



MEDIA RELEASE

FY2018 Financial Results Creating a Great Australian Food Company

Bega Cheese continues to grow and build a great Australian dairy and food company.

Another year of growth and acquisition combined with sound financial performance sees Bega Cheese creating a significant position as an Australian dairy and food company servicing customers at home and in more than 40 countries around the world.

The financial performance of the business remained solid and consistent with previous guidance with the company reporting a normalised EBITDA of \$109.6 million up 55%, with normalized profit after tax of \$44 million up 45%.

Bega Cheese's statutory results reflected the significant corporate activity of the last two years which included a \$178 million profit on sale of nutritional assets in FY2017 and the acquisition of Bega Foods for \$460 million in FY2018. Sale of assets in FY2017 and costs of corporate activity in FY2018 meant that comparative statutory EBITDA decreased 60% to \$92 million, with statutory profit before tax at \$50.9 million and profit after a profit of \$28.8 million.

Net revenue grew 17% to \$1.44 billion driven by the acquisition of the Mondelēz grocery business, growth in international sales and increases in direct farm milk intake. Revenue from cheese cutting, packaging and processing continues to be impacted as a result of a highly competitive domestic environment and changes in our retailers' mark customers.

The Mondelēz grocery business acquisition, now known as Bega Foods has been successfully integrated into the business adding capability and combining the existing brand portfolio with our international and branded food service business. The new Bega Foods business was further enhanced with the successful acquisition of the Peanut Company of Australia (PCA). PCA is Australia's largest peanut processor and enables Bega to develop a fully integrated supply chain from farmer to consumer for its peanut butter and other consumer peanut products.

Bega Cheese's reputation and strong relationship with its farmers was further demonstrated this year with the addition of 97 million litres of extra milk from dairy farmers across the Bega network. The additional milk drove growth in Bega's ingredients business and gave it confidence to pursue further acquisitions in dairy.

The acquisition of the Koroit facility in western Victoria in August 2018 has provided Bega with significant increased capacity in butter, dairy nutritionals and milk powders in one of Australia's strongest dairy regions. The Koroit acquisition has been received particularly well



by dairy farmers and the western Victoria community. As part of the acquisition Bega Cheese received a guarantee of 300 million litres of supply from Saputo Dairy Australia until June 2020. Bega Cheese has acquired more milk in the region and expects the Koroit facility to process a full year equivalent of 420-450 million litres this year.

Executive Chairman Barry Irvin commented "I am delighted with the strategic progress of the company and very pleased with the sound underlying financial performance and the response to our milk acquisition program in extremely difficult times for our dairy farmer suppliers".

The Company announced a full year dividend of 11 cents per share with a record date of 5 September 2018.

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29 August 2018

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