

Keytone Dairy launches Prospectus to raise \$15M and list on ASX

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Keytone Dairy Corporation Ltd ("Keytone Dairy" or "Company") (pending ASX code: KTD), an Australian wholly-own subsidiary of Keytone Enterprises (NZ) Company Ltd, has lodged its Prospectus with the Australian Securities and Investments Commission ("ASIC") in order to raise up to A\$15 million and list on the Australian Securities Exchange ("ASX") via an Initial Public Offering ("IPO").

The Company is aiming to raise A\$12 million (up to A\$15 million with oversubscriptions) in connection with the IPO to facilitate a listing on the ASX through the issue of 60 million (up to 75 million with oversubscriptions) shares at an issue price of A\$0.20 per share, with the offer due to close on 1 June 2018. The Company has reserved discretion to close the IPO early. Peloton Capital is the Lead Manager of the IPO. Once listed, the Company will have a market capitalisation of A\$30 million (based on the IPO issue price of \$0.20 per share and after the maximum subscription of A\$15 million being raised).

Keytone Dairy is a New Zealand-based manufacturer, packer and exporter of dairy and nutrition blended products, with a current focus on powdered dairy products. Since 2014, Keytone Dairy has been using its proprietary manufacturing facility in Christchurch, New Zealand, and has commercialised whole and skim milk powder as well as other dairy powder blends under its proprietary brands. Keytone Dairy also contract-packs a range of powdered dairy products for major supermarkets, retail chains, dairy producers and other customers, in New Zealand and China, under their private label brands.

Selected examples of Keytone Dairy's proprietary product range

Keytone Dairy holds the coveted China Certification and Accreditation Administration (CNCA) license, a pre-requisite for importation of dairy products into the People's Republic of China. It is also Halal-certified, enabling exports into Muslim countries.

Unlike a number of low-margin dairy processors, reliant on third party facilities and regulatory approvals, Keytone Dairy has been profitable for the past four financial years.

Funds raised from the IPO will be used to, among other things:

Expand Keytone Dairy's manufacturing base from its one existing facility (thus substantially expanding its production capacity)

Substantially expand Keytone Dairy's product range

Expand Keytone Dairy's existing distribution network

Develop distribution in additional geographic markets

Keytone Dairy's existing production facilities in Christchurch, New Zealand

The Company is headed by Keytone Dairy's Managing Director, CEO and founder James Gong, who was Head of Sales for Asia at Westland Co-operative Dairy Company prior to founding Keytone Dairy. The board and management team include high profile industry executives, including:

Bernard Kavanagh, former Executive Director, CFO and GM, Corporate Development of Warrnambool Cheese and Butter Co Ltd and Vice President of Saputo Dairy International

Peter Hobman, former GM of MG Nutritionals Ltd (a subsidiary of Murray Goulburn Coop Dairy Co Ltd)

Bernard Kavanagh, Non-Executive Chairman of Keytone Dairy, and dairy industry veteran, said:

"China's per capital dairy consumption is less than one third of the global average but rapidly growing. Keytone has been able to capitalise on this rapidly growing market with its clean, green and high quality New Zealand dairy products."

"We believe that the ASX listing will turbocharge Keytone Dairy's growth. Keytone Dairy has already purchased land for two new manufacturing facilities it plans to build, in addition to its purpose built existing Christchurch facility.

James Gong, Managing Director and CEO of Keytone Dairy, added:

"Once completed, these facilities will enable Keytone Dairy to both increase its capacity and expand into a number of new products, to meet its customers' demand. Importantly, the new facilities will enable the Company to meet demand from high-volume customers in China and other Asian countries."

Keytone Dairy's products are exported globally, including to China, for sale in a variety of channels, including major supermarket chains, premium retail channels and online marketplaces. The quality of Keytone Dairy's products is validated by the fact that its products are carried by a range of New Zealand supermarkets, including under those supermarkets' own brands. Keytone Dairy's customers, manufactured third party private label brands and distribution channels include, New World, PaknSave, Countdown (Woolworths New Zealand subsidiary), Alpine, Dairyworks New Zealand, Metro, Guangzhou Friendship Store, Hals Kraft, JD.com, Tmall.com and VIP.com.

Selected examples of private label brands manufactured by Keytone Dairy

About Keytone Dairy

Keytone Dairy Corporation Ltd is the Australian wholly-owned subsidiary of Keytone Enterprises (NZ) Company Ltd, a New Zealand-based manufacturer, packer and exporter of dairy and nutrition blended products, with a current focus on powdered dairy products. Keytone Dairy has successfully commercialised and is currently selling whole and skim milk powder and other dairy powder blends under its proprietary brands, as well as manufacturing and packing a range of powdered dairy products for leading supermarkets, retail chains, dairy producers and other customers under their private label brands.

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