



A2 Corporation Presentation

23 August 2011



Contents

- Highlights
- 2011 Financial Summary
- What is a2 Milk™
- Growth strategy
- The A2 Australian business
- Summary



Highlights

- Maiden 2011 Full Year Profit after tax of \$2,115,567
- Strong balance sheet supported by profitable trading and equity raisings
- Repositioned to a differentiated, consumer goods and ingredients company
- Strong growth of the Australian business
- Implementation of new fresh milk plant project in Sydney, NSW
- Progressing a number of international growth initiatives

2011 Financial Summary



\$'000	2011	2010
Trading Revenue	\$42,297	-
Gross Margin	\$14,527	-
EBITDA	\$2,816	\$(2,350)
NPAT	\$2,116	\$(2,194)
Equity	\$25,183	\$7,267
EPS	0.40	(0.58)
Current Ratio	2.67	5.50
ROE	8.4%	(30.2)%



2011 Financial Summary

- Full Year Profit after tax: \$2,115,567
- Additional Foreign Currency Translation Gain: \$421,228
- Income tax expense: \$742,681
- Non cash share based incentive scheme costs: \$271,037
- Korean Licensee legal fees expensed: \$138,331
- Strong working capital position at year end: \$12.5m, further enhanced by July equity raising of \$2.6m

a2 Milk™: a potent new force in dairy



- a2 Milk™ is dairy milk which contains primarily the A2 type of beta casein protein
- Most dairy milk contains a mixture of A1 and A2 beta casein, a2 Milk™ is naturally obtained from cows tested and confirmed to be A2 producing
- All dairy cows originally produced milk with only the A2 beta casein protein. The A1 type arose through natural mutation in European herds many thousand years ago
- A2 beta casein does not produce the protein fragment BCM-7 linked scientifically to reactions associated with some milk intolerance symptoms and found in standard milk (which contains A1)

Growth strategy



A2 Corporation is focused on 3 core growth initiatives:

- Building the beverage business in Australia and New Zealand
- Capturing niche shares in global milk markets, and
- Developing an infant formula business in highly prospective markets

The Strategic Agenda draws on:

- *The steadily building credibility of the core A2 Proposition*
- *A number of international markets have characteristics that support building businesses at the premium end of the white milk market with critical mass*
- *A2 Infant Formula into Asian markets represents a priority*
- *Our desire to partner to create a consistent business framework across markets*

Australian Business



- a2 Milk™ is positioned on a broad health platform focusing on digestive wellbeing
- In Australia, 23% of consumers have perceived dairy intolerances. Only 5% of the population are medically diagnosed as lactose intolerant*
- *Product positioning: “My family drinks a2 Milk™ because it allows us to enjoy all the benefits of dairy milk without experiencing some intolerance responses to cows milk such as digestive discomfort, skin irritations and bloating which are normally associated with lactose intolerance. a2 Milk™ is totally natural and unmodified and contains the original milk protein*
- a2 Milk™ achieved sales growth following a major reduction in house brand dairy milk retail prices from January 2011

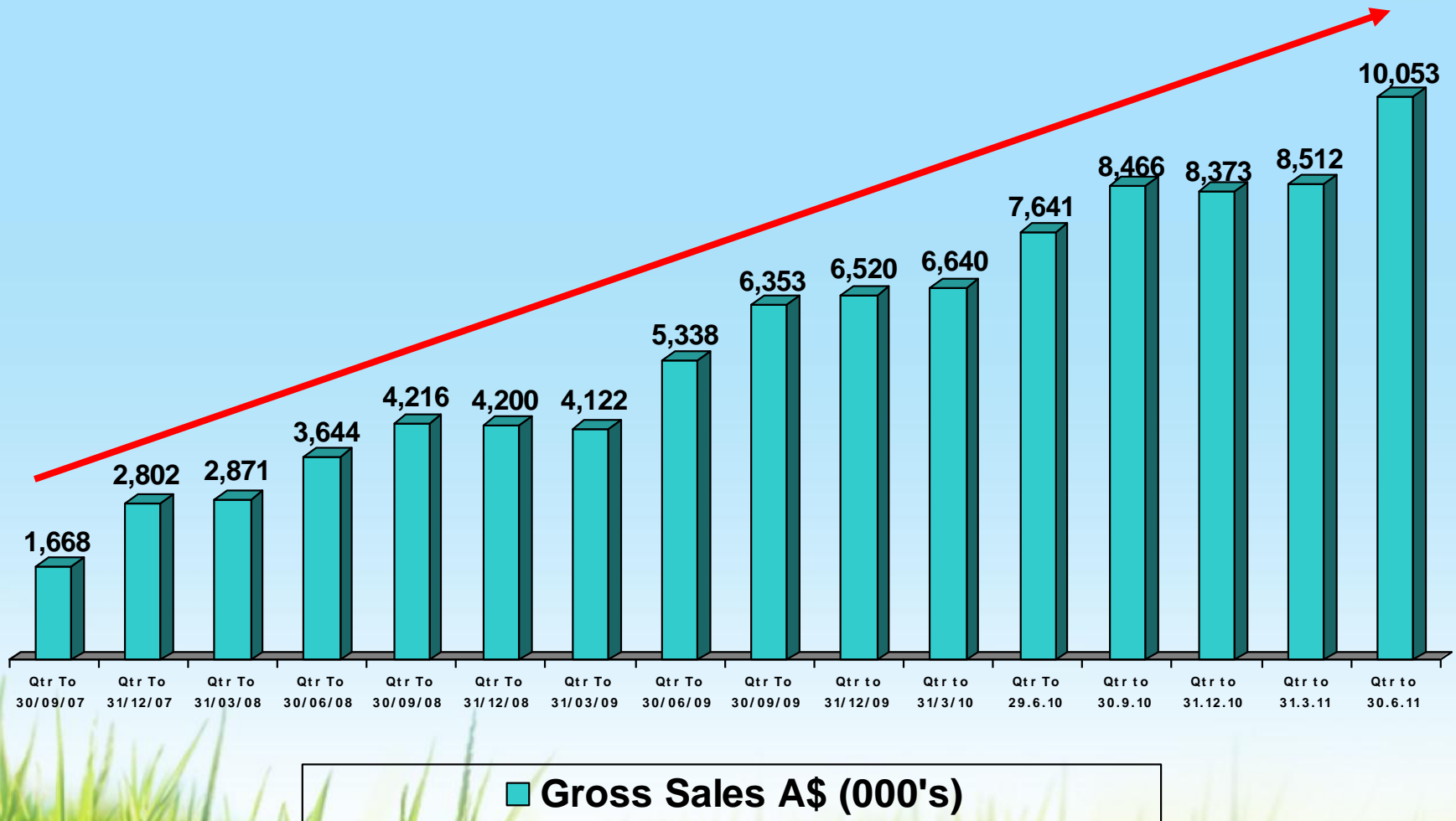
*Sweeney Research October 2009

Australian Business



- 2011 Operational Profit well ahead of budget and last year
- a2 Milk™ sales volume increased to 21.6 m litres, a 43% increase YOY
- Estimated market share by value in grocery channel at year end: 4.2%
- Strengthening brand equity through communication strategies and new marks
- Commenced fresh milk processing project for a capital cost of AUD7.5m
- The plant will incorporate advanced proven dairy processing technologies with production planned from early 2012
- Management of NZ now merged with Australian business

The Sales Journey in Australia since 2007

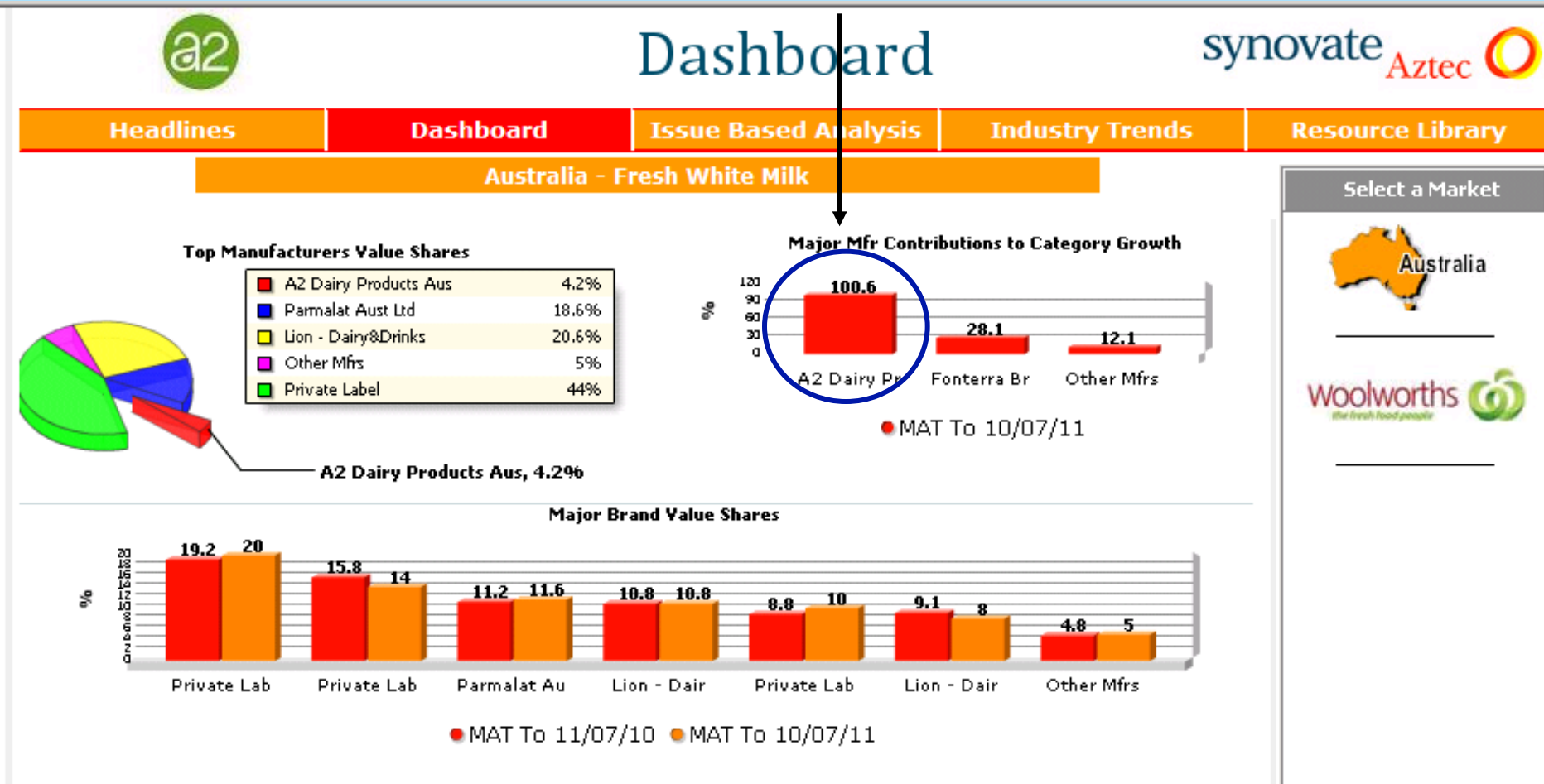


Ex-Factory Gross Sales Fresh Milk (A\$ 000's)

a2 Milk™: the leading growth milk brand



- a2 Milk is the major driver of category growth nationally in Australia



PR Activity: building consumer awareness



NEWS | 35

Sunday Herald Sun, July 17, 2011

Milk minus mutants



Safe to drink: Dairy farmer Peter Mulcahy and his daughter, Alexandra, 15. Picture: IAN CURRIE

THIRD-generation dairy farmer Peter Mulcahy accepted it as a cruel twist of fate that three of his five daughters suffered adverse reactions to milk.

For the youngest, Alexandra, 15, the problem was severe. Just a sip of milk or a lick of ice cream was enough to prompt a rash, major digestive problems and usually vomiting within 10 minutes.

The family's doctor advised that she suffered lactose intolerance and warned her against drinking milk again.

But a chance encounter between Mr Mulcahy and another farmer at a Queensland cattle sale proved the doctor wrong.

It was there that he heard of A2 milk, produced by cows carefully bred to produce milk free of a rogue protein suspected of causing most problems in dairy-intolerant people.

The discovery not only changed Alexandra's life, but also paved the way for Mr Mulcahy and his brothers to become some of the biggest producers of A2 milk in Australia.

A2 milk is one of Australia's fastest-growing grocery lines, with news of its

GRAEME HAMMOND

health benefits spreading by word of mouth.

"Alexandra was seven and hadn't been able to drink milk for years," Mr Mulcahy, from Tongala, said. "This bloke told me I should give A2 a try. He said plenty of other people who'd never been able to drink milk were now able to drink as much as they wanted.

"I gave her an eggcup full of A2 and I waited for the usual reaction, but there was none. The next day she had a whole glass. My wife was sceptical, but after a week she was starting to be convinced."

He said any contact with conventional milk — in cheese on a pizza, or ice cream — still made Alexandra sick, but she had never had a problem with A2.

Peter Nathan, chief executive of A2 Milk, said scientists had identified a rogue protein as the problem. The protein, known as BCM7, is believed to have emerged as a mutation in European dairy cows hundreds of years ago.

It is so widespread that now only a third of most dairy herds are free of it.

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Summary



- a2 Milk™ has been successfully established as a premium priced value added product in the highly competitive milk market in Australia
- The core differentiated A2 proposition is gaining credibility from the successful commercialization in Australia and increasing awareness in many markets
- To continue to support its growth, A2C is establishing a fresh milk processing facility in Sydney, Australia
- A2C is advanced in its strategy to expand as a global dairy beverage and in developing the opportunity for a2 Milk™ premium Infant Formula
- The Company's balance sheet position reflects a strong cash and working capital position



THANK YOU

