



Synlait

**SUBORDINATED BOND OFFER
ROADSHOW PRESENTATION**

29 November 2019

JOINT LEAD MANAGERS



DeutscheCRAIGS



FORSYTH BARR



JARDEN

CO-MANAGER

H O B S O N
W E A L T H

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OVERVIEW OF THE OFFER

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Issuer	Synlait Milk Limited (“Synlait”)
Bonds	Unsecured subordinated fixed rate bonds (“Bonds”)
Issue size	Up to \$150 million (plus up to \$50 million of oversubscriptions)
Purpose of the Offer	The Offer will provide Synlait with diversification of funding sources to support Synlait’s growth strategy. Net proceeds of the Offer will be advanced to Synlait Milk Finance Limited and used by it to repay a portion of the Synlait Guaranteeing Group’s existing bank debt
Guarantee	Guaranteed by Synlait Milk Finance Limited and the guarantors under Synlait’s Bank Facility Agreement
Term	5 year Bonds maturing on 17 December 2024
Interest deferral	Interest on the Bonds will be deferred if an Interest Deferral Condition exists on the relevant Interest Payment Date
Listing	NZX Debt Market under the ticker SML010
Joint Lead Managers	ANZ, Deutsche Craigs, Forsyth Barr and Jarden
Co-manager	Hobson Wealth



INTRODUCTION TO SYNLAIT

Synlait

OUR PURPOSE

**DOING MILK DIFFERENTLY FOR
A HEALTHIER WORLD**

\$1,024m

REVENUE EXCEEDED \$1 BILLION FOR THE FIRST TIME IN FY19

\$82.2m

FY19 NPAT ↑ 10% ON FY18

\$1.7b

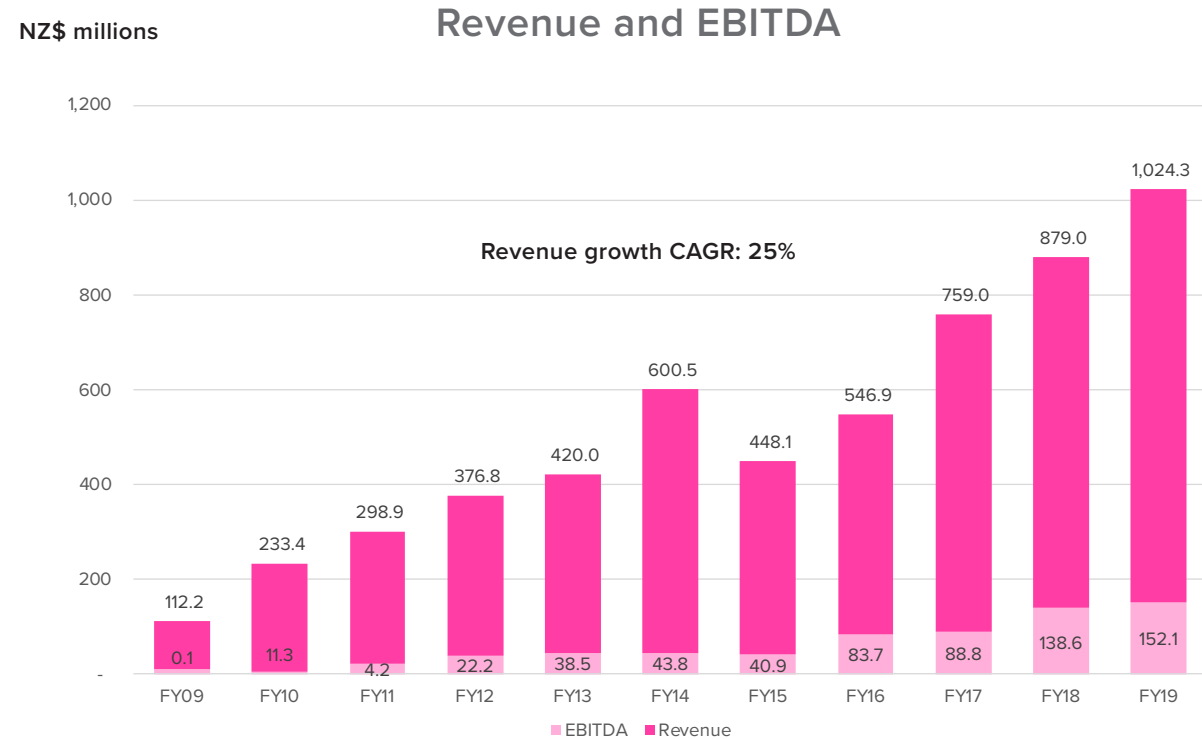
NZX MARKET CAPITALISATION

WE ARE A GROWTH COMPANY

As we enter the next phase of Synlait's evolution we retain our 'growth company' mentality.

Synlait has grown from start-up to 146,000 metric tonnes (MT) of annual production volume in 11 years, growing revenue by a 25% CAGR since FY09.

Revenue exceeded \$1 billion for the first time in FY19.

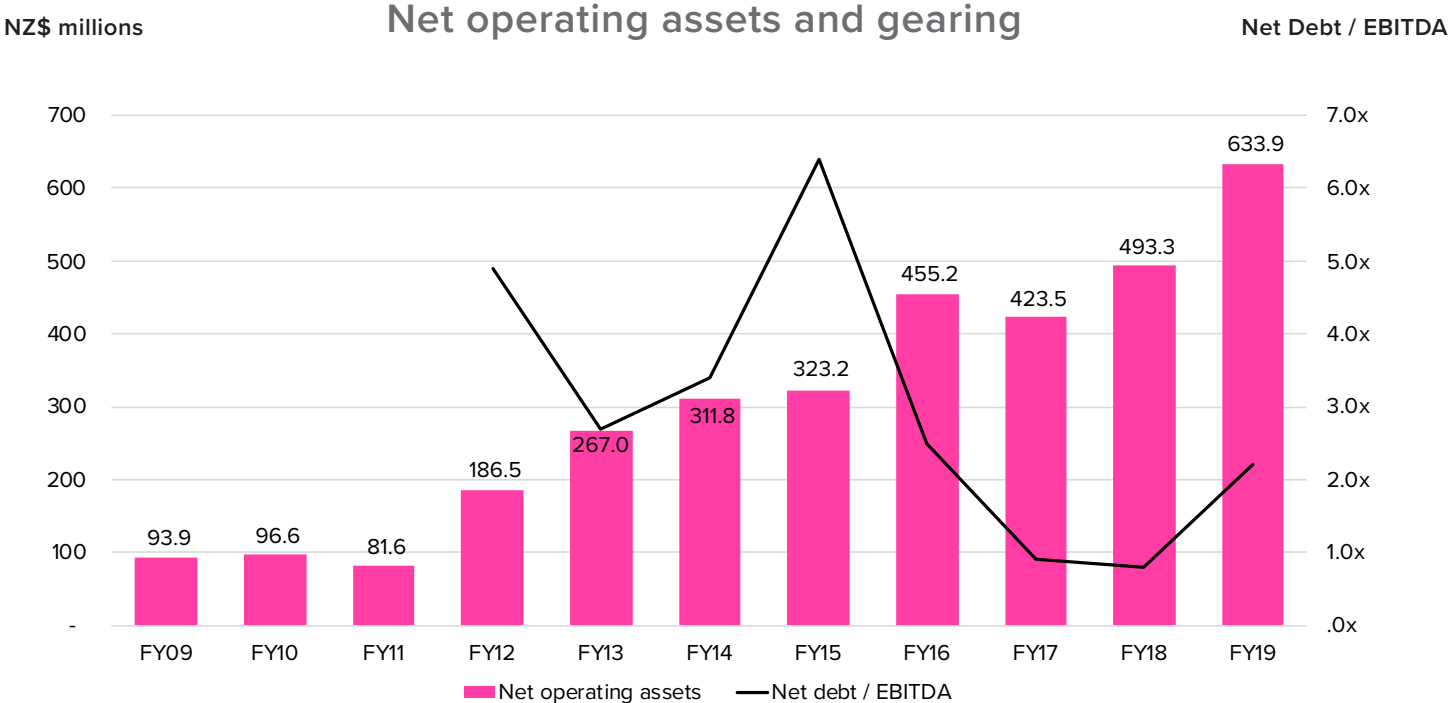


WE ARE INVESTING FOR GROWTH

After a period of consolidation and reducing leverage, we have undertaken a series of major capital projects.

We are nearing completion of a capital investment cycle which has seen us commit \$470m to major growth projects.

Executing these projects has been our key focus over the last 18 months.



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Return on capital employed ¹ (pre-tax)	-3.7%	3.8%	0.0%	7.8%	12.9%	11.8%	7.3%	14.5%	14.8%	22.7%	18.3%

1. Return on capital employed: EBIT / average capital employed

OUR GEOGRAPHIC FOOTPRINT



AUCKLAND CANNING

- Second infant formula blending and canning facility acquired in 2017

POKENO

- Second infant formula and dairy ingredients processing facility commissioned in September 2019

PALMERSTON NORTH

- Research and Development staff grew from 5 to 11 during FY19

CHRISTCHURCH

- Acquisition of Dairyworks, subject to Overseas Investment Office approval
- Leased office space in 2019

DUNSANDEL

- Main infant formula and dairy ingredients processing facility
- Advanced liquid dairy packaging facility operational since April 2019

TEMUKA

- Talbot Forest Cheese acquisition completed in August 2019

LEADERSHIP TEAM

Our Leadership Team are highly skilled and committed to our vision and purpose.



Leon Clement
Chief Executive Officer

Leon joined Synlait in August 2018. He has led major businesses internationally, specifically in Vietnam and Sri Lanka, and has deep experience in the branded dairy sector. Most recently, Leon was Fonterra's Managing Director of Fonterra Brands New Zealand and prior to that was their Managing Director of Sri Lanka and Indian Subcontinent.



Chris France
Director, Strategy and Transformation

Chris brings more than 30 years business experience to Synlait and is responsible for leading strategy and business transformation. His expertise in strategic planning, leadership, and developing high performing teams puts Chris in a strong position to support Synlait's growth. Chris focuses on Synlait being clear about where we want to go, and aligned on change programmes that will deliver on this vision.



Nigel Greenwood
Chief Financial Officer

Nigel has had extensive experience in finance, having held senior executive finance roles with various New Zealand companies. As CFO, Nigel is responsible for finance and funding. Prior to joining Synlait in 2010, Nigel held CFO roles with Crane Distribution NZ Limited, Gough Group Limited and Lyttelton Port Company Limited.



Dr. Suzan Horst
Director, Quality Regulatory And Laboratory Services

Suzan leads our Quality, Laboratory Services and Regulatory function. Suzan brings a wealth of knowledge, having most recently been Director Quality Affairs, Business Group EMEA for FrieslandCampina. She held other senior roles including Director Corporate QA, crisis and issue management, and Corporate Quality Assurance Manager.



Martijn Jager
Director, Sales And Business Development

Martijn joined Synlait in September 2016 and provides leadership and direction for sales and business development. Martijn oversees strategy realisation across major new customer acquisitions, as well as product research and development, technical services, category planning and account management and sales.



Deborah Marris
Director, Legal, Risk And Governance

Deborah joined Synlait as the Director Legal, Risk and Governance having global experience through previous roles such as Global Compliance Managing Director with Barclays Bank, India. Prior to that she held senior executive roles with other global organisations, including as General Counsel (Asia Pacific, Europe and America), Chief of Staff (New Zealand) and also Head of Tax (New Zealand) for ANZ Bank.



Hamish Reid
Director, Sustainability And Brand

Hamish takes the lead on developing Synlait's strategy for sustainability with a particular focus on our aspiration to further improve our environmental and social performance from farm to fridge. He will also lead our thinking as we continue evaluating potential B2C opportunities. Hamish has deep experience in food and beverage marketing, predominantly for Danone in Paris and Saatchi & Saatchi in London.



Boyd Williams
Director, People, Culture And Performance

A senior international human resources executive, Boyd brings more than 30 years of experience to Synlait's Senior Leadership Team. He oversees the organisational development, human resource, health and safety and staff facilities functions. Prior to joining Synlait, he was Human Resources Director (Asia Pacific) for Bacardi Group, a global business with more than 200 brands.

Note: Mark Toomey was recently announced as Director, Operations, effective 9 December 2019

BOARD OF DIRECTORS

Our board of directors are committed to building a world class nutritional business and the enhancement of shareholder value



Graeme Milne ONZM
Independent director, Chair

Graeme (ONZM) joined the Synlait Group as a director in 2006. With extensive experience, his career in the dairy industry has seen him working in New Zealand, Australia and Europe. He is the Chairman of Synlait Milk Limited and holds several other governance roles with a range of organisations.



Bill Roest
Independent director

Bill was appointed to the Synlait Milk Board in May 2013. Bill's long and varied career included 12 years as Chief Financial Officer of Fletcher Building Limited until April 2013. He has held several leadership roles in New Zealand's corporate sector and currently holds several other governance roles with a range of organisations.



Dr. John Penno
Board appointed director

John co-founded the Synlait Group in 2000 and was a full-time executive for the Synlait Group from 2006 until he stood down as CEO in August 2018. He remains on the Board, and as a Director John continues to contribute to the governance of Synlait.



Min Ben
Bright Dairy appointed director

Min was appointed a director of Synlait Milk in November 2016. Min joined Bright Dairy in 2001 and holds a master degree of Business Administration. Ms Ben is currently the PR director of Bright Dairy.



Qikai (Albert) Lu
Bright Dairy appointed director

Bright Dairy appointed Qikai to represent them on the Synlait Board in December 2015. Qikai joined Bright in 2011 and has advised Bright on business and governance matters regarding Synlait since. He is the Deputy Director of International Business Development for Bright and is responsible for all overseas project management and communications.



Hon. Ruth Richardson
Bright Dairy appointed director

A professional company director, Ruth specialises in agribusiness, commercialising innovation and finance. Ruth joined the Synlait Group as the first independent director in 2004. She currently holds several other governance roles and had an extensive political career before moving into governance.



Sam Knowles
Independent director

Sam was appointed to the Synlait Board in 2013. He has held senior executive positions in major banks in both Australia and New Zealand, and is currently a director of Synlait Milk Limited and Synlait Milk Finance Limited. Sam's governance roles focus on growth businesses.



Sihang Yang
Bright Dairy appointed director

Yang was appointed a director of Synlait Milk in August 2010. With 20 years of industry experience, he is Bright Dairy and Food Co.'s director of strategy and research and director of several Bright Dairy subsidiaries.



BUSINESS OVERVIEW

DELIVER. INVEST. CLARIFY

FY19 in review

Delivering results

- Revenue exceeded \$1 billion for the first time in FY19, increasing 17% to \$1,024.3 million
- Net profit increased 10% to \$82.2 million, with a stronger 2H FY19 typical of volatility observed between half year results
- 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

Investing for the future

- \$18.9 million expansion to lactoferrin facility completed on time and budget, approximately doubling manufacturing capacity
- \$260 million infant-capable manufacturing facility in Pokeno commissioned. Welcomed 56 farms and 77 employees at Pokeno
- \$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 – 30,000m2 warehouse at Dunsandel which will unlock further supply chain efficiencies and enable greater control of traceability, improve our sustainability footprint, and result in shorter lead-times for customers
- 218 capable and experienced people hired to help run these facilities

Delivering results

- Launched our new purpose and brand identity: Doing milk differently for a healthier world
- Delivered on our promise to clarify Synlait's focus, strategy and purpose for shareholders and staff
- Defined our formula for success. Aspirational goal to double our business: 2 + Zero
- New strategy has eight clear strategic paths to grow and enable our business

**Excluding fresh milk and specialty ingredients*

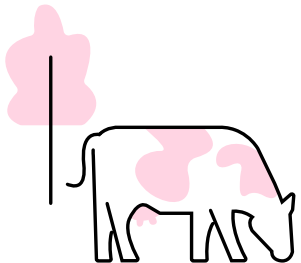
WHAT MAKES US DIFFERENT

Our unique capabilities underpin our sustainable competitive advantage

ESTABLISHED

Differentiated milk supply

- A1 protein free milk
- Grass Fed™
- Lead With Pride™



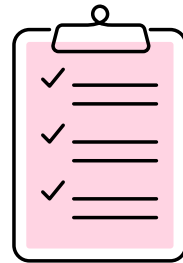
Developed an **integrated manufacturing** chain

- Operate high spec, large scale plants
- Integrated Work Systems (IWS) programme driving efficiencies



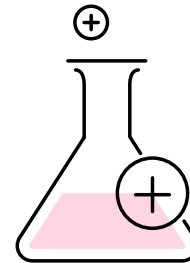
Navigated complex **regulatory environments**

- Track record of providing market access for customers, securing regulatory approvals for Synlait sites, processes and products



Built in **quality testing standards** onsite

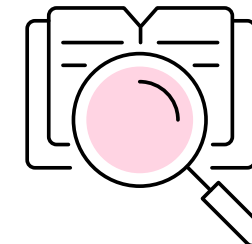
- Zero defects targets
- Test raw materials, finished products and facilities
- Full quality assurance and traceability



BUILDING

Focus on **research, development and innovation**

- Dedicated research and development team
- Product development in attractive categories and markets a priority
- Capability to create custom dairy products for customers



Creating a **sustainable** value chain

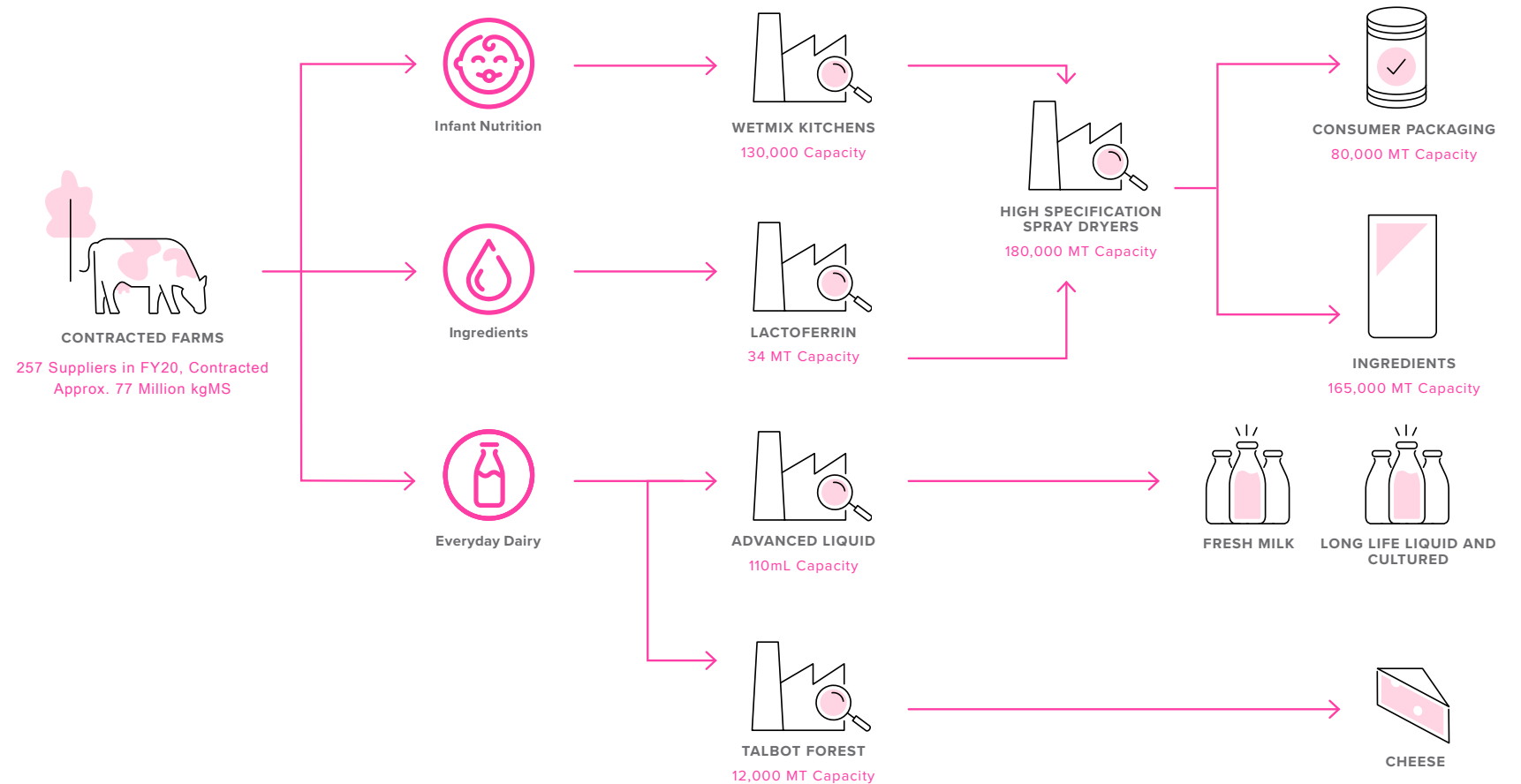
- Committed to ambitious 10-year targets
- Greenhouse gas inventory and pathway to emissions reduction established



DEVELOPING A WORLD CLASS VALUE CHAIN

‘World Class Value Chain’ programme of work running across our differentiated and integrated value chain, focussing on:

- Healthier Farming Practices
- Safe Food and Market Access
- Manufacturing Excellence
- Supply Chain and Planning
- Transparency

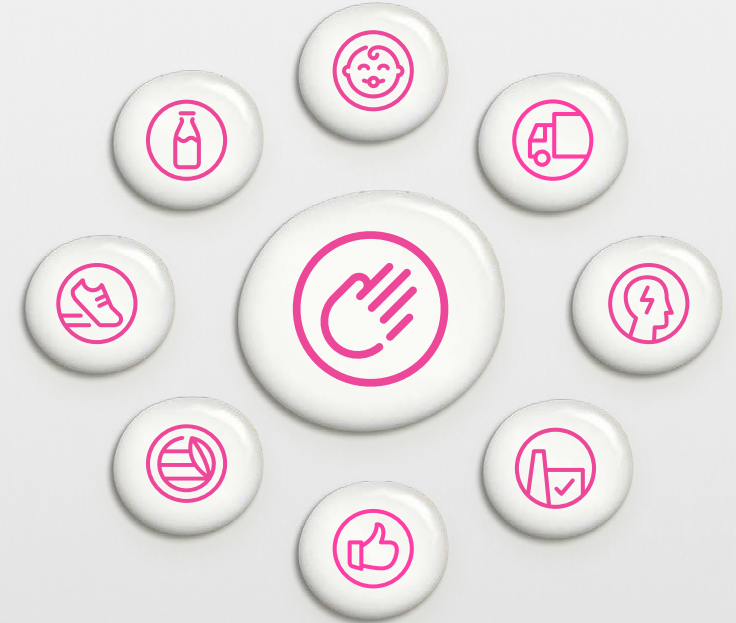




HEART
OUR PURPOSE



HEAD
OUR AMBITION



HANDS
OUR STRATEGY

OUR STRATEGY

**DOING MILK
DIFFERENTLY**



**Sports
Nutrition**



**Everyday
Dairy**



**Infant
Nutrition**



Foodservice



**Next Big
Thing**

OUR GROWTH STRATEGY

**FOR A HEALTHIER
WORLD**



**Net Positive for
the Planet**



**Build a Healthier
Synlait**



**World Class
Value Chain**

OUR ENABLING STRATEGY

DELIVERING AGAINST 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
- Evaluating opportunities

- 21% growth in consumer packaged infant formula sales in FY19
- 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, remains subject to OIO approval

- Extended The a2 Milk Company™ contract, effective August 2020, providing a minimum 5-year term to 31 July 2025

- Focus on refining product portfolio and in-market models

FOR A HEALTHIER WORLD OUR ENABLING STRATEGY



DELIVERING AGAINST OUR ENABLING STRATEGY

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% in FY19 compared to FY18
- Launched programme to live our purpose: Whakapuāwai
- Full reset of processes and systems underway
- Built three new facilities
- IWS generating efficiencies and capacity increases
- Opened new China office to resource sales and regulatory capabilities
- 43 new Lead With Pride™ farms certified

FY20

- Released an update on Synlait's sustainability strategy and progress to date
- Secured New Zealand's first ESG linked loan
- Pursuing B Corp Certification
- Construction of Dry Store 4 underway, on time and on budget, expected to deliver supply chain efficiencies

CHALLENGES WE ARE WORKING ON

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

CHALLENGES	APPROACH / UPDATE
1. Uncertainty remains regarding the covenants over the land at Synlait Pokeno	<ul style="list-style-type: none"> • Supreme Court hearing set for April 2020 • Maintain discussions with all parties • First milk processed at Pokeno facility in September 2019 • Refer Appendix for timeline of the process to date
2. Uncertainty remains regarding SAMR registrations for Akara and Pure Canterbury	<ul style="list-style-type: none"> • Continue to support The a2 Milk Company's™ growth in China • Focus on developing new customer, product and market combinations • Strengthening regulatory relationships in China
3. Performance of the advanced liquid dairy packaging facility at Dunsandel fell short of expectations in FY19 due to initial commissioning challenges, incurring a \$3.5 million loss	<ul style="list-style-type: none"> • Performance of fresh milk stabilised • Focus on UHT commissioning – still expecting initial sales late FY20
4. Confident in customer pipeline, but significant new, announceable and material agreements are yet to materialise	<ul style="list-style-type: none"> • Recognise we have significant capacity to fill following commissioning of advanced liquid dairy packaging facility at Dunsandel and second infant capable manufacturing facility at Pokeno • Teams remain focused on developing new opportunities with existing and new customers
5. 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)	<ul style="list-style-type: none"> • We believe our proactive approach to sustainable farming practices means we are well positioned to respond to any regulatory changes • Synlait milk supply and sustainability teams are actively working together on the creation and rollout of sustainability programmes

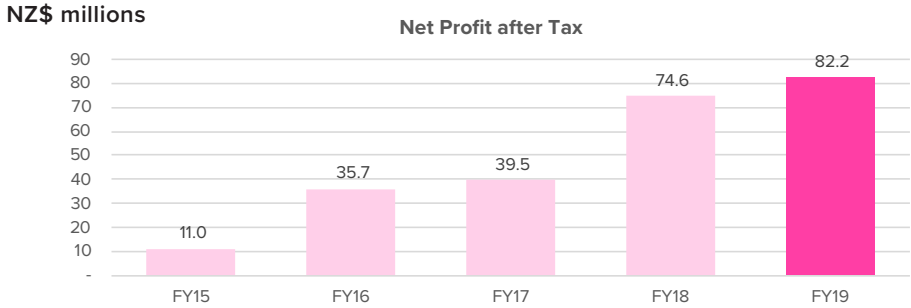
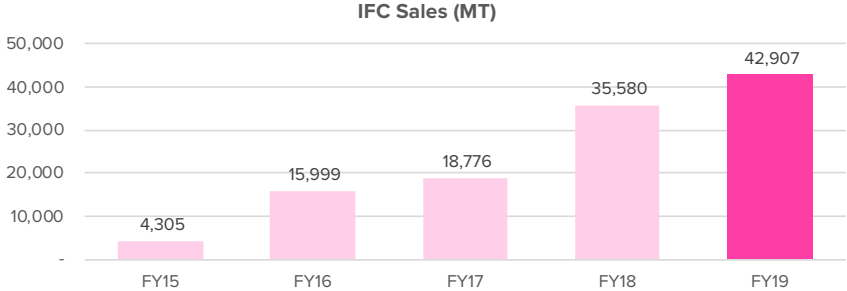
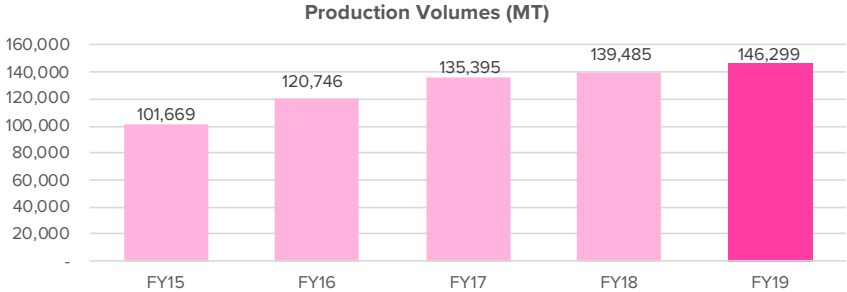


FINANCIAL PERFORMANCE

5-YEAR PERFORMANCE

Synlait has a track record of delivering earnings growth by investing in our differentiated value chain to meet customer needs

- This has translated into growth in net profit that has exceeded growth in overall production volumes as Synlait has moved up the value chain
- In the past five years we have:
 - Increased total production volumes by nearly 50%
 - Increased consumer packaged infant formula (IFC) sales by nearly 900%
 - Increased net profit by 650%

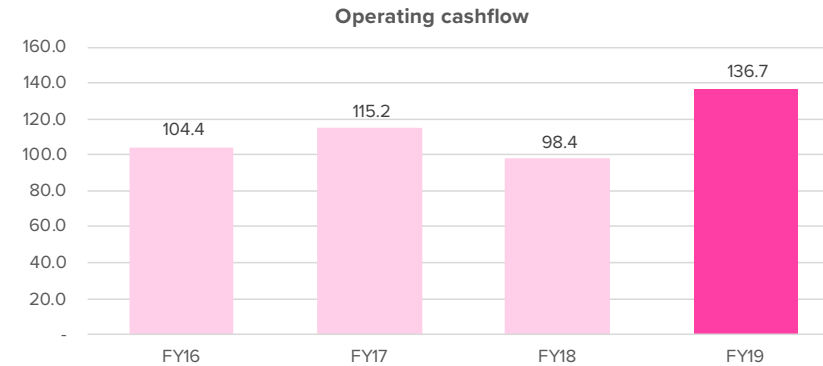


OPERATING CASH FLOW

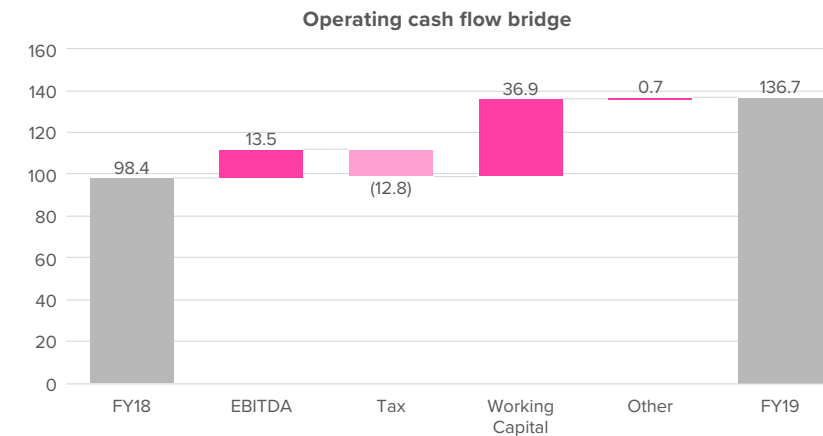
Net cash inflow from operating activities increased by \$38.3 million to \$136.7 million from \$98.4 million last year

- Cashflow generation driven by an increase in operating profit and a favourable movement in working capital
- Working capital movement a function of:
 - Inventory management efficiencies
 - Continued benefits from receivables purchase programme, with the year end balance increasing to \$109 million as at 31 July 2019, including adding Nestle to the programme

\$ millions



\$ millions



NET DEBT

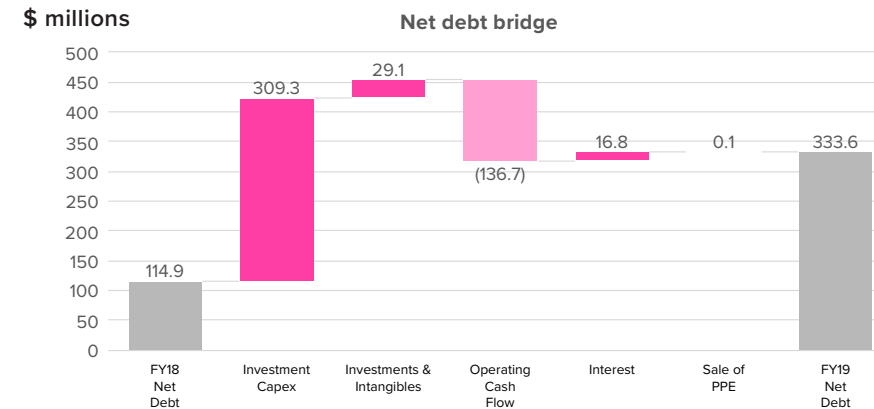
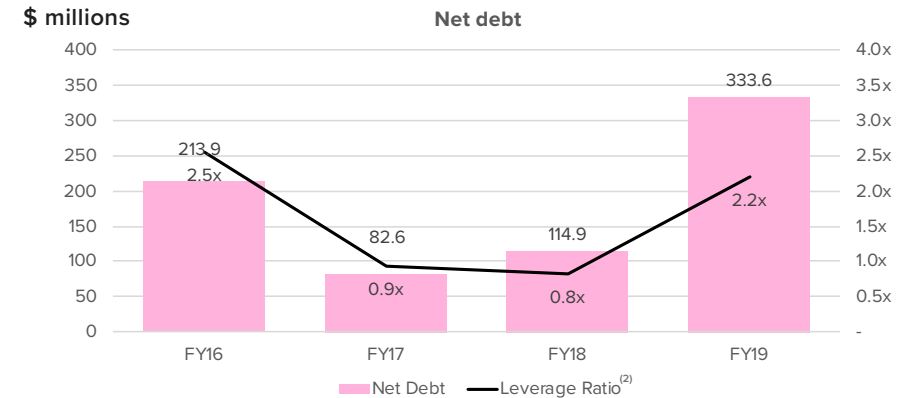
Synlait is targeting investment grade financial metrics and total leverage ratio below 2.5x over the long term

Synlait's asset base has been built through large capital projects, where leverage increases and then reduces as cashflows are delivered from the operation of those assets

- Net debt increased by \$219 million to \$333.6 million in FY19 as Synlait's significant investment in major growth and operational projects continued
- As at 31 July 2019, major projects were largely complete:
 - Pokeno manufacturing facility: \$221 million of \$279 million spend completed⁽¹⁾
 - Liquid dairy packaging facility: \$115 million of \$134 million spend completed
 - Lactoferrin plant upgrades: Spend completed during FY19
 - Talbot Forest Cheese: \$18.0 million of \$37.8 million spend completed (settlement occurred on 1 August 2019)

1. Synlait processed first milk at Pokeno in September 2019. Includes land value.

2. Leverage ratio: Total debt / EBITDA



PROJECT UPDATES

Outside the major growth projects, Synlait has several strategic projects which may result in associated capital expenditure:

Potential customers	Synlait is regularly in discussions with a range of potential customers. These currently include discussions with multinational consumer products and healthcare businesses in relation to the possible supply by Synlait of finished nutritional products or nutritional product ingredients. These types of discussions are a core part of diversifying and growing our business, and at any point in time will be at various stages of development. As these discussions with potential customers are currently incomplete, there is no assurance that any contracts will be entered into. If a contract is entered into, Synlait may incur additional capital expenditure and/or generate incremental earnings that may have a net positive impact on the business and its financial performance. Synlait will make further announcements when appropriate.
Enterprise Resource Planning system	Synlait is currently undertaking a project to upgrade its Enterprise Resource Planning (ERP) system. The project is expected to run for another 18-24 months and require capex of circa \$23 million.
Munchkin	Synlait is currently in discussions with Munchkin regarding options and opportunities for Munchkin's ANZ Infant Formula business. There is no assurance any transaction will eventuate from these discussions. Synlait has an ongoing agreement with Munchkin which remains in place, and will make further announcements when appropriate.
Dunsandel farm purchase	Synlait is currently evaluating the acquisition of two farms which neighbour Synlait's Dunsandel site. The acquisition is expected to cost ~\$25-30 million. If agreement is reached, settlement is expected to take place in 2020 subject to receipt of Overseas Investment Office approval.
Lactoferrin pricing	The favourable market pricing environment experienced in FY19 has continued into early FY20. Synlait does not expect pricing will be sustained at the current elevated levels as additional supply is expected to enter the market.



STRUCTURE

INTEREST DEFERRAL AND EVENTS OF DEFAULT

The Bonds have an Interest Deferral Term

1. The payment of interest on the Bonds on an Interest Payment Date (other than a date on which the Bonds are Redeemed) is subject to no Interest Deferral Condition existing on the Interest Payment Date
2. An Interest Deferral Condition exists if:
 - Synlait does not, or would not after making the interest payment, satisfy the solvency test under the Companies Act 1993; or
 - An event of default, cancellation of more than \$35 million of commitments following an event of review or breach has occurred in any agreement made with or for the benefit of a Senior Creditor (e.g. breach of a bank covenant), or one would occur after making the interest payment
3. There is no Event of Default if interest on the Bonds is not paid because of an Interest Deferral Condition
4. Any interest that is not paid because of an Interest Deferral Condition will earn interest at the Interest Rate

Event of Default

The Events of Default in the Trust Deed include:

- Failure by Synlait to make a payment in respect of the Bonds, subject to grace periods
- Cross default in respect of borrowed money, of more than \$35 million, if not paid when due
- Failure by Synlait to comply with the restriction on dividends, distributions, capital reductions and financial assistance where interest has been deferred
- Failure by Synlait or any Guarantor to comply in a material respect with any obligation under the Trust Deed which has or is likely to have a material adverse effect on repayment of the Bonds
- Synlait or any Guarantor making a material misrepresentation under the Trust Deed where the circumstances have or are likely to have a material adverse effect on the repayment of the Bonds
- Certain insolvency events

Synlait has four key bank covenants in place within its Bank Facility Agreement:

1. Interest cover ratio – EBITDA to interest expense of no less than 3.0x based on full year forecast result
2. Minimum shareholders funds – must exceed \$295.5 million
3. Working capital ratio – inventory and debtors to working capital facility outstanding of no less than 1.5:1
4. Leverage ratios – Senior debt to EBITDA is not greater than 3.0x. Total debt to EBITDA is not greater than 4.0x

PURPOSE OF THE OFFER

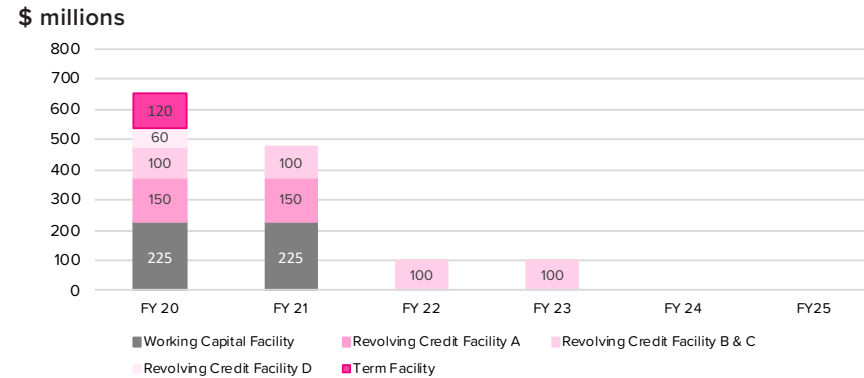
Synlait is seeking to raise up to \$150 million, with oversubscriptions of up to \$50 million

- The net proceeds of the Offer will be advanced to Synlait Milk Finance Limited and used to repay a portion of the Synlait Guaranteeing Group’s existing bank debt
- The Bonds will provide diversification of funding sources and tenor, and be used to support Synlait’s growth strategy
- The interest and principal amount of the Bonds will be excluded from Synlait’s Bank Facility Agreement senior covenant calculations but included in total debt covenant calculations

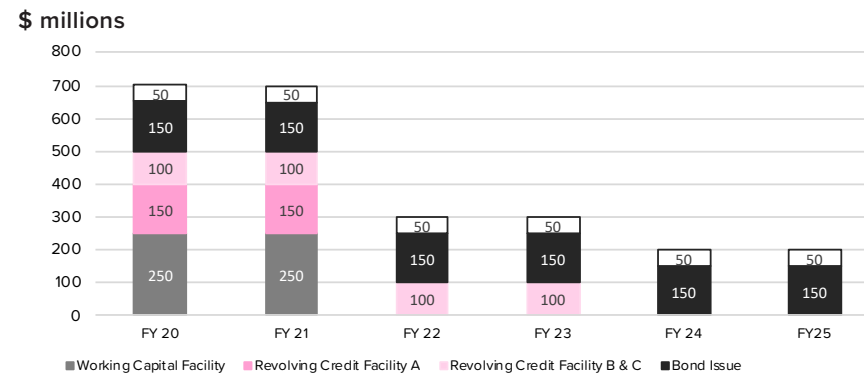
Assuming net proceeds of at least \$180 million are raised under the Offer, following application of those proceeds to repay a portion of bank drawings and the cancellation of some existing facilities, the senior loan facilities under the Bank Facility Agreement will be:

- Seasonal Working Capital Facility with a limit of \$250 million; and
- Revolving Credit Facilities with an aggregate limit of \$250 million.

Synlait Guaranteeing Group’s debt maturity profile (pre-Offer)



Synlait Guaranteeing Group’s debt maturity profile (post-Offer)

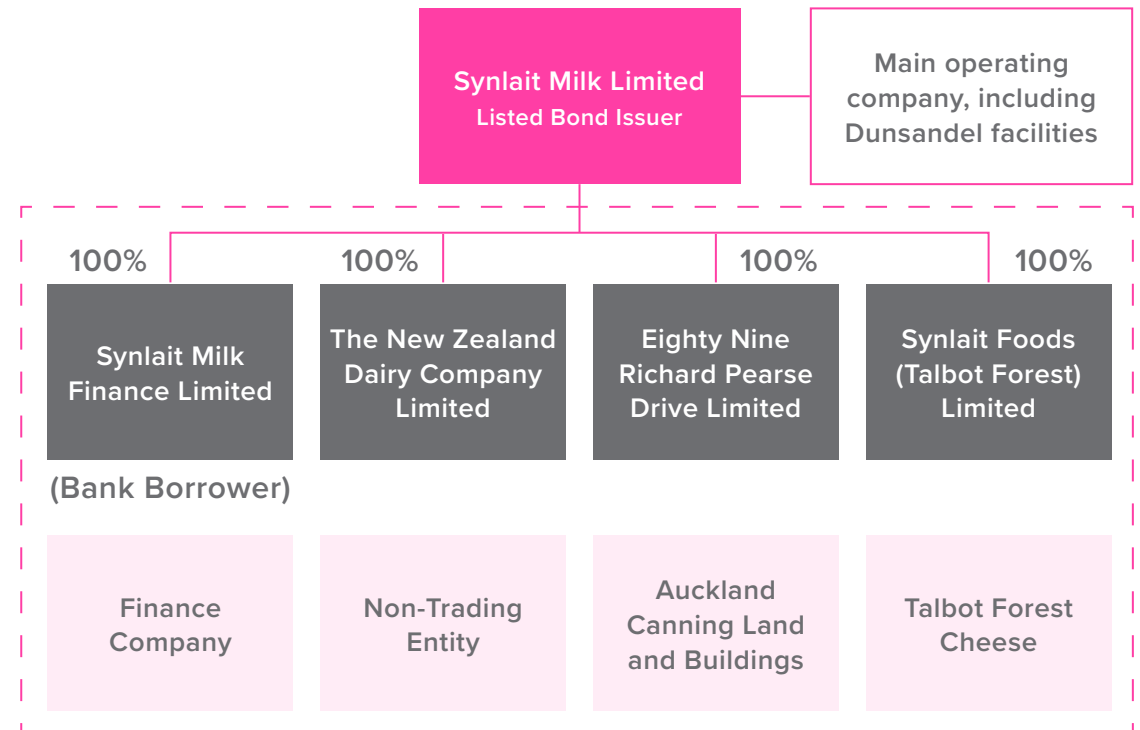


ISSUER AND GUARANTEEING GROUP

The Bonds will be guaranteed by the Guarantors

- On the issue date of the Bonds the Guarantors will be Synlait Milk Finance Limited, The New Zealand Dairy Company Limited, Eighty Nine Richard Pearse Drive Limited and Synlait Foods (Talbot Forest) Limited
- Any other subsidiary of Synlait that becomes or is required to become a guarantor under the Bank Facility Agreement before the Maturity Date is also required to become a Guarantor e.g. Dairyworks Limited if the acquisition is completed
- The Synlait Guaranteeing Group's senior bank debt, other secured borrowed money and other creditors preferred by law will be paid in priority to Bondholders in the event of liquidation
- In a liquidation event, however, Bondholders would rank in priority to subsidiary equity and liabilities that rank below the Bonds, and equal ranking to unsubordinated creditors in respect of borrowed money

Synlait Group on issue of the Bonds



Guarantors of Bank Facility Agreement (on a secured basis) and of Bonds (on an unsecured subordinated basis)



OFFER TERMS AND TIMETABLE

KEY TERMS OF THE OFFER

Issuer	Synlait Milk Limited (“Synlait”)
Bonds	Unsecured subordinated fixed rate bonds (“Bonds”)
Issue size	Up to \$150 million (plus up to \$50 million of oversubscriptions)
Guarantee	Guaranteed by Synlait Milk Finance Limited and the guarantors under Synlait’s Bank Facility Agreement
Term	5 year bonds maturing on 17 December 2024
Interest Rate	Sum of the applicable issue margin and the applicable swap rate. The Interest Rate will be no lower than the Minimum Interest Rate. The Interest Rate will be set following a bookbuild on 6 December 2019
Interest Payments	Quarterly in arrear in four equal payments, subject to no Interest Deferral Condition existing on the relevant Interest Payment Date
Interest deferral	Interest on the bonds will be deferred if an Interest Deferral Condition exists on the relevant Interest Payment Date
Dividend stopper	The payment of certain amounts by Synlait to shareholders (e.g. dividends) and creditors that rank behind the Bonds (if any) is restricted if interest is not paid on the Bonds when scheduled
Change of Control	<p>Bondholders may elect to be redeemed by Synlait at the greater of the Redemption Amount or market price if a Change of Control event occurs</p> <p>A Change of Control event occurs if an offer is made to acquire all or some of Synlait’s shares which would result in the offeror holding or controlling more than 50% of the voting rights of Synlait</p> <p>Synlait may elect to Redeem all Bonds early if fewer than \$50 million Bonds remain outstanding</p> <p>However, no redemption as a result of a Change of Control event is permitted if an Interest Deferral Condition exists or would exist if the redemption was made</p>
Early Redemption	<p>The Bonds will be Redeemed prior to the Maturity Date:</p> <ul style="list-style-type: none"> • at Synlait’s election if a Tax Event occurs provided no Interest Deferral Condition exists or would exist if the redemption was made; • at the option of an individual Bondholder after a Change of Control Event provided no Interest Deferral Condition exists or would exist if the redemption was made; or • following an Event of Default
Brokerage	0.75% of the amount issued plus 0.50% on firm allocations, paid by Synlait
Minimum Denominations	\$5,000 and in multiples of \$1,000 thereafter

For more information on the above key terms please refer to Sections 3.1 of the PDS (Terms of the Offer) and 5 of the PDS (Key Features of the Bonds)

KEY DATES OF THE OFFER

PDS Lodgement	29 November 2019
Firm bids due	6 December 2019, 12.00pm
Rate set date	6 December 2019
Opening date	9 December 2019
Closing date	13 December 2019
Issue date	17 December 2019
Expected date of quotation on NZX Debt Market	18 December 2019
Interest payment dates	17 March, 17 June, 17 September, 17 December
First interest payment date	17 March 2020
Maturity date	17 December 2024

SYNLAIT CREDIT HIGHLIGHTS

1.	Synlait is a NZX and ASX listed company with an NZX market capitalisation of NZ\$1.7b ⁽¹⁾ that produces a range of nutritional milk products for global customers, including The a2 Milk Company™
2.	Synlait has built a track record of delivering earnings growth and high returns on capital
3.	Investing for the future, executing a number of large-scale capital projects supported by new and existing customer commitments and acquisitions including Talbot Forest Cheese and Dairyworks
4.	Delivering on an earnings, site and category diversification strategy
5.	Purpose of 'Doing milk differently for a healthier world' captures the company's growth and enabling strategies, highlighting its unique, differentiated and integrated value chain and sustainability focus
6.	Experienced Board and management team
7.	Internal policy to maintain shadow investment grade credit metrics through the cycle – targeting a total leverage ratio of less than 2.5x over the long term

1. Market capitalisation as at 27 November 2019

APPENDIX

POKENO UPDATE

Timeline of the process to date

February 2018

Synlait announced the conditional purchase of 28 hectares of land in Pokeno to establish our second nutritional powder manufacturing site. It was the vendor's responsibility to have the covenants removed

November 2018

High Court removed covenants over the land which required the land to be maintained as rural. The High Court declined to award compensation to the covenant holder on the basis that they would not suffer any loss as the covenants were of little practical value. Synlait then took legal title to the land

May 2019

Court of Appeal overturned the High Court decision to remove the historic covenants

June 2019

Synlait filed an application for leave to appeal to the Supreme Court to have this decision overturned

August 2019

Supreme Court advised there will be an oral hearing prior to a decision on whether leave to appeal the reinstatement of the land covenants on the site by the Court of Appeal will be granted

September 2019

Synlait confirmed that a reasonable settlement offer had been made and reinforced it remained comfortable with its legal position. Synlait determined, and the auditors agreed, that no provision was required under the accounting standards in its full year 2019 financial statements. Synlait also announced it processed the first milk at Pokeno in September

October 2019

Supreme Court announced it will hear the case surrounding Synlait's Pokeno land

November 2019

Supreme Court announced it will hear the case on Wednesday 29 and Thursday 30 April 2020



Synlait

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