

# News release



22 June 2017

ASX Announcement

## Murray Goulburn increases Southern Milk Region opening price and 2017/18 FMP range

Murray Goulburn Co-operative Co. Limited (MG) has today announced:

- an increase in the 2017/18 season opening Southern Milk Region Farmgate Milk Price (FMP<sup>1</sup>) to \$5.20/kilogram of milk solids (kg MS) (including the Reward Program and other incentive payments);
- an increase in the higher end of the forecast 2017/18 full year FMP range to \$5.20-\$5.50/kg MS

The previous opening price announcement on 6 June 2017 was earlier than in prior years in order to try to assist suppliers with budgeting and business planning. Since then, MG has had the opportunity to review the 2017/18 budget assumptions, which include dairy commodity prices, exchange rates and achieving cost out initiatives, as well as achieving milk intake of approximately 2.5 billion litres. The updated FMP has also taken into account improved commodity prices reflecting anticipated market returns, together with additional contracted sales.

MG recognises that in the current competitive environment it needs to maintain milk supply and provide improved cash flow for suppliers. The decision to revise the opening price to \$5.20/kg MS is intended to assist in maintaining competitiveness and support the supplier base.

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### About the MG Unit Trust

The MG Unit Trust is a special purpose funding vehicle which provides its unitholders with an economic exposure to the business of Murray Goulburn Co-operative Co. Limited (**Murray Goulburn**). The MG Unit Trust invests in notes and convertible preference shares issued by Murray Goulburn. The Responsible Entity of the MG Unit Trust is MG Responsible Entity Limited, a wholly-owned subsidiary of Murray Goulburn. Unitholders are entitled to receive distributions equivalent to any dividends paid to the ordinary shareholders of Murray Goulburn. Dividends paid on ordinary shares will be determined by Murray Goulburn in accordance with the Profit Sharing Mechanism described in Section 6 of the Product Disclosure Statement dated 29 May 2015. Units do not confer a direct interest in Murray Goulburn.

Murray Goulburn is Australia's largest dairy foods company and one of Australia's largest food and beverage companies with annual turnover of approximately \$2.5 billion. Through its co-operative structure, Murray Goulburn has approximately 2,000 supplier shareholders. Murray Goulburn manufactures and markets a full range of dairy and nutritional products such as cheese, milk powder, butter and fat, drinking milk and liquid milk products, nutritionals and value-added products, such as infant formula. Murray Goulburn supplies the grocery, foodservice and ingredients channels domestically and around the world, particularly in Asia, with its flagship Devondale, Liddells and Murray Goulburn Ingredients brands.

<sup>1</sup> All references to FMP refer to average available FMP which includes the add-back of quality adjustments accrued from the supply of non-premium milk.