

[Press Release]



## ***Mengniu's 2022 Results: Sustained High-Quality Growth with Strong Branding, Innovation, and Digitalization***

**(Hong Kong, 29 March 2023)** On 29 March, **China Mengniu Dairy Company Limited and its subsidiaries (together as “Mengniu” or the “Group”)** (Stock Code: 2319) announced its annual results for the year ended 31 December 2022. The Group reported revenue of RMB92,593.3 million in 2022, representing a year-on-year increase of 5.1%. Operating profit increased by 11.6% to RMB5,423.2 million. Notably, sales of room temperature pure milk and high-end brands achieved robust growth, while sales of fresh milk and ice cream outperformed the industry. Furthermore, the Group’s chilled product and cheese businesses maintained leadership positions in their respective market segments.

In 2022, Mengniu proactively confronted external challenges and remained committed to pursuing high-quality growth driven by the "three engines" of branding, innovation and digitalization. As a result, Mengniu achieved steady improvement in its core business performance and attained a new high in the global dairy ranking. Mengniu remained steadfast in its commitment to sustainable high-quality development and continued to advance towards its strategic goal of "Creating a new Mengniu."

### **Branding: Creating Beloved Products for Consumers**

Branding has been the protective moat around Mengniu's high-quality growth.

2022 was a year filled with major global sporting events, with the Winter Olympics, the AFC Women's Asian Cup and the FIFA World Cup garnering widespread attention and excitement from fans around the world. Mengniu leveraged its "born to excel" brand philosophy and integrated it with the spirit of sportsmanship to conduct comprehensive brand activities centered around major sporting events. The Group’s efforts to pay tribute to China's women's national football team for their victory in the AFC Women's Asian Cup and collaborate with Olympic gold medalist Eileen Gu have generated significant buzz on social media, reinforcing the message that "you can always trust Mengniu's spokespersons," which became a hot topic and trending search. Furthermore, the Group strongly supported the inaugural China Youth Football League, contributing to the healthy growth of young athletes. During the 2022 FIFA World Cup in Qatar, Mengniu joined with spokespersons Lionel Messi and Kylian Mbappe to form the M<sup>3</sup> team, which was a shining success. As Mengniu continued to strengthen its brand, through its expansion into e-commerce platforms to drive user growth, the Group has achieved both significant brand enhancement and increased sales. Mengniu also advanced its youth-oriented brand strategy, released its global employer value proposition (EVP) "Join us! Let's be awesome together" and launched "Nice", the first-ever virtual digital employee in China's dairy industry, in order to strengthen its communication with Generation-Z consumers.

Over the years, Mengniu has leveraged the synergy between its parent and subsidiary brands to create a comprehensive brand matrix consisting of over 400 products across six major categories. Among these, Milk Deluxe achieved a record high market share in the high-end market in 2022, further widening the gap with the second-tier brands and consolidating its position as the world's No. 1 dairy product. Mengniu's high-end fresh milk benchmark product, Shiny Meadow, achieved a significant lead in brand awareness and brand strength. Yoyi C and the Champion Jianzihao product also seized new market opportunities, leading the trend of healthy consumption among Chinese consumers. The ice cream business not only cultivated long-standing and beloved brands such as Suibian and Mood for Green, but also created the crossover product "Moutai Ice Cream", which went viral. Reeborne Enzhi and Reeborne Jingzhi were among the first batch of products to pass the New National Standards registration for infant milk formula. Milkground made steady advances and fully consolidated its position as the No. 1 cheese brand.

In 2022, Mengniu achieved an MSCI ESG rating of "A", the highest rating in the Chinese dairy industry. Over the past year, the Group took a leadership role in sustainability by releasing its "GREEN" sustainable development strategy and committing to achieving carbon neutrality throughout the entire industry chain in 2050. These initiatives allowed the Group to demonstrate its ESG leadership and collaborate actively with global partners on platforms such as the United Nations Global Compact (UNGC), the Consumer Goods Forum (CGF) and the World Economic Forum (WEF), contributing significantly to addressing international and domestic ESG issues such as climate change, biodiversity, ecological environmental protection, rural revitalization and common prosperity, as well as building its reputation as the leading green and sustainable brand in the Chinese dairy industry.

According to Kantar BrandZ's data, in 2022, Mengniu experienced a 15% year-on-year increase in brand value, exhibiting the highest growth rate in China's dairy industry. The Group also ranked among the top 10 preferred brands of Chinese consumers. Additionally, Mengniu climbed two places to rank a record-high 7th in the "Global Dairy Top 20" published by ABN AMRO Bank in 2022.

### **Innovation: Leading the High-Quality Revitalization of the Dairy Industry**

Innovation has been the driving force for Mengniu's high-quality growth.

As a leading player in the dairy industry, the Group's unwavering commitment to independent research and development has paved the way for technological advancements in grass cultivation, cattle breeding and milk production, addressing industry challenges and prioritizing consumer safety.

In terms of grass cultivation, in order to address the issue of high-quality forage being monopolized by foreign companies, Mengniu formed a strategic partnership with the Institute of Grassland Research of CAAS to conduct research on six grass varieties, with the aim of developing high-protein forage. In terms of cattle breeding, the Group continued to strengthen its independent innovation in high-quality cattle breeding and further the development of advanced embryo transplantation technology, enabling the expansion of pastures. Thanks to continuous breakthroughs in upstream innovation, in 2022, Mengniu continued to advance its milk source strategy of "one million dairy cows, one million mu of pasture, and one million tons of milk" and promote the construction of "planting, breeding and processing" industrial parks, which resulted in the planting of over 6 million mu and over 12 million tons of high-quality forage and the breeding of over 1.7 million dairy cattle. Regarding milk production, in October

2022, Mengniu partnered with the China Space Foundation to release two aerospace bacteria strains, marking the beginning of a new era of collaborative innovation between the food industry and the aerospace research community. Furthermore, Mengniu's ongoing "European Union benchmark products" project achieved new breakthroughs, ensuring that all nine major product categories, including pasteurized milk, sterilized milk, infant formula and cheese, meet the standards set by the European Union, and setting the bar for "world-class quality."

In addition, Mengniu continued to increase its research and development investment in the fields of dairy and nutritional health. Through the dual driving forces of "capital + scientific research," the Group has constantly driven the commercialization of scientific research results and actively explored the second and third growth curves in areas such as special foods. Mengniu's aim is to create a global innovation hub for the dairy industry.

Mengniu's industry-leading innovation has received recognition and acclaim from authoritative sources. During the year, Mengniu's 60 factories secured certifications in seven systems standards including ISO9001, HACCP and BRC, with a 100% passing rate. Last year, Mengniu was honored with five innovation awards, including the "First Prize for Technological Invention" and the "Special Prize for Technological Advancement".

### **Digitalization: Driving Quality and Efficiency Improvement across the Industry**

Digitalization has been the accelerator for Mengniu's high-quality growth.

2022 was a critical year for Mengniu's digital transformation efforts. Mengniu actively promoted its digitalization strategy by focusing on four aspects, namely "Consumers Going Online, Channels Going Online, Supply Chain Going Online and Management Going Online." By establishing a fully integrated digitalized system that covers the entire chain from the pasture to the table, Mengniu is injecting new digital energy into its high-quality development efforts.

On the consumer end, Mengniu established a consumer-centric digitalized operating system, launching 23 front-end applications such as "YingyangShenghuoJia" and "Shiny Meadow." The "one product, one code" technology provided reliable traceability for consumers, generating more than 2 billion consumer interactions throughout the year. In terms of channel digitalization, Mengniu continued to improve its closed-loop digital capabilities from order management to delivery to support channels' RTM transformation and upgrade. For the supply chain, Mengniu accelerated the digital transformation and upgrade of factories in five of its business segments, with its Ningxia factory, which produces room temperature products, establishing a pilot project to fulfill the World Economic forum's "Lighthouse Factory" standards and setting a new benchmark for smart production in the industry. Leveraging digital technologies to enable refined management, Mengniu further improved efficiency in human resources, legal, finance and internal management, with five self-developed internal systems receiving invention patents during the year.

While strengthening its own digital transformation, Mengniu also actively promoted the digitalization of the industry ecosystem. The Group organized the second "Mengniu Hackathon", attracting nearly 150 participating companies and linking multiple scenarios online and offline to build a digital innovation ecosystem. With its exploration and practice of "smart quality" digital management for the entire industry chain, Mengniu achieved the unique distinction of being the only enterprise in the dairy industry to be awarded the title of "National Quality Benchmark" in 2022.

"We will always be optimistic about China's economy and firmly advance our strategy to achieve the goal of 'Creating a new Mengniu' in the Chinese market," **said Lu Minfang, Mengniu's Chief Executive Officer.** In the future, Mengniu will continue to be driven by its branding, innovation and digitalization, playing an important role as the "national team" in the dairy industry. The Group will strive for high-quality development across the entire industry chain, working towards the strategic goal of 'Creating a new Mengniu' at an accelerated pace. Mengniu aims to become a world-class, globally competitive dairy enterprise, promoting the revitalization of the dairy industry and making significant contributions to China's modernization.

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

China Mengniu Dairy Company Limited and its subsidiaries mainly 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 diversified products including liquid milk products, ice cream, milk formula and cheese. Mengniu ranked 7th in the 2022 "Global Dairy Top 20" list published by Rabobank. As at the end of 2022, the Group's annual dairy production capacity reached 12.91 million tons. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue chip Chinese dairy product manufacturer. In 2022, Mengniu's MSCI ESG rating improved to an A grade, the highest rating in the Chinese food industry, and it was included as a constituent stock in sustainable development indexes such as the Hang Seng Corporate Sustainability Index Series. For more information, please visit [www.mengniuir.com](http://www.mengniuir.com).

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