



WCB Annual General Meeting
- 25 October 2012 - City Memorial Bowls Club, Warrnambool -

Frank Davis

Chairman



Proxy Report

Resolution	For	Open	Against
1	8,121,926	10,273,183	160,609
2	7,713,326	10,319,019	523,373
3	7,287,304	10,369,019	583,652
4	5,331,734	938,766	391,419
5	6,771,633	923,164	778,249
6	6,706,812	923,462	813,764



FY12 – A year of contrasting halves

- H1 solid prices, H2 declining sharply.
- Simultaneous price softening & strengthening of the \$AUD.
- Important contributions from joint ventures.
- Reduced finance costs due to debt reduction.
- Increased milk intake to near record level.
- Strong operating performance – high plant utilisation of 87%.
- Balancing of stakeholder needs:
 - Strong profit;
 - Dividend maintained;
 - Strong milk price for the trading conditions.



WCB Growth

	2000	2012	Increase	Increase %
Supplier numbers	553	580	27	5%
Total milk intake (ml)	590	919	329	56%
Turnover (\$ million)	213	498	284	133%
Shareholders equity \$ million)	43	161	118	278%
NPAT (\$ million)	8	15	7	88%
Total assets (\$ million)	108	274	166	154%



WCB Growth

Initiatives 2004-2012	Project	Year of approval	Investment \$ million
Higher Margin	• GOR 5 Year Cheese Supply Agreement	2012	30
	• Low spores SMP	2010	4
	• Joint venture with WCB Japan	2008	0.3
	• Joint venture with FrieslandCampina	2007	24
Plant Capacity Growth	• Sungold expansion to 60 million litres	2011	4
	• Butter fat plant upgrade	2005	5
	• Cheese and WPC plant capacity upgrade	2004	13
Plant Efficiency	• Milk tracking information systems upgrade	2012	1
	• Chemical storage upgrade	2012	3
	• Chemical recovery and chlorine dosing	2009	3



Shareholder Communications

- The company is undertaking a review of its shareholder communications.
- Consultants have been engaged to work with management to develop an improved communications strategy.
- Shareholder focus groups were recently held in Melbourne, Warrnambool and Terang.
- Review to be finalised in November with identified improvements implemented in late 2012 and early 2013.



CEO's Report

David Lord
Chief Executive Officer
& Managing Director



Presentation Outline

1. FY12 highlights
2. Milk supply
3. Joint ventures
4. Operations
5. Strategy
6. Market review and outlook



1. FY12 Highlights

Sales Revenue down 1.3%

Sales Revenue \$497.8 million down \$6.4 million or 1.3%

Specialty cheese volumes up by 63.3%

Improved product mix continues to impact revenues

NPAT down 17.8%

NPAT of \$15.2 million down \$3.3 million or 17.8%

EBITDA \$35.5 million.

Maintained full year dividend at 15 cps

Strategic Initiatives

SMP plant upgrade contributing to improved margins.
Sungold plant capacity expansion completed

Milk intake up by 4.5% to 919 million litres

New supply agreement with Coles for *Great Ocean Road* consumer brand



FY12 Highlights

Strong profit of \$15.2million

- Solid return despite declining international market conditions in H2.
- Improved mix and customer specific applications helped maintain revenues.
- Single site advantage utilised to optimise product value mix.
- Strong contributions from joint ventures (WCB Japan & GOI).

Balance sheet strength maintained

- Gearing at comfortable levels despite a trade working capital increase due to a \$20 million build up in cheese inventories.
- Capacity to fund growth initiatives.

Positive business cash flows

- Strong EBITDA contribution to cash flow.
- Traditional dividend payout per share maintained.



FY12 Highlights - Great Ocean Road Products



- Exclusive 5 year agreement with Coles
- \$9.8 million upgrade to Mil Lel
- 26 new jobs at Mil Lel
- Cheese sold Australia wide (4,000 tonnes per annum)
- Milk sold throughout Victoria



FY12 Highlights - Product Mix Improvement

- ❑ High percentage of powder sales now premium specification or customer specific applications.
- ❑ Expanded customer specific formulations in cheddar and reduced fat cheese.
- ❑ Increased range of blended butter products and customer specific formulations.
- ❑ Consumer pack cheese sales will grow to 20% share of total volume.



2. Milk Supply - Highlights

Particulars	FY11	FY12	Movement
WCB Milk Flows			
Victoria	659	701	6.4%
South Australia	134	129	(3.0%)
Milk from suppliers (litres million)	793	830	4.6%
Other milk intake purchase and conversion (litres million)	86	89	3.5%
Total milk intake (litres million)	879	919	4.5%

Industry Milk Flows

Western Victoria (litres million)	2,092	2,152	2.9%
South Australia	572	570	(0.5%)
Victoria (litres million)	5,912	6,212	5.1%
Australia (litres million)	9,100	9,479	4.2%



3. Joint Ventures Performance

Great Ocean Ingredients

- ❑ Rising global demand for GOS, record production volumes
- ❑ Higher services fees, improved equity contribution

		FY11	FY12	Increase %
Sales Volumes				
GOI	Tonnes	14,146	16,435	16.2%
WCBJ	Tonnes	19,037	26,088	37.0%
Revenue				
GOI	\$'000	29,168	33,860	16.1%
WCBJ	\$'000	78,897	103,869	31.6%
Equity Contribution				
GOI	\$'000	863	2,437	182.4%
WCBJ	\$'000	552	775	40.4%

WCB Japan

- ❑ Strong volume growth, high margin 3rd party marketing services commenced
- ❑ Price premiums achieved, improved equity contribution



Great Ocean Ingredients

- 96% of total site whey permeate processed by GOI.
- 10% more whey permeate processed by GOI in FY12 compared FY11.
- 17% more GOS produced FY12 compared to FY11.
- Record peak month production of 1,890 MT.
- 96% of all GOS right first time.
- Continuous improvement, \$530K in savings, cost/kg down by 11% on FY11.
- 65 ML water savings.



4. Operations - Production Summary

	FY11	FY12
Milk to manufacture (litres million)	821.9	840.4
Cheese (tonnes)	42,612	44,441
Whey powder (tonnes)	3,162	3,337
Milk powder (tonnes)	38,438	37,430
Butter/blends/frozen cream (tonnes)	13,643	14,236
Cream (tonnes)	7,006	6,071
Sungold milk (litres million)	29.0	25.9
Specialty Cheese (tonnes)	665	1,000
GOS (tonnes)	14,406	17,162
Total	149,010	149,637



5. Delivery of Strategy

- ❑ *Higher margin commodities; customer specific applications*
 - improved product mix

- ❑ *Expand retail business*
 - Great Ocean Road cheese and milk

- ❑ *Proactive in industry opportunities*
 - extensive industry dialogue

- ❑ *Maintain lowest cost business status*
 - High utilisation, efficiency through continuous improvement

- ❑ *Progressive milk procurement package*
 - achieved optimum intake levels



Business Priorities in FY13

- ❑ Continued delivery against corporate level strategies

- ❑ Business improvement initiatives and projects under review
 - WCB in an investment phase
 - disciplined business case process

- ❑ R&D Dept. Restructure
 - additional resources
 - fewer projects
 - accelerated close out

- ❑ Deliver full year expectation for Coles GOR agreement



6. FY12 International Market Review

In FY12 World prices fell to their lowest levels since October 2009

- Prices dropped by 20% to 30%
- A weak sentiment pervaded the market
- Buyers moved back to spot buying

Heavy milk production impacted the market

- Farm gate prices spurred on milk production investment
- Weather conditions almost perfect for milk production in certain regions

Stocks began to build

- Buyers and sellers warehouses have filled
- Product moved into Government stocks in EU and US

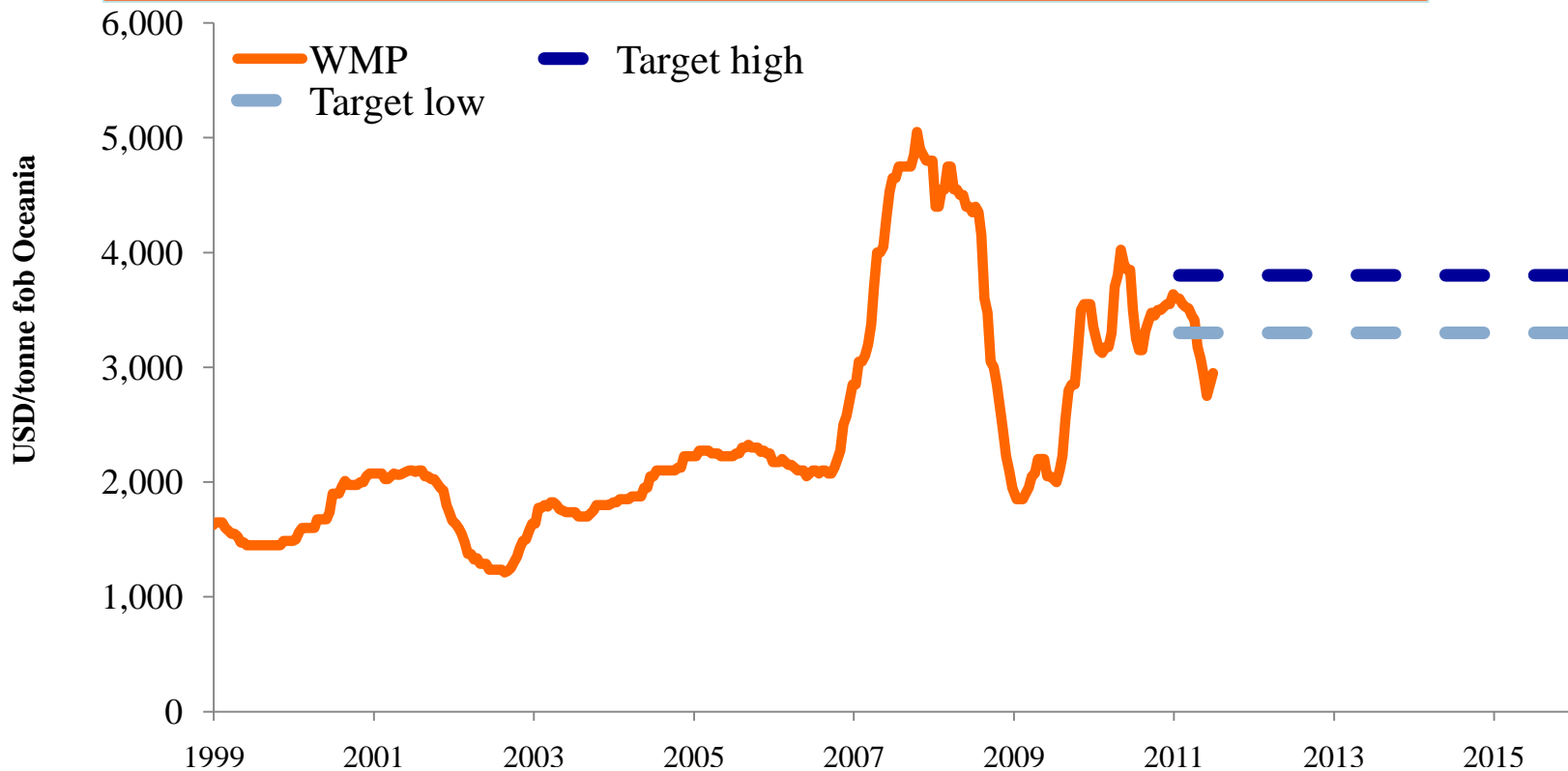


International Market Outlook

Medium term price recovery is expected

Demand push/cost pull supports high trading range

Whole Milk Powder – historic and medium-term target



Source: USDA, Rabobank forecasts, 2011

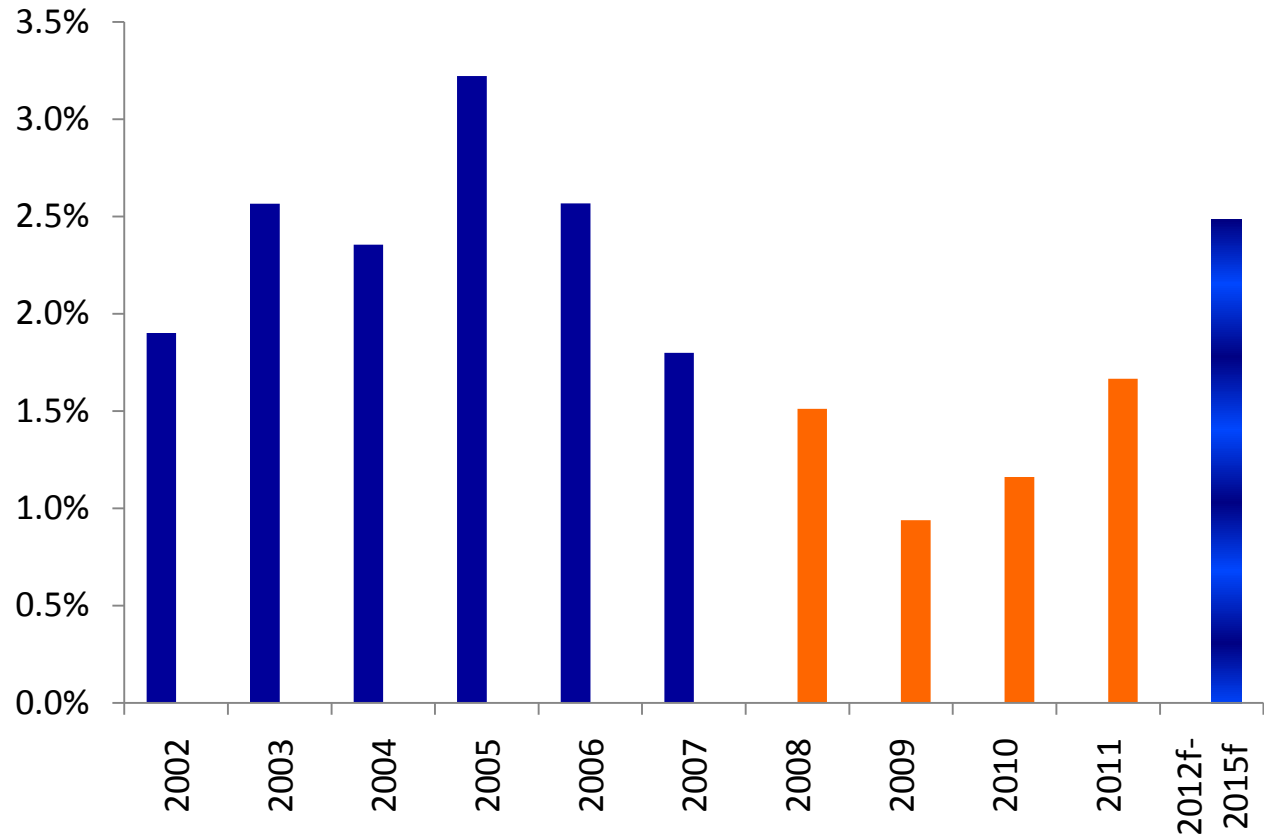


Demand Growth to Accelerate

Global dairy demand growth:
historic and forecast annual growth rate

Demand drivers entrenched:

- ✓ Expanding population
- ✓ Booming middle classes
- ✓ Affluence of diets
- ✓ Access to products



FY2013 Outlook

Short-term outlook is sound

- Markets have been in a down cycle
- But structurally higher over a 10 year average
- Recovery expected from early 2013

Medium-term fundamentals very positive

- Demand drivers still in play
- Global demand growing at 2.4% p.a.
- Mainly in deficit milk markets

But there are some challenges

- Economic uncertainty is still pressuring long term decisions
- Stocks have built and need to be worked into the market
- Exchange rates will continue to play an important part
- Volatility remains a key feature



Summary Outlook

- ❑ Soft trading conditions in the immediate term.
- ❑ Persisting high \$AUD v \$USD.
- ❑ Investment opportunities under evaluation.
- ❑ Business fundamentals strong; revenues & earnings diversifying.
- ❑ Joint ventures positioned to continue to perform.
- ❑ Strong balance sheet; well positioned for growth.
- ❑ WCB focused on delivery of strategy to create value.



Frank Davis

Chairman



Consideration of annual financial and audit reports



Resolution 1

Resolution 1: Re-election of Michael Carroll

‘That Michael Carroll, who retires by rotation; being eligible and having signified his candidature for office, be and is re elected as a Director.’



Resolution 2

Resolution 2: Re-election of Terence Richardson

‘That Terence Richardson, who retires by rotation; being eligible and having signified his candidature for office, be and is re elected as a Director.’



Resolution 3

Resolution 3: Re-election of Bruce Vallance

‘That Bruce Vallance, who retires by rotation; being eligible and having signified his candidature for office, be and is re elected as a Director.’



Resolution 4

Resolution 4: Remuneration report

‘That the remuneration report that forms part of the Directors’ report of the Company for the financial year ended 30 June 2012 be adopted.’



Resolution 5

Resolution 5: Approval of the Company's executive performance rights plan

'That, for the purpose of ASX Listing Rule 7.2 (exception 9(b)) and for all other purposes, approval be given for the executive performance rights plan described in the explanatory memorandum accompanying and forming part of this Notice of Meeting.'



Resolution 6

Resolution 6: Issue of Performance Rights to David Lord

‘That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of performance rights to David Lord under an executive performance rights plan, and on exercise of those performance rights, the acquisition of ordinary shares underlying those performance rights, in accordance with the terms and conditions summarised in the explanatory memorandum accompanying and forming part of this Notice of Meeting.’





Thank you for your attendance