



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

1Q2020 Results Continued to Record a Significant Growth Announced the Positive Profit Alert for Fifteenth Consecutive Times

Continuous Improvement in Operational Efficiency Steady Growth of Own-Branded Products

Revenue	<p>Approximately RMB1,910.0 million to RMB1,935.0 million, representing an anticipated increase of 25.7% to 27.4% when compared with that of the 1Q2019 (RMB1,519.2 million)</p> <p><i>Among which:</i></p> <p><i>Own-branded goat milk powder</i> – approximately RMB930.0 million to RMB939.0 million, representing an increase of 36.1% to 37.4% when compared with the 1Q2019 (RMB683.4 million)</p> <p><i>Own-branded cow milk powder</i> – approximately RMB760.0 million to RMB772.0 million, representing an increase of 34.1% to 36.3% when compared with the 1Q2019 (RMB566.6 million)</p>
Profit attributable to equity holders of the Company	<p>Approximately RMB261.0 million to RMB271.0 million, representing an anticipated increase of 72.2% to 78.8% when compared with the 1Q2019 (RMB151.6 million)</p>
Adjusted profit attributable to equity holders of the Company ¹	<p>Approximately RMB290.0 million to RMB300.0 million, representing an anticipated increase of 49.1% to 54.2% when compared with the 1Q2019 (RMB194.5 million)</p>

¹ Adjusted for the loss on the fair value change of derivative financial instruments in the 1Q2020 of RMB29.0 million (1Q2019: RMB42.9 million).

(Hong Kong, 27 April 2020) **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, the PRC, Australia and New Zealand, is pleased to announce that it is anticipated that the Group will record a significant increase in financial performance for the three months ended 31 March 2020 (the “**1Q 2020**”), marking the Company’s fifteenth consecutive time announcing a positive profit alert.

The Group’s revenue for the 1Q 2020 is anticipated to increase by not less than 25.7% when compared with the corresponding figure for the 1Q 2019. The Board considers that such increase in revenue is mainly driven by the increase in sales of the Group’s own-branded goat and cow milk formula products by at least 36.1% and 34.1% respectively, when compared with that of the 1Q 2019, as a result of the continuous strengthening of sales network, brand building and high quality services provided to our customers particularly during the period of the outbreak of the coronavirus disease (COVID-19) (the “**Pandemic**”).

Excluding the effect of accounting loss, it is anticipated that the Group will record an adjusted profit attributable to the equity holders of the Company in a range of RMB290.0 million to RMB300.0 million, representing an increase of not less than 49.1% when compared with the corresponding figure for the 1Q 2019. Such increase was spurred by (i) better brand awareness and acceptance of the Group’s goat and cow brands in the market; (ii) the implementation of the Group’s strategic plans, in particular, continuous improvement of the upstream operational efficiency, streamlining of the supply chain and enhancement in the product mix; and (iii) the improvement in business structure as a result of the rising proportion of the sales of the Group’s own-branded goat and cow milk formula products.

The outbreak of COVID-19 in 1Q 2020 was during the Chinese Lunar New Year, and logistics faced a series of problems including the lack of labour forces, lockdowns of numerous towns and blockades of traffic. Despite the intense pressure on various aspects such as logistics during the epidemic, Ausnutria took concrete actions to protect infant food in manifold ways, ensuring the market supply, quality and safety of products as well as price stability and transparency. As for supply, the Company initiated an emergency supply chain management system and communicated with overseas factories in advance to arrange early production of Chinese products in advance, scheduled emergency inspections to reduce release cycles and re-allocate international freight trains in order to guarantee supply of products. To date, Ausnutria’s factories worldwide are operating in an orderly manner, with a safe amount of key raw materials inventory maintained through prior measures. Purchase orders of each factory will be delivered on time. With the arrival of numerous China Railway Express in 1Q 2020, local logistics warehouses have established a reasonable inventory which will fulfill the market demand for over 3 months.

Together with several China Railway Express on the way, market demand is expected to be fulfilled sustainably in long term.

After the outbreak of the COVID-19 Pandemic, Ausnutria immediately responded and established domestic and overseas epidemic prevention and control teams and working groups, emphasizing on protecting staff, actively coordinating with government departments to ensure internal epidemic prevention and scientifically arranging resumption of work strictly in accordance with relevant regulations. Up to now, there is no suspected or confirmed case of COVID-19 infection in domestic and overseas factories. Other than ensuring safety of staff, Ausnutria contributed to the fight against the epidemic outbreak. The Group and its brands acted with Ausnutria U-Foundation and donated eight batches of cash and materials which worth over RMB67.6 million accumulatively.

Mr. Yan Weibin, Chairman of the Group, said “Entering the year of 2020, domestic and global economic production activities have been affected to varying extent by the global outbreak of the COVID-19 pandemic. Since the outbreak, the Board has been monitoring the development of the pandemic and assessing its impact to the Group’s business. The Company also has taken immediate steps and measures to protect its businesses and operations, particularly in the health conditions of all its employees, the supply of its raw materials and the logistic arrangement for the delivery of goods. Facing difficulties, Ausnutria has once again achieved satisfying results with rationalized business structure and ever-growing financial performance through the full cooperation of all staff. The Group will continue our efforts with strategic certainty, powerful innovation and execution to provide products and services with better quality and comprehensiveness, so as to realize the implementation of strategic plans and the vision of ‘To become the most trustworthy milk formula, nutrition and health-care enterprise in the world’.”

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

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