

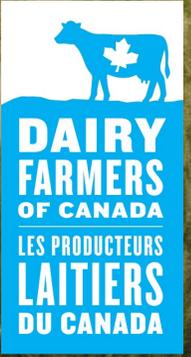


IAMCA ANNUAL MEETING

CANADIAN DAIRY PROFILE

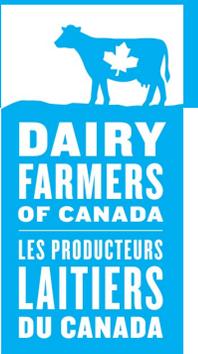
SEPTEMBER 19, 2023

DAIRY FARMERS OF CANADA | LES PRODUCTEURS LAITIERS DU CANADA



TM/MC

1. Canadian Dairy Market



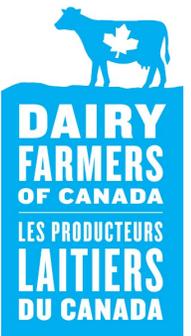
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PRESENTATION OUTLINE

1. Canadian Dairy Market

2. World Market Developments

3. Environment/Sustainability



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CANADIAN DAIRY SECTOR IN 2022



(+2.2% vs. 2021)

CANADIAN POPULATION



(-2.1% vs. 2021)

NUMBER OF FARMS



(+0.9% vs. 2021)

AVERAGE NUMBER OF COWS PER FARM



(0% vs. 2021)

CANADIAN PRODUCTION



(+12.8% vs. 2021)

TOTAL REVENUE AT FARM



\$94.09/hL

(+12.8% vs. 2021)

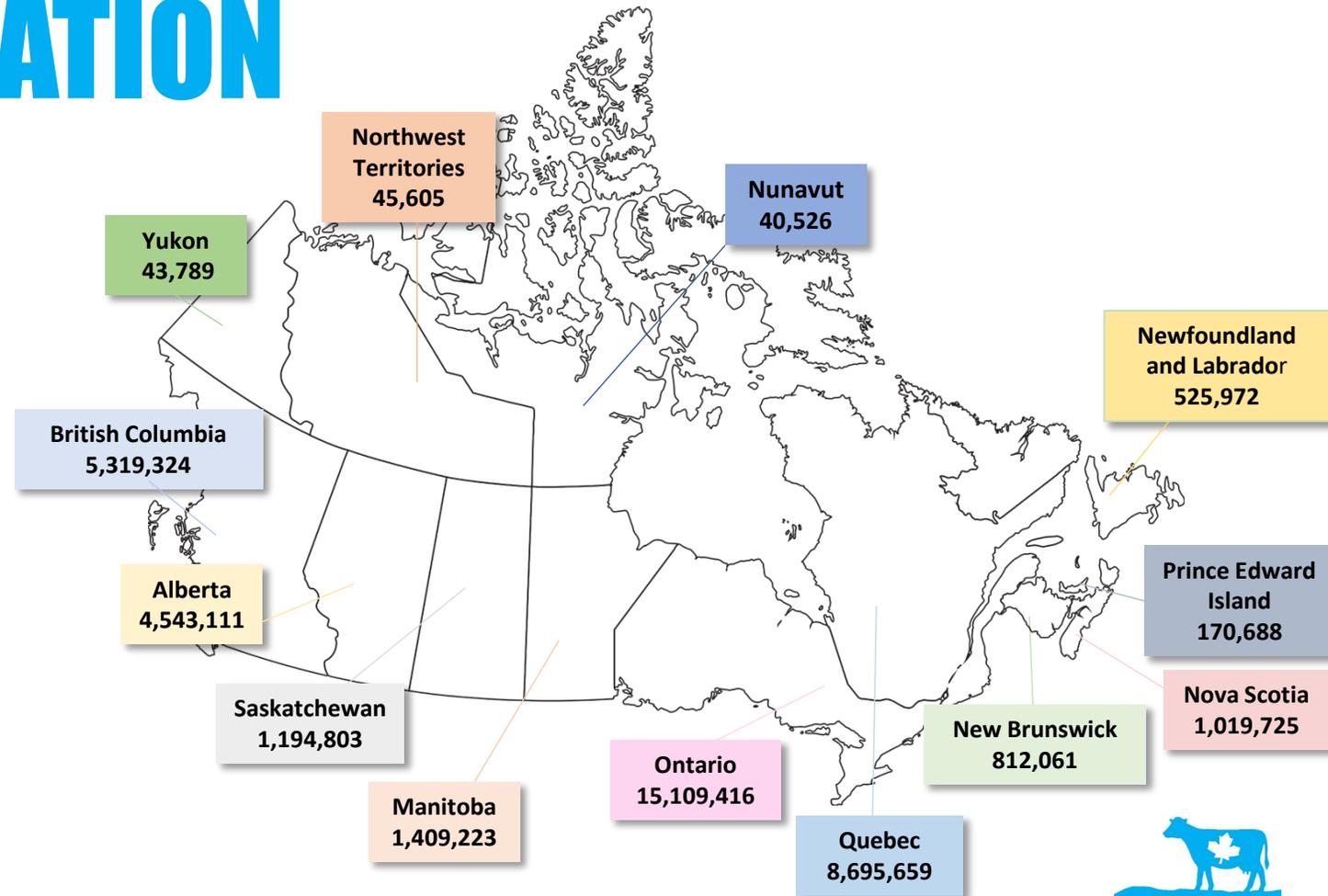
AVERAGE REVENUE PER HECTOLITRE
(AVERAGE MILK COMPOSITION)



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CANADIAN POPULATION

- <40 M inhabitants in 2022
- In 2021, 23% of the population were or had been landed immigrants in Canada
- In July 1, 2022, 18.8% of the population was at least 65 years of age



Population estimates on July 1, 2022



CANADIAN DAIRY MARKET



\$19B CAD

\$14.7 B USD

To Canada's GDP



195K

Full Time

Canadian Jobs



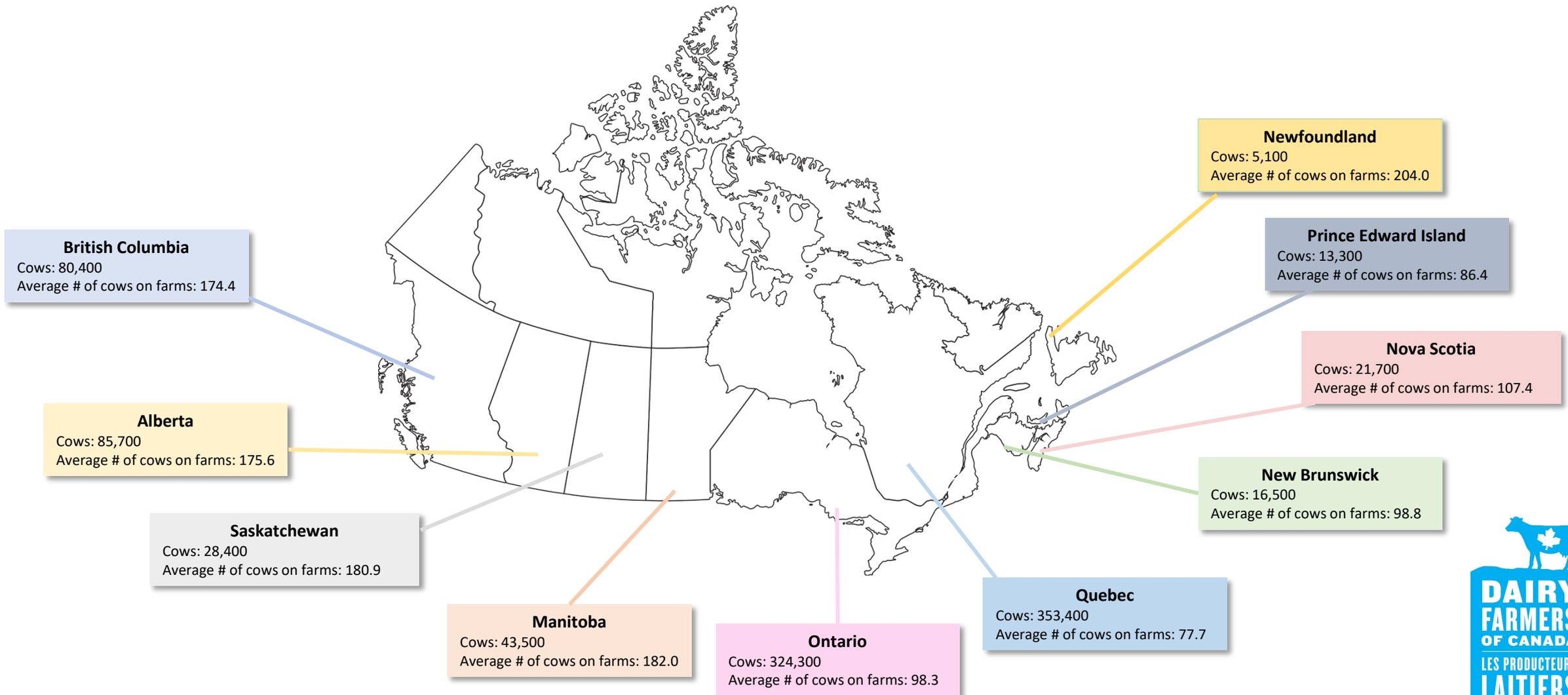
\$3.3B CAD

\$2.5 B USD

In Tax Revenues

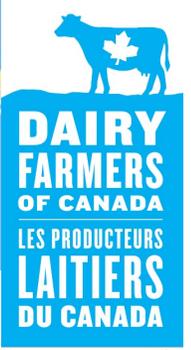
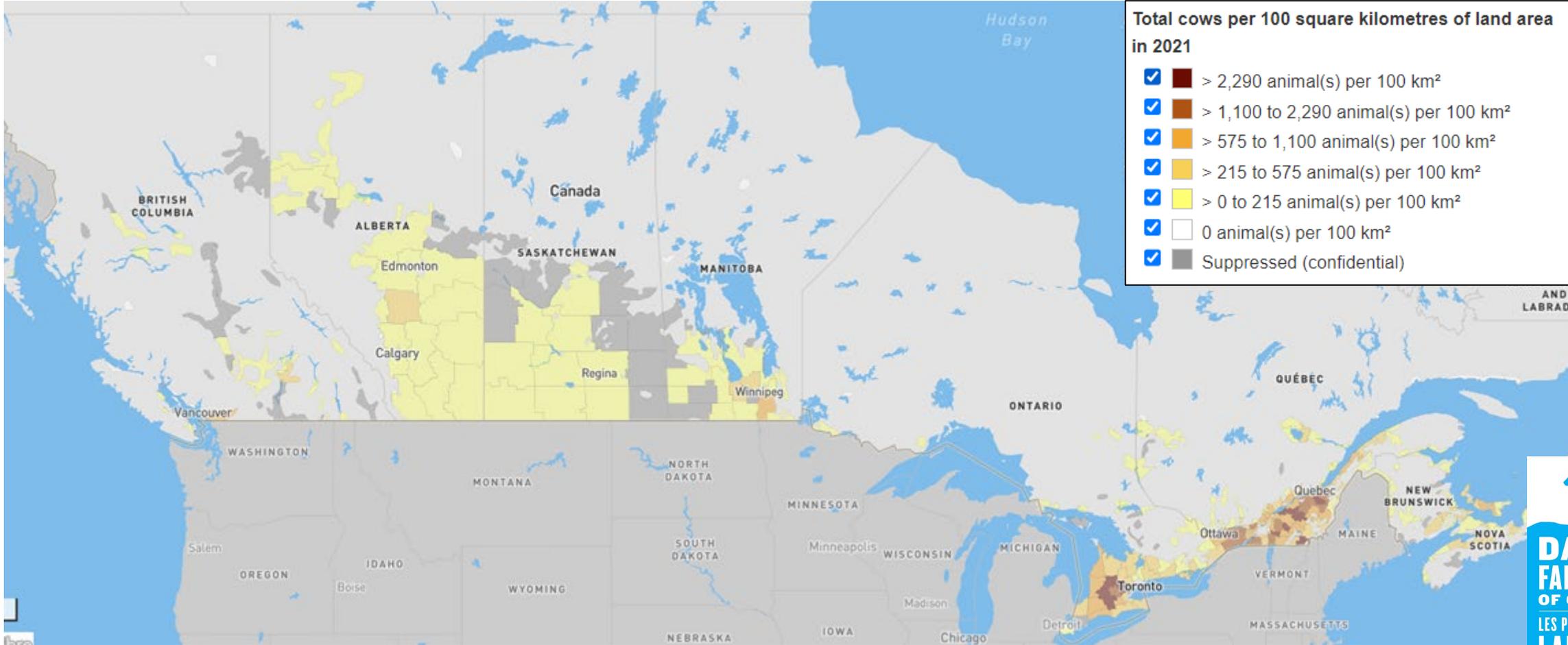
Source: The Economic Impacts of the Canadian Dairy Industry in 2021, 2023

CANADIAN #COWS (2022) : 972,000



LOCATION OF DAIRY COWS

2022
Production: 9733 tonnes
Cows: 972,000

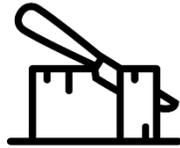


CANADIAN DAIRY MARKET - 2022



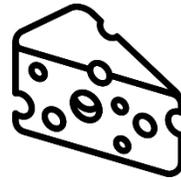
-1.9%

Fluid Milk



+0.7%

Butter



-0.3%

Cheese



+1.6%

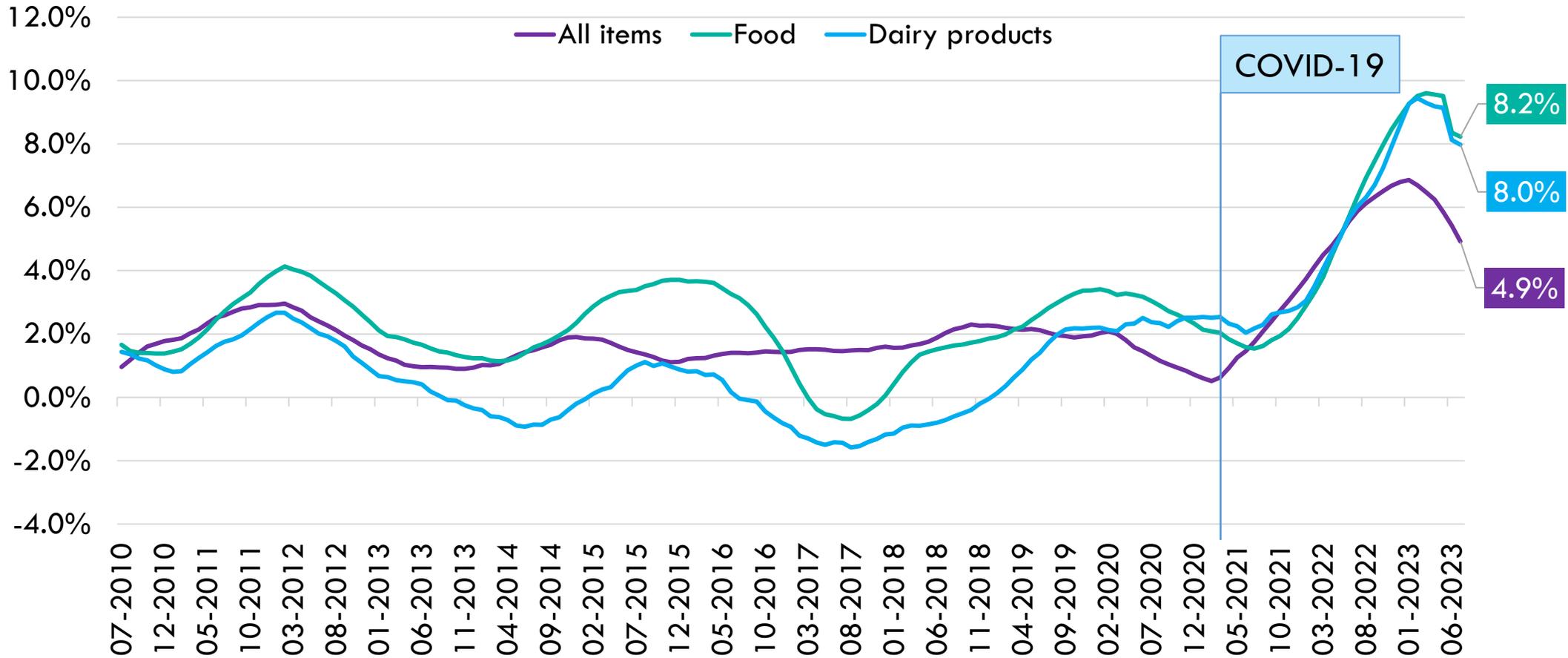
Cream

*Total Consumption figures, percentage change
12-month period ending in December 2022*

Source: Statistics Canada, GAC, CDC, CDIC, Nielsen, and DFC calculations

CONSUMER PRICE INDEX

12-MONTH PERIODS --- CHANGE OF INDEX VERSUS SAME PERIOD A YEAR AGO



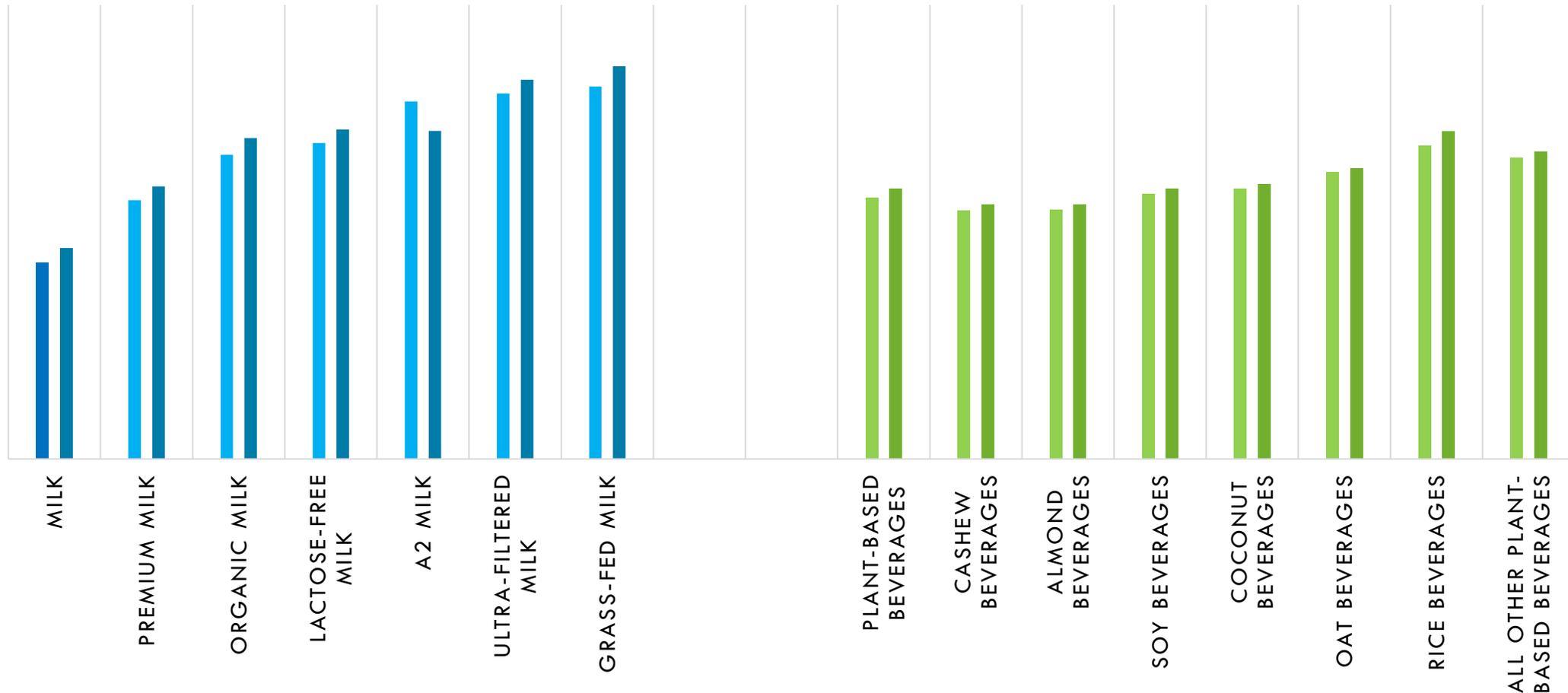
Source: Statistics Canada



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MILK AND SUBSTITUTES, 2021 VS. 2022

52-WEEK PERIOD ENDING IN OCTOBER --- AVERAGE PRICE PER LITRE (\$/L)

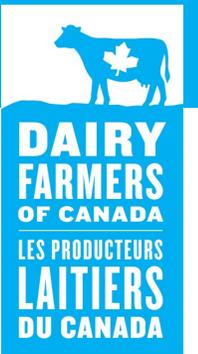


Source: Nielsen (52-week periods for 2021: WE Oct 09, 2021, 2022: WE Oct 08, 2022)



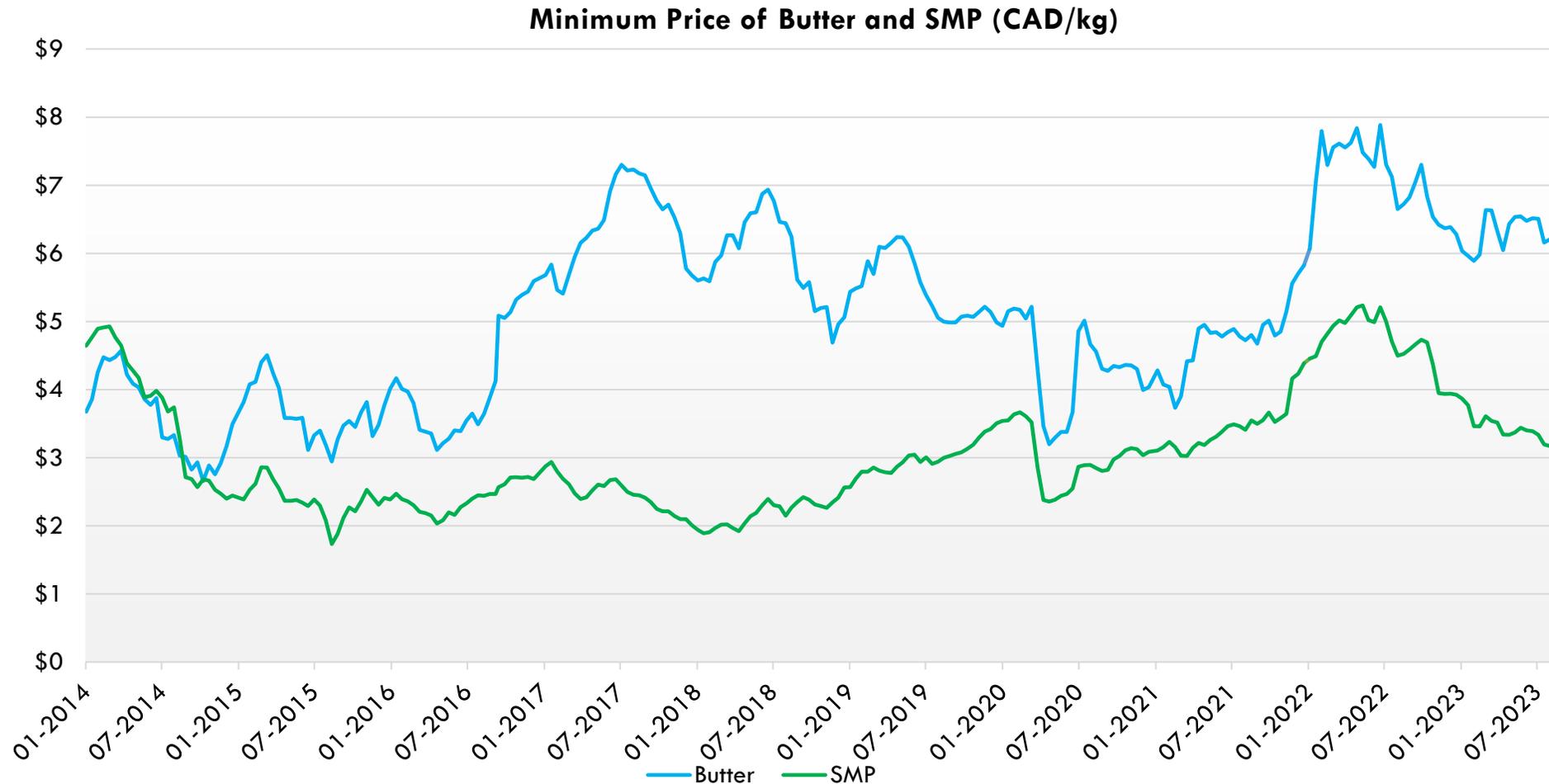
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2. World Market Developments

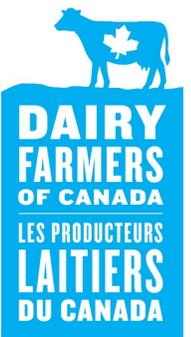


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WORLD MARKET PRICES



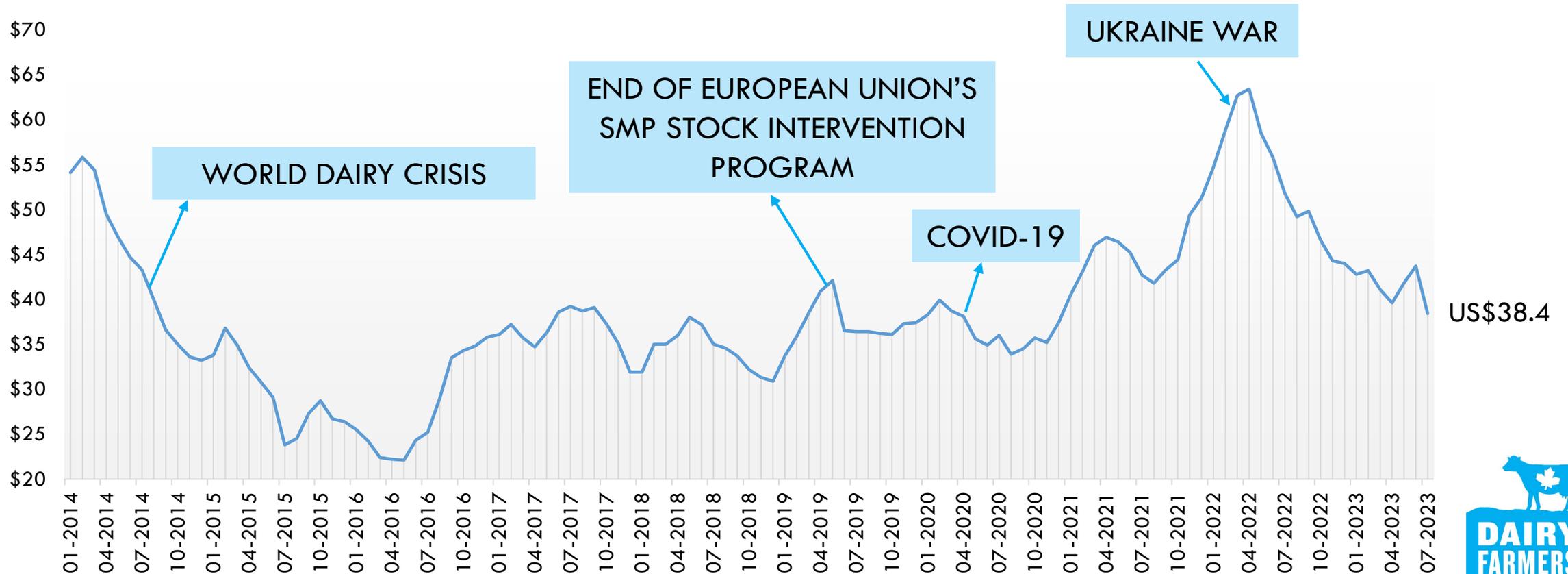
Source: USDA, CME, NZX, EEX and DFC calculations as of August 28, 2023



TM/MC

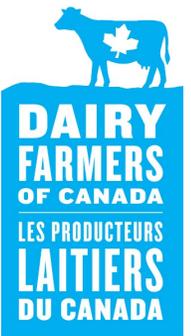
INTERNATIONAL MILK PRICE INDICATOR

U.S. DOLLAR / 100 KG OF SOLID CORRECTED MILK (4% BUTTERFAT, 3.3% PROTEIN)



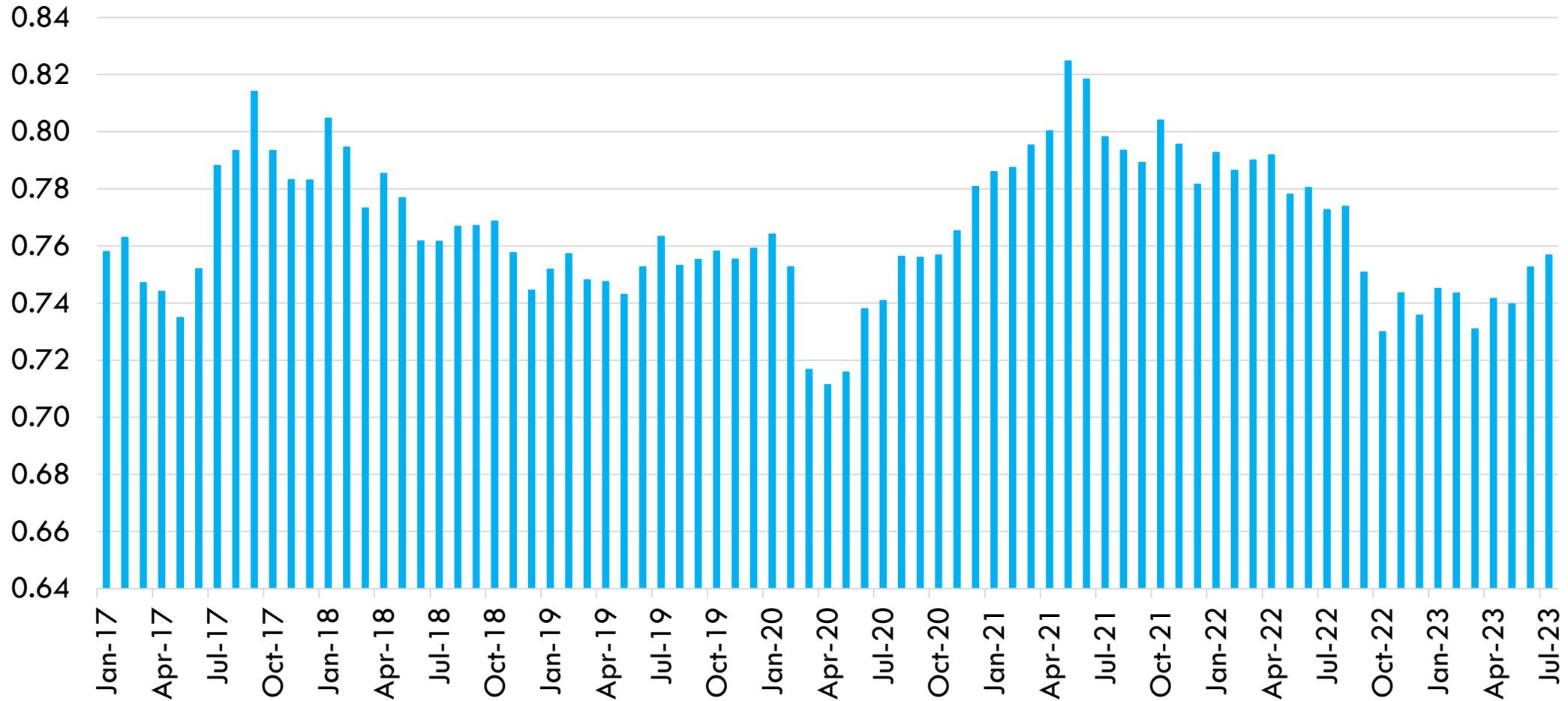
Solid corrected milk is based on the weighted average of 3 IFCN world milk price indicators: 1. SMP & butter (~32%), 2. Cheese & whey (~51%), 3. WMP (~17%), based on quarterly updated shares of the related commodities traded on the world market.

Source: International Farm Comparison Network (IFCN)



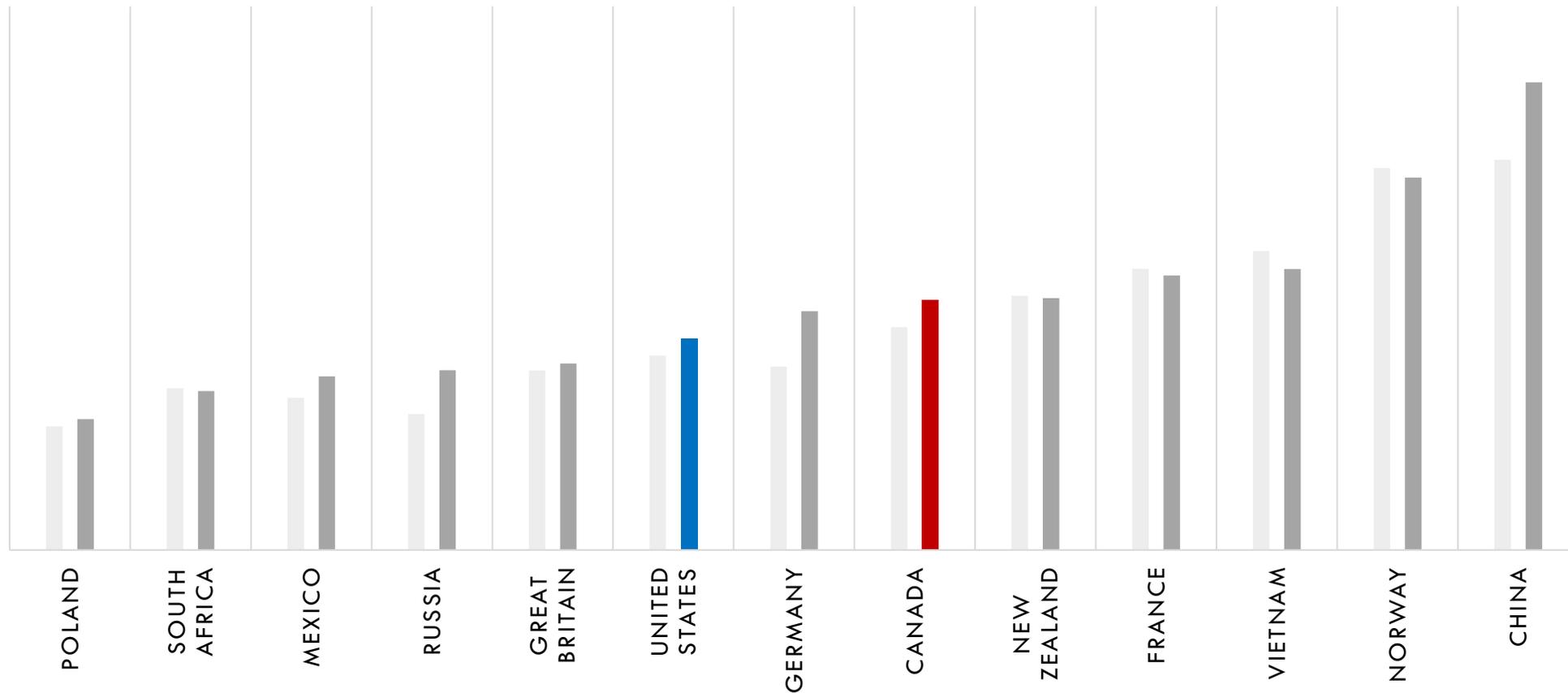
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CAD EXCHANGE RATE TO US DOLLAR

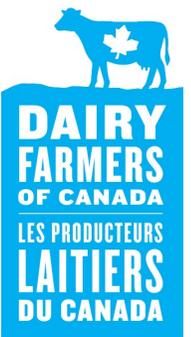


FRESH MILK, 2021 VS. 2022

52-WEEK PERIOD ENDING IN OCTOBER --- AVERAGE RETAIL PRICE PER LITRE (CA\$/L)

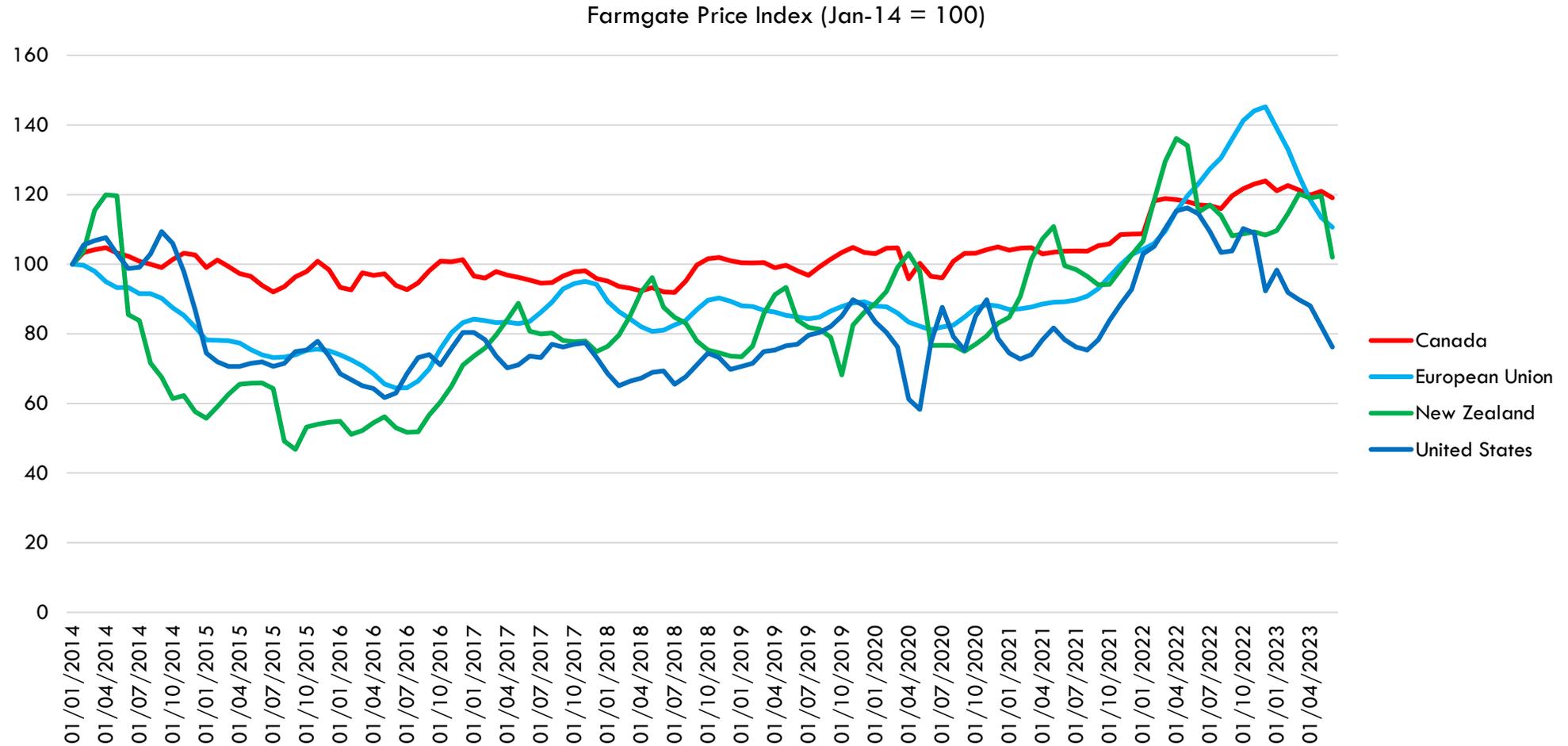


Source: Nielsen (52-week periods for 2021: WE Oct 30, 2021, 2022: WE Oct 29, 2022), and Bank of Canada (exchange rate)

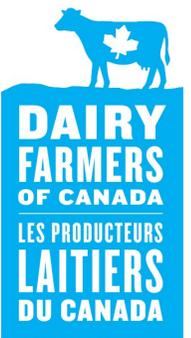


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VOLATILITY IN GROSS REVENUES PER HL AT FARMGATE

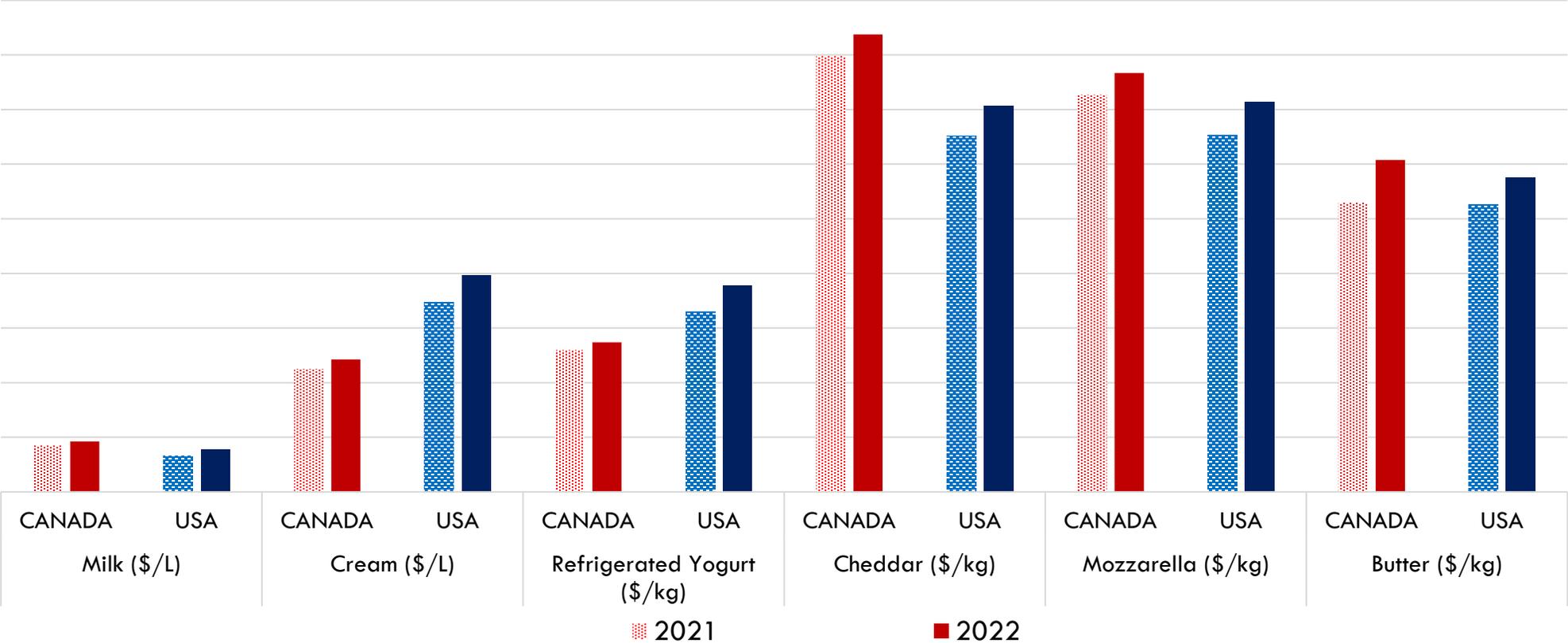


Jan 2014 price = 100 | Sources: CDC, USDA, DCANZ, Eurostats | Figures presented in natural composition.



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DAIRY PRODUCTS

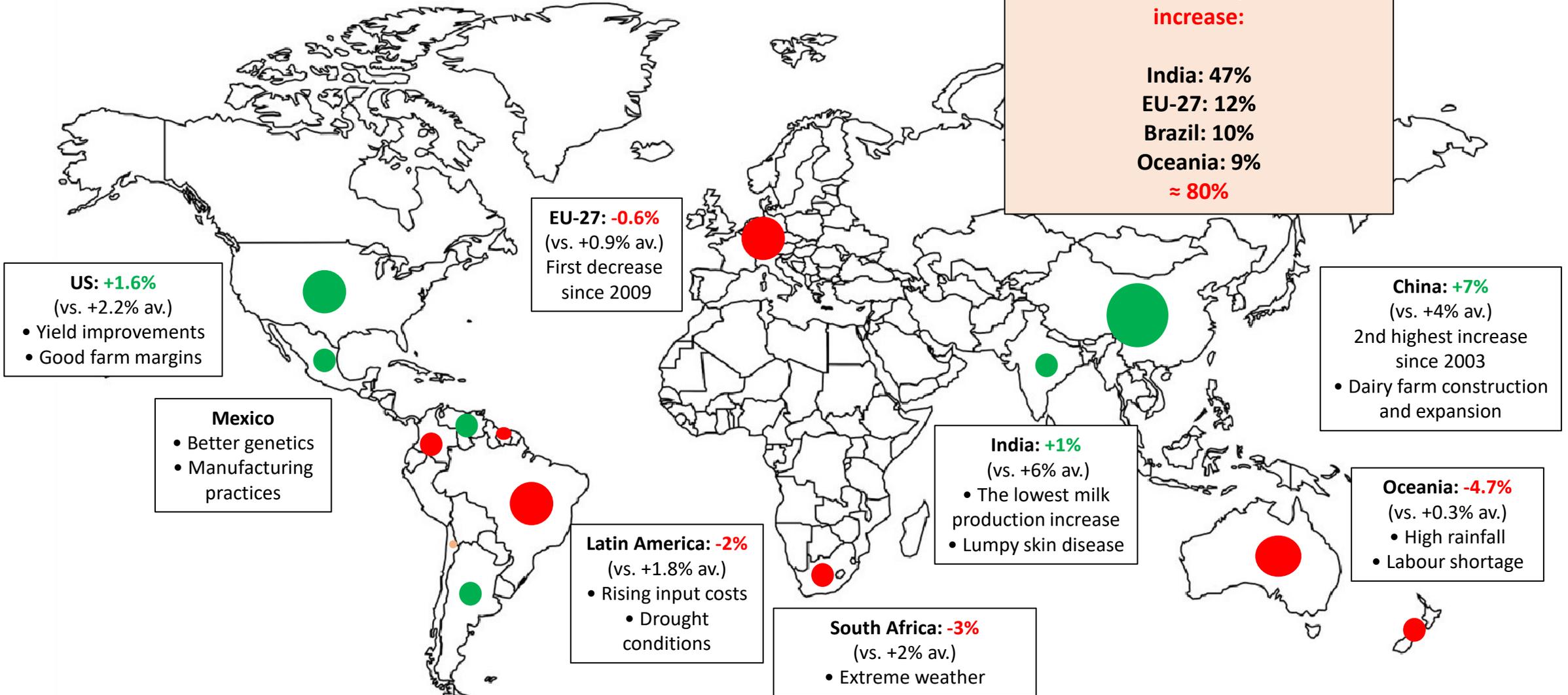


Source: Nielsen (52-week periods for 2021: WE Oct 30, 2021, 2022: WE Oct 29, 2022), and Bank of Canada (exchange rate)



2. GLOBAL DAIRY SUPPLY

Annual change in milk production world-wide 2022 vs 2021



* Average 2017-2021. Source: IFCN Dairy Report - preliminary results. Status May 2023.

SHORT-TERM OUTLOOK



CANADA

- Production growth is anticipated at 1% in 2023.
- Strengthening population growth should continue in 2023.
- Market access (CPTPP, CUSMA) will continue to increase. Maximum granted access reached under CETA in 2022.
- The presence of plant-based products is projected to continue to grow.



UNITED STATES

- Milk production for 2023 is forecasted to increase by 0.8% compared to 2022 due to higher-than-expected herd size.



UNITED KINGDOM

- Milk production for 2023 is forecasted to increase by 0.3% compared to 2022.
- The combination of increased production costs, lower farmgate prices and strong cull cow prices could lead to higher-than-expected destocking, limiting production over the winter months.
- Domestic demand has been suppressed by high price inflation on dairy products leading consumers to buy less. Domestic demand for dairy products is forecast to fall further through 2023.

SHORT-TERM OUTLOOK CONT'D



EUROPEAN UNION

- Milk production forecast declining by 0.3% in 2023.
- Environmental constraints continue to put pressure on production growth in 2023. Declining EU farmgate milk prices and increasing cost of production –higher feed, energy, and labor costs – have also accelerated exits from the dairy sector.



OCEANIA

Australia

- Milk production is expected to fall 3.5% in 2023.
- Dairy herd size forecast to shrink 0.7% in 2023.
- Strong beef prices and the lower labour intensity incentivize dairy operations to change production practices

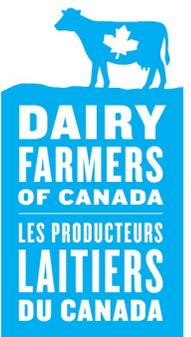
New Zealand

- Milk production is forecasted up 1.9% from 2022.
- The outlook through September is promising as rainfall is expected to be average or above average in many NZ dairy regions.
- Lower farmgate prices and rising farm input costs due to inflation and high interest rates will lead to a decrease in profitability and smaller herd sizes.

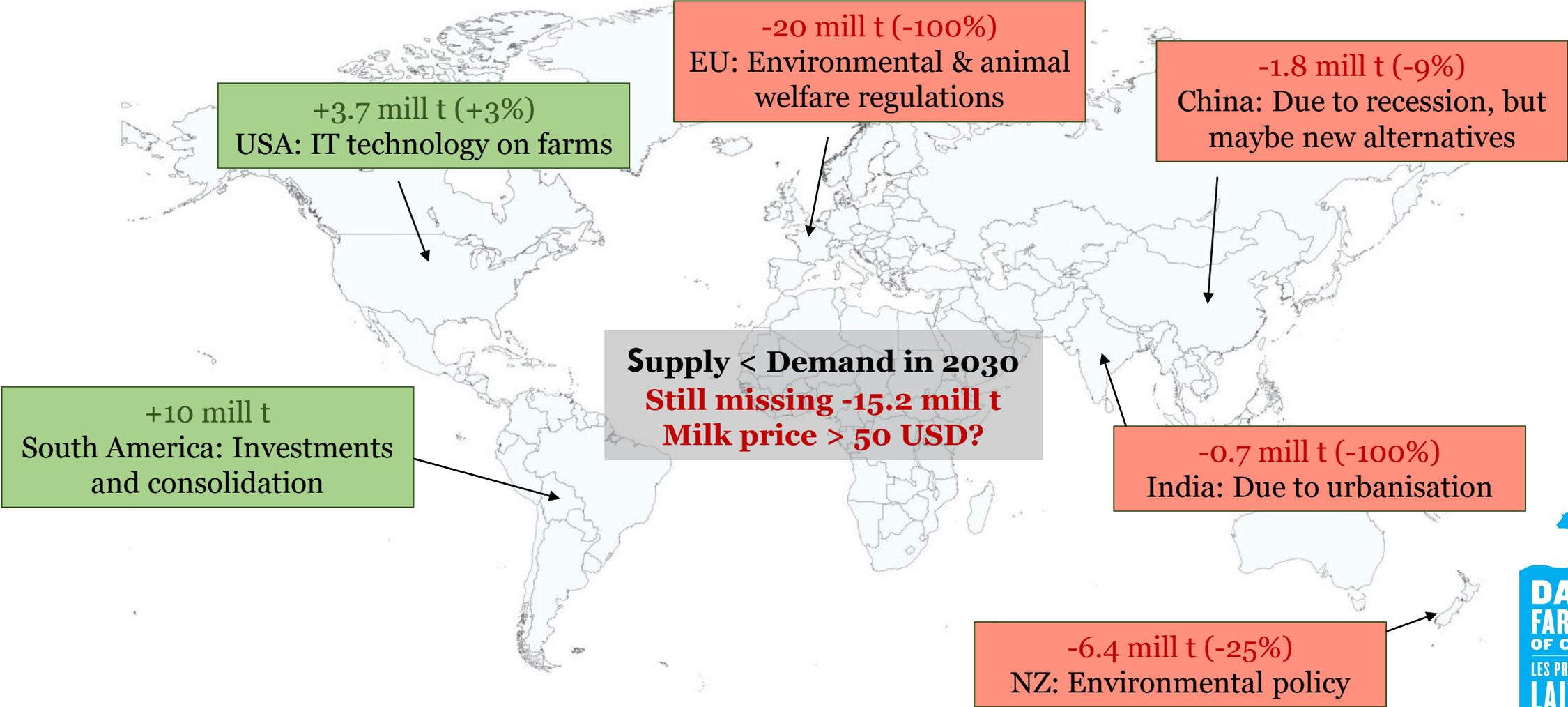


CHINA

- Raw milk production is expected to increase by 4.6% in 2023.
- WMP imports from New Zealand are down 45% through June 2023.
- Butter imports are forecast to decline in 2023 due to lower demand.



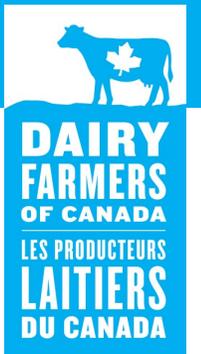
DAIRY SURPLUS & DEFICIT IN 2030 - SCENARIOS



Source: International Farm Comparison Network (IFCN)



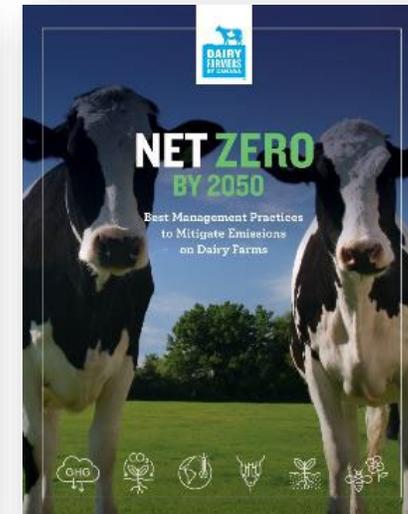
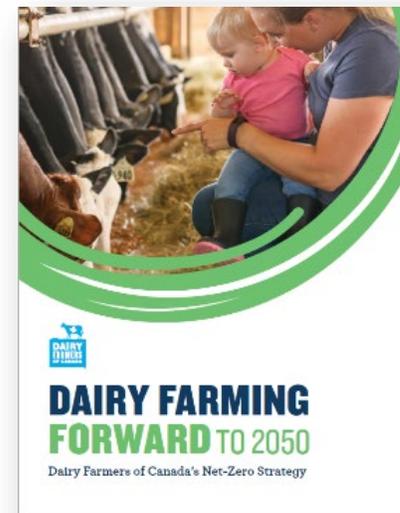
3. Environment/Sustainability



TM/MC

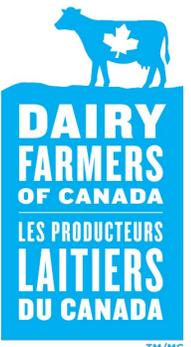
NET ZERO

- Dairy Farmers of Canada has committed the dairy farm sector to reaching net-zero greenhouse gas emissions by the year 2050.
- To help reach this goal, DFC has released a BMP Guide, with 30 practices that reduce emissions. Practice categories include:
 - Livestock management
 - Feed production
 - Manure management
 - Energy efficiency and renewables
 - Land management



COMMITMENT TO MEASURE PROGRESS

- LCA measures progress every 5 years
 - 2021 study in progress with results expected in the Fall of 2023
- proAction® / quality assurance mandatory on all Canadian dairy farms and provides a framework for high standards of farming
 - Milk Quality
 - Food Safety
 - Animal Care
 - Livestock Traceability
 - Biosecurity
 - Environment

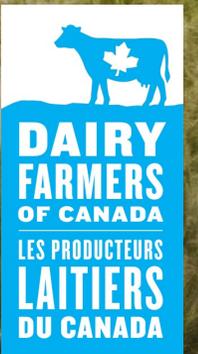




THANK YOU

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DAIRY FARMERS OF CANADA | LES PRODUCTEURS LAITIERS DU CANADA



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