



3 April 2018

NZX/ASX Market Release

RESPONSE TO RECENT MEDIA COMMENTARY

The a2 Milk Company notes recent media commentary around competitor activity in the China market.

The Company has previously advised that it expects broader interest in the A1 protein free category generally given positive developments in the science and the strong growth being achieved by the Company.

The a2 Milk Company considers it is uniquely positioned to benefit from expansion of the category over time, with:

- A strong brand based on contemporary values with unique channel-to-market strategies;
- Enhanced consumer credibility as the creator and pioneer of the A1 protein free proposition;
- Ongoing investment in R&D as the global leader and innovator of A1 protein free products;
- New Zealand and Australia sourced milk supply for products for end sale in China;
- A comprehensive suite of intellectual property including patents, trade marks, proprietary processes and know-how.

The a2 Milk Company is the only company engaged in the sourcing, processing and marketing of solely A1 protein free dairy and nutritional products in global markets. This core principle contrasts significantly with likely new entrants who will need to consider how to communicate internally and externally the benefits of a new A1 protein free variant whilst their traditional range of products continues to include A1.

The infant formula market in China is vast with an estimated retail value in the order of USD20 billion and volume exceeding one million metric tonnes. There is a multitude of brands and recent experience of other businesses has demonstrated how challenging it is to establish new products in the absence of a strong and unique consumer proposition. The Company is confident that the past investment in its brand has established a strong consumer franchise which will continue to strengthen as its level of investment and distribution continues to grow.

The Company continues to perform strongly in each of its key markets and in particular has not seen any change in the growth of its China business.

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