



## PRESS RELEASE

### TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 JULY 2013

The Board of Directors of The Tatua Co-operative Dairy Company met on 27 September 2013 to consider the financial results and decide on the final payout for the 2012/13 season to its 108 Suppliers.

Tatua achieved a revenue of \$229.7 million and earnings of \$107.4 million in 2012/13.

The Board decided that payout for the 2012/13 season would be NZ 740 cents per kilogram of milksolids cash to its Suppliers and in addition declared a pre-tax retention of NZ 117 cents per kilogram of milksolids. This retention will ensure the Company retains the financial strength necessary to invest in new plant and equipment to support its strategy of growing its Specialised Added Value business.

Prices for our bulk ingredient products rose steadily throughout 2012/13 and our product mix was favourable versus milkpowder. All of our recent investments in new specialised product plants performed well and to their business case expectations.

The Company's gearing ratio (of debt divided by debt plus equity) decreased to 28% from 34% in 2011/12.

Milk supply from Tatua Suppliers was 12.5 million kilograms of milksolids, compared to 13.2 million kilograms of milksolids in 2011/12. This was due to the drought conditions which affected the Tatua collection area in the second half of the year.

The 2012/13 season has been another positive one for Tatua. Demand for our products remained firm throughout the year and our product mix returns were favourable.

Foreign exchange management continues to be a challenge with the New Zealand Dollar remaining elevated throughout the year. Our foreign exchange hedging policies have mitigated the impact of this.

In announcing a very strong result for 2012/13 we are mindful that the 2013/14 year will be more challenging. Our product mix of Caseinate and Anhydrous Milk Fat is lower returning currently than milkpowder and, if this continues for the balance of the year it will be more difficult for us to match the financial performance of the milkpowder companies. It is still early days but the signs are there that 2013/14 will be a less competitive year for Tatua.

Despite this the company continues to focus on all aspects of sustainability; environmental, financial and social. Our 99 year old Company is made up of 87 farming families and 280 employees and their respective families. Long-term confidence and stability for our farming families, staff and our customers is paramount, to allow Tatua to continue its strategy of adding value to our Shareholders milk.

The Company enters its 100<sup>th</sup> year in 2014 in good heart and looks forward to celebrating its centenary.

Please contact either of us if you have questions or would like further comment on our results.

Kind regards,

A handwritten signature in black ink that reads "S. B. Allen".

**Stephen Allen**  
**CHAIRMAN**  
**0274 719 791**

A handwritten signature in blue ink that reads "Paul McGilvary".

**Paul McGilvary**  
**CHIEF EXECUTIVE OFFICER**  
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