



BESTON GLOBAL FOOD
COMPANY

Corporate update

12 June 2020

The next phase of our journey



Beston Global Food Company

Becoming a leading supplier of dairy, meat and plant-based protein to domestic and international markets



DAIRY

- Production of cheese (mozzarella, cheddar), lactoferrin, cream, butter and whey powder
- Dairy processing facilities at Jervois and Murray Bridge
- >20% of South Australian milk pool processed



MEAT AND PLANT-BASED MEAT ALTERNATIVES

- Provincial Food Group facility at Shepparton, Victoria
- Current focus on core meat products
- Medium-term outlook for plant-based meat products



TECHNOLOGY AND INVESTMENTS

- BrandLok (anti-counterfeiting technology) and OZIRIS (end-to-end traceability technology) mobile phone apps
- Neptune Bio-Innovations (pharmaceutical and nutraceutical products) and AquaEssence (Eigh+ alkaline water)

Australia's 3rd largest mozzarella producer and growing

The journey to date

Earnings platform established for continuing growth momentum

FIX AND FOCUS	BUILD EARNINGS PLATFORM	GROW EARNINGS AND CASH FLOW
2015 - 2020		FY21
<ul style="list-style-type: none"> ✓ Low cost acquisition of non-operational dairy facilities (out of receivership) in 2015 ✓ Acquired dairy farm portfolio of five farms, 3,600 cows and 17 MLpa milk supply ✓ Built state-of-the-art mozzarella cheese production infrastructure (online March 2018), with installed capacity of 20,000 Tpa ✓ Acquired lactoferrin production facility with 3 Tpa installed capacity ✓ Milk supply taken from nil to 111 MLpa; buyer of choice for independent farmers ✓ Restructured and expanded meat processing business Provincial Food Group ✓ Expanded brand portfolio, market penetration and international presence ✓ Patented food provenance technology platforms BrandLok and OZIRIS ✓ Won over 120 Australian and international awards for product quality and innovation ✓ Achieved year-on-year revenue growth of 65% since 2015 		<ul style="list-style-type: none"> ❑ Complete sale of dairy farms ❑ Increase lactoferrin production capacity ❑ Increase milk supply to ~135 ML ❑ Reduce gearing to ~10% ❑ Achieve free cash flow ❑ Continue transition to higher margin products
		FY22+
		<ul style="list-style-type: none"> ❑ Increase lactoferrin production capacity to >20 Tpa ❑ Increase annual milk supply to 180 ML ❑ Sustainable free cash flow ❑ Capital management initiatives



Delivering against Business Plan and strategic imperatives

Demonstrating a track record of growth

+107%

Mozzarella production

4,387 T

9,100 T

FY19

FY20¹

+58%

Dairy product revenue

\$52 million

\$82 million

FY19

FY20¹

+8%

Milk supply

103 ML

111 ML

FY19

FY20¹

+180%

Export sales

\$5 million

\$14 million

FY19

FY20¹

Upcoming catalysts

- Sale of dairy farms with 10-year milk supply contract
- Debt reduction to ~10% gearing²
- Expansion of lactoferrin production
- New milk supply contracts
- Expansion of customer base

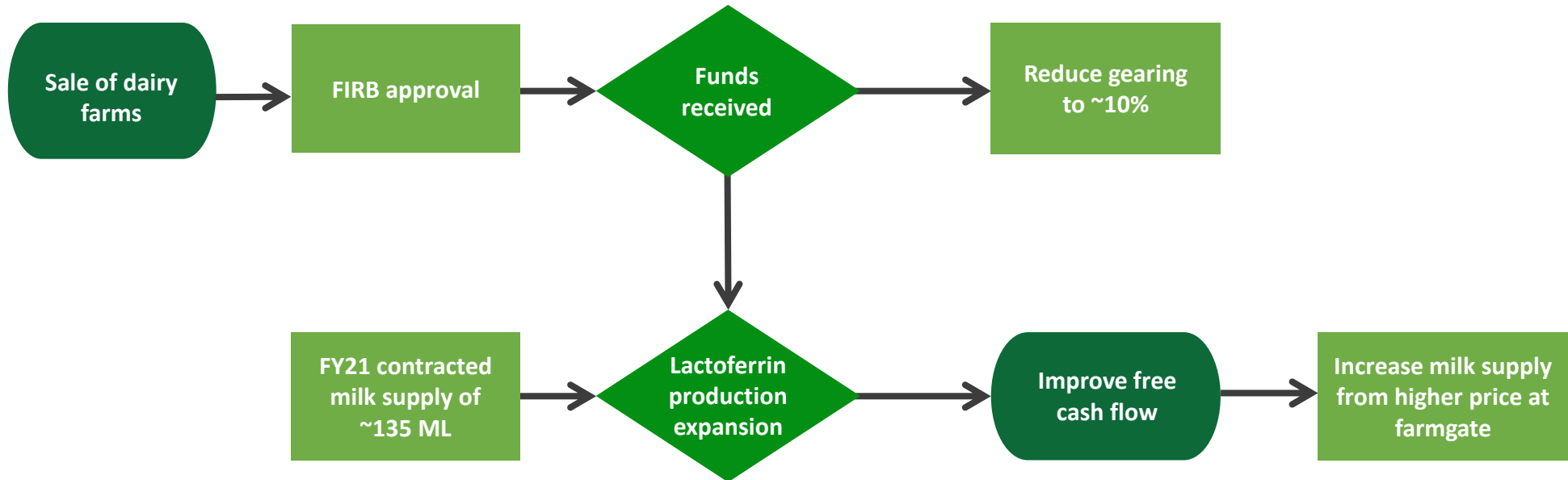
Key statistics

Shares on issue	471 million
Share price (11-Jun-20)	\$0.10
Market capitalisation	\$47.1 million
Debt (31-Dec-19)	\$47.6 million
Cash reserves (31-Dec-19)	\$1.5 million
Enterprise Value³	\$93.2 million

1. Forecast FY20 (11 months actual; one month forecast)
2. Post completion of dairy farms sale
3. Based on current market price

Sale of dairy farms at well above book value

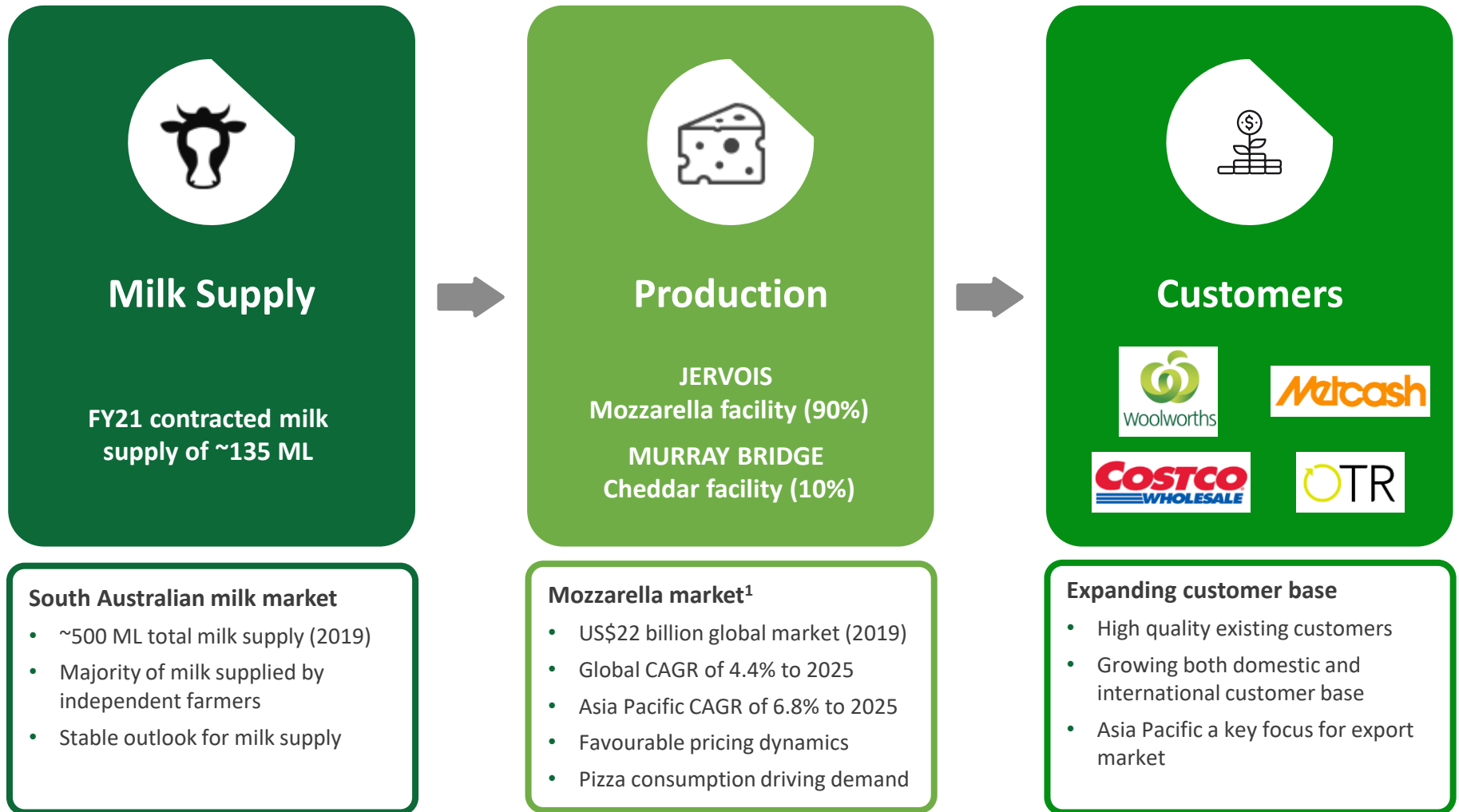
Strategic reallocation of capital to reduce debt and deliver on strategic imperatives



- \$40.4 million to be received from sale of dairy farms, with all milk produced from divested Beston dairy farms secured for ten years
- Cash proceeds to materially reduce debt and enable delivery of strategic imperatives (refer slide 8)
- Further enhance higher margin product mix, to deliver sustainable free operating cash flow
 - Ability to pay higher prices to secure additional milk supply
 - Improved capacity utilisation
 - Further staged capital investment program (driving value per kilogram of milk solids processed)

Established milk supply and cheese distribution channels

Supply and distribution channels built on strong relationships with independent farmers and high-quality customers



1. Source: Adroit Market Research, 19 July 2019

Strategic imperatives



Five strategic imperatives underpin growth objectives

Each additional 20 ML of milk supply expected to generate additional gross margin of ~\$5 million¹

SALES PIPELINE

- Expanding customer base
- Diversifying product channels
- Driving revenue growth

MILK SUPPLY

- Security of raw material (contracts with dairy farms)
- FY20² 111 ML; FY21 contracted milk supply of ~135 ML; targeting ~180 MLpa
- Sourcing >20% of South Australian milk pool

DAIRY NUTRACEUTICALS

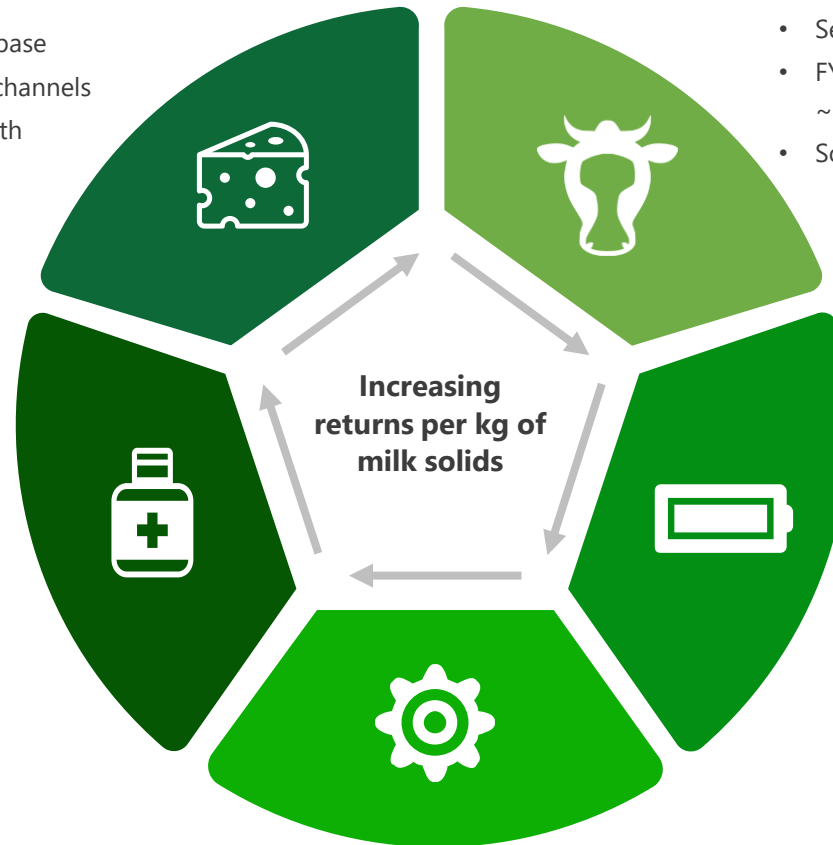
- Valuable infrastructure acquired in 2016
- Replacement cost well in excess of acquisition cost
- Lactoferrin produced from skim milk and whey by-product
- Current capacity 3 Tpa
- Expansion to >20 Tpa

CAPACITY UTILISATION

- Installed mozzarella production capacity of 20,000 Tpa
- Currently ~40% utilisation and increasing

PRODUCT MIX

- Dairy, meat and value-added protein producer
- Transitioning to higher margin product mix



1. Post Phase 1 skim milk lactoferrin facility construction
2. Forecast FY20 (11 months actual; one month forecast)

Dairy production facilities

Acquired out of receivership, with state-of-the-art mozzarella production facility installed at Jervois

Jervois facility (South Australia)

- New mozzarella facility installed for \$28 million (2018)
- Production of Beston's Edward's Crossing premium mozzarella, whey powder, cream and butter
- Intake capacity of 200 MLpa of milk, capable of ~20,000 Tpa of mozzarella
- FY20¹ production of 9,100 T of mozzarella



Murray Bridge facility (South Australia)

- Edwards Crossing hard cheese (cheddar, gruyere, colby, gouda) production, along with cream cheese
- Houses principal storage facility
- FY20¹ production of 1,000 T of cheddar
- Low-cost upgrade opportunity to improve production efficiencies



Replacement cost of facilities far outweigh acquisition cost

1. Forecast FY20 (11 months actual; one month forecast)

Transition of product mix to higher margin mozzarella

Installation of \$28 million state-of-the-art Italian made mozzarella processing equipment completed in 2018

By products:	1 tonne of cheddar →	1 tonne of mozzarella →
Cream	<ul style="list-style-type: none"> No production 	<ul style="list-style-type: none"> 175 litres (+175 litres)
Whey powder	<ul style="list-style-type: none"> 480 kg 	<ul style="list-style-type: none"> 480 kg (n/c)
Lactoferrin	<ul style="list-style-type: none"> 200 grams 	<ul style="list-style-type: none"> 350 grams (+75%)

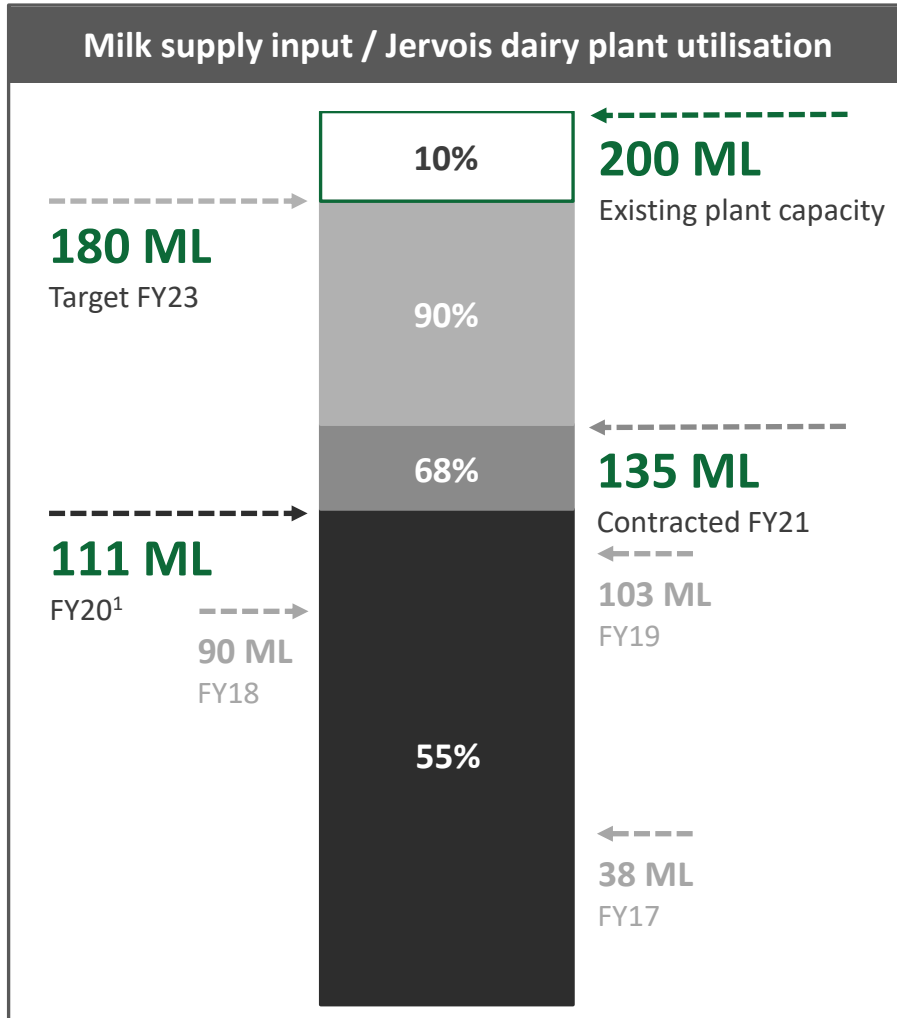


Transition from lower margin hard cheese to higher margin mozzarella nearing completion

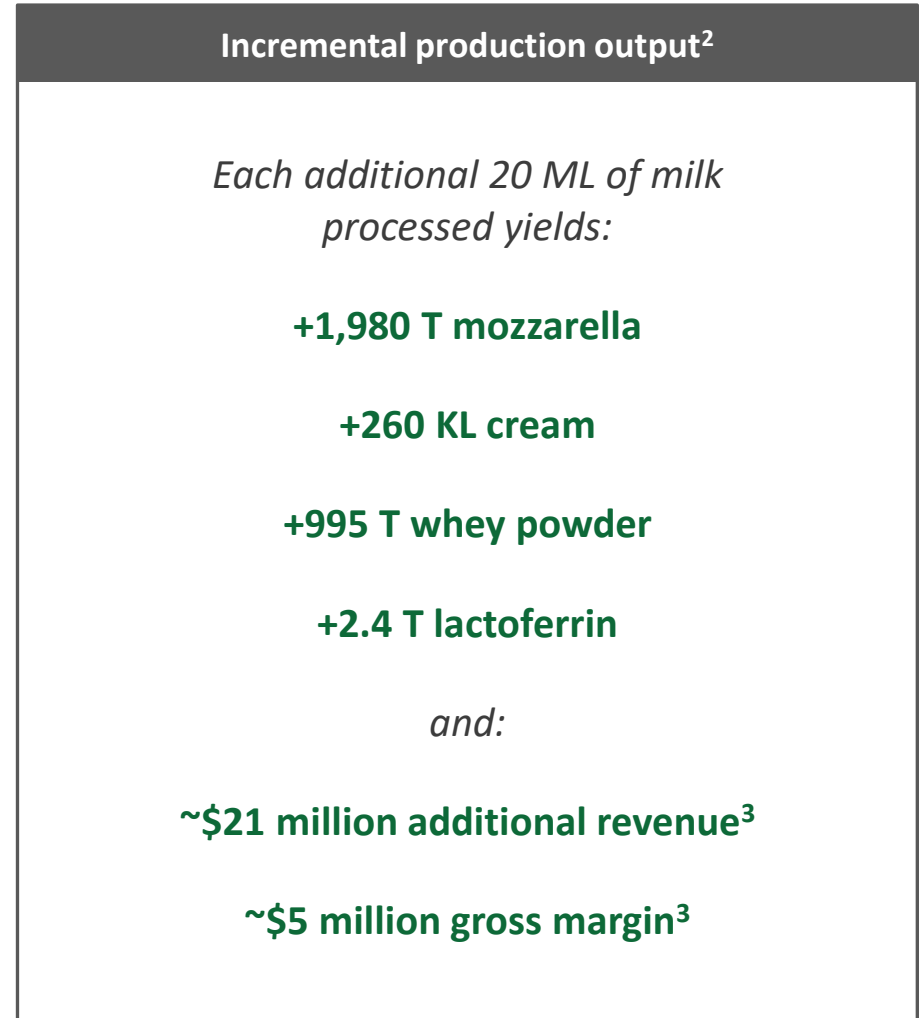
1. Forecast FY20 (11 months actual; one month forecast)

Driving growth through increased milk supply and plant utilisation

Ramp-up of Mozzarella plant utilisation gaining momentum



1. Forecast FY20 (11 months actual; one month forecast)



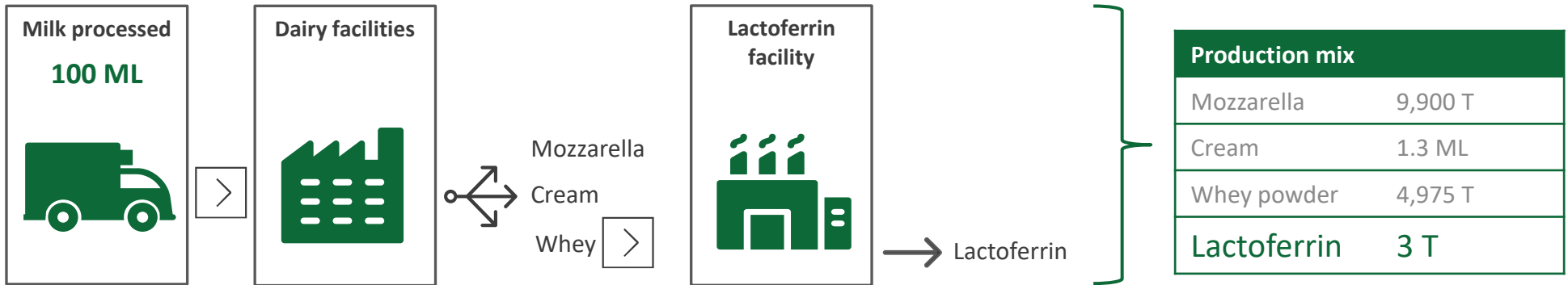
2. Expected incremental production post completion of lactoferrin plant construction and expansions

3. Based on average FY20 product prices and lactoferrin estimated at \$1,500/kg

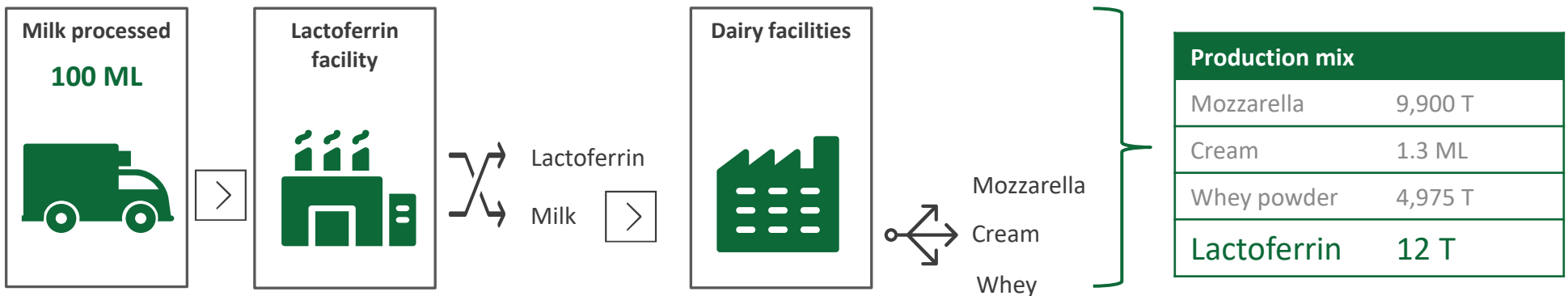
Lactoferrin plant conversion to increase output for same level of milk input

Lactoferrin plant conversion from whey input to skim milk input

Current processing flow chart (whey input)

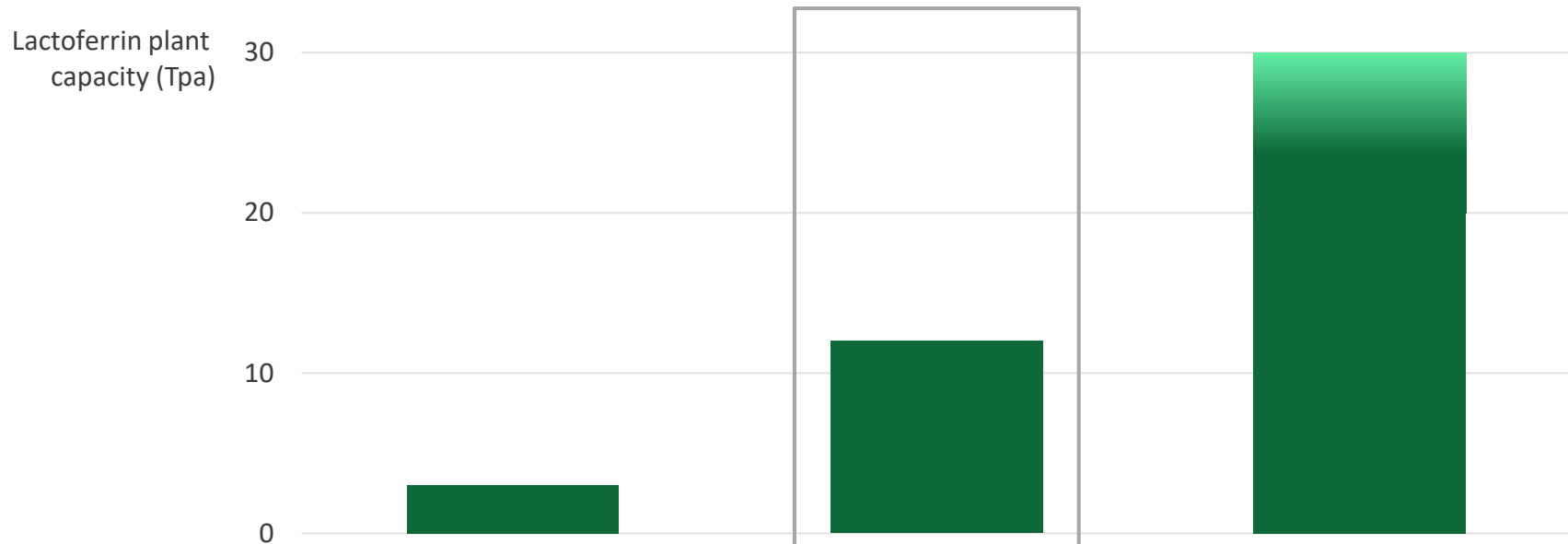


Stage 1 processing flow chart (skim milk input)



Lactoferrin expansion a core strategic imperative for increasing returns

Expansion of lactoferrin production to potentially capture ~5% of the growing global market in FY22



Production metrics	Current	Stage 1	Stage 2 and 3
Production capacity	3 Tpa	12 Tpa	>20 Tpa
Production input	Whey	Skim milk	Skim milk
Milk supply	100 ML	100 ML	180 ML
Expansion cost	\$3 million	\$12 million	\$9 million
Revenue ¹	\$4.5 million	\$18 million	>\$30 million

1. Assumes full production capacity and lactoferrin price of \$1,500/kg

Attractive lactoferrin market fundamentals

Growing demand and prices, with limited producers of scale globally



CURRENT DEMAND (2019)¹

352 Tpa



FORECAST DEMAND (2023)¹

+500 Tpa



GLOBAL PRODUCERS TO SERVICE DEMAND¹

<10



STRONG PRICING GROWTH¹



LIMITED AUSTRALIAN PRODUCERS

4

Current Australian producers

~5%

Targeted Beston global market share (FY22+)



FAVOURABLE GLOBAL MARKET DYNAMICS

- ✓ China regulation requiring lactoferrin to be added to infant formula
- ✓ Significant anti-viral, anti-bacteriological and anti-fungal properties
- ✓ Increasing awareness of health benefits in functional foods, cosmetics products and oral hygiene
- ✓ Increasing pharmaceutical product use, including immune system stimulation

1. Source: Strategic Insights into the Global Lactoferrin and Lactoferoxidase Market, UBIC Consulting 2020

Provincial Food Group



Premium meat products and plant-based protein foods

- Extensive restructure and re-branding of operations completed in FY19 (formerly Scorpio Foods)
- Upgraded and re-fitted meat processing and storage facility in Shepparton, Victoria
- Broad range of tailored food solutions for the retail and food service channels
 - Raw, ready-to-eat and fully cooked meat products; plant-based alternative meat products
- Fully accredited production processes
 - SQF Level 8 certification; HACCP SGS accreditation; HALAL ICCV accreditation; meat export licence
- Raw inputs carefully selected from local suppliers, with a high-quality imperative
- FY20¹ revenue \$12 million
- 100% owned by Beston



Recognising the growing importance of food provenance and trusted origins

1. Forecast FY20 (11 months actual; one month forecast)

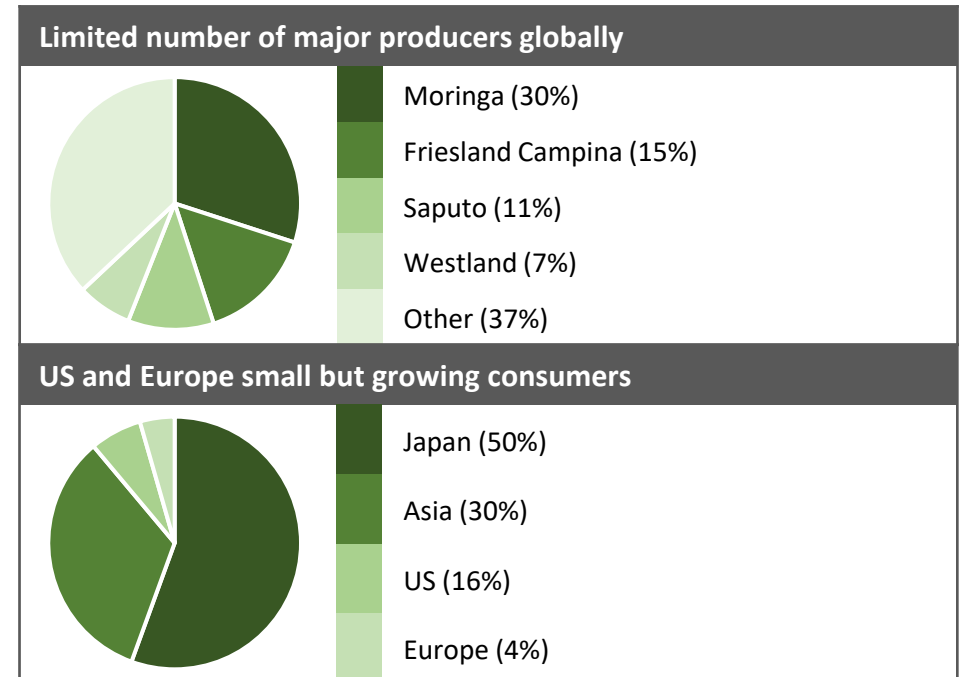
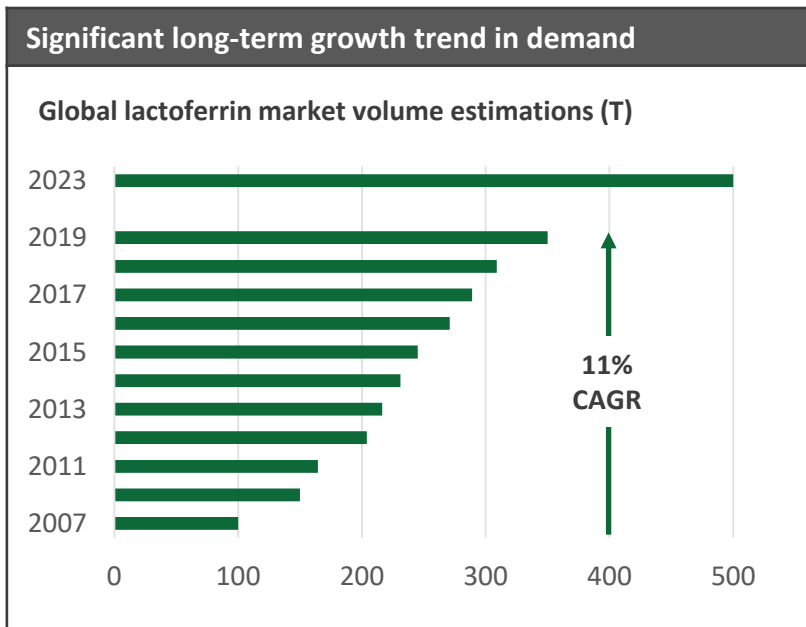
Appendices



The global lactoferrin market¹

Less than 10 major producers globally; significant growth expected over the next three years

- Global lactoferrin demand expected to grow to more than 500 T in 2023, up >50% from 2019
- Strong pricing growth from \$500-600/kg in 2015 to \$1,500-3,000/kg today
- Demand growth fueled by increasing use in infant formula and food products, and increasing awareness of health benefits
- US and Europe demand growth in early stages due to recent authorisation as a novel food ingredient (2012)
- Health benefits linked to stimulation of immune system, intestinal mucosa and use in nutraceutical products (carotenes, probiotics)



1. Source: Strategic Insights into the Global Lactoferrin and Lactoferoxidase Market, UBC Consulting 2020

Board members

Experienced governance and leadership¹



Dr Roger Sexton AM

CHAIRMAN

Dr Roger Sexton is an investment banker and company director. He holds Doctorate and Masters degrees in Economics from NCSU in the USA and an Honours Degree (First Class) in Economics from the Flinders University of South Australia. Roger has extensive experience in the agricultural sector, in addition to finance and business management. Roger has had 30 years' experience overseas, particularly in China and the Asia Pacific. Roger is Chairman of the Investment Manager, Beston Pacific Asset Management Pty Ltd, KeyInvest Ltd, and a Director of IBISWorld. He is President, SA/NT, of the AICD and a former member of the Australian Accounting Standards Board. Roger founded Beston in 2012, taking it to a listing in 2015.



Petrina Coventry

INDEPENDENT NON-EXECUTIVE DIRECTOR

Petrina Coventry is Industry Professor with the Adelaide University and senior partner with COI Capital in Singapore. She previously held Global Vice President roles with the General Electric Company and The Coca Cola Company in the United States and Asia. Her experience covers multiple industries including energy, technology, education, fast moving consumer goods and financial services. She is a Fellow of the Australian Institute of Company Directors, a Vincent Fairfax Fellow, and a Non-Executive Director with the Australasian Association of Philosophy (AAP).



Mr Stephen Gerlach AM

NON-EXECUTIVE DIRECTOR

Stephen is Chancellor of Flinders University. He is also the Chairman of Adelaide Capital Partners Pty Ltd, Gerlach Asset Development Pty Ltd, Ebony Energy Ltd and a Director of Beston Global Foods Ltd and Beston Pacific Asset Management Pty Ltd. He was formerly the Chairman of Santos Limited, Futuris Corporation Ltd, Equatorial Mining Ltd, Elders Australia Ltd, Challenger Listed Investments Limited, Amdel Ltd, and Penrice Ltd. He was also a Director of a number of other public companies including Southcorp Ltd, AMP Australia Ltd, Brunner Mond Holdings Ltd (UK) and Elders Rural Bank. Stephen was a partner of the Adelaide legal firm Finlaysons for 23 years and it's Managing Partner from 1985 to 1991.



Catherine Cooper

INDEPENDENT NON-EXECUTIVE DIRECTOR

Catherine is an experienced non-Executive Director and has been involved in start-ups, small to medium enterprises, public and private sectors, Australian Stock Exchange-listed (ASX), and not-for-profit organisations on a national and international basis. After a professional career as a commercial lawyer, Catherine has developed a board portfolio across a broad range of sectors such as agribusiness, food and health, energy, water, science and technology. Catherine is a Fellow of the Australian Institute of Company Directors, is currently Chair of the Environmental Protection Agency in SA and has twice been a finalist in the Telstra Business Woman of the Year. Catherine's current board roles include Wine Australia, Deputy Chair of Australian Eggs, Animal Health Australia, and Commissioner of the Australian Fisheries Management Authority. She has formerly been the Chair of the Dairy Authority SA.

1. Refer to slide 20 for an update on governance

Board members

Experienced governance and leadership¹



Jim Kouts

INDEPENDENT NON-EXECUTIVE DIRECTOR

Jim has served as a senior executive and non-executive director in major companies in the energy, financial service and business tourism industries and has also held various senior positions in the public sector.

He is currently Chair of Home Start Finance, Chair of the Adelaide Convention Bureau, Non-Executive Director of the Adelaide Venue Management Corporation and is Strategic Advisor to Adelaide Airport Ltd.

Through his various roles, Jim has gained strong commercial and contract negotiation skills and has a sound grasp of governance, strategy and strategy implementation. These skills, together with his extensive insight of air freight logistics into Asia are invaluable on the Board.



Ian McPhee

INDEPENDENT NON-EXECUTIVE DIRECTOR

Ian served as the Auditor General of Australia until June 2015. He holds a Bachelor of Business (Accountancy) degree and a Bachelor of Arts (Computing Studies) degree.

Ian is a Fellow of CPA Australia and a Fellow of Chartered Accountants Australia and New Zealand.

He is currently a Member of the International Ethics Standards Board for Accountants and a Distinguished Honorary Professor at the College of Business and Economics, Australian National University, a member of the Council of Central Queensland University, and a director of Ian McPhee Consulting Pty Ltd. He is the former Deputy Chair of the Australian Accounting Standards Board.

1. Refer to slide 20 for an update on governance

Executive leadership team

Proven industry credentials with a track record of success



Mr Jonathan Hicks

CHIEF EXECUTIVE OFFICER

Jonathan has a wealth of knowledge and global experience in the dairy industry. He has held senior positions within the Australian Dairy Industry over the last 20 years, including Bega Cheese and Tatura Milk Industries, and was part of the Executive Team which took Bega Cheese to an IPO in 2011. Jonathan was the Chief Executive Officer of Pure Dairy Australia, a successful Australian-based international dairy trading company, from 2014 until 2017. He then became Managing Director of an advisory firm operating across a range of agribusiness and manufacturing platforms.



Mr Darren Flew

CHIEF FINANCIAL OFFICER

Darren is an experienced senior finance executive known for strong commercial and strategic capabilities. Before joining Beston in March 2018, he spent 19 years at Santos in various senior finance roles including Chief Financial Officer Eastern Australia Business Unit. Prior to joining Santos, Darren worked for Baulderstone Hornibrook as their Group Finance Manager for three years. He qualified as a Chartered Accountant in 1985 working for Ernst & Young and spent time in Singapore and Toronto.



Mr Hamish Browning

GM Agribusiness

Hamish's career spans over 25 years in agriculture and food with Elders, Frontier International (Ruralco J/V, ASX: RHL), Thomas Foods International and Beston. Senior management and administration roles held within these companies include Managing Director, Chief Operations Officer and General Manager.



Mr David Wilson

GM Sales and Marketing

David has 30 years of experience in the FMCG, predominately with Philip Morris. Over these years his roles have included Division Manager, State Field Sales Manager, Key Account Manager for Metcash, Woolworths, and Coles, He was then appointed Region Manager for SA, NT, WA and Tasmania responsible for Philip Morris total business. He commenced at Beston in April 2018.

Governance and Management

- Beston is currently managed through an Investment Management Agreement (“IMA”) with BPAM
- The management fee is based on a fixed fee of 1.2% pa of the gross portfolio value of Beston
- The fee was intended to meet the costs of the Beston senior management team and allow Beston to establish itself over the initial five-year period of the business plan
- The costs of the senior management team, paid for by BPAM, has exceeded the fees received by BPAM over the last four years
- Beston and BPAM have made it known to shareholders at successive AGM’s that the IMA would be terminated at an appropriate time when in the interests of shareholders to do so
- BPAM and Beston are currently working on arrangements to internalise the IMA at the expiry of the initial five-year term
- It is intended that the termination of the IMA (undertaken within the termination terms of the IMA) will be completed by 26 February 2021
- A Transition Committee of the Beston Board will oversee the transition of management arrangements from BPAM to Beston

Glossary

- AICD Australian Institute of Company Directors
- Beston Beston Global Food Group
- BPAM Beston Pacific Asset Management
- HACCP Hazard Analysis and Critical Control Points
- IMA Investment Management Agreement
- FY Financial year
- kg Kilogram
- KL Thousand litres
- ML Million litres
- T Metric tonnes
- pa Per annum
- SQF Safe Quality Food
- YTD Year to date