

To: Business Editor
(For immediate release)



AUSNUTRIA DAIRY CORPORATION LTD
澳優乳業股份有限公司

Ausnutria Announced 2018 Annual Results

*The Revenue of Own-branded Milk Formula Products up more than 50%
Organic Milk Formula Products and Nutrition Business emerged as the New Drivers*

Results Highlights

	For the year ended 31 December		Change
	2018 (RMB Million)	2017 (RMB Million)	
Revenue	5,389.6	3,926.5	+37.3%
- <i>Own-branded formula cow milk</i>	2,368.0	1,582.8	+49.6%
- <i>Own-branded formula goat milk</i>	2,033.4	1,279.8	+58.9%
Gross Profit	2,660.6	1,690.2	+57.4%
Gross Profit Margin (%)	49.4	43.0	+6.4pps
EBITDA			
- <i>Reported</i>	948.7	503.3	+88.5%
- <i>Adjusted</i>	895.1	503.3	+77.8%
Profit Attributable to Shareholders			
- <i>Reported</i>	635.1	308.1	+106.1%
- <i>Adjusted</i>	581.5	308.1	+88.7%
Basic Earnings Per Share (RMB Cents)	47.20	24.61	+91.8%
Final Dividend (HK\$/share)	0.15	0.10	+50.0%

(Hong Kong, 18 March 2019) **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a company engages in the research and development, production and distribution of dairy products (including infant formula) and nutrition products with production facilities principally based in the Netherlands, Australia, New Zealand and the PRC. The Group is pleased to announce that its annual results for the year ended 31 December 2018 (the “year under review” or the “Year 2018”).

During the year under review, the dairy industry continued to be challenging due to the form of tightened rules and regulations from governments and the lower-than-expected birth rate in the PRC, the Group’s principal market. In response this, the Group implemented continuous corresponding strategies and achieved a continuous growth in both revenue and operating results.

For the Year 2018, the Group's revenue increased by 37.3% YoY to RMB5,389.6 million, gross profit increased by 57.4% to RMB2,660.6 million, and the gross profit margin was 49.4%, representing an increase of 6.4 percentage points. The performance of the own-branded formula milk powder business, one of the Group's core operations, was particularly outstanding, with a recorded revenue of RMB4,401.4 million, representing an increase by 53.8% compared with the same period last year and accounted for 81.6% of the total revenue of the Group. The compound annual growth rate on the sales of the Group's own-branded formula milk powder products for the past three years ended 31 December 2018 was approximately 40.2%. The Group's profit attributable to ordinary equity holders of the Company increased by 106.1% to RMB635.1 million for the Year 2018. Excluding certain one-off income totaling RMB53.6 million, the adjusted profit attributable to ordinary equity holders of the Company increased by 88.7% to RMB581.5 million when compared with the Year 2017. Given the Group's strong business growth and sound financial position, the Board recommended a final dividend payment of HK\$0.15 (Year 2017: HK\$0.10) per share for the Year 2018, representing a payout of 33.4% of Year 2018 adjusted profit (Year 2017: 34.1%).

Mr. Yan Weibin, Chairman of the Group, said - "During 2018, Ausnutria overcame a host of difficulties by implementing specific plans and strategies with full faith. The Group continues paying off in terms of operation efficiency, improved product quality and diversification, and a strengthened business chain for the Group. In addition, the Group achieved satisfactory results in expanding its global sourcing capability, developing its global market network and enhancing consumer services, which allowed the Group to cater effectively to different market demands in the PRC, grew market recognition of the Group's own-branded formula milk powder products and enhanced the business development of the Group."

Own-Branded Formula Milk Powder Business

The multi-branding strategy of formula milk powder of the Group facilitated the steady, long-term growth. In 2018, the sales of our own-branded business increased by 53.8% YoY to RMB4,401.4 million. Among this amount, cow and goat milk formula revenue increased by 49.6% and 58.9% YoY to RMB2,368.0 million and RMB2,033.4 million, respectively, compared with the year ended 31 December 2017. *Kabrita* continues to be ranked as the number one imported goat milk infant formula in the PRC with 62.5% market share in terms of volume, according to China Customs. The presence of *Kabrita* has expanded to 66 countries and regions during the Year 2018. The Group will continue to launch *Kabrita* in other countries and aim to become a global leader in goat milk infant nutrition products. Thanks to the outstanding performance of *Neolac* and *Extrapure*, the Group owned a 10.8% market share of China imported organic milk market, according to the data of China Customs, amounted to a total of RMB298.6 million in the Year 2018, with YoY growth of 87.9%. According to AC Nielsen, *Neolac*, which has been accredited by the authoritative institutions in the EU, the Netherlands and the PRC, enjoyed a market share of more than 60% in the Netherlands. *Extrapure*, which has received organic certification in Australia and the PRC, is the only Australian organic milk formula registered and accredited by the State Administration for Market Regulation of the PRC.

Nutrition Business

The Group has been actively streamlining the operations of the Nutrition Business and identifying the key and potential products to be launched in overseas markets, particularly the PRC. The sales of the Nutrition Business increased by 80.7% YoY to RMB136.1 million. In the fourth quarter of 2018, the Group launched a series of supplements for children and pregnant women under the brand name of *Kidsbon*. As consumers in the PRC are becoming more health-conscious over time, the Group believes that the Nutrition Business will benefit from the increasing market demand of nutrition products by leveraging on its infrastructure and wide distribution network.

Strategic Steps Taken

To further expand the markets and create better synergy for the Group, the Group has executed several strategic acquisition during the Year 2018: i) acquired the remaining 15% equity interest in Hyproca Nutrition (Hong Kong) Company Limited and Hyproca Nutrition Co., Ltd in May 2018; ii) acquired the remaining 50% equity interest in Ozfarm in Australia in June 2018, and iii) entered into share purchase deeds for the acquisition of the remaining 25% equity interest in Nutrition Care

Pharmaceuticals Pty Ltd and the remaining 30% equity interest in Ausnutrition Care Pty Ltd in December 2018.

Looking forward, **Mr. Yan Weibin concluded** - “2018 is the Group’s fifteenth year in business, and the third year of Ausnutria ‘Golden Decade’ strategy, in order to sustain the long-term growth of the Group and to realise the “Golden Decade” strategic plan, since 2014, the Company has approved a number of investment plans to increase the dry blending and packaging capacities of the Group. As at the Reporting Period, the Group has a net cash of more than RMB800 million. We will continue to seek for potential investment opportunities and head towards the strategy of ‘Golden Decade’ of Ausnutria in order to move further towards our vision – ‘To become the most trustworthy milk formula, nutrition and healthcare enterprise in the world’, as well as consolidate Ausnutria’s leading position in the industry and provide shareholders with a long-term return.”

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About Ausnutria Dairy Corporation Ltd

Ausnutria Dairy Corporation Ltd is a leading infant milk formula company with production facilities principally based in the Netherlands, Australia, New Zealand, and the PRC. The Company is engaged in the worldwide production, research, and sales of infant formula, adult milk and other dairy and nutrition products. It owns several famous infant formula and milk powder brands, including “Kabrita”, “Allnutria” and “Hyproca”. Ausnutria’s factories in the PRC were among that first batch of factories that had been granted with the National Infant Formula Enterprise Production Permit. The factory in the Netherlands is also one of the first infant milk formula manufacturers to obtain import licenses for overseas products under the new policy in the PRC.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Ausnutria Dairy Corporation Ltd**. For further information, please contact us at ausnutria@pordahavas.com, or as below:

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