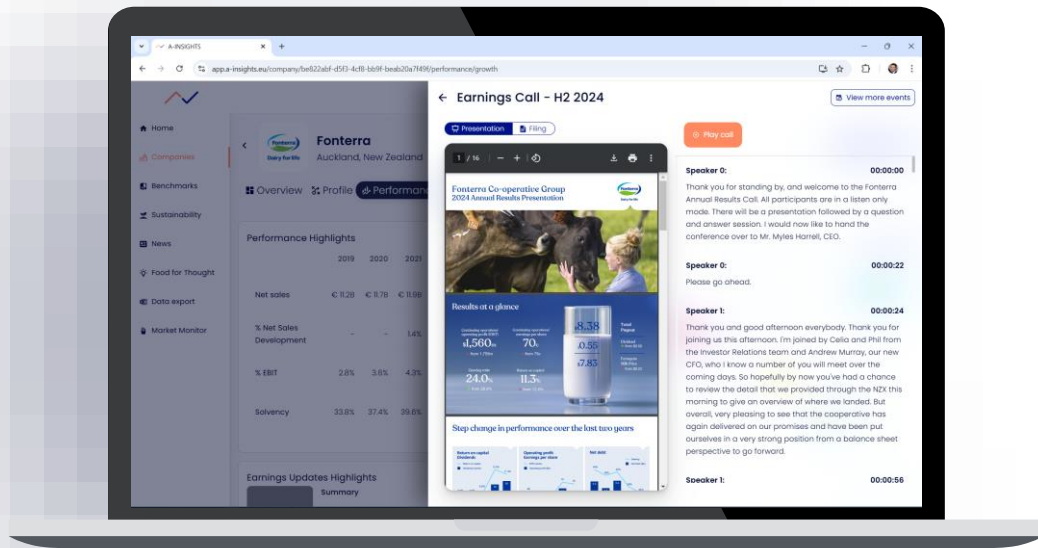


# Earnings season Dairy Q3 2024

Sentiment & Synthesis



# Level up your Market Intelligence: Earnings Updates



Data latency and lack of **foresights** as competitors file their full year results up to 1.5 years after closing of book year

**Your challenge**



**Our solution**



Leverage **earnings updates** from direct competitors or system players in your industry

Be on top of the **most recent trends and developments** and anticipate future performance on your competitors and industry

**Your outcomes**





# What's the sentiment?

Dairy - Q3 2024

## Revenue growth

Revenue performance was robust in Q3 2024, fueled by demand for health-focused and functional products in North America, Asia, and emerging markets. Companies like Danone and Kerry demonstrated strong volume-driven growth, emphasizing the importance of strategic pricing and innovation.

## Profitability

Profit margins showed mixed results, with operational efficiencies driving stability in some cases, but rising input costs and inflationary pressures offsetting gains. Companies such as Oatly narrowed EBITDA losses, while others faced challenges from commodity volatility.

## Market dynamics

The market faced diverse conditions, with strong demand for health and protein solutions globally but sluggish growth in Europe and heightened competition in Southeast Asia. Positive trends in North America and emerging markets underscored resilience amidst challenges.

## Growth outlook

Revenue outlook remains positive, with most companies projecting continued growth supported by strategic initiatives, innovation, and geographic expansion. Investments in functional product lines and sustainability are expected to drive future revenues despite macroeconomic headwinds.

## Profitability outlook

Profit outlook is cautiously optimistic as companies focus on efficiency improvements and strategic cost management to mitigate rising expenses. While higher input costs present risks, improved operational frameworks are anticipated to support long-term margin stability.

# What's the sentiment?

Dairy - Q3 2024

	Overall	Dairy segments <sup>1</sup> Nestlé	Saputo	THE ORIGINAL OATLY!	KERRY	EDP DANONE ONE PLANET. ONE HEALTH	iff	Glanbia	Fonterra
Revenue growth	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Yellow
Profitability	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Green
Market dynamics	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow
Growth outlook	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Yellow
Profitability outlook	Green	Green	Yellow	Green	Green	Yellow	Green	Yellow	Green

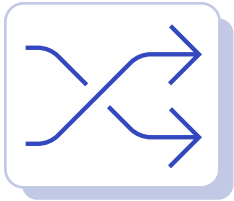
1: Segments 'Milk products and Ice cream' and 'Nutrition and Health Science'

# Synthesis – Q3 2024 earnings season Dairy



## **Health-oriented product growth drives revenue**

Q3 2024 highlighted a sector-wide emphasis on high-demand products like protein-enriched and functional offerings, particularly in North America and Asia. Robust growth in these regions showcased the effectiveness of consumer-centric innovation and targeted market strategies.



## **Mixed market conditions challenge performance**

Companies experienced mixed performance across regions. While Asia and the Americas exhibited robust demand, Europe faced sluggish growth. Strategic adjustments to pricing and innovation were key to addressing these divergent market conditions.



## **Investments in innovation and efficiency critical**









Strategic investments in innovation, digital transformation, and operational efficiency emerged as pivotal for sustaining growth. Companies are leveraging new technologies and market-specific strategies to navigate cost pressures and expand their consumer base.



## **Cautious optimism for future profitability**

Despite external pressures, companies expressed optimism for sustained growth through enhanced operational frameworks and strategic initiatives. The focus on balancing costs with innovation and consumer engagement remains central to navigating future challenges.

# Overview of results

Company	Period	Net sales (€m and % development)	% Operating profit (% development)	Price / volume effect	Insights & Outlook
	Q3 2024 - nine months	19,427 -3.1%	17.0% +0.3%	+1.6% +0.5%	<ul style="list-style-type: none"> <li>- Focus on efficiency: Supply chain optimization and innovation drove profitability</li> <li>- Affordability innovations and health-focused expansions were critical amid competition</li> <li>- Milk Products faced weak demand; Nutrition gained through strategic innovation</li> </ul>
	Q2 2025 - six months	8,600 +9.2%	8.3% -0.6%		<ul style="list-style-type: none"> <li>- Revenue increased 9.2% YOY, led by gains in Canada, USA, and Europe.</li> <li>- Profitability challenged by U.S. milk-cheese spread and Argentine inflation.</li> <li>- Strategic investments drive steady cash flows and operational improvements.</li> </ul>
	Q3 2024 - nine months	562 +5.2%	-15.8% +21.2%	-3.5% +8.4%	<ul style="list-style-type: none"> <li>- Revenue grew 5.2%, with 10.6% in North America and -13.4% in Greater China.</li> <li>- Gross margin improved to 29.8%, highlighting operational and supply chain efficiency.</li> <li>- European sluggishness and competitive Southeast Asia pressure remain challenges.</li> </ul>
	Q3 2024 - nine months	N/A - only growth percentages were shared		-3.2% +2.2%	<ul style="list-style-type: none"> <li>- Kerry's Q3 volumes rose 2.2%, driven by strong foodservice and emerging markets growth.</li> <li>- EBITDA margins improved by 140bps due to cost efficiency and product mix strategies.</li> <li>- Investments in biotechnology and reformulation underline long-term growth potential.</li> </ul>
	Q3 2024 - nine months	10,066 -8.3%		+1.1% +2.4%	<ul style="list-style-type: none"> <li>- Like-for-like EDP sales grew 4.1%, driven by strong volume/mix, led by North America and Asia - Europe grew slowest of all regions at 1.4% (volume +2.4%, price -1.0%)</li> <li>- Health-focused innovation platforms like High Protein and Activia emphasize differentiation for growth</li> <li>- Improved competitiveness in Europe highlights strategic success for long-term growth.</li> </ul>
	Q3 2024 - nine months	8,045 -0.7%	7.3% +2.5%	0.0% +5.5%	<ul style="list-style-type: none"> <li>- Net sales declined by 0.7%, Q3 however saw strong performance with sales up 9% currency-neutral, with broad-based growth across all business units and volume growth</li> <li>- EBITDA rose from productivity and operational gains, driven by volume increases</li> <li>- FY2024 guidance raised to sales between \$11.3-11.4 bn and EBITDA \$2.1-2.17 bn</li> </ul>
	Q3 2024 - nine months	N/A - only growth percentages were shared		-1.1% +2.6%	<ul style="list-style-type: none"> <li>- New operating model announced with 3 segments, Performance Nutrition, Health &amp; Nutrition and Dairy Nutrition</li> <li>- Volume growth in Optimum Nutrition and Isopure drives YTD 6% revenue growth</li> <li>- Transformation program expected to drive growth and efficiency</li> </ul>
	H2 2024	21,073 -7.2%	6.1% -0.1%		<ul style="list-style-type: none"> <li>- Fonterra plans to divest parts of its Consumer business, focusing on high-performing Ingredients.</li> <li>- Commitment to sustainability includes a 30% reduction in on-farm emissions by 2030.</li> <li>- Investments in digital transformation and manufacturing upgrades.</li> </ul>

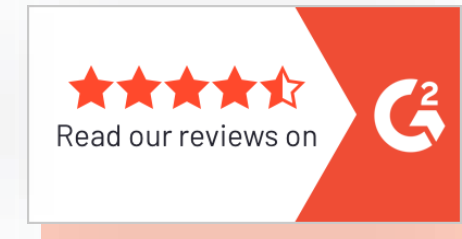
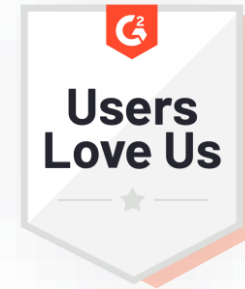
1: Segments 'Milk products and Ice cream' and 'Nutrition and Health Science' - growth drivers apply to overall Nestlé figures

Note: Foreign currencies have been translated using flat rates. Price/volume effect typically applies to like-for-like growth only (i.e. excluding effects of foreign exchange, M&A, etc.), while total net sales development includes all these effects, hence the potential discrepancy between these figures

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