



MEDIA RELEASE

1H FY2015 Results Announcement

Strategy on Track – Short Term Challenges

Bega Cheese Limited remains very positive about the outlook for dairy and for the Bega Cheese Limited business in particular, despite short term challenges in 1HFY15.

While the first half normalised EBITDA of \$31.3 million was lower than the previous year, the success of the strategic initiatives of the business were reflected in an 8% increase in revenues to \$552.5 million and the strong growth of both the international consumer packaged goods business and the nutritional business.

Global dairy commodity price reductions of approximately 50% particularly impacted Bega Cheese's wholly owned subsidiary Tatura Milk Industries Limited first half result. Commissioning costs of the new infant formula blending and canning plant at Derrimut in Victoria also impacted first half results. Volumes through the new Derrimut facility continue to grow and projected efficiency levels and costs are now being achieved.

In October 2014, the company provided guidance that the normalised full year result for FY15 would be in line with the FY14 result of \$29.7 million. The company has today updated its forecast normalised full year result to a range between \$25 and \$28 million.

The company continues to invest in the Milk Sustainability and Growth Program with over 90% of milk supplied by farms now contracted under this initiative and generating significant on-farm investment in future milk supply, including targeted growth projects with an objective of increasing milk supply by 20%. The strong growth in the value added platforms of the business and the successful outcomes of the company's Milk Sustainability and Growth Program sees the business in an excellent position to take advantage of ongoing strong demand and growth in its key platforms both internationally and domestically.

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For further information please contact:

Barry Irvin
Executive Chairman
Bega Cheese
02 6491 7720