



ASX ANNOUNCEMENT

Tatura MSD2 plant

In April 2017 Bega Cheese Limited (ASX:BGA) sold the MSD2 dryer at Tatura and its infant formula finishing plant at Derrimut to Reckitt's subsidiary Mead Johnson Nutrition (Australia) Pty Ltd for \$200 million. The transaction included services and access agreements with Reckitt for the spray dryer and finishing plant expiring on 31 December 2026. BGA noted in its 1H FY2021 results that Reckitt had advised of its intention to terminate the services and access agreements regarding the Derrimut infant formula finishing plant. To compensate for the loss of future payments to be made by Reckitt to BGA under the services and access agreements, a contractual termination fee of \$21.1 million (excluding GST) is expected to be received by BGA across FY2021 and FY2022.

BGA has received notice from Reckitt that it will terminate the access and services agreements (Agreements) with BGA's subsidiary Tatura Milk Industries Pty Ltd (TMI) for the operation of the MSD2 spray dryer at Tatura in Victoria.

The Agreements are commercial arrangements under which TMI operates the MSD2 dryer at Tatura on Reckitt's behalf. Reckitt also provides 25% of the plant capacity for TMI's use.

Reckitt has advised Bega that it is considering its strategic and financial options with respect to the Tatura and Derrimut facilities.

The Agreements require Reckitt to provide nine months notice of its intention to terminate. To compensate for the loss of future payments to be made by Reckitt to BGA under the Agreements, a further contractual termination fee calculated to be in the region of \$34.4 million (excluding GST) is expected to be received by BGA across FY2021 and FY2022.

21 April 2021

For further information please contact

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