The Great
Australian
Food Company

Great Food
Great People
Great Aspirations
Greater Good

FY2020 Full Year Results Presentation

Barry Irvin – Executive Chairman
Paul van Heerwaarden – CEO
Pete Findlay – CFO

Key message

- Managing COVID-19
- Continued Revenue growth
- Significant cash generation/debt reduction
- Successful commission of Koroit lactoferrin facility
- Implementation of organisation and process review
- Rationalisation of processed cheese capacities
- Stabilised dairy environment
- Ongoing investment in new product development

Values

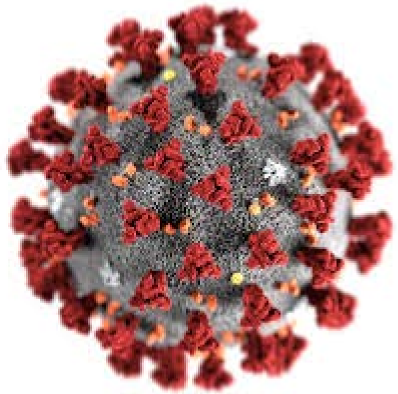
VEGEMITE
Making a difference
Passion for the customer
We create great food and build brands that our customers and consumers love and trust.
Bega

Making a difference
Grow our people
We ensure our people will continue to grow with Bega. We give them the responsibility to work together and achieve great outcomes.
Bega

Making a difference
Invest in our future
We have great aspirations to go beyond our business today. We invest in technology, innovative products and new markets.
Bega

Making a difference
Support each other
We strive for a greater good by combining our success with a positive and lasting impact on others.
Bega

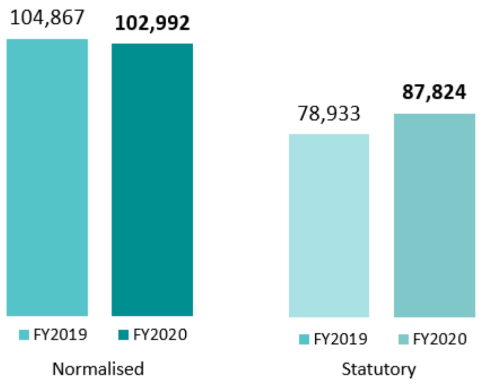
COVID-19



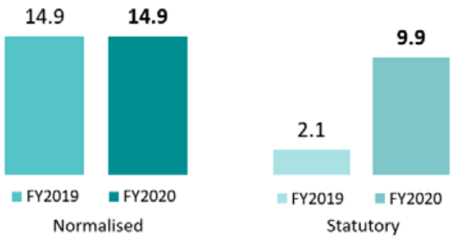
- First priority is safety
- Working closely with government and all relevant stakeholders
- Internal COVID-19 management team
- COVID-19 management plan across all sites and entire supply chain
- In excess of 500 staff working from home
- Food service market significantly impacted
- Increased retail sales
- Ingredients supply chain remains stable
- Diagou channel disruption impacting nutritional demand

Performance highlights

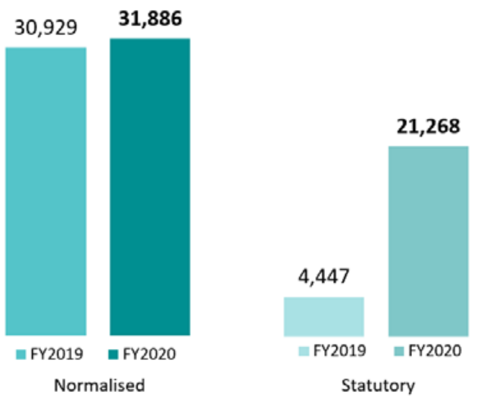
- Revenue increased by 5% to $1.5 billion
- Operating cash flow $138 million
- Net debt reduction by $52 million to $236 million
- Export sales increased 15% to $523 million
- Inventory reduction by $15 million to $257 million
- Normalised EBITDA decreased by 2% to $103.0 million



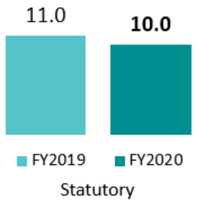
EBITDA ($'000)



Basic earnings per share (cents)



Profit after tax ($'000)



Total dividend per share (cents)

* See note 32 (Annual Report) for details about restatements.

Reconciliation of normalised result

Consolidated Period Ending 30 June 2020	Per Financial Statements $'000	Legal Costs $'000	ERP Costs $'000	Koroit Acquisition $'000	Normalised Outcome $'000
Revenue	1,493,219	-	-	-	1,493,219
Cost of sales	(1,204,171)	-	-	-	(1,204,171)
Gross profit	**298,048**	**-**	**-**	**-**	**289,048**
EBITDA	87,824	9,650	5,265	253	102,992
Depreciation, amortisation and impairment	(45,808)	-	-	-	(45,808)
EBIT	42,016	9,650	5,265	253	57,184
Net finance costs	(10,971)	-	-	-	(10,971)
Profit before income tax	**31,045**	**9,650**	**5,265**	**253**	**46,213**
Income tax expense	(9,777)	(2,895)	(1,579)	(76)	(14,327)
Profit for the year	**21,268**	**6,755**	**3,686**	**177**	**31,886**
Basic earnings per share - cents	9.9				14.9

Balance sheet

	FY2020 $m	*FY2019 $m
Cash	22.9	28.8
Trade and other receivables	117.4	179.9
Inventories	257.4	272.6
Property, plant and equipment	454.7	443.3
Intangible assets	548.1	546.1
Total Assets	**1,423.4**	**1,501.2**
Trade and other payables	253.4	274.9
Borrowings (net of costs)	258.5	316.1
Total Liabilities	**609.4**	**686.2**
Net Assets	**814.0**	**815.0**
Net (Debt)/Cash	**(236.4)**	**(288.2)**

* See note 32 (Annual Report) for details about restatements.

Cash flow

	FY2020 $m	FY2019 $m
Receipts from customers	1,691.6	1,422.1
Payments to suppliers	(1,494.9)	(1,476.8)
Net proceeds from trade receivables facility	(35.4)	188.6
Interest and other costs of financing paid	(11.3)	(20.4)
Income tax paid	(12.3)	(13.3)
Operating activities	**137.7**	**100.3**
Proceeds from sale of PPE	5.0	0.2
Payment for acquisition of Koroit	-	(251.2)
Investing activities	**(52.6)**	**(322.9)**
Financing activities	**(91.0)**	**229.7**
Net (decrease)/increase in cash and cash equivalents	**(5.9)**	**7.1**

Strategy


Great People
The Great Australian Food Company
Bega


Great Food
The Great Australian Food Company
Bega

Transformation to becoming ‘The Great Australian Food Company’

FIRST TRANSFORMATION

2001 — SEEKING NEW OPPORTUNITIES

Cooperative founded in 1899

- Industry deregulation 2001
- Bega based co-op with strong regional brand
- Main focus: cheddar manufacture, process and pack
- Long term Australian supply and license agreement with Fonterra
- Developing international sales opportunities

SECOND TRANSFORMATION

2007 — BUILDING RELEVANCE

Acquire Tatura

Diversify and grow customers and markets

- Exposure to strong dairy region
- Entry into nutritionals, cream cheese and powders
- Diversification into export markets
- People and capabilities

2008/09 — GROW AND DIVERSIFY

Acquire Strathmerton and Coburg

Increased capacity and further diversify customer base

- Cut, pack and processing scale
- Cheddar and mozzarella expansion
- Long term supply arrangement with Kraft
- Long term nutritionals supply agreement with Mead Johnson

THIRD TRANSFORMATION

2011 — STRUCTURED FOR THE FUTURE

Strength for growth

- Capital restructure
- Value release for farmers
- Well structured for corporate activity
- Acquisition of the remaining stake in Tatura
- Investment in capacity and increased focus on nutritionals and high value dairy products
- Well established B2B business
- Developing foodservice and consumer businesses

FOURTH TRANSFORMATION

2017 — NEW BUSINESS PLATFORM

Dairy strength enhanced by new categories

- Major Australian brands (cheese and Vegemite)
- Major dairy manufacturer
- Significant consumer goods infrastructure
- Dairy and food strengthened by combination, market and channel penetration
- Heritage, reputation and relationships underpin business strength and growth opportunities
- Opportunity to add further to product portfolio

2019 — ACCELERATING GROWTH

Customer and consumer focussed organisation

- Expanded consumer branded product portfolio in domestic and international markets
- Accelerated investments in growth and innovation
- Continuous improvement and rationalisation of manufacturing footprint
- Aligning our manufacturing footprint with milk supply
- New strategic alliances

Bega

Growing and diversifying our branded business

Pre 2017

Limited investment in brands

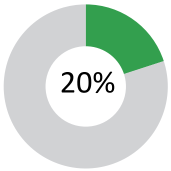
Fonterra responsible for Bega brand in Australia

Long established international branded presence via distributors

Minimal direct investment in supporting brands

Reliance on large contract manufacturing relationships

Branded sales



Now

Building brand growth engine

Extension of Bega brand into new categories

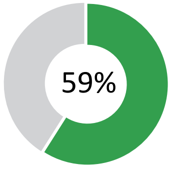
Vegemite acquisition

Developing sales and marketing capability

Re-investment in brand portfolio and innovation

Strengthening international presence

Branded sales



Our focus

Increase brand organic growth rate

Improve branded margins

Expand brand portfolio

2023

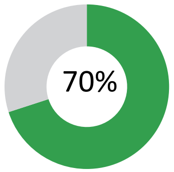
Strong brand platform for future growth

Strong portfolio of brands

Balanced top and bottom line brand growth

Strong brand capability extended across multiple geographies and categories

Branded sales



Diversifying and value adding our milk pool

Pre 2017

Concentration of milk pool regions

Core dairy infrastructure located at Bega and Tatura

Each region likely to be impacted by drought conditions at the same time

Coburg cheese plant constrained

Nutritional business reliant on small number of high volume customers

Now

Infrastructure diversity and rationalisation

Acquisition of Koroit and divestment of Tatura dryer

Toll processing and capital efficiency

Dairy manufacturing integrated between key sites to maximise value of milk

Expanded nutritional capacity and customer base

Significant global producer of lactoferrin

Our focus

Diversified milk regions

High value dairy ingredients directed to branded consumer goods

Dairy ingredients transformed to nutritional products

2023

Majority of milk destined for value added products

Network of facilities in sustainable milk regions

Dairy products supporting high value brand portfolio

Growth in international branded consumer and food service business

Diversified Australian and international customer base

High value micronutrients

New segment reporting

Dairy ingredients

- Milk processing
- Business to business dairy ingredient sales
  (Australian and international)
- Dairy nutritionals

Consumer packaged goods

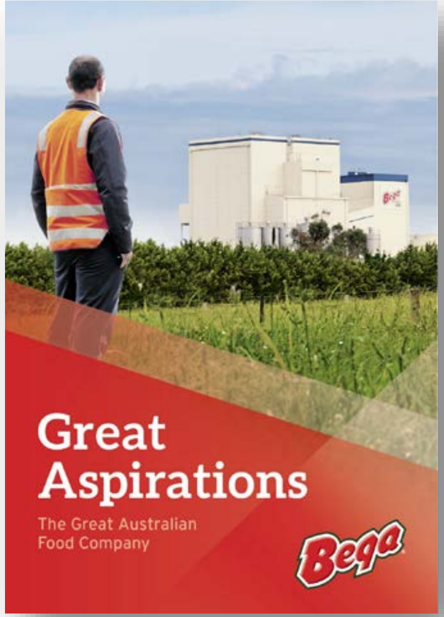
- Secondary processing
- Retail and food service brands
- Retail packaged goods
  (including private label and third party packaging)

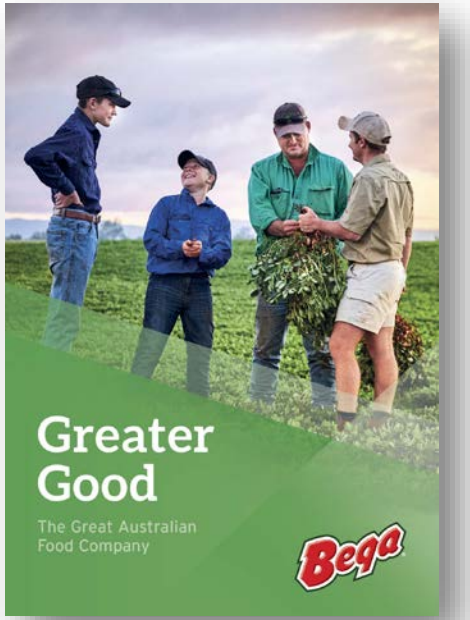
New segment reporting

	FY2020 $'000	*FY2019 $'000
Sales to external customers in Australia		
Branded	649,842	612,944
Bulk	319,900	352,303
Total Sales to external customers in Australia	969,742	965,247
Sales to external customers in other countries		
Branded	228,726	209,189
Bulk	294,751	245,516
Total sales to external customer in other countries	523,477	454,705
Total sales to external customers	**1,493,219**	**1,419,952**

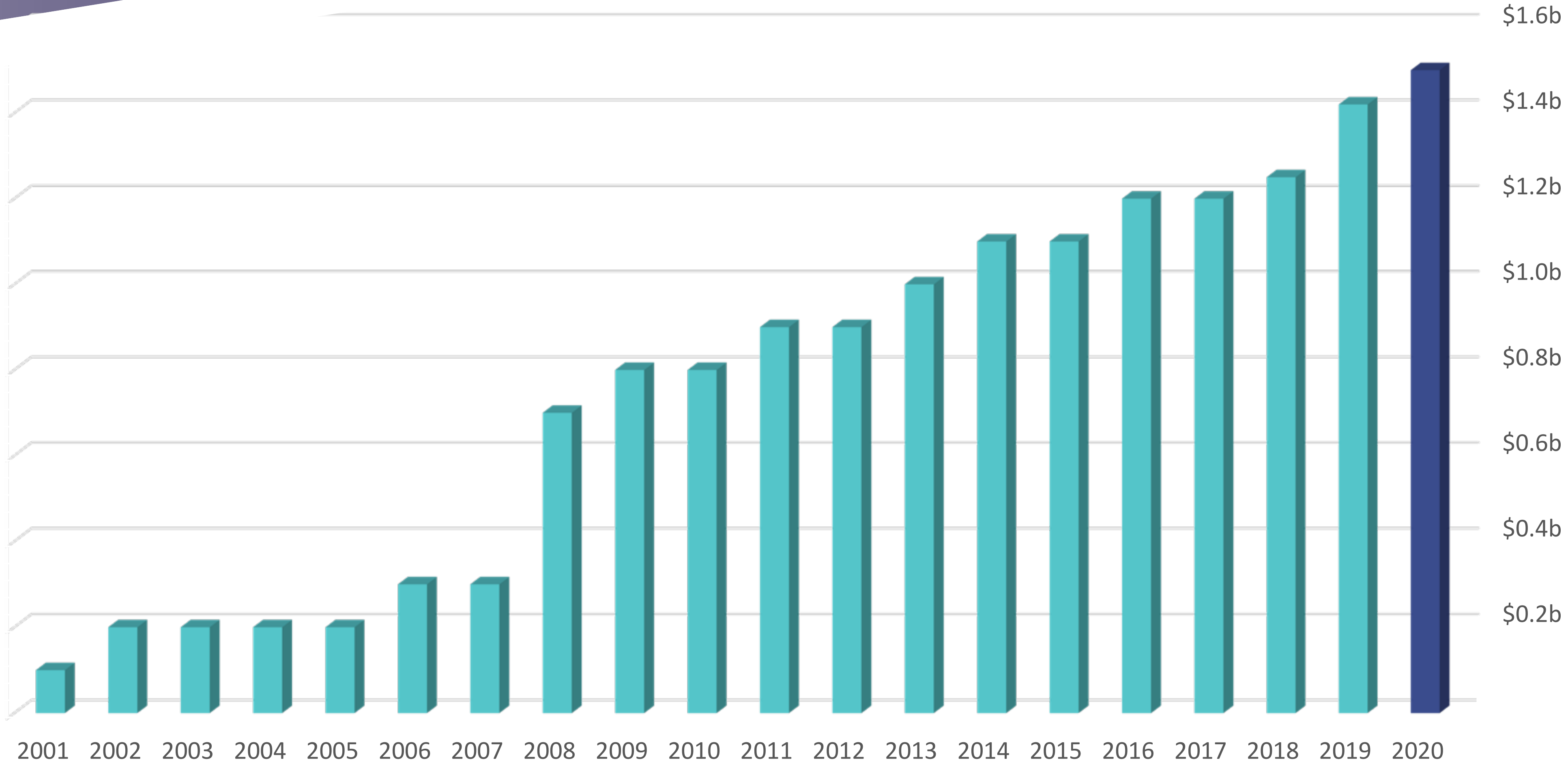
* See note 32 (Annual Report) for details about restatements.

Commercial operations





Group sales



$1.6b
$1.4b
$1.2b
$1.0b
$0.8b
$0.6b
$0.4b
$0.2b
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2019
2020

Strong growth in domestic grocery market

- Domestic retail grocery market grew by 10.5% in FY2020
- Spreads category growth of 9.8% (5.8% volume growth)
- Vegemite growth of 4.8%
- Bega Peanut Butter growth of 14.3% across both core and Simply Nuts range
- Cheese category growth of 11.7% (4.2% volume growth)
- Stronger in last four months due to impact from COVID-19 (pantry filling and reduced promotional spend)
- Farmers Table butter continues strong performance

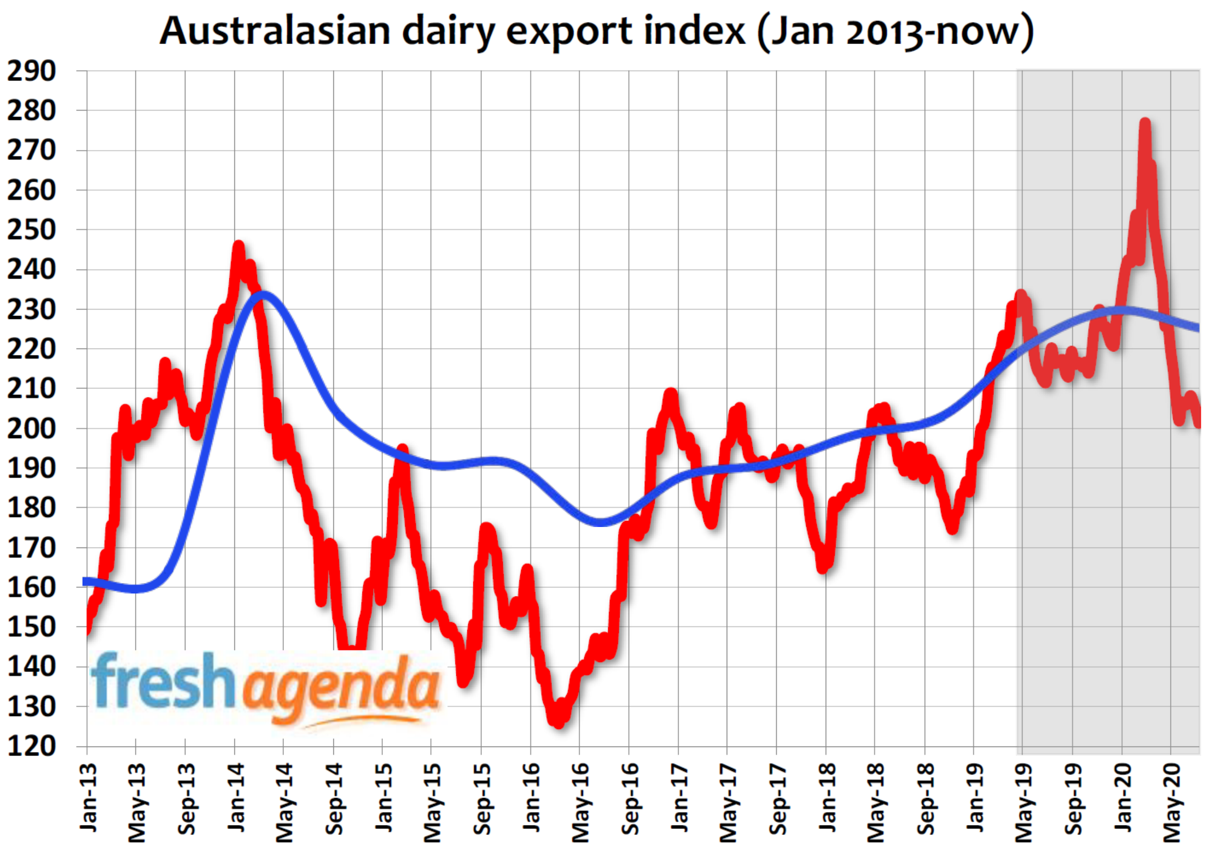
Launch of new brands and products

- B honey brand with Australian sourced honey and development of Purple Hive Project launched in May
- Happi baby and kids nutraceutical range containing lactoferrin launched in February
- 40% Less Salt Vegemite launched in March
- Simply Nuts 650g large jar and dark roast products launched in May
- Increased royalties from Vegemite brand through licensing and ecommerce store

Dairy Nutritionals

- Strong growth with new customers for goat formula and in South East Asian markets
- Anticipate reduction in demand following short term increase in demand related to COVID-19
- Diagou channel impacted following COVID-19
- Progressed commissioning of Koroit lactoferrin facility and commenced supply

Dairy commodity and farm gate milk prices



- Improved seasonal conditions in 2H FY2020
- Milk supply outlook positive
- Successful implementation of new dairy code of conduct
- Highly competitive milk procurement environment

Export trend index – global commodity prices and Australian currency impact
Source: fresh*agenda*

Bega Cheese southern farm gate milk price trend

FY2019 opening milk price $5.85 per kg milk solids
FY2020 opening milk price $6.75 per kg milk solids

Operations review

- Organisation and process review
- Secondary manufacturing footprint
- Factory optimisation
- Logistics
- Common ERP platform
- Lactoferrin plant at Koroit

Approach to Corporate Social Responsibility

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

Aligned with the United Nations Global Compact

SUSTAINABLE DEVELOPMENT GOALS

Food nutrition	Diversity, inclusion and equality	Greenhouse gases	Packaging sustainability	Water sustainability
Highlights FY2020	**Highlights FY2020**	**Highlights FY2020**	**Highlights FY2020**	**Highlights FY2020**
Commenced implementation of our new Nutrient Profiling Standard	27% of women in management positions	Continued implementation of our Energy Roadmap with 80% of energy submetering completed	Early adoption of the Australasian Recycling Label	Re-using 39% of water from manufacturing operations for irrigation on farms
Launched 40% Less Salt Vegemite	Dedicated diversity training of 60 members of Bega's leadership team	$822,000 of capital works projects dedicated to energy efficiency improvements	Adoption of a revised Packaging Sustainability Policy	Commenced development of a Water Management Capability program
Vegemite fully certified by Vegan Australia	Established a Diversity Roundtable led by the CEO	Greenhouse gas emissions maintained at FY2019 levels through the purchase of Australian Carbon Credit Units generated through storage in soils on dairy farms	Reduced waste intensity from 9.69 kg/t to 8.48 kg/t	Saved 613,000 litres of water per annum in Vegemite production
Released our Company Action Plan under the Responsible Children's Marketing Initiative	Developed a Diversity and Inclusion Blueprint for the business	Saved 14,000 gigajoules of energy per annum at our Tatura site	On track for 20% of cheese slice clamshell packaging to 100% recycled plastic by the end of 2020 calendar year	Saved 20 million litres of town water per annum from our plant in Koroit

Where are we today?

- Transition to diversified brand food company well progressed
- COVID-19 varying impact on market channels
- Supply chain and operational issues due to COVID-19 under control
- Global uncertainty related to dairy demand
- Stabilised milk procurement environment
- Business improvement initiatives well progressed
- Awaiting the outcome of legal cases with Fonterra and Kraft

Our priorities

- Investment in brands and markets
- Focus on cash generation and costs
- Leveraging and rationalising existing assets and product capacities
- Protect and diversify current milk supply
- Phase 2 of operational process review optimizing new ERP system
- Remain open to further dairy industry consolidation opportunities

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