



更上一个台阶
Stepping it up.

The a2 Milk Company Limited

Investor Strategy Day and China Market Immersion | Shanghai | 17 and 18 September 2019

Welcome

Objectives for the next two days:

- Provide more colour on our business and priorities as we head into a period of significant investment to support continued growth
- Share key insights into all our core markets – with a particular focus on consumer and channel trends in Greater China and the US
- Give you an opportunity to meet and get to know our senior leaders
- Engage you in the China market through our eyes – bringing key insights to life through in-market experiences





STEPPING IT UP

Welcome and overview of our journey ahead

Celebrating the Australian fresh milk business

Accelerating focus and investment in Greater China

Confidence in US as a second growth engine

Close and Q&A

What we want you to take away from this experience



**Consumer-led with deep
market understanding**



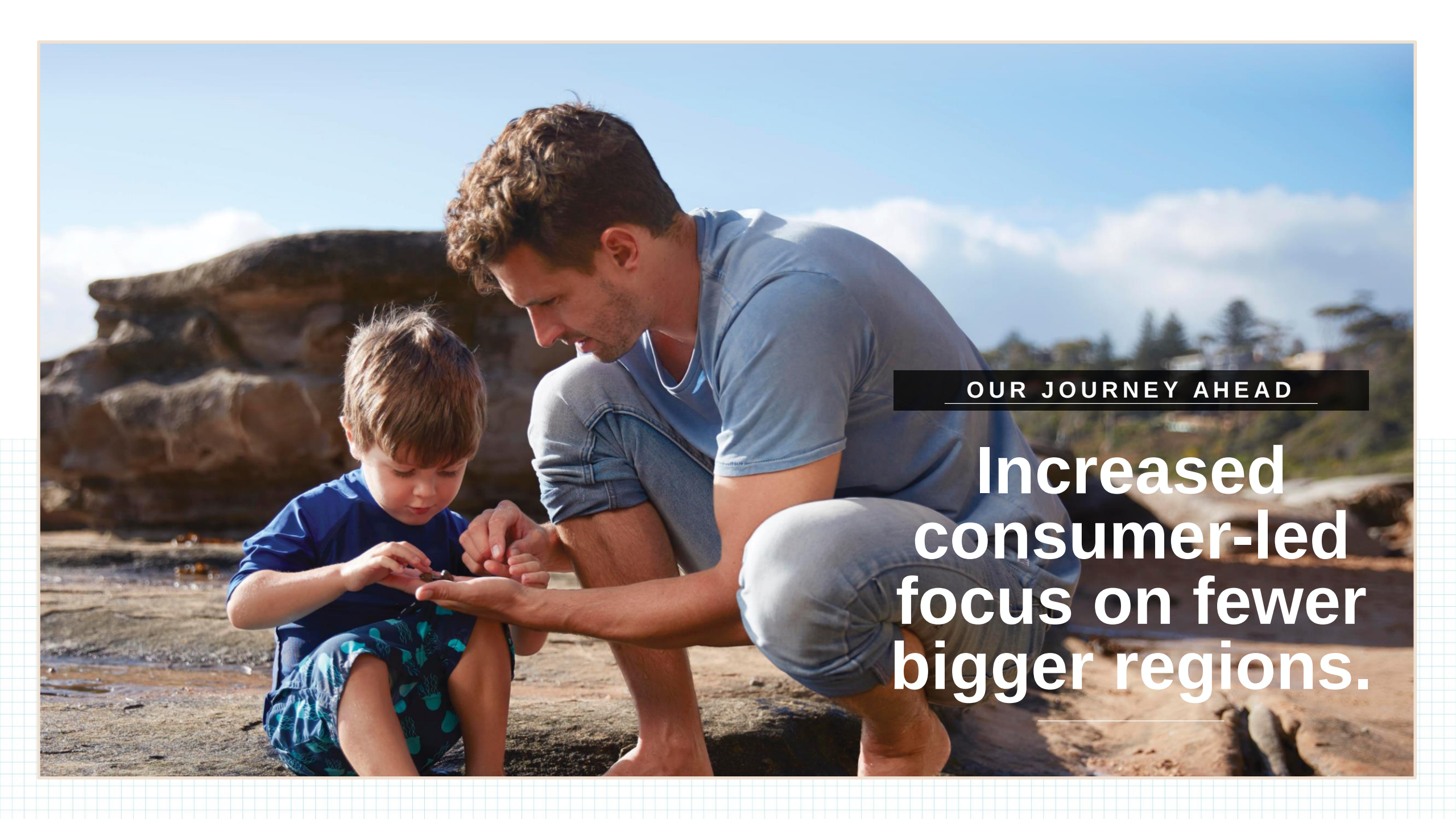
**Re-imagining
our future business**



**Stepping up our
growth investment**



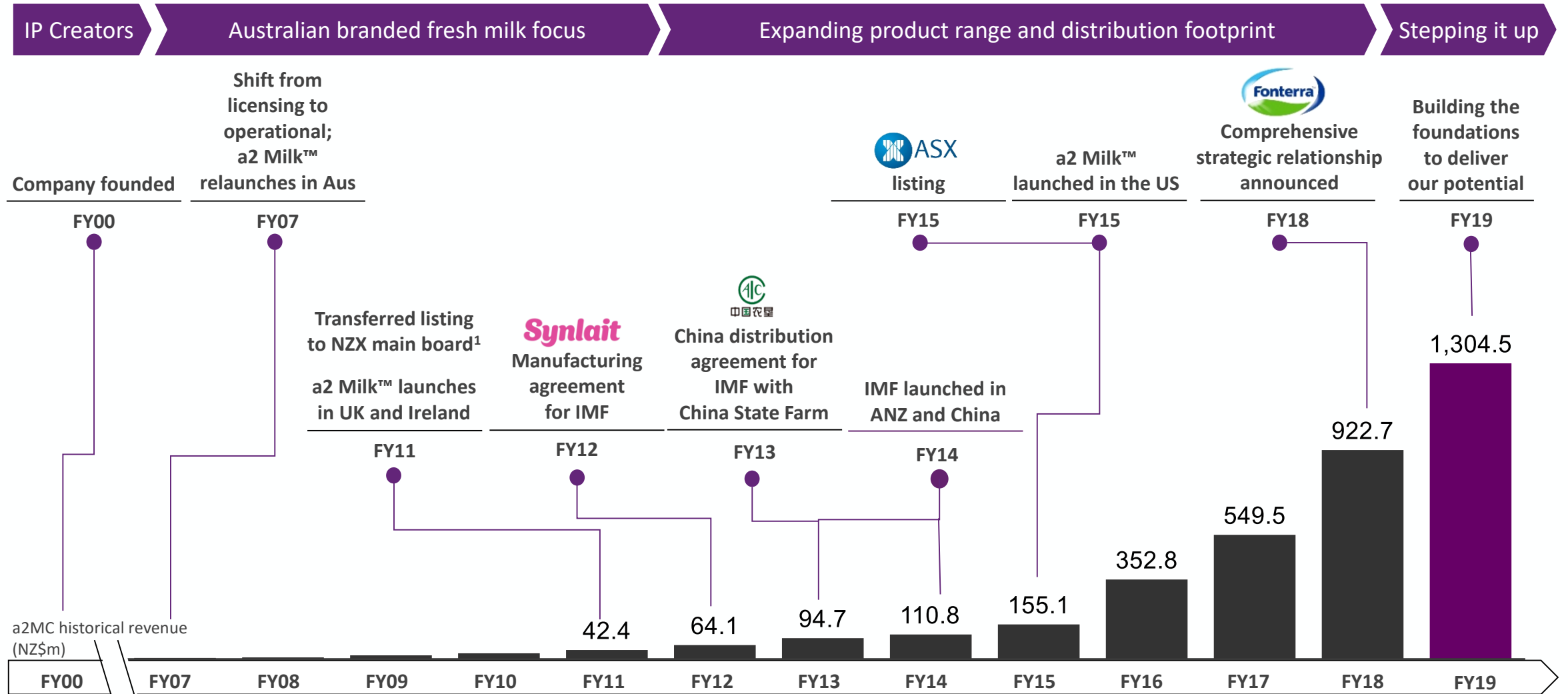
**Protecting what
makes us special**

A photograph of a man and a young boy crouching on a rocky beach. The man, with curly brown hair and wearing a light blue t-shirt and grey shorts, is looking down at the boy's hands. The boy, with short brown hair and wearing a blue t-shirt and patterned shorts, is holding a small object in his hands. They are both looking intently at the object. The background shows a rocky coastline under a blue sky with some clouds.

OUR JOURNEY AHEAD

**Increased
consumer-led
focus on fewer
bigger regions.**

We've had an extraordinary journey...



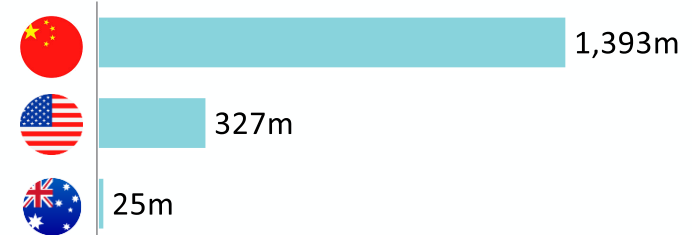
¹Listed on the NZX alternative market (NZAX) in 2004 and transferred listing to NZX mainboard in 2012

The next phase of our evolution as a company is important

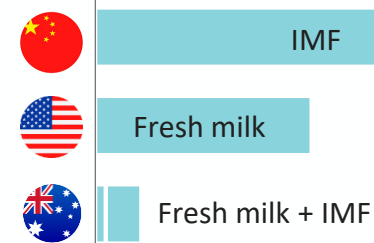
- The growth potential is significant – and very energising
- It builds on all that has come before us, but requires stepping up
- We are investing to establish broader consumer reach and greater resilience and capacity as an organisation
- We will measure our success on several critical metrics in each of our markets including:
 - Brand awareness, trial and loyalty conversion
 - Share of category consumption
 - Absolute revenue growth
 - Healthy underlying gross margins by product categories

We are pursuing the two biggest consumer markets in the world

Population



Category



Key ingredients for the ongoing success of our business

- 1 **Focus** – core markets and existing products first, new products second, new markets third
- 2 **Accelerating investment** to increase and deepen consumer understanding and engagement:
 - Significant increase in brand awareness leading to increased levels of trial and loyalty conversion
 - Bandwidth as an organisation to continue at pace across a more diverse business portfolio and agenda
 - Technology to support growth and fast paced innovation
- 3 **Adaptability** to continue to evolve the settings of our rapidly changing business
- 4 **Preservation** of our passionate belief and the core values of our culture, focused on remaining a big “little” company

1 We have sharpened our strategy and increased our focus



Maximise growth from existing products in core markets

- Greater China and the US are significant markets with sizeable and growing premium categories
- We have high consumer loyalty, yet relatively low awareness – indicating significant growth opportunity
- ANZ remains strategically important – creating brand value and channel pathways into Asia



Broaden our product portfolio in core markets

- Our core markets have sizeable adjacent categories – once meaningful brand awareness is achieved
- New products leverage our existing infrastructure, channels and proprietary know-how – yet also require investment in new capability



Expand into other targeted markets

- Expansion into new markets will occur over time
- Continued market testing in SE Asia and extending the Korean range to include infant nutrition with Yuhan
- Exiting the UK will allow further focus on our existing core markets and over time more attractive new markets

2 Accelerating investment to increase and deepen consumer engagement



Deep consumer insights reveals our brand proposition is unique and resonating strongly

- Our consumer research gives us confidence that consumers connect with our brand proposition
- We have put in place systems to continue to listen, monitor and adapt to our consumers



‘Test and Learn’ at the heart of our approach

- We apply a “test and learn” approach to investment
- This enables us to better understand effectiveness in a contained setting before full-scale investment



Market dashboards enable ongoing adjustment to investment settings

- Consumer behaviour is always evolving
- Proprietary dashboards allow us to monitor effectiveness of our marketing investment and ensure we continually raise the bar

2 Accelerating the development of our organisation is important



Investing in more great people

- New skills and added capacity are critical enablers to the delivery of our strategy
- Expanding our team rapidly, but in line with our purpose and values, is critical
- Bespoke recruitment model fits our culture – already delivering marked improvement in diversity and inclusion



Step-changing our people experience

- First time for “People” function means a unique opportunity to anchor our values, behaviours and our culture across all parts of the organisation
- Taking a fresh approach and using digital engagement tools and closed loop feedback to drive fast decisions and continually improve



Investing in Technology

- Opportunity to step-change our information systems and data usage
- Priorities driven by critical path capability needs as well as governance requirements

3 Our strategic partners enable fast growth and adaptability



- Foundational partnership for infant nutrition
- Supply rights for defined infant nutrition products into ANZ & China
- Committed production capacity from Synlait and well established process to manage significant continued growth



- Relatively new partnership spanning multiple products and emerging markets
- *a2 Milk™* branded 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.

- Strong partner for the company's infant nutrition products in mainland China since 2013
- Exclusive import agent for our China label infant nutrition products
- Signed renewal contract in December 2018

4 Preserving the essence of who we are...

OUR PURPOSE:

We enrich lives by harnessing the nutritional wonders of nature.

OUR VALUES:

Bold passion

Driven to realise our amazing potential as a company and individuals.

Pioneering spirit

Unconventional open-minded thinking that re-imagines the possibility – outcome driven.

Humility

We're never done growing, discovering and have a willingness to continually iterate and learn.

Respect

Seek to understand difference in all its forms.

Integrity

Do the right thing for our consumers, partners, people... and our cows.



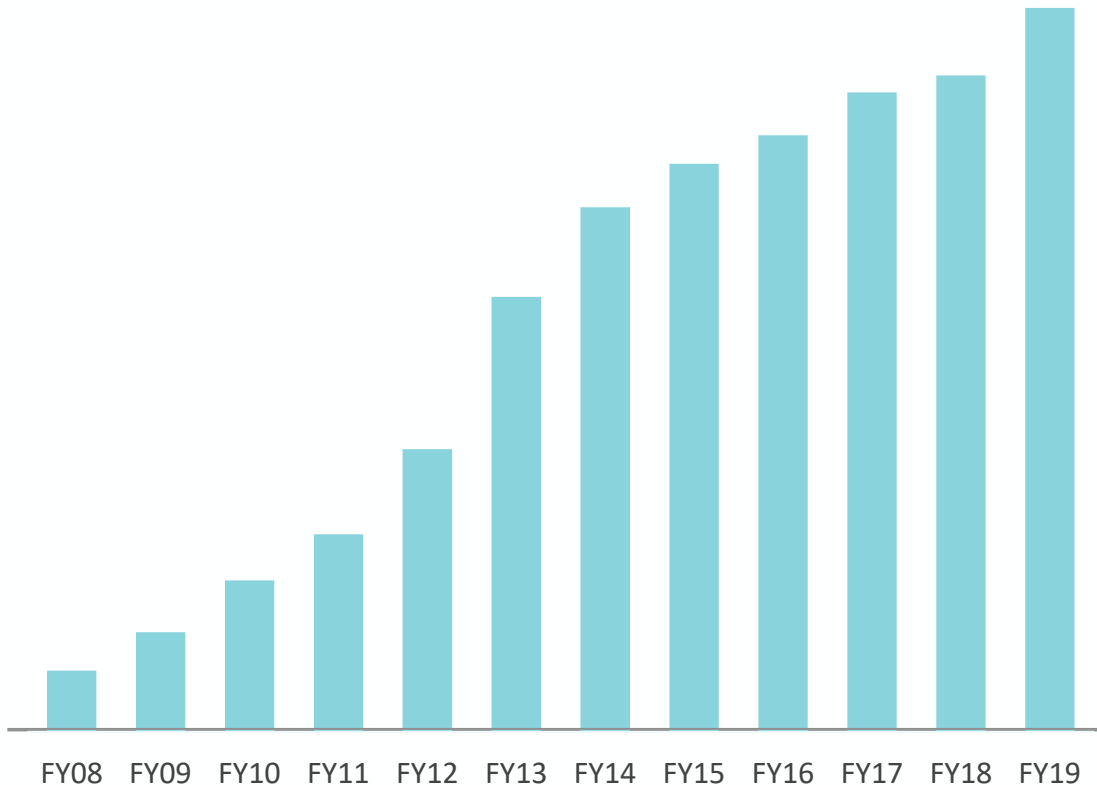


AUSTRALIA

**Celebrating our
Australian fresh
milk business.**

Australia fresh milk goes from strength to strength

Australian fresh milk revenue



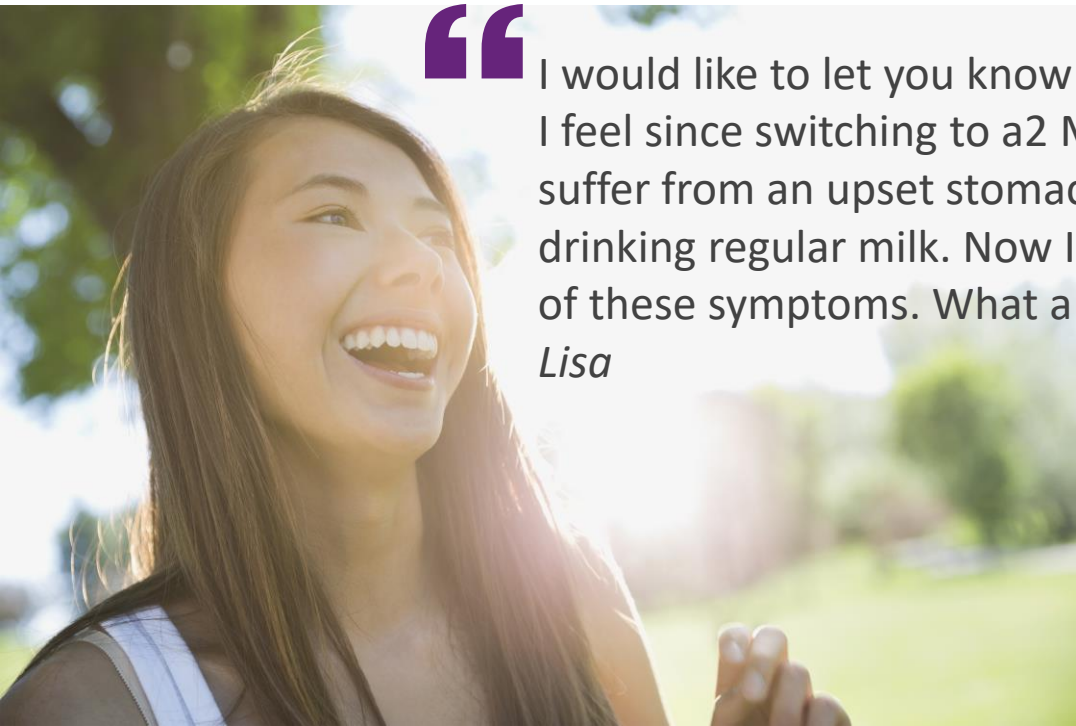
- Continued impressive growth in revenue and earnings over the last five years; supporting our expansion plans
- FY19 saw the highest growth in fresh milk since FY15 with value market share of 11.4% and achieved a 10-year CAGR of over 20%
- Growing brand awareness and highest loyalty of any other milk brand
- Our strong fresh milk foundations in Australia have enabled our opportunities more broadly

Fundamentally the brand is built on a uniquely high quality product

“ I drank so much milk when pregnant and I honestly believe a2 Milk™ is the best! Tastes so good! And it's the only milk my kids drink too. ”
Mel



“ I would like to let you know how great I feel since switching to a2 Milk™. I suffer from an upset stomach after drinking regular milk. Now I have none of these symptoms. What a life saver! ”
Lisa



“ Since switching to a2 Milk™, I'm able to enjoy dairy again. I would never consider drinking any other milk. Thanks a2 Milk™! ”
Robert



Consistent brand investment has led to strong awareness and brand loyalty



A photograph of a woman with short dark hair, wearing a white long-sleeved shirt, holding a baby in a field. The baby is wearing a white sleeveless top and dark blue pants. They are both looking up towards the sun, which is low on the horizon, creating a warm, golden glow. The background is a lush green field with yellow flowers, and trees are visible in the distance. The overall mood is peaceful and joyful.

GREATER CHINA

**Accelerating
focus and
investment in
Greater China.**

Greater China key messages

- 1 The infant formula category dynamics remain positive
- 2 Our business is consumer-led and we have put in place systems to continue to listen, monitor and adapt
- 3 We are stepping up our marketing investment – following intensive learning and data infrastructure development
- 4 We are channel agnostic – able to stay agile and adapt to changing consumer behaviour
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Infant formula category dynamics are attractive

There are several factors impacting infant formula category dynamics:

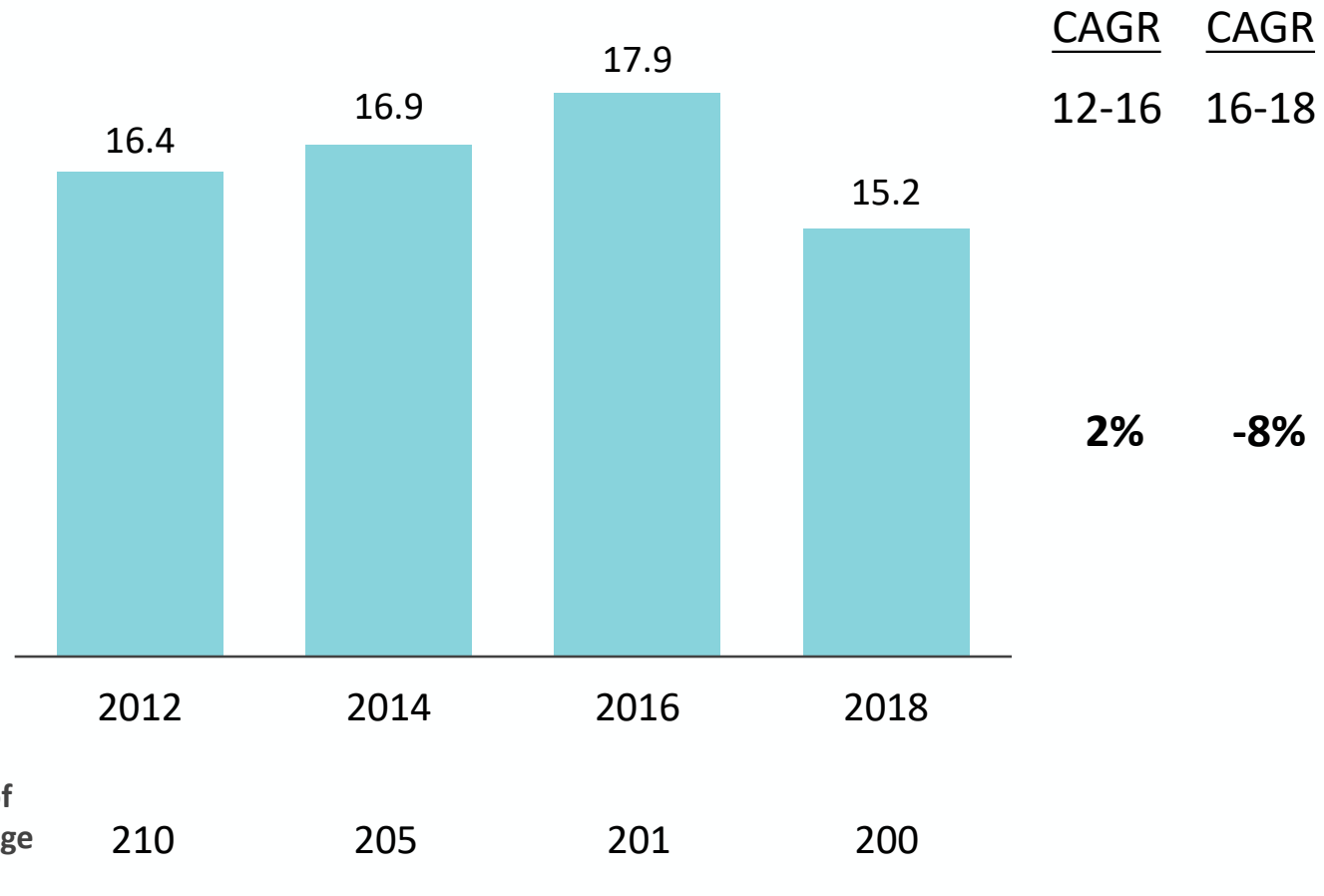
- **Population demographics:** structurally challenge the market as there are fewer women of childbearing age and as is the case elsewhere, women are having children later in life
- **Fertility rates:** are on the rise since China changed its one-child policy in 2014
- **Household penetration and usage:** increasing with growing household wealth
- **Premiumisation:** continues to promote growth, as families prioritise investment in their children above other spending, compounded by the “4-2-1” family structure
- **Brand fragmentation:** provides opportunity for brands with a proposition that resonates with consumers



Relative to other packaged goods categories, the dynamics in infant formula remain attractive

China's birth rate has declined, although fertility rates are rising

Number of new births in China (millions)



Female pop. of childbearing age (millions)¹

CAGR
12-16 CAGR
16-18

2% -8%



The fertility rate increased from 1.61 to 1.63 ('14-'18) since **one-child policy was changed** in 2014...



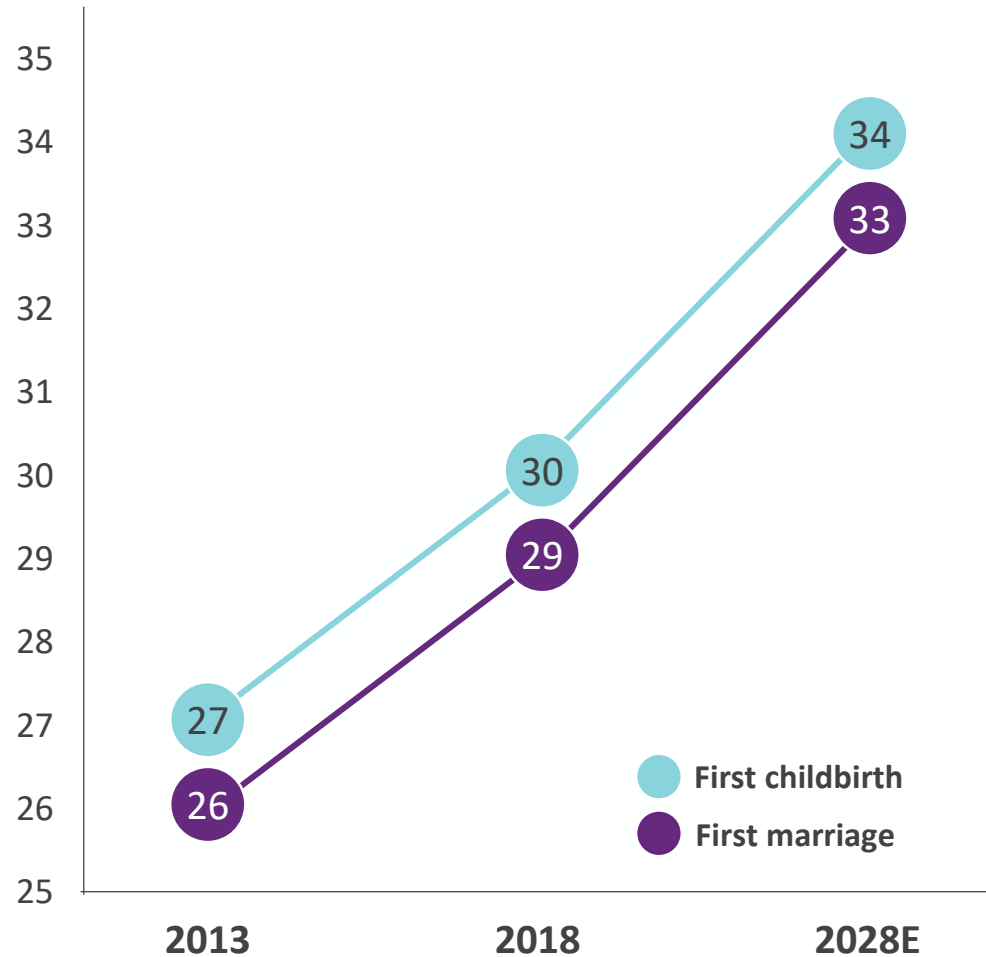
...but the number of new births is still in decline due to

- Declining population of females at childbearing age after the long-standing one-child policy
- Women are getting married and having children older than historical levels, **shifting the curve slightly**

¹Childbearing age defined as age 20-40;
Source: World bank, national statistics; literature research

More women are delaying starting a family to prioritise education and a career

Woman's average age (tier-1 cities)



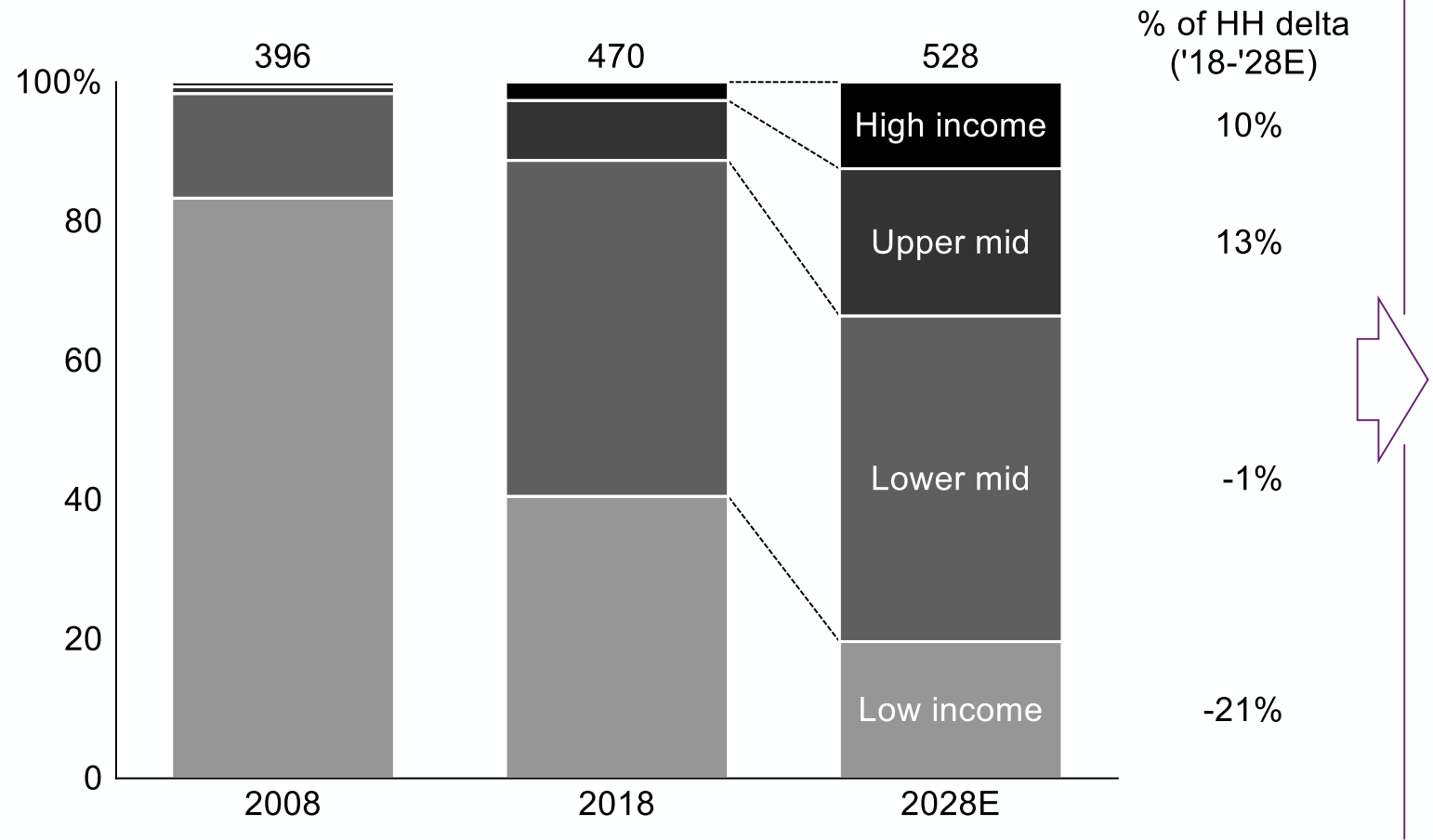
Note: Tier 1 cities is best estimate
Source: Euromonitor, national statistics; literature research



"Many Chinese-educated women now want to have more than one child — but only after they have established a stable job."

The growing middle class in China contributes to category growth

China household breakdown by income levels
Millions of households

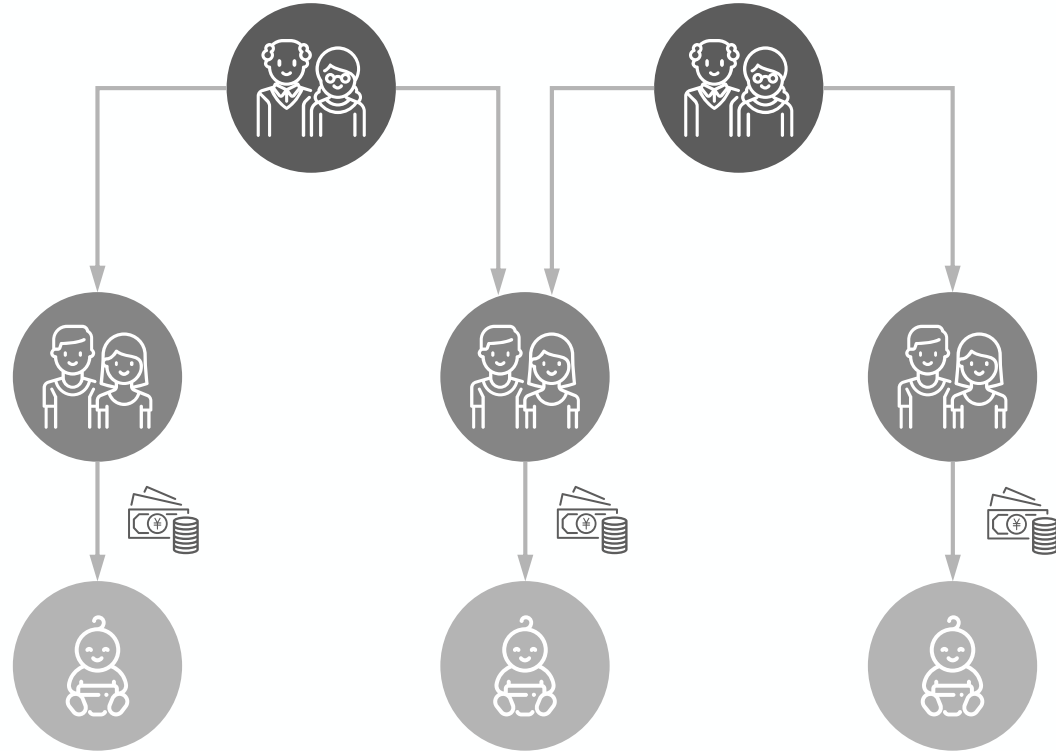


~140 million households
will move into the
middle income brackets
in the next decade

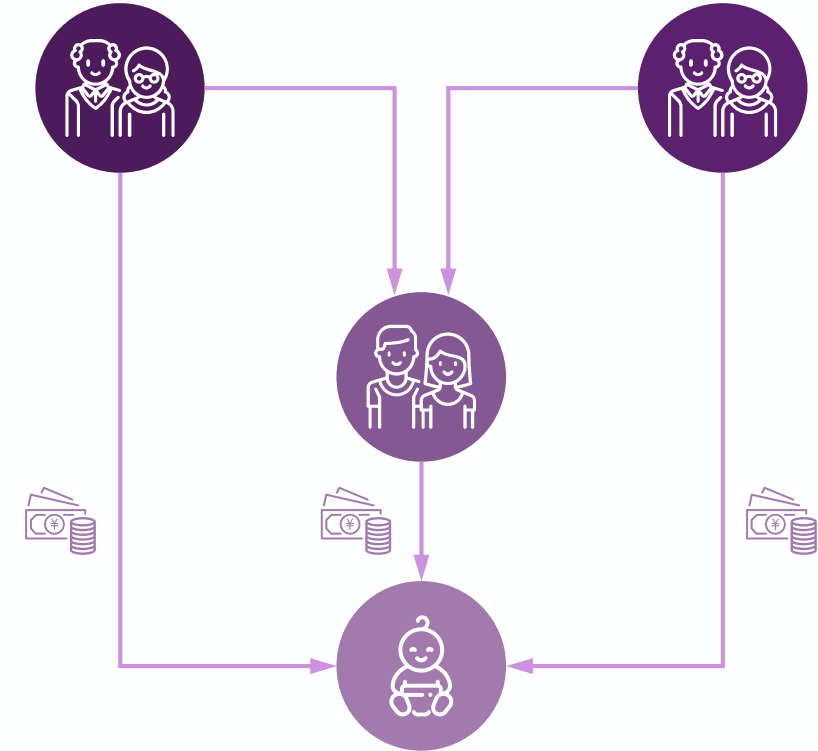
Note: Annual households disposable income breaks: low income (\$0-10K), lower mid (\$10K-35K), upper mid (\$35K-65K), high income (\$65K+) at constant currency in 2018
Source: Euromonitor

“4-2-1” family structure results in children receiving more attention and care

1990: traditional family structure



2018: inverted “4-2-1” family structure

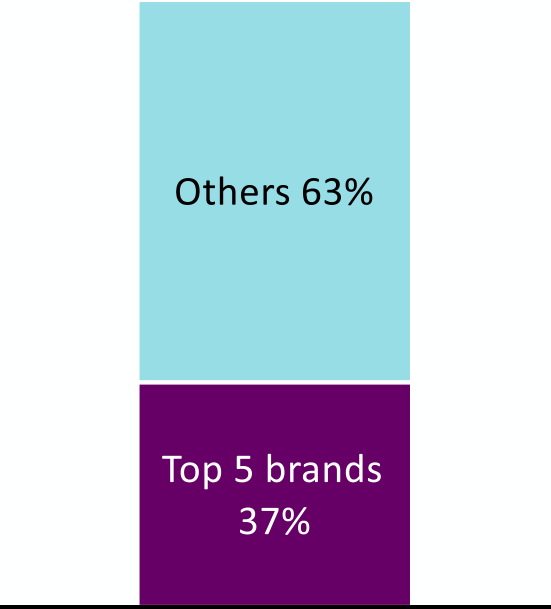


Greater capacity for parents and grandparents to invest in their children (6 “pockets” 1 child)

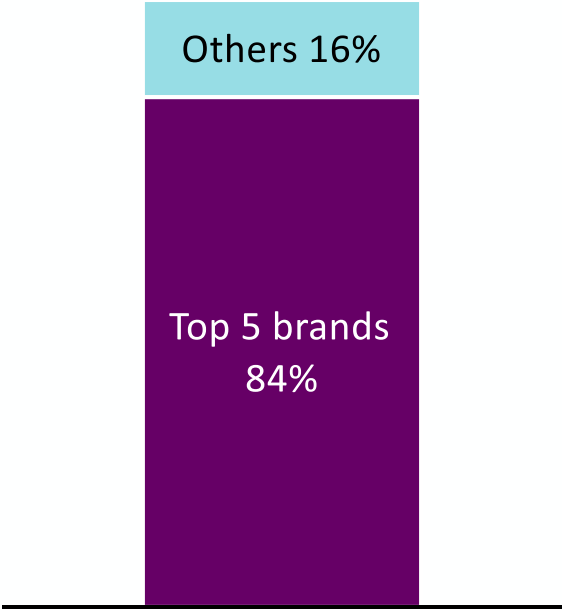
Note: “4” represents the parents and parents-in-law, “2” represents the husband and wife, and “1” refers to the only child of the couple

Category fragmentation provides opportunity for brands that resonate

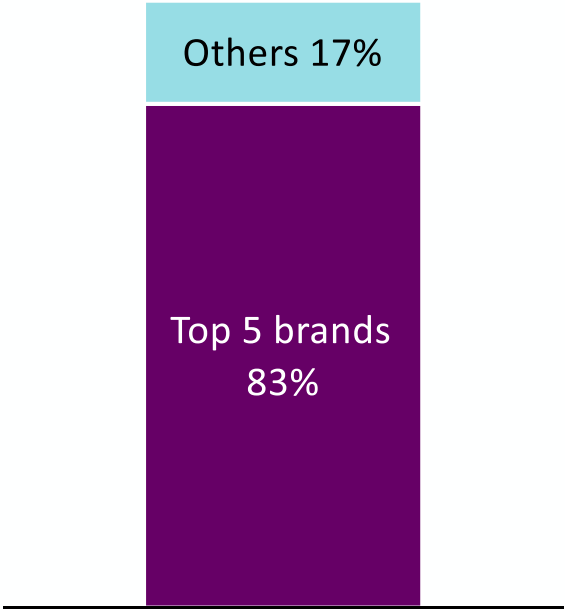
China



Australia



US

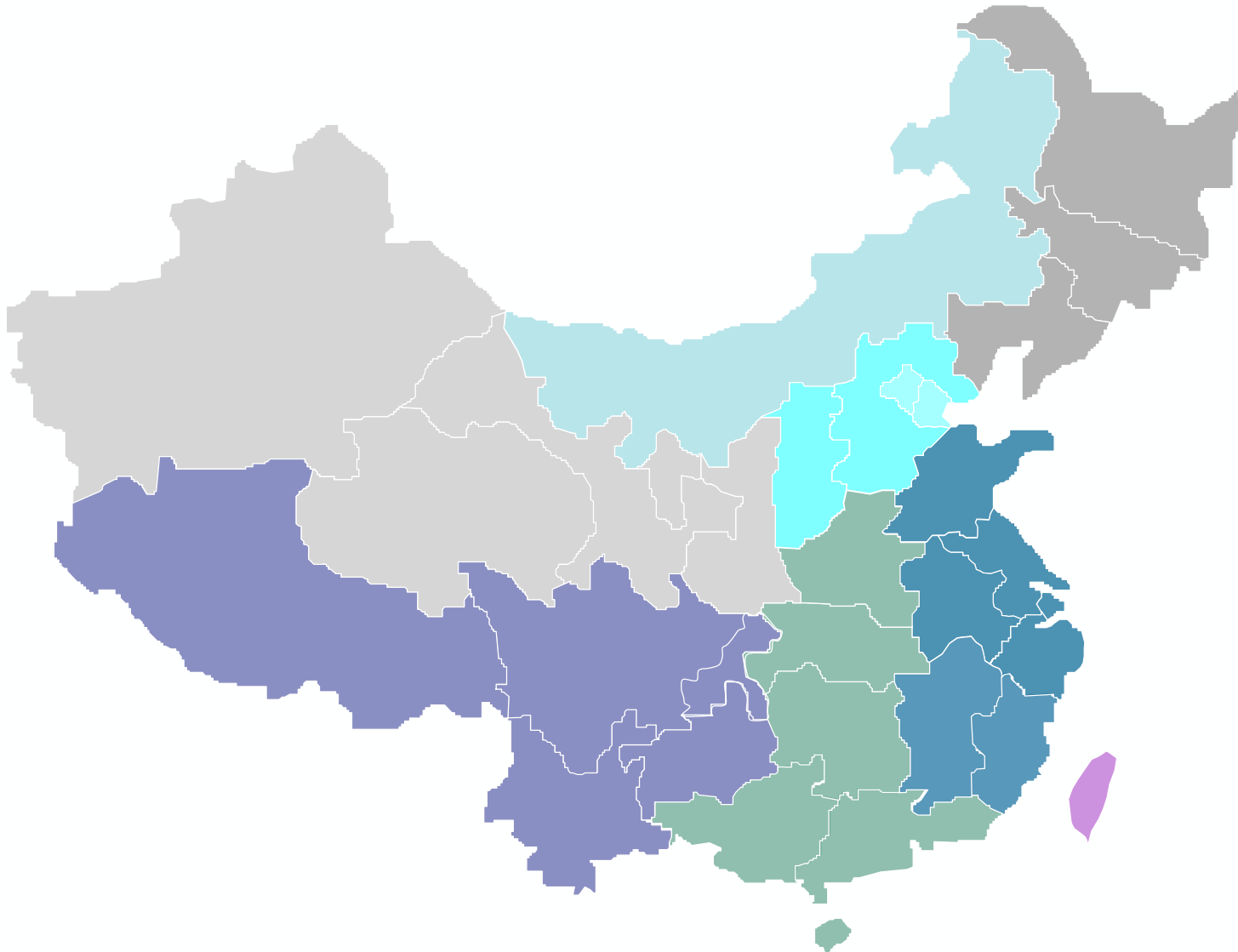


Source: China: Kantarworld panel, 12 months ending July 2019; Australia: IRI 12 months ending Aug 2019; USA: non-WIC IMF IRI Mulo 12 months ending August 2019

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China is a big and complex consumer market with strong regional influences...



...and distinctive city tier dynamics

Tier 1 cities

4 cities covering ~75m people



Wealthy

\$17K GDP per capita

Urbanised

86% consumers living in urban area
vs. **60%** nationwide

Connected

1.4 smart mobile devices per person
vs. **0.95** nationwide

Educated

80% college-aged population¹ receive higher education vs. **48%** nationwide

Tier 2 cities

30 cities covering ~200m people



Relatively wealthy

\$13K GDP per capita

Fast-growing

7.4% GDP growth (17-18)
vs. **6.6%** nationwide

Service industry driven

Tertiary (service) sector contributes
60% of total GDP vs. **49%** nationwide

Population inflow

4% population growth²
vs. **1%** in Tier 1 cities

Tier 3 cities

150 cities covering ~220m people



Developing

\$10K GDP per capita

Fast-growing

10.0% GDP growth (17-18)
vs. **6.6%** nationwide

Talent shortage

1.25 jobs available per applicant
vs. **0.60** in Key cities

Greater affordability of housing

House price to income ratio is **9**
vs. **24** in Tier 1 cities

Tier 4 cities & below

450 cities/1.6k counties covering ~900m ppl



Underdeveloped

\$6K GDP per capita

Rural

42% consumers living in rural area
vs. **40%** nationwide

Population outflow

Negative 3% population growth²

Less developed retail

MT store # accounts for **5%** as of total FMCG outlets vs. **18%** in Tier 1&2 cities

Note: GDP per capita based on tier cities average, other metrics based on Shanghai, Suzhou, Kunshan, Hai'an as proxy;

¹College-aged defined as 18-22

²Population growth is calculated based on number of primary school students as proxy (2011-2016)

Source: National Bureau of statistics; Kantar; AC Nielsen; China Statics Yearbook

Global macro factors apply across all consumer segments in Greater China



Growing consumer demand for health and wellness products



Growing focus on food safety, naturalness and provenance



Rise of the middle class

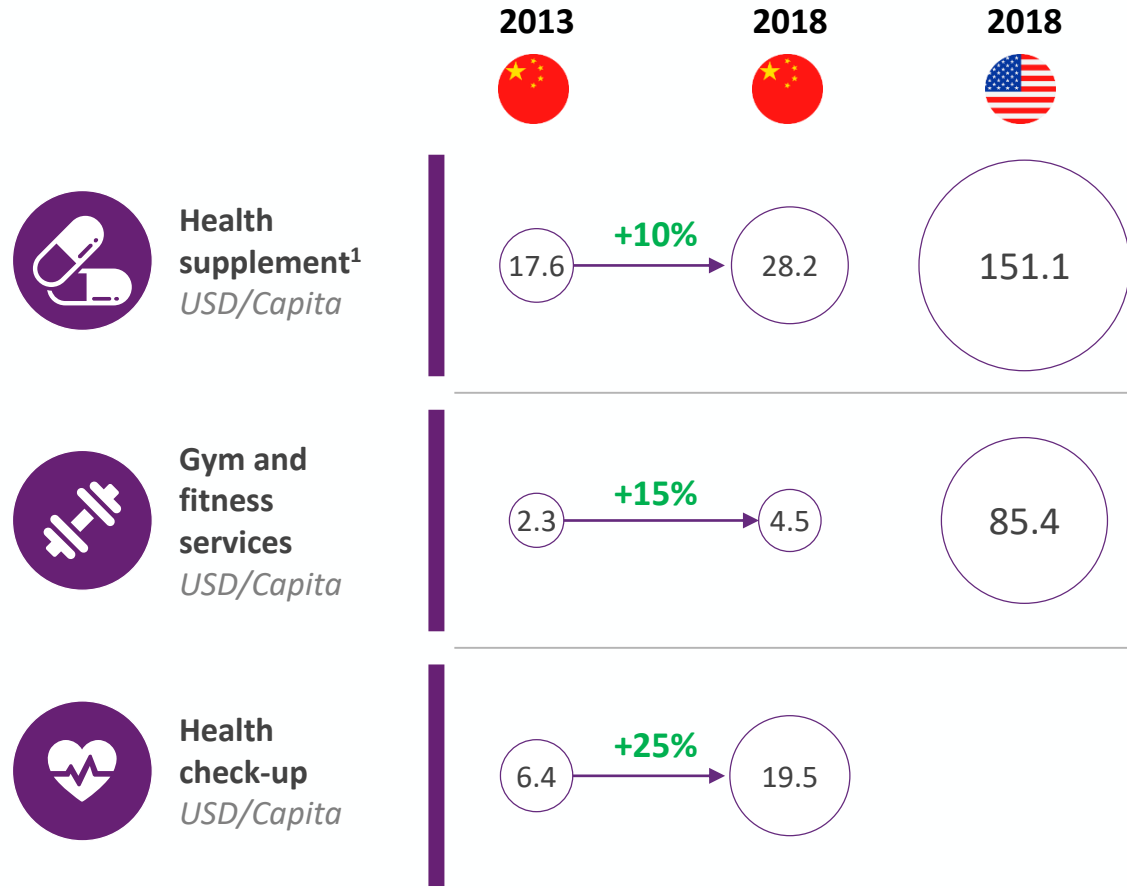


Rapid pace of digitalisation

Chinese consumers have an increased consciousness on health and wellness

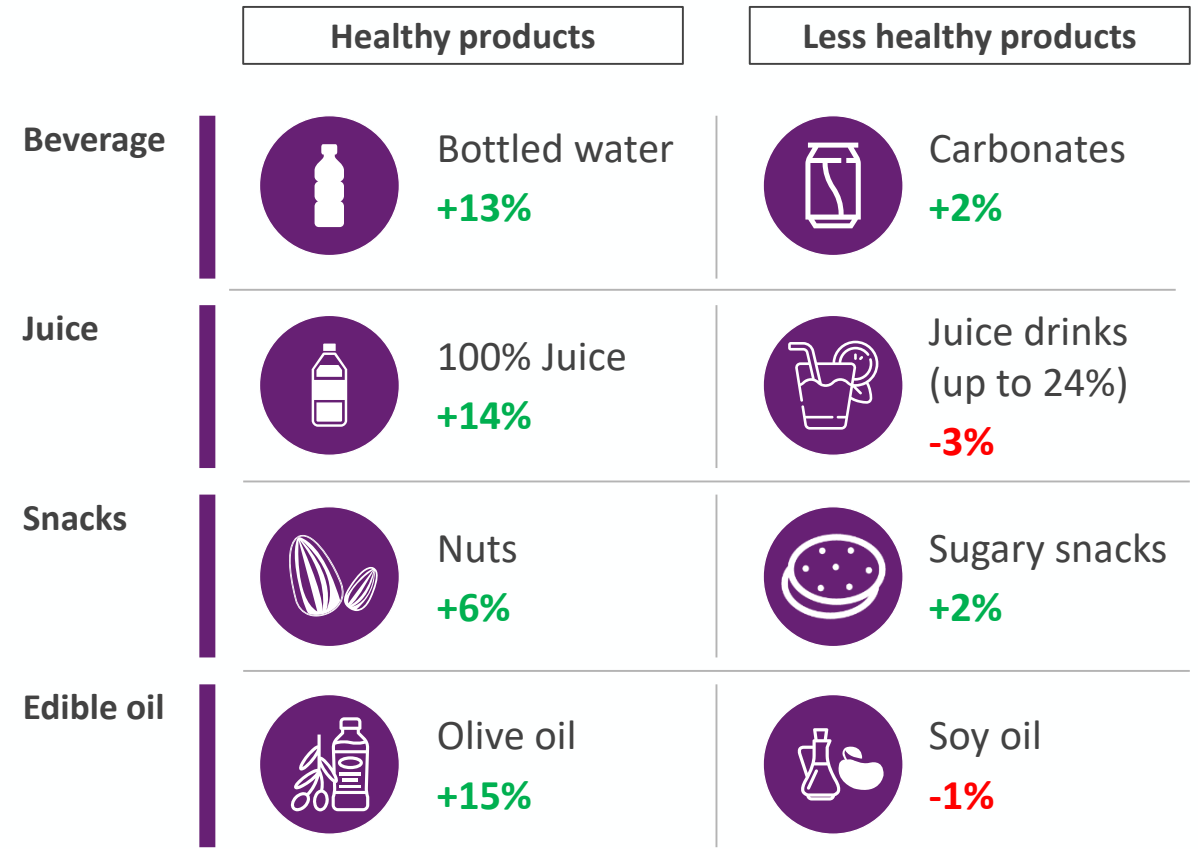
Rapid growth seen in consumer health sector...

MARKET SIZE



...and health-related product categories

2013-2018 CAGR



¹Includes sports nutrition, vitamins and dietary supplements, weight management and wellbeing, herbal/traditional products
Source: Euromonitor; Founder Securities; IHRSA; Frost&Sullivan

The pace of digitalisation is supporting the consumer economy

Mobile internet users largest in the world

Mobile internet users



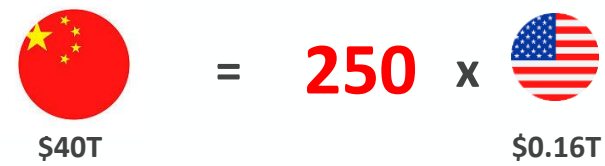
% mobile-only internet users



% mobile payment of internet users

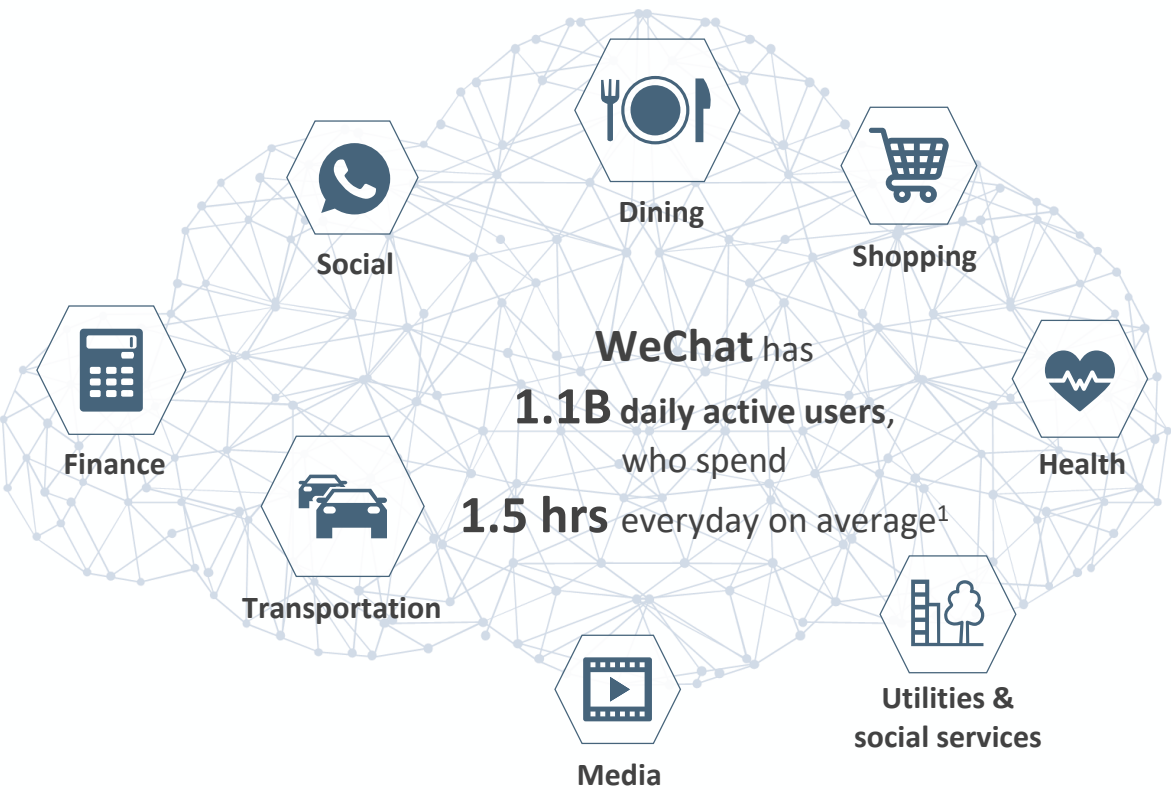


Total mobile transaction value



Digital finds its way into every aspect of people’s daily lives

WeChat example



¹Above 2 hours for urban citizens
Source: Euromonitor; iResearch; TechCrunch; PitchBook; VRVCA; CNNIC; People’s Bank of China; Forrester research

Consumers engaging deeply with content; seamlessly linked into e-commerce

Format

Live streaming

to activate history transaction data
and drive more sales



Alibaba Taobao live stream:
generated \$15B GMV in
2018, purchase rate 65%;
60K live streams (adding up
to 150K hours) going on
everyday

Channel

Leveraging social networks

for cheaper and easier new user acquisition



Red Book:
85M MAU; 1B
post exposure
everyday in which
70% are UGC



Content

Co-branding / IP

to reach young consumers with viral buzz



Lining x People's Daily:
Co-branding outfits to
echo 'China Fashion'



Watsons x Netease Music: Makeup products
tailored for specific
genre



Content-first approach encourages consumers to connect with brands on an emotional level, resulting in stronger loyalty, which also drives them to promote brands to their networks

Our research shows five distinct consumer archetypes of mothers in China

- Our market can be characterised into **five consumer archetypes** defined by behavioural factors
- Most important attributes for a significant proportion of mums were linked to our brand proposition, hence we have **broad appeal across multiple archetypes**, but there are some different nuances in appeal for each consumer archetype that is guiding communication and channel strategy
- Each archetype has a mix of China and international label consumers
- We are focusing our choices with respect to brand positioning and targeted consumers to ensure we **invest where we can drive the biggest uplift**
- Our target consumers shop across all channels, and there is strong **strategic rationale to be across all channels** in some form over time
- **We are building one brand with three labels in infant nutrition – China label, ANZ label and HK label (launching in 2H20)**



Data and analytics allow us to stay ahead of evolving consumer behaviour



Consumer insights mining and brand development

- Regular, proprietary brand and consumer archetype tracking
- Deep usage & attitude, ethnography, qualitative and quantitative methods



Brand health and consumption tracking

- Proprietary, internal methodology developed to form the best possible view of category size, dynamics and brand performance
- Regular bespoke brand health tracking across multiple regions



Marketing mix effectiveness

- Market mix modelling to better understand short (and medium) term demand drivers across the sales and marketing mix levers
- Trialling data partnerships with key digital platforms

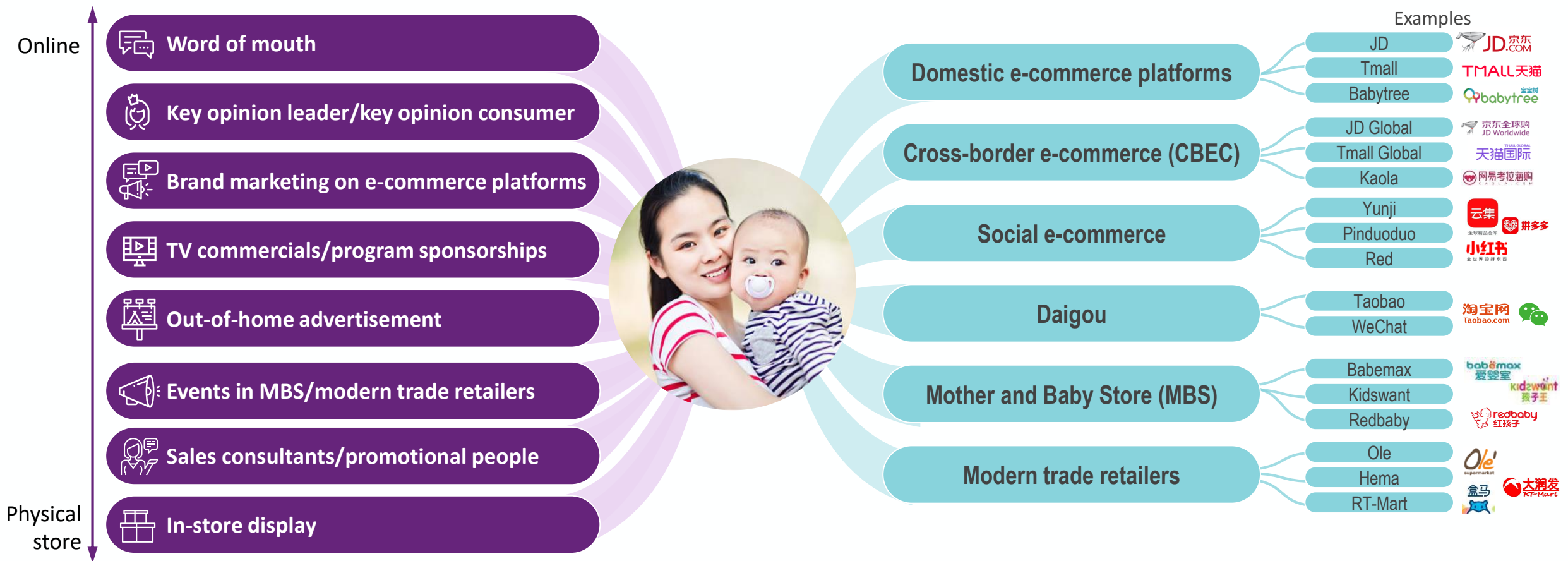
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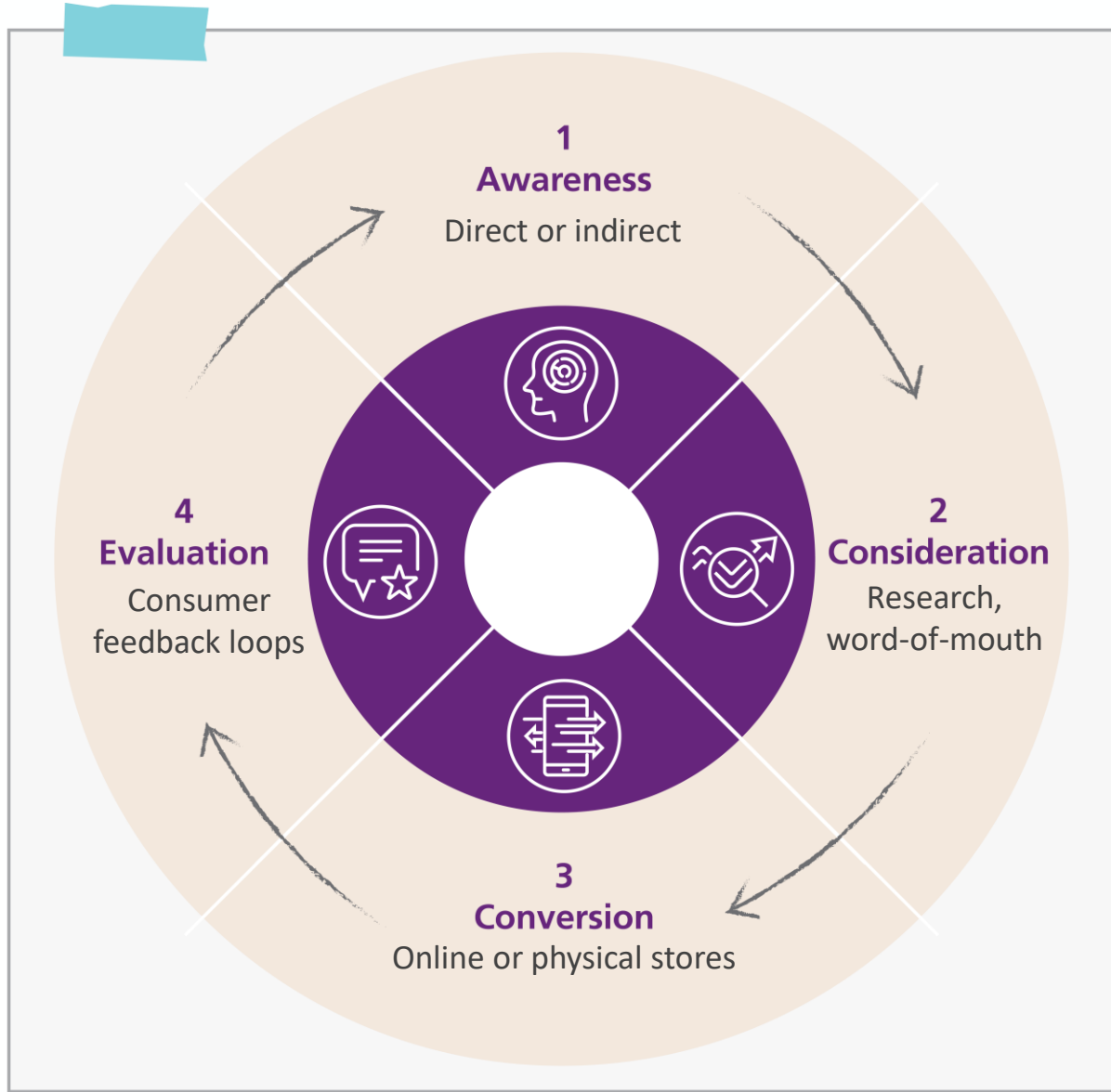
Consumers engage with multiple and diverse information sources and channels

Sources of information

Purchase channels



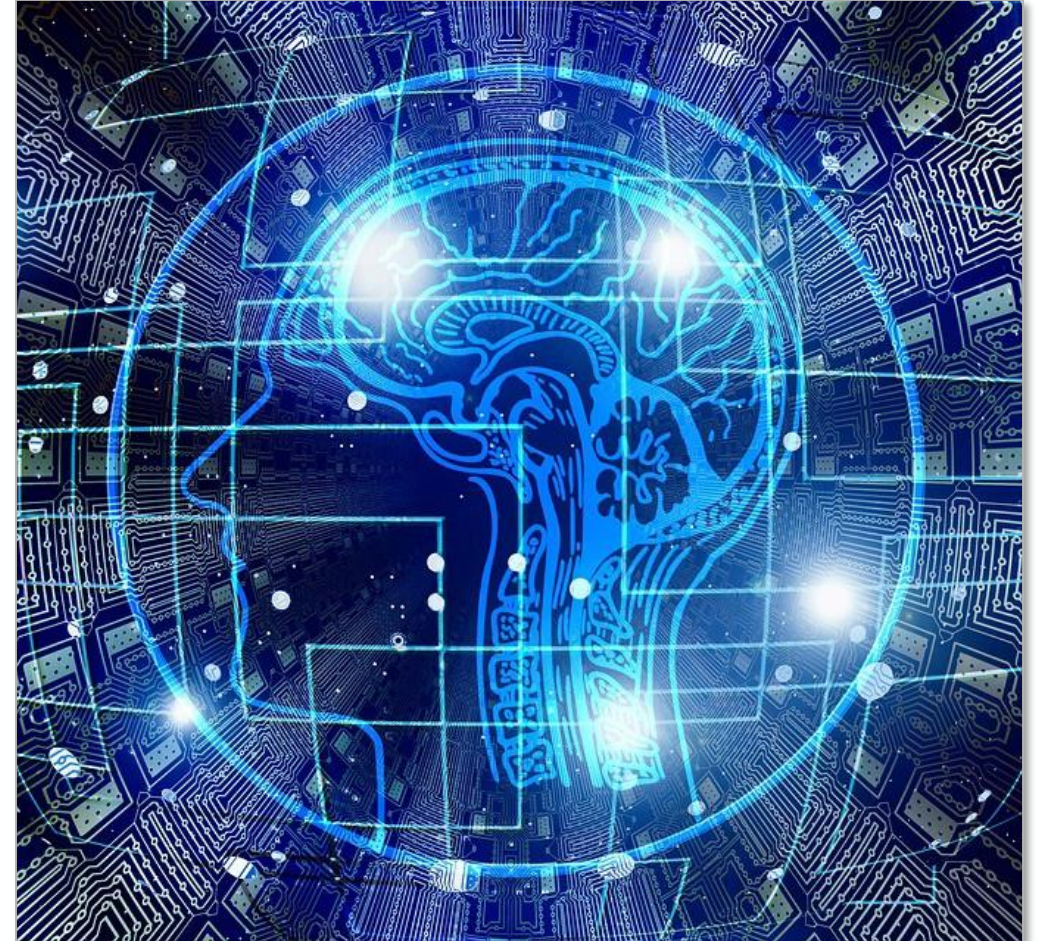
Our marketing investment is focused on building awareness and conversion



- Different marketing approaches are tailored to distinct steps in the consumer's path to purchase
- Primary focus is driving growth in brand awareness – given our relatively high loyalty this is shown to deliver ROI over time
- This is supported with activations in-store and online to drive conversion to trial

Data infrastructure and consumer insights provides confidence to invest

- We are building our investment profile from the bottom up, rather than a specific top down target
- We are testing, monitoring and iterating our approach to building brand awareness (directly and indirectly) by using our data tools
- Our proprietary dashboards monitor the effectiveness of each trial and campaign – triangulating multiple data sources and applying benchmarks to enable continuous learning loops



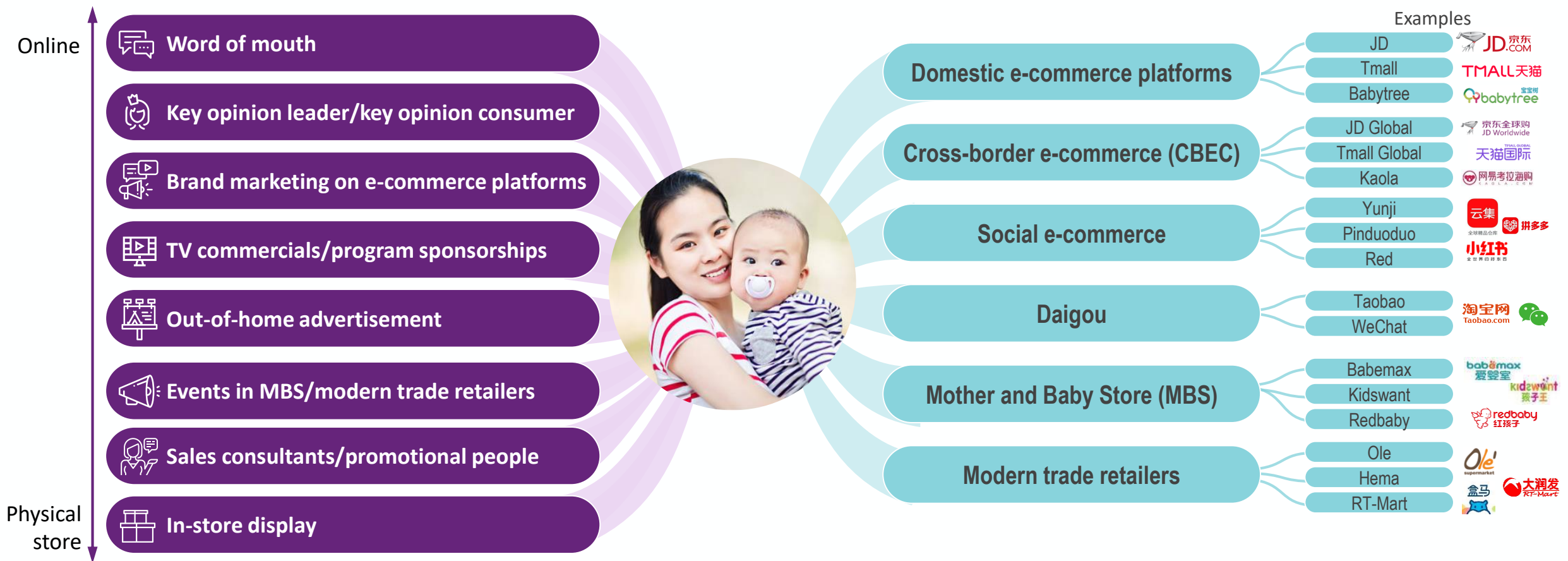
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Consumers engage with multiple and diverse information sources and channels

Sources of information

Purchase channels



In the China IMF market, majority of sales occur in physical stores

IMF value sales by channel



MAT to Jun-19

Anticipated channel growth trends

- **MBS drives continued strong growth in offline channels**
 - MBS will remain an important information source, support network and part of mothers' daily lives
 - Curated selection of brands means MBS is differentially benefited by premiumisation trend
 - As chained stores grow share, quality of in-store experience drives further consumer engagement
- **Convenience and continued consumer demand for international-labelled products supports growth in online channels**
 - A significant number of consumers prefer to buy international-labelled products – growth in this segment drives growth online
 - Online “reach” and delivery networks mean consumers in lower tier cities can access brands not ranged in local MBS
 - Shift to “convenience” shopping supports growth in online IMF sales

China has the biggest, most dynamic retail landscape in the world



Online

a virtual community, providing “one click”
access to a wide range from
around the globe



Physical retail

a curated range of products combined
with experiential elements, designed
for family fun



Convergence

is evolving channels into ecosystems
and the online and offline shopping
experience is becoming more
seamless and harmonized

Key channel trends and insights



Online

a virtual community, providing “one click”
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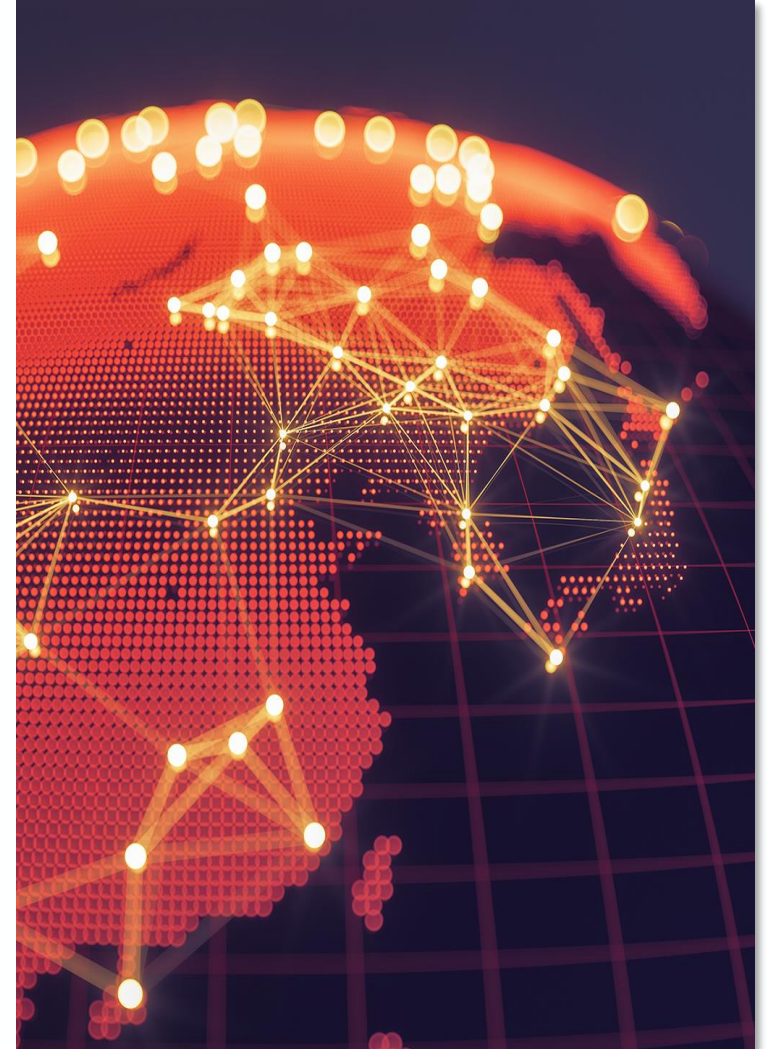


Convergence

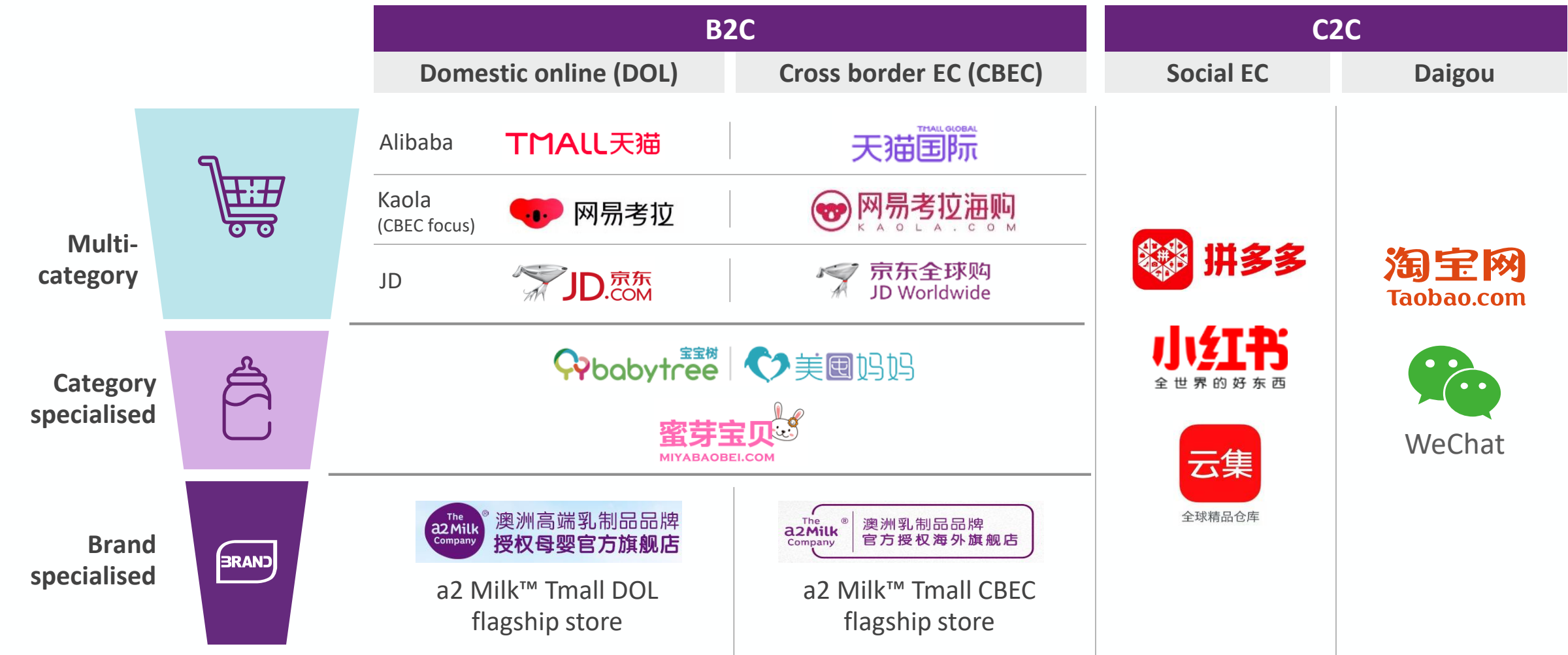
is evolving channels into ecosystems
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Macro factors enable China to be at the forefront of the digital revolution

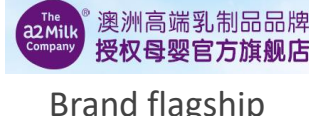
- China has the largest, most digitally savvy population in the world
- Digitalisation is everywhere – there is more innovation, occurring at a faster pace, than in any other market
- Big online players have evolved beyond e-commerce platforms – they are now “do-it-all” unicorns, including expanding out of online and into offline channels
- Combination of consumer demand, innovation, competition and investment means Greater China is well placed to further widen its digital leadership



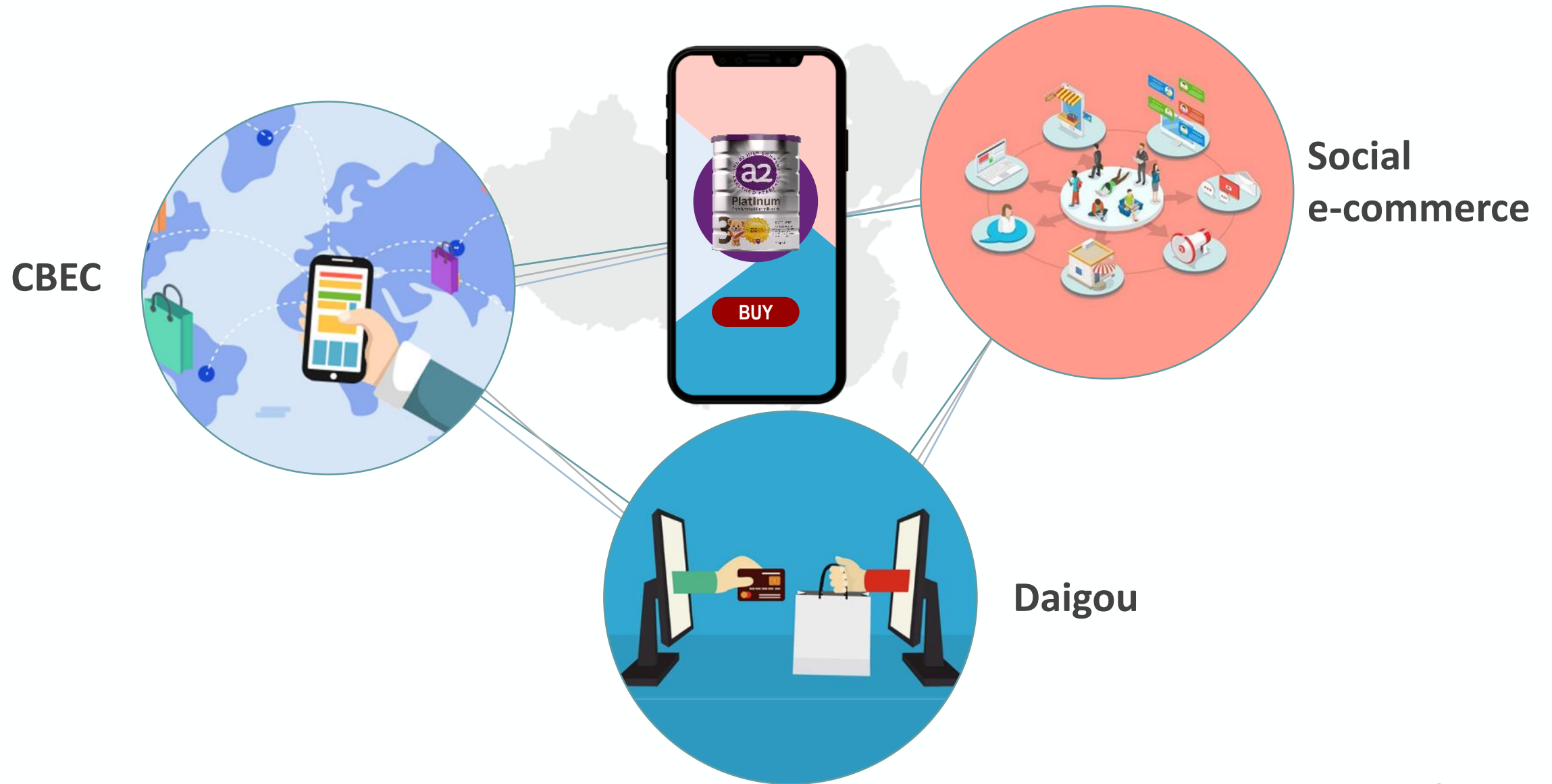
China's e-commerce landscape is becoming more and more diverse



Summary of key e-commerce platforms

B2C				C2C	
Multi-category		Vertical platform	Brand specialised	Social EC	Daigou
 Alibaba Tmall	 Kaola	 JD	 Babytree/Miya	 Brand flagship (Tmall)	 Taobao/WeChat
Top volume contributor DOL and CBEC channels co-exist Frequent platform-wide promotions	Full-category platform specialised in CBEC Quality guaranteed with brands official authorisation	Proprietary logistics – 90% of orders delivered same or next day Top volume player driven by frequent discount Consumers more sensitive to price	One-stop-shop dedicated for the mum-and-baby category Online community for mums to exchange experiences	Supplied and operated by the brands themselves Brand building; 100% control on product and user experience	Content/community oriented platforms, led by Key Opinion Leaders and Key Opinion Customers Pin Duo Duo leverages personal networks to sell products C2C channel for lower price imported goods from overseas Limited visibility by brands Critical channel to build word-of-mouth

CBEC, social e-commerce and daigou are unique to China



Top 5 CBEC platforms account for ~80% of market

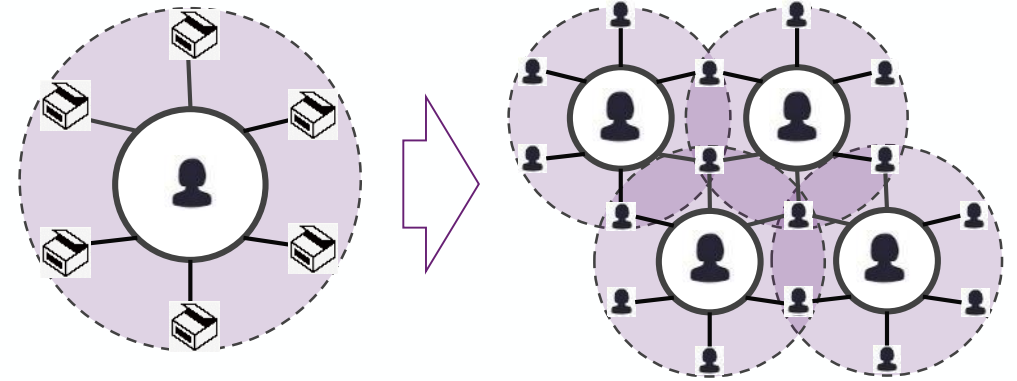
	 Tmall Global	 Kaola	 JD Worldwide	 VIP Global	 Little Red Book
Total CBEC share %	~30%	~25%	~10%	~10%	~5%
Number of bonded warehouses	34	13	17	10	2

Alibaba recently acquired Kaola and plans to integrate it with Tmall, giving Tmall a leading ~55% share of CBEC

Source: Internal analysis

Viral social e-commerce operators are rewriting the ways to reach shoppers

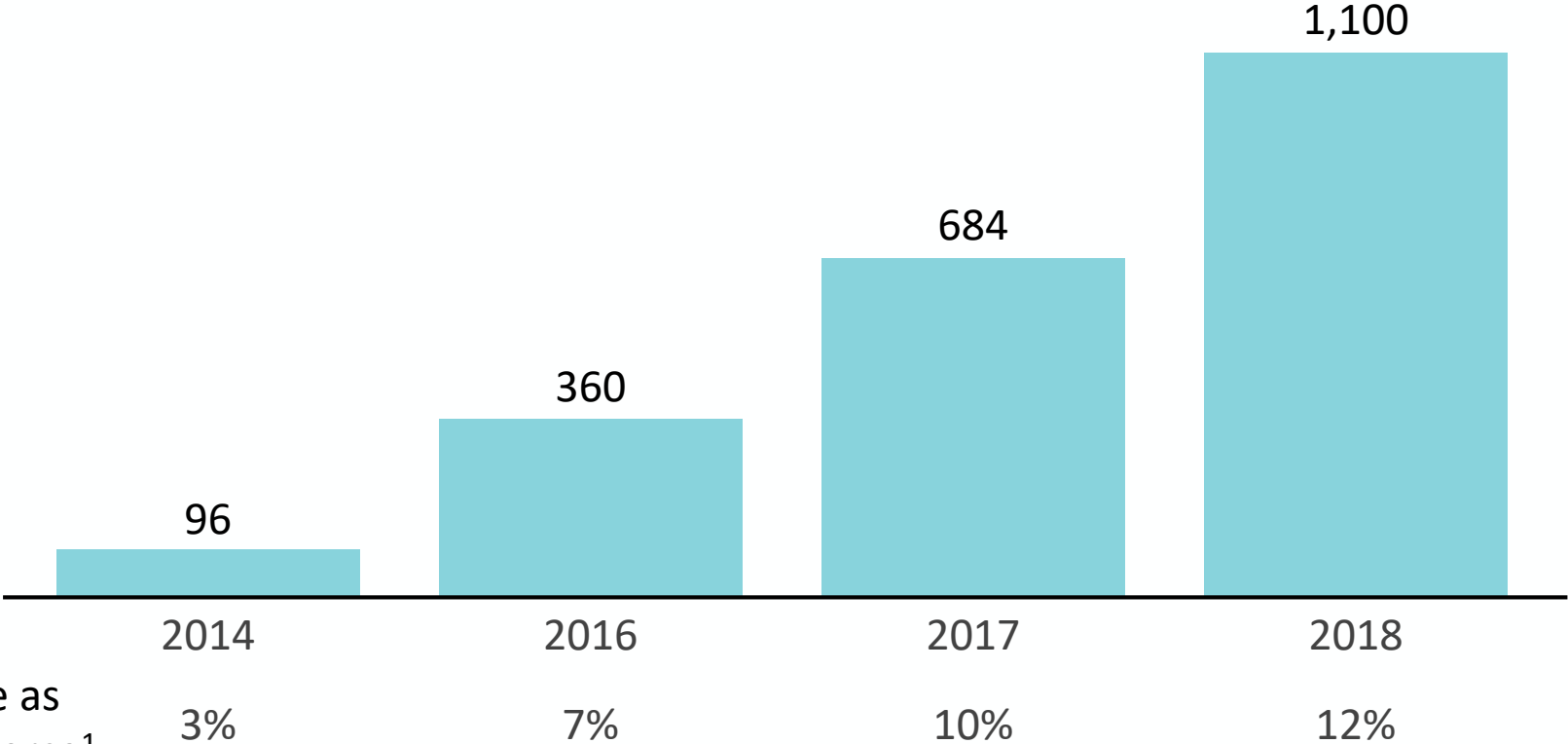
- **Changing the way that brands reach consumers through the use of social networks to drive e-commerce**
 - Between networks via WeChat, Facebook and Instagram
 - Group buying via Pinduoduo
 - Peer recommendation via Yunji, Little Red Book
- **Drives lower tier city penetration given mix of social network users**
- **Increases reach to younger consumers who favour social commerce over traditional e-commerce platforms**
 - Mintel survey (May 2019) revealed 51% of people born after 1990 intend to use social commerce platforms more in the future (vs. 30% for traditional e-commerce)



Social e-commerce is outgrowing overall e-commerce

China social e-commerce market
(B RMB)

CAGR
(14-18)



84%

During this period,
total e-commerce
grew at ~**30% CAGR**

Social e-commerce as
% of total e-commerce¹

Social e-commerce is a subset of e-commerce that involves social media, online media that supports social interaction, and user contributions to assist online buying and selling of products and services
¹Includes general e-commerce and social e-commerce
Source: Internal analysis

Daigou is a key channel for certain consumers and will continue to play an important role in our multichannel approach



Suitcase trade for family and friends



Consumer to consumer businesses



Corporate daigou network

The daigou channel has existed for decades and continues to evolve

Daigou retains its personal nature, but is now a modern sophisticated channel



Evolving role of daigou
within the selling process



Improved logistics and
supply chain capabilities



Enhanced regulatory
compliance

Key channel trends and insights



Online

a virtual community, providing “one click”
access to a wide range from
around the globe



Physical retail

a curated range of products combined
with experiential elements, designed
for family fun



Convergence

is evolving channels into ecosystems
and the online and offline shopping
experience is becoming more
seamless and harmonized

There is a wide variety of physical retail store formats in China

Speciality Mother and Baby Stores (MBS)			Traditional trade
National chain MBS 14 customers, ~4k stores	Regional chain MBS 200 customers, ~8k stores	Independent MBS ~110k stores	Independents
Modern trade			
Hypermarket	Supermarket	Convenience	

MBS is more than a retail store...



One-stop shop for the mother and baby category
with comprehensive collection of products



High engagement model with **1-on-1 professional consultation** and ability to **touch and feel** products



Destination for kids to play and **parents** to learn and feel part of a **wider community**

There is significant variation across the MBS channel

National / regional chain MBS

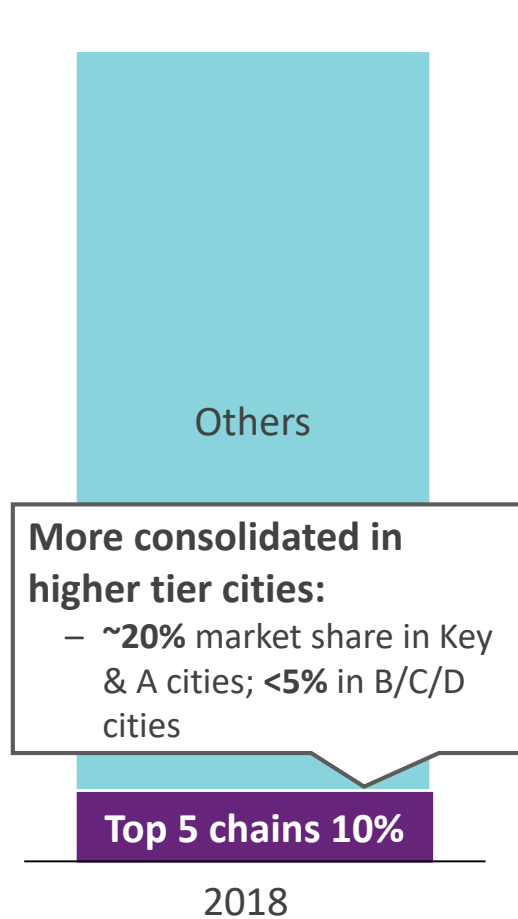


Independent MBS

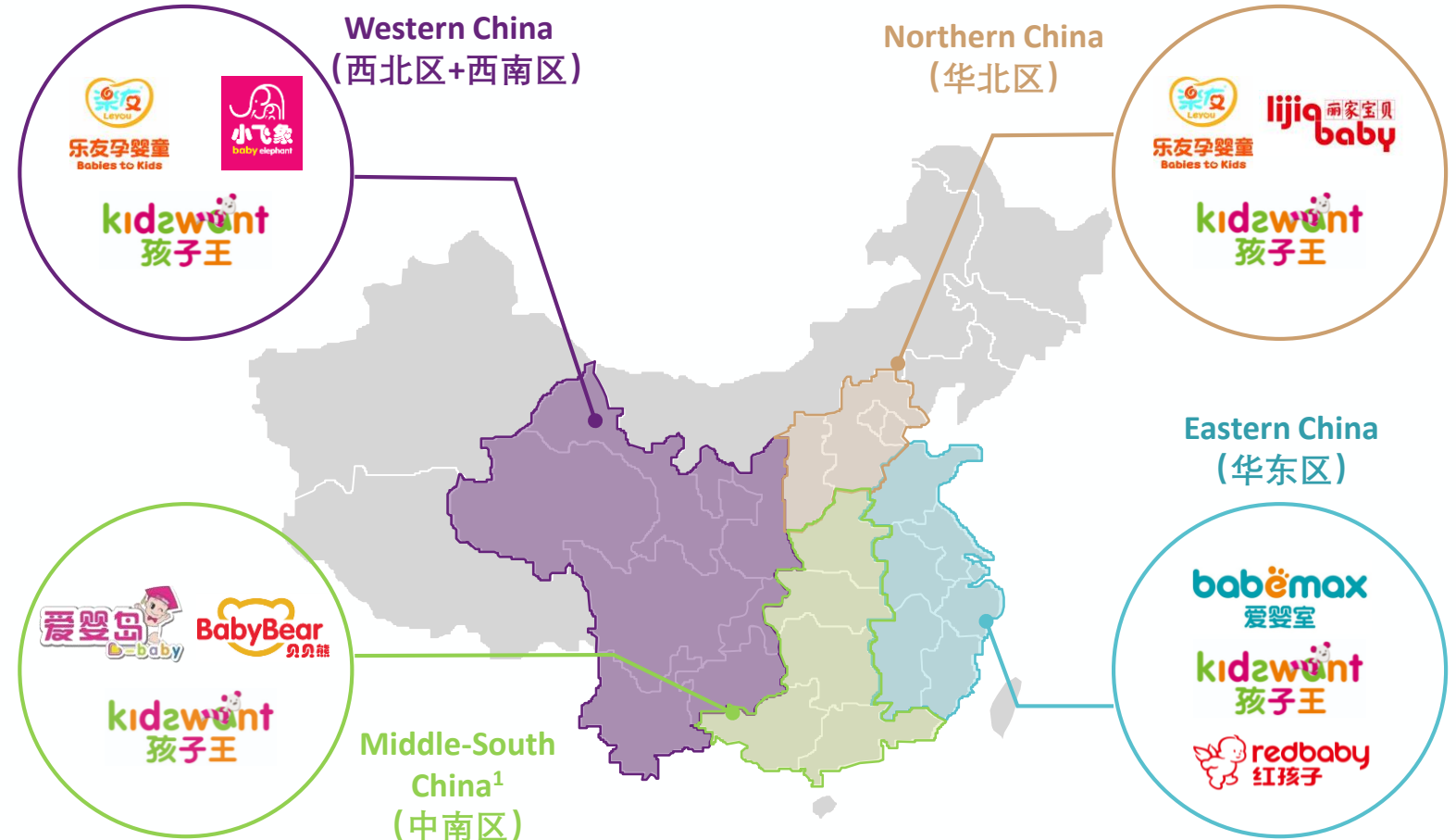


The MBS channel is consolidating; Key&A cities are leading the way

China MBS retail market value



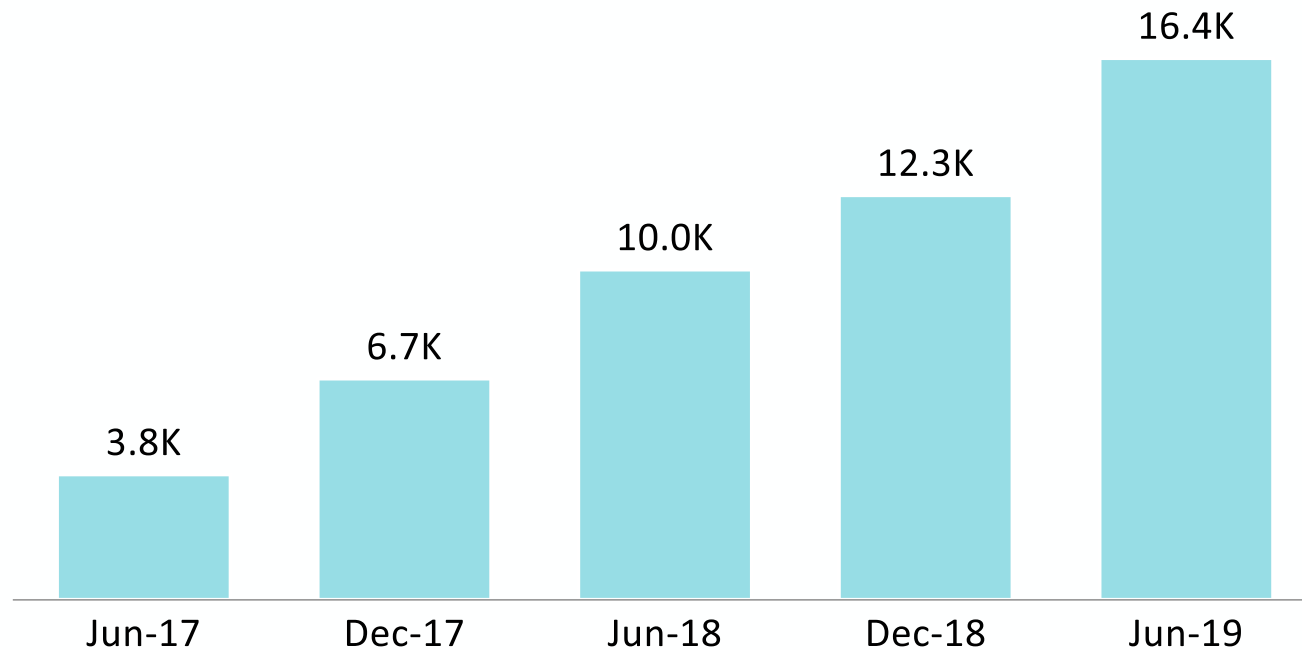
National MBS players lead in different regions



¹Excluding Hong Kong, Macau, and Taiwan; Region definition based on China National Bureau of Statistics; Top 5 players including: Kidswant; Babymax; Baby Bear; Aiyingdao; Leyou; Uses 20 Key & A cities as proxy for Key & A city market share
Source: Babemax prospectus; Official websites; Expert interviews; Internal data and analysis

As we grow our store footprint, we are equally focused on in-store execution

a2MC distribution (number of stores)



Key channel trends and insights



Online

a virtual community, providing “one click” access to a wide range from around the globe



Physical retail

a curated range of products combined with experiential elements, designed for family fun



Convergence

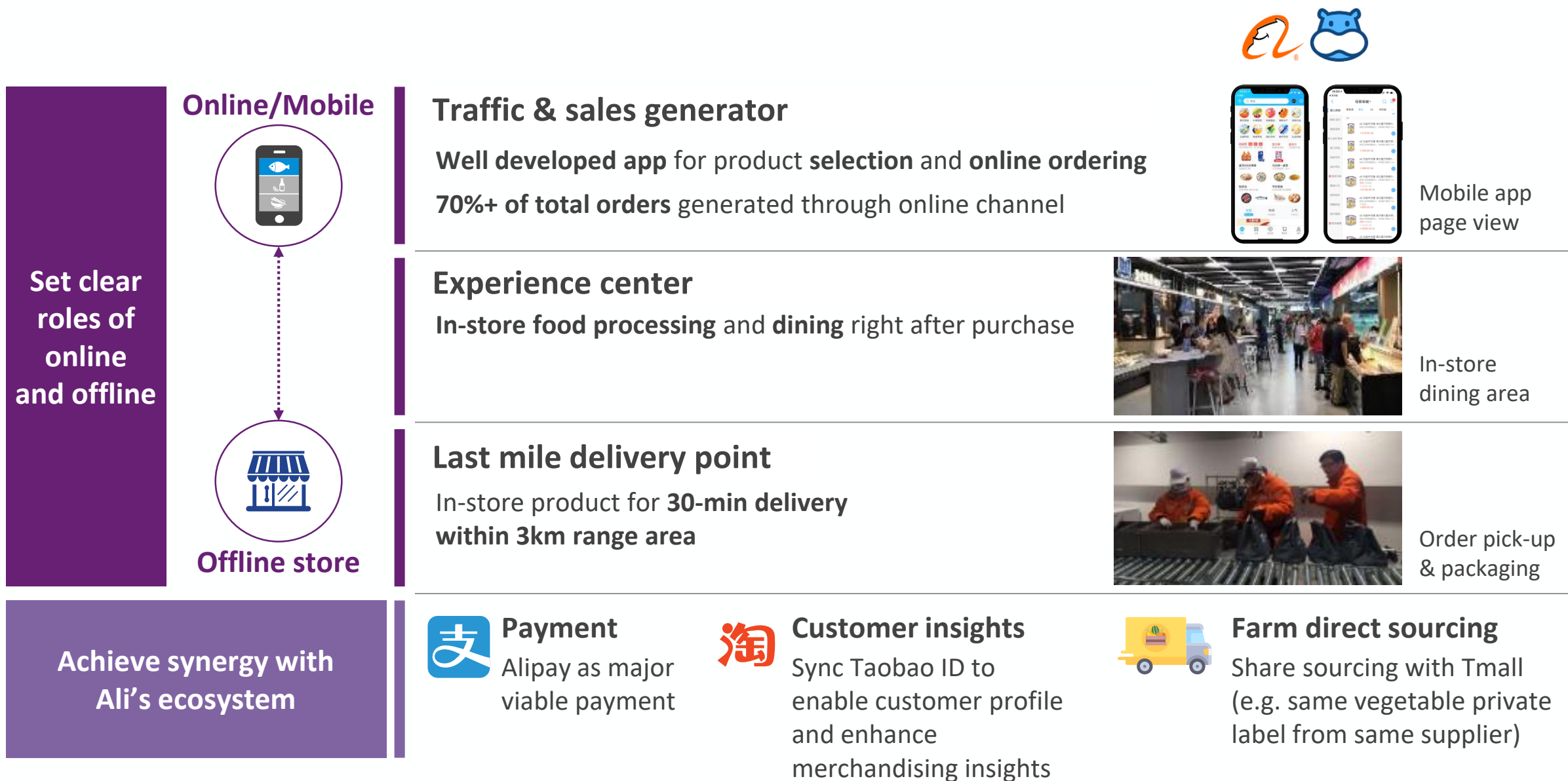
is evolving channels into ecosystems and the online and offline shopping experience is becoming more seamless and harmonized

Pace of retail innovation in China is unprecedented globally

The China retail landscape has evolved rapidly since the 1990s



Alibaba is leading channel convergence with their new offline Hema Fresh stores



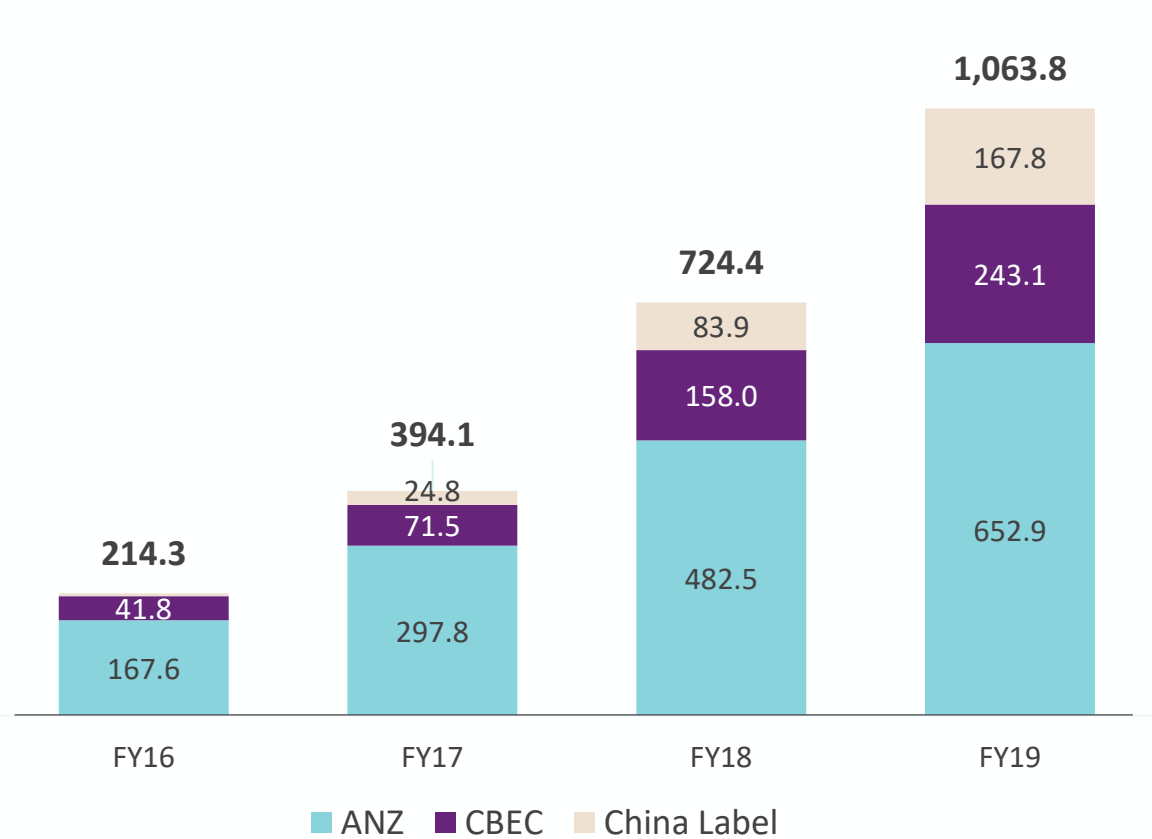
Greater China key messages

- 1 The category dynamics remain positive
- 2 Our business is consumer-led and we have put in place systems to continue to listen, monitor and adapt
- 3 We are stepping up our marketing investment – following intensive learning and data infrastructure development
- 4 We are channel agnostic – able to stay agile and adapt to changing consumer behaviour
- 5 Our growth opportunity remains significant – it will look different to the last 3 years

While growing across all channels, revenue mix is changing and evolving

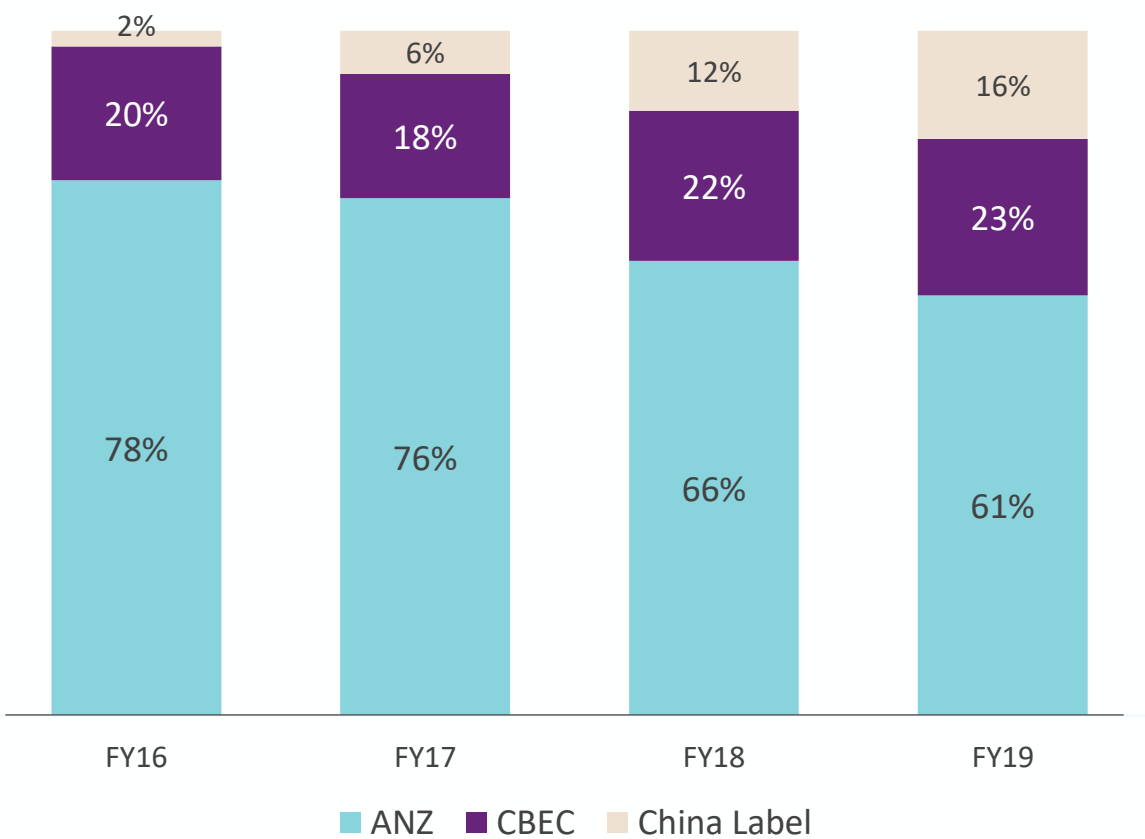
We are growing revenue across all our channels...

a2MC IMF revenue (NZ\$m)



...changing the shape of our business

a2MC IMF % revenue by channel



Significant opportunities to grow within the Greater China infant category...

- **The category dynamics remain positive, despite declining birth rates**
 - Household penetration and usage is increasing with growing household wealth
 - Premiumisation continues as families prioritise investment in their children
 - Brand fragmentation provides an opportunity for brands with a proposition that resonates with consumers
- **Our business is consumer-led and we have put in place systems to continue to listen, monitor and adapt**
 - The macro factors that have supported our growth in other markets are just as relevant in China
 - We have a deep, proprietary understanding of our consumers which is sharpening our brand proposition and business model
 - We have invested in data and analytics to ensure we stay ahead of evolving consumer behaviour
- **We are stepping up our marketing investment – following intensive learning and data infrastructure development**
 - The diversity of information channels that consumers engage with along the path to purchase require us to step up our marketing investment
 - Primary focus is growing brand awareness – our relatively high loyalty gives us confidence in the ROI of increasing awareness and driving trial
 - We are committed to testing, monitoring and iterating our approach to building brand awareness
 - Our brand awareness has risen several points over the last 12 months
- **We are channel agnostic – able to stay agile and adapt to changing consumer behaviour**
 - The pace of change in the China retail landscape is unparalleled; we must continue to be consumer-led and channel agnostic
 - Daigou will continue to grow and be an important channel option for consumers; accordingly, it will continue to be important for a2 Platinum®
 - Other online channels (CBEC, social e-commerce and domestic online) will also continue to collectively grow
 - Beyond driving increased physical distribution, we are also focused on improving our offline execution

...Our broader portfolio of products in China play in very big categories



Pre-birth



Infants and toddlers



Young school children



Families

A close-up portrait of a young woman with voluminous, curly brown hair, smiling warmly at the camera. She is wearing a light-colored, textured knit sweater with thin vertical stripes in orange, purple, and blue. A teal-colored necklace with a small blue teardrop pendant is visible around her neck. The background is a soft-focus outdoor scene, possibly a beach or boardwalk, with other people and structures visible in the distance.

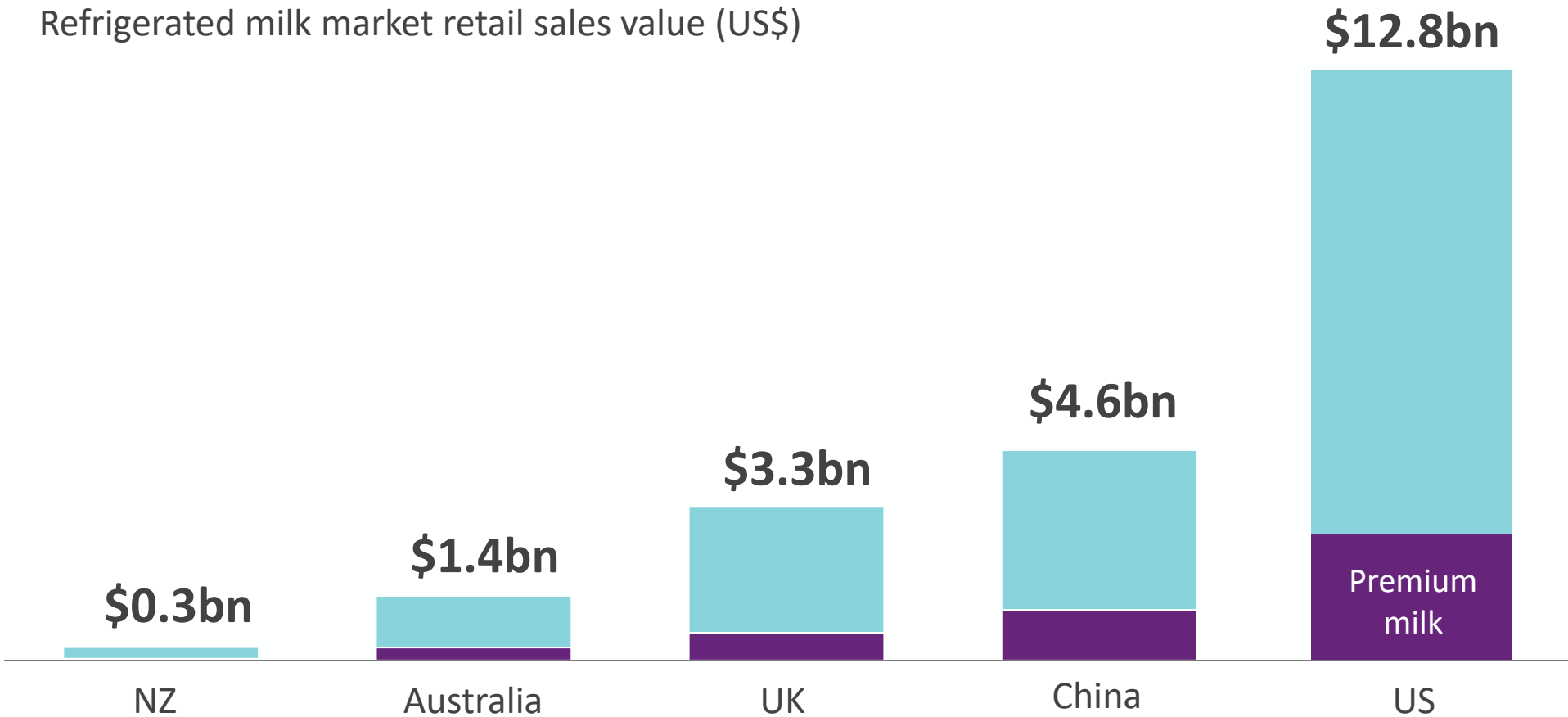
THE US MARKET

Confidence in
the US as a
second growth
engine.

US key messages

- 1 The US milk market is attractive
- 2 The category has distinct features
- 3 We are confident we can build our brand in a meaningful way
- 4 Sustained brand investment and ongoing innovation will be important

The US premium refrigerated milk market is significant...



Source: Euromonitor, World Bank, Kantar, internal analysis

...With significant and attractive potential for The a2 Milk Company



of milk category sales are in **premium segment**



of **annual growth** in premium segment driven by non-organic milk brands



of total grocery spend is on **health and wellness products**



of packaged goods growth is coming from **disruptive brands** at average premium of 3.9X

US key messages

- 1 The US milk market is attractive
- 2 The category has distinct features
- 3 We are confident we can build our brand in a meaningful way
- 4 Sustained brand investment and ongoing innovation will be important

There are three distinct aspects of the US fresh milk market



1

The **premium milk segment is well-established**, with significant consumer choice and several other 'disruptors' chasing growth



2

US consumers have distinctive purchase patterns; most critical is that they are **open to new** brands and comfortably purchase **multiple brands**



3

The grocery **retail landscape is fragmented**; different channels have different roles in the eyes of the consumer – a combination is required to achieve scale

1 The premium segment is well established

Premium milk set at Publix in Atlanta (58 SKUs across 15 brands)



20-25% of category sales are premium

Grocery

23%

Mass

15-25%

Natural

67%

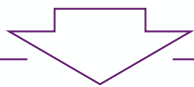
Note: % premium based on 12 months to 14 July 2019; mass is an estimate of Walmart and Target
Source: Store visit to Publix Ponce, April 2019; SPINS

2 US consumers have distinct purchase patterns in fresh milk



Consumers buy in repertoires

- Majority of households purchase more than one milk brand
- Differing needs of household members drives repertoire behavior
- A meaningful number of consumers have purchased a new brand/type of milk in past 6 months



Consumers are open to trial new brands



Decisions are influenced at point of sale

- Majority of new milk decisions are made in store
- Fastest growing brands also provide media support



Stand out on the shelf is important



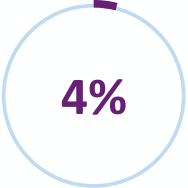
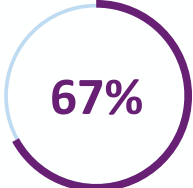
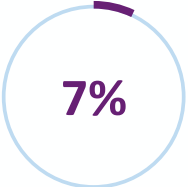
Consumer proposition drives choice

- Organic, lactose-free, plant-based milk categories etc drive choice
 - Fat content, pack size and brands are secondary considerations
- If out of stock, most consumers will switch brands to purchase a substitutable product



We must have the right range to be considered

3 Diverse retail landscape creates distinct experiences for our consumers

	Characterising channel features	Example banners	Est % of total milk by retail channel	Est % of premium milk within each channel
Natural / Premium	- High emphasis on natural, organic products; strategically important Premium store layouts	 		
Big grocery	Multi-banner chains with 1000+ outlets - Includes wide brand assortment and often well-established private label	  		
Mass	Large format stores with both grocery and includes conventional, premium and organic goods	 		
Club	Members-only warehouse style stores with emphasis on bulk purchases Focused range in each category			

Source: % total milk estimated based on SPINS/IRI data for Natural/Premium and Grocery, and reported consumer survey for Mass. And Club; % premium based on SPINS data, Mass is estimated as an average of Walmart and Target, Club is based on BJ's which would be broadly in line with Costco
Premium milk = total organic, lactose free, ultra-filtered milk, and a2 Milk™ brand

US key messages

- 1 The US milk market is attractive
- 2 The category has distinct features
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- 4 Sustained brand investment and ongoing innovation will be important

Our research shows there are six consumer segments across US milk

- Our consumer targets are the largest consumers of premium milk, although they are not exclusively premium milk buyers
- They often purchase multiple “milk” products and enjoy having a “family repertoire”
- Our consumer insights are informing our retail channel focus, communication strategy and new product opportunities
- *a2 Milk™* consumption is adding to consumer repertoire choice
- We are playing for a meaningful position in the premium segment of the market, which will open up other opportunities for the brand



Our confidence continues to increase



Target consumers represent a **significant %** of category



Velocity gains of up to **45%** in established stores



High loyalty rates



Social media engagement is **10x** the nearest competitor



Sales have increased more than **100%** CAGR over the past three years



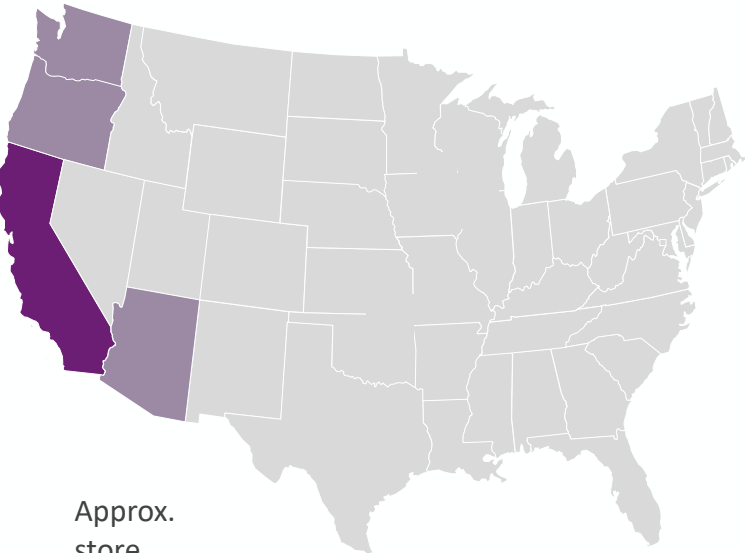
Continued **store expansion** in all major retailers due to positive early performance



The most important objective in the near term is growing brand awareness and converting to trial. This will deliver significant velocity growth and ultimately a scale business in the US.

We are expanding our national footprint

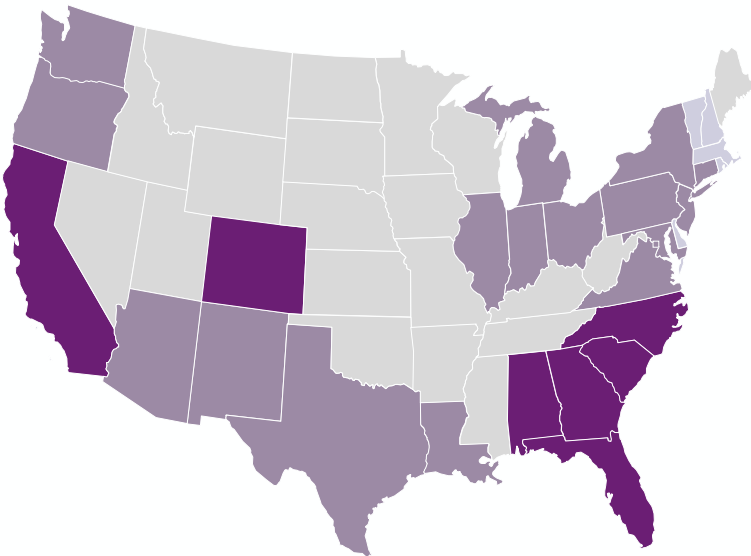
April 2015: Launch in California



Approx.
store
counts

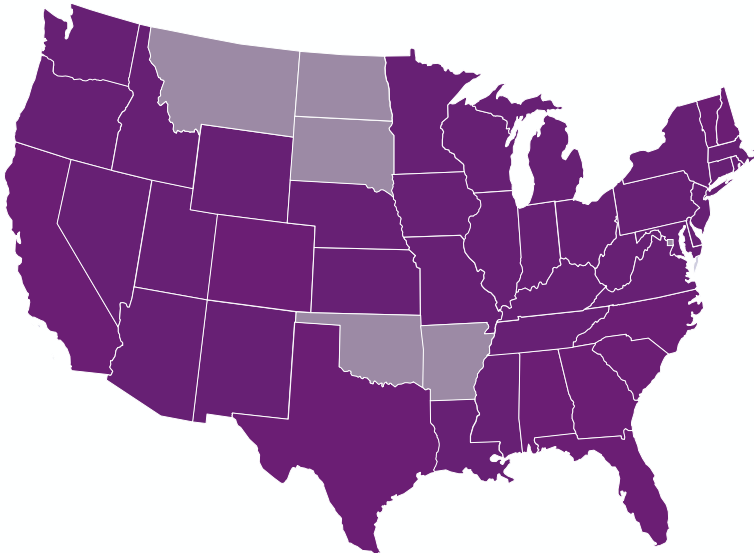
December 2015 > 500 stores

Mar 2017: Southeast launch
Jan 2018: Northeast launch



January 2018 > 5,000 stores

2019: Emerging national footprint



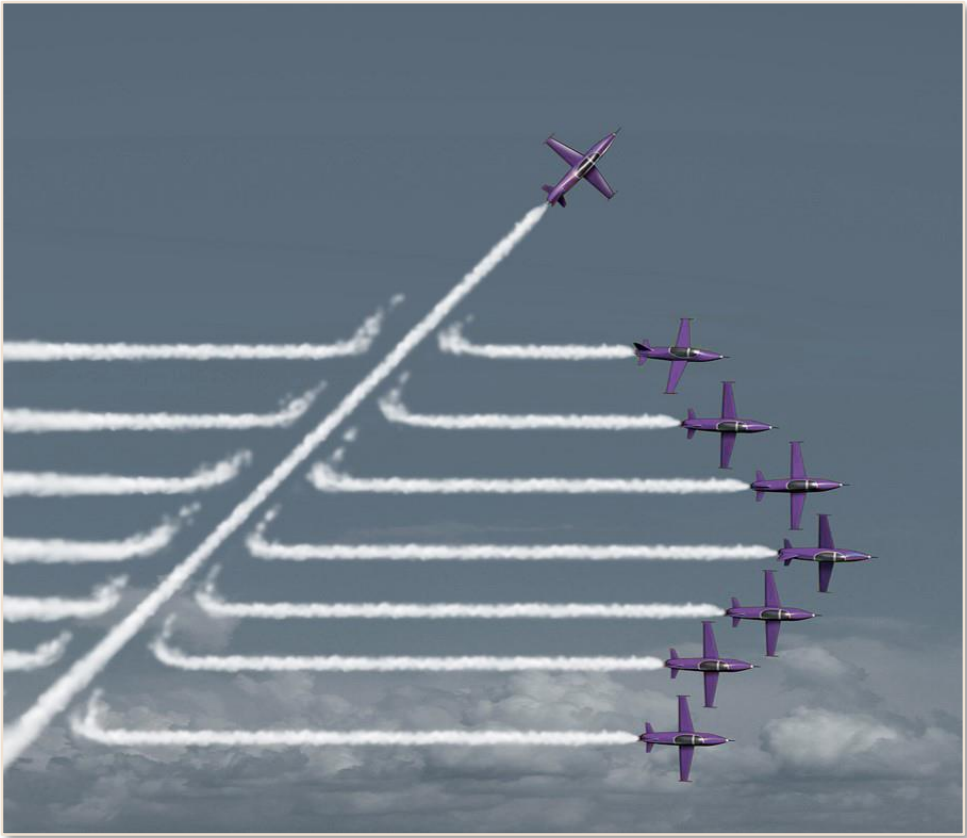
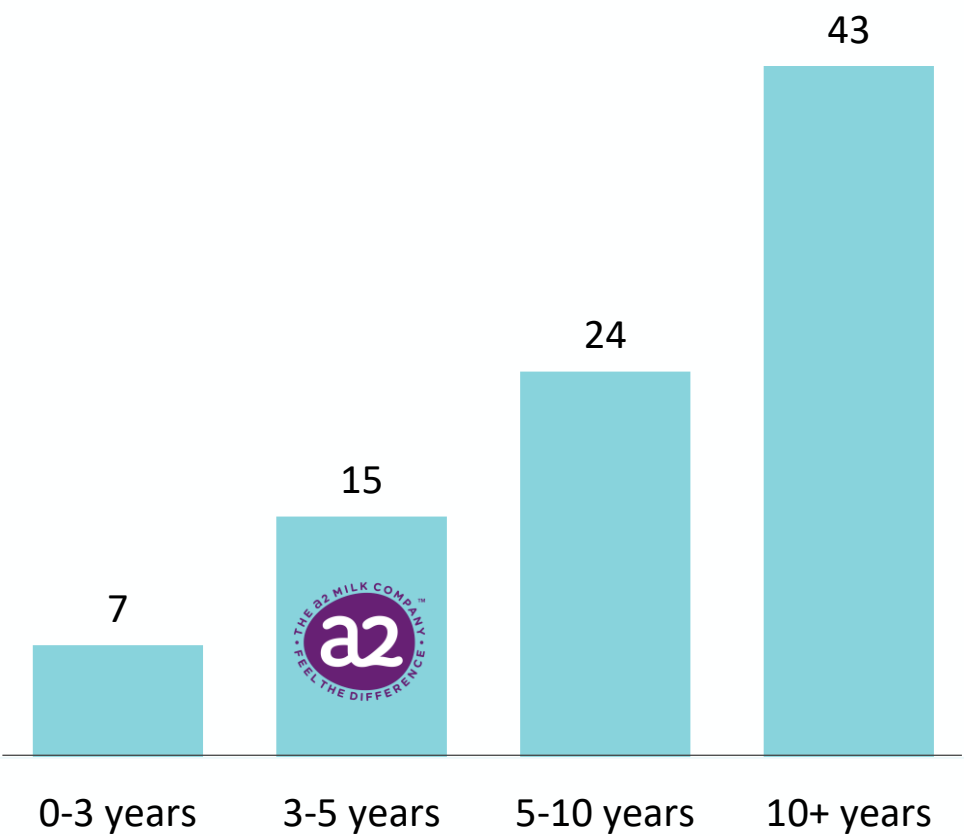
June 2019 > 13,100 stores

Legend

- Broad distribution
- Limited distribution
- No distribution

Our trajectory is in line with top tier ‘disruptive growth’ brands

Number of brands to reach US\$25m revenue by length of time from launch



Note: Revenue data reflects brand within specific category; as a result, a single brand can be included multiple times if playing in multiple categories; Revenue data is from IRI and therefore only reflects revenue in traditional channels Source: IRI; proprietary research analysis

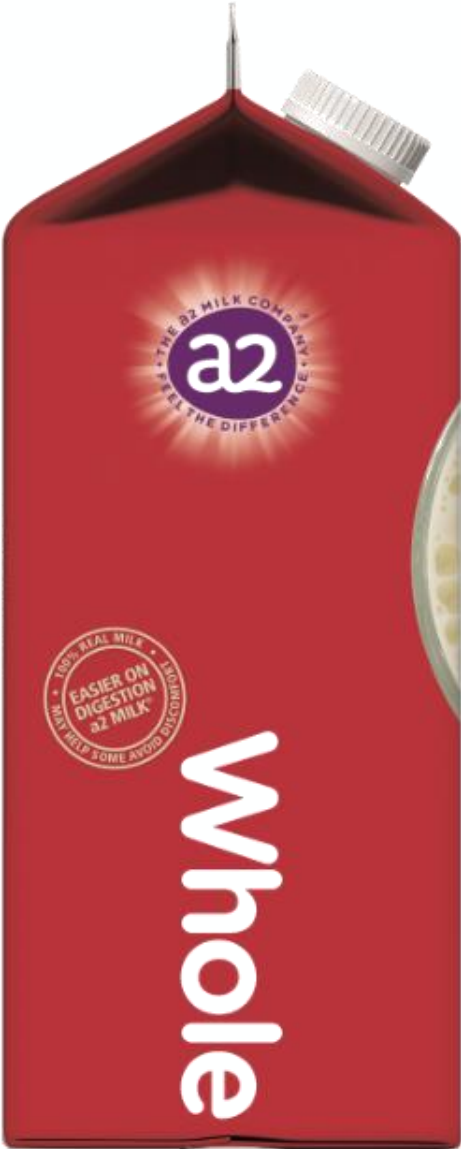
US key messages

- 1 The US milk market is attractive
- 2 The category has distinct features
- 3 We are confident we can build our brand in a meaningful way
- 4 Sustained brand investment and ongoing innovation will be important

We will consistently invest in building strong awareness and brand loyalty



New US packaging design has greater shelf impact...



...and greater modernity



The range now includes coffee creamers



Confidence in the US as a second growth engine

- **The US milk market is attractive**
 - The fresh milk market in the US is significant at \$12.8bn
 - Premium milk segment is well-established at 20-25% of the category
 - Health and wellness is a growing theme in consumer choice
- **The US milk market has distinct features**
 - US consumers enjoy choice, have wider repertoires and are open to new brands
 - Diverse retail landscape creates distinct experiences for our consumers
- **We are confident we can build our brand in a meaningful way**
 - Our brand proposition resonates well with the most important premium consumer archetypes
 - We have high loyalty rates with consumers and are drawing from across a diverse range of product segments
 - Our 3-year revenue CAGR is >100% and our trajectory is in line with top 'disruptive' growth brands in the US
 - We have underlying healthy structural gross margin % and strong retail support
- **Sustained brand investment and ongoing innovation will be important**
 - Upgrading packaging, in-store focus and new communication campaign during FY20
 - From a strengthening core milk range we will expand into adjacent product opportunities
 - Coffee creamers launched in July 2019
 - Other new products to be introduced over time



CLOSE

The consumer
is informing
our way
forward.

The next phase for The a2 Milk Company continues our evolution

- The growth potential is significant – and very energising
- It builds on all that has come before us, but requires stepping up
- We are investing to establish broader consumer reach and greater resilience and capacity as an organisation
- We will measure our success on four critical metrics in each of our markets:
 - Brand awareness, trial and loyalty conversion
 - Share of category consumption
 - Absolute revenue growth
 - Healthy underlying gross margins by product categories

Disclaimer

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