



ANNUAL MEETING OF SHAREHOLDERS 2015

8 DECEMBER 2015

AGENDA

- Welcome and introductions
- Change in Board Director
- Chairman's update
- Chief Executive Officer's update
- Chief Financial Officer's update
- Outlook
- Questions
- Formal Resolutions
- Any other business
- Annual Meeting concludes [approx. 3pm]
- Site tour [optional, starting approx. 3.15pm]

BOARD OF DIRECTORS



CHANGE IN BOARD DIRECTOR

BRIGHT DAIRY LIMITED REPRESENTATION TO CHANGE.

Bright Dairy Limited have appointed Mr Oikai Lu to represent Bright on the Synlait Milk Limited Board.

Mr Lu takes over from Mr Zongbo Dong, Bright Dairy Limited's Chief Financial Officer, who has voluntarily resigned in order to retire from his corporate and professional roles.

Mr Lu joined Bright in 2011 and is the Deputy Director of International Business Development for Bright. Mr Lu holds a Masters Degree in Business Administration (MBA) and is a member of the Chinese Institute of Public Accountants.



Mr Oikai (Albert) Lu

BRIGHT DAIRY APPOINTED DIRECTOR

CHAIRMAN'S UPDATE



Graeme Milne

CHAIRMAN

FY15 AN EXTREMELY BUSY YEAR

- Our vision is to become the world's most innovative and trusted dairy company.
- We took major steps in that direction in our last financial year (FY15).
- In FY14 we built our 22,500m² drystore, our proprietary Synlait Lactoferrin plant and our state of the art blending and consumer packaging facility.
- During FY15 we bought these assets into production and their consequent products to market. We also started construction on our next set of assets.
- These were our quality testing laboratory and administration building and dryer three – a 10.5 metric tonne (MT) per hour infant formula and nutritional capable spray dryer.
- 2015 was an extremely busy year as we concentrated on our existing business, while bringing to market Synlait Lactoferrin and finished infant formula products in consumer packaging.
- We also executed the remaining growth initiatives as well as recruiting and training a large contingent of new staff.

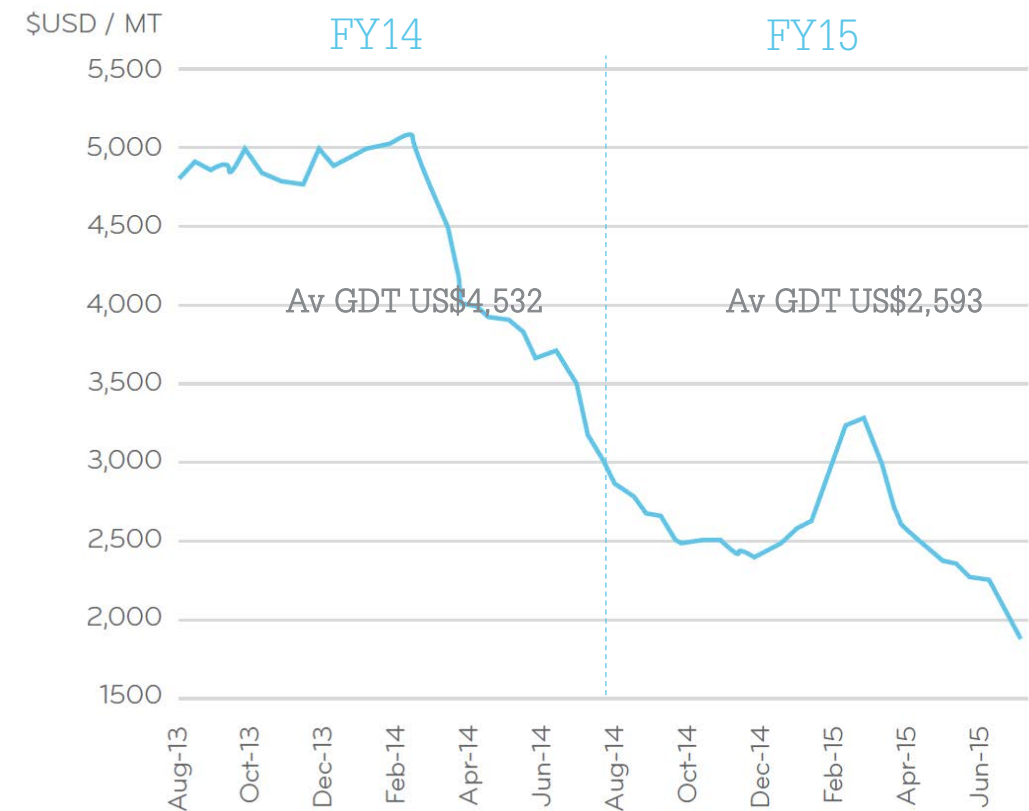
POISED FOR GROWTH IN EARNINGS

- Total FY15 sales were \$448.1 million, a long way back from \$600.5 million last year.
- Revenue decrease due to fall in global commodity prices, which disguises the increase in value added products sold during FY15.
- Underlying earnings of \$12.2 million, in line with market guidance, however down on FY14's \$19.6 million. Reported NPAT for FY15 was \$10.6 million.
- Prior year had significant product mix benefits leading to a one-off before tax upside of \$24.1 million.
- Built strong supplier and customer relationships in FY15 to deliver future earnings growth.
- Next two years focused on improving operational excellence, executing against our value added strategy, reducing debt and improving our returns on capital.

INTERNATIONAL DAIRY MARKET

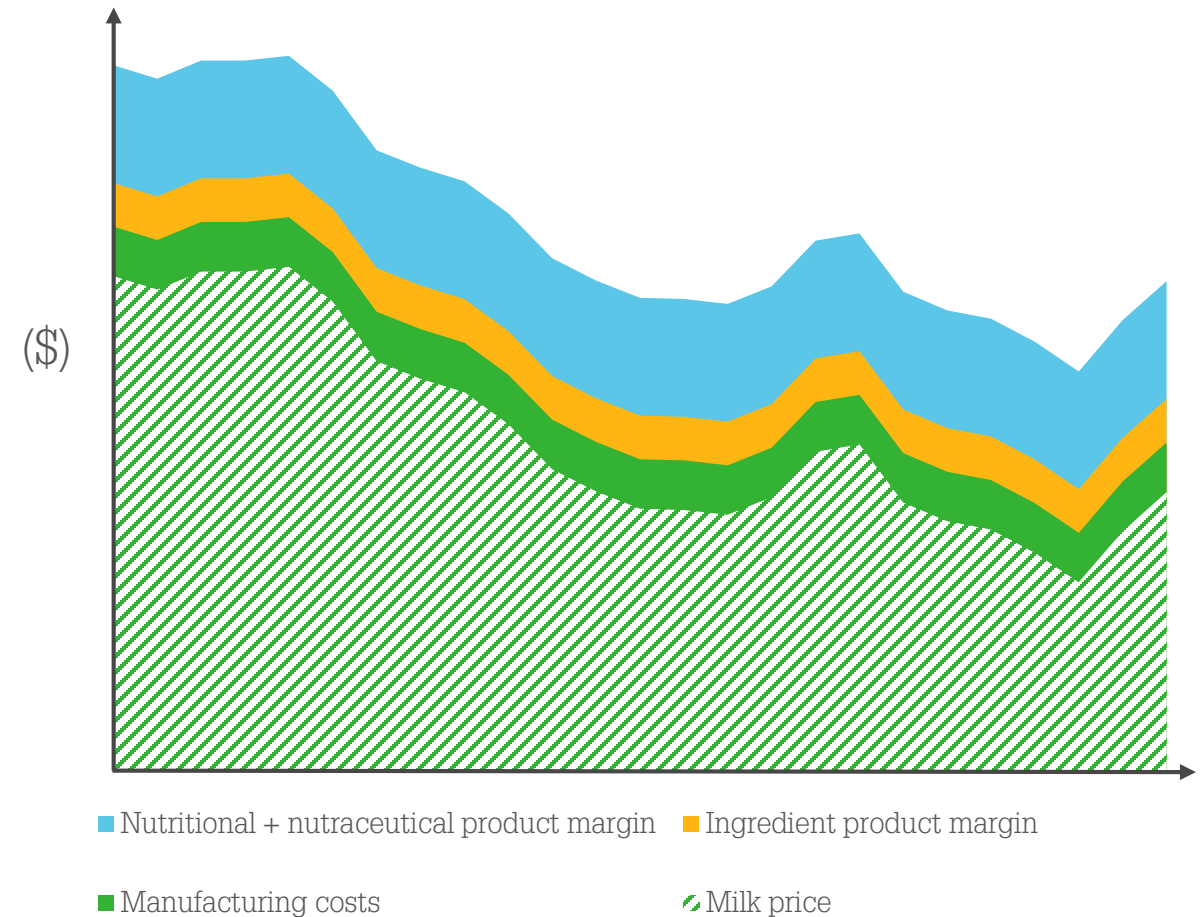
- FY15 saw a relentless decrease in dairy market pricing throughout the year.
- Pricing has decreased from approximately:
 - Feb 2014: US\$5,000 / MT
 - July 2014: US\$3,000 / MT
 - July 2015: US\$2,000 / MT
- Pricing post year end (31 July 2015) has continued to decrease to unsustainable low pricing, from a New Zealand farming perspective.

WEIGHTED AVERAGE AUCTION COMMODITY PRICE



DAIRY PRICES NOT LINKED TO OUR PROFIT

- International dairy prices do not have a direct impact on our profitability.
- Milk price is the largest cost of production and is directly linked to international dairy prices.
- When the milk price is high, revenue is higher however our gross margin is unaffected.
- When the milk price is low, revenue is also lower however again our gross margin is unaffected.
- Our profitability / margin on product sales are not directly affected by international dairy prices.
- Our value proposition is driven by margin achieved over international dairy pricing for value added products and through growth in our higher margin nutritional products.



FUTURE FOCUS

- The focus for FY16 is developing our nutritional and infant formula products with key customers, following the successful commissioning of dryer three in September 2015.
- We will continue to focus on our B2B partnerships with leaders in the infant formula industry, differentiating our products to create meaningful value for our customers and their end consumers in:
 - Finished consumer packaged infant formula
 - Infant base powders
 - Ingredient milk powders used in infant formula manufacture
 - Synlait Lactoferrin



FUTURE FOCUS

- Some of these products rely on differentiated farm practices to ensure Special Milk is produced on farm and directed to specific production.
- Examples of this differentiation include a2 and Grass Fed.
- At the time of our FY15 Annual Result announcement, I said based on increased volumes from both dryer three and consumer packaged infant formula, we expected our profitability to be in advance of anything achieved to date.
- John Penno will provide an update on this in his address.



CHIEF EXECUTIVE OFFICER'S UPDATE

synlait™
making more from milk



John Penno

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

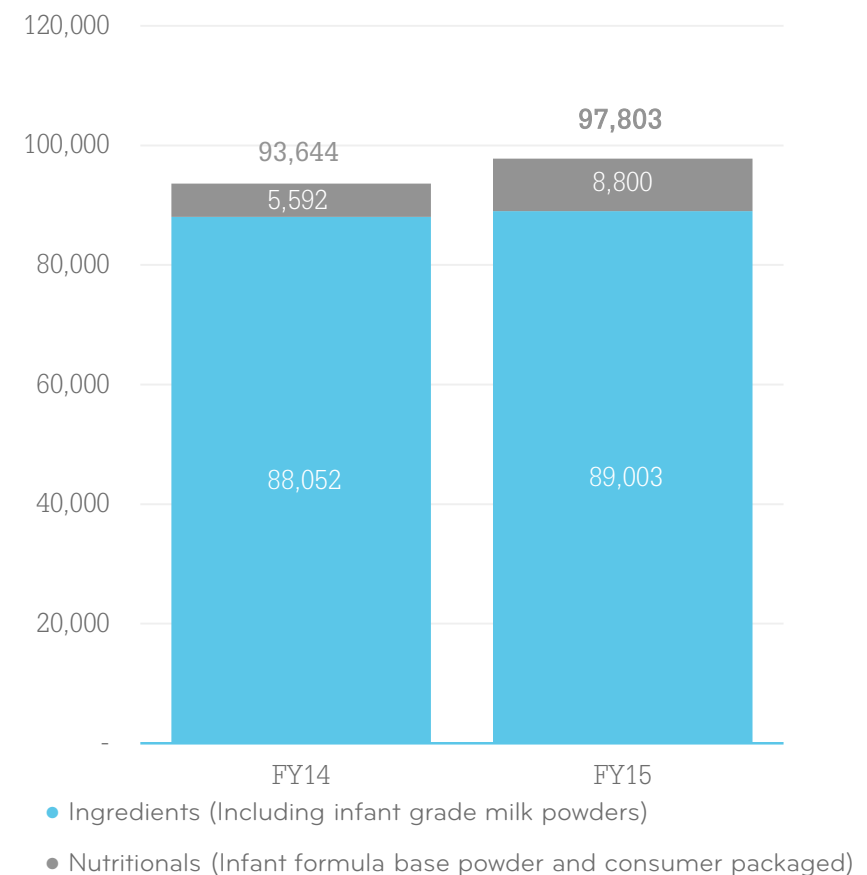
INCREASING OUR FOCUS

- Remain completely focused on making more from milk and by doing so we believe that we will build the world's most innovative and trusted dairy company.
- Our strategy is to partner with leaders in the infant formula industry to manufacture finished infant formula, infant grade nutritional powders, ingredient milk powders and nutraceutical products.
- Our products are often distinguished by the milk they are manufactured from and our nutraceutical products, like Synlait Lactoferrin, are differentiated by their functional properties.
- FY15 has seen us substantially complete our growth initiative programme as outlined in our 2013 IPO prospectus.
- This has set the foundation for substantial growth in both the volume of products manufactured as well as our higher value added nutritional products.

DELIVERING ON OUR STRATEGY

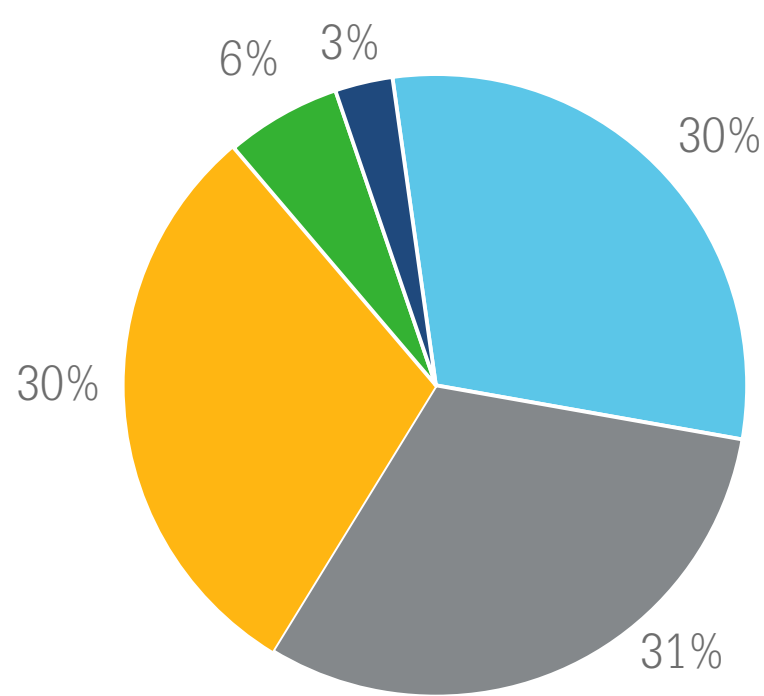
- Sales volumes to multinationals have grown by 59% in the last year to 41,979 MT and now represent 43% of our total powder sales volumes.
- Sales of infant grade milk powders, nutritional base powders and consumer packaged infant formula grew 54% in the last year to 43,000 MT.

SALES VOLUME BY PRODUCT CATEGORY

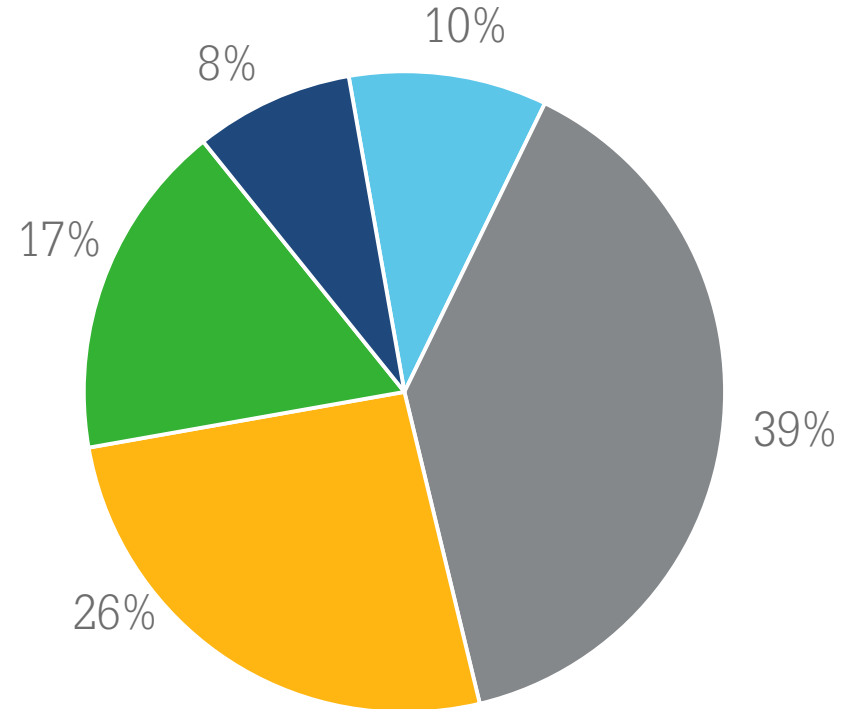


DELIVERING ON OUR STRATEGY

SALES REVENUE BY GEOGRAPHIC REGION



FY2014



FY2015

● CHINA ● REST OF ASIA ● MIDDLE EAST AND AFRICA ● NEW ZEALAND ● REST OF WORLD

OUR PRODUCTS



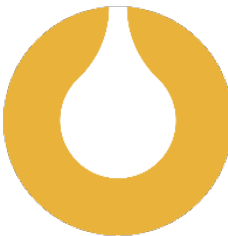
NUTRACEUTICAL PRODUCTS

Highly specialised and similar to pharmaceutical-grade solutions, these products are created through technical innovation and excellence. Synlait Lactoferrin and night milk ingredient (iNdream³) are both Synlait creations.



NUTRITIONAL PRODUCTS

Designed to enhance the health and nutrition of consumers, these products include infant formula base powders, adult nutritional powders and infant formula manufactured into retail-ready consumer packaging.



INGREDIENT PRODUCTS

Customised milk powders made to high specifications including whole milk powder (WMP), skim milk powder (SMP) and anhydrous milk fat (AMF).



INVESTMENT IN CAPABILITY

- Commissioned Synlait Lactoferrin plant in April 2014. Following some initial challenges, we secured a cornerstone customer.
- Commissioned 22,500m² drystore in April 2014 that enables full containerisation of finished products for export onsite.
- Commissioned blending and consumer packaging facility in July 2014. Production volumes already ahead of business case forecasts.
- Dryer three commissioned in late September 2015, within budget, increasing total production capacity from 90,000 MT to 140,000 MT per annum.



INVESTMENT IN CAPABILITY

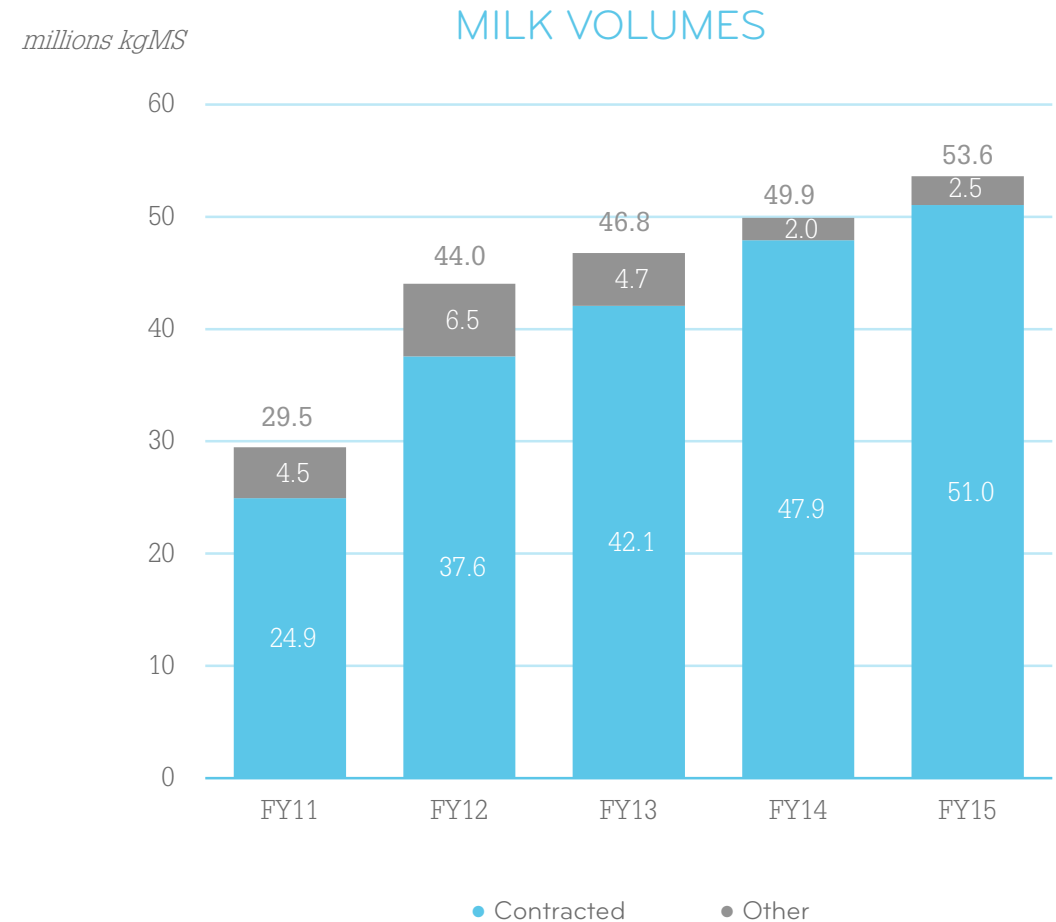
- New administration office building commissioned in July 2015.
- Quality testing laboratory and new product development centre completed in October 2015.
- With these developments we will have established one of the largest and highest specification infant formula production sites globally, with an integrated supply chain from source to our customers.



MILK SUPPLY

A 6.6% YEAR ON YEAR INCREASE IN CONTRACTED SUPPLY VOLUMES.

- Overall milk supply up 7.4% on previous year to 53.6 million kgMS.
- Increased contracted milk supply by 6.6%, year on year, to 51.0 million kgMS:
 - Replaced milk supply from Waimate region with farms closer to Dunsandel site
 - Reduced average distance to site from 62km to 45km
- Three dryer operation (D1, D2 and D3) operating at near capacity.



SOPHISTICATED MILK SUPPLY

- Secured 173 contracted milk suppliers for FY16, delivering a forecast 57.1m kgMS. Up 6.1m kgMS on FY15.
- Partnership with The a2 Milk Company™ continues to develop:
 - Exclusive manufacturer of a2 Platinum® infant formula and instant whole milk powder
 - Sourced from herds that only produce A2 type beta-casein protein and paid a premium
- This model is behind our recently announced partnership with Munchkin Inc:
 - Munchkin is a leading brand of infant feeding equipment in the U.S.
 - Extending product range into new Grass Fed™ infant formula
 - Developed Grass Fed™ standard and secured 25 farmers to supply this milk



SOPHISTICATED MILK SUPPLY

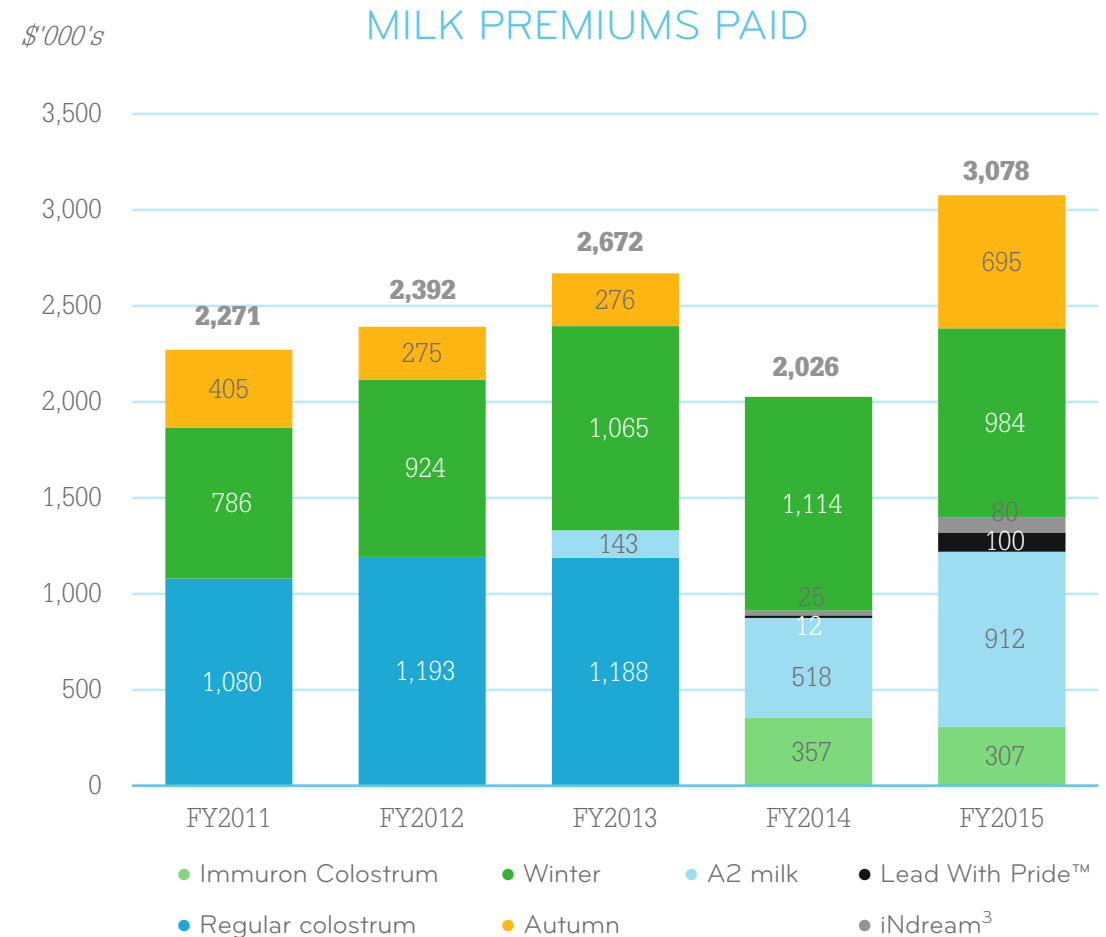
- Lead With Pride™ building momentum:
 - 20 farms are certified
 - A further 10 farms (at least) expected to certify by year end
- In FY16 more than 50% of our milk supply will attract a premium over base milk price.



VALUE INSIDE THE FARM GATE

DIVERSITY OF PREMIUMS¹ CREATES VALUE FOR MILK SUPPLIERS.

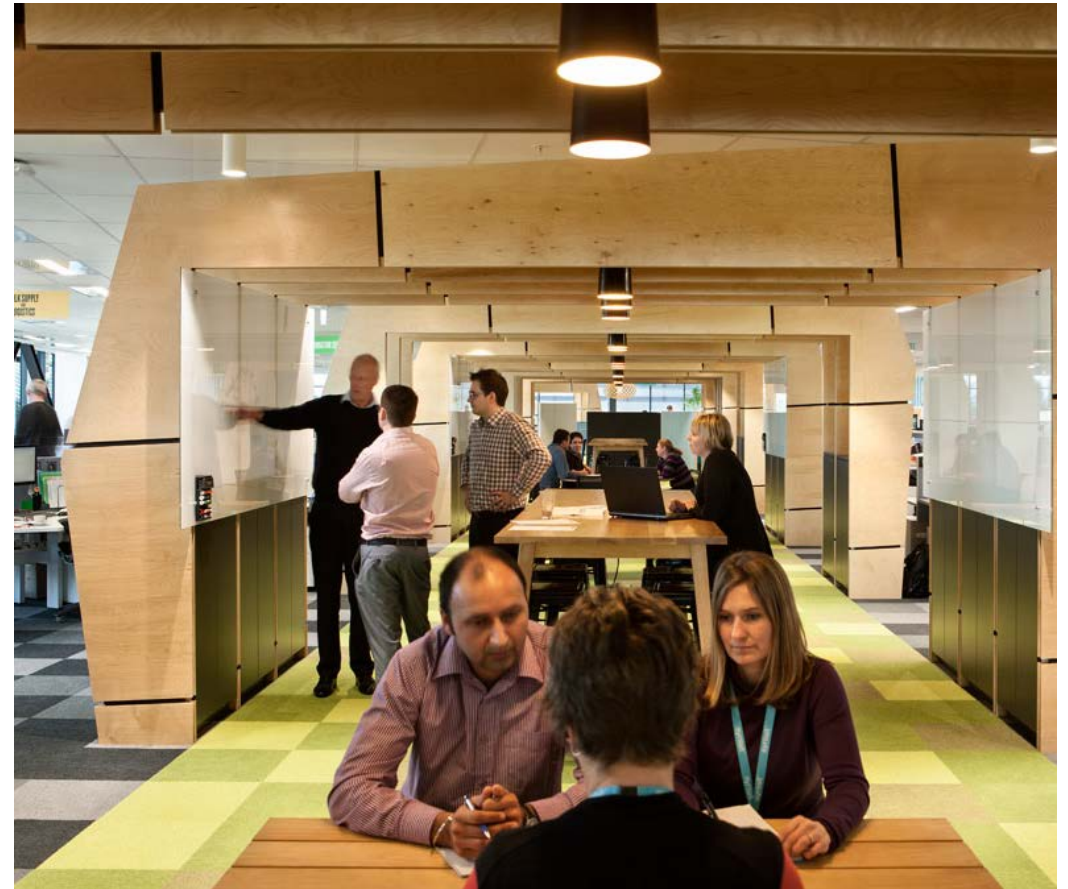
- Milk premiums offered to our suppliers link back to customer opportunities.
- Year on year growth in certified Lead with Pride™ suppliers.
- Strong growth from The a2 Milk Company™.
- Grass Fed™ premiums start in FY16.
- Autumn and Winter premiums offered to encourage milk supply through these periods.
- \$3.1 million additional milk premiums paid in FY15 (above base milk price payment of \$4.48 / kgMS).



¹ Immuron colostrum is a specialist HyperImmune product used in pharmaceutical applications (replacing premium offered up to FY13 for regular colostrum supply). Lead With Pride™ premiums paid for milk supplied under this Synlait farm certification scheme. iNdream³ premiums paid for milk supply from night milking herds (linked to melatonin levels in source milk). A2 milk premium for suppliers with segregated herds enabling milk supply for a2 milk company™ production. Grass Fed premiums offered from FY16 for milk supply from grass fed herds enabling supply for Munchkin Inc. production.

THE BEST PLACE TO WORK

- Our staff, who have been on the journey for some time, remain committed to what we are working to achieve.
- We are passionate about making Synlait the best place to work and towards the end of FY15 we enjoyed a steep change in productivity as our office-based team moved to our new administration office at our Dunsandel site.
- The open plan environment is designed to facilitate different teams working as one.



SIMPLIFYING AND IMPROVING OUR BUSINESS

- The last two years focused on building our customer base, manufacturing capacity and the capability of our team.
- The next two years will be focused on achieving operational excellence and building infant formula volumes with our key customers.
- Plant configuration and the development of the customer base has allowed significant rationalization of the products we manufacture on the spray dryers. This will increase utilization and yield.



CHIEF FINANCIAL OFFICER'S UPDATE



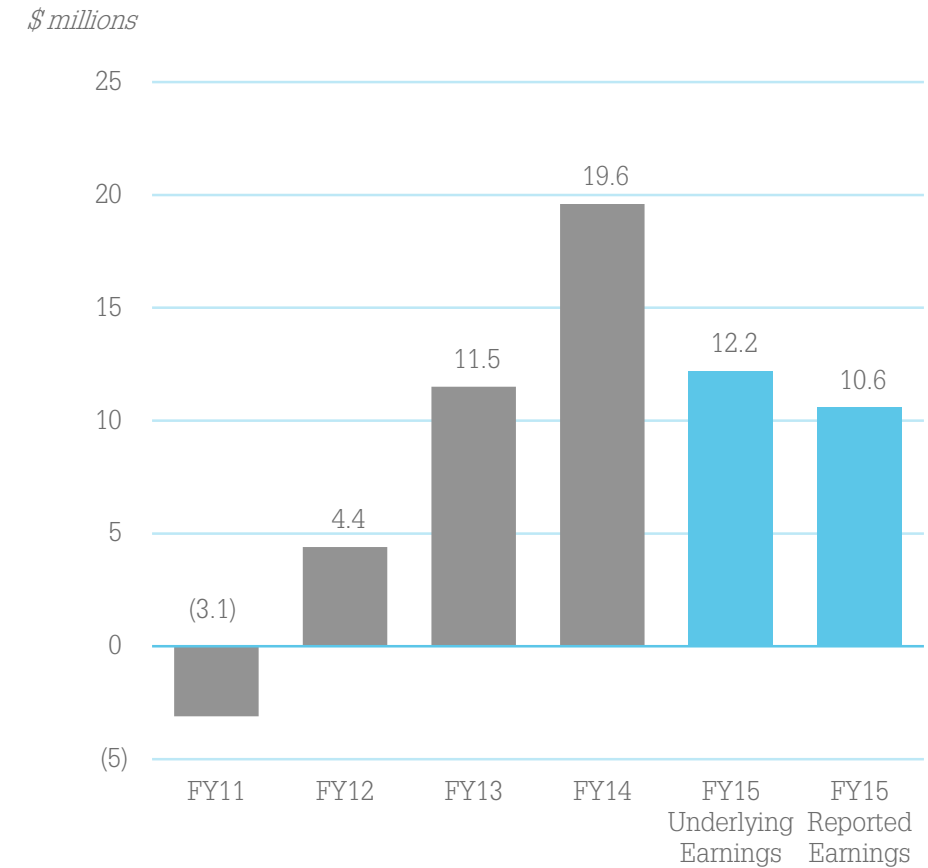
Nigel Greenwood

CHIEF FINANCIAL OFFICER

OVERVIEW

- Underlying earnings¹ after taxation \$12.2 million, down 38%.
- Favourable one off product mix benefit in FY14 of \$24.1 million.
- Improved gross profit contribution for both ingredient (up \$9.8 million) and nutritional (up \$17.8 million) product ranges. Nutritional volumes up 3,207 MT (57%).
- Synlait Lactoferrin sales volumes at 7 MT, lower than our original expectation of 15 MT.
- Variations in milk price impacts between years, gross margin impact of \$(9.5) million.

NET PROFIT / (LOSS) AFTER TAXATION

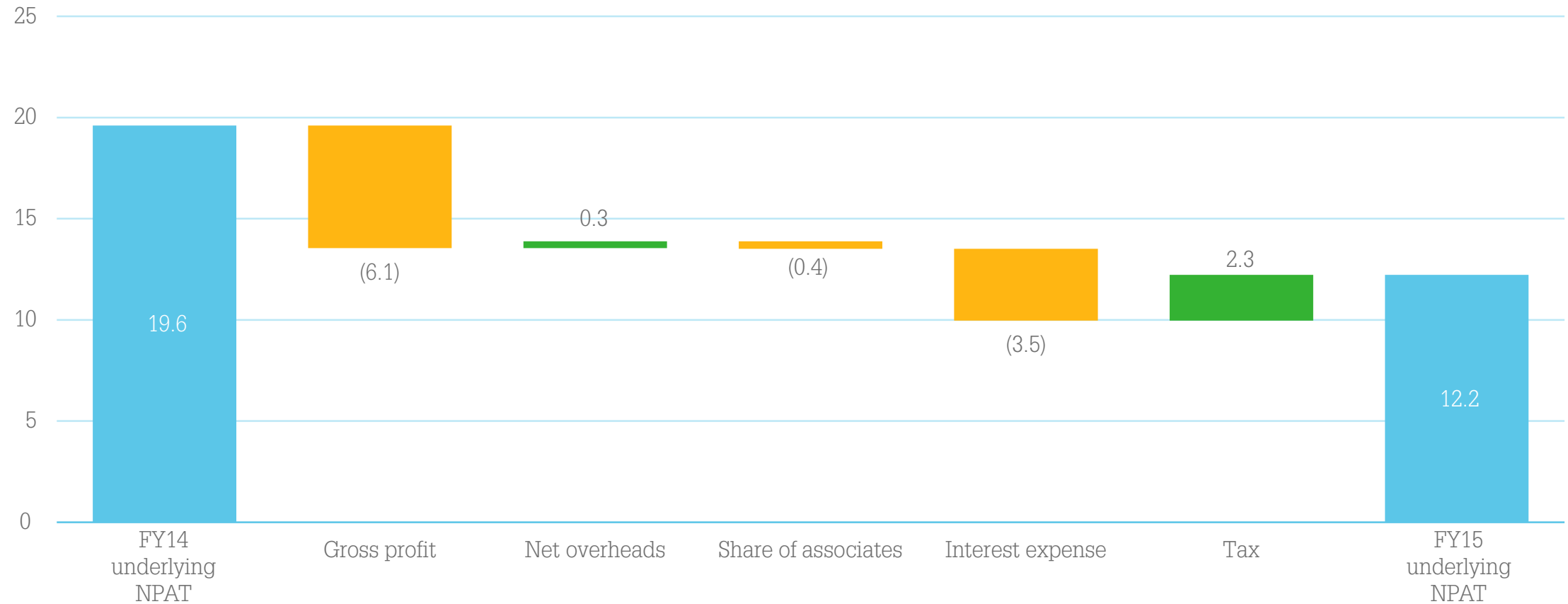


¹ Underlying earnings excludes unrealised foreign exchange losses

PROFITABILITY

UNDERLYING NET PROFIT AFTER TAX (NPAT)

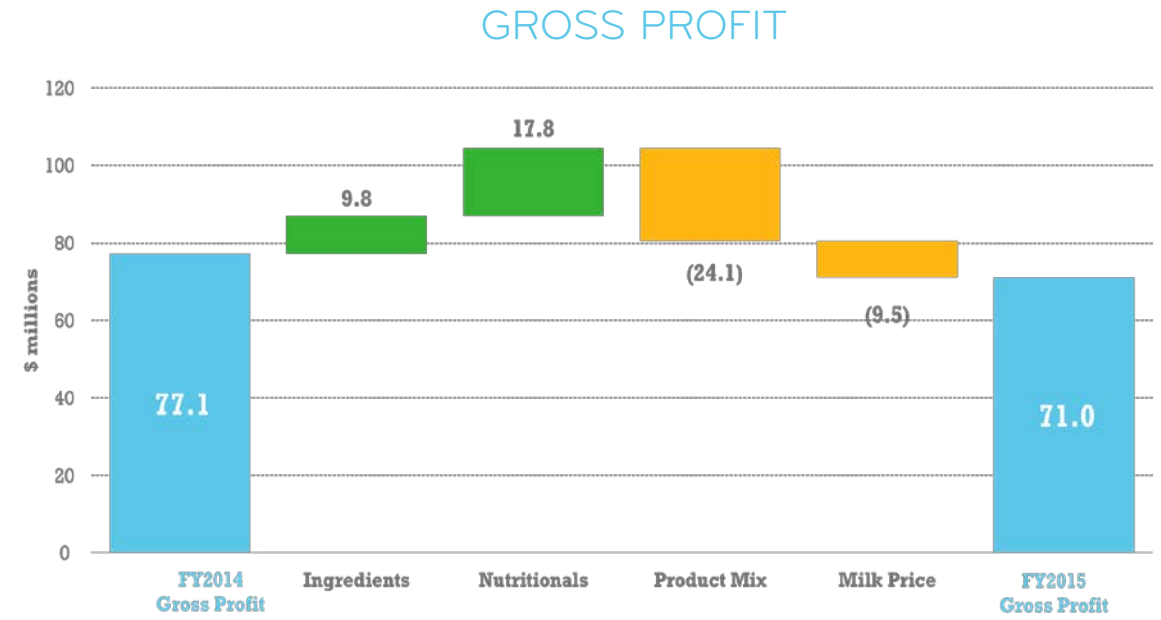
\$ millions



GROSS PROFIT

STRONG PERFORMANCE IN NUTRITIONALS.

- Ingredients gross profit up on sales volumes (951 MT), price premiums (\$60 / MT) and estimated favourable performance against notional producer metrics. Offset by marginally higher manufacturing costs.
- Nutritionals gross margin up on sales volume (3,207 MT), manufacturing cost efficiencies on consumer packaging and lower provisioning.
- Product mix benefit of \$24.1 million enjoyed in FY14 not re-occurring.
- Milk price impacts of \$9.5 million results from base milk price payment differentials to farm gate milk price (FGMP).



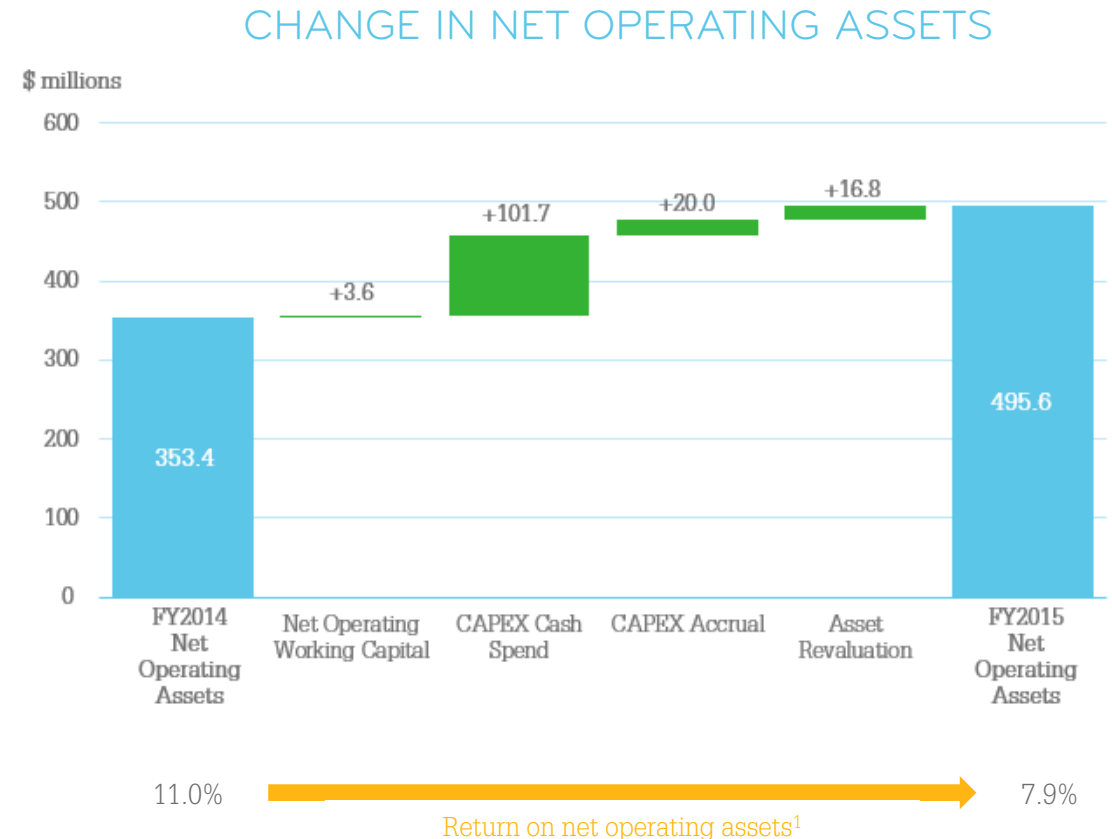
MILK PRICE IMPACTS



NET OPERATING ASSETS

GROWTH PRIMARILY DUE TO DRYER THREE BUILD PROGRAMME.

- Increase in net operating assets driven by capital spend and asset revaluation.
- Other movements largely related to CAPEX accrual (primarily retentions on build of dryer three, quality testing laboratory and administration building).
- Asset revaluation at end of FY15 in accordance with accounting policy.
- Minimal increase in net operating working capital year on year.

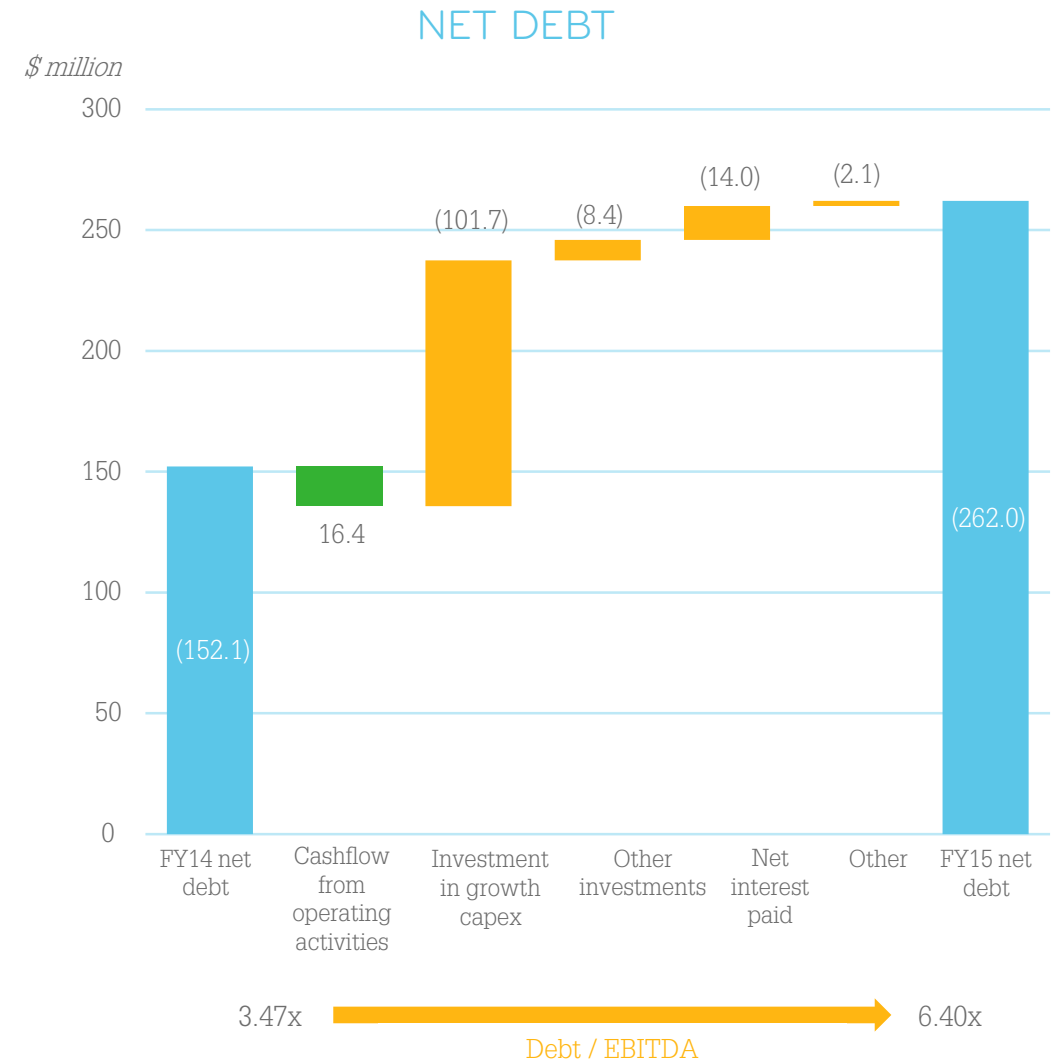


¹ Return on Net Operating Assets ratio excludes capital work in progress

NET DEBT

INCREASING DEBT TO FUND EXPANSION CAPITAL EXPENDITURE.

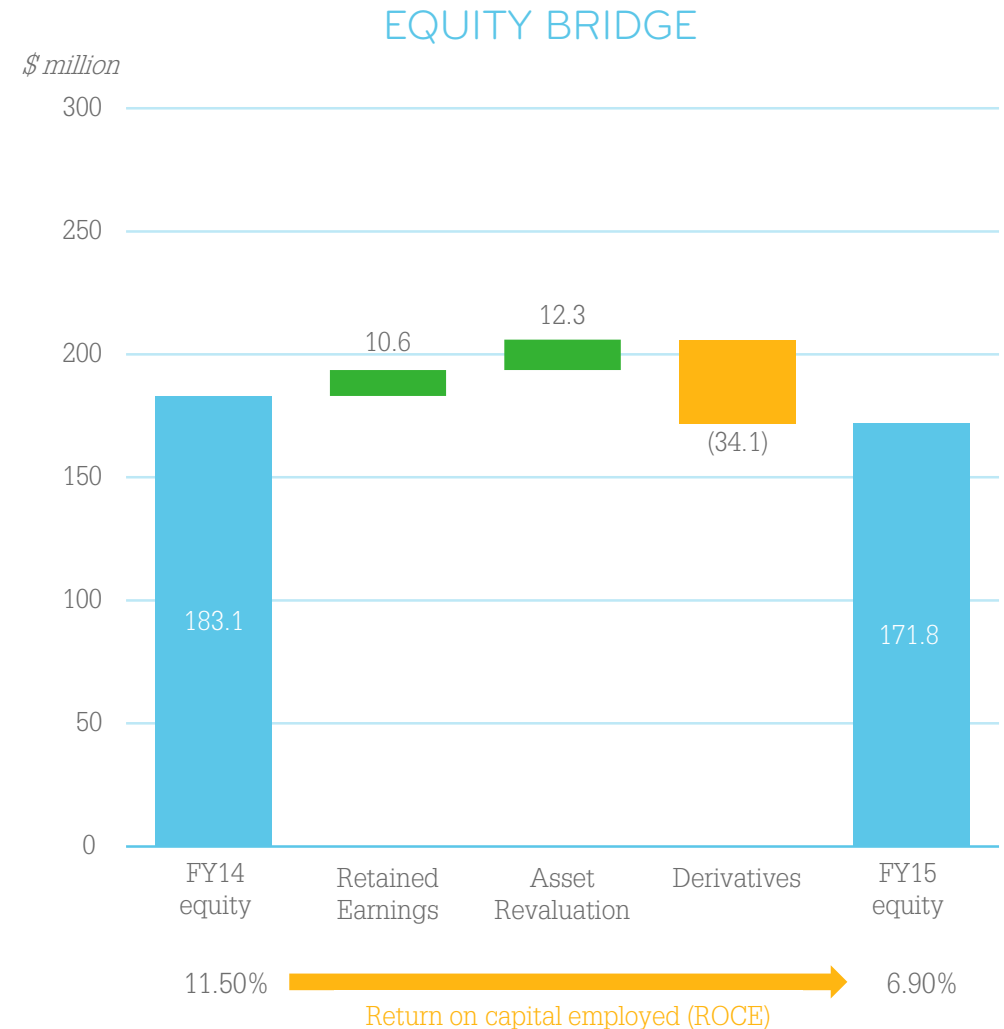
- Cashflow from operating activities strained due to higher than usual advance payments to farmers.
- Investment in dryer three, quality testing laboratory and administration building.
- Other investments include plant upgrades and New Hope Nutritionals investment. Plant upgrade includes investment in dryer one to align nutritional standards.
- Net interest expense up \$3.5 million, predominantly due to commissioning of blending and consumer packaging facility, Synlait Lactoferrin plant and additional drystore in FY14.
- Debt/EBITDA increased due to significant investments, in particular related to dryer three. EBITDA benefits to flow in future periods.



EQUITY

MARK TO MARKET REVALUATION OF DERIVATIVES IMPACTS \$34.1 MILLION.

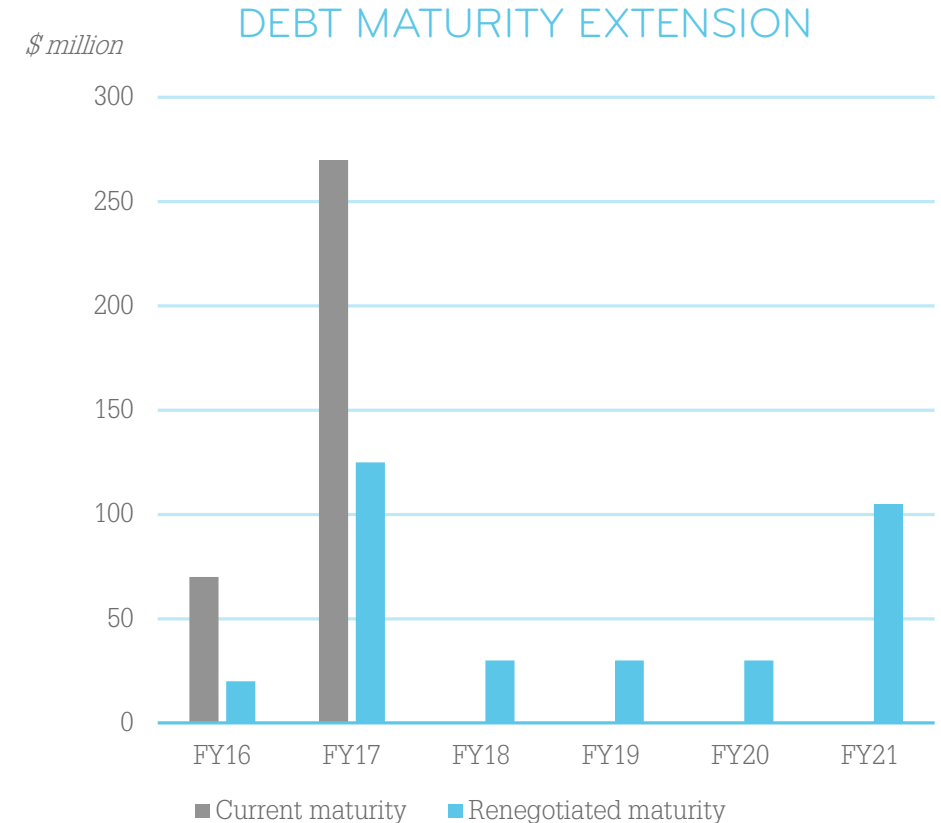
- Retained earnings movement from FY15.
- Asset revaluation of \$16.8 million results in after tax equity impact of \$12.3 million.
- Of the derivative \$34.1 million impacts:
 - \$29.3 million relates to foreign exchange year end mark to market adjustments and are hedged against future cash receipts. These will play out in the annual average exchange rate in those periods.
 - The remaining balance relates to interest rate swaps mark to market adjustments.
- Impact of declining foreign exchange and interest rates on derivative instruments held at year end creates significant mark to market adjustment.



BANK FACILITY UPDATE

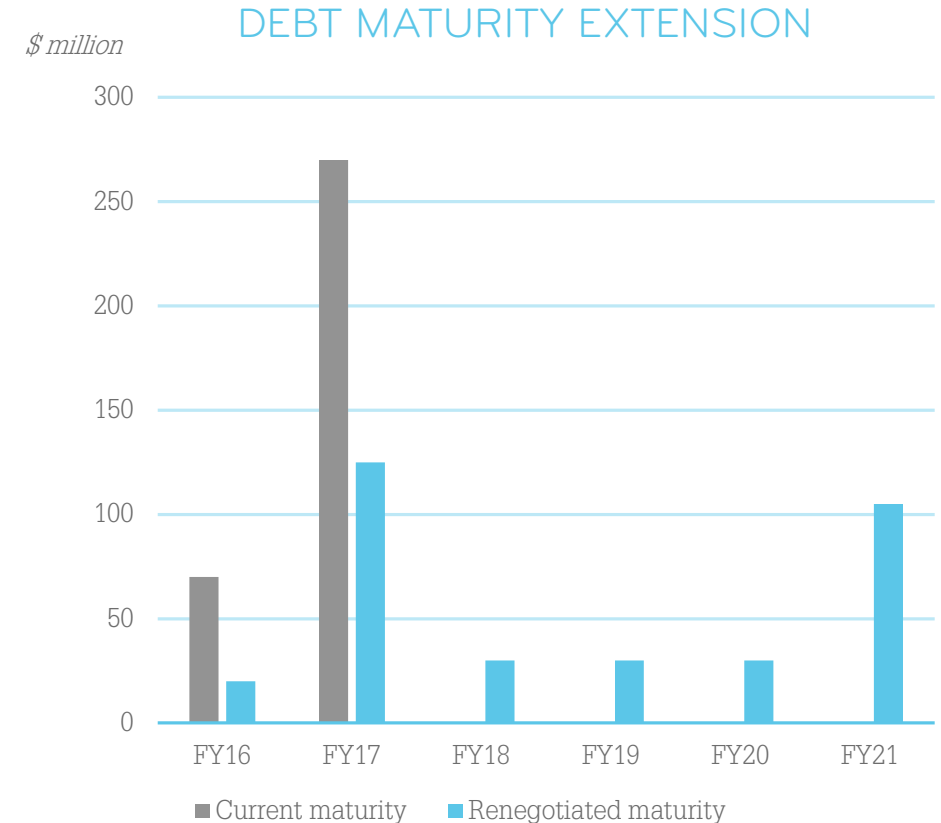
MATURITY PROFILE SIGNIFICANTLY IMPROVED.

- Completed renegotiation of Bank Facilities Agreement with syndicate which resulted in the following outcomes:
 - Decrease in Working Capital facility requirements - set at \$35 million for FY16. Lower due to benefits of Mitsui & Co (NZ) Ltd. financing facilities and transferring prior spend on capital expenditure to new revolver facility
 - New five year revolver facility implemented and set at \$245 million for FY16. Replaces existing revolver facility due to expire 1 August 2016 and dryer three loan due to expire 31 July 2017
- Provides committed long term debt bank facilities.



BANK FACILITY UPDATE

- Net debt/EBITDA (leverage) ratio covenant introduced.
- Debt maturing in FY17 primarily relates to the Mitsui & Co (NZ) Ltd. trade and inventory financing facilities. These will either be renewed and extended for a further two years or replaced with bank working capital financing.
- Improves debt average maturity profile from 1.4 years to 3.3 years.



OUTLOOK



John Penno

.....
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

ACCELERATING OUR FINANCIAL PERFORMANCE

- Business now geared up to achieve our strategy.
- Total sales volumes set to grow from 97,800 MT in FY15 to an estimated 122,500 MT in FY16.
- Expect Synalit Lactoferrin sales to almost double, however at significantly lower market pricing.
- Overhead costs expected to increase with growth in business, however we expect to continue to build efficiencies.



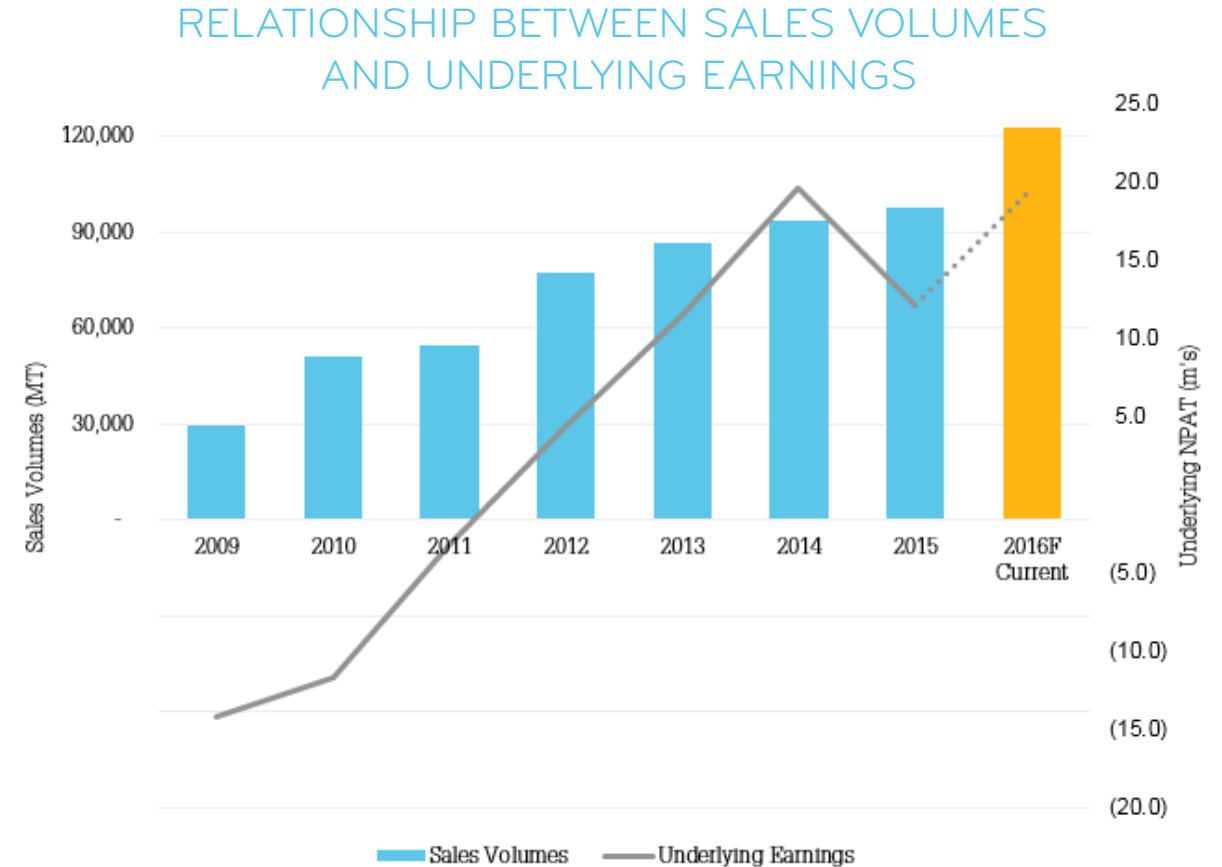
FY16 PROFIT GROWTH LINKED TO STRATEGY

- Improving financial performance driven through growth in nutritional volumes.
- Seeing margin improvement across the board due to scale efficiencies and growth in consumed packaged infant formula.
- Continued volume growth for The a2 Milk Company™.
- FY16 launch of Munchkin Grass Fed™ infant formula.



EARNINGS FORECAST REFLECTS GROWTH IN NUTRITIONAL SALES

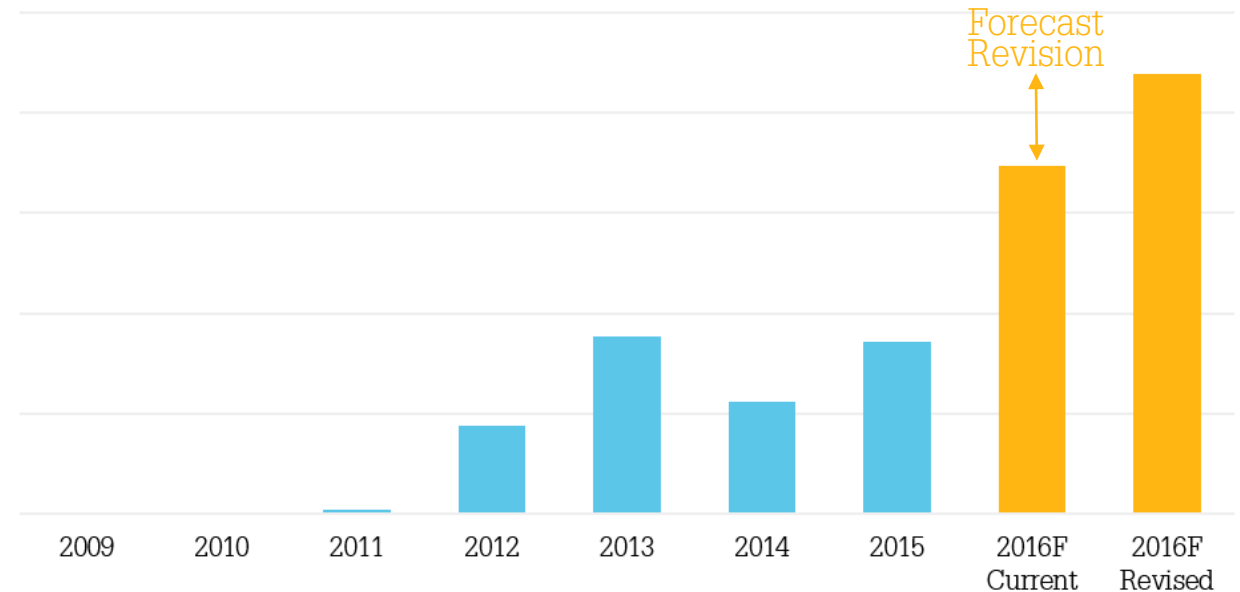
- Underlying NPAT growth related to sales volumes growth.
- Acceleration of financial performance will be primarily driven by growth in nutritional product sales.
- FY16 NPAT forecast on graph reflects current external analysts consensus view.



EXPECT GROWTH IN NUTRITIONAL SALES TO EXCEED INITIAL GUIDANCE

- Prior in market guidance suggested a threefold year on year increase of manufactured finished consumer packaged infant formula.
- This increase included expected toll manufactured sales.
- Revised forecast for fourfold increase in finished consumer packaged infant formula and no toll manufactured product.
- Graph includes sales of nutritional base powder and consumer packaged sales.
- Expecting increased margin performance across all product categories.

GROWTH IN NUTRITIONAL PRODUCT SALES (MT)



HALF YEAR RESULT EXPECTATION

EXPECTING SIGNIFICANTLY HIGHER
EARNINGS YEAR ON YEAR.

- Interim result will be significantly above FY15's underlying NPAT of \$419,000.
- FY15 interim result had low volumes of nutritional sales and at very low margins (incl. selling down provisioned inventories).
- We are experiencing strong nutritional product sales, heavily weighted to canned infant formula product.

QUESTIONS



Graeme Milne

CHAIRMAN

FORMAL RESOLUTIONS



Bill Roest

.....
DIRECTOR

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 2016 financial year.”

FORMAL RESOLUTIONS

RESOLUTION 2: ELECTION OF DIRECTOR.

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

“That Graeme Milne be re-elected as a Director.”

FORMAL RESOLUTIONS

RESOLUTION 3: DIRECTOR'S REMUNERATION.

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

“That there be no change to Director's fees from 1 April 2016.”

ANY OTHER BUSINESS



Graeme Milne

CHAIRMAN

SITE TOUR

THANK YOU



Visit our Investor Centre at www.synlait.com for more information.

Media or investor queries can be directed to:

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