



PRESS RELEASE

TATUA FINANCIAL RESULTS FOR THE YEAR ENDED 31 JULY 2019

The Tatua Board of Directors and Executive met on 30 September 2019 to consider the financial results for the 2018/19 financial year and decide on the final payout to our shareholders.

We are pleased to report that Tatua has had another positive year, achieving record Group income of \$364 million, and earnings of \$140 million.

Continued growth of our value-add businesses provided improved revenue, and our bulk ingredient product mix performed well, despite mixed market conditions.

Milksolids processed from Tatua suppliers was 14.5 million kilograms, which is our divisor for earnings. This was lower than the prior season, due to extended dry summer conditions across our milk supply area.

Our Group earnings of \$140 million equates to \$9.66 per kilogram of milksolids, before retentions for reinvestment and taxation. This is an improvement on the previous season earnings of \$8.62 per kilogram of milksolids.

We have confirmed a cash payout to supplying Shareholders of \$8.50 per kilogram of milksolids. In addition, Tatua has retained earnings for reinvestment of \$1.16 per kilogram of milksolids, equivalent to \$16.8 million before tax.

In deciding our payout, we have aimed to achieve a balance between the needs of our shareholder's farming businesses and Tatua's requirements for reinvesting in our long term environmental, financial and social sustainability. For the coming year this will include the development of a new engineering support facility and a major investment in wastewater treatment infrastructure.

We remain cautious regarding management of borrowings. Our gearing (debt divided by debt plus equity) averaged 32% for the year, which was fractionally lower than the previous year average. Gearing at the end of the financial year was 27%.

While we remain optimistic in our outlook for dairy and the season ahead, our optimism is tempered by continuing volatility in the global trade arena. In addition, uncertainty around emerging domestic policies on both climate change and fresh water management, have real potential to undermine investment confidence.

Alongside our shareholders, we will nonetheless embrace these challenges constructively.

Kind regards

A handwritten signature in blue ink that reads "S. B. Allen".

Stephen Allen
CHAIRMAN
0274 719 791

A handwritten signature in blue ink that reads "Brendhan Greaney".

Brendhan Greaney
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