Bega GROUP

Bega Cheese Limited

FY2024 RESULTS PRESENTATION

Barry Irvin – Executive Chairman
Pete Findlay – CEO
Gunther Burghardt – CFO

29 August 2024

Bega GROUP

creating great food
for a better future

Barry Irvin
Executive Chairman

FY2024 Overview

Branded growth

- Branded results demonstrate strength and breadth of portfolio
  - Market leading brands with investment in key growth categories
  - Strong innovation and in-market execution driving value growth
  - Strong results in International branded and foodservice expansion
- Branded acquisitions ahead of business case

Efficiency and productivity

- Majority of organisational realignment to support new strategy complete
- Integration of Tasmania acquisition and further capacity rationalisation
- Agreement to sell Leeton facility signed in August 2024 to streamline supply
- Strategic review of Peanut Company of Australia (PCA) business underway

Strong financial performance

- Revenue growth 4% driven by Branded growth of 6%
- Strong Branded EBITDA growth offsets disconnect between farm gate milk prices and global commodity prices
- Strong cash generation and resilient balance sheet with 1.3x year-end leverage ratio.

Financial highlights

Earnings growth and Branded segment margin expansion in FY2024

Net revenue

$3.5bn ▲ 4%

EBITDA

$164.1m ▲ 2%
Normalised

$165.1m ▲ 15%
Statutory

Profit after tax

$29.2m ▲ 2%
Normalised

$30.5m ▲ $260m
Statutory

Basic EPS

9.6c ▲ 2%
Normalised

10.0c ▲ +85.6c
Statutory

Dividend (fully franked)

8.0cps ▲ 7%

EBITDA Margin*

6.6% ▲ 2.1 ppts
Branded

4.7% - Flat
Group

Net debt

$162.4m ▼ 20%

Leverage ratio

1.3x ▼ 0.3x

ROFE

5.6% ▲ 1.9 ppts

* Normalised

Our Vision

TO BECOME THE GREAT AUSTRALIAN FOOD COMPANY

Our Purpose

CREATING GREAT FOOD FOR A BETTER FUTURE

Our Values

GROW OUR PEOPLE

PASSION FOR THE CUSTOMER AND CONSUMER

INVEST IN OUR FUTURE

SUPPORT EACH OTHER

Our transformation

We have built the capability and focus to grow as a leading branded food business

BUILD
1899-2000

- Dairy co-operative based in Bega Valley
- Primarily cheese production

EXPAND
2001-2016

- Acquisition of Tatura and Strathmerton
- Investment in scale and capacity
- Successful ASX listing
- Product expansion into nutritionals, cream cheese, cheese cut and wrap

BALANCE
2017-2020

- New platform with acquisition of grocery brand portfolio including Vegemite
- Grow branded business while diversifying milk sourcing
- Product expansion into spreads and other non-dairy

STRENGTH
2021-FUTURE

- Increased brand portfolio with iconic dairy brands
- Extensive distribution network with expanded customer base
- Accelerated investments in innovation and branded growth
- Product expansion into beverages, yoghurts and more

Refreshed sustainability strategy

Our strategy has evolved to meet our sustainability ambitions for the future

Our sustainability ambition

GREAT FOOD FOR A BETTER FUTURE

CIRCULARITY
Leading in circularity through our practices, industry partnerships and effective use, reuse and recycling of our resources.

COMMUNITY
Making a positive and lasting impact by supporting our people, their families and our communities.

COLLABORATION
Working together with our producers and communities to enable sustainable practices, grow domestic economies and deliver great Australian products that people love and trust.

creating great food for a better future

Pete Findlay – CEO

Strategic priorities

Strategy 28: Strengthening our business

Grow Branded business

- Core domestic grocery
- Chilled distribution network servicing petrol & convenience, route, foodservice
- Select international markets

Enhance capability, efficiency and cost effectiveness

- Streamline sites and reduce cost through value creation
- Secure and grow milk, cream and cheese supply
- Meet sustainability commitments
- Enable a high-performing organisation

Recovery of gross margin / EBIT margin

- Revenue management - Branded business leverages advanced promotional and portfolio management tools
- An agile Bulk business delivering highest value fat and protein returns
- Cash flow and capital structure focus on enhancing returns and reducing the cost of funds

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Branded business momentum

Sustained leading market positions and grew value

Brands sustained leading market positions and volume while achieving value growth

- Pricing initiatives partially mitigated cost impacts, while supply efficiency programs enabled Branded margin expansion
- Growth in volume and value in yoghurt and milk-based beverages
- Strong brand innovation and new product development pipeline
- Grocery (including independent grocery) performed well
- Challenging consumer environment drove channel shift and down-trading

Record year for International Branded business revenue and profit

Brand innovation

Expanded portfolio in core categories

Yoghurt category is highly responsive to new product development

- New pouch formats: Farmers Union Greek Yoghurt Kids and YOP with no sugar added
- New Dairy Farmers Thick & Creamy indulgent layered range

Innovation helps cement Bega's milk beverage category leadership

- Lactose free and no sugar added offerings
- Dare plant-based and INTENSE range extensions
- Continued rollout of 100% recycled packaging

Functional benefits continue their strong consumer appeal in milks

- Lactose-free milk more than tripled in volume in FY2024 compared with the prior year

Successful extension of core product capability into new channels

- Development and relaunch of Dairy Farmers branded foodservice range

Core brand growth
Focused investment enabled growth

Ongoing investment in iconic brands

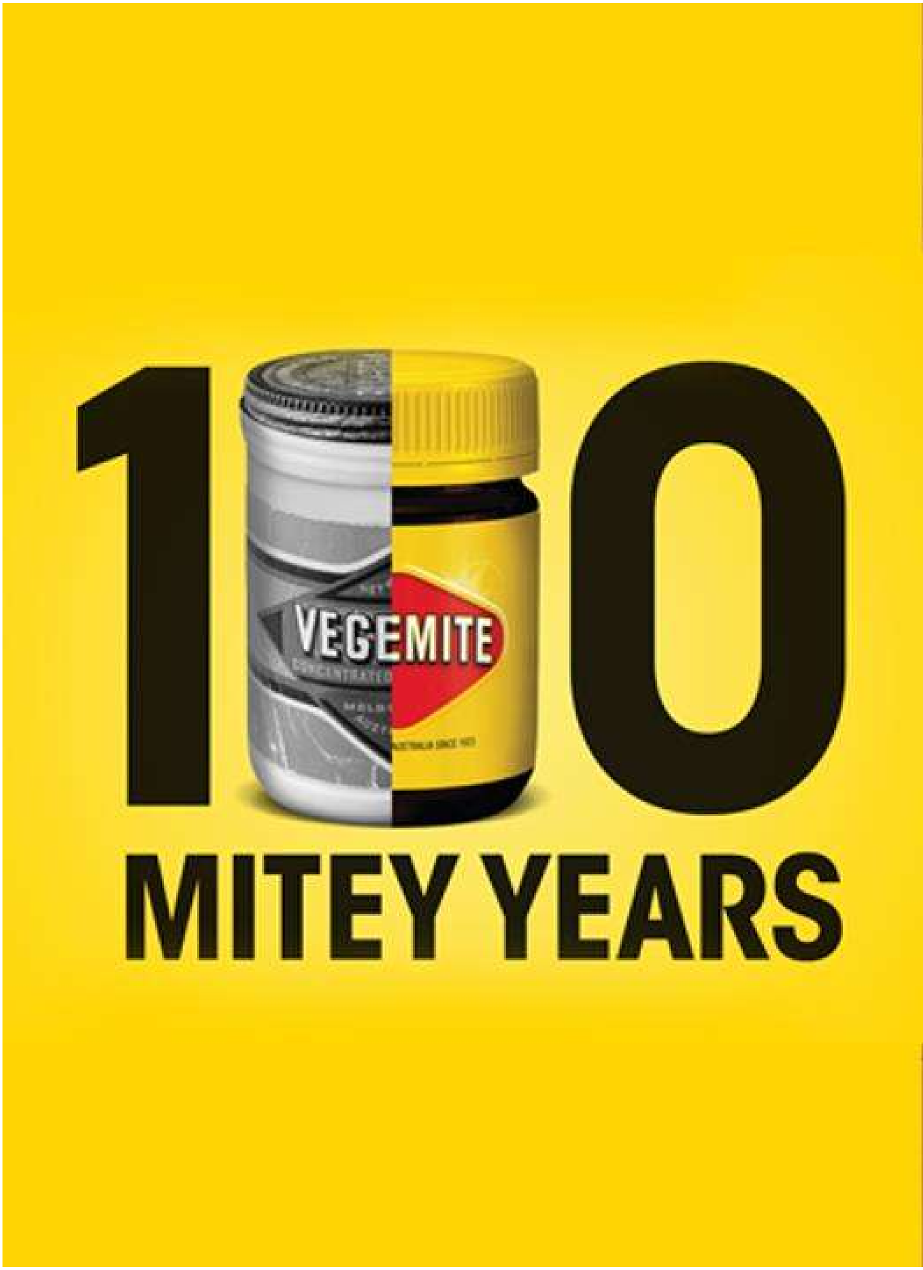
- Vegemite's 100-year anniversary activity led to a growth rate of nearly twice the total spreads category
- Farmers Union achieved 11% retail sales growth with new advertising

Portfolio well positioned for consumers seeking both quality and value

- Yoplait achieved 10% retail sales growth with new advertising and growth in large format yoghurt tubs

Strong results for national and state milk beverage brand activity

- Dare achieved 9% total retail sales growth and the 'No Sugar Added' range grew 23% with the 'Daremergency' and 'R U OK' in-store brand activity
- New West Australian 'Cowfish' advertising campaign for Masters Milk to drive local support for 'Aussie Owned' and 'WA made'



International market expansion

Record year for Branded in Asia and Middle East

- Branded international sales of $257 million, up 11% on FY2023

Asian growth and prospects remain strong despite subdued China demand

- South-East Asian operations performing well
- Continuing expansion through partnerships, operational efficiencies, and a deep understanding of local consumer preferences.

Revised brand and product portfolio across Asia and the Middle East

- Cheese and yoghurt products expanded to meet growing consumer demand
- Brands and artwork consolidated creating a more cohesive and distinctive international portfolio, rolling out in-market in FY2025

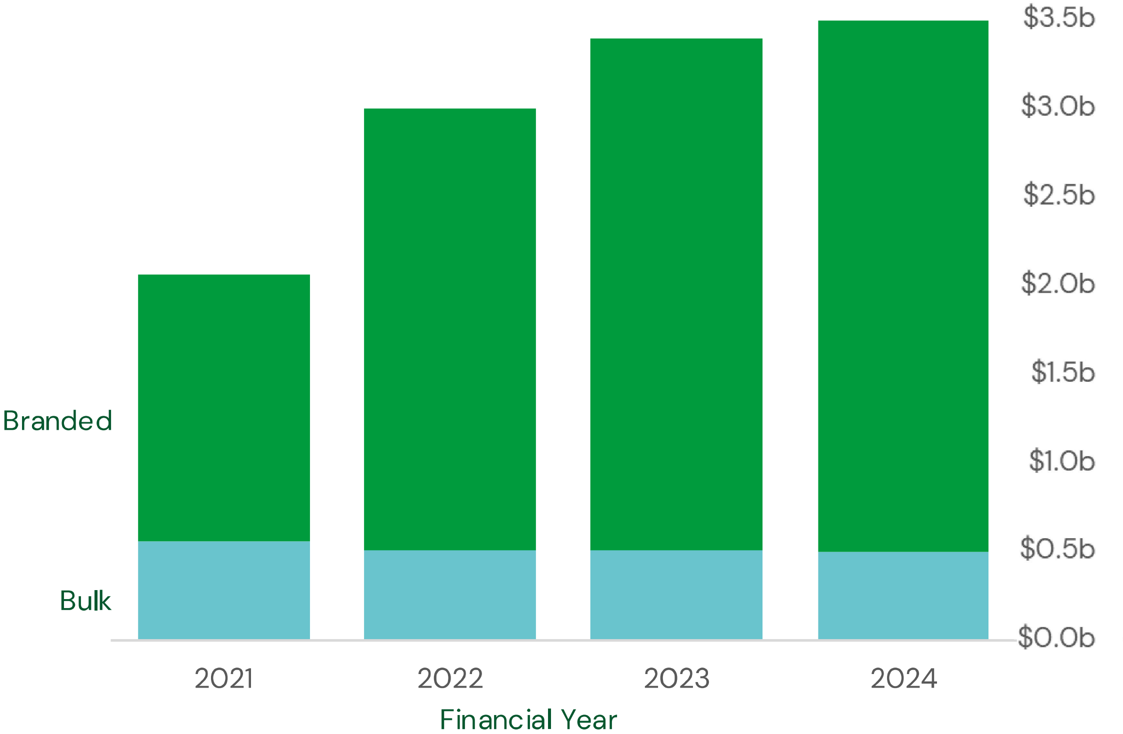
Ongoing business operating model development by market

- New Middle East model improves capability to service and grow retail, quick-service restaurants, and key account customers
- Strategic collaborations with distributors and utilising different routes to market to realise retail and foodservice channel opportunities
- Investing in additional resources in multiple International markets

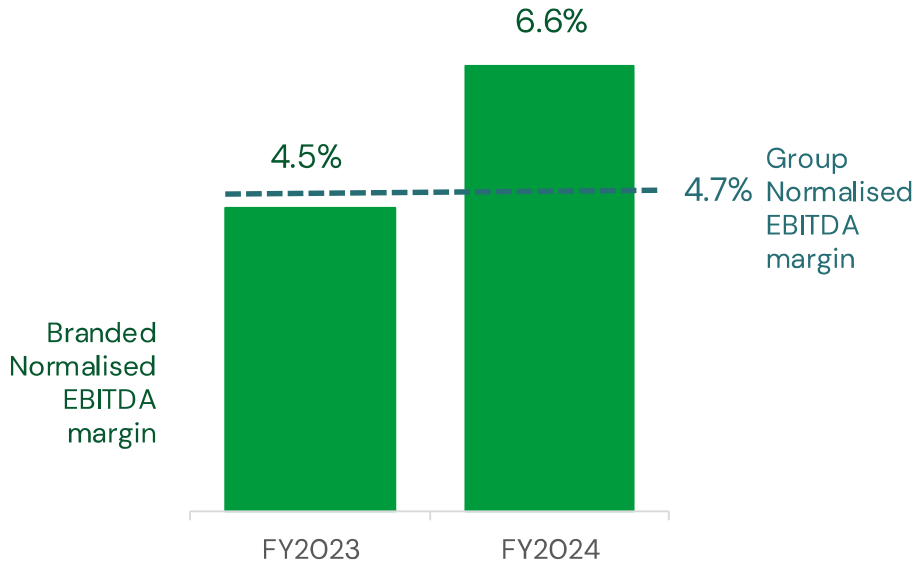
Brand momentum

Iconic brands leading revenue and margin growth

Branded now represents 86% of Group external revenue[1] in FY2024



FY2024 Branded segment EBITDA margin improved due to cost savings, efficiencies and mix.



1. *Excludes sales from intercompany*

Brand shares – Australian retail categories

Market leading brands in growth categories

Category	Category size $m	Category Annual growth	Bega share	Market Position	Brands
Fresh white milk	2,144	2%	11%	3	Dairy Farmers, PURA, Masters M, Complete Dairy, Betta Milk
Yoghurt	1,919	11%	25%	1	Farmers Union, Dairy Farmers, Yoplait
Milk based beverages	1,012	8%	50%	1	Dare, Iced Coffee, Masters M, Dairy Farmers, Big M
Spreads	742	5%	29%	1	Vegemite, Bega Peanut Butter, Bega Simply Nuts, B Honey
Chilled juice	604	4%	22%	2	Daily Juice Co, The Juice Brothers, Mildura
Creams and custards	648	8%	8%	4	Dairy Farmers, PURA
Water ice	68	15%	85%	1	Zooper Dooper, Berri

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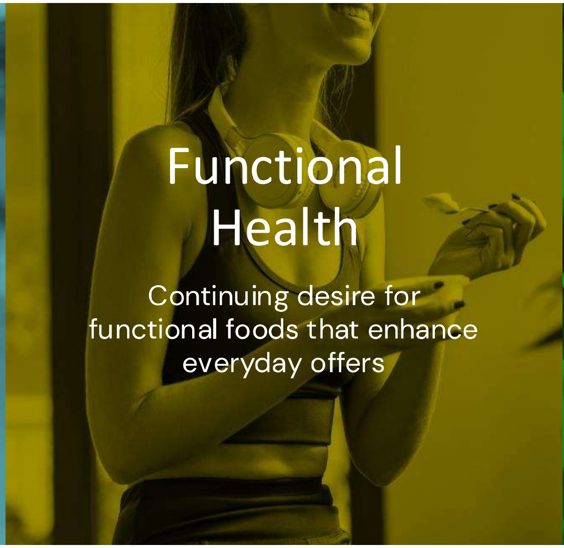
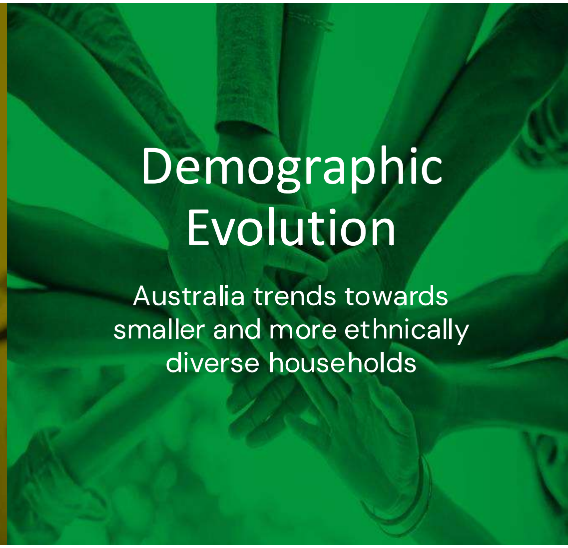
Data sourced from Circana Market Edge 12 months to 30/6/24 based on data definitions provided by Bega. (Market: AU Grocery Unweighted and Structured Convenience; Time Period: July 2023 - 30 June 2024).

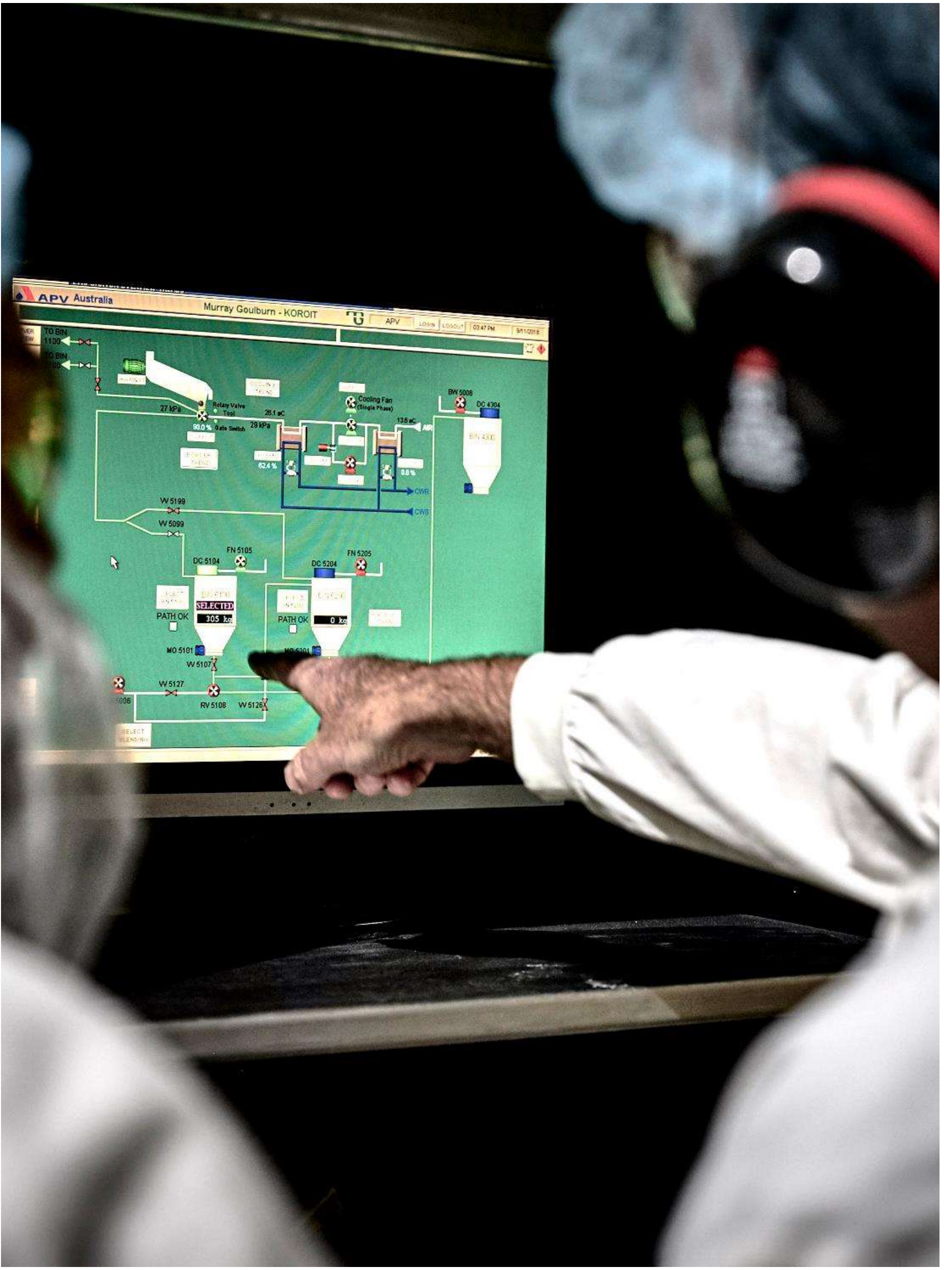
Consumer trends

Four areas shaping portfolio and activation priorities for the future





Sources: Australian Bureau of Statistics, 2021 Census results; Australian Institute of Family Studies (AIFS), Families Then & Now: Households and families report; Australian Institute of Health and Welfare.



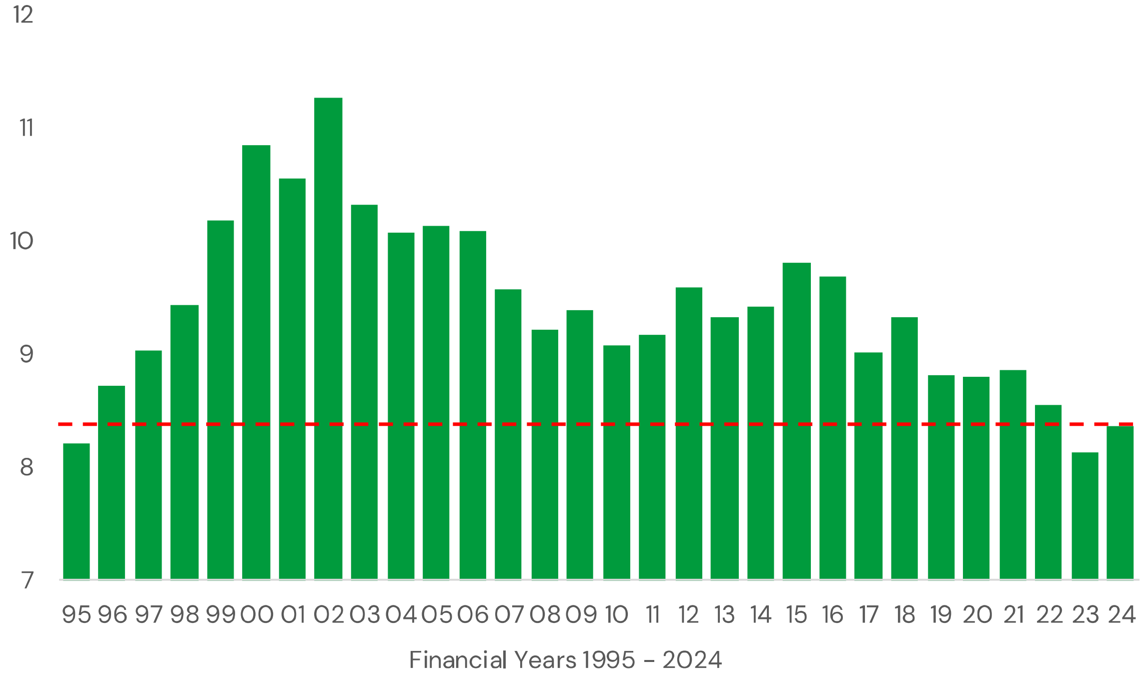
Bulk business overview

- Disconnect between farm gate milk prices and commodity prices continued throughout the year
- Focus on higher value commodities and nutritional products
- Responded to commodity markets changes to optimise revenue streams from milk solids
- Strengthening connection between Bulk and Branded business units
- Focus on cost efficiency and shift structures to optimise our Bulk segment results
- Completed agreement to pilot production of non-dairy proteins
- Secured tolling arrangements with increased volumes
- Procure opportunity milk in seasonal peak
- FY2025 milk procurement successfully completed with closer alignment to global dairy commodity prices

Australian milk production

Volumes are stable

Milk production volumes stabilised at 8.4 billion litres in response to farm gate prices in FY2024

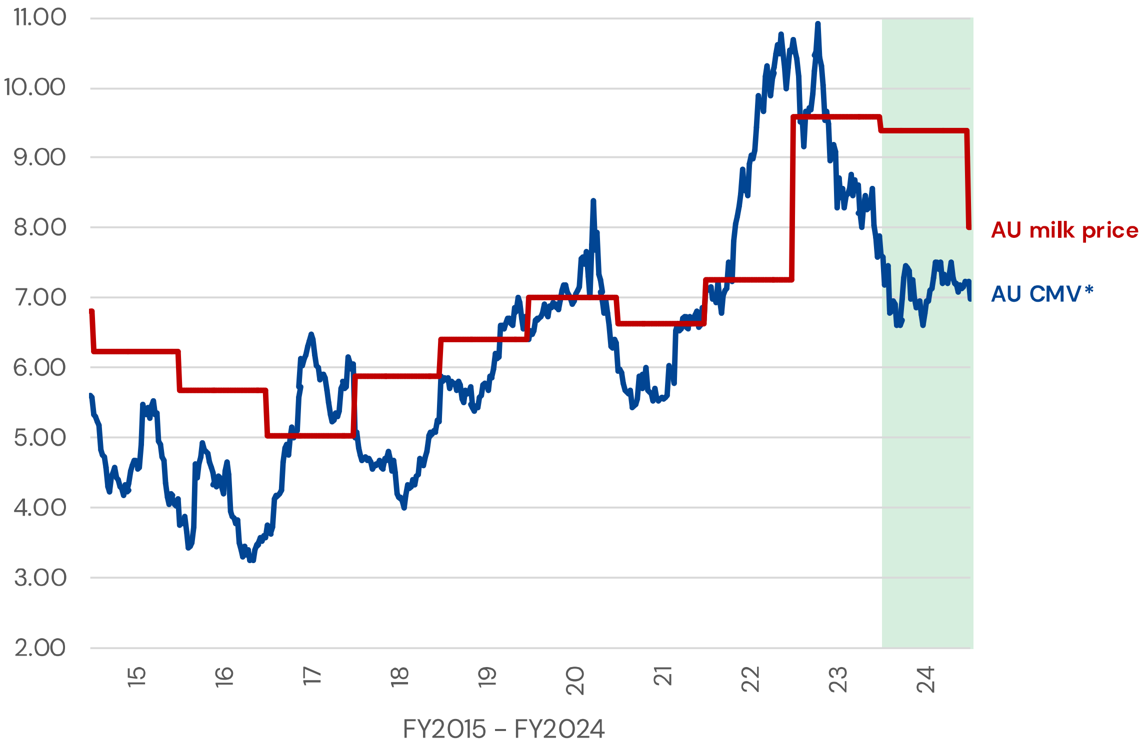


Source: Dairy Australia

Farm gate milk price and market returns

Improved alignment between farm gate and commodity prices for FY2025

Subdued demand saw global dairy commodity prices hit lows in Sept 2023 followed by a mild rally



Key themes:

- Persistent industry theme of capacity rationalisation and cost management
- Dairy fat prices slightly higher in FY2024, however, commodity demand is challenged
- Overall Bega basket of commodity prices in FY2025 expected to be similar to FY2024
- Continuing focus upon operational efficiency
- Re-alignment of milk and commodity prices in FY2025 to return the Bulk business to profitability

** Commodity Milk Value*

Manufacturing facility update

Streamlined and simplified footprint

Key FY2024 Initiatives

- Canberra site sale in 1H FY2024
- Tasmania consolidation into Lenah Valley in 2H FY2024
- Agreement to sell Leeton juice primary processing facility in August 2024 further simplifies supply network
- Strategic review of Peanut Company of Australia (PCA) underway

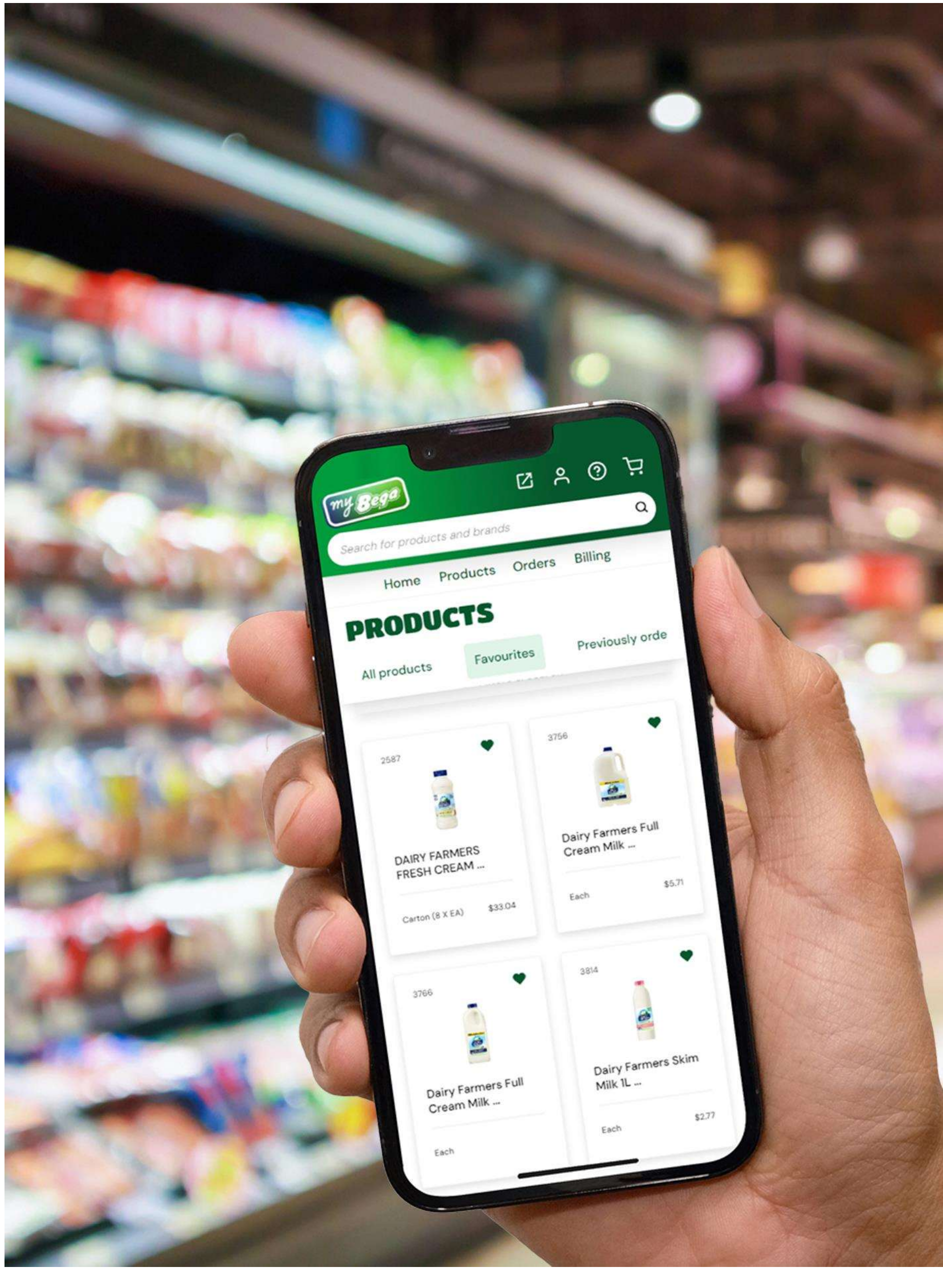
Investing in line with strategy

Restructuring program improved efficiency and customer focus of Branded business and back office delivering >$22m annualised savings

- $12m in-year savings delivered in FY2024; remainder to be achieved in FY2025
- Sales organisation aligned to key channels

Maintained CAPEX investments to enable growth and efficiency

- New digital sales B2B platform went live in Q4; rolling out 1H FY2025
- Integration of core ERP system Order to Cash processes
- Wetherill Park and Morwell investments expand capacity and reduce cost
- Laverton warehouse automation (will go live in FY2026)



Major sustainability initiatives
Highlights of sustainability work conducted in FY2024

Commitments
- 40% reduction in absolute scope 1 & 2 emissions by 2030 (FY2021 base year)
- 30% reduction in water use by 2030 (FY2021 base year)
- Net Zero by 2050
- 40:40:20 HESTA by 2030

Bega Circular Valley 2030
- Launch of the Regional Circularity Co-operative
- Commitment to National Circularity Centre in Bega

Packaging
- Continued roll out of recycled plastic in bottles of less than one litre
- Invested $14 million to establish in-house production

Nutrition
- 13 Heathy Food Guides awards
- Launch of lactose free options across white milk and flavoured milk
- Launch of Dare Oat Milk and No Sugar Dare

Employee health and wellbeing
- Bega Respect Statement launched

Climate-related financial disclosures
- Conducted a gap assessment draft Australian standards
- Roadmap to enable timely compliance of climate-related financial disclosures

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Gunther Burghardt – CFO

Profit and loss

Normalised $ millions	FY2024	FY2023	+/- %
Net Revenue	3,521.6	3,376.0	4%
EBITDA	164.1	160.2	2%
D&A	(88.0)	(101.9)	(14)%
EBIT	76.1	58.3	31%
Net Finance Costs	(34.5)	(23.1)	49%
Profit Before Tax	41.6	35.2	18%
Tax	(12.4)	(6.7)	85%
Profit After Tax	29.2	28.5	2%
Basic EPS (cents per share)	9.6	9.4	2%

Statutory $ millions	FY2024	FY2023
Net Revenue	3,521.6	3,376.0
EBITDA	165.1	144.1
D&A	(90.8)	(377.8)
EBIT	74.3	(233.7)
Net Finance Costs	(34.5)	(23.1)
Profit Before Tax	39.8	(256.8)
Tax	(9.3)	26.9
Profit After Tax	30.5	(229.9)
Basic EPS (cents per share)	10.0	(75.6)

Key callouts:

- FY2024 net revenue growth +4%; Branded net revenue growth +6%
- Normalised EBITDA +2%; 31% improvement in EBIT from lower D&A
- Higher interest rates including Vegemite Way lease interest following sale and leaseback in June 2023
- Formation of a tax consolidated group

Reconciliation of normalised result

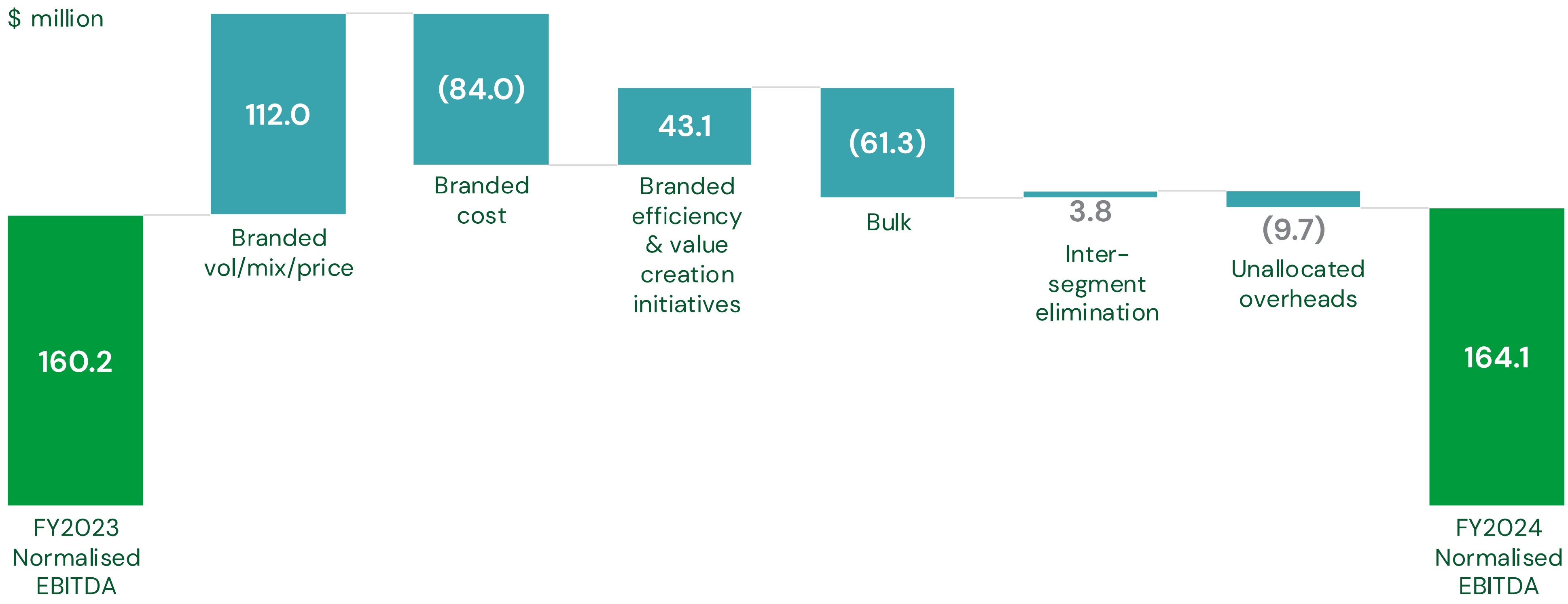
Consolidated Period Ending 30 June 2024 ($ million)	Per Financial Statements	Canberra sale and exit	Restructuring	Betta Milk acquisition	Tax adjustments	Normalised Outcome
Revenue	3,521.6	-	-	-	-	3,521.6
Cost of sales	(2,823.1)	-	-	-	-	(2,823.1)
Gross Profit	**698.5**	-	-	-	-	**698.5**
EBITDA	**165.1**	**(13.2)**	**5.3**	**6.9**	**-**	**164.1**
Depreciation, amortisation and impairment	(90.8)	-	-	2.8	-	(88.0)
EBIT	**74.3**	**(13.2)**	**5.3**	**9.7**	**-**	**76.1**
Net finance costs	(34.5)	-	-	-	-	(34.5)
Profit/(loss) before income tax	**39.8**	**(13.2)**	**5.3**	**9.7**	-	**41.6**
Income tax expense	(9.3)	3.9	(1.6)	(2.1)	(3.3)	(12.4)
Profit/(loss) for the year	**30.5**	**(9.3)**	**3.7**	**7.6**	**(3.3)**	**29.2**
Basic earning per share - cents	**10.0**					**9.6**

Key callouts:

- Gain on Canberra property sale in 1H
- Restructuring costs to enable supply efficiency programs and further CODB improvement
- Acquisition and integration related costs on Betta Milk $6.9 million
- Impairment of assets from Burnie and Kings Meadows plant closures $2.8 million
- One-time impact from tax consolidated group formation

Profitability overview

Focus on high value categories fuels Branded business while efficiency programs expand margin; disconnect between farm gate milk and commodities results in Bulk loss



Key performance measures

$ millions unless otherwise stated (Normalised)	FY2024	FY2023	Change
Net Revenue Growth vs prior year	4.3%	12.2%	
Gross margin (% of Net Revenue)	19.8%	19.4%	0.4 pts
EBITDA	164.1	160.2	2%
Depreciation and Amortisation	(88.0)	(101.9)	(14)%
Net Finance Costs	(34.5)	(23.1)	49%
Profit After Tax	29.2	28.5	2%
Basic EPS (cents per share)	9.6	9.4	2%
Dividends per share (cents per share)	8.0	7.5	7%
Net Debt	162.4	203.6	(20)%
Leverage Ratio (times)	1.3	1.6	0.3
Return on Funds Employed (%)*	5.6%	3.7%	1.9 pts

*calculated on 12 month rolling basis

Key callouts:

- Branded revenue growth 6%
- Margin expansion in Branded
- Financing costs impacted by full year impact of higher interest rates and Vegemite Way lease costs
- Net debt and leverage ratio improvement mostly from working capital reduction
- Improvement in ROFE by almost 2 percentage points
- Full year FY2024 fully franked dividends of 8.0 cents declared

Segments

($ million)	Branded	Bulk	Unallocated Overheads	Inter-segment elimination	Group Total
External Revenue *	3,039.3	482.3	-	-	3,521.6
Growth vs FY2023 %	6%	(3)%	-	-	4%
Normalised EBITDA	199.9	(18.2)	(20.1)	2.5	164.1
Increase/(decrease) vs FY2023	71.1	(61.3)	(9.7)	3.8	3.9

Branded

- Category growth and Bega portfolio of brands growing at 6%.
- Branded EBITDA $200 million, up 55%.

Bulk

- Sustained disconnect between global dairy commodity prices and farm gate milk resulting in negative EBITDA in FY2024.
- Lactoferrin and cream cheese categories in profitable growth.
- Prioritisation of most profitable milk stream returns and cost optimisation focus.

Unallocated

- Corporate cost inflation and revised Segment allocations post organisational restructure, partially offset by headcount savings.

** excludes inter-segment sales from Bulk to Branded*

Cash flow

Cashflow	FY2024 $m	FY2023 $m
Receipts from customers	3,725.2	3,611.1
Payments to suppliers and employees	(3,537.8)	(3,607.8)
Net proceeds from Trade Receivables Facility	7.2	36.6
Net interest and other costs of financing paid	(34.5)	(23.1)
Income tax paid	(25.8)	(8.6)
Operating activities	**134.3**	**8.2**
Investments in new PP&E and intangibles	(74.6)	(68.1)
Net proceeds from sale of PP&E, intangibles & investments	34.7	168.0
Business combinations payments	(12.4)	-
Investing activities	**(52.3)**	**99.9**
Net repayments of borrowings	(42.0)	(40.0)
Principal elements of lease payments	(21.4)	(19.8)
Dividends paid to shareholders	(19.4)	(26.8)
Financing activities	**(82.8)**	**(86.6)**
Net (decrease)/increase in cash and cash equivalents	(0.8)	21.5

Key callouts:

- Working capital improvement $74 million
- Higher interest rates and lease interest
- Tax consolidation temporarily increases income tax paid in FY2024
- Proceeds from Vegemite Way property and Vitasoy share sale in prior year. Canberra property sale in FY2024.
- New capital and software intangibles investment of $74.6m supporting capacity, innovation, efficiency and capability
- Betta Milk acquisition

Balance sheet

Balance Sheet*	FY2024 $m	FY2023 $m
Cash	65.6	66.4
Trade and other receivables	350.9	306.1
Inventories	358.1	428.7
Property, plant and equipment	673.4	687.2
Right-of-use assets	150.8	161.4
Intangible assets	476.6	464.5
Total Assets	**2,138.8**	**2,153.1**
Trade and other payables	558.4	510.0
Borrowing (net of costs)	226.7	269.0
Lease liabilities	192.2	198.1
Total Liabilities	**1,124.0**	**1,149.4**
Net Assets	**1,014.8**	**1,003.7**
Net Debt	**(162.4)**	**(203.6)**

*Key balances repesented only

Key callouts:

- Receivables increase from higher sales in Q4 vs same time last year
- Focus on inventory reduction, particularly on bulk products
- Intangible assets increase reflects acquisition in Tasmania
- Payables higher due to timing of supplier payments
- Lower net debt reflects improvement in working capital.

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Pete Findlay – CEO

Where we are today

- Iconic leading brands
- Integrated manufacturing and processing infrastructure
- Agile response to changing markets
- Strong strategic positioning
- Branded acquisitions ahead of business case
- Opportunities for further branded innovation, promotional excellence, efficiency programs and margin improvement
- Revenue and growth primarily driven by the Branded business
- Agile Bulk commodity business supporting branded growth and responding to opportunities
- Significant balance sheet strength
- People, capability and investment aligned to strategic priorities

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Looking forward

- Creating value for our shareholders
- FY2025 is second year of our five-year strategic plan
- Challenging consumer environment in FY2025
  - Focus on growth in core categories
  - Cost management and efficiency vital to continue earnings growth
  - Branded segment FY2025 EBITDA mid-single-digits % growth
- Farm gate milk prices beginning to align with low global dairy commodities; Bulk segment to restore profitability in FY2025
- FY2025 Group normalised EBITDA range of $190m to $200m
- On track to FY2028 EBITDA target $250m plus, ROFE >10%

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Barry Irvin
Executive Chairman

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Appendix - glossary

Term	Definition
Basic EPS	Basic earnings per share calculated by dividing net profit (or loss) after tax by the weighted average number of ordinary shares outstanding during the period
CMV	Commodity Milk Value, an indicator that is based on a weighted basket of spot prices of major commodities such as cheese, butter, skim milk powder and whole milk powder converted to an Australian dollar-denominated value of milk
D&A	Depreciation and amortisation (including impairment)
Dairy solids	Dairy solids are the non-water portion of a dairy product and is a term commonly used to describe dairy ingredient inputs in manufacturing. These solids include components such as proteins, fat, lactose and minerals
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBITDA margin	EBITDA divided by net revenue
Funds employed	Sum of net assets and net debt
1H, 2H	1H refers to the first half of the Australian financial year – July to December, 2H refers to the second half of the Australian financial year - January to June
Leverage ratio	Net debt divided by EBITDA after adjusting for leases in both the numerator and the denominator
Material items	Items of income or expense which have been determined as being sufficiently significant by their size, nature or incidence and are disclosed separately to assist in understanding the Group's financial performance
MBB	Milk based beverages
Net debt	Net debt is calculated by subtracting total cash and cash equivalents from total short-term and long-term debt
Normalised	Result excluding one-off material items that do not reflect the underlying performance
P&C	Petrol and convenience stores
Return on funds employed (ROFE)	EBIT as a percentage of average funds employed
YOY	Year on year

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