



Business
Review
2022

12th April, 2023

Consolidated Profit and Loss Account

for the year ended 31 December 2022

	NOTES	2022 €'000	2021 €'000
Turnover	2	1,901,774	1,312,129
Cost of sales		(1,710,148)	(1,159,480)
Gross profit		191,626	152,649
Distribution costs and administrative expenses		(159,081)	(124,435)
Group operating profit		32,545	28,214
Income from financial assets	5	16	8
Other interest receivable and similar income	6	13	17
Interest payable and similar charges	7	(4,440)	(2,935)
Net revaluation gain on financial assets and share of associate profit	12	949	465
Enhanced pension asset transfer	21	-	1,441
Profit on ordinary activities before taxation		29,083	27,210
Tax on profit on ordinary activities	8	(4,584)	(5,932)
Profit for the year		24,499	21,278

Statement of Other Comprehensive Income

	NOTES	2022 €'000	2021 €'000
Profit for the year		24,499	21,278
Foreign exchange differences on translation of foreign operations		(3,431)	(221)
Changes in fair value of cash flow hedges		6,243	(6,015)
Cash flow hedges recycled to profit or loss		6,015	705
Foreign exchange movement on investment in associate	12	128	147
Remeasurement of the net defined benefit liability	21	10,871	7,897
Deferred tax on net defined benefit liability remeasurement		(1,774)	90
Other comprehensive income for the year, net of income tax		42,551	23,881

Over
2bn litres of milk supplied by
3,200 dairy farms

Operating Profit
€32.5m
Up by €4.3m (+15%)

Group Revenues
€1.9bn
up by €589.6m
(+45%) on the prior
year figure of €1.3bn

EBITDA
€60.2m
(+8.8%)

Shareholders' Funds
€273m

Consolidated Balance Sheet

as at 31 December 2022

	NOTES	2022 €'000	2021 €'000
Fixed assets			
Goodwill	10	33,548	39,342
Tangible assets	11	179,164	183,855
Other financial assets:			
Other investments	12	312	280
Investment in associate undertaking		2,788	2,116
		215,812	225,593
Current assets			
Stocks	13	216,636	139,614
Debtors	14	276,243	217,264
Cash at bank and in hand	15	165	65
		493,044	356,943
Creditors: amounts falling due within one year	16	(339,403)	(282,725)
Net current assets		153,641	74,218
Total assets less current liabilities		369,453	299,811
Creditors: amounts falling due after one year	17	(67,105)	(27,210)
Provisions for liabilities			
Retirement benefit obligations	21	(10,906)	(23,777)
Deferred tax liability	19	(11,537)	(9,769)
Capital grants	20	(6,884)	(8,138)
Net assets		273,021	230,917
Capital and reserves			
Ordinary share capital	23	19,012	19,274
Cash flow hedge reserve		6,243	(6,015)
Capital reserve		52,803	52,803
Profit and loss account		194,963	164,855
Shareholders' funds		273,021	230,917



**100
Countries**

served worldwide with a
portfolio of 240 Dairy Products

Revenues by Division

Food Ingredients



€1.2bn

Foodservice



€310.9m

Consumer Foods



€272.9m

Agribusiness (Lakeland Agri)



€125.3m

Together, We're Stronger

Business Summary 2022



As a leading farmer-owned dairy processing co-operative, our goal is to provide food and nourishment at home and abroad with one of the island's most abundant and natural treasures – pure, fresh milk.

With a heritage spanning over 125 years in the dairy industry, our progress is bolstered by the support and productivity of 3,200 dedicated farm families. We collect fresh milk daily, converting its constituents into a variety of wholesome food ingredients, foodservice products, and consumer foods, distributed from our technologically advanced facilities to leading food companies and consumers across the world.

The quality of our people and our strategic emphasis on research, development and innovation, coupled with an unwavering commitment to dependability and exceptional performance in all our operations, sets us apart. In tandem with this, we have the utmost respect for our environment's sustainability and adhere to the strictest quality and traceability standards for all raw materials utilised.

Lakeland Dairies reported excellent results for 2022, based on a strong, progressive and resilient performance, in a deeply competitive and often uncertain global market environment.

Group Revenues €1.9 billion. Lakeland Dairies achieved record revenues of €1.9bn for the year, a 45% increase of €590m on the prior year figure of €1.3bn. This topline figure was supported by continuous business development activity and was also influenced positively by increased commodity prices throughout the year, where Lakeland exports over 95% of our produce globally. We attracted strong demand on world markets while also obtaining higher market prices.

Our 2022 performance yielded a group operating profit of €32.5m, up by €4.3m and representing a 15% increase in comparison to €28.2m achieved in 2021. EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) increased by 8.8% to €60.2m. The society closed the year with a strong balance sheet and shareholders' funds of €273m.

Food Ingredients Division Revenues increased by 43% to €1.19bn. The Food Ingredients Division achieved a very strong performance, processing substantial extra milk volumes to meet consistently high demand across our dairy food ingredients portfolio, following also from ongoing investment in plant optimisation and efficiencies. We exported record volumes of milk powders (skim, fat-filled, whole milk, casein) and butter during the year, benefiting from increased market prices for these products.

Foodservice Division Revenues increased by 39% to €310.9m. This followed a very difficult period for the global foodservice sector with continuing pandemic lockdowns and the war in Ukraine presenting many challenges around cost inflation, supply chain disruption and fears of recession across multiple markets. Despite this, with a return to traditional service models, confidence has now returned to the sector enabling our business to resume sustainable business growth and development.

Consumer Foods Division Revenues increased by 60% to €272.9m. This includes positive organic growth across our portfolio with new listings and upward price adjustments which were necessary to address key inflationary pressures. Consumers are continuing to indicate a preference for retail dairy products with natural, wholesome characteristics while also seeking assurance that the products they buy have sustainability at their core.

Agribusiness Division Revenues increased by 45% to €125.3m. The significant uplift in our Agribusiness division revenues was driven by a combination of strong operational performance, solid demand and by raw material cost increases which in turn significantly influenced animal feed prices. 2022 was challenging given the overall market volatility that persisted throughout the year, including supply chain disruption due to the war in Ukraine and unprecedented increases in the cost of energy. Lakeland Agri sought to minimise cost increases for all customers.

Our success as a leading global dairy business is driven by the unique skills and quality of our people. We strive for excellence, sustainability and high standards in our core capabilities, and our people embody the business attributes that make us the supplier of choice for our customers. We believe in an inclusive, diverse and equality-based workplace as a key enabler to drive better outcomes for all our people, our customers, our farming families and our communities.

Market conditions for 2023 will be contingent on factors including the overall balance of global supply and demand, while continuing global economic uncertainty remains a serious concern, with the potential for market volatility. It is clear that we will need to navigate through a significant period of higher costs and lower market returns. With a focus on continuing innovation and efficiency, Lakeland Dairies is committed at all times to paying as high a milk price as possible in line with prevailing market conditions.

In the years ahead, we will seek to optimise all of the strengths and advantages that Lakeland Dairies has established to date while also seeking to grow and develop on an ever more sustainable platform. We are dedicated to our high-quality milk producers and to our valued customers, and they remain at the forefront of everything we do. Our ultimate objective is to ensure long-term market success for them.

Thank you to everyone who has supported Lakeland Dairies during 2022. We will continue our progress, growth and development in the knowledge that Together, We're Stronger.

Colin Kelly
Group Chief Executive