ASX ANNOUNCEMENT

Half Year 2021 Results Highlights Presentation

I enclose the Half Year 2021 Results Highlights Presentation to be discussed on the Half Year Result 2021 Conference Call scheduled for 11:00am today.

24 February 2021

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The Great Australian Food Company

Great Food
Great People
Great Aspirations
Greater Good

1H FY2021 Results Presentation

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

Key message

- Strong financial performance, balance sheet strengthening
- Continuing to manage the impact of COVID-19
- Volatile international dairy commodity market
- New lactoferrin capacity completed and commissioned
- Operational Performance Review outcomes implemented
- National dairy production stable
- Good performance in Australian retail market
- Completion of Lion Dairy and Drinks acquisition on 25 January 2021

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 (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

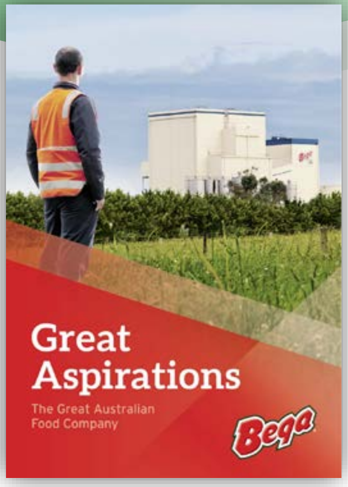
2021 — ACCELERATING GROWTH

Customer and consumer focussed organisation

- Heritage Australian dairy brands in high returning categories
- Unique national cold chain distribution network
- Continuous improvement and rationalisation of manufacturing footprint
- Aligning our manufacturing footprint with milk supply
- New strategic alliances

Bega values


The Great Australian Food Company
Great Food
Great People
Great Aspirations
Greater Good
Bega


Great Aspirations
The Great Australian Food Company
Bega


Great Food
The Great Australian Food Company
Bega


Great People
The Great Australian Food Company
Bega


Greater Good
The Great Australian Food Company
Bega


Golden Safety Rules
Safety always
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
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
Support each other
We strive for a greater good by combining our success with a positive and lasting impact on others.
Bega

Performance highlights

- Revenue decreased by 4.5% to $708 million
- Statutory EBITDA increased 68% to $65.8 million
- Normalised EBITDA increased by 51% to $73.0 million
- Working capital decreased by 5% to $168.3 million
- Net debt pre capital raise decreased by 21% to $247.5 million

Revenue analysis

- Increase in international branded sales
- Increase in lactoferrin sales
- Increase in dairy toll manufacture (not reflected in revenue)
- Conclusion of milk supply guarantee arrangements (Koroit)
- Decrease in global dairy commodity prices and appreciation of Australian dollar
- Decrease in contract manufacture volumes
- Margin improvement reflects changed product mix

Key measures

1H FY2020 Key Measures	1H FY2021 $'000	1H FY2020 $'000
Statutory performance		
Revenue	707,733	741,151
EBITDA	65,810	39,262
EBIT	40,826	17,688
PAT	21,707	8,545
EPS (cents per share)	9.6	4.0
Normalised performance		
EBITDA	72,989	48,464
EBIT	48,005	26,890
PAT	29,735	14,986
EPS (cents per share)	13.2	7.0

- Bega Foods and Koroit acquisitions meeting earnings expectations
- Margin improvement reflecting business diversity and product mix
- PAT impacted by 39% effective tax rate
- First half performance does not reflect likely full year performance
- Positioned for further transformation and growth following LD&D acquisition

Reconciliation of normalised result

Consolidated Period Ending 27 December 2020	Per Financial Statements $'000	Acquisition Costs $'000	Legal Costs $'000	Normalised Outcome $'000
Revenue	707,733	-	-	707,733
Cost of sales	(564,734)	-	-	(564,734)
Gross profit	142,999	-	-	142,999
EBITDA	65,810	6,337	842	72,989
Depreciation, amortisation and impairment	(24,984)	-	-	(24,984)
EBIT	40,826	6,337	842	48,005
Net finance costs	(4,979)	1,610	-	(3,369)
Profit before income tax	35,847	7,947	842	44,636
Income tax expense	(14,140)	(508)	(253)	(14,901)
Profit for the period	21,707	7,439	589	29,735
Basic earnings per share - cents	9.6			13.2

Balance sheet

	1H FY2021 Dec $m	FY2020 Jun $m
Cash	251.2	22.9
Trade and other receivables	97.8	117.4
Inventories	296.2	257.4
Property, plant and equipment	435.0	446.0
Intangible assets	545.8	548.1
Total Assets	**1,664.9**	**1,423.4**
Trade and other payables	225.6	253.4
Borrowings (net of costs)	98.6	247.3
Total Liabilities	**439.5**	**609.4**
Net Assets	**1,225.4**	**814.0**
Net (Cash)/Debt	**(145.1)**	**231.3**

- Balance sheet reflects proceeds of capital raise
- Net debt leverage ratio pre capital raise reduced from 2.9 to 2.0
- Capital expenditure reduced following completion of lactoferrin plant and ERP system

Cash flow

	1H FY2021 Dec $m	1H FY2020 Dec $m
Receipts from customers	787.2	867.0
Payments to suppliers	(763.0)	(814.6)
Interest and other costs of financing paid	(5.0)	(6.2)
Income tax paid	(12.3)	(8.2)
Operating activities	**6.8**	**38.1**
Investing activities	**(10.7)**	**(32.2)**
Repayment of borrowings	(148.6)	(29.4)
Net proceeds from issue of shares	392.6	-
Financing activities	**232.2**	**(11.0)**
Net increase/(decrease) in cash and cash equivalents	**228.4**	**(5.1)**

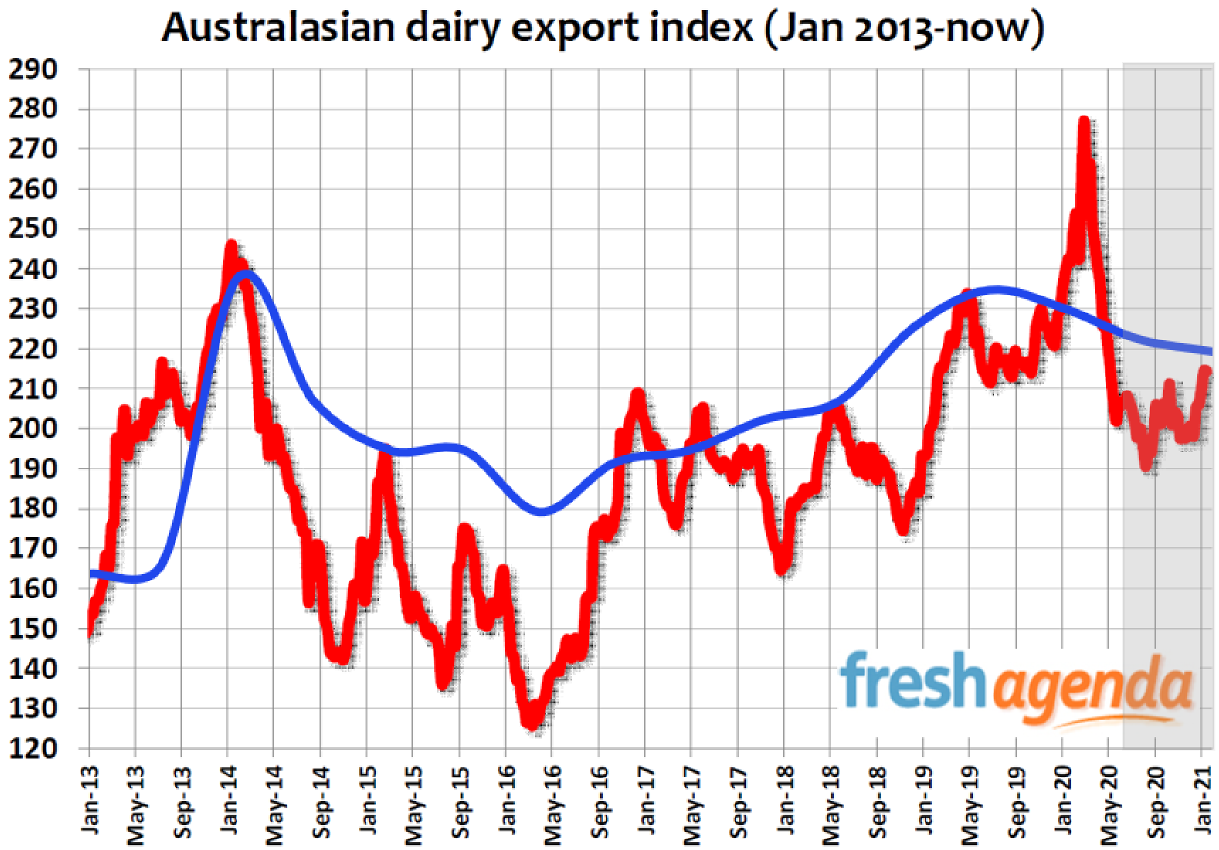
Our consumer brands

- Spreads category growth of 9.4% for the six months to December to a year ago
- Bega category growth of 13.6% and market share increased to 30.9%
- Sales of Bega Simply Nuts has doubled with market share of naturals increasing to 21%
- B honey has grown 11.4% share in Coles after six months in market
- Launched Vegemite squeezy for new usage occasions and to increase consumption
- Export revenue increased 14% to $270 million

Dairy nutritionals

- Continued growth in new channels particularly Indonesia
- Significant sector challenges reflecting changed market and delivery channels in China
- Reduced demand from several longer term customers
- Subsequent to 1H FY2021 Reckitt Benckiser advised they are exiting Derrimut nutritional canning facility
- Bega service contracts to RB includes compensation for loss of future earnings
- Bega considering implications of RB exit and any potential opportunities
- Downward pressure on lactoferrin pricing due to additional global capacity

Dairy commodity and farm gate milk prices



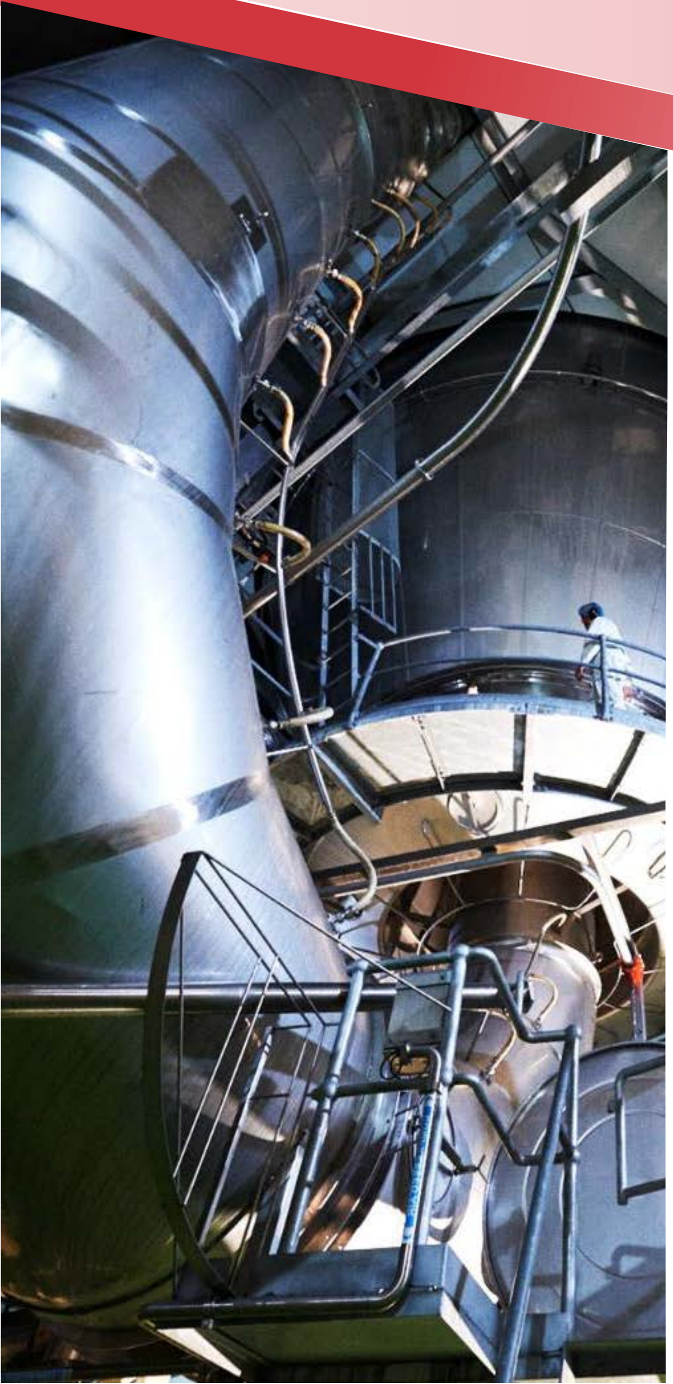
- Significant dairy commodity price decrease immediately following COVID-19
- Consistent improvement in global pricing offset by appreciating Australian currency
- Stable national dairy supply
- Continued competitive procurement environment
- Announced 10c per kg milk solids step up 23 February 2021

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

Bega Cheese southern farm gate milk price trend

FY2020 opening milk price $6.75 per kg milk solids
FY2021 opening milk price $6.40 per kg milk solids

Operations review



- Total production increased 0.5% to 155,170 tonnes
- Total milk processed including toll arrangements increased by 1.6%
- Tolling arrangements improving plant utilisations and efficiencies
- Direct milk intake decreased;
  - Conclusion of milk supply guarantee at Koroit
  - Strong competition for milk particularly in northern Victoria
- Continuous improvement program achieving lower cost, improved capacity and solids utilisation
- Successfully commissioned new lactoferrin facility at Koroit
- Development of new whey, skim and cheese products
- Implementation of DuPont safety leadership and engagement

Lion Dairy & Drinks acquisition

- Acquisition completed 25 January
- Implementing 100 day transition plan
  - Organisational re-structure
  - Procurement program
  - Milk management and manufacturing integration
- On track to achieve synergy target for FY2022
- Business improvement and growth initiatives prioritised
- Market and trading conditions in line with expectations
- LD&D business performance highly seasonal

Lion Dairy & Drinks transaction overview

Transaction overview	- Bega Cheese Limited ("**Bega**") has entered into a binding agreement to acquire Lion Dairy & Drinks Pty Ltd ("**LD&D**") for $534 million[1] - Implies EV / EBITDA multiple of 10.9x pro forma normalised LTM Sep-20 EBITDA[2] of $56 million and 6.3x post synergy realisation[3] - In addition to the acquisition price, Bega expects to incur stamp duty and acquisition transaction costs ($42 million), capital raising and debt funding costs ($11 million), upfront transition costs ($21 million), additional transition and separation costs ($60 million)
Lion Dairy & Drinks	- One of Australia's leading branded dairy and beverages companies with a portfolio of iconic brands holding #1 and #2 category share positions - Large-scale, well-invested national manufacturing capability as well as Australia's largest national cold chain distribution network - LTM Sep-20 revenue of $1.6 billion and pro forma normalised EBITDA[2] of $56 million (post-AASB 16) excluding synergies
Acquisition rationale	- Creates large-scale dairy and foods business with increased branded portfolio. Achieving 2023 branded portfolio target ahead of schedule - Highly complementary Consumer Packaged Goods ("**CPG**") capability - Significant expansion of domestic distribution network, with a focus on route channel - Strengthens core dairy footprint - Substantial synergy opportunity (estimated at $41 million per annum) - Financially compelling returns for shareholders

[1] Net acquisition price represents gross sale price of $560 million less a $26 million deduction for IT separation costs (net of tax)
[2] Represents post-AASB 16 pro forma normalised EBITDA, including Vitasoy JV: 49% of NPAT and a management fee, and 75% of Capitol Chilled Foods (Australia) ("**CCFA**") earnings
[3] Including $41 million of base case synergies. EV / EBITDA multiple on post-AASB 16 basis. EV including $78 million finance lease liabilities

Lion Dairy & Drinks highlights

Attractive portfolio of Milk-Based Beverages, Yoghurt, Juice, White Milk, Plant-Based Beverages, Culinary and other brands

Some of Australia's iconic dairy and beverage brands with #1 and #2 market share positions in its core categories

Australia's largest national cold chain distribution network

Large-scale, well invested national manufacturing capability across 13 sites

Pro forma LTM Sep-20 net revenue of $1.6 billion and EBITDA of $56 million[1] excluding synergies

[1] Represents post-AASB 16 pro forma normalised EBITDA, including Vitasoy JV: 49% of NPAT and a management fee, and 75% of CCFA earnings

Brand portfolio

Milk Based Beverages
- Dare
- Iced Coffee
- Masters
- Big M
- Dairy Farmers Classic
- Feel good!
- Jacaranda

White Milk
- Dairy Farmers
- PURA
- Masters M
- Complete Dairy
- Canberra Milk
- Made by Cow
- Dairy Choice

Yoghurt
- Farmers Union
- Yoplait
- Dairy Farmers
- The Culture Co.
- frûche
- YoGo
- Divine Classic
- Bornhoffen

Juice and Drinks
- Daily Juice Co
- The Juice Brothers
- Mildura
- Just Juice
- Prima
- Berri
- Kyneton Springs

Dairy Foods
- Bega
- Farmer's Table
- Tatura
- Dairymont
- dairylea
- Royal Victoria
- melbourne
- Chef's Choice

Spreads and condiments
- Vegemite
- Bega Peanut Butter
- Simply Nuts
- B Honey
- Zoosh

Water Ice
- Zooper Dooper
- Berri Quelch

Culinary
- PURA
- Dairy Farmers

Nutritionals
- HAPPi
- 180 Nutrition

Plant-based
- Vitasoy Growing milk since 1940

* Vitasoy Australia Products - Joint Venture

Bega

Combined manufacturing footprint

8 ● White Milk and Milk Based Beverages
1 ● Milk Based Beverages Hub
3 ● Cheese
2 ● Dairy powder and fats
1 ● Peanuts
2 ● Juice
1 ● Yoghurt
1 ● Spreads
1 ● Plant-based – Joint Venture

Growing and diversifying our branded business

Pre 2017

Limited investment in brands

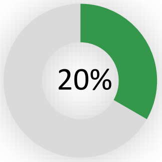
Fonterra responsible for Bega brand in Australia

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

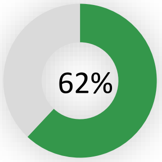
Vegemite acquisition

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

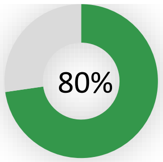
Strong brand platform for future growth

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

Where are we today?

- Financial results at expectation
- Performance reflecting strategy and benefit of Bega Foods and Koroit acquisitions
- Kraft legal case concluded in Bega’s favour and awaiting outcome of Fonterra case
- Organisational process review benefits being realised
- Challenges in dairy nutritional demand
- Continue to manage COVID-19 impacts
- LD&D acquisition result and integration at expectation

Our priorities

- Ensure LD&D acquisition seamless for customers and dairy farmer suppliers
- Implement 'One Bega' program for the combined Bega/LD&D business
- Safety, people and culture focus
- Execute synergy opportunities to realise first full year target of $36 million
- Focused investment on leading brands and market development
- Leverage and rationalise manufacturing network and product capabilities
- Continue to focus on cash generation and cost management
- Support transition of RB from Derrimut and review nutritional canning options

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