Dairy Industry

Earnings season **2026 Q2**

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INTRODUCING

A streamlined approach to the earnings scramble

Dairy earnings reports are published within a narrow window each quarter and consolidating them into a comparable view is time-consuming. This report does that work in advance: the quarterly results of 10 companies, consolidated, validated and reviewed by industry analysts, so the remaining effort can focus on interpretation rather than collection.

Synthesis

Dairy - 2026 Q2

High-protein and functional demand remain the clearest growth engine across the sector

Structural demand for protein-rich, functional and branded products creates a distinct advantage:

- Glanbia's Optimum Nutrition and Arla's whey-based ingredients business both posted standout growth on sustained global protein demand.
- IFF's Health & Biosciences and Kerry's Snacks, Meat, Dairy and Beverage markets grew on rising demand for high-protein and functional ingredients.
- Meiji's strength was concentrated in functional and high-protein lines despite flat core dairy

Portfolio restructuring is accelerating as companies sharpen strategic focus

Divestitures, mergers and bolt-on acquisitions are reshaping portfolios toward higher-margin, higher-growth categories:

- IFF agreed to divest its Food Ingredients business to focus on Taste, Scent and Health & Biosciences, while Saputo completed the sale of its Argentina dairy division and agreed to exit its Australian joint venture with Danone.
- RFC advanced its protein strategy through the Milcobel and Wisconsin Whey Protein acquisitions.
- Savencia integrated its Gourmet Chocolate activities and the Quata acquisition in Brazil.
- Arla completed its merger with DMK, creating Europe's largest farmer-owned dairy cooperative.

Margin resilience is broad-based, but built on efficiency rather than pricing power

Most companies expanded profitability despite cost pressure, with gains driven primarily by internal efficiency programs rather than favorable pricing:

- Kerry's Accelerate 2.0 programme drove margin expansion despite a currency-driven revenue decline.
- Arla's supply chain efficiencies supported margin growth alongside revenue gains.
- Oatly and Saputo both cited operational efficiencies and favorable product mix as key margin drivers.

Geopolitical and macro volatility is an increasingly common headwind

Currency swings, regional conflict, and oversupplied commodity markets are creating a more turbulent operating backdrop:

- Arla and Meiji cited the Iran conflict and geopolitical tension as drivers of inflation and uncertainty, while Oatly noted direct cost impacts from Middle East disruption.
- RFC and Arla faced pressure from an oversupplied global milk market, weighing on reported revenue and profitability, while Savencia's European cheese business faced fragile consumption and pressured purchasing power.
- Currency translation, particularly a weaker dollar and pound, diluted reported results at Kerry despite solid underlying volume.

What’s the sentiment?

Dairy - 2026 Q2

REVENUE GROWTH

Revenue trends were positive, as **strong demand in branded, high-protein, and functional nutrition** categories drove growth for most of the group, led by companies like Glanbia and Arla. A smaller group saw reported growth **muted by currency pressure and normalizing commodity prices**. Savencia stood apart, with reported revenue rising only on acquisitions while organic sales declined. Branded, protein-forward positioning remains the clearest driver separating strong organic performers from the rest.

PROFITABILITY

Profitability trends were positive but uneven. Margin improvement was supported by **efficiency programmes and favorable mix** at companies including Kerry and Oatly, while high milk supply and weak commodity prices pressured others. Savencia and RFC were laggards, with margin declining on surplus milk supply and chocolate integration costs. Cost discipline is translating into earnings growth for most of the group, though the scale still varies.

MARKET DYNAMICS

Market conditions remained volatile, shaped by **geopolitical uncertainty, currency swings, and an oversupplied global milk market**. Demand continued shifting toward high-protein, functional, and premium ingredients, benefiting companies with exposure to these categories. At the same time, **conflict-related cost pressure and rising competitive intensity in parts of Asia** weighed on select players, keeping the overall backdrop balanced rather than clearly favorable.

GROWTH OUTLOOK

The growth outlook is broadly positive, with several companies **raising guidance on continued brand and category momentum**. A subset upgraded **expectations meaningfully on strength in branded and high-protein categories**, while others held guidance steady, reflecting confidence without incremental upside. The sector is positioned for continued growth, anchored by clear upgrades among the stronger performers rather than broad-based acceleration.

PROFITABILITY OUTLOOK

Profitability outlook is positive overall, though conviction is less unanimous than on growth. The same stronger performers driving growth upgrades also raised profitability guidance, pointing to **operating leverage and efficiency gains as the key support**. Others maintained existing guidance, signaling steady rather than expanding margins ahead, with confidence in volume trends currently outpacing confidence in near-term margin capture.

What’s the sentiment?

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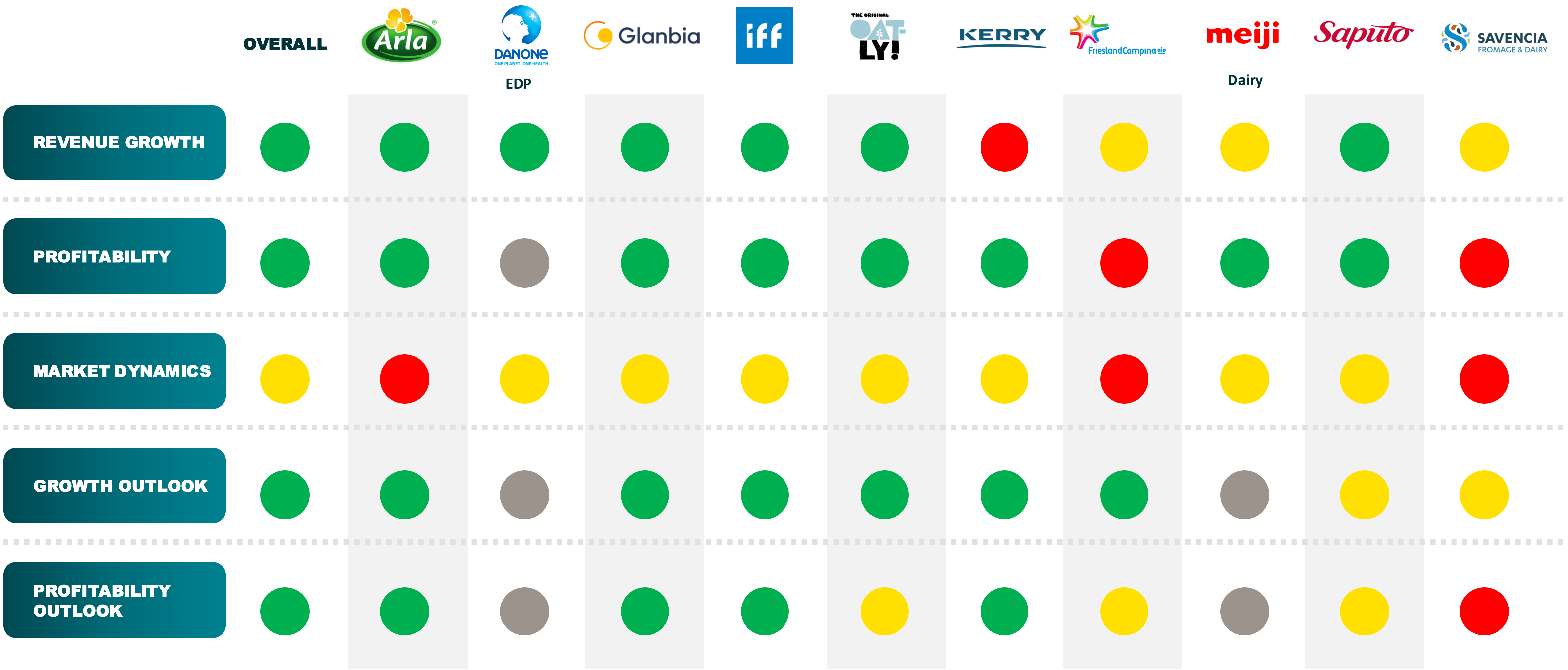
Reported figures and sentiment assessments incorporate FX translation effects for consistency and comparability; refer to the detailed results pages for analysis of underlying organic/LFL performance



Positive Neutral / Mixed Negative

Note: 1. A grey bubble = not mentioned in the earnings update. Hence no sentiment can be derived from its reporting on these developments.
2. The sentiment is based on the quarterly results published by the companies. However, due to differences in fiscal year reporting standards, Arla’s, Glanbia’s, Kerry’s, RFC’s and Savencia’s results represent a 6-month period ended 30 Jun 2026

Overview of results (1/3)

COMPANY	PERIOD	NET SALES (€M AND % DEV.)		OPER. PROFIT (%PT. DEV.)		GROWTH DRIVERS	INSIGHTS & OUTLOOK
Arla	2026 - H1 6 months	€ 7,593M	(+1.9%)	4.4%	(+0.6%)	• -7.2% price effect • +5.5% volume/mix • +5.5% business combinations • -1.9% FX effect	• Revenue increased modestly, as volume/mix growth and the DMK merger contribution offset negative pricing and currency effects, led by strong branded growth in Skyr and Protein. • Profitability was supported by efficiency gains and scale benefits post-DMK integration, despite soft dairy commodity prices. • The DMK merger created Europe's leading dairy cooperative, strengthening scale and resilience; management reaffirmed the Future28 strategy, including plans for a new cheese dairy in Sweden.
Danone	2026 - Q2 3 months	€ 7,215M	(+4.4%)	n/a		• +4.2% LFL sales growth • +1.9% volume/mix growth • +2.3% price effect	• Danone posted broad-based sales growth, with steady EMEA demand, strong Specialized Nutrition and improving dairy in the Americas, and standout infant formula and Waters performance in APAC. • The company advanced its portfolio strategy through agreements to acquire Huel and Made Group. • Danone confirmed its full-year guidance, reflecting continued confidence in its multi-engine growth model despite an unstable operating environment.
[Danone] EDP segment	2026 - Q2 3 months	€ 3,372M	(+3.4%)	n/a		• +3.8% LFL sales growth • +2.4% volume/mix growth	• EDP sales grew across all regions, led by functional dairy and plant-based demand in EMEA, high-protein momentum in the Americas, and strong activation in Japan. • Growth was concentrated in functional and high-protein formats, with North America showing gradual recovery after a slower prior period. • The segment continued to benefit from innovation in functional dairy, reinforcing high-protein and better-for-you formats as key demand drivers going forward.
Glanbia	2026 - H1 6 months	€ 1,840M	(+7.7%)	EBITDA* 13.3%	(+0.7%)	• +8.2% volume effect • +2.5% price effect • -3.7% acquisitions effect	• Strong revenue growth across all three segments, driven by accelerating demand for Optimum Nutrition, robust end-use demand in Health & Nutrition, and sustained protein solutions demand. • Profitability improved at the group level, though Performance Nutrition stayed pressured by elevated whey costs and Health & Nutrition margin softened despite volume strength. • The company advanced M&A through the Sweetmix acquisition in Health & Nutrition and the exit of LevlUp in Performance Nutrition, alongside continued capacity expansion.

All the figures are converted into EUR using flat rates
*Note: The default measure for operating profit is EBIT. If not available, other type specified.

Overview of results (2/3)

COMPANY	PERIOD	NET SALES (€M AND % DEV.)		OPER. PROFIT (%PT. DEV.)		GROWTH DRIVERS	INSIGHTS & OUTLOOK
IFF	2026 - Q2 3 months	€ 1,732M	(+1.8%)	8.1%	(+0.7%)	• +5.0% Taste sales • +8.0% Health & Biosciences • +10.0% Scent	• Delivered broad-based sales growth across Taste, Health & Biosciences and Scent, led by strong momentum in Fragrance Ingredients and continued volume gains across all segments. • Profitability improved on volume growth and productivity gains, with Health & Biosciences posting the strongest margin among segments. • IFF agreed to divest Food Ingredients to sharpen focus on Taste, Scent and Health & Biosciences, narrowing its exposure to dairy-adjacent categories.
Oatly	2026 - Q2 3 months	€ 213M	(+15.2%)	-7.2%	(+3.4%)	• +11.2% volume effect • +2.5% FX effect • +1.5% price/mix effect	• Revenue grew across all regions, with accelerating growth in Europe & International and North America driven by retail, alongside volume gains in Greater China despite rising competition. • Profitability improved on supply chain efficiencies and favorable product mix, though higher advertising spend, distribution costs and Middle East-related inflation weighed on overall results. • The company continued its strategic review of the Greater China segment and raised its full-year revenue growth outlook, citing stronger underlying momentum and a bigger currency tailwind.
Kerry Group	2026 - H1 6 months	€ 3,336M	(-3.7%)	EBITDA* 16.7%	(+0.7%)	• +3.3% volume effect • -1.0% pricing effect • -4.8% FX effect • -1.1% acquisitions effect	• Reported revenue declined on adverse currency translation and disposals, though Kerry delivered strong volume growth across all regions, led by Snacks, Meat, Dairy and Beverage. • Profitability improved as EBITDA margin expanded on Accelerate 2.0 efficiencies and favorable mix, despite the same currency headwind. • The company progressed footprint optimisation in North America and Europe, expanded its manufacturing presence in emerging markets, and advanced digital initiatives across operations.
Royal FrieslandCampina	2026 - H1 6 months	€ 6,834M	(-0.2%)	3.9%	(-1.4%)	• -7.0% Professional • -5.1% Retail & Americas • +22.0% Ingredients • -3.0% Europe • +4.0% Specialized Nutrition	• RFC revenue was roughly flat, as acquisitions of Milcobel and Wisconsin Whey Protein offset pressure from a global milk supply surplus and lower prices, with Ingredients supported by protein demand. • Operating profit margin declined on high milk supply and weak commodity prices, particularly in Professional and Retail & Americas, partly offset by protein market strength and cost savings. • RFC advanced its value-added focus through the Wisconsin Whey Protein acquisition and new site investments, targeting leadership in whey proteins for sports nutrition.

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Overview of results (3/3)

COMPANY	PERIOD	NET SALES (€M AND % DEV.)		OPER. PROFIT (%PT. DEV.)		GROWTH DRIVERS	INSIGHTS & OUTLOOK
Meiji	2027 - Q1 3 months	€ 1,715M	(+5.8%)	7.8%	(+1.3%)	• +4.1% sales Food solutions • +6.3% Nutrition • +12.7% Chocolate	• Net sales grew, led by strong chocolate and nutrition performance, while dairy was flat and pharmaceuticals grew across all businesses. • Operating profit margin rose on higher sales and pricing, though chocolate profit fell sharply on higher cacao costs while pharmaceuticals benefited from favorable price revisions. • The company advanced its Medium-Term Business Plan and strengthened its U.S. presence for Meiji-branded products, while pursuing structural reforms to improve profitability in China.
[Meiji] Dairy	2027 - Q1 3 months	€ 400M	(+0.9%)	9.5%	(+0.5%)	• +0.6% Japan Sales • +18.9% Overseas sales • +3.6% Functional yogurt • -0.8% Yogurt • +3.5% Home delivery milk	• Dairy sales were almost flat, as new product launches and mainstay yogurt brands offset weaker sales in an existing probiotic line and home-delivery milk, while a new China launch led to overseas growth. • Operating profit margin slightly increased as price increases in Japan offset higher raw material and logistics costs, while overseas profit stayed roughly flat. • The company agreed to transfer its China dairy and B2B business to Shanghai AustAsia Food, sharpening its China manufacturing focus around chocolate.
Saputo	2027 - Q1 3 months	€ 2,803M	(+1.5%)	Adj. EBITDA* 9.7%	(+0.5%)	• +5.6% sales Canada • -1.0% USA • +7.6% International • -10.7% Europe	• Revenue grew on higher dairy ingredient prices, volume growth in high-protein ingredients, and pricing actions to offset inflation. • Profitability improved across all sectors on capacity investments and operational efficiencies, though net earnings declined sharply due to a loss on discontinued operations. • The company completed the sale of its Argentina dairy division, agreed to sell its Danone Saputo Dairy Australia joint venture stake, raised its dividend, and expanded its share buyback program.
Savencia Fromage & Dairy	2026 - H1 6 months	€ 3,486M	(+2.7%)	2.2%	(-0.3%)	• -2.0% organic growth (mainly price effect) • -2.2% FX effect • +6.9% structure effect	• Reported revenue grew, driven by the integration of Chocolate activities and the Quata acquisition in Brazil, while organic sales declined on pricing and currency effects. • Profitability declined as surplus milk supply, integration costs tied to the newly acquired chocolate business, and negative inventory valuation effects weighed on operating margin. • The company completed its acquisitions of Savencia Gourmet Chocolate activities and Quata, restructured its reporting into two new segments, and increased debt to fund the transactions.

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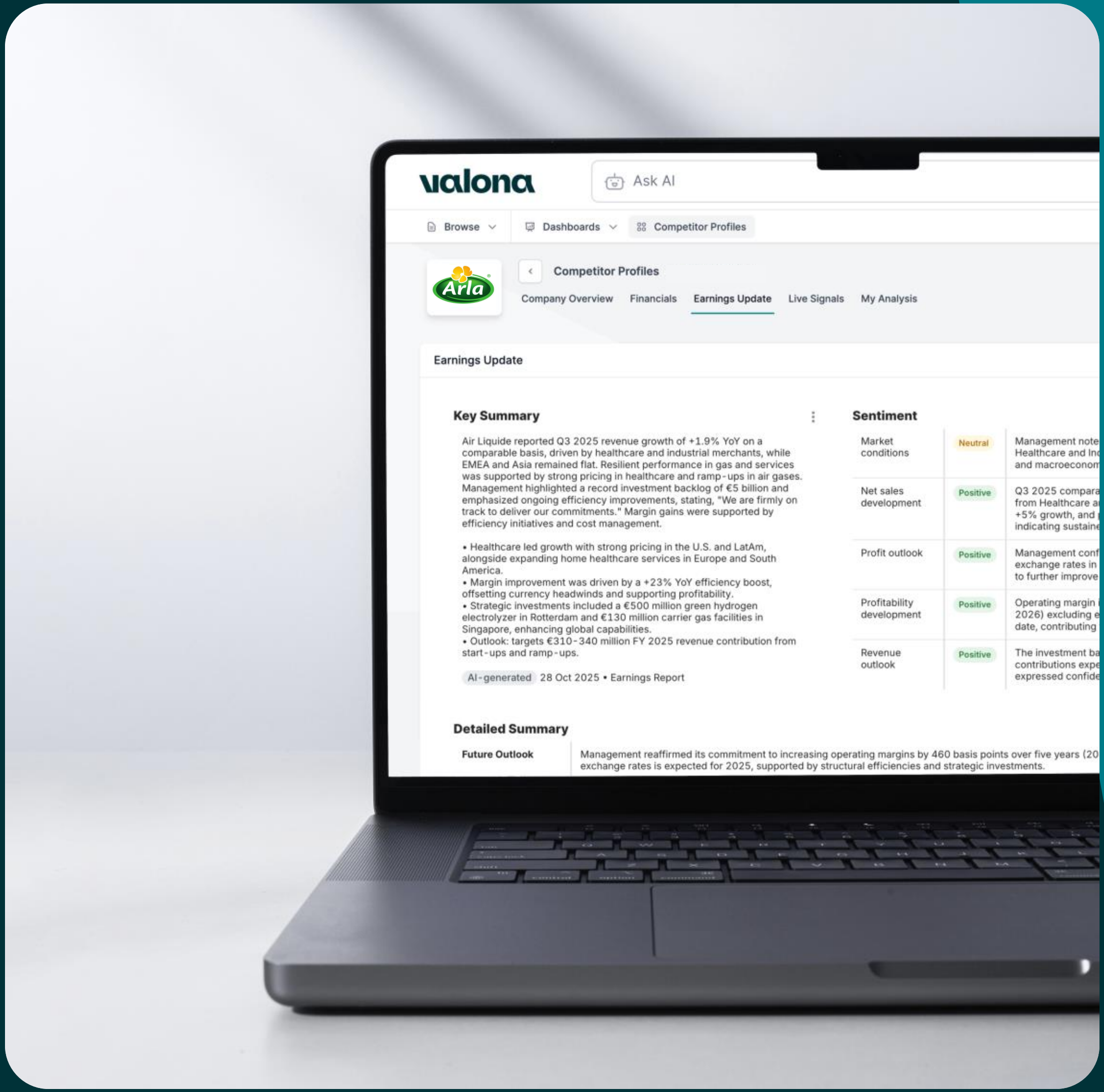

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