SYNLAIT MILK
FULL YEAR RESULTS
INVESTOR PRESENTATION

For the 12 months
ended 31 July 2022

Synlait

Doing Milk Differently For A Healthier World

KEY TAKEAWAYS FROM TODAY

Return to robust profitability on track – EBITDA up $91.8m to $129.1m.

Balance sheet returned to normal metrics (net debt to EBITDA ratio of 2.6x) enabled by strong operating cashflows and inventory reduction.

Review of Synlait strategy and Executive Leadership Team structure completed.

SAP successfully implemented in August.

Commercial production to start in early 2023 for Synlait Pokeno's multinational customer.

Launch of Foodservice cream in China under JOYHANA brand in partnership with SAVENCIA Group.

All delivered while navigating Omicron. Our team's commitment to keeping our people safe, keeping their families safe, and keeping our facilities running was inspiring. Our response resulted in no more than 5.8% of our team being out of action with COVID-19 at any one time.

FINANCIAL PERFORMANCE

Rob Stowell
Chief Financial Officer

More than 100 Synlait Support Champions have been on the ground daily to support the transition to SAP. With key system and process knowledge, Support Champions have been the first point of call for staff to ask questions and get quick resolutions as needed. Support Champions Corinna Breig and Alex Oreta speak with Maintenance Engineer Connor Keenan at Dunsandel.

KEY FINANCIAL METRICS

▲ 21%
$1.66B
REVENUE[1]

▲ $91.8M
$129.1M
EBITDA

→

▲ $79.8M
$117.2M
ADJUSTED EBITDA[2]

▲ $67.0M
$38.5M
NPAT

→

▲ $62.4M
$34.0M
ADJUSTED NPAT[2]

▲ 23%
$9.59kgMS
TOTAL AVERAGE MILK PRICE

▲ 23%
$9.30kgMS
TOTAL BASE MILK PRICE

▲ $214.5M
$232.9M
OPERATING CASH FLOW

▽ 33%
$96.3M
CAPITAL EXPENDITURE[3]

▽ 29%
$341.9M
NET DEBT

▽ 79%
2.6x
DEBT/EBITDA

→

▽ 77%
2.9x
ADJUSTED DEBT/EBITDA[2]

All comparisons are to FY21:

[1] Includes revenue not attributable to business units.

[2] Normalised for the gain on sale and leaseback of Auckland land and building ($13.4m post-tax benefit) and non-cash impact of Temuka cheese plant impairment charge ($8.8m post-tax impact).

[3] CAPEX based on cash outflow, includes acquisition of livestock.

SYNLAIT'S IMPROVED FY22 FINANCIAL PERFORMANCE

A return to robust profitability is on track. Synlait has good momentum heading into FY23.

Ingredients

- Better sales phasing, product mix and premium attainment.
- Higher sales volumes due to FY21 inventory sell down.
- Cost reductions in operations and strong FX position.

Nutritionals

- Consumer-packaged infant formula sales volumes down slightly.
- However, higher manufacturing recoveries on infant base powders, cost reductions, and favourable FX contributed to an improved result.
- Record lactoferrin sales of 37 MT. Pricing remained robust with strong demand.

Beverages and Cream

- Improved cost structure and updated pricing.
- Performance below target due to delayed launch of UHT cream business.

Consumer Foods

- Commodity procurement gains, improved cost structure, and slightly higher sales volumes resulted in an improved result.
- Idling of the Temuka cheese plant also contributed to improved margins.

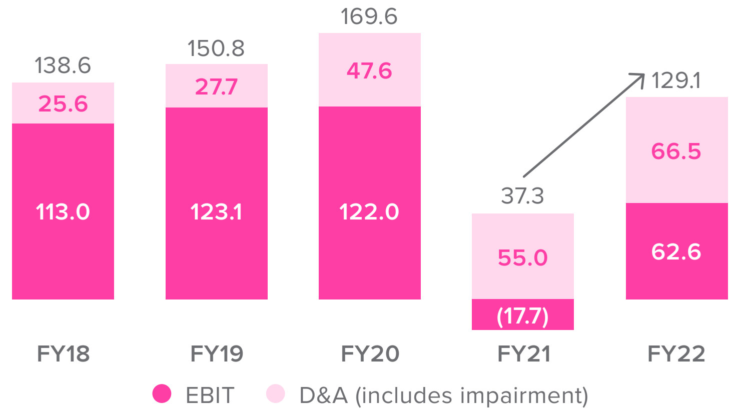
Other costs and income

- SG&A costs increased due to non-capitalisable ERP costs, high freight costs, and wage inflation response.
- Other income higher due to grant income and compensation received for prior period equipment impairment and customer-driven inventory provisions.

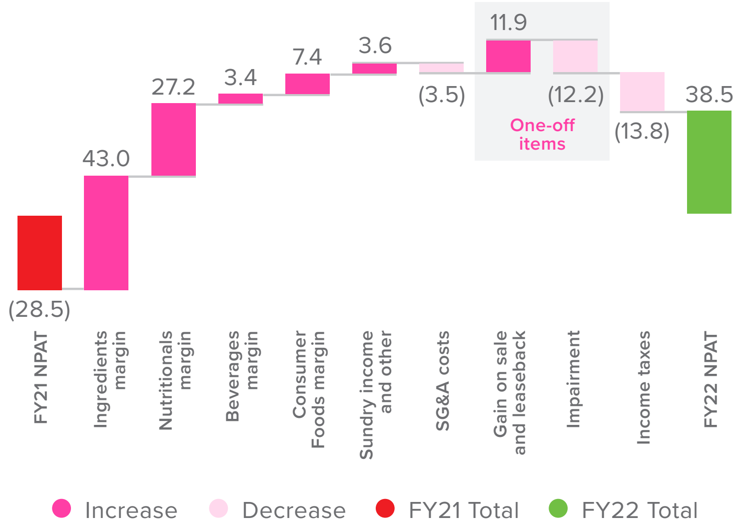
One-off factors

- One-off accounting gain of $11.9m on sale and leaseback of Auckland land and building (actual gain of $17.1m).
- Impairment charge for Temuka cheese plant of $12.2m to reflect continued idling. Synlait continues to evaluate options to resume operations, however an impairment charge was required to be recognised as a result of the idling constituting an indicator of impairment in accordance with relevant accounting standards.

EBITDA ($ millions)



NPAT Bridge ($ millions)



REVENUE AND SALES VOLUMES

Synlait delivered its largest annual sales revenue and volume on record. Total reported revenue increased 21%, driven by higher sales pricing pushed by commodity prices and sound management of product mix differentials and FX. Volume increased by 3%.

Ingredients

Sales revenue increase of 30% (FY22: $826m vs FY21: $635m) driven by:

- Higher dairy commodity prices and strong FX position.
- Maximised production mix to take advantage of the strong SMP/AMF lead bucket (relative to the WMP lead bucket).
- Sales volumes higher by 5% (6,567 MT) as excess FY21 inventory was sold down.

Nutritionals

Largely consistent sales revenue up 2% (FY22: $416m vs FY21: $406m) driven by:

- Higher input prices offset by 856 MT (2%) lower sales volume due to rebalancing of The a2 Milk Company's inventory levels.
- Lactoferrin sales volumes up 4 MT (FY22: 37 MT vs FY21: 33 MT) supported by strong market demand, firm pricing, and increased production.

Beverages and Cream

Sales revenue increase of 22% (FY22: $45m vs FY21: $37m) driven by:

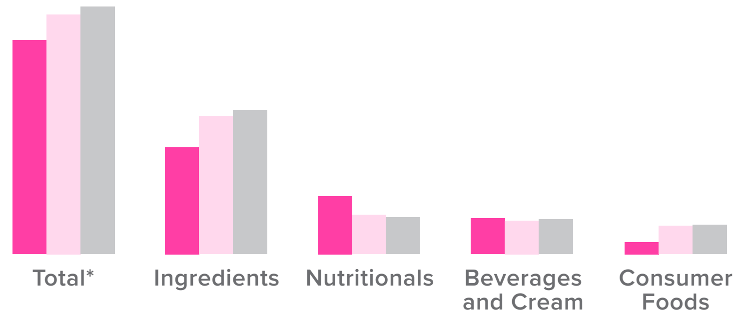
- Higher costs for raw milk reflected in higher pricing.
- Small volume increase of 1% or 472 MT.
- UHT cream volumes were commercialised in Q1 FY23 after a six month delay.

Consumer Foods

Sales revenue increase of 15% (FY22: $264m vs FY21: $229m) driven by:

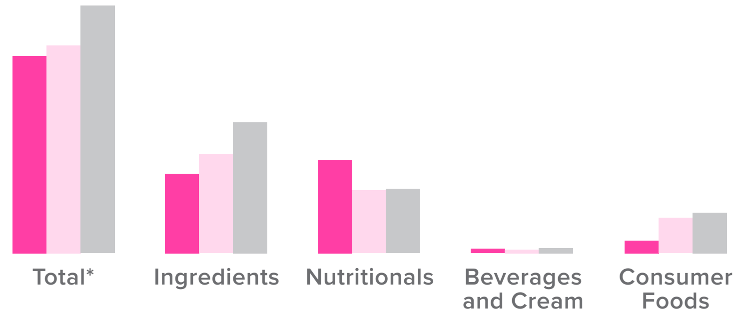
- Higher cheese prices driven by higher commodity prices.
- Sales volumes 3% or 831 MT higher as growth focus starts to shift to Australia and abroad.

Sales volume (MT)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	195,250	97,561	52,871	32,803	12,015
FY21	218,759	125,914	34,362	31,500	26,983
FY22	225,773	132,481	33,506	31,972	27,814

Sales revenue ($ millions)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	1,235	510	593	39	93
FY21	1,307	635	406	37	229
FY22	1,551	826	416	45	264

* Totals exclude amounts not attributable to business units. Total FY22 sales per the Group's financial statements include milk and cream sales revenue of $93m with the balance comprised of freight and other sales recoveries. Hence, headline revenue of $1,661m is different to $1,551m on this slide.

PRODUCTION AND INVENTORY VOLUMES

Production decreased 4% due to favourable product mix changes and less milk processed. Closing inventories down 40%.

Ingredients

Production decrease of 12% (FY22: 122,330 MT vs FY21: 138,971 MT) driven by:

- 26% higher production of infant base powders displacing ingredients production.
- 4% or 3.8m kgMS adverse impact on milk supply due mainly to poor weather (FY22: 83.0m kgMS vs FY21: 86.8m kgMS).
- Higher sales of raw cream to take advantage of higher SMP prices (FY22: 4.9M kg vs FY21: 3.1M kg).

Nutritionals

Net production increase of 48% (FY22: 31,016 MT vs FY21: 20,990 MT) driven by:

- 10% improvement in consumer-packaged infant formula sales, resulting in 26% higher infant base powder production.

Beverages and Cream

Volumes consistent with prior year (FY22: 31,620 MT vs FY21: 31,491 MT) due to delayed UHT cream launch.

Consumer Foods

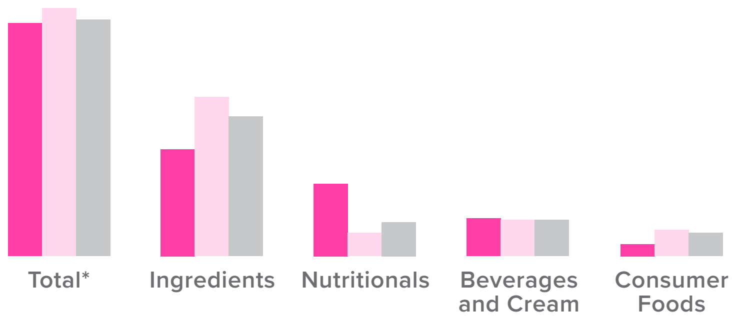
Production decrease of 10% (FY22: 21,274 MT vs FY21: 23,597 MT) driven by decision to idle production at Temuka cheese plant.

Closing inventory volumes

Closing inventory down 40% (FY22: 22,980 MT vs FY21: 37,981 MT) driven by:

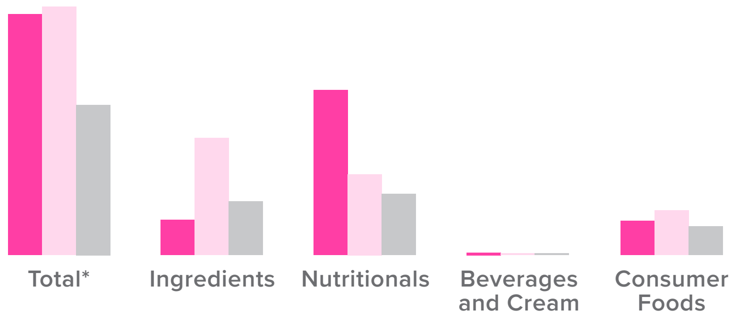
- Sell-down of abnormally high ingredients inventory on hand at end of FY21 (~9,600 MT).
- Rebalancing of infant base powders and packaged products.
- Sell-down of cheese produced at idled Temuka cheese plant (~2,400 MT on hand at FY21 now mostly sold).

Production volume (MT)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	202,788	94,188	63,857	32,893	11,850
FY21	215,049	138,971	20,990	31,491	23,597
FY22	206,240	122,330	31,016	31,620	21,274

Closing inventory volume (MT)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	36,777	5,588	25,342	501	5,346
FY21	37,981	18,101	12,515	416	6,949
FY22	22,980	8,457	9,519	428	4,576

* Totals exclude amounts not attributable to business units.

GROSS MARGIN PERFORMANCE

Reported gross margin improved by $79.5m as the performance of all business units lifted. The most significant contributors continue to be the Ingredients and Nutritional businesses.

Ingredients

Increase in gross profit performance of 297% (FY22: $57.5m vs FY21: $14.5m) driven by:

- Optimising the product mix towards the SMP/AMF lead bucket from the WMP lead bucket.
- Improved focus on sales premiums and sales phasing.
- 5% higher sales volumes as excess FY21 inventory sold down.
- Cost reductions in operations and strong FX position.

Nutritionals

Increase in gross profit performance of 64% (FY22: $70.0m vs FY21: $42.8m) driven by:

- Higher production of infant base powders resulting in higher manufacturing cost recoveries.
- Increased volumes and strong sales pricing in the lactoferrin business.
- Cost reductions in operations and strong FX position.

Beverages and Cream

Improvement in gross margin loss (FY22: ($1.4m) vs FY21: ($4.9m)) driven by:

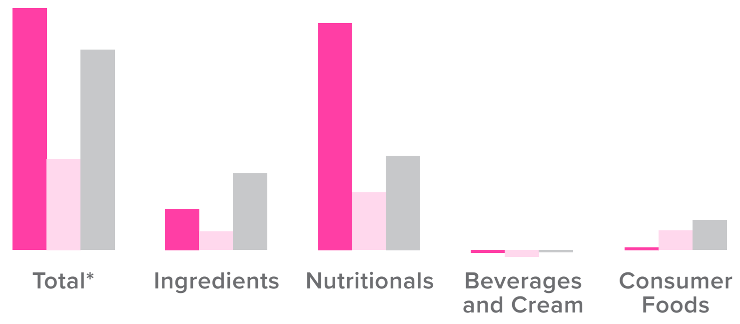
- Updated pricing and improved cost structure from savings initiatives.
- Did not achieve performance targets due to the delayed commercialisation of the UHT cream business (now launching Q1 FY23 vs. previously planned H2 FY22).

Consumer Foods

Improvement in gross margin performance of 49% (FY22: $22.8m vs FY21: $15.3m) driven by:

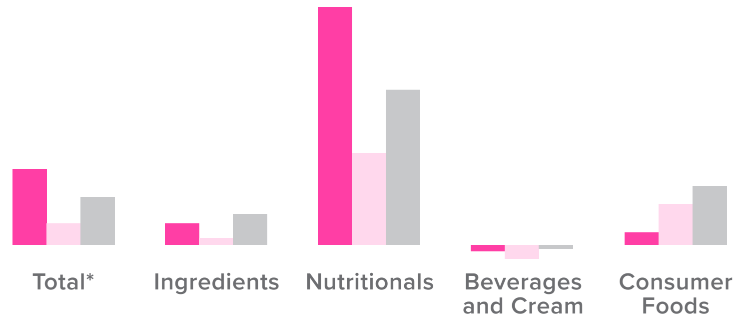
- Less sales volumes of high-cost cheeses produced at the Temuka cheese plant.
- Strong procurement gains during favorable purchasing windows.
- Impact of cost savings initiatives and efficiency improvements i.e., new cool store facility and employee costs.

Gross profit ($ millions)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	201.3	31.3	170.0	(2.2)	2.2
FY21	67.7	14.5	42.8	(4.9)	15.3
FY22	148.9	57.5	70.0	(1.4)	22.8

Gross profit ($/MT)



	Total*	Ingredients	Nutritionals	Beverages and Cream	Consumer Foods
FY20	1,030.8	320.7	3,214.5	(65.7)	181.1
FY21	309.8	115.1	1,246.2	(154.2)	567.8
FY22	659.2	434.0	2,089.0	(44.6)	818.5

* Totals exclude amounts not attributable to business units.

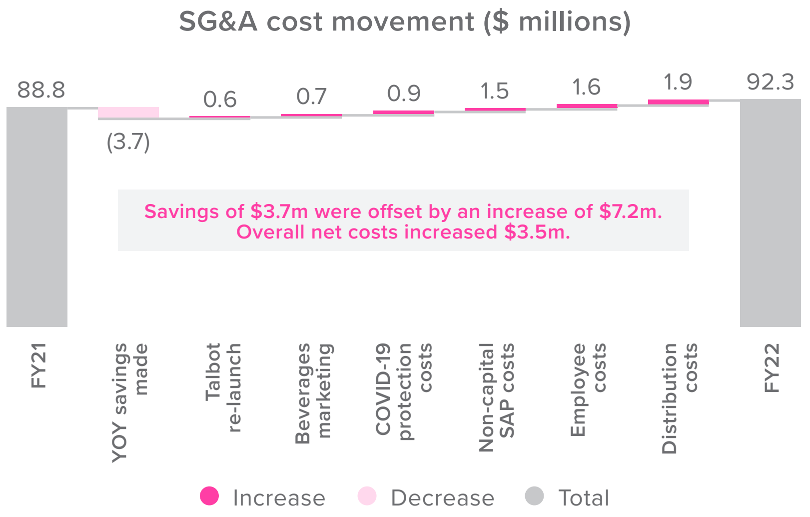
OPERATING COST PERFORMANCE

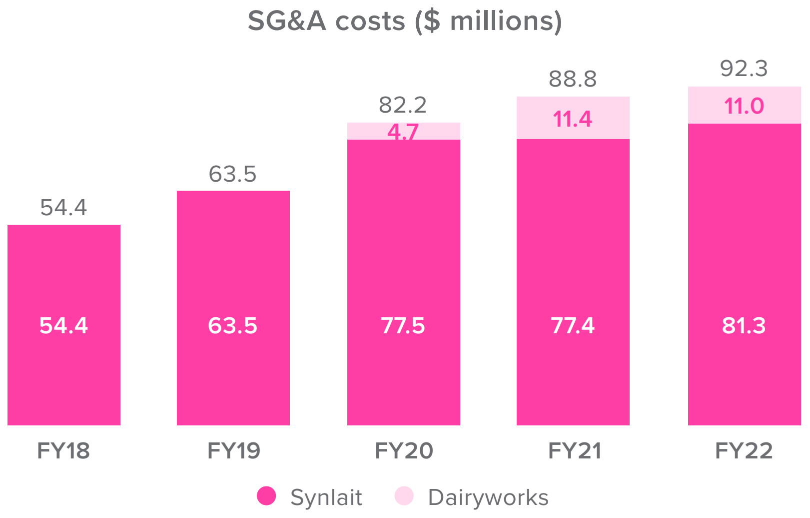
While total Group SG&A costs benefited from savings following last year's cost structure review, Synlait experienced strong upward cost pressures that pushed overall costs up $3.5m.

Sales and General and Admin Costs (SG&A)

Costs were $3.5m higher year-on-year despite $3.7m worth of savings made. Increases were driven by:

- **Marketing initiatives** at Dairyworks, including the Talbot Forest Cheese brand re-launch, resulted in a cost increase of $0.6m.
- **COVID-19 protection costs** increased by $0.9m with compulsory, daily rapid antigen testing implemented across all sites in FY22. Synlait was very effective in maintaining employee health and well-being while ensuring the continuity of all operations during the pandemic.
- **SAP implementation** increased costs by $1.5m due to higher consultancy and information services costs. The increase was attributable to costs not eligible for capitalisation.
- **Employee costs** increased $1.6m due to higher than anticipated temporary staff cover during COVID-19 and a general out-of-cycle increase to all employees of 3% in May, given market movements, and to recognise employees' hard work over the last 12 months and during COVID-19.
- **Distribution costs** increased by $1.9m due to higher sales volumes and escalating freight costs.





CASH FLOW AND NET DEBT

Net debt was reduced by $137.5m as operating cash flows improved significantly. The balance sheet has returned to normal metrics (normalised debt to EBITDA ratio of 2.9x) one year earlier than expected.

Operating cash flows

Operating cash flows increased by $214.5m or 1,116% (FY22: $232.9m, FY21: $18.4m) driven by:

- Strong EBITDA performance up $91.8m.
- Less cash tied up in net working capital at year-end due to sell-down of excess FY21 inventory, lower receivables, and higher payables.

Investing cash outflows

Investing cash flows reduction of $73.7m or 53% (FY22: $65.6m, FY21: $139.3m) driven by:

- $30.1m of proceeds from the sale and lease back of the Auckland land and building. The sale of this non-core asset was well-timed and took advantage of record property prices.
- Wind-down of capital spend with $96.3m spent compared to $142.9m in FY21.

CAPEX

Investing cash outflows include:

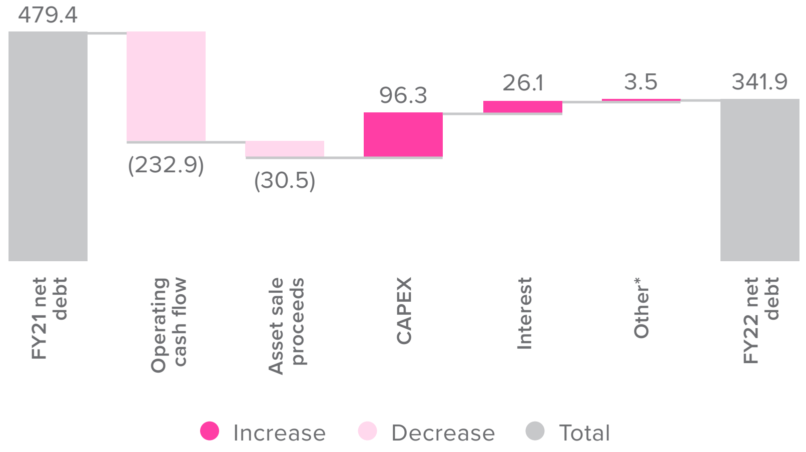
- $18.3m of spend on routine operational CAPEX.
- $78.0m spent on growth capital and other expenditure, including:
  - $43.0m spent on upgrades to accommodate the new multinational customer at Synlait Pokeno.
  - $29.6m spent on the SAP implementation project.
  - $3.3m spent on cows for the Synlait Dunsandel Farms.

Financing cash flows and net debt

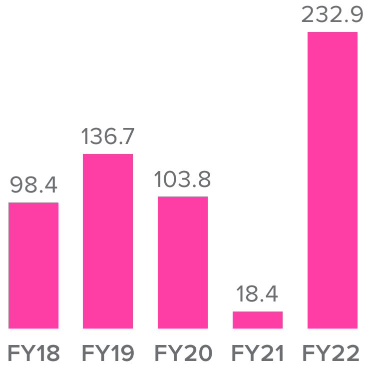
- Net debt reduced by $137.5m or 29% (FY22: $341.9m, FY21: $479.4m) due to improved operating cash inflows, reduced CAPEX, and the sale and leaseback of Synlait's Auckland land and buildings.

Balance sheet has returned to normal metrics earlier than expected. The net debt to EBITDA ratio is 2.6x (normalised: 2.9x). Synlait is now targeting a debt to EBITDA ratio of 2.0x to 2.5x for FY23.

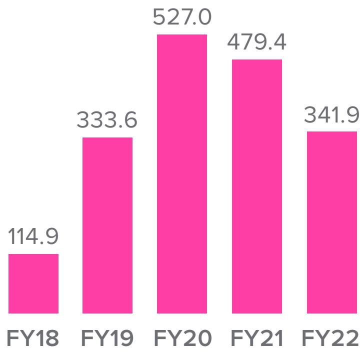
Net debt movement ($ millions)



Net cash from operating activities ($ millions)



Net debt ($ millions)



* Other is comprised of lease payments, impact of foreign exchange, and interest received.

DEBT FACILITIES AND BANKING COVENANTS

Synlait's banking syndicate, which includes ANZ and BNZ, has been hugely supportive over the last 12 months and, like Synlait, are pleased with business performance and the headroom created in key banking ratios. In FY23, Synlait will review its capital requirements for the next three years.

Synlait currently has four syndicated bank facilities in place with ANZ and BNZ:

1. A recently extended secured working capital facility of NZD $250m (with a temporary increase to NZD $300m) maturing 1 October 2023.
2. A secured revolving credit facility (Facility A) of NZD $66.7m with NZD $33.3m amortising 31 July 2023, and the remainder maturing 1 October 2023.
3. A secured ESG-linked revolving credit facility (Facility B) of NZD $50m maturing 1 October 2023.
4. A secured ESG-linked revolving credit facility (Facility C) of NZD $50m maturing 1 October 2023.

Synlait also has borrowings through retail bonds:

Synlait currently has $180 million of five-year unsecured subordinated fixed rate bonds which were listed on the NZX Debt Market in December 2019, and mature on 17 December 2024.

Review of Synlait capital structure requirements moving forward:

Due to the progress made in debt reduction and with Synlait's syndicated banking facilities and retail bonds up for renewal in October 2023 and December 2024, respectively, the company will undertake a comprehensive review of its capital requirements over the next 12 months.

Synlait has key financial covenants in place with its banking syndicate. It is expected that Synlait will be comfortably within these financial covenants based on the 31 July 2022 results and FY23 outlook. These are:

1. Total shareholder funds of no less than $600m at all times.
2. Working capital ratio of no less than 1.5x at all times.
3. Interest cover ratio of no less than 3.0x on and from 31 July 2022.
4. Leverage ratio of no greater than 4.5x for the 31 July 2022 reporting date, decreasing to no greater than 4.0x on and from 31 July 2023.
5. Senior leverage ratio of no greater than 3.0x on and from 31 July 2022.

Banking financial covenant performance in the year ending 31 July 2022.

	FY22	Covenant	Headroom
Shareholder funds	$655.8m	>$600.0m	$55.8m
Working capital ratio	7.2	>1.5	5.7
Interest cover ratio	5.6	>3.0	2.6
Leverage ratio	3.2	<4.5	1.3
Senior leverage ratio	1.6	<3.0	1.4

BUSINESS PERFORMANCE, STRATEGY AND OUTLOOK

Grant Watson
Chief Executive Officer

Construction at Synlait Pokeno for our new multinational customer has occurred over the last year. Process Systems Specialist Dwaine Henri, Senior Project Manager Carolijn van der Stok, and Production Manager - Dryer 1 Leon van Berkel stand in the space where products will be packaged and stored once construction is completed.

BUSINESS REVIEW ACTIONS PROGRESSED IN FY22

Synlait has made significant progress over the first 12 months of its two year recovery plan. It has been pleasing to see substantial financial and strategic progress sooner than anticipated, despite a challenging trading environment. Operational performance improvements and plans for the Temuka cheese plant remain key areas of focus for FY23 and FY24.

Value created in FY22

Cost structure review

- Cost structure review completed.
- Organisational reset completed.

Working capital, debt and treasury management

- Cashflow initiatives completed.
- Improved sales phasing and inventory reductions.
- Sale and leaseback of Synlait Auckland completed.

Ingredients business

- New executive appointed and team structure reviewed.
- Strong financial result delivered.
- Key projects progressing to plan.

Nutritionals business

- Recovery in infant formula business.
- Lactoferrin business remains strong.
- Key growth projects progressing to plan.

Dairyworks

- Strong financial results delivered by Dairyworks with business case assumptions met.
- Improvement in working capital management.

Beverages and Cream business

- JOYHANA (UHT cream brand partnership with SAVENCIA Group) launch delayed, commercial production now underway.
- Significant work undertaken to build a globally recognised customer pipeline.

Capital projects management

- CAPEX down on FY21 due to tighter control.
- SAP implementation successful after eight month delay.
- Synlait Pokeno’s new customer on-track.

Operations performance

- Rebuilding operational capability and planning the implementation of the next phase of Integrated Work Systems (IWS).
- Adapting to the post-pandemic world. i.e., labour shortages, inflation, geopolitical dynamics and operational and supply chain dynamics.

Temuka cheese plant

- Operations continue to be idled. This has resulted in a $12.2m impairment of plant and equipment.

BUSINESS UPDATE
INGREDIENTS

- Strong recovery delivered in the Ingredients business with record revenue and margin achieved via:
  - Improved sales discipline around premiums, timing and product mix.
  - Synlait's ability to leverage its manufacturing capability and capacity to maximise market returns.
  - Significant progress made in China (a key market), with major regional players.
- Director of Ingredients, Adam Maxwell appointed to lead the Ingredients business as part of the refreshed strategy in August.
- FY23 focus on continuing to lift disciplines, growing key markets, and maximising product mix.

In 2018 Synlait relaunched its corporate identity. It is now flowing through to product packaging. In March, new lactoferrin bags were released, and in August 2022, the new AMF drums arrived. Updated powder bags will be released this financial year.

BUSINESS UPDATE
NUTRITIONALS

State Administration for Market Regulation (SAMR) re-registration update

- SAMR renewed Synlait's current registration earlier this month. The renewal allows Synlait to manufacture Chinese labelled 至初® Infant Formula until 21 February 2023 under the previous GB standard.
- In parallel, Synlait is working towards achieving its re-registration under the new GB (food safety) legislation. China's COVID-19 lockdowns have impacted the new GB recipe registration timeline and process. Positive and constructive engagement with SAMR and Ministry for Primary Industries officials is ongoing.
- Synlait is working with The a2 Milk Company on stock transition plans. Synlait does not anticipate currently forecasted volumes of China-label a2 Platinum® Infant Formula to be impacted by changes to the re-registration timetable.
- Gaining re-registration for the new GB recipe is a top priority for Synlait and The a2 Milk Company.

Nutritional Base Powders

- Base powder opportunities are very competitive, however Synlait provides a secure milk supply at scale, with a strong New Zealand provenance positioning it well.
- Base powder opportunities (infant and paediatric) are progressing with multinationals and large players in the China and Southeast Asia markets.

Lactoferrin

- Demand is forecasted to continue to outstrip supply driven by the China infant formula market, as new recipe registrations include higher lactoferrin dosages to improve product functionality.
- Pricing remains firm given market dynamics.

Synlait Pokeno's multinational customer

- Product trials are progressing and construction is in the final stage of commissioning. There have been no changes to previously communicated CAPEX spend or volume expectations across the contract term.
- Commercial production starts in early 2023, with product planned for distribution in Southeast Asia from Q2 2023. Distribution markets have expanded to include Australia and New Zealand by the end of 2023 (calendar year).
- Additional product trials are commencing towards the end of the 2022 calendar year for new products in the clinical nutrition category.
- An investor Day will be held at Synlait Pokeno in May 2023 (further details on page 28).

BUSINESS UPDATE
BEVERAGES AND CREAM

JOYHANA (UHT cream) brand launched

- JOYHANA launched at Bakery China (Asia's largest bakery trade show) last week. The brand is a partnership between Synlait and SAVENCIA Group. The ultra-heat treated (UHT) cream, manufactured at Synlait Dunsandel, has been specifically developed for Chinese foodservice professionals.
- Commercial sales begin to ramp up gradually from Q1 FY23.

Customer pipeline commercialising

- Synlait has commercialised a UHT coffee beverage product for an existing multinational customer under a globally recognised brand under a contract manufacturing arrangement. The single-serve, ready-to-drink, on-the-go product, will be distributed across New Zealand and Australia. Volumes depend on rate-of-sale as it is a new consumer product.
- Significant work has gone into building a globally recognised pipeline of customers over the past 12 months under various UHT milk options. Interest is promising.

Swappa Bottle

- The business case for expanded distribution remains under review. Positive consumer feedback means further evaluation is being undertaken to understand what a profitable scaled-up model could look like.

BUSINESS UPDATE
CONSUMER

Dairyworks delivered a record result of $7.0m* NPAT and $18.0m EBITDA. Dairyworks has been part of Synlait for ~two years and business case assumptions have been met.

FY22 highlights:

- Overall, Dairyworks benefitted from favourable procurement gains, an improved cost structure, and higher sales volumes due to expanding distribution in key export markets (Australia and Southeast Asia).
- Dairyworks warehouse and distribution centre opened in Q3, consolidating all bulk and finished goods into one location, generating cost savings and operational efficiencies.
- Product development continued with the launch of:
  - Refreshed Talbot Forest Cheese brand which has received several design, packaging and cheese awards. Following positive rebrand momentum, Talbot Forest Cheese was launched in the Australian market this month with Woolworths Australia as the exclusive retailer.
  - Spreadable butter in June, available nationwide.
  - Dairyworks branded milk and cream range in the South Island/Wellington in October 2021. Distribution recently extended to the upper North Island (Hamilton). The scale is small at present, but customer feedback is promising.

* Impact of Temuka cheese plant impairment normalised out.

The refreshed Talbot Forest Cheese brand has received several design, packaging and cheese awards. Following positive rebrand momentum, Talbot Forest Cheese was launched in the Australian market this month with Woolworths Australia as the exclusive retailer.

BUSINESS UPDATE
SUSTAINABILITY

Off-farm decarbonisation roadmap – phase 1 completed

- Delivery of two key projects sees the first phase of Synlait's decarbonisation roadmap completed, which will enable a reduction of scope 1 and 2 greenhouse gas (GHG) emissions by 38,000 tCO_2e in FY23, progressively increasing to 58,000 tCO_2e in FY26, when the projects are expected to reach full capacity.
- Based on Synlait's FY20 scope 1 and 2 GHG emissions, this would represent a 41% reduction in absolute emissions – a major step towards achieving Synlait's SBTi* approved target of reducing scope 1 and 2 emissions by 45% by FY28.
- A summary of the two projects is below.
  - The electrode boiler has been upgraded to a maximum 12 MW capacity (from 6 MW) and connected to the entire Dunsandel facility allowing it to increase its typical run rate from 2 MW to 10 MW.
  - Boiler 2 at Synlait Dunsandel has been converted to biomass (from coal) and will progressively increase its usage of wood pellets made from New Zealand forestry waste and sawmill residues.
- Planning for phase two of the decarbonisation roadmap will start in FY23 and focus on conversion to biomass, renewables, and energy efficiency.

GHG on-farm mitigation tool

- Lead With Pride™ GHG incentive was changed in FY22 to reward farmer suppliers for the implementation of GHG mitigations.
- A tool designed to help farmers assess where they can make profitable improvements to their farming system, which reduces GHG emissions, was developed and has contributed to 115 Lead With Pride™ farms getting the full incentive payment in FY22.

B Corp™ 2023 recertification underway

- The recertification improvement plan covers all of Synlait, including Dairyworks, for the first time.
- Synlait has worked with Dairyworks to prepare a customised sustainability strategy and roadmap identifying projects specific to its business and stakeholders.

Made With Better Milk

- Flagship website launched this month: www.madewithbettermilk.com
- Synlait's Sales and Business Development Teams now have access to extensive marketing collateral developed to support opportunities.
- Proposals with local and international customers are well progressed. Areas of interest include climate change, grass-fed certification, regenerative agriculture and sustainable packaging.

* Science Based Targets initiative.

REFRESHED STRATEGY

The entrance to Synlait Pokeno where 86 members of our team work.

STRATEGY REFRESH PROCESS AND SCOPE

TIMELINE

Month	Process
MAR	Workshops with senior leaders to review strategic drivers and historical financial performance of business units.
APR	40% direction of travel presented to Board for input.
MAY	70% progressed.
JUN	Refresh completed, Board sign off.
JUL	Execution frameworks finalised.
FY23	Annual review with Board runs from May to July.

SCOPE

HEART OUR PURPOSE	***DOING MILK DIFFERENTLY FOR A HEALTHIER WORLD*** No change. We do not believe there is a requirement to refresh at this point.
HEAD OUR AMBITION	**REVIEW COMPLETED** Review completed to align with strategy refresh. Synlait's ambition has six balanced metrics that measure success and align with our strategy and purpose.
HANDS OUR STRATEGY	**REVIEW COMPLETED** Four business unit strategies consisting of channels, categories and geographies.

OUR ASSUMPTIONS

Our underlying assumptions

1. Innovation, disruption and sustainability are at the heart of Synlait – it is in our DNA.
2. We need to be more focused and improve our execution and accountability.
3. We are twelve months into a two-year recovery plan. We knew:
   - Significant sales margin opportunities existed across all categories, facility utilisation, and new customer opportunities.
   - Operational cost structures needed to be reviewed.
   - Working capital management required improvement, particularly inventory reduction.
   - Business case assumptions regarding facility performance for growth capital projects had not been meet.

Our strategic assumptions

- We have been operating in an unprecedented crisis environment. A focus on stability is therefore critical; strong financial and operational disciplines will build resilience to current and future macro shocks.
- Our competitors are lifting their performance and reducing barriers to entry, creating stronger competition for milk. We need clear and compelling farmer supplier value propositions.
- Europe and US exports will likely increase into Asia-Pacific. Diversification across channels, customers, categories and geographies is important, but must be grounded in a right-to-win.
- Demographics are changing (ageing populations and the growing middle class in emerging markets). We must develop category, customer and channel expertise in order to drive value from these changes.
- Sustainability propositions are no longer a nice-to-have. Customers and consumers expect a demonstrable balance between people, planet and profit. Sustainability continues to be a core business enabler.

OUR STRATEGIC INTENT OVER THE NEXT FIVE YEARS

	HORIZON 1 FY23	HORIZON 2 FY24	HORIZON 3 FY25-FY27
INTENT	Stabilise	Accelerate	Extend
FOCUS	• Health, safety and well-being • Farmer, staff and customer engagement • Operational performance (manufacturing and supply chain) • SAMR re-registration • SAP implementation • Commercialise Synlait Pokeno's multinational customer and UHT cream • Develop 10-year asset footprint	• Key stakeholder engagement • Milk recruitment • Operational performance • SAP business case benefits • Ramp up of Synlait Pokeno's multinational customer and UHT cream • Asset footprint implementation	• Staff engagement to upper quartile • Farmer supply waiting list • Operational performance (Integrated Work Systems Level 3) • Systems, tools and process maturity • New category commercialisation

SYNLAIT'S STRATEGY FY23 – FY27

Our Purpose – *Doing Milk Differently For A Healthier World*

AMBITION TO FY27

- B Corp™ Score of 115
- Farmer Net Promoter Score Top Quartile
- IWS Level 3
- Customer Net Promoter Score Top Quartile
- Return on Capital 15%
- Staff Engagement Top Quartile

RIGHT TO PLAY
OUR STRONG FOUNDATIONS

- Food Safety and Quality
- Regulatory
- Nutritionals Know-How
- Surety of Supply
- Efficient Manufacturing
- Sustainability Credentials

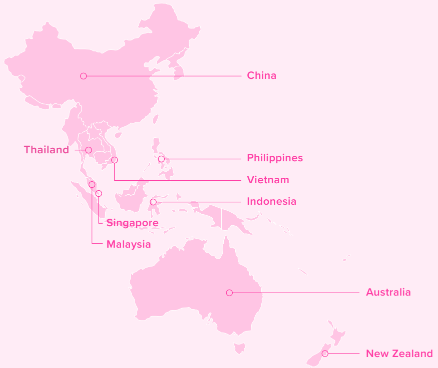
CHANNELS
OUR FOCUS BUSINESS TYPES

- Consumer
- Foodservice
- Manufacturing

CATEGORIES
OUR FOCUS PRODUCTS

- Milk Powder
- Beverages and Cream
- AMF and Butter
- Cheese
- Infant and Adult Nutrition
- Lactoferrin

GEOGRAPHIES
OUR GROWTH MARKETS



RIGHT TO WIN
OUR COMPETITIVE ADVANTAGE MODEL

FARMER SUPPLIERS

CUSTOMERS

KEY ENABLERS
OF EXECUTION

- On-Farm Excellence
- Customer Engagement
- Disciplined NPD and NTD
- Employer of Choice
- Systems, Tools and Processes
- Manufacturing and Supply Chain

NEW ELT STRUCTURE
ALIGNED TO KEY BUSINESS UNITS AND ENABLERS

Grant Watson
Chief Executive Officer

Rob Stowell
Chief Financial Officer

Tim Carter
CEO Dairyworks and Director of Consumer

Adam Maxwell
Director of Ingredients

Ruth Leary
Acting Director of Advanced Nutrition

Nigel Macdonald
Director of Operations

Dr Suzan Horst
Director of Quality, Regulatory and Laboratory

Boyd Williams
Director of People and Culture

In Progress
President China and Director of Foodservice

In Progress
Director of On-Farm Excellence and Business Sustainability

In Progress
Director of Strategy, Innovation and Corporate Affairs

OUTLOOK

One of our milk tankers at Synlait Pokeno's milk reception bay. We have 63 farmer suppliers in the North Island, responsible for 14% of Synlait's total milk supply, or 12.4 million kgMS.

KEY PRIORITIES FOR FY23

- Embed new Executive Leadership Team
- Enable The a2 Milk Company's growth ambitions
- Re-registration of SAMR license for The a2 Milk Company's Chinese labelled 至初® Infant Formula
- Stabilise SAP
- Adapt to the post-pandemic world
  i.e., labour shortages, inflation, geopolitical dynamics, operational and supply chain stability.
- Grow Foodservice cream and consumer beverage volumes
- Commercialise multinational customer opportunity at Synlait Pokeno

FULL YEAR 2023 (FY23) GUIDANCE STATEMENT

- Disciplined management of the Ingredients business will continue without some of the one-off foreign exchange gains experienced in FY22. Milk will be diverted to produce higher-margin products in the Advanced Nutrition and Foodservice businesses.
- The performance of the Advanced Nutrition business will continue to build.
- Synlait's new multinational customers will start to lift margins and improve asset utilisation at Pokeno and Dunsandel (Liquids facility).
- The Consumer Foods business will deliver a steady contribution as it maintains growth but navigates high cheese commodity prices and continues to expand into overseas markets.
- Operational cash flows will continue to be robust but softer than FY22 due to the rebalancing of opening and closing finished and raw material inventory levels.
- Costs will increase modestly due to higher sales volumes, SAP stabilisation activities, inflation and supply chain pressures, and key enabler activities within the refreshed strategy.
- A debt to EBITDA ratio of 2.0x to 2.5x is being targeted.
- At the end of FY23, Synlait will have completed its two-year recovery plan. As previously indicated, Synlait intends to exit FY23 and enter FY24 with a similar level of profitability experienced before FY21. However, Synlait is managing several risks, including, but not limited to, the SAMR registration timeline, a tight labour market, high inflation, and supply chain pressures. All of which could materially impact the company's current FY23 guidance.

NEXT STEPS

Annual Meeting

- Synlait's Annual Meeting will be held on Friday 2 December 2022 at 1.00pm.
- Annual Meeting will be held online and in person.
- Presentation materials will include further refreshed strategy updates on Synlait's core business units (Advanced Nutrition, Ingredients, Consumer and Foodservice).
- Notice of Meeting to be released in late October 2022.

Investor Day and Synlait Pokeno tour

- Investor Day and Synlait Pokeno site tour scheduled for Monday 8 May 2023.
- Will include Executive Leadership Team presentations and Q&A.
- Further details to be released in due course.

APPENDIX

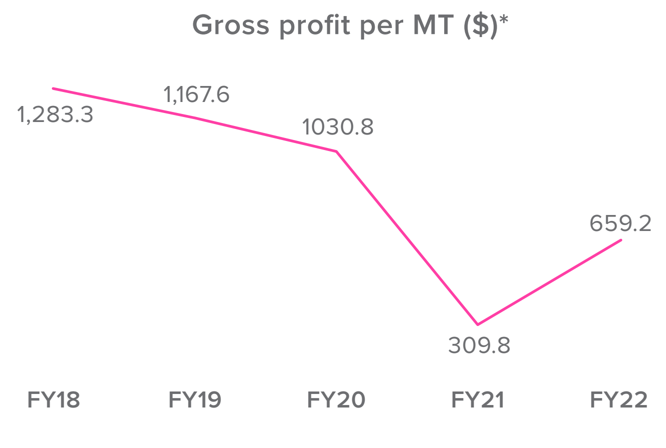
Process Engineer Liam Hawley weighs Synlait's lactoferrin at our Dunsandel facility.

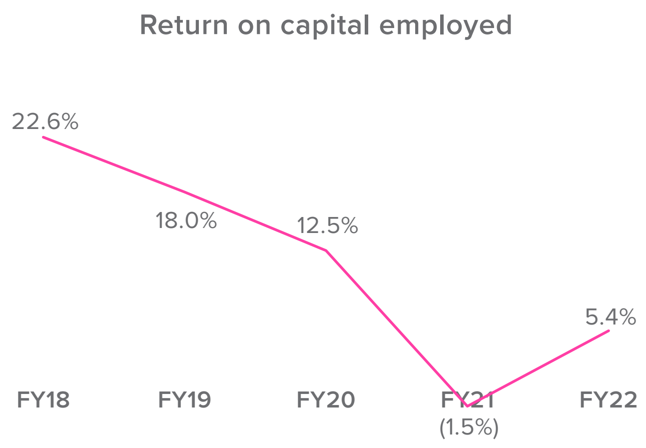
GROSS PROFIT PERFORMANCE BY CATEGORY

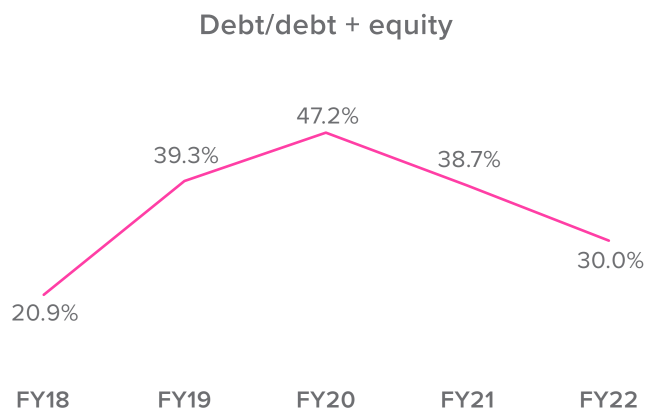
	FY18	FY19	FY20	FY21	FY22
Sales volume (MT)					
Nutritionals	42,177	51,231	52,871	34,362	**33,506**
Ingredients	86,424	98,499	97,561	125,914	**132,481**
Beverages and Creams	-	8,947	32,803	31,500	**31,972**
Consumer Foods	-	-	12,015	26,983	**27,814**
Subtotal	**128,601**	**158,677**	**195,250**	**218,759**	**225,773**
Gross profit ($M)					
Nutritionals	120.0	151.5	170.0	42.8	**70.0**
Ingredients	45.0	36.8	31.3	14.5	**57.5**
Beverages and Creams	-	(3.0)	(2.2)	(4.9)	**(1.4)**
Consumer Foods	-	-	2.2	15.3	**22.8**
Subtotal	**165.0**	**185.3**	**201.3**	**67.7**	**148.9**
Gross profit ($/MT)					
Nutritionals	2,846.2	2,956.7	3,214.5	1,246.2	**2,089.0**
Ingredients	520.6	373.9	320.7	115.1	**434.0**
Beverages and Creams	-	(338.7)	(65.7)	(154.2)	**(44.6)**
Consumer Foods	-	-	181.1	567.8	**818.5**
Subtotal	**1,283.3**	**1,167.6**	**1,030.8**	**309.8**	**659.2**
Revenue ($M)					
Nutritionals	415	498	593	406	**416**
Ingredients	428	480	510	635	**826**
Beverages and Creams	-	10	39	37	**45**
Consumer Foods	-	-	93	229	**264**
Subtotal	**843**	**988**	**1,235**	**1,307**	**1,551**

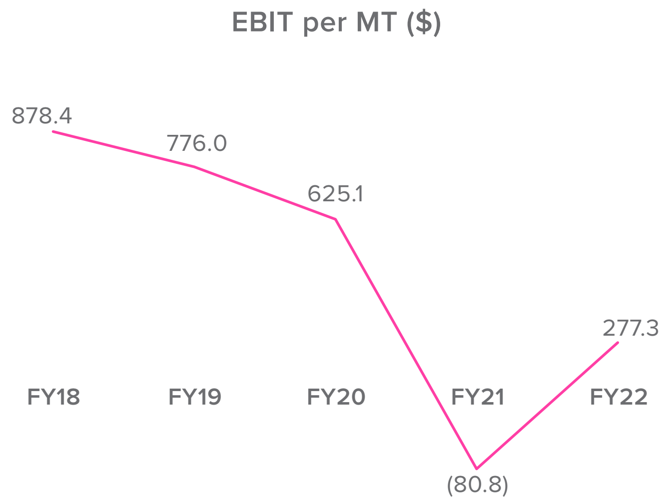
Note: Amounts not attributable to business units are not included in the above table.

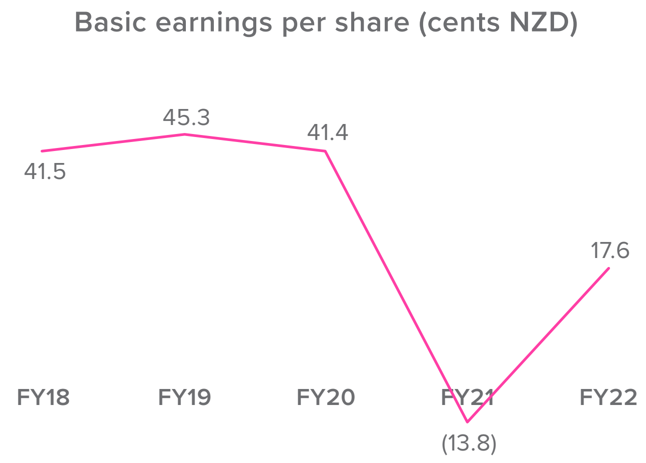
KEY FINANCIAL METRICS

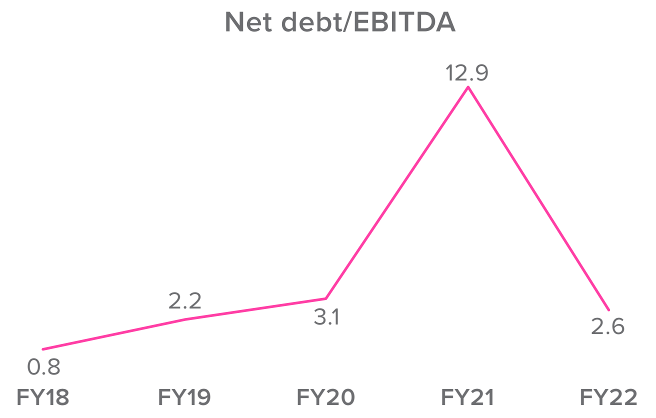










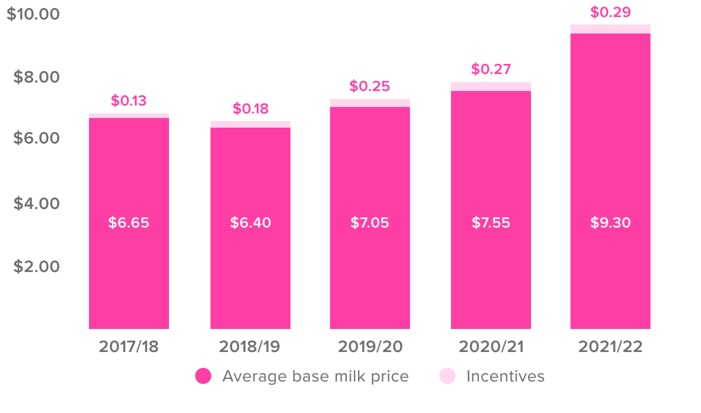


* Excludes amounts not attributable to business units

SUMMARISED INCOME STATEMENT

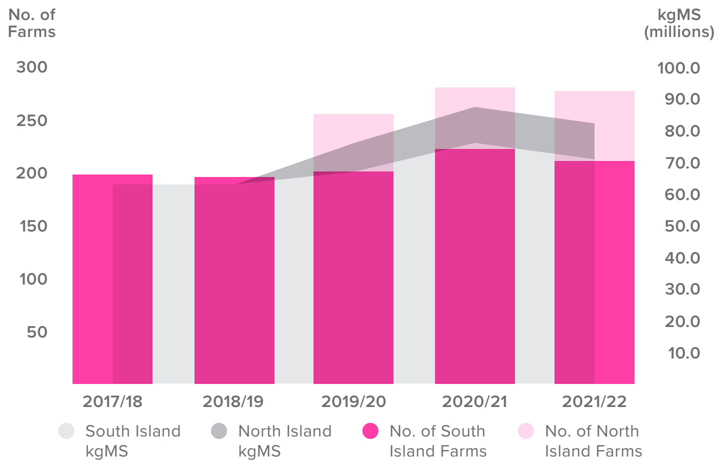
	FY18	FY19	FY20	FY21	FY22
Revenue	879,001	1,024,305	1,302,025	1,367,349	1,660,601
Cost of sales	(712,533)	(837,976)	(1,098,292)	(1,300,042)	(1,513,827)
Gross profit	**166,468**	**186,329**	**203,733**	**67,307**	**146,774**
Other income	430	898	404	3,870	8,391
Share of loss from associates	426	(580)	33	(33)	-
Sales and distribution expenses	(20,603)	(26,836)	(32,318)	(36,791)	(39,423)
Administrative and operating expenses	(33,757)	(36,680)	(49,809)	(52,018)	(52,829)
Impairment of Temuka cheese plant assets	-	-	-	-	(12,231)
Gain on sale and leaseback	-	-	-	-	11,915
Earnings before net finance costs and income tax	112,964	123,131	122,043	(17,665)	62,597
Finance expenses	(8,969)	(8,819)	(19,777)	(20,488)	(18,730)
Finance income	1,023	1,232	134	44	170
Loss on derecognition of financial assets	(1,329)	(1,842)	(1,747)	(1,045)	(2,427)
Net finance costs	**(9,275)**	**(9,429)**	**(21,390)**	**(21,489)**	**(20,987)**
Profit before income tax	**103,689**	**113,702**	**100,653**	**(39,154)**	**41,610**
Income tax expense	(29,223)	(32,454)	(26,344)	10,703	(3,087)
Net profit after tax for the year	**74,466**	**81,248**	**74,309**	**(28,451)**	**38,523**

MILK PRICE



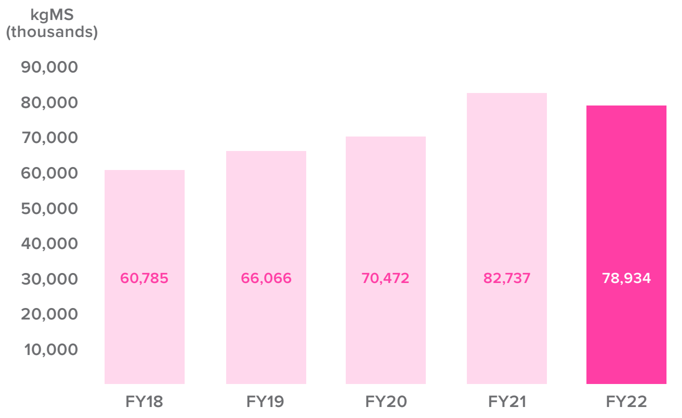
- Total average milk payment of $9.59 per kgMS.
- Average base milk price for 2021/22 season is $9.30 per kgMS.
- Average incentive payment paid per kgMS for the season was 29 cents (2020/21: 27 cents) made up of incentives and winter milk payments.
- Forecast base milk price for the 2022/23 season is at $9.50 per kgMS.

MILK POOL



- North Island farmer suppliers are responsible for 14% of total milk supply or 65 farms. The North Island milk pool grew by 0.5 million kgMS or 6 farms in FY22.
- The South Island milk pool shrank by 4.5 million kgMS to 212 farms in FY22 due to unfavourable weather and several farms leaving Synlait as lower demand at that time determined they should not be replaced. Demand plans have subsequently changed and Synlait has already recruited a further 9 farms for FY23. Post the balance date, there are 220 South Island farms.
- The number of Lead With Pride™ certified farms increased to 191 (FY21: 178 farms).

RAW MILK PROCESSED



DISCLAIMER

This presentation is intended to constitute a summary of certain information about the Synlait Group ("Synlait") or in connection with its full year 2022 financial results. It should be read in conjunction with, and subject to, the explanations and views in documents previously released to the market by Synlait. This presentation is not an offer or an invitation, recommendation or inducement to acquire, buy, sell or hold Synlait's shares or any other financial products and is not a product disclosure statement, prospectus or other offering document, under New Zealand law or any other law.

This presentation is provided for information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should assess their own individual financial circumstances and should consult with their own legal, tax, business and/or financial advisers or consultants before making any investment decision.

Any forward looking statements and projections in this presentation are provided as a general guide only based on management's current expectations and assumptions and should not be relied upon as an indication or guarantee of future performance. Forward looking statements and projections involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Synlait and which are subject to change without notice. Actual results, performance or achievements may differ materially from those expressed or implied in this presentation. No person is under any obligation to update this presentation at any time after its release except as required by law and the NZX Listing Rules, or the ASX Listing Rules.

Any forward looking statements in this presentation are unaudited and may include non-GAAP financial measures and information. Not all of the financial information (including any non-GAAP information) will have been prepared in accordance with, nor is it intended to comply with: (i) the financial or other reporting requirements of any regulatory body or any applicable legislation; or (ii) the accounting principles or standards generally accepted in New Zealand or any other jurisdiction, or with International Financial Reporting Standards. Some figures may be rounded and so actual calculation of the figures may differ from the figures in this presentation. Some of the information in this presentation is based on non-GAAP financial information, which does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. Non-GAAP financial information in this presentation has not been audited or reviewed. Any past performance information in this presentation is given for illustration purposes only and is not indicative of future performance and no guarantee of future returns is implied or given.

While all reasonable care has been taken in relation to the preparation of this presentation, to the maximum extent permitted by law, no representation or warranty, expressed or implied, is made as to the accuracy, adequacy, reliability, completeness or reasonableness of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. To the maximum extent permitted by law, Synlait, its subsidiaries, and their respective directors, officers, employees, contractors, agents, advisors and affiliates disclaim and will have no liability or responsibility (including, without limitation, liability for negligence) for any direct or indirect loss or damage which may be suffered by any person through use of or reliance on anything contained in, or omitted from, this presentation.

All values are expressed in New Zealand currency unless otherwise stated.

For more information contact:

Hannah Lynch
Head of Corporate Affairs and Brand
+64 21 252 8990
hannah.lynch@synlait.com