



ASX ANNOUNCEMENT

Half Year 2022 Results Highlights Presentation

I enclose the Half Year 2022 Results Highlights Presentation to be discussed on the Half Year Result 2022 Conference Call scheduled for 11:00am today.

24 February 2022

For further information please contact

Brett Kelly
Company Secretary
Bega Cheese Limited

02 6491 7777

www.begacheese.com.au

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1H FY2022 Results Presentation

Barry Irvin
Executive Chairman

Paul van Heerwaarden
Chief Executive Officer

Pete Findlay
Chief Financial Officer



Key messages

- Financial performance at expectation in the context of challenging business environment
- Revenue of \$1,507.2 million
- Statutory EBITDA of \$97.2 million and normalised EBITDA of \$106.4 million
- Balance sheet continues to strengthen, leverage ratio 2.2
- Lion Dairy and Drinks integration and synergies on target
- Global dairy market pricing strengthening
- Transition from Reckitt's nutritional arrangements completed
- Australian food service demand continues to be disrupted
- Significant COVID-19 cost and supply chain disruption
- Farm gate milk competition remains robust



Bega is a values led organisation

Our Vision

To become The Great Australian Food Company

Our Values



**Passion for the customer
and the consumer**



**Grow our
people**



**Invest in
our future**



**Support
each other**

What will
make us Great

Great food

We create great food and build brands that our customers and consumers love and trust.

Great people

We grow our people and give them the responsibility to achieve great outcomes together.

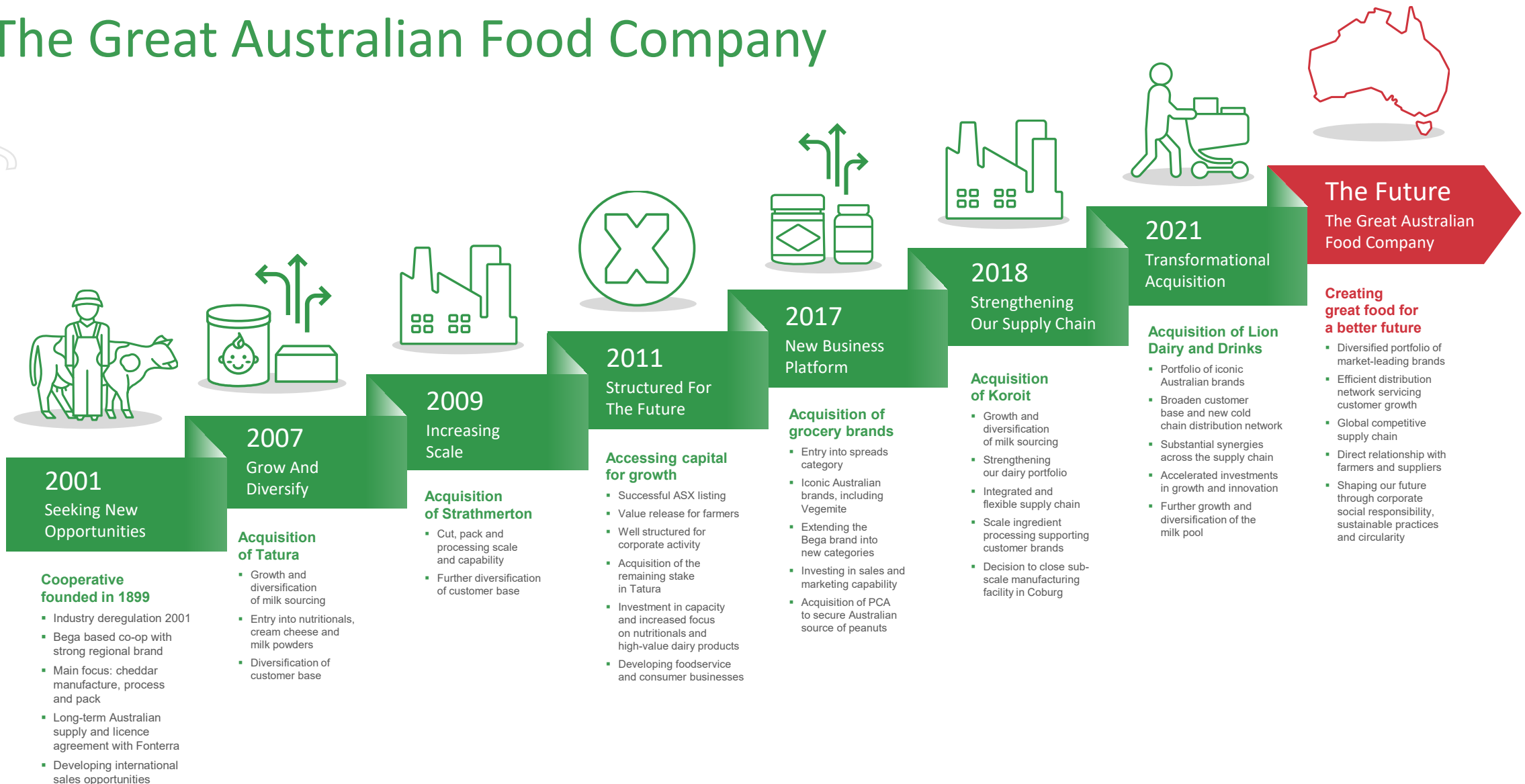
Great aspirations

We have great aspirations to go beyond our business today. We invest in technology, innovative products and new markets.

Greater good

We strive for a greater good by combining our success with a positive and lasting impact on others.

Our transformation to becoming The Great Australian Food Company



Creating sustainable growth through an integrated value chain



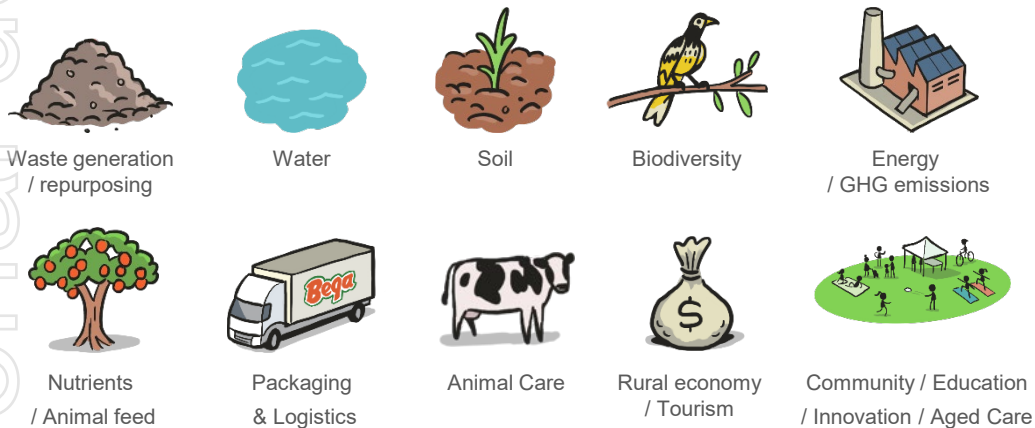
Aligning with UN Sustainable Development Goals

Bega Cheese carbon target

Scope 1 and 2 emissions targets established in support of Paris Agreement goals:

- 50% reduction in emissions intensity by 2030
- 40% reduction in absolute emissions by 2030
- Net zero emissions by 2050

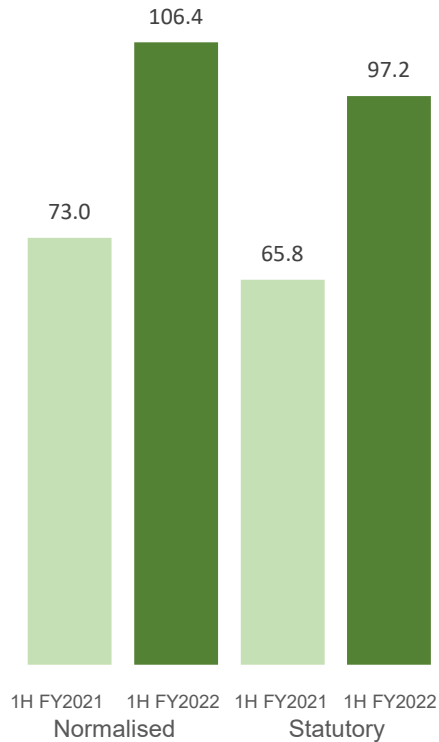
Circularity in the Bega Valley



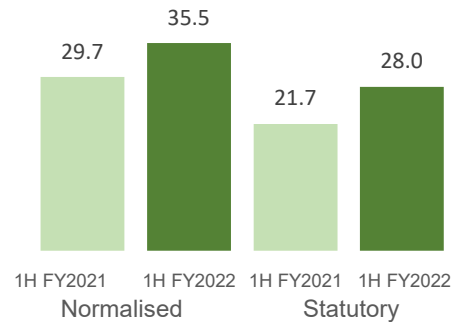
Performance highlights

- Normalised EBITDA increased by 45.7% to \$106.4 million
- Statutory EBITDA increase by 47.7% to \$97.2 million
- Operating cash flow \$28.6 million

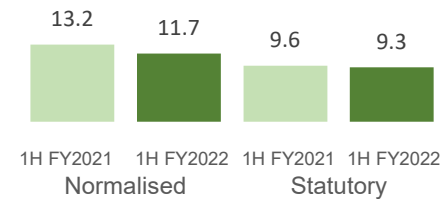
EBITDA (\$ million)



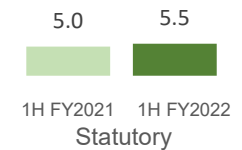
Profit after tax (\$ million)



Basic earnings per share (cents)



Total dividend per share (cents)



1H FY2022 Revenue

\$1.51
billion


























1H FY2021 Revenue

\$0.71
billion



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Portfolio of leading iconic brands in growth categories

| Category | Category size \$m ¹ | Category growth ¹ | Bega share ¹ | Brand portfolio |
|-----------------------------------|--------------------------------|------------------------------|-------------------------|---|
| Fresh white milk ² | 1,976 | -1.1% | 13% |     |
| Yoghurt | 1,572 | 3.2% | 26% |     |
| Milk based beverages ² | 852 | 2.6% | 49% |      |
| Spreads | 655 | -0.8% | 31% |     |
| Chilled juice | 524 | 3.9% | 28% |    |
| Creams and custards | 436 | -0.9% | 11% |   |
| Plant based milk ³ | 390 | 12.0% | 26% |  |
| Water ice | 48 | -10.3% | 82% |   |

¹Source, IRI MAT 26 December 2021 and Nielsen Scan data MAT 4 January 2022

²Excludes non dairy

³Includes fresh chilled and UHT shelf stable segments

⁴Vitasoy Australia Products Pty Ltd is a joint venture between a 100% owned subsidiary of Bega Cheese Limited and Vitasoy International Holdings Pty Ltd

Market status and opportunities

Current market situation

- Branded consumer business growth in grocery with increased in home consumption
- Challenges in food service and convenience channels particularly across NSW and Victoria
- Consolidated branded export business progressing well despite shipping challenges
- Ongoing focus on price realisation to offset commodity and operational cost increases

New innovation in growth categories and channels

- Range of Dare Sparkling Cold Brew in convenience and grocery
- Mildura Sparkling fruit drink in convenience and grocery
- Dare No Added Sugar extended into Double Espresso range
- Daily Juice one litre specialty range (added fibre and probiotics)
- Flavour extensions across flavoured milk and juice

Chilled distribution network

- Focus on maintaining customer base through COVID – implemented contactless delivery
- Realising new business across cafes, Government institutions and aged and health care
- Successfully completed pilot trial with expanded product range through direct delivery model
- Increasing the importance and the role of white milk across our network



Operations review

Major initiatives

- Extension of DuPont safety leadership and engagement to Bega Dairy and Drinks
- Major capital projects across several sites progressed and on schedule
- Continuous improvement program commenced in BDD factories
- Cold chain logistics and storage network and efficiency review completed
- Reckitt contract completed and alternative capacity arrangement executed

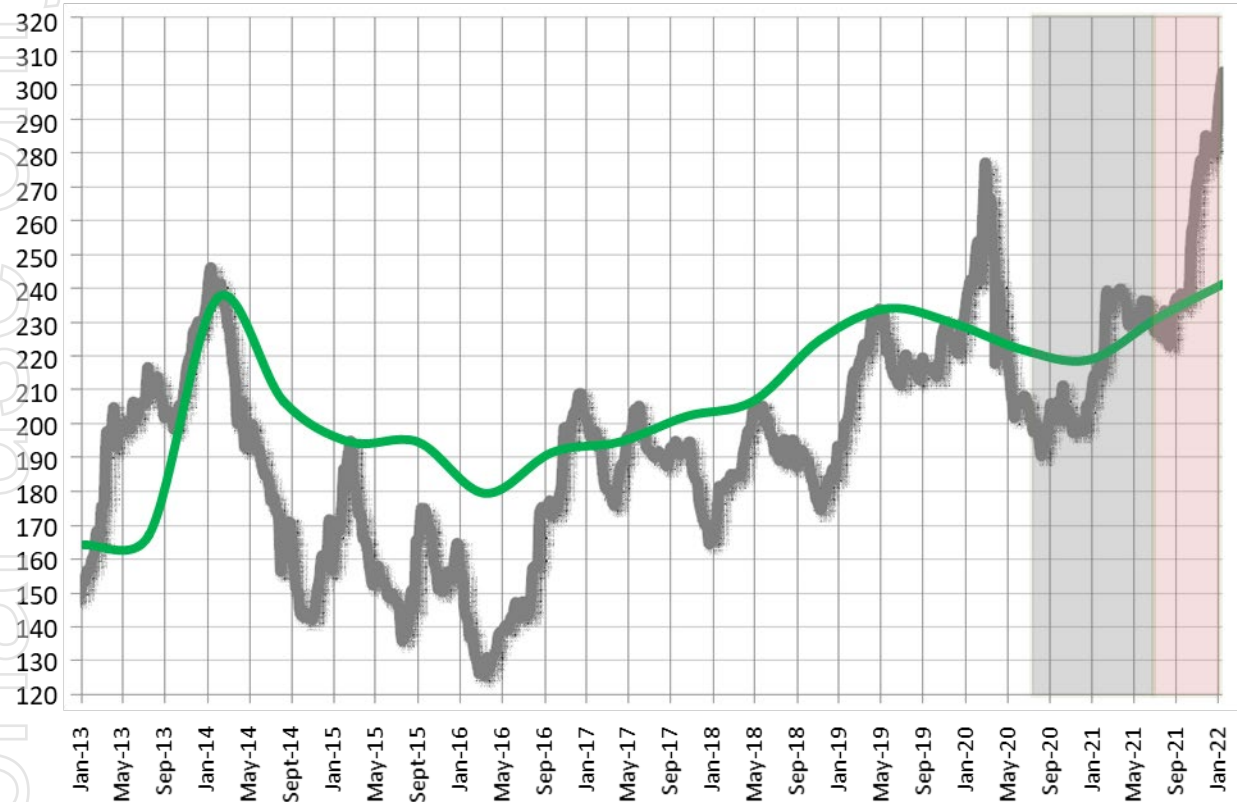
Operational synergies and Bega Dairy and Drinks

- Realising milk optimisation through expanded processing network
 - Procurement costs savings on target
- Organisational changes bedded down
 - IT server upgrade completed
- Completed transition services agreement with LDD
 - Continuing to progress the back-office integration
- Leveraging combined distribution and go-to-market capabilities



Dairy commodity and farm gate milk prices

Australasian dairy export index (Jan 2013 - now)



- FY2022 milk supply flat to slightly negative
- Increased costs in a number of commodity inputs
- Highly competitive milk procurement environment continues
- FY2022 milk prices higher reflecting market improvement and strong competition for milk
- Stable demand, strong pricing supporting increased milk prices

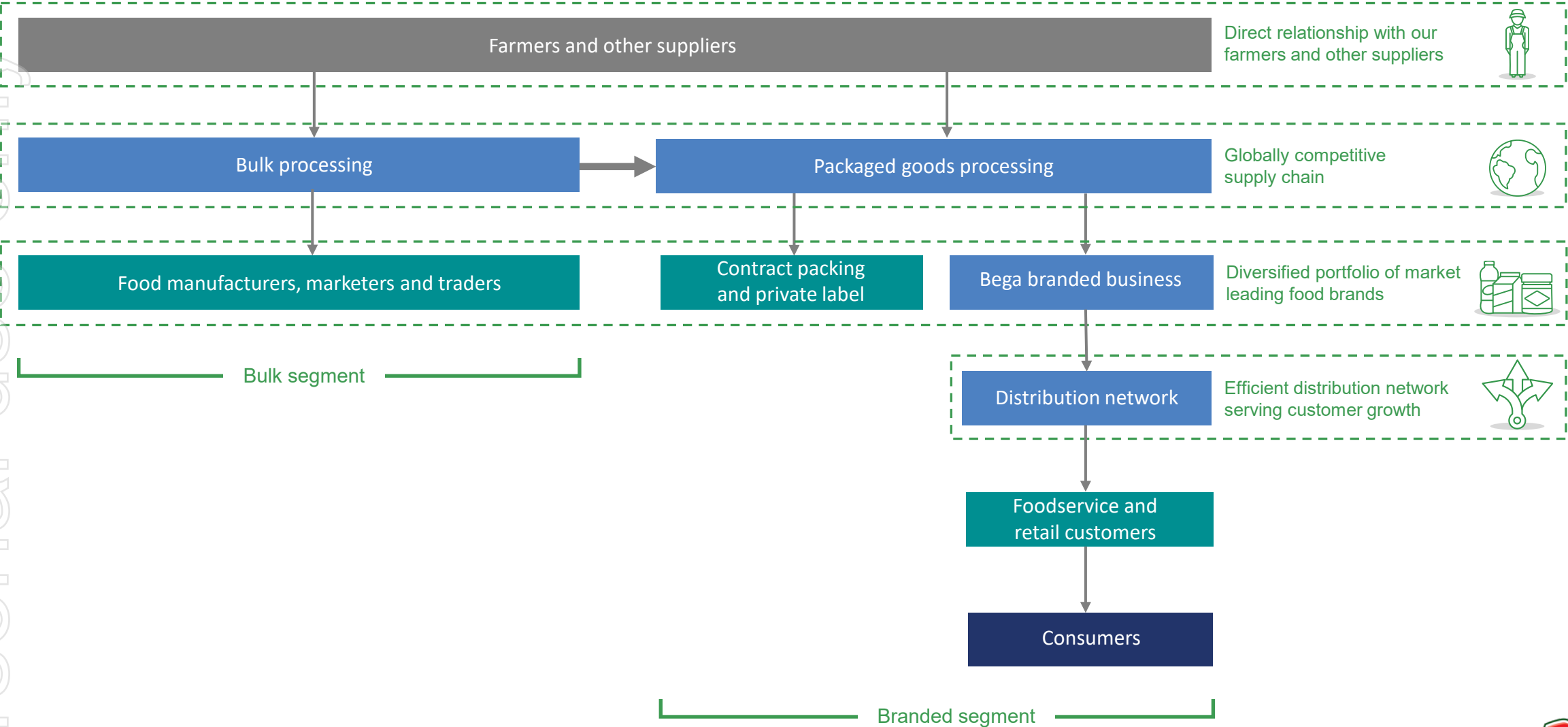
- Export trend index – global commodity prices and Australian currency impact (source: freshagenda)
- Bega Cheese southern farm gate milk price trend
- FY2021 opening milk price \$6.40 per kg milk solids
- FY2022 opening milk price \$7.14 per kg milk solids



Our business model

Creating sustainable value from farm to consumer

Our core capabilities



Segments

| (\$ million) | Branded | Bulk | Unallocated Overheads | Inter-segment elimination | Group Total |
|---|---------|--------|-----------------------|---------------------------|-------------|
| Normalised Revenue | 1,235.2 | 407.1 | - | (157.3) | 1,485.0 |
| Growth vs 1H FY2021 | 180% | -12% | - | -20% | 110% |
| Normalised EBITDA | 77.2 | 36.1 | (6.8) | (0.1) | 106.4 |
| Increase/(decrease) vs 1H FY2021 EBITDA | 42.6 | (16.2) | 7.0 | - | 33.4 |

Branded

- Bega Dairy and Drinks earnings in 1H FY2022 and not in prior period
- Strong retail sales in spreads, yoghurt and contract pack natural cheese
- Route trade demand impacted by lockdown restrictions
- Sales volumes impacted by COVID-19 delays and costs to serve
- Delay in price realisation to offset increased costs

Bulk

- Lower milk intake, increased farm gate price
- Decreased nutritional returns
- Commodity prices continue to strengthen

Reconciliation of normalised result

| Consolidated Period Ending 26 December 2021 (\$ million) | Per Financial Statements | Reckitt Termination Fees | LDD Transaction Related Costs | Normalised Outcome |
|--|--------------------------------|--------------------------------|--|-----------------------|
| Revenue | 1,507.2 | (22.2) | - | 1,485.0 |
| Cost of sales | (1,142.3) | - | - | (1,142.3) |
| Gross profit | 364.9 | (22.2) | - | 342.7 |
| EBITDA | 97.2 | (17.9) | 27.1 | 106.4 |
| Depreciation, amortisation and impairment | (54.7) | - | - | (54.7) |
| EBIT | 42.5 | (17.9) | 27.1 | 51.7 |
| Net finance costs | (6.0) | - | - | (6.0) |
| Profit before income tax | 36.5 | (17.9) | 27.1 | 45.7 |
| Income tax expense | (8.5) | 5.4 | (7.1) | (10.2) |
| Profit for the period | 28.0 | (12.5) | 20.0 | 35.5 |
| Gross margin – percentage | 24% | | | 23% |
| Basic earnings per share - cents | 9.3 | | | 11.7 |

Balance sheet

| | 1H FY2022 Dec \$m | FY2021 Jun \$m |
|-------------------------------|----------------------|-------------------|
| Cash | 51.4 | 87.2 |
| Trade and other receivables | 301.8 | 348.7 |
| Inventories | 369.6 | 345.0 |
| Property, plant and equipment | 902.5 | 911.6 |
| Intangible assets | 583.4 | 589.5 |
| Total Assets | 2,421.0 | 2,507.1 |
| Trade and other payables | 420.9 | 477.4 |
| Borrowings (net of costs) | 378.3 | 391.9 |
| Total Liabilities | 1,140.3 | 1,240.6 |
| Net Assets | 1,280.7 | 1,266.5 |
| Net Debt | 328.6 | 324.9 |

- Fair value of net assets acquired in Bega Dairy and Drinks confirmed at \$602 million



SHOW YOUR
GUT SOME
SUPPORT.[^]



MAKE ANYTHING
ZING

[^]B.lactis probiotic supports digestive health by improving regularity as part of a balanced diet

Cash flow

| | 1H FY2022 Dec \$m | 1H FY2021 Dec \$m |
|---|----------------------|----------------------|
| Receipts from customers | 1,688.1 | 777.8 |
| Payments to suppliers | (1,696.2) | (763.0) |
| Net proceeds from the Trade Receivables Facility | 46.7 | 9.3 |
| Interest and other costs of financing paid | (6.1) | (5.0) |
| Interest received | 0.1 | - |
| Income tax paid | (4.0) | (12.3) |
| Operating activities | 28.6 | 6.8 |
| Investing activities | (24.4) | (10.7) |
| Proceeds from borrowings | 380.0 | - |
| Repayment of borrowings | (393.0) | (148.6) |
| Principal elements of lease payments | (13.8) | (1.8) |
| Net proceeds from issue of shares | - | 392.6 |
| Dividends paid to shareholders | (13.2) | (9.9) |
| Financing activities | (40.0) | 232.2 |
| Net (decrease)/increase in cash and cash equivalents | (35.8) | 228.3 |

Managing operational and market impacts of COVID-19

- Financial impact of COVID-19 related issues in excess of \$20 million in 1H FY2022
- Significant impact on food service and convenience channels from lockdowns, restricted travel movement and staff availability
- International supply chain disruption imposed significant cost increases on imported and exported goods
- Domestic supply chain disruption has impacted manufacturing schedules and customer service levels
- Absenteeism has impacted labour availability and cost in plants and distribution centres
- COVID-19 disruption intensified in January with signs of recovery during February
- Recent government regulation changes support increased workforce availability

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Our way forward

Barry Irvin
Executive Chairman



Where are we today?

- Significant impact in operational costs and market as a result of COVID-19
- Integration of Bega Dairy and Drinks largely complete including a successful transition of IT systems on time and on budget
- Strong balance sheet, expanded banking syndicate, substantial property portfolio
- Strong brands in growth categories
- Opportunity for further growth and business improvement
- Geographic product and channel diversity creating business resilience
- Significant competition in farm gate milk procurement expected to continue
- Continue to monitor geo-political tensions and plan for likely impact



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**WHEN YOUR MATE'S
ALL OVER THE SHOP**

A DARE FIX WON'T FIX IT.



**BUT A CONVERSATION COULD.
ASK R U OK?**



Our priorities

- Ongoing management of the impacts of COVID-19 and expected fourth quarter recovery
- Safety of our people and wellbeing
- Continue to realise Bega Dairy and Drinks synergies
- Invest in brands and markets
- Optimising capacities and capabilities across bulk and branded supply chain
- Leveraging cold chain scale and reach
- Support further diversity and inclusion
- Sustainability and circularity initiatives

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Q&A

Barry Irvin
Executive Chairman



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