



ASX

# MBH H1 FY24 RESULTS

22<sup>nd</sup> FEBRUARY 2024





# AGENDA

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- H1 FY24 summary
- Progress on strategic priorities
- H1 financial overview
- Strategy & outlook
- Q&A

Kinda Grange

Kinda Grange

Craig Louttit

Kinda Grange

Kinda Grange/Craig Louttit

- Appendix:
  - Financial snapshot by entity
  - NPAT reconciliation





H1 FY24 SUMMARY



# H1 FY24 SUMMARY

- Strong turnaround in Q2 revenue performance - Group net sales up 5.8% vs pcp from delivery of strategic initiatives
  - Q2 online sales up 6.8%; including sales to corporate customers up 20% vs. pcp
  - Q2 retail (supermarket) sales up 2.9% vs pcp
- H1 FY24 sales up 0.9% - Maggie Beer Products +4.1%; Hampers and Gifts Australia +2.5%; partially offset by Paris Creek Farms (-12%)
- Trading EBITDA\* \$2.8M (vs \$5.0M pcp) impacted by decline in gross margin, higher costs in PCF, and increased investments for future growth
- Strong financial position maintained - net cash \$11.6M
- H2 FY24 focus on:
  - Accelerating strategic initiatives
  - Delivering operational initiatives to recover cost inflation
  - Generating efficiencies across manufacturing.
- Maggie Beer cheese supply well-advanced from high quality scale third party manufacturer - planned PCF cheese capex on hold



\* Trading EBITDA is a non-IFRS measure as defined in the Directors' Report

# H1 FY24 SNAPSHOT OF FINANCIAL RESULTS<sup>1</sup>

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*Revenue growth & strong balance sheet position delivered H1 FY24*

## NET SALES

**\$58.9m**

+0.9% vs. pcp

MBP +4.1% ↑

HGA +2.5% ↑

PCF -12.0% ↓

## TRADING EBITDA<sup>2</sup>

**\$2.8m**

(\$2.2m) vs. pcp

Made up of:  
(\$0.6m) at GM  
(\$1.6m) in CODB<sup>3</sup>

## UNDERLYING NPAT

**+\$0.2m**

(\$1.9m) vs. pcp

## STATUTORY NPAT

**(\$5.7)m**

(\$11.8m) vs. pcp

## BALANCE SHEET

**\$11.6m**

In cash & no debt<sup>4</sup>

\$5.3m operating cashflow.

Strong position enables  
investment to grow

<sup>1</sup> Above results for continuing operations including restated HY23 to include PCF as a continuing operation

<sup>2</sup> Trading EBITDA is a non-IFRS measure as defined in the Directors' Report

<sup>3</sup> Cost of Doing Business

<sup>4</sup> Only asset-backed leases/debt





PROGRESS



# H1 FY24 PROGRESS

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*Good progress achieved in creating a stronger platform for growth*

## ① SCALE E-COMMERCE PLATFORM

- ✓ *Successfully executed Christmas plans delivering improved conversion, average order value, and customer repeat rates*
- ✓ *Customer service focus delivered NPS 71 and awarded the Canstar 2024 Award for Customer Satisfaction for the category "Online Gift Delivery"*
- ✓ *Corporate sales +20% in Q2 vs. pcp through Personalised CRM approach, improvements to corporate ordering (HEBO) platform and delivery via bulk shipping option*
- ✓ *Launched new categories & partnerships on The Hamper Emporium delivered \$2m sales in Q2 including Penfolds, Maggie Beer, Grazing.*

## ② EXPAND THE MAGGIE BEER BRAND

- ✓ *Refreshed marketing program with major campaigns launched including digital, social, outdoor, and magazines*
  - ✓ *Growing Maggie Beer Food Club to over 70k members through exclusive offers and content*
  - ✓ *Expanded Maggie Beer Living range online, in hampers, and at David Jones*
- Retail growth through NPD and ranging:**
- ✓ *Hard Cheese achieved double digit growth*
  - ✓ *Launch of ice-cream in Woolworths*
  - ✓ *Portfolio of new Cooking products developed and accepted for supermarket ranging in H2.*

## ③ OPTIMISE & UNIFY ASSETS

- ✓ *Launched Maggie Beer hampers on The Hamper Emporium website to leverage customer database*
- ✓ *Streamlined supply chain resources between Maggie Beer & Paris Creek Farms sites*
- ✓ *Price increases implemented for PCF & MBP.*

# Q2 FY24 E-COMMERCE INITIATIVES

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*We successfully executed all planned initiatives in Q2 with advertising spend in line with pcp, and delivering an improved Return on Advertising Spend*

## Events & Promotions

- ✓ *Click Frenzy*
- ✓ *Black Friday*
- ✓ *12 Days of Christmas*
- ✓ *Boxing Day/NYE*

## New Product Ranges

- ✓ *New Christmas Hampers*
- ✓ *New Occasions: Grazing/Entertaining*
- ✓ *New Categories: Bridesmaids, Corporate only hampers*
- ✓ *New Verticals: Travel, Pet*
- ✓ *New Partnerships and Collaborations*

## Marketing & Conversion

- ✓ *New creative and content*
- ✓ *Marketing campaigns*
- ✓ *Website enhancements*
- ✓ *Personalised approach to corporate sales*
- ✓ *Improved customer service tools and systems*



# NEW PRODUCT RANGES

Setting the foundation for a more diversified e-commerce business

## Christmas

## Occasions

## Categories

## Verticals





# PARTNERSHIPS & COLLABORATIONS

*Premium brand partnerships to elevate and further differentiate our offer across existing and new occasions*

Maggie Beer



Penfolds



Curatif Cocktails



Frank Green



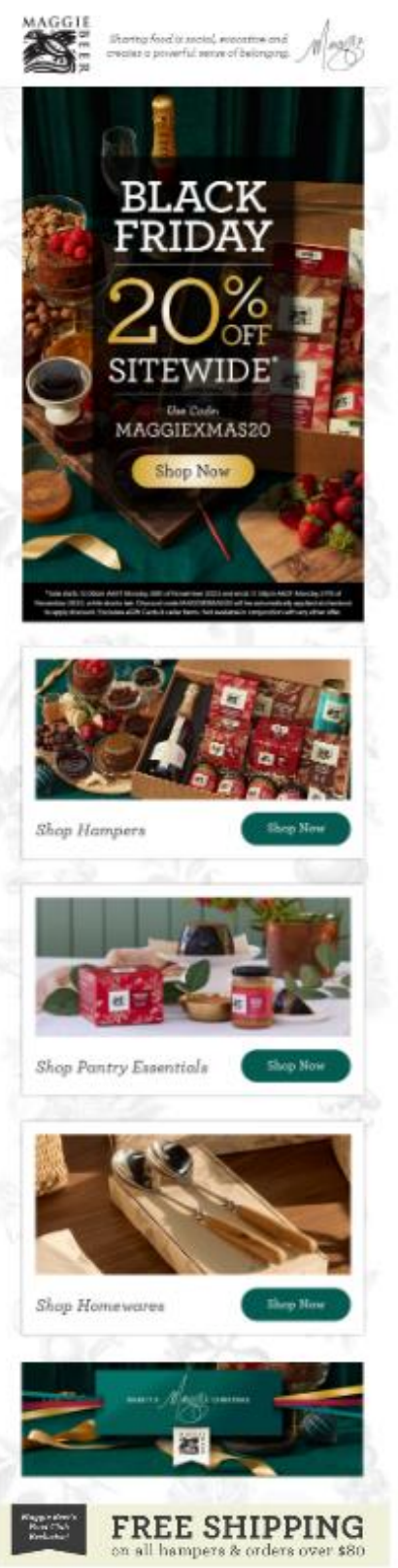
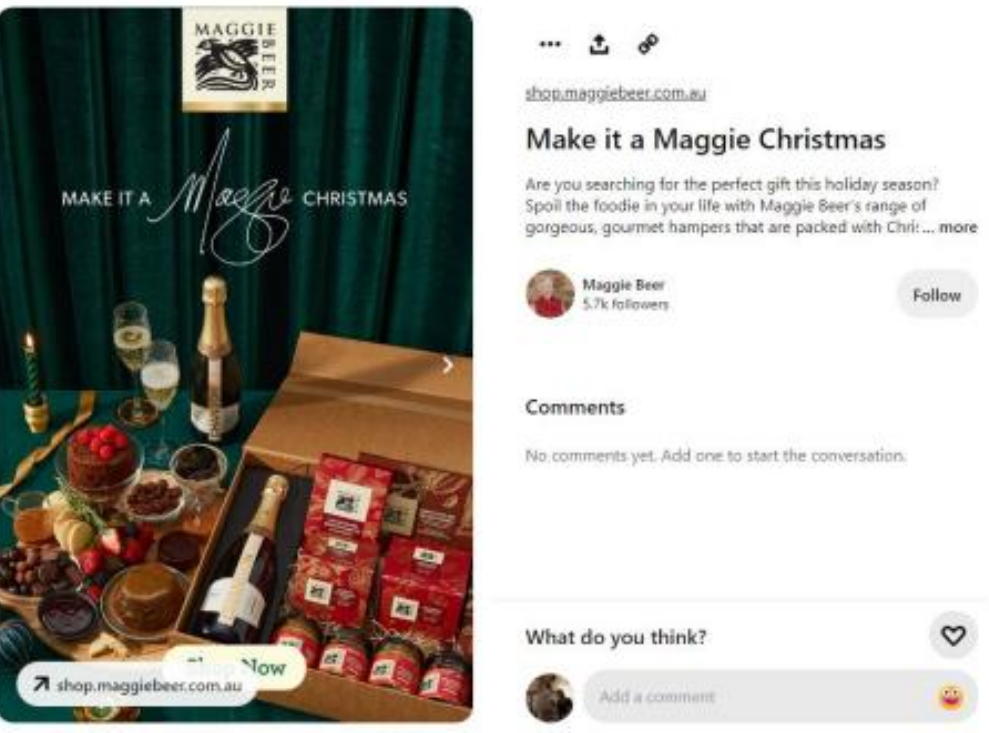
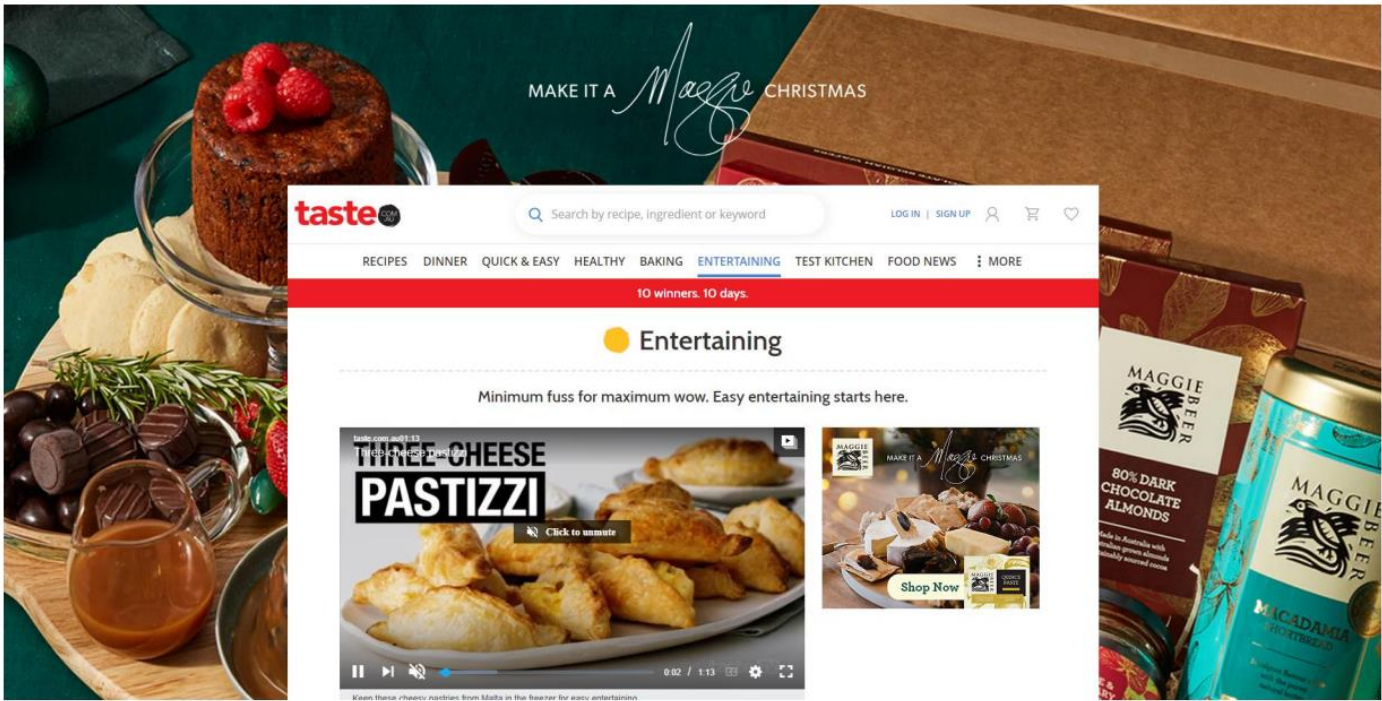


# MAGGIE BEER BRAND MARKETNG

## Brand Advertising Campaign

## Digital Advertising

## Email Marketing & Food Club







H1 FINANCIAL OVERVIEW



# H1 FY24 FINANCIAL RESULTS

(\$'000)	HY23	HY24	Change
<b>Net Sales</b>	<b>58,412</b>	<b>58,917</b>	<b>0.9%</b>
Gross Margin \$	30,132	29,556	-1.9%
Gross Margin %	51.58%	50.17%	-2.8%
<b>Trading EBITDA</b>	<b>4,964</b>	<b>2,781</b>	<b>-44.0%</b>
% of Net Sales	8.50%	4.72%	-44.5%
EBITDA (Statutory)	9,315	-3,081	
NPAT (Continuing)	6,388	-5,701	
NPAT (Discontinued)	-328		
OCI	28		
<b>Reported Profit / (Loss)</b>	<b>6,090</b>	<b>-5,701</b>	

- Revenue up 0.9%, retail down -0.6%, online growing 1.8%
- Gross Margin impacted by lower PCF volume, delayed price recovery of input cost increases in MBP and HGA, and mix shift in MBP
- Trading EBITDA down \$2.2m due to lower Gross Margin and increase in CODB
- Statutory EBITDA includes the impairment for PCF assets (\$4.6m) and PCF onerous milk supply contract (\$0.9m)
- NPAT Discontinued in HY23 relates to St David Dairy trading prior to disposal.

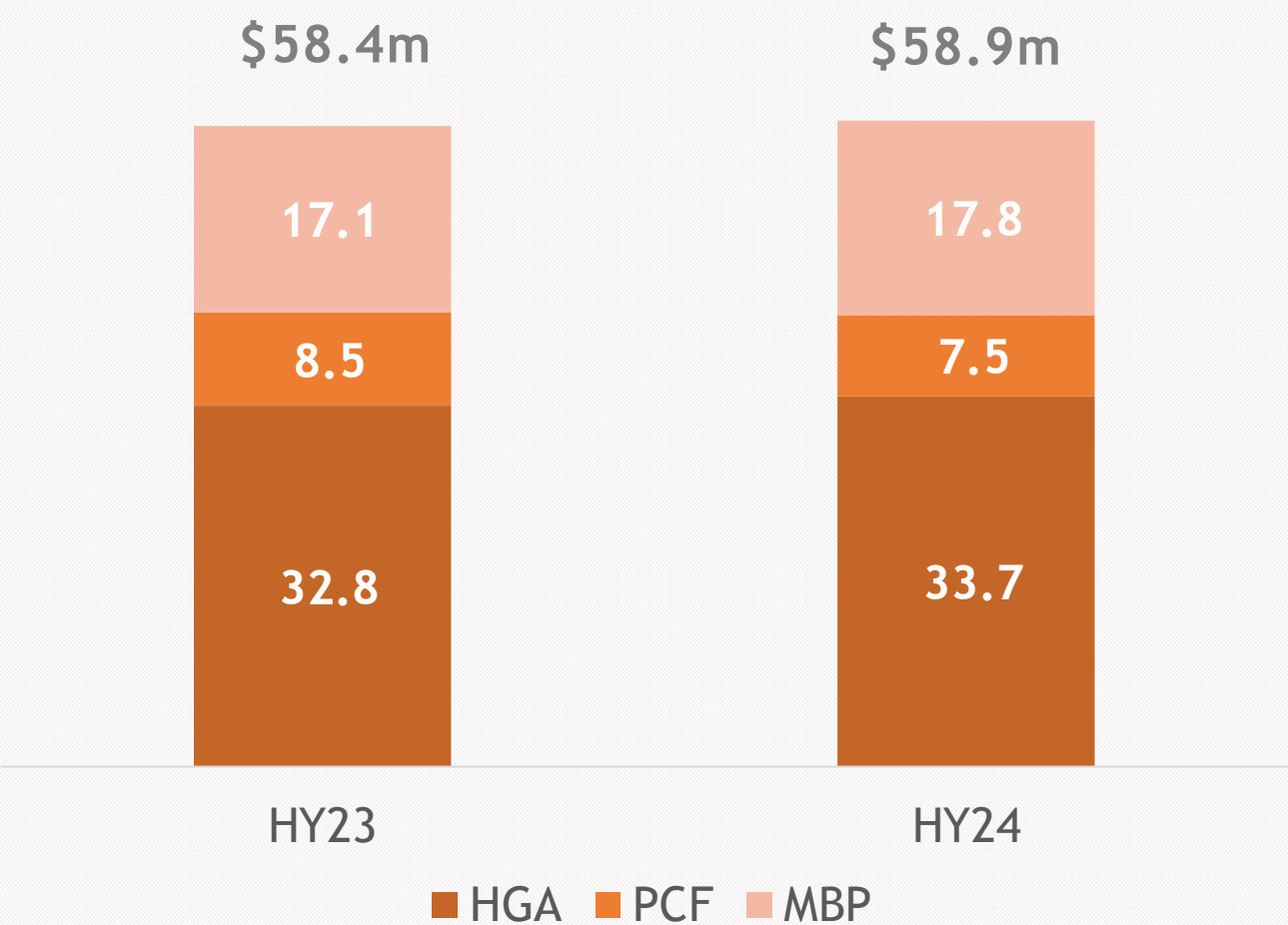
*Appendix 1: financial snapshot by entity*

*Appendix 2: NPAT reconciliation*



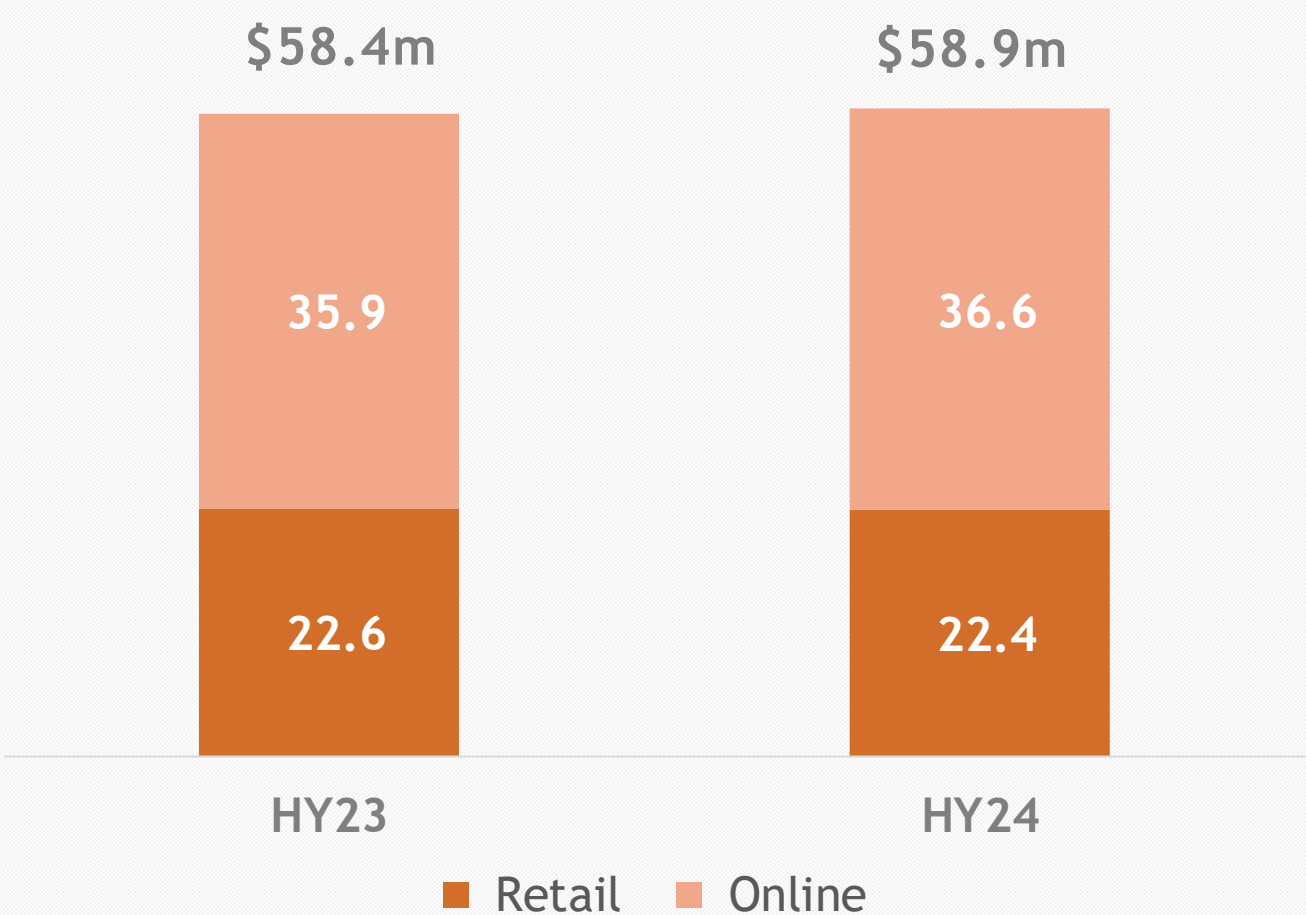
# NET SALES REVENUE & GROSS MARGIN

NET SALES REVENUE BY ENTITY



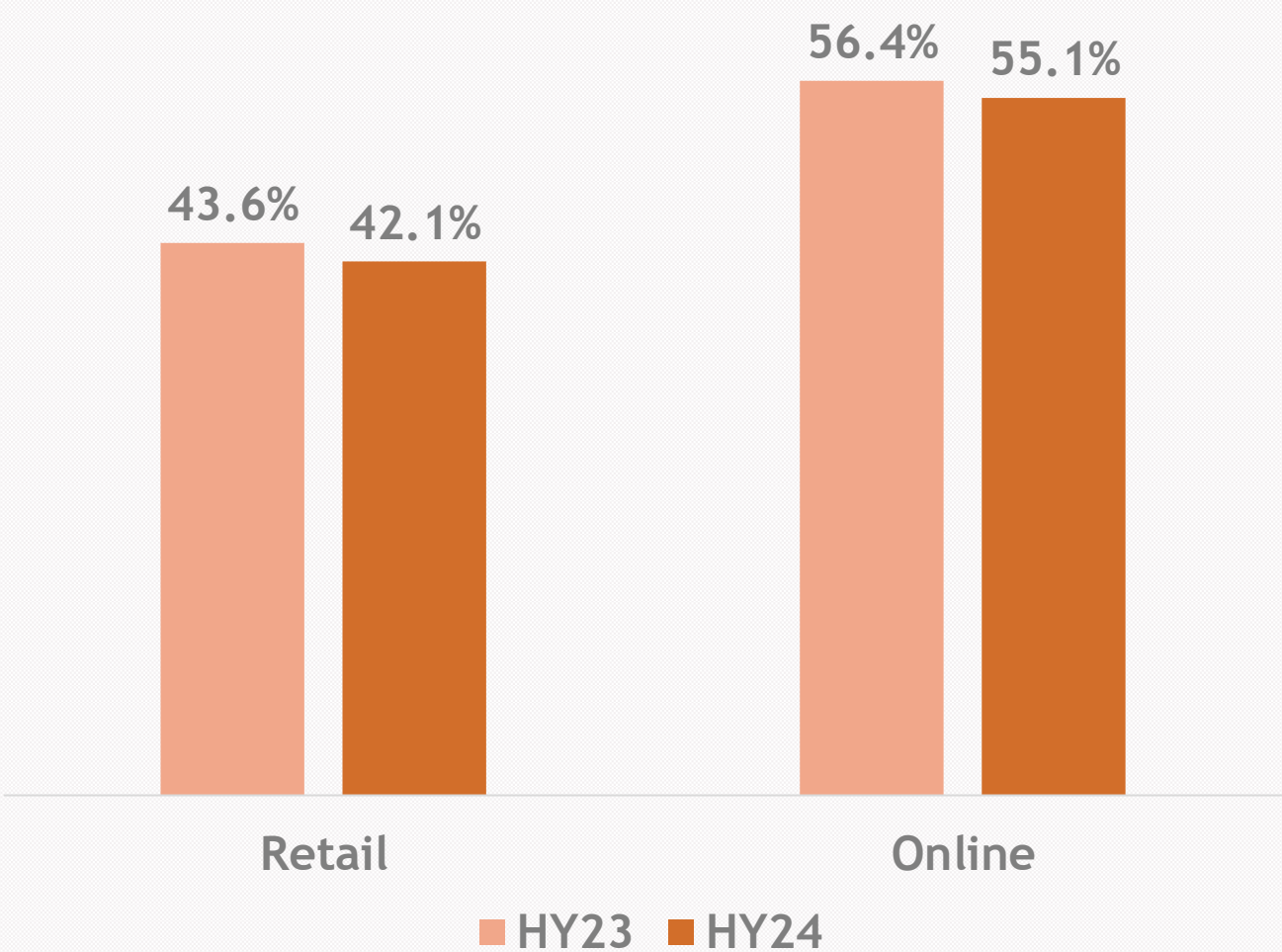
Variance to LY of +\$0.5M:  
HGA up 2.5%  
MBP up 4.1%  
PCF down -12.0%

NET SALES REVENUE BY CHANNEL



Online accounts for 62% of business which is a positive mix shift of 1pt vs. PCP

GROSS MARGIN BY CHANNEL

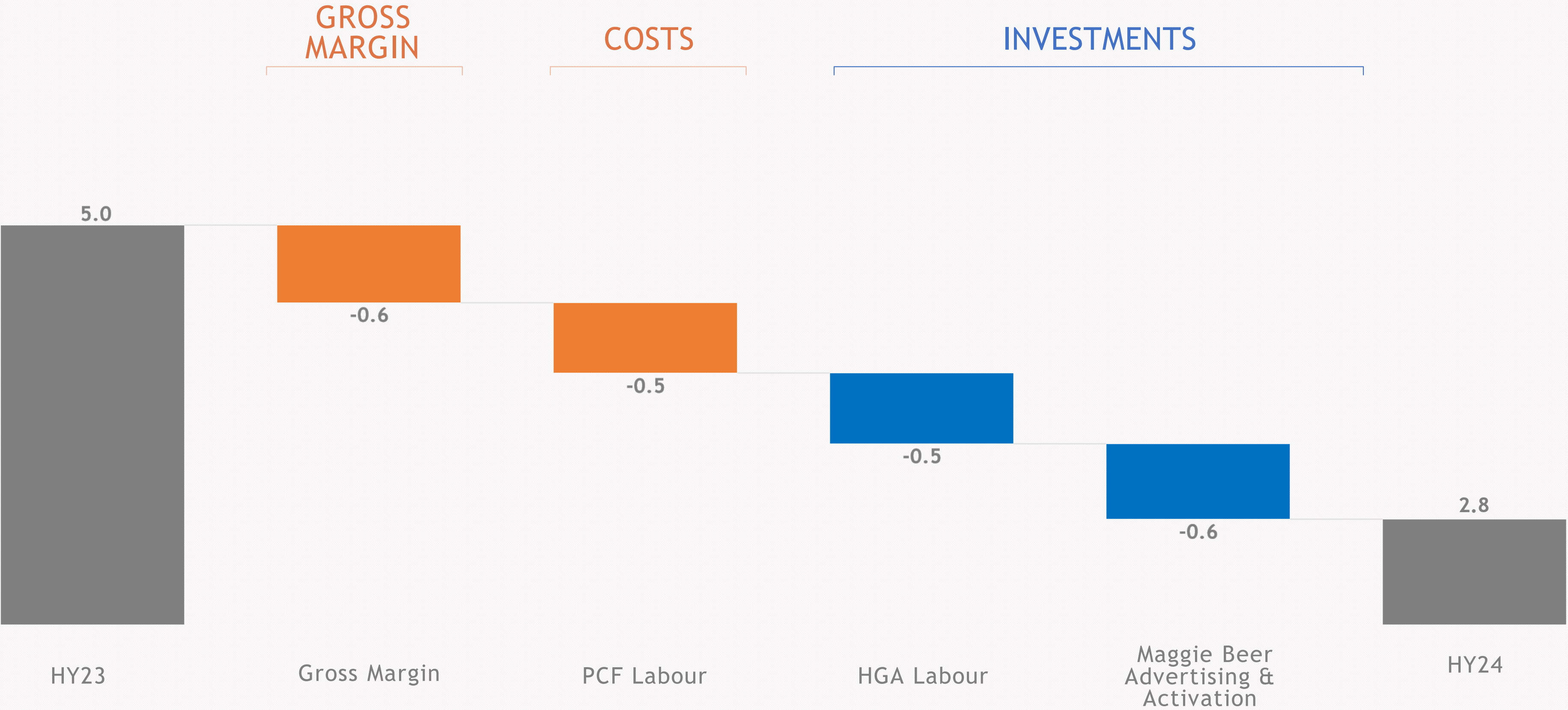


Retail GM % decline driven by delay in recovering input cost increases offset against improved PCF product mix

Online GM % decline driven by delay in recovering input cost increases



# H1 FY24 TRADING EBITDA





# BALANCE SHEET AND CASHFLOW

(' \$000)	31-Dec-23	31-Dec-22
<b>Assets</b>		
Cash and cash equivalents	11.6	17.4
Trade and other receivables	8.8	9.0
Prepayments	2.0	2.9
Inventory	12.6	12.1
Other assets	4.2	1.4
Property, Plant & Equipment	8.6	12.4
Intangible assets	14.3	16.7
Right of use assets	6.4	3.4
Goodwill	32.0	44.5
<b>Total Assets</b>	<b>100.6</b>	<b>119.8</b>
<b>Liabilities</b>		
Trade and other payables	9.9	6.5
Accrued expenses	1.2	3.2
Employee provisions	1.3	1.9
Employee payables	1.2	1.4
Lease liabilities	6.4	3.1
Other liabilities	0.5	10.7
Bank Debt	-	-
<b>Total Liabilities</b>	<b>20.4</b>	<b>26.7</b>
<b>Net Assets</b>	<b>80.2</b>	<b>93.1</b>
<b>Net Tangible Assets</b>	<b>21.2</b>	<b>24.4</b>

- Well-funded with \$11.6m cash and no debt\*
- Decrease in net assets by \$12.9m includes:
  - impairment of PCF PPE (\$4.6m),
  - Increase in trade and other payables (\$3.4m), and
  - Impairment of HGA (\$12.5m), partially offset by release of HGA earnout liability +\$10m, during H2 FY23
- Net tangible assets decreased by \$3.2m to \$21.2m

\*Except for lease liabilities, the Group has no non-asset backed interest-bearing liabilities.

(\$'000)	31-Dec-23	31-Dec-22
Receipts from customers	60,199	58,134
Payments to suppliers and employees	-54,898	-47,324
<b>Net cash from operating activities</b>	<b>5,301</b>	<b>10,810</b>
Net cash used in investing activities	-1,629	180
Net cash used in financing activities	-1,291	-4,397
<b>NET CASH FLOW</b>	<b>2,381</b>	<b>6,593</b>

- Positive operating cashflow of \$5.3m generated in HY24 with lower carried inventory of \$1.4m to closing FY23 balance and EBITDA of \$3.0m
- Financing activities include the increased payments on right of use (ROU) assets & Q2 FY23 return of capital impact of \$3.5m
- MBH is capital light, with a strong balance sheet.





STRATEGY & OUTLOOK



# H2 FY24 PRIORITIES

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*Improve profit delivery while accelerating strategic initiatives*

## ① SCALE E-COMMERCE PLATFORM

- Continue innovation with new categories, collaborations, partnerships
- Optimise B2C go to market channels
- Grow corporate sales through personalised campaigns and new customer acquisition
- Continue technology enhancement

## ② EXPAND THE MAGGIE BEER BRAND

- Leverage manufacturing partners to accelerate growth in retail channel
- Refine the brand building strategy for Maggie Beer
- Expand Living range and launch Garden
- Commence redesign of new website and Food Club



## ③ OPTIMISE & UNIFY ASSETS

- Maggie Beer cheese supply well advanced from high quality scale manufacturer. PCF cheese capex on hold
- Timely recovery of input cost increases
- Implement SKU rationalisation program
- Reduce casual labour production cost
- Implement AI driven Customer Service

ENABLERS: PEOPLE - MARKETING - TECHNOLOGY



# OUTLOOK

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## FY24 FOCUS

- Investing in marketing, analytics and e-commerce capability to set a strong foundation for FY25
- Optimising our assets
- Innovating and expanding our ranges
- Building new categories and partnerships.

## OUTLOOK

- For H2 FY24, MBH is focused on accelerating strategic initiatives and delivering operational efficiencies to create further value.
- For FY24 the Company expects to achieve positive sales growth driven by MBP and HGA. While MBH expects H2 FY24 Trading EBITDA to improve on H2 FY23, given the H1 FY24 result, the full year trading EBITDA is expected to be lower than FY23.
- MBH will maintain a strong balance sheet which supports investments in growth initiatives.





Q&A





# APPENDIX



# H1 FY24 SNAPSHOT BY ENTITY: MBP

MBP (\$'000)	HY23	HY24	Change
Net Sales	17,077	17,775	+4.1%
Gross Margin	7,768	7,558	-2.7%
GM %	45.5%	42.5%	-3.0 pts

- MBP sales were up 4.1% vs. pcp. Q2 sales growth in retail of 11.2% was partly offset by decline in online of 3.0%. Decline driven by reduction in deep price promotions in pcp.
- Cooking category up 24.1% from NPD and increased distribution of Stocks and Bone Broths.
- GM% decreased by 3.0pts, due to delayed recovery of input cost increases, along with shifting channel and product mix.

## RANGE EXPANSION SUPPORTED BY MARKETING AND IN STORE ACTIVATION



- Expansion of stocks and finishing sauces
- In store activation
- Advertising support



- Declining discretionary spend in pastes and pates
- In store activation
- Advertising support



- Launch of Maggie Beer Ice Cream in Woolworths
- Advertising support





# H1 FY24 SNAPSHOT BY ENTITY: HGA

HGA (\$'000)	HY23	HY24	Change
<b>Net Sales</b>	<b>32,848</b>	<b>33,670</b>	<b>+2.5%</b>
Gross Margin	18,798	18,643	-0.8%
<b>GM %</b>	<b>57.2%</b>	<b>55.5%</b>	<b>-1.9 pts</b>

- HGA net sales grew by 2.5%. Sales to corporate customers increased by 20% in Q2 vs. PCP due to more personalised approach
- Gross Margin declined by 1.9 pts given delayed recovery of input cost increases.

## STRENGTHENED THE FOUNDATIONS

- *Strong Net Promoter Score 71%*
- *Personalised CRM approach to Corporate*



## IMPROVED CONVERSION ON CORE BUSINESS

- *Higher conversion rates and average order values*
- *Implemented website optimisations to improve conversion*
- *Continued to leverage customer database*
- *Over 1m website visits each for The Hamper Emporium and Gifts Australia during peak Christmas period\**

## LAUNCHED NEW OFFERS



\*Google Analytics



# H1 FY24 SNAPSHOT BY ENTITY: PCF

PCF (\$'000)	HY23	HY24	Change
Net Sales	8,486	7,472	-12.0%
Gross Margin	3,505	3,355	-4.3%
GM %	41.3%	44.9%	+3.6 pts

- PCF Sales down 12.0%
- Main decline is through bulk milk sales
- Gross Margin % improved due to product mix improvement.





# NPAT RECONCILIATION

(\$'000)	HY23	HY24	Change
<b>Trading EBITDA</b>	<b>5.0</b>	<b>2.8</b>	<b>(2.2)</b>
Interest	(0.1)	(0.1)	(0.0)
Tax	(0.6)	0.6	1.1
Depreciation	(1.1)	(1.7)	(0.6)
Amortisation	(1.2)	(1.4)	(0.2)
<b>Underlying NPAT</b>	<b>2.0</b>	<b>0.2</b>	<b>(1.9)</b>
Non-Trading Items	(0.1)	(0.2)	(0.1)
Earnout Provision	4.0		(4.0)
Non-Cash & Performance Rights	0.4	(0.2)	(0.6)
Impairment	0.0	(4.6)	(4.6)
Onerous Contract Provision		(0.9)	
Discontinued Ops - SDD	(0.3)		0.3
<b>Statutory NPAT</b>	<b>6.1</b>	<b>(5.7)</b>	<b>(11.8)</b>

- Trading EBITDA Changes - Refer to Trading EBITDA bridge
- Earnout provision impact from HY23 is the provision reversal in pcg
- PCF non-trading impairment (\$4.6M)
- PCF onerous contract provision (\$0.9M)
- Discontinued operations impact in pcg from St David Dairy.



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