The World Dairy Situation

IDF World Dairy Summit, Vilnius, Lithuania
September 22nd, 2015
Special thanks to:

- ZuivelNL
- Cniel
- IDF National Committees
  and other national contributors

And our 2015 partner

Tetra Laval
Recent and current World Dairy Situation

2014: start of a market turnaround

- Abundant milk deliveries which led to further dairy output growth
- Solid increase of World dairy trade
- Fall of dairy prices almost continuously until 2015
- Record farm-gate milk prices in 2014 before serious downturn
- World dairy consumption estimated at 110.7 kg per capita
Milk production

2014: 802 mln tonnes
+ 1.5 to 2% per year
2016: 830 mln tonnes

Dairy product output

Evolution of milk deliveries 2013/2014

Dairy product output

**Butter/-oil**
- **mln tonnes**
  - 2010: 9,1
  - 2011: 9,5
  - 2012: 9,9
  - 2013: 10,1
  - 2014: 10,4
- **% Change**
  - 2011: +3.8%
  - 2012: +2.0%
  - 2013: +3.4%
  - 2014: +2.6%

**Cheese**
- **mln tonnes**
  - 2010: 18,2
  - 2011: 18,4
  - 2012: 18,8
  - 2013: 19,1
  - 2014: 19,6
- **% Change**
  - 2011: +2.3%
  - 2012: +1.7%
  - 2013: +2.6%
  - 2014: +1.2%

**SMP**
- **mln tonnes**
  - 2010: 3,7
  - 2011: 4,0
  - 2012: 4,2
  - 2013: 4,2
  - 2014: 4,8
- **% Change**
  - 2011: +7.7%
  - 2012: +5.2%
  - 2013: -0.3%
  - 2014: +15.1%

**WMP**
- **mln tonnes**
  - 2010: 4,3
  - 2011: 4,7
  - 2012: 4,8
  - 2013: 4,8
  - 2014: 5,1
- **% Change**
  - 2011: +8.9%
  - 2012: +2.5%
  - 2013: +1.0%
  - 2014: +6.0%

**Source:** CNIEL, ZuivelNL, FAO, IDF National Committees, national statistics.
## Industry leaders

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Dairy turnover 2014 (bln USD)</th>
<th>2013-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lactalis</td>
<td>FR</td>
<td>21.9</td>
<td>+ 3%</td>
</tr>
<tr>
<td>Fonterra</td>
<td>NZ</td>
<td>18.7</td>
<td>+ 24%</td>
</tr>
<tr>
<td>Nestlé</td>
<td>CH</td>
<td>18.3</td>
<td>- 2%</td>
</tr>
<tr>
<td>DFA</td>
<td>US</td>
<td>17.9</td>
<td>+ 40%</td>
</tr>
<tr>
<td>FrieslandCampina</td>
<td>NL</td>
<td>15.0</td>
<td>- 1%</td>
</tr>
<tr>
<td>Danone</td>
<td>FR</td>
<td>14.8</td>
<td>- 6%</td>
</tr>
<tr>
<td>Arla Foods</td>
<td>DK</td>
<td>14.1</td>
<td>+ 7%</td>
</tr>
<tr>
<td>Dean Foods</td>
<td>US</td>
<td>9.5</td>
<td>+ 6%</td>
</tr>
<tr>
<td>Saputo</td>
<td>CA</td>
<td>9.4</td>
<td>+ 7%</td>
</tr>
<tr>
<td>Yili</td>
<td>CN</td>
<td>8.8</td>
<td>+ 14%</td>
</tr>
<tr>
<td>Mengniu</td>
<td>CN</td>
<td>8.1</td>
<td>+ 15%</td>
</tr>
<tr>
<td>Sodiaal</td>
<td>FR</td>
<td>7.2</td>
<td>+ 17%</td>
</tr>
<tr>
<td>DMK</td>
<td>DE</td>
<td>7.0</td>
<td>- 0%</td>
</tr>
<tr>
<td>Savencia</td>
<td>FR</td>
<td>6.1</td>
<td>+ 4%</td>
</tr>
<tr>
<td>Meiji Dairies</td>
<td>JP</td>
<td>5.8</td>
<td>- 9%</td>
</tr>
<tr>
<td>Morinaga Milk Industry</td>
<td>JP</td>
<td>5.4</td>
<td>- 9%</td>
</tr>
<tr>
<td>Land O'Lakes</td>
<td>US</td>
<td>5.1</td>
<td>+ 13%</td>
</tr>
<tr>
<td>Schreiber</td>
<td>US</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Müller</td>
<td>DE</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>Glanbia Plc</td>
<td>IE</td>
<td>4.7</td>
<td>+ 7%</td>
</tr>
<tr>
<td>Megmik Snow Brand</td>
<td>JP</td>
<td>4.3</td>
<td>- 7%</td>
</tr>
<tr>
<td>Agropur</td>
<td>CA</td>
<td>4.2</td>
<td>+ 14%</td>
</tr>
<tr>
<td>Kraft Foods</td>
<td>US</td>
<td>4.1</td>
<td>+ 4%</td>
</tr>
<tr>
<td>Emmi</td>
<td>CH</td>
<td>3.7</td>
<td>+ 5%</td>
</tr>
<tr>
<td>Bel</td>
<td>FR</td>
<td>3.7</td>
<td>+ 2%</td>
</tr>
</tbody>
</table>

Source: CNIEL, company reports, international press.
Dairy consumption

7.2 billion

110.7 kg/capita/year

Dairy consumption

Annual growth rates of total consumption between 2014 and 2024

1 000 tonnes milk equivalent

WORLD: +2.2% CAGR
Developed Countries: +0.9% CAGR
Developing Countries: +3.0% CAGR
Least Advanced Countries: +4.5% CAGR

Trade

Export share development of key exporters 2000-2014 (in milk equivalents)

- New Zealand: 19% (2000) to 28% (2014)
- EU: 5% (2000) to 26% (2014)
- USA: 6% (2000) to 14% (2014)
- Australia: 16% (2000) to 16% (2014)
- Belarus: 2% (2000) to 4% (2014)
- Argentina: 3% (2000) to 3% (2014)
- Rest of world: 16% (2000) to 19% (2014)

Source: ZuivelNL, Comtrade.
World trade volume development: 2000-2016

$m\text{ln tonnes}$

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>38.2</td>
<td>43.9</td>
<td>52.8</td>
<td>62.7</td>
<td>66.5</td>
<td>66.0</td>
<td>68.6</td>
</tr>
</tbody>
</table>

Source: ZuivelNL, European Commission.
Trade

Cheese

Source: ZuivelNL, Comtrade.
Trade

Butter and butteroil

Source: ZuivelNL, Comtrade.
Trade

Skim milk powder

Source: ZuivelNL, Comtrade.
Trade

Whole milk powder

Source: ZuivelNL, Comtrade.
Dairy prices

Variations of dairy prices between 2001-2006 and 2007-2015 (FOB Oceania)

Source: USDA.
Farmgate milk prices

Annual producer prices for milk in the EU

EUR/100 kg


38.62

And in the US (Class III)

USD/cwt

22.34

in NZ (Fonterra)

NZD/kg MS

00/01 02/03 04/05 06/07 08/09 10/11 12/13 14/15

4.65

Source: LTO International Milk Price Comparison.
Farmgate milk prices

Monthly evolution of milk prices in the EU

$\text{EUR/100 kg}$

And in the US

$\text{USD/cwt}$

Source: LTO International Milk Price Comparison.
The World Dairy Situation

- 2015
  - Milk volumes weighing on market
  - Inventories building up
  - Strong fall in dairy prices

- And beyond
  - Dairy price recovery: now?
  - Necessity to adjust milk output + for buyers comeback
Thank you very much and...

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