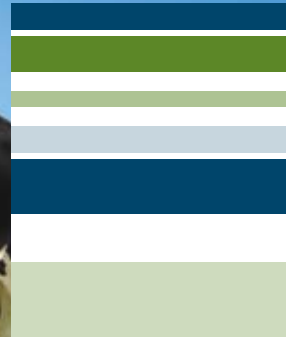




Oceania  
DAIRY GROUP

In the business  
of dairying





THE WAIMATE DISTRICT HAS BEEN IDENTIFIED AS THE IDEAL BASE FOR NEW ZEALAND'S NEWEST VERTICALLY-INTEGRATED DAIRY COMPANY.

Oceania Dairy allows farmer suppliers to own a milk processing facility, alongside their farms, and participate in the entire value-chain – from the growing of grass through to the sale of products to international customers.

Oceania Dairy provides Waimate dairy farm operators with a financially attractive alternative to the existing supply and ownership options.

It has been established by boutique Christchurch-based merchant bank, advisory firm and private investment office Ocean Partners.

## AN OPPORTUNITY FOR WAIMATE AND ITS DAIRYING COMMUNITY

### OCEANIA DAIRY IS A CORPORATE MODEL IN AN INDUSTRY WHICH HAS TRADITIONALLY FAVOURED THE COOPERATIVE.

Ocean Partners and Oceania Dairy's three directors – former Meridian chief executive Dr Keith Turner, former Reserve Bank Governor Dr Don Brash and experienced dairy industry leader Phil Lough – believe the corporate model holds significant advantages.

Waimate dairy farmers will have the opportunity to buy shares in Oceania Dairy. In this way, they will receive payment as both a supplier of milk and as a shareholder in the company.

The company will be owned by its suppliers and, if additional capital is required, community and strategic investors.

The faith of the directors and Ocean Partners in their business is such that Oceania Dairy itself is considering the prospect of farm ownership and supply – on the same terms as established farming operations – thereby investing alongside farmer shareholders.

As a relatively small player and a greenfield development, Oceania Dairy's approach is based on being smart and nimble – reacting quickly to market opportunities, operating with low fixed overheads, and always looking to maximise returns.

With the input of experienced industry advisors, the production of mid-to-high-value milk powders have been identified as the appropriate product mix to meet the company's objectives.

Oceania Dairy's directors and Ocean Partners are aware of the challenges of operating in the international dairy market, but they are experienced and grounded individuals who also recognise the enormous opportunity in this sector.

It is their intention to have a state-of-the-art plant operating near Glenavy for the 2011/2012 season.

## WHY MILK POWDER?

OCEANIA DAIRY IS COMMERCIALY DRIVEN BY A DESIRE TO BE PART OF A LONG-TERM, GLOBAL FOOD STRATEGY. OCEAN PARTNERS CARRIED OUT TWO YEARS OF RESEARCH BEFORE DECIDING ON THE NEW ZEALAND DAIRY INDUSTRY.

### WHAT WAS IT LOOKING FOR? IT WAS LOOKING FOR A GLOBAL FOOD SOLUTION.

The world population is growing and it needs food. Supply simply cannot keep abreast of demand. Consequently, there is significant potential for increased consumption of dairy products, particularly from developing countries in Asia and the Middle East.

Ocean Partners looked at the various food protein options: red meats, fish, soy beans and grain; and various countries: South America, Eastern Europe and Asia. But the research kept leading them back to New Zealand's dairy industry.

New Zealand's efficient pasture based dairy industry and the internationally-recognised quality of its dairy products made New Zealand an attractive proposition.

Ocean Partners looked throughout New Zealand for a suitable region and was attracted to the Waimate district given its highly productive and generally larger scale dairy farms.

Oceania Dairy exists to make a return for its shareholders. Driven by this simple commercial requirement, milk powders have been identified as the most cost-effective vehicle to deliver that return.



## THE PLANT

A \$100M PLANT WILL BE BUILT 4KM NORTH OF GLENNAVY ON STATE HIGHWAY 1. THE PLANT WILL BE OPERATIONAL FOR THE START OF THE 2011/2012 SEASON AND WILL HAVE THE CAPACITY TO PROCESS MILK FROM UP TO 50,000 COWS.

The greenfield nature of the development is an important commercial advantage for Oceania Dairy. The plant will be built to precise specifications and use the most up-to-date technology available – future proofing the plant and maximising its lifetime.

Oceania Dairy intends to specialise in mid-to-high value milk powder products. It will be nimble enough to seize commercial opportunities but it does not intend to be a new product pioneer.

Considerable investment will be made to minimise the plant's environmental impact.

The construction phase will begin in May/June 2010. While some of the in-plant technology is being sourced from European suppliers, the company will be looking to maximise the use of local suppliers and services during the construction phase.

Oceania Dairy is embarking on the detailed design phase of the plant's development and invites input from the community at this early point, optimising the opportunity to integrate suggestions.



## KEY DATES

### **Late September 2009**

Lodge Resource Consent

### **April 2010**

Plant equipment ordered

### **May/June 2010**

Plant construction begins on site

### **June/July 2011**

Plant commissioned

### **August 2011**

Plant operational

## FARMER SUPPLY AND OWNERSHIP

OUR BUSINESS MODEL MUST BE COMMERCIALY ATTRACTIVE TO FARMERS TO SUCCEED.

FARMERS IN THE CATCHMENT AREA WILL HAVE THE ADVANTAGE OF BEING ABLE TO DECIDE WHICH DAIRY COMPANY THEY SUPPLY TO AND IF THEY ALSO WANT AN OWNERSHIP STAKE.

OCEANIA DAIRY IS LOOKING FORWARD TO PROVIDING THAT CHOICE.

Our business model is simple and transparent, it comes down to maximising the profits delivered to shareholders. Farmers in Oceania Dairy catchment area will have two options:

1. Supply only, with no need for any capital investment, receiving payment for milk supplied.
2. Shareholder supplier, with ownership in Oceania Dairy, receiving shareholder profit-based returns plus a separate payment for milk supplied.

With the plant scheduled to be fully operational by August 2011, the directors and advisors are using the time to ensure the business model is robust, sustainable and attractive. A share price has yet to be set, as it will be driven by the final cost of the plant. However, the directors expect to announce the share price in early 2010 and it will be competitive.

It is too early to put a figure on milk price for the 2011/2012 season, but it will be commercially attractive to supplying farmers – whether they be shareholder suppliers or those opting to supply only.



## WHO IS OCEANIA DAIRY GROUP?



### **Dr Keith Turner** Chairman

Dr Turner was chief executive of Meridian Energy from its inception in 1999, until 2008. Previous to this role, he held senior executive positions in ECNZ and its predecessor NZED. Dr Turner currently serves on several boards, including deputy chairman of Auckland International Airport, chairman of Flight Experience Group, chairman of Phitek, and as a director of ASX-listed Spark Infrastructure. He is chairman of the New Zealand Institute think tank.



### **Dr Don Brash** Director

Dr Brash is a leading economic and financial policy advisor, most prominently known for his 14-year role as Governor of the Reserve Bank of New Zealand and his time as an MP and National Party leader. Prior to these high profile positions, he held several senior executive roles, including chief executive of Broadbank Corporation Investment Bank, general manager (planning) for Fletcher Challenge, New Zealand Kiwifruit Authority managing director and Trust Bank managing director. Dr Brash is also an independent director of Ocean Partners Limited.



### **Phil Lough** Director

Nelson businessman Phil Lough was involved with the New Zealand Dairy Board for many years, including serving as its deputy chief executive. He was chief executive of Sealord for 8 years, until 2002. Mr Lough has extensive experience in the food business and his current directorships include Livestock Improvement Corporation, New Zealand Trade and Enterprise, Port Nelson and Tatua Cooperative Dairy Company. He is chairman of Methven Limited.



**Paul Park** Acting Chief Executive

Mr Park is Ocean Partners' managing partner and Oceania Dairy's acting chief executive during the group's establishment phase. He is a capital markets specialist with extensive experience in international taxation, treasury, derivatives and structured transactions. Mr Park is a former partner of Ernst & Young and worked internationally for the firm in the financial services sector and in international tax matters. He is a barrister and solicitor of the High Court of New Zealand and a chartered accountant.



**Tim Howe** Partner, Ocean Partners

Mr Howe is a partner and co-founder of Ocean Partners. He has 15 years corporate finance and investment banking experience in both the local and international markets. As a former partner of Ernst & Young and a director of the firm's national Corporate Finance Group for the last 4 years, Mr Howe has advised several leading New Zealand companies on the development and implementation of their acquisition and divestment strategies. He has worked extensively in both South East Asia and the United States.



**Ocean Partners**

Ocean Partners was founded in 2007 by a team of industry professionals with a depth of corporate finance and advisory experience. Ocean Partners and their senior personnel, acting in previous roles, have advised on several acquisition, divestment and capital raising transactions in the national and international marketplace. Last year, it established Ocean Credo (a joint venture between Ocean Partners and Credo Group). Credo Group is a premium wealth manager and family office based in London, with almost £1 billion under management on behalf of a select group of international investors.



Oceania  
DAIRY GROUP

Milk from New Zealand

If you have any questions or require more information, please contact Oceania Dairy directly on 0800 OD milk (0800 63 6455).