

FY20 RESULTS
27 AUGUST 2020



MAGGIE
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HOLDINGS



“The benefits from our turnaround strategy flowed through in H2 FY20, allowing us to achieve our key financial goals for FY20, with all businesses now trading EBITDA positive and positioned for growth.”

Chantale Millard
CEO



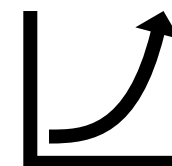
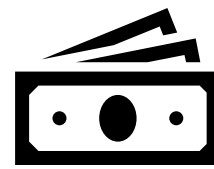
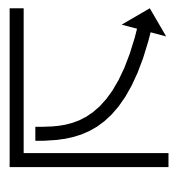
FY20 - a transformational year

- ✓ MBH's premium brands/businesses proved their resilience and agility during extraordinarily tough trading conditions in H2, delivering continued growth in revenue and positive trading EBITDA for the FY
- ✓ 'Cost-out' and corporate restructuring activities now complete, with benefits flowing in H2:
 - ✓ Paris Creek Farms restructured, and cost base reset
 - ✓ Efficiencies and refinements implemented at Maggie Beer Products and St David Dairy
 - ✓ Corporate Office restructured and relocated back to South Australia, reflecting the heart of the Maggie Beer business
 - ✓ \$3.9m of cost savings realised in FY20
 - ✓ 220% increase in e-commerce sales for Maggie Beer Products in Q4 FY20 (vs Q4 FY19)
 - ✓ Group renamed Maggie Beer Holdings, consistent with the Company's vision and ethos
- ✓ Key appointments made to strengthen and revitalise the team:
 - ✓ Chantale Millard appointed CEO in December 2019
 - ✓ Reg Weine appointed Non-Executive Chairman in March 2020

MBH is well positioned for sustained growth, with a streamlined cost base, strong pipeline of innovative products, and renewed focus on the core strengths of the individual brands/businesses

MBH delivers first positive trading EBITDA result

Positive financial results delivered despite challenging trading conditions



FY20 NET SALES

+3.8%

to \$44.5m

H2 FY20 NET
SALES

+10.0%

to \$21.5m

GROSS MARGIN

+2.1 pts

to 47.5%

TRADING EBITDA
IMPROVED \$5.6M

**POSITIVE
\$248k**

COST SAVINGS
IMPLEMENTED

\$3.9m

MBP E-COMMERCE
INCREASED

220%

Q4 FY20 on pcp

Responding to COVID-19

- MBH's brands proved resilient and even more relevant in the face of COVID-19 challenges
- Pleasingly, the COVID-19 measures implemented have protected the businesses and our employees thus far, with all three businesses able to respond and meet customer demand, even during peak periods
- Continue to work closely with our employees, customers and suppliers to ensure that the businesses operate safely during the pandemic
- The safety and wellbeing of MBH's employees is always paramount
 - COVID-19 response plan was implemented, and all Federal and State Government advice adhered to across our sites in SA and VIC
 - Full business segregation measures were implemented to protect individual teams in the event of an outbreak
 - Other measures implemented: social distancing, increased hygiene, sanitisation and cleaning procedures, a higher level of personal protective clothing, temperature checks and contactless delivery
 - All staff that could work from home were directed to do so, with some teams in SA now back in the office on alternate days
 - Strict COVID-19 testing regimes put in place for employees who felt unwell, with support provided for those who were unable to work whilst waiting for test results

Positive consumer trends

- **Maggie Beer Products**
 - Sales followed trends experienced by food retailers nationally – March benefited from panic buying, followed by a decline in April
 - Strong revenue growth in May and June, up 25% on pcp, as consumers turned to Australian brands that they know and trust
 - In-home consumption and growing social media presence from “Cooking with Maggie” driving strong e-commerce sales, up 220% in Q4 FY20 on pcp
- **Paris Creek Farms**
 - Followed the same trend as Maggie Beer Products in March and April, albeit to a lesser degree
 - Sales growth returned to pre-COVID-19 levels in the last 2 months of FY20 with June up 32% on pcp
 - Branded sales to independent supermarkets improving after FY19’s label change
- **St David Dairy**
 - A short but sharp drop in sales in late March, with hospitality and foodservice businesses impacted by COVID-19 restrictions. Sales gradually returned and were at pre-COVID levels by 30 June
 - Reduced cost base, channeling milk to other processors for a period in March; and expanded footprint to independent retailers where demand remained strong
 - Expanded further into retail and home delivery channels – profitable and clear path of future growth
 - Sales in July negatively impacted by the stage-4 lockdown in VIC but still trending strongly

Doing what we said we would do



- Strong financial performance; improved EBITDA and margin delivery in H2
- Increased presence in the premium entertaining categories particularly cheese
- “Cooking with Maggie” series launched with over 4.5m views on social media
- Maggie’s Food Club and ‘direct to consumer’ model benefiting from shift to on-line purchasing during COVID-19 +220% in Q4 pcp
- “Maggie’s Food for Life” Plant Based Meals to be launched in Coles

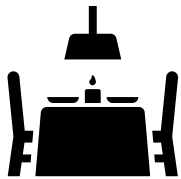


- Turnaround accelerated in H2, with a positive EBITDA run rate achieved by the end of FY20
- Strong revenue growth of 7% for FY20, and 19% for H2 year on year
- Manufacturing efficiency improvements - 6 point increase in GM%
- Fixed costs reduced by \$1.6m or 17%
- China organic certification achieved – export potential



- Strong FY performance despite the disruption to the food service and hospitality sectors during COVID-19
- Finished the year with double digit revenue growth & EBITDA %
- Created a more diversified customer and revenue base
- A streamlined cost base with further manufacturing efficiencies found

Key growth focus across all 3 brands



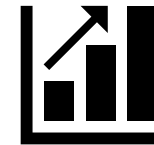
- Expand ranging in Australia and export markets
- Further develop new & existing markets for growth (e-commerce, retail)



- Innovative New Product Development across the three core brands



- Implement strategic marketing plans to capitalise on core brand strengths and increase brand awareness



- Continue to refine our manufacturing operations to create further efficiencies and improve gross margins



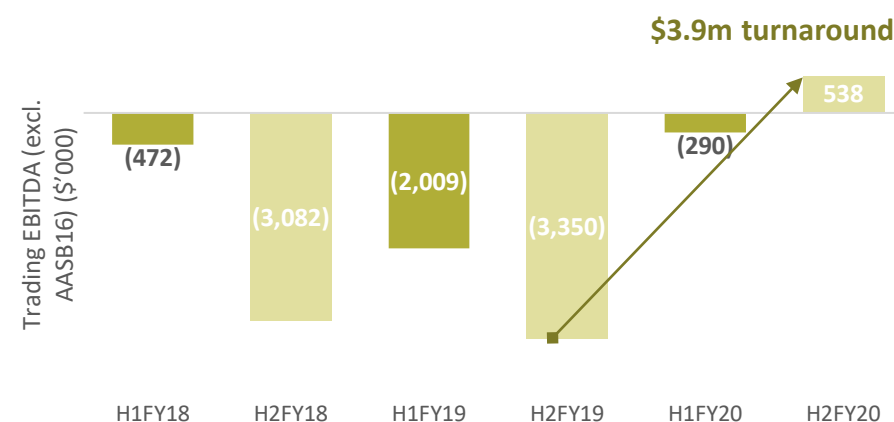
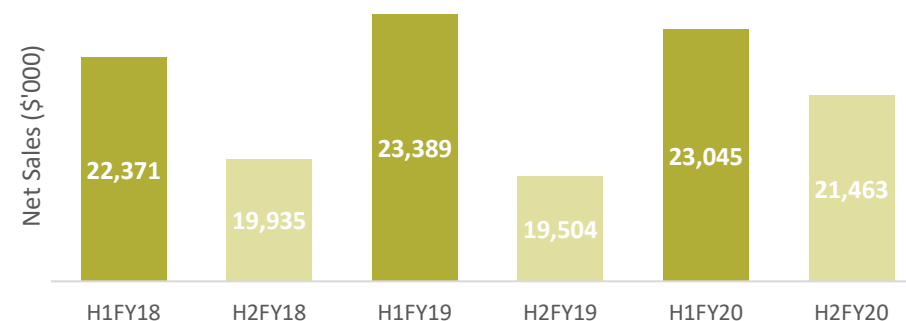
“Our financial performance was a tale of two halves, with the benefits from the turnaround strategy flowing in H2.”

Yann Hessel
Group Financial Controller



Group revenue & EBITDA accelerating in H2

(\$'000)	FY20	FY19	%Change YoY
On a full ownership basis excl. NPAT			
Net Sales	44,508	42,893	3.8%
Gross Profit	21,157	19,487	8.6%
Gross Profit %	47.5%	45.4%	2.1pts
Trading EBITDA (excl. AASB16)	248	(5,360)	N/A
Trading EBITDA ¹	1,011		
EBITDA (Statutory) ²	577	(8,166)	N/A
NPAT	(14,754)	(21,656)	32.1%



¹ Reflects the adoption of AASB16; a favourable impact of \$763k on FY20 Trading EBITDA

² Includes one-off costs and other income, mainly restructure costs, claim settlement windfall and government grants

Strong balance sheet - \$7.2m cash

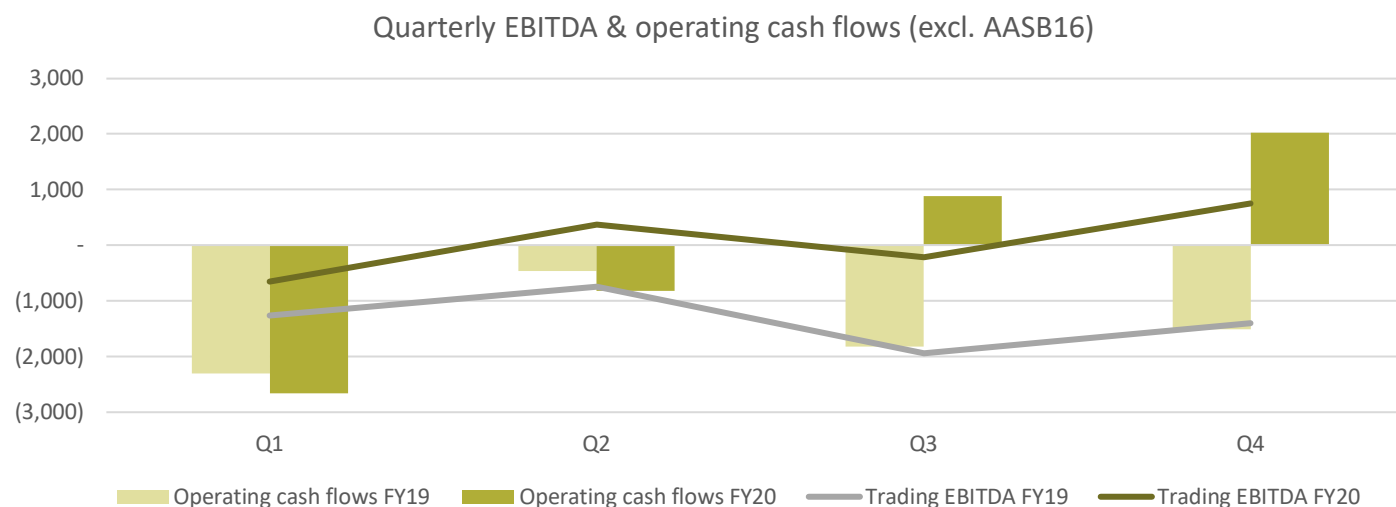
(\$'000)	Jun-20	Jun-19
Assets		
Cash	7,245	9,819
Trade receivables	7,135	6,562
Inventory	3,500	3,628
Right of Use Asset	3,345	-
PPE	17,347	19,131
Goodwill	15,388	27,455
Other intangibles	8,750	9,399
Other assets	1,316	795
Total assets	64,026	76,789
Liabilities		
Trade and other payables	6,883	6,848
Financial liabilities	5,420	2,991
Other liabilities	1,124	1,482
Total liabilities	13,427	11,321
Net Assets	50,599	65,468

- Cash balance of \$7.2m
 - Impacted by one-off costs related to corporate office restructure and PCF funding, in H1
- Well funded with an additional \$3m of undrawn invoice finance facility
- Working capital (ex AASB 16 Leases) stable at 10% of sales, 0.5pt higher than FY19
- Decrease in net assets mainly due to \$12.1m non-cash goodwill impairment on PCF
- Lease contracts brought on balance sheet as Right of Use (ROU) Assets and Financial Liabilities in line with AASB 16 Leases
- \$400k loan from Maggie & Colin Beer repaid 10 months early, on 20 August 2020

Positive cashflow run-rate achieved

(\$'000)	FY20	FY19
Receipts from customers (inclusive of GST)	43,945	25,981
Payments to suppliers and employees (inclusive of GST)	(45,158)	(34,069)
Other income received	1,054	137
Net cash used in operating activities	(159)	(7,951)
Net cash used in investing activities	(1,404)	(16,709)
Net cash from/(used in) financing activities	(1,011)	19,697
NET CASH FLOW	(2,574)	(4,963)

- Positive cashflow of \$2.1m generated in H2
 - Reduced fixed cost base
 - Turnaround in PCF revenue & profitability
 - Collections from MBP's strong seasonal sales
 - Improving GM% with further efficiencies
- Strong cash generation in May and June supported by increasing sales across all businesses and reduced cost base



“The strength of our premium brands underpinned sales and earnings growth in H2.”

Chantale Millard
CEO



Maggie Beer Products

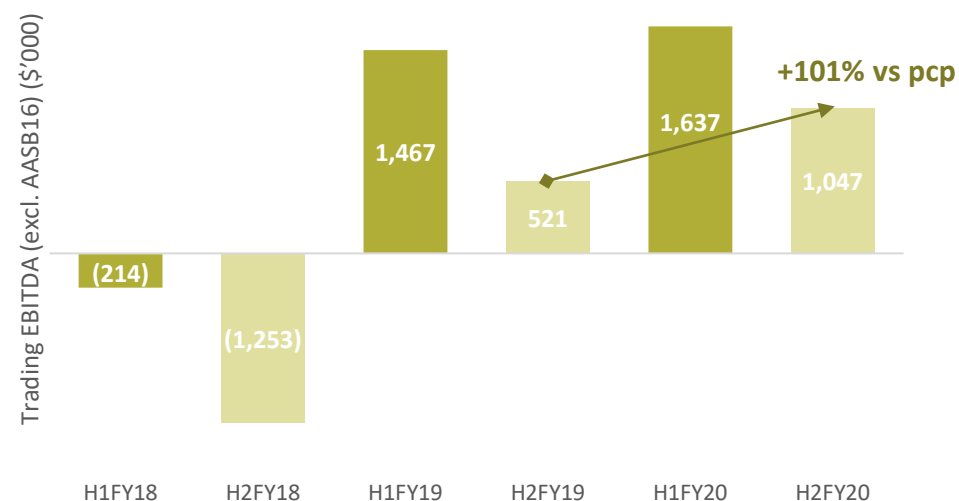
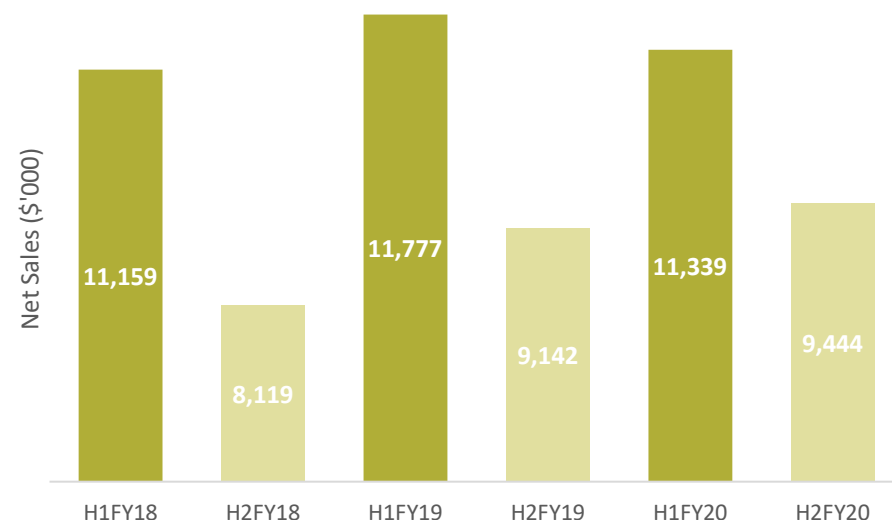
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EBITDA up 101% in H2

Maggie Beer Products (\$'000) On a full ownership basis	FY20	FY19	%Change
Net Sales	20,783	20,919	-0.6%
Gross Margin	9,953	9,952	0.0%
GM %	47.9%	47.6%	0.3ppts
Total expenses	7,269	7,964	-8.7%
Trading EBITDA (excl. AASB16)	2,684	1,988	35.0%
EBITDA Margin	12.9%	9.5%	3.4ppts

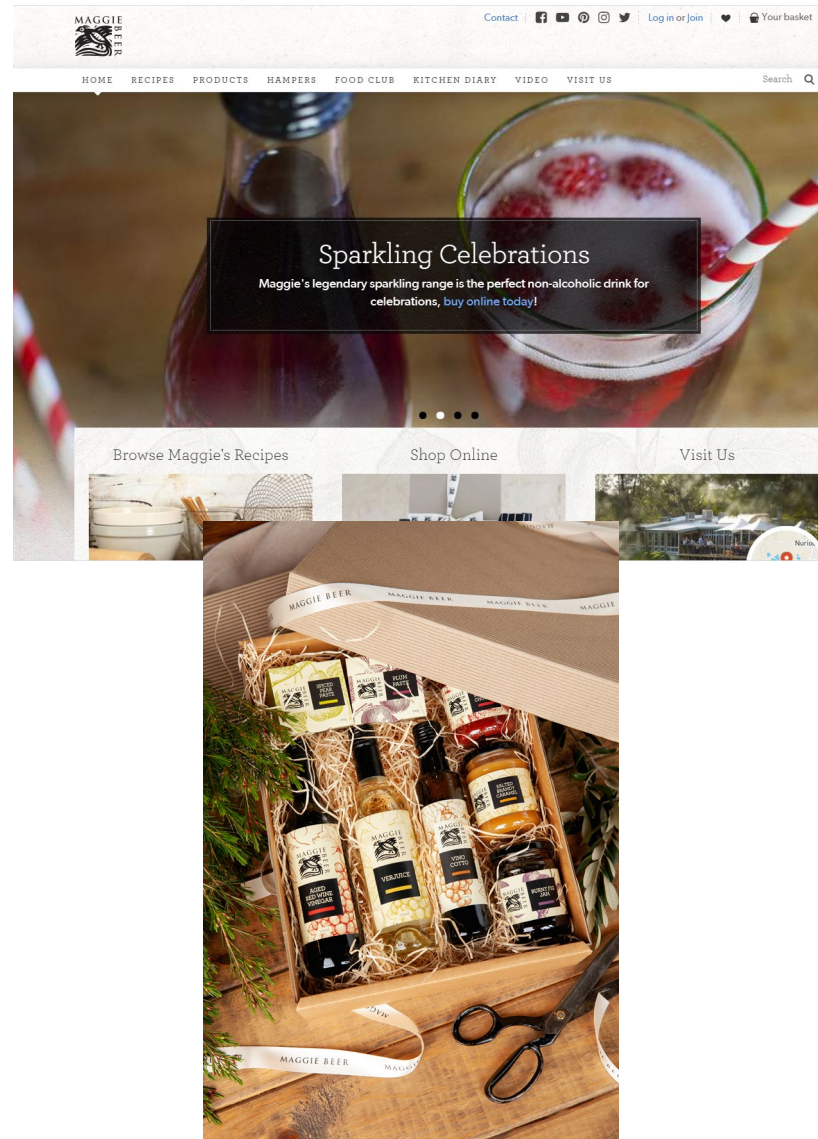
- FY20 net sales down 0.6%, impacted by H1 retailer range reviews, bushfires and COVID-19
 - Sales in H1 down 4% on H2 FY19, with sales growing by 3% in H2 over pcip
 - Cheese was the #1 selling line in FY20, with fruit paste, stocks and pate also contributing strongly, as dining and entertaining at home increased during COVID-19
- Sales in May-June, up 25% vs pcip, as consumers returned to trusted Australian brands, and digital channels became more prevalent
- FY EBITDA up 35%, with EBITDA margin improvement of 3.4 pts to 12.9% driven by operational improvement initiatives
- H2 EBITDA up 101%, in line with revenue growth and further operational efficiencies; H2 EBITDA margin up 5.4pts pcip to 11.1%



Online direct sales gaining momentum, up 220% in Q4 vs pcp



- COVID-19 changing consumer purchasing habits as more sales move online
 - New digital marketing plan implemented 1 April 2020
 - Sales growth accelerating by 220% in Q4 vs pcp
- “Cooking with Maggie” series launched in April 2020, with over 4.5m views on social media to date, resulting in increased direct to consumer e-commerce sales in Q4 FY20
- Maggie Beer Food Club has reached 57k members off the back of the new social media plan, which resulted in a 17% increase in members during Q4 FY20
- Maggie Beer now has over 105k Facebook and over 265k Instagram members



Operational initiatives and cost outs underpin growth in EBITDA



- Pick and pack' of online sales relocated to Tanunda, South Australia improving margins
- Annual operating expenses reduced by \$400k through further streamlining of the business
- Expansion of the core portfolio with better ranging and distribution
 - New cheese lines launched during the year, increasing Maggie Beer's presence in the category
 - Better ranging and growth in the independent retail sector



Paris Creek Farms



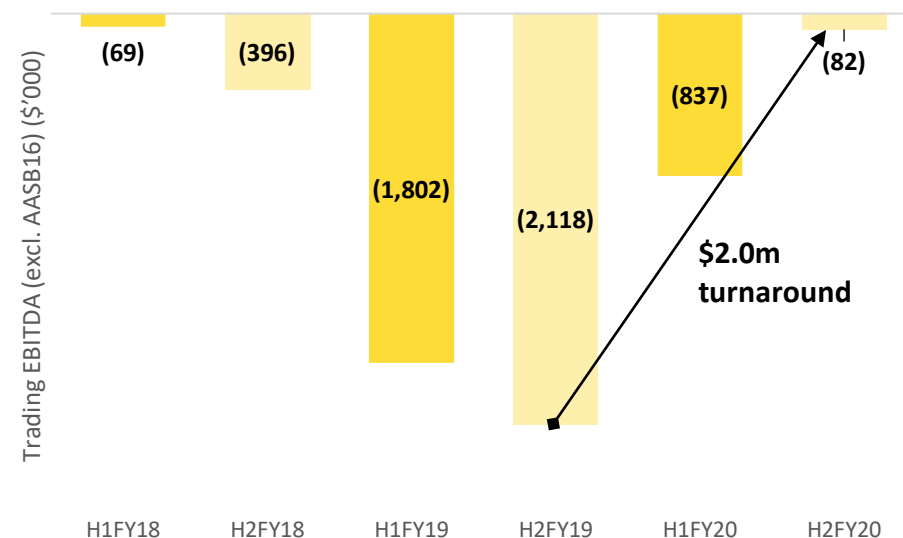
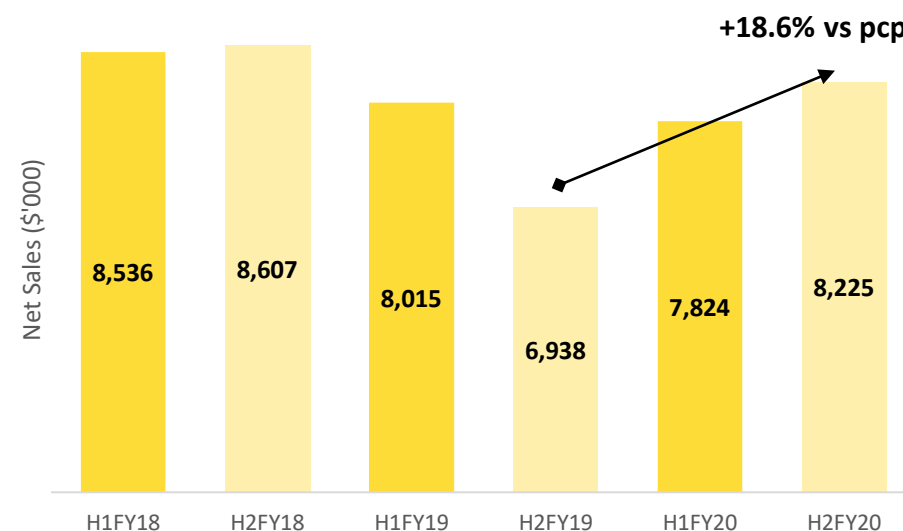
Paris Creek Farms
ORGANIC DAIRY



Turnaround accelerated in H2

Paris Creek Farms (\$'000) On a full ownership basis	FY20	FY19	%Change
Net Sales	16,048	14,952	7.3%
Gross Margin	6,942	5,575	24.5%
GM %	43.3%	37.3%	6.0ppts
Total expenses	7,861	9,495	-17.2%
Trading EBITDA (excl. AASB16)	(919)	(3,920)	76.6%
EBITDA Margin	-5.7%	-26.2%	20.5ppts

- FY net sales up 7.3% from turnaround in branded sales in SA and an increase in private label volume
 - H2 net sales up 18.6% on H2 FY19
- Gross margin up 6.0 pts to 43.3%, with H2 gross margin of 46.3%
 - Increased focus on the most profitable and highest volume lines
 - Reduced wastage & manufacturing costs
 - Better use of spring flush higher milk volume
- Cost base reduced by \$1.6m (equivalent to \$2.2m on FY19 sales levels)



Capitalising on increased retail demand

- Growth in H2 FY20 supported by private label and branded products in supermarkets in SA
- Sustained growth starting for branded products nationally
- Growth in volumes supplied to Singapore, with demand for Organic Australian dairy remaining strong
- Strengthened relationships with key customers in the major and independent supermarket channels
- Farmers continue to deliver milk in accordance with the supply growth trajectory, with less excess milk over the Spring months being on-sold to 3rd party processors



St David Dairy

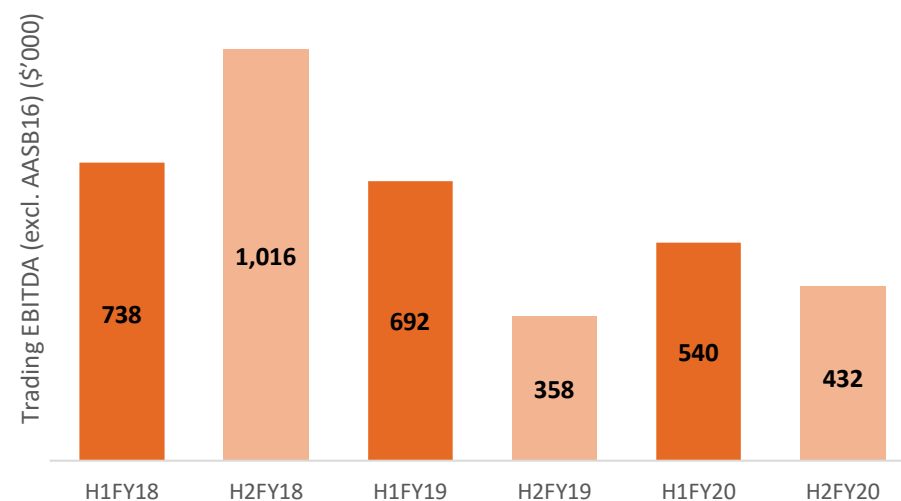
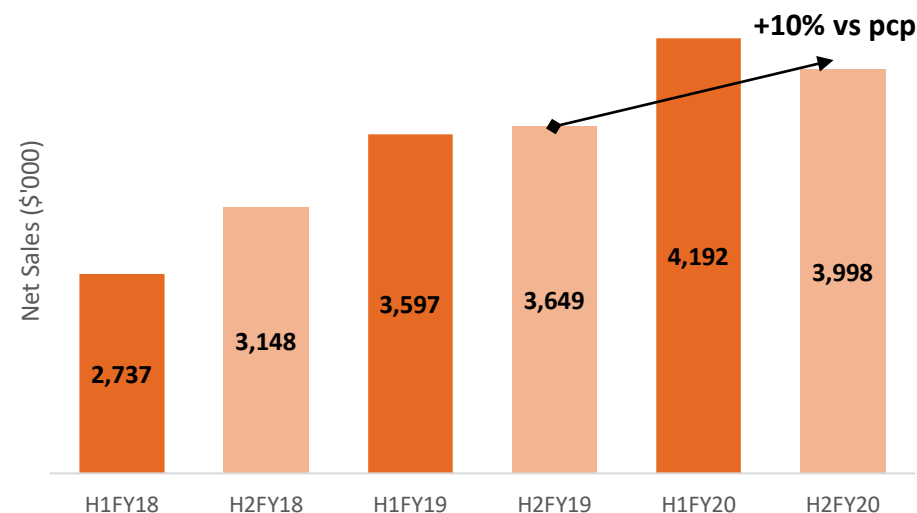


Resilient in the face of COVID-19



Saint David Dairy (\$'000) On a full ownership basis	FY20	FY19	%Change
Net Sales	8,190	7,246	13.0%
Gross Margin	4,262	3,960	7.6%
GM %	52.0%	54.6%	-2.6pts
Total expenses	3,290	2,909	13.1%
Trading EBITDA (excl. AASB16)	972	1,050	-7.5%
EBITDA Margin	11.9%	14.5%	-2.6pts

- Net sales up 13% despite the impact of COVID-19 restrictions on hospitality and foodservice sectors
 - Decisive response to COVID-19 in March by contracting its cost base, channeling milk to other processors as required and expanding with grocers and specialty retailers
 - Sales recovered in April and May, with June sales back to the growth rates enjoyed in H1
- Gross margin adversely impacted by industry wide increase in milk and cream input costs
- Cost base stable on higher sales levels

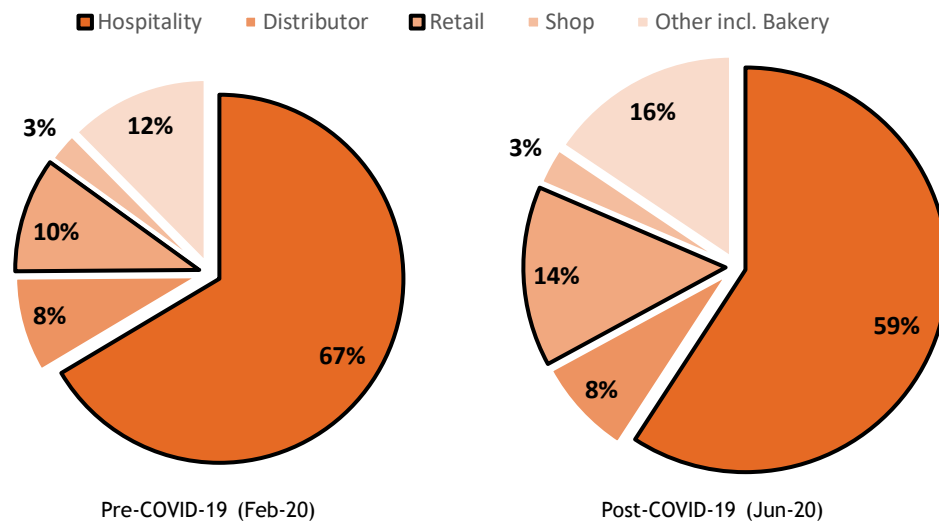


Shift in channel focus and diversification



- Channel shift
 - Lower exposure to hospitality and food service sectors
 - Further expansion into retail and home delivery market
- Milk continues to be the largest product category (67% of FY20 sales); introduction of plant-based milk and strong growth in yoghurt and butter sales through specialty retailers has resulted in some diversification in sales
- Renewal of ageing truck fleet in H2 FY20 to contribute positively to EBITDA margin in FY21

Sales by Channel



“Each of MBH’s businesses are well placed to address growing consumer demand for trusted F&B brands providing quality Australian grown and manufactured products.”

Chantale Millard
CEO



Online provides substantial direct to consumer growth opportunities



- Online sales grew to 4.1% of net sales in FY20 (FY19: 3%)
- At present, less than 5% of Food Club members make up 75% of online sales, with better consumer touchpoints being implemented to increase conversion rates
- Digital marketing plan being finessed to give maximum returns in the lead up to Christmas
- New Christmas range developed for online sales, gifting and hampers including bespoke Maggie Beer Products lines
- New website launch in January 2021 to provide superior consumer shopping experience and better device compatibility
- Key partnerships being formed with selected businesses to reach new membership bases
- “Cooking with Maggie” series to continue one day per week ongoing, to drive pantry cooking range
- New chilled delivery service being launched in Q2 FY21 to distribute chilled products nationally



Expanding into prepared plant-based meals with Maggie's Food for Life



- Launching into approx. 400 Coles stores nationally mid-October
- “Maggie’s Food for Life” range will target the fast growing, prepared and plant-based meals category
 - Fulfills the growing need for people to have flavoursome, nutritionally balanced meals that are also convenient
 - The variants include *Boston Style Smoky Beans*, *Creamy Coconut Curry with Mild Indian Spices* and *Eggplant & Cannelini Bean Caponata*
 - Each variant is a good source of protein and excellent source of dietary fibre
- Launch will be supported by an integrated sales and marketing plan, including video clips by Maggie with serving suggestions, to be shared through Maggie Beer and Coles digital media channels
- Currently working on new products to extend the ready meals range further – plays directly to the strengths of the Maggie Beer brand



Additional new entertaining products to drive further growth



- New cheeses launched nationally in Woolworths in June:
 - Caramelised Onion, Ploughman's Chutney and Vintage Club Cheddars
 - Truffle Triple Cream Brie and Swiss Style Cheese
 - New cheese formats being developed to expand ranging further
- Further products to be launched in October
 - Signature style yoghurts into independent retailers, which are made at Paris Creek Farms' manufacturing facility
 - New fruit paste and pate flavors
- Broader ranging opportunities for current product range
- Building on the launch of Plant Based Meals, developing more ready meals, capitalising on the brand strengths
- New marketing campaign for Maggie Beer, with product specific adverts for "on demand" and digital



Return to roots of producing local, Australian owned and made sustainable dairy



- Growth in late FY20 and into FY21 supported by rebranded products in supermarkets in South Australia, and strengthened relationships with key customers in major and independent markets
- Launch of a new foodservice model in September 20 for the café market in SA
- Ability to process bio-dynamic, organic and conventional milk in facility to support growth
- Facility has ample capacity for growth across all categories
- New 1kg yoghurt flavours to be launched in H1 FY21
- New marketing campaign launching in September 20, including radio campaigns, competitions and online/digital
- Aiming to build brand awareness, win back further ranging in SA, and build brand sustainably into VIC and NSW
- Decrease our reliance on private label contracts
- China organic certification and export potential creates upside



Expanding into retail and home delivery channels



- Sales building for value added, creme fraiche, butter and yoghurt
- Looking to develop new products in FY21 to build on existing ranges, including new flavours of existing products
- Building plant-based milk distribution
- Diversifying further into the premium retail market, with bigger basket sizes and therefore improved operational efficiencies
- Working with home delivery partner to increase sales further
- Increasing direct to consumer retail offer, which experienced growth during COVID-19



MBH positioned for growth in FY21

- ✓ Group achieved first positive trading EBITDA in FY20
- ✓ All businesses achieved a monthly trading EBITDA positive position by the end of FY20
- ✓ Strong balance sheet with \$7.2m cash on hand + \$3m invoice finance facility to fund organic growth
- ✓ Strong operational foundations in place off the back of the successful transformation and turnaround in FY20
- ✓ Growing consumer demand for our portfolio of premium Australian brands
- ✓ Growth underpinned by a substantial increase in ranging, further growth in brand awareness, new product launches and a well-funded marketing strategy
- ✓ Substantial opportunity to drive further growth in online and export sales

We are excited by the growth opportunities we see for MBH's brands

QUESTIONS?

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