

Russian Counter-Sanctions Blamed for Losses at Dutch Dairy Giant

By [The Moscow Times](#)

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AMSTERDAM — Geopolitical tensions, including the Russian boycott of Western agricultural produce, hit adjusted profit at Dutch dairy cooperative FrieslandCampina in 2014 and the company predicted a similarly uncertain outlook for this year.

After one-offs and currency effects were stripped out, profit was down 13.1 percent year-on-year at 284 million euros (\$301 million) on stable global revenue of 11.3 billion euros.

The company, one of the world's five largest dairy producers, said it expects to benefit this year from a weak euro, making its exports more competitive, and from rising demand from the growing African and Asian middle classes on which it has focused its strategy.

With growth sluggish in the developed world and stalling in previously dynamic emerging markets, many dairy producers, such as New Zealand's Fonterra, are banking on emerging

middle classes changing tastes to take up the slack.

FrieslandCampina plans to invest 600 million euros in infrastructure and production capacity, as well as advertising to better capture emerging market growth potential, but said the environment is likely to remain difficult in markets closer to home.

Price-conscious European consumers and the expiry of the European Union's guaranteed milk purchase quota are expected to maintain downward pressure on prices, the company said.

Russia's boycott of Western agricultural produce cost the company 80 million euros last year, the cooperative said, adding that even if the boycott is lifted it does not expect Russian demand to recover quickly.

Chief Executive Cees 't Hart said 2014 was a volatile year for the company but added: "The prospects for FrieslandCampina and the member dairy farmers remain positive. The company is well positioned."

The company distributed 277 million euros to its 14,000 member farms in the Netherlands, Germany and Belgium. Including one-offs and currency effects, profit was up 93 percent at 303 million euros, but cash flow from operating activities fell more than 7 percent to 545 million euros.

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