



18 April 2013

ASX Release

TRADING UPDATE

Warrnambool Cheese and Butter Factory Company Holdings Limited (**WCB**) announces that consistent with its half year results announcement on 28 February 2013, the full year FY2013 outlook remains challenging due to subdued international commodity prices, the continuing high Australian dollar and ongoing competition in the raw milk market keeping upward pressure on prices paid to milk suppliers.

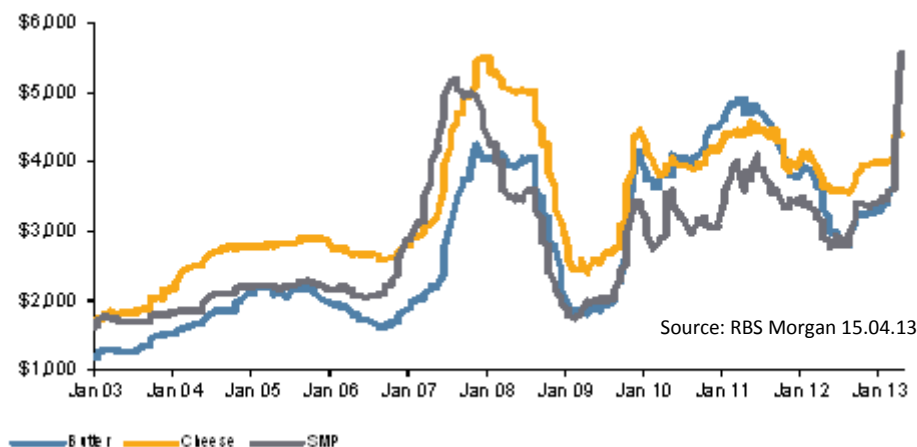
As a result, WCB now expects net profit after tax for FY2013 to be at least 80% below last financial year.

On a positive note, WCB reiterates statements made in its half year results presentation on 6 March 2013 (which is attached) that:

- we expect benefits to flow from further positive product mix changes, including powder sales in premium specifications and to customer specific applications;
- we expect our consumer goods business will continue to grow in revenue and margin, especially in light of WCB's introduction of Great Ocean Road branded cheese and fresh milk in Coles supermarkets and the recent launch of a new premium low fat cheese for Kraft, *Livefree*;
- our joint ventures are performing well, including our proposed arrangement with The Tatua Co-operative of New Zealand to construct and commission a lactoferrin plant at WCB's Allansford site, the contracts for which are expected to be finalised in the near term;
- our focus is on implementation of recent initiatives and new strategic projects, including an exclusive agreement with Kraft to produce up to 5,000 tonnes of cream cheese under WCB brands for export markets, and the investment to upgrade WCB's Whey Protein Concentrate (**WPC**) plant to produce WPC in instantised form, which are expected to produce improved financial performance; and
- we expect our balance sheet strength to be maintained.

In addition, international commodity prices continue to improve with significant price uplifts in sales contracts for delivery in Q1 and Q2 FY2014. This provides further confidence for an improved trading performance for FY2014. The graph below illustrates the recent price rally for major internationally traded dairy products. WCB believes this reflects the continuing growth in demand and concerns over adequate product availability.

USD Dairy Prices



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