

# News release



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ASX Announcement

## MURRAY GOULBURN WINS COLES CHEESE SUPPLY CONTRACT

Murray Goulburn Co-operative Co. Limited (MG) has today announced that it has entered into a five-year national private label contract to supply Coles brand Australian cheese as part of MG's ongoing push to secure critical mass in the important Australian dairy foods market which will underpin and support the company's growth plans.

Today's announcement follows the landmark, ten-year partnership MG commenced with Coles in 2014 to supply daily pasteurised milk for Coles private label brands in Victoria and NSW. The contract includes the supply of a range of Coles brand cheddar-style cheese including tasty, colby, mild and light cheese in blocks, shreds and slices for Coles supermarkets across Australia. The national cheese contract will generate approximately \$130 million in additional sales per annum and importantly deliver a stable stream of profits to MG over the life of the contract.

The competitiveness of MG's tender proposal for the cheese contract was enhanced by efficiency gains expected to flow from the investment MG is making to build a world-class cut and wrap consumer cheese processing facility at its Cobram cheese plant. As part of its capital investment program, MG has announced plans to invest up to \$145 million to significantly increase 'ready-to-serve' cheese capacity and capabilities at its new consumer cheese plant in Cobram.

MG Managing Director, Gary Helou, said: "We are delighted to extend our existing relationship with Coles and its customers to deliver the quality, taste and freshness of cheese made by Australia's largest dairy farmer co-operative, which is 100 percent controlled by Australian farmers."

"MG is pursuing a growth and value creation strategy to deliver profitable growth and insulation from the challenges of volatile global dairy commodity prices. As part of this we are ramping up our manufacturing capability and capacity to produce and market a wide range of Australian made 'ready-to-consume' dairy foods for our domestic and international markets.

"This additional Coles business complements our investment strategy to build a state-of-the-art supply chain and adds to our critical mass here in Australia, as we look to substantially grow our business internationally.

"MG's continuing capital investment program will ensure we have world-leading, lowest cost manufacturing capability and improved flexibility to produce dairy foods products that meet the tailored and sophisticated needs of our customers and consumers here in Australia and internationally.

"In particular, investment at our Cobram facility in Northern Victoria will deliver world-leading technology for processing and packaging a range of consumer and food service cheese products including block, slices, snacking and shred.

"Ultimately these investments are being made to support our drive to deliver sustainably higher and more stable farmgate prices and returns over the long-term," Gary said.

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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. Through its co-operative structure, Murray Goulburn has more than 2,600 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.