

STOCK & LAND

FIRB clears way for MG sale

Andrew Miller

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The Foreign Investment Review Board (FIRB) has approved the sale of dairy processor Murray Goulburn to Canadian giant, Saputo.

The approval removes the last hurdle to the Canadian processor buying all MG's assets and liabilities.

An MG spokesman said all remaining conditions surrounding the \$1.31billion sale had now been satisfied.

"MG confirms that the Asset Sale is expected to complete on May 1, 2018 and that the initial distribution of 80 cents will be paid to shareholders and unitholders on May 15," the spokesman said.

The FIRB approval has also given the green light to Australian and overseas dairy processors to purchase MG's Koroit plant.

"We will start the (sale) process around May 1 and it will take a couple of months to be completed," a Saputo spokesman said.

Among the potential purchasers of the one billion litre Koroit plant, which is currently running at about half capacity, are Bega Cheese, the Gippsland based Burra foods, Victoria's Australian Consolidated Milk (ACM) and Chinese interests.

The national competition watchdog, the Australian Competition and Consumer Commission (ACCC), approved the sale of MG to Canadian processor, Saputo on the proviso Saputo divest itself of the Koroit factory.

The ACCC gained a court-enforceable undertaking that the plant be sold "within a specified period."

It's believed the Koroit plant could be valued at between \$200 and \$300million.

Saputo already owns Australia's biggest dairy processing plant, the Warrnambool Cheese and Butter (WCB) factory, at nearby Allansford.

The ACCC had raised concerns that Saputo owning the region's two largest plants, both near Warrnambool 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.

A spokesman for Bega Cheese confirmed the company was interested in buying the plant.

"We initially showed interest in buying MG, so, by definition, we would be interested in Koroit," the spokesman said.

But he said no decision would be made until after the completion of the sale.

"There's nothing to look at, at the moment," he said.

Norco chairman Greg McNamara said while the level of interest in Koroit was good for the Australian industry, the NSW co-operative was not interested in purchasing the plant.

"We had a think about it and we are certainly not pursuing options, around acquiring Koroit," Mr McNamara said.

"I can 100 per cent guarantee we are not expressing an interest in it.

"It's not part of our strategy at the moment."

The co-operative was concentrating on fresh milk and icecream.

But other Australian processors expressed guarded interest.

Burra Foods chief executive Grant Crothers said the company "may be interested", in buying Koroit.

"I have said we are looking to expand our business," Mr Crothers said.

"You have to work out if it will make some money, how do you get it to be profitable?"

Mr Crothers said any purchase would depend on whether or not it added value to Burra's business model.

"The whole dairy industry is looking to expand.

"We are always interested in investing in increased capacity in Gippsland, so we are always looking at options."

Australian Consolidated Milk (ACM) managing director Michael Auld said the company, which collects from farmers in western Victoria, had not come to a final conclusion on the purchase.

But he said purchasing Koroit would be "less likely, than more likely."

"We will just see how the process closes out - we haven't made a definitive decision, one way or another.

"Once we know a bit more about the detail, we will make a decision on whether or not we participate."

He said Koroit required "a volume of milk, so we will see how that plays out."

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