



SYNLAIT MILK LIMITED ANNOUNCEMENT

NZX: SML

ASX: SM1

25 October 2019

SYNLAIT TO PURCHASE DAIRYWORKS AND CONTINUE GROWTH STRATEGY

Synlait announces the conditional purchase of Dairyworks for \$112 million, subject to Overseas Investment Office approval. This is reflective of an approximate 7.5 x EBITDA multiple based on the last twelve months earnings.

The acquisition of Dairyworks will provide Synlait with another meaningful move towards the delivery of our Everyday Dairy strategy and complements the company's recent acquisition of cheese manufacturer Talbot Forest.

Synlait CEO Leon Clement commented: "This is an exciting opportunity for Synlait. This business is a great strategic fit for us and an important step in growing our presence in the Everyday Dairy category."

"Dairyworks is a nimble and innovative company. It will fit well with Synlait and provides us with an opportunity to keep optimising our value chain while giving access into Australia where Dairyworks presence is growing."

"Opportunities exist in both businesses to streamline supply chains and enhance our competitiveness. It gives us the ability to optimise how we process milk solids and get the most value from our supply of milk. We're excited by this opportunity as we work to capture more value in the dairy market in New Zealand and globally."

Dairyworks will operate as a stand-alone business under the Synlait umbrella, with its CEO, Tim Carter, reporting to Mr Clement.

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Dairyworks was established in 2001 in South Canterbury and is one of the larger companies operating in New Zealand's Everyday Dairy category. From small beginnings in Temuka, it moved to its current operation in Christchurch, where it supplies New Zealand with almost half of its cheese, a quarter of the country's butter, as well as milk powder and the award-winning Deep South ice-cream. It owns the cheese and butter consumer brands Dairyworks, Rolling Meadow and Alpine which are supplied to supermarkets in New Zealand and Australia.

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