

# Media release



18 February 2015

## MEDIA STATEMENT

### Response to *Australian Financial Review's* 'Rear Window'

Devondale Murray Goulburn (MG) is responding to the recent 'Rear Window' columns in the *Australian Financial Review*. In MG's view, the 'Rear Window' columns have repeatedly been based on misinformation and have singled out our dairy farmer co-operative seven times in the past seven months. 'Rear Window' has not contacted MG to check relevant facts in advance of publishing any of these columns.

In the 'Rear Window' column published today, 18 February 2015, various allegations have been made about the performance of Devondale branded products in supermarkets relative to competitors, based on selective numbers and time periods that in our opinion creates a particularly negative view.

For the record, the actual facts are as follows:

- MG's ten-year agreement to supply Coles with private label milk in NSW and Victoria is farmgate price accretive. It's important to note that retailers set consumer retail prices, not manufacturers.
- In addition to MG's ten-year agreement with Coles, Devondale cheese is stocked on Coles' shelves for the first time in nine years.
- Sales of Devondale products in Coles are growing in all categories (cheese, spreads and milk) in both NSW and Victoria on a Moving Annual Trend (MAT).
- Devondale UHT flavoured milk varieties are driving category growth in Coles, with sales up significantly (MAT).
- Devondale chilled milk was launched for the first time, seven months ago in an established category dominated by private label brands. We are very satisfied with the progress of our new launch.

Just eight days before this article (10 February 2015), 'Rear Window' said that MG was paying our member farmers too much for their milk relative to our competitors.

In relation to our milk payments, we are proud of the role MG plays as the leading dairy processor and co-operative of the Australian dairy industry. We are proud of our capacity to maintain the \$6 per kilogram farmgate milk price in the face of the recent collapse in global dairy prices.

- ENDS -

**About Devondale Murray Goulburn** (Murray Goulburn Co-operative Co. Limited - ABN 23 004 277 089):

Devondale Murray Goulburn is Australia's largest dairy foods company. In 2013/14 the company received approximately 3.4 billion litres or 37% of Australia's milk and generated sales revenue in excess of \$2.9 billion. Devondale Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with more than 2,500 farmer/shareholders and more than 2,400 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.