



MEDIA RELEASE

An Historic Year for Bega Cheese

Business stability and strategic capability were the highlights of Bega Cheese's FY2017 results announcement. Corporate activity drove a record statutory profit after tax of \$139 million for the company. While Executive Chairman Barry Irvin was pleased to discuss the significant corporate success for the company in FY2017 which included the acquisition of Mondelez's Australian grocery business, the sale of the two infant formula assets to Mead Johnson and a successful capital raising he was also keen to emphasise the continued growth and profitability of the core business even in volatile times.

Barry Irvin commented "This has been a very important year for Bega Cheese, the company's ability to recognise opportunity, adjust to changed market circumstances and deliver predictable, stable financial outcomes is demonstrated not only by the financial outcomes in FY2017 but our action in supporting our dairy farmer suppliers and the continued growth and development of the business.

Bega Cheese reported that despite a 7% drop in overall milk production in Australia last year the company's milk intake was in line with the previous year thanks to the addition of new suppliers. It was notable that while there had also been a level of uncertainty in the infant formula platform in Bega Cheese's business the company reported that revenues had stabilised and positive business development continued.

Bega Cheese's CEO Paul van Heerwaarden said that the resilience and agility of the business was key to managing change "it was a busy year as we managed a business transition from Coles to Woolworths in private label cheese, responded to change in the infant formula market and ensured we kept our commitments to customers and suppliers. I am particularly pleased to have achieved the financial outcomes for FY2017 especially in the context of the significant corporate transactions with Mead Johnson Nutrition and Mondelez".

Bega Cheese's purchase of the Mondelez grocery business which includes Vegemite, peanut butter, cheese, dressings and sauces was an important step in the ongoing development of the company. The addition of iconic brands and significant sales and marketing capability to the Bega business is one of the many benefits Bega Cheese believes it will generate from the acquisition. While the acquisition was announced in January Bega Cheese took ownership of the business on 4 July 2017. Barry Irvin said "This acquisition and the achievements of FY2017 will I am sure in the future be viewed as one of the most important years in Bega Cheese's history. 2017 will be remembered as a year in which the company further built on its reputation in dairy while taking an important step in strengthening and diversifying its business on the path to creating a great Australian food company".

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