



12 November 2012

Synlait Milk Considers its Future Growth Requirements

Since inception Synlait Milk has had a unique ability to identify key market trends, and adapt its operation to capture extra value. A good example of this was the recent infant nutritional market development and plant expansion.

In order to maximise this opportunity the company first had to attract significant investment to enable it to build a \$100 million infant formula plant in Canterbury.

Now with three leading-edge milk powder dryers, including the largest and most sophisticated purpose-built infant formula facility in the Southern Hemisphere, we can produce nutritional products, functional dairy ingredients, and special milks specific to our customers' needs. This competitive advantage has been key in the rapid growth of the company.

Since operations began in 2008, Synlait Milk has grown to become one of Canterbury's largest companies, processing 550 million litres of milk a year from around 150 Canterbury farms, and employing over 130 staff. Our export orientated business has increased its annual revenue to around \$400 million and we plan to announce a profit for the year ending 31 July 2012 later this month.

While as a company we are firmly focused on further improving our performance, we are also considering future requirements primarily being driven by market demand. This includes looking at ways to streamline our end to end manufacturing and logistics processes by bringing them in-house, and alternative cream processing options that will be needed as our infant formula business grows.

We want to be recognised and respected as one of the worlds most trusted and innovative milk nutrition companies, and our customers are looking for greater quality and integrity for their finished consumer products. One way we can achieve this is by developing a world class dry blending and consumer packaging facility, which will remove our current reliance on third party packaging plant operators. This has always been part of our plan as we grow and develop our nutritionals business. We would be the first New Zealand company to offer world class milk procurement, infant formula manufacture and blending and packaging from a single site. It means we would be able to guarantee our global customers absolute food safety, security and traceability.

We are also thinking about the need for additional warehousing on site to offer customers improved supply chain integrity with all ingredients receipt and storage, finished goods storage and dispatch conducted on site.

As our production of infant formula products increases over time we may need to consider higher value options for cream processing to cope with the increased volume of milk processed



and skim milk powder production volumes. This may be in the form of butter and butter oil blends.

At this stage we are simply considering our options. We have chosen to seek consents now so that if and when the time is right we are in a better position to fast track any infrastructure developments. Right now however our focus is on improving our current business and growing our milk supply base.

ENDS

For more information please contact:

Michael Wan
Marketing and Communications Manager
Synlait Milk Ltd
P: +64 27 288 8253
E: michael.wan@synlait.com
www.synlait.com