

TEGMA

2017 Fall Transportation Symposium

John Wilson

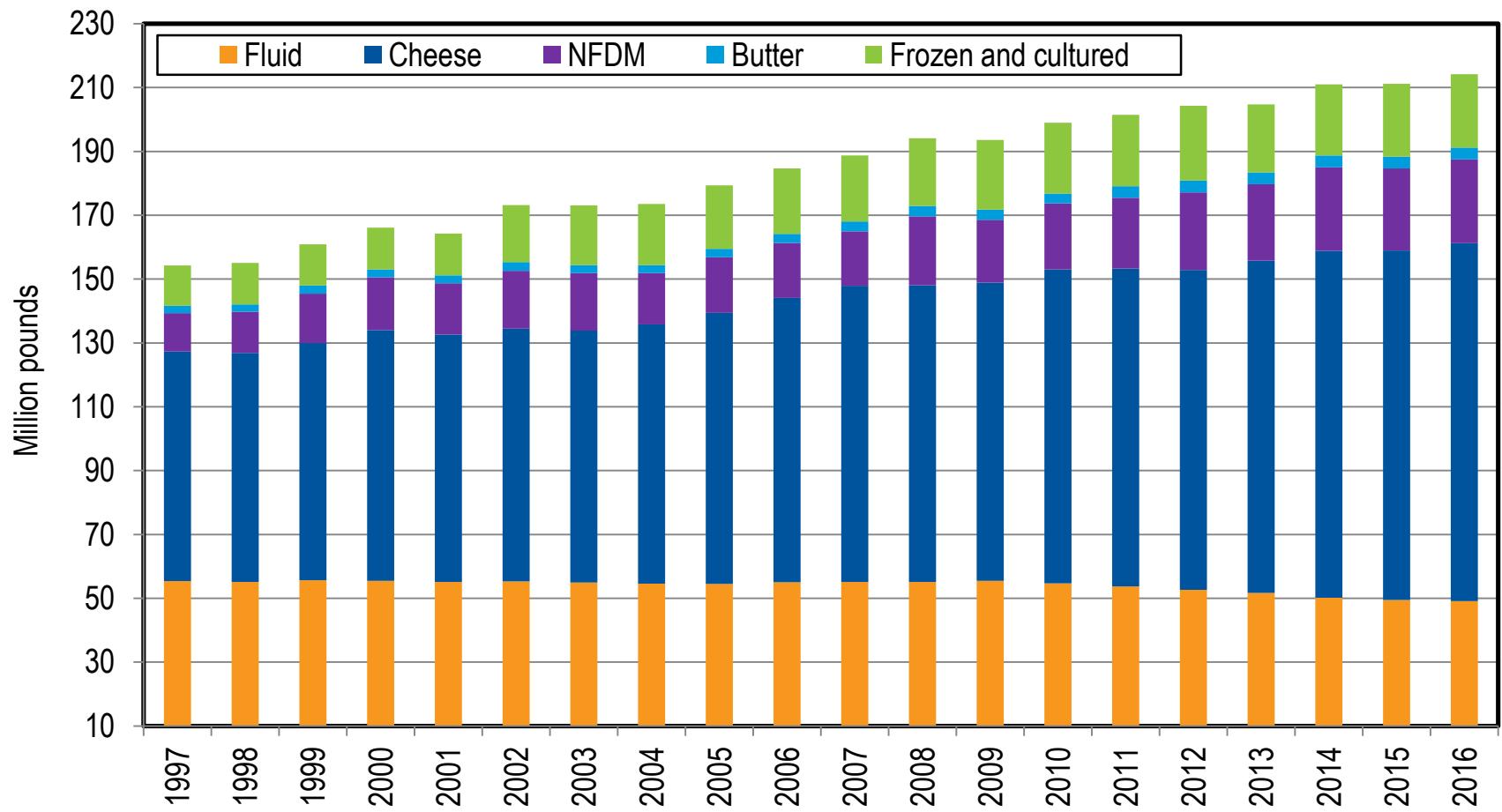
Senior Vice President



Dairy industry trends

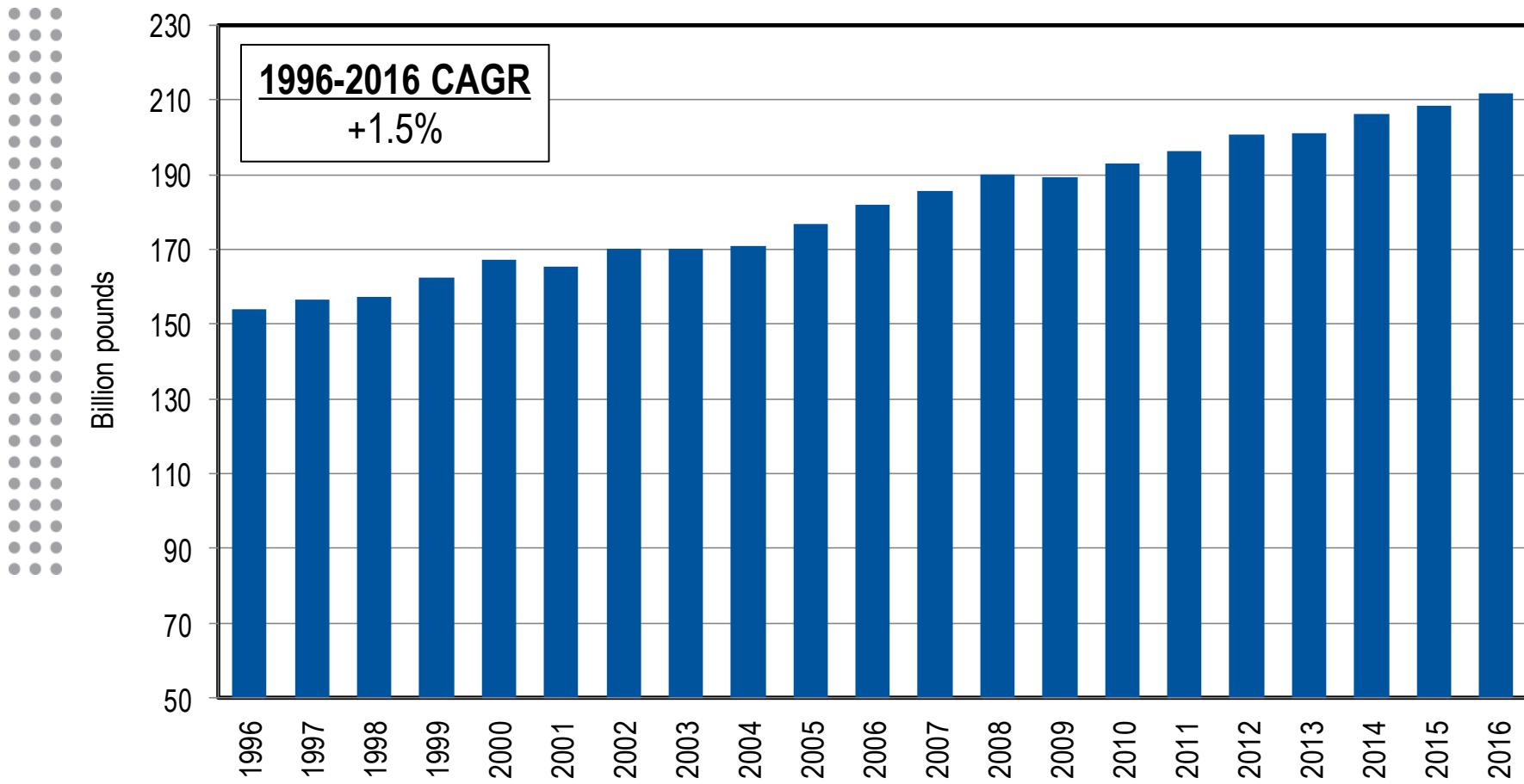


Annual dairy consumption by product category

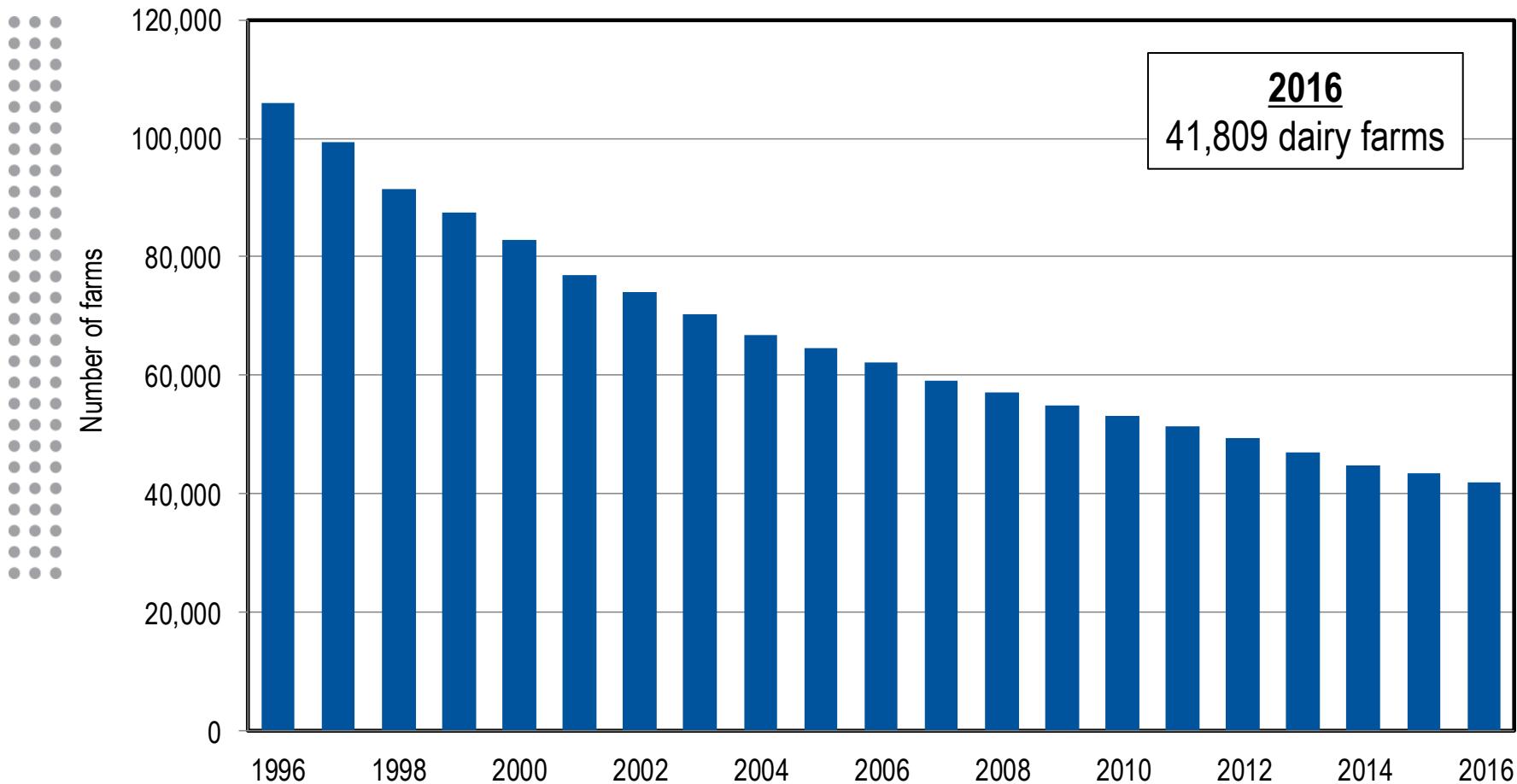


Source: USDA National Agricultural Statistics Service

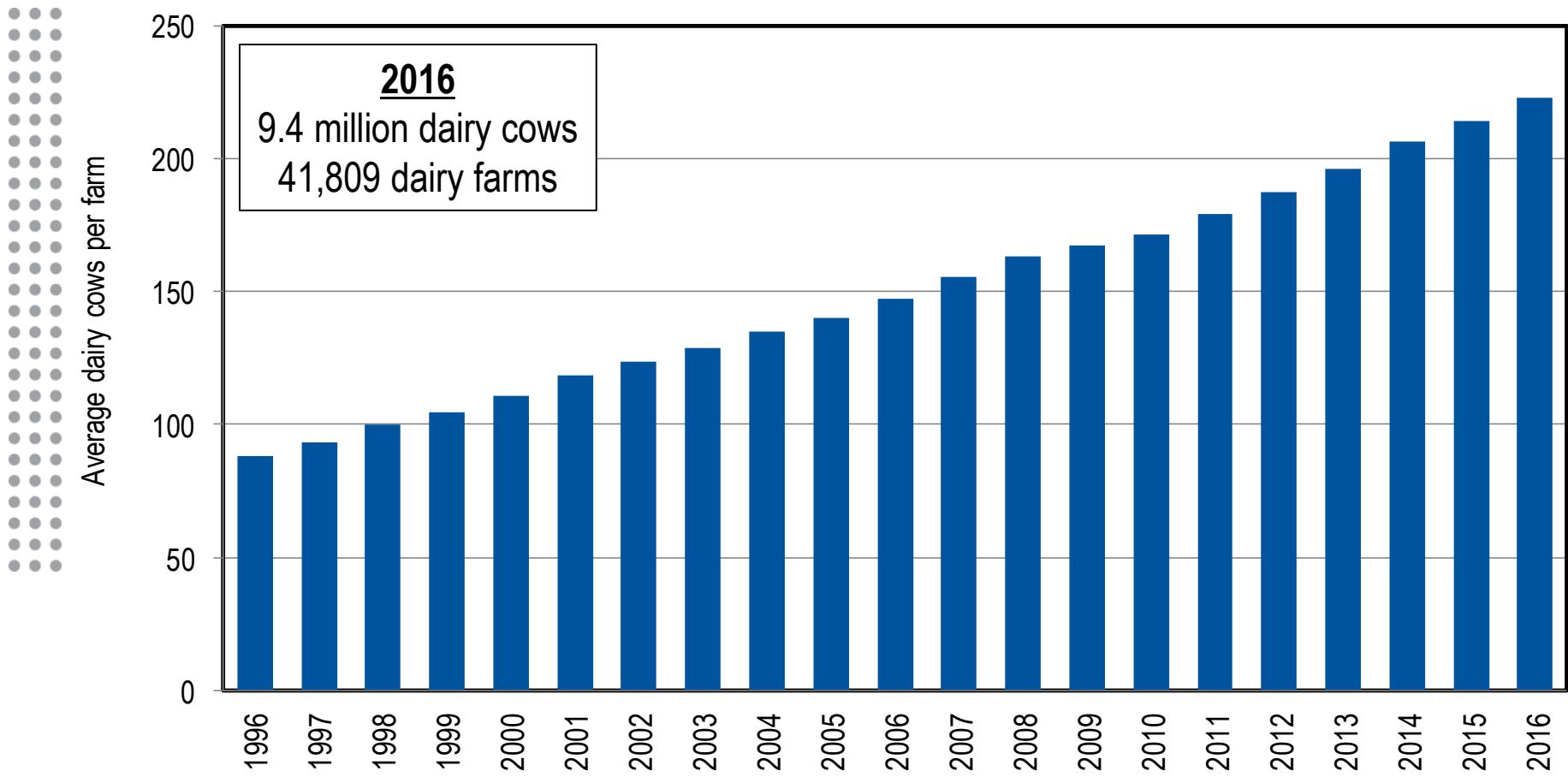
Annual U.S. milk production



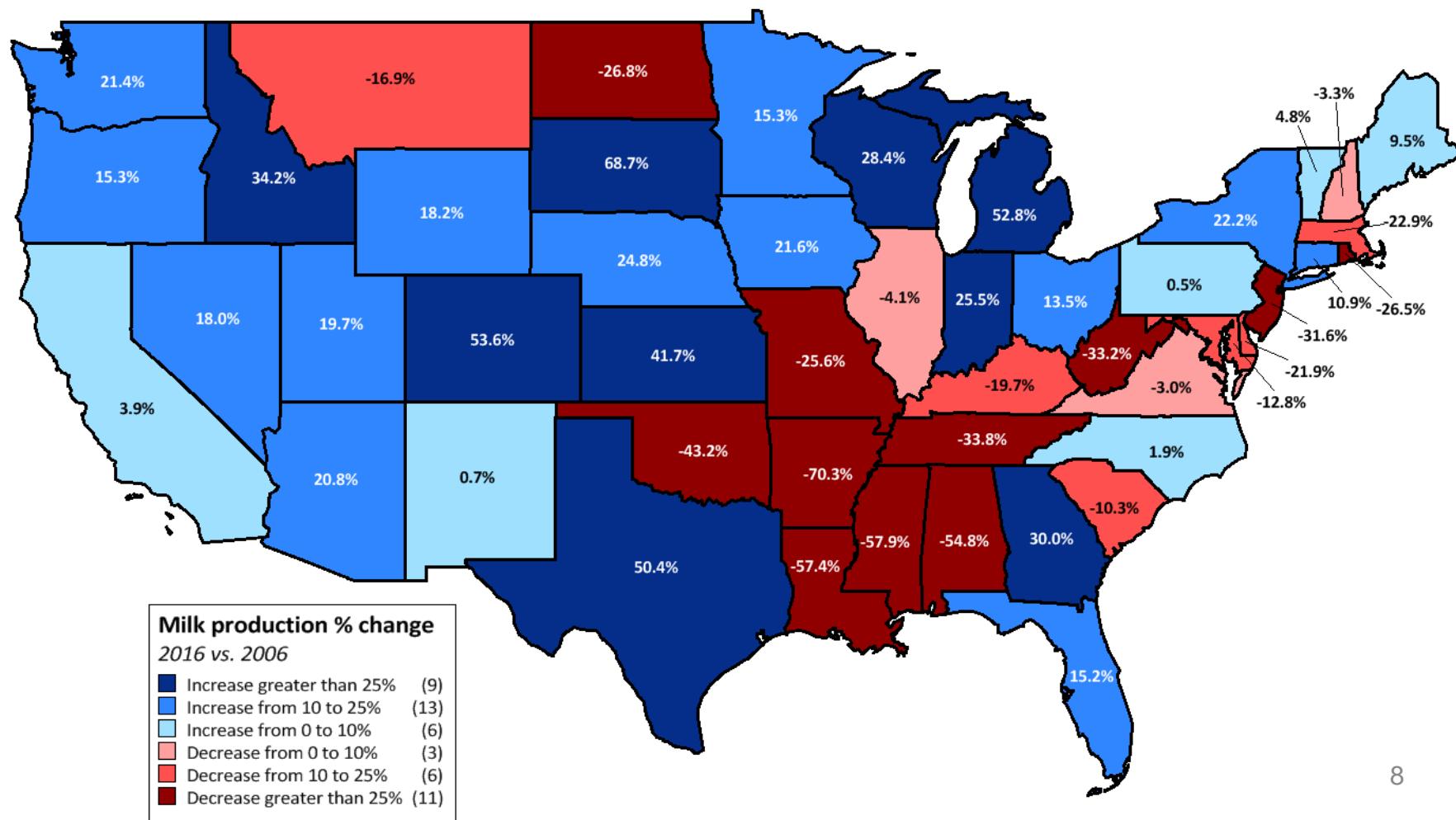
U.S. dairy farms



U.S. average cows per farm

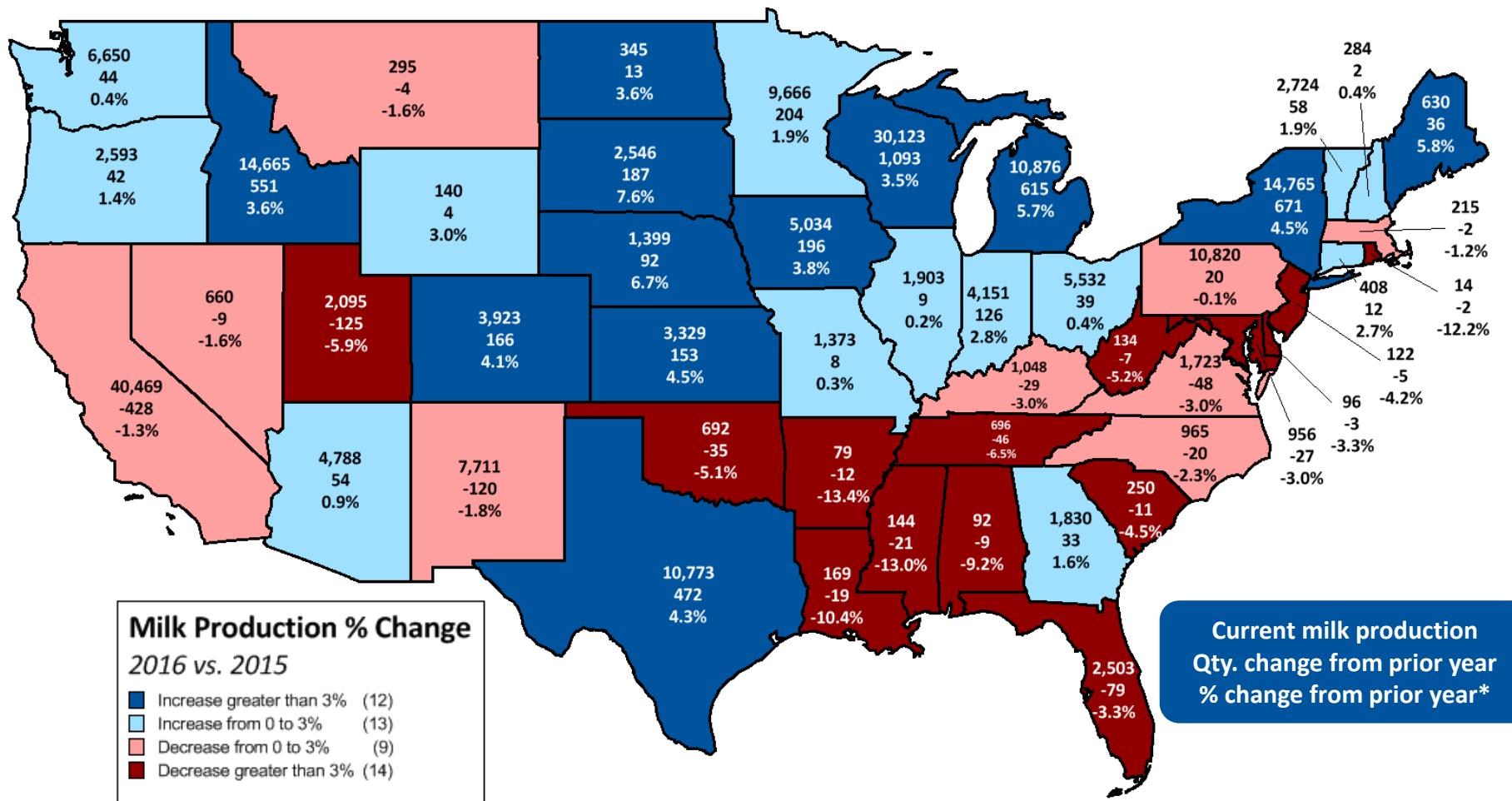


U.S. milk production percent change 2016 vs. 2006



U.S. milk production

2016 vs. 2015 (million pounds)



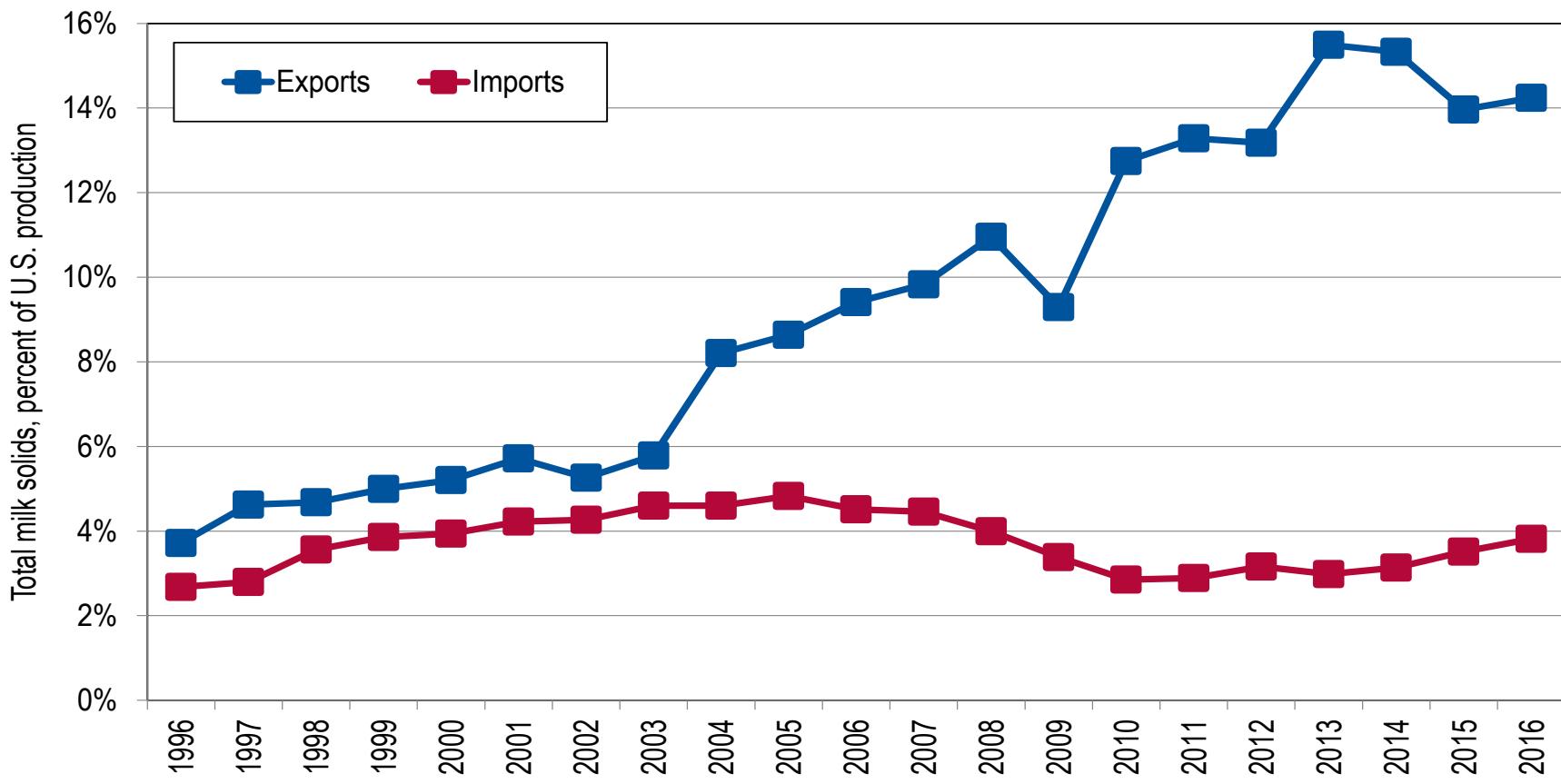


**We used to be
an island**



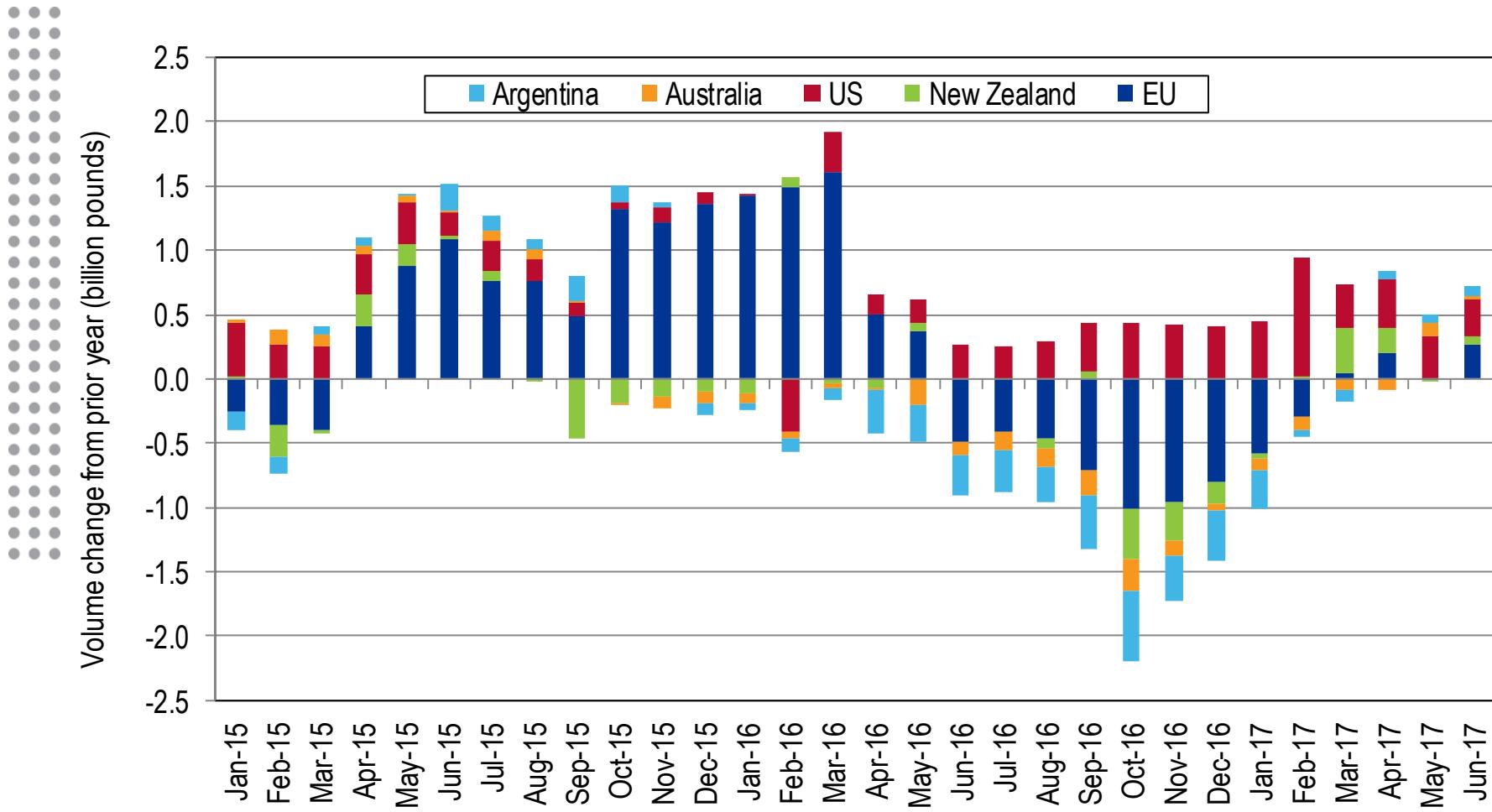
U.S. dairy trade balance

Total milk solids, percent of U.S. production



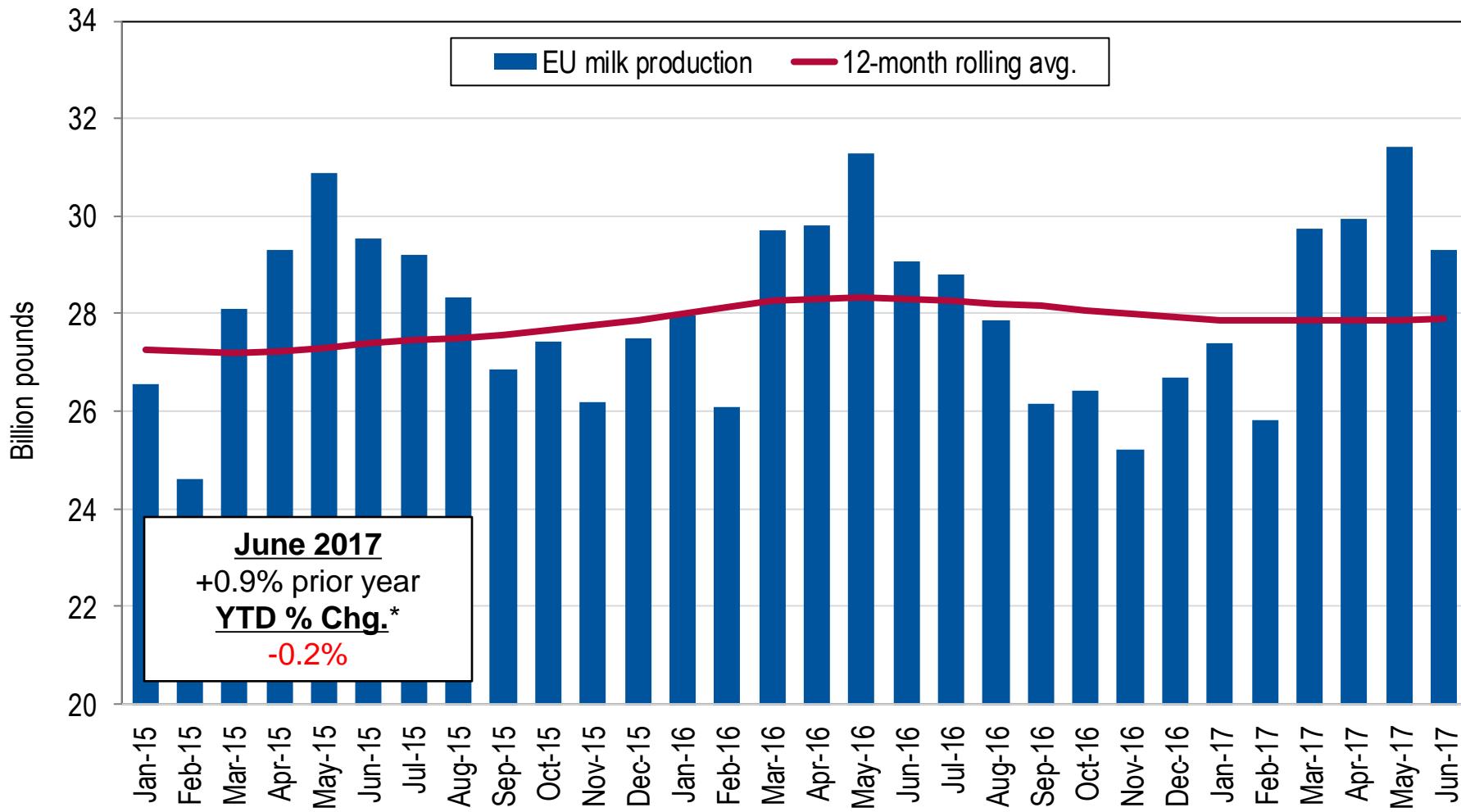
Milk production of major dairy exporters

Change from prior year, billion pounds



EU-28 milk production

Billion pounds



2016 EU-28 milk production by country

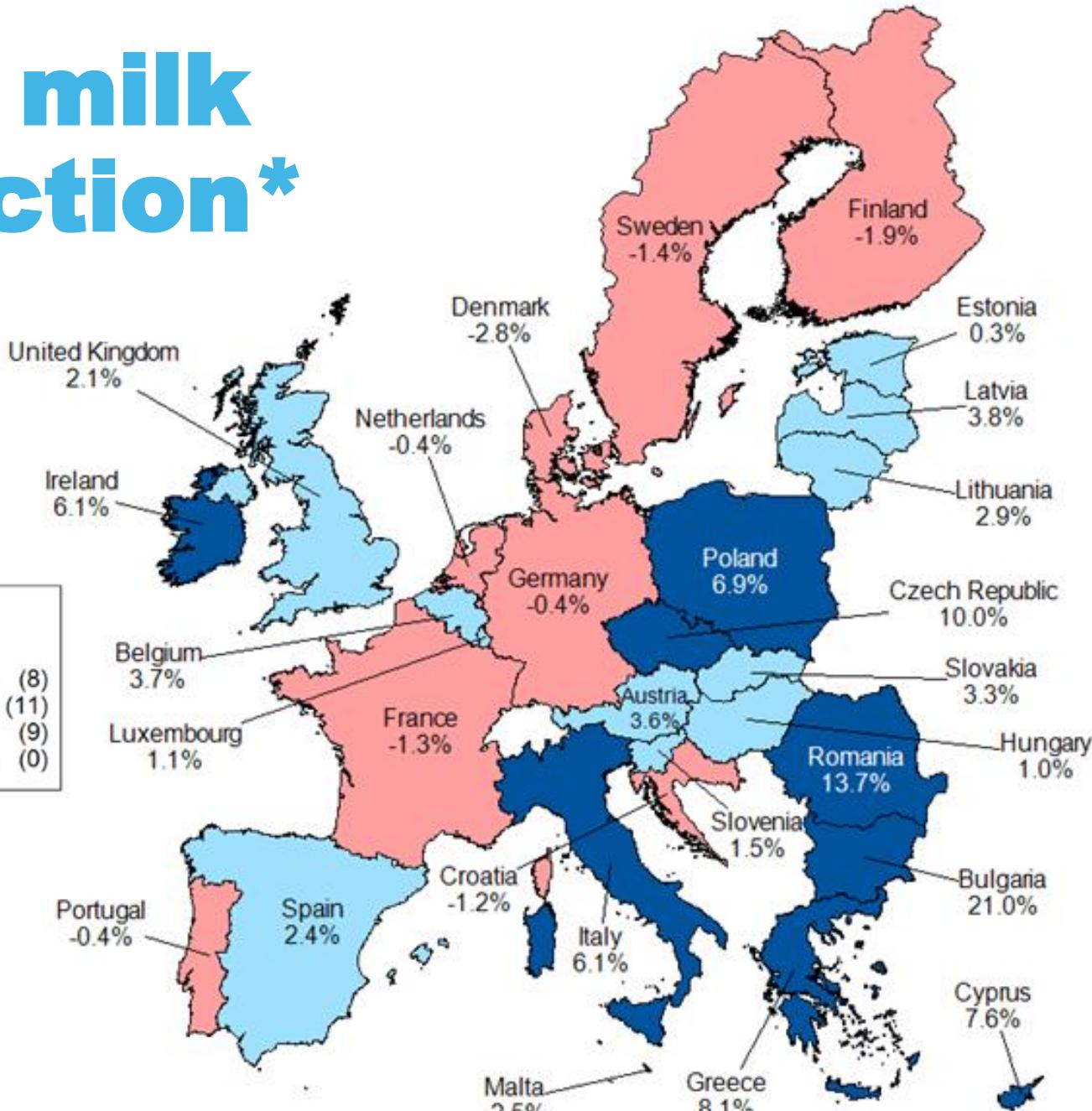
Million pounds

Germany	70,429	Hungary	3,411
France	54,490	Lithuania	3,122
United Kingdom	32,061	Romania	2,102
Netherlands	31,579	Slovakia	1,814
Poland	24,537	Latvia	1,795
Italy	23,751	Estonia	1,576
Spain	15,132	Greece	1,365
Ireland	15,105	Slovenia	1,267
Denmark	11,633	Bulgaria	1,169
Belgium	8,557	Croatia	1,080
Austria	6,816	Luxembourg	798
Sweden	6,310	Cyprus	435
Czech Republic	6,158	Malta	95
Finland	5,268	EU-28 total	
Portugal	4,063	335,916	

EU-28 milk production*

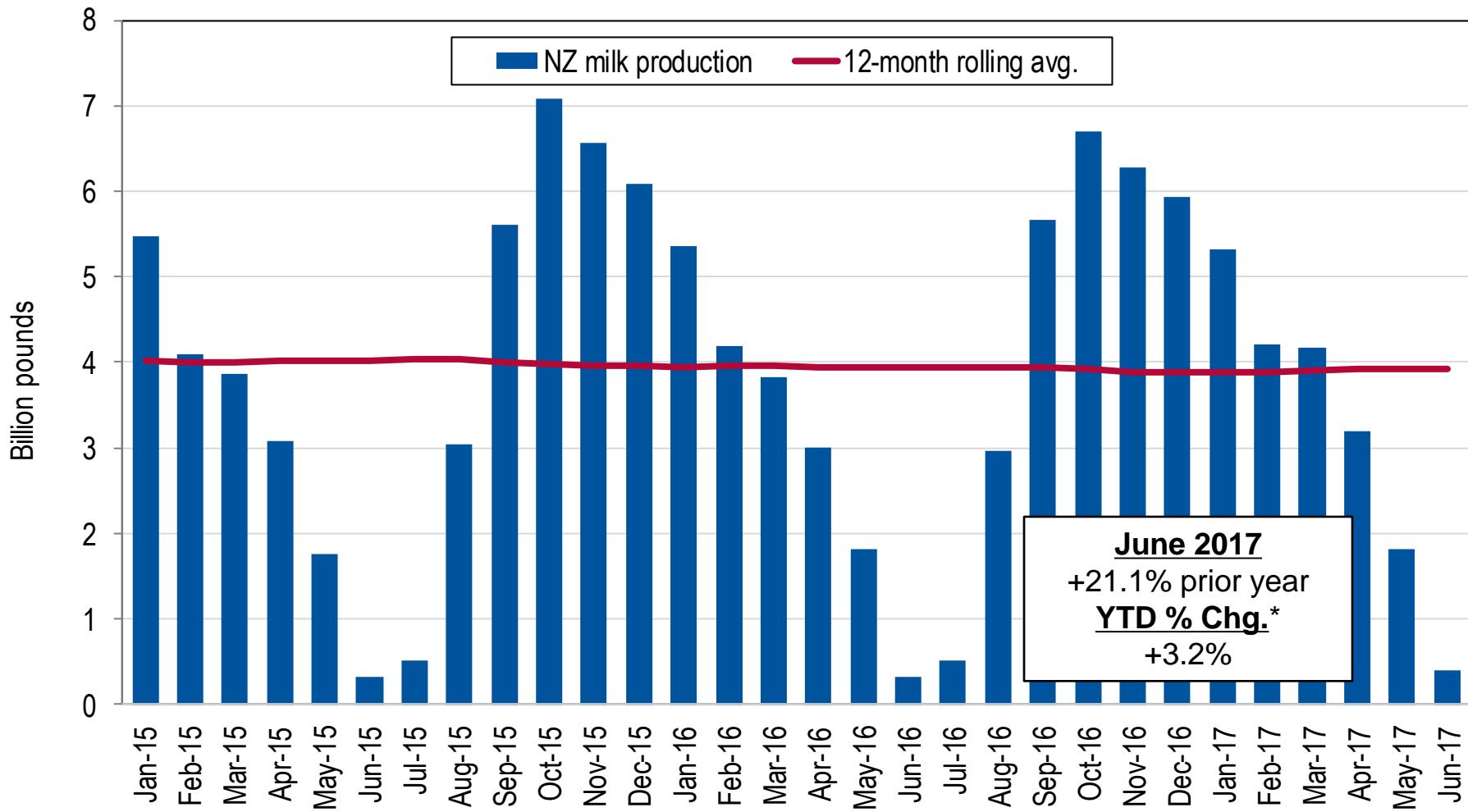
June 2017

EU milk production June 2017 vs. June 2016		
■ Increase greater than 5%	(8)	
■ Increase from 0 to 5%	(11)	
■ Decrease from 0 to 5%	(9)	
■ Decrease greater than 5%	(0)	

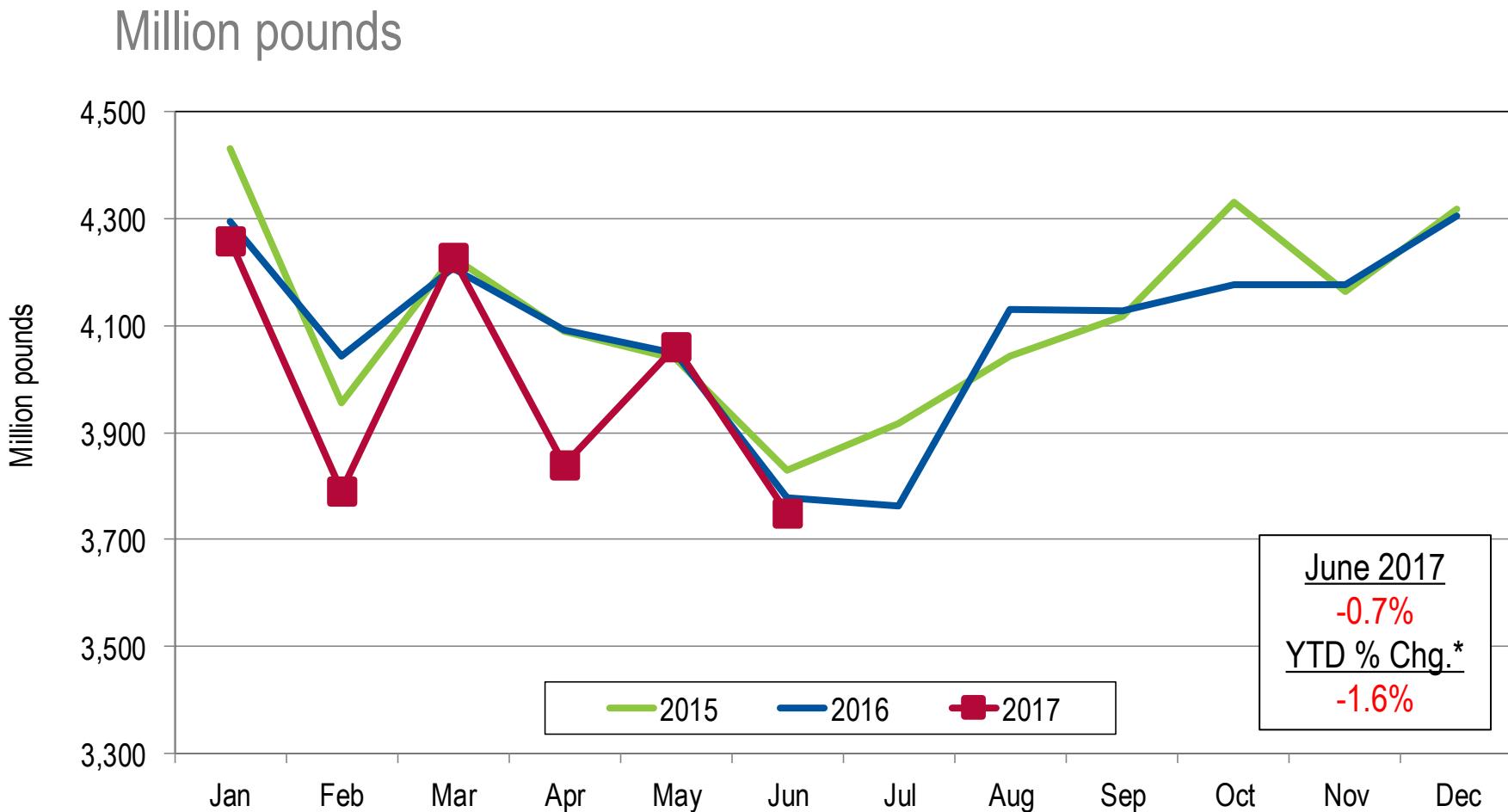


New Zealand milk production

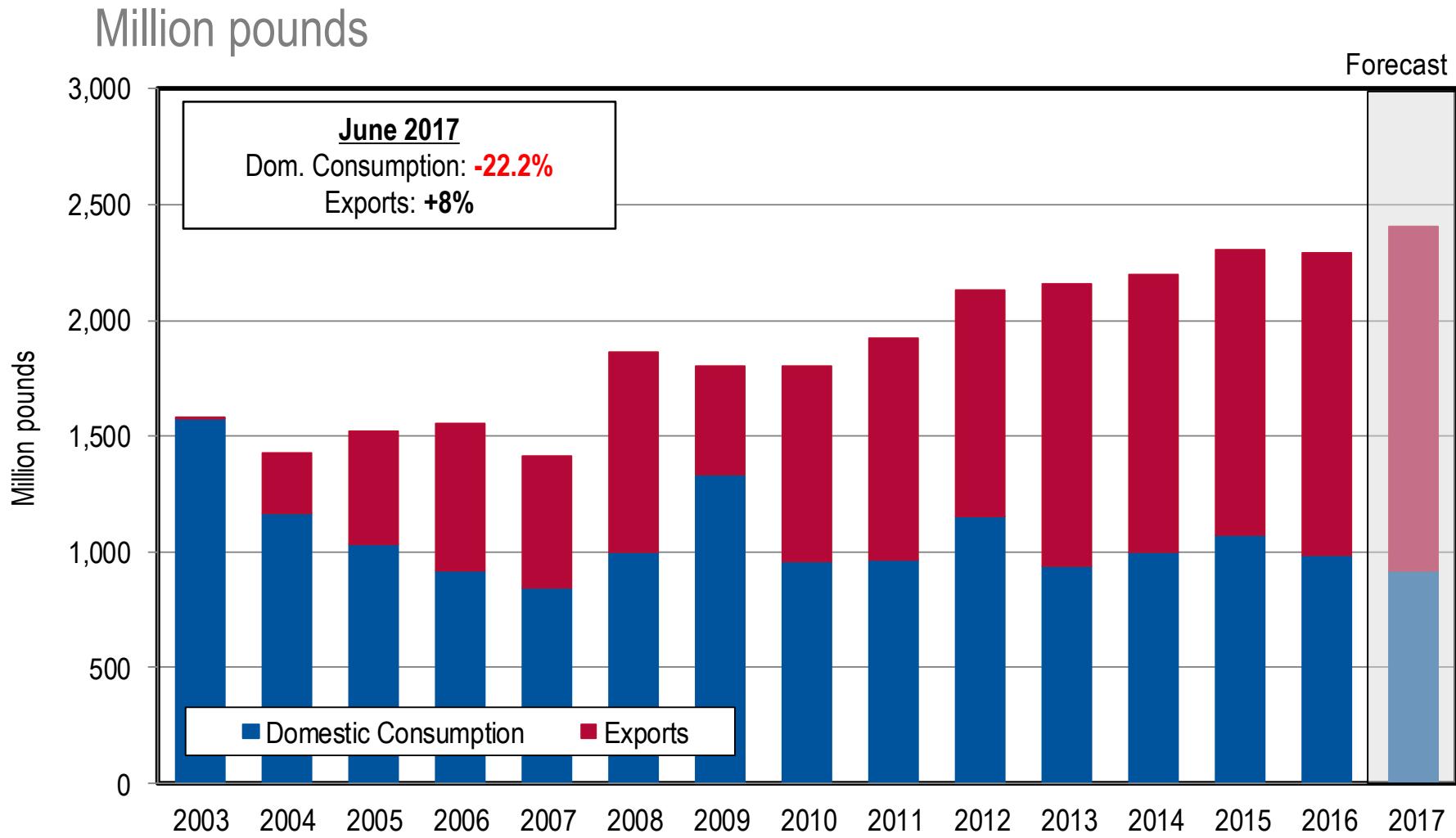
Billion pounds



U.S. fluid milk sales

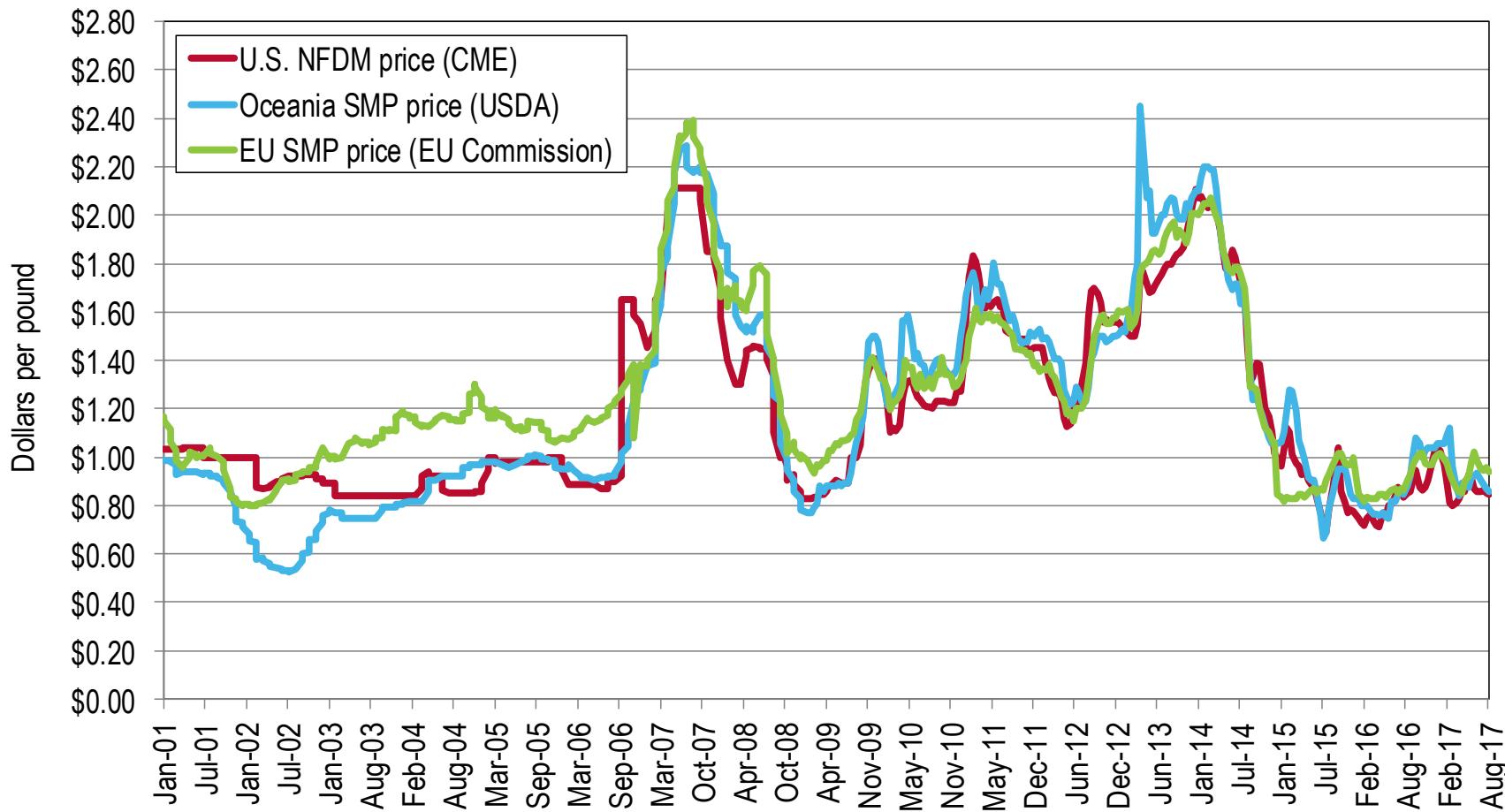


U.S. total NFDM and SMP commercial disappearance



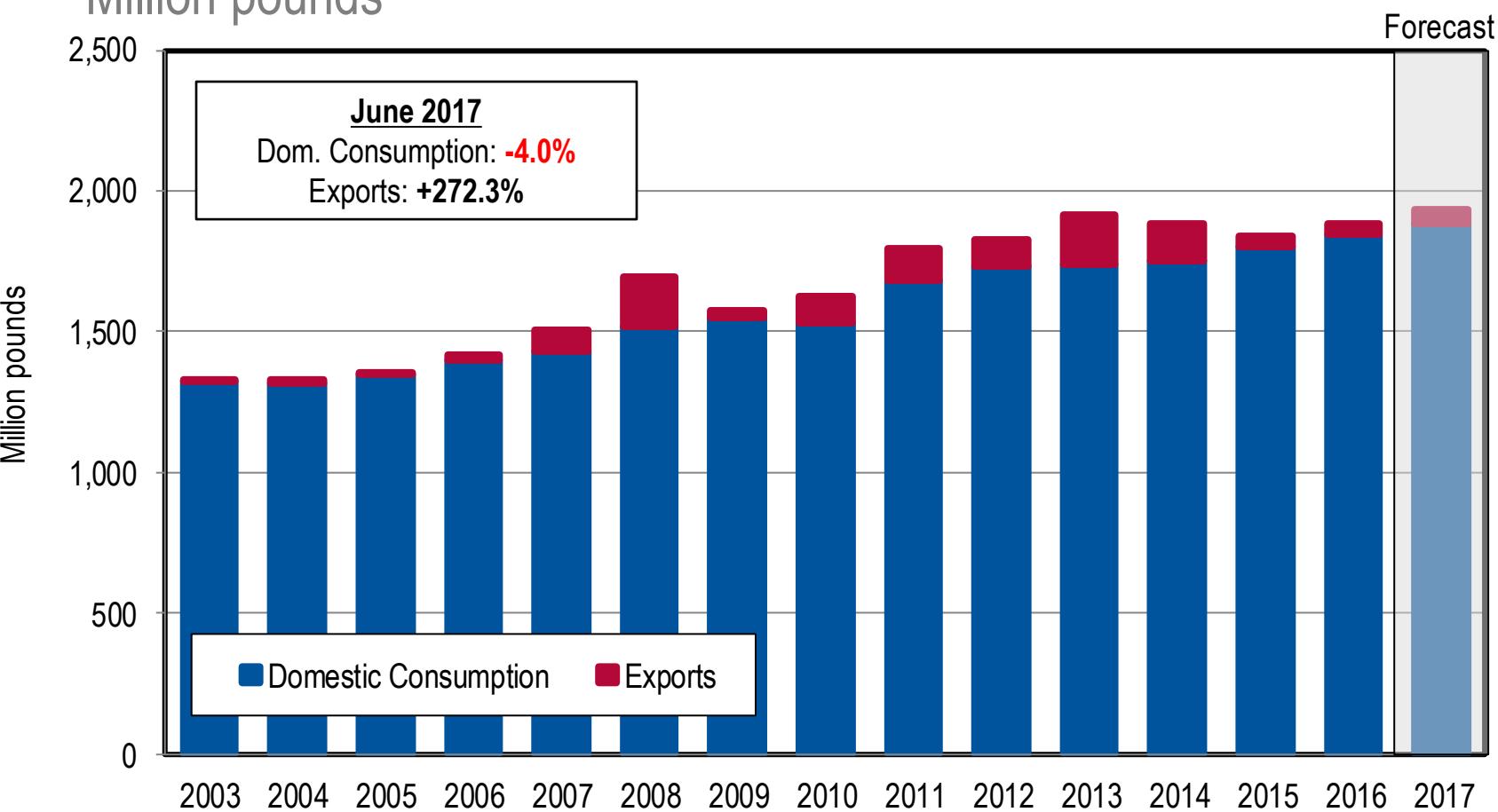
U.S. NFDM vs. global SMP price

U.S. dollars per pound



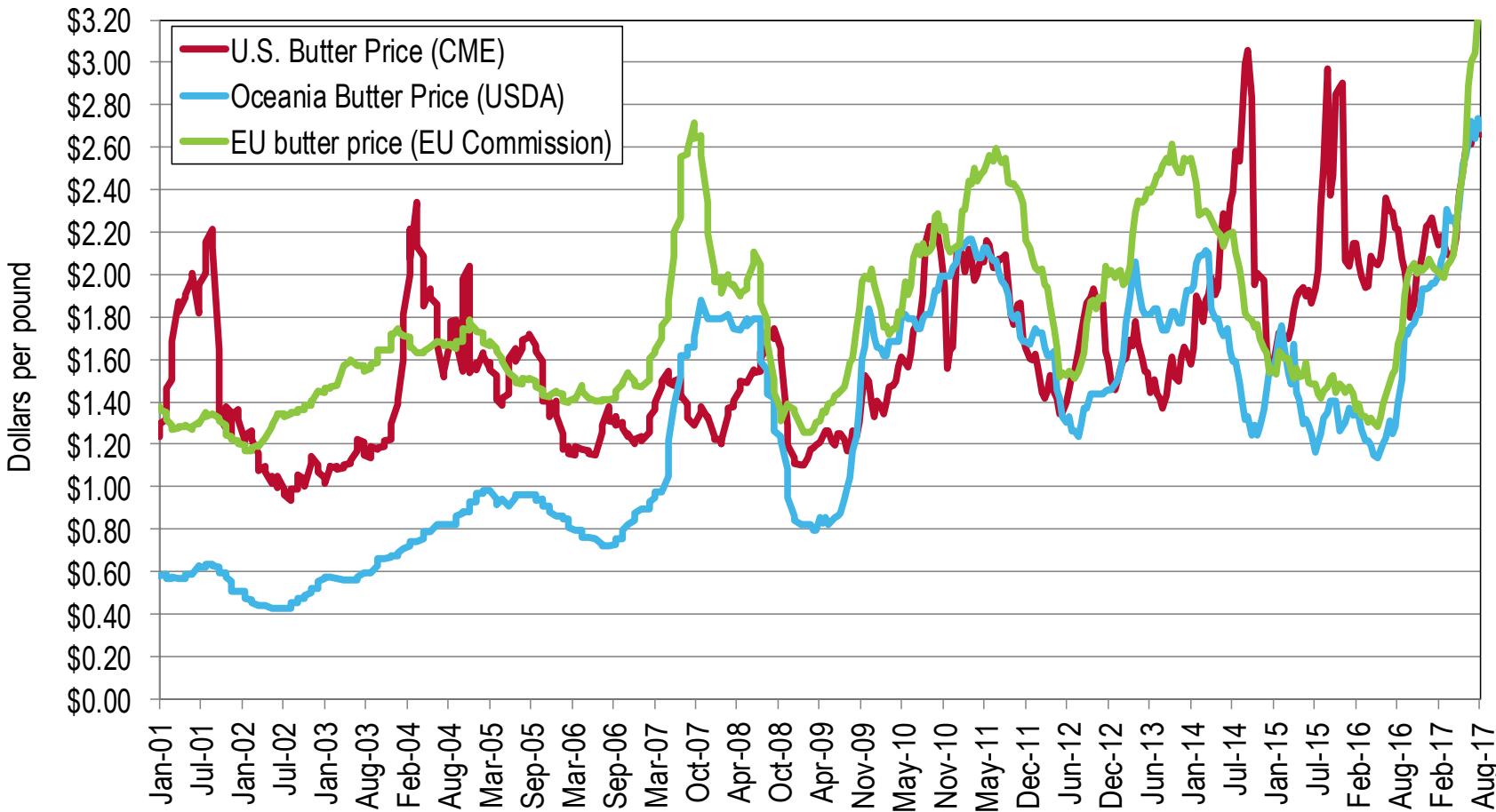
U.S. total butter commercial disappearance

Million pounds



U.S. butter vs. global butter price

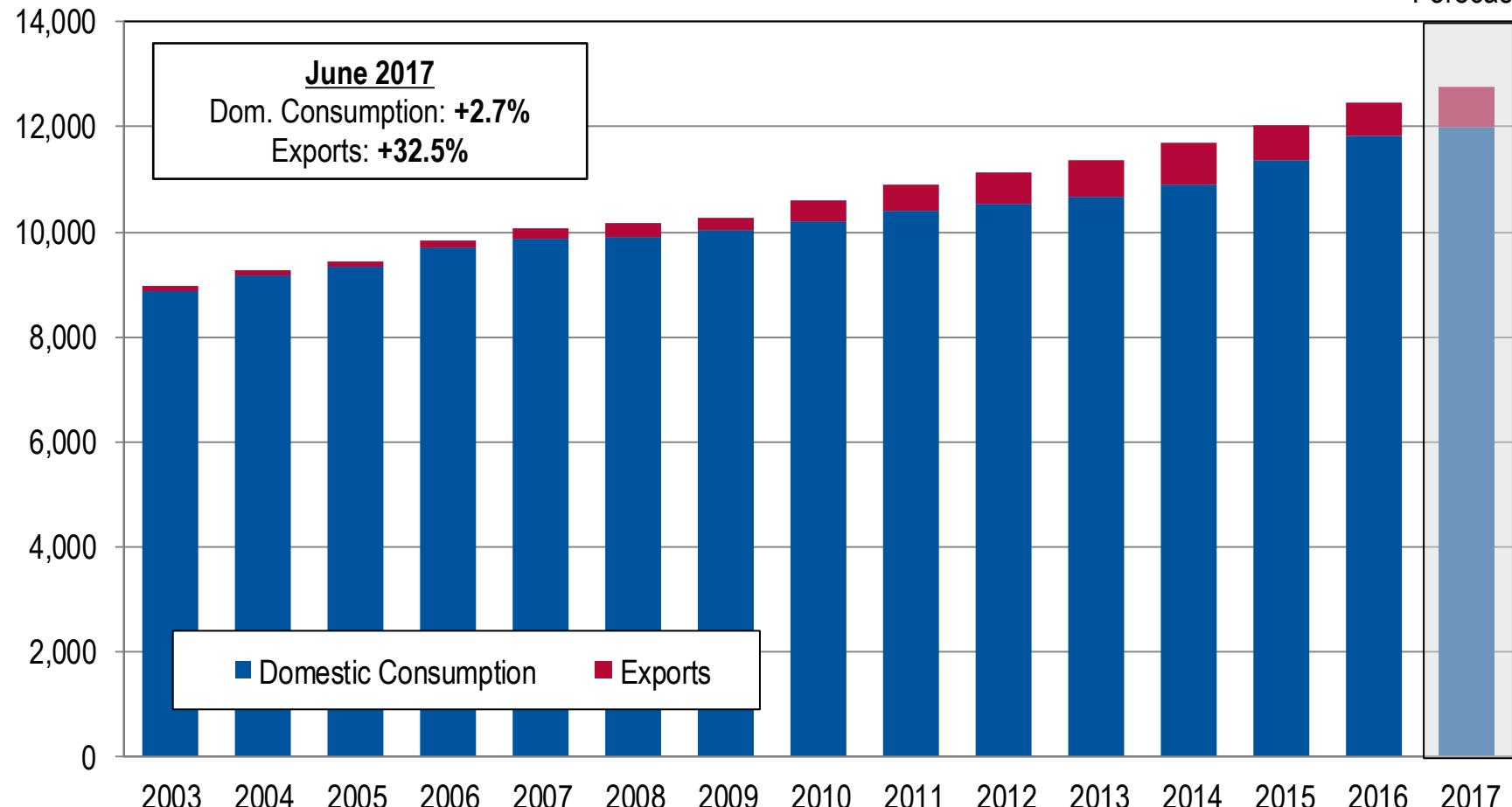
U.S. dollars per pound



U.S. total cheese commercial disappearance

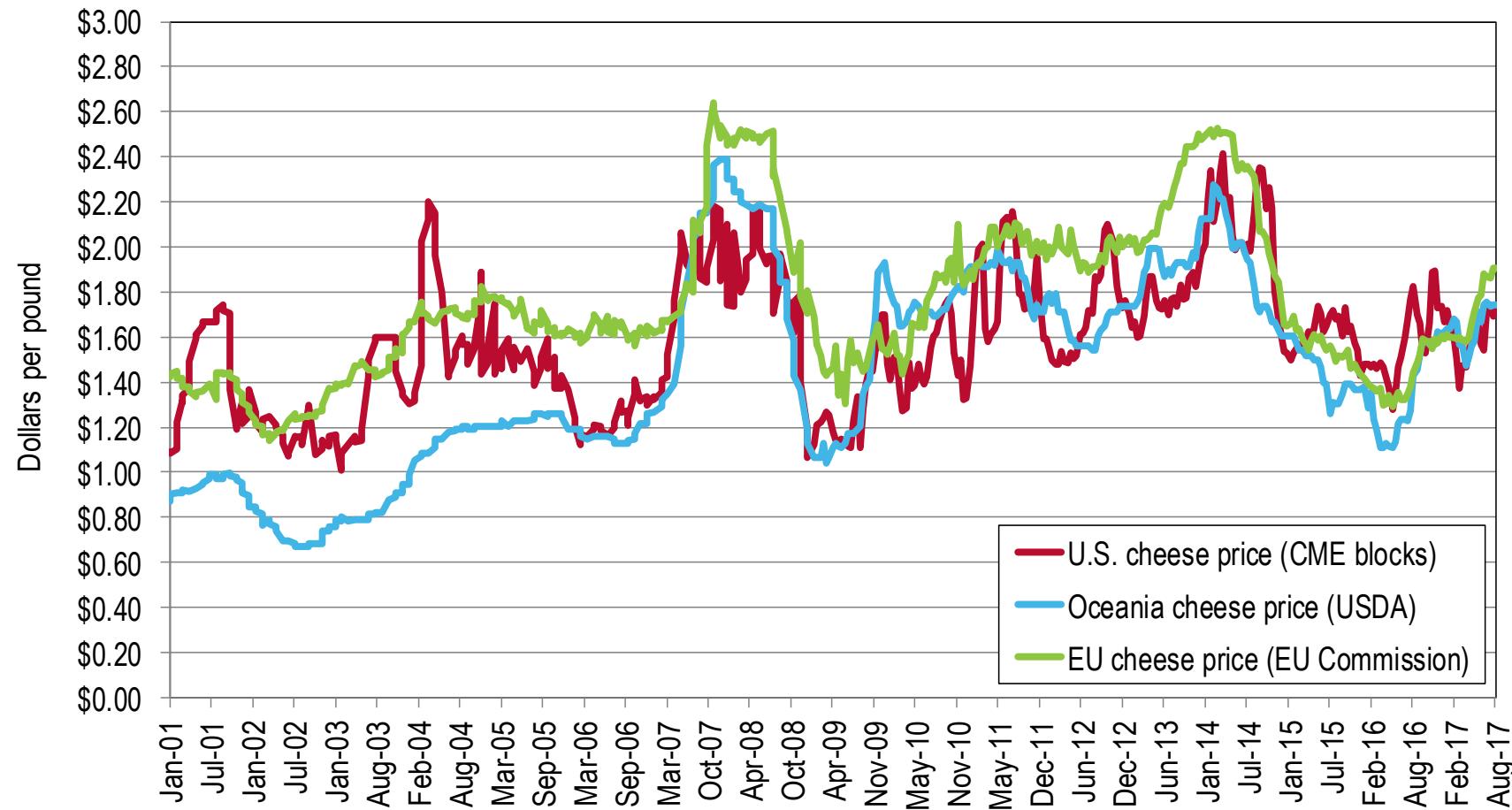
Million pounds

Forecast



U.S. vs. global cheese price

U.S. dollars per pound





Dairy Farmers of America



DFA overview

- A farmer-owned cooperative
- Member farms
 - Nearly 8,000 member farms and over 13,000 members
- Diversified manufacturer of dairy products, food components and ingredients and a leader in formulating and packaging shelf-stable dairy products
- 42 manufacturing facilities
- Annual sales (2016)
 - \$13.5 billion







Top 15 customers





DFA's Member Services

What we do

- Risk management
- Financing
- Input and supplies
- Consultancy
- Information

How we do it



Risk Management



Grazing



Insurance



Farm Supplies



Energy



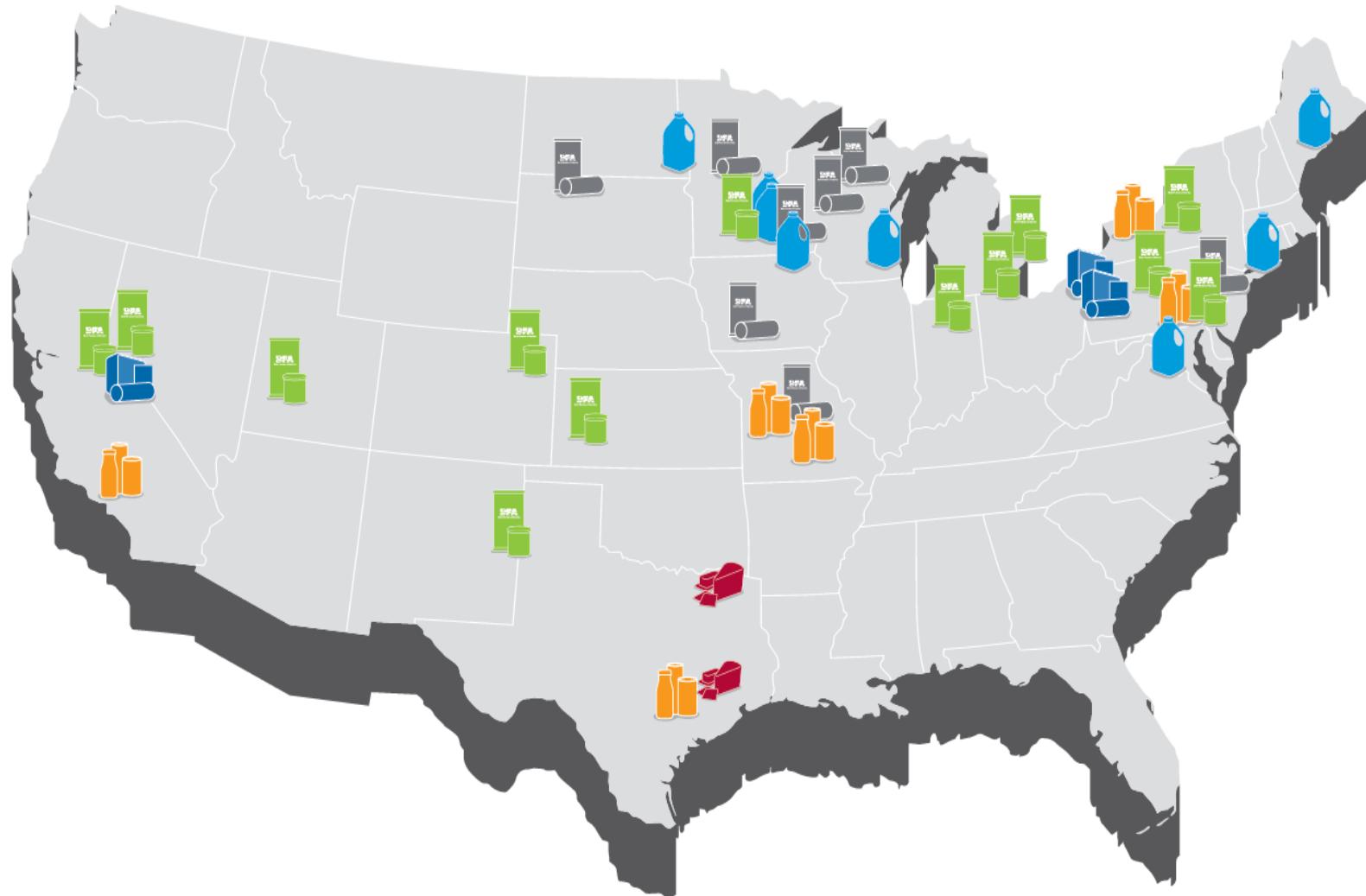
Financing





Leadership

42 DFA plants



Consumer Retail

- **Branded cheese and butter products**
 - **Revenue – \$515 million**
 - **Manufacturing facilities – 2**
 - **Employees – 227**



Ingredients

- **Dairy protein powder, cheese ingredient and butterfat ingredient products**
- **Revenue – \$1.3 billion**
- **Manufacturing facilities – 16**
- **Employees – 473**



DairiConcepts

- Produces dairy powders, seasoning blends and Italian-style and American-style cheese
- Revenue – \$501.9 million
- Manufacturing facilities – 8
- Employees – 639



Beverage and Dairy Foods

- Create products for food and beverage companies under their label and brands
- Develop new products under DFA brands
- Revenue – \$623.3 million
- Manufacturing facilities – 6
- Employees – 1,002



Fluid Milk and Ice Cream

- Fluid milk, yogurt, ice cream and cultured products
- Revenue – \$1.0 billion
- Manufacturing facilities – 9
- Employees – 1,796





Leadership





Thank you!

