Dairy Farmers of America’s joint venture with the Chinese
DFA Introduction

A Global Perspective

Our approach to China
DFA overview

- A farmer-owned cooperative
- Member farms across the US
  - Nearly 9,000 member farms
  - Produce 23% of all US milk
Member Farms
DFA overview

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  – Nearly 9,000 member farms
  – Produce 23% of all US milk
• Processing network
  – 33 DFA managed facilities
  – Invested in 77 facilities in total
• Diverse commercial businesses
  – $5+ billion annual revenue
DFA Processing Network
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  - Nearly 9,000 member farms
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- Processing network
  - 33 DFA managed facilities
  - Invested in 77 facilities in total
- Diverse commercial businesses
  - $5+ billion annual revenue
- Leading US dairy company
  - $18 billion annual revenue
  - Marketing 30% of all US milk
DFA Overview

A Global Perspective

Our approach to China
Global Dairy Demand

More People....More Money....More Places
Globalization

- Free flow of information
- Free flow of capital
Globalization

• Free flow of information
• Free flow of capital
• Practical impacts
U.S. milk production and consumption

Domestic consumption
10-yr. CAGR: +0.4%

Source: U.S. Department of Agriculture
Dairy Trade Balance

Total milk solids, percent of U.S. milk production

Note: 2014 is through December

Source: National Milk Producers Federation
10-year shift in U.S. milk production

Source: USDA National Agricultural Statistics Service
Are we competitive?

- New Zealand
- European Union
- Brazil and Argentina
Grain and milk production annual average growth rate

Source: Rabobank, % CAGR 2006 vs. 2013
The value of farmers
DFA Overview

A Global Perspective

Our approach to China
DFA’s Approach

• Enter markets where we can compete
China’s food challenge

People

Farmland

Fresh Water

22 percent

7 percent

3 percent
DFA’s Approach

• Enter markets where we can compete
• Focus on volume growth and “premiumization”
• Follow our U.S. customers and develop relations with leading local companies
• Build lasting relationships with like minded businesses
• Understand and manage risk
DFA’s joint venture with the Chinese
DFA’s joint venture with the Chinese
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Thank You