

24 March 2025

Synlait Publishes HY25 Result: Return To Profitability Delivered

Synlait Milk Limited (Synlait) has announced its half year result for the six months ended 31 January 2025.

The result shows the company's earnings before interest, taxes, depreciation, and amortization (EBITDA) was \$63.1 million, just above the guidance range announced in January 2025. Synlait is also reporting a net profit after tax (NPAT) of \$4.8 million.

Acting CEO Tim Carter said: "Given the position Synlait was in 12 months ago, this return to profitability is a considerable commercial achievement. Today's result was delivered through a focus on getting the fundamentals of our operational performance right, seizing opportunities to deliver for customers, and continued cost control."

"We are very comfortable with our forecast milk supply for the next financial year. Progress made by our on-farm team means the majority of our South Island farmer suppliers are not under cease – a significant improvement from six months ago. We anticipate farmer confidence in Synlait will further increase on the back of this positive result."

Chair George Adams commented: "The result shows Synlait is making solid headway down its road to recovery. While we still have a lot of work to do, we know we are heading in the right direction. The focus now is to consistently deliver – every day, every week, every month, every quarter and every year."

Financial results at a glance¹

- EBITDA was \$63.1 million, up 217%.
- NPAT was \$4.8 million, up 105%.
- Net debt was \$391.9 million, down 29%.
- Revenue was \$916.8 million, up 16%.
- Gross profit was \$87.0 million, up 99%.
- Forecast base milk price for the 2024/2025 season is \$10.00 per kg/MS with additional premium payments available to suppliers without a cease notice, taking the total forecast average milk payment for Synlait suppliers to \$10.48 per kg/MS.

These results were achieved through an uplift in Advanced Nutrition demand, optimisation of North Island operations, higher commodity prices, improved foreign exchange performance, a focus on controlling working capital, and prudent cost management.

Full Year 2025 Guidance Statement

The company's key priorities for the second half of this financial year are straightforward:

1. Showcasing Synlait's on-farm offering
2. Delivering for existing and new customers
3. Further uplifting operational and cost efficiency

¹ All comparisons are to HY24 (except net debt and milk price, which are both against FY24) and include Dairyworks.



A continued focus on doing the fundamentals well will enable Synlait to deliver a significant improvement in the company's overall EBITDA performance compared to the prior year. However, financial progress made in the second half of FY25 will be slower than the first half as Synlait balances several opportunities and risks related to milk stream returns and foreign exchange and delivers ongoing operational and cost improvements.

Synlait is targeting a closing net debt² balance of \$250 million to \$300 million and a net senior debt³ to EBITDA ratio of below 2.5x in FY25, positioning the company well for its bank refinancing process in the second half.

South Island Milk Supply Update

As noted above, showcasing Synlait's on-farm offering and continuing to strengthen the company's milk supply is a key priority.

Synlait is very comfortable with its forecast milk supply for the next financial year (FY26). Synlait advises that the majority of its South Island farmer suppliers are not under cease – this is a significant improvement in the company's position from six months ago.

The reversal of ceases continues to gain momentum. Given the company's return to profitability, as released in today's results, it is expected the number of withdrawals will increase further ahead of 31 March 2025, which is the final date for farmers to remove their cease if they wish to access all the new, secured milk premiums. Only a minimal number of farmers have confirmed they are exercising their option to leave Synlait for an alternative processor.

In addition, interest from potential new farmer suppliers has exceeded expectations and Synlait expects to recruit new farmer suppliers in the coming seasons based on the strength of its on-farm offering.

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² Net debt includes cash, bank debt, transaction costs, and the shareholder loan from Bright Dairy. It excludes lease liabilities.

³ Net senior debt includes cash, bank debt, and lease liabilities. It excludes the shareholder loan from Bright Dairy. Synlait's banking covenants are calculated based on net senior debt.