MEDIA RELEASE

FY2024 FINANCIAL RESULTS AND FY2025 OUTLOOK

Branded growth offsets challenges in Bulk commodities

Bega Cheese Limited (ASX: BGA) has released its full year audited results for the financial year ended 30 June 2024. A significant recovery in the profitability of the Branded segment offset challenges in the Bulk segment and reinforces the importance of the Group's transition to a Branded business.

Key Measures	FY2024	FY2023	Change	
	$m	$m	$m	%
Statutory Performance				
Revenue	3,521.6	3,376.0	145.6	4%
EBITDA	165.1	144.1	21.0	15%
EBIT	74.3	-233.7	308.0	n/a
PAT	30.5	-229.9	260.4	n/a
EPS (cents per share)	10.0	-75.6	85.6	n/a
Normalised Performance				
EBITDA	164.1	160.2	3.9	2%
EBIT	76.1	58.3	17.8	31%
PAT	29.2	28.5	0.7	2%
EPS (cents per share)	9.6	9.4	0.2	2%
Net debt	162.4	203.6	-41.2	-20%
Leverage ratio (times)	1.3	1.6	-0.3	-19%

In FY2024, Bega Cheese Limited (the Group) generated statutory earnings before interest, tax, depreciation and amortisation (EBITDA) of $165.1 million, an increase on the prior comparative period of $21.0 million or 15%.

The results achieved by the Group in FY2024 reflect the following highlights:

- Revenue exceeded $3.5 billion, an increase of 4% on the prior year and included growth of 6% in the Branded segment. Branded now contributes 86% of the Group's external revenue.
- Further delivery of manufacturing and supply chain cost efficiencies coupled with productivity and continued streamlining of sites.
- Completion of most of the organisational realignment to support the five-year strategy.
- Completion of integration of the Tasmania acquisition and further capacity rationalisation.
- Strong cashflow generation and resilient balance sheet with 1.3x year-end leverage ratio.

The normalised FY2024 EBITDA of $164.1 million increased by $3.9 million or 2% when compared to the prior comparative period. Normalised items in the current period include the gain on sale of property at Canberra, the acquisition of Betta Milk and Meander Valley Dairy, restructuring costs and tax costs which primarily relate to the Group's formation of a consolidated tax group. Subsequent to FY2024, the sale of the Group's Leeton juice processing site was announced and is expected to settle in the second quarter of FY2025.

The increase in the Group's Branded segment profitability was a highlight in FY2024. Profitability in the Branded segment significantly increased on the prior comparative period with statutory EBITDA of $206.2 million, higher than the prior year by 48%. The Branded result was achieved in a difficult trading environment with low consumer confidence and downtrading within and across channels. The restoration of the Group's branded EBITDA margins in this challenging trading environment underscores the resilience of our portfolio of brands and the benefits of the organisational realignment.

Bulk segment statutory EBITDA was a loss of $18.2 million compared to a statutory EBITDA profit of $38.3 million in the prior year as prices for global dairy commodities remained disconnected from Australian farm gate milk prices throughout the year.

Capital management and leverage ratio

The Group had consolidated net debt of $162.4 million as at 30 June 2024, compared to $203.6 million as at 30 June 2023, a reduction of $41.2 million. The reduction in net debt was enabled primarily by a reduction in working capital from lower Bulk inventory volume on hand and by improved planning processes. The Group refinanced a primary debt facility of $270 million and extended tenor on this facility to July 2027. The Group's normalised EBITDA to net debt leverage ratio decreased from 1.6 times at the end of the prior fiscal year to 1.3 times at 30 June 2024.

Final FY2024 dividend – 4.0 cents per share

The Group announced a final fully franked dividend of 4.0 cents per share for FY2024, taking the total dividends declared for the year to 8.0 cents per share, or $24.4 million. The final dividend will be paid on 3 October 2024. The Dividend Reinvestment Plan will be activated for this dividend.

Outlook

Subject to normal trading conditions, the Group expects continued growth in the Branded segment and significantly improved performance in the Bulk segment as the disconnect between Australian farm gate milk prices and dairy commodity returns eases. The continued focus on cash optimisation, realising the benefits of corporate restructuring and other cost saving initiatives is expected to offset inflationary impacts and further improve profitability and leverage in FY2025. The Group expects a normalised EBITDA range of $190 to $200 million in FY2025.

Ends…

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