



Annual General Meeting

Barry Irvin
Executive Chairman

Paul van Heerwaarden
Chief Executive Officer



Agenda

FY2021 Annual Report

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Bega

Welcome

- Shareholders
 - Suppliers
 - PricewaterhouseCoopers
 - Addisons Lawyers
 - Link Market Services
 - Bega Cheese staff
-
- Apologies





FY2021

Annual Report

Barry Irvin
Executive Chairman



Key messages

- Strong financial performance in the context of challenging markets and a major acquisition
- Revenue of \$2.07b (includes five months LDD)
- Statutory EBITDA of \$182.7m and normalised EBITDA of \$141.7m
- Balance sheet continues to strengthen, leverage ratio 2.25
- Executed acquisition of Lion Dairy and Drinks and completed successful capital raise
- Continuing to manage operational and market impacts of COVID-19
- Structural change in Chinese Infant formula market and channels
- Strong competition for milk supply
- Emissions target confirmed and circular economy pilot initiated
- Conclusion of legal proceedings with Kraft Heinz and Fonterra



Bega is a values led organisation

Our Vision

To become The Great Australian Food Company

Our Values



**Passion for the customer
and the consumer**



**Grow our
people**



**Invest in
our future**



**Support
each other**

What will
make us Great

Great food

We create great food and build brands that our customers and consumers love and trust.

Great people

We grow our people and give them the responsibility to achieve great outcomes together.

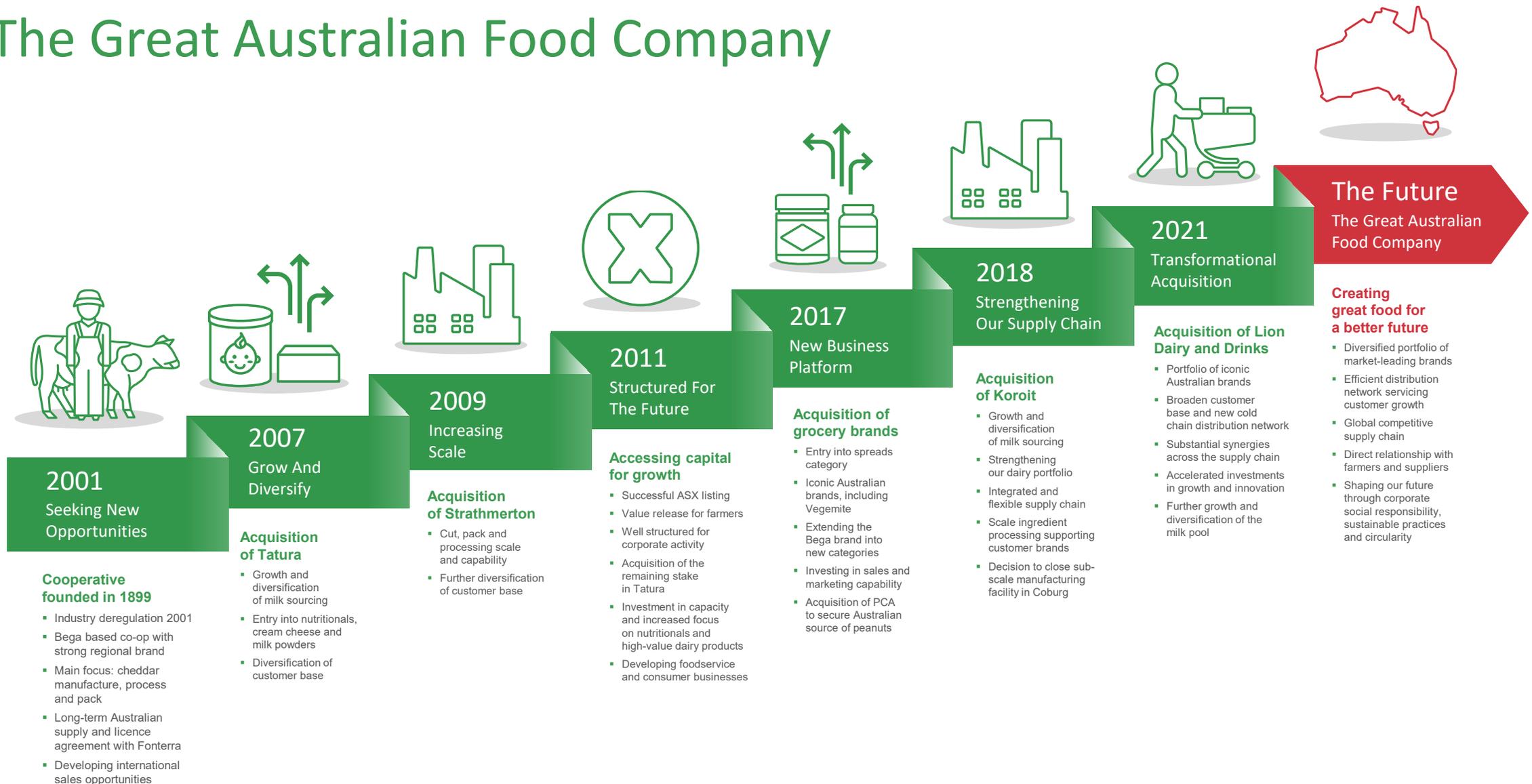
Great aspirations

We have great aspirations to go beyond our business today. We invest in technology, innovative products and new markets.

Greater good

We strive for a greater good by combining our success with a positive and lasting impact on others.

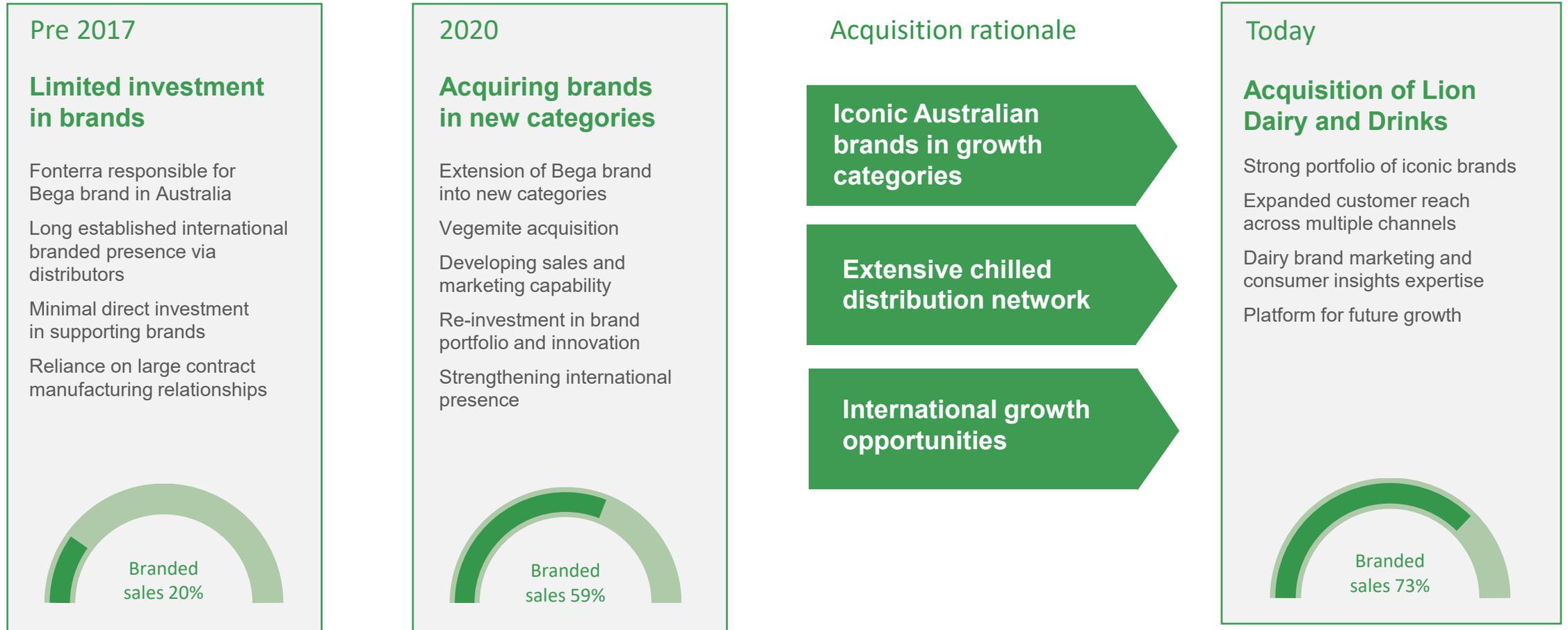
Our transformation to becoming The Great Australian Food Company



Creating sustainable growth through an integrated value chain



Growing a portfolio of iconic brands



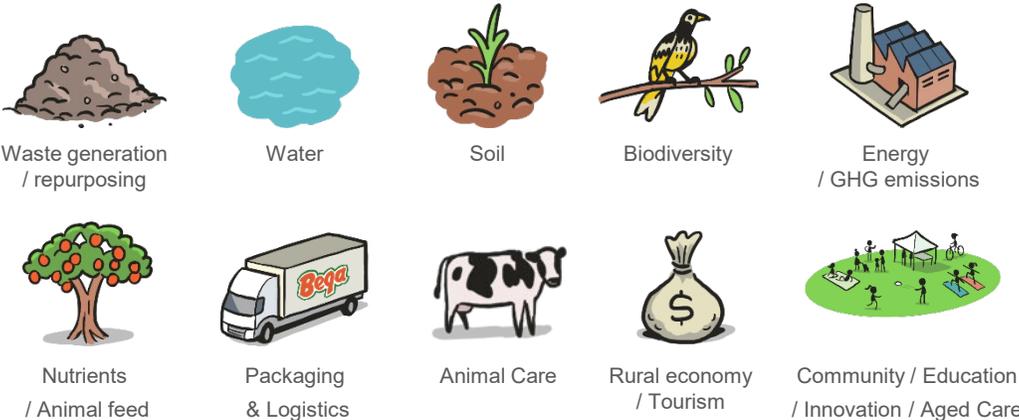
Sustainability and the Circular Economy

Bega Cheese carbon target

Scope 1 and 2 emissions targets established in support of Paris Agreement goals:

- 50% reduction in emissions intensity by 2030
- 40% reduction in absolute emissions by 2030
- Net zero emissions by 2050

Circularity in the Bega Valley





Our year in review

Paul van Heerwaarden
Chief Executive Officer



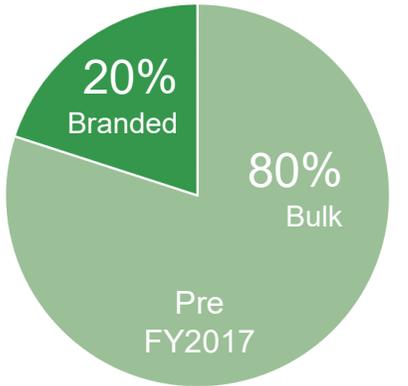
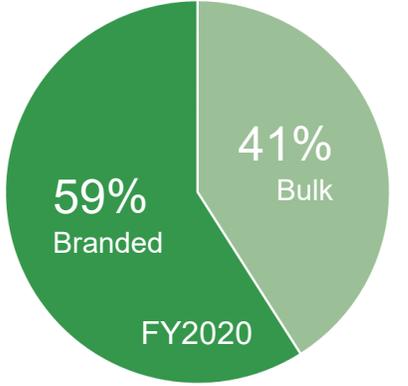
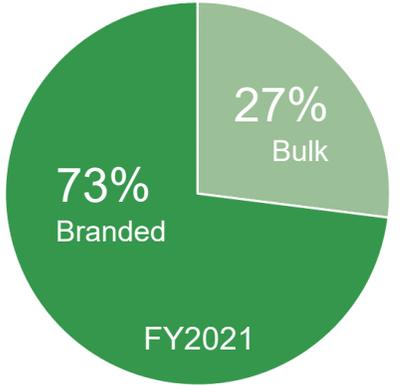
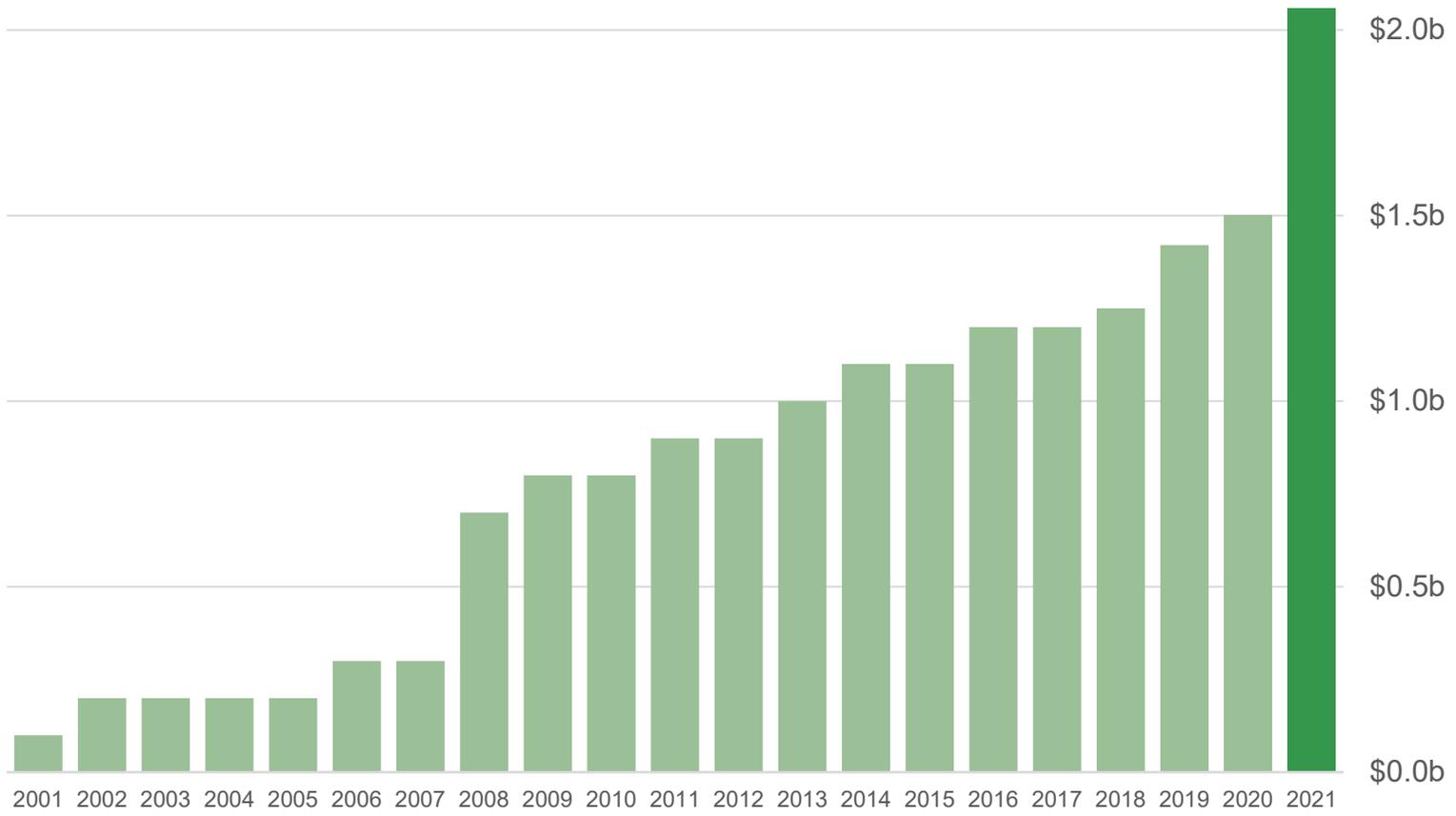
Commercial and operations update

A year of challenge, opportunity and transformation

- Financial performance and balance sheet position to support further growth
- Well progressed with Bega Dairy and Drinks integration and realisation of synergies
- Full year benefit from Koroit lactoferrin investment and organisation and process review
- Growth in core categories in domestic and international markets
- Pipeline of capital and development projects to support growth and supply chain efficiency
- Reckitt payment following termination notice for access and service agreements
- Impact from Covid contained to date but remain concerned about the wellbeing of our people and channel disruption caused by ongoing lockdowns
- Ongoing progress safety risk and behavioural leadership programs
- Implementation of diversity and inclusion blueprint
- Positive outcome following conclusion of legal cases



Creating value through organic and acquisitive sales growth in a challenging market



Performance highlights

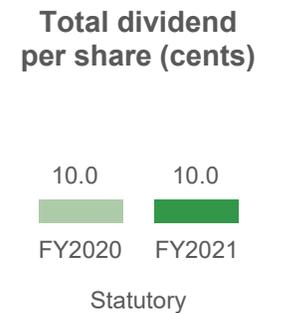
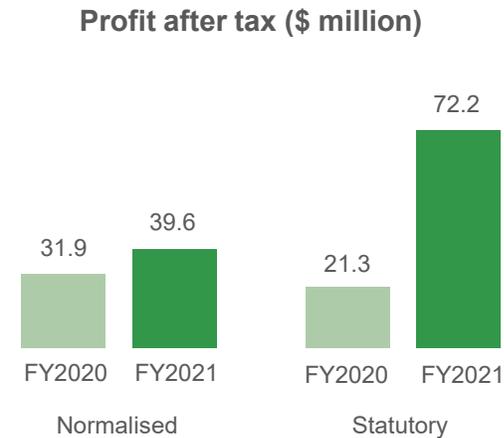
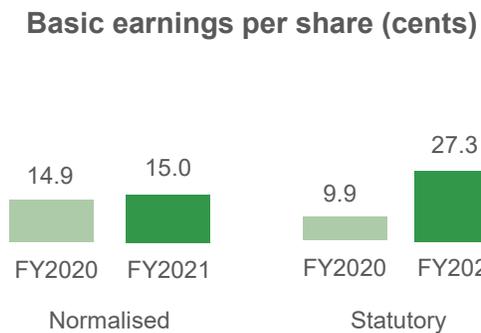
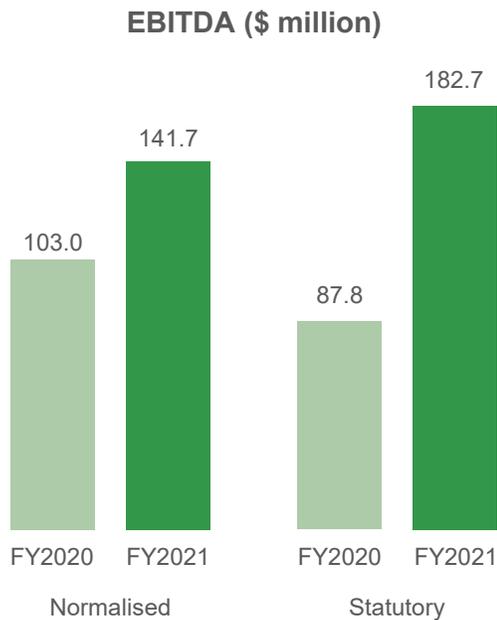
- Reduction in normalised EBITDA to net debt leverage ratio from 2.35 times to 2.25 times
- Normalised EBITDA increased by 38% to \$141.7 million
- Statutory EBITDA increase by 108% to \$182.7 million
- Operating cash flow \$111.4 million

FY2021 Revenue

\$2.07
billion

FY2020 Revenue

\$1.49
billion



Reconciliation of normalised result

| Consolidated Period Ending 30 June 2021 (\$ million) | Per Financial Statements | LDD Transaction Related Costs | Gains Relating to LDD Acquisition | Reckitt Termination Fees | Kraft Legal Settlement | Other Costs | Normalised Outcome |
|--|-----------------------------|-------------------------------------|--|--------------------------------|---------------------------|----------------|-----------------------|
| Revenue | 2,073.4 | - | - | (13.9) | - | - | 2,059.5 |
| Cost of sales | (1,608.2) | - | - | | - | - | (1,608.2) |
| Gross profit | 465.2 | - | - | (13.9) | - | - | 451.3 |
| EBITDA | 182.7 | 62.2 | (70.0) | (29.8) | (9.3) | 5.9 | 141.7 |
| Depreciation, amortisation and impairment | (75.0) | - | - | - | - | 2.1 | (72.9) |
| EBIT | 107.7 | 62.2 | (70.0) | (29.8) | (9.3) | 8.0 | 68.8 |
| Net finance costs | (10.3) | 1.6 | - | | - | - | (8.7) |
| Profit before income tax | 97.4 | 63.8 | (70.0) | (29.8) | (9.3) | 8.0 | 60.1 |
| Income tax expense | (25.2) | (4.7) | - | 8.9 | 2.8 | (2.3) | (20.5) |
| Profit for the year | 72.2 | 59.1 | (70.0) | (20.9) | (6.5) | 5.7 | 39.6 |
| Basic earnings per share - cents | 27.3 | | | | | | 15.0 |

Balance sheet

The FY2021 balance sheet includes a provisional fair value assessment on the acquisition of Lion Dairy and Drinks

| | FY2021 \$m | FY2020 \$m |
|-------------------------------|----------------|----------------|
| Cash | 87.2 | 22.9 |
| Trade and other receivables | 348.9 | 69.5 |
| Inventories | 345.0 | 257.4 |
| Property, plant and equipment | 908.5 | 446.0 |
| Intangible assets | 589.5 | 548.1 |
| Total Assets | 2,486.1 | 1,423.4 |
| Trade and other payables | 477.4 | 233.3 |
| Borrowings (net of costs) | 391.9 | 247.2 |
| Total Liabilities | 1,225.4 | 609.4 |
| Net Assets | 1,260.7 | 814.0 |
| Net Debt | (324.9) | (231.2) |

- Provisional fair value of net assets acquired in Bega Dairy and Drinks \$600m
- Capital raise \$393m to fund acquisition of \$528m
- Net debt increased only \$94m despite acquisition
- Significant increase in property portfolio

Note: Key data only represented in table

Cash flow

| | FY2021 \$m | FY2020 \$m |
|--|----------------|---------------|
| Receipts from customers | 2,221.7 | 1,691.6 |
| Payments to suppliers and employees | (2,086.5) | (1,494.9) |
| Net payments to trade receivables facility | (12.7) | (35.4) |
| Net Interest and other costs of financing paid | (10.4) | (11.0) |
| Income tax paid | (0.7) | (12.3) |
| Operating activities | 111.4 | 138.0 |
| Payment for acquisition of Lion Dairy and Drinks | (514.5) | - |
| Investing activities | (546.7) | (52.9) |
| Net proceeds from issue of shares | 390.2 | - |
| Net proceeds from borrowings | 145.0 | (69.8) |
| Dividends paid to shareholders | (23.3) | (19.5) |
| Financing activities | 499.6 | (91.0) |
| Net increase/(decrease) in cash and cash equivalents | 64.3 | (5.9) |

- Continued strong operating cash flow performance and focus on working capital
- Increase in net debt to fund the acquisition of Lion Dairy and Drinks, capital and software investments and dividend payments
- Reduction in normalised EBITDA to net debt leverage ratio from 2.35 times to 2.25 times, well within year end bank covenants of 3.0 times
- Dividends in respect of FY2021 \$30.2m (\$21.4m FY2020)

Lion Dairy and Drinks integration update

Integration and synergy realisation program

- Initial 100 day plan successfully completed and new organisation design in place
- Strong cultural alignment and depth of talent in the newly combined businesses
- Several key services have been migrated off the Transition Services Arrangement (TSA) with Lion, which will end in 2H FY2022
- Synergy realisation program well progressed in areas such as milk and ingredients management, manufacturing efficiencies and procurement
- New capital projects approved to create additional capacity in high margin products and to reduce packaging costs
- On track to achieve our synergy target in FY2022
- Earnings performance above expectations in the five months to 30 June 2021
- Whilst the product and channel mix is impacted by COVID-19 lockdowns, there is strong growth momentum in the business

Portfolio of leading iconic brands in growth categories

| Category | Category size \$m ¹ | Category growth ¹ | Bega share ¹ | Brand portfolio |
|-----------------------------------|--------------------------------|------------------------------|-------------------------|---|
| Fresh white milk ² | 1,913 | 0.4% | 13% |     |
| Yoghurt | 1,472 | 4.7% | 26% |     |
| Milk based beverages ² | 836 | 5.6% | 50% |      |
| Spreads | 633 | 1.7% | 31% |     |
| Chilled juice | 605 | 3.9% | 24% |    |
| Creams and custards | 509 | 5.5% | 11% |   |
| Plant based milk ³ | 341 | 20.2% | 25% |  |
| Water ice | 50 | -8.5% | 82% |   |

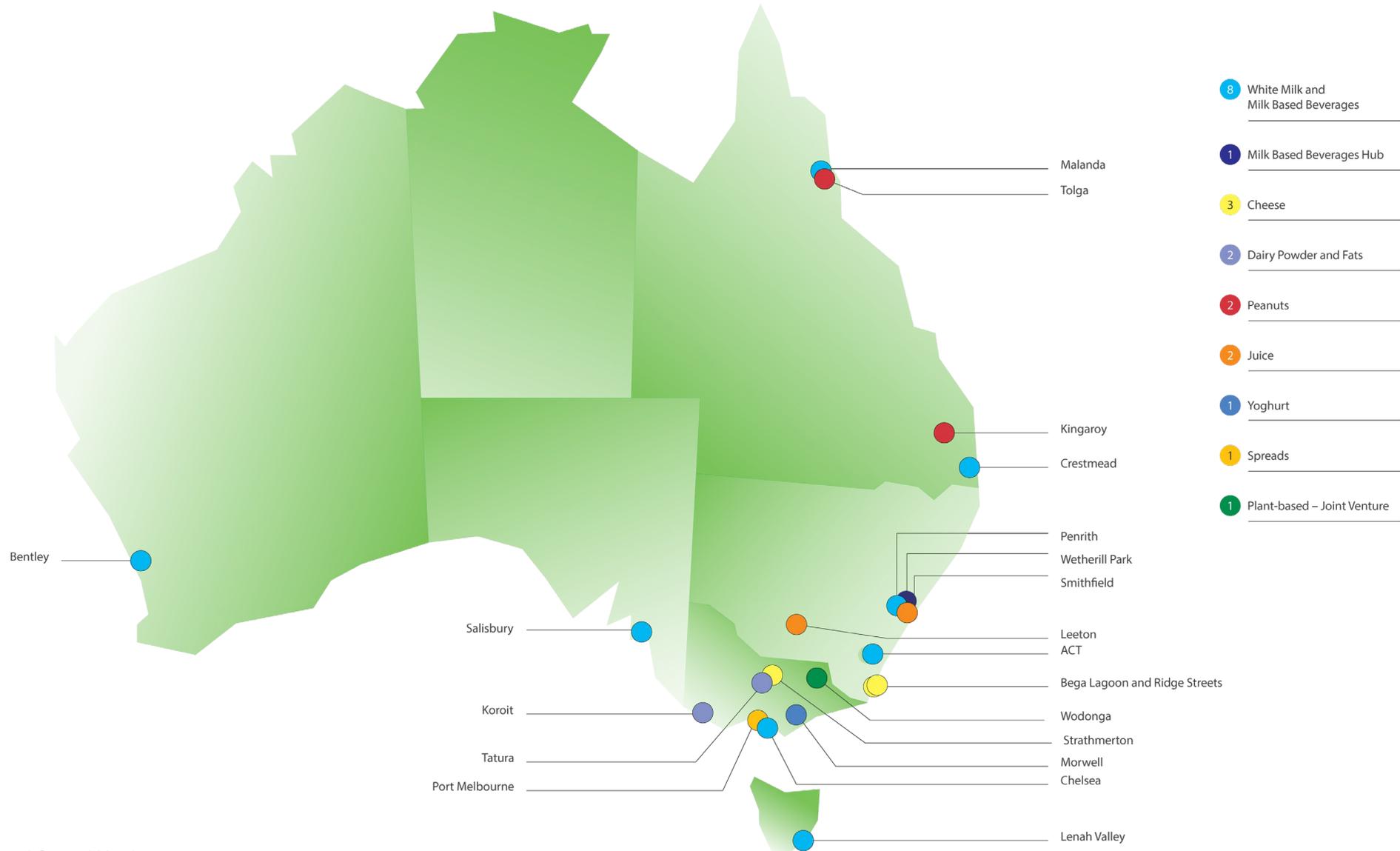
¹ Data extracted from IRI Total Business Scan (AU Grocery Unweighted + Structured Convenience), MAT to June 2021 and AC Nielsen Scan data MAT to June 2021

² Excludes non dairy

³ Includes fresh chilled and UHT shelf stable segments

⁴ Vitasoy Australia Products Pty Ltd is a joint venture between a 100% owned subsidiary of Bega Cheese Limited and Vitasoy International Holdings Pty Ltd

Expanded and diversified manufacturing network across Australia



Approach to corporate social responsibility

Our focus is on the five areas where we can have the greatest impact



Food nutrition

Highlights FY2021

Delivered a 5% reduction of sugar in our Bega peanut butter range against a target of 10% by 2023

Support of Foodbank's Milk Program of nine million litres of milk

Bega Dairy and Drinks has an existing goal to remove 1,000 tonnes of added sugar from the portfolio and providing 20 million more no added sugar serves by 2025



Diversity, inclusion and equality

Highlights FY2021

Increased the representation of women in management positions to 35% across the Bega Cheese Group against a target of 32%

Reviewed salary equity

Championed flexible work arrangements through Bega Flex, Circle In and Leader education



Greenhouse gases

Highlights FY2021

Scope 1 and 2 emissions targets established in support of Paris Agreement goals: 40% reduction in absolute emissions by 2030 and net zero emissions by 2050

Energy Management Capability (EMC) project in its third year of implementation

Developing a five year 'Energy Productivity and Emissions Reduction Roadmap' in Partnership with the Victorian Government's Business Recovery Energy Efficiency Fund



Packaging sustainability

Highlights FY2021

Launched Vegemite Squeezy bottle manufactured from at least 30% post-consumer recycled polyethylene terephthalate (rPET). Dairy Farmers Classic and Farmers Union Iced Coffee bottles made from 100% recycled plastic

Removed 655 tonnes of single use polyvinyl chloride (PVC) from our packaging this year and on track to phase it out

Bega Dairy and Drinks' Salisbury dairy manufacturing site achieved its target of being zero waste to landfill



Water sustainability

Highlights FY2021

Initiatives at the Wetherill Park site saved 800 mL of water for every litre of product

Peanut production moved into irrigated regions such as Bundaberg to spread supply risks and be less reliant on rainfed production

34% of capital grants under the Bega Better Farms program have been dedicated to water, irrigation or effluent management





Our way forward

Barry Irvin
Executive Chairman



Where are we today?

- Continuing integration of Bega Dairy and Drinks
- Improving financial performance and benefits of scale
- Strengthening balance sheet
- Strong brands in growth categories
- Opportunity for further growth and business improvement
- Geographic product and channel diversity creating business resilience
- Farm gate milk price increases above market in some product streams
- Structural change in Chinese infant formula market and channels
- COVID-19 lockdown impacting food service and convenience channels



Our priorities

- Safety of our people and wellbeing
- Ongoing management of the impacts of COVID-19
- Continue to realise Bega Dairy and Drinks synergies
- Invest in brands, market and new capabilities
- Further manufacturing optimisation projects
- Opportunities for further rationalisation and business development
- Support further diversity and inclusion
- Sustainability and circularity initiatives





Q&A

Barry Irvin
Executive Chairman





FY2021

Annual General Meeting Formalities and voting

Barry Irvin
Executive Chairman



Voting procedure

- A poll is being held for all resolutions
- Share registrar Ms Julie Stokes of Link Market Services Limited will act as Returning Officer in relation to the polls
- Login to the portal (<https://agmlive.link/BGA21>) and follow the prompts to vote
- Results available on ASX after the meeting



Resolutions

- Adopt remuneration report for the year ended 30 June 2021
- Election of Directors
 - Harper Kilpatrick
 - Barry Irvin
 - Raelene Murphy
 - Richard Cross
- Director pool increase
- Amendments to the Constitution



Remuneration report

- Pages 36 to 50 of the 2021 Annual Report
- Board, Executive Chairman, CEO and other key management personnel
- Market data and external advisors

- Total Votes 161,741,426 (53.38%)
- For 157,341,105 (97.28%)
- Open 3,296,298 (2.04%)
- Against 1,104,023 (0.68%)

Election of Directors

- Harper Kilpatrick
- Barry Irvin
- Raelene Murphy
- Richard Cross

Harper Kilpatrick

- Total Votes 167,750,540 (55.37%)
- For 164,004,978 (97.77%)
- Open 3,092,207 (1.84%)
- Against 653,355 (0.39%)



Barry Irvin

- Total Votes 167,815,939 (55.39%)
- For 147,955,718 (88.17%)
- Open 3,060,451 (1.82%)
- Against 16,799,770 (10.01%)



Raelene Murphy

- Total Votes 167,800,788 (55.38%)
- For 155,760,939 (92.82%)
- Open 3,078,497 (1.83%)
- Against 8,961,352 (5.34%)



Richard Cross

- Total Votes 167,795,436 (55.38%)
- For 160,261,315 (95.51%)
- Open 3,097,214 (1.85%)
- Against 4,436,907 (2.64%)



Director's fee pool increase

Director's fee pool has not been increased for five years and the proposed increase is expected to be sufficient for a further five years

- Current maximum aggregate yearly remuneration for Directors \$1,200,000
- Remuneration payable to Directors for FY2021 was \$1,027,650 and particulars of this are set out in the Remuneration Report
- The Board's Nomination Remuneration & Human Resources Committee recently reviewed the directors' remuneration with the benefit of advice from remuneration experts
- While remuneration will not exceed the \$1,200,000 aggregate in FY2022 the Board believes it is appropriate to review the cap which was set on 25 October 2016
- Recommendation the pool be increased by \$550,000 from \$1.2 million to \$1.75 million
- Directors will not be voting on this resolution
- The Chairman will exercise proxies as directed

| | |
|---------------|----------------------|
| ▪ Total Votes | 162,515,395 (53.64%) |
| ▪ For | 157,776,434 (97.08%) |
| ▪ Open | 3,085,605 (1.90%) |
| ▪ Against | 1,653,356 (1.02%) |

Changes to the Constitution

There have been no amendments to the Constitution since the Company listed on the ASX in 2011. Following a recent review of the Company's Constitution, the changes set out below are proposed.

- Removal of Rule 3 – Maximum Shareholding – it ceased to apply after 16 August 2021
- Amendment to Rule 4.3(f) – Registered joint holders – accommodate replacement of Australian Clearing House Electronic Subregister System (CHESSE) used by the ASX to record shareholdings and manage the clearing and settlement of share transactions in Australia
- Amendment to Rules 1.2(c) and 8.2(d) – Technology at general meetings - authorise the holding of virtual general meetings where required
- Insert Rule 8.7A and amend Rule 1.1 – Direct voting - allow for direct voting, so that shareholders may vote on resolutions at general meetings by lodging their vote with the Company prior to the general meeting, without needing to attend the meeting or appoint a proxy, attorney or representative
- Amend Rules 12.1(k) and 12.1(l) – Mandatory Direct Credit - clarify the payment of dividends by direct credit and, in particular, the way in which dividend entitlements will be dealt with if shareholders do not nominate a bank account into which a dividend can be paid

| | |
|---------------|----------------------|
| ▪ Total Votes | 165,669,893 (54.68%) |
| ▪ For | 130,780,460 (78.94%) |
| ▪ Open | 3,139,157 (1.89%) |
| ▪ Against | 31,750,276 (19.16%) |



Becoming The Great
Australian Food Company



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