

THE STANDARD

SE news
HD **Turnover nears \$3 billion but Murray Goulburn profit falls**
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WC 463 words
PD 27 August 2014
SN The Warrnambool Standard
SC FWARST
LA English
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MURRAY Goulburn Co-operative processed more **milk** and increased sales revenue last season but made less profit.

The co-operative yesterday released its 2013-14 full-year results showing record turnover of \$2.9 **billion**, 22 per cent up on the previous year.

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Exports were the big contributor to the extra revenue, with 30 per cent growth year-on-year to \$1.5 **billion**.

Despite the increased sales, net profit after tax was \$29.3 **million**, down from \$34.9 **million** in the previous year.

Company equity was increased by \$59 **million**, helped by a \$36 **million** profit from the **sale** of Warrnambool **Cheese** and **Butter** (WCB) shares after losing a takeover battle to Saputo.

Managing director Gary Helou told The Standard a higher profit could have been shown if the **company** had retained less **equity**.

"We could have reflected that **equity** in the profit figure, but in an exceptional season when suppliers received a record **milk** price it was prudent to increase **equity**," Mr Helou said.

The **company's milk** intake increased 8 per cent to 3.4 **billion** litres, lifting its share of the national raw **milk** production from 33 to 37 per cent. Its supply increase easily outstripped the national production growth of 0.4 per cent.

Mr Helou said 2013-14 was an "outstanding season" for the co-operative.

"International **dairy** food prices were at very high levels, underpinned by the strong demand from Asia and the Middle East."

He declared the final farmgate **milk** price for the 2013/14 season at a record \$6.81 per kilogram **milk** solids (kgms). With the addition of dividend payments, suppliers received a total of \$6.90/kgms.

Mr Helou said farmers cannot expect such a strong result this season. He downgraded the full-year price forecast for this season to \$6/kgms from the previous estimate of \$6.15 to \$6.30.

"In this market it is unlikely that MG can provide for any step-ups in 2014-15 pricing unless there is a significant improvement in markets."

He said the forecast downgrade was based on declining **dairy** commodity prices, driven by production growth in New Zealand and the European Union and large inventories in **China**. He said the emerging effect of the Russian sanctions was also expected to affect revenue this season.

"Over the next few weeks we will continue to assess the impact of the Russian trade ban and further assess **China**'s re-entry in the market," Mr Helou said.

Rival processors WCB and Bega **Cheese** both declared increased profits in their full-year results announced last week, WCB making \$21.3 **million** and Bega \$30 **million**.

CO mryglb : Murray Goulburn Co-operative Company Limited

IN i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products

RE victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia

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AN Document FWARST0020140828ea8r00037