

STANDARDIZED MILK PRICE CALCULATIONS for February 2020 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		32.72	32.34	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	31.85	
DMK Deutsches Milchkontor eG	DE		0.20		32.68	31.82	
Hochwald Milch eG	DE	0.76			32.53	32.53	0.69
Arla Foods DK	DK	0.89			32.47	32.55	1.50
Valio	FI				35.88	35.55	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.21	
Danone (Pas de Calais)	FR				33.96	34.99	
Lactalis (Pays de la Loire)	FR		0.39		35.72	35.03	
Sodiaal (Pas de Calais)	FR	0.58		-0.49	35.06	35.20	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.12	0.69		33.48	32.98	
Dairygold	IE	0.39		1.94	33.75	30.87	
Glanbia	IE			2.76	35.29	30.47	0.40
Kerry Agribusiness	IE				33.01	31.09	
Granarolo (North)	IT	0.75			39.33	39.50	
FrieslandCampina	NL				35.32	35.01	0.57
AVERAGE MILK PRICE 2)					34.23	33.56	
Emmi	CH		3.48	-3.66	51.47	52.30	
Fonterra 3)	NZ				31.84	32.23	
United States Class III 4)	US	0.18			38.81	39.38	

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

1) Exclusive of most recent supplementary payment

2) Arithmetic average

3) Based on most recent forecast

4) Based on USDA announcement

MILK PRICES

The calculated monthly milk prices in February 2020 averaged to € 34,23 per 100 kg of standard milk. A decrease of € 0.09 compared to the previous month. Compared to February 2019, the average milk price increased with € 0.09 or 0.3 %.

Compared to last month, it should be noted that the previously published average January milk price has been increased retroactively. This is because the seasonal bonuses of Dairygold and Glanbia are included in the January milk prices.

In February, the calculated milk prices of Kerry, FrieslandCampina and Sodiaal rose by € 1.00, € 0.69 and € 0.28 per 100 kg standard milk, respectively. This is offset by price declines of Milcobel, Dairygold, Glanbia and Saputo Dairy UK.

The price drops of Dairygold and Glanbia are due to a lower Early Calving Bonus in February. Both companies pay this bonus in the months of January and February (and Dairygold also March).

Milk prices appear to remain fairly stable for March and possibly April as well. For example, Arla announced an increase of € 1.00 for March, while the milk price – before seasonality - remains unchanged in April. An increase is also expected for DMK in March (+ € 0.50). On the other hand there are price drops of maximum € 0.60/100 kg) for FrieslandCampina, Savencia, Lactalis and Saputo Dairy UK. Moreover, Saputo Dairy UK has announced that it will not reduce the milk price further until the end of June.

Both Arla and FrieslandCampina announced the annual results for the 2019 calendar year in mid-February. Bases on their annual reports , provisional supplementary payments for the milk delivered in 2019 has been calculated of € 1.34 (2018: € 0.57) for FrieslandCampina and € 1.50 (2018: € 2.30) for Arla. Arla's lower supplementary payment compared to 2018 is due to the fact that the entire 2018 profit was exceptionally – because of extreme weather conditions- paid as a supplementary payment to their dairy farmers. As usual, part of the profit for 2019 is withheld and added to the general reserves of Arla.

Price changes in February 2020 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: -1.0

Müller: unchanged

The milk price is exclusive of a bonus of € 1.0 per 100 kg for the use of GMO free feed (VLOG certified). All milk is GMO free.

DMK Deutsches Milchkontor eG: unchanged, March + 0.5

The milk price includes an (average) bonus of € 0.66 for participation in the Milkmaster sustainability program, but excludes a € 0.7 bonus for the use of GMO free feed. About 2/3 of the collected milk is GMO free.

The milk price includes an average Milkmaster of € 0.66 per 100 kg.

Hochwald eG: unchanged

The milk price does not include the bonus of € 1.00 per 100 kg for the use of GMO-free feed. Almost all milk collected is GMO free (VLOG certified).

Arla: unchanged, March +1.0 and April unchanged

The milk price includes a bonus of € 1.0 for participation in the quality and sustainability program Arlagarden Plus, but excludes a bonus of € 1.0 per 100 kg for the use of GMO free feed and € 0.5 per 100 kg for welfare.

Based on the annual results a provisional supplementary payment of € 1.50 (2018: € 2.30) per 100 kg milk delivered in 2019 is calculated. This payment includes additions to the member capital.

Valio: unchanged

The milk price includes a bonus of € 2.0 for participation in the sustainability/animal health program NASEVA. Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: unchanged, March -0.5

Danone: (A-price): unchanged

Lactalis: unchanged, March -0.4

Sodiaal (A-price): +0.4

Saputo Dairy UK: -0.5 and March -0.6.

Saputo Dairy UK will reduce the price with 0.5 pence per litre (ppl) from March but this new price before seasonality will then be a guaranteed floor for producers until the end of June '20.

The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: -1.0 due to a lower seasonal bonus

The calculated milk price of January has been increased retroactively, because it includes an unconditional seasonal bonus (Early Calving Bonus) of 3 cents per liter (cpl). In February and March this bonus is 2 and 1 cpl respectively.

The milk price includes a bonus of € 0.1 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health (€ 0.05) are not taken into account.

Glanbia Ingredients Ireland: -0.9

As with Dairygold, the milk price of Glanbia is also increased retroactively in January. Glanbia dairy farmers receive an Early Calving bonus, namely 4 cpl in January and 3 cpl (incl. VAT) in February.

There are no conditions attached to these bonuses.

The milk price includes a € 0.95 support payment paid by the Glanbia cooperative € 0.40 as share of Glanbia Ireland profit.

Kerry: +1.0

The milk price includes a bonus of € 0.1 for the SDAS sustainability program.

Granarolo: unchanged

FrieslandCampina: +0.7 and March -0.2

The milk price includes an (average) bonus of € 0.63 for outdoor grazing, but excluding a bonus of € 1.0 per 100 kg for the use of GMO free feed.

Based on the 2019 annual report, a provisional supplementary payment of € 1.34 per 100 kg (2018: € 0.57) has been calculated, consisting of a performance premium and the issue of member bonds.

AVERAGE: -0.09

Note the average milk price of January has been corrected from € 33.89 to € 34.32 per 100 kg due to the adjusted milk prices of Glanbia and Dairygold.

Emmi: -3.1 due to a seasonal deduction, March (almost) unchanged, April -0.8 due to a lower B-price.

The milk price excludes a bonus of € 2.75 per 100 kg for the national sustainability program swissmilk green.

Fonterra: -2.1 due to the exchange rate

The calculated milk price is based on the mid-points of the most recent forecast (18 March 2020) ranges for the milk price (7.30) and earnings (0.20) or in total 7.50 NZ\$ per kg milk solids.

USA: +0.4 due to the exchange rate

Expressed in dollars, the US class III milk price decreased from \$ 17.05 in January to \$ 17.00 per cwt (hundredweight (45.36 kg)) in February 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	25/3/2020	27/2/2020	Average 2019
Butter	330	350	382
Whole milk powder	275	300	293
Skimmed milk powder	213	250	213
Whey powder	66	75	71

Dutch milk supply grow by more than 5% in February. An important part of the increase can be explained by the extra production on the leap day. Adjusted for this effect, the increase in February was 1.5%, a lower increase than in previous months.

The EU milk supply increased by more than 1% in January, a growth comparable to December last year. As in previous months, volumes in Germany, France, the Netherlands and Poland increased. Ireland has been declining since October, although the decline leveled off somewhat in January. Milk production in the other globally important dairy exporting countries generally showed an increase in January. Only New Zealand recorded a decrease (-0.7%). For the first time in a long time, Australia saw milk production increase slightly (+ 0.5%). The US posted an increase of over 1% in January. Argentinian milk production showed a strong recovery (+ 5%) in this month. The aggregated volume of the major dairy exporters (including the EU) was more than 1% higher in January 2020 than in January 2019.

The market is currently completely gripped by the Corona crisis. Attenuation is noticeable for all products, although the decrease has been faster for protein-rich products such as skimmed milk powder than for fat-related products such as butter and whole milk powder. Despite increasing price pressure due to a drop in demand and logistical problems, the decline in butter has so far remained relatively limited. On the other hand, the price quotation of skimmed milk powder has declined at a faster pace in recent weeks, although demand from Asia was still quite good. Europe is much hindered by competition from the US, which offer at a considerably lower price level. Until recently, the price quotations of whole milk powder went down at a slow pace. However, the price fell sharply in the most recent listing, due to the large price difference with competing suppliers outside the EU.

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Müller(Leppersdorf)	DE	0.51	0.61		31.38	31.75	
DMK Deutsches Milchkontor eG	DE		0.15		32.52	31.67	
Hochwald Milch eG	DE	0.76			32.51	32.51	0.69
Arla Foods DK	DK	0.89			32.41	32.49	1.50
Valio	FI				35.88	35.55	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.21	
Danone (Pas de Calais)	FR				33.96	34.99	
Lactalis (Pays de la Loire)	FR		0.24		35.57	34.88	
Sodiaal (Pas de Calais)	FR	0.58		-0.49	35.06	35.20	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.12	0.35		33.14	32.65	
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Fonterra 3)	NZ				31.84	32.23	
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FrieslandCampina	NL				35.37	35.05	0.57
AVERAGE MILK PRICE 2)					34.28	33.60	
Emmi	CH		3.66	-3.66	51.65	52.47	
Fonterra 3)	NZ				31.84	32.23	
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