

ASX Announcement

Maggie Beer Holdings Limited (ASX:MBH)

19 January 2021

Group achieves record sales in H1 with net sales increasing by 20%

Preliminary 31 December 2020 Trading Update

Maggie Beer Holdings Limited (ASX: MBH) (**Maggie Beer Holdings**) provides the following trading update for H1 FY21.

Overview

- Maggie Beer Products **e-commerce sales increase by 167%** in H1 FY21 over H1 FY20
- Group achieves **20%** or **\$4.6m net sales growth** in H1 FY21 over H1 FY20
- Group's trading EBITDA **improves by \$2m** in H1 FY21 over H1 FY20
- All three businesses returning a **positive trading EBITDA** for H1 FY21
- Maggie Beer Products achieves **28.6% net sales growth** in H1 FY21 over H1 FY20
- Paris Creek Farms achieves **11.4% net sales growth** in H1 FY21 over H1 FY20
- Saint David Dairy achieves **5.4% net sales growth** in H1 FY21 over H1 FY20
- The Group continues to be well funded, with its **cash position increasing by \$1.2m** in H1 FY21 compared to H1 FY20 and has **\$9.3m in cash and undrawn debtor finance facilities**
- Group achieved a **positive operating cash position in H1 FY21, an improvement of \$3.6m on H1 FY20**

** Results are subject to finalisation of the half year audit review*

Maggie Beer Products continues to drive the Group's overall growth, with its net sales improving by 28.6% in H1 FY21 compared to H1 FY20. The turnaround in the Paris Creek Farms business continues, with double digit net sales growth and a positive trading EBITDA for H1 FY21, while Saint David Dairy continues to perform solidly, despite the impacts of the COVID-19 restrictions still being felt across the hospitality and food service sectors of Melbourne.

On the back of a record H1 performance the Group remains well funded and remains focussed on growing its premium portfolio of brands.

Maggie Beer Products

Maggie Beer Products delivered a record H1 result with its net sales increasing by 28.6% over the prior corresponding period (pcp).

Maggie Beer Products' focus on growing its e-commerce business continues to generate excellent growth with its e-commerce net sales increasing by 167% in H1 FY21 over pcp. The business launched its new e-commerce platform on 5 November 2020 as planned, which has given the consumer an enhanced shopping experience. The new e-commerce platform, together with the continued refinement of its digital marketing strategy allowed the business to capitalise on the busy Black Friday and Christmas shopping periods.

As part of its online offer the business launched its chilled delivery service in SA, VIC, NSW and QLD (greater metro regions) at the end of October 2020 as planned, which now gives the business the ability to expand its chilled direct to consumer offer.

The traditional go-to-market retail channels and core portfolio also performed above expectations with key lines of fruit paste, pate, cheese and cooking stocks achieving positive growth. Cheese and cooking stocks were the best performing categories with increases in net sales of 76% and 44% respectively.

Relationships with key retail partners remain strong, as we look to expand our national ranging of key lines.

Paris Creek Farms

Paris Creek Farms net sales continued to improve with 11.4% net sales growth in H1 FY21 over the pcp (inclusive of milk swaps/sales; excluding milk swaps/sales net sales growth was 16% in H1 FY21 over pcp).

The business achieved a positive trading EBITDA for H1 FY21, which is a \$0.9m improvement on H1 FY20. A big contributor to this was a 5.5 pts improvement in its gross margin in H1 FY21 against the pcp, which was the result of the successful business restructure completed in FY19/FY20.

Saint David Dairy

Saint David Dairy continues to perform solidly with a 5.4% increase in net sales in H1 FY21 over the pcp (inclusive of milk swaps/sales; excluding milk swaps/sales net sales decreased by 1.4% in H1 FY21 over pcp).

With baseline sales growth constrained by the second round COVID-19 restrictions in Melbourne, the business was impacted in H1 FY21 with milk swaps/sales causing a 6.4 pts drop in its gross margin comparing to the pcp. Without the milk swaps/sales the businesses gross margin would be more in line with H1 FY20 at approx. 51%.

The business continues to demonstrate its brand strength and resilience and was cashflow and trading EBITDA positive for all of H1 FY21. Trading conditions are expected to improve in Q3 and Q4 FY21 as Melbourne further eases its COVID-19 restrictions and more workers return to the Melbourne CBD at the end of January 2021.

Corporate

Head office costs continue to decrease and were \$0.5m lower in H1 FY21 compared to H1 FY20. With the re-structure of the Head Office now complete, the business is investing in growth and plans to appoint an experienced E-Commerce Manager to drive the Group's e-commerce strategy,

together with an Export Manager, to capitalise on the export opportunities for Maggie Beer Products and Paris Creek Farms.

Cash and undrawn banking facilities as of 31 December 2020

Cash and undrawn facilities	\$'m
Cash at bank	\$6.3
Undrawn debtor finance facility	\$3.0
Total cash and undrawn facilities	\$9.3

The business has seen a \$1.2m increase in its cash holdings in H1 FY21 over H1 FY20 increasing its total cash balance to \$6.3m. In line with trading terms with major retailers, the business expects the cash balance to increase further as funds are received in Q3 FY21, from the record Q2 FY21 trading period.

CEO, Chantale Millard said: “It is fantastic for the Group to have such a strong start to FY21 and the team have done a tremendous job managing the growth over the past 6 months. We are looking forward to continuing this trend, by supplying premium Australian products to our consumers. With our strong cash and balance sheet position, we are well placed to capitalise on our growth opportunities.”

-Ends

All FY21 financial information contained in this announcement is subject to the finalisation of the external auditor’s half year review and may be subject to change.

Authorised by the Board

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