



THE MARKET

Bega Cheese Limited (BGA) is a company that manufactures and distributes dairy and associated products to both Australian and international markets. Cheese is a major product for the Australian dairy industry, utilising more than a third of Australian milk. Australians are a nation of cheese lovers with a variety of flavours to choose from. The company is currently one of the largest dairy producers in Australia with a value of around A\$1.3 billion. Bega Cheese also produces bulk core dairy ingredients including cheese, cream cheese and powdered milk, accounting for approximately 40% of their revenue. Bega’s Nutritional and Bio nutrients accounts for 20% of revenue.

ACHIEVEMENTS

Bega’s facility consolidation and new brand product launches have seen Bega post a 13 per cent increase in revenue in the 2019 financial year, in what has been a challenging operating environment for the dairy giant.

In this Financial Year of 2019, Bega Cheese generated a record normalised earnings before interest, depreciation and tax (EBITDA) of \$115.4 million, an increase of 5 per cent year-on-year.

Bega Cheese acquired the majority of Mondelez International’s local grocery and cheese business in 2017, a portfolio which includes Vegemite, Bonox, ZoOSH and a transitional royalty-free licence for several Kraft products such as peanut butter and cheese as well as nut spreads, for \$460 million. The aim is to become a leading Australian-branded

consumer goods business.

Bega CEO, Paul van Heerwaarden, said key growth initiatives during the year included a further diversification of its customer base in nutritionals and innovation in its branded consumer goods business.

HISTORY

Dairying started in the Bega Valley in the 1850’s. In those days each farmer produced and sold products such as cheese and butter from their dairy. After a period of time local farmers decided to improve their individual production and marketing activities and banded together to establish The Bega Co-operative Creamery Company in 1899. Bega Cheese the Australian dairy company is based in Bega in South East and tablelands region.

Bega Cheese’s original factory was opened in Bega in 1900. The original site at Lagoon Street still operates today producing cheddar and mozzarella cheese and whey powders. In

1997 Bega Cheese built a cheese processing and packaging facility at Ridge Street, Bega, value adding cheese for both the Australian and International market.

In March 2009, Bega Cheese acquired the cheese manufacturing facility of Kraft foods at Strathmerton in Victoria. The asset was one of the largest processed cheese facilities in Australasia and Bega Cheese has further invested in the infrastructure adding a natural cheese cutting capacity to the plant.

An important milestone for Bega Cheese



occurred in August 2011 when the business listed on the Australian Securities Exchange (ASX). Following the successful listing, Bega Cheese acquired the final 30% of Tatura milk, which then became a wholly owned subsidiary of Bega Cheese. In March 2014 a life stage nutritional canning and blending plant was commissioned in Derrimutt, Victoria. This new facility added to Bega Cheese’s capabilities which now included the supply of retail ready infant formula and growing up milk powders to Australian and international customers.

January 19th 2017 Bega Cheese Limited announced a A\$460 million deal with multinational food conglomerate Mondelez International to acquire most of their grocery and cheese businesses in Australia and New Zealand. The deal included brands such as Vegemite and Bonox, a licence for the Dairylea and Snackabouts brands, and the licence to manufacture Kraft – branded cheese and peanut butter through 2017, as well as a manufacturing site in port Melbourne, Victoria.

THE PRODUCT

Bega has developed its reputation as a trusted iconic Australian brand with cheese products to suit all Australian families. Bega cheese is the number 1 selling brand of natural cheese in Australia and the brand has twice the volume of its closest competitor.

During 2019, the company launched 41 new branded products or product variations, and three new brands, Simply Nuts, Farmer’s Table, and Modern Chef, which is an exclusive brand developed for Woolworths. It expanded retail





organisation with a strong regional focus, Bega Cheese is proud of our heritage and success, which continues to create outstanding career opportunities.

In the next Financial Year 2020 the company will continue to invest in our brands, develop new products and extend our reach as we grow the consumer and food service markets in Australia and overseas.

PROMOTION

The Bega Valley Shire (also known as the Sapphire Coast) is located at the south-eastern extremity of coastal NSW, Australia. The Shire is predominantly rural, with many townships and villages.

The picturesque lush clean and green Bega Valley is the fundamental theme for all advertising activity for Bega Natural Cheese. The image of this magnificent area carries associations with heritage, quality, country values and consistency.

Promotion for Bega Natural Cheese features the line “Bega real town real cheese, made in Bega for over 100 years” also featured is “Bega tastes better by a country mile”. Of all the cheese advertisers, Bega achieves the highest and most accurate brand recall, mainly because of the focus is on its valuable origins.

Bega invests heavily in the media, mainly in television, to promote the brand. This strong support, combined with the consistent high quality of the variety of products produced in the Bega Valley for Australians and International markets.

BRAND VALUES

The Bega products and brands are closely associated with the Bega Valley, the heritage of excellent cheese making facilities and the best quality milk and cheese in the country. These associations are a natural platform for the

advertising mix and strengthen the core values of the Bega brand.

Testimony to the brand’s quality image is the perception by the consumer that the Bega brand is good value for money. While they are paying a premium price, the quality makes it worthwhile.

These values and added production capabilities have motivated Bega to market the brand Internationally. Bega farmers enjoy a sense of pride that can only be won through the hard work, success and a commitment to producing the highest quality milk and dairy products.



offerings to cream cheese and butter in the domestic market, and launched gluten free Vegemite and Arnott’s Vegemite Shapes. Bega Simply Nuts was launched into the high-growth all-natural peanut butter segment.

Bega is now starting to see the benefit of our investments in new product development. The Picky Picky nut snacking product range is now available in Coles and the Dairymont food service brand was also relaunched during the year in the domestic market.

RECENT DEVELOPMENTS

Bega Cheese’s A\$460 million acquisition of Mondelez International’s grocery and cheese businesses in Australia and New Zealand includes iconic brands such as Vegemite. The acquisition will increase Bega’s annual revenue by 25% (A\$310 million) and give Bega a strong position in the Australian consumer goods market and transform Bega into a diversified consumer – goods company.

Bega Cheese is a major force in the manufacture and development of value-added, high quality dairy ingredients and consumer products, servicing domestic and international markets. Bega Cheese is a top 200 ASX listed company, with turnover in excess of \$1.2 billion, and employs over 1700 employees across seven sites. A highly successful



THINGS YOU DIDN'T KNOW ABOUT BEGA CHEESE

- Bega farmers have been manufacturing Cheddar cheese in the Bega Valley as far back as 1860.
- In 1995, the Bega Co-op reconstructed a new Heritage centre which is the perfect copy of the original Co-op factory from 1899.
- Hundreds of thousands of cheese lovers visit the Co-op every year, making Bega one of the most popular tourist spots on the south coast of NSW.
- Of all of our dairy foods, cheese is the most concentrated source of calcium.
- A world famous mountain climber took his supply of Bega Tasty Cheese to the summit of Mount Everest in the late 1980’s.
- It takes approximately ten litres of rich Bega milk to make one kilogram of Bega Cheddar Cheese.
- Bega Cheese Limited is a locally-owned publicly listed company that generates its revenue from the processing and manufacturing of dairy and other food related products which it distributes across Australia and exports to over 40 countries.