TRANSCRIPTION

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Hannah Lynch: Good morning, everybody and welcome to Synlait's Half Year Results Conference Call. My name is Hannah Lynch; Synlait's Head of Milk Supply, Strategy and Corporate Affairs. And it's my pleasure to be joined by our Acting CEO Tim Carter, and our CFO Andy Liu here today, who will provide a short update on our results presentation.

We'll then open the line for Q&A and I ask that when we reach the Q&A portion of today's result, that you keep your questions to two per person so we can keep the call moving with pace.

If you have any follow-ups after the call, please feel free to reach out to me directly otherwise over to Tim to deliver today's results.

Tim Carter: Thank you, Hannah. Welcome to our Half Year Results Investor Presentation. I'm pleased to share this result as Acting CEO.

Synlait has returned to profitability in the first half. This is encouraging progress. It has been achieved through focusing on three priority areas. Firstly, the team has been focused on the fundamentals of manufacturing operations. This includes cost, quality and yield.

Secondly, our team continues to work hard to rebuild farmer trust and confidence. The conversations we are having have been robust and are growing in positivity.

Thirdly, we have prioritised delivery and the acceleration of new business opportunities, for both existing and new customers. This result is a considerable commercial achievement and we are really proud to share it with you today.

Our progress includes an EBITDA of $63.1 million, which is just above the guidance range we provided in January 2025. Group NPAT is $4.8 million and we are pleased to report a return to profitability, as I mentioned. Lastly, net debt has reduced by 29%, largely due to the equity placement supported by Bright Dairy and The a2 Milk Company.

Looking at results at a glance, if you turn to Slide 3, you see more of our key metrics at a glance. These metrics all have green arrows above them, reflecting the progress made over the last six months. In addition to the increase in NPAT and EBITDA and improved net debt, our revenue is up 16% to $916.8 million.

This is a result of an uplift in advanced nutrition demand, optimisation of our North Island assets, high commodity prices and improved foreign exchange performance. Our farmer supplies have seen significant increases in our forecast milk price for the year. Base milk price remains forecasted at $10 per kilogramme of milk solids, a record figure.

In addition, Canterbury farmer supplies, who do not have a cease in place will receive secure premiums beginning with $0.20 per kilogramme of milk solids this season. Add this to the milk incentives many of our farmers receive and the average forecasted milk payment for Synlait suppliers in Canterbury this season is $10.48 per kilogramme of milk solids.

Slide 4 has a more detailed overview of our financial result. It shows Synlait is making progress on the road to recovery. Our adjusted NPAT is an uplift of $26.1 million compared to Half Year '24. We also had a substantial improvement in our EBITDA, which increased by $43.2 million.

Solid trading performance has enabled us to optimise operating cash flows and reduce debt. Our recovery is spread across all of our business units, including advanced nutrition, ingredients, and consumer. We are focusing on the right things and delivering widespread results, which is great news.

I will now invite our CFO, Andy Liu to take us through financial performance for our business units in more detail.

Andy Liu: Thank you, Tim. Good morning, everyone, and thanks for joining us. I am pleased to share with you these results.

Slide 6 has an overview of our advanced nutrition business. This business has experienced remarkable growth and success. Revenue increased by 20%, amounting to $45 million, with sales volume rising by 28%.

Gross profit saw an impressive rise of 80%, achieving $59 million. This growth was driven by demand from multiple customers along with cost efficiency. This positive result highlight why advanced nutrition continues to be a strategic business category for Synlait.

Let's move on to Slide 7. Ingredients also saw a notable uplift. Revenue is up by $49 million or 17% and gross profit has increased to $14.3 million, up from $1.4 million year-on-year.

Key improvements include; better foreign exchange management, improved quality delivery, favourable stream return and enhanced cost efficiency. All of these have helped a significant improvement of the ingredient performance, which is something we can celebrate.

On to Slide 8 now, you can see our consumer business remains stable. Sales slightly decreased this year, half year, but our gross profit increased by $2.2 million. This was the result of a focus on cost control and improved production efficiency, which includes some capital improvements which we have begun to provide returns.

Turning to Slide 9 now please. These are the results of our foodservice category which is mostly related with UHT cream to China. While volumes increased by nearly 115% compared to Half Year '24, our margin performance was well below expectations because of high fat pricing. That concluded in a $1.4 million profit reduction year-on-year.

The good news is demand is expected to continue increasing. The key focus for management is to ensure this business unit make a valuable contribution to Synlait's bottom line in the future.

My last slide, Slide 10, looks at cash flow and net debt. In terms of cash flow, our operating cash performance is the best it has been since Half Year '21. I hope that provides confidence in Synlait. It includes a $43 million lift in trading performance and another $40 million from working capital enhancement.

In the first half of FY25, we limited our capex to $12.7 million. That is the lowest level of spending since 2017. Our focus instead is on optimising our current assets.

Even with increased advance payments to support our farmers, we have successfully reduced our net debt to $392 million. We are making great progress in reducing debt. By the end of the financial year, we believe that we will have reduced it even further, placing us in a more solid financial position.

So, in summary, we are reporting an encouraging result. It shows real progress. Our team is delivering a real turnaround across all our business units. Finally, we want to reassure you our effort will continue. We are committed to making the annual results as strong as possible.

Now, I'd like to hand back to Tim.

Tim Carter: Thanks, Andy. We are now on Slide 12, and I'll start with an update on our advanced nutrition business. This continues to be a strategic focus for us. It is pleasing to see strong growth in sales volumes have emerged in advanced nutrition. We have ongoing interest in our Nutrabase range and have recently begun commercial sales of this range. Future opportunities for us are significant.

After a softer year, we have seen lactoferrin pricing stabilise recently. Our team has been expanding our customer base for this product. We continue to manufacture advanced nutrition products in a range of formats for our customers; this includes cans, sachets and pouches. Some of these are non-dairy hybrid product nutrition products, which are manufactured at our Pokeno site.

Our relationship with the a2 Milk Company continues to strengthen. We're committed to working with the a2 Milk Company to support the growing infant formula opportunities which have been identified.

Turning to Slide 13, our President of China and Director of Foodservice, Abby Yee, and the team are continuing to drive a range of opportunities. Our foodservice growth and expansion has been significant over the last year.

Our expansion into Southeast Asia has continued largely due to our partnership with Urenholt. We recently also entered Hong Kong through this partnership.

The second-generation formulation UHT whipping cream was developed late last year and has successfully moved through testing. Sales into market are now underway.

We expect production and sales volume for the UHT whipping cream will continue to increase. We have the capability and importantly, the capacity to support this at our Dunsandel factory.

Moving on to Slide 14 in Ingredients. In support of both advanced nutrition and foodservice, we continue to have a strong ingredients business led by our Chief Revenue Officer, Naiche Nogueira. Following the exit of raw milk in the North Island and with advanced nutrition activity, there's been a reduction in ingredients production volumes. However, our sales performance has increased.

We have had favourable stream returns across the period and improved management of our foreign exchange. We continue to leverage strong customer relationships for new opportunities to expand ingredient sales. Our team is focused on extracting high value returns across our range.

Touching on Dairyworks, and this is Slide 15. Many thanks to our Dairyworks management and the team for your efforts, while I've been Acting CEO at Synlait. The management team has led the business, ensuring we continue to experience strong growth and expanding market opportunities.

Across the New Zealand and Australian markets, our sales volumes and growth have continued to increase with 23% growth in New Zealand and 28% in Australia. Our brand refresh activity is complete with the new Alpine brand now in market.

A recent highlight is the new distribution agreement Dairyworks signed in February, which sees Dairyworks expand into Vietnam. This strategic partnership introduces 14 Dairyworks branded products to the market across 87 stores.

Moving to slide 16 and talking about milk supply and on-farm excellence activity. Strengthening our future milk supply is a priority. Our goal is to show every farmer why Synlait is a valuable partner. The conversations we're having with farmers are really positive.

We know farmers are watching our performance and the results today with interest. We are making progress with milk retention.

The majority of our farmer supplies are not under cease. This is a significant improvement in our position from six months ago. We're also very comfortable with our forecasted milk supply for FY26.

Cease reversal numbers are expected to increase ahead of the 31st of March, which is the final day for farmers to reverse their seas and take advantage of all of the new secured milk premiums. It is also worth noting that interest from potential new farmer supplies has exceeded expectations over this period. Our on-farm team is doing an expanding job in this space. Bring on the week ahead!

Let's talk about maintaining momentum. As we look to the second half of FY25, our priorities are straightforward.

Our three priorities for the second half are, firstly, to showcase Synlait's on-farm offering, ensuring Synlait is Canterbury farmers' processor of choice. We know there is growing competition for milk in the region, and we're committed to being a key player.

Secondly, we will seize every opportunity to create and deliver value for our existing and new customers.

And thirdly, a laser focus on operational and cost efficiency will continue.

The team and I look forward to welcoming Richard Wyeth when he joins Synlait in May 2025 as permanent CEO, and the knowledge and experience which Richard will bring.

Moving to guidance. We must maintain the momentum that Synlait has gained. We will continue to deliver every day, every week, every quarter, and every year. Our outlook statement reflects that. A continued focus on doing the fundamentals well will enable Synlait to deliver a significant improvement in our EBITDA performance compared to prior year.

Progress in the second half of FY25 will be slower than the first half, as we need to balance several opportunities and risks related to milk stream returns and foreign exchange. We will also continue to deliver ongoing operational cost improvements.

You will note the large pink box to the right of the slide. It is important to note, as I already have in prior slides, that we are comfortable with our forecasted milk supply for the next financial year. The majority of our farmer supplies are not under cease, a significant improvement in our position six months ago.

At this time, I'd like to open up the call to questions.

Operator: Thank you. If you wish to ask a question, please press "Star 1" on your telephone and wait for your name to be announced. If you wish to cancel your request, please press "Star 2". If you're on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Nick Mar with Macquarie. Please go ahead.

Nick Mar: Good morning. Could you just talk to the net debt number, so the target range of $250 to $300? I believe it was sort of $200 to $250 at the time of the equity raises. Can you just talk through the differences there, whether it's how it's calculated or what the moving parts are within cash flows that have seen that change?

Andy Liu: Thanks Nick. This is Andy speaking. So regarding the net debt, which we communicated for the full year. Actually, if you can remember what we just shared for the half year, we are about 392 and what we expected the improvement can come from that -- our better improve for our inventory and also shift some challenges from the supplier advance payment to the normal payment terms together with the continuously trading performance which can contribute it for the cash flow.

Nick Mar: Yes, so my question was not from the first half to the second half, it was from the prior guidance for closing FY25 net debt, which was $50 million lower across the range and that was at the time of the raising. So, what were the key factors that have changed then? Is it mostly milk price and advance rates or is there something else?

Andy Liu: No, actually I do remember last time when we communicated, this is regarding this 200 to 250 we have the shareholder loss which is not included. But now we try to make everything clear. So currently when we talk about 250 to 300, it's definitely included for the shareholder loan.

Nick Mar: So, the previous number of 200 to 250 didn't. So that means that the equivalent range would have been 330 to 380 and now you're at 250 to 300, so it's now $80 million better? Is that what you're saying?

Andy Liu: Yes. And last time it's really for last year it wasn’t clear because at this time when we stated it's also, we listed it for the senior debt. So we just want to make it 100% clear regarding the net debt compared with senior debt.

Nick Mar: Okay, sure. And then just in terms of the EBITDA kind of outlook, when you're talking about the second half progress will be slower than the first half, are you talking sort of the absolute dollar value in the second half for EBITDA will be less than the first half or are you talking percentage increase, or are you talking some other kind of delta in terms of how you talk about that financial progress?

I'm just trying to understand what you're talking about in there. Because if you then took the net debt number and the EBITDA covenant ratio it implies a sort of very low EBITDA number to meet compliance, so obviously you should be above that but just trying to get some idea of the range?

Tim Carter: Yes Nick, I'll try and make it really simple. Don't take first half EBITDA and times it by two, is what we're saying. We do have headwinds coming at us. So, it'll be significantly improved during the year -- for the full year, but on absolute dollars, if you time it by two, that's not accurate. Does that make sense?

Nick Mar: Okay, no that's fine. Thanks everyone.

Tim Carter: Yes, no problem.

Operator: Your next question comes from Matt Montgomerie with Forsyth Barr. Please go ahead.

Matt Montgomerie: Hi guys, good morning. Well done on a solid set of numbers. Just on Nick's question there, I think your guidance for the second half is in the context of sort of stream returns and FX. Are you able to quantify what the 1H result benefited from both of those factors, year-on-year?

Andy Liu: Hey Matt, just to try to clarify, your question is more for the second half of the year regarding the stream return FX other than the first half, right?

Matt Montgomerie: Sorry Andy, in your first half EBITDA what was the benefit versus the prior year from FX and stream returns?

Andy Liu: Okay, so actually that -- I only have the FX number in my mind and I can come back to you for the stream returns. So, for the FX, actually the impact is around 14 million to 15 million and this is mostly related with the ingredients business. If we remember, last year for the full year result we communicated we have some shortage or shortfalls for foreign exchange and this really shows for the moment the team, the management is focused on the foreign exchange and happy to see this good outcome.

Matt Montgomerie: Okay. So just to clarify, the first half versus last year benefited by 14 to 15 in terms of FX?

Andy Liu: Yes.

Matt Montgomerie: Okay, thank you. Then just on the North Island, I think previously you had commented on sort of the drag or the losses that that plant had been contributing. Are you able to talk to that in the first half?

Tim Carter: Yes, so look, I think when we talk about the North Island asset, there has been a drag. I think we made a pretty clear decision early on that there was going to become a plant for advanced nutrition, which means we didn't need the raw milk. And so, by using that raw milk has allowed us to really reset that cost base on that asset.

And so, what we've done is we've improved by roughly 30% where we were for the first half. So, we're on, if not slightly ahead of what we call budget for that plant, for FY25, first half.

Matt Montgomerie: And can you quantify what the drag was in the half?

Tim Carter: Yes, not specifically, you know that, so that's pretty sensitive information.

Matt Montgomerie: Okay, thanks guys.

Tim Carter: No problem.

Operator: Your next question comes from Adrian Allbon with Jarden. Please go ahead.

Adrian Allbon: Good morning, team. Just wondering if we can come back to Page 6 of the presentation and can you just sort of bridge the performance in advanced nutritional a little clearer for us, like particularly in the cost per metric ton. I noticed the overall gross margin per metric ton is sort of at 2,000 or close to 2,900 and coming off a PCP of kind of closer to 2,000. And then also within that context, I guess your inventory provisions are quite high, like 22 million versus 10 million in the PCP?

Andy Liu: Yes, hi, this is Andy speaking. So actually, I can just give you a bit colour for that and afterwards maybe Tim can just give you some others. So, regarding advanced nutrition, this is exactly the same as what we communicated before. This is mostly driven by the product mix that's why that the cost per metric ton is dropped, this is first reason.

Secondly, the reason is that due to the -- based on the pricing model, some of the ingredients material will pass through from our supplier to our customer. That's why this is the main driver driven for this cost reduction. So, this is the first point. Secondly, sorry, what's the question?

Tim Carter: Inventory.

Andy Liu: As the inventory, yes. So come back to the inventories because as we said, new customers, new demand. So, this is more related with this ramp up of some additional cost. And also another thing, actually it's not related with advanced nutrition. It is more what is from the ingredients. So, what we said before is that the second half year, one of the things balancing is for the headwind of the stream return.

And here, just end of January, we already see some kind of these challenges. That's why this is more like what we take it from inventory provision for the net realised value booked.

Tim Carter: Adrian, just talking to cost of metric ton, two drivers of that decrease. Certainly volume, you've seen that with that strong volume coming through. But that's actually being coupled with, I guess, a relentless focus on conversion costs and the drivers of conversion costs. We're able to get more through those lines at a less cost, and whether that's ship structures, consumables, all those sorts of things.

Those fundamentals that good businesses focus on every day. And so when you get those two combined, you start getting those benefits. And I'll go as far as to say, we should be able to get that lower again – a real focus in that area.

Adrian Allbon: Okay. So just, sorry, there's quite a lot in there. I guess there's a reasonable amount in the question, there's quite a lot in the answer. So in terms of, if we just start with the provisions with mainly is the big uplift in provisions mostly related to ingredients and views on stream return products?

Andy Liu: Yes, I should hay half-half. Half is because of what you just mentioned. Another is for the nutrition ramp up.

Adrian Allbon: Okay. And then probably just to simplify my next question like as a sort of, for modeling purposes, would we expect the gross margin per ton that you've achieved in the first half to be closer to what you should achieve going forward, like second half and into next year? Given all the other things that you mentioned?

Tim Carter: Yes, that’s a safe assumption Adrian.

Adrian Allbon: Okay. Very good. Next question, just on the cessation notices and the milk supply. I know you've made the comment that you've, like clearly there's evidence that you've made demonstrable progress over the last six months and you're comfortable with the FY26 milk supply?

When do you think you'll be in a position, like I noticed in the going concerns sort of commentary, when do you think you'll be in a position to sort of have comfort around the FY27 balance? I mean it's kind of important also in the context of like you've got quite a lot debt refinancing. Firstly, the bank debt in October and then you've got the bright line that follows that in July the next year?

Tim Carter: Look we're reasonably comfortable now with '27. As we've said, the majority of our milk is not under seized. A lot of our farmers we're looking for today that are under cease still, we're looking for today and today's results. So. we're pretty confident, we're very confident that we've got momentum and that'll take us through.So in that sense, look yes, we're in a really good spot from where we were 6 months ago.

Andy's met with our banks just recently, really positive signs coming out of that in terms of; one, the result, but more importantly as we look forward and the momentum we've got. So, across those two, a lot more confidence today than we were 6 months ago for sure.

Adrian Allbon:	Okay, so that would be, because I guess the statement in the account still kind of throws a bit of caution on the FY27 year. So you're saying, as you say here today, you've got good momentum against that statement?
Tim Carter:	Spot on.
Adrian Allbon:	Okay, thank you.
Operator:	Your next question comes from Marcus Curley with UBS. Please go ahead.
Marcus Curley:	Good morning, I just wondered if we can have one more on that milk supply. When you say majority, it's obviously a pretty loose description. Could you give us a little bit of a range in terms of what the percentage is that you have at the moment secured?
Tim Carter:	Yes, so majority is majority. We have 204 South Island suppliers, right? What I can't give you is an absolute number, the commercial sensitivity with that. What I'll also say is the number's changing daily and at the moment it's probably changing hourly as we're working with our farmers and working it through. But right now, 204 South Island farmers, majority aren't under lease. We have a very minimal amount that have already had their choice. And as I said, the rest of them, the feedback that's given us is, look they're liking what they hear, but they want to see it, I guess, in black and white, which is what today's about. And over the next week we'll be meeting with those specific farmers. And look, the momentum we have, we're really encouraged that we'll be in a good spot for '27 milk supply.
Marcus Curley:	And when's the cut-off date for the decision around milk supply in '27?
Tim Carter:	Yes, so look, we have two dates, March 31st with our revised secure milk premium that we put out in January, which is in effect a $0.20 plus a $0.10, $0.10, $0.10. That closes the 31st of March and then the straight $0.20 closes at the end of April.
Marcus Curley:	And so, at the end of April is a close off milk supply in '27?
Tim Carter:	Basically, one May, you have a close off. Yes.
Marcus Curley:	Okay. One May of this year.
Hannah Lynch:	Sorry, 1st June.

Tim Carter: 1st June.

Marcus Curley: 1st June of this year for FY27.

Tim Carter: Yes, correct.

Marcus Curley: Okay. And secondly, I know your comments around sensitivity of the North Island, but could you just give us some colour? Is it loss making at the gross profit level? Not asking for the level, but is it still a negative?

Tim Carter: It is still a negative, but it has improved versus a year ago.

Marcus Curley: Okay. Could you talk, just extending that, the presentation talks about improvements in manufacturing costs? You couldn't quantify that, but previous presentations you have talked to the overall level of manufacturing costs. I just wondered if you've got that to hand, what the year-on-year savings in manufacturing costs were at absolute dollars?

Andy Liu: Yes. So, Marcus, actually there are two kinds of the main driven for this manufacturing cost reductions or let's say optimisation. So, part of it is purely from absolute value point of view we are talking about 2.6 million. Just bear in mind, this is based on our 28% or 25%, I don't remember the exact number, for volume increase. For the moment, I can only provide you with absolute value, but if we are talking about apple-to-apple base, I can calculate the number and get back to you later.

Marcus Curley: Yes, that would be useful in terms of what the absolute manufacturing cost base has moved by, and obviously collectively across the North Island and South Island. And then finally, just in terms of Lactoferrin, again normally you'd give some sort of directional colour. Could you talk about the incremental contribution to gross profit?

I assume it's an increase for Lactoferrin, given you probably had inventory. I think you had inventory on hand that you've probably sold down plus manufacturing. Can you give us any colour what Lactoferrin contributed to the gross profit improvement in half?

Tim Carter: We probably can't right now. It's pretty commercially sensitive in terms of what you're asking. I think what we can say is the pricing has stabilised for Lactoferrin in the market.

I think we're now more around 570 to 650 per kilo. So that's helped. Certainly, from a stock position we're in a really good spot in terms of selling that through. So, the actual question you're asking is fairly sensitive, so we can't give that.

Marcus Curley: But how about directions? So, was the gross profit from Lactoferrin up or down year-on-year?

Andy Liu: It's just stable. As mentioned actually, the price is more stable. For a while. So that's why we didn't see big changes from profit perspective.

Marcus Curley: That's it for me. Thank you.

Operator: Once again, if you wish to ask a question please press star one on your telephone.

Your next question comes from Stephen Ridgewell with Craigs IP. Please go ahead.

Stephen Ridgewell: Good morning, and first of all well done on the much-improved performance this period. I just have a couple of questions. First of all, I'm just trying to get a sense of how sustainable the 28% volume growth for advanced nutrition in the First Half '25 is?

Can you give us a sense of how much that growth roughly was due to restocking from your major customer during the period following some production issues over the June, July, August? And is that restocking now finished? And then relatedly, how much of that 28% growth is being driven by new customers at Pokeno and Dunsandel, please?

Tim Carter: I think the demand for I'll try and answer in a couple of ways for you. Obviously, what you're asking is quite sensitive information, certainly from our customer's perspective. So, I think from an advanced nutrition perspective, we're seeing good demand for the end of FY25.

It's solid demand, and you would see that through other results that have come through as well. So, we're really confident we can meet that demand and realise that opportunity. In terms of new customer demand, look, it's relatively small but growing at a pretty good rate.

And that's the encouraging part, and that's all in base powder, as opposed to a canned finish. And so that is a multinational customer. And then in '26, we have two additional I would call' customers of scale' that are coming through the process, whether that is they are in commercial trials, quality audits.

So again, that outlook around that advanced nutrition base powder looks quite promising. The team have done a great job to qualify these customers and really sell some of Synlait's benefits to them.

Stephen Ridgewell: Okay, so it sounds like it's comfortably under half of the growth that's being driven by new customers, just reading between the lines there?

Tim Carter: Yes. That's fair.

Stephen Ridgewell: Okay, cool. And then just on in terms of your cautious commentary on this, you can have a more cautious commentary. I guess can you outline at a high-level expectations for Dairyworks performance in the second half?

Tim Carter: Sorry, can you just repeat that again?

Stephen Ridgewell: Are you expecting growth? So just in terms of the second half outlook, are you expecting improved performance from Dairyworks or reduced performance relative to BCP in the second half?

Tim Carter: Yes, look, I'm expecting an improved performance again for the back half of Dairyworks. That business has strong momentum. We've talked about Australia, Southeast Asia. They're navigating the commodity prices well. They've got cost and optimisation.

We talked about some of the capital efficiency projects that have gone into them. We're beginning to realise the benefit of those. So, yes, they'll have a strong back half.

Stephen Ridgewell: Okay, that's helpful. And then last one from me, just on cost out, I guess, a year ago when the -- or six or even nine months ago when the financial position of the company is a bit more in question, there were plans to take out a lot of cost from the business. I'm just wondering, to what extent does the strong result you've reported today reflect that cost out?

And then is there sort of further cost out that you see, material cost out you see so that the business can take out in the next period or two?

Andy Liu: Yes, so look, for the moment, we are on the way. Still very focussing on the cost and definitely for the half year, we see some of that benefit, mostly focused on these consultancy fees and also some legal fees.

Here in the business, it's very clear. We try to do it by our own. And we see that this can be a very long journey. And for the moment, we are on the way to further optimising or reduce the cost.

Stephen Ridgewell: I mean, is there any, even high-level quantification, in terms of the potential to take cost out of the business? We're talking about the tens of millions or relatively small opportunities to take, to further optimise. Just like a rough idea would be helpful.

Andy Liu: Yes, let's say for the first half year that we have the number around, let's say the 2 million to 3 million, we should reduce. This is already taking into account the inflation. So, without inflation, it can be 3 million to 4 million for the half year. So, let's say for the full year around 10 million approximately.

Tim Carter: Yes, so I think to your question what we've done is we've realised that we can operate at a shift structure or a headcount and improve on that. So, you know, Andy's talked about two to three now. I think there's at least a further two to three as we head into ‘26 that we'll realise in that ‘26 year.

It's funny when you start focussing on it, you get cost out, you start, you lift up a rock and you realise there's more value to be had in the value chain in other areas. But there's definitely more to be had, no doubt about it.

Stephen Ridgewell: Cool, thank you. That's all from me.

Operator: Your next question comes from Jonathan Snape with Bell Potter. Please go ahead.

Jonathan Snape: Yes, thanks. Can you hear me okay?

Hannah Lynch: We can hear you, Jonathan.

Jonathan Snape: Great. Look, I'll ask, first one's probably the easiest, so I'll get that out of the way. The assigned receivables facility, I couldn't see any reference to how much that was utilised in the half. Was there much of a change relative to the first half position, given I think there's some references in there that you'd increased your sales to Woolworths and I would have assumed that would have been in there. So, is there any material change in that off-balance sheet facility?

Andy Liu: Yes, hey, Jonathan, I don't have a number for the moment, but definitely I can send you some kind of numbers afterwards because for the moment, what I do remember, yes, we have some additional ones for this account receivables facility. I will send you some information afterwards.

Jonathan Snape: All right, great. Look, just on the nutritional side, I noticed the inventory position was down quite a lot, like it's probably the lowest in a few years. And the prepayments were also down quite materially, half on half. I'm just trying to reconcile those two numbers coming down with forward-looking indications. think, of where you think that business kind of goes, because it doesn't kind of line up unless you intend on really ramping up production in the second half. Is that, I guess, the plan because it does look like quite a low inventory position to exit the period?

Tim Carter: Yes, so look, absolutely, you're spot on. Well, from a nutritionals perspective, we are ramped up, we'll continue to be ramped up to make sure that when we end the season and start the season we're in a good spot for our customers. So yes, you're spot on. Lots of effort going into that area at the moment.

Jonathan Snape: Okay. And I guess just as a quick follow-on around, like base powder in this half, was there much in terms of sales, of just pure base powder?

Tim Carter: Look, our new customers that were brought on are all base powders, so that's certainly been helped a lot. But coming back, cans certainly have dominated coming through, and as we said, we need to make sure we've got the right appropriate stock cover for end of season to begin the season. But yes, that advanced nutrition base powder has increased due to the new customers that have come on board.

Jonathan Snape: Okay and that was almost negligible in the PCP, is that right off memory?

Tim Carter: Say that again, sorry?

Jonathan Snape: There was next to none of that in the first half of last year, was there and so it's just pure base powder?

Tim Carter: Yes, you're right. This new customer that I'm talking about has only come on in 25 so yes, correct.

Jonathan Snape: Yes. All right, great. Thank you.

Tim Carter: No problem.

Operator: There are no further questions at this time. I'll now hand back to Hannah Lynch for closing remarks.

Hannah Lynch: Thanks everyone for your engagement and participation in today's call. As always, if there's any follow-up, feel free to reach out to me directly. Otherwise, we look forward to connecting with many of you over the coming days. Thanks for joining us.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]