



**Clover Corporation Limited**

ABN 85 003 622 866

**ASX ANNOUNCEMENT**

**20 March 2019**

## **Clover's 1H19 delivers strong growth in revenue and profitability**

- Net Sales Revenue in 1H FY2019 of \$34.3m (1H 2018: \$31.0m) an increase of 10%.
- Net Profit after Tax 1H FY2019 of \$4.5m (1H 2018: \$3.2m) an increase of 40%
- New markets and territories delivering growth
- Clover's Microencapsulated Powders continuing to gain share
- Clover's investment in Melody Dairies breaks ground on build in NZ
- A strong cash position of \$6.2m allows for further investment in operations
- Clover declares dividend of 0.625 cent per share

Clover Corporation Ltd (ASX: CLV) today released its results for the half year ended 31 January 2019. Net Sales Revenue for the half year was \$34.3 million (2018: \$31.0 million), an increase of 10% on the prior year. Increased volume and improved trading terms have delivered an improved Net Profit after Tax for the half year 31 January 2019 of \$4.5 million (2018: \$3.2 million), an increase of 40%.

Demand for Clover's products has continued to grow with additional customers placing orders after a lengthy qualification period. CEO, Peter Davey said "It's pleasing to see the results of years of business development coming to fruition with new customers and applications for our products translating into revenue and profits."

The infant formula market has remained strong but cautious in the first half, while it waits for the Chinese regulators to finalise SAMR licensing and proposed legislation for formulation change. Overall demand has been maintained while manufacturers manage stock positions.

The company's investment in Melody Dairies, which will build a new spray dryer in Hamilton, New Zealand, has appointed builders and started ground works for the new facility. Clover holds a 35% share of the company and will have rights to access 35% of the operational time of the facility, once completed.

The Company maintains a strong balance sheet reporting a cash balance of \$6.2 million positioning it well for further investments. Operating expenses have been managed during 2019 at \$4.6 million (2018 \$3.7 million), with additional expenditure in inventory positioning the business to meet future demand.

### **Dividend**

Based on the company's cash position Directors have decided to declare a fully franked final dividend for 1H FY19 of 0.625 cent per share. Relevant dates for the dividend are as follows;

Ex-dividend Date: Monday 8 April 2019

Record Date: Tuesday 9 April 2019

Payment Date: Tuesday 30 April 2019

### **Looking forward**

Clover continues to enjoy strong demand for its products with excellent opportunities developing in Europe. These opportunities are emerging with enhanced marketing efforts by the company, following new infant formula legislation requiring the addition of 20mg/100 Kcal of DHA to come into effect from late February 2020. Pending legislation in China to increase the level of DHA in infant formula to 15mg/100kcal may further open the China market for Clover's products in the future.

Based on current demand patterns and stability of regulatory requirement around infant formula it is expected Clover will maintain into the third quarter its sales position established across the prior six months.

### **For further information, please contact:**

Mr Rupert Harington – Chairman Clover Corporation +61 3 8347 5000

Peter Davey – MD & CEO Clover Corporation +61 3 8347 5000

### **About Clover Corporation Limited**

Clover Corporation is an Australian company listed on the Australian Stock Exchange (ASX:CLV). Clover evolved from being a research and development, manufacturing and marketing company to one concentrating on forming strategic relationships focused on technology, new product development and commercialisation.

Clover's superior microencapsulation technology enables nutritional oils, such as tuna, fish, algal and fungal oils, to be added to infant formula, foods and beverages. Developed through extensive research and development, our proprietary technologies protect those sensitive oils from oxidation, allowing them to be incorporated into a range of applications. All Clover products reach the highest standards of purity, stability and performance, allowing customers to maximise and deliver nutrition.

For more information about Clover visit [www.clovercorp.com.au](http://www.clovercorp.com.au)