



## **ASX ANNOUNCEMENT**

### **Bega Cheese to cease supply of Coles “own brand” cheese in January 2017**

Coles Supermarkets has informed Bega Cheese of its intention to change suppliers for its “own brand” cheese manufacturing and packaging in January 2017.

Bega Cheese was pleased to execute one of the first long term supply agreements with Coles in January 2012, the agreement was for a period of 5 years and expires on 25 January 2017.

The change in the supply arrangements at Coles will see Bega Cheese redirect the related milk supply to other value added dairy products and markets including our rapidly growing infant formula and nutritionals platform.

The focus on higher value product mix and markets is consistent with the strategy of the business and will see a significant decrease in inventory holding for the company with up to \$60 million of cheese inventory being realised as a result of the change of supply arrangements with Coles.

Bega Cheese has a very constructive and positive relationship with Coles and is confident it will continue for the remainder of the contract and beyond.

Bega Cheese expects to manage the change in our business mix over the coming twelve months in a manner which will sustain the underlying financial performance and trajectory of the business.

1 February 2016

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For further information please contact

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Executive Chairman

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