



Bega Cheese Limited
Annual General Meeting

Barry Irvin – Executive Chairman
Aidan Coleman – Chief Executive Officer

AGENDA

- 2014 Annual Report
 - Executive Chairman's Report
 - Chief Executive Officer's Report
- Questions
- Approval of Remuneration Report
- Election of Directors

WELCOME

- Shareholders
- Suppliers
- PricewaterhouseCoopers
- Addisons Lawyers
- Kidder Williams
- Bega Cheese Staff

- Apologies

2014 ANNUAL REPORT

Executive Chairman's Report

Barry Irvin AM– Executive Chairman

A YEAR OF ACHIEVEMENT

- ✓ 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
growth
6.5%

EBITDA
growth
88.1%

PBT
growth
164.7%

EPS
growth
159%

Total
dividend
8.5 cps

- ✓ 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)

* Normalised for impact of sales of shares in WCB and investment in Milk Sustainability and Growth Program

WARRNAMBOOL CHEESE & BUTTER (WCB) 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

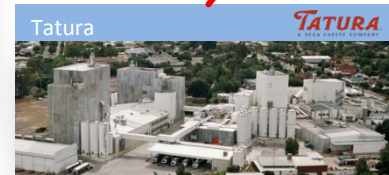
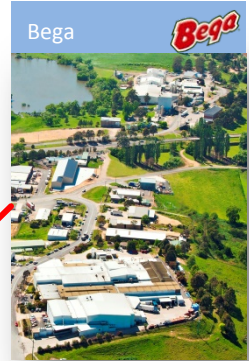
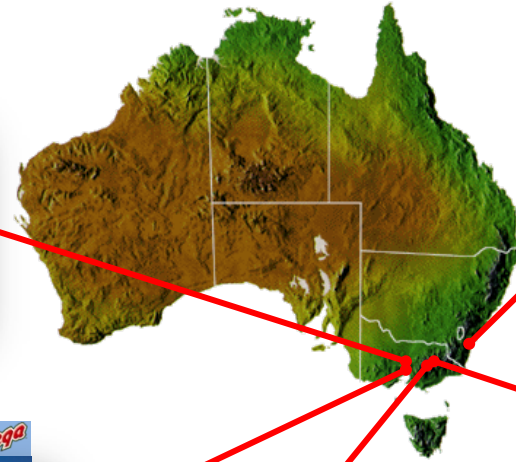
MILK SUSTAINABILITY AND GROWTH PROGRAM

- ✓ 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

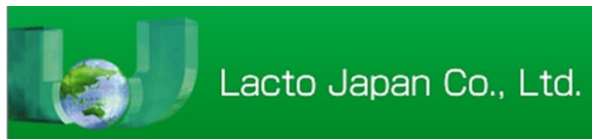
\$25m investment, expensed in FY2014 \$11m

INVESTING IN INFRASTRUCTURE

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



CUSTOMER RELATIONSHIPS



BALANCE SHEET EXTRACT



	FY2014 \$m	FY2013* \$m
Cash & cash equivalent	28.6	22.6
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

STRATEGIC PRIORITIES

- ✓ Focus on growth and efficiencies in key platforms
- ✓ Grow infant formula and child nutritional platform
- ✓ Extracting more value from existing milk components
- ✓ Sustainability and growth of milk supply
- ✓ 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

OUTLOOK

- Impact of falling commodity prices and Russian sanctions
- 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
- *Normalised FY15 revenue and profit broadly in line with prior year

* Normalised for impact of sales of shares in WCB and investment in Milk Sustainability and Growth Program



2014 ANNUAL REPORT

Chief Executive's Report

Aidan Coleman – Chief Executive Officer

NORMALISED 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 for impact of sales of shares in WCB and investment in Milk Sustainability and Growth Program

**Normalised and restated for change in accounting standard

DERRIMUT FACILITY

- Commenced production in April 2014
- Infant formula blending and canning capability
- Capacity 16,000 tonnes



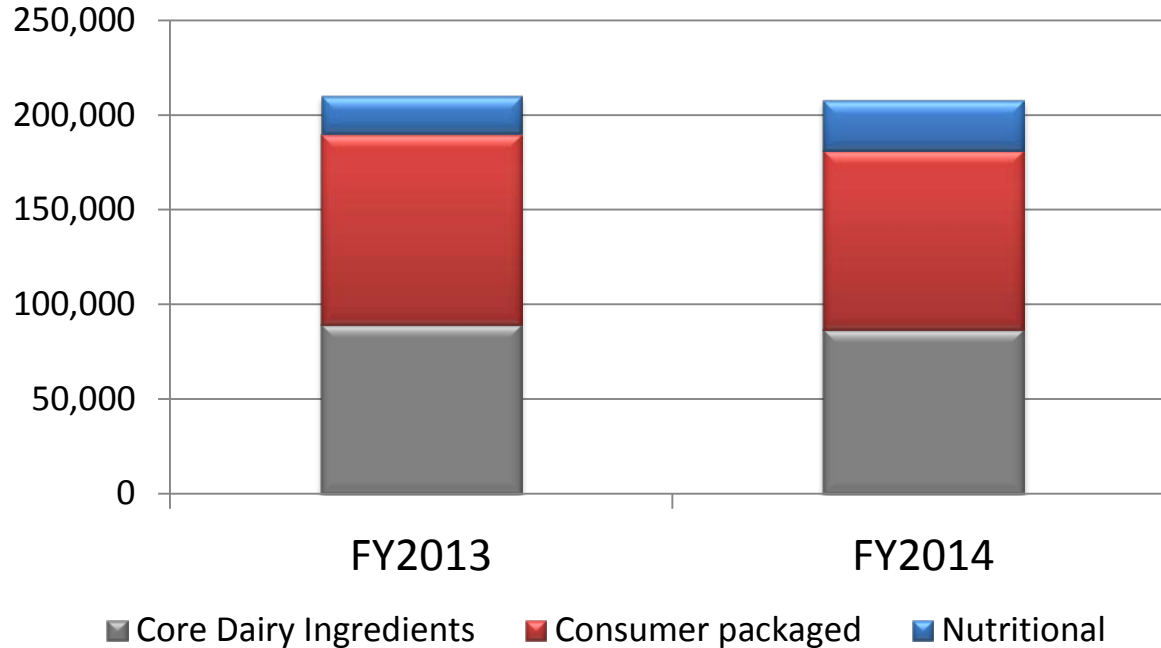
PRODUCT RANGE



BEGA BRAND

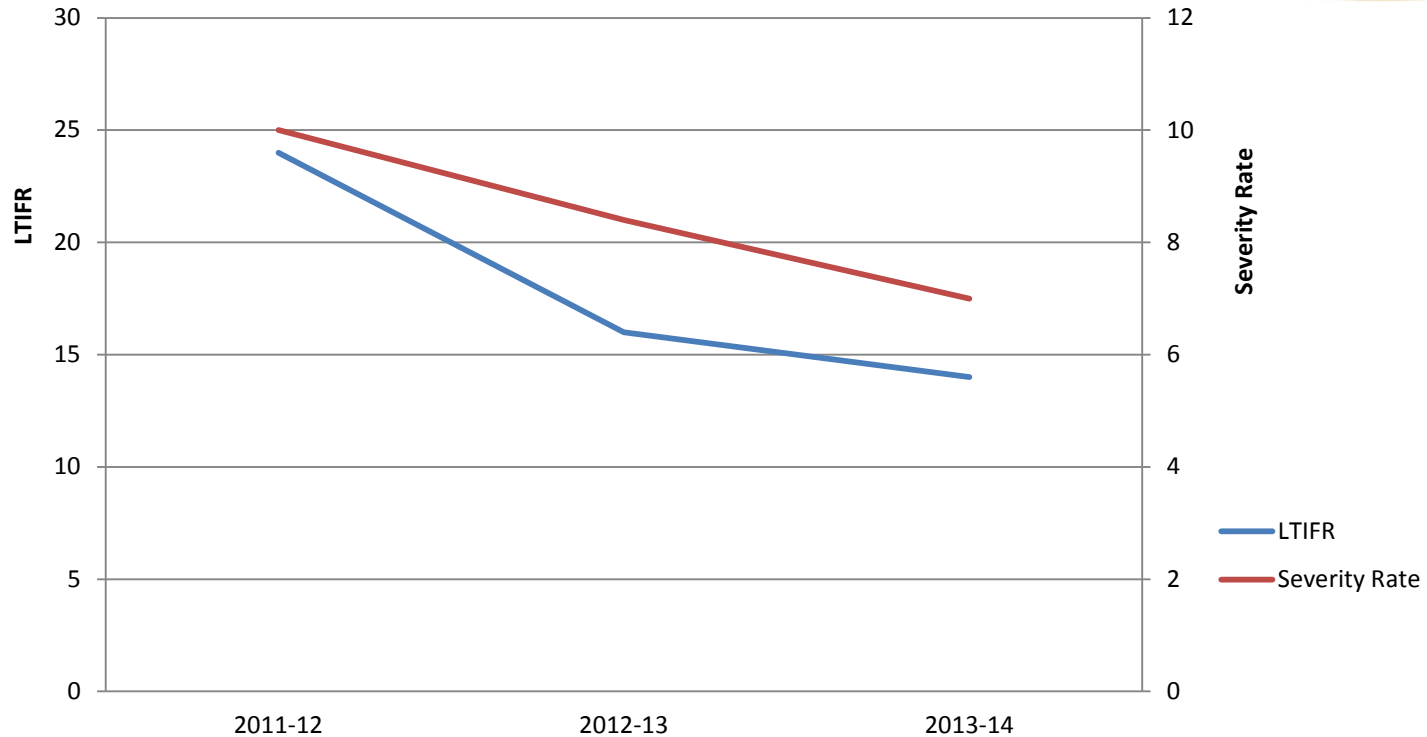


PRODUCTION – STRONG GROWTH IN NUTRITIONALS



- Total production 208,120 tonnes in line with previous year
- Nutritional volumes up 23%

SAFETY

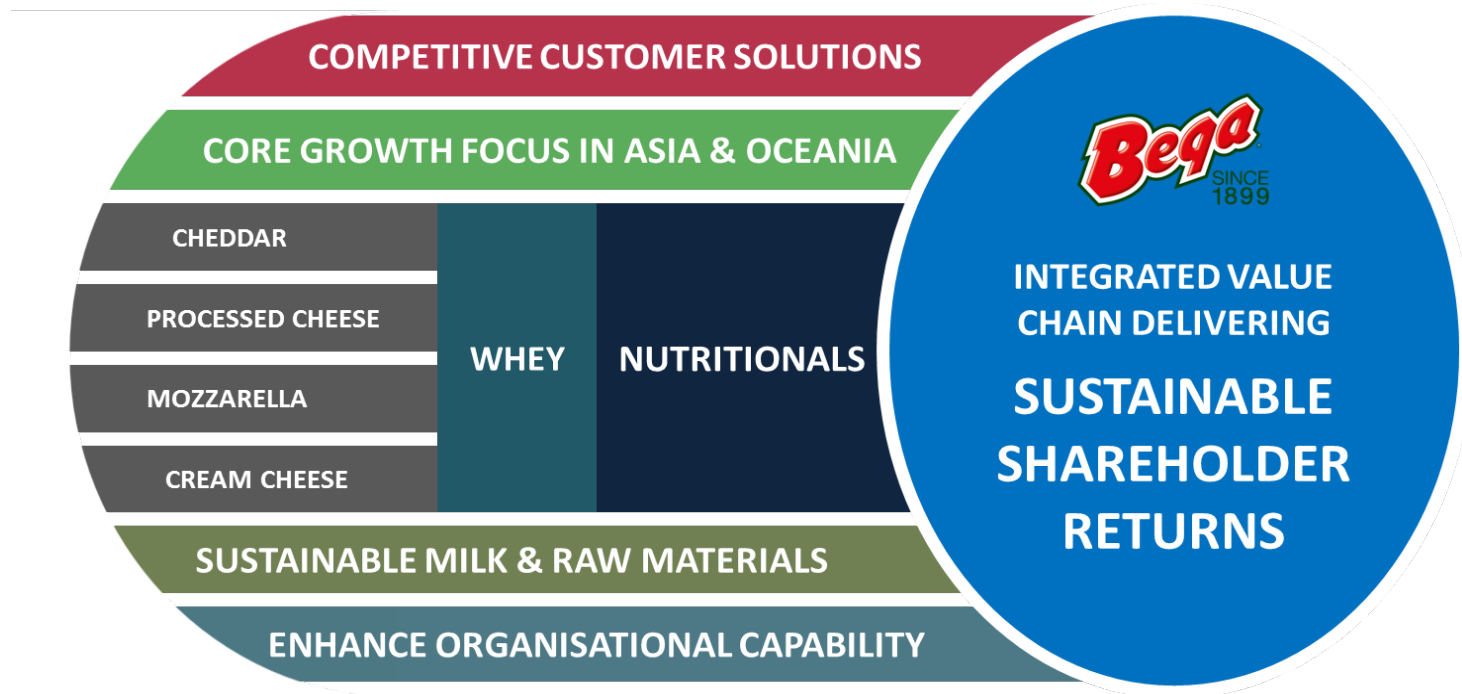


COMMODITY PRICES

Australasian dairy export index (Jan 2011-now)



STRATEGIC FOCUS AREAS



2014 ANNUAL REPORT

Barry Irvin AM – Executive Chairman

QUESTIONS



2014 ANNUAL REPORT

Formalities and Voting

Barry Irvin AM – Executive Chairman

REMUNERATION REPORT

- Pages 20 – 30 of Annual Report
- Board, CEO and other key management personnel
- Market data and external advisors

Resolution

- *Adopt remuneration report for the year ended 30 June 2014*

REMUNERATION REPORT

- Proxies
- Total votes – 51,345,126 (33.65%)
- For – 48,300,806 (94.07%)
- Open – 2,769,308 (5.39%)
- Against – 275,012 (0.54%)

ELECTION OF DIRECTORS

- Richard Parbery
- Peter Margin
- Joy Linton

ELECTION OF DIRECTORS

Richard Parbery

- Total Votes – 48,957,036 (32.08%)
- For – 36,123,482 (73.79%)
- Open – 2,310,575 (4.72%)
- Against – 10,552,979 (21.49%)

ELECTION OF DIRECTORS

Peter Margin

- Total Votes – 51,397,937 (33.68%)
- For – 46,401,670 (90.28%)
- Open – 2,777,926 (5.4%)
- Against – 2,218,341 (4.32%)

ELECTION OF DIRECTORS

Joy Linton

- Total Votes – 51,405,187 (33.69%)
- For – 48,488,041 (94.33%)
- Open – 2,777,926 (5.4%)
- Against – 139,220 (0.27%)



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