



ASX ANNOUNCEMENT

Bega Cheese to acquire Koroit facility in Western Victoria

Bega Cheese Limited (Bega Cheese or the Company) is delighted to announce it has agreed to purchase Saputo Dairy Australia's (SDA) Koroit dairy processing facility (the Koroit Facility) located at Koroit in Western Victoria.

The Koroit Facility currently processes approximately 300ML of milk into bulk and retail butter, commodity and retail milk powders and growing up milk powder.

The acquisition price is \$250 million including average inventory, which will be fully funded by new and existing bank debt facilities.

As a part of the transaction Bega Cheese and SDA have entered into a Transition Services Agreement and a Milk Supply Guarantee Agreement whereby SDA is required to guarantee supply of 300ML of milk per annum until 30 June 2020. The transaction is subject to ACCC approval.

Bega Cheese's Chief Executive Officer, Mr Paul van Heerwaarden said "The Koroit Facility will provide us with a significant presence in Western Victoria and operational flexibility with our other milk processing sites. Importantly the acquisition will support the continued growth of our core dairy business and provide domestic and export customers with an expanded range of products. We welcome the 108 employees of Koroit to Bega Cheese".

Bega Cheese's Executive Chairman, Mr Barry Irvin said "We are delighted to have acquired the Koroit Facility. Bega Cheese has been collecting milk in Western Victoria for almost 10 years and the opportunity to acquire such significant and quality infrastructure will cement our presence in one of the strongest dairy regions in Australia. As always, we will look to work closely with dairy farmers to grow supply to the Koroit Facility. This is another important step in creating an Australian owned dairy and food company that is competitive and efficient in Australia and the world."

Bega Cheese said that it expects the Koroit Facility to generate an annualised EBITDA of \$20m assuming the current annual intake of 300ML. The Company said there is potential upside from increased milk intake including milk Bega already collects in the region. The Koroit Facility, which was part of the assets acquired by SDA from Murray Goulburn, will be integrated into Bega Cheese's broader network of milk processing facilities. The Company cautioned that it may take until FY21 to fully integrate the Koroit Facility.

Bega Cheese was advised by Kidder Williams and Addisons Lawyers.

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