

# News release



Monday, 12 December 2016

ASX announcement

## Ari Mervis appointed Chief Executive Officer and Managing Director of Murray Goulburn

The Chairman of Murray Goulburn Co-operative Co. Limited (MG), Philip Tracy, today announced that the Board of Directors has appointed Ari Mervis as the new Chief Executive Officer and Managing Director of MG and MG Responsible Entity Limited. He will commence on Monday, 13 February 2017.

Commenting on the appointment of Mr Mervis, Mr Tracy highlighted the Board's desire for MG's incoming Chief Executive Officer (CEO) to possess extensive operations and consumer goods experience.

"After a comprehensive international search, the Board unanimously agreed that Ari was the ideal choice to lead MG at this critical juncture in its history. We are delighted to have secured a candidate with a proven track record of delivering results and operational success across multiple geographies," Mr Tracy said.

Mr Mervis' career with SABMiller, the world's second largest brewer, began in 1989 and included senior positions in South Africa, Swaziland, Russia and Hong Kong. In his most recent capacity, Mr Mervis was Managing Director of SABMiller in the Asia Pacific and CEO of Carlton & United Breweries in Melbourne, with responsibility for overseeing businesses across Asia Pacific including China, India, Vietnam, South Korea and Australia.

"I am extremely pleased to be joining MG and see it as an enormous privilege to lead such an iconic business that plays an important role in the daily lives and livelihoods of so many Australians," Mr Mervis said.

"Murray Goulburn is a great company, with a long and proud history. I am looking forward to partnering with MG's dairy farmers, employees, customers and stakeholders to restore this great Australian co-operative, as we adapt to the challenges and opportunities facing the dairy industry globally.

"I look forward to working with the Board and Executive Leadership Team to ensure we strengthen MG's position as Australia's leading dairy company," Mr Mervis commented.

In making the announcement Mr Tracy paid tribute to interim Chief Executive Officer, David Mallinson.

"As interim CEO, David has led MG with conviction and discipline during an exceptionally challenging period, focussing on the twin priorities of MG's value-add strategy and achieving significant cost efficiencies to support stronger farmgate milk pricing for MG's suppliers," Mr Tracy said.

"On behalf of the Board, suppliers and all at MG, I would like to thank David for his tremendous professionalism and commitment to a smooth leadership transition, after which we will agree with him his next steps," Philip said.

A summary of the key terms of Ari Mervis' employment agreement with MG is attached and further biographical details are set out below.

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## Biographical details

Ari Mervis  
Chief Executive Officer and Managing Director

Ari has been appointed Chief Executive Officer and Managing Director of MG with effect from 13 February 2017. Ari commenced his career in South Africa and most recently was Managing Director SABMiller, Asia Pacific and Chief Executive Officer, Carlton & United Breweries and was responsible for overseeing operations in China, India, Vietnam, South Korea and Australia.

Ari has over 27 years experience in the beverage industry and has previously held a number of senior management roles with SABMiller, the world's second largest brewer. He has been Managing Director of businesses in Swaziland, Russia, Asia and Australia.

Ari holds a Bachelor of Commerce from the University of the Witwatersrand in South Africa. Since 2012 he has been a Non-Executive Director of the Melbourne Business School. Ari, his wife and three children have been living in Melbourne since 2011.

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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 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 approximately 2,200 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.



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## Murray Goulburn Co-operative Co. Limited

### Summary of the Key Terms of the Employment Agreement appointing Ari Mervis as Chief Executive Officer and Managing Director

<b>Commencement date:</b>	13 February 2017
<b>Term:</b>	No fixed term. Ongoing until terminated by either party in accordance with the Employment Agreement (see below).
<b>Total Fixed Remuneration (TFR):</b>	<p>\$1.5 million per annum, reviewed annually.</p> <p>TFR includes salary and superannuation. It may also include non-cash components such as a company motor vehicle and associated costs.</p>
<b>Short Term Incentive (STI) for FY17:</b>	<p>STI will be an 'at-risk' component of remuneration, which is performance-based and delivered in cash. Performance is assessed on the achievement of approved key performance indicators.</p> <p><b><i>The target incentive opportunity for the FY17 STI is 80% of TFR with:</i></b></p> <ul style="list-style-type: none"><li>• no incentive receivable for below threshold performance;</li><li>• 50% of the target opportunity receivable for threshold performance; and</li><li>• a maximum of 150% of the target opportunity receivable for stretch performance.</li></ul> <p>STI participation and terms in future years are at the discretion of the Board although any target incentive opportunity will not be lower than the FY17 target.</p>
<b>Long Term Incentive (LTI) for FY17:</b>	<p>LTI will be an 'at-risk' component of remuneration, which is based on superior performance over a three-year period and delivered in cash. Performance is rewarded depending on the Company's achievement of approved three-year performance targets.</p> <p><b><i>The target incentive opportunity for the FY17 LTI is 90% of TFR with:</i></b></p> <ul style="list-style-type: none"><li>• no incentive for below threshold performance;</li><li>• 50% of the target opportunity receivable for threshold performance; and</li><li>• a maximum of 150% of the target opportunity receivable for stretch performance,</li></ul>

LTI participation and terms in future years are at the discretion of the Board although any target incentive opportunity will not be lower than the FY17 target.

**Termination of employment:** The Executive may terminate his employment at any time by giving Murray Goulburn 6 months' written notice.

***Murray Goulburn may terminate the Executive's employment:***

- within the first year, by giving 12 months' written notice; or
- after the first year, by giving 6 months' written notice.

Murray Goulburn may require the Executive to serve out the notice period or may elect to make a payment in lieu of notice.

Entitlements to STI and LTI on termination of employment will be determined in accordance with the terms of the relevant plan.

Murray Goulburn may terminate the Executive's employment with immediate effect for cause (for example, serious or wilful misconduct).

**Post-employment restraint:** The Executive will be subject to a 12 month post-employment restraint.