

# COVID-19 impacts to my Company and our industry

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# Despite of the impact of COVID-19, we still realized a growth In H1 2020



Results (RMB Million)

Revenue  
**3,859** ↑ 23%  
2018: 3,148

Net Profit (Adjusted)<sup>1</sup>  
**575** ↑ 32%  
2018: 435

Gross profit margin  
**52.4%** +0.3pps  
2018: 52.1%

EBITDA margin (Adjusted)<sup>1</sup>  
**21.5%** +1.9pps  
2018: 19.6%

Net Profit Margin (Adjusted)<sup>1</sup>  
**14.9%** +1.1pps  
2018: 13.8%

Note:

1. Adjusted for the gain on the revaluation of an asset and the gain on the fair value change of derivative financial instruments.

## While COVID-19 and caused a slower than expected growth rate for Ausnutria

### Impacts

COVID-19 caused the inconvenience for our sales and delivery .

- The MBS, as our major channel, was blocked.
- The offline face-to-face campaigns, as our key interaction with customers, were blocked which negatively impacted our new consumers expansion plan.
- Inconvenience of products delivery.



### Solutions

We have initiated the additional measures and monitoring COVID-19 development.

- Deliver the product to consumer by our sales team or by express
- Communicated with consumers in time through wechat, phone call, or the other online methods
- More focus on live webcasting events and community activities to do the promotion with the aim of engaging in more interactions with the consumers
- More China-Europe Railway lines were engaged to ensure the supply.

## Ensure supply security

- The main raw materials are sufficient in the industrial supply chain of Ausnutria, which is not affected by the epidemic situation.
- Measures have been taken in advance for other key raw materials to establish safety inventory.
- At present, the production and operation of each factory are normal, and the orders are completed in time.
- Through special railway and air transportation, the product reasonable safety stock has been established.

# Ausnutria heavily contributed for Charity fighting the pandemic



## Ausnutria U-Foundation donated RMB3 MILLION to Honghui Pingjiang Charity Project

- On 30 May, Ausnutria donated RMB3 million in cash to the Honghui Education Development Foundation through the Ausnutria Charity Foundation ("Ausnutria U-Foundation") for the Honghui Pingjiang Charity Project. About RMB1 million of the donation was assigned to improve the campus environment of Sicun Middle School in Pingjiang.

## Ausnutria has donated more than RMB78 MILLION for the fight with COVID-19 in cash and products

- In 1H2020, Ausnutria and its brands joined hands with Ausnutria YOU-Foundation to donate RMB78 million in cash and supplies to fight COVID-19 at the early stage, demonstrating the social responsibility of the enterprise.

# COVID-19 caused a lower growth for China Dairy Industry



*2019 has been a year of stable development of China's dairy industry, with good achievements in production and sales. 2020 should be much better without COVID-19*

## Dairy productions

- 2020H1, the total output of China's dairy products was 12.78 million tons, a year-on-year decrease of 2.51%.
- Among them, the output of liquid milk was 11.89 million tons, a year-on-year decrease of 2.51%, and the output of milk powder was 0.5 million tons, a year-on-year decrease of 6.96%.

## Import and export of dairy products

- From January to August, imported dry dairy products + 6.3% to 1.51 million tons, and liquid milk + 6% to 0.63 million tons.

## Number of cows

- In 2018, the numbers of cows in China dropped to 10.38 million, a decrease of 3.89% compared to that in 2017.
- In 2019, the number of cows in China was about 10 million.

## Economic indicators of dairy industry

- 2020H1, the total industrial income, profit, asset, bill receivable, stocks of finished goods and loss of enterprises was 199.3, 13.2, 388.0, 47.2, 8.8 and 1.69 Billion CNY respectively. The year-on-year growth rates were 4.43%, -29.86%, 15.84%, 18.13%, 2.63% and 33.17% respectively.

## Raw milk production

- In 2019, China's raw milk production reached 32.01 million tons, an increase of 4.10% compared with that in 2018.
- 2020H1, China's raw milk production reached 14.31 million tons, an increase of 1.05 million tons over the same period last year, with a year-on-year increase of 7.9%.



**Thanks to the sound control by the government, the impact was much minimized and the industry is rebounding again now**

**The pandemic also gave a lesson to the consumers**

Sufficient nutrition is essential for health, and this is causing the increase of consumption of milk

China dairy industry will:

- 1) Continue to guide consumption and promote the development of the industry .
- 2) Continue to develop new retail, online and offline integrated marketing.
- 3) Continue to seriously work for epidemic prevention, quality supervision and innovation.
- 4) We have full confident to the future market growth.

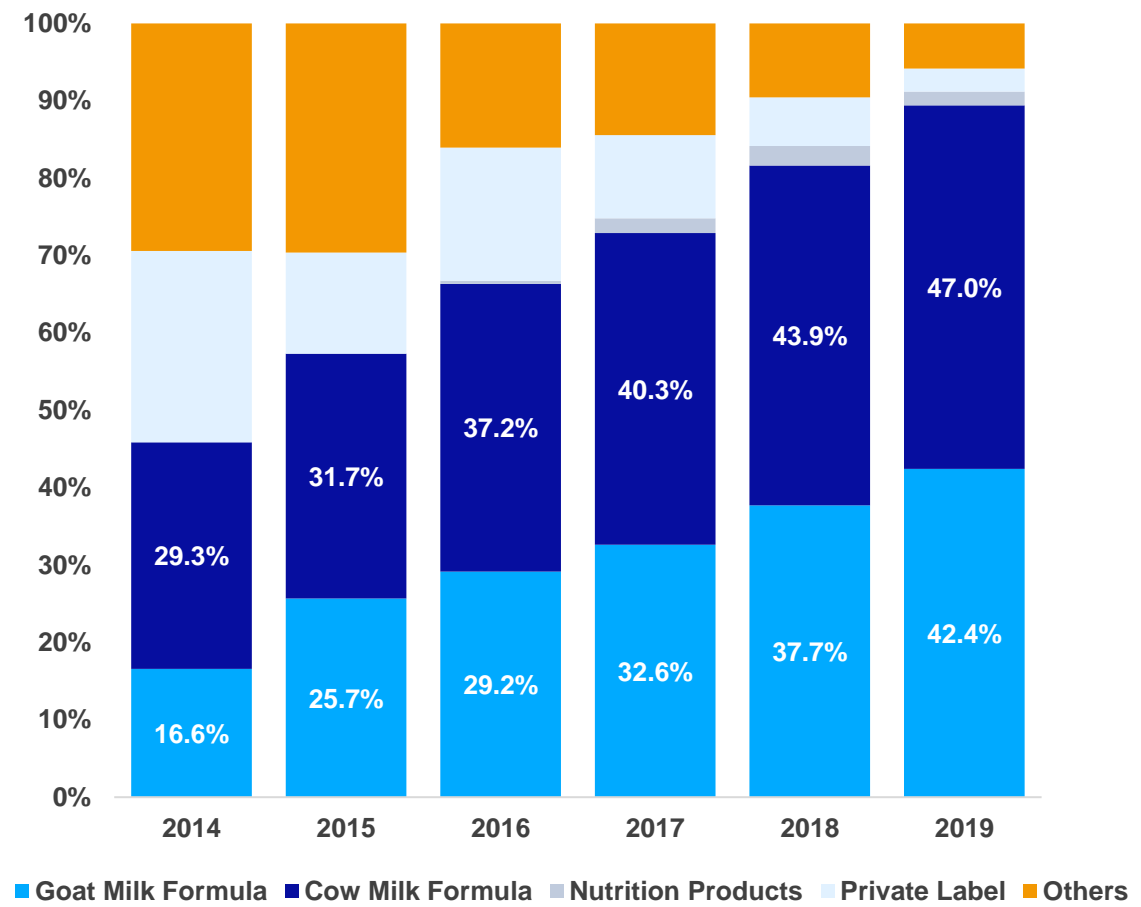
# About Ausnutria: One of the leading IMF companies in the world



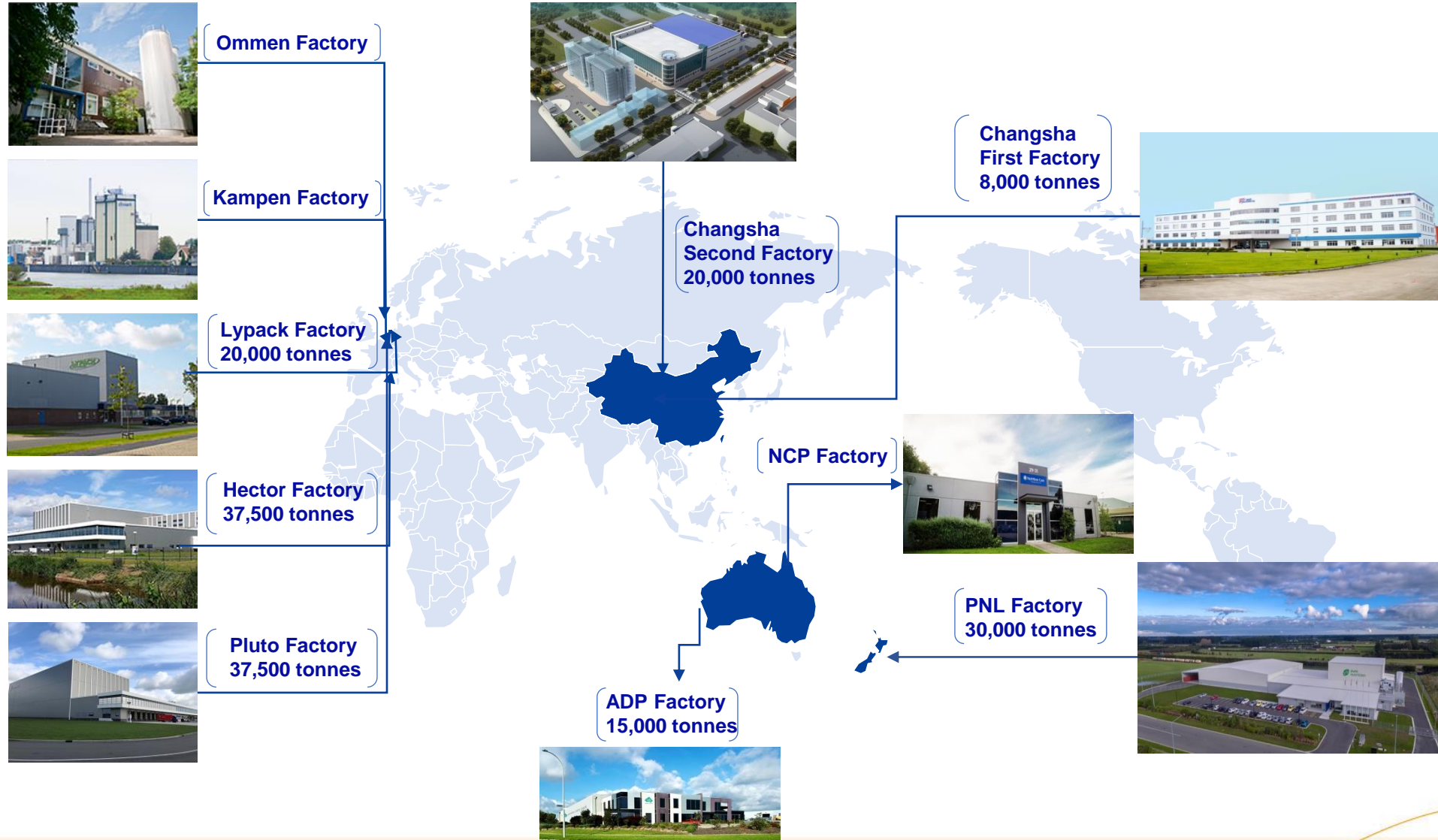
## Our Product Portfolio



## Sales Breakdown by Products



# Well Established International Supply Chain in NL, AU, NZ, CN to Support Long-term Development of Ausnutria





# Focusing on Goat Milk Formula's Market Segmentation, Realizing Global Layout



## About the speaker



### Weibin YAN 颜卫彬

- **Founder and Executive Chairman of Ausnutria Dairy (1717.hk);**
- **Vice-Chairman of China Dairy Industrial Association;**
- **Vice-Chairman of Hunan Provincial Chamber of Industry and Commerce;**

*I really appreciate the organizers for the hard work and unremitting efforts, and wish Dairy Science Forum success and get fruitful communication results.*

**Thanks for your attention!**

