



CHINA MENGNIU DAIRY COMPANY LIMITED (2319.HK)

2024 Interim Results

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Management Team



Gao Fei Chief Executive Officer & Executive Director

Zhang Ping Chief Financial Officer

Chen Yiyi Vice President

Li Pengcheng Vice President

Chris Kwok Company Secretary

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1H2024 Financial Overview



Financial Highlights



RMB Million	1H2023	1H2024	YoY
Revenue	51,119	44,671	-12.6%
Gross Profit	19,630	17,985	-8.4%
Gross Margin	38.4%	40.3%	+1.9 ppt
Operating Profit ⁽¹⁾	3,275	3,119	-4.8%
Operating Margin	6.4%	7.0%	+0.6 ppt
EBITDA	5,178	4,791	-7.5%
EBITDA Margin	10.1%	10.7%	+0.6 ppt
Profit Attributable to Owners of the Company	3,020	2,446	-19.0%
Net Profit Margin Attributable to Owners of the Company	5.9%	5.5%	-0.4 ppt
Basic EPS (RMB)	0.765	0.623	-18.6%

(1) Note: Operating profit = Gross profit -Selling and distribution expenses, Administrative expenses, Educational surcharges, City construction tax, and other taxes.

Revenue Breakdown by Segment



RMB Million	1H2023	1H2024	YoY	1H2024 % of Revenue	YoY
Liquid Milk	41,640	36,262	-12.9%	81.2%	-0.3 ppt
Ice Cream	4,309	3,371	-21.8%	7.5%	-0.9 ppt
Milk Formula	1,894	1,635	-13.7%	3.7%	-0.0 ppt
Cheese	2,256	2,114	-6.3%	4.7%	+0.3 ppt
Others	1,019	1,288	26.3%	2.9%	+0.9 ppt
Total	51,119	44,671	-12.6%	100.0%	/

Selling & Distribution Expenses

RMB million

27.2%  28.4%

13,906



1H2023

12,680



1H2024

Administrative Expenses

RMB million

4.3%  4.3%

2,184



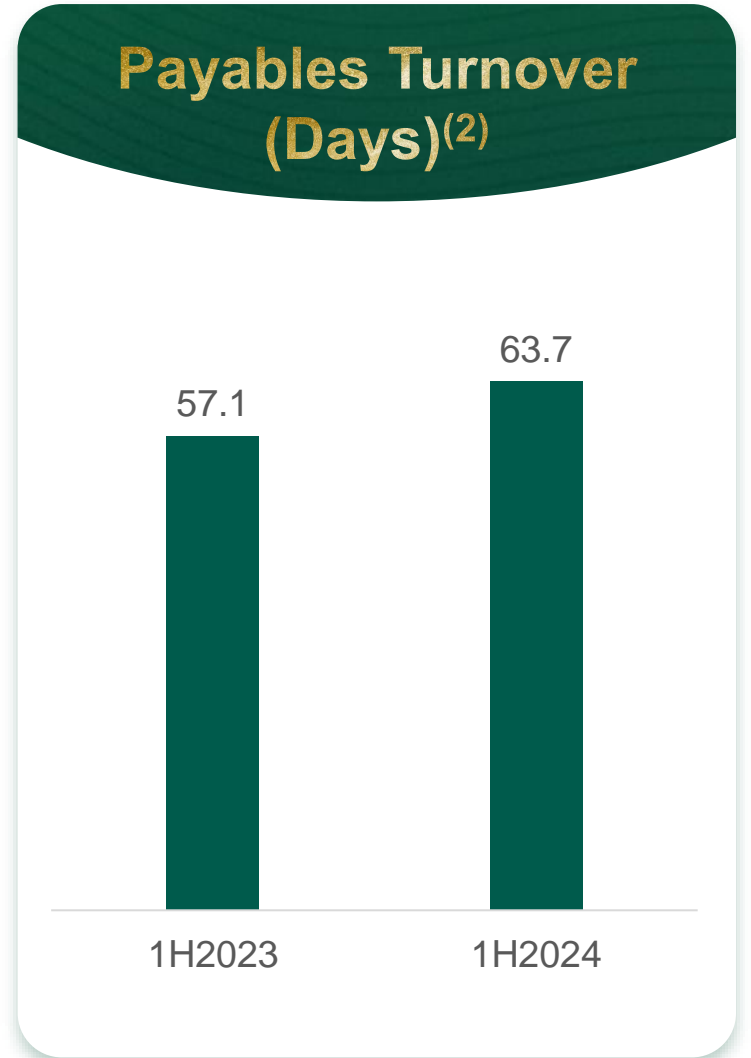
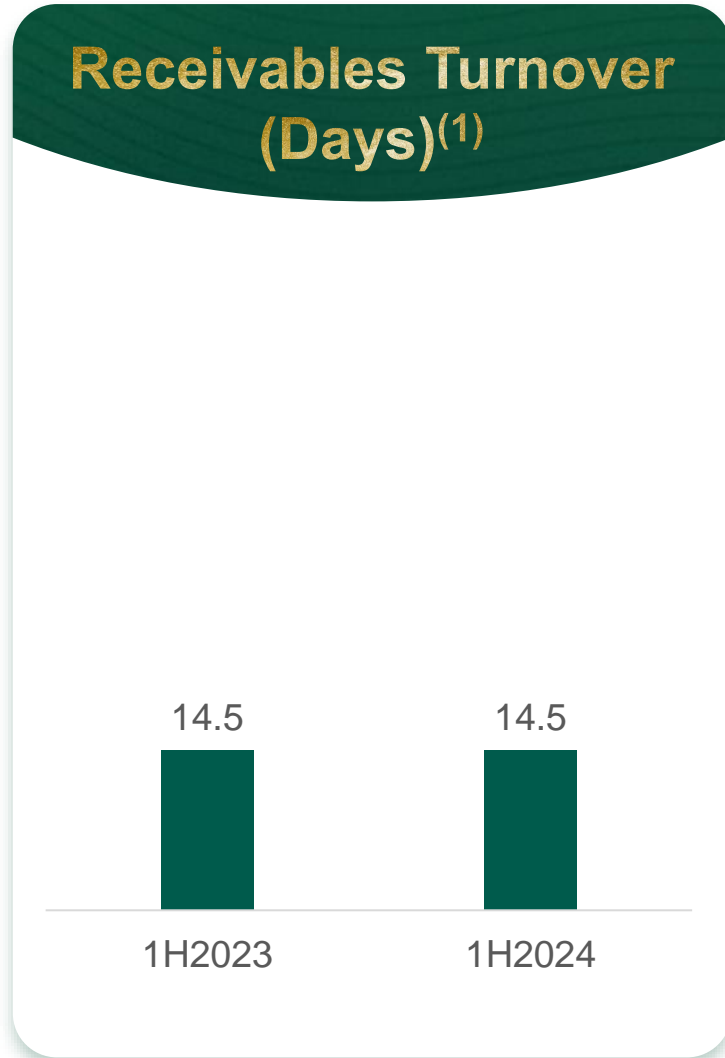
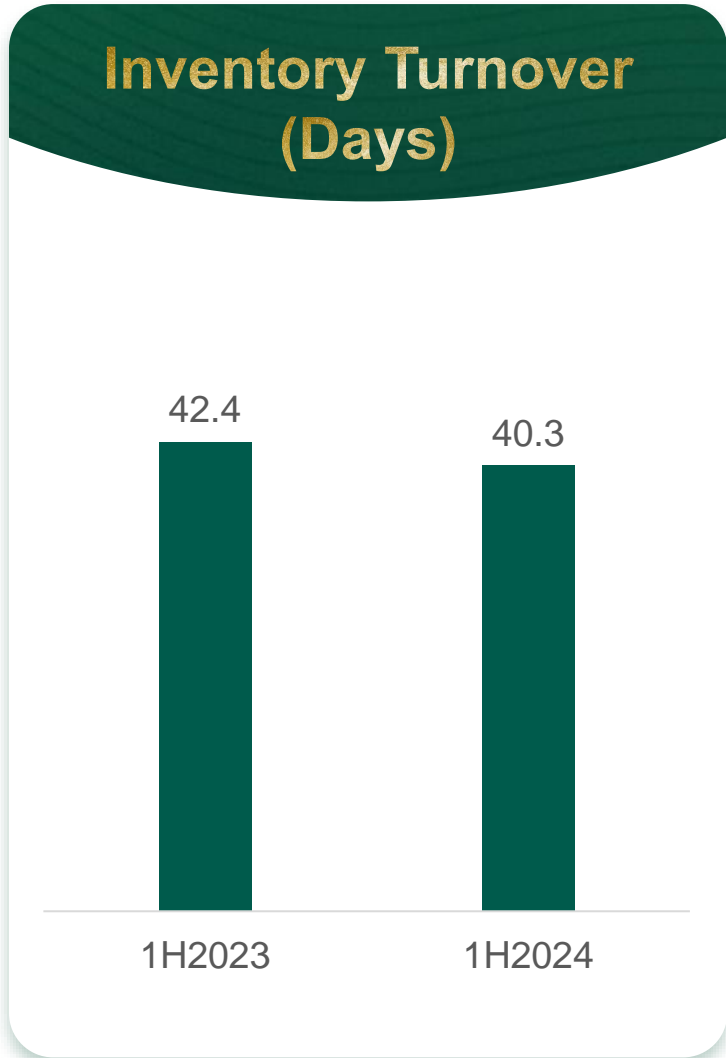
1H2023

1,941



1H2024

Operational Efficiency



(1) Receivables Turnover = (Average Balance of Trade and Bills Receivables / Revenue) x Number of Days

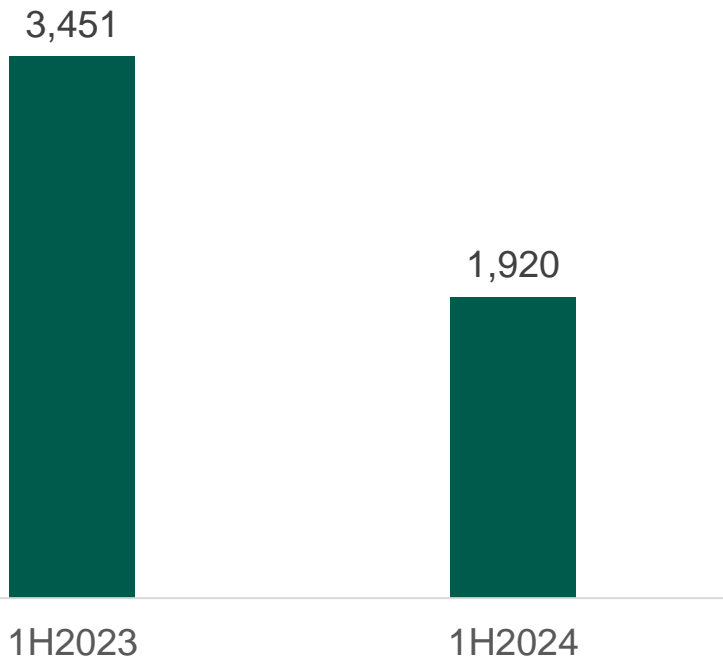
(2) Payables Turnover = (Average Balance of Trade and Bills Payables / Cost of Sales) x Number of Days

Cash Flow and CAPEX



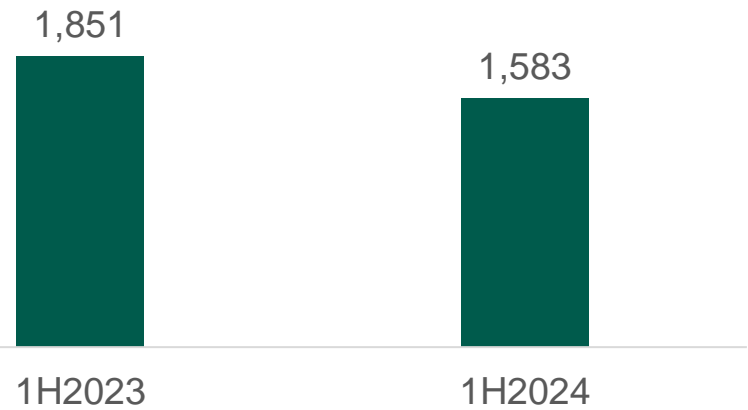
Net Cash Inflows from Operating Activities

RMB million



Capital Expenditure - Property, Plant & Equipment

RMB million



01

Share Repurchase
up to **HK\$2 billion**
during the following 12 months

Dividend Payout

Aiming to continuously increase
dividend payout ratio

02



1H2024 Business Review



01

Resilient demand despite weak consumer sentiment

Consumer demand fell below expectations, but long-term dairy demand remains resilient driven by increasing consumer awareness of nutrition and health

02

Oversupply of raw milk

Temporary oversupply of raw milk resulted in a decline in raw milk prices and an imbalance between supply and demand

03

Reshaping distribution channels

Online and offline retail channels are being reshaped, with significant growth potential in B2B channels and new consumption scenarios

04

Industry category structure to be further upgraded

Dairy categories are yet to be more diversified. The shifts from “drinking milk” to “eating milk,” from “basic nutrition” to “general health”, and from “primary processing” to “value-added further processing” offer substantial growth opportunities.

Actively drive the optimization of channel structure to consolidate our leading position in the room-temperature liquid milk segment

- Room-temperature liquid milk segment has faced short-term challenges of declining raw milk prices and weaker-than-expected demand this year
- Category innovation: Milk Deluxe Desert Organic Pure Milk established a broader ESG framework to define premium quality; Mengniu Lactose-free Milk supplemented niche markets and broadened the consumer base; Just Yoghurt introduced an innovative additive-free formula; Fruit Milk Drink and Suan Suan Ru launched innovative new products
- Distribution channels: promoted online-to-offline integration, improved the efficiency of omni-channel operations, capitalized on emerging online channels, and expanded deeper into rural areas
- Digital transformation: constructed new quality productive forces in the dairy industry and strengthened digital and intelligent capabilities
- B2B market expansion: built a professional catering service brand with Mengniu Professional Dairy and explored opportunities in instant beverages, bakery products, and catering services



Strategically invest in sub-segments under chilled-yogurt and consolidate market share to drive growth in a soft market

- Chilled Yogurt booked positive growth despite the soft market and expanded its leading market share
- Optimized product structure consistently driving profitability improvement
- Mengniu, Champion, and YO!FINE DIARY Yogurt drove category upgrade with a focus on nutrition, function, and taste segments
- Yoyi C strengthened its position as a "probiotic suitable for Chinese people" and has been the #1 brand in the industry for three consecutive years
- Through accelerated RTM channel transformation, Mengniu continues to optimize its channel structure and has maintained a leading position in offline channels, increased its share of online channels, and generated industry-leading growth rates across each channel
- YO!FINE DIARY Yogurt entered the Hong Kong market in July

Fresh milk business actively explore new growth channels, with Shiny Meadow continuing to lead the high-end market segment

- Shiny Meadow booked continuous growth despite segment weakness, continuously advanced its products and launched dual protein milk in 1H24
- Continued to outperform in online and offline channels, claiming the largest market share on traditional and fresh produce e-commerce platforms in the first half of the year
- Expanded into high-growth channels such as coffee and tea shops as well as wholesale snack stores to contribute incremental growth
- With approval from the Food and Environmental Hygiene Department, Shiny Meadow entered the Hong Kong market



Ice cream business continues to drive innovation, Aice accelerates its expansion in Southeast Asia

- Domestic ice cream industry faced pressure from high inventory level in 1H24
- Strengthened brand leadership and continued to make breakthroughs in product innovation
- Focused on expanding market coverage, and improved channel control efficiency through digitalization
- Marketing activities during the Olympics increased Aice's popularity across Southeast Asia, further enhancing its brand reputation and accelerating sales conversion
- Aice ranked first in the Indonesian ice-cream market and second in the Filipino market of snacking ice cream

Push forward transformation of the milk formula business model, strengthen functional nutrition offerings

- Lean operations further enhanced execution efficiency, enabling milk formula business to become profitable in 1H24
- Reeborne focused on R&D to enhance product formula competitiveness, and established sales and marketing online-merge-offline strategy
- Bellamy's continuously positioned as the leader of Australian organic baby food brand, maintaining its position as the #1 brand for organic milk powder in the cross-border e-commerce platform
- Yourui upgraded its product formulas to create functional products that strengthen bones, joints, and muscles, enhancing its competitiveness in nutrition and healthcare for middle-aged and elderly consumers



Expand consumption scenarios for cheese business, injecting growth momentum into the category

- While still in its early development stage, China's cheese industry and cheese consumption have enormous potential for long-term development
- Expanded cheese consumption scenarios and shifted from children's products to cheese for all-age groups with products suitable for bakeries, beverages, and catering, among other segments, significantly contributing to the dual development of To B and To C channels
- Brand upgrade and product innovation further accelerated; several products were launched in 1H24 including Cheese Granules (奶酪小粒) and flower-flavored cheese sticks
- Milkground's market share expanded further, reinforcing its absolute leading position
- Mengniu's Cheese was injected into Milkground in July 2024

Advancing the “GREEN” Sustainable Development Strategy



GREEN

**Governance
Sustainability**

**Responsibility
Common Prosperity**

**Environment
Carbon Net-Zero**

**Ecosystem
Collaborative &
Accountable**

**Nutrition
Supreme & Inclusive**



Zero-deforestation:

Mengniu became a member of RSPO and facilitated the procurement of China's first batch of “zero-deforestation” soybeans which were delivered in 1H24



Green Packaging:

Set goal for green packaging by 2025/35



“1+N” sustainability report disclosure system:

2023 Annual ESG Report / 1st TCFD Report of Mengniu
1st TNFD Report in China's dairy industry /
1st Green Packaging Value Report in China's dairy industry

Thrive with our Long-term Branding Strategy

Global Layout across multiple Olympic Games

TOP membership upholding international quality standards supported by long-term Olympic branding strategy






Ushering in the TOP Era of Mengniu from 2025



奥林匹克全球合作伙伴



Excel with Olympics as a National Brand

Inspiring sports participation beyond the Olympic Games

Embodying cultural confidence and the spirit of excellence on a world stage



Encouraging everyone to participate in sports by launching the “Hundred-city Marathon” campaign to echo the spirit of the Olympics Games



Leading Brand Empowered by the Olympics

Winning brand power driven by Olympics-related marketing campaign

Steady progress in increasing brand strength



Quarter	Brand Power
23Q4	33.0
24Q1	~34.5
24Q2	33.7

Mengniu's brand power

Digital brand equity ranked No.1

2024 巴黎奥运会 | 品牌数字资产10强

排名 | 品牌 | 品牌数字资产 | 社交声量 | 社交互动量 | 品牌搜索 | 品牌口碑

1	蒙牛	152.31	172.23	160.92	101.92	127.42
2	伊利	145.21	168.12	155.83	98.76	120.54
3	光明	138.90	160.45	148.76	95.32	118.90
4	新希望	132.56	155.67	142.34	92.10	115.67

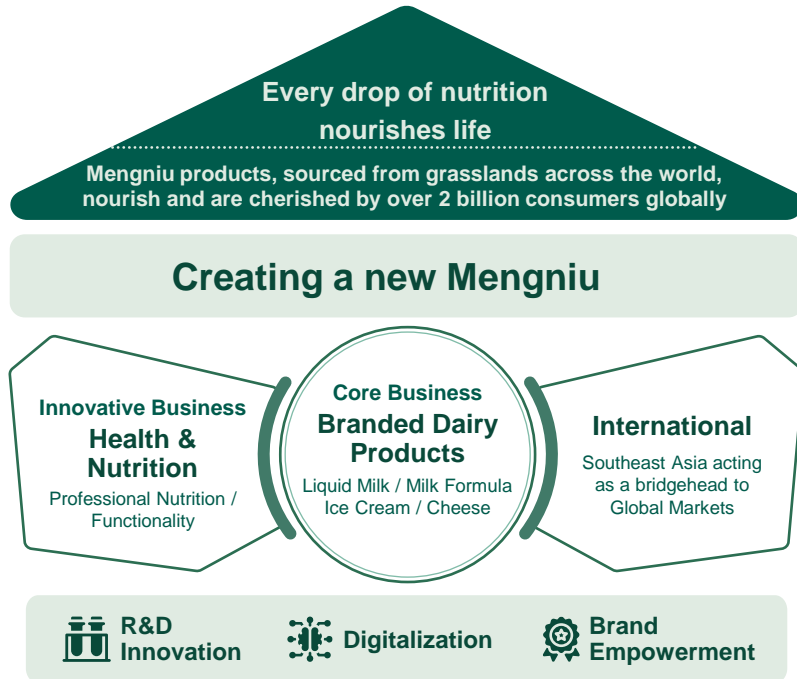
Source: Miaozen Academy of Marketing Science - Top 10 Brands of Digital Asset in terms of 2024 Paris Olympics (2024巴黎奥运会品牌数字资产10强)



Outlook



Operational Strategy



Management Philosophy

1 Strategy

6 Mindset

Consumer-oriented, Client-oriented, Profitability-driven, Full Value Chain Approach, Long-term Approach, Integrity and Discipline

4 High-Quality Development

Industry, Ecosystem, Company Business, Employees

3 Reforms

Solidifying HQ capability to Strengthen Business Units, Lean Organizational Structure and Enhancing Operational Efficiency, Choosing and Hiring the Right Talents

Tackling Temporary Challenges and Spearheading New Quality Development



01

Alleviating Industry
Demand & Supply
Imbalances

02

Improving Quality
and Efficiency via
Fine Management

03

Committed to
Category Innovation
Driving the Structural
Upgrade of the
Industry

04

Building a Lean and
Efficient Organizational
Structure

05

Controlling CAPEX
and Enhancing
Shareholder Return



Q&A



04