



NZX: SML  
ASX: SM1

30 July 2021

## Synlait agrees new funding arrangements

Synlait Milk Limited (Synlait) has agreed terms to refinance its maturing syndicated banking facilities, with final documentation to be completed in coming weeks.

As advised in May, Synlait has been in discussions with its banking syndicate regarding ongoing funding arrangements after a waiver was granted for the relevant FY21 covenants. Discussions have concluded, and the changes to the funding arrangements are:

1. Working capital facility of \$250 million, extended for 12 months, maturing 1 October 2022. Additional funding is required to bridge the seasonal HY22 working capital requirement. Therefore, a temporary \$80 million increase in this facility has been agreed. This will step down over a period of seven months from \$330 million in August 2021 to the current level of \$250 million in February 2022.
2. Revolving credit facility (Facility A) of \$100 million. This maturing facility will be required for the majority of FY22. It will be amortised down to \$66.7 million at the end of July 2022 and then to \$33.3 million at the end of July 2023. The syndicate has agreed that Facility A will rollover for two years, at which point the other revolver facilities will mature, providing an opportune time for Synlait to consider all medium to long term funding requirements and sources.
3. Revolving credit facility (Facilities B and C) – facility limit of \$100 million maturing on 1 October 2023 (maturity date previously 1 August 2023).

In addition to the syndicated bank facilities above, Synlait listed \$180 million of five-year unsecured subordinated fixed rate bonds on the NZX Debt Market in December 2019.

Synlait has key financial covenants in place with its banking syndicate for FY22. These are:

1. A total debt leverage ratio set at 4.5x.
2. A senior debt leverage ratio set at 3.0x.
3. Minimum shareholder funds of no less than \$600 million.
4. An interest coverage ratio of 3.0x.
5. A working capital ratio of 1.5x.

Synlait CFO Robert Stowell commented: “Synlait has been proactively engaging with its banking syndicate for some time. The syndicate is supportive of Synlait’s story and strategy, and we are pleased to have completed this refinancing exercise so we can provide increased certainty for our shareholders, customers, suppliers and staff.”

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