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ASX ANNOUNCEMENT

16 March 2020

UPDATE ON AGM PRESENTATION

Beston Global Food Company Limited (ASX: BFC) is pleased to announce that it has completed the upgrade of its whey based lactoferrin plant at its Jervois, South Australia dairy factory (as outlined to shareholders at the 2019 Annual General Meeting) and has now returned to full commercial production at this plant. The total annual production of lactoferrin at this plant (as from March 2020) is expected to be 3 metric tonnes (with high levels of purity).

Lactoferrin is a natural iron-binding glycoprotein with significant anti-viral, anti-fungal and anti-bacterial properties (which is found naturally in milk).

This dairy protein is in high demand in the global pharmaceutical and nutraceutical market and commands high prices with high margins. Lactoferrin is currently selling in global markets for \$1,500 to \$2,500 per kilogram, depending on the level of purity.

The Board of BFC has approved the next stage of expansion of the lactoferrin plant, using skim milk, at a cost of around \$10 million. This project will be funded with part of the proceeds of the dairy farm sale and leaseback (when completed) and is expected to add at least \$6 million pa to EBITDA, with a payback of less than 24 months. Construction of this additional plant is expected to take approximately 12 months from the time of commencement.

Attached is an update on the presentation made by the Chairman at the 2019 Annual General Meeting.



BESTON GLOBAL FOOD COMPANY LIMITED

ABN 28 603 023 383

A member of the Beston Global Food Company Group of Companies

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ABOUT BESTON GLOBAL FOOD COMPANY LIMITED

Beston Global Food Company is a proud SA multi award-winning company taking the best of Australian produce to the world with fresh milk supplied by valued Farmers. The company provides direct and indirect employment for nearly 300 people. For more information please visit:

www.bestonglobalfoods.com.au



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Beston Foods... The story so far

Update on AGM Presentation

Dr Roger Sexton AM
Chairman

Beston Global Food Company Limited

16 March 2020

Disclaimer

This presentation includes both information that is historical in character and information that consists of forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. The forward looking statements are subject to risks, stakeholder engagement, uncertainties and assumptions which could cause actual results, timing, or events to differ materially from the expectations described in such forward looking statements. Those risks and uncertainties include factors and risks specific to the industry in which Beston Global Food Company operates, any applicable legal requirements, as well as matters such as general economic conditions.

While Beston Global Food Company believes that the expectations reflected in the forward looking statements in this presentation are reasonable, neither Beston Global Food Company nor its directors or any other person named in the presentation can assure you that such expectations will prove to be correct or that implied results will be achieved. These forward looking statements do not constitute any representation as to future performance and should not be relied upon as financial advice of any nature. Any forward looking statement contained in this document is qualified by this cautionary statement.

1. What did we set out to achieve?

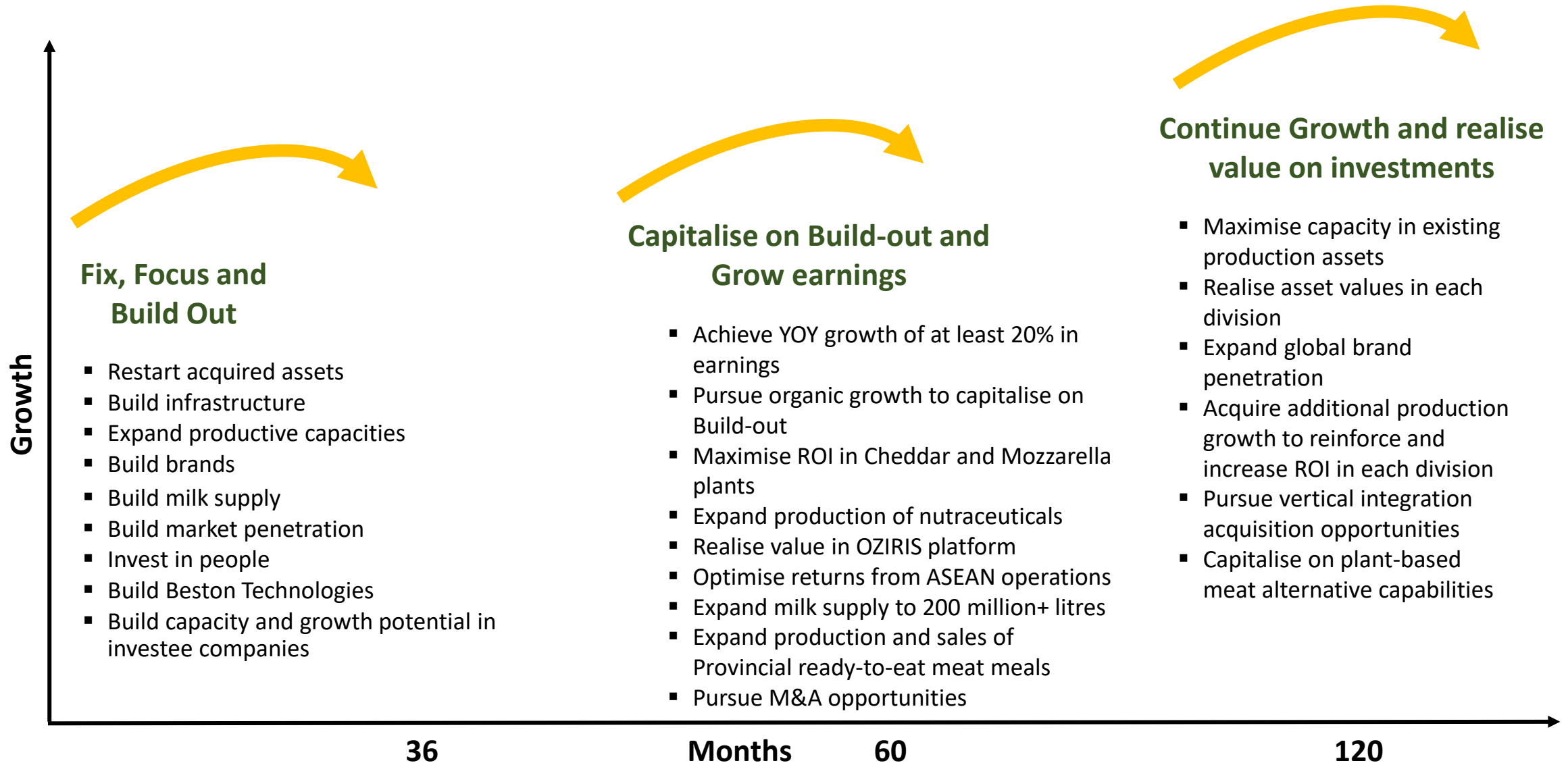
“To establish Beston Global Food Company (BFC) as a leading, Australian based, supplier of safe, clean, healthy food and beverage products to the world’s growing consumer markets.”

2. How did we plan to achieve our objectives at BFC?

We set out to achieve our objectives via a business plan consisting of Three Phases:

- **Phase 1**
Fix, Focus and Build-out the assets acquired (by the end of year 3).
- **Phase 2**
Capitalise on the asset build-out in Phase 1 to grow earnings (by the end of Year 5).
- **Phase 3**
Accelerate the growth of earnings and realise the economic value of the investments made in Phase 1 and 2.

3. The Business Plan in perspective



4. The starting point

- A collection of moribund dairy production assets at Murray Bridge and Jervois which were in receivership.
- A group of dairy farms at Mt Gambier that had been taken under the control of bankers as mortgagee in possession.
- A poor history of making payments to contract dairy farmers by the previous owner.
- A Mozzarella factory that had been deliberately sabotaged by one of UDP's major competitors:
 - plant and equipment cut up and turned into scrap metal
 - power and steam pipes in roof cut in half
- In summary, no milk (other than our own farms), no operational factories, no brands, no market presence, no export licences.

5. What we faced...



6. Headwinds along the way

- (1) Non-performance by Chinese corner-stone shareholder on Supply Agreement:
- Revenue and Profit in the initial 3 year build-out phase was to be underpinned by this China sales contract:

	Revenues (A\$m)
2015-16	42.0
2016-17	84.0
2017-18	125.0
2018-19	170.0

- (2) Delay in delivery/installation of Italian built state-of-the-art Mozzarella plant:
- A 2 year waiting list at the Italian plant and equipment manufacturer.
- (3) Drought in Australia in 2018 and 2019:
- Milk production on dairy farms fell by 4.8% in 2018 and another 4.3% in 2019.
- (4) Underperformance by our investee companies: B-d farms Paris Creek, Scorpio Meats, Ferguson Australia and Neptune Bio-Innovations (NBI).

7. The challenge: were we going to be “good” or “great”?

Good companies **cope** with change

Great companies **create** opportunities from change

Adapted from Jim Collins
“GOOD to GREAT” 2001

8. Responding to the headwinds

ISSUE	SOLUTION IMPLEMENTED
(1) Non-Performance on Supply Agreement by Chinese shareholder	<ul style="list-style-type: none">• Instead of relying on the China market, we took a 180 degree turn and built new brands for the Australian market(i.e., brought our plans forward to build a domestic revenue base).• Appointed our own domestic sales team, with sales representatives in each mainland state.• Over a period of 3 years, won 122 Awards (in Australia and overseas) for product quality including top 2 Australian Grand Dairy Awards on 6 Feb 2020.• Developed and integrated our own food assurance (anti-counterfeiting) and track-and-trace technology (Brandlok and OZIRIS). Hold 13 international patents in Beston Technologies Pty Ltd.
(2) Delay in delivery of Mozzarella plant	<ul style="list-style-type: none">• Sent our Chief Cheesemaker and COO to Italy to negotiate with equipment manufacturer.• Offered to provide Jervois as a Beta-test site for an advanced version of the equipment in exchange for a truncated delivery schedule.• Delivery was 6 month later than budgeted but saved 18 months and obtained a plant that has flexibility to produce many different types of Mozzarella.

8. Responding to the headwinds (cont.)

ISSUE	SOLUTION IMPLEMENTED
(3) Drought	<ul style="list-style-type: none">• Introduced initiatives to “stretch” our milk (i.e. make more with less) by:<ul style="list-style-type: none">✓ Improving the yields(kg produced per litre of milk) in our Mozzarella plant.✓ Producing different fat/moisture variants of Mozzarella (made possible by the technology embodied in the state-of-the-art plant purchased from Italy).✓ Producing analog mozzarella (extracting butter fat and replacing with vegetable oil).✓ Producing analog cheddar cheese.✓ Focus on Lactoferrin production.
(4) Underperformance by our Investee Companies (all initially minority ownership positions by BFC)	<ul style="list-style-type: none">• Took milk throughput at B-d farms Paris Creek from 7 million litres pa to 9 million litres pa and built new bottling facility. Sold to Longtable Group.• Bought out 60% shareholder in Scorpio Meats, sold Colac factory, consolidated at Shepparton.• Sold Lobster Licences Quota (held separately in BFC) and sold equity interest in Ferguson Australia into an MBO in October 2019.• Wrote down securities held in NBI but retain an on-going commercial relationship.

9. Where are we now? The journey so far...

- Annual revenues of \$85 million, up by 77% on prior year.
- Built Cheese production capacity to 30,000 MT per annum.
- World class Mozzarella plant with state-of -the-art Italian-made processing equipment.
- Five strategically located dairy farms in SE South Australia (Mt Gambier) with herd of 3,600 cows (up by 23% on prior year).
- 122 Australian and international Awards for quality and innovation.
- Meat processing business (Provincial Food Group, Shepparton Victoria) now wholly owned and restructured, also has capacity and capability in the production of plant-based alternative meat products.
- Year-on-year growth in revenues of 65% per annum since IPO in 2015.

10. The journey from here

The focus going forward is around achieving the objectives in Phase 2 of BFC's Business Plan with 5 strategic imperatives:

1. Sales Pipeline

- Greater utilisation of the sales pipeline which has now been established.
- Broadening and deepening of sales relationships.

2. Product Mix

- Further increasing the proportion of mozzarella products in the sales/production mix (mozzarella provides 60% higher gross margins than hard cheeses).
- Providing mozzarella cheese with moisture/fat variants and vegetable based mozzarella (achieves higher gross margins and “stretching” of our milk supply).

10. The journey from here (cont.)

3. Dairy Nutraceuticals

- Increasing the production of high value lactoferrin and other dairy nutraceutical products.
- Lactoferrin is an iron-binding glycoprotein with significant anti-viral, anti-fungal and anti-bacterial properties (found naturally in milk). It is in high demand in the global pharmaceutical and nutraceutical market and commands high prices with high margins.
- Upgrading existing plant with addition of new resin is expected to take production to around 3MT per annum (to be completed by end February 2020).
- Installation of skim milk powder Lactoferrin plant (at a cost of c. \$10 million) is expected to add at least \$6 million pa to EBITDA, with a payback of <24 months.

4. Milk Supply

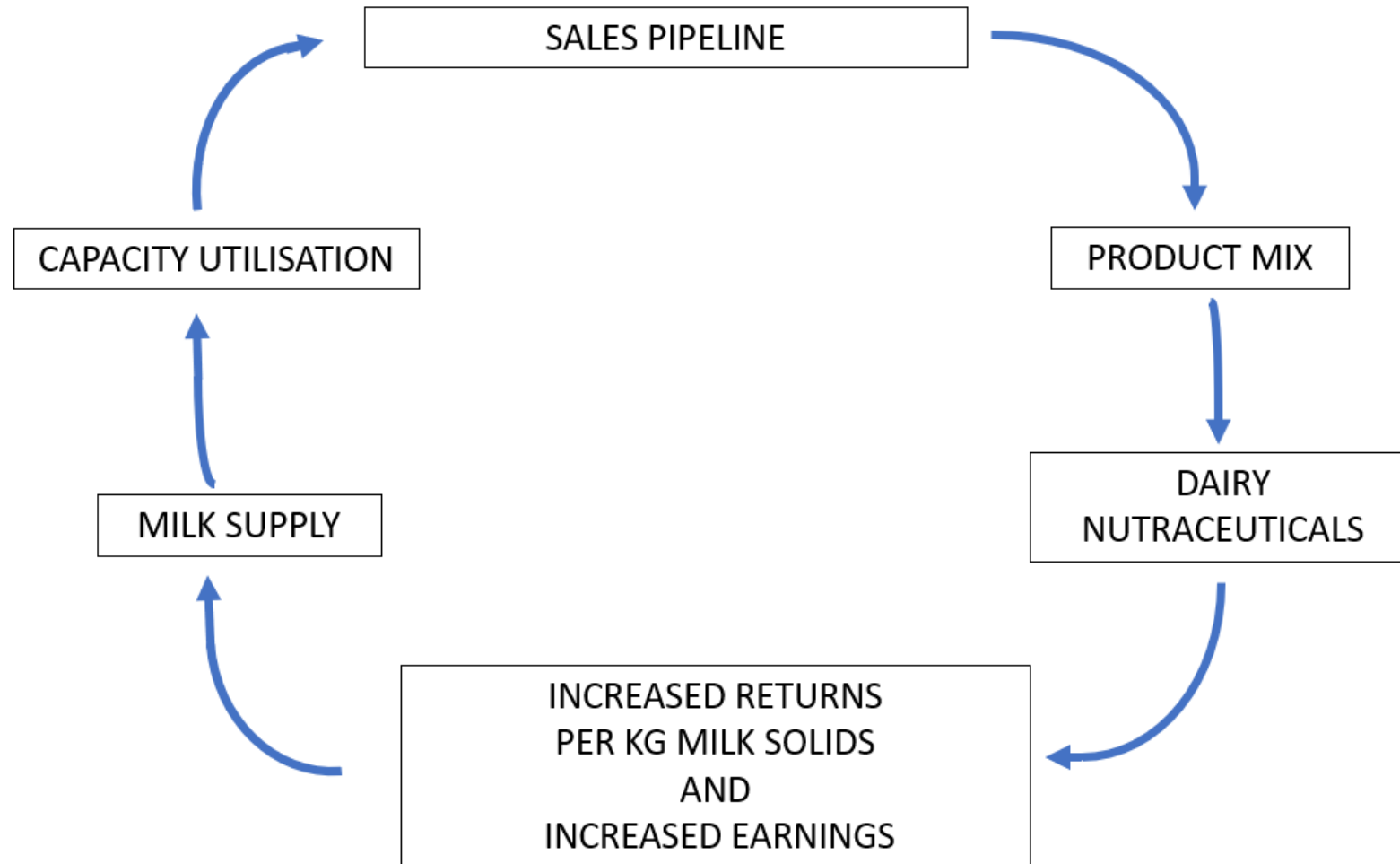
- Increasing milk supply from 103 million litres in FY19 to 110-130 million litres in the near term.
- Every 20 million litres of additional milk intake can add approx. \$2.5 million pa to gross margins.

10. The journey from here (cont.)

5. Capacity Utilisation

- Making greater use of the productive capacity we have built over the past four years in our dairy and meat factories.
- The dairy factories are currently running at around 40% capacity. Aim is to get them to 70%-80% capacity utilisation.
- BFC owns Provincial Food Group, a value-added manufacturer of meat and other food products, based at Shepparton Victoria.
- Specialised plant and equipment for production of alternative meat products was installed at Shepparton during 2019.
- Alternative meat products are a rapidly growing food segment around the world.

11. BFC's Virtuous Circle to Profit Maximisation



12. ESG Initiatives

1. Solar Energy

- Consideration is being given to the installation of solar energy equipment on BFC's factories to reduce power costs (including via a solar farm at Jervois).
- Tenders have been called for equipment supply, including on a "take and pay" basis and via off-site Power Purchasing Agreements (PPA).
- Savings of around \$1.0 million per annum are expected to be achieved.

2. Farming the Sky

- In conjunction with the Solar Energy initiative above, a project has been developed to pass on the benefits of the renewable energy infrastructure to be installed on the BFC factories.
- Solar panels will be installed on contract dairy farms which supply BFC with milk, with the cost funded 50% by the farmers and 50% by a Government Grant.
- Savings to farmers will include savings from using off-peak saved power (via batteries) in peak time, micro-grid bulk buying savings and savings from the potential pass-through of benefits from the proposed solar farm at Jervois.

13. BFC's competitive position

- BFC is currently the 8th largest dairy company in Australia. As such, we have both critical mass and agility.
- If Lion Dairy and Drinks is acquired by Mengniu, BFC will be the 3rd largest Australian owned dairy company after Bega and Norco.
- BFC is the 3rd largest producer of Mozzarella in Australia.
- A recognised leading innovation in the dairy industry (Fancy Bites, Buddy Bites, Entertainer Pack).
- Capability developed in the production of analog Mozzarella.
- Growing market share in the food service industry.
- Capability developed in production of vegan cheeses.
- Capability in the production of plant-based alternative meat products at Provincial Foods (a fast growing food segment, both in Australia and globally).

Major Dairy Companies operating in Australia

1. Saputo Dairy (Canada)
2. Fonterra Coop (NZ)
3. Lactalis (French)
4. Lion (China bid)
5. Bega Foods
6. Burra Foods (China)
7. Norco
8. BFC

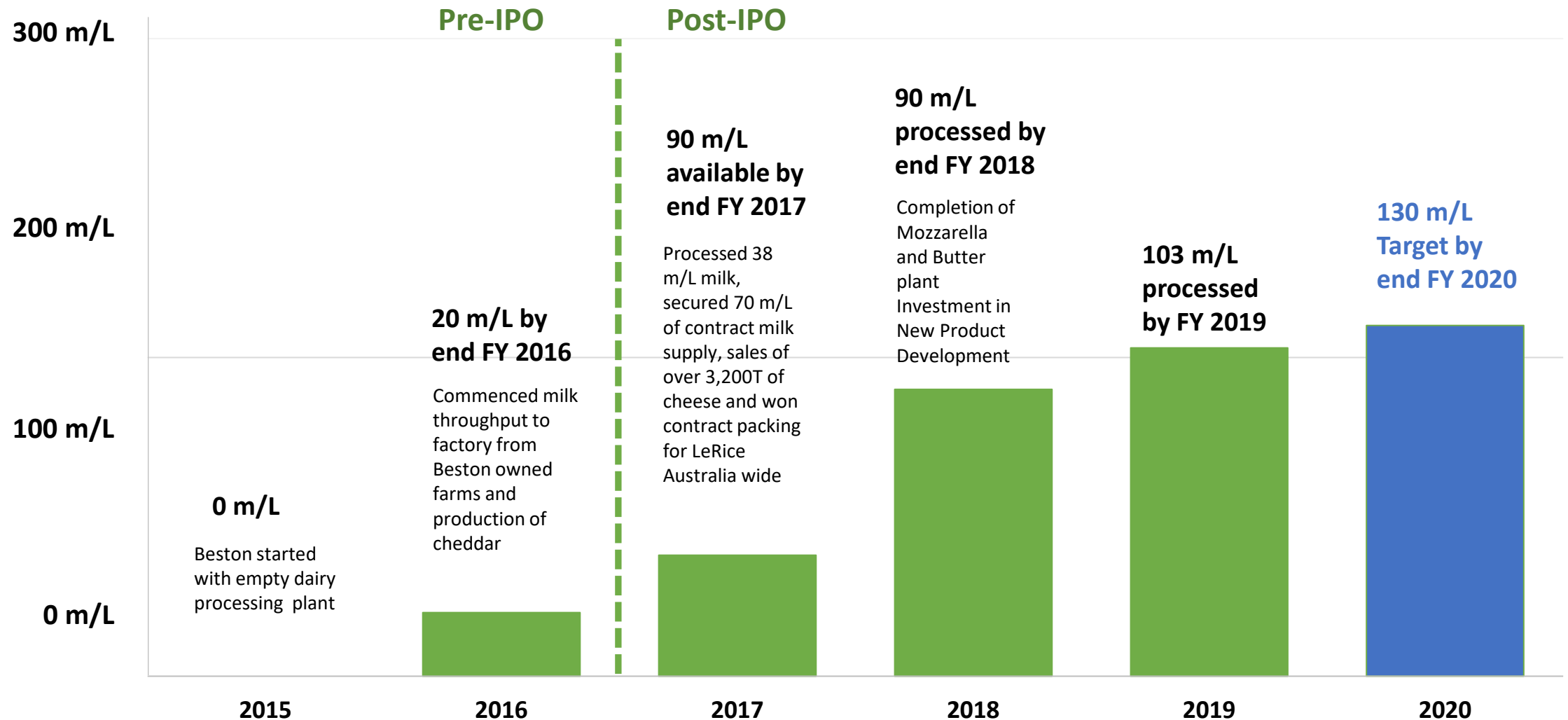
14. A Helicopter View of BFC

- BFC has transformed and consolidated over the past 12 months into a **protein business**: dairy protein, meat protein and plant protein products.
- We have invested in capability to drive the business now, and into the future.
- We are gradually and methodically increasing the milk supply to our factories to achieve our 130+ million litres short-term target... and our 200+ million litres medium term target.
- We are putting more of our milk into our own products and particularly higher value products.
- We are making our milk go further (i.e. “stretching” our milk with new products) and have expanded our product offerings around Mozzarella to provide a range of different qualities and price points (e.g. high fat/low moisture; low fat/high moisture etc.) using the technology we acquired as part of our state-of-the-art Italian made Mozzarella Plant.
- We are expanding our production capacity in dairy nutraceuticals, especially Lactoferrin, where we can earn high margins on the by-products from our Mozzarella production line.

14. A Helicopter View of BFC (cont.)

- We have developed, and are developing, further capacity in the contract manufacture of plant-based foods (a rapidly growing global food segment).
- We are re-deploying capital within the business to achieve greater returns on capital employed (ROCE) with the Sale and Leaseback of our farms.
- We are maturing our sales pipelines and bringing on new customers with well-established markets who are more concerned with quality and consistency of quality than price.
- We are focused on margin enhancement led by premiumization (of both products and customers) and cost optimization.
- We have adopted a “be ready” position for strategic vertically integrating expansion opportunities and have formulated capital management options around this position.

15. Milestones achieved



16. In Summary...

- BFC has made solid, scalable investments and taken a number of strategic decisions to secure profitable growth into the future.
- BFC is moving into the next phase of its business plan (i.e. consolidation around the core profit focus) with a clear strategy (and roadmap) in place and a clear set of drivers to achieve the strategy.
- BFC will continue to face some short-term challenges in the business environment (especially around the flow-on effects of the drought). However, we have put risk mitigation measures in place (such as “stretching our milk” initiatives) to offset any such challenges.
- BFC is well positioned in terms of its “future proofing” themes of:
 - the global growth in demand for mozzarella cheese (e.g. pizza consumption in China is growing by c. 300% pa);
 - the global growth in demand for dairy nutraceuticals (particularly lactoferrin, a natural glycoprotein with anti-viral, anti-fungal and anti-bacterial properties);
 - the global growth in demand for plant-based alternatives mean products (in which BFC has built capability at our wholly owned Provincial Food Group).
- and the secular investment themes around “feeding the world”; (i.e. trends in demographics, rising incomes, emerging market demands from the rapidly expanding global middle income class and food security).

Thank you

Beston Global Food won 122 Australian and International Dairy Awards between 2015 and 2020



Including “People’s Choice” Australian Grand Dairy Award on 6 February 2020