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Flavoured milk a sweet treat in Parmalat profit

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DAIRY: Parmalat Australia, whose dairy-based brands include Pauls milk and flavoured milk Ice Break, has posted a healthy rise in full-year profit to $30.639 million as sales growth in the flavoured milk category outstrips traditional milk volumes by almost three times.

However, branded milk is coming under sustained market share pressure from supermarket private label milk with the latest data from industry group Dairy Australia showing branded dairy products had retreated to about 35-40 per cent share of the supermarket basket, down from more than 50 per cent.

Flavoured milk now makes up 20 per cent of all drinking milk sales by value. Controlled by the Lactalis Group, a family-owned and operated company in the west of France, Parmalat is a global dairy processor with more than 36,000 employees in 18 countries.

Through its ownership of Pauls, Parmalat Australia has a history in Australia going back to the 1930s.

Its latest financial results issued to the corporate regulator show a steady rise in revenue and profitability despite the intense competitive pressures swirling through the dairy sector, including the supermarket price wars that forced down the prices of dairy products such as branded milk, flavoured milk, yoghurt and cheese.

The accounts for calendar 2017 show Parmalat Australia increased revenue to $1.835 billion, from $1.798bn in 2016, as profit rose to $30.639m, from $28.497m — a gain of 7.5 per cent.

Parmalat Australia has faced challenges, and not just from inside the dairy sector and the supermarkets.

Last year, Chinese authorities suspended its export licence for its fresh milk factory in South Australia, accusing the processor of overheating pasteurised milk at its Clarence Gardens site in Adelaide.

The Certification and Accreditation Administration of the People’s Republic of China, or CNCA, which is authorised to administer the importation of key food products, was unhappy with the temperatures Parmalat was heating its milk to.

A recent update by the CNCA listed Parmalat Australia as an approved processor. But other challenges remain, including the battle across the supermarket aisles between branded and private-label dairy products, in particular drinking milk, that has created both threats and opportunities for dairy farmers, processors and brand owners.

Dairy Australia’s latest situation and outlook report highlighted the resurgence in private-label milk sales after consumers initially were wooed by a campaign for branded milk.

“Private-label fresh milk has continued to regain market share, now accounting for 649 million litres, or 59 per cent of fresh white milk sold in supermarkets,” the report said.

Before the massive consumer response to the segment Milked Dry, aired on The Project in 2016, private labels’ market share was about 66 per cent.

However, for Parmalat Australia, the real growth is in the flavoured milk brands category, which is easily growing faster than sales of traditional white milk.“Flavoured milk sales have continued to grow over the last

12 months, with total volumes of fresh flavoured milk growing 7.1 per cent to 133 million litres, while sales value grew by 6.7 per cent to $473m,'' Dairy Australia said.

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