



MEDIA RELEASE

FY2016 Results Continued Growth for Bega Cheese

Bega Cheese's FY2016 results announcement today has demonstrated the strength of its long term strategy, the experience and capability of the leadership team and the values and resilience of the company.

In a year of market oversupply and strong competitor activity Bega Cheese has grown revenue by 7.5% to \$1.2 billion, increased EBITDA to \$65.4 million and increased profit after tax by 132% to \$28.8 million (normalised increased 33% to \$29.2 million).

Significant increases in global dairy production, a softening in demand in China, sanctions in Russia and a highly competitive Australian market created a very challenging operating environment for dairy companies and dairy farmers. These challenging circumstances turned tumultuous when two large dairy companies announced retrospective price cuts to their dairy farmer suppliers.

Executive Chairman Barry Irvin commented, "Bega Cheese's strategy of consistent and controlled investment in infrastructure and capacity is demonstrated in the stability of our business and our ability to respond to volatile market circumstances. It is a reflection of both our values and strategy that the company maintained its commitments to our dairy farmers while achieving strong revenue and profit growth".

Bega Cheese produced 238,000 tonnes of dairy products in FY2016, a 6% increase on the previous year. The company continues to focus on its four business platforms of dairy ingredients, food service and consumer packaged goods, nutritionals and bionutrients.

Bega Cheese's values and strategy have been very evident in FY2016 with the company maintaining its farm gate milk price, continuing its support and commitment to community organisation's in the regions it operates in, recording a significant improvement in safety with a record low LTIFR of 4 and announcing an increase in full year dividend to shareholders to 9.5cps (4.5cps interim and 5.0cps final).

CEO Aidan Coleman was very pleased with the business performance in a challenging year. "I am delighted with the performance of the team. We achieved growth in our nutritionals platform and our international food service and consumer goods platform. Bega Cheese continued to invest in our business and our people while remaining focused on growth and financial performance during challenging market circumstances".

Executive Chairman Barry Irvin announced that CEO Aidan Coleman will retire in January 2017. “Aidan has done a wonderful job as CEO of Bega Cheese over the past five years. His focus on business and people development has been a great asset to the company, I think everybody who knows and works with Aidan respects both his leadership skills and personal qualities. We wish Aidan all the best in his retirement. Bega Cheese is well advanced in the recruitment process and Aidan will work with us to ensure the transition to new leadership is seamless”.

Barry Irvin added “we expect continued revenue growth and improved financial performance in FY2017. Bega Cheese continues to maintain a strong balance sheet and the company is well positioned to grow its business both organically and through acquisition”.

August 24, 2016

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