



ASX ANNOUNCEMENT

Trading Update FY2022

Summary

- COVID-19 impacts easing in fourth quarter however, full year direct costs related to COVID-19 expected to be in excess of \$40 million
- Floods in Central Australia, Northern NSW and Queensland in February and March 2022 have significantly disrupted customer deliveries and increased transport and logistics costs
- Lockdowns in Shanghai are impacting product delivery schedules into China
- COVID-19 impact and flood related costs are expected to be largely confined to FY2022
- Global dairy demand and commodity prices remain strong
- Competition for milk remains robust, farm gate milk prices increased reflecting improved commodity markets
- Normalised EBITDA FY2022 expected range of \$175 to \$190 million

Market Update

Bega Cheese provides the following update on business performance and outlook.

The Bega Cheese business continues to manage a number of one-off costs in the FY2022 year that will impact financial results. As outlined in the 1H FY2022 update COVID-19 impacted 1H FY2022 performance by in excess of \$20 million and while there is some recovery in the market and an easing of COVID-19 associated costs, the full year EBITDA impact of COVID-19 will be in excess of \$40 million.

While the majority of the above was expected by the company and incorporated in our previous market update, the business is now additionally managing the costs and supply chain disruption impact of flooding in recent weeks and months in Central Australia, Northern NSW and Queensland, including the suspension of rail services into these regions. There have been increases in input costs associated with the outbreak of war in Ukraine and now also concern on the certainty of deliveries of products destined to the China market scheduled through the port of Shanghai due to lockdowns in that city.

The costs and market disruption associated with COVID-19 and the recent flood events are expected to be largely confined to FY2022.

International dairy prices continued to strengthen in 2H FY2022. The improvement in international commodity markets and decreases in 2H FY2022 national milk production have further increased competition for milk with the majority of dairy companies including Bega Cheese increasing farm gate milk prices.

The company is forecasting a normalised EBITDA of \$175 to \$190 million.

The diversity and capabilities of the Bega Cheese business have been particularly important in FY2022. The company has managed a number of external challenges while responding to opportunities particularly in the global commodity markets which are currently providing stronger returns than the Australian market.

Bega Cheese's balance sheet remains strong, and the company continues to execute its capital program focused on site and supply chain efficiencies, capacity increases and product innovation in high growth categories. Bega Cheese expects its leverage ratio to further reduce in FY2022 to approximately 2.0.

ENDS

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