



SYNLAIT MILK LIMITED

MEDIA RELEASE

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Synlait Milk revises FY2014 forecast earnings

A reduced advantage from a favourable product mix in the second half of the year, and a consistently high New Zealand foreign exchange rate has resulted in a reduction in forecast net profit after tax of approximately \$7.5 million for the financial year.

Synlait Milk Chairman Graeme Milne says as a result the forecast FY2014 net profit after tax has been revised from a range of \$25.0 to \$30.0 million to a range of \$17.5 to \$22.5 million. The prospectus forecast is \$19.8 million.

“We had been expecting to maintain the benefits of a very favourable product mix for the remainder of this financial year, however the exceptional market conditions experienced in the first half of the year have moderated,” said Mr Milne.

International commodity price volatility coupled with a high New Zealand foreign exchange rate has resulted in the forecast milk price for the FY2014 season being expanded from a range of \$8.30 to \$8.40 per kgMS to \$8.20 to \$8.40 per kgMS.

The new season forecast milk price for FY2015 is \$7.00 per KgMS.

Synlait Milk Managing Director John Penno says despite challenging market conditions the Company’s financial performance remains on track.

“The infant formula and nutritional market continues to prove challenging due to regulatory changes in China and it is clear that we will not meet our volume targets for this financial year. However, the development of this business in key markets outside of China with our tier one multi-national companies continues to be strong and we remain confident of meeting our long term objectives.

“China remains an important market for us. We are confident of receiving the required Chinese regulatory approval to export finished infant formula into China following the approval of our Risk Management Plan by MPI for our dry blending and consumer packaging facility. Construction of this facility is scheduled for completion in June 2014.

“Along with this facility our other growth initiatives are on track. Commercial production of the high-value product, lactoferrin, commenced in April,” said Mr Penno.

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For more information please contact:

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