FY13 result highlights

- Group Sales growth of +51% yoy
- Significant increase in market share in Australia
- NPAT exceeding company and market forecasts
- a2™brand fresh milk building distribution in the UK market
- First sale of a2™ branded infant nutrition product to China in June 2013 with ANZ launch imminent
- Strong balance sheet and no bank debt
- Successful capital raising and change of listing to the NZX Main Board
- Prospects are in aggregate consistent with the revenue projections contained in the December 2012 Private Placement Memorandum
## Financial highlights

<table>
<thead>
<tr>
<th>NZ$m</th>
<th>FY12</th>
<th>FY13</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>62.5</td>
<td>94.3</td>
<td>+51%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4.7</td>
<td>10.6</td>
<td>+125%</td>
</tr>
<tr>
<td>EBIT</td>
<td>4.3</td>
<td>9.5</td>
<td>+122%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>8.7¹</td>
<td>12.6²</td>
<td>+43.8%</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>6.6</td>
<td>20.2</td>
<td>na</td>
</tr>
</tbody>
</table>

- **Sales of NZ$94.3m (+51% cpp)**  
  - ahead of December 2012 guidance of NZ$85.0m
- **EBITDA** before share of associate earnings and non-recurring items of NZ$10.6m (+125% cpp)
- Share of costs associated with A2 Milk (UK) JV of NZ$3.7m
- **Non-recurring costs associated with the strategic review of NZ$0.8m**

**Notes:**

1. Includes NZ$4.8m freight costs, NZ$0.5m strategic review costs and NZ$3.4m other operating expenses
2. Includes NZ$7.5m freight costs, NZ$0.8m strategic review costs and NZ$4.3m other operating expenses
## Financial highlights (cont'd.)

### FY13 EBITDA (NZ$m)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia EBITDA before intercompany charges</td>
<td>14.9</td>
</tr>
<tr>
<td>Intercompany charges</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Corporate expenses after royalty and intercompany income</td>
<td>7.0</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td>10.6</td>
</tr>
<tr>
<td>Strategic review costs</td>
<td>(0.8)</td>
</tr>
<tr>
<td>EBITDA after non-recurring items</td>
<td>9.8</td>
</tr>
</tbody>
</table>

### FY12 EBITDA (NZ$m)

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia EBITDA before intercompany charges</td>
<td>8.4</td>
</tr>
<tr>
<td>Intercompany charges</td>
<td>(4.5)</td>
</tr>
<tr>
<td>Corporate expenses after royalty and intercompany income</td>
<td>0.8</td>
</tr>
<tr>
<td>Operating EBITDA</td>
<td>4.7</td>
</tr>
<tr>
<td>Settlement from Purmil</td>
<td>1.1</td>
</tr>
<tr>
<td>Strategic review costs</td>
<td>(0.5)</td>
</tr>
<tr>
<td>EBITDA after non-recurring items</td>
<td>5.3</td>
</tr>
</tbody>
</table>

**Note:**  
1. Operating EBITDA is before share of associate earnings and non-recurring items
Strong FY13 performance in ANZ, with sales growth and operational profit well ahead of expectations

- Increase in a2™ fresh milk sales represented a record of +48% yoy
  - a2™ brand fresh milk continued to be the fastest growing dairy brand in the Australian grocery market
  - ongoing investment in marketing / communication and gains in distribution in FY13
  - market share of a2™ brand milk by value in grocery in Q4 FY13 of c.7.4%
- Increase in gross margin to 35.7% for FY13 driven by stronger-than-expected volumes and efficiencies at the new milk processing facility in south west Sydney
- Supply chain processes under review given volumes building ahead of plan
- The Company is actively assessing processing opportunities in Western Australia
- New product launches
  - a2™ Platinum™ infant nutrition product launch in Australia underway and soon after in New Zealand
  - additional product opportunities being progressed
UK launch in progress and positioned for the future

• Business establishment and brand launch into UK from October 2012
• Farmer supplier base developed to provide access to commercial quantities of A1-free milk and support volume growth in the medium term
  – one-off incentive scheme to support aggregation of A1-free herds by a number of farmers during FY13 and FY14
• Priority has been to build trial and rate of sale to support increased distribution
  – Key focus is to broaden distribution beyond the current c.850 retail outlets
• A2 Milk (UK) continues to evolve its communication strategy in line with new European regulations around messaging and claims for food and beverage products
• A2C is committed to the successful development of a2™ brand milk in the UK and will continue to review the level of investment and capital structure in conjunction with Müller Wiseman
  – initial capital contribution of £2m by each partner was fully expended by year end
  – A2C has provided a further £2m loan facility to be progressively drawn during FY14
• A2C currently projects revenue of c.NZ$65m for A2 Milk (UK) for FY16, based on assumed retail value share of c.1.8%
a2™ brand infant nutrition product strategy under way

- In October 2012, A2C appointed China State Farm Holdings Shanghai Company (CSF) as the exclusive distributor of a2™ brand infant nutrition product for Greater China
  - as part of the agreement, A2C and CSF have formed a joint marketing structure to support the development and implementation of marketing activities
- A2C now has a complete end-to-end infant nutrition product supply chain for China
  - the farmer base in Canterbury has grown to 12 accredited farmers
- Well qualified management team now in place
- First packaging run of a2™ Platinum™ infant nutrition product completed in May 2013 and first shipment to China invoiced in June 2013
- CSF well-progressed in appointment of sub-distributers in 7 priority territories within China
- Sales to consumers in China planned from November 2013
- Recent New Zealand quality issues and changes in pricing of imported products to China anticipated to have limited impact on current plans
- UHT will be a concurrent offer to infant formula products; A2C has agreed the key terms of a proposed UHT supply agreement with Freedom Foods Group and associates
**Successful capital raising**

- In December 2012, A2C announced an equity raising to provide additional funding to accelerate the global growth initiatives outlined in the strategic review.
- The Company issued NZ$20m in new equity and the Company’s three largest shareholders partially sold down their shareholdings.
- In March 2013, A2C was admitted to the NZX50 Index, based on market capitalisation, resulting in increased liquidity.
- A2C remains ranked in the NZX50 Index.
Feel the difference™
The story so far...

July 2010
Acquired the remaining 50% it did not already own of the Australian JV from Freedom Foods. Appointed Geoffrey Babidge Managing Director of A2C.

October 2010
Developed the new strategic agenda.

June 2011
Formally developed the "The A2 System"©, comprising A2C's proprietary processes and know-how.

November 2011
Formed 50/50 JV with Robert Wiseman Dairies for a2™ brand milk in the UK and Ireland.

March 2012
Commissioned milk processing facility in Smeaton Grange, New South Wales, Australia.

September 2012
Reported record FY12 revenue of NZ$62.6m (+48% yoy).

October 2012
A2 Milk (UK) JV launched a2™ brand milk in the UK through three major supermarket chains.

April 2011
Commissioned consultants to prepare a detailed review of the China infant nutrition product opportunity and completed qualitative market research with Chinese mothers to test the a2TM brand proposition.

April 2012
Entered into strategic agreement with Synlait for the manufacture of a2™ brand nutritional powders (including infant nutrition product) in its state-of-the-art facility in New Zealand.

October 2012
Appointed China State Farm as exclusive distributor of a2™ brand infant nutrition product in China.

December 2012
Successfully completed capital raising and move to the NZX Main Board.

April 2013
Production of a2™ Platinum infant nutrition product commenced.
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