

[Press Release]



## Mengniu Announces 2021 Interim Results

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### Grasps Opportunities in The Nutrition And Health Market Continues to Achieve Quality Growth

#### Results Highlights

(RMB million)	six months ended 30 June		YoY Change
	2021	2020	
Revenue	45,905	37,533	+22.3%
Gross profit	17,553	14,652	+19.8%
Profit attributable to owners of the Company	2,947	1,212	+143.2%
Basic earnings per share (RMB per share)			
- Basic	0.748	0.309	+142.1%
- Diluted	0.744	0.308	+141.6%

(Hong Kong, 26 August 2021) China Mengniu Dairy Company Limited and its subsidiaries (together as “Mengniu” or the “Group”) (Stock Code: 2319), a leading dairy product manufacturer in China, has announced its interim results for the six months ended 30 June 2021.

In the first half of 2021, Mengniu grasped the consumption upgrade trend under the backdrop of increasing national nutrition and health awareness post-epidemic, and actively implemented the strategy of “Creating a new Mengniu (再創一個新蒙牛)”, further promoted product innovation and upgrade and expanded online and offline channels for omni-channel development. The revenue during the period amounted to RMB45,905.2 million, representing a year-on-year increase of 22.3%. Due to the increase in revenue and increase in operating efficiency, profit attributable to owners of the Company increased by 143.2% year-on-year to RMB2,946.5 million.

**Mr. Lu Minfang, CEO of Mengniu,** said, “2021 means the commencement of the Group’s five-year strategic plan of ‘Creating a new Mengniu’, we grasped the opportunities brought by the increase in health awareness post-epidemic, continued to promote upgrade in products and brands, as well as development in online and offline channels and comprehensive digital transformation to grasp the opportunities in the nutrition and health market, and achieve quality growth.

“However, the increase in dairy consumption demand, coupled with the elevated feed cost, have resulted in an increase in the cost of raw milk. The Group continued to restructure its milk sources in order to fulfill the demand of high-quality fresh raw milk, while improving our product portfolio, to cope with the impact of rising cost.”

In the first half of 2021, as the Group continued to drive the product innovation, brand upgrade and channel expansion for room temperature liquid milk, chilled yogurt and probiotic drinks, and the fresh milk business, the revenue from the liquid milk business increased by 21.1% from the same period last year to RMB39,448.1 million.

During the period, the room temperature business demonstrated industry leading performance with market share increasing by 0.7 percentage point to 28.8%. All of the room temperature business segments demonstrated growth. In particular, with product portfolio shifting towards mid- to high-end products underpinned by the trend of consumption upgrade, the growth of Milk Deluxe and Mengniu pure milk products were significantly higher than that of the industry.

For the chilled product business, the Group has grasped the changes in consumption trends, sales channels and consumption habits, and continued to drive the value marketing, product innovation and channels establishment for chilled yogurt and chilled probiotic drinks. Mengniu’s chilled products have ranked first in the industry for the 17<sup>th</sup> consecutive year in terms of market share and sales of chilled products continue to lead the industry.

The fresh milk business was seeing strong development momentum, through strategies including launching innovative products, enhancing brand marketing, strengthening supply chain development and expanding sales channels, the Group doubled its revenue and increased its market share significantly.

During the period, the ice cream business segment continued to focus on its brands, such as Suibian, Deluxe and Mood for Green, to further improve product innovation, branding and channel sales. In order to accelerate the business expansion in the Southeast Asian market, the Group acquired Aice, a leading ice-cream brand in Southeast Asia, at the end of March. Revenue for this segment for the period increased by 34.8% from the same period last year to RMB3,003.9 million.

Yashili, the domestic milk formula platform of the Group, focused on its brands such as Reeborne, a brand of infant formula products, and Yourui, a brand of adult milk powder, whilst Bellamy's adhered to its brand positioning of "True Organic". Through market segmentation and expansion of sales channels, the revenue from milk formula business increased by 11.6% from the same period last year to RMB2,547.3 million.

**Mr. Lu concluded**, "In the coming years, Mengniu will continue strengthening our five core capabilities, including R&D innovation, organization assurance, M&A integration, control over raw milk, and digitalized marketing and sales, and strive to become consumer's first choice, a digitalized and internationalized Mengniu and a Mengniu with strong cultural gene and responsibility by 2025.

"In addition, in 2021, we accelerated efforts in sustainable development, and have included environmental, social and governance (ESG) targets into management's key performance indicators (KPIs), in order to integrate social responsibilities with development strategies, social value with our business genes, and embark on a steadfast journey of sustainable development. In active response to the national goal of 'carbon neutrality', Mengniu has promised to take lead in achieving carbon neutrality in the industry, and will disclose its carbon emission reduction targets and roadmap in 2022."

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#### **About China Mengniu Dairy Company Limited**

China Mengniu Dairy Company Limited and its subsidiaries manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with MENGNIU as its core brand. Mengniu offers diverse products including liquid milk products, ice cream, milk formula and cheese. In 2021, Mengniu ranked as "Global Dairy Top 10"; Mengniu was also placed 31th on BrandZ™'s list of most valuable Chinese brands, TOP10 of brand contribution, and also made it again among Brand Finance's list of the top 500 most valuable brands of the world in 2020. As at the end of June 2021, the Group's annual dairy production capacity reached 10.89 million tonnes. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue chip Chinese dairy product manufacturer. In August 2020, Mengniu was included as a constituent of Hang Seng Corporate Sustainability Index and Hang Seng ESG50 Index. For more information, please visit [www.mengniuir.com](http://www.mengniuir.com).

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