

A young child with blonde hair is looking through a magnifying glass at a glass of milk. The child is wearing a light blue shirt. The background is blurred, showing a white wall and a window. The entire image is framed by a thick purple border with rounded corners.

The a2 Milk CompanyTM

UBS Emerging Companies Series

June 2015

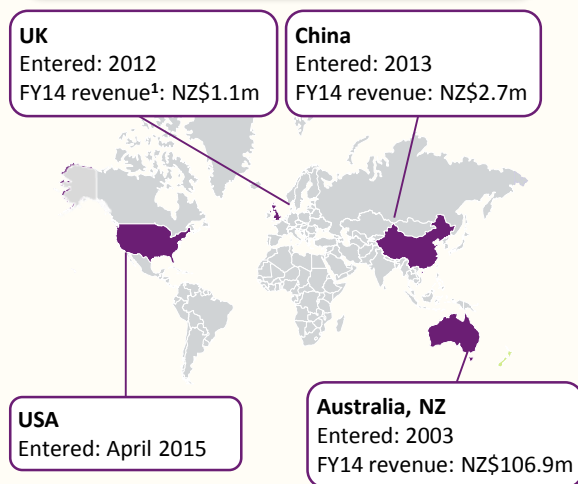
The a2 Milk Company (a2MC) at a glance

- a2MC is in the business of producing, marketing and selling branded dairy and infant formula products in targeted global markets
- a2MC branded products contain only A2 beta-casein protein rather than both A1 protein and A2 protein which are found in regular cows' milk products
- a2MC sees itself as different from many other dairy businesses:
 - 1 Focussed on building a high margin and differentiated business supported by an integrated IP portfolio
 - 2 Seek to achieve upper quartile ROC through investment in brand building and outsourced manufacturing
 - 3 Distinctive products that have broad appeal across a number of developed and emerging markets

Product portfolio



Global presence



Key metrics

Share Price ²	NZ\$0.49
Market Capitalisation ²	NZ\$336.6m
FY14 Sales	NZ\$110.6m
FY14 EBITDA	NZ\$3.6m
Median Analyst Target Share Price ³	NZ\$0.76

¹ FY14 Revenue represents revenue for six month period from 1 Jan 2014 to 30 Jun 2014, following the acquisition of the remaining 50% shareholding in the UK business from Müller Wiseman Dairy

² Price as at 29 May 2015

³ Broker price targets, Thomson Reuters

Brief company history¹

2000

The a2 Milk Company™ is founded by scientist Dr. Corran McLachlan and his business partner Howard Paterson - armed with intellectual property and growing belief of the effect different milk proteins have on human health

2004

Listed on NZX Alternative Market

2007

JV with Freedom Foods formed for the production and marketing of the a2 Milk™ brand in Australia

2008

Consumer and healthcare professional advocacy in Australia accelerates brand growth

2012

Commissioned new milk processing facility in Sydney, Australia

Launch a2 Milk™ into the UK fresh milk market through JV with Robert Wiseman Dairies

Listed on NZX Main Board

2013

a2Platinum™ infant formula is launched in China, Australia and New Zealand

2014

a2MC fully acquires UK JV. New management team and consumer proposition put in place

a2 Milk™ Australia extends into thickened cream and continues to drive market share growth in the fresh milk supermarket category

First human digestion trial published in European Journal of Clinical Nutrition reporting a digestive difference between A1 and A2 protein supporting previous studies

2015

Listed on the ASX

a2MC to launch a2 Milk™ into the California region from mid April via a wholly owned subsidiary



Investment highlights

a2MC is not a conventional dairy company

01

Premium brand and product range supported by an integrated intellectual property portfolio

02

Profitable Australian business has grown rapidly providing a platform for additional growth

03

Differentiated product portfolio has broad appeal across both developed and emerging international markets

04

Flexible and scalable supply chain allows optimisation of return on capital

05

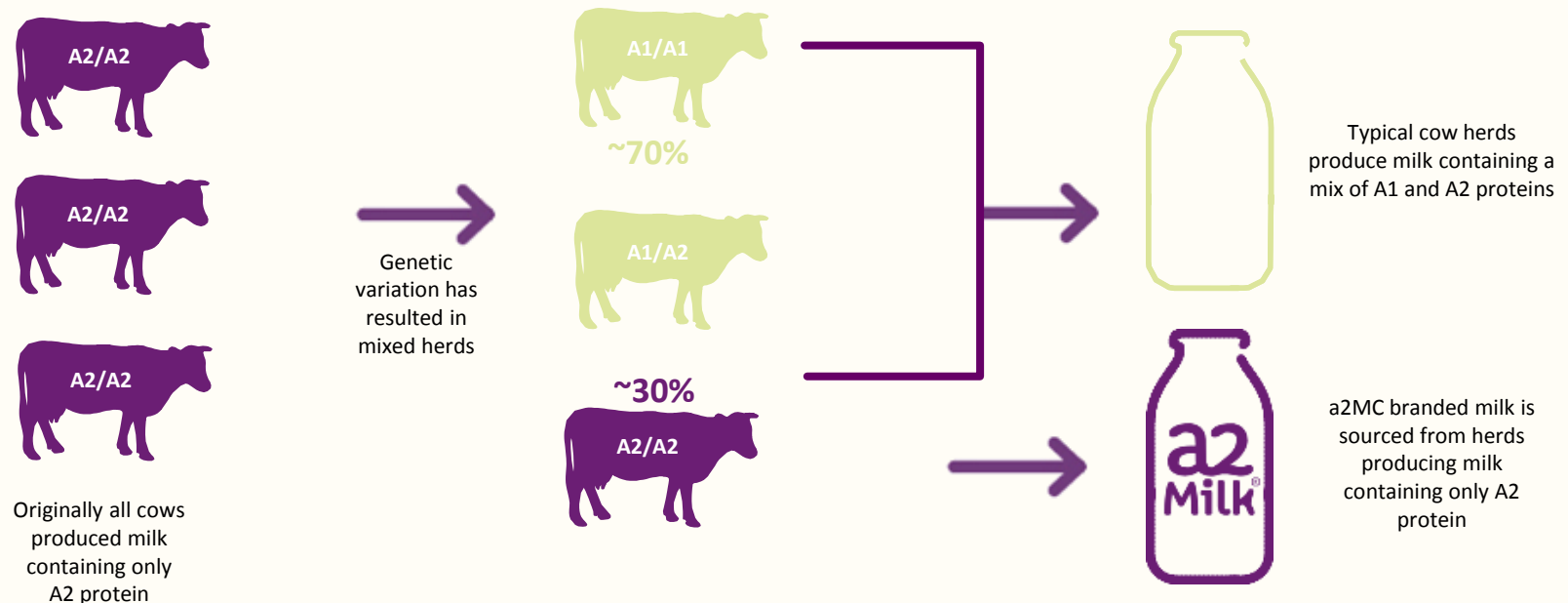
Senior management team with relevant industry and market experience and focus on creating value for shareholders



What is a2 Milk™ branded milk?

- A naturally occurring cows' milk and not a product of genetic engineering or technological processes
- Regular cows' milk contains 2 main types of beta-casein protein: A2 protein and A1 protein. a2MC branded milk contains only the A2 protein. It is comparable to regular cows' milk in other respects
- The variance in structure between A1 and A2 proteins results in these proteins being broken down differently during digestion

Where does a2MC branded milk come from?



The a2 Milk™ brand is focussed on digestive benefits

Positive consumer experiences and developing body of research

- The a2MC brand proposition has evoked a strong response from consumers, in terms of both the health and digestive benefits, in addition to the appeal of taste and freshness
 - Consumers link a2MC branded milk with improved digestive comfort and the reduction of milk sensitivity symptoms
- A growing body of scientific research has demonstrated a structural difference between the A1 and A2 proteins and the way the digestive system breaks them down
 - During digestion, a fragment produced from A1 but not A2 protein has the potential to interact with a range of cells and tissues, including those involved in the digestive and immune functions
- a2MC is bringing consumers back to the enjoyment of dairy

Strong consumer testimonials advocating how the product works for them



"I have been pleasantly surprised. My kids are not complaining of tummy aches any more. They are actually asking for glasses of milk, whereas before they would only ask for water or juice. My son loves the taste. I love the taste."

Adrianna, Australia

"Milk taste is very pure, not over sweet, natural, fresh and lets me feel relieved."

Hannah, China

"Since switching to a2 Milk, I'm able to enjoy dairy again. This has improved my overall wellbeing, and helps me to train everyday."

Robert, Australia

"a2 Milk has truly changed our lives. My son, Noah, has terrible reflux and was constantly ill. It wasn't until I discovered a2 Milk that I realised the cause was the A1 protein. Almost immediately his reflux stopped and he was happy again."

Sara, United Kingdom

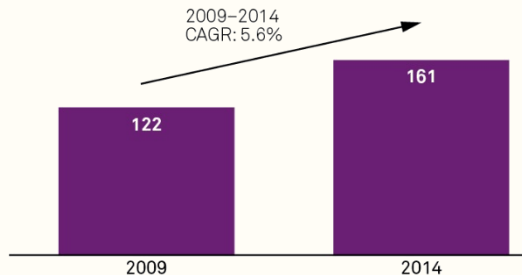


The
a2 Milk
Company

a2MC proposition aligns with growing consumer demand for health and well-being

General health and well-being growth trends¹

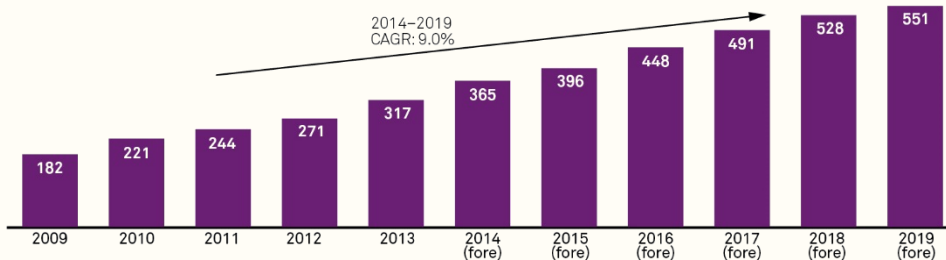
Global health and wellness dairy market (US\$ bn)



- Global consumers are becoming increasingly focussed on their health and well-being leading to significant growth in health and wellness dairy products markets

Growing level of demand for products tailored to food sensitivities¹

Sales of free-from foods in the UK (£ million)



- Sensitivities are an increasing consumer concern and hence strongly influence the purchasing behavior of young families (key a2MC consumer target)

¹a2MC Information Memorandum, February 2015

Targeted and differentiated consumer proposition

Distinctive and premium product portfolio Based around the benefits of A1 protein free products

LIQUID MILK



FRESH MILK
Australia, UK,
China, USA



LONG LIFE MILK
Australia, China

INFANT FORMULA



INFANT FORMULA
Australia,
New Zealand,
China

OTHER DAIRY PRODUCTS



CREAM
Australia



YOGHURT
Australia

a2MC consumer

- a2MC primarily targets consumers who 'don't get on with regular milk' - in Australia, this is approximately 19% of milk drinkers¹
- In doing so, a2MC finds it also attracts health conscience and progressive consumers despite not having issues consuming milk

Differentiated brand communication

- Product portfolio is underpinned by differentiated communication strategy with programs targeting both consumers and health care professionals
- a2MC employs category-distinctive advertising and social media. These focus on highlighting potential benefits to consumers
- Health care professional programs are a key way of introducing a2MC branded products to consumers

¹ EY Sweeney Brand Health Study, August 2014. Sample size 1,379

Integrated portfolio of intellectual property and proprietary know-how

- Developed and continuing to enhance the scope of its integrated intellectual property portfolio
- Portfolio combined with wide geographical coverage means potential competitors have restricted ability to produce and sell competing A1 protein free products, with limitations in major markets around production, communication, branding, positioning and promotion

Brands and trade marks

- Trade mark registrations / applications across ~57 territories¹



The a2 Milk Company™

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True A2™

Feel the Difference™

a2 PLATINUM

Research and Development

- Focus on providing new IP
- Partners with 3rd party research institutions to enhance suite
- Owns confidential information, data and trade secrets associated with production, testing and marketing of products

9 families of patents

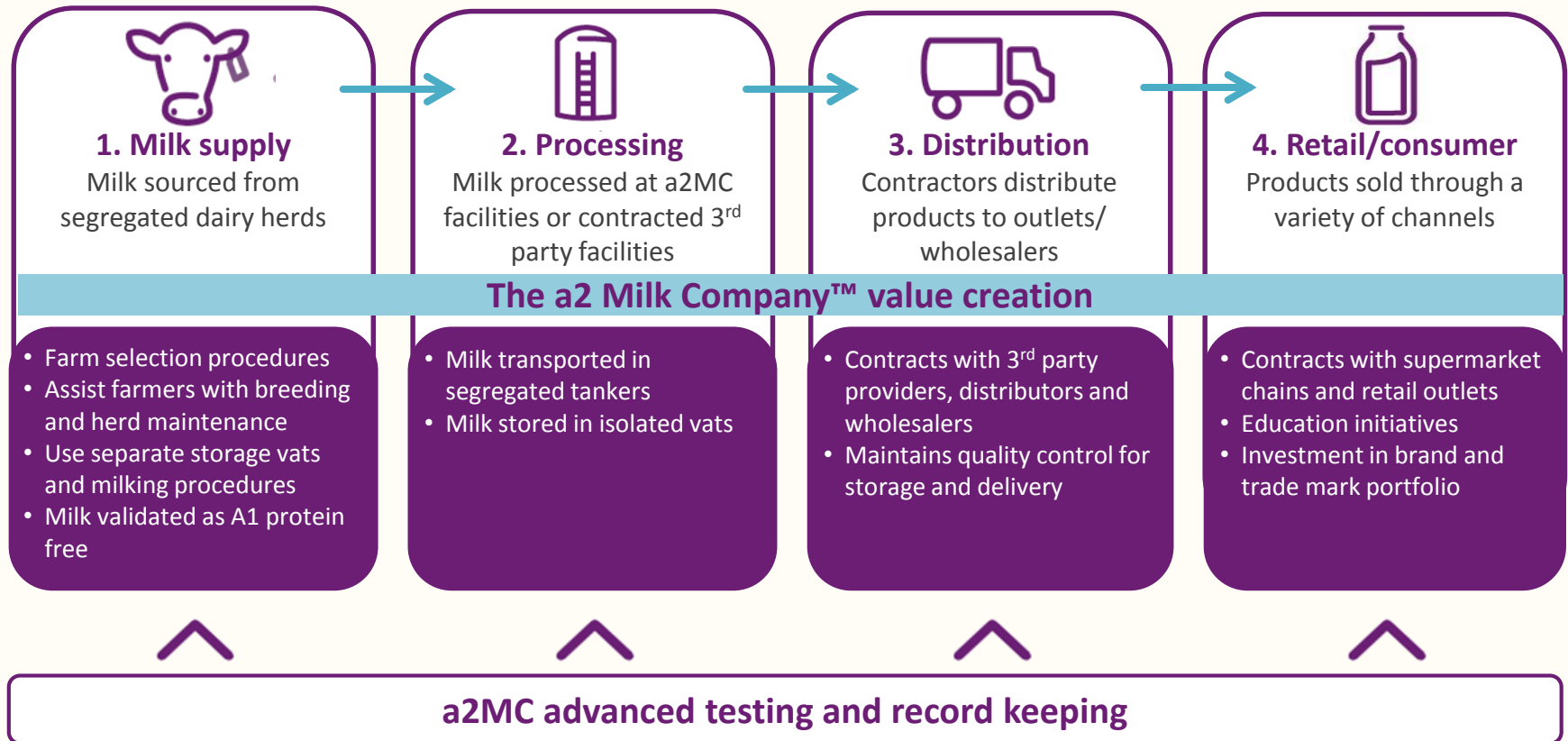
- Rights to 9 families of patents and patent applications
- Portfolio strength derived from interlocking relationships, complexity and geographical spread
- Covers a spectrum of activities including testing, herd formation, beneficial uses and physical properties associated with A1 protein free milk products

The a2 System™

- Proprietary processes and know-how codified in a confidential suite of proprietary documents
- Covers all aspects from milk supply to consumer

¹As at 27 January 2015

Scalable and flexible supply chain



Key features making the supply chain scalable

- Plentiful supply of cows producing A1 protein free milk
- Premium farm gate milk price
- Established and efficient proprietary practices and testing procedures
- Available third party processing capacity
- Control of brand and consumer marketing in “core” markets

Focussed and consistent strategic growth map

STRATEGIC INTENT

Continue to build a substantial premium dairy business in Australia and NZ



1. Australian growth in liquid milk and other dairy products
2. Investigate NZ liquid milk opportunity in advance of Fresha Valley's license expiring in 2017

Capture sustainable shares for premium a2MC branded products in targeted global dairy markets



1. Re-set of UK business
2. USA milk market entry, initially in the West Coast region, April 2015
3. Progress China liquid milk opportunity utilising Australian exports
4. Explore other priority Asian markets

Establish and build a global infant formula business



1. Strengthen the a2 Platinum™ brand presence in China amongst targeted consumer group
2. Capitalise on the Australian business' position and build upon current launch momentum of a2 Platinum™ infant formula
3. Seeking additional market opportunities

Australia and New Zealand

Current position

- Significant branded milk business with a reliable supply chain, strong sales growth and premium pricing
 - Segment revenue grew by 39% in 1H15 vs PCP
- ~9.3% market share¹
- Modern purpose-built processing facility in Sydney and developed distribution network
- Infant formula sales shown strong growth. a2 Platinum™ now ranged in Coles, Woolworths, Independents and Pharmacy

Growth strategy

- Enhance brand strength
- Build core ANZ liquid milk businesses
- Grow a2 Platinum™ infant formula business
- Launch new dairy products
- Build scale and efficiency



¹ By value in the Australian grocery channel of total fresh milk (Australian Grocery Weighted Scan, Dec-2014)

United Kingdom

Current position

- Entered UK market in 2011 through a JV with Robert Wiseman Dairies
- Revised arrangements and business model in calendar 2014
- End-to-end supply chain and a growing distribution network with products being sold in Tesco, Waitrose, Morrisons, Ocado, J Sainsbury and Wholefoods and wholesaler, Marigold
- Plan to invest ~£3.5m to fund growth in the UK market during FY15

Growth strategy

- Build targeted premium brand
- Reposition existing fresh milk business
- Build distribution
- Expand product portfolio



USA entry plan underway

- Entry concentrated initially in West Coast region from April 2015, prior to extending distribution into further state markets
 - Progressive launch commenced from Southern California in April with distribution planned to build to ~70% of grocery weighted distribution by end of July 2015 in this region
- Other significant progress in market
 - Appointment of high calibre local CEO, Jeff O'Neill, former PepsiCo / Quaker Foods senior executive
 - Core USA based team recruited to manage sales, marketing, logistics, administration
 - Administration office based in Boulder Colorado
 - Product format in ½ gallon carton, consistent with specialty milk category
 - Quality partner contracted to manage milk supply and processing
- Initial investment of ~US\$20m over 3 years to fund entry and working capital requirements



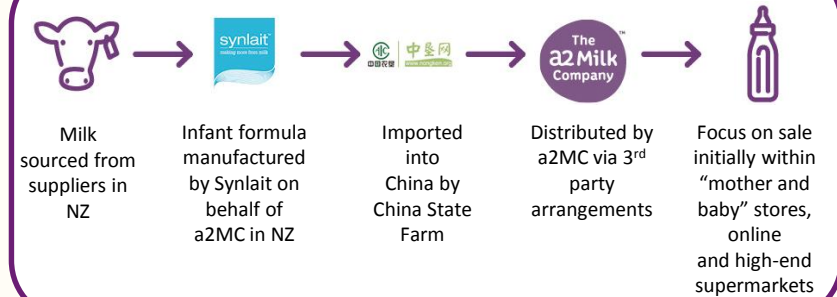
China

Current position

- Launched a2 Platinum™ infant formula in Nov-13 with the intention of establishing a position in China before expanding into other Asian markets
- Infant formula processed and packaged by Synlait who has an integrated facility that allows full manufacturing and packaging control
- a2MC oversees the distribution, marketing and communication activities of a2 Platinum™
- Now selling fresh milk and exploring opportunities for the sale of long life milk



Infant formula supply chain

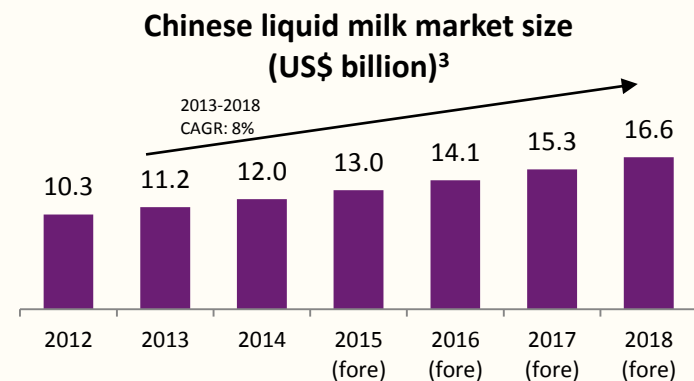
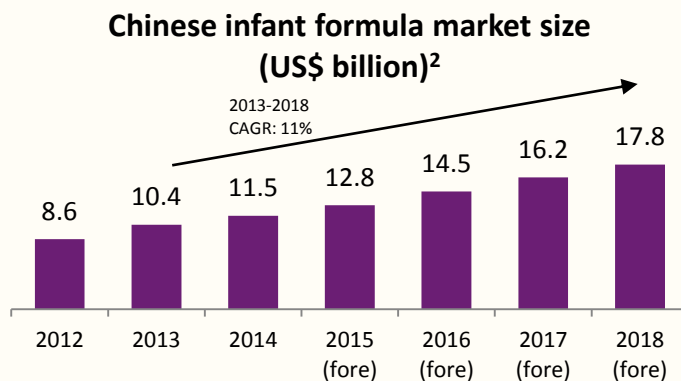


Growth strategy

- Build a recognised premium brand in China
- Build core infant formula and liquid milk business
- Enhance supply chain efficiency
- Build relationships with distributors

China market opportunity

- a2MC's entry into the Chinese infant formula market represents a foothold in one of the fastest growing regions globally
- Management expects that consumer and economic trends will continue to drive growth in the premium and ultra-premium infant formula segments
- Growth in the liquid milk market provides further opportunities for Australian exports into the Chinese market
- Consumer product trialling favourably supports the a2MC proposition¹



¹ AcNielsen milk intolerance product trial, March 2014, Shanghai

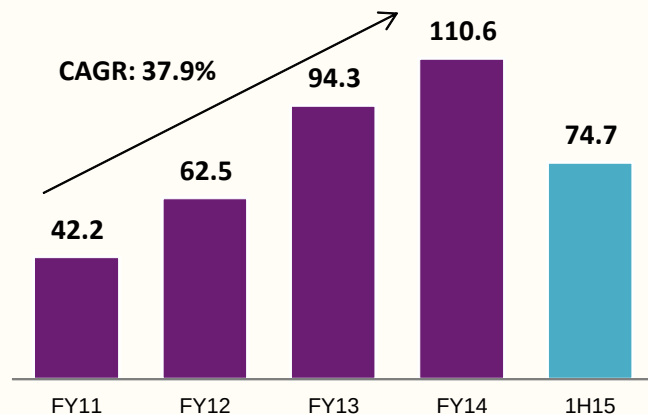
² Source: Canadean and ERC valuations based on trade sources 2014

³ Source: Canadean China Dairy Report May 2015 (excludes flavoured milk)

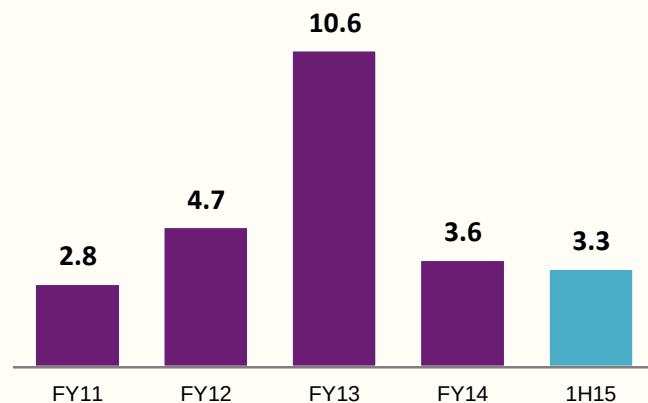
Summary historical financial performance

- Strong sales growth driven primarily by the Australian and New Zealand segment
- a2MC business model is focussed on revenue growth in key markets through re-investment of Australia and New Zealand earnings
- Generated positive EBITDA since FY11
 - Reduction from FY13 – FY14 a result of increased marketing and corporate costs to support international growth initiatives and the inclusion of costs associated with the UK business (previously reported as a share of loss of associates)

Sales
FY11 – 1H15 (NZ\$m)



EBITDA before non-recurring items
FY11 – 1H15 (NZ\$m)



1H15 Financial highlights

NZ\$ million	1H14	1H15	% change
Revenue	54.2	74.8	+38%
Gross margin	19.9	26.1	+31%
EBITDA before non-recurring items	2.6	3.3 ¹	+27%
EBITDA	2.6	2.5	-3%
EBIT	1.7	1.6	-6%
NPAT	0.6	0.1	-81%
Other expenses	8.0 ²	10.7	+34%
Cash on hand	13.2	9.9	-25%

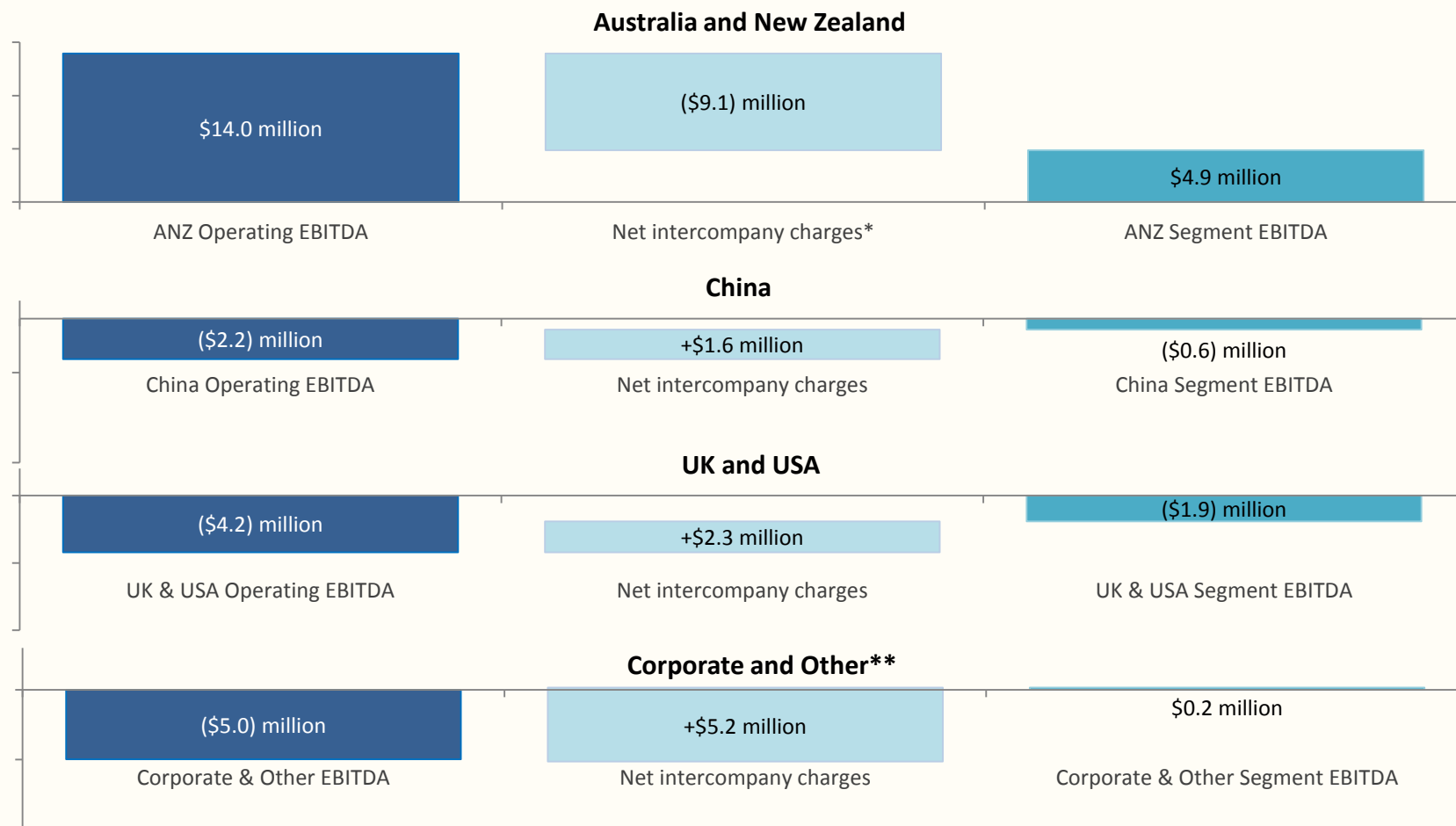
- Revenue growth of 38% on PCP
- Gross margin reflects higher milk costs in Australia and modest UK margin to date
- EBITDA before non-recurring items growth of 27% on PCP
- 1H15 EBITDA and EBIT includes costs of establishing position in the UK of NZ\$4.2 million
- For 1H14 the UK business was reported below the EBIT line as share of JV earnings
- Foreign exchange movements between the NZD/AUD reduced revenue by ~\$2.1 million and EBITDA by ~\$300k on PCP
- 1H15 Other expenses includes \$4.7 million freight costs, \$0.8 million ASX listing costs, and other operating expenses of \$5.2 million. Other operating expenses increased on PCP given costs associated with business growth and consolidation of UK business from 1 January 2014

Notes:

1. Non-recurring items represent ASX listing costs of \$0.8 million in 1H15
2. 1H14 includes \$4.1m freight costs, \$3.9 million other operating expenses

1H15 Financial highlights (cont'd.)

1H15 Segment EBITDA (NZ\$ million)



* Net inter-company charges largely include royalties, licence fees and management fees payable to the Parent, and marketing and herd testing costs payable by the Parent

** Inclusive of non-recurring items (\$0.8) million

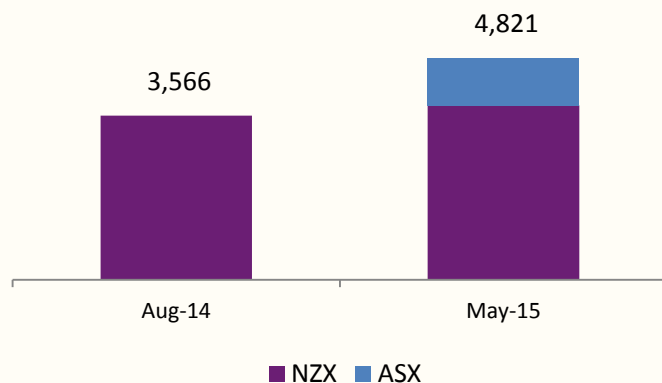
Conservative capital position

- Current business plan has been financed from a combination of equity and operating cash flows
- Conservative approach to debt given growth profile and orientation
 - Balance sheet net cash position of \$9.9m at 31 December 2014
- Current strategy assumes growth funded in the first instance from cash flows from existing businesses
- Whilst there is no present intention to raise capital we will continue to evaluate growth opportunities and the funding implications of these as they arise

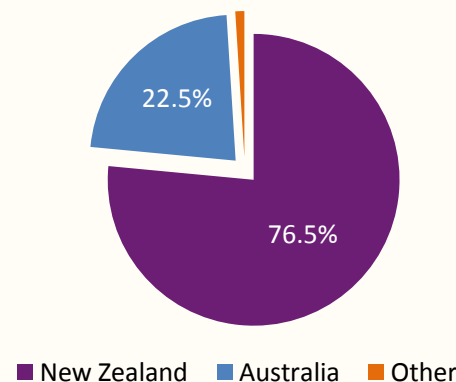
ASX Listing 31 March 2015

- a2MC was admitted to the Official List of the Australian Securities Exchange (ASX) on 31st March 2015
- No capital was raised during the listing, however the listing provides for broader investor participation and improved access to capital markets over time
- We have seen strong Australian investor participation, with the number of total shareholders increasing 35% since August 2014¹
- ASX ticker code “A2M”

Number of Shareholders (NZX/ASX)²



Investor Domicile³



¹ FY14 Annual Report

² Link Market Services, 28 May 2015

³ Weighting based on number of shares; Link Market Services, 28 May 2015

Why is a2MC an attractive investment opportunity?

- ✓ A proven, sustainable, profitable business model in ANZ delivering upper quartile returns on capital relative to the industry
- ✓ Business centred on continuing to build a differentiated premium international brand
- ✓ Continued significant growth opportunities in ANZ
- ✓ International growth targeted in both mature western markets and emerging Asian markets
- ✓ Broad and consistent consumer acceptance of the benefits of A2 protein



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