



The Future of Milk!

Warakirri
Where Good Things Grow

April 2025



AGENDA

Key Influences shaping Global Dairy

Case Study – Australia

Future Dairy

Warakirri Agriculture

Australia's most experienced Agricultural asset manager

- Investing in Australian Agriculture for domestic and global clients since 1996
- Managing **>220,000 Ha (540,000 Acres)** across **90+** aggregations
- More than **120** transactions completed with A\$4.5bn in current assets under management & commitments
- **Track record** of capturing sustainable, long term returns in Australian Agriculture
- **100% employee owned**, independent governance, coinvest with our clients

Warakirri Asset Management



Signatory of:



LEADING HARVEST

Australia Farmland Management
Standard

AGENDA

Key influences shaping Global Dairy

Global Dairy

Why Milk?

Dietary Guidelines include dairy products (milk, yogurt, cheese) as one of the **5 major food groups** that should be **consumed every day**, providing a **high-quality** source of **protein and calcium**.

The guidelines state that **consumption of milk, cheese and yogurt reduces risk** of heart disease, stroke, hypertension, type 2 diabetes and colorectal cancer – some of the **leading causes of death**.

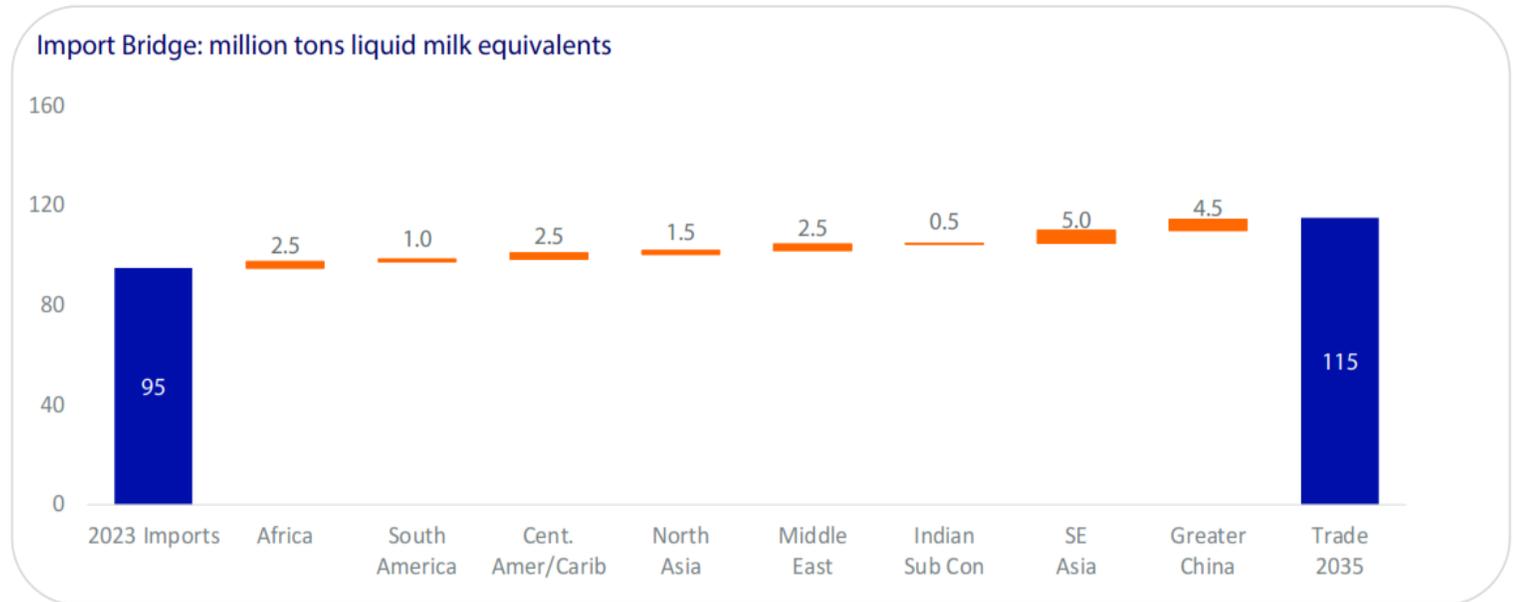


Global Dairy Dynamics

Growing Demand

- Forecast for strong and broad based increase in demand
- SE Asia, Middle East, Africa and China key areas of demand growth
- Underpinned by growing populations, growing wealth and increasing individual consumption

Forecast growth in demand for dairy



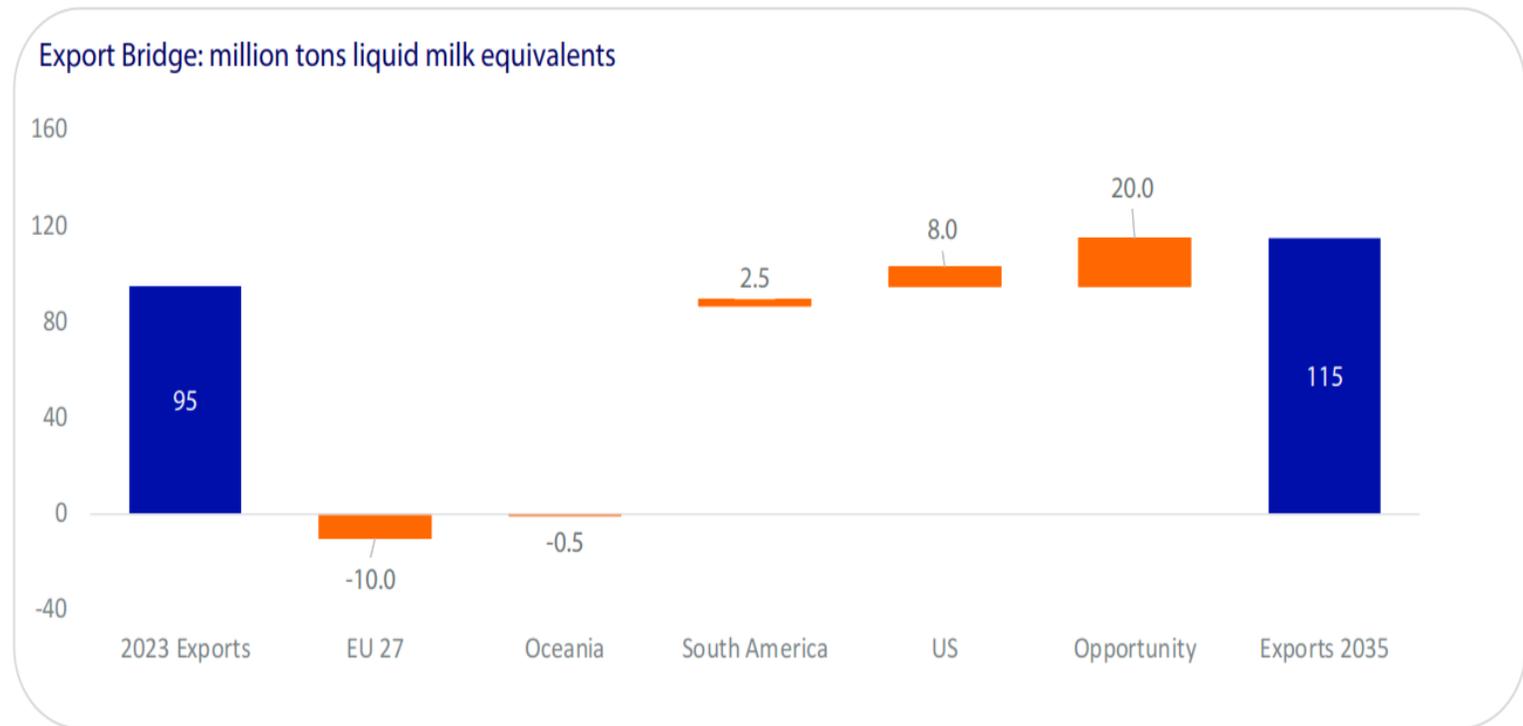
Source: Rabobank, 2025

Global Dairy Dynamics

Growing Supply Gap

- Forecasts indicate a 20-million-ton dairy supply gap
- Increased Euro/NZ sustainability requirements limiting supply
- Australia (and US?) well placed to meet growing supply deficit

Estimated growth in dairy supply 2023 to 2035

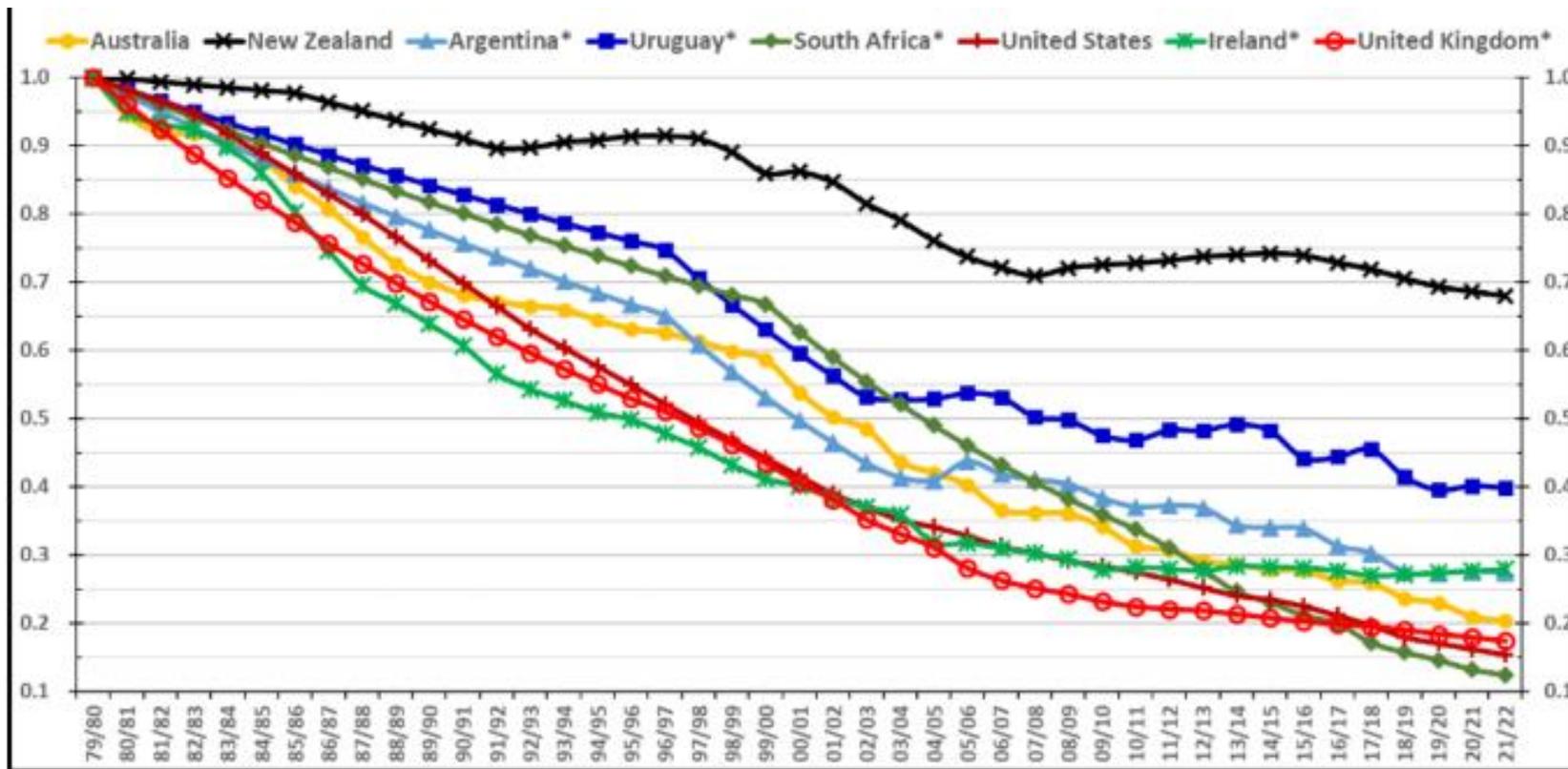


Source: Rabobank, 2025

Global Dairy

Structural changes have resulted in fewer but larger farms

Change in number of farms 1980 -2022

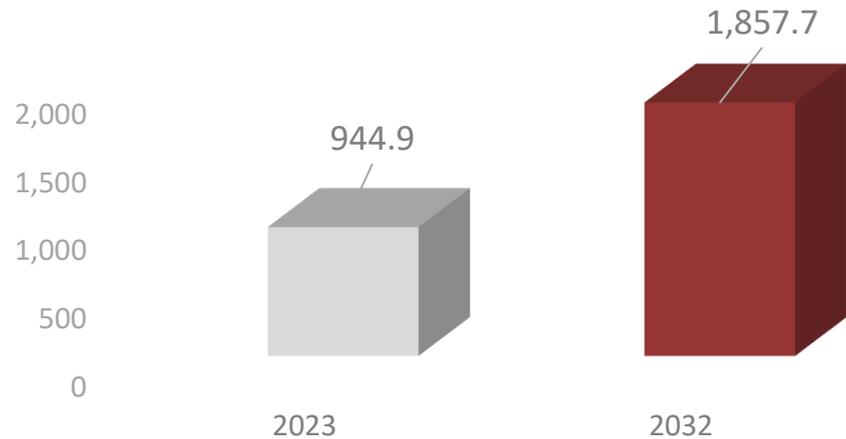


Source: International Dairy Industry Farm Performance Report

Global Dairy Dynamics

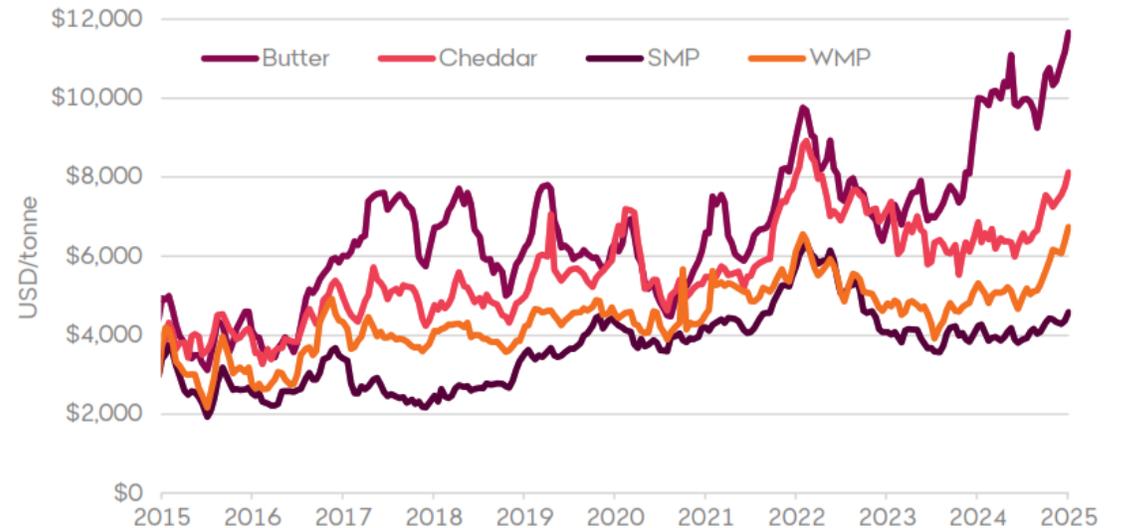
Influences shaping the dairy industry

Global Dairy Products Market Size
Value USD



Market forecast to grow at a CAGR of 7.8%

Global Dairy Prices



Source: Global Dairy Trade

Global Dairy

Influences shaping the dairy industry



Strength in global dairy prices improves margins for industry



Falling northern hemisphere supply leaves a greater export market available



Export demand is growing due to health benefits and population growth



Presents opportunities for southern hemisphere to grow milk production



Outlook for global production is limited growth well below demand



Improves scale to supply deficit in key SE Asia, Middle East and China markets

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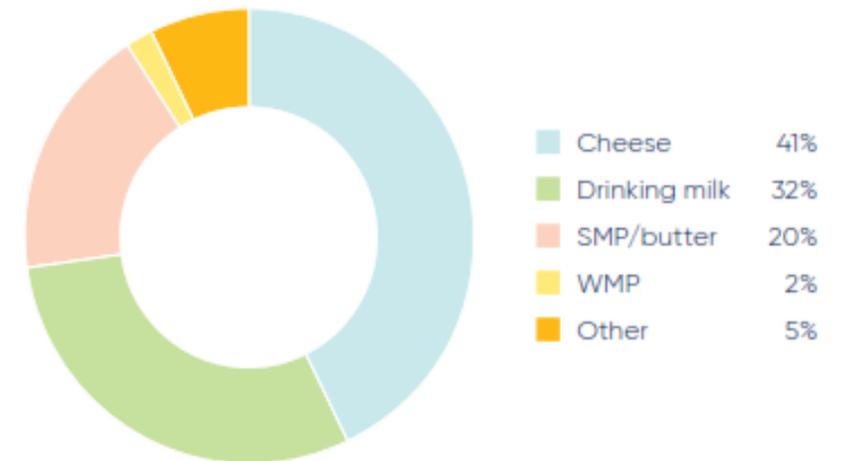
Case Study - Australian Dairy

Australian Dairy

Key facts

- Dairy is Australia's **third largest** rural industry
- **8.4 billion** litres of milk produced worth **A\$6.2 billion**
- **< 4k** dairy farms and a national herd of **1.33 million** cows
- Annual per capital consumption of **~90 litres** of drinking milk
- **32%** of milk production exported

Australian milk utilization in 2023/24

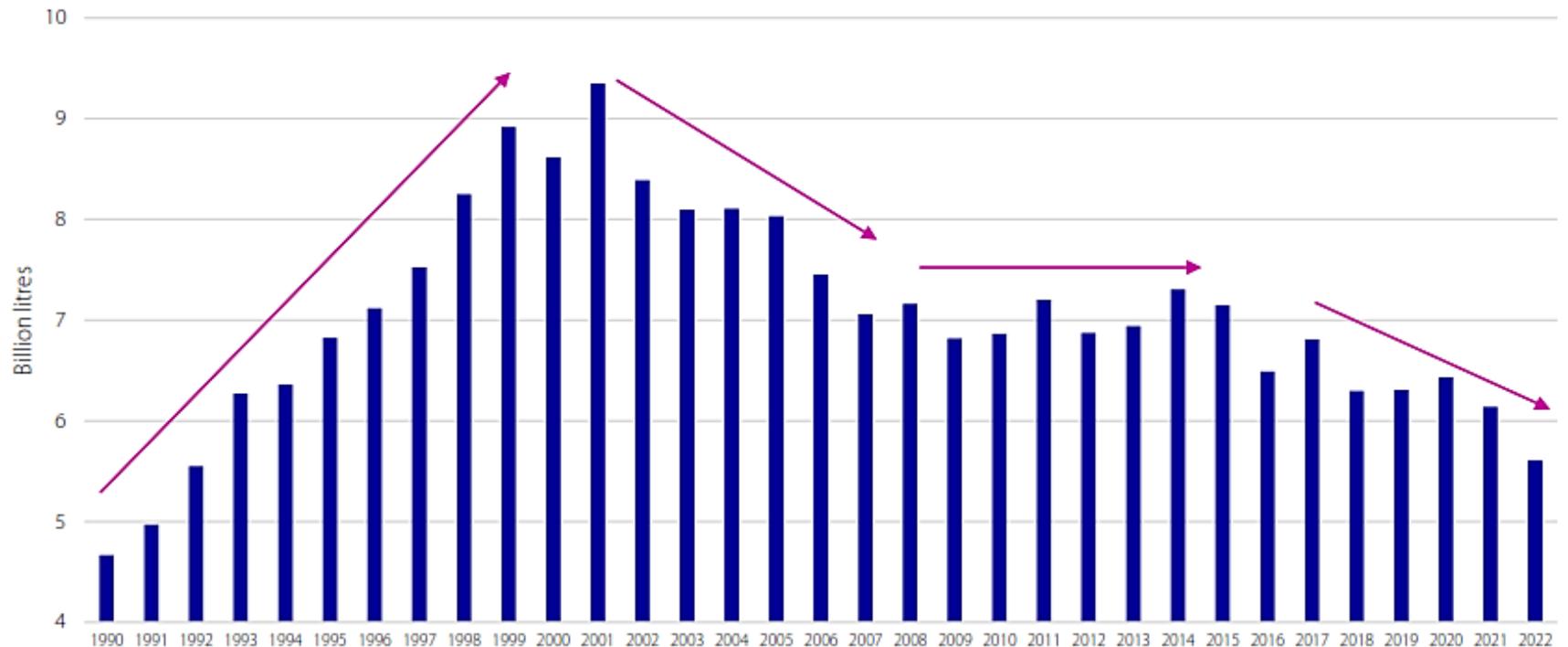


Australian Dairy

Building an investment case

Australian domestic supply deficit growing

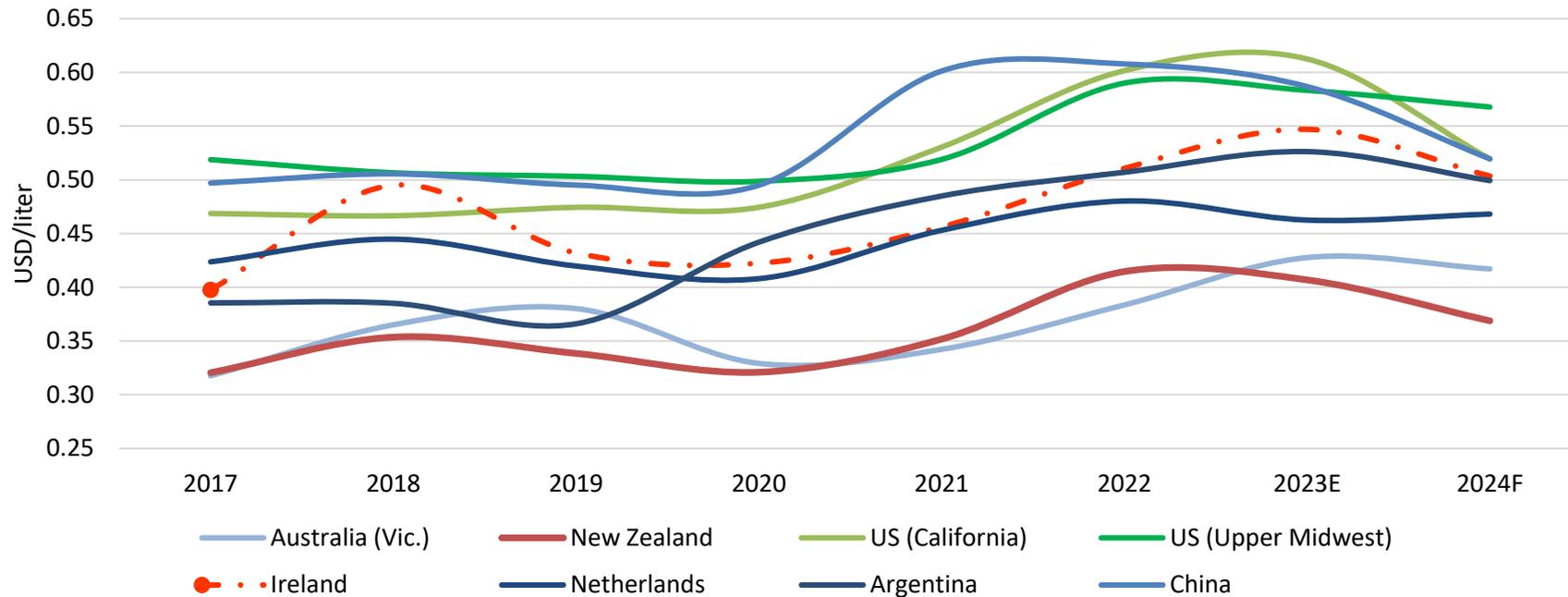
- 40% reduction in milk pool since 2001
- Shift to higher value products
- Declining numbers of dairy farms and farmers



Source: ABARES, Dairy Australia, Rabobank 2023

Investing in Australian and NZ Dairies

Global COP comparison, total costs (farm working expenses + other): 2017 – 2024f



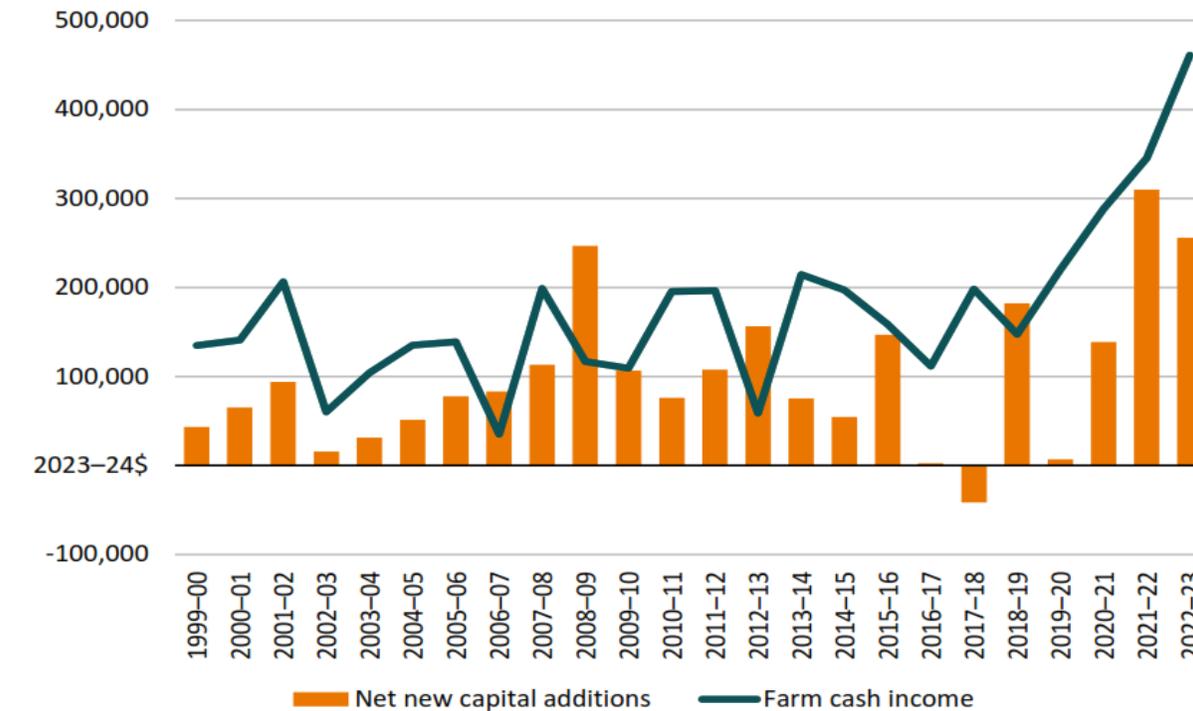
Source: Various; RaboResearch 2024

Australian Dairy

Improving efficiency, increasing scale & more efficient technologies

Farm cash income and capital additions, dairy farms, 1999–2000 to 2022–23

average per farm



Source: ABARES, October 2024

Australian Dairy

Building an investment case

1. Compelling long term structural supply deficit provides long term opportunity
2. Advantage attainable through scale combined with expertise
3. Australian land is cheap relative to its productive capacity
4. Scale and capital enables diversification, productivity and sustainability
5. High performing portfolio diversified by:

Processor

Markets

Climate

Geography

Sector

Water Source

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Future Dairy



Future Dairy

Dairy industry is leading the way in embracing sustainable agriculture practices



Sustainability



- Dairy accounts for **10% of Australia's Agriculture emissions** and 2% of overall emissions.
- Australian emissions per cow < **50% global avg.**
- **58% of emissions are enteric**
- **Animal Welfare**, Ag tech driving monitoring and improvements
- **Fertilizer, effluent and chemicals-scale** driving lower inputs & positive environmental outcomes

Sustainability Solutions

- **CSIRO** in Australia developed global patent feed solution called **Future Feed** which significantly reduces methane output in livestock
- **Future Feed proven to reduce methane output from livestock by up to 90% in intensive system and 40% in pasture based**
- **Industrial scale trial between Fonterra, Tas Government, Sea Forrest and Farmers to commence during 2025**
- **Investment in Solar, water efficiency, pasture improvement, biodiversity and, soil health along with reduction in chemical, effluent and fertiliser usage**
- **Animal Health – Corporate operators drive highest standards e.g. Cow collars deliver increased health monitoring and earlier treatment, improved on farm safety, increased productivity and efficiency e.g. virtual fencing, Dairy / Beef**

Future Dairy

Dairy industry provides a long term reliable financial return

1. Long run industry fundamentals driving global prices
2. Australian domestic factors bolster global fundamentals
3. Australia / NZ lowest cost of production and cheaper land
4. Own and operate large-scale (>20 farms) enables investment in technologies leading to positive sustainability and animal welfare outcomes
5. Dairies provide strong return on investment, regular cashflow & capital growth



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