



FY2014 Full Year Results

August 2014

Barry Irvin – Executive Chairman

Aidan Coleman – CEO

Colin Griffin – CFO

KEY MESSAGES

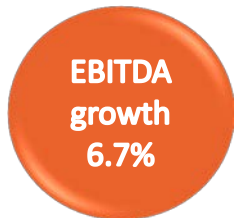
- Record profit
- Record normalised profit
- Significant increase in share price
- Significant increase in milk price
- Investment in infant formula and nutritional capacity
- Very strong balance sheet

FY2014 RESULTS HIGHLIGHTS



- Revenue increase to \$1,069.4m
- EBITDA increase to \$122.5m
- PBT increase to \$93.6m
- EPS increase to 43.44 cps
- No net debt (\$8.0m net cash)
- Balance sheet significantly strengthened by WCB outcome

FY2014 RESULTS HIGHLIGHTS - NORMALISED



- Revenue increase to \$1,069.4m
- EBITDA increase to \$70.1m
- PBT increase to \$42.1m
- EPS increase to 19.6 cps
- Total dividend 8.5 cps
- H2 dividend 4.5 cps
(record date 1 September, payment date 15 September)

WARRNAMBOOL CHEESE & BUTTER INVESTMENT

- Bid launched September 2013
- Initial bid 1.2 Bega shares and \$2 cash
- Highly competitive bid
- Highlighted the value, interest and position in the Australian dairy industry
- Bega Cheese remained disciplined throughout
- Concluded more value to be created by selling
- Received \$99m cash
- Generated \$66m profit before transaction costs
- Impact on profit after tax \$44m

MILK SUSTAINABILITY AND GROWTH PROGRAM

- Strategic investment in milk supply
- Responding to customer requirements both now and in the future
- Sustainability includes resource management and farm practice (BEMS)
- Growth programs with goal of growing supply over the next 3 years
- 3 year supply relationship
- \$25m investment, expensed in FY2014 \$11m

FY2014 RESULTS NORMALISED



Consolidated Period Ending 30 June 2014	Per Financial Statements \$'000	WCB outcome \$'000	Milk Sustainability and Growth outcome \$'000	Normalised Result \$'000	Change from prior year \$'000	
					\$'000	%
Revenue	1,069,392	-	-	1,069,392	65,005	6%
Cost of sales	(951,117)	-	10,569	(940,548)		
Gross profit	118,275	-	10,569	128,844		
Other income and expenses	4,231	(62,943)	-	(58,712)		
EBITDA	122,506	(62,943)	10,569	70,132	4,425	7%
EBIT	99,602	(62,943)	10,569	47,228	3,194	7%
Profit before income tax	93,580	(62,025)	10,569	42,124	6,202	17%
Profit for the year	66,055	(43,689)	7,398	29,764	3,918	15%
Basic earnings per share - cents	43.44			19.60	2.58	15%

- Underlying business performance continues to grow

BUSINESS PERFORMANCE



	FY2014*	FY2013*
	\$m	\$m
Sales Revenue	1,069.4	1,004.4
EBITDA	70.1	65.7
EBIT	47.2	44.0
PBT	42.1	35.9
NPAT	29.8	25.8

- Good revenue growth in all areas, particularly nutritionals (23%) and core dairy ingredients (12%)
- Plant efficiencies driving EBITDA and profit growth
- Reduced interest cost as borrowings paid down

*Normalised and restated for change in accounting standard

BALANCE SHEET EXTRACT



	FY2014 \$m	FY2013* \$m
Trade and other receivables	106.7	103.5
Inventories	184.2	163.0
Investments	-	39.0
Property, plant & equipment	213.6	209.1
Total Assets	548.6	549.2
Trade and other payables	164.2	142.7
Borrowings	20.6	110.9
Total Liabilities	234.2	287.3
Net Assets	314.4	262.0
Net cash/(debt)	8.0	(88.2)

*Restated for change in accounting standard

CASH FLOW EXTRACT



	FY2014 \$m	FY2013* \$m
Receipts from customers	1,102.0	1,024.7
Payments to suppliers	(1,049.1)	(953.3)
Interest and other costs of financing paid	(5.3)	(8.1)
Income tax paid	(7.1)	(3.9)
Operating activities	40.5	59.4
Investing activities	67.9	(27.4)
Financing activities	(102.5)	(11.4)
Net increase in cash and cash equivalents	5.9	20.6

- Operational cash flow continues to be strong with increased payments in FY2014
- Inflow of cash from sale of WCB shares used to repay borrowings

*Restated for change in accounting standard

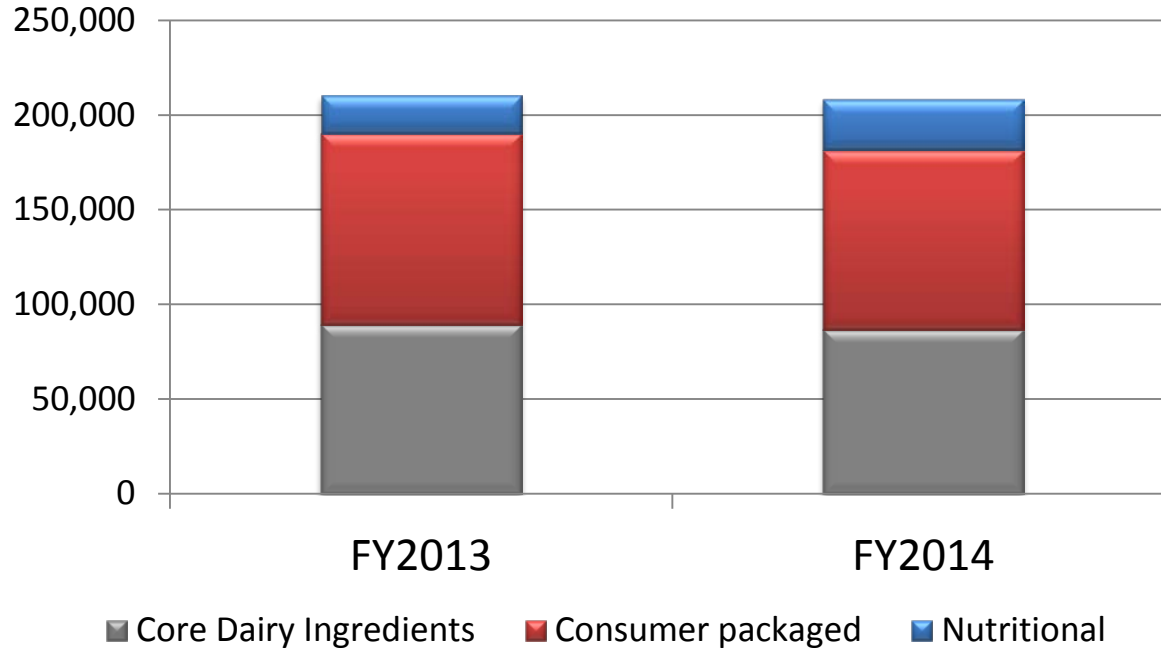
MILK INTAKE



	FY2014 million litres	FY2013 million litres
Bega	163	191
Coburg	110	107
Tatura	326	343
Contract including milk swaps	130	108
Total	729	749

- Milk pool well balanced to meet production requirements
- Competition for milk with Bega Cheese Group
- Launching the Milk Sustainability and Growth Program

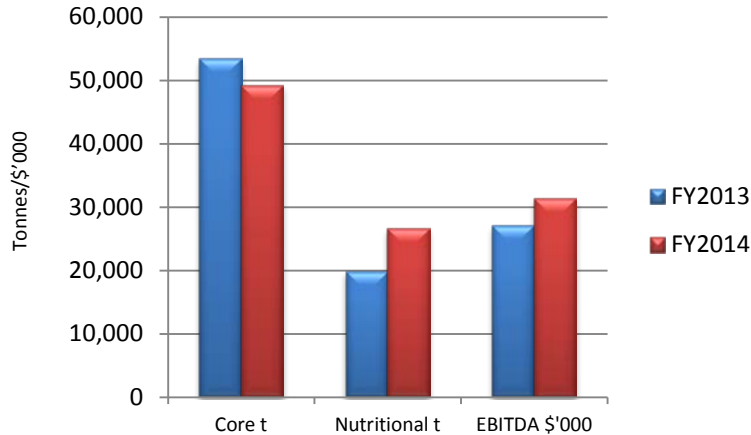
PRODUCTION



- Total production 208,120 tonnes in line with previous year
- Mix change towards nutritionals

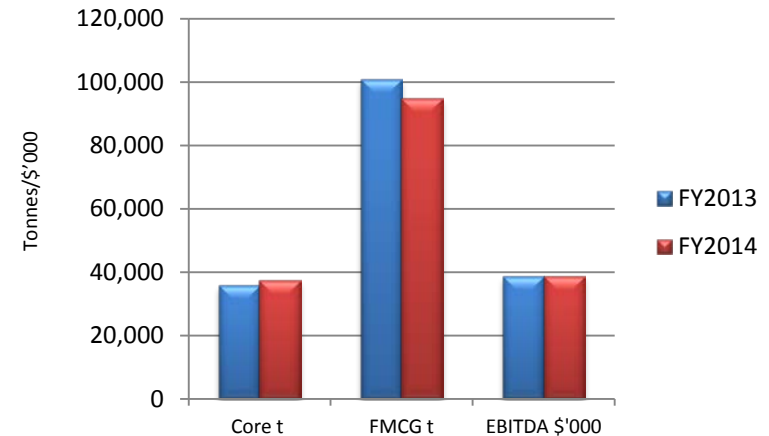
SEGMENTS VOLUME & EBITDA

Tatura



- Strong growth in nutritional
- EBITDA driven by record commodity growth and greater nutritional volumes

*Bega

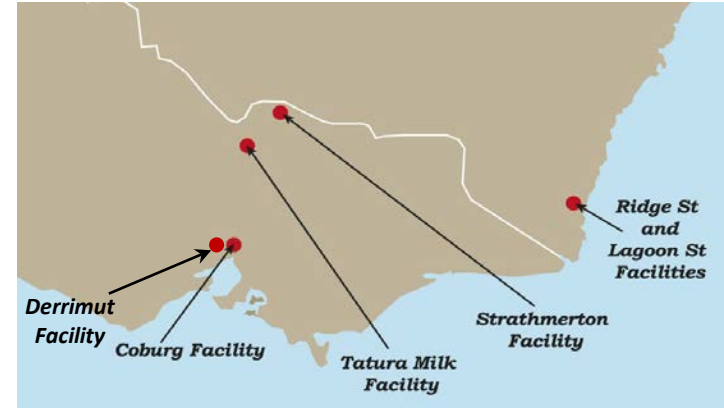
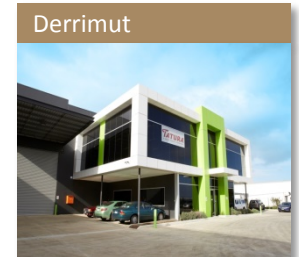


- Milk directed to Tatura to take advantage of commodity prices
- Stable returns reflective of non commodity business model

*Normalised and restated for change in accounting standard

INFRASTRUCTURE

- Capital expenditure \$28 million
- Infant nutritional blending and canning at Derrimut (16,000t)
- Increased lactoferrin expansion at Tatura (19t)
- Increased cheddar cheese capacity at Coburg (18,000t)
- New whey manufacturing capacity at Tatura (22,500t)



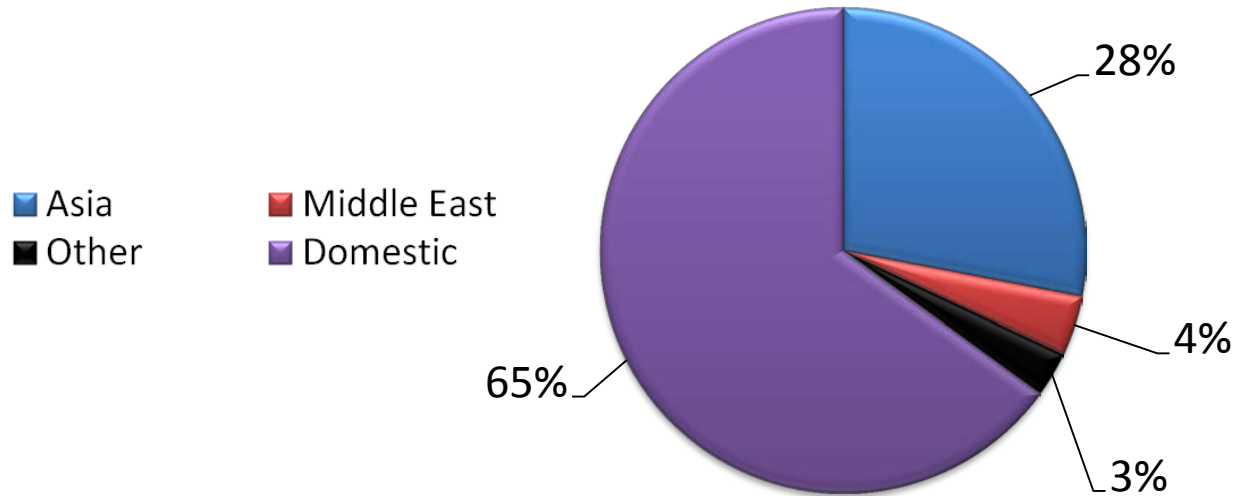
HIGH QUALITY VALUE ADDED PRODUCT RANGE

- Natural cheddar
- Processed cheese
- Cream cheese
- Nutritional powders
- Milk proteins

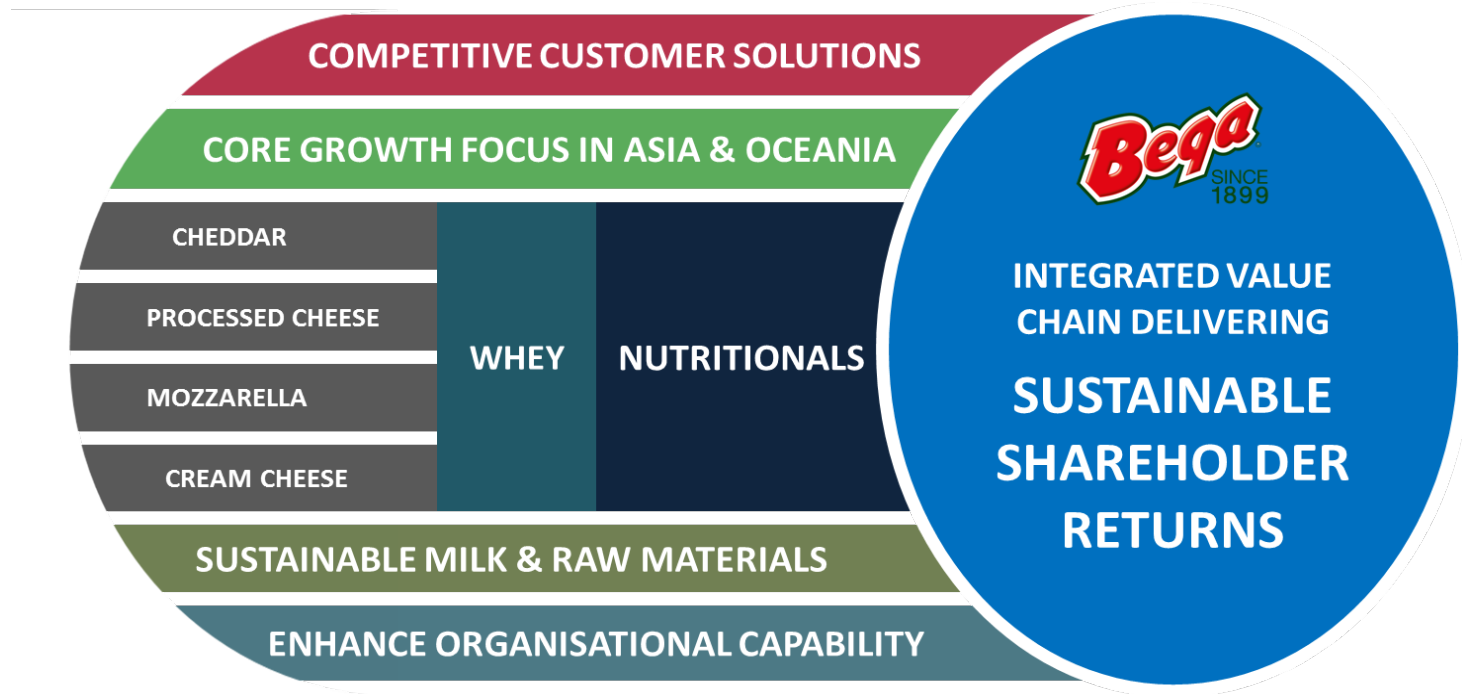


SALES REVENUE BY DESTINATION

Bega Cheese Sales 2014



STRATEGIC FOCUS AREAS



STRATEGIC PRIORITIES

- Focused investment on further development of life stage nutritionals
- Grow infant formula and child nutritional platforms
- Create new platform in bio-nutrients
- Extracting more value from existing milk components
- Sustainability and growth of milk supply
- Focus on growth and efficiencies in key platforms
- Continue to investigate value creating rationalisation opportunities

STRATEGIC PRIORITIES

Bio-nutrient platform

- Develop new science based innovation platform
- Dairy and non dairy micro nutrients
- Leverage off existing knowledge and capabilities
- Reviewing global knowledge and capacities
- Organic growth and acquisition opportunities

OUTLOOK

- Impact of falling commodity prices
- Uncertainty created by Russia sanctions
- Strong underlying demand for dairy products in Asia
- Good base for Asian expansion using new capacity
- High value whey protein project in final development stages (approximate cost \$30m)
- Very strong balance sheet to support expansion



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