Bega Cheese Limited Annual General Meeting
30 October 2024

Slide 1 – Cover

Slide 2 – Introduction

Welcome to the Bega Group Annual General Meeting, which is being recorded and webcast. As we have a quorum, I now declare the meeting open. When you registered this morning, you will have received an admittance card. For all shareholders and proxy holders who are voting, you should have received a yellow voting card. If you are a shareholder who is not voting you should have received a blue card. If you are a non-shareholder you will have received a red card.

Yellow cardholders will be able to vote for or against resolutions and ask any questions they wish relating to the business of the AGM.

Blue cardholders will be able to ask questions but not vote.

Red cardholders are most welcome at the meeting but will be unable to participate in the proceedings.

Further information regarding voting procedures will be provided prior to commencement of the resolutions to be put to the meeting.

Shareholders attending this meeting in person and online are able to ask questions. For those shareholders attending in person, I would ask that you identify yourself before asking a question. For those shareholders attending online please follow the process contained in the Online Guide, the Company Secretary, Brett Kelly will then read out your question.

Slide 3 - Agenda

At today's meeting, we have a number of formalities to deal with, including the consideration of the Group's 2024 Annual Report, the adoption of the Remuneration Report and the election of Directors.

Slide 4 - Welcome

I am pleased to welcome new shareholders and our long-term shareholders who know the company so well and have supported the strategy and Directors of the company over many years.

Let me introduce my fellow Directors; Patria Mann, Peter Margin, Terry O'Brien, Harper Kilpatrick, Rick Cross and Raelene Murphy.

I am also pleased to welcome Sam Lobley representing our auditors PricewaterhouseCoopers, our legal counsel Laura Hartley from Addisons and Julie Stokes from Link Market Services Limited and a number of Bega Group staff.

I have received apologies from…

We will now move on with the formal part of the meeting.

Slide 5 – FY2024 Overview

I am pleased to present the FY2024 results. I will give you a brief overview and then hand to CEO Pete Findlay for a more comprehensive report on the year. The financial outcomes in FY2024 have been largely delivered by our branded business segment. It is living up to all that we expected from it, the results demonstrate the strength and breadth of the brand portfolio.

Our market-leading brands and investments in key growth categories, strong innovation and in-market activation has driven value growth. Pleasingly in uncertain times we have achieved strong results in our international branded and food service business and continue to see great opportunities in those markets.

Importantly, we have transformed our business to respond to the changing industry circumstances and marketplace particularly from a milk supply and capacity alignment point of view. We have largely executed a major organisational realignment which Pete will talk more about in his presentation. The restructure has made the branded segment of our business far more effective and efficient and our bulk business more agile positioning the Company well for the future.

We are of course always looking for the opportunity to improve efficiency and productivity. In FY2024 we executed some small corporate transactions including the acquisition of the Betta Milk business in Tasmania and the subsequent transfer of that business into our Lenah Valley operations in Hobart. Additionally, we have sold our fruit processing facility in Leeton NSW which is the facility that basically squeezes the fruit to create bulk juice. We are absolutely maintaining and committed to our orange juice branded business and this transaction will improve the efficiency of our bulk juice supply chain. We have previously announced a strategic review of the Peanut Company of Australia. That review is still underway as we continue to endeavour to simplify our business and make sure that we are driving productivity and efficiency.

The financial performance for FY2024 was pleasing in the context of industry circumstances however we believe there is still much more that can be achieved in the business. It is pleasing in uncertain times to report revenue growth of 4% and even more pleasing to report branded growth of 6%. The strong branded EBITDA growth has offset the challenges that we have reported throughout FY2024 regarding the disconnection of farm gate milk prices to global dairy commodity milk prices, we will provide more detail on this aspect of our business later in the report. The business generated strong cash flow in FY2024 delivering a very strong balance sheet with a leverage ratio at year end of 1.3 times.

Slide 6 – Financial Highlights

Moving to the next slide, which outlines the financial highlights for FY2024, Pete will speak on the financial performance in more detail in his presentation. It is pleasing to report improved performance both in the context of FY2024 and a challenging three-year period. In FY2024 revenue, EBITDA performance, profit after tax and Earning Per Share (EPS), have all improved. Importantly for shareholders, the total dividend has increased to $0.08 per share in FY2024 an increase of 7% on the previous year. The net debt of $162.4

million and strong balance sheet means the business is well positioned to execute on both internal and external opportunities.

Slide 7 – The become the great Australian food company

Moving to the next slide, I always think it is important to reinforce our vision and values. It sounds like a bold statement, but I do believe that we are well on the path of becoming not only a business that owns some of Australia's most iconic brands, but a business that can make the claim of being The Great Australian Food Company. As we continue to build and refine our business we are very clear on what we want to achieve and how we intend to achieve it, which I think is reflected in our vision, purpose and value statements.

Slide 8 – Our transformation

The company celebrated its 125th birthday this year. It is self-evident that the last 10 to 15 years of that long history have been particularly transformational. The company has evolved from a small co-operative here in the Bega Valley on the Far South Coast of New South Wales, producing our famous cheese to executing the strategies that saw us first expand and grow scale, create adjacencies in the skills that we had and then make the major decision to become a largely branded company first with the acquisition of Australia's most iconic brand, Vegemite and then add to that a series of leading dairy and food brands that have significantly strengthened and changed the business.

I might say that the presentation of the business today demonstrates the significant change over the last decade or more and the importance of that transformation cannot be overstated. The transformation sees us looking to the future with great optimism and far more certainty than would have been the case if our strategy of the last decade had not been executed.

Slide 9 – Refreshed sustainability strategy

Turning to sustainability, we have had some significant coverage in recent times, and I would encourage anybody that was interested to understand more about the circularity initiatives that we have launched in the Bega Valley to watch the Landline program that was first aired on 28 July 2024. We have recently refreshed our sustainability strategy, traditionally we have built our strategy on the 'great food for a better future' theme which reflects both our history and the fact that we want to be a sustainable business for another 125 years. We have refined our strategy to embrace circularity and re-emphasise our focus on community and collaboration. Our sustainability strategy does include the fact that the Bega Group is one of the strong engines behind the Regional Circularity Co-operative and indeed, the construction of the National Centre for Circularity in Bega.

This initiative, I think more than any other that I am aware of, demonstrates the importance of collaboration. The range of partners in the co-operative, driving research and implementation of programs that will make a sustainable difference, not only within the Bega business but well beyond it is extensive. I believe this initiative will demonstrate both within Australia and around the world the right approach to sustainability and achieving effective outcomes for communities from an economic, environmental and social point of view. We are very excited about this project and delighted with how the manner in which it has been embraced by many of our partners which includes our corporate colleagues, research institutions, all levels of government and members of the community.

Slide 10 – Pete Introduction

I will now hand over to CEO Pete Findlay, who has been executing our refreshed strategy over the last two years and I think that it is demonstrable that work is having great success in positioning the business for the future, so over to you, Pete.

Slide 11 – Strategic Priorities

Thank you Barry and thank you to our shareholders, suppliers and stakeholders for the support you have shown us over the past year.

I think it is worth just quickly discussing the strategic plan we outlined approximately 18 months ago and has driven our focus for FY2024 and beyond.

There are six key pillars, firstly protecting and growing our core business in the large grocery trade in Australia. We hold market positions in those retailers that remains particularly important to us and would say we continue to work with our retail partners to ensure we are delivering to our customers and consumers expectations.

The second pillar of the strategy is to 'win on the street' which endeavours to improve our competitiveness in Independent Grocery, Foodservice, Petrol and Convenience and Local Trade where we have traditionally been underrepresented.

The third pillar of our strategy is streamlining our sites to improve productivity and efficiency and ensure we remain both domestically and globally competitive.

The fourth pillar embraces sustainability and endeavours to meet both community and consumer expectations, ensuring we are in step with the requirements of regulators and our customers of today and in the future.

The fifth pillar is securing dairy solids which is of course very important to ensure we are building a more resilient bulk business that can compete for dairy solids and continue to create value streams for those solids, in both international and domestic ingredient markets while importantly supporting the growth of our branded business.

The sixth pillar is our international opportunity particularly in the branded space. The business has always had a good footprint or presence in the Middle East, Southeast Asia and Northern Asia. We feel there are opportunities to continue to expand in that space over the next five years.

All of the above is being underpinned by organisational enablement, ensuring the business has capability to deliver on strategy and is able to operate in a highly cost-efficient manner.

I am pleased to say we have made good progress on our strategy during FY2024. We have had both volume and value growth in our core domestic grocery business as a result of working closely with our key partners Coles, Woolworths, Metcash, Aldi and Costco, we are extremely pleased that in an environment where there were significant shifts in and out of particular channels and to retailer-owned brands, we were able to work with those customers and continue to drive volume and value growth.

We have seen and continue to see headwinds around out of home dining, which did impact our restaurant and petrol and convenience trade, although we have been very pleased with our execution and build in market share in food service. We achieved 14% growth in food service which helped mitigate some of the challenges in the out of home channels. We have invested in our customer experience and cost to serve, which continues to improve our competitive position and customer engagement. We had a record year in our branded international business. We delivered just over $250 million of revenue, which is up 11%, significant growth in Southeast Asia and Northern Asia, in particular in our yoghurt and cream cheese products.

Whilst we achieved revenue growth it was important that we maintained a focus on enhancing capability and driving efficiency and cost effectiveness into our business. We have continued to streamline our sites which has included the exiting and sale of our Canberra site and the transfer of that volume to our Penrith facility which has delivered good volume related cost efficiencies. We also purchased the Betta Milk business in Tasmania in January of this year and I am pleased to say that within four months we transitioned out of two sites that were previously owned by that business in Burnie and the Meander Valley and added that volume to our Lenah Valley site in Hobart. We have also recently announced the sale of our juice extraction facility in Leeton and we expect a substantial increase in volume through that site further improving our supply chain costs. We remain committed to our branded juice business, bottling and branding juice at our Smithfield site now with the added benefit of greater efficiencies in the creation of bulk juice through the Leeton sale. We continue to have under review our two peanut processing sites with an endeavour to achieve a better cost structure for our peanut butter business.

We have largely completed our corporate restructure which has seen approximately 250 roles removed from the business and is generating close to $22 million in annualised savings. Roles have also been rationalised at some of our manufacturing facilities which has added to our efficiency and competitive position. We of course continued to focus on our sustainability commitments and we are comfortable with our progress.

In summary we have an organisation that is well structured and capable of meeting our customer and consumer expectations, particularly in regard to brands and our focus on the two key channels of grocery and non-grocery. Our international branded business has also benefited from the capabilities created here in Australia.

It was pleasing to achieve growth in FY2024, it has been particularly important to have growth and momentum as we entered FY2025 with a more difficult economic environment. We would expect our business performance over the next 12 months will be largely driven by the work we have done on costs and efficiencies and very targeted promotional campaigns.

Slide 12 – Branded business momentum

It is pleasing to report a significant uplift in our branded segment earnings for the year. The performance was achieved through good growth on the top line driven by both volume and value and the work we have done around efficiencies, productivity and costs. We are always aware that it is not a long-term strategy to simply expect to pass on all cost increases to the consumer, in fact, as the consumer is challenged by price increases it will be particularly important that we continue to achieve cost and productivity improvements to deliver a stable financial performance in the year ahead.

Key cost initiatives in FY2024 included a review of our logistics services and operations, a review of fixed costs at all of our sites, changed shift structures and as previously mentioned a streamlining of our overall footprint.

It is always important that we have an effective promotional program for our brands and particularly important when we have operational leverage, in other words well targeted promotional campaigns can drive volume in our most efficient lines and factories.

Overall, I believe that we have a very good branded business momentum. As I said, our food service business grew dramatically with a 14% revenue increase and we believe we can maintain growth momentum. The corporate restructure has always been key to delivering specific focus and capability in both our retail and food service channels, it has allowed us to recruit some excellent talent that we are confident will continue to drive growth in that part of the business. We certainly think we can continue to win on the street in the future and that will probably drive a lot of the uplift in our branded business moving forward. I have already spoken about the success of our branded business overseas which as I have already mentioned is a key pillar in our FY2028 strategy.

Slide 13 – Brand innovation

As the steward of some of Australia's favourite brands it is important that we maintain a culture of brand innovation. The team have focused strongly on ensuring we have a significant innovation pipeline for our yoghurt and milk-based beverages brands. We have got the size and scale to support the growth and innovation of our brands and some great work has been done with our new pouch formats in yoghurt. Our Farmers Union Greek children's offering and our Yoplait no-sugar offerings has led to us increasing our pouch outputs significantly with our new pouch line installed only 18 months ago delivering to consumer demand and seeing our overall output almost doubling.

We have also continued to innovate across the milk-based beverage category. I am pleased to say that we have maintained our strong leadership position with more than 50 share. The lactose-free and No Sugar added offerings were introduced this year. Our no-sugar offering has now moved to approximately 8.5% of our total milk-based beverage offering and grew by approximately 23% year on year demonstrating the important link between functional trends and ensuring an appropriate product response.

Other innovation in milk based beverages have included our plant-based offering and our new Intense range and I am pleased to say we have some terrific innovation to be delivered over the next 6 months that we think will continue to drive growth.

Slide 14 – Core brand growth

We have increased investment in our brands over the last 12 months. Ongoing investment in Vegemite which included celebrations for Vegemite's 100th birthday. In yoghurt the Farmers Union Aussie All Rounder advertising campaign was particularly successful and drove 11% uplift for the brand. Messaging around innovation in Yoplait with No Sugar Added and lactose-free particularly on our Yoplait tubs really resonated with consumers who were seeking added value in the second half of the financial year.

Our Dare brand continues to be strong. As I mentioned previously, we launched a No Sugar Added range which has been very successful. Other Dare brand activities included the Dare Emergency and R U OK in store brand activity, and I am pleased to add that we have some significant new material coming out to support Dare, both on TV and outdoor billboards over the next six months, which we are excited about.

We ran a boutique campaign in Western Australia with some humour associated with the Cowfish advertising campaign which reflects our wish to support some of our regional brands. We have some great regional brands, and we received a very positive response to the campaign. I would encourage people to watch out for some news around some of our other regional brands such as Big M and Dairy Farmers.

Slide 15 – international market expansion

Our international branded growth continues and I thought I would share my perspective on our performance in this area as I do see this playing a significant role for us in the future. Bega Group has always had a good international branded business, it tended to grow out of a push strategy where on occasion we saw opportunities for products produced here in Australia under an Australian halo to be sold into international markets.

The approach described has served us well over an extended period of time but we think to take it to the next level we need to focus a little more on a demand-linked strategy, in other words market specific products designed to meet the consumer and customer needs of specific markets or regions. In particular focussing on the food service area, out of home eating, is a significant trend in places like Southeast Asia, North Asia and the Middle East, developing products that meet those local food service needs, working with chefs and promoting those products in the right areas is a great opportunity. We have refined our approach to our international markets, we have consolidated our distributors and ensured that we have created relationships with those distributors that we think can best meet our needs, in saying that it is important to share that we have also created direct relationships with retailers and food chains.

We have also done some extensive branding work across all of the countries we export to and now have brand alignment with the strong green Bega branding really helping us stand out on shelf and at trade exhibitions. We are building out our capability with the in-market international team now at 26 people. This year we will adding a marketing manager that will be based in country and we are investigating relationships with strategically located manufacturers in market that will give us some optionality for processing in the future.

We are excited about our international branded business, very strong growth in cream cheese and yoghurt and processed cheese and those three categories will be our focus. We do not want to try and be too much to too many markets but we are particularly excited about what FY2025 has in store for this part of our business and we are already seeing good results in the first quarter.

Slide 16 – Brand momentum

As I mentioned we are very pleased with the momentum of our brands, our branded business now represents 86% of our overall revenue. We are buoyed that we were able to improve our branded segment EBITDA margin, which was at 6.6% for the period. The margin is still nowhere near where we would expect it to be and we have aspirations of continued improvement and restoring margins to that more typical of high quality brands. We are heading in the right direction and we are pleased with the work we have done over the last 18 months in achieving that margin accretion.

Slide 17 – Brand share – Australian retail categories

This chart illustrates the strength of our brand share across core retail categories and also highlights that there has been reasonably good growth in those categories. We continue to focus on categories where we are number one, milk-based beverages, spreads and yoghurts, we work with our customers to deliver innovation for the consumer which supports growth and brand loyalty. A good performance in white milk, juice and water ice is pleasing we have strong share in these categories, and that gives us a platform to grow and build on our market share.

Slide 18 – Consumer trends

We are very aware of the consumer trends that our business responds to. The good news is that the four key trends that we focus on and that we evolved our strategy on remain consistent and very relevant to our categories and our product range. Better value as a trend has been heightened over the last six months and I think will continue to stay heightened throughout FY2025. We have strong brands that can appeal to customers in this space. Whilst we continue to see customer segments wanting convenience we have observed a return to larger offerings such as one-kilo yoghurt tubs that delivers value to the consumer.

We have seen consumers reduce the frequency of out of home eating and therefore access the large grocery chains to meet their in-home catering needs. Within the retail chains some consumers are searching for additional value through retailers own brands. The Bega Group business has been agile in responding to these circumstances with its range of great value brands and by continuing to work with retailers to meet their needs on retailers mark brands. This approach has enabled to effectively and quickly respond to the change in consumer behaviour.

Functional health remains important, as I mentioned we have had a very good response to our No Added Sugar and lactose-free ranges. We continue to see opportunities in high protein and functional health benefits such as calcium and probiotics and you will see us respond further to those opportunities over the next 12 months. We will always ensure our product range is meeting the needs of our consumers and responding to demographic change. We would note that consumers are shopping more frequently, are wishing to consume 'on the go' and are seeking products that have health benefits. Our strong growth in pouch yoghurt is a reflection of these trends.

Our Farmers Union promotion, 'The Aussie All Rounder' particularly appealed to changed demographics, cooking trends and a more diverse Australian population who tend to use yoghurt more in their cooking, particularly in the Middle Eastern and Asian populations.

Sustainability has a high awareness among consumers, we will continue to respond to consumer expectations in this space. While consumer awareness is high there is not a willingness to pay a premium for sustainability activities and therefore it is important that we respond to the consumer expectations in a manner that is not only environmentally sustainable but also commercially sustainable.

Slide 19 – Bulk business overview

A really challenging year for our bulk business from a financial perspective caused by that disconnect between Australian farm gate milk prices and global dairy commodity prices. I have been pleased the way the business responded to these difficult circumstances and improved the resilience of our bulk business going forward. There was a strong focus on removing costs from the business and creating more flexibility in our infrastructure. Several million dollars of costs were removed from our overheads and we further increased our efforts to access higher value markets particularly around our proteins.

We continue to invest strongly in our cream cheese business which is working particularly well in our branded international markets and we will increase capacities in this product. A great deal of work has been done within the bulk business to make that more resilient but maintain flexibility. We continue to have the capacity to pick up opportunity milk as that arises during spring flush which is important from both our business perspective and the industry perspective.

We expect that the bulk business will return to profitability in FY2025 it will not go back to its historic level but we think it is in a much better place than what it was and there are still opportunities for further improvement.

I would highlight the work during the year related to the management of our dairy solids and directing milk to the highest returning product streams we were able to benefit and alleviate some of the lower protein prices around skim milk powder and declining international demand for infant formula. We have also just installed new capacity at our Tatura site which is producing non-dairy proteins which will improve plant utilisation and is potentially a long term strong return new product for our Tatura facility.

Slide 20 – Australian milk production

It was good to see a positive year for milk production in FY2024. An increase in milk production was fantastic with total industry milk production growing to 8.4 billion litres. We expect that milk production in FY2025 will be relatively stable depending on weather conditions. The year has started off strongly in terms of supply however some of our regions are particularly dry and will no doubt be impacted if those dry conditions continue.

Slide 21 – Farm gate milk price and market returns

The graph on the screen shows the average Australian farm gate milk price in manufacturing states and a basket of commodity milk products and the value of those milk products. It is very straight forward to observe the significant gap that we had to deal with during FY2023 and FY2024. There has been a reduction in that gap in FY2025 which is more reflective of the long term position for the industry. It is not so much what the milk price is, in fact we would love to pay a higher price for milk with the limiting factor being the returns we receive in the market. Paying a significant price over the market for an extended period of time always ends badly and we have seen that time and time again in the Australian dairy industry. A greater alignment in farm gate price to market ensures companies are able to invest to improve efficiencies and improve returns.

Slide 22 – Manufacturing facility update

As I have mentioned we continue to keep our manufacturing footprint under review. This year we have closed our Canberra site, closed two sites in Tasmania, sold our Leeton facility and are continuing to review our two peanut processing sites at Kingaroy and Tolga. The focus remains an endeavour to optimise our footprint and deliver better cost per unit out of our business.

Slide 23 – Investing in line with strategy

We executed some important business improvement projects in FY2024. The most significant of these was our restructure which will drive $22 million of annualised savings of which $12 million were realised in FY2024. The restructure better aligns our sales capability with the key channels we operate in.

We maintained our Capital Expenditure at a little below depreciation executing a number of important projects that will drive benefit into the future. We completed our new digital sales platform which is part of our 'win on the street' strategy and will enable a more efficient and enjoyable user experience for our customers while delivering a better cost to serve and distribution model.

We made further investment in integrating our core Enterprise Resource Planning (ERP) systems. It is not our intention to transition to a single ERP system as we consider it not the best use of funds. The work done in FY2024 has included utilising some high quality middleware layers across our systems which brings together our integrated business planning process delivering a much improved demand picture across the business allowing us to engage with our customers in a much more effective way.

During the year we made important investments in our capacities and capabilities at our milk based beverage plant in Wetherill Park and our yoghurt facilities in Morwell, we also commenced our Laverton warehouse automation. The Laverton automation is a $30 million project which we expect will be completed by FY2026 and deliver significant operations savings and future proofs one of our major distribution hubs.

Slide 24 – Major sustainability initiatives

Turning now to our sustainability initiatives. We continue to work towards meeting our commitment of a 40% reduction in absolute scope 1 and 2 emissions by 2030. We have formed a risk and sustainability committee who monitor all our sustainability initiatives. I am pleased to report that we are tracking well in meeting our targets which also includes a 30% reduction in water use by 2030 and of course net zero emissions by 2050. We continue to also be on track with our HESTA commitments of ensuring diversity in our business with a 40-40-20 target by 2030.

We are all of course very excited to be the driving force behind the Bega Valley Circularity project which has recently been awarded the Australian Design Council's Impact Award. The project reflects the history, culture and imagery of our brands in the home of the company. The important learnings that will be generated from the project will spread across our company and our communities and create value for those communities, our suppliers and customers.

Sustainable packaging continues to be a focus for the company, we have made significant APCO packaging commitments and we continue to do well against those targets. We will continue to invest in initiatives in this area and we are particularly pleased with our investment of $14 million at our Wetherill Park facility to establish in-house production of recycled plastic bottles. We have received some great recognition for the nutritional value of a number of our products winning 13 Health Food Guide awards in FY2024. We have also launched new products in the area such as lactose free and no sugar Dare.

It is important that we prepare for the emerging obligations associated with climate related financial disclosures. In FY2024 we have completed a gap analysis to ensure we are in a position to comply with the draft Australian standard and have design a road map that will enable timely compliance with climate related financial disclosures.

Slide 25 – Financials

Turning now to some more detailed analysis of our financial results.

Slide 26 – Profit and loss

I will largely focus on our normalised result shown here on the left side of the slide. As I previously mentioned it was good to see 4% revenue growth to $3.5 billion in what was a fairly challenging year, I will discuss in a later slide how our EBITDA and profitability has been achieved so I will not dwell on it here.

I did want to touch on three or four things on this slide as I mentioned previously our depreciation and amortisation is down to $88 million this year. Our investments will be focused on growth, cost saving, efficiencies and capacities. We have chosen to invest a little less in the last years at our bulk sites and are being very choiceful in our investments in both our bulk and fresh white milk sites as we are careful to invest where we see the greatest opportunities for improved financial performance.

I will focus on the net finance costs on this slide, you would observe that financing costs have increased from $23 million in FY2023 to almost $35 million in FY2024. Approximately $5 million of that increase is attributable to interest rates, the other $7 million is largely the impact of the Vegemite Way lease. This is the first full year of the sale and leaseback of Vegemite Way, that combined with the renewal of the lease at our Laverton warehouse during the year has been the major contributors to the rise in our lease commitments.

It has been pleasing to see an increase in our earnings per share (EPS) to $0.096. I am confident in the potential for our EPS to increase further over the coming years.

Slide 27 – Reconciliation of normalised result

Reconciling our statutory results on the left side to our normalised result on the right side I am just going to focus on the EBITDA line. Our statutory EBITDA was $165.1 million and from that we have deducted $13.2 million from the sale and exit of our Canberra site, we have normalised $5.3 million of additional restructuring and the additional spend was targeted at our manufacturing sites and our logistics network. What you will see in the next slide is that this is one of many things that led to over $40 million of efficiency programs across our supply networks.

Included in normalised items is the Betta Milk acquisition that we completed in December of 2023. We have $6.9 million of one-time costs as we consolidated production into Lenah Valley in Tasmania and we also wrote off $2.8 million of assets as part of that. Those are the major items that explain the small change from $165.1 million in statutory earnings to $164.1 million in normalised earnings.

Slide 28 – Profitability overview

This slide is probably the one that's most interesting in understanding our profit evolution during the year. On the left side you will see our normalised EBITDA of $160.2 million from FY2023 and on the right hand side the FY2024 result of $164.1 million. In between you see the key changes in our P&L. The first three blue columns all relate to our branded business and combined they total $71.1 million EBITDA improvement in the branded business, that is over 50% improvement.

The first column is about branded volume, mix and price, as I have mentioned it isn't just about growing price and volume, it is actually about growing in the categories that matter for us that is yoghurt, milk-based beverages and spreads. I am very pleased to say we grew volume and value in those categories and directed a lot of our investment and innovation into those categories which really shows in this result.

We did take price to partly mitigate inflation and significant cost increases in FY2023, you may recall that in the prior year there was a two to three month lead time in executing price increases which significantly impacted that year's result. Obviously in FY2024 we had the annualised benefit of those price increases. Timing, pricing, volume and mix is all bundled into that $112 million branded column. In the middle column you see $84 million of cost inflation, while inflation is decelerating it is obviously not negative. Overall there was inflation greater than 3% across our cost base. Labour cost in our factories is going up almost 4%, energy and gas continue to increase and some input areas like coffee and cocoa continued to escalate.

The work we are really proud of is in the branded efficiency and value creation initiatives. We offset more than half of that entire cost of inflation with $43 million of efficiency and value creation programs. That's more efficient designs in our sites, restructuring overtime and restructuring shifts. In the logistics network, it was consolidating cool rooms and making them more efficient and of course we focused on procurement savings. All three of those initiatives working together and combined with overhead savings were a big factor in the over 50% improvement in financial performance by the branded business.

As I have discussed a very tough year in the bulk business, year over year we dropped $61 million in earnings. What I am really proud of is if you'd looked at commodities themselves it would have been an $80 million decrease were it not for the agility of the bulk management team. They were alert to procuring lower cost opportunity milk that was available during the spring peak, they changed shift structures in some of the bulk sites, they became more efficient and they mitigated almost $20 million of that impact to achieve the $60 million outcome, a sobering number but still a great effort by the team.

Slide 29 – Key performance measures

The key measures that we focus on are gross margin and EBITDA margin. This year we have achieved an improvement of 0.4% in our gross margin and while we don't disclose gross margins individually for our bulk and branded business it is observable that our bulk business declined by in excess of $60 million in earnings and therefore there has been a significant improvement in our branded gross margin for the whole Group to move forward which is really encouraging.

I am going to pause for a second on dividends per share. As Barry said, a good 7% improvement in dividends per share, and I think what's exciting as you look to the next three or four years is you will see in our annual report that we have a bank of franking credits of over $113 million, so as our EPS expands in the coming years, as it will, the opportunity to reward shareholders with fully franked dividends is very strong.

The final thing I would mention at the bottom of the chart is return on funds employed. We have moved up almost two points to 5.6% and see that this can be further improved. The performance was driven by net working capital reductions being choiceful about Capital Expenditure, selling some assets consistent with our focus and simplification program.

Slide 30 – Balance sheet

My final slide on the financials is on the balance sheet, I will just make some key observations, our receivables were up a little as we did sell more in May and June of FY2024. Importantly we carefully managed inventory and we were able to decrease inventory by $70 million over the year, a really strong performance.

Overall net debt is down over $40 million and leverage is at 1.3, looking ahead in FY2025 we do expect that our debt will increase in the first half as we always have a net investment in inventory, remembering that in the spring we receive 60% to 65% of our milk supply. In December of 2023 we had a leverage of 1.9, we expect to improve on that and we will probably deliver between 1.6 and 1.8 leverage in the first half. By the end of FY2025, we will improve on the 1.3 times, and we will get somewhere between 1.0 times and 1.2 times leverage.

Slide 31 – Where we are today

Reflecting on the year I think we are well placed as a result of a strategy that has been in place for some time now. We transition to a branded business, we have iconic brands they resonate with consumers in Australia and internationally.

They are in all market channels and have the ability to move with consumer desires and insights particularly around functional benefits, healthy eating, snacking and across a number of different meal occasions throughout the day. I think we are well positioned with our iconic leading brands and integrated manufacturing and processing network that is starting to operate well and still has more improvement available to it, we have opportunity to further simplify and focus our network and we will be working on our strategic review of PCA and other projects and opportunities over the next 12 months.

I think we are starting to get to a place where we can springboard off our solid foundations. We will continue to invest more in technology around our logistics and our route network. I believe there remains opportunity for productivity improvements within the business and I am really happy with our ability to have an agile response to changes in market.

As I have mentioned, we have seen consumers trade in and out of channels and within category subsets. I think we have got the ability to move with those different changes, they don't always suit us but we have got good representation across a number of channels that allow us to ensure we remain relevant to our customers and consumers. As markets continue to evolve and consumer sentiment and confidence comes back I think we will be well positioned to win in areas that are finding circumstances a little challenging at the moment.

Our branded acquisitions are ahead of business case which is terrific particularly in the context of the challenging environment of our bulk business. I think there is still huge opportunity to continue to grow our brands both here and overseas. We have great opportunities particularly in Southeast Asia and the Middle East, which are growing areas as they transition into high protein diets and seek more dairy on a daily basis.

I also think we can extend our core brands here without necessarily having to go too far from their brand essence or what they stand for. We continue to see a great runway for Dare in the beverage space and for our yoghurt brands. We believe that we now have our bulk business more stable and are not facing anything like the headwinds of the last couple of years.

We are happy with the strength of our balance sheet and believe that we have the right people and the right capability to continue to take the business forward.

Slide 32 – Looking forward

We are very comfortable with the business and the strategy that we have in place and the value it can create for our shareholders and stakeholders. We are in the second year of a 5 year strategic plan and believe that our strategy stands up well and there is some really good work we can continue to do against the key strategic pillars.

It will be a slightly different year in FY2025, we are seeing a very challenged consumer environment. We recognise that we were able to get some mitigation from high costs through price increases in FY2024 while still showing a good track record of cost control and value creation.

We believe that it will not be possible to offset inflationary pressures with price increases in FY2025, therefore earnings will have to be driven through productivity and efficiency improvements. In fact, we have forecast very little price increase for FY2025. We will achieve our objective by improving our footprint, driving growth through volume, by being competitive on price, running selective promotional campaigns and capitalising on operational leverage.

We think our branded business can continue to grow through those opportunities but it will be single mid-digit growth. Our bulk business will respond to the better alignment of farm gate milk prices to dairy commodity prices, although it will not return to its traditional levels in the short term, we do see commodity prices being reasonably constrained.

Our expectation for the Bega Group normalised result in FY2025 is an EBITDA range of $190 million to $200 million which is line with where we would expect to be to achieve our 2028 strategy of a $250 million plus EBITDA and continue to improve our returns on funds employed.

With that said I would just like to thank the team, our shareholders, our suppliers and all our stakeholders for their support throughout the year. I will now hand back to Barry.

Slide 33 – Q&A

Ladies and Gentlemen that brings us the end of the presentation.

Are there any questions?

Slide 34 – Annual General Meeting

Ladies and Gentlemen, we have now come to the formal part of the meeting.

Slide 35 – Voting procedure

A poll is being held on all resolutions at this meeting. If leaving early, place completed voting cards in the ballot box by the registration desk.

For each item of business, I will first open the floor for discussion and then, will put the motion for that item to the meeting, and ask you to complete your voting cards in relation to that item.

Share Registrar, Ms Julie Stokes of Link Market Services Limited will act as Returning Officer in relation to the poll.

If there are any aspects regarding voting that you are uncertain about, please ask one of the Registrar staff.

The results of the poll will not be available before the end of the meeting. You can however obtain the results of the poll later today by visiting the Bega Group website or the ASX.

Slide 36 – Resolutions

Adopt remuneration report for the year ended 30 June 2024.

Election of Directors.

Slide 37 – Adoption of Remuneration Report

Firstly, to item 2 in the notice of meeting. The Remuneration report on pages 39 - 53 of the Annual Report outlining the remuneration for the Board, Executive, CEO and other key personnel.

In setting remuneration the Nomination Remuneration, People and Capability Committee refer to market and external advisors.

I would inform the meeting that the following proxies have been received in respect to the Remuneration report. I will be casting the undirected proxies in favour of the motion.

Are there any questions?

As there are no [further] questions, I now move that the remuneration report for the period ended 30 June 2024 be adopted.

I will now put the motion to the meeting.

Would you please now complete your yellow voting card in relation to item 2.

Slide 38 – Barry Irvin

I now move to the election of myself, I will ask Deputy Chairman Peter Margin to chair the meeting while my election is conducted.

Thank you Barry, I invite you to say to say a few words…

Thank you Barry.

Before we proceed I would like to inform the meeting we have the following proxies in respect to Barry's election. I will be casting the undirected proxies in favour of the motion.

Are there any questions?

As there are no [further] questions, I now move that Barry Irvin be elected to the Board.

I will now put the motion to the meeting.

If you haven't already done so, please record your vote in relation to Resolution 3(a).

I will hand the meeting back to Barry Irvin.

Slide 39 – Rick Cross

I now move to the election of Rick Cross. Rick, I invite you to say a few words….

Thank you, Rick.

Before we proceed I would like to inform the meeting we have the following proxies in respect to Rick's election. I will be casting the undirected proxies in favour of the motion.

Are there any written questions?

Are there any questions?

As there are no [further] questions, I now move that Rick Cross be elected to the Board.

I will now put the motion to the meeting.

If you haven't already done so, please record your vote in relation to Resolution 3(b).

Slide 40 – Raelene Murphy

I now move to the election of Raelene Murphy. Raelene, I invite you to say a few words….

Thank you, Raelene.

Before we proceed I would like to inform the meeting we have the following proxies in respect to Raelene's election. I will be casting the undirected proxies in favour of the motion.

Are there any written questions?

Are there any questions?

As there are no [further] questions, I now move that Raelene Murphy be elected to the Board.

I will now put the motion to the meeting.

If you haven't already done so, please record your vote in relation to Resolution 3(c).

Slide 41 – Harper Kilpatrick

I now move to the election of Harper Kilpatrick. Harper, I invite you to say a few words….

Thank you, Harper.

Before we proceed I would like to inform the meeting we have the following proxies in respect to Harper's election. I will be casting the undirected proxies in favour of the motion.

Are there any written questions?

Are there any questions?

As there are no [further] questions, I now move that Harper Kilpatrick be elected to the Board.

I will now put the motion to the meeting.

If you haven't already done so, please record your vote in relation to Resolution 3(d).

Slide 42 – Closing

Ladies and gentlemen thank you very much for your attendance at this year's AGM.

If all votes have been completed, please ensure you lodge your yellow voting cards in the ballot box stationed at the registration desk to ensure your votes are counted. The poll will remain open for a further 5 minutes.

I now declare the meeting closed.

Slide 43 – Disclaimer