



SYNLAIT MILK LIMITED ANNOUNCEMENT

15 March 2016

GROWTH ATTRACTS 28 NEW CANTERBURY MILK SUPPLIERS

Synlait now has 201 milk suppliers for 2016 / 2017 to meet forecast growth in their value-added nutritional product business.

John Penno, Managing Director and CEO, said a combination of increased customer demand for nutritional products – such as a2 Platinum® Infant Formula – and increased production capacity with a new large scale spray dryer has created an opportunity for Canterbury dairy farmers to supply Synlait.

“We’ve had a very positive response to this opportunity, to the extent we have not been able to accept supply from everyone interested and we now have a waiting list,” said Mr Penno.

“The calibre of new suppliers is impressive and complements our existing supply network. We’re really proud of our suppliers and they’re fundamental to us delivering on our strategy.”

A focus on strong partnerships has helped Synlait to source and maintain a strong supplier network since production began in 2008.

“Since we have been operating only eight suppliers have left, four of which were the result of a change in farm ownership. We have one contract for all milk suppliers that is a rolling three year agreement, providing certainty to ourselves and our suppliers. Our relationships are sustainable because we’re all focused on making more from milk and offer everyone the same terms.”

Synlait’s Lead With Pride™ and Special Milk programmes reward suppliers for differentiating their milk and creating value on farm through a premium payment in addition to Synlait’s milk price.

Mr Penno said the premiums aren’t a solution to the current pricing pressures, but they do help.

“We expect around \$6 million in premium payments will be made this season. More than 50% of our suppliers will receive a premium for creating value on their farm,” said Mr Penno.

Brent and Sharon Trafford, who operate a 750 herd farm northwest of Ashburton in Winchmore, said they’re very happy to be supplying Synlait next season.

“We’ve joined the a2 Milk™ programme, which we consider to be a unique opportunity and we are grateful to be a part of this small group,” said Mr Trafford.

“The programme really appealed to us. We have already met the customer and that level of contact, along with the premium we will be getting paid for our milk, is something we feel really excited about. Particularly in these challenging times,” said Mr Trafford.



Mr Penno said Synlait will continue to review their ability to take more milk in the future and he is conscious of the pressure the international commodity prices are placing on dairy farmers at the moment.

“It’s undoubtedly a tough time for anyone operating a dairy farm. We’re standing by our suppliers and helping where we can.”

ENDS

Image of Brent and Sharon Trafford is available on request.

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