

The Dairy industry wrapped

A-INSIGHTS



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Empowering you
to build best-in-class
Market Intelligence capabilities



How to use this Dairy Industry Wrapped

A shared fact base to validate decisions as the cycle turns

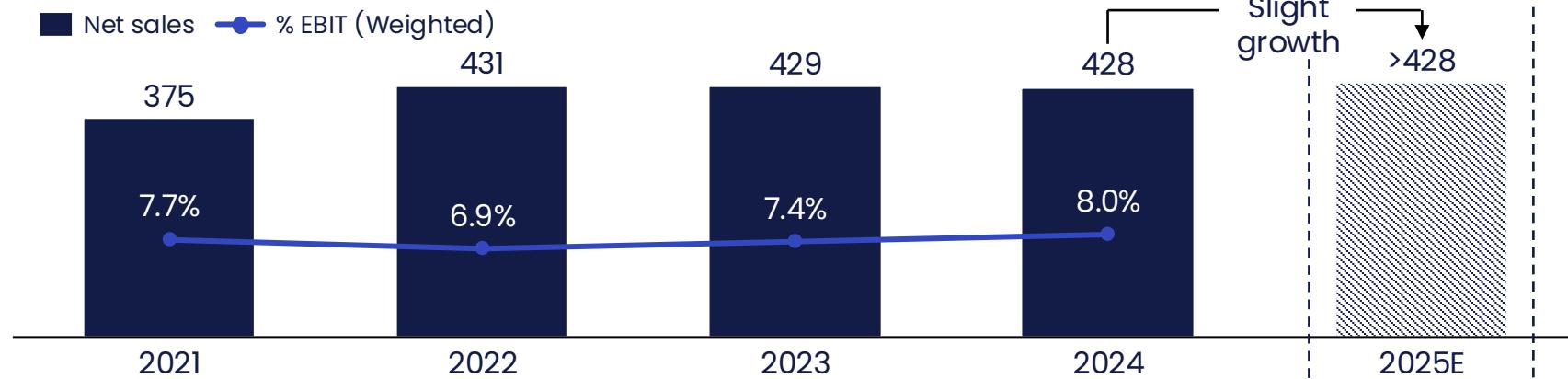
This document helps you

- Reduce noise by putting the key market signals in one place
- Confirm 2025's inflection and build confidence in your forward view
- Make better decisions with a common benchmark across your team

Despite flat sales development, profitability grew by 0.6pp in 2024, slight growth is expected for net sales in 2025

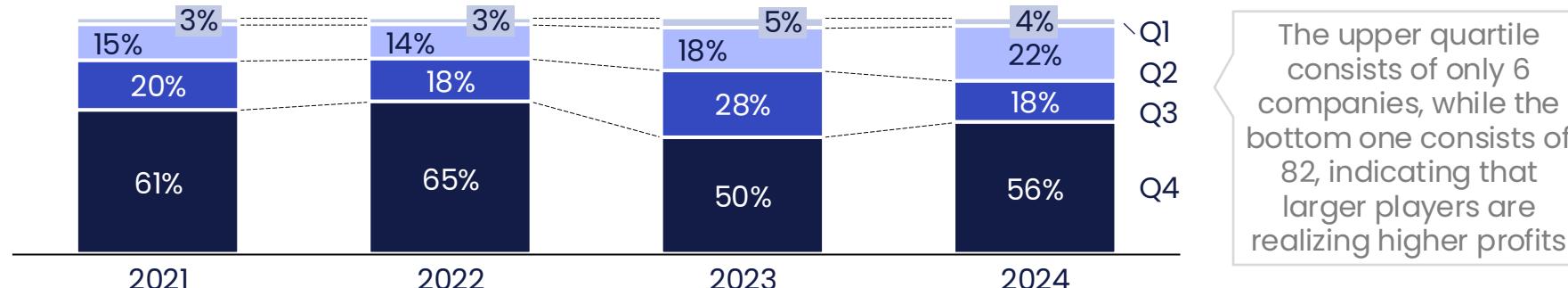
Competitive performance¹ – Net sales & profitability (€ bn, %)

Industry-wide total net sales & average profitability



Profitability – quartile distribution²

Every quartile represents 25% of the annual net sales



¹⁾ Includes financials of 147 dairy companies, available through the A-INSIGHTS platform. 2025E forecasted by considering milk price developments and earnings;

²⁾ Net sales weighted quartile distribution of 147 dairy companies, Q1 best, Q4 worst. Percentages refer to number of companies in the quartile sentiments.

Source: A-INSIGHTS Platform

Key insights

The dairy industry has been struggling over the past years, with net sales of ~150 industry defining companies more or less flat

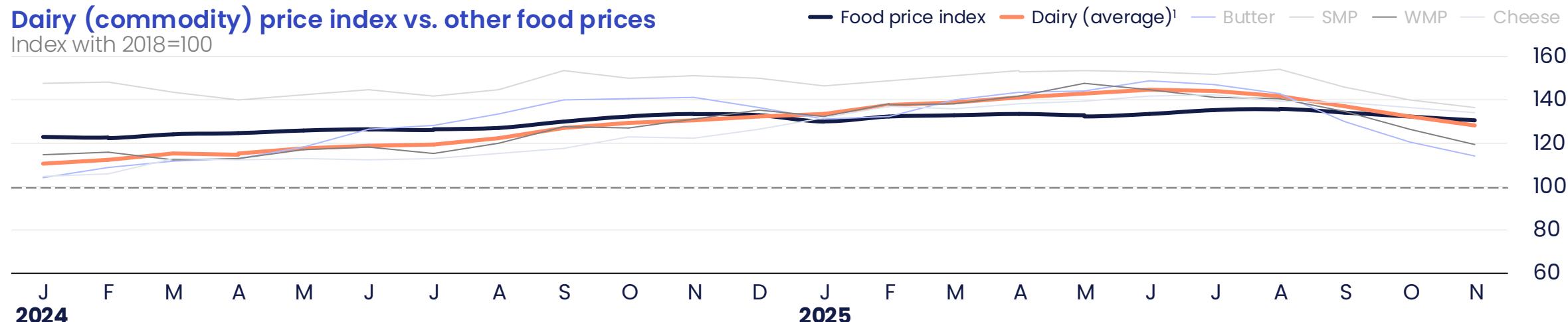
- For 2025, we expect slight growth in net sales due to strong performance in H1 – Profitability signals are mixed
- However, a downturn in dairy prices in Q3, marked a shift in market sentiment
- Additionally, projected milk supply challenges in Europe, signal uncertainty and volatility for the years to come
- Multiple large mergers will become effective in 2026 and have to proof what the profitability analysis shows: "Size does matter"

Halfway through 2025, dairy prices peaked, after which prices came down, reflected in more modest sentiments in Q3

Price and earnings developments, 2024-25

Dairy (commodity) price index vs. other food prices

Index with 2018=100



Earnings sentiment²



Performance



Market conditions



Outlook



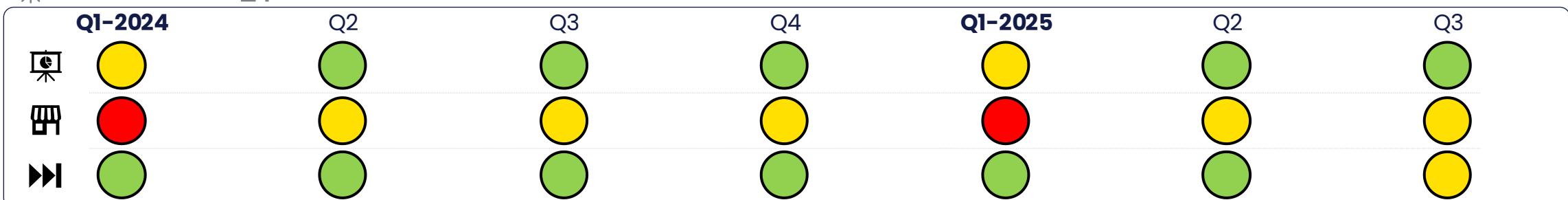
Positive



Neutral / mixed



Negative



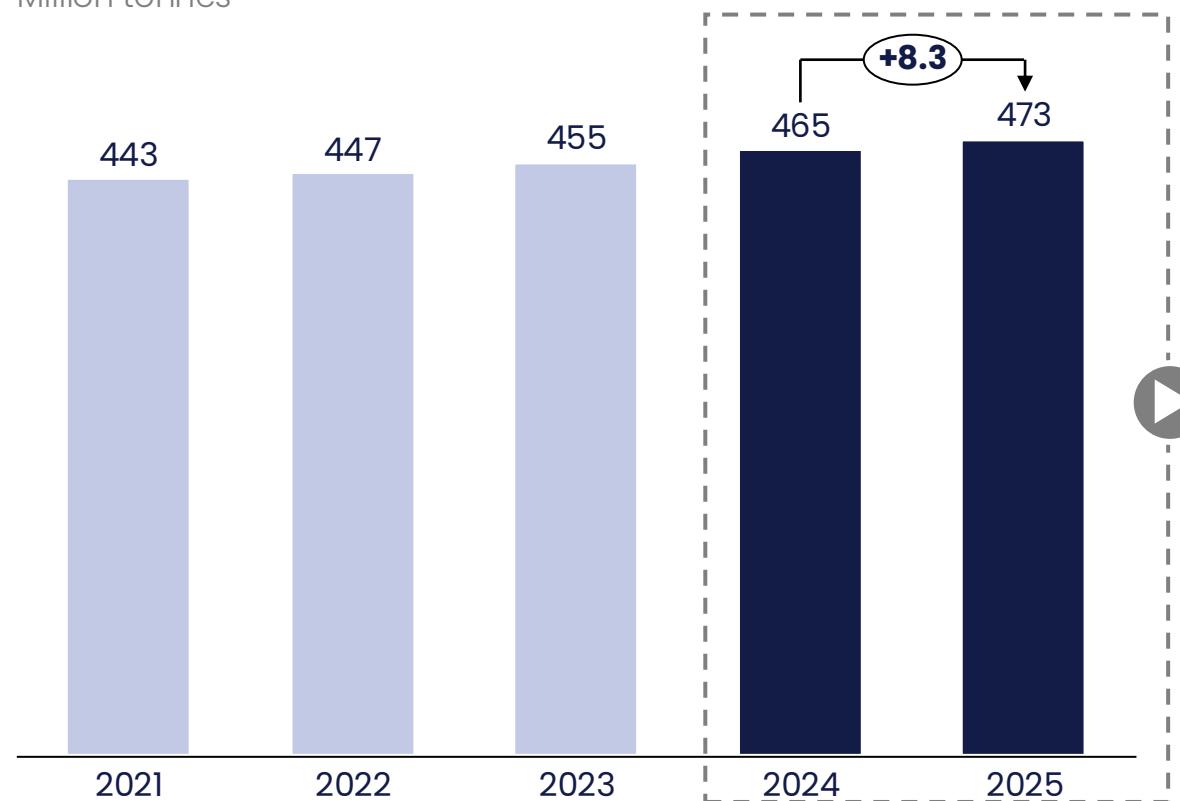
1) Average of butter, SMP, WMP, and cheese; 2) Based on A-INSIGHTS' earnings sentiment analysis of 14 dairy companies
Sources: A-INSIGHTS Platform; Statistics offices, FAO

Global dairy production grew but growth is Asia-led and absorbed locally while EU supply contracts, signaling challenges

Dairy products production

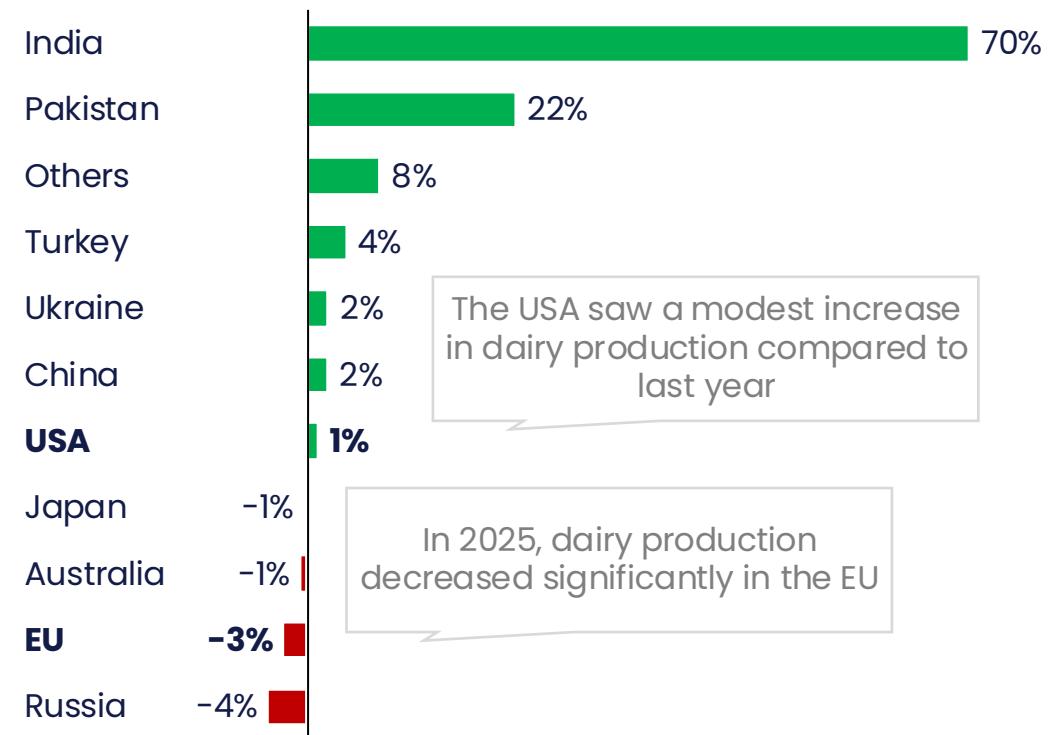
Dairy production development

Million tonnes



Dairy production comparison

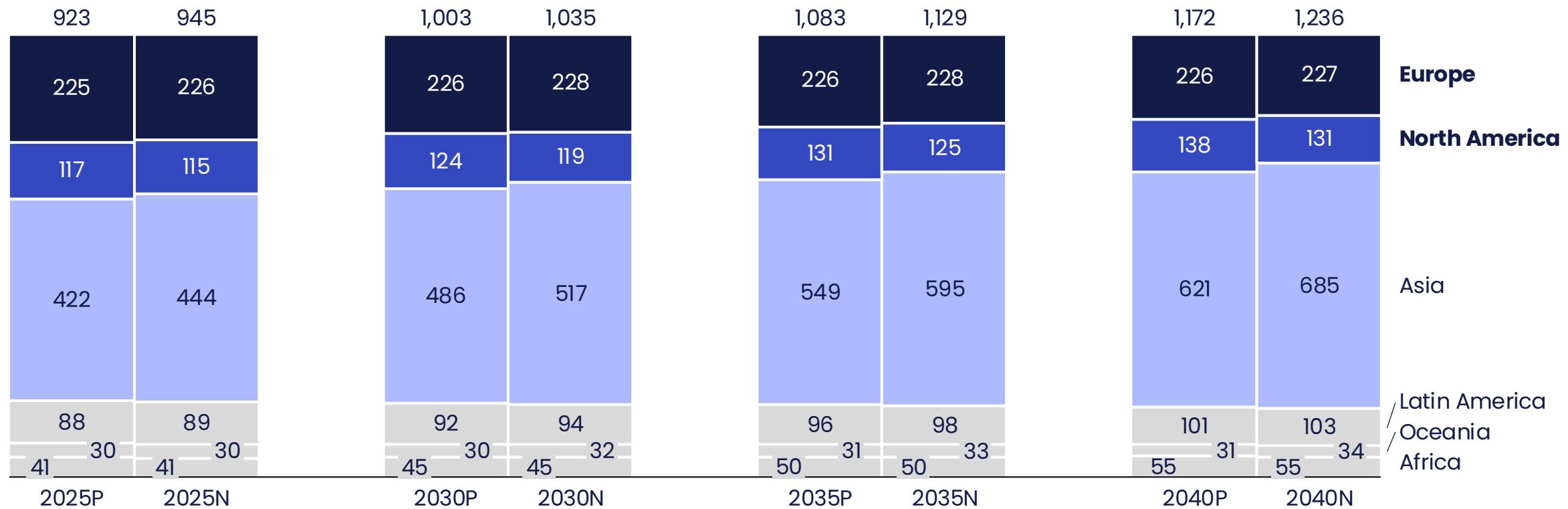
% contribution, 2024-2025 change



European milk supply will peak coming decade, offering an opportunity for NA to solidify its position in global dairy trade

Milk production projection comparison

Million tonnes, 25Q3 vs 24Q3⁽¹⁾



(1) N corresponds to 25 Q3, P corresponds to 24Q3
Source: A-INSIGHTS Dairy Market Monitor, OECD

Companies are actively redefining their strategies, and are building more resilient businesses to navigate a VUCA world

News overview – Selected highlights

M&A & investments

Royal FrieslandCampina and Milcobel merge as of 1st January 2026, to build a more resilient business and to secure milk resources



Arla and DMK announced merger to form Europe's largest dairy cooperative, to secure milk supply and become a global whey-based ingredients business of scale



Fonterra divests global consumer business to Lactalis to create B2B "Powerhouse", marking a shift in the Australasian dairy sector



CPG companies exit dairy categories, with General Mills selling its NA yogurt business to Lactalis USA and Unilever spinning off Magnum Ice Cream Company



Market dynamics

International dairy trade flows are being reshaped as USA-China-EU tensions rise and import tariffs are imposed



European milk supply projections indicate uncertainty and hint at peak milk supply due to a confluence of factors



Regulatory

Fundamental shift in milk pricing in the USA's FMMO system, to better reflect current cost structure



Let's continue the conversation

We're here to help you read your market

Together, we can:

- Align on what happened in 2025
- Pressure-test assumptions for 2026+
- Track the signals that matter as the cycle shifts

A-INSIGHTS is the first market intelligence solution built for dairy companies. We help Savencia, DMK, FrieslandCampina, and others strengthen market intelligence, so leadership gets the insights needed to make better, faster decisions.

**Book a 30-min
walkthrough**





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