



Press Release

Murray Goulburn reconfirms commitment to Warrnambool Cheese and Butter

In a letter to shareholders and suppliers today Murray Goulburn confirmed its commitment to its investment in Warrnambool Cheese and Butter (WCB) and advised it has purchased additional shares on market to move toward reinstating its pre-placement stake in WCB following the WCB equity raising.

Murray Goulburn Managing Director, Mr Stephen O'Rourke, commented, "Murray Goulburn's investment in WCB was made with a longer-term perspective and we remain committed to an investment which allows us to be part of a process that has yet to conclude.

"The WCB capital raising addresses the level of debt the company carries. However Murray Goulburn was not consulted at all about its willingness to participate in the share placement.

"Having strongly rejected our offer of \$4.35 per WCB share in February of this year, it is interesting that WCB is now proposing to issue shares to Bega at a minimum 33% discount to Murray Goulburn's offer price - a price that was slammed by the WCB board as undervaluing WCB at the time our offer was rejected."

"As a 100% farmer-controlled co-operative, Murray Goulburn's only interest is to increase the benefits it offers its farmers and the Board remains committed to exploring all avenues by which this can sensibly be achieved.

"We believe that consolidation, not just with WCB and Murray Goulburn, but now also with Bega, can still deliver substantial benefits to farmers and the Australian dairy industry.

"If Australian dairy farmers are to successfully compete in the global market and receive higher farmgate returns in the future, it is important that Murray Goulburn delivers critical supply chain efficiencies, including those delivered through industry rationalisation and collaboration.

"With this in mind it is important to recall that the ACCC process triggered by our proposal to acquire WCB earlier this year did not reach a conclusion. Murray Goulburn withdrew its proposal because we did not see any realistic opportunity for further talks with WCB in the short-term and the 15% cap on shares in WCB limited the potential shareholding. The ACCC has left the door open for future approaches on this matter and we are disappointed that public statements on the ACCC process and outcome do not accurately reflect the position. With the withdrawal of our proposal, the processes underway with the ACCC lapsed and the regulator did not make any ruling".

Murray Goulburn is currently reviewing the formal share offer documents and expects to participate in the entitlement offer. A decision will be made shortly.

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