

26 April 2017

NZX/ASX Market Release

## Trading Update

The a2 Milk Company Limited (“a2MC” or the “Company”) provided an update on the Group’s full year FY17 outlook at the time of release of its first half results on 15 February 2017. As part of that update, the Company advised that it was anticipating lower infant formula sales during the second half relative to first half FY17, while still expecting infant formula sales to be materially higher than in second half FY16. As noted at that time, this reflected both the timing of major selling events in China, weighted towards a2MC’s first half FY17; and the Company’s prudent approach to inventory management.

Since the update provided on 15 February, demand for a2 Platinum® infant formula has exceeded a2MC’s expectations. Demand has been particularly strong in Australia, but also through the cross border e-commerce (CBEC) channel into China. The Company confirms that for the 9 months ended 31 March 2017, Group revenue was NZ\$388.5 million<sup>1</sup>.

In response to this continued very strong demand, and having regard to recent commentary relating to regulation of the CBEC channel, a2MC has been working closely with its infant formula manufacturing partner, Synlait Milk, to uplift the production schedule for the remainder of FY17.

On the assumption of continuing strong demand for a2 Platinum® infant formula and production deliveries being achieved consistent with the revised production schedule, the Company is now expecting infant formula sales for second half FY17 to exceed sales achieved in first half FY17. As a result, Group revenue for the 2017 financial year is forecast to be approximately NZ\$525 million.

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<sup>1</sup> Unaudited Group revenue for the 9 months to 31 March 2017

