



Media Release

Bega Cheese Announces 2016/17 Farm Gate Milk Price

Australian ASX listed dairy company Bega Cheese has released its opening farm gate milk price for the 2016/17 financial year.

The company has announced a reduction in its farm gate milk price across all supply regions of approximately 11% which equates to a Victoria farm gate milk price of \$5.00 Kg milk solids.

Bega Cheese maintained its announced 2015/16 farm gate price of \$5.60 Kg milk solids despite major competitors Murray Goulburn and Fonterra significantly decreasing their price to dairy farmers very late in the financial year.

Executive Chairman Barry Irvin commented “farm gate milk prices are ultimately driven by returns we receive from markets both within Australia and globally. Many of the factors affecting these markets such as global supply, demand, currency relativities and competitor behaviour are beyond the control of individual companies. Bega Cheese’s long term strategy of building value added business platforms does assist in enhancing the base value of dairy products and therefore farm gate milk price, but cannot insulate farm gate milk prices from the reality of the markets”.

Significant growth in global milk supply, Russian sanctions on dairy imports, a slowing in demand in China and highly competitive markets are having significant impact on farm gate milk price across the world.

Barry Irvin further added “these are difficult times in terms of farm gate milk prices, we believe our opening 2016/17 prices appropriately reflect the market and are responsible”.

Analysts are not expecting an improvement in dairy commodity returns until at least the first half of calendar year 2017.

ends

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For further information please contact:

Barry Irvin
Executive Chairman
Bega Cheese
02 6491 7720

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