

Media Release



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MURRAY GOULBURN ANNOUNCES STRONG HALF-YEAR RESULTS AND A FOURTH STEP-UP IN FARMGATE PRICE FOR THE CURRENT YEAR

Australia's farmer-controlled dairy company, Murray Goulburn Co-operative Co. Limited (MG) today announced its first half 2013/14 results highlighted by a 31% increase in the weighted-average available farmgate milk price to 31 December 2013. This represents an increase in total payments to MG's dairy farmer suppliers of \$225 million compared to the previous corresponding period.

The results also showed a 17.6% increase in reported profit after tax to \$61 million compared with \$52 million in the previous corresponding period; underlying profit after tax was \$47 million compared to \$54 million in the previous corresponding period, due to higher milk payments in the first half. Sales revenue increased by 18.3% to \$1.34 billion, an increase of \$207 million compared to the previous corresponding period.

MG received approximately 1.91 billion litres of milk to 31 December 2013. This was 3.7% up on the previous corresponding period and continued to outperform the industry average (according to Dairy Australia¹, national milk supply was down 3% to 31 December 2013).

MG Managing Director Gary Helou said: "Global demand for dairy foods remains strong. Consequently prices for key dairy ingredients such as whole milk powder have stayed at near record levels for an unprecedented period and prices for cheese and butter have strengthened resulting in higher returns. Our continued focus on improving performance through reducing costs and investing to support innovation and value growth, has also contributed to the first half result and increasing farmgate returns."

"Strong revenue growth of \$207 million was delivered from across our businesses, particularly in international exports where we saw \$121 million growth year-on-year. The continuing strength of demand in international markets is likely to underpin the continuation of robust dairy ingredients prices in the next two quarters."

MG's sale of its 17.7% stake in Warrnambool Cheese and Butter (WCB) occurred after 31 December and is not included in these half-year results. The WCB sale has delivered cash proceeds of \$93 million and a gain before tax and costs of \$51 million and will be recognised in retained earnings for the full-year.

Today MG also announced a fourth step-up in farmgate price (excluding the NSW-Sydney Region) for the 2013/14 season of \$0.18 per kilogram butterfat and \$0.38 per kilogram protein. This step-up takes MG's weighted-average available price to \$6.53 per kilogram milk solids.

MG also revised upward the forecast range for the full year from our current price of \$6.53 to a range up to \$6.70 per kilogram milk solids. External factors including fluctuating international commodity prices and currency movements may result in a final price that is higher or lower than this forecast and MG will continue to update shareholders regularly.

"This step-up will deliver an additional \$62 million to MG dairy farmers to support business cashflow."

"MG is very pleased to be delivering higher market returns to our dairy farmers as they continue to consolidate after a difficult 2012/13 season," Mr Helou said.

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¹ Dairy Australia www.dairyaustralia.com.au



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A copy of this release is available at www.mgc.com.au

About Murray Goulburn

Murray Goulburn is Australia's largest dairy food company. Each year it receives and manufactures approximately 3.2 billion litres or one third of Australia's milk and generates sales revenue in excess of \$2.4 billion. Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with over 2,400 farmer-shareholders and more than 2000 employees. Murray Goulburn is also Australia's largest dairy food exporter to the major markets of Asia, the Middle East and North Africa, and the Americas. Murray Goulburn produces a range of ingredient and nutritional products, supplies the food service industries globally and its flagship Devondale brand is sold nationally.