



PRESS RELEASE

TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 JULY 2015

The Board of Directors of The Tatua Co-operative Dairy Company met on 28 September 2015 to consider the financial results and decide on the final payout for the 2014/15 season to its 114 Suppliers.

Tatua achieved Group operating revenue of \$286 million and earnings before tax of \$121.2 million in 2014/15. This equates to earnings of \$7.73 per kilogram of milksolids prior to retentions and taxation.

The Board decided that payout for the 2014/15 season would be NZ\$7.10 per kilogram of milksolids cash to its Suppliers and in addition declared a pre-tax retention of 63 cents per kilogram of milksolids. This retention will ensure the Company retains the financial strength necessary to invest in new plant and equipment to support its strategy of growing its Specialised Added Value business.

The Company's gearing ratio (of debt divided by debt plus equity) increased to 36.4% from 25.0% at the end of the previous year. This was in line with the projection in the Business Case for our new Specialised Powders Dryer which was completed during the year.

Foreign exchange management continued to be a challenge with the New Zealand Dollar falling throughout the year. Our foreign exchange hedging policies have achieved an overall conversion rate of 0.7570, a strong performance.

Milk supply from Tatua Suppliers was 15.7 million kilograms of milksolids, compared to 13.2 million kilograms of milksolids in 2013/14. Milk from our farmers continues to be outstanding in quality with average somatic cell counts at historically low levels.

Tatua's Vision is to build a future in specialised dairy. We continue to implement our four Strategic Themes of:

1. Grow Tatua's earnings premium over the New Zealand Milk Price.
2. Make our business more sustainable.
3. "One Team" through a common purpose, vision and values.
4. Attract, develop and retain great people.

The 2014/15 year was challenging from a market perspective, with global commodity prices declining for most of the year. Benchmark wholemilk powder prices declined from USD 3,250 per metric tonne at the beginning of the year, to USD 1,850 per metric tonne by the end of the year, a reduction of 43%.

Despite market weakness, the Company was able to record a strong result due to its product mix of caseinate, WPC and AMF remaining preferred throughout the year, and improved margins on its specialised added value businesses as a result of the falling New Zealand milk price.

Recent upturns in prices on the Global Dairy Trade auction are positive, but global milk supply continues to exceed demand. Until this corrects, further upward, price movements may be limited.

In announcing a strong result for 2014/15, we are mindful that the 2015/16 year will be challenging. Demand remains fragile, climatic conditions are uncertain and we anticipate continuing volatility in prices and exchange rates. Despite this, we expect our focus on Specialised Added Value products to continue to hold us in good stead.

Tatua continues to focus on all aspects of sustainability; environmental, financial and social. Our Company is made up of 86 farming families and 330 employees and their respective families. Long-term confidence and stability for our farming families, staff and our customers is paramount, to allow Tatua to continue its strategy of adding value to our shareholders milk.

The name Tatua has great meaning for our Company. A Tatua is a Maori belt made from flax. The Tatua is worn by a Maori chief or warrior to carry the most prized and special weapons and tools. There is also a story about the Tatua and how it enriches and protects future generations. In essence the name Tatua defines who we are and what we do. Our purpose is in our name.

Please contact either of us if you have questions or would like further comment on our results.

Kind regards,



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