

3 May 2017

NZX/ASX Market Release

Investor Presentation

Please find attached a presentation to be given today by The a2 Milk Company Limited at Macquarie's annual Australia Conference in Sydney.

For further information contact:

Geoffrey Babidge

Managing Director

The a2 Milk Company Limited

+61 2 9697 7000





The
a2 Milk
Company

MACQUARIE AUSTRALIA CONFERENCE

GEOFFREY BABIDGE
MANAGING DIRECTOR AND CEO

3 MAY 2017

a2 Milk™ a2 Platinum™ and The a2 Milk Company™ are trademarks of The a2 Milk Company Limited

Agenda

- Company overview
- 1H17 results summary
- Q317 update
- Summary & outlook
- Appendix

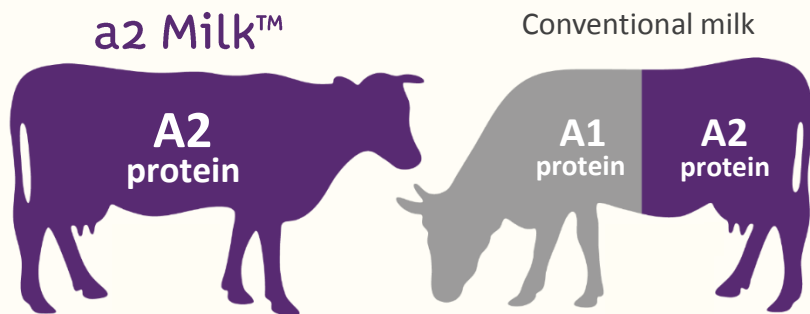




COMPANY OVERVIEW

The a2 Milk Company at a glance

- The a2 Milk Company (“a2MC”) is in the business of producing, marketing and selling premium branded dairy nutritional products in targeted global markets
- All a2MC branded products contain only A2 beta-casein protein type rather than both A1 and A2 beta-casein protein types found in conventional cows’ milk products
- Uniquely focused on building a branded, high margin and differentiated business supported by an integrated IP portfolio



Key metrics 1H17¹

	AUD million ²	NZD million
Market Capitalisation³	~2,260	~2,490
1H17 EPS⁴ (cents per share)	5.05 c	5.51 c
1H17 Revenue	234.9	256.1
1H17 EBITDA⁵	58.8	64.1
1H17 NPAT	36.1	39.4

¹ 1H17 = first half financial year 2017

² AUD metrics converted at 1 May 2017 (AUD/NZD = 1.09)

³ Based on share price of AUD3.15/NZD3.43 as at 1 May 2017 (quoted securities only)

⁴ Basic Earnings Per Share

⁵ EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation



The a2 Milk Company proposition



- 1 Single-minded company focus on A1 protein-free products (pioneers and experts)



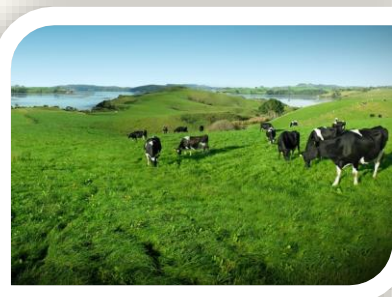
- 2 Compelling and growing scientific evidence



- 3 Integrated IP portfolio and proprietary know-how



- 4 Unique and effective marketing approach



- 5 Clean and green Australia and New Zealand sourcing profile (strength in Asia)



- 6 Capital-light investment model coupled with strong long-term supply partners

Company strategic agenda



We're on an extraordinary growth and transformational journey



View company film here:
<https://thea2milkcompany.com/>





1H17 RESULT SUMMARY

Financial summary

NZ\$ million	1H17	1H16	% change
Revenue	256.1	139.2	+84%
Gross margin	119.0	57.0	+109%
Sales & Distribution	(11.2)	(7.2)	+56%
Marketing	(16.0)	(10.0)	+60%
Employee Costs	(9.9)	(9.6)	+3%
Admin & Other	(17.8)	(11.5)	+55%
EBITDA	64.1	18.7	+243%
EBIT	62.5	17.4	+258%
NPAT	39.4	10.1	+290%
NZ\$ million	Dec-16	Jun-16	% change
Cash on hand	108.4	69.4	+56%

- Gross margin reflects increased contribution from infant formula sales
- Continued investment in marketing and brand development - reflects targeted spend in ANZ, China and USA
- Increases to 'administration and other' reflects increased spend on business development (+\$1.9m) and R&D (+\$0.9m) and write-down of intangibles (+\$2.4m)
- NPAT reflects high effective tax rate due to international losses not tax effected, and other non-deductibles including employee share scheme costs and write-down of intangibles. The effective tax rate of 37.4% is expected to reduce as results improve in the US business
- Cash on hand reflects strong 6-month NPAT contribution

Financial overview

NZ\$ million	1H17		1H16		Movement %	
Operating Segment	Segment Revenue	Operating EBITDA ¹	Segment Revenue	Operating EBITDA	Segment Revenue	Operating EBITDA
ANZ	206.6	70.4	127.9	34.5	+62%	+104%
China and other Asia	37.7	13.7	8.4	1.2	+348%	+1,021%
Corporate and other	-	(12.3)	-	(8.9)	-	+38%
Total excluding UK & USA	244.3	71.8	136.3	26.8	+79.2%	+168%
UK & USA ²	11.8	(7.7)	2.9	(8.1)	+310%	-5%
Total Group	256.1	64.1	139.2	18.7	+84%	+243%
EBITDA / Sales %		25%		13%		+12%

Infant formula (included in Group total)	184.5	73.9	+150%
--	-------	------	-------

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

² UK & USA Operating EBITDA includes \$2.2 million in impairment charges



Segment 1H17 performance

ANZ

- a2 Platinum® fastest growing infant formula brand¹
- Flexible strategy to meet changing distribution trends incl. effective management of the “Daigou” channel
- Fresh milk revenue continued to grow – only dairy brand distributed in all six major retailers
- Brand investment in advertising continues to increase – greatest brand investment of any brands in fresh milk and infant formula categories

USA

- Continued to build distribution and sales of milk in California (~1,800 stores in California, Pac NW and other)
- Focus on building average UPSW relevant to the speciality milk category (> 30 for range)²
- Marketing and communication increased over the pcp
- Supply chain enhanced with a second processor from the West Coast appointed

CHINA

- Brand awareness and infant formula market share growing rapidly
- Online strategy building strong relationships with profile providers
- Offline strategy focused on growth in MBS channel through broadening distribution and in-store activities
- Engaged a leading China-based consultancy to further assist building market intelligence and medium term scenario planning

UK

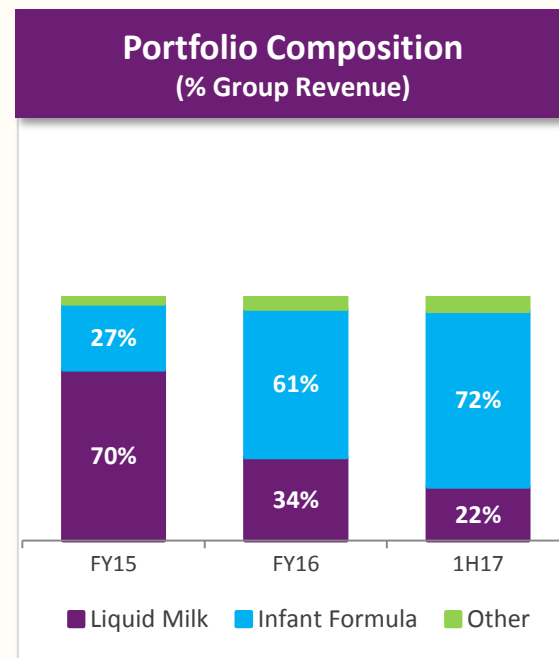
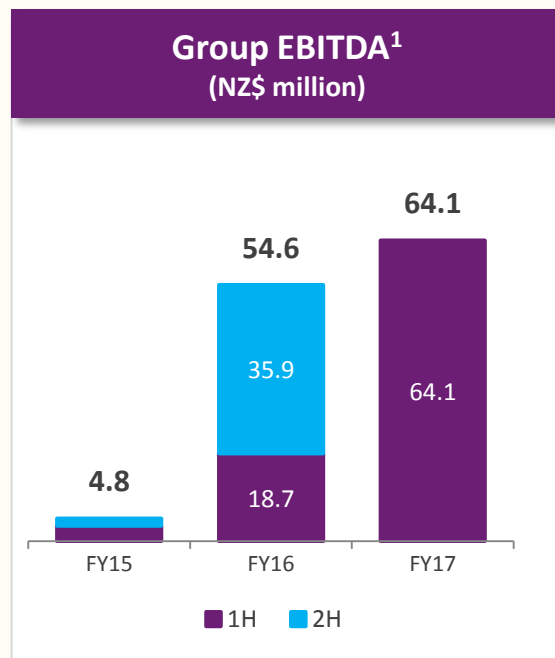
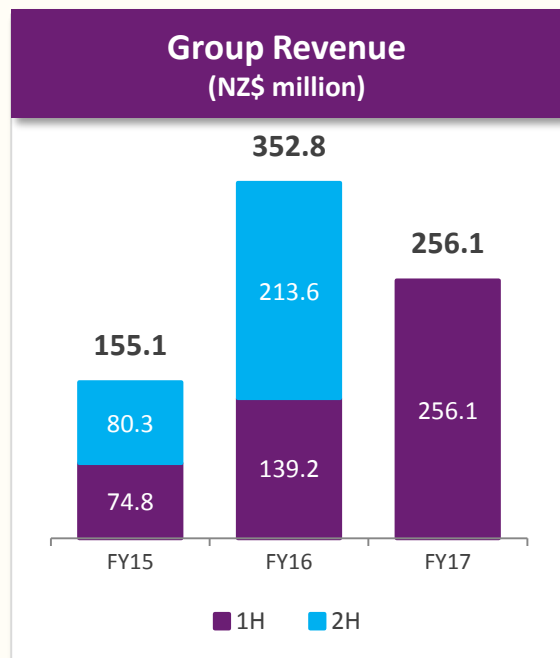
- Positive operating earnings for 1H17 for the first time
- Average rates of sale in-store improved by ~40% on pcp
- Sales of a2 Milk® branded fresh milk grew >45% on pcp
- Growth of infant formula sales in non-grocery segment, opportunity within the retail market to be assessed

¹ Aztec Australian grocery/pharmacy infant formula value share for 52 weeks ending 01/01/17

² Refers to the units per store per week for the total range



Key financial charts



The Company's financial year ends 30 June. "1H" represents 6-months to 31 December; "2H" represents 6-months to 30 June.

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



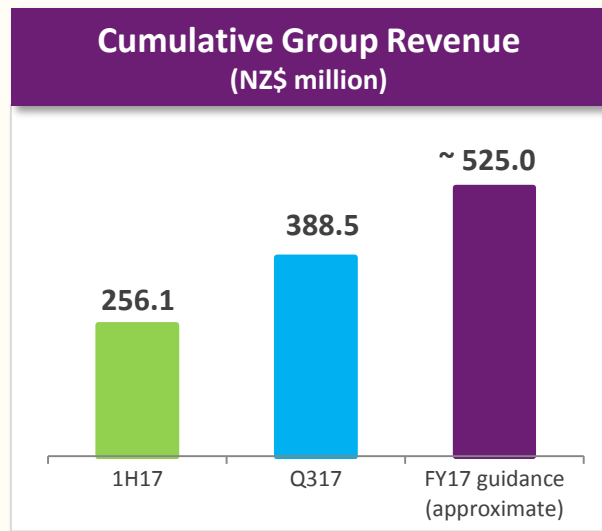
FY17 Q3 UPDATE



FY17 Q3 update: 9 months to March

Group

- Group revenue for 9 months ended 31 March 2017 of NZ\$388.5 million
- Strong demand for a2 Platinum® infant formula in Q317 exceeded expectations in Australia and China
- Working closely with Synlait Milk to uplift the production schedule during 2H17
- Higher marketing spend in line with February plan for 2H17
- Two additional nutritional products planned for launch during calendar 2017
- Growth opportunities in SE Asia progressing, new senior executive appointed for emerging markets
- Continuing strong operating cash flow in Q3
- Announced acquisition of ~8.2% shareholding in Synlait Milk March 2017
 - Complements the August 2016 Supply Agreement with Synlait Milk, demonstrates a2MC commitment to supporting its major contractor



FY17 management results are unaudited



FY17 Q3 update: 9 months to March

ANZ

- Continued significant growth in a2 Platinum® market share to ~33% in latest quarter¹
- Responding to increasing demand through changes to production plan
- Recent Australian advertising campaign supporting growth in fresh milk volume
- Continuing upward sales trend in a2 Milk™ branded milk powder



China

- Continued growth for ANZ label in CBEC² and China label infant formula
- Brand awareness continues to build with market share growing to ~3%³
- New marketing initiative commenced in March 2017 - sponsoring YouKu TV series featuring Chinese celebrity mum visiting Australia with her son
- China label currently accounts for ~7% of Group infant formula sales and a focus for growth
 - Continuing to build China team
 - China based consultancy assisting in MBS expansion strategy



*Translation:

Follow the 'spicy' mum Hu Ke 胡可 [Chinese celebrity mum] to Australia with her son on a treasure hunt to find precious A2 protein milk source
Feel the difference



¹ Aztec Australian grocery/pharmacy infant formula value quarterly share for 13 week ending 09/04/17

² CBEC: Cross border e-commerce

³ Kantar Infant Formula market tracking of Tier 1 and A cities for quarter ending 31/03/17
(Kantar track a substantial proportion of the total market)

China infant formula regulatory environment

- Monitoring of the regulatory environment in China for further changes and clarification remains an ongoing focus for the Company

China label product sold through traditional import mode

- CFDA¹ registration required for products imported from 1 January 2018
- Inventory received in China prior to January 2018 may continue to be sold
- Synlait Milk progressing application in close co-operation with a2MC and advisors
 - Detailed requirements for the application dossier includes: raw materials and finished products testing, certification of manufacturing standards, formulation assessment and labelling
- Potential implications of draft labelling guidelines under consideration
- Application on track for lodgement by end of May

English label product sold through CBEC platforms

- China Ministry of Commerce (MoC) announcement, 17 March 2017 indicates:
 - CBEC to be managed in the same way as personal goods (or direct mail)
 - Increase to CBEC Free Trade Zones (from 10 to 15)
 - Detailed implementation plans to follow

¹ CFDA: China Food and Drug Administration

FY17 Q3 update: 9 months to March

UK

- Continued strong growth in UK fresh milk, now exceeding plan by 60%
- Improved rate of sale across key accounts
- Additional ranging in J Sainsbury for semi-skimmed and listing of whole milk

USA

- Continued focus to build rate of sale in existing markets
- Expanding into the South East through Publix, with ~1,100 stores primarily in Florida, Georgia and the Carolinas from March 2017
- Product range now includes chocolate flavoured milk
- Higher marketing spend in 2H17 to support market expansion
- New advertising campaign developed to support launch into the South East and existing markets (TV, radio, sampling, digital and social media channels)



New USA marketing campaign: “Love milk again”



View advertising here:
<https://a2milk.com/love-milk-again-tvc/>



SUMMARY & OUTLOOK

Summary and outlook

- Strong sales momentum has continued into Q317 with Group revenue of NZ\$388.5 million for 9 months ending March 2017
- Demand for a2 Platinum® in Q317 exceeded expectations, in Australia and through the CBEC channel into China
- Seeking to address out of stocks of a2 Platinum®, working with Synlait Milk to uplift the production schedule
- Assuming continuing strong demand for a2 Platinum® infant formula and production deliveries being achieved consistent with the revised production schedule the Company is expecting:
 - Infant formula sales for 2H17 to exceed sales achieved in 1H17
 - Group revenue to approximate NZ\$525 million



Disclaimer

This presentation dated 3 May 2017 has been prepared by The a2 Milk Company Limited (the Company) to provide a general overview of the Company. The information contained in this presentation should be read in conjunction with, and subject to, the Company's FY17 Half Year Interim Report, prior annual and interim reports and the Company's market releases on the NZX and ASX market announcement platforms.

This presentation should not be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should assess their own individual financial circumstances and consider talking to a financial adviser or consultant before making any investment decision.

Certain statements in this presentation constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements.

While all reasonable care has been taken in relation to the preparation of this presentation, none of the Company, its subsidiaries, or their respective directors, officers, employees, contractors or agents accepts responsibility for any loss or damage resulting from the use of or reliance on the presentation by any person.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given.

Some of the information in this presentation is based on unaudited financial data which may be subject to change.

All values are expressed in New Zealand currency unless otherwise stated.





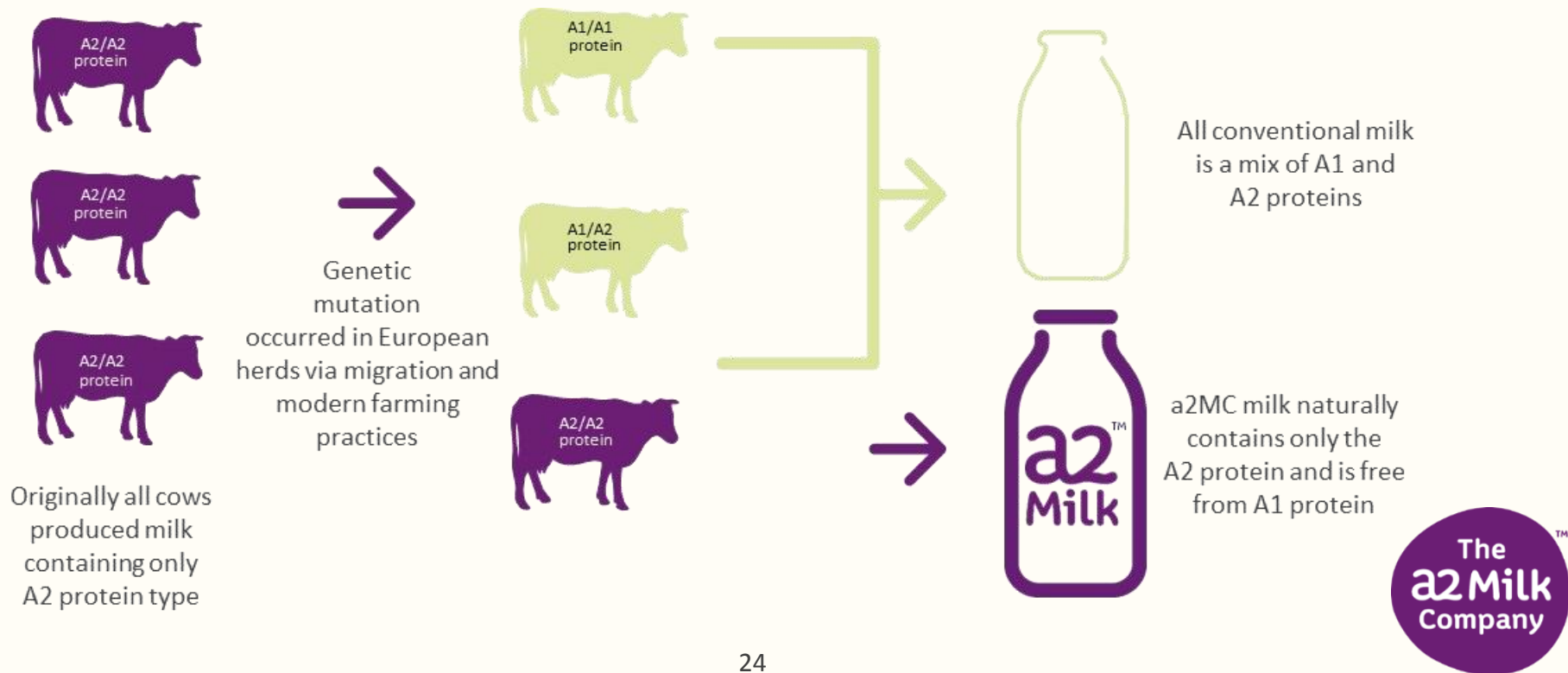


APPENDIX



What is the a2 Milk™ brand difference?

- The a2 Milk™ brand is a naturally occurring cows' milk and not a product of a technological process or genetic engineering
- a2MC have accumulated significant proprietary know-how and quality processes to ensure a2MC products are A1 protein-free



Reconciliation of non GAAP measures

NZ\$ million	1H17	1H16
Australia & New Zealand Segment EBITDA	70.4	34.5
China & other Asia Segment EBITDA	13.7	1.2
UK & USA Segment EBITDA	(7.7)	(8.1)
Corporate & other Segment EBITDA	(12.3)	(8.9)
EBITDA ¹	64.1	18.7
Depreciation/Amortisation	(1.6)	(1.3)
EBIT ¹	62.5	17.4
Net interest income	0.4	0.1
Income tax expense/income	(23.5)	(7.4)
Net Profit/(Loss) for the Period	39.4	10.1

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



