



13 January 2017

Update on current initiatives

Dear Suppliers

I wanted to update you on a number of important initiatives under way ahead of Ari Mervis commencing as our new Chief Executive Officer and Managing Director on 13 February 2017.

- Our new state of the art cut and wrap cheese processing facility at Cobram is operational and on target to start providing private label cheese for Coles at the commencement of our contract later this month.
- Our cost reduction program proceeds and, as announced at our AGM, includes a review of our business operations. This is to balance our processing capacity in line with our future milk intake, ensuring optimum efficiency across our manufacturing facilities. We will announce the results of this review once complete.
- As was also announced at the AGM, reviews of MG's milk payment system and our Board structure are well under way and we will report back to suppliers as soon as possible.

Despite the challenges we have faced in the past nine months, MG remains financially sound and has a robust business. Our balance sheet is strong with modest gearing and we are well capitalised. On-farm conditions have improved with good availability of feed and water in most regions and lower input costs.

At the AGM I indicated my intention to retire from the Board following the appointment of a new CEO. The Board has the appointment of a new Chair as one of its highest priorities, is actively engaged on this process and recognises the importance of concluding this in coming months.

As previously communicated, Ari will be undertaking a comprehensive round of supplier meetings following our half year results on 24 February 2017 when he looks forward to meeting as many of you as possible.

On behalf of the Board I would like to thank you for your ongoing support. I hope that you had enjoyable Christmas festivities with your families and wish you all the best in the coming year.

Yours sincerely,

Philip Tracy
Chairman