

IN THE AUSTRALIAN COMPETITION TRIBUNAL

of 2013

MURRAY GOULBURN CO-OPERATIVE CO LIMITED

**RE: PROPOSED ACQUISITION OF WARRNAMBOOL CHEESE
AND BUTTER FACTORY COMPANY HOLDINGS LIMITED**

Certificate identifying annexure

This is the annexure marked "DMN13" now produced and shown to David Michael Noonan at the time of signing his statement on 28 November 2013.

**Annexure DMN13
WCB trading update**

Filed on behalf of Murray Goulburn Co-Operative Co Limited
Prepared by:
Herbert Smith Freehills
Tel: +61 3 9288 1234 Fax: +61 3 9288 1567
Email: chris.jose@hsf.com Ref: CJ:ALM:82230139
Address for service
Level 43, 101 Collins Street
MELBOURNE VIC 3000

25369492



7 October 2013

Trading update – assumptions underlying FY14 EBITDA earnings range

WCB refers to its announcement of 2 October 2013 where it stated that it expects FY14 EBITDA to be in the range of \$47.0 million to \$52.0 million (**FY14 forecast**).

WCB notes that since the release of that announcement some analysts and other market participants have requested the disclosure of the assumptions underlying the FY14 forecast, ahead of the release of WCB's Target's Statement responding to Bega's offer.

In the interests of demonstrating WCB's confidence in its FY14 forecast, WCB is pleased to provide the following summary assumptions:

- **Total milk intake**
 - Decrease of 10% from FY13 to 802 million litres
- **Forecast milk price of \$6.30 per kilogram of milk solids (kgms)**

This is at the high end of the prevailing range of immediate competitors

 - Murray Goulburn recently forecast a final price range of \$5.95 to \$6.20/kgms¹
 - Fonterra recently forecast a final price range of \$6.10 to \$6.30/kgms²
- **Improved international dairy commodity pricing due to South East Asia and China demand expected to benefit margins significantly.** Specifically WCB has assumed the following average dairy commodity prices for FY14:
 - Export cheese price of USD4,484 per tonne (12% increase year on year)
 - Export milk powder price of USD4,453 per tonne (33% increase year on year)
 - Export butter price of USD4,234 per tonne (16% increase year on year)
 - Export whey protein concentrate price of USD10,478 per tonne (1% decrease year on year)
- **FX partly hedged. Forecast for unhedged exposure conservatively assumes AUD:USD rate of 0.9385**
- **Lactoferrin sales scheduled to commence February 2014**

As disclosed on 2 October 2013, full details of the underlying assumptions and risks of the FY14 forecast, including a sensitivity analysis, will be provided in WCB's forthcoming Target's Statement. The Target's Statement will also include an Investigating Accountant's Report providing an independent assessment of the FY14 forecast.

¹ Murray Goulburn Press Release – "Murray Goulburn Announces Step-up in prices" – 13 August 2013
² ABC Rural – "Fonterra increases milk price" – 6 September 2013