

25 September 2018

Dear Supplier,

**2018/19 milk price increase in Southern Milk Region**

We are pleased to announce a step up in our farmgate milk price for the 2018/19 season for all suppliers of Warrnambool Cheese and Butter (WCB) and Saputo Dairy Australia (SDA) in the Southern Milk Region.

<b>Butterfat</b>	<b>14 cents per kilogram</b>
<b>Protein</b>	<b>28 cents per kilogram</b>

This payment is retrospective and applies to all qualifying milk supplied by current WCB and SDA suppliers from 1 July 2018. The payment will be made with September 2018 proceeds during October 2018. This increases our average farmgate milk price for the 2018/19 season for suppliers in the Southern Milk Region to \$5.95 per kilogram milk solids (up from \$5.75 per kgms).

The increase in our farmgate milk price reflects the positive impact of a weaker Australian dollar, despite a decline across all dairy commodities in recent months. It is not connected to recent developments in relation to the dairy levy proposed by the Minister for Agriculture and Water Resources, although we hope the increased price will provide some assistance to those impacted by continued drought conditions and higher feed and water costs.

We acknowledge the challenges caused by the current conditions and remind suppliers of the finance options that are available through WCB and SDA that can assist with the purchase of feed and water. To discuss finance options please contact your local Field Services Officer. I would also like to highlight that our SDA Feeds business is able to support suppliers in the current challenging environment. If you would like to discuss feed options and prices please contact them on 1800 643 333.

We will continue to monitor the market and review the milk price again in January 2019 in accordance with our quarterly review process.

Thank you for your ongoing support and as always please contact your local Field Services team if you have any queries or if we can assist you further in any way.

Kind regards,



Kai Bockmann  
President and Chief Operating Officer  
Saputo Inc. and Dairy Division (Australia)

