



11 August 2020
NZX/ASX Market Release

Appointment of Managing Director and CEO

The Board of Directors of The a2 Milk Company Limited is pleased to announce the appointment of David Bortolussi to the role of Managing Director and CEO based in Sydney. David is expected to commence in the role early in the 2021 calendar year. David will succeed Geoffrey Babidge who has been in the CEO role on an interim basis since December 2019.

David has many strengths that make him well suited to leading the company at this stage of its growth, including extensive international leadership experience in the consumer and retail sector, particularly in corporate strategy and business transformation with a focus on brand development and innovation, multi-channel management and supply chain operations.

David joins the company from his most recent role as Group President - International Innerwear, HanesBrands. He joined Pacific Brands in 2009 initially as Chief Financial & Operating Officer taking over as CEO in 2014, during which he restructured and transformed the business into a brand focused, leading omni-channel retailer with successful wholesale partnerships, delivering double digit compound annual growth in sales and earnings over the past five years. In 2016, HanesBrands acquired Pacific Brands and expanded David's role to cover Australasia and subsequently its international innerwear operations outside of the Americas. Over this period, David has been responsible for and had extensive exposure to Pacific Brands and HanesBrands' Asian sourcing markets, particularly China including various brand distribution partnerships in the region.

Prior to this David spent five years at Foster's Group, where he held the role of Chief Strategy Officer responsible for corporate strategy, M&A, business development and performance improvement. In this role, David was instrumental in leading the process that ultimately led to the operational separation and demerger of the domestic beer and global wine businesses, generating significant shareholder value. Prior to Foster's Group, David held senior consulting roles at McKinsey & Company and PwC.

Chairman of The a2 Milk Company, David Hearn, said: "Following an extensive global search, the Board is delighted to have secured David for this role. David has demonstrated significant skill in guiding businesses through periods of significant growth whilst also effectively managing the changes that expansion frequently requires."

“The a2 Milk Company is going through a period of continued strong growth in dynamic markets and David’s skillset and comprehensive strategic and operational experience will serve the company well. I am looking forward to working with David as we navigate these challenges together with the board and management team.”

“As Managing Director and CEO, David will assume leadership of the Company’s Executive Leadership Team, which has a strong and diverse skill set and deep experience of the business across all key markets in which the company operates,” said Mr Hearn.

David Bortolussi said: “I have always admired The a2 Milk Company’s achievements and I am looking forward to joining the board and management team to continue the development of such an extraordinary business. The team at a2 has created a very distinctive consumer proposition, amazing brand and strong culture with so much potential. I’m thrilled to have the opportunity to lead such a talented and experienced team, and to be part of the next phase of growth”.

The Board also wishes to express its sincere thanks to Geoff for stepping back into the business in December last year and so capably leading the company over the past eight months.

As noted above, it is expected that David Bortolussi will commence his role early in the 2021 calendar year, given that he has a 6 month notice period with his current employer, although the exact timing will be agreed nearer the date. Geoff will continue to lead the company until then, and he will work closely with David Bortolussi and the Board on an onboarding plan to ensure that the current momentum of the business continues.

The material terms of David’s employment agreement are summarised in the Appendix.

David Hearn
Chairman
The a2 Milk Company Limited

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Summary of Material Terms of the Executive Service Agreement for David Bortolussi

Material Term	Summary
Commencement Date:	Expected to be early 2021 calendar year (date to be confirmed subject to existing employment commitments).
Term:	Ongoing (no fixed term).
Total Fixed Remuneration:	AUD 1,750,000 per annum (inclusive of superannuation), to be reviewed annually.
Relocation Allowance:	An allowance will be paid to assist David with his relocation from Melbourne to Sydney.
Short Term Incentive (STI):	On an annual basis, David will be entitled to participate in the Company's STI plan. For the 2020/21 financial year, David may receive an STI payment of a target of 120% of his Total Fixed Remuneration based on the achievement of performance objectives to be determined by the Board. As for all senior executives, the STI payment is subject to adjustment by an individual multiplier of between 0% and 130% based on the Board's assessment of David's individual performance.
Long Term Incentive (LTI):	On an annual basis, David will be invited to take up performance rights under the Company's LTI plan. For the 2020/21 financial year, David will be offered performance rights equivalent to 150% of his Total Fixed Remuneration with vesting assessed over a three-year period based on performance hurdles and vesting conditions to be determined by the Board.
Transition Benefits:	<p>On a one-off basis, David will receive the following transition benefits as partial compensation for vested and unvested STI, LTI and other entitlements that he will forfeit on resigning from his current employment:</p> <ul style="list-style-type: none"> • AUD 1,270,000 cash payment on commencement date; and • AUD 3,700,000 of rights to acquire ordinary shares calculated by reference to the 90-day VWAP over the period that ends five ASX trading days before the commencement date, with 50% vesting on the first anniversary of the commencement date and the remaining 50% vesting on the second anniversary of the commencement date. These rights will not be subject to performance hurdles but are otherwise issued on terms similar to performance rights. <p>Other than to meet any tax obligations, no shares held by David can be sold until David holds sufficient shares to meet the company's minimum shareholding requirement.</p> <p>The transition benefits equate to approximately 80% of the total potential entitlements that David will forfeit, the majority of which are not at risk and subject to time-based vesting only.</p>
Notice Period:	Generally, resignation by David requires six months' notice and termination (other than for cause) by the Company requires twelve months' notice.
Leave:	Five weeks per annum paid annual leave
Other Terms:	The agreement also includes standard terms covering expense reimbursement, conflicts of interest, confidentiality, intellectual property and moral rights, clawbacks and restraints upon termination (which address non-competition, as well as non-solicitation of employees, customers and suppliers).