INVESTOR UPDATE

2 February 2015

AGENDA

- Milk Price and Supply
- Capital Investment
- Working Capital Financing
- Results Guidance

MILK PRICE AND SUPPLY

- Market Milk price estimated at $4.40 / KgMS (reduced from $5.00 / KgMS).

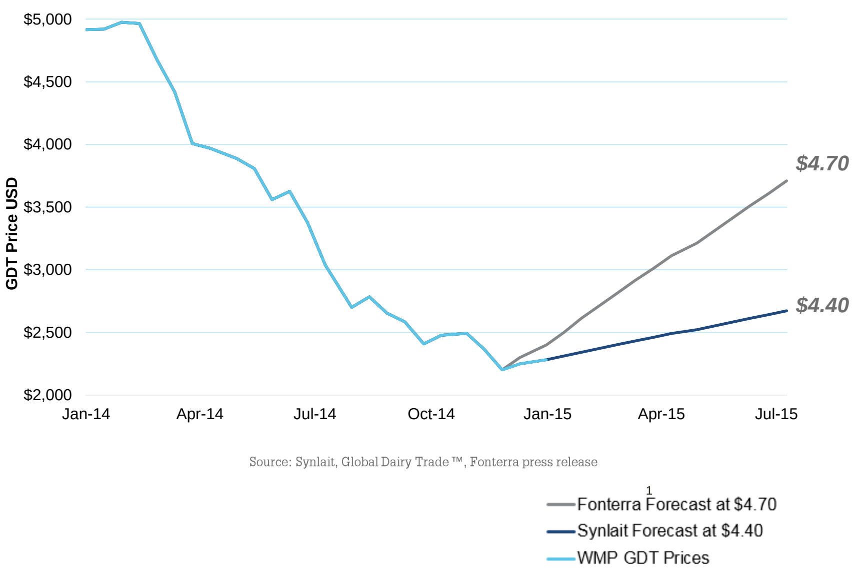
- We estimate a modest recovery of prices in the short term for WMP, reaching approx. USD$2,700 / MT compared to other market forecasts of USD$3,500 / MT by July 2015.

  - Fonterra[1]: $4.70 / KgMS

  - ANZ[2]: $4.35 / KgMS

  - BNZ[3] $4.50 / KgMS

Whole milk powder (WMP) price forecasts and milk price outcomes



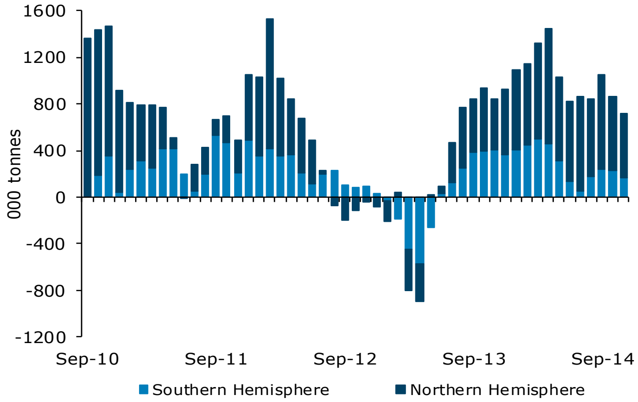
Source: Synlait, Global Dairy Trade ™, Fonterra press release

1 Source: Fonterra press release dated 10th December 2014 (incl WMP price analysis)
2 Source: ANZ market update 20th January 2015
3 Source: BNZ market update 12th January 2015

– Our view is based on the expected global supply and demand fundamentals:

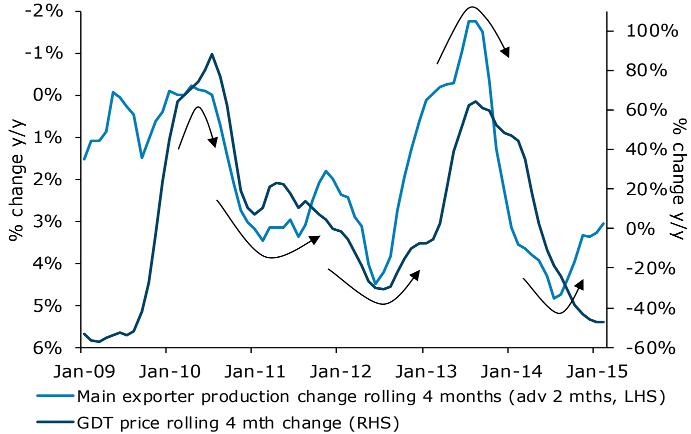
- Supply growth from major exporters strongest in 8 years.
- Competitive pressures from Europe due to weak local currency, weak domestic market and loss of Russian demand (trade embargo).
- Oil price reduction having significant impact on demand from countries exposed to this risk.
- China year on year milk production growth estimated as 15%. High inventory levels are still being worked through.
- Likely continued supply growth coming from Europe (post dairy quota removal in April 2015).

Milk production growth for major exporters



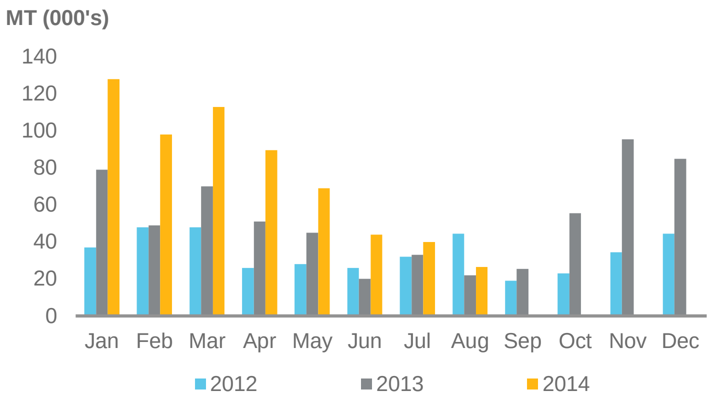
Source: ANZ, Dairy Australia, DCANZ, CLAL, Datum, USDA

Milk production growth vs GDT price changes



Source: ANZ, Dairy Australia, DCANZ, CLAL, Datum, USDA

China Whole Milk Powder Imports



Source: China Customs

– China expected to pick up later in 2015 when excess stocks are worked through.

Exchange Rate Impact

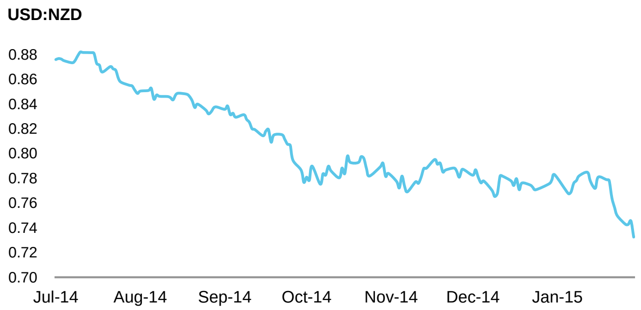
– Recent Significant decline in the NZD:USD exchange rate.

  – Impact for this season dependent on cover (exposure) still to be placed for FY2015 and amount of optionality in existing contracts.

  – If sustained and potentially continued downward trend in foreign exchange – may mitigate softer outlook in commodity prices.

– Reduction in market milk price (to $4.40 / KgMS) and corresponding advance rates will add further pressures on farm.

– Despite market conditions, we are encouraging suppliers to keep production up and take advantage of Autumn Premiums.



Source: RBNZ

- Dry weather likely to have minimal impact on our supply base at this stage.
- Any further reduction in market milk price and corresponding advance rates will add further pressures on farm.
- Most of Synlait farm suppliers have irrigated farms (Opua and Mayfield water schemes likely to be more affected than others).
- Early season strong milk flows will result in overall milk supplied for the season exceeding original budget.
- We continue to monitor the situation with our farm suppliers.
- On target for FY16 milk supply requirements.
- Now looking to increase contracted milk supply for FY2016 in excess of targets in original business case (that supported build of the larger third dryer).
- Still have access to DIRA milk for FY2016 (this will be our last season taking DIRA).
- Secured 55 million KgMS already for FY2016.
- We do not see the introduction of MyMilk™ having any material impact on ability to secure our forecasted milk requirements.

CAPITAL INVESTMENT

OUR GROWTH

GROWTH INITIATIVE PROJECTS

$m	Forecast / Actual	PFI	Variance to PFI	
Blending and consumer packaging facility	29.2	27.5	1.7	Commissioned July 2014
Lactoferrin facility	21.9	15.1	6.8	Commissioned April 2014
Dry store 3 [1]	17.0	19.5	(2.5)	Commissioned April 2014
SUBTOTAL (Completed growth projects)	**68.1**	**62.1**	**6.0**	
Dryer 3	135.0	103.5	31.5	Scheduled Commission September 2015
Quality testing laboratory and administration building	21.0	8.4	12.6	Scheduled Commission June 2015
Butter plant	15.0	15.0	-	Build deferred to FY2016
SUBTOTAL (Uncompleted growth projects)	**171.0**	**126.9**	**44.1**	
TOTAL GROWTH PROJECTS	**239.1**	**189.0**	**50.1**	

[1] *Includes dryer 3 and blending and consumer packaging dry stores*

Note: Figures above reflect build costs only and exclude capitalised HR, finance and commissioning costs

BLENDING AND CONSUMER PACKAGING FACILITY

BLENDING AND CONSUMER PACKAGING

Commissioned in July 2014

- Scope of plant increased from 18,000 MT per annum as stated in prospectus to potentially as much as 30,000 MT per annum.
- Forecasting to have approximately 6,000 MT's of canned product in the first year of operations (exceeds original business case of 4,400 MT).
- Current forecast volumes represent four customers we are working with.
- Currently working with additional four major customer opportunities to secure future significant growth in volumes.

LACTOFERRIN EXTRACTION AND PURFICATION FACILITY

LACTOFERRIN EXTRACTION AND PURIFICATION

Commissioned in April 2014

- Higher capital cost related to increased scope and complexity of plant.
- Has unique intellectual property within development.
- Currently on track to manufacture a minimum of 15 MT of product this financial year.
- Contracted sales secured for in excess of half this product.
- Deliveries forecast for shipment primarily in the second half of this financial year.
- Year 2 sales orders expected to exceed business case.

22,500M² DRYSTORE

22,500M² DRYSTORE

Commissioned in April 2014

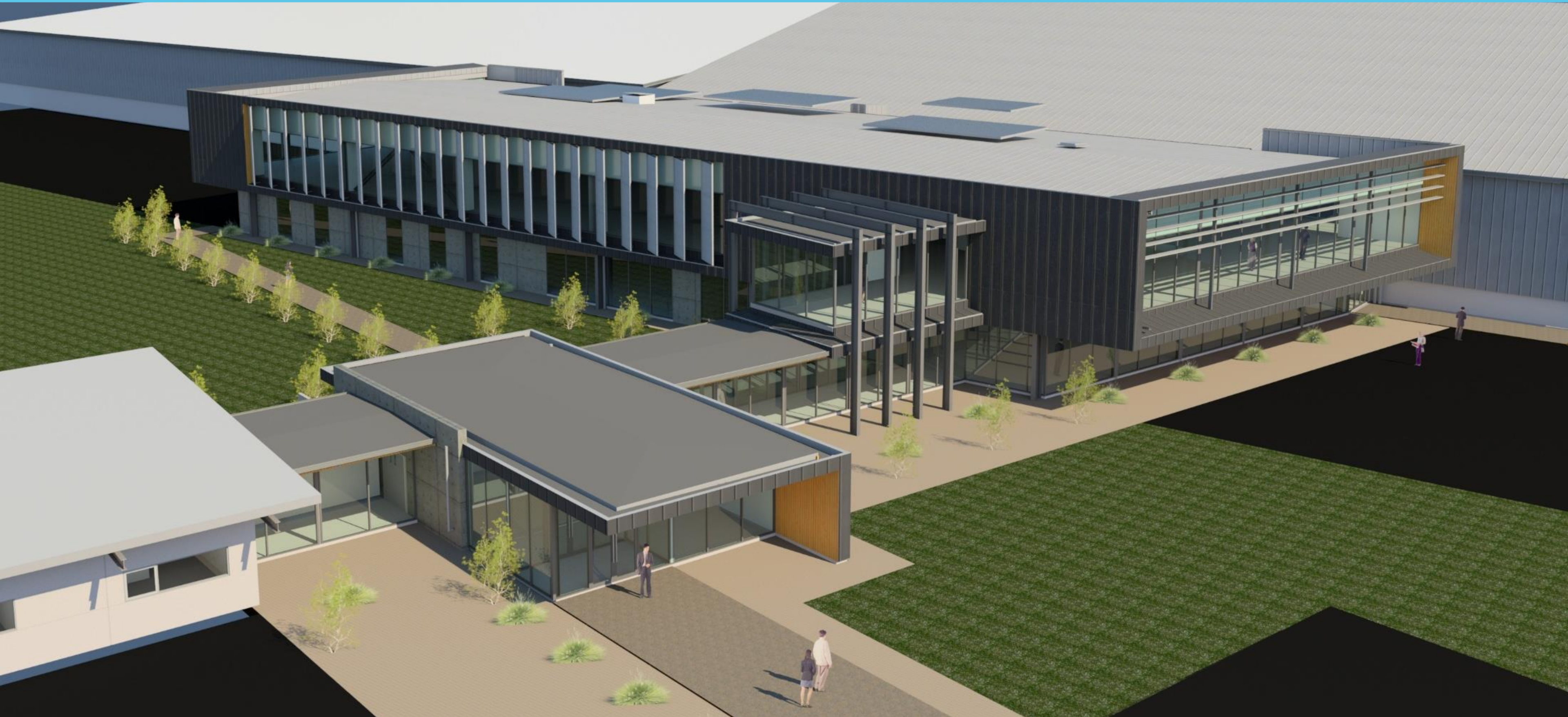
- Combined build of 10,000m² drystore, D3 drystore and blending and canning drystore into single build.
- Resulted in savings of $2.5 million.

DRYER 3

DRYER 3

- Increased size of plant and capability of plant due to customer demand and more flexibility.
- Plant size increased to 10.5 MT / hour which is an approx. 25% increase in volume capacity compared to original business case.
- Business case suggested an IRR in excess of 20%.
- Bank approved increased dryer 3 loan to fund the plant.

QUALITY TESTING LABORATORY AND ADMINISTRATION BUILDING



QUALITY TESTING LABORATORY AND ADMINISTRATION BUILDING

- Significant increased in the scope of the laboratory, primarily driving increased spend
  - Tier 1 customers expectations of on-site lab.
  - Increased savings in third party costs.
  - Will undertake at least 80% of testing, currently done by third parties.
  - Substantial savings, providing business case IRR in excess of 20%.
- Significant benefits of having our highly skilled staff on-site, interacting with our NPD, quality and manufacturing teams.
- Funded with approved bank revolver facility.

GENERAL

- Butter plant decision has been deferred to FY2016 to keep capital spend down in FY2015.
- While increased capital spend does increase net debt in FY2015, we are forecasting to remain comfortably within our banking covenants.

WORKING CAPITAL FINANCING

INVENTORY FINANCING THROUGH MITSUI

- USD financing of product as produced at contract sales value related to our tier 1 customers:
  - Represents approximately 40% - 45% of sales by volume.
  - Funding sales contract value therefore includes the margin element in addition to stock cost.
- Based on a fixed margin over libor, with no additional facility / line fee.
- Favourable interest cost savings compared to current working capital facility fees.

USD EXPOSURE

- Funding in USD creates a USD liability on our balance sheet.
- No USD asset – therefore we're temporarily exposed to currency fluctuations.
- However, when product shipped and invoiced to customer a USD asset (debtor) is created eliminating exposure.
- Inventory finance converted into trade debtor finance with Mitsui on exactly the same terms.
- Therefore any mark to market FX impact at a reporting date, which could be either a gain or a loss, is only a temporary difference and never actually crystallised.
- It does not impact our underlying earnings for the business.

RECEIVABLES ASSIGNMENT PROCESS

- Receivables assignment negotiated with our primary bank – ANZ.
- Enables us to assign certain receivables associated with our Tier 1 customers on a non recourse basis. Major benefit is that it will allow us to improve our net debt position and our working capital ratios.
- We must first obtain written confirmation from each of these customers to allow this assignment (currently in discussions with 4 of our major customers to obtain their approval).
- Financing cost slightly cheaper than the funding provided by the Mitsui Trade Finance facility therefore only small savings in interest costs anticipated.
- Anticipate having this in place with customers by end of March 2015.

RESULTS GUIDANCE

Maintaining full year results guidance, however expect interim result to be substantially lower than last year.

- Majority of higher margin nutritional and lactoferrin product sales are planned to be in second half of this financial year.

- As a result of these timing differences we expect our interim result to be substantially lower than last year but not reflective of our full year forecast result.

- Interim result will include mark-to-market foreign exchange adjustment associated with inventory financing and a material foreign exchange adjustment associated with certain instruments. These are timing variances and factored into our full year forecast.

- For the full year result improvements in returns through increased sales of infant formula and nutritionals products will be largely offset by increased operating and funding costs.

THANK YOU

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