

WELCOME TO

The a2 Milk Company™

New York
Investor Presentation

10 / 11 March, 2016

Agenda

- Company overview
- Financial information
- Regional overview
 - Australia and New Zealand
 - China and other Asia
 - UK
 - USA
- Trade mark and intellectual property
- Summary
- Appendix

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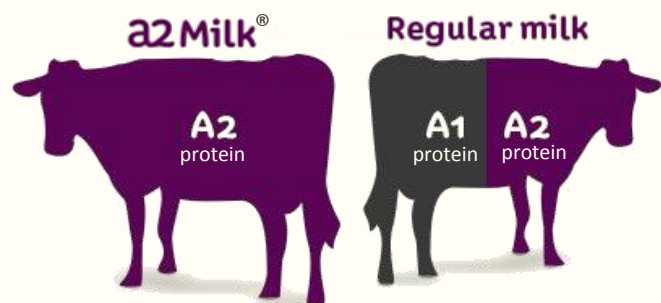




Company overview

The a2 Milk Company™ at a glance

- The a2 Milk Company (“a2MC”) is in the business of producing, marketing and selling premium branded dairy and infant formula products in targeted global markets
- a2MC branded products contain only A2 beta-casein protein rather than both A1 protein and A2 protein which are found in regular cows’ milk products
- How is a2MC unique from other dairy businesses?
 - 1 Focused on building a high margin and differentiated business supported by an integrated IP portfolio
 - 2 Seek to achieve upper quartile return on capital through investment in brand building and a flexible and scalable supply chain
 - 3 Distinctive products that have broad appeal across a number of developed and emerging markets



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Key metrics ¹		
	NZ\$ million	US\$ million
Market Capitalisation ²	~1,300	~890
FY15 Revenue	155.1	105.8
FY15 EBITDA ³	4.8	3.3
FY16 Revenue ⁴	335.0 - 350.0	228.4 - 238.6
FY16 EBITDA ⁴	45.0 - 49.0	30.7 - 33.4

¹ Assumes USD/NZD exchange rate of 1.4666 for USD conversion

² Based on share price of NZ\$1.80 as at 7 March 2016

³ EBITDA before non-recurring items (ASX listing costs of NZ\$1.7 million in FY15)

⁴ Guidance released to market on 17th February 2016

Distinctive and premium product portfolio is expanding



China



UK



USA



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Brief company history¹

2000

The a2 Milk Company™ is founded by scientist Dr. Corran McLachlan and his business partner Howard Paterson - armed with intellectual property and growing belief of the effect different milk proteins have on human health

2004

Listed on NZX Alternative Market

2007

JV with Freedom Foods Australia formed for the production and marketing of the a2 Milk® brand in Australia

2008

Consumer and healthcare professional advocacy in Australia accelerates brand growth

2010

a2MC fully acquires Australian JV from Freedom Foods

2012

Commissioned new milk processing facility in Sydney, Australia

Launch a2 Milk® into the UK fresh milk market through JV with Robert Wiseman Dairies

Listed on NZX Main Board

2013

a2Platimun® infant formula is launched in China, Australia and New Zealand

2014

a2MC fully acquires UK JV. New management team and consumer proposition put in place

a2 Milk® Australia extends into thickened cream and continues to drive market share growth in the fresh milk supermarket category

First human digestion trial published in European Journal of Clinical Nutrition reporting a digestive difference between A1 and A2 protein supporting previous studies

2015

Listed on the ASX

a2MC to launch a2 Milk® into the California region from mid April via a wholly owned subsidiary

Australia launches milk powder and ice cream

Group a2 Platinum® sales momentum increases significantly

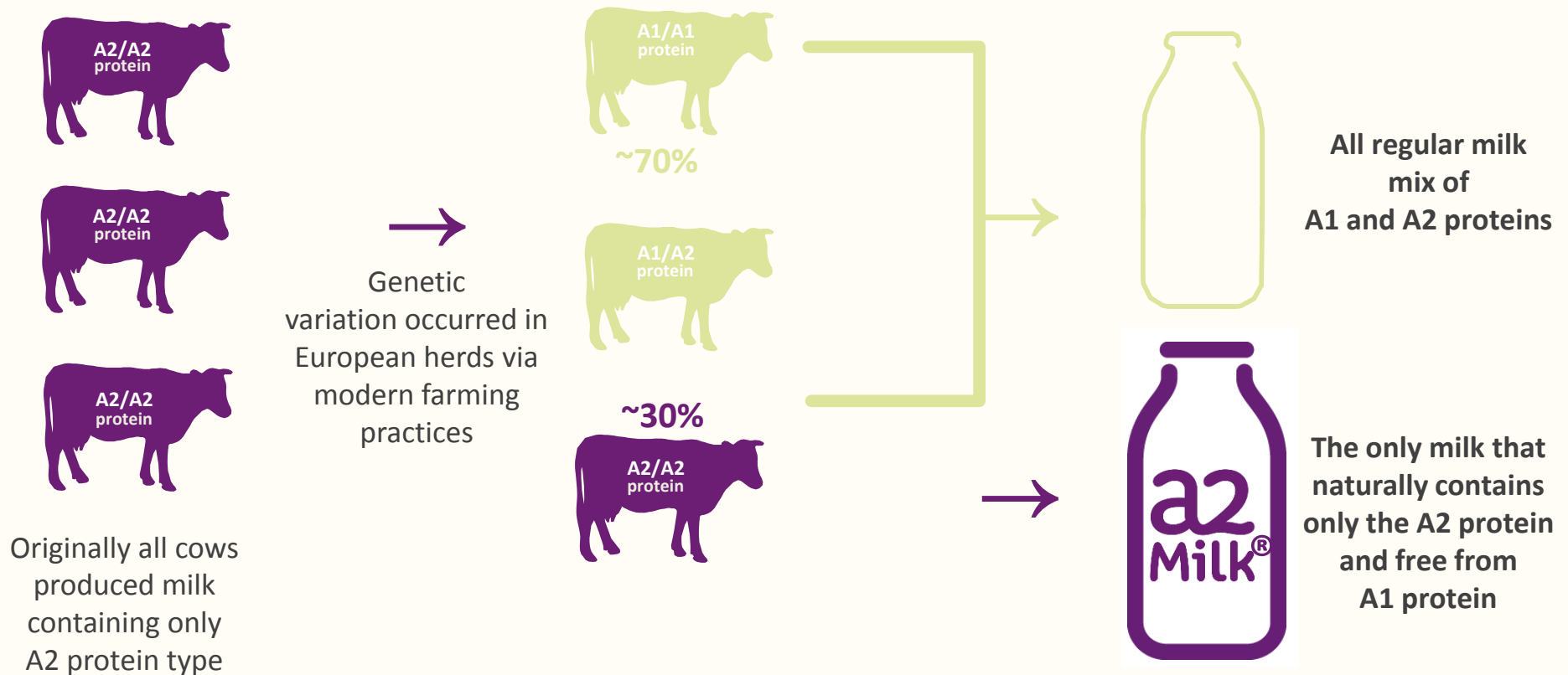


¹Years shown are based on calendar years

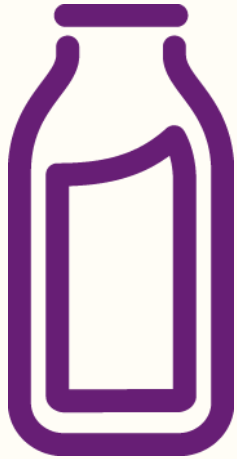
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What is the a2 Milk[®] difference?

- The a2 Milk[®] brand is a naturally occurring cows' milk and not a product of a technological process or genetic engineering



What is the USA opportunity?



1

1 billion milk occasions each week...
(excluding tea & coffee)

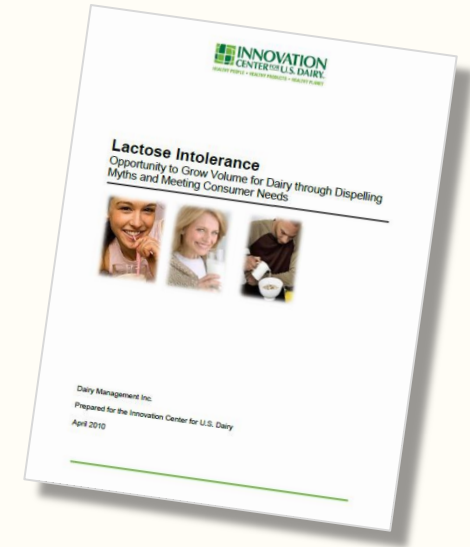
2

However Americans are drinking milk less often

2008		2014
71%	Always	58%
17%	Regularly	22%
6%	Occasionally	10%
4%	Rarely	6%
2%	Never	4%

3

Digestive issues are the #1 cause of the decline



Consumer experiences are fundamental to success

"Well we have had a2 Milk for nearly 2 weeks and I have to say I have been pleasantly surprised. My kids are not complaining of tummy aches any more. They are actually asking for glasses of milk, whereas before they would only ask for water or juice. My son loves the taste. I love the taste." *Adriana, Australia*

"Since switching to a2 Milk, I'm able to enjoy dairy again. This has improved my overall wellbeing...and helps me to train everyday...Thanks a2 for helping me achieve my goals!"

Robert, Australia

"My whole family has suffered when we have had normal milk in the past and I switched us to your brand and we couldn't be happier, the kids are now happily drinking milk again and my cup of coffee in the morning is now perfect." *Angela Australia*

"a2 Milk has truly changed our lives. My son, Noah, has terrible reflux and was constantly ill. It wasn't until I discovered a2 Milk that I realised the cause was the A1 protein. Almost immediately his reflux stopped and he was happy again." *Sara UK*

"What a difference this milk makes! It tastes the same and looks the same, but it made me feel so much better!"

Ryhanne Australia

"We have found a2 Milk to be fantastic as my partner has a real problem with normal milk, but a2 seems to have relieved this! Thanks!"

Jilly UK

"This milk is fabulous! Milk became a digestive problem for me 2 yrs ago. a2 is NO PROBLEM and tastes delicious. It is great to have this good source of protein back on the menu. THANK YOU for bringing this to the USA!!!!!"

Martha, USA



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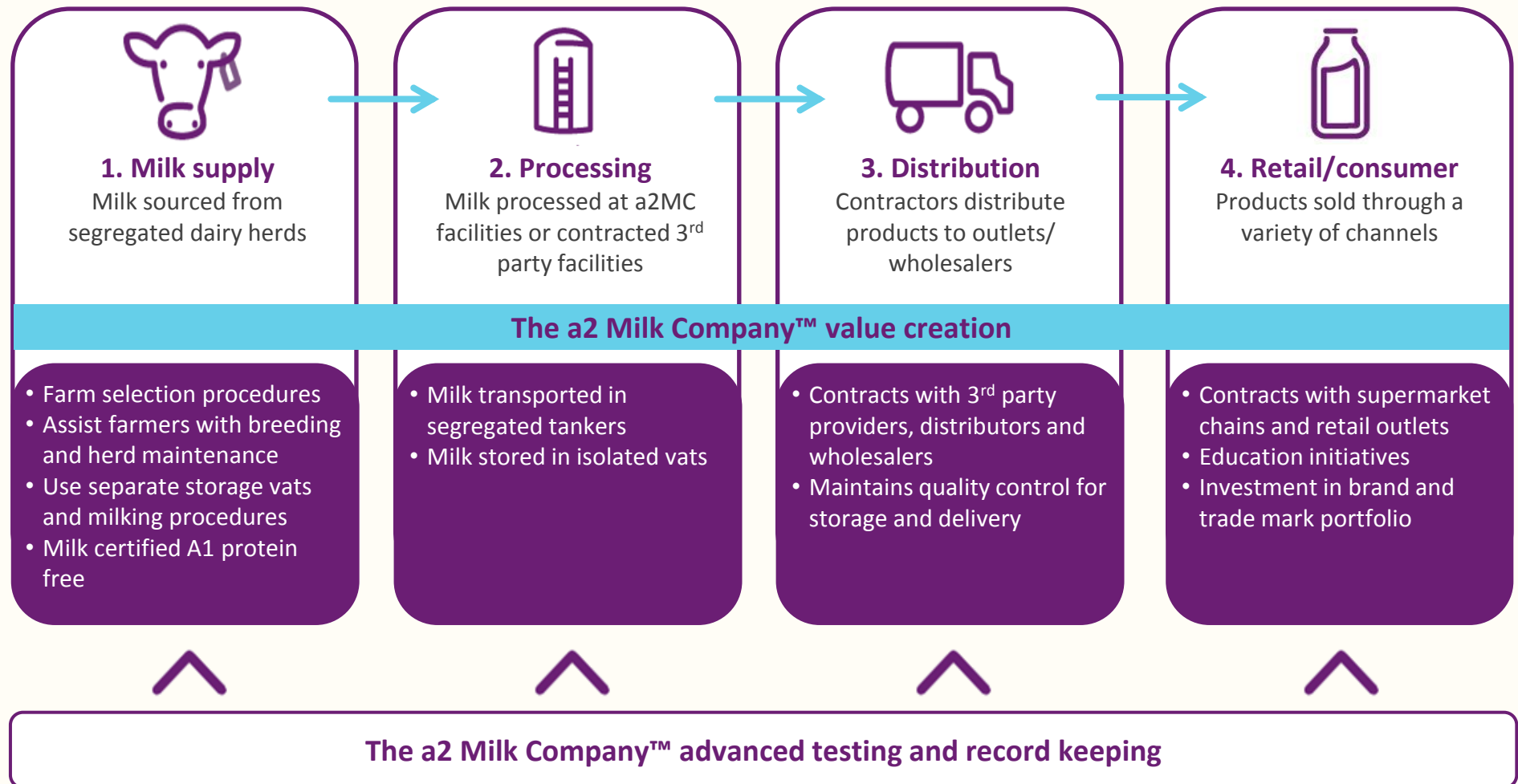
Investment highlights

a2MC is not a conventional dairy company

- 01** Premium brand and product range supported by an integrated intellectual property portfolio and growing scientific evidence
- 02** Proven and profitable Australian business remains on a strong growth trajectory
- 03** Outstanding success of a2 Platinum® infant formula (China, Australia) provides long term growth potential and is significant contributor to earnings
- 04** Strategic investments in USA and UK provide exciting platform for future growth
- 05** Flexible and scalable supply chain allows optimization of return on capital
- 06** Senior management team with relevant industry and market experience, focused on creating value for shareholders



Scalable and flexible supply chain



Leveraging a2MC's fresh milk platform in Australia

- a2 Milk® branded fresh milk has achieved ~9.3% market share by value (grocery weighted scan 20 December 2015 MAT)
- a2 Milk® brand is bigger than the fresh organic, lactose free and plant based milk segments combined
- a2 Milk® branded fresh milk commands significant retail price premium (>135%) on private label brands
- Australia is one of the few mature milk markets where consumption has grown over the last 8 years coinciding with the growth acceleration of the a2 Milk® brand (vs US which has shown significant declines)
- Launch of a2 Platinum® infant formula showing exceptional sales momentum – the fastest growing infant formula brand achieving market share of ~16.7% and has 2 out of the top 5 category skus (grocery/pharmacy weighted scan 20 December 2015 MAT)
- The total Australian business has achieved 45% 5-year CAGR to December 2015

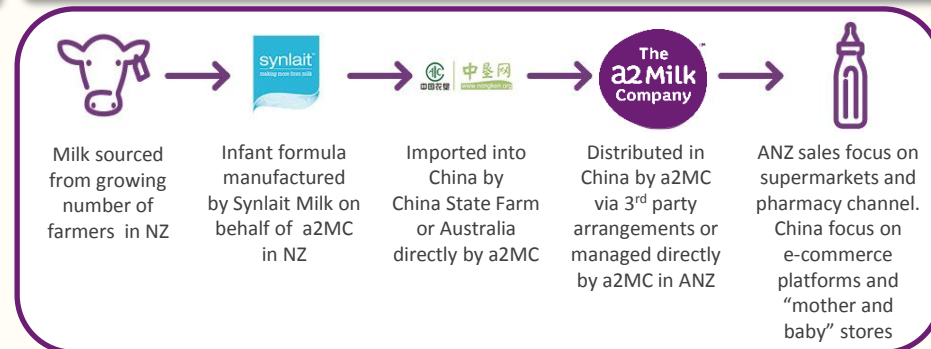


a2 Platinum® overview

Current position

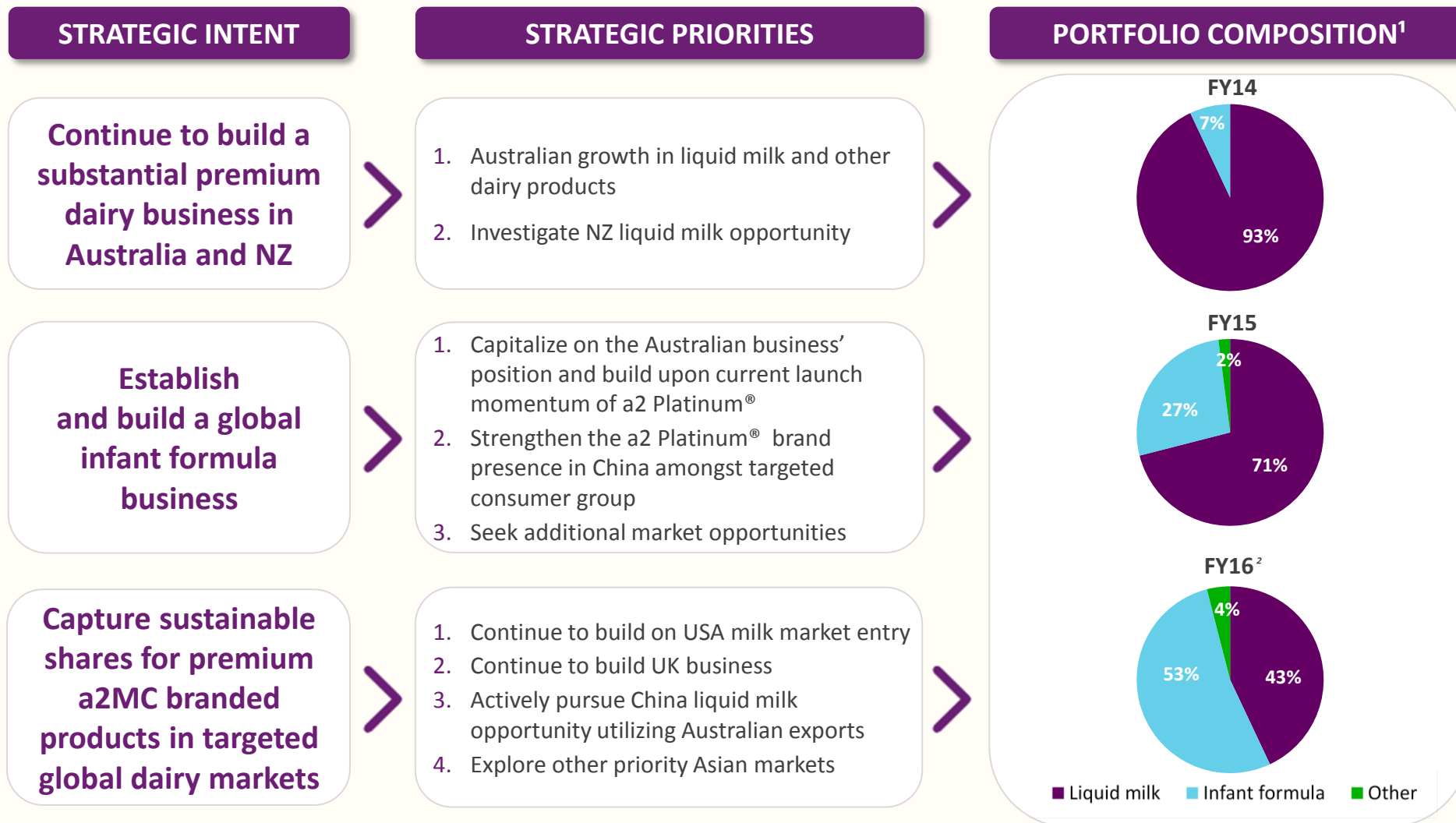
- Infant formula accounts for ~53% of total group revenue
- Compelling and unique point of difference
 - The only infant formula naturally rich in the A2 beta casein protein which supports a baby's natural digestion
 - Taps into significant growth of alternative milk formula products due to its natural digestive health benefits
 - Remainder of formulation is on par with premium market leaders (Omega 3 DHA, prebiotics and essential nutrients such as iron, calcium, vitamin D, zinc and iodine)
- Demand continues to grow amongst Australian and Chinese mothers
 - The growing success of a2 Platinum® is based on the well established quality reputation of the a2 Milk® brand in Australia
- Experiencing stock shortages in first half despite increased production
- Building further milk supply in NZ to increase production in FY17
- Majority of sales occurred across Australian grocery and pharmacy channels, however direct sales into China increasing in cross border e-commerce channels and mother baby retail stores

Infant formula supply chain



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Focussed and consistent strategic growth map



¹ Composition defined by net revenue per product type

² Portfolio composition based on 1HFY16 results



Financial overview

Key consolidated financial results

NZ\$ million	FY14	FY15	Movement FY14 – FY15	1H16
Revenue	110.8	155.1	+40%	139.2
Gross margin	39.8	54.4	+37%	57.0
Administration	(12.0)	(15.4)	+28%	(13.3)
Marketing	(9.8)	(10.3)	+5%	(10.0)
Other	(14.4)	(23.9)	+66%	(15.0)
EBITDA before non-recurring items	3.6	4.8 ¹	+35%	18.7
EBITDA	3.6	3.1	-13%	18.7
EBIT	2.1	1.2	-44%	17.4
NPAT	0.0	(2.1)	n/a	10.1
Cash on hand	16.0	6.1	-62%	36.4

- Gross margin increase reflects ongoing growth in Australian fresh milk business and significant acceleration of infant formula. Trend has continued strongly into FY16
- Other expenses increased primarily due to expansion into new markets
- FY15 EBITDA includes investment establishing positions in the US of NZ\$4.3 million and the UK of NZ\$7.8 million
- FY16 full year forecast increased to Group revenue range of \$335 million to \$350 million and Group operating EBITDA range of \$45 million to \$49 million

¹ Non-recurring items represent ASX listing costs of \$1.7 million in FY15

Operating results by segment

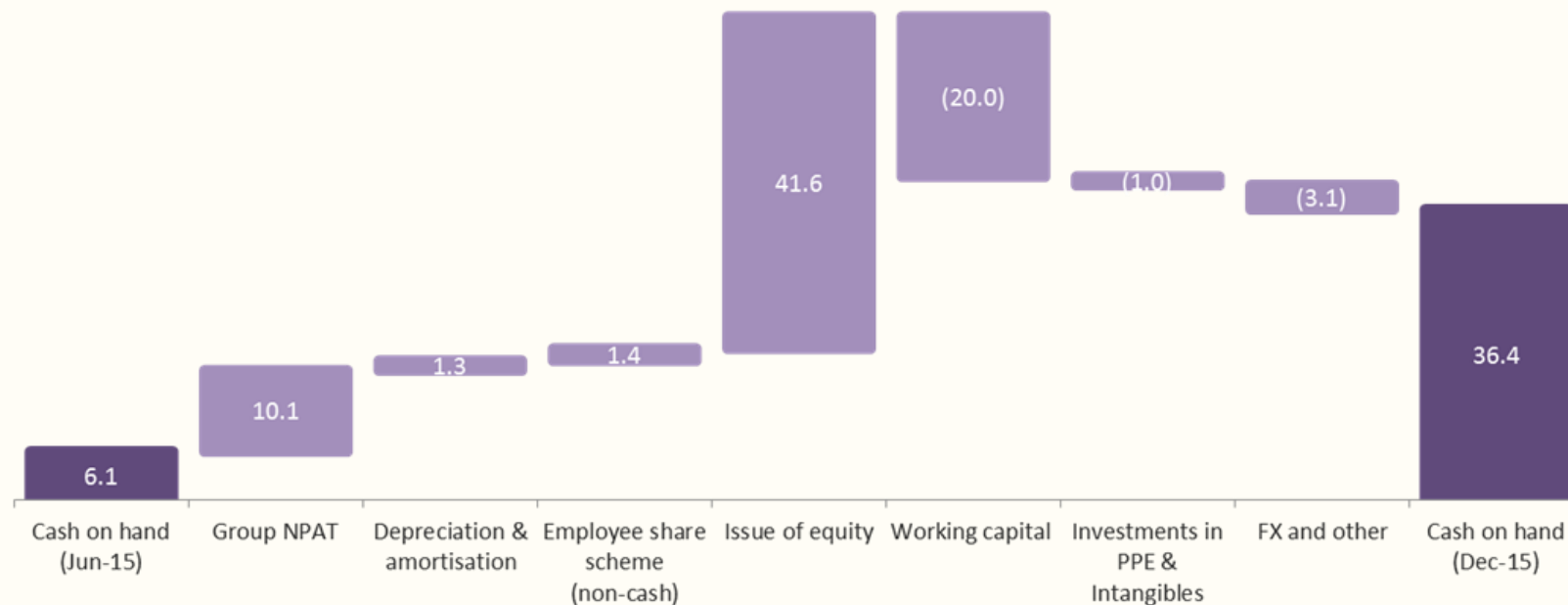
NZ\$ million	FY14	FY15	Movement FY14 - FY15%	1H15	1H16	Movement 1H15 - 1H16%
Revenue						
ANZ	106.9	149.1	40%	72.8	127.9	76%
China and Other Asia	2.8	4.1	46%	1.1	8.4	681%
UK and US	1.0	1.9	90%	0.9	2.9	222%
Corporate and Other	0.1	0.0	NM	0.0	0.0	NM
Group Revenue	110.8	155.1	40%	74.8	139.2	86%
EBITDA						
ANZ	18.7	30.0	60%	14.0	34.5	146%
China and Other Asia	(3.3)	(3.1)	(6)%	(2.2)	1.2	(155)%
Corporate and Other	(7.5)	(10.0)	33%	(4.3)	(8.9)	107%
Total excluding UK & USA	7.9	16.9	114%	7.5	26.8	257%
UK and US	(4.3)	(12.1)	181%	(4.2)	(8.1)	93%
Total Group EBITDA¹	3.6	4.8	35%	3.3	18.7	472%

- FY15 was a record year for the ANZ business with growth expected to build into FY16
 - a2 Platinum® sales building with significantly increased demand and liquid milk sales continuing to grow
- Following investment in previous years China and Other Asia experiencing strong a2 Platinum® revenue and profit growth in FY16 with a growing network of local distributors and launch of new e-commerce and cross-border platforms
- Rest of world roll-out underway in the US and the UK
 - The initial US entry commenced in Southern California from April 2015, followed by expansion into Northern California
 - UK on track to achieve monthly breakeven by year end, ahead of plan
- Corporate and Other comprises group costs including board/senior management, IP and R&D cost

¹ Before non-recurring items relating to the ASX listing: FY15 \$1.7million; 1H15 of \$0.8million

Conservative cash position

Group Cash Movement: Jun-15 to Dec-15 (NZ\$ million)



- Working capital movement driven largely by an increase in inventories (in transit) and prepayments relating to infant formula
- FX and other includes losses on foreign currency cash holdings due to strengthening of NZD through the period
- Forecasting a significantly improved operating cash flow for the second half



Regional overview

Australia and New Zealand business overview

Current position

- Significant branded milk business with a reliable supply chain, continued sales growth and premium pricing
- Segment revenue grew by 76% on pcp to NZ\$127.9 million for 6 months to December 2015
- Modern purpose-built processing facility in Sydney, quality 3rd party processors and developed distribution network
- a2 Milk® brand is largest premium milk brand at ~9.3% market share¹
- As at December 2015, a2 Platinum® was the fastest growing infant formula brand with a grocery market share by value of ~16.7% across supermarkets and pharmacy²
- a2 Ice Cream™ distribution now broadened to all major Australian retailers
- Expanding into a2 Milk® branded whole milk powder given the strong growth opportunity

Growth strategy

- Continue to enhance premium brand strength
- Build on core ANZ liquid milk business
- Continue to grow a2 Platinum® and other dairy product innovation
- Build scale and efficiency



¹ Australian Grocery Weighted Scan 20 December 2015 MAT

² Australian Grocery and Pharmacy Scan, quarter to date vs YA December 20, 2015

China and Other Asia business overview

Current position

- Launched a2 Platinum® in Nov 2013 with the intention of establishing a position in China before expanding into other Asian markets
- a2MC now directly manages sales and distribution with a growing team based in Shanghai and Auckland
- The business is performing well ahead of plan in FY16 and is posting positive EBITDA returns
- Multi-product, multi-channel strategy to build both local China products and cross-border ANZ labelled products
- Strong emphasis on e-commerce retailers and Mother & Baby channels where distribution is over 1,000 stores
- Distributor network now totals 32 with strength in East and West China with plans to expand
- E-commerce partners include T-mall, JD.com and other strategic digital platforms
- Infant formula processed and packaged by Synlait Milk NZ which has an integrated facility and allows full manufacturing and packaging control

Growth strategy

- Build a high profile premium brand in China
- Educate consumers and health professionals about the benefits of the A2 protein
- Build core infant formula and milk (liquid and powder) businesses
- Build relationships with distributors, e-commerce partners, retailers. Continue to utilize and maximize e-commerce presence
- Enhance supply chain efficiency

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UK business overview

Current position

- Commenced sales in the UK in Nov 2012 through a JV with Robert Wiseman Dairies which was then subject to a takeover by the Müller group
- In Jan 2014 a2MC fully acquires UK JV
- a2 Milk® brand repositioned during calendar 2014 to premium specialty milk segment
- a2 Milk® fresh milk unit sales continue to grow from modest base, distributed in 4 of the 5 key UK grocery retailers
- Marketing focused on digital advertising, promotional events and health care professional engagement
- Revised UK business model broadens the product portfolio beyond fresh milk with UHT milk available from Q2 and a market trial for a2 Platinum® underway
- The UK business now on track to achieve monthly breakeven ahead of plan, by end of FY16

Growth strategy

- Continue to build targeted premium brand
- Grow distribution in existing supermarkets (in-store and online)
- Expand product portfolio (UHT and infant formula) as milk business develops



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USA business launch

Current position

- Initial launch commenced in Southern California region from April 2015, extended to Northern California
- a2MC pleased with progress in building distribution in Southern and Northern California
- Product format in ½ gallon carton, consistent with specialty milk category
- Quality partner contracted to manage milk supply and processing
- Estimated retail weighted distribution in California of circa 85% from February following acceptance across Safeway/Alberstons/Vons stores
- Units per store per week building, on track to achieve target rates of 30¹ by end FY16 in key retailers
- TV advertising campaign launched in February in Los Angeles coupled with social digital media, PR, shopper marketing and in-store promotional activity across total California

¹ Refers to units per store per week for the total range

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Intellectual property overview

Integrated portfolio of IP and proprietary know-how

- a2MC IP comprises Patents, Brands (incl. registered trade marks), proprietary processes and know how which collectively allow the successful commercialization of A1 protein free products
- Under continual enhancement these components are integrated into layers of commercial protection
- IP Portfolio combined with wide geographical coverage means potential competitors have restricted ability to produce and sell competing A1 protein free products, with limitations in major markets around production, communication, branding, positioning and promotion

Brands and trade marks

- Trade mark registrations / applications across ~57 territories¹



14 families of patents

- Rights to 14 families of patents and patent applications
- Portfolio strength derived from interlocking relationships, complexity and geographical spread
- Covers a spectrum of activities including testing, herd formation, beneficial uses and physical properties associated with A1 protein free milk products
- Families 10-14 were filed across FY 15 and FY16

Research and Development

- Partners with 3rd party research institutions to enhance suite of intellectual property
- Owns confidential information, data and trade secrets associated with production, testing and marketing of A1 protein free products

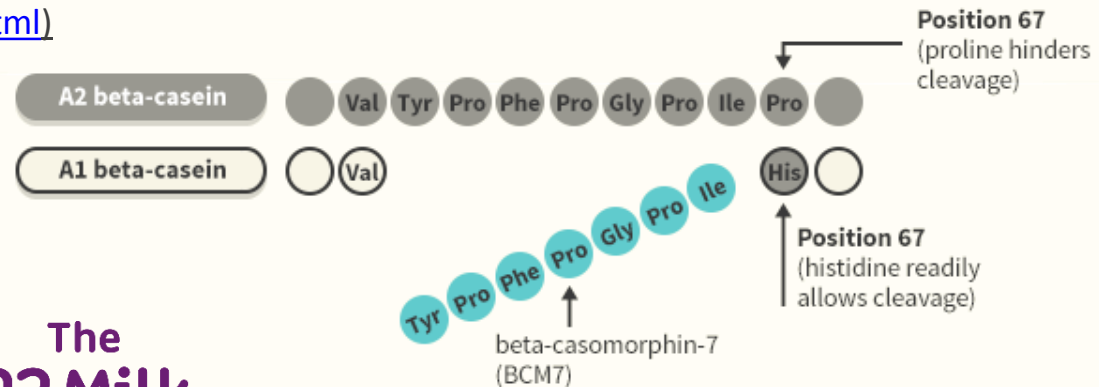
The a2 System™

- Proprietary processes and know-how codified in a confidential suite of proprietary documents
- Covers all aspects from milk supply to consumer promotion

¹ As at Dec 2015

R&D

- Continuing to develop and enhance portfolio of brand assets, intellectual property and participate in R&D associated with the benefits of the A2 beta-casein protein and the absence of A1
- Research findings from recent completed studies:
 - Explains at the human cell level the mode of action and digestive benefits of a2 Milk®
 - The consumption of A1 beta casein protein can trigger inflammation of the gut leading to digestive discomfort
 - The consumption of a2 Milk® products can increase antioxidant production (glutathione) over and above regular dairy
 - BCM-7 from A1 protein has a negative effect on human neural stem cell growth and development
- Several research studies have been initiated across China, USA and Australia
 - Professor Gibson in conjunction with Monash University Australia will lead a human clinical study examining the benefits of a2 Milk® on IBS/bowel inflammation
 - A clinical trial into the benefits of a2 Milk® to digestive function with a leading USA biomedical research center
 - Further clinical trials in China to assess benefits of A2 beta casein protein amongst adults, preschoolers and infants
- New Zealand government awarded the Company a significant NZ\$1.1 million research grant in partnership with AgResearch and The University of Auckland as part of a government push to invest funds into areas of High-Value Nutrition (<http://www.highvaluenutrition.co.nz/en.html>)





Summary

Summary

- ✓ A proven, sustainable, profitable business model in ANZ delivering upper quartile returns on capital relative to the industry
- ✓ Establishing a premium infant formula brand and business synonymous with quality - targeting growth across multiple markets
 - ✓ Business centered on continuing to build a unique premium international brand that is supported by a multi-product, multi-channel strategy
 - ✓ Broad and consistent positive consumer acceptance of the benefits of A2 protein and continuing to pioneer further knowledge and understanding
 - ✓ First mover advantage given comprehensive intellectual property portfolio, brand equity and a2MC business systems and experience



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Appendix

1H16 result highlights

- Total revenue of \$139.1 million, an increase of 86% on pcg
- Group a2 Platinum® infant formula revenue of \$73.9 million, up 340% on pcg
- Net profit after tax of \$10.1 million
- Group operating EBITDA¹ of \$18.7 million, up 472%² on pcg
- Group operating EBITDA, before investments in UK & USA, of \$26.8 million
- Income tax expense of \$7.4 million
- Australian fresh milk sales up 5% in AUD on pcg
- Significant growth in revenue and earnings in China
- Cash on hand at 31 December 2015 of \$36.4 million
- FY16 full year forecast increased:
 - Group revenue range of \$335 million to \$350 million,
 - Group operating EBITDA range of \$45 million to \$49 million

¹ Operating EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation

² Before non-recurring items in 1H15 of \$0.8 million relating to ASX listing costs

Financial summary

NZ\$ million	1H15	1H16	% change
Revenue	74.8	139.2	+86%
Gross margin	26.1	57.0	+118%
Administration	(6.8)	(13.3)	+96%
Marketing	(6.9)	(10.0)	+46%
Other	(9.1)	(15.0)	+63%
EBITDA before non-recurring items	3.3 ¹	18.7	+472%
EBITDA	2.5	18.7	+646%
EBIT	1.6	17.4	+988%
NPAT	0.1	10.1	+7,986%
Cash on hand	9.9	36.4	+269%

- Revenue growth of 86% on pcp
- Gross margin reflects increased contribution from infant formula sales
- Increases to administration, marketing and other reflect business growth and expansion into new markets. Key movements relate to employment costs (\$4.7 million), freight (\$2.0 million), business development (\$2.4 million) and research & development (\$0.8 million)
- NZD/AUD exchange movements had a marginal adverse impact on 1H16 revenue and EBITDA
- NPAT reflects high effective tax rate due to international tax losses not tax effected, and non-deductibility of employee share scheme costs
- Cash on hand reflects NZ\$41.6 million in equity raised through private placement and share purchase plan, offset by increased investment in working capital

¹ Non-recurring items represent ASX listing costs of \$0.8 million in 1H15

Reconciliation of non GAAP measures

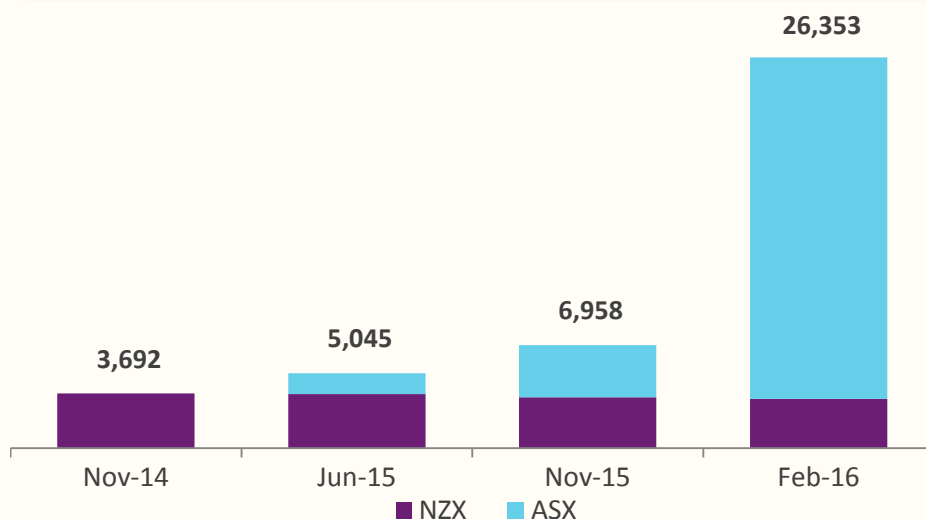
NZ\$ million	1H15	1H16
Australia & New Zealand Segment EBITDA	4.9	9.3
China & other Asia Segment EBITDA	(0.6)	1.0
UK & USA Segment EBITDA	(1.9)	(5.5)
Corporate & other Segment EBITDA	0.1	13.9
EBITDA ¹	<u>2.5</u>	<u>18.7</u>
EBITDA before non-recurring items	3.3	18.7
Depreciation/Amortisation	<u>(0.9)</u>	<u>(1.3)</u>
EBIT ¹ before non-recurring items	2.4	17.4
Non-recurring items	(0.8)	-
Net interest income	0.1	0.1
Income tax expense/income	<u>(1.6)</u>	<u>(7.4)</u>
Net Profit/(Loss) for the Period	<u>0.1</u>	<u>10.1</u>

¹ EBITDA and EBIT are non GAAP measures. However, the Company believes they provide investors with a comprehensive understanding of the underlying performance of the business

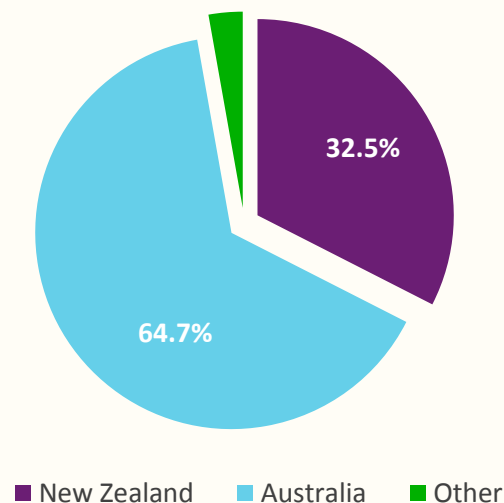
Other corporate initiatives

- Oversubscribed equity raising to fund increase in infant formula working capital and maintain conservative capital position:
 - \$40 million raised from institutional investors
 - \$3 million share purchase plan
- Admission to ASX in March 2015 successful in broadening investor participation

Number of Shareholders (NZX/ASX)¹



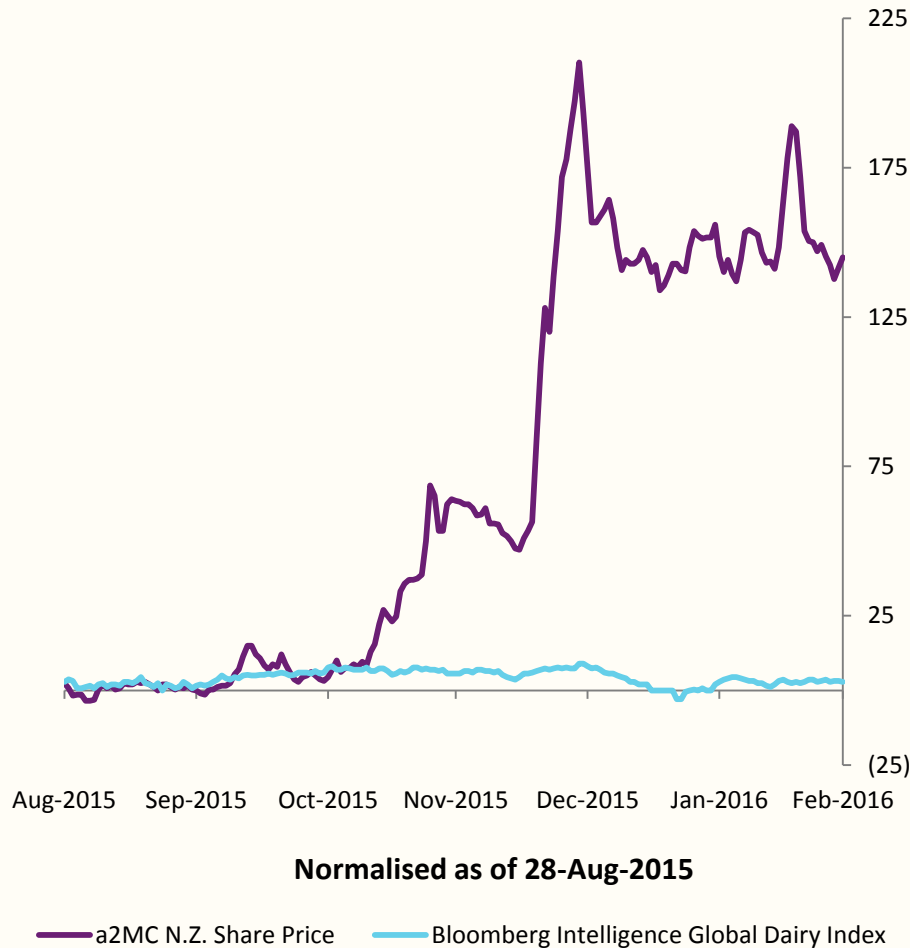
Shareholding domicile²



- Board renewal process continuing with appointment of Mr Peter Hinton as a NZ based non-executive Director
- Appointment of additional director with appropriate international experience planned

¹ Shareholders by exchange as at 10 February 2016

² Weighting based on % of fully paid issued capital held as at 10 February 2016



The Milk You've Never Heard of That's Rocking the Dairy World

"Since its debut in 2003, a2 Milk has challenged the common wisdom in dairy retailing, grabbing almost 10% of the fresh milk market in Australia with a product that sells for about A\$2.80 a liter (\$2 a quart), more than double the price of regular house-brand milk. Last month, the company raised its profit forecast and predicted revenue may surge 126% to as much as NZ\$350 million (\$230 million) in the year ending June 30.

In Australia, where a2 Milk's products are sold in every major grocery chain and more than 140 cafes, the shares have jumped 190% to A\$1.64 since they began trading in Sydney less than a year ago. By far the best performer on New Zealand's S&P/NZX 50 Index the past year, a2 Milk has outperformed a gauge of major global dairy producers."

"In Australia, a2 has become mainstream," said Oyvin Rimer, a research analyst at Harbour Asset Management Ltd. in Wellington, which holds just under 5% of a2 Milk stock. "Very sophisticated consumers are buying into this product. They believe it's better for them, and they're willing to pay more for it."

A2 Milk has outstripped sales of organic milk in Australia, said Michael Harvey, a senior dairy analyst with Rabobank International in Melbourne. Its expansion has been particularly remarkable given the competitive response from established dairy companies, he said."

"The company sources its American milk from four U.S. dairies, mostly in Nebraska, and sells to stores owned by Whole Foods Market Inc., Sprouts Farmers Market Inc., Albertsons Cos., as well as Kroger Co., the largest U.S. grocery chain.

The National Milk Producers Federation, the lobby group for U.S. dairy farmers, welcomes "innovation in the dairy aisle to ensure cows' milk and dairy foods meet consumers' needs," said spokesman Christopher Galen."

Bloomberg Business, 1 March 2016