



Advertorial for Ashburton Guardian supplement Dairy Focus

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Canterbury Dairy Farmers Voting With Their Feet

Over the last four years Canterbury dairy farmers have signed up over 130 farms on long term supply agreements to Synlait Milk. And another wave of new suppliers is expected to be welcomed this year.

Synlait was dairy farming long before it ventured into milk processing and marketing. We started Synlait Milk firmly believing that there was an opportunity for Canterbury farmers to do better – to make more from milk. We made a commitment to leave our suppliers (and our own farms) better off than the alternatives. We do, and that's why so many have joined us so quickly.

We have now firmly established ourselves in the marketplace, and are a business of genuine scale. This year we will achieve a turnover of \$400m, with substantial growth potential ahead of us. This potential is driven by the relationships we have established with our many farmers.

That said, it hasn't always been easy and we have learnt an enormous amount. Having patient, long term thinking shareholders has been a big help.

To make more from milk we need to ensure that global consumers are able to access the best that Canterbury dairying has to offer. Our focus is on partnering globally with leading milk based health and nutrition brand owners. Consumers pay more for these brands because they trust them. They trust the quality and integrity of these products, and the owners of the brands want long term relationships with suppliers they trust, so they can live up to that promise. We have come to see our supply relationships with our farmers in the same way.

Synlait milk suppliers rank alongside our customers as our most important business partners. We are committed to ensuring that by working with us they are better off than by working with anyone else. So how have we achieved all of this in such a short period of time? I think to answer that question it is worth looking at what makes our offering so good.

There is no doubt that Synlait Milk's suppliers have been significantly better off than any of their alternatives when analysed on a whole of business basis. Our offering is based on a simple supply arrangement which offers a competitive milk price with no share capital requirement. We firmly believe that dairy farmers are best to use their capital in their own businesses first, and when they are ready to invest off farm, should do so through a diversified investment portfolio. It's just plain common sense.

In addition to offering a competitive base milk price, our aim is to provide farmers with options to maximise their milk returns. Our composition payments reward farmers for producing the milk that our markets want. Autumn premiums have been set to recognise the changing value of milk through the season, and the value of additional milk when we have spare processing capacity. Not only do we collect colostrum, we offer on farm training programs to help staff maximise both the quality and quantity harvested once the calves have been looked after.



We understand the importance of cash flow – especially for conversions. Typically our advance milk payments are the highest in the industry early in the season, when they are needed the most. Next year we are offering a Growth Advance scheme that offers even higher advance payments for new or growth milk supplied. This is available to both existing and new suppliers.

It is not all about price however. We have a dedicated milk supply team focused on providing the best possible service to our milk suppliers. They have a wealth of expertise in sustainability, irrigation, milk quality, dairy conversions, and animal health and welfare. It is relationships that matter to us, and we find that by working one on one with our farmers, together we are able to achieve far better results.

It is a combination of dynamic thinking, coupled with great returns that help ensure our suppliers remain loyal to us.

We have delivered on our plans as a business, which have seen us establish a solid financial position. Our plans for growth include new customers in high-value markets around the world, innovatively meeting consumer demand for premium nutritional milk products, and maximising our manufacturing capability and export volumes.

Our milk suppliers are critical to us achieving these goals. The pursuit of becoming the world's best nutritional ingredient supplier starts on farm, and that is why we do our best to ensure we establish a good relationship with each of them. It is easy to supply Synlait Milk. There are no complexities with owning shares, we offer competitive payouts with the potential to earn more, and each supplier enjoys personalised service from our milk supply team.

But don't take my word for it check out our milk supply section on www.synlait.com and listen to what our current suppliers say about working with us. I also encourage you to ask the next Synlait milk supplier you see whether they are happy being a supplier of ours.

John Penno

Synlait Milk CEO

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