



MEDIA RELEASE

FY2015 Financial Result Announcement

Bega Cheese Limited today announced a normalised earnings before interest, tax, depreciation and amortisation (EBITDA) of \$55.7 million and a normalised profit after tax (PAT) of \$22.0 million, in line with previous guidance issued to the market on 19 May 2015.

The normalised result excludes the impact of the Milk Sustainability and Growth Program. The statutory results when including the effect of this program in FY2015 was an EBITDA of \$42 million and PAT of \$12.4 million.

While the result was down on FY2014 (which included the sales of Warrnambool Cheese and Butter shares), the business has responded well to a substantive and sustained contraction in global dairy commodity prices throughout the year and strong competition for milk supply.

Bega Cheese generated revenue totalling \$1.1 billion in FY2015, an increase of \$43 million.

The benefit of Bega Cheese's value adding strategy was demonstrated through strong revenue growth in the consumer packaged goods and nutritional platforms. These platforms grew by a combined \$72 million in revenue and highlight the strength in demand for consumer goods, infant formula and growing up powders.

While the value added platforms performed well in challenging circumstances a \$29 million reduction in returns from global commodity sales significantly impacted financial outcomes for the business.

Bega Cheese continues to express optimism for the outlook for the business. The company achieved a number of key strategic milestones in FY2015 including a step change in milk supply sourcing through its Milk Sustainability and Growth Program, bringing to full production of its new infant blending and canning plant at Derrimut and the strong growth of its consumer goods and nutritional platforms.

The positive outlook, strong business platforms and balance sheet supported a full year dividend outcome consistent with the previous year of 8.5 cps (H2 4.5 cps).

In commenting on the progress of the business Executive Chairman Barry Irvin noted "Bega Cheese has continued to invest in the future, adding capability and capacity in higher value add consumer goods and nutritional platforms. It is pleasing to see that these strategic investment initiatives have enabled the business to maintain its growth momentum even though the global dairy industry has seen a major contraction in the value of dairy commodities".

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