Bega Cheese Limited

Results Presentation 2012

2012 – A Year of Achievement

- Successful listing of Bega Cheese
- Tatura Milk merger completed
- Long term supply partnership with Coles for the Australian origin cheese products
- Creation of new management team
  - Maintaining existing knowledge and experience
  - Adding new skills and approach
- Solid financial outcomes

2012 Results Highlights*

- Group revenue $927m
- EBITDA growth 9%
- PBT growth 23%
- EPS 12.81 cps
- Total dividend 6.5 cps

- EBITDA increase 9% to $57m
- PBT increase 23% to $27m
- EPS down 18% - reflects issues of new share capital and changed tax status of TMI
- Final dividend of 3.5 cents per share fully franked
  (Total dividend attributable to 2012 6.5cps)
- Milk intake increase 23% to 638m litres
- Increase in total production of 9% to 203,765t

**Comparison to prior corresponding period*

Group Business Performance

	2012 $ m	2011 $ m
Sales Revenue	926.8	931.7
EBITDA	56.8	52.2
EBIT	35.9	31.1
PBT	27.1	22.1
PAT	20.4	21.7

- Small decrease in revenue reflecting lower international dairy prices and change in sales mix
- Healthy growth in underlying profitability, improved margins and performance particularly in dairy nutritionals and cream cheese
- Decrease in after tax profit not consistent with underlying earnings growth due to change in TMI tax status and resultant increase in tax expense (non-cash)

Group Balance Sheet Extract

	2012 $ m	2011 $ m
Trade and other receivables	95.8	83.3
Inventories	162.7	104.6
Investments	30.9	37.0
Property, plant & equipment	204.6	197.9
Total Assets	**516.0**	**462.1**
Trade and other payables	130.9	117.8
Borrowings *	114.8	116.3
Total Liabilities	**269.5**	**256.6**
Net Assets	**246.4**	**205.5**

- Inventory - Increase principally due to new Coles brand cheese business
- Investments - WCB share price decline

*Net debt 2012 actual $108.8m (2011 - $95.7m)

Group Cash Flows

	2012 $ m	2011 $ m
Receipts from customers	945.6	980.2
Payments to suppliers	(944.3)	(893.9)
	1.3	86.3
Interest and other costs of financing paid	(8.8)	(8.9)
Income taxes paid	(3.0)	(3.6)
Operating activities	**(10.5)**	**(73.8)**
Investing activities	**(30.1)**	**(46.2)**
Financing activities	**23.0**	**(25.2)**
Net (decrease)/increase in cash and cash equivalents	**(17.7)**	**2.4**

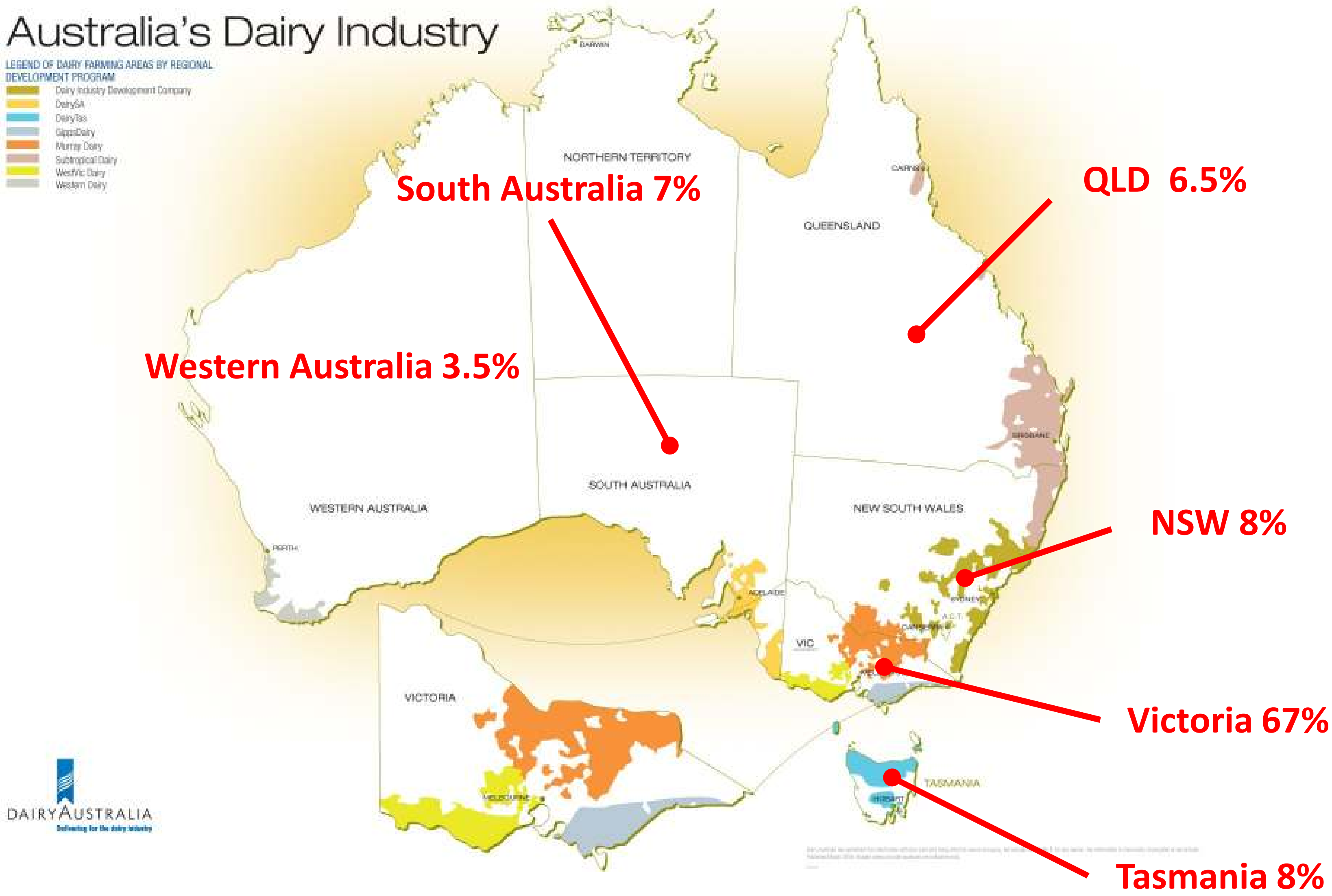
- Increases in inventory ($58m) impacting operating cash flow
- Investing activities include capital expenditure of $28m and WCB share purchase of $4m
- Financing activities include $35m raised from share issue on listing, costs of equity raising and increased dividend payments

Milk Intake

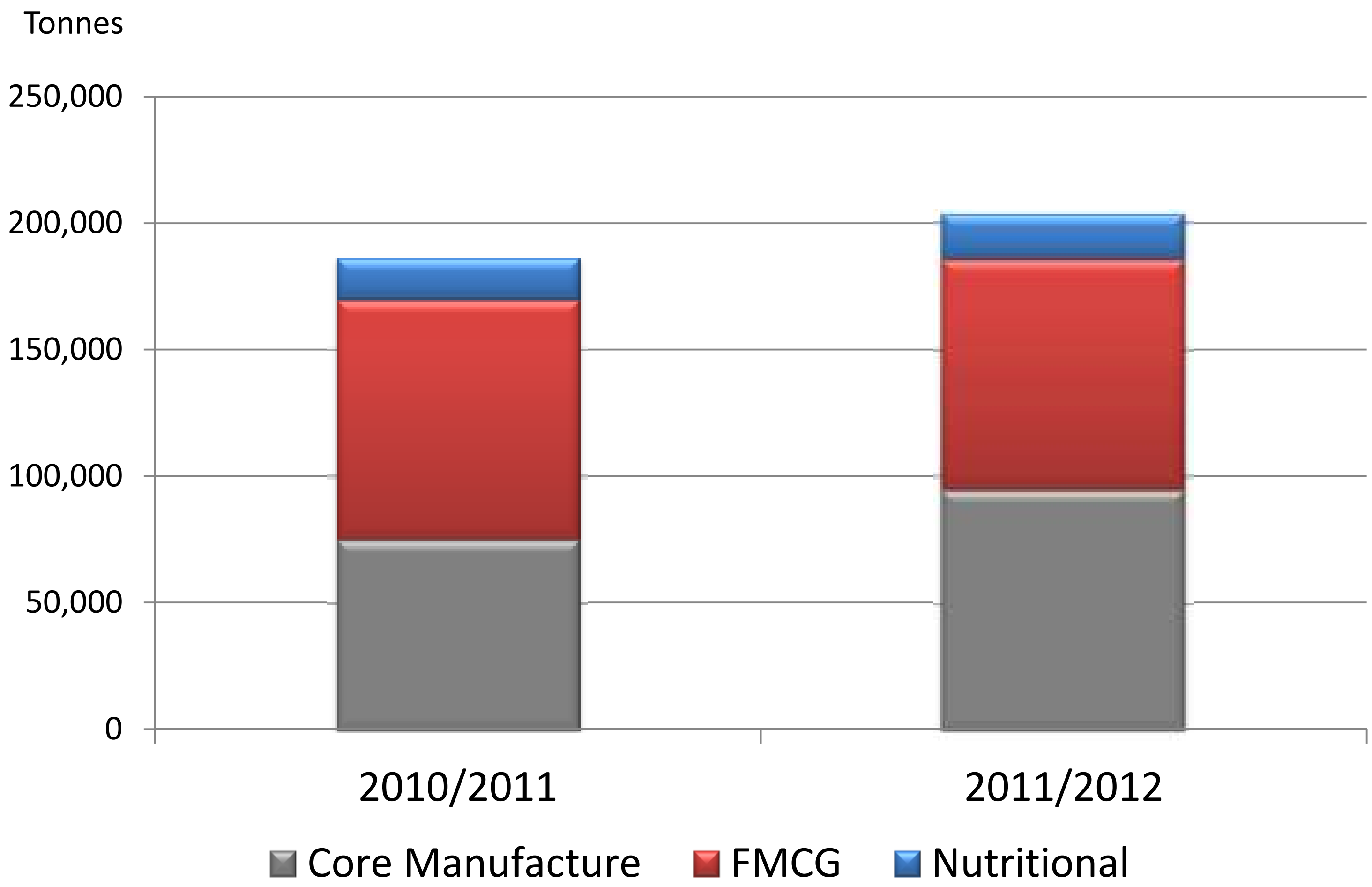
Direct supplier intake	2011/2012 million litres	2010/2011 million litres
Bega	181	156
Coburg	100	69
Tatura	357	295
Total	**638**	**520**

- 23% increase in direct milk intake
- Increased production from existing suppliers
- New suppliers

Total Australian Milk Production (4% increase to 9.45 billion)



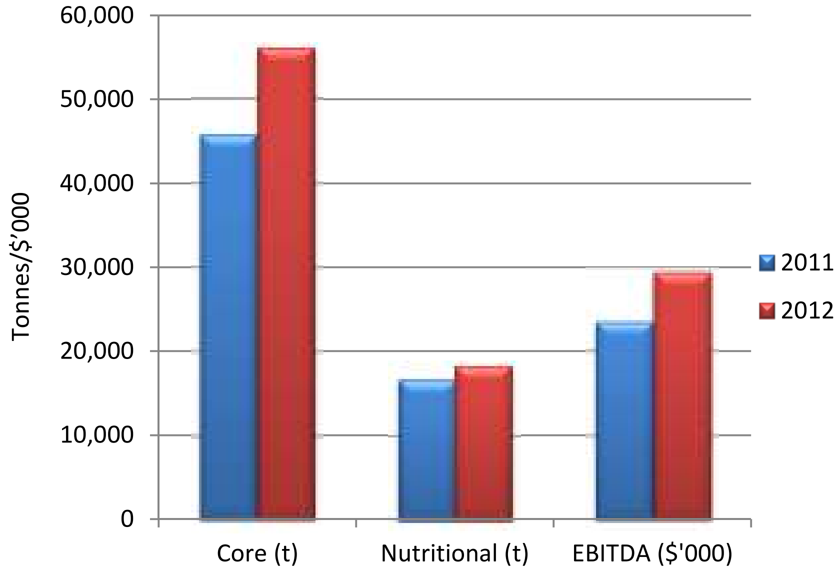
Production



- Total production 203,765 tonnes increase of 9%

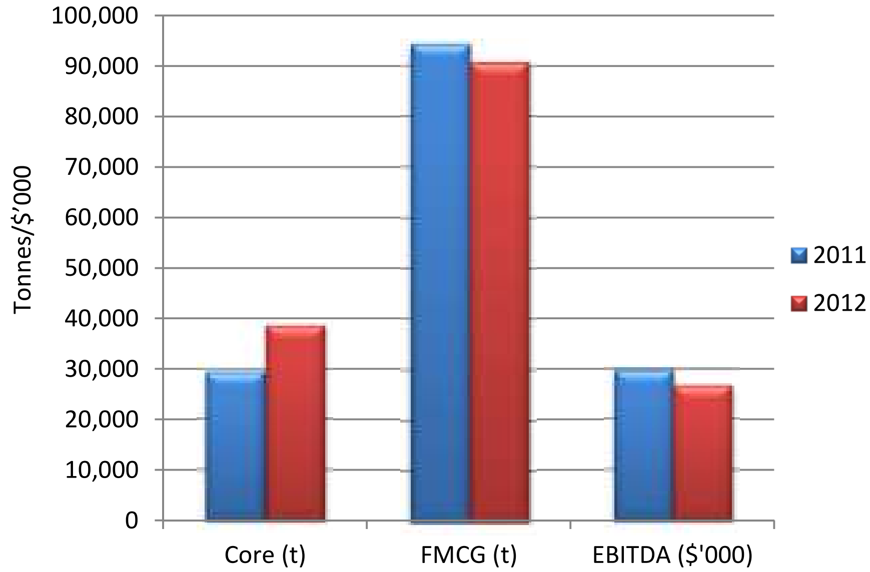
Segments Volume & EBITDA

Tatura



- Core manufacturing growth reflecting increased milk intake
- Nutritional production growth in response to demand
- EBITDA; cream cheese, infant formula margin improvement and improved manufacture efficiencies

Bega



- Core manufacturing growth to create cheese inventory for Coles
- FMCG volume decrease reflecting timing of contract change overs and softening of international retail cheese sales
- EBITDA performance impacted by a number of one off events

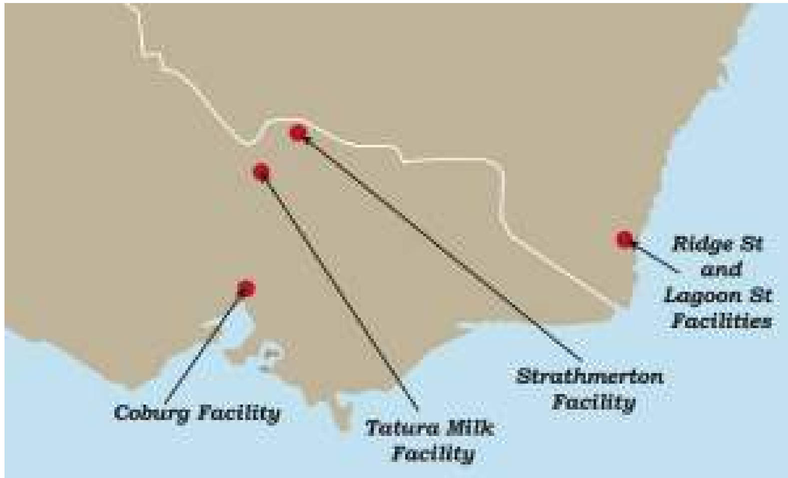
Business Improvements & Challenges

- Tatura Milk
  - Increased milk volumes – greater plant efficiencies
  - Increase in cream cheese & nutritional sales and margin
- Bega Cheese
  - Increased milk intake – improved plant utilisation
  - Established required inventory profile for new customers
  - Cutting & packaging plants impacted by customer change
  - Overall Bega business performance impacted by one-off incidents fire, flood, film supplier transition
  - One off listing costs

Infrastructure

- Capital expenditure $27m
- Investment in capacities
- Investment in automation and process improvement
- Integrated infrastructure
- Risk management capability

Map of facilities



Bega

Tatura

Strathmerton

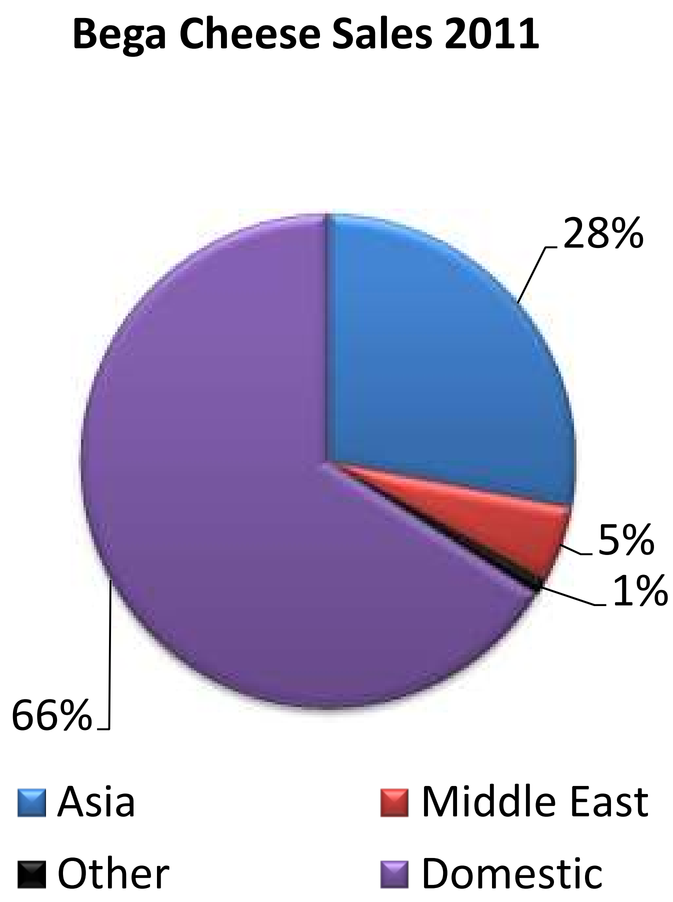
Coburg

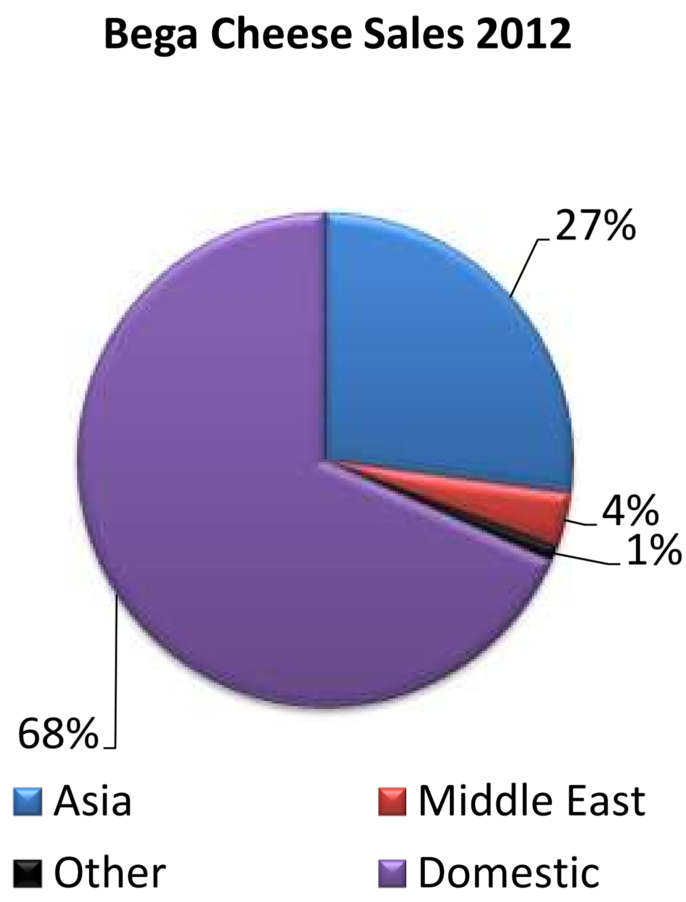
High Quality Value Added

Product Range

- Cheddar & Processed Cheese
- Mozzarella
- Cream Cheese
- Nutritional Powders
- Milk Protein Concentrate

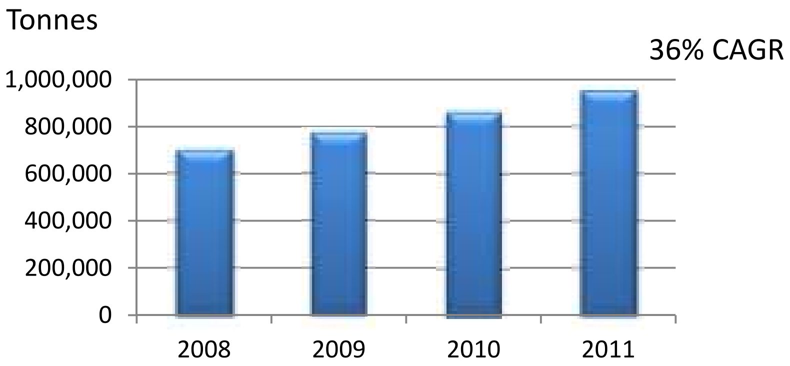
Sales Revenue by Destination





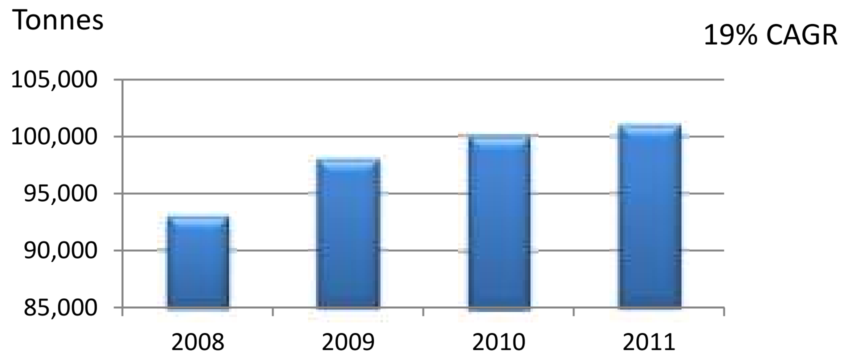
Market Profile

Asian infant formula demand



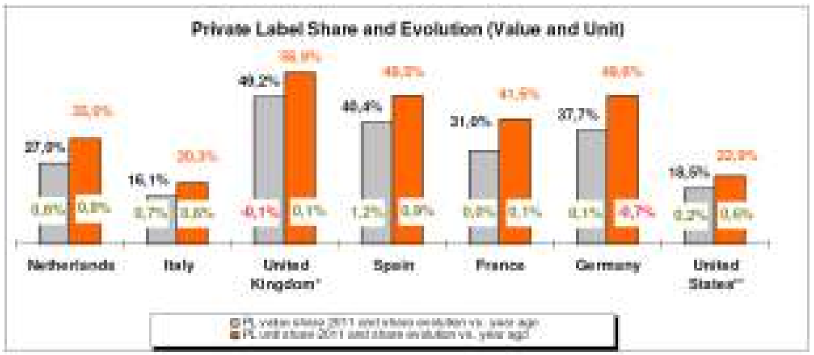
Source: Euromonitor International 2011

Asian cream cheese demand (tonnes)



Source: Proteus Insight Ltd./Dairy Australia

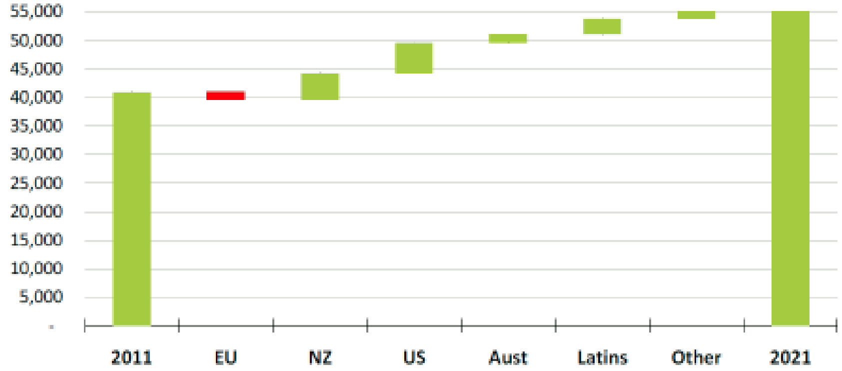
International private label developments



Source: Dairy Australia

Global dairy demand

(million litre milk equiv.)



Strategic Focus Areas

Strategic Priorities

- Maximise utilisation of current asset base and customer opportunity
- Optimise value of milk components
- Protect and improve pre-eminent position in packaging of Australian retail cheese
- Increase global presence in cream cheese and dairy nutritionals
- Continue to be positioned to participate in industry rationalisation

Outlook

- Business refinement opportunities progressing to plan
- Stable domestic business with long term customers; Fonterra, Kraft, Coles, etc.
- Significant Asian growth in, dairy nutritional cream cheese and mozzarella
- Food service opportunities, Asian, Middle East, Oceania
- Global dairy commodity markets improving
- Expect continued EBITDA growth in 2013

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