



MEDIA RELEASE

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ACCC approves Saputo - Murray Goulburn acquisition after undertaking

The ACCC will not oppose Saputo's proposed acquisition of Murray Goulburn's (ASX: MGC) assets, after accepting a court-enforceable undertaking from Saputo to divest Murray Goulburn's Koroit plant.

Murray Goulburn and Saputo, which owns Warrnambool Cheese and Butter, both acquire milk from farmers in south-west Victoria and south-east South Australia, including in areas around Warrnambool and Mt Gambier.

The ACCC had raised concerns that Saputo owning the region's two largest plants, both near Warrnambool, its current Allansford plant and Murray Goulburn's Koroit plant, would have substantially lessened competition for the purchase of raw milk in the region, leading to farmers being paid less at least in the medium term.

In response to the ACCC's concerns, Saputo offered an undertaking that it would divest the Koroit plant within a specified period to a buyer which will need to be approved by the ACCC.

"Saputo's divestiture undertaking has remedied the ACCC's competition concerns about the Koroit plant," ACCC Chairman Rod Sims said.

"The undertaking creates an opportunity for a viable competing milk processor to enter or expand in the local region. When approving a new owner of Koroit, we will focus on its ability to be a strong and effective competitor for raw milk in the region."

"The ACCC has carefully considered responses from a broad range of market participants about Saputo's undertaking and the broader transaction."

"We heard from and spoke with many farmers who expressed concerns with the ACCC intervening in this transaction in the short term because they wanted certainty and stability after a bumpy ride with Murray Goulburn. I want to assure them that our aim is to put in place an outcome that works in their best interest by promoting competition in the medium to longer term while minimising short term uncertainty," Mr Sims said.

The undertaking also includes details of transitional milk supply arrangements and independent management for the plant until it is sold.

Murray Goulburn has confirmed that Saputo divesting Koroit will not impact on the terms of Murray Goulburn's asset sale to Saputo, including the consideration Murray Goulburn shareholders will receive from the sale.

The sale of the Murray Goulburn assets to Saputo is subject to conditions that include approval by an ordinary resolution of Murray Goulburn's voting shareholders and approval by the Foreign Investment Review Board.

The ACCC will issue a Public Competition Assessment in due course that will outline the reasons for its decision in more detail.

Further information, including a copy of the undertaking, is available on the ACCC's public register at www.accc.gov.au/mergersregister

Background:

The key elements of the undertaking include:

- **Asset divestiture** – includes the Koroit factory and all the necessary assets, personnel and contracts to enable the purchaser to operate the Koroit plant and compete. The sale must be completed within a prescribed timeframe to a purchaser that will be approved by the ACCC.
- **Milk supply** – Saputo will supply a guaranteed volume of milk to the purchaser for a specified period.
- **Assistance to transfer farmers** – Saputo must allow farmers who want to transfer their milk supply to the purchaser of the Koroit plant to do so.

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