NOURISHING LIFE

Ausnutria's infant formulas made from organic cow and goat's milk are loved all over the world. Thanks to Chief Executive Officer Bart Van Der Meer the company is thriving and will soon be boosted by €200 million of investment.

BART VAN DER MEER / CEO Ausnutria Dairy Corp

usnutria's growth has been strong and steady since the company founded its first factory back in 1897. Initially a producer of butter and condensed milk, for the past 70 years Ausnutria has been creating a range of infant formulas and today focusses on products based on both organic cow and goat's milk for children, which are enjoyed worldwide. Leading the organisation forward is Dutchman Bart Van Der Meer, who established the Netherlands-based Hyproca Group (now known as Ausnutria B.V.) in 1994. He's the executive director and CEO of the business and is primarily responsible for managing and executing the group's overall direction and corporate operation decisions. Bart has consolidated the company's position in the market alongside dairy giants like Nestle.

Vision and control

A successful time in the dairy industry is not the only feather in Bart's cap. He worked for multinational banking group Rabobank for more than 25 years and was chairman of Dutch premier football club SC Heerenveen's Supervisory Board from 1998 to 2012.

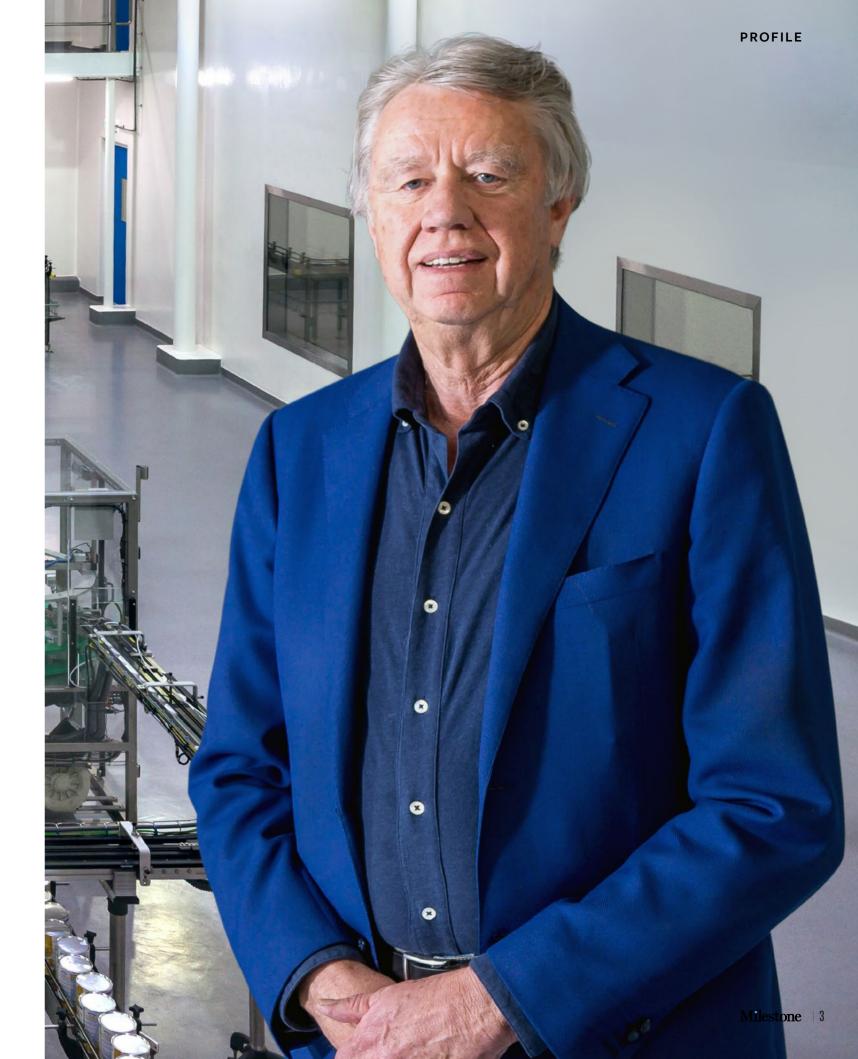
"Going from banking to the food industry may not be the most logical of steps but the opportunity came up and I took it," Bart says.



"In 1994, PHM Investments (owned by Bart) acquired De Vechtstreek, a dairy factory in Ommen, and we developed the company's vision with total control over the supply chain, from beginning to end. For the last few years following this investment, this vision has been realised through an active buy and build strategy."

This strategy includes the acquisition of the Lypack and Lyempf dairy factories (both in the Netherlands), dairy wholesaler HB Food Group, private label brand Neolac, and a share in dairy trade company Farmel. After these purchases, Bart was at the forefront of the decision to start producing infant formula under Ausnutria's own brands, with a focus on goat's milk (Kabrita) and organic cow's milk (Neolac).

In 2010, Bart joined the board in Hong Kong and became CEO of Ausnutria Dairy Corporation, which bought 51% of Ausnutria B.V.'s shares at the same time. Just under a decade later and Bart is still CEO of the board and enjoying the cooperation of his Chinese colleagues, despite the challenges of doing business in Asia: "Adjusting to the Chinese work culture took some time but I've helped Ausnutria build some very good relationships over the last decade. It's not easy negotiating with the Chinese but we are number one in goat's milk infant food in the country, so we continue to be





In the wake of this expansion, the company entered a new phase, which fuelled sales in China and worldwide, as well as the further development of Ausnutria's own brands. Its aim is to grow into a medium-sized dairy company and an international niche player in dairy-based food products.

One issue in China that Bart is keeping an eye on is the country's decreasing birth rate. Fewer babies lead to fewer parents buying Ausnutria's infant formulas, which has forced the company to adjust its policy and spurred a bigger push in South America, the US, and Europe. "We're working to get a foothold in other parts of the world and have set up offices in Brazil and Mexico, among other locations, and we're also interested in Russia, the Middle East, and other countries in Asia. China remains our biggest market for infant food and I still expect a growth of 10% over the next three to five years," Bart says. "We are concentrating on extending our production and need to invest around €200 million in the coming years. We are still relatively small but we have a quick decision-making process in place and a great working atmosphere. If good plans are made we can adopt them, we can react on the market very quickly. This is a big advantage because Ausnutria is competing against the big ones like Nestle, Danone, etc."

Golden standard

In China, it's common to work around the clock so Ausnutria is really benefitting from the Asian work ethic. The company has also built strong and lasting relationships with European suppliers, who deliver to the factories in the Netherlands where the products are made. The Netherlands is known as a dairy country so there's great confidence in what the industry creates. The soil and climate are ideal for farming and Dutch dairy farmers monitor the entire agricultural process through means of a certified quality management system to guarantee healthy and happy animals, not to mention high-quality milk.

"In addition to milk, some of the ingredients in this business can be scarce but thanks to the

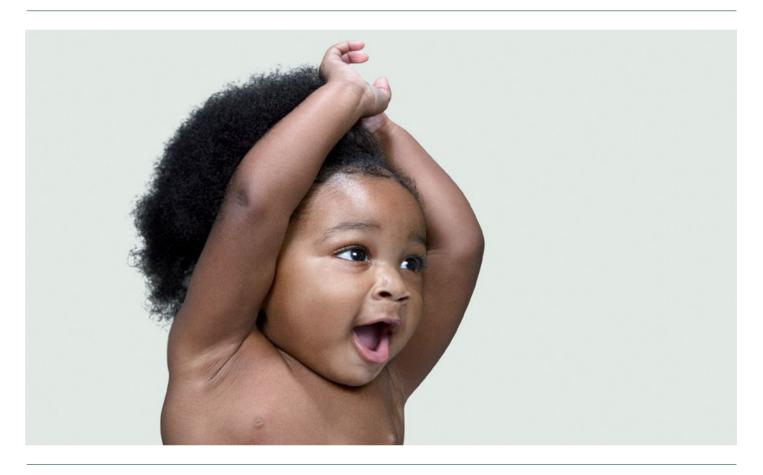
We want to grow in China and the rest of the world. We are building our own future with state-of-the-art supply and production facilities

relationships we've forged with our producers we always have a supply," Bart explains. "We deal with up to 100 companies around the world, many in Denmark, Germany, France, and of course the Netherlands. In the dairy industry, Europe is a closed bloc so if you're buying ingredients from outside they are not always approved, there's strict control so we are concentrating on products from Europe."

It's important to note that Ausnutria considers breast milk the golden standard when it comes to both composition and quality, and the company supports breastfeeding "as the best choice for babies." However, not all mothers are able to do so or prefer to use formula, and in addition to the products Ausnutria creates it also offers private labels and services for other companies that want to bring their own infant formula brand to the market.

"Our core business is infant food, our safety and quality are the number one priorities and we are managing this company on these priorities. The safety of our consumers is paramount," Bart adds. "We want to grow in China and the rest of the world. We are building our own future with state-of-the-art supply and production facilities while looking at a wider perspective, including new options for adults and health products."

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