



U.S. Dairy
Export Council®

Ingredients | Products | Global Markets

A Globalized Dairy Market

The U.S. Dairy Industry: We're "All In"

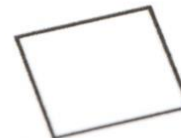
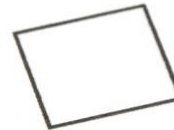
International Grocers Association
Atlanta, GA

October 8, 2014



Today's Topics

- About USDEC
- Growth factors and prospects
 - Milk supply assets
 - Export commitment
 - Portfolio expansion
- Final thoughts
- Q & A



U.S. Dairy Export Council (USDEC)

- Independent membership organization
- 119 members
 - U.S. dairy producers
 - Dairy processors and cooperatives
 - Trading companies
 - Allied companies and organizations
- Created in 1995 by U.S. dairy farmers
- Headquartered in Arlington, Virginia





Representation Around the World

- China
- European Union*
- Japan
- Mexico, including Central America
- Middle East & North Africa
- South America
- South Korea
- Southeast Asia
- United States
- Vietnam



Provide market insights and technical support to local buyers and end-users



Factors Behind Growth in U.S. Milk Production

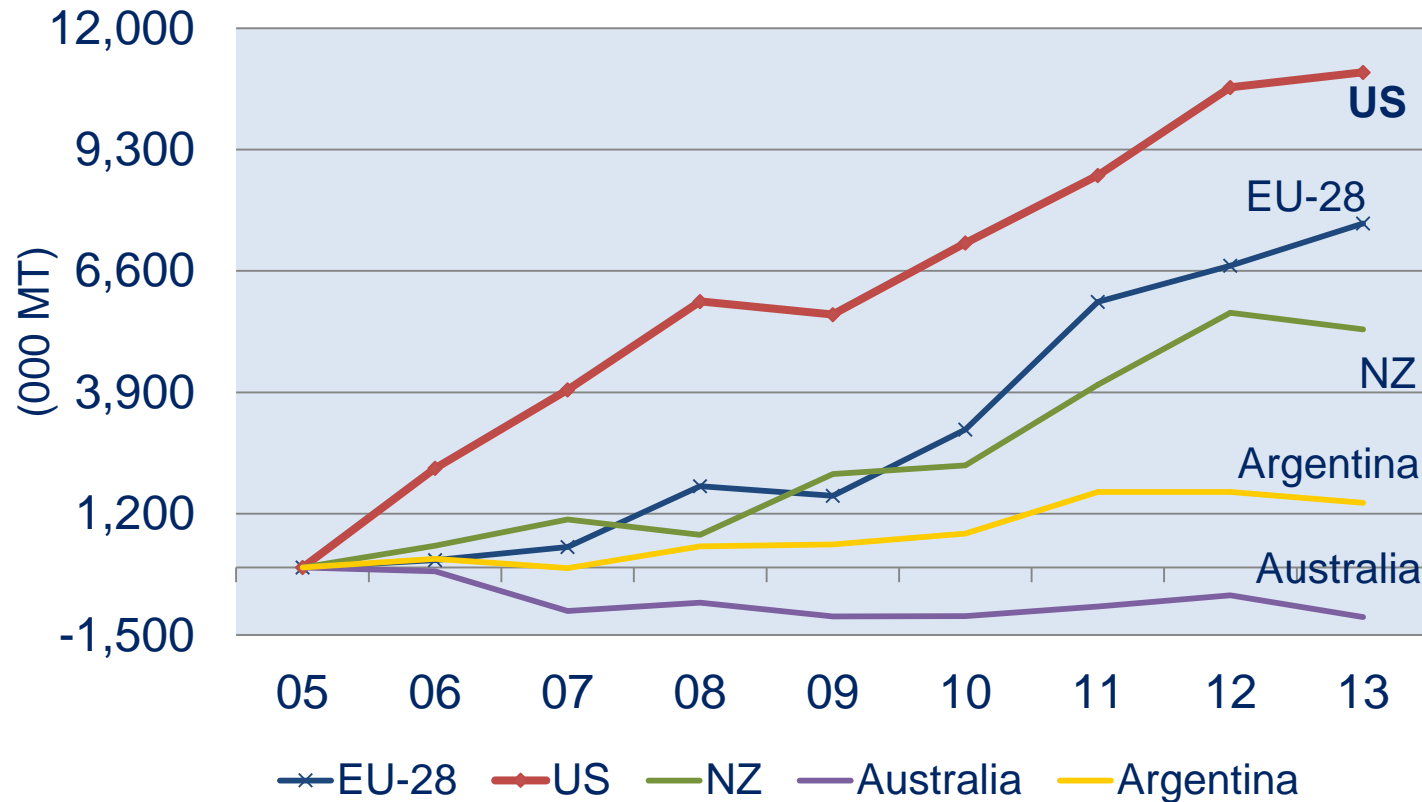


- Higher yields per cow (despite lower number of cows)
- Steady growth in dairy farm efficiency
 - Lower production costs (reduced investment/overhead per cow)
 - More financial stability and commitment
- Year-round production with very little seasonal variance
 - Volume
 - Nutrient composition
- Production across the USA



U.S. Leads the World in Milk Volume Growth

Cumulative milk production growth since 2005





What We Export (2013)

	Value (millions)	% change vs. 2008	Volume (MT)	% change vs. 2008
SMP/NDM	\$2,050	+44%	554,752	+38%
Cheese	\$1,355	+138%	316,556	+141%
Whey proteins	\$1,210	+98%	544,584	+50%
Lactose	\$574	+213%	341,747	+84%
Butterfat	\$354	+30%	91,952	+2%
Ice cream	\$177	+208%	61,089	+141%
Fluid milk & cream	\$36	+84%	86,991	+78%
TOTAL	\$6,831	+78%		

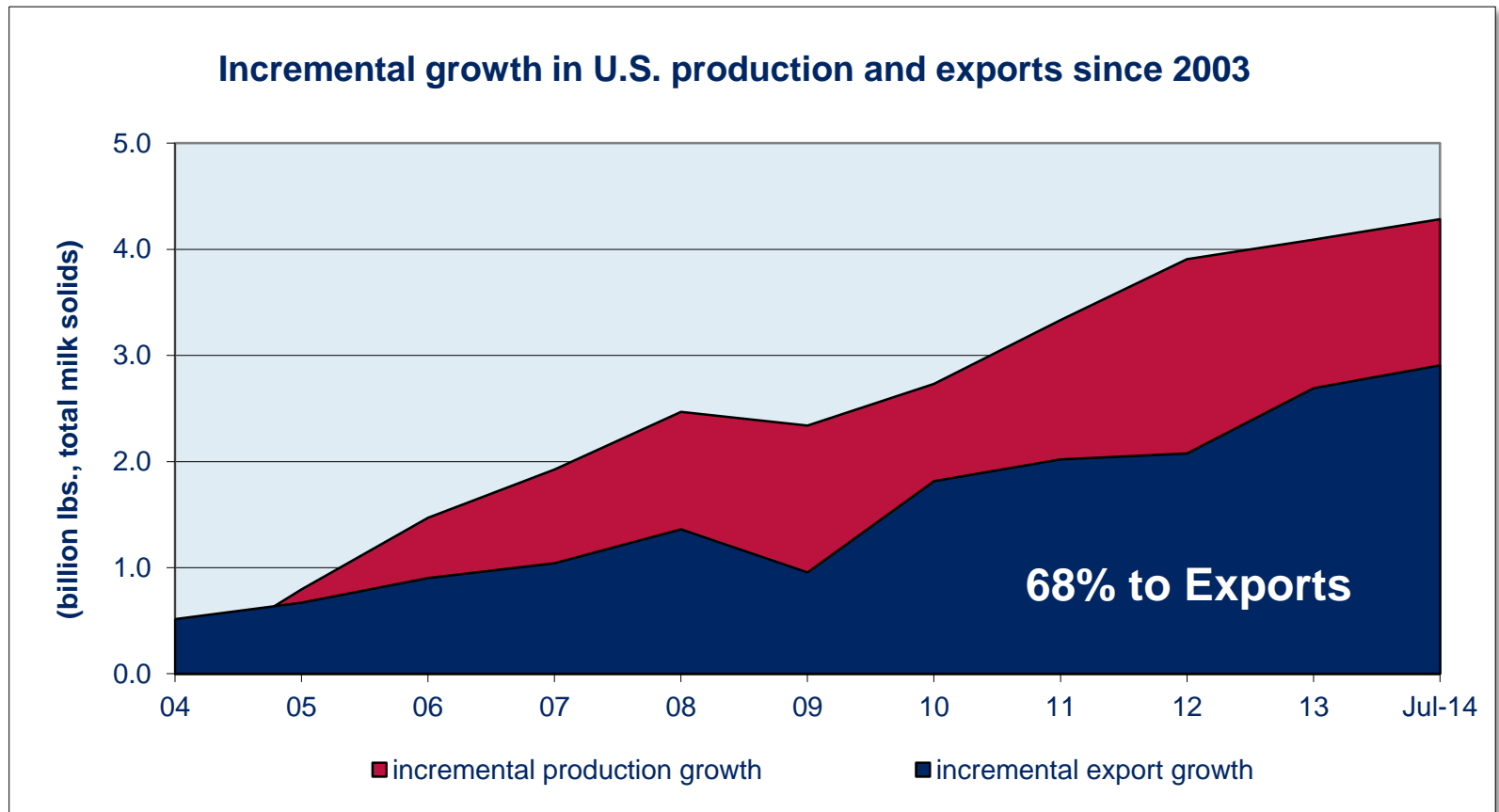


Where We Export (2013)

	Value (millions)	% change vs. 2008
Mexico	\$1,425	+53%
Southeast Asia	\$1,247	+68%
Middle East/North Africa	\$827	+79%
Canada	\$764	+57%
China/Hong Kong	\$750	+283%
Japan	\$304	+46%
Korea	\$303	+200%
Caribbean	\$193	+18%
TOTAL	\$6,831	+78%



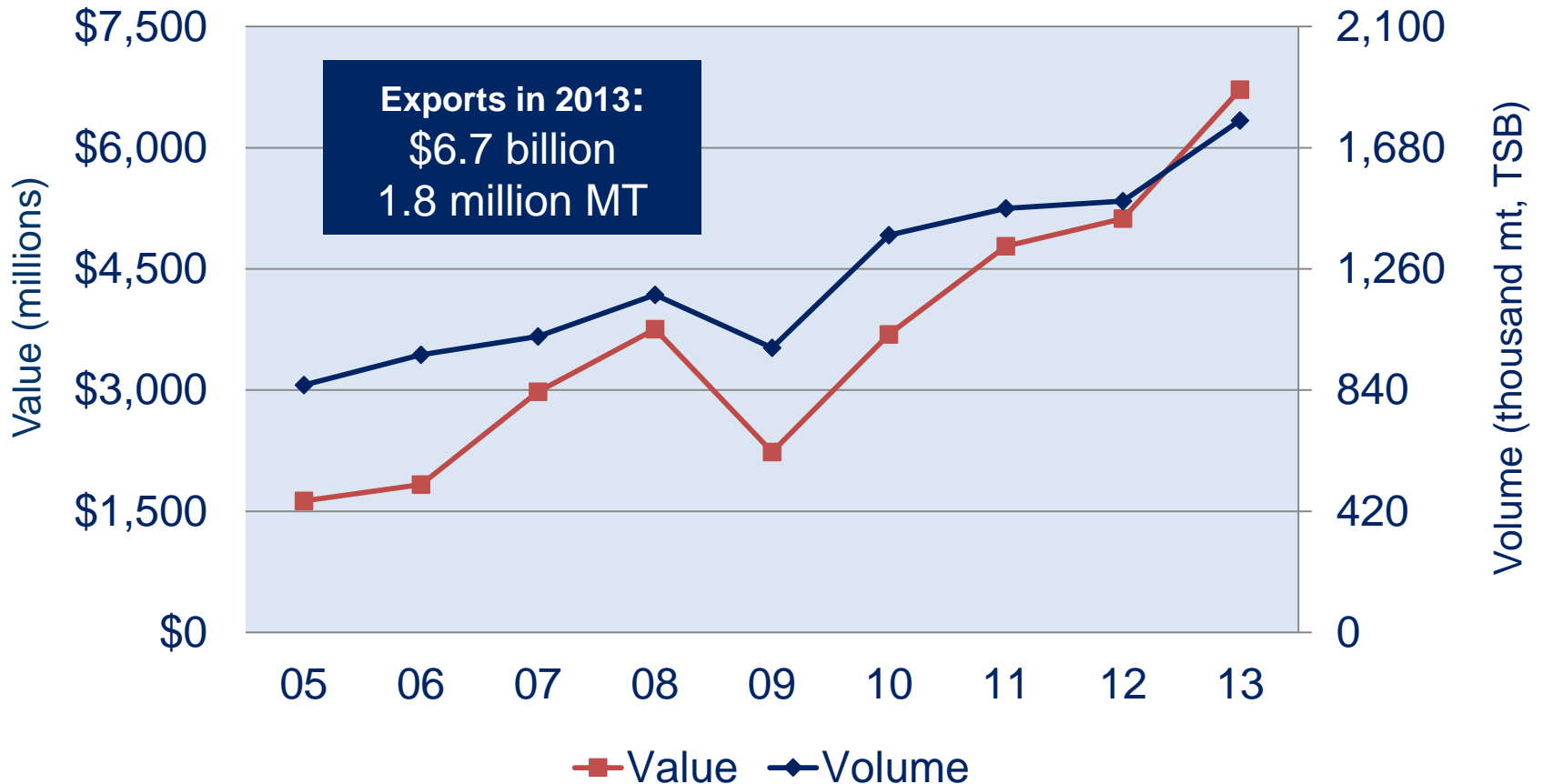
Increasing Percentage of “New” Milk Produced Since 2003 for Export





Record U.S. Dairy Exports in 2013

U.S. Exports - value and volume





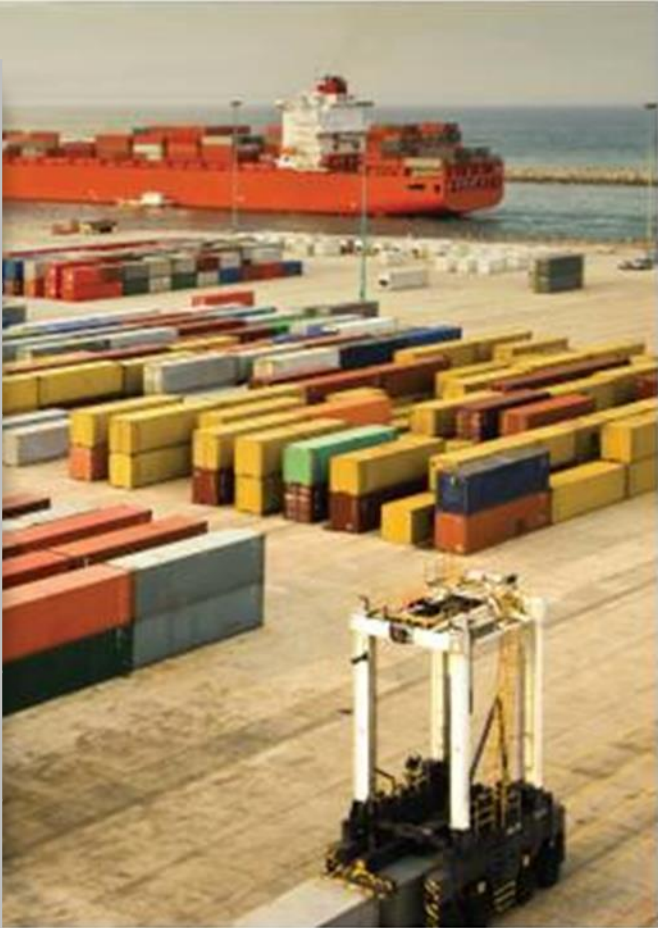
2013 Saw Outstanding Growth

Export value	+ 31% last year + 21% p.a. over 10 years (CAGR)
Export volume	+ 19% last year + 12% p.a. over 10 years (CAGR)
Export % of production	15.5% up from 11% in 2008
U.S. global share [SMP, WMP, cheese, butterfat, whey]	17% up from 11% in 2009



Most U.S. Products Hitting Higher Export Shares

Product	2014 (7 mos.)	2013	Avg. '04 – '08
NDM/SMP	59%	58%	42%
Cheese	7.4%	6.3%	1.9%
Dry sweet whey	53%	56%	42%
Lactose	55%	73%	56%
Butterfat	8.6%	10.7%	4.4%

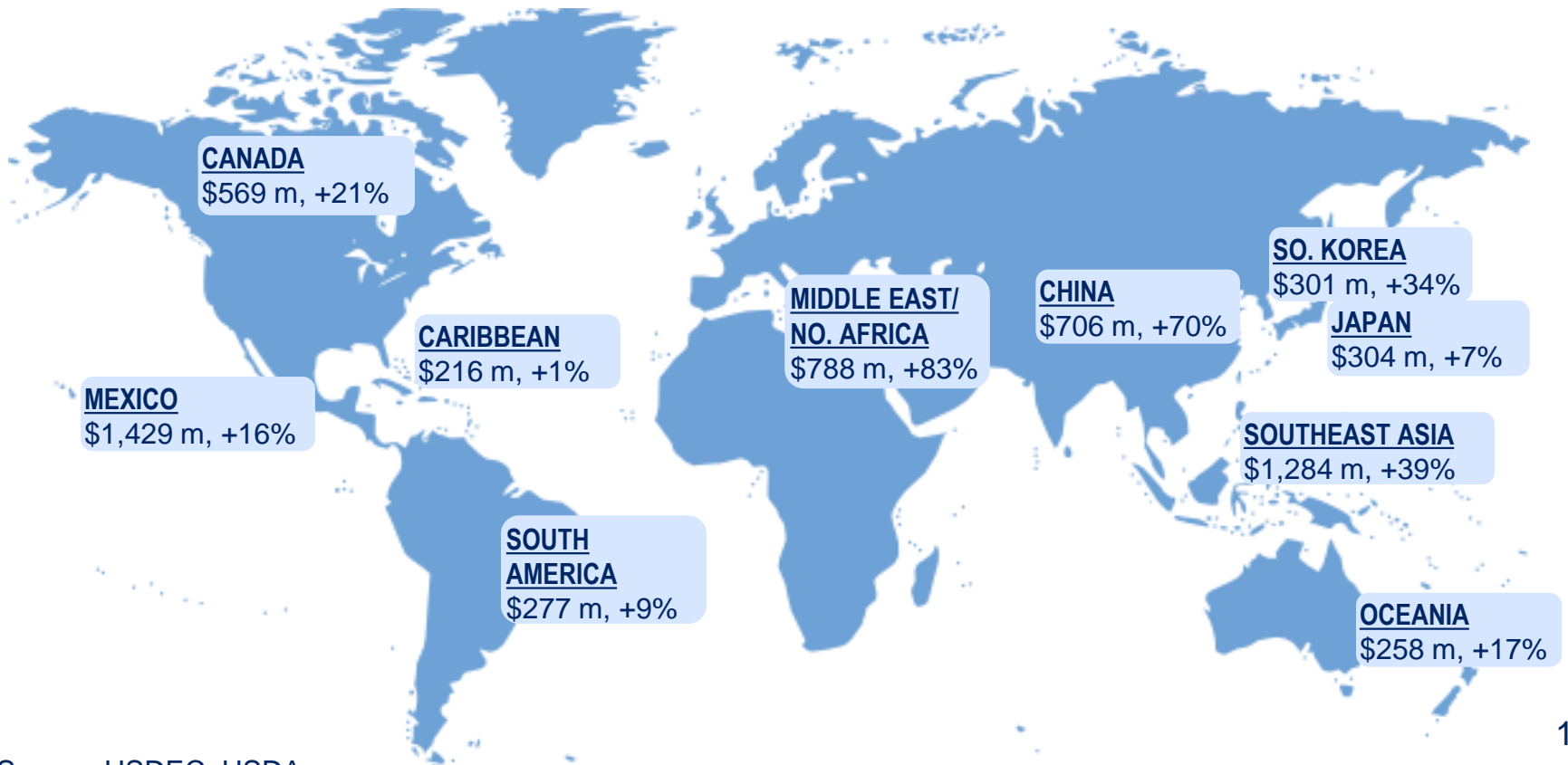




Diverse, Growing Base of Markets for U.S. Dairy Products

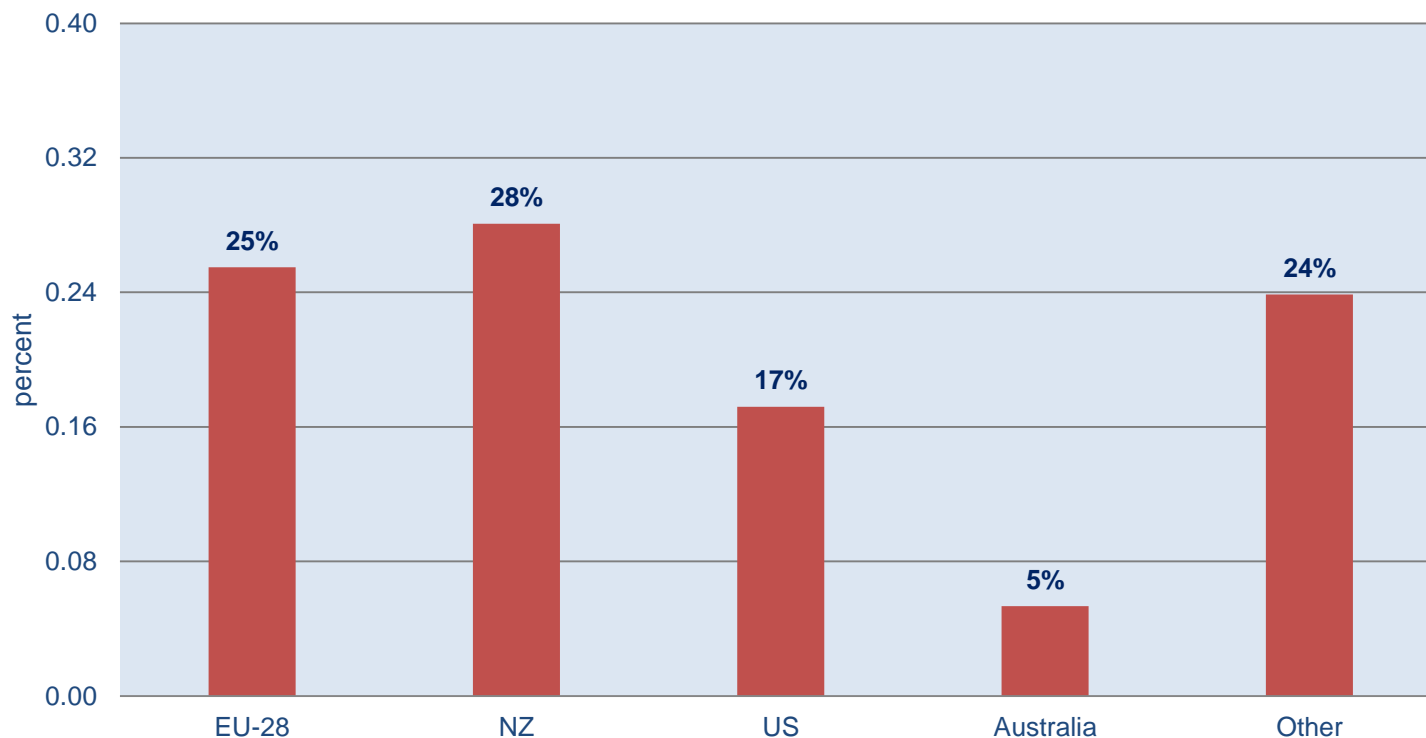
U.S. DAIRY EXPORTS, TOP 10 MARKETS (in millions)

(JAN.-DEC. 2013 AND % CHANGE VS. PRIOR YEAR)



2. Rising U.S. Presence in Global Dairy Trade

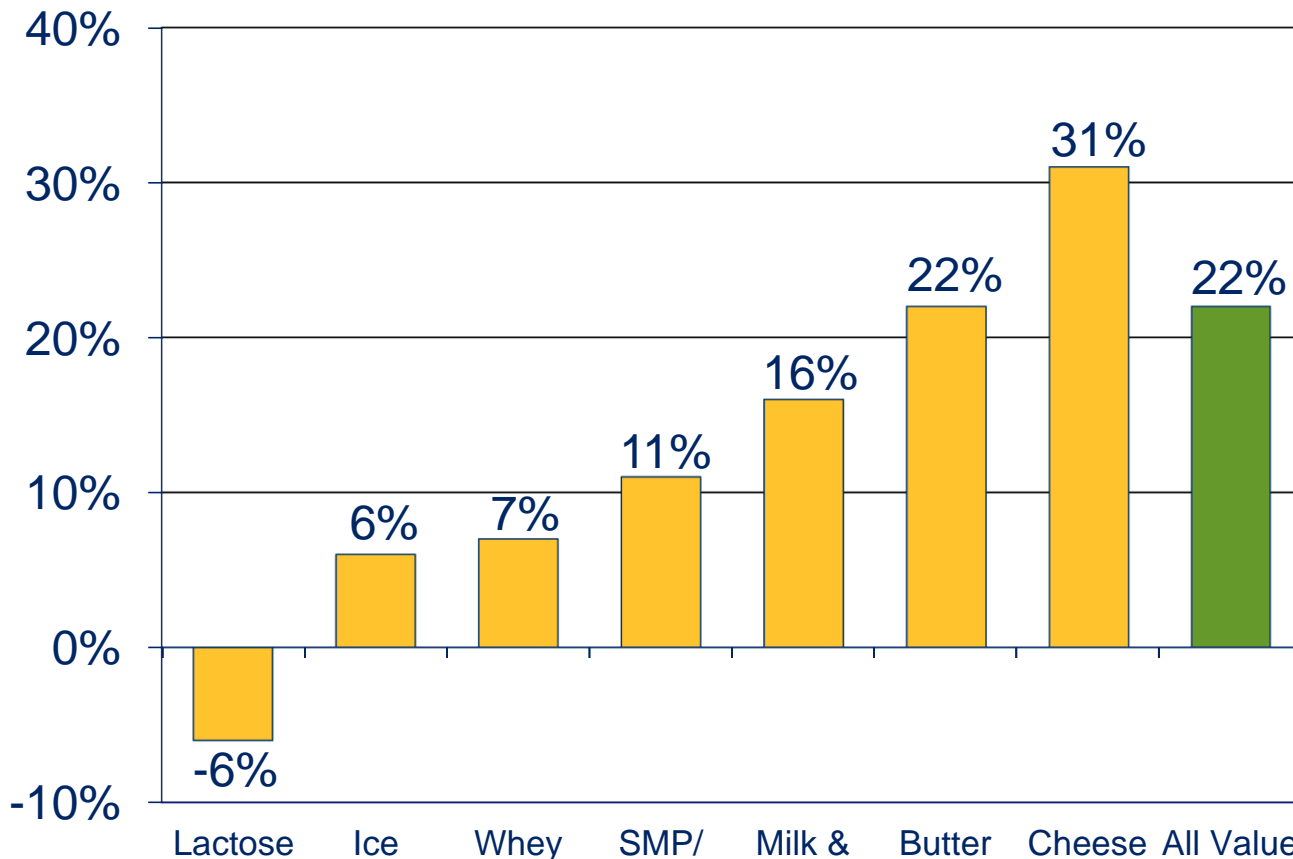
2013 Aggregate Export Volume (share)
SMP, WMP, cheese, butterfat, whey





Most Products Moving Up

Seven Months 2014 vs. Seven Months 2013



Lactose Ice Cream Whey SMP/NDM Milk & Cream* Butter Cheese All Value

198.5 42.5 335.1 353.0 58.6 47.9 231.2 \$4,615 mil

Volume (000 MT)
*(mil. liters)

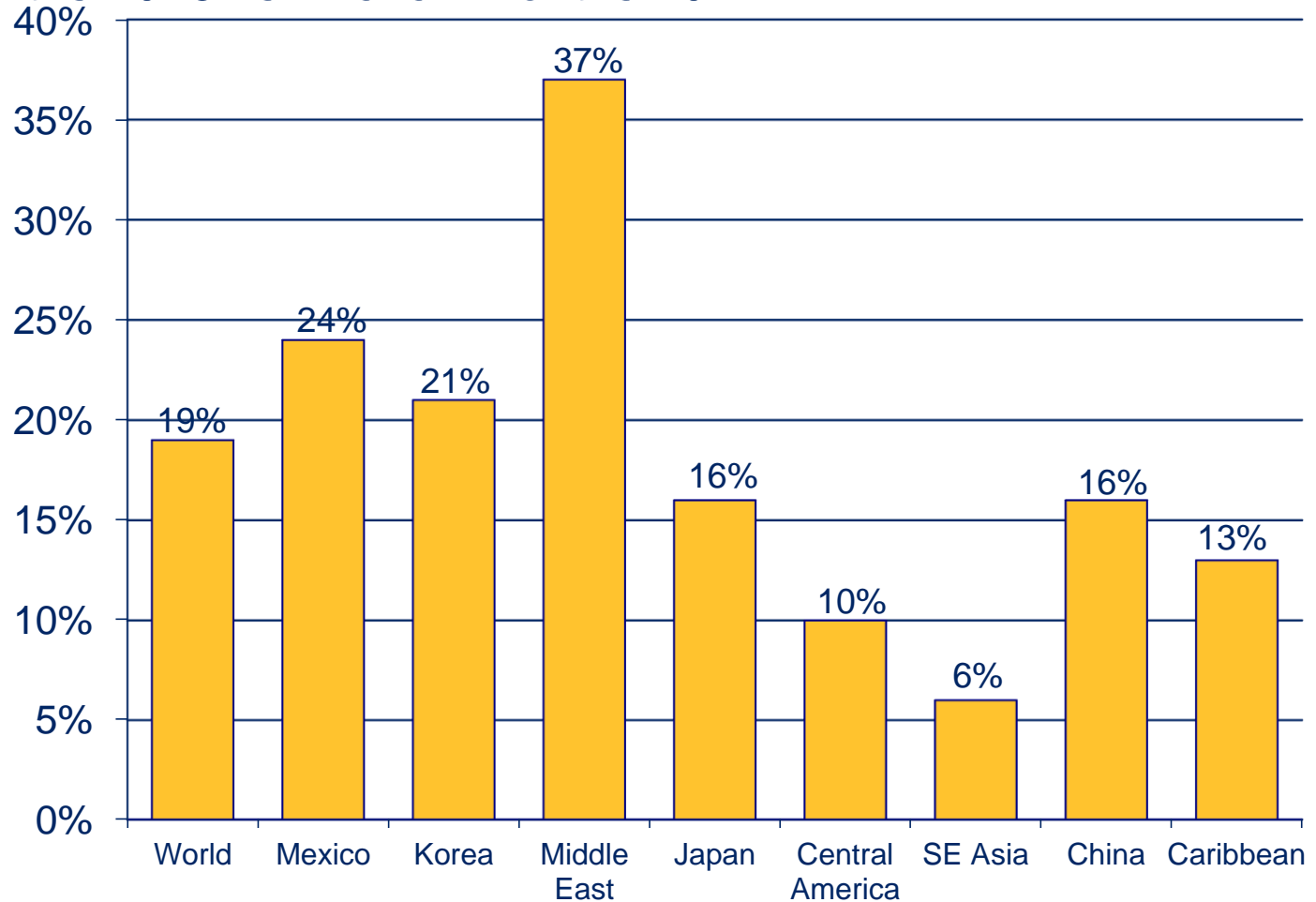


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U.S. Exports of Cheese

Eleven Months 2013 vs. Eleven Months 2012



Volume (000 MT)

285.5

72.9

44.7

39.3

28.2

15.4

14.1

12.2

11.8



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Questions and Answers?





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Thank you

Vikki Nicholson, Senior Vice President

vnicholson@usdec.org