



BEGA CHEESE
SINCE 1899

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MEDIA RELEASE

Bega Cheese – A year of achievement, progression and change

- Listing on ASX, merger with Tatura Milk
- EBITDA growth of 8.8% to \$56.8m
- Profit before tax of \$27.0m up 22.7%
- Full year dividend 6.5 cents per share
- Product mix mitigates effects of world dairy cycles

Bega Cheese Limited (BGA) today announced a \$20.4 million 2012 full year net profit after tax and declared a final dividend of 3.5 cents per share fully franked.

EBITDA grew by nearly 9.0% to \$56.8 million on sales revenue of \$926.8 million. Executive Chairman Barry Irvin said “Bega Cheese’s ability to grow profit before tax by more than 22% is pleasing given volatile domestic and international dairy markets and is the result of a strategy to move the business toward high growth, high margin products”.

Bega Cheese CEO, Mr Aidan Coleman said “The growth was driven by margin improvement as a result of a change in sales mix as Bega Cheese continues to focus on its strategy of diversifying milk solids away from conventional dairy commodities to technically advanced products more closely aligned to specific customer needs. This is exemplified by the Group’s growth in infant and growing-up nutritionals and an assortment of cheese products for the Asian food service sector”.

In September 2011 Bega Cheese announced an important five year relationship with Coles for the manufacturing, packaging and supply of Coles branded cheese products. Mr Coleman said “Bega Cheese is delighted to welcome Coles as an important long term customer. An inventory build was required to fulfil the Coles contract which had a one-off impact on working capital, the benefits of which will flow in 2013.”

The Group continues to focus on productivity and process improvement. During the year capex of \$27.6 million was invested in, among other things, high speed block and shredding lines for consumer cheese and increasing capacity of Tatura Milk’s cream cheese facility to meet the growing demand out of Asia.

Mr Irvin commented on the significant increase in milk supply saying “better seasonal conditions and water storages at near capacity resulted in a 23% increase in direct milk supply, particularly in Northern Victoria. As a result, Bega Cheese was able to grow total core manufacture to 94,797 tonnes which combined with cheese packing and nutritionals manufacture saw total production of 203,765 tonnes”.

A 6.0% decline in net profit after tax to \$20.4 million is driven by the change in tax status of Tatura Milk. Tatura Milk is no longer a co-operative for tax purposes and is therefore fully taxable. Whilst the increase in income tax expense was significant, the overall income tax to be paid in FY2012 will be significantly less than the income tax expense due to the benefit of carried forward tax losses at Tatura Milk.

BEGA CHEESE LIMITED ACN 008 358 503

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Butter, Cheese & Powder Manufacture: 13 Lagoon Street, North Bega NSW 2550, Australia

The strong growth in profit before tax was delivered during a year of significant change and one-off events. Bega Cheese listed on the Australian Securities Exchange (ASX) in August 2011 and completed a full merger with Tatura Milk Industries in December 2011. The strong financial performance of the business has delivered a leading milk price to suppliers and a dividend of 6.5 cents per share to shareholders.

The final dividend of 3.5 cents per share will be paid on 19 September with a record date of 4 September 2012.

Outlook

Mr Irvin said “Bega Cheese is well placed for growth and is anticipating continued EBITDA growth in 2013. This growth will come from the full integration of the Tatura Milk and Strathmerton facilities and related efficiencies, the growth in Asian demand for nutritional powders and further growth and efficiencies in our cheddar cheese manufacturing and packaging operations”.

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24 August 2012

For further information please contact:

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