

The background features a vibrant pink color with dynamic white milk splashes and drips, creating a sense of freshness and movement. The word "Synlait" is prominently displayed in the upper center in a white, bold, sans-serif font.

Synlait

**WELCOME TO SYNLAIT'S
ANNUAL MEETING**

Wednesday 27 November 2019



ADDRESS FROM CHAIR

Graeme Milne ONZM



TODAY'S AGENDA

- Chair address
- CEO address
- Resolutions
- Other business
- Refreshments with Synlait team

YOUR BOARD



Graeme Milne ONZM
Independent director, Chair



Bill Roest
Independent director



Dr. John Penno
Board appointed director



Min Ben
Bright Dairy appointed director



Qikai (Albert) Lu
Bright Dairy appointed director



Hon. Ruth Richardson
Bright Dairy appointed director



Sam Knowles
Independent director



Sihang Yang
Bright Dairy appointed director

SYNLAIT'S YEAR IN REVIEW



DELIVERING RESULTS

Summary of Synlait's financial results for the 12 months ended 31 July 2019:

- Revenue exceeded \$1 billion for the first time, increasing 17% to \$1,024.3 million
- Net profit increased 10% to \$82.2 million
- Operating cashflow increased 39% to \$136.7 million
- Sales volumes increased 21,087 MT or 16% to 149,709 MT*
- Consumer packaged infant formula sales continue to grow, up 21% to 42,907 MT
- Average milk price of \$6.58 per kgMS for the 2018/2019 season, made up of a base milk price of \$6.40 and an additional \$0.18 in incentive payments
- FY20 guidance remains unchanged as communicated in FY19 annual result

** Excluding fresh milk and specialty ingredients*

INVESTING IN OUR FUTURE



\$18.9 million expansion to Dunsandel's lactoferrin facility completed on time and budget, doubling manufacturing capacity



\$260 million infant capable manufacturing facility in Pokeno commissioned. Welcomed 56 farms and 77 employees



\$134 million advanced liquid dairy packaging facility at Dunsandel designed, built and commissioned within 18 months



Talbot Forest Cheese acquisition completed on 1 August 2019



\$32 million investment to build Dry Store 4 announced in September 2019



Dairyworks acquisition announced in October 2019, subject to Overseas Investment Office approval



DOING MILK DIFFERENTLY



FOR A HEALTHIER WORLD





ADDRESS FROM CEO

Leon Clement



TODAY YOU WILL HEAR ABOUT...

- Our refreshed purpose, ambition and strategy
- Our progress to date
- Challenges we are working on and how we are approaching them



HANDS
OUR STRATEGY



Sports Nutrition



Everyday Dairy



Infant Nutrition



Foodservice



Next Big Thing



Net Positive for the Planet



A Healthier Synlait



World Class Value Chain

DOING MILK DIFFERENTLY

FOR A HEALTHIER WORLD



HEAD
OUR AMBITION

2

2B IN REVENUE

+

NET +VE IMPACT ON
PLANET AND COMMUNITIES
+VE PLACE TO GROW WITH
100% ENGAGEMENT

ZERO

ZERO INJURIES
ZERO DEFECTS
ZERO LOSSES



HEART
OUR PURPOSE

DOING MILK
DIFFERENTLY FOR A
HEALTHIER WORLD

CLARIFYING SYNLAIT'S DIRECTION

Heart, Head and Hands

WE CONTINUE TO DELIVER ON OUR GROWTH STRATEGY

DOING MILK DIFFERENTLY OUR GROWTH STRATEGY



STRATEGY PROGRESSED

DELIVERY ON TRACK

STRATEGY DEVELOPING

FY19

- Advanced liquid dairy packaging facility completed, servicing inaugural customer
- Talbot Forest Cheese acquired

- 21% growth in consumer packaged infant formula sales
- Awaiting registration of China brands
- Lactoferrin capacity doubled, operating in favourable environment

- Natural extension
- Market is large and growing, with strong demand for New Zealand provenance in Asia
- Optimise milk solids as we create a value stream from surplus fat

FY20

- Dairyworks acquisition announced, subject to OIO approval

- The a2 Milk Company™ contract extended, effective August 2020

- Focus on refining product portfolio and in-market models

FOR A HEALTHIER WORLD OUR ENABLING STRATEGY





INFANT NUTRITION

We continue to invest for the future

- We are focused our partnership with The a2 Milk Company™. The contract extension announced last week:
 - reinforces our long-term partnership with The a2 Milk Company™ and reaffirms that infant nutrition is a core focus for both companies;
 - gives us the license to keep creating value as we invest in our future; building capacity and capability in this highly regulated and competitive industry; and
 - supports our respective growth stories.
- We continue to explore complementary customer, product and market opportunities
- We have developed a highly valuable specialised ingredients business with lactoferrin
- We acknowledge that to win in our chosen markets, and with our chosen customers, we will need to remain agile and be able to respond



EVERYDAY DAIRY

We are delivering on the opportunities in front of us – and chasing new ones

Liquid milk

- We have developed a strong partnership with Foodstuffs South Island and continue to see opportunities which will support our growth story
- We will do this by:
 - leveraging our modern value chain, competitive milk pools and 21st century milk proposition; and
 - exploring new channels, consumer trends and segments.

Cheese

- Our Talbot Forest Cheese and Dairyworks acquisitions will help to:
 - optimise our supply chain;
 - accelerate the delivery of our Everyday Dairy growth strategy; and
 - complement our existing product categories.

Other ingredients for success

- Our teams are exploring other customer, category brand and route to market options
- Following a period of acquisition we will look to extract synergies and leverage the capacity and capability we have built

WE ARE DELIVERING ON OUR ENABLING STRATEGY TOO

DOING MILK DIFFERENTLY OUR GROWTH STRATEGY



Sports
Nutrition



Everyday
Dairy



Infant
Nutrition



Foodservice



Next Big
Thing

FOR A HEALTHIER WORLD OUR ENABLING STRATEGY



Net Positive for
the Planet



Build a Healthier
Synlait



World Class
Value Chain

FY19

- Published Greenhouse Gas (GHG) inventory
- Workplan towards 2028 climate and water targets established
- Commissioned New Zealand's first large scale electrode boiler

- Injury rate reduced 28%
- Launched programme to live our purpose: Whakapuāwai
- Launched Tāwariwari and Mātua policies
- Full reset of growth enabling processes and systems underway

- Built three world class facilities
- IWS generating impressive efficiencies and capacity increases
- Opened new China office to resource sales and regulatory capabilities
- 43 new Lead With Pride™ farms certified

FY20

- Released Sustainability at Synlait, an update on our strategy and progress to date
- Secured New Zealand's first ESG linked loan

- Rt Hon Jacinda Ardern to open Whakapuāwai, more than 1,000 trees planted in FY20
- Considering retail bond to diversify funding and provide capital structure flexibility

- Construction of Dry Store 4 underway, creating significant supply chain efficiencies at Dunsandel
- Development of SynQ - at Synlait we are embedding an 'everyone owns quality' culture
- Focus on enabling growth enabling systems



NET POSITIVE FOR THE PLANET

This represents the stand we are taking for the planet

Our aim is to have a net positive impact on the planet and reimagine all aspects of our business for a low-emissions future. We want to be instrumental in agriculture's response to climate change, eliminate water degradation, implement the circular economy, and lead stewardship for animals, biodiversity and soil

OUR FY20 PROGRESS

- Beginning to deliver against the sustainability targets launched in June 2018
- Secured New Zealand's first environmental, social and governance (ESG) linked loan in September
- Released the Sustainability at Synlait Report last week, representing our first step in sharing our plans and progress as we work to implement our environmental and social strategies throughout our value chain
- Testing and exploring a range of exciting initiatives that improve energy and water use, reduce waste and improve GHG emissions



WHAKAPUĀWAI

WELCOME TO A PLACE OF
RESTORATION AND REGENERATION
- FOR ECOSYSTEM AND HUMAN
SPIRIT TO DEVELOP AND THRIVE.



BUILD A HEALTHIER SYNLAIT

This is about strengthening our company

Our aim is to build systems that support our people, making sure that we are all safe and establishing a culture of kotahitanga or unity, strengthening our capabilities and continuing to manage our risks

OUR FY20 PROGRESS

- Focus on delivering and implementing growth enabling systems to ensure Synlait's processes are set up to support future growth. For example, ERP replacement project underway
- Ongoing focus on culture and capability. We continue to build and invest in the capability required to win. To attract the right people, we are creating a modern and flexible working environment, which enables us to keep talent. Examples include the launch of our:
 - Tāwariwari policy, which encourages workplace flexibility
 - Mātua (parental leave) policy, which tops up government-paid leave to a full salary for 22 weeks. We'll also contribute up to 20 hours child care per week until the government child care subsidy kicks in
- Committed to our community through Whakapuāwai. We will bring people together to restore taonga (lost treasures) and reconnect with Papatūānuku (mother nature). With trees at the centre of this programme we want to improve water quality, boost habitat for biodiversity and create sources of food on our farmers' and community land



WORLD CLASS VALUE CHAIN

This is what creates value for our customers

Our aim is to ensure we have healthier farming practices, safe food and market access, manufacturing excellence, build a sustainable supply chain, and transparency. Our teams are doing great work in this space because we are constantly asking ourselves: how can we think differently and make things better?

OUR FY20 PROGRESS

- Construction of Dry Store 4 underway, creating significant supply chain efficiencies
- Integrated Work Systems (IWS) programme continues to enable increased production. Programmes underway in safety, quality, reliability, people and finance. By the end of FY20 initial improvement tools will be in place in all areas, helping to enable significance efficiency changes for our customers
- Development and implementation of SynQ, Synlait approach to quality focusing on content, tools and embedding an 'everyone owns quality' culture
- Collaborating with like-minded industry players, academics, customers and farm suppliers to investigate new and improved farming models, which will create value, and take us closer to a healthier world

HOW WE ARE FRONT FOOTING OUR CHALLENGES

Challenges presented at our FY19 results and how we are approaching them

CHALLENGES

APPROACH

Uncertainty remains regarding land at Synlait Pokeno

- Supreme Court hearing set for April 2020
- Maintain discussions with all parties

Uncertainty remains regarding SAMR registrations awaiting site audit, for Akara and Pure Canterbury, timing unknown

- Continue to support The a2 Milk Company's™ growth in China
- Developing new customer, product and market combinations

Performance of the advanced liquid dairy packaging facility at Dunsandel fell short of expectations due to initial commissioning challenges, incurring a \$3.5 million loss. Working to stabilise performance and bring it back in line with expectations

- Performance of fresh milk stabilised
- Focus on UHT commissioning – still expecting initial sales late FY20

Customer pipeline remains strong, but significant new, announceable and material agreements are yet to materialise

- Recognise we have significant capacity to fill following commissioning of advanced liquid dairy packaging facility at Dunsandel and infant-capable manufacturing facility in Pokeno
- Teams remain focused on developing new opportunities with existing and new customers

Evolving regulatory environment in our industry is expected to create on farm challenges (e.g. National Policy Statement for Freshwater Management and Zero Carbon Bill) Synlait's proactive approach to sustainable farming practices means we are well positioned to respond to any regulatory changes

- Synlait's milk supply and sustainability teams actively working together on the creation and rollout of sustainability programmes
- Complements work being done to formalise our government relations strategy to support the industry on key issues

An aerial photograph of a rural landscape. The scene is dominated by vibrant green agricultural fields, some of which are divided by dark, straight lines representing roads or fences. A prominent feature is a large, dense forest of tall, thin trees, possibly pines, that runs diagonally across the middle-right portion of the image. The lighting is bright, creating sharp shadows and highlighting the textures of the grass and the canopy of the trees. The overall impression is one of a well-maintained, productive agricultural area.

RESOLUTIONS



ORDINARY RESOLUTION 1

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

That the board be authorised to determine the auditors' fees and expenses for the 2020 financial year

ORDINARY RESOLUTION 2

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

That Sam Knowles be re-elected as a director





ORDINARY RESOLUTION 3

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

That the annual fee for each director be \$88,900, except for the annual fee of the Chair of the Audit and Risk Committee which will be \$104,150, the fee of the Chair of the People Environment and Governance Committee which will be \$100,900 and the fee of the Chair of the Board, which will be \$178,000. All increases apply from 1 April 2020



SPECIAL RESOLUTION: RESOLUTION 4

To consider and, if thought fit, pass the following
as a special resolution:

That Synlait Milk Limited's Constitution be amended, with effect from the close of the annual meeting, as described in the Explanatory Note in the Notice of Meeting and set out in detail in the marked up constitution which may be viewed at: www.synlait.com/investors



OTHER BUSINESS

THANK YOU
PLEASE JOIN THE SYNLAIT TEAM FOR
REFRESHMENTS

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