



MEDIA RELEASE

FY2022 Financial Results

A year of achievement in challenging circumstances

Bega Cheese Limited (ASX: BGA) has announced its full year audited results for the financial year ended 30 June 2022. Bega Group revenue exceeded \$3 billion with the company recording normalised earnings of \$180.1 million and statutory earnings of \$149.9 million. The company generated net operating cash flow of \$158 million and reduced debt by \$60 million to \$265 million.

Key Measures	FY2022	FY2021	Change	
	\$m	\$m	\$m	%
Statutory Performance				
Revenue	3,009.9	2,073.4	936.5	45%
EBITDA	149.9	184.5	-34.6	-19%
EBIT	46.2	109.5	-63.3	-58%
PAT	24.2	78.0	-53.8	-69%
EPS (cents per share)	8.0	29.5	-21.5	-73%
Normalised Performance				
EBITDA	180.1	141.7	38.4	27%
EBIT	76.4	68.8	7.6	11%
PAT	46.3	39.6	6.7	17%
EPS (cents per share)	15.2	15.0	0.2	1%
Working capital	143.1	216.3	-73.2	-34%
Net debt	265.1	324.9	-59.8	-18%
Leverage ratio (times)	1.8	2.3	-0.5	-22%

Reflecting on the result, Executive Chairman Barry Irvin said “It is testament to the knowledge, experience and capability of our team and the strength of our business that we have managed the supply chain and market disruptions created by the COVID-19 pandemic, record flooding and associated transport challenges and the global impact of the war in Ukraine while delivering a successful integration of Bega Dairy and Drinks, continued growth of our branded business, a right sizing of our dairy nutritionals business and a solid financial performance including a net debt reduction of \$60 million”.

The first full year of ownership of Bega Dairy and Drinks is reflected in the growth of the branded segment of the Bega Group with revenue growth of 63% to \$2.5 billion, external revenue in the bulk segment which largely consists of dairy nutritionals and ingredients benefited from higher commodity sales prices with revenue totalling \$529 million. The importance of both segments of the business was well demonstrated in FY2022 with the company able to respond to historically high international dairy commodity prices which assisted in offsetting the impact of increased costs across the supply chain and a very disrupted convenience and food service market in Australia.

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While some volatility and disruption remains in the supply chain and market the company's dairy and food brands, dairy ingredients and nutritional capabilities position it well to manage both opportunities and challenges. The Bega Group continues to focus on business efficiencies and cost out programs while benefiting from strong underlying growth in key brands, a step change in white milk retail pricing and the realisation of higher selling prices in the market reflecting increased farm gate milk prices and other costs increases.

CEO Paul van Heerwaarden said "The benefit of increased consumer prices has started to flow through in FY2023 across all channels and product categories with the full impact to be felt in FY2024. We are pleased to end FY2022 in a position of balance sheet strength which enables us to continue to support further growth, invest in brands, innovation, capital projects and importantly, our people".

Capital management and reduction in leverage ratio

Bega Group had consolidated net debt of \$265 million as of 30 June 2022, compared to \$325 million at 30 June 2021, a reduction of \$60 million. The significant reduction in net debt arose from operating cash inflows of \$158 million and includes an improvement in working capital of \$73 million. This was partially offset by capital and software investment of \$72 million, dividend payments of \$29 million, and principal lease payments of \$25 million. Bega Group reduced its normalised EBITDA to net debt leverage ratio from 2.3 times to 1.8 times, well within year end bank covenants of 3.5 times.

Final FY2022 dividend – 5.5 cents per share

Bega Group announced a final fully franked dividend of 5.5 cents per share for FY2022, taking the total dividend for the year 11.0 cents per share, or \$33.3 million which compares to 10.0 cents per share or \$30.2 million for FY2021. The final dividend will be paid on 23 September 2022. The dividend reinvestment plan will be activated for this dividend.

26 August 2022

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