

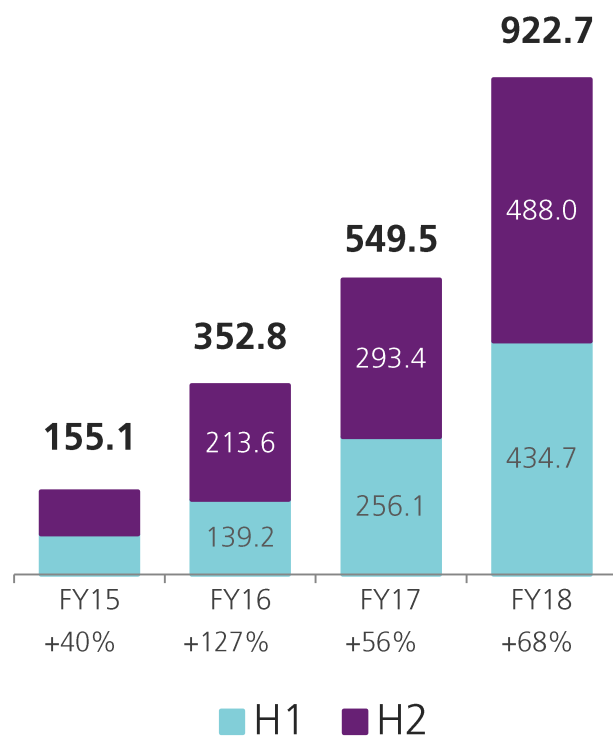


Annual Meeting 2018

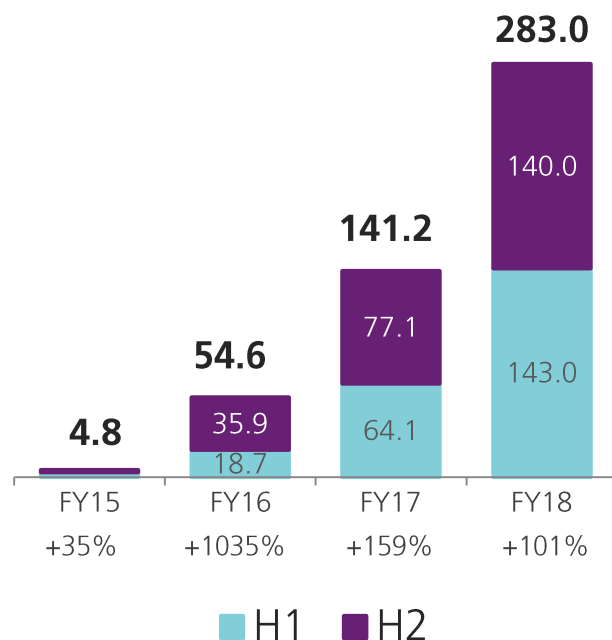
Melbourne, Australia | 20 November 2018

Strong growth track record¹

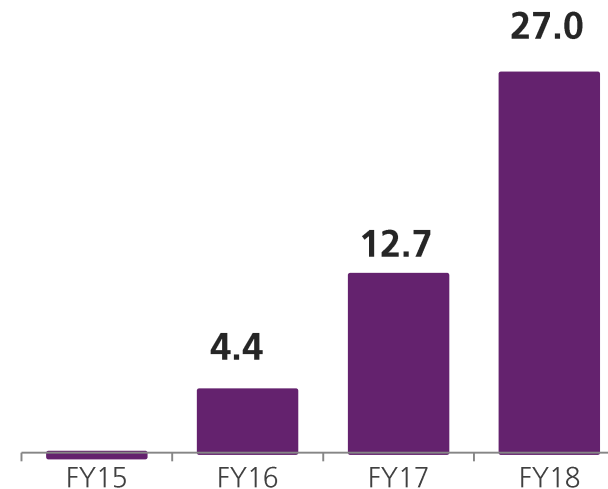
Group revenue (NZ\$ million)



Group EBITDA² (NZ\$ million)



Basic Earnings Per Share (cents)



¹ The Company's financial year ends 30 June; H1 refers to the first half period from 1 July to 31 December; H2 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



Strong growth continues in first 4 months to October 2018

NZ\$ million	4M19 ¹	4M18	% change
Revenue	368.4	262.2	+40.5%
EBITDA	124.2	78.4	+58.5%
PBT	124.9	78.0	+60.0%
NPAT	86.0	52.3	+64.5%

¹Unaudited management results, 4 months to October 2018 = 4M19

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

³CBEC ranking provided by platforms: Tmall, JD, Kaola and Yunji

- **Strong infant formula sales across all stages and channels:**
 - China MAT value share increased to 5.6% from 5.1% as at FY18 year end²
 - China MBS distribution increased from ~10,000 to ~12,000 stores
 - Record China '11/11' sales festival performance more than tripled; a2 Platinum® brand ranked 2nd overall in CBEC infant formula sales across four major platforms³
- **US momentum continues:**
 - US distribution increased from 6,000 to ~9,000 stores
 - Sales velocities in new & existing accounts continue to build



FY19 Outlook

- Expect strong revenue growth to continue but at a slightly more moderate rate than in the first four months
- Expect EBITDA to sales ratio broadly consistent with FY18 reflecting a higher gross margin percentage; offset by:
 - Increased marketing expenditure as a percentage of sales given continued investment in Australian market and an increased investment to support China and US market expansion – phasing will be higher in 2H19
 - Further investment in greater resourcing to support continued growth
 - First four months favourably impacted by FX, forecast to reverse during the balance of the year



Macro consumer trends



Growing consumer demand for health and wellness products



Food safety, naturalness and provenance



Growing middle class in Asia



Appendix



Financial summary

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

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



Reconciliation of non-GAAP measures

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

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

² EBITDA and EBIT are non-GAAP measures. However, the Company believes they assist in providing investors with a comprehensive understanding of the underlying performance of the business





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Disclaimer

This presentation dated 20 November 2018 provides additional comment on the Annual Report for the twelve months ended 30 June 2018 of The a2 Milk Company Limited (the “Company” or “a2MC”) and accompanying information released to the market on 22 August 2018. As such, it should be read in conjunction with the explanations and views in those documents.

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