



Investor Roadshow

CLSA | Singapore, Hong Kong | 16 -18 May 2018



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This presentation dated 16 May 2018 provides additional comment on the Interim Report for the six months ended 31 December 2017 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.

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“The Company’s continued growth reflects increasing consumer acceptance of our brand and the benefits of dairy-based products free from the A1 beta casein protein type”

Geoffrey Babidge
Managing Director & CEO

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- Company overview
- Group strategy update
- 1H18 results & regional highlights
- FY18 Q3 update & full year outlook
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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 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 focused on building a branded and differentiated business supported by an integrated IP portfolio and growing scientific evidence



¹ USD metrics conversion rate of USD/NZD = 1.447 (10 May 2018)

² Based on share price of NZD13.01 at 10 May 2018 (quoted securities only)

³ Basic Earnings Per Share

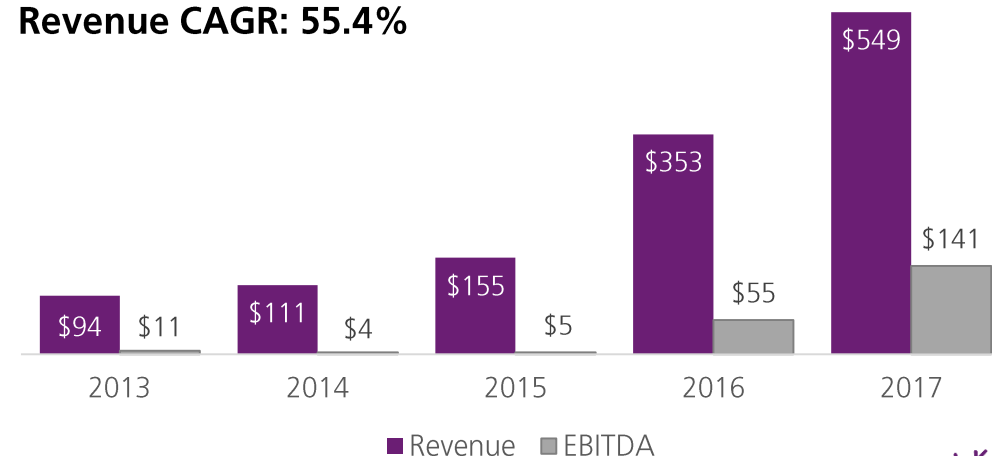
⁴ Operating EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation; and non-recurring items

Key metrics

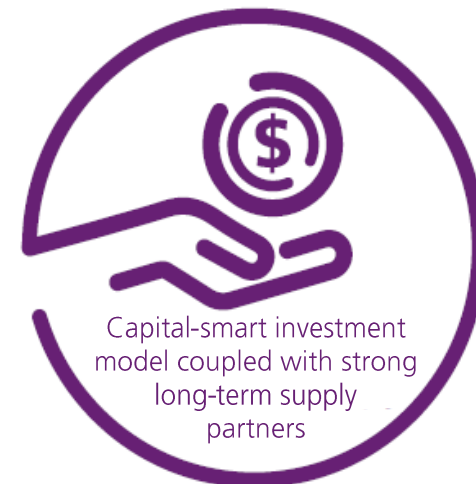
	USD million ¹	NZD million
Market Capitalisation²	~6,510	~9,430
FY17 EPS³ (cents per share)	8.8c	12.7c

Group revenue and EBITDA⁴ growth (NZD million)

Revenue CAGR: 55.4%



The a2 Milk Company proposition

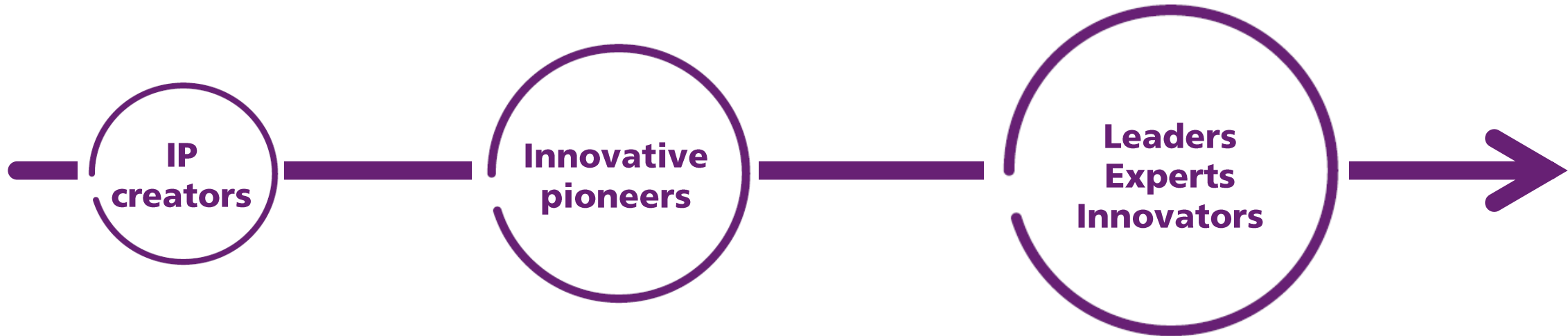


Evolving from pioneer to global leader

2000 - 2006

2007 - 2017

2018 onwards



- Emerging beta-casein science
- IP development
- Licensing approach to market entry (ANZ, Asia, US)
- Initial brand development
- Communication exploration

- Move from licensing to operating business model
- Develop brand, IP and know-how
- Australian a2 Milk™ brand captures significant market share
- Emergence of infant formula business
- Regional business model: China, US, UK
- 'Capital smart' approach
- Developing organisational depth and capability
- Advancements in beta-casein science
- Achieved first mover advantage

- Building a global branded dairy nutritional business
- Accelerate new product development
- Furthering strategic partnerships
- Expanding into SE Asia
- Further market expansion opportunities
- Continuing to build corporate capability
- Increasing investment in brand, IP and know-how to ensure leadership in an emerging A1 protein-free category
- Development of sourcing strategies for nutritional products to support growth initiatives

Leading the way in the A1 protein-free category

- a2MC has anticipated broader interest in the A1 protein-free category given positive developments in the science and the strong growth being achieved by the Company
- The Company considers it is uniquely positioned to benefit from expansion of the category over time with:
 - A differentiated brand based on modern health values with unique channel-to-market strategies;
 - Unique business model focused solely on communicating the benefits of A1 protein-free products;
 - 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 Australian 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 IP portfolio continues to provide barriers to entry

- Portfolio strength derived from interlocking complex relationship between trade marks, patents, proprietary know-how and geographical spread

Brand and Trade marks

- Recognisable and trusted suite of brand assets (words, designs, symbols)
- Extending marks across an innovative product portfolio
- Growing brand presence in targeted growth markets (China, USA)
- Trademark registrations/applications across 55 territories

Patents

- Rights to 15 families of patents and patent applications
- Focus on beneficial uses and physical properties associated with A1 protein free milk products
- New patents extending to 2035

Proprietary know-how

- Leading quality and product integrity systems; operational and compliance capability
- Owners of The a2 System™



Group strategy update



Progress made on strategic priorities



BROAD DAIRY NUTRITIONAL PRODUCT PORTFOLIO

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

Targeting adults, children and infants to satisfy their growing digestive health needs



TARGETED ATTRACTIVE REGIONS

Asia Pacific focus (ANZ, China, Other Asia)

USA

UK

Potential new markets



PROPRIETARY KNOW-HOW, A2 PROTEIN EXPERTISE

Integrated intellectual property portfolio
Leading operational & compliance capability

Sponsoring relevant scientific research

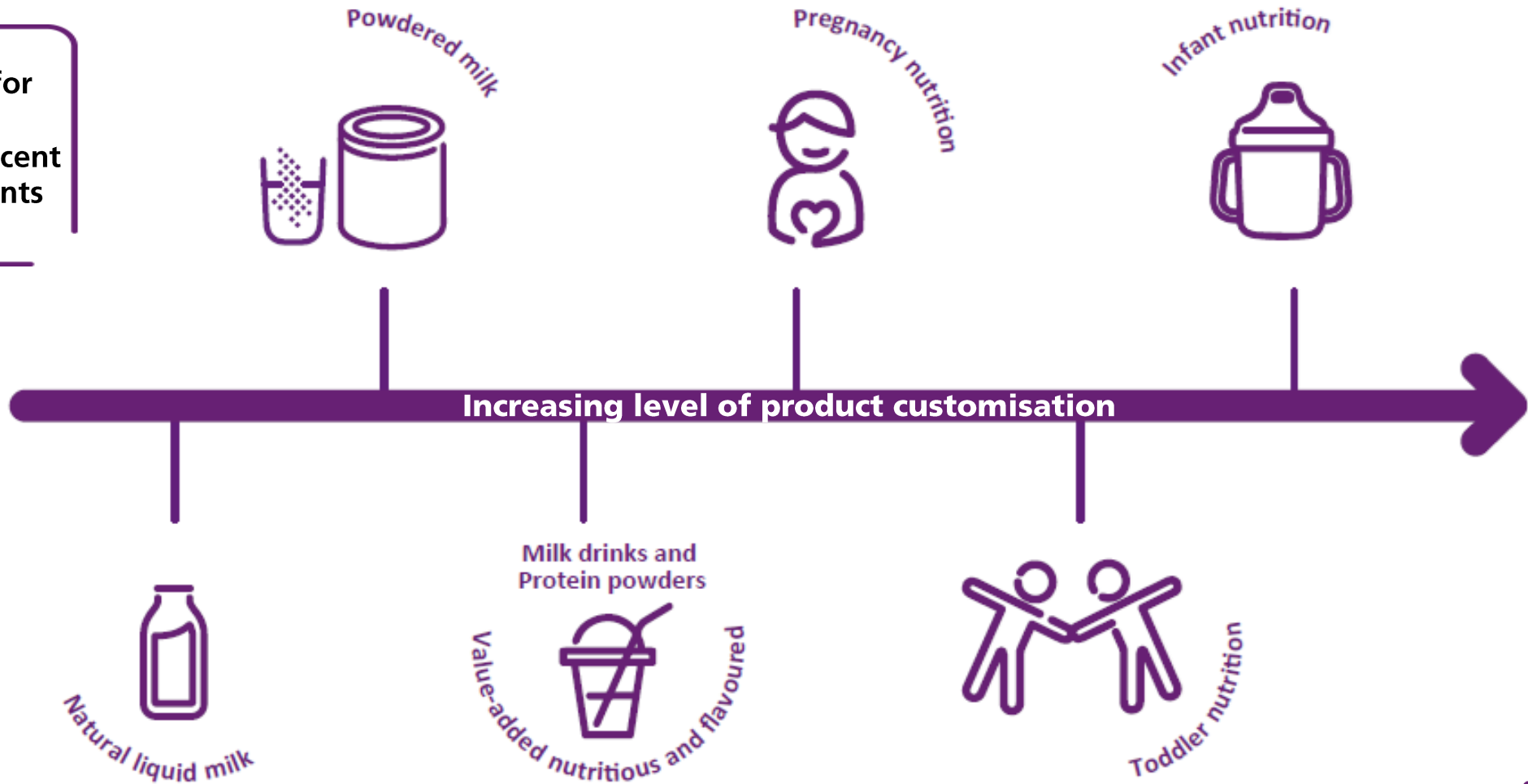
Differentiated brand development

FY18 STRATEGIC PROGRESS

- Continued growth of a2 Platinum® infant formula and a2 Milk™ branded milk (powder and liquid) across all markets
- Launched a2 Platinum® Stage 4 junior milk in ANZ (August), China label to follow
- Nutritional products developed for launch calendar 2018 including a2 Platinum® pregnancy formula and a2 Milk™ powder blended with Mānuka honey
- Increased investment in marketing and capability across Asia Pacific
- a2 Milk™ branded fresh milk launch, Singapore; Vietnam milk powder test market
- Sales & distribution agreement with Yuhan Corporation for a2MC branded products in South Korea
- Ongoing assessment of opportunities in other markets, in particular Asia
- Liquid milk expansion and increased marketing investment, Northeast USA
- New unifying brand identity
- Ongoing investment in strengthening intellectual property portfolio
- Considering investment in nutritionals blending and canning capability
- Findings released from new human clinical research studies (China and New Zealand); further progress on existing studies across infants, pre-schoolers and adults
- Expecting broader interest in the A1 protein-free category and well positioned to respond

Dairy nutrition innovation continuum

Further scope for innovation in existing & adjacent product segments



New unifying brand identity rolling out across regions and innovation

Asia Pacific



2H18 launch



USA



Pregnancy, infant and toddler nutrition



2H18 launch



Global strategic supply partnerships

Multi-site, multi-product and geographic diversification

Synlait Milk Limited

- Foundation infant nutrition partnership
- Multiple New Zealand manufacturing sites
- Exclusive supply rights for infant nutrition into key markets
 - Australia
 - New Zealand
 - China
- New product innovation

Fonterra Co-operative Group Limited

- Emerging markets, multi-product partnership
- Australia and New Zealand manufacturing sites
- Exclusive supply rights for infant formula and other products into new priority markets:
 - South East Asia, Middle East
 - ANZ and China (non-infant formula products)

Strategic relationship with Fonterra

a2MC has entered into a comprehensive strategic relationship with Fonterra Co-operative Group Limited (Fonterra):

Nutritional products manufacturing and supply agreement

- Provides a2MC with a highly credentialed second manufacturing partner
- Fonterra to supply A1 protein-free nutritional products in bulk and consumer packaged formats exclusively to a2MC
- Powder products to be manufactured at Darnum facility in Victoria, Aust; blending and canning at Canpac facility in Hamilton, NZ
- Product supply from Darnum expected to commence during calendar 2019
- a2MC granted strategic customer rights:
 - committed capacity arrangements, with offtake flexibility
- Fonterra granted exclusive supply rights:
 - for specific new priority markets in Southeast Asia and the Middle East for certain nutritional products to a specified volume
- New A1 protein-free milk pool to be developed in New Zealand and Australia by Fonterra and a2MC
- Provides access to large scale manufacturing performance and competitive terms within on a global basis context
- Rolling three year term

Strategic relationship with Fonterra

New Zealand fresh milk licence

- Fonterra granted an exclusive licencing agreement:
 - Launch of a2 Milk™ branded fresh milk for end sale in New Zealand covering production, distribution, sale and marketing
 - Fonterra to access a2MC's systems and know-how relating to the sourcing, processing and marketing of a2 Milk™

Distribution and sales arrangements

- The parties will seek to establish distribution and sales arrangements in new priority markets where Fonterra has capabilities
- Services may relate to importation, registration, warehousing and sales and distribution

Other strategic arrangements

- The parties will evaluate potential commercial arrangements for the sale of certain a2MC branded A1 protein-free products in Australia, New Zealand and China
- Relates to dairy products not presently marketed by a2MC, such as butter and cheese

A1 protein-free milk pools

- Fonterra to establish A1 protein-free milk pools in New Zealand and Australia in conjunction with a2MC

1H18 results & regional highlights



1H18 highlights

- Group revenue \$434.7 million¹ and Operating EBITDA² \$143.0 million
- Group a2 Platinum® infant formula revenue of \$341.0 million, up 85% on pcp (prior corresponding period)
- ANZ segment revenue +47% and EBITDA +65%
- China revenue and EBITDA more than trebled vs pcp
- Infant formula consumption market share in China of ~5.4%³
- Sales velocity growth and expansion of liquid milk distribution in the US and UK
- Continued focus on emerging markets and broader nutritional products strategy
- Operating cash flow of \$116.4 million; closing cash balance of \$240.2 million at period end
- CFDA infant formula registration achieved by Synlait Milk for a2MC infant formula⁴
- Admission to the S&P/ASX 100 and S&P/NZX 10 indices, effective December 2017
- Evolving shareholder composition: ~70% domestic (ANZ); ~30% offshore (North America, Asia, Europe)

¹ All figures quoted in New Zealand Dollars (NZD) unless otherwise stated

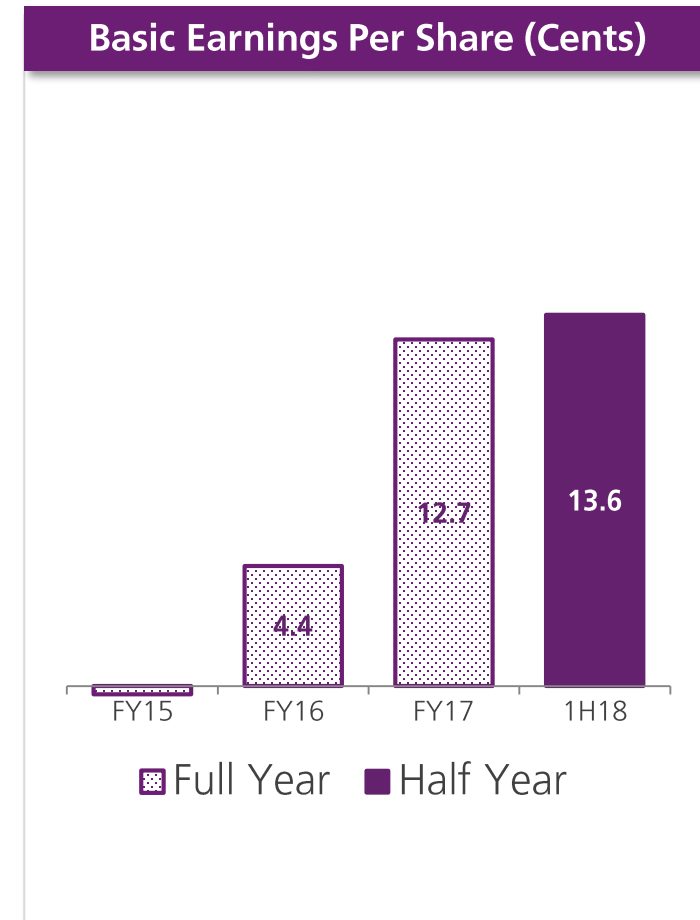
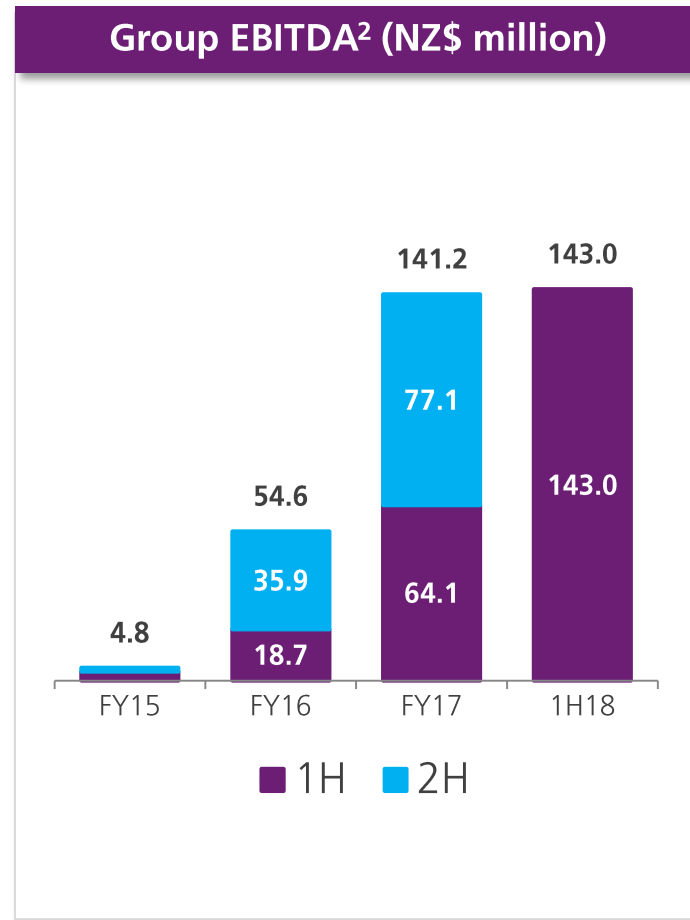
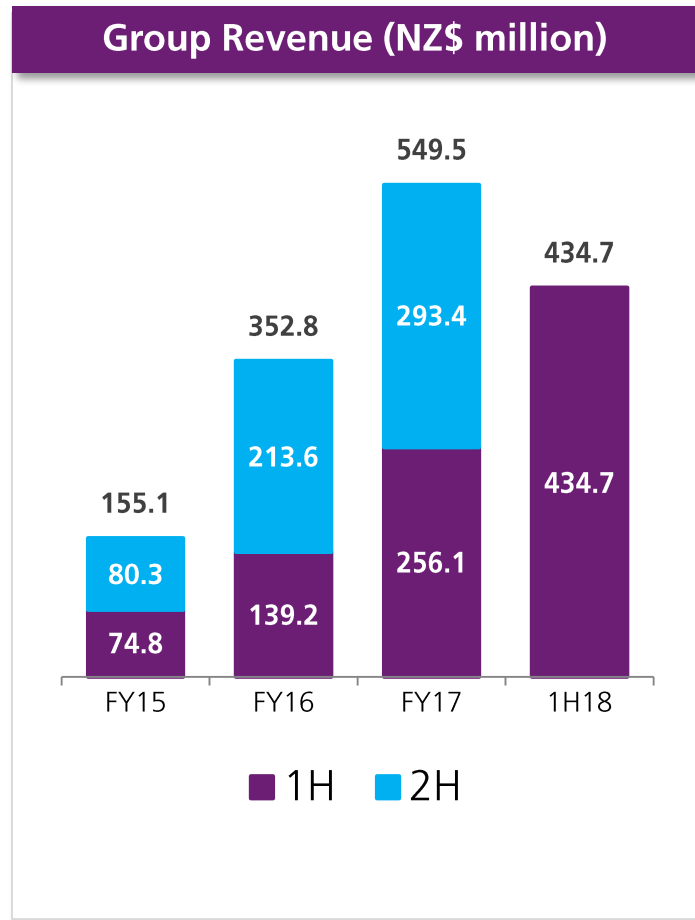
² Operating EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation

³ Kantar Infant Formula market tracking of China Tier 1 and Key A cities for quarter ending 31/12/17 by value (Kantar track a substantial proportion of the total market)

⁴ CFDA: China Food and Drug Administration; registration achieved by Synlait Milk for the importation of a2MC infant formula into China from 1 January 2018



Key financial charts¹



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



Financial summary

NZ\$ million	1H18	1H17	% change	
Revenue	434.7	256.1	+70%	• Reflects market share gains in key products across all regions
Gross margin	216.5	119.0	+82%	• GM% of 49.8% benefitted from growth in infant formula and favourable currency movements
Distribution	(13.0)	(9.5)	+37%	• Increase relates primarily to distribution costs
Marketing	(26.0)	(16.0)	+62%	• Increased marketing investment primarily to support growth in China and US
Employee costs	(16.4)	(9.9)	+65%	• Employee cost increases reflect capability build in core markets
Administration & other	(18.0)	(19.5)	-8%	• Administration & other includes ~NZ\$2.9 million net gains on foreign denominated cash holdings and working capital
EBITDA	143.0	64.1	+123%	
EBIT	141.9	62.5	+127%	
NPAT	98.5	39.4	+150%	• Effective tax rate reduced from ~37% to ~31% reflecting lower weighting of international tax losses (not tax effected) and non-deductible expenses

NZ\$ million	Dec-17	Jun-17	% change	
Cash on hand	240.2	121.0	+98%	• Cash on hand reflects strong NPAT contribution; improvements in working capital benefitted from timing of supplier payments
Inventory	53.6	28.4	+88%	• Planned infant formula build



Segment financial performance

NZ\$ million		Australia & New Zealand	China & other Asia	Corporate	UK & USA ²	Total Group
1H18	Revenue	304.2	114.4	-	16.1	434.7
	EBITDA ¹	116.4	48.3	(13.3)	(8.4)	143.0

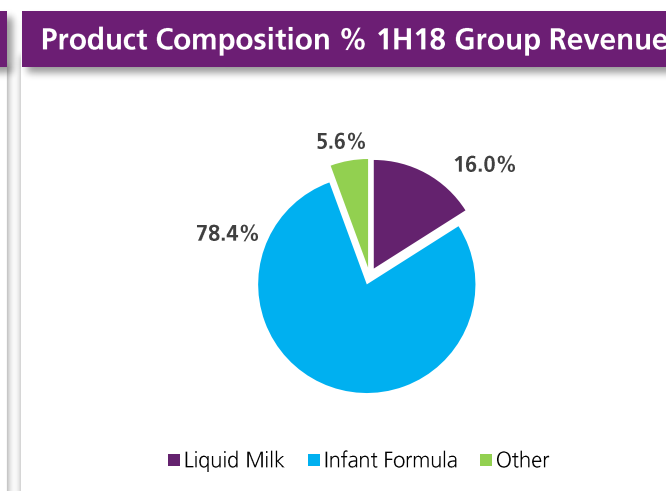
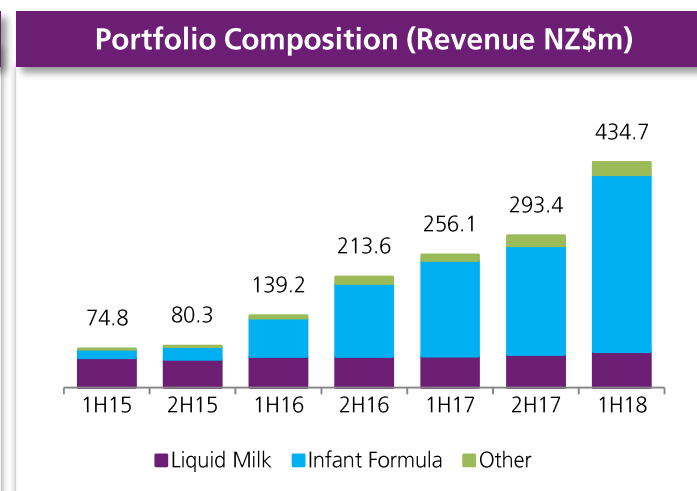
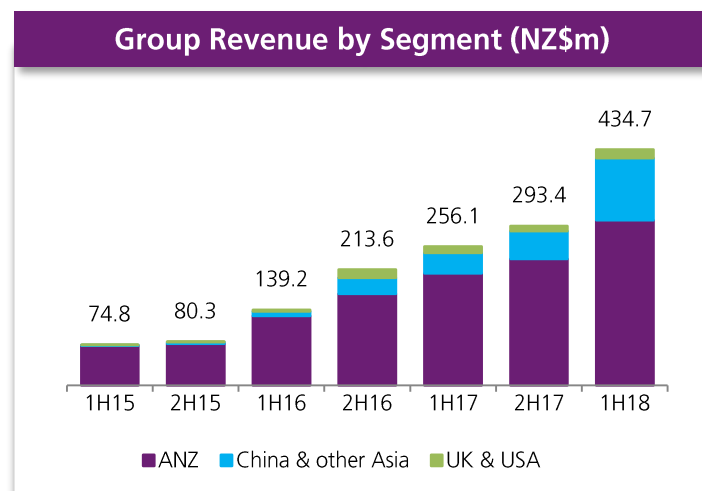
Infant Formula
341.0

1H17	Revenue	206.6	37.7	-	11.8	256.1
	EBITDA	70.4	13.7	(12.3)	(7.7)	64.1

184.5

% Change	Revenue	47.3%	203.8%	-	35.7%	69.7%
	EBITDA	65.4%	252.0%	8.4%	8.6%	123.2%

84.8%

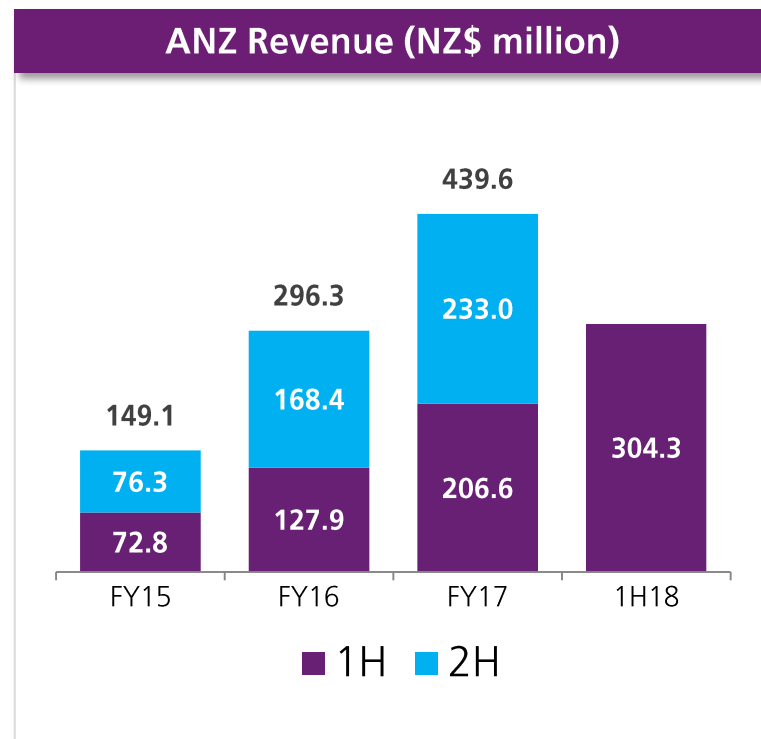


¹ EBITDA is a non-GAAP measure and represents earnings before interest, tax, depreciation and amortisation

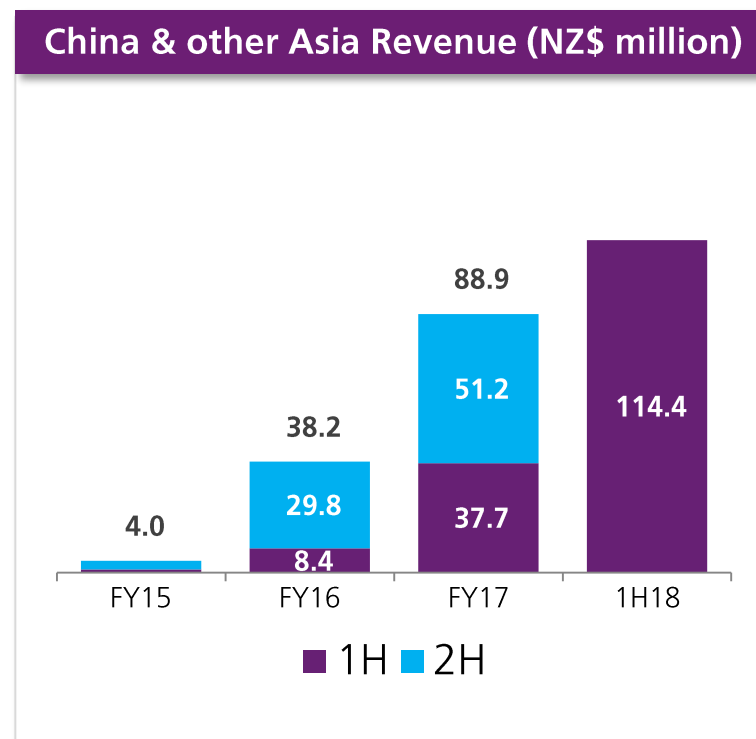
² UK & USA Operating EBITDA includes \$2.2 million in impairment charges in FY17



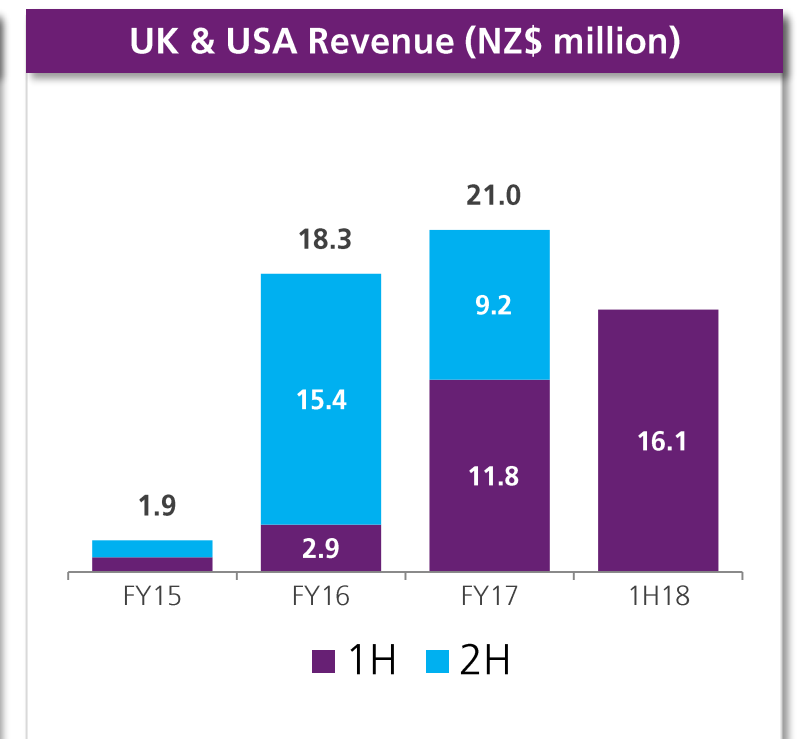
1H18 regional performance overview¹



- **Revenue:** \$304.3
- **EBITDA:** \$116.4



- **Revenue:** \$114.4
- **EBITDA:** \$48.3



- **Revenue:** \$16.1
- **EBITDA:** (\$8.4)

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



1H18 regional performance highlights

ANZ

- Strong growth in a2 Platinum®, value share up from ~26% to 30%¹
- a2 Milk™ branded fresh milk market share growth to ~9.5%²
- Sales of a2 Milk™ branded milk powder significantly higher on pcp
- a2 Platinum® Stage 4 performed above expectations
- Active support and close management of personal shopper (“Daigou”) channel

China and other Asia

- Kantar consumption value share increased from ~3.5% to ~5.4%³
- Successful participation in key seasonal online sales events in China
- Distribution in China Mother Baby Stores (MBS) totalling ~6,700 stores
- China label sales representing ~12% of Group infant formula sales
- CFDA registration achieved by Synlait Milk for a2MC China label infant formula in September 2017

USA

- Velocity build in California and Southeast regions approaching or exceeding 30 UPSW⁴ in key accounts
- Northeast expansion (announced January 2018) to increase total distribution from ~3,600 to ~5,000 stores across the USA
- Planned increased marketing investment supporting Northeast launch and other markets of ~US\$7 million in 2H18

UK

- Progressive growth of revenue and operating earnings
- Volume sales of a2 Milk™ branded fresh milk up over 50% on pcp
- Distribution increased from ~1,600 stores to over 2,000 stores
- Results include a2 Platinum® infant formula sales in the wholesale channel, in line with pcp

¹ Aztec Australian Grocery and Pharmacy Scan 31/12/17 Moving Annual Total (MAT) vs 30/06/17 MAT

² Aztec Australian Grocery Weighted Scan 31/12/17 MAT

³ Kantar Infant Formula market tracking of Tier 1 and Key A cities for quarter ending 31/12/17 vs quarter ending 30/06/17 by value (Kantar track a substantial proportion of the total market)

⁴ Refers to the units per store per week for the total range



Science developments

- Animal and human studies¹ highlight there are potential benefits of a2 Milk® due to the complete exclusion of the A1 protein²
 - Conventional milk is a combination of A1 and A2 protein
 - A1 and A2 proteins are different in structure and hence digest differently
 - Consumption of A1 protein can trigger inflammation and delay gut transit time in human gut cells and tissue

Studies recently published:

- Human clinical research study³ involving 600 Han Chinese participants reported benefits of a2 Milk® with respect to milk intolerance
 - A1 protein found in conventional milk may trigger symptoms associated with milk intolerance³

Studies completed and submitted for publication:

- Pilot human study at the University of Auckland under New Zealand Government High Value Nutrition grant; further studies now progressing
- Clinical trial involving 75 Chinese pre-schoolers demonstrating digestive benefits

Studies in progress:

- Clinical examination at Pennington Biomedical Research Centre with regard to digestive function, inflammation and aspects of metabolic function
- Human clinical study in association with Monash University Australia examining the benefits of a2 Milk® on irritable bowel syndrome

¹ <https://www.betacasein.net/>

² A1 and A2 protein refers to the A1 and A2 beta-casein protein types

³ <https://nutritionj.biomedcentral.com/track/pdf/10.1186/s12937-017-0275-0?site=nutritionj.biomedcentral.com>



FY18 Q3 update & full year outlook



Regional performance update to March 2018

ANZ

- Continuing strong sales performance for the ANZ business
- Sales of a2 Platinum® infant formula consistent with plan:
 - Launch of a2 Platinum® stage 4 proceeding well
 - Continue to actively support and closely manage the personal shopper (“Daigou”) channel
 - On-line e-commerce platform launched for Australian consumers
- New English label infant formula packaging in production
- a2 Milk™ branded fresh milk sales continue to grow, market share growth to ~9.6%¹
- Maintaining significant national advertising spend in both fresh milk and infant formula categories
- Nutritionals manufacturing partner, Synlait Milk, meeting increased demand

China and other Asia

- China and other Asia business performing to plan
- No noticeable impact on IF sales from recent competitor entry
- Strong growth in Kantar consumption market share by value MAT: from ~2.8% in June 2017 to ~4.6% in March 2018²
- Growing brand awareness driven by increased sales and marketing investment
 - New brand campaign activation including live streaming events, Push Girls and in-store marketing
 - Distribution in China MBS now exceeds 9,000 stores
 - Video billboard campaign in Hong Kong
- First production of newly CFDA registered China label infant formula in March 2018
- a2 Platinum® infant formula launch in Hong Kong through ~400 pharmacy outlets

¹ Australian market value share, Aztec Australian Grocery and Pharmacy Scan Moving Annual Total (MAT) ending 15/04/18

² Kantar Infant Formula market tracking of Tier 1 and Key A cities for year ending 30/06/17 vs year ending 31/03/18 by value (Kantar track a substantial proportion of the total market)



Regional performance update to March 2018

USA

- Continuing positive progress in building sales per store and distribution footprint
- Progressive improvement in gross margin and distribution costs
- Expansion into Northeast region well underway during Q3
 - Key accounts include Wegmans, Whole Foods, Ahold (Stop & Shop and Giant), ShopRite, Safeway, H-Mart, Fairway Market and Market Basket
- Brand awareness continues to grow supported by;
 - *'Love Milk Again'* free-to-air and subscription TV campaign
 - Editorial and digital media programmes
 - Increased marketing investment supporting Northeast launch and other markets; ~US\$7 million higher in 2H18 compared to 1H18
- Total distribution increased to ~6,000 stores across the USA

UK

- Volume sales of a2 Milk™ branded fresh milk increased by more than 50% against pcp
- Sales growth reflects improvements in merchandising, in-store facings and point of sale presence
- Distribution increased from ~1,600 stores to over 2,000 stores
- Strategic initiatives to further enhance the liquid milk offering in development
- a2 Platinum® infant formula sales in the wholesale channel, in line with pcp



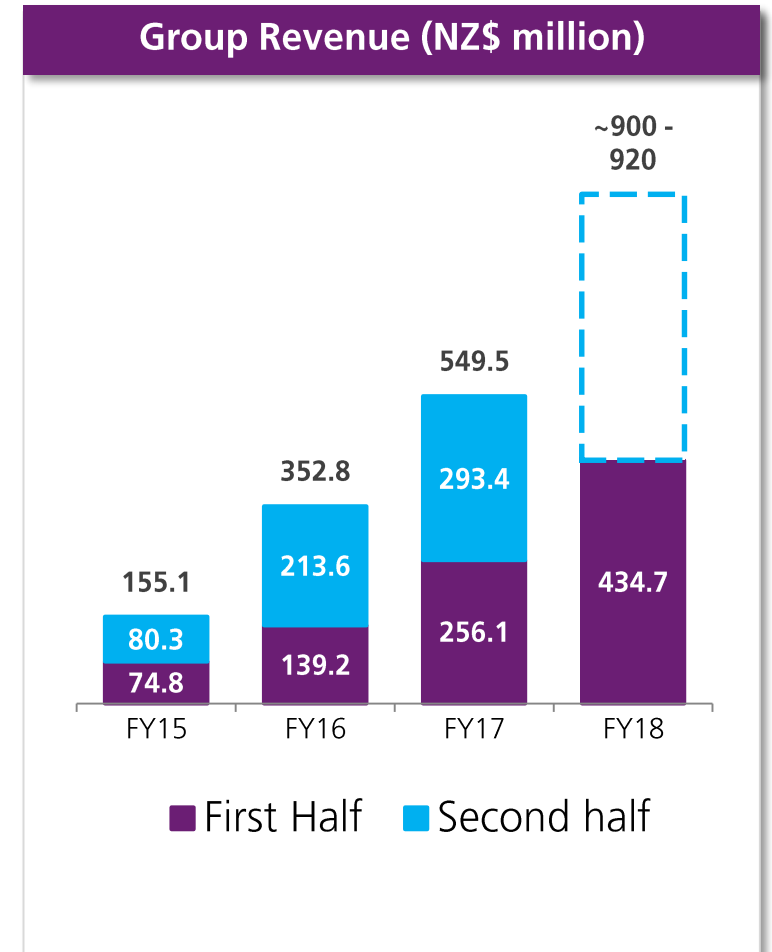
Quarter 3 update and FY18 outlook

Q318 trading performance (9 months to 31 March 2018)

- Group revenue of NZ\$660 million, up ~70% on pcp
 - Reflects continued sales growth in both nutritional products and liquid milk
 - Includes impact of seasonal sales from key China selling events weighted towards 1H18

FY18 outlook

- The Company anticipates group revenue in the range of NZ\$900 – NZ\$920 million for the 12 months ended 30 June 2018. This takes into account transition to new infant formula packaging during Q4
- Gross Margin % for the full year expected to remain broadly consistent with 1H18 given benefit of throughput efficiencies and currency movements
- Marketing investment now expected in the range of NZ\$82 – NZ\$87 million for the full year given higher expenditure primarily in US and China in 2H18 compared to 1H18





thea2milkcompany.com



Appendix



What is the a2 Milk™ brand difference?

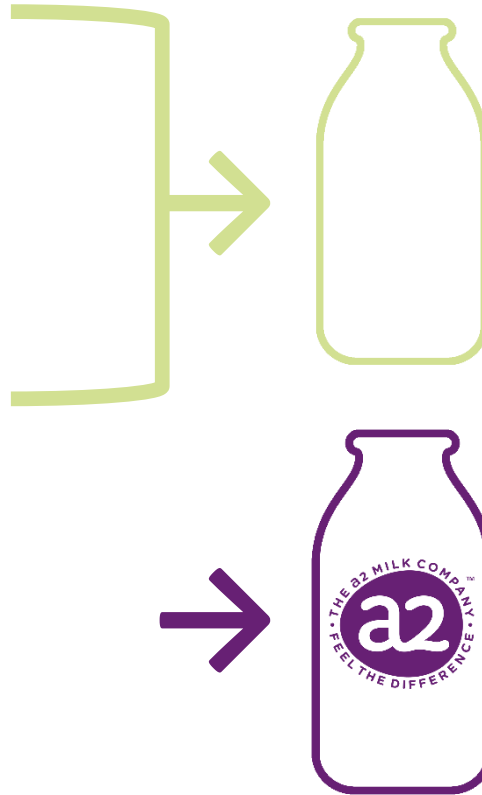
- The a2 Milk™ brand is a naturally occurring cows' milk and not a product of a technological process or genetic engineering
- a2MC have accumulated significant proprietary know-how and quality processes to ensure a2MC products are A1 protein-free



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



Fundamentally the product works

Liz (Australia)

“Members of my family have all had problems with milk. We switched to a2 Milk™ about a year ago and the issues disappeared. The big bonus is that we are also supporting our dairy farmers!”



Siobhan (Australia)

“I wish this had been around with my first born. It has been amazing for my son who had an upset tummy on 3 other brands we tried first then within 5 days on a2 he was the happiest baby, no constipation, no wind, a different kid. Hands down the best.”

Andrew (UK)

“a2 Milk™ has allowed myself and 8 year old son to enjoy milk again without suffering from the issues we had from standard milk.”



Beverly (USA)

“This milk has been a game changer for our family. We can start eating our favorite foods again.”



Kristin (USA)

“This stuff changed my life.”



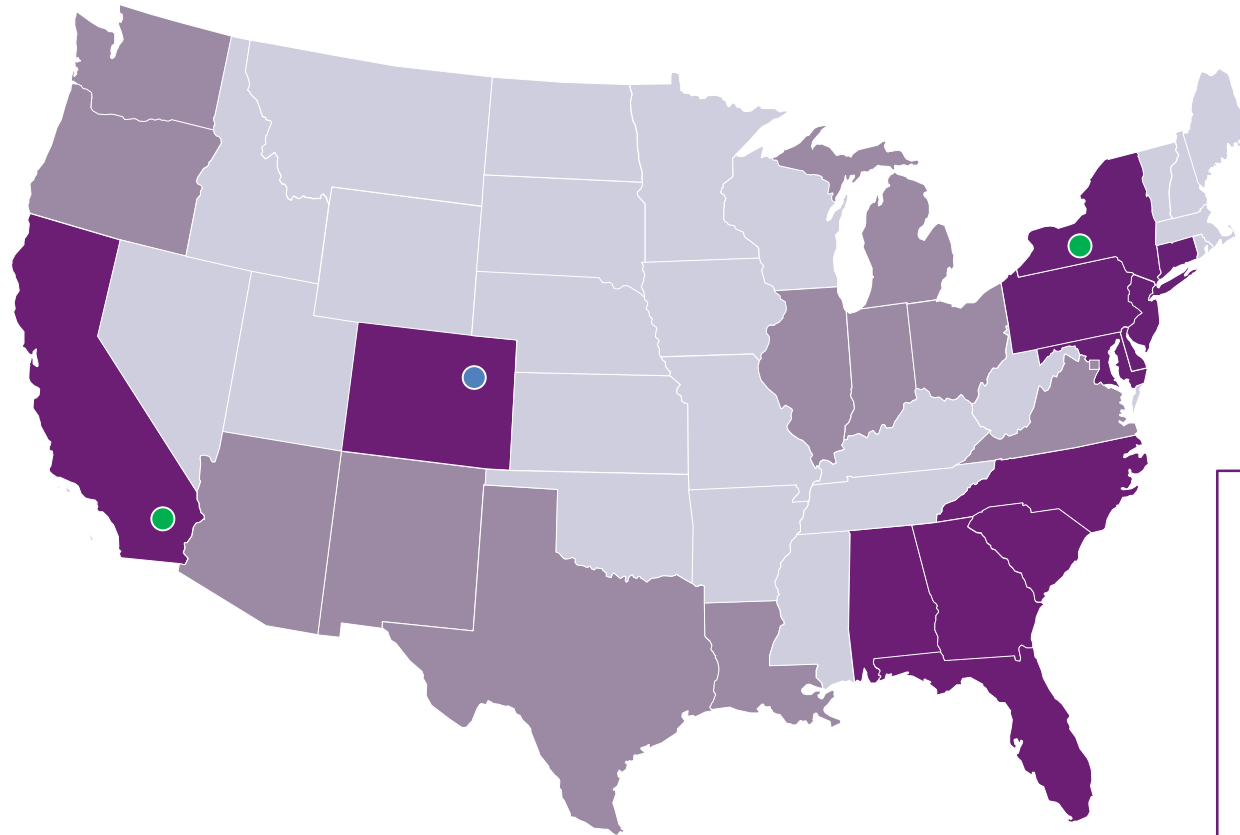
USA: distribution expanded to Northeast from January

Legend

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

California

- Launched April 2015
- High levels of acceptance from retailers including Sprouts, Whole Foods, Kroger & Safeway
- Distribution has further grown to include Target & independent retailers



Northeast

- Entered market Jan 2018
- Initially Whole Foods Northeast
- Major Rollout to over 1400 stores in Jan 2018 including ShopRite, Wegmans, Fairway, H-Mart, Market Basket, Giant and Stop & Shop

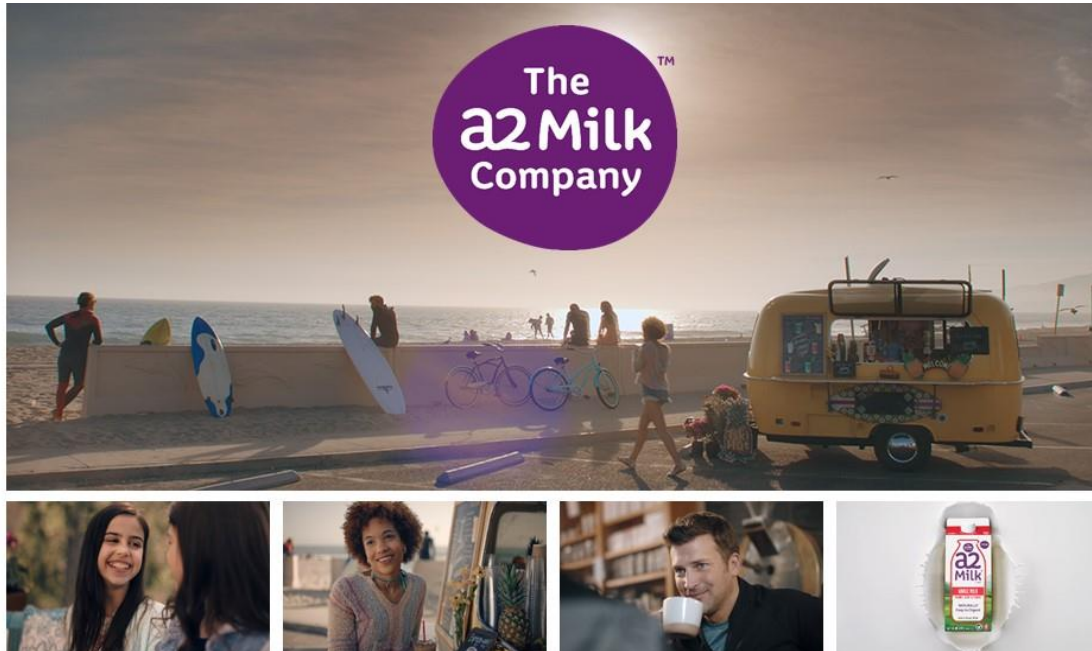


Southeast

- Entered March 2017
- Initially through Publix into 1,100 Stores
- Distribution expanded into Winn Dixie, Harris Teeter, Ingles and Earthfare



USA: advertising and media exposure increasing brand awareness



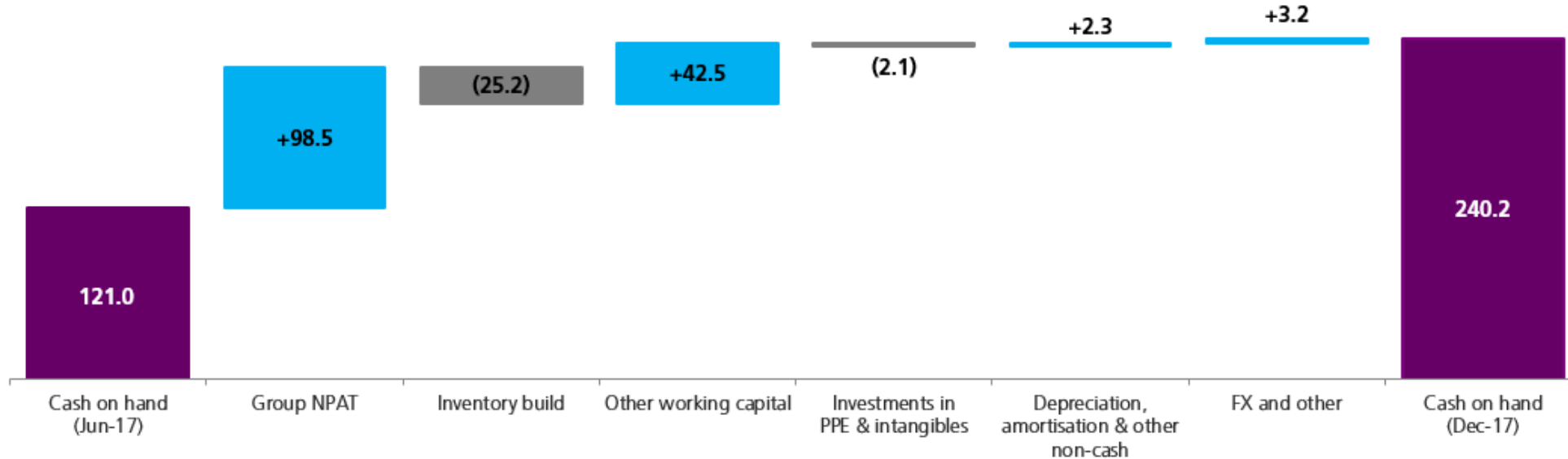
View advertising clip here:
(<https://a2milk.com/love-milk-again-tvc/>)



View news clip here:
(<https://www.cbsnews.com/video/a2-milk-draws-consumer-praise-dairy-industry-skepticism/>)

Cash position

Group Cash Movement: 1H18
(NZ\$ million)



- Inventory build reflects increase in infant formula inventory towards more appropriate levels to support sales growth
- Other working capital benefited from timing of supplier payments ~\$20 million (expected to reverse in 2H18) and improved debtor days
- FX and other includes positive movements on foreign currency cash holdings due to weakening of NZD

Reconciliation of non-GAAP measures

NZ\$ million	1H18	FY17	1H17
Australia & New Zealand Segment EBITDA	116.4	155.3	70.4
China & other Asia Segment EBITDA	48.3	32.8	13.7
UK & USA Segment EBITDA	(8.4)	(22.5)	(7.7)
Corporate EBITDA	(13.4)	(24.4)	(12.3)
EBITDA ¹	<u>143.0</u>	<u>141.2</u>	<u>64.1</u>
Depreciation/Amortisation	(1.1)	(2.7)	(1.6)
EBIT ¹	<u>141.9</u>	<u>138.5</u>	<u>62.5</u>
Net interest income	0.8	0.8	0.4
Income tax expense	(44.2)	(48.7)	(23.5)
Net Profit for the Period	<u>98.5</u>	<u>90.6</u>	<u>39.4</u>

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

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





thea2milkcompany.com

