



Press Release

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Murray Goulburn Co-operative announces third increase in farmgate milk price for 2011/12

Australia's farmer-owned dairy food company, Murray Goulburn (MG), today advised the company's dairy farmer – shareholders of a third increase in farmgate milk prices for the current season.

In his statement to shareholders, Managing Director Gary Helou advised of a price increase of \$0.20 per kilogram of protein and \$0.08 per kilogram of butterfat for milk supplied across the 2011/12 season.

"I am pleased to announce that this step-up takes MG's price to \$5.35 per kilogram milk solids which exceeds our recent end-of-year forecast of \$5.30," Mr Helou said.

"The price increase has been achieved through cost reductions and operational efficiencies, which have improved our margins despite a softening in world market prices and unfavourable foreign exchange conditions."

Mr Helou said that MG continued to focus on implementing a change agenda that delivered Murray Goulburn a significantly lower cost base and higher levels of operational excellence.

"Whilst several key market factors are beyond our control, our cost base and operational efficiency is internal to the business and we intend to make significant savings to pass on to our suppliers in the form of higher milk prices."

"We continue to strive for accelerated benefits of the change programme and as per usual will pass any benefits onto supplier / shareholders as soon as possible." Mr Helou said.

In regards to next season, Mr Helou said that MG was currently completing the budget process for 2012/13 which would determine the opening milk price.

"The market outlook continues to soften in the face of increased international supply and a strong Australian dollar. We will focus on delivering internal efficiencies and lower operating costs to minimise the impact of lower international prices on our suppliers. We will keep supplier / shareholders updated in the lead up to our opening price announcements."

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