



# Press Release

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Contact Person: Alida Martiniano  
Company Name: Murray Goulburn Co-operative Co. Limited  
Phone: 03 9389 6476  
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Website: [www.mgc.com.au](http://www.mgc.com.au)

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## **Murray Goulburn to establish Middle East North Africa (MENA) Office**

### **Murray Goulburn announces expansion of cream cheese production capacity and sales to key markets**

MG today advised shareholders of two new initiatives that would grow Murray Goulburn's market presence and improve shareholder returns.

In a letter to shareholders Managing Director Gary Helou said that MG would open an office in Dubai to service the world's second largest dairy import market - Middle East and North Africa (MENA).

Countries in the MENA region include Saudi Arabia, the United Arab Emirates, Qatar, Kuwait and Oman. Currently this region imports a combined 1.2 million tonnes of dairy which is valued at A\$3.8 billion.

"MENA is categorised by a rapidly growing and affluent population with a strong cultural affinity to dairy products. Demand for food in the region will continue to grow and the region will look to key exporting countries like Australia to meet future dairy food demand," Mr Helou said.

"Australian dairy currently has less than 10% share of this market. MG believes that strong relationships with customers and consumers is critical to expand its market presence in the MENA region.

Mr Helou said MG would immediately establish a strategic business unit based in Dubai to develop strong relationships with key customers and market the Devondale brand to consumers. It will be led by an experienced local business executive who will take charge of the mission to significantly expand our presence in this high growth dairy market.

The MG MENA office will be MG's second international office along with a team based in Tokyo, Japan.

### **Cream Cheese Expansion**

Mr Helou also advised shareholders of a strategic investment in expanding MG's cream cheese production capacity in order to meet growth in market demand.

MG will invest \$3.5 million to increase cream cheese production capacity at its Kiewa plant by 10,000 tons per annum. This additional capacity will be available to our markets by end of 2012.

"MG's current cream cheese products have a leading market position in Japan based on their quality and consistency. The company also had recent success in developing profitable markets in other key international markets, including China and the Middle East," Mr Helou said.

Mr Helou said that the investment in additional production capacity would allow MG to further grow its market share in the Japanese market and to significantly lift its cream cheese presence in Asia and the Middle East.

"These initiatives are focused on growth and rebalancing MG's portfolio, in addition to pursuing MG's stated target of \$100 million in cost reduction. We are evaluating several initiatives to support the twin objectives of operational excellence and innovation, which will be announced as we complete their evaluation," Mr Helou said.

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#### **Murray Goulburn**

140 Dawson Street, Brunswick Victoria 3056  
PO Box 4307, Melbourne 3001 Australia

**P:** +61 3 9389 6400  
**F:** +61 3 9387 5741

**[www.mgc.com.au](http://www.mgc.com.au)**  
ABN 23 004 277 089