Bega GROUP

Bega Cheese Limited

1H FY2025 RESULTS PRESENTATION

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

20 February 2025

creating great food for a better future

Barry Irvin
Executive Chairman

Bega GROUP

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

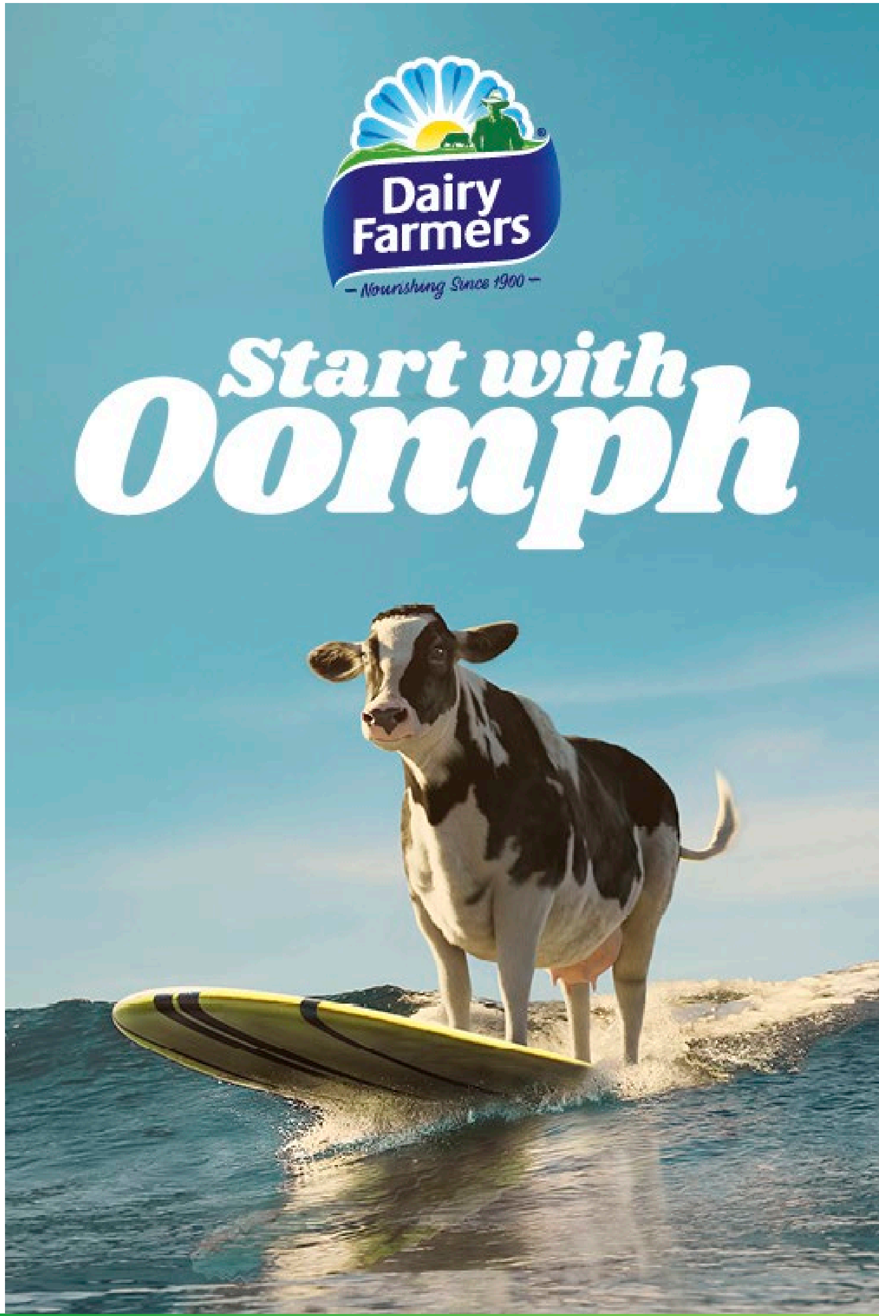
- New platform with acquisition of grocery brand portfolio including Vegemite
- Grow branded business while diversifying milk sourcing
- Product expansion into spreads and other non-dairy

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

Key messages

- Strong 1H FY2025 Group results with continued successful implementation of Strategic Plan
- Resilient Branded performance driven by focus on key categories and savings programs
- Bulk business recovery
- Continued refinement of Branded assets and footprint
- Financial performance
  - Strong cash performance, well placed to execute strategic opportunities
  - Leverage ratio improves to 1.3x in 1H FY2025 from 1.9x in 1H FY2024
  - Revenue growth of 3% to $1.8b
  - Group 1H FY2025 normalised EBITDA of $110.3m improved +$33.8m compared with 1H FY2024
  - Statutory NPAT of $30.2m, normalised NPAT of $35.9m improved +$22.6m compared with 1H FY2024



Performance highlights

Strong progress on all key financial metrics in 1H FY2025 when compared to 1H FY2024.

Net revenue

$1.8bn ▲ 3%

EBITDA

$110.3m ▲ 44%
Normalised

$109.3m ▲ 27%
Statutory

Profit after tax

$35.9m ▲ 170%
Normalised

$30.2m ▲ 14%
Statutory

Basic EPS

11.8c ▲ 170%
Normalised

9.9c ▲ 14%
Statutory

Dividend (fully franked)

6.0cps ▲ 50%

EBITDA Margin*

6.2% ▲ 1.8 ppts
Group

6.8% ▲ 0.4 ppts
Branded

Net debt

$207.2m ▼ 17%

Leverage ratio

1.3x ▼ 0.6x

ROFE

7.9% ▲ 3.2 ppts

* Normalised

Pete Findlay
CEO

Gunther Burghardt
CFO

Our **vision**, **purpose** and **values** continue to shape and sustain our growth

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

Strategy 2028 priorities

Grow Branded business

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

Enhance capability, efficiency & cost effectiveness

- MyBega business B2B portal now fully operational and delivering sales growth and better customer experience
- Streamline sites and reduce cost through value creation
- Enable a high-performing organisation

Margin optimisation

- Further enhancements to pricing and promotional analytics toolkit
- An agile Bulk business delivering highest value fat and protein returns

Bega GROUP

S28

Protect and grow the core
Invest behind our 'power brands' to drive marketplace participation and growth

Win on the street
Improve competitiveness by leveraging our distribution and product capability

Streamline our sites
Optimise our manufacturing and distribution footprint

Sustainability
Deliver our Strategy commitments focusing on circularity, community, and collaboration

Secure solids
Grow and diversify the supply of milk solids to support branded growth & plant efficiency

International opportunity
Focus and grow our international business

Organisational Enablement
Creating a sustainable organisation to achieve our strategy

1H FY2025 strategy highlights

Branded innovation

- Dare and Farmers Union high protein offers
- Strong growth in better for you offers - lactose free extensions, no sugar added, protein
- Strong growth in pouched yoghurt – kids focus

Increased investment behind power brands

- Eight brand campaigns combining TV, Radio and Out of Home, Point of Sale promotions
- Launch of Dairy Farmers 'Start with OOMPH' campaign with brand 125th anniversary
- Extended licencing on Vegemite and Zooper Dooper brands

Bulk segment agility

- Further enhancement of our product mix to higher returning fat and protein lines e.g. Milk Protein Concentrate capacity, lactoferrin capacity and cream cheese
- Continued focus on costs and agility of bulk assets

1H FY2025 strategy highlights

International revenue growth

- 1H FY2025 record sales in South East Asia.
- Increased in 'on the ground' presence in Singapore, Thailand and Dubai including In-house Chef based in Malaysia covering SEA sales.
- Direct model in China with select key retailers.

Domestic Food Service

- Above market growth in food service with high single digit volume increase despite soft out-of-home consumption.

Continued refinement of branded assets and footprint

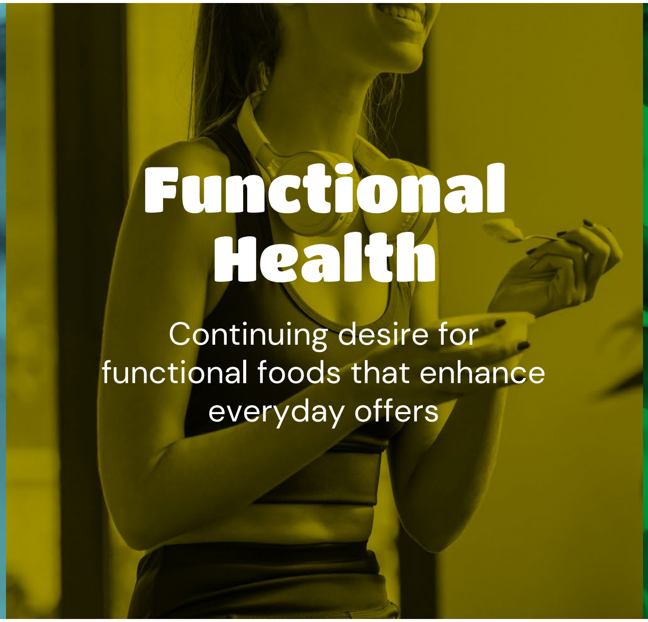
- Leeton site sale and long-term supply agreement.
- Consolidation of Tasmania's Betta Milk to Lenah Valley and closure of Meander Valley Dairy site.

Optimisation of Chilled distribution network

- Distribution centre and warehouse reviews.
- 'Cost to Serve' initiatives success in reviewing minimum order values, route density improvements and optimal range reviews.
- Laverton warehouse automation investments progressing

Consumer trends

Four key consumer trends continue to shape portfolio and activation priorities



Market leading brands in growth categories

- Our eight **'power brands'** contribute >70% of branded revenue
- **Iconic Australian brands** with enduring appeal
- **Strong market positions**
- Covering **essential consumer items** to discretionary **purchases**
- **Widely available and accessible** for most Australians

Category	Category size $m	Category annual growth	Bega's share	Market position	Bega Brands
Fresh white milk	2,148	0%	12%	3	Dairy Farmers, PURA, MASTERS M, COMPLETE DAIRY, Betta MILK
Yoghurt	1,998	9%	24%	2	FARMERS UNION, Dairy Farmers, Yoplait
Milk based beverages	1,071	7%	49%	1	dare, Iced Coffee, MASTERS M, Dairy Farmers, BIG M
Spreads	755	3%	29%	1	VEGEMITE, Bega Peanut Butter, Bega Simply Nuts
Chilled juice	693	4%	18%	2	DAILY JUICE CO, THE JUICE BROTHERS, Mildura
Creams and custards	657	3%	8%	4	Dairy Farmers, PURA
Water ice	68	2%	86%	1	ZOOPER DOOPER, BERRI

Data (retail sales value) sourced from Circana Market Edge 12 months to 29 December 2024 based on data definitions provided by Bega. (Market: AU Grocery Unweighted and Structured Convenience). Excludes Costco, Aldi, local trade and unstructured convenience.

Portfolio innovation lead growth

Expanded portfolio in core categories

Functional Health

Protein

Lactose Free

No Sugar added

Value

Entry price points

Value formats

Evolving the portfolio to respond to consumer preferences:

- Meeting demand for protein
- Promotion health with *No Sugar Added* offers
- Providing new Lactose Free options for those with intolerances
- Providing value size formats, and value price points
- Improved food service product portfolio

Core brand growth

Focused Brand investment enabled growth

- 125 year anniversary of Dairy Farmers ***'Start with OOMPH'*** campaign launch including TV advertising and out of home campaign
- Dare ***'A Dare Fix'll Fix it'*** campaign TV, retail media and out of home campaign and 'R U OK' instore brand activity
- Bega Peanut Butter '***Spread, Snack, Bake & Shake'*** Australia's Favourite campaign, including national TV spots in partnership with Channel 9's 'The Block' and street furniture campaign
- Vegemite ***'Unite with Vegemite'*** **c**ampaign, Sunrise promotional special, Foodbank support, Melbourne Stars and Big Bash Vegemite event partnerships
- Dairy Farmers Thick & Creamy ***'The best flavours down under'*** out of home campaign
- Masters support of MIX 94.5 'Milk Carton Regatta' driving local support for ***'WA Made'***
- Yoplait ***'Open a tub of Joy'*** TV campaign, radio partnership with Nova 96.9 FM
- Daily juice ***'Daily Dose of Happiness'*** campaign retail media

Manufacturing network

Continuous focus on streamlining and simplifying

Key 1H FY2025 Initiatives:

- Sale of Leeton juice primary processing facility in October 2024 further simplified our supply network
- Strategic review of Peanut Company of Australia (PCA) underway
- Reduced over 25% of coolrooms and warehouse over the past 4 years
- Completed consolidation of Tasmanian footprint.

Farm gate milk price and commodity returns

Victorian Milk Price and Commodity Value

Source: Ever.Ag Insights

Key themes:

- Bulk business recovering, however, still not at long term historic levels
- In response to normalising commodity prices, Bega has increased its Victorian milk price range to $8.05/kgMS to $8.35/kgMS
- Major commodity drivers are milkfat dominant products, driven by shortages in the EU and US
- Mix adjustments in protein products has reduced impacts from subdued Skim Milk Powder (SMP) pricing

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.

Financial key messages

Group normalised EBITDA $110.3 million, higher by $33.8 million (+44%) compared to 1H FY2024.

- **Branded EBITDA $104.2 million, higher $7.4 million (+8%)**
  - Strong growth in Yoghurt, Spreads, Foodservice and International.
  - Growth in Grocery and Foodservice offset reduced foot traffic in Impulse & Convenience and QSR.
  - Further manufacturing rationalisation and overhead savings mitigating cost inflation.
  - EBITDA margin expansion by 0.4 percentage points to 6.8%, still short of a Branded business expectation.
- **Bulk segment EBITDA returns to profitability with 1HFY2025 EBITDA $24.4 million, compared to a loss in 1H FY2024 of $5.6 million.**
  - Farmgate milk prices better reflect global commodity markets.
  - Stable milk intake with focus on high value Bulk products.
- **Sale of Leeton primary juice processing site and impairment of selective equipment associated with manufacturing footprint and portfolio rationalisation.**
- **Net debt at $207.2 million and leverage ratio of 1.3x, well below 1.9x 1H FY2024.**

Profit and loss

Normalised $ millions	1H FY2025	1H FY2024	+/- %
Net Revenue	1,782.1	1,728.0	3%
EBITDA	110.3	76.5	44%
D&A	(46.0)	(42.9)	7%
EBIT	64.3	33.6	91%
Net Finance Costs	(16.7)	(16.5)	1%
Profit Before Tax	47.6	17.1	178%
Tax	(11.7)	(3.8)	208%
Profit After Tax	35.9	13.3	170%
Basic EPS (cents per share)	11.8	4.4	168%

Statutory $ millions	1H FY2025	1H FY2024	+/- %
Net Revenue	1,782.1	1,728.0	3%
EBITDA	109.3	86.1	27%
D&A*	(52.7)	(42.9)	23%
EBIT	56.6	43.2	31%
Net Finance Costs	(16.7)	(16.5)	1%
Profit Before Tax	39.9	26.7	49%
Tax	(9.7)	(0.2)	++
Profit After Tax	30.2	26.5	14%
Basic EPS (cents per share)	9.9	8.7	14%

* includes impairment

Key points

- 1H FY2025 net revenue growth +3%
- Normalised Profit After Tax (PAT) +170%; Statutory PAT +14% with prior year benefitting from gain on sale of Canberra.
- Relatively stable interest rate environment leading to flat financing costs.
- Normalised EPS more than double to 11.8 cents per share.

Key performance measures

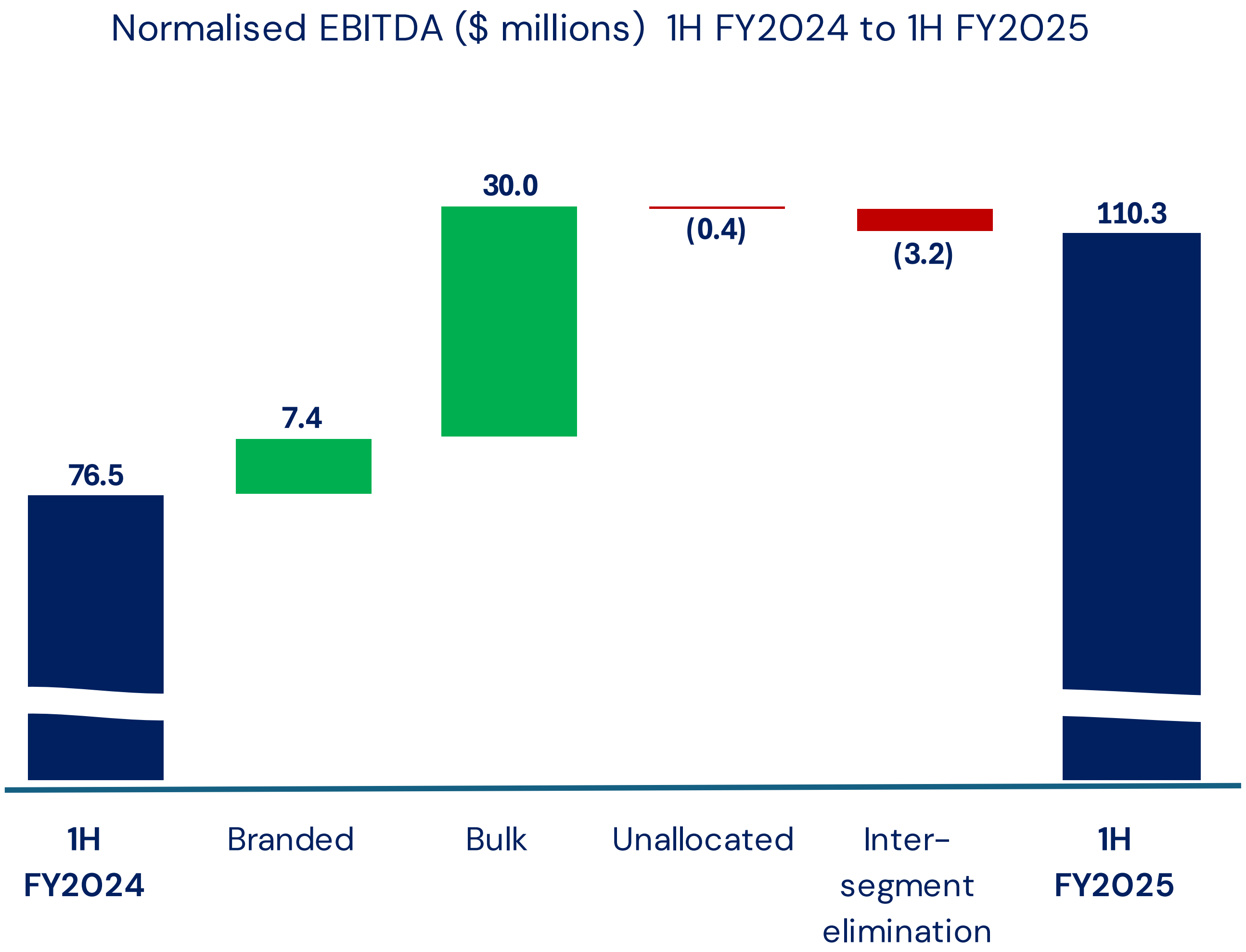
$ millions unless otherwise stated (Normalised)	1H FY2025	1H FY2024	Change
Net Revenue Growth vs prior year	3.1%	3.2%	(0.1) ppts
Gross margin (% of Net Revenue)	21.8%	20.2%	1.6 ppts
EBITDA	110.3	76.5	44%
Depreciation and Amortisation	(46.0)	(42.9)	7%
Net Finance Costs	(16.7)	(16.5)	1%
Profit After Tax	35.9	13.3	170%
Basic EPS (cents per share)	11.8	4.4	168%
Dividends per share (cents per share)	6.0	4.0	50%
Net Debt	207.2	250.9	(17)%
Leverage Ratio (times)	1.3	1.9	(0.6)
Return on Funds Employed (%)*	7.9%	4.7%	3.2 ppts

* calculated on 12 month rolling basis

Key points

- Revenue growth 3.1%, similar to the growth achieved in prior year.
- Margin expansion to 21.8% mostly in the Bulk segment. Branded margin expansion of +0.4 ppts in challenging consumer environment.
- Net debt and leverage ratio improvement mostly from increased earnings and working capital reduction when compared to December 2024.
- Improvement in ROFE by +3.2 percentage points to almost 8%.
- Increase in interim FY2025 fully franked dividends of 6.0 cents declared.

Bulk turnaround and Branded growth



Segment performance

($ million)	Branded	Bulk	Unallocated overheads	Inter-segment elimination	Group total
External revenue *	**1,522.2**	**259.9**	**-**	**-**	**1,782.1**
Growth vs 1H FY2024 %	1%	18%	-	-	3%
Normalised EBITDA	**104.2**	**24.4**	**(16.5)**	**(1.8)**	**110.3**
Increase/(decrease) vs 1H FY2024	7.4	30.0	(0.4)	(3.2)	33.8

* excludes inter-segment sales from Bulk to Branded

Branded

- Strong growth in Yoghurt, Spreads, Foodservice and International. Growth in Grocery and Foodservice more than offset reduced foot traffic in Impulse & Convenience / QSR.
- Further manufacturing rationalisation and cost savings programs reducing cost of goods sold

Bulk

- Realignment between dairy commodity and farmgate milk prices returning Bulk to profitability in 1H FY2025.
- Stable milk intake and conversion costs with focus on favourable mix across the Bulk portfolio.

Unallocated overheads

- Carryover and new restructuring benefits mostly offset salary inflation.

Reconciliation of normalised result

Consolidated period ended 29 December 2024 ($ million)	Per financial statements	Manufacturing footprint rationalisation*	Normalised outcome
Revenue	1,782.1	–	1,782.1
Cost of sales	(1,393.0)	–	(1,393.0)
Gross Profit	389.1	–	389.1
EBITDA	**109.3**	**1.0**	**110.3**
Depreciation, amortisation and impairment	(52.7)	6.7	(46.0)
EBIT	56.6	7.7	64.3
Net finance costs	(16.7)	–	(16.7)
Profit before income tax	**39.9**	**7.7**	**47.6**
Income tax expense	(9.7)	(2.0)	(11.7)
Profit for the period	**30.2**	**5.7**	**35.9**
Basic earnings per share – cents	9.9		11.8

* includes sale and exit of juice primary processing at Leeton and other production equipment associated with footprint & portfolio rationalisation.

Balance sheet

Balance Sheet*	1H FY2025 $m	2H FY2024 $m
Cash	57.8	65.6
Trade and other receivables	309.8	350.9
Inventories	404.5	358.1
Property, plant and equipment	656.9	673.4
Right-of-use assets	157.3	150.8
Intangible assets	473.9	476.6
Total Assets	**2,118.8**	**2,138.8**
Trade and other payables	478.4	558.4
Borrowing (net of costs)	263.6	226.7
Lease liabilities	200.7	192.2
Provisions	119.5	120.6
Total Liabilities	**1,085.6**	**1,124.0**
Net Assets	**1,033.2**	**1,014.8**
Net Debt	**(207.2)**	**(162.4)**

* Key balances represented only

Key points

- Net debt of $207m, a seasonal increase of $44m against 2H FY2024.
- Leverage ratio of 1.3x is equal to the 2H FY2024 position and lower when compared to 1.9x in 1H FY2024.
- Receivables and payables reduction reflects phasing impact of sales and purchases.
- Inventory $46m higher than June 2024 and reflects seasonal build in dairy inventory
- Right-of-use asset and lease liabilities reflect extension of office lease.

Cash flow

Cashflow	1H FY2025 $m	1H FY2024 $m
Receipts from customers	1,879.0	1,798.5
Payments to suppliers and employees	(1,825.9)	(1,785.5)
Net proceeds from Trade Receivables Facility	(35.2)	6.3
Net interest and other costs of financing paid	(16.7)	(16.5)
Income tax paid	(12.3)	(5.8)
Operating activities	**(11.1)**	**(3.0)**
Investments in new PP&E and intangibles	(30.4)	(40.3)
Business combinations payments	-	(11.1)
Net proceeds from sale of PP&E and intangibles	18.9	26.2
Investing activities	**(11.5)**	**(25.2)**
Net repayments of borrowings	37.0	50.0
Principal elements of lease payments	(11.0)	(10.8)
Dividends paid to shareholders	(11.2)	(8.3)
Financing activities	**14.8**	**30.9**
Net decrease in cash and cash equivalents	(7.8)	2.7

Key points

- Operating cashflow +$24m excluding the reduction in the use of Trade Receivable Facility by $35m.
- Increase in receipts from customers and payments to suppliers reflects growth and inflation.
- Capital & intangible expenditure of $30m and includes warehouse automation as the leading initiative.
- Partial funding of investment in new PP&E through sale of Leeton primary processing site which occurred in 1H FY2025. Sale of Canberra site occurred in 1H FY2024.

Outlook

- The Group reaffirms its guidance of a normalised EBITDA of $190 to $200m in FY2025. The Group expects to be at the upper end of this range.
- Challenging consumer environments expected to continue through 2H FY2025
- Increase in A&C investments to support innovation and our brands
- Planned acceleration of capital investment from 2H FY2025 to unlock growth and efficiency
- Focus on high value categories and cost management program underpin continued branded margin growth
- On track to FY2028 EBITDA target $250m plus, ROFE >10%

creating great food for a better future

Barry Irvin
Executive Chairman

Bega GROUP

THANK YOU
&
QUESTIONS

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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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