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strategic advisors

To: Business Editor

(For immediate release)



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

Continuous Growth for 3Q 2018 Results Positive Profit Alert for Nine Consecutive Times

Benefits from the Continuous Optimization of Sales Portfolio Gross Profit Margin and Profit Margin Both Increased Year-on-year

(Hong Kong, 2 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 that it expects to record profit attributable to the equity owners of approximately RMB455.7 million for the nine months ended 30 September 2018 (the “3Q 2018”), representing an increase of approximately 106.5%, compared with the corresponding figure of RMB220.7 million for the same period of 2017. Excluding a one-off gain from other incomes, the adjusted profit attributable to equity owners of the Company is anticipated to increase to approximately RMB395.3 million, representing an increase of approximately 79.1% when compared with the same period of 2017. Sales of the Group for the 3Q 2018 is anticipated to increase by approximately 38.6% to approximately RMB3.78 billion. Among which sales of the Group’s own-branded formula milk powder products is expected to increase 58.2% yoy to RMB3,041.9 million, comparing RMB1,922.5 million in the same period of 2017. In order to cater the strong demand on the coming fourth quarter which is a traditional peak season of the industry, the Group strategically allocated more capacity and resources to serve its own-branded formula powder products and stocking in advance. This strategic allocation resulted in sales decline in private label and others segment, which partially offset the topline growth. The Group has released profit alerts nine times since 2016.

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 and goat milk formula products which is the Group’s core business segment. Such increase was mainly contributed by the growing market recognition of the quality of the Group’s own-branded formula milk products as a result of its persistent effort in building distribution channels and delivering quality consumer service; the rising worldwide awareness for the Group’s own-branded goat milk formula products *Kabrita* for its quality

and high nutrition value; 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 the progressive enhancement of the Group's management and operation efficiency.

Mr. Yan Weibin, Chairman of the Group, said "2018 is the Group's fifteenth year in business, and the third year of Ausnutria's 'Golden Decade' strategy. The Group, as always, has been in pursuit for breakthroughs in the aspects of business and international strategic layout. As to core business, the presence of *Kabrita* has expanded to 66 countries and regions. We will continue to launch *Kabrita* in other countries and aim to become a global leader in goat milk infant nutrition products. In addition, the Company has successfully completed the issue of new shares to CITIC Agri Fund which is now the single largest shareholder of the Company. This will help optimize the asset-liability and shareholder structure of the Company, as well as consolidate the solid foundation of the Company. 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 been smoothly kicked off. As one of the leaders in the dairy industry, the Company will abide by commitments, keep eyes on our targets, strive to provide the best products and services, respond to market uncertainty with firm strategies, and head towards the 'Golden Decade' of Ausnutria through the "Three-step Process". We will also seize the enormous opportunities brought by national policies, continue our mission of 'Nourishing Life and Growth' and our effort in developing the global market, constantly strive for market and consumer recognition with our high-quality products, achieve ever-expanding growth, in order to move further towards our vision – 'To become the most trustworthy milk formula, nutrition and health-care enterprise in the world', as well as consolidate Ausnutria's leading position in the industry and provide shareholders with a 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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