



## **ASX ANNOUNCEMENT**

### **MILK SUSTAINABILITY AND GROWTH PROGRAM CLOSED**

In March 2014 Bega Cheese announced the launch of a Milk Sustainability and Growth Program. The aim of the program was to address the future milk supply needs of the company and respond to the market signal we have received from our customers regarding environmental sustainability and farming practices.

The company announced in March 2014 that it was allocating an aggregate amount of \$25 million to the Milk Sustainability and Growth Programs. The Sustainability Program involved an environmental and farm practices audit on participating farms while the Growth Program sought to encourage farm investment that would deliver 20% supply growth in the next 3 years. Participation in the programs also required our farmers to enter into a 3 year supply agreement with the company.

We have been delighted with the response to the program with over 90% of our milk supply participating in the Sustainability Program. Many of those suppliers have also participated in the Growth Program. Projects submitted and approved under the Growth Program will result in suppliers directly investing almost \$50 million in their dairy farming businesses for future milk production growth.

The success of the programs reflects a substantive step change in the future of milk supply and sustainability, which will make an important contribution to the ongoing growth of the company.

The strong response to the Milk Sustainability and Growth Programs has meant that the programs have now reached their budgeted spend and have been closed.

The Milk Sustainability and Growth Program's \$25.0 million budget is now fully allocated with \$10.6 million costs reflected in the FY14 annual accounts, \$14.0 million due to be expensed in the FY15 accounts and the balance (\$0.4 million) to be reflected in the FY16 and 17 accounts. These costs are not regarded as forming part of the normalised results of the company as advised by the Chief Executive Officer in his Review of Operations and Activities in the 2014 Annual Report.

4 February 2015

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For further information please contact

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