



12 July 2018

NZX/ASX Market Release

FY2018 Trading Update and FY2019 Outlook

Further to the trading update released on 16 May 2018, The a2 Milk Company is pleased to advise that unaudited Group revenue for the financial year ended 30 June 2018 (**FY2018**) totalled ~\$922million, representing growth on the prior corresponding period of ~68%. The Company can now also confirm that it expects an EBITDA to Sales ratio for FY2018 to approximate 30%.

The Company has completed its planning cycle for FY2019 and, assuming general trading conditions do not change materially, the Company's expectations in respect of FY2019 include:

- further growth in revenue particularly in respect of nutritional products;
- marketing expenditure, as a percentage of sales, higher than FY2018 given continuing investment in Australia, re-phasing of 2H FY2018 activities in China and elevated investment to support the US market expansion;
- overhead costs higher than FY2018, primarily due to an increasing headcount for China and the Corporate office to support the increasing scale of the Company;
- one-off costs associated with the transition to a new CEO as recently advised.

Notwithstanding the higher expenditure referred to above, the EBITDA to Sales ratio for FY2019 is assumed to be broadly consistent with the Company's expectations for FY2018.

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