

Expand, Export & Excel
Kevin Lane, Chief Executive



This afternoon I will discuss...

1. The Irish dairy industry and opportunities for growth
2. Our role within this industry
3. Preparing for the post quota environment and some challenges we face
4. The importance of protecting and promoting dairy Ireland's USP



Ireland's Dairy Industry



- 18,000 dairy farmers and 13 processors
 - producing 5 billion litres per annum
- Largest 3 processors represent 70% of milk pool
- 85% exported - c.75% EU v 25% international
- An industry undergoing significant change
- With a unique opportunity coming up

April 2015 - Abolition of milk quotas

Post Quota - April 2015: Ireland's Opportunity

- Ireland is forecast to have the greatest output growth in the EU, due to the potential that already exists
- Target of a 50% increase in Irish milk production by 2020
- A 50% increase in Irish milk output is approximately 2.5 billion litres – a still relatively small figure in a global context
- Farmers will, at last, be allowed to maximise their potential output and improve their efficiency

Growth Opportunities – *Dairy Perspective*

- Population and wealth are driving demand for dairy - important characteristics of emerging markets
- **Population**
 - 80 million increase per year equates to one more Germany to feed each year
 - 1 billion increase by 2030 and to reach over 9 billion by 2050

World Population Growth

New world order

Asia North America Europe Latin America Africa

1950

2.5 Global population, bn

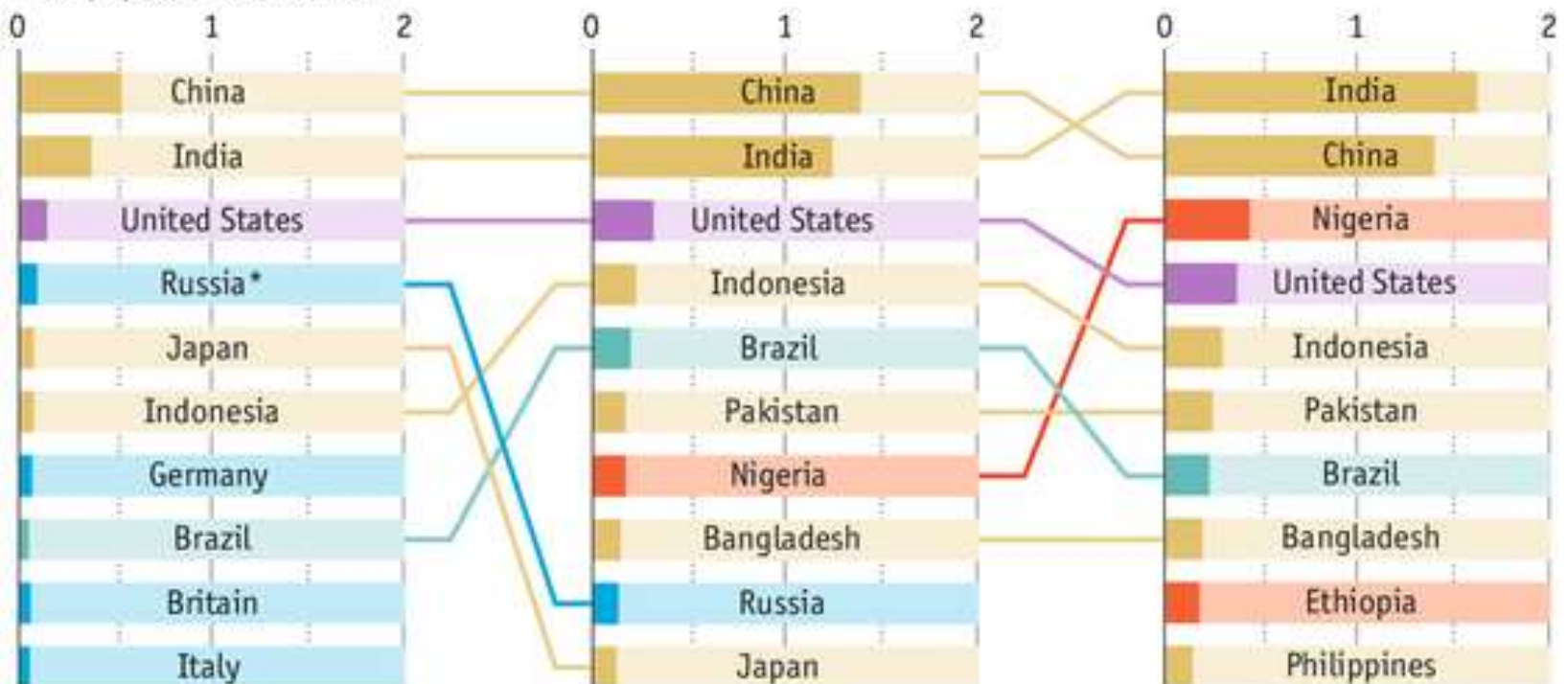
2013

7.2

2050 forecast

9.6

Most populous countries, bn



Source: UN

*Then part of Soviet Union (Russian Socialist Federative Soviet Republic)

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- **Wealth increase in emerging markets**
 - 1 billion extra 'middle class' consumers by 2020
- **Other factors**
 - Urbanisation
 - Westernisation of diets
 - Increased focus on nutrition (Infant formula and sports nutrition)



Our Role within the Industry

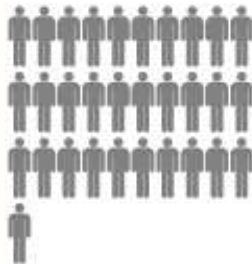
***To build sustainable and
profitable routes to market for
Irish dairy products***

EXPORTING TO OVER 90 COUNTRIES **WORLDWIDE**

€2bn
OVER
€2 BILLION
TURNOVER



IRELAND'S
LARGEST
DAIRY
EXPORTER



3,100

STAFF GLOBALLY

Est 1961
OVER 50 YEARS
OF EXPERIENCE



PROUD OWNERS OF
KERRYGOLD
IRELAND'S
INTERNATIONAL
FOOD BRAND

We're a Global Business



We're a Global Business



Our Brand Portfolio



Our Strategy for Growth

Operational Excellence

- Drive for excellence
- Focus on cost efficiencies/lean manufacturing
- Integration of manufacturing facilities

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- Significant in-market investment

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Market Expansion

- Focus on growing with new customers
- Grow in our core geographies of UK, Mainland Europe & US
- Accelerate growth in new markets - Russia, Middle East, Africa and China

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Talent Placement & Development

Continue to develop our people and recruit key executives

Preparation for Post Quota Environment



Challenges Facing our Industry – *Dairy Perspective*

- Investment required – farm, processor and market level
- Balance production growth with market opportunities
- Importance of maximising value add for the dairy industry
- Management of market volatility
- Ireland is putting in place a national, independently audited, Sustainability and Quality Assurance Scheme

Branding Dairy Ireland's USP

- Ireland's grass based, low intensity farming is our point of differentiation on global markets
- It's what makes our products unique in **Quality, Taste and Texture**
- We must protect and promote
- Vital to maintaining our **Product Price Premium**
- Our people communicate the benefits of Irish dairy to consumers around the globe
 - Ireland's climate
 - The farmers behind our brand and their craft
 - Ireland's unique landscape
 - Our animal welfare



Summary

- April 2015 – an opportunity for Ireland’s dairy industry to **expand** and **excel**
- Demand for dairy is being driven by emerging markets
- Our role is to build **sustainable** and **profitable routes to market**
- We must develop added value solutions that deliver a point of difference
- Ireland’s grass based, low intensity farming is **our point of differentiation**
- We must protect and promote this, to ensure and maintain our **Product Price Premium** across global markets