



ASX ANNOUNCEMENT

Bega Group Investor Day presentation

Bega Cheese Limited (ASX:BGA)] ("**Bega Group**") is holding an Investor Day at its Wetherill Park facility in Sydney today. A copy of the presentation to be given at the Bega Group Investor Day is attached.

30 November 2023

For further information please contact

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Executive Chairman
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Pete Findlay
Chief Executive Officer
Bega Cheese Limited
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Investor Presentation

30 November 2023



*creating great food
for a better future*



Site Welcome & Safety Briefing

Andrew Harris
General Manager – Milk Based Beverage Operations



Acknowledgment of Country

I would like to acknowledge the Cabrogal people of the Darug Nation as the traditional custodians of the land on which we meet today and to pay my respects to elders past and present.



Site map & evacuation point

In the event of an emergency situation:

1. Stay calm and stay with your host
2. If there is immediate danger – alert your host to the situation
3. Site wardens will take control and direct all personnel to safety

Alarms which indicate an emergency on site:

Warning Tone (Beep Beep Beep)

prepare to evacuate and await instructions from Wardens

Evacuation Tone (Whoop Whoop Whoop)

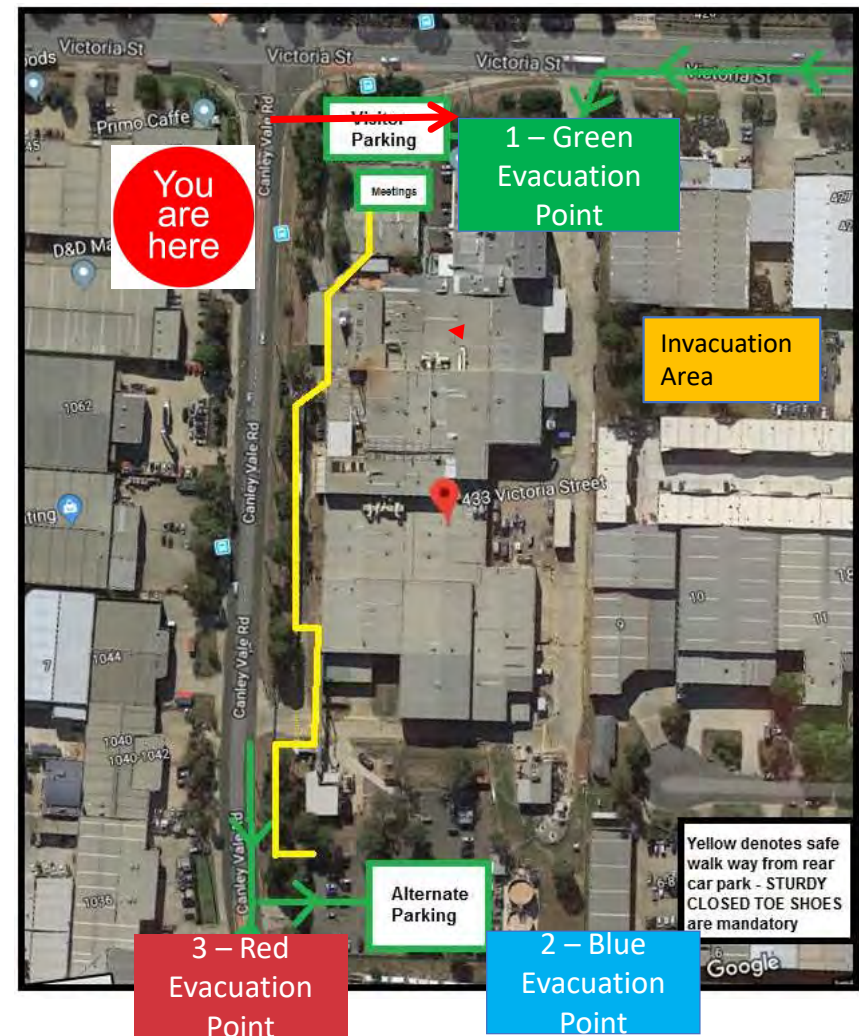
evacuate area and move to assembly point.

Voice over PA (for ammonia or gas release)

follow directions of the site wardens to the evacuation areas.

Always follow the instructions of your host and the site wardens.

You must remain in the emergency Assembly Area until the Chief Warden gives the 'all clear'.





Barry Irvin
Executive Chairman

Welcome





Pete Findlay
Chief Executive Officer

Welcome



The Bega Group Executive Team



Pete Findlay
CEO



Gunther Burghardt
CFO



Darryn Wallace
EGM – Retail Sales,
Marketing & Partnerships



Adam McNamara
EGM – Growth Channels &
Customer Supply Chain



Antonietta Timms
EGM – Branded Business
Operations



Hamish Reid
EGM – Bulk, Nutritionals
and Ingredients



Jac Scarlett
Group General
Counsel



Rob Grima
EGM – Operational
Excellence



David McKinnon
EGM – People &
Capability

Overview of Investor Day



- **Our transition** from a commodity-led to brand-led company generating higher and more consistent earnings
- Demonstrate the **important role** the Bulk business plays for the Group
- Channel / market **opportunities** to propel net revenue and profit growth
- **Disciplined cash flow focus** and capital management to enhance balance sheet and shareholder returns



OUR PURPOSE IS...

CREATING GREAT FOOD FOR A BETTER FUTURE

OUR VISION IS...

TO BECOME THE GREAT AUSTRALIAN FOOD COMPANY

OUR VALUES



GROW
our people



PASSION
for the customer and consumer



INVEST
in our future



SUPPORT
each other

OUR BEHAVIOURS ARE OUR VALUES IN ACTION

BE CARING

"We look out for each other"

BE INCLUSIVE

"We all belong"

BE OPEN

"We embrace change"

BE COURAGEOUS

"We think big and back ourselves"

BE COLLABORATIVE

"We achieve greater outcomes together"

BE COMMITTED

"We own it and deliver it"

Bega
GROUP

Our purpose



The Bega Group's unique capabilities



DIVERSIFIED PORTFOLIO OF MARKET LEADING BRANDS

Market leading portfolio of brands

- Number #1-3 in our key categories
- Bega products are present in ~95% of Australian households
- ~\$2b net branded sales revenue across all channels



EFFICIENT DISTRIBUTION NETWORK

Extensive logistics network

- 27,000 businesses serviced each week
- 100+ chilled depots, 13+ ambient warehouses and 3 national distribution centres
- 3,200 truck loads per week delivered across Australia

COMPREHENSIVE MANUFACTURING NETWORK

Robust and flexible supply chain

- 19 sites across Australia
- Flexible footprint to maximise the milk pool
- Manages 1.3 billion litres of milk annually

DIRECT RELATIONSHIP WITH OUR FARMERS

Strong links to our farmers and suppliers

- Diversified milk supply over 600 contracts with farmers for milk
- Contracts for milk in every state of Australia
- Long term ingredient supply relationships



VISION: To become 'The Great Australian Food Company'

PURPOSE: Creating great food for a better future

5-YEAR HORIZON: Focus & Simplify

Secure solids

Grow and diversify the supply of milk solids to support branded growth and plant efficiency.

Protect and grow the core

Grow our core domestic grocery business.

Win on the street

Improve our competitiveness at a regional, local and national level outside key grocery by leveraging our distribution and product capability.

Streamline our sites

Optimise our footprint and maximise consolidation opportunities.

Sustainability

Meet our commitments to environment, social and governance (ESG).

International opportunity

Focus and grow our international business.

VALUES:

GROW
our people

PASSION
for the customer & consumer

INVEST
in our future

SUPPORT
each other

Structured for strategy



CEO – Pete Findlay

Branded Business

Retail Sales, Marketing & Partnerships

DARRYN WALLACE

Growth Channels
& Customer Supply Chain

ADAM MCNAMARA

Branded Business Operations

ANTONIETTA TIMMS

Bulk Business

Bulk, Nutritionals
& Ingredients

HAMISH REID

Central Support Teams

Operational Excellence

ROB GRIMA

People & Capability

DAVID MCKINNON

Finance & IT

GUNTHER BURGHARDT

Legal

JACQUELINE SCARLETT

Macro consumer trends

Sources: Australian Bureau of Statistics, 2021 Census results; Australian Institute of Family Studies (AIFS), Families Then & Now: Households and families report; Australian Institute of Health and Welfare.



Demographics are changing



**More but
smaller**

**More
diverse**



Food needs are changing



Functional

**Healthy
& Treat**



Macro consumer trends

Sources: Australian Bureau of Statistics, 2021 Census results; Australian Institute of Family Studies (AIFS), Families Then & Now: Households and families report; Australian Institute of Health and Welfare.



What is important is changing

Lifestyles are changing



Local

Value



**Tread
lightly**

**Dairy
alternatives**



Great categories



In growing categories bought by all Australian families

- **Everyday** categories
- **Defensive characteristics** with resilience through economic cycle
- **Growth opportunities** even with high penetration
- Focused on **higher return, higher growth** categories
- **Positive** on white milk category

Grocery Category	Retail Sales Value	Category Growth annual value	Total household penetration
Milk Based Beverages	\$918m	13%	54.3%
Yoghurt	\$1,780m	11%	90.7%
Spreads	\$700m	5%	93.5%
Fresh White Milk	\$2,118m	13%	87.1%
Chilled Juice & Drinks	\$657m	6%	59.2%
Creams & Custards	\$596m	16%	88.3%
Water Ice	\$59m	9%	29.1%

Source: Circana IHP Panel data

Note: this shows grocery information only e.g. Coles, Woolworths, IGA. It does not include independent sales, food service customers, or international sales.

Great brands

30+
iconic
brands


Milk Based
Beverages




White Milk




Yoghurt




Juice and
Drinks




Water Ice




Dairy Foods




Spreads and
condiments




Culinary




Ingredients



Our power brands



- Founded in 1900, the Dairy Farmers brand is our largest trademark with over \$700m RSV, playing across white milk, yoghurt and culinary.



- Providing ultimate mental clarity, Dare is almost a half a billion-dollar RSV brand holding 47% value share of Iced Coffee in Grocery and 56% value share in Convenience.



- Providing positive nutrition, PURA is a trusted brand with more than 80 years of milk expertise. A leading brand in VIC and SA, with presence in TAS. Mainstream appeal, weighted to older consumers.



- An icon of SA with 52% market share of Iced Coffee in Grocery and the #1 selling SKU in total Yoghurt. Farmers Union is a \$216m RSV brand across the market.



- Australia's #1 selling yoghurt, and in more Aussie households than any other yoghurt brand. Yoplait was the first branded offer in Australia launching in 1982, and is now valued at \$168m RSV.



- The Bega brand turns 125 next year and is Australia's largest cheese and peanut butter brand. With 81% share of traditional peanut butter it's Australia's favourite peanut butter.



- VEGEMITE is one of Australia's most iconic brands and is 100 years young with the brand celebrating its centenary this year. VEGEMITE is #1 in the yeast spreads category, with 91% share and \$80M RSV.



- Daily Juice is Bega's key mainstream juice brand with \$80m in RSV and holding 14% share of the total chilled juice Grocery market.



Our top 8 brands contribute 72% of branded revenue



Market leading brands



- **Iconic Australian Brands** with enduring appeal
- **Strong market positions**
- Covering **essential consumer items** to discretionary purchases
- **Widely available and accessible** for most Australians

Grocery Category	Bega Market Share	Bega Market Position	Bega Brands
Milk Based Beverages	52%	1	    
Yoghurt	26%	1	  
Spreads	31%	1	   
Fresh White Milk	12%	3	   
Chilled Juice & Drinks	22%	2	  
Creams & Custards	9%	4	  
Water Ice	81%	1	 

Source: Circana IHP Panel data August 2023

Note: this shows grocery information only – Coles, Woolworths, IGA. It does not include independent sales, food service customers, or international sales.

Multichannel strategy

Grocery



Supermarkets



Non-Grocery



Convenience



Foodservice
and Local Trade



Our Bulk business overview



Our Bulk business has been a strong contributor

- **Invested in capability** to offset decline in Chinese infant formula sales
- Product mix is **focused on higher returning** commodity streams
- Milk volume **on track to stabilise** in FY2024
- **Optimise cost structure and agility** of bulk footprint
- **Ongoing challenge** of the disconnect between farmgate milk and commodity market cycles



Our strategy is to 'focus & simplify'

Branded business

- Grow and protect our core
- Win on the street
- International opportunity
- Streamlined sites

Bulk business

- Maximise milk solids returns

Sustainability

- Meet our customer, consumer and community sustainability expectations



Sustainability

Our Approach: Greater Good

The Bega Group *Greater Good* strategy is aligned to the United Nations Sustainable Development Goals with a focus on addressing the impacts of our business and where we can contribute to sustainable development – our products, our people and communities and our planet.



 <p>Food and nutrition</p> <p>Reformulating products to align with nutritional profiling standards and designing product alternatives to meet specific dietary requirements.</p>	 <p>Diversity inclusion and equality</p> <p>Creating an inclusive culture, embracing diversity and treating people with respect.</p>	 <p>Greenhouse gas emissions</p> <p>Investing in energy reduction programs, process improvements and renewable energy to reduce greenhouse gas emissions.</p>	 <p>Packaging</p> <p>Developing more sustainable packaging solutions to improve recyclability, with an alignment to the Australian Packaging covenant.</p>	 <p>Water sustainability</p> <p>Investing in capital to improve water systems and process redesign to improve water management throughout our operations.</p>
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Site Overview Site Tour



Wetherill Park

- Site constructed in 1986 and upgraded in 2017
- Flavoured milk, iced coffee, modified white milk, UHT portions, custard, extended shelf-life milk
- Processing and packing of 70 million litres of milk annually
- 160 staff, working 24/6 hr roster
- Six packing lines, two processing areas
- Distribution centre and coolroom
- Functions: manufacturing, engineering & reliability, quality, continuous improvement, distribution & warehousing with partnering from people and capability, safety and finance.
- Sales team based at the site.

**BLOW YOUR
MIND, NOT
YOUR BUDGET**



dare
DOUBLE ESPRESSO
ROBUSTA & ARABICA COFFEE
INTENSITY 300 ml

A DARE FIX'LL FIX IT.

Bega
GROUP

What is produced on site?

Dare Iced Coffee



Flavoured milk



Culinary



Specialty milk



LUNCH





Darryn Wallace
EGM – Retail Sales,
Marketing and Partnerships



Adam McNamara
EGM – Growth Channels
and Customer Supply Chain



Antonietta Timms
EGM – Branded
Business Operations

Branded Business



Our Branded Business Strategy



- Protect and grow our core
- Win on the street
- International opportunity
- Streamline our sites



Protect and grow our core

Maximising our core brands with our key customers

More from
the core



Capitalising on our
#1 milk-based
beverages position



Extend leadership
In yoghurt



Build diversified
beverage portfolio



Protect and grow our core



Investing behind our core

We're local



Protect and grow our core



Investing behind our core

Provide trusted value



Protect and grow our core



Investing behind our core

Engage shoppers



Protect and grow our core



Investing behind our core

Integrated customer experience

pre-shop
AWARENESS



physical & online shop
CONSIDERATION



post shop
RE-ENGAGE



Protect and grow our core



Innovation
through trends

Better for you



Protect and grow our core



Innovation through trends

Taste



Protect and grow our core



Innovation through trends

To tread lightly



All yoghurt single serve tubs
now recyclable



100% rPET TJB Bottle
1.5L/500mL Nude caps
Oct/Nov '22

30% rPET in
core Peanut
Butter range



RFA approved coffee beans



RPET National Roll out commences

Win on the street

Accelerating growth outside of core grocery

Grow independent grocery
and convenience



Expand
food service



Maximise reach of
cold chain
distribution network



Grow independents and convenience

We benefit from a change in shopper habits

Basket size is decreasing, whilst frequency of shop including top up shop and eat-now missions is on the rise.

- Bega delivers to ~17k independent grocery and convenience stores – *we're targeting 20k*
- Consumers want more convenience – *we have the #1 convenience product**
- Fridge program – *we'll make it more available*
- Expand customer base – *we'll be in more places*
- Expand offering – *there'll be more options in the fridge*



* By volume, IRI MarketEdge Q2 291023

Win on the Street



Expand Foodservice

Food service is a \$60b market



Restaurants
& Caterers



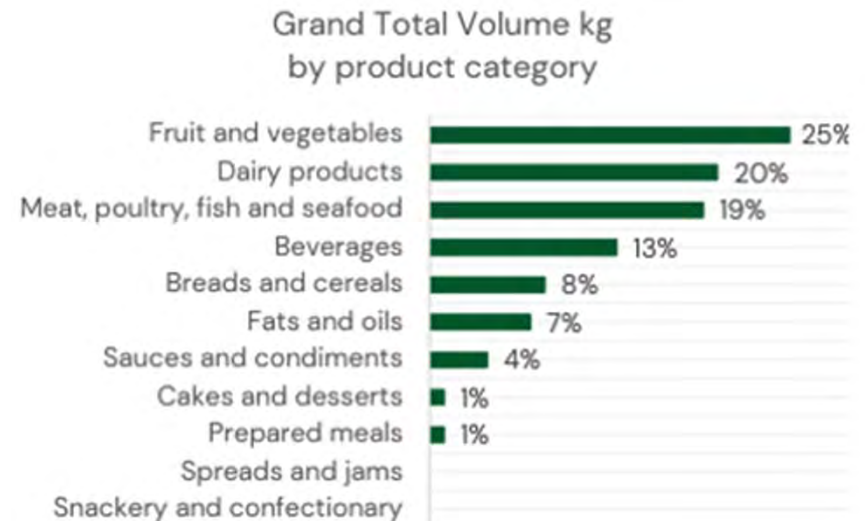
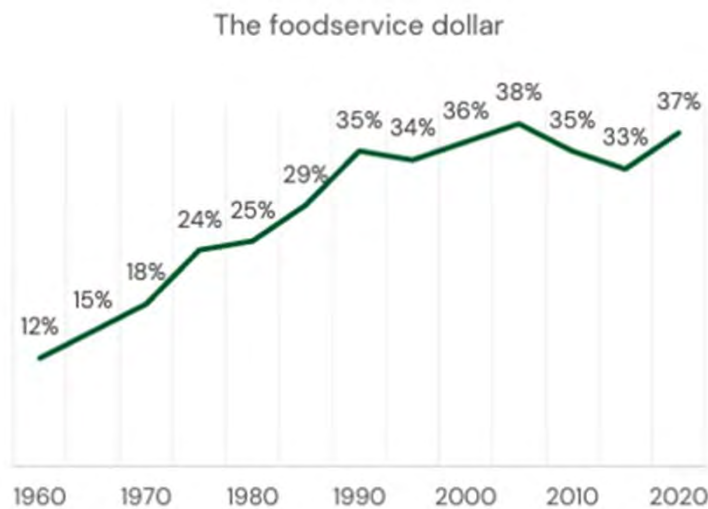
Hospitals
& Aged Care



Airlines
& Hotels

Expand foodservice

- Growing in share – currently 25% of wholesale supply and growing
- Rising out of home spend – Australians spend over 37% on average of the food and non-alcoholic beverage budget on eating out of home.
- Dairy is the second largest category representing 20%



Source: the Australian Foodservice market, Food Industry Foresight 2021

Win on the Street



Expand foodservice

Advantaged portfolio

Product breadth for multiple customer needs

Multi-Category; Multi-Format



Expansive route to market

Range of service models achieving vast reach

Bega's Direct Model; Wholesale Partnerships



Win on the Street

Market leading distribution network



Scale – ~3,200 truck loads per week and ~850 mil Bega litres annually



Network – Unparalleled connectivity between metropolitan, satellite and regional Australia with 133 chilled depots and distribution centres



Reach – Capability to serve majority of Australia's population via large road/rail vehicles through to small route trucks and coastal freight.



Unmatched Service & Quality Capability – Live temperature and vehicle location tracking data for customers and central control being progressively rolled out across all facilities and fleet



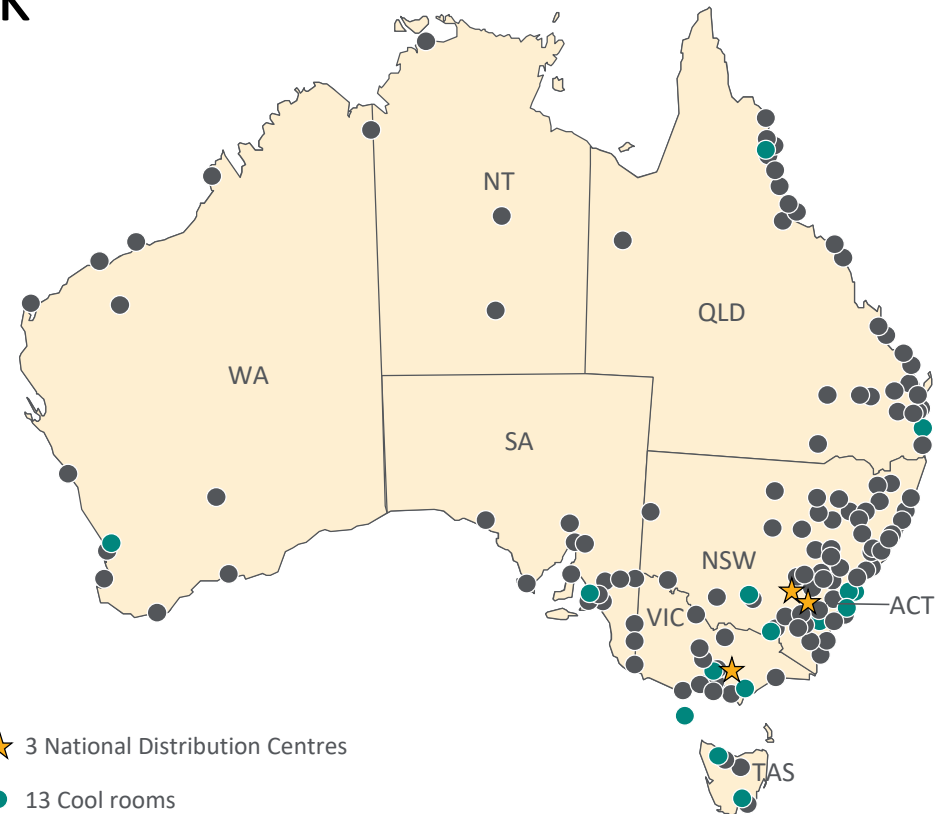
Team – Talented team of logistics professionals that that are experts in chilled distribution, relentlessly drive safety & that are empowered to make a difference



Costs – Increasingly competitive cost base with ongoing optimisation that is underpinned by structured transformation program



Further opportunities – National provider in a fragmented industry, becoming a logistics service provider in its own right



★ 3 National Distribution Centres

● 13 Cool rooms

● 117 Depots (25 Bega owned, 92 Leased/3PL/Distributor owned)

Optimise our network

Invest in digital

Enhance Customer Experience

Build engagement with broader portfolio

Data-backed decisions

Improve utilisation and efficiency

Systems management focussed on cost-to-serve

Network automation

Continue to modernise network

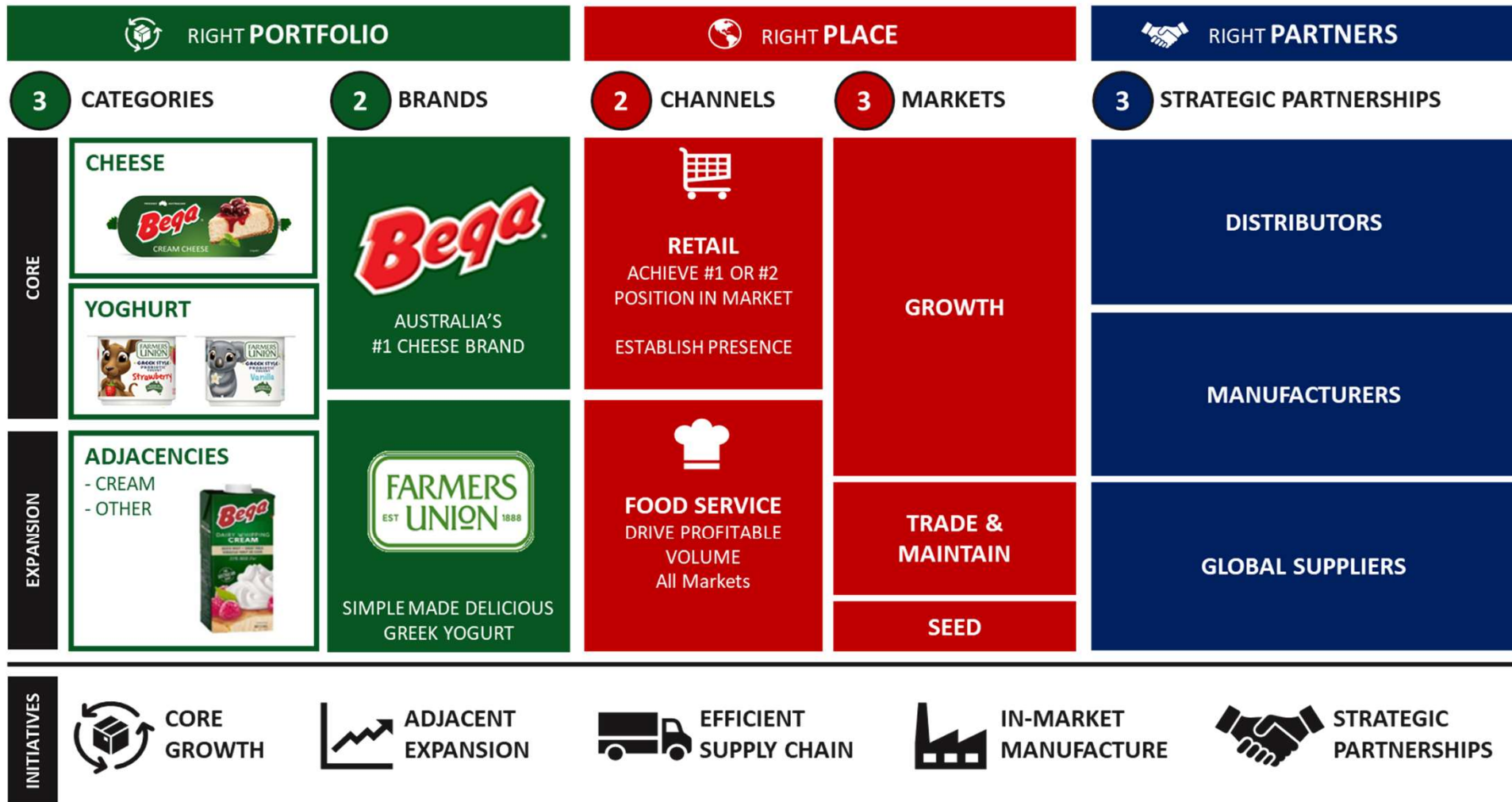
Investing in service, safety, and availability



International opportunity



International Strategy

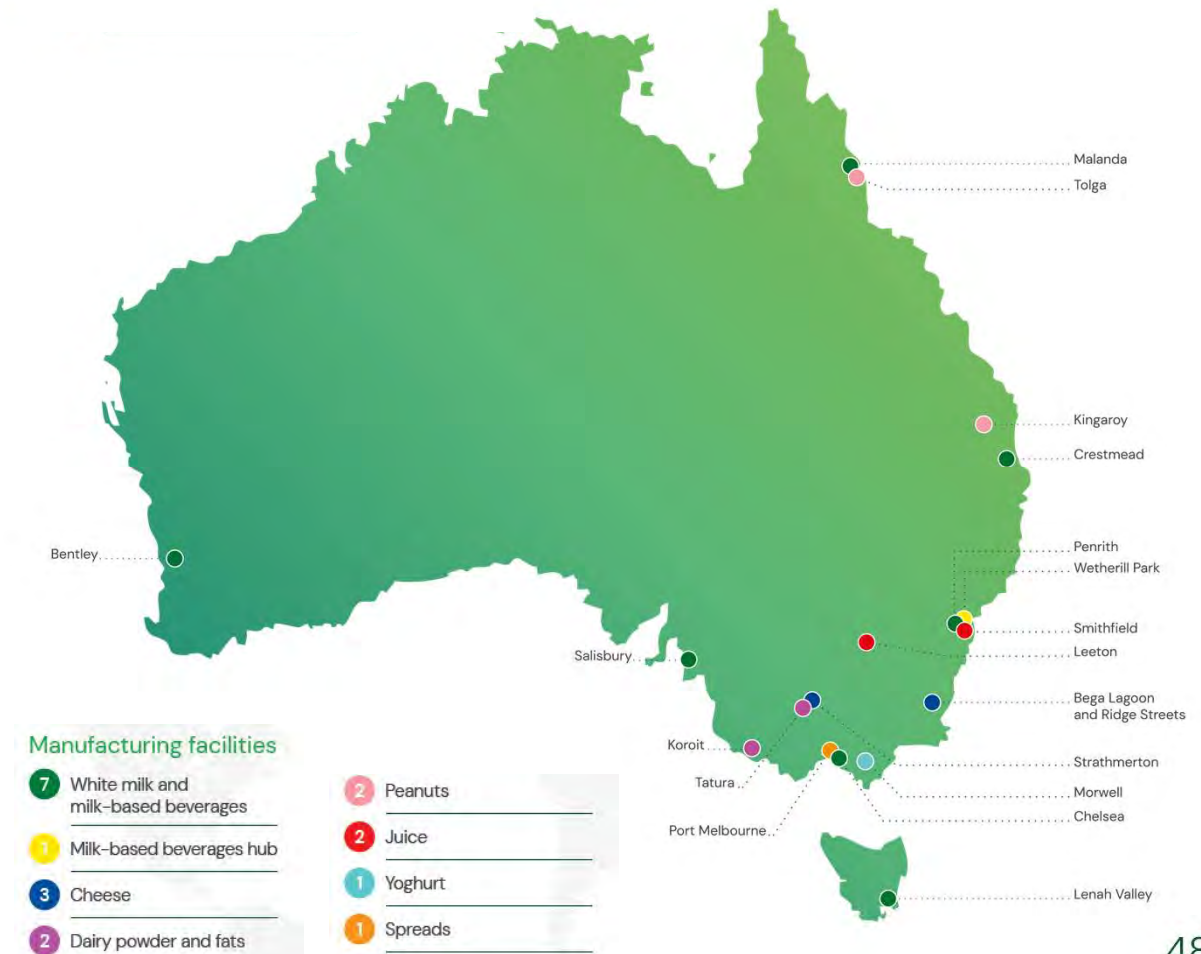


Streamline our sites

National footprint with overlapping capabilities across white milk, milk-based beverages, cream and cheese.

Opportunities:

- **Consolidation** – remove excess capacity
- **Strategic partnerships** – avoid investment in assets and improve efficiency and cost
- **Strategic investments** – introduce technology to support growth and improve efficiency
- **Optimise** – reduce conversion costs



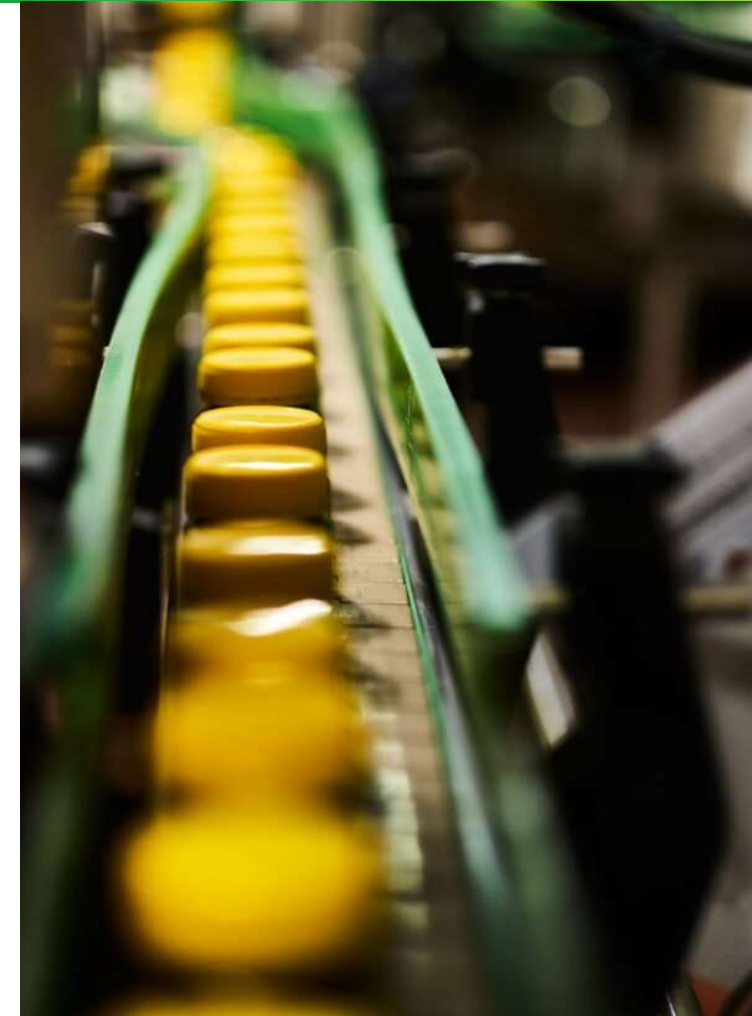
Streamline our sites

Focus and invest in manufacturing capability across priority categories:

- **Yoghurt** – Morwell, VIC
- **Milk based beverages** – Wetherill Park, NSW
- **Spreads** – Port Melbourne, VIC

Streamline and cost out focus with **simplification**:

- Improve plant efficiency and competitiveness through reduced complexity





Hamish Reid
EGM – Bulk, Nutritionals and Ingredients

Bulk Business





**Our bulk assets
optimises the value of
our national milk pool,
and produces unique
Bega branded products**



Bulk assets benefit Bega's brands



The majority of the milk processed by our Bulk assets are **for branded products**. These assets also:

1. **Optimise value** from the protein surplus generated by the branded business
2. **Enable** the purchase of **lower cost seasonal milk**
3. **Balance seasonal milk** to provide flat milk demand of branded sites
4. **Provide options** to purchase **low-cost spring milk** from others, and may play a significant role in industry protein balancing in the future



Maximising component value

The Bulk business separates milk components and recombines these into an optimal product mix for our branded business

800 million litres of milk are processed by our fresh **branded business**

550 million litres of milk are processed in our **bulk business**

- ✓ Fat from 400 million litres is utilised for **branded products**
- ✓ 60% of the protein from the same 400 million litres is utilised for bulk products
- ✓ 150 million litres of milk is used for bulk product into bulk markets

Bulk assets **improve returns for protein** through investments in milk protein concentrate and lactoferrin

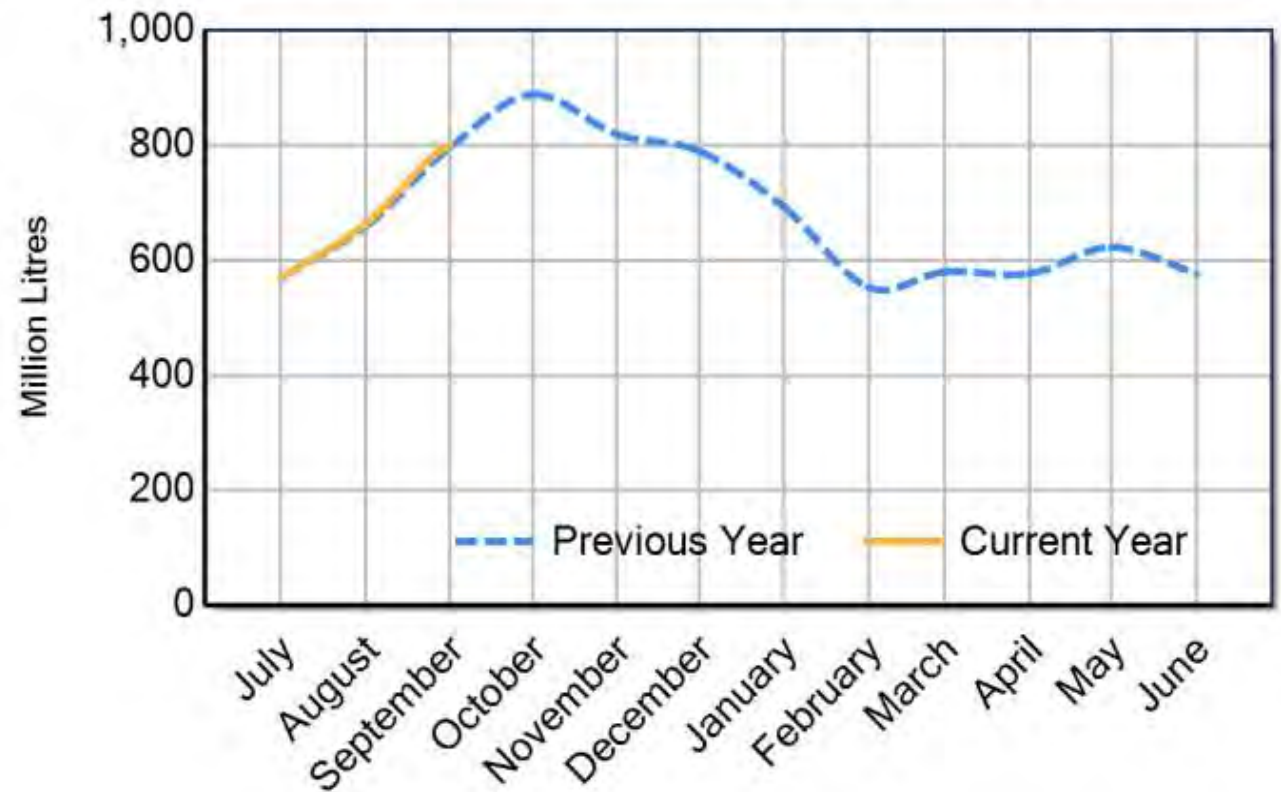


*includes purchased cream

Australian milk is seasonal

- Victorian bulk assets enable the purchase of **lower cost** Victorian seasonal milk at scale
- Bulk assets balance seasonal milk to **meet the need** of our branded business
- Bulk assets enables white milk facilities to operate **optimal cost structures**
- Advantage of spring milk purchases from others where **value** can be achieved

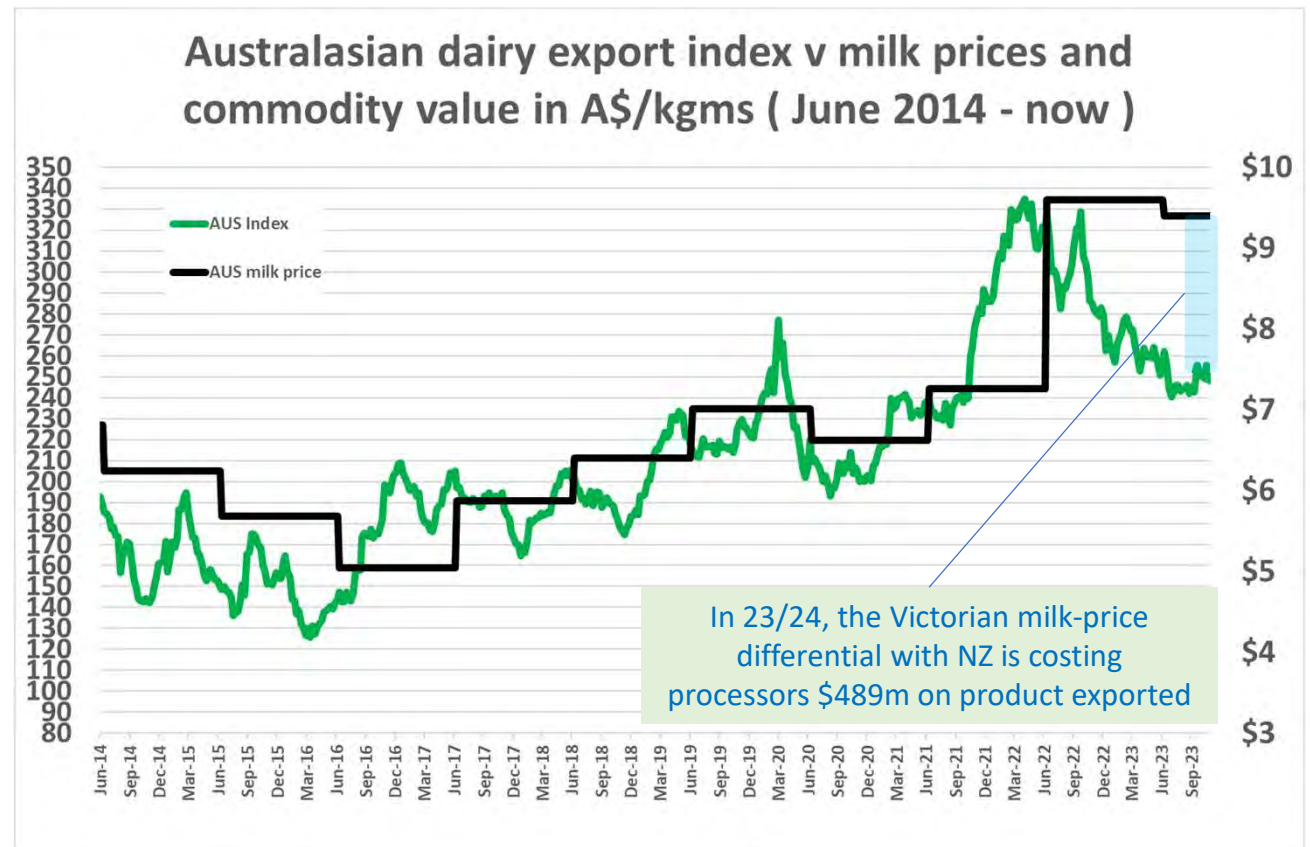
Australian Milk Production - National Total 2022/2023 & 2023/2024



Milk price follows commodities

Milk prices and commodity prices correlate over time and we expect greater alignment in the coming years

- 30% of Australian milk is exported and >60% is exposed to global commodities through direct imports into Australia of cheese and butter
- The current dislocation is caused by fierce competition in farm gate milk procurement followed by a significant fall in commodity values
- Global milk production has now turned negative, and commodity pricing has subsequently responded positively



Source: Fresh Agenda

Our strategy is to 'secure milk solids'



1. **Generate more value** from protein investments, increasing margins beyond skim milk powder

Milk Protein Concentrate 85% capacity increase

2. **Securing international solids** to support brands

Creating more options for buyers in selected channels

3. Investigate **direct participation** in milk supply

Supporting high intensity automated farming in fresh dairy regions

4. **Using our assets** for non-dairy ingredient manufacturing

High value ingredients for cooking applications

5. **Reducing our cost base** while retaining optimal flexibility

Ongoing cost out and accelerated continuous improvement programs





Gunther Burghardt
CFO

Financial Overview



Driving margin expansion



Bega's strategic plan is focused on transition to a branded business and gross margin/EBIT margin expansion

Revenue management

- Advanced promotional analytics
- Mix management – investment, resources and innovation focus on our advantaged categories
- Agile bulk business capable of moving to highest 'stream returns' as commodity prices change

Supply / COGS optimisation

- Annualised supply savings of \$30m - \$40m partly mitigating cost inflation
- Site efficiency improvements, supply footprint, and procurement/logistics savings

Cash flow / capital structure focus to enhance returns and reduce cost of funds

Increasing scale and efficiencies / savings to optimise our cost of doing business

Capital management



Ensuring a strong and resilient balance sheet through focus on cash flow optimisation

Target consistent strong operating cash conversion

- Our Integrated Business Planning (IBP) processes are vital in optimising inventory levels
- Portfolio simplification; 'fewer, bigger, better' products drive inventory down
- Accelerating focus on more balanced payment terms with medium-large suppliers

Capex of \$55m - \$90m per year (below depreciation/amortization of > \$90m)

- Investments in growth / capacity and site efficiencies and savings are top priority
- IT investments to assist growth and provide process improvements internally to reduce CODB
- Disciplined return on investment (IRR) > WACC

Year-end leverage ratios of 1.0x – 2.0x through the cycle

- Extend average tenor of debt facilities to reduce risk
- Targeting year-end leverage ratios of 1.0-2.0x leaves room for inorganic opportunities

Hedging program on key input commodities (oil, sugar, etc) and fx to reduce risk

Strategic plan financials



	F18 Actual	FY23 Actual	FY24*	FY28	CAGR FY24 to FY28
Revenue (\$b)	1.25	3.37	3.4 – 3.55	3.9 – 4.2	3 – 5%
Gross Margin (% Revenue)	26%	19%	19 – 20%	23 – 26%	Average > +1 pt increase per year
Branded EBITDA (\$m)	48	144	200 – 210	250+	
Bulk EBITDA (\$m)	73	43	(20) – (15)	30 – 40	
Unallocated OH (\$m)	(11)	(27)	(20) – (15)	(40) – (30)	
Normalised EBITDA (\$m)	110	160	160 – 170	250+	
EPS Cents (normalised)	23.9	9.4	8 – 10	25+	25+%
ROFE	8.8%	4.2%	5 – 6%	10 – 12%	> +1 pt per year

*FY2024 H1 normalised 35% - 40% of full year EBITDA, with commodities expected to rise in H2 while branded strength continues
All EBITDA figures are normalised

Panel Q&A



Barry Irvin
Executive Chairman



Pete Findlay
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EGM – Branded Business
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Adam McNamara
EGM – Growth Channels and
Customer Supply Chain



**THANK
YOU**

creating great food for a better future