



ASX ANNOUNCEMENT & MEDIA RELEASE
Executive Chairman Commentary 1H FY2016 Results

Bega Cheese has announced a normalised 9.9% increase in profit after tax and an EBITDA of \$32.9 million, a strong performance in the context of low global dairy commodity prices, significant increase in global dairy production and continuing sanctions in Russia affecting global supply and demand.

Bega's strong branded business and product mix continues to deliver relatively stable revenue and profitability to the company.

The Executive Chairman Barry Irvin said "The company's focus on moving the business away from commodities to branded and value added consumer goods continues. The announcement of the Bega Cheese/Blackmores partnership in infant formula and life stage nutritionals was a further important step in the branding and the value adding of our nutritionals production. Our nutritionals platform grew its revenue by 32% in the first half. The link between dairy and the health and pharmaceutical market sectors is now a major focus in our business development".

Investment in manufacturing infrastructure, milk supply and a strong balance sheet means the business is well positioned to support business growth. Infrastructure investments in the first half have included increased capacity at the Derrimut canning facility, new natural cheese shred and slice lines at the Ridge Street facility in Bega and value added packaging capabilities for cream cheese at Tatura. The success of Bega Cheese's Milk Sustainability and Growth Program was reflected in a 6% increase in milk supply.

Barry Irvin further commented that, "Bega Cheese's focus on Australian and international consumer markets, strong branding and distribution alliances such as Blackmores and investment in higher value dairy nutritionals means that we are well positioned to take advantage of unfolding market opportunities".

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