



ANNUAL MEETING

18 November 2020

The a2 Milk Company Limited



WELCOME FROM THE CHAIR

David Hearn

A man and a young child are embracing on a beach. The man is wearing a black wetsuit and the child is wearing a blue and white striped shirt. They are both smiling and looking at each other. The background shows waves crashing on the shore under a bright sun.

CEO'S ADDRESS

Geoffrey Babidge

AGENDA

The business today and FY20 highlights

Regions up close

Building a more sustainable future

FY21 outlook



FY20 Highlights

- Total revenue of \$1.73 billion, an increase of 32.8%
- EBITDA of \$549.7 million, an increase of 32.9%
- Net profit after tax of \$385.8 million, an increase of 34.1%
- Basic earnings per share (EPS) of 52.39 cents, an increase of 33.5%
- EBITDA to sales margin of 31.7%
- Operating cash flow of \$427.4 million and a closing cash balance of \$854.2 million
- Marketing investment of \$194.3 million targeting opportunities in China and the USA
- Group infant nutrition revenue of \$1.42 billion, up 33.8%
- China label infant nutrition sales more than doubling to \$337.7 million and distribution expanded to ~19.1k stores
- USA milk revenue growth of 91.2% and distribution expanded to ~20.3k stores

Notes:

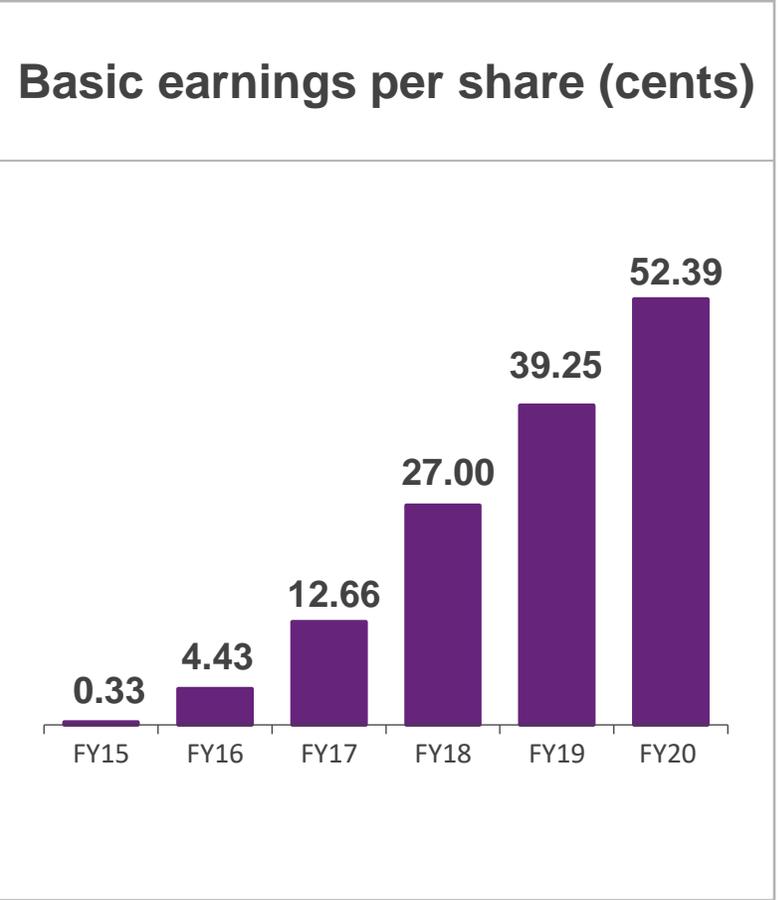
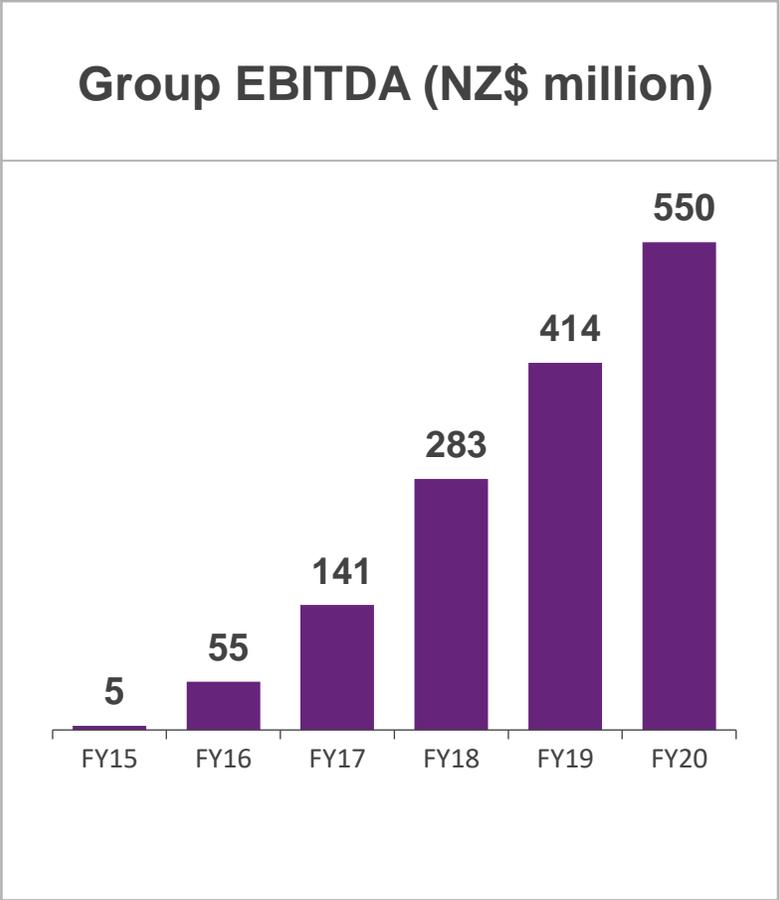
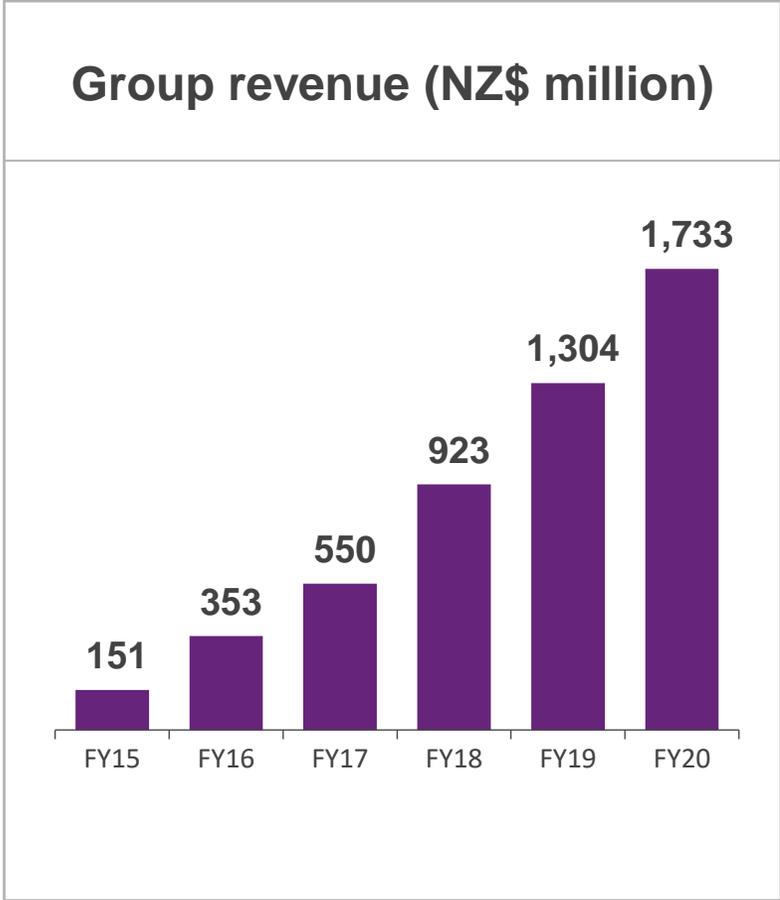
All figures quoted in New Zealand Dollars (NZ\$) and all comparisons are with the 12 months ended 30 June 2019 (FY19), unless otherwise stated.

All figures are quoted based on all operations of the Group, including discontinued operations, unless otherwise stated.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-GAAP measure. However, the Company believes that it assists in providing investors with a comprehensive understanding of the underlying performance of the business. A reconciliation of EBITDA to net profit after tax is shown on Slide 30.

Marketing investment only included continuing operations.

Strong performance over recent years with clear key drivers of growth



¹ The company's financial year ends 30 June; key financial charts include discontinued operations.

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

Continued progress on strengthening our strategic execution



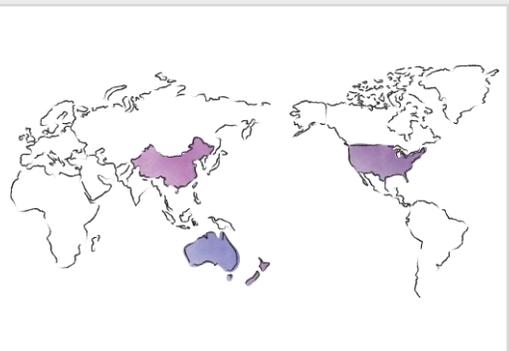
MAXIMISE GROWTH FROM INFANT & TODDLER NUTRITION CONSUMED IN CHINA



DEVELOP BROADER NUTRITIONAL MILK PORTFOLIO IN CHINA



BUILD MEANINGFUL SCALE IN THE USA



INVESTIGATE NEW GROWTH OPPORTUNITIES

ENDURING BRAND STRENGTH

SECURE SUPPLY CHAIN

RIGHT CAPABILITIES

RIGHT INFRASTRUCTURE AND TOOLS

We have strong strategic partners who support our growth and adaptability



- Foundational partnership for infant nutrition
- Supply rights for defined infant nutrition products into China, New Zealand and Australia
- Committed production capacity from Synlait and well-established process to manage significant continued growth
- Participated in November 2020 Synlait capital raise



- Partnership spanning multiple products and emerging markets
- *a2 Milk™ brought to you by Anchor™* fresh milk launched in NZ (Aug-18)
- Ingredients production began in 2019
- Building capacity to support future growth with the development of milk pools in Australia and NZ



中国农垦控股上海有限公司
CSFA Holdings Shanghai Co.,Ltd.

- Long term logistics and distribution and partner for the company's infant nutrition products in mainland China since 2013
- Exclusive import agent for our China label infant nutrition products
- Renewed contract effective December 2018

AGENDA

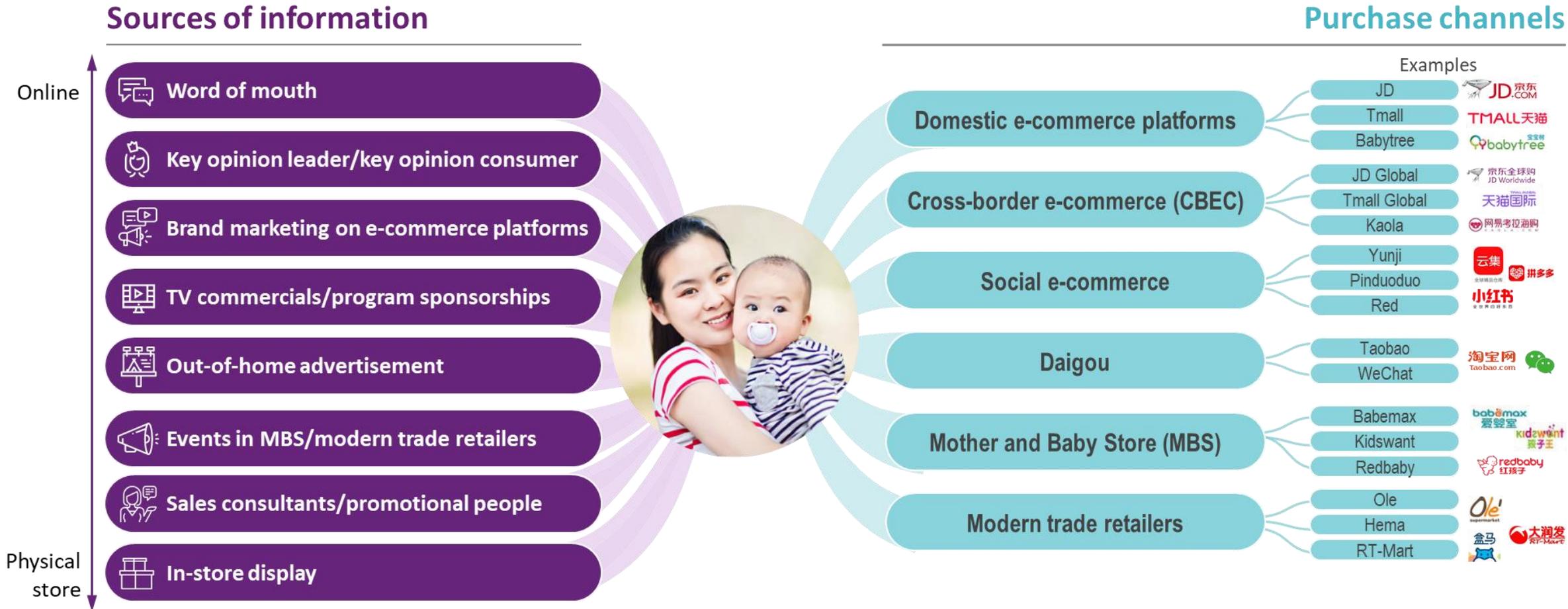
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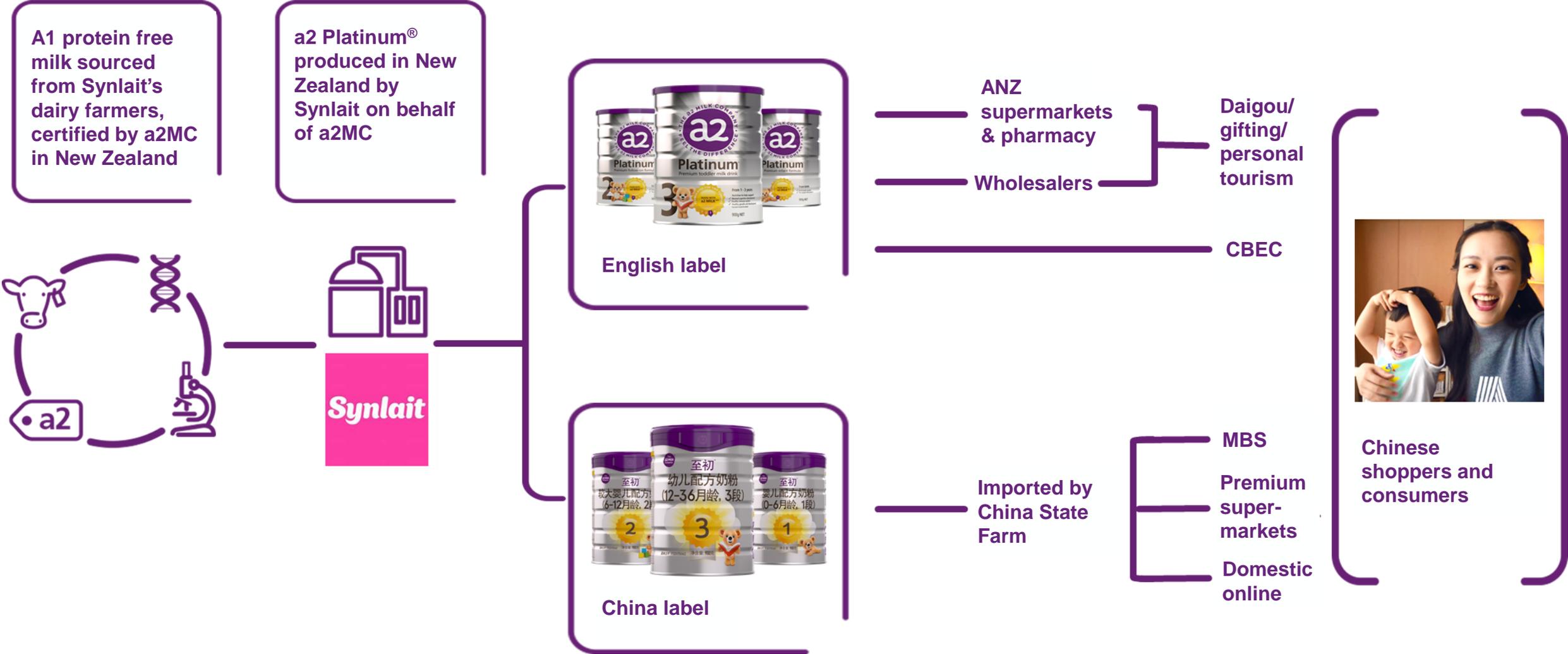
FY21 outlook

Asia Pacific Market pathways to Chinese parents are complex and interrelated



Asia Pacific

Continue to support a multi-channel strategy into China



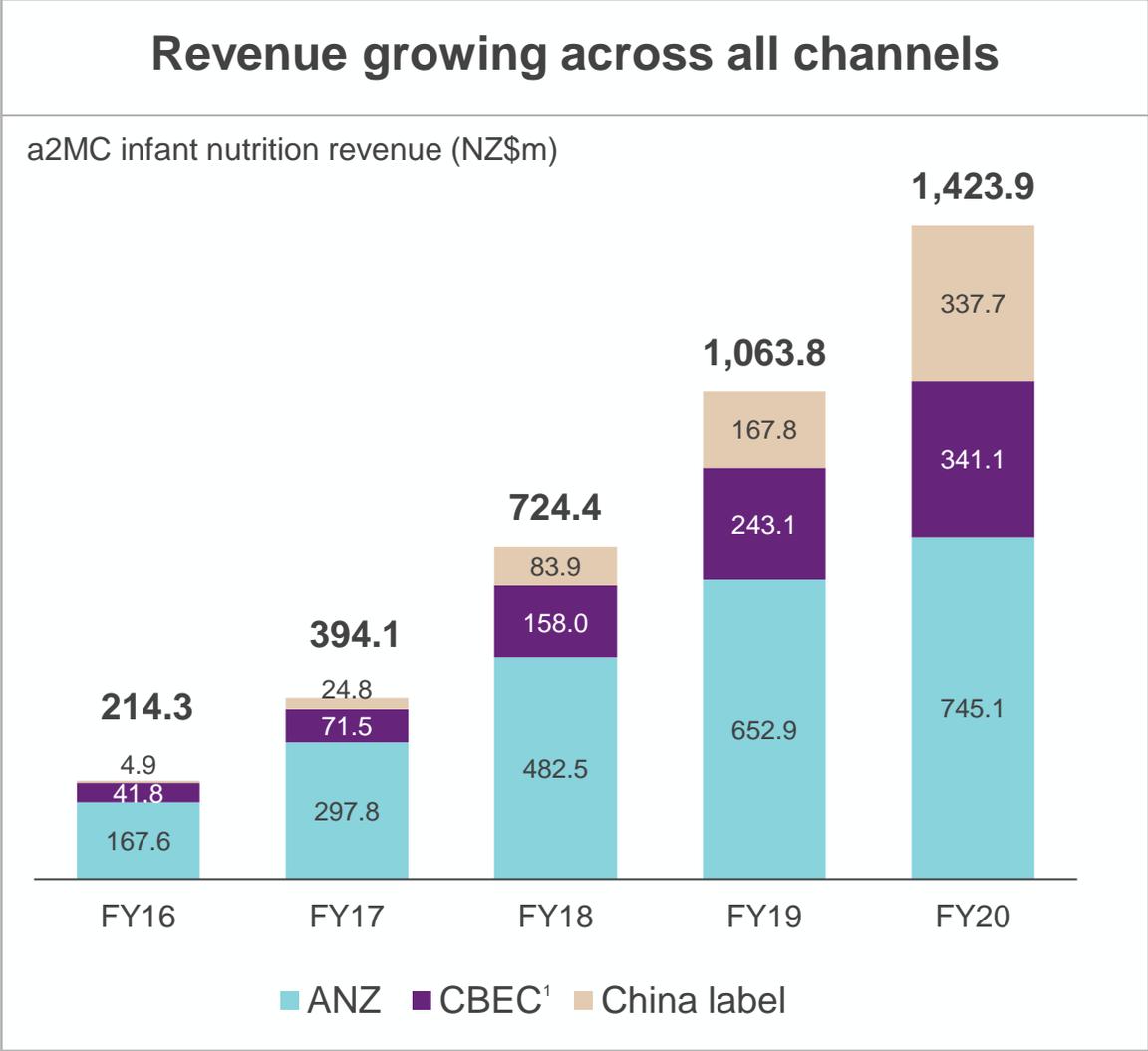
Focused on our “one brand, two labels” product strategy for infant nutrition

- Portfolio approach to developing “one brand with two labels” across key consumer retail channels: MBS, CBEC and resellers in Australia and New Zealand in order to meet the diverse needs of Chinese parents
- China label range delivers our super premium positioning, in particular in higher tier cities and MBS; whilst our English label which is premium priced within the reseller and online channels, is more accessible for some consumers
- Our focused portfolio strategy has engaged strongly with our consumers and still has significant growth potential
- China based channels accounted for 48% of total infant nutrition sales in FY20
- Executing on strategy and with our current ~2.2%¹ share in MBS, there remains significant opportunity for further growth

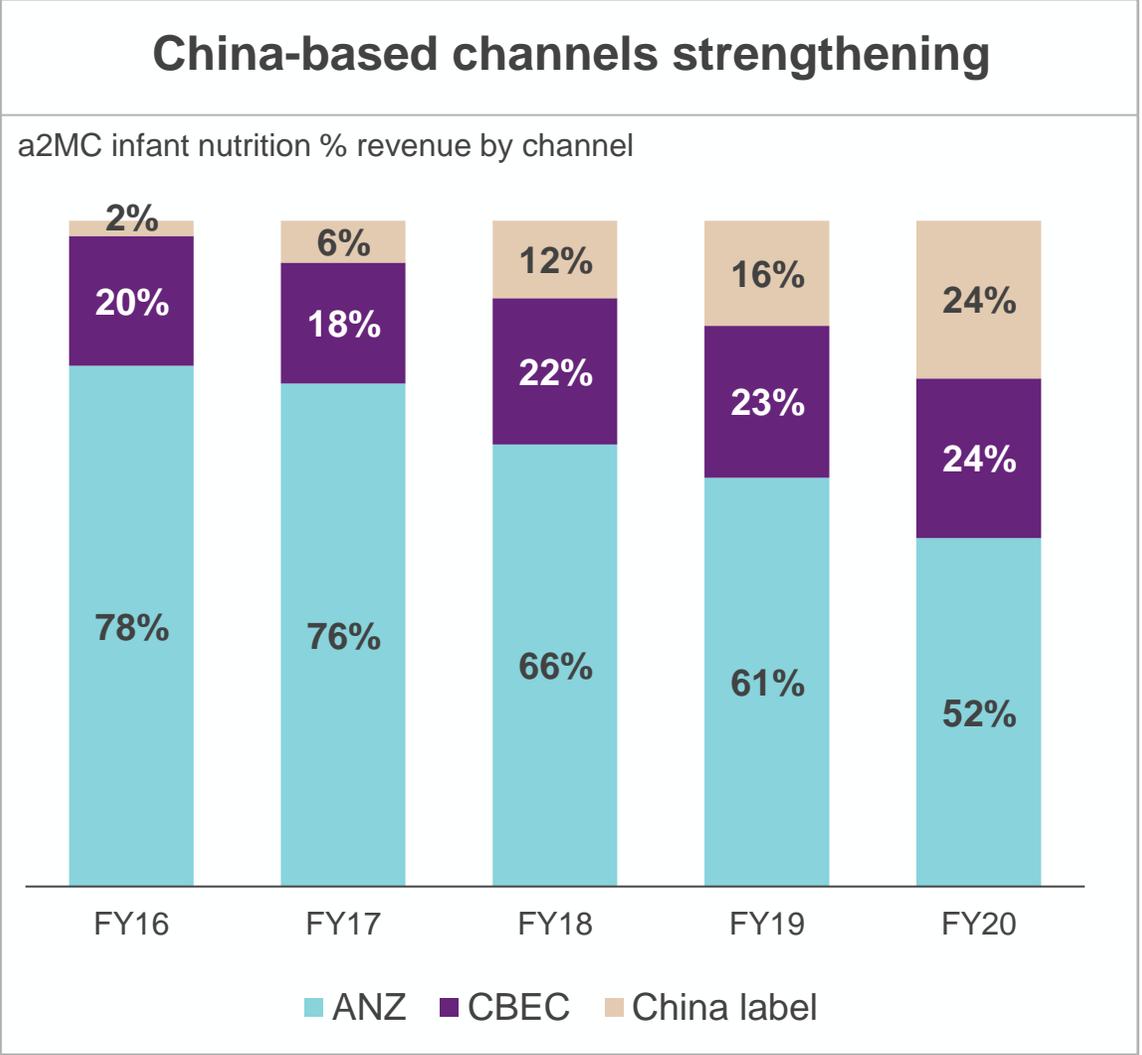
¹ Nielsen MBS rolling 12 month value share as at September 2020



Building our China-based retail channels has been a deliberate strategy



¹ CBEC = Cross border e-commerce.



Our marketing approach is building brand awareness and driving conversion to trial

- Multi-layered marketing approach to building brand awareness and fulfilling consumer desire for information to drive conversion to trial
 - Increased investment in mass media advertising over last 2-3 years to build brand awareness and equity: TV/OTV, outdoor, digital
 - To convert our successful growth in brand awareness, there has also been a strong increase in activations driving education and conversion to trial: promotional people and other instore channels (e.g. mamma classes), live events, digital live streaming, health care professional marketing, influencer marketing (incl daigou)
 - The combination has driven strong sales growth, brand equity and loyalty, in particular in China based retail channels

Mass media advertising campaign to build brand awareness



Stepped-up brand activations to drive information and trial



Asia Pacific

Strong performance in FY20, challenges in FY21

FY20 recap

- Asia Pacific revenue of \$1.66 billion, up 31.5% and EBITDA of \$690.5 million, up 32.0%
- 33.8% growth in infant nutrition revenue, driven by 65.1% increase in China – strong growth in all channels
- Significant growth in China mother and baby store (MBS) count, up 16.5%
- Increase in MBS rolling 12-month market value share from 1.3% to 2.0%
- Increase in CBEC rolling 12-month market value share from 18.6% to 21.5%
- Other nutritional products in the region grew 30%, and this continues to be a strategic growth opportunity

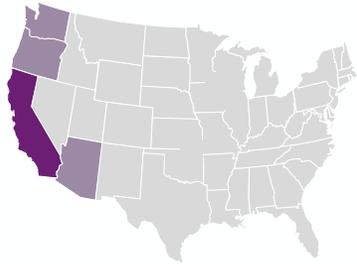
FY21 update

- Challenging first half for ANZ segment with daigou/reseller channel impacted by COVID-related issues. We expect the current impact will moderate over the course of the year
- New incentive program launched in corporate daigou channel to re-energise the channel with early signs of improvement
- Our multi-channel approach is strategically important with each channel playing an interrelated role. Despite short term challenges, we remain committed to the daigou channel which is an attractive pathway to consumers in China and builds brand awareness which stimulates demand across multiple sales channels
- Strong performance year-to-date in MBS sales growth, a combination of growth in store count and velocities
- For the most recent 11/11 on-line sales event which was highly competitive, we achieved 24% English label volume growth, consistent with our plan, as well as strong brand and product rankings
- Fresh milk in Australia continues to perform strongly with current 12-month market share of 11.6% in October, up from 11.3% at June year end

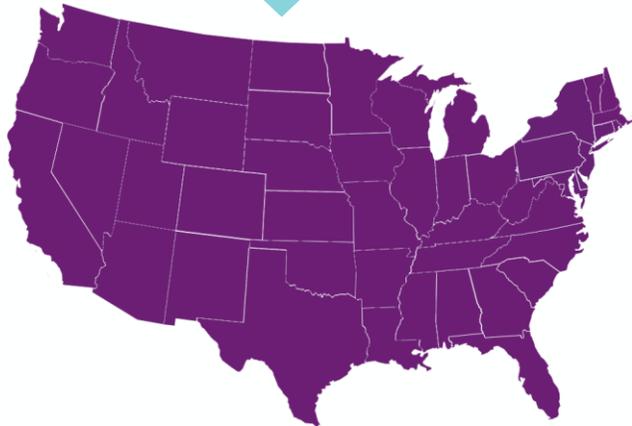


Focused on driving the USA business towards meaningful scale

Broad national distribution occurred from FY19



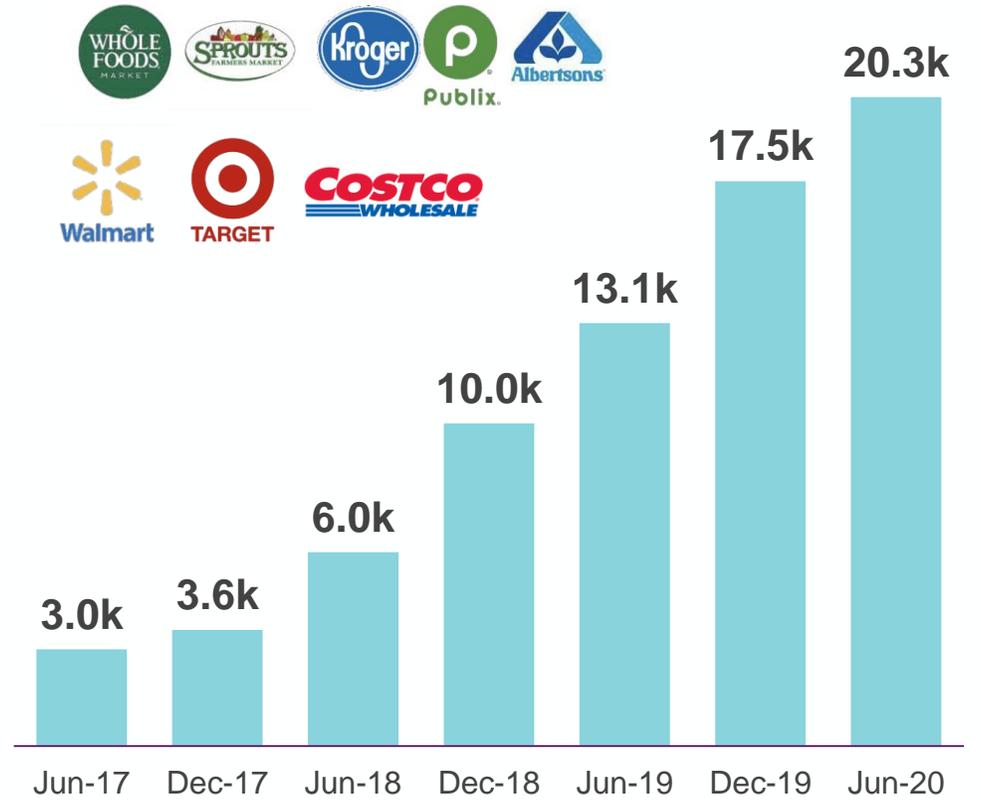
April 2015:
Launch into the USA
via California region
(~500 stores in FY15)



From FY19:
Broad national
distribution
(~20.3k stores in FY20)

- Legend**
- Broad distribution
 - Limited distribution
 - No distribution

USA distribution over time (store count)



North America

FY21 plan focussing on increasing activation is delivering

FY20 recap

- Revenue up 91% to \$66.1 million
- Increased marketing investment and distribution growth delivered EBITDA losses of \$50.5 million
- Brand awareness more than doubling and conversion rates up significantly
- Liquid milk growth driven by combination of existing stores and new distribution

FY21 update

- Impact of COVID-19 on USA market overall is seeing consumers become more value conscious
 - Shifting short-term investment from broadcast advertising to greater emphasis on in-store activation, account specific pricing and promotional activity is showing promising results
 - The change is delivering gross revenue growth, however net revenue will be broadly consistent with FY20 and we expect an improved EBITDA result for FY21
- USA continues to be a strategically important market
 - Largest global milk market with significant and growing premium segment
 - Significant growth in awareness will create a platform for future product innovation
 - Initial milestone continues to be US\$100 million of annualised sales
- *a2 Milk*™ liquid milk launched in Canada via a licensing agreement with Agrifoods in July FY21



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Group long term strategy is focused on building a sustainable future



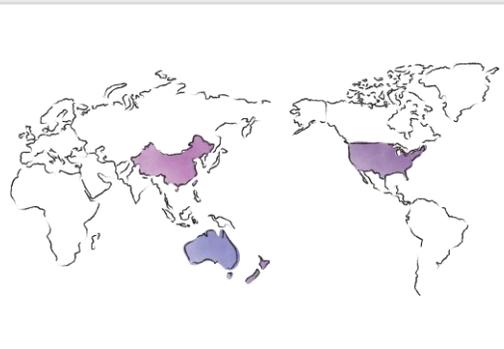
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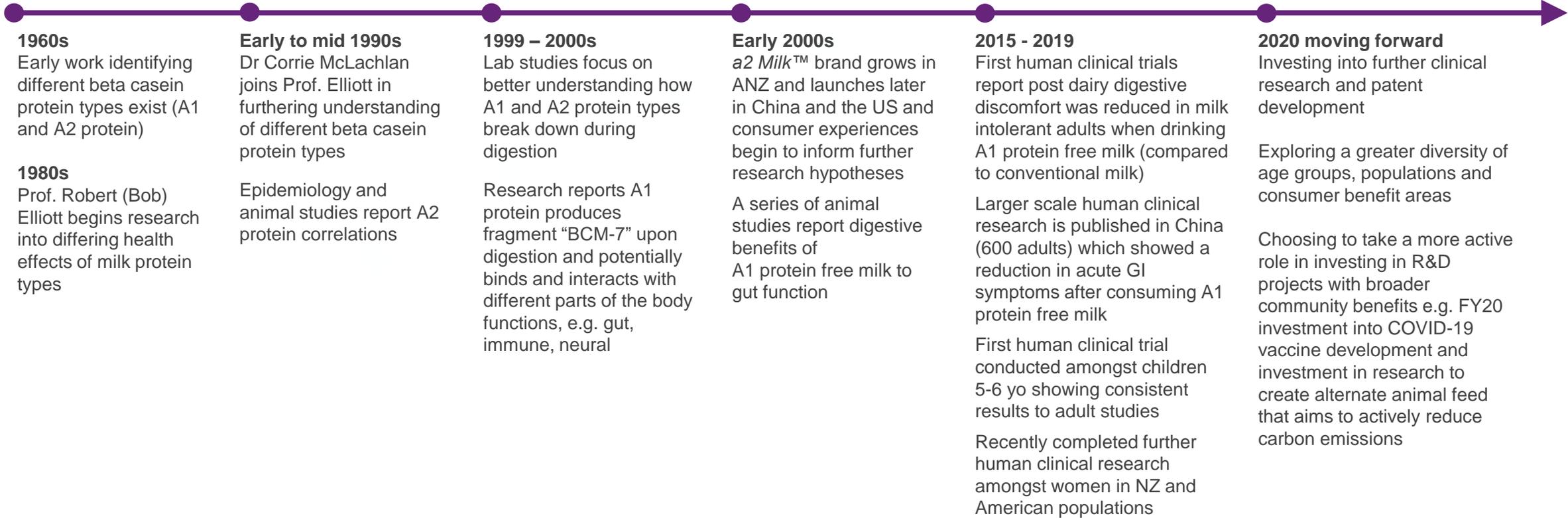
SECURE SUPPLY CHAIN

RIGHT CAPABILITIES

RIGHT INFRASTRUCTURE AND TOOLS

Growing scientific evidence continues to underpin our brand strength

- The company has pioneered and sponsored a significant body of scientific research since 2000 when it was founded which has led to a comprehensive understanding of the differences between the A1 and A2 protein types
- A subset of key research milestones can be seen below
- The company remains focused on continuing to build the scientific evidence across age groups, populations, consumer benefit areas and broader community/environment R&D initiatives



Continuing to strengthen our supply chain strategy

Overview

- Assessing opportunities to participate in manufacturing nutritional products that complements our existing supply arrangements to create supplier and geographic diversification
- Similar approach was taken for our Australian fresh milk supply chain strategy from 2012

Update on Matura Valley Milk (MVM) due diligence

- In August, we made a non-binding indicative offer to acquire 75% of Matura Valley Milk (MVM) for approximately \$270 million, based on an enterprise value of \$385 million
- MVM is a recently constructed and commissioned state of the art nutritional facility, which would complement our existing supply arrangements
- The plant has been independently validated by industry experts as being capable of producing the highest quality nutritional products
- It is well located for access to a growing productive milk pool supported by favourable climatic conditions and water availability
- Currently majority owned by a highly respected China state-owned enterprise – China Animal Husbandry Group (sister company to China State Farm) – which would continue as a strategic shareholder and assist in further developing the business in China
- Due diligence process almost complete and continues to support the strategic rationale for the investment. We are reviewing the final aspects of the potential transaction and supporting strategic relationships; expect to provide an update in coming months



Building a sustainable business for the future

- Progress in FY20 included:
 - Preliminary impact assessment as part of our commitment to the objectives under the Taskforce on Climate-related Financial Disclosure (TCFD)
 - Series of assessments regarding ethical supply chain and responsible sourcing
 - Continued roll out of animal welfare programmes and development of our farm environmental plans
 - Increased investment in our people and the communities in which we operate
- In FY21 we are creating *The a2 Impact Fund*[™] as our vehicle to fund and manage our intended investments in pursuit of our sustainability goals
 - In FY21 we will be redirecting the value of our indirect GHG emissions into *The a2 Impact Fund*[™] for investment in tangible climate-related programmes that will create a positive impact on the planet, and will also benefit our business over time
 - We are committed to measuring and reducing our direct and indirect emissions, and will continue to report on all our GHG emissions as we progress towards our 2050 net zero emissions target
 - We will invest additional funds to support our animal welfare, people and community programmes



-  Protecting and improving our environment for future generations
-  Enabling happy and healthy cows
-  Advancing wellness with scientific, health-related research
-  Supporting our communities
-  Creating a workplace where our people are passionate and thrive

AGENDA

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FY21 outlook



Outlook

- At the end of September, we advised of challenging market dynamics that were being experienced
- We are maintaining guidance as advised in September:
 - We expect Group revenue for 1H21 of \$725 million to \$775 million;
 - Group revenue for FY21 of \$1.80 billion to \$1.90 billion; and
 - FY21 EBITDA margin for FY21 in the order of 31%.
- However, due to the volatility arising from COVID-19, and the difficulties this presents with forecasting, naturally there is uncertainty to this forecast
- We also acknowledge the outlook provides for a significant increase in revenue in the second half, dependent on a number of key assumptions, including an improvement in the daigou channel and continued growth in our China label business
- We continue to observe strong underlying brand health metrics, in particular in China, including market share expansion, and growth of brand awareness and loyalty measures. This gives us confidence that, notwithstanding the current headwinds, the fundamentals of the business over the medium term remain sound

A man and a young child are embracing on a beach. The man is wearing a black wetsuit and the child is wearing a blue and white striped shirt. They are both smiling and looking at each other. The background shows waves crashing on the shore under a bright, sunny sky.

CEO'S ADDRESS

Geoffrey Babidge



FORMAL BUSINESS

Notice of 2020 Annual Meeting and voting instructions



Voting Directions

Resolutions	For	Against	Abstain
1 THAT THE DIRECTORS OF THE COMPANY BE AUTHORISED TO FIX THE FEES AND EXPENSES OF THE COMPANY'S AUDITOR, ERNST & YOUNG, FOR THE ENSUING YEAR.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2 THAT DAVID HEARN, WHO WILL RETIRE AT THE MEETING IN ACCORDANCE WITH THE COMPANY'S CONSTITUTION, BE RE-ELECTED AS A DIRECTOR OF THE COMPANY.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3 THAT JULIA HOARE, WHO WILL RETIRE AT THE MEETING IN ACCORDANCE WITH THE COMPANY'S CONSTITUTION, BE RE-ELECTED AS A DIRECTOR OF THE COMPANY.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4 THAT JESSE WU, WHO WILL RETIRE AT THE MEETING IN ACCORDANCE WITH THE COMPANY'S CONSTITUTION, BE RE-ELECTED AS A DIRECTOR OF THE COMPANY.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* Note if you have already lodged your vote, this vote will override it.

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Item 1: Financial statements and reports

To receive and consider the Company’s financial statements for the year ended 30 June 2020, together with the Directors’ and Auditor’s reports.



Item 2: Auditor’s Fees and Expenses (Resolution 1)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

“That the Directors of the Company be authorised to fix the fees and expenses of the Company’s auditor, Ernst & Young, for the ensuing year.”

Proxy votes	For	Undirected	Against	Total
Resolution 1	481,886,254	963,797	494,493	483,344,544
% of vote	99.70%	0.20%	0.10%	65.1% of issued capital



Item 3: Re-election of Director – David Hearn (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

“That David Hearn, who will retire at the meeting by rotation in accordance with the Company’s constitution, be re-elected as a Director of the Company.”

Proxy votes	For	Undirected	Against	Total
Resolution 2	459,980,562	953,285	21,011,420	481,945,267
% of vote	95.44%	0.20%	4.36%	64.9% of issued capital



Item 4: Re-election of Director – Julia Hoare (Resolution 3)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

“That Julia Hoare, who will retire at the meeting by rotation in accordance with the Company’s constitution, be re-elected as a Director of the Company.”

Proxy votes	For	Undirected	Against	Total
Resolution 3	465,681,993	960,535	16,685,596	483,328,124
% of vote	96.35%	0.20%	3.45%	65.1% of issued capital



Item 5: Re-election of Director – Jesse Wu (Resolution 4)

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution of the Company:

“That Jesse Wu, who will retire at the meeting by rotation in accordance with the Company’s constitution, be re-elected as a Director of the Company.”

Proxy votes	For	Undirected	Against	Total
Resolution 4	480,137,189	953,373	2,239,299	483,329,861
% of vote	99.34%	0.20%	0.46%	65.1% of issued capital



GENERAL BUSINESS



CLOSING REMARKS



Disclaimer

This presentation dated **18 November 2020** should be read in conjunction with, and subject to, the explanations and views in documents previously released to the market by The a2 Milk Company Limited (the “Company”), including the Company’s Annual Report for the 12 months ended 30 June 2020 and accompanying information released to the market on the same date.

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