



FY2021 Full Year Results Presentation

Barry Irvin
Executive Chairman

Paul van Heerwaarden
Chief Executive Officer

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Agenda

| | |
|--|----|
| Key messages | 03 |
| Becoming The Great Australian Food Company | 04 |
| Our year in review | 11 |
| Our way forward | 29 |
| Q&A | 32 |



Bega

Key messages

- Strong financial performance in the context of challenging markets and a major acquisition
- Revenue of \$2.07b (includes five months LDD)
- Statutory EBITDA of \$182.7m and normalised EBITDA of \$141.7m
- Balance sheet continues to strengthen, leverage ratio 2.25
- Executed acquisition of Lion Dairy and Drinks and completed successful capital raise
- Continuing to manage operational and market impacts of COVID-19
- Structural change in Chinese Infant formula market and channels
- Strong competition for milk supply
- Emissions target confirmed and circular economy pilot initiated
- Conclusion of legal proceedings with Kraft Heinz and Fonterra



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Becoming The Great Australian Food Company

Barry Irvin
Executive Chairman



Bega is a values led organisation

Our Vision

To become The Great Australian Food Company

Our Values



Passion for the customer and the consumer



Grow our people



Invest in our future



Support each other

What will make us Great

Great food

We create great food and build brands that our customers and consumers love and trust.

Great people

We grow our people and give them the responsibility to achieve great outcomes together.

Great aspirations

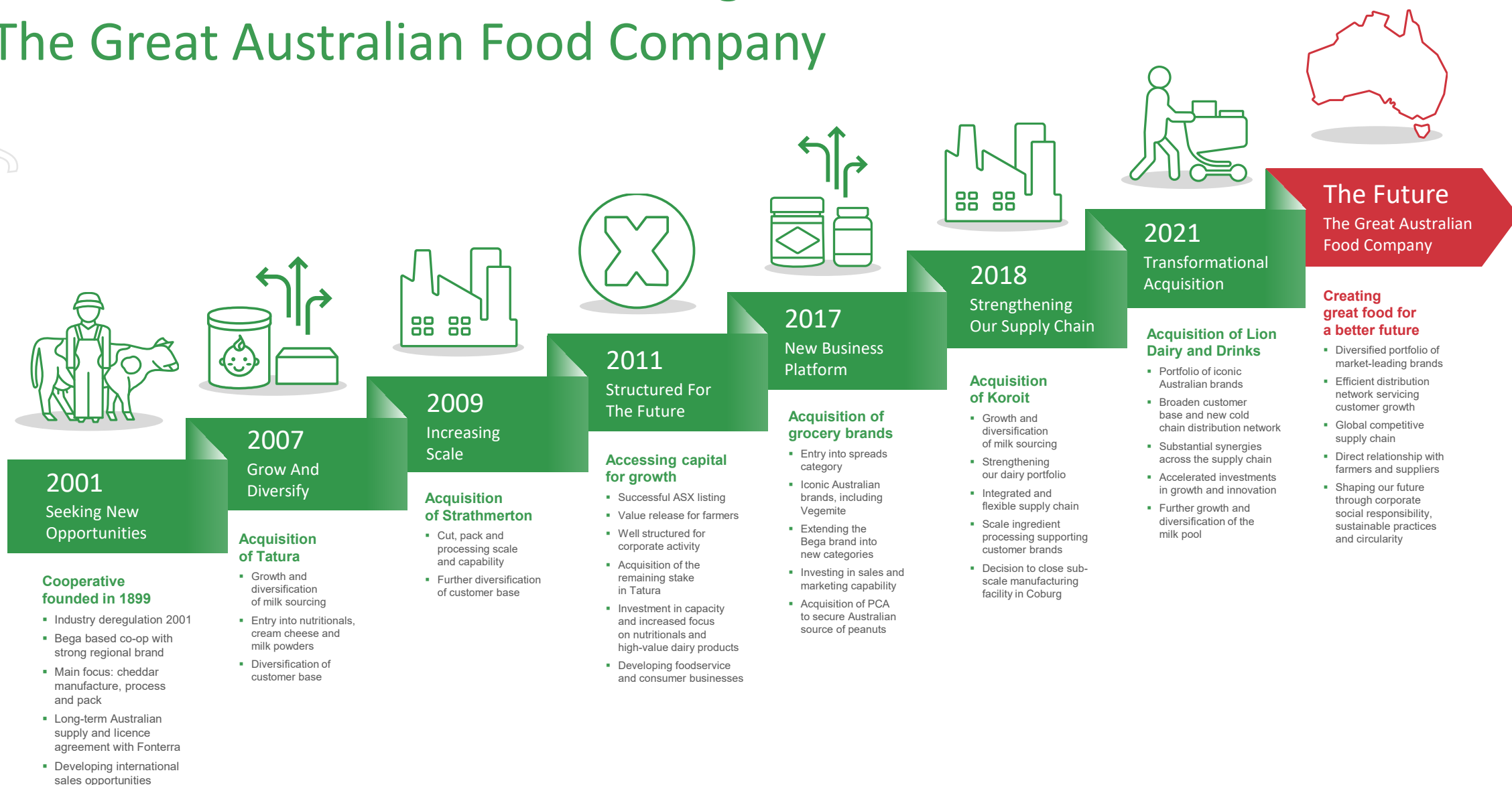
We have great aspirations to go beyond our business today. We invest in technology, innovative products and new markets.

Greater good

We strive for a greater good by combining our success with a positive and lasting impact on others.



Our transformation to becoming The Great Australian Food Company



Creating sustainable growth through an integrated value chain

Our vision

The Great Australian Food Company

Our values

We are a value-led company
These values are reflected in our vision
and define what makes us great

**Passion for the customer
and consumer**

Grow our people

Invest in our future

Support each other

Our core capabilities and our value chain

Capabilities link together to
provide differentiation and
competitive advantage as
an integrated value chain.



**Diversified
portfolio of market
leading brands**

Number one or two brand
position in growth
categories over \$500m

Expanded international
consumer goods business
and in-market model



**Efficient distribution
network servicing
customer growth**

Technology to enhance
customer experience

Highly efficient national chilled
distribution network creating
growth opportunities



**Globally
competitive
supply chain**

Highly integrated and flexible
manufacturing network

Optimised asset utilisation
through toll processing, bulk
commodity processing and
contract manufacturing



**Direct relationship
with our farmers
and suppliers**

Growing and diversified
milk pool

Provenance, transparency
and high quality through
the supply chain

Business enablers

Our value chain is supported and
enabled by sustainable practices and
a strong balance sheet and effective
risk and governance framework

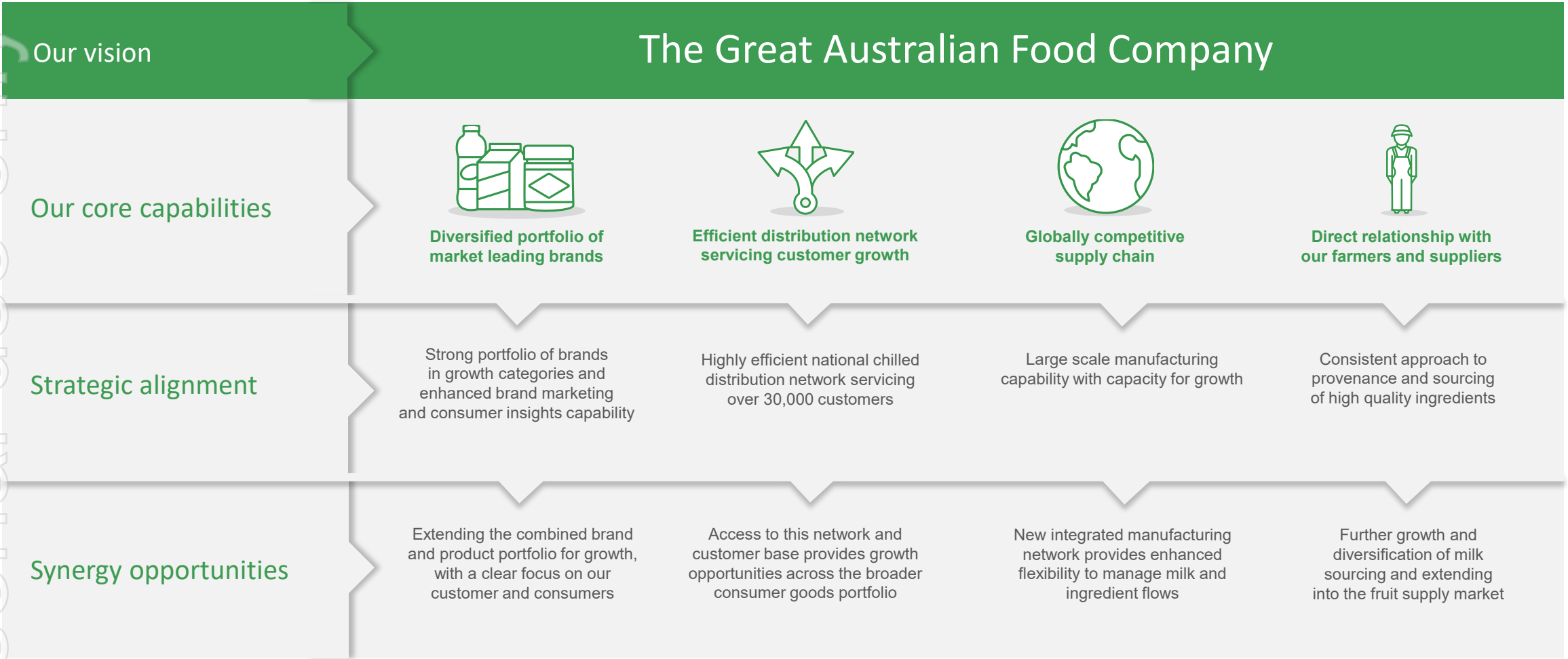
**Deep industry knowledge
in dairy and FMCG**

**Sustainable practices
and circularity**

**Strong balance sheet and
disciplined capital management**

**Risk management
and governance**

Acquisition of Lion Dairy and Drinks is aligned to our strategy



Growing a portfolio of iconic brands



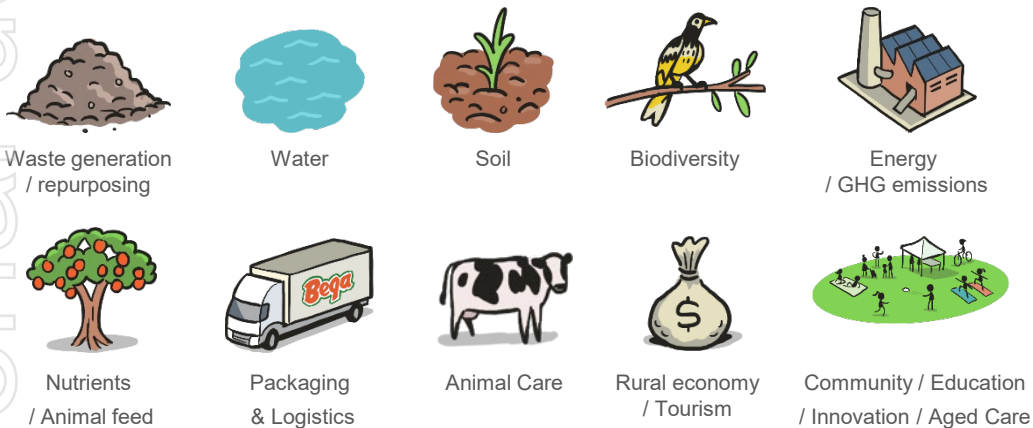
Sustainability and the Circular Economy

Bega Cheese carbon target

Scope 1 and 2 emissions targets established in support of Paris Agreement goals:

- 50% reduction in emissions intensity by 2030
- 40% reduction in absolute emissions by 2030
- Net zero emissions by 2050

Circularity in the Bega Valley



Our year in review

Paul van Heerwaarden
Chief Executive Officer

Pete Findlay
Chief Financial Officer



Commercial and operations update

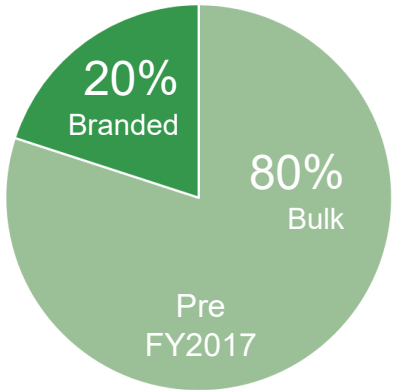
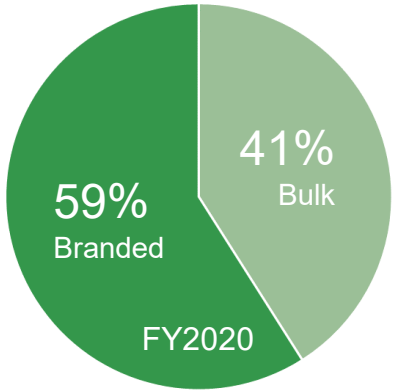
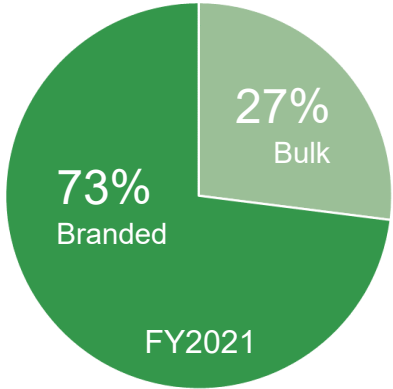
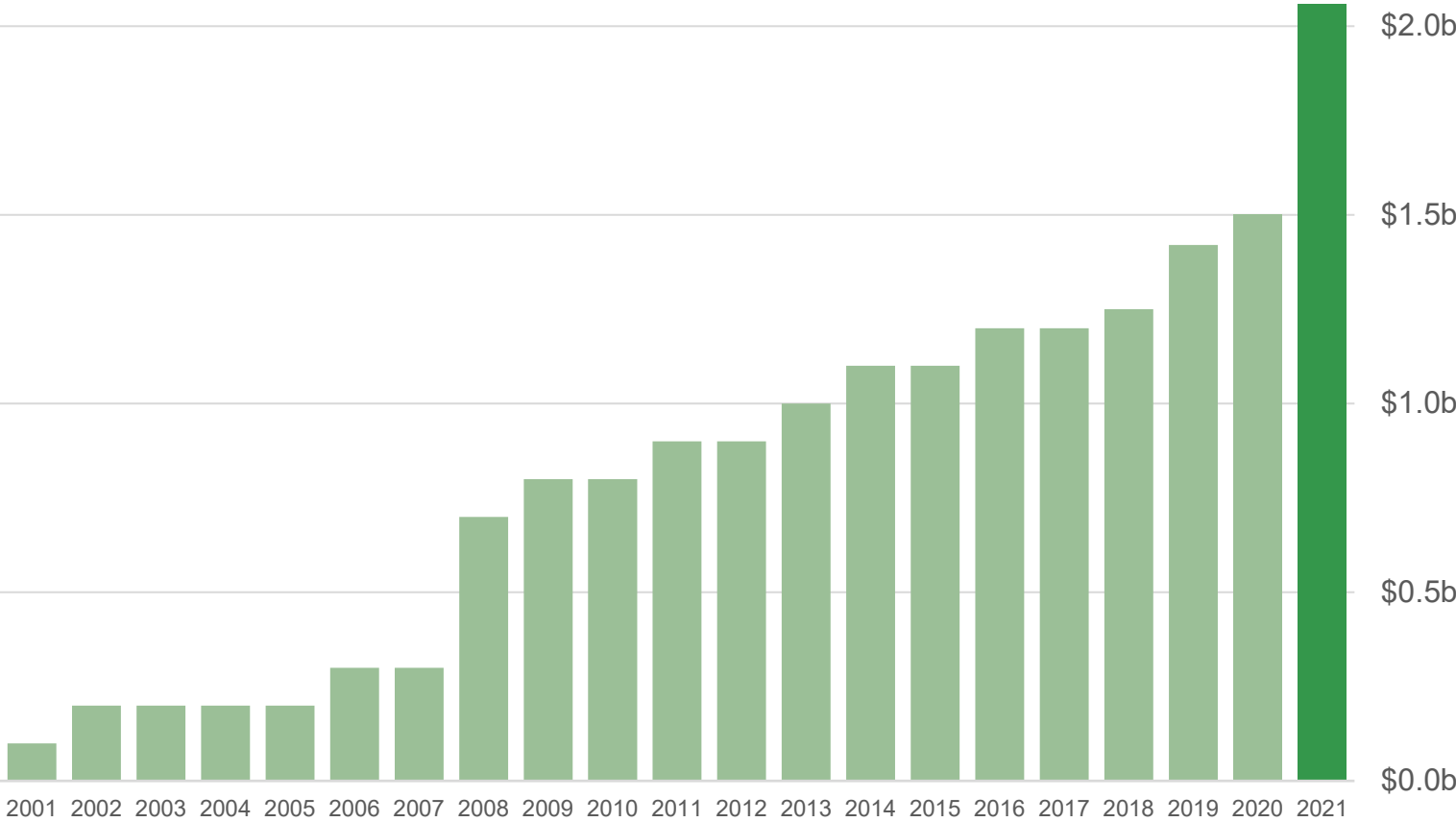
A year of challenge, opportunity and transformation

- Financial performance and balance sheet position to support further growth
- Well progressed with Bega Dairy and Drinks integration and realisation of synergies
- Full year benefit from Koroit lactoferrin investment and organisation and process review
- Growth in core categories in domestic and international markets
- Pipeline of capital and development projects to support growth and supply chain efficiency
- Reckitt payment following termination notice for access and service agreements
- Impact from Covid contained to date but remain concerned about the wellbeing of our people and channel disruption caused by ongoing lockdowns
- Ongoing progress safety risk and behavioural leadership programs
- Implementation of diversity and inclusion blueprint
- Positive outcome following conclusion of legal cases



Creating value through organic and acquisitive sales growth in a challenging market

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Performance highlights

- Reduction in normalised EBITDA to net debt leverage ratio from 2.35 times to 2.25 times
- Normalised EBITDA increased by 38% to \$141.7 million
- Statutory EBITDA increase by 108% to \$182.7 million
- Operating cash flow \$111.4 million

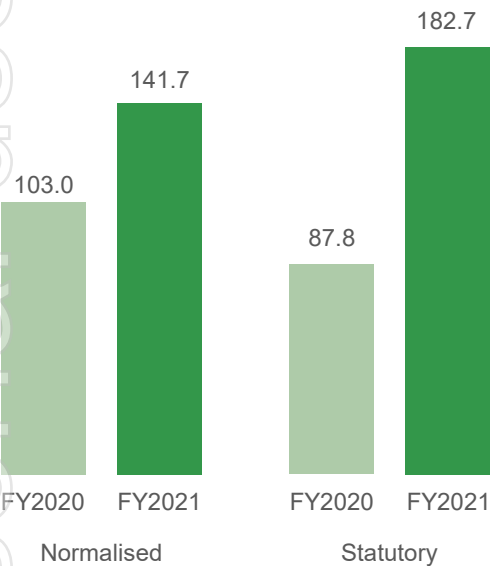
FY2021 Revenue

\$2.07
billion

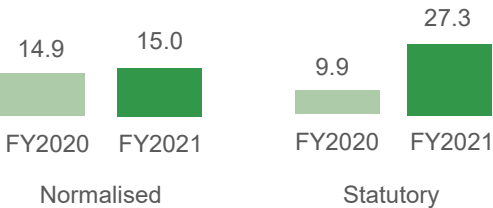
FY2020 Revenue

\$1.49
billion

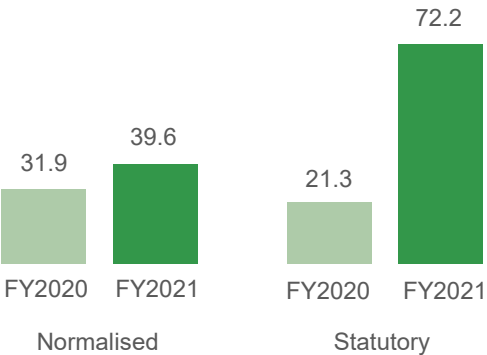
EBITDA (\$ million)



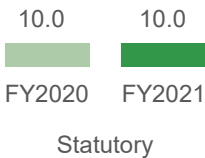
Basic earnings per share (cents)



Profit after tax (\$ million)



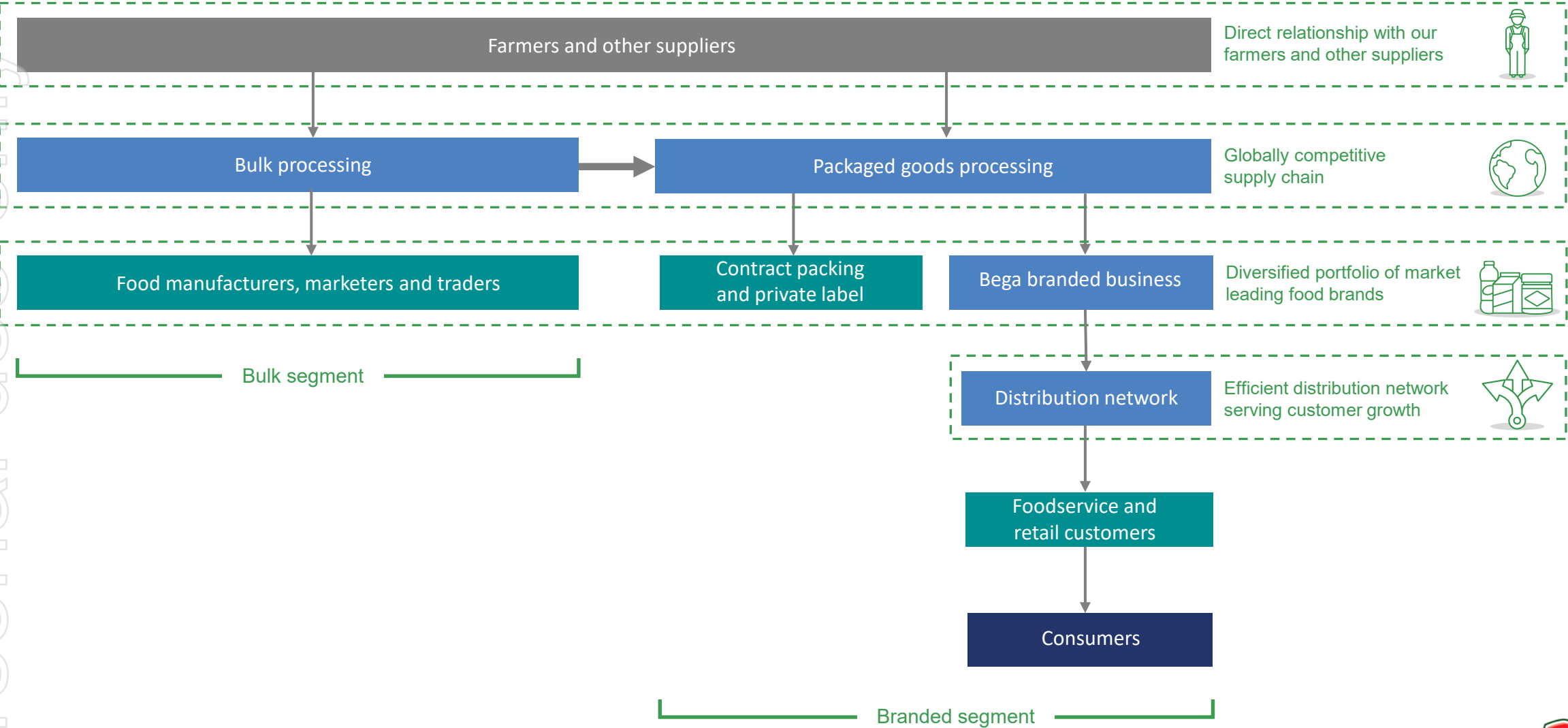
Total dividend per share (cents)



Our business model

Creating sustainable value from farm to consumer

Our core capabilities



Segments

| (\$ million) | Branded | Bulk | Unallocated Overheads | Inter-segment elimination | Group Total |
|--------------------------------------|---------|-------|-----------------------|---------------------------|-------------|
| Revenue | 1,519.9 | 897.5 | - | (344.0) | 2,073.4 |
| Growth vs FY2020% | 73 | (8) | - | (5) | 39 |
| Normalised EBITDA | 98.4 | 69.1 | (24.8) | (1.0) | 141.7 |
| Increase/(decrease) vs FY2020 EBITDA | 22.4 | 26.8 | (9.9) | (0.6) | 38.7 |

Branded

- Bega Dairy and Drinks earnings since 25 January 2021
- Sales growth in spreads domestically and cream cheese in Asia
- Redundancy costs associated with processed cheese production consolidation

Bulk

- Full year of Koroit lactoferrin production and sales
- Favourable commodity prices
- Lower sales of infant formula

Reconciliation of normalised result

| Consolidated Period Ending 30 June 2021 (\$ million) | Per Financial Statements | LDD Transaction Related Costs | Gains Relating to LDD Acquisition | Reckitt Termination Fees | Kraft Legal Settlement | Other Costs | Normalised Outcome |
|--|--------------------------------|--|--|--------------------------------|---------------------------|----------------|-----------------------|
| Revenue | 2,073.4 | - | - | (13.9) | - | - | 2,059.5 |
| Cost of sales | (1,608.2) | - | - | | - | - | (1,608.2) |
| Gross profit | 465.2 | - | - | (13.9) | - | - | 451.3 |
| EBITDA | 182.7 | 62.2 | (70.0) | (29.8) | (9.3) | 5.9 | 141.7 |
| Depreciation, amortisation and impairment | (75.0) | - | - | - | - | 2.1 | (72.9) |
| EBIT | 107.7 | 62.2 | (70.0) | (29.8) | (9.3) | 8.0 | 68.8 |
| Net finance costs | (10.3) | 1.6 | - | | - | - | (8.7) |
| Profit before income tax | 97.4 | 63.8 | (70.0) | (29.8) | (9.3) | 8.0 | 60.1 |
| Income tax expense | (25.2) | (4.7) | - | 8.9 | 2.8 | (2.3) | (20.5) |
| Profit for the year | 72.2 | 59.1 | (70.0) | (20.9) | (6.5) | 5.7 | 39.6 |
| Basic earnings per share - cents | 27.3 | | | | | | 15.0 |

Balance sheet

The FY2021 balance sheet includes a provisional fair value assessment on the acquisition of Lion Dairy and Drinks

| | FY2021 \$m | FY2020 \$m |
|-------------------------------|----------------|----------------|
| Cash | 87.2 | 22.9 |
| Trade and other receivables | 348.9 | 69.5 |
| Inventories | 345.0 | 257.4 |
| Property, plant and equipment | 908.5 | 446.0 |
| Intangible assets | 589.5 | 548.1 |
| Total Assets | 2,486.1 | 1,423.4 |
| Trade and other payables | 477.4 | 233.3 |
| Borrowings (net of costs) | 391.9 | 247.2 |
| Total Liabilities | 1,225.4 | 609.4 |
| Net Assets | 1,260.7 | 814.0 |
| Net Debt | (324.9) | (231.2) |

- Provisional fair value of net assets acquired in Bega Dairy and Drinks \$600m
- Capital raise \$393m to fund acquisition of \$528m
- Net debt increased only \$94m despite acquisition
- Significant increase in property portfolio

Note: Key data only represented in table

Cash flow

| | FY2021 \$m | FY2020 \$m |
|--|----------------|---------------|
| Receipts from customers | 2,221.7 | 1,691.6 |
| Payments to suppliers and employees | (2,086.5) | (1,494.9) |
| Net payments to trade receivables facility | (12.7) | (35.4) |
| Net Interest and other costs of financing paid | (10.4) | (11.0) |
| Income tax paid | (0.7) | (12.3) |
| Operating activities | 111.4 | 138.0 |
| Payment for acquisition of Lion Dairy and Drinks | (514.5) | - |
| Investing activities | (546.7) | (52.9) |
| Net proceeds from issue of shares | 390.2 | - |
| Net proceeds from borrowings | 145.0 | (69.8) |
| Dividends paid to shareholders | (23.3) | (19.5) |
| Financing activities | 499.6 | (91.0) |
| Net increase/(decrease) in cash and cash equivalents | 64.3 | (5.9) |

- Continued strong operating cash flow performance and focus on working capital
- Increase in net debt to fund the acquisition of Lion Dairy and Drinks, capital and software investments and dividend payments
- Reduction in normalised EBITDA to net debt leverage ratio from 2.35 times to 2.25 times, well within year end bank covenants of 3.0 times
- Dividends in respect of FY2021 \$30.2m (\$21.4m FY2020)


























Note: Key data only represented in table

Lion Dairy and Drinks integration update

Integration and synergy realisation program

- Initial 100 day plan successfully completed and new organisation design in place
- Strong cultural alignment and depth of talent in the newly combined businesses
- Several key services have been migrated off the Transition Services Arrangement (TSA) with Lion, which will end in 2H FY2022
- Synergy realisation program well progressed in areas such as milk and ingredients management, manufacturing efficiencies and procurement
- New capital projects approved to create additional capacity in high margin products and to reduce packaging costs
- On track to achieve our synergy target in FY2022
- Earnings performance above expectations in the five months to 30 June 2021
- Whilst the product and channel mix is impacted by COVID-19 lockdowns, there is strong growth momentum in the business

Portfolio of leading iconic brands in growth categories

| Category | Category size \$m ¹ | Category growth ¹ | Bega share ¹ | Brand portfolio |
|-----------------------------------|--------------------------------|------------------------------|-------------------------|---|
| Fresh white milk ² | 1,913 | 0.4% | 13% |     |
| Yoghurt | 1,472 | 4.7% | 26% |     |
| Milk based beverages ² | 836 | 5.6% | 50% |      |
| Spreads | 633 | 1.7% | 31% |     |
| Chilled juice | 605 | 3.9% | 24% |    |
| Creams and custards | 509 | 5.5% | 11% |   |
| Plant based milk ³ | 341 | 20.2% | 25% |  |
| Water ice | 50 | -8.5% | 82% |   |

¹ Data extracted from IRI Total Business Scan (AU Grocery Unweighted + Structured Convenience), MAT to June 2021 and AC Nielsen Scan data MAT to June 2021

² Excludes non dairy

³ Includes fresh chilled and UHT shelf stable segments

⁴ Vitasoy Australia Products Pty Ltd is a joint venture between a 100% owned subsidiary of Bega Cheese Limited and Vitasoy International Holdings Pty Ltd

Innovation and growth in consumer brands



Diversified portfolio of market leading brands

New innovation in attractive dairy categories

- Expansion of the yoghurt portfolio into 'better for you' offerings' in convenient formats
- Further innovation supporting growth under the Dare brand
- Innovation in functional milk products under Dairy Farmers
- A range of new products launched across the milk based beverages portfolio

Growth in export markets

- Growth in branded consumer goods export revenue (excluding the impact of the Lion Dairy and Drinks acquisition) of 18.8% despite the impacts of COVID-19
- Integration of the Lion Dairy and Drinks business provides a new platform for growth





Diversified portfolio of market leading brands

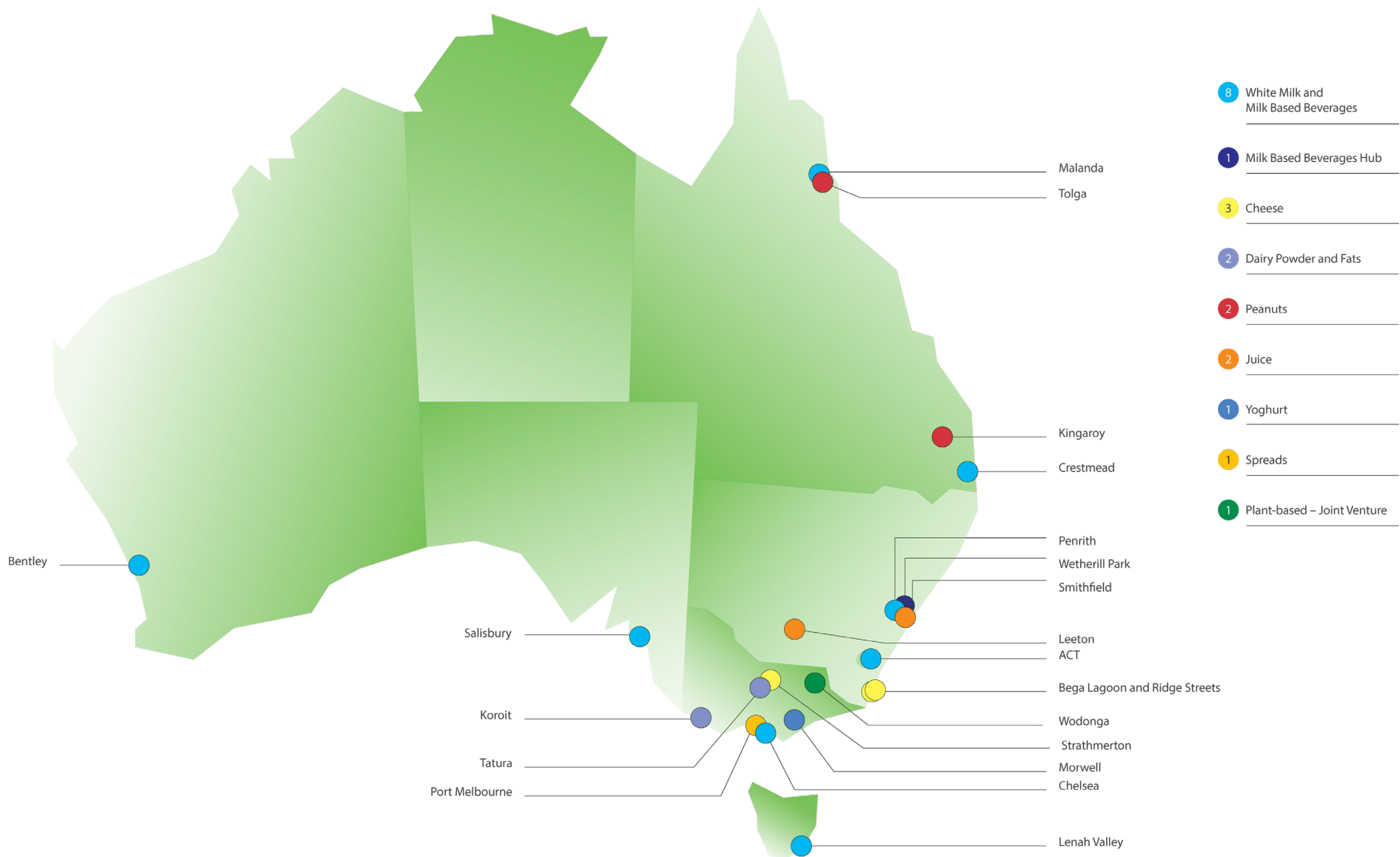
Continued innovation and growth in the spreads category

- Improved market share in the category by 2.8 points to 31.4% by value
- Growth in B honey supported by the Purple Hive project
- Further innovation in Vegemite with the launch of a squeeze format
- Extending the range of products under the Simply Nuts peanut butter brand

Extending into new categories and channels

- Launch of the 180 Nutrition range into the retail channel in June
- Extending the Happi nutraceutical range in the pharmacy channel

Expanded and diversified manufacturing network across Australia



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Operations review



Globally competitive supply chain

Major initiatives

- Implementation of DuPont safety leadership and engagement
- Organisation and process review completed
- Koroit lactoferrin facility delivering to business plan
- Factory utilisation and optimisation program
- Network logistics consolidation and simplification
- Infant formula drying and canning strategic position

Operational synergies and Lion Dairy and Drinks

- Integrated network of dairy manufacturing facilities
- Provides opportunities to manage milk and ingredient flows
- Procurement cost savings and consolidation opportunities
- Combined capability in manufacturing excellence
- One Bega organisation design and back office integration

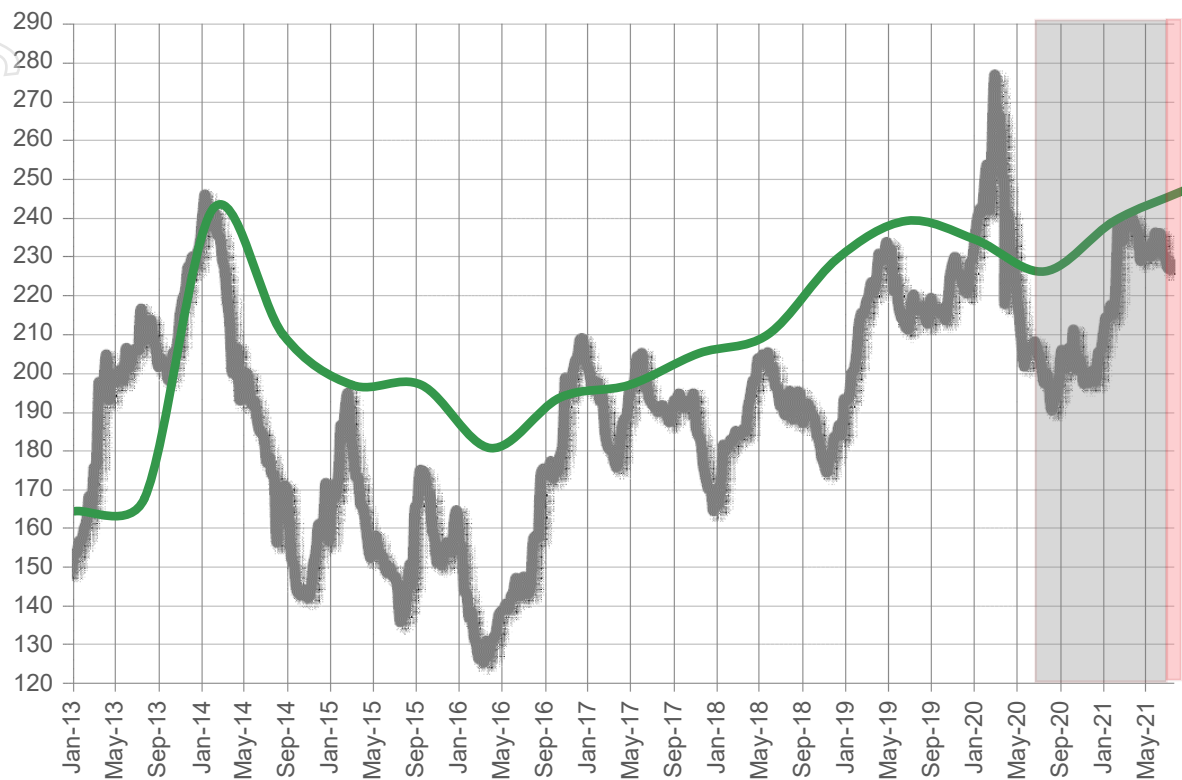


Managing operational and market impacts of COVID-19

- First priority is the safety of our employees and our communities
- Internal COVID-19 management team and Internal Advisory Panel ensuring adherence to COVID-19 policies
- Group policies to ensure efficient and effective response
- Response management based on government guidelines and risk
- Employee support programs including flexible working arrangements
- Supply chain continuity plans well established, with minimal disruption experienced
- Recent lockdowns in major population centres impacting convenience and food service channels

Dairy commodity and farm gate milk prices

Australasian dairy export index (Jan 2013 - now)



- Improved seasonal conditions in FY2021
- FY2022 milk supply outlook stable to positive
- Highly competitive milk procurement environment continues
- FY2022 opening milk prices higher reflecting some market improvement and strong competition for milk
- International returns impacted by currency and lower global commodity prices

- Export trend index – global commodity prices and Australian currency impact (source: freshagenda)
- Bega Cheese southern farm gate milk price trend
- FY2021 opening milk price \$6.40 per kg milk solids
- FY2022 opening milk price \$7.14 per kg milk solids



Approach to corporate social responsibility

Our focus is on the five areas where we can have the greatest impact



Food nutrition

Diversity, inclusion and equality

Greenhouse gases

Packaging sustainability

Water sustainability

Highlights FY2021

Delivered a 5% reduction of sugar in our Bega peanut butter range against a target of 10% by 2023

Support of Foodbank's Milk Program of nine million litres of milk

Bega Dairy and Drinks has an existing goal to remove 1,000 tonnes of added sugar from the portfolio and providing 20 million more no added sugar serves by 2025

Highlights FY2021

Increased the representation of women in management positions to 35% across the Bega Cheese Group against a target of 32%

Reviewed salary equity

Championed flexible work arrangements through Bega Flex, Circle In and Leader education

Highlights FY2021

Scope 1 and 2 emissions targets established in support of Paris Agreement goals: 40% reduction in absolute emissions by 2030 and net zero emissions by 2050

Energy Management Capability (EMC) project in its third year of implementation

Developing a five year 'Energy Productivity and Emissions Reduction Roadmap' in Partnership with the Victorian Government's Business Recovery Energy Efficiency Fund

Highlights FY2021

Launched Vegemite Squeezy bottle manufactured from at least 30% post-consumer recycled polyethylene terephthalate (rPET). Dairy Farmers Classic and Farmers Union Iced Coffee bottles made from 100% recycled plastic

Removed 655 tonnes of single use polyvinyl chloride (PVC) from our packaging this year and on track to phase it out

Bega Dairy and Drinks' Salisbury dairy manufacturing site achieved its target of being zero waste to landfill

Highlights FY2021

Initiatives at the Wetherill Park site saved 800 mL of water for every litre of product

Peanut production moved into irrigated regions such as Bundaberg to spread supply risks and be less reliant on rainfed production

34% of capital grants under the Bega Better Farms program have been dedicated to water, irrigation or effluent management



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Our way forward

Barry Irvin
Executive Chairman



Where are we today?

- Continuing integration of Bega Dairy and Drinks
- Improving financial performance and benefits of scale
- Strengthening balance sheet
- Strong brands in growth categories
- Opportunity for further growth and business improvement
- Geographic product and channel diversity creating business resilience
- Farm gate milk price increases above market in some product streams
- Structural change in Chinese infant formula market and channels
- COVID-19 lockdown impacting food service and convenience channels



Our priorities

- Safety of our people and wellbeing
- Ongoing management of the impacts of COVID-19
- Continue to realise Bega Dairy and Drinks synergies
- Invest in brands, market and new capabilities
- Further manufacturing optimisation projects
- Opportunities for further rationalisation and business development
- Support further diversity and inclusion
- Sustainability and circularity initiatives



Q&A

Barry Irvin
Executive Chairman



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