



CLSA Investors' Forum

Hong Kong | 11 & 12 September 2018



Contents

- The a2 Milk Company at a glance
- FY18 results highlights
- Strategic progress
- FY18 regional performance
- Outlook
- Appendix



The a2 Milk Company at a glance

Our purpose

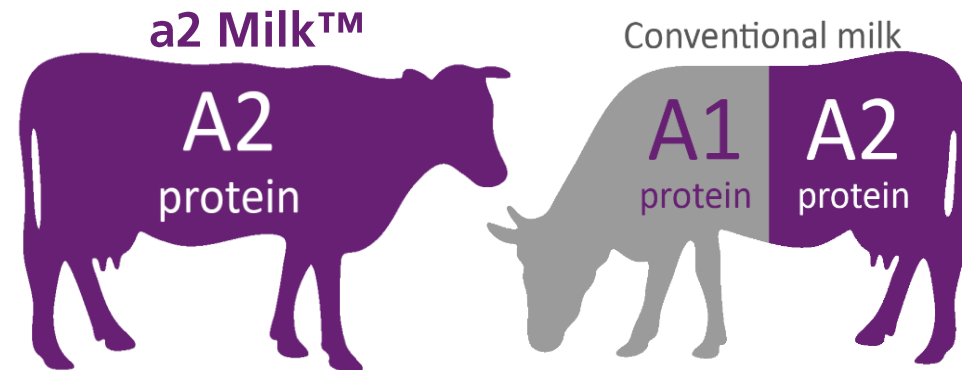
Helping people enjoy a better life

Our vision

To be the most innovative and smart choice for dairy

Our ambition

To be the most admired and commercially attractive dairy-based brand globally



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 types found in conventional cows’ milk products
- Uniquely focussed on building a branded and differentiated business supported by an integrated business model and strong first mover advantage

(all figures NZ\$)

\$923m

FY18 Revenue ↑ 68%

\$9.1b

Market capitalisation¹

\$27c

FY18 EPS ↑ 113%

¹ Based on share price of NZ\$12.40 at 5 September 2018 (quoted securities only)

² Basic earnings per share



What is the a2 Milk® brand difference?

- The brand difference starts with specially selected cows
- The a2 Milk Company has significant years of knowledge and experience and takes great care in bringing our consumers the very best quality dairy nutritional products always free from the A1 protein
- A1 and A2 proteins digest differently - many people who have issues digesting conventional milk find they can enjoy a2 Milk®



Originally all cows produced milk containing only the A2 protein¹



Genetic mutation occurred in European herds and spread via migration and modern farming practices



All conventional milk is a mix of A1 and A2 proteins¹

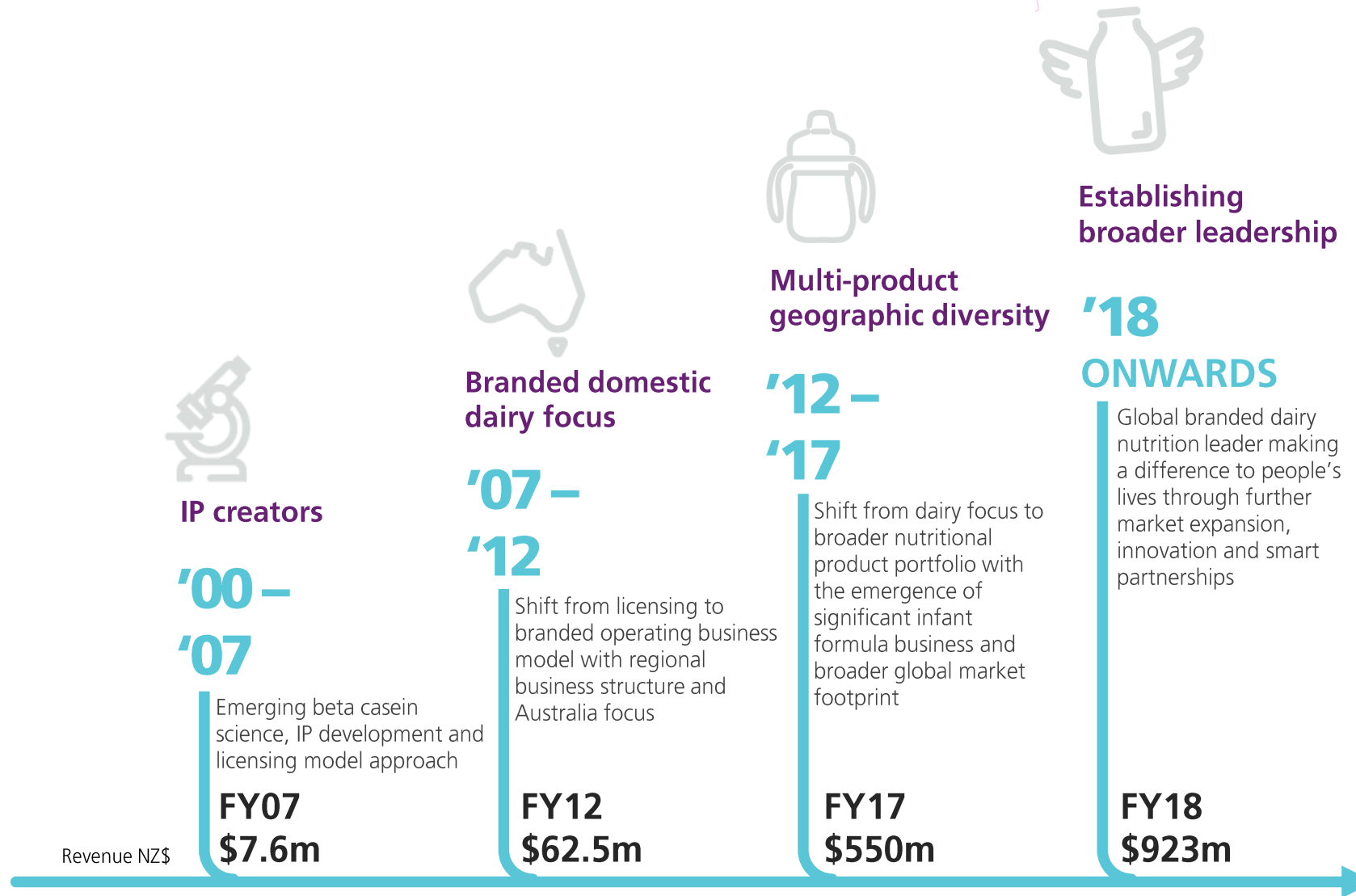


a2MC milk naturally contains only the A2 protein and is free from A1 protein¹

¹ A1 and A2 protein refers to A1 and A2 beta casein protein types respectively



FY18 – a transformative year





FY18 results highlights



FY18 highlights

- Total revenue of \$922.7 million¹ +68% over the prior corresponding period (pcp)
- EBITDA of \$283.0 million +101% on pcp
- Net profit after tax of \$195.7 million +116% on pcp
- Strong cash conversion - operating cash flow of \$231.1 million +131% on pcp
- EBITDA to sales margin of 31% up from 26% in the pcp
- Basic earnings per share (EPS) of 27.0 cents up from 12.7 cents in the pcp
- Infant formula share strengthening to 5.1% in China² and 32% in Australia³
- Substantial physical distribution growth to ~10,000 stores in China and ~6,000 stores in the US
- Enhanced strategic partnerships with Synlait and Fonterra

¹ All figures in NZ\$

² Kantar Infant Formula market tracking of Tier 1 and Key A cities for 12 months ending June 2018 by value (Kantar track a substantial proportion of the total market)

³ Aztec Australian Grocery and Pharmacy Scan value share 12 months ending 30/06/18



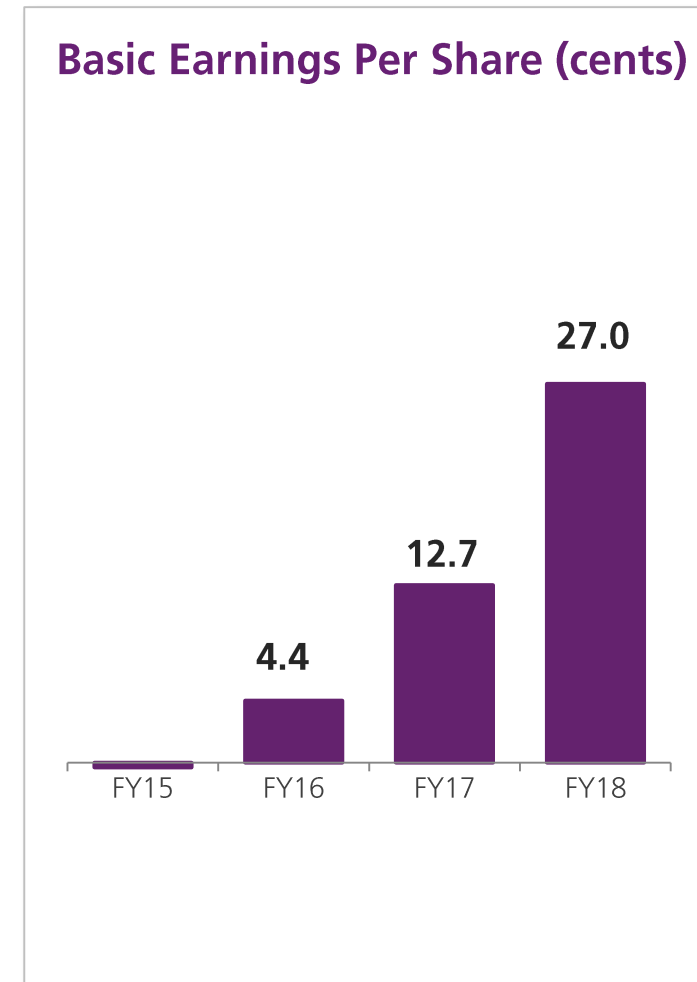
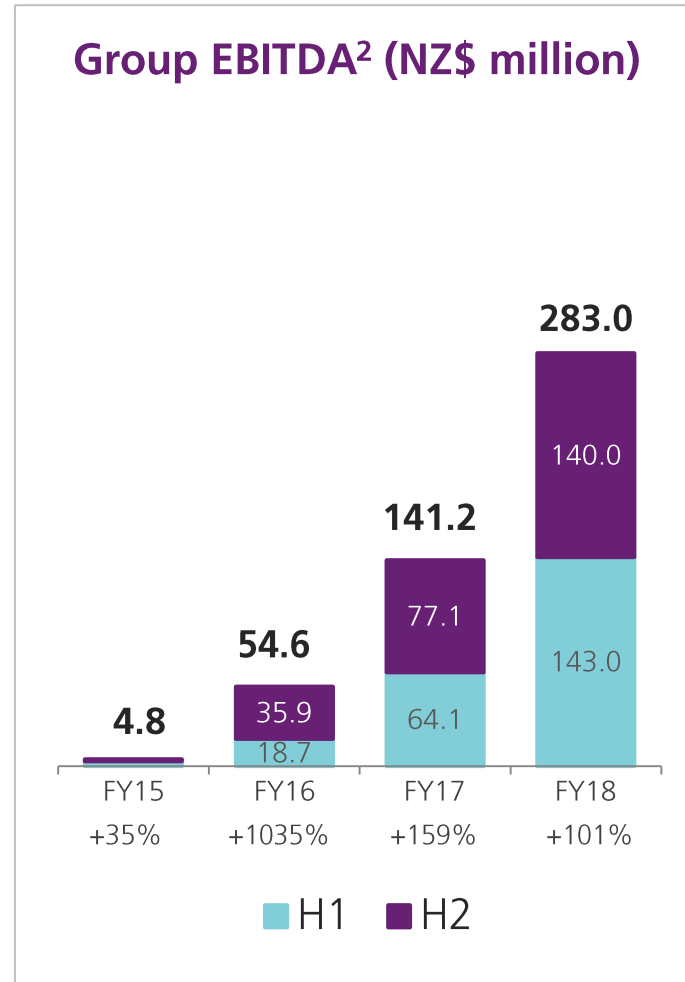
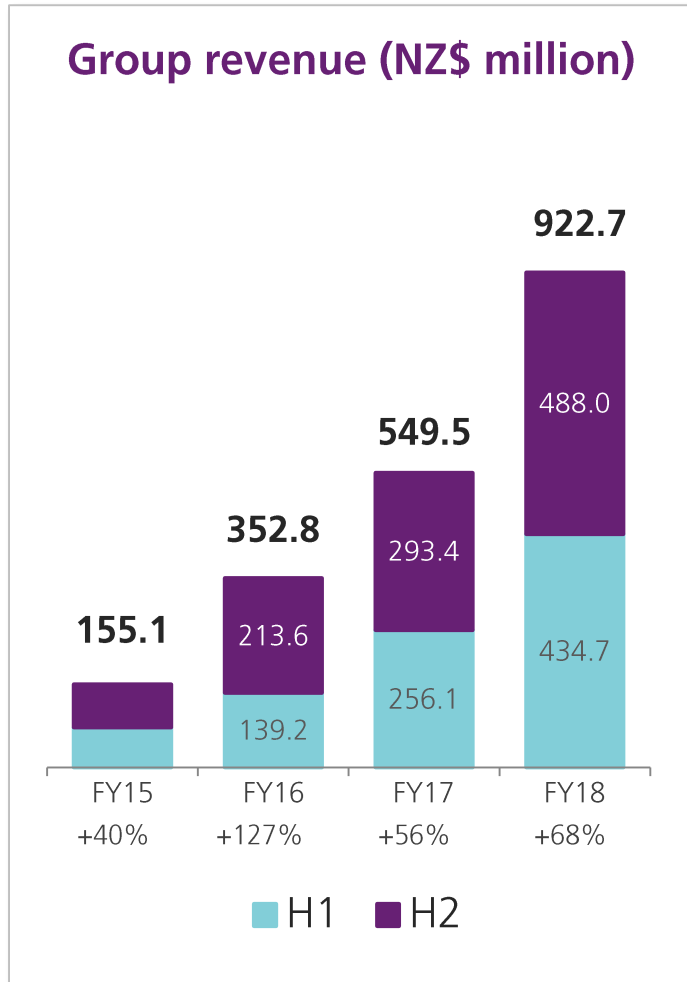
Financial summary

NZ\$ million	FY18	FY17	% change
Revenue	922.7	549.5	+68% • Reflects strong growth across all regions
Gross margin	464.3	263.5	+76% • GM of 50.3% reflects higher infant formula sales and favourable currency movements
Distribution	(26.8)	(20.2)	+33% • Lower relative distribution costs reflects product mix and scale efficiencies
Marketing ¹	(73.6)	(42.0)	+75% • Increased marketing investment primarily to support growth in China and the US
Employee costs	(34.8)	(23.0)	+51% • Employee cost increases reflect capability build in core markets and corporate
Administration & other	(46.1)	(37.2)	+24% • Reflects costs to support business expansion and increased scale
EBITDA	283.0	141.2	+101%
EBIT	280.9	138.5	+103%
NPAT	195.7	90.6	+116% • Improved effective tax rate to 30.9% reflecting lower ratio of tax losses (not tax effected) and non-deductible expenses
NZ\$ million	Jun-18	Jun-17	% change
Cash on hand	340.5	121.0	+181% • Cash on hand reflects strong NPAT contribution and efficient working capital
Inventory	64.1	28.4	+125% • Infant formula build to more sustainable levels

¹Consumer marketing excludes China trade marketing costs of ~\$10m previously forecast as marketing expense



Historic perspective¹



¹ The Company's financial year ends 30 June; 1H refers to the first half period from 1 July to 31 December; 2H refers to the second half period from 1 January to 30 June

² EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation, and is shown before non-recurring items



Geographic and product segment performance

NZ\$ million		Australia & New Zealand	China & other Asia	UK & USA ²	Corporate	Total Group
FY18	Revenue	656.6	233.6	32.4	-	922.7
	EBITDA ¹	262.2	81.3	(27.6)	(32.8)	283.0
	EBITDA %	39.9%	34.8%	NM	-	30.7%
FY17	Revenue	439.6	88.9	21.0	-	549.5
	EBITDA	155.3	32.7	(22.5)	(24.4)	141.2
	EBITDA %	35.3%	36.8%	NM	-	25.7%
% Change	Revenue	49.4%	162.9%	54.1%	-	67.9%
	EBITDA	68.8%	148.2%	NM	34.2%	100.5%

Revenue



Liquid milk

\$142.4m

+13.1% on pcp



Infant nutrition

\$724.2m

+83.8% on pcp



Other nutrition

\$56.1m

+89.2% on pcp

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

² UK & US Operating EBITDA includes \$2.2 million in impairment charges in FY17





Strategic progress



Macro consumer trends support our momentum



Growing consumer demand for health and wellness products



Food safety, naturalness and provenance



Growing middle class in Asia

How we are unique



Strategic priorities



BRANDED DAIRY NUTRITIONAL PRODUCT PORTFOLIO

Across a continuum from the purity of fresh a2 Milk™ to customised A1 protein-free products

Targeting the whole family from infants to adults to satisfy their growing digestive health needs



INVESTING IN ATTRACTIVE MARKETS

Asia Pacific focus
(ANZ, China, Other Asia)

USA

UK

New market opportunities



DEEPENING OUR PROPRIETARY KNOW-HOW AND A2 PROTEIN EXPERTISE

Integrated intellectual property portfolio

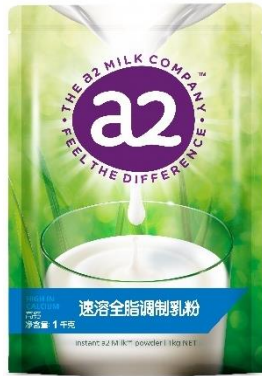
Leading operational & compliance capability

Investing in relevant scientific research

Differentiated brand development

New products & markets

a2 Milk™ powder into China and Vietnam



a2 Milk™ into Singapore



a2 Platinum® Stage 4 into ANZ and China¹



a2 Platinum® Pregnancy into ANZ and China¹



a2 Milk™ into NZ (July FY19)



a2 Platinum® into Hong Kong



a2 Milk™ into SE and NE USA



a2 Milk™ blended with Mānuka honey into ANZ



¹ Cross border e-commerce (CBEC)

Enhanced strategic partnerships

- **Synlait Milk**

- Foundation infant nutrition partner
- Multiple NZ manufacturing sites
- Exclusive supply partnership for infant and pregnancy powdered nutrition in ANZ and China
- New product innovation capability
- Enhanced supply agreement (announced July FY19)
- Increased shareholding to 17.4% (August FY19)

- **Fonterra Co-operative Group**

- New comprehensive agreement announced February FY18
- Multiple Australian and NZ manufacturing sites
- Exclusive supply rights for infant nutrition in new emerging markets (Other Asia, Middle East) and potential to develop new non-infant nutrition products globally
- NZ fresh milk licence (launched in limited supply from July FY19; national rollout in October)

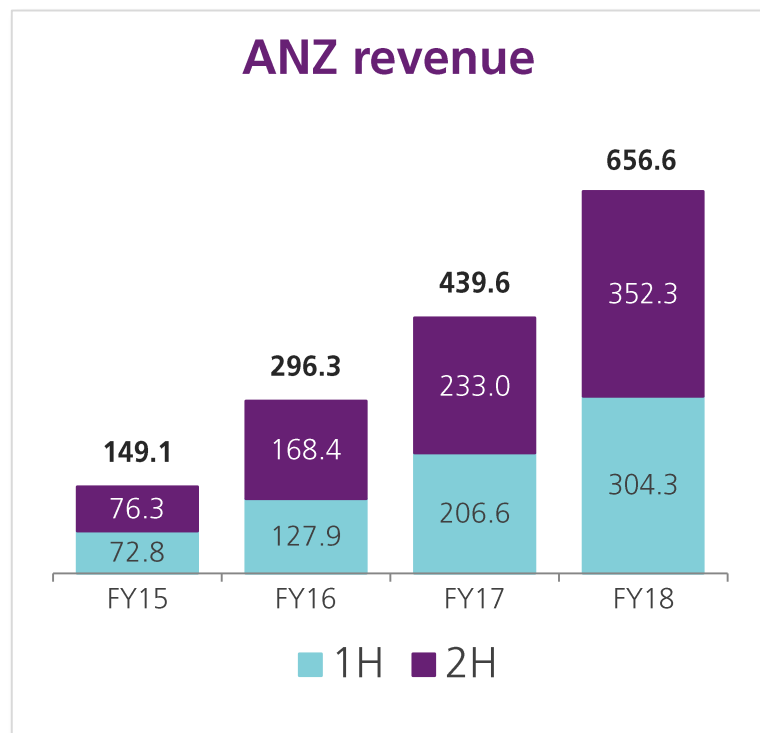




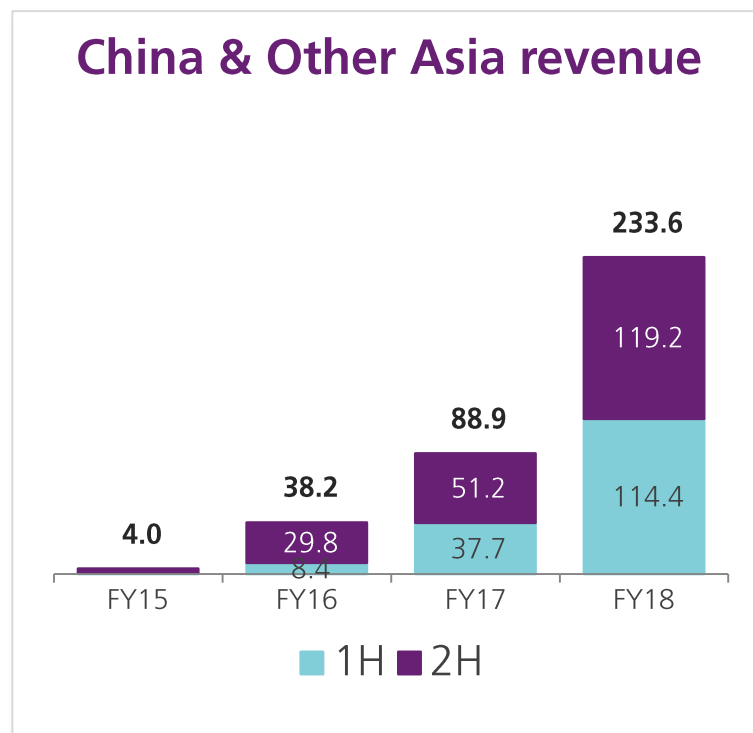
FY18 regional performance



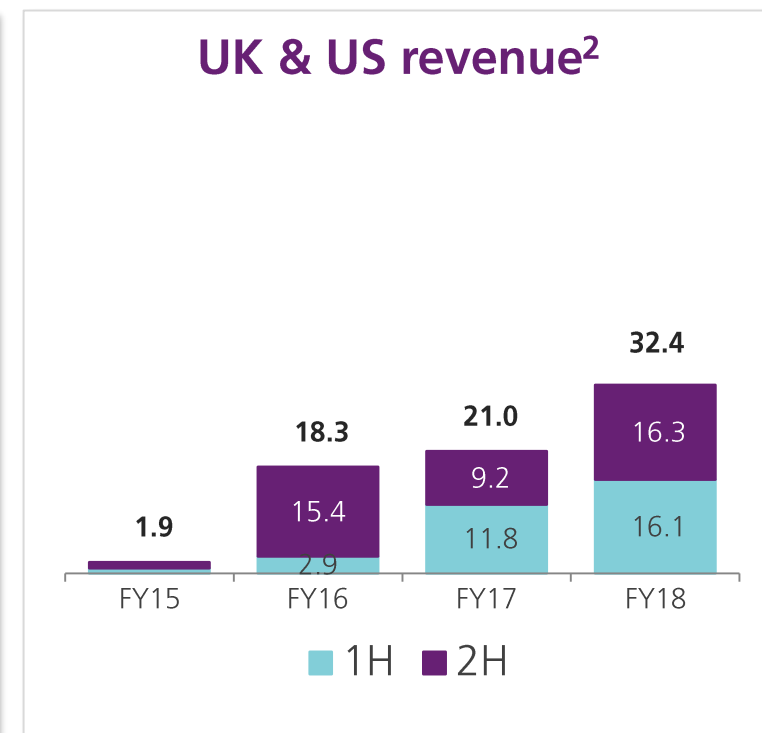
FY18 regional performance overview (NZ\$ million)¹



- **Revenue:** \$656.6 million
- **EBITDA:** \$262.2 million



- **Revenue:** \$233.6 million
- **EBITDA:** \$81.3 million



- **Revenue:** \$32.4 million
- **EBITDA:** (\$27.6) million

¹ The Company's financial year ends 30 June; 1H refers to the first half period from 1 July to 31 December; 2H refers to the second half period from 1 January to 30 June
² UK & USA Segment revenue includes ~\$15m revenue contribution in FY18 from infant formula sold to UK exporters



Australia and New Zealand

- Continued outstanding ANZ revenue and earnings performance
- a2 Milk™ branded fresh milk achieved record value market share of ~9.8% from ~9.3%¹ in pcp
 - Further share growth to ~10% in the latest quarter²
 - Revenue grew ~4% on pcp
- Strong growth in a2 Platinum® infant formula:
 - Number one infant formula brand in Australia, market value share increased from ~26% to 32%³
 - a2 Platinum® Stage 4 (launched August 2017) performed above plan
 - Launched online platform to improve access for Australian parents
 - Packaging changeover progressing in line with expectations
- Other nutritional products revenue significantly higher than in pcp
 - Healthy whole milk powder and skim milk powder sales growth
 - Mānuka & Pregnancy products launched 4Q18
- Highest national brand advertising spend in both infant formula and milk categories



¹ Aztec Australian Grocery Weighted Scan 12 months ending 30/06/18 vs YA

² Aztec Australian Grocery Weighted Scan Qtr ending 30/06/18

³ Aztec Australian Grocery and Pharmacy Scan 12 months ending 30/06/18 vs YA

China and other Asia

- Exceptional performance for the China and other Asia business
- Flexible multi-product, multi-channel infant formula strategy:
 - Kantar consumption market share by value increased from ~2.8% to ~5.1%¹
 - Distribution in China Mother Baby Stores (MBS) increased to ~10,000 stores
 - China Label accounted for ~12% of Group infant formula sales, up from ~6% in FY17
 - Direct sales into China increased significantly in cross border e-commerce channels (CBEC)
 - Successful participation in key seasonal online sales events in China during first half
- Growing brand awareness driven by increased sales and marketing investment in new brand campaign, social media and big digital activation events with live streaming
- a2 Platinum® infant formula launched in Hong Kong through high-end pharmacy outlets in September
- Continued to build local China capability
- SEA initiatives progressing well with fresh milk in Singapore, milk powder in Vietnam and new agreement with Yuhan Corporation in South Korea

¹ Kantar Infant Formula market tracking of Tier 1 and Key A cities for 12 months ending June 2018 vs 12 months ending 30/06/17 by value (Kantar track a substantial proportion of the total market)



China infant formula regulatory environment

Key regulatory milestones continue to be actively managed and achieved:

- CFDA¹ registration achieved by Synlait Milk for the Company's China label infant formula in September 2017
 - Newly-registered China label packaging launched to the market June 2018; transition and performance of new pack proceeding well
- Synlait Milk CNCA^{2,3} infant formula applications progressing:
 - New Auckland facility registered with MPI⁴; infant formula CNCA registration/application progressing well
 - CNCA registration renewal process at Dunsandel facility continues; re-application is required by Chinese authorities for all international facilities

China's regulatory environment continues to evolve and Company continues to actively monitor China's regulatory framework:

- New China e-commerce law passed 31 Aug 2018 (effective 1 Jan 2019); Company expects further implementation guidance, including implications for CBEC grace period (due to expire 31 Dec 2018)
- A number of China regulatory bodies have consolidated under a new State Administration for Market Regulation (SAMR) to streamline regulatory processes
 - SAMR assumes responsibility for formula registration and enforcing advertising regulations in market
 - China customs now assumes responsibility for plant registrations³, import requirements, testing and product clearance



¹ China Food and Drug Administration (CFDA)

² Certification and Accreditation Administration of the People's Republic of China (CNCA)

³ CNCA (split into China Customs & SAMR) – CNCA plant registration will be managed in the future by China Customs

⁴ Ministry of Primary Industries (New Zealand)

UK & USA

UK

- a2 Milk™ branded fresh milk volume increased more than 50% on pcp; continues to be a challenging market to deliver scale
- Company will transition between suppliers early in FY19; not anticipated to create any disruption to stock availability

USA

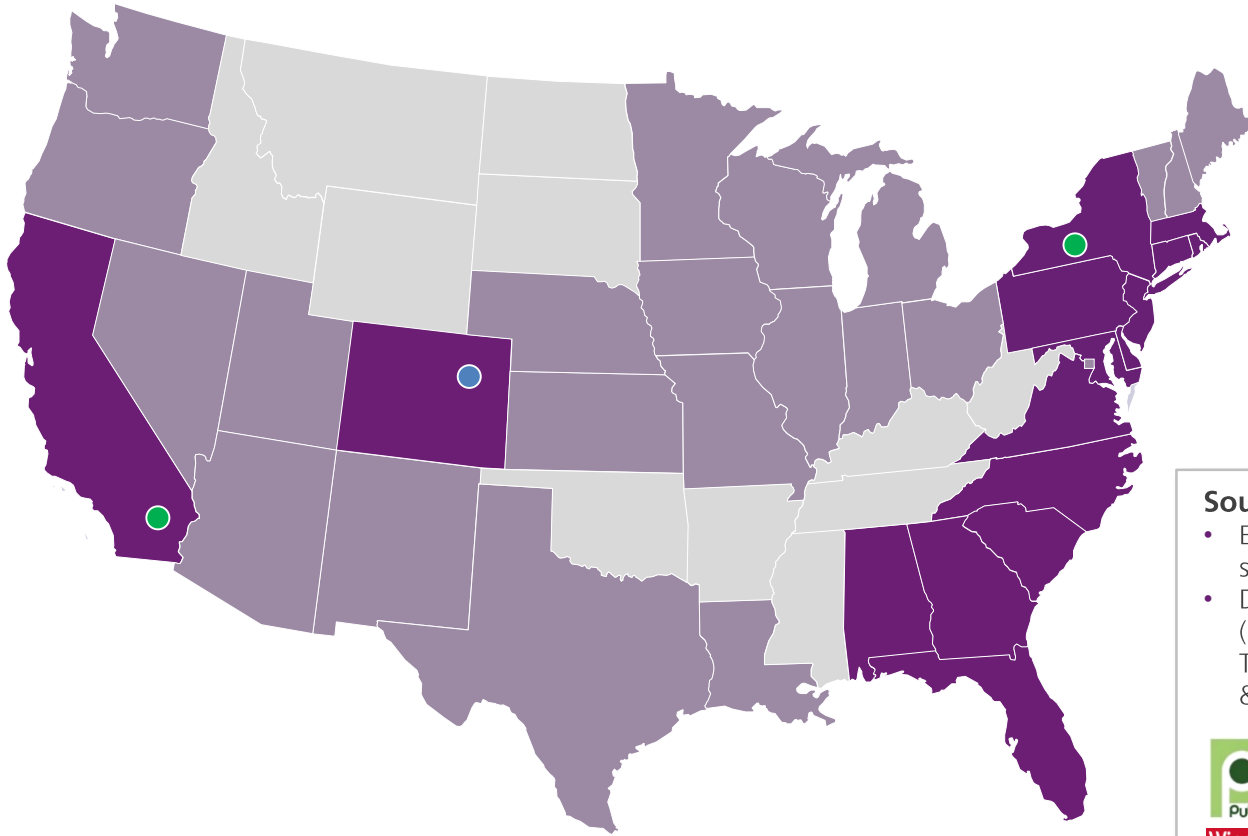
- Sales more than doubled year on year
- Distribution increased from ~3,000 to ~6,000 stores including Wegmans, Whole Foods, Ahold and more recently Costco and Walmart in select regions
- Brand awareness and national profile continues to build, supported by national advertising and active editorial and digital media programme
- Velocity growth continues with particularly strong performance in the natural channel (including Whole Foods & Sprouts)
- Opportunity to more quickly build distribution and brand awareness on a national basis sees revised outlook:
 - Planned investment for FY19 is ~US\$22 million; anticipating positive monthly EBITDA within three years
 - Investment primarily relates to marketing expenditure, sales activation and capability in market



US distribution footprint

Legend

- Broad distribution
- Limited distribution
- No current distribution
- Processing and milk supply
- US office, Boulder, Colorado



California

- Launched April 2015
- Distribution in Sprouts, Whole Foods, Kroger & Safeway, Target & independent retailers

Northeast

- Entered market Jan 2018
- Improved speed of distribution build
- Whole Foods Northeast and major roll-out to over 1,400+ stores including ShopRite, Ahold Banners (Giant and Stop & Shop) Wegmans, and Market Basket

Southeast

- Entered March 2017 with significant and steady growth
- Distribution includes Publix (1,100 stores), Winn Dixie, Harris Teeter, Ingles, Earthfare, Costco & Walmart





Outlook

Outlook

- Anticipate further growth in revenue particularly in respect of nutritional products in ANZ and China, and liquid milk in the US
- Focus on growth initiatives in targeted emerging markets and new product development will continue
- Marketing expenditure as a percentage of sales expected to be higher than FY18 given continued investment in Australian market, re-phasing of 2H18 activities in China, and US market expansion investment support
- Overhead costs expected to be higher than FY18 – primarily headcount in China & Corporate to support continued growth
- Expect EBITDA to sales ratio broadly consistent with FY18
- Board continues to consider appropriate use of capital to support Company's growth strategy and supply chain development
- Includes review of opportunities to invest in blending and canning capability where appropriate as part of longer-term nutritional products sourcing arrangements





Appendix



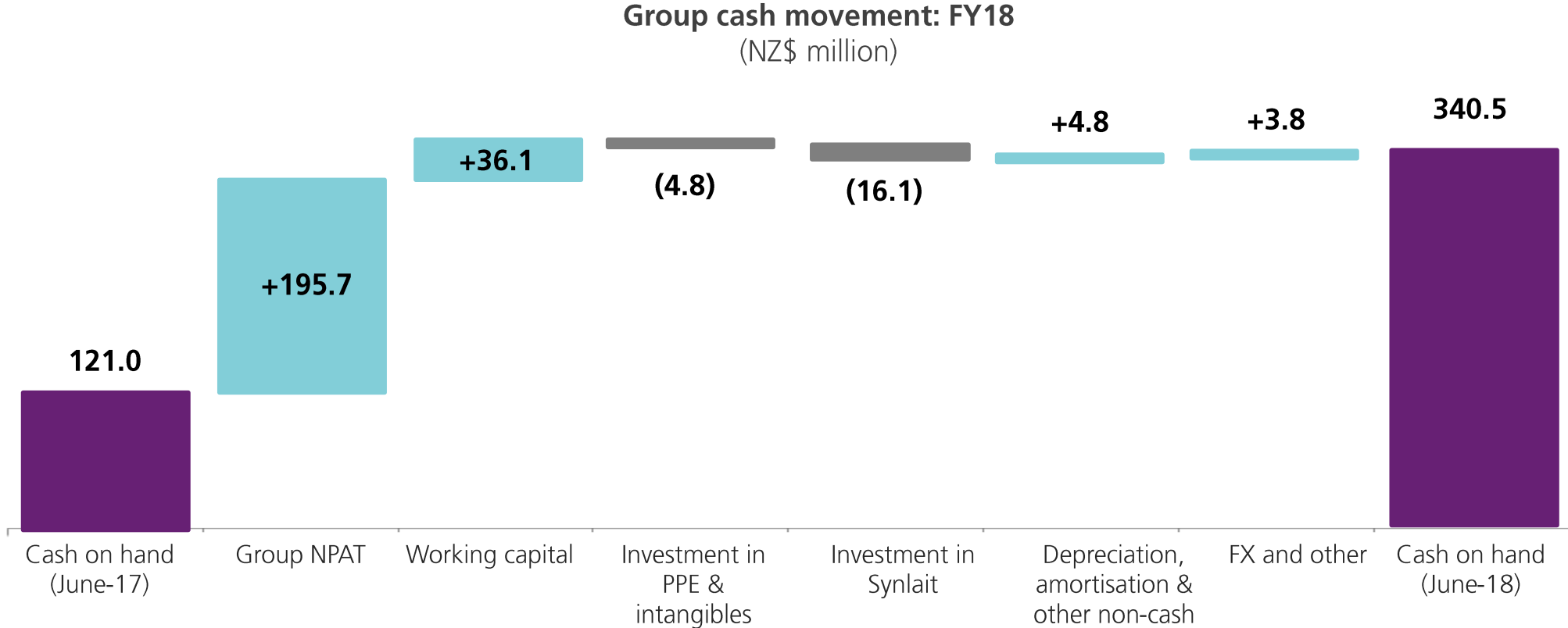
Reconciliation of non-GAAP measures

NZ\$ million	FY18	FY17
Australia & New Zealand segment EBITDA	262.2	155.3
China & other Asia segment EBITDA	81.3	32.7
UK & USA segment EBITDA ¹	(27.6)	(22.5)
Corporate EBITDA	(32.8)	(24.4)
EBITDA ²	283.0	141.2
Depreciation/amortisation	(2.2)	(2.7)
EBIT ²	280.9	138.5
Net interest income	2.4	0.9
Income tax expense	(87.5)	(48.7)
Net profit for the period	195.7	90.6

¹ UK & US Operating EBITDA includes \$2.2 million in impairment charges in FY17

² EBITDA 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

Continued strong cash conversion



- Working capital benefitted from improved customer terms and includes increase in infant formula inventory





thea2milkcompany.com



Disclaimer

This presentation dated 11 and 12 September 2018 provides additional comment on the Annual Report for the twelve months ended 30 June 2018 of The a2 Milk Company Limited (the “Company” or “a2MC”) and accompanying information released to the market on the same date. As such, it should be read in conjunction with the explanations and views in those documents.

This presentation is provided for general information purposes only. The information contained in this presentation is not intended to 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.

This presentation is not a prospectus, investment statement or disclosure document, or an offer of shares for subscription, or sale, in any jurisdiction.

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 this 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.

All intellectual property, proprietary and other rights and interests in this presentation are owned by the Company.