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NZX/ASX MARKET RELEASE

SYNLAIT MILK AND THE A2 MILK COMPANY REAFFIRM INFANT FORMULA SUPPLY ARRANGEMENTS

Synlait Milk Limited (Synlait) and The a2 Milk Company Limited (a2MC) are pleased to announce a new supply agreement between the two groups for the production of a2 Platinum® infant formula.

The agreement strengthens the current business relationship between a2MC and Synlait by providing certainty around medium term growth plans.

Current production volumes remain the same, but appropriate provisions allowing for increased scale to meet market demand in the medium term have been made.

“We are very pleased to have concluded negotiations in relation to our supply relationship with Synlait. We’ve maintained appropriate flexibility to assess new product and market opportunities as they arise,” said Geoffrey Babidge, Managing Director and Chief Executive Officer of a2MC.

“We commenced working with a2MC in 2010 to manufacture the world’s first infant formula made from milk exclusively containing the A2 beta-casein protein. Our businesses have grown significantly since then and this agreement deepens an already strong relationship,” said John Penno, Managing Director and CEO of Synlait.

The new supply agreement for a2 Platinum® infant formula production is for a minimum term of five years, and provides for a rolling three-year term after the first two-year period.

The agreement includes the following key terms:

- Committed supply by Synlait up to a prescribed infant formula (IF) product volume;
- Synlait will enjoy exclusive supply rights up to a specified IF product volume and a right of first offer for certain additional volumes, in both cases in respect of the IF stages 1-3 already supplied by Synlait and for sale by the a2MC group in the markets of China, Australia and New Zealand;

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The a2 Milk Company Limited
ARBN 158 331 965, incorporated in New Zealand

- In return, a2MC will be Synlait’s preferred customer, with committed production capacity and access to new technologies, and continued favourable and competitive pricing terms.

Both companies will continue to work closely to forecast demand and supply for a2 Platinum®, particularly in relation to the evolving regulatory environment.

The contract also includes a steering committee structure to help the parties manage the contract and their business relationship going forward.

“The new agreement is positive for both a2MC and Synlait as it clarifies our medium term manufacturing and supply arrangements for a2 Platinum® infant nutrition products.” said Mr Babidge.

“We’ve assessed our production commitments to all of our customers, including a2MC, and confirmed our ability to continue meeting all production needs into the foreseeable future,” said Mr Penno.

“Our a2 milk suppliers will be pleased with this agreement as they’ve adapted their farm businesses to supply a2 Milk™. They create value by differentiating milk behind the farm gate and receive a premium payment to recognise the value they create. The term of this agreement with a2MC gives them increased certainty in an uncertain time for the dairy industry.”

ENDS

The a2 Milk Company Limited
Geoffrey Babidge
Managing Director and CEO

Synlait Milk Limited
John Penno
Managing Director and CEO

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