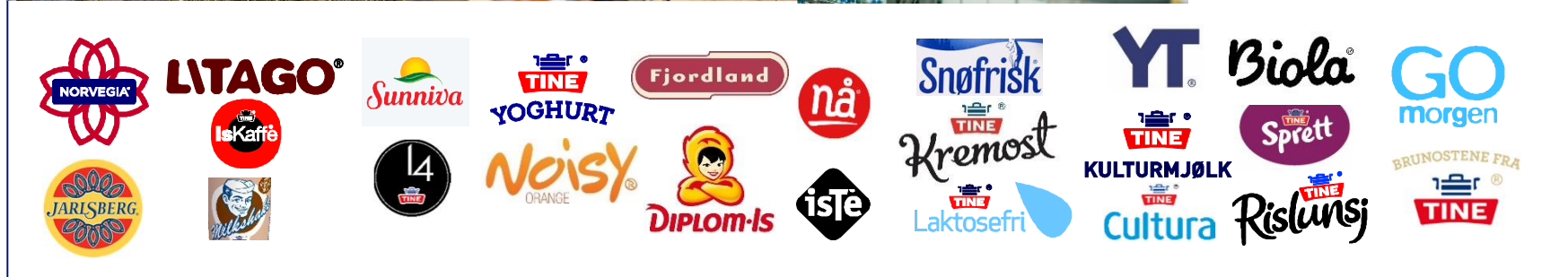


Presentation TINE Group



#TINE2017



This is where we come from. . . .

<https://www.youtube.com/watch?v=BzaHoU2klwI>



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TINE is a dairy cooperative owned by 10 478 farmers/8381 farm businesses (2017)

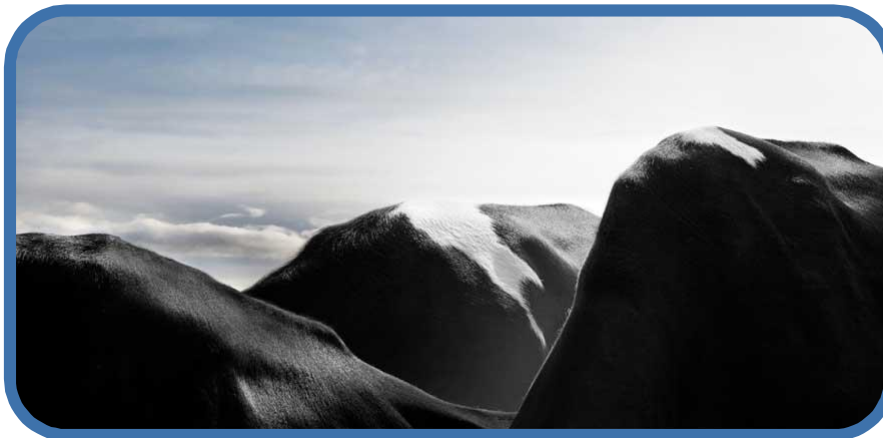
TINE's origin as a cooperative goes back more than 130 years, to the establishment of Rausjødalen Setermeieri in 1856

TINE's vision:

«Together we create genuine culinary experiences»



TINE – from unique raw materials to quality brands



Norway's leading Brand supplier



Every second, every year - 40 TINE products are produced.
This means 3.5 million units every day, and approximately 1.3 billion units annually





This is TINE



FINANCIAL HIGHLIGHTS

1 537

MNOK
OPERATING PROFIT

22 511

MNOK
OPERATING REVENUES

5 476

PEOPLE EMPLOYED
BY THE TINE GROUP

The TINE Group has more than 110 brands. Most of them are dairy products made from Norwegian milk, but they also include juice products, ice cream, ready meals, margarines and desserts.

TINE has a portfolio of more than 1,200 product lines produced at 31 dairies all over Norway.

COWS MILK AND GOATS MILK SUPPLIED TO TINE

MILLION LITRES



1 437,7
(1 454,4)
COWS MILK



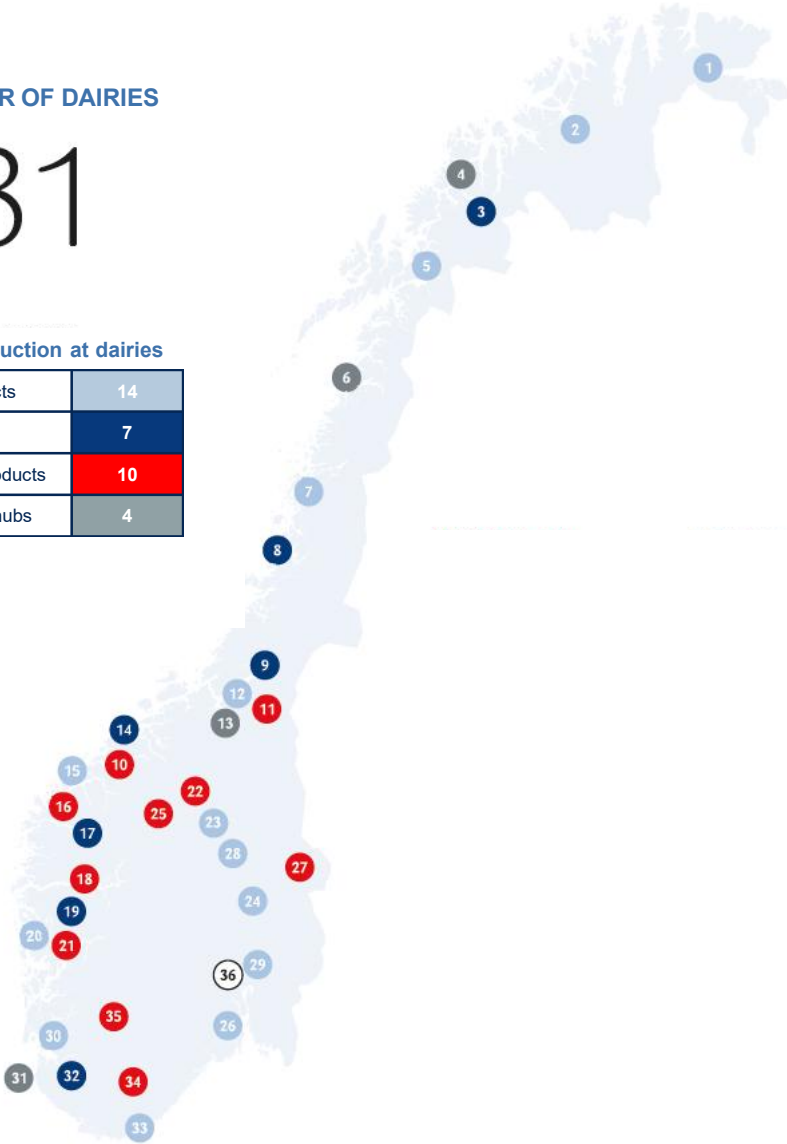
20,4
(20,2)
GOATS MILK

NUMBER OF DAIRIES

31

Type of production at dairies

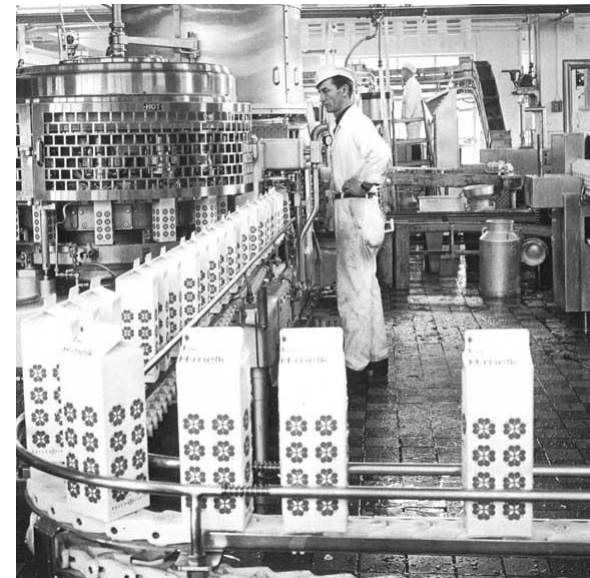
Liquid products	14
Cheese	7
Speciality products	10
Warehouse/hubs	4



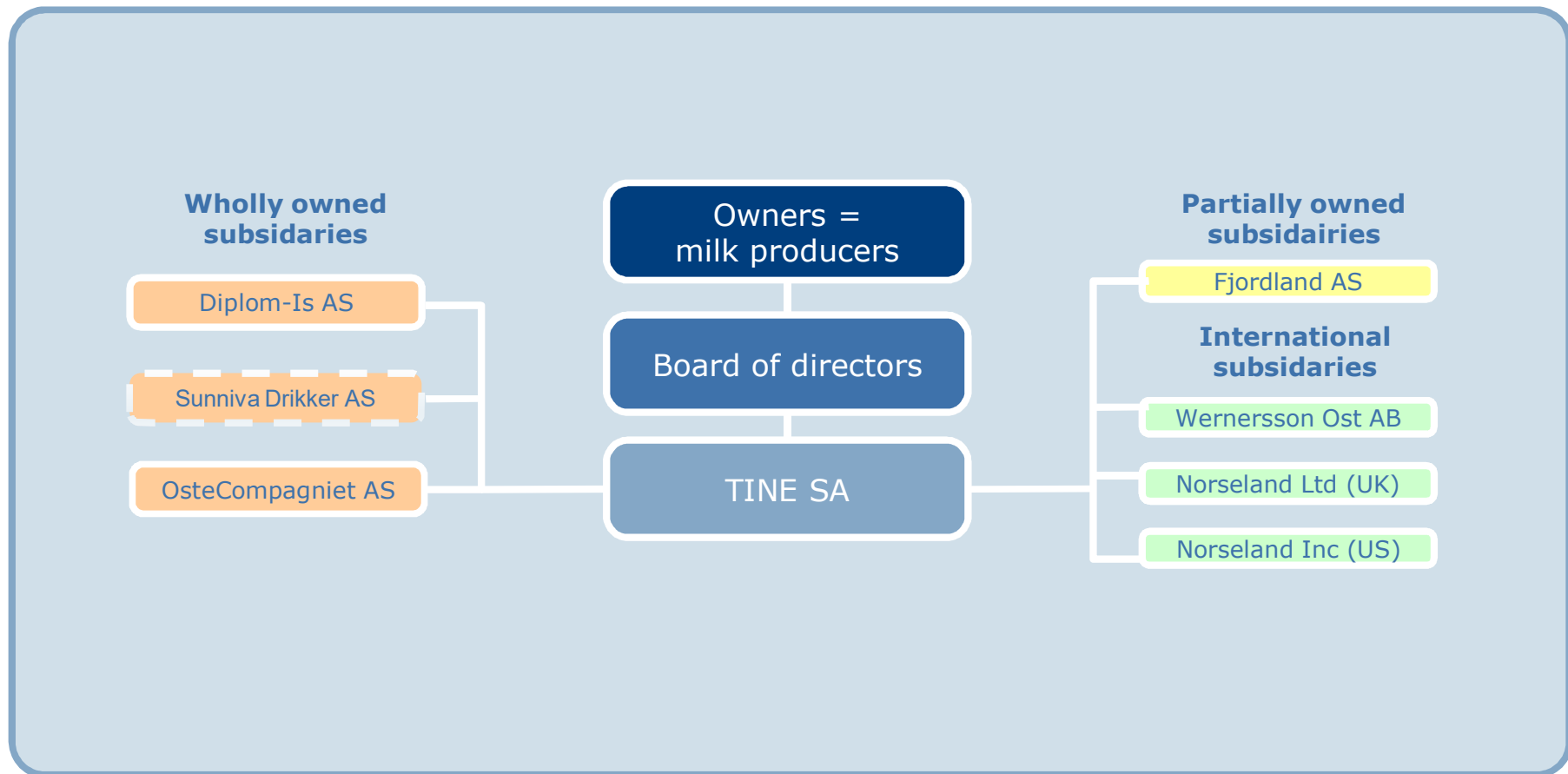
Food group with 130 years of experience



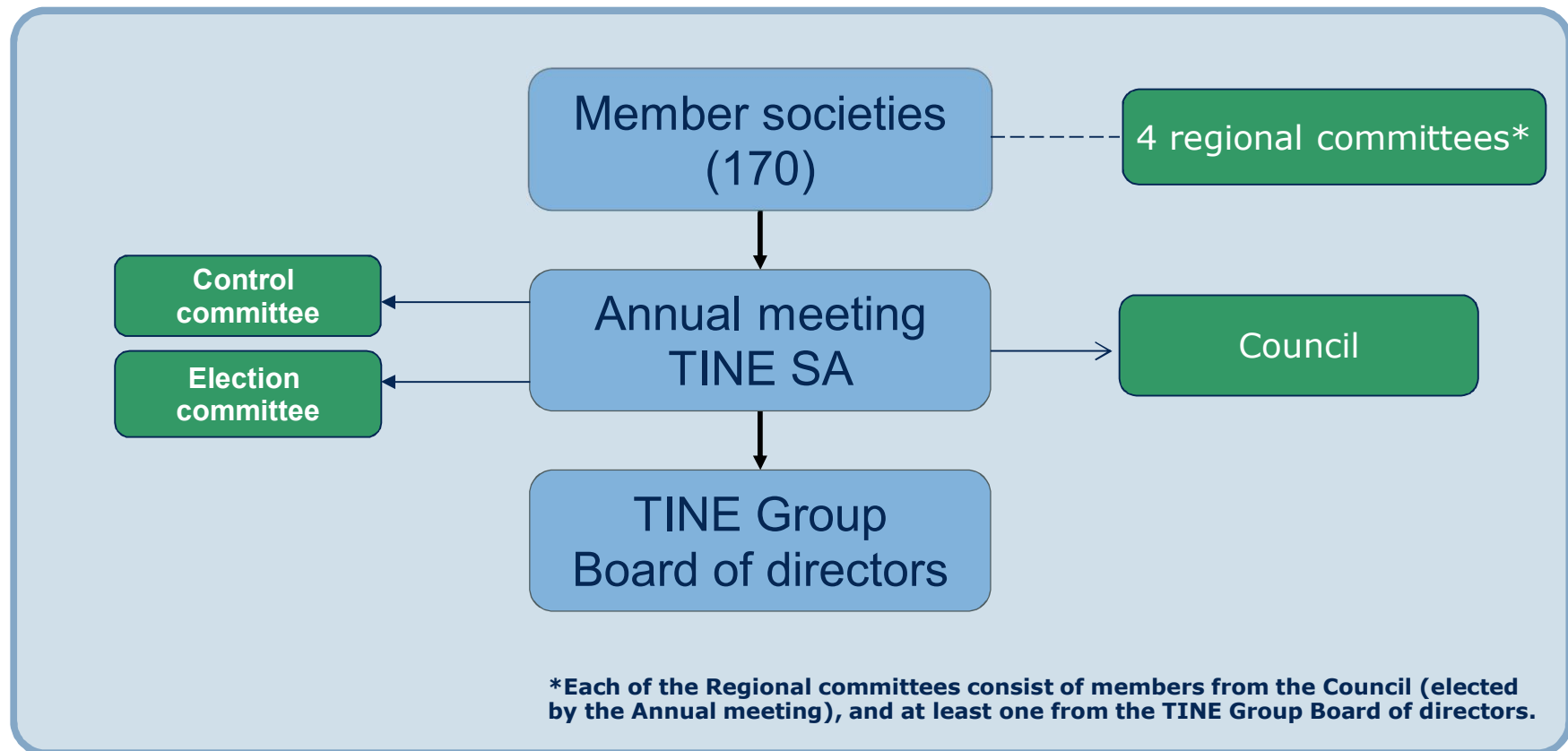
- 1854** Dairy operations start in Norway/cooperatives in the mountains
- 1856** Rausjødalen Meieri is established with 40 shareholders
- 1860** Technical innovation and dairy schools
- 1881** The Norwegian Dairy Association is founded
- 1920** Dairy associations – Norske Meieriprodusenters Landsforbund (the Norwegian Milk Producers National Association) (NML) is founded
- 1925** First quality label – Firkløvermerket – is established
- 1928** Hard times and new measures: Norske Meieriers Eksportlag (the Norwegian Dairies' Export Group) (foundation)
- 1930** Milk cooperatives organised
- 1962** Marketing and export established
- 1978** Product development intensifies. Central R&D unit established
- 1984** Comprehensive reorganisation measures for the future
- 1992** The TINE brand is introduced
- 1997** New market scheme for milk introduced
- 1998** Licensed production of Jarlsberg in the US
- 1999** NML and NMS merge to form TINE Norske Meierier (TINE Norwegian Dairies)
- 2002** Name changed to TINE upon consolidation and five subsidiaries established
- 2004** TINE Råvare (TINE Raw materials) established
- 2008** New Cooperative Societies Act
- 2010** TINE becomes one company – TINE SA



The TINE Group

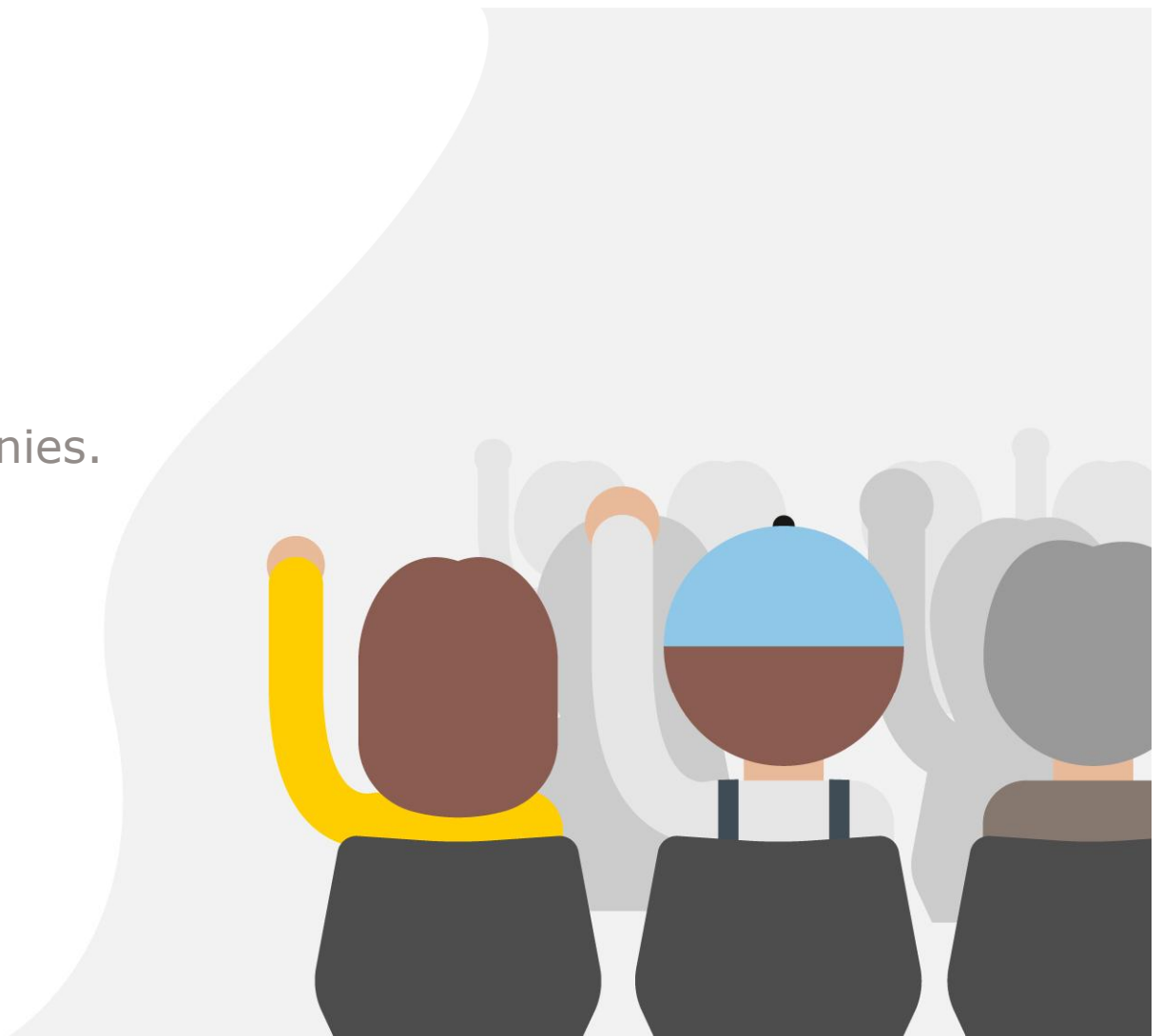


TINE's ownership organization





Contribute to good governance of one of Norway's bigger companies.



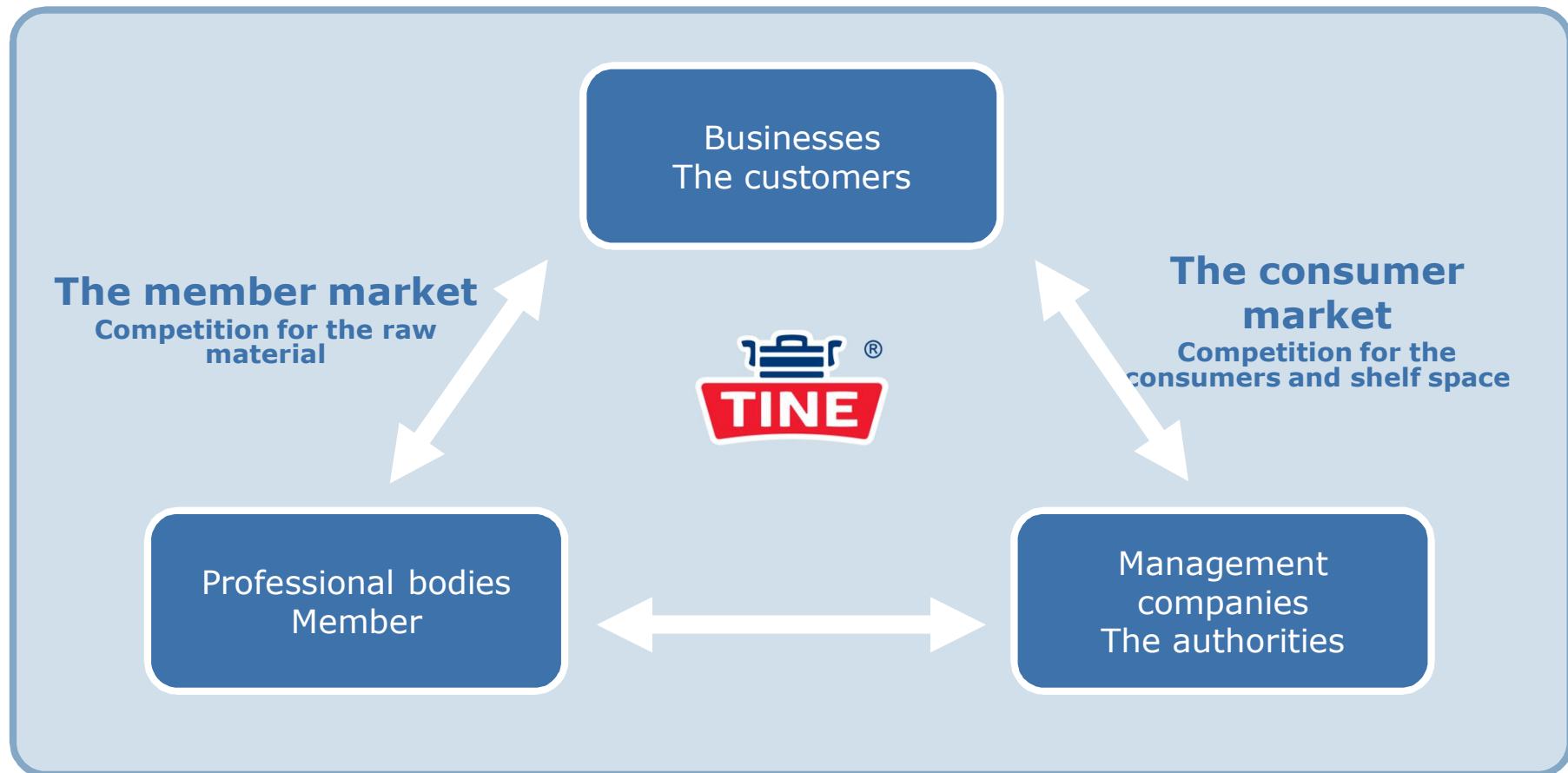
Active membership with business insight



Delta aktivt i produsentlagets faglige og sosiale aktiviteter.



TINE's role has many dimensions



The cooperative – TINE's strong roots



- One cooperative society (2010)
- New group structure
- Equity capital share of 45 percent



- TINE's origin as a cooperative goes back to 1856, with the establishment of Rausjødalen Setermeieri
- In 1905, the farmers owned about 700 dairies
- Financial strength through the cooperative model – positive operating profit every year

Young farmers believe in TINE



«It is important that TINE is a cooperative – we feel a greater sense of belonging because we are part of a cooperative»

«One of the benefits is that we are Norwegian – we know what Norwegian tastes are!»

«We have strong brands – we should develop them!»

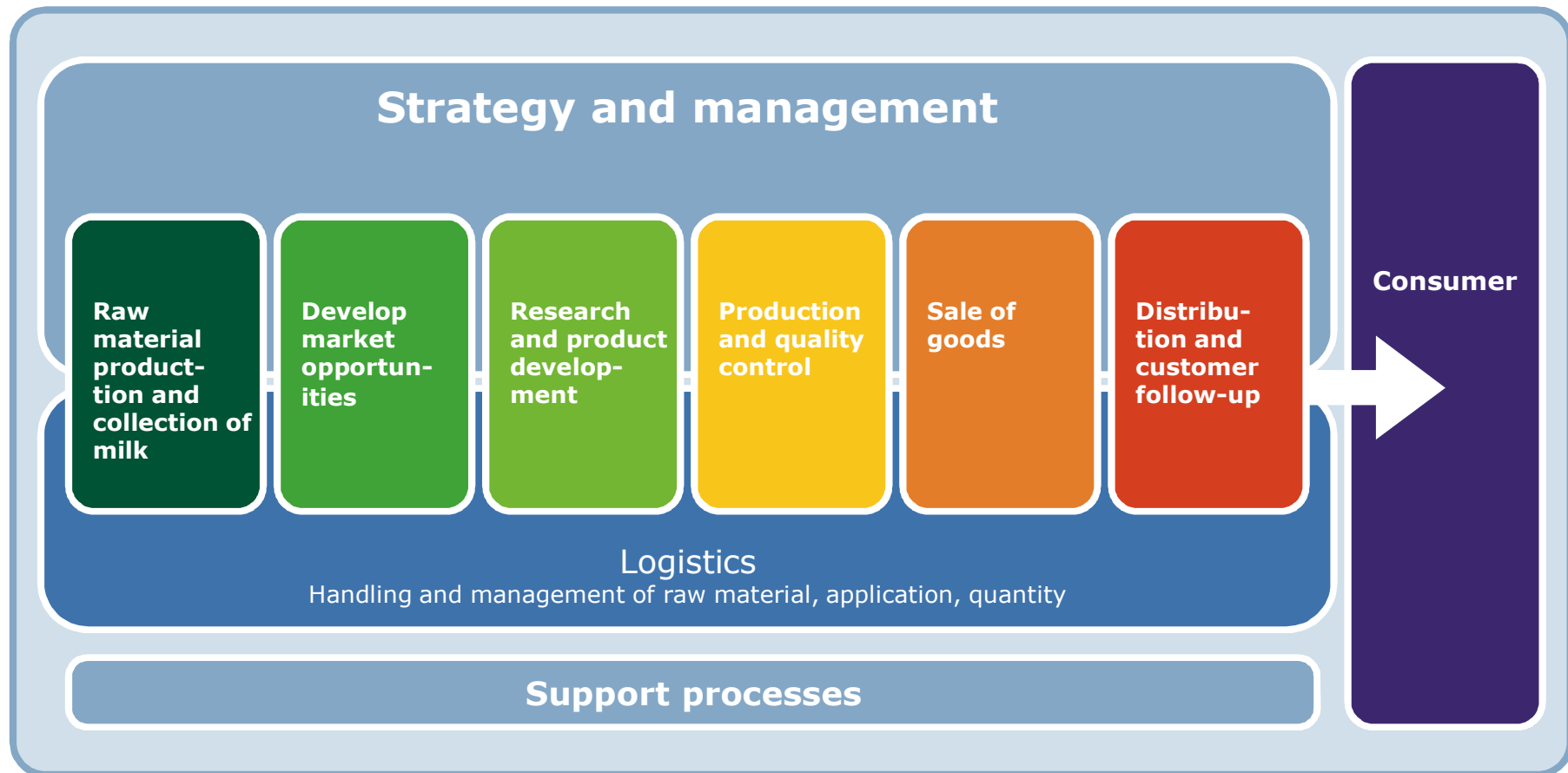


Cooperative society vs. limited company



	Cooperative society - SA	Limited company - AS
Organisational	<p>Enterprise owned by the members</p> <ul style="list-style-type: none"> ▪ One member, one vote ▪ The annual meeting consists of owners and employees <p>Election by member democracy</p> <p>Open membership – anyone can become a member</p> <p>Professional body for the members</p>	<p>Enterprise owned by shareholders</p> <ul style="list-style-type: none"> ▪ The general meeting only includes shareholders (not employees) ▪ Voting according to the number of shares
Financial	<p>Dividend according to consultation with the members</p> <p>All members must be treated equally</p> <p>Objective: The best possible commodities price, given a production cooperative</p>	<p>Dividend according to ownership interest/capital contribution</p> <p>Objective: Greatest potential yield on contributed share capital</p>
Legal	<p>The Cooperative Societies Act and the enterprise's bylaws apply</p>	<p>The Limited Liability Companies Act and the enterprise's bylaws apply</p>

TINE's value chain



Raw material supplier and owner



- Approx. 10,000 farmers deliver the raw material – milk - for TINE's many brands
- As supplier and owner of TINE, they are both the bedrock and final decision-makers

Innovation and product development – strategic core



TINE FUTURE®

- TINE's eye on the future
- Best on taste: Naturally healthy, delighted
- ANYTIME, ANYWHERE, ANYONE
- Better, smarter, faster

TINE will be a **leading** supplier of **brands** within **food and drink** with a primary focus on **dairy**

Transport, logistics, distribution – critical success parameters



- Critical key factor
- Extreme requirements for quick processing, quality and hygiene when the raw material is fresh milk
- Collection of milk from 220,000 cows and 30,000 goats from about 8,000 locations, followed by delivery to 24,000 stores and delivery sites within a geographical area corresponding to Oslo–Rome
- Secure the consumers' requirements and expectations of Norwegian dairy products

Building brands



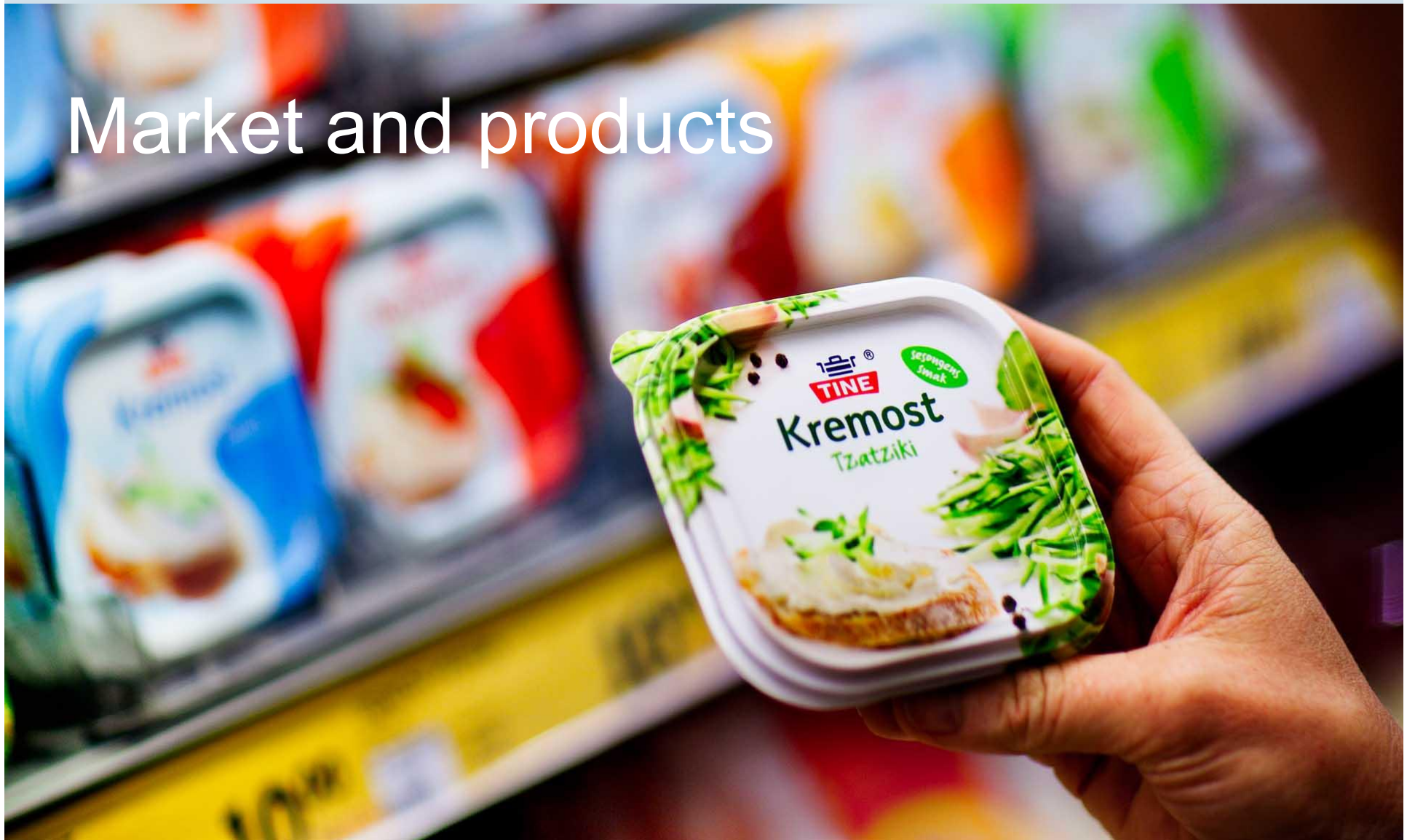
- High quality, goal-oriented efforts in innovation and conscious branding, have earned TINE a strong position among Norwegian consumers

Sales



80 per cent of TINE's sales take place through Norwegian grocery retailers, kiosks, petrol stations and service retail

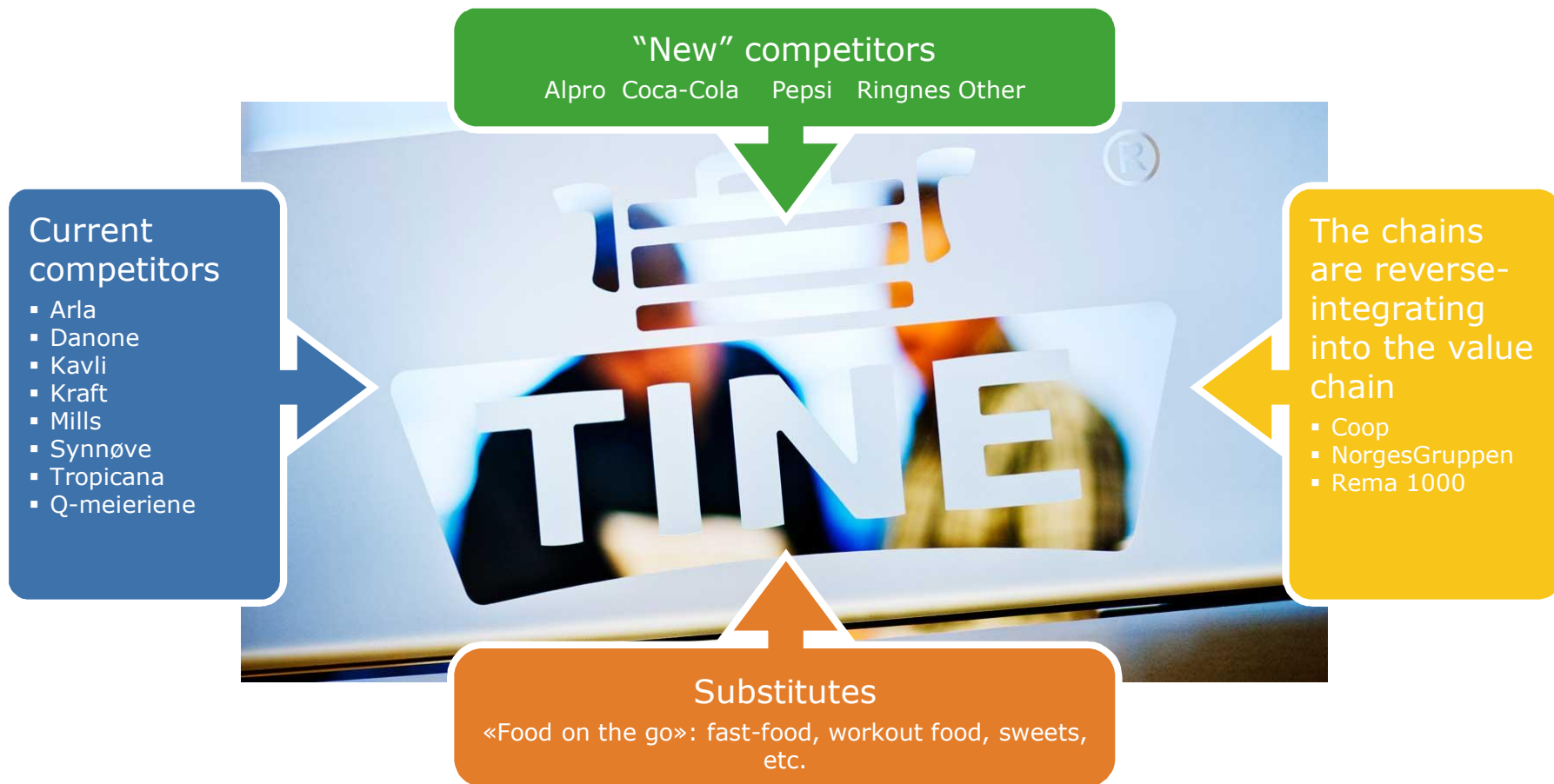
Market and products



TINE and local food/farm dairies



Increased competition from several players



Highlights 2017 – TINE Group



The result is affected by somewhat weaker sales development for Norwegian dairy and ice cream business as well as reduced margins internationally. This is counteracted by cost and efficiency improvements



New strategy 2020 and changes in the organization will enhance innovation capacity and contribute to growth



Cost-efficiency Programme initiated



Adopted building new Jarlsberg® facilities in Ireland



The Group is working for the business to be on renewable energy by 2025



Reduction in number of injuries and sickness absence

Weak sales development in 2017



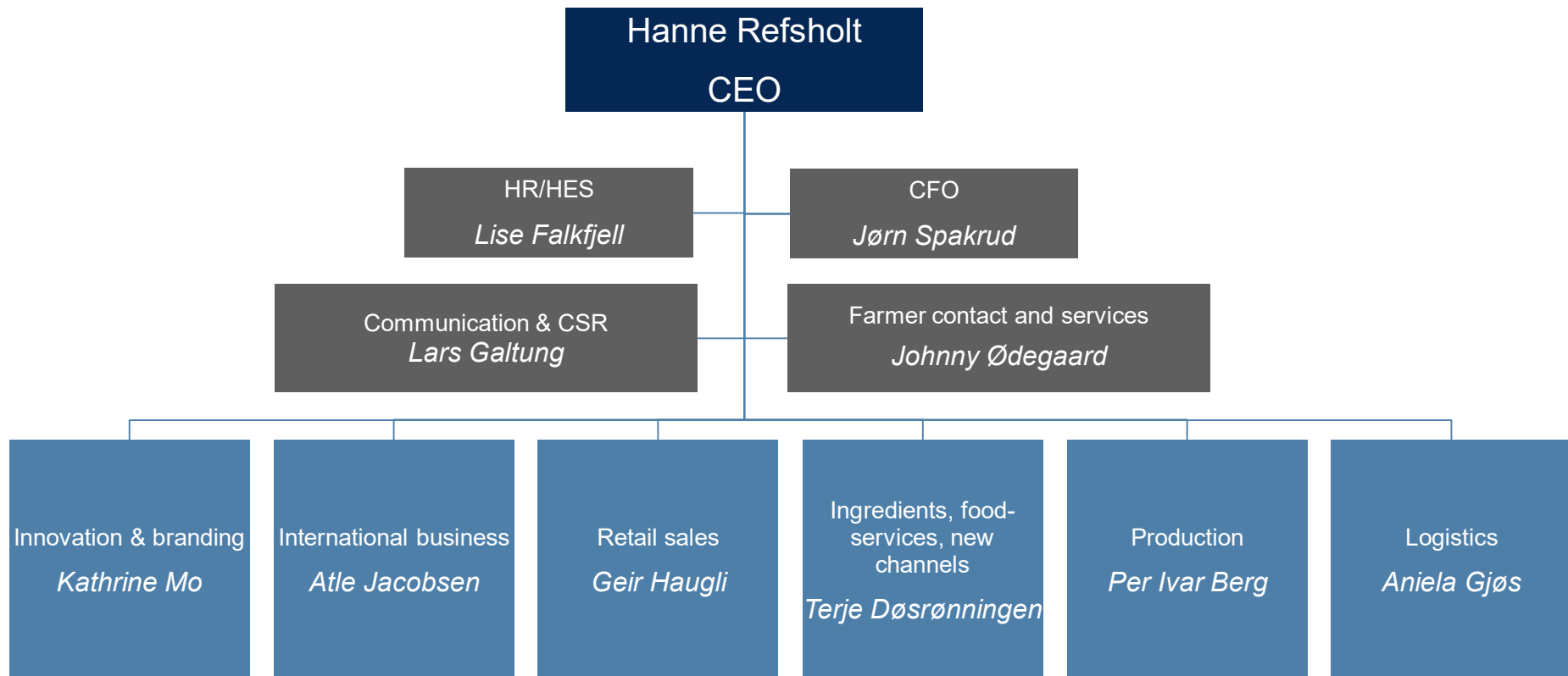
NOK millioner	2017	2016
Revenue	22 511	22 569
Operating profit	1 537	1 716
Operating margin	6,8 %	7,6 %
Profit	1 304	1 388

Kr/liter	2017	2016
Milk price set by government	5,05	5,03
«Operating dividend» to owners	0,57	0,66
Total milk price to owners	5,62	5,69

We're proudly building a Jarlsberg facility in Ireland



Corporate Organisational Chart



Strategy 2018 – 2020

A faster and stronger TINE

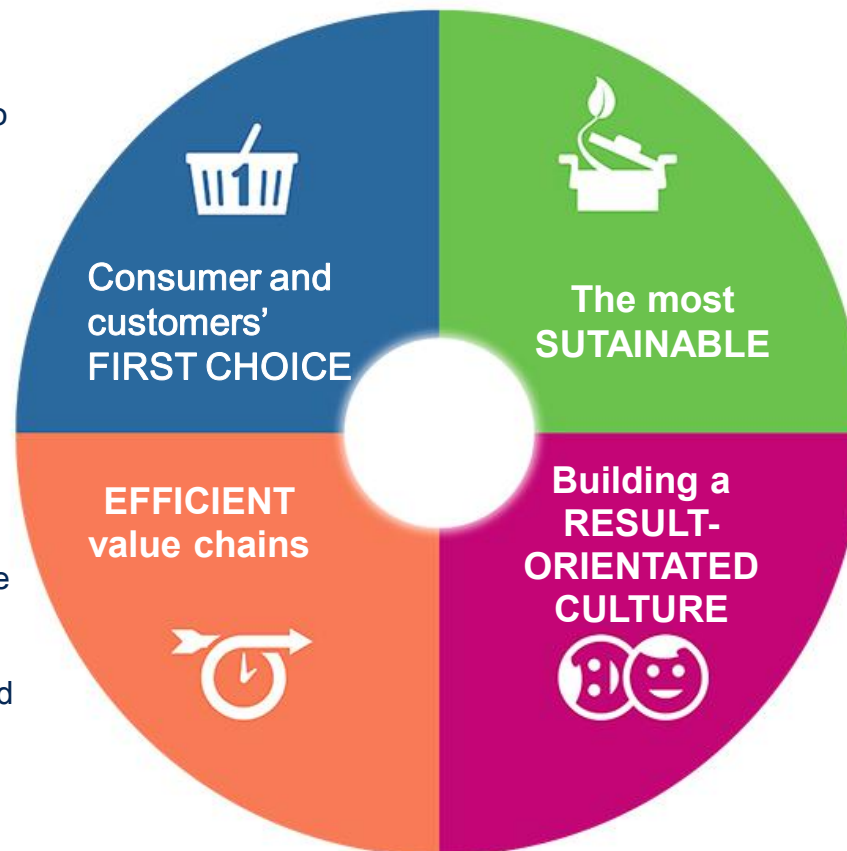


KEY INITIATIVES:

- Brands! Milk as core
- Extend strongest brands into new areas
- Value-driven customer dialogue and innovation
- Jarlsberg – a profitable and strong international brand

KEY INITIATIVES:

- Continuously improving the value chain
- Digital technology
- Competitive production and distribution



KEY INITIATIVES:

- Best at sustainability
- Reduce waste
- Make Norway healthier

#COWPOWER



What is behind a glass of milk?



Corporate social responsibility and the environment



The environment



- TINE creates values in close interaction between nature, agriculture and the market and refines pure, natural raw materials into good, healthy food
- TINE's business is based on natural resources. We will adapt our business to nature's own cycle
- TINE will exploit its resources in an optimal and sustainable manner
- TINE's climate objectives: Reduce greenhouse gas emissions by 30 per cent by 2020 (compared with the 2007 level)
 - Conversion to bioenergy and district heating
 - Energy efficiency
 - Transport
 - Food waste

Advisory service



- Strength of a cooperative dairy company
- Provide relevant advisory support to farmers
- Milk quality
- Animal feeding
- Farm management
- Breeding
- Animal health and welfare





TINE