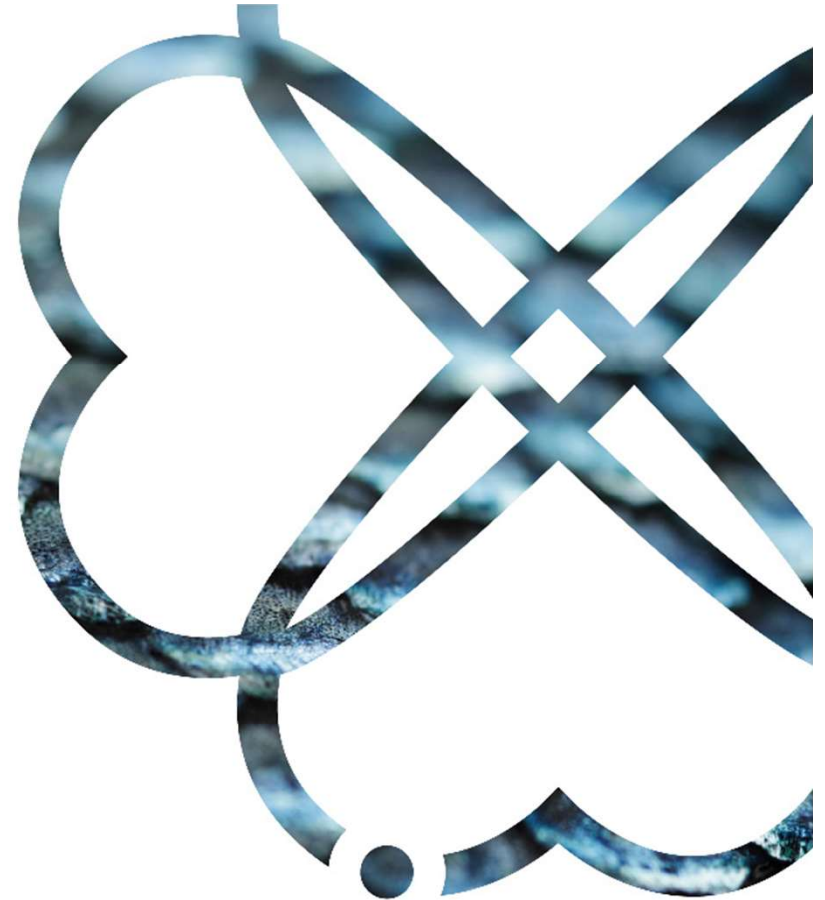


Managing Director's Report 12 Months to 31 July 2018

21 September 2018



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.

Full Year Performance Highlights

- ✓ Total full year Revenue **\$62.9m** up **32%** on FY17 \$47.9m driven by improved demand
- ✓ Net Profit **\$7.6m** up **109%** on FY17 \$3.6m.
- ✓ Operating Expenses **\$8.3m** (FY17 \$6.1m); investment in people and technology to develop new products and sales
- ✓ New products delivering growth in new segments and countries
- ✓ Inventory at **\$19.8m** up \$1.0m on FY17 full year upon forward demand
- ✓ Balance Sheet remains strong with cash of **\$7.9m**
- ✓ Final dividend declared of **1.25 cent** per share, a 67% increase on prior year final

Full Year 2018 Results

AUD million	4E Reported 31 Jul 2018	4E Reported 31 Jul 2017
Revenue	\$62.9	\$47.9
EBITDA	\$10.9	\$6.1
NPBT	\$10.6	\$5.0
Tax	(\$3.0)	(\$1.4)
NPAT	\$7.6	\$3.6
EPS	4.59 cps	2.20 cps
ROE (annualised)	21.4%	11.7%

- ♣ 32% year on year revenue growth
- ♣ Australia/NZ key growth region
- ♣ EBITDA \$10.9m (PY \$6.1m)
- ♣ Fixed costs managed \$8.3m (PY \$6.1m), resourcing for future growth
- ♣ NPAT result \$7.6m (PY \$3.6m)

Balance Sheet 31 July 2018

AUD million	Reported 31 Jul 2018	Reported 31 July 2017	Movement
Cash	\$7.9	\$5.9	+\$2.0m
Trade Receivables	\$15.3	\$12.1	+\$3.2m
Inventories	\$19.8	\$18.8	+\$1.0m
Total Current Assets	\$43.6	\$37.6	+\$6.0m
PPE/Intangible Assets	\$8.5	\$5.0	+\$3.5m
Total Assets	\$52.0	\$42.6	+\$9.4m
Trade Payables	(\$7.8)	(\$9.2)	+\$1.4m
Current borrowings	(\$0.5)	-	-\$0.5m
Total Current Liabilities	(\$10.1)	(\$9.9)	-\$0.2m
Non current borrowings	(\$3.7)	-	-\$3.7m
Total Liabilities	(\$13.9)	(\$10.0)	-\$3.9m
Net Assets	\$38.1	\$32.6	+\$5.5m

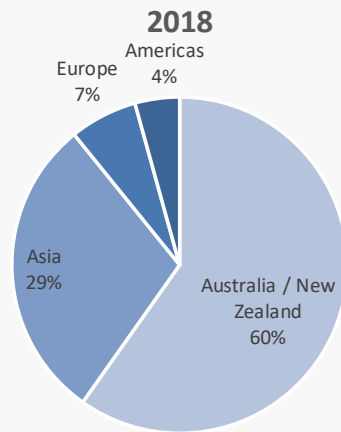
- ♣ Cash balance strong \$7.9m
- ♣ Trade receivables up on FY17 reflects sales increase
- ♣ Inventory levels maintained to meet demand
- ♣ Payables managed in line with inventory activity

Sales by Geography & Product

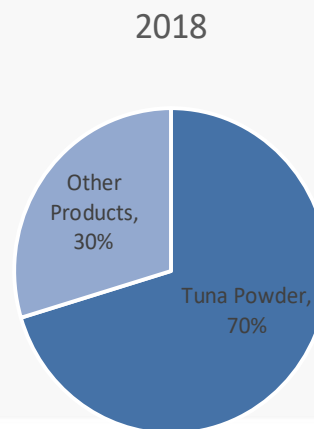
- ♣ Sales across key regions have grown during FY18 compared to FY17
- ♣ Australia/NZ continue to be major growth region for IF for the Chinese market

- ♣ Encapsulated Tuna oil leads sales revenue with encapsulated Algal oils and other oils represented in other products

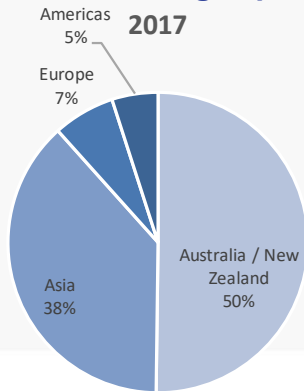
FY 2018 Geographic



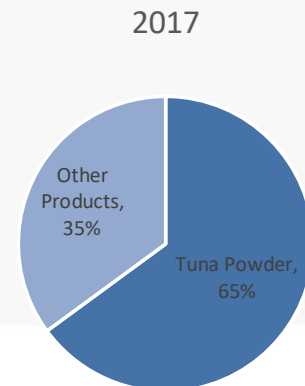
FY 2018 Product



FY 2017 Geographic



FY 2017 Product



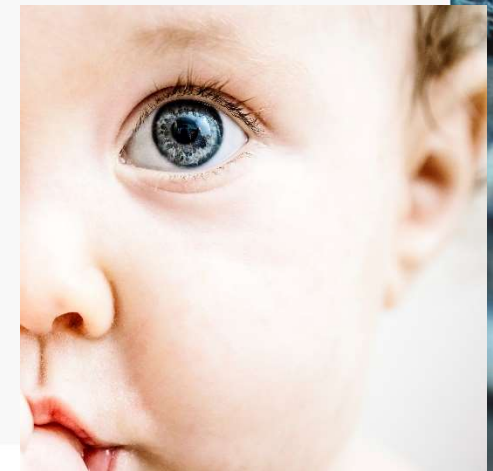
An Update on Growth Platforms



Growth Platform

Infant formula maintains growth

- ♣ Chinese consumer sentiment for Western brands is driving growth for customers
- ♣ Awarding of CFDA licenses to market and sell product in China has slowed, the CBEC (Cross Border Electronic Commerce) trade has strengthened
- ♣ Existing customers have been re-contracted and showing growth with several new customers contracted globally



Growth Platform

New products driving future growth

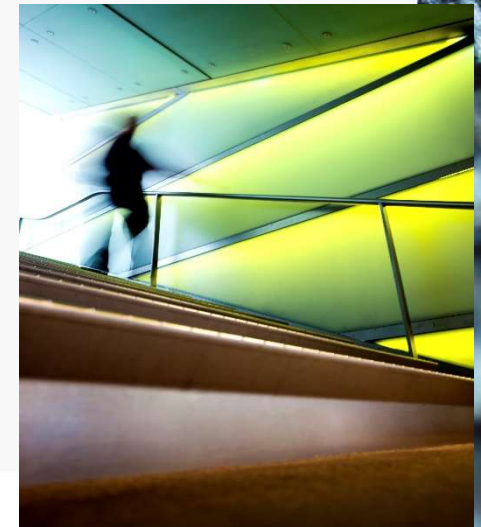
- ♣ Clover's Hypoallergenic DHA product continues to win new customers and applications in speciality segments
- ♣ A highly concentrated DHA product which delivers 60% oil loading in a powder form is now used in sports nutrition and nutraceutical products
- ♣ Clover has applied for two new patents and released a technical paper published in "Critical Reviews in Food Science and Nutrition" journal



Growth Platform

New markets development

- ♣ Clover has grown sales in USA, Europe, Asia and ANZ
- ♣ Australia & New Zealand has experienced significant growth servicing the Asian market with several new facilities starting production
- ♣ Clover has appointed a Business Development resource in NZ and new distributors in South America



1HFY19 Outlook & Priorities

- ♣ Growth in European markets driven by the requirement to increase DHA levels in infant formula
- ♣ Clover intends entering into a contract to purchase a share of a spray drying facility in Hamilton, New Zealand
- ♣ Development of new products targeting sports nutrition, children's and seniors' health
- ♣ Growth expected in Asia, USA and South America
- ♣ Establish customers for new products in nutraceuticals, pharmaceuticals, and sports nutrition
- ♣ Additional staff to service customers and deliver on opportunities
- ♣ Improve efficiencies and reduce operating costs
- ♣ Add value through strategic acquisition and/or partnership

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