



NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

October 8, 2015

NZX/ASX Market Release

The a2 Milk Company announces Capital Raising

Placement of NZ\$40 million and SPP of up to NZ\$3 million

The a2 Milk Company Limited ("a2MC" or "the Company") is seeking to raise NZ\$40 million of new equity through a fully-underwritten placement ("the Placement") to eligible investors of fully paid new ordinary shares in the Company ("the Placement Shares"). The Placement will commence today and a trading halt has been sought from both NZX and ASX and granted pending completion of the Placement. The Placement is being undertaken by way of a bookbuild offering of the Placement Shares.

a2MC has appointed Goldman Sachs New Zealand Limited to act as sole arranger, book runner and underwriter for the Placement. The Placement price will be determined by a bookbuild which has been fully underwritten at a floor price of NZ\$0.67 per new share.

It is intended that the Placement Shares will be offered to institutional investors in New Zealand, Australia and other selected international jurisdictions.

Share Purchase Plan

The Placement will be followed by a Share Purchase Plan ("SPP") offer to eligible shareholders in New Zealand and Australia of up to NZ\$15,000 per shareholder to raise up to NZ\$3 million. Accordingly, individual subscriptions will be subject to pro-rata scale back if total demand exceeds NZ\$3 million. The SPP is not underwritten. The price payable for shares under the SPP will be the same as the price paid by investors participating in the Placement.

The record date to determine New Zealand and Australian holders' eligibility to participate in the share purchase plan is 7:00 p.m. (NZ time) on 7 October 2015 ("Record Date"). The offer document for the SPP will be distributed and the offer is expected to open, on or about, 3 November 2015. The SPP will be open for not less than 12 business days and is expected to close at 7:00 p.m. (NZ time) on 19 November 2015.

The SPP will be offered to shareholders with a New Zealand or Australian registered address as at the Record Date for the SPP.

Purpose of the equity raising

The new capital raised will be used to support a2MC's continued growth in Australia and New Zealand ("ANZ") and its targeted international markets of China, the UK and the USA. a2MC's current capital structure policy is to ensure the business is conservatively funded to execute on its existing growth strategy.



The new capital raised will be applied primarily to fund increasing working capital associated with the significant growth in infant formula in ANZ and China. In order to provide additional working capital flexibility, the Company also recently increased its debtor finance facility from AU\$3 million to AU\$10 million and is negotiating a further bank guarantee facility of NZ\$10 million.

In addition to raising capital a2MC is seeking to use the Placement to strengthen and broaden its institutional share register.

Trading performance

The Company provided a trading update on 20 July 2015 in relation to the performance of the business to that date and the outlook for the year ending 30 June 2016. This update was confirmed and further expanded upon in the 2015 Annual Report, which was released to the market on 29 September 2015.

a2MC's growth initiatives are progressing encouragingly and the Board remains comfortable that the Company's most recent earnings guidance and outlook commentary contained in the 2015 Annual Report are achievable and appropriate. The business plan focuses on growing and broadening the ANZ business and developing selected international expansion opportunities with a current focus on markets in China, the UK and the USA.

The performance of the ANZ and China and other Asia businesses during the first two months of FY16 was ahead of budget and the most recent guidance and outlook commentary. As recently advised, infant formula is emerging as a more significant and meaningful growth driver for the Company than expected, with a current focus on sales in ANZ and in China. a2MC is experiencing significant growth in sales of infant formula into the ANZ market as well as direct and indirect sales into China. In addition to the growth in infant formula, the prospects for growth of a2 Milk™ branded whole milk powder are also encouraging. This performance is pleasing from a financial perspective, and also reflects the broadening distribution of the a2 Platinum® brand within the ANZ and China markets.

The UK and USA businesses, combined with Corporate, performed consistent with earnings expectations for the first two months of FY16. Forecast revenue growth for the UK and USA businesses assumes growth in distribution and sales velocity for key products, primarily in the second half of FY16.

Commenting on the equity raising, Managing Director and Chief Executive Officer, Geoffrey Babidge, said:

"The equity raising is expected to raise our capital markets profile and enhance opportunities for investor participation whilst maintaining a conservative capital structure. Together these factors are expected to provide financial flexibility to allow a2MC to execute on growth opportunities that are consistent with the Company's stated strategy and business plan."



Institutional Placement

Key details of the Placement are:

- Fully-underwritten NZ\$40 million placement of new fully paid ordinary shares to eligible investors in Australia, New Zealand and other international markets.
- Price to be determined by a bookbuild which has been underwritten at a floor price of NZ\$0.67 per share.
- All Placement Shares to be issued under the Placement will rank equally with existing a2MC fully paid ordinary shares currently on issue.
- Allotment of the Placement Shares expected to occur on 15 October 2015.
- The Placement is not being made to a class of shareholders.
- Shareholder approval will not be required for the issue of Placement Shares under the Placement.

Indicative timetable

Event	Date
Trading halts on NZX and ASX commence	Thursday 8th October, 2015 (pre-market open)
Institutional bookbuild	Thursday 8th October, 2015
Trading halts lifted	Friday 9th October, 2015 (pre-market open, unless announced earlier by the Company)
Settlement of Placement Shares to be traded on ASX	Wednesday 14th October
Allotment and commencement of trading of Placement Shares to be traded on ASX	Thursday 15th October
Allotment, settlement and commencement of trading of Placement Shares to be traded on NZX	Thursday 15th October
Dispatch of SPP documentation to shareholders with a New Zealand or Australian registered address	Tuesday 3rd November
SPP offer open date	Tuesday 3rd November
SPP offer closing date	Thursday 19th November
SPP allotment date	Thursday 26th November

The above timetable is indicative and subject to change. All times represent New Zealand time.

Disclaimer

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this announcement nor any copy of it may be taken, transmitted or distributed, directly or indirectly, in or into or from the United States or any other jurisdiction where to do so may constitute a violation of the relevant laws of those jurisdiction. Any failure to comply with this restriction may constitute a violation of securities laws in those jurisdictions.



Goldman Sachs New Zealand Limited is acting exclusively for the Company and no other person in connection with the Placement. No representation or warranty, express or implied, is made by Goldman Sachs New Zealand Limited, its affiliates or any of their respective directors, partners, officers, employees or representatives (together "Goldman Sachs") about any of the contents of this announcement and, without limiting the statutory rights of any person to whom this announcement is issued, no liability whatsoever is accepted by Goldman Sachs for the accuracy of any information or opinions contained in this announcement or for the omission of any material information.

For further information contact:

The a2 Milk Company Limited
Geoffrey Babidge
Managing Director and CEO
+61 2 9697 7000

