

Uelzena Group charts a safe course through the pandemic

The dairy group considers itself well prepared for the current challenges posed by Covid-19. The impact on the business will be felt from the second quarter, however the group intends to retain its long-term investment strategy to secure its future.

Uelzen, 22.04.2020

Normal daily life in Germany as it was before March this year, does not exist anymore. Social distancing is in force across the country and, following their complete closure, schools and authorities will reopen in phases from May. Different rules apply in some federal states and cities, including the current introduction of compulsory masks. This all presents major challenges for specific sections of the population and personal needs have been shelved for the foreseeable future.

Lockdown is not only affecting us in Germany, it is also affecting the rest of Europe and almost everyone across the world: Life is at a virtual standstill.

And this is causing massive changes at all levels, especially in business. Locking down public life creates global market turmoil. Sales and revenues are under pressure. The milk payout will drop, in reaction to the markets, in the coming months.

Supply chains remain stable

The Uelzena Group, with four sites in northern Germany, is not immune to the effects of the standstill. As a systemically relevant dairy, the Uelzena Group processes raw milk ingredients from more than 800 milk producers to make milk powder, butter, cheese and sweetened condensed milk. The operability of milk collection and processing is therefore crucial to the financial stability of the cooperative members, the milk producers and for the company itself. Measures introduced immediately to secure the availability and production capacity of all other raw materials and production areas of the group, have also ensured customer supply.

Protecting the health of our employees

Within a very short time, our employees have helped to tighten hygiene rules and reduce any contact opportunities to the necessary minimum both internally and with third parties. Home offices, video conferences, working in small groups without shift handovers, wearing protective masks in hazardous areas and further increased disinfection measures have become part of our daily routine. "To date no employee in the corporation has tested positive for "corona" Covid-19, for which we are thankful" says Human Resources Manager Ina Hinrichs.

Markets considerably changed

The lockdown of public life in many countries is changing the global demand for food substantially. While domestic consumption has risen sharply, the consumption of food outside of the home (e.g. at restaurants, canteens) has virtually ground to a halt. For the Uelzena Group this means lost sales in the business divisions that supply the bakery trade and the foodservice sector, whereas the industrial business with dairy ingredients continues to receive a good number of orders. The production of instant beverages at the Schleswig-Holstein site had to be significantly reduced and short-time working introduced. In addition, the prices for milk powder and butter are coming under pressure, which means a decline in sales is expected for the second quarter of the year according to Managing Director Bernd Gewecke.

The new situation demands flexibility

The managing directors of the Uelzena Group, along with representatives from production, human resources and quality management, regularly analyse the situation and make any necessary adjustments. "This will enable us to keep dealing with the crisis calmly in the coming weeks," says Chairman of the Board Jörn Dwehus. In addition to the necessary short-term measures it is also important to continue pressing ahead with the long-term investment strategy. Even in times of crisis Uelzena keeps its sights firmly on the future of the company and its cooperative members.

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About the Uelzena Group

Uelzena eG with its headquarters in Uelzen, Lower Saxony, and its three subsidiaries in Germany, is one of the leading providers and innovative problem solvers in the food processing and milk refining business. The Uelzena Group is active in the following business fields:

- **Ingredients for the food industry** (milk powder, milk fat, sweetened condensed milk, cream, yoghurt and fermented milk products for the delicatessen industry and speciality ingredients) **and contract manufacturing** (processing its customers' raw materials)
- **Instant beverages** (instant cocoa and coffee beverages, toppings, coffee creamers)
- **Health products** (products for weight management and sports nutrition as well as the contract manufacture of customer formulations)
- Other **dairy products** (butter, butterfat, cheese)

The company focuses on doing business with international customers from the industry. For years the Uelzena Group has been supplying many international manufacturers of well-known brands. In Germany, the group is the leading supplier of concentrated butter to food retailers and of butter and butterfat to the bakery trade.

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