



PRESS RELEASE

TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 JULY 2014

The Board of Directors of The Tatua Co-operative Dairy Company met on 29 September 2014 to consider the financial results and decide on the final payout for the 2013/14 season to its 109 Suppliers.

Tatua achieved a Group operating revenue of \$266 million and earnings before tax of \$136.4 million in 2013/14. This equates to earnings of \$10.32 per kilogram of milksolids prior to retentions and taxation.

The Board decided that payout for the 2013/14 season would be NZ 900 cents per kilogram of milksolids cash to its Suppliers and in addition declared a pre-tax retention of NZ 132 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.

This is a record result for Tatua in its 100th year of operation.

Prices for our bulk ingredient products were elevated in the first half of the year but came under more pressure as dairy commodity prices began retreating quickly from February 2014.

Tatua is investing in a new Specialised Powders Dryer which was approved by Shareholders at the 2013 Annual General Meeting. Construction has started, with an expected cost for the dryer of \$65.5 million. This is a significant project for the Company and will be defining for Tatua for many years to come. The dryer is on-time and on-budget for commissioning in April 2015.

The Company's gearing ratio (of debt divided by debt plus equity) improved to 25% from 28% at the end of the previous year.

Foreign exchange management continued 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.

Milk supply from Tatua Suppliers was 13.2 million kilograms of milksolids, compared to 12.5 million kilograms of milksolids in 2012/13. Milk quality from our farmers was outstanding with the best quality milk collected in the Company's history.

Tatua's Vision is to build a future in specialised dairy. We continue to implement our 4 Strategic Themes of:

1. Grow Tatua's earnings premium over the New Zealand Milk Price.
2. Make our business more sustainable.
3. "One Team" through a common purpose, vision and values.
4. Attract, develop and retain great people.

The name Tatua has great meaning for our company. A Tatua is a Maori belt made from flax. The Tatua is worn by a Maori Chief or Warrior to carry the most prized and special weapons and tools. There is also a story about the Tatua and how it enriches and protects future generations. In essence the name Tatua defines who we are and what we do. Our purpose is in our name.

In announcing a very strong result for 2013/14, we are mindful that the 2014/15 year will be more challenging. Prices have fallen significantly and the market tone is weak. Nevertheless, we expect our focus on Specialised Added Value products to hold us in good stead versus milkpowder and other commodities.

Tatua continues to focus on all aspects of sustainability; environmental, financial and social. Our 100 year old company is made up of 87 farming families and 300 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.

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

Kind regards,



Stephen Allen
CHAIRMAN
0274 719 791



Paul McGilvary
CHIEF EXECUTIVE OFFICER
(07) 889 3999 / 0276 811 240