



How we work as an integral part of Bega Cheese's own credit management processes

Case Study: trade credit insurance in the dairy products sector

We have been working with Bega Cheese for many years. Brett Kelly, Bega Cheese Company Secretary, describes our relationship as proactive where we work on solutions together.

At a glance

Company
Bega Cheese Ltd

Trade Sector
Food (dairy products)

Market
Global

The challenge
To manage risk and support Bega Cheese's own due diligence

Results
"Atradius came out on top in terms of rates, customer service, knowledge of the market and presence in the countries where we traded".
Brett Kelly

How we made it happen
Through a proactive relationship built on good lines of communication

Objectives

Bega Cheese first adopted credit insurance as an additional layer of support when they began to explore the export market. As Brett Kelly explains: "We wanted to sell into countries that we hadn't had any prior business with and with customers that were new to us. We knew we'd be exposed if didn't have protection.

"Since that initial adoption, credit insurance has become part of our greater business strategy and is

recommended by our board of directors. We use credit insurance to manage risk and combine our own due diligence with the market intelligence Atradius provides.

"Exports account for about 35% of our market and represent the biggest growth sector for us. The domestic market is also growing, but is doing so at a slower rate."



"Atradius came out on top in terms of rates, customer service, knowledge of the market and presence in the countries where we traded".

Brett Kelly
Bega Cheese Ltd



Gordon Kidd
Senior Account Manager
Atradius Australia

Our role

How we tailor our support to suit Bega's needs

Bega Cheese has used credit insurance as part of their trade strategy for many years, initially working with the Government trade department before working with us.

Our role is to provide the company with an additional layer of security, particularly in their export operations. As Brett Kelly explains: "In addition to

the due diligence that we carry out on our customers, Atradius provides us with an added layer of confidence.

"They check on the financials of companies we trade with, or are planning to trade with, and are able to use additional information to inform us of the level of risk associated with our buyers and potential customers."

Results

In April 2007 Bega Cheese acquired a 70% controlling interest in Tatura Milk Industries. As a natural business process following this acquisition, Bega took a fresh look at its operations and opened several business partnerships to retendering.

"Although we were already working with Atradius, as part of the retendering process we compared Atradius to other credit insurance providers," says Brett Kelly. "Atradius came out on top in terms of rates, customer service, knowledge of the market and presence in the countries where we traded.

"The relationship Atradius has with us is proactive. Our account manager

has worked with us for many years and always been accommodating and approachable. If there are issues, Atradius go out of their way to help and we like to work on solutions with them together.

"One example a few years ago involved a customer who was not paying. Atradius facilitated a structured payment plan. This was an excellent solution as we got paid and we still maintain a good relationship with that customer now. The solution was not insurance-focused, but made good business sense and promoted good ongoing trade relationships for us and our customer."

About Bega Cheese

A true Australian icon, the Bega Co-operative Creamery Company was established in 1899, with the original Bega Cheese factory opening in 1900.

There are now approximately 500 farmers supplying the Bega group with around 700 million litres of milk from the Bega region in New South Wales, as well as Gippsland, and the Northern and Western Districts in Victoria. Bega Cheese's 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 in Ridge Street in Bega, producing cheese and milk-products for both the Australian and International market.

Today, with sites spread from Bega, to Melbourne and Northern Victoria, Bega Cheese employs over 1,700 people. The company has evolved from its modest and localised co-operative heritage in Bega into a significant and innovative player in the Australian and international dairy industry. The Company's production of approximately 200,000 tonnes of dairy products equates to a sales turnover in excess of \$1 billion per annum.

Bega Cheese is the number one Cheddar brand in Australia. It currently exports to 52 countries around the world, including Europe, Russia, the Middle East and South America.



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