

DELIVERING 2017

ANNUAL MEETING OF SHAREHOLDERS
29 NOVEMBER 2017



AGENDA

- WELCOME AND INTRODUCTIONS
- CHAIRMAN'S ADDRESS
- CHIEF EXECUTIVE OFFICER'S ADDRESS
- OUR FINANCIAL RESULTS FY17
- OUR EXPECTATIONS AND FUTURE
- QUESTIONS
- FORMAL RESOLUTIONS
- ANY OTHER BUSINESS
- ANNUAL MEETING CONCLUDES

CHAIRMAN'S ADDRESS



Graeme Milne
CHAIRMAN

LEADERSHIP UPDATE

- Long-time Chief Executive Officer and founder John Penno intends to step down from his position in the next 12 months
- This is part of an orderly transition to position Synlait for its next phase of growth
- This is timed well with Synlait being in very healthy shape with a strong balance sheet and a clear future growth plan
- John will continue in the role of CEO until a successor is found and in place
- We will look for a CEO with the skills and experiences to take Synlait up another level.
- We have expressed our desire for John to continue in a governance role on the Synlait Milk Board of Directors



BOARD OF DIRECTORS



Graeme Milne
CHAIR (INDEPENDENT)



John Penno
MANAGING DIRECTOR AND CEO



Hon. Ruth Richardson
NON-EXECUTIVE, BRIGHT DAIRY
APPOINTED DIRECTOR,
CHAIR OF REMUNERATION AND
GOVERNANCE COMMITTEE



Bill Roest
NON-EXECUTIVE DIRECTOR
(INDEPENDENT), CHAIR OF THE
AUDIT AND RISK COMMITTEE.



Sam Knowles
NON-EXECUTIVE DIRECTOR
(INDEPENDENT)



Sihang Yang
BRIGHT DAIRY APPOINTED DIRECTOR



Qikai (Albert) Lu
BRIGHT DAIRY APPOINTED DIRECTOR

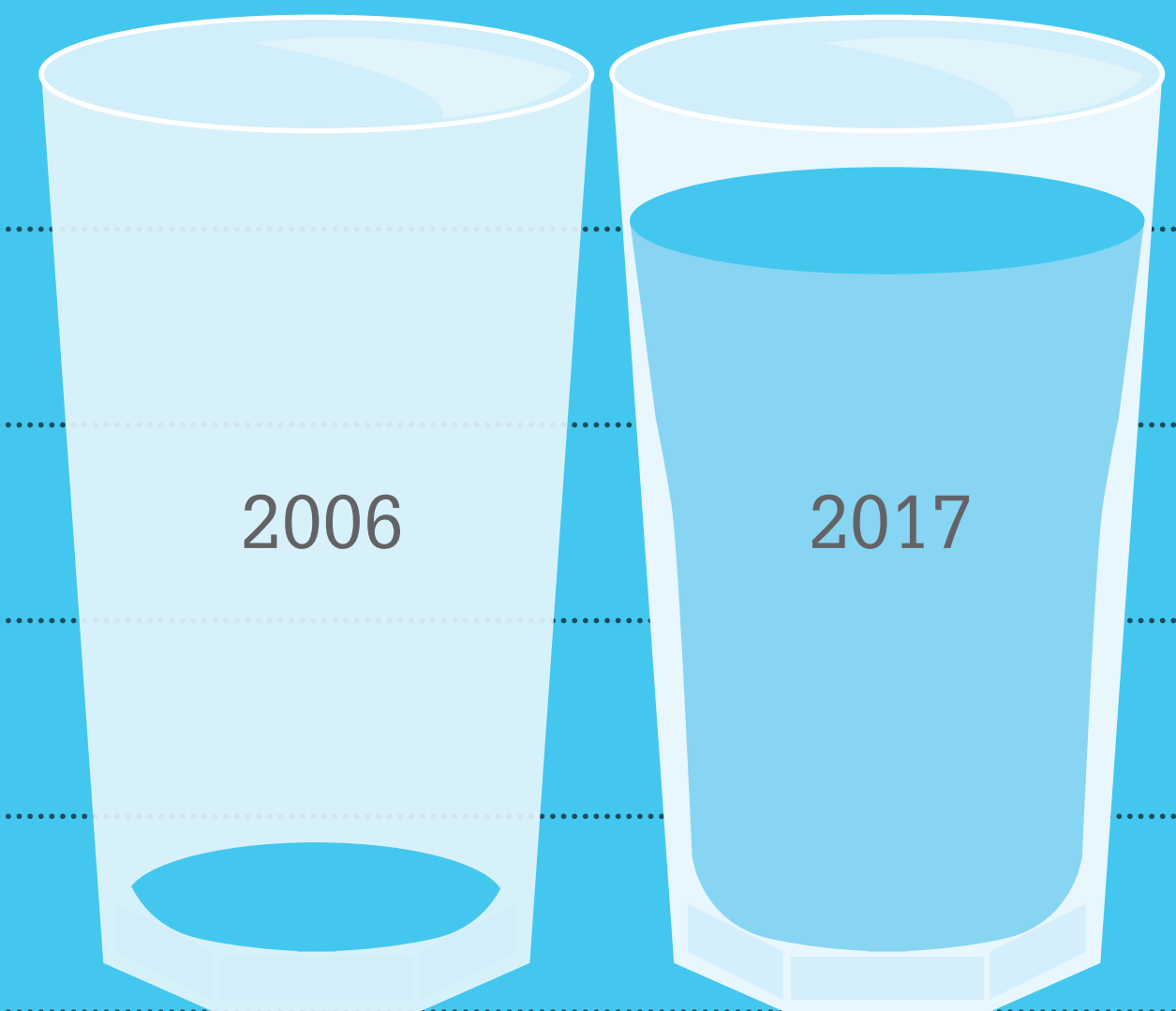


Min Ben
BRIGHT DAIRY APPOINTED DIRECTOR

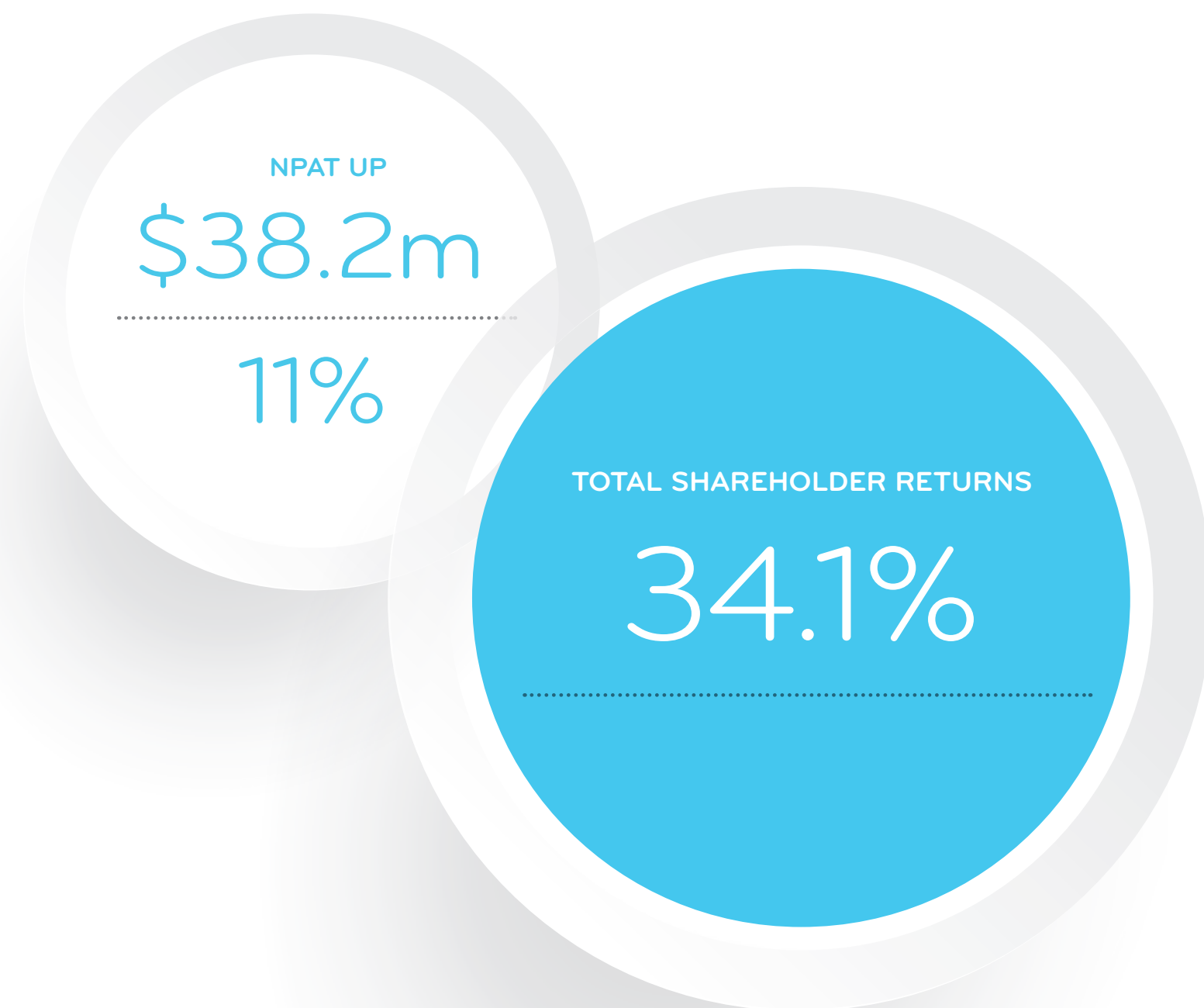
WE ARE A
GROWTH
COMPANY

SYNLAIT IS A B2B
MANUFACTURING
COMPANY FOCUSSED
ON MAKING THE MOST
FROM MILK.

OVER THE PAST 10 YEARS
WE HAVE GROWN FROM
START-UP TO ANNUAL
PRODUCTION VOLUMES OF
140,000 METRIC TONNES (MT)



FINANCIAL SUCCESS



EBIT INCREASED TO
\$65.8m
(FY16: \$61.1m)

NET DEBT DECREASED FROM
\$214m
TO \$83m

LEVERAGE FROM
2.6X DOWN TO 0.9X⁽¹⁾

ROCE OF 13.9% (FY16: 13.5%)⁽²⁾

GEARING DOWN FROM
46.8%
TO 18.0%⁽³⁾

Notes: (1) Leverage = net debt / EBITDA;

(2) Return on capital employed (ROCE) is calculated by dividing earnings before interest and tax (EBIT) by the average capital employed (equity + net debt);

(3) Gearing = net debt / (net debt + equity), excluding derivatives. See our 2017 Annual Report for further details, available at: <http://www.synlait.com/investors/>



WE HAVE:

WE ARE:

- **Deepening partnerships** with leading brand owners.
 - **Strong support** from our **200 contracted milk suppliers**.
 - **High specification plant** with high utilisation.
 - **Rigorous quality control** and on-site testing.
-
- **Growing our well established infant formula business.** New infant formula supply agreements with The a2 Milk Company, and New Hope Nutritionals.
 - **Expanding capacity.** Auckland site commissioned to double infant packaging capacity. New Wetmix investment to double infant base powder capacity. Intention to acquire new land in the North Island to create a second powder manufacturing site and access second pool of farm suppliers.
 - **Building innovation.** In depth involvement across product selection, design and development. Research and category development investment growing towards target of 1.5% of revenue.
 - **Evaluating new high margin categories to diversify regions, customers and products.** For example, the planned launch of Munchkin's Grass Fed™ infant formula into the U.S. will add market diversity.
 - **Sachet packaging.** Introduce new packaging options for customers through investing in three high specification, high speed, blending and sachet packaging lines built to infant formula standards.

FY17 HIGHLIGHTS

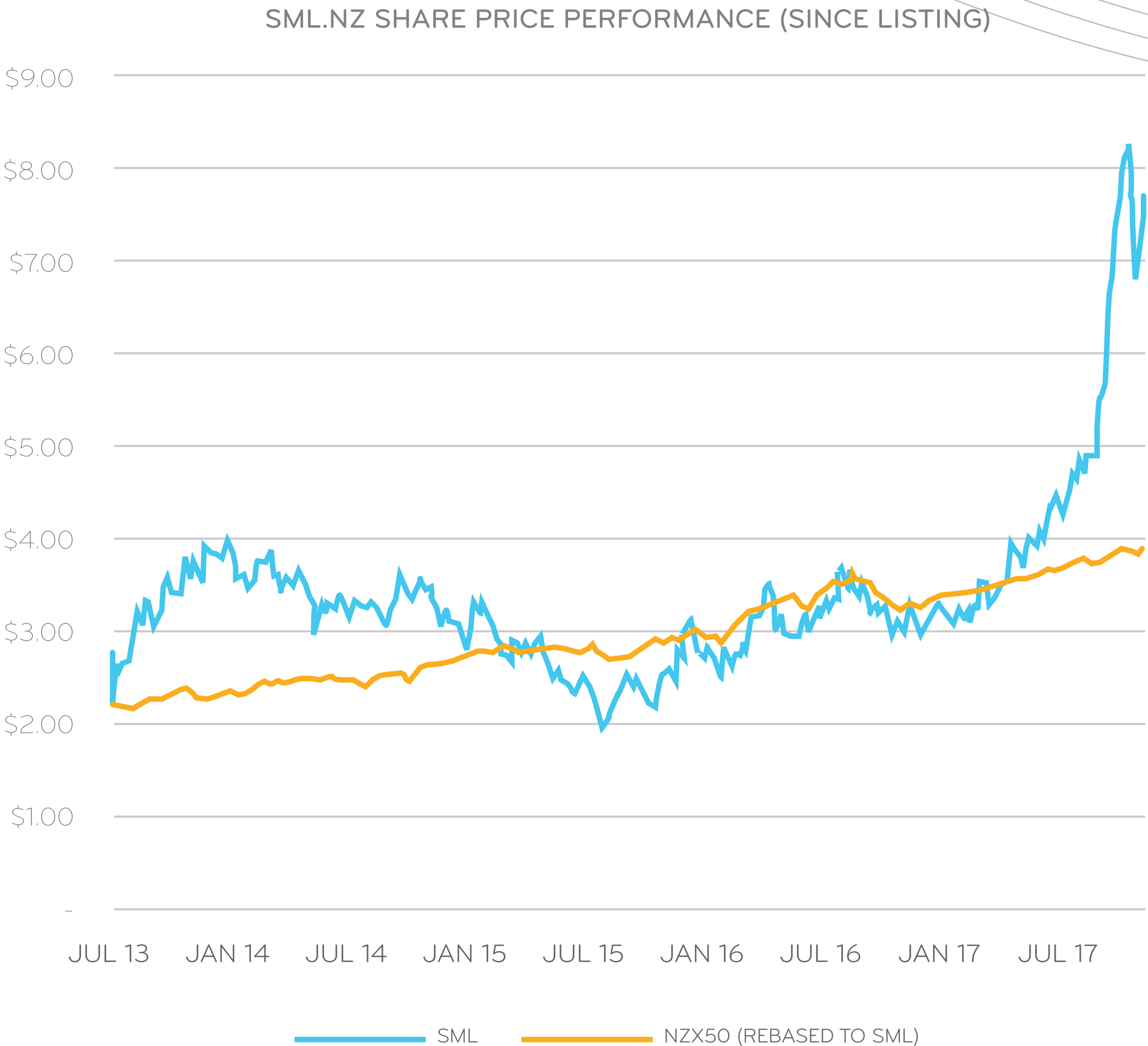
- **Total Shareholder Return (TSR) of 34.1% achieved during FY17**
- **Key initiatives** during the year included:
 - **\$98m equity raise**
 - **Dual-listing on ASX**
 - **a2 acquiring 8.2% strategic stake in Synlait**
 - **Synlait's acquisition of NZ Dairy Company (NZDC)**
 - **Added to S&P/NZX50 index**

SML.NZ SHARE PRICE PERFORMANCE (FY17)



PROVEN ABILITY TO CREATE SHAREHOLDER VALUE

- **Synlait has significantly outperformed the NZX50** since listing in July 2013, up 250% whilst the NZX50 is up 77% over the same period
- **Share price has increased 143%** over the last 12 months⁽¹⁾, with the recent rally attributed to:
 - Increased confidence in Synlait's ability to grow infant formula volumes and maintain attractive margins
 - Receiving CFDA registration for a2's infant formula products



⁽¹⁾Source: Thomson Reuters, Data current as at 23 November 2017

IN SUMMARY

- **Synlait has had a solid 12 months**, delivering on many of the growth strategies established at the start of the year
- Balance sheet provides a **platform for future growth** with capacity to undertake value enhancing opportunities and ~\$300m investment programme
- Continue to see **significant growth in demand for canned infant formula products** in FY18, led by a2 Milk Company
- We will **continue to invest in manufacturing facilities** to support increased demand from our customers
- Expect to announce our **new product categories** and **associated investment** soon
- **Significant growth in profitability expected in FY18** which is driven by growth in canned infant formula
- We want to **thank our shareholders** for their continued support, in particular the excellent response to the September 2016 capital raise



CHIEF EXECUTIVE OFFICER'S ADDRESS



John Penno

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

UPDATE ON STRATEGIC TARGETS

- **Investment into a second site** to support future growth and initiate mitigation of single site risk with the acquisition of NZDC and establishment of Synlait Auckland.
- **Significant investments made:** into our people with the recruitment of five new roles in the Senior Leadership Team, through the commencement of a major project focused on an enterprise wide review of our systems and processes, and increased spending in Research and Category Development.
- **Continued development of strategic partnerships in canned infant formula**, entering into a five year agreement with New Hope Nutritionals, and receiving demand increases from the a2 Milk Company.
- **Progress in developing differentiated milk streams**, with Synlait and Munchkin continuing to work through the FDA registration process required to launch Grass Fed™ infant formula in the U.S.
- **Strong growth in infant grade milk powders and base powders**, with infant formula volumes increasing 15% to 24,564 MT, of which 18,776 MT was in canned format, and 5,788 MT was nutritional base powder.
 - We also sold 22,500 MT of infant grade WMP and SMP for blending and packing into finished infant formula products.



REGISTERING BRANDS IN CHINA

INFANT FORMULA IS THE MOST REGULATED FOOD PRODUCT IN THE WORLD - IT IS THE ONLY FOOD PROVIDED TO SOME INFANTS IN THEIR FIRST MONTHS OF LIFE.

- **The Chinese Food and Drug Administration (CFDA) registration of The a2 Milk Company's infant formula was granted in September 2017.**
- Because the manufacturer controls quality, the manufacturer is registered alongside the product in most markets. Synlait registers the brands its B2B customers sell.
- The CFDA will grant selected factories licences to manufacture up to three brands for the Chinese market.
- We recruited Ying Jin as our Regulatory and Science Affairs Director, China, to support market access and business development. Experienced in managing regulatory affairs for multi-national infant formula companies, Ying has a PhD in food safety and a medical degree.
- The expanded New Hope Nutritionals supply agreement will underpin applications to register New Hope Nutritionals infant formula brands.
- In October 2017 we submitted an application to register New Hope Nutritionals Akara brand with the CFDA.



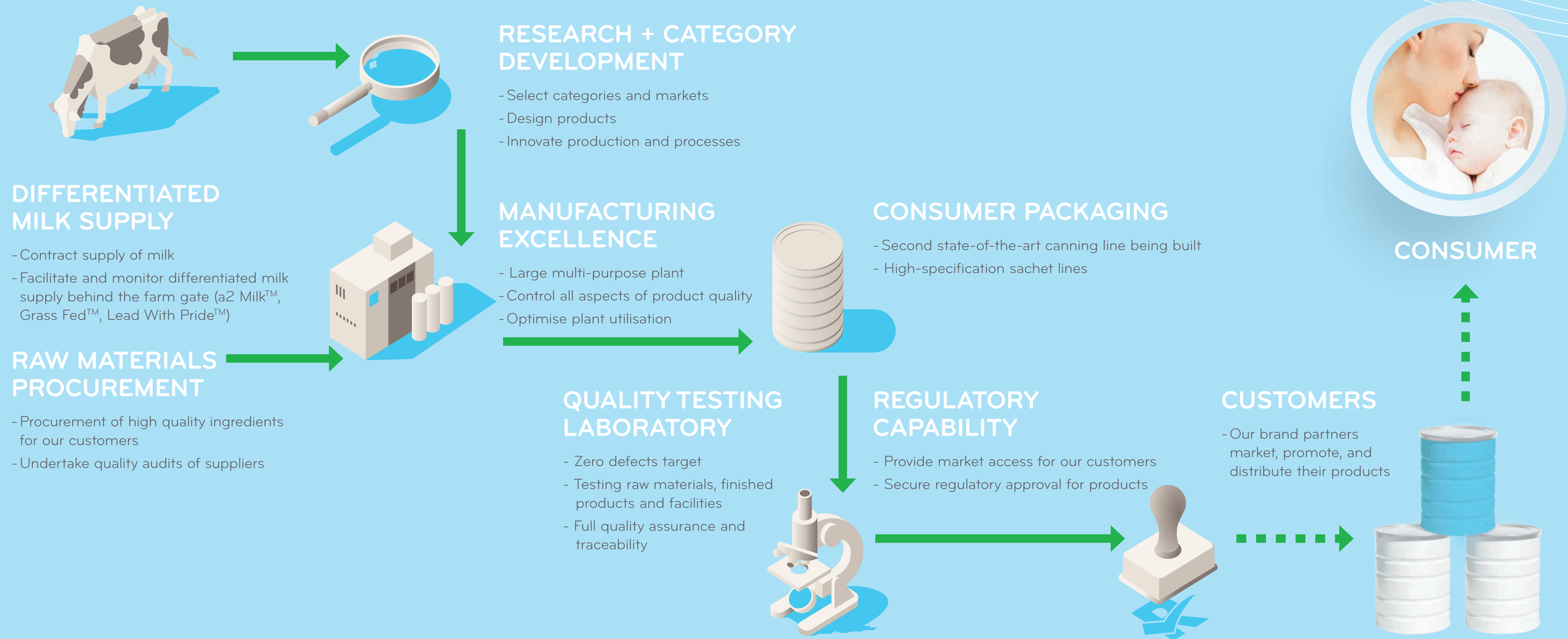
INCREASING OUR CAPACITY AND REDUCING RISK

GIVEN STRONG CURRENT AND EXPECTED CUSTOMER DEMAND, WE CHOSE TO ACQUIRE 100% OF THE SHARES IN THE NEW ZEALAND DAIRY COMPANY LIMITED (NZDC). NZDC WAS CONSTRUCTING AN INFANT FORMULA-CAPABLE BLENDING AND CONSUMER PACKAGING OPERATION IN AUCKLAND.

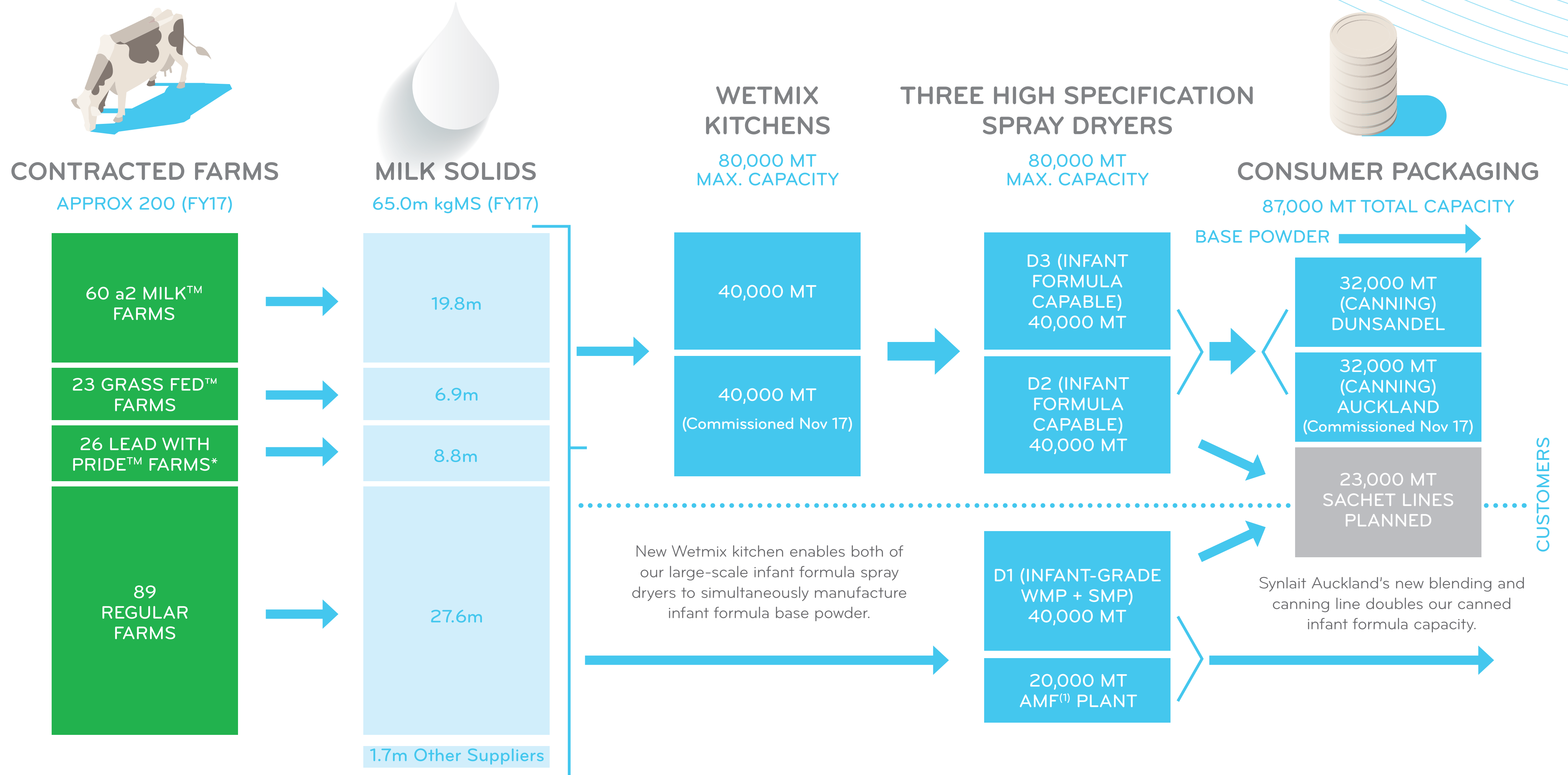
- The acquisition enables us to supply more consumer packaged products to customers faster than a new development would have done.
- Having a second blending and consumer packaging site helps to mitigate single site risk.
- With an additional manufacturing site in Auckland, Synlait's potential number of brands in China has expanded.
- We are seeking both Ministry for Primary Industries and CNCA (Certification and Accreditation Administration of the People's Republic of China) registration for the new facility.
- The Synlait Auckland plant was officially opened on 20 November 2017 by Auckland Mayor Phil Goff. The total investment into the Auckland site is \$52 million, and commercial production has commenced.



SYNLAIT ADDS VALUE FROM FARM TO CONSUMER



UNLOCKING INFANT FORMULA DRYER CAPACITY



IMPROVING A WORLD CLASS TEAM

- **Our team has grown** from 436 to nearly 600 in FY17
- **Two additional shifts** in the consumer packaging facility
- **Technical roles** for the quality testing laboratory
- **New roles** to support Integrated Business Planning (IBP)
- **Lifting the experience profile of our people** in Projects, Technology and Finance.



ENHANCED SENIOR LEADERSHIP CAPABILITY

THE SENIOR LEADERSHIP TEAM (SLT) HAS EVOLVED TO MEET THE CHANGING NEEDS OF OUR BUSINESS



John
Penno

MANAGING DIRECTOR
AND CEO (ELT)

Nigel
Greenwood

CHIEF FINANCIAL
OFFICER (ELT)

Boyd
Williams

DIRECTOR, PEOPLE, CULTURE
AND PERFORMANCE (ELT)

Chris
France

DIRECTOR, STRATEGY AND
TRANSFORMATION (ELT)

Martijn
Jager

DIRECTOR, SALES AND
BUSINESS DEVELOPMENT (ELT)

Neil
Betteridge

DIRECTOR,
OPERATIONS (ELT)

Antony
Moess

GENERAL MANAGER,
MANUFACTURING

Callam
Weetman

GENERAL MANAGER,
SALES

Matthew
Foster

GENERAL MANAGER,
STRATEGIC PROJECTS

Rob
Stowell

GENERAL MANAGER, SUPPLY
CHAIN

Roger
Schwarzenbach

GENERAL MANAGER,
INNOVATION AND TECHNICAL
SERVICES



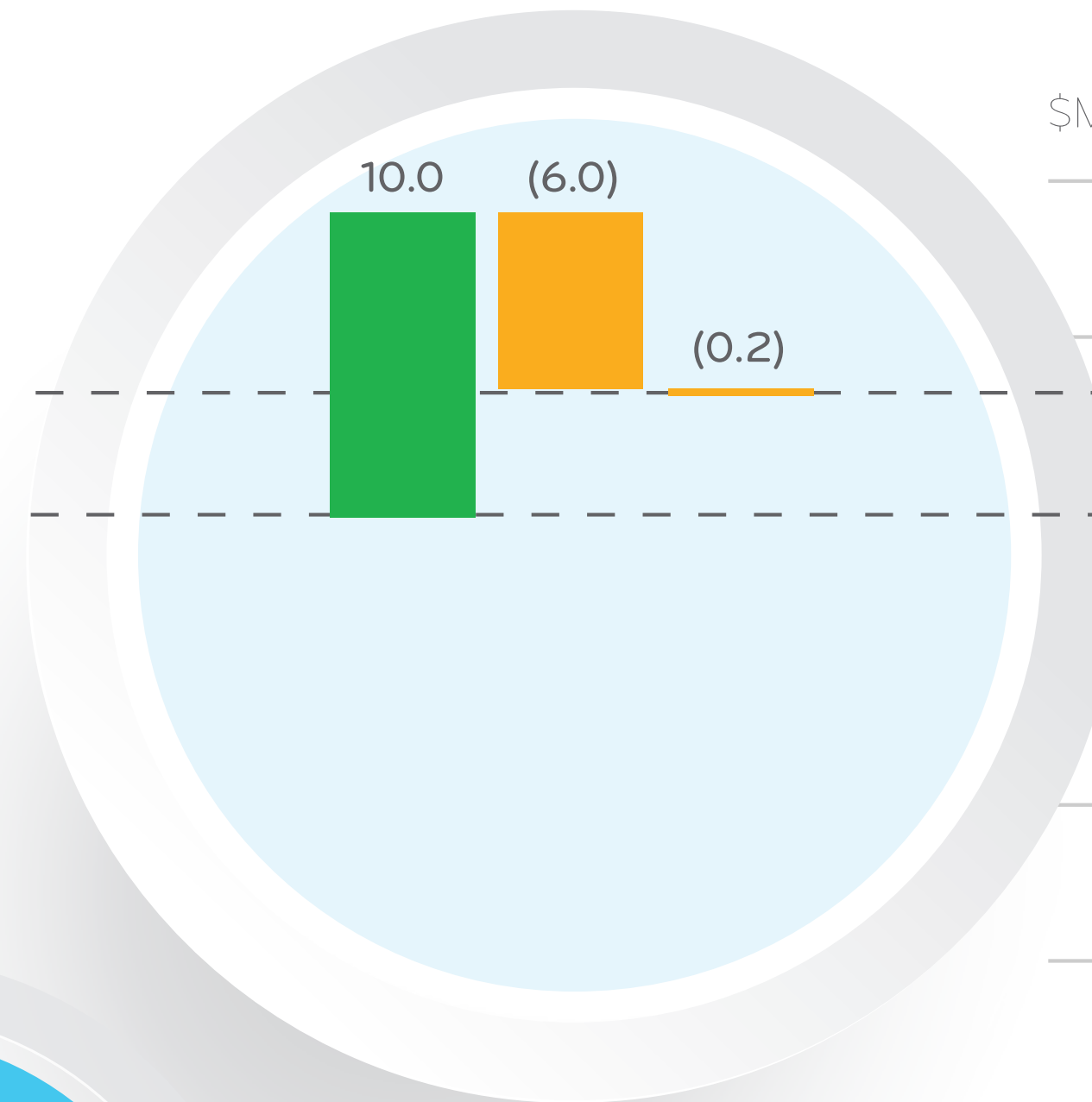
OUR FINANCIAL RESULTS

FY17

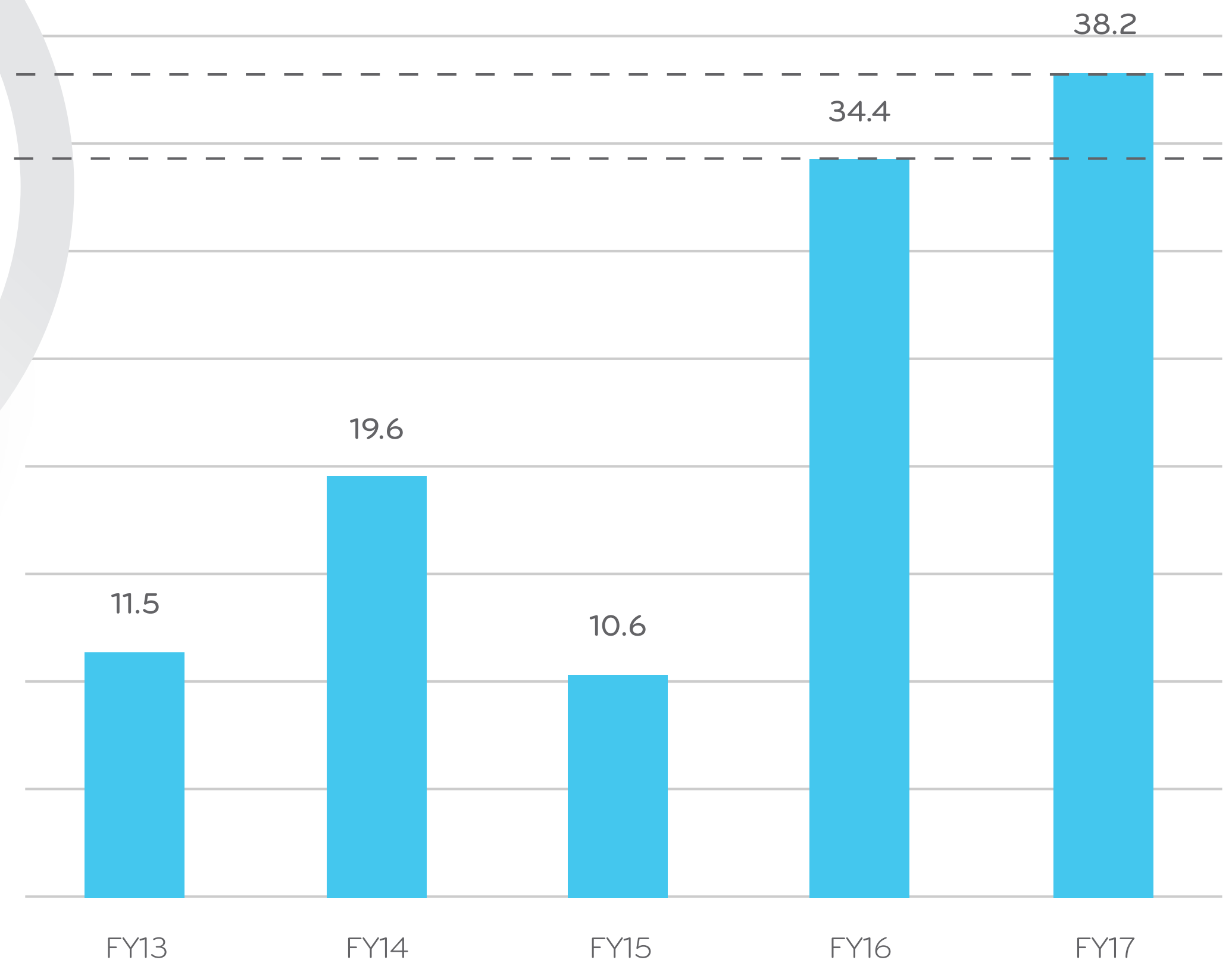
.....
Nigel Greenwood
CHIEF FINANCIAL OFFICER

PROFIT GROWTH

- **Net profit after tax** was \$38.2m, up from \$34.4m in FY16.
- **Increased infant sales** volumes drove gross profit growth of \$10.0m (before tax).
- **\$6.0m was reinvested** into business development and planning capabilities for future growth.

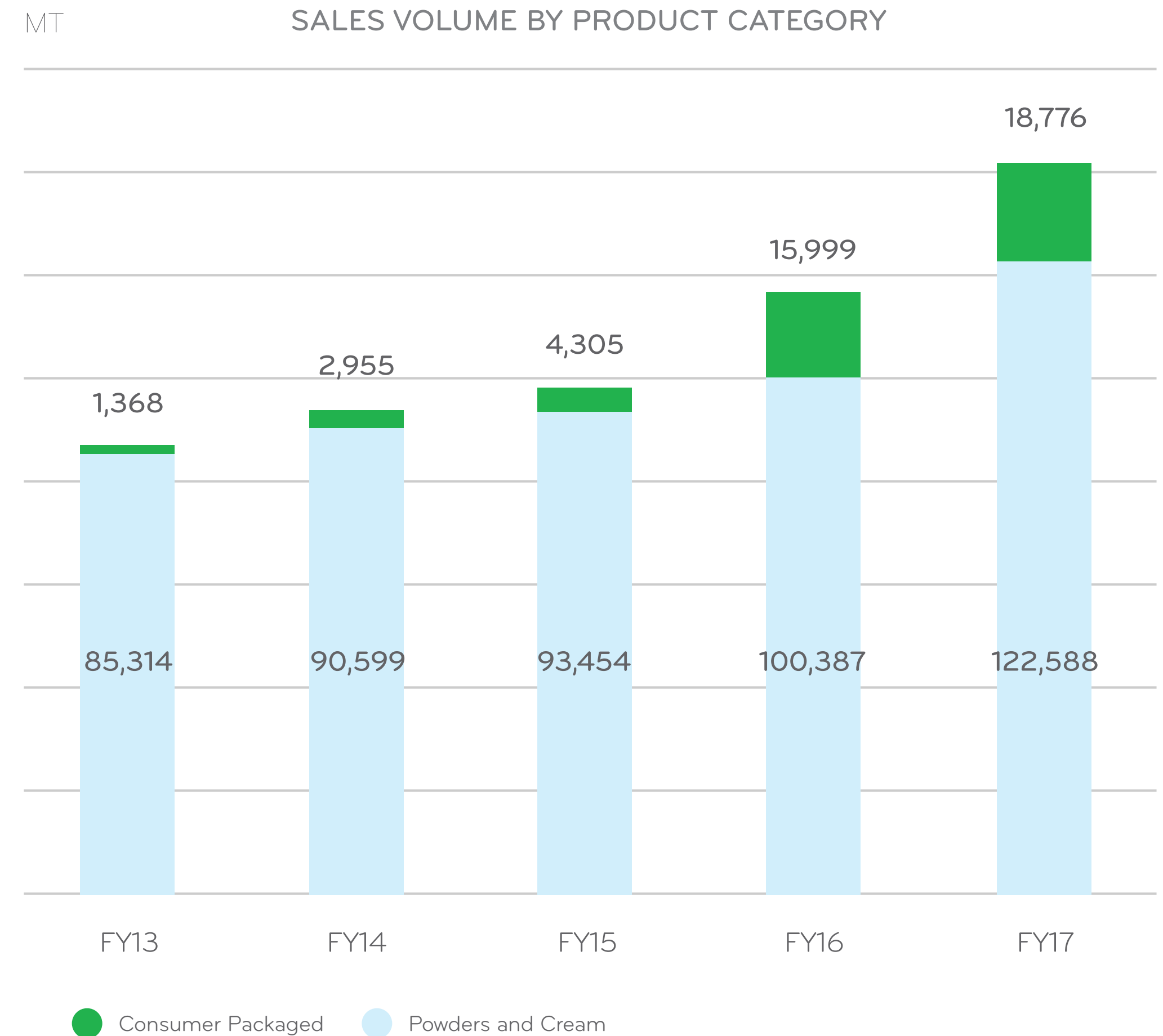
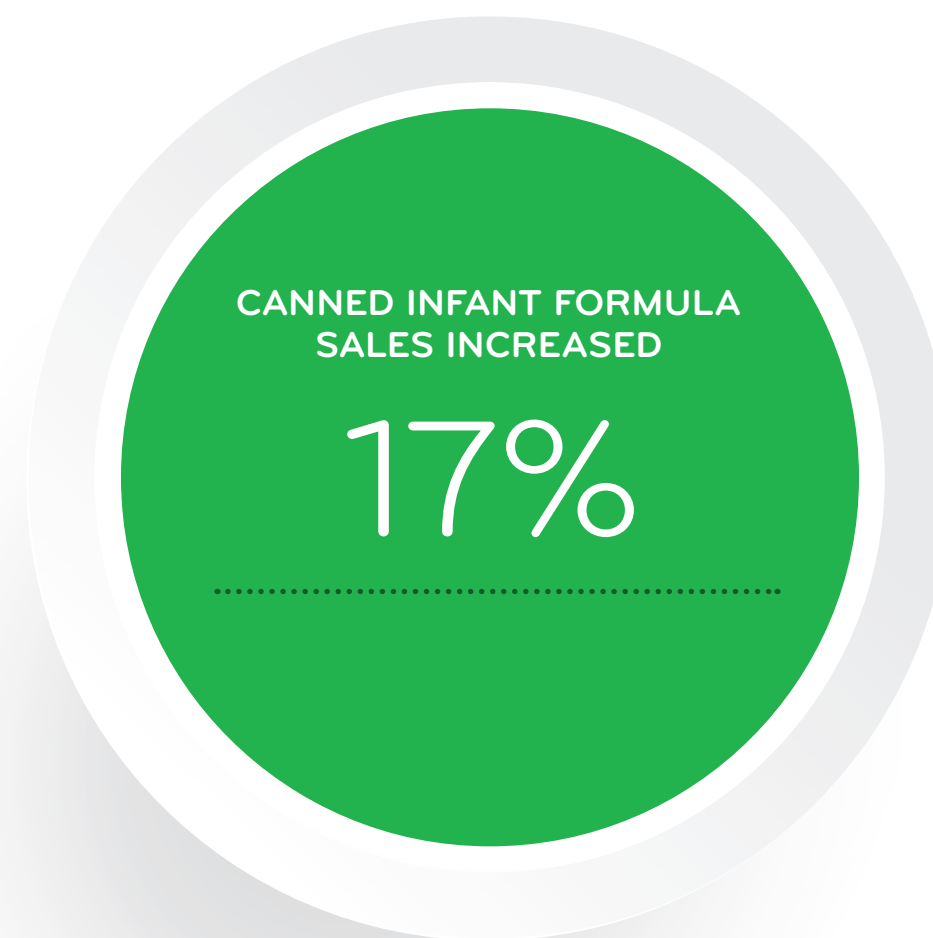


\$MILLIONS



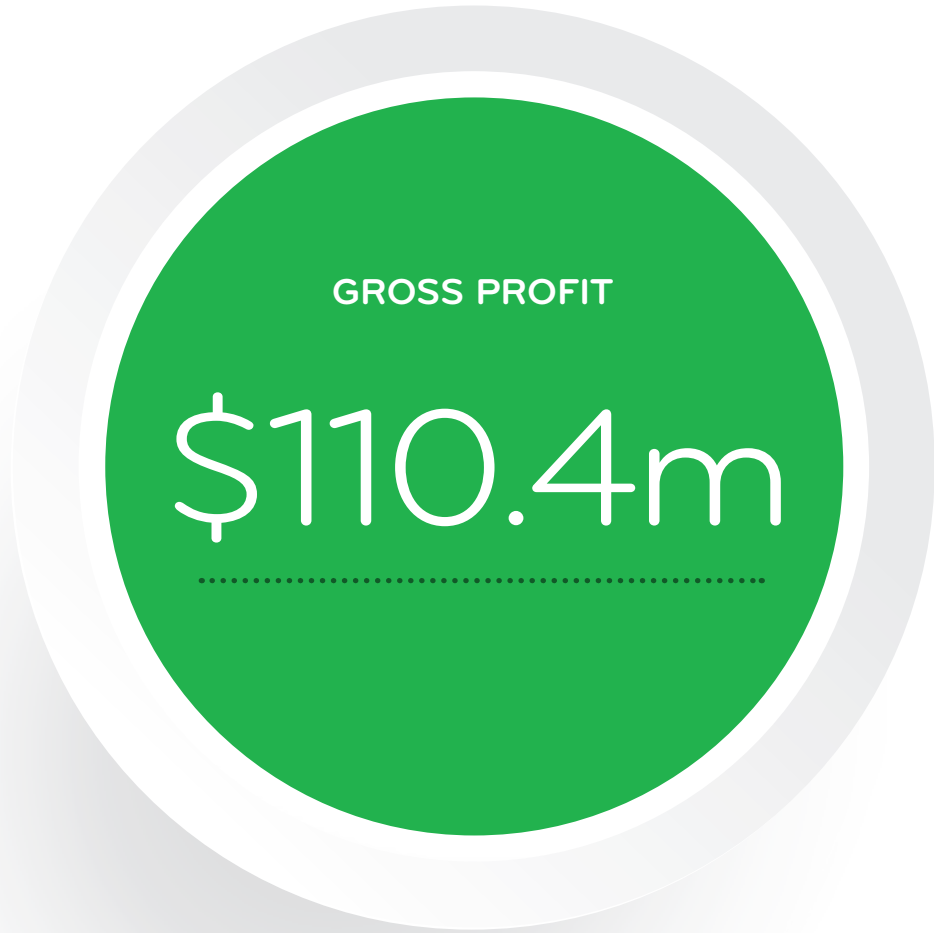
HIGHER VOLUMES DRIVE REVENUE GROWTH

- **Revenue at \$759.0m was up 39% on last year's \$546.9m**, driven by increased sales volumes and improved dairy commodity prices.
- **Total sales volume at 141,393 MT was 21% above last year's 116,402 MT**, due to increased milk supply and carry over stock from FY16 sold through.
- **Canned infant formula volumes increased 17% to 18,776 MT.**
- **11 MT of lactoferrin sold in FY17 (FY16: 10 MT)**. We also used 1.7 MT of lactoferrin internally in producing infant formula.



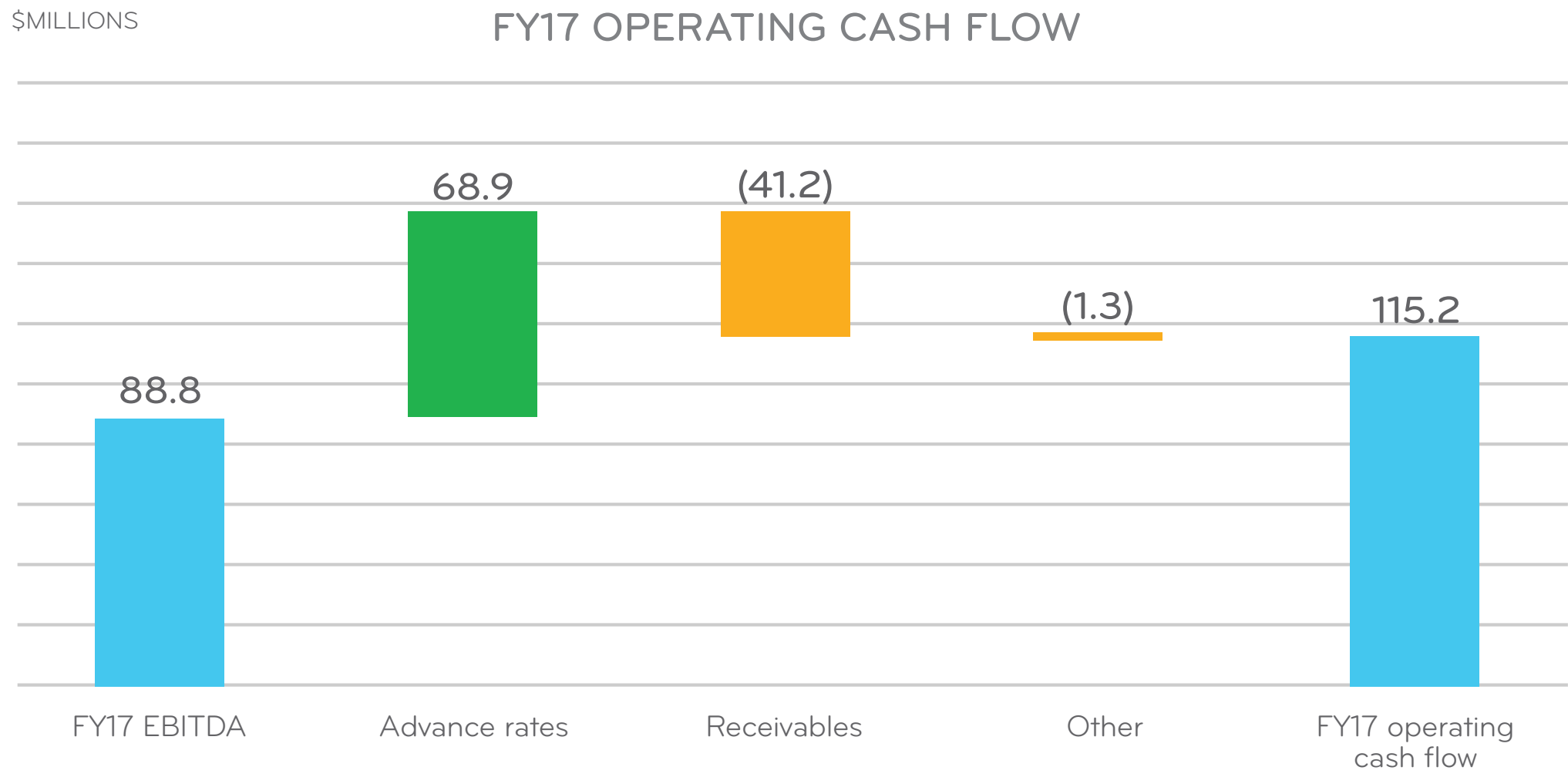
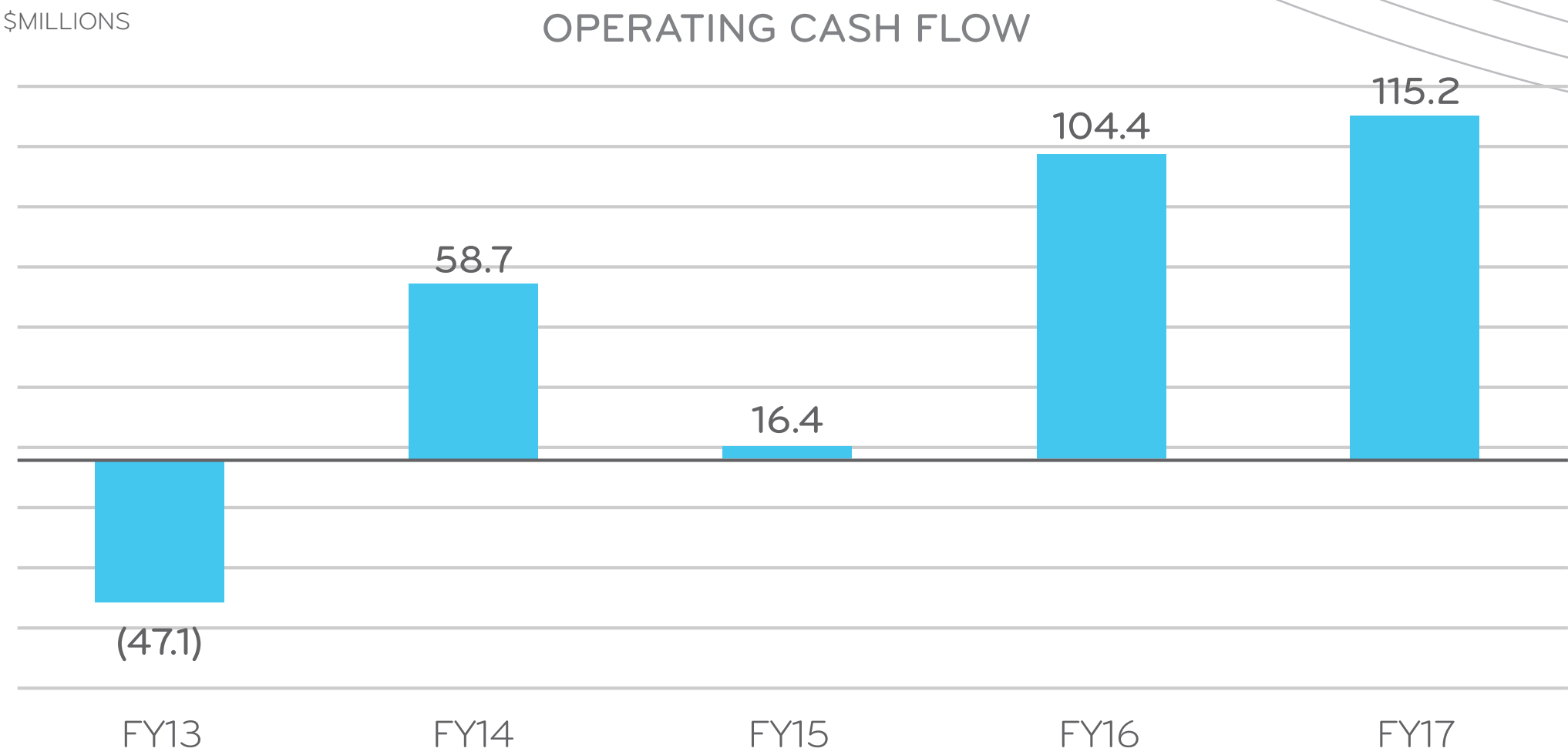
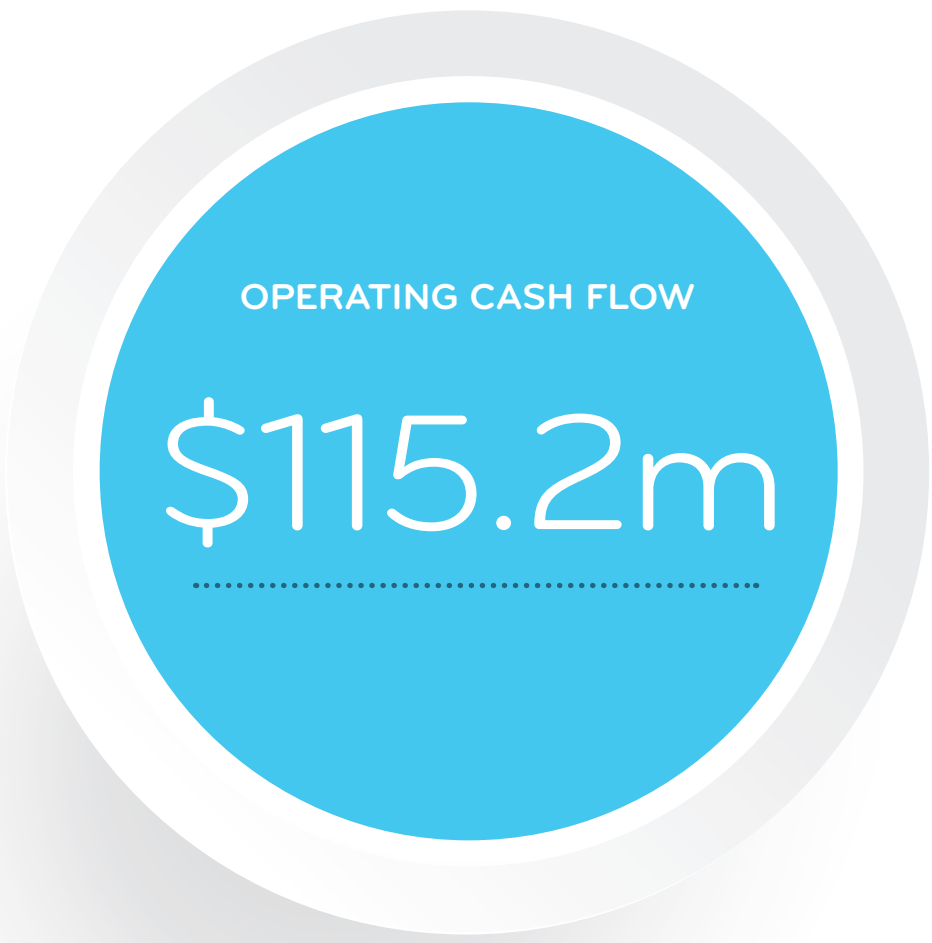
GROSS PROFIT PER MT MARGINALLY LOWER

- Continued growth in earnings driven by improved volumes. **Gross profit was up 10% to \$110.4m.**
- **Our overall gross profit per MT at \$781 was \$82 per MT down on last year.**
This was due to higher growth in ingredient sales, which is dilutive to margin.
- In addition, 3,939 MT of carry over inventory was sold at net realisable value (no margin).
- Consumer packaged gross profit per MT improved, with higher utilisation at our Dunsandel blending and canning facility.



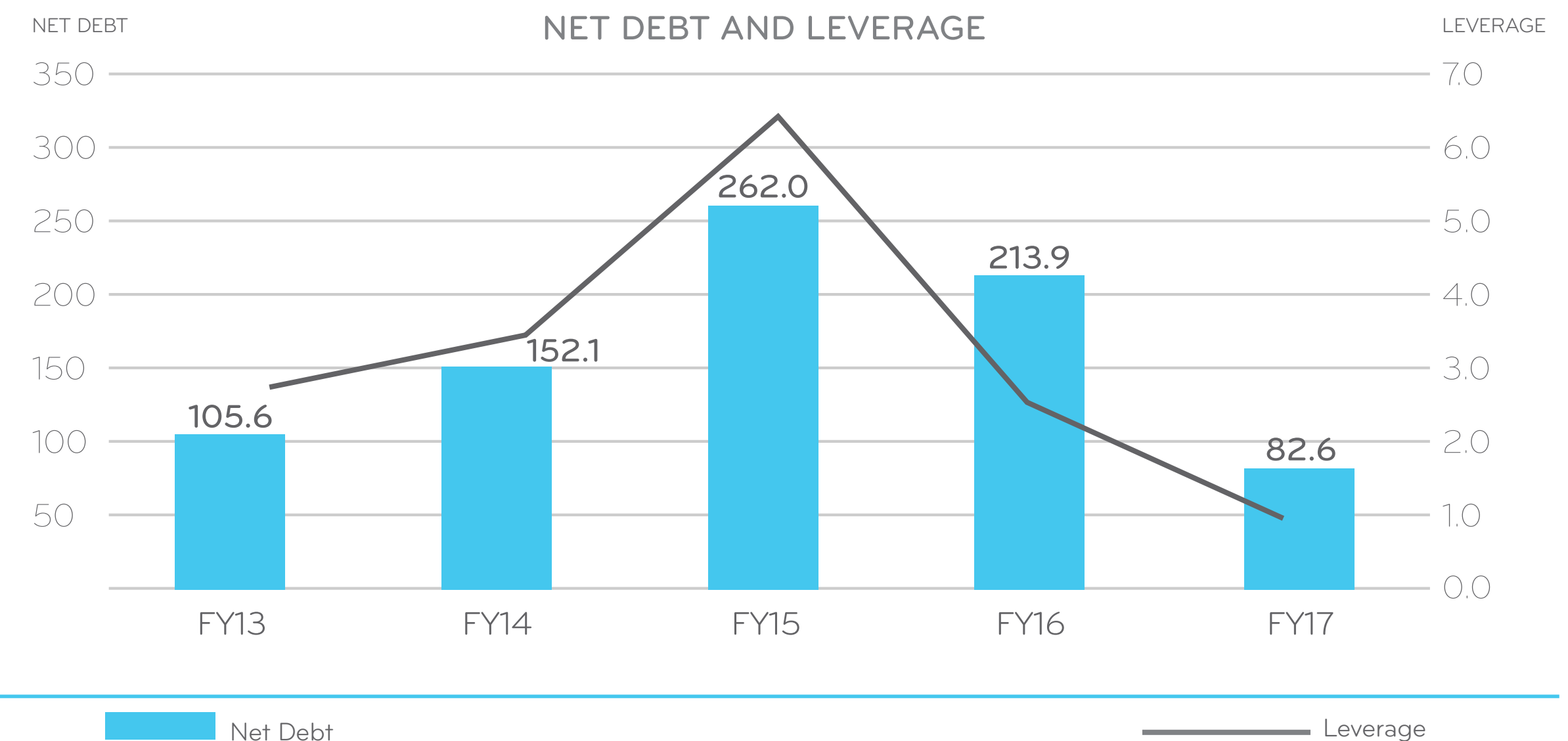
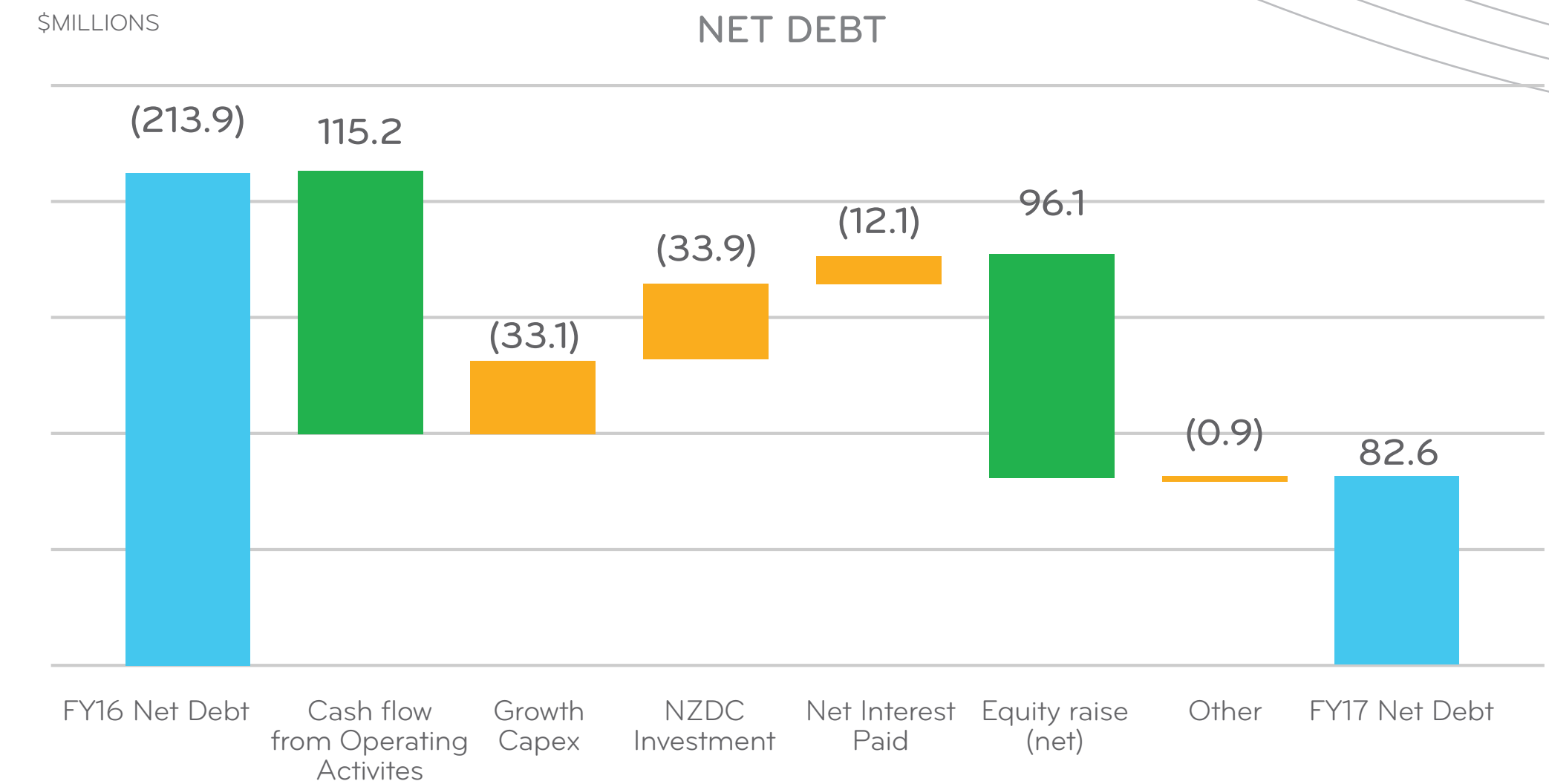
CONTINUED CASH FLOW GROWTH

- **Operating cash flow increased by \$10.8m from FY16, to \$115.2m in FY17.**
- **Operating cash flow was greater than EBITDA given rising milk prices, relative to the advance rates paid.**
- **An offsetting factor was an increase in receivables (up \$41.2m on FY16).**
This was driven equally by increased dairy commodity prices and increased sales volumes in the last two months of the financial year (phasing).



DEBT REDUCTION

- **Net debt has decreased from \$213.9m in FY16 to \$82.6m.**
- **The capital raise of \$97.6m** completed in October 2016 and strong **operating cash flows of \$115.2m** were the main drivers.
- These factors vastly outweighed the **investment in our Wetmix kitchen (\$33.1m)**, the **acquisition of NZDC (\$33.9m)** and **other capital expenditure of \$12.1m**.
- Synlait continued generating free cash flow in FY17, producing \$55.0m (being operating cash flow less investing cash flow). Our leverage ratio improved substantially, from 2.6x to 0.9x.

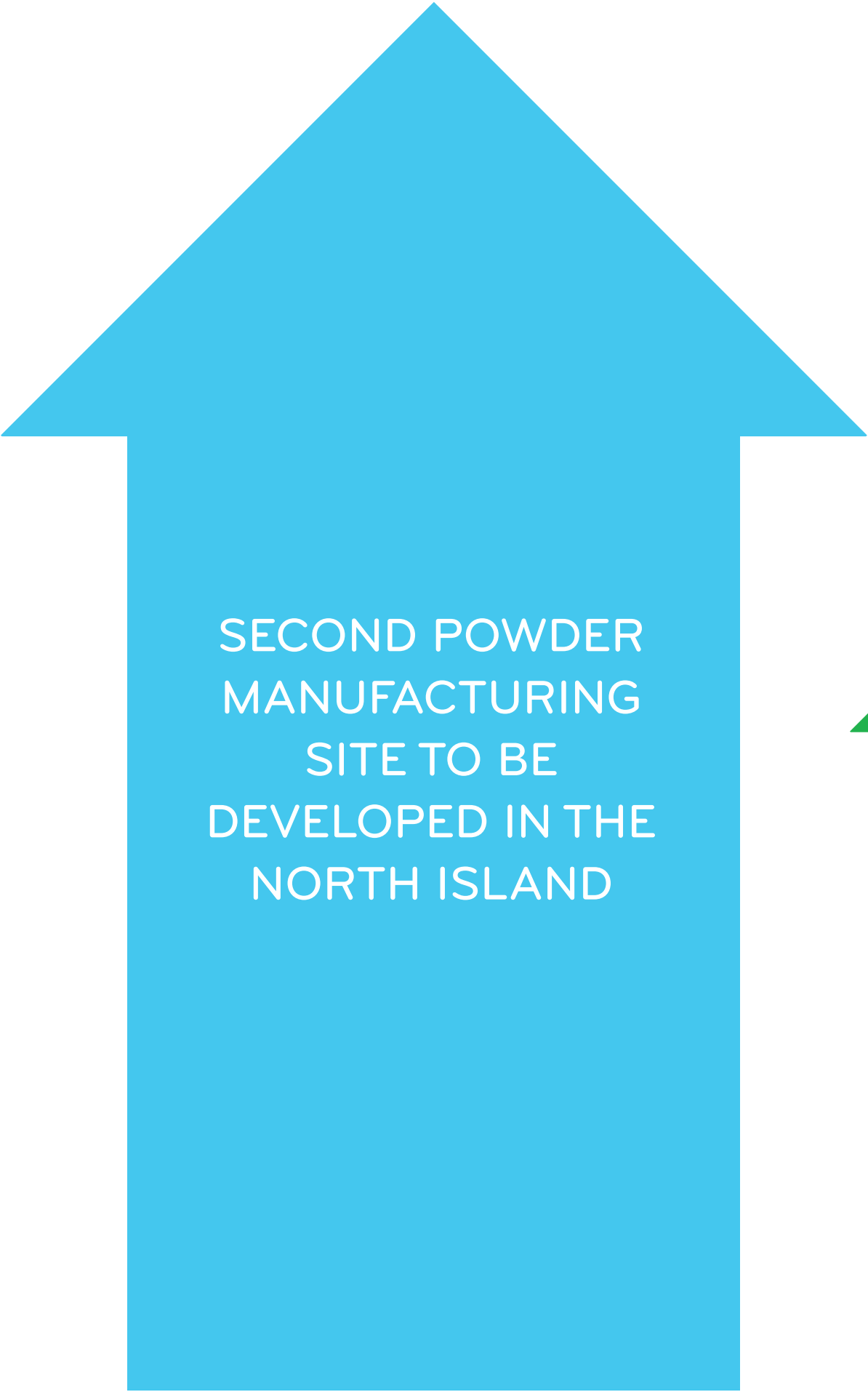




OUR EXPECTATIONS AND FUTURE

GOING FORWARD

- We see considerable opportunities to solidify our current ingredient and infant formula positions and to enter new categories.
- To date our strategy has been exclusively business to business. In future, we may consider the establishment of branded positions, where:
 - there is no conflict with our existing partner relationships; and
 - we feel we have significant consumer benefits.
- Intention to acquire new land in the North Island to create a second powder manufacturing site and access a second pool of farm suppliers.
- In summary our strategy is to continue to grow both top and bottom lines at pace.
- A more profitable, more diversified and lower risk business is the goal.



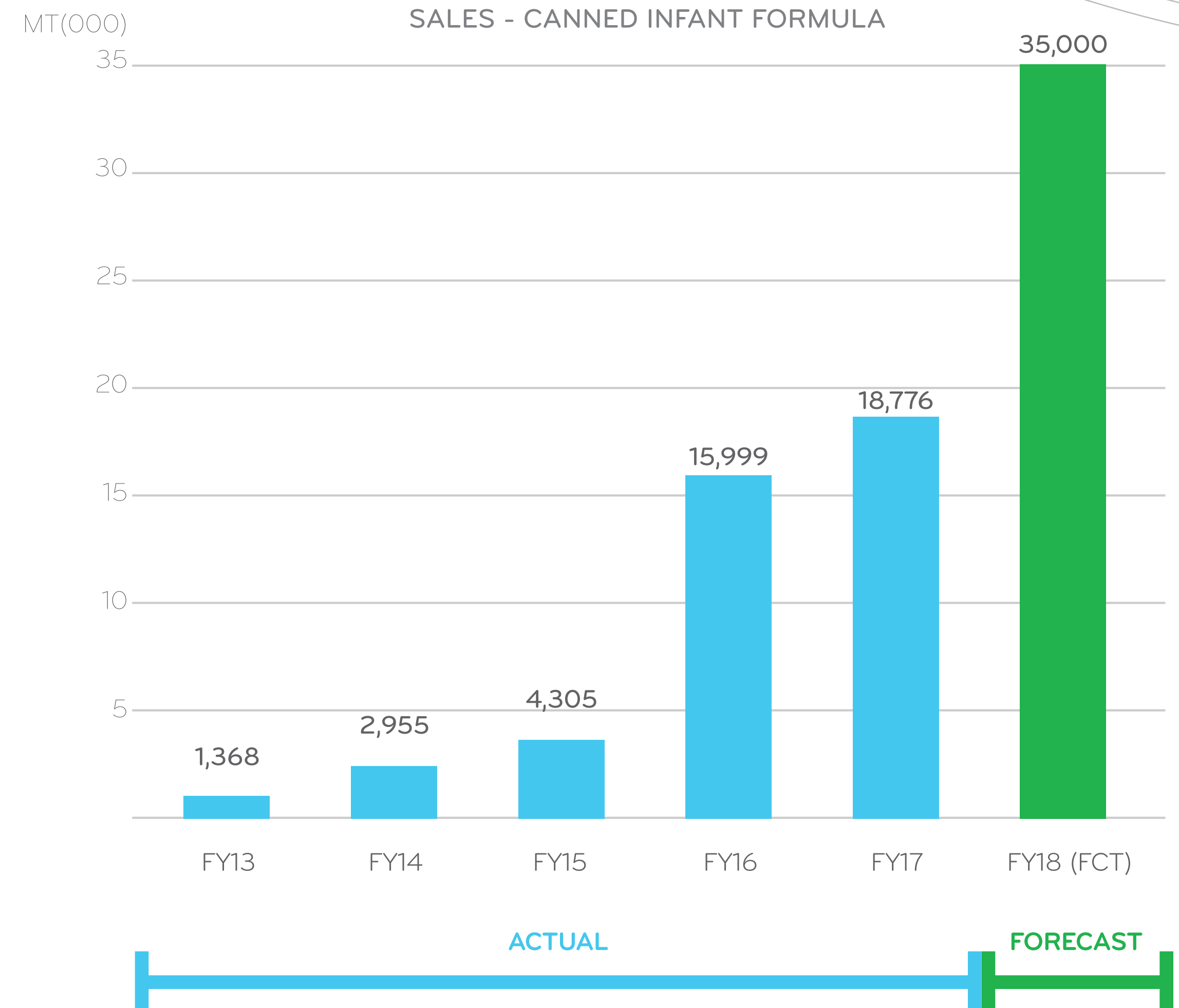
SECOND POWDER
MANUFACTURING
SITE TO BE
DEVELOPED IN THE
NORTH ISLAND



WE MAY
CONSIDER THE
ESTABLISHMENT
OF BRANDED
POSITIONS

EXPECTATIONS OF GROWTH

- **We expect Chinese infant formula demand to continue to grow, particularly with the relaxing of the one child policy.**
- The regulatory change targeting rationalisation of brands may boost demand in the second half of FY18, post registration.
- Registration of The a2 Milk Company's and New Hope Nutritional's infant formulas in China are expected to support demand growth.
- Investment in customer and market development (e.g. Munchkin Inc.) is also expected to support our sales growth.
- As a result, we expect demand to increase significantly for Synlait consumer packaged products.
 - Increased infant formula sales drives margin growth.
- Upgrading FY18 canned infant formula volume forecast to the top of the previously advised range of 30,000 - 35,000 MT.
 - 16,000 MT forecast for H1 FY18.
- We will continue to grow our investment in business development and technical capability.



QUESTIONS



Graeme Milne
CHAIRMAN

FORMAL RESOLUTIONS



Graeme Milne
CHAIRMAN

FORMAL RESOLUTIONS

RESOLUTION 1: AUDITOR'S REMUNERATION.

To consider and, if thought fit, pass the following as an ordinary resolution:

“That the Board be authorised to determine the auditor’s fees and expenses for the 2018 financial year.”

FORMAL RESOLUTIONS

RESOLUTION 2: ELECTION OF DIRECTOR.

To consider and, if thought fit, pass the following as an ordinary resolution:

“That Bill Roest be re-elected as a Director.”



.....

Bill Roest

FORMAL RESOLUTIONS

RESOLUTION 3: DIRECTORS' REMUNERATION.

To consider and, if thought fit, pass the following as an ordinary resolution:

“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 these increases apply from 1 April 2018.”

ANY OTHER BUSINESS



Graeme Milne
CHAIRMAN

INVESTORS

Casey Blatch, Strategic Finance Manager
+64 3 373 3091
Casey.Blatch@synlait.com

MEDIA

Dan Walraven, Communications Manager
+64 373 3069
Daniel.Walraven@synlait.com

A person wearing a white lab coat and blue gloves is working in a laboratory. They are holding a small, round, white object, possibly a petri dish or a sample container. The background is a blurred laboratory setting with various equipment and a green light. A large, semi-transparent circular graphic is overlaid on the image, with the word "APPENDIX" written in white capital letters in the center.

APPENDIX

DIRECTOR REMUNERATION AND ATTENDANCE

The total remuneration and other benefits to Directors (and past Directors) for services to the company and the subsidiaries for the year ended 31 July 2017 are stated in the following table. There were 7 Board meetings, 5 Audit and Risk (A&R), and 3 Remuneration and Governance (R&G) meetings held during FY17.

DIRECTOR	CLASS	POSITION	RETIRED / APPOINTED	2017 TOTAL REMUNERATION ¹	BOARD MEETING ATTENDANCE (TOTAL OF 7)	A&R ATTENDANCE (TOTAL OF 5)	R&G ATTENDANCE (TOTAL OF 3)
Graeme Milne	Independent	Chairman		115,333	7	5	3
Bill Roest	Independent	Audit and Risk Committee Chair		71,333	7	5	2
Hon. Ruth Richardson	Board Appointed	Remuneration and Governance Chair		71,333	6	Non-Member	3
John Penno ²	Board Appointed	Managing Director		-	7	5	Non-Member
Sam Knowles	Independent	Director	Retired and Reappointed 29 November 2016	63,333	7	Non-Member	2
Sihang Yang	Board Appointed	Director		63,333	4	Non-Member	Non-Member
Qikai Lu	Board Appointed	Director		63,333	6	4	Non-Member
Min Ben	Board Appointed	Director	Appointed 20 November 2016	43,667	5	Non-Member	1
Li Ke	Board Appointed	Director	Resigned 8 September 2016	6,500	-	-	-

¹An increase in Director Fees was approved at the Annual Meeting on 29 November 2016 effective from 1 April 2017, so these reflect the 8 months at the old rates and 4 months at the new rates. Full year Director Fees at the new rates are as follows: Chairman of the Board \$130,000, Chair of Committee \$82,000, and Director \$70,000.

²As Managing Director, John Penno does not receive Director's Fees.