



ASX ANNOUNCEMENT

Half Year 2013 Results Highlights Presentation

I have pleasure in enclosing the Half Year 2013 Results Highlights Presentation to be discussed on the Half Year Result 2013 Conference Call scheduled for 1pm, 21 February 2013, as announced 15 February 2013.

A handwritten signature in black ink that reads "B. G. Kelly". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

Brett Kelly
Company Secretary

21 February 2013

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Bega

Bega Cheese Limited

Results Presentation
1H FY2013



Key Messages

- ❑ **Consistent financial performance**
 - ❑ EBITDA up 14.0%
 - ❑ EPS up 14.9%
- ❑ **Revised customer agreements executed**
 - ❑ Fonterra – cheese cutting, packaging and processing
 - ❑ Mead Johnson – access to nutritionals capacity
 - ❑ Ingredia – milk protein concentrate
- ❑ **Capacity improvements & investments**
 - ❑ Cream and cheddar cheese
 - ❑ Milk proteins
- ❑ **Focused strategy on shifting from commodities to advanced dairy products**

1H FY2013 Results Highlights*

Group
revenue
\$491m

EBITDA
growth
14.0%

PAT
growth
13.6%

EPS
10.57
cps

Interim
dividend
3.5 cps

- Revenue increase 9.6%
- EBITDA increase 14.0% to \$37.4m
- PAT increase 13.6% to \$15.9m
- EPS up 14.9%
- Interim dividend of 3.5 cents per share fully franked
- Direct milk intake increase 8.9% to 367 million litres
- Increase in total production of 5.4% to 109,868t

*Comparison to prior corresponding period

Group Business Performance

	1H FY2013 \$ m	1H FY2012 \$ m
Sales Revenue	491.3	448.2
EBITDA	37.4	32.8
EBIT	26.2	22.8
PBT	21.7	18.6
PAT	15.9	14.0

- Increased revenue
 - Coles contract
 - Cream cheese production
- Improved underlying profitability
 - Increase in sales to EBITDA margin from 7.3% to 7.6%
 - Increased cheese cutting and packaging volumes
 - Higher value, higher margin dairy products
 - Improved efficiencies

Group Balance Sheet Extract

	30 Dec 2012 \$ m	30 June 2012 \$ m
Trade and other receivables	103.3	95.8
Inventories	191.1	162.7
Other financial assets	33.9	30.9
Property, plant & equipment	204.1	204.6
Other assets	26.7	22.0
Total Assets	559.1	516.0
Trade and other payables	139.0	130.9
Borrowings *	135.3	114.8
Other liabilities	25.9	23.8
Total Liabilities	300.2	269.5
Net Assets	258.9	246.5

- Inventory - Increase principally due to Coles contract
- Other financial assets- WCB share price increase and DRP

*Net debt 30 Dec 2012 \$121.3m (30 June 2012 - \$108.8m)

Group Cash Flows

	1H FY2013 \$ m	1H FY2012 \$ m
Receipts from customers	498.3	455.6
Payments to suppliers	(489.2)	(490.2)
Interest and other costs of financing paid	(3.8)	(2.7)
Income taxes paid	(1.8)	(1.0)
Operating activities	3.5	(38.3)
Investing activities	(10.7)	(14.4)
Financing activities	18.3	38.8
Net cash and cash equivalents	11.1	(13.9)

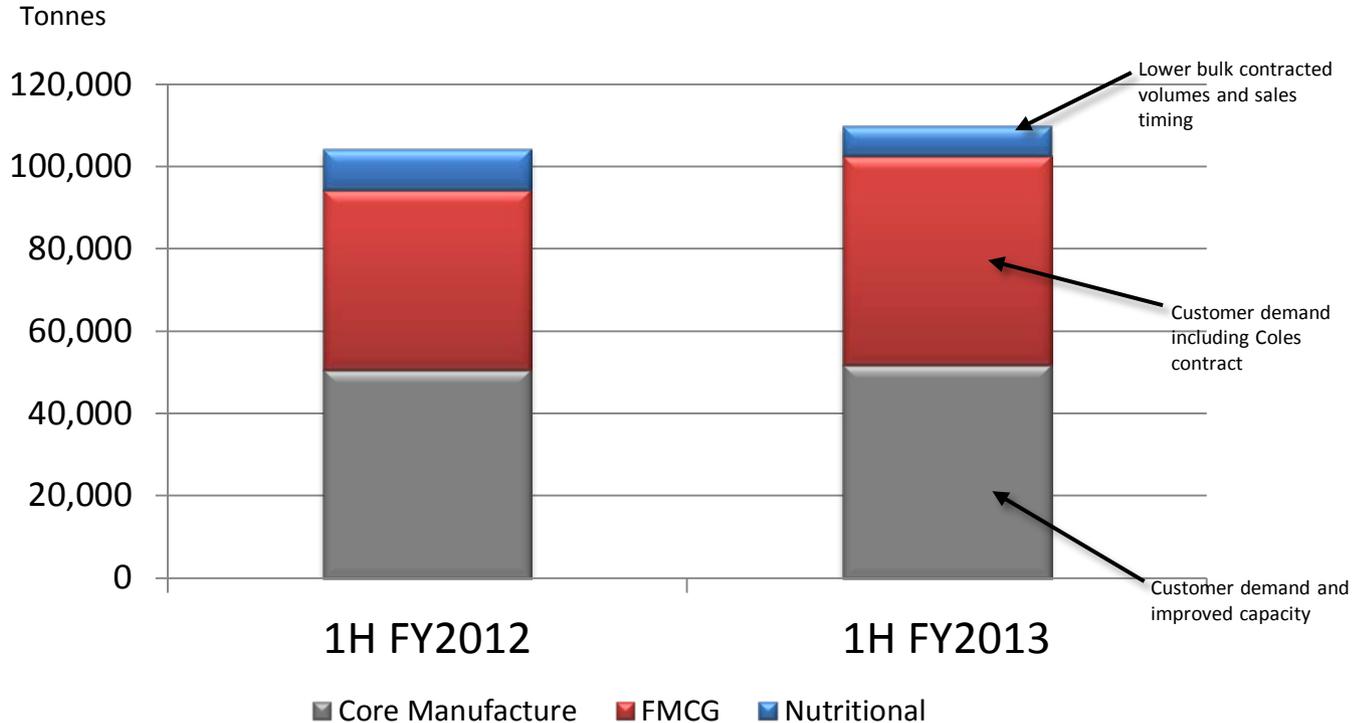
- Operating activities – last year impacted by inventory build for Coles contract
- Investing activities – capex \$10.8m (1H FY2012: \$12.2m), WCB share purchase \$1.0m (1H Y2012: \$2.6m)
- Financing activities – dividend payment \$5.3m (1H FY2012: Nil), share issues \$Nil (1H FY2012: \$32.0m), net proceeds from borrowings \$23.6m (1H FY2012 \$8.4m)

Milk Intake

Direct supplier intake	1H FY2013 million litres	1H FY2012 million litres
Bega	89.0	81.0
Coburg	86.0	71.0
Tatura	192.0	185.0
Total	367.0	337.0

- 8.9% increase in direct milk intake
- New farmers as a results of Coles contract (Coburg)
- Increased supply despite challenges of lower farm gate price

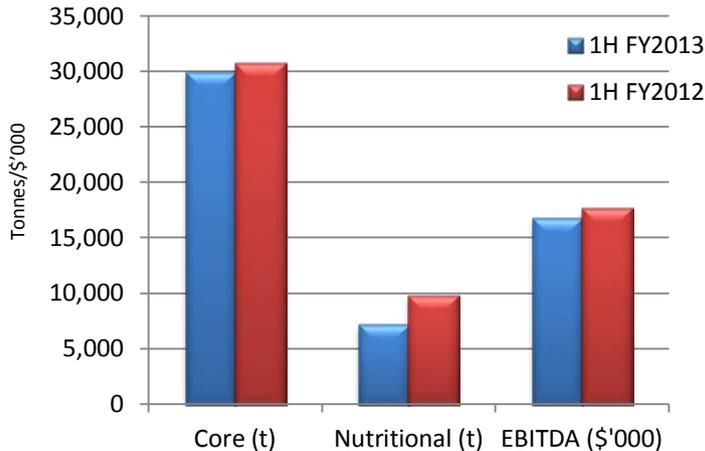
Production



- Total production 109,868 tonnes increase of 5.4%

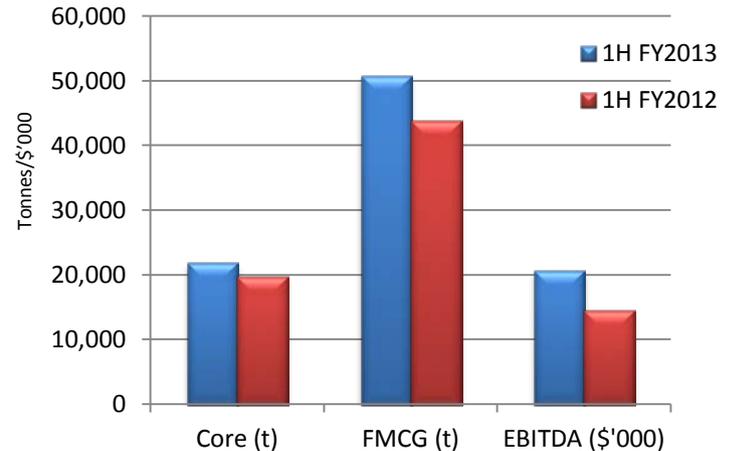
Segment Volumes & EBITDA

Tatura Milk Industries



- Core – decrease in spot milk purchases
- Nutritional – lower bulk contract volumes and timing
- EBITDA – Lower \$A returns on commodity market

Bega Cheese



- Core – increase milk intake
- Strathmerton volume – Coles contract
- EBITDA – volume efficiencies

Business Improvements & Challenges

- Bega Cheese Group
 - Continued strong demand
 - Highly competitive domestic and international market
 - Strong Australian dollar
 - Difficult farm business environment
- Tatura Milk Industries
 - Cream cheese project completed
 - Increased access to nutritional capacities
 - Integration of manufacturing infrastructure
 - Coburg/Tatura
- Bega Cheese
 - Higher cutting and packaging volumes
 - Improved operational efficiencies
 - No major operational incidents

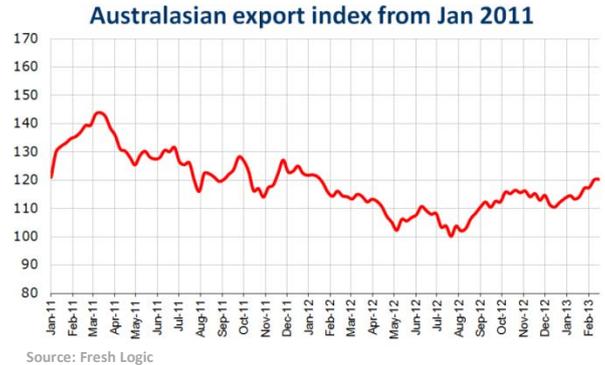
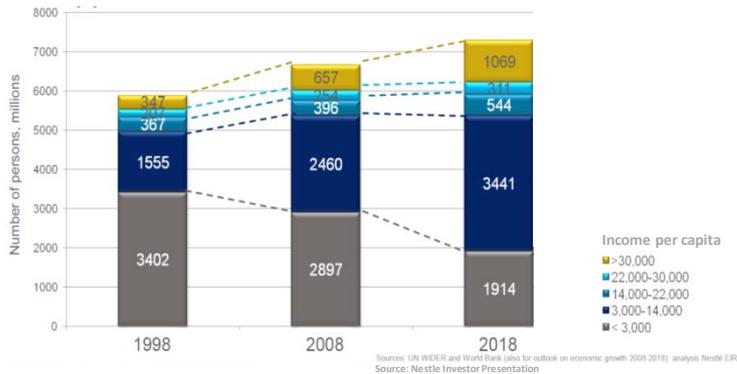
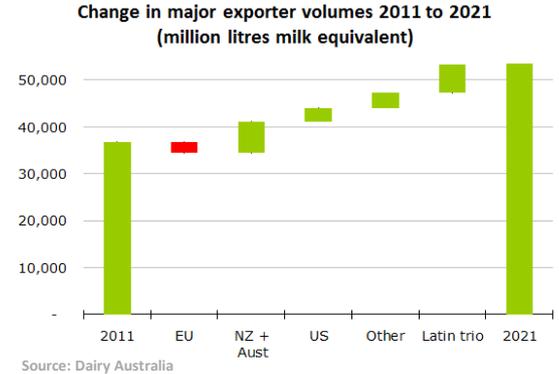
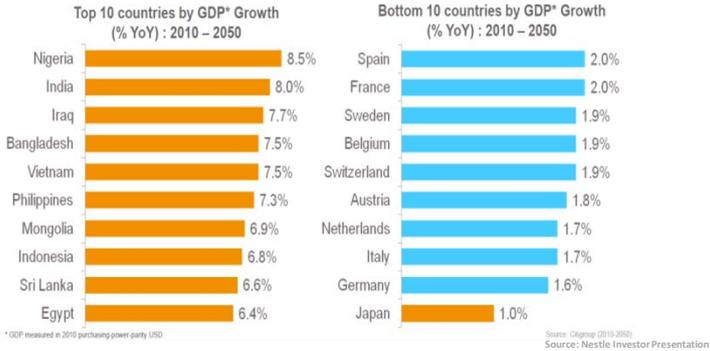
Strategic Priorities

- ❑ Protect and improve pre-eminent position in packaging of Australian retail cheese
- ❑ Increase global presence in cream cheese and dairy nutritionals
- ❑ Maximise utilisation of current asset base and customer opportunity
- ❑ Optimise value of milk components
- ❑ Continue to be positioned to participate in industry rationalisation

Outlook

- ❑ Business refinement opportunities progressing to plan
- ❑ Stable domestic business with long term customers; Fonterra, Kraft, Coles, etc.
- ❑ Significant growth opportunities in dairy nutritionals and cream cheese
- ❑ Food service opportunities, Asian, Middle East, Oceania
- ❑ Global dairy commodity markets improving
- ❑ Expect continued EBITDA growth in FY2013

Market Profile



High Quality Value Added

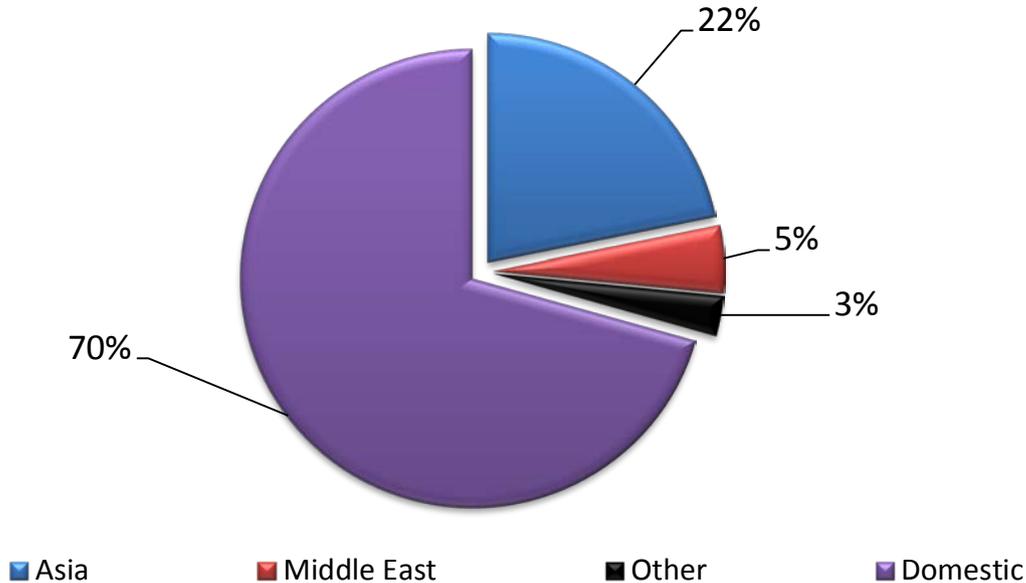
Product Range

- ❑ Cheddar & Processed Cheese
- ❑ Cream Cheese
- ❑ Nutritional Powders
- ❑ Milk Protein Concentrate
- ❑ Milk Powders



Sales Revenue by Destination

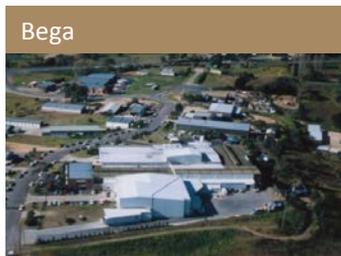
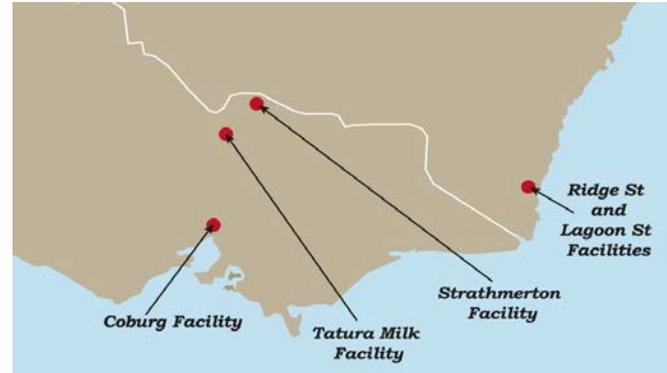
Bega Cheese Sales 1H FY2013



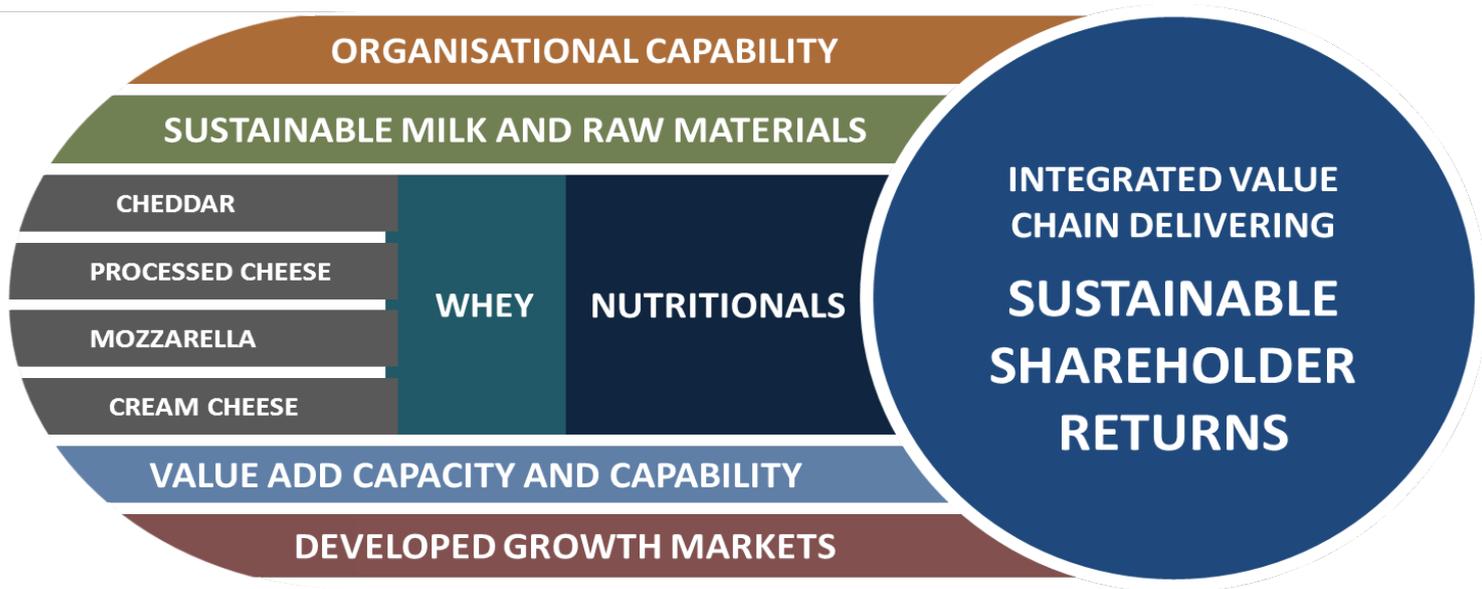
Infrastructure

- ❑ Capital expenditure \$10.8 m (1H FY2013)
- ❑ Investment in capacities
- ❑ Investment in automation and process improvement
- ❑ Integrated infrastructure

Map of facilities



Strategic Focus Areas



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