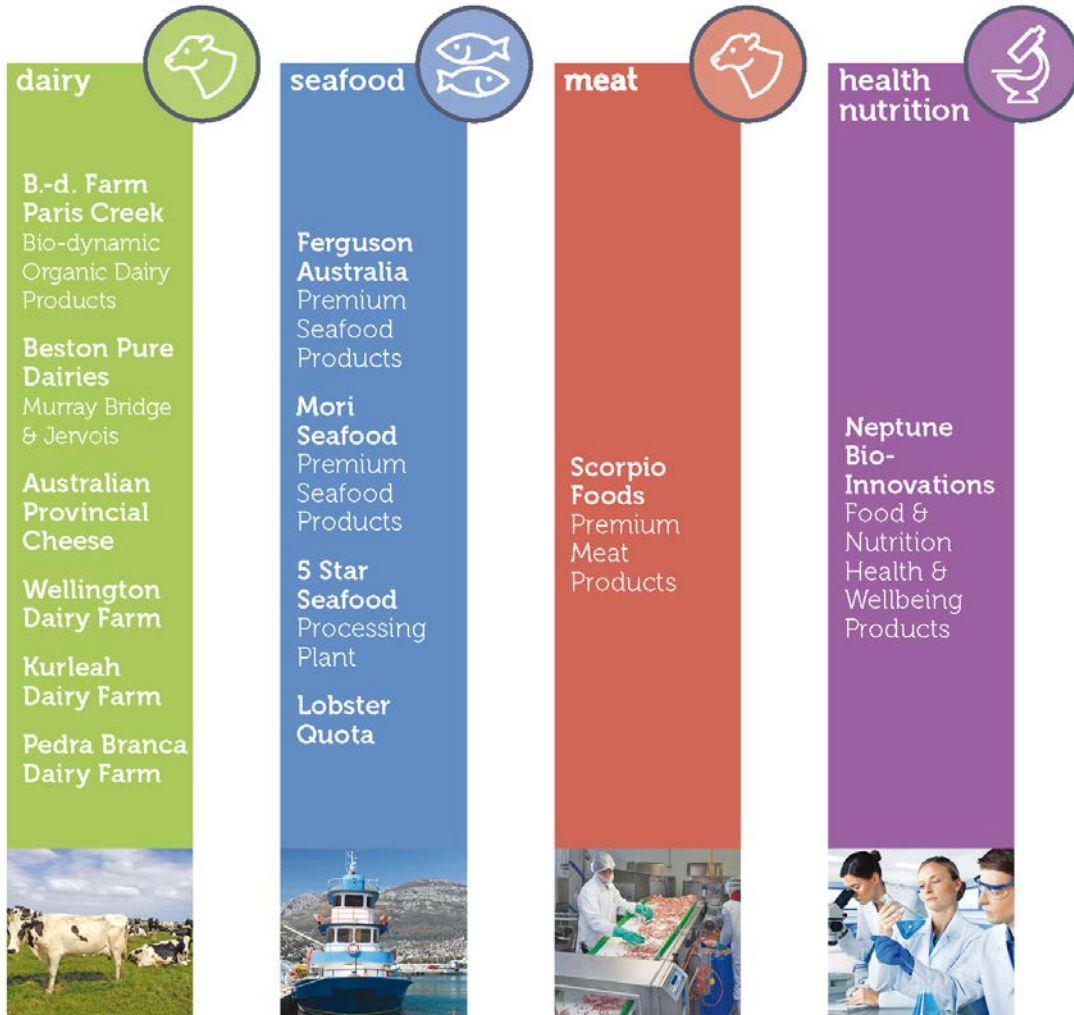
BESTON  **GLOBAL FOOD
COMPANY**

Solution

An integrated, closed loop supply chain

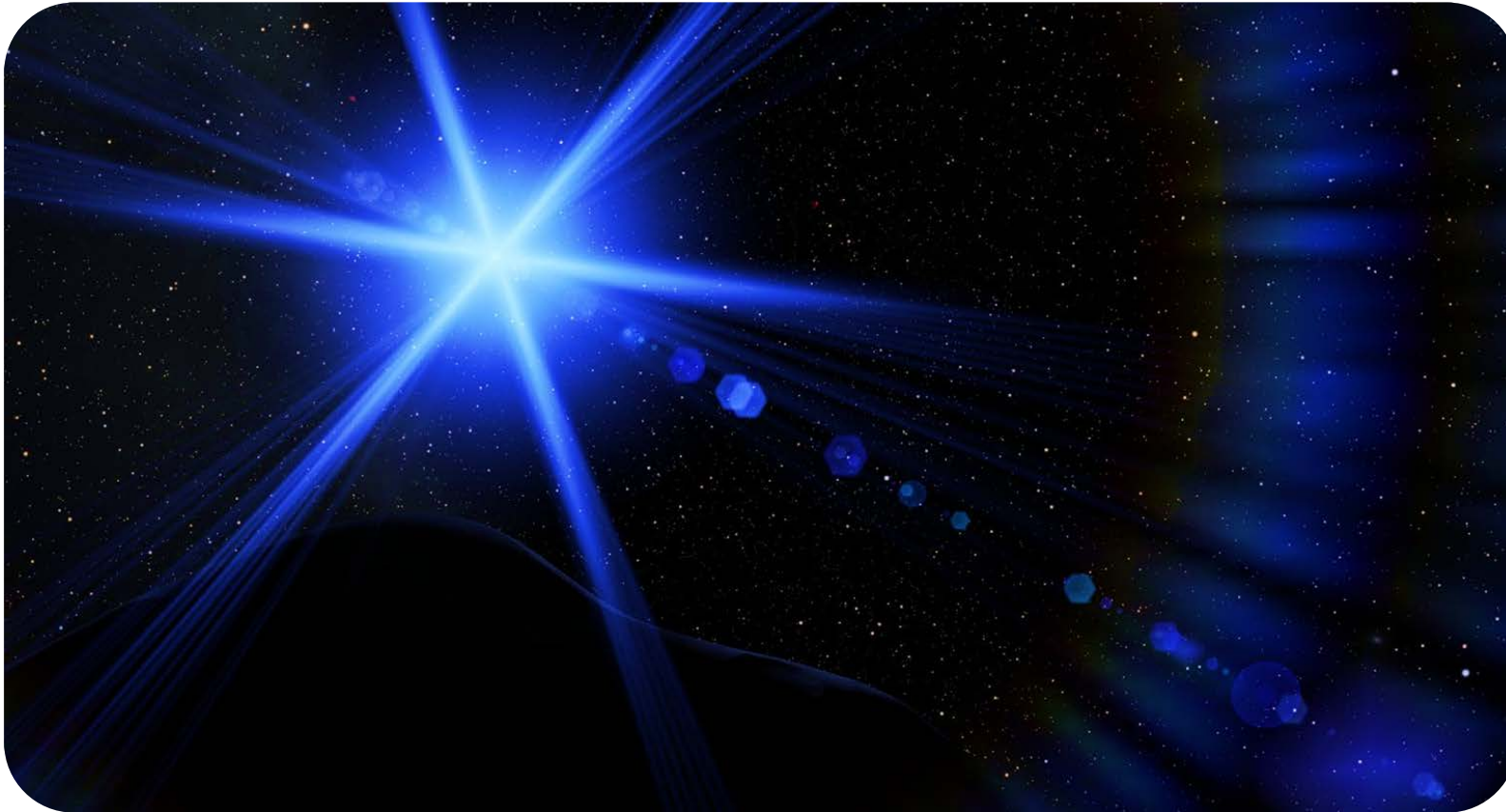
- Own the farms and lobster quota
- Use technology to achieve better outcomes
- Process through own manufacturing plants in Australia
- Export through strategic distribution networks
- Provide consumer confidence through OZIRIS - track and trace verification





What we have started with

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



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

Is this 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 released in February 16 and is available on Google Play and iPhone App Store

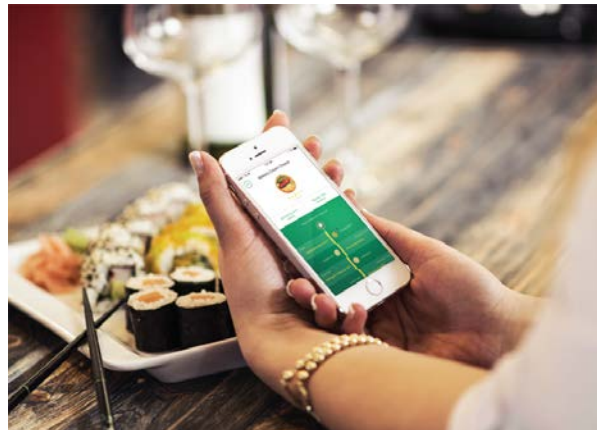
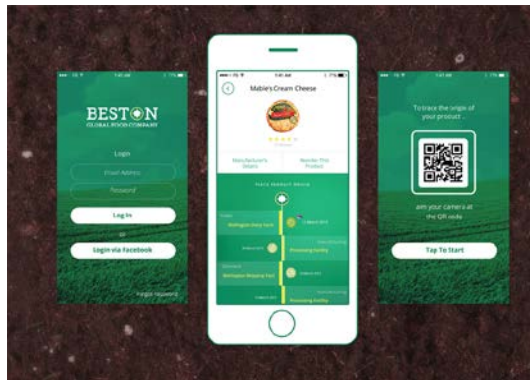


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BGFC FOOD
SAFE



Operational Achievements



- Re-opened: UDP factory at Murray Bridge, renamed Beston Pure Dairies
- 27 million litres milk processed up till Dec 15 (vs budget of 25 million litres for full year 2015-16)
- Produced 2,863 tonnes of cheese up till Dec 15 (vs budget of 1,400 tonnes for full year 2015-16)
- Reopened Jervois dairy factory
- Produced 825 tonnes of whey powder up till Dec 15 (vs budget of 270 tonnes)
- First shipment of 220 tonnes of cheese (in Dec 15)
- First order received from Europe for 120 tonnes of cheese
- Restart of high value Lactoferrin plant

- 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)



- 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% increase)
- Increased processing of Southern Blue Fin Tuna from 650 tonnes pa to 735 tonnes pa (13% increase 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 and Cambodian customers
- Developed concept for a new retail "Ferguson" range of seafood to meet changing consumer markets



- 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% increase in capacity)
- 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)





- 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 epidemiologically based medicinal, pharmaceutical and health products from plants in the Borneo Rain forest

Marketing & Distribution

- Our BFC (China) team developed a Beston Foods gift box for the Chinese New Year (February 2016).
- Products from investee companies Ferguson Mori, Australian Provincial Cheese and Scorpio were shipped into Shanghai cold stores and then packed into gift boxes.
- A total of 2,000 boxes of both seafood and mixed products (cheese, meat, seafood) were manually packed in readiness for the Chinese New Year, of which some 50% had been pre-sold by 15 December 2015. The average price of the gift boxes was AUD 400.
- Our success in achieving pre-sales of 50% by mid-December (some two months ahead of the Chinese New Year celebrations) demonstrated the feasibility of using both sales avenues in the future.

BGFC Gift Box – Seafood

BGFC Gift Box – Variety Box



- Our ASEAN team has built a distribution network in the key markets in the region with major food companies, supermarkets, 5 star hotels and specialty outlets



- Our approach is “direct-to-market” to cut out the middle man and be a “price maker” (rather than a “price taker”)
- We are not a simple commodity supplier taking “me too” products
- We are taking customised products into these markets... products that consumers want

Using our Health and Nutrition Investee Company NBI, we have developed new innovative products for ASEAN markets which are healthy, nutritious and value for money:



- **MOO - Instant Condensed Milk Replacer (CMR)**

- A suite of dairy replacement products including fortified milk, infant formula, high fibre milk, skim milk replacer and condensed milk replacer.
- Exports to Pakistan, Bangladesh, India

- **Lo Sal Cheese**

- LoSal 50 was used in conjunction with Beston Pure Foods Cheddar cheese to develop a new product to the market, ie Lo Sal Cheese. This final product allows consumers to enjoy the full taste of Beston Pure Foods Cheddar cheese while reducing sodium intake.
- 8 tonnes exported to Brunei



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- **Life X10**

- A natural health drink derived from grapes and is full of powerful health enhancing anti-ageing antioxidants
- New packaging to be launched in August 2016 to fill overseas orders





- As part of the in-store promotions and other marketing efforts conducted by the ASEAN team, a market was identified for Japanese style snack cheeses, both for Adults (eg as nibbles with a beer or other drinks) and for Children (eg as a school or after school healthy snack).
- BFC ASEAN team undertook extensive product development work through a strategic relationship with leading Japanese based company Lacto Asia.
- This work has resulted in the creation of a new dairy product, which we have named "Kyubu" (and registered the trade mark).
- The ASEAN team will participate at the Singapore Hotel and Food Expo in April 2016 and will feature the "Kyubu" snack food range of products in a major promotion at the Expo.



- "Kyubu" Japanese style cheese snacks are derived from Beston Pure Foods produced cheese and are flavoured bit size cheese cubes presented in attractive 80 gram pouch packs.
- Currently the flavours comprise: Orange Yoghurt, Milk Cheddar, Chocolate & Almond, Nacho and Strawberry.
- The "Kyubu" Japanese style snack range of products is being launched in stores in Thailand in March 2016 and will be progressively rolled out to stores in Vietnam, Cambodia, Myanmar, Malaysia and Singapore, as well as to Japan in due course.

The flavour profiles produced in our "Kyubu" range were selected from taste tests conducted in stores and in focus groups by a specialist team of consultants.



Beston Technologies

- World first in combining food traceability with anti-counterfeiting technology
- First version released in February 16 and is available on Google Play and iPhone App Store

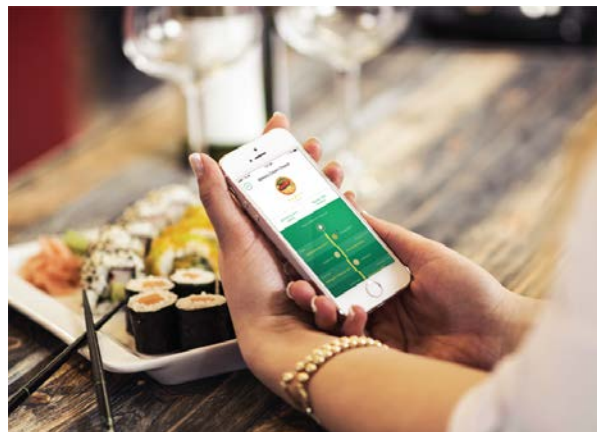
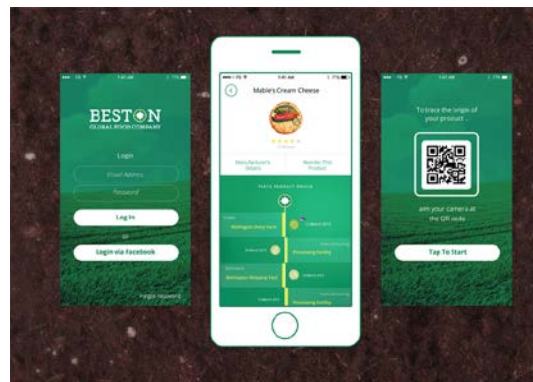


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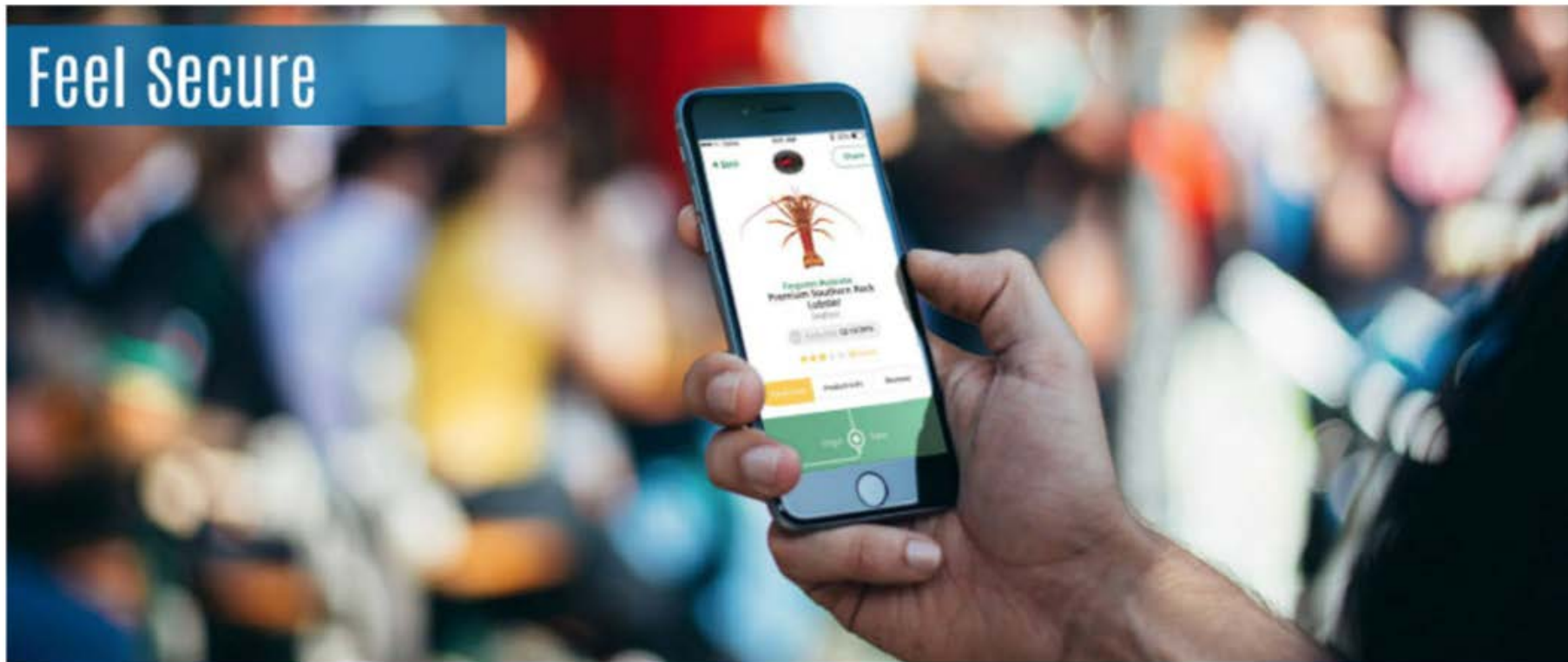
BGFC FOOD SAFE



- OZIRIS is 100% owned by BFC and is a user-friendly, multi-level food traceability supply chain authentication system for use at all points in the supply chain, and especially by consumers.
- The concept behind OZIRIS is based on the ability to capture information about the transformation of meat, fish and other produce from upstream ingredients to enable farm-to-fork traceability.
- OZIRIS utilises Data Dot and Brandlok Brand Protection Solutions technologies to add authentication and anti-counterfeiting capabilities to its traceability features and provide consumers with a very powerful tool to obtain food safety assurance about the products they are contemplating buying... and **generate another revenue stream for BFC.**
- BFC consumers using OZIRIS will have full transparency about the identity and the quality of the ingredients in our products.



- OZIRIS has been awarded four provisional patents for its technology developments which are held by Beston Technologies Pty Ltd, a 100% owned subsidiary of BFC.



BESTON *Marketplace*

Delivering Premium Products To Your Doorstep Soon



wecare@bestontechnologies.com

- OZIRIS has been linked to the Beston Market Place which provides a 360 degree view of products, ingredients and sources of raw materials.
- Beston Market Place will sell premium food products including BFC and non-BFC brands, online.
- All products sold in the Beston Market Place will have to be traceable and authenticated.

BFC has recently established an Order Fulfilment Centre at its Jervois factory as a state-of-the-art pick and pack dispatch centre utilising its expansive refrigerated warehouse facilities to fill e-commerce orders taken on the OZIRIS and Beston Market place web sites.

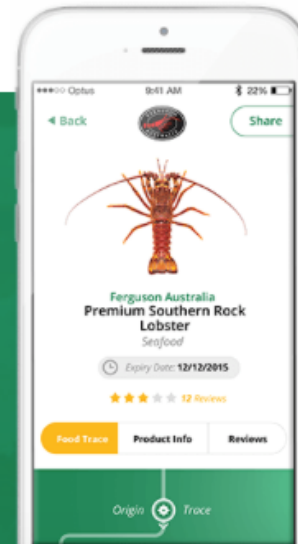
Our Promise

Buying quality food online should never be a gamble. We take as much time refining our delivery processes, as we do in producing what we send you. The full trace starts on the farm and ends on your table. We aim to ensure that the process of getting it to you is fast, efficient and your produce arrives as fresh as when it left the farm!

Local Pickup

Based in the Adelaide Metro Area? You can collect your Beston Marketplace products directly from us! It doesn't get much fresher than that. During the checkout process select local delivery. For more details on our daily pickups please see our shipping details page

Fast Shipping
our products ship
FAST



Trace The Origin of Our Products

Do you wish you knew more about your food? Where it comes from? What is in it? Is it Authentic?

Oziris has been created to find answers to those questions

[See how Oziris works](#)

OZIRIS
INTELLIGENT SECURE

Available on the
App Store

Get it on
Google play

Newly Announced Initiatives

新華集團 SUNWAH

- BFC had recently entered into a Joint Venture with the Sunwah Group in Hong Kong for the marketing and distribution of BFC food and beverage products in Hong Kong, Macau and certain parts of Southern China.
- Sunwah is one of the largest importers and distributors of food stuffs in Hong Kong, and Macau and has a long standing specialisation in seafood products, in the region.
- Sunwah is responsible for utilising its existing distribution channels to market and sell BFC sourced food and beverage products in Hong Kong, Macau, Guangdong and Jiangsu provinces of the PRC.
- BFC is responsible for providing products from its food and beverage portfolio to the joint venture, along with any supporting product information or technical expertise as may be required from time to time.



- BFC formed a strategic alliance with leading Australian Cheese distributor, the “Washed Rind Group Pty Ltd” (“WRG”) under which WRG will:
 - Distribute cheddar and other cheeses currently produced at Beston Pure Foods factory at Murray Bridge, South Australia
 - Purchase and age certain cheeses manufactured to the specifications of WRG for distribution through WRG outlets around Australia
- WRG was established over 20 years ago and trades under a number of brand names including “Say Cheese Wholesale” and “Cheese Culture” which markets and distributes a wide range of cheese products to retail outlets and food service customers across Australia.

For Export Market



For Australian Domestic Market



Development of Soft Cheese Facility

BFC will develop a purpose built, white mould soft cheese facility at Murray Bridge.

The production of Soft Cheeses will lead to an improvement in margins and command a premium from anywhere from \$15/kg up to \$90/kg.

BFC had been working with the South Australian Government to include an Educational Cheese Making Incubator in the construction of the new factory.

This would enable graduates from the TAFE Artisan Cheese Academy at Regency Park, South Australia to transition to Murray Bridge on completion of their training to practice their skills and experiment in the development of new cheese varieties.



The proposed soft cheese plant (highlighted in yellow) will sit within the Murray Bridge site at 128 Maurice Road, Murray Bridge, South Australia.

Summary

- BFC's existing operations and planned expansion projects will have underlying growth in the next 2 to 3 years
- BFC is driving long term growth via, inter alia:
 - New products
 - Holistic approach to whole-of-life healthy foods
 - Exploiting synergies with investee companies
 - Developing strategic alliances with companies in Asia to enhance our manufacturing and distribution capabilities
 - Establishing distribution agreements on behalf of other Australian food manufacturers
 - Acquisitions

We believe that consumers all around the world should:

- Be able to get the best start in life... with the best foods... and the “right” food choices throughout their whole life span
- Have access to nutritious, healthy, functional food and beverage products... which are kinder on our bodies
- Be able to verify the identity and integrity of the ingredients in their foods
- Be able to assure themselves... and their families... that the food they are buying is safe to eat

This is what defines our BESTON GLOBAL FOOD COMPANY.



BESTON GLOBAL FOOD
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the natural direction