

21 December 2016

NZX/ASX Market Release

Confirmation of trading performance

At the Annual Meeting of The a2 Milk Company Limited (the “Company”) held on 22 November 2016, the Managing Director and Chief Executive Officer advised that:

- Revenue for the first four months of the 2017 financial year was NZ\$155.2 million (up from NZ\$79.3 million in the prior corresponding period), reflecting continued growth in infant formula and milk products;
- The revenue number also reflected significant seasonal build in sales of infant formula ahead of the key China sales event, ‘11/11 Singles Day’;
- EBITDA for the same period was NZ\$35.5 million (representing an EBITDA/Sales percentage of 22.9%), reflecting continued growth in infant formula sales; and
- Operating cash flow remained strong.

The Company notes the higher level of recent commentary and interest from shareholders relating to the infant formula market. In this context, the Company wishes to confirm that, consistent with the trends communicated at the Annual Meeting, the business continues to trade very strongly reflecting, in particular, significant year-on-year growth in its infant formula business.

The a2 Milk Company’s infant formula business is based on key attributes that include:

- The health and digestive benefits associated with dairy products derived from milk that contains only the A2 beta casein protein, and a price premium consistent with that positioning;
- A supply chain built on contracted strategic arrangements for supply and manufacturing within a comprehensive Supply Agreement with Synlait Milk that includes access to a guaranteed level of production capacity without any “take or pay” obligation;
- Flexible and active sales channel management providing the capability to optimise performance and minimise risk;
- Close attention to inventory management including development of processes to monitor inventory levels through the various channels of distribution; and
- Continued investment in the Company’s brands and intellectual property, and in its relationship with consumers.



Consistent with its reporting cycle, The a2 Milk Company will shortly begin preparing its Half Yearly Report and expects to provide an update on its trading performance during February 2017.

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