



CHINA MENGNIU DAIRY COMPANY LIMITED
(2319.HK)

2021 Annual Results

March 2022



World-Class Quality
Born For Greatness

Legal Disclaimer



The presentation is prepared by China Mengniu Dairy Company Limited (the “Company”) and is solely for the purpose of corporate communication and general reference only. The presentation is not intended as an offer to sell, or to solicit an offer to buy or to form any basis of investment decision for any class of securities of the Company in any jurisdiction. All such information should not be used or relied on without professional advice. The presentation is a brief summary in nature and does not purport to be a complete description of the Company, its business, its current or historical operating results or its future business prospects. This presentation contains projections and forward looking statements that may reflect the Company’s current views with respect to future events and financial performance. This presentation is provided without any warranty or representation of any kind, either expressed or implied. The Company specifically disclaims all responsibilities in respect of any use or reliance of any information, whether financial or otherwise, contained in this presentation. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Management Team



◆ Mengniu

Lu Minfang	Chief Executive Officer & Executive Director
Wang Yan	Vice President & Executive Director
Zhang Ping	Chief Financial Officer
Gao Fei	Senior Vice President
Wen Yongping	Vice President
Luo Yan	Vice President
Li Pengcheng	Vice President
Chen Yiyi	Vice President
Chris Kwok	Financial Controller & Company Secretary

◆ Yashili

Yan Zhiyuan	Chief Executive Officer & Executive Director
Chen Limin	Chief Financial Officer





Financial Overview



Financial Highlights



RMB million	2019	2020	2021	YoY
Revenue ⁽¹⁾	79,030	76,035	88,141	15.9%
Gross Profit	29,679	28,629	32,390	13.1%
Gross Margin	37.6%	37.7%	36.7%	-1.0ppt
Operating Profit	4,346	3,514	4,862	38.4%
Operating Margin	5.5%	4.6%	5.5%	0.9ppt
EBITDA	7,405	5,779	7,980	38.1%
EBITDA Margin	9.4%	7.6%	9.1%	1.5ppt
Profit Attributable to Owners of the Company	4,105	3,525	5,026	42.6%
Net Profit Margin	5.2%	4.6%	5.7%	1.1ppt
Basic EPS (RMB)	1.049	0.897	1.274	42.0%

Note: (1) 2021 included revenue contribution of RMB1,117 million from the consolidation of Aice, a leading ice cream brand in Southeast Asia from April to Dec, and net revenue of RMB421 million from Burra Foods from Nov to Dec.



Revenue Breakdown by Segments



RMB million	2020	2021	YoY	% of Revenue	YoY
Liquid Milk	67,751	76,514	12.9%	86.8%	-2.3ppt
Ice Cream ⁽¹⁾	2,634	4,240	61.0%	4.8%	+1.3ppt
Milk Formula	4,573	4,949	8.2%	5.6%	-0.4ppt
Others ⁽²⁾	1,077	2,438	126.3%	2.8%	+1.4ppt
Total	76,035	88,141	15.9%	100.0%	/

Note: (1) 2021 included net revenue contribution of RMB1,117 million from the consolidation of Aice, a leading ice cream brand in Southeast Asia from April to Dec; (2) 2021 included net revenue of RMB421 million from Burra Foods from Nov to Dec.

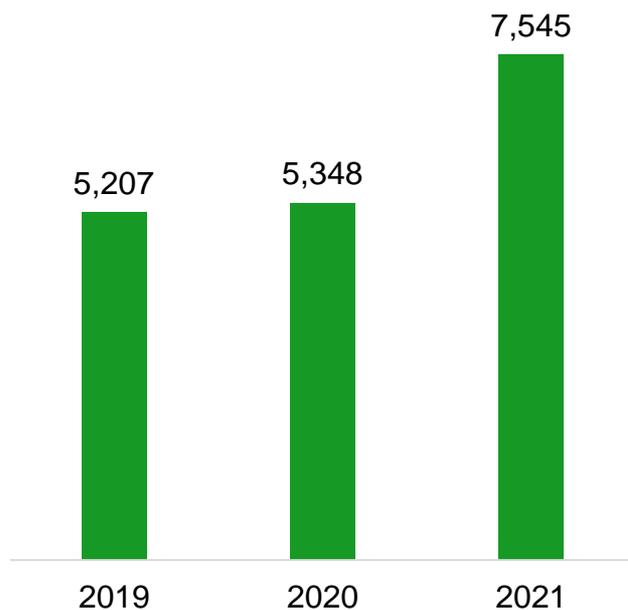


Cash Flow And CAPEX



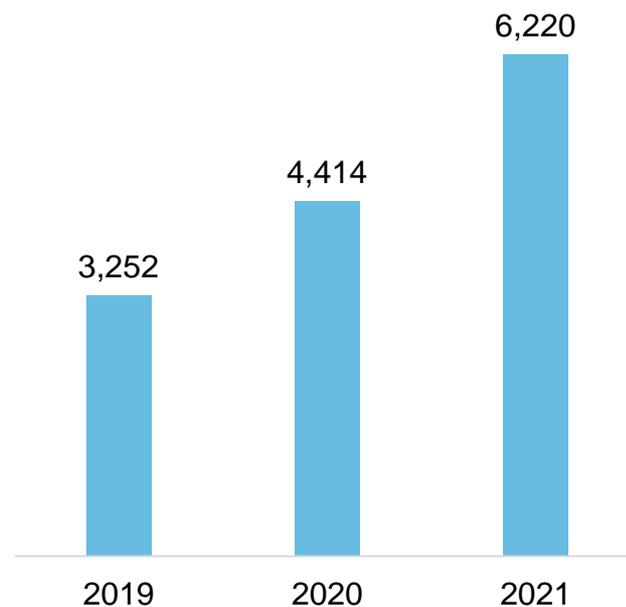
Net Cash Inflows from Operating Activities

RMB million



Capital Expenditure - Property, Plant & Equipment

RMB million

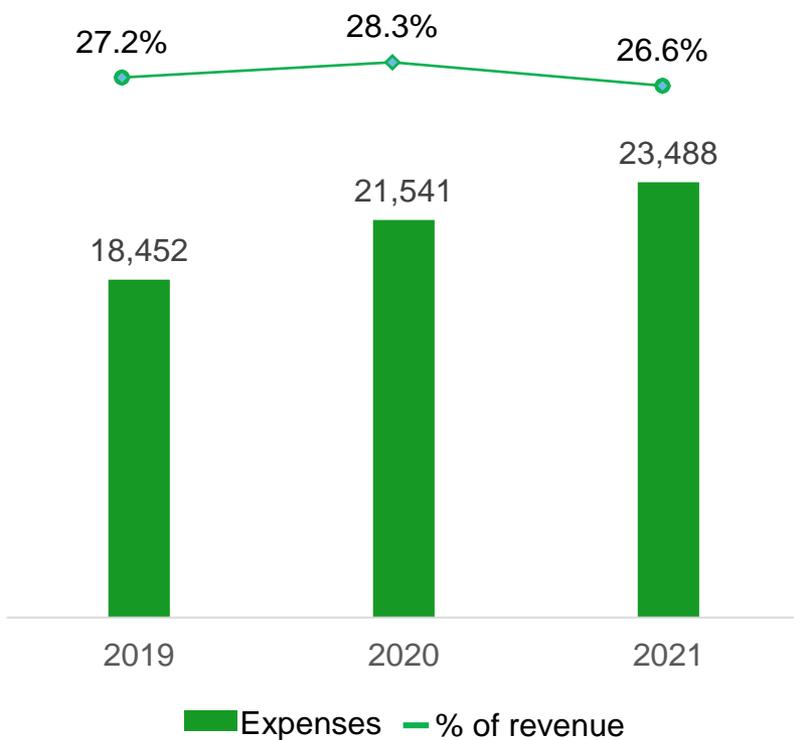


SG&A Expenses



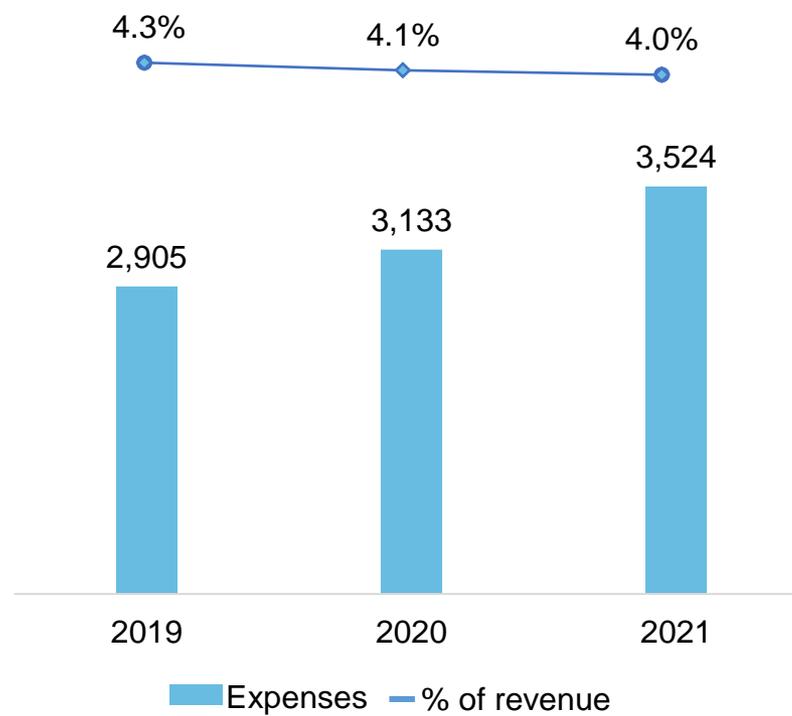
Selling & Distribution Expenses

RMB million



Admin Expenses

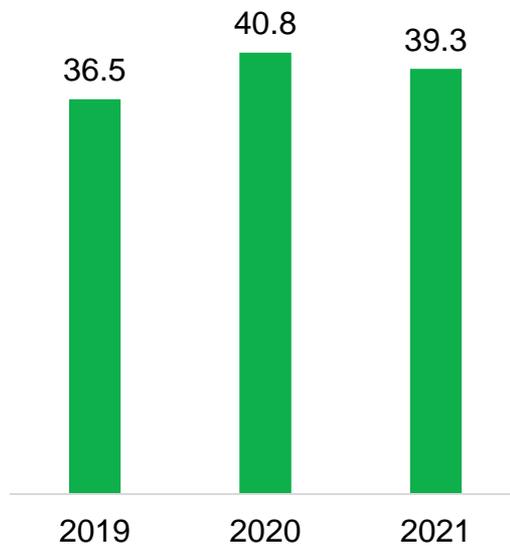
RMB million



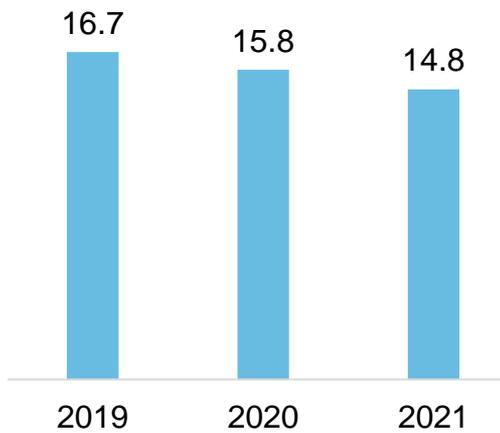
Operational Efficiency Indicators



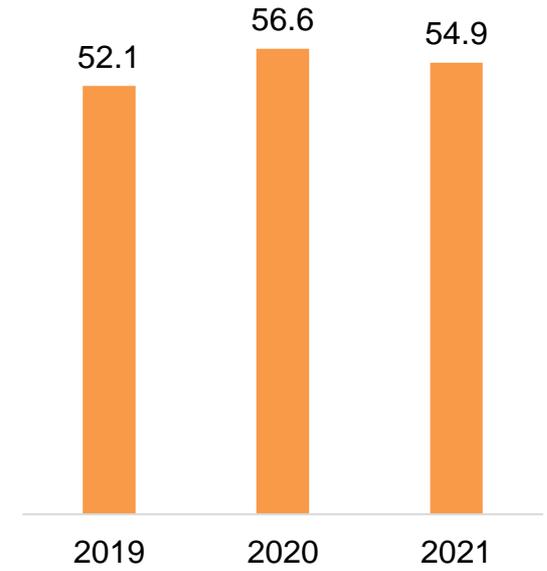
Inventory Turnover (Days)



Receivables Turnover (Days) ⁽¹⁾



Payables Turnover (Days) ⁽²⁾



(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

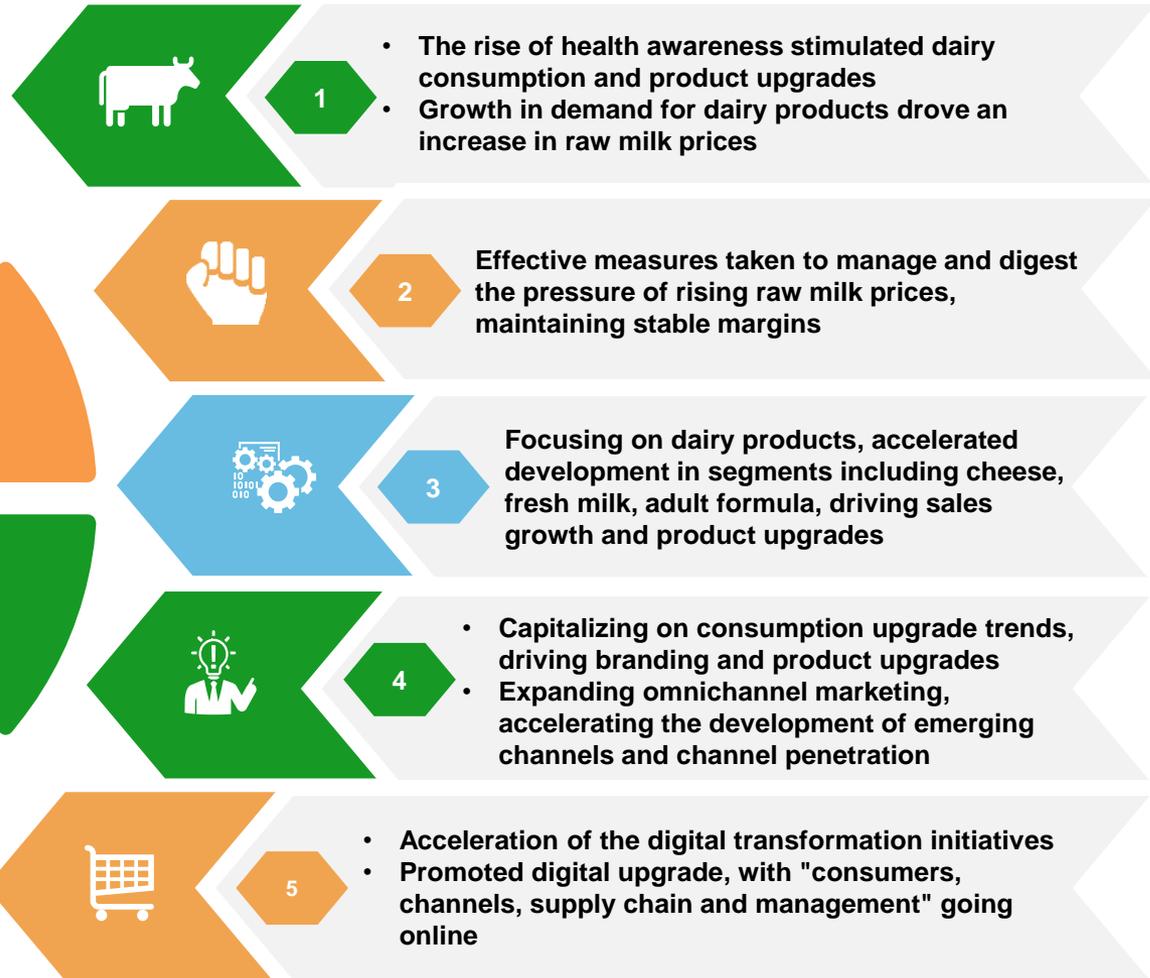




2021 Business Review



2021 Business Review



Fully grasping industry opportunities, executed on strategic upgrades, achieved the fastest growth in five years



Room Temperature Business Records Double-digit Growth for Five Consecutive Years



1 Accelerated growth of premium room temperature brands, continued to outperform the market

- Net revenue from room temperature liquid milk up ~16% yoy, growth accelerated and continued to lead the industry
- Continued RTM development, deepened channel segmentation and penetration, continued to strengthen channel and sales terminals control
- Focusing on digital transformation and premium products upgrade and innovation, strong growth of the new dessert organic pure milk and digital membership operations drove 33% growth for Milk Deluxe
- Continued optimization of Mengniu pure milk product mix, with growth over 23%



Fresh Milk & Cheese Businesses Maintain Strong Growth Momentum



2

Fresh milk business continued to expand market share

- Net revenue up 85% yoy
- Market share increased from 11.1% to 13.4%
- No. 1 sales in JD.com, Sam's Club and Yonghui Superstore
- Shiny Meadow grew 80%, strengthened its leading position in the premium fresh milk market
- Continued product innovation, launching Shiny Meadow A2 fresh milk, 4.0g milk protein fresh milk
- Accelerated development of digitalized supply chain, completing basic layout of “fresh” capabilities



3

41% net revenue growth for cheese

- Launched ASCX additive-free organic cheese sticks and new room temperature leisure cheese products, exploring new consumption scenarios
- Exploration of opportunities in market segments such as new food services, new bakery and new tea beverages, offering professional dairy product solutions
- Completed strategic investment in Milkground's share placement in July, developing leading position in the cheese market



Breakthrough for Ice Cream & Chilled Product Businesses with Strong Results



4

Chilled product business outperformed market

- Net revenue grew ~3% yoy while the market was down 7.6%, expanded lead in market share
- Promoted probiotics products, Yoyi C grew ~22%, LC37 series grew 98%
- Continued to upgrade Champion yogurt product portfolio, launched zero sucrose and reduced sugar new products, saw over 5% growth for the brand
- Exploration of new sales models and channels: collaborated with Sam's Club for the 1st time to provide new customized yogurt products, direct operations at some outlets
- Improvement in efficiency through refined channels and brand investment



5

Innovation of Ice Cream Products, promoted through multiple channels

- 61% yoy growth in net revenue, with domestic business growing 19%
- Innovation and upgrade for the entire product lines of brands such as Suibian, Mood for Green, and Deluxe, lifting gross margin significantly
- Expansion of modern and new retail channels, further strengthened sales infrastructure
- Strategic investment in Aice, a leading ice cream brand in Southeast Asia in March 2021, to further expand the Southeast Asia market



Milk Formula Business Accelerates Development of Sub-segments



6

Strong growth in adult milk powder for Yashili, outperforming market

- Net revenue grew 21.5% yoy
- 76% growth in adult milk powder revenue, becoming a new growth driver
- Focusing on the development of the Reeborne brand, continued to upgrade and optimize the infant formula product portfolio
- Launching premium adult functional milk powder products against the backdrop of aging population, building a leading position in the industry
- Strengthening product development for specific needs, launched M8 children's growth milk formula



7

Bellamy's actively expanded its brands and channels to strengthen its foundation

- Accelerated deployment of domestic cross-border channels, increased market share in cross-border e-commerce channels; Australian daigou channels affected by epidemic
- Chinese-labelled organic Equi-pure infant milk formula continued to promote offline channels deployment and strengthened its channel foundation
- Launching the new brand positioning and advertisements of "True Organic", to increase exposure and popularity of the brand and create momentum
- Established the global innovation unit to integrate global resources, refine product structure and accelerate development of new products



2025 ESG Strategy



GREEN

- ▶ Vision: Defending the common health of people and the Earth
- ▶ Mission: More nutritious products, better lives, a more sustainable Earth

- Governance – Sustainability
- Responsibility – Common Prosperity
- Environment – Carbon Net-zero
- Ecosystem – Collaborative & Accountable
- Nutrition – Supreme & Inclusive

500+ capital market ESG indicators

178 Mengniu sustainable development indicators

15 sustainable development issues & 28 initiatives

5 sustainable development pillars

GREEN Sustainable development strategy



Comprehensive Execution of ESG Strategy



Environment

- Completed group carbon audit, launched the first independent carbon emission data management system in the industry, will announce carbon-neutral goals & roadmap in 1H2022
- Passed audit by UNGC, and became an official enterprise member
- The 1st Chinese dairy company to join the global "Pathways to Dairy Net Zero (PDNZ)" climate initiative
- China Shengmu and Modern Dairy, Mengniu's two major raw milk suppliers, have commenced carbon-neutral strategic initiatives
- Room temperature & chilled product businesses started the PP turnover boxes project, replacing traditional corrugated boxes



Society

- The inclusive nutrition project donated 4.8 million boxes of student milk to underdeveloped regions in the country
- Commenced employee voluntary activities including reducing food waste, checking in with empty plates, and cleaning beaches
- Won the "Most Comfortable Workplace 2021" award, with training programs to help employees grow and develop
- Held 50 training sessions for farms, covering all partner farms, to help farms reduce costs and increase efficiency



Governance

- Included ESG goals in management KPIs
- Board re-composition adding a female Director and improving the diversity of independent Directors
- Added 2 female senior management members, which now accounts for 25% of senior management
- Further improved the Company's compliance governance system
- Established ESG strategies and implementation review mechanism, with the Board and the management deeply involved in ESG governance



Wide Recognition of ESG Efforts



01

Won the "China Charity Award", the highest government award in the philanthropic field of China

Five factories were awarded the title of "National Green Supply Chain Management Enterprise". Currently, has 22 national green factories in total

02

03

Efforts in low-carbon development recognized by China Electronic Energy-saving Technology Association, invited to participate in the formulation of *General Rules for Corporate Carbon Label Evaluation*

MSCI ESG Rating upgraded from "BB" to "BBB"

04

05

Included in the HSI Enhanced Index & the HSI Enhanced Select Index, effective from 7 March 2022

Ranked 1st among Chinese dairy enterprises in the Collar FAIRR Protein Producer Index

06





2022 Strategies & Outlook



Proactively Grasps Industry Opportunities



Macro Trends

Increasing health awareness of consumers benefits dairy products, with a forecasted CAGR of 6%-8% between 2021-24 for the dairy industry



Strong dairy product demand driving raw milk prices to remain elevated



Continued aging population, huge potential of "silver economy"



The cheese market is growing rapidly under the backdrop of consumption upgrade of dairy products, low penetration of cheese consumption, and emerging consumption scenarios like home baking

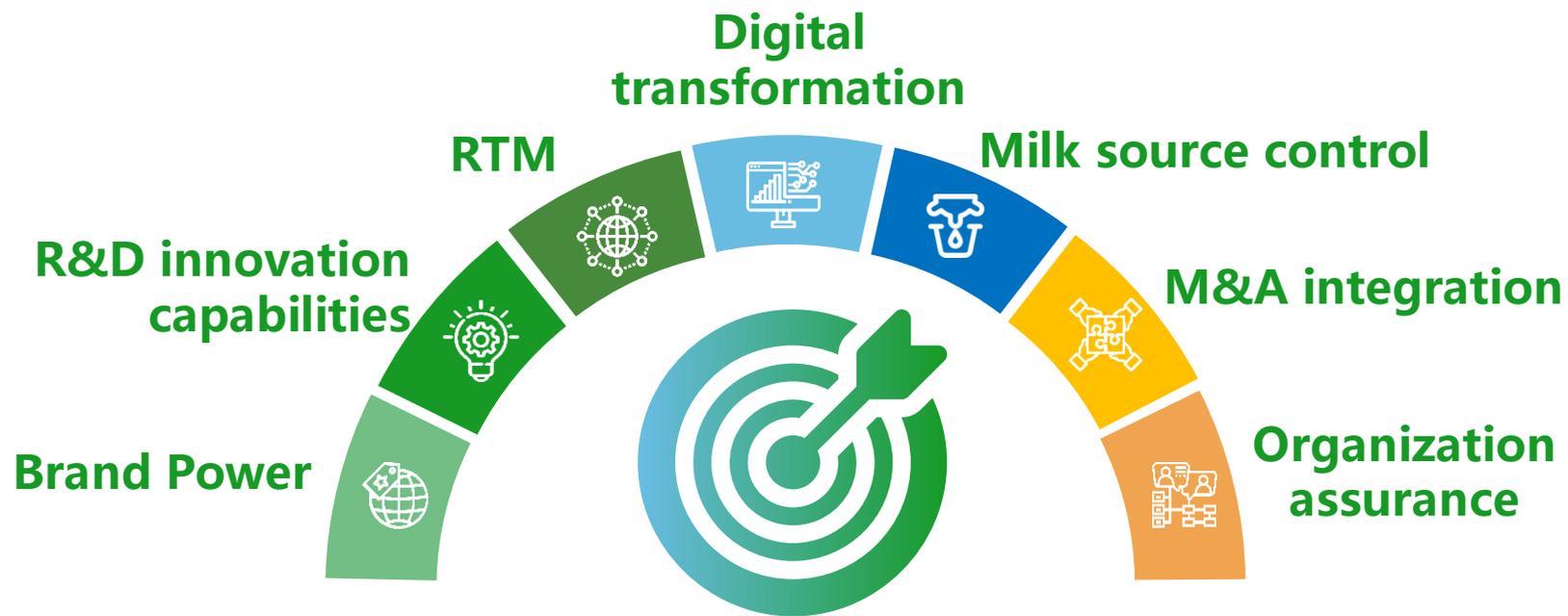


Our Strategies

- Strengthening digital and overall channel management, grasping online and offline opportunities
- Accelerating development of categories such as fresh milk, cheese and organic milk
- Proactive costs control
- Improving product mix and driving product portfolio upgrade
- Collaboration with strategic suppliers to strengthen the layout of milk sources
- Strengthening product portfolio and marketing investment of middle-aged and elderly formula
- Accelerating innovation of foodservice and retail cheese products
- Empowering Milkground and realize comprehensive synergies



Continues to Build up Core Competence – Creating A New Mengniu



22-Year-Old Mengniu Renews Logo, Commences Branding Upgrade



*Remembers
Our Origin*



*Embarks on A
"New" Journey*

Chinese characters represent the core, the green color represents the grasslands of Inner Mongolia; Breaking through boundaries, surpassing ourselves with a firm footing, looking to the stars, from grassland to the world



Created by Rob Janoff, logo designer of Apple Inc.



"Green grassland" as the new logo's basic color, represents nature, health, and quality; indicating that Mengniu will not forget its original intention to go from the grasslands of Inner Mongolia towards the world



"Yellow River – the Mother River" represents Mengniu's development in the golden milk source belt, bringing high quality to consumers with the mission of "every drop of nutrition makes every life thrive"



"Cow's horn" is the spiritual symbol of Mengniu, represents the corporate spirit of "born to excel, constantly strive for self-improving"



Creating A New Mengniu in Five Years





Q&A

