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Media Release

23 January 2014

ASX ANNOUNCEMENT

MURRAY GOULBURN INTENDS TO WITHDRAW WCB OFFER AND ACCEPT SAPUTO'S OFFER IN RESPECT OF ITS WCB SHAREHOLDING

- Murray Goulburn intends to seek ASIC consent to withdraw its WCB bid and has withdrawn its authorisation application to the Australian Competition Tribunal
- Murray Goulburn's acceptance into Saputo's offer will increase the value for WCB shares in the offer to at least \$9.40 per share
- Murray Goulburn will receive cash proceeds of at least \$92.9 million and gain on investment before tax and costs of approximately \$51 million

Murray Goulburn Co-operative Co. Limited (MG) today announced that as a result of Saputo Inc (Saputo) acquiring a controlling interest in Warrnambool Cheese and Butter Factory Company Holdings Limited (WCB), it intends to seek the consent of the Australian Securities and Investments Commission (ASIC) to withdraw its bid for WCB, and has withdrawn its authorisation application to the Australian Competition Tribunal (ACT).

MG also intends to accept into Saputo's offer which is anticipated to take Saputo's relevant interest above 75% of WCB, triggering an increase in the offer consideration to at least \$9.40 per share. In accepting into the Saputo offer MG will receive at least \$92.9 million of cash proceeds, which will result in a gain on investment before tax and costs of approximately \$51 million.

Commenting on the decision to accept into the Saputo offer, MG's Managing Director Gary Helou said: "The sale of our WCB shareholding represents an excellent financial outcome for our co-operative. These cash proceeds will support our plans to reinvest in our business and to grow market share in Australia and expanding internationally, further assisting us to deliver our goal of increasing the underlying farmgate returns.

"Throughout this process MG remained committed to acquiring WCB and we were confident that we had a compelling case to obtain authorisation from the ACT. However in light of Saputo acquiring a controlling interest in WCB we have an obligation to our co-operative shareholders to maximise the financial outcome and focus management time on growing a strong and globally competitive co-operative. Accordingly we have notified the ACT that we intend to cease our application from this point.

"Whilst we are disappointed to have missed out on the opportunity to acquire WCB, we are pleased that our involvement in the bidding process drove a genuine auction and that all WCB shareholders have benefited as a result, including MG's 17.7% stake," said Mr Helou.

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MG considers it a lost opportunity for the Australian dairy industry that Saputo received Foreign Investment Review Board (FIRB) approval in a significantly shorter timeframe than the process MG was required to follow. From the point that Saputo was granted FIRB approval, the MG offer was not capable of being acted on by WCB shareholders in the same time period. Consequently, MG was not able to compete realistically on a level playing field with a competing international bidder for WCB.

The values that were eventually offered for WCB highlight the outstanding opportunity for Australian dairy industry growth into the future. MG processes over three times the milk volumes of WCB and is Australia's largest dairy foods business. The WCB auction demonstrated the strategic value of Australian dairy businesses like MG.

"As a farmer controlled co-operative we have a vision to create a significant Australian owned globally relevant dairy business. There is a significant opportunity for us to capture the global opportunity and deliver its upside to Australian farmers and their rural communities – ultimately the only way the industry will be able to arrest the decline in production we have experienced over the last 10 years," said Mr Helou.

While the Australian dairy industry remains deeply fragmented, MG is committed to consolidation of the sector and will continue to pursue future consolidation opportunities as they arise.

"As the largest dairy food company in Australia we remain committed to the broader South West Victorian and South Australian regions. We encourage dairy farmers who share the co-operative's vision of creating a globally significant successful dairy foods business to consider joining MG as suppliers and to be direct owners in the leading Australian owned dairy business," Mr Helou said

Advisers

Lazard is acting as financial adviser to MG and Herbert Smith Freehills is acting as legal adviser.

-ENDS-

Media

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A copy of this release is available at www.mgc.com.au

About Murray Goulburn

Murray Goulburn is Australia's largest dairy food company. Each year it receives and manufactures approximately 3.2 billion litres or one third of Australia's milk and generates sales revenue in excess of \$2.4 billion. Murray Goulburn was formed in 1950 and remains 100% dairy farmer controlled, with over 2,400 farmer-shareholders and more than 2000 employees. Murray Goulburn is also Australia's largest dairy food exporter to the major markets of Asia, the Middle East and North Africa, and the Americas. Murray Goulburn produces a range of ingredient and nutritional products, supplies the food service industries globally and its flagship Devondale brand is sold nationally.