



21 May 2015

ASX Announcement

WCB REPORTS PROFIT FOR 9 MONTHS TO 31 MARCH 2015

Warrnambool Cheese and Butter Factory Company Holdings Limited (“WCB” or “the Company”) today announced a net operating profit after tax of \$34.3 million for the 9 months ended 31 March 2015 (FY2015), an increase of \$13.0 million or 61.0% compared with the 12 months ended 30 June 2014 (FY2014).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by \$11.9 million or 26.3% to \$57.1 million compared to \$45.2 million in FY2014.

This is a good result in a reduced reporting period and a period of declines in Global International Commodity prices. The company has benefited from:

- Its operational and product mix flexibility
- The depreciating Australian dollar
- The benefit of recent investments in strategic projects and
- Its Business-Wide Continuous Improvement Program

Change of Financial Year

Under Saputo majority ownership and control, WCB continues to focus on its integration into the Saputo group including the alignment of its financial year reporting with that of Saputo Inc. In this first year of change in financial year end, the FY2015 results considered a full year milk pricing estimate but do not include the full year impact of:

- (a) April – June seasonal milk flow variations that result in less effective utilisation of plant;
- (b) The cost of annual plant maintenance shut-downs;
- (c) Variations in international commodity pricing and exchange rates.

Outlook

For FY2016, international dairy prices are expected to remain weak, with global milk production remaining high and a limited change in demand, which is expected to exert downward pressure on the Company’s profitability. The Australian dollar is currently slightly lower than FY2015 average but remains volatile.

On March 2, 2015, WCB announced that it has entered into an agreement to acquire the everyday cheese business of Lion-Dairy & Drinks Pty Ltd, for a total cash consideration of \$137.5 million, subject to closing adjustments. This transaction will allow WCB to increase its presence in the consumer branded everyday cheese products segment in Australia. The

transaction is subject to usual closing conditions and is expected to close towards the end of May 2015. The purchase price is payable in cash at closing and will be financed through additional financing to be obtained in connection with the transaction.

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

Dividend

No final dividend was declared for FY2015 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.

ENDS

For more information, please contact:

Paul Moloney
Company Secretary

03 5565 3100

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

		Statutory 9 months ended 31 March 2015	Statutory 12 months ended 30 June 2014	Statutory Increase/ (decrease)
Increase/ (decrease) Profit and Loss \$million	Revenue	454.2	609.0	(25.4%)
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	57.1	45.2	26.3%
	Earnings before Interest and Tax (EBIT)	47.1	32.5	44.9%
	Net Operating Profit after Tax (NOPAT)	34.3	21.3	61.0%
Gearing		31 March 2015	30 June 2014	
	Net Debt (\$m)	46.5	54.4	(14.5%)
	Net Debt/Net debt plus equity (%)	17.6	22.8	(22.8%)