

News release



6 March 2018

ASX Announcement

Lodgement by Saputo of proposed undertaking with the ACCC and revised estimated net value per share/unit

Murray Goulburn Co-operative Co. Limited (MG) refers to its announcement on 1 March 2018 that the Australian Competition and Consumer Commission (ACCC) had issued a Statement of Issues (SOI) in relation to the proposed sale of all of MG's operating assets and operating liabilities to Saputo Dairy Australia Pty Ltd (Asset Sale) and the announcement on 5 March 2018 that Saputo had initiated discussions with the ACCC in respect of a divestment plan for the Koroit dairy plant.

Saputo has advised MG that Saputo has now lodged a proposed undertaking with the ACCC in respect of a divestment plan for the Koroit dairy plant in order to address ACCC concerns on competition for the acquisition of raw milk in south-west Victoria and south-east South Australia and to obtain the ACCC clearance.

The proposed divestment of the Koroit dairy plant by Saputo does not have any impact on the terms of the Asset Sale, including the consideration to be received by MG from Saputo and Saputo's previously announced milk supply commitments.

On this basis, as the Asset Sale remains subject to an ordinary resolution of MG's voting shareholders, MG intends to issue and despatch its Explanatory Memorandum and Notice of Meeting on 14 March 2018, to convene an Extraordinary General Meeting (EGM) to be held in Melbourne on Thursday, 5 April 2018.

The Directors intend to convene the EGM on the basis that the ACCC will accept the divestment proposal provided by Saputo and that ACCC clearance will be granted prior to the scheduled EGM date. If clearance from the ACCC has not been granted by the business day immediately prior to the scheduled EGM date, MG expects to postpone the EGM. Until clearance is received, the transaction will remain conditional on ACCC approval.

Revised estimated net value per share/unit

MG advises that following the completion of MG's reviewed 1H18 accounts and the preparation of an updated management forecast for the remainder of FY18, its estimate of the net value per share/unit which Shareholders and Unitholders could receive from the Asset Sale over time has been increased. There is no change to the acquisition price of approximately \$1.31 billion¹ to be paid by Saputo. The revision in estimated net value per share/unit reflects MG's expectation of lower debt levels at the completion of the Asset Sale. This is a result of lower capital expenditure given the reduction in MG's milk intake and improved outcomes against previous assumptions for the sale of Edith Creek. MG has also reduced its estimated operating costs for MG post completion.

¹ Subject to completion adjustments including movements in the working capital in the business and any unpaid milk commitments.

Subject to completion of the Asset Sale including finalisation of working capital adjustments, MG advises that the estimated net value per share/unit of the Asset Sale has been revised to \$1.15 to \$1.20^[2] (previously \$1.10 to \$1.15). As a result, the initial distribution to be paid shortly after completion has been increased to \$0.80 per share/unit (previously \$0.75). Further details of these calculations will be included in the Explanatory Memorandum.

The Asset Sale remains subject to approval by the Foreign Investment Review Board. Subject to MG obtaining shareholder approval at the EGM and receipt of FIRB approval, MG currently expects the Asset Sale to complete on 1 May 2018.

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About the MG Unit Trust

The MG Unit Trust (ASX:MGC) 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 Responsible Entity of the MG Unit Trust is MG Responsible Entity Limited, a wholly-owned subsidiary of Murray Goulburn.

² This range is an estimate only. This amount takes into account the repayment of MG's bank debt and US Notes program (including any make whole fees) at completion of the Asset Sale, transaction costs, outstanding tax or other liabilities and the expected costs of continuing to operate MG while the litigation retained by MG after the completion of the Asset Sale continues. This amount does not take into account the payment of any amount which may ultimately be made as a result of the retained litigation, which could reduce proceeds available for distribution to shareholders and unitholders.