



A2 Corporation

Presentation to AGM

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Presentation Agenda

1. Introduction
2. Strategic review outcomes
 - Introduction
 - Australian and NZ business
 - A2 Milk (UK JV)
 - A2 Infant Nutrition
 - New markets and products
3. Key financial results
4. Australian business
5. Summary

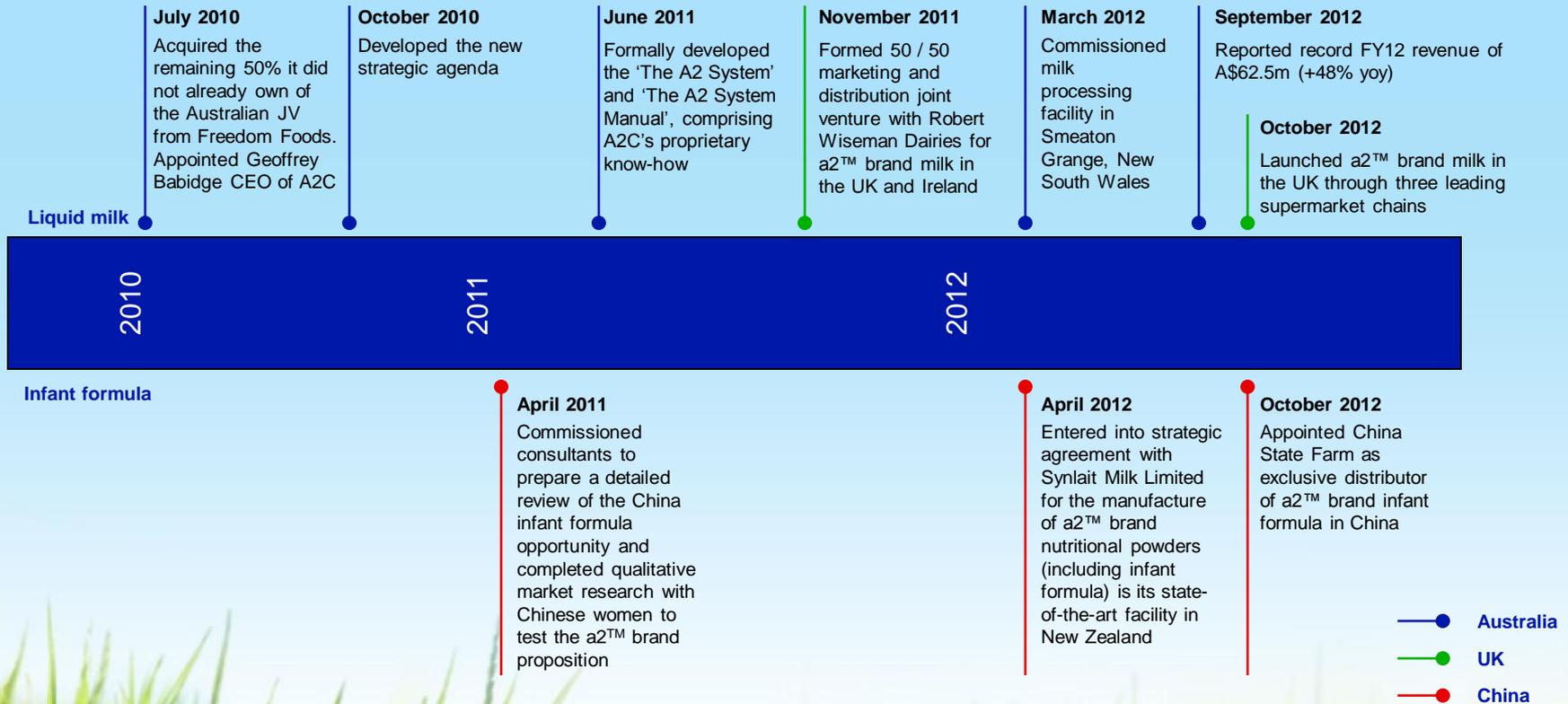


Introduction

- A2 Corporation Limited (“A2C”) is a differentiated, premium price dairy Company which is building a global business based on unique intellectual property applying to a2™ brand milk and related dairy products
- a2™ brand milk has a unique proposition that delivers a tangible consumer benefit which aligns with the positive macro global consumer health trend
- A2C is now one of the fastest growing Australian FMCG businesses
- Strategic review confirmed A2C is well-positioned for future growth
- Throughout 2012, A2C progressed the Company’s strategic agenda from 2010



Delivering on the strategic agenda





Strategic review outcomes

- There is an increasing consumer focus on health and wellbeing which strongly favours a2™ brand dairy products
- Large global drinking milk markets exceed US\$120bn with scope for innovation in mature, commoditised markets
- A2C can directly access high growth Asian dairy markets, including infant formula and UHT
- A2C has a strong suite of global intellectual property supported by a growing body of know-how and developing brand equity
- A2C's proven Australian dairy supply chain model provides a scalable technical & commercial template for other markets
- The strategic review confirms that A2C's capital light, partnership focused model will facilitate the Company's global expansion into new dairy markets and categories

Consumer and industry trends strongly favour growth of a2™ brand products



Consumer focus on health and wellbeing

- ✓ a2™ brand products respond directly to the increasing global focus on digestive health, allergies and intolerances

Global milk market exceeds US\$120bn

- ✓ a2™ brand niche shares can deliver significant revenues given the large size of the markets

Scope for innovation in commoditised markets

- ✓ a2™ brand milk is a differentiated and innovative product
- ✓ Able to command and maintain a premium price position

Asia is the major growth market

- ✓ A2C can directly access high growth Asian dairy markets, including infant formula

Retailer margin benefit

- ✓ Target consumer is a high value shopper
- ✓ a2™ brand milk delivers attractive margin to retailers

Other dairy categories are large and high growth

- ✓ Ability to transition A2C into cheese, yoghurt and ice cream
- ✓ US\$272bn potential market and growing at c.5.0% p.a.⁽¹⁾

Dairy farmers benefit

- ✓ Premium prices paid by A2C to A2 farmers at farmgate (without additional costs to farmers)

Global partnership opportunities

- ✓ Industry consolidation creates the opportunity to partner with strong local players in key global markets

Note:

1. Euromonitor (2011), forecast CAGR 2011–2016

a2™ brand milk is the fastest growing and largest brand in the Australian premium segment



% Share of Fresh Milk in the Grocery Channel (Latest Quarter—by value)



Source: Aztec Scan Data (week ending 2/9/12)

Current trends and strategy suggest value share of at least 10% of the fresh milk category in the Australian grocery channel is achievable



Australia Growth Strategy

Priority 1	Media and Marketing <ul style="list-style-type: none">• Increased investment in media and marketing• Maintain spend at c.6% of strongly growing sales• Maintain high consumer engagement through creative excellence	Distribution <ul style="list-style-type: none">• Plan launch in the “route trade” through distribution partnerships• Expand SKU count• Broaden non-chain distribution	Health Care <ul style="list-style-type: none">• Health Care Professional recommendation through an expansion of the effective HCP programme
Priority 2	Processing Facilities <ul style="list-style-type: none">• Additional processing capability to cater for rising demand and effectively manage the supply chain	Operational Improvement <ul style="list-style-type: none">• Margin enhancement in existing plants due to volume expansion• Options to reduce freight to WA	New Products <ul style="list-style-type: none">• Evaluate market potential for launch of other dairy products• Enhance yoghurt offering

Source: Management Forecasts



UK Creative Direction

- The UK launch is now underway, with three major supermarket chains listing a2™ brand milk in approximately 700 outlets nationwide (Tesco, Morrisons and Budgens)
- Performance expected to follow Australian experience—a ‘slow build’ driven by PR and consumer marketing, engagement with health care professionals and broadening distribution

Milk intolerant?
Digest this.



“Within 3 days of switching products, he’d improved significantly. Since then, he’s been a far happier little boy.”
Nick

“My whole family is getting on well with a2 Milk - it definitely helps my symptoms.”
Alexandra

“Whilst having a2 Milk I did notice a difference. I felt much better.”
Therese

“If you can’t have cows’ milk what else is on offer? I don’t like soya. I tried lactose-free which did not react well with me - the idea of having something I could use was really great.”
Alex

“I was used to feeling a bit icky whenever I had something with dairy in it. I tried a2 on my cereal and instantly noticed the difference.”
Nicola

“When he had a2 Milk, there were no more tears and tantrums. It made the day a bit easier.”
Natalie

“I’m now drinking a2 almost daily and not experiencing any discomfort.”
Francesca

“Cows’ milk normally makes my daughter feel bloated, but we have had none of those symptoms at all! She has been absolutely fine.”
Philippa

TRY a2 MILK FOR TWO WEEKS AND SEE IF YOUR BODY PREFERS IT.

THE NATURAL ANSWER
www.a2Milk.co.uk

a2 Milk is not suitable for anyone medically diagnosed with galactosaemia, lactose intolerance or a cow’s milk allergy.
Testimonials from British and Australian a2 Milk drinkers. Available today in Morrisons, Budgens and larger Tesco stores, nationwide.

- Initial brand position similar to that originally at launch in Australia, tailored for the UK market
- Key positioning “The Natural Answer” (compared to “Feel the Difference”)
- Communication of the a2™ product benefit (the natural answer to A1 milk intolerance) and consumer testimonials initially via Press, Online, Social Media, PR
- Launch communication supported by endorsement from a profile HCP, Dr. Hilary Jones and celebrity, Dannii Minogue
- TV advertising planned from Jan 2013



China business model

- A2C will source shelf-ready packaged, 100% New Zealand a2™ brand infant formula and sell FOB to its distribution partner in China, who will then on-sell to 3rd party distributors and retailers
 - A2C has secured New Zealand supply through a manufacturing agreement with Synlait (NZ)
 - A2C has appointed China State Farm (“CSF”), a leading Chinese SOE, which has the local relationships and financial resources to build distribution and market premium priced a2™ brand infant formula to major cities in Greater China (including Hong Kong and Macau)





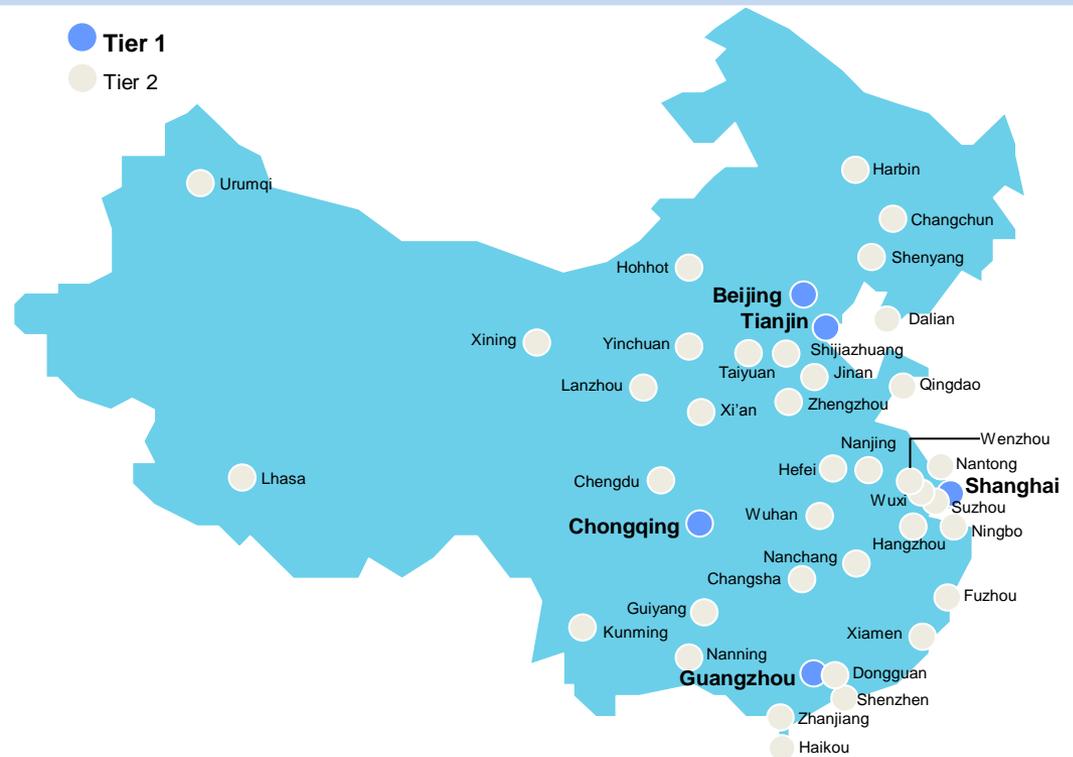
Expected roll-out of a2™ infant formula in China

- A2C, together with its distribution partner, plans to progressively roll-out the a2™ infant formula product across c.45 Tier 1 and 2 cities in the Greater China region (including Hong Kong and Macau)

China—Indicative Roll-out of Distribution



CSF advised that a2™ branded infant formula was the only unique infant formula product offering at the July 2012 Child Baby Maternity Exhibition in Shanghai





New markets for the a2™ brand

A2C's Key Market Selection Criteria

White milk market size

Per capita milk consumption

Existing top end in the market

Health conscious / intolerances

A2C IP registered

Likely entry cost / speed of return

Cost effective distribution options

Perceived regulatory environment

Tier 1
USA
China
UK
Germany
Canada

Tier 2
Spain
Italy
France

Tier 3
Japan
India
Mexico
Korea
Brazil



New categories for the a2™ brand

- The high growth UHT and Yoghurt categories have been identified as attractive opportunities for the a2™ brand
- Other potential products include dietary supplements, cheese and milk powders

Target Markets

<p>UHT</p> 	<ul style="list-style-type: none">✓ Global growth opportunity with a number of potential target markets✓ Chinese market for UHT milk is c.US\$8bn with demand growing rapidly<ul style="list-style-type: none">– Discussions with Chinese distributors are currently underway	<p>China France Germany Spain</p>
<p>Yoghurt</p> 	<ul style="list-style-type: none">✓ Target markets have a combined market size c.US\$20bn⁽¹⁾✓ The fastest growing segments are those that offer functional benefits✓ Strategic agenda would likely leverage licensing arrangements with international groups	<p>Australia⁽²⁾ France Germany Spain UK USA</p>

Note:

1. Euromonitor (2011)
2. A2C has a non-exclusive licence and supply agreement with Jalna Dairy Foods to manufacture, market and sell a range of A2 branded yoghurts in Australia



Key financial results

NZ\$'000	2012	2011	Variance
Trading Revenue	\$62,458	\$42,206	48%
Gross Margin – excl dep'n	\$21,297	\$15,271	40%
EBITDA	\$4,737	\$2,683	77%
NPAT	\$4,405	\$2,116	108%
Equity	\$37,348	\$25,183	48%
EPS	0.74	0.40	85%
Current Ratio	2.03	2.66	
ROE	11.8%	8.4%	

Shares on Issue at August 31, 2012 – 604,666,979



The Australian business performed strongly in 2012

- a2 Milk™ sales increased 48% on the prior year
- Significant growth in 2012 Operational Profit compared to last year
- Increase in marketing and communication including successful “Thank-you A2” campaign, public relations and health care professional activity
- Further evolution in packaging to a broader health position
- Estimated market share by value in grocery at year end of 5.8%
- Commissioned new milk processing facility in south west Sydney from February 2012 with progressive improvement in efficiencies
- Increased milk supply to cater for continued growth in sales



The a2™ milk brand exceeds c.A\$50m in Australia

- The Australian business has generated significant and sustained growth over the last three years with effectively no change in wholesale price

Ex-Factory Gross Sales Fresh Milk A2DPA (A\$m)





Summary

- A2C will continue to develop the business consistent with its strategic plan:
 - Further grow the Australian fresh milk business and increase activities in NZ
 - Support the development of the UK fresh milk business
 - Progress A2 infant nutrition business in China
 - Prioritise product and market growth options standalone or with partners
 - Maintain a conservative balance sheet position
- The Board continues to assess the Company's optimal capital structure in light of its growth opportunities, including new opportunities that may emerge:
 - A2C qualifies for listing on the NZX Main Board
 - The NZX Main Board is a more recognised market which provides greater transparency and investor protection
 - A move to the NZX Main Board may provide greater liquidity and increase access to capital
 - To this end, the Company has commenced discussions with the NZX regarding a move to the NZX Main Board



Thank You

