



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT 21 March 2018

Clover Corp announces results for 1H18 - Chinese demand and stability drive improved revenue and profitability

- Net Sales Revenue in 1H FY2018 of \$31.0m (1H 2017: \$19.4m) an increase of 60%.
- Net Profit after Tax 1H FY2018 \$3.2m (1H 2017: \$1.0m) an increase of 209%
- Stability of Chinese regulations and demand drive manufacturers' confidence
- New and existing customers' volume and trading terms improve revenue and profitability
- Customer demand expected to remain consistent for the second half of FY18
- A strong cash position of \$6.7m allows for further investment in operations
- Clover declares dividend of 0.50 cent per share

Clover Corporation Ltd (ASX: CLV) today released its results for the half year ended 31 January 2018. Net Sales Revenue for the half year was \$31.0 million (2017: \$19.4 million), an increase of 60% on the prior year. Increased volume and improved trading terms have delivered an improved Net Profit after Tax for the half year 31 January 2018 of \$3.2 million (2017: \$1.0 million), an increase of 209%.

Clover has benefited from the culmination of three years' work across the business to deliver new products to market, improved manufacturing and efficiencies through volume and raw material supply, as well as a concerted effort to take products into new territories and market segments without losing focus on the traditional Infant Formula (IF) market and customers.

CEO, Peter Davey said "It is pleasing to see the hard work paying off for the people working day to day in the business and the benefits they are providing for our shareholders. It's not one thing that delivers result, it's the combination of effort across every segment of the business. The outcome is our ability to deliver great product consistently at a competitive price, winning us business and improving the bottom line."

The Company maintains a strong balance sheet, recording a positive cash balance of \$6.7 million, which positions Clover well for further business development.

Dividend

Based on the company's cash position Directors have declared a fully franked interim dividend for 1H18 of 0.50 cent per share. Relevant dates for the dividend are as follows;

Ex-dividend Date: Monday 9 April 2018

Record Date: Tuesday 10 April 2018

Payment Date: Tuesday 1 May 2018

Market developments

The IF market continues to improve with little change in Chinese regulations over the past six months providing manufacturers with the confidence to produce and deliver into China. This has been through the traditional "bricks & mortar" channel along with the "grey market" online retailers, where a significant volume of product enters the Chinese market via bonded warehouses with customers accessing the product via online retailers. Much of the product reaching the Chinese market through these channels is manufactured in either Australia or New Zealand, and this has been reflected in our sales to customers in these territories.

Manufacturing base

Clover has recently purchased its manufacturing site at Altona in Victoria, and has consolidated its Victorian operations onto this site. The site is going through construction at present with new administration offices and car parking. Ownership of the asset allows for further investment in productive capacity in the future. The New Zealand Waikato site has improved the Company's production flexibility with monthly production runs at volumes appropriate for specialty products, allowing the introduction of products like the Hypoallergenic formulation, now used across multiple goat IF brands.

Research & Development

Clover has launched several new products and made patent applications created internally by its R&D team. This will deliver future growth paths for the Company. One product is a highly concentrated Docosahexaenoic acid (DHA) powder which is currently being used in a commercial gummy made in the USA. The gummy targets the children's and senior's markets, with similar products on trial for applications in drinks, sports bars and nutritional powders.

Outlook

Based on current demand patterns, new customer growth and ongoing stability of regulations in the Chinese market, the company expects second half order patterns to be consistent with sales in the first half of FY18.

For further information, please contact:

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About Clover Corporation Limited

Clover Corporation is an Australian company listed on the Australian Stock Exchange (ASX:CLV). Clover has 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 of our ingredients reach the highest standards of purity, stability and performance, allowing customers to deliver and maximise nutritional benefits to consumers of their products.

For more information about Clover visit www.clovercorp.com.au