

To: Business Editor
(For immediate release)



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

Ausnutria Announces 3Q 2018 Results
Core Net Profit Grew Significantly by 79.1% Year-on-year

Benefits from the strategic focus on Own-branded Formula Milk Powder Business
Revenue and Gross Profit Both Increased Year-on-year

Results Highlights

	For the nine months ended 30 September		Change %
	2018 RMB Million (Unaudited)	2017 RMB Million (Unaudited)	
Revenue	3,782.3	2,729.8	38.6
Gross Profit	1,793.9	1,127.7	59.1
Gross Profit Margin (%)	47.4	41.3	6.1pps
Adjusted EBITDA*	599.2	371.6	61.2
Adjusted profit attributable to equity owners of the Company*	395.3	220.7	79.1

* Adjusted for a one-off gain arising from the re-measurement of an asset and gain on the fair value change of a derivative financial instrument in the 3Q 2018 (totalled RMB60.4 million)

(Hong Kong, 13 November 2018) **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 all dairy products (including infant formula) and nutrition products with production facilities principally based in the Netherlands, Australia, New Zealand and the PRC, is pleased to announce its unaudited results for the nine months ended 30 September 2018 (the “3Q 2018” or the “period under review”).

For the 3Q 2018, the Group recorded profit attributable to equity owners of the Company of RMB455.7 million, representing an increase of 106.5% when compared with the same period of 2017. Excluding a one-off gain from other incomes, the adjusted profit attributable to equity owners of the Company amounted to RMB395.3 million, representing an increase of 79.1% when compared with the same period of 2017.

In order to meet the continuous growth in demand of its own-branded formula milk powder products, the Group has been strategically re-allocating more of its production capacity and resources to its own-branded formula milk powder business and stocking in advance for the period under review. As a consequence of such re-allocation, the sales derived from the Group's own-branded formula milk powder business sustained its growth while that from private labels and others declined for the same reason, thus offsetting part of the increase in revenue. For the 3Q 2018, sales of the Group increased 38.6% to RMB3,782.3 million when compared with the same period last year. Among which sales of the Group's own-branded formula milk powder products increased 58.2% year-on-year to RMB3,041.9 million. Gross profit for the 3Q 2018 increased 59.1% to RMB1,793.9 million while the gross profit margin reached 47.4%, representing an increase of 6.1 percentage points over the same period last year.

During the period under review, the continuous improvement in the Group's financial performance was mainly attributable to the continuous increase in the sales of the Group's own-branded cow milk formula products (in particular under the brands Hyproca , Allnutria , Puredo and Neolac (organic)) and goat milk formula products. Such increase was mainly contributed by (i) the growing market recognition of the quality of the Group's own-branded formula milk products as a result of the persistent effort of the Group in building distribution channels and delivering quality consumer service; (ii) the rising worldwide awareness for the Group's own-branded goat milk formula products Kabrita for its quality and high nutrition value; (iii) the increase in production capacity following the commencement of production of two new factories in the Netherlands and the acquisition of a factory in Australia; and (iv) the progressive enhancement of the Group's management and operation efficiency.

Mr. Yan Weibin, Chairman of the Group, said "For the 3Q 2018, Ausnutria, as always, has been in pursuit for breakthroughs by taking timely and appropriate actions in the aspects of business and international strategic layout to achieve steady and rapid development. The global supply chain layout deployment, global team building, research and development and market distribution are all currently in place. The leading position of our goat milk formula products worldwide and our cow milk formula in the PRC have both been basically set. Multiple projects of corporate development have also been smoothly kicked off. In the upcoming fourth quarter of 2018, the Group will continue to re-allocate more of its production capacity and resources to serve its own-branded formula milk powder products to cater for the anticipated strong market demand. In the long run, we will adhere to our mission of 'Nourishing Life and Growth', seize the enormous opportunities brought by national policies, persist in developing the global market and head towards the 'Golden Decade' of Ausnutria through the 'Three-step Process'. We firmly believe that, with our quality products and marketing strategies, as well as the improving operational performance, Ausnutria will move further towards our vision – 'To become the most trustworthy milk formula, nutrition and health-care enterprise in the world', and enhance our leading position in the industry and provide shareholders with sound and 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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