

WHY DAIRY PROCESSING?

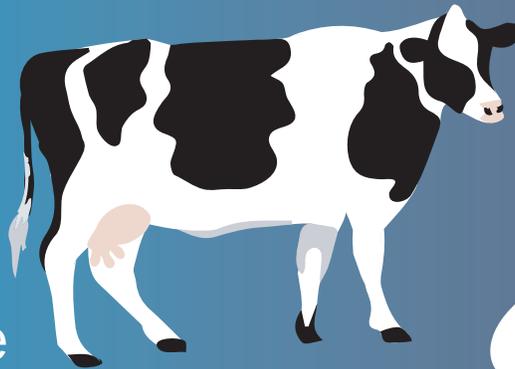
24% Lower Cost of Living in Virginia



LABOR COSTS



Wages Lower
Right to Work State



**\$308.3
MILLION**
IN RECEIPTS
TO DAIRY FARMERS

56,937,590 people within 300 miles

Ranks Higher
In Water
Resources
Than Most
Dairy
States

According to: GAO-14-430



Virginia

Leads
the Way in
Infrastructure
Rankings

Compared to dairy states in
2015 Infrastructure Report Card



Executive Summary



VIRGINIA KEY GROWTH AREAS

1. Serve corporate retailers
2. Promote niche-market activities
3. Focus on value-added dairy products

Dairy Industry Highlights

The dairy industry in Virginia is able to support a new regional-scale, value-added dairy processing facility. The strongest potential for a new facility is in value-added, further-processed dairy products.



Dairy production has increased, while demand for fluid milk has decreased.

56% increase in per capita sales of value-added dairy products



Sales and consumption of value-added dairy products are on the rise.

Milk is often transported long distances to process milk, adding large operating cost to many small- to mid-sized farms



Dramatic growth in sales and consumption for cheese, butter, and yogurt



New dairy processing plants reduce costs across supply chain, especially transportation costs.

Demand for dairy processing is expected to increase; **27 billion lbs** of milk processing capacity will be needed over next 10 years

Source: Ben Laine, CoBank, Aug. 2017

Value-Added Products

Per capita cheese consumption doubled over the past decade

Hispanic cheese sales are growing rapidly, representing an ideal opportunity in the industry.

The price of value-added products is more stable than the price of fluid milk.

The commodity price of milk is extremely volatile, experiencing major shifts weekly.

Further differentiating products increases access to markets.

Products such as UHT milk have high export potential.

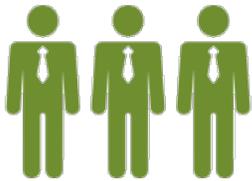
Virginia's Attributes

Virginia Dairy

\$308.3 million
in milk cash receipts
to farmers

1.7 billion lbs
of farm milk
production in 2016

Virginia is historically strong in agriculture and industrial manufacturing. The dairy industry in Virginia is well-poised to be a good site for new regional-scale, value-added dairy processing facility. Close proximity to markets, access to abundant milk, and abundant water resources are some of the factors adding to the viability of a potential dairy processor in Virginia.



Skilled and accessible labor pool

Right-to-Work state

Lower cost of living in areas compared to top dairy producing states



Multiple incentives and tax breaks

Less cumbersome regulations

Adequate supply of milk



Abundant water access through multiple watersheds

Ranks higher in freshwater resources than most top dairy states



Access to growing population centers

Well-suited to reach export markets



Extensive transportation network

Multiple locations with existing infrastructure