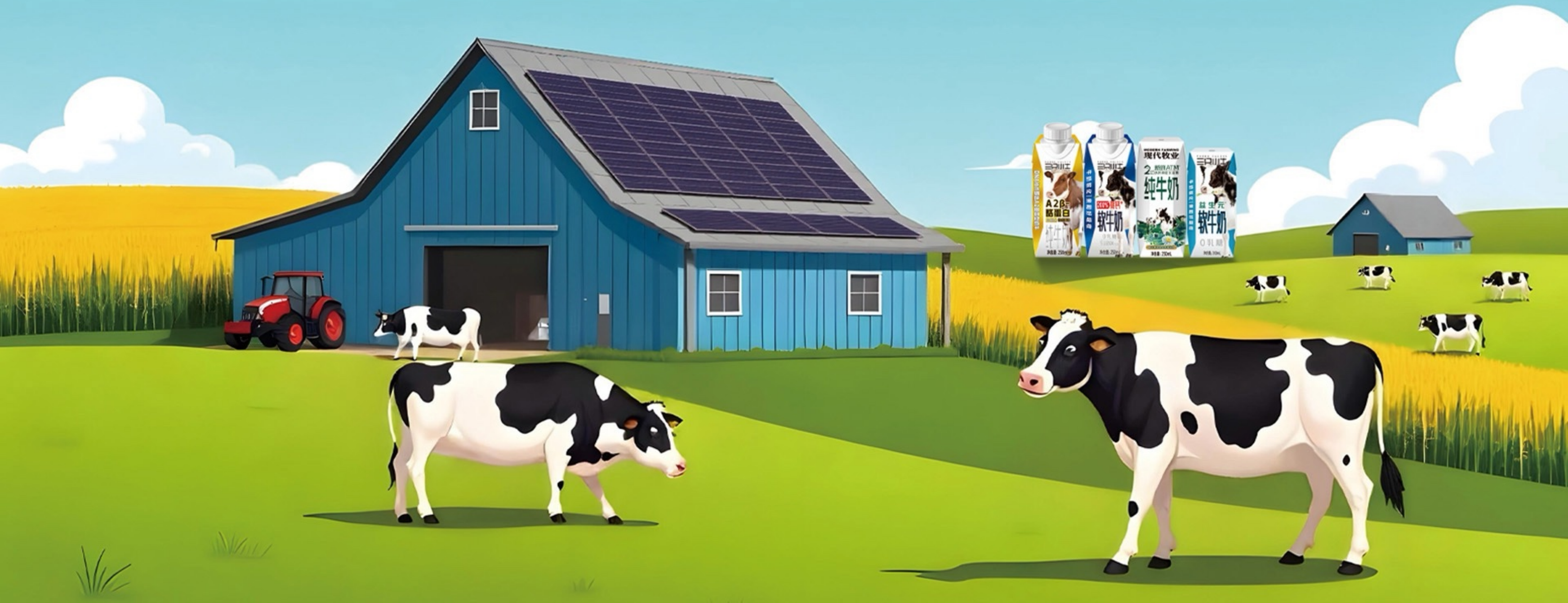




MODERN FARMING
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2024 Annual Results



Disclaimer



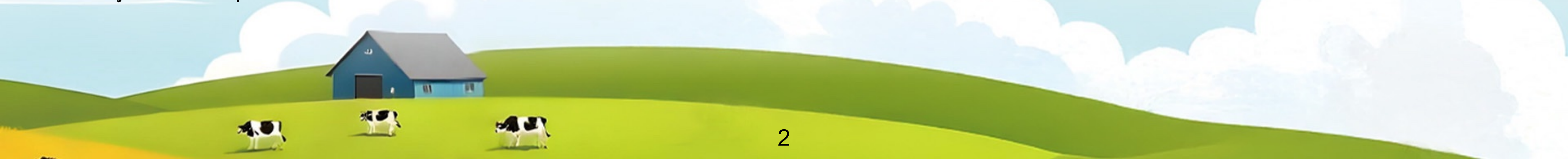
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Business Highlights



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01

Two Rises: Unit yields and production of raw milk rose to record high

02

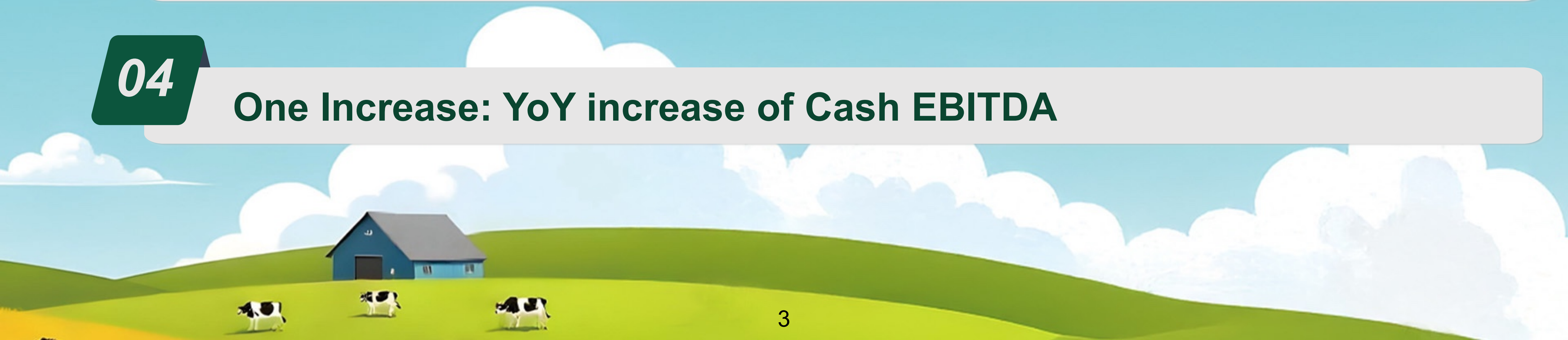
Two Declines: YoY decline of cost of sales and financing

03

One Growth: Gross profit margin rose against the trend

04

One Increase: YoY increase of Cash EBITDA



Contents

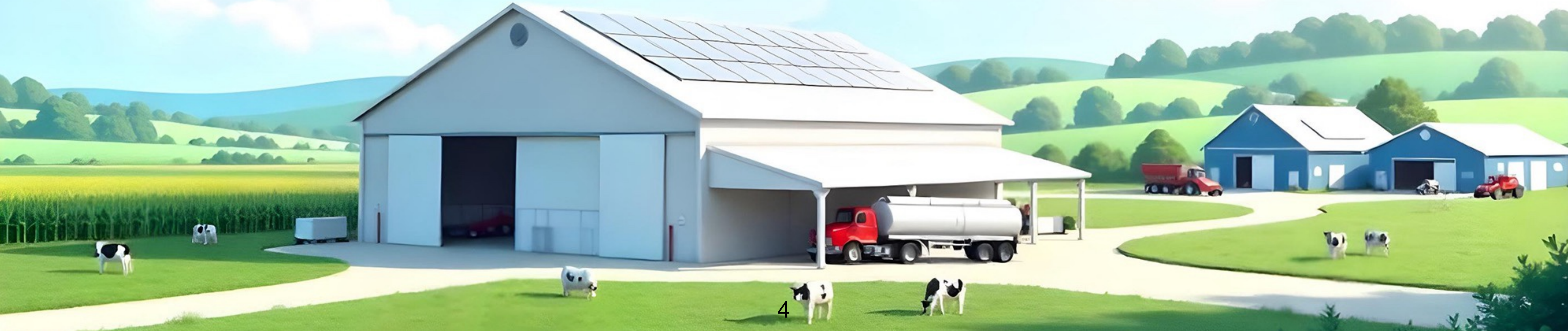


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01 Financial Results

02 Business Updates

03 Industry Prospects



2024 Annual Results Reviews

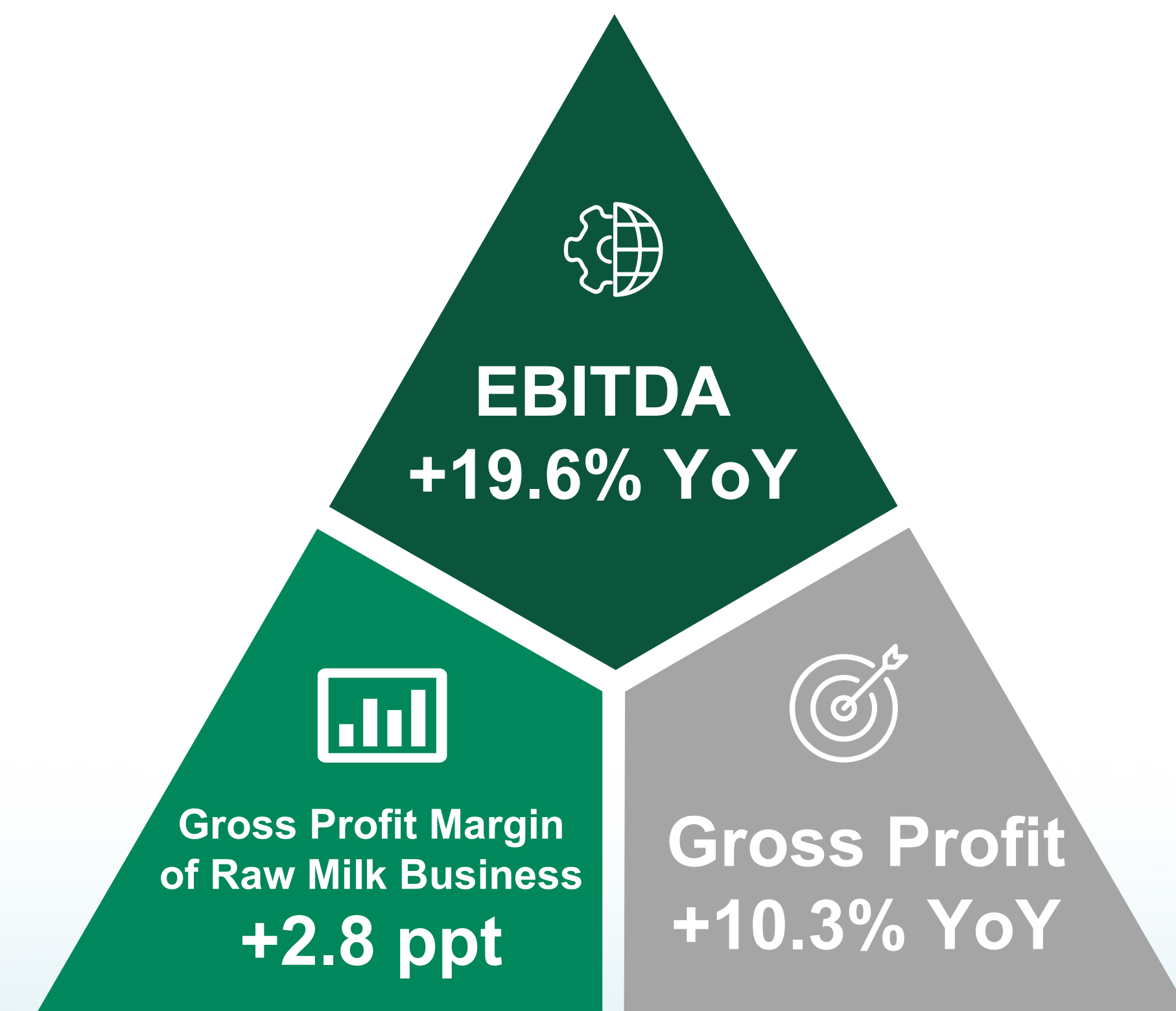


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RMB Million	2024	2023	Change
Revenues	13,254	13,458	-1.5%
raw milk sales	10,454	10,264	+1.9%
integrated dairy farming solutions	2,800	3,195	-12.4%
Gross Profit	3,451	3,128	+10.3%
Gross Profit Margin (%)	26.0	23.2	+2.8 ppt
raw milk sales (%)	31.2	28.4	+2.8 ppt
Cash EBITDA(1)	2,986	2,496	+19.6%
Cash EBITDA Margin (%)	22.5	18.5	+4.0 ppt
Losses arising from changes in fair value less costs to sell of dairy cows	2,863	1,280	+123.6%
Impairment loss on goodwill	599	-	N/A
Net Profit	-1,469	185	N/A
Earnings per Share (Basic) (RMB Cents)	-18.09	2.23	N/A

Note:

(1) Cash EBITDA is defined as earnings before finance costs and tax having added back: i) depreciation and amortisation charged to profit and loss; ii) other gains and losses, net; iii) impairment losses under expected credit loss model, net of reversal; iv) loss arising from changes in fair value less costs to sell of dairy cows; and v) impairment losses of Goodwill.

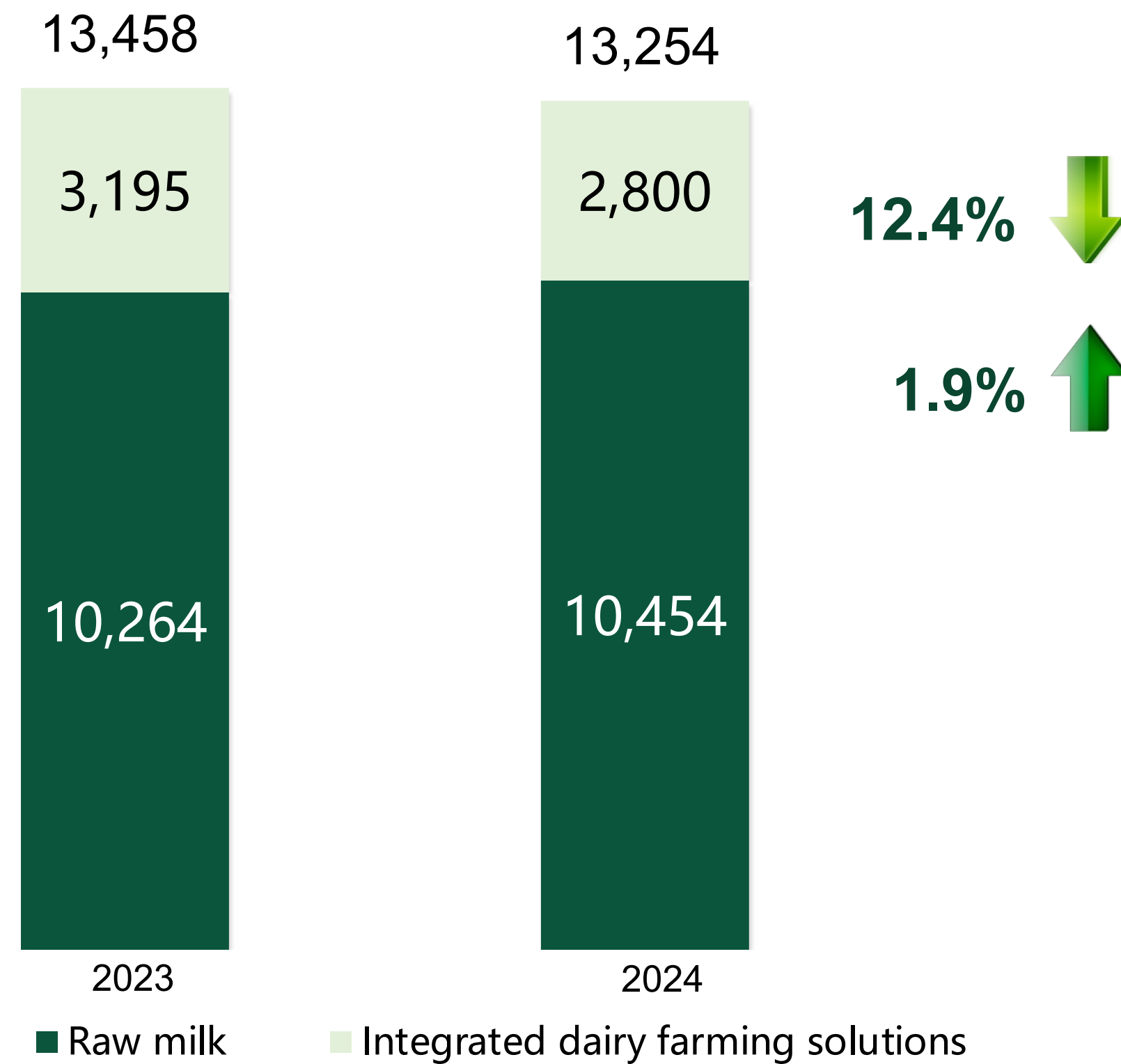


Raw Milk Business Grew despite Industry Trend

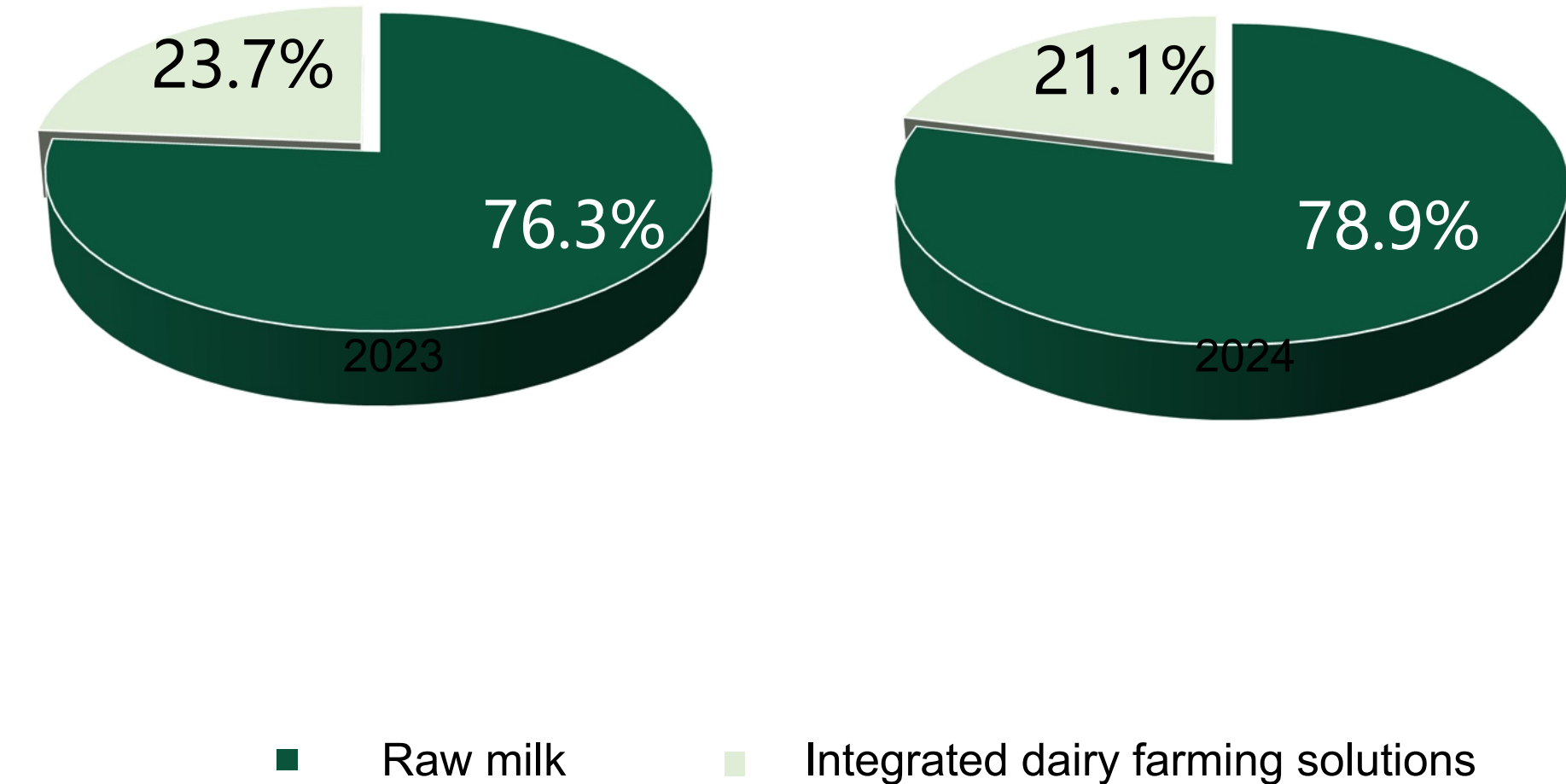


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Sales Revenue by Business Segment (RMB Million)



Sales Contribution of Business Segments

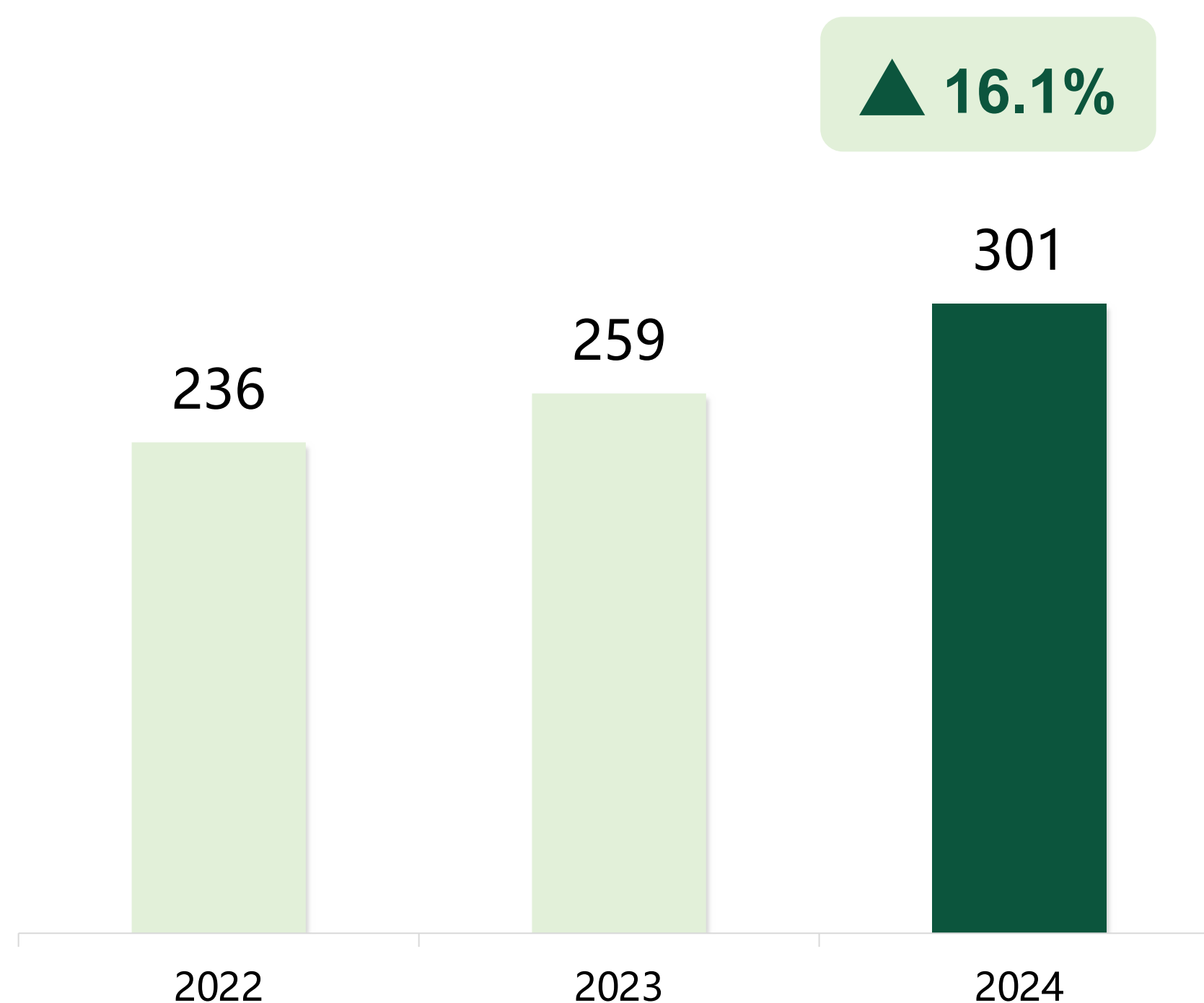


Increase of Total Milk Production and Annual Yield per Milkable Cow



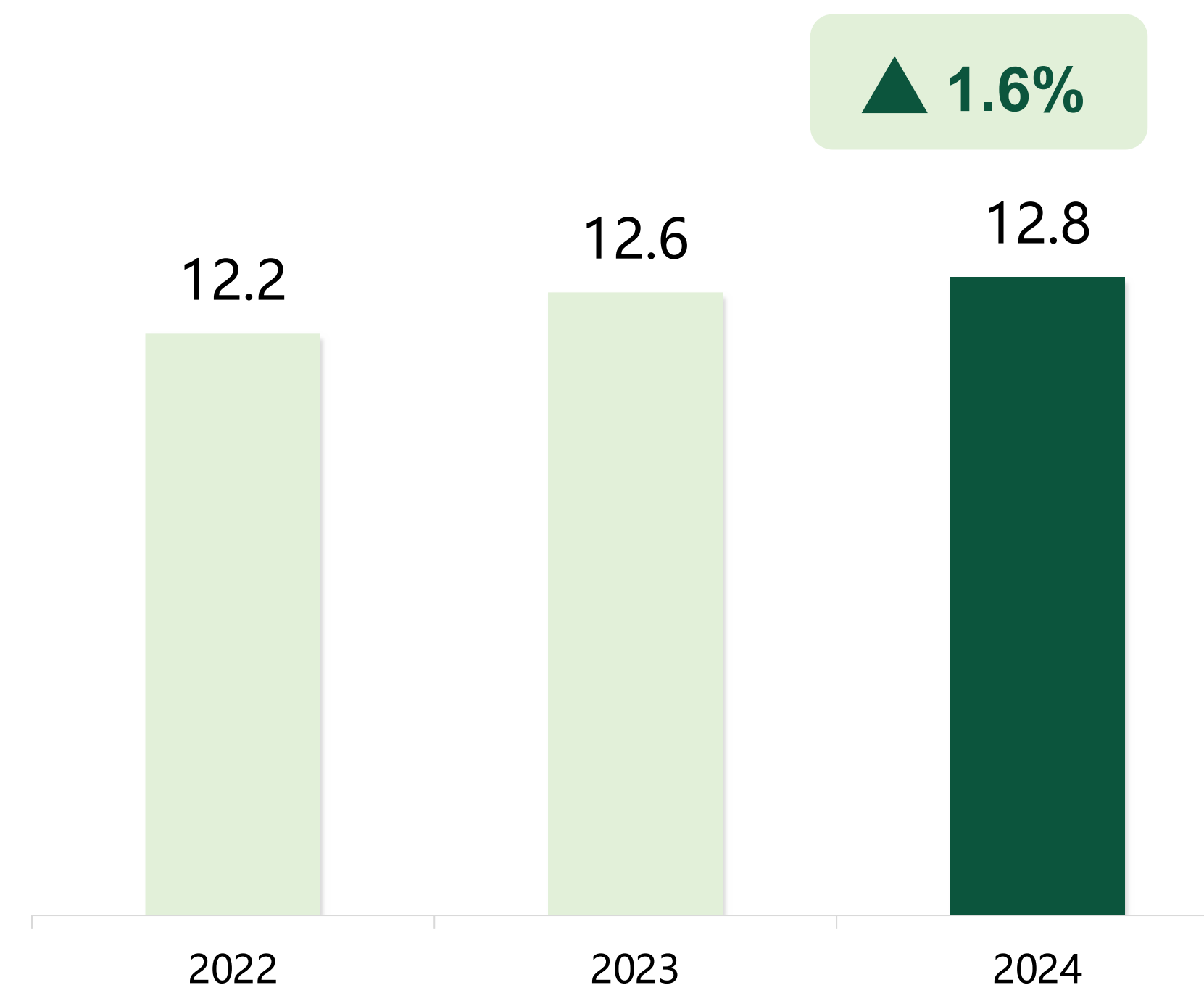
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Annual Milk Production (0'000 tons)



Note: In 2024, the production of organic milk increased by 115,000 tons, of which 69,000 tons were contributed through the acquisition of four organic dairy farms

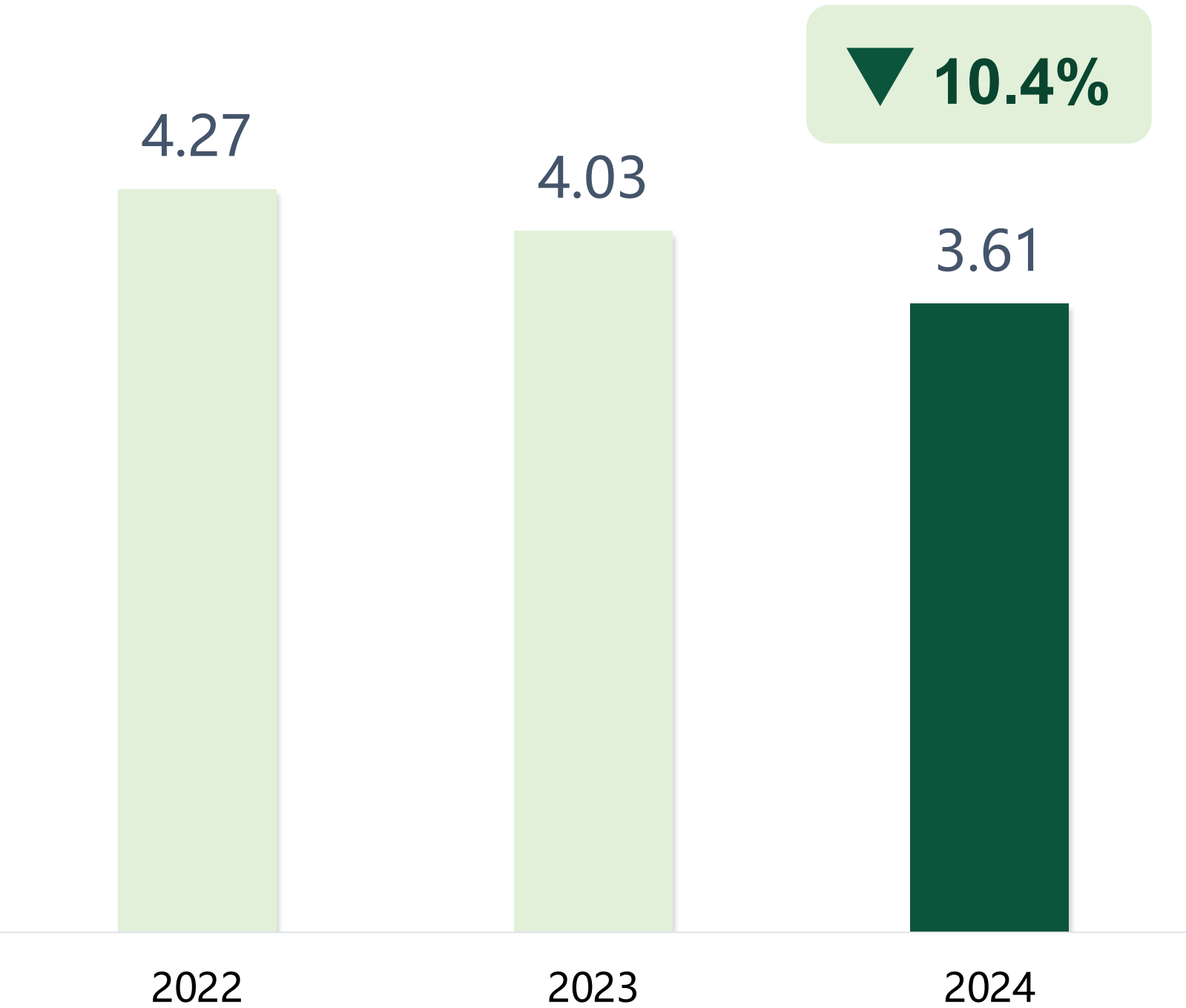
Milk Yield per Milkable Cow (ton/head · year)



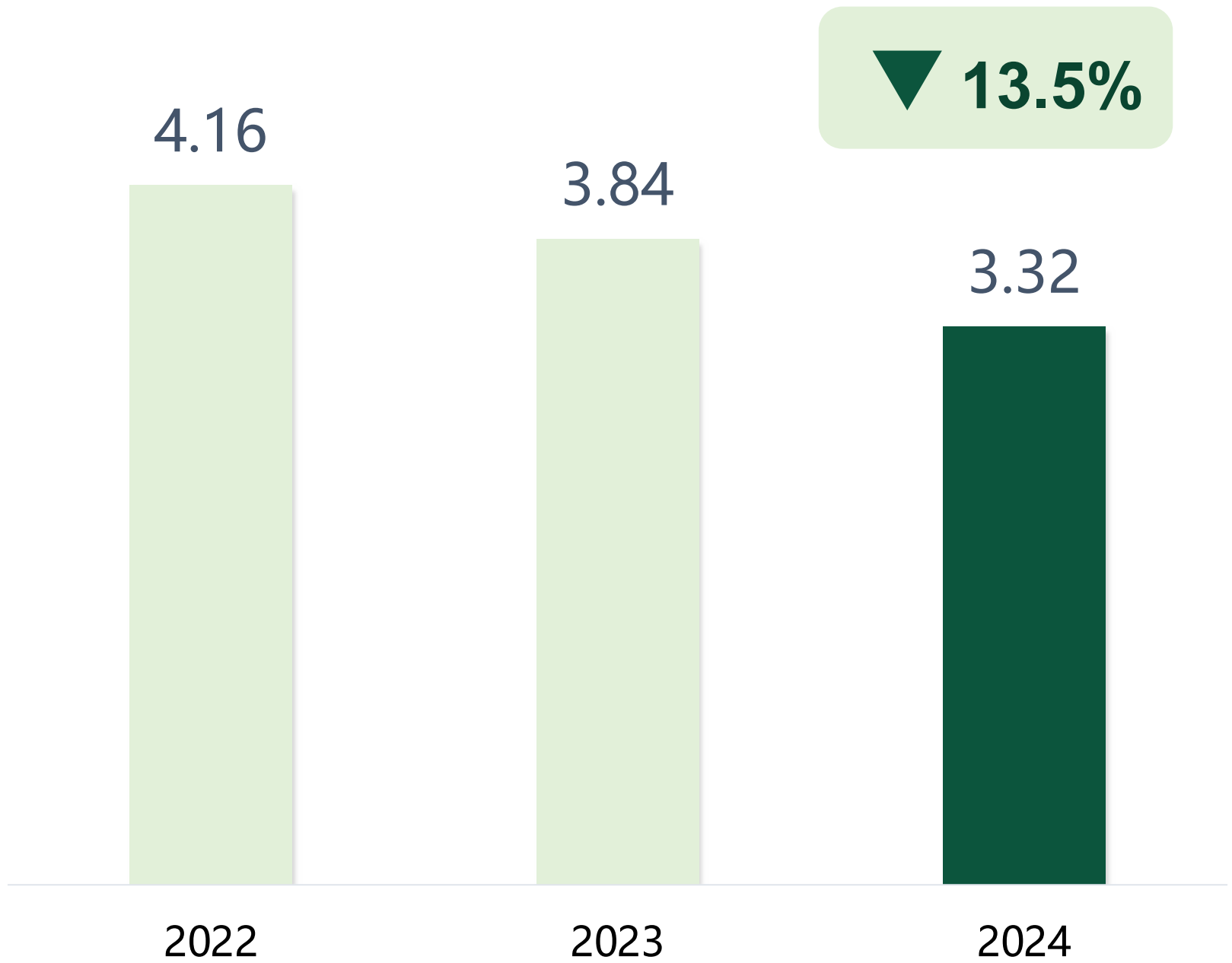
Milk Prices Outperform Market Trends



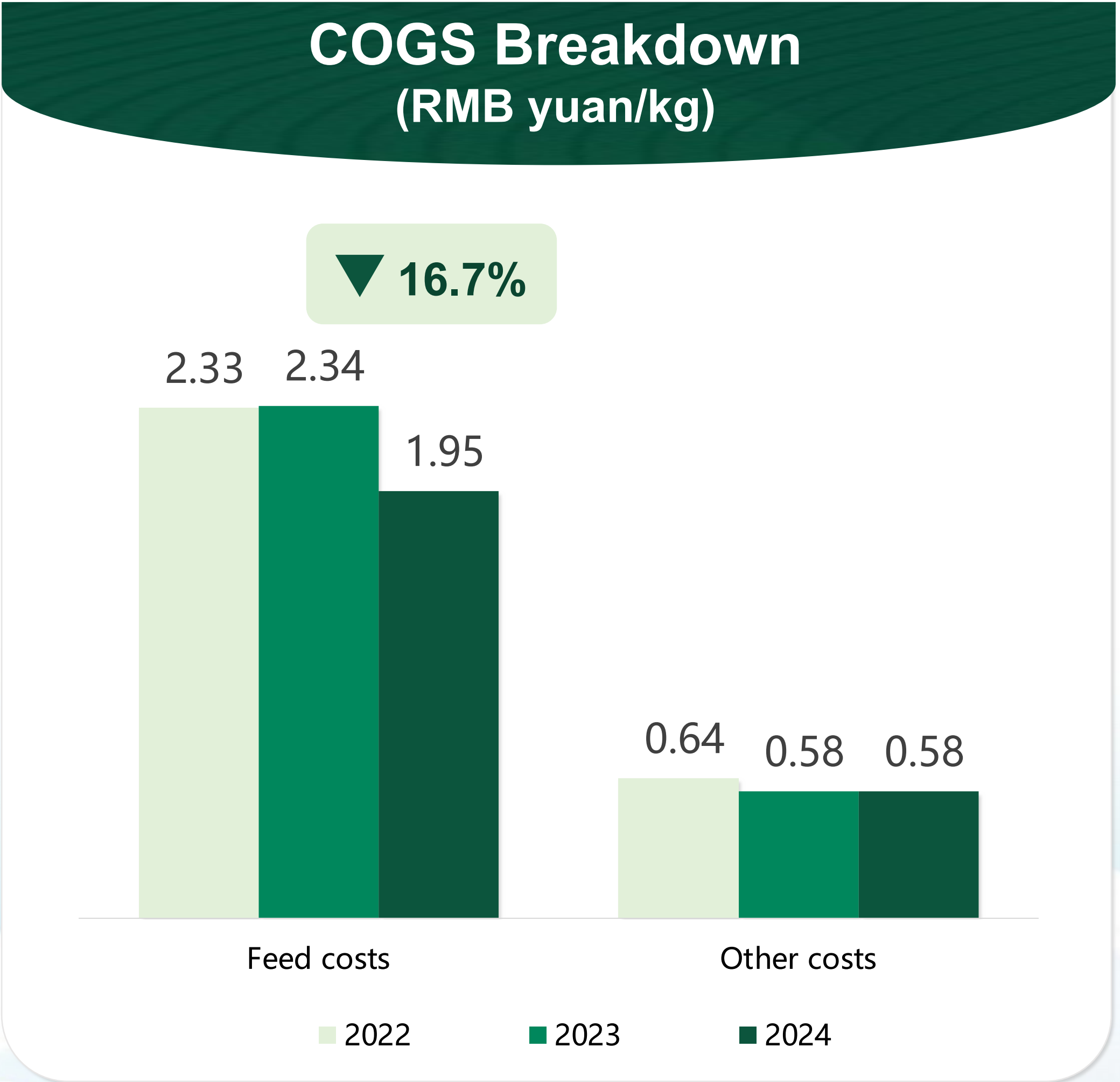
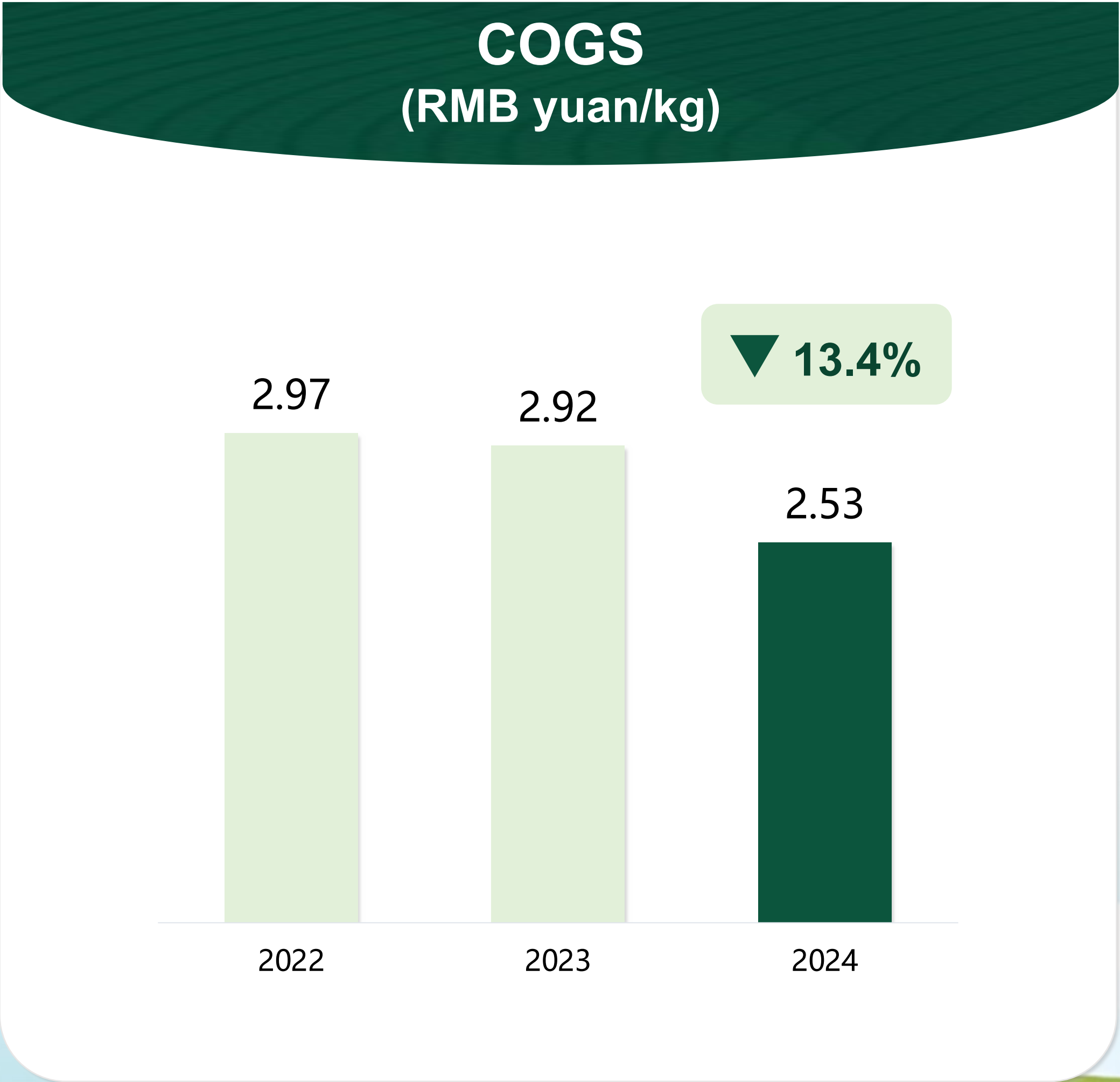
ASP of Raw Milk – Modern Dairy
(RMB yuan/kg)



ASP of Raw Milk – Domestic Market
(RMB yuan/kg)



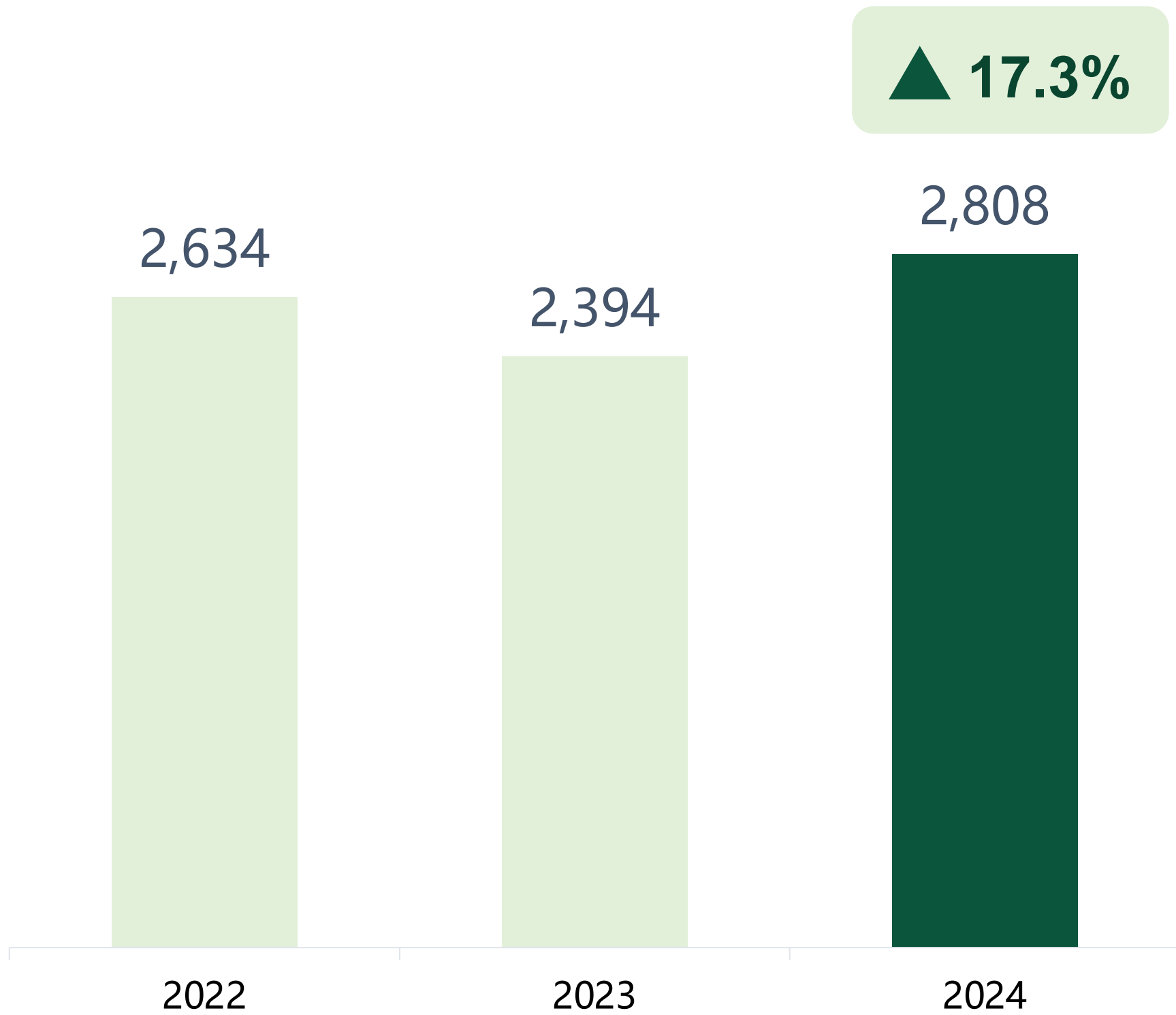
Significant Decrease in COGS per Kilogram



OCF Enhanced with CapEx Continued to Drop

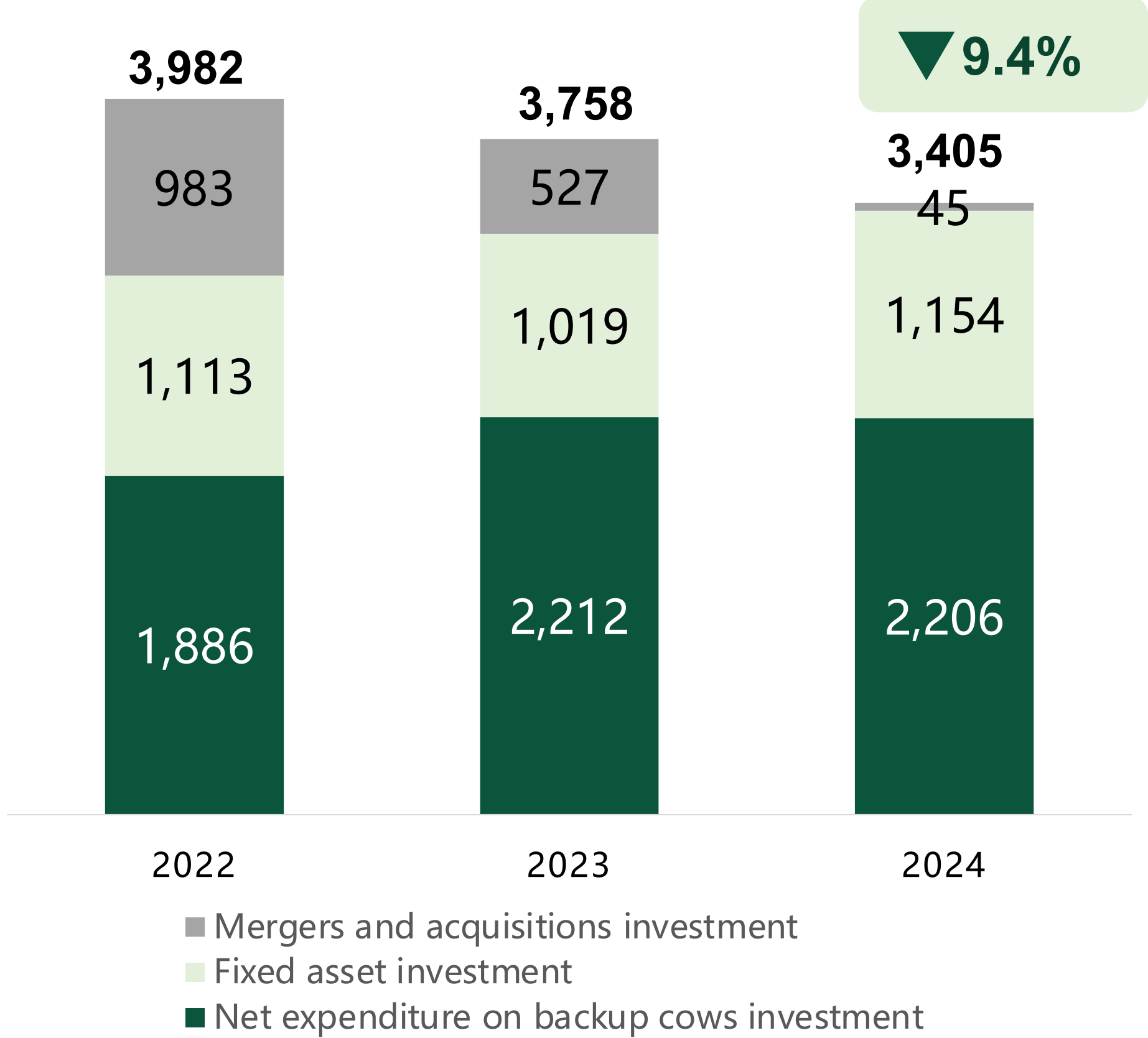


Operating Cash Flow (RMB Million)



Note: Operating Cash Flow is calculated as Cash Flow From Operating Activities excluding changes in working capital

Capital Expenditure (RMB Million)



Balance Sheet Overview



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RMB 100Million	2024	2023	Change
Biological Assets	124.4	119.3	+4.3%
Fixed Assets	75.5	62.6	+20.6%
Total Assets	339.4	313.9	+8.1%
Total Liabilities	228.2	195.5	+16.7%
Total Equity	111.2	118.4	-6.1%
Net Asset Value per Share ⁽¹⁾ (RMB yuan)	1.20	1.42	-14.9%
Total Interest-bearing Borrowings	144.6	115.0	+25.7%
Bank borrowings and long term bonds	125.2	109.5	+14.3%
Other borrowings	19.5	5.5	+255.4%
Cash and Cash Equivalents	36.7	26.8	+36.7%
Net Interest-bearing Borrowings⁽²⁾	108.0	88.1	+22.6%
Net Interest-bearing Debt Ratio ⁽³⁾ (%)	49.3	42.7	+6.6 ppt
Debt-to-asset Ratio ⁽⁴⁾ (%)	67.2	62.3	+4.9 ppt

Notes:

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

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

(2) Net Interest-bearing Borrowings = Interest-bearing borrowings - cash and deposit assets;

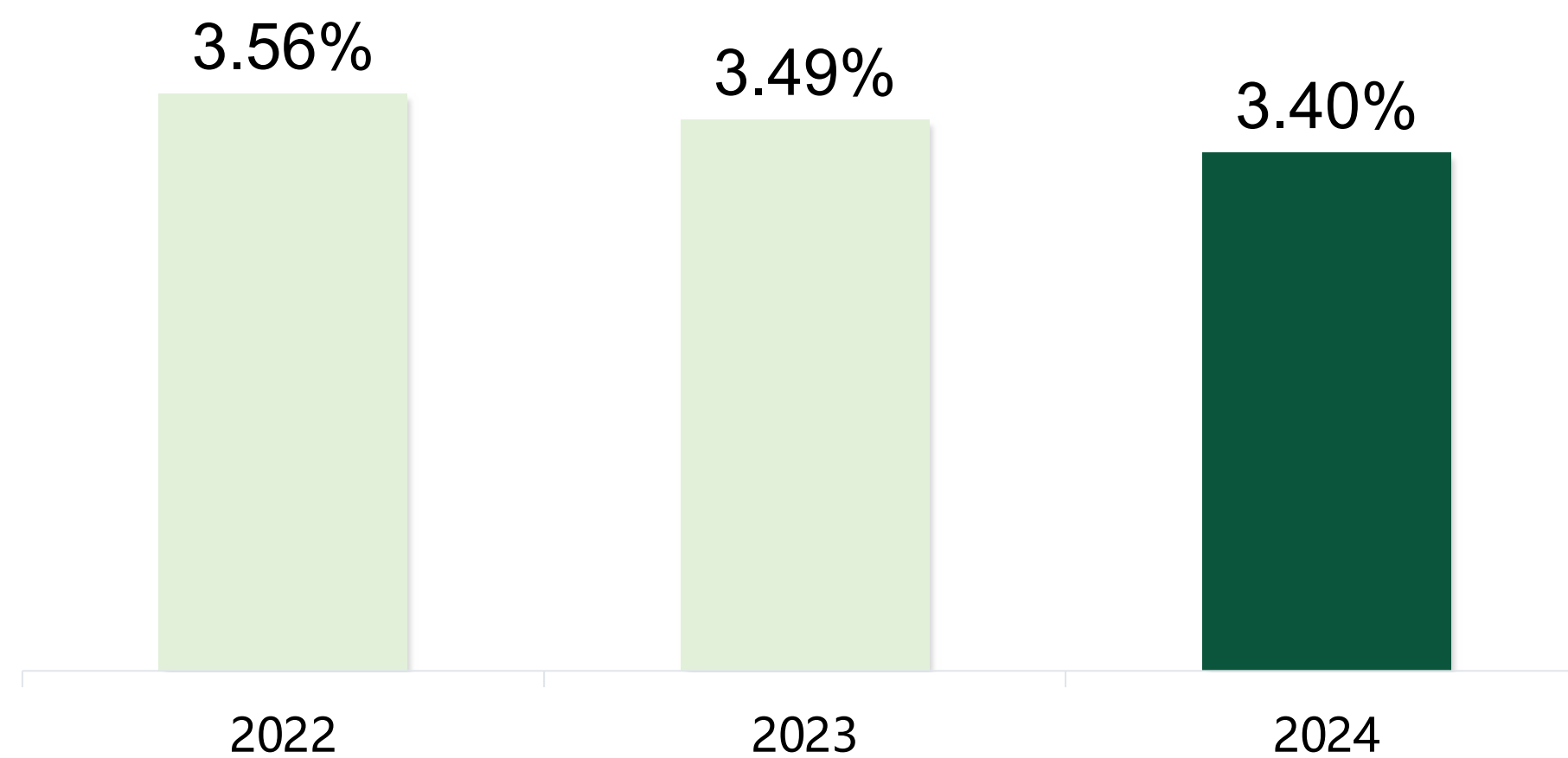
(4) Debt-to-asset Ratio = Total Liabilities/Total Assets.

Interest-bearing Debt: Reduced Costs and Optimised Structure

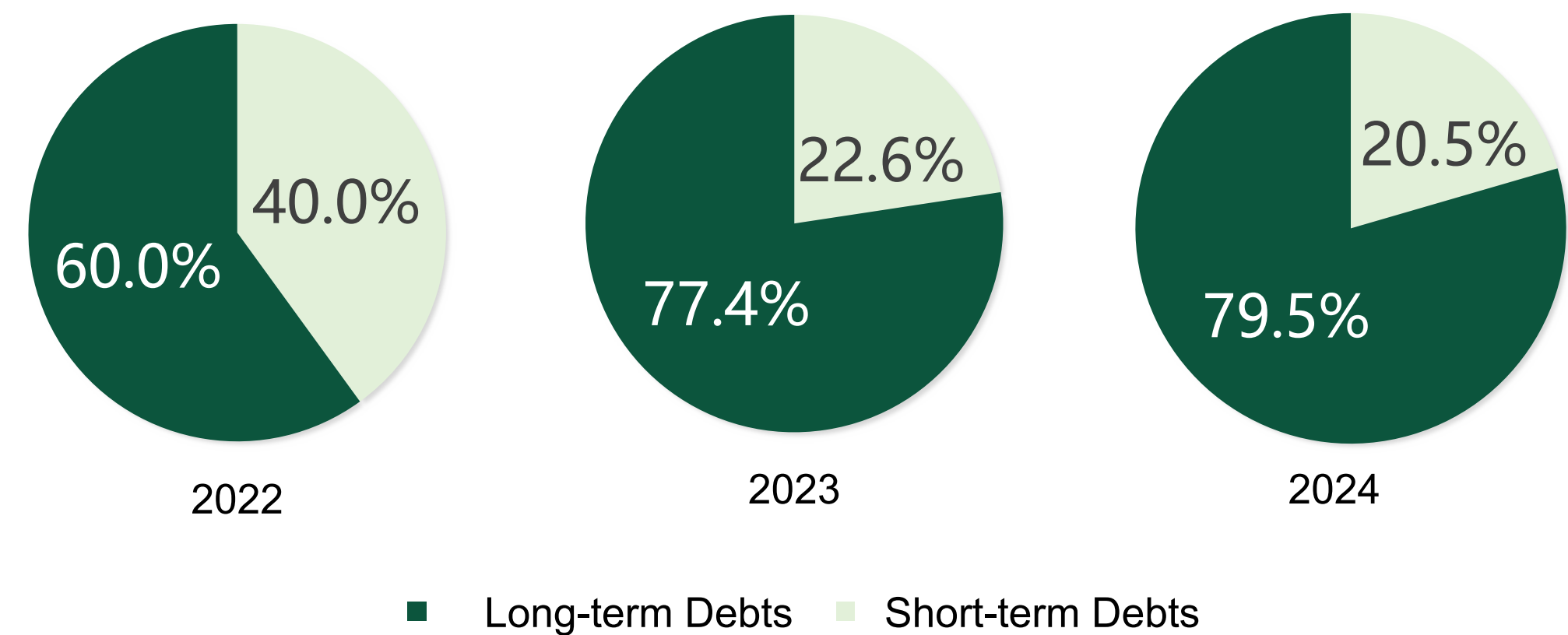


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Finance Rate



Net Interest-bearing Debts



Contents

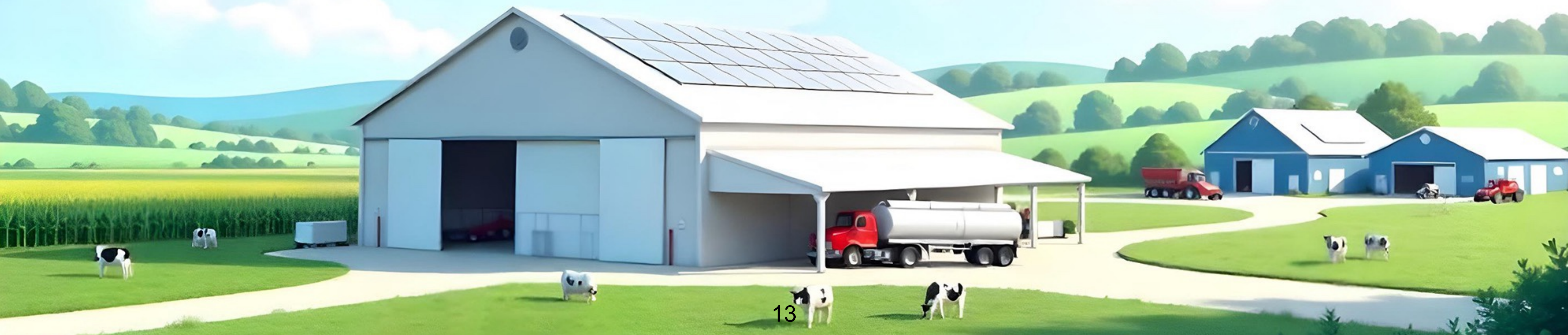


MODERN FARMING
现代牧业

01
**Financial
Results**

02
**Business
Updates**

03
**Industry
Prospects**



Farm and Herd Sizes



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Inner Mongolia Region

Helin Farm
Helin Farm I
Helin Farm II
Tuoxian Farm
Saihan Farm
Zhengyuan Farm
Zhengyuan Farm IV
Yilei Farm
Xinyuan Farm

Bayan Nur Region

Dengkou Farm
Zhaokai Farm
Mufeng Farm
Jingyuan Farm
Shajin Farm

Organic Milk Region

Ulan Buh Farm I
Ulan Buh Farm II
Ulan Buh Farm III
Ulan Buh Farm IV
Ulan Buh Farm V

Northeast Region

Wulan Farm
Shuangcheng Farm
Shangzhi Farm
Daqing Farm I
Daqing Farm II
Gegentala Farm
Tongliao Farm

Cha-Sai Region

Chabei Farm I
Chabei Farm II
Hengsheng Farm
Saibei Farm I
Saibei Farm II
Saibei Farm III
Saibei Farm IV
Saibei Farm V

North China Region

Hengshui Farm I
Hengshui Farm II
Xinle Farm
Tangshan Farm

Central China Region

Shanghe Farm
Linyi Farm
Wenshang Farm
Lankao Farm I
Lankao Farm II
Suqian Farm

East China Region

Bengbu Farm
Maanshan Farm
Hefei Farm

West Region

Baoji Farm
Wuzhong Farm
Fuminfeng Farm
Changji Farm
Yunman Farm I
Yunnan Farm II
Hongya Farm

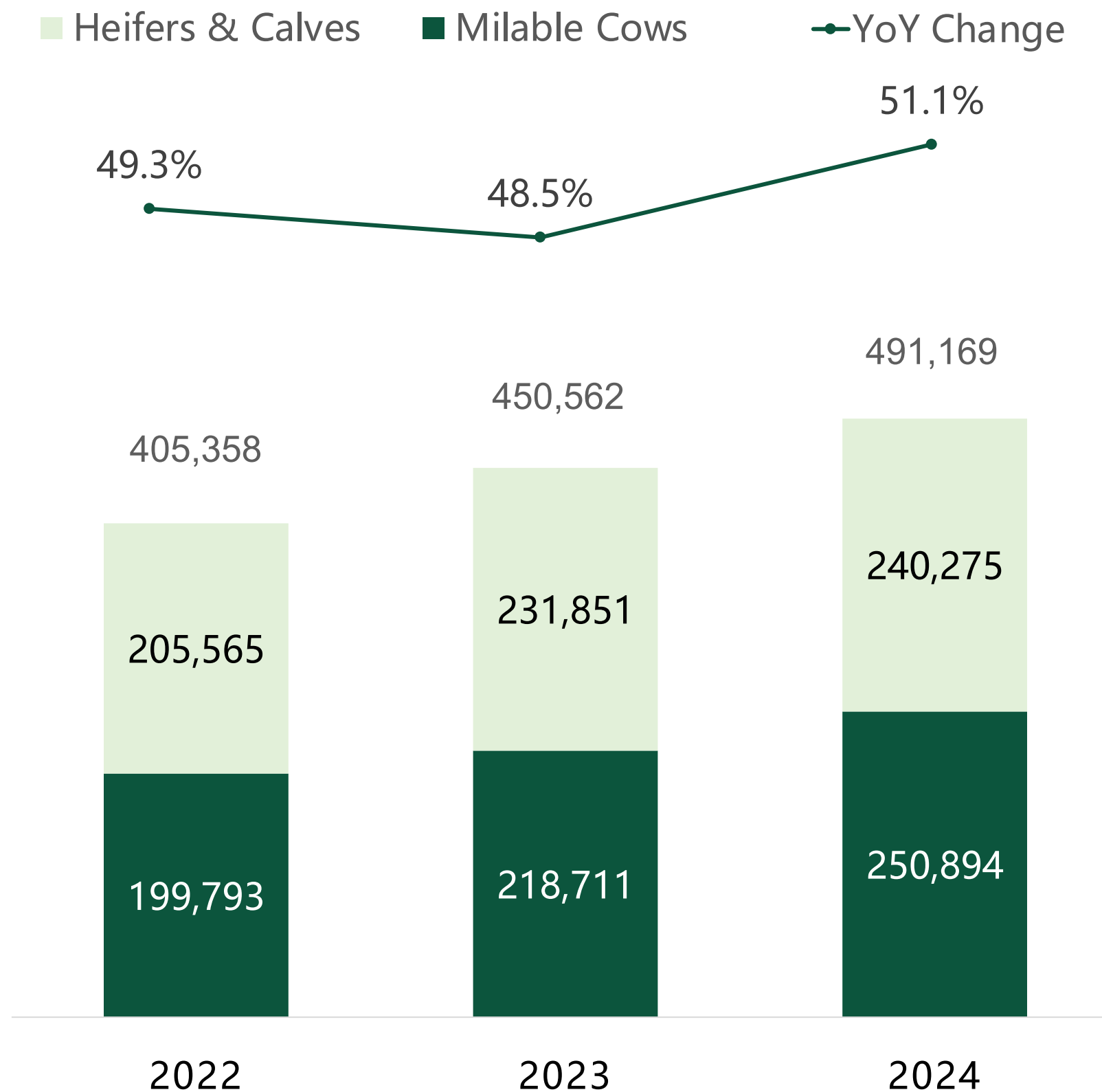
Jingwa Farm

南海诸岛



Note: As of the end of 2024, the group has invested in and established 47 dairy farm companies in China (based on legal entity count), with a total herd of over 490,000 dairy cows, covering 13 provinces and autonomous regions.

Herd Size & Proportion of Milkable Cows



Notes: By the end of the year, the number of organic dairy cows in stock was 41,926, of which 30,939 heads were added through the acquisition of four organic dairy farms.

Integrated Dairy Farming Solutions



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Feeds

Cumulative sales have exceeded **1 million tons**

We have **6** production plants in China, including **2** feed mill and **4** tablet plants

Established **4** domestic planting bases with a land area of **66,000 mu** and an annual output of **30,000 tons** of high-quality forage grass

Producing high quality alfalfa and operating **3** processing facilities in **4** major US states with an annual supply of **200,000 tons** of high-quality forage.



Intelligent digital platform

Transaction volume of Aiyangniu platform reached **RMB32 billion**

Yunyangniu intelligent system has covered **386** farms and **1.52 million** cows

Accurately forecasts the demand of dairy cows and provide real-time data for the production, breeding and management of dairy cows



Breeding

Built **2** national-level core breeding farms for dairy cow

15 breeding bulls cultivated and bred independently

Independently developed “Modern No.1” Genomic Liquid Phase Chip

Participated in the genetic improvement project of millions of cows in the Ningxia Hui Autonomous Region



Overcoming Breeding Challenges in Dairy Cattle

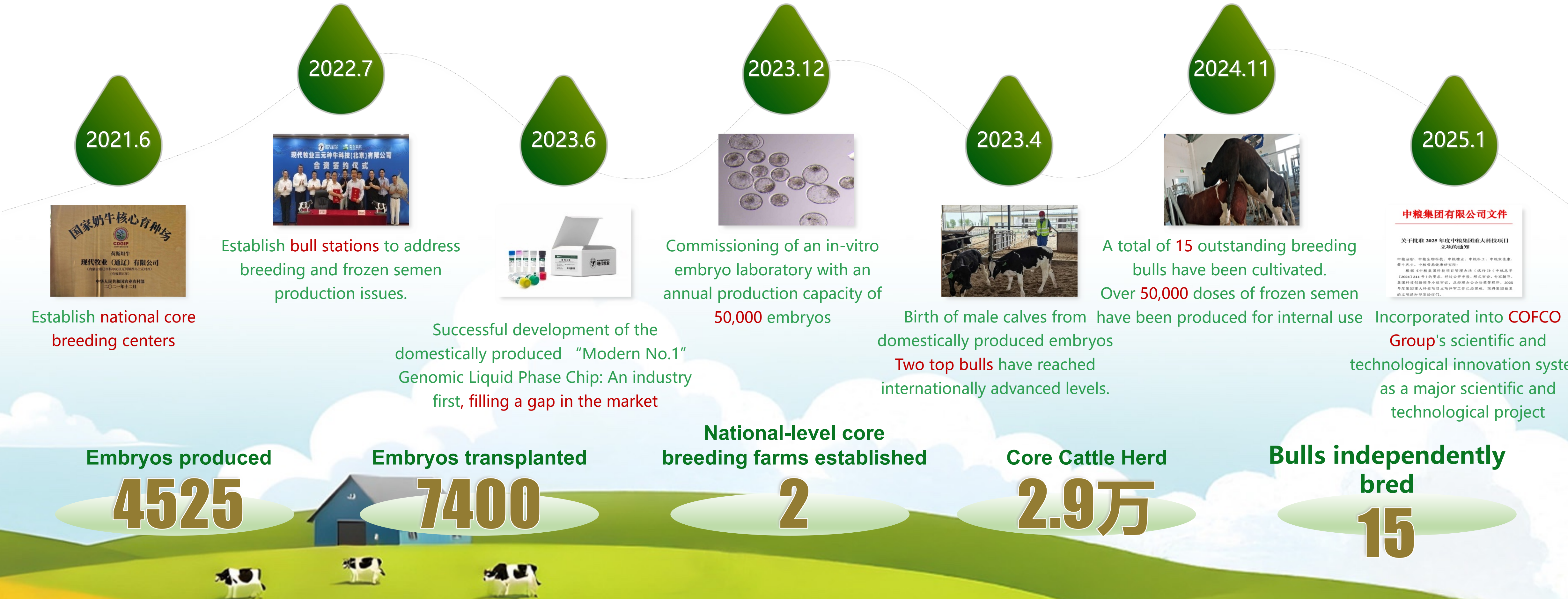


Insufficient self-sufficiency rate of core dairy cattle germplasm: Imported frozen semen accounts for 90%, while domestically produced frozen semen accounts for less than 10%.

High risk of imported frozen semen supply disruption: Australia, the EU, and the US have successively suspended frozen semen imports.

Inadequate independent evaluation mechanism for dairy cattle: Genomic detection chips are entirely reliant on imports.

Establish national-level core germplasm bases: Establish bull stations to address breeding and frozen semen production issues.



Efficient Cost Management



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Enhanced Procurement

Feed costs: **RMB1.95/kilo** (-16.7% YoY)

Other cash costs: **RMB0.46/kilo** (-2.1% YoY)

Industry insight &
supply control

Financial instruments for
risk hedging

Innovative products for
delving into potential

Direct procurement & supplier
approaching

COFCO collaboration fuels
mutual win

Industry leading
cost management
in 2024

Consolidated Operation

AMY per milkable cow: **12.8** tons (+1.6% YoY)

Proportion of milkable cows: **51.1%** (+2.6 ppt YoY)

Enhance cattle herd
structure

Improve cow health

Upgrade feed formula

Genetic improvement over
generations

Further increased efficiency

Breakthrough in Green Ratings



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MSCI 

Graded Modern Dairy's
rating to BBB,
a significant three-level
jump within a year

FAIRR
A COLLER INITIATIVE

Second place among Chinese
enterprises in Protein Produce Index,
with scores increased from 41 to 53

S&P Global

2024 ESG score in the S&P Global CSA
surpassed 92% of global peers, also
included in the "S&P Global Sustainability
Yearbook (China Edition) 2024".

 **CDP**

Reaching Management Level in
climate change, water security and
forests, with scoring for forests
enhanced to B

Contents

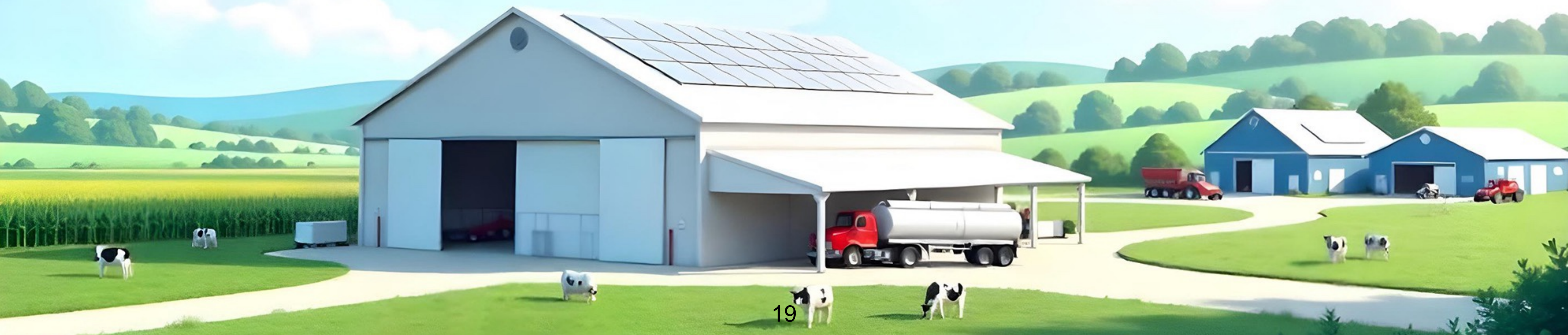


MODERN FARMING
现代牧业

01
**Financial
Results**

02
**Business
Updates**

03
**Industry
Prospects**

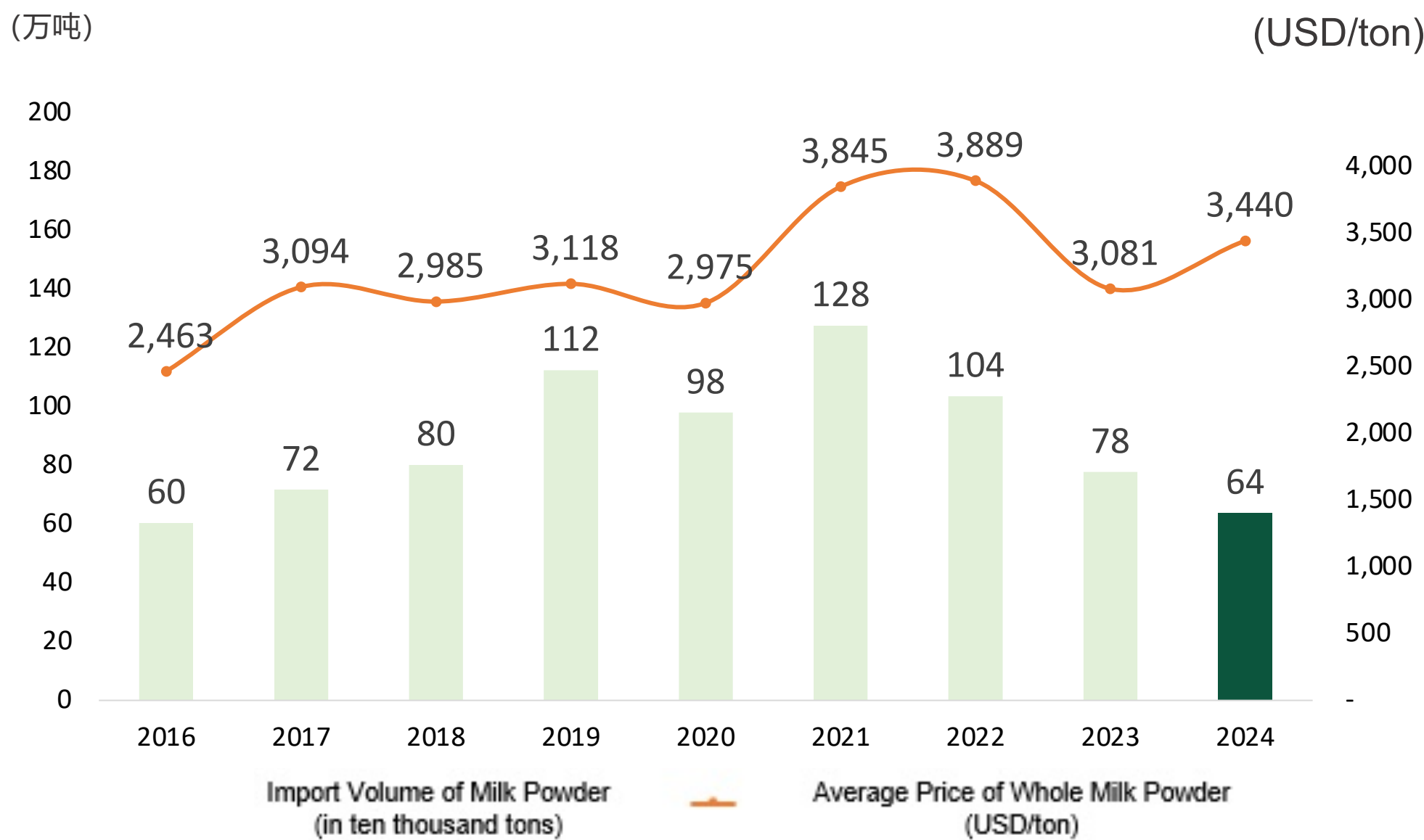


Milk Powder Imports Declined for Third Consecutive Year



Import Volume of China's Milk Powder (in ten thousand tons) and Price (USD/ton)

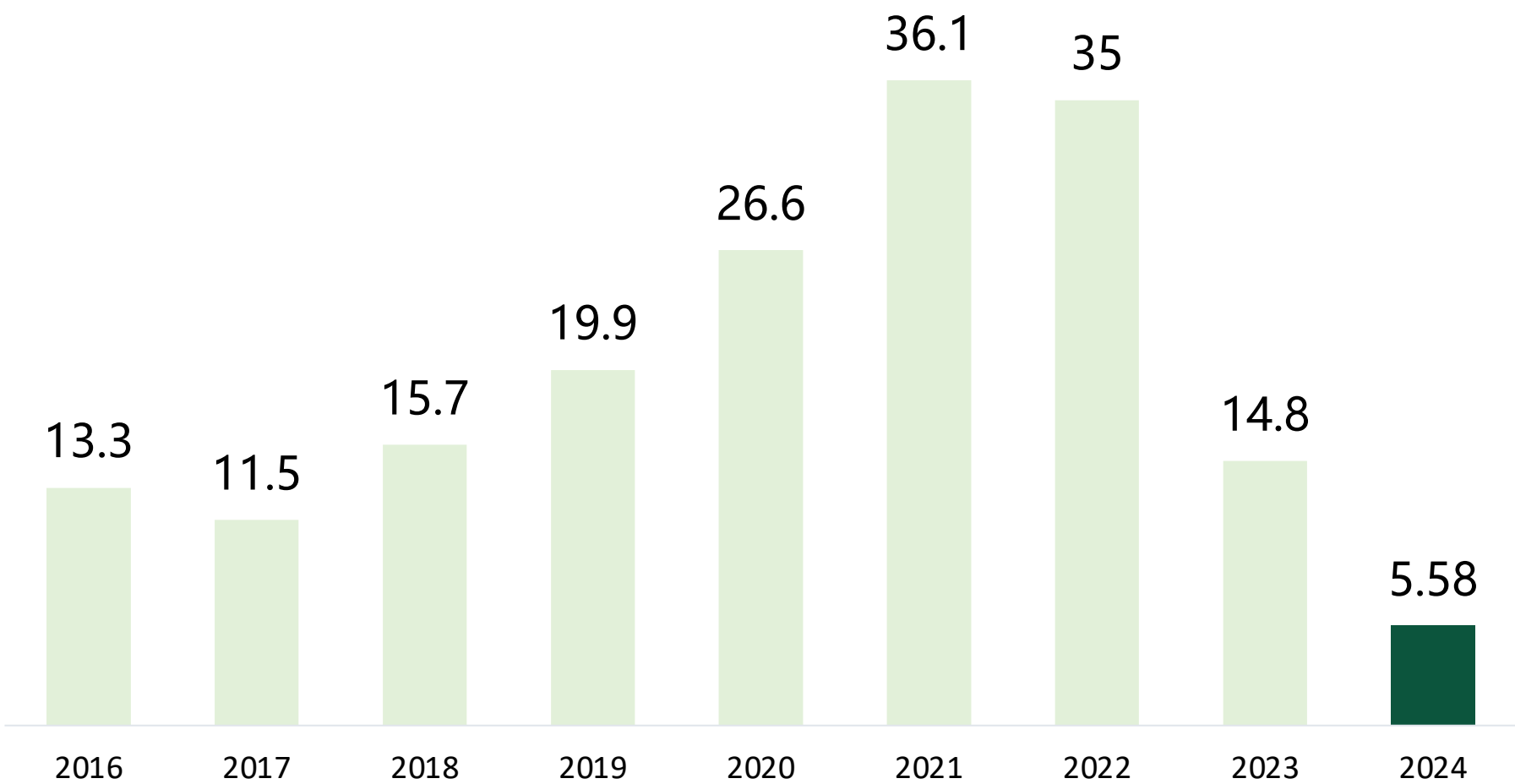
Source: China Customs , Fonterra



- Due to robust growth of domestic raw milk production and sluggish demand of processing, imports in 2024 are expected to decline by 17.9% YoY, marking the third consecutive year of significant reduction in dairy imports.

Number of Imported Dairy Cows in China (0,000 heads)

Source: China Customs



- The number of imported dairy cows surged in 2020-2021. In 2024, the number of imported dairy cows dropped by 62.3% YoY.
- A total of 9.5056 million doses of frozen semen was imported in 2024, down by 28.2% YoY.

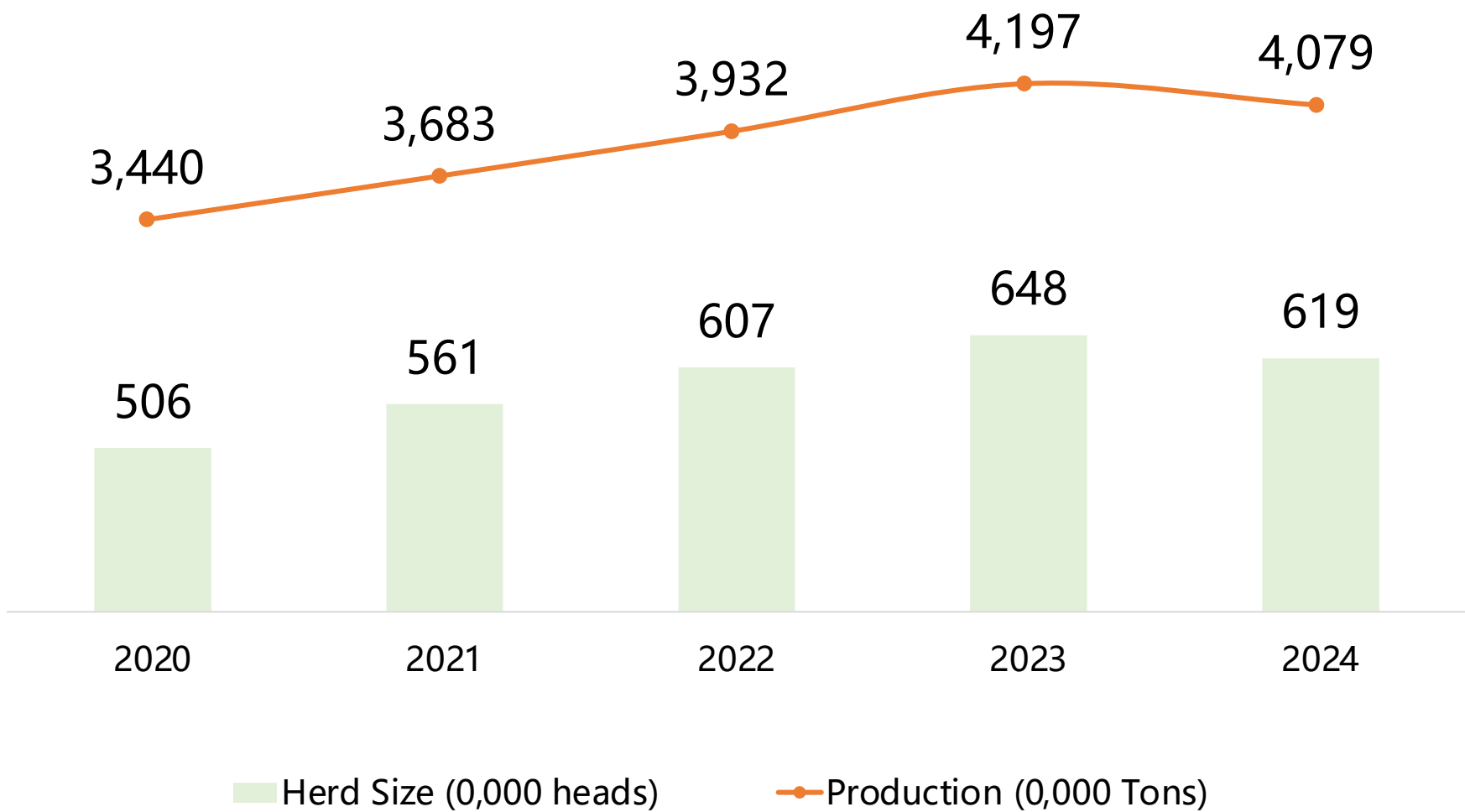
Domestic Herd Size Declined YoY



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Domestic Herd Size (0,000 heads) and Raw Milk Production (0,000 tons)

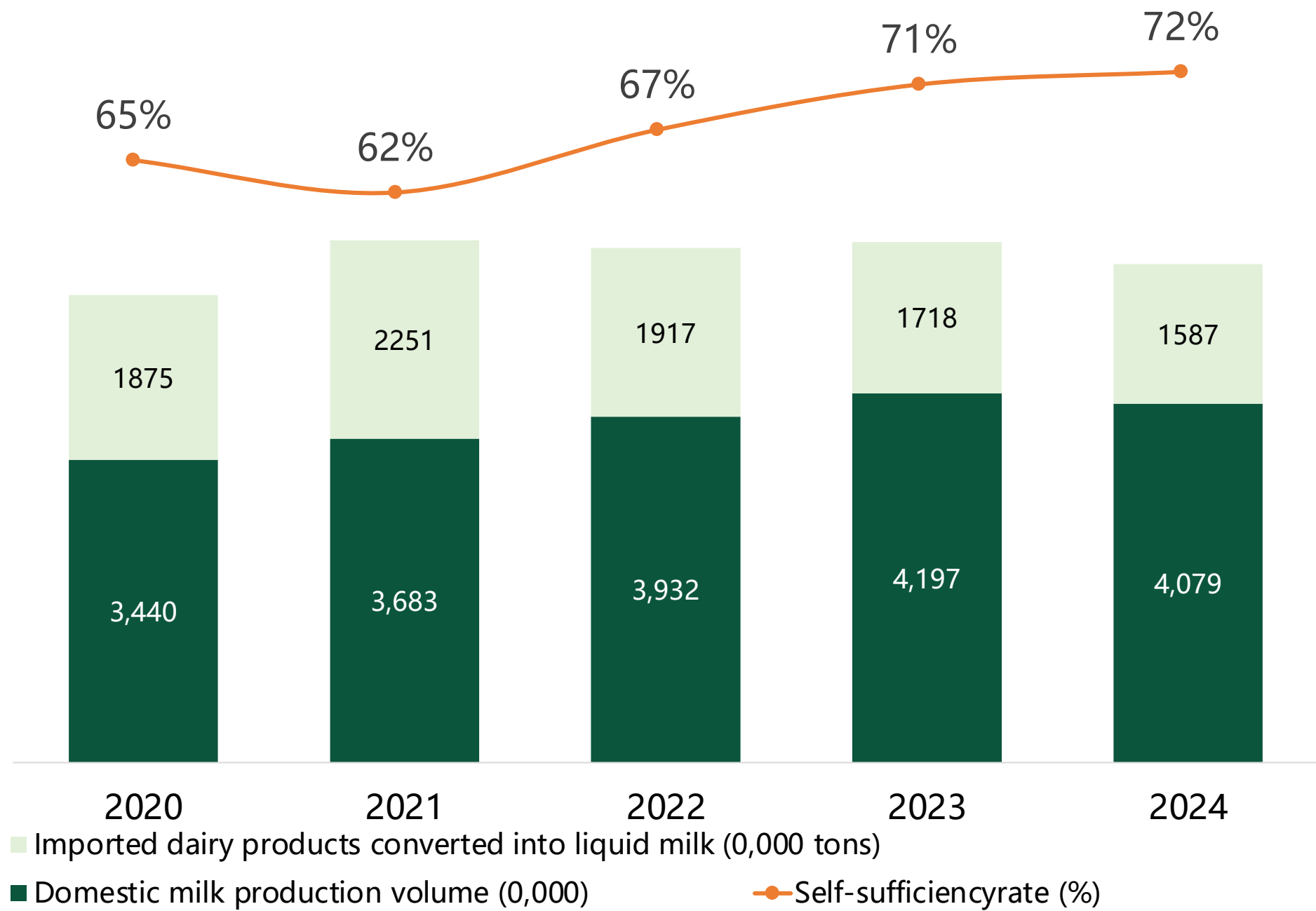
Source: CARS – Dairy, National Bureau of Statistics of China



- In 2024, the herd size in China declined by 292,000 heads from 2023, the first drop since 2019.
- In 2024, the China's total raw milk output in 2024 was 40.79 million tons, representing a 2.8% YoY decrease

Self-sufficiency Rate of Domestic Raw Milk (%)

Source: China NBS, China Customs



- Since 2008, the self-sufficiency rate of China's dairy industry has continued to decline from 95%, and has long been lower than the country's original 2020 milk self-sufficiency target of 70%. In 2022, the milk self-sufficiency rate recorded the first rebound since 2016. In 2024, the milk self-sufficiency level reached 72%.

Diverging Milk Prices at Home and Abroad

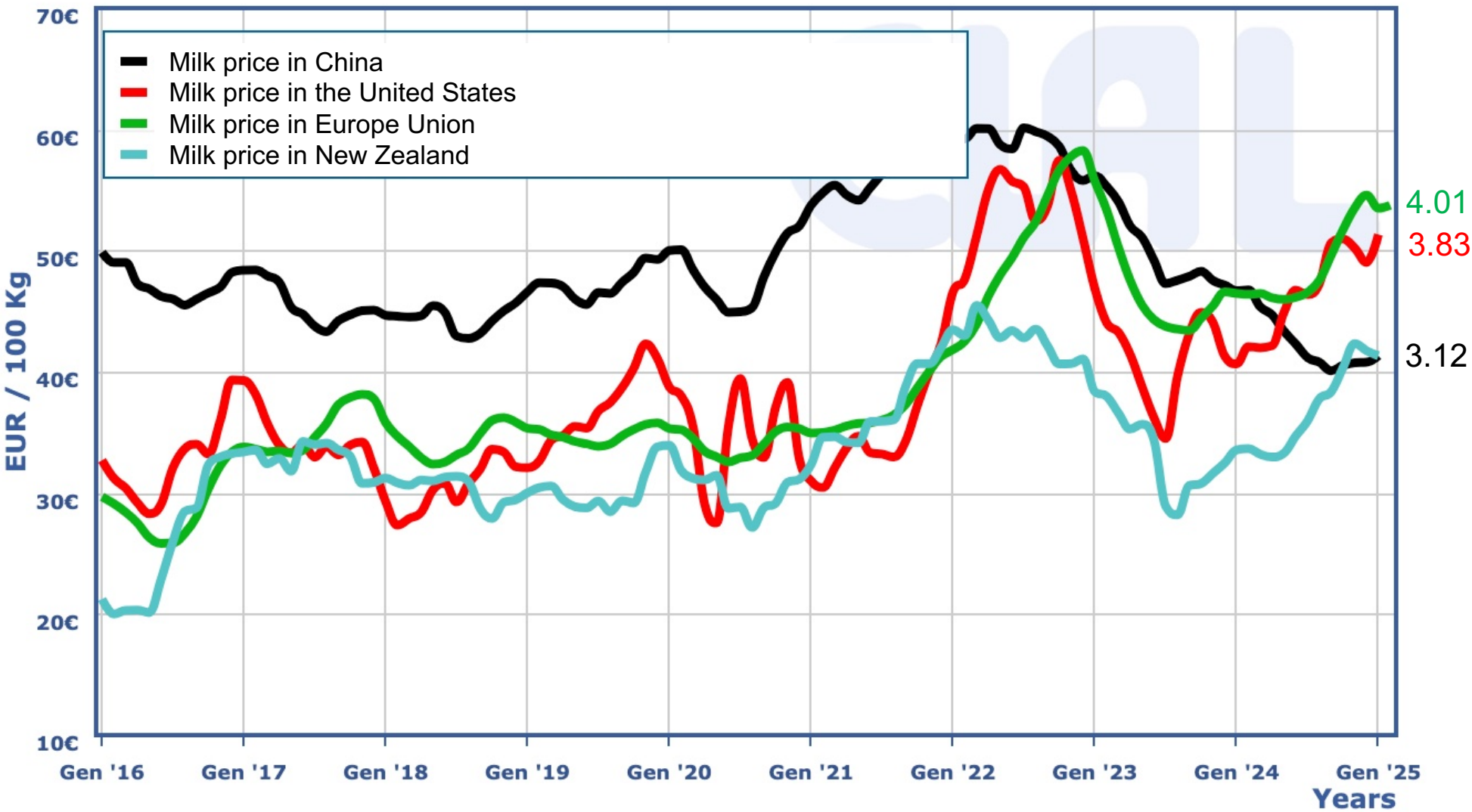


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Milk Prices in China, US, EU and NZ (%)

Source: CLAL

(Euro/100kg)

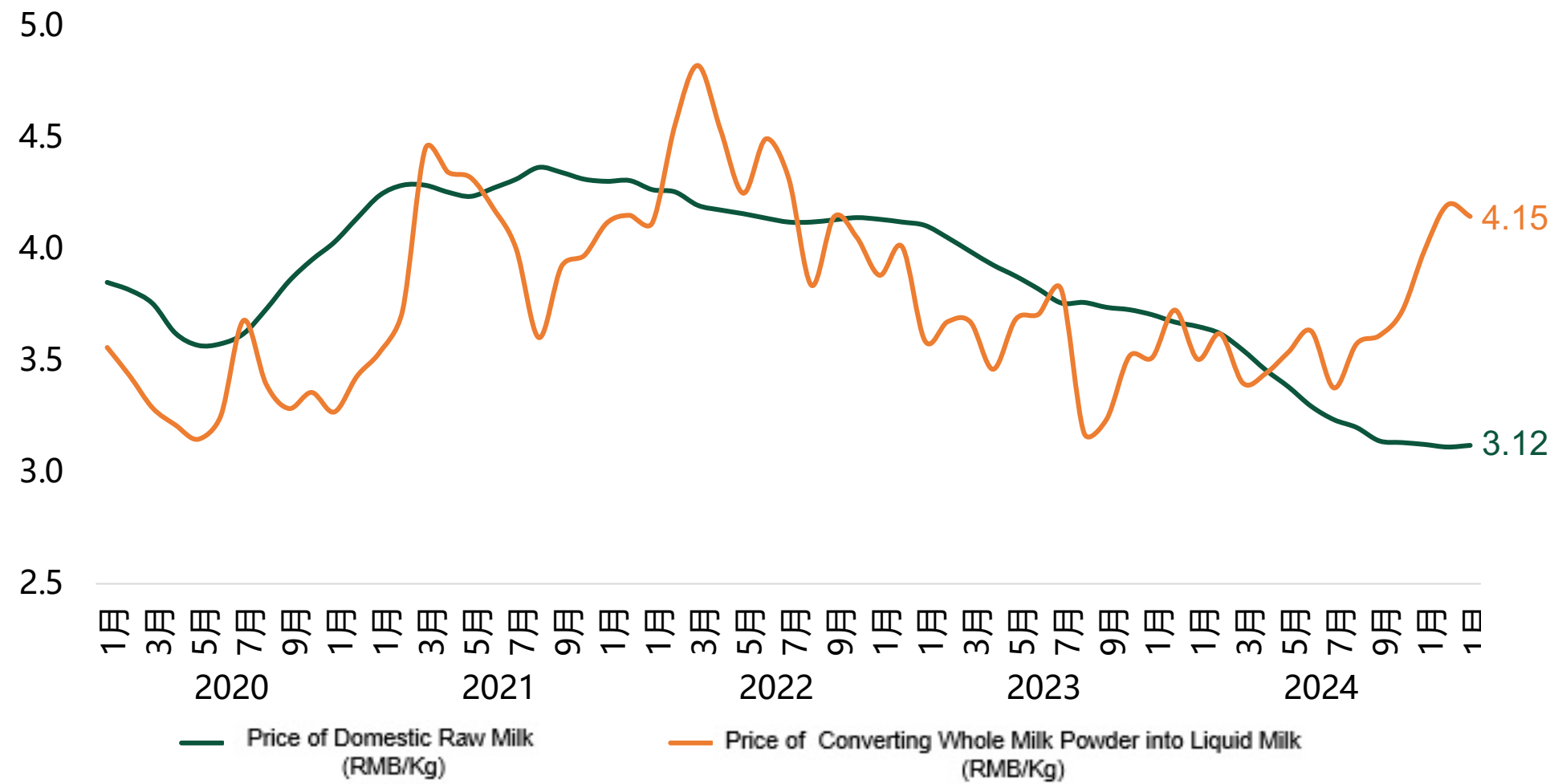


► As of January 2025, raw milk prices in New Zealand and China remain close at about €3.12/kilo, while raw milk prices in the United States and Europe are higher at €3.83/kilo and €4.01/kilo, respectively.

Prices of Domestic Raw Milk and Milk Powder Converted into Liquid Milk (RMB Yuan/kg)

Source: the Ministry of Agriculture and Rural Affairs, Fonterra

(元/公斤)



► Global dairy commodity prices bottomed out in the third quarter of 2023. In May 2024, the price of converting milk powder into liquid milk was higher than the price of domestic raw milk.

Overseas Production Capacity Expected to Maintain Flat



Source: Rabobank

The U.S.

2025E: output+0.5% YoY

Profitability of farmers enhanced by lower feed costs

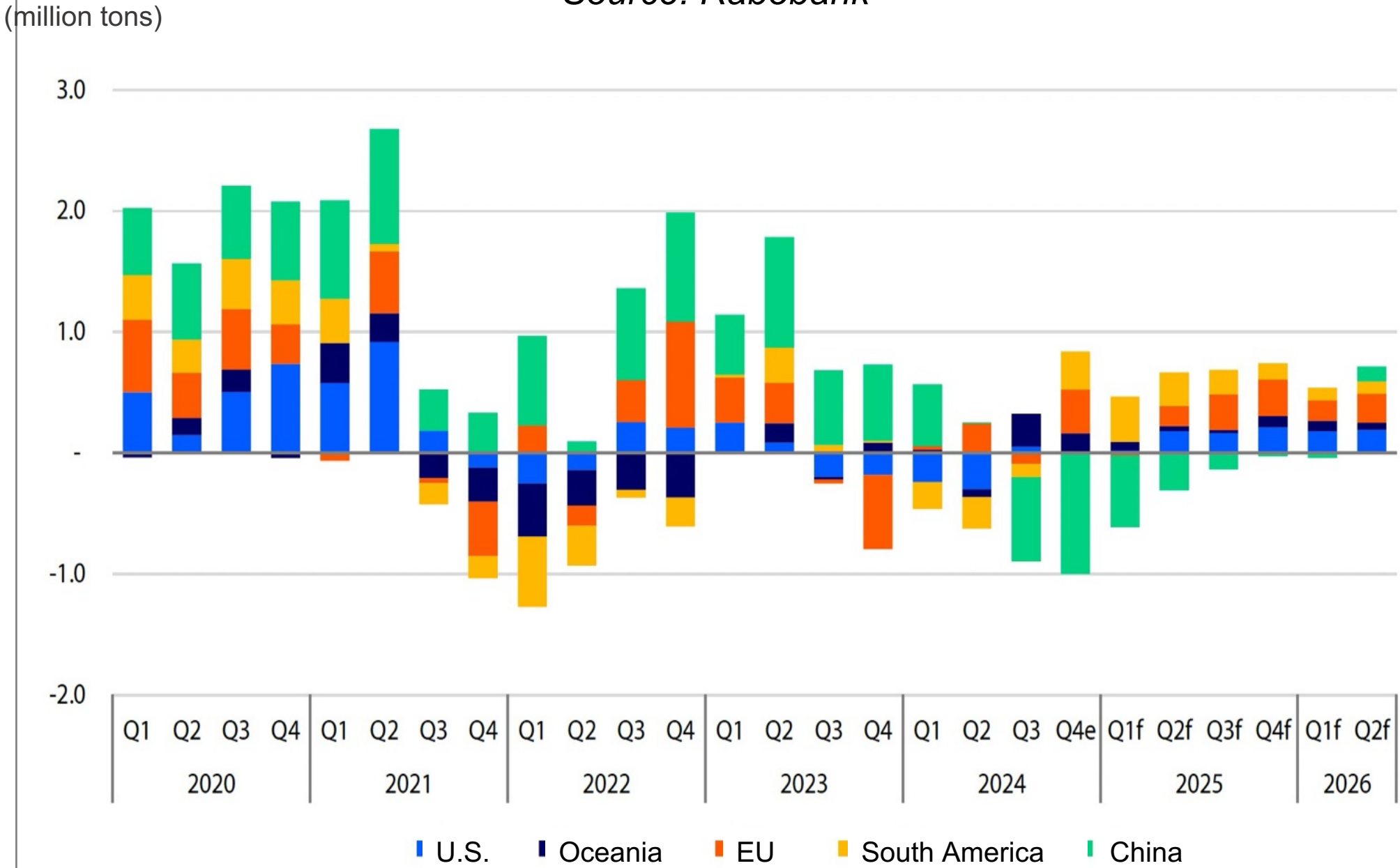
EU

2025E: Output+0.5% YoY

2025 milk production expected to grow YoY due to increased margin, with possible headwind to production growth due to tariff and reemergence of bluetongue disease.

Forecast Milk Production Growth, Big 7 Exporters & China (%)

Source: Rabobank



► Rabobank forecasted that the YoY growth in the top seven dairy-exporting countries would be 0.8% in 2025. The slower growth in output would contribute to stability of current raw milk price.

Australia

2025M1: output -2.6% YoY

Major dairy production regions negatively impacted by droughts

2025/2026E: output +0.7% YoY

New Zealand

2024: total output highest in 3 years

2024/2025E: Fonterra raised milk price to 10 NZD/kilo milk solid

Production growth likely to decline in 2024/2025 as seasonal droughts spread across the North Island and the East Coast of the South Island

Market Analysis: Challenges, and Opportunities



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Raw milk supply entered surplus stage, with farming end under pressure

According to MARA, **88%** cow breeding business **recorded loss** by the end of January.

Rabobank forecasts **2.6% YoY drop** in China's milk output in 2025, while expecting dairy consumption to increase by **1.2% YoY**.

Consumption upgrade drives optimization of dairy product structure as well as exports expansion

The use of **raw milk for yogurt, cheese and milk powders** has become more popular, reflecting consumer preference for natural, less-processed foods.

Chinese dairy processors are **looking to expand into overseas dairy market** to balance the oversupply at home. In 2024, China's exports of whole milk powder rose 74% YoY to 20,800 tons.

The Hohhot Municipal Government in Inner Mongolia has implemented a **child-rearing subsidy policy** to encourage childbirth. Families will receive a one-time subsidy of 10,000 yuan for their first child, 50,000 yuan for the second child to be distributed over five years, and 100,000 yuan for the third child and above, to be distributed over ten years.



Domestic powder prices stop falling Overseas milk prices rebounding

Rabobank expects milk production in the Big 7 exporters to grow by 0.8% YoY. **It's expected the slower growth will not translate into a surge in inventories or a broad oversupply, and international milk prices would stand firm.**

Domestic powder price has rebounded from as low as **RMB15,000/ton** last year to **RMB20,000/ton** and higher in 2025.

Dairy industry development driven by supportive policies, with quality standards further upgraded

The MARA and six other departments issued a join circular, vowing to stabilize beef and milk production, highlighting the nutritional value of fresh milk, and promoting "student milk programs". **The use of consumer vouchers in certain regions are encouraged to boost milk consumption.**

The National Health Commission has **updated the content about reconstituted milk** in National Food Safety Standard for Sterilized Milk Amendment No. 1, making it clear that **reconstituted milk shall not be added into sterilized milk.**



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THANKS

