

Media Release



Koroit upgrade to meet growing dairy nutrition demand

2 August 2013

- Five-year deal with Danone to supply 50,000 tonnes of Growing Up Milk Powders (GUMPs) base.
- \$2.5 million investment in Koroit plant to provide the additional value-add nutrition ingredients capacity.
- Rising demand from Asia has driven a significant increase in demand for Devondale-MG dairy nutrition ingredients.

Devondale-Murray Goulburn (Devondale-MG) is making a \$2.5 million investment in equipment at Koroit as a result of a five-year agreement with Danone to supply 50,000 tonnes of Growing Up Milk Powders (GUMPs) base over the life of the agreement.

Devondale-MG Managing Director Gary Helou said the investment would enable the Co-operative, which processes one-third of Australia's milk, to meet Asia's rapidly increasing demand for GUMPs, a dairy nutritional product for young children.

"Over the past three years, Devondale-MG has experienced strong and sustainable increases in demand for its ingredients from Danone's nutrition division, driven by rising Asian demand for GUMPs, and nutritional powders," Mr Helou said.

"Partnering with Danone offers Devondale-MG a significant opportunity for growth in an important line of product for our Co-operative. We are increasingly focusing on producing higher value and speciality ingredients such as GUMPs, as they provide higher margins and reduce our exposure to the more price volatile commodity products."

GUMPs is amongst the fastest growing dairy nutritional category, increasing between 10 to 20 per cent each year. Devondale-MG began supplying GUMPs base to Danone in Malaysia in July 2011 and Thailand in December 2012.

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Devondale-Murray Goulburn (Devondale-MG) is Australia's largest dairy company receiving and manufacturing approximately three billion litres per annum or one third of Australia's milk. Devondale-MG was formed in 1950 and remains 100% dairy farmer owned. Devondale-MG is Australia's largest dairy exporter and its flagship Devondale brand is sold nationally.