Emmi Investor Day

Welcome to the Hotel California

Pamela Dressler
Managing Director Cypress Grove and Meyenberg

Lucerne, 7 November 2018
Welcome to the Hotel California

- Cheese in America

The California Collection
Cypress Grove & Emmi
What is behind Cypress Grove’s success?
State of the Industry
Future Opportunities
Dark Ages in Europe
Fermented Sisters in Europe

Barley

Grapes

Wheat

Milk
Dark Ages in America
Fermented Sisters in the United States

Barley

Grapes

Wheat

Milk
Help was on the way!
American style.
Not surprisingly, California fostered new food trends.
Fermented Sisters got some love in the ‘70s & ‘80s

<table>
<thead>
<tr>
<th>Rank</th>
<th>Grade</th>
<th>Wine</th>
<th>Vintage</th>
<th>Origin</th>
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<td>1970</td>
<td>USA</td>
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<td>Ridge Vineyards Monte Bello</td>
<td>1971</td>
<td>USA</td>
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<td>12</td>
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<td>5.</td>
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<td>1970</td>
<td>USA</td>
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<tr>
<td>2.</td>
<td>2</td>
<td>Clos Du Val Winery</td>
<td>1972</td>
<td>USA</td>
</tr>
</tbody>
</table>

1976 Judgement of Paris

Sierra Nevada Brewery: founded in 1979

Acme Bread: founded in 1983
...and cheese
Food Heroes: Our Founders

Meyenberg: Carol & Robert

Cowgirl Creamery: Peg & Sue

Cypress Grove: Mary

Redwood Hill: Jennifer
Welcome to the Hotel California

Cheese in America
● The California Collection

Cypress Grove & Emmi
What is behind Cypress Grove’s success?
State of the Industry
Future Opportunities
The California Collection

#1 GOAT MILK YOGURT PRODUCER IN THE UNITED STATES

Emmi Investor Day, Pam Dressler, Managing Director Cypress Grove and Meyenberg
~ 30-50 MILLION AMERICAN ADULTS ARE LACTOSE INTOLERANT
SUPPORTING THE VIABILITY OF LOCAL AGRICULTURE THROUGH CHEESEMAKING
The California Collection

Meyenberg

Goat Milk Goodness

CONTROLS MAJORITY OF GOAT MILK IN THE UNITED STATES

TURLOCK, CA
ARCATA, CA

MOST WIDELY DISTRIBUTED ARTISAN CHEESE IN THE UNITED STATES

Emmi Investor Day, Pam Dressler, Managing Director Cypress Grove and Meyenberg
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Cheese in America
The California Collection
● Cypress Grove & Emmi

What is behind Cypress Grove’s success?
State of the Industry
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Cypress Grove in 2010 (Prior to Emmi Acquisition)

- **HIGH QUALITY MILK WAS SCARCE**
- **CHEESEMAKING CAPACITY WAS SMALL**
- **LEAN TEAM IN NEED OF TALENT**
Emmi helped us build a goat dairy to supply milk and educate and foster the fledgling industry.
A state-of-the-art new creamery increased our cheesemaking capacity.
Growing our Talent

Digital Transformation & Collaboration
First AcadEmmi #AllThingsDigital this autumn

Emmi Operational Excellence
Implementation = greater efficiency and cost savings

Human Resources
Elevating our talent
What Remained the Same?

Gross Revenue Growth

2010-2018

Sales
In USD million

Growth over previous year, in %

- 2010: 13%
- 2011: 16%
- 2012: 11%
- 2013: 15%
- 2014: 10%
- 2015: 8%
- 2016: 15%
- 2017: 14%
- 2018 est.: 14%

Emmi Investor Day, Pam Dressler, Managing Director Cypress Grove and Meyenberg
2017 Sales by Product

- Humboldt Fog: 41.0%
- Midnight Moon: 24.0%
- Lamb Chopper: 12.0%
- All Else: 12.0%
- Truffle Tremor: 7.0%
- Fromage Blanc: 4.0%
Premium Pricing

- $56-77 / kg
- $34-55 / kg
- $11-33 / kg

Top 20% of the industry
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The California Collection
Cypress Grove & Emmi
● What is behind Cypress Grove’s success?
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What is behind Cypress Grove’s success?

Emotional Connection with Raving Fans

Cypress Grove’s Facebook engagement rate: 12.5% —52x the food and beverage industry average of 0.24%

Emmi Investor Day, Pam Dressler, Managing Director Cypress Grove and Meyenberg
What is behind Cypress Grove’s success?

Cheesemonger Education & Love
What is behind the success of Cypress Grove?

Tireless Commitment to Quality
Still winning awards, year after year

- 50 gold awards since 2010
- 13 awards in 2018

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Future Opportunities
Food Trends are in Our Favor

High protein
Probiotic
Low sugar

Healthy fats
Fewer, wholesome ingredients

Foodie Movement
Power of Suppliers
Power of Consumers
We Face Some Strong Headwinds
State of the Industry – Porter’s 5 Forces

Power of Customers

Retail Trade
- Distributor consolidation
- Retailer consolidation
- Discounters gaining ground
- SKU rationalization
State of the Industry – Porter’s 5 Forces

Competition in the Industry

Lactalis to Acquire siggi's to Further Grow the Unique Yogurt Brand

Saputo completes acquisition of Montchevre Goat Cheese

Nestle launches incubator to help upstart food and agriculture companies
New Entrants into the Industry
Threat of Substitutes

Plant-based threat

- Yogurt and milk are two biggest concerns
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What do we want to achieve?

CONTINUED STRONG GROWTH

PREMIUM PRICES

GREATER AWARENESS

LOYAL FANS
Strong Branding
Strong Branding
Future Opportunities

Innovation

Available non-organic

New Yogurt Flavors!

Emmi Investor Day, Pam Dressler, Managing Director Cypress Grove and Meyenberg
Growing Online Communities

Future Opportunities
"My gut and taste buds thank you!"

"After trying all the formulas on the market all without success, the goat milk worked the best! Thank you so much for helping my son to become the healthy child he is today."

"...It worked and now I am a very healthy adult that still uses your goat milk regularly!"
Emmi owns the goat business west of the Mississippi.
UC Davis Research
Future Opportunities

Educating Consumers: New Usage Occasions
Educating Consumers: Cowgirl Creamery’s Retail Store
Driving Efficiencies & Sharing Resources
Future Opportunities

Upgrading Capabilities
Summary

- Strong brands = premium market positioning
- Investment in facilities & infrastructure – platform for growth
- Innovation & new product development to strengthen portfolio for long-term growth
- Safeguard company culture
Thank you