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NZX/ASX Market Release

## The a2 Milk Company expands US business to the North East

The a2 Milk Company is pleased to announce the expansion of the a2 Milk™ brand across the North East region of the United States from January 2018.

Since entry into the US market, the business has been focused on achieving sales based targets prior to expanding its footprint on a region-by-region basis. Sales velocities are now achieving sustainable levels in California, the South East region and select natural retail chains, which supports the expansion into an additional region.

The North East, home to roughly 60 million US consumers, is significant for the refrigerated milk category and accounts for ~20% of the total milk category volume in the US. The geography includes New York, New Jersey, Pennsylvania, Connecticut, Rhode Island, New Hampshire, Massachusetts, Vermont and Maine.

The a2 Milk™ brand has been accepted for ranging in a number of major retailers in this region including Ahold, Shoprite, Safeway, H-Mart and Fairway Foods. This distribution builds on a growing presence in the natural channel in this region through Wholefoods, Sprouts and The Fresh Market.

As a result of this initiative, a2 Milk™ will increase its ranging from ~3,600 stores to potentially ~5,000 retail stores across the US from January.

The expansion in distribution will be supported by increased marketing investment behind the “Love Milk Again” advertising campaign. This increase is incorporated in the forecasted higher marketing expense for the Group in 2H18 relative to 1H18, as advised at the Company’s Annual Meeting on 21 November 2017.

The Company is also investigating specific new product opportunities for the US market to further capitalise on the growing brand awareness and expanded distribution.

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