Arla Foods to merge with German milk cooperative to form €19bn revenue giant

Diary producers Arla Foods and DMK Group are set to merge in a move that will create a €19bn revenue group.

The farmer-owned groups say the move – which is subject to regulatory approval – will create the strongest dairy cooperative in Europe. It follows collaboration between the two organisations, who say the merger will create a solid supply of milk and give it the financial muscle to invest for the future.

Jan Toft Nørgaard, chair of Arla Foods, said: "The foundation of this partnership is formed by our shared values, and I am immensely proud of this proposed merger, which is a win-win for our cooperatives. The strength of both Arla and DMK Group lies in our shared commitment to quality and innovation, and I see DMK Group as the perfect partner in shaping a new and strengthened Arla, poised to lead in the dairy industry."

Heinz Korte, chair of DMK Group, said: "We are proud of the planned merger with Arla, a cooperative that shares our commitment to innovation and optimal value creation. This partnership strengthens the resilience of our cooperatives and significantly contributes to strengthening the competitiveness of our farmers. Together, we can expand our reach for our dairy products, thus improving our offering and jointly driving the further development of innovative products for the benefit of our members."

Arla Foods, which has its UK head office in Leeds, has revenues of €13.8bn and employs 21,900 people. Meanwhile DMK, which has its headquarters in Zeven, Lower Saxony, has revenues of €5.1bn and employs 6,800.

Peder Tuborgh, CEO of Arla Foods, added: “DMK Group is the largest dairy cooperative in Germany and a very attractive partner that shares our core values. Our strong market positions and product portfolios complement each other very well and our strong partnership in recent years has proven that DMK Group is an ideal partner for Arla. Our joint market presence in Europe and globally will enable us to safeguard our production of healthy dairy products, ensuring stable food production in Europe, as well as bringing even more nutritious products to the world and our customers. This merger is a natural continuation of our strong collaboration to the benefit of consumers, our farmers and their milk price.”