



Advertorial for Ashburton Guardian supplement Dairy Focus

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Synlait Milk Infant Formula Hits the Retail Shelves

It was a fantastic feeling to see Synlait Milk manufactured infant formula on the supermarket shelves in China. It was a clear demonstration of our ability to deliver on our plans.

In November 2011 Synlait Milk's new state of the art Infant Nutritional Plant was officially opened in front of than 400 guests. At that event I revealed Pure Canterbury, the first consumer ready infant formula product produced by Synlait Milk for Bright Dairy. The Shanghai-listed company is currently ranked third largest dairy company in China, and in 2011 had operating revenue of \$2.4 billion NZD.

We had the privilege of attending Bright Dairy's official product launch of Pure Canterbury in Shanghai, China on 13 December 2011. It was also attended by New Zealand's Consul-General in Shanghai, Michael Swain, and New Zealand Trade & Enterprise Trade Commissioner, Mike Arand. The event had all of the fanfare you would expect from a major new product launch in China. A very polished and professional example of how big this opportunity really is. Hosted by one of China's biggest TV personalities, the event included performances by recent winners of China's got talent, a significant multi-media presentation, and was covered by more than 40 media representatives.

With a population roughly the size of Australia, Shanghai is the testing ground for Bright Dairy's super premium infant formula. The retail price per 900g can ranges from \$92NZD for stage one infant formula, to \$84NZD for stage three infant formula. This is significant when you compare it to the price of a can of formula on the supermarket shelf in New Zealand, which ranges between \$15 and \$30. It typifies the value consumers in China are willing to pay for formula produced and packaged in New Zealand. It is little wonder that Bright Dairy is investing 20 million yuan on the advertising and promotion of Pure Canterbury over the next 12 months.

Consumer response to Pure Canterbury has been very positive. Bright Dairy's focus on Canterbury's clean, green, purity has not only differentiated this product in the marketplace, it has struck a chord with Shanghai consumers deeply concerned about the integrity of their food. Guo Benheng, president of Bright Dairy, has said that he expects Pure Canterbury to achieve sales of 3-4 billion yuan in the next three to five years through direct sales, e-commerce and traditional offline sales channels. He also expects China's milk powder industry to generate 50 billion yuan worth of sales annually, with one-fifth coming from high-end products.

Seeing the product on the supermarket shelves was another big milestone for us. It proves not only our capability as manufacturers, but that our product is in demand. With our world-class staff and the best nutritional plant in this part of the world, our infant formula proposition is compelling. Since the launch last November customer interest has been significant. With growing world-wide demand for higher-value formulated milk powders it is the realisation to many that Synlait Milk is a viable option for high quality product sourced out of New Zealand. By the middle of this year we expect to be working with more than 10 customers in five countries.



Of course this would not be possible without our milk suppliers. They are an important part of our nutritional offering. The people operating the farms, the size and quality of the units and the consistency and integrity of the fresh milk our suppliers produce is second to none.

As a business Synlait Milk is well on its way to achieving its goal of becoming one of the world's best infant nutritional producers. We are unashamedly focused on growing this part of our business, and the outlook looks extremely positive. But we can't do it alone. Right now we are actively seeking your interest as milk suppliers to join us. Check out our website www.synlait.com for more details. We look forward to working with more Mid Canterbury dairy farmers in the future.

John Penno

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Note: images are available on request.