



ASX ANNOUNCEMENT

Bega Cheese invests in Milk Supplier Sustainability and Growth

Bega Cheese announced today that it will invest in business initiatives aimed at ensuring the sustainability and growth of the milk supply provided to it by farmers. Bega Cheese Executive Chairman Barry Irvin said that the company would allocate up to \$25 million to secure a long term, sustainable and growing milk supply. Mr Irvin said that it is important for the company to develop strategies that more strongly link the needs of the company and its suppliers. With competition for milk expected to increase and a relatively static Australian milk supply it is important to think about new approaches that encourage existing suppliers to invest and sustainably grow their milk supply and for the company to have longer term supply security which allows long term business growth objectives to be met.

Mr Irvin noted that these initiatives were in the context of growing demand for Australian produced dairy products and the outcome of Bega Cheese's bid for Warrnambool Cheese and Butter. This is the first of our strategic initiatives following the Warrnambool Cheese and Butter bid, he said.

Bega Cheese directors and senior management met suppliers in Western Victoria last night and will meet suppliers in Tatura tonight, Bega on Thursday night and Gippsland later this month. Mr Irvin said he wanted to use meetings to discuss with suppliers new models of longer term relationships between the company and its suppliers with the company committing financial support for environmentally sustainable practices and supply growth projects. The initiatives would result in longer term supply arrangements between the company and its suppliers, production systems which are aligned to customer requirements and a growing milk pool allowing the company to respond to the ongoing global demand for its products.

Bega Cheese will use the supplier meetings to discuss the approaches, criteria and implementation of some of the initiatives it is considering and will finalise its supply strategy following the meetings.

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For further information please contact

Brett Kelly

Company Secretary

Bega Cheese Limited

ABN 81 008 358 503

www.begacheese.com.au

02 6491 7777