

Beston Global Food Company Limited (ASX:BFC)

Media Release

3 March 2018

Solid progress has been made at Beston over the First Half of the 2017/18FY

- ✓ Total Group revenue of \$19.2m, up 83% vs previous corresponding period (pcp)
- ✓ Gross Profit increased by \$5.54m, up 426% vs pcp, due to increased milk supply and increased volumes in cheese produced
- ✓ Gross Margin for the First Half 17/18FY was a 185% increase vs pcp
- ✓ EBITDA improvement of \$3.13m, up 51% vs pcp
- ✓ Improved profitability, with a 35% increase in Net Profit Before Tax vs pcp
- ✓ All operating divisions, except Health and Nutrition, recorded profits

Three drivers of improved financial performance:

1. Increased procurement of milk, resulting in higher production of dairy products;
2. Increase in domestic dairy sales driven by food service and retail channels; and
3. Turnaround in performance of Dairy, Meat and Seafood Divisions.

Chairman Dr Roger Sexton says, “the financial performance on a Half by Half comparison basis shows the continuing momentum of the business since listing. The First Half of 2018FY has produced a result in line with that of a typical start-up company being a *U shape* earnings result. Growth in revenue, coupled with the maintenance of healthy margins, has led to improved profitability over the period since listing.

“At the core of Beston Food Company’s (BFC) strategy for the three years immediately following listing was a ‘built-out’ program whereby BFC would expand the infrastructure in each of the four operating divisions: *Dairy, Meat, Seafood, Health and Nutrition*, so as to achieve this transformation and enable the Company to grow and expand,” says CEO Sean Ebert.

The transformational process in each of the four Divisions of the business is now well advanced, highlights as follows;

Dairy: The Dairy Division has continued to deliver strong results in the first half of 2017/18FY highlighted with sales of over 1,650 tonnes of cheese, being an increase of 307% for the pcp and Edwards Crossing’s aged cheddar being a finalist in Dairy Australia Grand Champion Dairy Awards. The Dairy Division has been heavily focussed over the period on the installation and commissioning of the new Mozzarella line that went into production on 9th February 2018. The commercialisation of this line will now see strong sales commencing in Mozzarella, particularly in the last quarter of this 2017/18FY.

Meat: There has been considerable restructuring of the Scorpio meat business. BFC is moving to a 100% shareholding of Scorpio Food P/L through the conversion of existing loans made by BFC to the business. Management control of the business was undertaken on 3 January 2018 with final conversion of loans expected on 30 March 2018. Actions are being implemented to substantially lift revenues and profits in this meat business.

Seafood: The beneficial impact of the China Australia Free Trade Agreement is only now starting to become noticeable. Ferguson recently launched a range of Australian wild caught seafood products with 7 varieties of seafood into 60 independent retail supermarket stores across Australia and sees the opportunity to expand retail sales of these products into China and South East Asia.

Health and Nutrition: BFC's investments in the Health and Nutrition Division consist of an equity interest in the innovative food nutrition company, Neptune Bio-Innovations (NBI) P/L., and a controlling interest in high Ph water company, AquaEssence P/L. Established in 2008, NBI was established to provide scientific and technical services to the food and nutrition industry with the purpose of reducing sugar, salt and fat in manufacture. Due to BFC investment in the company NBI turned its strategy focus to developing health products for three 'wellness' trigger points in the human body: cardiovascular, endocrine and digestive systems. Two exciting new developments will be the launch of new pharmaceutical grade products during the 2018 calendar year, focused on urinary tract infections (UTI) and medicinal cannabis.

Beston Technologies P/L., (BT) has also announced the proposed merger with ASX listed DataDot Technologies Ltd. The merger would be transformative, taking the company to another level as an anti-counterfeiting technology product supplier and opening potential new opportunities for growth in product tracking and big data commercialisation.

On the international stage Beston has decreased costs associated with international offices resulting in improved profitability of operations for the Second Half of the 2017/18FY. The Shanghai office as at 31 December 2017 successfully listed Beston water, cheese and wine products in over 200 stores, with volumes across these stores expected to increase over the Second Half of 2017/18FY. The Malaysia office was successfully completed in August 2017 enabling and expansion on existing retail brands.

In summary the overall results for the First Half of the 2017/18FY shows an improvement in profit achieved in the Company during the six months to December 2017 and demonstrates the measures which BFC has been implementing with the goal of achieving profitability for the full year.

END

FOR FURTHER INFORMATION PLEASE CONTACT:

Media

Sean Ebert, CEO
+61 8 8470 6500
sebert@bestonpacific.com.au

Investors

Nicholas Rathjen, Investor Relations
+61 8 8470 6500
nrathjen@bestonglobalfoods.com.au