



Press Release

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MG planning \$200 million investment to support growth in higher value dairy food products

Murray Goulburn Co-operative (MG) plans to invest approximately \$200 million over the next three years in leading-edge dairy food manufacturing facilities for UHT milk, butter/spreads and cheese.

In a letter to Shareholder/Suppliers, Murray Goulburn Managing Director Gary Helou said the planned investment, which will soon be considered by the Board, would better equip MG to compete internationally and deliver the best possible returns to suppliers.

“In my previous presentations and discussions with shareholders I flagged the need for a clear focus on achieving operational excellence and innovation, whilst creating a balanced portfolio of ingredients and consumer dairy foods,” Mr Helou said.

“During the past ten months we have made good progress towards lowering our cost base and identifying international growth opportunities. We are now entering the next phase of Murray Goulburn’s development that requires significant investment in leading-edge manufacturing facilities that generate higher value products and enable greater innovation as well as cost leadership.

“The emphasis will be on the dual objectives of global cost leadership and consumer-based dairy food innovation. This is a significant initiative to rejuvenate and grow MG’s presence in consumer markets, in Australia as well as strategic international markets.

UHT Milk

“MG is the market leader in UHT milk in Australia produced from sites at Leongatha (Victoria) and Edith Creek (Tasmania). We have identified strong growth opportunities for UHT dairy products in Australia, Asia and the Middle East and we need to invest to double our capacity to approximately 500 million litres.

“Liquid milk consumption in Asia and the Middle East is growing at 5-10% p.a. Demand for premium Australian fresh milk means that MG is ideally placed to leverage its scale advantage across the Asia Pacific region.

“The intention is to establish world-class UHT facilities that incorporate the following features: one step milk processing, the highest degree of automation, high speed lines and variety of pack formats. These facilities will allow MG to achieve cost leadership, improve product taste, launch innovative products and enter adjacent categories.

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Butter/Spreads

“MG is Australia’s largest bulk butter producer and Devondale is the brand leader in butter blends. We have been approached by several Australian and overseas customers who want additional consumer butter and blends supply.

“To meet this demand, we need to significantly increase our consumer butter capacity to 20,000 tons p.a. and rejuvenate our butter blends plant. The Board has approved the installation of a new butter packing line at our Koroit plant that will allow MG to become a leading supplier of butter pats to fill existing and projected demand.

“We will further review our total butter and blends facilities to enable production of innovative new butter blend products and to create consumer products directly from cream or use excess bulk butter produced in peak milk supply periods.

“Our goal is to produce the lowest cost consumer butter and blends in Australia and tap into the strongly growing retail and food service markets in Asia and the Middle East.

Cheese

“MG aims to establish a state-of-the-art, highly automated cheese cut and wrap facility to produce more than 60,000 tons p.a. of cheese blocks, shred and slices at the lowest cost. MG will evaluate a variety of pack formats and processing technologies for this facility to launch a new range of consumer cheese products that meets the stringent demands of time poor consumers.

These investments will complement and strengthen our ongoing commitment to MG’s high quality dairy ingredients business portfolio,” Mr Helou said.

About Murray Goulburn

www.mgc.com.au

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

Ends

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