



SYNLAIT MILK LIMITED
ANNOUNCEMENT

NZX: SML
ASX: SM1

29 NOVEMBER 2017

SYNLAIT SHAREHOLDERS EXCITED BY PLATFORM FOR GROWTH

Synlait Milk's (NZX: SML; ASX: SM1) Annual Meeting of Shareholders today focused on the company's impressive result for the year ending 31 July 2017 (FY17), and plans for the future.

Held in Christchurch, the Annual Meeting of Shareholders commenced at 1pm and Synlait's Chairman, Graeme Milne, said FY17 was focused on establishing a strong platform for the next stage of growth, while also being a solid financial year.

Synlait had a record profit year in FY17 of \$38.2 million and the company also raised \$97.6 million in a capital raise completed in October. This has enabled debt to be reduced by \$131.3 million to \$82.6 million, establishing an excellent base for the next phase of growth.

Mr Milne talked about Synlait's growing footprint.

"The new blending and consumer packaging facility in Auckland has now been commissioned and will give us the capacity to meet customer requirements. It is likely we will also establish further manufacturing sites over time."

John Penno, Managing Director and CEO, discussed the platform Synlait has laid for future developments.

"Making the most of milk requires us to continually look for profitable new product and market opportunities to migrate our milk, manufacturing plant, technical expertise and management time toward. We'll be really focusing on this in FY18," said Mr Penno.

"Our investment in research and development has increased from \$2.25 million in FY16 to \$4.75 million in FY17, and we're forecasting a spend of \$7 million in FY18," he said.

"We've also recently announced the establishment of a research and development centre in Palmerston North in partnership with Massey University and FoodPILOT, which is an exciting development for us as it will open up new opportunities."

He suggested that Synlait's B2B status may change.

"In future, we may consider the establishment of branded positions, where there is no conflict with our existing partner relationships and where we feel we have significant consumer benefits."

Mr Penno also signaled further expansion is planned in the form of a second powder manufacturing site.



“We’re also looking to acquire some new land in the North Island to create a second site, which will also give us access to a second pool of farm suppliers.”

The meeting also discussed Mr Penno’s intention to step down from his role as CEO sometime in the coming 12 months.

“I am glad John’s decision has come at a time where we can provide a well-managed leadership transition. The company is in very healthy shape with a strong balance sheet and a clear future growth plan,” said Mr Milne.

“The Board is embarking on an international search for the right person to lead the business into the future, and John has committed to continuing in the role of CEO until a successor is found and in place.”

Synlait’s Board has expressed their desire for Mr Penno to continue in a governance role on the Board of Directors, which Mr Penno has indicated he would continue to do.

Shareholders passed three formal resolutions at the meeting, as follows*:

- 1) **That the Board be authorised to determine the auditor’s fees and expenses for the 2018 financial year.**
For: 132,495,815 (99.97%); Against: 37,588 (0.03%); Total: 132,533,403; Abstain: 21,911
- 2) **That Bill Roest be re-elected as a Director.**
For: 62,527,057 (99.98%); Against: 15,430 (0.02%); Total: 62,542,487; Abstain: 70,012,827
- 3) **That the annual fee for each Director be \$80,000, except for the annual fees of each of the two Committee Chairs, which will be \$92,000, and the Chairman of the Board, which will be \$150,000. All of these increases apply from 1 April 2018.**
For: 132,385,886 (99.89%); Against: 150,962 (0.11%); Total: 132,536,848; Abstain: 18,466

Pursuant to ASX Listing Rule 1.15.3, Synlait Milk Limited confirms that it continues to comply with the NZX Listing Rules.

*Percentages represent votes cast in person and by proxy at the meeting.

ENDS

For more information, visit www.synlait.com or contact:

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