

ASX Announcement
27 August 2020

2020 FULL YEAR RESULTS (FY20)

Maggie Beer Holdings Limited (ASX: MBH) is pleased to announce its full year results for the 12 months ended 30 June 2020 (FY20), a year in which MBH's premium Australian food & beverage brands proved their resilience and agility during extraordinarily tough trading conditions, delivering continued growth in revenue and a positive trading EBITDA for the full year.

Key FY20 highlights (compared to FY19):

- **Group positive trading EBITDA of \$248k for FY20; representing a \$5.6 million turnaround from FY19**
- **FY20 Group net sales up 3.8% (on a comparable basis); with H2 FY20 net sales up 10% compared to H2 FY19**
- **Cost savings of \$3.9 million realised**
- **Group Gross Margin percentage improved by 2.1pt to 47.5%**
- **Strong balance sheet with \$7.2 million cash balance at 30 June 2020, and \$3 million in undrawn invoice finance facility**
- **Cash flow positive monthly run rate achieved in late H2 FY20**
- **All three businesses – Maggie Beer Products, Paris Creek Farms, and St David Dairy continue to perform well, with positive monthly trading EBITDA achieved in May and June 2020**
- **Maggie Beer Products e-commerce sales up 220% in Q4 FY20 (vs Q4 FY19)**
- **Group net sales up 27% in July (compared to July 2019)**

Commenting on MBH's FY20 performance, CEO Chantale Millard said: "The benefits from our turnaround strategy executed over FY19 and the first half of FY20 flowed through in the second half, allowing us to achieve our key financial goals for FY20. The strength of our brands – Maggie Beer Products, Paris Creek Farms, and St David Dairy – underpinned sales and earnings growth in the second half.

The job of restructuring MBH is now complete and management are focussed on sales and earnings growth by nurturing the existing portfolio centred on Maggie Beer Products. Whilst we remain cautious that the full impact of the COVID-19 pandemic is not yet clear, the Board and I are confident that our new product development initiatives, online sales opportunities, more efficient distribution arrangements and dynamic marketing strategies set us up for sustained growth. MBH will continue to target double digit growth in sales and earnings and we feel that all of the key ingredients are now in place for this to occur."

MBH showed its resilience during extraordinarily tough trading conditions

Like other businesses, MBH faced extraordinarily tough trading conditions in FY20. Firstly, with the summer bushfires followed shortly after by the COVID-19 pandemic, which continues to disrupt Australian and international markets and economies. Pleasingly the Group has so far proven to be

resilient and agile and through its diversification – channels, customers, and brands – continues to grow revenue and profit.

Positive financial results despite tough trading conditions

Whilst focusing on manufacturing and supply chain efficiencies, MBH's team worked hard to drive revenue growth across its three businesses. Pleasingly, net sales were up 3.8% from FY19 to \$44.5 million, despite the tough trading conditions. Sales growth in H2 FY20 was 10.0% compared to H2 FY19, showing a strong sales trajectory entering FY21, with July 2020 sales up 27% (on July 2019).

Turnaround strategy delivering sustainable benefits with \$3.9 million of savings achieved

Cost savings of \$3.9 million were realised across MBH in FY20, due to the cost base reset at Paris Creek Farms, the corporate head office restructure, and further manufacturing refinements at Maggie Beer Products and St David Dairy. Synergies were also realised, in particular between Maggie Beer Products and Paris Creek Farms, with shared distribution, finance, purchasing and Enterprise Resource Planning (ERP).

Cashflow and Balance Sheet

With a reduced cost base across the Group, a turnaround in sales at Paris Creek Farms, and collections from Maggie Beer Products' seasonal sales, positive operating cashflow of \$3.1 million was generated in H2 FY20. The lower cash balance over the course of FY20 was mainly due to corporate office restructure costs and cash funding for Paris Creek Farms in H1 FY20.

Overall working capital for the company is circa 10% of net sales, a positive reduction compared to 31 December 2019 (14.6% of net sales) as a result of the collection in H2 FY20 of the stronger H1 FY20 Maggie Beer Products' sales and tight working capital management.

As reported as part of the H1 FY20 update, the Group incurred a non-operating, non-cash impairment of \$12.1 million in H1 FY20 in relation to Paris Creek Farms' goodwill balance, reducing it to nil.

The Group is supported by a strong balance sheet with a \$7.2 million cash balance at 30 June 2020, and an undrawn invoice finance facility of \$3 million.

Multiple growth platforms for profitable Maggie Beer Products

In a tale of two halves, MBP's full year net sales were down 0.6% to \$20.8 million, impacted by H1 FY20 retailer range reviews and summer bushfires. Rebounding strongly in the second half, sales grew 3.3% in H2 FY20 (compared to H2 FY19), with May and June growing 25% on the same months in FY19. Reflecting the successful operational initiatives implemented during the year, full year EBITDA was up 35% to \$2.7 million, with H2 FY20 EBITDA up 101% on H2 FY19.

The love for the Maggie Beer brand continued, with the launch of the "Cooking with Maggie" series in April 2020, which now has over 4.5 million views on social media, and resulted in a 220% uplift in its e-commerce sales in the last quarter of FY20 vs Q4 FY19. With more people cooking and entertaining at home, we saw solid growth in the range of Maggie Beer Products, particularly cooking stocks and cheeses. New cheese lines were launched during the year, increasing Maggie Beer Products' presence in the cheese category.

To continue its e-commerce growth, the business will launch a new website in January 2021 which will give customers an enhanced shopping experience and better benefits for its Foodclub members. The business will continue to implement and refine its new digital marketing plan and is in discussions

to form strategic partnerships with other membership organisations to access new e-commerce markets and customers.

Maggie Beer Products will launch its healthy and convenient plant based ready meals nationally in Coles supermarkets, in October. Maggie Beer Products is now focusing on growing its e-commerce presence, while expanding its core portfolio with better ranging and distribution.

Paris Creek Farms returns to positive trading EBITDA monthly run rate

Sales were up 7.3% to \$16.0 million, due to a turnaround in branded sales in South Australia and an increase in private label volume. Gross margin was up 6.0pt to 43.3%, underpinning a material turnaround in Paris Creek Farm's trading EBITDA from a \$3.9 million loss in FY19 to a loss of \$0.9 million in FY20 (of which \$0.1 million loss in H2 FY20).

Off the back of a well-executed cost base reset in June 2019, together with a focus on gaining manufacturing efficiencies, achieving better distribution, reducing wastage and growing sales, Paris Creek Farms returned to a positive trading EBITDA monthly run rate by the end of FY20.

With 18.6% sales growth in the second half of FY20 (compared to H2 FY19), the business has good momentum entering FY21.

St David Dairy 's sales increased by 13% year on year, despite COVID-19 impacts

St David Dairy was impacted by COVID-19 restrictions placed on the hospitality and food service businesses. However, consumer loyalty to its brand, together with its ability to contract its cost base and expand into the retail and home delivery market, St David Dairy remained cashflow positive and still achieved a double-digit EBITDA margin % as well as strong sales growth in FY20. Net sales were up 13.0% to \$8.2 million, while trading EBITDA was down slightly to \$1.0 million.

The business also took the opportunity to review its cost base during March and April and put in place further manufacturing initiatives, which coupled with the enhanced diversified revenue model, will set the business up for a strong FY21.

Positioned for growth

After a year of cost-out, restructuring and consolidation, MBH is now positioned for sustainable growth, and all three brands will benefit from increased ranging, brand awareness, and new product development, supported by a well-funded marketing strategy.

CEO, Chantale Millard said: "Maggie Beer Products, Paris Creek Farms and St David Dairy resonate strongly with Australian consumers who are increasingly looking for high-quality premium Australian Food and Beverage brands, using locally sourced ingredients.

"COVID-19 will continue to present challenges for Australia and the broader international economy for at least the next twelve months, however the Board and I believe that the businesses are as prepared as they can be for the challenges that may lie ahead. Diversification in our brands and product portfolio, flexible routes to market and the increasing demand for Australian premium food, will help us navigate the ever-changing landscape that we are operating in. The Board and I have been pleased by the resilience of the group and we are excited about the future growth opportunities for Maggie Beer Holdings."

Briefing session for investors and analysts to be held at 12.30pm AEST today, Thursday 27 August 2020

Please dial the number below and enter the guest code to be connected to the briefing session:

International Dial in Number: +61 3 9067 7902

Dial in Number: 1300 628 601

Guest Code: 1053349#

All information in this announcement assumes 100% ownership of all operating businesses for FY19. All FY21 financial information in this announcement is unaudited

Authorised by:

The Board

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