

News release



13 September 2016

ASX Announcement

MG announces a step-up and an increase in forecast FY17 Farmgate Milk Price

Murray Goulburn Co-operative Co. Limited (MG) today announced a step-up in FY17 Available Southern Milk Region Farmgate Milk Price (FMP) by the equivalent of \$0.15 per kilogram milk solids (kgms). Suppliers will now receive a weighted average FMP of \$4.46 per kgms after application of the MSSP repayment.

In addition, MG has increased its forecast FY17 FMP to \$4.88 per kgms¹.

There is no change to MG's existing net profit after tax guidance. MG intends to provide a trading update at its Annual General Meeting on 28 October 2016 and at half year results at which time the seasonal peak will be understood.

MG's Interim Chief Executive Officer David Mallinson said: "Market conditions remain volatile however we have been able to capture enough of the current uplift to pass on both a step-up and modest increase in full year forecast to suppliers today.

"Whilst international dairy markets have improved recently, they remain below historical average levels. Recent signs of recovery have come as global milk supply slows year-on-year. However, commodity prices and the strength of the Australian dollar remain a source of risk to current full year forecast.

"MG remains determined to deliver higher returns to its supplier shareholders through operational excellence and innovation. We have recently announced significant headcount reductions within the business and continue to review all other costs to support this objective."

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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.

¹ For the purposes of the Profit Sharing Mechanism, the Actual Weighted Average Southern Milk Region FMP of \$4.84 per 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.

Murray Goulburn is Australia's largest dairy foods company and one of Australia's largest food and beverage companies with annual turnover of approximately \$2.8 billion. Through its co-operative structure, Murray Goulburn has more than 2,500 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.