



2 March 2017

ASX/NZX Market Release

a2MC's commitment to supply

The a2 Milk Company ("a2MC" or the "Company") is pleased to announce it will acquire a shareholding in Synlait Milk Limited ("Synlait"), further strengthening the current business relationship between the two parties.

a2MC will acquire, through a subsidiary, ~8.2% of the fully paid ordinary shares in Synlait from FrieslandCampina at a price of NZ\$3.275 per share for total consideration of ~NZ\$47.9m. This represents a ~3% premium to the NZX one month volume weighted average price of NZ\$3.18. FrieslandCampina had effectively signalled a change of strategic intent for its shareholding by not participating in the capital raising completed by Synlait in October 2016.

The acquisition of shares follows a2MC's reaffirmation of its infant formula supply agreement with Synlait in August 2016. The supply agreement strengthened the business relationship between a2MC and Synlait by providing certainty around medium term growth plans. This supply agreement will continue to be the cornerstone of the commercial relationship between the two parties.

Commenting on the decision to purchase a shareholding in Synlait, a2MC Managing Director Geoffrey Babidge said "The investment in Synlait builds upon our existing commercial ties with an innovative dairy processing company. As Synlait's preferred customer, this investment demonstrates a2MC's commitment to supporting our major contractor and we see this as a long term holding."

In acquiring this stake in Synlait, a2MC has no plans to increase its shareholding beyond the present level. a2MC believes its shareholding will provide stability to Synlait's capital structure as it grows.

About Synlait

Synlait (NZX Code: SML; ASX Code: SM1) is an innovative dairy processing company based in the heart of Canterbury, New Zealand. Listed on both the New Zealand and Australian stock exchanges, Synlait combines expert farming, with state-of-the-art processing, to produce a range of nutritional milk products that provide genuine benefits for health and wellbeing. Synlait has three leading-edge milk powder dryers, including a purpose-built infant formula facility, the largest and most sophisticated in the Southern Hemisphere.

For further information contact:

The a2 Milk Company Limited

Geoffrey Babidge

Managing Director and CEO

+61 2 9697 7000

