

[Press Release]



Mengniu 2024 Annual Results: Driving Sustainable Growth with “One Core, Two Wings” Strategy, Achieving Steady Progress through Value Enhancement

(Hong Kong, 27 March 2025) – **China Mengniu Dairy Company Limited and its subsidiaries (together as “Mengniu”, the “Company” or the “Group”)** (Stock Code: 2319) announced its 2024 annual results. Despite facing the challenges of weak domestic demand and industry turbulence, Mengniu comprehensively executed its “One Core, Two Wings (一体两翼)” strategy and enhanced quality and efficiency through lean operations. In 2024, the Group recorded revenue of RMB88,675 million with gross margin expanding to 39.6%, an increase of 2.4 percentage points year-over-year. Operating profit was RMB7,257 million while operating profit margin rose to 8.2%, a 1.9 percentage point increase from last year.

Due to the impact of impairment losses of goodwill and intangible assets from Bellamy’s, as well as the share of losses from a goodwill impairment and other additional impairment associated with Modern Dairy, net profit decreased in 2024. Despite the negative impact on net profit, these adjustments have enhanced stability and improved the visibility of the Group’s sustainable and healthy development. Mengniu reiterated its commitment to enhancing shareholder returns by announcing a total cash dividend of approximately RMB2 billion for 2024, demonstrating its confidence in driving long-term growth.

Enhancing “One Core” to Optimize Organizational Structure, and Expanding “Two Wings” to Create New Growth Curves

In 2024, Mengniu steadfastly executed its “One Core, Two Wings” strategy, strengthening the six core business units that form its “One Core”, namely room temperature, chilled dairy, fresh milk, cheese, ice cream, and milk formula products. Through product category upgrades and innovation, Mengniu continued to refine its operations across those segments to meet the diverse and personalized needs of consumers.

Mengniu’s room-temperature liquid milk segment further consolidated its leading position in the industry by optimizing product mix and channel structure. Leveraging an integrated industry supply chain approach, Milk Deluxe Desert Organic Pure Milk developed differentiated high-value premium milk products, and Deluxe Organic achieved high single-digit growth with market share further expanded. Capitalizing on evolving consumer demand trends for nutrition,

functionality, and taste, the chilled product business significantly enhanced its profitability and maintained its leading market share for the twentieth consecutive year. Mengniu's fresh milk business further consolidated its advantages in "freshness capability". Shiney Meadow continued to gain rapid growth momentum, maintaining a leading market share in the premium fresh milk segment. Mengniu's basic fresh milk also maintained its No. 1 market position for four consecutive years.



The Group's ice cream business further accelerated structural upgrades through product innovation and channel expansion. Mood for Green secured its top position in the bean-flavored ice cream lineup for another year. In 2024, the domestic infant formula business regained growth momentum, with Reeborne achieving double-digit revenue growth. Capitalizing on the silver economy, Yourui launched specialized formula products for middle-aged and elderly individuals. Further consolidating its position as a "leading Australian organic baby food" brand, Bellamy's achieved rapid growth in Southeast Asian markets during the year. Driven by synergies and enhanced operational efficiency following the integration of Mengniu Cheese business in 2024, profitability for the cheese segment significantly improved while solidifying its market leadership.

To consolidate its core business foundation, Mengniu comprehensively deployed its nutrition and health platforms and overseas platforms aimed at strategically building a "second growth curve" to accelerate towards "Greater Health" and the world.

On nutrition and health platforms, Mengniu strategically expanded value-added processing of dairy products to maximize raw milk utilization while upgrading the value chain. Supported by its R&D innovation capabilities, the Group accelerated its expansion into and commercialization of professional and functional nutrition sector. M-ACTION, Mengniu's proprietary brand in the

sports nutrition sector, rapidly gained traction among sport enthusiasts in less than two year with its diverse and professional product lineup covering liquid protein, aerobics nutrition, and protein bars etc.



On overseas platforms, Mengniu further integrated and optimized its overseas brand assets to drive its international business expansion. Aice recorded robust revenue growth in Southeast Asia, securing the top spot in Indonesia and second place in the Filipino snacking ice cream market. The brand continued to explore new opportunities in regional and global markets. By optimizing assets like Burra Foods and Bellamy's in Australia and New Zealand, Mengniu remains committed to serving Asia-Pacific consumers with superior B2B and B2C brands and products.

Improving Quality and Efficiency through Lean Operations, Steadily Enhancing Operational Excellence

In 2024, Mengniu generated a record-high operating profit margin of 8.2%, marking a significant improvement of 1.9 percentage points year-over-year. Despite revenue decreasing due to weak consumer confidence and the challenges faced by the entire industry, the Group's increasing operating profit margin further demonstrates its excellence in supply chain efficiency and disciplined cost management.

In terms of upstream milk source management, Mengniu leveraged integrated supply chain advantages to provide upstream ranches with high-quality forage, and technical supports such as precise nutrition practices and standard operating procedures trainings. These initiatives resulted in a broad reduction in procurement costs and remarkable improvements in the quality of fresh raw milk production, with milk yield per head of cow of flagship ranches reaching over 12 tons.



In terms of enterprise management, Mengniu pursued lean operations by decreasing administrative expenses and capital expenditures and building a flatter, more efficient and agile organizational structure with a strategic objective of “Creating a New Mengniu”. The Company also reinforced its six key mindsets, namely consumer-oriented, client-oriented, profitability-driven, full value chain approach, long-term approach, and integrity and discipline. These initiatives facilitated a shift in mindset and awareness, reinvigorating the Group’s organizational capabilities, while enhancing strategic execution and driving the high-quality development of its business.

In the face of market challenges, Mengniu proactively optimized its distribution channels with disciplined inventory management. The company proactively maintained a stable pricing strategy, with the health of Mengniu’s inventory level significantly improved in the second half of 2024. Moreover, by deploying an AI-powered model-driven, digital end-to-end operational process system, Mengniu has realized visualization and controllable flow of sales and management costs across diverse channels with terminal stores manageable online, driving the comprehensive optimization of its distribution channels.

In 2024, Mengniu recorded robust cash flow from operating activities of RMB8.33 billion, which established a solid financial foundation for shareholder returns. Demonstrating its strong confidence in the future development of the Group, Mengniu announced a total cash dividend payment of around RMB2 billion for 2024, reaffirming its commitment to delivering value to shareholders.

Building Three Core Capabilities around the Fundamental Value of Milk

In 2024, Mengniu focused on the core value of “nutrition” by continuing to

enhance its three core capabilities of brand driven, R&D innovation, and digital transformation. These aim to meet the nutritional and health needs of consumers through the high-quality development of the Group.

Mengniu's focus on a brand-driven strategy continues to resonate with consumers through its unique brand proposition of "born to excel". Mengniu further enhanced its brand identity as an "Olympic Partner" as the first global dairy industry member of the Olympic Partners (TOP) programme, showcasing the ambition of Chinese brands' "striving for excellence" on the global stage. To celebrate 20 years of partnership with HunanTV, Suan Suan Ru hosted the iconic "Suan & Sweet Night (酸甜之夜)" gala, rekindling the cherished memories of youth among viewers. The Group is committed to promoting healthy lifestyles domestically and supported the "100-City Marathon (百城马拉松)" which attracted over 2.20 million runners nationwide in 110 racing events. This constituted a closed consumption loop of "nutrition support + sports engagement". Mengniu's brand power also made remarkable progress through its innovative partnership with Nezha 2 (哪吒 2) where this comprehensive product collaboration successfully drove Mengniu's consumer engagement in brand influence and sales performance.



Mengniu continued to drive R&D innovation in its nutrition and health products. In 2024, the Group was the lead contributor to a domestic probiotics project, and for the second time, received the Second Prize at the State Scientific and Technological Progress Award. The Group's proprietary human milk oligosaccharides (HMO) obtained GRAS certification from the U.S. Food and Drug Administration (FDA), making it the first and only Chinese domestic HMO enterprise to receive this certification, marking a significant milestone for China's dairy industry. Recently, Mengniu has been rapidly expanding the

commercialization of HMO into infant milk powder, room-temperature milk for children, and fresh milk, extending the Group's R&D innovation capabilities into consumer nutrition and health benefits.

Mengniu has been steadily advancing its digital transformation to ensure the safety of milk for consumers. Mengniu Ningxia factory was recognized as a "Lighthouse Network (灯塔工厂)" by the World Economic Forum, the first liquid milk factory in the world to receive this and the first in China's dairy industry. To advance its exploration of digital technology for quality management, Mengniu was authorized to establish the National Key Laboratory for Dairy Quality and Digital Monitoring Technology (国家级乳品质量数智监控技术重点实验室). Spearheading technological breakthroughs in food security, Mengniu strives to strengthen and safeguard China's dairy safety using its digital capabilities and intelligent solutions.



Gao Fei, Chief Executive Officer of Mengniu, commented, "Looking out to 2025, the dairy industry is expected to recover as supply and demand imbalances are evened out by the Chinese government's policies to expand domestic demand and strengthen consumer confidence. Mengniu is committed to developing product categories, creating new consumption scenarios, and exploring new markets through the execution of its "One Core, Two Wings" strategy and the core value of "Consumer First", driving the revitalization and modernization of China's dairy industry with high-quality development across the industrial chain, and leading consumers to "Drink More", "Drink Good" and "Drink Right".

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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. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue-chip Chinese dairy product manufacturer. In 2023, Mengniu's MSCI ESG rating improved to an AA grade, the highest rating in the Chinese food industry. Mengniu is a constituent of the Hang Seng Corporate Sustainability Index, Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index, Hang Seng Corporate Sustainability Benchmark Index and HSI ESG Enhanced Select Index.

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