



17 February 2025
NZX/ASX Market Release

1H25 Results Media Release

The a2 Milk Company (“the Company”, “a2MC”) today reported strong 1H25¹ results, upgraded FY25 full year guidance and declared its first dividend.

The Company continues to execute its growth strategy, remaining focused on maximising opportunities in China and other markets, supported by brand investment, product innovation and supply chain transformation to realise future growth potential.

More specifically, the Company:

1. Achieved double digit revenue growth with full year revenue and earnings guidance upgraded
2. Delivered English label IMF² double-digit revenue growth, supported by English label market recovery
3. Continued to gain record market share in China label IMF whilst minimising impact from temporary supply constraints
4. Ramped up innovation launching new products in IMF and Other Nutritionals targeting infants, kids and seniors segments
5. Introduced dividend policy for the first time in Company history and declared interim dividend for 1H25

Financial results and outlook^{3,4}

- Revenue growth of 10.1% to \$893.8 million
 - Regional revenue: China & Other Asia segment up 11.8%, ANZ down 2.7% (due to a further decline in the Daigou channel), USA up 13.2% and MVM external ingredient sales up 31.9%
 - Category revenue: Total IMF up 7.2% with China label up 2.0% and English label up 13.0%⁵, liquid milk in ANZ and USA up 11.2% and 13.4% respectively, Other Nutritionals⁶ up 17.3% and Ingredients (MVM) up 31.9%
- EBITDA up 5.0% to \$118.9 million with an EBITDA margin of 13.3%
 - Including ~\$8 million of incremental airfreight costs to address temporary supply constraints (non recurring)
- Net profit after tax (NPAT) attributable to owners of the Company up 7.6% to \$91.7 million⁷
 - Including incremental airfreight costs (refer above) and MVM coal boiler accelerated depreciation of \$5.1 million (non recurring)
- Basic earnings per share (EPS) up 7.4% to 12.7 cents
- Closing net cash⁸ of \$1,014.0 million up \$45.1 million on June 2024 with operating cash conversion of 106%⁹
- Interim dividend of 8.5 cents per share declared, fully imputed and fully franked (~67% NPAT payout)
- FY25 revenue growth guidance increased from mid to high single-digit, to low to mid double-digit percent on prior year. EBITDA margin (% of revenue) is expected to be slightly up versus FY24 (see FY25 Outlook in the “1H25 Interim Results Commentary and Outlook” announcement)

Operational highlights

- Maintained China IMF top-5 brand position, improved brand health and was third highest share gainer in 1H25
- Achieved record China label IMF market share of 5.3%¹⁰ (FY24: 4.9%) driven by growth in online channels despite temporary supply constraints that were resolved during the half

¹ All references to full year (FY), halves (H) and quarters (Q) relate to the Company’s financial year, ending 30 June.

² Infant milk formula.

³ All figures are in New Zealand Dollars (NZ\$), unless otherwise stated.

⁴ All comparisons are with the 6 months ended 31 December 2023 (1H24), unless otherwise stated.

⁵ English and other labels IMF included in China & Other Asia, ANZ and USA segments.

⁶ Other Nutritionals consists of powdered milk and liquid milk products (plain and fortified) exported to China & Other Asia.

⁷ Excludes non-controlling interest in Mataura Valley Milk (MVM), a loss of \$7.7 million.

⁸ Including term deposits and borrowings, excluding subordinated non-current shareholder loans.

⁹ Operating cash conversion defined as net cash flow from operating activities before interest and tax divided by EBITDA.

¹⁰ Kantar Worldpanel 0-6 years old Baby & Kids panel: National IMF market tracking (Key&A + BCD cities). Moving annual total.

- Delivered second consecutive half of English label IMF sales growth with 1H25 sales up 13.0% on prior year, with strong post Double-11 demand boosting 2H25 outlook
- Launched super-premium English label IMF product *a2 Genesis™* targeting the rapidly growing HMO formulation segment, and expanded fortified milk powder range targeting the growing seniors and kids segments
- Commenced IMF sales of *a2 Platinum®* into Vietnam and registered *a2 Gentle Gold™* for 2H25 Vietnam launch
- Gained market share in Australian liquid milk through growth in *a2 Milk®* and *a2 Milk® Lactose Free* products
- Improved US profitability and gained market share through growth in *a2 Milk®* and *a2 Milk® Grassfed* products
- Progressed US IMF market access through submission of US FDA application for long term approval
- Signed an agreement to establish the *a2®* Global R&D centre in China in partnership with China State Farm
- Commenced the Company's first China based production of fortified milk powder products using *a2 Milk®* produced at MVM and progressed other supply chain transformation initiatives

CEO commentary

The a2 Milk Company's Managing Director and CEO, David Bortolussi said:

- *"Execution of our growth strategy has resulted in another period of strong operational and financial performance."*
- *"Our strong first half results and momentum going into the second half have resulted in an upgrade to our FY25 revenue and earnings guidance."*
- *"We are pleased to declare our first ever dividend, recognising the substantial progress we have made as a business and rewarding our shareholders for their continued support."*
- *"In our infant milk formula business in China, we are a top-5 player and one of the best performing brands, growing sales by 7% in a market that declined 6%."*
- *"Our liquid milk business continues to perform well in ANZ and the US with market share gains driven by growth in our core portfolio and innovation in both markets."*
- *"We increased our level of marketing investment again, achieving record high brand health metrics."*
- *"Our distribution transformation continued to focus on e-Commerce channels with the Daigou channel now representing less than 5% of our total infant milk formula business."*
- *"Our focus on innovation is having impact with the launch of a2 Genesis™, our most premium English label IMF product targeting the rapidly growing HMO segment, and new products targeting the fast growing seniors segment in China."*
- *"As we look ahead, obtaining access to additional China label IMF registrations to support future growth and developing our own nutritional manufacturing capability remain critical to the Company's supply chain transformation strategy. While we are not sharing any new information with you today, we continue to progress opportunities with the intent of making meaningful progress this year."*

Authorised for release by the Board of Directors

David Bortolussi
Managing Director and Chief Executive Officer
The a2 Milk Company Limited

For further information, please contact:

Investors / Analysts

Chante Mueller
 Head of Investor Relations
 M +61 400 374 133
 chante.mueller@a2milk.com

Media – New Zealand

Barry Akers
 M +64 21 571 234
 barryakers9@gmail.com

Media – Other markets

Rick Willis
 M +61 411 839 344
 rick@networkfour.com.au