



A2 Corporation

1H13 results presentation

27 February 2013

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1H13 result highlights

Strong sales growth

Strategic plan on track

Successful capital raising

Positive outlook

- Strong growth in sales, up 57% on the corresponding prior half year
- Strategic review completed and implementation now in progress
- Increased market share in Australia to 6.9% by value in grocery
- UK fresh milk launch commenced, with momentum building
- China infant formula distribution strategy in place
- Successful capital raising and move to the NZX main board
- On track to deliver the growth outlined as part of the equity raising



Financial highlights

NZ\$m	1H12	1H13	% change
Sales	28.3	44.3	+57%
EBITDA	2.2	3.5	+54%
EBIT	2.2	2.9	+31%
Other expenses	4.0 ¹	6.6 ²	+65%
Cash on hand	6.6	21.5	na

Notes:

1 Includes NZ\$2.3m freight costs, NZ\$1.4m other operating expenses and A\$0.3m non-recurring items related to costs incurred in connection with the settlement of a legal dispute

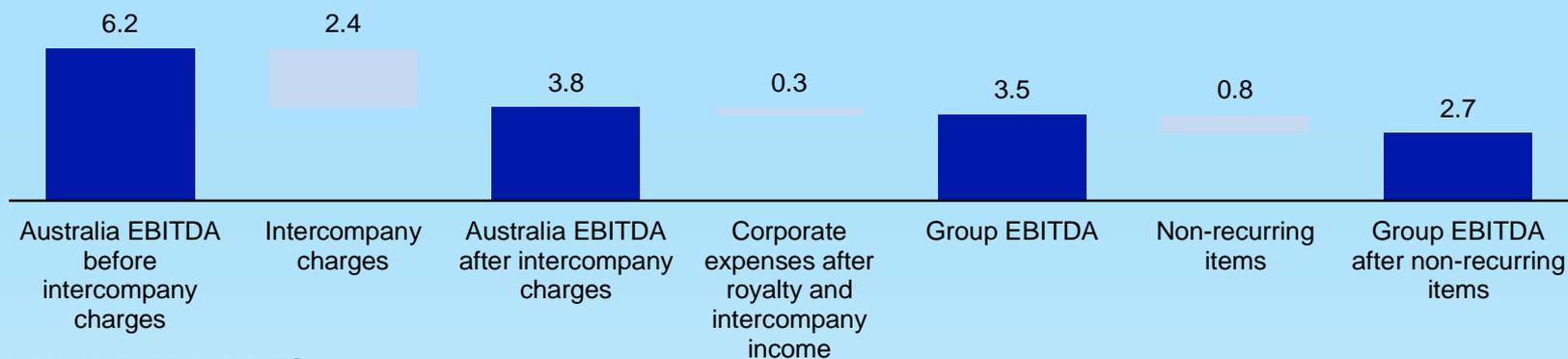
2 Includes NZ\$3.8m freight costs, NZ\$2.1m other operating expenses and A\$0.8m non-recurring items related to costs associated with the strategic review

- Sales of \$44,281,000 (+57% cpp)
- EBITDA before share of associate earnings and non-recurring items of \$3,459,000 (+54% cpp)
- Share of costs associated with A2 Milk (UK) JV of \$1,480,000
- Non-recurring costs associated with the strategic review of \$755,000
- The strong momentum of the Australian business is ahead of the growth outlined as part of the recent equity raising and remains on track to achieve its full year 2013 EBITDA forecast of \$11.2m before intercompany charges

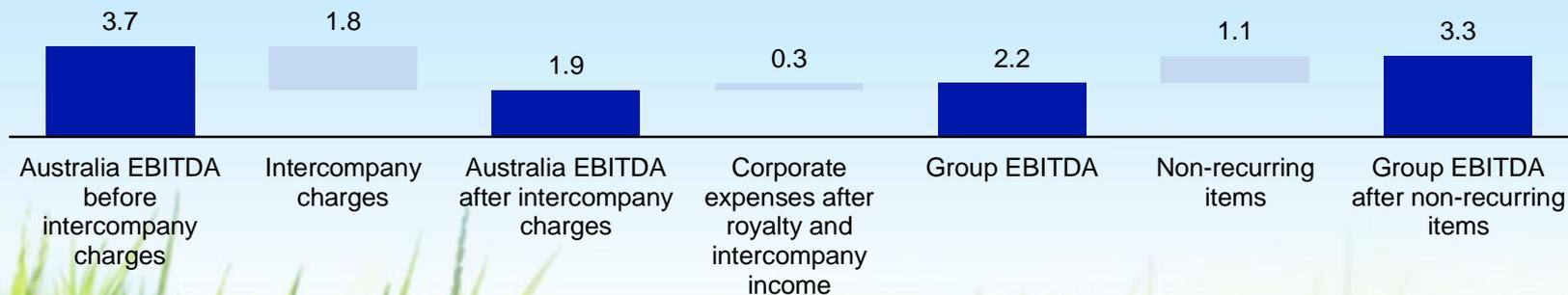


Financial highlights (cont'd.)

1H13 EBITDA (NZ\$m)



1H12 EBITDA (NZ\$m)



Note:

1 Group EBITDA is before share of associate earnings and non-recurring items



Strategic review update

- A comprehensive strategic review of the Company (commenced April 2012) was completed and announced to the market in October 2012
- The outcome of the review is that the Company will dedicate additional resources to initiatives previously announced and prioritise opportunities identified during the review including:

Further developing the strong suite of IP and the uniqueness of a2™ brand dairy products

Further growing the Australian / NZ fresh milk businesses

Accelerating investment in the UK fresh milk market

Accelerating investment in the China infant formula market

Entering new international markets

Entering new categories, with UHT milk and Yoghurt a priority

- In December 2012, the Company successfully completed a NZ\$20m capital raising and partial sell-down by major shareholders to provide additional funding to accelerate the global growth initiatives outlined in the strategic review
 - in addition, A2C changed its listing to the NZX Main Board



Australasian sales continue strong growth

- a2™ sales continued to show strong growth (+57% cpp)
 - ongoing investment in marketing and communication (e.g. successful “thank-you a2” media campaign, increasing social media engagement etc.)
 - further gains in distribution also aided sales
- a2™ brand fresh milk market share by value in the grocery channel of c.6.9%
- New milk processing facility in south west Sydney performed well, with volumes ahead of plan and improved efficiencies when compared to the prior half
 - the Company continues to work closely with its contract processors and negotiated extended arrangements with two contractors during the period
- The Company continued to discuss options to further develop the a2™ brand fresh milk within New Zealand in conjunction with the existing licensee
- 2H13 sales have continued strongly, with January sales maintaining 1H13 growth of c.57% cpp and well ahead of budget



UK launch commenced, with momentum building

"I know this milk has worked for me."

"It was fantastic to discover a2. It's entirely natural, tastes great and I'm able to enjoy it without experiencing any of the yucky symptoms that I used to get. Choosing to just have a2 Milk in the fridge means I can provide the important nutrients my family and I need."

Danni Minogue
Danni Minogue

a2 Milk is available in whole and semi-skimmed. To find your nearest stockist go to www.a2Milk.co.uk

THE NATURAL ANSWER

HSB contains number of different types of proteins to which people can be allergic, including the A1 protein. a2 Milk does not contain the A1 protein. It is suitable for anyone with an A1 milk protein intolerance. a2 Milk is not suitable for anyone medically diagnosed with galactosemia, lactose intolerance, a milk allergy or other milk protein intolerances.

- The UK launch commenced in October 2012, with three major supermarket chains listing a2™ brand milk in approximately 700 outlets nationwide (Tesco, Morrisons and Budgens)
- From the end of January 2013, ranging of a2™ brand milk has been extended to two additional supermarket chains (Waitrose and Booths), and is anticipated to be ranged in a further chain by June 2013
- Performance expected to follow Australian experience—a 'slow build' based on progressively raising consumers' awareness, widening product availability and social media
 - television advertising campaign commenced from the end of January 2013

"Like many people, milk made me feel 'uncomfortable'. All natural a2™ milk is great tasting regular milk, but it has the A2 milk protein and that makes all the difference. a2™ Milk. It's The Natural Answer."

Danni Minogue



Communicating the a2™ message in the UK

- "a2™ can change your life"
- A2C is executing different tactical messages, in different ways, in different channels, to convey this overarching statement

A positive story

- Celebrity testimonials
 - "It has changed our lives"* (Danni Minogue)
 - "It might help change your life"* (Dr. Hilary Jones)
- Television / press
 - "Thank You a2™"

Signposting benefit

- Press / outdoor signposting
- Social media
 - testimonial driven content



The science of A2

- PR / HCP program
 - promoting the A2 hypothesis
 - HCP recommendations
- Online





Infant formula strategy in place

- In October 2012, A2C announced the appointment of China State Farm (or CSF) as the exclusive distributor of a2™ brand infant formula 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 formula supply chain for China
- Highly qualified management team now in place
- Sales to CSF are planned to commence from May 2013

China business model



Note:

1. Illustrative packaging only



Feel the difference™





The story so far...

