

# The Sydney Morning Herald

SE **Business**  
HD **MG moves on - now to milk Asia**  
BY Georgia Wilkins  
WC 489 words  
PD 24 January 2014  
SN The Sydney Morning Herald  
SC SMHH  
ED First  
PG 21  
LA English  
CY © 2014 Copyright John Fairfax Holdings Limited.  
LP

Takeovers

Murray Goulburn has made a defiant bid to take on its rivals Saputo and Bega in the new battlefield over **milk** products in Asia.

TD

The farmer-owned co-operative said on Thursday it would bow out of the long race for Warrnambool **Cheese & Butter**, selling its **stake** to Saputo for about \$93 **million** and officially marking the end of its efforts to take control of the **dairy** producer.

But chief executive Gary Helou said he planned to use the windfall to push ahead in Asia, where growing demand for **milk** products, particular infant formula, was creating a whirlwind of competition for **dairy** players. "Australia has a real role to play in Asia," he said. "We are already there, we just need to connect better."

Mr Helou used his **company's** withdrawal from the fight over Warrnambool to criticise what he saw as an uneven regulatory playing field between local and foreign buyers.

He told Fairfax Media: "There's no question that the expedited [Foreign Investment Review **Board**] approval gave Saputo a distinct and, in my opinion, unfair advantage."

Murray Goulburn's bid for Warrnambool was conditional on approval by the Australian Competition Tribunal, which was due to make a decision on February 4. The FIRB granted its approval of the Saputo bid in November. "It's disappointing that the timelines in regulatory framework weren't aligned," he said. "FIRB should have aligned their approval to give the local a proper contest. We were not playing on a level playing field."

Murray Goulburn's exit from the Warrnambool race cements the control of its Canadian rival, Saputo, over the Victorian **milk** producer, with its interest rising to more than 75 per cent.

Murray Goulburn will now seek approval to withdraw its bid and its application to the ACT from the Australian Securities and Investments Commission.

Mr Helou said Murray Goulburn would use its proceeds to reinvest in the **business** and grow market share in Australia and internationally.

"We have some big investment plans to upgrade our manufacturing footprint in the areas of liquid **milk**, **cheese** and nutritional powders," he said.

"We want to take **dairy** foods into Asia, which is seeing huge demand, particularly in **China**, Japan and south-east Asia.

"Those production lines in those markets will bode extremely well for Australian farmers."

The sale of Murray Goulburn's 17.7 per cent **stake** in Warrnambool to Saputo will increase the value of Warrnambool shares to \$9.40.

Murray Goulburn will receive cash proceeds of at least \$92.9 **million** from the sale, a gain on investment before tax and costs of \$51 **million**.

A Saputo spokesman declined to comment.

Canaccord Genuity analyst Mark Topy said Saputo would have to invest more in Asia to get a return on Warrnambool, and Murray Goulburn would have to act on its strategies to woo investors.

**CO** mryglb : Murray Goulburn Co-operative Company Limited

**IN** i4131 : Non-frozen Dairy Products | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products

**NS** eppin : Producer Price Index | e11 : Economic Performance/Indicators | e1103 : Inflation/Prices | ecat : Economic News

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

**PUB** Fairfax Media Management Pty Limited

**AN** Document SMHH000020140123ea1o00046