



## SYNLAIT MILK LIMITED ANNOUNCEMENT

12 AUGUST 2016

# \$34-\$35 MILLION FY16 REPORTED EARNINGS FORECAST FOR SYNLAIT

Synlait Milk's reported net profit after tax (NPAT) for FY16 is forecast to be in the range of \$34 - \$35 million.

Underlying NPAT for FY16 is forecast to be in the range of \$32 - \$33 million<sup>1</sup>.

Earnings guidance<sup>1</sup> for the financial year ending 31 July 2016 (FY16) has been provided to clarify market expectations around FY16 performance.

“Our IPO growth projects added the capability and capacity to execute our strategy of making more from milk,” said Graeme Milne, Chairman.

“The completion of these projects has enabled us to keep pace with growth and customer demand. Our ability to meet this demand has driven our FY16 earnings forecast,” said Mr Milne.

“Operating cash flows for FY16 will be approximately \$100 million compared to \$16.3 million in FY15. This has contributed to reduced net debt and improved our leverage ratio, which will finish at approx. 2.5x.”

John Penno, Managing Director and CEO, says innovative partnerships with customers and suppliers are creating value and growth for Synlait.

“This is evident in our sales volumes growing alongside our increasing milk supply over the past three years,” said Mr Penno.

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<sup>1</sup> The FY16 underlying earnings adjustment of \$1.7 million after tax relates to the net movement in the unrealized FX loss in respect of US\$ inventory financing. As all US\$ inventory financing has been repaid prior to the close of FY16 this is effectively a reversal of the net movement recognised in FY15.

<sup>2</sup> See [www.nzx.com/markets/NZSX/securities/SML/announcements](http://www.nzx.com/markets/NZSX/securities/SML/announcements)



Mr Penno pointed out nutritional sales of canned infant formula products has underpinned the FY16 earnings forecast, with a near fourfold increase in canning volumes from 4,300 metric tonnes (MT) in FY15 to 16,000 MT in FY16.

“Canned infant formula volumes have grown steadily since we commissioned our consumer packaging facility in FY15. These value added products generate stronger margins than commodity products, improving our product mix and spurring an overall higher gross profit per MT,” said Mr Penno.

Synlait’s gross profit per MT is estimated to be \$880 / MT in FY16, compared with \$593 / MT in FY15.

“We’ve made good progress since our IPO and I look forward to discussing this further when we release our FY16 annual results on 19 September.”

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