



NATIONAL DAIRY CONFERENCE 2017



November 28, 2017
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Director of Strategy & Supplier Relations

10 January 49 BC, the river Rubicon

THE RUBICON

ROME

THE WORLD WE OPERATE IN IS CHANGING RAPIDLY...

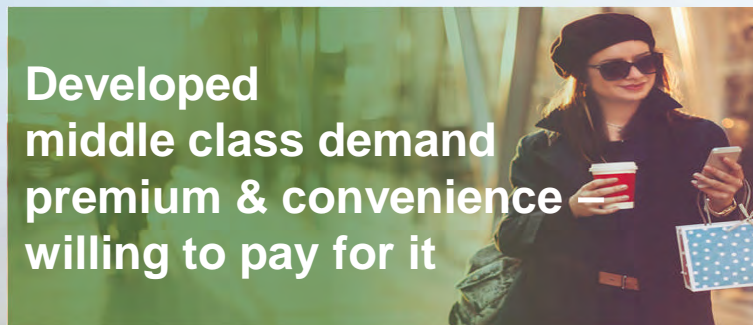


GLOBAL TRADE HAS LIBERALIZED SIGNIFICANTLY IN THE LAST 20 YEARS BUT IS NOW UNDER THREAT IN SOME AREAS.....



How competitive is Ireland on the global market place?

EMERGING MARKETS MIDDLE CLASS GROWTH CONTINUES...



How focused are we on the emerging market?

OUR WORLD... INCREASINGLY URBANISED... EMERGENCE OF MEGA CITIES



How do we respond to an increasingly urbanised mind set?

HEALTH AND WELLBEING IS FRONT OF MIND FOR CONSUMERS

Sugar, exercise, stress and immunity are key personal concerns



54% of Asians are actively trying to loose weight



25% of US adults need foods with high amounts of probiotics or prebiotics



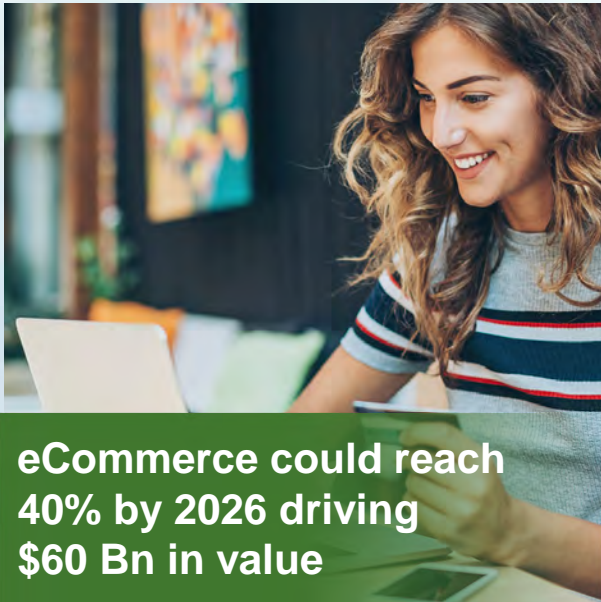
Can we respond to the demand for healthy food?

CUSTOMERS AND CONSUMERS ARE DEMANDING MORE.....



How can we verify/substantiate our claims?

CONSUMERS ARE LIVING ONLINE AND INTERACTING WITH THE WORLD DIGITALLY.....



Are we to be the leaders or the followers in this revolution?

THE FARMER OF THE FUTURE WILL FACE MANY DIFFERENT CHALLENGES... AND OPPORTUNITIES



For success, a far greater integrated supply chain model will be required.

ENVIRONMENTAL REGULATIONS FUTURE QUOTA



Research, science and evolved practices required to address these real challenges

And farm structures are changing....

FARMER



51 average age



SUCCESSORS



50% identified a successor



EMPLOYEES



49% Employee
non-family
members

Of those with no employees
38% intend to employ



GROUP / PARTNERSHIP



41% involved in discussion group

23% involved in farm partnership

Additional **20%** interested in future farm partnership



LAND AREA



197 acres

57 acres rented

66% of suppliers rent land



RENTAL AGREEMENTS



30% Land area is rented
(270k acres)

43% Long-term, **20%** Short-term



LAND UTILISATION



27k acres
unsuitable for
dairying



ZERO GRAZING



14%

Of suppliers will practice zero grazing by 2020



SOIL MANAGEMENT



Significant reliance
on Nitrogen Derogation

83% soil test



WATERCOURSES



78% Of suppliers have watercourses on their land

53% of those have a Nutrient Management Plan



ANIMALS



94 COWS

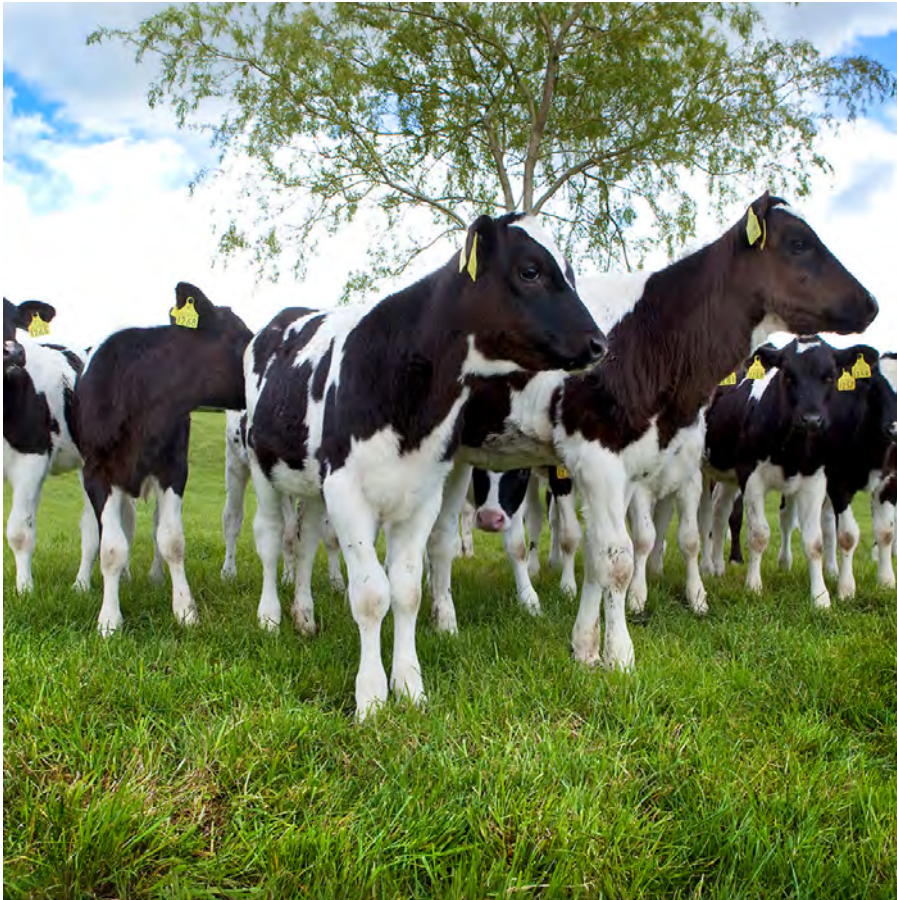
37 heifers

32 calves

58 beef



REPLACEMENT HEIFERS



21% of suppliers considering contract rearing replacements



FUTURE NON-DAIRY LIVESTOCK PLANS BY 2020



13% increase

63% maintain current level



GENETIC MERIT



12% Excellent

40% Room for improvement



BROADBAND



45% Poor-Very Poor

30% Satisfactory



ADDRESSING POLICY ISSUES



A scenic landscape at sunset or sunrise. The sky is filled with dramatic, colorful clouds in shades of blue, orange, and yellow. The sun is low on the horizon, creating a bright starburst effect and casting long, golden rays across the sky. The foreground shows the dark silhouettes of rolling hills and mountains.

**How will farmers need to evolve
to ensure a sustainable
production model...**

SUSTAINABLE MILK PROD. REQUIRES: MARKET & SOCIETY FOCUS



Farmer of the future:

- Market focused
- Consumer understanding
- Changing Societal Landscape
- Ability / agility to respond

SUSTAINABLE MILK PROD. REQUIRES: CLINICAL SPECIALISATION



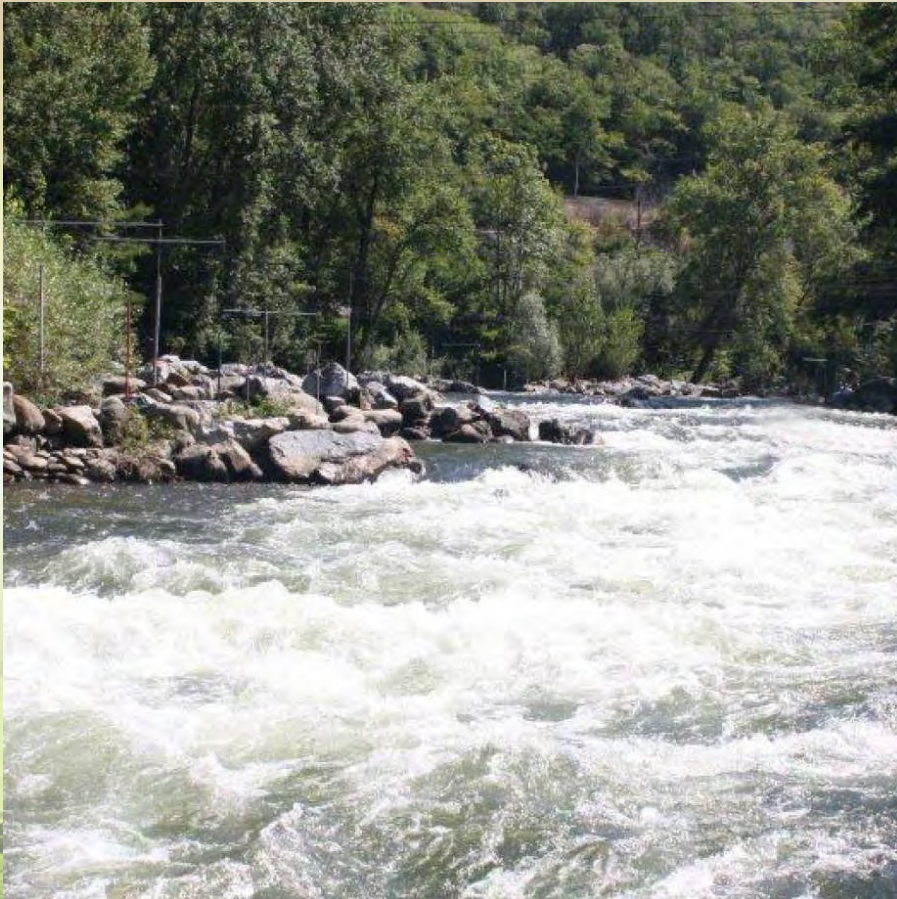
- Clinical specialisation
- Outsourcing all non core activities.
- Investing only in essential assets.
- Cost understanding/focus.

SUSTAINABLE MILK PRODUCTION REQUIRES: SUPPLY CHAIN INTEGRATION...



- Embrace/drive greater supply chain integration.....from pre farm to post brand.
- Development and the adaption of new models / new ways of working

SUSTAINABLE MILK PROD. REQUIRES: OWNERSHIP OF THE ENV. DEBATE



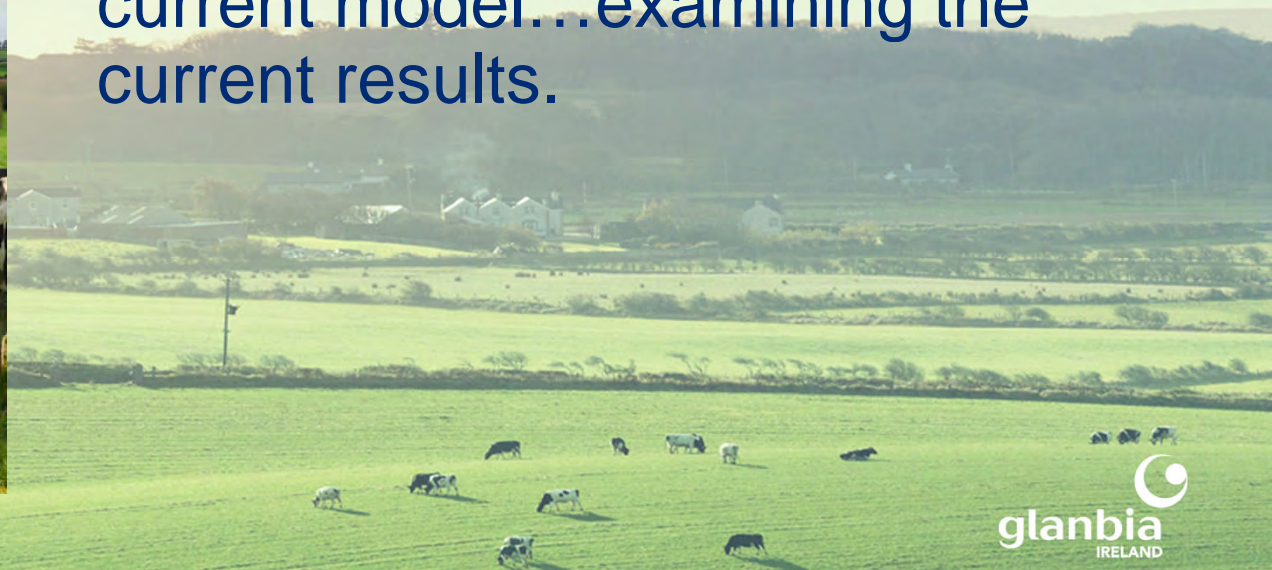
- Greater ownership of the environmental debate.....
- Take leadership and communicate care for the environment.....
- To enhance and protect the environment..... to do and be seen to do the right thing.



SUSTAINABLE MILK PROD. REQUIRES: MAX UTILISATION OF LAND BASE...



- Utilisation to its sustainable maximum the industry's most precious asset.....the land base.
- This may require questioning the current model...examining the current results.



SUSTAINABLE MILK PROD. REQUIRES: EMBRACING SCIENCE & TECHNOLOGY



- Embrace advances in science and technology.
- Exploit the promise of digital technology
- Technology investments – need to be fit for purpose
- A need to discern the difference between noise and value.

.....AND SUSTAINABLE MILK PRODUCTION REQUIRES FARMERS TO CHALLENGE...



- Challenge accepted thinking, to question convention.
- Engage beyond the farm
- Challenge short -term thinking.
- No stakeholder in the industry should be immune from challenge.

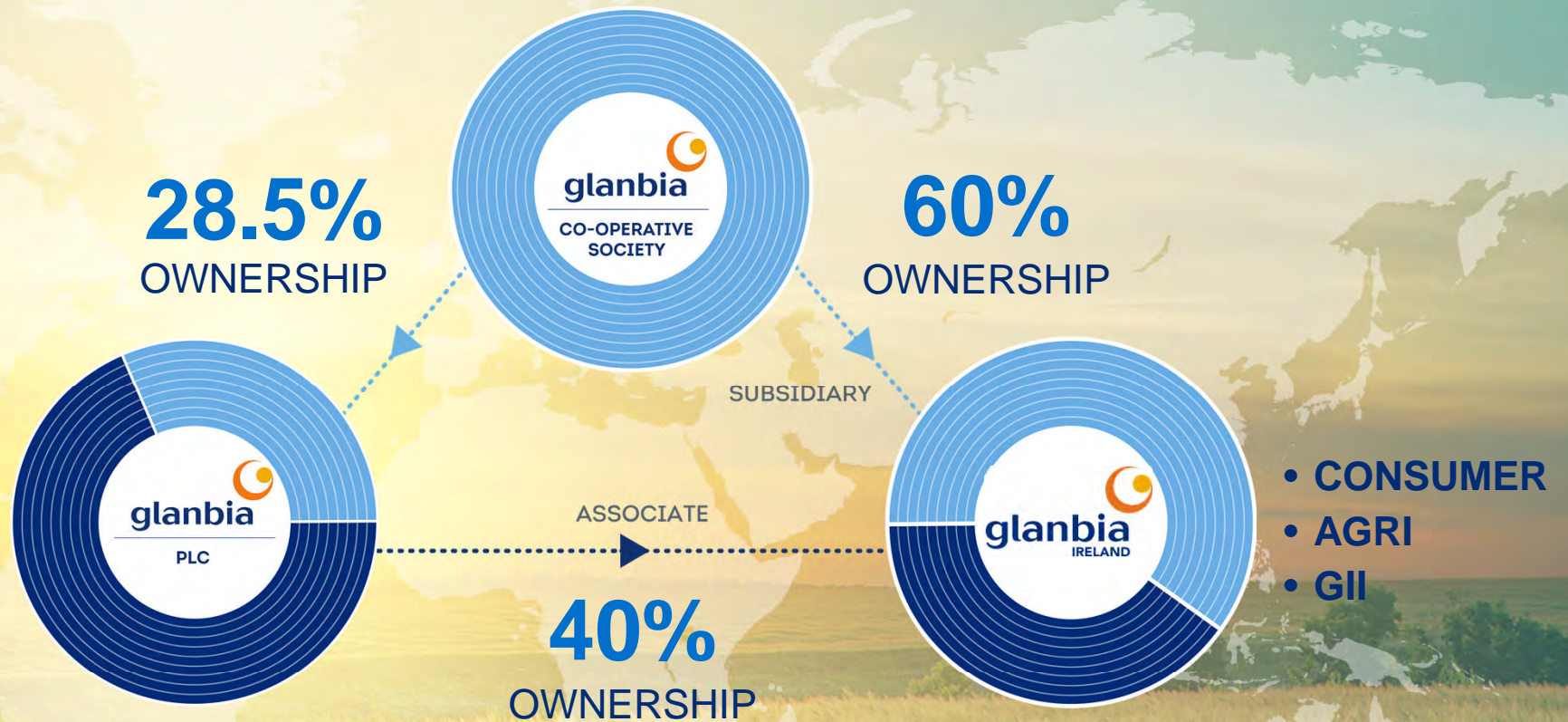
Sustainable milk production will also require all of the relevant state institutions to continue to work in concert to drive the success of the nations most important indigenous industry



It will require all those who comment, analyse, lobby and recommend to go beyond the apparent, to step out of the comfortable, the traditional - perhaps even the popular...

...and how is/will Glanbia Ireland drive sustainable milk production?

WE HAVE FUNDAMENTALLY CHANGED OUR STRUCTURE... OUR MODEL



WE HAVE ESTABLISHED A BUSINESS OF RELEVANT SCALE



WE ARE TARGETING GROWING MARKET SECTORS.....



**INFANT
NUTRITION**



**SPORTS &
LIFESTYLE NUTRITION**



**CLINICAL
NUTRITION**



**AFFORDABLE
NUTRITION**



B2B CHEESE



BAKERY



**CONSUMER BRANDED
FRESH DAIRY
PRODUCTS**



**INVESTMENT IN
ANCIENT GRAINS**



**EXPANSION IN
GLUTEN FREE OATS**



**FIRST TO GROW
QUINOA IN IRELAND**

WE ARE LEADING INTERNATIONALLY ON VOLATILITY MANAGEMENT.....

GLANBIA
FIXED MILK PRICE
SCHEME

MilkFlex

GLANBIA
ADVANCE
PAYMENT
SCHEME

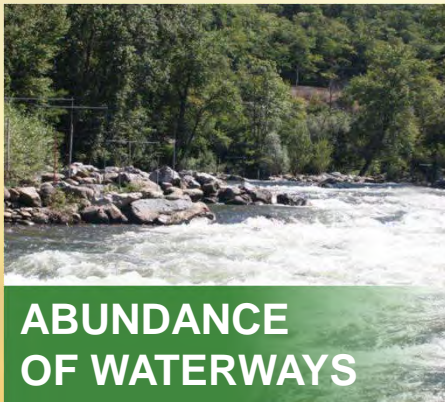


GLANBIA
LOYALTY
SCHEME



WITH OUR PARTNERS, WE ARE DRIVING THE SUSTAINABILITY MESSAGE IN THE MARKET.....

IRELAND - THE PERFECT LOCATION FOR FOOD PRODUCTION



WE HAVE COMMITTED TO ACCOMMODATING OUR MILK SUPPLIERS' EXPANSION BY INVESTING IN WORLD CLASS PRODUCTION CAPABILITY

€270MN INVESTED SINCE 2013 IN MILK PROCESSING CAPACITY



Belview, Co. Kilkenny

PROCESSING INVESTMENT
PROPOSED €250-300MN (2017-2020)

**We have heavily
resourced our innovation
and quality capability**

We have invested in our route to market and marketing capability.....

● Sales Office ● Manufacturing Locations ● Customer Liaison Offices



.....and we have reached out to understand and respond to the views of our members.....



**and so we return
to the Rubicon...**



THANK YOU!



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