

Media Release



10 November, 2017

PCA ANNOUNCES RECOMMENDED UNCONDITIONAL TAKEOVER OFFER BY BEGA AT 83 CENTS PER SHARE

Peanut Company of Australia Limited (**PCA**) is pleased to announce that, after extensive and considered discussions with Bega Cheese Limited (**Bega**), it has today entered into a Placement Agreement and Bid Implementation Agreement with Bega, pursuant to which Bega has agreed to:

- immediately subscribe for 19.99% of the issued shares of PCA at 83 cents per share; and
- make an unconditional takeover bid to acquire all the issued shares of PCA not held by Bega at 83 cents per share (**Bid**).

The PCA Board unanimously recommends PCA shareholders accept the Bid from Bega, subject to the Independent Expert's opinion and in the absence of a superior proposal being received by PCA.

Located in Australia's peanut capital, Kingaroy, PCA has been Australia's leading supplier of locally grown, Hi Oleic peanuts to domestic and overseas customers for over 90 years. PCA is also known globally for its world class peanut research and development program.

In announcing the Bid and recommendation, the Chairman of the PCA Board, Mr Ian Langdon, highlighted the obvious synergies following Bega's recent acquisition of the Mondelez Peanut Butter business making Bega PCA's single largest customer.

Bega's acquisition of PCA will ensure continued Australian ownership of the iconic peanut business. The PCA Board considers that the Bid, if successful, will also facilitate business expansion opportunities and provide confidence to farmer suppliers to expand peanut plantings and increase production and therefore provide additional supply to our customers.

The Bid is an unconditional cash offer.

The Bid Implementation Agreement also contains customary 'no shop', 'no talk' and 'no due diligence' restrictions.

The Board has appointed Ernst & Young Transaction Advisory Services Limited to prepare an Independent Expert's Report to determine whether the Bid is fair and reasonable to PCA shareholders. A copy of the report will be included as part of the Target's Statement to be circulated to PCA shareholders.

In making the announcement of the Bega Bid, Mr. Langdon, on behalf of the PCA Board, paid tribute to the enormous contribution of Mr John Howard, PCA's Chief Executive Officer, his Executive Team and PCA employees. PCA has experienced significant financial challenges throughout the past decade. Despite these financial constraints, the PCA team has dramatically improved its processing operations, reduced costs, maintained the highest product quality and introduced a range of branded peanut products now appearing on retailers' shelves, both nationally and internationally. However, PCA has been severely restrained by the lack of investment capital to capitalise on the opportunities available.

Mr. Langdon also recognised the support of the National Australia Bank. After the Northern Territory venture, PCA could have failed but for the support of the NAB according to Mr Langdon. NAB converted \$31.2 million of its debt in 2012/13 to equity and continued to fund the operations of the business.



The Bid process is expected to be completed by the end of 2017 with a Bidder's Statement and Target's Statement being distributed to PCA shareholders shortly.

ENDS

Media Contact: John Howard (Chief Executive Officer), 0409 452 092