



On course for  
the future



**State-of-the-art factories, efficient production and sustainable structures:** the DMK Group is on course. The bottom lines of past years are a demonstration: the cooperative model still has a future, even 200 years after the birth of cooperative pioneer Friedrich Wilhelm Raiffeisen. 22.6 million Germans are members of 8,000 cooperatives and cooperative-based companies. All over the world today, one billion people are organised within cooperatives.

# Stable figures in changeable times

In the past fiscal year, we continued to drive forward both our rigorous alignment with the market and the changes to internal processes and systems in the new corporate structure. We have worked on establishing a new corporate culture and implemented key stabilisers for the business. Our many activities demonstrate what we are capable of by our joint efforts, but also the extent to which change and further development were and will be necessary.

While this progress enabled us to pay a milk price of 33.57 cents per kilo including all average premiums and the dividend - a price that was still competitive within the north German business environment - compared to all German dairy companies in total, we were slightly below average in the year 2018. However, the company's performance and the first fruits of restructuring are an equally important per-

spective. With a stable turnover of 5.6 billion euros, profits at the previous year's level of 30.6 million euros and an equity ratio of 30.9 percent, we held the DMK Group economically in very stable waters despite the continued challenging market situation and the loss of milk volumes.

High milk price volatility will undoubtedly remain with us on our future path. In light of this fact, the executive bodies gave a great deal of thought in 2018 to a solution for partially hedging milk prices through a milk futures exchange. Our goal is to offer our members an exclusive hedging model that will improve their financial security and planning certainty.

We see ourselves as a modern cooperative, and accordingly took a first step last year towards contemporary payment for the milk

ingredients, more focused on value added, and changed the ratio of fat and protein in the payment from 1: 2 to 1: 1.5. As of 1 January 2019, we introduced 1: 1 payments.

We also modernised a number of elements in the Milkmaster Programme, which defines our standards for responsible milk production, and simplified the system for the dairy farmers in 2018. We are now working on a market-oriented further development of the programme, with which we aim to drive forward the integration of the DOC Kaas system MELKkompass and to concentrate on future-related topics in the coming year.

Our future-proof realignment has found approval: more new dairy farmers are now becoming interested again in becoming members of DMK. In this context, the fact that the commitment to supply milk was reduced in the previous year from two years to one gives dairy farmers additional flexibility.

It was our key concern in the year under review to identify such needs among our members and develop workable solutions. We will go on doing so in the future, because at DMK, when we say "we", we mean all employees and farmers - a total of around 14,000 people, and in many cases their immediate family members on the farms on top of that. We have undertaken and achieved an enormous amount for and with one another in the past two years. In doing so, we not only took the perspective of the day-to-day business, but also that of the future, to give targeted consideration today to the markets of tomorrow and prepare ourselves for these markets. Because the path we take now will determine our future success and competitiveness in the years to come. Let us continue to follow that path together this year, and enable the market to witness our performance capabilities as a future-proof company and modern cooperative. We as elected officers will continue to drive this approach forward in our cooperative's various executive bodies.



Heinz Korte,  
Chairman of the Supervisory  
Board of the DMK Group



Thomas Stürz,  
Chairman of the Board of  
Management of Deutsches  
Milchkontor eG

# The 2018 fiscal year

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## **Deutsches Milchkontor eG**

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## **DMK Deutsches Milchkontor GmbH**

Profit and loss account

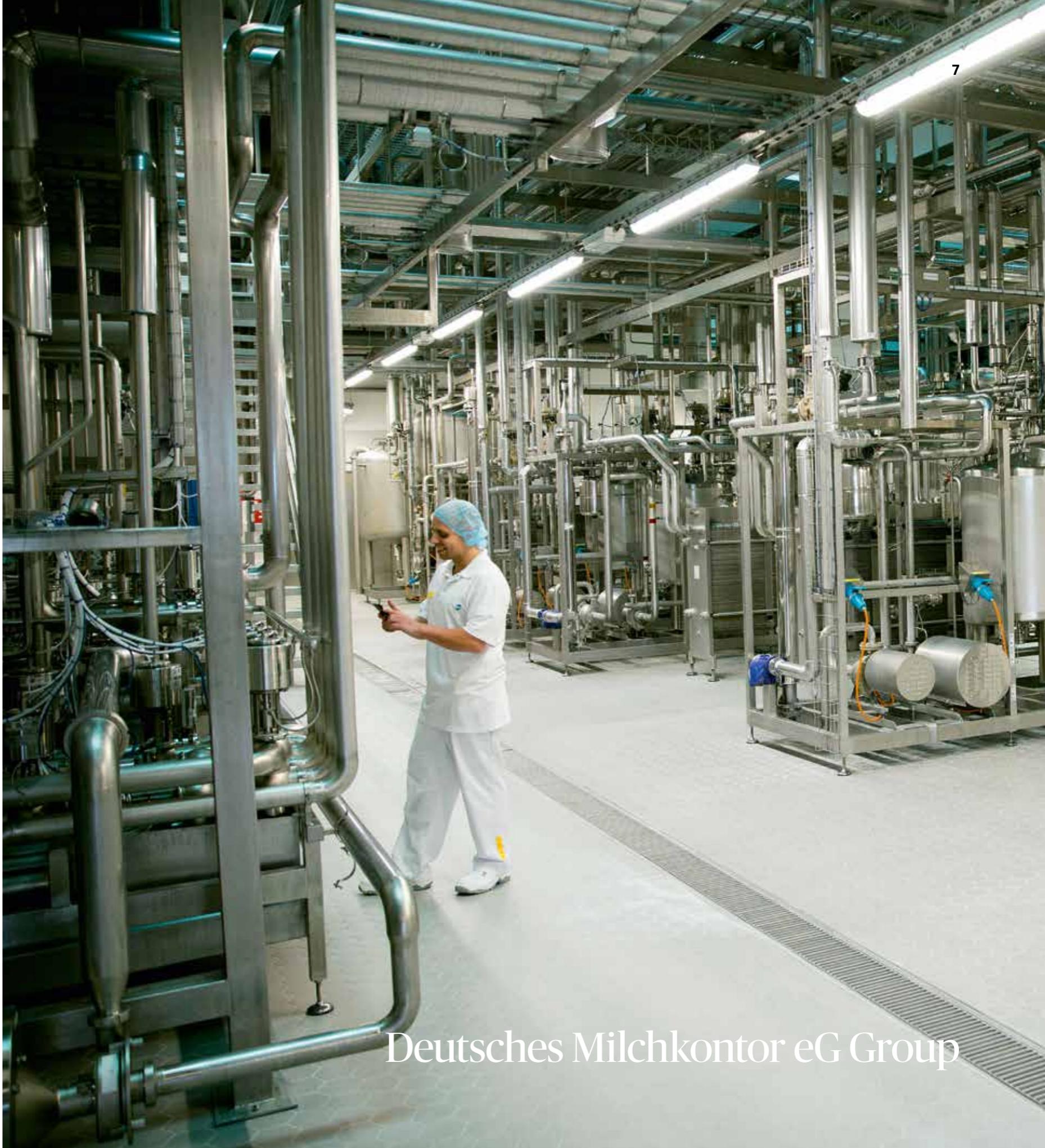
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**Deutsches Milchkontor eG Group**

# Dairy market influenced by drought

In addition to seasonal volatility, the dairy market was overshadowed in 2018 by the effect of the hot weather and extremely dry conditions on the volume and quality of feed. In total, dairy farmers in Germany nevertheless supplied 1.7% more milk and in the EU 0.8% more: a higher yield from the cows led to an increase in the milk collection.

The dairy herd and number of farms continued to decline. Milk prices tracked the trend in skim milk powder, cheese and whey powder revenues, which were weaker than in the previous year. Conventional milk (4.0% fat and 3.4% protein) fell to an average value of 33.82 cents per kilo.

Product markets showed an uneven development in 2018: while the butter market shrank slightly under price volatility, the cheese market grew, particularly in the areas of processed cheese, mozzarella and soft cheese. Cheese

prices softened again somewhat by the end of the year after a positive phase. Dried milk products saw growth in the production of whole milk and buttermilk powders, while skim milk production went down. In the light of increasing price rises, the EU Commission succeeded in selling the majority of its intervention stocks of skim milk powder. Divergent trends were to be observed in the production of the "white line" dairy range. The market for drinking milk dropped again in the year under review, with a decrease of 3.1%. Retail grocery sales in the ice cream segments rose year on year by €236.5 million. The German baby food market shrank after the previous years' growth by 9.2%, to a sales volume of €954.5 million. The market for milk formulae fell by 17.3%, while the solid baby foods market remained more or less stable year on year. Exports of German dairy products also remained stable overall year on year, with slight increases in cheese and skim milk powder exports.

## Significant fall in milk volume

One of the most significant factors in the 2018 fiscal year for DMK was the resignation of dairy farmers from Deutsches Milchkontor eG, with its accompanying reduction in the milk volume. These changes affected planning, production and marketing. The company responded with actions including factory closures, cooperation and production agreements and external purchases of raw milk. This was also the context for portfolio adjustments towards higher-value areas such as the business with the MILRAM brand, which grew in 2018.

In the year under review, DMK completed the MOVE restructuring programme, which had been launched in previous years for the purpose of Group reorganisation. MOVE had taken major steps in the areas of controlling, organisation and communication. In May 2018, DMK increased its stake in the Russian cheese manufacturer IKAM Richart Holding GmbH to 100%. DOC Kaas B.V. was integrated into the in-house SAP systems landscape as a pure toll manufacturing company.

**Equity ratio of  
30.9  
percent**

**Preferred partner to retail and industry**  
Within the framework of the 2020 strategy, DMK aims to position itself as a preferred partner to retailers and industrial companies with an attractive product portfolio and tailor-made services, thereby enabling it to pay competitive milk prices. For this purpose, the company is focusing on such activities as increasing value added by optimising its product range, developing customised solutions and improving

Group turnover of

# 5.6

billion euros

Average farm gate price of

# 33.57

eurocents/kilo

its internal efficiency. In the medium term, it plans to achieve market leadership in Germany with a strong product portfolio. Its goal here equates to a strong and profitable position in the home market, local roots with a regional image, excellent infrastructure and quality of supply, and a relevant product range. The home market serves as the linchpin. The business is supported by focused international activities and a significant share of exports.

The company started initial activities to develop the long-term DMK Group 2030 strategy during the year under review. This should secure DMK's ability to address foreseeable developments early and consider future requirements accordingly. For the year 2019, the focus

remains on increasing value added by portfolio optimisation measures, product development, and internal efficiency improvements in the domestic and international business with consumers and industry customers.

#### Slight upturn in consolidated net income

The 2018 fiscal year turned out better than the previous one, as demonstrated in the consolidated net income and other areas: Overall, despite the impairment of €6.2 million on financial investments, the consolidated net income for the year has improved slightly from €29.6 million in 2017 to €30.6 million in the year under review. DMK has thus achieved the target bandwidth for net income of €30 to €35 million.

DMK benchmarks its average price of conventional milk against that of a defined peer group of eleven dairies. For 2018, the company earned a benchmark price of 33.57 cents per kilo, just short of the peer group's price of 33.71 cents per kilo. This price does not meet the internal goals we set. Against this background, the Group management is not satisfied with the way the reporting period went, but considers itself to be on the right track for further business development.

The sales forecast for 2018 published in the previous year's annual report was €5.7 billion. With prices slipping in general, the company fell slightly short of the forecast for fiscal year 2018 and generated sales of €5.6 billion. Apart from lower milk volumes, this was due to the altered price situation. Overall, sales declined across all product groups with the exception of baby food, fresh dairy products and UHT products. Export sales likewise dipped slightly year on year, essentially due to falling prices. Sales revenues in a number of business areas also fell in the year under review because of the unfa-



billion kilos of  
milk processed

Consolidated net income of

30.6

million euros

vourable trend in prices. The consolidated equity ratio for 2018 was 30.9 % on the balance sheet date (31/12/2017: 31.1 %).

#### Focus on value added continues

In the near future, the Group management expects an upturn in demand in the home market and in relevant international markets. While competition on commodities remains as fierce as ever, the trend towards high-end foods will ensure further growth in the higher-value segments and the demand for dairy products is likely to rise further, particularly in the growth regions of Asia, Africa and the Middle East. Its broad product portfolio gives DMK the chance to compensate for market fluctuations in individual products.

In view of the falling milk volume, DMK will channel its milk into the profitable product areas. The Business Unit Private Label is aiming for competitive differentiation in the volume

and value added segments. The Business Unit Industry is positioning itself as a supplier that can offer reliable quality and volume for international B2B customers and will continue its policy of increasingly substituting special powders for standard powders in ingredients. The Business Unit Brand is focusing on expanding the relevance of the MILRAM brand as a full-liner for consumers and food service users. The Business Unit International is expanding its position in key countries for its growing, future-proof international business, and is working in parallel on shifting from pure exports to a business aligned with specific markets. In the baby food business, DMK will continue to go for growth and expansion and particularly aims to tap into the potential of foreign markets to increase its sales revenues. The ice cream division will continue on the course it adopted during the optimisation efforts, and expects a significantly improved trend in income as a result.

<b>Group profit and loss account</b> in EUR million for the period from 1 January 2018 to 31 December 2018		
	<b>2018</b>	<b>2017</b>
1 Sales revenues	5,571.0	5,795.6
2 Increase or decrease in finished goods inventories and work in progress	34.5	57.9
3 Capitalised cost of self-constructed assets	1.1	1.4
4 Other operating income	61.8	88.9
<b>Subtotal</b>	<b>5,668.3</b>	<b>5,943.7</b>
5 Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased materials	4,529.4	4,820.0
b) Cost of purchased services	19.0	21.9
	<b>4,548.3</b>	<b>4,841.9</b>
<b>Gross profit or loss</b>	<b>1,120.0</b>	<b>1,101.8</b>
6 Personnel expenses		
a) Wages and salaries	346.0	352.6
b) Social security and other pension costs	74.6	70.6
	<b>420.6</b>	<b>423.1</b>
7 Depreciation of intangible assets and tangible assets	134.5	139.1
8 Other operating expenses	492.2	473.0
<b>Subtotal (1. – 8.)</b>	<b>72.7</b>	<b>66.6</b>
9 Income from associated companies	1.7	6.3
10 Income from participating interests and capital contributions	1.7	0.7
11 Income from other investments and long-term loans	0.2	0.3
12 Other interest and similar income	0.7	1.0
<b>Subtotal (9. – 12.)</b>	<b>4.3</b>	<b>8.3</b>
13 Write-downs of financial assets and investments held as current assets	6.2	0.1
14 Interest and similar expenses	25.2	24.1
15 Payment for participatory capital	0.9	1.3
16 Taxes on income	10.6	18.0
<b>17 Result after tax</b>	<b>34.0</b>	<b>31.4</b>
18 Other taxes	3.4	1.8
<b>19 Consolidated net profit for the year</b>	<b><u>30.6</u></b>	<b><u>29.6</u></b>

<b>Group cash flow statement</b> in EUR million		
		<b>2018</b>
<b>1 Consolidated net profit for the year</b>		<b>30.6</b>
2 +/- Depreciation/write-ups of fixed assets		140.1
3 +/- Increase/reduction in provisions		-2.6
4 +/- Other non-cash expenses/income		1.0
5 -/+ Increase/reduction in inventories, accounts receivable and other assets which cannot be allocated to investing or financing activities		-46.9
6 +/- Increase/reduction in accounts payable and other liabilities which cannot be allocated to investing or financing activities		-51.7
7 -/+ Gain/loss from disposal of fixed assets		-1.6
8 +/- Interest expenses/interest income		25.2
9 - Other income from participating interests		-2.4
10 +/- Expenses/income of exceptional size or incidence		0.0
11 +/- Expenses/income from income tax		10.9
12 + Cash receipts relating to income of exceptional size or incidence		0.0
13 - Income tax payments		-13.1
<b>14 = Cash flow from operating activities</b>		<b>89.5</b>
15 + Payments from disposal of intangible assets		0.2
16 - Investments in intangible assets		-17.5
17 + Payments from disposal of tangible assets		6.0
18 - Investments in tangible assets		-132.2
19 + Payments from disposal of financial assets		0.9
20 - Investments in financial assets		-9.8
21 - Outpayments to the scope of consolidation		0.0
22 + Cash receipts relating to income of exceptional size or incidence		0.0
23 + Interest received		1.0
24 + Dividends received/income from transfer of profits		4.7
<b>25 = Cash flow from investing activities</b>		<b>-146.7</b>
26 + Inpayments for capital contributions and participatory capital		13.3
27 - Outpayments for capital contributions and participatory capital		-28.2
28 + Inpayments from equity capital contributions by other shareholders		6.1
29 + Inpayments from financial loans		9.9
30 - Outpayments for repayment of financial loans		-42.8
31 + Inpayments from allowances/contributions received		2.9
32 - Interest paid		-15.9
33 - Payments for participatory capital/dividends paid		-8.0
34 - Dividends paid to other shareholders		-2.8
<b>35 = Cash flow from financing activities</b>		<b>-65.5</b>
36 Net increase (decrease) in cash and cash equivalents		-122.7
37 +/- Changes in cash and cash equivalents due to exchange rates		-0.2
38 +/- Changes in cash and cash equivalents due to the scope of consolidation		0.0
39 + Cash and cash equivalents at beginning of period		-63.1
<b>40 = Cash and cash equivalents at end of period</b>		<b><u>-185.9</u></b>

<b>Assets</b> in EUR million	31.12.2018	31.12.2017
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1 Concessions, industrial property rights and similar rights and values, as well as licences thereto	32.9	37.0
2 Goodwill	23.5	19.7
3 Payments on account	1.3	0.6
<b>Total intangible assets</b>	<b>57.7</b>	<b>57.3</b>
<b>II. Tangible assets</b>		
1 Land and leasehold rights and buildings, including buildings on third-party land	342.5	314.5
2 Plant and machinery	403.2	410.5
3 Other fixtures and fittings, tools and equipment	36.2	32.3
4 Payments on account and tangible assets under construction	91.1	105.5
<b>Total tangible assets</b>	<b>872.9</b>	<b>862.8</b>
<b>III. Financial assets</b>		
1 Shares in associated companies	5.5	5.3
2 Participating interests in associated companies	23.1	24.4
3 Participating interests	7.6	9.3
4 Loans to companies in which a participating interest is held	5.8	1.0
5 Capital contributions to cooperative societies	1.0	1.0
6 Other loans	0.3	0.6
<b>Total financial assets</b>	<b>43.3</b>	<b>41.6</b>
<b>Total fixed assets</b>	<b>973.9</b>	<b>961.7</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1 Raw materials and supplies	61.5	60.5
2 Work in progress	38.4	46.9
3 Finished goods and goods for resale	337.9	275.7
4 Payments on account	0.3	0.0
<b>Total inventories</b>	<b>438.1</b>	<b>383.1</b>
<b>II. Accounts receivable and other assets</b>		
1 Accounts receivable (trade debtors)	320.7	389.2
2 Due from associated companies	12.9	9.1
3 Due from companies in which a participating interest is held	23.0	2.7
4 Other assets	171.4	137.1
<b>Total accounts receivable etc.</b>	<b>528.0</b>	<b>538.1</b>
<b>III. Investments</b>		
1 Other investments	0.0	0.3
<b>IV. Cash in hand, cash on deposit with Deutsche Bundesbank, cash in other bank accounts and cheques</b>	<b>41.0</b>	<b>36.3</b>
<b>C. Prepayments and accrued income</b>	<b>3.9</b>	<b>2.5</b>
<b>D. Deferred tax assets</b>	<b>1.1</b>	<b>0.0</b>
<b>E. Difference due to capital account</b>	<b>0.0</b>	<b>0.0</b>
<b>Total assets</b>	<b>1,986.0</b>	<b>1,922.0</b>

<b>Equity capital and liabilities</b> in EUR million	31.12.2018	31.12.2017
<b>A. Equity capital</b>		
<b>I. Capital contributions</b>		
1 of remaining members	137.8	162.2
2 of withdrawing members	30.6	21.9
3 from cancelled shares	0.0	0.0
<b>Total capital contributions</b>	<b>168.5</b>	<b>184.1</b>
<b>II. Capital reserve</b>	<b>48.2</b>	<b>47.0</b>
<b>III. Revenue reserves</b>		
1 Statutory reserve	116.8	115.0
2 Other revenue reserves	124.2	115.9
<b>Total revenue reserves</b>	<b>241.0</b>	<b>230.9</b>
<b>IV. Difference in equity due to foreign currency translation</b>	<b>-0.6</b>	<b>-0.3</b>
<b>V. Participatory capital</b>	<b>29.0</b>	<b>24.5</b>
<b>VI. Consolidated net loss/consolidated net profit</b>		
1 Consolidated profit/loss brought forward	38.0	-6.7
2 Consolidated net profit for the year	30.6	29.6
3 Allocations to reserves	-7.9	-7.6
4 Withdrawal from reserves	0.0	35.5
5 Non-controlling interests	-2.5	-4.0
<b>Total consolidated net loss/profit</b>	<b>58.1</b>	<b>46.8</b>
<b>VII. Non-controlling interests</b>	<b>69.4</b>	<b>65.5</b>
<b>Total equity capital</b>	<b>613.6</b>	<b>598.5</b>
<b>B. Difference due to consolidation of capital</b>	<b>2.3</b>	<b>2.3</b>
<b>C. Special item for investment subsidies</b>	<b>13.9</b>	<b>14.1</b>
<b>D. Accrued liabilities</b>		
1 Provisions for pensions and similar obligations	119.3	114.6
2 Provisions for taxation	25.5	26.5
3 Other provisions	133.9	132.0
<b>Total accrued liabilities</b>	<b>278.8</b>	<b>273.1</b>
<b>E. Liabilities</b>		
1 Due to banks	578.4	483.9
2 Advance payments received	1.8	1.1
3 Accounts payable (trade creditors)	322.6	358.2
4 Due to associated companies	2.2	2.1
5 Due to companies in which a participating interest is held	0.1	0.2
6 Other liabilities	164.1	180.4
<b>Total liabilities</b>	<b>1,069.1</b>	<b>1,025.9</b>
<b>F. Deferred income</b>	<b>0.3</b>	<b>0.4</b>
<b>G. Deferred tax liabilities</b>	<b>7.9</b>	<b>7.7</b>
<b>Total equity capital and liabilities</b>	<b>1,986.0</b>	<b>1,922.0</b>



Deutsches Milchkontor eG

Profit and loss account in EUR thousand for the period from 1 January 2018 to 31 December 2018		
	2018	2017
1 Sales revenues	1,838,955.4	2,113,430.8
2 Other operating income	5,533.9	2,519.2
<b>Subtotal</b>	<b>1,844,489.3</b>	<b>2,115,950.0</b>
3 Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased materials	1,815,639.5	2,085,198.1
	<b>1,815,639.5</b>	<b>2,085,198.1</b>
<b>Gross profit or loss</b>	<b>28,849.8</b>	<b>30,751.9</b>
4 Personnel expenses		
a) Wages and salaries	307.6	310.6
	<b>307.6</b>	<b>310.6</b>
5 Depreciation of intangible assets and tangible assets	16.7	116.9
6 Other operating expenses	10,625.0	11,407.1
<b>Subtotal (1. - 6.)</b>	<b>17,900.5</b>	<b>18,917.3</b>
7 Income from participating interests and capital contributions	0.6	0.6
8 Income from other investments and long-term loans	13.5	25.5
9 Other interest and similar income	453.8	466.9
<b>Subtotal (7. - 9.)</b>	<b>467.9</b>	<b>493.0</b>
10 Write-downs of financial assets and short-term investments	0.8	0.0
11 Interest and similar expenses	847.7	935.4
12 Taxes on income	138.5	573.6
<b>13 Result after tax</b>	<b>17,381.5</b>	<b>17,901.3</b>
14 Other taxes	1.7	1.7
<b>15 Net profit for the year</b>	<b>17,379.8</b>	<b>17,899.6</b>

<b>Assets</b> in EUR thousand	31.12.2018	31.12.2017
<b>A. Fixed assets</b>		
<b>I. Tangible assets</b>		
1 Land and leasehold rights and buildings, including buildings on third-party land	116.9	143.0
2 Other fixtures and fittings, tools and equipment	2.1	3.5
<b>Total tangible assets</b>	<b>119.0</b>	<b>146.5</b>
<b>II. Financial assets</b>		
1 Shares in associated companies	335,457.1	335,457.1
2 Participating interests	9.5	13.3
3 Capital contributions to cooperative societies	13.2	13.4
4 Other loans	305.9	635.9
<b>Total financial assets</b>	<b>335,785.7</b>	<b>336,119.7</b>
<b>Total fixed assets</b>	<b>335,904.7</b>	<b>336,266.2</b>
<b>B. Current assets</b>		
<b>I. Accounts receivable and other assets</b>		
1 Accounts receivable (trade debtors)	210.2	192.6
2 Due from associated companies	237,327.5	270,406.1
3 Other assets	9,367.0	6,984.7
<b>Total accounts receivable etc.</b>	<b>246,904.7</b>	<b>277,583.4</b>
<b>Total assets</b>	<b>582,809.4</b>	<b>613,849.6</b>

<b>Equity capital and liabilities</b> in EUR thousand	31.12.2018	31.12.2017
<b>A. Equity capital</b>		
<b>I. Capital contributions</b>		
1 of remaining members	137,835.9	162,172.8
2 of withdrawing members	30,591.7	21,927.4
3 from cancelled shares	44.7	43.9
<b>Total capital contributions</b>	<b>168,472.2</b>	<b>184,144.1</b>
<b>II. Capital reserve</b>	<b>36,104.9</b>	<b>35,994.9</b>
<b>III. Revenue reserves</b>		
1 Statutory reserve	116,805.5	115,005.5
2 Other revenue reserves	93,899.3	86,899.3
<b>Total revenue reserves</b>	<b>210,704.8</b>	<b>201,904.8</b>
<b>IV. Net profit</b>		
1 Profit brought forward	2,125.4	101.9
2 Net profit for the year	17,379.8	17,899.6
3 Allocations to reserves	-7,000.0	-7,000.0
<b>Total net profit</b>	<b>12,505.2</b>	<b>11,001.5</b>
<b>Total equity capital</b>	<b>427,787.1</b>	<b>433,045.3</b>
<b>B. Accrued liabilities</b>		
1 Provisions for taxation	3,863.6	4,886.7
2 Other provisions	677.8	673.1
<b>Total accrued liabilities</b>	<b>4,541.4</b>	<b>5,559.8</b>
<b>C. Liabilities</b>		
1 Accounts payable (trade creditors)	93,109.8	117,974.7
2 Due to associated companies	0.0	0.6
3 Other liabilities	57,371.0	57,269.2
<b>Total liabilities</b>	<b>150,480.9</b>	<b>175,244.5</b>
<b>Total equity capital and liabilities</b>	<b>582,809.4</b>	<b>613,849.6</b>



DMK Deutsches Milchkontor GmbH

<b>Profit and loss account</b> in EUR million for the period from 1 January 2018 to 31 December 2018		
	<b>2018</b>	<b>2017</b>
1 Sales revenues	4,088.8	4,548.6
2 Increase or decrease in finished goods inventories and work in progress	71.3	48.2
3 Capitalised cost of self-constructed assets	0.8	0.9
4 Other operating income	29.5	39.8
<b>Subtotal</b>	<b>4,190.3</b>	4,637.5
5 Cost of materials		
a) Cost of raw materials, consumables and supplies and of purchased materials	3,485.6	3,970.5
b) Cost of purchased services	87.8	63.0
	<b>3,573.4</b>	4,033.5
<b>Gross profit or loss</b>	<b>616.9</b>	604.0
6 Personnel expenses		
a) Wages and salaries	194.5	197.1
b) Social security and other pension costs	40.9	37.9
	<b>235.4</b>	235.0
7 Depreciation		
a) Depreciation of intangible assets and tangible assets	70.6	81.4
b) Depreciation on current assets where this exceeds ordinary depreciation for the corporation	10.0	0.0
8 Other operating expenses	275.9	264.6
<b>Subtotal (1. - 8.)</b>	<b>25.1</b>	23.0
9 Income from participating interests and capital contributions	4.1	0.4
10 Income from other investments and long-term loans	4.7	1.9
11 Other interest and similar income	3.2	5.6
<b>Subtotal (9. - 11.)</b>	<b>12.0</b>	7.9
12 Write-downs of financial assets and short-term investments	6.0	24.1
13 Interest and similar expenses	20.9	19.3
14 Payment for participatory capital	0.9	1.3
15 Taxes on income	6.4	9.1
<b>16 Result after tax</b>	<b>2.9</b>	-22.9
17 Other taxes	1.8	0.5
<b>18 Net profit for the year</b>	<b>1.0</b>	-23.4

<b>Assets</b> in EUR million	31.12.2018	31.12.2017
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1 Concessions, industrial property rights and similar rights and values, as well as licences thereto	13.9	15.9
2 Payments on account	0.6	0.3
<b>Total intangible assets</b>	<b>14.5</b>	<b>16.2</b>
<b>II. Tangible assets</b>		
1 Land and leasehold rights and buildings, including buildings on third-party land	148.0	155.0
2 Plant and machinery	199.9	223.3
3 Other fixtures and fittings, tools and equipment	14.5	15.5
4 Payments on account and tangible assets under construction	10.6	8.7
<b>Total tangible assets</b>	<b>373.0</b>	<b>402.5</b>
<b>III. Financial assets</b>		
1 Shares in associated companies	280.3	238.0
2 Loans to associated companies	313.5	230.1
3 Participating interests	2.4	2.4
4 Capital contributions to cooperative societies	0.6	0.6
<b>Total financial assets</b>	<b>596.7</b>	<b>471.1</b>
<b>Total fixed assets</b>	<b>984.3</b>	<b>889.8</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1 Raw materials and supplies	31.1	31.0
2 Work in progress	27.0	35.9
3 Finished goods and goods for resale	207.0	130.6
<b>Total inventories</b>	<b>265.2</b>	<b>197.5</b>
<b>II. Accounts receivable and other assets</b>		
1 Accounts receivable (trade debtors)	145.0	180.9
2 Due from associated companies	195.4	156.7
3 Due from companies in which a participating interest is held	0.4	0.0
4 Other assets	80.5	79.0
<b>Total accounts receivable and other assets</b>	<b>421.3</b>	<b>416.6</b>
<b>III. Cash in hand, cash on deposit with Deutsche Bundesbank, cash in other bank accounts and cheques</b>	<b>7.4</b>	<b>8.5</b>
<b>C. Prepayments and accrued income</b>	<b>3.3</b>	<b>1.8</b>
<b>Total assets</b>	<b>1,681.4</b>	<b>1,514.2</b>

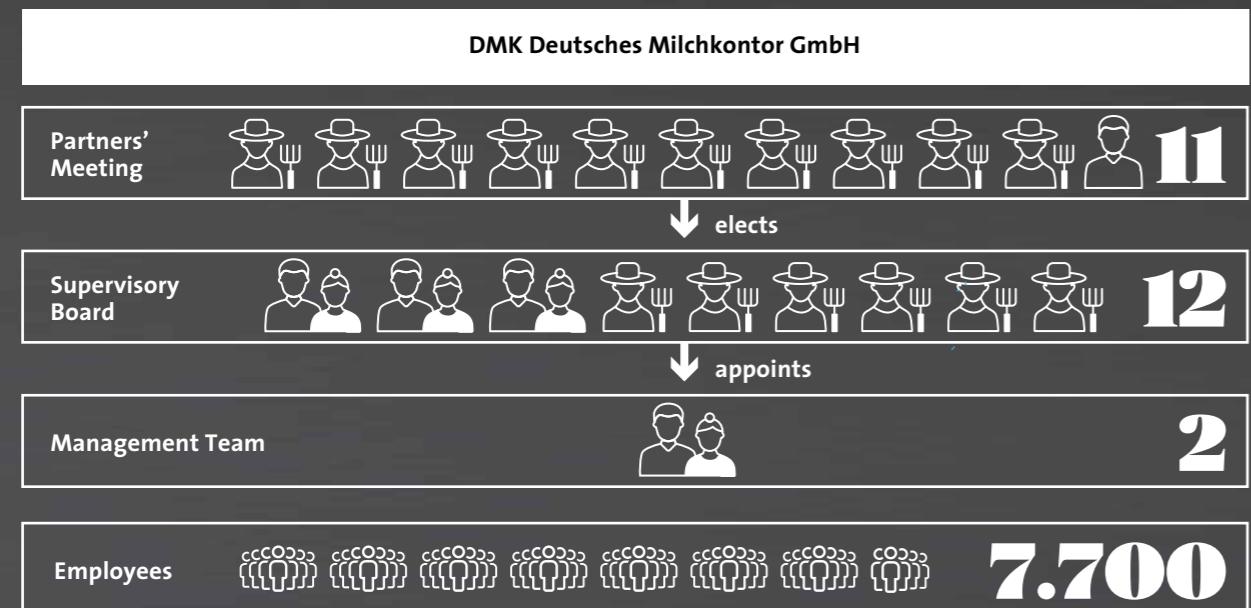
<b>Equity capital and liabilities</b> in EUR million	31.12.2018	31.12.2017
<b>A. Equity capital</b>		
<b>I. Subscribed capital</b>	<b>166.7</b>	<b>166.7</b>
<b>II. Capital reserve</b>	<b>193.6</b>	<b>193.6</b>
<b>III. Profit brought forward</b>	<b>57.1</b>	<b>57.1</b>
<b>IV. Participatory capital</b>	<b>29.0</b>	<b>24.5</b>
<b>V. Net profit for the year/net loss for the year</b>		
1 Profit brought forward/loss brought forward	3.0	-9.1
2 Net profit for the year/net loss for the year	1.0	-23.4
3 Drawings on reserves	0.0	35.5
<b>Net profit</b>	<b>4.0</b>	<b>3.0</b>
<b>Total equity capital</b>	<b>450.4</b>	<b>444.9</b>
<b>B. Special item for investment subsidies</b>	<b>1.6</b>	<b>1.2</b>
<b>C. Accrued liabilities</b>		
1 Provisions for pensions and similar obligations	110.6	105.6
2 Provisions for taxation	13.2	9.8
3 Other provisions	84.8	93.9
<b>Total accrued liabilities</b>	<b>208.6</b>	<b>209.3</b>
<b>D. Liabilities</b>		
1 Due to banks	515.9	389.7
2 Advance payments received	0.7	0.3
3 Accounts payable (trade creditors)	80.9	79.6
4 Due to associated companies	346.0	291.6
5 Due to companies in which a participating interest is held	0.1	0.0
6 Other liabilities	77.0	97.6
<b>Total liabilities</b>	<b>1,020.6</b>	<b>858.8</b>
<b>E. Prepayments and accrued income</b>	<b>0.1</b>	<b>0.0</b>
<b>Total equity capital and liabilities</b>	<b>1,681.4</b>	<b>1,514.2</b>

# A strong community. With clear structures.

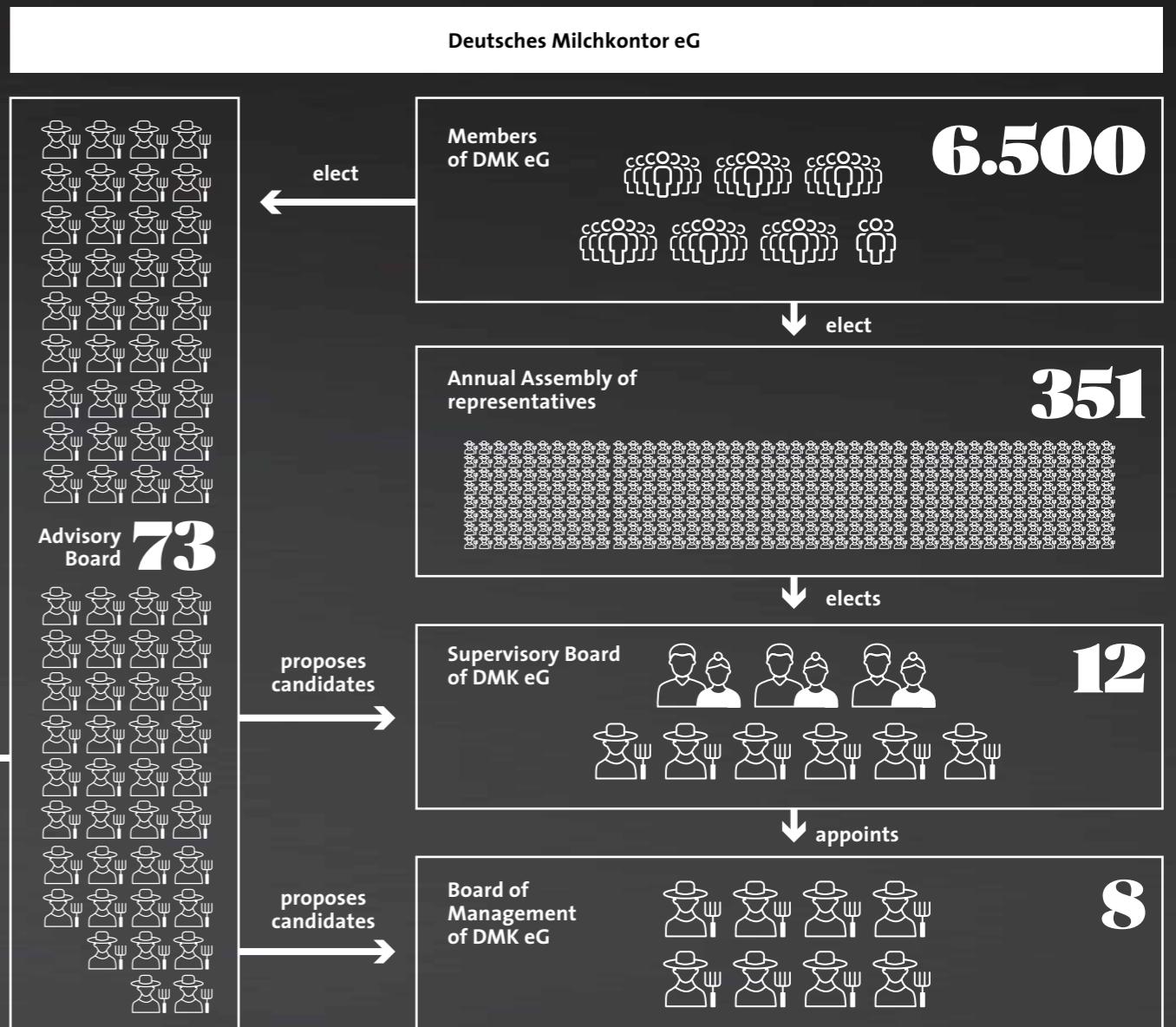
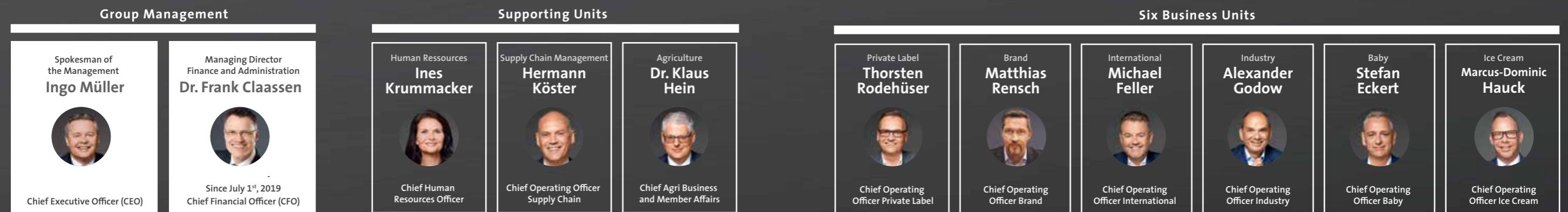
With around 7,700 employees at more than 20 locations in Germany, the Netherlands and other international hubs, Germany's largest dairy cooperative processes milk into food of the highest quality. The product portfolio ranges from cheese,

dairy products and ingredients to baby food, ice cream and health products. Brands such as MILRAM, Oldenburger, Uniekaas, Alete and Humana have earned the trust of consumers at home and abroad, making the company an estab-

lished player in its home markets and selected target markets around the globe. As one of the largest suppliers to the German food retail industry with a total revenue of 5.6 billion euros, DMK Group is one of Europe's leading dairy companies.



## MANAGEMENT





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You will find further information in the  
digital Annual Report and Sustainability  
Report 2018 at [www.dmk.de](http://www.dmk.de).

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