

FY2018 Full Year Roadshow Presentation

- Barry Irvin – Executive Chairman
- Paul van Heerwaarden – CEO
- Colin Griffin – CFO



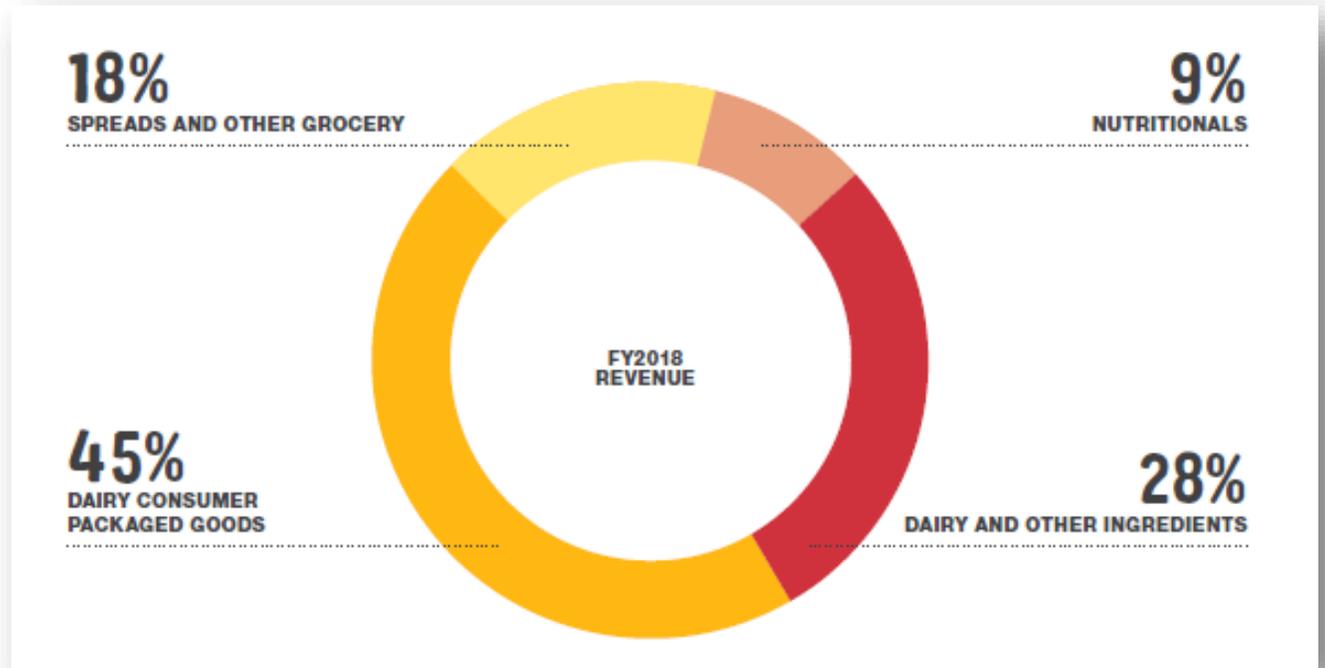
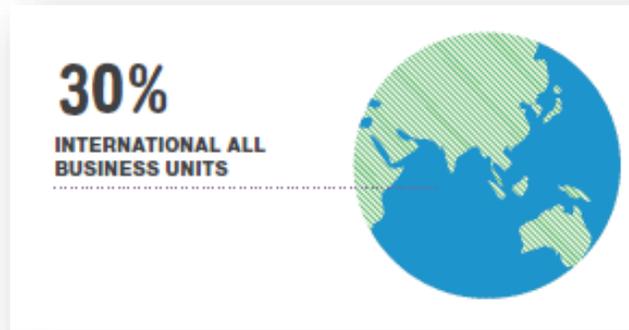
Key Message

- Creating the “Great Australian Food Company”
- Bega Foods integration complete
- Peanut Company of Australia integration complete
- Financial performance at expectation
- Increased milk supply
- Continued growth in international business
- Cheese packaging and processing remains highly competitive
- Koroit acquisition completed post year end
- Strong positive response from dairy farmers



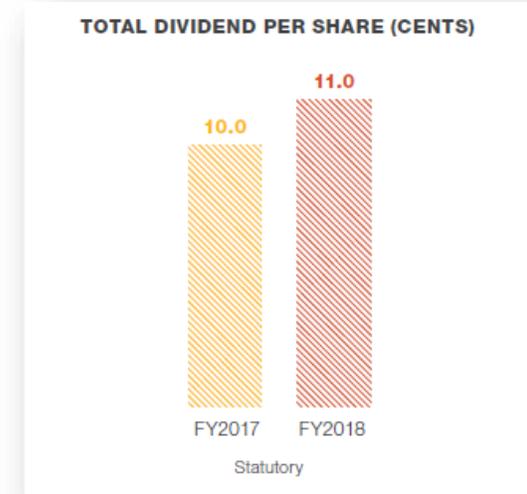
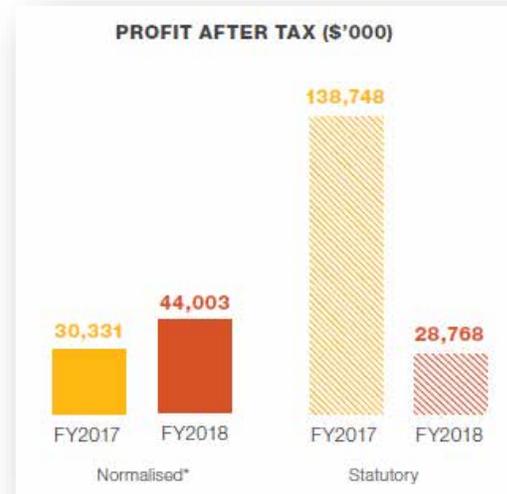
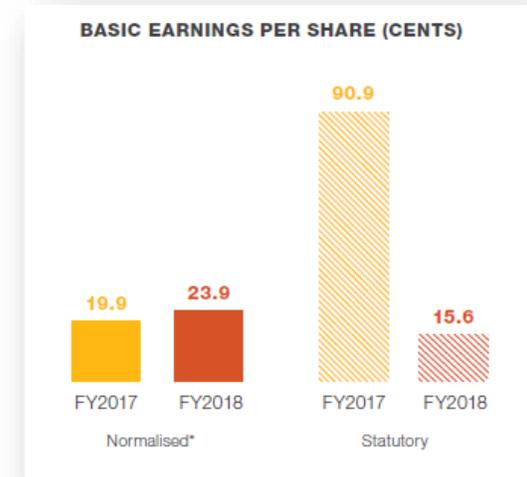
Revenue Highlights

- Revenue \$1.44 billion up 17%
- Export sales \$0.43 billion up 29%



Financial Performance

- FY2018 dividend 11 cents per share
- Normalised earnings per share 23.9 cents
- Statutory earnings per share 15.6 cents
- Normalised EBITDA \$109.6 million
- Statutory EBITDA \$92.0 million
- Normalised net profit after tax \$44.0 million
- Statutory net profit after tax \$28.8 million (impacted by higher effective tax rate due to corporate activity)



*Normalised results exclude the impact of significant events occurring during the year.



Reconciliation of Statutory Normalised Result

Consolidated Period Ending 30 June 2018	Per Financial Statements \$'000	Bega Foods Acquisition Costs and Fair Value Adj \$'000	PCA Acquisition Costs \$'000	PCA Bargain Purchase \$'000	Koroit Acquisition Costs \$'000	Other Costs \$'000	Normalised Outcome \$'000
Revenue	1,438,281						1,438,281
Cost of sales	(1,166,329)	3,733					(1,162,596)
Gross profit	271,952	3,733					275,685
EBITDA	92,023	16,602	3,142	(4,426)	800	1,506	109,647
Deprec, amortisation and impairment	(31,317)					528	(30,789)
EBIT	60,706	16,602	3,142	(4,426)	800	2,034	78,858
Net finance costs	(9,822)						(9,822)
Profit before income tax	50,884	16,602	3,142	(4,426)	800	2,034	69,036
Income tax expense	(22,116)	(1,780)	(445)	-	(240)	(452)	(25,033)
Profit for the year	28,768	14,822	2,697	(4,426)	560	1,582	44,003
Basic earnings per share - cents	15.6						23.9



Balance Sheet

	FY2018 \$m	FY2017 \$m
Cash	21.7	475.5
Trade and other receivables	200.6	168.5
Inventories	232.1	167.9
Property, plant & equipment	323.6	196.8
Intangible assets	411.5	22.7
Total Assets	1,215.8	1,056.3
Trade and other payables	225.9	169.3
Borrowings (net of costs)	267.1	215.3
Total Liabilities	583.8	483.6
Net Assets	632.0	572.7
Net (Debt) / Cash	(245.4)	260.2



Cash Flow

	FY2018 \$m	FY2017 \$m
Receipts from customers	1,499.9	1,274.9
Payments to suppliers	(1,404.9)	(1,190.7)
Interest and other costs of financing paid	(10.7)	(3.2)
Income tax paid	(25.8)	(10.7)
Operating activities	58.6	70.2
Proceeds from sale of PPE	10.0	188.9
Tax on sale of infant nutritional assets	(53.4)	-
Acquisition of Bega Foods	(452.7)	-
Acquisition of PCA	(11.7)	-
Investing activities	(564.8)	138.1
Financing activities	52.4	257.5
Net (decrease)/increase in cash and cash equivalents	(453.9)	465.9



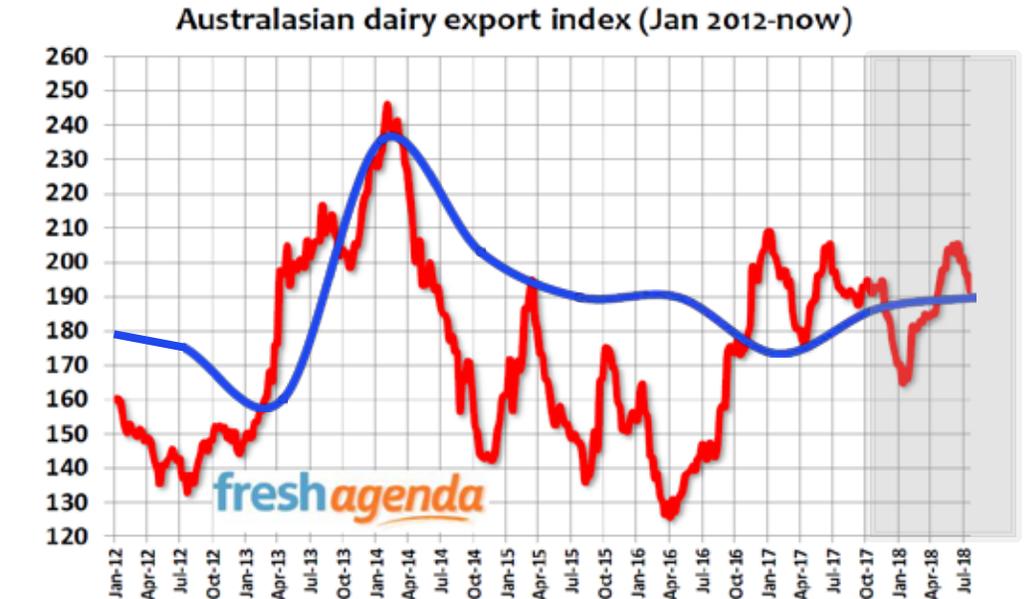
Operations Review

- Total production 259,235 tonnes increased by 9% to previous year
- Total capital expenditure of \$46 million including business improvement (\$21m), ERP (\$17m) and compliance (\$8m)
- Key projects upgrading cream cheese, processed block line capability
- Stage 1 and 2 of ERP implementation completed
- Continuous improvement program across all sites
- Total reportable injury frequency rate of 6.8
- 12% decrease per tonne of potable water usage
- Energy road maps completed for all sites



Dairy commodity price and farm gate milk price

- FY2018 total direct milk supply 750 million litres
- FY2018 direct milk intake increased 97 million litres
- Commodity price volatility remains
- Koroit provides further growth opportunity
- FY2019 milk procurement currently net 115 million litres increase compared to prior year
- Drought impacting overall dairy industry supply



- Export trend index – global commodity prices and Australian currency impact
Source: freshagenda
- Bega Cheese southern farm gate milk price trend
- FY2017 Opening milk price \$5.00 per Kg MS
- FY2018 Opening milk price \$5.50 per Kg MS



Our Sites

Four new sites

- Port Melbourne
- Kingaroy
- Tolga
- Koroit

KOROIT
41 Commercial Road
Koroit VIC 3282 Australia

TATURA
236 Hogan Street
Tatura VIC 3616 Australia

PORT MELBOURNE
1 Vegemite Way
Port Melbourne VIC 3207 Australia

STRATHMERTON
Murray Valley Highway
Strathmerton VIC 3841 Australia

COBURG
10-16 Allenby Street
Coburg VIC 3058 Australia

PORT MELBOURNE
664 Lorimer Street
Port Melbourne VIC 3207 Australia

TOLGA
12 Tostevin Street
Tolga QLD 4882 Australia

KINGAROY
133 Haly Street
Kingaroy QLD 4610 Australia

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

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



Investing in People

- Development focus on safety behaviours, continuous improvement and innovation
- Seamless integration of staff from Mondelez, PCA and Koroit acquisitions
- Implemented the Aspire Leadership Program for developing young leaders of the future

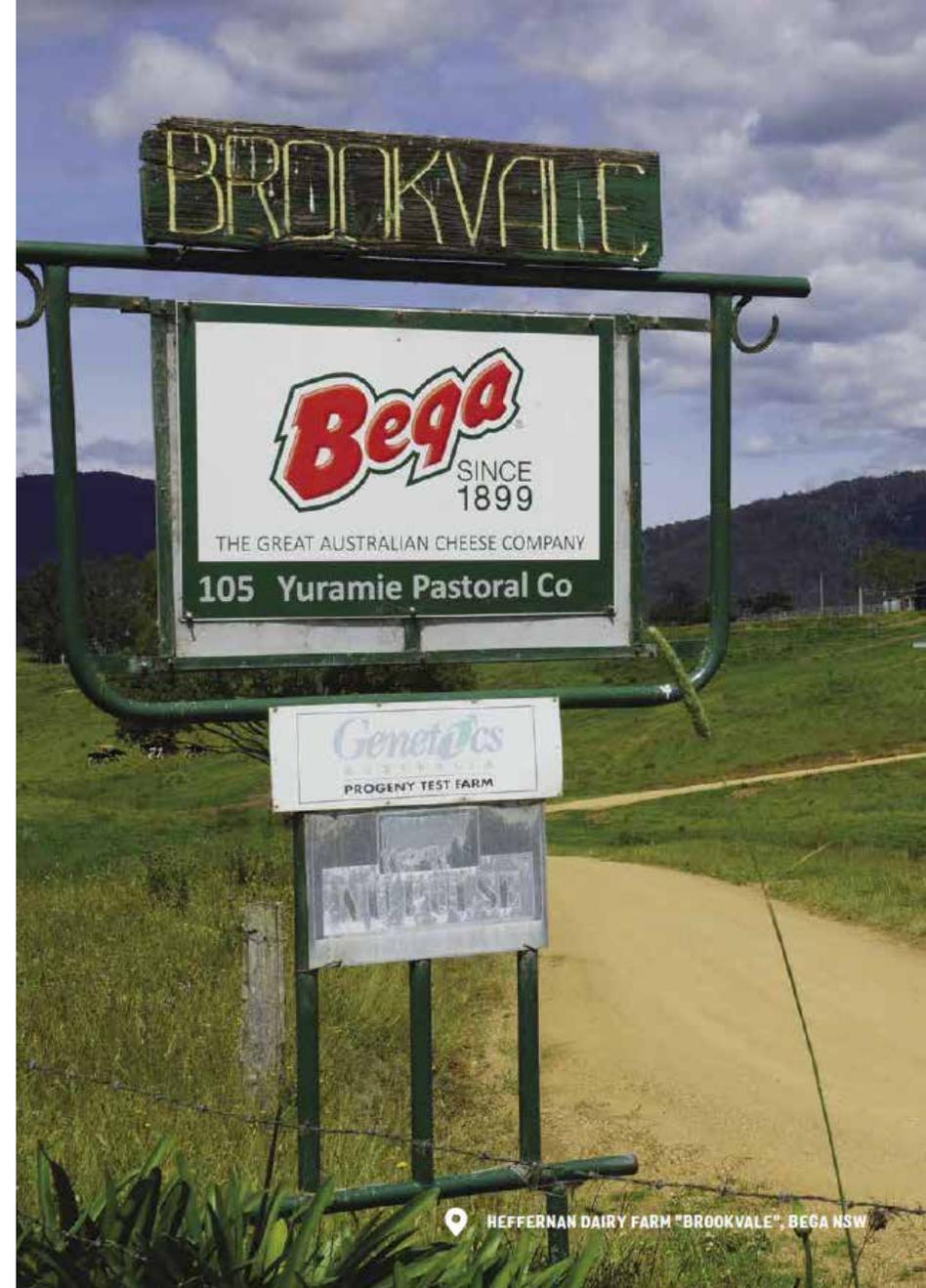


Group Sales



Where are we Today?

- Integrated Australian dairy industry and food company exporting to over 40 countries
- Significant new capacity added in dairy with the acquisition of Koroit
- Successful milk procurement program
- Strong international business growth
- Stabilised dairy nutritional and improving grocery business
- Strong growth in dairy ingredient and micro nutrients
- Highly competitive contract cheese processing and packaging environment
- Legal cases progressing with resolution expected in 2H FY2019



Koroit Acquisition

- Dairy facility in western Victoria purchased for \$250 million
- Milk powder, nutritional dryers and butter manufacturing capacity
- Retail packaging capacities in butter and powder
- Milk supply guarantee 300 million litres until 30 June 2020
- Plant capacity 800 million litres
(targeting 420 – 450 million litres in FY2019)
- Compliments existing Bega dairy infrastructure
- Region currently very wet in contrast to drought conditions elsewhere



Our Priorities

- Continue to grow branded retail and food service business
- Increase production volumes at Koroit facility
- Integrate Koroit into our production network
- New milk pricing option for dairy farmers to encourage lower farm production costs
- Increase peanut crop size with improved grower package and support
- Increase our customer reach with new products and channel expansion
- Improve financial performance through product development, continuous improvement and plant efficiencies





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