GLG Life Tech Corporation Announces Financial Results

VANCOUVER, British Columbia, March 31, 2014 (GLOBE NEWSWIRE) -- GLG Life Tech Corporation (TSX:GLG) ("GLG" or the "Company"), a vertically-integrated leader in the agricultural and commercial development of high quality stevia and other natural sweeteners, announces financial results for the quarter and year ended December 31, 2013. For further information of the Company's financial performance in 2013, please see the Company's annual consolidated financial statements for the year ended December 31, 2013 and 2012, the Company's Management Discussion and Analysis for the year ended December 31, 2013 and its Annual Information Form which have been filed on SEDAR.

2013 FISCAL YEAR HIGHLIGHTS

New sales strategy implemented in 2013 results in improved gross margins

In 2013 the Company refocused its sales strategy on developing international sales of high purity stevia extracts and recurring monthly revenues compared to its 2012 sales strategy that focused on non-recurring and infrequent sales of low purity stevia extracts to other stevia companies primarily located in China. The re-focus in strategy has successfully resulted in a significant improvement at the gross margin level with an increase of $3.3 million year over year. This improvement on gross margin was made on 24% lower stevia revenues in 2013 compared to 2012 in 2013.

In 2013, the Company increased the percentage of international sales for the twelve months ending December 31, 2013 to 30% from approximately 7% in 2012. The Company decreased its sales to other China based stevia companies in 2013 from the levels made in 2012, which is the core reason for the 24% decline in stevia revenues in 2013. International sales increased significantly from $1.6 million for fiscal 2012 to $4.8 million in fiscal 2013 or an increase of 195% year over year, compared to China based revenues that declined from $20.1 million in fiscal 2012 to $11.3 million in fiscal 2013 or a decrease of 44%. This change in sales strategy towards higher purity stevia extracts to international customers was an important driver towards improved gross margins as in 2012 a number of the lower purity sales were sold below cost.

Further reductions in cash based SG&A expenses achieved in 2013

Cash based selling, general and administration expenses fell to $1.5 million for the three months ended December 31, 2013 or a reduction of 48% from $2.9 million for the

comparable period in 2012 as management continued to focus on reducing cost in its operations.

Cash based selling, general and administration expenses fell to $5.8 million for the twelve months ended December 31, 2013 or a reduction of 29% from $8.2 million for the comparable period in 2012 as management continued to focus on reducing cost in its operations.

Non-cash based SGA up in the fourth quarter 2013 and full year 2013 compared to 2012

Non-cash General and Administrative expenses for impairment of accounts receivable, stock based compensation and amortization charges increased to $4.2 million for the three months ended December 31, 2013 from ($0.2) million in 2012 driven by impairment of accounts receivable in 2013.

Non-cash General and Administrative expenses for impairment of accounts receivable, stock based compensation and amortization charges increased to $6.9 million for the twelve month period ended December 31, 2013 from $1.5 million in 2012.

Other Expenses were down significantly in the fourth quarter of 2013 and flat for the full year 2013 compared to 2012

Other expenses for the three months ended December 31, 2013 was $1.6 million, a $3.9 million or 71% decrease compared to $5.5 million for the same period in 2012. Other expense decreases are driven by decrease of asset impairment losses of recognized during the fourth quarter of 2013 compared to the $3.6 million of impairment charges recognized for the same period in 2012 (decrease of $4.1 million between two periods).

Other expenses were virtually flat for the twelve period ended December 31, 2013 at $15.3 million compared to $15.2 million in the comparable period 2012. Other expenses included impairment of inventory for obsolescence of $8.1 million for the full year 2013 compared to $8.5 million incurred in 2012. Interest expenses were $7.2 million for the full year 2013 compared to $6.9 million incurred in 2012.

Sale of non-core business AN0C finalized in 2013

In September 2013, the Company finalized the sale of its 80% interest in Dr. Zhang's All Natural and Zero Calorie Beverage and Foods Company ("AN0C") to the minority 20% interest holder, China Agriculture and Healthy Foods Company

Limited("CAHFC"), as part of the Company's disposal of its AN0C segment. As part of the transaction and to settle amounts owing by AN0C agreement, the Company issued a three year, zero interest unsecured convertible note to CAHFC with principal amount of $4,295,533 that is convertible into the common shares of GLG at a price of $1.80 per share.

71% reduction in net loss in Q4 2013

For the three months ended December 31, 2013, the Company had a net loss attributable to the Company of $3.4 million compared to a net loss of $11.8 million for same period in 2012. This equated to a decrease of $8.4 million loss or a 71% reduction in net loss. This reduced loss was achieved through a combination of the impacts on gross margin from new sales strategy and the sale of non-core assets (AN0C beverage business).

24% reduction in net loss for the full year 2013

For the twelve months ended December 31, 2013, the Company had a net loss attributable to the Company of $26.4 million compared to a net loss of $34.8 million for same period in 2012. This equated to a decrease of $8.4 million or 24%. This reduced loss was achieved through a combination of the impacts on gross margin from new sales strategy and the sale of non-core assets (AN0C beverage business).

Net loss from continuing operations down 43% for the fourth quarter of 2013

For the three months ended December 31, 2013, the Company had a net loss from continuing operations of $5.5 million compared to a net loss attributable to the Company of $9.6 million for same period in 2012. The decrease of $4.1 million loss was driven by: (1) an increase in gross profit of $3.2 million, and (2) a decrease in other expenses of $3.9 million. These items were offset by an increase in G&A expenses of $3.0 million.

Net loss from continuing operations flat for the full year 2013

For the twelve months ended December 31, 2013, the Company had a net loss from continuing operations of $29.8 million, a reduction of $0.2 million in losses compared to the $30.0 million loss for the comparable period in 2012. The decrease in net loss was driven by: (1) by an increase in gross profit of $3.3 million. This item was offset by an increase of G&A expenses of $3.1 million.

NON-GAAP Financial Measures

The Company made significant progress in 2013 on two key Non-GAAP financials measures, gross profit (loss) before capacity charges and Earnings Before Interest Taxes and Depreciation (EBITDA).

Gross Profit (Loss) before capacity charges

This non-GAAP financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation in 2013 and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross Profit (Loss) before capacity charges for the three months ended December 31, 2013 was $3.3 million or 79% of fourth quarter revenues, compared to $0.2 million or 3% of fourth quarter revenues for the same period in 2012. Gross Profit (Loss) before capacity charges improved from the comparable period due to the sourcing of lower cost stevia extract materials in the fourth quarter as well as production cost improvements experienced during the quarter. Gross margin before capacity charges for the twelve months ended December 31, 2013 was $4.4 million or 28% of twelve month revenues, compared to $1.2 million or 6% of twelve month revenues for the same period in 2012. Gross Profit (Loss) before capacity charges improved from the comparable period due to the sourcing of lower cost stevia extract materials in the fourth quarter as well as production cost improvements experienced during the year.

Improvement in Earnings before Interest Taxes and Depreciation ("EBITDA") and EBITDA Margin also achieved in 2013

EBITDA for the quarter ended December 31, 2013 was $1.4 million or 34% of revenues, compared to negative $4.0 million or negative 48% of revenues for the same period in 2012. EBITDA improved by 82 percentage points for the three month period ended December 31, 2013 driven by lower material costs, processing cost improvements as described earlier as well as reductions in cash based SG&A costs achieved during the fourth quarter of 2013.

EBITDA for the twelve months ended December 31, 2013 was negative $4.4 million or negative 28% of revenues compared to negative $11.8 million or negative 53% of revenues for the twelve months ended December 31, 2012. EBITDA improved by 27 percentage points for the 12 month period ended December 31, 2013 driven by

processing cost improvements as described previously in addition to reductions in cash based SG&A costs achieved during 2013.

Financial Resources

In thousands Canadian $	31-Dec-13	31-Dec-12
Cash and Cash Equivalents	$5,133	$3,582
Working Capital	($29,445)	($33,854)
Total Assets	$87,796	$103,065
Total Liabilities	$101,164	$95,377
Loan Payable (< 1 year)	$40,663	$59,883
Loan Payable (> 1 year)	$38,935	$8,673
Total Equity	($13,367)	$7,688

The Company increased its cash position by $1.6 million as at December 31, 2013 from the start of the year. The Company has a working capital deficit of $29.4 million as of December 31, 2013 compared to a working capital deficit of $33.9 million for the comparable period in 2012. The negative working capital has been driven by the total of $46.5 million of inventory impairment charges that it has recognized since year ended December 31, 2011. The Company has pursued the following actions to manage this situation during 2013. The Company has paid down short term loans by $5.1 million and refinanced this debt with longer term debt from banks and through loans from its its Chairman of $7.3 million in 2013. The Company has also reduced accounts payable by $8.2 million and negotiated with its creditors on extended payment terms.

The Company has also optimized production at two plants during 2013 to minimize additional investment in inventories and has focused converting existing inventories into cash. As discussed below in the cash flow section, the inventory account has been reduced by $13.0 million for the twelve months ended 2013. The Company has also focused on improvements to accounts receivable collections and credit management.

New Loan Agreements Signed in 2013

During the year ended December 31, 2013, the Company has signed loan refinancing agreements with Agricultural Bank of China, Bank of China, Construction Bank of China and Bank of Communication. The agreements detail the repayment of all

existing short term loans totaling $57,719,279 (RMB 328,509,279) with the four banks. The Company will repay $37,888,446 (RMB 215,642,094) during the year ended December 31, 2014, $19,830,833 (RMB 112,867,185) during the year ended December 31, 2015.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for the three and twelve month periods ended December 31, 2013 and 2012. The Company has reclassified certain of the figures presented for comparative purposes to conform to the financial statement presentation adopted in the current period.

In thousands Canadian $, except per share amounts	3 Months Ended Dec 31		% Change	Year Ended Dec 31		% Change
	2013	2012		2013	2012	
Revenue	$4,138	$8,277	(50%)	$16,022	$21,139	(24%)
Cost of Sales	$2,276	$9,640	(76%)	$17,724	$26,110	(32%)
% of Revenue	55%	116%	(61%)	111%	124%	(13%)
Gross Profit (Loss)	$1,862	($1,363)	(237%)	($1,702)	($4,972)	(66%)
% of Revenue	45%	(16%)	61%	(11%)	(24%)	13%
Expenses	$5,668	$2,683	111%	$12,780	$9,690	32%
% of Revenue	137%	32%	105%	80%	46%	34%
Loss from Operations	($3,806)	($4,046)	(6%)	($14,483)	($14,662)	(1%)
% of Revenue	(92%)	(49%)	(43%)	(90%)	(69%)	(21%)
Other Income (Expenses)	($1,608)	($5,521)	(71%)	($15,277)	($15,220)	0%
% of Revenue	(39%)	(67%)	28%	(95%)	(72%)	(23%)
Net (Loss) before Income Taxes	($5,414)	($9,567)	(43%)	($29,760)	($29,882)	0%
% of Revenue	(131%)	(116%)	(15%)	(186%)	(141%)	(44%)
Net (Loss)	($3,431)	($11,789)	(71%)	($26,430)	($34,820)	(24%)
% of Revenue	(83%)	(142%)	(42%)	(165%)	(165%)	0%
Net (Loss) from continuing operations	($5,461)	($9,646)	(43%)	($29,808)	($29,965)	(1%)
% of Revenue	(132%)	(117%)	(15%)	(186%)	(142%)	(44%)

Net gain (loss) from discontinued operations	$2,030	($2,143)	(195%)	$3,378	($4,856)	(170%)
% of Revenue	49%	(26%)	75%	21%	(23%)	44%
Loss per share (LPS, Basic & Diluted)	($0.10)	($0.36)	(71%)	($0.79)	($1.06)	(25%)
Loss per share from continuing operations (LPS, Basic & Diluted)	($0.16)	($0.29)	(44%)	($0.89)	($0.91)	(2%)
Loss per share from discontinued operations (LPS, Basic & Diluted)	$0.06	($0.07)	(193%)	$0.10	($0.15)	(169%)
Other Comprehensive Income (Loss) from continuing operations	$2,082	$305	582%	$4,803	($2,983)	(261%)
% of Revenue	50%	4%	47%	30%	(14%)	44%
Other Comprehensive Income (Loss) from discontinued operations	$21	$54	(62%)	$89	($58)	(253%)
% of Revenue	1%	1%		1%		1%
Total Comprehensive Income (Loss)	($1,328)	($11,430)	(88%)	($21,538)	($37,861)	(43%)
% of Revenue	(32%)	(138%)	106%	(134%)	(179%)	45%

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Outlook

The Company plans to focus on four key components to expanding its sales in 2014.

1. Continued focus on increasing its international customers of high purity stevia extracts: The Company has already received purchase orders as of March 31st that exceeds 50% of 2013's full year revenues from international customers ($4.8 million in fiscal 2013).

2. Focus on developing the Chinese market through its partnership with COFCO: The Company currently has a number of formulation projects underway with COFCO NHRI and a number of COFCO's key subsidiaries.

3. Expansion of natural sweetener product line to include Luo Han Guo (LHG) (Chinese Monk Fruit) in 2014: The Company is currently working with key customers for LHG and does expect to be in production in the fourth quarter of 2014 after the harvest of its first fruit. The Company continues to prepare all aspects of its operations for the formal launch of its production including agriculture, regulatory filings and production preparation. The Company plans on utilizing of its current idle plants to produce Luo Han Guo.

4. Sales of other complimentary natural ingredients through its GLG Naturals+ product line in 2014 The Company is currently quoting customers on a number of these products to existing and new potential customers and expects this product-line to be generating revenues in 2014.

Agriculture Outlook

The Company has arranged planting of its H3 Leaf in China in 2014. Analysis of its H3 and H4 leaf compared to other competitors' leaf available in China clearly show its lead in providing a seed that generates a significant amount of steviol glycosides in the leaf (13 to 15% range), a high percentage of rebaudioside A (65 to 70% range) and a larger weight per acre planted than any other varieties available in China. The weight per acre is a very key metric to interest farmers to grow stevia in China compared to other alternative crops or competing stevia seedlings.

The Company is also pleased to report on the success of its non-GMO hybrid breeding program which has resulted in a number of new strains that it plans to develop that have individual advantages such as:

- higher amounts of total steviol glycosides and higher amounts of RA
- higher amounts of targeted glycosides such as Rebaudioside D, Rebaudioside C and Rebaudioside M. The Company has seen some new seedling varieties with double to triple amount of these strategic glycosides.
- The Company will continue on to the next step to bring these proprietary seedlings to the next stage of development and availability for planting within the next 3 to 5 years.

The Company is of the view that the Consumer's preference will always be "naturally sourced from a stevia leaf" glycosides compared to those originating from a different process such as fermentation.

About GLG Life Tech Corporation

GLG Life Tech Corporation is a global leader in the supply of high purity stevia extracts, an all-natural zero-calorie sweetener used in food and beverages. The Company's vertically integrated operations cover each step in the stevia supply chain including non-GMO stevia seed breeding, natural propagation, stevia leaf growth and harvest, proprietary extraction and refining, marketing and distribution of finished product. For further information, please visit www.glglifetech.com .

Forward-looking statements: *This press release contains certain information that may constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements evaluating the market, potential demand for stevia and general economic conditions and discussing future-oriented costs and expenditures. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.*

While the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, consumer demand for our products and new orders from our customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks set forth under the heading "Risk Factors" in the Company's Annual Information Form for the financial year ended December 31, 2013. In light of these factors, the forward-looking events discussed in this press release might not occur.

Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no

obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

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