



DRY DAIRY INGREDIENTS
An exceptional €80-million
investment

Press contact:

Agence conseil Diatomée
diatomée@diatomee.fr

Tel. +33 (0)1 42 36 13 13

An exceptional investment in dry dairy ingredients to capture value-added growth in domestic and international markets.

The cooperative company Laïta, one of Europe's 10 leading dairy cooperatives, established 5 years ago as an umbrella organisation representing the dairy activities of the Even, Terrena and Triskalia cooperatives, today unveiled an €80-million 2-year development plan in dry dairy ingredients in addition to its ongoing investments. A development plan which is currently being implemented without opening to investment.

This exceptional investment concerns new industrial equipment at Laïta sites in the north-west of France (Finistère, Côtes-d'Armor and Loire-Atlantique).

By 2017, this equipment will enable:

- the annual production of an additional 30,000 tonnes of canned infant milk powders and premium milk powders,
- the production of 7,500 tonnes of demineralised whey,
- the cracking* of an additional 230,000 litres of milk per day.

* membrane filtration process for milk

Overall, thanks to this latest investment, Laïta will gain a 15% increase in their milk processing capacity.

The upshot: **100 jobs directly created**, 1,000 days of training to adapt skills to the innovative nature of the project and several thousand working hours for contractors.

This major investment in terms of volume, but also of value, is aimed at capturing highly demanding markets with respect to food quality and safety in France, Europe and worldwide.

The development of dry dairy ingredients constitutes a strategic choice, boosting Laïta's performance and providing an additional asset to contend with market volatility. Full benefit will thus be drawn from all of the dairy fractions from skimmed milk and whey produced by Laïta's core manufacturing operations (butter and cheese).

This plan is at the very heart of the cooperative company's mission: to provide sustainable opportunities for production at the 3,750 farms that supply Laïta with milk and to contribute to the long-term development of the region. It is an effort which fits into the context of the ending of the milk quota regime and constitutes a strong sign for the future.

"A solution with volume and value to perpetuate Laïta's cooperative project"

"Laïta has the investment capacity to capture new markets that create value and thus support the projects at the dairy farms that supply us with milk. This solution, with volume and value, protects and perpetuates the Laïta cooperative venture." **Dominique Chargé, President of Laïta.**

"New development approaches"

"The risks of developing international sales will be minimised by drawing on value-added products, innovation, safety, know-how and image, while the strength of our projects will be maximised by serving differentiated and high service content markets." **Christian Couilleau, CEO of Laïta.**

Press contact: Agence Diatomée - Tel. +33 (0)1 42 36 13 13

Contents

Full details of this exceptional investment	P.4
A multi-site cross-cutting investment plan	P.5
A diversified premium offer targeting French and international high-growth markets	P.6
Milk fractions: boosting Laïta's performance and highly skilled know-how	P.7
An investment plan set to shape the future of member farmers and the agri-food sector in Brittany	P.9
FURTHER INFORMATION:	
Laïta in 2013	P.10
Laïta's credentials	P.11

Full details of this exceptional investment

As part of its drive for innovation Laïta is investing €80 million in dry dairy ingredients. This is a real stride forward, alongside ongoing investments which will remain at a rate of €50 million per year. This ambitious development plan will broaden the horizons, both in terms of volume and value, of the 3,750 dairy farms in north-west France that supply us with milk and are preparing for the end of the milk quota regime. This strong added-value investment geared towards international markets marks a turning point, bringing hope to agribusiness in north-west France, hard-hit these past years.

- **€80-million tangible investment**
- **100 jobs** directly created
- **Several thousand working hours** for contractors
- **1,000 days of training** to reinforce our teams' skills
- **12 full-time equivalents for 3 years fully devoted** to ensuring the smooth implementation of this exceptional investment and **100 Laïta staff involved in R&D**.

• New industrial equipment and at Laïta sites

- Spray drying tower (for both premium milk powder and infant milk powder) in Créhen (Côtes-d'Armor)
- Packaging facilities for infant milk in Créhen
- Installation of whey demineralisation facilities in Landerneau (Finistère) and Créhen
- Specialisation of the multi-stage dryer in Ancenis (Loire-Atlantique) to continue the development of fermented milk powders
- Machinery to optimise the separation of milk proteins, the basis of cracking* at all Laïta sites
- Renovation of 8 existing towers and improvement of energy and food safety aspects at Laïta sites in Ancenis, Créhen, Landerneau and Yffiniac (Côtes-d'Armor)

* *filtration and molecule separation process for milk*

• Expected results and additional production by 2017

- An extra 12 to 15,000 m² of floor space
- Production of 30,000 tonnes of canned infant milk powders and premium milk powders
- Production of 7,500 tonnes of demineralised whey
- Development of fermented milk powders
- Cracking of 230,000 litres of milk per day.

Overall, thanks to this latest investment, Laïta will gain a 15% increase in their milk processing capacity.

• Projected schedule

2015: production of demineralised whey in Landerneau.

Late 2016: operation of the new drying tower in Créhen.

2017: nominal operation of new equipment.

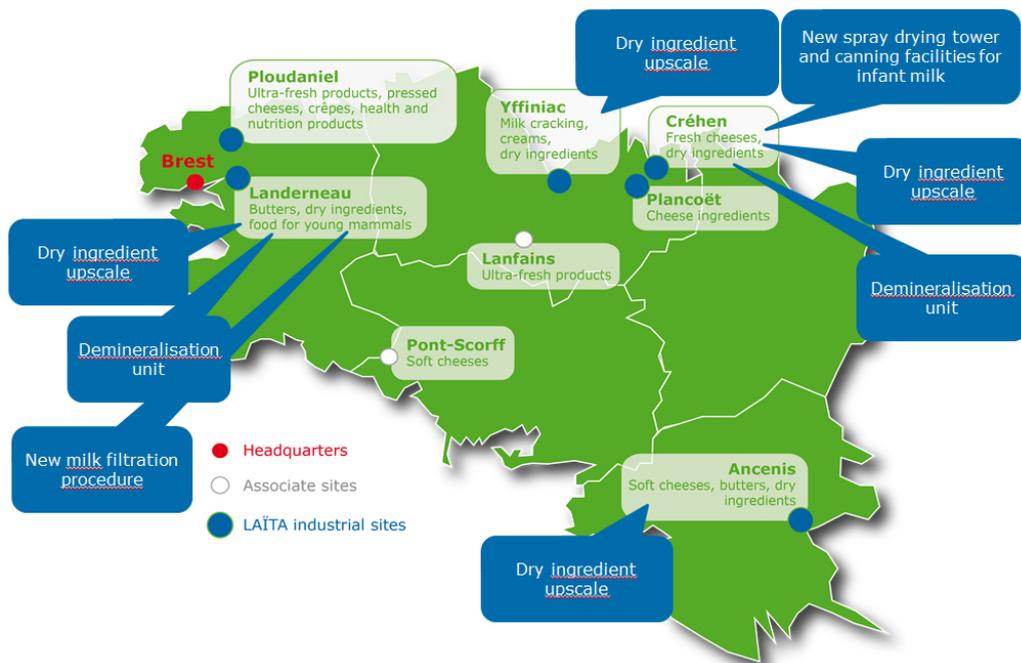
• An investment without seeking external financing

Confident in its future, Laïta has chosen to invest without seeking external financing. The company is however in no way opposed to the principle of partnership insofar as such an agreement would allow true mutual improvement with the main objective remaining the long-term promotion of member farmer's milk.

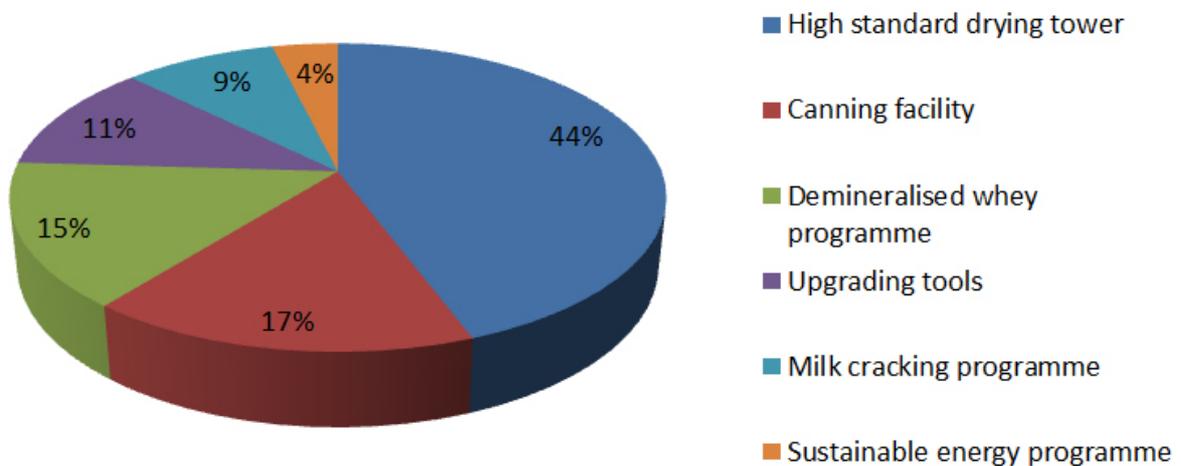
A multi-site cross-cutting investment plan

From 2017, the first cans of infant milk will be produced from the brand new multi-product spray drying tower built at the Laïta site in Créhen. This machinery, with a production capacity of 30,000 tonnes of infant milk powder and premium milk powder, together with the associated packaging unit, constitutes the flagship investment (61%) of Laïta's development plan. The 3 other Laïta sites which produce dry ingredients (Ancenis, Landerneau and Yffiniac) will also benefit from this exceptional investment. Invigorating the local area, for dairy farmers and for the regional industrial and economic sphere, with 100 jobs directly created and thousands of working hours for contractors.

Multi-site investments



Distribution of the €80-million investment



A diversified premium offer targeting French and international high-growth markets

By progressing to a new level in the dry ingredients sector, not only with respect to volume, but also in terms of value, we aim to move upscale and capture new markets with strong added-value opportunities. This choice fits with the strategy implemented by Laïta ever since its establishment in 2009 in order to mitigate the impact of market volatility. In other words, giving Laïta the means to conquer demanding markets with diversified expectations, bearing in mind that demand is experiencing unprecedented growth.

- [The ingredient and finished dairy product categories concerned](#)

- Demineralised whey, protein raw material used in infant foods, demineralised for higher tolerance in infants
- Fermented milk powders, highly flavoured ingredients used in the production of finished products such as ice cream, sauces or chocolate and pastry fillings
- Intermediate food products used for their nutritional, gustatory and functional qualities in the food processing industry
- Infant milk powders
- "Premium" milk powders meeting the most demanding specifications in terms of food safety

- [High-growth markets](#)

These Laïta product categories target 3 high-growth markets:

- Milk powders and formulated powders for international clients
- Selected proteins from traceable demineralised whey for infant milk manufacturers
- Packaged infant milk for international and European consumers.

They are part of rapidly growing dairy markets in Europe and worldwide characterised by:

- Maturity in Europe, with the key being product segmentation,
- Strong vitality in emerging countries, with the key being the volumes of transportable products: milk powders, especially for infants.

Moreover, we are also aware that a number of large dairy groups are taking an interest in dry ingredients and have unveiled investment plans or developed partnerships. Yet the new production capacities worldwide are believed to represent only 3 years' growth in the Chinese infant market alone (+ 196% in 5 years).

As regards infant markets, this vitality results in part from the breakdown in Chinese parents' lasting trust in local production, whereas European and French production is viewed as a guarantee of reliability and safety.

On an international scale, the dry ingredients market is principally driven by demand from North Asia (Korea, Japan, China, Taiwan, Thailand) and Southeast Asia (Vietnam, Indonesia, the Philippines, Malaysia, Singapore, Pakistan). Demand is also strong in Africa (Algeria and South Africa), the Middle East (Iran, Syria) and Russia.

Milk fractions: boosting Laïta's performance and highly skilled know-how

Laïta, mainly through its brand Paysan Breton, is a renowned butter and cheese producer. The move upscale of dry ingredient products will complement these two pillars of strength by drawing optimal benefit from all milk fractions. Aims: to reinforce the overall performance of the cooperative company and offer farmers a lucrative price for their milk.

When Laïta produces butter at its sites in Landerneau and Ancenis, it obtains a co-product: skimmed milk. Similarly, when Laïta produces casein in Créhen, soft cheese in Ancenis or emmental in Ploudaniel, it generates another co-product: whey.

Whey, considered a by-product in the seventies and eighties, became a co-product at the start of the nineties, used in the formulation of milk replacement products for young mammals. Today it is a source of key proteins. Demineralised whey constitutes a valued ingredient in infant foods.

Laïta's investment plan provides for the implementation of a whey demineralisation process in Landerneau and subsequently in Créhen. This process will ensure the production of a high-quality product which is controlled, traceable (from milk collection to dispatch from the Laïta cheese-making and casein-making facilities) and highly demineralised (90%).

• [Specialist know-how](#)

The logic behind Laïta's dry ingredient development plan consists in drawing the greatest benefit from all milk fractions. In this regard, the investment plan provides for the optimisation of milk protein separation, the basis of the cracking process, with in particular the setting up of a membrane filtration process for milk in Landerneau. This procedure will enable Laïta to optimise the use of various milk fractions by directing them, according to their properties and nutritional value, to our different production facilities so as to better meet our clients' specific needs.

The infant and premium sectors are demanding by definition. This exceptional investment also implies stepping up a gear with respect to the skills and qualifications of our teams, mainly in R&D and industrial practices.

In addition to rallying its 100-strong team of R&D staff, Laïta is also planning to undertake a training programme in collaboration with universities and scientific bodies and to work with experts in hygiene and bacteriology. The use of new technologies will of course be favoured: digital visualisation, for example, during implementation of the project will enable us to anticipate issues related to safety, ergonomics and operating constraints.

Environmental protection also features in the investment plan. Indeed 4% is devoted to a sustainable energy programme. The purpose: to reduce the energy consumption of evaporators during the milk concentration process. Inverse osmosis procedures, a very fine filtration method used to eliminate water from milk with lower energy consumption, are already in place in Ancenis, Créhan, Ploudaniel (Finistère) and Yffiniac.

The future is in milk cracking

"The winning dairy companies of tomorrow will be those who are able to optimise all the components of their milk, i.e. making maximum use of the fractions from this fantastic food product. It is by isolating and combining these fractions, protein fractions in particular, that clients' needs can be best met. Separating the protein fractions in milk gives us the ability to regulate our activity, to innovate and to adapt to new markets.

The best use for each milk fraction resulting from cracking must be found. This aim is a good way to contend with market volatility and to spread our economic risk.

A significant butter and cheese producer like Laita, mainly known through its brand Paysan Breton, produces the associated dried extract: principally milk powders and whey. To move forward we plan to continue to firm up our two major footholds: butter and cheese on one hand, and dry ingredients on the other. These are the conditions required to win the race for value."

Christian Couilleau, CEO of Laita.

An investment plan set to shape the future of member farmers and the agri-food sector in Brittany

This €80-million high added-value investment is a solution for both farmers' projects in view of the end of the milk quota regime and current market opportunities. It is at the very heart of the cooperative company's mission: to sustainably promote the milk of our member farmers. The plan is set to create new jobs, ensure stable employment and contribute to the reconstruction of the agri-food sector in north-west France.

This new investment constitutes a driving force for development at the 3,750 dairy farms which come under Laïta. In April 2015, the end of the milk quota regime is set to result in major changes in farm management and open up new paths of development. In this regard, the investment provides additional flexibility and opens up further opportunities to draw full benefit from milk, according to the projects of each individual farmer. Projects which have been the subject of discussions with Laïta.

To prepare for these changes and to understand our farmers' expectations, internal surveys, and discussion and progress groups with member farmers have already been put in place within each Laïta cooperative.

The Laïta cooperatives are engaged in training and informing farmers. As such, in December 2013, 18 meetings involving over 1,000 farmers provided a platform for discussion about issues post-2015.

Furthermore, no less than 1,000 dairy farmers participated in ad hoc surveys enabling us to gather information on their expectations regarding post-quota farm management.

The drive associated with this investment is at the very heart of the cooperative company's mission and its relationship with member farmers: to provide sustainable opportunities for members' milk supply in order to promote the development and the continuity of farms from one generation to the next.

In its four years of existence, the development of Laïta's activities has led to an 11% rise in the dairy production of member farmers. Overall, Laïta's latest investments are set to boost their milk processing capacity by around 15%. An increase in line with the development targets of farmers, +14% by 2020, which was gauged during the Laïta survey carried out in late 2013.

These are strong prospects for the future of milk suppliers and for the dairy industry in north-west France, one of the industries shaping regional development. The Brittany and Pays-de-la-Loire regions combined have an annual dairy production of approximately 9 billion litres from over 20,000 dairy farms. In total, around 12,500 dairy industry employees work in these regions, representing over 20% of the national workforce in the dairy sector.

FURTHER INFORMATION

Laïta in 2013

Consolidating our European business, expanding in third countries.

The continued enhancement and development of the incredible dairy assets in north-west France lie in constantly improving product quality to meet clients' requirements and progressing in European and third country markets.

This is the reasoning behind Laïta's actions since 2009 and which continued in 2013:

- Paysan Breton's success: confirmed as France's number two butter producer and an increased share of the plain fresh cheese sector with Madame Loïk
- Sustained increase in the volume of consumer products in both France and Europe, confirming Laïta's know-how in private label brands and professional relations in the food service industry. There was also strong performance in cheeses through the subsidiaries Eurilait (United Kingdom), Fromka (Germany) and Laïta Italia
- Strong growth in the export of dry ingredients in Asia and in the Middle East and Northwest Africa region
- Active prospecting in infant milk (dry or liquid) and cheese markets in Asia with the first permanent employee in China
- Continued investment in terms of quality (hard cheese production in Ploudaniel, spray drying tower environment and dry ingredient packing in Créhen) and in terms of quantity (concentration capacity at collection sites, soft cheese ripening rooms in Ancenis and fresh cheese production facility in Créhen)

Laïta's credentials

Laïta: **cooperative dairy company in north-west France** established in 2009 as an umbrella organisation representing the dairy activities of Even, Terrena and Triskalia.

Share capital distribution:

- Even: **50.57%**
- Terrena: **31.01%**
- Triskalia: **18.42%**



Laïta: one of **Europe's 10 leading dairy cooperatives** with an **annual turnover of €1.2 billion**.

Laïta: **1.3 billion litres of milk** produced by **3,750 farms** in the heart of one of the principal European dairy production areas.

Laïta: a strong ethos of nutritional innovation and food quality/safety with **100 engineers and technicians** focusing on these issues.

Laïta: company headquarters at the tip of Brittany, **2,400 employees in north-west France**.

Laïta: an international outlook with 5 subsidiaries in England, Germany, Italy, Belgium and Spain, and **15% of annual turnover from non-EU countries**.



- **N° 1** in the traditional butter sector with Paysan Breton's moulded butter
- **N° 1** in the canned and powdered milk sector with the Régilait brand
- **N° 1** in the "luxury" yoghurt sector with Mamie Nova
- **N° 4** in the plain spreading cheese sector with Madame Loïk's whipped cheese by Paysan Breton
- **European reference** for the production of private label consumer dairy products
- **European reference** in specialised nutrition and processed ingredients