



## MEDIA RELEASE

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# GREATER YEAR ON YEAR PERFORMANCE FOR SYNLAIT

Synlait Milk's financial performance in FY16 will reflect strong growth in nutritional sales volumes and showcase the benefits of a value added strategy.

Shareholders were told today at Synlait's 2015 Annual Meeting the focus for the current financial year is on developing nutritional and infant formula products with key customers.

"With the successful commissioning of our third large scale spray dryer in September and current increases in the sales volume of consumer packaged infant formula, I stand by my previous statement that our profitability will be in advance of anything achieved to date," said Graeme Milne, Synlait Milk's Chairman.

Mr Milne discussed global factors behind the decreases in international dairy market pricing and pointed out prices since 31 July 2015 have decreased further to unsustainably low levels from a New Zealand farming perspective.

"It's important to understand our profitability is not directly affected by international dairy prices. It impacts our revenue, but the value we create by differentiating milk inside the farm gate and throughout the manufacturing process creates a margin for our business that is essentially independent of the global pricing of commodities," said Mr Milne.

"This margin is most evident in our nutritional products. The highlight in this category right now is consumer packaged infant formula, which we expect to increase fourfold in volume in FY16."

Managing Director and Chief Executive Officer Dr John Penno pointed to the completion of Synlait's growth initiative programme as a key milestone in the business' strategy to make more from milk.

"We're now geared up to achieve our strategy. With one of the largest and highest specification infant formula production sites globally, we've created an integrated supply chain from source to our customers," said Dr Penno.

"We will continue to partner with leaders in the infant formula industry, developing strong customer relationships that support our growth targets both in FY16 and the future."

Dr Penno invited shareholders to focus on the volume of nutritional sales as a key performance indicator for Synlait in FY16.

"Our total sales volume is set to grow from FY15's 97,800 MT to 122,500 MT in FY16. More than half of that growth will be the result of increased nutritional sales in consumer packaged infant formula, which carries a significant benefit in terms of gross margin."



During the meeting all resolutions put to shareholders were passed. This included the re-election of Graeme Milne as a Director and that there be no changes to Directors' fees from 1 April 2016.

A change in one of Bright Dairy's appointed Board Directors was also announced with Mr Zongbo Dong announcing his retirement from his corporate and professional roles. The Chairman praised Mr Dong's service and dedication to Synlait Milk – after more than five years on both its Board and Audit & Risk Committee. Mr Dong is replaced by Mr Qikai (Albert) Lu as one of the Bright Dairy appointed Directors.

The Board has determined in accordance with NZX Listing Rule 3.3.3(a) that each of the following Directors is an Independent Director:

- Graeme Milne
- Bill Roest; and
- Sam Knowles

## **ENDS**

**For more information please visit [www.synlait.com](http://www.synlait.com) or contact:**

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