

**2013 RESULTS**  
**CONFERENCE**  
**BEGA CHEESE LIMITED**



# KEY MESSAGES

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- Improved financial performance
- Strong cash flow
- Enhanced customer relationships
- Targeted capital expenditure
- Improved outlook

# FY2013 RESULTS HIGHLIGHTS

Revenue  
Growth  
8.3%

EBITDA  
growth  
13.2%

PBT  
growth  
30.5%

EPS  
16.76  
cps

Total  
dividend  
7.5 cps

- Revenue increase to \$1,010m
- EBITDA increase 13.2% to \$64.3m
- PAT increase 24.6% to \$25.4m
- EPS up 30.8%
- Total FY2013 dividend 7.5 cps
- Net debt down to \$86.7m

# BUSINESS PERFORMANCE

	FY2013 \$m	FY2012 \$m
Sales Revenue	1,010.1	932.9
EBITDA	64.3	56.8
EBIT	43.5	35.9
PBT	35.3	27.1
PAT	25.4	20.4

- Strong revenue growth in all business areas, particularly contract pack and nutritionals
- Increase in gross margin driving EBITDA and profit growth
- Prior year included one-off expenses associated with listing

# BALANCE SHEET EXTRACT

	FY2013 \$m	FY2012 \$m
Trade and other receivables	104.3	95.8
Inventories	163.3	162.7
Investments	39.0	30.9
Property, plant & equipment	210.9	204.6
<b>Total Assets</b>	<b>551.5</b>	<b>516.0</b>
Trade and other payables	144.9	130.5
Borrowings	110.9	114.8
<b>Total Liabilities</b>	<b>289.5</b>	<b>269.5</b>
<b>Net Assets</b>	<b>262.0</b>	<b>246.4</b>
<b>Net debt</b>	<b>86.7</b>	<b>108.7</b>



# CASH FLOW EXTRACT

	FY2013 \$m	FY2012 \$m
Receipts from customers	1041.0	945.6
Payments to suppliers	(966.9)	(944.4)
Interest and other costs of financing paid	(8.1)	(8.8)
Income tax paid	(4.0)	(3.0)
<b>Operating activities</b>	<b>62.0</b>	<b>(10.6)</b>
Investing activities	(29.3)	(30.1)
<b>Financing activities</b>	<b>(11.4)</b>	<b>23.0</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21.3</b>	<b>(17.7)</b>

- Cash flow benefiting from working capital control, with inventory build up complete
- Investing activity includes \$27.8m on capital expenditure

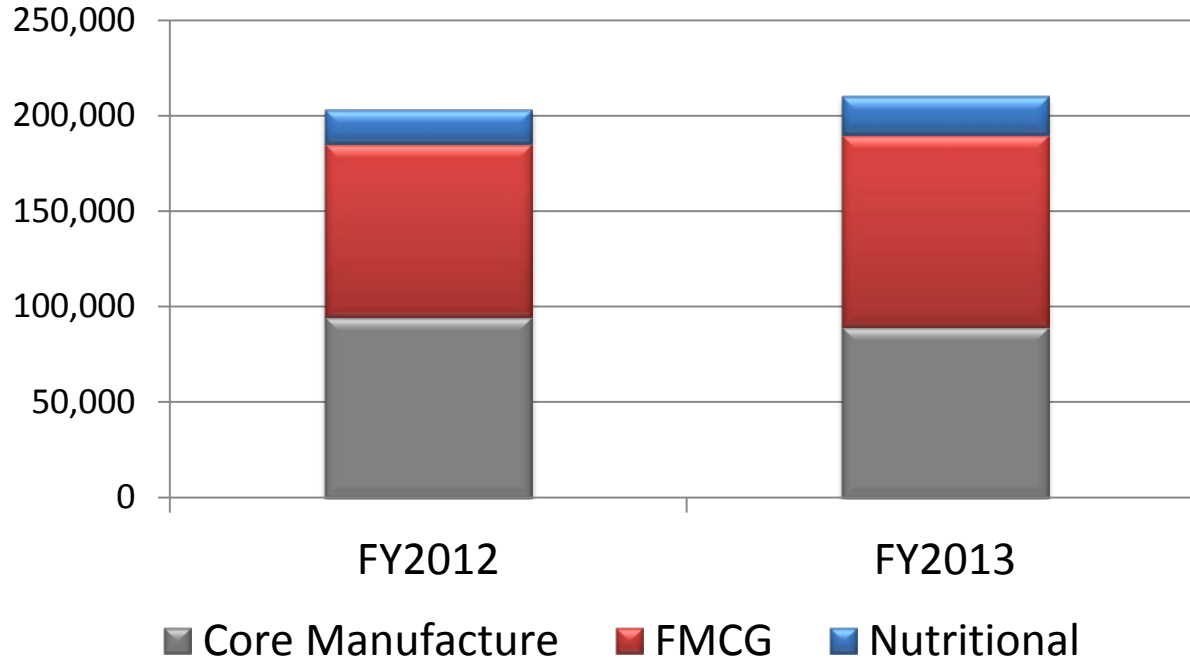


# MILK INTAKE

	FY2013 million litres	FY2012 million litres
Bega	191	182
Coburg	107	100
Tatura	343	401
Contract	54	42
<b>Total</b>	<b>695</b>	<b>725</b>

- Milk pool well balanced to meet production requirements
- Difficult dairy farming circumstances
- Leading milk price paid, compared with other large manufacturing companies

# PRODUCTION

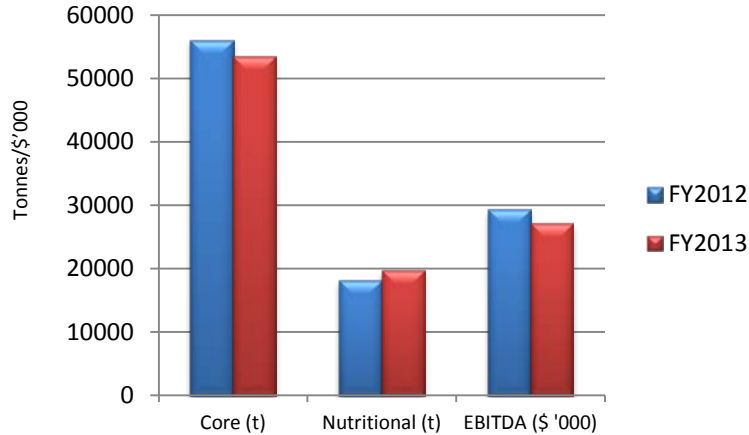


- Total production 210,052 tonnes increase of 3%



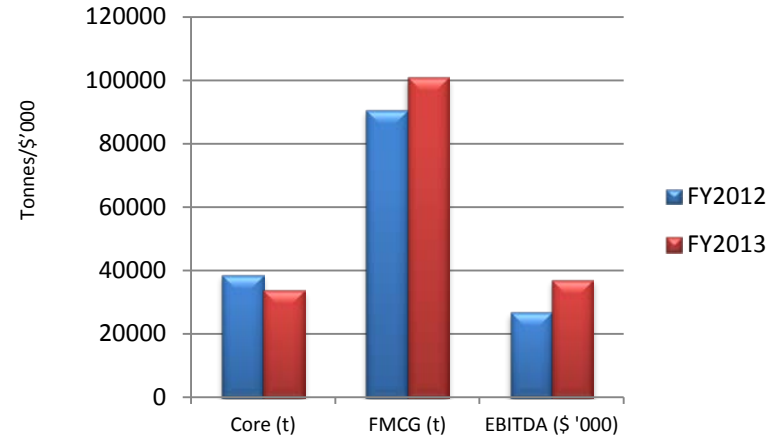
# SEGMENTS VOLUME & EBITDA

## Tatura



- Nutritional volume up 9%
- Core manufacturing volumes reducing as milk diverted to higher value products
- Increase in cream cheese production
- Decrease in EBITDA reflects more difficult trading conditions

## Bega

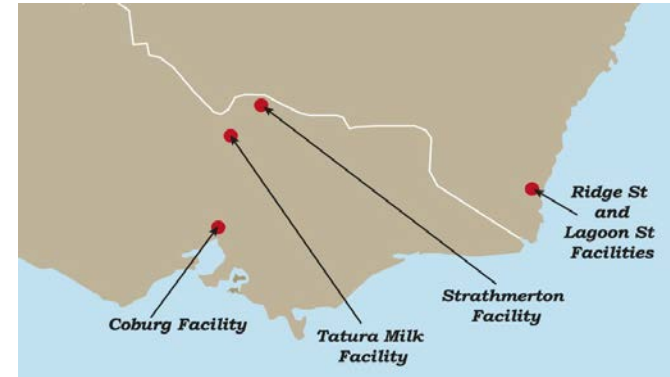


- Focus on increasing FMCG volumes at Ridge St and Strathmerton sites – up 11%
- Less milk used in cheese production, with supplier volumes holding well
- Increase in EBITDA, with no costs associated with listing and strong gross margins

# INFRASTRUCTURE

- Capital expenditure \$27.8m
- Investment in capacities
- Integrated infrastructure
- Process improvement
- Risk management capability

Map of facilities



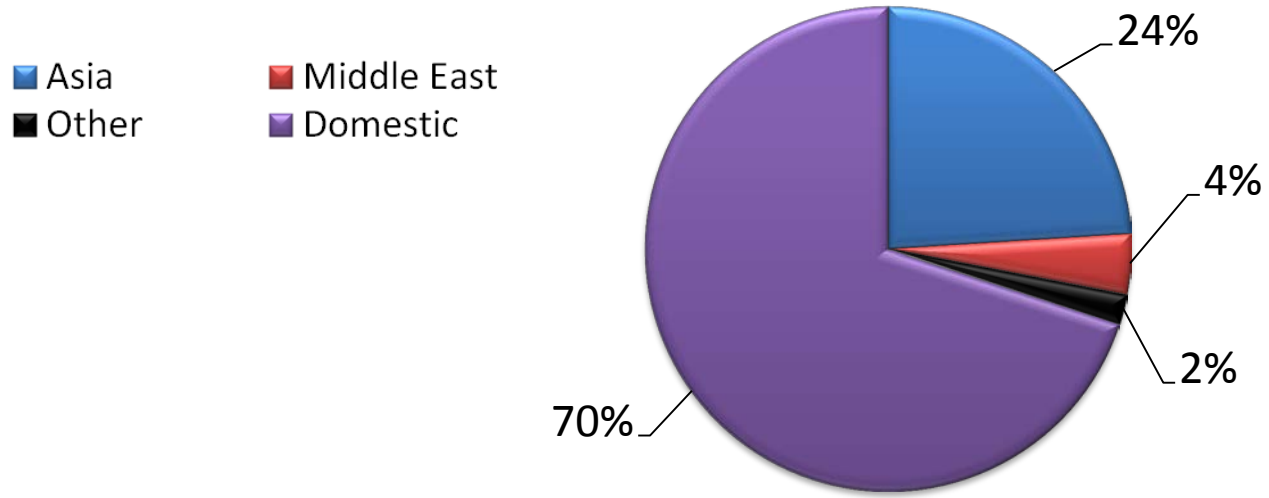
# HIGH QUALITY VALUE ADDED PRODUCT RANGE

- Cheddar and Processed Cheese
- Mozzarella
- Cream cheese
- Nutritional Powders
- Milk Protein Concentrate

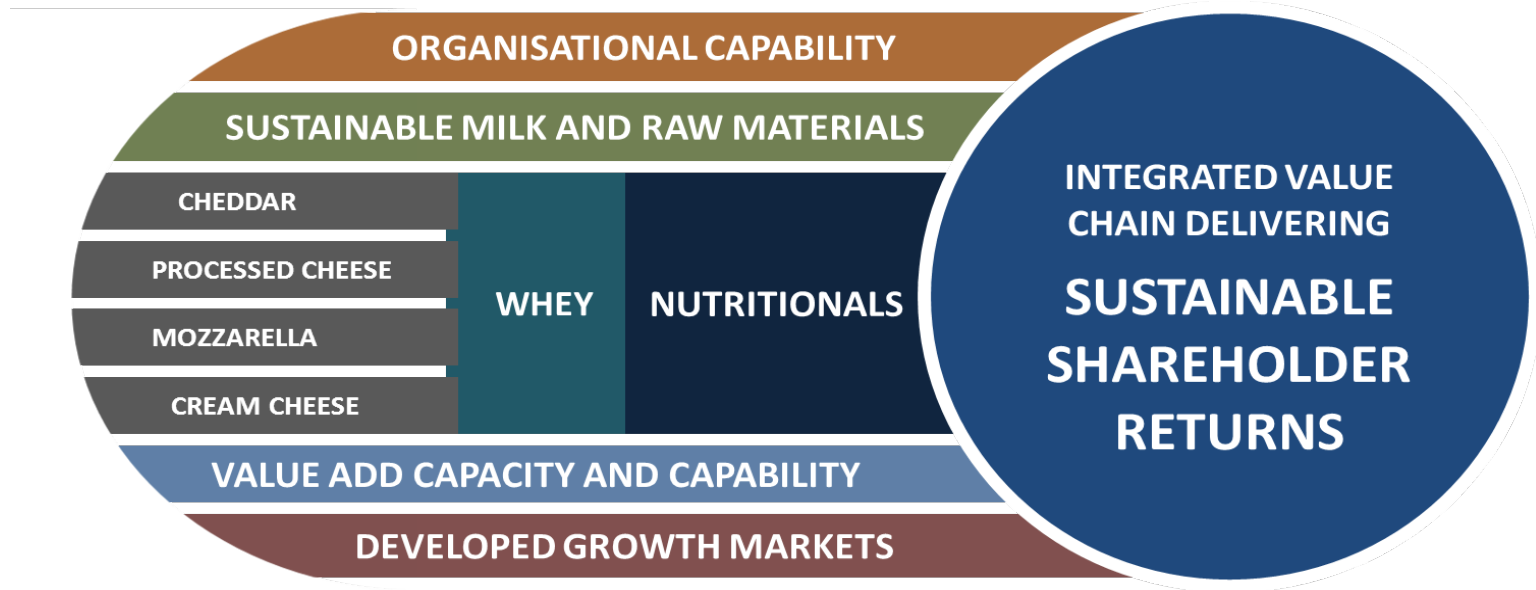


# SALES REVENUE BY DESTINATION

## Bega Cheese Sales 2013



# STRATEGIC FOCUS AREAS



# STRATEGIC PRIORITIES

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- Infant formula/nutritionals blending and canning capacities
- Manufacturing improvement/integration plan
- High value whey processing
- Ongoing development of international FMCG business
- Customer service/value creation
- Improved milk supplier returns

# OUTLOOK

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- Improved and stable global dairy commodity prices
- Improved currency relativity
- Business improvement/integration initiatives adding value
- Improved farm gate milk prices
- Global supply/currency/trade relativities continue to create a volatile environment

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# THANK YOU

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