



15 March 2018

## ACCC consultation on proposed Saputo undertaking

Dear Suppliers

Following our update on 6 March, the Australian Competition and Consumer Commission (ACCC) today published Saputo's proposed undertaking regarding the divestment plan for MG's Koroit plant. This undertaking is to address the ACCC's concerns about competition for the acquisition of raw milk in south-west Victoria and south-east Australia and to obtain ACCC clearance.

The ACCC will now commence a consultation process on Saputo's draft proposed undertaking. Details of the consultation process and a copy of the draft proposed undertaking, along with an explanatory summary prepared by Saputo is available on the ACCC's website at <http://registers.accc.gov.au/content/index.phtml/itemId/1204196/fromItemId/750991>. The consultation period will end on 22 March 2018.

The undertaking is intended to ensure that Koroit remains a viable operating business and competitive for sourcing raw milk in the region into the future. As part of the divestment plan, MG will continue to operate the Koroit dairy plant until the completion of the Asset Sale to Saputo.

Under the terms of the draft undertaking, after completion of the Asset Sale an independent manager will be engaged to operate the Koroit so that it is able to be sold as an ongoing operation to the eventual buyer. It will be a matter for the eventual buyer of the Koroit dairy plant to determine how the plant is operated after its divestment.

As previously advised, the proposed divestment of the Koroit dairy plant by Saputo does not have any impact on the terms of the Asset Sale, including the consideration to be received by MG from Saputo and Saputo's previously announced milk supply commitments.

Saputo Australia has undertaken, for a minimum of five years from and including the FY19 season, to pay Qualifying MG Suppliers a market competitive FMP which is no less than the greater of (i) the price WCB pays its suppliers; and (ii) the final weighted average FMP published by the two largest processors in the relevant region other than MG or Saputo Australia.

MG believes that a successful transaction with Saputo is the best outcome for MG's stakeholders and we continue to work with Saputo in its efforts to ensure successful completion of the Asset Sale.

Thank you as always for your ongoing support.

Yours sincerely

**Ari Mervis**  
Chief Executive Officer