

Bega Cheese Limited

Annual General Meeting
22 November 2011

Agenda

- 2011 Annual Report
 - Chairman's Report
 - Chief Executive Officer's Report
- Questions
- Approval of Remuneration Report
- Election of Directors

Welcome

- PricewaterhouseCoopers
Paddy Carney
- Addisons Lawyers
David Ferguson
- Bega Cheese Senior Executive Team
- Apologies

2011 Annual Report

Executive Chairman's Report

Barry Irvin AM

2011 Annual Report

- Sales Revenue \$932 m
- NPBT \$22 m
- EBITDA \$52 m

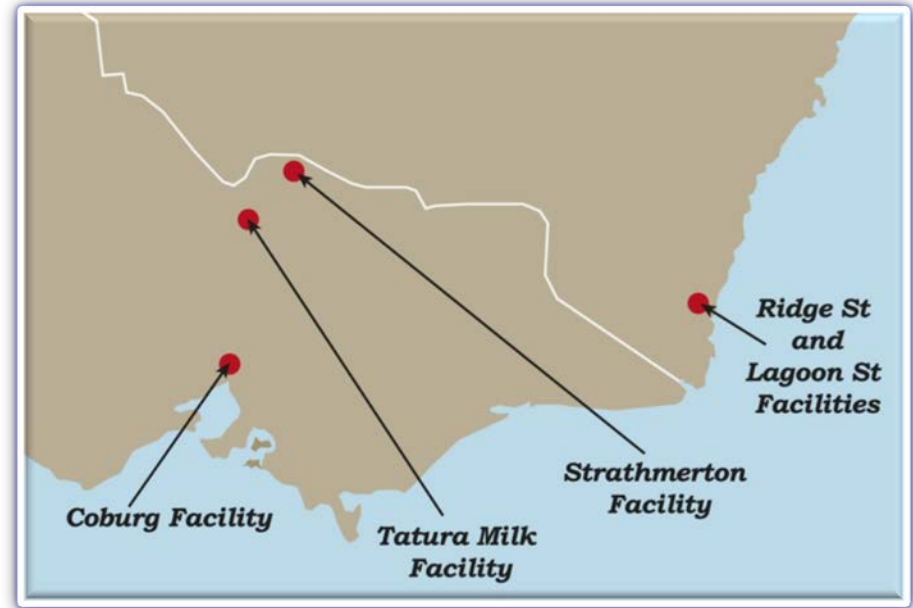
- Depreciation \$20.5 m
- Finance Cost \$9.5 m

2011 Financial Report

- Cash flow \$74 m
- Capital Expenditure \$25 m
- 15% Warrnambool Cheese and Butter Investment \$22 m
- Debt Reduction \$15 m
- Bega Dividend \$3.2 m

Product Range and Infrastructure

- Cheddar & Processed Cheese
- Mozzarella
- Cream Cheese
- Nutritional Powders
- Nutraceuticals
- Milk Powders
- Whey Powders



Infrastructure - Bega



Lagoon Street

Products – Cheddar Cheese, Whey Powder, String Cheese, Butter



Ridge Street

Products – Packaged Natural and Processed Cheese

Infrastructure - Coburg

Products – Cheddar Cheese, Mozzarella Cheese, By-Products



Infrastructure - Tatura

Products – Cream Cheese,
Nutritional Powders, Milk Powders,
Nutraceuticals



Infrastructure - Strathmerton

Products – Packaged Natural and Processed Cheese



Corporate Update

Corporate Update

Tatura Milk Industries Merger

- Shareholder documentation approved and distributed
- Shareholders meeting 14 December 2011

Advantages

- Complete integration of business
- Combination of cash flows & balance sheet strength
- RPS shareholders flexibility
- Business synergies & milk management

Corporate Update

Warrnambool Cheese and Butter

- Australia's largest single site cheese manufacturer
- 15% shareholding
- Cost - \$22 m
- Value 30 June 2011 - \$37 m
- Current holding – 16%

Annual Report Agenda

- Sales revenue
- Company assets
- Acquisition integration
- Capital expenditure
- Strategic investment

2011 Annual Report

Balance Sheet

- Total assets \$462 million
- Total liabilities \$257 million
- Total borrowings \$116 million
- Total equity \$205 million
- Debt to equity ratio 56%

ASX Listing

- Prospectus
- TMI Merger
- Business Profile
- Strategic Direction
- Coles

Key Customers & Corporate Relationships

- Fonterra
- Kraft
- Mead Johnson
- Ingredia
- Lacto Japan
- Snow Brand
- CCFA (Lion Dairy 75% Bega Cheese 25%)

Bega Brand

- Royalty
- Brand positioning
- Brand / packaging distribution
- Fonterra Brands (Australia) memorandum of understanding

2011 Annual Report

Chief Executive Officer's Report
Aidan Coleman

2011 Annual Report

Financial Highlights

- Sales Revenue - \$931.7 m  12.4%
- NPAT - \$21.7 m  \$1.5 m (ASX Costs \$1.7 m)
- Milk Intake - 591 m litres  5%
- Total Production – 186,223 tonnes  0.5%

2011 Annual Report

Financial Highlights

Bega Cheese

- Sales Revenue - \$650 m  15.4%
- EBITDA - \$29.8 m  0.3% (ASX Costs \$1.7 m)

Tatura Milk Industries

- Sales Revenue - \$308 m  14%
- EBITDA - \$23.5 m  2%

2011 Annual Report

Cash flow

- Net Cash Inflow - \$73.9 m  40%
(TMI Inventory Reduction)
- Capital Expenditure - \$25 m

Key Projects

- Natural cutting line - Strathmerton
- Automation
- Energy Management System
- Mozzarella
- Infant formula wet mix
- Cream cheese capacities
- General process improvement

2011 Annual Report

Risk Management

- Financial
 - Key Customers
 - Foreign Exchange
- Operational
 - Plant Flexibility
 - Plant Redundancy
- Climatic
 - Floods
- Crisis Management Process

2011 Annual Report

Bega Environmental Management System (BEMS)

- Supported by all levels of Government
- Rehabilitation systems
- \$10 million investment in the environment
- Peabody Energy Environment and Land-care Award 2011

2011 Annual Report

Organisational Structure

- Refined organisational structure
- CEO transition
- Strongly committed teams

Safety

- Behavioral Safety Programs
- Work cover premium decrease

Coles

- Five year contract

2011 Annual Report

Executive Chairman

Barry Irvin AM

Questions?

Remuneration Report

- Pages 11-20 of Annual Report
- Board, executive and key management personnel
- Market data and external advisors
- No change to Director's fees

Resolution

- *Adopt remuneration report for the year ended 30 June 2011.*

Remuneration Report

Proxies

- Total votes – 9,931,399 (7.84%)
- For – 9,510,437 (95.76%)
- Open – 34,000 (0.34%)
- Against – 386,962 (3.9%)

Election of Directors

- Peter Margin
- Richard Parbery
- Joy Linton

Election of Directors

Peter Margin

- Total votes – 10,233,998 (8.08%)
- For – 9,864,365 (96.39%)
- Open – 198,299 (1.94%)
- Against – 171,334 (1.67%)

Election of Directors

Richard Parbery

- Total votes – 10,227,436 (8.07%)
- For – 9,826,278 (96.08%)
- Open – 198,674 (1.94%)
- Against – 202,484 (1.98%)

Election of Directors

Joy Linton

- Total votes – 10,226,436 (8.07%)
- For – 9,847,416 (96.29%)
- Open – 198,299 (1.94%)
- Against – 180,721 (1.77%)

Thank you



Bega Cheese Limited AGM

22 November 2011

Executive Chairman – Barry Irvin

Ladies and Gentlemen,

Welcome to the Bega Cheese Annual General Meeting, our 111th AGM and our first as an ASX listed company. Today's AGM is being audio webcast and recorded.

I am pleased to be able to report to you today on the continued growth of Bega Cheese and important business and strategic developments in the 2011 financial year.

I would like to welcome all shareholders, those that have been with us for many years and those that have taken the opportunity to invest through the initial public offering and Bega Cheese's listing on the ASX.

Bega Cheese currently has in excess of 3,000 shareholders, a marked lift from the approximately 140 shareholders of the company at last year's AGM.

SLIDE 2

At today's meeting, we have a number of formalities to deal with inclusive of the consideration of the company's 2011 financial reports, the adoption of the remuneration report and the election of Directors Peter Margin, Richard Parbery and Joy Linton.

SLIDE 3

Before I begin the business of the meeting, I would like to once again welcome you all here today and particularly welcome Paddy Carney our auditor from PricewaterhouseCoopers and our legal counsel David Ferguson from Addisons, and the Bega Cheese senior executive team.

Are there any apologies?

SLIDE 4

Ladies and Gentlemen I am pleased to provide you with an overview of the Bega Cheese business performance and the company's strategy.

I will after my presentation welcome Chief Executive Officer Aidan Coleman to provide you with further detail on the company's operations and business development in his first report to you as CEO of Bega Cheese.

Aidan and I will of course leave plenty of time for questions but I would appreciate it if you could wait until the end of Aidan's and my presentations before you ask them.

SLIDE 5

The Bega Cheese group experienced its seventh consecutive year of sales growth in 2011. Revenues of \$932 million generated a net profit before tax of \$22 million which was in line with expectations. Earnings before interest tax and depreciation was \$52 million with depreciation for the group being \$20.5 million and finance costs being \$9.5 million.

SLIDE 6

Importantly the Bega Cheese group generated \$74 million in positive cash flow, applying those funds to capital expenditure projects amounting to \$25 million, a strategic 15% investment in Warrnambool Cheese & Butter at a cost of \$22 million, a reduction in group debt by \$15 million and dividend payments to Bega Cheese shareholders of \$3.2 million.

I will return to the businesses financial performance in a moment, before doing so however it is important to reflect on the Bega Cheese group business profile, its development and strategy.

Bega Cheese continues to be ambitious in its goals, since 2007 we have acquired key assets throughout Victoria, (Australia's largest dairy state) that have complimented our traditional infrastructure at Bega and positioned the company to be a competitive and significant presence in the Australian and international market place.

SLIDE 7

Bega Cheese now has five sites, producing cheddar and processed cheese, mozzarella cheese, cream cheese, nutritional powders, nutraceuticals and milk and whey powder.

SLIDE 8

The sites are well located with Bega Cheese's traditional home at Bega, its manufacturing site at Lagoon Street.

Our Ridge Street facility is one of the largest cutting plants, last year cut & pack & processed cheese for customers in both the Australian and international market. The largest customer of course being Fonterra Brands (Australia).

SLIDE 9

Our Coburg cheese manufacturing plant sources its milk supply from all the major Victorian dairy regions including Gippsland, western and northern Victoria. Coburg allows the company to be more flexible in both milk management and cheese manufacture.

SLIDE 10

The facilities at Tatura represent our largest manufacturing site with producing infant formula, cream cheese, milk powders, and nutraceuticals being produced in the 2011 year.

The focus of Tatura Milk Industries investment and business development continues to be on the key platforms of cream cheese and nutritional powders.

SLIDE 11

Major investment at our Strathmerton facility this year now sees our northern Victorian packaging facility able to process cut and pack both natural and processed cheese, mirroring our capacities at Ridge Street. An important risk management strategy as well as creating new capacities to deal with growing demand and opportunities in this segment of our business. Our cornerstone and largest customer at Strathmerton is Kraft Foods.

SLIDE 12

Ladies and Gentlemen with strategically located sites and extensive investment in technology, capability and capacity Bega Cheese continues on its growth path. We do believe there are ongoing rationalisation opportunities in the Australian market and significant growth opportunities in both the Australian and international market place.

SLIDE 13

In terms of rationalisation I am pleased to report to you that Bega Cheese's proposal to acquire the remaining 30% of TMI remains on schedule. On Thursday 17 November, the supreme court of Victoria approved the scheme booklet and associated documentation. The documentation was yesterday mailed to TMI redeemable preference shareholders. A TMI shareholder meeting is scheduled for 14 December 2011. In my communications with TMI shareholders to date I have received positive feedback in terms of shareholder reaction to the merger of TMI and Bega Cheese.

The successful merger of TMI and Bega Cheese will deliver benefits that will include a more complete integration of the Tatura Milk and Bega Cheese businesses, the combining of the cash flows and balance sheet strength of each business, redeemable preference shareholders strengthen the financial position through ownership of a ASX listed share, and further realisation on business synergies and milk management opportunities.

SLIDE 14

As shareholders are aware in November of last year Bega Cheese made a \$22 million investment in Warrnambool Cheese and Butter, Australia's largest single site cheese manufacturer. The investment represented a 15% holding in the company. In this year's annual accounts the value of the WCB shares is reflected as at 30 June 2011, with the investment being brought to the balance sheet at a value of \$37 million.

Bega Cheese has participated in the dividend reinvestment program at WCB and made some on market share purchases. Bega Cheese's current shareholding in WCB is 16%.

SLIDE 15

The 2011 financial year was significant for a number of reasons, sales revenue continued to grow, the company asset base and shareholder equity grew, acquisition integration were substantially progressed while capital expenditure and corporate investment contributed to the realisation of the company's long term strategic goals.

SLIDE 16

The company's balance sheet remains well positioned with total assets increasing by \$17 million to \$462 million, Liabilities decreasing by \$10 million with group borrowings decreasing by \$15 million to \$116 million. Total equity increased by \$28 million to \$205 million. The balance sheet remains conservatively geared with a debt to equity ratio of 56%.

SLIDE 17

Ladies and Gentlemen, this was an historic year for Bega Cheese, the structural change approved by shareholders in April 2011 led to the initial public offering and listing of Bega Cheese on the Australian Securities Exchange.

The sound financial track record and business profile of the company saw our initial public offering substantially over subscribed and the targeted \$35 million capital raising reached well within our expected timetable. This was particularly pleasing given the substantial uncertainty in the financial markets and the volatility of the market.

As has always been the companies approach, we continue to seek to live up to shareholder expectations and execute to our strategy. The financial performance documented in the 2011 Annual Report is consistent with the forecast provided in the Prospectus. I am also pleased to advise that the TMI merger is on schedule.

One of the key strategies outlined in the prospectus focused on creating capacity and building risk management capabilities in cheese manufacturing and packaging. An important and unique announcement was made in September regarding the manufacture and packaging of Coles retailers mark cheese products. This once again demonstrated Bega Cheese's ability to execute key strategic outcomes. Aidan will discuss in more detail the status of the Coles contract.

SLIDE 18

Bega Cheese business continues to be well balanced with important manufacturing contracts with global dairy companies such as Fonterra, Kraft, Mead Johnson, and Ingredia, long term relationships with customers such as Snow Brand and Lacto Japan, and our Canberra based joint venture with Lion Dairy, Capitol Chilled Foods Australia.

The Capitol Chilled Foods business continues to have a strong brand presence in the ACT and South East NSW region with the Dairy Farmers and Canberra Milk brands.

SLIDE 19

The Bega brand remains a vital part of the culture and operations of this business. The brand franchise arrangements with Fonterra Brands (Australia) for the Australian market delivered \$5.8 million in royalties with the brand maintaining a leading position in the Australian market. Fonterra Brands (Australia) and Bega Cheese continue to have an important relationship with the long standing brand arrangements for the Australian market continuing and the companies working towards the finalisation of the Memorandum of Understanding that will see our contract packaging and processing arrangements extended.

Ladies and Gentlemen, with sales approaching \$1 billion, 5 sites, in excess of 1,400 staff and significant market opportunity, I am delighted to welcome for the first time Bega Cheese CEO, Aidan Coleman. Aidan in recent times has been the CEO of Fonterra Brands (Australia), he joined Tatura Milk Industries as CEO in 2008 and was appointed CEO of Bega Cheese in May this year. I know Aidan will make a great contribution to the business and our close working relationship will be key to the fulfilment of Bega Cheese's strategic goals.

SLIDE 20

Aidan Speech

SLIDE 27

Thank you Aidan

In Bega Cheese's 111 year history the 2011 year is one of great importance. The ASX listing, the ongoing execution of strategy and key investments sees the company well positioned to act on market and rationalisation opportunities.

A balance between Australian and international business, long term contractual relationships and in demand value added dairy products continue to deliver secure outcomes for the Bega Cheese business.

I am now pleased to open the floor for questions.

SLIDE 28

Well thank you Ladies and Gentlemen, the next item on the agenda is the adoption of the remuneration report.

SLIDE 29

The remuneration report is included in the Annual Report from page 11-20. The report sets out the remuneration of the Executive Chairman, the CEO and other key personnel as well as the Non-Executive Directors.

The Board, Executive Chairman and CEO of the company were responsible for remuneration principles and procedures in 2011. With market data and external advisors assisting the Board and executives when required. On occasions when discussions involved individuals, they absented themselves from the meeting.

There is no request for change in the Directors remuneration, with remuneration details and approach being approved by shareholders at the EGM held to approve the constitutional changes required to list Bega Cheese on the ASX.

Ladies and Gentlemen, I now require someone to move a resolution to adopt the remuneration report.

SLIDE 30

Before putting the resolution to vote I wish to advise the details of the valid proxies are;

Do I have someone to move the resolution?

Moved... Seconded... I now open the resolution for discussion.

SLIDE 31

I will now move to the election of Directors, we have three Directors that are offering themselves for re-election, two of our independent Directors, Peter Margin and Joy Linton have been appointed to the Board in accordance with the constitution while Richard Parbery retires by rotation and offers himself for re-election.

I will deal with each Director individually. But before I move to the election process I will invite each of the Directors to say a few words. Peter, Joy, Richard.

Thank you, I will now move to the election process.

SLIDE 32

Peter Margin

SLIDE 33

Richard Parbery

SLIDE 34

Joy Linton

SLIDE 35

Ladies & Gentlemen thank you very much for your attendance at this years AGM, I now declare the meeting closed.

November 22, 2011

For further information please contact:

Barry Irvin
Executive Chairman
Bega Cheese
02 6491 7720



Bega Cheese Limited AGM

22 November 2011

Chief Executive Officer – Aidan Coleman

Thank you Barry

Good morning Ladies and Gentlemen.

It is a pleasure to deliver this CEO's address to the Annual General Meeting of Bega Cheese Limited in its first year as a public company now listed on the Australian Securities Exchange.

This development in Bega's corporate structure is aligned to the company's strategy of external growth and the business is now well positioned to profitably participate in future changes in the Australian dairy industry if and when they might occur.

SLIDE 21

Financial Highlights

In the 2010/11 year the Group generated consolidated sales revenue of \$931.7 million. This represented an increase of 12.4% on prior year revenues and was largely driven by improvements in international dairy commodity volumes and price realisation as well as the full year revenue impact of cheese manufacturing contracts at the Strathmerton site.

The Group generated a net profit after tax of \$21.7 million before minority interests. While this result was \$1.5 million below the result in the prior year it included several one-off costs associated with the restructure and listing of Bega Cheese Limited on the ASX which totalled \$1.7 million.

The consolidated business operates five manufacturing facilities. These include two at Bega in NSW, one at Coburg in Melbourne, the Strathmerton factory in northern Victoria and the multi-product operation at Tatura, also in northern Victoria. In the past year these five sites handled approximately 591 million litres of milk.

The average milk price across all milk collected in NSW and Victoria was approximately forty two cents per litre. This was an increase of five cents per litre on the prior year which reflected global market conditions and the competitive price for milk.

While the total volume received was approximately 5% down on the prior year the Company manufactured 186,223 tonnes of various dairy products which represented only a 0.5% decrease on volumes produced in 2009/10. The variation between milk intake and the production volume demonstrates that Bega continues to move its sales mix toward increased added value products such as consumer packaged cheese, cream cheese and infant nutritional products. The company maintains approximately twenty five percent of its product mix in dairy products more frequently described as commodities and utilises these options to process by-products of the core business focus.

SLIDE 22

For the 2010/2011 year the Bega group operated its business in the form of two reporting segments, being Bega Cheese and its 70% owned Tatura Milk.

Bega Cheese generated approximately 70%, or \$651 million, of the total sales revenue, which was 15.4% above the preceding year. The business generated an EBITDA of \$29.8 million, being \$0.1 million below the prior year. The lag in operating profit growth relative to sales growth largely reflected the start-up costs as the Strathmerton operation geared up for increased production volumes, as well as the impact of the higher Australian dollar on the export consumer business. In addition, some of the increased revenue was from our key long term contract customers whose arrangements are on a fixed return basis. As previously mentioned the business absorbed several one-off costs related to the IPO.

Tatura Milk's revenue of \$308 million represented an increase of 14% on prior year sales reflecting improved global conditions for its core infant nutritionals and specialised milk-fat products including cream cheese. The business generated an EBITDA of \$23.5 million which was 2% higher than the prior year. The variance between sales and EBITDA growth reflects the higher milk prices in 2010/11.

SLIDE 23

Cash flow and overall cash management is a strong driver and performance focus for the Group. The net cash inflow from operating activities was \$73.9 million, considerably higher than the \$53.2 million in the prior year. A key contributor to this improvement was an inventory reduction programme at Tatura Milk, which resulted in inventories dropping by \$21.5 million over the prior year for that business.

As shareholders were aware at the time of the IPO, the company has invested approximately \$66 million in capital programmes over the last three years including \$25 million in the 2010/11 year. This capital included investments in safety improvements, environmental compliance and business efficiency projects together with investment in new capacity. The key capital projects included the natural cutting line at Strathmerton, cream cheese capacity upgrades at Tatura, mozzarella capabilities at Coburg and general process automation. The company is continuing to invest in its strategic growth categories which include packaged consumer cheese manufacturing, infant nutritional products and cream cheese and is also in the planning phase to upgrade milk handling capabilities at the Coburg cheddar facility.

SLIDE 24

The Group maintains a strong focus on risk and risk management. Business activity is based on a mix of lower margin long term contracts together with shorter term higher margin business, as well as our own Bega international consumer business. The company maintains a well-defined foreign exchange management policy to support its international trade, much of which is denominated in US dollars. Plant flexibility between Bega Lagoon Street, Coburg and Tatura enables the company to operate a milk optimisation model which can direct milk to the best returning options. Business continuance is a core risk management focus. This has now been enabled between the three primary production units mentioned above, as well as between the cheese cut, pack and processed factories at Bega Ridge Street and Strathmerton. During the 2010/11 year climatic adversity was experienced across many parts of Australia, including several regions where Bega collects milk and operates factories. The most notable impact on the Group was the major flooding experienced in the Bega region in March 2011 which saw the Lagoon Street cheddar facility as well as on-farm milk collection, halted due to the extreme flood waters. It is appropriate to recognise the preparedness and decisive action taken by management and staff to minimise the impact of this flood and have the factory back in production within seventy-two hours.

This highlights the company's commitment to, and investment in, the ongoing development of its risk assessment culture and processes whereby we utilise the expertise of two international specialist organisations to enhance both the Risk Management and Crisis Management Programmes.

SLIDE 25

Bega continued its strong support of the Bega Environmental Management System (BEMS) which is an on-farm environmental rehabilitation program driven jointly by the company and its farmers in the Bega Valley region. The program is supported by the Federal and NSW State governments as well as the Bega Valley Shire. To date \$3.15 million has been contributed by government agencies while Bega farmers have contributed \$6.4 million to the program. As well as rehabilitation the program has assisted farmers to make annual energy savings of \$2,200 per farm as well as 142 tonnes of carbon emissions reductions each year. I would like to congratulate the BEMS Committee for winning the Peabody Energy Environment and Landcare Award at the recent NSW/ACT Regional Achievement and Community Awards ceremony. This is a significant achievement and recognition at this level clearly demonstrates that what the BEMS program is doing is exceptional.

SLIDE 26

In modern business it is frequently said that people are our greatest asset. The Group continues to review and refine its organisational structure to improve the performance and productivity of people in teams. A good example of this was the work done over the past two years to build a strong leadership team at Tatura Milk. This enabled my own seamless transition from Tatura to CEO at Bega in May 2011 without having any impact on the operating performance at Tatura. It is evident at both Bega and Tatura that management and staff are strongly committed to the future strength of the company and I would like to take a moment to recognise this commitment.

On the subject of people, Safety is a core focus for the Group. Bega has made significant advances with its behavioural safety programme at the Ridge Street and Lagoon Street factories in NSW and is now in the process of rolling out this programme to its other sites in Victoria. The company measures Lost Time Injuries (LTI) and Lost Time Injury Frequency Rate (LTIFR) as core measures as well as the contact rate for safety observations. It is notable that the Group work-cover premium dropped last year by 10.9% over the prior year. The safety programme is well supported by the Board and the safety outcomes are an increasing component of at-risk salary for the CEO and managers.

As stated earlier, the business growth platforms primarily focus on consumer cheese products, cream cheese and infant nutritional powders. The business continues to grow in its core consumer cheese business and this year Bega has entered into a five year contract to provide Coles Supermarket Group with its own brand cheese requirements. As a result the Coburg facility will largely be dedicated to producing cheese specifically for that contract, which will then be cut or processed at Strathmerton and Ridge Street. The business also continues to enter into business-to-business agreements for its infant nutritional products, particularly to growth markets such as China, Korea and Vietnam. The current investment in cream cheese capacity will enable the business to maintain its current growth in this category and is now clearly established as a leading supplier into a wide range of markets including China, Asia, Japan and the Middle East as well as the domestic Australian market.

In closing, I would like to reiterate that the past year has set a solid platform for business growth and continued performance improvements. We remain focused on our core business strategies and continue to invest in these with the expectation that the outcomes will drive strengthening business results and shareholder value.

Thank you

Aidan Coleman

Chief Executive Officer

November 22, 2011

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