



Bell Potter Home Grown Conference

Barry Irvin
Executive Chairman



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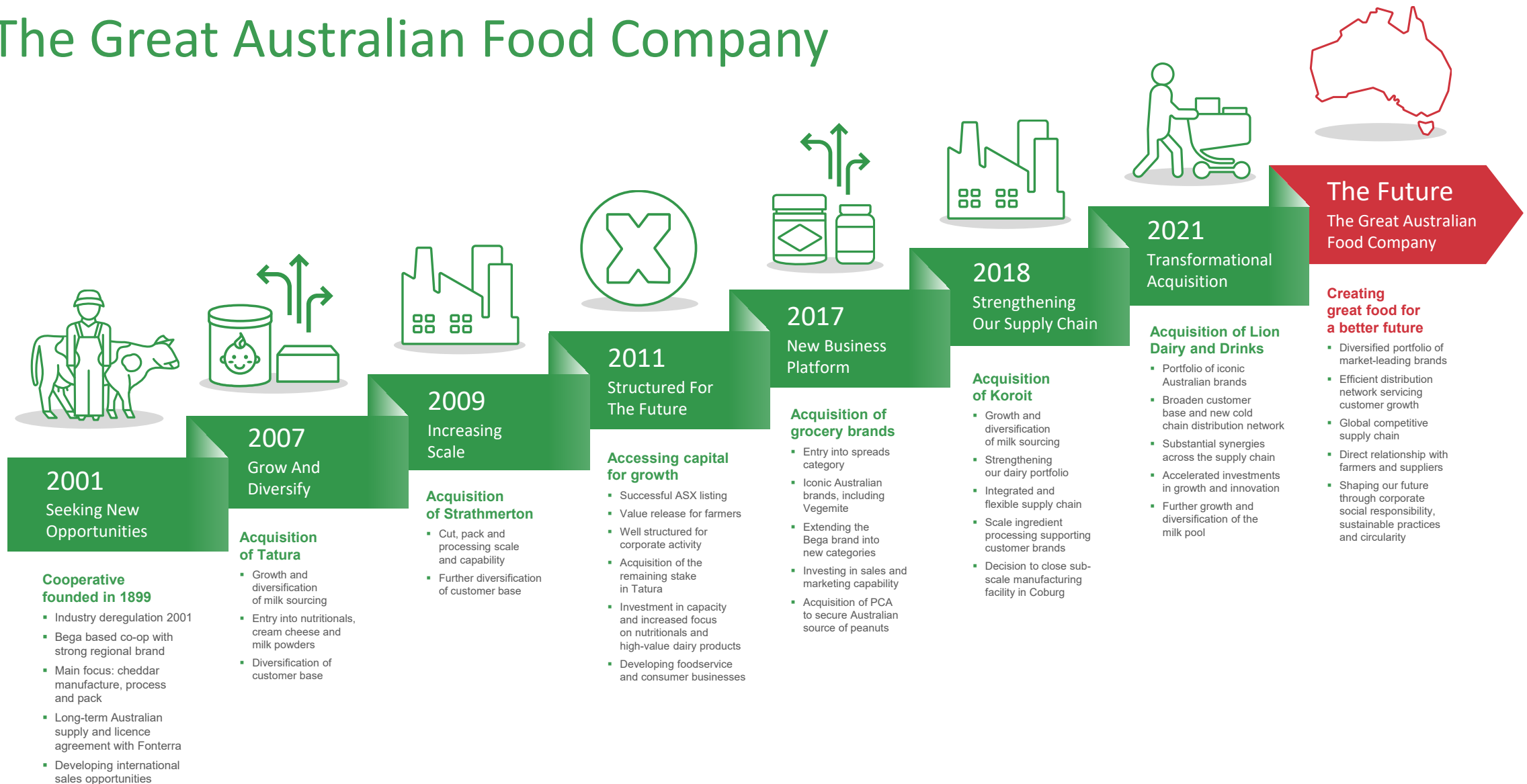
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Becoming The Great
Australian Food Company



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

Growing a portfolio of iconic brands

Pre 2017

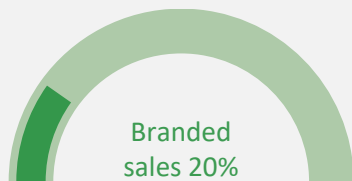
Limited investment in brands

Fonterra responsible for Bega brand in Australia

Long established international branded presence via distributors

Minimal direct investment in supporting brands

Reliance on large contract manufacturing relationships



2020

Acquiring brands in new categories

Extension of Bega brand into new categories

Vegemite acquisition

Developing sales and marketing capability

Re-investment in brand portfolio and innovation

Strengthening international presence



Acquisition rationale

Iconic Australian brands in growth categories

Extensive chilled distribution network

International growth opportunities

Today

Acquisition of Lion Dairy and Drinks

Strong portfolio of iconic brands

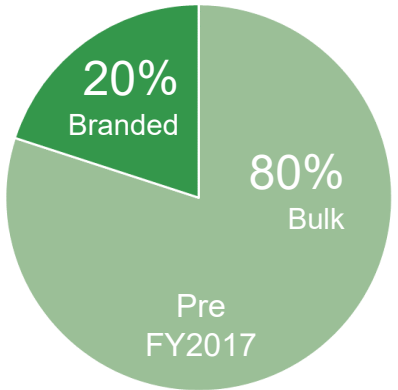
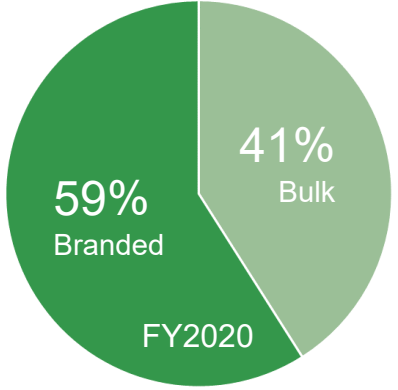
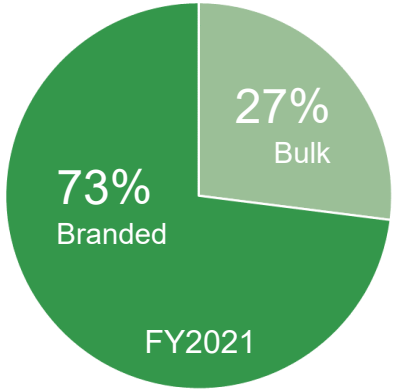
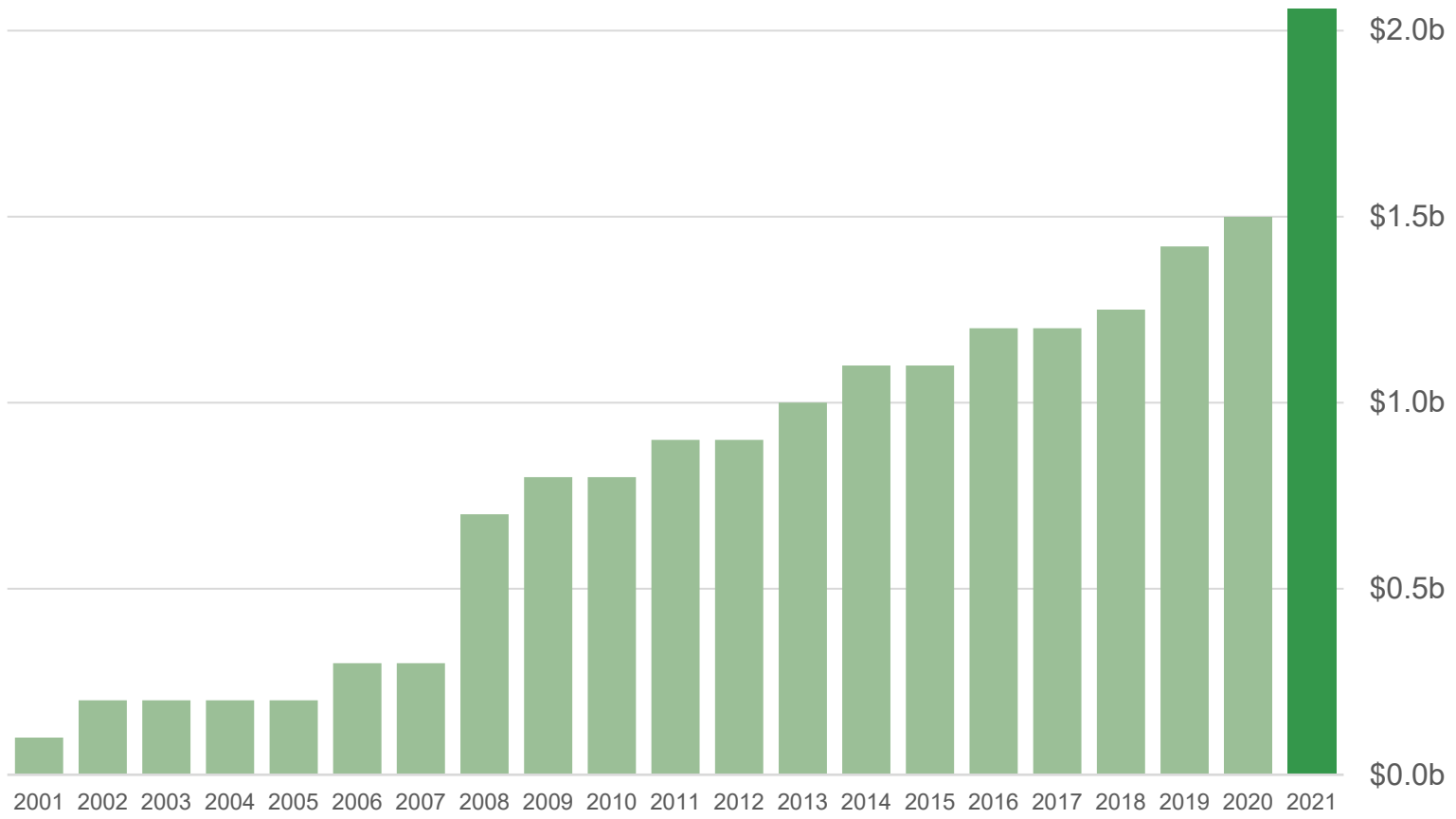
Expanded customer reach across multiple channels

Dairy brand marketing and consumer insights expertise

Platform for future growth



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



Performance highlights

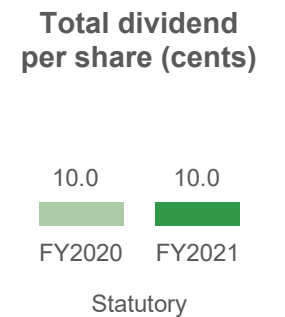
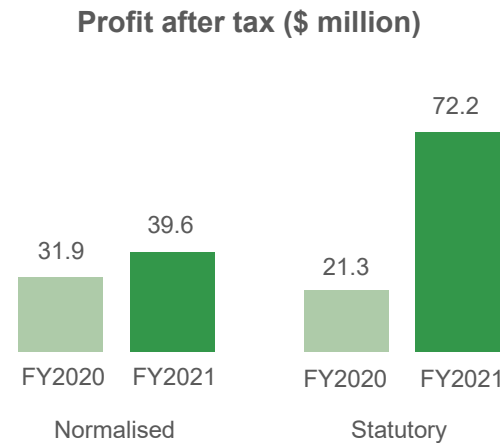
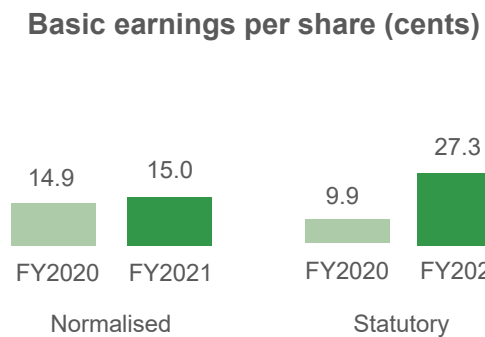
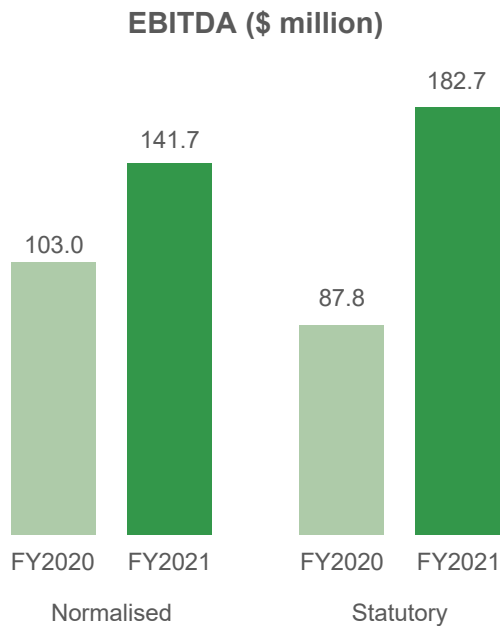
- Reduction in normalised EBITDA to net debt leverage ratio from 2.35 times to 2.25 times
- Normalised EBITDA increased by 38% to \$141.7 million
- Statutory EBITDA increase by 108% to \$182.7 million
- Operating cash flow \$111.4 million

FY2021 Revenue

\$2.07
billion

FY2020 Revenue

\$1.49
billion



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

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%	 

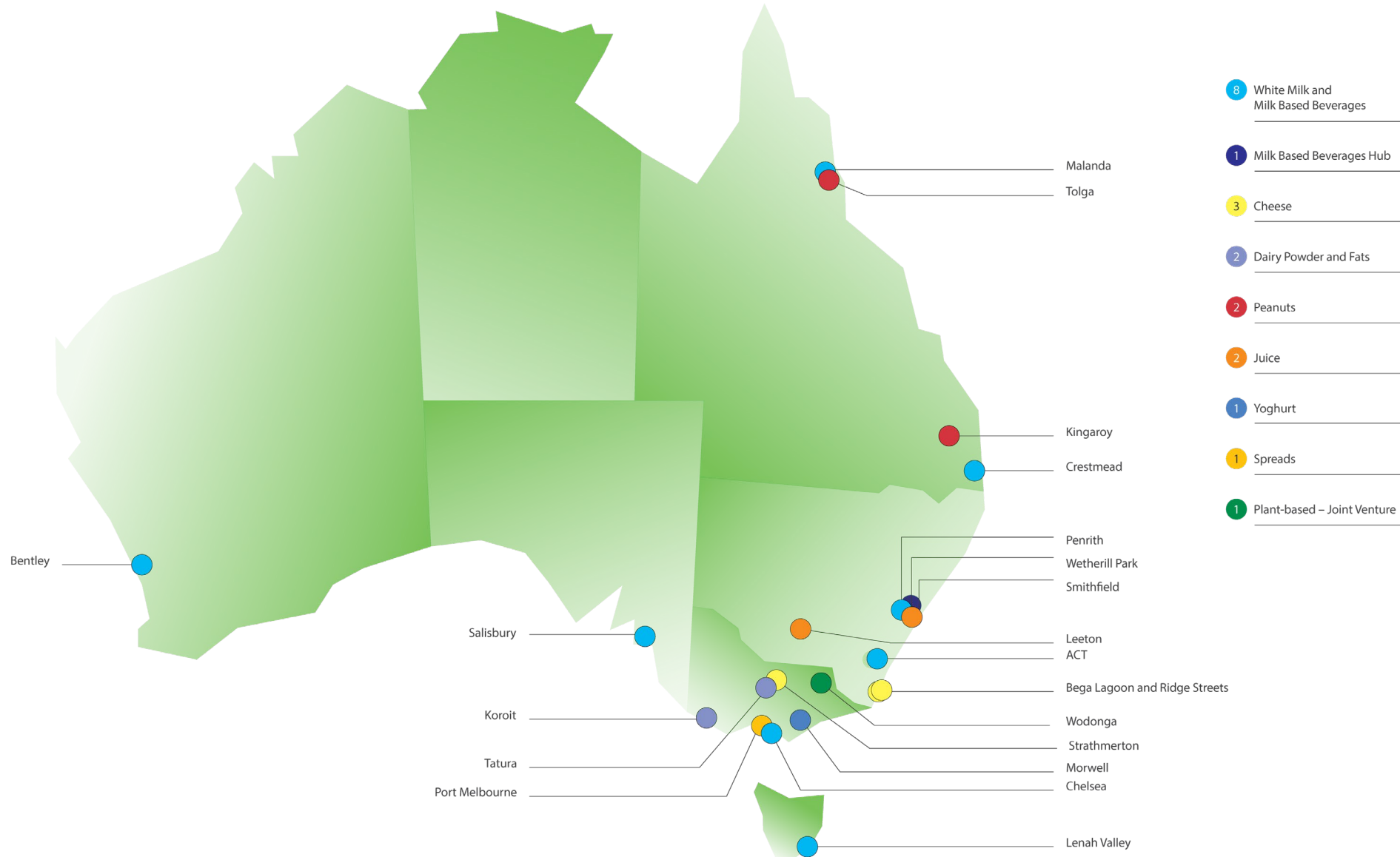
¹ Data extracted from IRI Total Business Scan (AU Grocery Unweighted + Structured Convenience), MAT to June 2021 and AC Nielsen Scan data MAT to June 2021

² Excludes non dairy

³ Includes fresh chilled and UHT shelf stable segments

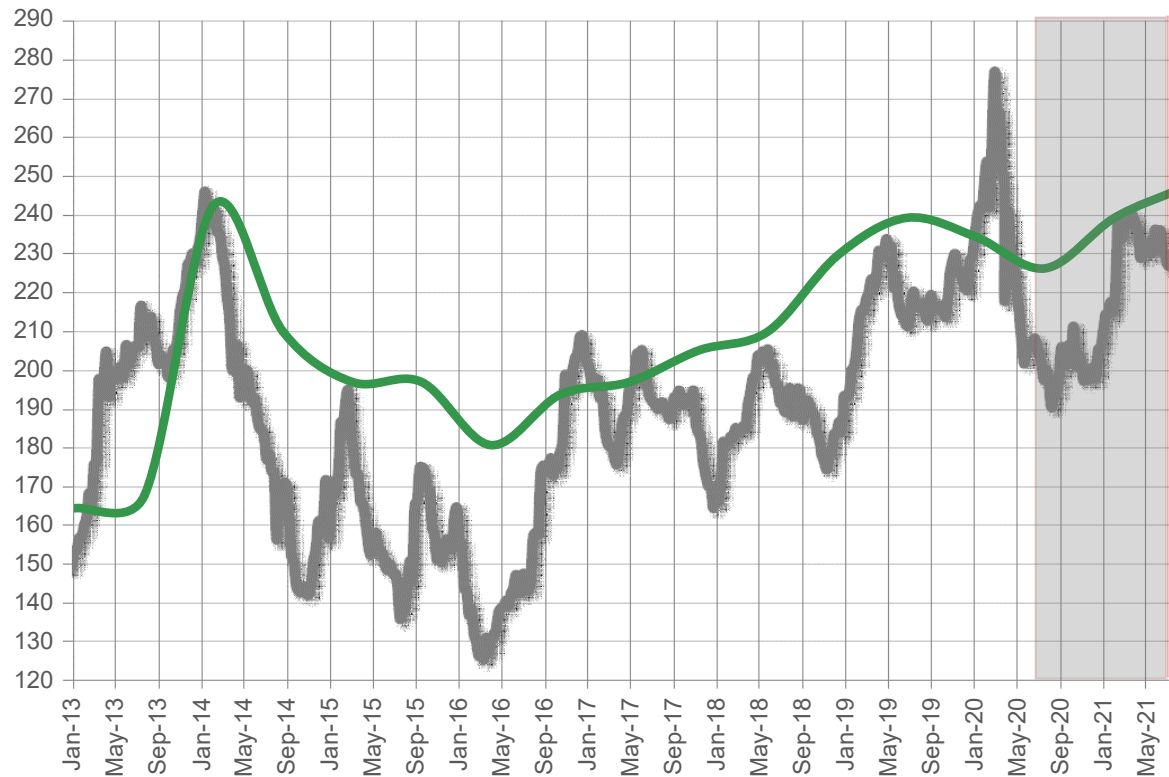
⁴ Vitasoy Australia Products Pty Ltd is a joint venture between a 100% owned subsidiary of Bega Cheese Limited and Vitasoy International Holdings Pty Ltd

Expanded and diversified manufacturing network across Australia



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

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



Diversity, inclusion and equality

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



Greenhouse gases

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



Packaging sustainability

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



Water sustainability

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



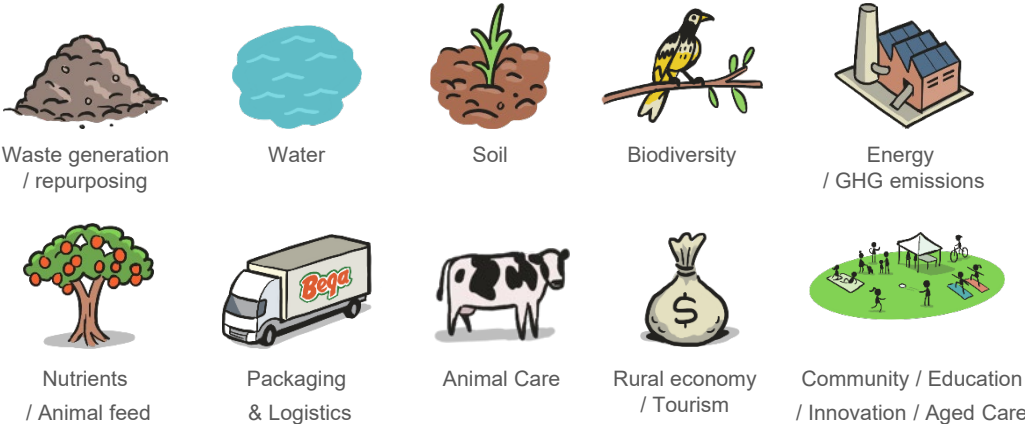
Sustainability and the Circular Economy

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



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



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