

FOOD & BEV

Investors Feeling Like a Kid in an Oat Milk Store

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The humble oat has gotten a glow up from its days starring in grandma's porridge. Yesterday, shares in Oatly, the world's biggest oat milk maker, soared 19% in its IPO, valuing the company at a trenta-sized \$12 billion.

\$12 billion for...oat milk?

If CEO Toni Petersson singing, "wow, no cow" at the Super Bowl was your Oatly introduction...we regret to inform you that you were behind on this one.

Oatly's story starts in 1994, when Swedish brothers Rickard and Bjorn Oeste began developing a milk alternative for the estimated two-thirds of people with lactose intolerance. But the company didn't become a household name until Petersson took over as CEO in 2014, refreshing Oatly's visual identity and reframing its marketing around oat milk's health and environmental benefits.

- Petersson focused on the US market and built buzz by infiltrating corporate watering holes, i.e. NYC coffee shops. Oatly sent its product to specialty baristas, who introduced consumers to the new milk in a perfectly frothed form you'd never be able to replicate at home.

Since then, Oatly's been keeping some A-list company. It raised money last year at a \$2 billion valuation from names including Blackstone, Oprah, Natalie Portman, and Howard Schultz (whose former company, Starbucks, recently began using Oatly nationwide). Oatly's expanded to new products, including yogurt and ice cream, and now sells in 60k stores and 32k coffee shops worldwide.

The alternative milk market is steaming up

And plenty of brands are scrambling for a spot on the menu. In the oat department alone, Oatly's got competition from Califia Farms, Chobani, Planet Oat, Pacific, and Danone's legacy alternative milk brands, Alpro and Silk.

But oat milk is still second fiddle to almond milk. And a gander through your local grocery store's dairy aisle will show you that companies are juicing every nut, grain,

seed, and bean that can (even loosely) mimic the "real" thing.

Bottom line: Oatly and other alternative milk brands seized on consumer demand for more environmentally friendly and healthy products. Their bet is paying off.