

Dairy cheese production



Current industry landscape,
historical performance
and forecasts

2025





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Current industry landscape, historical performance and forecasts

Market environment

In 2024, the Ukrainian dairy cheese market demonstrated signs of stabilising after a sharp fall in previous years, largely attributable to the full-scale war and its associated logistical and production challenges. Production volumes remained below the pre-war levels, but positive dynamics continued, especially in relation to farms and medium-sized processing plants located in relatively safe regions.

The concentration trend has continued, with major producers increasing their market share, while smaller producers have either reduced volumes or ceased trading due to a lack of financing, working capital and logistical challenges. Domestic consumption remained steady, showing signs of moderate growth.

Infrastructure and investments

In 2024, the primary investment priorities for dairy cheese producers were upgrading production lines, packaging equipment and energy-efficient storage systems. A number of these upgrades have received support from government programmes and grant initiatives from international donors, aimed at developing the processing industry.

The growing demand for quality products has led to new investment projects, including the construction of local workshops for producing hard and soft cheeses, as well as short- and medium-term storage warehouses and logistics hubs. The cooperation with European technology partners increased, allowing producers to adapt their products to export requirements. However, the investment activity remained uneven, concentrated mainly in the central and western regions.



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Logistics

In 2024, the logistics of dairy cheese production in Ukraine remained a vital component of the supply chain considering the challenges posed by the martial law, power outages and damage to transport infrastructure. The main production facilities were concentrated in the central and western regions, offering a secure environment and optimal conditions for the storage and transportation of cheese products.

Despite limited access to refrigerated transport, milk was delivered to processing plants in accordance with temperature regulations. Because dairy cheeses are susceptible to deterioration when stored incorrectly, particular attention was paid to the speed of delivery, product quality and shelf life.

Demand in foreign markets

In 2024, the demand for Ukrainian dairy cheeses gradually increased in foreign markets, particularly for the products of improved quality and with natural composition. The main importers of Ukrainian cheeses were the European Union, the Middle East and the Asia-Pacific region, where there was growing interest for niche products with a clear geographical origin.

The global trend towards naturalness and the growing popularity of organic, non-GMO and "Made in Ukraine" labels supported the demand, even competing with the EU and New Zealand. Exports have encouraged producers to adapt their recipes to local preferences, allowing them to successfully access new markets. Ukraine's participation in international exhibitions, trade forums and export support programmes has also had a positive influence.



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Production (in thousands of tonnes)



+0,9%

24E

33F

Exports (in thousands of tonnes)

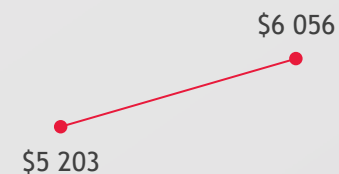


-2,7%

24E

33F

Price dynamics (in \$ per tonne)



+1,5%

24E

33F

Prospects

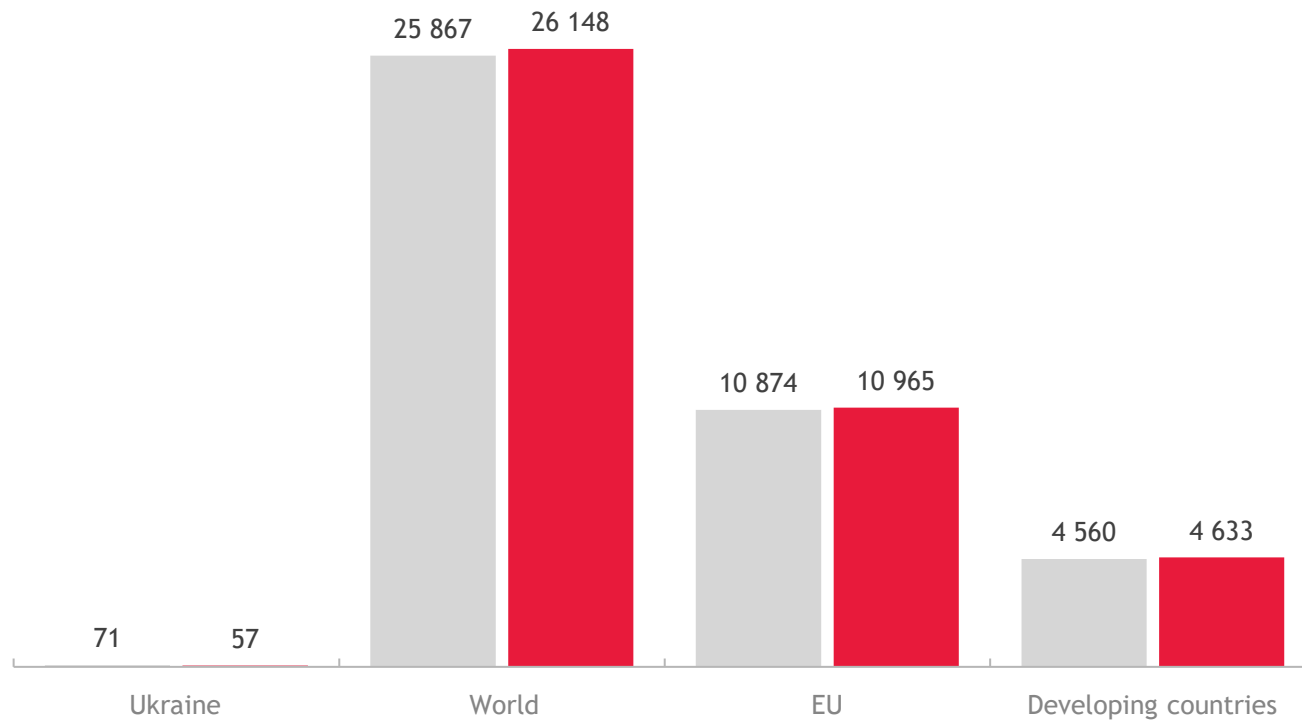
In the coming years, Ukrainian cheese production shows moderate growth potential. The key development opportunities are the modernisation of processing plants, the encouragement of cooperation between small producers and the improvement of the logistics infrastructure.

Simultaneously, the export potential remains limited, with supplies expected to decline, suggesting a need to refocus on the domestic market or expand to niche export destinations with high added value. Dairy cheese prices are increasing, indicating higher production costs.

Ukraine's dairy cheese production continues to decline due to structural issues within the industry and a decrease in domestic processing.

Dynamics of production (in thousands of tonnes)

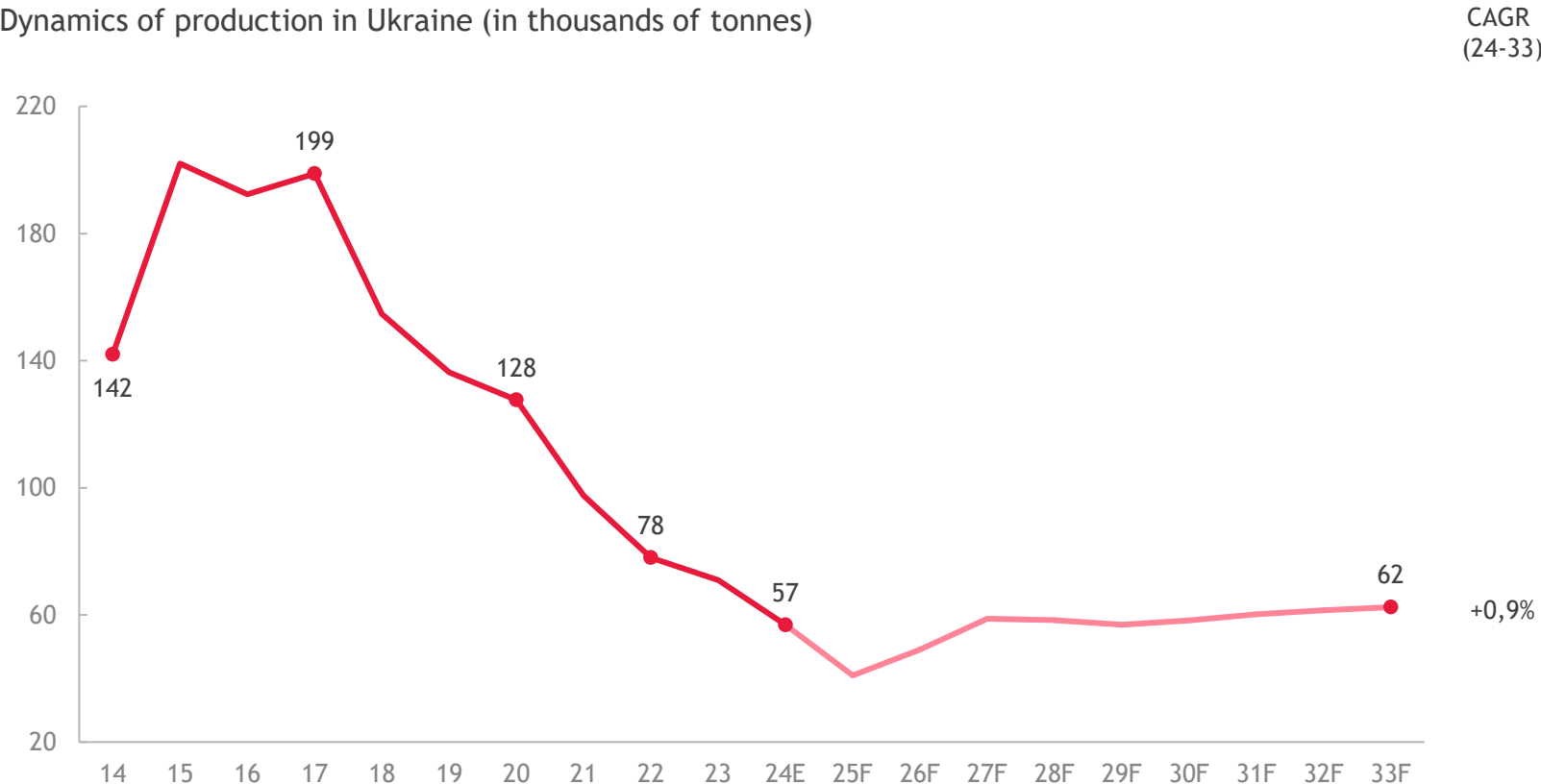
2023 | 2024



- ▶ At the end of 2024, the production of dairy cheese in Ukraine decreased to 57 thousand tonnes, which is 14 thousand tonnes compared to 2023 (71 thousand tonnes), or 20%. This further decline is indicative of reduced industry volumes, largely driven by diminished domestic demand and constrained export prospects.
- ▶ Global production of dairy cheese in 2024 increased by +1.1% - from 25.867 to 26.148 thousand tonnes, demonstrating an overall positive trend and a gradual recovery from the impact of the pandemic and geopolitical challenges.
- ▶ In the EU, the production of dairy cheese remained stable, with a slight increase of +0.8% (from 10.874 to 10.965 thousand tonnes), reflecting stable domestic policies to support the agricultural sector.
- ▶ In developing countries, the production volumes also increased by +1.6%, from 4.560 to 4.633 thousand tonnes, which confirms the trend of growing consumer demand and increasing the processing capacity in these regions.

In 2024, Ukraine's dairy cheese production hit its lowest point. A slowdown is anticipated, followed by a steady recovery.

Dynamics of production in Ukraine (in thousands of tonnes)



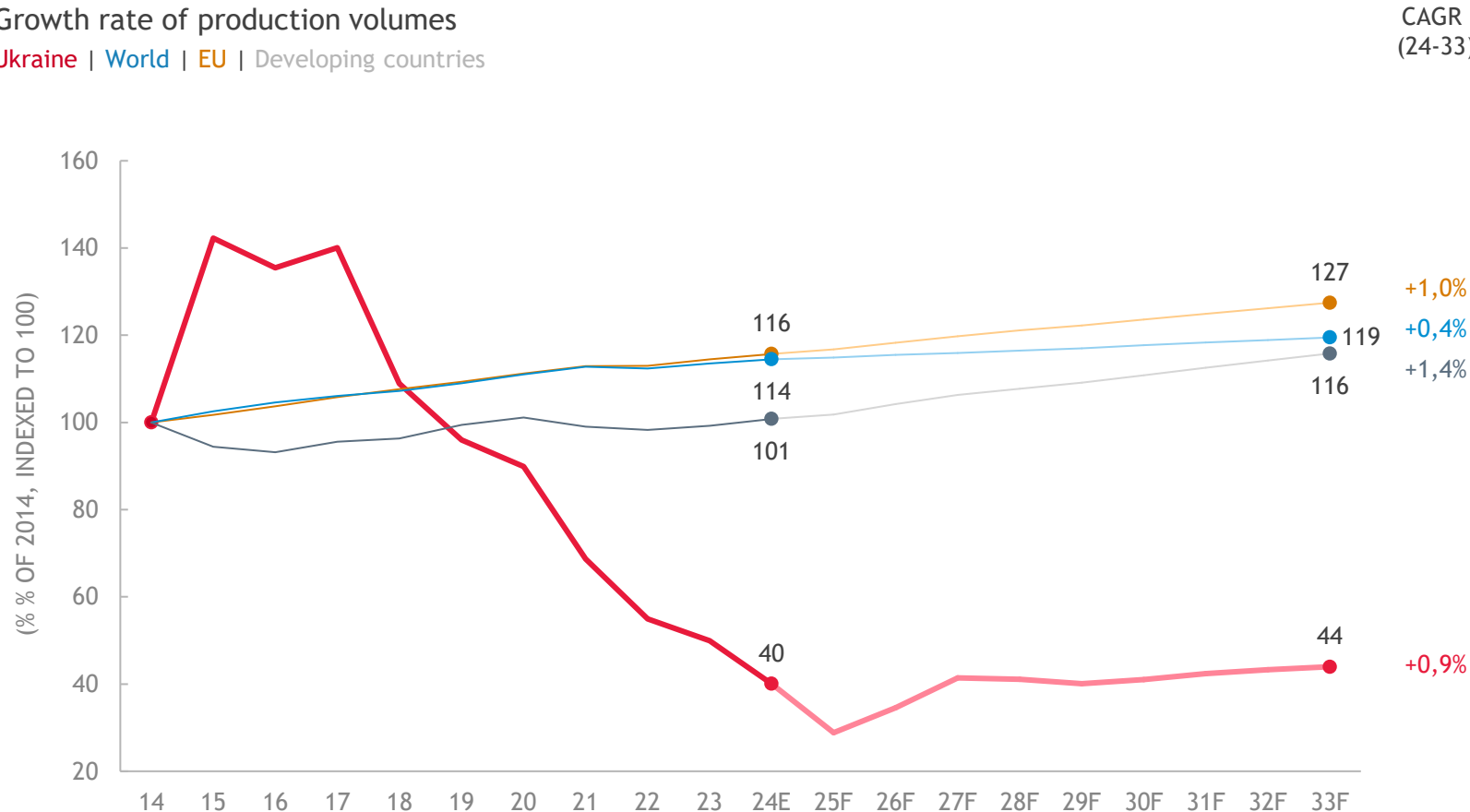
- ▶ Between **2014 and 2023**, Ukraine experienced a substantial decrease in the production of dairy cheese. Production reached its highest point in 2017, after which point there was a gradual decline. The main factors behind the decline were a decrease in milk yields, a reduced number of cattle, a decline in consumer purchasing power and a reduction in export opportunities amid the ongoing hostilities.
- ▶ The **lowest production level** was recorded in **2024**, marking the culmination of a multi-year decline, when the sector reached a critical point. In 2025, production fell further, indicating a slow recovery in the sector.
- ▶ **From 2026**, the production is expected to gradually increase. The forecast shows cautious positive dynamics, albeit with no breakthroughs: the average annual growth is only +0.9%. This is an indication of ongoing systemic issues, but also of the possibility of stabilisation with government assistance.

Given the forecasted dynamics, the production is not expected to exceed the pre-crisis level in the short term.
Recovery will only be possible if there are structural changes to the market.

Ukraine is performing below other regions in terms of dairy cheese production growth, even when viewed in the context of stable growth in the global and developing markets.

Growth rate of production volumes

Ukraine | World | EU | Developing countries

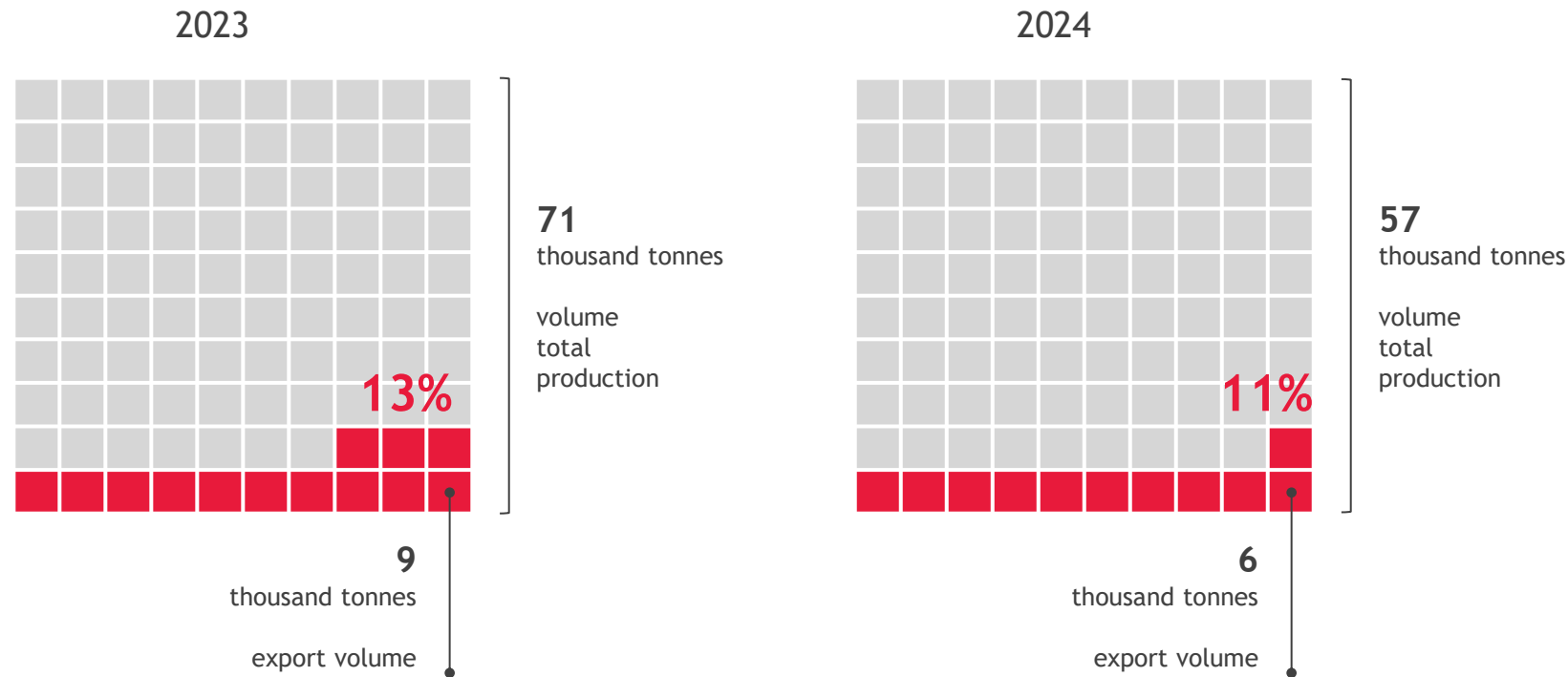


- ▶ The growth rate of dairy cheese production in **Ukraine** is the worst among all groups of countries. The production index has fallen to 40% of the 2014 levels, which is the consequence of years of decline in processing volumes and cattle numbers. Despite a slight increase after 2025, no significant recovery is expected until 2033.
- ▶ **The global market** is growing steadily at a moderate pace (CAGR +1.0%), primarily due to the active development of the sector in emerging markets.
- ▶ **The European Union** remains stable, although the growth rate is low (CAGR +0.4%), due to strict environmental requirements, shrinking farms and slow consumption growth. At the same time, it is maintaining its total production at a stable level.
- ▶ **Developing countries** continue to demonstrate leadership in terms of dynamics (CAGR +1.4%), gradually increasing their production potential.

The decline in dairy cheese exports indicates a loss of foreign markets and increased dependence on domestic consumption.

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

Export | Domestic consumption

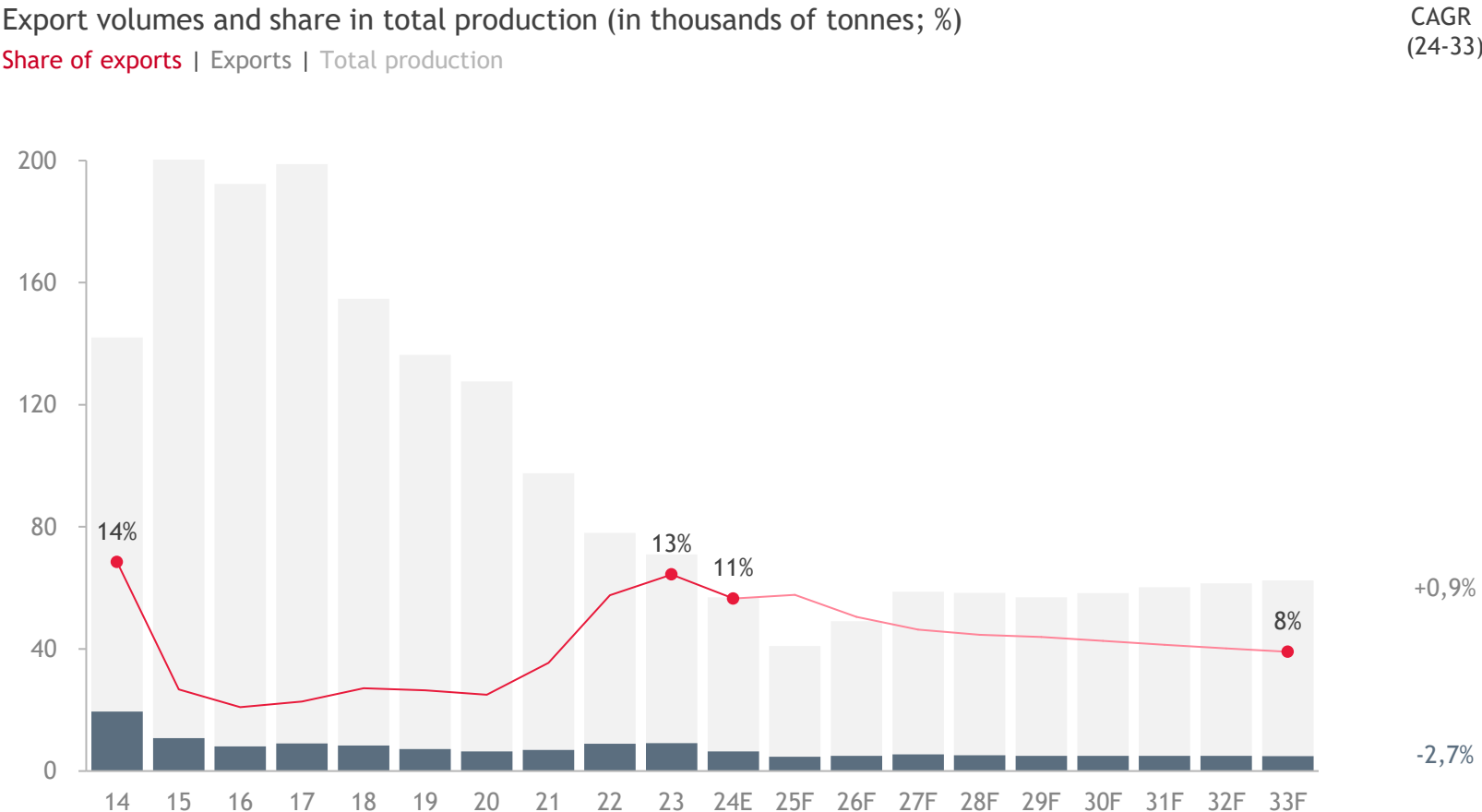


- ▶ In 2024, Ukrainian cheese exports decreased to 6 thousand tonnes, only 11% of the total production. This figure is lower than in 2023 (13% or 9 thousand tonnes) and indicates a decrease in the presence of Ukrainian products in foreign markets. The decline in exports occurs alongside a general decline in production and reduced competitiveness.
- ▶ The decline in the export share of total production indicates an increased dependence on the domestic market, which creates additional risks for foreign exchange earnings. The restricted access to foreign markets has a detrimental effect on production scaling and reduces the attractiveness of investment.
- ▶ A comprehensive solution to logistical, regulatory and marketing barriers is crucial for the **restoration of export activity**. It is imperative that products are adapted to meet international quality standards, that government programmes are supported to promote them in new markets, and that trade channels are developed for Ukrainian cheese.

The narrowing of the export segment indicates the requirement for a new strategy to enter foreign markets and enhance the international competitiveness of Ukrainian dairy cheese.

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

Share of exports | Exports | Total production

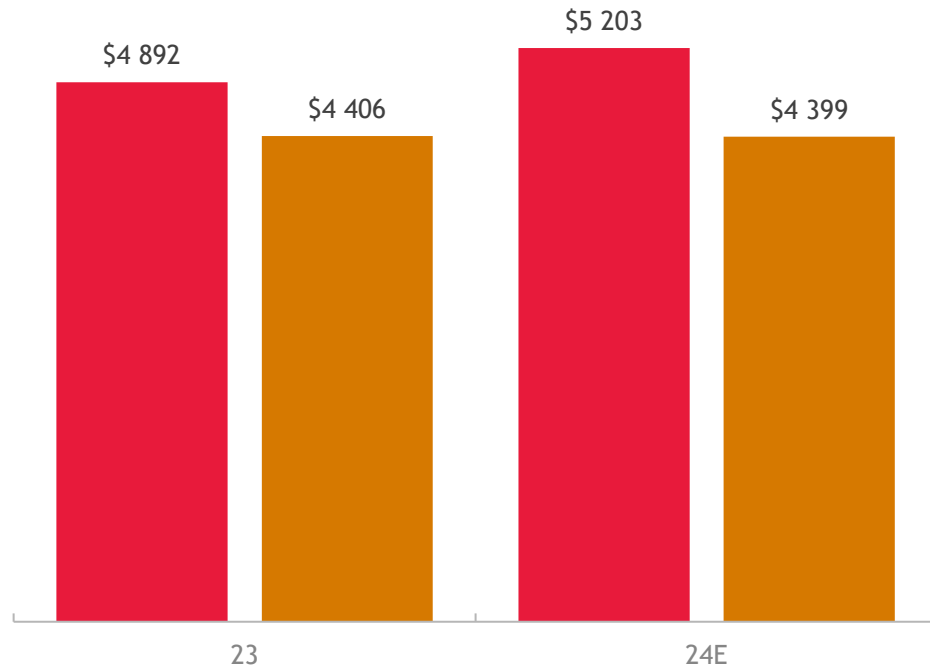


- ▶ The share of cheese exports from Ukraine is showing a gradual decline after a temporary increase in 2023. While in 2014, the exports accounted for 14% of total production, in 2024 this figure dropped to 11%, and by 2033 it is expected to fall further to 8%. This indicates a narrowing of the export segment and loss of foreign markets amid internal and external challenges.
- ▶ Stable but low exports are forecast for **2024-2033**, with a slow recovery in overall production. These dynamics indicate the weak position of Ukrainian products on the international market and a high level of dependence on domestic consumption. Exports are gradually becoming a smaller part of the overall structure of the industry.
- ▶ The majority of products are focused on the domestic market, which reduces the flexibility and resilience of the industry to external shocks.

The increase in the cost of **Ukrainian** dairy cheese, while maintaining lower global prices, indicates increased cost pressure and a loss of price competitiveness.

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

Ukraine | World

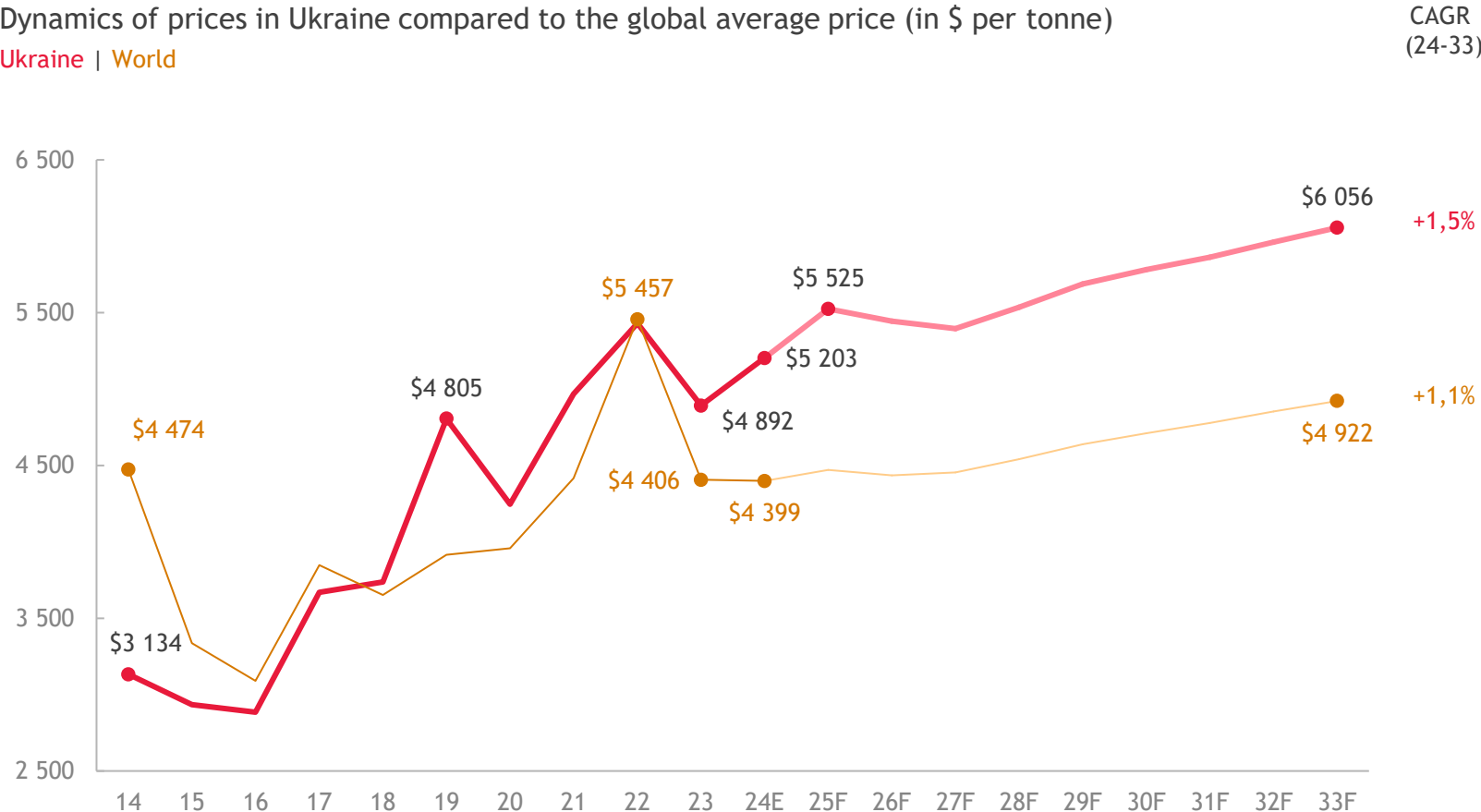


- ▶ In 2023, the cost of dairy cheese in Ukraine was \$4.892 per tonne, which is higher than the global average of \$4.406. Such price fluctuations indicate the higher cost of domestic production, which may be due to the smaller scale of enterprises, higher logistics costs and the volatile economic environment.
- ▶ In 2024, the cost of Ukrainian products rose even further to \$5.203 per tonne, while the global average remained almost at the same level as last year (\$4.399). This indicates an increase in cost pressure on Ukrainian producers, particularly due to rising energy, raw materials, transport and other wartime factors, which is reducing their competitiveness.
- ▶ The ongoing price gap between Ukraine and the global market highlights the need for improvement in domestic production efficiency. In the absence of large-scale modernisation and export support, high domestic prices can hinder development, reduce profitability and weaken positions in foreign markets.

Dairy cheese prices in **Ukraine** are increasing at a faster rate than global prices. This suggests that there is a risk of losing price competitiveness in foreign markets.

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

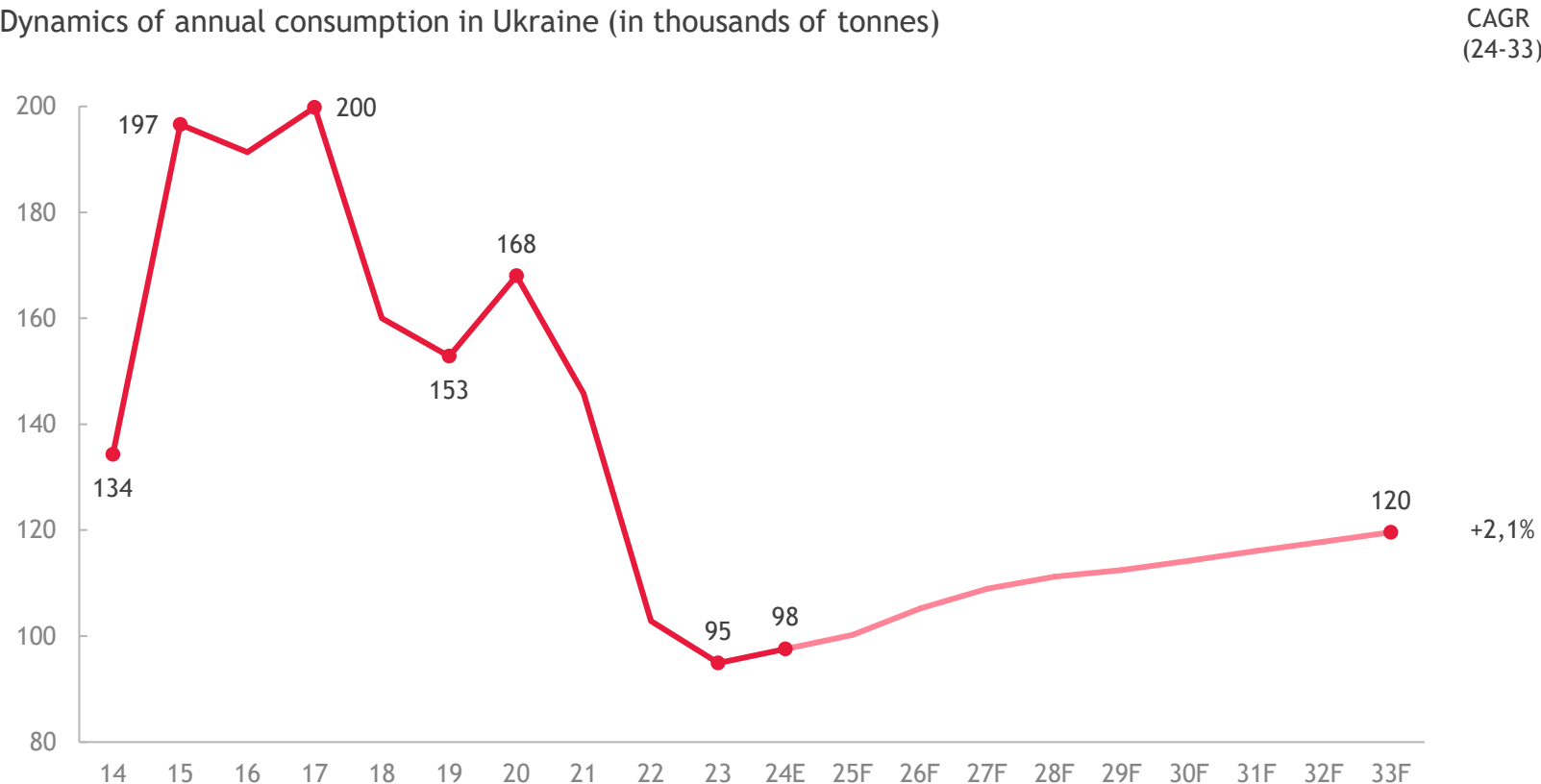
Ukraine | World



- ▶ In 2015-2023, the price of dairy cheese in Ukraine exhibited significant volatility, with considerable fluctuations driven by changes in production costs, logistics costs, exchange rate effects and general economic instability. In 2023, Ukrainian prices surpassed the global average, indicating the vulnerability of the domestic market to external and internal factors.
- ▶ Starting in 2024, the prices in Ukraine are expected to grow gradually but steadily, outpacing the global rate (CAGR +1.5% vs. +1.1%). By 2033, the price of Ukrainian cheese will rise to \$6.056 per tonne, while the global price will rise to only \$4.922. This indicates the mounting pressure from production, transportation and energy costs, which increases the risk of losing price attractiveness.
- ▶ The accelerated rise in Ukrainian prices may limit domestic consumption and cause greater difficulty entering foreign markets, due to a loss of competitiveness.

Following a decline in 2023, the Ukrainian dairy cheese market is displaying signs of recovery and steady growth in consumption.

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

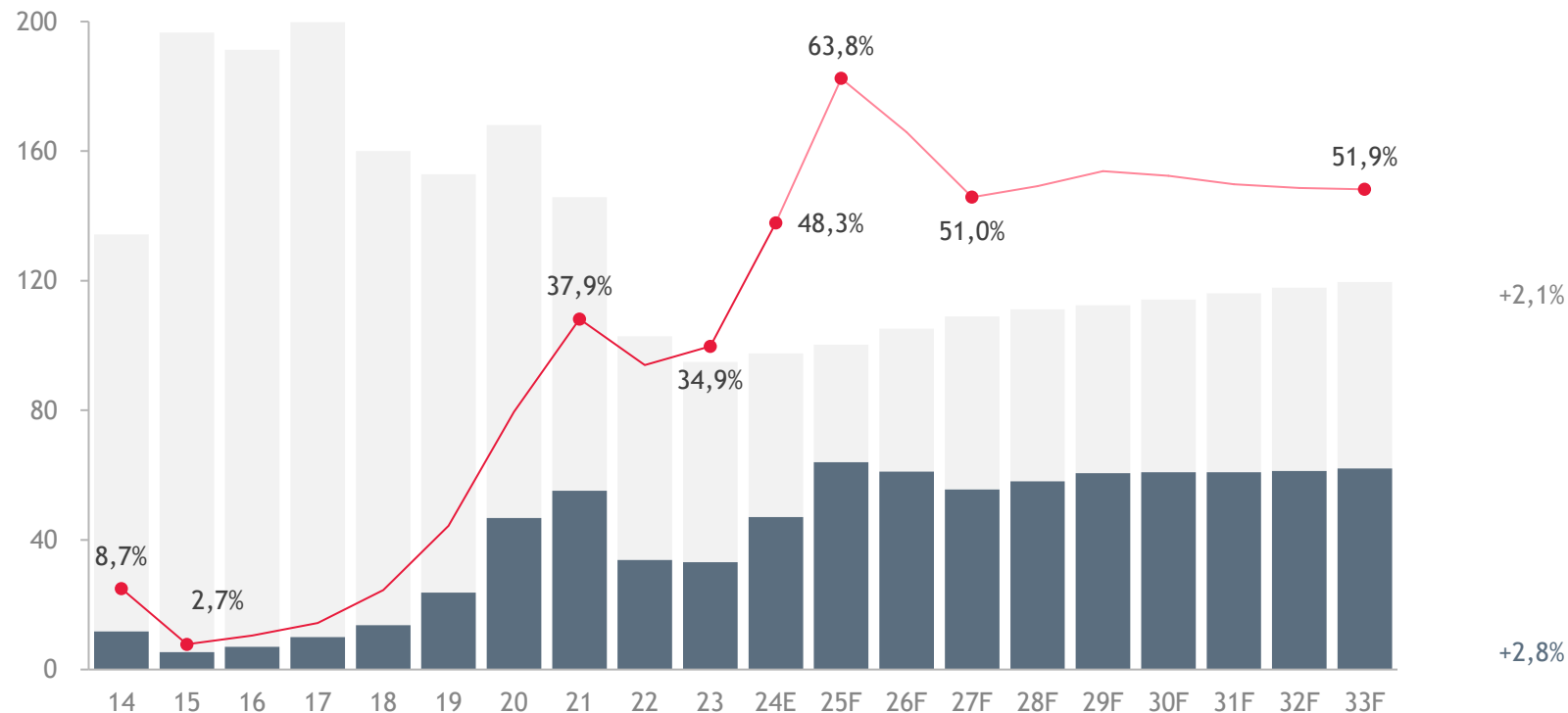


- ▶ The annual consumption of dairy cheese in Ukraine has shown instability over the period **2014-2022**, with a significant decline in 2023 to the lowest level in a decade - 95 thousand tonnes. This is due to lower incomes, logistical difficulties and general economic instability.
- ▶ **Following 2023**, the consumption will gradually stabilise: it is forecast to grow to 120 thousand tonnes by 2033, with an average annual growth rate of +2.1% (CAGR 24-33), indicating a positive trend in domestic demand recovery.
- ▶ The recovery in demand for dairy cheese is associated with the return of some people to the country, producers adapting to new conditions, the development of local brands and improved consumer solvency.
- ▶ The increasing demand for dairy cheese is creating a favourable environment for the expansion of products and the strengthening of the position of Ukrainian producers in the domestic market.

Following a surge in imports in 2025, the market share of domestic production is projected to gradually recover.

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

Share of imports | Imports | Total consumption

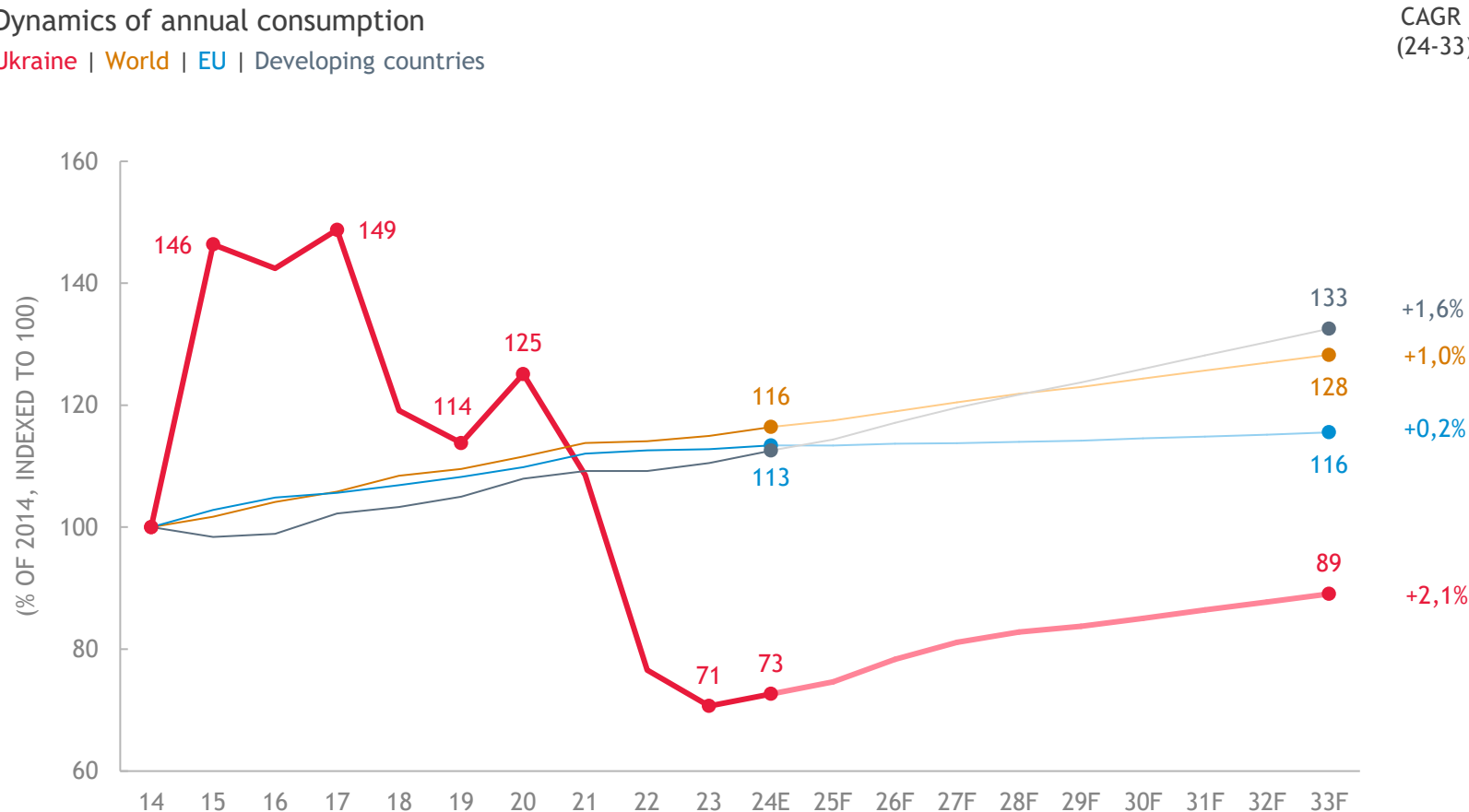


- ▶ The share of imports in the structure of domestic consumption of dairy cheese increased sharply in 2021-2025, peaking in 2025 at 63.8%, possibly attributable to a decline in domestic production due to military risks, logistical constraints and supply chain disruptions.
- ▶ Starting in 2026, there has been a steady decline in the share of imports, stabilising at around 50%. This indicates a partial recovery of domestic production capacity and the sector's adaptation to new conditions.
- ▶ The forecast for 2024-2033 indicates stable growth in domestic consumption (CAGR +2.1%) and imports (CAGR +2.8%), but without the threat of critical dependence, as the expected share of imports in the consumption structure will decrease to 3-5% in the long term.
- ▶ These dynamics indicate a shift towards a model that is primarily driven by Ukrainian production. However, the industry remains vulnerable to external risks.

Following a sharp decline in 2022-2023, **Ukraine** is demonstrating the fastest recovery in annual cheese consumption among all regions.

Dynamics of annual consumption

Ukraine | World | EU | Developing countries

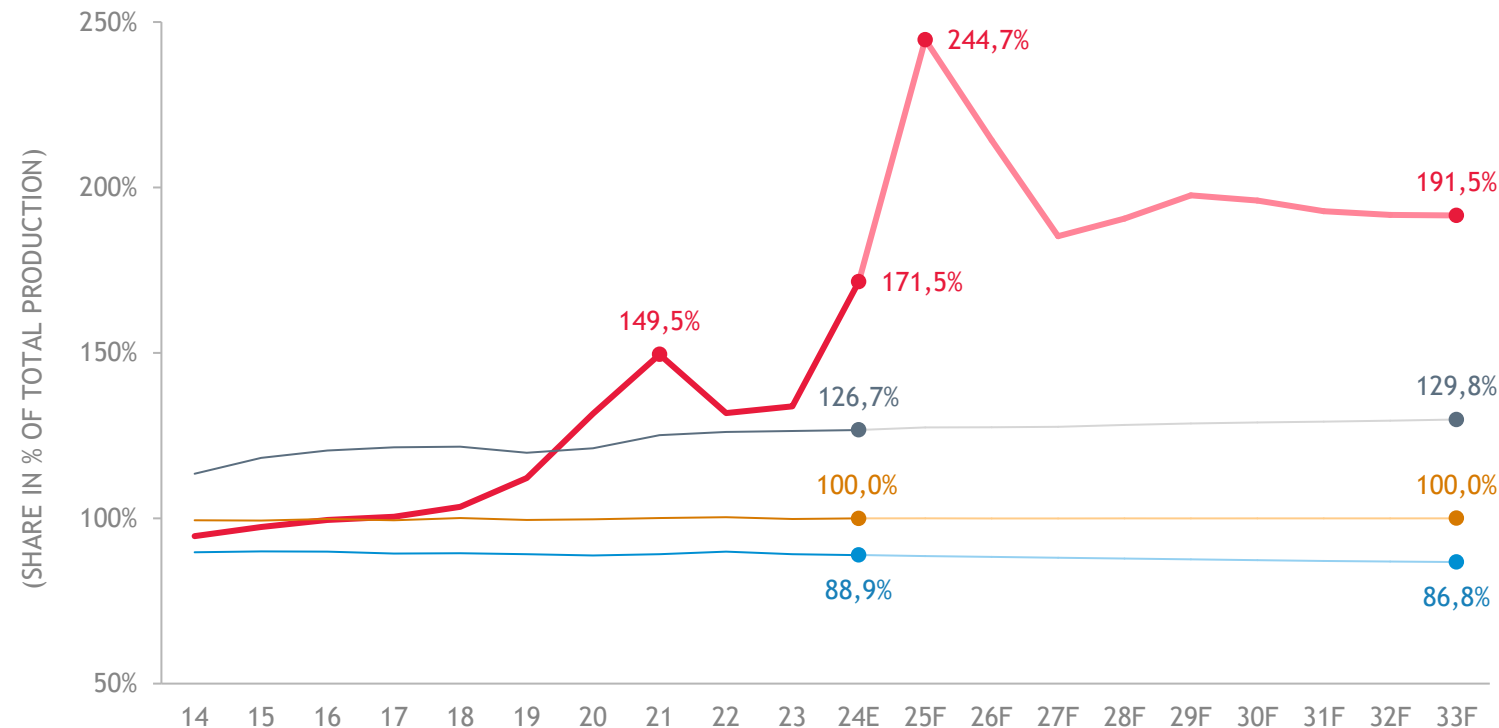


- ▶ Following a significant decrease in annual cheese consumption in **Ukraine** in 2022-2023, a gradual recovery is expected starting in 2024, with a projected average annual growth rate of +2.1% (CAGR to 2033), indicating stabilisation in demand and the market's adaptation to new conditions.
- ▶ **Developing countries** are also demonstrating high growth rates (CAGR +1.6%), driven by the expansion of the consumer segment and changes in the dietary pattern in favour of dairy cheeses.
- ▶ **The global market** is maintaining a moderately positive trend with a forecast growth of +1.0%, indicating the overall resilience of global demand.
- ▶ In the **European Union**, consumption growth remains low (CAGR +0.2%), driven by a shift to alternative products, changes in eating habits and a reduction in animal consumption.

The significant increase in the consumption of dairy cheese in **Ukraine** relative to production indicates a high degree of reliance on imports.

Dynamics of annual consumption

Ukraine | World | EU | Developing countries

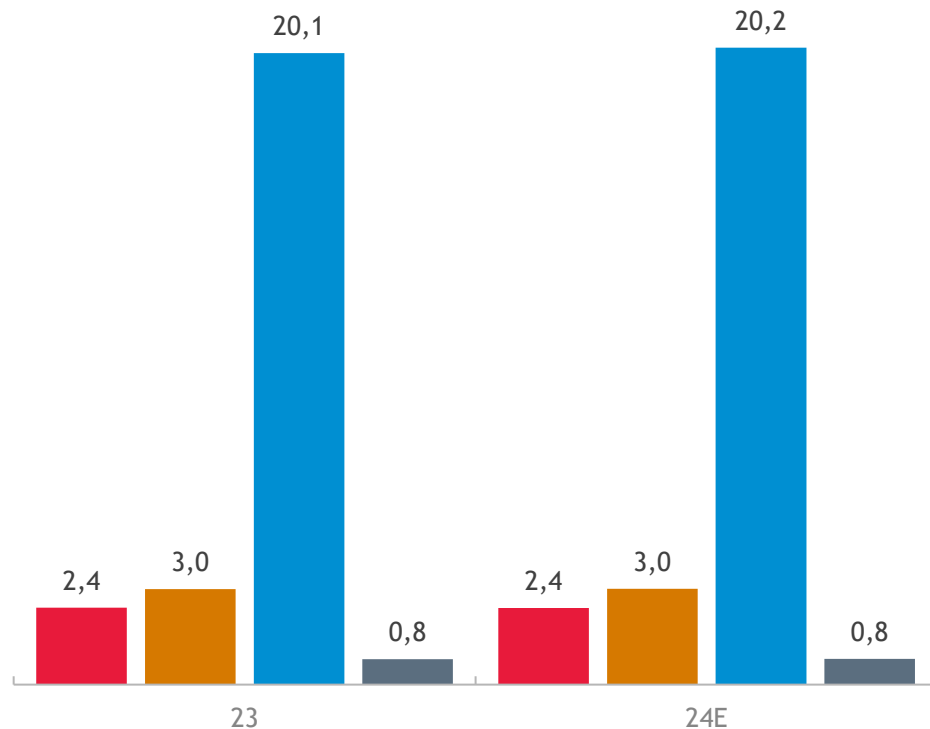


- ▶ During 2014-2023, **Ukraine** consistently consumed more cheese than it produced, and since 2024 this difference has increased sharply. In 2025, the share of consumption as a percentage of domestic production is forecast to reach 244.7%, and by 2033 - 191.5%, indicating a high degree of import dependence and a shortage of local production capacity.
- ▶ This increase is attributed to the recovery in domestic demand amid a gradual stabilisation of the economy, while domestic production volumes remain limited due to logistical and resource challenges.
- ▶ For comparison, the **global** figure remains at 100%, in **developing countries** it is between 126-129%, and in the **EU** it is below 90%, indicating overproduction and changing consumer habits.

In **Ukraine**, the consumption of dairy cheese remains at a consistently low level and there are no indications that it will reach global levels in the near future.

Annual consumption (in kilograms per person)

Ukraine | **World** | **EU** | Developing countries

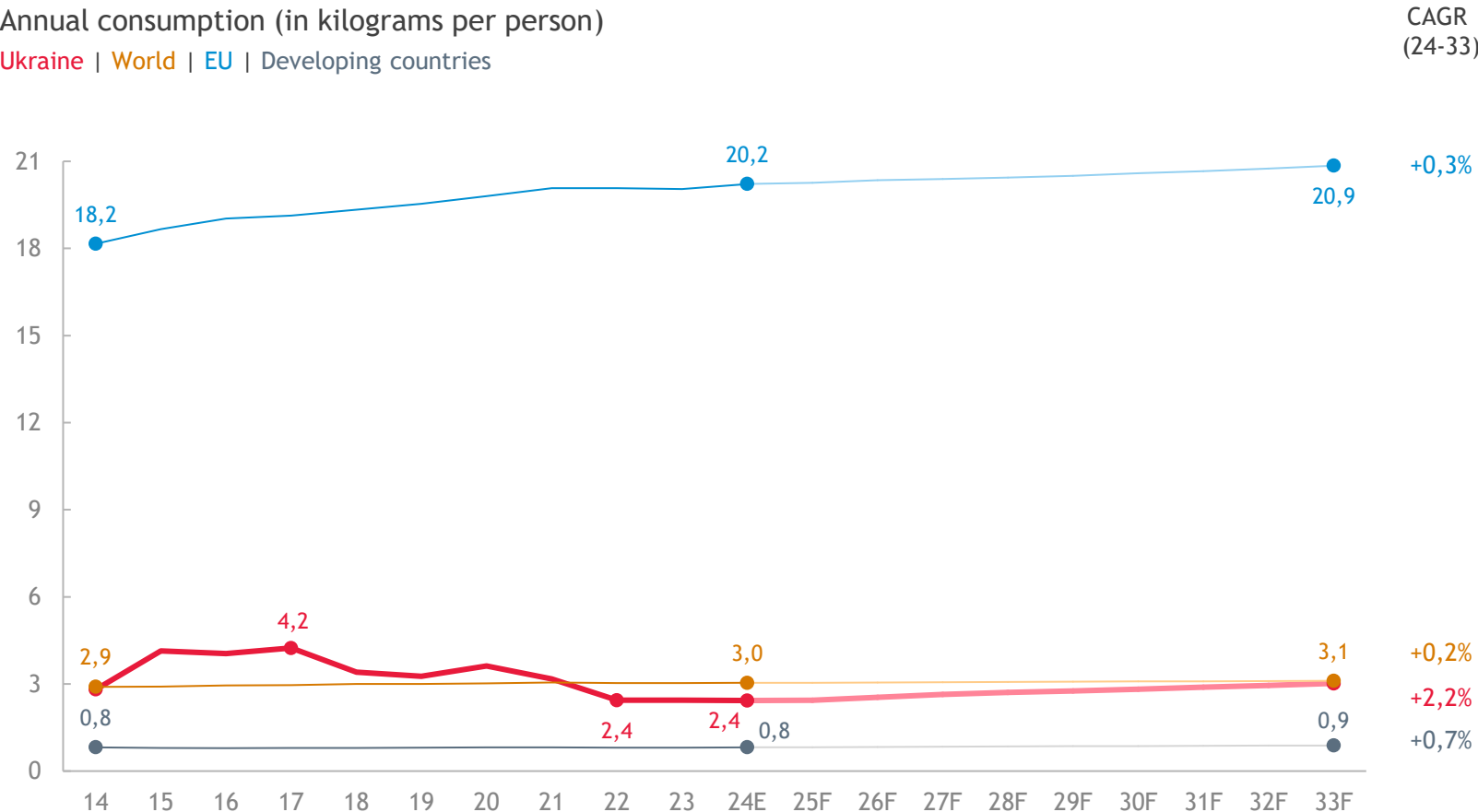


- ▶ In 2023-2024, the average annual consumption of dairy cheese in **Ukraine** was only 2.4 kg per person, which is significantly lower than the global average (3.0 kg) and several times lower than in the European Union - more than 20 kg per person. In developing countries, consumption is around 0.8 kg, which is lower but shows prospects for growth.
- ▶ The forecast for 2024 indicates that consumption in Ukraine will remain low despite the gradual stabilisation of the economy. This is due to limited purchasing power, low availability of quality products and the lack of a sustainable consumer culture focused on dairy cheese.
- ▶ In contrast, global consumption patterns remain consistent, with **EU countries** sustaining their high performance and **emerging markets** maintaining stability.

Following a prolonged decline in dairy cheese consumption in **Ukraine**, a gradual increase is anticipated amid global stability.

Annual consumption (in kilograms per person)

Ukraine | World | EU | Developing countries



- ▶ In 2017, **Ukraine** experienced a peak consumption of 4.2 kg of cheese per person, followed by a gradual decline. By 2022-2024, the level had fallen to 2.4 kg, reflecting the negative impact of economic instability, reduced production and lower purchasing power.
- ▶ The forecast for **2024-2033** shows a moderate increase to 3.0 kg with the highest growth rate among the regions at +2.2% CAGR, indicating the potential for domestic demand to recover if the socio-economic situation stabilises. However, even under the optimistic scenario, Ukraine does not reach the global average of 3.1 kg per person.
- ▶ Against the backdrop of a stable global market and high consumption in the EU (over 20 kg per person), Ukraine remains at the bottom of the ranking, although it is showing positive dynamics. The creation of these conditions will provide the necessary foundation for the growth of production and the development of the domestic cheese market.



Dairy cheese production

Key findings

- ▶ Following a decrease from 202 thousand tonnes in 2015 to 41 thousand tonnes in 2025, the Ukrainian cheese production is showing signs of stabilisation. The forecast for 2033 envisages a gradual but slight increase to 62 thousand tonnes, which remains substantially below the pre-war level. This suggests that the production system is adapting to the new environment. However, it will be necessary to make deeper investment and structural changes in the industry if we are to return to the volumes of more than 100 thousand tonnes that were typical of 2014-2018.
- ▶ Consumption of dairy cheese in Ukraine is growing faster than production: after declining to 95 thousand tonnes in 2023, demand shows a gradual positive trend, reaching 120 thousand tonnes in 2033. At the same time, production volumes remain much lower - only 62 thousand tonnes in 2033, which is half the level of consumption.
- ▶ Following a decrease to 2.4 kg in 2023-2025, per capita consumption of dairy cheese in Ukraine is projected to rise steadily to 3.0 kg by 2033. This indicates a partial recovery in domestic demand, in parallel with a stabilising economy and an expansion of supply within the market.
- ▶ Ukraine remains a net importer of dairy cheeses: according to data for 2024-2033, exports will stabilise at 5 thousand tonnes annually, while imports will fluctuate between 58 thousand and 64 thousand tonnes per year. This imbalance between imports and exports indicates a strong dependence on external suppliers to cover domestic demand.
- ▶ Meanwhile, prices for Ukrainian products are showing steady growth. In US dollar terms, the average price per tonne of milk cheese is to increase from \$5 203 in 2024 to a projected \$6 056 in 2033. This growth rate exceeds the global trend, where the average global price is expected to rise from \$4 399 to \$4 922 per tonne.
- ▶ The global market is showing signs of stagnation in the consumption of dairy cheese: in 2023-2033, consumption per person will remain stable at around 3.0-3.1 kg, with no significant positive dynamics. This suggests market saturation and a change in nutritional priorities among consumers in developed countries.



Valerii Afanasiev
Partner
Enterprise Appraisal
Director



Dmytro Korol
MRICS, Head of Business
Valuation and Financial
Modelling



Daria Bobyr
Appraiser

Business Valuation
and Financial Modelling



Yuliia Sotnyk
Analyst

Business Valuation
and Financial Modelling

КОНТАКТИ

Kyiv:

201/203, Kharkivske Road,
10th floor

☎ +380 44 393 26 87 88

📠 +380 44 393 26 91

Dnipro:

4 Andriia Fabra st.,
6th floor

☎ +380 56 370 30 43

📠 +380 56 370 30 45B

Lviv:

120 Shevchenko st.
Regus-KIVSH

☎ +38 032 242 44 00

✉ info@bdo.ua

🌐 www.bdo.ua



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