

## Keytone Dairy targets Asia with \$15m raise

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Keytone Dairy plans to boost production and exports to China with the \$15 million it raised ahead of its expected float on the Australian share market.

The New Zealand-based dairy company - which sells milk powders, health and sports nutrition products - produces its own brands and manufactures for private labels.

It raised \$15 million ahead of its expected ASX listing through the issuing of 75 million shares priced at 20 cents each, setting a market capitalisation of \$30 million.

The company, which lodged its prospectus with ASIC in April, hopes its shares will start trading on the ASX this coming week.

Keytone currently has limited production capacity at its existing Christchurch factory and will use some of the capital raised through the initial public offering to build an additional facility in nearby Rolleston.

Non-executive chairman Bernard Kavanagh, a former general manager of Warrnambool Cheese and Butter, said he expects annual production to increase from 1,500 tonnes to 5,000 tonnes.

The company is actively seeking supermarket contracts after it started providing Woolworths' New Zealand subsidiary Countdown with milk powder in 2017, according to Keytone's prospectus.

But the majority of the increase will be sold in China, where more than 70 per cent of Keytone's products are exported.

"When we look at Asia generally there are lots of countries that have increasing demand for dairy products," he said.

Taiwan, Vietnam, the Philippines, Indonesia, Japan and the Middle East are other potential markets for export, Mr Kavanagh said.

Mr Kavanagh said the company was not currently considering manufacturing in Australia but would be open to organic and inorganic growth opportunities.

"We will be having a very proactive approach in relation to growing the business and looking at M&A (mergers and acquisitions) activity," he said.

<https://www.theaustralian.com.au/news/latest-news/keytone-dairy-targets-asia-with-15m-raise/news-story/d608bfcee2adcef34f3dca36c5d5b3ce>