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4 March 2021

## Synlait FY21 guidance update

Synlait Milk Limited (Synlait) is continuing to experience significant uncertainty and volatility within its business. Because of this, the company is withdrawing its full year 2021 guidance (FY21).

Synlait's most recent guidance update was released on Monday 21 December 2020 following receipt of a revised demand forecast from the company's cornerstone shareholder and strategic partner, The a2 Milk Company Limited. Since then, several new factors have emerged which are expected to adversely impact FY21 earnings:

- The ongoing uncertainty of The a2 Milk Company's expected demand for the remainder of FY21 and FY22, as it continues to rebalance inventory levels, and recovers from the impacts of COVID-19 on the Daigou and CBEC channels.
- The resulting impact of the above on Synlait's manufacturing recoveries, which sees infant formula base powder production dropping significantly as outputs and inventory levels reset to a new outlook.
- The impact of global shipping delays which is expected to continue for some time and may still further impact the FY21 result.
- The ongoing volatility in commodity prices.

Given the significant volatility and uncertainty that is affecting Synlait at this time due to the above factors, the company's Board and Management see a broad range of outcomes still possible in FY21. However, the company's previous guidance, that the overall FY21 NPAT result will be approximately half that of the FY20 NPAT result, will now not be attainable.

A further update will be provided at Synlait's half year 2021 result on Monday 29 March 2021.

For more information contact:

Hannah Lynch

Corporate Affairs Manager

P: +64 21 252 8990

E: [hannah.lynch@synlait.com](mailto:hannah.lynch@synlait.com)