

OUR BUSINESS MODEL

Making the most from milk

Raw milk

Cheese

Dairies and Spreads

Packaged milk

Cream

Dairy Crest is the largest UK-owned dairy food company. Our business depends on milk and we make sure we use every drop we buy. This diagram shows how milk flows through our business and the products we make from it.

We have three product groups: Cheese & whey, Spreads & butters and Dairies.



Milk Procurement

A sustainable supply of high quality milk is important to Dairy Crest. We buy 1.9 billion litres each year – around 1 litre in every 6 produced in Great Britain.



Cheese & whey

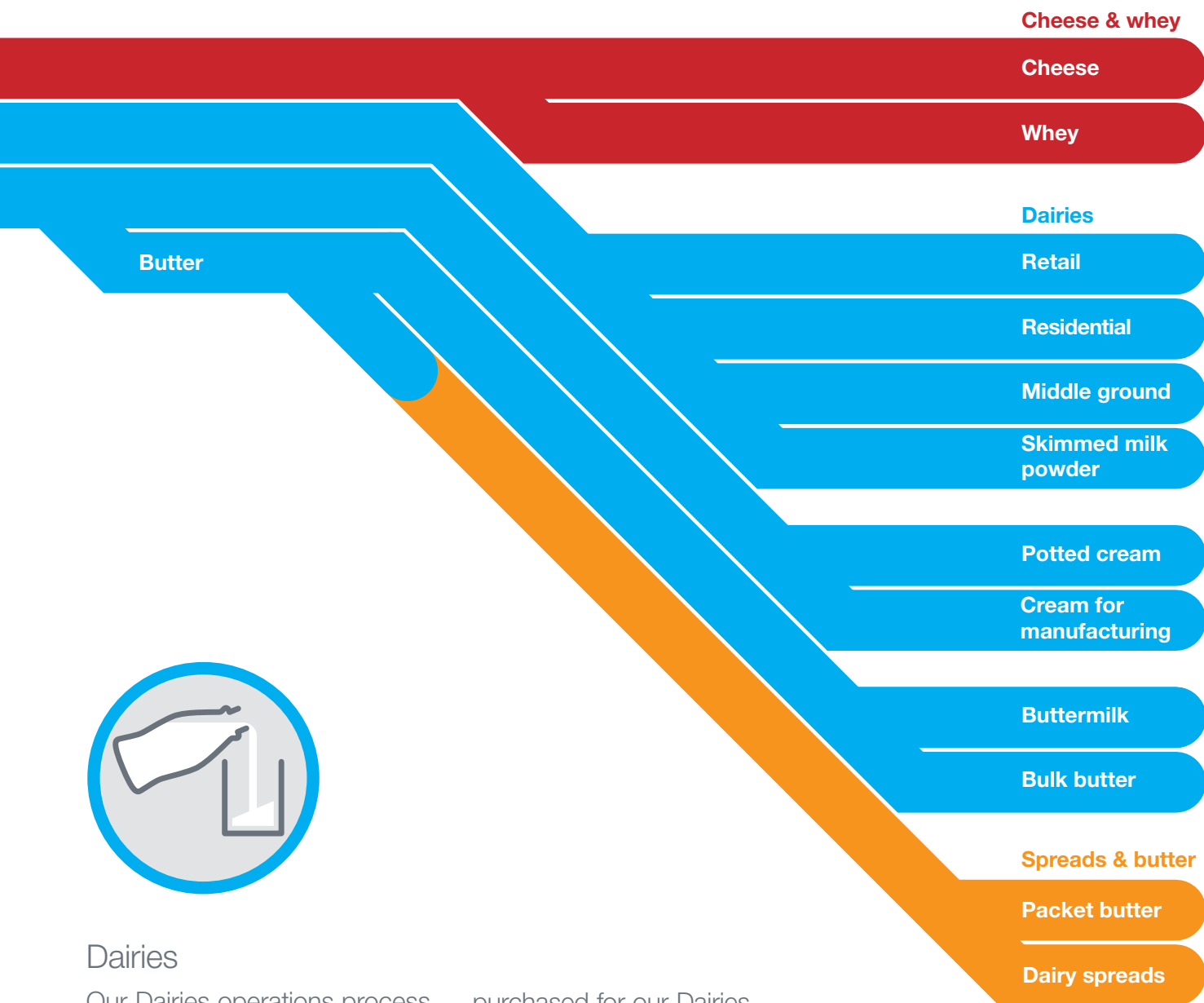
We process over 400 million litres of milk into cheese each year; which is all sourced direct from dairy farmers in Devon and Cornwall and turned into cheddar cheese at our creamery in Davidstow.

Currently we dry the whey that is produced as a by-product of making cheese and sell it to food manufacturers. In future we plan to make demineralised whey powder – a key ingredient in infant formula.



Spreads & butters

Our Spreads & butters operation makes butter and dairy spreads from cream separated from the milk processed by our Dairies operations and vegetable oil.



Dairies

Our Dairies operations process around 1.4 billion litres of milk each year. Most is sourced direct from dairy farmers across the southern half of England and Wales. Milk production is seasonal with more being produced in the spring, but because our consumers want to drink the same amount every day, we turn any surplus milk we have into skimmed milk powder and butter. Over 90% of the milk

purchased for our Dairies operations is sold in liquid form, through UK retailers, ‘middle ground’ customers ranging from coffee shops to hospitals, and direct to consumers’ doorsteps by our milkmen.

Today’s consumers prefer to drink lower fat varieties of milk so we separate the cream and sell it or churn it into butter.

Our Dairies operations also produces a range of potted cream for consumers to enjoy.