



ASX ANNOUNCEMENT

Bega Cheese takeover offer for Warrnambool Cheese and Butter

Bega Cheese (ASX: BGA) today announced an off-market takeover offer (the "Offer") for all the issued shares in Warrnambool Cheese and Butter Factory Company Holdings Limited (ASX: WCB) that has been formulated to enable a merger of the companies. If the merger is successful it would create one of Australia's largest listed food companies. Bega Cheese currently owns 18% of Warrnambool Cheese and Butter.

Offer highlights

- **1.2 BGA shares and \$2.00 cash for every WCB share.**
- **Values WCB shares at \$5.78 per share and WCB itself at \$319 million.**
- **30% premium to the volume weighted average price of WCB shares over the past month.**
- **Estimated potential synergies of \$7.5m per annum.**
- **If a successful merger is achieved, Bega Cheese will have a market capitalisation of circa \$650 million.**

Mr Barry Irvin, Executive Chairman of Bega, said "the combined businesses of Bega Cheese, Tatura Milk and Warrnambool Cheese and Butter would create a business that operates over seven sites, produces 353,000 tonnes of dairy products, generates revenue of \$1.5 billion from customers in Australia and around the world, processes approximately 1.6 billion litres of milk from approximately 1,000 Australian dairy farmers (many of whom are shareholders) and employs approximately 2,000 people in regional Australia".

Mr Irvin added, "The benefits for each company's shareholders, many of whom are farmer supplier shareholders, are highly attractive. Both groups of shareholders will access the synergies that can be realised by a successful merger, which we estimate will be \$7.5 million per annum. Customers, dairy farmer suppliers and employees will also benefit from being associated with a larger, more diversified organisation, an enhanced market position and a scale that is globally relevant".

Mr Aidan Coleman, CEO of Bega stated, “This Offer is 28% above yesterday’s closing share price of WCB. If you own 10,000 WCB Shares you will receive 12,000 BGA Shares plus \$20,000 cash under the Offer”.

Mr Irvin said “WCB shareholders are being offered shares in Bega which has a record of strong financial performance and value creation. While the potential synergies are substantial, we intend to deliver them while preserving WCB’s identity and brands”.

Bega Cheese is receiving corporate and financial advice from Kidder Williams and legal advice from Addisons Lawyers.

Further information

Detailed information in relation to the Offer is set out in a Bidder’s Statement lodged with this release to the ASX and ASIC and provided to Warrnambool shareholders.

Shareholder queries with respect to the Offer should be directed to the Bega information line on:

1300 880 751 – for local callers

+61 1300 880 751 – for international callers

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Key contacts

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