



## Press Release

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### **MG's year of change builds strong foundation and delivers suppliers 12% dividend, 1 for 10 bonus share offer**

Murray Goulburn Co-operative (MG) delivered a solid performance in 2011-12 while implementing a transformation program across its business. MG also informed its supplier/shareholders that the co-operative had declared a full-year dividend of 12% on ordinary shares and a 1 for 10 bonus share issue.

Announcing MG's financial results, Managing Director Gary Helou said MG performed well against a backdrop of falling dairy commodity prices in the latter half of 2011-12 and a high Australian dollar.

"We delivered a final weighted-average farmgate milk price of \$5.44 per kilogram of milk solids - third highest on record - while simultaneously implementing a number of strategic and structural changes across the business," Mr Helou said.

Key indicators included increasing milk intake ex farm by 3.9% to 2.94 billion litres and increasing total revenue by 3.5% to \$2.4 billion.

Mr Helou said MG had commenced an intensive period of transformation over the past year.

"There is still more work to be done, but I am pleased with our achievements."

The Co-operative commenced a \$100 million cost saving program to increase farmgate milk prices, with \$50 million savings achieved by year end and included in the co-operative's 2012-13 milk price.

"I recognise this has been a challenging year for our employees and for our suppliers, so I must thank everyone for their support and commitment. We are establishing a strong foundation for our business to continue to grow and improve returns to shareholders.

"MG's report card this year demonstrates we are delivering on our promises and making good progress towards becoming a 'First Choice Dairy Foods' company."

#### **Murray Goulburn**

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Performance highlights included:

- Underlying<sup>1</sup> profit after tax was \$37.7 million before significant one-off costs were taken into account
- Reported statutory net profit after tax for the year was \$14.5 million
- Restructure of the senior executive team, recruiting people with new skills to the business
- Retail and food service business reached \$830 million, with growth of 10% compared to the previous year
- Ingredients sales for the year totalled \$1.3 billion, an increase of 1.1%

More details of MG's 2011-12 annual results can be accessed on its website: <http://www.mgc.com.au/>

## **Dividend**

The dividend announcement represents \$27.6 million in payments to MG businesses. Based on average production and shareholding the dividend adds the equivalent of \$0.13 per kg milk solids and takes MG's total payments to supplier/shareholders to \$5.57 per kg milk solids for 2011/12.

Mr Helou said that the dividend announcement continued MG's strong record of dividend payment and represented an extremely important component of total return from supplying and owning the co-operative.

Mr Helou said that in the past six years the dividend had been 12% in five of those years and 8% in 2009 following the global financial crisis.

## **Bonus Share Issue**

Mr Helou also announced a bonus share issue of 1 for 10 for current MG shareholders.

"The 1 for 10 bonus issue reflects the growing value of the Co-operative and recognises the loyalty of dairy farmers who had supported Murray Goulburn through some difficult seasons."

"Based on our platforms of operation excellence and innovation we are excited about the co-operative's growth prospects and we are pleased to have issued additional shares to our loyal suppliers at this time."

## **Ends**

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<sup>1</sup> The use of the terms "underlying" refers to non-IFRS financial information and "reported" refers to IFRS financial information. Adjustments have been made to the reported financial information assisting readers to better understand the financial performance of the underlying business in each financial year as detailed in the 2011-12 Financial Accounts – Directors' Report.

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