



NZX: SML  
ASX: SM1

28 September 2020

## Synlait FY20 result published

Synlait Milk Limited (Synlait) today published its financial result for the 12 months ended 31 July 2020.<sup>1</sup>

- 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.

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<sup>1</sup> Comparisons are to the 12 months to 31 July 2019 (FY19) unless stated otherwise. As an ASX foreign exempt issuer, Synlait must comply with the NZX Listing Rules (other than as waived by the NZX) and we are exempt from complying with most of the ASX Listing Rules as set out in ASX Rule 1.15.



- 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.

#### Final 2019/20 milk price announced

The total final average payment for the 2019/20 season is \$7.30 per kgMS. This is made up of a base milk price of \$7.05 and an average additional incentive payment of 25 cents per kgMS, up from 18 cents per kgMS last season.

Synlait has increased its 2020/21 season base milk price forecast to \$6.40 per kgMS, previously \$6.00. While it is still early in the season, and commodity prices remain volatile, this reflects growing confidence in the season ahead. Foreign exchange rates remain relatively low supporting a higher milk price. As always, commodity prices through the next few peak months will be critical to this season's milk price.

For more information about Synlait visit [www.synlait.com](http://www.synlait.com) or contact:

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