

## MEDIA RELEASE Bega Cheese Limited

## 1H FY2013 Results

## Bega Cheese Strong and Bitey

- Revenue increase 9.6%
- EBITDA increase 14.0%
- PAT Increase 13.6%
- Direct milk intake up 8.9%
- Production increase 5.4%

Bega Cheese Limited (BGA) today announced a \$15.9 million half year net profit after tax and declared an interim dividend of 3.5 cents per share fully franked.

Bega Cheese has continued to demonstrate the benefit of a consistent strategy and business model despite the highly competitive Australian market place, the strong Australian dollar and volatile global dairy commodity prices.

Executive Chairman Barry Irvin said "This result is testament to the Company's willingness to invest in value-adding infrastructure that enables us to quickly respond to our customers' requirements. The strength of our customer relationships has been well demonstrated in this period with renewed agreements with long-term customers such as Fonterra, Ingredia and Mead Johnson, alongside long term contracts with Coles and Kraft".

A revenue increase of 9.6% to \$491 million and EBITDA increase of 14.0% to \$37.4 million reflects improved volumes and efficiencies in cheese cutting and packaging and margin improvement in value added dairy products.

Bega Cheese CEO, Mr Aidan Coleman commented "It was particularly pleasing to achieve both revenue and EBITDA growth in a highly competitive market place. With inventory builds to service our major customers largely complete, operating cash flow has substantially improved with an increase of cash generated from operating activities of \$41.8 million".

Total production of 110,000 tonnes was driven by increased volumes at Bega Cheese's cheese cutting and packaging plants and increased direct milk intake of 8.9%. Mr Irvin said "Increased milk supply has been achieved despite very difficult business circumstances for many of our suppliers as a result of decreased farm gate prices and rising input costs in 1H FY2013".

In the 12 months since the Bega Cheese and Tatura Milk full merger, a new management team has been created and a number of business improvement initiatives implemented. Mr Irvin said "One of our key focus areas is maximising the value of our milk components and ensuring our infrastructure is integrated and efficient. The Board recently approved a major capital expenditure to expand capacity and further integrate our Tatura and Coburg site operations".

Bega Cheese's extensive dairy infrastructure and product range including cheddar, processed and cream cheese, nutritional powders and nutraceuticals sees it well placed to provide dairy products to its customers. Mr Coleman said "We want to be positioned to supply our Australian customers with world class Bega cheese and dairy products but we also want to continue to service the heavy demand for dairy products, especially in Asia and the Middle East".

The record date for the first half dividend is 5 March 2013, with a payment date of 19 March 2013.

Barry Irvin

**Executive Chairman** 

B.A. I.