

News release



15 March 2016

ASX Announcement

MG announces long-term supply agreement with Indonesia's largest publicly listed healthcare company

Murray Goulburn Co-operative Co. Limited (MG) is pleased to announce that it has secured a long-term nutritionals supply agreement with Indonesia's leading consumer health and infant nutrition company, Kalbe Nutritionals (KALBE) which supports MG's stated aim to secure offtake agreements with global nutritional customers to underwrite the planned \$260-\$300 million nutritional powders investment at Koroit.

KALBE manufactures and distributes premium quality pharmaceuticals, energy drinks and nutritional products for sale in Indonesia and Asia. It also operates a sophisticated distribution and logistics division which provides the widest distribution coverage for pharmaceutical and nutritional products in Indonesia, covering all 33 Indonesian provinces and reaching approximately one million outlets throughout the country.

The new nutritional supply agreement between KALBE and MG builds on the existing strong supply partnership which has seen MG supply dairy powders for use in KALBE'S range of nutritional products including infant and children nutrition brands. Under the new long-term supply agreement, MG has committed to supply and KALBE has committed to purchase significant minimum annual volumes over time.

Commenting on the new supply agreement, MG Managing Director, Gary Helou, said: "We are delighted to be extending our partnership with KALBE, one of Indonesia's foremost healthcare companies."

"MG and KALBE have worked closely together in recent years to meet the nutritional powder supply needs of KALBE's leading infant and children nutrition brands and in doing so, we have developed a deep understanding of each other's needs and requirements.

"It is therefore particularly pleasing that KALBE has turned to MG to secure additional supply of quality, Australian nutritional powders for use in their market-leading brands. It also paves the way for further collaboration between our two companies, particularly as MG looks to grow its high quality dairy foods products in Asian markets, including Indonesia.

"Indonesia is an important Asian growth market for dairy foods. It has one of Asia's largest paediatric populations, with approximately one in ten people under the age of 5¹ and this represents a future growth opportunity for MG and our high quality dairy foods products, including infant formula," Gary said.

As previously announced, construction of the nutritional powders investment at Koroit remains subject to MG receiving sufficient offtake agreements, Board approval and completion of all required planning approvals.

Ends

¹ Unicef, 2012 data.

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About the MG Unit Trust

The MG Unit Trust is a special purpose funding vehicle which provides its unitholders with an economic exposure to the business of Murray Goulburn Co-operative Co. Limited (**Murray Goulburn**). The MG Unit Trust invests in notes and convertible preference shares issued by Murray Goulburn. The Responsible Entity of the MG Unit Trust is MG Responsible Entity Limited, a wholly-owned subsidiary of Murray Goulburn. Unitholders are entitled to receive distributions equivalent to any dividends paid to the ordinary shareholders of Murray Goulburn. Dividends paid on ordinary shares will be determined by Murray Goulburn in accordance with the Profit Sharing Mechanism described in Section 6 of the Product Disclosure Statement dated 29 May 2015. Units do not confer a direct interest in Murray Goulburn.

Murray Goulburn is Australia's largest dairy foods company. Through its co-operative structure, Murray Goulburn has more than 2,600 supplier-shareholders. Murray Goulburn manufactures and markets a full range of dairy and nutritional products such as cheese, milk powder, butter and fat, drinking milk and liquid milk products, nutritionals and value-added products, such as infant formula. Murray Goulburn supplies the grocery, foodservice and ingredients channels domestically and around the world, particularly in Asia, with its flagship Devondale, Liddells and Murray Goulburn Ingredients brands.