

[Press Release]



Mengniu Announces 2021 Annual Results

–Delivered Revenue Growth of 15.9% and Continued to Drive High-Quality Development of The Industry

Results Highlights

(RMB million)	Year ended 31 December 2021		YoY Change
	2021	2020	
Revenue	88,141.5	76,034.8	+15.9%
Gross profit	32,389.9	28,629.3	+13.1%
Profit attribute to owners of the Company	5,025.5	3,525.0	+42.6%
Basic earnings per share (RMB per share)			
- Basic	1.274	0.897	+42.0%
- Diluted	1.267	0.892	+42.0%

(Hong Kong, 30 March 2022) 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 audited annual results for the year ended 31 December 2021.

In 2021, Mengniu seized the development opportunities in the dairy product industry through continuous product innovations and upgrades, rebranding efforts, and expanding online and offline channels for omnichannel development, leading to revenue growth that once again exceeded expectations. For the year ended 31 December 2021, the revenue of the Group amounted to RMB88,141.5 million, representing a year-on-year increase of 15.9%, reflecting the strength and resilience growth of the Group. Benefitting from the increase in revenue and operating efficiency, profit attributable to owners of the Company increased by 42.6% year-on-year to RMB5,025.5 million.

2021 also marked the commencement of the Group’s five-year strategic plan, “Creating a New Mengniu”, which is of great importance to its future. While the prolonged COVID-19 epidemic continued to impact the global economy adversely, Mengniu delivered remarkable results and achieved steady overall revenue growth due to a combination of effective epidemic control in China, policy support for the industry, and collective efforts of all the Group’s employees. Each of the business segments also saw robust growth, laying a solid foundation for achieving its

five-year strategic goal and becoming one of the preferred dairy brands for Chinese consumers.

In 2021, the Group continued to drive product innovation, brand elevations, and channel expansion for the room temperature, chilled, and fresh milk businesses, leading to revenue growth of 12.9% from the same period last year to RMB76,514.4 million from the liquid milk business.

High-End Room Temperature Brands Accelerated Faster Than the Industry

Benefiting from the diversified demand of consumers, Mengniu's room temperature product business continued to innovate throughout the year with product upgrades, branding enhancements, strengthened sales channels, and an improving supply chain foundation. The segment recorded five straight years of strong double-digit growth, resulting in a continued increase in market share. In particular, the growth of *Milk Deluxe* and *Mengniu* pure milk products was significantly higher than the industry. Since its establishment in 2005, *Milk Deluxe* has continuously focused on innovation and product upgrades, brand building, and "better" communication with consumers. It now is the first individual product in the global dairy industry with sales exceeding RMB30 billion in 2021.

Innovative Chilled Products and Ice Cream Businesses Outperformed the Market

Mengniu's chilled product business continued to record volume growth, outperforming the market significantly and expanding its leadership position during the year. The chilled products segment has ranked first in the industry for seventeen consecutive years in terms of market share. In 2021, the Group took advantage of the rapidly growing zero-sugar product category supported by the "Three Reductions & Three Kinds of Health" campaigns launched by the Chinese government, and met the growing demand for lower sugar intake of consumers by introducing the *Champion* zero sucrose and sugar-reduced product. In addition, *Yoyi C* launched a new reduced-sugar product and a new zero sucrose product. At the end of the year, *Yoyi C* also launched a probiotic powder product with 100 billion high compound probiotics setting a new industry benchmark. During the year, the *Champion* and *Yoyi C* brands were further heightened through product and sales enhancement. With respect to sales channels, Mengniu explored and expanded new sales models and channels proactively. The chilled product business unit collaborated with Sam's Club for the first time to provide customized yogurt products and develop a new business model exclusively for direct sales. These new customized yogurt products became the annual major product of Sam's Club immediately following its launch and have ranked among the top of the best-selling list for e-commerce chilled milk products.

As the consumption upgrade trend continues, innovation of ice cream products has leaned towards more high-end, healthy, and trendy products. The rapid growth of in-home consumption of ice cream products and the e-commerce and new retail channels further promoted the growth of ice cream products. In 2021, the entire product lines of brands such as *Suibian*, *Mood for Green*, and *Deluxe* were modernized and renewed. The Group accelerated the development of new retail channels through deep channel cultivation, further expanding network coverage and strengthening sales terminal control, driving strong growth in the ice cream business. 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 2021. In 2021, the revenue from the ice cream business increased by 61.0% from the same period last year to RMB4,240.2 million.

Fresh Milk and Cheese Businesses Maintained High Growth Momentum

The fresh milk industry maintained rapid growth in 2021, leading the overall liquid milk industry. Mengniu's fresh milk business has been developing strongly by improving the "freshness" in all stages of the supply chain from the meadows, R&D, processing, logistics to cold chain distribution. The segment also continues to benefit from its solid execution of strategies such as reinforcing its brand, expanding sales channels, and enhancing its supply chain deployment. Mengniu has driven rapid revenue growth of its dual-core brands *Shiny Meadow* and *Modern Meadow* and further increased its leading position and market share in the high-end fresh milk market.

In 2021, grasping the growth opportunities in the cheese industry, the Group focused on children's cheese sticks, cheese snacks, cheese, and butter for family consumption, and provided dairy product solutions to customers in the foodservice channel. By exploring new consumption scenarios, the cheese business grew rapidly in both the retail and foodservice sectors. On 9 July 2021, Mengniu became a substantial shareholder of Shanghai Milkground Food Tech Co., Ltd. (600882.SH) ("Milkground"). Moving forward, both the Group and Milkground will be able to create synergies through shared resources and reap the benefits from the enormous potential in the domestic and global cheese market.

Accelerated the Development of New Segments in the Milk Formula Business

For the milk formula business, Yashili, the domestic milk formula platform of the Group, introduced a variety of adult functional milk powder products and expanded the coverage of functional products, focusing on high-end development and accelerating the development of new market segments. In addition, the existing infant formula products were continuously upgraded to refresh brand images, whilst Bellamy's adhered to its brand positioning of "True Organic". Through market segmentation and expansion of sales channels, the revenue from the milk formula business increased by 8.2% from last year to RMB4,949.1 million.

Proactively Fulfill Social Responsibilities to Lead A Green Transformation and Create A Net-Zero Emission Future

Over the years, Mengniu has been highly proactive in fulfilling social responsibilities to create a more responsible Mengniu. The Group's efforts have been highly recognized through numerous awards, including the "China Charity Award", the highest government award in the philanthropic field of China for our outstanding performance in the community in the fight against the COVID-19 epidemic. In addition, Mengniu was also awarded "The State Scientific and Technological Progress Award" for its *Key technologies for safety control and quality improvement of milk and dairy products*.

In line with the sustainable development goal of the United Nations, and as part of the strategy of "Creating a new Mengniu by 2025", Mengniu unveiled its new 2025 GREEN sustainable development strategy and developed a set of industry-based "High-quality Green development" solution models, setting the benchmark for sustainable development. Mengniu has actively responded to the national goal of "carbon neutrality" and pledged to be the first to achieve carbon neutrality in the dairy industry. The Group will announce its carbon emission reduction targets and roadmap in 2022. As of the end of the year, Mengniu had 22 factories rated as being a "National Green Factory" by the Ministry of Industry and Information Technology.

Mr. Lu Minfang, Chief Executive Officer of Mengniu, said, “We are now confidently moving towards the mission of “Creating a new Mengniu” by 2025 as we strive to continue being Chinese consumers’ first choice amongst dairy brands. We will also become a “FIRST Mengniu”, one that is beloved by consumers, more international, socially responsible, culturally strong, and digitally transformed by 2025. Based on the strengths of our five core capabilities, we will combine our development goals with promoting the high-quality development of the industry, leading industry upgrades and transformations, creating sustainable value for all stakeholders, making new and more substantial contributions to the long-term development of the dairy industry in China.

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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. Mengniu ranked as “Global Dairy Top 10” in 2021, and placed 31th on BrandZ™’s list of most valuable Chinese brands, TOP10 of brand contribution in 2020. Mengniu 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 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 March 2022, Mengniu was included as a constituent of HSI ESG Enhanced Index and HSI ESG Enhanced Select Index. For more information, please visit www.mengniuir.com.

For Investors and Media Enquiries:

Christensen Advisory

Vivian Wang

Tel : +852 2232 3978

E-mail : vwang@christensenir.com

Suri Cheng

Tel : +86 185 0060 8364

E-mail : Scheng@christensenir.com