

FY2016 Full Year Results

24 August 2016

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Key Messages

Australian dairy industry

- Global supply and demand
- Australian markets
- Competitor behaviour

Bega Cheese

- Significant revenue growth
- Improved financial performance
- Honoured milk price commitments to farmers
- Continued investment in capacity and capabilities
- Strong balance sheet



Result Highlights Statutory

Revenue
Growth
7.5%

EBITDA
Growth
56%

PAT
Growth
132%

EPS
Growth
132%

Final
Dividend
5.0cps

- Revenue increase to \$1,196m
- EBITDA increase to \$65.4m
- PAT increase to \$28.8m
- EPS increase to 18.9cps
- Final dividend 5.0cps

Result Highlights *Normalised

Revenue
Growth
7.5%

EBITDA
Growth
19%

PAT
Growth
33%

EPS
Growth
33%

Final
Dividend
5.0cps

- Revenue increase to \$1,196m
- EBITDA increase to \$66.0m
- PAT increase to \$29.2m
- EPS increase to 19.1cps
- Final dividend 5.0cps



*Normalised for investment in Milk Sustainability and Growth Program (FY2016 and FY2015)



FY2016 Results *Normalised



Consolidated Period Ending 30 June 2016	Per Financial Statements \$'000	Milk Sustainability and Growth outcome \$'000	Normalised Result \$'000	Change from prior period \$'000	%
Revenue	1,195,967	-	1,195,967	83,337	7
Cost of sales	(1,042,595)	604	(1,041,991)	(64,180)	7
Gross profit	153,372	604	153,976	19,157	14
Other income and expenses	(87,962)	-	(87,967)	(8,853)	11
EBITDA	65,405	604	66,009	10,304	18
EBIT	43,496	604	44,100	10,609	32
Finance costs	(3,596)	-	(3,596)	(266)	8
Profit before income tax	39,900	604	40,504	10,343	34
Profit for the year	28,779	423	29,202	7,185	33
Basic earnings per share - cents	18.9		19.1	4.7	33

*Normalised for investment in Milk Sustainability and Growth Program (FY2016 and FY2015)

Balance Sheet (extract)



	FY2016 \$m	FY2015 \$m
Trade and other receivables	143.7	119.5
Inventories	192.4	194.9
Property, plant & equipment	219.9	209.7
Total Assets	586.7	552.4
Trade and other payables	156.0	139.1
Borrowings	62.7	69.0
Total Liabilities	258.8	239.8
Net Assets	327.8	312.7
Net Debt	53.1	58.7

Cash Flow



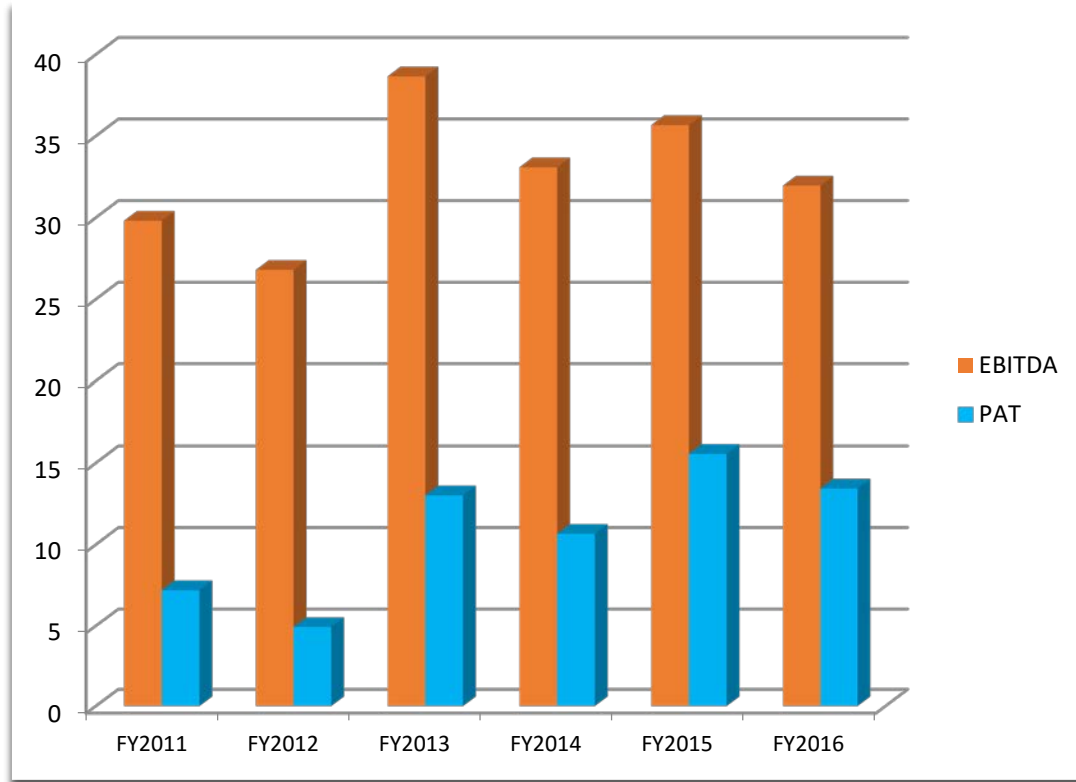
	FY2016 \$m	FY2015 \$m
Receipts from customers	1,241	1,161
Payments to suppliers	(1,175)	(1,165)
Interest and other costs of financing paid	(3.8)	(3.4)
Income tax paid	(3.3)	(9.9)
Operating activities	59.0	(17.3)
Investing activities	(39.6)	(36.4)
Financing activities	(20.0)	35.4
Net (decrease) in cash and cash equivalents	(0.6)	(18.3)

- Improved gross profit
- Strong working capital and inventory management

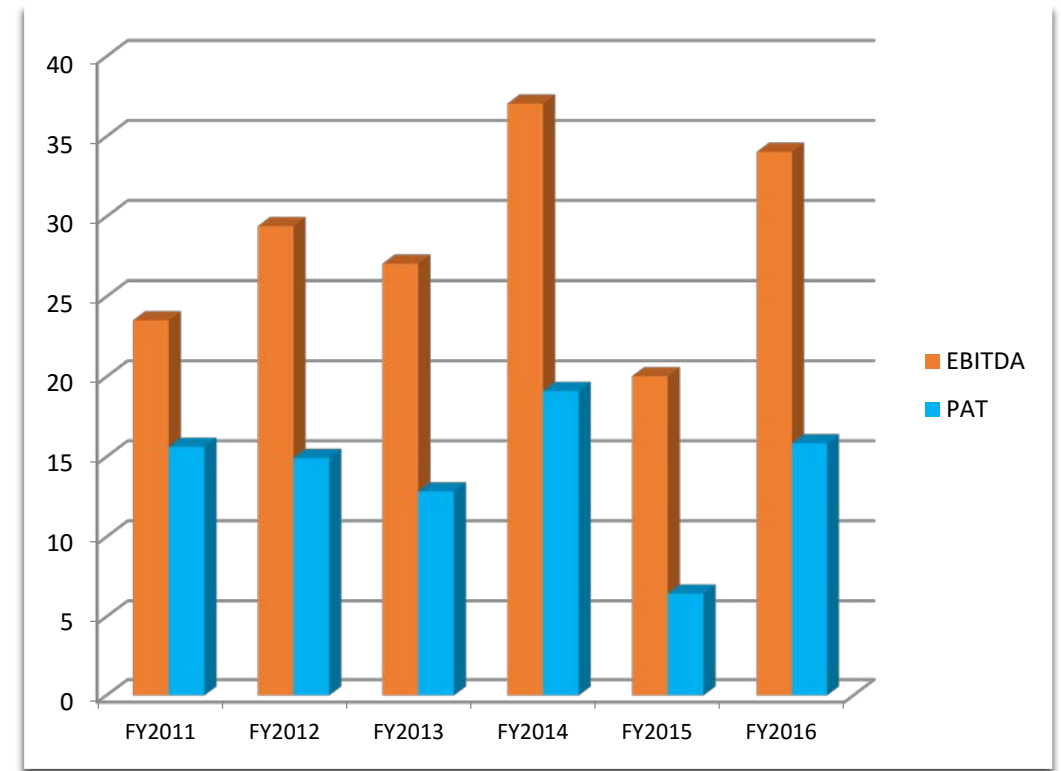
Bega Cheese and Tatura Milk Segment *Normalised



\$m Bega Cheese



\$m Tatura Milk Industries



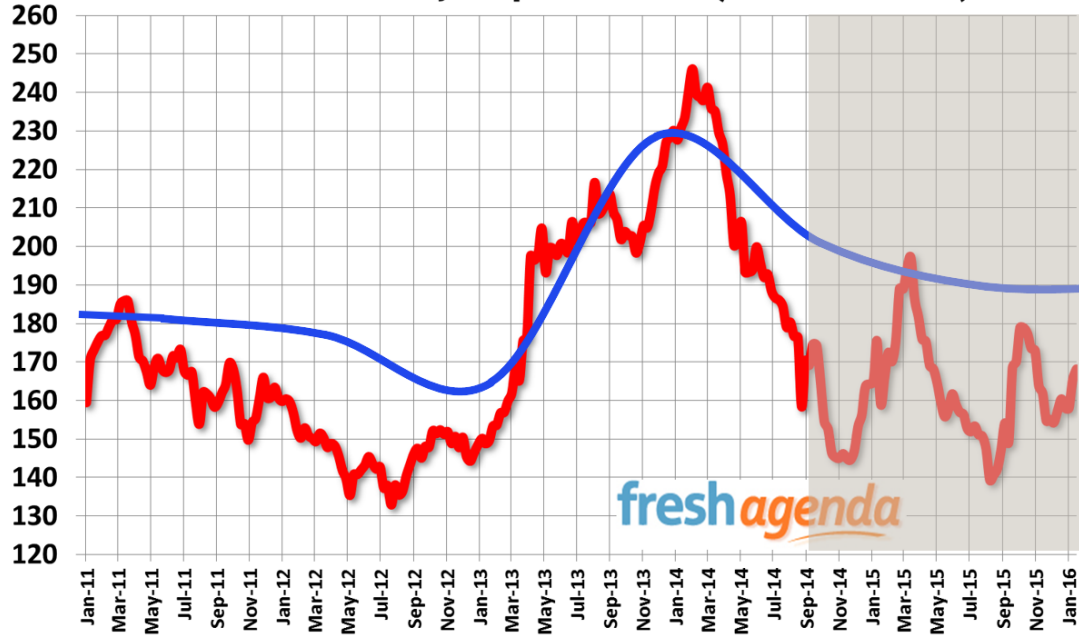
- Segment stability reflects business exposure to retail and food service markets in Australia and internationally
- Food service into Asia contributes to growth in export volumes

- Strong performance in nutritional platform
- Milk price more reflective (although not entirely) of global commodity markets

*Normalised for investment in Milk Sustainability and Growth Program (FY2014 and FY2015) and sales of shares in WCB (FY2014).

Dairy Commodity Prices and Farm Gate Milk Price

Australasian dairy export index (Jan 2011-now)



- Export trend index - global commodity prices/Australian currency impact source *freshagenda*
- Farm gate milk price trend
- FY2015 Milk price \$6.00 per Kg MS
FY2016 Opening and closing milk price \$5.60 per Kg MS
FY2017 Opening milk price \$5.00 per Kg MS

- Reflects milk price before retrospective cuts by MG and Fonterra
- Farm gate milk price more reflective of market in FY2017
- Global supply/demand not in balance
- Some global commodity market improvement
- Analysts predicting further improvement over next 12 to 18 months



Operations

Manufacturing

- Production increased 6% to over 238,000 tonnes
- Continued improvement in quality performance

Safety

- Industry leading metrics... injuries reduced by 69% and LTIFR < 4

Environment

- Energy use down 7.9% on prior year
- Further investments in compliance infrastructure across key sites



Sales and Marketing

Bega Brand

- Number one Australian cheese brand with 15.7% market share
- Brand portfolio available in over 40 countries

Food Service

- Continued success in growth of QSR in Australasia and Asia Pacific
- Expansion in product range and brand portfolio

Nutritionals

- Announced Bega/Blackmores nutritionals alliance
- Continued growth of Bellamy's Organic
- 50% growth in nutritionals business



Note: Bega Cheese brand franchised to Fonterra Brands (Australia) for the Australian market



NEW SOUTH WALES

VICTORIA

Investing in Infrastructure

- Infant canning facility upgrade
- Continued research and development on high value whey protein infrastructure
- Automated slice and shredded cheese capacity
- Continued investment in Bionutrients
- Enterprise resource planning implementation



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PROCESSING & PACKAGING PLANT**
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Strategic Priorities

- Maintain the growth trajectory of the business in all key platforms
- Drive efficiencies through ongoing investment in infrastructure
- Maximise the value of milk components
- Further investment in brand portfolio
- Continue to build strong long term relationships
- Investigate corporate opportunities
- Leadership transition
- Build on well established company values



Outlook

- Revenue growth
- International business growth
- Investing in business efficiency
- Analysts predicting global dairy commodity price improvements
- Improved financial performance
- Company of choice for Australian dairy farmers and investors



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