



## SYNLAIT MILK LIMITED

### ANNOUNCEMENT

**2 December 2014**

#### **Shareholders pleased with Synlait Milk results**

Shareholders who attended Synlait Milk's Annual Meeting of Shareholders today were pleased with the company's solid financial performance and continued progress in the 2014 financial year.

Managing Director Dr John Penno discussed the annual results and outlined the focus for the 2015 financial year (FY).

"We're pleased that we delivered on the promises we made last year by meeting our prospective financial information (PFI) forecasts. Our \$19.6 million net profit after tax (NPAT) was in line with our PFI forecast of \$19.7 million, and that's a good result for our shareholders," said Dr Penno.

An increase of 43% in revenue to \$600 million from \$420 million in FY2013 was welcome news to shareholders, as it was above and beyond the PFI forecast of \$524 million.

"We also completed three of six major capital growth projects throughout the year, which will provide the plant and infrastructure our business needs to achieve our goal of delivering the most valued milk solutions in the world," added Dr Penno.

Chairman Graeme Milne outlined several challenges Synlait faced in FY2014.

"It was a good year for dairy farmers as commodity prices were relatively high, but their volatility throughout the year made it difficult to consistently achieve profit margins," said Mr Milne.

"Changes to infant formula market regulations in China added further complexity, however we are now in a strong position to take advantage of increased sales in this market."

Synlait's focus for the 2015 financial year was well received by shareholders.

"It's still early in the season, but we expect the benefit of increased infant formula and nutritional sales to be largely balanced out by increased operating and funding costs," said Mr Milne.

"We intend to update our milk supply pricing in January 2015, as indicated previously, and we will update our FY2015 forecast to the market in March 2015 with the announcement of our interim results."

"Executing our remaining capital growth projects, including a third spray drier and a large quality testing laboratory, will be the most visible progress at our Dunsandel site. Increasing



sales volumes with key customers and growing our infant formula and nutritional sales will be the key focus for the current year.”

During the meeting all resolutions put to shareholders were passed. This included the re-election of Bill Roest as a Director, increases to Directors’ remuneration and a policy amendment to review Directors’ remuneration annually.

*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*
- *Sam Knowles*

ENDS

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