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ASX: SM1

12 March 2020

Synlait receives Overseas Investment Office approval for Dairyworks acquisition

Synlait Milk Limited (Synlait) advises that the Overseas Investment Office has granted consent under the Overseas Investment Act 2005 to its purchase of the shares in Dairyworks Limited (Dairyworks). As Overseas Investment Office consent was the only condition attached to Synlait's purchase of the shares in Dairyworks, arrangements can now be made for settlement on 1 April 2020.

Dairyworks specialises in the processing, packaging and marketing of dairy products. A New Zealand leader in the Everyday Dairy category, with a growing Australian presence, Dairyworks supplies New Zealand consumers with almost half of its cheese, a quarter of its butter, as well as milk powder and ice cream.

More information on Dairyworks and Synlait's acquisition rationale is set out in the presentation released alongside this announcement.

Synlait CEO Leon Clement commented: "This acquisition accelerates the execution of Synlait's Everyday Dairy strategy. It provides us with instant scale in the sector, new growth opportunities, and a diversified earnings base for our shareholders. Dairyworks gives Synlait the opportunity to extract more value from our milk pool and we see strong synergies with our recent Talbot Forest acquisition. We'll now be closer to the consumer and own more of the value chain."

Dairyworks CEO Tim Carter commented: "Dairyworks and Synlait are a logical fit. We're likeminded companies with a shared passion for doing things differently in the dairy sector. This is an exciting opportunity for us to work with Synlait to keep growing Dairyworks. It's a great fit."

Dairyworks' impact on Synlait's full year 2020 (FY20) guidance

A contribution from Dairyworks was not included in Synlait's recent guidance update released last month. Synlait can now confirm that Dairyworks is expected to make an EBITDA contribution of approximately \$4 million in the remainder of FY20. This translates to a net profit after tax contribution of approximately \$2 million, after borrowing costs and depreciation. Synlait reiterates it remains comfortable with its full year 2020 earnings guidance range, which is between \$70 million and \$85 million net profit after tax. A reminder that Synlait will release its half year 2020 financial results on Thursday 19 March.

Conference call at 9.30am (NZST) tomorrow: Friday 13 March

Synlait CEO Leon Clement, CFO Nigel Greenwood and Dairyworks CEO Tim Carter will hold a conference call at 9.30am NZST/7.30am AEST time tomorrow (Friday 13 March) to discuss the acquisition rationale set out in the presentation released alongside this announcement and take questions.

The conference call numbers for participants can be access [here](#). Please ask for the Synlait conference call. The reference ID is: 10004568

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