

MMO Economic Board

Meeting of 29 June 2022

- o The 42nd meeting of the MMO Economic Board took place on 29/06/2022 by video-conference, with the participation of experts from the milk supply chain: COPA-COGECA (producers and cooperatives), CEJA (young farmers), EMB (European Milk Board), ECVC (Via Campesina), EDA (dairy industry), Eucolait (dairy trade), Eurocommerce (retail) and external expert from GIRA. Presentations and information exchanged during the meeting highlighted the following:
 - o EU cow's milk collection in January-April 2022 was below last year's levels (-0.6%). Only 9 MS reported increased milk deliveries, including PL (+2.4%), IT (+0.4%), DK (+0.6%). Milk collection continues to decline in the two main producing countries: DE (-1.7%) and FR (-1.3%).
 - o EU cream production increased by 3.2%. Production declined for the rest of dairy products: WMP (-4.9%), SMP (-4.7%), butter (-3.9%), fermented milk (-1.4%) and drinking milk (-0.3%).
 - o EU average farm gate milk prices have increased every month this year and remain well above recent years' levels (46 c/kg in April, +35.1% higher than 5 years avg.). MS' estimates for May 2022 point to a further increase to 47.36 c/kg. Raw milk prices in all MS were higher than a year ago, except CY (-0.2%). The highest increases reported in LT (+59.9%), LV (+48.1%) and IE (+40.1%) and the lowest in MT (+12.5%) and HR (+16.7%).
 - o In April 2022, 4.5% of total milk raw milk collected was organic (based on notifications from 22 MS). The price premium for organic raw milk has significantly dropped during the second half of 2021 and beginning of this year. In three MS (FR, EE, LV) raw organic milk prices were lower than conventional ones.
 - o Feed costs for dairy production in the EU (based on a mix of cereals, rapeseed meal and soybean meal) have doubled compared to 2020.
 - o EU average dairy prices are all at record levels. EU SMP prices peaked mid-April and are now 57% higher than a year ago. WMP prices reached a historical record level at the beginning of May and are now 59% higher than in June 2021. EU whey powder prices decreased by 2.9% in the last 4 weeks but are still 32% higher than a year ago. Butter prices increased by 77% in the last 12 months. Cheese prices have also generally improved this year.
 - o The assessment of EU stock levels based on a residual approach (EU production + EU imports - EU internal consumption - EU exports) shows that private SMP stocks decreased to very low levels in the first months of 2022 and recently increased seasonally in April (approx. 100 000 t) due to lower exports. Butter stocks are very low as well (110 000 t). Retail demand is affected by higher prices and export opportunities are limited at the moment. Cheese stocks have slightly increased in March and April but are still at low levels (approx. 215 000 t). Domestic and external demand for cheese is healthy.
- o Milk production is declining in the USA, Oceania, the UK and Uruguay. Overall, milk collection in the main exporting countries/regions (AU, EU, USA, UK, NZ, AR, UY) decreased by -1.2% in the first 4 months of 2022.
- o Global demand has remained solid, with more buying activities in Southeast Asia but lower demand from China. A slowdown of global trade in Q1 is explained mainly by lower milk availability. In January-April 2022, the EU and NZ lost some export shares but still had a 54% share of world export volumes (in milk equivalent) and, together with the USA, 73%. The UK, China and Indonesia were the top-3 EU export destinations in Q1 2022. Dairy trade with Ukraine is drastically reduced but EU imports from Ukraine are increasing. Buyers are very cautious these days. Global demand from milk deficit countries like China will slow down in 2022 but could resume slowly in 2023.
- o Households confidence is decreasing. Consumers are shifting from brands/premium products and organic products to more affordable retail brands/basic food. Demand is affected by rising food inflation. Consumers are looking for savings and best promotions. Retailers expect a further decline of demand for cheeses.
- o The Commission presented its updated short-term dairy market outlook. Following weather developments in spring and high input costs, EU milk deliveries in 2022 are expected to be lower than expected (-0.6%). This reduction could be due to a smaller dairy herd and lower yield growth (assuming lower feed use, in addition to lower quality and availability of pasture in some EU regions). Despite the reduction of milk collection, cheese production might increase.
 - o Dairy markets are experiencing a truly exceptional situation. High input prices, extreme climate events and environmental constraints explain the shortage of milk supply worldwide. The war in Ukraine is heavily impacting the global agri-food chain, including dairy supply, causing food inflation and threatening global food security.

ANNEX 1

Milk Market Situation

European Commission



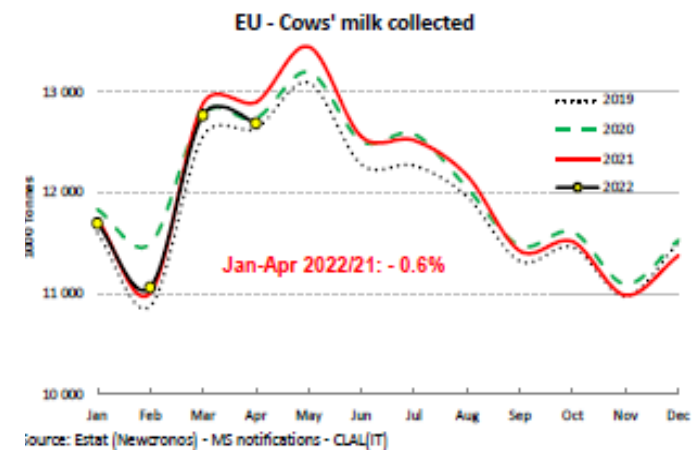
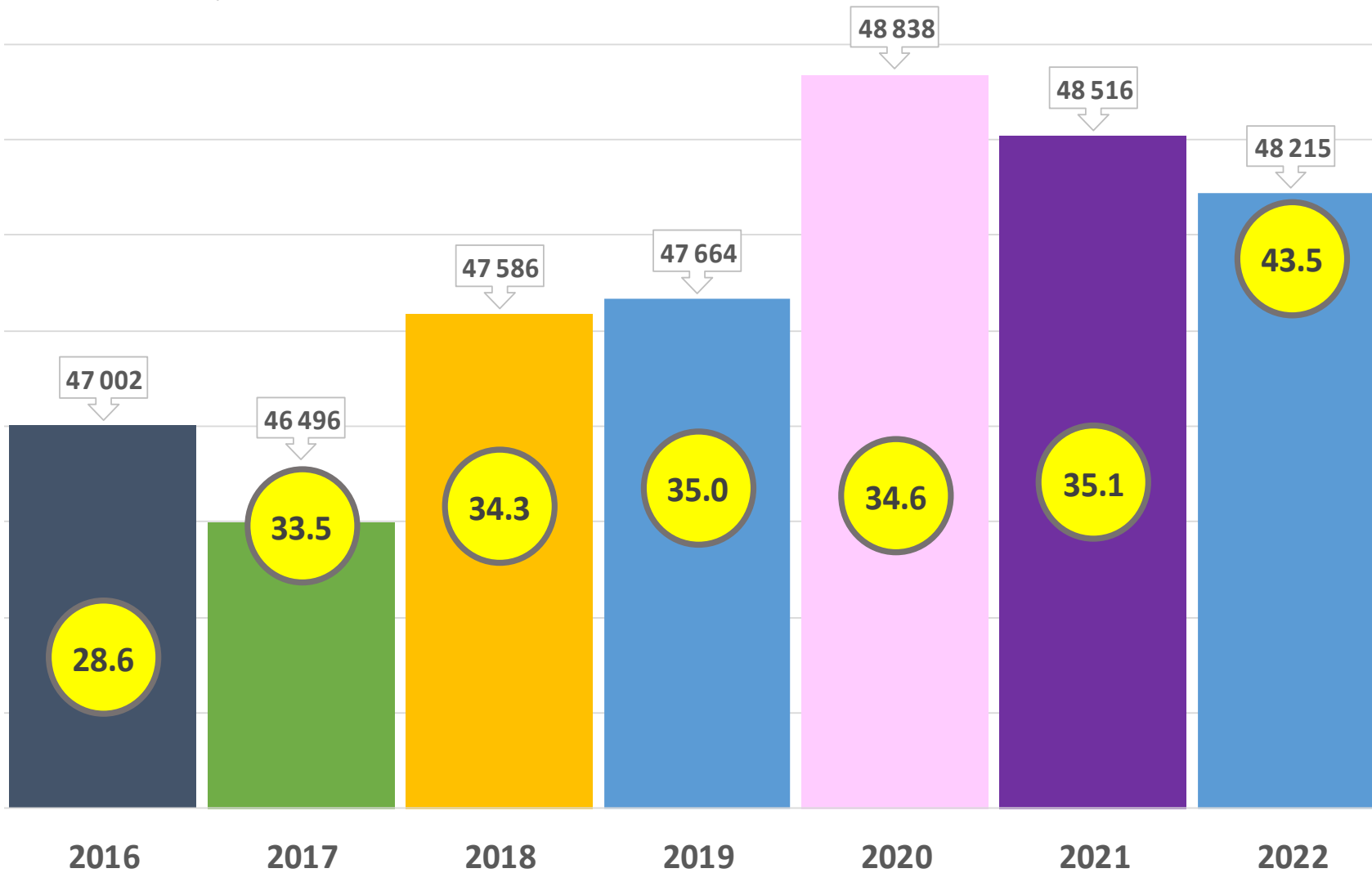
Milk Market Situation

MMO meeting

Brussels, 29 June 2022

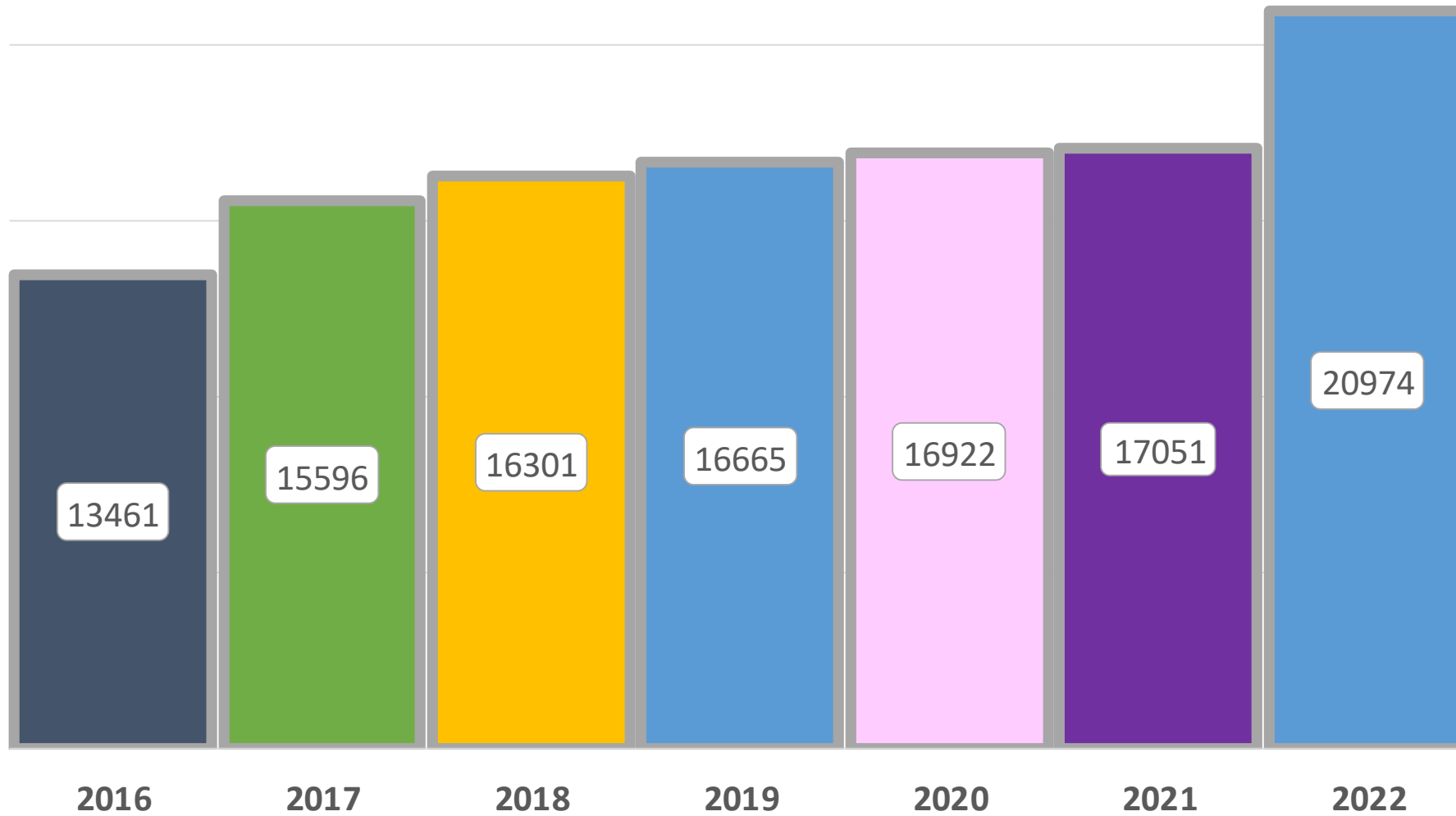
EU-27 milk deliveries and price Jan-Apr 2016-22 (x1000 t, c/kg)

LU not included (confidential data)



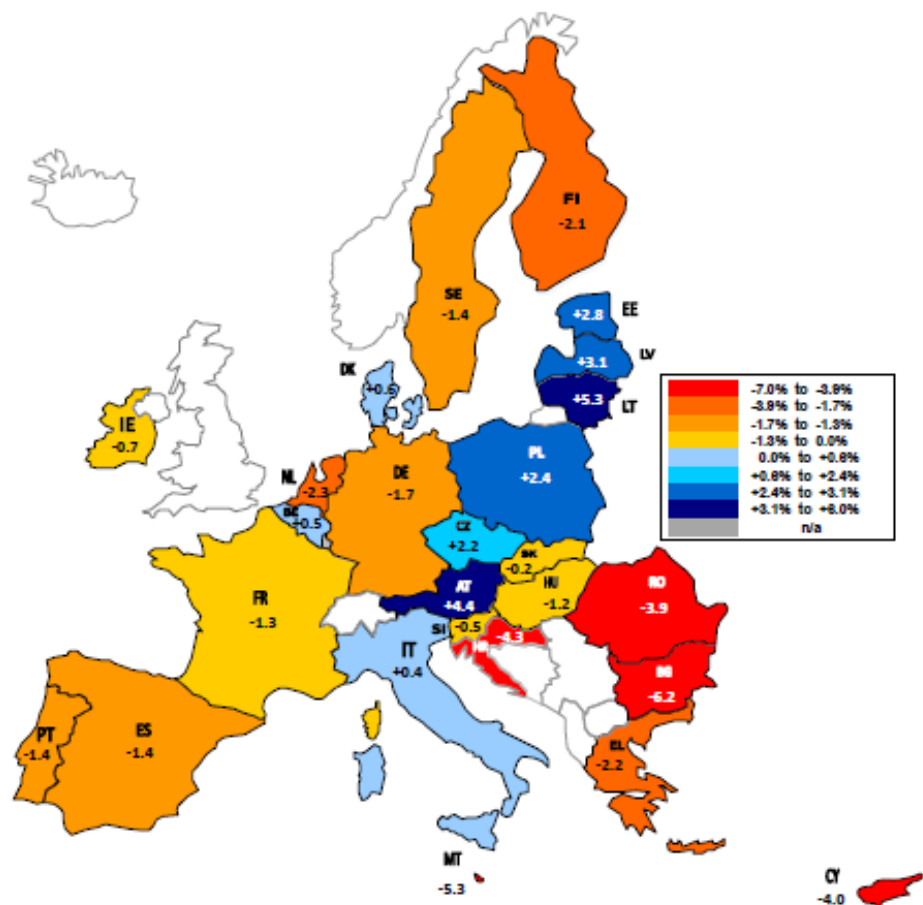
EU-27 value milk production Jan-Apr 2016-22 (x million €)

LU not included (confidential data)



EU Milk Deliveries compared to last period (in %)

(Jan - Apr 2022 / Jan - Apr 2021)



Source : MS' Communications to Eurostat, FEGA, AGEA, Reg.479/2010.1[s]1

The designations employed and the presentation of material on the map do not imply the expression of any opinion whatsoever on the part of the European Union concerning the legal status of any country, territory or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

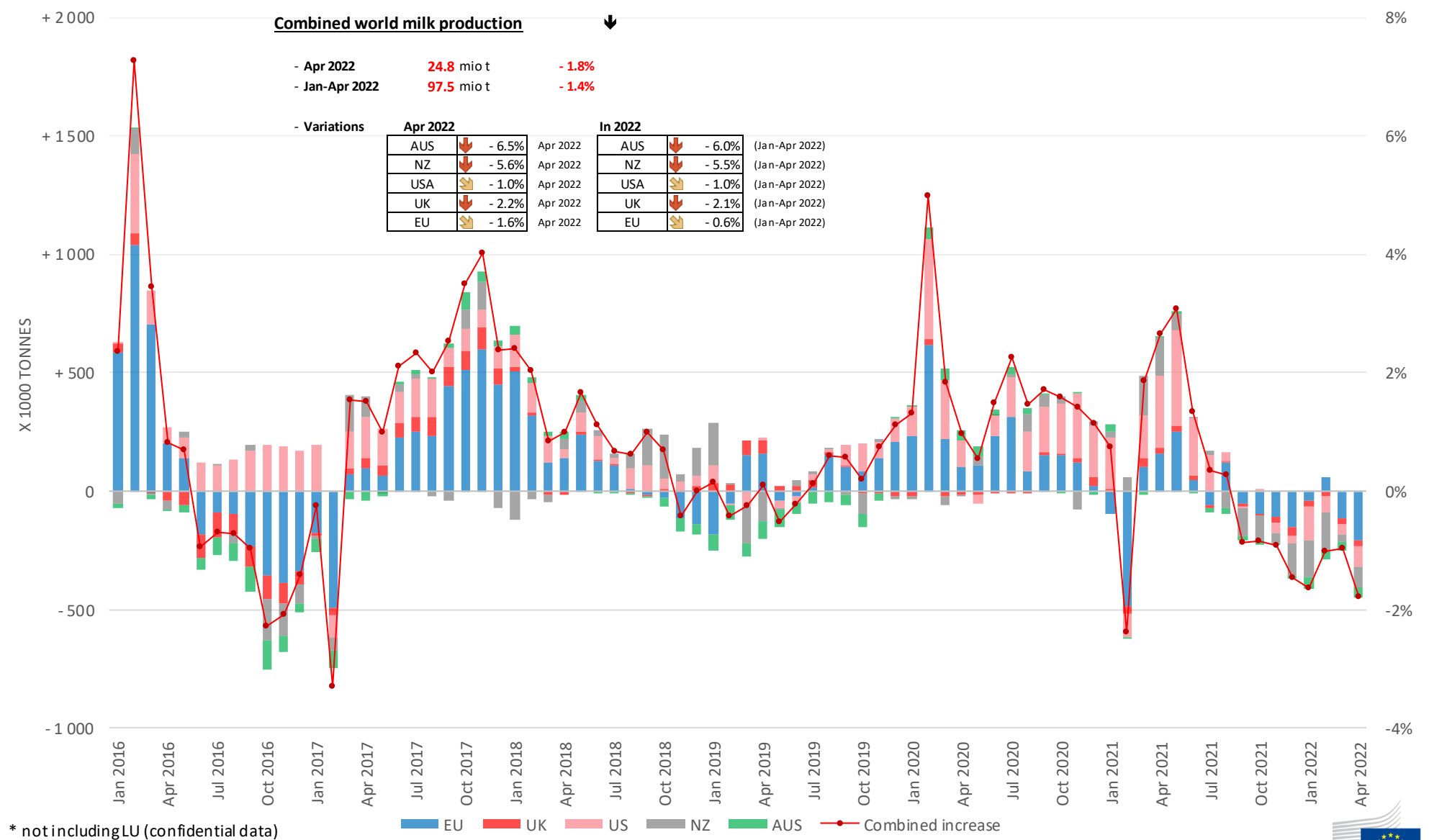
Apr 22 compared to Apr 21

Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	AT	+3.7%	PL	+12
2.	LT	+2.2%	AT	+10
3.	CZ	+1.6%	CZ	+4
4.	PL	+1.1%	LT	+2
5.	LV	+0.7%	LV	+0
6.	EE	+0.5%	EE	+0
7.	BE	+0.0%	BE	+0
8.	DK	-0.4%	MT	-0
9.	IT	-0.8%	SK	-1
10.	SK	-1.0%	SI	-1
11.	IE	-1.0%	EL	-1
12.	FR	-2.0%	CY	-2
13.	SI	-2.1%	DK	-2
14.	EL	-2.2%	HR	-2
15.	PT	-2.5%	PT	-4
16.	SE	-2.6%	RO	-5
17.	DE	-2.6%	BG	-6
18.	NL	-2.6%	FI	-6
19.	FI	-3.1%	SE	-6
20.	MT	-3.1%	HU	-8
21.	ES	-3.8%	IT	-9
22.	HU	-5.2%	IE	-11
23.	RO	-5.6%	ES	-25
24.	CY	-6.0%	NL	-31
25.	HR	-6.6%	FR	-43
26.	BG	-8.7%	DE	-72
	EU	-1.6%	EU	-206

% estimates

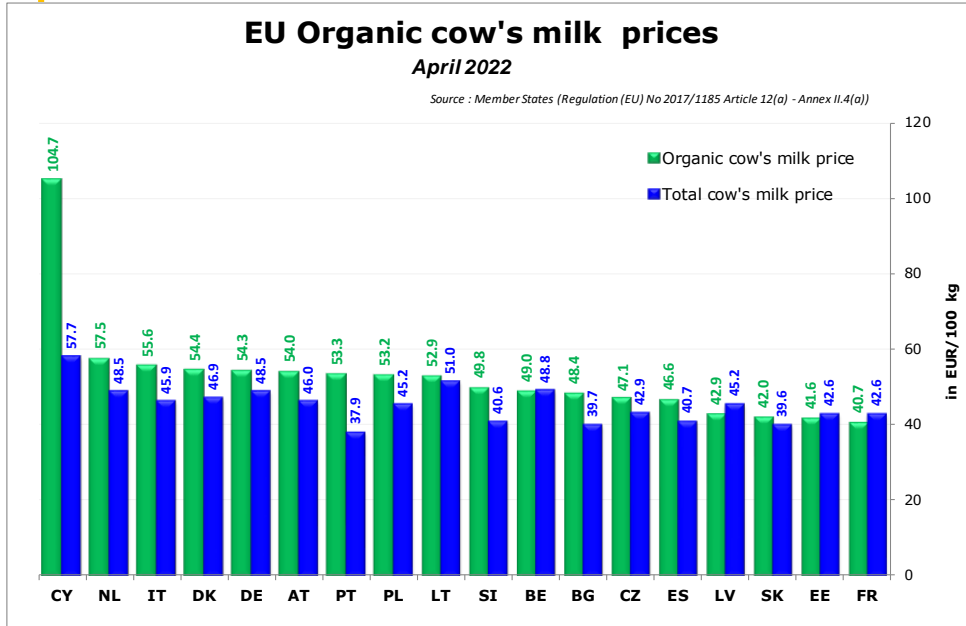
rem: LU not included (confidential data)

EU*+UK+US+NZ+AUS COMBINED MILK PRODUCTION GROWTH

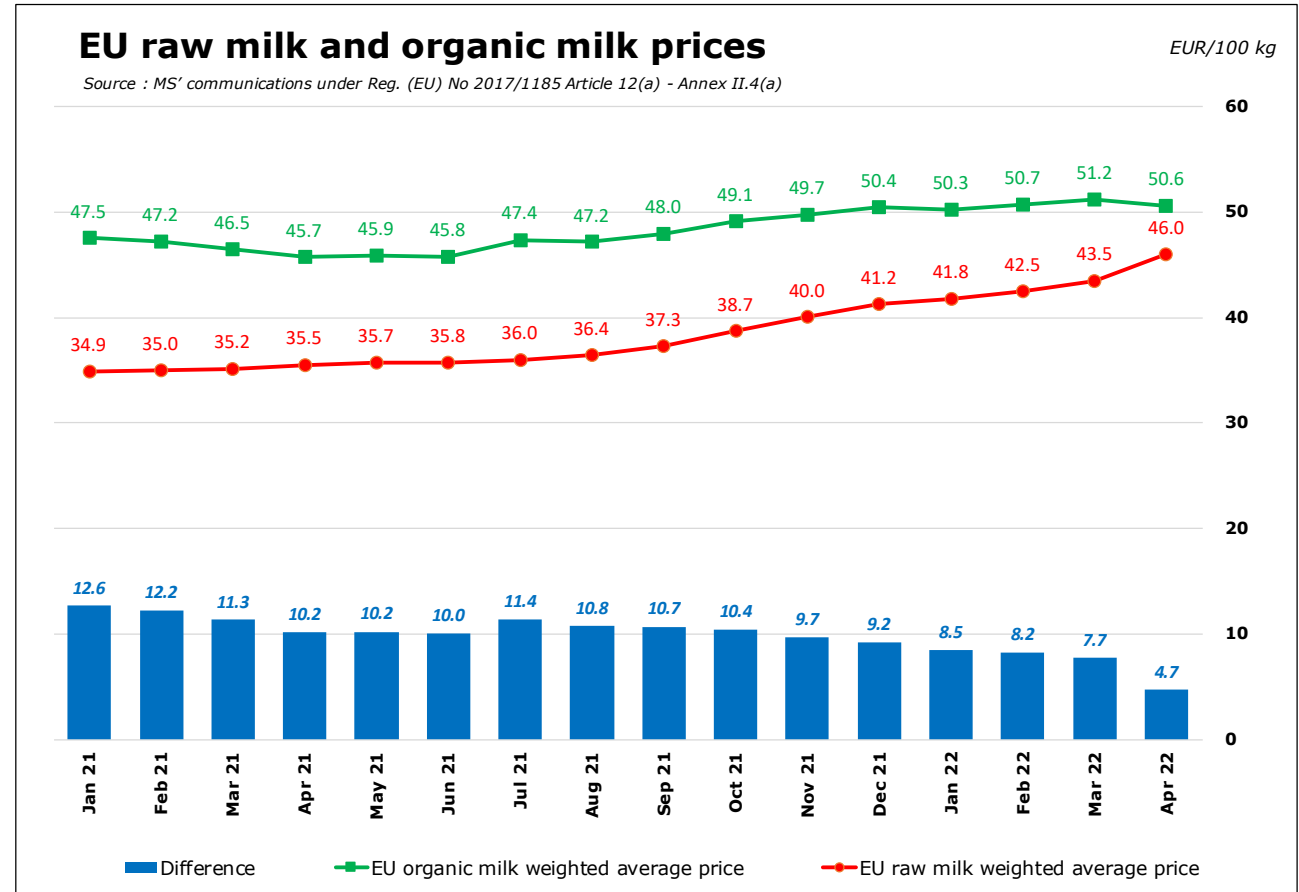
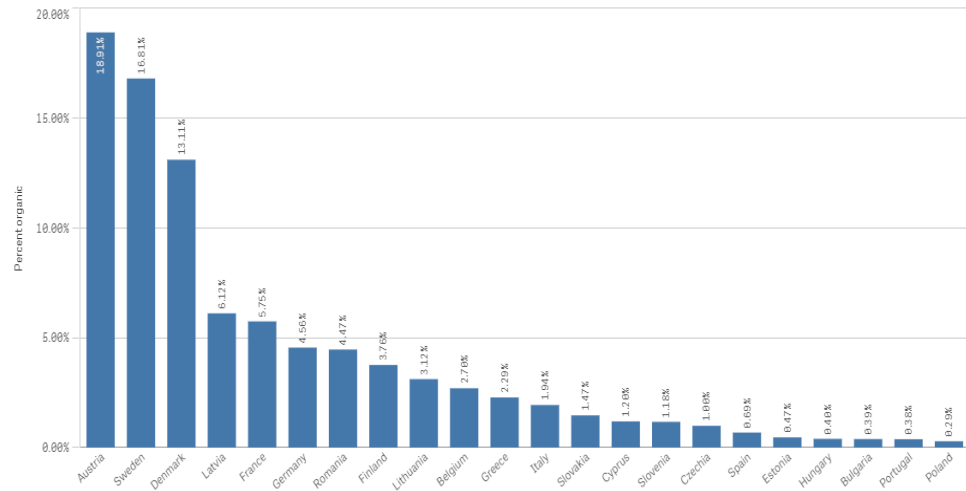


* not including LU (confidential data)

EU organic raw milk production & prices

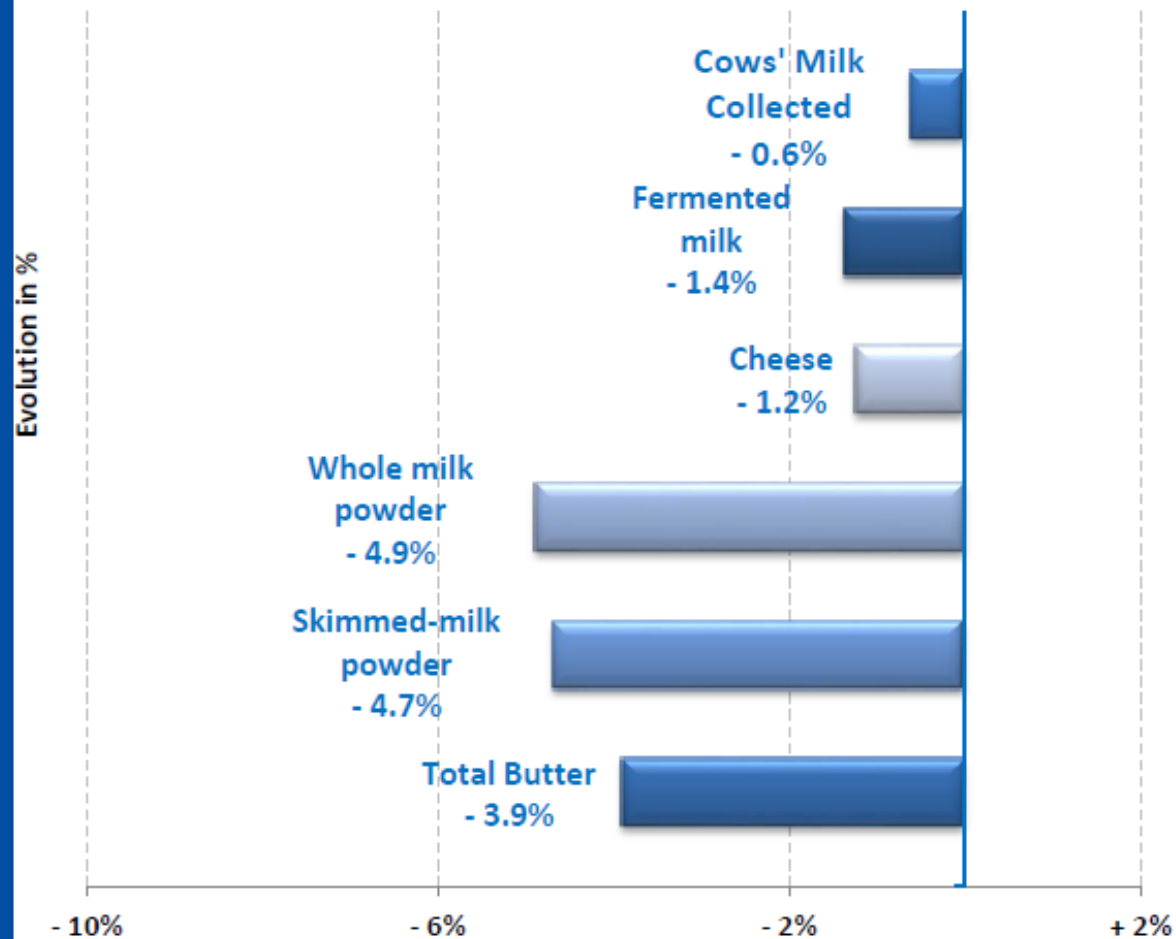


Organic raw cow's milk delivered to dairies as a percentage of total raw cow's milk
For years: 2022 > Months: 04 > All Member States



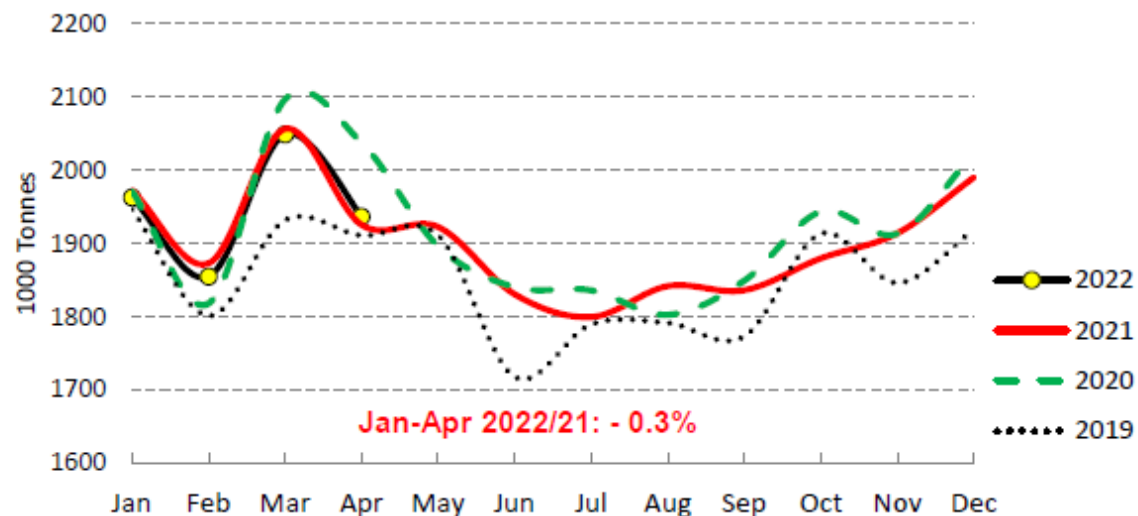
April 2022:
4.5% of total raw milk collected was organic (based on notifications from 22 MS)

EU Deliveries/Productions development
(Jan-Apr 2022 compared to Jan-Apr 2021)

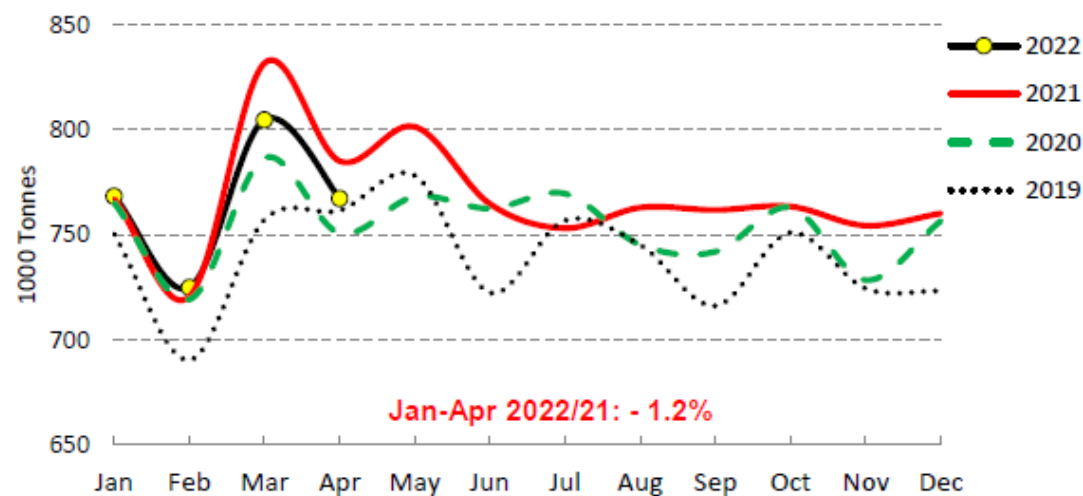


Source : MS' Communications to Eurostat, and, for milk : AGEA, FEGA, Reg. 2017/1185

EU - Drinking milk



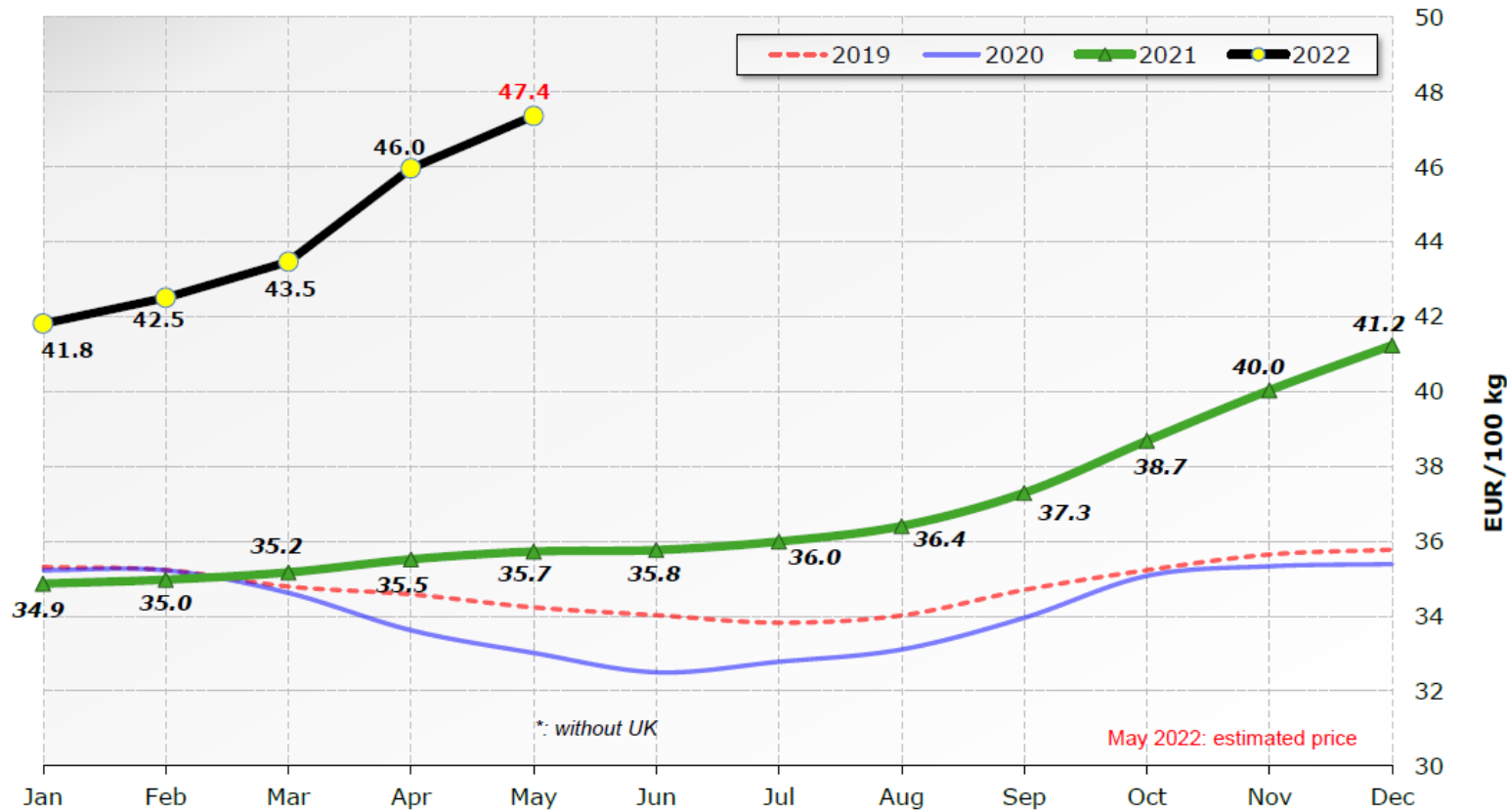
EU - Cheese



Source : Estat - Newcronos

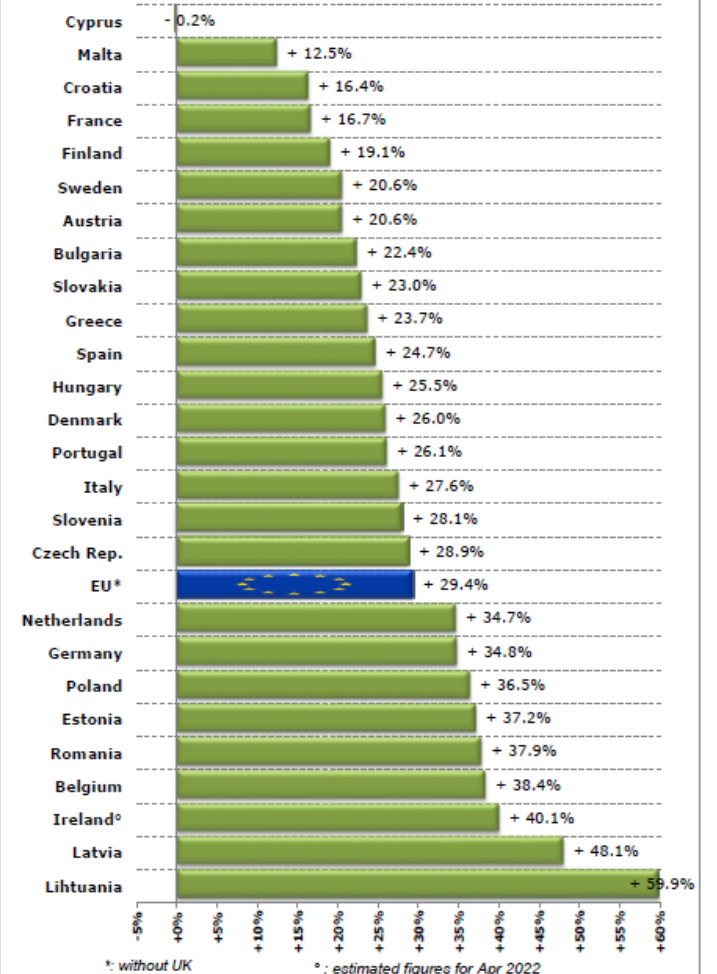
EU milk prices paid to the producers

Milk Prices paid to the Producers EU* (weight. avg.)



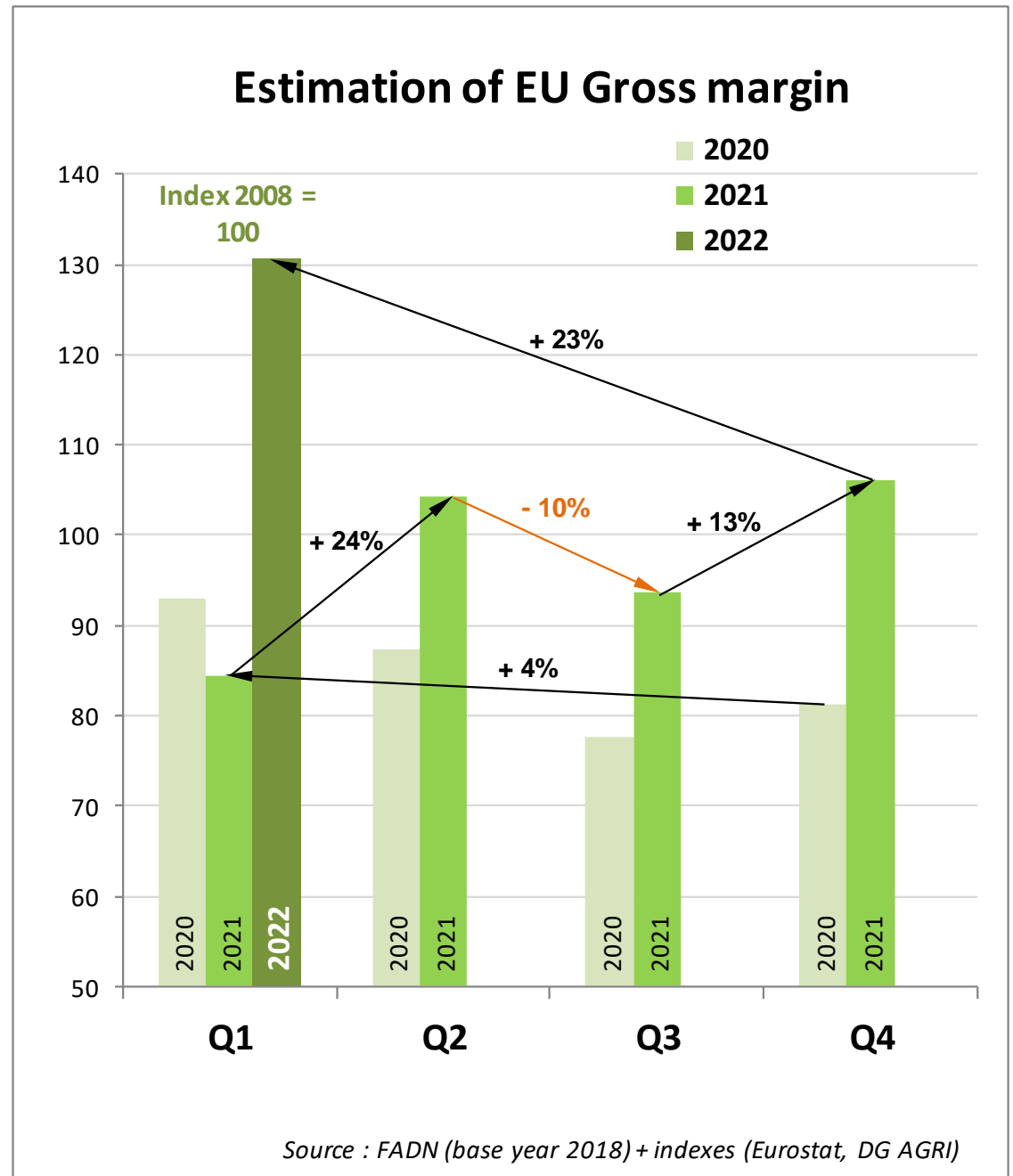
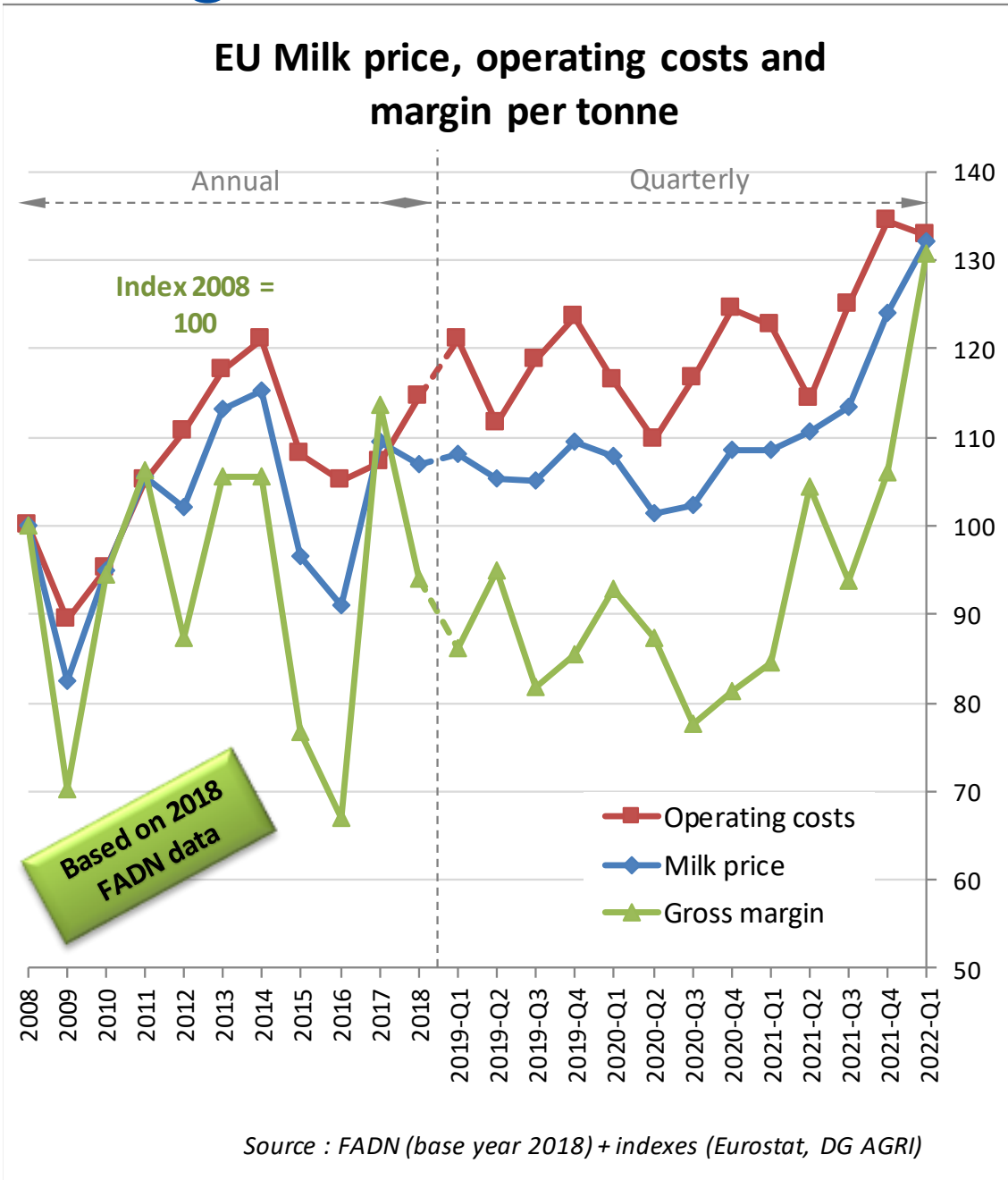
Source : Member States Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a)

Raw Milk Price evolution in April 2022 compared to April 2021

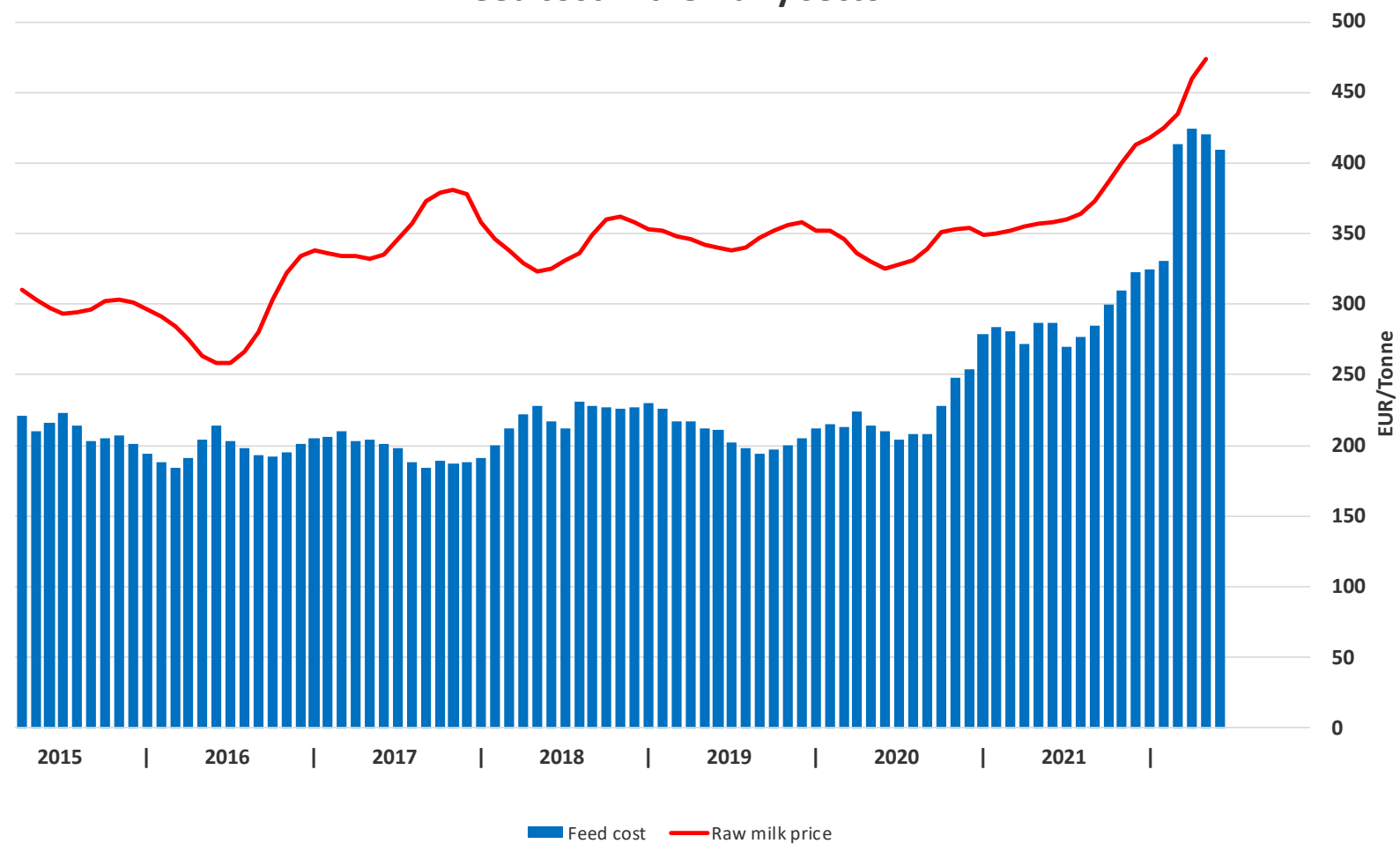


Source : Member States (Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

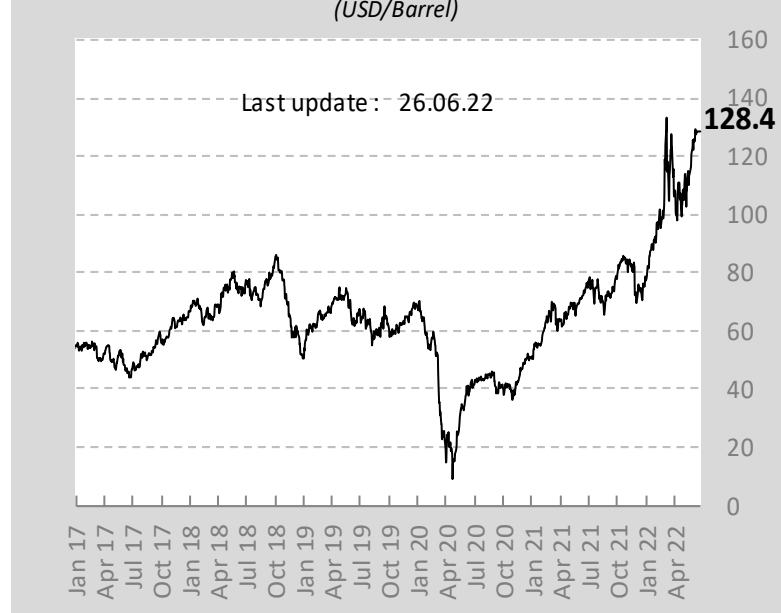
Margins



Feed cost in the Dairy sector



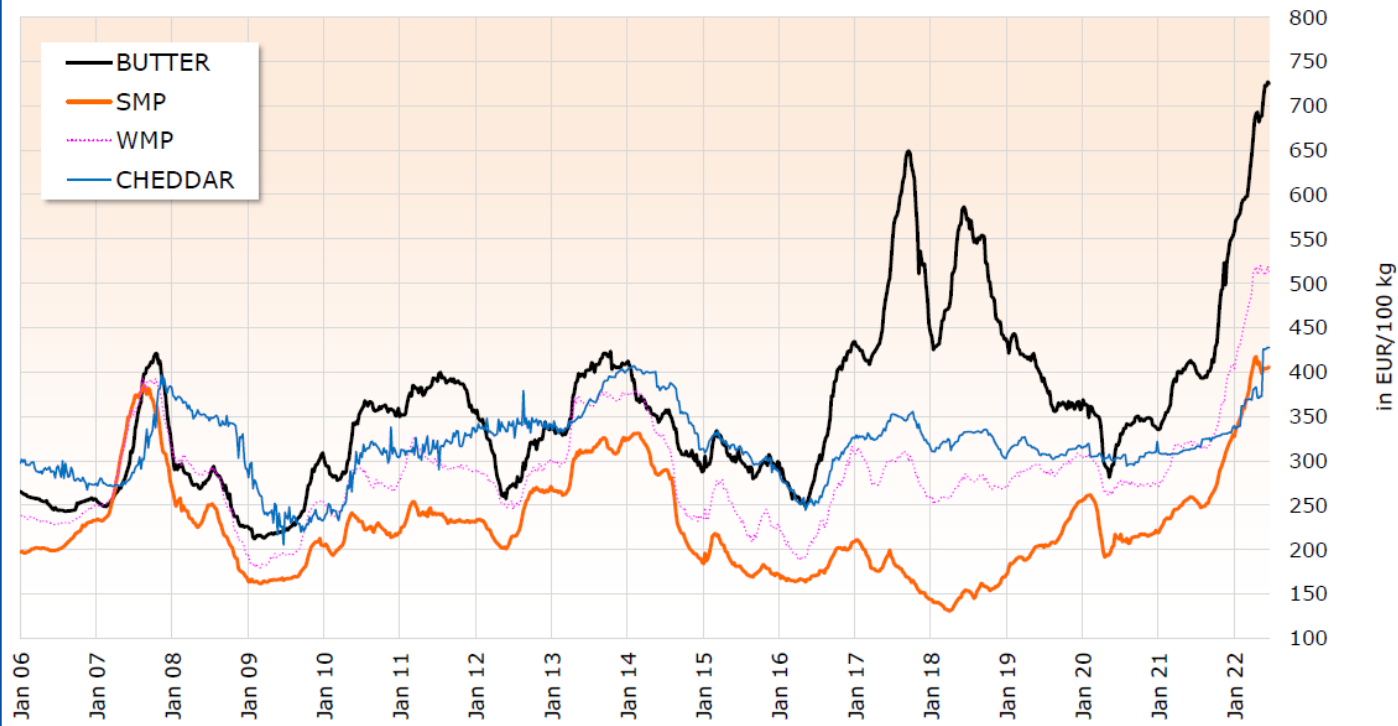
OIL : Europe Brent Spot Price



EU dairy quotations

EU evolutive* dairy Quotations

(EU Average Prices based on MS communication and weighted by production)



Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

evolutive: EU-15 (before 2004), EU-25 (2004 to 2006), EU-27 (2007 to 2013), EU-28 (2013 to 01/2020), EU-27 without UK (from 02/2020 onwards)

725	406	512	428	506	486	572	133
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max: 19/06/2022

Prices up to 19/06/2022

	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEYPOWDER
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Compared to:

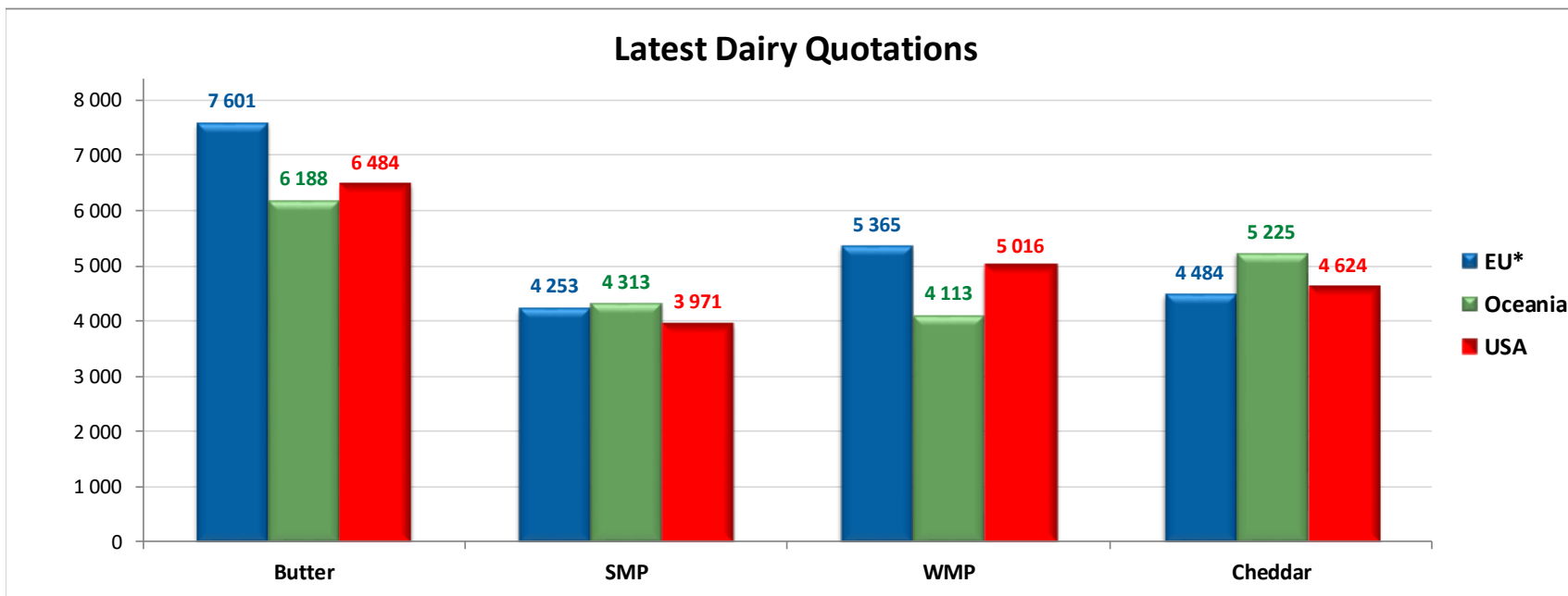
4 weeks ago	+ 2,5%	+ 0,7%	- 0,2%	+ 0,4%	+ 4,7%	+ 5,5%	- 1,2%	- 2,9%
begin 2022	+ 29,7%	+ 24,0%	+ 26,7%	+ 26,0%	+ 27,3%	+ 25,6%	+ 22,9%	+ 17,2%
5 years avg.	+ 64,0%	+ 96,6%	+ 73,9%	+ 37,0%	+ 62,7%	+ 55,2%	+ 22,9%	+ 61,2%
1 week ago	- 0,3%	+ 0,2%	- 1,5%	+ 0,0%	+ 0,7%	+ 1,5%	nc	+ 0,9%
1 year ago	+ 76,9%	+ 57,4%	+ 59,2%	+ 36,4%	+ 53,9%	+ 48,7%	+ 28,7%	+ 32,3%

Latest world dairy quotations

Latest World Quotations of Dairy Products

In US\$/t	Latest Quotations			Week - 2						Year - 1					
	26/06/2022			12/06/2022			% change (previous quotation)			27 June 2021			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
Butter	7 601	6 188	6 484	7 750	5 938	6 568	-1.9%	+4.2%	-1.3%	4 876	4 663	3 859	+56%	+33%	+68%
SMP	4 253	4 313	3 971	4 333	4 225	4 127	-1.8%	+2.1%	-3.8%	3 067	3 463	2 783	+39%	+25%	+43%
WMP	5 365	4 113	5 016	5 500	4 013	5 016	-2.5%	+2.5%	nc	3 823	4 050	3 968	+40%	+2%	+26%
Cheddar	4 484	5 225	4 624	4 575	5 488	5 011	-2.0%	-4.8%	-7.7%	3 731	4 400	3 403	+20%	+19%	+36%

Source : Member States Notifications under Reg. 2017/1185, USDA



EU* = EU without UK

EUR / USD Exchange Rate



Keep in touch and thank you!



ec.europa.eu/agriculture



[EUagri](https://www.youtube.com/EUagri)



[@EuropeanMMO](https://twitter.com/EuropeanMMO)



[@EUAgri](https://www.facebook.com/EUAgri)



[EU agri-food Data portal](#)

ANNEX 2

Milk market in a time of extreme uncertainty

LTO Nederland

Milk market in a time of extreme uncertainty

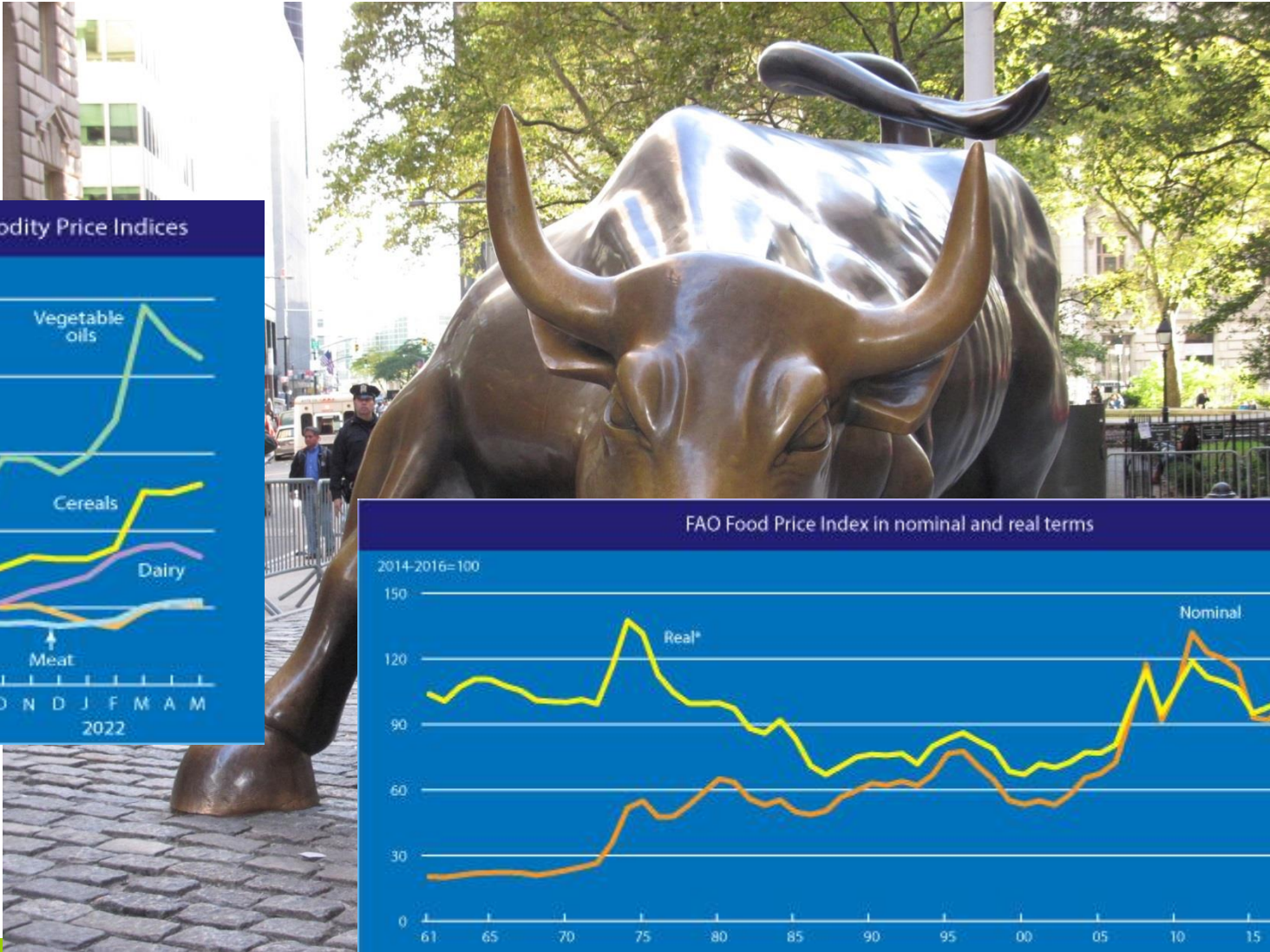


Klaas Johan OSINGA

kjosinga@lto.nl, [@KJOsinga](https://twitter.com/KJOsinga)

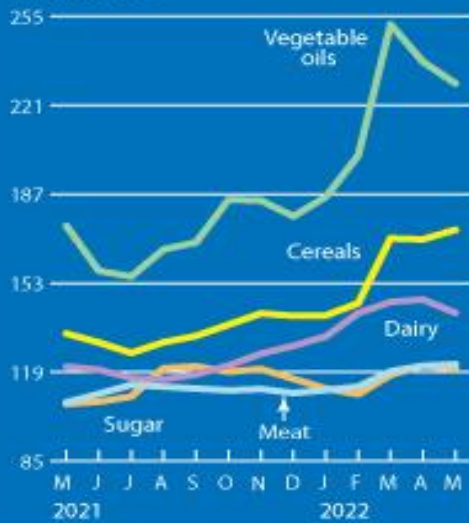
**EU Milk Market
Observatory
June 29, 2022**

Commodity prices at record level



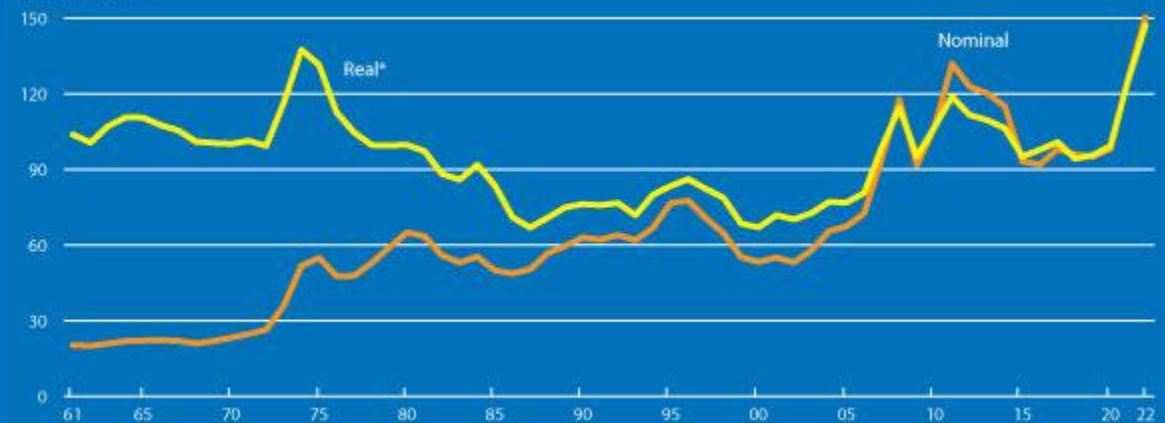
FAO Food Commodity Price Indices

2014-2016=100



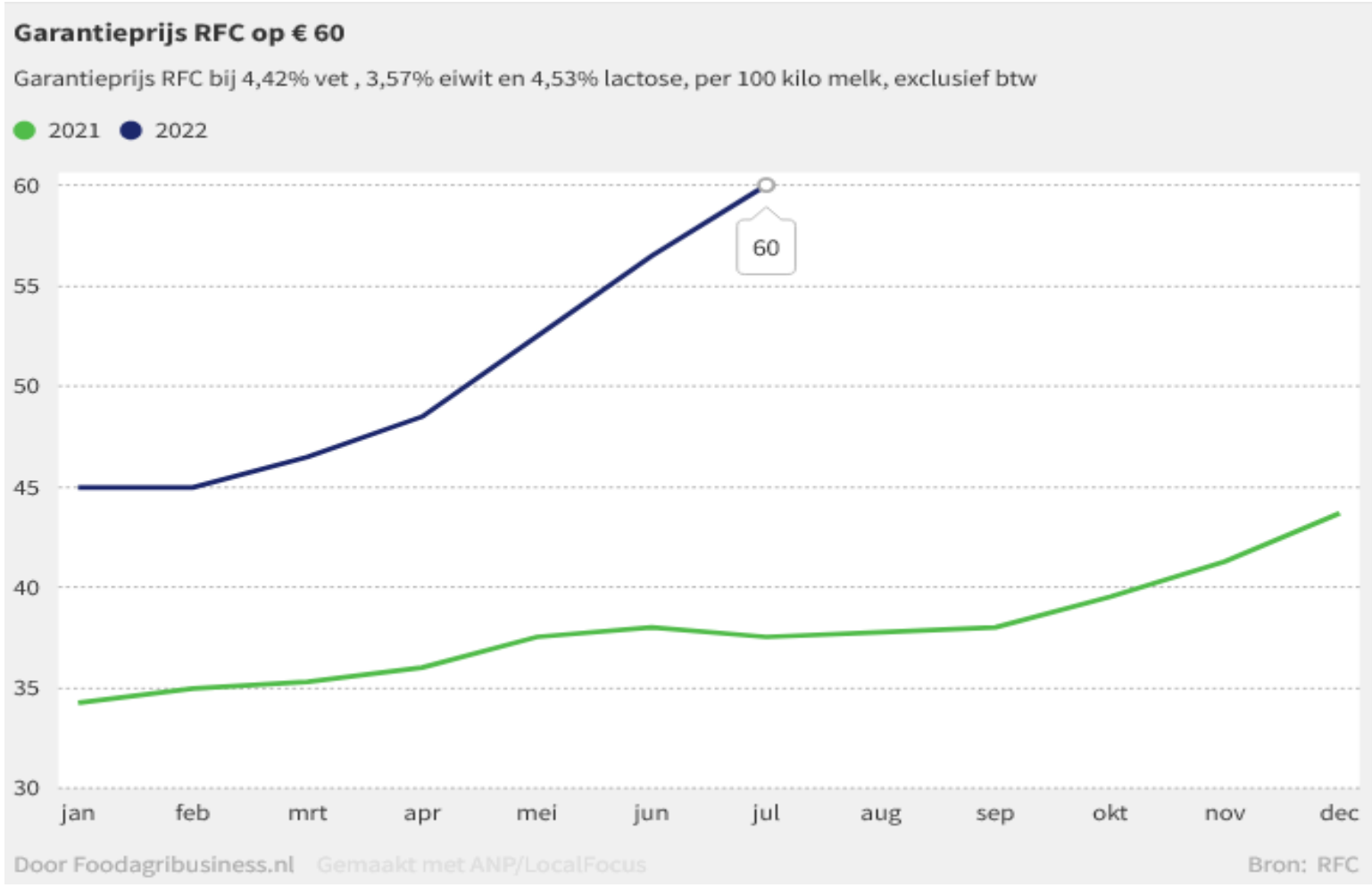
FAO Food Price Index in nominal and real terms

2014-2016=100

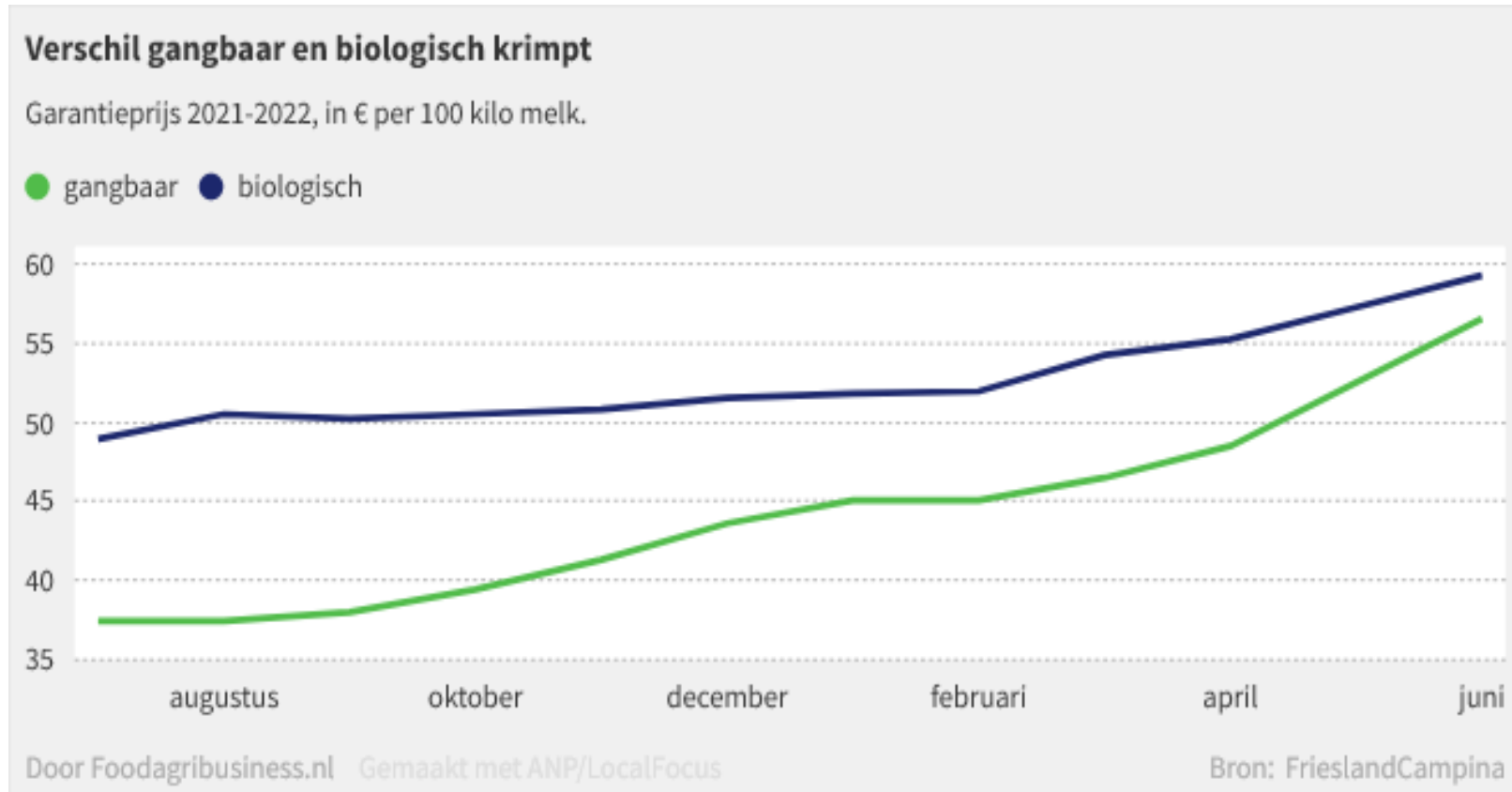


* The real price index is the nominal price index deflated by the World Bank Manufactures Unit Value Index (MUV)

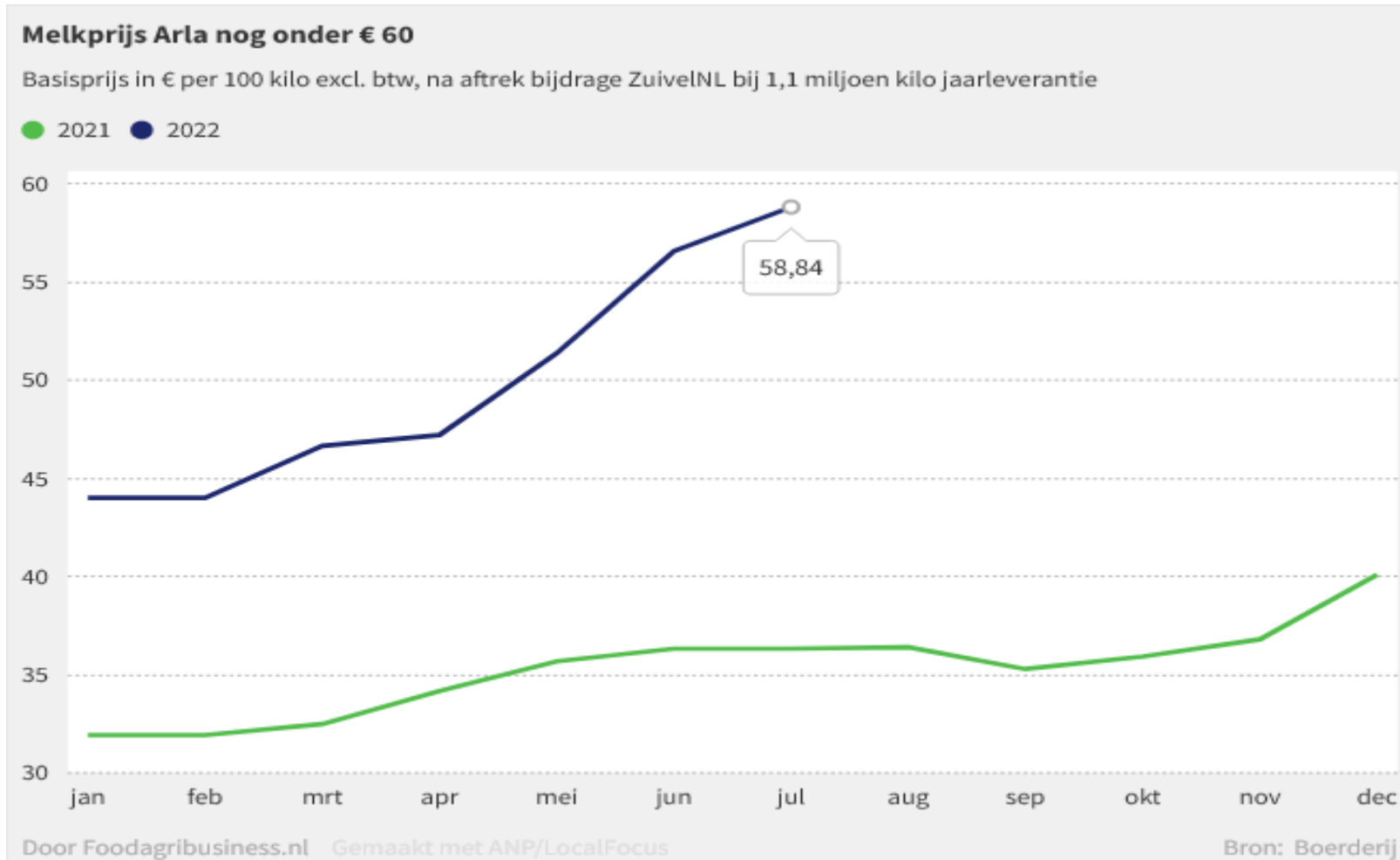
FrieslandCampina: +3.50 for July



The price gap between conventional and organic is closing

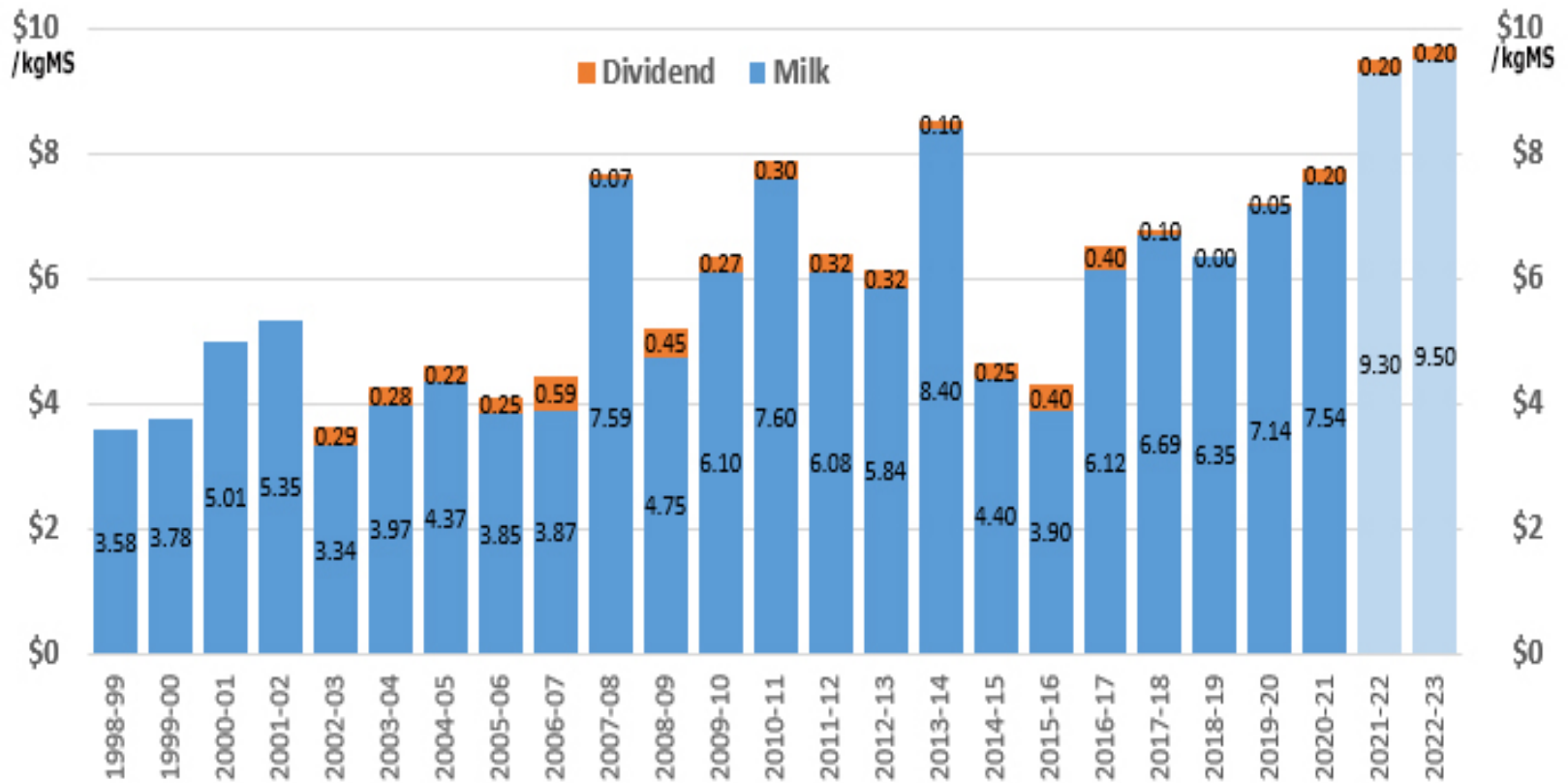


Arla: +2 cents for July



New Zealand (Fonterra)

Fonterra payout history



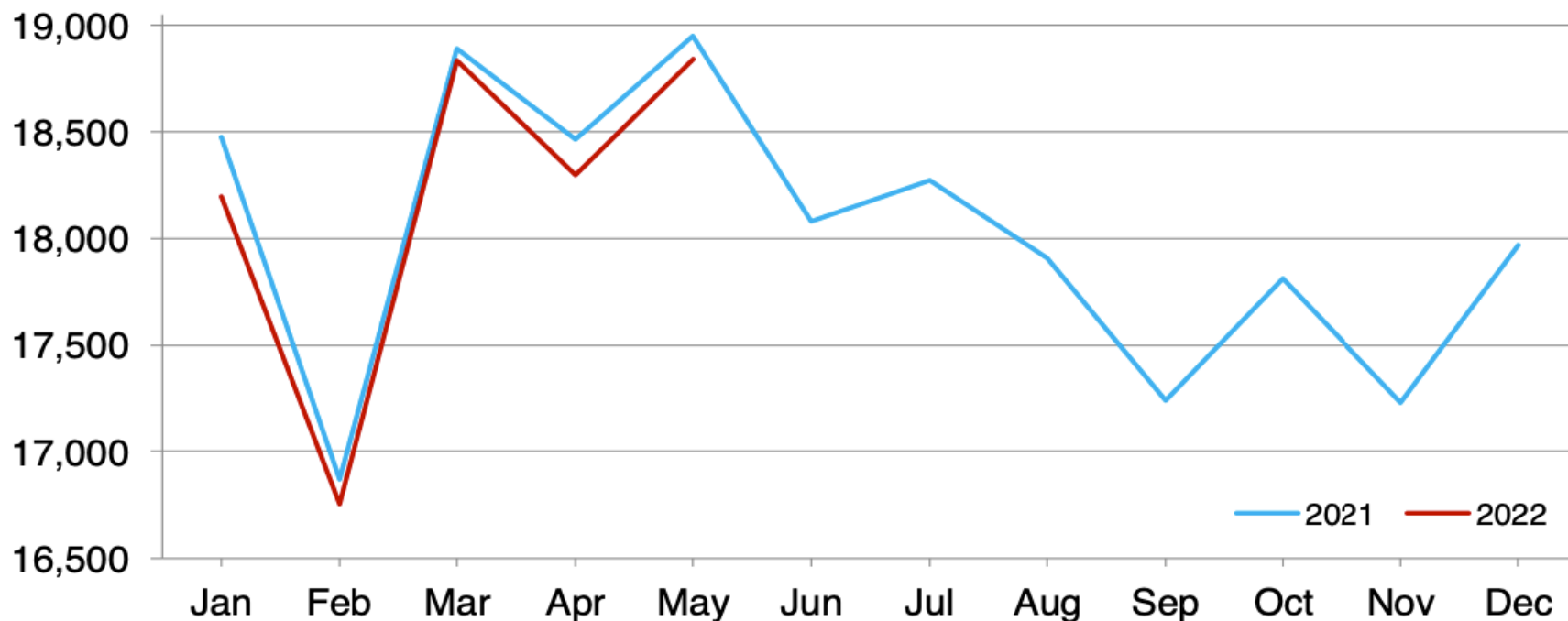
USA milk production down y-o-y 5 months in a row



May 2022:
-0.7% y-o-y

Monthly Milk Production - 24 Selected States

Million pounds



Dutch milk production -3.0% y-o-y during January-May (fat -3.6%)



Signals from COPA-COGECA members: costs have gone up

Austria	Nitramoncal went up €230/ton to approx. €1.300 (= 5,5 times),
Belgium	Diesel +50% from March, feed +25% since Feb
Finland	Costs have gone up 12 cents per litre since last summer
Hungary	Severe drought in the east of the country, dairy retail prices have gone up 40%
Ireland	Urea +228%, feed +27%, diesel +50% from April 2021
Malta	Feed prices +5% on 2021
Portugal	Feed prices +60% since May 2021, energy costs +2.5 cents per litre
Slovenia	Fuel and fertiliser prices going up
Sweden	Costs 'significantly higher' since autumn 2021

Energy prices

EU Natural Gas

2022

Summary Forecast Stats Alerts  Export

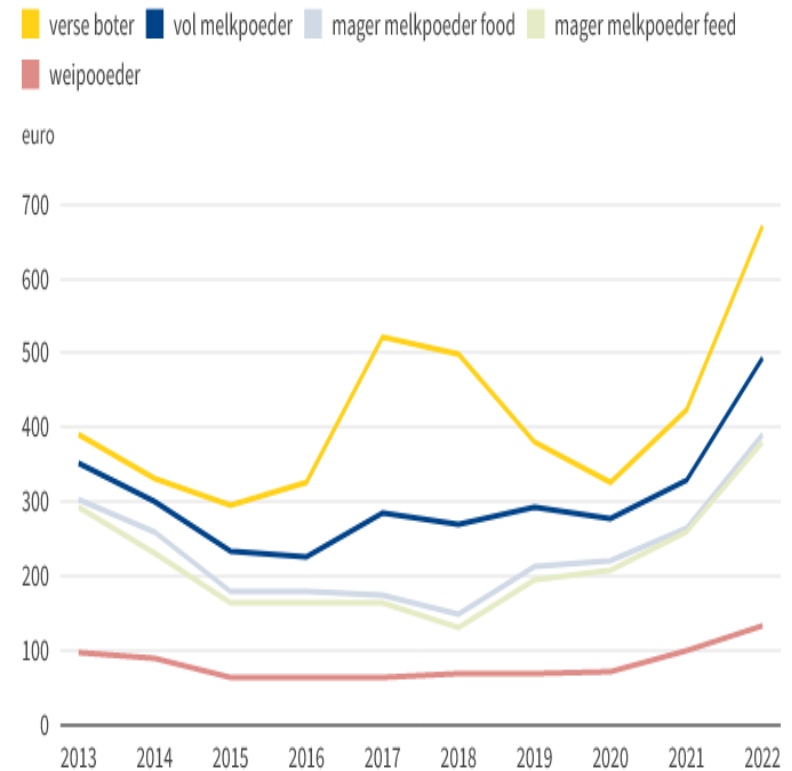


Dutch dairy quotations

ZuivelNL 22 June 2022:

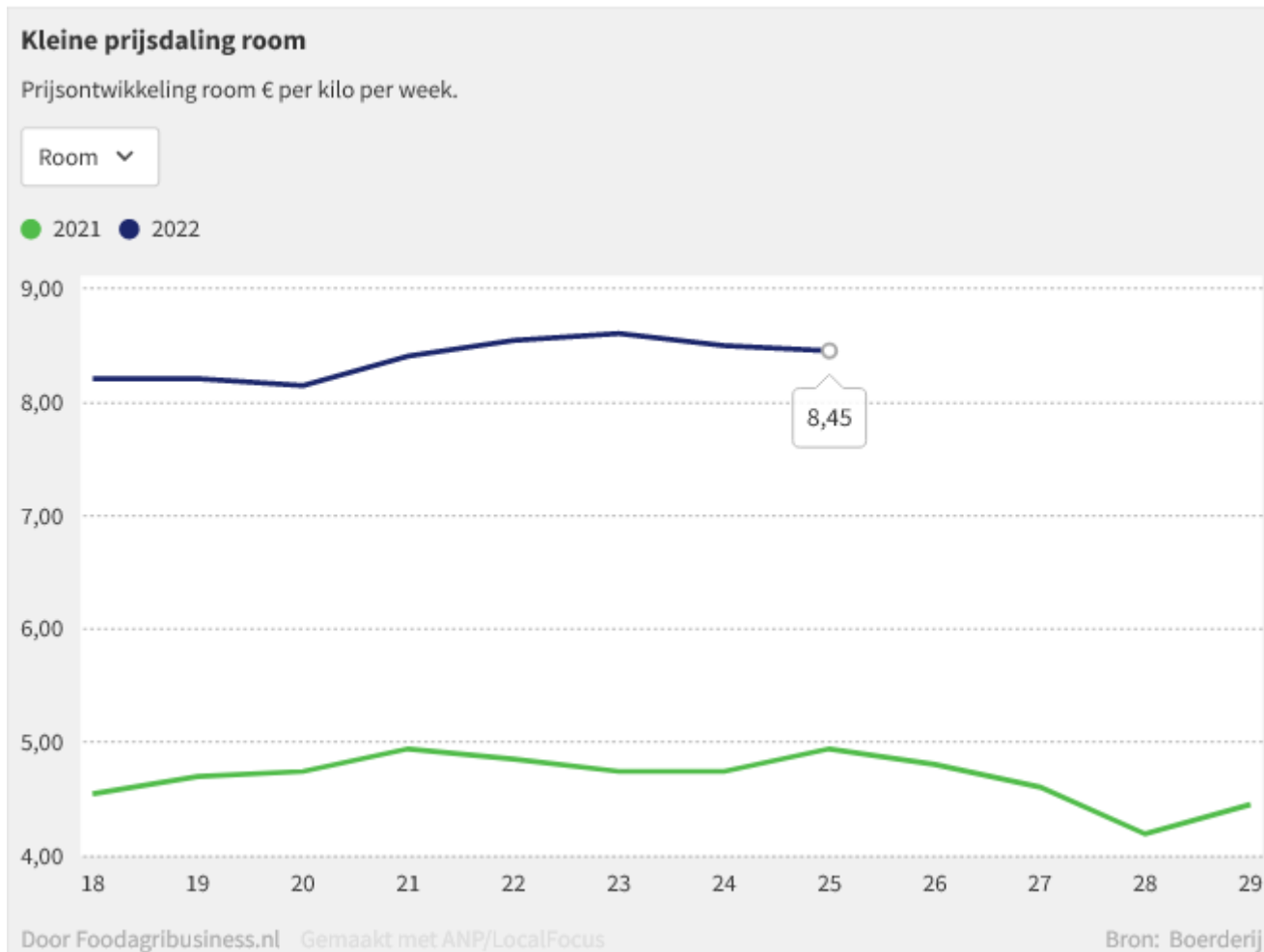
Butter, 25 kg:	+/-€ 0	€ 727
WMP, 26% fat:	+ € 5	€ 516
SMP extra quality:	- € 5	€ 401
SMP feed quality:	- € 10	€ 386
Whey powder:	- € 12	€ 112

Cheese market Gouda € 5.15



Bron: ZuivelNL

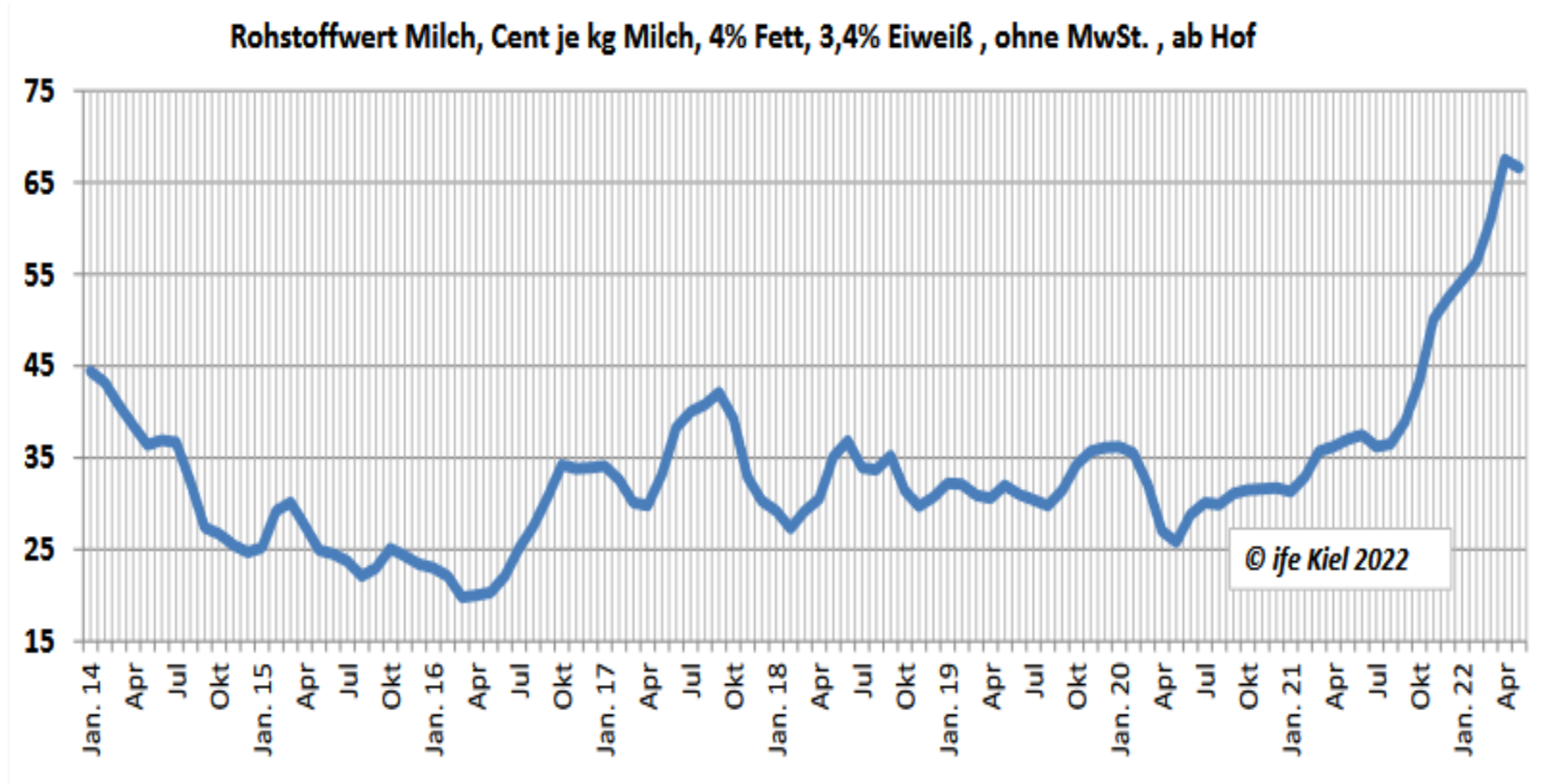
Cream market keeping firm



CME Class II contracts Sept 2022



ife-Rohstoffwert € 50.10 (4% fat, Nov 2021)



Berechnungsbasis sind die Bruttoerlöse abgeleitet aus den durchschnittlichen Marktpreisen für Butter (geformt und lose) sowie für Magermilchpulver (Lebensmittel- und Futtermittelqualität), ohne Berücksichtigung langfristiger Kontrakte, auf Basis der Notierungen der Süddeutschen Butter- und Käsebörsen in Kempten.

Conclusion: high input prices to clash with recession fears

Strong demand for dairy at a time of constrained global supply – have buyers secured stocks for Q4?

Consumer inflation around 8%, but farmers are hit with much higher price increases, e.g. fertiliser, feed, energy... this is already impacting on 2023... production will remain constrained

However, recession is coming <-> interest rises and inflation

Russia to cut European gas supplies – can processors continue operating next winter?

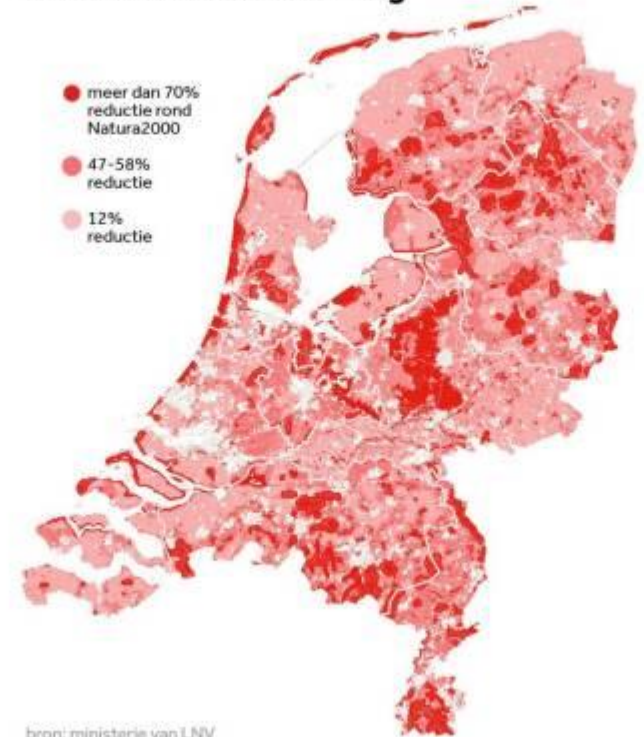
Covid-19: out of sight but not out of mind....

**“The nation with ample food supplies has many problems
The nation without enough food has only one”**



**In deze gebieden moet de
stikstofuitstoot omlaag**

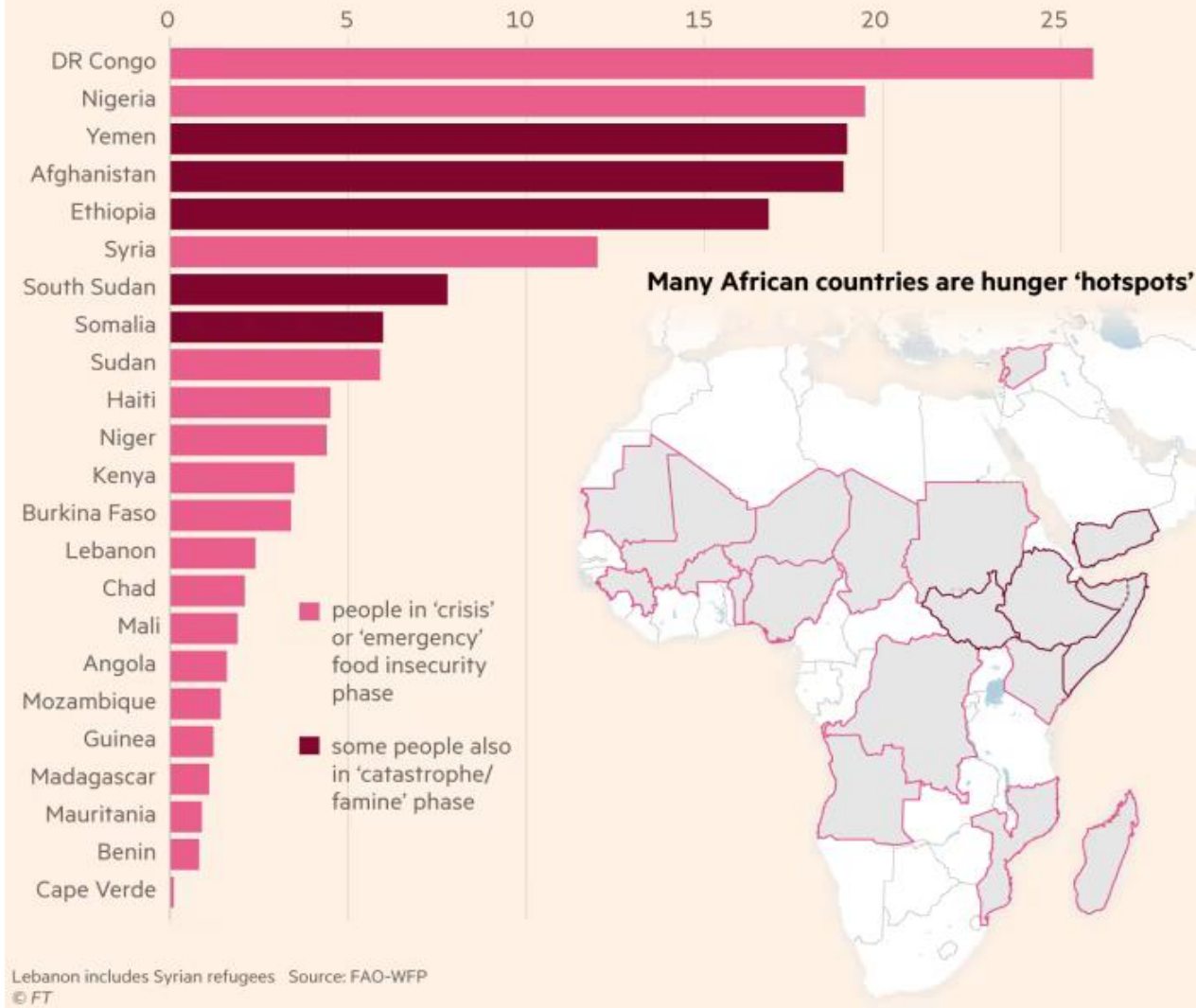
- meer dan 70%
reductie rond
Natura2000
- 47-58%
reductie
- 12%
reductie



bron: ministerie van LNV

Conflict and weather extremes drive acute hunger in 'hotspot' countries

Number of people (mn) in acute food insecurity, 2022 or latest



African Union to EU:

"It's your war but we are paying the price"



**Heading for
winter....**

**Thank you
for your
attention**

**@KJOsinga
kjosinga@lto.nl**

ANNEX 3

EU dairy products monthly stock estimates up to end of April 2022

EDA



**EU dairy products
monthly stock estimates
up to end of April 2022**

**Milk Market Observatory
Economic Board**

June 29th, 2022

Methodology

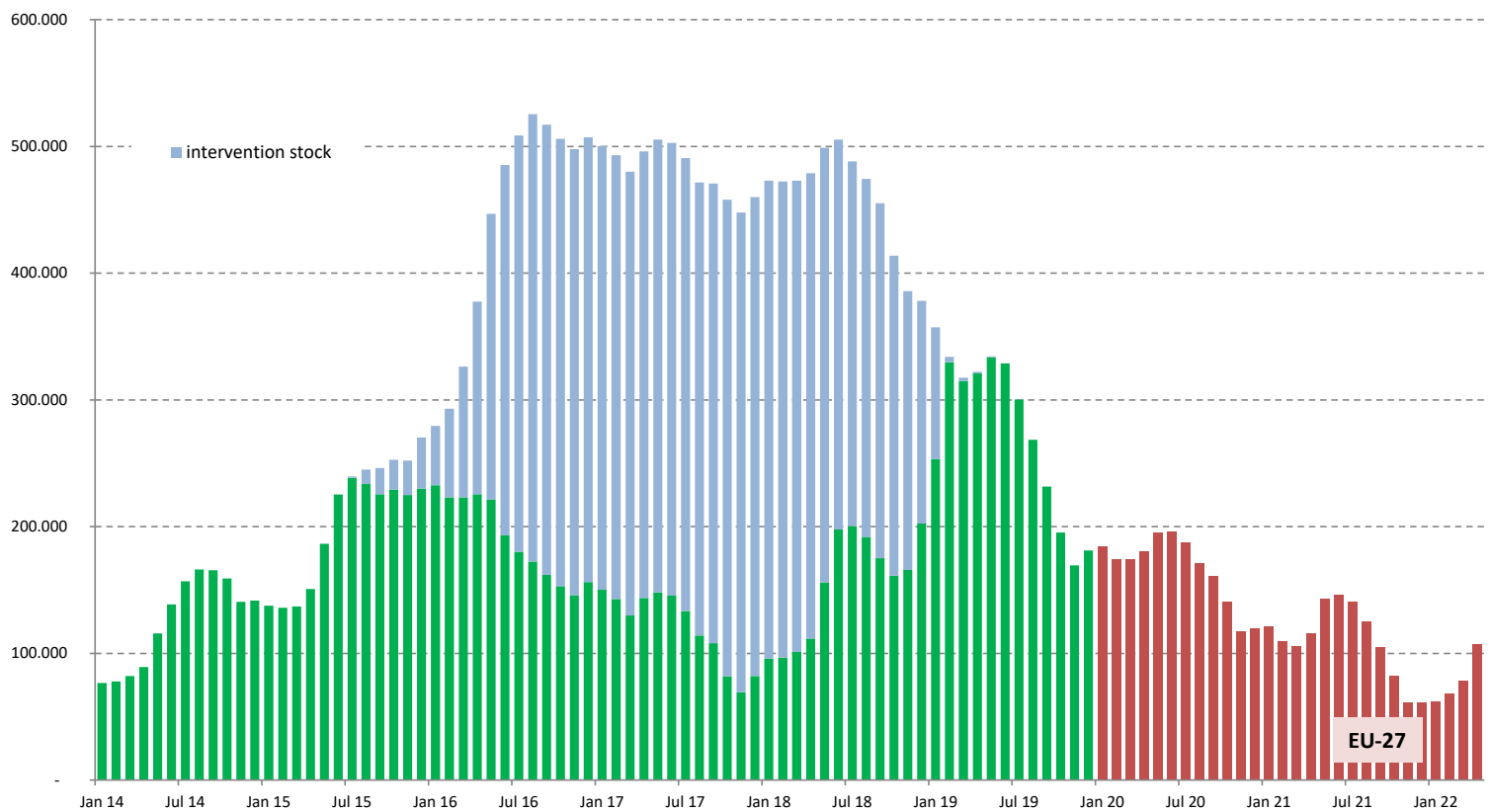
- For each dairy product and each month, the stock estimates are based on the equation:
 - $\text{Stock variation} = \text{EU production} + \text{EU import} - \text{EU internal consumption} - \text{EU exports}$
- ZMB balance sheets and forecasts have been used as references for :
 - End of year stock levels
 - Yearly consumption levels
- Monthly production statistics are based on ZMB Dairy World publications.
- Exports and imports figures are based on MMO website figures and Eurostat. From 2020 onwards, data refer to the EU-27 (coloured in red).
- The initial stocks entered in the model at the beginning of 2012 are :
 - SMP: 152 000 t
 - Butter: 80 000 t
 - Cheese: 200 000 t (arbitrary basis)
- The green/red parts in each graph mean that this stock level can be considered as normal for the month.
- Orange parts mean that this stock level can be considered as too high for the month; intervention stocks are coloured blue.
- These qualifications are based on the EDA analysts' personal views and past market observations.

SMP: Supply of SMP is reduced compared with previous years. Stocks decreased to a very low level in the first months of the year and increased seasonally in April. Export demand is quiet actually. Prices decreased since the peak in April.

European stock level estimates - SMP - April 2022
 Calculations based on Eurostat production, export and import statistics
 and EU internal consumption annual estimates subject to revisions



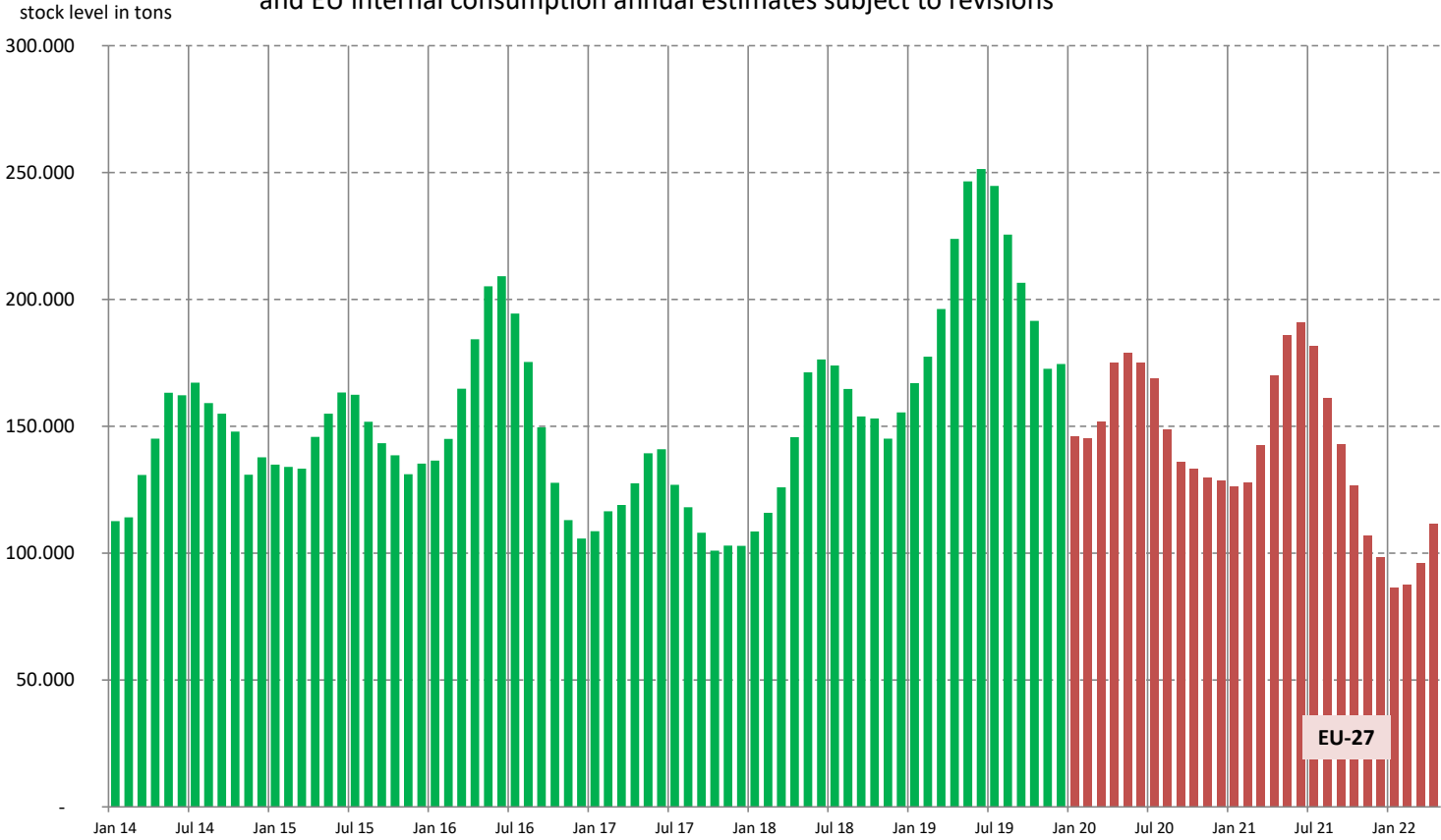
stock level
in tons



Butter-stocks had been very low in the recent months. Due to lower availability of cream inventories had been lower than normal in the first quarter of 2022. Retail-demand is affected by higher prices and general high inflation rates. Export opportunities are limited at the moment. The increase of prices stopped since April.

European stock level estimates - Butter - April 2022

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



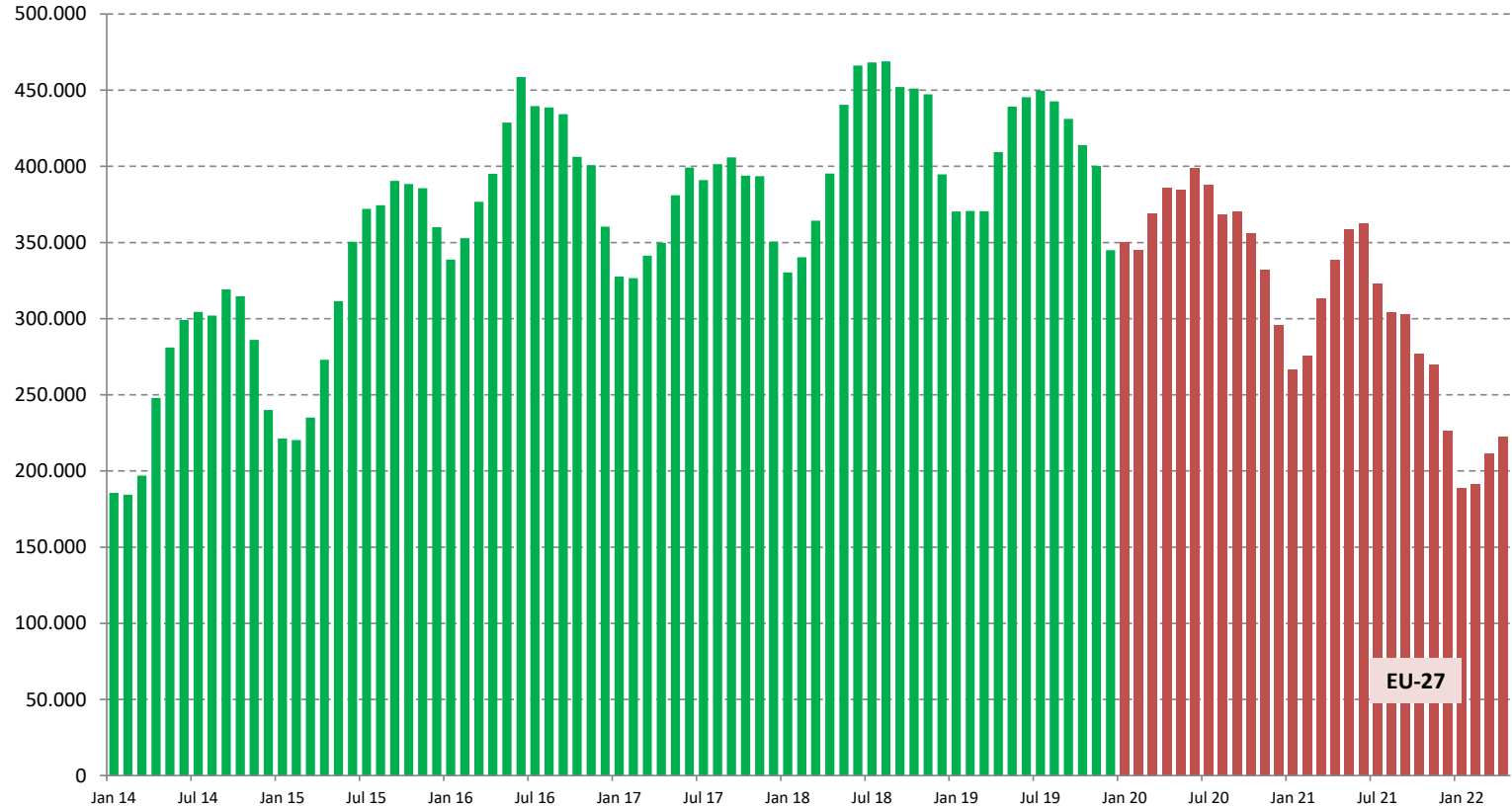
Cheese demand is healthy in the EU and outside. Growth of EU-production stopped in recent months. Availability was short in the first months of the years and normalized recently. Prices are moving on historical high levels.

European stock level estimates - Cheese - April 2022

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



stock level in tons



Situation: Uncertainty

Milk deliveries are lower than in 2020 for the second year in a row. Farm-gate milk prices are higher than ever before, while farmers are confronted with more environmental constraints, very high costs for fertilizer, feed and energy. Additionally there is drought again in parts of Europe.

Demand for dairy products remained good so far, but inflation is becoming more serious for consumers. There are signs that times are getting tougher for premium products.

Markets are better balanced than in March, but stocks of all dairy products are still very low. Prices of dairy products are historically high. However, the increases came to an end and certain corrections are observed. EU-products are higher priced than other origins on international level.

ANNEX 4

Global Dairy Trade Flows

Eucolait



eucolait

*European Dairy Trade
Association*

Global dairy trade flows

MMO EXPERT GROUP

29/06/2022

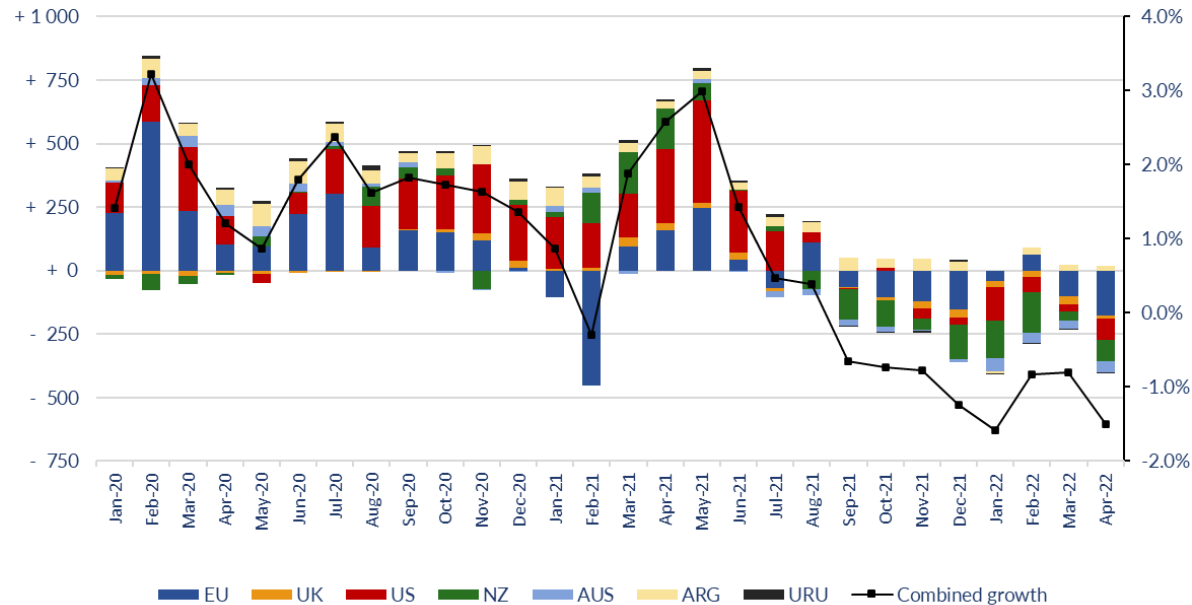
www.eucolait.eu

Outline

- Global supply
- Global exports & imports
- Demand in China
- Trade with Ukraine
- Conclusions

Global supply

World milk supply growth in 2020-2022
(EU27, UK, US, NZ, Australia, Argentina, Uruguay)



MILK COLLECTION OF MAIN EXPORTERS - APRIL 2022

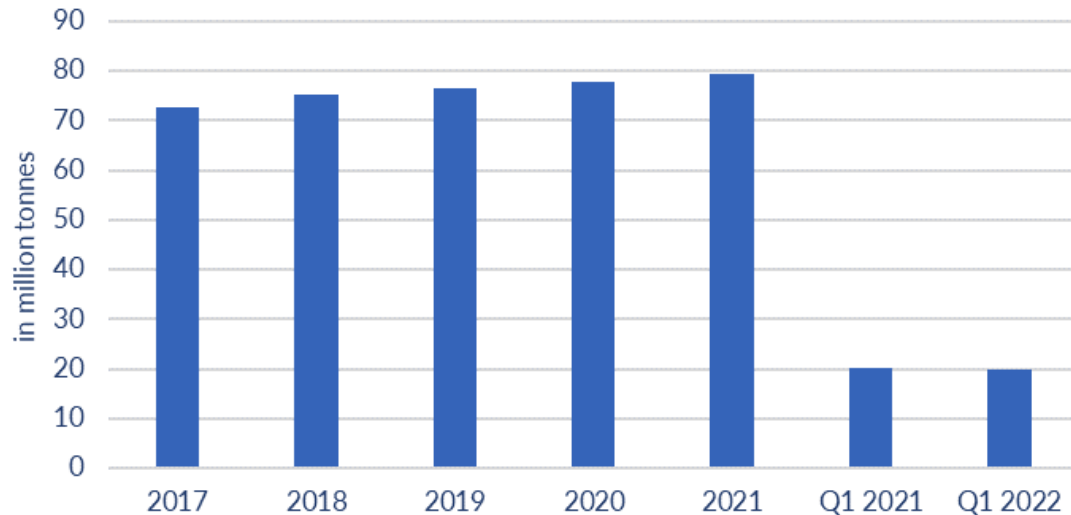
Country	Volume in '000 tonnes	Δ% YOY 22/21	Volume YTD in '000 tonnes	Δ% YTD 22/21	Δ% Season to date 21/22
EU27	12 715	↓ -1.4%	48 248	↓ -0.5%	
United States	8 693	↓ -0.9%	34 242	↓ -0.9%	
New Zealand	1 429	↓ -5.6%	7 335	↓ -5.5%	↓ -4.1%
Australia	601	↓ -6.5%	2 548	↓ -6.0%	↓ -3.5%
Argentina	863	↑ +2.0%	3 528	↑ +1.7%	
Uruguay	151	↓ -3.4%	598	↓ -2.8%	
United Kingdom	1 319	↓ -0.9%	4 868	↓ -1.9%	
TOTAL	25 770	↓ -1.5%	101 366	↓ -1.2%	

Global dairy exports in ME

Global dairy exports:
Growth rate Q1 22/21: -1.6%

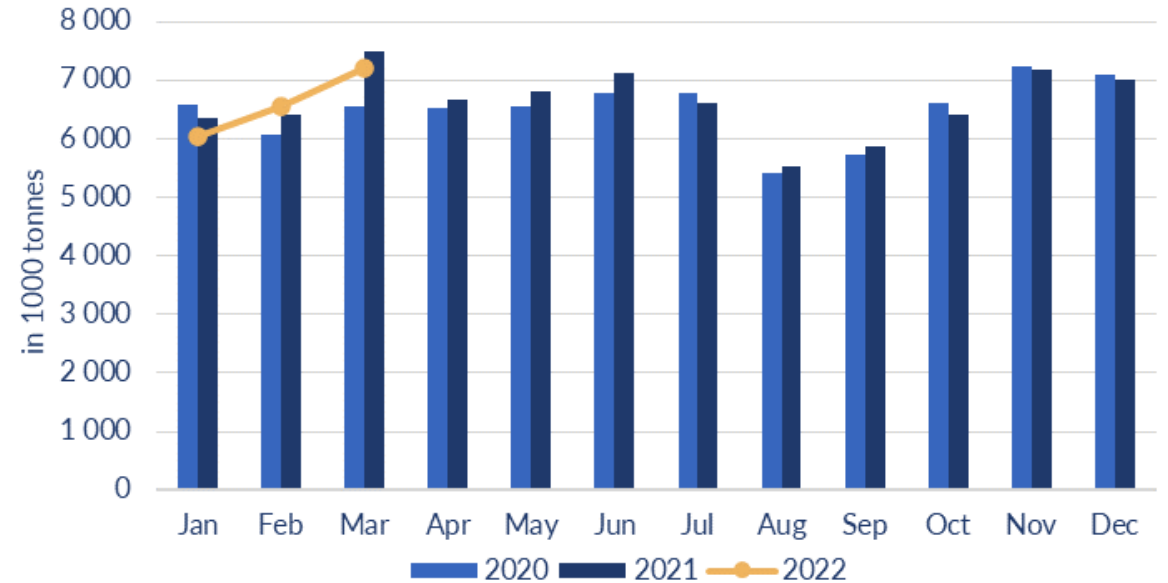
Global dairy exports in milk equivalent

WMP, SMP, butter(oil), cheese, casein(ate)s, whey, lactose



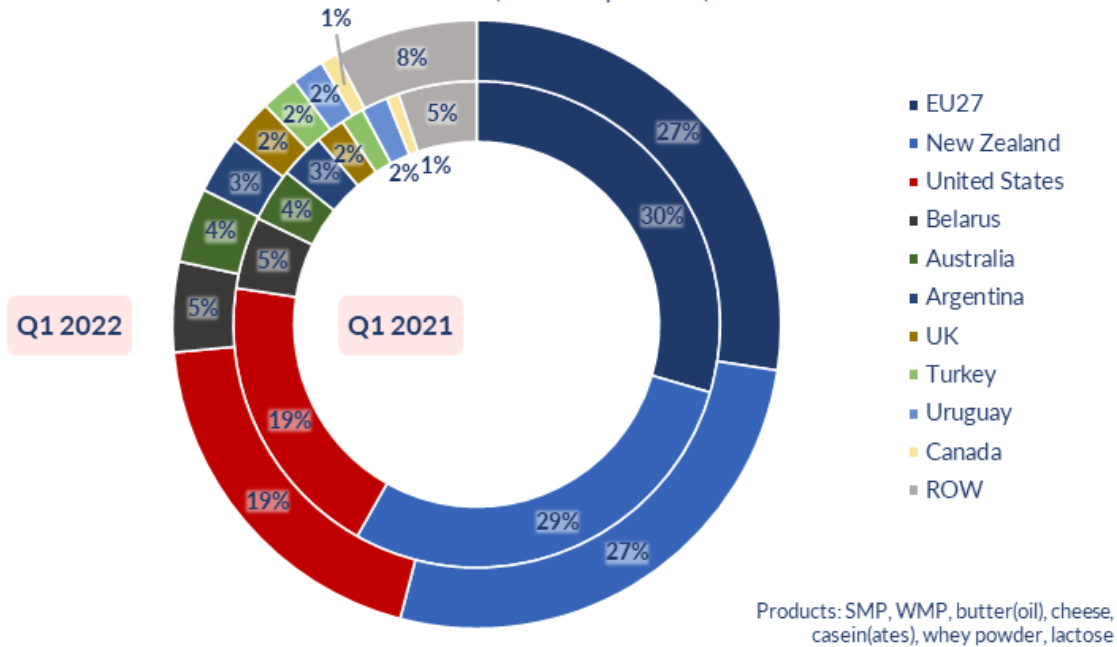
Monthly global dairy exports in milk equivalent

Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

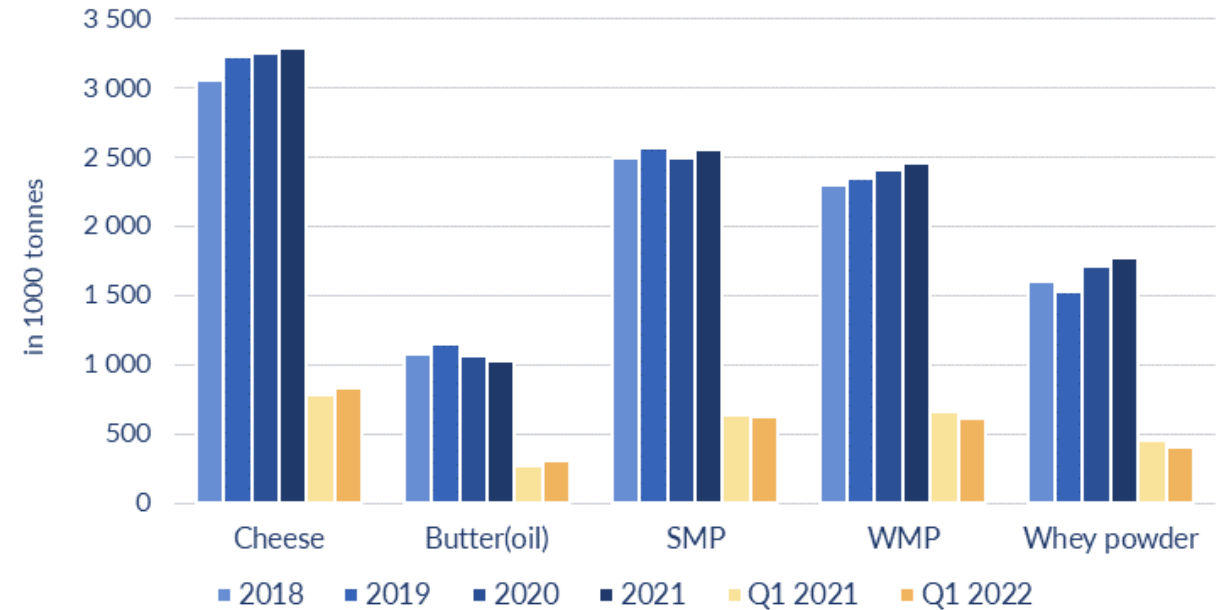


Global dairy exports

Export shares in % of total export volumes
(in milk equivalent)

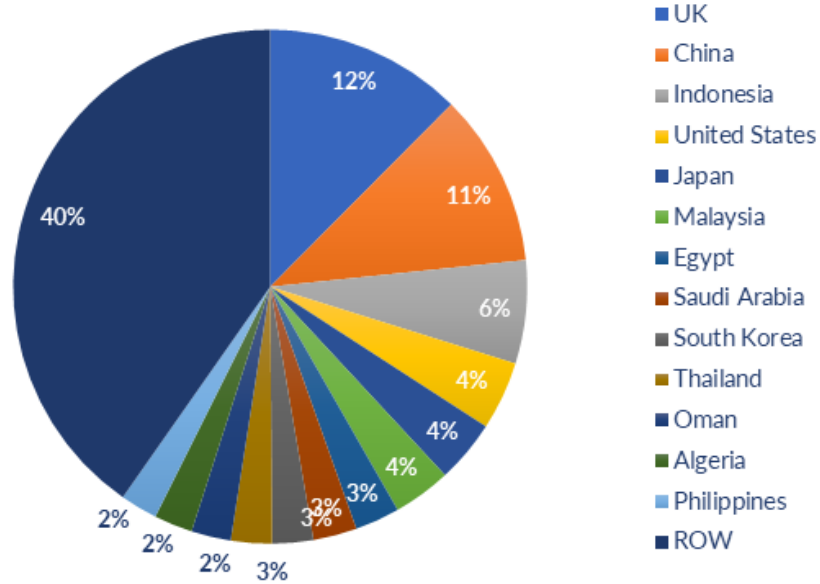


Global exports of main dairy commodities



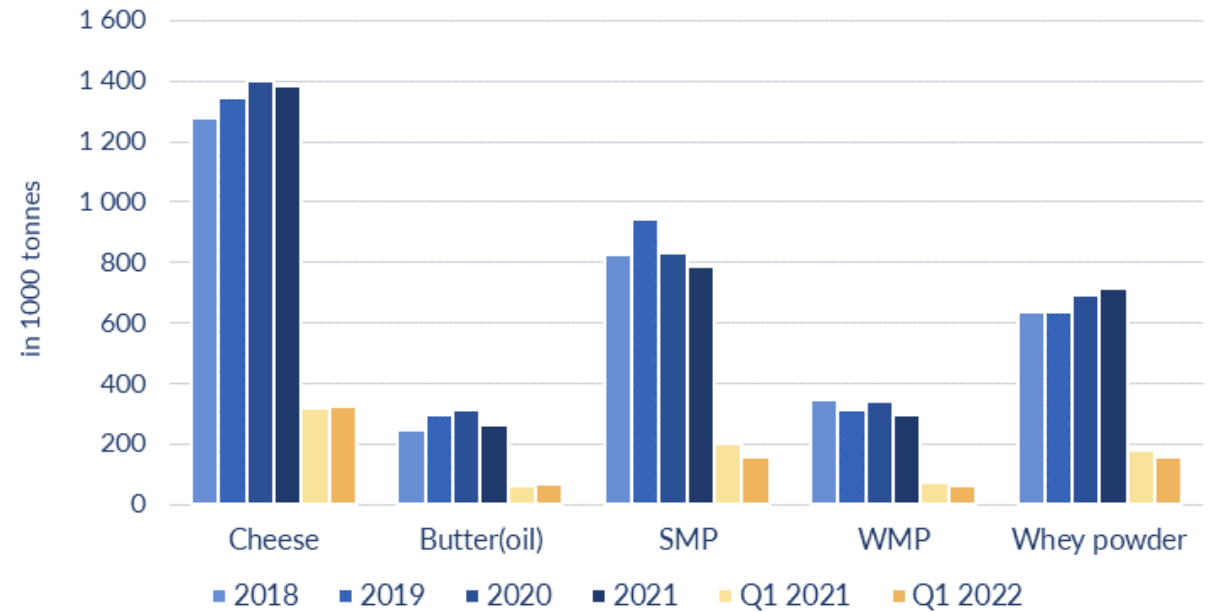
EU exports by product and destination

EU export destinations in Q1 2022
(in milk equivalent)



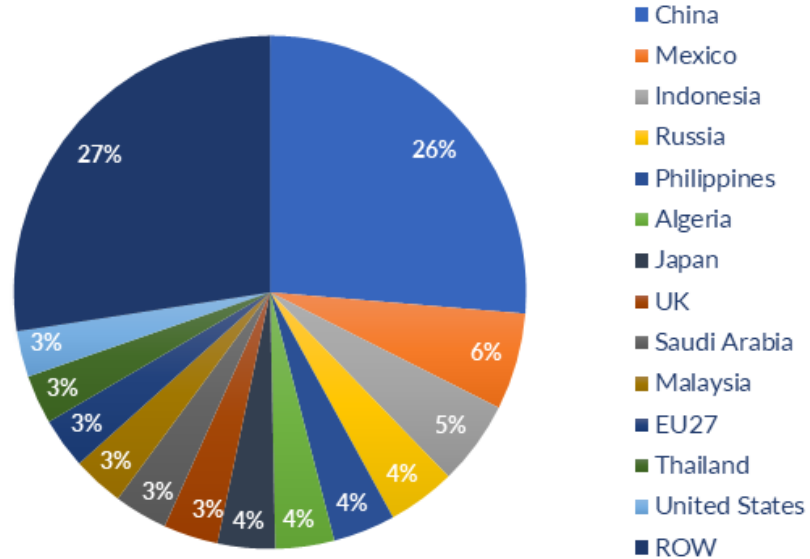
Products: cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

EU exports of main dairy commodities



Main import markets

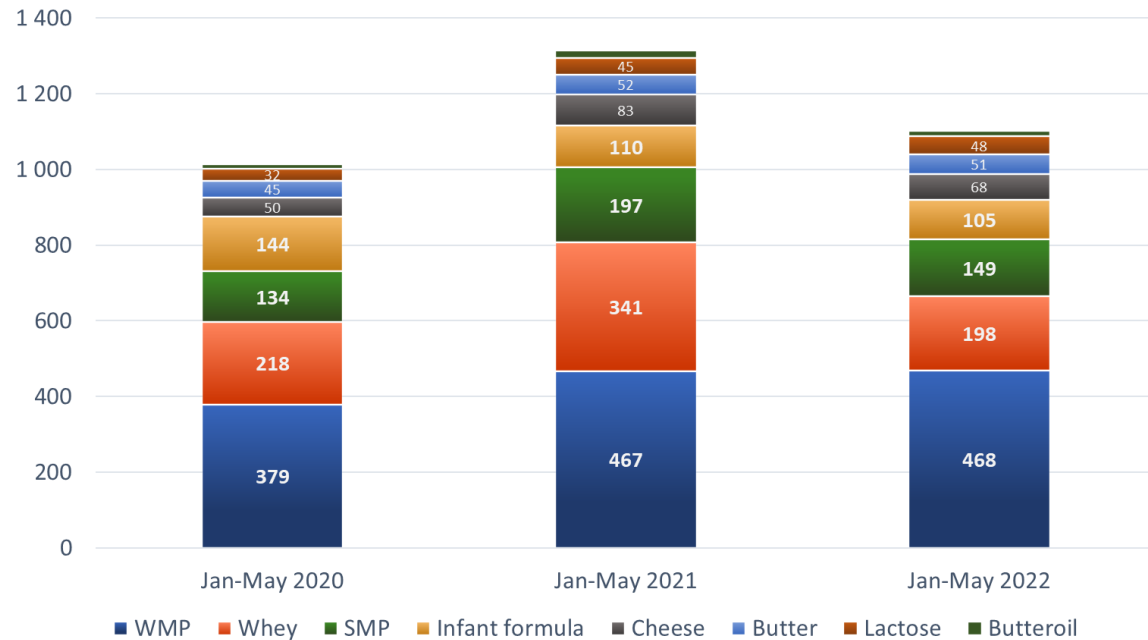
Main import markets in Q1 2022
(in milk equivalent)



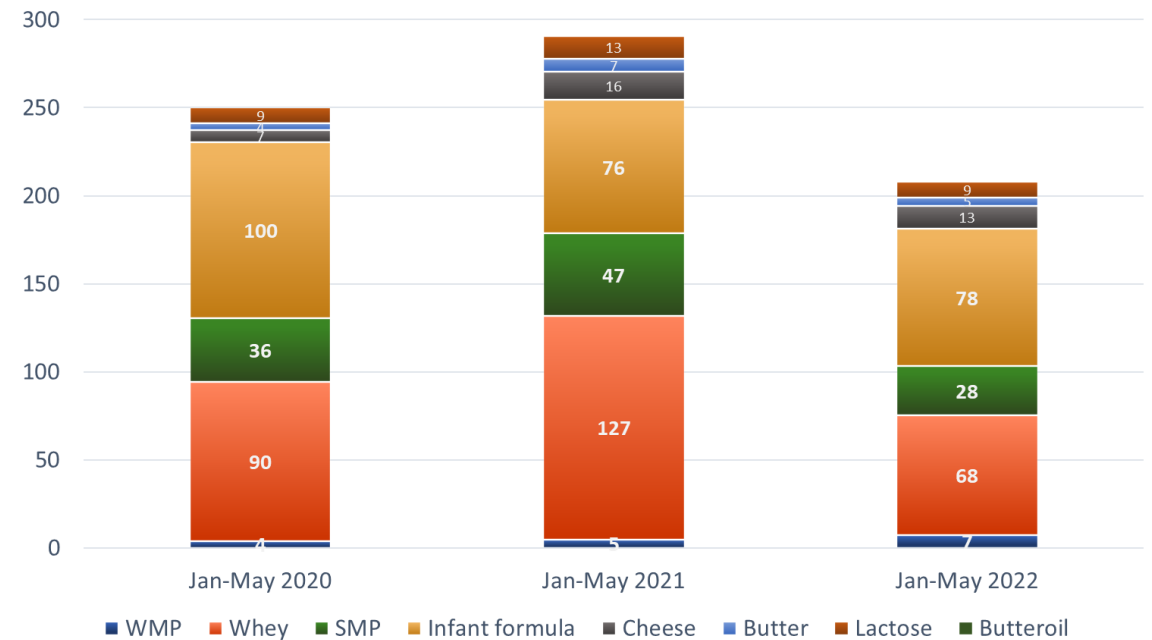
Main import markets in Q1 2022	
Importers	Δ% 22/ 21
World	→ +1%
China	↓ -11%
Mexico	↑ +21%
Indonesia	↑ +20%
Russia	↑ +5%
Philippines	↑ +18%
Algeria	↓ -2%
Japan	↑ +2%
UK	↑ +12%
Saudi Arabia	↑ +3%
Malaysia	→ -0%
EU27	↑ +16%
Thailand	↑ +45%
United States	↑ +9%
ROW	↓ -3%

China imports

Cumulated China imports (in 1000 tonnes)

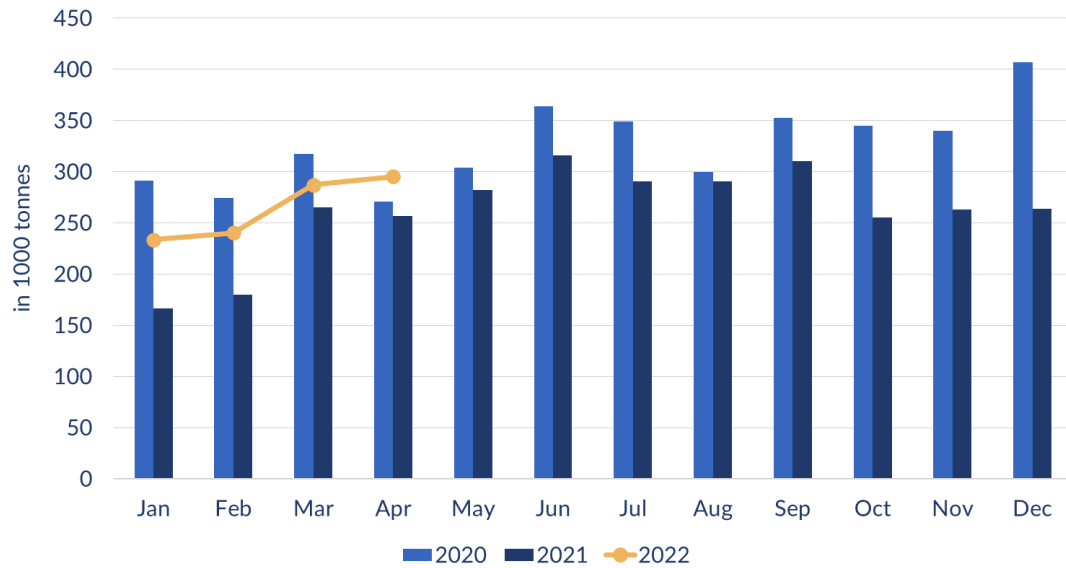


Cumulated China imports from the EU (in 1000 tonnes)

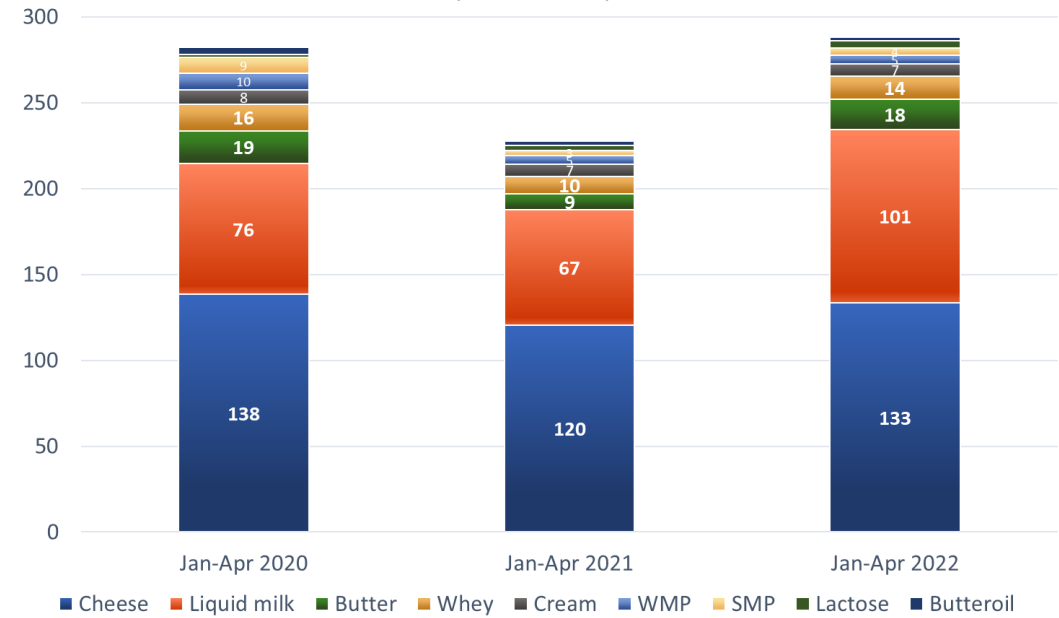


EU-UK trade

EU dairy exports to the UK in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream

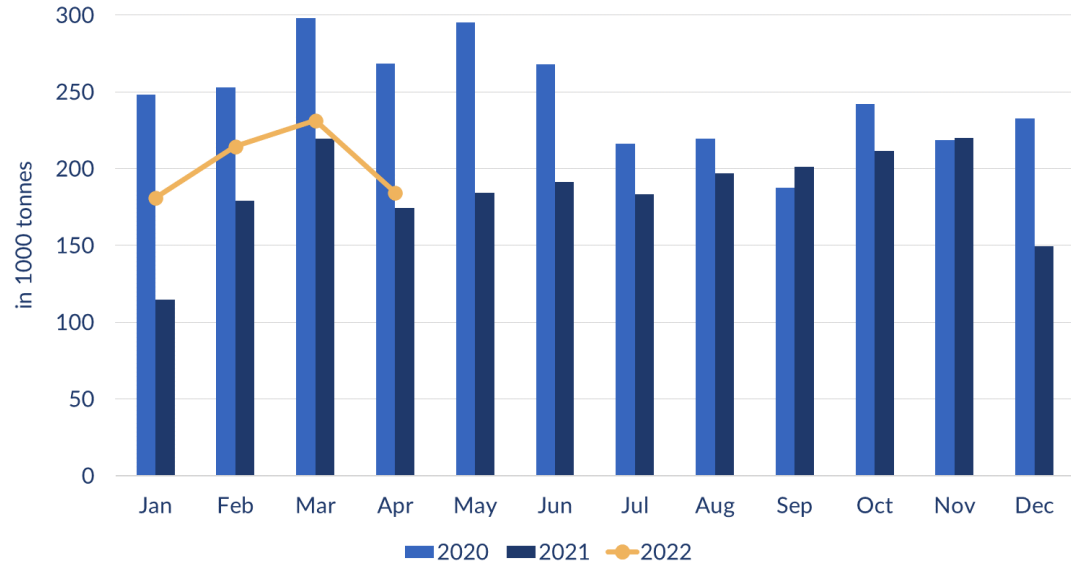


Cumulated EU exports to the UK
(in 1000 tonnes)

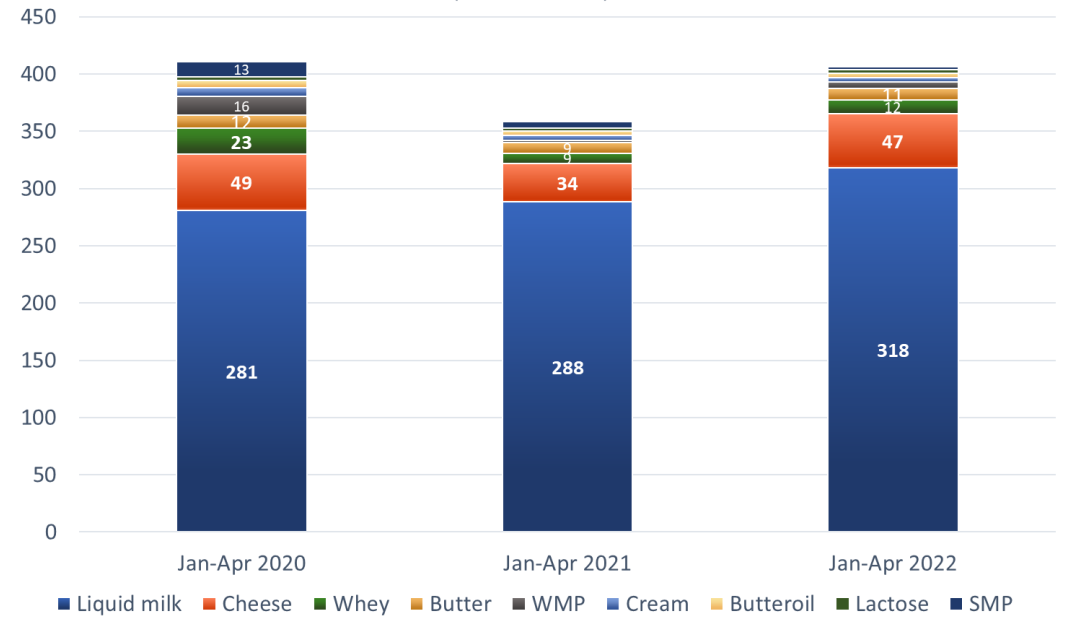


UK-EU trade

UK dairy exports to the EU in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream

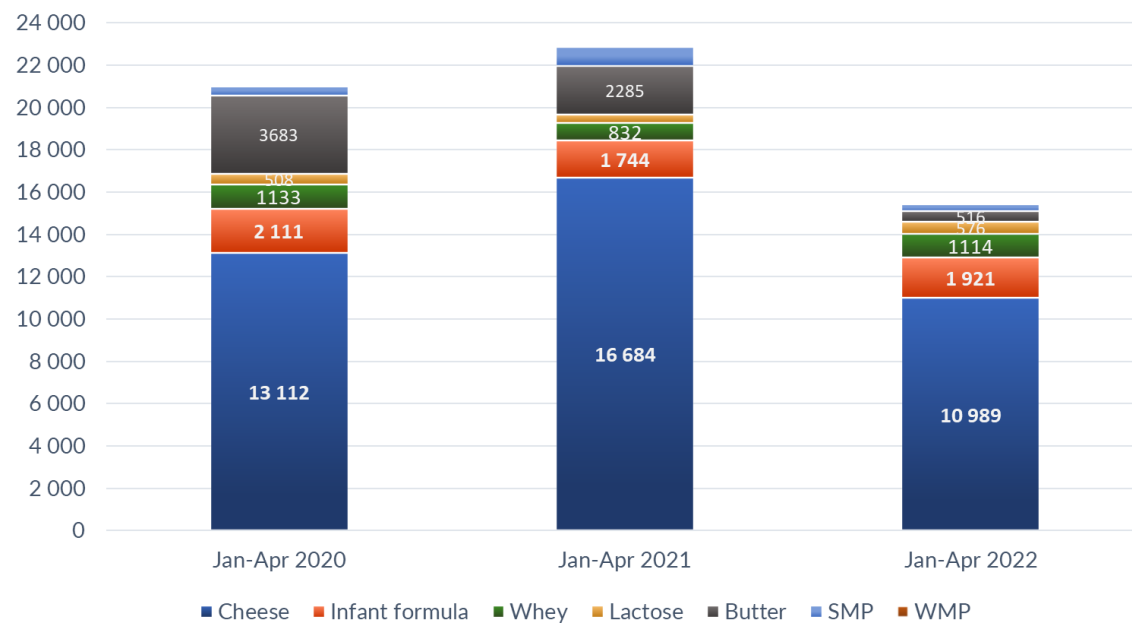


Cumulated UK exports to the EU
(in 1000 tonnes)



Ukraine imports

Cumulated Ukraine imports
(in 1000 tonnes)

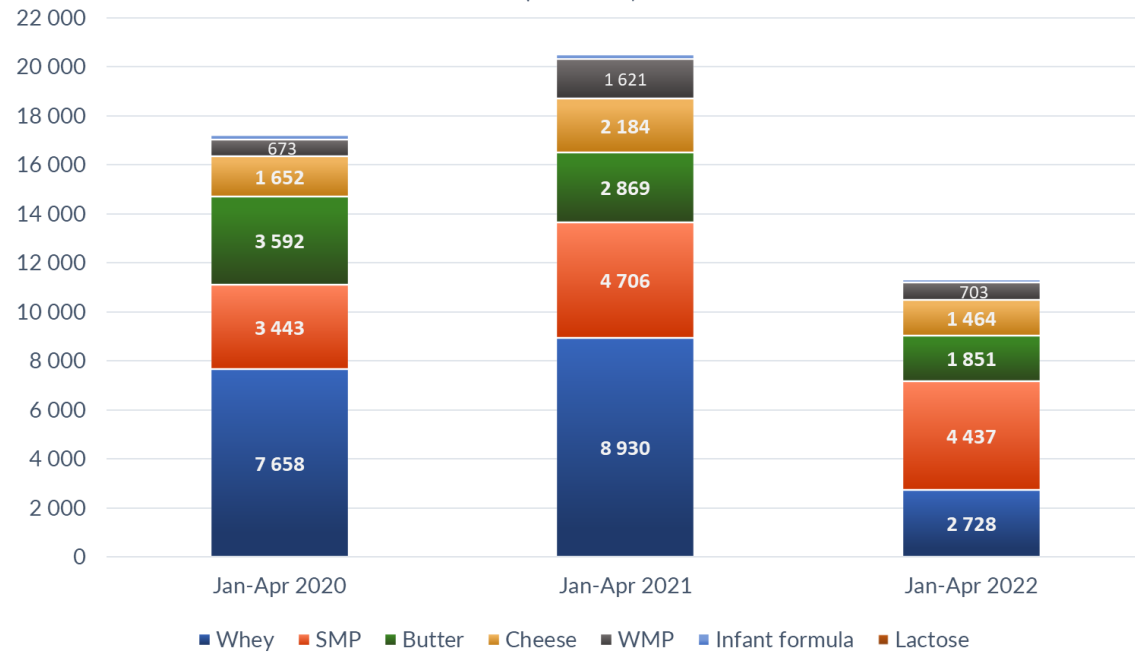


UKRAINE IMPORTS - APRIL 2022				
Product	Volume in tonnes	Δ% YOY 22/21	Volume YTD in tonnes	Δ% YTD 22/21
Cheese	1 549	↓ -66%	10 987	↓ -34%
Butter	14	↓ -98%	514	↓ -77%
SMP	0	↓ -100%	296	↓ -67%
Whey	18	↓ -94%	1 113	↑ +34%

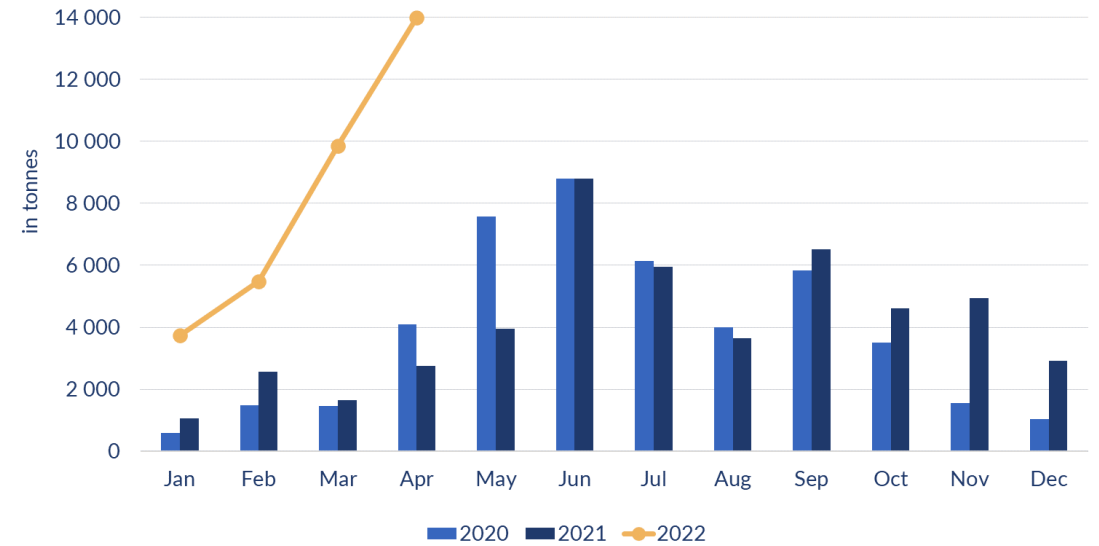
Source: Trade Data Monitor

Ukraine exports

Cumulated Ukraine exports (in tonnes)



Ukraine exports to the EU in milk equivalent Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)



Conclusions

- Milk production in the main exporting regions has been declining due to high input costs, weather events, environmental restrictions as well as labour and logistical issues. The availability and prices of feed, fertiliser and energy are major concerns in Europe but at least part of the ongoing decrease appears to be structural.
- The war is heavily affecting the whole dairy supply chain, causing inflation and threatening global food security. Dairy trade with Ukraine is drastically reduced but EU imports from Ukraine are increasing.
- Global demand for dairy has remained solid, with buying activity in Southeast Asia making up for losses in China. The record high price levels have however affected imports in price-sensitive regions.
- The reduced availability of milk is reflected in the slowdown of global trade in Q1.
- The effects of rising inflation combined with already high prices on dairy consumption, the broader macroeconomic outlook, Chinese demand and supply side challenges amplified by the war appear as key parameters looking forward.

Thank You

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ANNEX 5

Trends in sales of milk & dairy products – a retail perspective

EuroCommerce

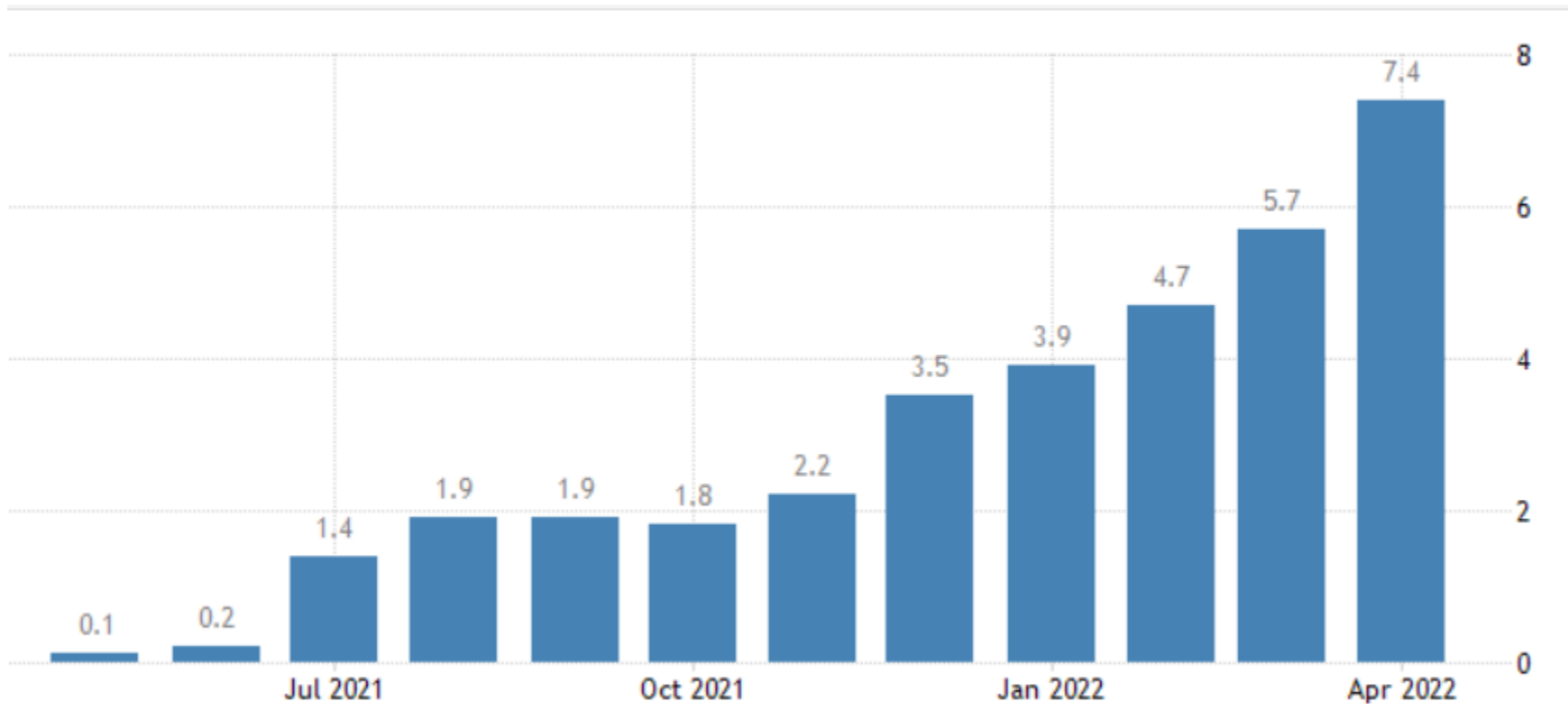


TRENDS IN SALES OF MILK & DAIRY PRODUCTS – A RETAIL PERSPECTIVE

Milk Market Observatory
29 June 2022

Europe: economic context

EU food inflation



Source: Eurostat

Europe

Consumer behaviour in times of crisis

Europe
average⁴

More consumers prioritize price

Look for ways to
save money when
shopping

42%

+9

Actively research
for best
promotions

28%

+1

Switch to less
expensive
products to save
money

18%

+1

Buy private-label
products instead
of known brands

14%

+4

Trends during 2022 inflation

Retailers do not expect demand changes in relation to bread, milk, extra-virgin olive oil, but expect decreases in demand for fresh seafood, **cheese**, wine.

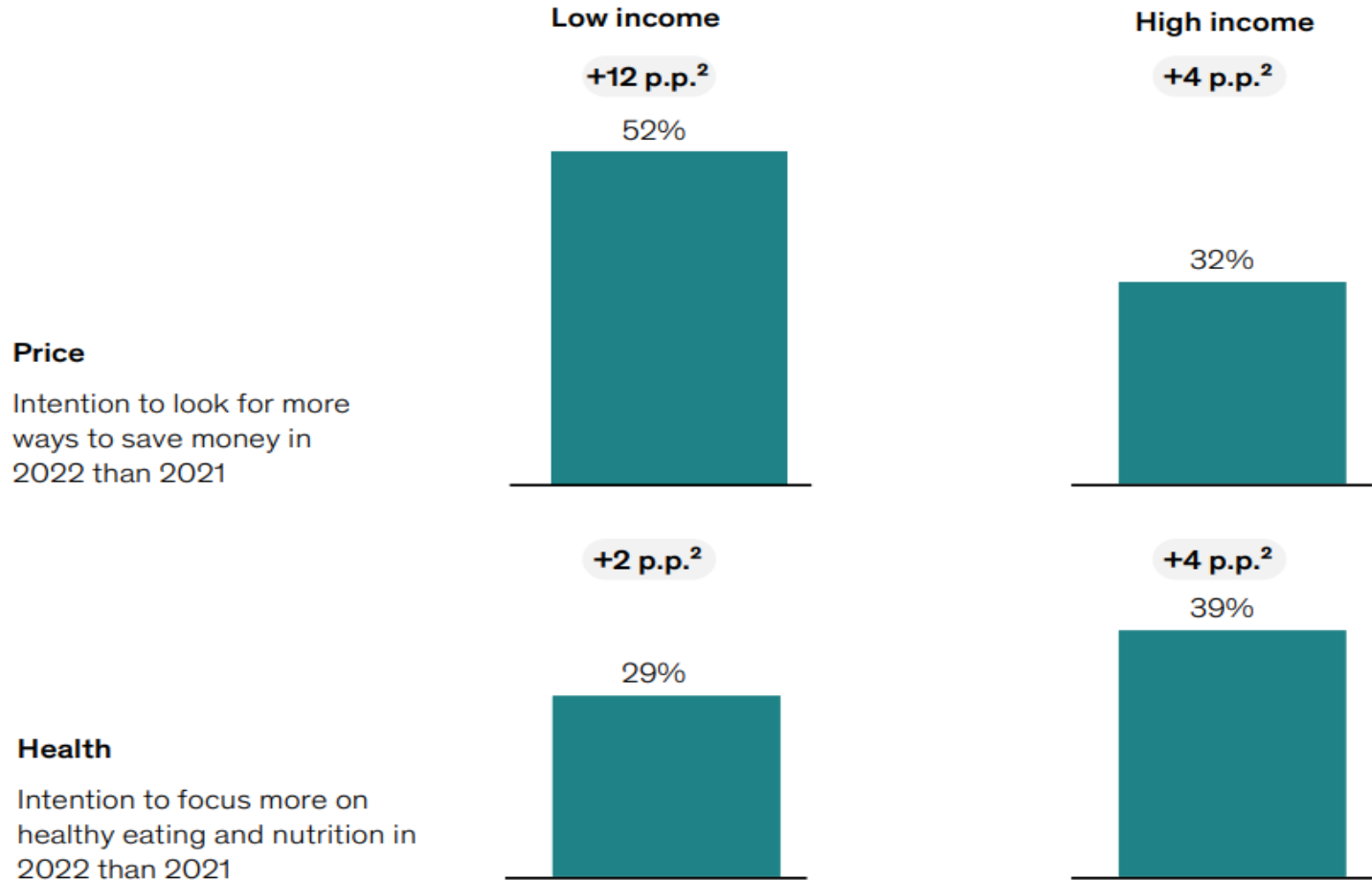
Source: McKinsey, ISMEA

Europe

Healthier eating and sustainability

Net intent¹ of consumers toward grocery shopping in 2022 compared with 2021, European average, %

■ 2022 ◯ Change from previous year



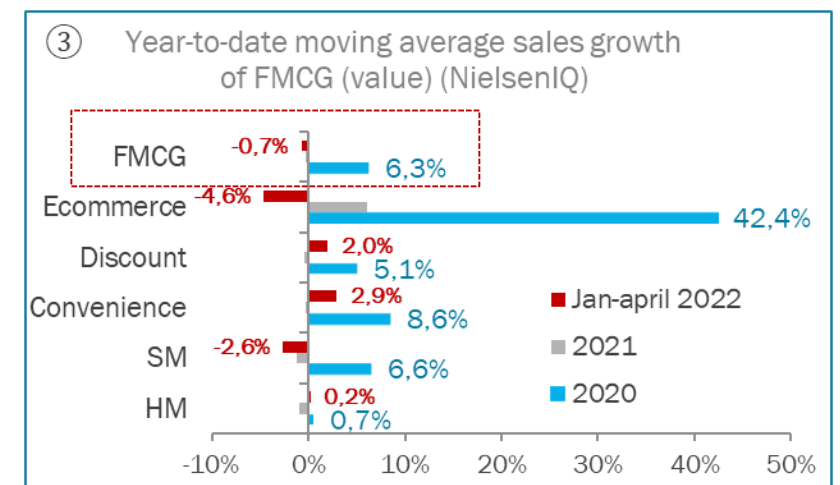
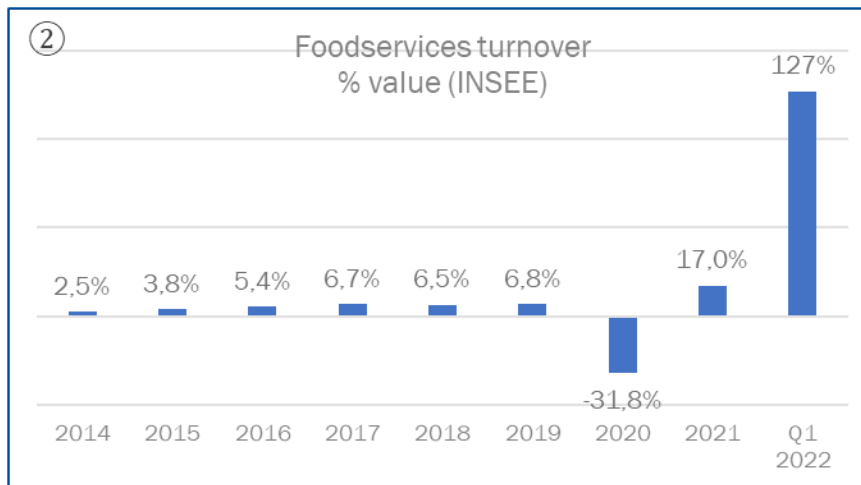
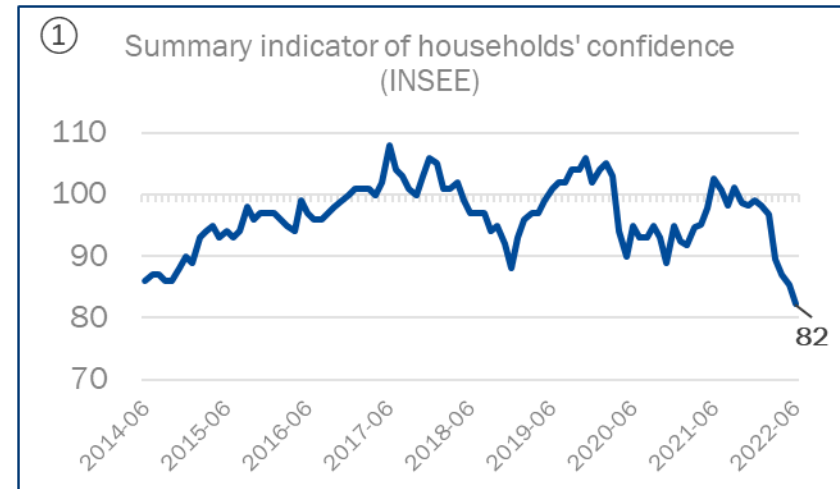
France

Economic context (1)

① In June 2022, households' confidence in the economic situation decreased further, for the sixth month in a row. At 82, the indicator it has lost 3 points and thus remains well below its long-term average (100).

② Restaurant sales rebounded 127% in Q1 2022, the sector has finally returned to its pre-crisis level in Q1 2022: revenues are 3.1% higher in Q1 2022 than in Q1 2019. Within the European Union, the trend is similar: +100% in Q1 2022.

③ FMCG sales declined slightly during the first 4 months of the year (-0.7%) but remain above 2019 levels.



France

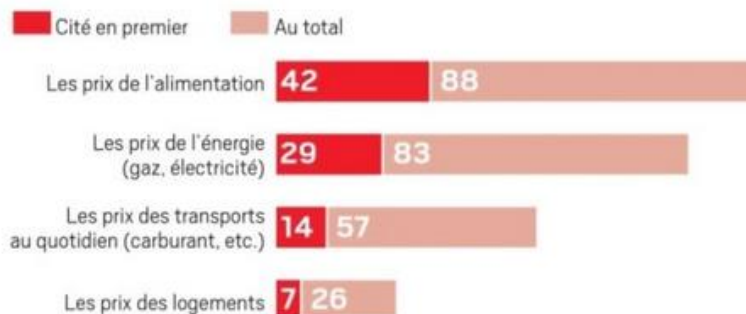
Economic context (2)

- ❖ Food is the number one problem for the French, 82% of whom support the creation of a food voucher, according to a Harris Interactive survey.
- ❖ They estimate that they spend 30% of their expenses on food vs. 15% on average (food at home) according to Insee data in 2021, and 20% on food at home + out of home.

Pouvoir d'achat : les inquiétudes des Français

Quelles éventuelles augmentations de prix redouteriez-vous le plus aujourd'hui ?

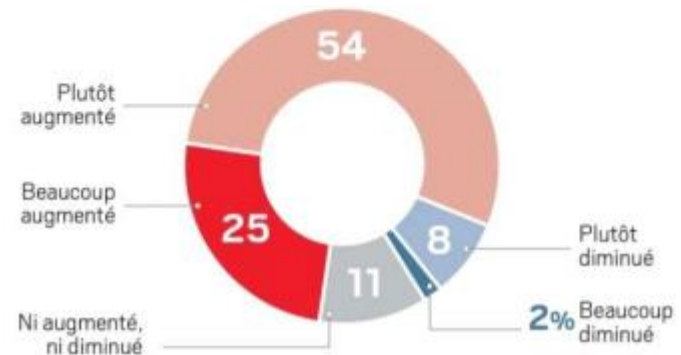
(en pourcentage)



Source : Harris Interactive - June 2022



Selon vous, la part de vos revenus personnels que vous consacrez à votre alimentation a-t-elle au cours des derniers mois... (en pourcentage)



France

Home consumption - Period ending 31 March 2022

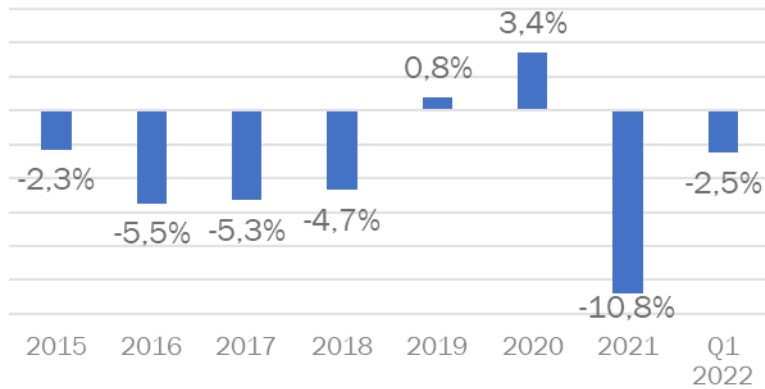
Product category	Volume (% change) Q1 2022 / Q1 2021	Volume (% change) 12 months to 31 March	Price (% change) Q1 2022 / Q1 2021
Total liquid milk	-1,1%	-4,5%	0,8%
Of which UHT semi-skimmed milk	-2,5%	-8,5%	0,7%
Yoghurt & fresh cheese	-3,1%	-4,0%	1,2%
Butter	-7,3%	-7,1%	0,4%
Cream	-6,6%	-6,4%	-0,6%
Cheese	-5,8%	-5,7%	0,4%

Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

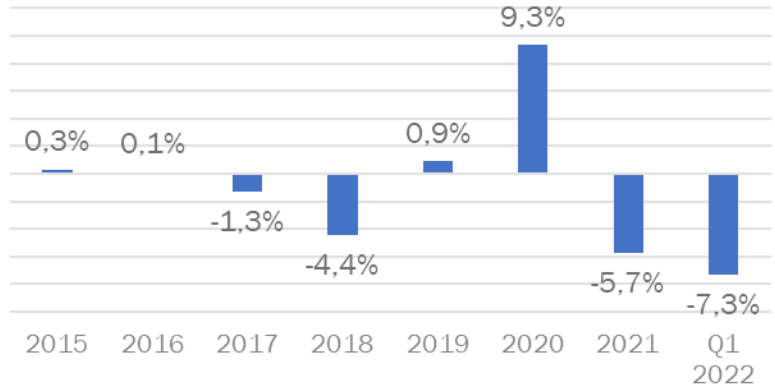
France

Home Consumption (vol.) - Period ending 31 March 2022

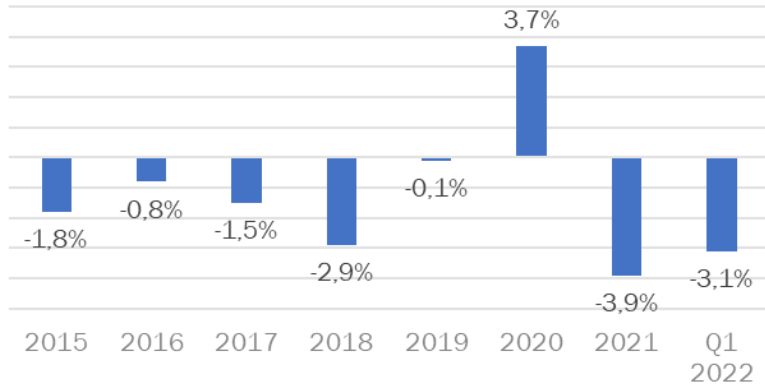
Milk UHT Semi skimmed (% , vol)



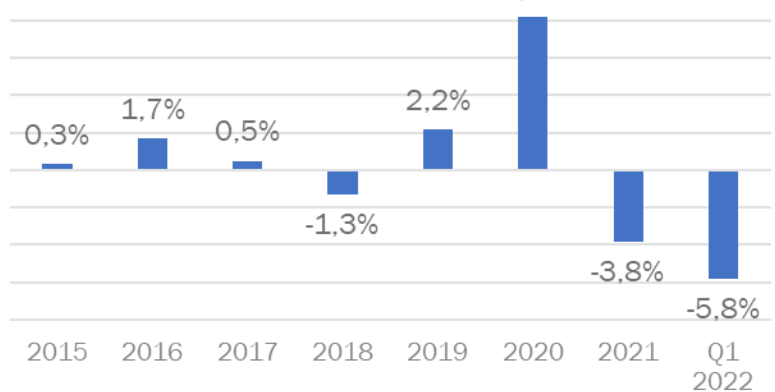
Butter (% , vol)



Yoghurt & fresh cheese (% , vol)



Cheese (% , vol)



Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

France

Focus on hypermarkets and supermarkets

Sales of dairy products in hypermarkets and supermarkets fell by 3,5% in value during the first 5 months of 2022, compared to the same period in 2021 but were up by 4,2% compared to 2019 (January-may).

CC_TOUS CIRCUITS	Evol.CA	Evol.Volume	Evol.Prix d'achat	P
TOTAL PGC	-1,3%	-3,6%	2,3	
DPH	0,3%	-2,1%	2,4	
ENTRETIEN	-2,3%	-3,9%	1,6	
HYGIENE	1,7%	-1,1%	2,8	
EPICERIE	0,5%	-2,3%	2,9	
EPICERIE SALEE	1,7%	-2,1%	3,8	
EPICERIE SUCREE	-0,5%	-2,5%	2,0	
FLS POIDS FIXE	-2,5%	-4,8%	2,3	
CREMERIE	-3,5%	-6,1%	2,6	
FRAIS NON LAITIERS LS	-0,8%	-2,7%	1,9	
SURGELES GLACES	-5,1%	-7,9%	2,8	
LIQUIDES	-2,8%	-4,0%	1,2	
BIERES ET CIDRES	-5,6%	-6,7%	1,1	
BRSA ET EAUX	2,5%	0,0%	2,5	
SPIRITUEUX ET CHAMPAGNES	-6,5%	-6,4%	-0,1	

Source: IRI

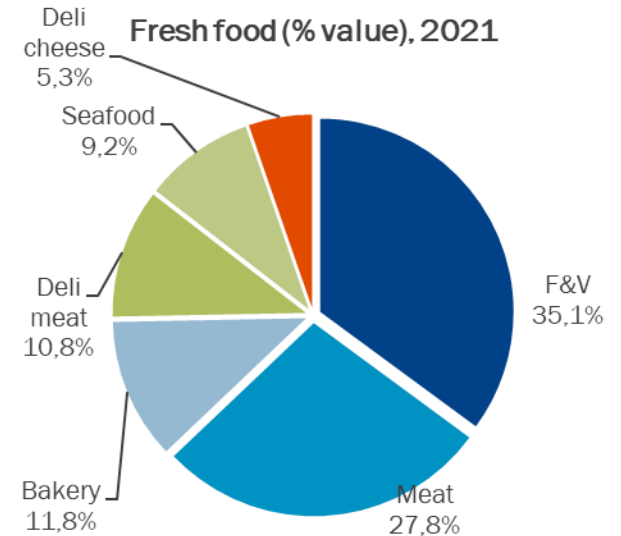
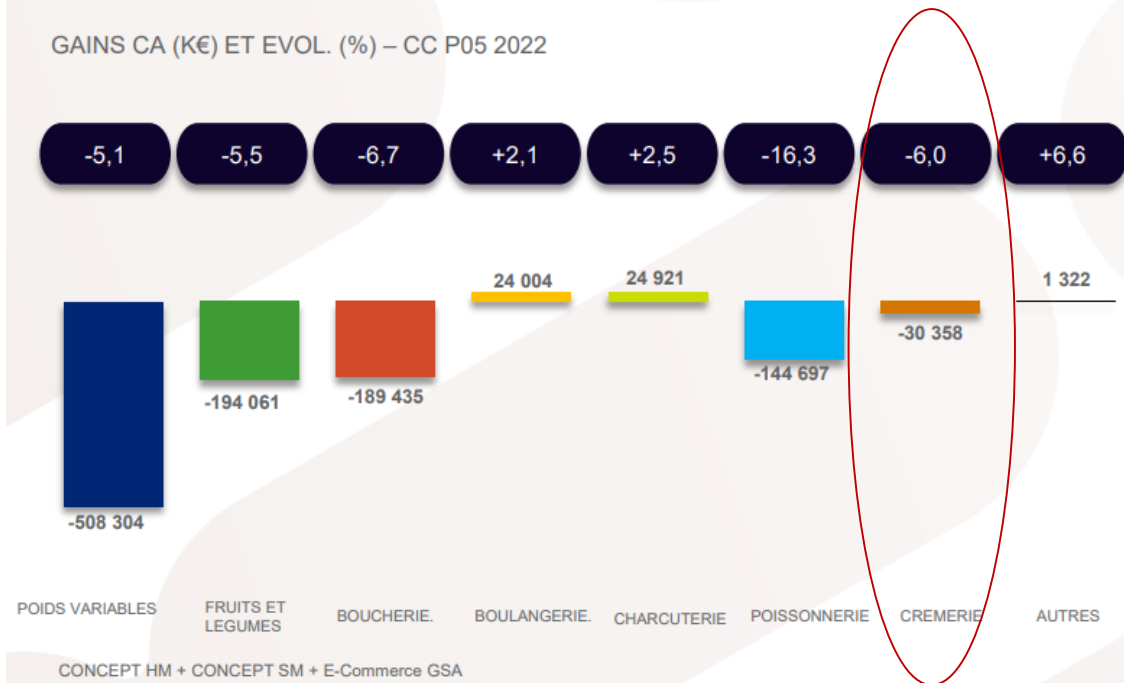
France

Focus on fresh food in hypermarkets and supermarkets

The sales of fresh food products (unpacked products) decreased by 5,1% during the first 5 months of 2022 compared to 2021. The sales of **cheese** decreased by 6% during this period compared to 2021 (-7% compared to the same period in 2019).

Décomposition évolution poids variable - cumul courant -

GAINS CA (K€) ET EVOL. (%) – CC P05 2022



France

Focus on inflation (1)

Inflation in May 2022 : FMCG

- ❖ One-year inflation accelerated sharply to +3,81% overall.
- ❖ All types of brands are now inflationary, including national brands at +3,16%.
- ❖ The grocery (salted) section is the most inflationary section at +5,14%.
- ❖ Dairy prices increased by 4,69% between May 2021 and May 2022. Within this group, the "first prices" have increased by 6,87%.

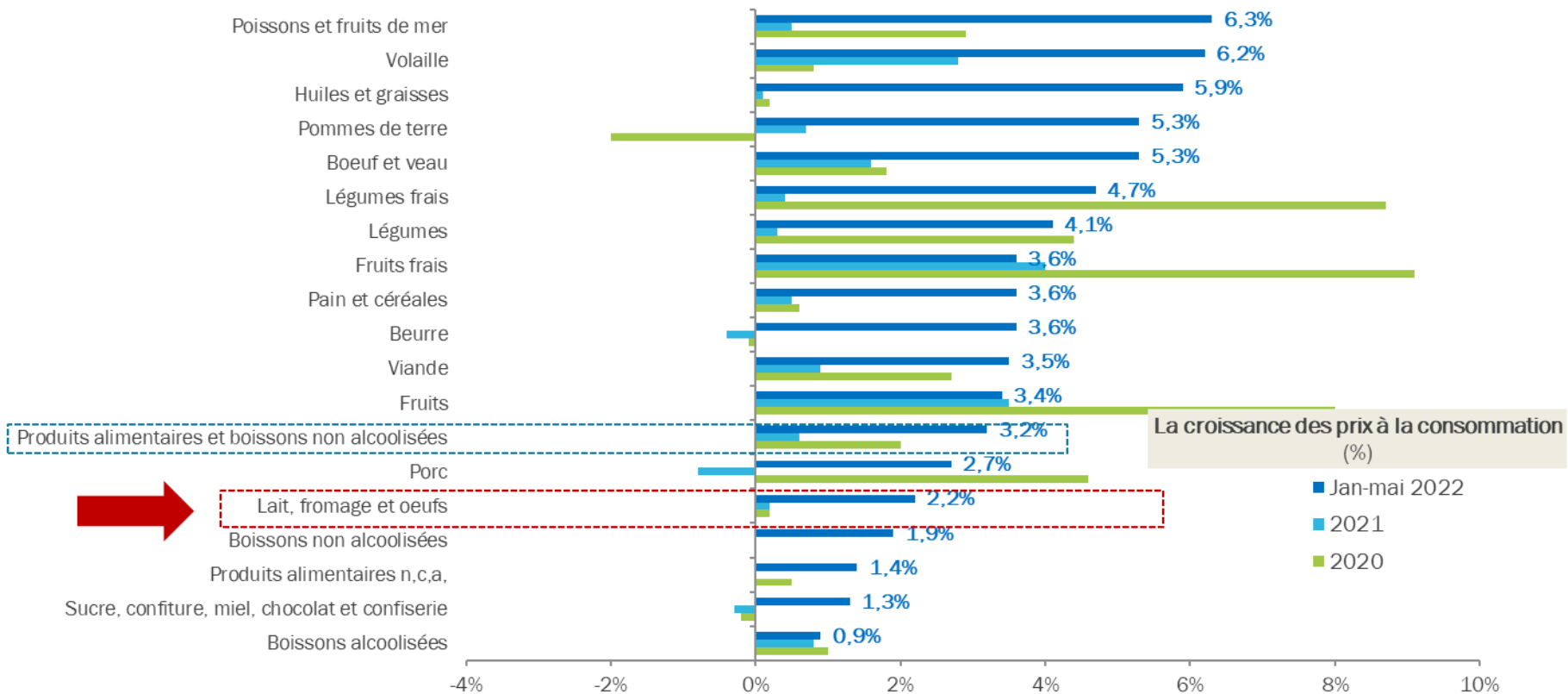
Source: IRI (hypermarkets, supermarkets, e-commerce)

	Tous Circuits			
	Tous produits	MN	MDD	PPX
TOTAL INFOSCAN IRI	3,81	3,16	5,21	8,00
INFOSCAN ALIMENTAIRE	3,79	3,15	5,20	8,05
DPH	1,69	0,34	5,42	7,98
ENTRETIEN	1,05	-0,14	4,70	4,94
HYGIENE	2,01	0,59	5,76	9,01
EPICERIE	5,14	4,62	6,44	9,33
EPICERIE SALEE	5,81	5,06	7,25	10,01
EPICERIE SUCREE	4,51	4,25	5,32	8,12
FLS POIDS FIXE	4,61	4,28	4,88	8,80
CREMERIE	4,69	4,87	4,30	6,87
FRAIS NON LAITIERS LS	4,32	3,70	4,88	8,73
SURGELES GLACES	5,39	3,95	6,98	13,13
LIQUIDES	1,70	1,47	3,15	2,98
BIERES ET CIDRES	1,89	1,79	3,38	5,75
BRSA ET EAUX	2,73	2,47	3,88	2,88
SPIRITUEUX ET CHAMPAGNES	0,21	-0,03	1,72	1,60
INFOSCAN BAZAR	4,61	3,76	5,85	7,03



Focus on inflation (2)

The growth of consumer prices of food products has tended to accelerate in recent months. Fish and seafood prices have risen by 6.3% and poultry by 6.2%, oils and fats by 5.9% in the first 5 months of the year, etc. The growth in **dairy products** prices was less marked: 2.2% over 5 months



(*) IPC : indice des prix à la consommation (ensemble des ménages / France) / Source : INSEE - dernière donnée mai 2022

France

Organic market (hyper, supermarkets, discount, ecommerce)

Trend Reversal. According to Nielsen data, organic sales have decreased by -4,1% over the last 12 months (vs -0,8% for the overall market). Organic represents 5% of FMCG sales, down slightly from 5.2% a year ago. In terms of distribution channels, organic sales in hypermarkets fell by -4,8% (-1.2% for all FMCG), in convenience, they fell by -2%. Note an increase of 3,9% in the discount channel.



Pénétration

97.6%
+0.1 point
vs An-1



Sommes dépensées
par acheteur (€)

1 69€
-7.47€ vs
An-1



CAM P04

	Evolution PGC FLS	Evolution BIO	Poids du BIO (vs PGC FLS)	Contribution du BIO aux pertes valeur	Contribution des fabricants et distributeurs aux pertes du BIO
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■ MDD BIO ■ MN BIO

	Evolution PGC FLS	Evolution BIO	Poids du BIO (vs PGC FLS)	Contribution du BIO aux pertes valeur	Contribution des fabricants et distributeurs aux pertes du BIO
HMSM+SDMP+ECOMMERCE+PROXI	-0.8%	-4.1%	5.0%	-26.5%	-69.0 -31.0
ENSEIGNES HM	-1.2%	-4.8%	4.3%	-18.6%	-76.8 -23.2
ENSEIGNES SM	-1.8%	-4.6%	5.5%	-14.4%	-77.8 -22.2
ENSEIGNES PROXI	2.2%	-2.9%	5.9%	-1 00.0%	-1 00.0 1 00.0
TOTAL ECOMMERCE	-0.4%	-6.3%	8.1%	-1 00.0%	-42.2 -57.8
ENSEIGNES SDMP	0.7%	3.9%	3.2%	16.4%	-1 00.0 1 00.0

	Basket
2017	109,5 €
2018	130,6 €
2019	152,7 €
2020	172,2 €
2021	172,1 €
2022 (CAM P04)	169,0 €

Source: NielsenIQ

France

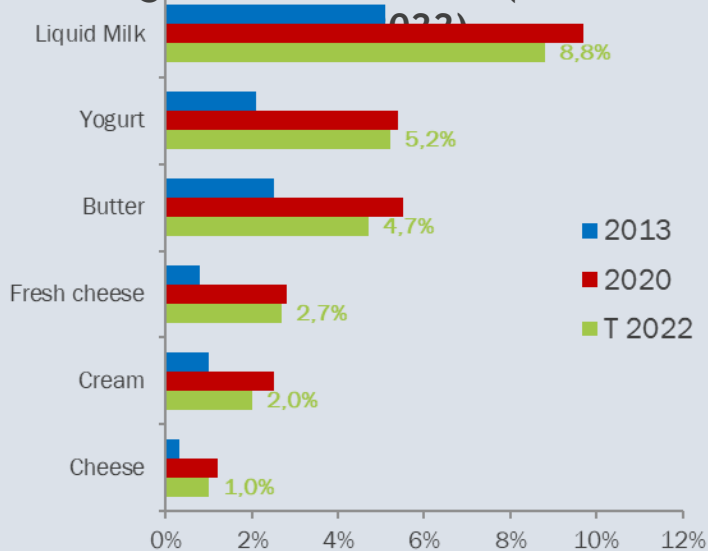
Sales of organic versus conventional milk & dairy products



Organic milk & dairy products

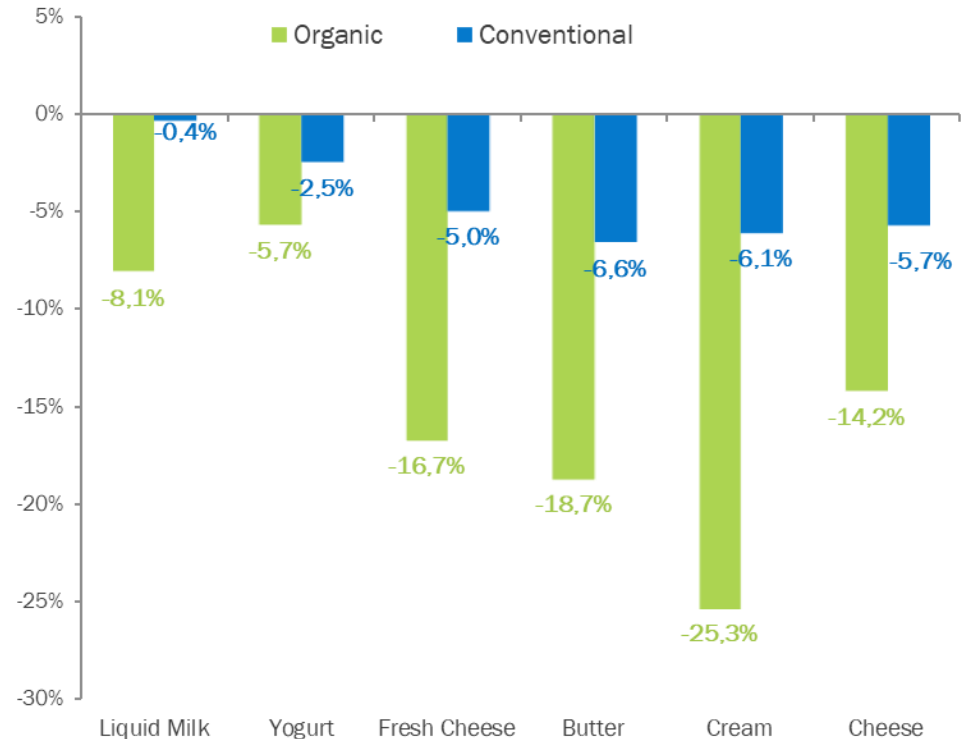
- ❖ Organic dairy products sales decreased during in 2021 & Q1 2022. Their decline was stronger than that of conventional products

Organic market shares (% vol.)



Consumption of organic vs conventional milk & dairy products

%, vol, Q1 2022 / Q1 2021



Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

France

Plant-based options in 2022

❖ The plant-based food market represented 468 M€ in 2021. The market is dominated by **dairy substitutes, which account for 72% of sales (€337 million)**.

- The trend is rather decreasing over the first 5 months of 2022. Sales of **soy desserts** have decreased by 3% over the period, those of other **plant-based desserts** have decreased by 10.4%. In comparison, the yoghurt market has remained stable.
- **Plant based beverages** were also down by 4.7%. In comparison, the milk market decreased by 4,7%.

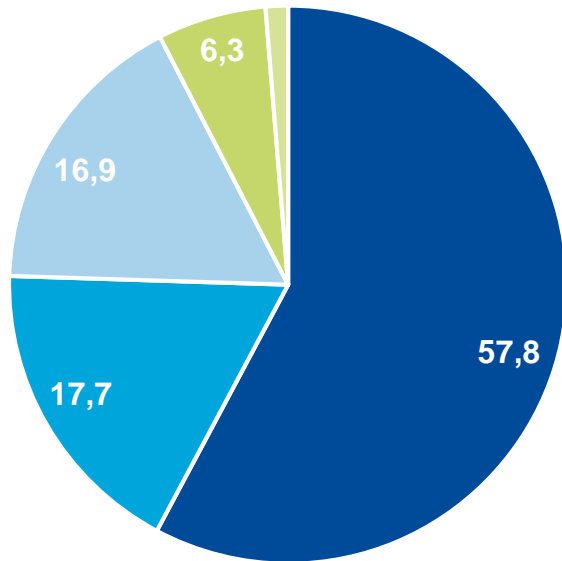
	Sales in value (000 €)									
	P1 du 03-01-2022 au 30-01-2022	P2 du 31-01-2022 au 27-02-2022	P3 du 28-02-2022 au 03-04-2022	P4 du 04-04-2022 au 01-05-2022	P5 du 02-05-2022 au 29-05-2022	P1 du 03-01-2022 au 30-01-2022	P2 du 31-01-2022 au 27-02-2022	P3 du 28-02-2022 au 03-04-2022	P4 du 04-04-2022 au 01-05-2022	P5 du 02-05-2022 au 29-05-2022
TOTAL FMCG	8 924 865,3	8 685 363,2	11 073 177,6	8 835 999,7	9 169 650,3	-1,4%	-0,3%	-2,2%	-1,7%	-0,4%
TOTAL YOGHURTS	187 271,6	182 568,0	237 964,9	180 296,5	185 278,5	0,1%	1,5%	1,1%	-1,0%	-0,1%
Soy desserts	4 052,2	4 009,3	5 520,2	4 480,5	4 543,1	-8,1%	-6,7%	-5,2%	1,7%	4,1%
Other plant-based desserts	2 540,9	2 358,2	3 246,2	2 286,2	2 342,5	2,8%	-9,3%	-3,3%	-19,5%	-21,5%
UHT MILK	180 430,5	163 312,1	207 956,5	151 972,9	152 652,6	-4,8%	-2,0%	-0,8%	-5,3%	-4,7%
Plant-Based Beverages	18 970,1	17 801,4	22 557,8	16 371,1	17 486,7	-3,0%	-4,9%	-1,8%	-10,6%	-3,8%

Source: IRI

Germany

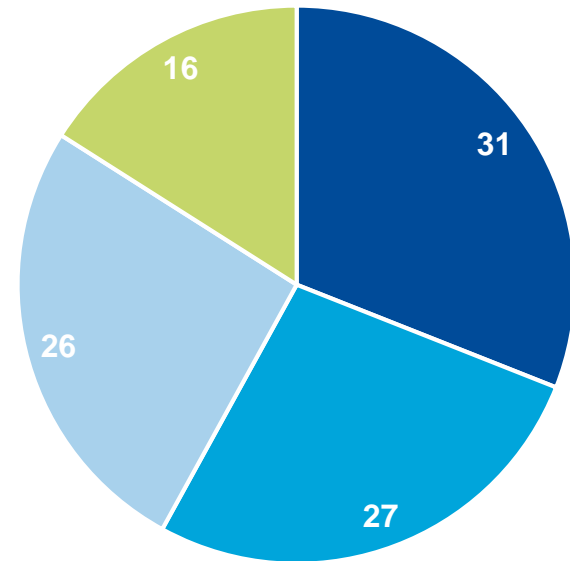
2021 consumption

Milk consumption in kg in 2021



■ Drinking milk ■ Kefir ■ Yoghurt ■ Cream ■ Other

Cheese consumption in kg in 2021

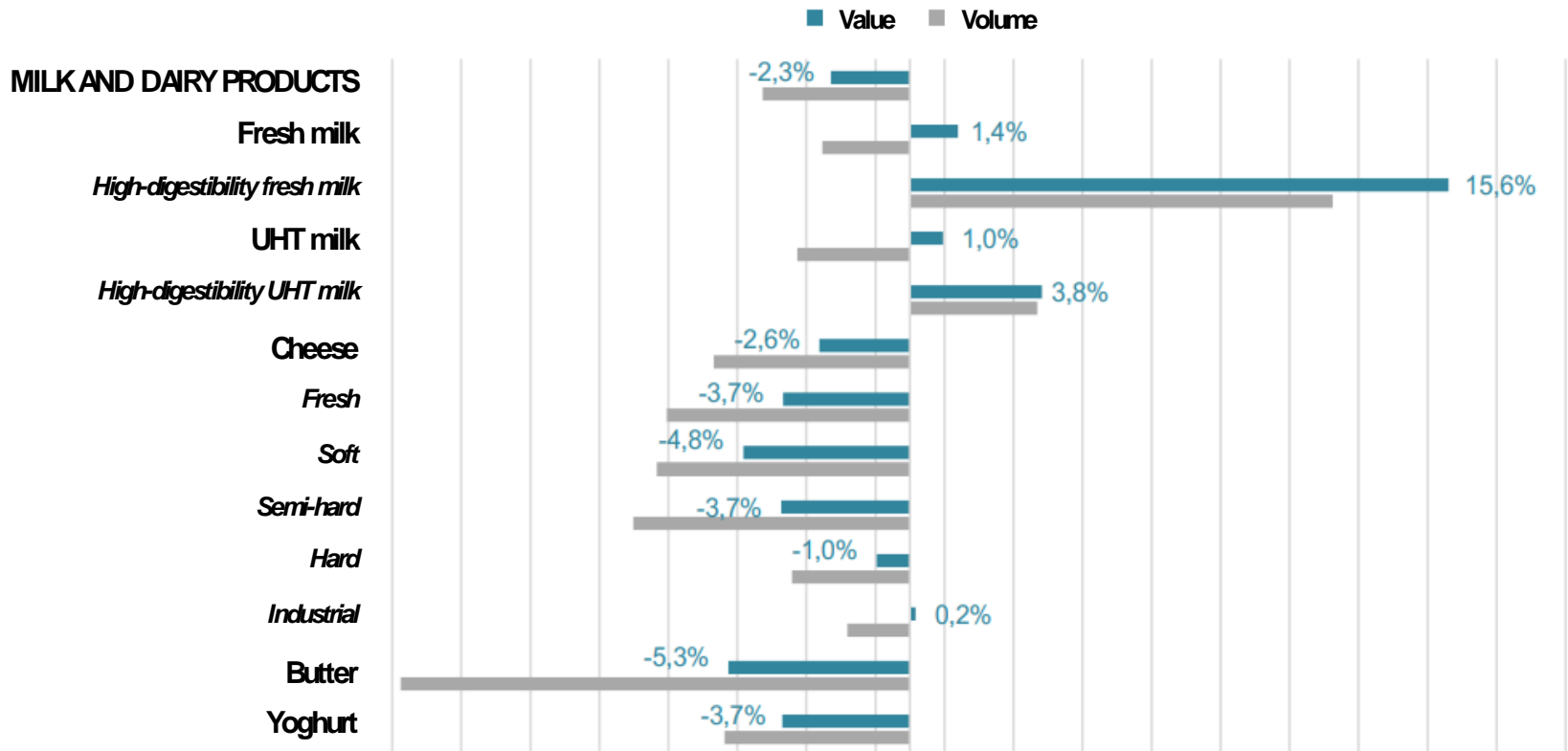


■ Hard cheese ■ Soft cheese ■ Other ■ Pulled curd

Source: AMI

Italy

Domestic purchases (1Q2022 vs 1Q2021)



Source: Ismea based on Nielsen Consumer Panel data

Italy – Modern retail

Milk and dairy products

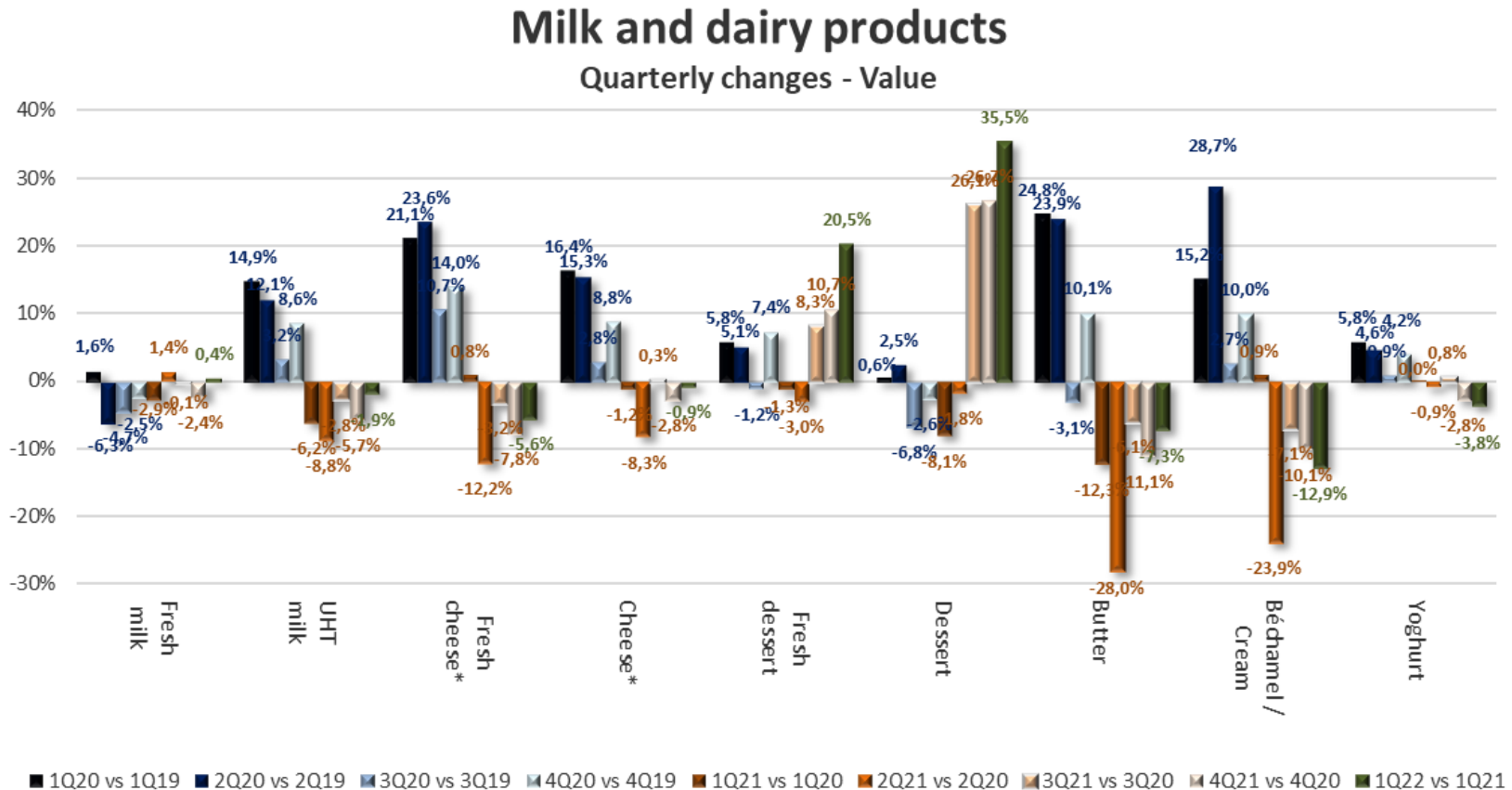
Product category	<u>VOLUME</u> (2021 vs. 2020) % change)	<u>VOLUME</u> (2021 vs. 2020) % change)	<u>VOLUME</u> (1Q 2022 vs 1Q 2021 % change)	<u>VALUE</u> (1Q 2022 vs 1Q 2021 % change)
Fresh milk	-2,4%	-1,1%	-2,1%	0,4%
UHT milk	-4,7%	-5,9%	-3,6%	-1,9%
Fresh cheese*	-5,7%	-5,8%	-8,3%	-5,6%
Cheese*	-3,7%	-3,1%	-4,1%	-0,9%
Fresh dessert	3,2%	3,7%	18,2%	20,5%
Dessert	0,7%	9,5%	14,8%	35,5%
Butter	-13,9%	-14,7%	-17,0%	-7,3%
Béchamel / Cream	-9,1%	-10,5%	-14,0%	-12,9%
Yoghurt	-2,8%	-0,7%	-5,9%	-3,8%

Source: Market Track Nielsen

* Peso imposto

Italy – Modern retail

Milk and dairy products – Quarterly changes (value)

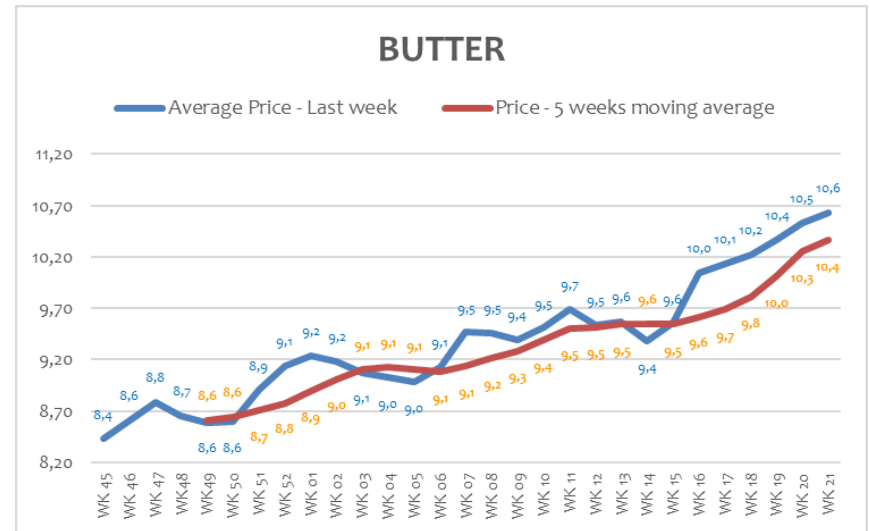
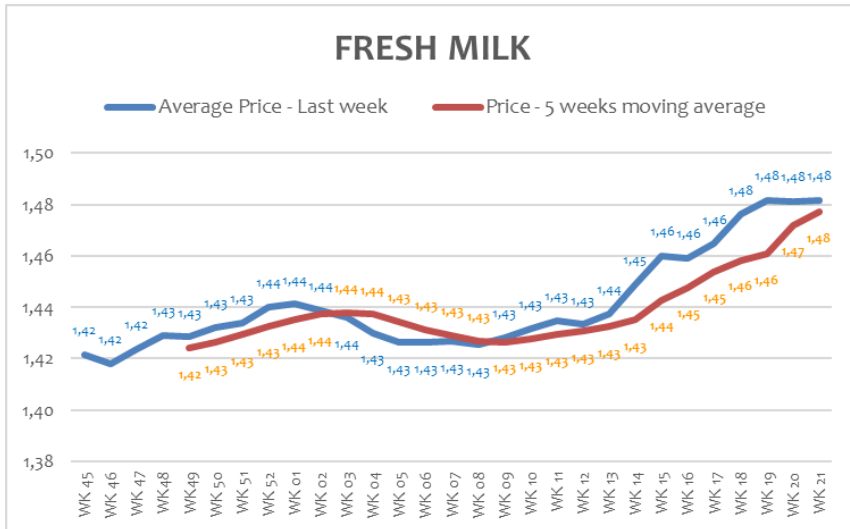


Source: Market Track Nielsen

* Peso imposto

Italy – Modern retail

Weekly average prices (€)

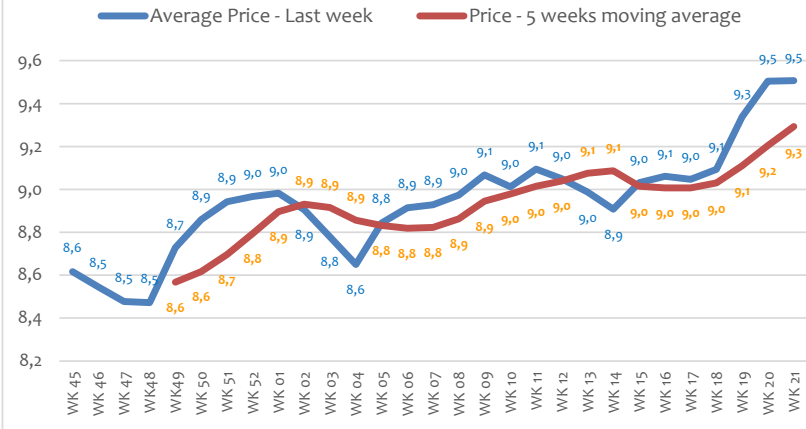


Source: Nielsen

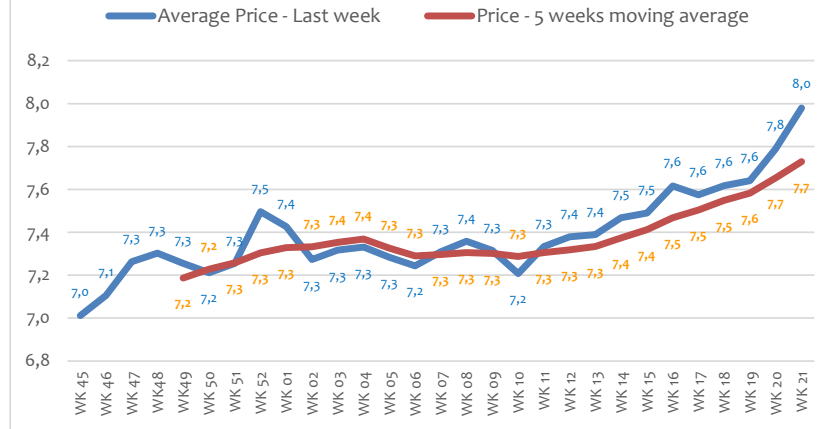
Italy – Modern retail

Weekly average prices (€)

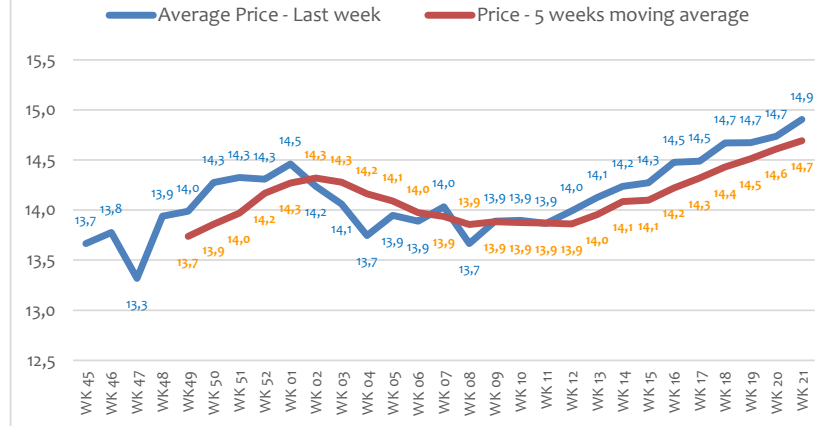
TABLE CHEESES



MOZZARELLA



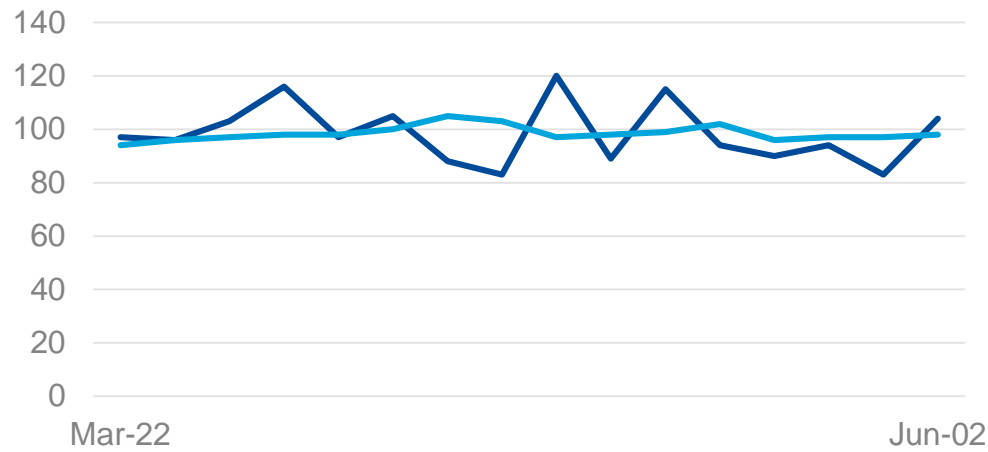
GRANA AND SIMILAR



Source: Nielsen

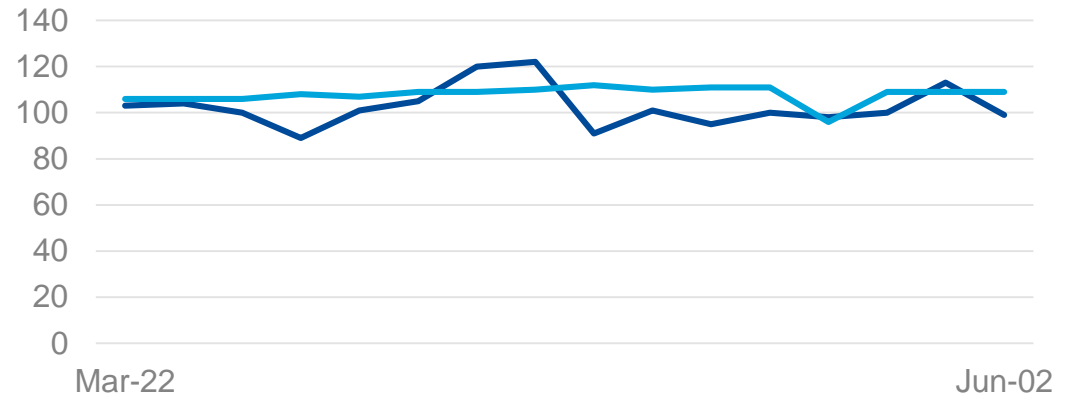
Netherlands

Consumer demand



— UHT Milk — Fresh milk

Inflation index



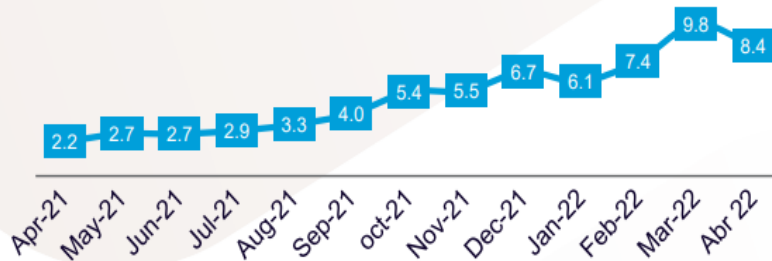
— UHT Milk — Fresh milk

Source: IRI

Spain

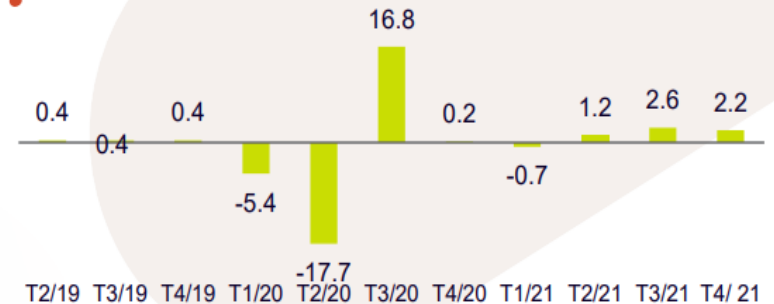
General economic outlook

EVOLUCIÓN ÍNDICE DE PRECIOS AL CONSUMO



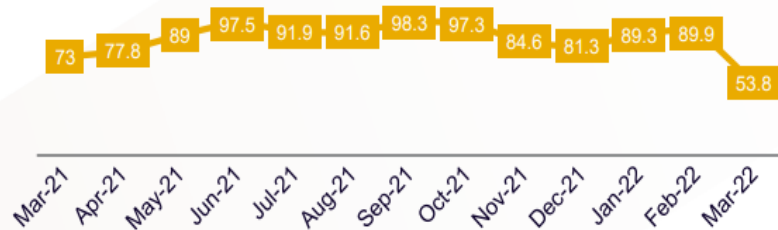
Fuente INE

EVOLUCIÓN PRODUCTO INTERIOR BRUTO

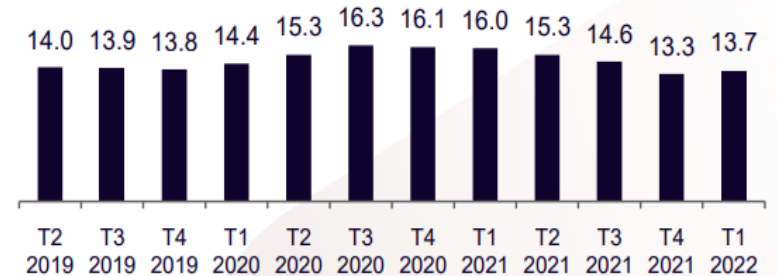


Fuente INE (Tasa trimestral)

ÍNDICE DE CONFIANZA DEL CONSUMIDOR



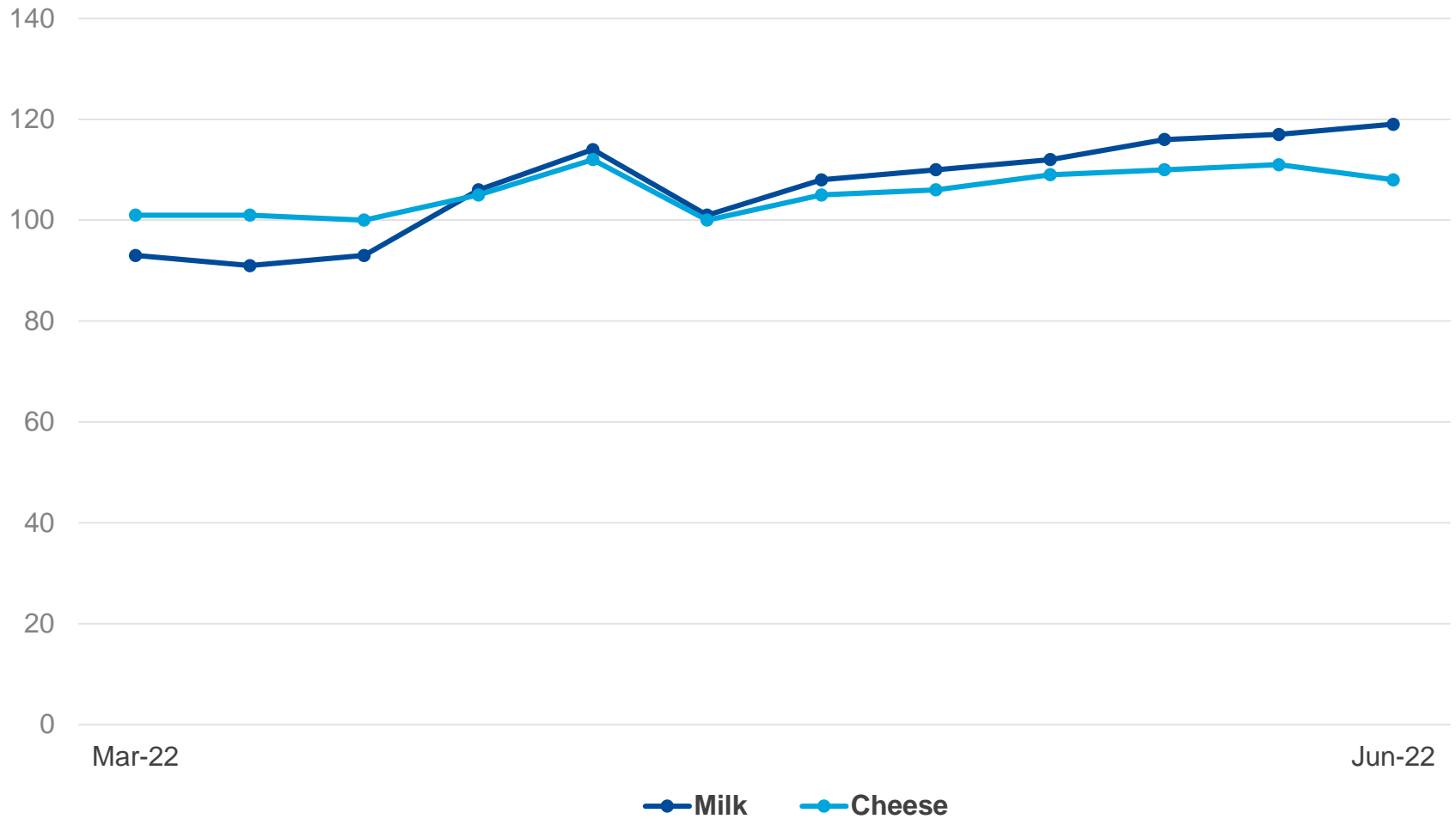
TASA DE DESEMPLEO



Source: IRI

Spain

Consumer demand



Source: IRI

Sweden

VALUE

	Last 4 weeks	Last 52 weeks
Milk	3,5	-0,4
Hard cheese	7,9	2,3
Cream	-1,0	-2,8
Yoghurt	9,6	2,8
Curd Cheese	3,3	1,6
Cold desserts	8,7	10,3
butter	-3,6	-5,1

VOLUME

	Last 4 weeks	Last 52 weeks
Milk	-6,2	-4,9
Hard cheese	-7,4	-1,9
Cream	-8,5	-6,1
Yoghurt	-1,8	-1,2
Curd Cheese	-5,5	-0,3
Cold desserts	-2,1	6,1
butter	-9,3	-6,0

Source: Nielsen