

STANDARDIZED MILK PRICE CALCULATIONS for December 2018 deliveries 1,000,000 kg/yr.

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 and scc 249,999 per ml

Company		adjustments			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
		quality	volume	season			
Milcobel	BE	0.73	1.13		33.72	32.48	0.24
Müller(Leppersdorf)	DE	0.51	0.71		34.45	32.34	
DMK Deutsches Milchkontor eG	DE		0.20		33.60	32.90	
Hochwald Milch eG	DE	0.76			34.91	33.72	0.10
Arla Foods DK	DK	0.94			34.18	33.18	1.28
Valio	FI				34.90	35.73	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.69	
Danone (Pas de Calais)	FR				32.64	34.55	
Lactalis (Pays de la Loire)	FR		0.39		35.57	33.97	
Sodiaal (Pas de Calais)	FR	0.58			34.08	34.63	0.23
Dairy Crest (Davidstow)	UK	0.11	0.65	1.62	34.83	32.65	
Dairygold	IE	0.39			32.30	32.76	
Glanbia	IE				32.06	32.07	
Kerry Agribusiness	IE				33.43	33.12	
Granarolo (North)	IT	0.77			37.87	38.37	
Royal A-ware Farm milk flow	NL	0.50	1.28		33.67	34.85	
FrieslandCampina	NL				36.67	35.48	1.27
AVERAGE MILK PRICE 2)					34.29	33.91	
Emmi	CH		3.28		49.82	48.24	
Fonterra 3)	NZ				29.40	29.31	
United States Class III 4)	US	0.13			30.72	31.49	

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.

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MILK PRICES

The calculated monthly milk prices in December 2018 averaged to € 34.29 per 100 kg of standard milk. A decrease of € 0.36 compared to the previous month. Compared to December 2017, the average milk price is € 2.87 or 7.7 % lower.

In December, most (11) dairy companies did not change the milk price compared to November. The other 6 have reduced milk prices by about € 1.00 per 100 kg.

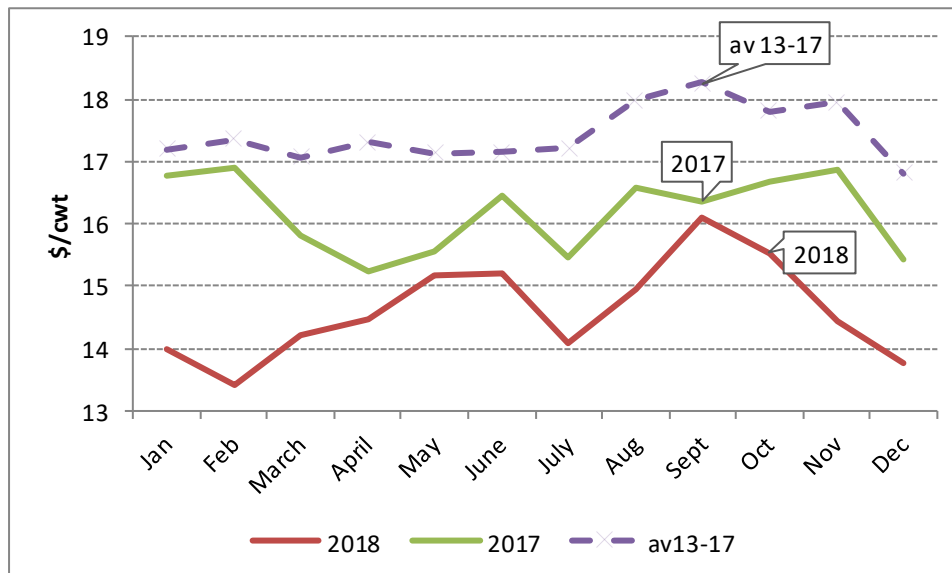
The average milk price is expected to decrease slightly further in January in view of the announced price reductions by Dairy Crest (-1.2), Arla (-1.5), FrieslandCampina (-1.0), Royal A-ware (-0.5) and Lactalis (-0.7). FrieslandCampina has a small price increase announced for February (+ 0.2), while Arla leaves the milk price unchanged.

The milk prices of Savencia and Lactalis were announced for the first quarter of 2019. Savencia raises the milk price in January (+1.1) and February (+0.8) and leaves it unchanged in March. After a price cut in January (-0.7), the milk price of Lactalis remains unchanged in February and March.

From October, Royal A-ware has 5 different milk flows. The LTO milk price applies from October 2018 onwards to the so called farm milk flow (see for details additional information per company).

The previous publication provided an overview of the provisional milk prices for 2018. On average, the monthly advance milk prices of the European dairy companies fell by 3.6% compared to 2017, making 2018 an 'average' milk price year. The milk price development in the United States is clearly more negative, as shown in the graph below.

Graph. USA class III milk prices (In \$ per cwt (=45.36 kg))



Expressed in dollars (and per hundredweight(cwt)), Class III milk prices fell by almost 10% in 2018 compared to the previous year. This means that 2018 will again be a relatively poor milk price year after 2017. The milk prices of the past 2 years are clearly below the average in the years 2013 through 2017.

Price changes in December 2018 (€ 100 per kg) compared to the previous month and additional information per company

Milcobel: -1.0

Muller: unchanged

DMK Deutsches Milchkontor eG: -1.0. The price ratio between protein and fat changes in January to 1:1. From July 2018 onwards it was 1.5:1 and before than many years 2:1.

Hochwald eG: unchanged

Arla: -1.0 ,January -1.5 and February unchanged

Valio: unchanged

Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: unchanged, January +1.1, February +0.8 and March unchanged

Danone: (A-price): -1.0

Lactalis: unchanged, January -0.7 and February and March unchanged

Sodiaal (A-price): -1.0

Dairy Crest: - 1.2 due to a lower seasonality bonus and a devaluation of British Pound against the euro. January -1.6 due to the expiration of the seasonal bonus and February -1.0 due to a price decrease (-0.5 ppl) and the withdrawal of the supplementary payment for extreme weather (-0.5 ppl).

Dairygold: unchanged

Glanbia Ingredients Ireland: unchanged

Kerry: unchanged

Granarolo: unchanged up to and including January.

Royal A-ware: unchanged and January -0.5

With the December milk statement, the sustainability premium of € 0.50 per 100 kg was paid over the milk delivered in 2018 and settled with the monthly advance of € 0.25 per 100 kg. In the milk price comparison this premium has been increased with retroactive effect from January 2018 onwards by € 0.25 per 100 kg.

From October 2018, Royal A-ware has 5 special milk flows. The calculated milk price relates to the so called farm milk flow. This raw milk must meet a number of requirements, including non GMO certification. For this milk flow, dairy farmers receive a premium of € 0.50 from October to December and € 1.25 per 100 kg from January 2019 onwards. For farm milk there is no obligation for outdoor grazing. On this basis, the milk prices have been reduced retroactively by € 0.81 from October (no pasture premium anymore) and increased by € 0.50 due to the premium for farm milk. As a result, the milk prices in October and November have been reduced by € 0.06 per 100 kg(= + 0.25-0.81 + 0.50).

FrieslandCampina: unchanged , January -1.0 and February +0.2

AVERAGE: -0,36

Emmi: +0.5 as a result of a slight B price increase combined with a slightly lower exchange rate for the Swiss Franc against the euro. In January and February, milk prices are slightly increased

by +0.6 and + 0.1 respectively. For the milk delivered in 2017, a supplementary payment was made of 3 Swiss Francs or € 2.65 per 100 kg. This amount has been incorporated retroactively in the 2017 milk prices.

Fonterra: unchanged

USA: -2.3

Expressed in dollars, the US class III milk price has dropped from \$ 14.44 in November to \$ 13.78 per cwt (hundredweight (45.36 kg)) in December.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	30/1/2019	2/1/2019	Average 2018
Butter	439	414	499
Whole milk powder	287	273	269
Skimmed milk powder	195	179	149
Whey powder	84	79	70

Across the EU there has been a stagnation of milk supply since August, which appears to be the result of the severe drought in the summer. In November the volume decreased by almost 1%, in the two months before it was already a slight decrease. In that month, milk supply in Germany, France and Italy, in particular, declined as also in the Netherlands. Striking is the strong growth in Ireland since August, after a period of contraction. In October and November the volume even increased by 20%.

Milk production in major dairy countries outside the EU also stagnated in November. Only New Zealand (+ 1.0%) and the US (+ 0.6%) recorded another increase. In the US, growth has long been below the long-term growth rate (1.6%). Argentina, Uruguay and Australia saw volume decline in November. Australia recorded a decrease for the sixth month in a row. New Zealand is able to maintain the growth rate and also achieved an increase in milk supply in December.

In December, the fall in butter prices came to an end. In January the butter market recovered and higher prices were quoted. This was mainly due to the increase in buying interest, especially for the second quarter. The price quotation of skimmed milk powder continues to increase thanks to good demand. This is now € 195 and well above the intervention price level. In a short time the intervention stocks were almost completely sold, but this did not have any consequences for market prices. Due to rising prices on the market for cream/milk fat and skimmed milk powder, the prices of whole milk powder are rising. The demand for European milk powder is limited, however, since the price difference with the world market is too great.

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Müller(Leppersdorf)	DE	0.51	0.61		34.35	32.24	
DMK Deutsches Milchkontor eG	DE		0.15		33.44	32.74	
Hochwald Milch eG	DE	0.76			34.89	33.57	0.10
Arla Foods DK	DK	0.94			34.11	33.11	1.28
Valio	FI				34.90	35.73	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.69	
Danone (Pas de Calais)	FR				32.64	34.55	
Lactalis (Pays de la Loire)	FR		0.24		35.42	33.83	
Sodiaal (Pas de Calais)	FR	0.58			34.08	34.63	0.23
Dairy Crest (Davidstow)	UK	0.11	0.32	1.62	34.50	32.32	
Dairygold	IE	0.39			32.30	32.76	
Glanbia	IE				32.06	32.07	
Kerry Agribusiness	IE				33.43	33.12	
Granarolo (North)	IT	0.77			37.87	38.37	
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Arla Foods DK	DK	0.94			34.21	33.21	1.28
Valio	FI				34.90	35.73	0.92
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