

THE AUSTRALIAN

Destination Singapore for a2 Milk

Wayne Mulcahy's special herd at Kyabram in northern Victoria is now supplying A2milk to Singapore. (Aaron Francis/The Australian)

SUE NEALES THE AUSTRALIAN 9:27AM August 4, 2017

Australian listed dairy company a2 Milk is expanding its reach into Southeast Asia with the launch this week of fresh milk sales in 44 supermarkets and high-end food stores in Singapore.

Fresh a2 milk processed and bottled in Victoria is being flown overnight to Singapore, where it is selling for \$6.50 a litre.

A2 Milk Asia-Pacific head Peter Nathan plans to use Singapore and fresh milk sales as a “launching pad” for the company to expand into neighbouring markets including Malaysia, Thailand and South Korea.

The company expects to sell at least 100,000 litres of air-freighted milk in Singapore in 2017-18, with its popular a2 Platinum infant formula to be added to its Singapore product range once brand awareness and reputation have been built.

Mr Nathan said Singapore was an obvious starting point for a2's expansion, given its concentrated population of 5.6 million people, high income and education levels, regular flight connections with Australia and 1.4 million resident expatriates, many of whom are Australian or New Zealanders who have drunk a2 milk before.

“We clearly have an ambition to be a strong brand in Asia. Singapore is the first stage in establishing that footprint,” Mr Nathan told *The Australian*.

“A lot of affluent Asian markets want high-quality fresh Australian produce but just coming from Australia and saying you are clean and green is not enough to guarantee success these days — you need to have a good brand proposition and story too.”

The key to a2's milk opportunity in Asia lies in the protein composition of the milk.

A2 milk comes from selected cows that have just a2 type beta-casein protein in their milk, rather than the more common mix of a1 and a2 beta-casein, making it easier for many people with dairy intolerance to digest.

According to Mr Nathan, Asian consumers “over-index” in dairy or lactose intolerance. Many who have tried a2 milk said they are able to drink it without the usual discomfort they experienced when drinking “normal” a1-a2 milk blends, he said.

“So our chances of success in Asia are great — we think we have hit the real sweet spot here,” he said.

“We have a unique health and dairy proposition. Our milk is fresh and natural, it comes from the right source and we have a good reputation here both from our presence in Australia and NZ, and in China.”

The company has enjoyed meteoric growth in the past two years since it started selling its NZ-made infant formula in China in 2014. Its share value has jumped from below \$1 to \$4.23, infant formula now accounts for 72 per cent of its sales, and its market capitalisation has soared to more than \$3 billion.

A2 is now Australia's biggest-selling fresh milk brand by value, with 9.7 per cent of the branded retail market, while the 100 million litres of milk it processes from Australian farmers with a2-only herds give the company 5 per cent of Australia's national fresh milk retail market by volume.

The a2 milk company also has embattled dairy farmers queuing to join its supplier ranks. It pays its farmers a higher milk price than other rival milk processors, and offers a set price for every litre of fresh milk supplied over a long three- to five-year contract — rather than a complex price formula linked to kilograms of milk solids that can change each month — offering more certainty to its suppliers.

Victorian Wayne Mulcahy is one a2 milk farmer delighted to see the company making new inroads into Singapore and South-East Asia.

He runs a massive 2,300-head herd of specialist a2 cows on his family property near Kyabram which, together with six other local farmers, supplies the local Kyvalley dairy — owned by Wayne’s extended family — with enough a2 milk to contract process all of the a2 Milk company’s fresh milk orders from Victoria, South Australia, Tasmania and the NT.

It is fresh milk from Wayne’s cows bottled at Kyvalley dairy that is now being sold this week on the shelves of Cold Storage supermarkets, Jason’s produce shops and The Marketplace high-end food stores in Singapore.

“It’s a great step for us and a2; we can milk our cows on a Monday and have that fresh milk for sale in Singapore on a Thursday because it’s all air-freighted,” says a delighted Mr Mulcahy. “Anything that boosts demand for milk in Asia and particularly for a2 type milk is good for us.”

Most Australian-labelled milk already on sale in Singapore has been freighted in by bulk refrigerated ships and packaged locally, rather than flown direct.

This longer shipping time involving a double pasteurising process at each end that gives the milk a longer shelf life but compromises its “freshness” and taste; a problem the a2 milk company hopes now to capitalise on.

The reporter travelled to Singapore courtesy of a2 Milk.

FROM THE HOMEPAGE

