



10 October, 2017

Murray Goulburn reshapes Inbound Logistics

Dear Suppliers,

Due to the reduction in our milk intake, we need to reshape our Inbound Logistics (IBL) business to support our milk collection needs. This is a continuation of efforts to address our cost base, improve efficiencies and ultimately increase earnings and the farmgate milk price.

Over the last 18 months, as our milk intake has decreased, we have managed logistics through a reduction in our seasonal workforce, use of annual leave and accumulated hours. However, the sustained reduction now requires more decisive action.

Today we advised our IBL teams that there will be a reduction in approximately 60 tanker operator roles in Koroit, Leongatha, Maffra and Rochester and a number of support roles. To minimise the impact on our people, we will be seeking to make changes to rosters and offering voluntary redundancies in the first instance.

These changes will be phased and will significantly increase the efficiency of MG's logistics business, while ensuring there is sufficient capacity to manage collections through seasonal peak production.

This decision is regrettable but necessary. These actions have been taken to ensure a strong MG that can deliver sustainable and competitive returns for our shareholders.

Yours sincerely,

Cameron Smith
Supplier Relations Director