



25 May 2016

ASX Announcement

WCB REPORTS FY2016 RESULTS

Warrnambool Cheese and Butter Factory Company Holdings Limited (“WCB” or “the Company”) today announced a net operating profit after tax of \$4.2 million for the year ended 31 March 2016 (FY2016), a decrease of \$30.1 million or 87.8% compared with the 9 months ended 31 March 2015 (FY2015).

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) decreased by \$32.3 million or 56.6% to \$24.8 million compared to \$57.1 million in FY2015.

The decrease in profits is due to declines in global international commodity prices and a high raw milk cost relative to market conditions. Profits from the Company’s consumer goods business, which includes the everyday cheese business (“EDC business”), acquired from Lion-Dairy & Drinks Pty Ltd on 25 May 2015, and the positive effect of the depreciation in the Australian dollar only partially offset the effect of the above. The Company also incurred acquisition costs of \$2.1 million associated with the acquisition of the EDC business.

Outlook

For FY2017, international dairy prices are expected to remain weak, with global milk production remaining high and a limited change in demand. Raw milk cost is expected to be more closely aligned with market conditions for the coming 2016-17 milk season. The Australian dollar is currently lower than the FY2016 average but remains volatile.

The company intends to continue to improve its efficiencies, while remaining committed to producing quality products, innovation and growth, and will aim to maximise its operational flexibility to mitigate fluctuations in market conditions.

Dividend

No final dividend was declared for FY2016 and the Board does not intend to declare any as the Directors have decided to retain cash to deleverage its balance sheet and 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 12 months ended 31 March 2016	Statutory 9 months ended 31 March 2015	Statutory Increase/ (decrease)
Increase/ (decrease) Profit and Loss \$million	Revenue	653.1	454.2	43.8%
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	24.8	57.1	(56.6%)
	Earnings before Interest and Tax (EBIT)	8.8	47.1	(81.3%)
	Net Operating Profit after Tax (NOPAT)	4.2	34.3	(87.8%)
Gearing		31 March 2016	31 March 2015	
	Net Debt (\$m)	213.1	46.5	358.3%
	Net Debt/Net debt plus equity (%)	48.0	17.6	172.7%