



## **MEDIA RELEASE**

**2 May 2014**

### **Devondale Murray Goulburn invests \$127 million in new dairy future**

Murray Goulburn Co-operative Co. Limited (Devondale Murray Goulburn) today announced three new capital projects worth a combined \$127 million. The projects will be located at the company's existing sites in Victoria and Tasmania and will be delivered over the next 12 to 18 months.

Devondale Murray Goulburn Managing Director, Gary Helou said this announcement was another step forward in the transformation of the co-operative and the Australian dairy industry.

The three projects consist of a \$74 million investment in Consumer Cheese at Cobram, \$38 million in Infant Nutrition at Koroit and Cobram, and \$14 million in Dairy Beverages at Edith Creek in Tasmania.

This follows on from the 2013 announcements of the \$120 million investment in two new state-of-the-art daily liquid milk facilities in Melbourne and Sydney, as well as \$19 million in projects to increase UHT capacity at Leongatha, \$5 million for consumer butter at Koroit, as well as a further \$2 million to increase cheese capacity at Cobram.

"We are investing in the future of Devondale Murray Goulburn to deliver higher farmgate returns, as we strive to navigate a new path to meet and serve the growing needs of international consumers and customers for Australian made dairy foods. We are building a better connection with key markets to become the first choice in dairy foods and investing in the future of the Australian dairy industry with the aim of returning it to profitability and growth, ensuring our relevance in the global market," Mr Helou said.

"The three projects announced today involve investment in world-leading technology with state-of-the-art automation for processing and packaging a range of dairy foods destined for Asian and Australian consumers. The plants will carry superior capabilities to customise dairy products for local preferences with efficiency and speed to meet the growing demand for high quality and safe dairy foods from Australia," said Mr Helou.

About the projects:

- The \$74 million investment at Cobram will build a world class cheese cut and wrap facility to serve Australian and Asian consumer and food service markets.
- The \$38 million investment at Koroit and Cobram will increase capacity for production of nutritionals for growing international infant nutrition markets.
- The \$14 million investment at Edith Creek will install and commission a flexible small format cup and bottle filling line to commercialise a range of dairy beverage products for consumer markets in Australia and Asia.

"These investments secure sustainable, skilled jobs in regional Victoria and Tasmania and add to higher farmgate returns, which in turn funds regional growth with the vast majority of money spent by farmers in their local communities. Our goal is to increase the farmgate milk price by \$1 kilogram milk solids by 2017\*, a level which we believe will encourage existing and new suppliers to invest in their farm business and profitably grow milk production," Mr Helou said.

The projects are dependent on upgrades to regional infrastructure, particularly energy, and Devondale Murray Goulburn will seek to work with the Government and energy providers to deliver the upgrades.

\* In order to measure an increase in underlying milk price, rather than use the available milk price paid to suppliers each year, an implied milk price is used which is based on forecasted available milk price from FY12 plus the value of annual dividends. The available milk price targets are normalised for the movements in dairy commodity prices, foreign exchange and impacts of inflation as well as other one off items such as opening inventory.

**Murray Goulburn Co-operative Co. Limited**

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Ends

**Managing Director Gary Helou will be at the following locations to announce further details about each specific project. To register attendance please email [lynn.semjaniv@mgc.com.au](mailto:lynn.semjaniv@mgc.com.au)**

<b>20 May</b>	<b>9.30am</b>	<b>Broadway Street, Cobram (Victoria)</b>
<b>23 May</b>	<b>9.30am</b>	<b>Commercial Road, Koroit (Victoria)</b>
<b>11 June</b>	<b>1.00pm</b>	<b>1220 Trowutta Road, Edith Creek (Tasmania)</b>

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**About Devondale Murray Goulburn**

Devondale Murray Goulburn is Australia's largest dairy food company. In 2012/3 the company received and manufactured approximately 3.2 billion litres or one third of Australia's milk and generated sales revenue in excess of \$2.4 billion. Devondale Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with over 2500 farmer-shareholders and more than 2000 employees. Devondale 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. Devondale Murray Goulburn produces a range of ingredient and nutritional products, supplies the food service industries globally and its flagship Devondale brand is sold nationally.