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Agricultural Outlook Forum  
U.S. Department of Agriculture  
Arlington, Virginia

Presented: February 19-20, 2015

## **Dairy Farmers of America's joint venture with the Chinese**

**Jay Waldvogel**



RON TIMMERMAN | TIMMERMAN FARMS | LITTLE FALLS, N.Y.

## Dairy Farmers of America's joint venture with the Chinese

More Cooperative.



# DFA Introduction

A Global Perspective

Our approach to China

More Cooperative.



# DFA overview

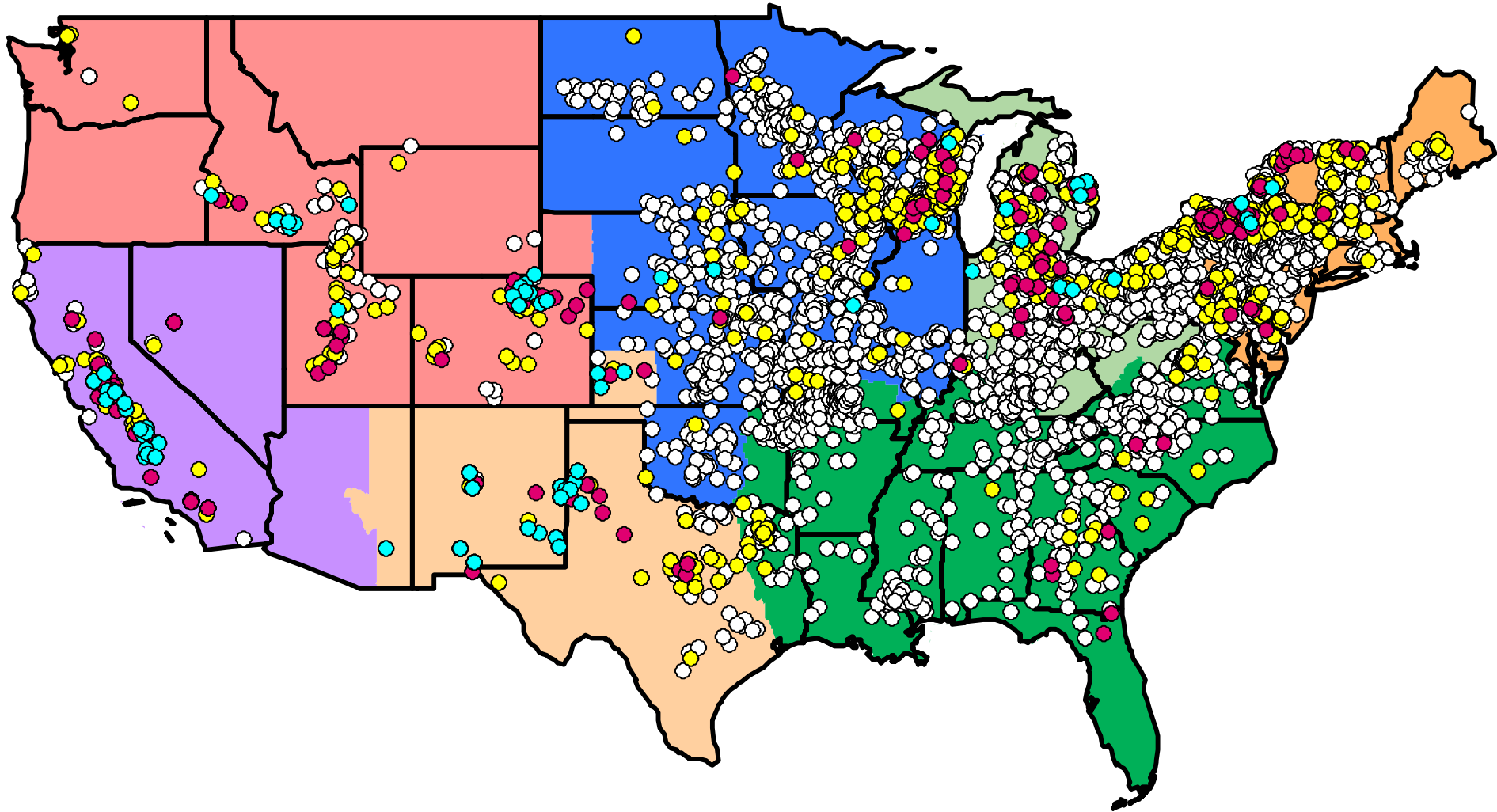
- **A farmer-owned cooperative**
- **Member farms across the US**
  - Nearly 9,000 member farms
  - Produce 23% of all US milk



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# Member Farms



# DFA overview

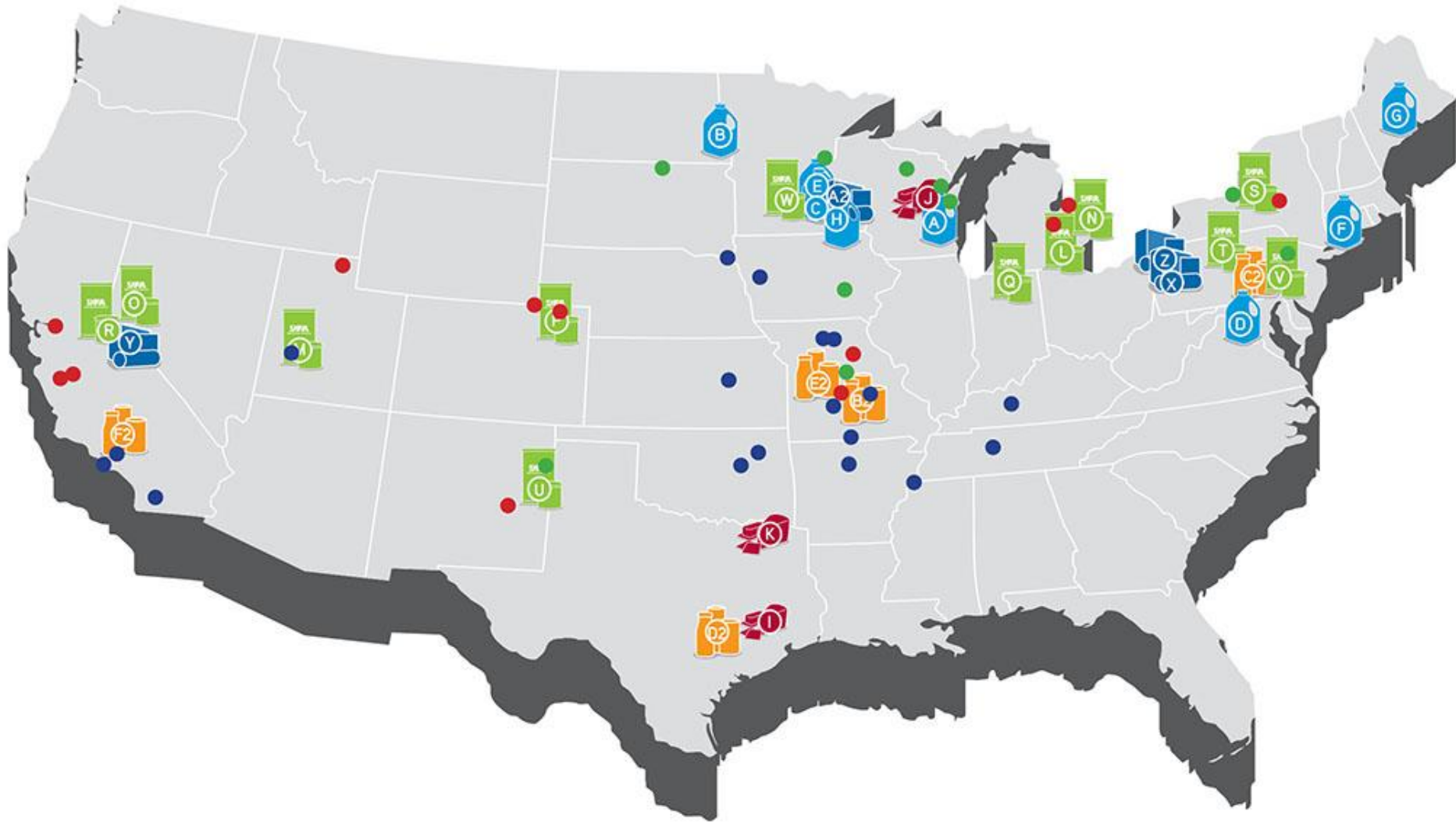
- **A farmer-owned cooperative**
- **Member farms across the US**
  - Nearly 9,000 member farms
  - Produce 23% of all US milk
- **Processing network**
  - 33 DFA managed facilities
  - Invested in 77 facilities in total
- **Diverse commercial businesses**
  - \$5+ billion annual revenue



More Cooperative.



# DFA Processing Network





# DFA overview

- **A farmer-owned cooperative**
- **Member farms across the US**
  - 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
- **Leading US dairy company**
  - \$18 billion annual revenue
  - Marketing 30% of all US milk



More Cooperative.





More Cooperative.



# DFA Overview

## A Global Perspective

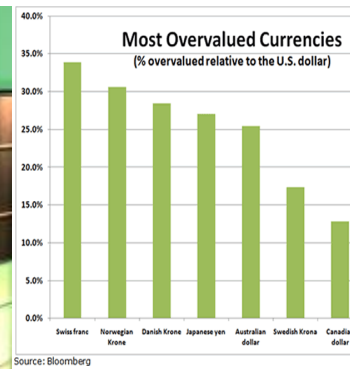
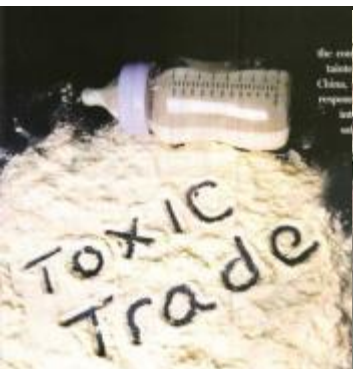
### Our approach to China

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# Global Dairy Demand

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



# Globalization

- Free flow of information
- Free flow of capital



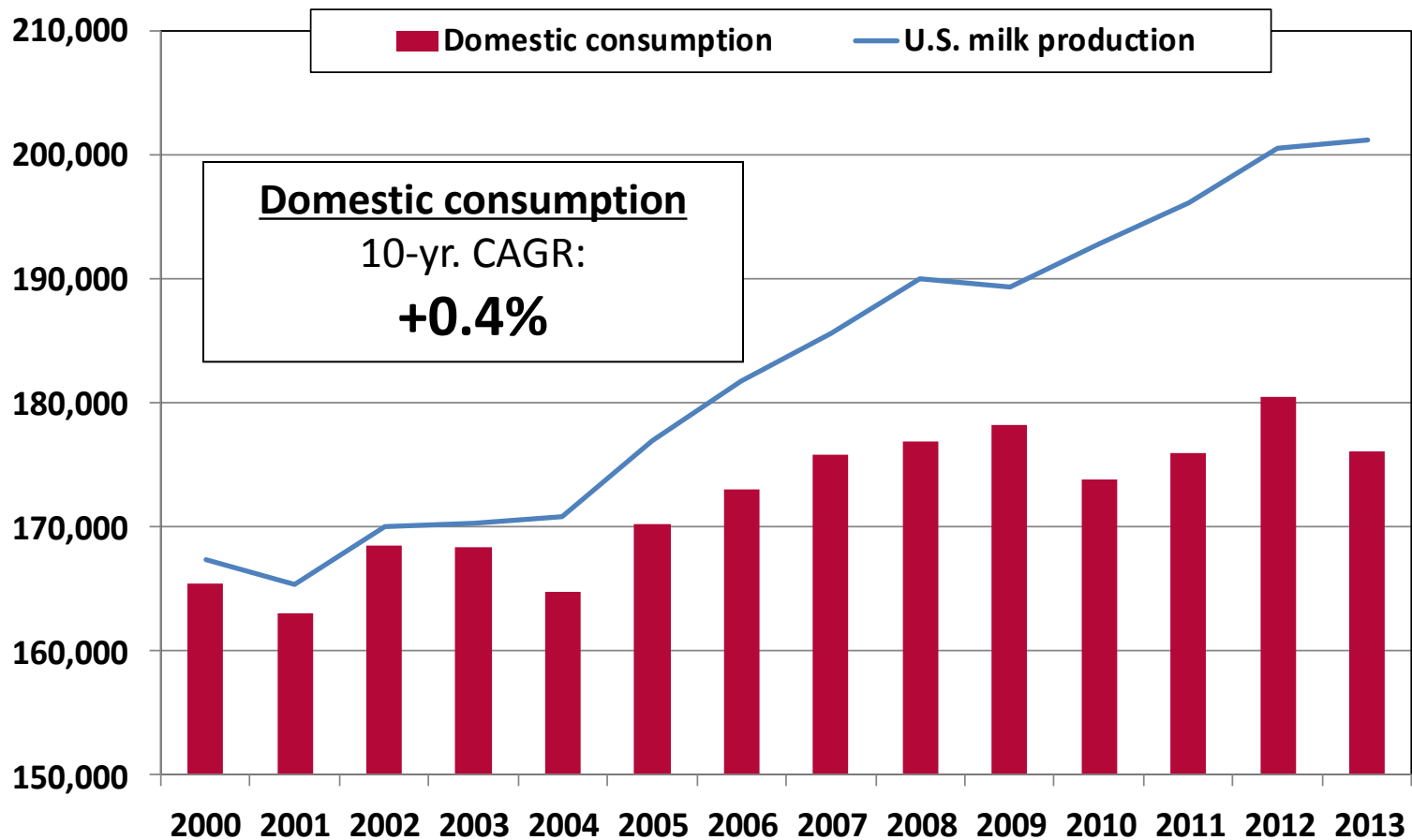
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# Globalization

- **Free flow of information**
- **Free flow of capital**
- **Practical impacts**

# U.S. milk production and consumption

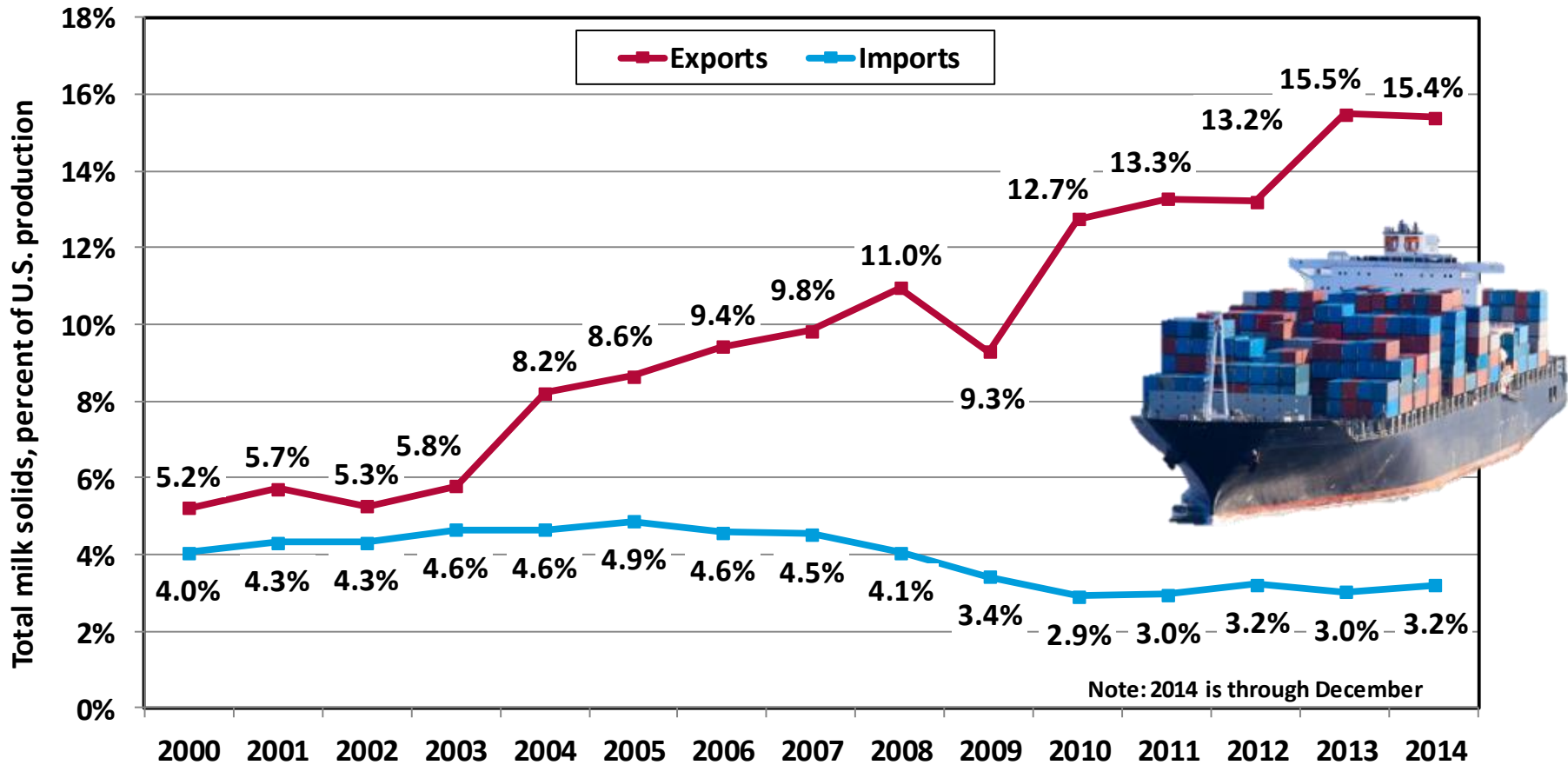


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# Dairy Trade Balance

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

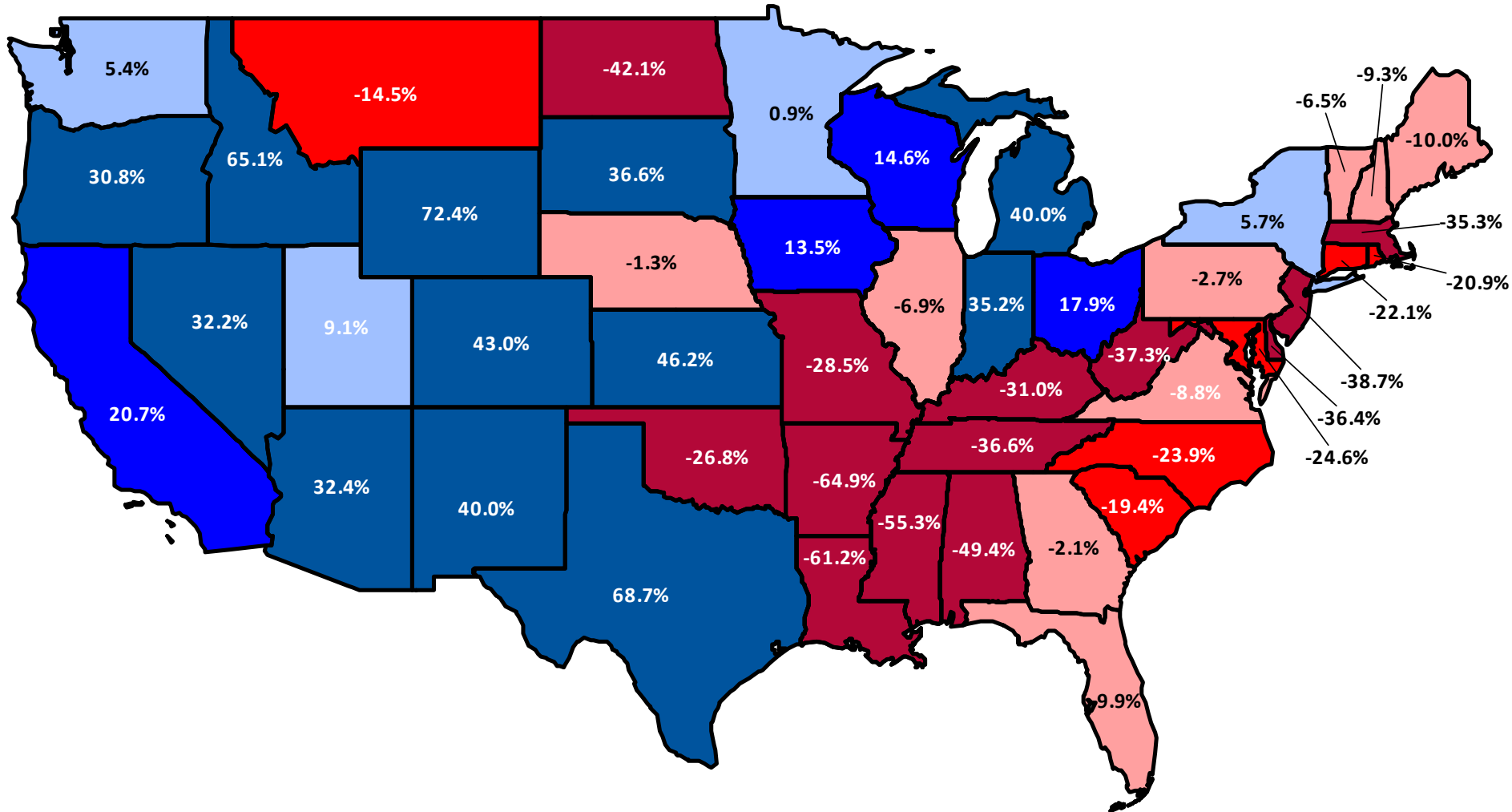


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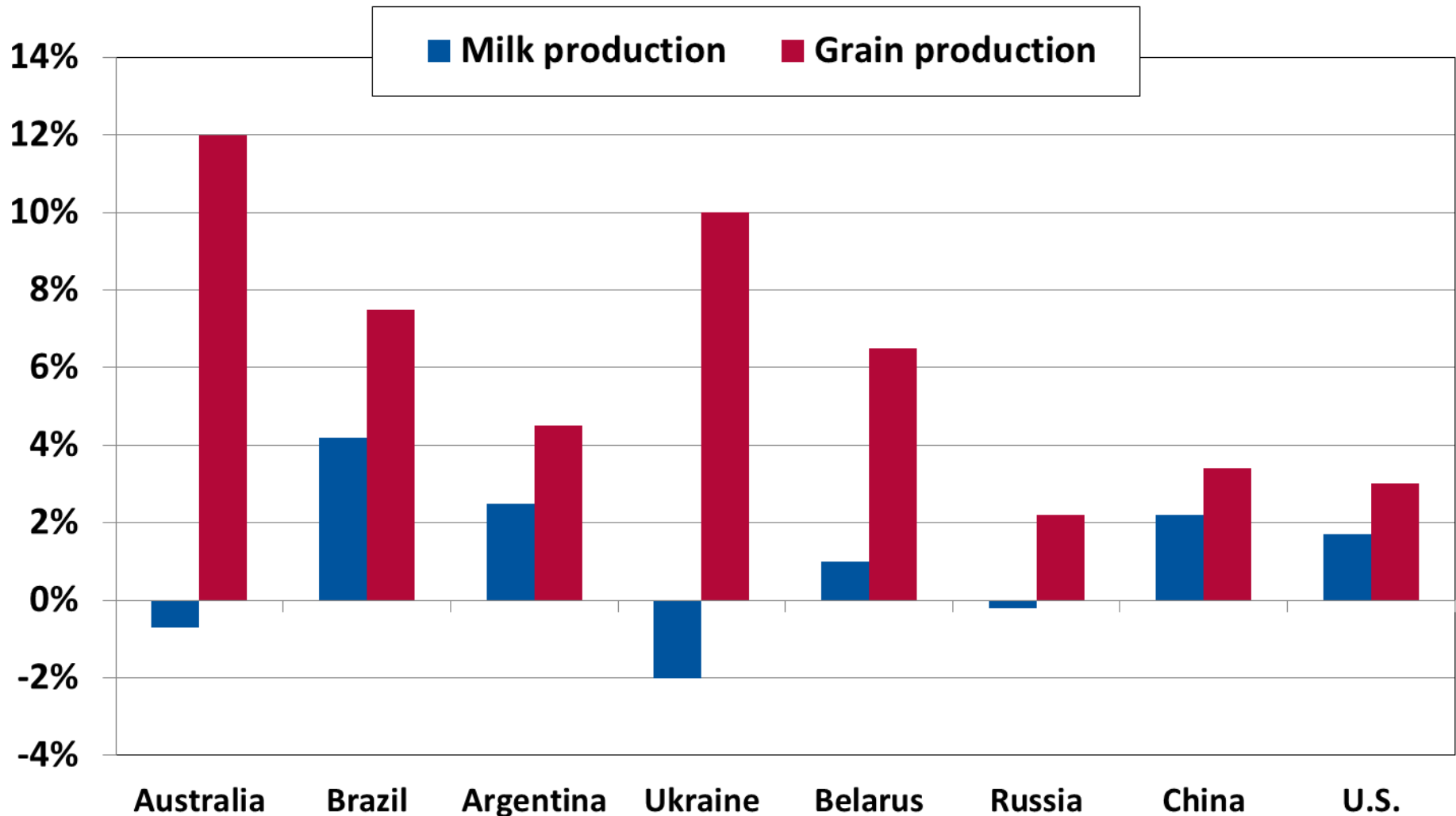
# 10-year shift in U.S. milk production



# 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

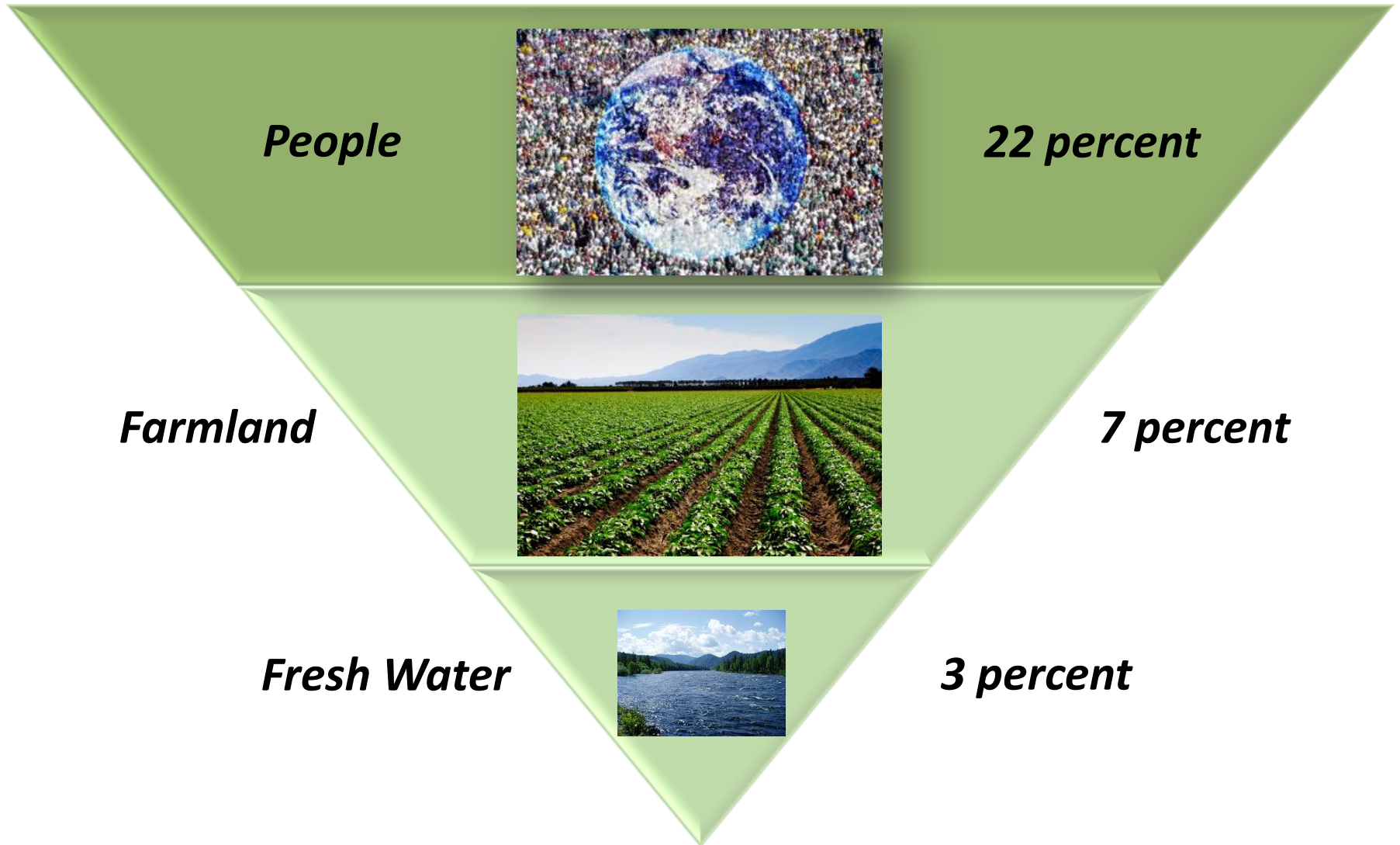
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# DFA's Approach

- **Enter markets where we can compete**

# China's food challenge



# 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



# DFA's joint venture with the Chinese



# DFA's joint venture with the Chinese



# DFA's joint venture with the Chinese



# Thank You



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