



FY24 Half Year Results

- Financial results for H1 FY24 heavily impacted by higher than expected milk flows at a time when milk prices are at historical highs.
- Net Sales from continuing operations \$81.0m, down 4.2% vs 1H FY23. (Noting this does not include \$6M for sales in transit to export customers)
- 89ML of milk collected and processed during 1H FY24, up 8.6% on 1H FY23
- Trading EBITDA^{1,2} loss of \$8.1m from Continuing Operations, down \$11m on 1H FY23
- Operating cashflow at -\$14.4m, which is unfavourable by \$4.3m on 1H FY23
- 1H FY24 loss after tax of \$18.8M, which is \$16.7M unfavourable to 1H FY23. Includes a non-cash impairment of \$3.6M to the PFG meat business and \$1.1M to the Goodwill of the Dairy's business unit
- Inventory levels increased through additional milk to \$28.5M, up \$5.7M on 1H FY23
- Non Binding indicative offer has been received and approved for the PFG Meat Business

Beston Global Food Company Ltd (ASX: BFC) (**Beston** or the **Company**) announces its results for the half-year period to 31 December 2023.

As advised in the Quarterly Activities Report ([ASX Announcement 31 January 2024](#)), the operational and financial results achieved during this half-year period reflect the higher-than-expected milk supply in H1 FY24 at a time of high and globally uncompetitive farmgate milk prices. The H1 FY24 Period has coincided with a global oversupply of dairy products, which has placed downward pressure on the prices received by dairy processors in the domestic Australian market.

Beston has experienced the highest milk flows on record over the FY24 "Spring Flush" (September to December 2023) due to extremely favourable weather conditions on its contracted supplier dairy farms. Milk volumes delivered to our factories under contracts with our farmers over this spring flush period were some 7 million litres above forecast and entailed milk payments to farmers of around \$38.0 million (unaudited).

The total milk volume received by Beston for the six months ended 31 December is 88.9 million litres, putting the company well on track to achieve its forecast milk intake for FY24 of 165 million litres.

Beston has processed all the higher-than-expected milk volumes received in the six months to 31 December 2023 (i.e., a total of 88.9 mill litres) which has resulted in a significant increase in inventories and placed inordinate pressure on working capital. The Company has put a plan in place to sell all of the resulting inventory built up during H1 FY24 and has achieved a substantial part of that plan as at the date of this report, notwithstanding the difficult trading conditions.



Lactoferrin sales remained strong in 1H FY24, with the Company on track to generate around \$20 million in total Lactoferrin sales in the full FY24 year.

Beston Foods Chief Executive Officer Fabrizio Jorge commented:

“Beston's blue-chip customer base is a testament to the premium quality of our products. We have continued to build capacity and capability and integrate innovative technology into our production processes during H1 FY24 while dealing with some problematic economic and trading conditions.

The focus of management is now squarely on turning this hard work, and the resilience of our team, into tangible bottom line results”.

Cost/Price pressures in the dairy industry and persistent inflationary forces have impacted cash resources and profitability in 1H FY24. The Company responded to the cost/price pressures during H1 by accelerating sales activities to generate further cash flow. In addition, overheads have been tightly managed and reduced.

1H FY24 operating cash flow was negative \$14.4m as a consequence of the higher-than-expected milk intake from the favourable on-farm conditions. The high milk inflows contributed to a significant inventory build during the period. As at 31 December, 2023, total inventories were \$28.5 million compared to \$22.8 million at 31 December 2022. The trend in high milk flows and consequential inventory build continued into January and February, 2024. The company expects cashflows to return closer to budget as the milk supply normalises, and inventory levels are reduced.

Several capital projects were completed during 1H FY24, thereby adding to the cash outflows. Capital expenditures of \$1.95m in property plant and equipment were recorded during 1H FY24.

At the close of 1H FY24, the Company had \$65.77m of available finance facilities, of which \$64.72m was drawn. Post the end of the half, Beston's senior lender agreed to provide additional funds through the overdraft facility to the value of \$7.7m to facilitate payment for the additional milk inflows.

A non binding indicative offer has been received and accepted for the PFG (Meat) processing business. This process has now entered the due diligence phase. All proceeds will be used to pay down debt. Upon completion of this divestment, Beston will continue to focus its resources and efforts on its Dairy Nutrition business, where the Company has built world-class capabilities and capacities.

The Company's focus on procurement initiatives and cost savings in manufacturing are set to pay back during H2 FY24, when new lower rates of insurance and utilities (gas, water, and electricity) start to flow into our P&L. These initiatives will save at least \$5 million in costs on a full-year basis with the savings commencing in H2 FY24.

While overall market conditions during H1 FY24 have been extremely challenging, the Company remains focused on delivering on its cost reductions while achieving strong sales growth.

¹ EBITDA is a non-IFRS measure that the company believe is an important indicator of performance

² Trading EBITDA excludes non-recurring items

-ENDS-

Released with the authority of the Board.

For further information on the Company, please visit: bestonglobalfoods.com.au

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ABOUT BESTON FOODS

Beston Global Food Company (ASX: BFC) is the largest South Australian Dairy company and the 7th largest in Australia. We are a proud South Australian multi-award-winning company taking the best of Australian produce to the world with fresh milk supplied by our valued Farmers. Our Company provides direct and indirect employment for nearly 300 people. BFC has been building strong relationships in our domestic markets, as well as overseas. We know that we have excellent products and continue to make significant inroads into key market segments.

DISCLAIMER

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