

Holy Oatly! Oat Milk Company's IPO Raises \$1.4 Billion

The world's largest oat milk company trades under ticker OTLY.

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Oatly went public on the Nasdaq stock exchange on Thursday, capitalizing on surging worldwide demand for its products.

Shares were initially priced at \$17, putting the company's valuation near \$10 billion. The stock rose to \$21 once trading began, a 24% increase, and the Malmo, Sweden based company predicts more jumps ahead.

Oatly says 35% to 40% of adults in the U.S., the United Kingdom, Germany, China and Sweden bought plant-based milk alternatives in the past three months.

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Worldwide sales of plant-based dairy substitutes in 2020 rose to \$18 billion, according to Euromonitor.

But that's still only 3% of the \$600 billion dairy market and as Oatly CEO Toni Petersson says, "The runway's massive."

Oat milk's growth is outpacing most competitors.

U.S. sales spiked 131% in the past year according to Nielsen –

while sales of soy milk, rice milk and coconut milk fell. Almond milk still has the largest sales among dairy alternatives but oat milk is popular for several reasons, says analyst Cara Rasch of market-research firm, Packaged Facts. Its mild and pleasant flavor makes it a perfect addition to coffees – with fewer calories, less fat, less cholesterol and less sodium than cow's milk.

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Oat milk also takes less energy and land to produce, making it more environmentally friendly, according to a 2018 Oxford University study.

Oatly's presence is growing. The product is now on the shelves at Target, featured on the menu at Starbucks and available online at Alibaba in China.

Just last July the company sold a 10% stake for \$200 million to a Blackstone investor group that included names like Oprah Winfrey, Actress Natalie Portman and Jay-Z's entertainment company, Roc Nation.

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