



28 February 2014

ASX Announcement/Media Release

WCB HALF YEAR PROFIT IN LINE WITH GUIDANCE

Warrnambool Cheese and Butter Factory Company Holdings Limited (“WCB” or “the company”) today announced a half year net statutory operating profit after tax of \$31.3 million, an increase of \$16.0 million or 104.7% compared with the same period last year. Included in the statutory profit were material items totaling \$5.2 million after tax.

The material items after tax included \$2.1 million of takeover defence costs associated with takeover bids received by the Company during the six months to 31 December 2013 and \$3.1 million associated with a change in accounting estimates of internal by-product transfer pricing.

The underlying profit after income tax attributable to shareholders was \$36.5 million, an increase of \$21.2 million or 139.1% over the previous corresponding period.

“As indicated in our December guidance, the improved market conditions experienced in the last quarter of FY2013 have continued into FY2014” said CEO David Lord. “Despite the distraction associated with the takeover process, WCB has maintained its focus on maximising returns and the implementation of its strategic business initiatives.”

During the six months to 31 December 2013 WCB was the target of takeover bids from Bega Cheese Limited, the Murray Goulburn Co-operative Co. Limited and Saputo Dairy Australia Pty Ltd. As at 7pm on 12 February 2014, Saputo Dairy Australia Pty Ltd was successful in achieving 87.920% of voting power in WCB. “Although the takeover process was lengthy and well publicised, the bids for WCB have realised an excellent premium for WCB shareholders” said Chairman Terry Richardson. “The WCB Board believes Saputo’s final offer has been in the best interest of shareholders and other business stakeholders.”

The outlook for the full FY2014 remains positive. International commodity demand remains strong supporting improved commodity pricing and the Australian dollar has depreciated from the highs of FY2013.

Overall debt has decreased by 4.6% or \$3.4 million in the six months to 31 December 2013. This reflects the positive cash flow from operations partially offset by the investment in a new Lactoferrin plant commissioned in January 2014

Earnings per share of 56.1 cents reflects the improved overall earnings position.

No interim dividend has been declared as the Directors foresee cash being retained for reinvestment into the business for growth, investment and development.

It should be noted that WCB's half-year profit result does not normally reflect the expected proportional full year result of the Company. Due to industry and other seasonal factors, it is normal for the half-year operating results to exceed those of the full year. During the second half of the financial year the Company may be subject to:

- (a) increases in milk prices that are retrospective from 1 July and cannot be accurately estimated as at 31 December 2013,
- (b) seasonal milk flow variations that result in less effective utilisation of plant,
- (c) variations in international commodity pricing and
- (d) foreign exchange rates between the US dollar and Australian dollar as approximately 60% of the Company's product is exported.

ENDS

For more information, please contact:

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APPENDIX

WCB FINANCIAL RESULTS

		Statutory 6 months ended 31 December 2013	Underlying adjustments 6 months ended 31 December 2013	Underlying 6 months ended 31 December 2013	Statutory and Underlying 6 months ended 31 December 2012	Increase/ (decrease)
Increase/ (decrease Profit and Loss \$million	Revenue	289.2	-	289.2	231.0	25.2%
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	51.7	7.5	59.2	29.3	102.0%
	Earnings before Interest and Tax (EBIT)	45.6	7.5	53.1	22.9	131.9%
	Net Operating Profit after Tax (NOPAT)	31.3	5.2	36.5	15.3	138.6%
Gearing				31 December 2013	30 June 2013	
	Net Debt (\$m)			72.0	75.5	(4.6%)
	Net Debt/Net debt plus equity (%)			27.6	31.8	(4.2%)

RECONCILIATION OF STATUTORY PROFIT INCOME AFTER TAX TO UNDERLYING PROFIT AFTER INCOME TAX

A\$ million		6 Months ended 31 December 2013
Statutory Profit after income tax attributable to equity holders of Warrnambool Cheese and Butter Factory Company Holdings Limited		31.3
Takeover defence costs associated with bids received during the six months to 31 December 2013	3.0	
Change in accounting estimate of internal transfer price of whey stream from cheese plant to whey processing plant and resulting one-off adjustment to inventory valuation.	4.5	
Total Underlying Adjustments to EBITDA and EBIT		7.5
Taxation impact of takeover defence costs	(0.9)	
Taxation impact of change in accounting estimate	(1.4)	
Total Underlying adjustments to Income Tax		(2.3)
Underlying Profit after income tax (Attributable to Equity Holders)		36.5

Please refer to Director's Report Review of operations for further detail.