



**BESTON**  
GLOBAL FOOD COMPANY

# AGM – Investor Presentation

November 2023



# Disclaimer

---

This report 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.



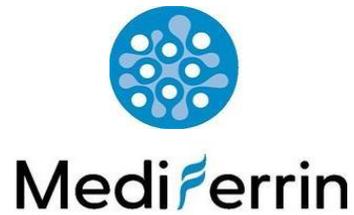


We thrive by extracting the maximum value from every drop of precious milk, paying tribute to our farmers, and doing so in the most sustainable way.

Our People | Our Planet | Our Partners | Our Performance



# FY23 Key Achievements



Lactoferrin  
sales up 172%  
vs FY22



Dairy gross  
margins  
Up 175% vs FY22



Trading EBITDA\*  
significantly improved  
up \$14.5M VS FY22



Operating  
Cash neutral  
in H2



# FY23 – Resilient Results during Volatile Times

**\$170 Million**

Net Sales from  
Continuing Operations  
UP 34% vs FY22 (^)

**(\$1.70 Million)**

Group Trading EBITDA  
from Continuing  
Operations (\*^)

**\$4.1 Million**

Dairy Division  
Trading EBITDA (\*)

**\$26 Million**

Gross Margins from  
Continuing Operations  
UP 175% vs FY22 (^)

**21.5 tonnes**

Lactoferrin Sales UP  
172% vs FY22

**\$9.84/Kg MS**

Record Actual Milk Price  
Paid to Dairy Farmers

**152ML**

Total milk collected stable  
vs FY22 despite national  
production decline

**18.5 tonnes**

Record Lactoferrin  
production thanks to  
strong efficiency gains

- ✓ Operations Streamlined
- ✓ Capital Plan on track
- ✓ Divestments confirmed
- ✓ Funding secured

\* EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

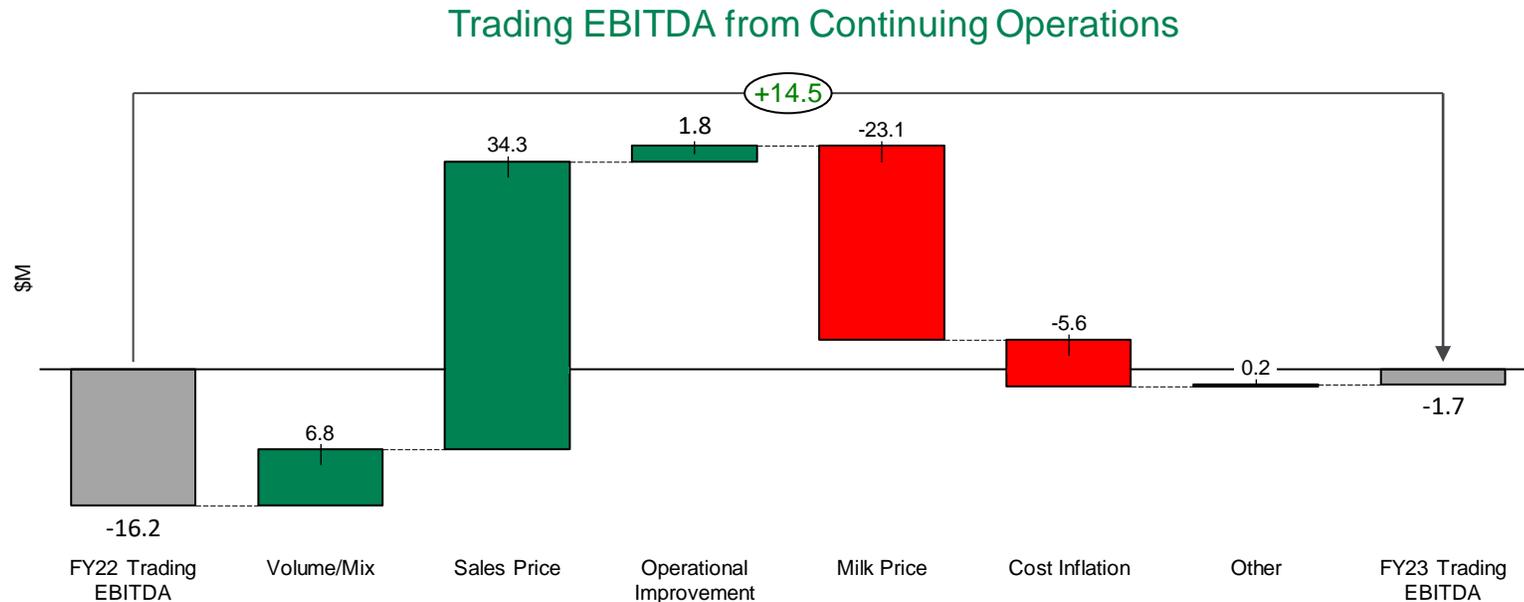
\* Trading EBITDA excludes non-recurring items.

^ Continuing Operations includes the Dairy Division and Corporate segments



# Resilient Results during Volatile Times

Pricing and Product Mix focus outperformed cost pressures



## Key Results

Volume/Mix: Strong result driven by Lactoferrin growth

Price: Successfully increased price, key categories driving this uplift: Mozzarella, Cream and Lactoferrin

Cost inflation: As a result of elevated levels of Gas, Electricity, chemicals, Insurance and other operational costs

\* EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

\* Trading EBITDA excludes non-recurring items.

^ Continuing Operations includes the Dairy Division and Corporate segments



# Our Journey

## Our Journey



- **Beston has achieved substantial growth** in a declining milk market, **processing 32% of SA's milk in FY23**
- **We have achieved scaled up manufacturing stability** as well as quality performance across most of our product portfolios, especially Mozzarella and Lactoferrin

## Looking at last year (FY23)



- **Achieved \$14.5M EBITDA improvement vs FY22**, on the back of pricing, manufacturing stability and product mix performance
- **Achieved record Lactoferrin production** despite lower milk intake at 18.5 tonnes
- **Achieved record Lactoferrin sales**, with over 21 tonnes sold in FY23
- **Dairy gross margins up 175%** vs FY22 despite rapid rise in cost of doing business (i.e. inflationary pressures)
- Decision to **divest non-core businesses** such as PFG, Water and BT
- **Decision to re-finance our debt** during adverse period of high interest rates and market instability.

## Competitive landscape



- **Competition for milk intensified**, leading to record prices being paid to Dairy Farmers across Australia
- **International Dairy prices have declined rapidly and have been sluggish since June 23**, on the back of China reducing demand for Dairy and overall inflationary pressure across emerging markets.
- **Lactoferrin and Mozzarella prices have been resilient**, but results impacted by our Whey Protein portfolio.
- **Prioritising Cash**, we are taking steps to prioritise cash given the high interest rates and cost of funding. This is being done at the expense of immediate margin performance for parts of our dairy portfolio in H1 FY24.



# Our Strategy

What we want  
to accomplish



- We aspire to become **Australia's leading sustainable and value-add Dairy company**, with leading positions across Bio-Actives (i.e., Lactoferrin and other bio-active Dairy proteins) and across super premium Retail & Foodservices.
- We will grow organically and inorganically our **Bio-actives, Premium Retail and Foodservices business** to become 50% of BFC's business by FY28
- **We will consolidate our position as SA's largest Dairy processor**, reaching 40% of the State's milk production.

Financials



- **Secure our future in FY24** by navigating milk price de-coupling from international market conditions.
- **Focus on sustainable underlying performance** and controllables, with a dedicated focus to drive cost reductions across the business.
- Focussed on **funding capabilities** and **assessing new operating structures**.





# Delivering sustainable performance

## Deliverables

### Financial

Deliver turnaround  
EBITDA

### Milk

Solids and sustainable  
competitive growth

### People

Engaged and  
empowered teams

### Planet

Sustainability is an  
edge and license

## Our Strategic Choices

1.

Accelerate & Grow  
Bio-Actives



MediFerrin

2.

Optimise Domestic &  
Export Ingredients



3.

Grow and Accelerate  
Premium Retail



4.

Re-enter Australian  
Foodservices and grow

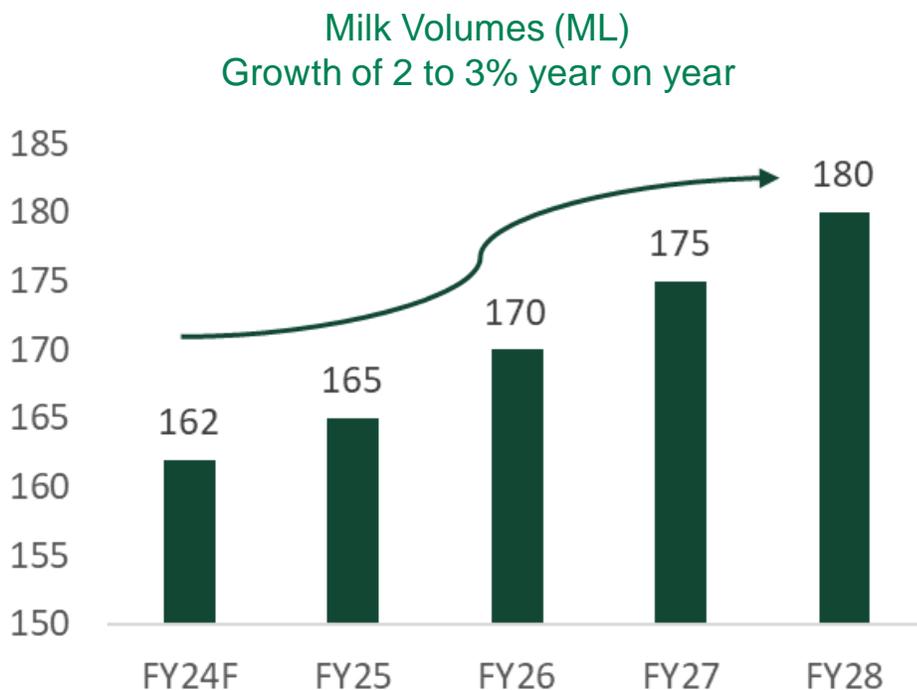




# Our Business Plan

## It starts with milk

Milk supply is the backbone of our business. Over the last 4 years, Beston has grown and retained milk volumes in a declining market. Beston processed the equivalent of 32% of South Australia's milk production during FY23.



SA Dairy



181 Dairy Farms



1 Billion



1686 employed  
in SA

349 cows

average  
herd size in SA

## Milk Supply & Milk Solids Strategic Imperatives

Milk volume growth required to underpin asset utilisation, FOH recovery and portfolio growth (i.e., Lactoferrin volumes and Value-Added Cheese). Aspiration for BFC to become a >\$250M business.

Milk solids strategy focused on current Dairy Farmer base retention and modest growth of approximately 2 to 3% year on year.

Growth will come from milk solids partnerships and milk solids sourcing agreements with other Dairy processors.

Business plan assumes a relatively high milk price vs rest of Australia on the back of "Fresh" competitors in South Australia and somewhat smaller scale of Dairy Farming universe.

Explore "milk concentration" partnerships, to mitigate cost of milk collection from Western Victoria.



# Our Business Plan

## It starts with milk

Alongside most Australian Dairy companies, BFC business is being impacted by the ongoing disconnect of the Australian milk price with international conditions. Such high milk price in Australia has been driven by competition for milk, caused by the continued decline of milk production and the excess manufacturing capacity that exists.

### Weekly CMV using NZ & Aus Spot series (A\$/kgms)



## Milk Supply & Milk Solids Strategic Imperatives

Current Oceania commodity milk value prices suggest a milk price of low \$7's

NZ milk price dropping quickly and has corrected in line with commodity prices

Australian Dairy imports from New Zealand are up by 28% year to date to June 2023

NZ milk is already >\$2.50KgMS cheaper than in Australia, and at risk of declining further

The correction of the AU milk price to globally competitive levels would have a significant positive impact on our P&L

# Channel Led Strategies

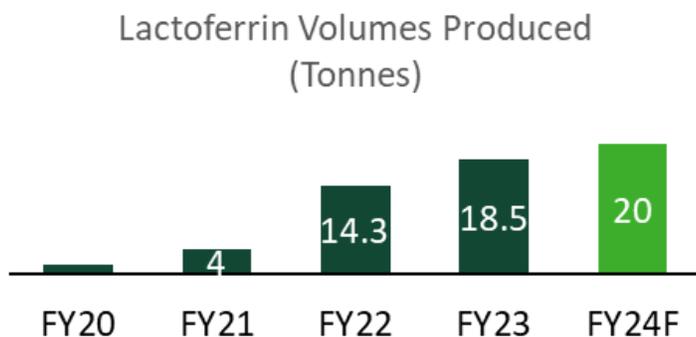




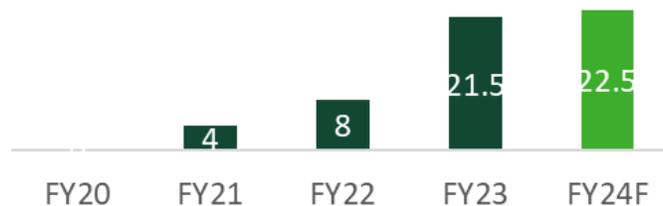
# Accelerate & Grow Bio-Actives

## Our Premium Product Mix

Our Lactoferrin business continues to grow rapidly on the back of solid customer relationships, significant production yield improvements and quality recognition from our regular customers.



Lactoferrin Volumes Sold (Tonnes)



## Strategic Progress Delivered

Best ever Lactoferrin extraction yields, underpinning record production of 18.5 tonnes in FY23 despite flat milk intake vs FY22.

Achieved product manufacturing stability as well as quality, allowing Beston to commence supplies to regular major IMF International branded businesses.

Achieved 172% growth in sales vs FY22.

Capital plan on track and 3rd Lactoferrin extraction column now fully commissioned and operational.

FY24 Production Plan pre-sold with clients across Asia-Pacific with pricing reviews taking place once every quarter or every six months.

Lactoferrin extraction partnerships in play and on track to be executed in FY24.

Pricing performance much healthier in FY23 with firm pricing indications for FY24.



# Optimise Ingredients

## Our Premium Product Mix

Our scale of Mozzarella production will now be complemented by a premium range of hard type Cheeses.

Mozzarella Produced (000 Tons)



**Mozzarella Returns Improving**  
Now complemented by a premium and award-winning cheese portfolio



## Strategic Progress Delivered

Production stability maintained and yield improvements achieved during FY23 vs FY22.

Multi-year supply agreements renewed with Woolworths as well as McCains domestically.

Exports of Mozzarella to Thailand, Philippines, China, South Korea and Singapore remains on track.

Ramp up of hard type cheeses production at Murray Bridge for Retail Sales underway.

Sales of Cream Cheese up by 165% in FY23 vs FY22.



# Grow & Accelerate Premium Retail

Re-entering the **super-premium Retail space** via our recently launched Farmers Tribute range.

Farmers Tribute is only produced **“in-house”** and does not rely on external co-packers.

We are bringing to market our **“most awarded”** Cheese range and Australia’s Best Mature Cheddar Cheese (as per Dairy Australia’s Grand Dairy Industry Awards 2023).

Initial distribution across South Australia, **reaching over 200 stores during the first 6 months** and nationwide by mid 2024.





# Re-enter Australian Foodservices & Grow

STRATEGY (What)	EXECUTION (How)
Country and Channel	Focus on premium segments within the Australian Foodservice market
Customer	Prioritise strong relationships with major end-user brands and companies
Brands	The new Beston Dairy Solutions
Product Portfolio	A range of winning, value-added products including: Shredded Mozzarella, shaved Parmesan, cheese blends, cream cheese, UHT cream
Partnership	Use 3 <sup>rd</sup> party co-manufacturers and global partners where necessary to compliment our capability





# Outlook FY24

---

**Focus on controllables**, including our operating costs, yield, quality performance and working capital management focused **on cash**

---

Be part of the **Dairy Industry consolidation** via the exploration of both tactical and strategic synergies with other processors

---

Deliver on “**premiumisation**” of our portfolio, delivering 20% of our sales through Bio-Actives, Retail and Foodservices

---

Successfully conclude **divestment of PFG** (Meat Processing)

---

Deliver ambitious **cost reduction programme** which will set to bring over \$5M of annualised cost savings. **Energy, Insurance and Chemical contracts renegotiated** and will kick off in H2 FY24





**BESTON**  
GLOBAL FOOD COMPANY

## Contact

---

Fabrizio Jorge

Chief Executive Officer

[fjorge@bestonglobalfoods.com.au](mailto:fjorge@bestonglobalfoods.com.au)

Mark Flynn

Investor Relations

[ir@bestonglobalfoods.com.au](mailto:ir@bestonglobalfoods.com.au)

This presentation has been approved for release by the Board of Beston Global Foods Ltd