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MEDIA RELEASE

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\$19 million Koroit investment to boost export capacity

Devondale Murray Goulburn's \$19 million investment at its Koroit facility will increase its capacity to produce nutritional products destined for Asian consumers.

The Koroit investment forms part of a larger \$127 million capital investment, announced by Devondale Murray Goulburn Managing Director Gary Helou earlier this month.

The Koroit site – which is the largest dairy manufacturing facility in Australia – currently produces approximately \$600 million annually of premium, mainly export destined, dairy products including powders for infant nutrition and bulk ingredients; retail butter, bulk butter, and retail milk powder.

Mr Helou said Devondale Murray Goulburn had identified the growth of nutritional products, such as infant formula, as a significant opportunity to add value above commodity milk powders to customers in China and South-east Asia.

“Among the products that are driving demand are nutritional milk powders, particularly baby and follow-on formula for toddlers,” Mr Helou said.

“Global demand for infant formula is expected to increase by more than four per cent in 2017. Follow-on formula is expected to grow by more than six percent and growing-up milk powder will exceed seven per cent growth.”

The investment at Koroit will increase the capacity to produce these products by installing the necessary capability on existing production lines.

It also secures sustainable, skilled jobs in the region and current staff will be trained to produce the new, higher value-add products.

Work has already commenced on the project which is expected to be fully operational by May 2015.

“This investment supports Devondale Murray Goulburn's journey to become the first choice dairy foods supplier to customers and consumers in Australia and overseas, and represents an important step towards delivering on our commitment to significantly increase underlying farmgate returns for MG suppliers,” Mr Helou said.

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About Devondale Murray Goulburn

Devondale Murray Goulburn is Australia's largest dairy food company. In 2012/13 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.