

The Beston Chronicle

BESTON GLOBAL FOOD COMPANY

DECEMBER 2019
ISSUE 5



Welcome to the Christmas edition of 'The Beston Chronicle'.

Every Christmas seems to come around quicker than the one before! But, amongst other things, Christmas does provide the opportunity to reflect and take stock of any achievements made during the year.

At BFC, as we look back and take "stock" at this time, as we did recently at our Annual General Meeting, it is pleasing to be able to point to a number of significant achievements, including growing our revenues by 77% on the previous financial year.

Over the past four years, in fact, we have achieved average year-on-year growth in revenues of 65% per annum since our IPO in 2015 and we built a business which has a key focus on the production and supply of protein to growing consumer markets in Australia and the rest of the world.

It takes a team of passionate individuals from all aspects of the business, including the ongoing support and understanding of our valued shareholders, along with our farmers and other stakeholders, to realise these achievements.

Our accomplishments have yet again been acknowledged by the Dairy Industry's 'umpires' – and indeed by our very own Premier, the Hon Steven Marshall MP, at this year's South Australian Premier's Food & Beverage Awards. BFC's Fancy Bites won the 'New Product' Award, which was also a nod to Beston's contribution to not only the state's Food and Beverage Industry but also to this great state's economy. This time last year, I proudly reported an award's tally of 70 – one year further on and our tally now is 114. This is an outstanding milestone and testament to the innovation, vision and success demonstrated by BFC. *(more about this in the following Awards' Update).*

With all the hard work that has been done to accomplish so much, we are in a strong position to continue to build on the Company's foundations and conquer the short-term challenges in the business environment in which we operate as we move into the next stage of our growth, which is consolidation around a core profit focus.

On behalf of the Board of BFC, I wish you and your families a safe, joyous and restful Christmas and thank you for the support which you have given to our Company and all our wonderful staff during 2019. May you have a very successful and blessed year ahead in 2020.

Roger Sexton AM
Chairman,
Beston Global Food Company



Awards' Update

114 AWARDS...AND COUNTING!!!

Beston won its 114th industry award late November, this time for 'New Product', acknowledging our snacking product, Fancy Bites. This latest award is one that Beston is particularly proud of, as it represents recognition by the South Australian Premier of Beston's contribution to the state's Food and Beverage Industry and, importantly, to the growth of this great state's economy – and with the theme of the Awards' Event this year being "Leading the Future", our 114th win absolutely endorses Beston as a significant member within the South Australian Food and Beverage Industry.

This little gem of a product previously won "Best Innovative Dairy Product" at last year's SA Dairy Awards and excited Woolworths so much when presented with the product to range last year, they agreed to take on our block range as well. Hail Fancy Bites!

If you're one of the few who have yet to discover Beston's Edwards Crossing award-winning Fancy Bites, you'll find them in Foodland, Drakes, IGA, Romeo's and Woolworths supermarkets...and see what all the fuss is about!

Prior to the South Australian Premier's Food and Beverage Awards, Beston enjoyed another very successful SA Dairy Awards' Event in which we won an

additional 15 awards - including two trophies: **Champion Cheddar Cheese of The Show** and **Best Innovative Dairy Product** (The Entertainers' Selection).

These phenomenal results highlight the consistency of our output of high quality products and is testament to the blood, sweat and tears put in by the masters in the factories, led by Paul Connolly, our farmers and cows and everyone who adds their 'bit' to these successful outcomes.



(L-R: Cheesemakers Extraordinaire, Paul Connolly and Andrew Heading)





CEO Update - Jonathan Hicks

It's amazing how quickly a year seems to pass – and, as I approach my one-year anniversary as BFC's CEO, this year is certainly no exception.

Over the course of this year, we have had much work to do in restructuring our business from its origins as a diversified food and beverage business, to now reflect what we have become: much more focused on being a protein company with wholly owned capability in the production of dairy protein, meat protein and plant-based protein products. These core areas of the business are where we can achieve the greatest return on capital employed and build upon our ability to manufacture and sell premium quality, safe and healthy food.

The breadth of work that needed to occur was probably more than we anticipated and as I look back on the 'year that was', it is very pleasing to acknowledge just how much has been achieved to ensure continued sales growth with good returns, a markedly more focused operation, with step changes in efficiencies and a reduction in our underlying cost base.

The significance of this has been reflected in monthly positive operating cash flows and an increased demand for our products...which does come with its own set of challenges when demand has, at times, exceeded our capacity to supply, due to the flow-on effects of the severe drought across Australia which led to reduced milk supply.

In keeping with the earlier-mentioned strategy of focusing on our wholly owned capabilities, BFC announced in October that it had completed the sale of its South Australian Southern Zone and Northern Zone Rock Lobster Licenses and Quotas, and later in November, the 32% equity interest held in Ferguson and the property located at Port MacDonnell.

The divestment of BFC's interest in Ferguson, along with the various restructuring changes put in place this year, will assist in further facilitating the achievement of our objectives.

Many of you would be familiar by now with my "Three V's" strategy – *Volume, Value and Velocity*, which is essentially driving change by focusing on three key aspects of the business to deliver profit and is defined as follows:



Thanks to Dairy Farmer, Mark Hogan, for sharing these great photos with us!



VOLUME

- Ensure Best Use of assets and total supply chain value management
- Aggressively prosecute utilisation of Beston Global Foods assets with specific focus on Mozzarella due to scale, cost and opportunity
- Maximise returns from bi-products and continue to review and refine options to valorise milk solids

VALUE

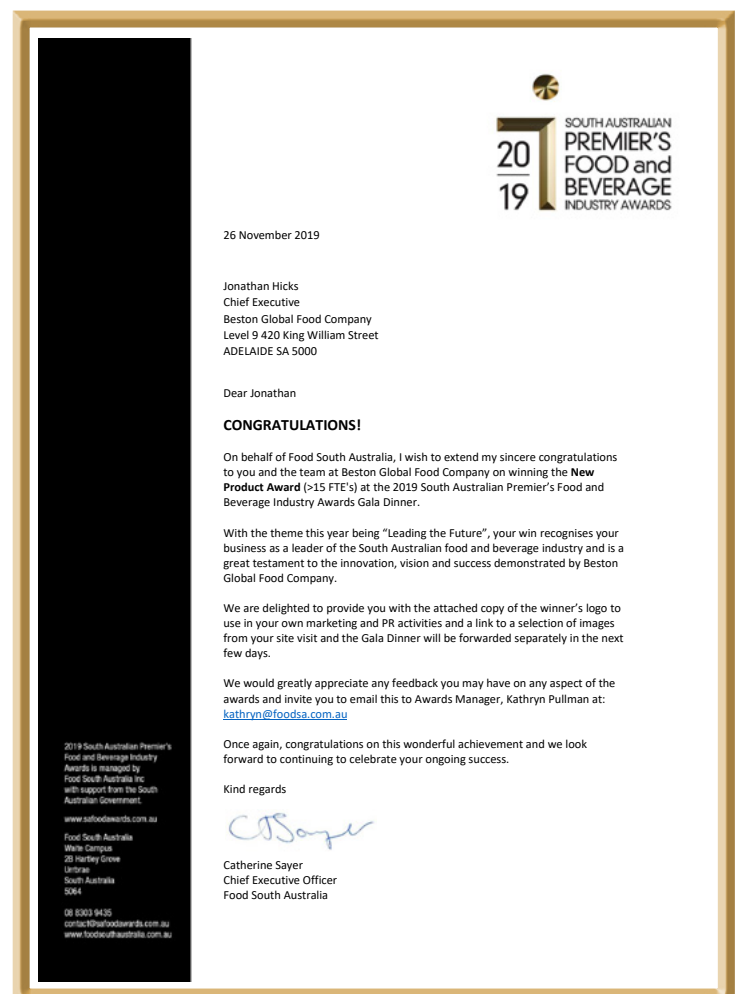
- Drive out all waste from the Business
- Identify and Develop Value drivers
- Develop Sales Volume and Value

VELOCITY

- Cash Management
- Milk and Mozzarella sales represent fastest stock and cash cycle within major asset base
- Agile Thinking and Ability to Act

The realignment of the Company to focus on being a protein company, along with the critical focus of management on *Volume, Value and Velocity*, will support further significant profit improvement in the New Year.

'Velocity' however, was not meant to reflect the pace in which a year passes by!





From the Dairy Factories - Paul Connolly

The past months have been a very busy time for the factories in terms of production, site visits/ tours and conducting new trials. We have been working on some very exciting trials in both Murray Bridge and Jervois - many of which are currently being conducted in order to continue seeing our products develop and improve and some are still in their early stages – quite sensitive information at this stage and all we can say is it is exciting, so stay tuned!

We are very proud to be finalists again in the 2019 Grand Dairy Awards. This year, we have two products that have made it through; Beston's Edwards Crossing Vintage Cheddar and Beston's Edwards Crossing Parmesan. This is all due to the exceptional work being produced from our cheese making teams. We have our fingers crossed that we will be able to bring home a win or two this year!

During November, we had seven of our factory and office employees commence leadership training at TAFE SA. Nicole Dunn, Jenna Keller, Andrew Heading, Paul Abbott, Nicola O'Mahony, Jennifer Croser and Michael Seaman (as well as Laura Ruiz-Perez and Tim Raspe from Head Office) were all nominated for this opportunity and all have been successful thus far. This course requires each of them to attend a class held on the TAFE SA Campus in Murray Bridge one day each month, whilst keeping up with their studies and work outside of this. This shows great commitment and leadership, which is exceptional to see coming from our staff! We wish them luck as they continue their course into the New Year.

We would like to congratulate two of our very much adored maintenance members on the recent welcoming of new members to their families. Maintenance Manager for Murray Bridge and Jervois Sites, Wayne Hockham, welcomed his third grandchild, a baby girl, in early December. Brian Blacket welcomed his first grandchild, also a girl, on December 10th. We wish them all the best for the future!

Whilst on the topic of 'congratulations', our Milk Supply Administrator, formerly known as Ellen Wild, was recently married on Saturday November 9th at the Christ Lutheran Church in Murray Bridge. We wish her and her husband, Nathaniel Mann, all the very best for their future!

We have recently been fortunate enough to host numerous tours and visits to both our Murray Bridge and Jervois sites.

During September we hosted a tour for three judges on behalf of the Premier of South Australia, the Hon Steven Marshall MP. They visited both factories and were escorted by myself and Wayne Austin. September also brought the Minister for Primary Industries and Regional Development, Tim Whetstone MP, to our Jervois Factory for a tour of the state-of-the-art Mozzarella line.

During October we were visited by Australian Fine Foods and PIRSA (Primary Industries and Regions South Australia). Both organisations visited only the Mozzarella plant at Jervois, where they sampled some of our finest cheeses and were provided with a complimentary lunch.

Debbie Joyce, our National Business Development Manager, flew down from Queensland in November to accommodate a group of clients. They were welcomed into our Jervois Factory, followed by an equal welcome into our Murray Bridge factory.

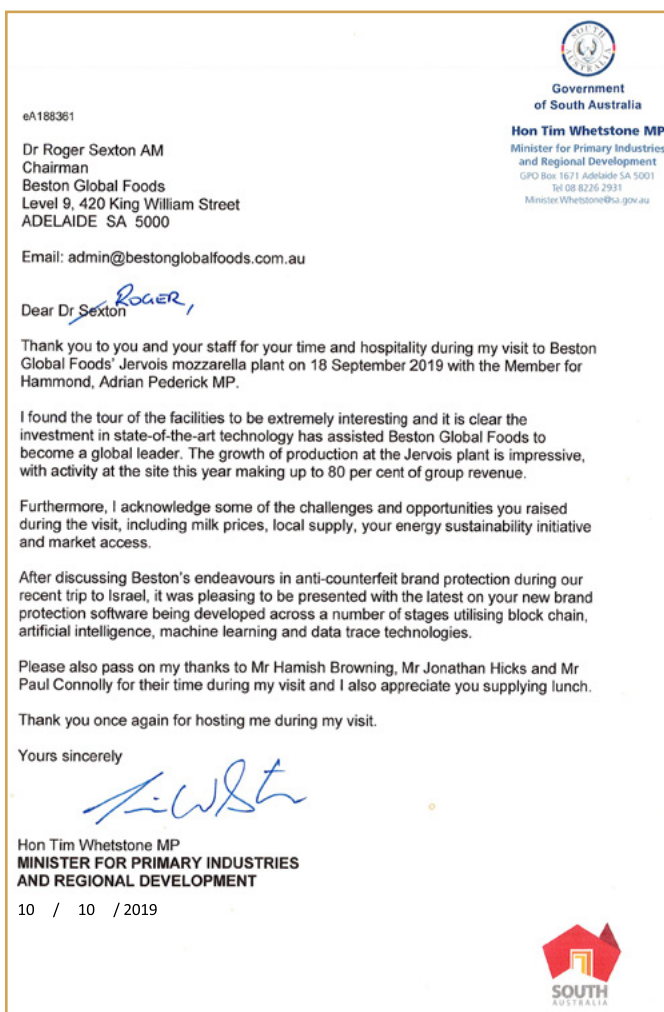


December has also been an extremely busy time for our tours and visits to both plants. During the first week of December, we have two groups from China, organised by Jen Christensen, our General Manager of International Business and Logistics. Both of these visits included Mozzarella cheese cook tests, hosted by Wayne Austin and myself. We received nothing but positive feedback from both of our visits and we'll also be hosting another international visitor soon for a pizza cook test at our Murray Bridge Plant.

Over the weeks of Christmas and New Year, our factories will still continue to operate with breaks only on the public holidays. As much as everyone loves a good holiday, unfortunately, the cows don't take a Christmas break and still need milking! We wish you all a very Merry Christmas and a safe and prosperous New Year and we look forward to updating you again in 2020.



Moo-ving ahead: (L-R) GM Agribusiness Hamish Browning, CEO Jonathan Hicks, the Hon Adrian Pederick MP, Chairman Dr Roger Sexton, the Hon Tim Whetstone MP and Dairy Operations Manager and Master Cheesemaker Paul Connolly at Jervois.





Foodservice Sales Update - Paul Glenister

Since January, we have developed a completely new and energetic Foodservice team around the country - starting with Andrew in NSW, Margaret in WA and, more recently, Albert in SA and Michael in Victoria - who have all taken up the Beston 3V Challenge! All having spent many years in various fields of Foodservice and who bring a great mix of expertise to help play a part and shape the future of Beston.

The nature of Foodservice is a very fragmented one in Australia with many different channels to drive business, so a challenge in itself on where to direct the energy. The team have done an excellent job in their respective territories to define this focus, introduce Beston and break into business that has been tightly held by our major competitors for many years.

Without being everything to everyone, we have a clear path and focus to continue to grow our customer base to now well over 60 new accounts since the beginning of the year and ensuring they each become a long-term partner with Beston, and not just an occasional transaction account.

Our consistent presence in the trade has carved an identity in 12 months, which has given us credibility and we are now viewed as a legitimate player in this highly competitive game, which is now feeding more growth as the trade is turning to us as a quality alternative.

I am super excited for the next 12 months and what we can achieve with the right people in place and the continued TEAM effort from everyone at head office and the factories - it will be a massive 2020!



Paul Glenister,
National Sales
Manager
(with family).

About Paul:

- Previous work history: **Bega Foods (Formerly Mondelez)**
- Favourite Beston Success Story: **Starting with Beston with little customer base or team and recruiting our national sales team to build a customer base to where it is today...and growing!**

- Comment on business opportunities: **Transitioning from my hybrid state and national role into a team leadership and national account focus that will open up many new opportunities and allow focus on key accounts.**
- Favourite Holiday destination: **Indonesia**
- Favourite Food: **Most Asian cuisine**
- Favourite Netflix/star/movie: **KAYO Sports and Exploring YouTube!**

Introducing: Margaret Killigrew (and son)



- State: **Western Australia**
- Previous work history: **Bega Foods: Foodservice State Account Manager WA and MARS Foodservice State Account Manager WA. In both roles I was responsible for managing Distributors and Key Accounts throughout the state.**
- Favourite Beston Success Story: **Negotiating with large operators in Perth to convert to Beston's Edwards Crossing Mozzarella Shred 6kg. Although it took 3 months to get the first sale it was well worth the wait!**
- Comment on state business opportunities: **Mozzarella opportunities; so far, I have been successful working with smaller distributors and their end-users. I'm currently working with various larger operators which will have significant impact, should discussions continue the way they are.**
- Favourite Holiday destination: **in Australia - Port Douglas, Overseas: anywhere in France**
- Favourite Food: **Anything that I don't have to cook.**
- Favourite Netflix/star/movie: **Movie: Donnie Darko**

Introducing: Albert Trotta (and his evening snack)



- State: **South Australia**
- Previous work history: **Bega Foods, State Development Manager**
- Favourite Beston Success Story: **New customers coming on board and learning all about Beston people and the great products.**
- Comment on state business opportunities: **We make amazing products and we have great people working for Beston. I am very excited about the opportunities in SA and Australia in general, that will come to light over the next few months.**
- Favourite Holiday destination: **Italy**
- Favourite Food: **All food and beers**
- Favourite Netflix/star/movie: **You tube**

Introducing: Andrew Stewart



- State: **New South Wales**
- Previous work history: **Monde Nissin Foodservice, Baiada**
- Favourite Beston Success Story: **Gaining the business of a large group of restaurants.**
- Comment on state business opportunities: **Our Mozzarella is gaining traction in a consistent manner, leading to stable repeat sales and growth. New opportunities will be with the larger distributors and hopefully the new products coming in the new year.**
- Favourite Holiday destination: **Jarvis Bay**
- Favourite Food: **Pizza**
- Favourite Netflix/star/movie: **Pacific Rim**



Introducing: Michael Ida



- State - **Victoria**
- Previous work History - **Foodservice at Brancourts Dairy and prior, Foodservice at Primo Smallgoods.**
- Favourite Beston Success Story - **A lot to like in my first month at Beston. But I'd say the Mozzarella Plant - it being at high spec and one of the best in the world is something to be proud of.**
- State Business Opportunity - **I'm fortunate to work alongside Paul Glenister in Victoria. His leg of work the past 12 months has been fantastic. Of late, I've opened doors with various businesses – initially on a small**



scale but with potential high volume from Jan 2020.

- Holidays Destinations - **With the family in Port Douglas. Easy, relaxing and reliable - and the kids love it! That's the main thing, right?**
- Favourite Food - **long list? BBQ, Schnitzel, Mum's Gnocchi!**
- Movies - **Hangover**
- Sport - **Footy, footy and more footy. Go Lions!**

Below:

Paul Glenister's favourite local Pizza restaurant, Rita's Restaurant, which now uses Beston's award-winning Mozzarella.

Image provided by @hollyhawkinsphoto / www.hollyhawkins.com



Team Member Focus – Shaun Tidswell

Our company superstar and hero, Shaun Tidswell, recently spent a week with the CFS volunteering in Armidale, New South Wales to help fight the horrifying fires which are still burning through the state as this newsletter goes to production.

The deployment to Armidale, NSW, had a 68 strong team from South Australia, fighting fires spanning more than 300,000 hectares; the 120,000ha Carri Fire merging with the biggest NSW fire, Ebor covering 211,100ha.

The smoke blanketed the region for weeks and the fires were creating their own weather pattern, making it more of a challenge to fight. One thing in particular that Shaun found surreal, was the size of both of the fires he encountered on his trip, which he described as "unbelievable".

Shaun went on to say, "The devastation of Rural NSW was uncredible; forests were void of any life, no birds or wildlife. Most NSW towns have been blanketed in smoke for weeks on end. There are currently over 100 fires still burning and some still out of control. The fires have burnt enough ground to reach from Sydney to Perth. Currently SA has committed 16 fire trucks, plus equipment to support ground troops until Christmas - and this may extend into the New Year.

"I am very thankful to Paul Connolly and Beston who have supported me going on these types of deployment, both interstate and in SA. It is great to know that when I nominate for these, I have the Company backing me."

Shaun has been a volunteer with the Mannum CFS for four years, and he believes that small towns struggle to

attract volunteers, which is one of the reasons he is a volunteer himself, saying: "You learn vital skills and in times of need, you are able to travel to other parts of the state and country to help others who are in need - but you also create a mateship with the people you meet."

Note from the Editor: A big "Thank You" from everyone at Beston and no doubt from all the people affected by the fires you and your brave colleagues fought – well done Shaun!



Above: Local legend, Shaun Tidswell...talented Cheesemaker by day, Fire-Fighting Superhero in times of need. If you look closely, you'll see a block of Beston's Edwards Crossing multi award-winning Vintage Cheddar Cheese in his hand. You can take the man out of Beston, but...!



Marketing Update – Maryanne Noon

Since the last Beston Chronicle newsletter, we participated in the Cheese-A-Holics Festival, which was held at Morphetville Racecourse in July - and was a great success. We teamed up with Main & Cherry for a Masterclass in cheese and wine pairing and had a very active stall on the main floor. The main objective of participating in this event was a brand awareness exercise, direct contact with our target market – and this was achieved. The majority of our event stock sold out, with total sales increasing by 31.22% on 2018's result. Filming was organised to capture footage for our digital content library, which has since been applied to various applications.

The SA Dairy Awards' Gala Dinner was held early August, of which BFC was joint Premier Partner with the SA Dairyfarmers' Association (SADA). Beston negotiated great benefits back, including a double-page article in Australian Dairy Food Magazine's October edition, as well as sponsoring SADA's 'Young Farmer' award, which supported the key message of the night of *Processors and Producers working closely together*. A specially developed 3-minute PR video was also played on the night to maximise Beston's involvement. On top of a successful event which positioned us well amongst industry peers, Beston won 15 additional awards, including two trophies: 'Champion Cheddar of The Show' and 'Best Innovative Dairy Product' (*The Entertainers' Selection*) – taking our awards' tally at the time from 98 to 113.

On the subject of awards, much work was put into Beston's application into the South Australian Premier's Food and Beverage Industry Awards, hosted by Food South Australia, including a very comprehensive submission, followed by a judges site visit and interview 'grilling' at the factories, which obviously impressed them so much that we won the "New Product" category (please refer to Awards' Update on page 1).



At the lectern (L-R):
Wayne Austin, Quality & Environmental Manager (and Cheesemaker)
Katie Sobecki, Events Coordinator

The people in the image on the screen are (L-R):
Paul Connolly, Master Cheesemaker and Operations Manager
Andrew Heading, Production Manager and Cheesemaker



Image from South Aussie with Cosi's Nonna & I segment, with Chef Kahlil singing Beston's praises!

Beston partnered with local celebrity chef, Kahlil, from Nonna & I Italian Restaurant for a TV segment on South Aussie with Cosi (SAWC). Kahlil has a strong following in SA and is a fairly regular addition to SAWC's television show. The segment's objective was to utilise Kahlil's position as Chef to showcase not only our retail offerings, but predominantly the Foodservice side of the business. We also used this opportunity to cross-promote on our Facebook

page and link people back to our website. Cosi's very broad demographic fan base continues to be a perfect avenue for Beston to strengthen its profile on a local level – we have been working as a team now for a little over a year and it has proven itself to be a very successful decision from a brand awareness and loyalty perspective.

We also dabbled with Adelady Magazine with Beston's award-winning Gruyere featuring as the 'hero' ingredient in a full-page recipe of a very delicious version of 'Gourmet Mac and Cheese' - another full-page recipe spread is scheduled with Adelady for early 2020. Between Cosi and Adelady, we've got SA covered! Other magazines which featured Beston in this period includes Successful Independents Magazine and Romeo's Christmas Cookbook.

Throughout winter we ran an internal competition for Beston employees to submit their choice of the best photo, video or any other artistic expression that captures a moment in 'the day of the life of a Bestoner'. This was designed for two benefits: to engage with the team in a fun manner to showcase how each of our roles matter greatly to the daily functioning of the Company – as well as gather new and interesting content for our digital library. We discovered budding film makers in the process, receiving great material along the way. We then used three of these videos to reach out to our online community to vote for their favourite video in a competition setting, which returned a great response, linking people back to our website at the same time.



Tahli Allen

Steph Piro

Tim Raspe

Lily Li

"CONGRATULATIONS" to our winners: Tahli Allen, Steph Piro, Tim Raspe - and Lily Li for her creative support of Steph and Tim. Great effort and team spirit! If you haven't viewed these videos yet, go to <https://bestonglobalfoods.com.au/about-us/videos/>

Our Trade Marketing Sampling Program is going from strength to strength, with sessions carried out in all Woolworths, Drakes, Foodland and Romeo's supermarkets. Our people 'on the ground', Steph Piro and Johnny Wilson, are doing a great job ensuring more South Australians are experiencing and turning to Beston's multi award-winning cheeses. For those of you who haven't tried our cheeses, keep an eye on our Edwards Crossing Facebook page so that you don't miss these sampling sessions. Go to <https://bestonglobalfoods.com.au/products/dairy/> to learn more about our dairy products and what to look out for in your local supermarket. We also advertise our monthly specials at <https://bestonglobalfoods.com.au/monthly-special/> so be sure to keep this in your 'Favourites'!

Teaser Alert...the Product Development/Line Extension pillar of the Marketing Department continues to juggle many projects – but it's a little too early to share too many details with you yet. More next year!



THE HON STEVEN MARSHALL MP
PREMIER OF SOUTH AUSTRALIA

B445206

Dr Roger Sexton
Chairman
Beston Global Food Company
Level 9, 420 King William Street
ADELAIDE SA 5000

Dear Dr Sexton,

I write to congratulate you on your success at the 2019 Premier's Food and Beverage Industry Awards, held at the Adelaide Convention Centre on 22 November.

It was great to be part of such a well-attended event, and to celebrate you winning the New Product >15 FTEs Award.

In my view, "Leading the future" was a fitting theme for this year's awards. You and your fellow nominees and winners are already world leaders in premium food and beverage production, and you represent an industry that is vital to South Australia's economic prosperity, now and in the future.

The 2019 awards were also a great reminder of the passion that drives our State's food and beverage industry leaders.

My Government looks forward to continuing to work with you, and with Food South Australia, to provide greater opportunities for investment and export growth in the future, and to further enhance our food industry's reputation, here and overseas.

Once again, congratulations to you and the team at Beston Global on your awards success and I wish you all the best in the years ahead.

Yours sincerely,

Hon Steven Marshall MP
PREMIER OF SOUTH AUSTRALIA

29 / 11 / 2019

State Administration Centre 200 Victoria Square Adelaide SA 5000
GPO Box 2343 Adelaide South Australia 5001
T +61 8 8429 3232 E | premier@sa.gov.au
www.premier.sa.gov.au



VOTE FOR BESTON!

Hot on the heels of winning the South Australian Premier's Food and Beverage Awards, Beston is excited to announce that its award-winning Vintage Black Wax Cheddar and Parmesan cheeses have also been named as Finalists in the 2020 Australian Grand Dairy Awards.

These prestigious awards mark the grand finale of **all** dairy competitions throughout the year, across the country. The only entry ticket to participate in these awards, is to have won a gold medal at a state-based championship...which is an exhaustive process in itself.

BFC has not only won four gold medals this year, it has also won numerous champion trophies and other awards, including the Christian Hansen Cup for "Best Cheddar in Australia" by the Dairy Industry Association of Australia - making the Company more than eligible to be a contender.

This recognition automatically puts Beston into the running for the 'People's Choice Award', which is a category within the prestigious awards' program - so make sure you have your say and vote...we can't choose between them, so we're voting for both!

To vote, please go to <https://bestonglobalfoods.com.au/peoples-choice-award/> - or, simply use your smart phone camera to scan the QR codes below and an invitation will pop up to click through to the voting site.

Remember, a vote (or many) for Beston, is a vote for our talented cheesemakers, our dairy farmers and their premium milk-producing cows, the hard-working Beston team, Beston's supporters and the company itself that also supports the South Australian economy!

Open smartphone camera
Scan QR code
Click through to site and vote for us



SCAN ME

Vintage Cheddar



SCAN ME

Parmesan

**Dairy Australia**

**BESTON**
GLOBAL FOOD COMPANY

**AUSTRALIAN
GRAND DAIRY
AWARDS**

FINALIST

Beston Pure Foods
Edwards Crossing Parmesan



VOTE FOR ME!
dairy.com.au/peopleschoiceaward

**Dairy Australia**

**BESTON**
GLOBAL FOOD COMPANY

**AUSTRALIAN
GRAND DAIRY
AWARDS**

FINALIST

Beston Pure Foods
Edwards Vintage Cheddar



VOTE FOR ME!
dairy.com.au/peopleschoiceaward