



A2 Corporation

Equity raising and change of listing to the NZX Main Board

5 December 2012

Geoffrey Babidge
Managing Director & CEO



Agenda

- 1 Introduction to the Transaction
- 2 Investment highlights
- 3 Key dates and next steps



Introduction to the Transaction

- Today, A2 Corporation Limited (“A2C” or “the Company”) announces that it is undertaking an equity raising to provide additional funding to accelerate the global growth initiatives outlined in the recently announced strategic review
- The Company will issue NZ\$20m in new equity and the Company’s largest shareholders have resolved to sell a percentage of their holdings in the Company to new and existing investors (together “the Transaction”)
- Fixed offer price of NZ\$0.50 per new share
 - 22.7% discount to the VWAP since 31 October 2012
- Undertaken by way of a placement to eligible institutional investors
 - shares issued to eligible institutional investors will rank pari passu with existing shares
- In addition, the Company has now made an application to NZX to list the Company and to quote its shares on the NZX Main Board



New equity issuance

- A2C intends to use the additional funding to more aggressively pursue previously announced growth initiatives, including:
 - accelerating penetration of the UK liquid milk market
 - accelerating penetration of the Chinese infant formula market
 - increasing a2™ brand milk awareness in Australia and New Zealand
 - entering the Chinese liquid milk market with UHT milk sourced from Australia or New Zealand
 - progressing a new "Priority 1" liquid milk market such as the US, Canada or Germany



Partial sell-down by major shareholders

- Three of A2C's largest shareholders have resolved to sell a percentage of their holdings in A2C to new and existing shareholders
 - Freedom Foods Group Limited (a shareholder since July 2010) has resolved to sell up to 40m shares (of its 156.6m shares)
 - Mountain Road Investments Limited (a shareholder since March 2004) has resolved to sell up to 80m shares (of its 137.6m shares)
 - EGI-Fund (08-10) Investors LLC (a shareholder since September 2008) has resolved to sell up to 20m shares (of its 50.0m shares)
- All three shareholders continue to see significant potential in A2C and plan to continue to support the implementation of the strategy announced following the strategic review
- All three shareholders have given standstill undertakings pursuant to which they have agreed not to sell any remaining shares in A2C until at least 10 days after the release of A2C's FY13 result



Change of listing to the NZX Main Board

- All the requirements of NZX relating to the NZX Main Board application that can be complied with on or before the date of this announcement have been duly complied with
 - an NZX Main Board listing is expected to provide A2C with further share liquidity and increase future access to capital
- A2C is expected to be a "new stock" for NZX indices purposes as a result of the change of listing
 - A2C may qualify for eligibility for index inclusion as early as February 2013



Investment highlights

- 1 **Significant global opportunity** for a2™ brand dairy products
- 2 Strong suite of **patents, proprietary processes, know-how, brands and trade marks** in global markets
- 3 Experienced **management team that is delivering** on its strategic plan
- 4 **Innovative and effective business model** with global application
- 5 Established business in **Australia growing rapidly**
- 6 **Joint venture with the leading UK dairy processor, Robert Wiseman Dairies,** launched recently
- 7 **Infant formula agreement with China State Farm** in high growth China
- 8 **Potential for global expansion** into other attractive dairy markets and categories

Significant global opportunity for a2™ brand dairy products



Global milk market exceeds US\$120bn¹

- Global fresh milk market estimated at c.US\$90bn and global UHT milk market at c.US\$40bn¹
- a2™ brand niche shares can potentially deliver significant revenues given the large size of the market

Potential for growth within global dairy

- A2C can access high growth markets and categories via its innovative products and business model
- e.g. China infant formula, yoghurt

Scope for innovation in commoditised markets

- a2™ brand dairy products are differentiated and innovative products that command a premium price
- a2™ brand products respond directly to the increasing global consumer focus on health and wellness

Desire for increased profitability in the dairy industry

- Premium prices paid by consumers benefit retailers and farmers
- Consumers are willing to pay a premium price for a2™ brand products due to their consumer benefits
- No ongoing costs for farmers and a premium farmgate price is paid

Note:

1. Euromonitor (2011)

Strong suite of patents, proprietary processes, know-how, brands and trade marks in global markets



- A2C has developed, and is continuing to develop, a comprehensive suite of global intellectual property, comprising patents, proprietary processes, know-how, brands and trademarks with respect to a2™ brand dairy products
- An independent legal review of the global intellectual property has indicated that A2C's intellectual property rights are strong and of extended duration
- A2C has rights to seven families of patents and patent applications in various combinations covering a spectrum of activities across the value chain and a significant number of trade marks
- The production of a2™ brand products to the quality standards prescribed by A2C is dependent on access to proprietary processes and know-how called "The A2 System©" and codified in "The A2 System©" manual



Patent and / or trade mark registrations or pending applications

Experienced management team that is delivering on its strategic plan

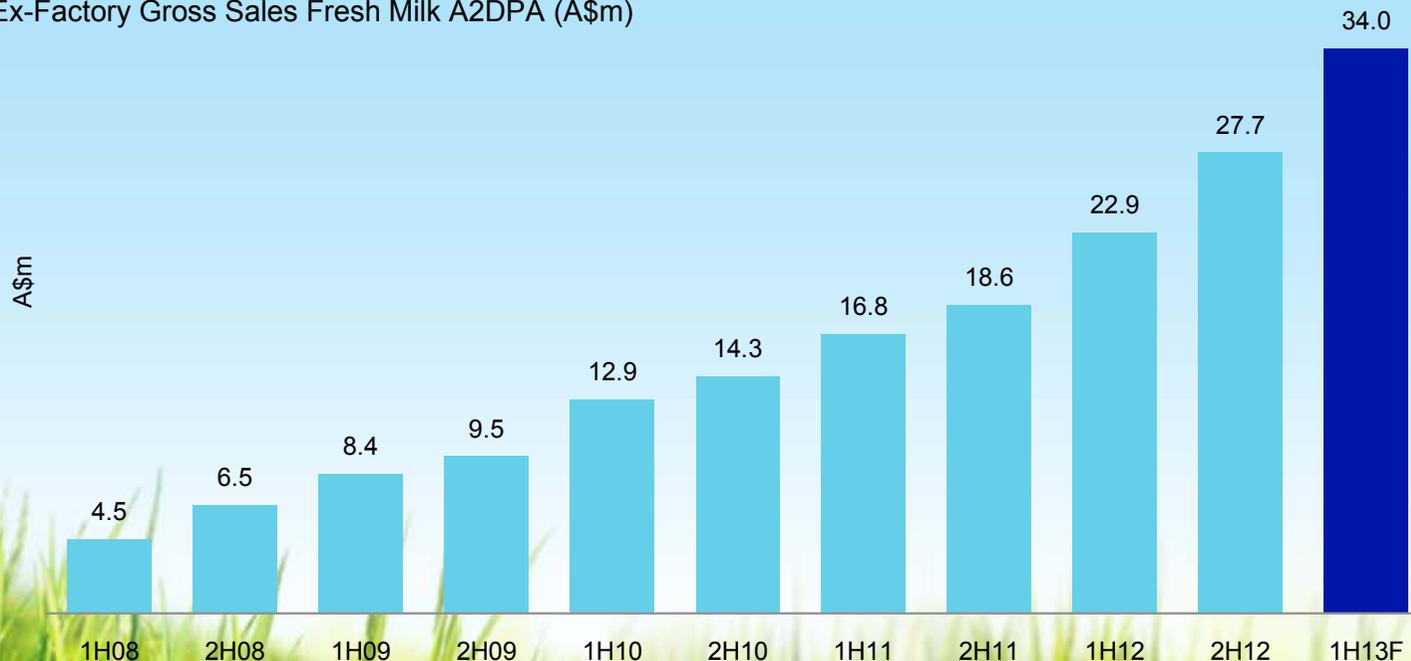




Established business in Australia growing rapidly

- a2™ brand milk is the largest in the premium milk segment in Australia with 6.8%¹ share by value of the fresh milk market in Grocery Chains and is also the fastest growing fresh milk brand in Australia, with over 50% growth in the last twelve months in Grocery Chains¹
- a2™ brand milk has the highest store distribution of any fresh milk brand that is ranged by Coles and Woolworths in Australia
- a2™ brand 2L full cream milk is now a top 20 branded SKU by value in Australian Grocery Chains, and is the only dairy SKU in the top 20²

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



Notes:

1. Retail sales by Woolworths and Coles
2. Aztec (MAT at July 2012)

Joint venture with the leading UK dairy processor, Robert Wiseman Dairies, launched recently



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 PREFERENCES 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, Budego and larger Tesco stores, nationwide.

- 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' based on progressively raising consumers' awareness, widening product availability and social media

"It was fantastic to discover a2™, it tastes great and I'm able to enjoy it without experiencing any of the symptoms that I used to get. It also provides all the important nutrients that both I and my son need"

Dannii Minogue, Farmers Guardian website (November 2012)

Infant formula agreement with China State Farm in high growth China



- 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
- From June 2013, A2C and CSF together plan to progressively roll-out a2™ brand infant formula across five Tier 1 cities and up to 40 Tier 2 cities in Greater China (including Hong Kong and Macau)

China business model



Note:

1. Illustrative packaging only. Proposed product launch in June 2013

Potential for global expansion into other attractive dairy markets and categories



New markets

A2C's key market selection criteria for liquid milk



New categories

- The high growth infant formula, yoghurt, cheese and ice cream categories have been identified as the most attractive growth opportunities in the near term, with a number of countries to be targeted for market entry
- The priority markets by product category will be determined with consideration to the characteristics of each market and engagement with the appropriate partners



Medium term financial projections

- The Company projects combined revenues from operating segments and JVs for the year ended 30 June 2016 to be approximately NZ\$280m
 - key assumptions for Australia / New Zealand, UK and China set out below, with further details (including potential risks) outlined in the Private Placement Memorandum
 - by 30 June 2016, the Company also expects to have additional business units in operation

Australia / New Zealand

NZ\$130m by 2016F

Key assumptions by the Company:

- grocery fresh milk retail value of c.A\$1.9bn today, growing at 2.0% CAGR to 2016
- Grocery Chain fresh milk market retail value share of c.10.0%
- modest increases in retailer margins
- A\$:NZ\$ exchange rate of NZ\$1.28:A\$1

UK JV

NZ\$90m by 2016F

Key assumptions by the Company:

- grocery fresh milk retail value of c.£2.7bn today, broadly flat until 2016
- value share of c.2.5%
- retailer margins broadly consistent with those in Australia
- £:NZ\$ exchange rate of NZ\$1.97:£1

China

NZ\$60m by 2016F

Key assumptions by the Company:

- indicative business model between A2C and CSF
- equivalent to market value share of <1%
- US\$:NZ\$ exchange rate of NZ\$1.25:US\$1



Key dates and next steps

Wednesday 5 December 2012

- Lodgement of Private Placement Memorandum

Thursday 6 December 2012

- Applications due
- Allocation advice

Friday 7 December 2012

- Quotation of A2C shares not forming part of the Transaction on the NZX Main Board expected (code: ATM)

Tuesday 11 December 2012

- Settlement and allotment of Shares
- Commencement of trading of A2C Shares on the NZX Main Board expected (code: ATM)



Feel the difference™

