

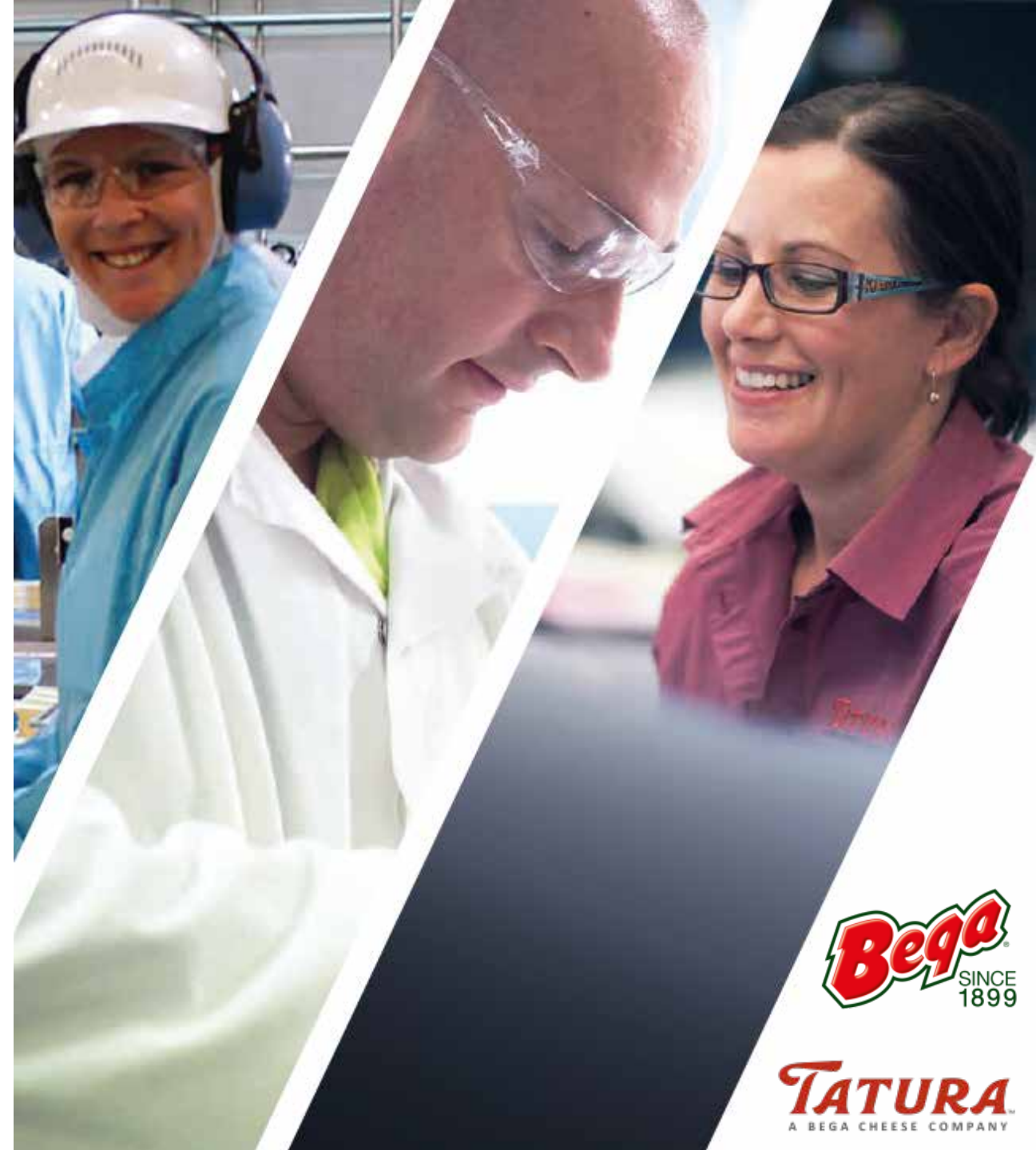
# FY2016 Full Year Results

## 24 August 2016

Barry Irvin – Executive Chairman

Aidan Coleman – CEO

Colin Griffin – CFO



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# Key Messages

## Australian dairy industry

- Global supply and demand
- Australian markets
- Competitor behaviour

## Bega Cheese

- Significant revenue growth
- Improved financial performance
- Honoured milk price commitments to farmers
- Continued investment in capacity and capabilities
- Strong balance sheet



# Result Highlights Statutory

Revenue  
Growth  
7.5%

EBITDA  
Growth  
56%

PAT  
Growth  
132%

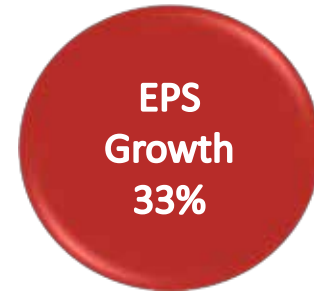
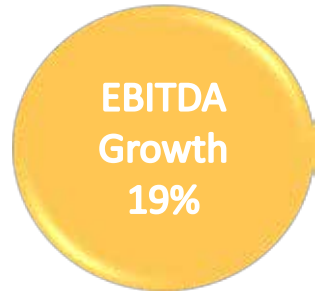
EPS  
Growth  
132%

Final  
Dividend  
5.0cps

- Revenue increase to \$1,196m
- EBITDA increase to \$65.4m
- PAT increase to \$28.8m
- EPS increase to 18.9cps
- Final dividend 5.0cps



# Result Highlights \*Normalised



- Revenue increase to \$1,196m
- EBITDA increase to \$66.0m
- PAT increase to \$29.2m
- EPS increase to 19.1cps
- Final dividend 5.0cps



\*Normalised for investment in Milk Sustainability and Growth Program (FY2016 and FY2015)



# FY2016 Results \*Normalised



Consolidated Period Ending 30 June 2016	Per Financial Statements \$'000	Milk Sustainability and Growth outcome \$'000	Normalised Result \$'000	Change from prior period \$'000	%
Revenue	1,195,967	-	1,195,967	83,337	7
Cost of sales	(1,042,595)	604	(1,041,991)	(64,180)	7
Gross profit	<b>153,372</b>	<b>604</b>	<b>153,976</b>	<b>19,157</b>	<b>14</b>
Other income and expenses	(87,962)	-	(87,967)	(8,853)	11
EBITDA	65,405	604	66,009	10,304	18
EBIT	43,496	604	44,100	10,609	32
Finance costs	(3,596)	-	(3,596)	(266)	8
Profit before income tax	39,900	604	40,504	10,343	34
Profit for the year	<b>28,779</b>	<b>423</b>	<b>29,202</b>	<b>7,185</b>	<b>33</b>
Basic earnings per share - cents	18.9		19.1	4.7	33

\*Normalised for investment in Milk Sustainability and Growth Program (FY2016 and FY2015)

# Balance Sheet (extract)



	FY2016 \$m	FY2015 \$m
Trade and other receivables	143.7	119.5
Inventories	192.4	194.9
Property, plant & equipment	219.9	209.7
<b>Total Assets</b>	<b>586.7</b>	<b>552.4</b>
Trade and other payables	156.0	139.1
Borrowings	62.7	69.0
<b>Total Liabilities</b>	<b>258.8</b>	<b>239.8</b>
<b>Net Assets</b>	<b>327.8</b>	<b>312.7</b>
<b>Net Debt</b>	<b>53.1</b>	<b>58.7</b>

# Cash Flow



	FY2016 \$m	FY2015 \$m
Receipts from customers	1,241	1,161
Payments to suppliers	(1,175)	(1,165)
Interest and other costs of financing paid	(3.8)	(3.4)
Income tax paid	(3.3)	(9.9)
<b>Operating activities</b>	<b>59.0</b>	<b>(17.3)</b>
Investing activities	(39.6)	(36.4)
Financing activities	(20.0)	35.4
<b>Net (decrease) in cash and cash equivalents</b>	<b>(0.6)</b>	<b>(18.3)</b>

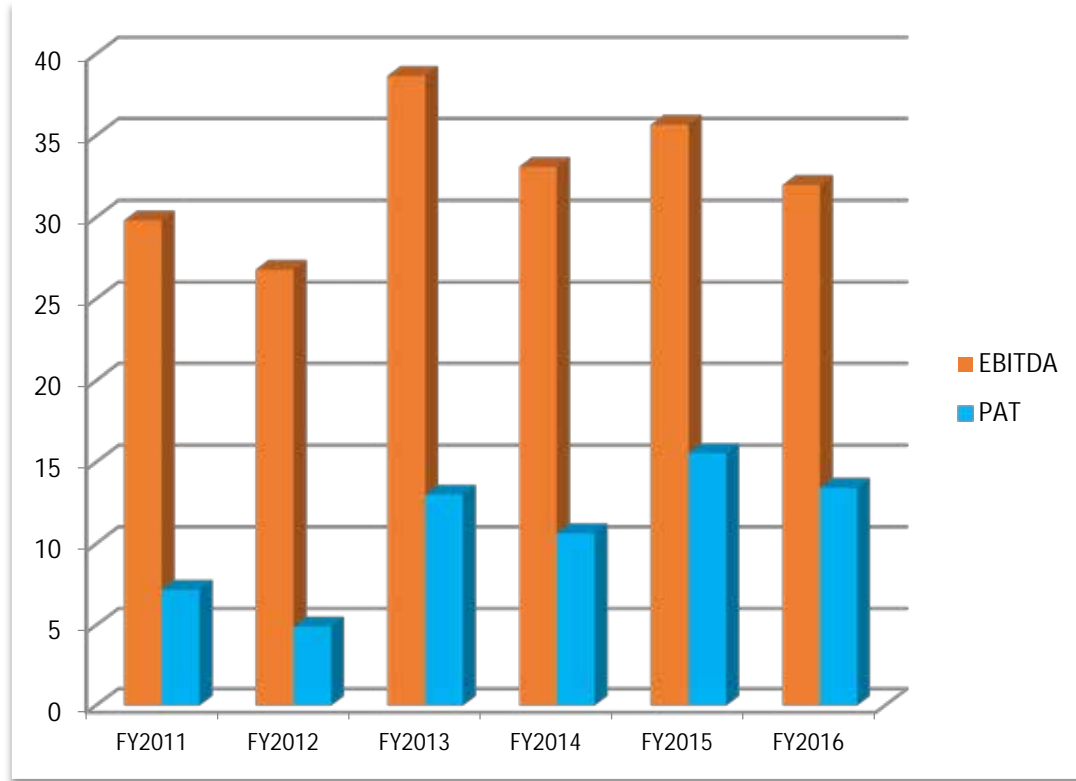
- Improved gross profit
- Strong working capital and inventory management



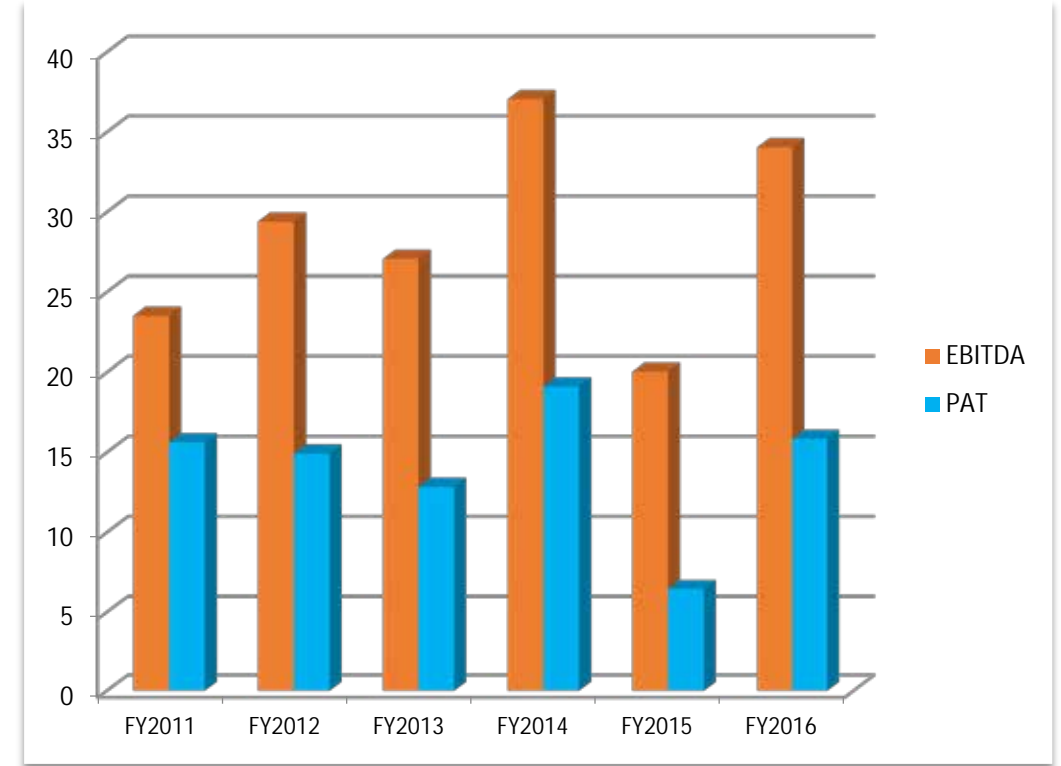
# Bega Cheese and Tatura Milk Segment \*Normalised



\$m Bega Cheese



\$m Tatura Milk Industries



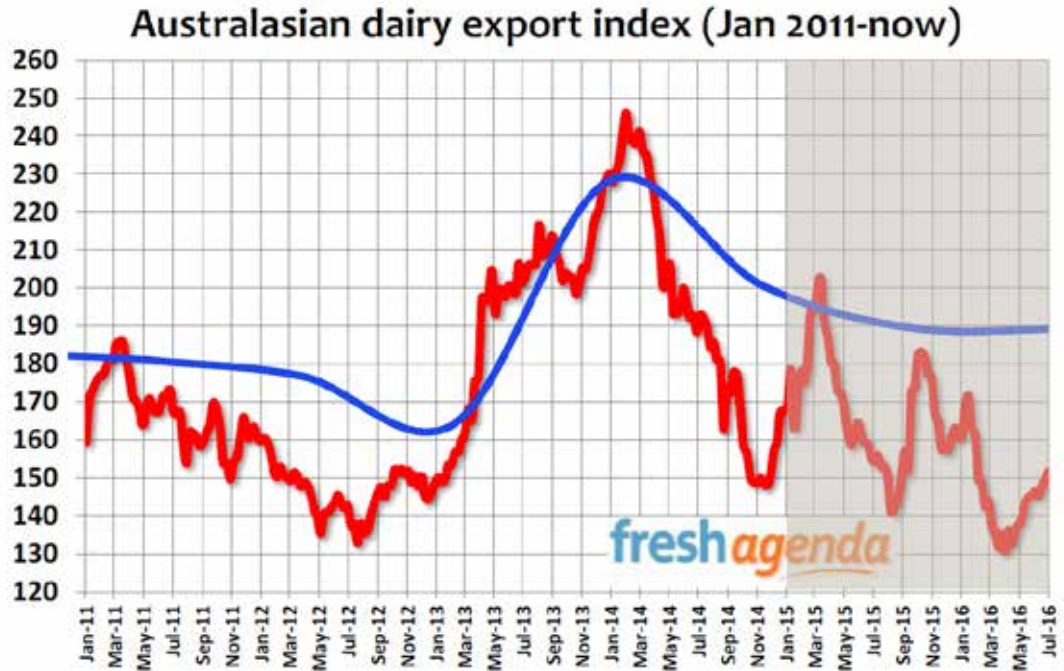
- Segment stability reflects business exposure to retail and food service markets in Australia and internationally
- Food service into Asia contributes to growth in export volumes

- Strong performance in nutritional platform
- Milk price more reflective (although not entirely) of global commodity markets

\*Normalised for investment in Milk Sustainability and Growth Program (FY2014 and FY2015) and sales of shares in WCB (FY2014).



# Dairy Commodity Prices and Farm Gate Milk Price



- Export trend index - global commodity prices/Australian currency impact source *freshagenda*
- Farm gate milk price trend
- FY2015 Milk price \$6.00 per Kg MS  
 FY2016 Opening and closing milk price \$5.60 per Kg MS  
 FY2017 Opening milk price \$5.00 per Kg MS

- Reflects milk price before retrospective cuts by MG and Fonterra
- Farm gate milk price more reflective of market in FY2017
- Global supply/demand not in balance
- Some global commodity market improvement
- Analysts predicting further improvement over next 12 to 18 months



# Operations

## Manufacturing

- Production increased 6% to over 238,000 tonnes
- Continued improvement in quality performance

## Safety

- Industry leading metrics... injuries reduced by 69% and LTIFR < 4

## Environment

- Energy use down 7.9% on prior year
- Further investments in compliance infrastructure across key sites



# Sales and Marketing

## Bega Brand

- Number one Australian cheese brand with 15.7% market share
- Brand portfolio available in over 40 countries

## Food Service

- Continued success in growth of QSR in Australasia and Asia Pacific
- Expansion in product range and brand portfolio

## Nutritionals

- Announced Bega/Blackmores nutritionals alliance
- Continued growth of Bellamy's Organic
- 50% growth in nutritionals business



Note: Bega Cheese brand franchised to Fonterra Brands (Australia) for the Australian market



NEW SOUTH WALES

VICTORIA

# Investing in Infrastructure

- Infant canning facility upgrade
- Continued research and development on high value whey protein infrastructure
- Automated slice and shredded cheese capacity
- Continued investment in Bionutrients
- Enterprise resource planning implementation



**TATURA**  
236 Hogan Street  
Tatura VIC 3616 Australia



**DERRIMUT**  
11 Benn Court  
Derrimut VIC 3090 Australia



**STRATHMERTON**  
Murray Valley Highway  
Strathmerton VIC 3641 Australia



**BEGA CHEESE MANUFACTURE**  
11-13 Lagoon Street  
Bega NSW 2550 Australia



**COBURG**  
10-16 Ailenby Street  
Coburg VIC 3058 Australia



**PORT MELBOURNE**  
684 Lorimer Street  
Port Melbourne VIC 3207 Australia



**BEGA HEAD OFFICE AND  
PROCESSING & PACKAGING PLANT**  
23-45 Ridge Street  
North Bega NSW 2550 Australia

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# Strategic Priorities

- Maintain the growth trajectory of the business in all key platforms
- Drive efficiencies through ongoing investment in infrastructure
- Maximise the value of milk components
- Further investment in brand portfolio
- Continue to build strong long term relationships
- Investigate corporate opportunities
- Leadership transition
- Build on well established company values



# Outlook

- Revenue growth
- International business growth
- Investing in business efficiency
- Analysts predicting global dairy commodity price improvements
- Improved financial performance
- Company of choice for Australian dairy farmers and investors



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