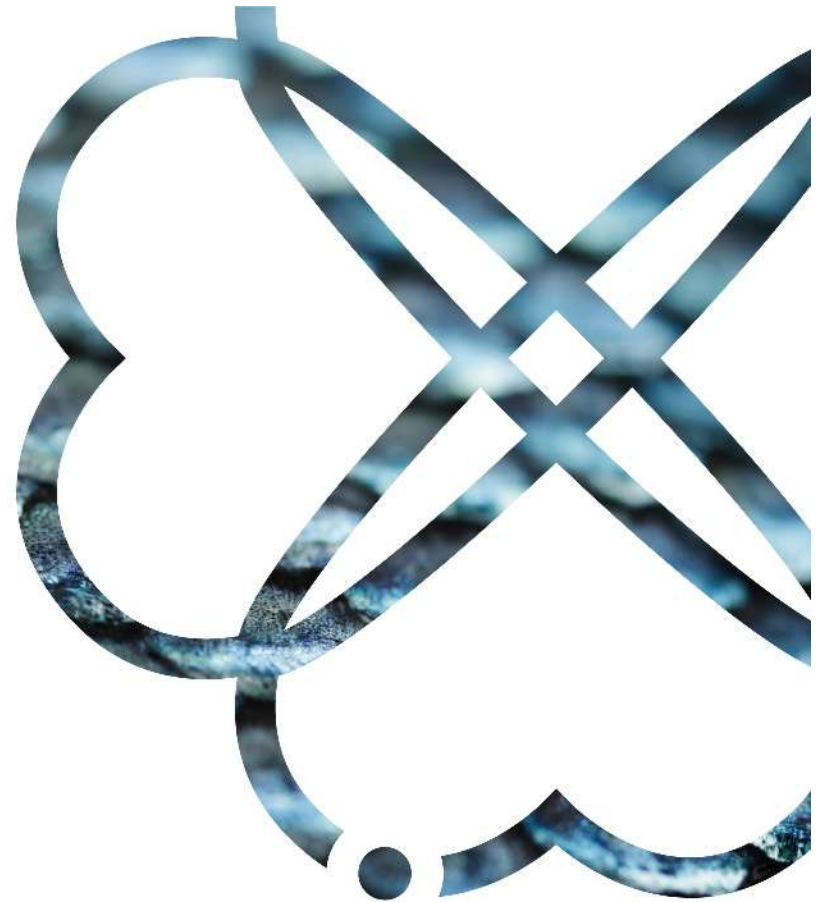


# Managing Director Report 6 Months to 31 Jan 2019

20 March 2019



# **Vision and Mission Statement**

**Vision: To optimise the health and development of adults, infants and children.**

**Mission: To deliver science based bioactives which provide health benefits to adults, infants and children.**



# Half Year Performance Highlights

- ♣ Net Profit **\$4.5m** up **40%** on half year 2018
- ♣ Interim fully franked dividend **0.625c** declared
- ♣ Operating Revenue **\$34.3m** up **10.4%** on half year 2018
- ♣ Inventory managed at **\$24.8m** represents investment in raw materials
- ♣ Operating expenses of **\$4.6m** up **24%** due to increased business development
- ♣ Balance sheet remains strong with cash of **\$6.2m**

# Half Year 2019 Results

AUD million	31 Jan 2019	31 Jan 2018
Revenue	\$34.3	\$31.0
NPBT	\$6.2	\$4.4
Tax	(\$1.7)	(\$1.2)
NPAT	\$4.5	\$3.2
EPS	2.71 cps	1.93 cps
ROE (annualised)	23%	19.3%

- 10% half year on half year revenue growth
- Asia, EU & US sales growth
- Overhead costs managed
- NPAT result \$4.5m (PCP \$3.2m)

# Balance Sheet 31 January 2019

AUD million	Reported 31 Jan 2019	Reported 31 Jul 2018	Movement
Cash	\$6.2	\$7.9	-\$1.7
Trade Receivables	\$13.9	\$15.3	-\$1.4
Inventories	\$24.8	\$19.8	+\$5.0
Total Current Assets	\$45.2	\$43.6	+\$2.6
PPE/Intangible Assets	\$8.3	\$8.5	-\$0.2
Investments	\$3.7	\$0.0	+3.7
Total Assets	\$57.2	\$52.0	+\$5.2
Trade Payables	(\$6.9)	(\$7.8)	+\$0.9
Total Current Liabilities	(\$10.6)	(\$10.1)	-\$0.5
Total Liabilities	(\$16.6)	(\$13.9)	-\$2.7
Net Assets	\$40.6	\$38.1	+\$2.5

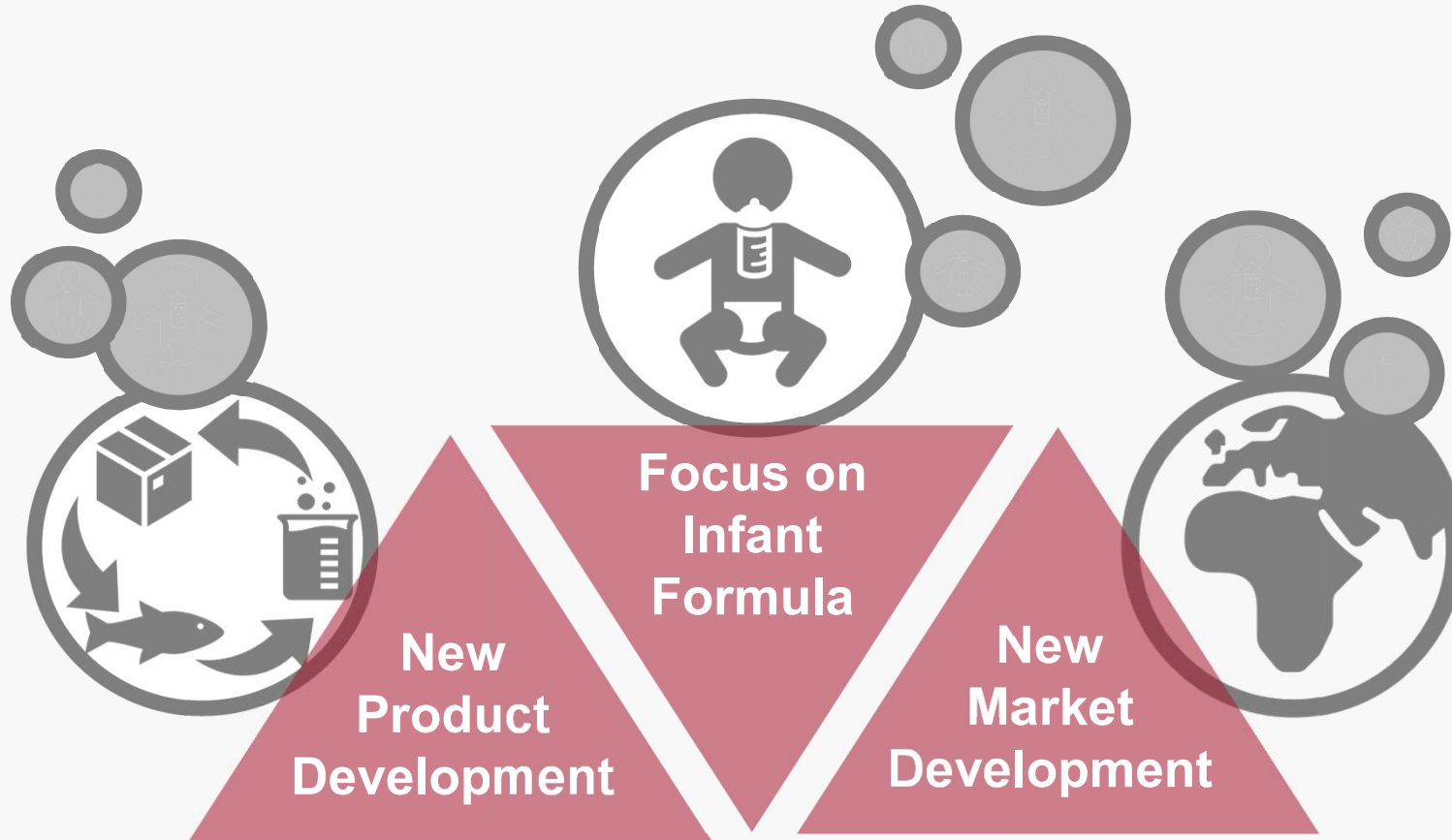
•Cash balance strong \$6.2m

• Inventories managed to meet demand

•Payables controlled

•\$3.7m investment (to date) in share of spray dryer

# An Update on Growth Platforms



Focus on  
Infant  
Formula

# Growth Platform

## Focus on the infant formula market

- ♣ Infant formula continues to deliver growth
- ♣ Additional customers are trialling product with a view to adding DHA by 2020
- ♣ China has extended the cross border trade and added 22 warehouses to facilitate additional cross border trade
- ♣ New Chinese SAMR (CFDA) licensing has slowed, causing some customer to reduce stock builds
- ♣ China has released DRAFT legislation which requires a minimum 15mg/100Kcal of DHA in infant formula if used (this has not progressed to legislation)



# Growth Platform

## Creating new opportunities

- ♣ New products delivering alternative applications in the USA include milk, health bars and sports nutrition
- ♣ Vegan encapsulated product opens new opportunities in a growing segment
- ♣ NASSA accredited “organic input” status has resulted in organic products growth
- ♣ New technologies on trial with customers in high growth segments



New  
Product  
Development



# Growth Platform

## Expanding our market reach

- ♣ Business development is paying off, with growth in Asia, USA and Europe
- ♣ A warehouse has been established in The Netherlands along with a full time sales employee
- ♣ Distributors appointed over the past few years are winning contracts for supply into new customers in overseas locations
- ♣ Clover's investment in Melody Dairies will provide additional spray drying capacity in NZ when the facility is built



New  
Market  
Development

# 2HFY2019 Outlook & Priorities

- **Develop opportunities in the EU where infant formula companies must meet the new 20mg/100kcal DHA legislated requirements in 2020**
- **Establish additional raw material sources**
- **Develop Chinese infant formula relationships to prepare for the proposed new manufacturing standard requiring 15mg/kcal DHA**
- **Focus on new product applications across nutrition segments**
- **Continue to improve efficiencies and reduce costs**
- **Add value through strategic acquisition and/or partnership**

# Disclaimer

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.

Persons needing advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor. Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Clover Corporation's current expectations, estimates and projections about the industry in which Clover Corporation operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Clover Corporation, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Clover Corporation cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Clover Corporation only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Clover Corporation will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.