

To: Business Editor
(For immediate release)



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

Records New Highs in 1H 2018

**Revenue and Adjusted Profit Attributable to Equity Owners of The Company
Increased by Approximately 51.6% and 73.2 %, Respectively**

***Achieves a Diversified Industrial Chain Deployment
Continuous Increase in the Sales of the Own-branded Milk Formula Products***

Results Highlights

	For the six months ended 30 June		Change %
	2018 RMB Million (Unaudited)	2017 RMB Million (Unaudited)	
Revenue	2,582.4	1,702.9	51.6
Gross Profit	1,197.6	713.0	68.0
Gross Profit Margin (%)	46.4	41.9	4.5ppts
Adjusted EBITDA*	412.1	250.7	64.4
Adjusted profit attributable to equity owners of the Company*	265.5	153.3	73.2
Net cash flow from operating activities*	177.7	351.1	-49.4

* A deduction of An one-off income of re-measurement of an asset (RMB35.0 million) and income adjustment of changes in fair value of a derivative financial instrument (RMB26.8 million)

(Hong Kong, 14 August 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. Today, the Group is pleased to announce its interim results for the six months ended 30th June 2018 (the “Period under Review” or the “2018 Interim Period”).

For the 2018 Interim Period, despite implementation of the strictest milk powder policy in PRC, and the uncertainty from shortage of raw materials of international milk formula products, dairy industry continued to face challenges, Ausnutria was able to achieve a continuous rapid growth in both revenue and operating results during the Period under Review, mainly driven by the growing market recognition

of the Group's own-branded milk formula products as a result of its persistent effort in building distribution channels and delivering quality consumer service; the rising market awareness for the Group's own-branded goat milk formula products "Kabrita" for its quality and high nutrition value. Moreover, the increase in production capacity following the acquisition of a factory in Australia and the commencement of production of two new factories in the Netherlands; and the progressive enhancement of the Group's management and operation efficiency. During the Period under Review, revenue of the Group increased 51.6% to RMB2,582.4 million when compared with the same period last year. Gross profit increased 68.0% to RMB1,197.6 million while the gross profit margin reached 46.4%, representing an increase of 4.5 percentage points over the same period last year, which mainly due to the proportion of sales of the own-branded milk formula products increased to 80.4% (1H 2017: 69.8%). Adjusted profit attributable to equity owners of the Company increased by 73.2% to RMB265.5 million. Basic earnings per share came to RMB25.92 cents.

Mr. Yan Weibin, Chairman of the Group, said - "For the 2018 Interim Period, Ausnutria gradually implements its global strategy from upstream to the sales market, each business segment has made a great progress. As to the core business, five factories in the Netherlands, two factories in Australia, and one factory in New Zealand have been reformed or completed and commenced production. The first factory in Changsha, the PRC, is in operation. Smart Factory in Changsha will be completed soon, and global 'Golden Milk Zone' layout is basically completed. As to the global business development, the Group has completed the acquisition of remaining 15% equity interest in HNC Group, and remaining 50% equity interest in Ozfarm Australia which has the number one maternal women's milk powder brand in Australia. Moreover, the Group will strategically introduce CITIC Agri Fund Management Co., Ltd. After CITIC Agri Fund becomes the single largest shareholder of the Group, this will broaden our shareholding structure, optimize the Group's asset and liability structure and enhance international competitiveness. In addition, the senior management increased stake in June this year fully demonstrates the core management's confidence in business performance and prospects of Ausnutria."

During the Period under Review, sales of Ausnutria's own-branded cow milk infant formula increased by 80.5% to RMB1,168.7 million when compared with the same period last year, with *Allnutria*, *Hyproca*, *Puredo*, *Mygood* and *Eurlate*, enjoying remarkable sales growth. Moreover, the Group's goat milk-based brand *Kabrita* continued to maintain its leading position in the imported goat milk-based infant formula sector in the PRC with outstanding sales performance that increased 77.0% to RMB796.0 million when compared with the same period last year. *Kabrita* accounted for approximately 30.8% of the Group's total revenues and has become one of the main sources of the Group's overall revenue stream. As such, the Group will continue to launch *Kabrita* in other major countries with the aim of becoming a global market leader in goat milk infant nutrition products.

In addition to the development of its own-branded business, the Group also produces infant formula for other worldwide customers on an OEM basis (the "Private Label"). For the 2018 Interim Period, sales decline in private label was due to the company shift more capacity to the own-branded products as of the strong demand, sales of the Private Label business decreased by 19.5% to RMB192.0 million,

represented 7.4% of the total revenue of the Group.

As to Nutrition business, following the acquisition of the nutrition business from Nutrition Care Pharmaceuticals Pty. Ltd. in 2016, Ausnutria actively identified the key and potential products to be introduced into overseas markets, especially in the PRC market. The Group has launched Gut Relief, which has a beneficial effect on the gastrointestinal tract, and Soforla, a supplement that resolves lactose intolerance in infants, in 2016 and 2017, respectively. 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.

In order to support the continuous growth in demand for infant formula products and optimize supply chain deployment, Ausnutria established new factories in the Netherlands and New Zealand respectively, and completed construction at the end of 2017. Among which, two new factories in the Netherlands obtained certification from and completed its registration with the CNCA in November. The NZ Factory New Zealand, jointly developed with Westland (the second largest dairy cooperative in New Zealand), was obtained a production permit from the Ministry for Primary Industries of New Zealand. Together with the acquired factories in Australia, the Group will have 10 factories in the global “Golden Milk Zone” by the end of 2018, and the production capacity will be greatly improved.

Looking forward, **Mr. Yan** said - “Embracing the huge opportunities brought about by recent national policy changes, Ausnutria has formed global expansion of a diversified industrial chain from formula milk powder to nutritional products, and has become an international company with a sales service network in China, North America, Russia and the Middle East. In the future, the Group will follow the direction of nutrition and comprehensive health, seize the opportunities both in the PRC and overseas market, and enhance its sustainability, heading towards the ‘Golden Decade’ of Ausnutria. We firmly believe that continuous increase in the sales of the own-branded milk formula products and gradually enhance in operation efficiency will allow us to achieve ever-expanding growth results. We will continue to strive hard to create greater value for our consumers and shareholders.”

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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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