A close-up photograph of butter and dairy products. In the foreground, a large block of butter is partially unwrapped from its gold foil packaging, with two smaller pieces of butter placed next to it on a piece of brown parchment paper. A butter knife lies horizontally in front of the butter. In the background, a glass dish containing more butter is visible, along with a metal butter churn. The scene is set on a wooden surface.

Butter and dairy fat manufacture



Current industry landscape,
historical performance
and forecasts

2025



Butter and dairy fat manufacture

Current industry landscape, historical performance and forecasts

Market environment

In 2024, the butter and dairy fat market in Ukraine was showing signs of recovery after the decline in previous years caused by the full-scale war. Production grew gradually as farms in safer regions stabilised and processing plants modernised. The trend towards consolidation continued, with large companies strengthening their positions, while small producers faced logistical, access to raw materials and working capital issues.

Demand in the domestic market remained moderate. Due to a decline in consumer spending power, part of the demand shifted from premium to economy categories, and there was growing interest in spreads as a more affordable alternative to butter. At the same time, demand for organic and non-GMO products remained stable in large cities, especially among young people and families with children.

Infrastructure and investments

Companies invested in refrigeration equipment, automation of packaging processes and energy-saving technologies. Government and international support programmes for the agro-processing sector played a significant role, helping to partially upgrade fixed assets and reduce losses in the supply chain.

Private investors have also shown interest in the industry, especially in the construction of new mini-plants, logistics hubs and long-term storage warehouses. Partnerships were developed with European companies that offered the technologies and standards needed to enter demanding foreign markets. At the same time, investment activity remained uneven, concentrated mainly in regions with relative security and stable electricity supply.



Butter and dairy fat manufacture

Current industry landscape, historical performance and forecasts

Logistics

In 2024, the logistics of butter and dairy fat manufacture in Ukraine remained an important part of the agricultural sector, despite the challenges posed by the war, electricity shortages and damage to transport infrastructure. The main manufacture facilities are concentrated in the central and western regions, where processing plants are operating to convert raw milk into butter, spreads and other dairy fat. Milk is transported from farms to plants by chilled transport as part of the farm-to-factory supply chain, which requires precise temperature control and speed of delivery.

A significant portion of finished products is sold both to the domestic market and for export, in particular to the EU, the Middle East and Asia.

Demand in foreign markets

In 2024, the demand for Ukrainian butter and dairy fat in foreign markets remained stable. The main importers were the European Union, the Middle East, China and South Asia. There was a particularly high interest in products with a higher fat content and environmental certification.

The growing consumption of natural dairy products globally has maintained interest in Ukrainian products, despite competition from New Zealand and the EU countries. Demand encouraged manufacturers to improve quality and adapt packaging and labelling to the requirements of each market.

In addition, trade agreements and active participation of Ukrainian companies in international exhibitions played an important role in the growth of demand. This allowed them to promote the “Made in Ukraine” brand and sign new contracts even in the face of global instability.



Butter and dairy fat manufacture

Current industry landscape, historical performance and forecasts

Manufacture (in thousands of tonnes)

32 32

+0%

24E

33F

Exports (in thousands of tonnes)

4 2

-6,7%

24E

33F

Price dynamics (in \$ per tonne)

\$4 733 \$5 664

+1,8%

24E

33F

Perspective

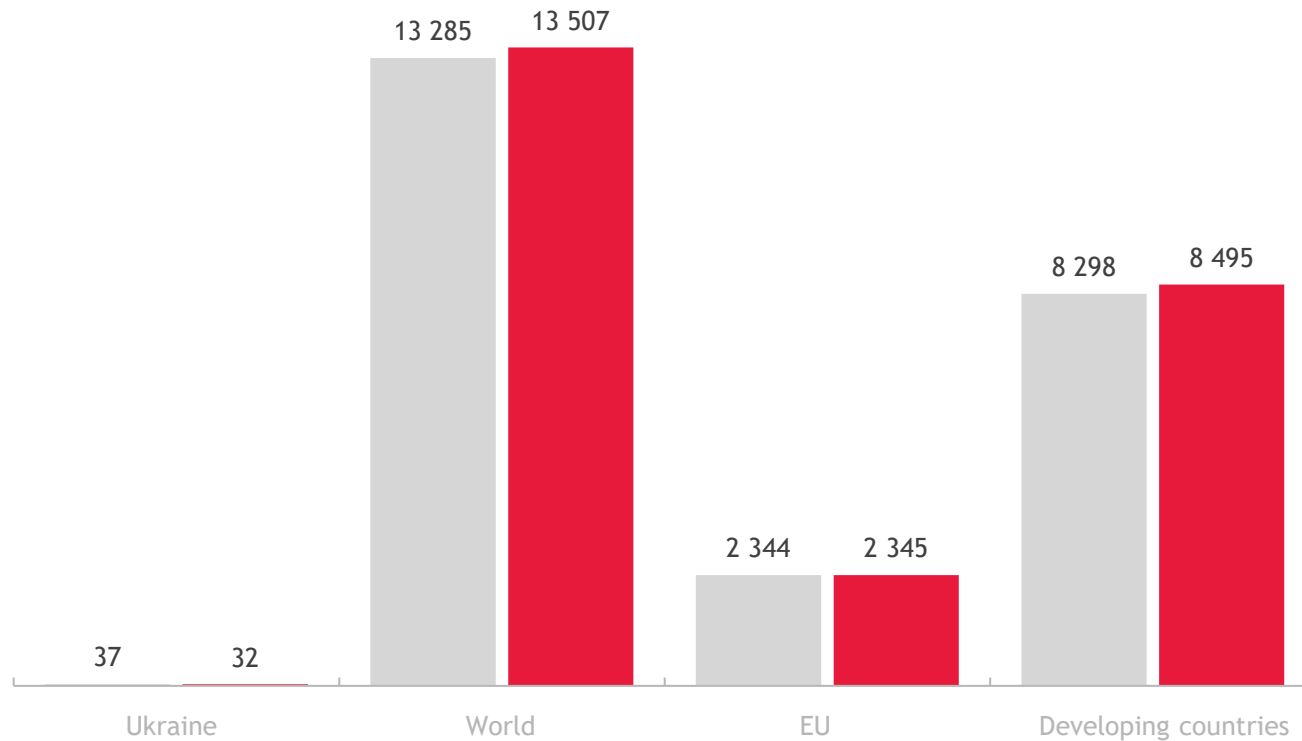
In the coming years, butter and dairy fat manufacture in Ukraine has the potential to grow due to the development of cooperatives that bring together small farms to ensure a stable supply of raw materials. This helps to reduce costs, ensure milk quality and increase product competitiveness.

Another promising area is the expansion of by-products processing (whey, milk fat fractions) to make functional ingredients in pharmaceuticals and cosmetics, which opens up additional sources of income for companies.

In 2024, global manufacture increased compared to 2023, driven in particular by developing countries, while Ukraine recorded a slight decline.

Manufacture dynamics (in thousands of tonnes)

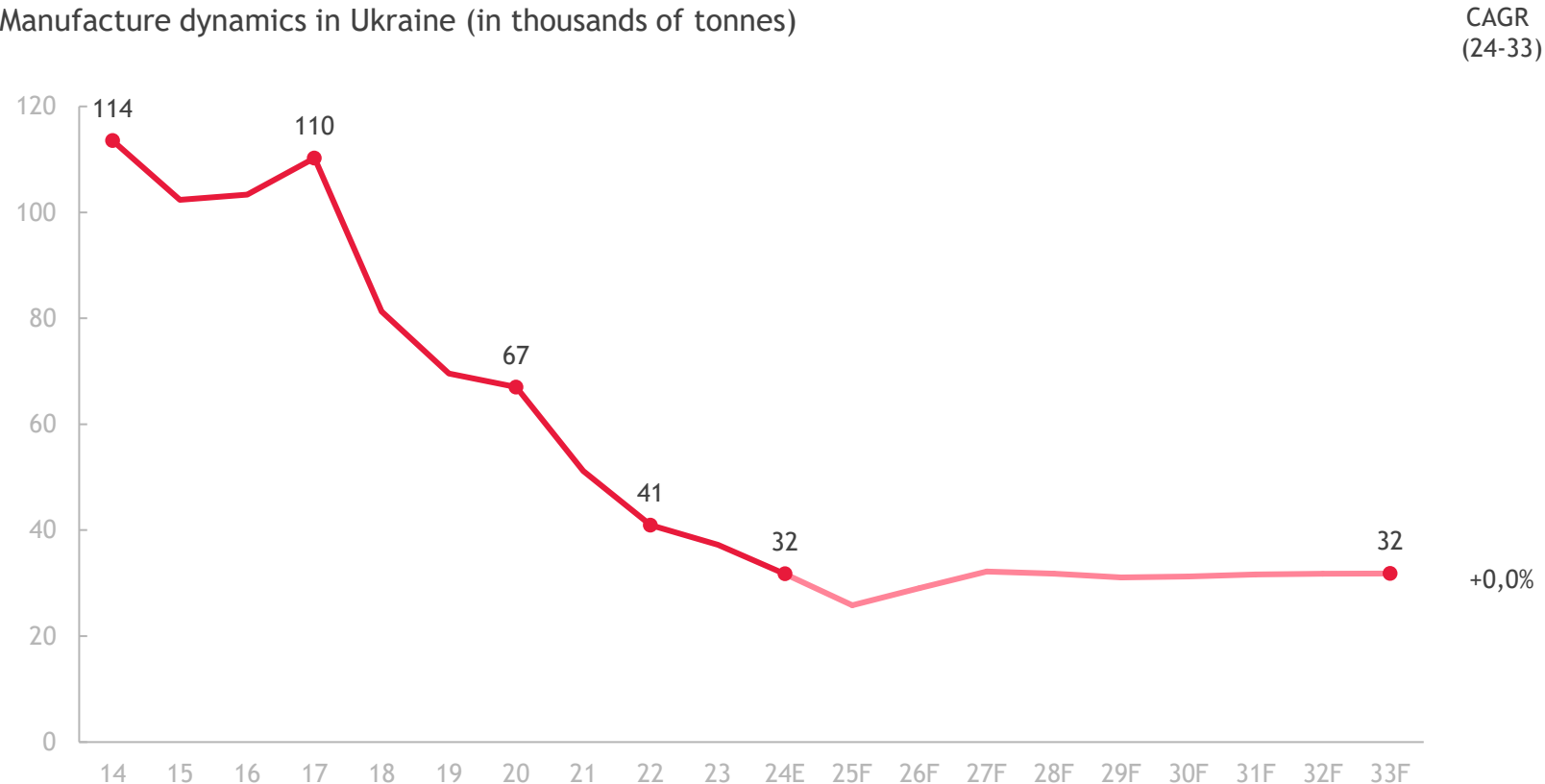
2023 | 2024



- ▶ In 2024, **butter and dairy fat manufacture in Ukraine** decreased to 32 thousand tonnes compared to 37 thousand tonnes in 2023, a drop of over 13%. This contrasts with the global upward trend and indicates the continuation of structural challenges in the sector, including a decline in cattle numbers and limited domestic processing.
- ▶ **Global milk fat manufacture** increased by 1.7% (from 13,285 to 13,507 thousand tonnes), demonstrating a gradual recovery of the industry after volatile years. The highest growth rates were recorded among developing countries, where volumes increased by +2.4%, while in the EU manufacture remained almost at the level of the previous year (+0.04%).
- ▶ **Developing countries** account for more than 62% of global manufacture (8,495 thousand tonnes), underlining their leading role in shaping global supply. Growth in these regions is driven by expanding domestic consumption and government support for the dairy industry.

Butter and dairy fats manufacture in Ukraine has been on a long-term downward trend, which has stabilised in recent years with no signs of further growth.

Manufacture dynamics in Ukraine (in thousands of tonnes)



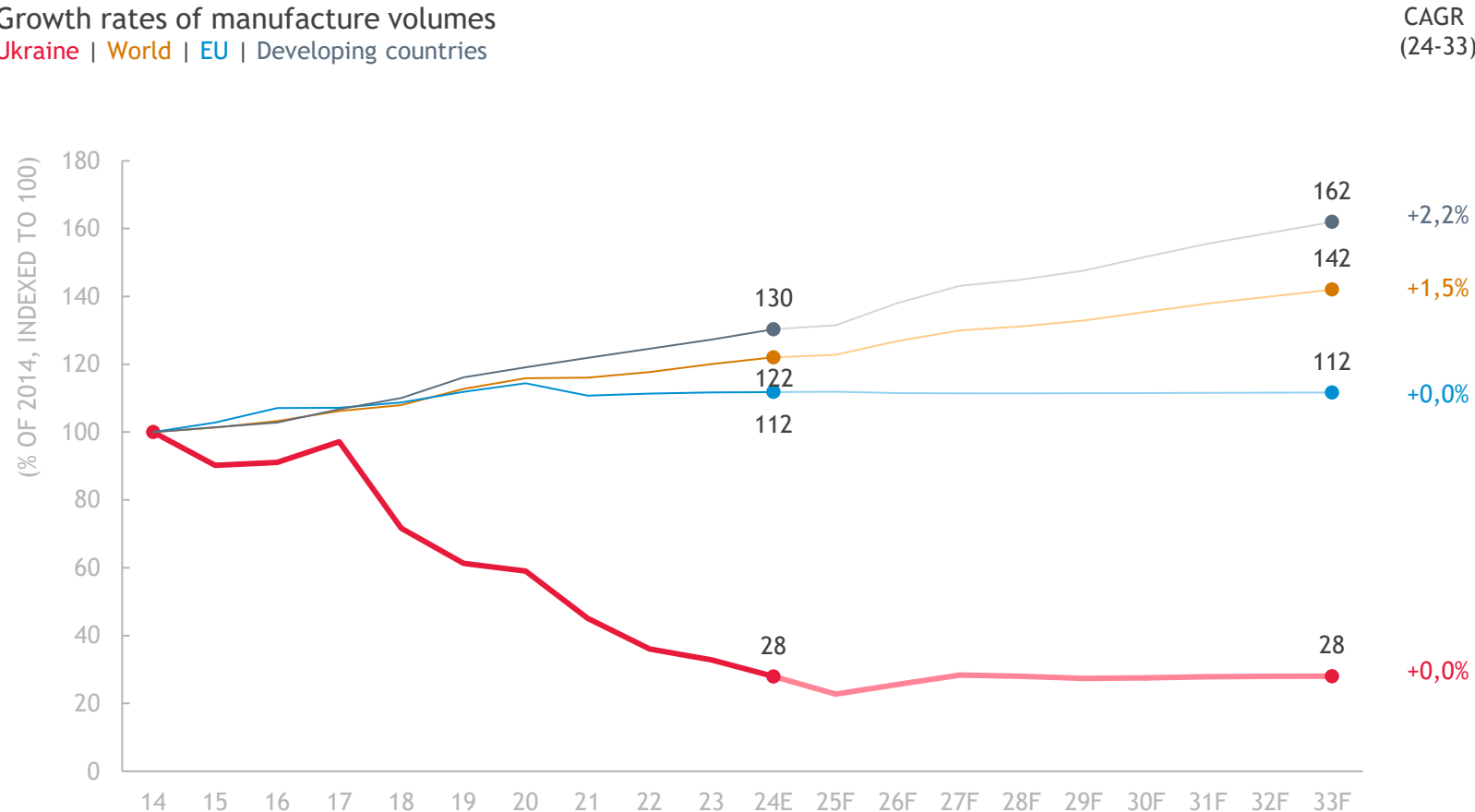
- ▶ **Between 2014 and 2023**, there was a sharp decline in butter and dairy fat manufacture in Ukraine. The main reasons for this were a decrease in milk yields, a reduction in the dairy herd, lower effective demand in the domestic market and export restrictions due to the war.
- ▶ **In 2023**, manufacture volumes stabilised at the lowest level in the last decade. This indicates the end of the active decline phase and the transition to a new stage – maintaining the level achieved.
- ▶ **No significant growth is expected in 2024-2033**: the average annual growth is estimated at zero (**CAGR 0%**). This indicates a high level of uncertainty in the industry and the need to stimulate production, in particular through support for cooperation, processing and exports.

Given the forecasted dynamics, the manufacture is not expected to exceed the level of the last pre-crisis years in the short term. Recovery is only possible if there are structural changes in the market.

Against the backdrop of stable or growing manufacture in the world, the EU and developing countries, **Ukraine** is experiencing a prolonged decline with no signs of recovery in the long term.

Growth rates of manufacture volumes

Ukraine | World | EU | Developing countries

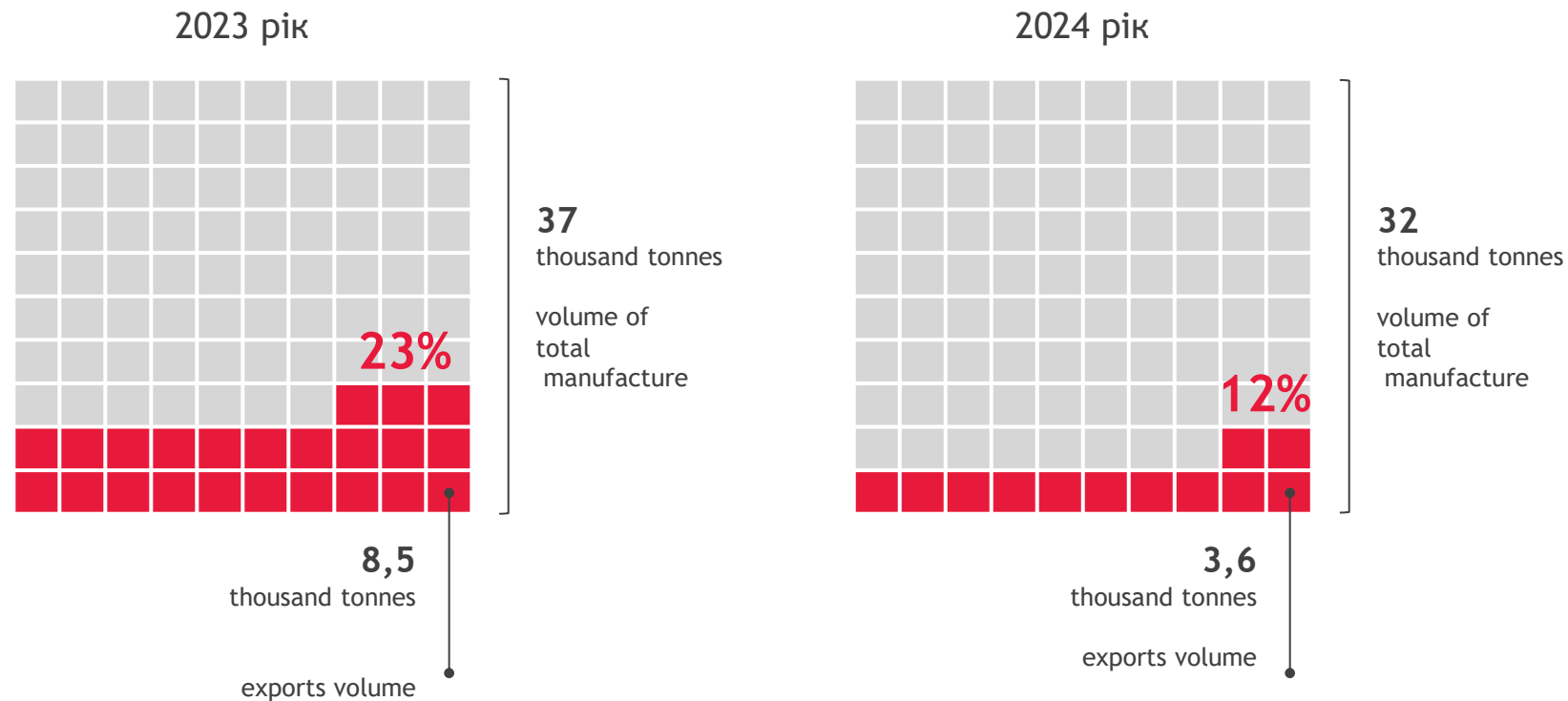


- ▶ The growth rate of butter and dairy fat manufacture in **Ukraine** is the worst among all country groups, with a drop to 28% from 2014 levels and no projected growth until 2033 (CAGR 0%). This points to structural problems in the industry, including a decline in livestock numbers, reduced processing, and limited exports.
- ▶ The **global market** is growing steadily overall, with particularly strong expansion in developing countries (CAGR +2.2%). These countries are leading the way, offsetting the slowdown in the EU.
- ▶ The **European Union** is maintaining a steady level of manufacture, without significant growth, due to restrictions on livestock production, environmental regulations and the downsizing of farms. Against this background, Ukraine remains an outsider with no signs of recovery in the medium term.

In 2024, the volume of **exports** and their share in the structure of manufacture declined significantly, indicating a decline in external activity amid limited supply.

Export volumes and share in total manufacture (in thousands of tonnes; %)

Export | Domestic consumption

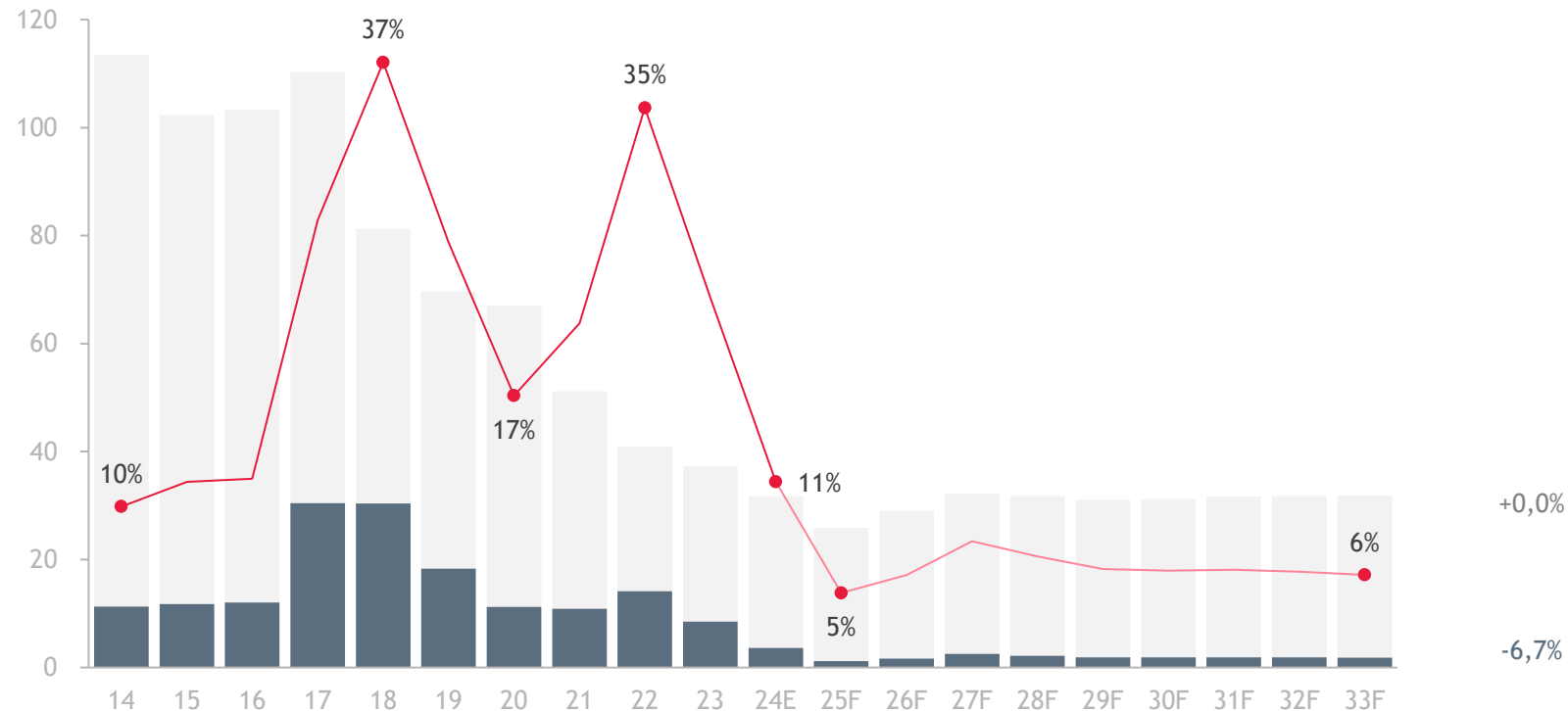


- ▶ In 2024, the volume of butter and dairy fat exports from Ukraine decreased to 3.6 thousand tonnes, which is only 12% of total manufacture. This is significantly lower than in 2023 (23%) and indicates a narrowing of the industry's export opportunities.
- ▶ The decline in the share of **exports** indicates a growing dependence on domestic demand and a limited influence of external markets on the overall manufacture dynamics. This poses risks to foreign exchange earnings and constrains the ability to scale up manufacture.
- ▶ Among the urgent tasks for resuming external activity are improving logistics, entering new markets by meeting international quality standards, and government support for export orientation programmes and promotion of Ukrainian products abroad.

After peaking in 2018-2022, **the share of exports** in total manufacture has fallen sharply and is forecast to remain low until 2033, indicating a weakening of the industry's export orientation.

Exports volumes and share in total manufacture (in thousands of tonnes; %)

Share of exports | Exports | Total manufacture

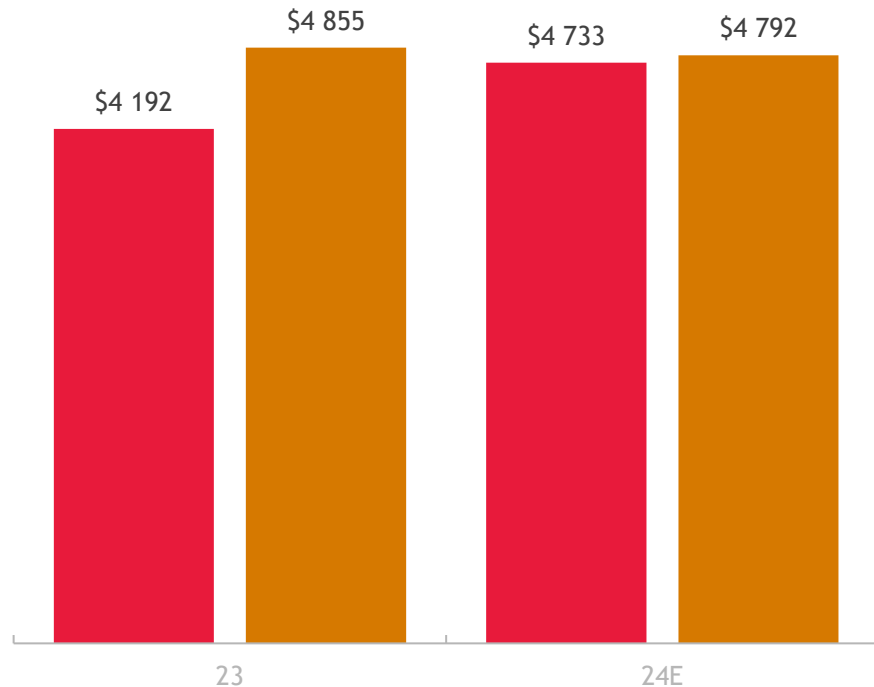


- ▶ The share of butter and dairy fat exports from Ukraine shows a sharp decline after 2022, from 35% to only 5% in 2024, and is forecast to reach 6% in the future with no signs of recovery, indicating a significant narrowing of the export segment.
- ▶ In 2024-2033, exports are forecast to remain low amid stable but limited overall manufacture. Such dynamics indicate the loss of foreign markets and the weak role of exports in the overall structure of the industry.
- ▶ Over 90% of its output is consumed domestically, making the industry highly focused on domestic demand and at the same time dependent on household incomes, inflationary pressures and price competition.
- ▶ The lack of an effective exports strategy and sales channels limit diversification opportunities, so the industry needs support in adapting to international requirements, developing logistics and expanding its presence in foreign markets.

In 2024, the cost of manufacture in **Ukraine** almost equaled the global price, which indicates an increase in competitiveness and a gradual approximation to global price standards.

Cost of products on the Ukrainian and global markets (in \$ per tonne)

Ukraine | World

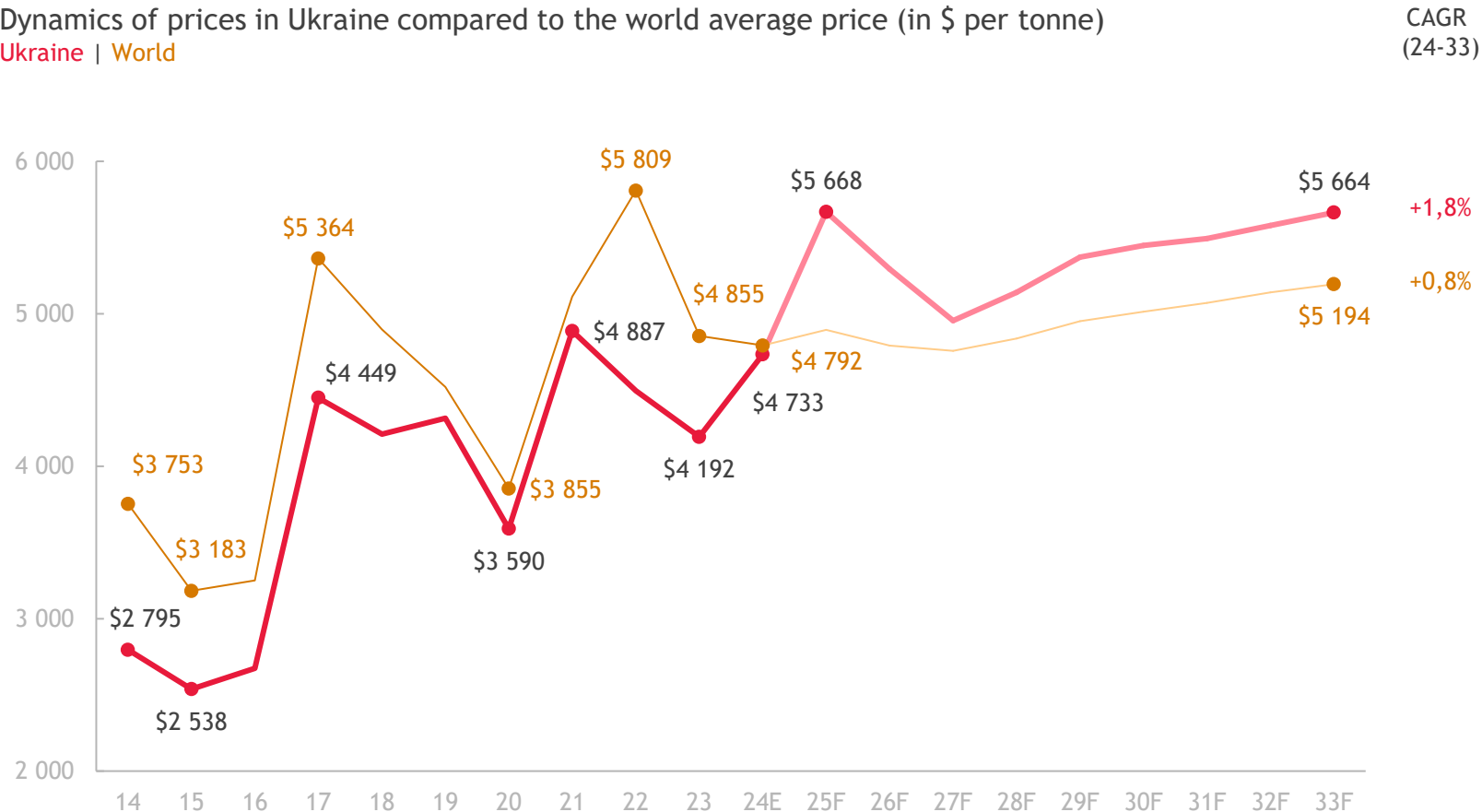


- ▶ In 2023, the cost of manufacture in Ukraine was significantly lower than the global level, which was a sign of competitive advantage, but could also reflect lower cost standards, less developed logistics, or limited domestic demand.
- ▶ In 2024, there was a significant increase in prices for Ukrainian products, bringing their value almost to the same level as global prices. This may be a result of rising production costs, including energy, raw materials, transport and risks associated with the military situation.
- ▶ A comparison of Ukrainian prices with global prices shows that the domestic market is gradually integrating with global price trends, but is not accompanied by export growth, which limits the profitability potential for manufacturers.
- ▶ To ensure stability and increase profitability, the industry needs to take steps to improve manufacture efficiency.

Since 2024, prices for products in **Ukraine** have been higher than the global average and growing at a faster pace, indicating increased domestic price pressure and reduced competitiveness in the global market.

Dynamics of prices in Ukraine compared to the world average price (in \$ per tonne)

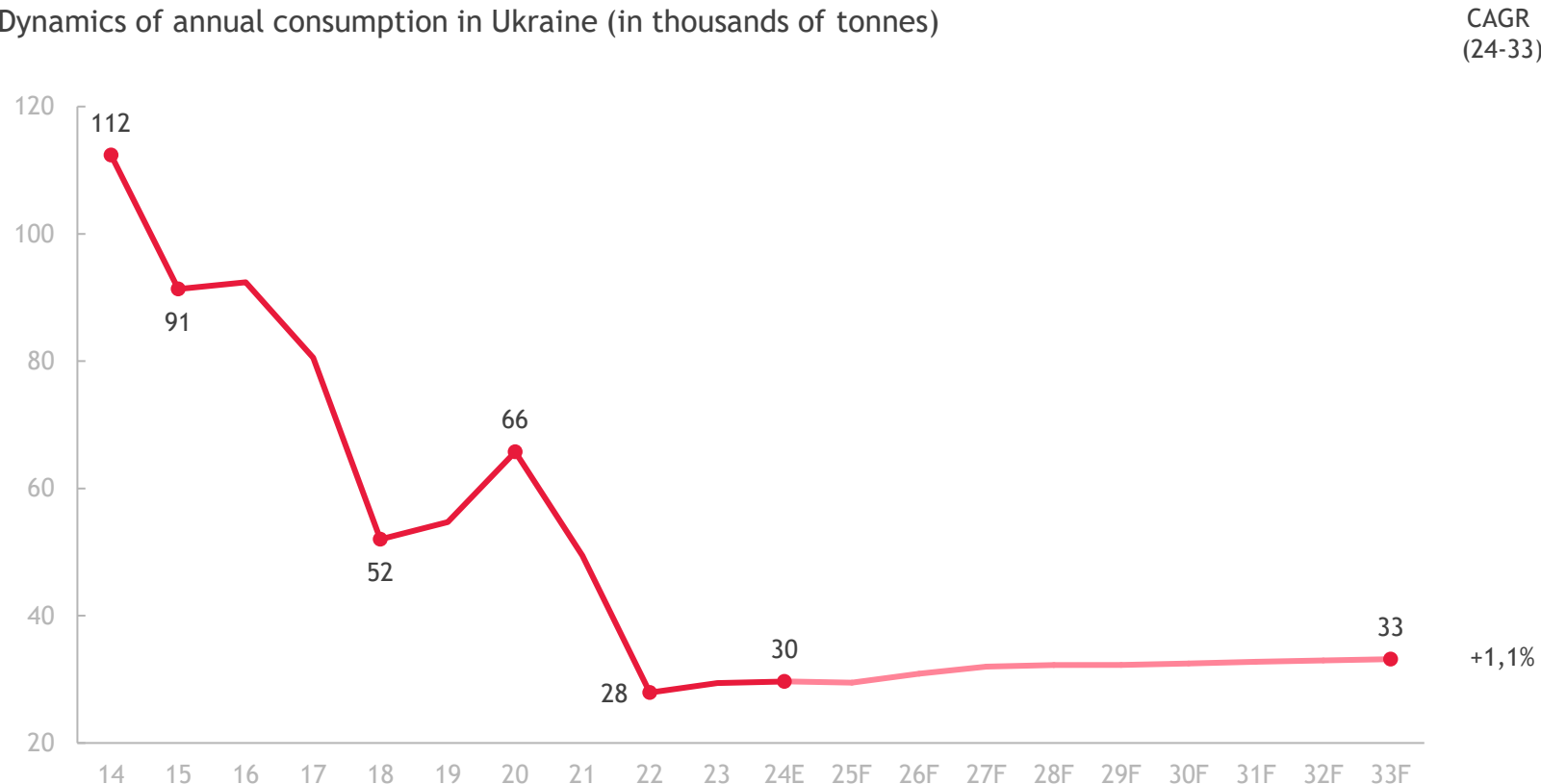
Ukraine | World



- ▶ Dairy fat prices in **Ukraine** showed volatile dynamics during 2015-2023, with significant fluctuations and sharp spikes driven by cost fluctuations, logistics disruptions and general economic instability.
- ▶ Starting in 2023, prices for Ukrainian products are expected to grow steadily, with a slight drop in 2027, which will exceed the global average (CAGR +1.8% vs. +0.8%), indicating pressure from production costs and limited supply.
- ▶ The price trend indicates a gradual loss of Ukraine's price advantage in the global market, which may complicate exports and require an increase in production efficiency and containment of domestic costs.
- ▶ The outstripping growth of Ukrainian prices poses risks to domestic consumers, as it may lead to a reduction in the availability of products amid stagnant incomes and growing import dependence.

After a sharp decline in annual consumption until 2022, the figure in Ukraine has stabilised and shows moderate but steady growth in the long-term forecast until 2033.

Dynamics of annual consumption in Ukraine (in thousands of tonnes)

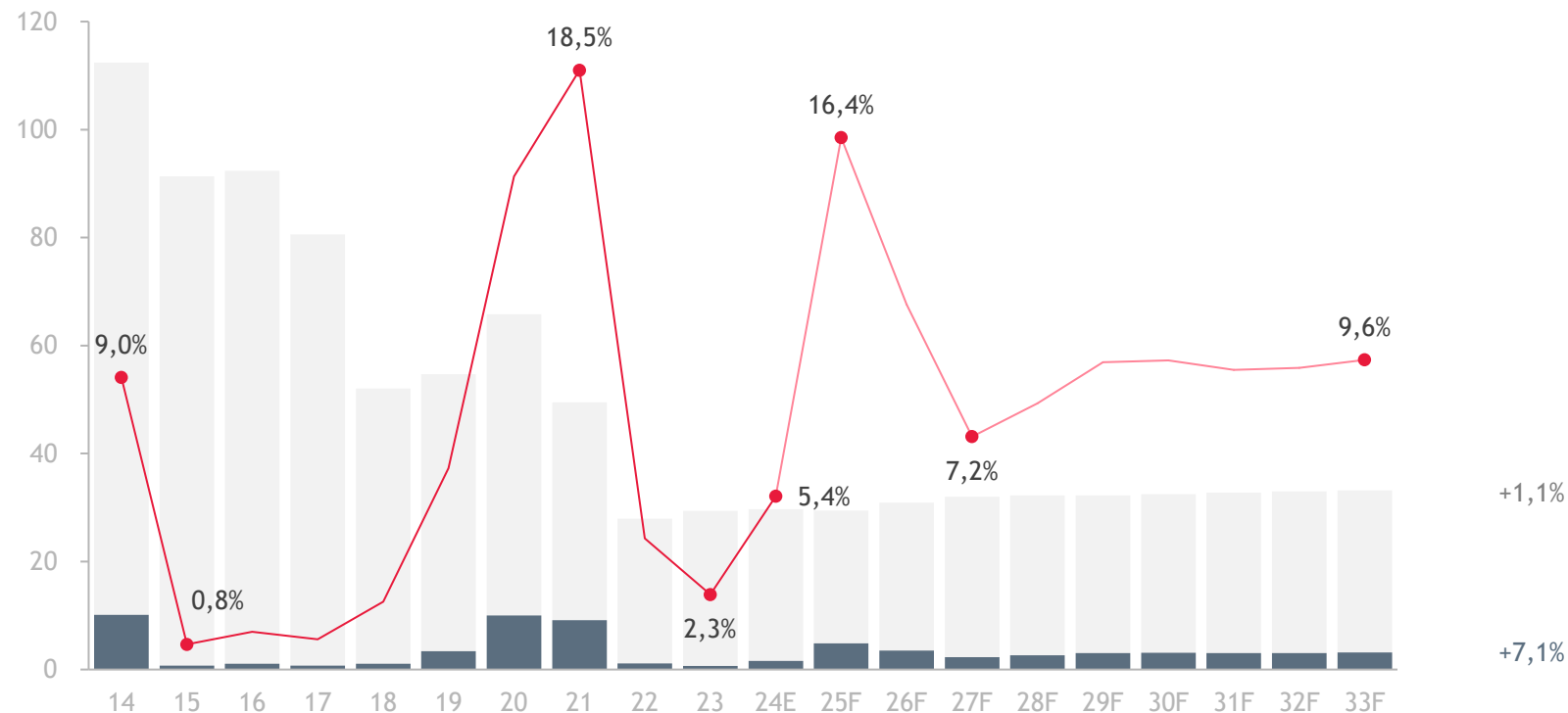


- ▶ The annual consumption of dairy fats in Ukraine in 2014-2022 showed a rapid decline due to a decline in the purchasing power of the population, a decrease in production and military risks that limited the availability of products.
- ▶ In 2022, consumption reached its lowest level in the last decade, but a phase of stabilisation and moderate growth is set to begin in 2023, indicating a gradual recovery in domestic demand.
- ▶ The expected average annual growth (**CAGR +1.1%**) until 2033 sends positive signals to manufacturers, as it indicates a return of some consumers to traditional dairy products and the potential for expansion of the domestic market.
- ▶ The increase in consumption may also be due to the market's adaptation to new conditions, including the growing popularity of local brands, the return of part of the population to Ukraine and the stabilisation of the price situation in the food segment.

The share of imports in consumption remains unstable and fluctuates, but generally shows a moderate upward trend, indicating the market's vulnerability to external influences and a lack of domestic supply.

Structure of domestic consumption (in thousands of tonnes; %)

Share of imports | Imports | Total consumption

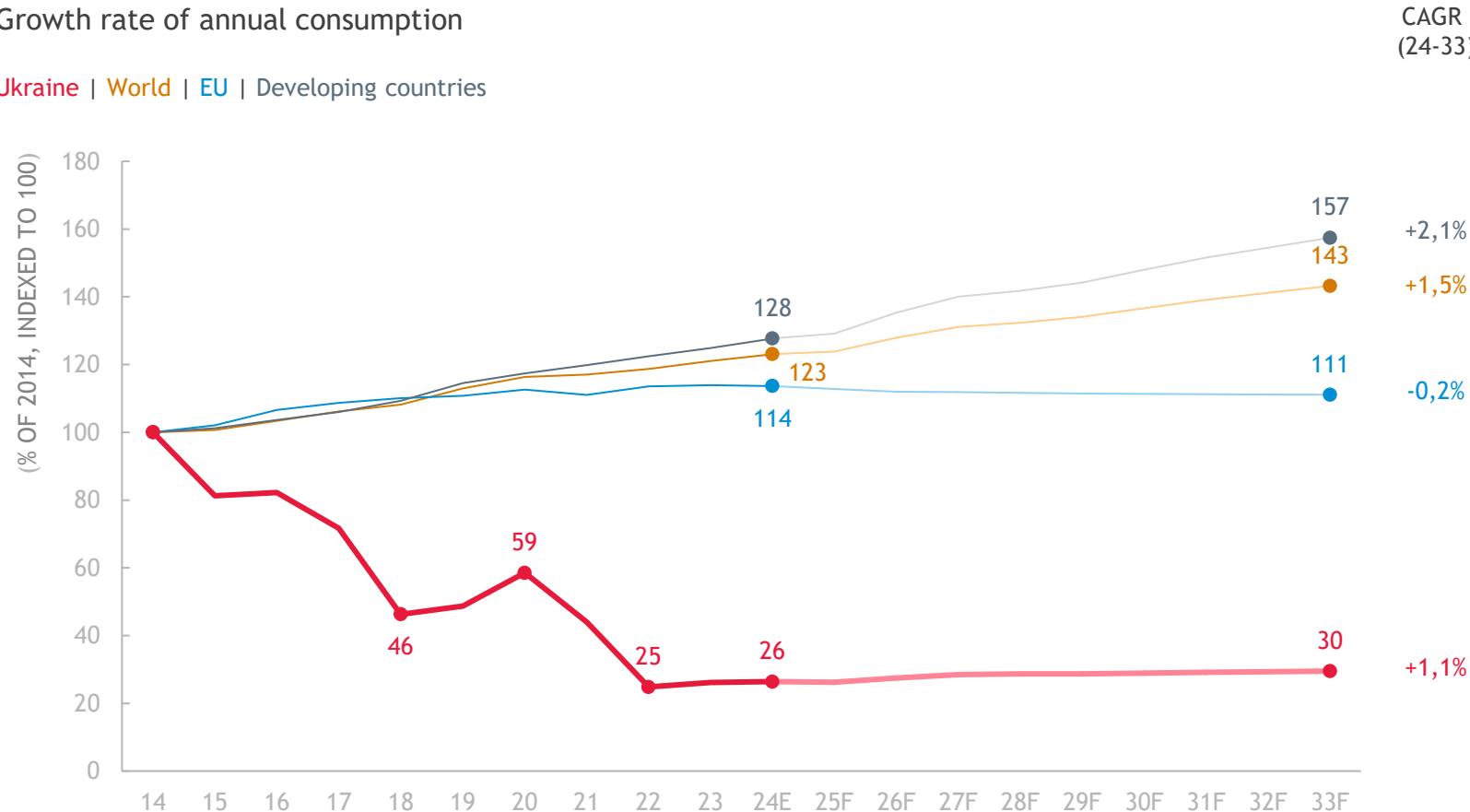


- ▶ In the structure of domestic consumption of dairy fats, there were sharp fluctuations in the share of imports, which in 2021-2025 increased to peak levels, due to a drop in domestic manufacture amid military risks and supply disruptions.
- ▶ The highest level of import dependence was recorded in 2025, at 16.4%, but the share of imports began to decline in 2026 and gradually stabilised at 7-10%, indicating a partial recovery in domestic production.
- ▶ The forecast for 2024-2033 shows that the volume of imports will remain moderate, averaging 3.0-4.5% of total consumption, without critical dependence on external suppliers.
- ▶ These developments confirm a gradual return to a domestic-dominated model, although the level of fluctuation in the share of imports indicates that the sector remains sensitive to production risks and logistical constraints.

Annual consumption in **Ukraine** has fallen significantly compared to other countries, but since 2024 it has been showing positive dynamics, indicating a gradual recovery in domestic demand.

Growth rate of annual consumption

Ukraine | World | EU | Developing countries

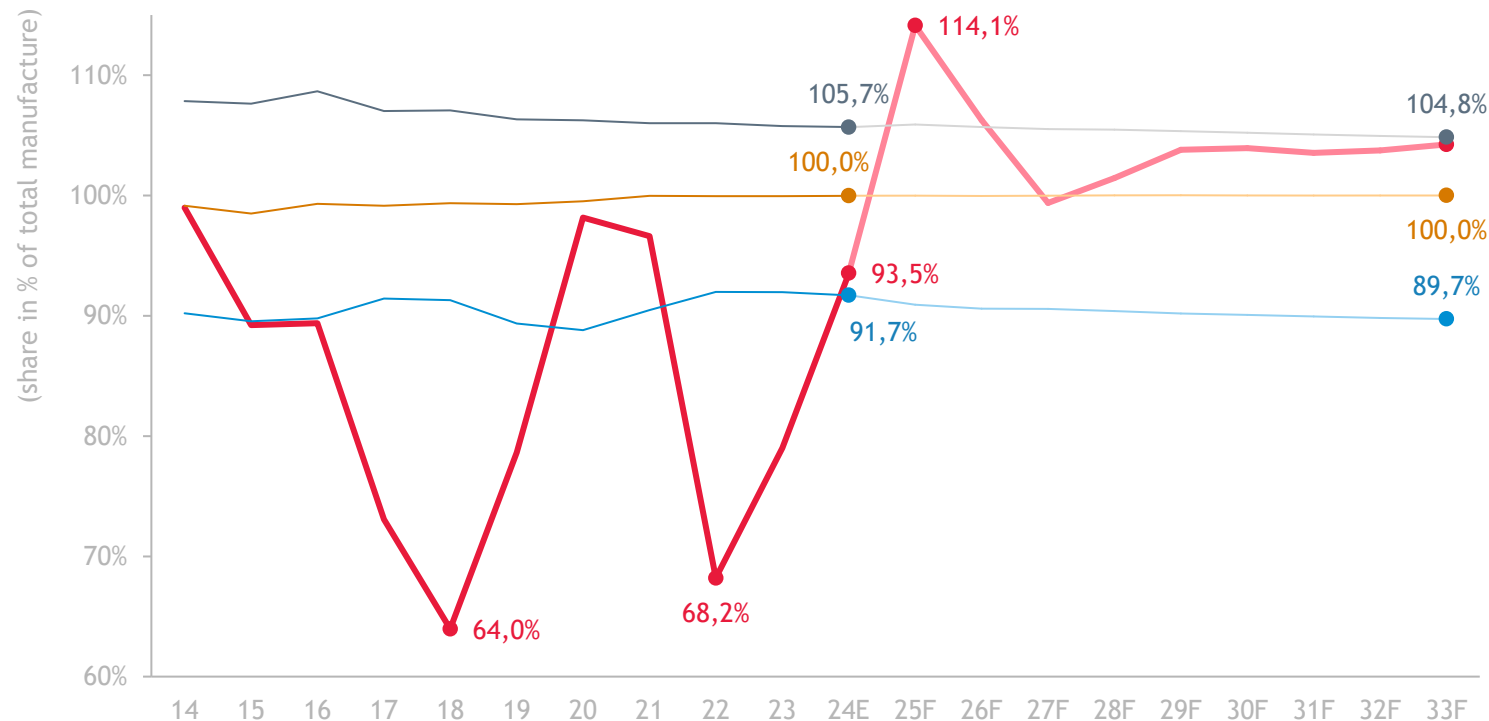


- ▶ After a prolonged decline in the annual consumption of dairy fats in Ukraine, a gradual recovery is expected from 2024, which should ensure an average annual growth of +1.1% CAGR until 2033. This indicates that demand is stabilising and the market is adapting to new conditions after the deep crisis of 2021-2022.
- ▶ Developing countries are showing the fastest growth in consumption, with a projected CAGR of +2.1% through 2033. This is driven by urbanisation and rising incomes.
- ▶ The global market remains positive, with a projected average annual growth of +1.5% CAGR, indicating a general recovery in global demand and sustained interest in dairy fats.
- ▶ The European Union remains the only region with a decline in consumption, with a negative CAGR of -0.2%, due to the shift to alternative products, changes in dietary patterns and a reduction in livestock numbers.

Annual consumption in **Ukraine**, after significant fluctuations, exceeded manufacture in 2025 and has been stabilising at a high level since then, indicating a growing dependence on imports or stockpile relief.

Dynamics of annual consumption

Ukraine | World | EU | Developing countries

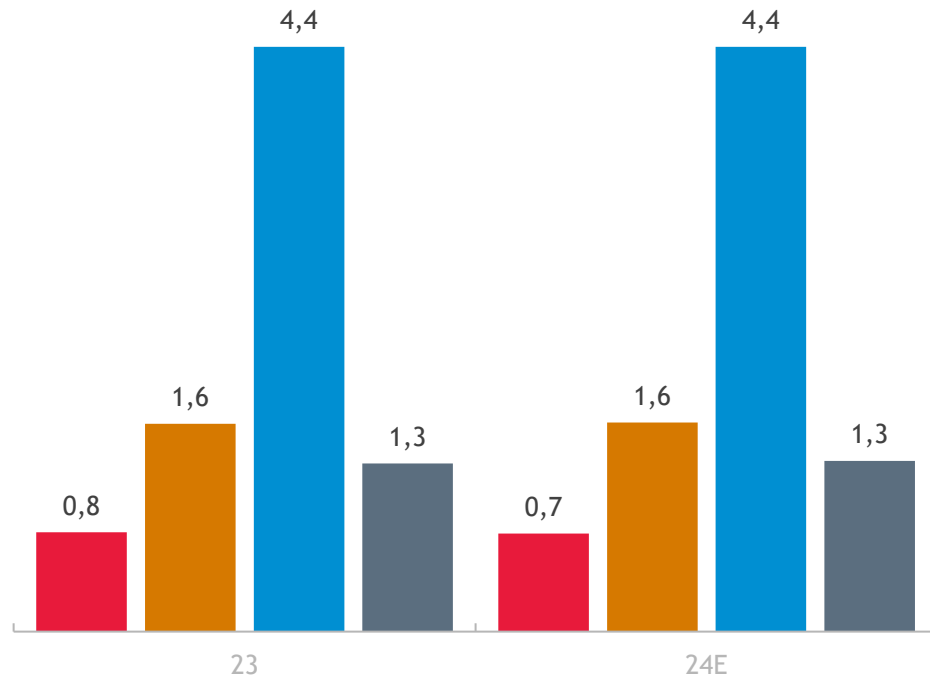


- ▶ In 2014-2022, Ukraine experienced significant imbalances between annual consumption of butter and dairy fats and their manufacture. In the worst periods – 2018 and 2022 – the share of consumption as a percentage of manufacture fell to critical levels of 64% and 68.2%, respectively. This indicates either limited domestic demand due to a drop in the purchasing power of the population or a decrease in the availability of the product due to a reduction in supply caused by the military operations, logistical challenges and high production costs.
- ▶ By comparison, the **global** average is 100%, and **developing countries** traditionally exceed this level, maintaining consumption at 105-106% of production. This indicates growing demand in regions with high population dynamics. At the same time, the **European Union** maintains the indicator at 90% and below, which indicates a decrease in the consumption of dairy fats due to environmental restrictions and changing food preferences.

Ukraine lags far behind in terms of dairy fat consumption, which indicates limited domestic demand and potential for the industry to grow through production incentives and changes in consumer habits.

Annual consumption (in kilograms per person)

Ukraine | World | EU | Developing countries

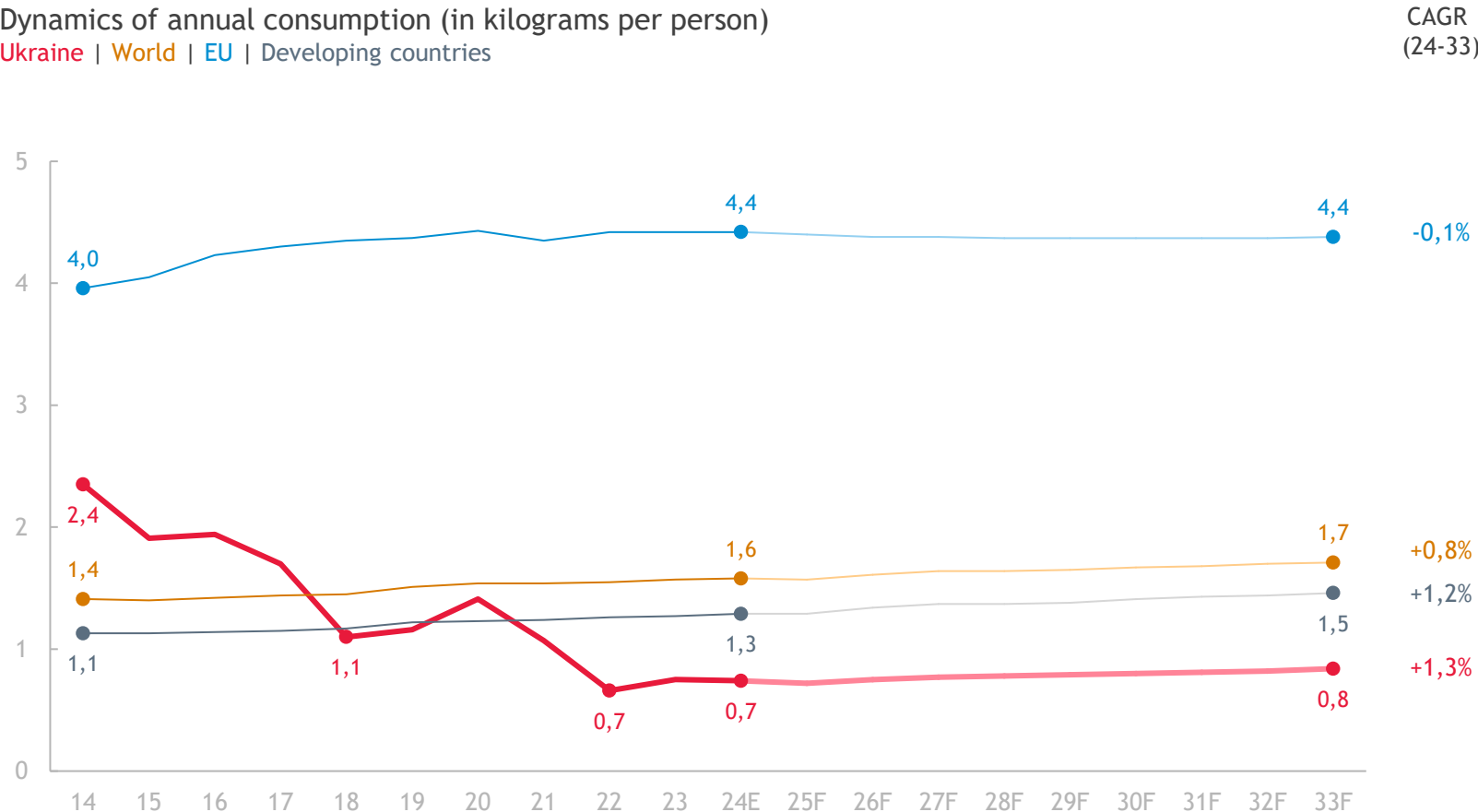


- ▶ An analysis of the structure of **annual consumption** of dairy fats per person in 2023-2024 shows that Ukraine lags far behind international indicators. In 2023, the Ukrainian consumer consumed only 0.8 kg of dairy fat on average, while **the global average** was 1.6 kg, and in **the European Union** it was 4.4 kg per person. In **developing countries**, this figure was 1.3 kg, which is almost twice as much as in Ukraine.
- ▶ In 2024, consumption in Ukraine is forecast to decline further to 0.7 kg per person, indicating that barriers to domestic demand growth remain. This situation is the result of a prolonged decline in purchasing power, lower production volumes and a partial loss of animal fat consumption habits in the diet.
- ▶ Globally, consumption is stable, with levels in the EU remaining unchanged, while in the rest of the world and developing countries they are stable, reflecting the established eating behaviour of the population.

Ukraine has the lowest consumption of dairy fats in the world, but retains high growth potential amid positive dynamics in developing countries.

Dynamics of annual consumption (in kilograms per person)

Ukraine | World | EU | Developing countries



► **Ukraine** has been experiencing a long-term decline in per capita consumption of dairy fats: from 2.4 kg in 2014 to 0.7 kg in 2024. This decline is more than three times due to the impact of economic crises, reduced manufacture, changes in the dietary pattern and falling real incomes. In 2025-2033, consumption is forecast to grow moderately to 0.8 kg per person, with an average annual growth rate of +1.3% (CAGR), which indicates the potential for the industry to recover if the socio-economic climate improves.

► Against this backdrop, the **global trend** is steadily growing: the average global consumption will increase from 1.6 kg in 2024 to 1.7 kg in 2033 (+0.8% CAGR). **Developing countries** show the highest growth rate among the analysed countries – +1.2% CAGR, reaching 1.5 kg per person by 2033. This growth is driven by increased access to produce and improved living standards.

► **The European Union**, on the other hand, shows a downward trend: from a level of 4.4 kg with a slight decrease to 4.4 kg in 2033 (-0.1% CAGR).



Butter and dairy fat manufacture

Main conclusions

- ▶ After falling from 114,000 tonnes in 2014 to 32,000 tonnes in 2024, butter and dairy fat manufacture in Ukraine is now stabilising at this level. Despite the deep decline, further dynamics are forecast to remain unchanged until 2033, with manufacture volumes remaining at 32 thousand tonnes. This indicates that production capacity will be maintained, but structural changes in the industry are needed to return to pre-crisis levels.
- ▶ Consumption of butter and dairy fats in Ukraine is growing faster than manufacture: from 30 thousand tonnes in 2023 to a projected 33 thousand tonnes in 2033. The growth in demand may increase pressure on domestic manufacture or stimulate an increase in imports.
- ▶ The per capita consumption of butter and dairy fats in Ukraine is increasing: from 0.7 kg in 2024 to a projected 0.8 kg in 2033. This indicates a gradual recovery in consumer preferences, although consumption levels remain significantly below EU levels, indicating significant potential for further growth.
- ▶ Ukraine remains a net importer of products: exports in 2024-2033 will amount to only 1-2 thousand tonnes annually, while imports will be at the level of 2-5 thousand tonnes per year. This indicates continued dependence on external suppliers and, at the same time, opens up opportunities for import substitution by stimulating the development of domestic manufacture.
- ▶ Prices for Ukrainian products are rising: expressed in dollars, the average price per tonne was \$4,733 in 2024 and is forecast to reach \$5,664 in 2033. This indicates a rise in production costs, which creates challenges for maintaining price competitiveness in international markets.
- ▶ The global market is showing stagnation in consumption: the volume of consumption of dairy fats per capita remains stable at 1.6-1.7 kg in 2023-2033. This suggests that the main drivers of demand growth will be concentrated in certain regions rather than globally.



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