



CHINA MENGNIU DAIRY COMPANY LIMITED (2319.HK)

# 2024 Annual 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



# 2024 Financial Overview



# Financial Highlights



RMB Million	2023	2024	YoY
Revenue	98,624	88,675	-10.1%
Gross Profit	36,640	35,090	-4.2%
Gross Margin	37.2%	39.6%	+2.4ppt
Operating Profit <sup>(1)</sup>	6,171	7,257	17.6%
Operating Margin	6.3%	8.2%	+1.9ppt
EBITDA	9,507	4,462	-53.1%
EBITDA Margin	9.6%	5.0%	-4.6ppt
Profit Attributable to Owners of the Company	4,809	105	-97.8%
Profit Margin Attributable to Owners of the Company	4.9%	0.1%	-4.8ppt
Basic EPS (RMB)	1.220	0.027	-97.8%
Adjusted Profit Attributable to Owners of the Company <sup>(2)</sup>	4,809	4,435	-7.8%
Adjusted Basic EPS (RMB)	1.220	1.129	-7.5%

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

(2) Excluding the impact of i) RMB3,981 million of net impact from Bellamy' s related impairments, and ii) RMB349 million share of losses of associates from the goodwill impairment of Modern Dairy, an associate of the Company.

# Revenue Breakdown by Segment



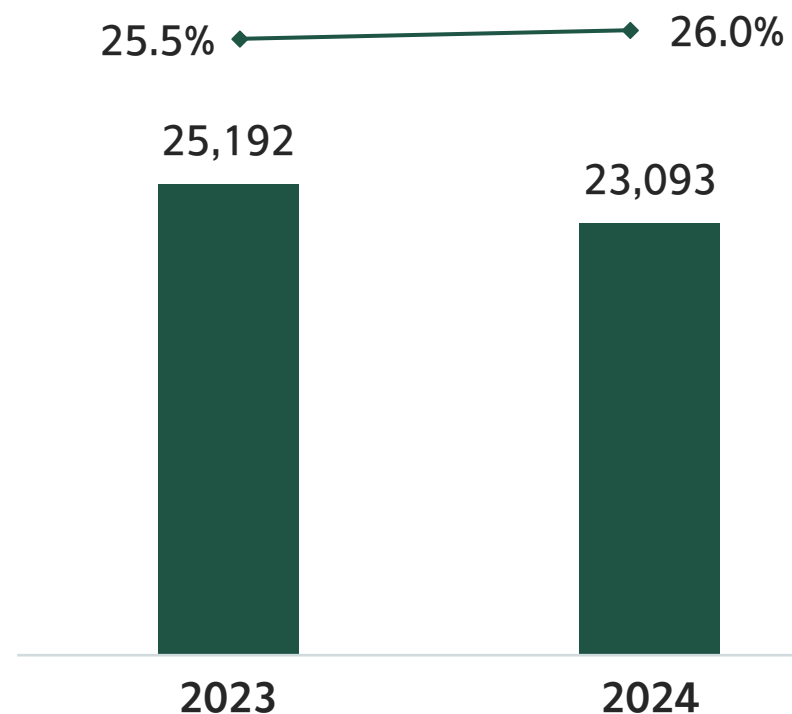
RMB Million	2023	2024	YoY	2024 % of Revenue	YoY
Liquid Milk	82,071	73,066	-11.0%	82.4%	-0.8ppt
Ice Cream	6,026	5,175	-14.1%	5.8%	-0.3ppt
Milk Formula	3,802	3,320	-12.7%	3.7%	-0.2ppt
Cheese	4,357	4,320	-0.9%	4.9%	+0.5ppt
Others	2,368	2,794	18.0%	3.2%	+0.8ppt
Total	98,624	88,675	-10.1%	100.0%	/

# SG&A Expenses



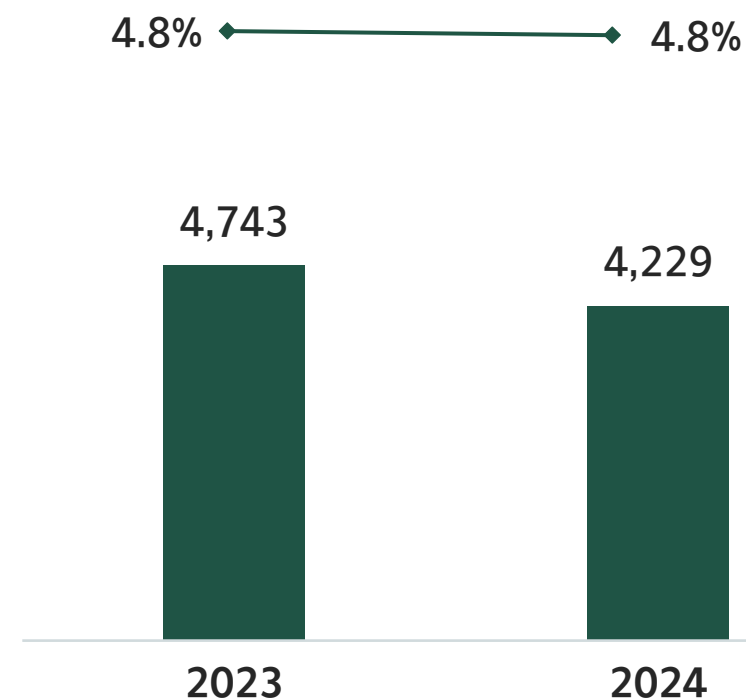
## Selling & Distribution Expenses

RMB million



## Administrative Expenses

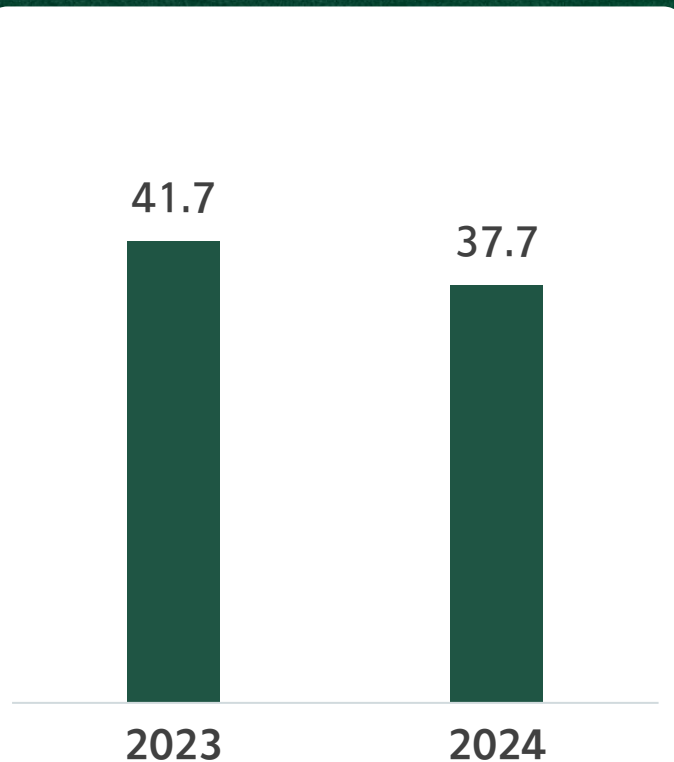
RMB million



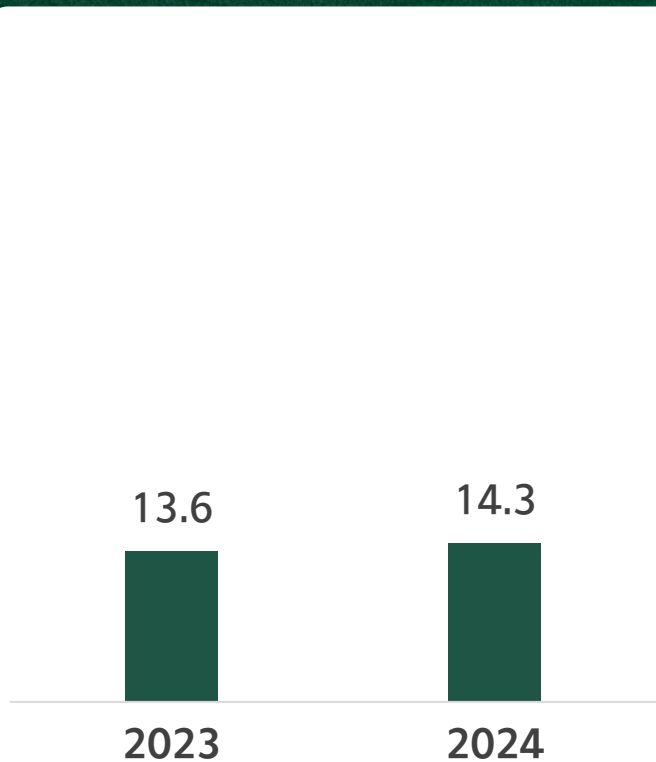
# Operational Efficiency



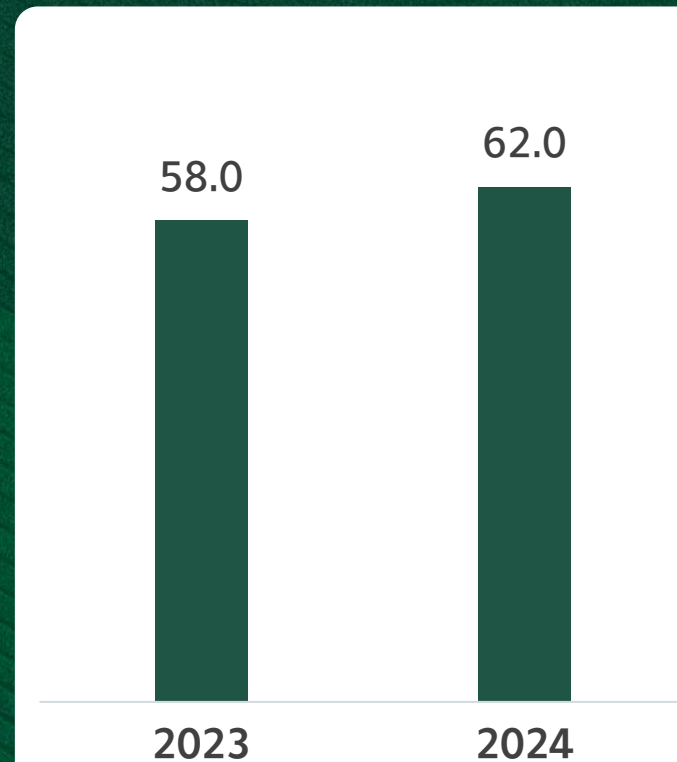
## Inventory Turnover (Days)



## Receivables Turnover (Days)<sup>(1)</sup>



## Payables Turnover (Days)<sup>(2)</sup>



(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

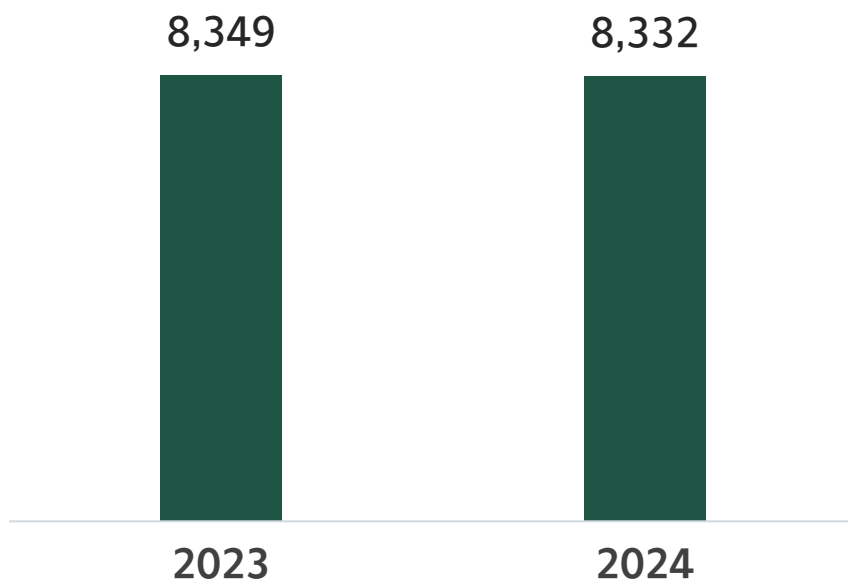


# Cash Flow and CAPEX



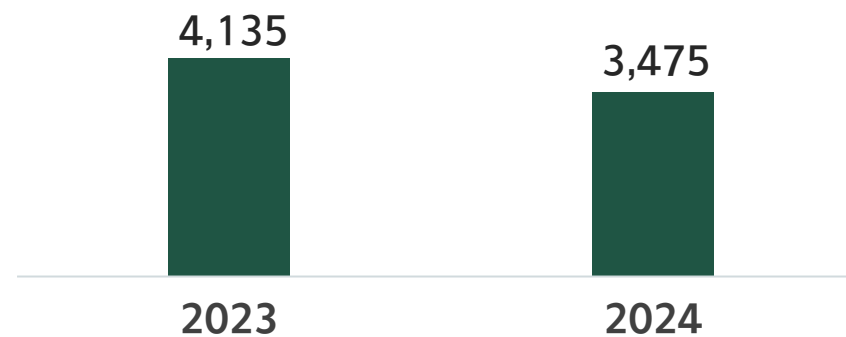
## Net Cash Inflows from Operating Activities

RMB million



## Capital Expenditure -Property, Plant & Equipment <sup>(1)</sup>

RMB million



(1) Capital Expenditure -Property, Plant & Equipment is reported on a cash flow basis



# Enhancing Shareholder Return



**Dividend Payout**

**+**

**Share Repurchase**

Dividend payout ratio in 2024 increased to

**45%**

Dividend per share

**~RMB0.509/share**

Total cash dividend payment

**~RMB2 billion**





# 2024 Business Review



# Lean Operations Yielded Initial Results in 2024



✓ **Operating profit margin exceeded expectations;  
free cash flow improved steadily**

**01**

Easing Industry  
Supply & Demand  
Imbalances

**02**

Improving Quality  
& Efficiency  
through Lean  
Operations

**03**

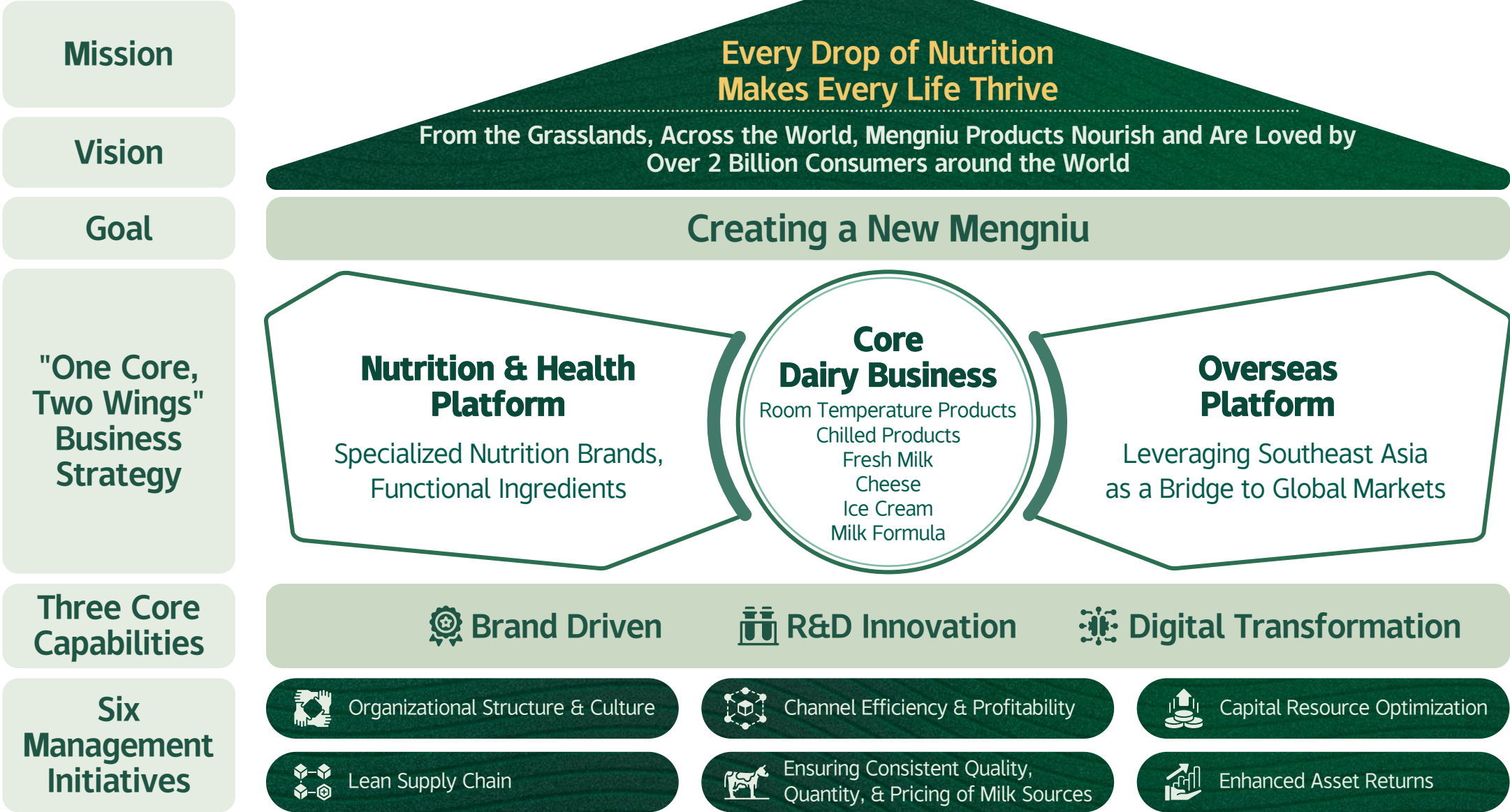
Category  
Innovation &  
Structural  
Upgrades

**04**

Controlling CAPEX  
& Enhancing  
Shareholder  
Return



# Strategic Upgrade







# Strengthening “One Core” and Expanding “Two Wings”



特仑苏®

不是所有沙漠有机  
都叫特仑苏



## Proactively optimizing product mix and channel structure to consolidate our leading position in the room-temperature liquid milk segment

- Milk Deluxe Desert Organic Pure Milk creates distinguished high value premium milk by leveraging an integrated industry supply chain approach.
- Expanding the UHT milk category with a lactose-free milk series that broadens the consumer base; Just Yoghurt's additive-free new products performing well. Milk beverages stabilizing in second half of year, with The Fruit Milk Drink brand focusing on the dual nutritional value of milk plus fruit pieces, and Suan Suan Ru celebrating its 20th anniversary with new products revitalizing the brand.
- **Channel Optimization:** Proactively expanding into emerging distribution channels, integrating online-offline platforms, accelerating expansion into rural markets, and improving omni-channel operational efficiency.
- **B2B Market Expansion:** building a professional catering service brand with Mengniu Dairy Professionals and expanding bakery, tea, and catering layouts.

## Strategically investing in growing sub-segments, optimizing product structure to drive profitability of chilled yogurt

- Consistently outperforming the industry with optimized product structure and operational efficiency driving profit margin improvements.
- Driving category value innovation by focusing on nutrition, functionality and taste, Mengniu, Champion, and YO! FINE DIARY Yogurt achieved initial success; YO! FINE DIARY Yogurt sales grew significantly and entered the Hong Kong market in 2024.
- Ongoing channel structure optimization, accelerating expansion into high-growth sub-segments with offline channels growth outperforming the industry and online channels increasing channel share and market share.





## Fresh milk business proactively exploring new growth channels, Shiny Meadow maintains high growth momentum

- Shiny Meadow maintaining rapid growth momentum, securing its leading market share in the premium fresh milk segment; Mengniu basic fresh milk maintaining its leading market share in the basic fresh milk segment for four consecutive years.
- Continuously leading in both online and offline channels; achieving channel breakthroughs by expanding into membership and wholesale snack stores, as well as successfully collaborating with top coffee and milk tea brands to drive sales to new heights.
- Continuously strengthening fresh capabilities, building a fully integrated digitalized supply chain to drive faster growth in the fresh milk business.



## Ice cream continues to innovate products, enhancing foundation of omni-channel distribution channels

- Adapting to shifting demand, Suibian and Mood for Green focusing on brand and product upgrades, driving continuous innovation and structural improvements.
- Focusing on expanding market coverage and penetrating into emerging channels, new retail channel efficiency significantly enhanced.
- Digitalization enhancing channel management efficiency





## R&D-driven strengthening of specialized functionality, milk formula business solidifying differentiated competitive advantages

- Reeborne strengthening its scientific leadership with the launch of the world's first patented affinity formula, leveraging evidence-based professional marketing and strategic optimization to drive strong growth in brand power and infant milk powder business, resulting in sales revenue doubling in Q4 2024 and Q1 2025.
- Bellamy's positioned as a "leading Australian organic baby food" brand, maintaining its position as the leading Australian organic baby food brand for five consecutive years with rapid sales growth in Southeast Asia markets.
- Yourui focusing on the core health needs of "middle-aged and elderly individuals," with its first product to protect the mobility generating a strong performance

## Cheese market share continues to expand, capitalizing on a prime development opportunity

- Cheese market share is concentrating towards leading companies, with significant room to penetrate further.
- Continuously enriching cheese product portfolio, further consolidating market leading position in the category through both B2C and B2B channels.
- Upgrading brand strategy, strengthening core values of "joy, nutrition, professionalism, and health."
- Continuously optimizing key channels, vigorously developing emerging channels, and maximizing dual-brand channel advantages.
- Completed the integration of Mengniu Cheese business in 2024, driving synergies and significantly improving profitability





# Expanding “Two Wings”: Accelerating Towards “Greater Health” and the World

## Nutrition and health platforms

- Expanding value-added processing of dairy products, accelerating the structural upgrade of the dairy industry value chain.
- Developing professional and functional nutrition products and accelerating their commercialization.
- Sports Nutrition: M-ACTION continues to build China's leading brand in professional sports nutrition with the development of a professional liquid protein, sports function, and daily vitality product lineup.



## Overseas platforms

- Firmly driving international business expansion, integrating and optimizing overseas brand assets.
- Aice proactively expanded into overseas markets: securing the top spot in Indonesia, ranking second in the Filipino snacking ice cream market, and increasing market share in Vietnam; expanding into Southeast Asia and more international markets through factories in Indonesia and the Philippines.
- Optimizing assets including Burra Foods and Bellamy's in Australia and New Zealand, using the best B2B and B2C brands and products to serve consumers in the Asia-Pacific market.





# Strengthening Brand Leadership and Elevating it to New Heights through a Long-term Branding Strategy



Ushering in the TOP Era of Mengniu from 2025



Inspiring participation in sports beyond the Olympic Games



Collaborating with “Ne Zha 2” to boost Spring Festival marketing campaign



Shaping the brand with an industry supply chain approach, enriching it with deep cultural significance, and empowering it through eco-system synergies



# Advancing GREEN Strategy while Driving Green Transformation Across the Value Chain



## “1+N” sustainability report disclosure system

2023 Annual Sustainability Report / 1st TCFD Report of Mengniu/ 1st Report in China’s dairy industry aligned with TNFD Framework / 1st Green Packaging Value Report in China’s dairy industry



## Green Packaging

1st 4R1D green packaging strategy of Group / 1st green packaging design guidelines in the industry



## Dual-carbon Initiative

Steady progress in green practices across dairy farms, gradual decline in overall volume and intensity of carbon emission, developing a “Mengniu Group Carbon Emissions Reduction Measurement Method”



## Zero-deforestation

Mengniu became a member of RSPO and facilitated the procurement of China’s first batch of “zero-deforestation” soybeans



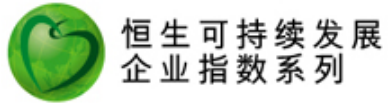
ALLIANCE FOR WATER STEWARDSHIP

## Green Operation

Mengniu signed a strategic cooperation memorandum with the Alliance for Water Stewardship (AWS)



# Industry-leading ESG Ratings



Selected as a constituent of the Hang Seng Corporate Sustainability Index for **four consecutive years**



Maintains **AA** ESG rating from MSCI



**Ranked #1** among China's protein producers



Received **leading scores** for questionnaire in climate change, forests and water security among domestic enterprises



Included in **"Sustainability Yearbook (China Edition)"** released by S&P Global





# 2025 Outlook





# Navigating Cycles

Economic Fluctuations  
Overlapping with  
Industry Turbulence



# Embracing Challenges

Supply and Demand Imbalances  
Industry Supply Chain Resilience  
Product Category Diversification



# Creating New Opportunities

Restarting with the  
Fundamental Value of Milk  
Consumer-centric Approach  
Driving High-Quality Growth





# Drink More

From Necessity to Indispensable Demands, Significant Opportunities to Arise

- Achieve Optimal Supply Chain Efficiency
- Deliver High-Quality Products at Competitive Prices
- Bring Dairy Products Closer to Consumers
- Implement Long-Term Dairy Product Educational Initiatives

# Drink Good

Enjoying Milk in Both Drinkable and Edible Forms, Emerging Trends to Thrive

- Strengthen R&D and Innovation-Driven Strategies
- Develop Products with Industry Supply Chain Approach
- Expand Product Categories through Value-Added Further Processing
- Implement Green and Low-Carbon Practices Throughout the Entire Value Chain

# Drink Right

Targeting Highly Potential Segments, First-Mover Advantages to Build Up

- Identify and Address Health Needs
- Enhance Precise Nutrition Supply
- Develop Functional Products for the Silver Economy
- Focus on Value Propositions and Brands Portfolio





# **Steady Progress, High-Quality Development**