



# Synlait

Macquarie Australia Conference 2019



# Synlait

We are a young, pioneering New Zealand-based company that is shifting perceptions and driving value through new thinking, and a new attitude. We harness New Zealand's natural assets, and combine expert farming with state-of-the-art processing to produce a range of nutritional milk products for our global customers.

## \$879.0m

FY18 REVENUE ↑ 26% CAGR SINCE FY09

## \$74.6m

FY18 NPAT ↑ 89% ON FY17

## \$1.9b

MARKET CAPITALISATION

All figures in NZ\$, market capitalisation as at 30 April 2019.



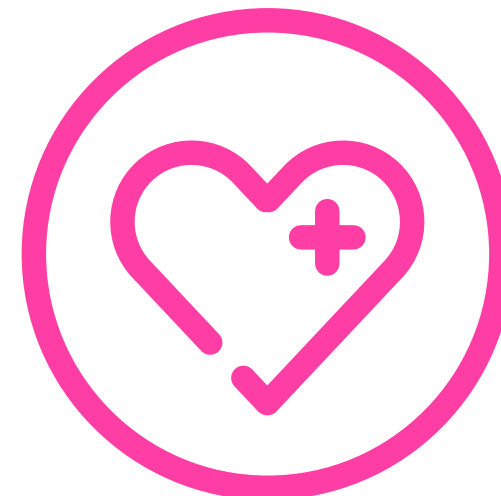
## OUR PURPOSE

# DOING MILK DIFFERENTLY FOR A HEALTHIER WORLD



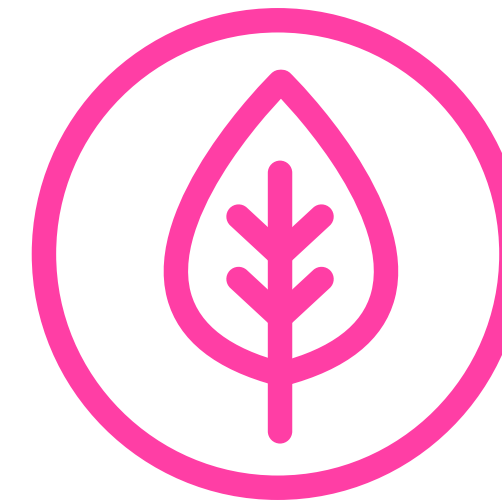
### Being Different

Our company was born disruptive. It is this spirit that has driven our success. To do things differently than we did yesterday, to try things that haven't been done before, is at our core.



### Essential Nutrition

The milk nutrition products we manufacture provide genuine benefits for human health and wellbeing for millions of people throughout the world.



### Sustainability

People and planet underpin all we do. Sustainability isn't a catchphrase for us. It's at the core of what we're doing everyday – all of us.

# DOING MILK DIFFERENTLY

**Our success has been driven by thinking differently. We are investing in our integrated value chain to strengthen our position as New Zealand's largest exporter of high value infant nutrition.**

- **Significant opportunity with category size and growth:**
  - **Total size of global IN market = US\$54.3 billion<sup>(1)</sup>**
  - **China growth: 16% CAGR over 10 years**
  - **NZ exports have tripled in the past three years**
- **Synlait is the largest exporter of high value infant nutrition in New Zealand ~45% share of exports**
- **We are investing in our unique, differentiated and integrated value chain (circa \$400m new capacity and capability under development in 2019)**

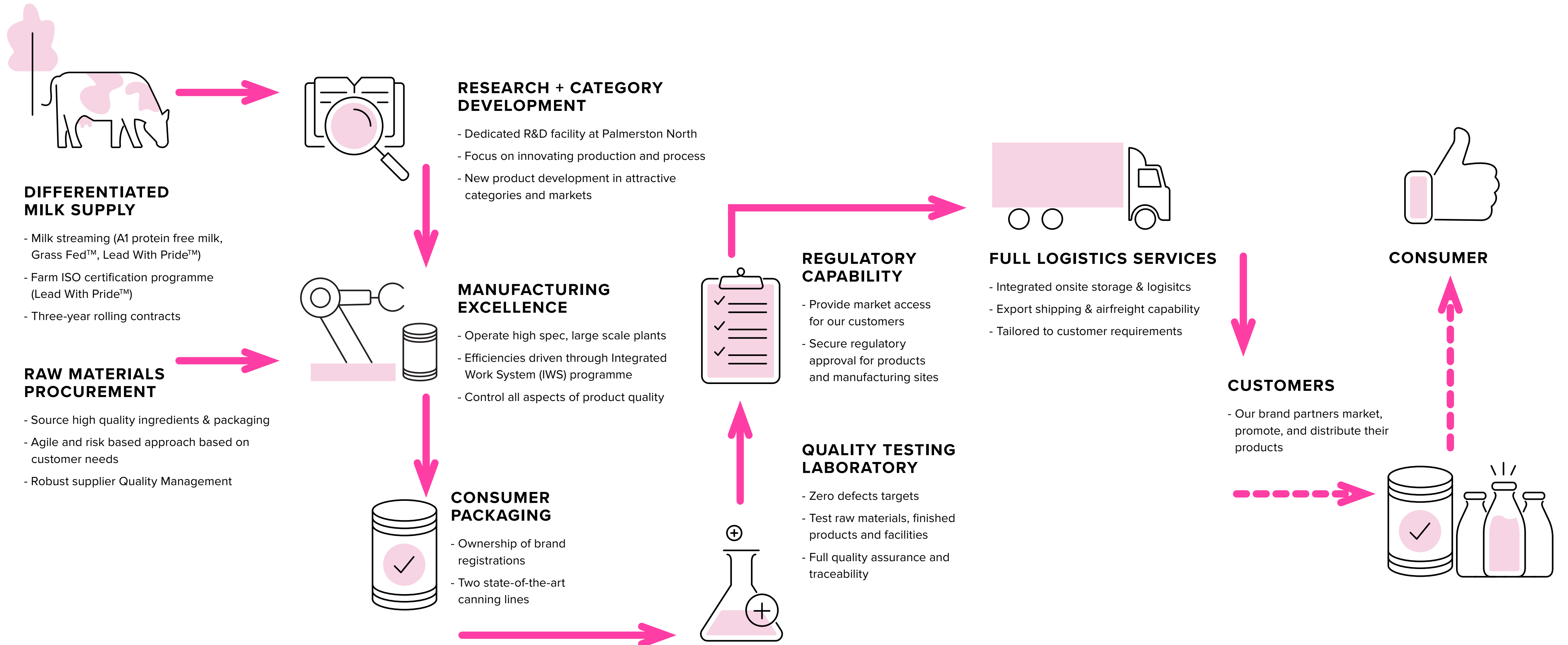
<sup>1</sup>Source: Euromonitor, 2018

# FOR A HEALTHIER WORLD

**We are mobilising around being the best for the world. Through our sustainable innovation platforms, we're changing our company, transforming our industry and setting up a positive legacy for future generations.**

- **This is the problem of our age and we're a big part of it**
- **We are committed to changing our company and inspiring positive change:**
  - **Reducing greenhouse gas emissions on and off farm**
  - **Eliminating water degradation**
  - **Incentivising farmers to improve practices and eliminate unsustainable feed supplies**
  - **Installation of New Zealand's first large scale electrode boiler**
- **And leading the way for transparency in our industry:**
  - **B-Corp certification in 2019**
  - **Committed to Science Based Targets Initiative (SBTI)**
  - **CDP reporting of climate impact**

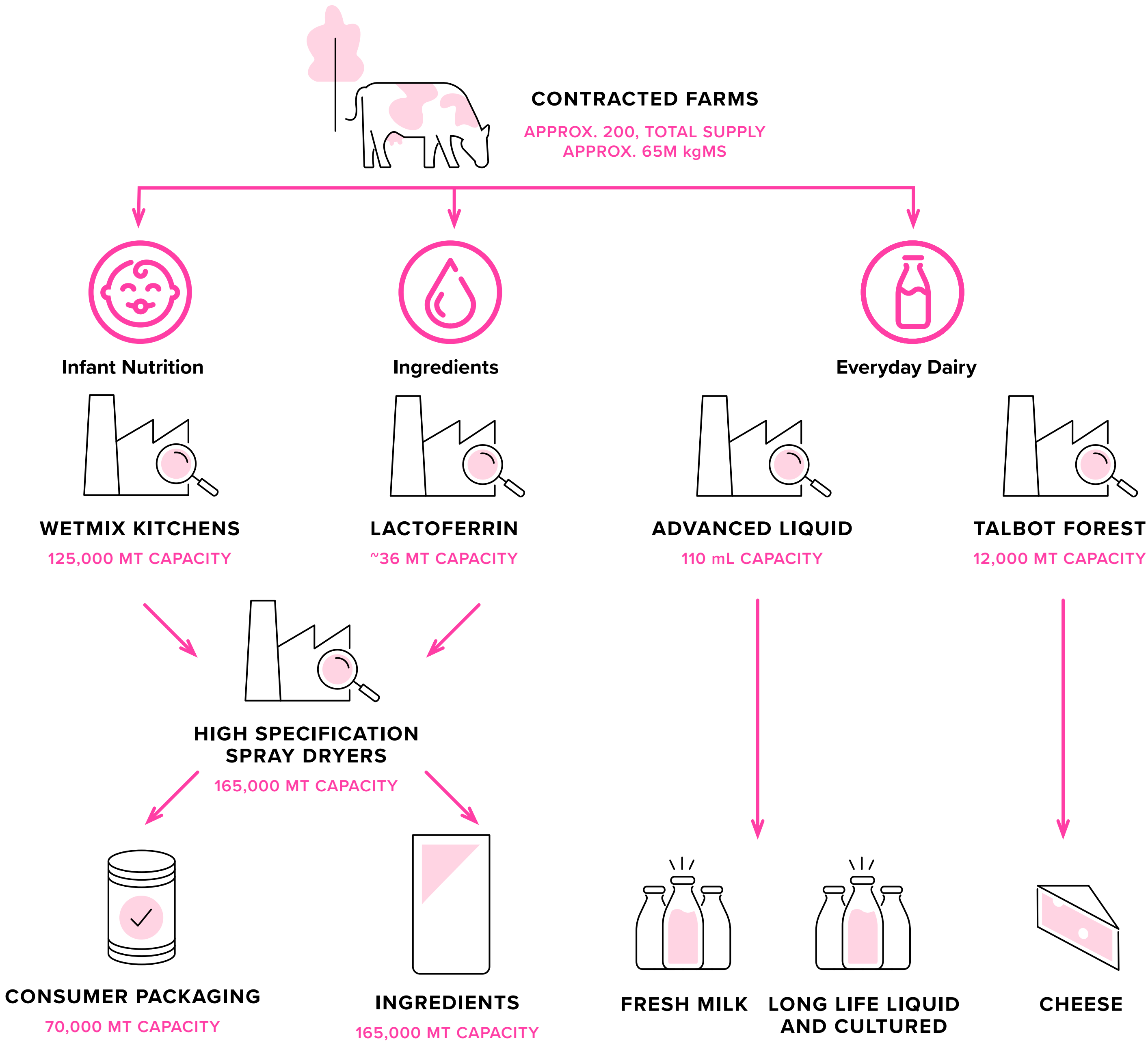
# SYNLAIT'S INTEGRATED AND DIFFERENTIATED VALUE CHAIN



# MANUFACTURING EXCELLENCE

## Significant investments in major growth projects

Project	(NZ\$ millions)
Pokeno Wetmix and Dryer	260
Advanced Liquid Dairy Packaging	125
Lactoferrin Upgrades	19
Talbot Forest Cheese	30-40
<b>Total</b>	<b>440</b>







# OUR GEOGRAPHIC FOOTPRINT

## AUCKLAND CANNING

- SAMR registration in progress

## POKENO

- Plant on schedule for 2019 / 2020 milk season commissioning
- A1 protein-free and Lead With Pride™ milk pools being formed

## PALMERSTON NORTH

- R+D staff to grow from seven to 15 by the end of FY19

## TEMUKA

- Talbot Forest Cheese acquisition on track for 1 August completion

## DUNSANDEL

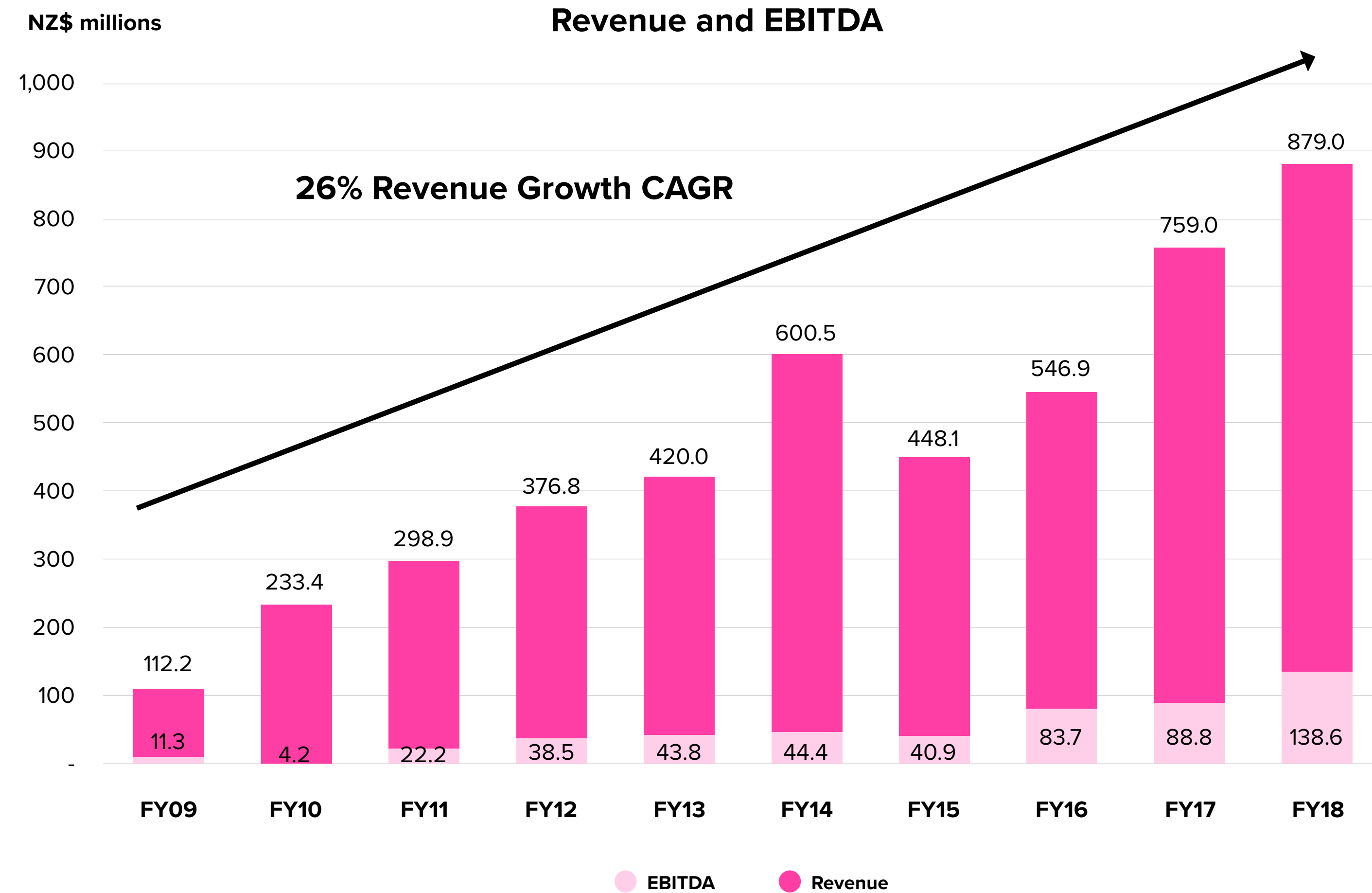
- Advanced Liquid Dairy Packaging Facility now operational



# 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 140,000 MT of annual production volume in 11 years, growing revenue by a 26% CAGR since FY09.

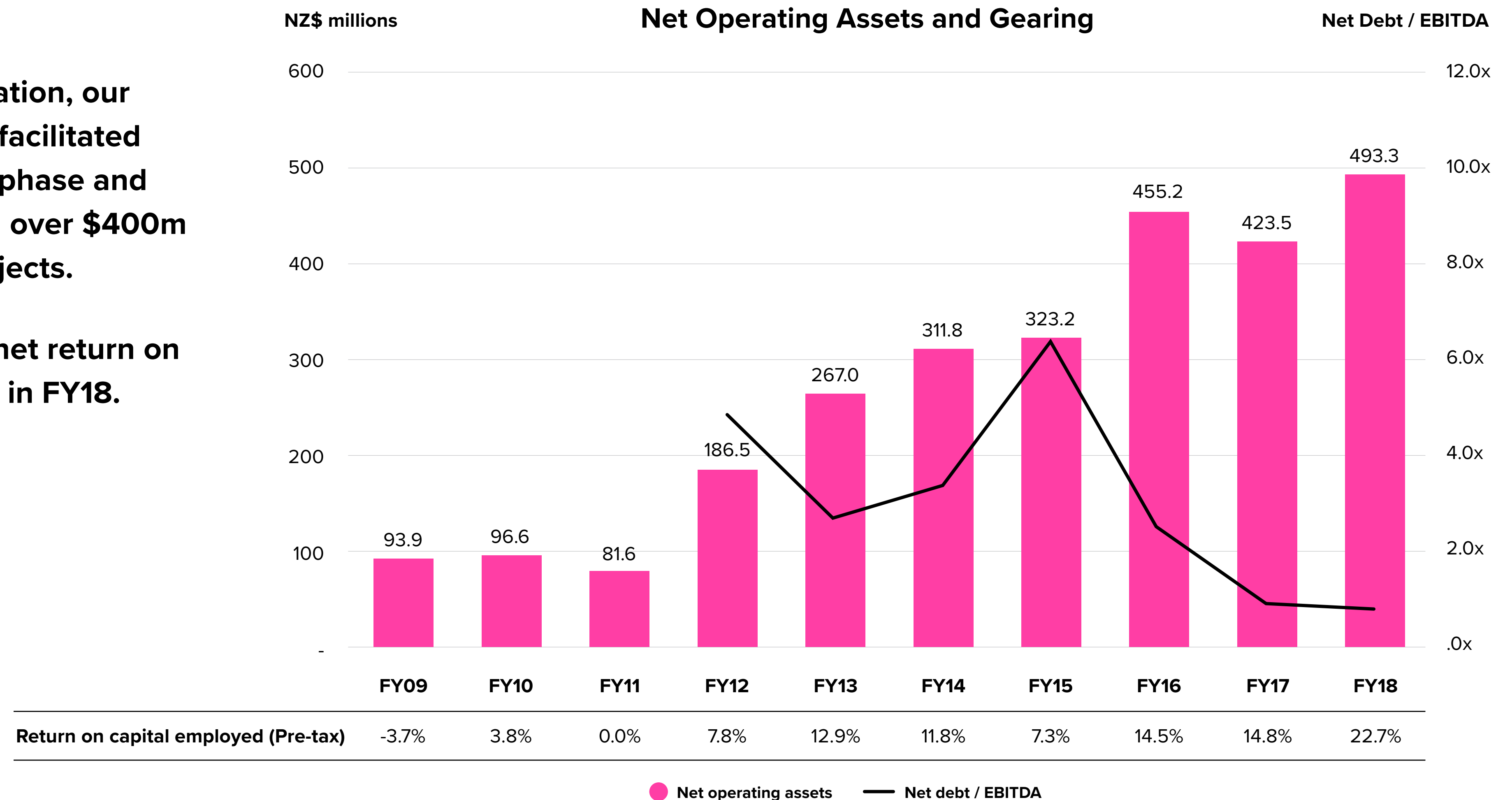




# TRACK RECORD OF SUCCESSFUL ASSET BUILDS

After a period of consolidation, our strong balance sheet has facilitated our second major growth phase and we are currently investing over \$400m into our major growth projects.

Synlait achieved a 22.7% net return on capital employed (pre-tax) in FY18.





# OUR STRATEGY

## DOING MILK DIFFERENTLY

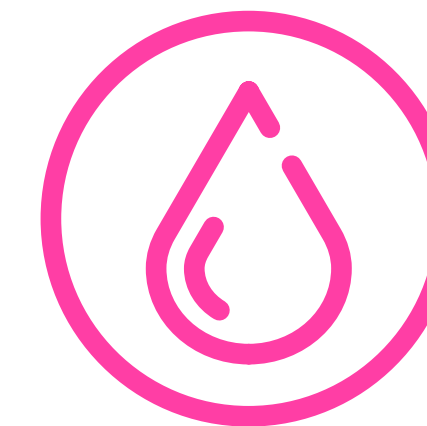
### Our Categories



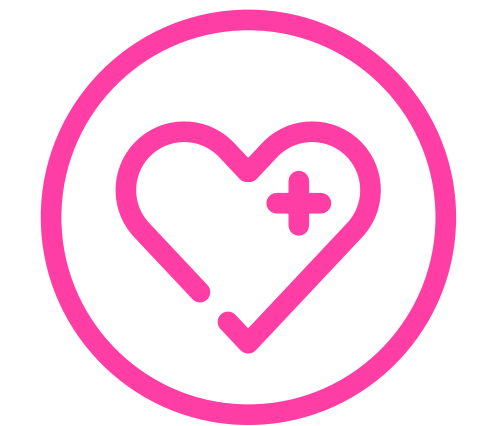
Infant Nutrition



Everyday Dairy



Ingredients



Adult Nutrition

## FOR A HEALTHIER WORLD

### Our Sustainable Value Chain



Environment



People



Enterprise



# OUR STRATEGY

## DOING MILK DIFFERENTLY

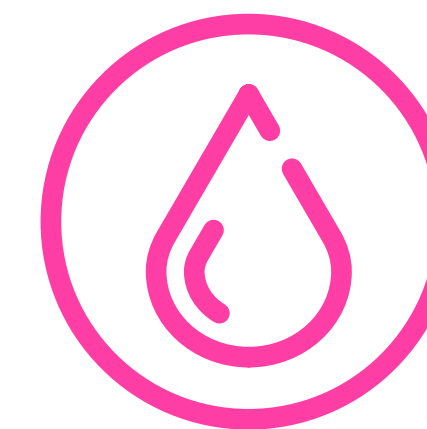
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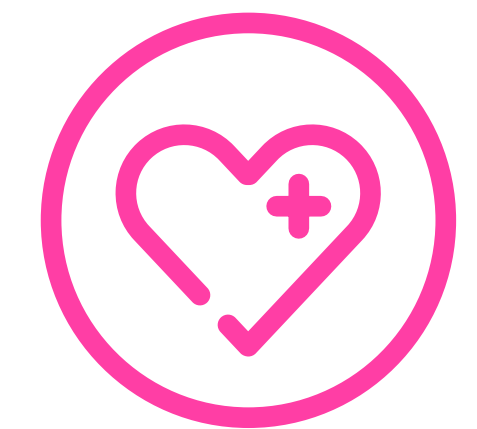
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## FOR A HEALTHIER WORLD

### Our Sustainable Value Chain



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# INFANT NUTRITION

Infant Nutrition business continues to grow strongly – on track to deliver 41,000 - 45,000 MT in FY19 (vs. 35,580 MT in FY18).

Expanding capacity with our second infant-capable processing site at Pokeno.

Strong partnership with The a2 Milk Company™ with exclusive supply rights for infant formula products to the China and Australia / New Zealand markets.

We remain committed to our globally diversified portfolio of Infant Nutrition brands as they undertake China / U.S. regulatory approvals.

## Global portfolio of Infant Nutrition customer partnerships



DIFFERENTIATED



CHINA DOMESTIC





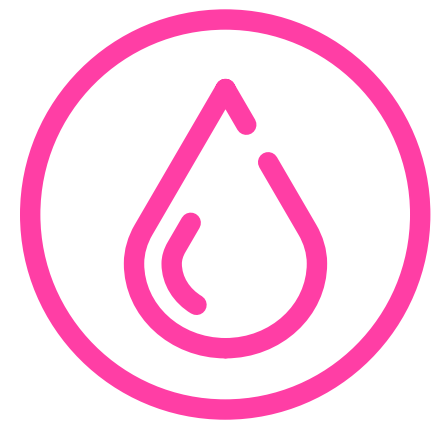
## EVERYDAY DAIRY

**Advanced Liquid Dairy Packaging Facility is now operational and is undertaking export registrations for the China market.**

**Developing new liquid nutrition categories in attractive export segments.**

**Talbot Forest Cheese acquisition is expected to complete on 1 August 2019 and allows further optimisation of our value chain.**



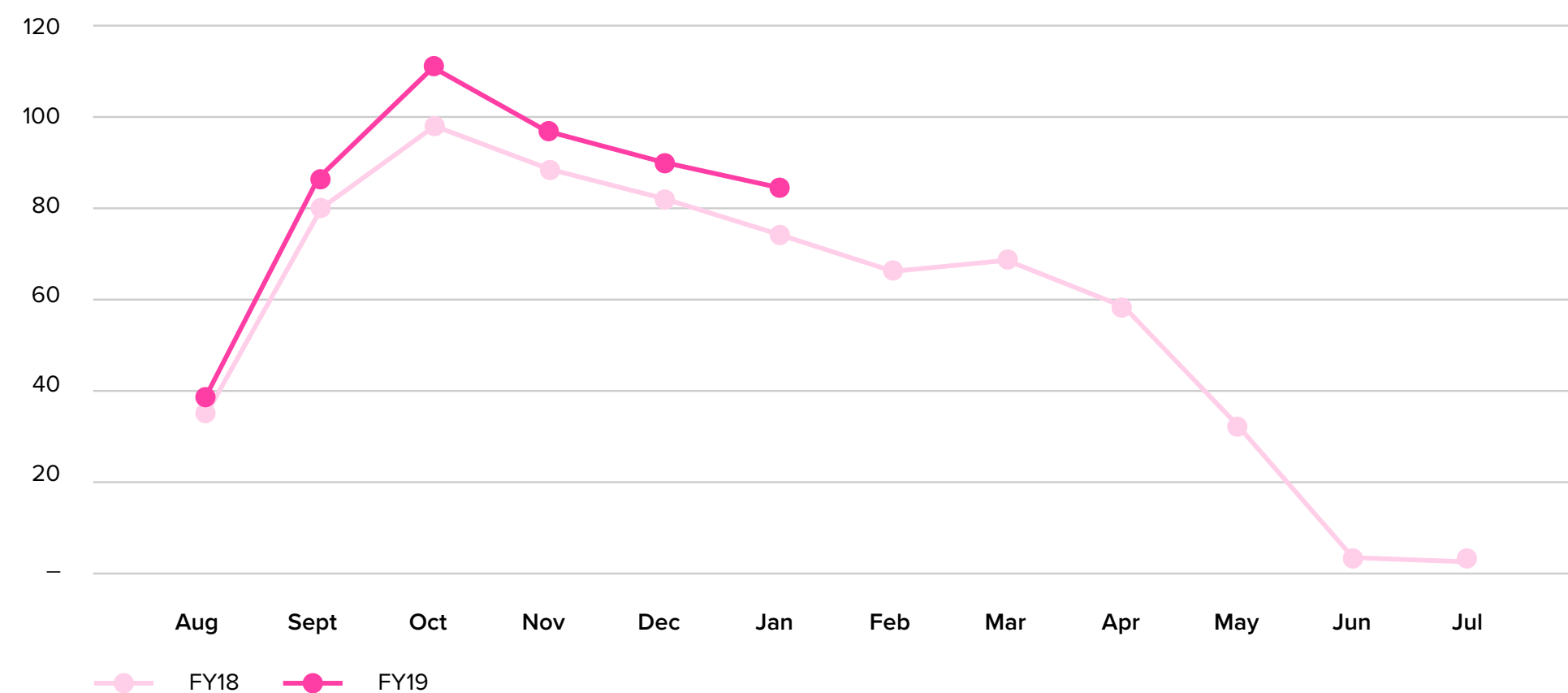


## INGREDIENTS + LACTOFERRIN

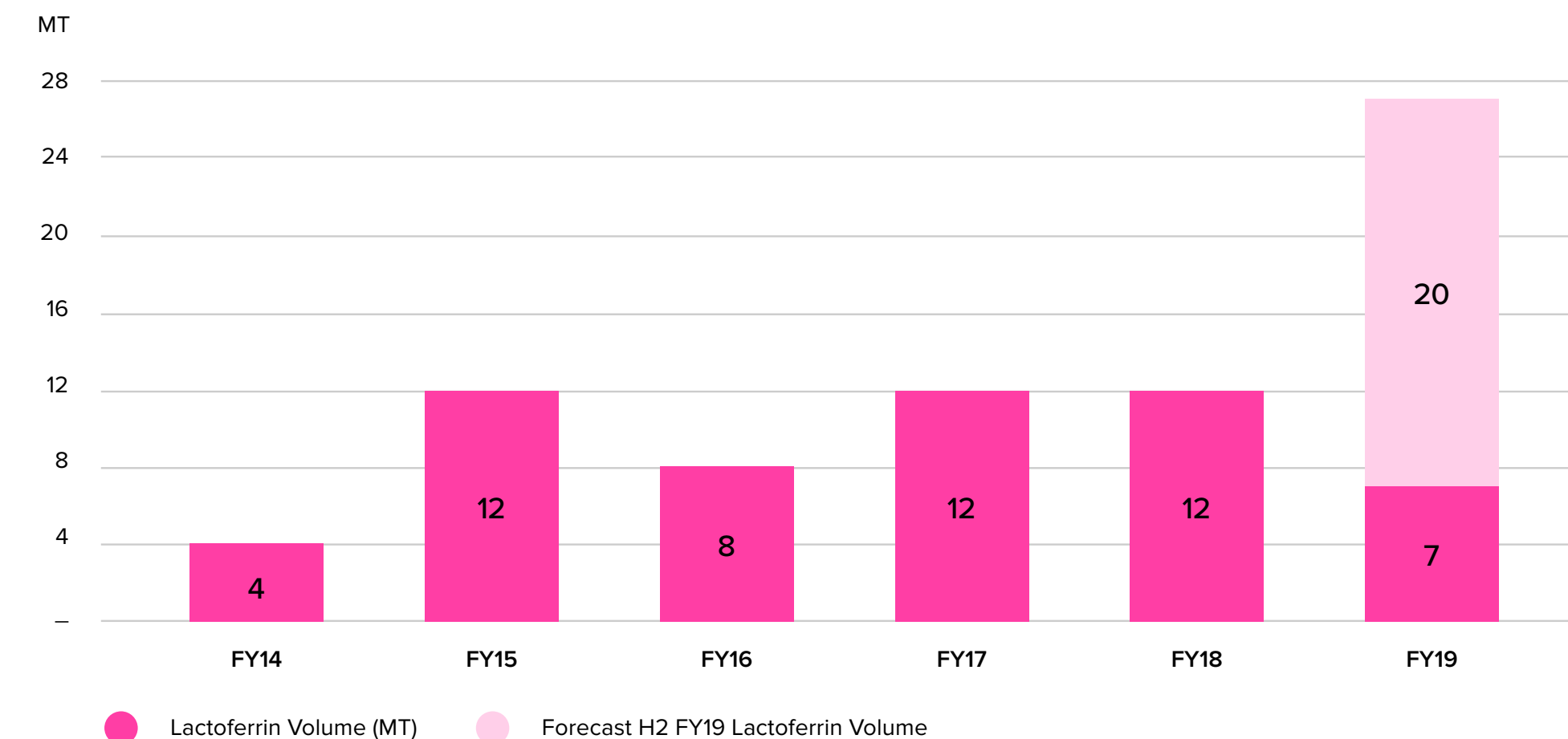
**Integrated Work Systems (IWS) manufacturing programme has delivered significant manufacturing efficiencies, with 12.4% more milk processed in HY19 vs. HY18 off the same asset base.**

**Synlait has developed world leading infant grade lactoferrin manufacturing technology and we doubled capacity to circa 36 MT.**

**Milk Processed (millions of litres)**



**Lactoferrin Production Volume (MT)**





# OUR STRATEGY

## DOING MILK DIFFERENTLY

### Our Categories



Infant Nutrition



Everyday Dairy



Ingredients



Adult Nutrition

## FOR A HEALTHIER WORLD

### Our Sustainable Value Chain



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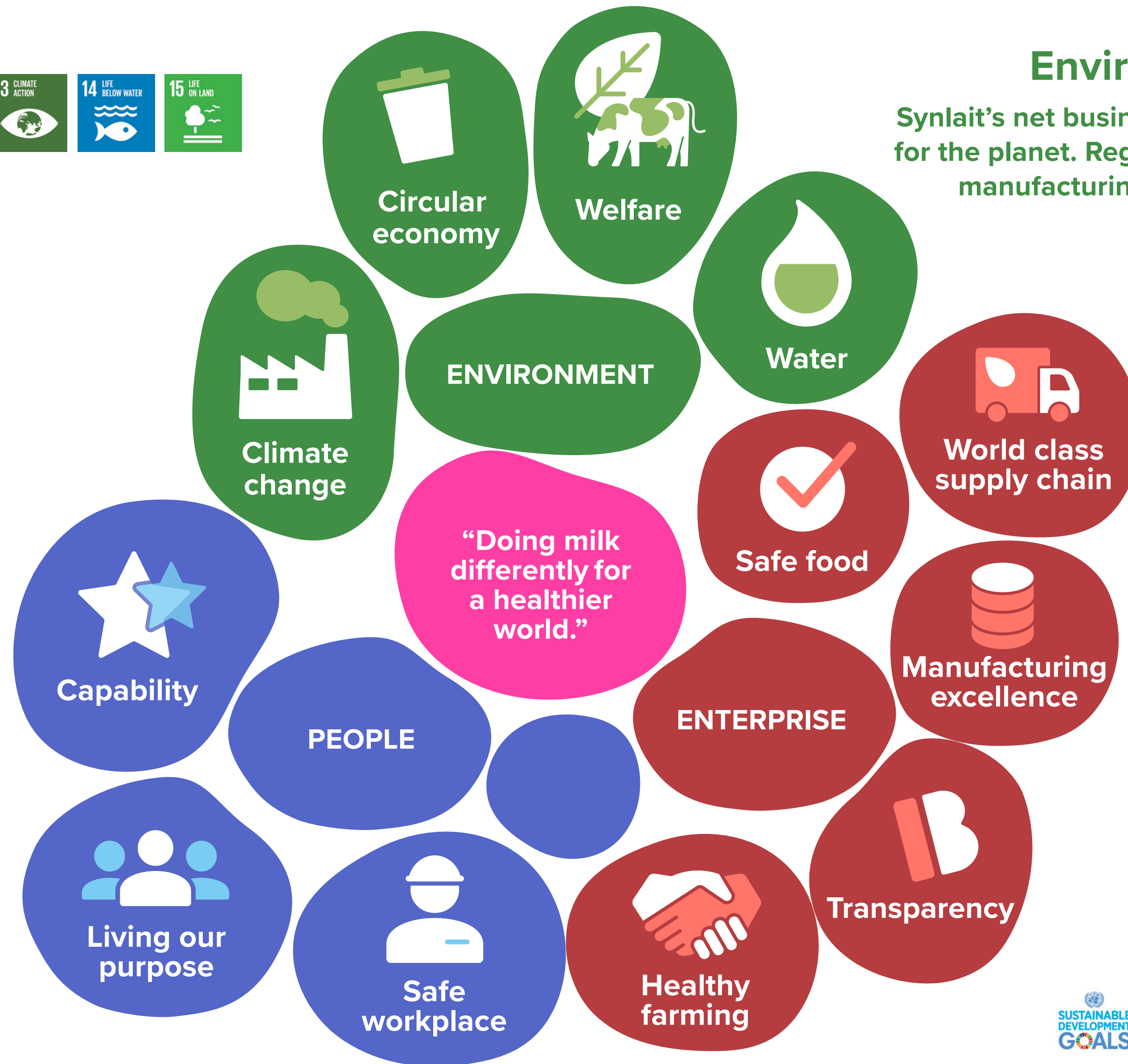
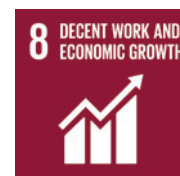
A man with a slight smile, wearing a black beanie with a small logo and a dark, possibly waterproof, jacket. He has his arms crossed and is wearing blue gloves. The background is a plain, light grey.

# WE'RE TAKING A STAND



## People

Opportunities for all to thrive.  
A fanbase transforming our industry; a positive legacy for future generations.



## Environment

Synlait's net business impact is positive for the planet. Regenerative agriculture, manufacturing + supply chain.

## Enterprise

Our heart is in NZ, our head is in the world. Returning an economic glow for NZ.







# **LIVING WELL, WITHIN THE BOUNDARIES OF OUR PLANET**



# *Synlait*

DOING MILK DIFFERENTLY FOR A HEALTHIER WORLD

**Thank You**