



品质, 源于热爱

# Inner Mongolia Yili Industrial Group Half-year Results 2024

# Disclaimer



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# About Yili



- **Yili ranks among the Global Dairy Top 5 and has sustained an undisputable position of No. 1 in Asia for ten consecutive years.** Yili is China's largest dairy producer, offering the largest number of products. Yili has now put into place a network comprising a global resource system, a global innovation system and a global market system in regions where the dairy industry is well developed. These regions include Asia, Europe, Oceania and the Americas. Yili has over 2,000 partners distributed in 39 countries across six continents. The company owns 15 R&D and innovation centers and 75 production bases. Its liquid milk, milk powder, yogurt, cheese and ice cream are on the market in more than 60 countries and regions.
- With its exceptional product quality, leading service capabilities and comprehensive capacity for sustainable development, Yili is well-respected and received among global event organizers, national and local governments and the public. Yili was selected to serve as the exclusive supplier of dairy products and services at major international events, including the Beijing 2008 Olympic Games, the Expo 2010 Shanghai China, the G20 2016 China, the 2019 7th CISM Military World Games, the Beijing 2022 Winter Olympic Games, and the Hangzhou 2023 Asia Games. Yili has also become a partner of the World Economic Forum, the Boao Forum for Asia, and the World Internet Conference.



# Introduction of our Leader



## PAN, Gang (The Chairman and CEO of Yili Group)

By 2002, he was the youngest CEO among the 520 key industrial enterprises.

Mr. Pan has been holding the position of Chairman and CEO of Yili Group since June 2005.

## Management Thinking

- The "global networking" and the "along-the-supply-chain innovation" strategy
- The "quality management" and the "precise management" management ideas
- Solid results matter more than time taken; Industrial prosperity outranks personal glory; Social value takes precedence over business fortune; That's the value that we hold in every step of our growth.





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# Financial Highlights



RMB (million)	2023 H1	2024 H1	Growth rate
Revenue	66,197	59,915	-9.5%
Revenue from core business	65,423	59,125	-9.6%
Gross profit <sup>1</sup>	21,805	20,641	-5.3%
Gross profit margin	33.33%	34.91%	1.58 ppts
Selling expense ratio	17.55%	19.41%	1.86 ppts
G&A expense ratio	4.01%	3.92%	-0.10 ppts
Operating profit	7,327	8,747	19.4%
Net profit attributable to shareholders of the company	6,305	7,531	19.4%
Net profit margin	9.52%	12.57%	3.04 ppts
EPS (RMB)	0.99	1.18	19.2%
ROE	11.86%	13.18%	1.32 ppts

Note 1: Gross profit is calculated from core business revenue

Data source: Company data



# Core Business Revenue Segment Breakdown



RMB (million)	2023 H1		2024 H1		Growth rate
	Revenue	%	Revenue	%	
Liquid milk	42,423	64.8%	36,887	62.4%	-13.0%
Milk powder and milk products	13,521	20.7%	14,509	24.5%	7.3%
Ice cream	9,158	14.0%	7,322	12.4%	-20.0%
Other products	321	0.5%	406	0.7%	26.6%
Total	65,423	100.0%	59,125	100.0%	-9.6%

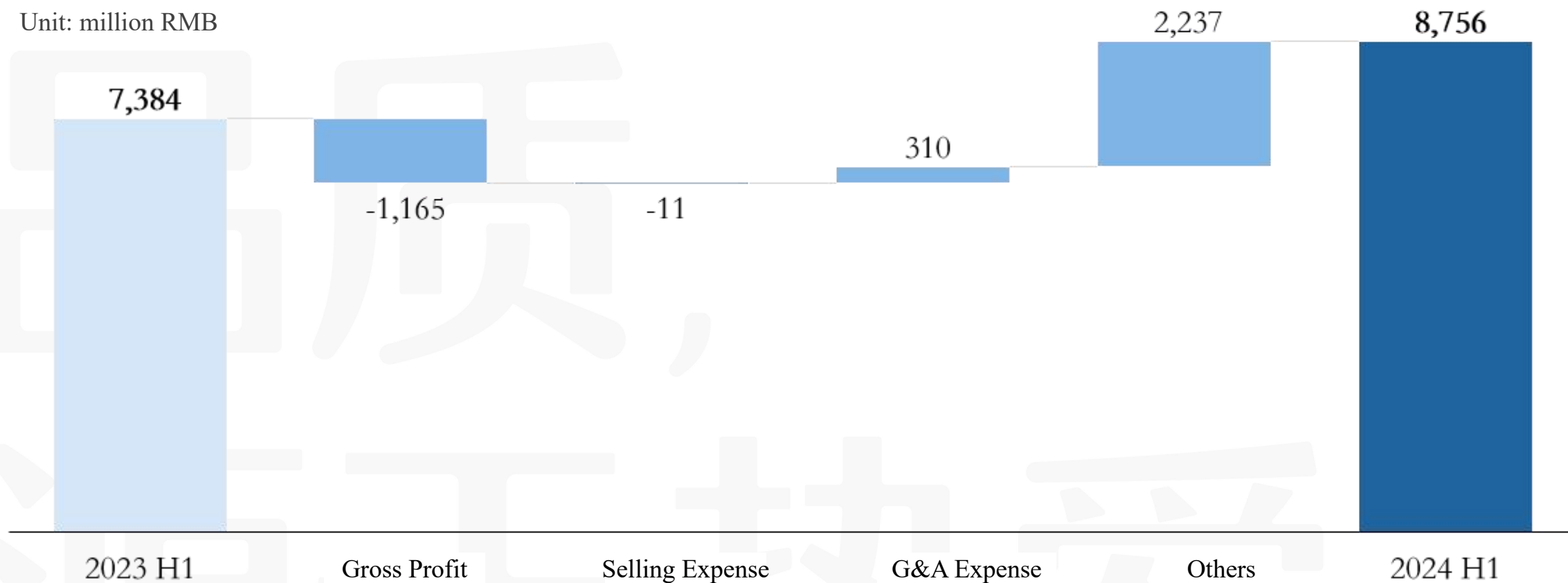


# Analysis of Profit Growth

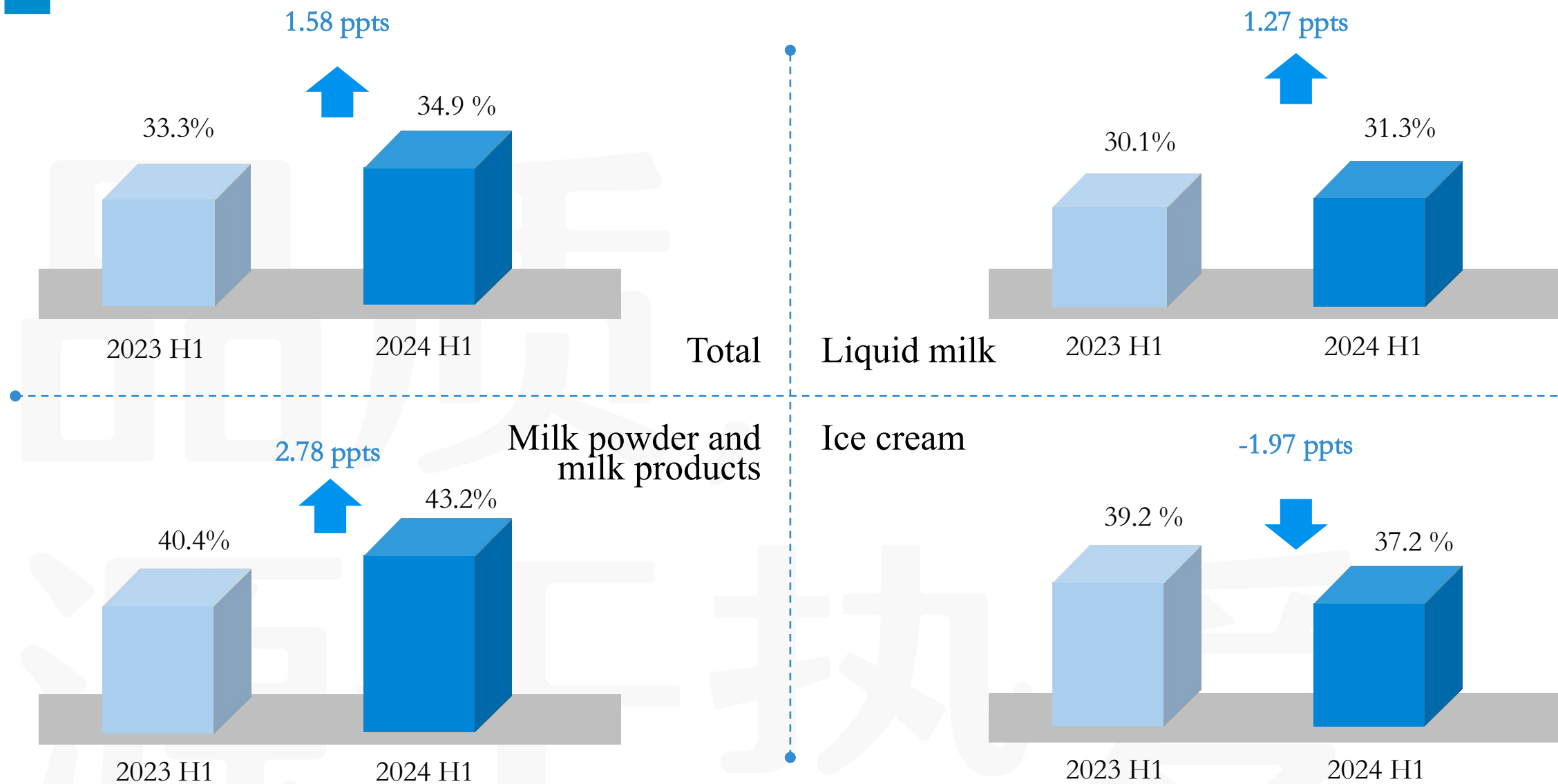


## 1H2024 Total Profit Growth Attribution

Unit: million RMB



# Gross Margin by Segment

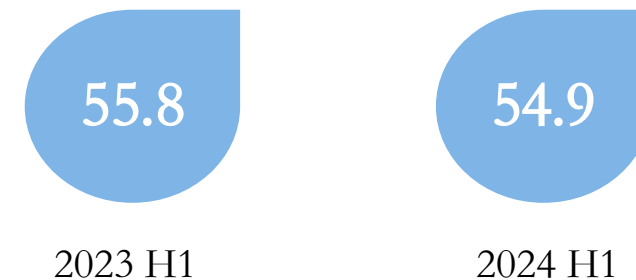


# Operating Efficiency

Notes Receivable and Accounts Receivable Turnover (Days)



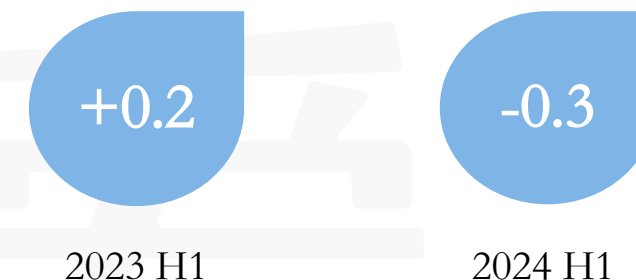
Inventory Turnover (Days)



Notes Payable and Accounts Payable Turnover (Days)



Cash Turnover (Days)

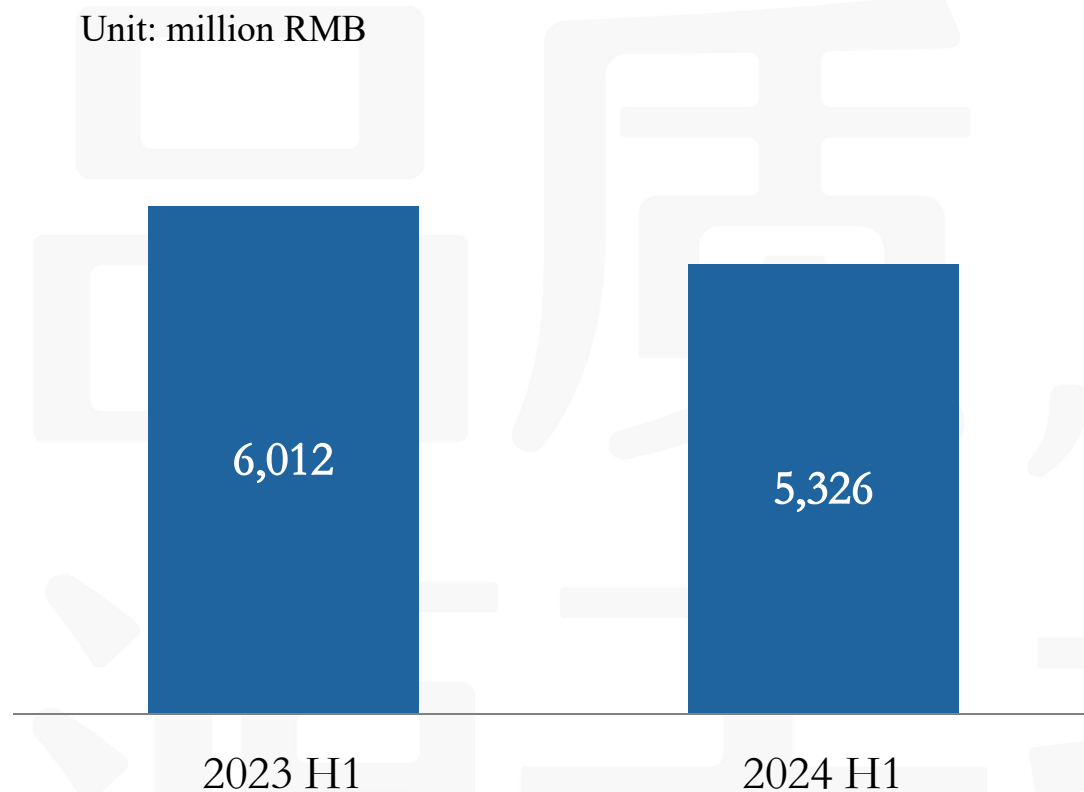


# Cash Flow and Capital Expenditure



## Net cash flow from operating activities

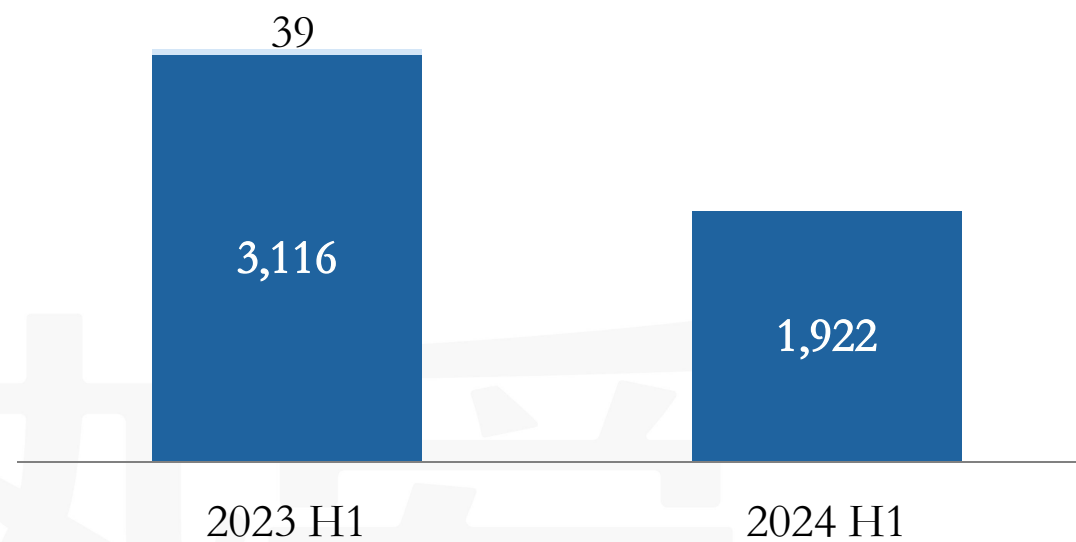
Unit: million RMB



## Capital expenditure

Unit: million RMB

- Cash paid for fixed assets, intangible assets and other long-term assets
- Net cash from the subsidiaries







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# Industry Status and Trend



## Health awareness is continuously increasing:

- As the national awareness of health continues to increase, consumers' demand for high-quality, healthy dairy products such as natural nutrition, organic, and functional ones are growing.
- Kantar consumer research data shows that the consumption of ambient liquid milk continues to rise.



## County and township markets contribute significant growth:

- With the increase in residents' income and the improvement of infrastructure, county-level cities with a population of 250 million drive the growth of market.
- Lower-tier cities become important contributors to the development of the dairy industry.



## Development of multiple channels:

- With the increasing proportion of shopping among "digital natives" such as Gen-Z, online consumption and near-field retail have developed rapidly. At the same time, the development of the catering industry, especially tea drinks, baking and other formats, provides diversified growth opportunities for dairy enterprises.



## The aging trend drives new business growth:

- With the aging trend of the population, the new elderly generation has stronger consumption power and willingness, and their pursuit of health, functionality, and quality will also drive new opportunities, driving the development of ambient functional milk and adult milk powder.



## Policy injects long-term momentum:

- The National Development and Reform Commission and other departments have issued "measures to create new consumption scenarios and cultivate new growth", to standardize the milk labeling, encourage the production of liquid milk from fresh milk, and promote the transformation of the dairy industry for high-quality development.
- The promotion of dairy science by the government, the industry, and various sectors of society will enhance public health awareness and inject long-term momentum into the development of the dairy industry.



# Joining hands with the Olympics for 20 years, continuously promoting brand building



## Yili brand continues leading

The company continues to strengthen brand building, enhance brand communication, and solidify brand assets. This year marks the 20th year of the company's partnership with the Olympics. Focusing on the identity of Chinese Olympic athletes and the official dairy products of the Chinese sports delegation at the 2024 Olympics. The company has launched over a hundred limited edition products for the Paris Olympics and adopted innovative consumer interaction for marketing.

In 2024, the Kantar BrandZ Most Valuable Global Brands list was released, and the "Yili" brand value **ranked 1st in the global dairy industry** for consecutive years. Kantar Consumer Index has released the "2024 Brand Footprint Report", and the company has consistently **ranked top on the "Top 10 Preferred Brands for Chinese Consumers" list** with leading consumer interactions, brand penetration rates, and average annual choices.

# Diversified product categories show resilience with each category maintaining a leading market position



## Diversified product categories

The company has laid out multiple categories including liquid milk, dairy beverages, powdered milk, yogurt, ice cream, cheese, butter, and cream etc. The diversified product categories and business combinations have demonstrated good resilience in a complex economic environment.

## Continuous upgrading of category structure

During the reporting period, high value-added categories businesses represented by infant nutrition products, adult nutrition products, and B2B catering business grew strongly, continuously stimulated the upgrading of dairy product structure.

According to Nielsen and Syntun's third-party market research data, during the report period:

- Ranked **No.1** in Liquid Milk  
(The retail market share of the company's ambient liquid milk in offline, e-commerce, O2O, community group buying and other channels is **ranked No.1** in the industry)
- Ranked **No.1** in Ice-cream (Retail Sales Market share)
- Ranked **No.1** Adult milk powder (Retail Sales Market share)
- Cheese **18.8%** (Retail Sales Market share)
- Infant milk powder **16.9%** (Retail Sales Market share)



# Actively innovating new products to provide sustained power for business development



## Dairy products continue to innovate, with new product revenue accounting for 15.2%

The company relies on a global open innovation platform to continuously enhance its innovation capabilities, leading the high-quality development of the dairy industry through continuous innovation in products, technology, and management.

The company responds to consumer demand based on rich research reserves to continuously launch new products, meeting consumers' diverse needs such as nutrition, deliciousness, health, high quality, and functionality.

## Non-dairy business strengthens, water & beverage business achieves doubled growth

Actively plan and explore non-dairy businesses, continuously improve product and brand strength, while constantly exploring suitable business models to reach more consumers.

## Deepened the construction of omni-channels, and achieved refined development



### Continuous optimization of channel structure

The company deeply worked on channel move down to lower-tier cities and actively expanding emerging channel businesses such as e-commerce, O2O, and community group buying, providing customers with higher quality and more convenient sales services.

### Omni-channel digital transformation

The company actively implements the digital transformation strategy for both online and offline channels. While actively exploring and expanding emerging channels, it further strengthens the refined management of omni-channels through digital empowerment, and promotes sustained business growth.





# Continuously building digital technology systems and accelerating the digital transformation of the industry chain



## Industry chain digitalisation

Strengthen the integration of cutting-edge technologies such as artificial intelligence, the Internet of Things, and big data. The company has summarized an intelligent manufacturing paradigm that suits its own path of industrial chain development: lean+data+AI technology, effectively helping to reduce costs and increase efficiency.

## Build open ecosystem

The digital operation platform helps the integration of digital technology into product innovation, brand marketing, consumer operation, omnichannel operation, green supply chain, and core functions, which strengthens the digital capabilities of the entire industry chain, and builds a digital resource ecological network system.

## AI integration promotes efficiency

Actively exploring and embracing cutting-edge open source generative AI technologies to accumulate various AI algorithms, Yili has successfully created YILI-GPT, the first large-scale model application in the dairy industry, enabling the application of AI capabilities in various core business.

## Sustained improvement in overseas business operation capabilities, with efficient collaboration of the 'global supply chain network'



During the reporting period, the company's overseas business revenue increased by 4% compared to last year, with an organic growth rate of 7% for Southeast Asian business excluding exchange rate factor.

### Actively promote the localization development

The company continues to actively develop overseas markets, deepen the localization strategy of the overseas markets. On the basis of the Southeast Asian market including Thailand and Indonesia, Yili constantly explores new markets opportunities through trading, so as to promote sustained growth in international business.

### Efficient collaboration of the "global supply chain network"

The company improves and optimizes its global supply chain network layout in response to changes in the internal and external business environment. By promoting integrated operations of overseas business, Yili continuously enhances collaboration and achieves efficient linkage between the domestic market and overseas bases in Oceania and Europe.







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# Corporate culture



## Belief

“Yili” means the best quality

## Vision

Be the most trusted global healthy food provider

## Core Values

Excellence      Accountability      Innovation

Win-win      Respect

## The Spirit of Yili

Ownership  
mindset

Strong sense of  
responsibility

Powerful execution  
capability



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Thanks!