



## SYNLAIT MILK LIMITED

### ANNOUNCEMENT

28 January 2014

#### **Synlait Milk increases forecast milk price and year end result**

Continuing high international commodity prices have resulted in Synlait Milk increasing its forecast milk price for the FY2014 season from \$8.00 per kgMS to a range of \$8.30 to \$8.40 per kgMS.

The Company also lifted its advance rates for the season effective from January, to be paid February, from \$5.00 per kgMS to \$6.40 per kgMS.

Synlait Milk Chairman Graeme Milne says it is the Company's policy to pay its contract milk suppliers a competitive market price and the increase reflects the sustained high commodity prices.

"Our forecast FY2014 financial performance continues to improve and we expect the Company will benefit from both earnings growth in our value added categories and a favourable product mix for the remainder of this financial year. Assuming current market conditions prevail our FY2014 net profit after tax will be significantly ahead of the prospectus forecast of \$19.8 million, and is forecast to be in the range of \$30.0 to \$35.0 million," said Mr Milne.

Synlait Milk Managing Director John Penno says despite challenges associated with Chinese government regulatory reform the Company is confident of delivering on its infant formula and nutritional products strategy.

"In the short term these regulatory changes will continue to result in considerable disruption in the Chinese market and we may not achieve our forecast target of 10,000 metric tonnes of infant formula and nutritional sales this financial year. However, we remain confident that these changes will validate the strategy of our business over time and will underpin our ability to meet our long term targets through expected volume growth from our key customers in this market."

"Meanwhile business development continues in key markets outside of China. We expect to commence production of milk powders as infant formula ingredients for two new tier one multi-national companies in the second half of this financial year," said Mr Penno.

Synlait Milk also expects to commission its lactoferrin plant late February with commercial production commencing from early March. While this is a little behind the planned commissioning date the Company expects to exceed its forecast two metric tonnes of lactoferrin sales in this financial year.

A further update on Synlait's year end financial forecast is expected when it announces its interim results on 27 March 2014.

**ENDS**



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