



8 June 2022

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

**United Malt Group Limited – Presentation to Bell Potter’s Home-Grown Agriculture Conference**

Please see attached the presentation to be delivered by Mark Palmquist, Managing Director & CEO, at the ‘Home Grown Agriculture Conference’ today.

The presentation provides an outline of United Malt’s business, strategic priorities, a business summary and outlook which was recently stated in the Company’s FY22 trading update and earnings guidance lodged with the ASX on 17 May 2022.

Yours faithfully,

A handwritten signature in cursive script that reads 'Lisa Jones'.

**Lisa Jones**  
**Company Secretary**

This announcement was authorised for market release by the United Malt Group Disclosure Committee.

# Home Grown Agriculture Bell Potter Conference

8 June 2022



 **UNITED  
MALT**

# Important Notice

## and disclaimer

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# Agenda

**Business overview**

**Strategic priorities**

**Business summary & outlook**



# United Malt

at a glance

Strategic located malting and distribution assets servicing brewers, distillers and food customers

Leading malt producer, creating a range of base and specialty malts for applications in the brewing, distilling and food markets.

~1.25 Mtpa  
malting capacity

12 processing plants  
in Canada, US, Australia and the UK

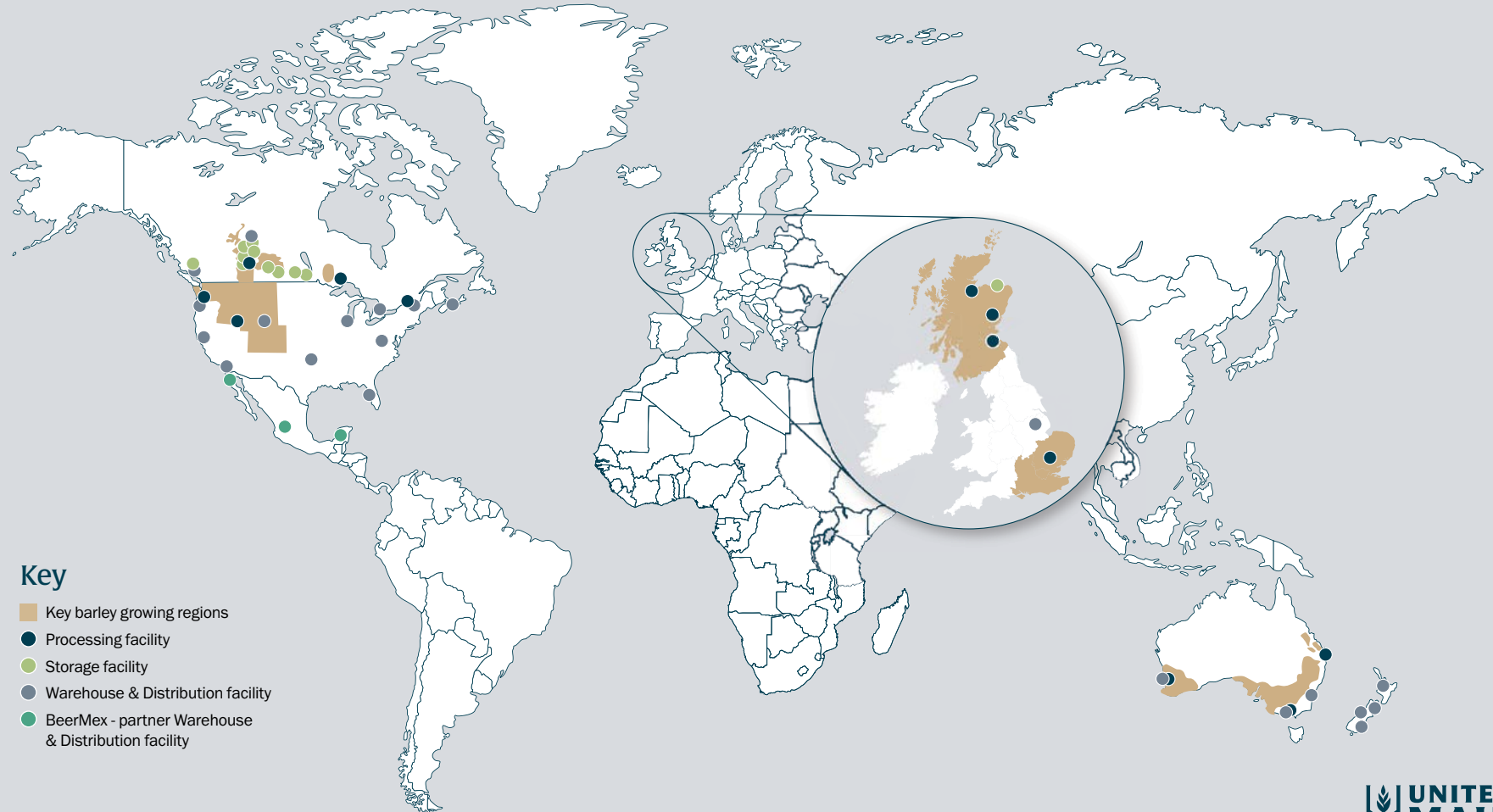
Leading distribution network, providing the one-stop shop for customers. Delivering ingredients to brewers, distillers and food customers on a just-in-time basis



Full service offering for craft brewers, distillers & food, including malt, hops, yeast, adjuncts & related products

25 warehouses

Distributing throughout North America, South America, Europe, Asia and Australia



# Business Overview

Largest listed malting business, with diversified customer base by product, end market and geography



Exposure to high growth craft beer and whisky markets



12 processing facilities across 3 continents servicing major brewers & distillers



25 warehouse & distribution facilities servicing craft producers



#1 commercial maltster in North America<sup>1</sup>



Fourth largest commercial maltster globally<sup>1</sup>



Only listed maltster

## Operating brands

### Processing segment

73% of FY21 Revenue



~750kt North American production capacity



~250kt Australian production capacity



~250kt UK production capacity



### Warehouse & distribution segment

27% of FY21 Revenue



13 Facilities



3 Facilities

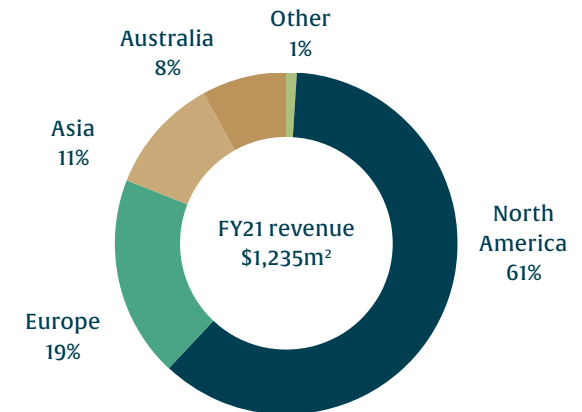


8 Facilities

BREWERS SELECT

1 Facility

## Revenue by geography



<sup>1</sup> World commercial malt capacities- RMI Analytics, 2021

<sup>2</sup> Customer mix by geography, based on FY21 revenue

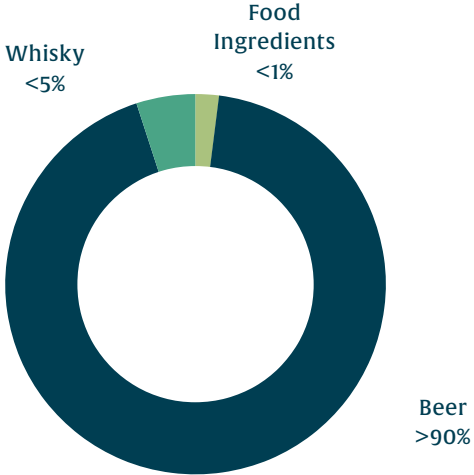
# Malt demand drivers remain positive

## Production of beer accounts for over 90% of total malt demand

Malt predominantly serves the global beer market

Emerging trends driving growth in demand for beer and whisky

Based on volume



### Beer

- Emerging markets are expected to drive growth in demand for beer
- Shift in consumer preference towards craft beers as well as low and non-alcohol beers – higher malt inclusion rates
- Increased proliferation of smaller and independent breweries, which are selling locally and directly to consumers - creating a unified experience for customers by inviting them into the breweries to taste and learn more about the whole process.

### Whisky

- Increasing demand for premium as well as super-premium whiskys in both the emerging and developed countries driving expansion of whisky production
- Factors responsible for this growth include innovation and premiumisation, modernised alcohol laws expanding consumer access and choice, hospitality tax restraints, growth of 'cocktail culture', and a focus on 'craft' products throughout developed regions.

### Food ingredients

- Health and wellness mega-trend is boosting innovation in functional food ingredients
- Malt is low in fat, a source of fibre, complex carbohydrates (for slow release of energy), protein and vitamins and natural sugar constituents, which make it a nutritious food ingredient.

Source: Rabobank (December 2017), Euromonitor (May 2019).

# Attractive market dynamics in established areas of strength – craft beer

Well positioned to capture future growth, including benefiting from higher malt inclusion rates

US craft beer has grown steadily

Shift in consumer preference towards craft beer

US craft beer growth

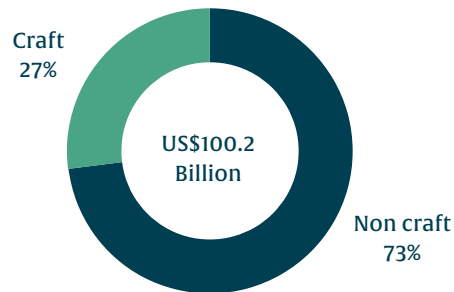
**10.3%**

CAGR (2011–21)  
Retail dollar value  
of craft beer sales

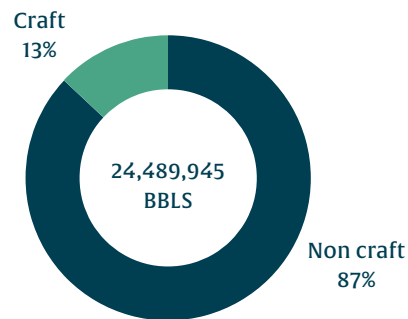
**8.0%**

CAGR (2011–21)  
Total craft beer  
production volume

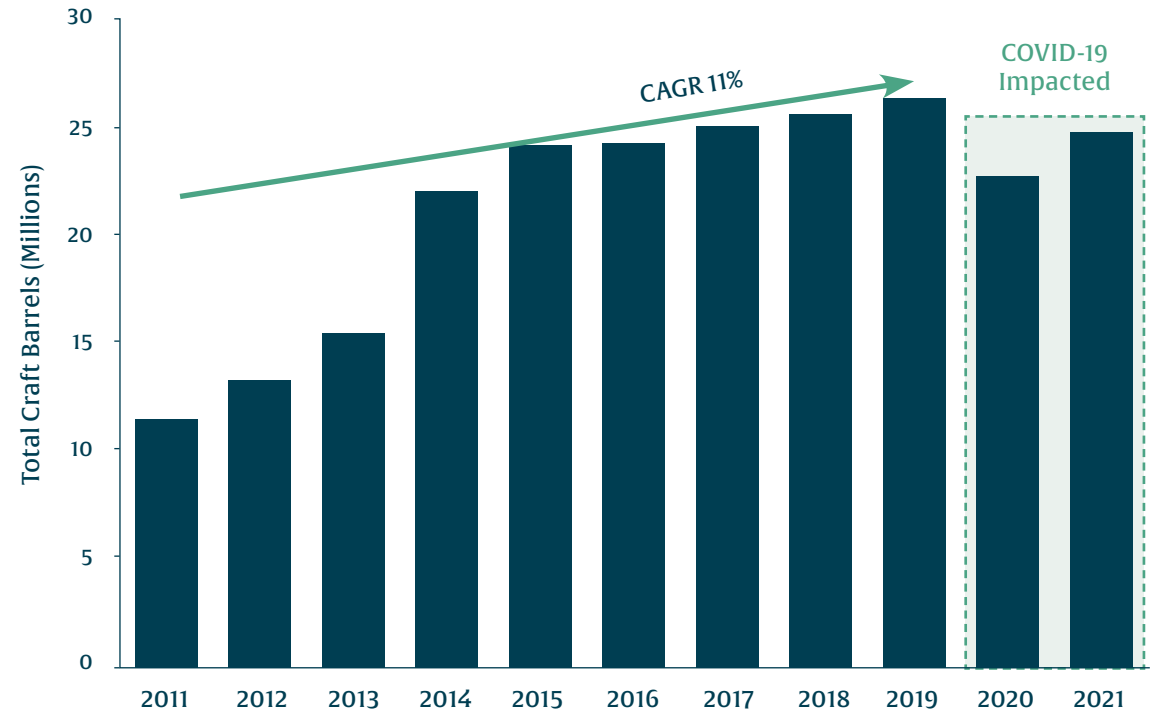
Total retail dollar value



Total production volume



Craft is higher value and focused on quality and mix of ingredients

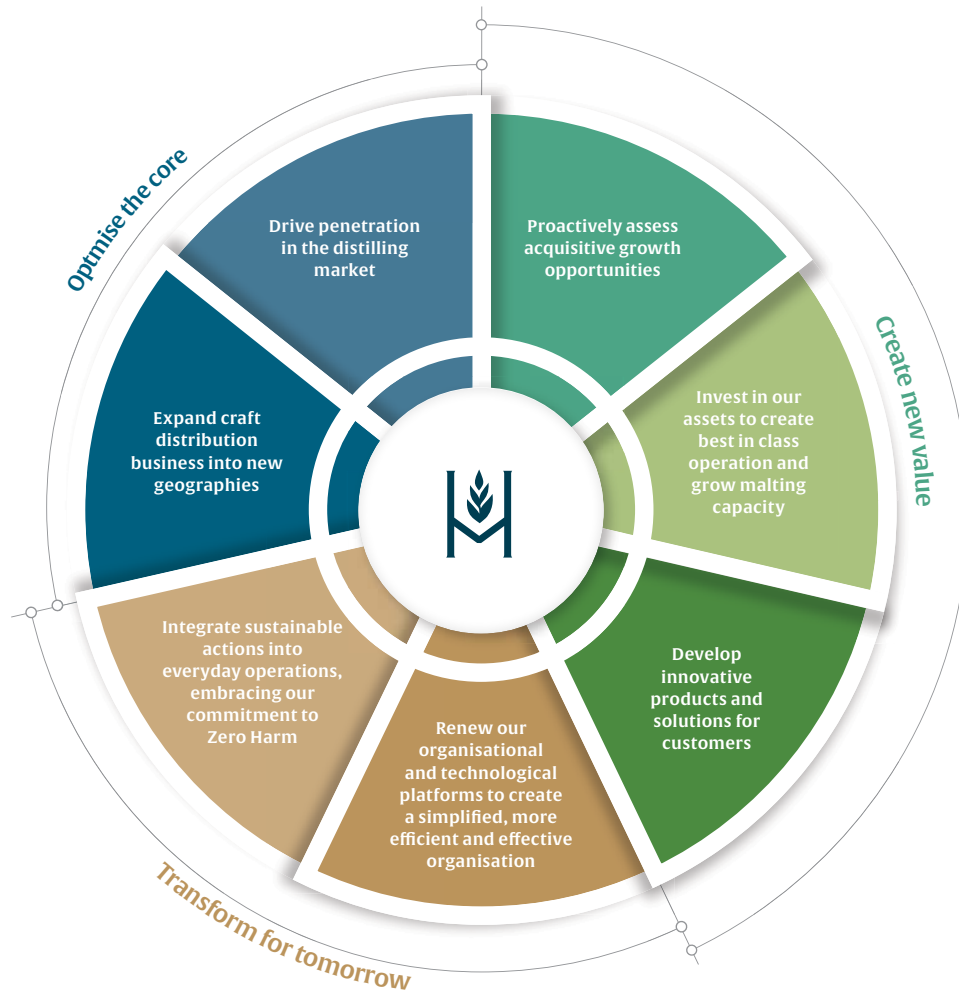


Source: Brewers Association (May 2022)



# United Malt

## Executing on our strategy



Focus on executing strategy, whilst remaining agile in times of uncertainty

Prioritising high value markets where the long-term outlook for growth remains supportive

Maintaining a customer centric approach to everything we do

# Scottish distilling expansion

Optimise the core



## Drive penetration in the distilling market

<b>Re-cap</b>	
<b>Description</b>	79kt expansion of Scottish malting facilities Upgrade and expansion of Arbroath (22ktpa) - completed New malting plant at Inverness (57ktpa) - in progress Malt capacity in the UK ~300ktpa
<b>Timing &amp; Cost</b>	Inverness commissioning planned for Q4 2022 <sup>1</sup> ; ~A\$127m <sup>2</sup>
<b>Rationale</b>	Strong demand for malt from Scottish distillers underpinned by global demand for aged whisky Scottish malting facilities are strategically positioned in close proximity to key customers and high quality barley
<b>Key highlights</b>	New capacity underpinned by LTAs with key distilling customers Reduced production cost per tonne Expect incremental EBITDA ~\$18m on full year run rate basis



<sup>1</sup> Timing of the completion of Scottish facilities investments remains subject to government restrictions

<sup>2</sup> \$57m capex spend in FY22, subject to FX

# Transformation scorecard

Transform for tomorrow



## Create a simplified, more efficient and effective organisation

Key focus area	Status
<b>Organisational Redesign</b> Transition to simplified operations to create an organisational design reflecting a standalone malting company	US and Canadian operations working as a single network Program of work underway to leverage our functional strength on a global basis
<b>Process Change</b> Improve capabilities by implementing simplified and standard processes, skills and systems. Becoming more data informed	New Technology Platform implementation in progress Transportation Management System – Implemented W&D in North America, implementation commenced in the Processing segment Process improvement underway – focus on sales and operations
<b>Operational Management</b> Harness network of malting production facilities and warehouse & distribution centres as one global network to deliver better outcomes for customers	Program of works underway to: Enhance account management Improve manufacturing and freight excellence Enhance global procurement Enhance data driven decision support

Targeting ~\$30 million annualised net transformation benefits by FY24

# Continued focus on sustainability

Transform for tomorrow



We are committed to sustainable and responsible operations

## Developing comprehensive sustainability roadmap

### Environment

- Commenced work towards aligning our climate change reporting with the Task Force on Climate-related Financial Disclosures (TCFD)
- Completed a top-down assessment of climate risks and opportunities
- Developing a range of targets for Scope 1 and 2 emission reductions and water and waste commitments
- Developing a roadmap for sustainable agricultural actions

### Social

- Committed to promoting a diverse and inclusive workplace
- Continuing to work on corporate culture and employee engagement
- Building strong relationships and making a positive difference in local communities across our operating footprint

### Governance

- Enhancing our supplier on-boarding, due diligence, compliance training and review of modern slavery risks in our supply chain including shipping and logistics

# Specialty ingredients processing

Create new value



## Growing demand for new products

Re-cap	
Description	New specialty ingredient processing plant in Calgary. Specialising in torrefied cereals and grains that enhance the product offering of the Warehouse & Distribution segment
Timing & Cost	Expected commissioning by end of FY22; expect to achieve 12% post tax IRR
Rationale	Providing craft brewers and distillers with enhanced product offering Demand exists for new products in this category
Key highlights	In-house production of grain adjuncts for food and beverage customers - quality, security of supply and increased earnings More efficient production and distribution



# Business summary & outlook



# Demand returning in key markets

## On-premise recovering with reopening of bars, restaurants and stadiums

### Observations

#### Sales volumes

Continued recovery of on-premise consumption in North America, the UK and Australia, with domestic sales volume increasing  
Distilling sales volume continues to increase reflecting ongoing demand and the additional capacity from the expanded Arbroath facility  
Overall FY22 sales volumes are expected to exceed FY21 levels and approach pre-Covid (FY19) levels

### By region

#### North America

Continued recovery of on-premise channels, with reopening of bars, restaurants and stadiums  
Northern hemisphere spring/summer supports increased seasonal demand

#### United Kingdom

Distilling continuing uninterrupted, focused on the long term laying down of spirits

#### Australia/NZ

Easing of restrictions, reopening of domestic borders gives rise to improving outlook for domestic malt demand

#### Asia

Continued supply chain disruption, with container availability and higher shipping rates impacting customer replenishments and reorder timelines  
Working with customers on alternative supply methods to improve delivery performance  
Asia represented 11% of revenue in FY21

# Barley supply and price

Elevated global malting barley prices and supply remains tight, customers seeking security of supply

Global Malting Barley Prices (USD/Tonne)



World Barley supply and demand

Worldwide	22/23	21/22	20/21	19/20
Harvested Area (Ha)	49.6	52.8	52.1	51.8
Yield	2.9	2.8	3.0	3.0
Production	145.7	147.7	158.8	155.9
Beginning Stocks	18.0	23.9	21.9	20.0
Imports	32.5	34.1	36.7	29.4
Supply	196.1	205.8	217.4	205.2
Use	152.0	153.7	156.8	153.9
Feed	106.9	108.8	111.4	108.9
Industrial	28.1	27.9	28.0	27.9
Other	17.0	17.1	17.4	17.1
Exports	32.5	34.1	36.7	29.4
Ending Stocks	11.6	18.0	23.9	21.9

RMI ANALYTICS M Hectares & tons; 26.05.2022

Note: USDA data and RMI Analytics projections

- Barley cost is passed through to customers, disciplined approach to customer pricing
- Opportunity to import barley if required, as global prices converge



# Responding to external challenges

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United Malt is benefitting from removal of COVID restrictions, however other external items have impacted FY22

Leveraging improving market conditions whilst managing volatility in freight, barley crop and inflation factors

Canadian barley crop - continuing to manage the impact of the Canadian barley crop quality and additional logistics costs. Planting for the 2022 Canadian barley crop has commenced

Supply chain disruption - Delaying shipments to customers. Working with customers on alternative supply methods to improve delivery performance

Inflation impact – higher energy, labour and inbound and outbound freight. Increased input cost escalations will be largely passed through to customers over the course of the next 9 months under existing and renewed contracts, reducing the impact into FY23

External challenges are expected to roll off and be recovered through customer pricing

FY22 Underlying EBITDA is expected to be in the range of \$115 -140 million (before SaaS costs)

Including ~\$20 - 25 million of costs resulting from the severe drought conditions in Canada

# Building blocks in place for recovery

Managed external challenges while maintaining investment in growing markets

Driving structural increase in earnings

*FY20-FY22 impacted by Covid-19 related restrictions and external factors, which are expected to roll off or be recovered through customer pricing*

## Managing continued uncertainty

Continuing to manage extraordinary Covid-19 disruption to end markets since demerger

Barley crop impact in Canada this year

Supply chain disruptions, recently exacerbated by the Ukraine war and port shutdowns in China

## Transforming

W&D segment optimisation program delivering on expected benefits, generating revenue and underlying earnings improvement

Transformation program underway to create a simplified, more efficient and effective organisation - Targeting ~\$30 million annualised net benefits by FY24

Diversifying the mix of our base business, towards key growth areas in distilling and Warehouse & Distribution

## Core business expansion

79,000 tonne distilling malt capacity expansion over two facilities that are strategically positioned in close proximity to customers and high quality barley - ~\$18 million EBITDA uplift on a full year run rate basis

Expanded distribution partnership in Mexico, three warehouses are operational - emerging craft market, with demographics to support craft proliferation

New specialty ingredient processing plant - supporting growing demand for new products in craft beer and food applications

# United Malt positioned for growth

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Remaining well positioned for medium term growth

## Well positioned to leverage markets reopening

More positive trends emerging across core geographies as venues reopen

Maintained market leading position in our chosen geographies

## Medium term fundamentals remain positive

Beer remains a significant beverage category and is expected to grow

Continued growth in craft beer and ancillary products

Distilling continues uninterrupted – laying down spirits for 10+ years

## Strategic initiatives to deliver stronger, competitive platform for medium term growth

Major growth capex initiatives completing in FY22 delivering cashflow and earnings uplift from FY23

Committed to deliver ~\$30m in annualised net benefits from business transformation program by FY24

Foundations in place to deliver meaningful increase in earnings in FY23 and beyond