



Annual report 2021

UELZENA EG AND GROUP



COMPANY

MILK PRODUCTION

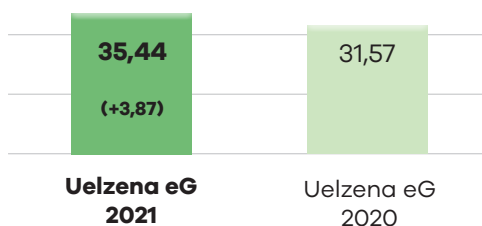


In the 2021 reporting year, the raw milk of the member cooperatives in north-east Germany was produced within the region. In the past year, 94 % of this raw ingredient was collected from within a radius of 150 km of our sites. At almost 699 million kg, the raw milk supplied was again above the previous year's level. Overall, the raw milk volumes delivered could be further increased by 2 % in 2021.

GROUP RAW INGREDIENT DEVELOPMENT

Quantity in t	2021	2020
Raw milk	699,115	686,584
Cream	69,636	66,960
Skimmed milk/buttermilk concentrate	17,967	18,084
Skim, milk/buttermilk/milk permeate	1,035	915
Total	787,753	772,543

AUSZAHLUNG IN CT/KG



In 2021, the payout was 35.44 euro cents/kg raw milk (prev. yr: 31.57 euro cents/kg).

KEY FIGURES

The planned investments were also made in the reporting year. With fixed assets of €163 million (+ €19 million over previous year), Uelzena's continuing modernisation and investment plan is reflected in its result. The equity ratio achieved 34.4 % and the group's annual result was €6.7 million.

OVERVIEW OF GROUP FIGURES

	2021	2020
Turnover mil. €	766	670
Annual surplus mil. €	6.74	7.86
Fixed assets mil. €	163	144
Equity ratio %	34.4	38.6

The turnover in 2021 could be improved from the previous year to approx. €766 million despite the ongoing Covid-19 pandemic. A significant increase can be seen in all major product groups compared with the previous year.



GROUP TURNOVER

	2021 TEUR (€1000)	2020 TEUR	Deviation TEUR
Delicatessen products			
Condens. milk products	35,704	31,537	+4,167
Milk fats	226,775	190,422	+36,353
Milk powder	214,992	199,656	+15,336
Cheese	95,794	89,870	+5,924
Speciality products	112,798	98,684	+14,114
Total main product groups	686,063	610,169	+75,894



UELZENA GROUP

Balance sheet and profit and loss account (excerpt)

BALANCE SHEET – ASSETS	31.12.2021	2020
	TEUR (€1000)	TEUR
A. Fixed assets		
I. Intangible assets	455	287
II. Tangible assets	135,249	117,211
III. Financial assets	27,297	26,699
Total	163,001	144,197
B. Current assets		
I. Inventories	49,922	46,518
II. Receivables and other assets	80,087	50,509
III. Cash and bank deposits	4,057	4,516
Total	134,066	101,543
C. Accruals and deferrals	220	101
Total assets	297,287	245,841

BALANCE SHEET – LIABILITIES	31.12.2021	2020
	TEUR	TEUR
A. Equity		
I. Credit balances	18,051	17,322
II. Revenue reserves	30,836	26,749
III. Net profit incl. carry forward	53,348	50,699
Total	102,235	94,770
B. Difference from Capital consolidation	318	318
C. Provisions	24,029	20,460
D. Liabilities	170,633	130,202
E. Accruals and deferrals	0	0
F. Deferred tax liabilities	72	91
Total liabilities	297,287	245,841

PROFIT AND LOSS STATEMENT 01.01.–31.12.	31.12.2021	2020
	TEUR	TEUR
Overall performance	772,589	679,333
Material costs	-668,170	-577,818
Gross profit	104,419	101,515
Personnel costs	-48,467	-46,221
Depreciation	-11,278	-10,953
Other operational costs	-31,657	-31,382
Subtotal	13,017	12,959
Financial result	-2,710	-1,576
Taxes	-3,570	-3,525
Group profit	6,737	7,858



UELZENA EG

Balance sheet and profit and loss account (excerpt)

BALANCE SHEET – ASSETS	31.12.2021	2020
	TEUR (€1000)	TEUR
A. Fixed assets		
I. Intangible assets	444	284
II. Tangible assets	106,959	89,222
III. Financial assets	39,856	38,912
Total	147,259	128,418
B. Current assets		
I. Inventories	27,489	27,061
II. Receivables and other assets	107,870	80,258
III. Cash and bank deposits	1,022	681
Total	136,381	108,000
C. Accruals and deferrals	211	99
Total assets	283,851	236,517

BALANCE SHEET – LIABILITIES	31.12.2021	2020
	TEUR	TEUR
A. Equity		
I. Credit balances	18,051	17,322
II. Revenue reserves	49,046	47,459
III. Annual net profit	709	1,587
Total	67,806	66,368
B. Provisions	19,714	16,812
C. Liabilities	196,331	153,337
D. Accruals and deferrals	0	0
Total liabilities	283,851	236,517

PROFIT AND LOSS STATEMENT 01.01.–31.12.	31.12.2021	2020
	TEUR	TEUR
Overall performance	917,903	811,583
Material costs	-855,244	-750,980
Gross profit	62,659	60,603
Personnel costs	-33,023	-31,356
Depreciation	-8,273	-8,145
Other operational costs	-19,958	-19,533
Subtotal	1,405	1,569
Financial result	284	1,044
Taxes	-980	-1,026
Annual net profit	709	1,587



PRODUCTS

Following a turbulent sales market in the previous year, the market development in 2021 resulted in a better sales situation for the Uelzena Group. After the Covid-19 related drop in the vending sector, demand rose by the end of the year to almost the same level as before Covid-19. The recovery in the gastronomy and hotel sector also increased the volume in catering packs for milk fats.

SUSTAINABLE RAW INGREDIENTS

The primary raw material milk has a particular value for Uelzena as a milk-processing company. Dairy farmers and the sustainable production of this raw material on their farms have a significant influence on how we can meet the sustainability requirements of our customers, covering areas such as the economy, environment, society and animal welfare. The results of the survey implemented in 2020, which was sent to all dairy producers in the QM Dairy Sustainability Tool, were evaluated and presented to the businesses in 2021. A focus was also placed on the procurement of raw material from risk countries, based on the BSCI risk assessment. We are constantly working on improvements and already have a high quota of suppliers from risk countries of origin certified according to human and working rights criteria.

PRODUCT DIVERSITY AND INNOVATIVE PACKAGING

Milk and plant-based raw materials are not mutually exclusive. Our existing customers are increasingly adding plant products to their milk-based portfolios and wish to react to this growing market. We are open to this opportunity for joint growth and have responded to this trend in the instant beverages division with products such as plant-based cocoa beverages and oat-based toppings. We have also expanded our range to include organic and FairTrade products. Innovative developments were also seen in the sector of liquid blends and ice-cream mixes, both implemented at our Warmсен site. Environmentally friendly and recyclable packaging for our products is also increasingly in focus. The Uelzena Group is working closely with suppliers and customers to offer sustainable solutions.



GROUP SALES

Fortunately, 2021 generally exceeded the carefully optimistic expectations set out by the Group sales planning. Almost all product groups registered an increase over the preceding year. The milk powder and cheese sectors maintained the high sales level of the previous year. The highest increase was in the speciality products business area – driven by the instant beverage market. Sales also increased in the milk fats and condensed milk sectors, compared to 2020.

	2021 t	2020 t	Deviation t
Condensed milk products, delicatessen products	26,541	24,387	+2,154
Milk fat	50,060	48,597	+1,463
Milk powder	85,241	85,926	-685
Cheese	31,801	31,697	+104
Speciality products	42,514	36,288	+6,226
Total main product groups	236,157	226,895	+9,262



PRODUCTION

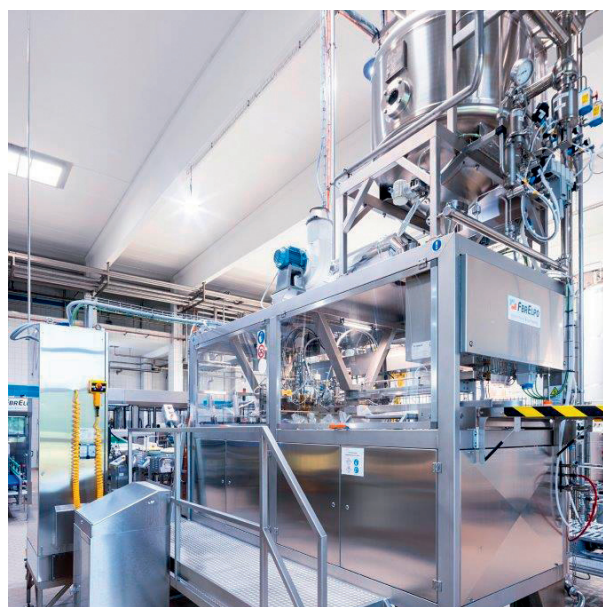
The Uelzena Group kept to the planned investments for the reporting year 2021 and has implemented them or is in the process of implementation. The primary objective for all sites was the improvement in energy efficiency and product optimisation. One strategic objective of the Group, to continuously reduce the annual CO₂ emissions per production tonne, was only just missed.

TOWERING INNOVATION

Our customers and employees can look forward to modern and energy-efficient spraying technology when the spray drying tower for high-care components in food and infant products is completed in 2022. The reporting year was influenced by this construction project at the Uelzen site, as it presented an increasing challenge due to the rising procurement costs for materials and technology. At the Ratzeburg site, the agglomeration plant started normal operations and investments were made at the Warmsen site in sustainable technology with the Bag-in-Box packing line and liquid blend filling. The Bismark site is being considered for expansion of the existing cheese dairy capacities.

FUTURE PERSPECTIVES

Conserving water and optimising how this resource is used is paramount at all sites. This plays a primary role in production processes with regards to increasing our production capacities and also applies to waste water treatment. The current political developments in Europe and the effects on market prices and the availability of fossil fuels will also be strongly driving the search for saving potentials with regards to gas.



For more information on all action fields, please visit www.uelzena.de/en/sustainability/



EMPLOYEES

	2021	2020
Total	790	781
Male	554	542
Female	236	239
Apprenticeship / work placement	49	53
Average age of staff in years	38.8	41.1
Average period of employment in years	12.7	11.1

Publisher: Uelzena eG 2022
 Photos: Thies Rätzke/Uelzena
 Layout & printing: Druckerei Schlüter GmbH, Dahlenburg



EMPLOYEES

The number of employees rose to 790 people by the reporting date for 2021, which is an increase of nine employees. There were 49 training contracts in the reporting year.

THE CHANGING WORLD OF WORK

The Uelzena Group also wants to be well equipped for the future employment market. In the current labour market, it is increasingly becoming a challenge for us

to find qualified employees and retaining them in the long term. This task is even more difficult due to regional site disadvantages, lack of specialist personnel and, last but not least, uncertainties due to Covid-19.

Uelzena worked on their own employer brand in the reporting year as a foundation for a better outlook. Implementation is being pressed ahead at all sites. It is based on a company culture that promotes appreciation and open communication.



REGIONAL RESPONSIBILITY

The Uelzena Group is deeply rooted in the local region at all its sites. Social responsibility has increased in significance over the last two pandemic years. Our objective continues to be that of increasing regional value creation by procuring service providers and raw materials – primarily the raw milk of our members – within each region. The very high percentage of this raw material procurement remains at the previous year level of 99 %. This is based on a procurement radius of approximately 150 km around our sites.

	2021	2020
Regional value of material	76 %	79 %
Regional value of services	17 %	20 %

Our social commitment to associations and projects remains unwavering, as well as for the voluntary efforts of our employees in each region.

With a view to specifically supporting children and young people, various campaigns were pro-

moted at all sites in 2021 with the aim of increasing the attractiveness of the region.

A completely revised code of conduct was also initiated in 2021. This revision was necessary due to the constantly rising requirements in food safety. All employees and third parties are able to transparently view the high standards of the Uelzena Group and report any infringements.

There were no compliance infringements reported for the reporting year.



WHO WE ARE WORKING FOR – THE AVERAGE DAIRY FARMS OF OUR MEMBERS

155	Cows
98 %	of lactating cows kept in stalls with most having access to the outside
227 ha	The area used agriculturally by
97 % of	predominantly commercial farms
83 %	Dairy production farms
49 yrs old	Average age of the farm operator
65 h	Weekly working time of the farm operator
5	Number of persons working on the farm

Source: QM Dairy Sustainability Tool 2021, average taken from 562 farms

