NZX: SML
ASX: SM1

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Synlait reports FY26 result: operational recovery drives a stronger second half

Synlait Milk Limited (Synlait) today announced its financial results for the 12 months ended 31 July 2026 (FY26). The result reflects a difficult first half, followed by a second half in which a return to operational stability flowed through to improved financial performance.

Synlait Chair George Adams said: "This was another difficult year for Synlait financially. Our first-half performance was affected by the impacts and costs of the 2025 manufacturing challenges. Achieving operational stability drove an improvement in the second half."

"Like the repairs to the company's liquidity, balance sheet and milk supply, achieving operational stability was critical to Synlait's future. Doing so, while completing the North Island assets sale, delivering farmers the second highest milk price in Synlait's history and progressing a deep reset of systems across the business, shows how hard our people are working to turn the company around."

Acting CEO Leon Fung said: "The operational and financial results for the second half show Synlait is making progress, but we are not getting ahead of ourselves. Our focus is on working carefully to ensure Synlait's recovery continues. We have plans to navigate the challenges ahead and rebuild Synlait, with diversified revenue streams, so the company is more resilient and better positioned for the future."

Synlait released a recovery roadmap when it presented its half year result in March 2026. This has three interconnected horizons – Stabilise, Simplify and Scale.

"We have made real progress stabilising and simplifying Synlait, and it is now time to start exploring a strategy to scale for success by maximising returns from our Canterbury assets. We look forward to sharing that strategy in 2027," Mr Adams said.

FY26 results overview

Overall, the FY26 results the company's poor first-half performance.

- Reported EBITDA of $8.1 million, with underlying EBITDA of $46.3 million.
- A reported net loss after tax of ($75.4 million), with an underlying net loss after tax of ($21.6 million).
- Net debt of $215.0 million.
- Revenue of $1.94 billion.
- Gross profit of $37.7 million.

As a result of year-end processes and the finalisation of the milk price for 2025/26, the EBITDA and NPAT measures above sit slightly outside the range Synlait provided in its August performance update[1].
Synlait's operations recovered in the second half of the year:

- Manufactured in Spec (MIS) rose from 91% in the first half, to 95% in the second half. The metric averaged 99% in August.
- Plan attainment increased from 90% in the first half to 103% in the second.

That operational stability lifted 2H financial performance:

- Reported EBITDA rose from a loss of ($34.7 million) in the first half to $42.8 million in the second.
- Reported NPAT lifted from a first half net loss after tax of ($80.6 million) to a $5.2 million net profit after tax in the second half.

Near-record milk price for 2025/26

Today Synlait is confirming its final base milk price for the 2025/26 season is $9.69 per kg of milk solids, with average incentives of $0.38 per kgMS paid on top. The total average payment to Synlait's farmers is $10.07 per kgMS.

Synlait's forecast base milk price for the 2026/27 season is $9.50 per kgMS, not including incentives.

Mr Fung said: "We are very proud to have delivered the second highest milk price in Synlait's history for the 2025/26 season. Synlait's farmers are among the most progressive in New Zealand – particularly when it comes to sustainability. We are grateful for their hard work and ongoing support."

Balance date change

Synlait's balance date for financial reporting is changing from 31 July to 31 December.

The company is now in a five-month transitional period from 1 August to 31 December 2026 (known as TP26). Synlait's audited financial statements for TP26 will include comparative figures for the five-month period to 31 December 2025.

Synlait's next full financial year (FY27) will run from 1 January to 31 December 2027.

Guidance statement

The priorities for TP26 are to maintain the current positive momentum by focusing on operational and quality excellence, optimising product and customer mix and progressing opportunities across Advanced Nutritionals, Ingredients, Foodservice and Consumer channels. The company will also prepare for its first full calendar financial year commencing 1 January 2027.

The transitional period's financial results will be influenced by the timing of production, sales, working capital movements and other seasonal factors that would ordinarily be measured over a full financial year.

[1] NZX Announcement | Performance Update

Given the short and non-comparable nature of TP26, Synlait will not provide quantitative earnings guidance for the five months ending 31 December 2026.

The company will continue to keep the market informed of material developments in accordance with its continuous disclosure obligations.

Results briefing

Chair George Adams, Acting CEO Leon Fung and Chief Financial Officer Andy Liu will present the FY26 result in a webcast at 11.00am (New Zealand time) today.

The webcast can be accessed at https://synlaitfy26.open-exchange.net/webcast, and a recording will be available on Synlait's website afterwards.

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