

# *From Darkness to Dawn*

*What Lies Ahead for the Dairy Industry in These Turbulent Times?*

## 破暗夜, 迎曙光

动荡时期乳业, 未来前路何方?



Huang Wenjun 黄文君

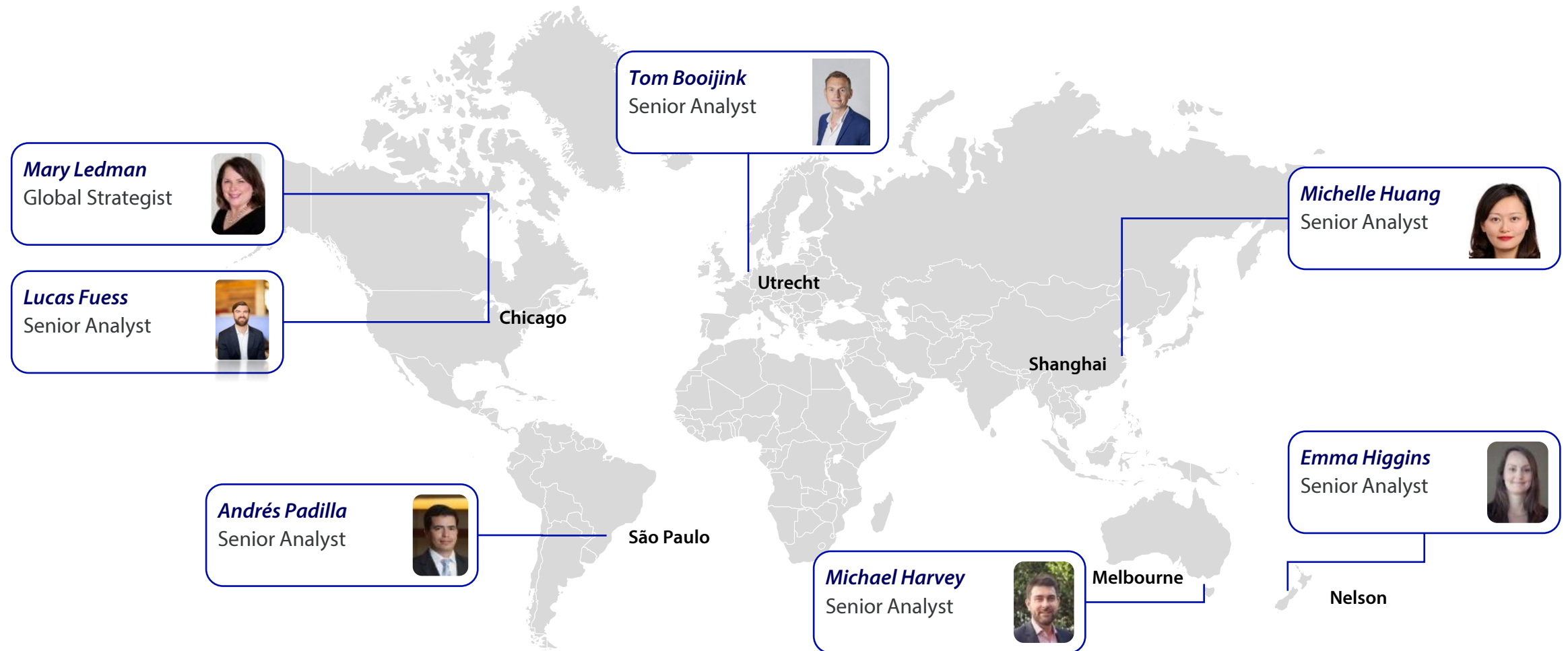
RaboResearch Food & Agribusiness

June 10 2025



# RaboResearch Dairy Team

## 荷兰合作银行乳制品研究团队

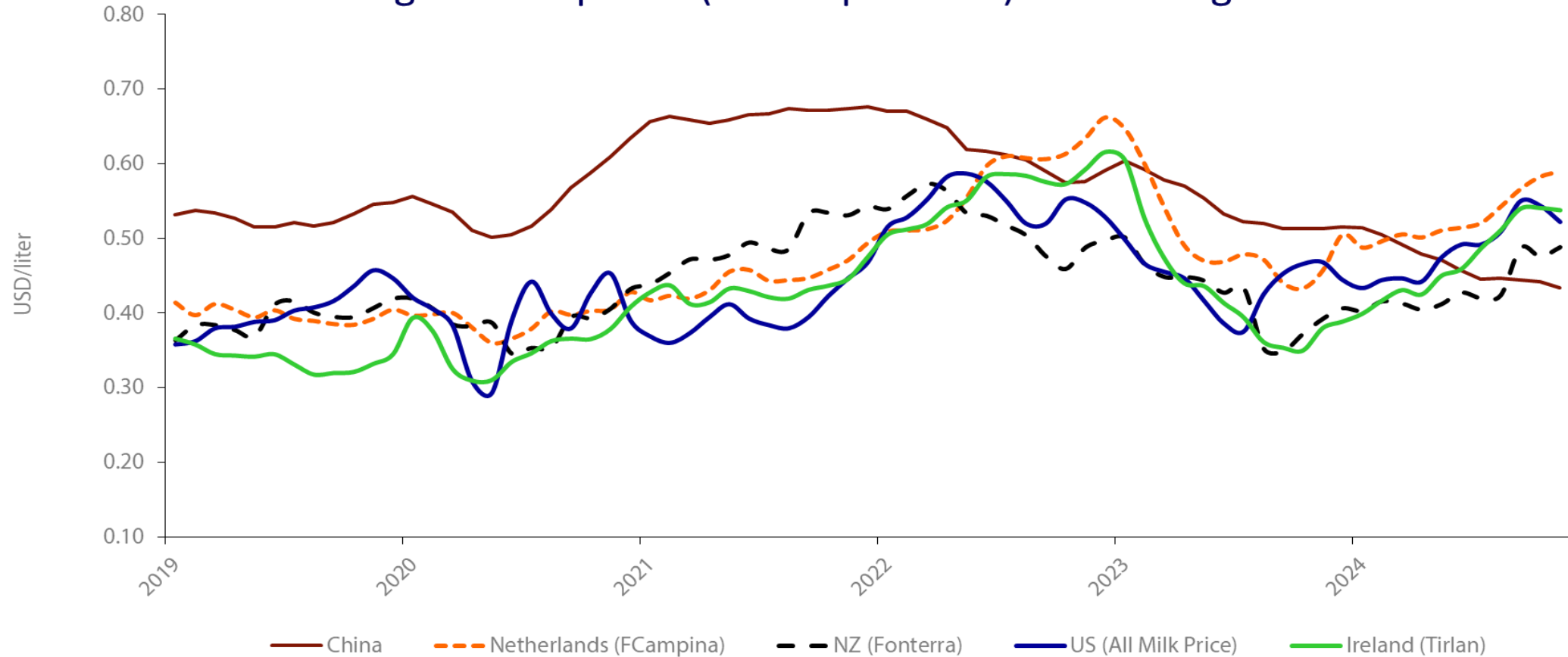


*Ride through the Darkness: At  
an Inflection Point?*

穿越至暗时刻: 短期阵痛是  
否到了转折点?

# Global price cycle feeding through the chain, China still slide 全球主要生产地区奶价上涨，中国奶价仍在下行

Farmgate milk prices (USD equivalent) - select regions

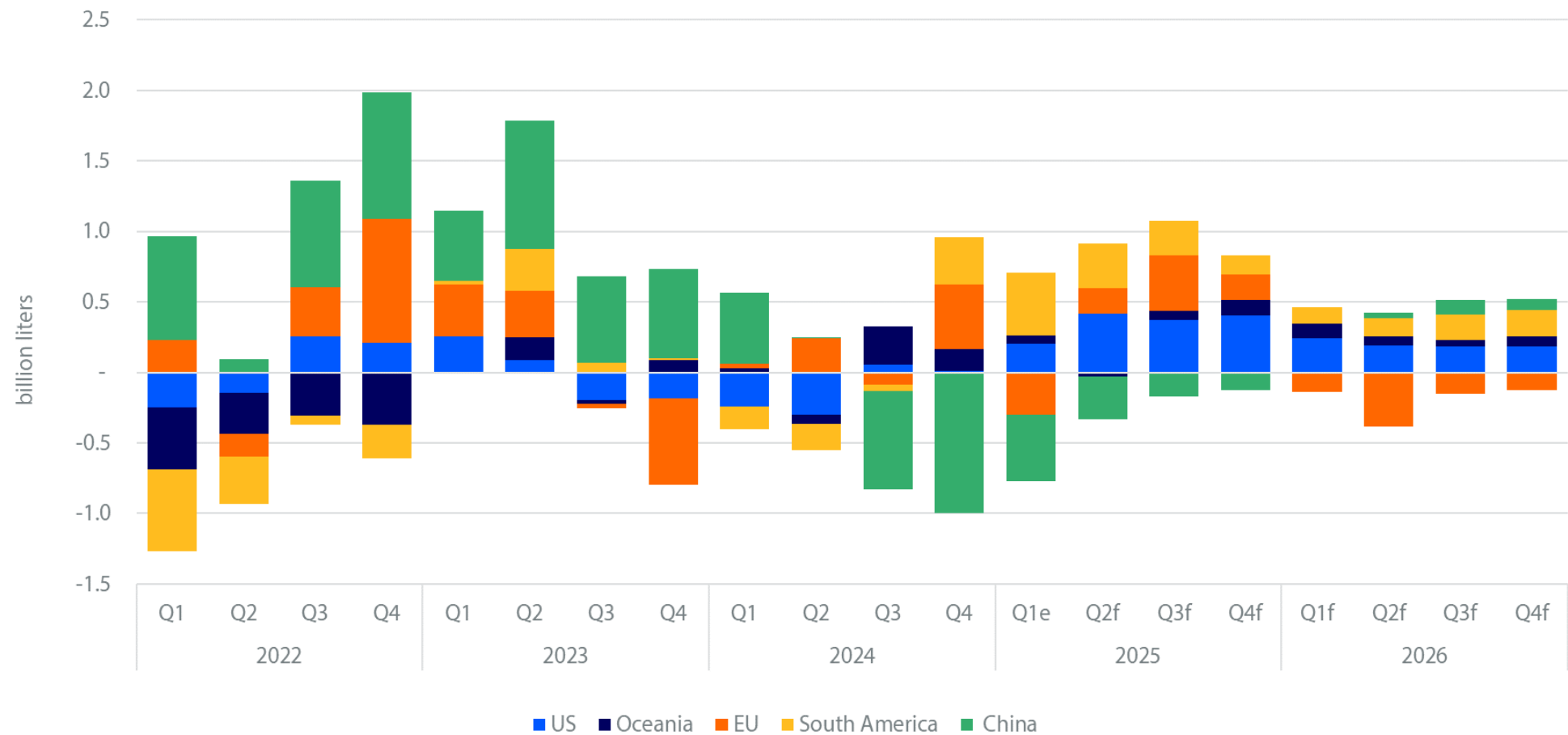


Sources: Rabobank 2025

# A tale of two stories in global milk supply

## 全球原奶供应的不同叙事

Milk production growth, Big 7 exporters and China 2022-2026f\*

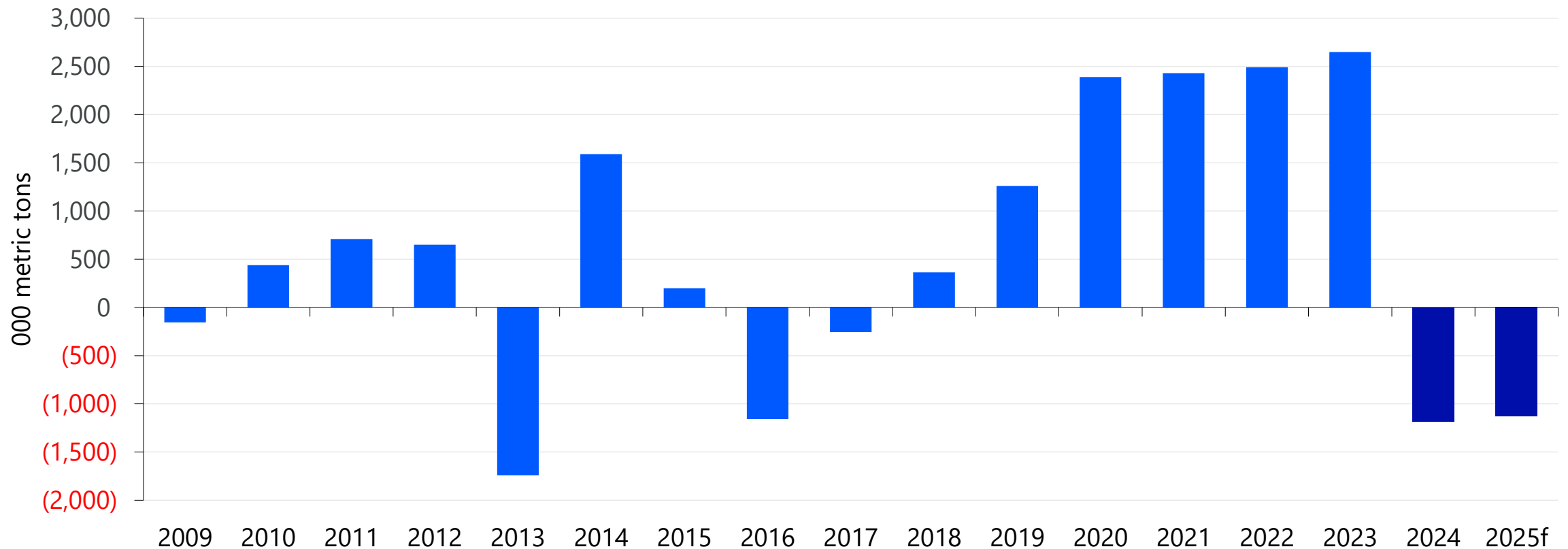


\*Note: The Big 7 includes the EU, the US, New Zealand, Australia, Brazil, Argentina, and Uruguay.

Source: Big 7 and Chinese government and industry agencies, RaboResearch 2025

# China's local supply is at an inflection point 中国原奶供应正处于转折点

## China Annual Volume Change in Milk Supply

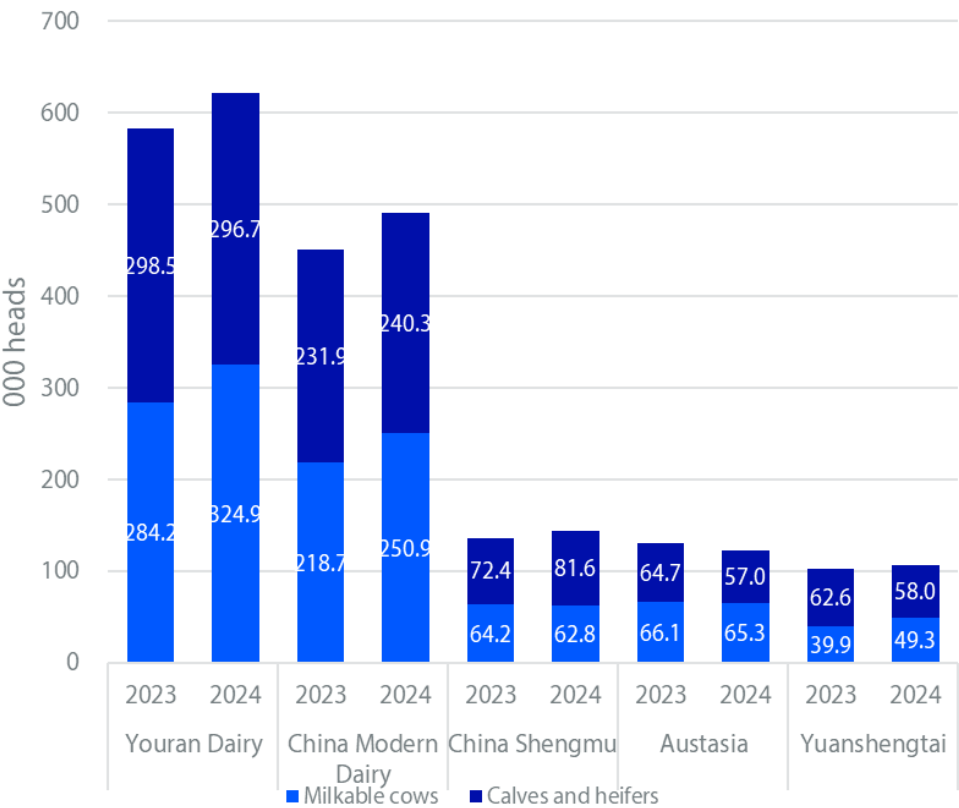


# Large-scale dairy farms dominate China's supply

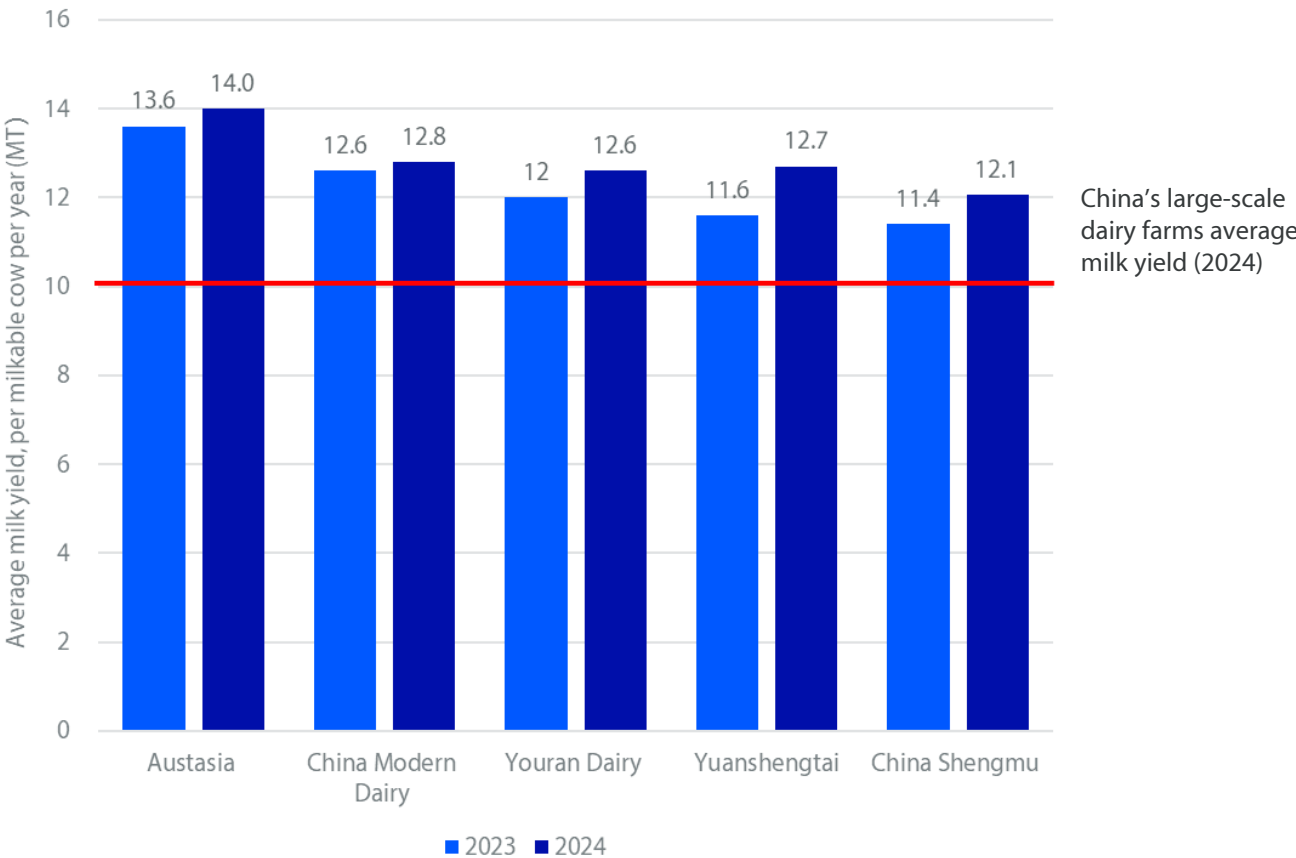
## 大型牧场将主导中国原奶供应

Driven by favourable government policies and productivity focus

*A slowdown of the number of dairy cows among listed dairy farming companies*



*Milk yield of listed dairy farms continue to increase*

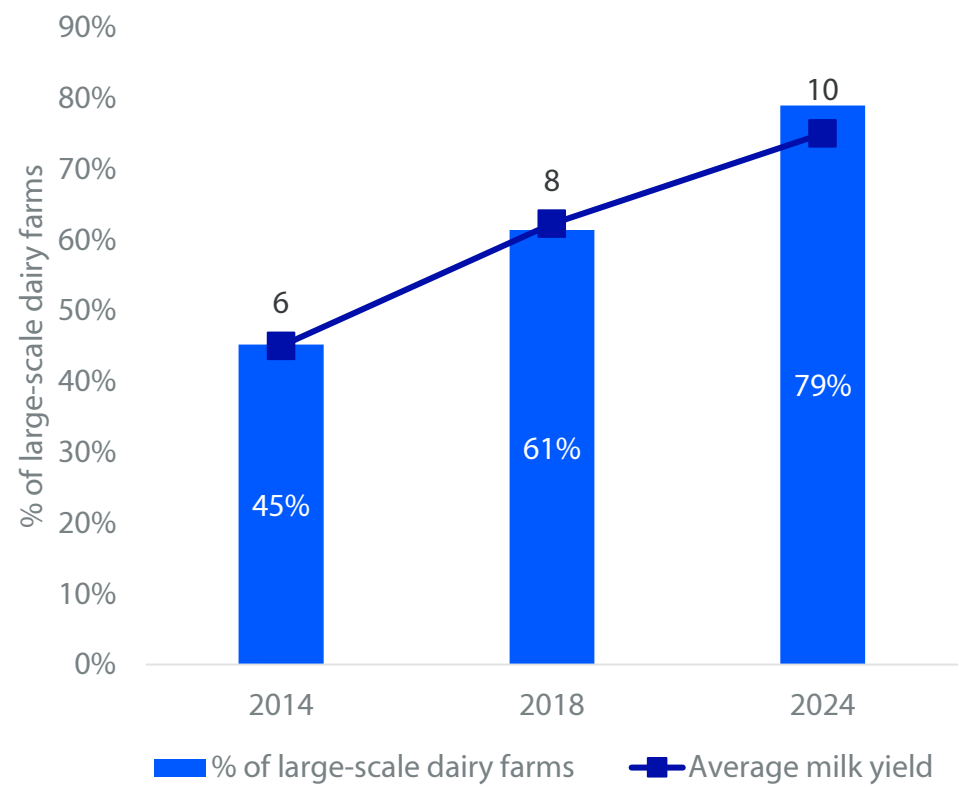


Source: Company annual report, Rabobank 2025

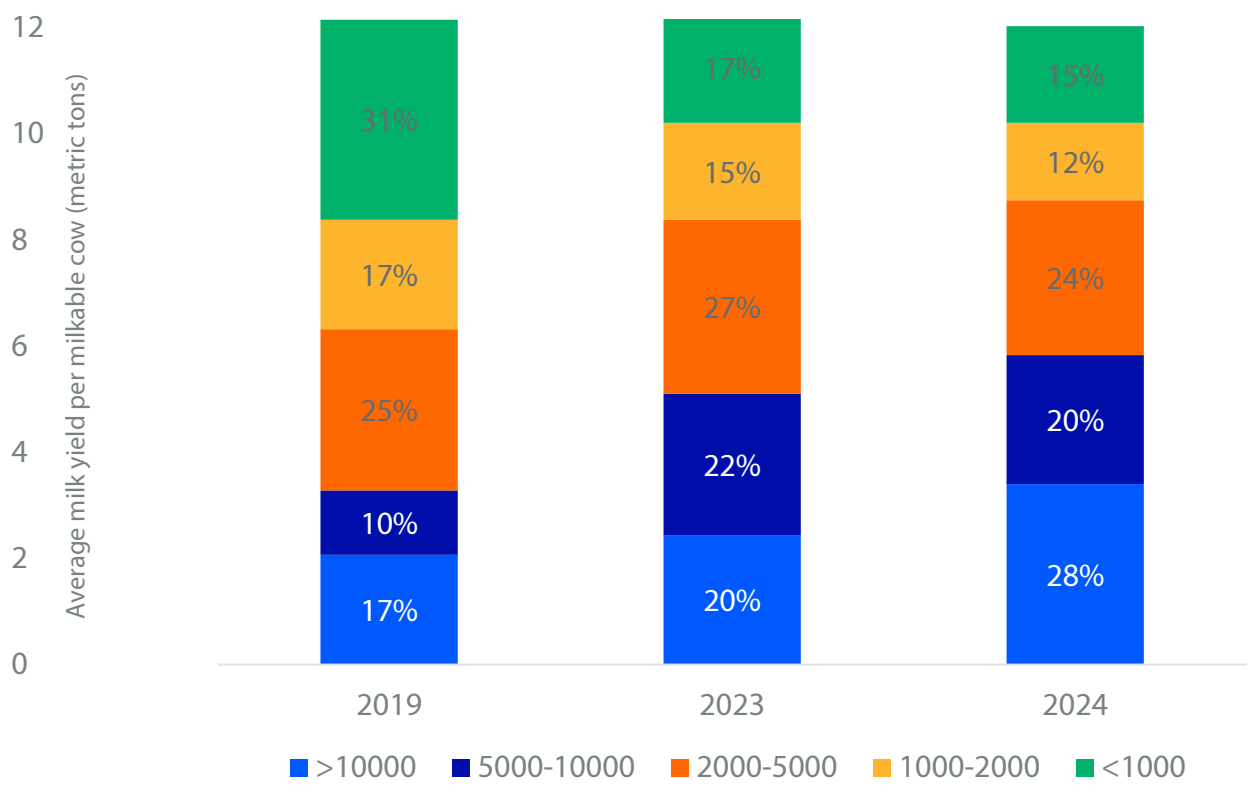
# Farm-level consolidation has intensified

## 上游牧场整合加速

Increasing % of large-scale dairy farms



The number of dairy cows on large-scale dairy farms increasing

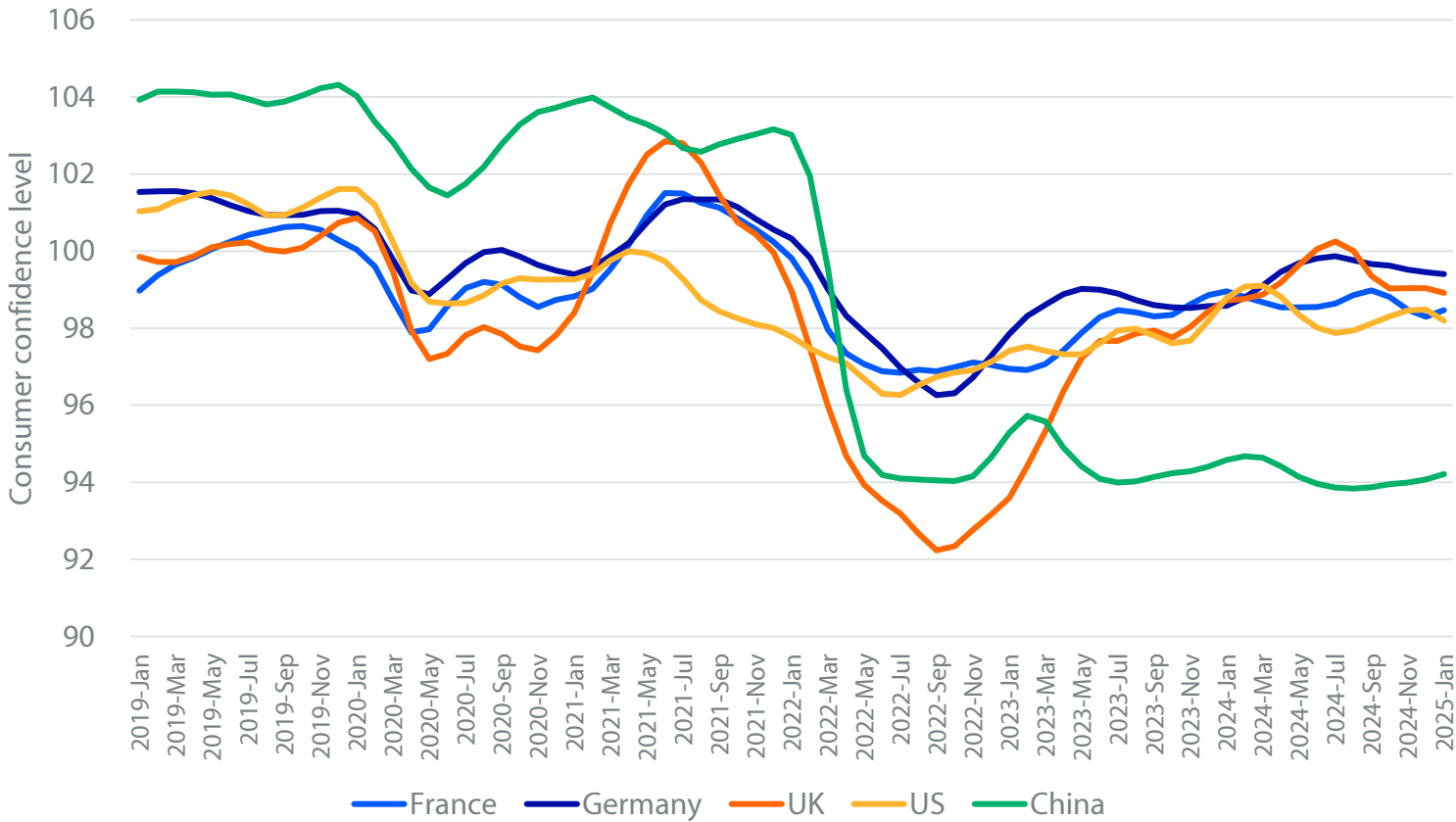


Source: Ministry of Agriculture, National Dairy Industry Technology System, China Dairy Data Report 2024, Holstein Farmer, Rabobank 2025

# Confidence as key demand driver in 2025

## 2025年消费端恢复主要看消费者信心指数

What is missing is sentiment!!!



Sources: OECD, Rabobank 2025

# QSR is a bellwether for a cautious consumer

## QSR 是谨慎消费的风向标

FOOD & BEVERAGE

### Yum China expands new low-priced eateries in sign of frugal times

Fast food operator posts record quarterly profit as it responds to market 'challenges'



### Starbucks's China comeback relies on right partner, brewing back the vibe

By Casey Hall

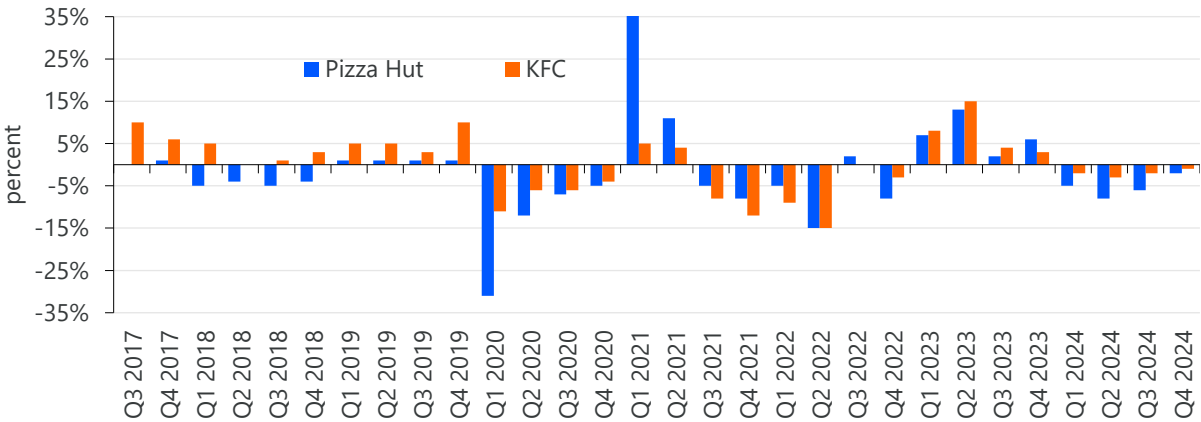
March 5, 2025 8:28 AM GMT+8 · Updated a month ago



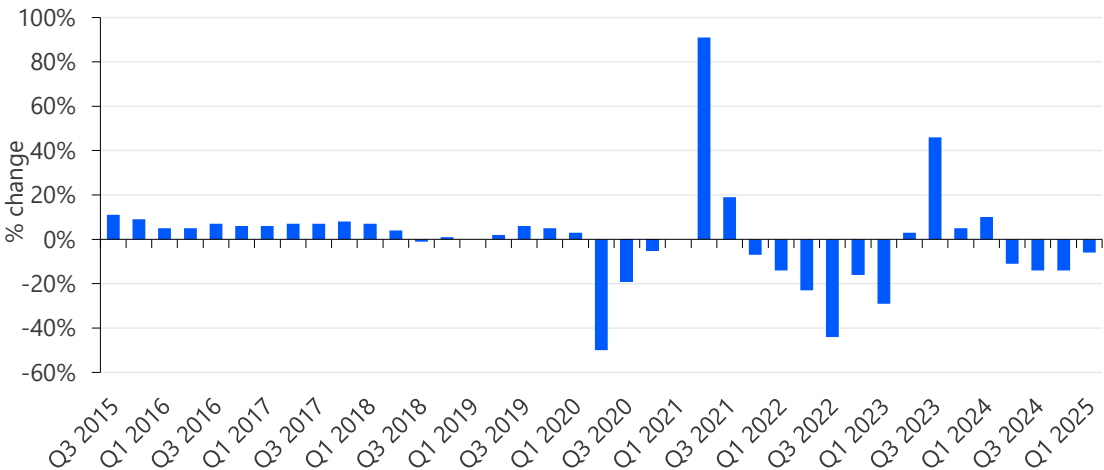
### P&G sees China improvement but consumers 'still struggling'

Story by AFP • 1w • 2 min read

Yum China qtlly comparable store growth



Starbucks China qtlly comparable store growth

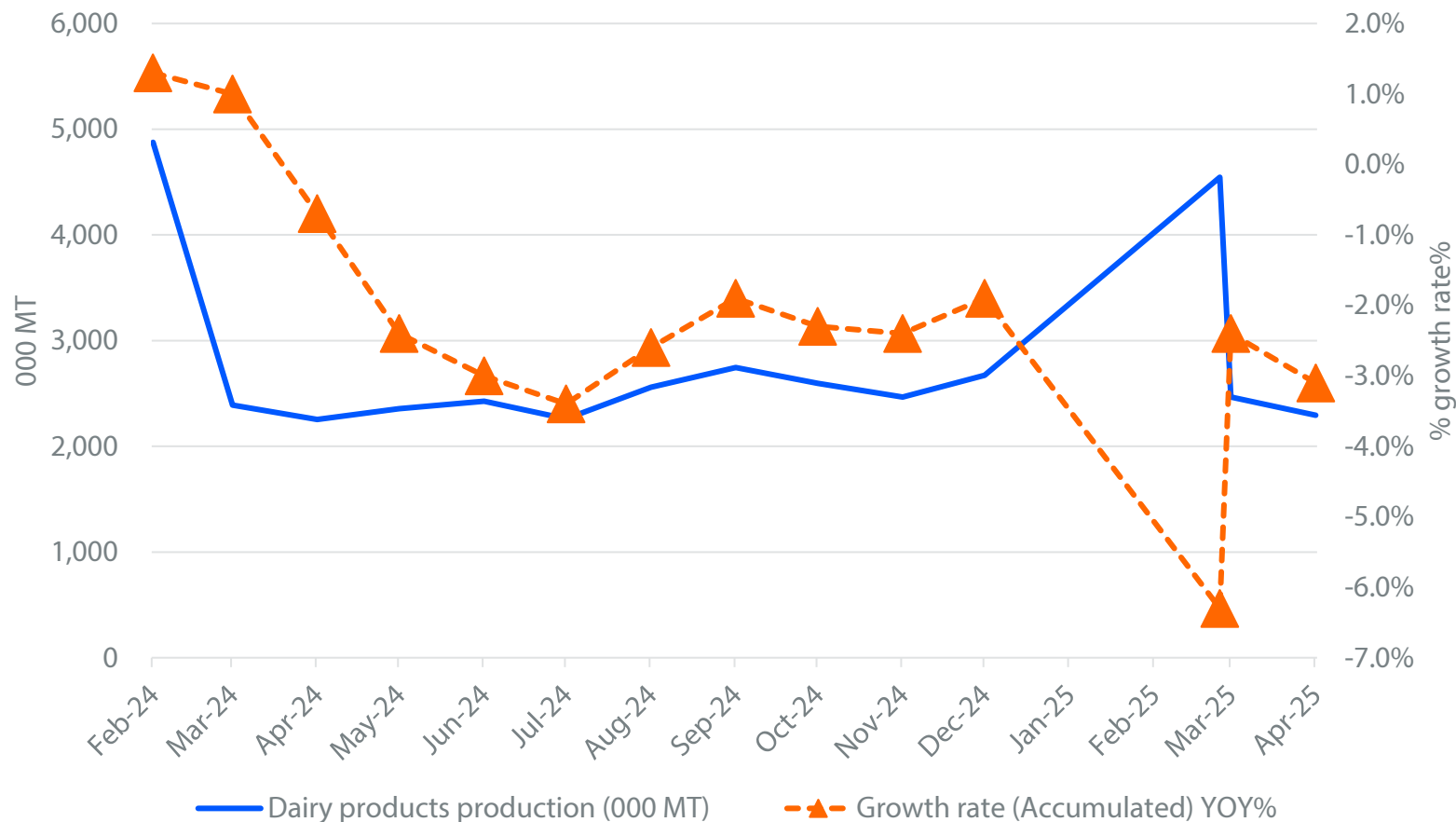


Source: Company reports, RaboResearch 2025

# Dairy consumption in Q1 2025 fell short of expectations

## 2025年一季度乳品消费低于预期

Dairy products production-a proxy for demand



- Dairy product output – a proxy for domestic demand – declined by 3.1% year-over-year from January to April.
- Q1 aggregated revenue data from Yili, Bright Dairy, New Hope Dairy, and Beijing Sanyuan showed a 3.8% YOY decline in liquid milk sales.
- NielsenIQ reported a 6.9% YOY drop in the value growth of dairy products for Q1 2025.

Source: National Bureau of Statistics (NBS), Nielsen IQ, Rabobank 2025

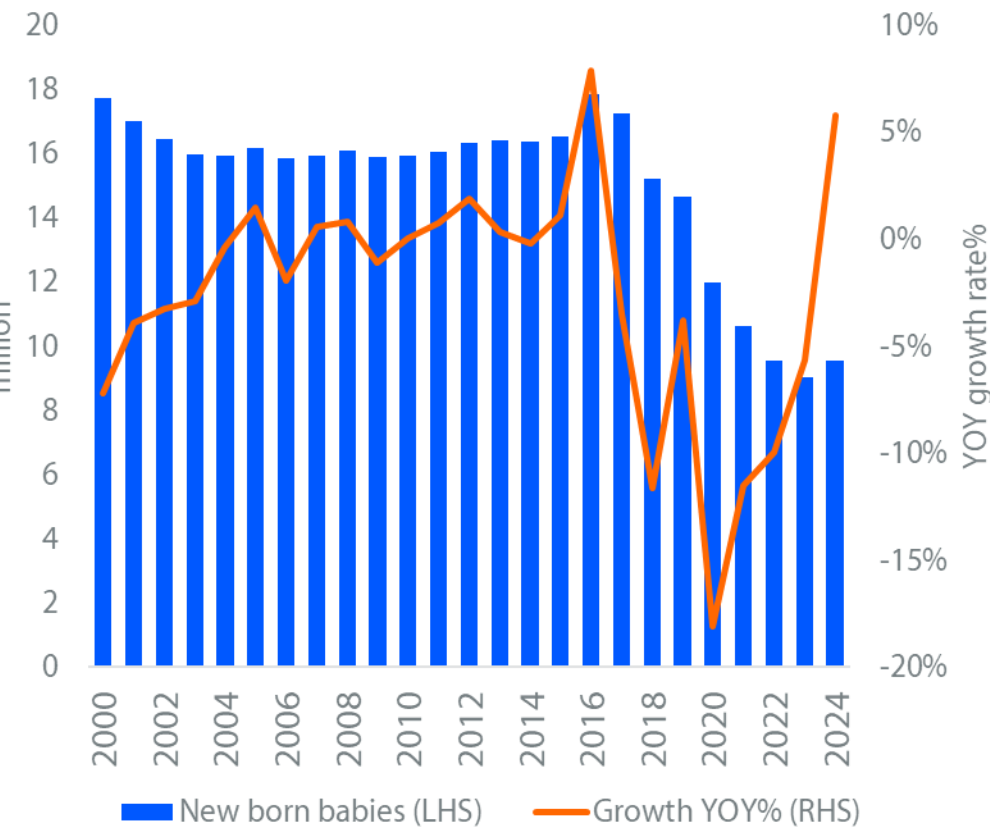
*Meet the Dawn: Strategic  
Expansion Needed in China's  
Dairy Sector*

迎接曙光: 中国乳品行业长  
期结构性转型机遇

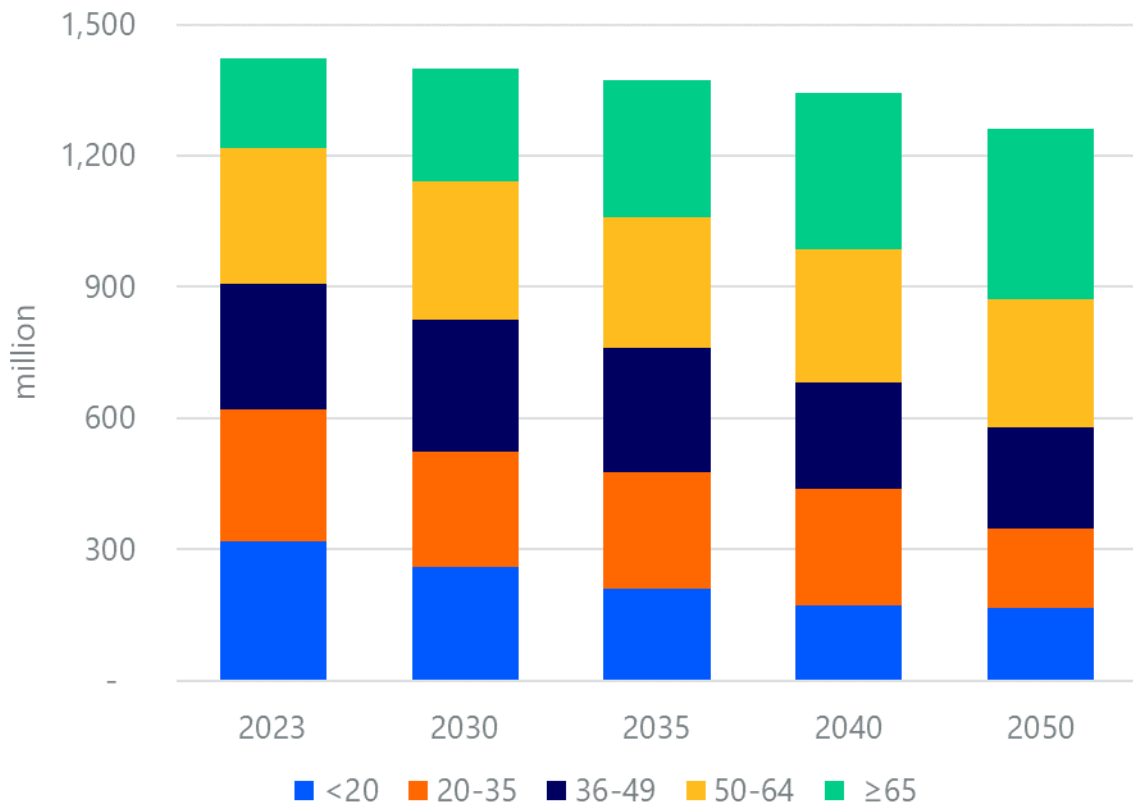
# Demographic changes shaping China's future dairy consumption

## 未来人口结构变化将重塑乳制品消费结构

The number of newborn babies in China is decreasing



An aging population



Source: National Bureau of Statistics, UN population 2024, Rabobank 2024

# Dairy companies are expanding the scope of their business propositions 乳企需要应对未来需求变化扩大其业务范围

- China's dairy market is shifting from 'volume' to 'value'. Dairy companies must adjust their portfolios to maximize value and meet the growing demand for high-value dairy products and ingredients. 中国乳制品市场正在从“量”转向“价值”增长。乳制品公司必须调整其产品组合，以实现价值最大化，满足对高价值乳制品和原料日益增长的需求。
- Dairy companies may need a tailored strategy for existing core markets and for expanded new or adjacent markets. 乳制品公司需要针对现有核心市场以及扩展的新市场或相邻市场制定量身定制的战略。

1

Benefits-driven platform in existing core categories  
现有核心品类: 建立以功能性/健康等益处诉求的产品平台

- Dairy players need to establish benefits-driven platform with a differentiated, diversified portfolio covering a wide range of benefits/functionality, such as support for immunity, allergies, gut/digestive health, metabolic health, and mental health.  
乳制品企业需要建立以利益为导向的平台，拥有差异化、多样化的产品组合，涵盖广泛的利益/功能，如支持免疫、过敏、肠道/消化健康、代谢健康和心理健康。

2

Strategic investments in the adjacent nutrition sector  
战略性投资和乳制品跨界的营养领域

- The nutrition sector-intersection of food and medicine-is a space where dairy category leaders explicitly intend to expand.  
营养领域- 食品和药品的交叉领域- 是乳制品行业打算拓展的领域。
- The next stage for dairy companies will involve competing not only within their own category but also in the health-focused space where dairy, food, and pharmaceutical companies all want a share.  
乳制品公司的下一阶段将涉及不仅在乳品类内竞争，而且还涉及以健康为重点的领域，这一领域乳制品、食品和制药公司都想分一杯羹。

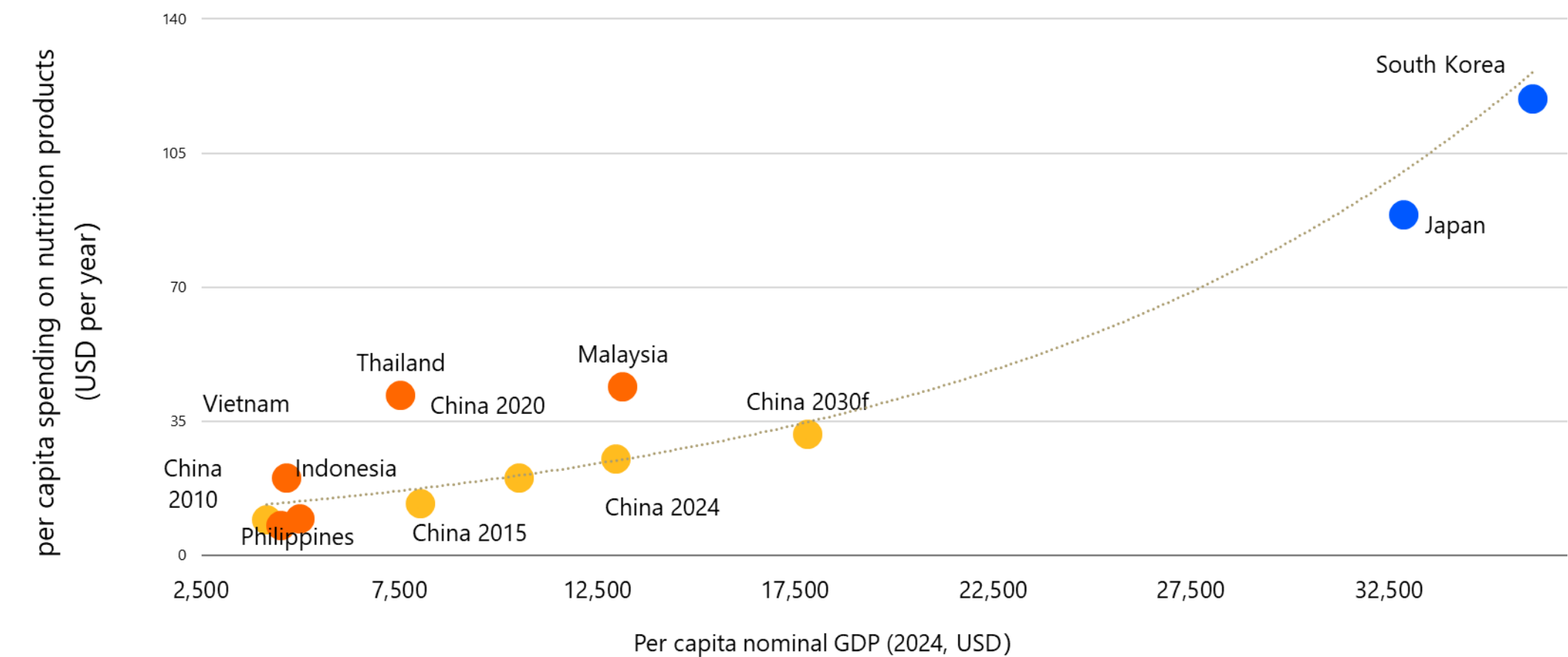
3

Expand the market coverage  
扩大地域覆盖

- A stagnant or declining core category provides the impetus for exploring new or adjacent categories. Facing limited volume growth in the liquid milk market and declining growth in the IMF segment, Chinese dairy players have a strong motivation to enter new categories or geographies. 核心品类的停滞或下滑为开拓新品类或相邻品类提供了动力。面临液态奶市场增长有限和婴幼儿配方奶粉市场增长下滑的局面，中国乳制品企业有很强的动力进入新的地区或品类。

# Investing in adjacent nutrition sector with significant potential to grow 投资未来有增长潜力的营养品领域

GDP per capita versus nutrition products consumption per capita, 2024 人均GDP vs 营养品人均消费, 2024

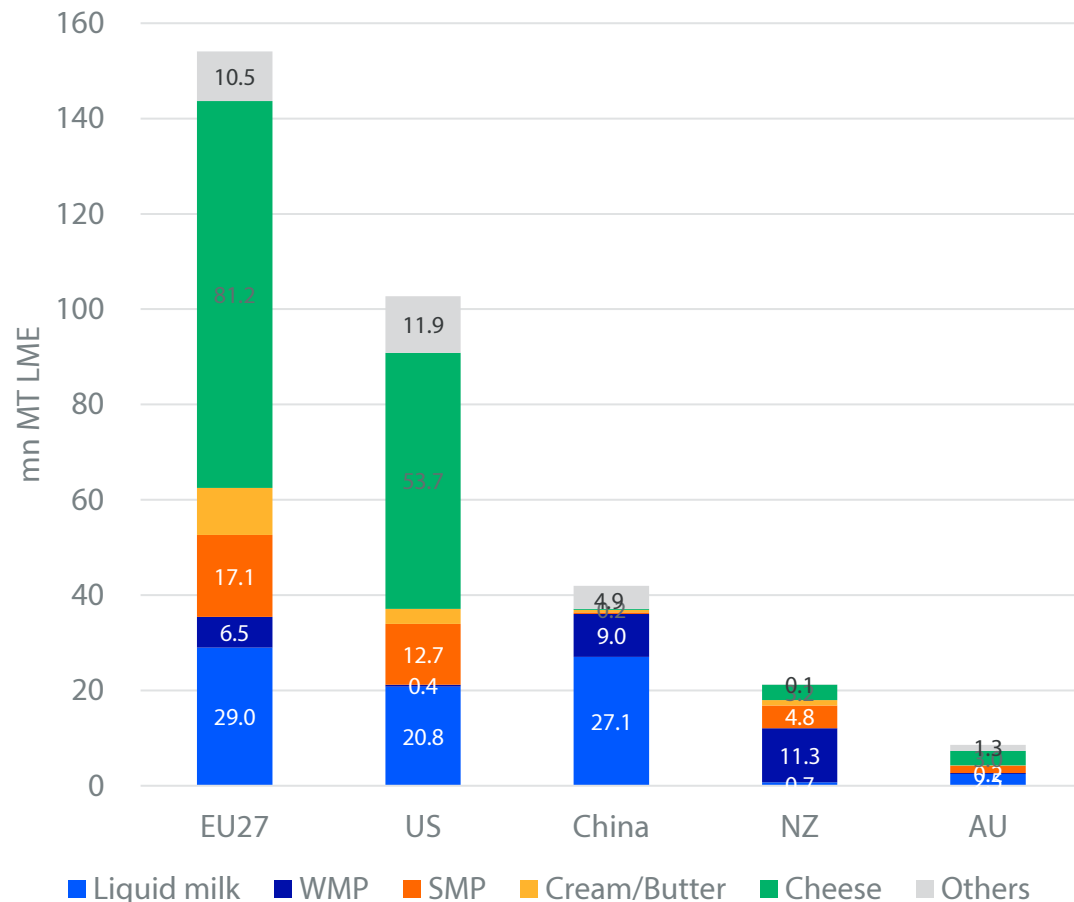


Source: Euromonitor, UN Population Division, IMF, RaboResearch 2024

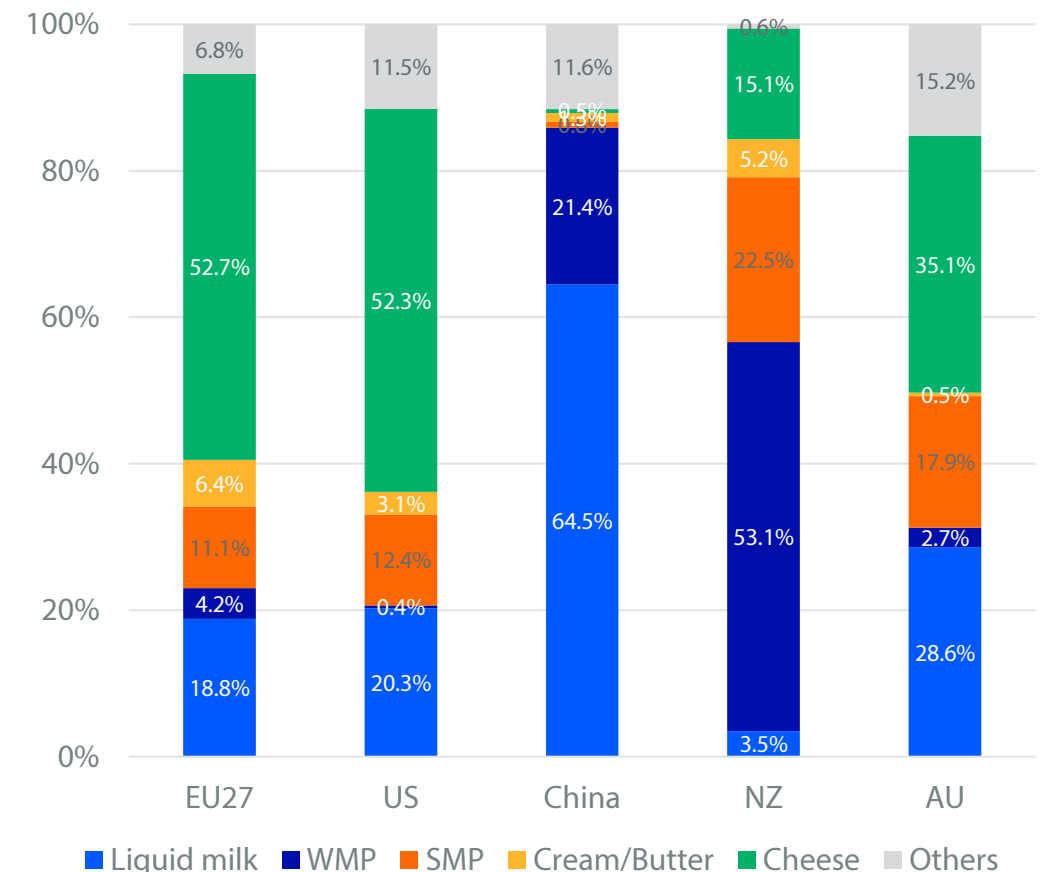
# ... Require investments in China's dairy processing platform that is today focused on liquid milk ... 需要目前集中在液奶加工的乳品行业投资高附加值乳品加工平台

Milk utilization by product (actual LME mn mt)

各品类原奶利用率 (按实际液奶当量计算, 百万吨)

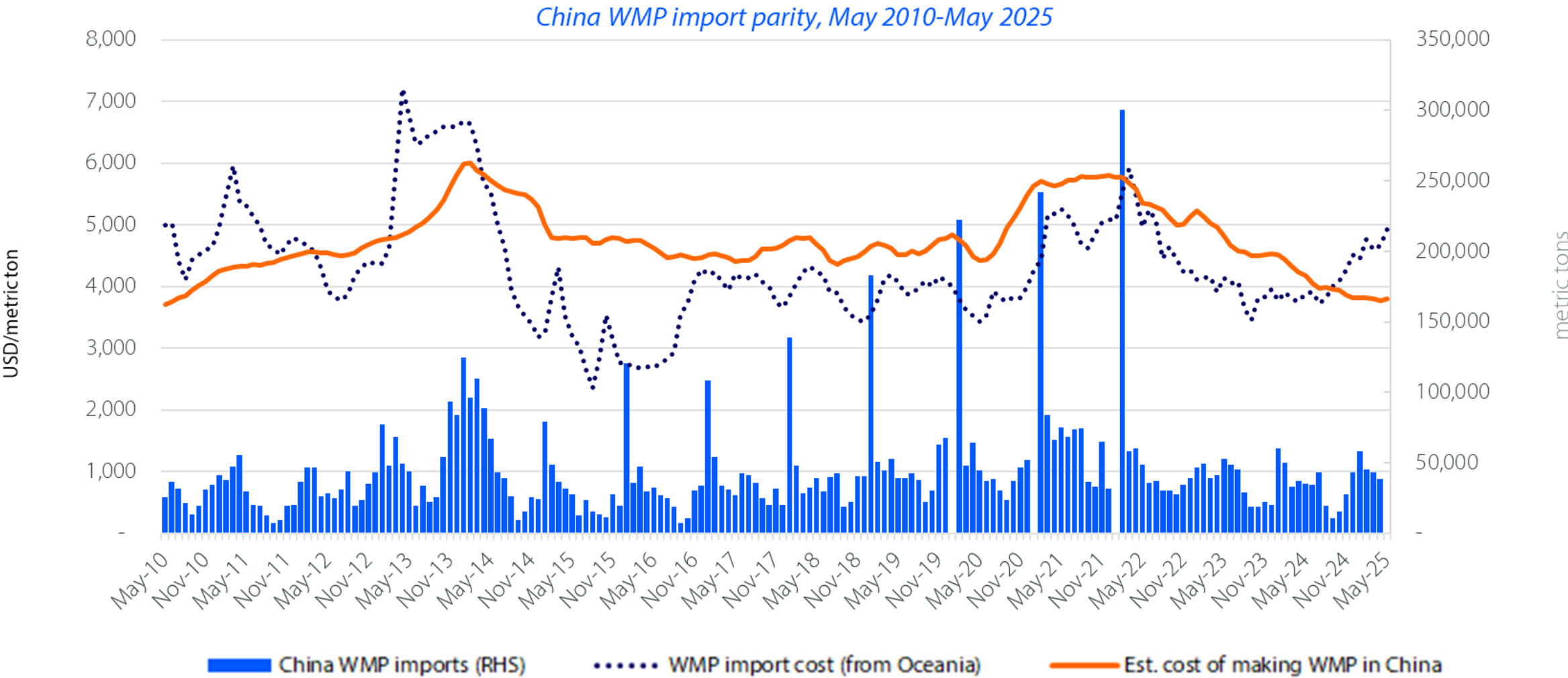


Milk utilization by product (% share milk volume allocation) 各品类原奶利用率 (按占比%)



Dairy processors have cheaper costs of local sourcing at current price level

在当前价格水平下，乳制品加工商的本地采购成本更低



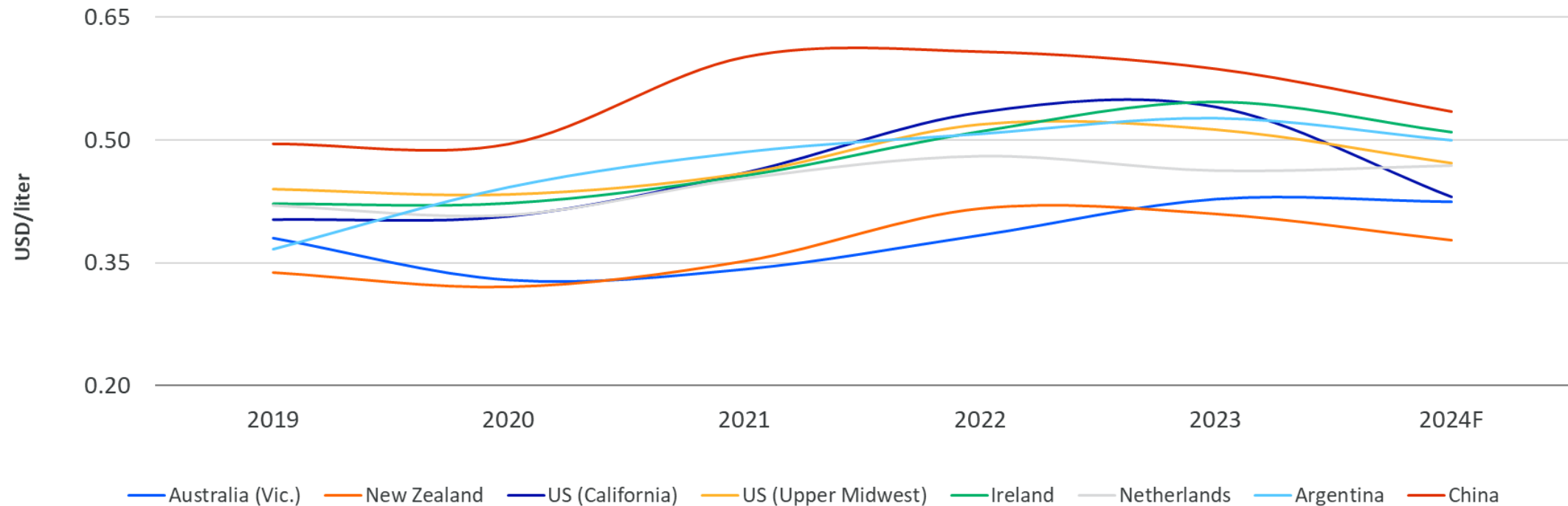
Source: China Customs, Eurolait, Chinese Ministry of Agriculture, RaboResearch 2025

# Key challenge: China need to further increase the competitiveness of farmgate milk production costs

## 主要挑战: 中国原奶生产成本竞争力有待提高

Global cost of production comparison, standardized total costs (farm working expenses and other costs)

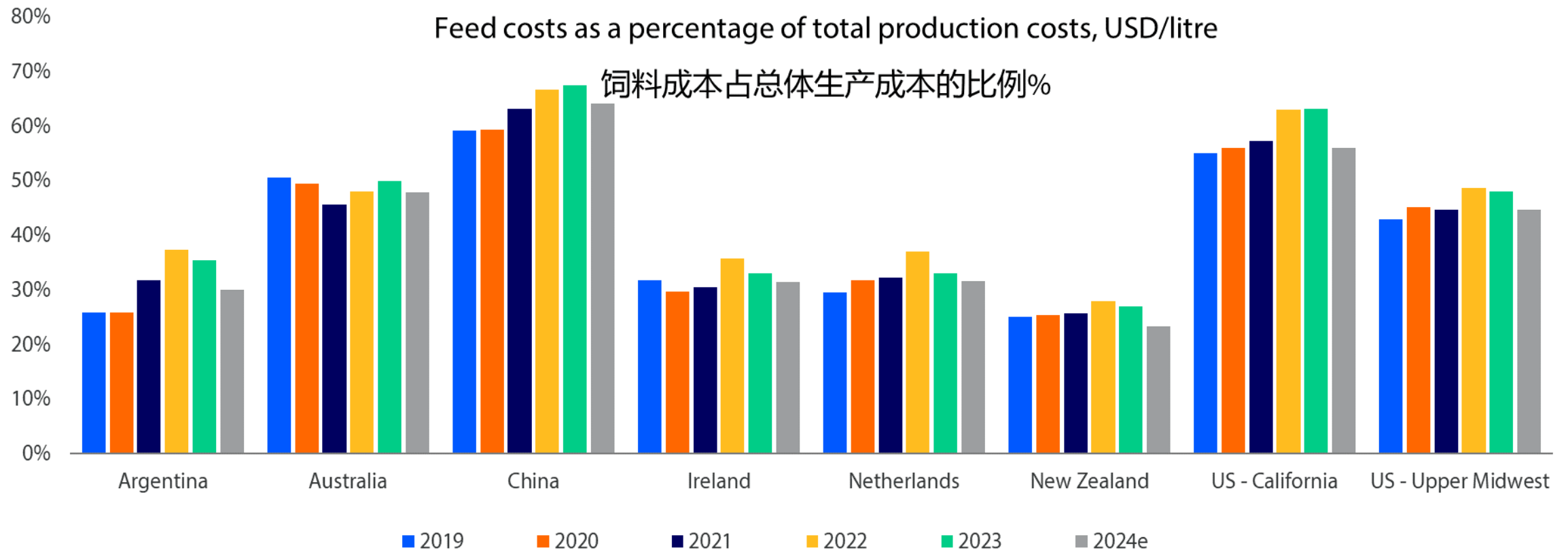
全球主要国家原奶生产成本对比 (2019-2024F, \*\*乳固体标准化折算)



Sources: DairyNZ, Margenes Agropecuarios, Dairy Farm Monitor Project, Teagasc, Dairy Company Annual Reports, Genske, Mulder & Co, Rabobank 2024

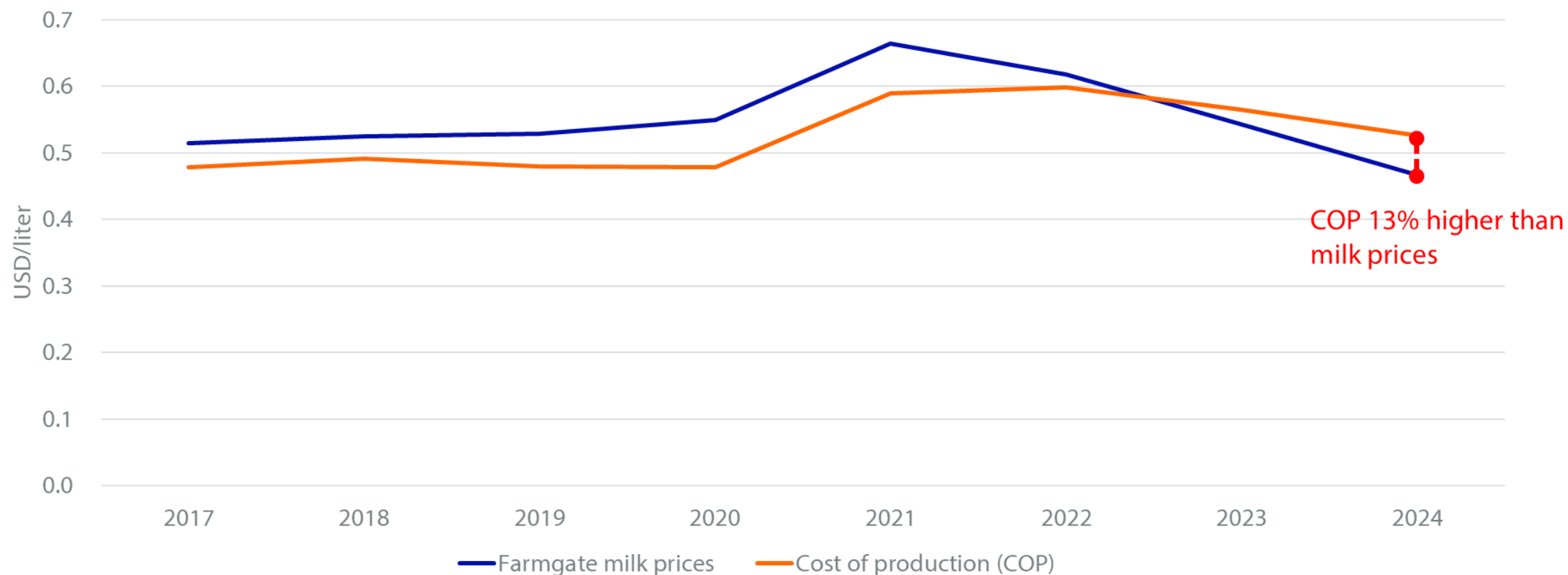
# ...Different production system determines cost structure 不同生产养殖系统决定了成本结构

Feed remains the key cost category  
饲料是成本结构里面重要组成环节



*If China can further reduce cost of production, that will benefit onshore production of diversified value-added ingredients*  
如果中国能够进一步降低原奶生产成本将有利于丰富国内乳品原料深加工产业

Farmgate milk price is below cost of production



Sources: MOA, China dairy magazine Nov 2022 edition, Company annual report, Rabobank 2024




# Chinese dairy players have begun the cream journey...

## 中国乳品厂商已经开始探索奶油/乳脂本土化生产

**Dairy-Cooperatives 奶农合作社**



- Import cream/butter produced in home country to supply China customers 从本国进口稀奶油/黄油供应中国客户
- Fonterra's home country New Zealand is the largest exporting country for cream (56% of total China cream import ) and butter (87% of total China butter import)

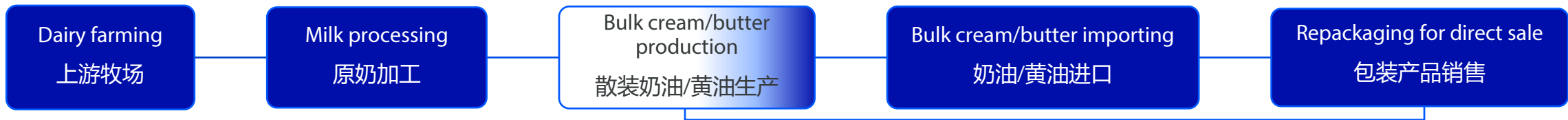
恒天然所在国家新西兰是中国最大的稀奶油和黄油进口国 (新西兰占中国稀奶油和黄油总进口量分别为56%和87%)



**Global dairy or food players 跨国乳品/食品企业**

- Import (Lactalis) cream/butter produced in home country to supply China customers 进口 (如兰特黎斯) 本国生产的稀奶油/黄油供应中国客户
- France the 2nd largest exporting country for cream (17% of total China cream import) 法国是中国第二大稀奶油进口来源国 (占总进口量17%)
- Nestle also has local cream production site in China (雀巢在中国有本土奶油生产)





**Chinese dairy players 中国乳品企业**

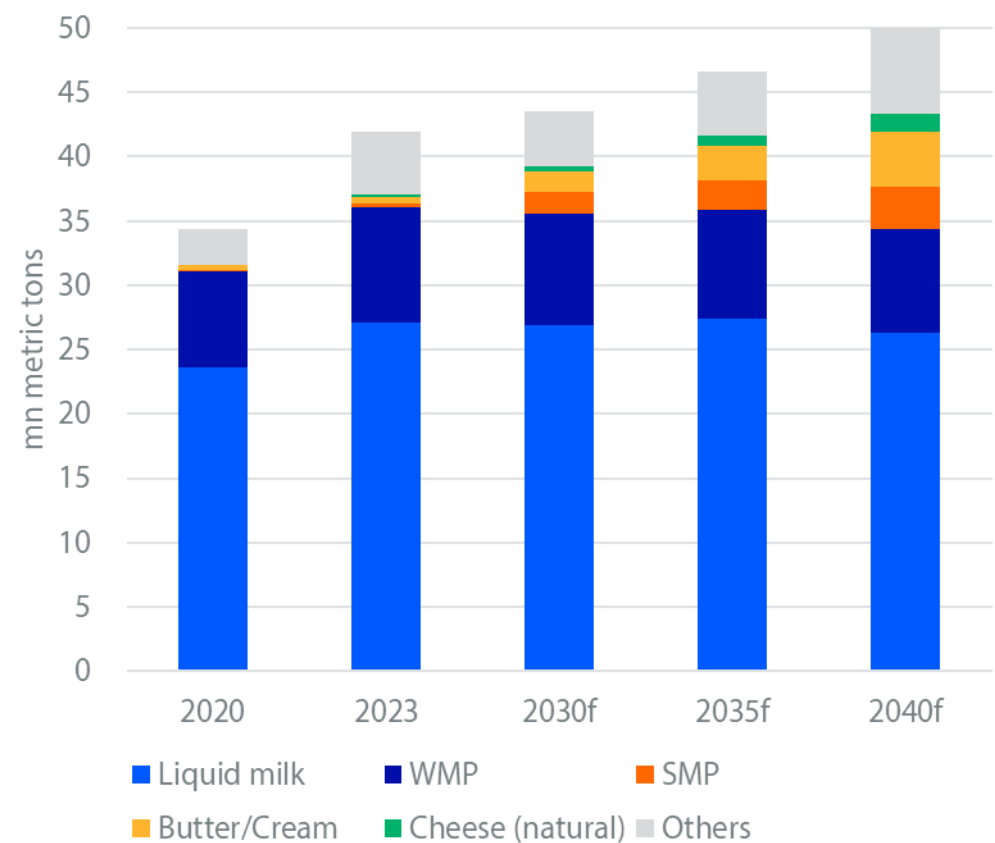
- Chinese dairy giants have local cream production facility to ride on the growth wave of bakery, ice cream and tea/coffee shops in China

中国乳企依托于国内快速增长的烘焙, 冰淇淋, 连锁茶饮/咖啡店发展本土奶油生产供应

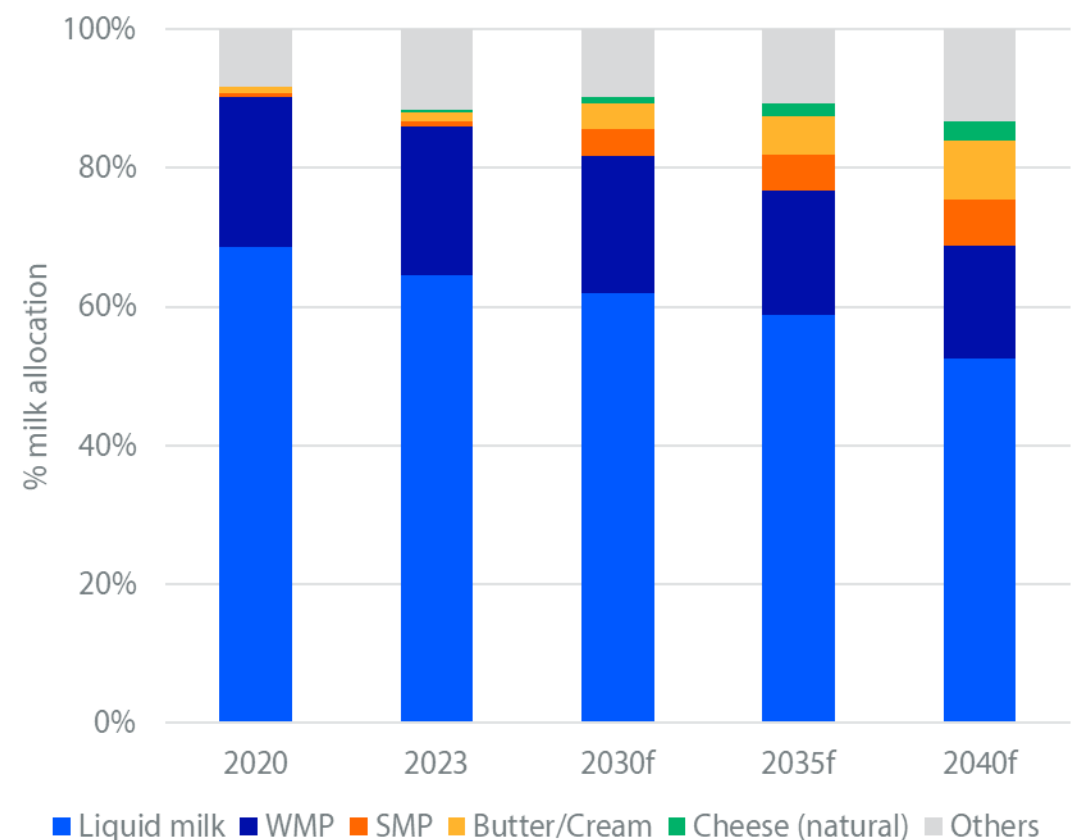


... but opportunities to expand China's "protein platform" are limited compared to EU and US ... 中国建立“乳蛋白平台”和欧洲/美国相比机会仍然有瓶颈

Milk utilization by product  
(actual milk allocation by product)  
各品类原奶利用率 (按实际液奶当量计算, 百万吨)



Milk utilization by product  
(% share milk volume allocation)  
各品类原奶利用率 (按占比%)



22Source: IDF, WDS 2024ed, Rabobank 2024  
Notes: tracking % of milk volume processed into different types of products (LME factor applied as IDF, please note SMP=10.87 and butter=1 conversion factor), liquid milk includes UHT milk, fresh milk and yoghurt

# ...if Chinese dairy companies can profitably develop the "protein" and "fat" platforms, that will give them access to the ingredient value pockets

## 如果中国乳企能够发展“乳蛋白”和“乳脂”平台,将使乳企能够进入高附加值原料的机会

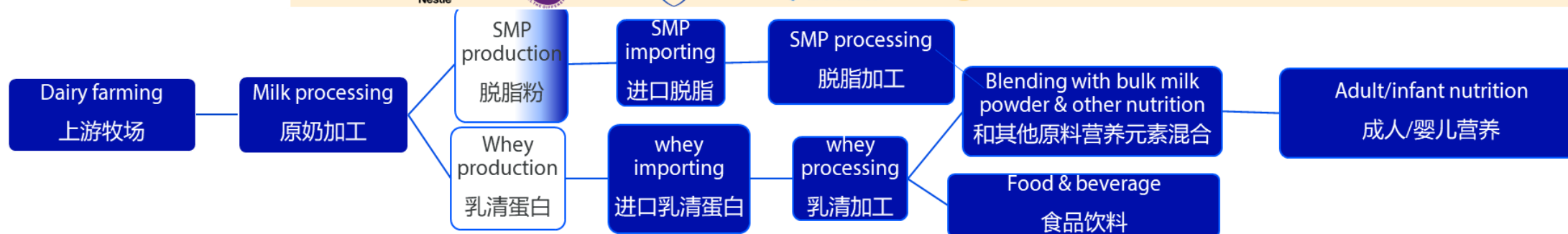
### Dairy-Cooperatives 奶农合作社

- Engaging in bulk SMP/whey and IMF production and exporting to Chinese market either as raw material suppliers or under its own brand.  
从事大宗 SMP/乳清和 IMF 生产, 并作为原材料供应商或以自有品牌出口到中国市场



### Global dairy or food players 跨国乳品/食品企业

- Engaging in bulk SMP/whey and IMF production and exporting to Chinese market either as raw material suppliers or under its own brand  
从事大宗脱脂奶粉/乳清和婴幼儿配方奶粉的生产, 并以原材料供应商或自有品牌的形式出口到中国市场



### Chinese dairy players 中国乳品企业

- SMP began the local replacement of import journey, whey is rarely manufactured in China, yet it's crucial for IMF and other nutrition products of high value SMP开启国产替代进口之旅, 乳清在中国很少生产, 但对婴幼儿配方奶粉等高价营养产品至关重要



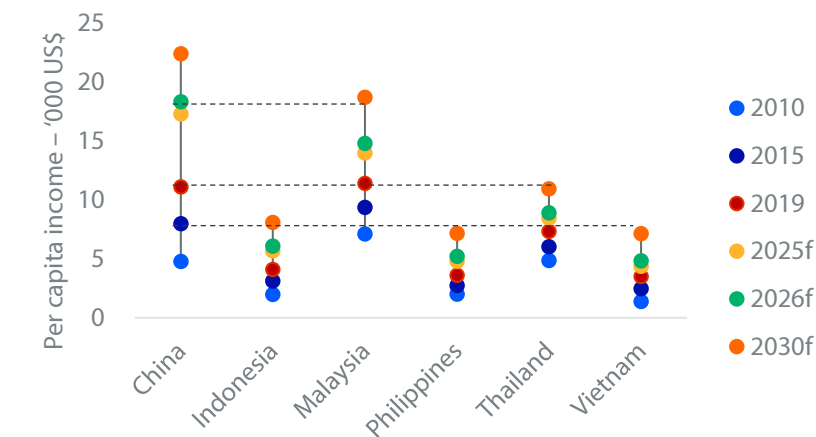
*Meet the Dawn: 'Going out' to  
Explore SEA Dairy Opportunities*

迎接曙光：出海探索东南亚乳  
品市场机遇

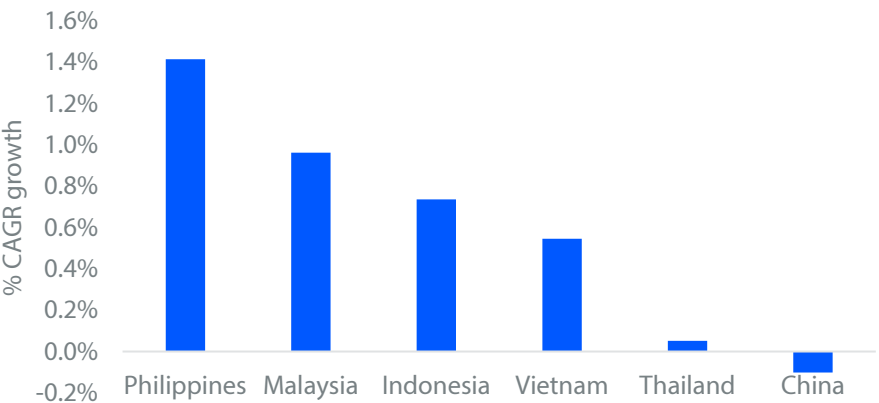
# Southeast Asia – highly attractive market dynamics

## 东南亚市场-极具吸引力的市场动态

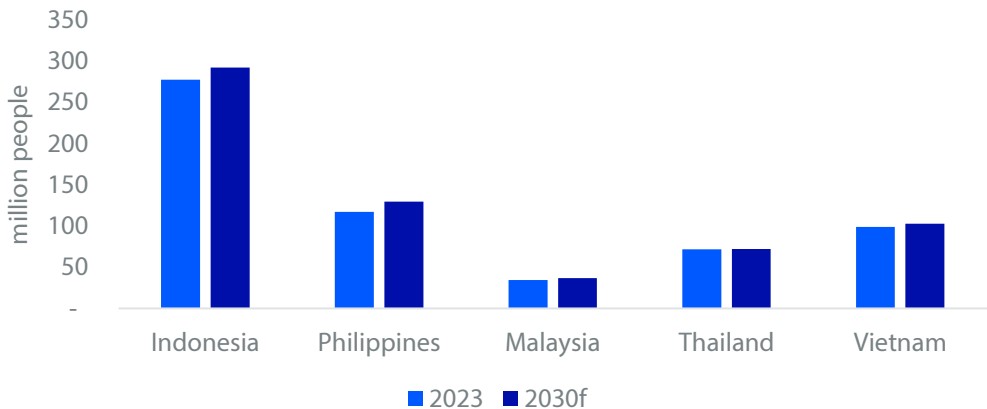
SEA 2030 income inches closer to 2015-2019 China...  
东南亚2030年人均收入接近中国2015-2019年水平



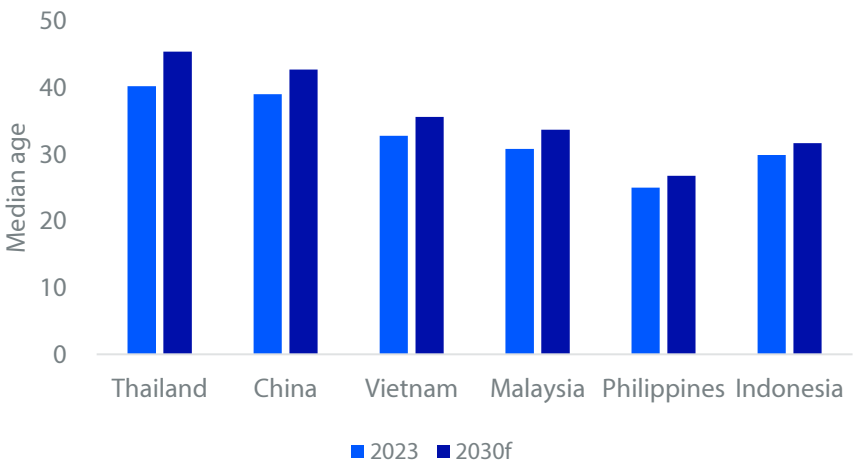
Population growth outlook 2023/2030f  
人口基数呈现增长趋势



SEA total population size 45% of China by 2030  
人口规模达到中国45%

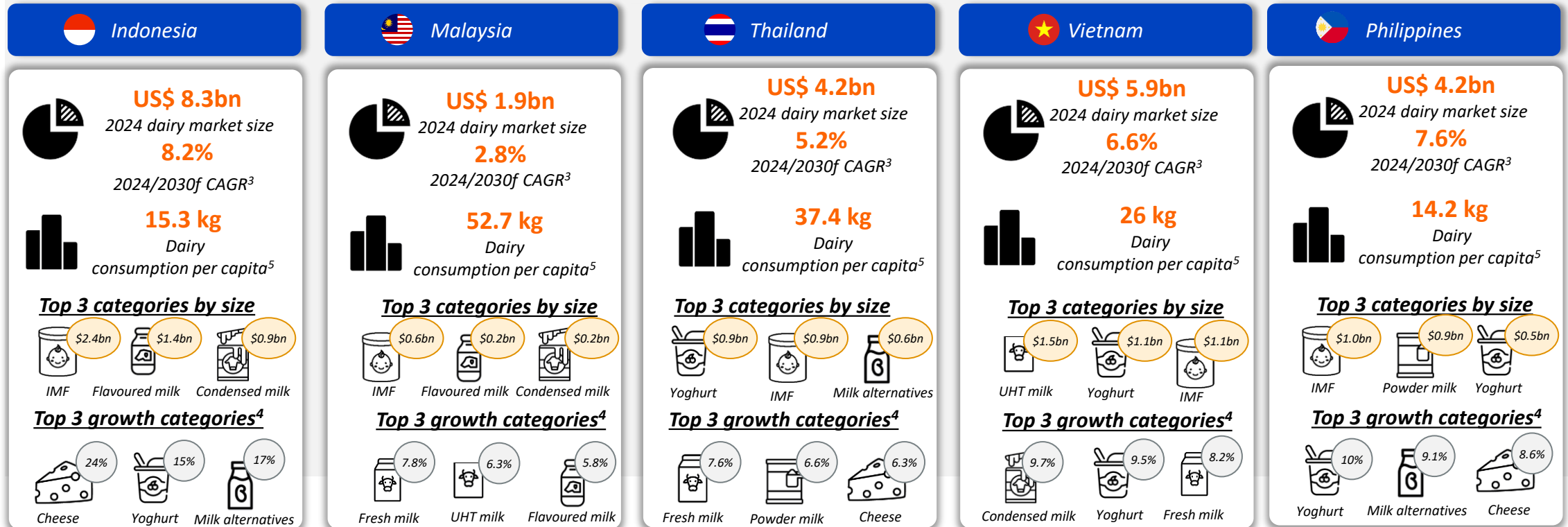


Median age of population, 2023 vs 2030e  
人口中位数相对中国来说年轻化



# Strong growth potential across key ASEAN dairy markets<sup>1</sup>

## 东南亚乳品市场未来增长潜力显著



Source: Euromonitor 2024ed, online sources, IFCN 2023

Note 1: Dairy products include butter and spreads, cheese, drinking milk products, yoghurt, dairy alternatives (soy, plant-based, etc.) and IMF; Note 2: Key ASEAN countries include Indonesia, Malaysia, Philippines, Thailand and Vietnam;

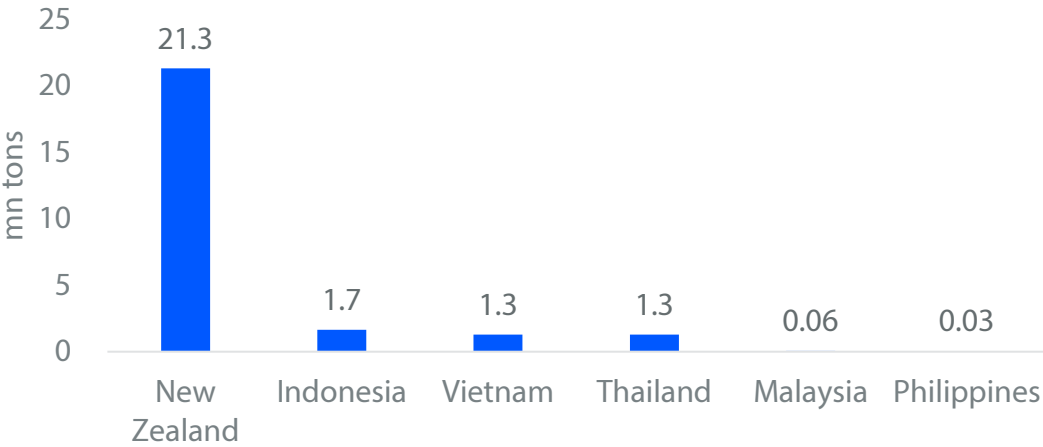
Note 3: Retail Value, CAGR 2024-2030f; Note 4: Retail value, CAGR 2024-2030f; Note 5: Dairy consumption per capita in 2023

**Rabobank**

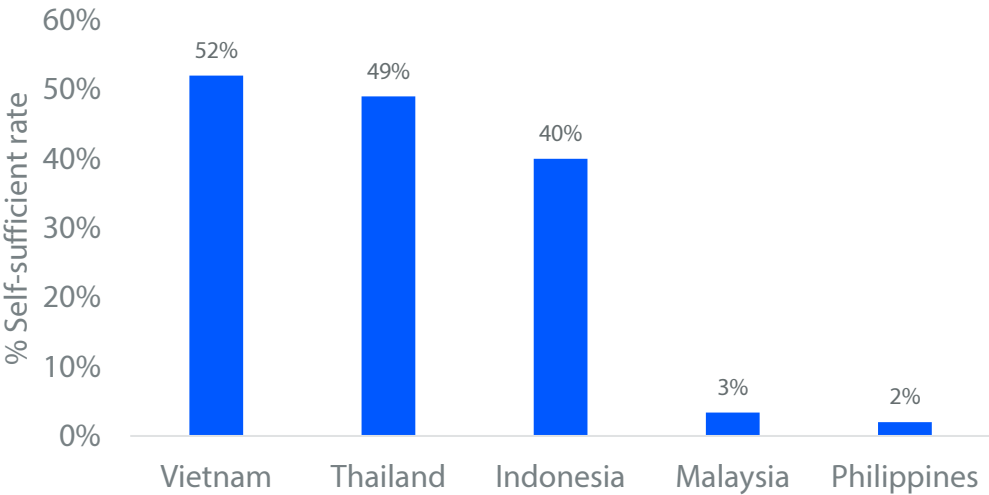
# SEA milk supply growing but face headwinds

## 东南亚乳业供应端持续增长但存在瓶颈

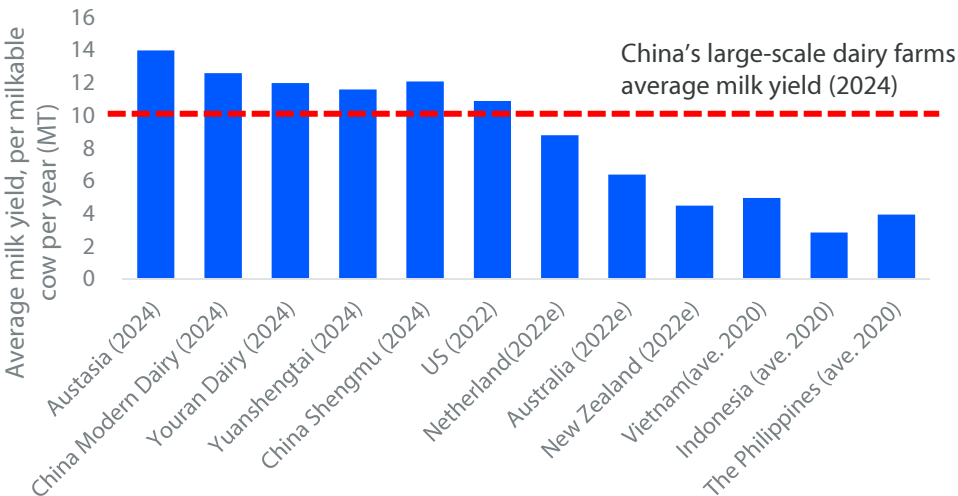
Annual raw milk production (mn mt, 2023)  
年度原奶产量 (百万吨, 2023)



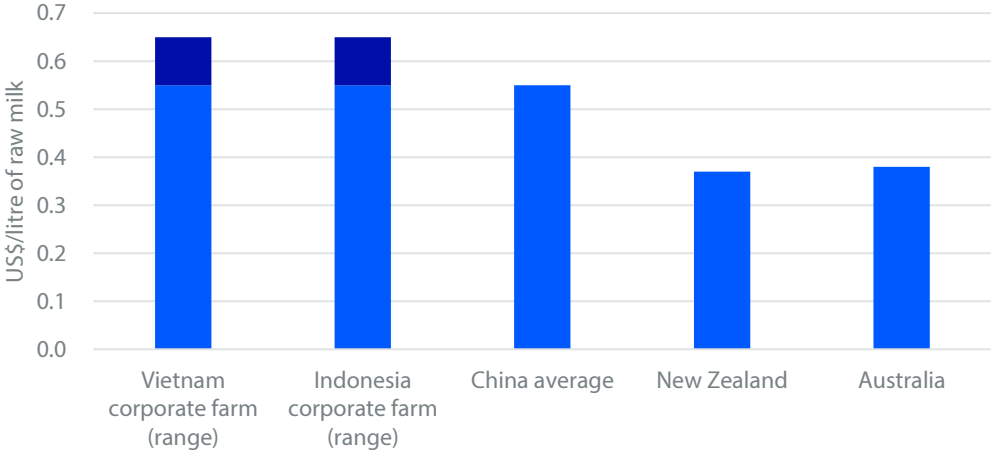
Estimated annual self-sufficiency  
自给率 (估算)%



Milk yield comparison, MT per year (2024)  
年均单产比较, 吨/年 (2024)



Cost of raw milk production – regional comparison  
原奶成本分析-区域比较



Source: Local agencies, IDF, FAO, Rabobank 2024  
Notes: COP is using average six-year 2019-2024f, standardized total costs

# Key Takeaways 核心总结

1

## ***Ride through the Darkness: At an Inflection Point? 穿越至暗时刻: 短期阵痛是否到了转折点?***

- Global price cycle feeding through the chain, China still slide 全球主要生产地区奶价上涨, 中国奶价仍在下行, 已经低于大部分的出口国家
- A tale of two stories in global milk supply 全球原奶供应不同叙事: 七大出口国产量微增, 中国供应正处于转折点, 预计持续下跌
- Large-scale dairy farms dominate China's supply, with increased farm-level consolidation 大型牧场将主导中国原奶供应, 上游牧场整合加速
- Dairy consumption in Q1 2025 fell short of expectations 2025年一季度乳品消费低于预期

2

## ***Meet the Dawn: Strategic Expansion Needed in China's Dairy Sector 迎接曙光: 中国乳品行业长期结构性转型机遇***

- China's dairy market is shifting from 'volume' to 'value'. Dairy companies may need a tailored strategy for existing core markets and for expanded new or adjacent markets 中国乳制品市场正在从“量”转向“价值”增长, 乳制品公司需要针对现有核心市场以及扩展的新市场或相邻市场制定量身定制的战略
- Require investments in value-added dairy processing platform 需要目前集中在液奶的乳品加工投资高附加值乳品加工平台
- China need to reduce cost of production to develop onshore production of diversified value-added ingredients 中国需要进一步降低原奶生产成本来丰富国内乳品原料深加工产业

3

## ***Meet the Dawn: 'Going out' to Explore SEA Dairy Opportunities 迎接曙光: 出海探索东南亚乳品市场机遇***

- Strong growth potential across key ASEAN dairy markets 未来东南亚乳品消费市场增长潜力显著
- SEA milk supply growing but face headwinds 东南亚乳业供应端存在瓶颈, 不能完全满足需求端的增长, 这为中国乳企进入提供潜在机会
- The 'going out' strategies of Chinese dairy players 中国乳业企业的“走出去”战略: 通过与东南亚当地企业建立商业伙伴关系来输出产品/产能

# Contact Details 联系方式

## 荷兰合作银行有限公司上海分行

上海市徐汇区陕西南路288号  
环贸广场办公楼二期20层2002-07室  
邮编, 200031



**Thanks!**  
**非常感谢!**

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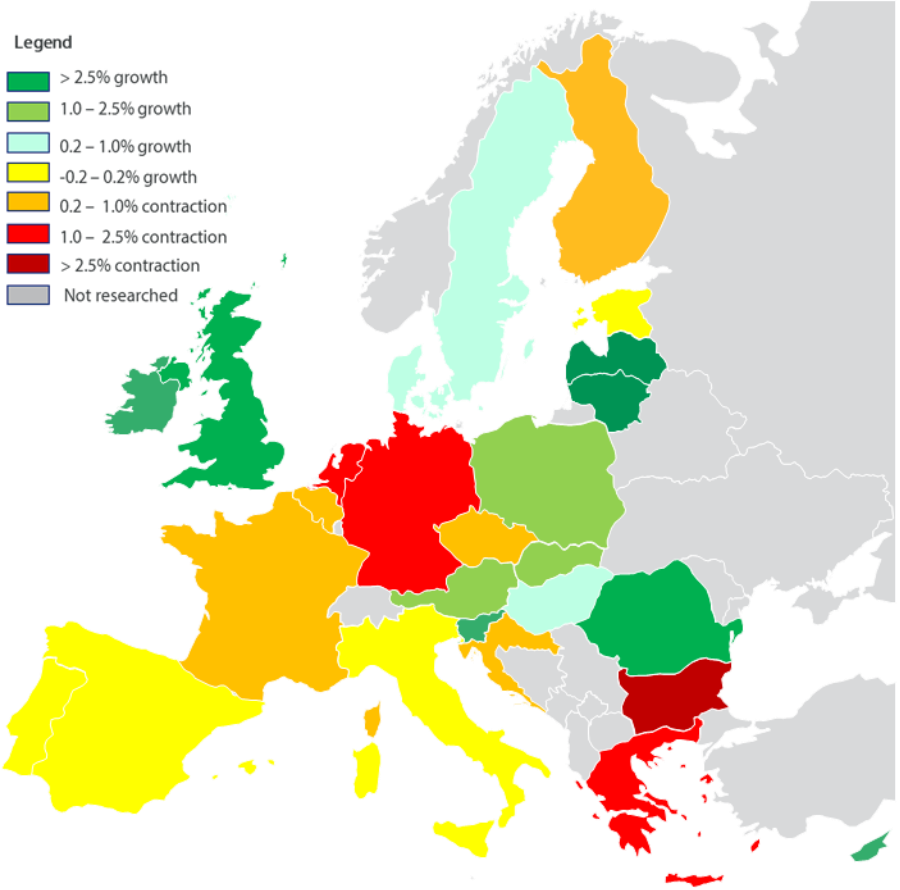
# *Appendix: Global Dairy Sector*

## 附件: 全球乳业市场展望

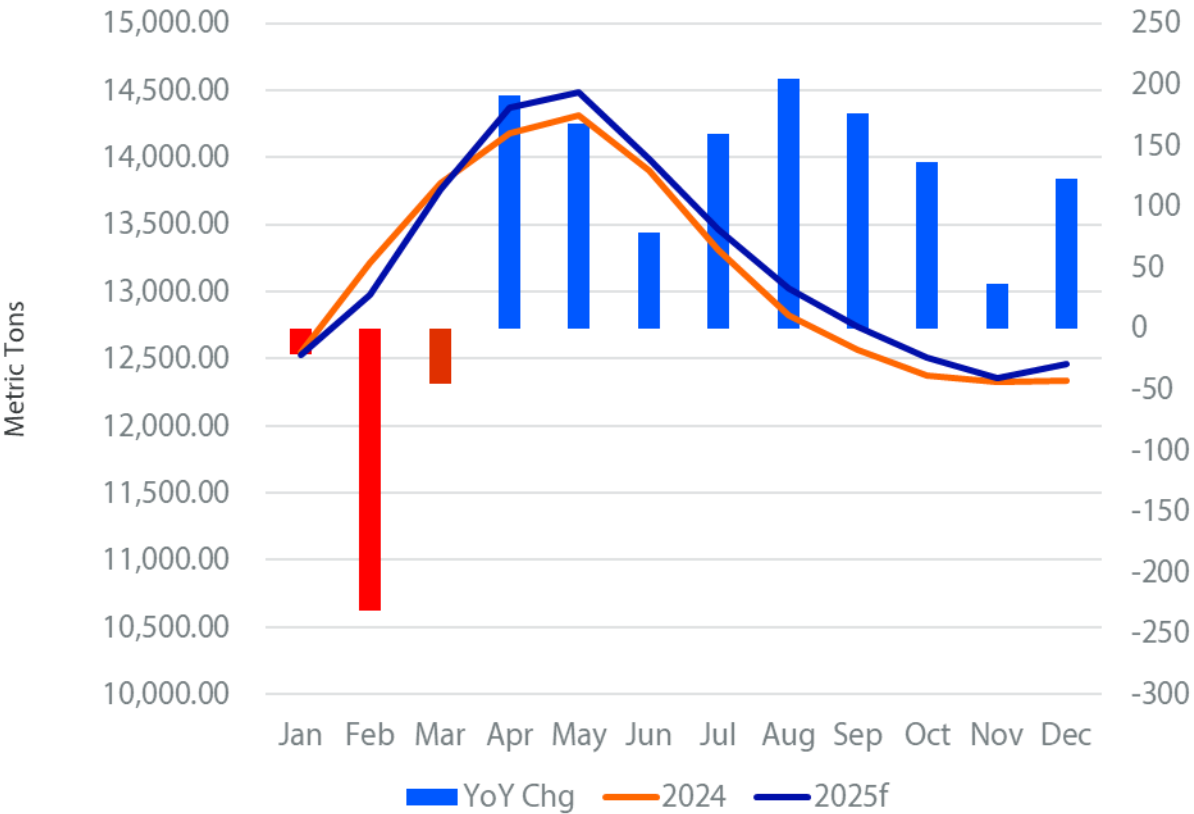
# In 2025 we expect +0.3% more milk in the EU+UK

## 我们预计欧洲原奶2025年全年微增0.3%

Milk production 2025fvs 2024

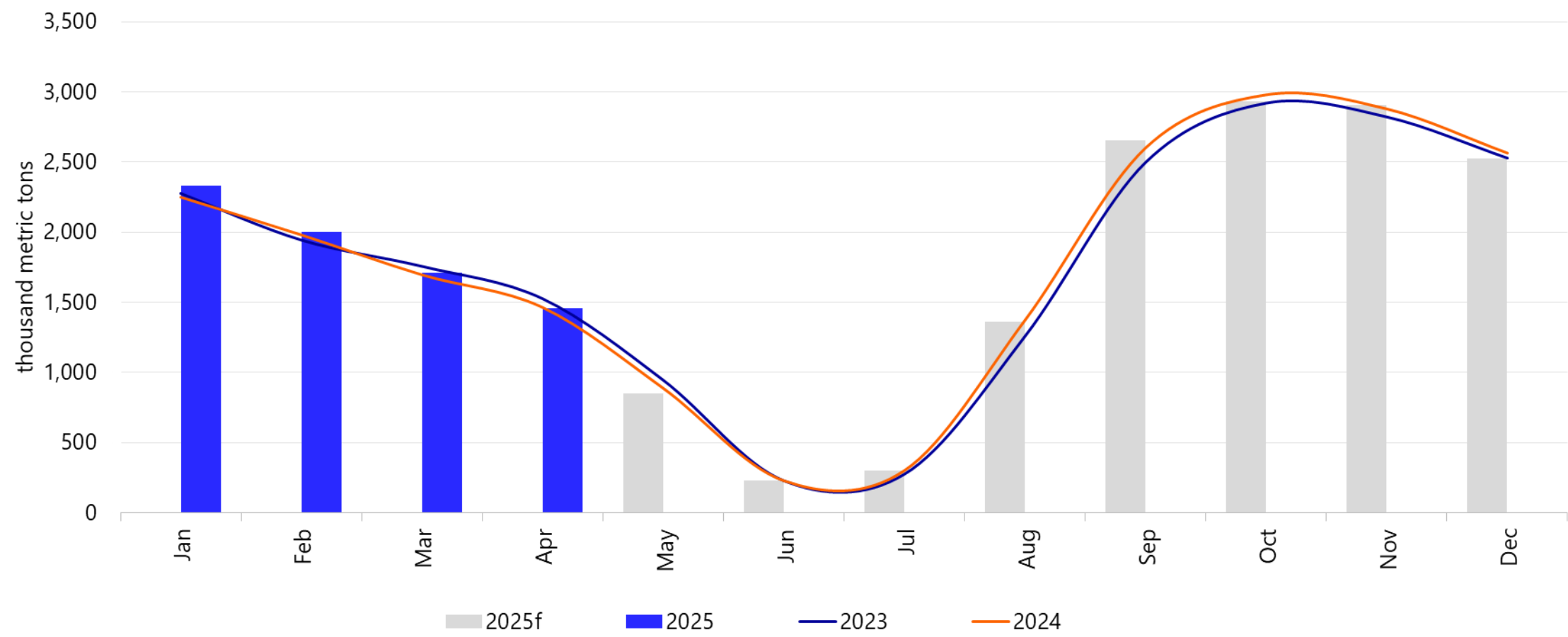


Hesitant start, recovery later in the year  
Adjusted for 30-day months



# New Zealand: Another season of growth ahead for 25/26

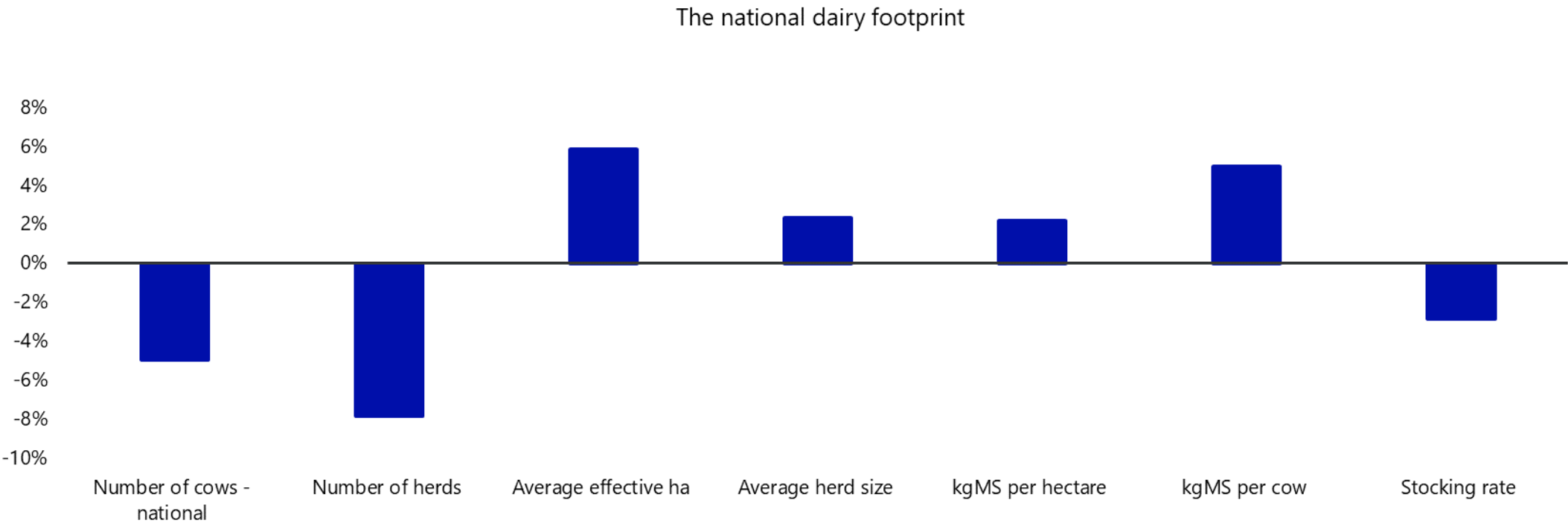
## 新西兰产量25/26产季将继续增长



# NZ Dairy industry is producing more with less

## 新西兰乳业正在以更少的资源生产更多的乳制品

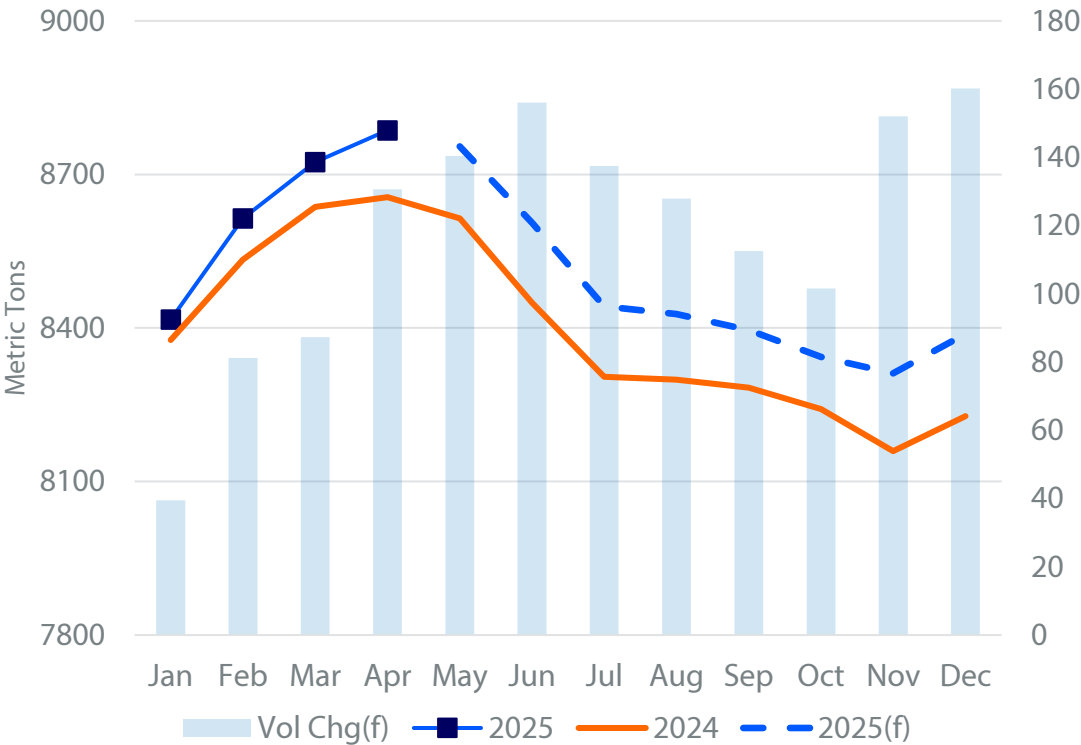
2023/24 season compared to 2018/19



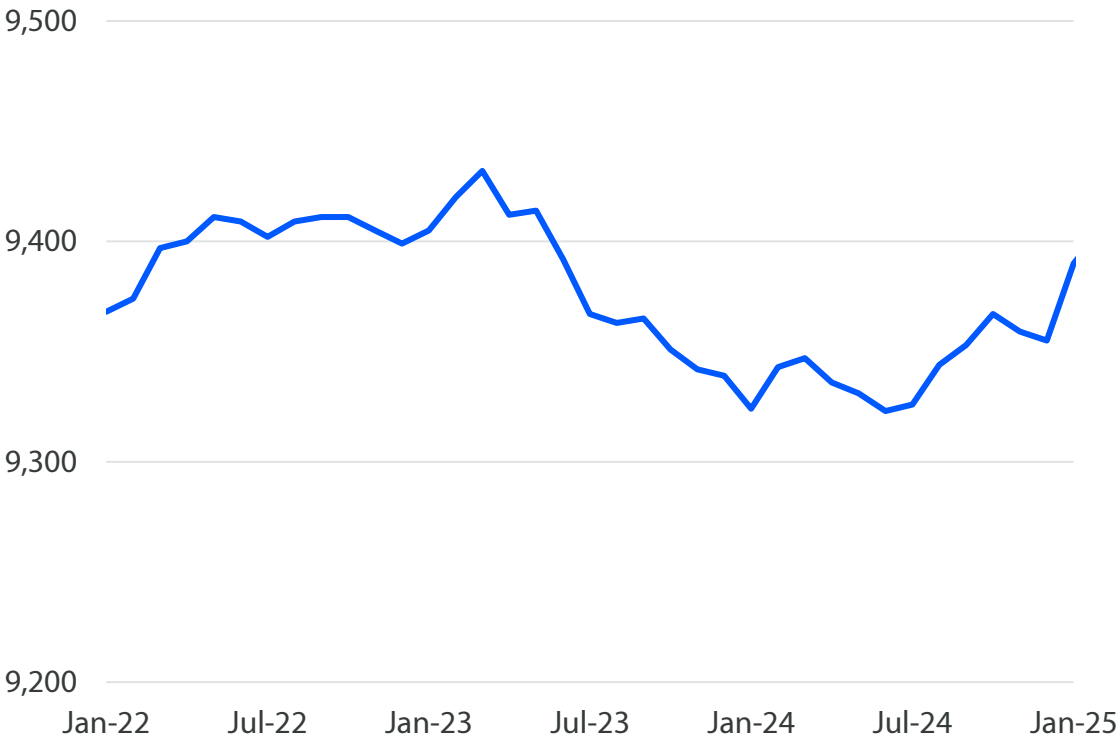
# 2025, we expect more milk in the US

## 2025年美国产量微增

Milk production 2025f vs 2024



Milk cows, United States  
(1,000 Head)



# Farmer margins decline after Q4 2024 highs

## 奶农利润率在 2024 年第四季度达到峰值后下降

US dairy farmer margins, margin protection program, January 2020 – March 2025

