MEDIA RELEASE

1H FY2025 FINANCIAL RESULTS AND FY2025 OUTLOOK

Branded in growth while Bulk returns to profit

Bega Cheese Limited (ASX: BGA) ("the Group") has released its 1H FY2025 audited results for the financial period ended 29 December 2024. There was a strong increase in Group profitability in the first half of this fiscal year with the continued successful implementation of our Brand-focused Strategic Plan and supported by a recovery in the Bulk segment. Our Branded segment grew despite a challenging consumer environment, with the key drivers of improved performance being innovation, cost savings programs and focus on high-value categories.

Key Measures	1H FY2025	1H FY2024	Change	
	$m	$m	$m	%
Statutory Performance				
Revenue	1,782.1	1,728.0	54.1	3%
EBITDA	109.3	86.1	23.2	27%
EBIT	56.6	43.2	13.4	31%
PAT	30.2	26.5	3.7	14%
EPS (cents per share)	9.9	8.7	1.2	14%
Normalised Performance				
EBITDA	110.3	76.5	33.8	44%
EBIT	64.3	33.6	30.7	91%
PAT	35.9	13.3	22.6	170%
EPS (cents per share)	11.8	4.4	7.4	168%
Net debt	207.2	250.9	-43.7	-17%
Leverage ratio (times)	1.3	1.9	-0.6	-32%

In 1H FY2025, the Group generated statutory earnings before interest, tax, depreciation and amortisation (EBITDA) of $109.3 million, an increase on the prior comparative period of $23.2 million or 27%.

The results achieved by the Group in 1H FY2025 reflect the following highlights:

- Revenue $1.8 billion, an increase of 3% on the prior year with the recovery of the Bulk segment a key factor.
- Further delivery of manufacturing and supply chain cost efficiencies coupled with productivity and continued streamlining of sites.
- Embedding the organisational realignment initiated in FY2024 to support the strategy.
- Completion of the sale of Leeton primary juice processing facility including a long-term juice supply agreement.
- Strong cashflow generation and balance sheet with a 1.3x leverage ratio, significantly lower than the 1.9x leverage ratio from 1H FY2024.

The normalised 1H FY2025 EBITDA of $110.3 million increased by $33.8 million, up 44%, when compared to the prior comparative period. Normalised items in the current period include the sale of the Leeton primary juice processing site in October and the impairment of selective equipment associated with the manufacturing footprint and portfolio simplification.

The continued growth in the Group's Branded segment profitability in 1H FY2025 was pleasing. Profitability in the Branded segment increased on the prior comparative period with normalised EBITDA of $104.2 million, higher than the prior year by 8%. The Branded result was achieved in a challenging trading environment with lower discretionary consumer spend and downtrading across sales channels and products. The growth of Branded volume and revenue in light of these challenges is a testament to the Group's portfolio of market leading brands and reflects the success of cost savings initiatives (including supply footprint rationalisation) as well as focus on high-value categories.

Bulk segment statutory EBITDA was a profit of $24.4 million compared to a statutory EBITDA loss of $5.6 million in the prior year as the misalignment between global dairy commodities and Australian farmgate milk experienced in the prior year moderated. The Bulk business further orientated its mix to higher value proteins and also delivered strong cost savings results.

Capital management and leverage ratio

The Group had consolidated net debt of $207.2 million as at 29 December 2024, compared to $250.9 million as at 24 December 2023, a reduction of $43.7 million. The reduction in net debt was enabled primarily through the Group's increase in earnings and a reduction in working capital from lower inventory. The Group's normalised EBITDA to net debt leverage ratio decreased from 1.9 times at the end 1H FY2024 to 1.3 times at 29 December 2024.

Interim FY2025 dividend – 6.0 cents per share

The Group announced an interim fully franked dividend of 6.0 cents per share for 1H FY2025. The interim dividend will be paid on the 3 April 2025. The Dividend Reinvestment Plan will be activated for this dividend.

Outlook

Subject to normal trading conditions, the Group expects the Branded segment to remain resilient in the context of a challenging consumer environment. Bulk segment earnings are majority 1H FY2025 weighted as roughly two thirds of milk intake occurs in the seasonally stronger first half. The continued focus on cash optimisation and realising the benefits of innovation and cost saving initiatives is expected to offset inflationary impacts and further improve profitability and leverage in FY2025. The Group reaffirms its of a normalised EBITDA of $190 to $200 million in FY2025. The Group expects to be at the upper end of this range.

Ends…

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