



22 November 2024
NZX/ASX Market Release

The a2 Milk Company updates FY25 revenue guidance and announces dividend policy

The a2 Milk Company (“the Company”, “a2MC”) has today announced that it has updated its FY25 revenue guidance and established a dividend policy for the first time in Company history.

Updated FY25 revenue guidance

Year to date trading is ahead of plan and previous guidance provided on 19 August 2024, primarily due to a significant increase in MVM external ingredient sales compared to plan and prior year due to higher Global Dairy Trade prices, currency impacts and changes in product mix, which have an immaterial impact on EBITDA¹. In addition, English Label IMF sales and Liquid Milk sales are slightly ahead of plan.

Having regard to year to date trading and outlook, the Company is now expecting mid to high single-digit revenue growth in FY25 versus FY24, compared to previous guidance of mid single-digit growth. EBITDA margin (as % of revenue) in FY25 is still expected to be broadly in line with FY24, with 1H25 down and 2H25 up compared with prior year.

For the full FY25 trading update and outlook commentary, refer to page 27 of the Annual Meeting Presentation dated 22 November 2024.

Implementation of dividend policy

a2MC has also today announced that it has established a dividend policy. The dividend policy targets a payout ratio range of between 60% and 80% of net profit after tax excluding non-recurring and other items (normalised NPAT).

The implementation of a2MC’s dividend policy commences immediately, with the first interim dividend expected to be declared in February 2025 based on the Company’s 1H25 result and in line with the bottom end of the range, being 60% of normalised NPAT.

Chair of the Board, Pip Greenwood said: “The a2 Milk Company has made considerable progress in developing its operating model and creating a more resilient business. Given this progress and our strong balance sheet position, the Board believes the time is right to introduce a dividend policy that delivers sustainable cash returns to shareholders over time.”

¹ Additional MVM ingredient sales largely consist of commodity milk powder sales which have an immaterial impact on EBITDA and a slightly dilutive impact on gross margin and EBITDA margin (as % of revenue).

The Board remains conscious of the Company's significant cash balance, which is being prioritised for supply chain transformation, growth opportunities and risk mitigation. As a2MC executes its strategy and risk evolves, the Board will continue to review capital management options which may result in further capital returns to shareholders, likely in the form of special dividends over time.

The a2 Milk Company's Managing Director and CEO, David Bortolussi said: "I am pleased to introduce The a2 Milk Company's first dividend policy to reward our shareholders for their support over many years and to reflect the significant progress made since we announced our refreshed growth strategy in 2021."

In determining the payment of a dividend for any period, a number of factors will be taken into consideration, including market conditions, current and future earnings, cash flows, capital requirements and the Company's financial position. As the Company operates in a dynamic, regulated and competitive market, capital needs may fluctuate over time.

Subsequent dividends are expected to be declared on a semi-annual basis in February and August each year at a level consistent with the Company's target payout ratio range. It is the Company's intention to impute and frank dividends to the maximum extent possible subject to available credits, noting that imputation credits are limited.

The declaration and payment of all dividends will be subject to Board approval.

Authorised for release by the Board of Directors

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

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