



ASX ANNOUNCEMENT

Bega Cheese to acquire one of Australia's most iconic food brands

Bega Cheese Limited (Bega Cheese or the Company) announced today it has agreed to buy most of Mondelez International's Australia and New Zealand grocery and cheese business (MDLZ Grocery Business) and with it some of Australia's most iconic brands.

The MDLZ Grocery Business includes brands such as *Vegemite*, *ZoOSh* and *Bonox* – and other products using the KRAFT brand under licence for products such as peanut butter, nut spreads, processed cheese slices, ambient cheese spread, mayonnaise, parmesan cheese, *KRAFT Easy Mac* and *KRAFT Mac & Cheese*, as well as the Port Melbourne site. Philadelphia is not included in the sale.

The Company will pay \$460 million which will initially be funded by bank debt. Bega Cheese said it has near-term corporate opportunities to pay down debt.

Bega Cheese said that after overlaying its own additional costs to operate the business and adjusting turnover and earnings for its planned brand rationalisation and brand transition strategy, it expects the MDLZ Grocery Business to generate pro-forma net revenues of approximately \$310 million and EBITDA of between \$40 to \$45 million¹ in its first full year of operation which is expected to be strongly EPS accretive¹.

Bega Cheese's Executive Chairman, Mr Barry Irvin said "The wonderful heritage and values that *Vegemite* represents and its importance to Australian culture makes its combination with Bega Cheese truly exciting."

That aside, he said "this acquisition will be value accretive in its own right, strategically important and company making. These iconic brands alongside the *Bega* brand are strong building blocks to enable Bega Cheese to become a great consumer goods business."

Mr. Irvin said "In addition to *Vegemite* and the other brands being undeniably iconic, the people we are taking on are very impressive and will play an important role in growing the merged business." He said "we look forward to welcoming the new employees to Bega Cheese and are excited about the opportunities which will be created by bringing them and the MDLZ Grocery Business together with Bega Cheese."

Bega Cheese was advised by Kidder Williams and Addisons Lawyers.

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¹ Prior to one off transaction costs, implementation costs and any impact arising from a purchase price allocation