Moments of pleasure and goodness, every day
Welcome!

At Müller, our purpose is simple: to uplift everybody with everyday moments of pleasure. This continues to underpin everything we do, and we are proud to be creating branded and private label dairy products that are made in Britain, with milk from British farms.

With an unprecedented investment of over £400m over the next three years, we are continuing to invest heavily in our capabilities and our people to develop, manufacture and market a new generation of branded and private label dairy products.

We are driving new confidence amongst Britain's dairy farmers and initiating new ways of thinking for the long term. Dairy is changing for the better and Müller is at the heart of it.

Dairy has always been one of the largest and most important categories in food and drink and last year alone the dairy sector in the UK grew by 4.7% versus the previous year, now worth an impressive £10.98bn. As the pioneering brand in the category, we are working hard to build a vibrant future for the British dairy industry. This report details exactly how we will achieve this.

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1. Kantar Worldpanel, 12 August 2018.
Who is Müller?

The year is 1987
Rick Astley’s Never Gonna Give You Up has just been released, future Wimbledon champion Andy Murray is born and Müller enters the UK market for the first time.

Jump forward to 2018
Müller is the 7th biggest food and drink brand in Britain¹, with products chosen by consumers an impressive 230 million times a year².

Leveraging the power of Müller
As we continue to help our customers grow the dairy category, we are also bringing the brand to life in lots of new and exciting ways. One of which is our official sponsorship of British Athletics and Athletics Ireland, in place until 2019.

From TV ads that feature World, European, British and Irish athletics champions, to branded flags, giant foam fingers and Müller activation centres at the 2018 Müller Anniversary Games, this partnership aims to give thousands of families the opportunity to experience the moments of pleasure that Müller products bring.


Investing in Britain
We’ve been investing heavily throughout our network of British dairies in recent years. Enhanced manufacturing capabilities and operational efficiencies are vital to drive confidence with our customers, farmers and consumers. This map shows the key transformations that have taken place at each site.

1. Created a centre of excellence for flavoured milk, fresh cream and speciality creams in Severnside.
2. Acquired the capability to manufacture own fresh milk packaging in the UK to reduce plastic use in milk bottles. This is taking place at major sites including Manchester.
3. Multimillion pound investment in Droitwich to update and upgrade existing processing capability.
4. Installed a second packet butter line in Market Drayton to help us continue to displace butter imports.
5. Invested in a new polybottle filling line and two new Tetra pack carton lines in Foston.
6. Multimillion pound investment across sites including Hanworth to secure the future of the much-loved milkman.
7. Multimillion pound investment in Droitwich to update and upgrade existing processing capability.
8. Created a centre of excellence in Bellshill, boasting state of the art processing capabilities for milk and cream.
9. Doubled site capacity in Telford, giving us the ability to produce over 500 million yogurts every year, by 2020.
10. Invested in new packaging technology in Minsterley for our dessert pots to reduce waste.
11. Significantly enhanced processing capabilities in Bridgwater with a multimillion pound investment.
Winning the race in yogurts and desserts

Yogurt is at the heart of a growing dairy category which is worth £11bn and accounts for 9.7% of total food sales. The yogurts and desserts category is worth £2.6bn which is more than biscuits, crisps, snacks, nuts, breakfast cereals, hot drinks and even bread! Yogurt has more usage occasions than most categories and consumers enjoy eating them throughout the day, this accounts for almost 8% of all food occasions.

We are the UK's favourite yogurts and desserts brand and are proud to boast leading positions in this category.

As the category leader, we have invested significant time and money in our category vision to ensure we fully understand our consumers and continue offering branded and private label products that are motivated by health, inspired by taste and create everyday moments of pleasure. We are investing heavily over the coming years to develop, manufacture and market a new generation of branded and private label yogurts and dessert products, made with milk from British farms. For example, we are doubling the size of our Telford facility giving us the ability to produce over 500 million yogurts every year, by 2020. Our future plans are designed to not only create scale, but to deliver the delicious Müller taste that our consumers expect. Here are some of our most recent innovations...

1. Müllerlight: UK's top yogurt brand
2. Müller Rice and Müller Corner: The UK's no.2 best-selling brands in yogurts and chilled desserts

Dairy category value sales = £2.6 BILLION

Yogurts & desserts

Biscuits £2.5bn Crisps, snacks & nuts £2.3bn Cereals £1.6bn

Annual penetration of: yogurts & potted desserts every week of the year²

28 MILLION PEOPLE 97%¹

Buying 7 pots and spending £2.45 per trip

41 TIMES PER YEAR

Leading innovations

- Müller Corner Plain: The first ever Müller Corner product with unsweetened natural high in protein Greek style yogurt, with a delicious fruit compote on the side.
- Müller Quark: Designed to shake up the thick yogurt category, Quark has been combined with Müller yogurts to appeal to new shoppers and attract lapsed buyers.
- Müller Corner Lactose Free: This represents our first step into the free-from sector and demonstrates how we are continuing to meet the changing needs of our consumers.

In yogurt, improved Müller performance drives category growth. In desserts, when Müller grows, so does the category.

Addressing wider challenges

We are making sure that Müller is doing the right thing for our customers, consumers, farmers, employees and the environment. This includes...

- Championing the goodness of dairy: Not only are yogurts packed with essential nutrients, but they are also delicious! While taste remains the most important factor, we know that shoppers are increasingly looking for products with added health benefits, and we’ve worked hard to develop a range that answers to everyday dairy goodness as well as indulgence. We’re continuing to bring protein to the masses and working towards the inclusion of clear on-pack protein claims on our yogurt products next year.

- Reducing sugar: Since 2015, we have achieved a 13.5% reduction in total sugar across our yogurt portfolio², equalling 1,759 tonnes. This is substantially ahead of Public Health England’s voluntary guidelines, which sought a 5% lowering of total sugar by August 2017.¹ We have exciting plans in place that will allow us to continue to make further progress in the coming year.

- Reducing waste: We are already using vertically integrated packaging manufacturing, allowing us to access specialist packaging skills and expertise to drive further reductions. We are clear about the need to drive down the use of plastic and our yogurts and desserts business has achieved a 25% reduction in plastic use since 2006 – which is the equivalent weight of 11 London Eyes!

1. Kantar | 52 w/e 9th September 2018
2. Kantar | 52 w/e 12th August 2018
3. Kantar Worldpanel 2018 UK Brand Footprint ranking

1. Nielsen, 4 w/e 8th September 2018
2. Total sugar: 10g per 100g, less 5g lactose allowance per 100g (based on Kantar volume data).
Becoming Britain’s dairy leader

Following the acquisition of Dairy Crest’s dairy operations and the completion of Britain’s largest-ever dairy integration, Müller Milk & Ingredients (MMI) is now well established as Britain’s largest producer of branded and private label fresh milk, milk drinks, cream and butter. Leveraging the capability we have now, we will achieve a sustainable and progressive business focusing on excellence, every time.

Fresh Milk

Our challenge is to drive home the relevance of fresh milk to today’s consumers. Against a backdrop of continued consumption decline, we’re seeing progress in our efforts (which include showcasing usage and continued education) to make milk more relevant again. Fresh milk sales (excluding dairy alternatives, UHT and sterilised) have increased by 4.1% over the past year, on volumes up by 0.5%.

Milk is a natural and nutritionally rich product containing essential minerals and nutrients. With shoppers increasingly motivated by health, we think it’s vital to shout about this to reinvoke the category.

Milk Drinks

Milk drinks are a major area of opportunity for the dairy industry and today’s consumers want milk drinks that are healthier, more refreshing and can fulﬁl a variety of needs, from a breakfast drink, to replenishment, to indulgent treats. In order to grow the category, we are focused on making FRijj more visible to consumers by ensuring the range is prominent in key areas, such as food-to-go, to encourage trial and capitalise on impulse purchases.

Fresh milk sales (excluding dairy alternatives, UHT and sterilised) have increased by 4.1% over the past year, on volumes up by 0.5%.

DID YOU KNOW?


today

100% recyclable

by 2020

50% recycled material

1. Kantar, 52 w/e 20th May 2018.

Leading innovations

Longer Lasting FRijj

There’s a major opportunity in the convenience and food service channels, so with the introduction of a longer-lasting ambient recipe, we are continuing to create products that ultimately reach more consumers across multiple channels.

Müller Spreadable

We have identified a £201m category opportunity in butter, which reconnects consumers with taste to drive value back into the category. Earlier this year, we launched our first branded spreadable made with 73% churned butter, which majors on taste. We have introduced Müller Spreadable to unlock new category growth.

In May this year, we gave away enough tubs of Müller Spreadable at Liverpool Street Station to butter 40,000 loaves of bread.

We’ve exported Müller ingredients to every continent (except Antarctica)

1. Müller Category Vision.
Reviving a great British icon

Our home delivery business, Milk & More is embarking on a transformation journey.

Modernising the milkman

Milk & More offers customers quality products matched with first class customer service and the business is going from strength to strength, having introduced these four simple steps...

1. Reliable morning deliveries.
   To ensure Milk & More gets to customers before they leave for work, our promise is to make all deliveries by 7am, just before the breakfast rush!

2. Premium products with a little help from our (local) friends.
   With customers and their communities at the heart of everything we do, Milk & More is proud to champion local suppliers. With over half of new customers buying more than just milk, our updated range of premium, local and fresh produce helps them to support their local communities.

3. Driving the milk revolution with electricity!
   200 new state-of-the-art electric milk floats have hit the road this year, which are our quietest and most environmentally-friendly delivery vehicles to-date. With a £6.5m investment, the StreetScooter fleet is 100% electric and 100% emission-free, ensuring the traditional milk float is set for now, and long into the future.

   A new, easy-to-use website not only launched the updated brand identity for Milk & More, but it now allows customers to adjust their order up to 9pm the day before their next delivery, for delivery the following day. Since the site launched in February this year, the business has acquired a staggering 40,000 new online customers.

As we seek to secure the future of the great British milkman, we have taken the much-loved traditional delivery service and modernised it so that it is relevant for today’s customers.

Today we deliver a selection of hand-picked items from smaller regional suppliers, offering high quality products from British producers to the doors of our customers.

DID YOU KNOW?

Milk & More is championing the GLASS MILK BOTTLE

90% of new customers order milk in glass

Every year we deliver
100 MILLION of them

They are reused on average
25 TIMES

Our customers are at the heart of every decision we make and that includes our investment in the StreetScooter milk floats. We really want to make this British tradition live on and to do that, we’re focusing on making it relevant for 21st century customers. We’re on a transformation journey and the new StreetScooters are just part of our wider business strategy to provide a trusted home delivery service that connects customers with a wide range of high-quality, locally sourced products.

Patrick Müller, CEO of Milk & More and Müller Milk & Ingredients
Agricultural leadership

Thriving through volatility
The Müller dairy revolution will ensure that Britain’s farmers realise their ambitions. We buy a quarter of all milk produced on Britain’s farms, and with that comes a responsibility. In order to grow, we need to secure a strong and stable future milk supply and we’re meeting this challenge by pioneering new ways of thinking. We are working hard to ensure that farmers who choose to supply us can build vibrant businesses.

Our starting point is simple, we offer a leading milk supply contract proposition and a competitive price. Müller Direct farmers can also reduce their exposure to market volatility, which has seen prices suffer dramatic swings in the past few years. They can opt to place a portion of their milk production against fixed price and futures contracts which act to smooth returns, improving the ability to plan. Innovation throughout our supply chain – That’s the Müller way.

Supporting the Next Generation
We know that succession is an issue on Britain’s dairy farms so we’re actively developing and enhancing the skills of future generations through the Müller Next Generation Programme.

The initiative was set up to help ambitious young farmers progress in their careers, so they can go on to build successful dairy businesses for the future. Fully supported and funded by Müller, the programme provides bespoke training on everything from benchmarking and market analysis, to business improvement planning.

The three-year programme even includes facetime with elite, professional athletes who will pass on their knowledge, single-mindedness, resilience and desire to succeed.

The Müller Next Generation Programme

Frances Bell
Müller Yogurt & Desserts
Next Generation programme farmer

“I’ve been working on the family farm for about 14 years. Farming is definitely in my blood and it’s all I’ve ever known. I applied for the Müller Next Generation programme to meet other likeminded young farmers and we help each other out. It’s great working with Müller because they really help farmers prepare for the future, for example using a fixed price contract to remove volatility. For me, it’s about growing the family business and seeing what interesting and new things I can bring back and utilise in our day-to-day operations.”

Jesse Steward
Innovation and Development Manager,
Müller Yogurt & Desserts

In my job I oversee the research and development that goes into the Müller brand – from initial ideas all the way to the product being launched. Over the past 17 years, I’ve been able to work on a huge variety of projects and have loved building a talented R&D team that helps bring the Müllerlicious brand and taste to our customers, which has been very successful to-date.

There’s always new products in the pipeline (currently over 100!) so it’s a really exciting and rewarding part of the business to be involved in.

Emma Richardson
Butter Quality Leader, Müller Milk & Ingredients

As the quality leader for the butter section of the business at Market Drayton, I am the first point of contact for queries and I am directly in contact with our customers, ensuring that everything is up to their standards and running as it should be. It’s because of this that every day is different and there are always new things to learn. With our high-quality butter practices, investment in our people, and our great relationships with our customers, we’re constantly improving. This is apparent with the launch of Müller Spreadable, where we were set a challenge by one of our customers, and we rose to it. After this, who knows what we can do for our customers next!”

We are working together to deliver category growth and excitement for our customers, and moments of pleasure for people who love our products. As well as a great culture, we’re also strong believers in offering opportunities to everyone to progress in their careers and gain skills and qualifications that will serve them throughout their working lives. But don’t just take our word for it...
Building a better business

We are investing heavily to make sure that we are doing the right thing for our customers, consumers, farmers, employees and the environment.

To build a better business and ensure that continued business growth is achieved in a sustainable and responsible manner, we are currently building a strategy around the following four key areas that will launch in 2019:

Müller Excellence
The Müller Excellence programme represents our journey to achieve world class performance, in a rapidly changing environment. With a state-of-the-art performance management system in place and a training programme that details how to reduce eight different types of waste, we aim to achieve operational excellence at every level.

Environmental Efficiency
As part of a responsible, innovative and hardworking dairy industry, we are working closely with customers and suppliers to find ways of enhancing the environmental efficiency of our supply chain. By investing heavily in new packaging solutions, we have removed 30,000 tonnes of plastic in recent years and have acquired the capability to manufacture our own packaging. There are also multiple programmes in place to reduce our energy, carbon, waste and water usage. For example, several of our dairies have installed reverse osmosis systems to recycle water, achieving 50% re-use.

Responsible Sourcing
25% of all milk produced on British farms is purchased by Müller, so responsible sourcing is absolutely crucial to our whole supply chain. For the business to grow, we need a strong and stable milk supply, which is why we are constantly innovating in this area to ensure that the farmers who choose to supply Müller are in the best position possible to build their own vibrant businesses.

Ethical Responsibility
As a family-run business, we invest heavily in our people, facilities and infrastructure to create first-class working conditions. Through our ongoing health agenda, which actively encourages people to make healthy, active and balanced lifestyle choices, we are now taking ethical responsibility one step further. We are on a mission to reduce sugar and promote active lifestyles by investing in the foundations of athletics to inspire the next generation, as well as shouting about the many health benefits of dairy products.

For further information about Müller please go to www.muller.co.uk

Thank You