

Uelzena Group overcomes challenges

Declining sales and difficult markets in 2020 define an extraordinary year for the Uelzena Group

Uelzen, 25.06.2021

Consolidated sales of €670 million generated in 2020 were lower than expected and could not build on the good turnover of the previous year. A 5 % growth in the raw milk delivered in the reporting year meant an additional raw material volume of 39 million kilograms. Raw milk accounted for a proportion of 687 million kilograms. A further increase over the previous year means that the processing volume is once again the highest in the company's history. At 31.57 euro cents/kg, Uelzena's milk payout in 2020 fell short of the targets set by the company group. The payout value was also 2.22 euro cents/kg below that of the previous year. Combined with the increased operating costs for the milk-producing companies, this is a negative trend that Uelzena is doing all it can to actively counteract in the current business year.

Equity ratio remains high

All sites received further investments as part of the Uelzena Group's modernisation and expansion programme, which resulted in a further increase in the fixed assets. In figures, a total of 144 million euros was reported, which equates to an increase over the previous year of about 30 million euros. The good equity ratio achieved of 38.5 % maintained the previous year's level.

Sales slump in the instant beverages market

In the reporting year, sales were influenced by the effects of the coronavirus pandemic, and the five main product groups experienced difficult market conditions. The Instant Beverages division, in particular, was severely affected by the lockdown across Europe. Sales in the main product groups dropped by about 17,000 tonnes with only milk powder recording an increase in sales of nearly 1,700 tonnes.

Expansion and modernisation plan

Necessary modernisation and investment measures were implemented at all sites. Construction of the spray drying plant, the subject of detailed plans in the past few years, started in the reporting year. The cornerstone ceremony was able to take place in a small group in the spring of this year. Completion is scheduled for summer 2022. Despite the difficult economic situation of the site in Ratzeburg, the agglomeration plant was also completed and will be commissioned in 2021.

Skilled employees form a strong foundation with which to meet the challenges of the future. The total number of employees in the Group is virtually identical to the previous year's figure at 781 by the reporting date. This includes 53 training contracts. By means of measures such as flexible work activities, short-time work at one site and making other cost savings, we were able to avoid job cuts.

Sustainability in raw ingredient sourcing

The second round of the milk producers survey for the QM sustainability module milk started in the reporting year and was completed in the current year. With participation at nearly 70 %, we are expecting informative results. Uelzena has been involved in this initiative from the outset and continues to develop it further together with the dairy farms. A pilot project that addresses the milk's CO₂ footprint was also

initiated. The aim is to identify and implement potential reductions in greenhouse gases in milk production.

You can find more information on the topic of sustainability and the company's development at www.uelzena.de/en/sustainability.

You can find images relating to the general meeting in the download area of the website www.uelzena.de from 29.06.2021.

For further information:

Uelzena eG
Corporate Communication
Ms Karina Bode-Koch
Tel: +49 (0)581 806-6165
karina.bode@uelzena.de

Sustainability
Dr. Nanke Brümmer
Tel: +49 (0)581 806-6173
nanke.bruegger@uelzena.de

About the Uelzena Group

Uelzena eG with its headquarters in Uelzen, Lower Saxony, and its four subsidiaries with production sites 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, condensed milk products, delicatessen foods, speciality ingredients) **and contract manufacture** (processing of customer 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.

UELZENA. WE CARE.