

THE AUSTRALIAN

Business

Chinese buy into MG's dairy float

SUE NEALES, Agribusiness

502 words

4 July 2015

The Australian

AUSTRALIAN

Australian

28

English

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A **Chinese** government-owned **company** has emerged with nearly 5 per cent of Australia's largest **dairy company**, after the partial float of the Murray Goulburn co-operative on the Australian Securities Exchange yesterday.

An early list of the 20 largest shareholders of the \$468 **million** Murray Goulburn Unit Trust showed **China** Resource Ng Fung Limited holding more than 10 **million** of the 209 **million** units in the new listed trust, which accounts for one third of the **company**'s total shares.

Another **company** specialising in offshore **Chinese** financial investment in Australia, the BMY **Group**, run by Melbourne's Eric Gao, appeared as the ninth-largest shareholder, purchasing four **million** shares in the capital-raising bookbuild.

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The MG Unit Trust listed with an initial capitalisation of \$438m, raised through the issue of the 209 **million** non-voting units, or 36.5 per cent of the **business**, to more than 6000 new investors.

After yesterday's trading of 11.7 **million** units at the close of trade, the entire Murray Goulburn **business** was valued \$1.28 **billion**.

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"It's all full throttle at our strategic implementation now." The \$500m raised through the unit trust listing and the **sale** of \$62m of additional shares to farmers is being used to build a new consumer **cheese** plant at Cobram, Victoria. Two new **dairy** beverage and nutritional plants are also planned.

Mr Helou said the strategic thrust towards more value-added products was protecting Murray Goulburn from the volatility of world **dairy** commodity prices.

Less than 40 per cent of Murray Goulburn's \$2bn in annual sales are for bulk unbranded skim **milk** and whole **milk** powder on world markets.

"Our **business** mix has significantly changed over the past few years to much more branded, value-added and highly-specialised food ingredients; it makes us much less exposed to global volatility...

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"(These expansion plans) will be a key driver behind MG's growth and value-creation strategy to support sustainably higher farmgate **milk** prices and returns for MG shareholders and MG unit trust unitholders." The listing price of \$2.10 was at the lower end of prospectus expectations. Some farmer-owners...

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