



20 August 2014

ASX Announcement/Media Release

WCB REPORTS PROFIT IN LINE WITH GUIDANCE

Warrnambool Cheese and Butter Factory Company Holdings Limited (“WCB” or “the company”) today announced a net operating profit after tax of \$21.3 million for the year ended 30 June 2014, an increase of \$13.8 million or 184.1% compared with the same period last year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by \$19.7 million or 77.3% to \$45.2 million compared to \$25.5 million in FY2013. Included in the EBITDA were non-recurring items totaling \$13.9 million before tax.

The non-recurring items included \$9.5 million of pre-tax takeover defence costs and \$1.2 million of rights issue costs associated with the change in company ownership, and \$3.2 million associated with a change in accounting estimates of internal by-product transfer pricing. The underlying Earnings before Interest, Tax, Depreciation and Amortisation were \$59.1 million, an increase of \$33.6 million or 131.8% over the previous corresponding period.

FY2014 was an outstanding year for the company with strong international dairy demand supporting improved commodity pricing. This improved pricing was further complemented by the benefits of a depreciating Australian dollar.

WCB also benefited from its focus on investment in strategic projects, continuous improvements activities and enhancement of its products mix. Numerous business improvement projects and plant enhancements delivered sustainable margin improvement to the business. The company also derived benefit from improved efficiencies and operating cost reductions.

Outlook

International dairy prices have reduced from FY2014 highs. However, international demand remains strong. The Australian dollar is currently slightly lower than FY2014 average but remains volatile.

The company intends to continue to improve its efficiencies, while remaining committed to producing quality products, innovation and internal growth. WCB intends to accelerate its growth activities, invest in capital projects, increase manufacturing capacity, grow milk intake and create new opportunities.

No final dividend was declared for FY2014 and the Board does not intend to declare any as the Directors have decided to retain cash for investment into the business for growth, investment and development.

Change in Senior Management

WCB's Chief Executive Officer ("CEO"), Mr David Lord, has advised the company that he will be stepping down from his current position as of April 1, 2015. Mr Lord will continue as CEO until such date and the Board has a succession planning process in place to identify Mr Lord's successor during the coming months.

Change of Financial Year

The Board has resolved to align the company financial year end with that of its new parent company Saputo Inc. As such the effective Warrnambool Cheese and Butter Factory Company Holdings Limited financial year end reporting date would be changed to 31 March each year commencing 31 March 2015, subject to effecting all necessary notices.

ENDS

For more information, please contact:

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APPENDIX - A summary of the consolidated entity's results are set out below:

		Statutory ⁽¹⁾ 12 months ended 30 June 2014	Underlying adjustments ⁽²⁾ 12 months ended 30 June 2014	Underlying 12 months ended 30 June 2014	Statutory and Underlying 12 months ended 30 June 2013	Increase/ (decrease)
Increase/ (decrease) Profit and Loss \$million	Revenue	609.0	-	609.0	496.5	22.7%
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	45.2	13.9	59.1	25.5	131.8%
	Earnings before Interest and Tax (EBIT)	32.5	13.9	46.4	13.7	238.7%
	Net Operating Profit after Tax (NOPAT)	21.3	10.1	31.4	7.5	318.7%
Gearing				30 June 2014	30 June 2013	
	Net Debt (\$m)			54.3	75.5	(28.1%)
	Net Debt/Net debt plus equity (%)			22.8	31.8	(9.0%)

- (1) The use of the term “Statutory” refers to IFRS financial information and “Underlying” to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information therefore have been presented in compliance with ASIC regulatory Guide 230 – Disclosing non-IFRS financial information, December 2011.

Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the Statutory information, for disclosure purposes, to assist readers to better understand the financial performance of the underlying business in the reporting period. These adjustments include transactions or costs that on their own or in combination with a number of similar transactions contribute to more than five percent of after tax profit.

These adjustments are assessed on a consistent basis. The inclusion of these adjustments provides a result which, in the Director's view, is more closely aligned with the ongoing operations of the Consolidated Entity. The non-IFRS information has been subject to review by the auditors.

(2) Details of adjustments from Statutory to Underlying financial information are set out below.

The following table reconciles the Profit from the Consolidated Entity After Income Tax (Attributable to Equity Holders) to Underlying Profit After Income Tax (Attributable to Equity Holders)

A\$ million	Notes		12 Months ended 30 June 2014
Statutory Profit after income tax attributable to equity holders of Warrnambool Cheese and Butter Factory Company Holdings Limited			21.3
Takeover defence costs associated with bids received during the twelve months to 30 June 2014	1	9.5	
Rights issue costs associated with the change in company ownership	2	1.2	
Change in accounting estimate of internal transfer price of whey stream from cheese plant to whey processing plant and resulting one-off adjustment to inventory valuation	3	3.2	
Total Underlying Adjustments to EBITDA and EBIT			13.9
Taxation impact of takeover defence costs	4	(2.9)	
Taxation impact of change in accounting estimate	5	(0.9)	
Total Underlying adjustments to Income Tax			(3.8)
Underlying Profit after income tax (Attributable to Equity Holders)			31.4

1. Relates to \$9.5 million of takeover defence costs incurred for legal and financial services advice associated with responding to and defending takeover bids.
2. Relates to a \$1.2 million long term incentive rights issue triggered by the change in company ownership.
3. Relates to a change in accounting estimates utilised to calculate internal transfer pricing of whey stream from the cheese manufacturing plant to the whey processing plant and resulting \$3.2 million one-off adjustment to inventory valuation. Future transfer pricing will be subject to the milk purchase cost which can vary from period to period and cannot be reliably estimated.
4. Relates to the taxation impact of the takeover defence costs incurred.
5. Relates to the taxation impact of the change in accounting estimates.