

Special Talking Water

Friday 21 October 2016



Murray Irrigation

Murray Irrigation announces water sale

The Murray Irrigation Board yesterday agreed to commercialise savings of 12,000ML through a conditional sale to ensure the volume, available through operating the system to date without using Company water, is used within our footprint.

As a Board, we recognise that we need to become more commercial to ensure we balance the return on Company assets with the interests of shareholders through new mechanisms that provide benefits to members, and minimise pressure on the prices we charge customers.

The capacity to take advantage of the wet conditions for early season operations has meant we have a volume of Company water available over and above our operating needs. It is this volume that will be made available to shareholders through a mechanism that will improve the financial sustainability of the Company and maximise usage within the system without impacting customers' allocations.

Last week, Murray Irrigation announced the results of the 2015/16 financial year showing an operating profit of \$159,000 at earnings before interest, tax, depreciation and amortisation (EBITDA), but a loss of \$9.3 million for the main business EBIT and a provisional adjustment of negative \$66.5 million through an impairment of assets.

This shows that the Company has the potential to achieve breakeven financial status by thinking more like a commercial business and making decisions to maximise the use of our system, minimise the cost of operations and minimise price increases for our customers.

In all decisions taken by Murray Irrigation, the Board considers impact on price, volume and cost as the key drivers to bring the business back to a breakeven operating position. This year, we expect to see the reality of the efficiencies gained through our infrastructure upgrades as the season progresses which will further increase the water in our system.

Through this sale, only available to shareholders for use in our footprint, the Board is seeking to maximise local water use and regional production while also realising an acceptable return on a Company asset and providing members with access to water at a discounted rate.

The volume available will be 12,000ML and will be offered for sale to shareholders through an expression of interest process opening at 5.00pm on Monday 24 October and closing 5.00pm Friday 28 October. The sale will be conditional on use within the Murray Irrigation footprint. The sale price will be determined based on the previous five days market trading price with a discount applied.

Details of the expression of interest process will be released next Monday, via a special *Talking Water* and advertised in the Deniliquin Pastoral Times and Southern Riverina News newspapers.

Further information and sale terms and conditions will be available next Monday 24 October.

Mark Robertson
Chairman

Michael Renehan
Chief Executive Officer