



China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

Stock Code 股份代號：1117

2022 INTERIM RESULTS



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企業文化全景圖

Corporate Culture Panorama



使命

Mission

牧育健康牛

Raise healthy cows,

守護每一滴好奶

safeguard each and every drop of milk

願景

Vision

佈局產業鏈 數智創新

Deploy the whole industry chain, innovate with digital intelligence,

做全球牧業引領者

and be a global dairy farming leader

核心價值觀

Core Values

1 安全健康第一
Safety and health come first

敬畏生命 棄漠視風險
健康防疫 棄麻痺大意
質量優先 絕不妥協
節能減碳 棄跑冒滴漏

2 高標準
Execute with high standards and efficiency

尊重科學 創新領先
主動擔當 說到做到
棄放空炮 等靠要
快速反應 注意細節

3 讓牛人綻放
Unleash our potentials

敢用牛人 不論資排輩
重獎牛人 棄平均主義
善於賦能 彼此成就
棄只挑毛病 相互拆台

4 誠信立事
Be honest and credible

堅持原則幹實事
棄逐利盲從搞投機
公平公正 棄暗箱操作
用事實和資料說話

1

Respect life and never neglect risks.
Fight the virus, be healthy, be cautious.
Quality comes first, never be compromised.
Save energy, reduce carbon footprint and waste.

2

Respect science and lead innovation.
Be proactive and responsible, and be true to our words.
Make concrete steps and be proactive.
Respond quickly and be attentive to details.

企業精神

Enterprise Spirit

天生要強 與自己較勁

Born to be strong and go beyond ourselves

3

Value talents from all walks of life.
Reward talents based on merits.
Good at empowering and be successful together.
Say no to bias and backstabbing.

4

Uphold principles and be pragmatic.
Stop speculation and opportunism.
Be fair and open.
Speak with truth and substance.



Highlights of 2022H1

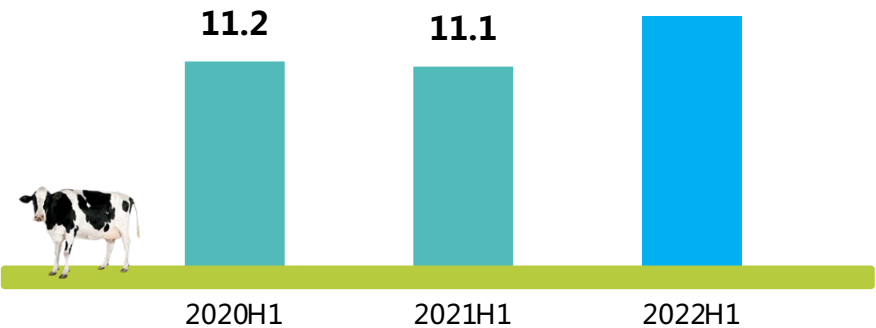
Deploy the whole industry chain, innovate with digital intelligence, and be a global dairy farming leader.



Industry-leading Unit Yield

(ton/head/year)

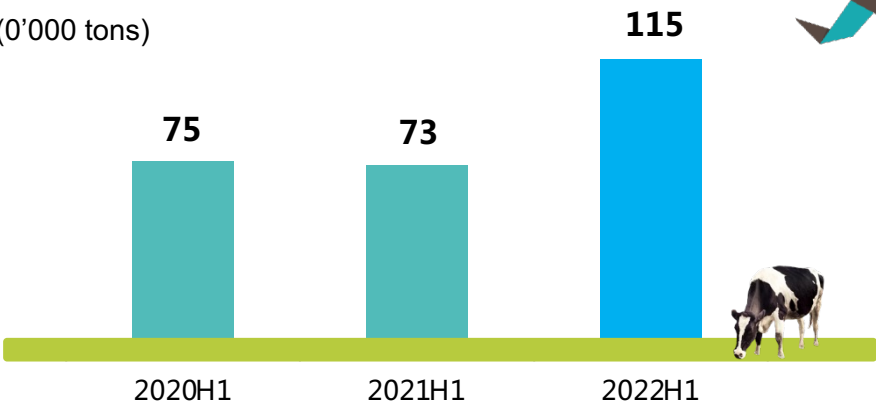
+11%



Huge Increase of Production

(0'000 tons)

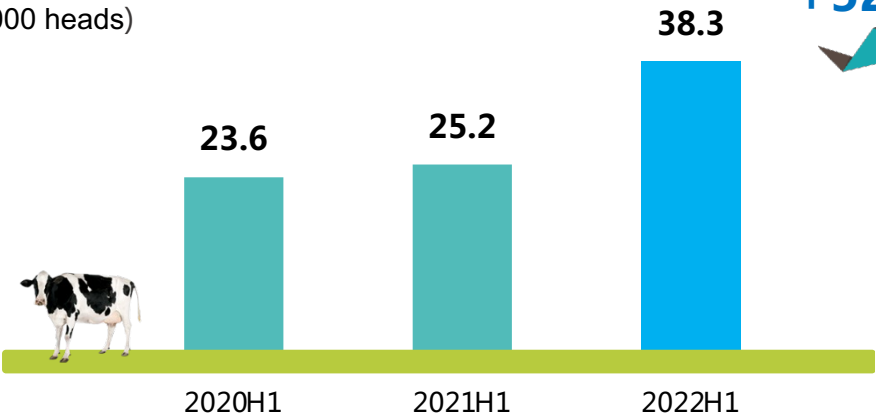
+57%



Rapid Growth of Herd Size

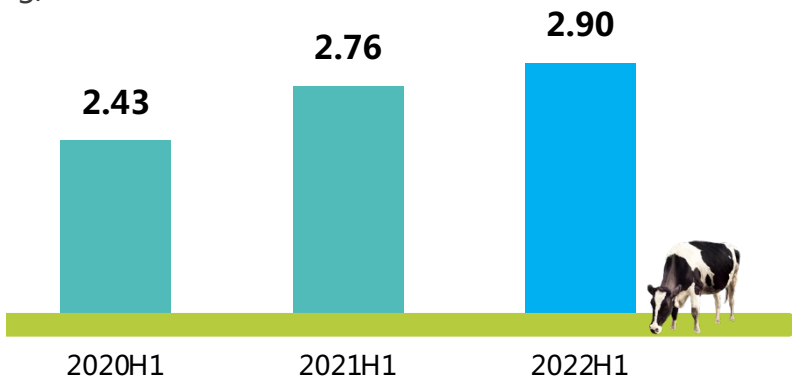
(0'000 heads)

+52%



Industry-leading Cost Control

(yuan/kg)





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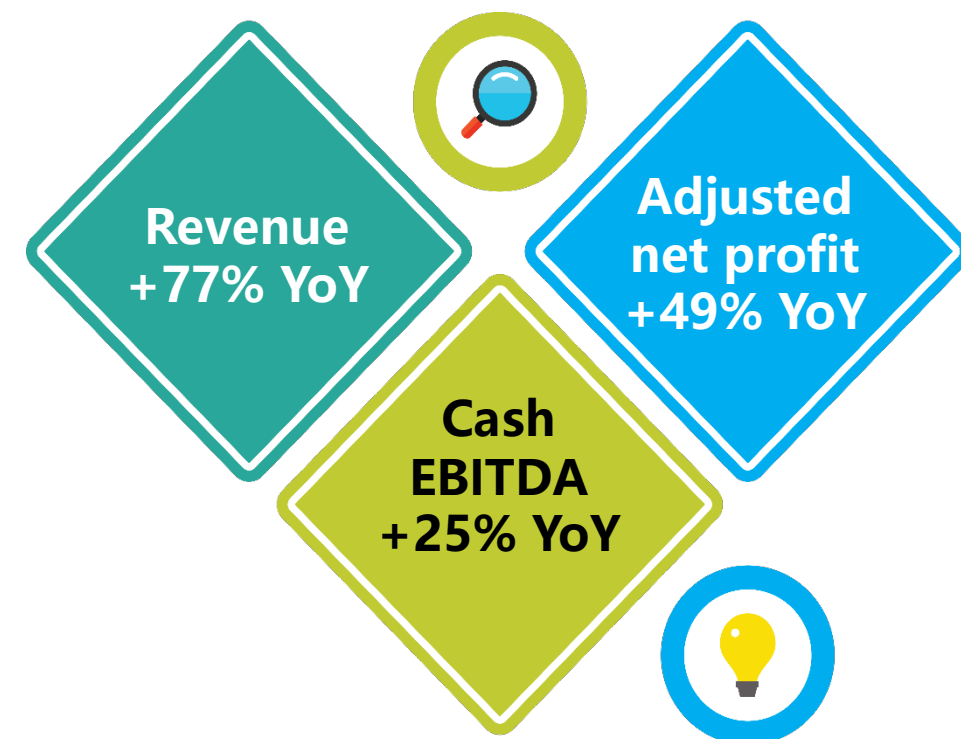
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01 Financial Results



2022 Interim Results Review

RMB Million	2022H1	2021H1	Change
Revenue	5,632	3,180	+77%
Revenue of raw milk	4,858	3,180	+53%
Revenue of feed sales	774	N/A	N/A
Gross Profit	1,655	1,182	+40%
Gross Profit Margin (%)			
Raw milk business	32.2	37.2	-5.0 ppt
Feed business	11.7	N/A	N/A
Cash EBITDA ⁽¹⁾	1,441	1,153	+25%
Net Profit	531	506	+5%
Adjusted net profit ⁽²⁾	729	490	+49%
Earnings per share (RMB cents)	6.46	7.13	-9%
Adjusted profit per share (RMB cents)	8.98	6.90	+30%

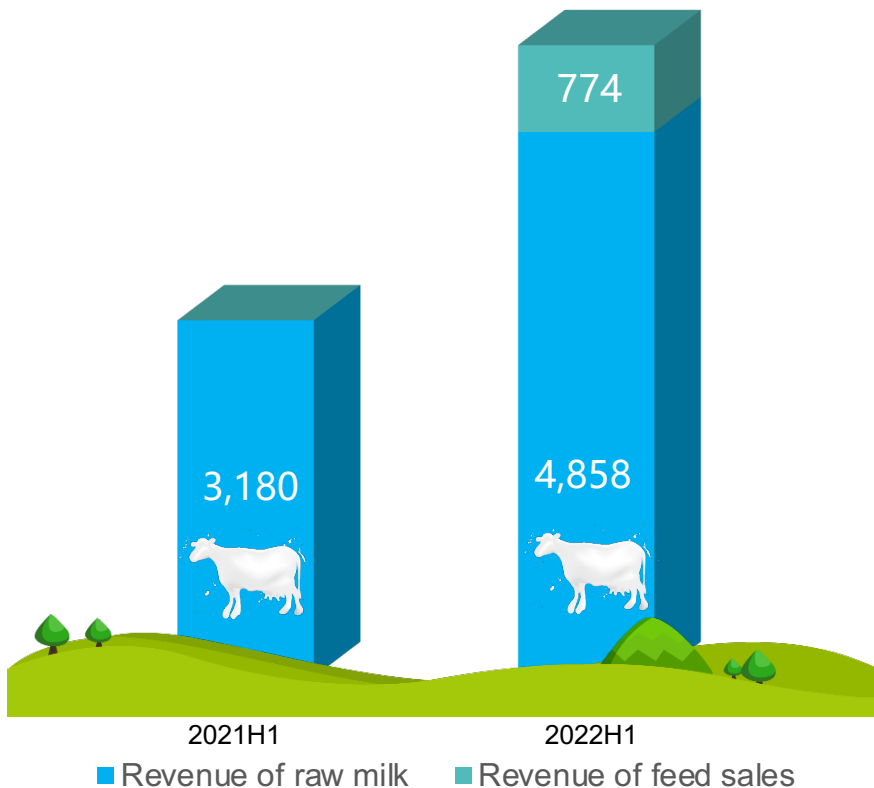


Note: (1) Cash EBITDA is defined as profit/(loss) before finance costs and tax having added back: i) depreciation for property, plant and equipment and right-of-use assets charged to profit or loss, ii) amortization, iii) impairment losses, net of reversal, iv) other gains and losses, net, v) loss arising from changes in fair value less costs to sell of dairy cows. (2) The adjusted net profit is defined as net profit after excluding the gains and losses arising from foreign exchanges and derivative financial instruments.

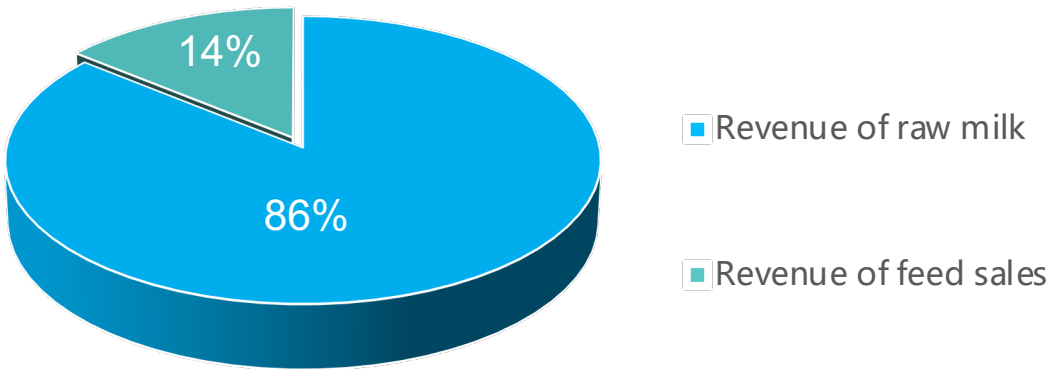
Rapid Growth in Both Raw Milk Sales and Feed Business



Sales by business (RMB million)



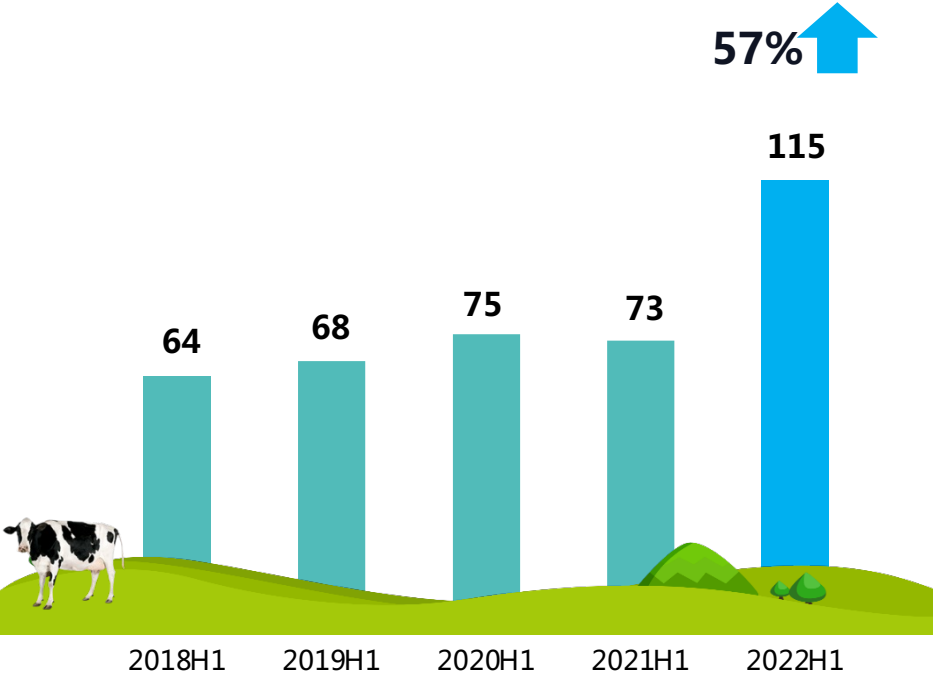
Proportion of sales revenue



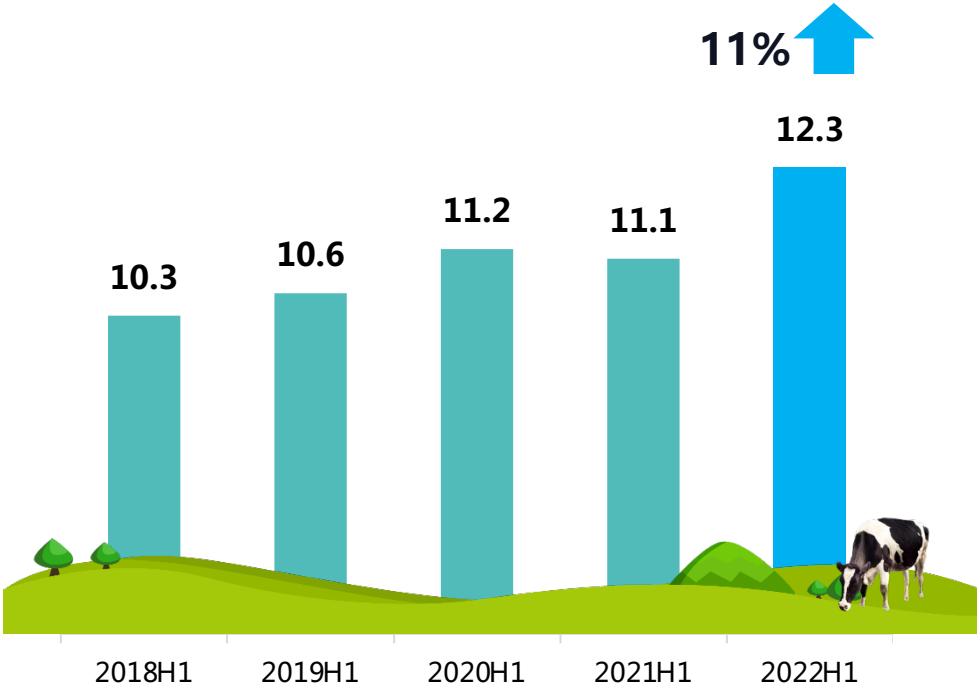
Substantial Increase of Production Volume



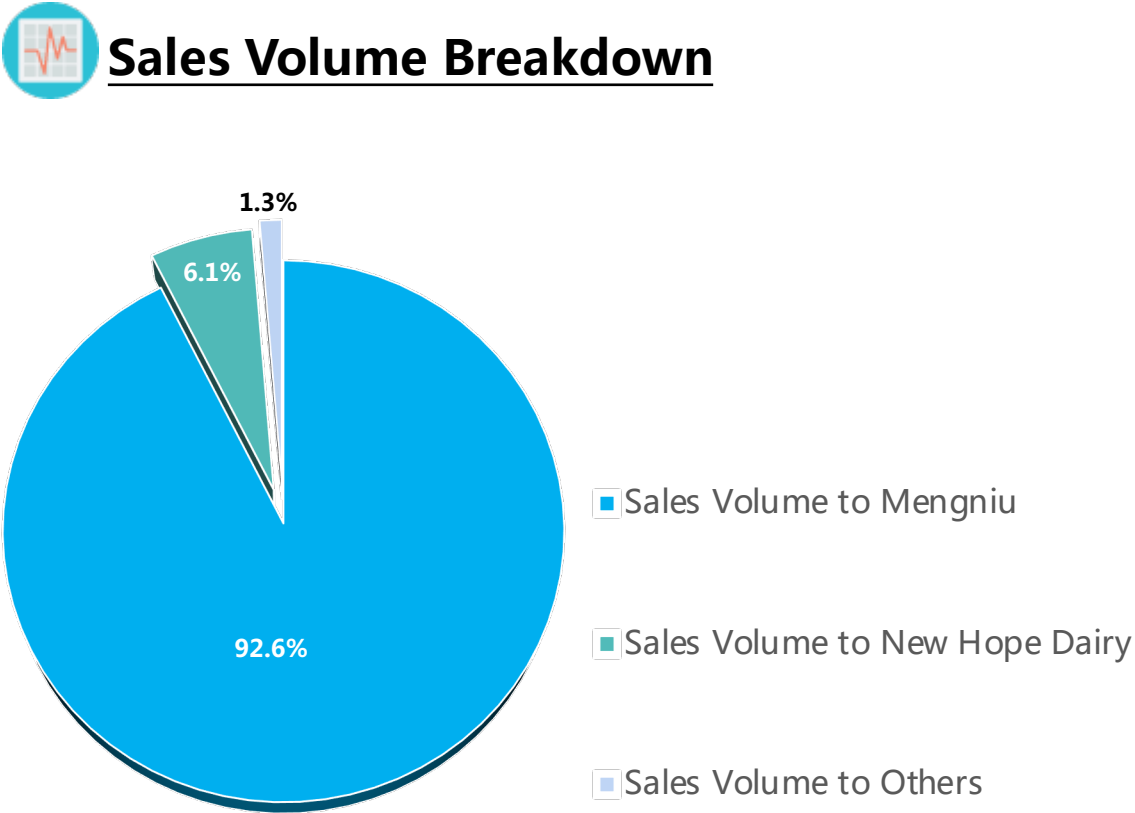
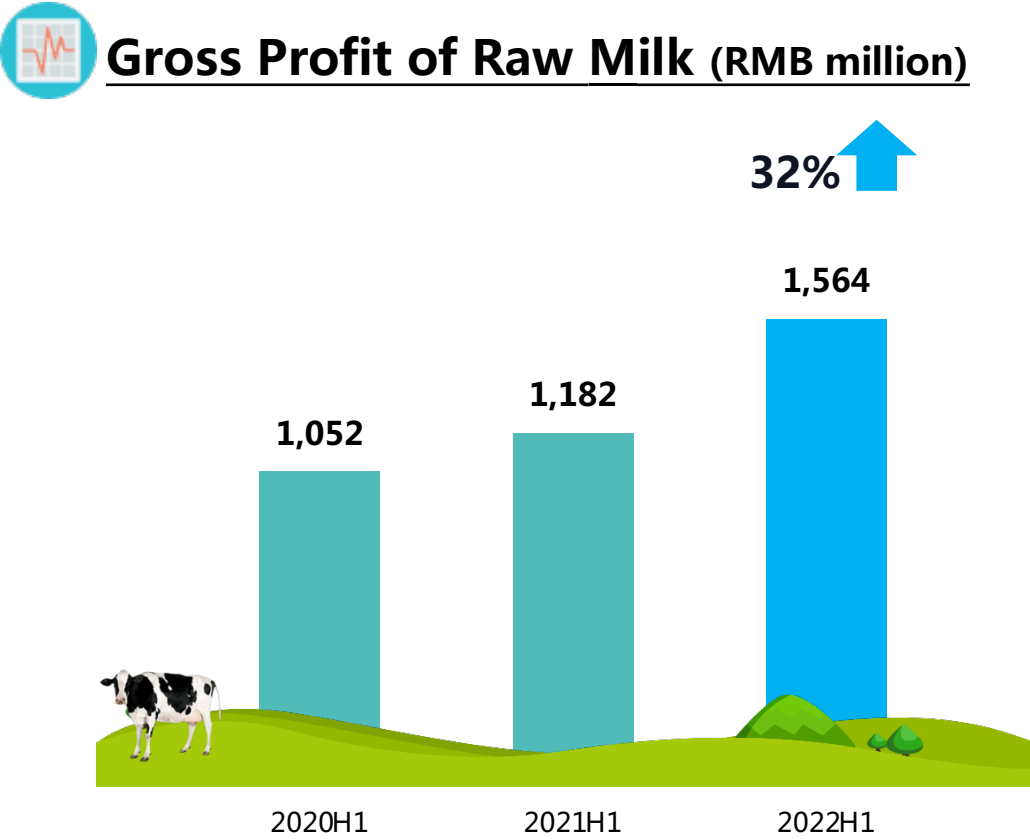
Production Volume (0'000 tons)



Unit Yield per Milkable Cow (tons/head/year)



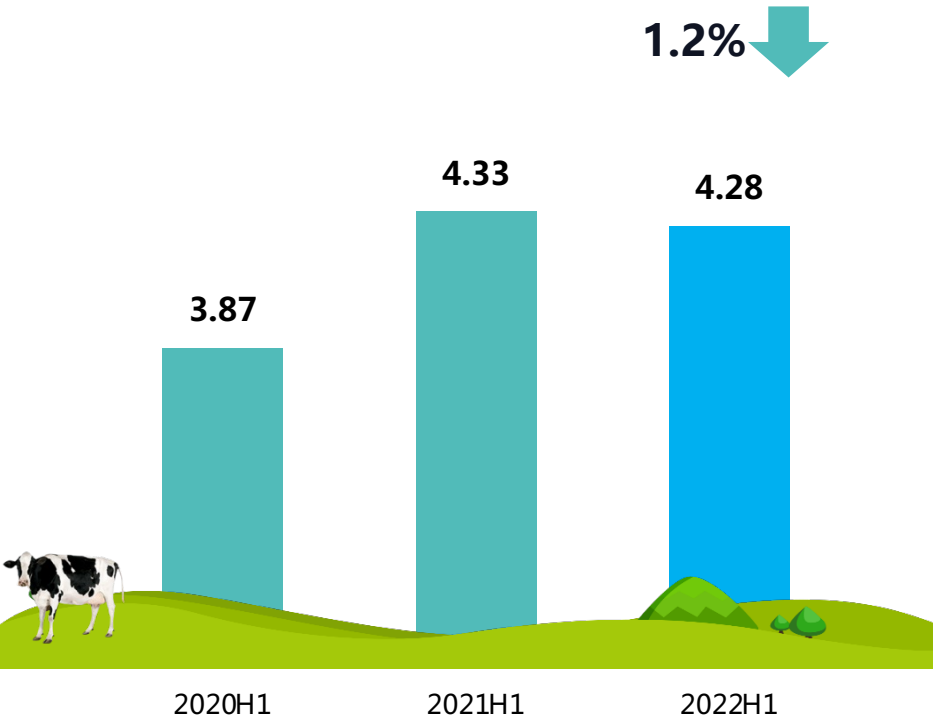
Gross Profit and Sales Volume Breakdown of Raw Milk



Average Selling Price (ASP) of Raw Milk



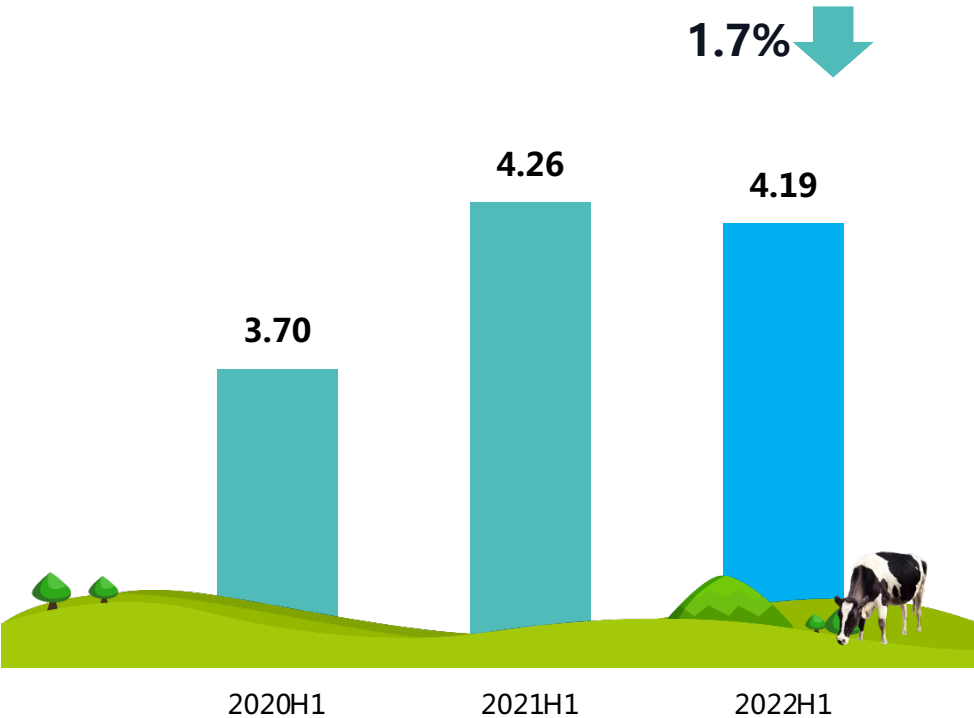
Company ASP (yuan/kg)



► Note: the milk price in 2021H1 is simulated after consolidating data from the acquired ranches for the same period

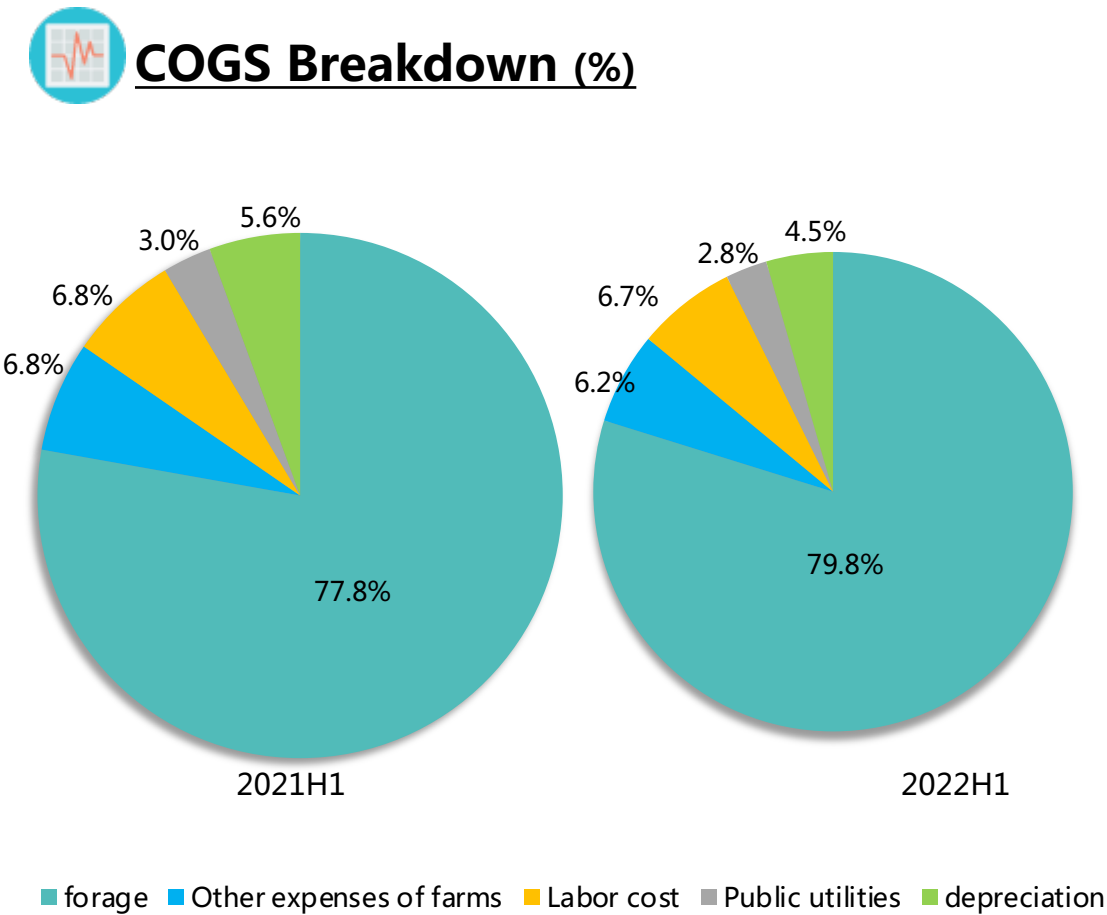
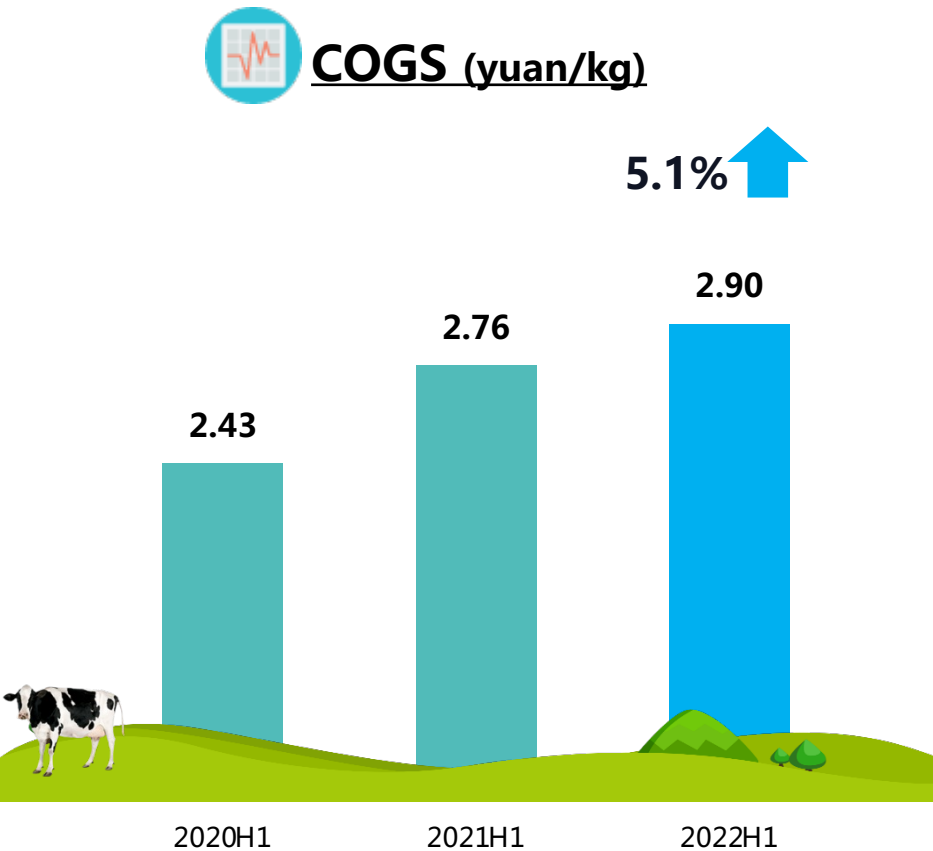


Market ASP (yuan/kg)



► Data source: Ministry of Agriculture and Rural Affairs

COGS per Kilogram

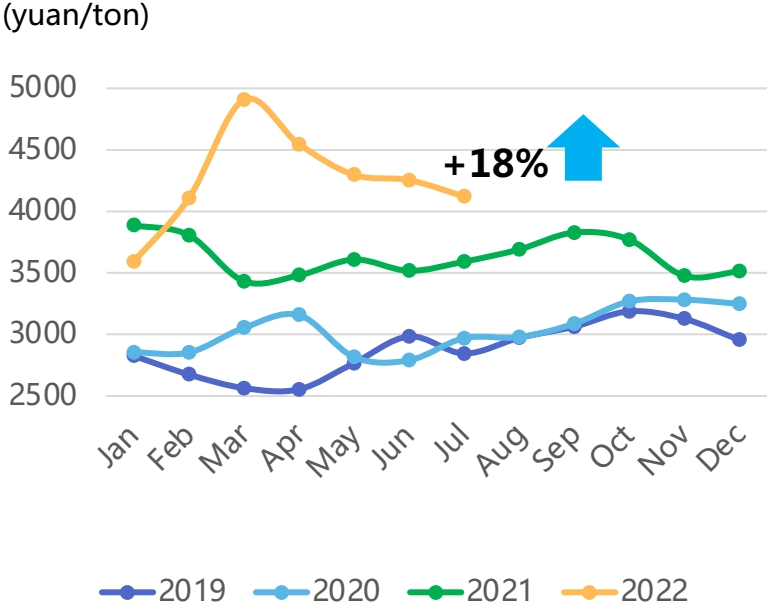


Feed Cost Remains at High Level



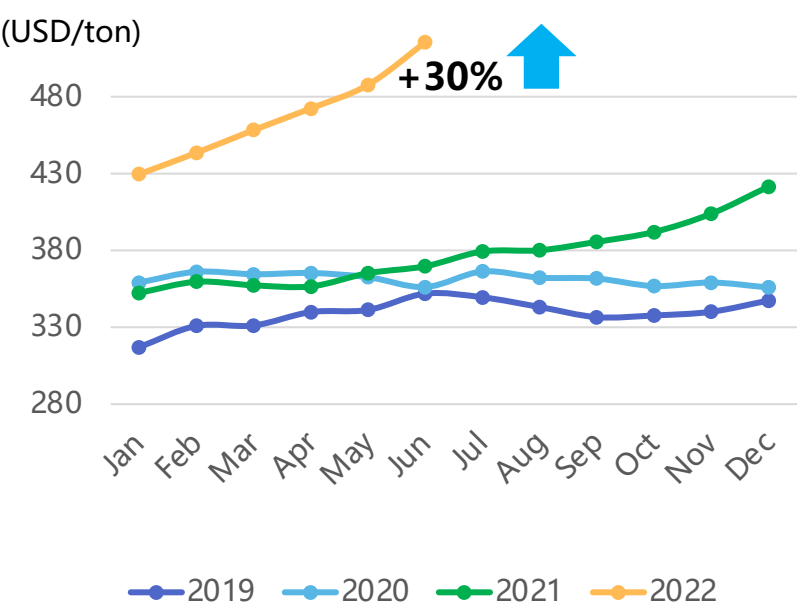
Soybean Meals Price

Source: Ministry of Agriculture and Rural Affairs

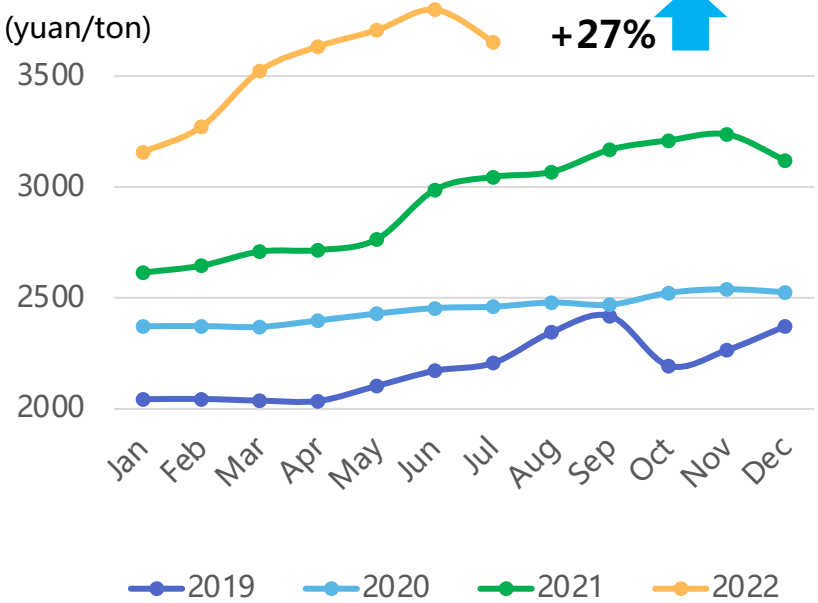


CIF Price of Imported Alfalfa

Source: China Customs

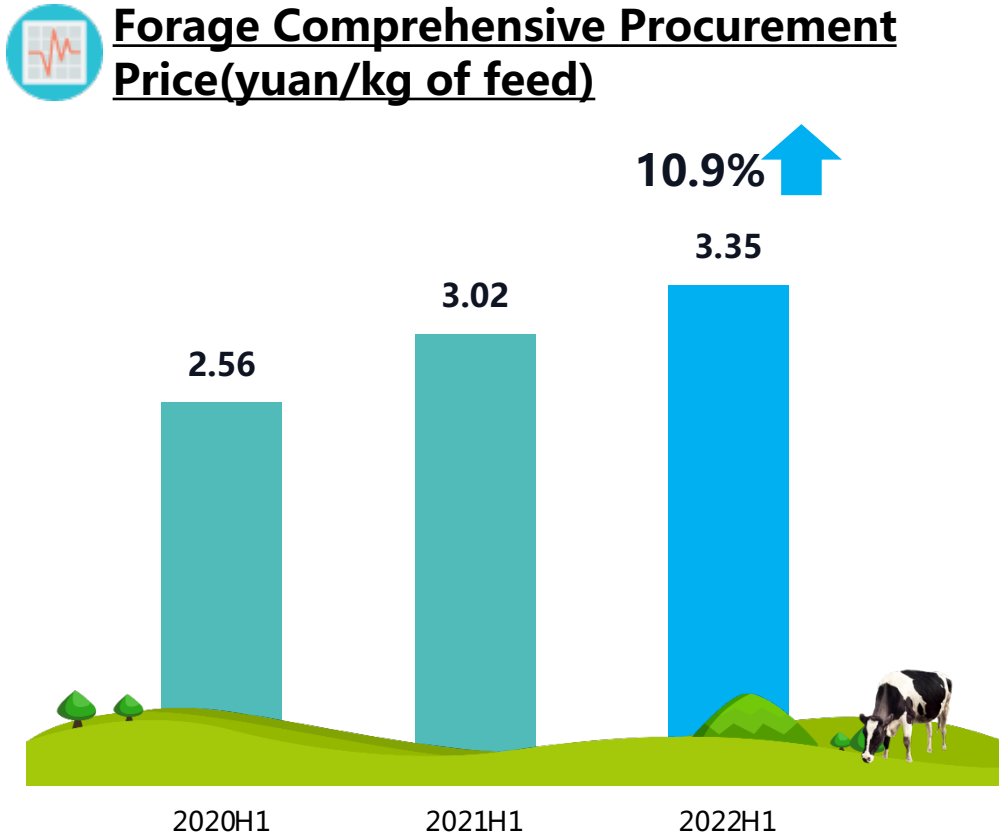
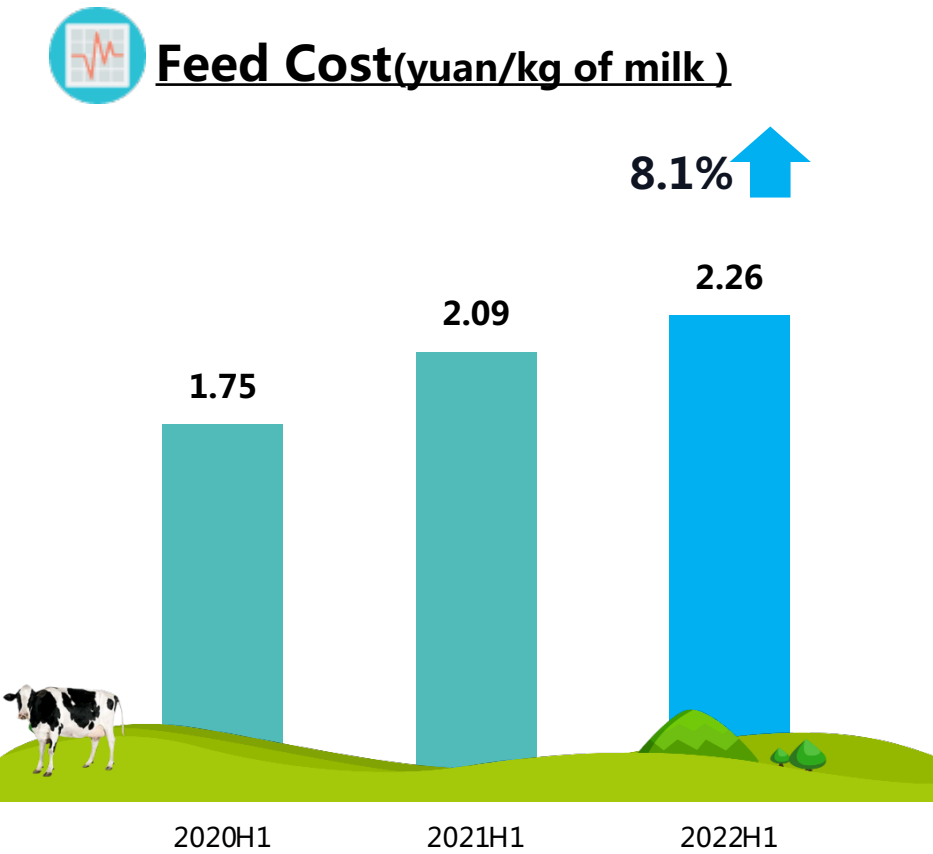


Cottonseed Price



- **Soybean meals:** From January to July this year, the price of soybean meals increased by 18% YoY and reached a peak in the March.
- **Alfalfa:** The price of Alfalfa increased month by month and increased by 30% YoY in the first half of 2022;
- **Cottonseed:** From January to July this year, the price of cottonseed increased by 27% YoY.

Feed Cost per Kilogram of Milk



Balance Sheet Overview

RMB Million	2022H1	2021FY	Change
Biological Assets	10,260	9,405	+9.1%
Fixed Assets	5,313	5,313	-
Total Assets	25,344	23,674	+7.1%
Total Liabilities	13,815	12,559	+10.0%
Total Equity	11,529	11,115	+3.7%
Net Asset Value per Share⁽¹⁾ (RMB yuan)	1.41	1.37	+2.9%
Total Interest-bearing Borrowings	10,497	8,495	+23.6%
Net Interest-bearing Borrowings	7,655	6,236	+22.8%
Interest bearing debt ratio⁽²⁾ (%)	47.7	43.3	+4.4 ppt
Net Interest-bearing Debt Ratio⁽³⁾ (%)	39.9	35.9	+4.0 ppt
Debt-to-asset Ratio⁽⁴⁾ (%)	54.5	53.1	+1.4 ppt

Notes:

(1) Net Asset Value per Share = Equity Attributable to Owners of the Company/ Year-end Number of Shares Outstanding;

(2) Interest-bearing Debt Ratio = Interest-bearing Debts/ (Interest-bearing Debts + Equity)

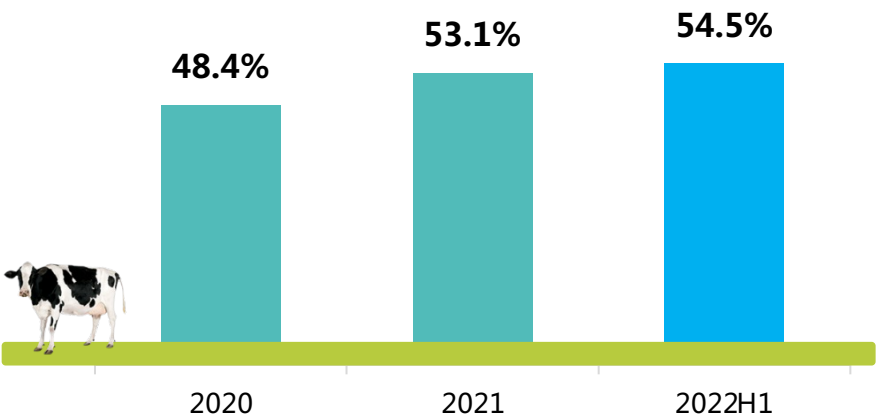
(3) Net Interest-bearing Debt Ratio = Net Interest-bearing Borrowings / (Net Interest-bearing Borrowings + Equity)

(4) Debt-to-asset Ratio = Total Liabilities/Total Assets

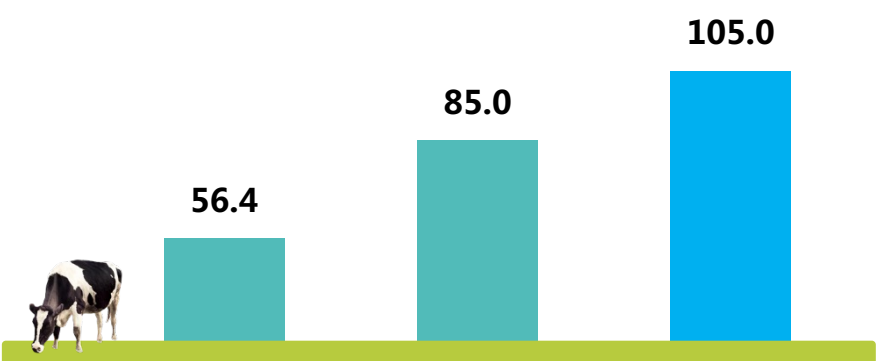
Financial Leverage



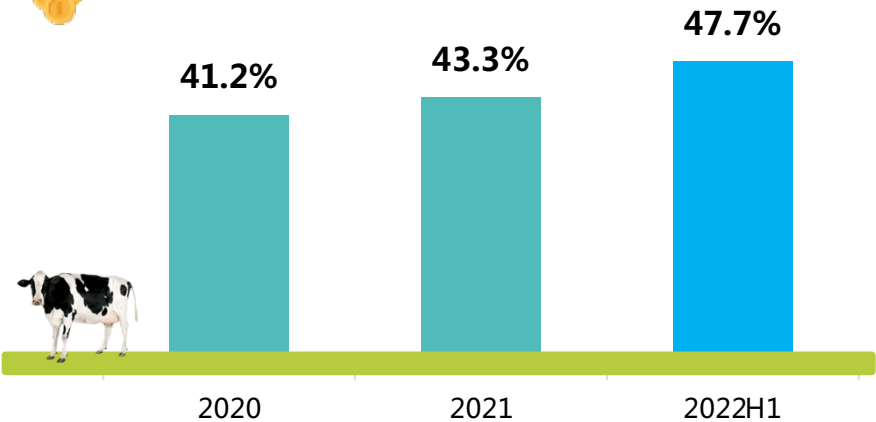
Debt-to-asset Ratio (%)



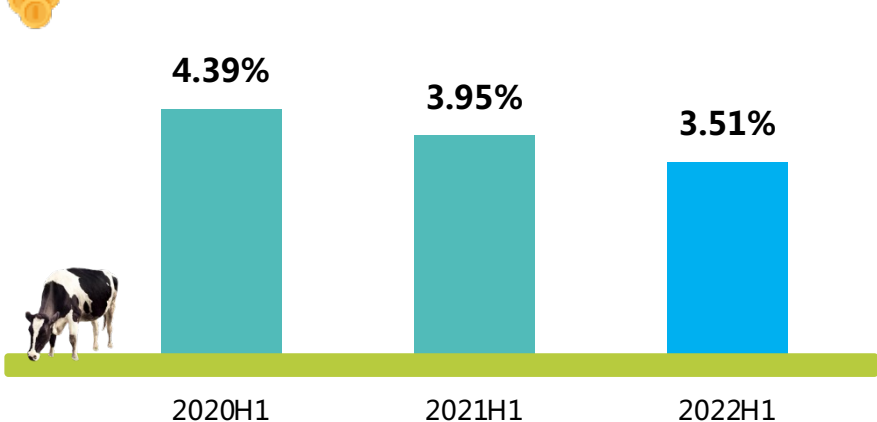
Interest-bearing Debts (00 million yuan)



Interest-bearing Debt Ratio (%)



Finance Rate (%)



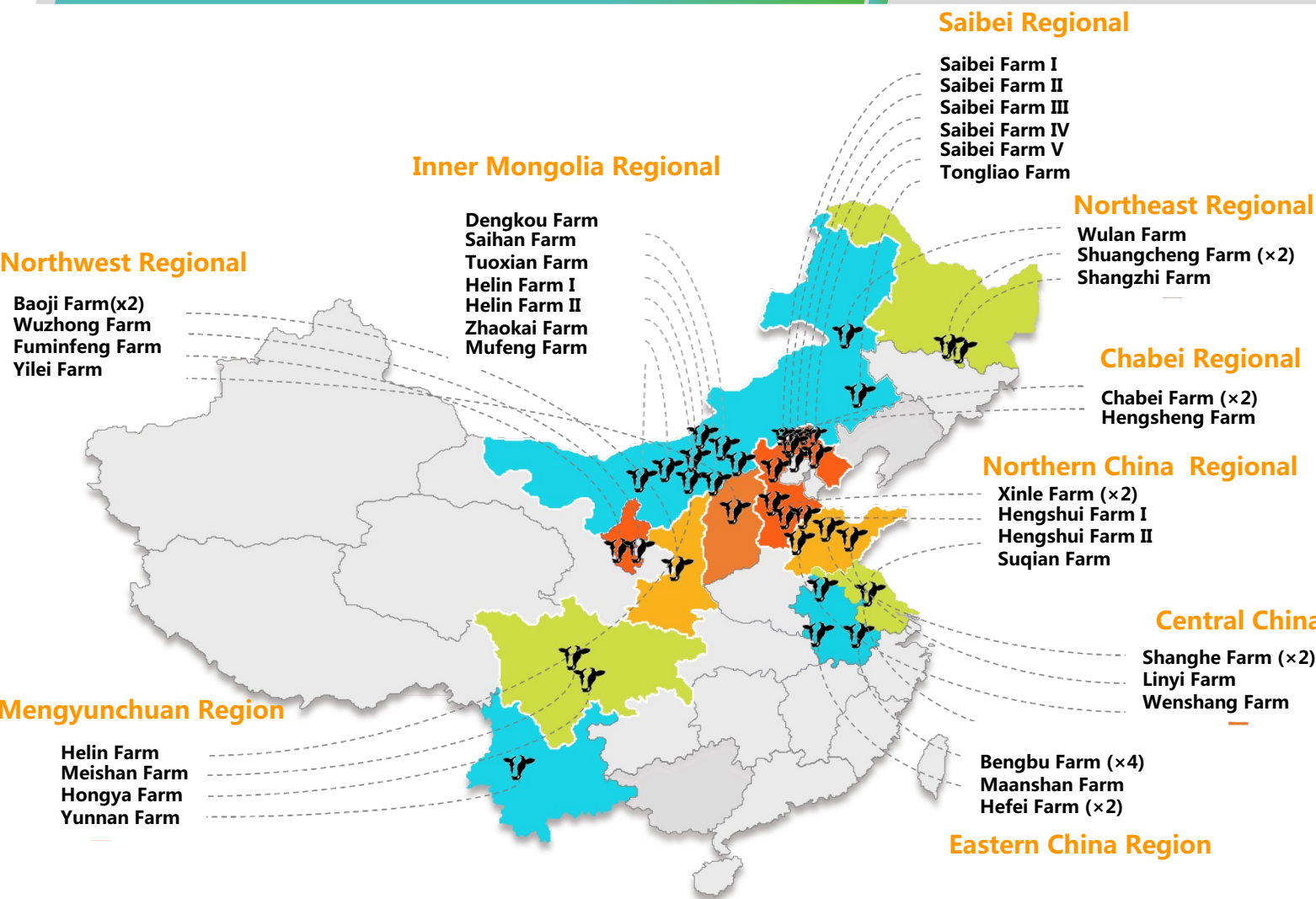


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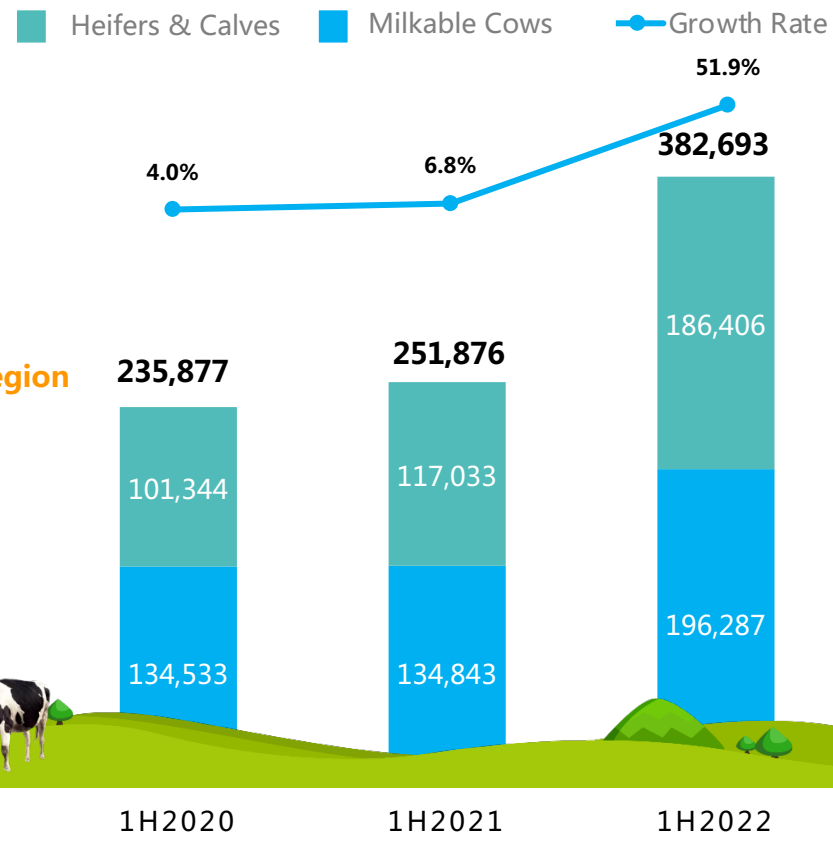
02 Business Updates



Increase in Herd Size & Milkable Cow Number

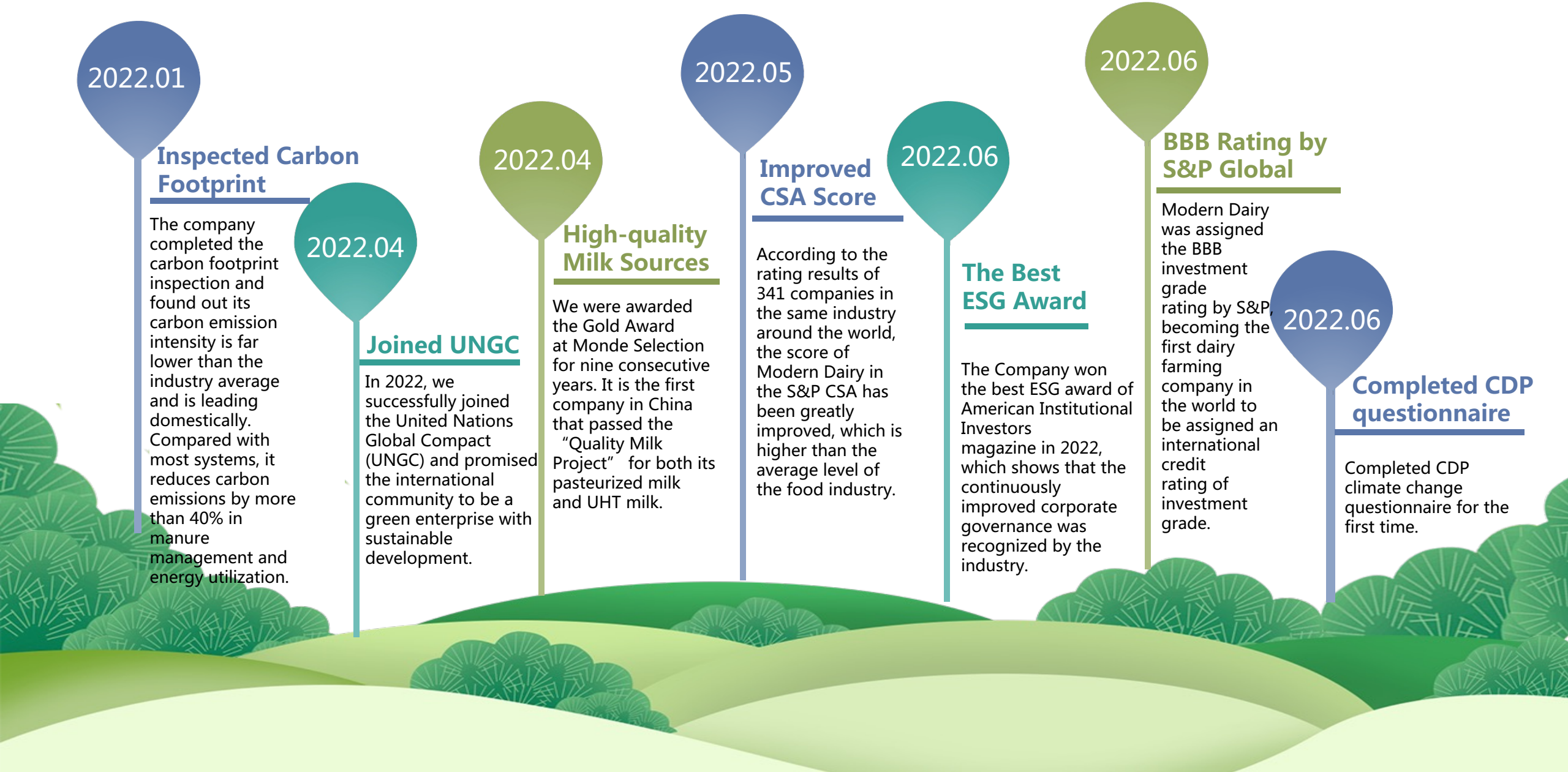


Herd Size & Growth Rate



As of 30 June 2022, the Group had invested and established 38 dairy farming companies in PRC, and the herd size reached 383 thousand heads.

ESG efforts are recognized



Branded Milk: New Benchmark of Functional Milk



New Benchmark of Functional Milk



Elite Cow Selection

Juan Shan Milk



pure milk



连续九年荣获世界食品品质评鉴大会
— 金奖 —



Mummy Cow Selection

A2 Milk



DNA pure milk



30 minute before sleep



Cow Selection for Love

HOLSTEIN MILK



Pure Milk



High Calcium Milk



THREE ZERO MILK



Soft milk



Oro Bianco ecolean

Brand Upgrade

The brand was renewed and upgraded, and the DTC brand of Three Calves was launched, featuring functional milk new benchmark. The deep cooperation with “Dingxiang Doctor” was carried out to strengthen the functional attributes of the product;

Client Cultivation

109 customers were newly added, and the number of franchise partners and sales they brought accounted for over 65%;

Channel Expansion

21,000 outlets were newly explored, the six core channels were cultivated intensively and the performance foundation was consolidated;

New Product Breakthrough

DNA milk sales reached 105% of target, becoming a new benchmark of functional milk in the industry;

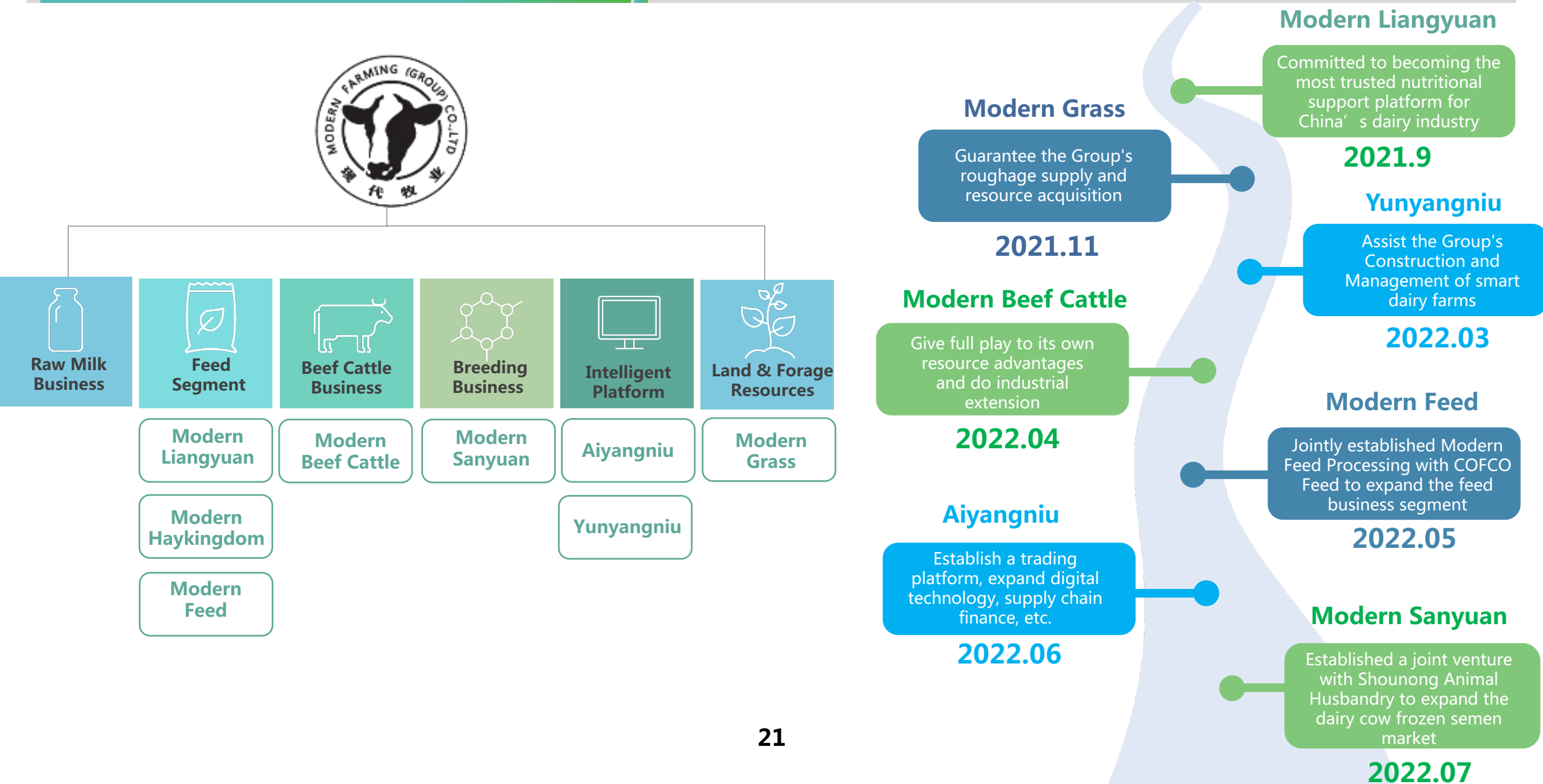
Digital Innovation

Intensively cultivated JD in the public domain, and GMV increased by 88.45% from the prior month

Quickly attracted new customers in the private domain and accumulated 450K users with sales in a single month exceeding one million yuan, establishing top-selling product model

Three Calves NFT were successfully launched. Three Calves metaverse stores were opened and the first milk brand of metaverse were produced

The Whole Industrial Chain Layout Has Been Shaped





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● 03 Industry Prospects



Dairy Industry Revitalization Promotion in the State level



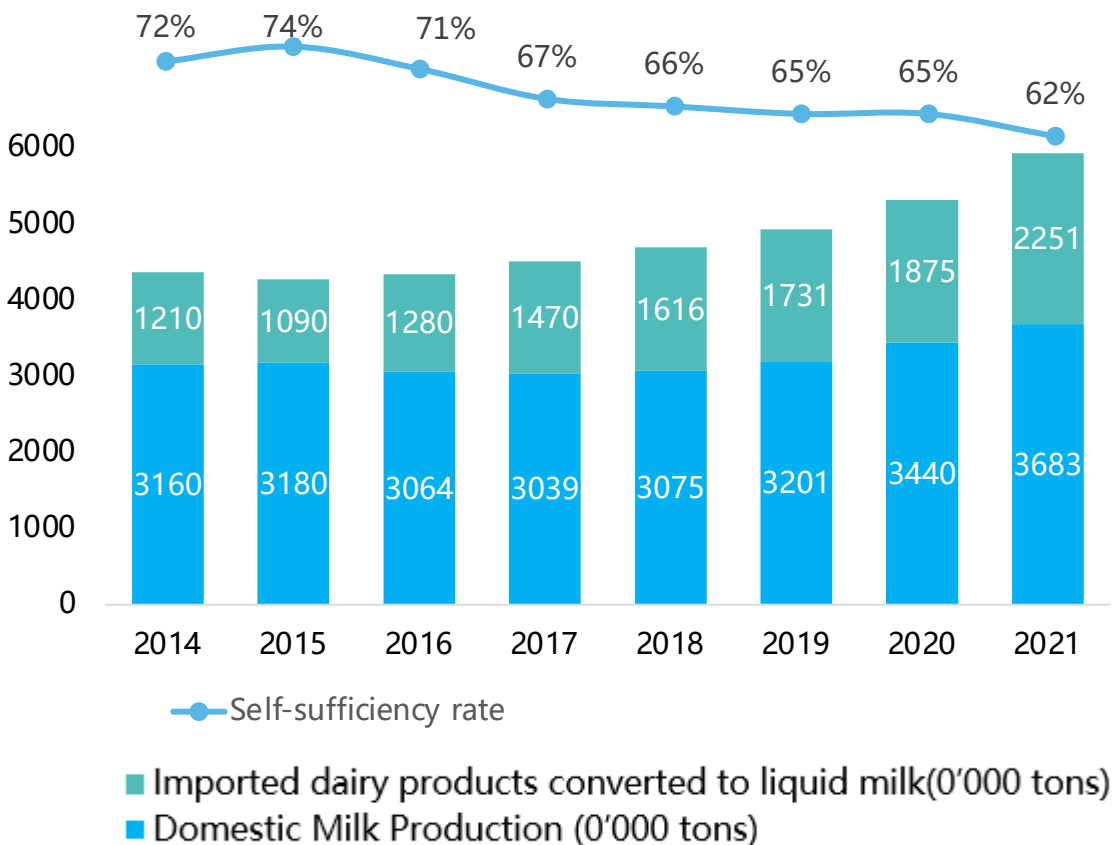
Macro Policy

- In June 2017, it was clearly stipulated that **the domestic raw milk self-sufficiency should be kept above 70%** by 2020. According to industry statistics, the actual self-sufficiency rate of domestic milk in 2021 was only 62%.
- In February 2021, the State Council's notice on the *Opinions on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization*. Actively develop the cattle and sheep industry and continue to **implement the Dairy Industry Revitalization Action**.
- In February 2022, the State Council's notice on printing and distributing the *14th Five-Year Plan for Promoting Agricultural and Rural Modernization*. Implement the five-year action plan for the development of cattle and sheep, and vigorously develop herbivorous animal husbandry. **Strengthen the construction of milk source bases and optimize the structure of dairy products**. Build a modern forage industry system and promote the specialized production of forage.
- In February 2022, the Ministry of Agriculture and Rural Affairs issued a notice on the "14th Five-Year Plan for Improving the Competitiveness of Dairy Industry", stating that by 2025, **the national milk production should reach approximately 41 million tons, and the proportion of farms with a herd size of more than one hundred cows should reach approximately 75%.**



Domestic Milk Self-sufficiency Rate

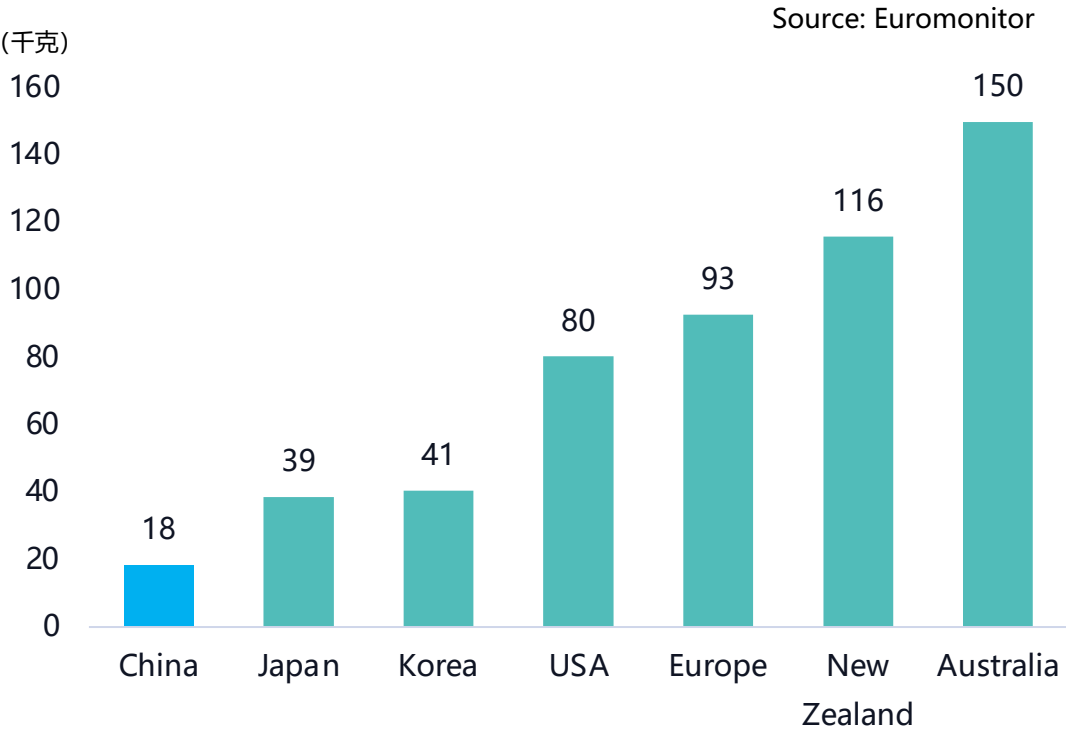
Source: National Bureau of Statistics, China Customs



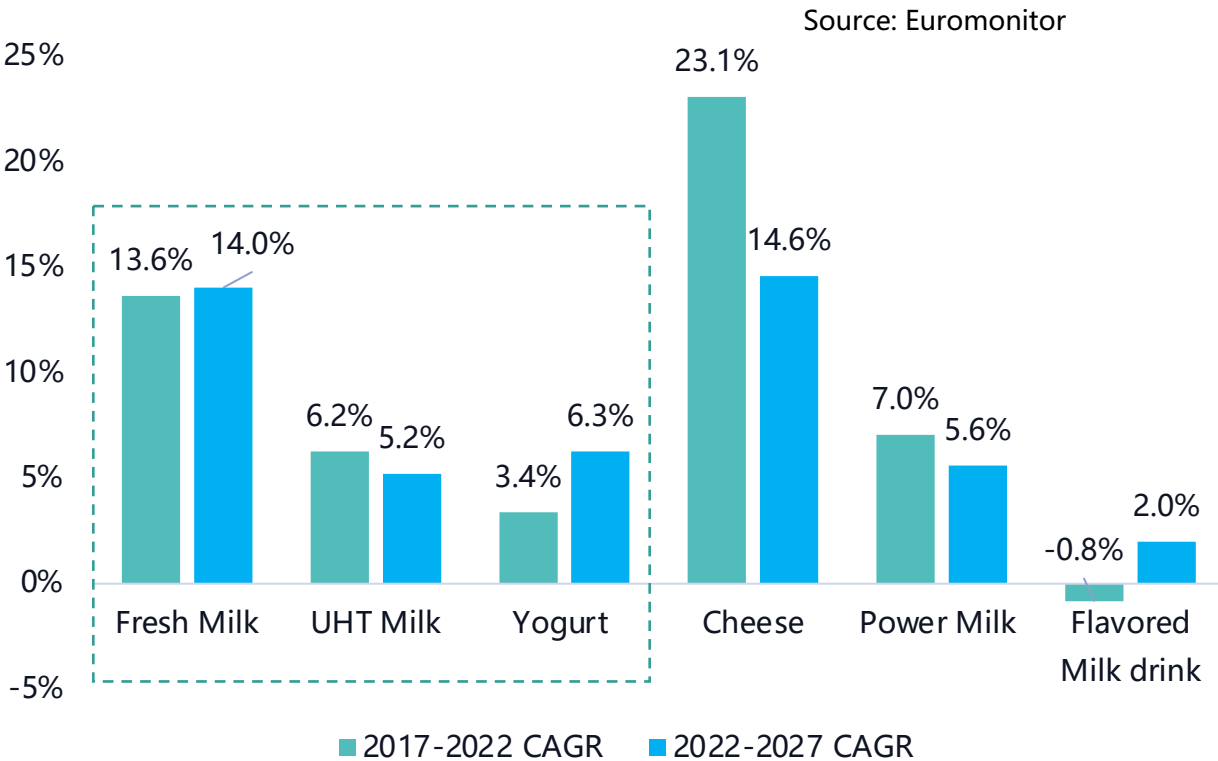
Huge Demand for Raw Milk



World per Capita Dairy Consumption



Growth Rate of Domestic Dairy Products Consumption



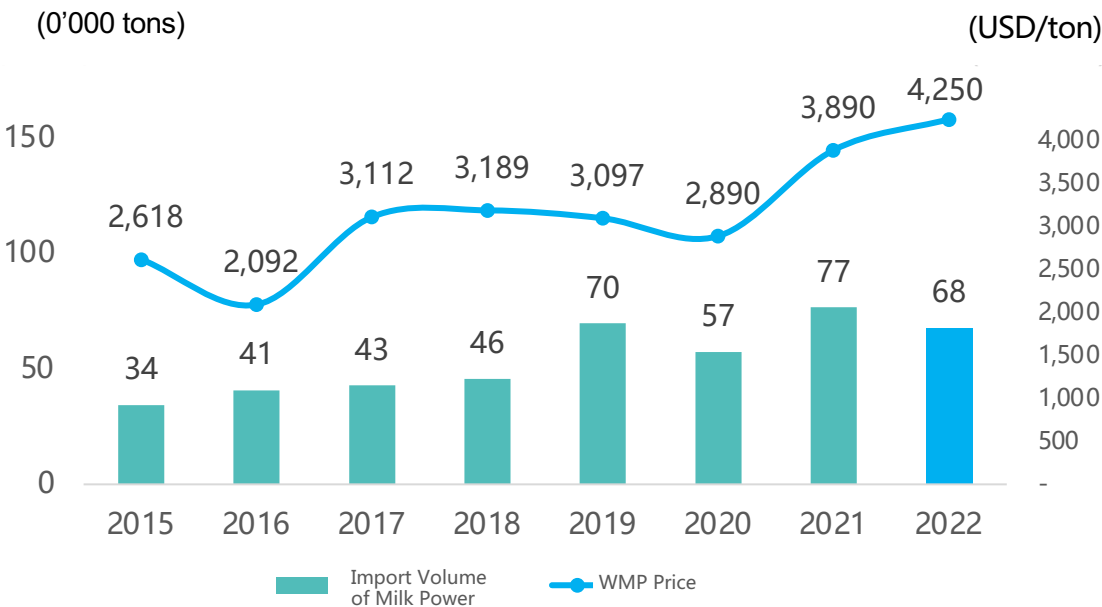
- ▶ According to Euromonitor data, China's per capita dairy consumption is only 18 kilograms, half that of Japan and South Korea, far below the 80 to 90 kg consumption level in Europe and the United States
- ▶ In the future, the growth of liquid milk will be more driven by high-end products that made from raw milk, including low-temperature fresh milk, UHT milk and high-end yogurt. In order to improve the quality of dairy products, dairy companies may also consider using raw milk to produce infant formula and cheese.

The Price of Volume of Milk Power Has Supported the Domestic Milk Price



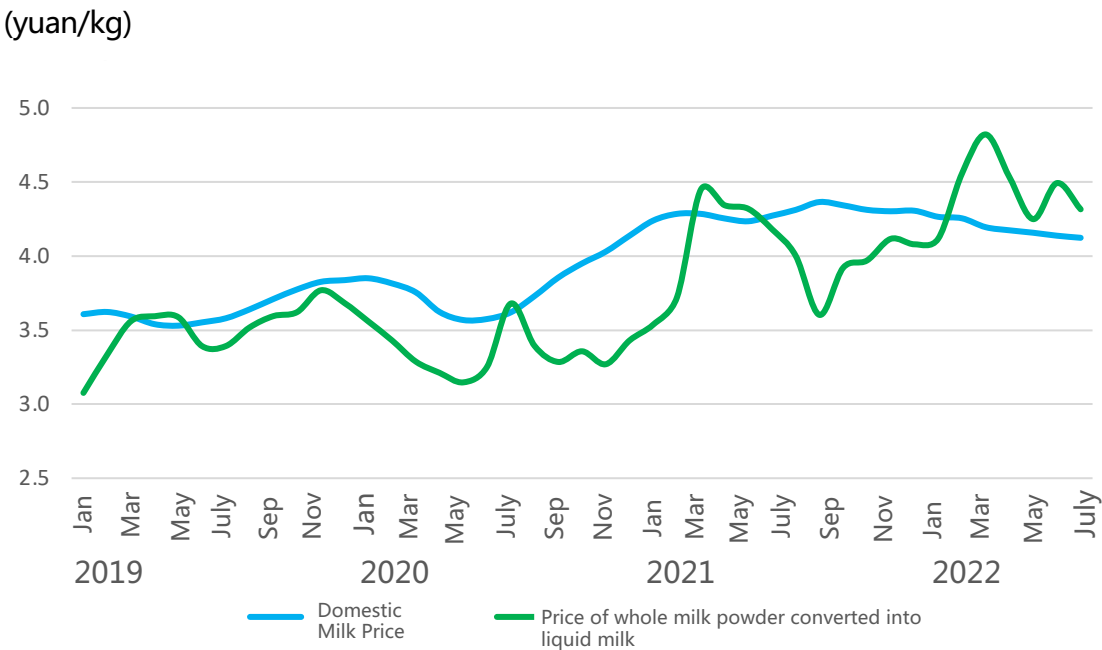
Import Volume of Milk Power and WMP Price from Jan to June

Source: China Customs, Fonterra



The Price Trend of Domestic Raw Milk and Milk Power Converted into Liquid Milk

Source: Ministry of Agriculture Rural Affairs, Fonterra



- ▶ In the first quarter of 2022, the production of raw milk in New Zealand declined. With strong demand and insufficient supply, and international milk powder prices soared. In the second quarter, demand was curbed, so prices fell month-on-month;
- ▶ In the first half of 2022, domestic fresh milk was stable and at a high level. The price of whole milk powder converted into liquid milk was higher than the price of domestic fresh milk. Recently, the prices of the two have gradually approached.



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THANK YOU

