



19 November 2019
NZX/ASX Market Release

Chair's 2019 Annual Meeting Address

Welcome

Good morning ladies and gentlemen and welcome to The a2 Milk Company's 2019 Annual Meeting.

As part of our policy of rotating the location of our Annual Meetings between New Zealand and Australia due to our dual listing, we are pleased to be holding this year's Annual Meeting here in Auckland. It is my honour as your Chair to welcome all shareholders whether here in person or joining us online.

I am pleased to confirm that we have a quorum and I therefore declare the meeting open.

Introduction of Directors and Advisors

First, I would like to introduce the Directors. On my left are: Jayne Hrdlicka, the Company's Managing Director & CEO; Julia Hoare, the Company's Deputy Chair; Warwick Every-Burns; Jesse Wu; and our newest director, Pip Greenwood who is standing for election today.

Also present are representatives from the Company's Auditor, Ernst & Young. We are also accompanied by a number of members of our senior management team, and other colleagues.

Before we start the formal procedures, I would like to draw your attention to an important matter of house-keeping. While you might be using your mobile phones later to vote, can I please ask that you check now that your phones are switched to silent? Thank you.

I will outline the measures we will adopt for the voting process in detail when we come to the resolutions later in the meeting.

Agenda

The agenda for the meeting is as follows: I will begin today with some brief remarks about the business, Jayne will then give the CEO's business update before we proceed to the formal business of the meeting, which includes voting on the three resolutions set out in the Notice of Meeting.

Notice of Meeting

There are spare copies of the Notice of Meeting and the FY19 Annual Report available on the table near the back of this room if anyone would like a copy.

Chair's introduction

Before I ask our Managing Director & CEO, Jayne Hrdlicka, to present, I will take this opportunity to make a few remarks.

Firstly, I would like to thank you our shareholders for your ongoing support, which has been a key component of our continuing performance.

I am delighted to present to you another year of outstanding record achievement by your Company, a year characterised by using our financial strength to invest significantly for the future. The senior management team, led by Jayne, has put considerable effort during the year into ensuring that we maintain our momentum in the marketplace, in particular within our focus regions of Greater China and the US; whilst also strengthening our strategic foundations for the future as we continue to realise the great potential of your Company.

On the back of record revenues and profits, we made a deliberate decision in the second half of FY19 to step up our investment across a number of areas to ensure we can sustainably realise our potential as a company. The work that has been undertaken is not only creating a stronger base for today's business, but more importantly, enabling us to put in place the essential building blocks that will enable us to continue to maintain our strong growth in the future as we work to deliver our long-term potential.

I'm pleased to say we are seeing positive and encouraging signs that our evolved strategy is working, in particular in three main ways:

1. Our decision to actively diversify our retail channel mix in China is helping us create a more robust and sustainable business. We are pleasingly seeing the early signs of success as our China based channels, namely mother and baby stores and cross border e-commerce, grow strongly and our long standing successful Australian resellers business continues to grow

and evolve. This is building our confidence that we should continue to invest to accelerate our growth in this very dynamic market.

2. The US business is showing all the markers for a very successful business as execution against our strategy continues. This continues to build our confidence that the US will be an important long term business for your Company.
3. At the same time as we are investing for future growth, we are also continuing to focus on strong cost management so that we optimise and preserve the underlying healthy gross margin and profitability of the business.

Jayne will take you through a more detailed summary shortly but before I hand over to her I'd also like to take a moment to acknowledge the number of updates in relation to the Company's remuneration framework that have been made today. The framework is designed to align strategic direction and performance with regard to our people, remuneration and incentive structures. Further, the framework aligns shareholders' interests with transparent and accountable remuneration practices. It is comprised of fixed and variable components, designed to drive short and medium term performance as well as long term value creation, while ensuring we can continue to retain, attract and give incentive to the best people for the Company's future. I would draw your attention to the separate announcement made today for more detail.

I'd now like to take the opportunity, on behalf of the Board and all shareholders, to thank Peter Hinton, who retired from the Board on 30 June 2019. Peter made an exceptional contribution during an association with The a2 Milk Company that spanned more than 20 years. Peter was originally an advisor to and partner of Dr Corran McLachlan, the Company's founder, and subsequently shared the entire journey of the business first as an adviser to and then subsequently as a director of the Company.

With Peter's departure I would like to welcome Pip Greenwood, as an independent non-executive director of the Company. A resolution to elect Ms Greenwood will be put to you later in the meeting.

I also wish to add that as you know the Company enjoys a robust balance sheet which, combined with its continued strong cash generation, gives us the flexibility to support our growth potential in the future. The Board and management continue to evaluate a broad range of investment options designed to support our future growth aspirations. As a consequence, we do not anticipate paying dividends in the near term.

A result such as the one we achieved in FY19 and the momentum building in FY20 is not achievable without the right people in place and I would like to acknowledge the broader management team for all their efforts. I would also like to recognise and thank all our external partners for their contribution to our Company, particularly in respect of our China business. Specifically, on behalf of the board, I wish to thank our infant nutrition manufacturing partner Synlait Milk, our China master importer China State Farm and Fonterra for their support. As a business we depend on the support of our key partners, and the extraordinary success of our company over many years is in no small part due to their contribution.

And finally, on behalf of the board, I would like to thank you, our shareholders, for your ongoing support of The a2 Milk Company.

I would now like to hand over to Jayne.