



3 July 2018

NZX/ASX Market Release

The a2 Milk Company extends supply agreement with Synlait Milk

The a2 Milk Company Limited (a2MC) is pleased to announce it has agreed a variation to its comprehensive manufacturing and supply arrangements with Synlait Milk Limited.

The supply agreement for a2 Platinum® infant formula (IF) and other nutritional products, announced to the market on 23 August 2016, provided for a minimum term of five years, with a rolling three-year term from 1 August 2018.

The key components of the revised agreement are:

- A two-year extension to the term of the agreement, effectively providing for a new minimum term of five years to 31 July 2023;
- An increase in the volume of IF products over which Synlait already has exclusive supply rights;
- Increased committed production capacity from Synlait;
- Pricing terms that reflect the commitment on the part of both companies to an ongoing market-competitive pricing regime.

The agreed variations are conditional on either NZX granting a waiver from the requirement to obtain shareholder approval under NZX Listing Rule 9.1.1 or shareholder approval being obtained.

The extension is consistent with the global strategic supply strategy that a2MC has been developing over recent times, with supply partnerships that provide multi-site, multi-product and geographic diversification.

Geoffrey Babidge, Managing Director and CEO commented: "This new agreement has been carefully developed to provide the Company with security for nutritional supply to our key markets consistent with our overall strategic objective of maintaining high quality supply with ongoing cost-competitiveness."

David Hearn, Chairman commented: "This contract extension reflects a2MC's commitment to continue to build on the excellent relationship that both companies have enjoyed over recent years."

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