

INVESTOR UPDATE

JULY
2018

Leon Clement appointed CEO

A sustainable future with bold targets

a2 Milk™ supply agreement extended

Synlait Pokeno commissioning

LEON CLEMENT APPOINTED CEO



Leon Clement joins the business as incoming CEO in mid-August. Having led major businesses internationally, he brings a broad range of skills and experience in the branded dairy sector that will help drive our growth strategy.

His most recent role was Managing Director of Fonterra Brands New Zealand and prior to that was their Managing Director of Sri Lanka and Indian Subcontinent.

Kiwi born and bred, Leon is excited by the opportunities Synlait has created and is looking forward to taking on the role of CEO.

"I'm passionate about New Zealand agriculture, and growing people and businesses in a sustainable way," he says.

"I'm also really excited to join this team, and I'm looking forward to continuing the journey with such an innovative company."

Synlait's Chairman, Graeme Milne, was thrilled with the appointment.

"The Board of Directors is pleased to have attracted a high-calibre candidate. With a reputable senior leadership team in place and an organisation of great people, we're confident the incoming CEO has the skills and capabilities to lead Synlait to an even better future off the platform that has been created thus far."

A SUSTAINABLE FUTURE WITH BOLD TARGETS

We've committed to reducing our environmental impact significantly over the next decade by targeting key areas of our value chain.

The commitments were revealed at our annual conference in Christchurch at the end of June and cover goals like reducing our greenhouse gas emissions by 35% on-farm and 50% off-farm by 2028.

We will also reduce our on-farm and off-farm water consumption by 20% and nitrogen loss on-farm by 45% by 2028, and will significantly boost support for best practice dairy farming through increased Lead With Pride™ premium payments. This includes a 100% PKE-free incentive.

We've also promised to never build another coal-fired boiler and will work hard to address existing coal infrastructure. In fact, we're building New Zealand's first large-scale electrode boiler in January 2019 to provide renewable process heat to the upcoming advanced dairy liquids facility in Dunsandel.

All of this is part of our desire to join a global movement of organisations focused on serious sustainability progress. We want to become a Certified B Corporation and we'll be adopting several of the United Nation's Sustainable Development Goals.

Managing Director and CEO, John Penno, points out the commercial reality that sustainable business is good business.

"As well as responding to the irrefutable and increasing global demand for sustainable goods, we genuinely believe an enduring and profitable business has to be built on a robust foundation that supports economic, environmental and social outcomes," he says.

"We're stepping up to take responsibility for our business and demonstrate leadership in the primary industry that will benefit all New Zealanders."

INVESTOR UPDATE



a2 Milk™ SUPPLY AGREEMENT EXTENDED

On 3 July Synlait announced that it had extended its agreement to supply infant formula and other nutritional products to The a2 Milk Company™. Where the original agreement signed in August 2016 provided for a rolling three-year term to begin on 1 August 2018, the revised agreement extends this period, effectively providing for a new minimum term running to 31 July 2023.

The contract also increased both committed production capacity by Synlait and the volume of products over which Synlait has exclusive supply rights. Pricing terms in the revised agreement reflect the commitment on the part of both companies to an ongoing market-competitive pricing regime.

The agreement continues to reinforce the two companies' close working relationship as they work to develop a2 Platinum® for the ANZ and China markets on an exclusive basis to a specified product volume.

"The success of the a2 Platinum® product has exceeded all expectations over the past two years. This step is about bringing Synlait and The a2 Milk Company™ closer together in anticipation of continued growth," says John Penno, Managing Director and CEO.

"It also puts both companies in a great position to further leverage the Chinese Food and Drug Administration (CFDA) registration of a2's™ infant formula products, which was achieved in September 2017," he says.

David Hearn, The a2 Milk Company™ Chairman, says "This contract extension reflects our commitment to continue to build on the excellent relationship that both companies have enjoyed over recent years."

CLAYTON CLEEK JOINS SYNLAIT INVESTOR RELATIONS TEAM



Clayton Cleek joined Synlait in March as Investor Relations Analyst. A native Texan from a farming and ranching family, he holds a Bachelor of Arts in History from Texas A&M University and recently sat for Level III of the Chartered Financial Analyst exam.

Clayton relocated to Christchurch from Santa Fe, New Mexico, where we worked as a Portfolio Specialist for Thornburg Investment Management on its growth and emerging market strategies.

An avid mountain biker, skier, and trekker, Clayton is enjoying exploring the South Island.

You can get in touch with Clayton, and the Investor Relations Team at investors@synlait.com.

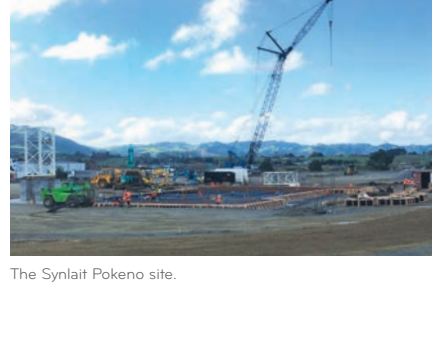
INVESTOR UPDATE

SYNLAIT POKENO COMMISSIONING DATES CONFIRMED

The commissioning dates for the new Pokeno site in Waikato have been confirmed, with Synlait announcing the first nutritional spray dryer will be up and running for the 2019 / 2020 season.

The nutritional spray dryer will be capable of producing a full suite of nutritional, formulated powders (including infant-grade skim milk, whole milk and infant formula base powders) and the capacity has increased to 45,000 metric tonnes (MT) from an initial 40,000 MT. Initially the dryer will produce infant-formula grade ingredients.

The investment in Synlait Pokeno will be approximately \$250 million, excluding the land purchase. Synlait has the capital required to fund this programme through a combination of cashflow and an increased bank revolver facility.



The Synlait Pokeno site.

Our immediate focus is on establishing a nutritional spray dryer and associated services, including a Wetmix kitchen and warehousing. Additional capacity and capabilities may be added in future as Synlait seeks to develop the site to a similar level as Synlait Dunsandel over time.

Milk supply will be sourced from the Waikato region from 1 June 2019, and Synlait has already had a very positive response from dairy farmers looking to supply the Pokeno site.

Anyone interested in supplying Synlait can register their interest by calling **0800 ADD VALUE**.

KEY DATES

- 1 July** - Blackout period begins
- 1 August** - Financial Year 2019 begins (FY19)
- 19 September** - Annual Results Announced
- 28 November** - 2018 AGM

SWITCH TO EMAIL COMMUNICATIONS TO HEAR NEWS FIRST

As a Synlait shareholder, you're able to receive communications such as annual / interim reports, advices, voting forms and newsletters via email. This is quicker than mail delivery and allows you to stay up to date more easily.

From time to time we will also email you when we make significant announcements, keeping you in the loop and informed about company developments.

To switch, simply visit Computershare's Investor Centre (www.investorcentre.com/nz) and follow these steps:



Computershare's Investor Centre www.investorcentre.com/nz

- Select **'My Profile'** on the right hand side panel and Click **'Update'** on **'Communication Preferences'**
- Enter your email address
- Click **'Submit'**

FEEDBACK & COMMENTS

Synlait Milk Limited, 1028 Heselton Rd
RD13, Rakaia 7783, New Zealand
P +64 3 373 3000, www.synlait.com

The material in this publication is for your use only, and is subject to our copyright. No material or any part of it may be reproduced or otherwise used without our express written permission. Please contact our Communications Manager at Synlait Milk Limited on (03) 373 3000 for any enquiries.