



28 September 2020

SYNLAIT FY20 RESULT PUBLISHED

Kia ora Synlait shareholders

Synlait Milk Limited (Synlait) today published its financial result for the 12 months ended 31 July 2020.

Key financial highlights included:

- Revenue up 27% to \$1.3 billion
- Earnings before interest, taxes, depreciation, and amortization (EBITDA) up 13% to \$171.4 million
- Net Profit After Tax (NPAT) down 9.0% to \$75.2 million
- Consumer-packaged infant formula sales up 15% to 49,180 MT
- Lactoferrin sales up 46% to 30 MT

Synlait Chair Graeme Milne commented: “Synlait’s financial performance was resilient when viewed against the backdrop of COVID-19. The company remains solid and highly profitable with EBITDA growing strongly demonstrating the strength of our core infant and lactoferrin businesses.”

“Our NPAT performance did reduce reflecting investments made in new facilities and acquisitions over the past two years to achieve our growth ambitions. We are however well positioned to grow earnings off our current asset base.”

Synlait CEO Leon Clement commented: “Synlait is focused on building a sustainable, diverse and recurring earnings base that comes from multiple customers, sites, markets and categories.”

“We are achieving this while balancing the needs of people, planet and profit in our decisions, and responding to changing customer demand against the backdrop of COVID-19. Our strategy to create a strong, diverse company, is more relevant than ever given the uncertain world ahead. Our team delivered a strong result in an exceptional year.”

FY21 guidance

- There continues to be significant global uncertainty regarding COVID-19.
- While Synlait has proven its ability to maintain operational continuity over recent months, in terms of demand for the products it manufactures, it expects:
 - Consumer-packaged infant formula volumes to be similar year-on-year, with lower demand in the first half of FY21 due to higher than normal stock levels in the supply chain. Synlait expects a return to growth in the second half of FY21 once stocks have cleared.
 - Strong underlying EBITDA and operating cash flows to continue, with growth delivered from a full year of Dairyworks earnings and the integration of Talbot Forest Cheese.
 - No disruption to manufacturing or demand for its ingredient and lactoferrin business.
- This guidance is subject to the unpredictable effects of COVID-19, with consumer behaviour, channel dynamics and supply chain disruptions all subject to change.



- This is offset by the carrying costs of investing in Synlait Pokeno and Synlait Dunsandel's Advanced Dairy Liquid Packaging facility. Earnings from these investments are expected to be delivered in FY22 and beyond.
- As disclosed today, Synlait is in the process of finalising a long-term supply agreement with a new, multinational customer for packaged products which is expected to have a positive impact on earnings from FY23.
- Against this, we are targeting a similar, or slight improvement on, our FY20 NPAT result.
- A further update will be provided at Synlait's half year result in March 2021.

More information

Synlait released the following materials today. Please click on the hyperlinks below to access this information:

- [Synlait Financial Statements to 31 July 2020](#)
- [Synlait Full Year Results 2020 Investor Presentation](#)
- [Synlait Full Year Results 2020 Media Release](#)

On behalf of the Synlait team, thank you for your commitment as a valued shareholder, as we keep *Doing Milk Differently For A Healthier World*.