



SYNLAIT MILK LIMITED ANNOUNCEMENT

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Synlait forecast milk price for 2015 / 2016 season

Synlait Milk's forecast milk price for the upcoming 2015 / 2016 dairy season is \$5.50 kgMS.

"Despite the small recovery in commodity prices we saw earlier this year, the market has not delivered the stability we had hoped for," said John Penno, Synlait's Managing Director.

"We're very aware of how financially tough this current season is for our suppliers. We are confident commodity prices will recover over time and our 2015 / 2016 forecast milk price assumes we will see the beginning of this recovery from the current low prices."

"The global oversupply is being met by soft demand across the board. This creates a lot of uncertainty in an already volatile market, so it will remain a fragile environment for the immediate future."

Factors contributing to the global oversupply include Russia's ban on dairy imports, the removal of dairy quotas in Europe and low demand from China.

"The important thing with our 2015 / 2016 forecast is the associated cash flow our suppliers will receive through advance rates."

Mr Penno said Synlait has deliberately started advance rates higher than usual to assist farmers with cash flows through the early spring. They will return to normal levels based on the forecast milk price soon after.

"Our suppliers' needs are front of mind and we're keeping a very close eye on the market to make the most informed decisions we can."

Synlait has also revised the forecast milk price for the current 2014 / 2015 season down from a range of \$4.50 - \$4.70 per kgMS to a range of \$4.40 - \$4.60 per kgMS. Retrospective payments to suppliers for the current season remain unchanged until the final payment in October.

Synlait expects to announce the final milk price for the 2014 / 2015 season in late September, along with an update to the 2015 / 2016 forecast milk price and advance rates.

ENDS

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