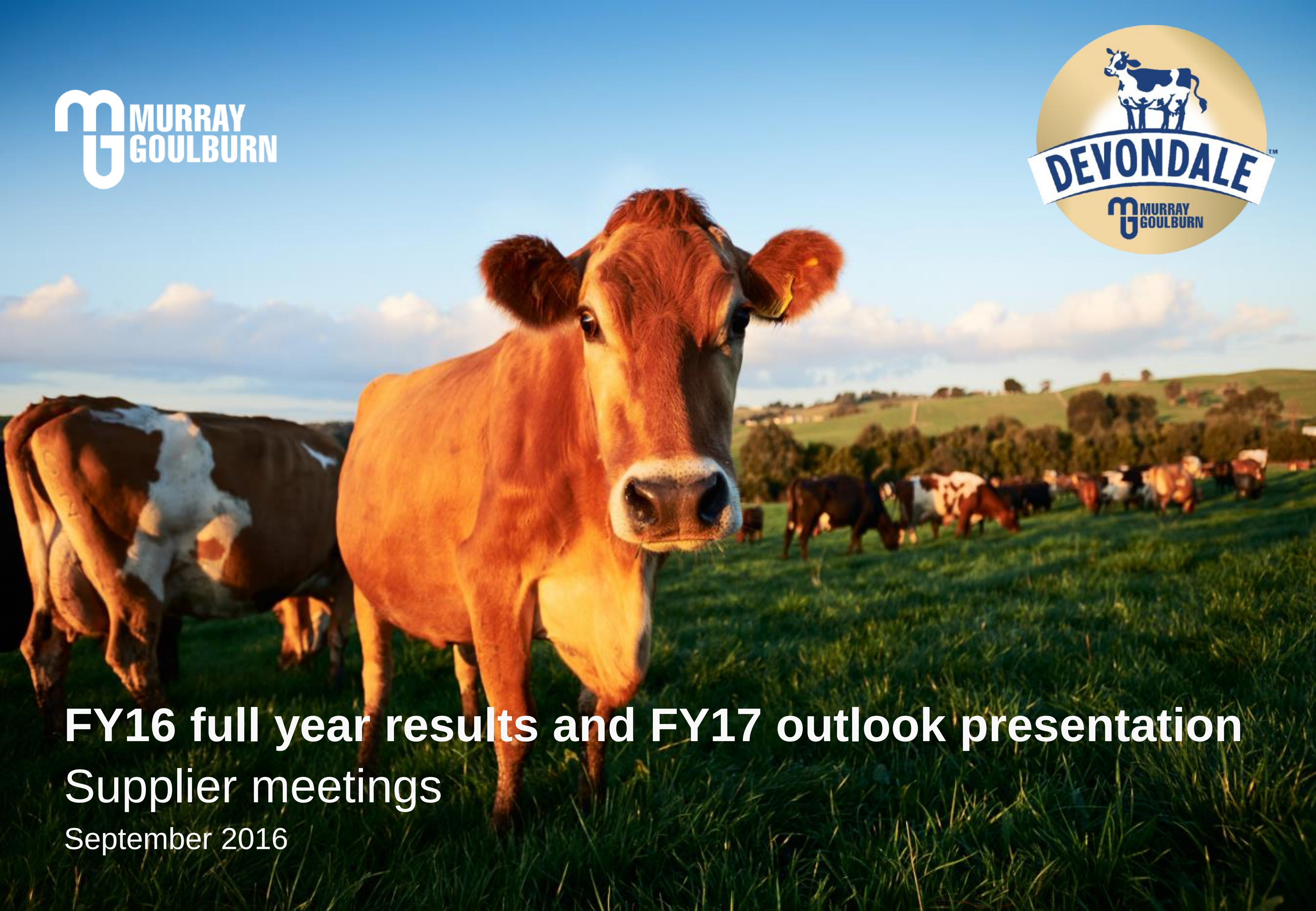


FY16 full year results and FY17 outlook presentation

Supplier meetings

September 2016

Introduction

Agenda

1. Current situation
2. Milk Supply Support Package
3. Trends impacting FY17
4. FY16 results
5. Actions being taken
6. Investing for the future
7. Outlook

Current situation

- Global dairy prices have been at historically low prices for 24 months which have impacted and continue to impact export-facing dairy companies globally – none have been immune
- This situation impacted our FY16 farmgate milk price (FMP) and continues to impact the FY17 FMP
- We deeply regret the lateness of the notification of this impact in FY16 and the devastating effect it had on our suppliers
- In FY17, we have put forward a forecast and opening price that reflects these current market conditions
- Early indications are that global dairy prices are starting to recover – we will keep suppliers informed and once price recovery is confirmed, any upside will be passed onto suppliers in the FMP
- In addition, we have taken measures to remove costs from the business in order to mitigate the challenges that current dairy prices present

Farmgate milk pricing and the Milk Supply Support Package

- The MSSP was intended to protect MG’s milk supply in the long term and support suppliers’ cash flow in the near term by not requiring them to incur a full reduction in the FMP during the months of May and June 2016
- At the close of the year, MSSP support totalled $183 million
- With the MSSP included, we delivered an average cash price in FY16 of $5.53 per kgms
- The Board acknowledges that the MSSP is impacting the FY17 FMP, especially given continuing low commodity prices
- It has become very clear to the Board that the MSSP has not achieved the purpose for which it was intended
- The Board and management are actively reviewing all options to deal with this issue with a view to provide a better solution to support suppliers in the long-term interest of suppliers and MG
- This issue is complex but the Board expects to be able to make an announcement by the AGM

Trends impacting FY17 FMP of $4.80

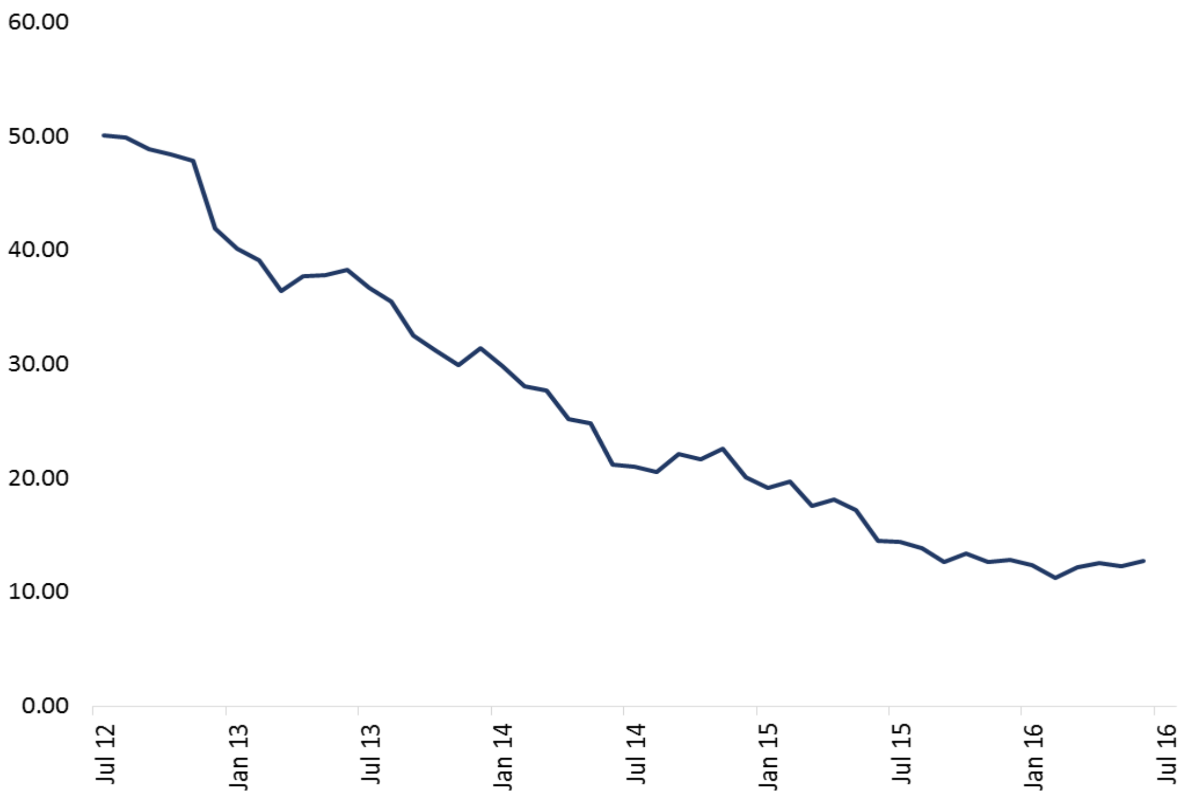
	Assumptions	Early indications for FY17 FMP
Commodity prices[1]	• Flat prices from 1 July 2016 in 1H17, ~6% improvement across basket in 2H17	**Positive**
Australian dollar	• AUD:USD exchange rate of approximately $0.74	**Negative**
Milk intake	• Manage manufacturing cost base inline with lower milk intake	**Neutral**
Dairy Foods	• Stable domestic market • Continued growth in export markets	**Neutral**
Efficiencies	• Improvements in manufacturing from new Cobram consumer cheese plant and SAP • ~$100m to $110m sustainable working capital release in FY17 • ~$10m to $15m net cost savings above budget to be delivered in FY17	**Positive**
Farm input costs	• Grain and fodder significantly reduced compared to FY16 • Higher than average rainfall in catchment areas resulting in lower water prices	**Positive**

1. Refer to MG's Opening Price announcement, 28 June 2016, for further detail.

Presentation

Focus on safety
Our TRIFR reduced by 12% in FY16

Total Recordable Injury Frequency Rate (TRIFR) (FY12 to FY16)



- Continue to focus on improving the safety standards within our business
- Committed to continued improvement across our business – further improvement to go
- **Goal Zero: Working safely is our first choice**

Key outcomes

Total milk intake
3.5 billion litres
Down 2.5% from FY15

Revenue
$2.8 billion
Includes $1.1 billion in export sales

Available farmgate milk price delivered[1]
$4.80 per kgms

Fully franked dividend
3.91 cents per share
Payable 29 September 2016

Growth in Dairy Foods
$1.3 billion
Up 17.2% on FY15

New consumer cheese facility construction completed

Milk Supply Support Package (MSSP)
$183 million

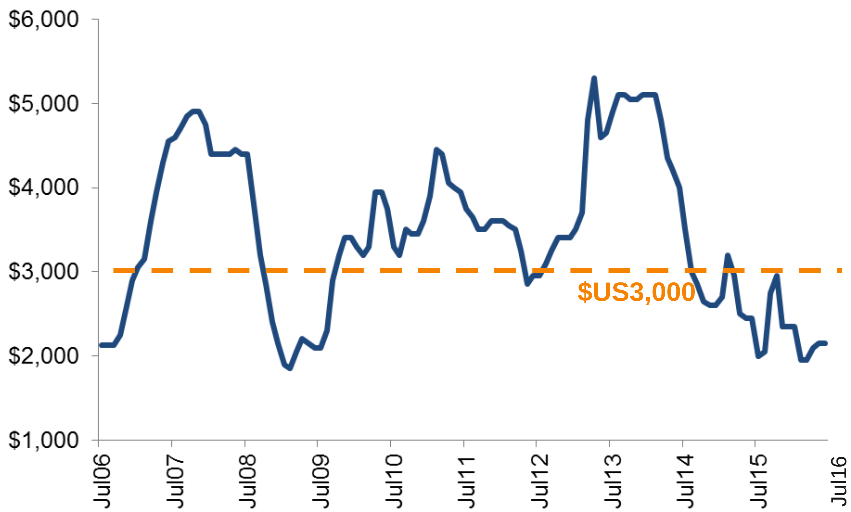
Closing net debt
$480 million
Gearing of 29%

Successful implementation of SAP
Efficiencies expected to flow from FY17

1. For the purposes of the Profit Sharing Mechanism the Actual Weighted Average Southern Milk Region FMP $4.76 per kilogram milk solids (kgms) is used. The Actual Weighted Average Southern Milk Region FMP does not include the add-back of quality adjustments accrued from the supply of non-premium milk.

Global dairy commodity markets remained at low levels in FY16

Full Cream Milk Powder
(Oceania FOB USD / MT – 10 year to June 2016)[1]



Average prices across key commodities
(Oceania FOB nominal prices)[1]

Commodity	FY15	FY16	Variance
FCMP	US$2,796	US$2,161	(22.7%)
SMP	US$2,710	US$1,836	(32.2%)
Butter	US$3,303	US$2,873	(13.0%)
Cheddar	US$3,809	US$2,938	(22.8%)

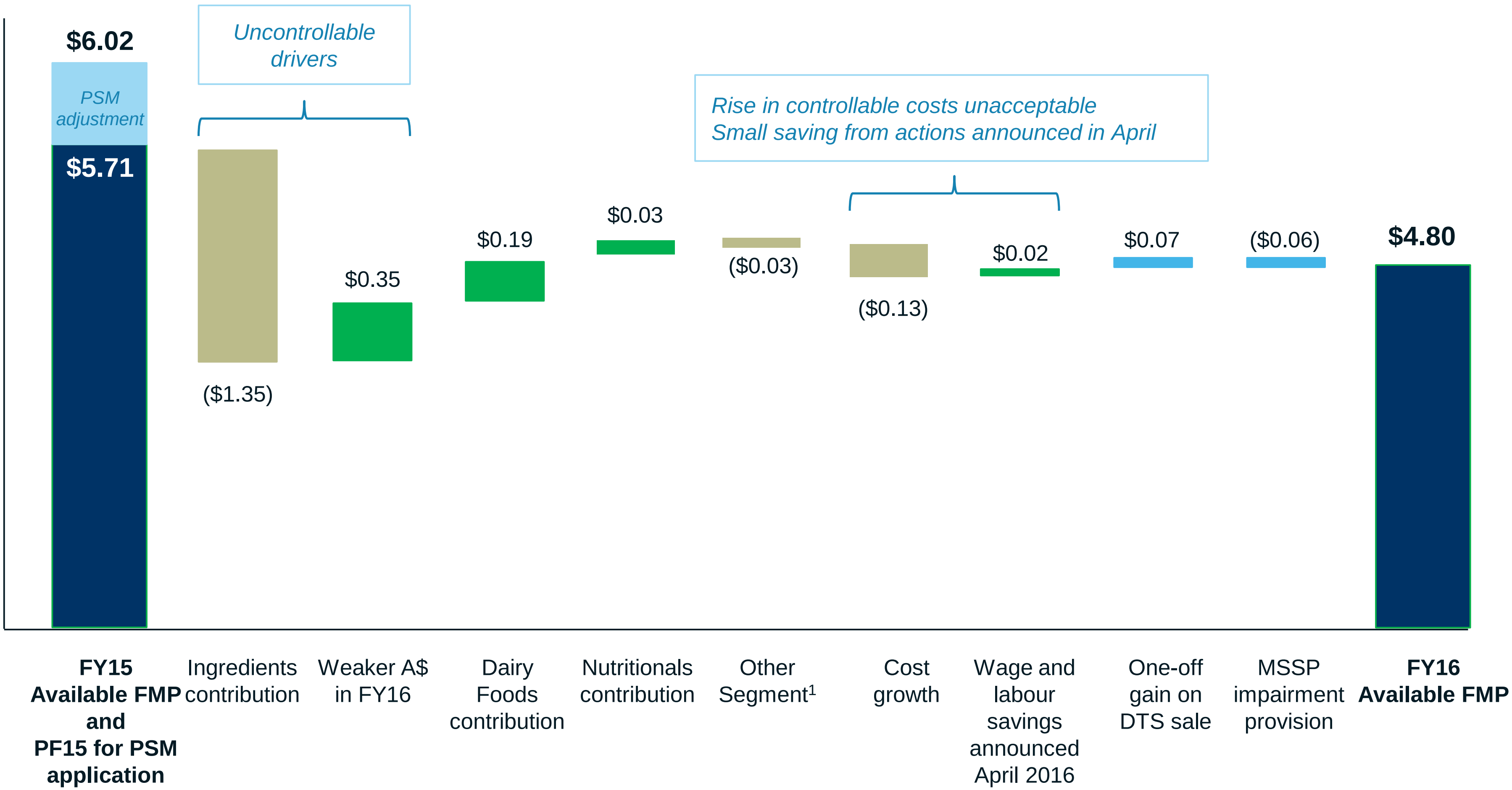
Commentary

- Current downturn longest in 10 years
  - FCMP experiencing an extended period below US$3,000 [2]
  - Far longer than previous downturns
  - Ingredients impacted with 26% lower revenue at $886 million down from $1,203 million in FY15
- European supply ex-quota remains key driver
  - Russia embargo continues
- Milk remained in surplus globally throughout the year
- Average observed prices across key commodities fell in FY16
- Observed prices closed FY16 well below long term averages

1. Source: US Department of Agriculture, Dairy Australia. Prices are observed, not MG's achieved prices.
2. Rabobank.

Commodity prices and cost increases impacted FY16 FMP

A comparison of FY15 to FY16 demonstrates the factors leading to a lower Available Southern Milk Region FMP per kgms



 Note: See appendix for FY15 and FY16 SMR milk solids, Distributable Milk Pool, Segment price movements include milk revaluation expense. 1. Contains contribution from MG Trading, Milk Broking and other one off costs.

Decisive actions to address market conditions

Management has taken decisive action to release cash and reduce overheads in light of prevailing conditions for suppliers and investors

	Sustainable working capital release		Cost efficiencies – overhead reduction	
Target	**Target:**	$150 to 160 million	**Annualised target:**	$50 to $60 million
	Completion:	June 2017	**Completion:**	FY18
			One off costs:	$10 million
FY17 impact	**FY17 target:**	$100 to 110 million	**Net FY17 target:**	$10 to 15 million

Considerations

Sustainable working capital release:

- $51 million reduction in trade receivables in FY16
- Further $100 to $110 million of sustainable inventory reduction targeted for FY17
  - Sell production ‘to the curve’
  - Sell down of existing adult milk powder inventory

Cost efficiencies – overhead reduction:

- Head office organisational review complete
- Significant, permanent, head count reduction
- FY17 impact by timing of efficiencies
- Procurement opportunities
- One-off costs largely related to redundancy expenses
- SAP implementation provides an end to end solution across a number of areas including financials, manufacturing, logistics, and distribution and is a key facilitator to delivering efficiencies

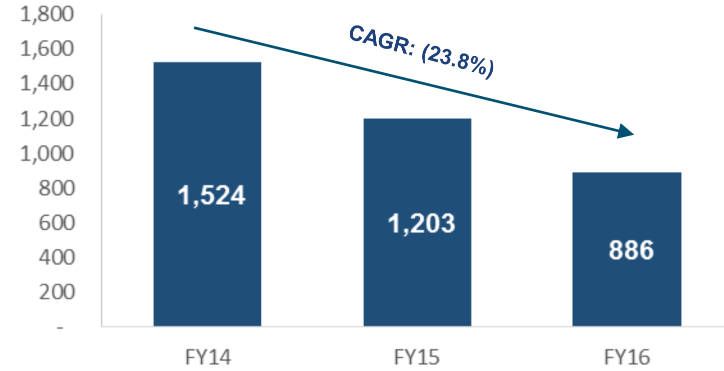
Ingredients and Nutritionals

Commodity price declines impacting ingredients, somewhat offset by continued strong demand for Australian nutritionals product

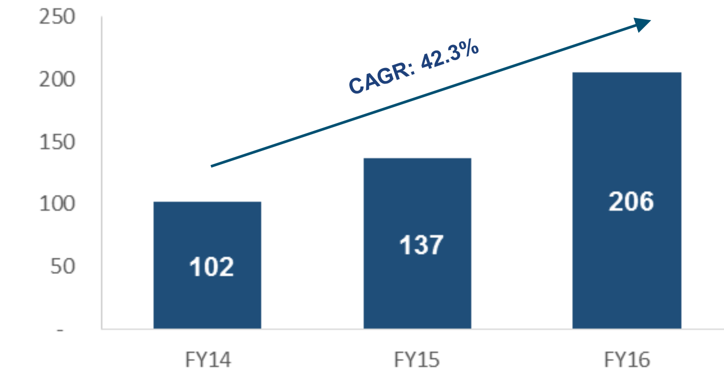
Ingredients and Nutritionals revenue of $1,093 million, down 18.5% on FY15

- **Ingredients revenue** down 26% to $886 million
  - Driven by global dairy commodity prices, which saw declines in FY16
  - Revenue from TDP of $79 million included in FY16, prior year TDP included in Other segment
- **B2B Nutritionals revenue** growth of 50% to $206 million
  - Excellent growth in B2B business
  - Some pricing pressure as commodity prices fell
  - Positioned to continue to grow in advance of new nutritionals plant

Ingredients revenue



Nutritionals Revenue



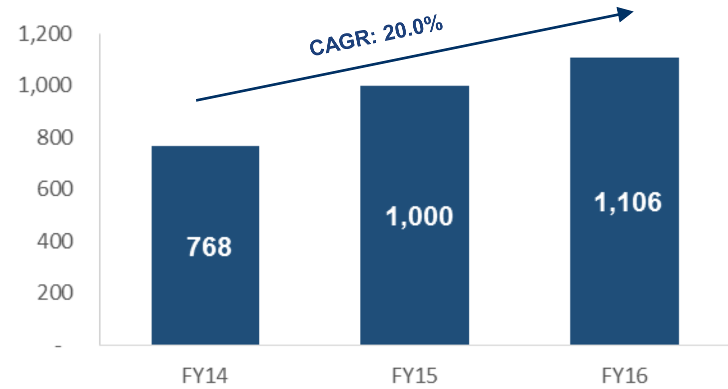
Dairy Foods

Dairy Foods business continued solid growth in FY16. Challenging domestic conditions were offset by pleasing growth in demand in international markets.

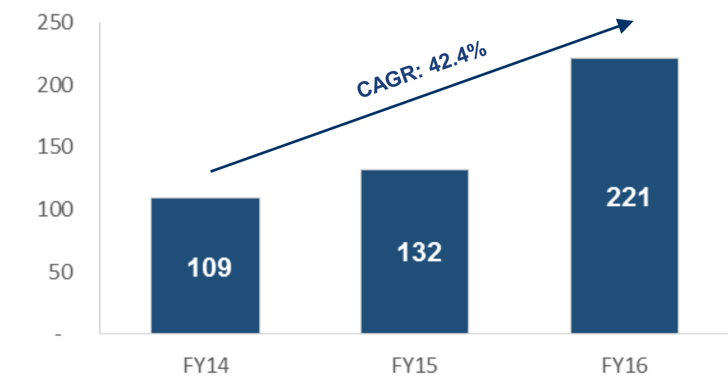
Dairy Foods revenue up 17.2% on FY15 to $1,327 million

- **Devondale branded sales of $580 million, up 45%**
- **Domestic sales up 10.6% to $1,106 million**
  - Pricing environment remains challenging across all categories
  - Pleasing response from MasterChef promotion
  - New 8 Bar iced coffee and Devondale Milkshakes performing well
  - Sales of adult milk powders up 95% to $146 million, largely consumed offshore
- **International sales up 67.6% to $221 million**
  - Dairy beverages up 8% despite competitive pricing
  - Adult milk powders direct sales of $85 million
  - Cheese revenue up 73%
- **China sales in FY16 of $267 million**
  - Across UHT, adult milk powders and existing infant formula brands
  - Includes management estimates of $126 million in outbound sale revenue
  - Cheese growth driven by food service in China as Italian style food and bakery continue to grow
  - Additional EU milk channelled into China placing pressure on margins (particularly UHT)

Domestic Dairy Foods Revenue



International Dairy Foods Revenue



Our Devondale brand is building scale

$580m in global sales

UHT milk

#1 market share

Daily milk

4Q market share up 125%

Butter blends

#2 market share

Instant milk

#1 market share

Block cheese

#2 market share

Flavoured and iced coffee

Award winning design

Convenience channel roll-out occurring

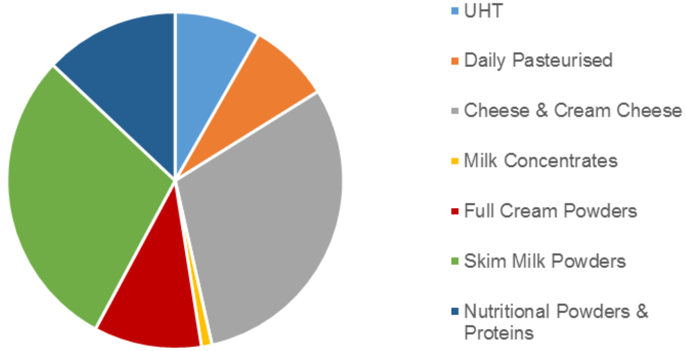
Note: Market share and revenue data to 17 July 2016. All market share data is for Australian market, excluding private label product brands.
Source: IRI MarketEdge

Production and manufacturing

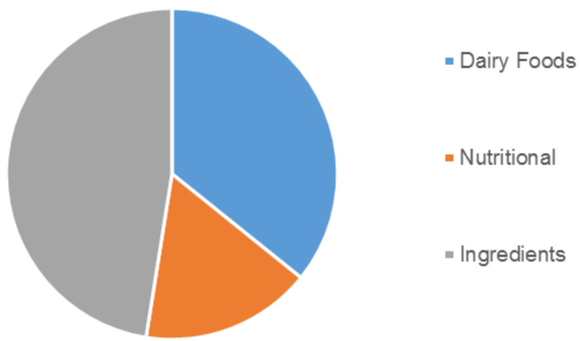
FY16 was a year of continuous improvement for MG's manufacturing footprint

FY16 production[1]

Milk use by end use



Milk use by segment



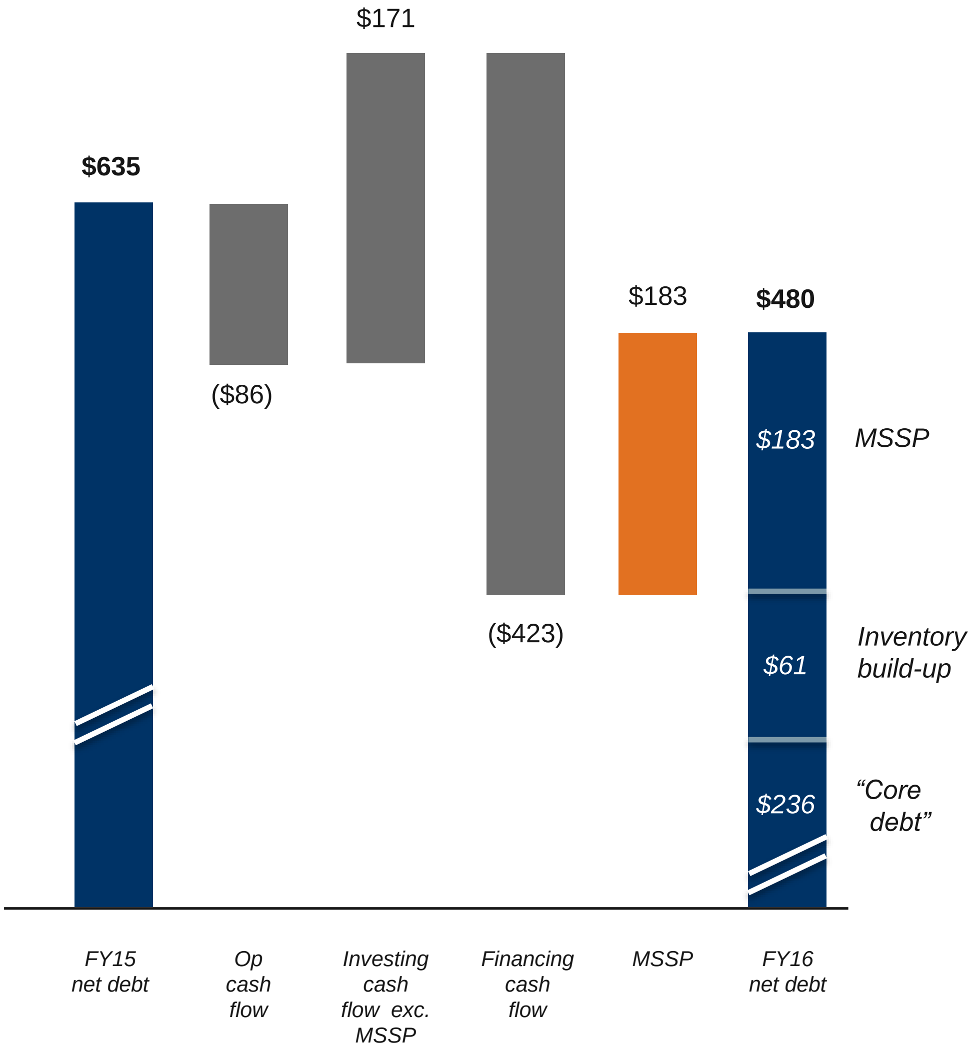
Operational highlights

- Laverton and Erskine Park daily pasteurised plants operating efficiently
- Over 250 improvement initiatives implemented across the manufacturing and supply chain in FY16
- Major cost improvement in quality was achieved – up 28% on prior year
- Waste and yield improvements largely offset rising non-milk input costs
- SAP implementation across manufacturing footprint successful
- Continued reduction in CO_2 footprint
  - Condensate recovery systems, boiler economisers and LED lighting upgrades

1. Represents manufacturing output for FY16. Excludes milk attributable to Milk Broking.

Balance sheet strong

FY16 cash flows and "core debt"



- Cash flows reflect inventory build up and support to suppliers in the form of MSSP
- Adjusting for balance sheets items intended to be liquidated to cash "core debt" stands at $236 million
- Total debt of $480 million represents a gearing ratio of 29%

Building track record of major project delivery

MG substantially delivered two strategic projects in FY16, which will both contribute to greater efficiencies within the business

Consumer cheese facility

- $91 million capex spent in total
  - $86 million spent to date
  - Includes spend over-run of 2 to 3%
- 12-week commissioning commenced
- Delivers significant uplift in capability
- Run-rate savings of ~$10 million p.a.
  - Additional efficiencies as volumes ramp up
  - One-off cash costs of ~$12 million in FY17
- Highly utilised from outset
  - Coles supply commences end-January

1 August 2016
Commissioning successfully started with first bag of cheese achieved at correct weight and rate

May 2016
Testing of robotic de-palletising and de-boxing

SAP implementation

- Total capex spend of $72 million
  - Key enabler to reduce overhead costs throughout the business in the future
- 24 month development process replacing an aging and fragmented set of bespoke applications
- Key enabler of planned efficiencies
- Delivers significant benefits and capability
  - Automated and real-time tracking of milk to products to customers
  - Improved real time end-to-end reporting
  - Ability to generate accurate forecasts in significantly shorter time periods
  - Automates many existing manual processes
  - Greater governance with system authorisation controls

Investing for the future

- We remain committed to investing across three key dairy growth categories
- Each investment will be tested to ensure capital is deployed appropriately to generate acceptable returns

Consumer cheese

- 12-week commissioning underway
- Coles supply commence mid-January 2017

Nutritional powders

Good progress made in FY16 on MG's planned nutritionals investments, including negotiations with Kalbe and Mead Johnson

Dairy beverages

Proposed brownfields investment ensures we remain a low-cost manufacturer of high quality UHT and other dairy beverages

Strategy – refocusing on execution

We have refocused attention on executing three key priorities in FY17

1 Operational excellence

- Cost efficiency program
- Manage manufacturing costs inline with milk intake
- Optimise mix and drive returns from recent investments

2 Innovation

- Continue to build Devondale branded platform
- Consistently achieve premiums to commodity through consumer, nutritional and value add ingredients products
- Focus on sustainable growth in China

3 Maintain prudent balance sheet

- Inventory selldown and overall working capital focus
- Sustainable working capital efficiency program
- Tailor capex plans to prevailing market conditions

Outlook

- We continue to face a challenging environment with global markets in over supply and a higher than expected Australian dollar
- Commodity prices have shown some upward momentum in August, with recent GDT results showing recovery across most commodities. Only a sustained recovery through the peak in Australia and New Zealand will add meaningfully to milk price returns.
- Lower grain, water and fertiliser prices helping on farm costs of production
- On the milk losses to date, MG has clear plans to manage manufacturing costs in line with milk intake to best insulate the FMP
- Impacts from retirements from the dairy industry and farm productivity remain the key risks to MG's milk intake and we will keep our supplier/shareholders updated

Thank you