



Clover Corporation Limited

ABN 85 003 622 866

ASX ANNOUNCEMENT

21 September 2016

Clover records strong results

- Sales revenue in FY2016 was \$42.9m (2015: \$29.9m) an increase of 43%
- Net Profit After Tax in FY2016 was \$2.2m (2015: \$0.1m) an increase of 2213%
- Global market recovery in infant formula
- Strong new customer growth with Clover's proprietary products driving demand
- Balance Sheet remains strong with cash at \$8.2m
- New Zealand manufacturing facility has started production attracting new customers
- Clover declares a fully franked final dividend of 0.50 cent per share

Clover Corporation Ltd (ASX: CLV) today announced its results for the year ended 31 July, 2016. The Company has shown a strong return to profitability, with a greater than 40% increase in sales.

Clover's revenue for the year was \$42.9 million (2015: \$29.9 million). A combination of increased manufacturing/sales volumes and customer mix has delivered improved Net Profit After Tax for FY16 of \$2.2 million, a significant increase from the 2015 result of \$0.1 million.

Overall operating expenses have been controlled during FY16 to \$5.8 million (2015 \$6.1 million), a good result given the strong increase in volume, and the Company's continued investment in people and processing capability. While the high demand for the Company's products has necessitated some increase in the level of working capital, Clover maintains a strong balance sheet including a positive cash balance of \$8.2 million, positioning it well for future investments.

Dividend

Based on the company's cash position Directors have declared a fully franked final dividend for FY16 of 0.50 cent per share. The record date for this dividend will be 28 October 2016, with payment due on 21 November 2016. This delivers shareholders a full year fully franked dividend of 0.75 cent per share an improvement compared to FY15 0.50 cent per share.

The Market

The global infant formula market appears to be near the end of a slow recovery from the effects of the Fonterra crisis of 2013. Recovery of demand among long-standing customers, significant expansion of Clover's reach to new customers and market introduction of new products have each contributed to the improved revenue for Clover. Whilst demand from China is a major influence on world-wide infant formula consumption, a shift in production to Europe and Australasia has been experienced as Chinese consumers seek overseas manufactured infant formula product.

Clover Developments in FY16

CEO, Peter Davey said "At the half year, Clover had seen an improved demand profile from our traditional accounts, and simultaneously, the business has worked hard over the past eighteen months to build the Company's product profile amongst other potential users and this effort is now bearing fruit. Whilst it is a long process for a customer to qualify a new ingredient for inclusion in food or infant formula we have added significant new accounts, with others in the pipeline".

In addition to the expanding customer base, other steps to strengthen the Company have included an expansion in suppliers of raw materials, and building in greater resilience in the face of currency fluctuations. With most of our accounts now trading in US\$, the Company is naturally hedged for its raw material supply removing some of the risks experienced in previous years.

Clover has made significant investments in people and processing capability over the past year, positioning the company well to take advantage of the expanding infant formula market.

A new commercial team is focused on developing opportunities in the global market based on Clover's highly competitive technology. Clover has added several new customers purchasing at a significant level, with our products on trial with others in different industries as well as in the traditional infant formula market.

Clover has restructured its research and development team, adding experienced staff with significant achievements in our market areas. As a result, the Company is in the process of launching new products with reduced risk of allergic responses for a specialised segment of the infant formula market, as well as new types of oil for use in food products. The New Zealand Waikato spray dryer facility, in which Clover is a co-investor, has had its first commercial production run with much of its capacity pre-sold.

Looking forward

In FY17, Clover expects to continue to capitalise on its initiatives over the past year. The changing regulatory market for infant formula in the EU has determined that all EU infant formula will be required to contain DHA by 2020, an excellent market opportunity for Clover's core products. New regulations released for infant formula in China also have the potential to create further opportunities for Clover, with variations in formulation anticipating a shift to inclusion of higher levels of DHA (the key ingredient in most of Clover's products). Whilst regulatory change may create uncertainty for manufacturers for a short period, Clover expects the benefits of these new policies to take effect over the short to medium term.

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 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 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