

STANDARDIZED MILK PRICE CALCULATIONS for March 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		29.72	32.08	0.24
Müller(Leppersdorf)	DE	0.51	0.71		30.98	31.72	
DMK Deutsches Milchkontor eG	DE		0.20		33.18	31.93	
Hochwald Milch eG	DE	0.76			32.53	32.53	0.69
Arla Foods DK	DK	0.92			33.46	32.62	1.43
Valio	FI				35.88	35.63	1.02
Savencia (Basse Normandy)	FR	1.18			34.60	35.21	
Danone (Pas de Calais)	FR				33.96	34.98	
Lactalis (Pays de la Loire)	FR		0.39		35.03	35.04	
Sodiaal (Pas de Calais)	FR	0.58		-0.78	34.86	35.16	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.65		30.93	32.74	
Dairygold	IE	0.39		0.97	30.78	30.79	
Glanbia	IE				30.53	30.47	0.40
Kerry Agribusiness	IE				31.31	31.05	
Granarolo (North)	IT	0.75			39.33	39.62	
FrieslandCampina	NL				35.08	34.93	1.31
AVERAGE MILK PRICE 2)					33.26	33.53	
CAPSA FOOD	ES				31.27	31.40	
Emmi	CH		3.50	-3.68	51.78	52.69	
Fonterra 3)	NZ				31.19	32.44	
United States Class III 4)	US	0.17			36.57	39.63	

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 March 2020 averaged to € 33.26 per 100 kg of standard milk. A decrease of € 0.97 compared to the previous month. Compared to February 2019, the average milk price increased with € 0.35 or 1.0 %.

It is not uncommon for milk prices to fall in March. The seasonal increase in milk production usually leads to lower prices in the spring, which then pick up again after May. However, due to the coronavirus, 2020 will not be an ordinary year, which is already evident in some milk price decreases.

The average milk price in March fell relatively more than usual. In addition to the seasonal effect, this is also because a number of dairy companies have decreased their milk prices. Milcobel (- € 3.00 per 100 kg of milk) and the Irish companies have cut milk prices most.

Milk prices are expected to fall further in the coming months. FrieslandCampina has announced a price reduction for both coming months of € 1.25 in April and € 2.00 per 100 kg in May. Arla's milk price remains the same in April, but falls by € 1.00 in May. Milk price of Savencia drops by € 1.30 in April and that of Lactalis in April by € 0.50 per 100 kg. The milk price of the German DMK remains the same in April.

Based on further information, the final supplementary payments (13th month payment) by Arla and FrieslandCampina for milk delivered in 2019 have been calculated. These amount to € 1.43 and € 1.31 per 100 kg respectively.

Outside Europe

After a significant price increase in 2019, milk prices in the United States fell sharply in 2020. Based on futures, the milk price could further decrease by a total of about 30% in the next two months. New Zealand's Fonterra - which exports around 95% of its dairy products - has not adjusted its price forecast for the current season. It should be noted that milk production in New Zealand reversed to Europe will drop sharply in the coming months to a seasonal low. The milk price forecast for the new milk price year 2020/21 - which starts in June - will be announced at the end of May.

The milk price of the Swiss Emmi will fall in the coming months by € 0.90 in April and € 1.20 in May.

CAPSA FOOD

New in this milk price comparison is Spanish CAPSA FOOD. CAPSA FOOD is owned by the Central Lechera Asturiana cooperative and processes about 0.9 billion kg of milk yearly, the majority of which comes from dairy farmers in north western Spain (Galicia and Asturias). CAPSA FOOD is the second largest dairy processor in Spain after Lactalis. Total milk production in Spain is about 7 billion kg of milk. The inclusion of CAPSA FOOD provides more insight into the development of milk prices in Southern Europe.

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

Milcobel: -3.0

Müller: -0.5

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: + 0.5, April unchanged

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: +1.0 ,April unchanged and May -1.0

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.

A final supplementary payment of € 1.43 (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: -0.3 ,April -1.3

Danone: (A-price): unchanged

Lactalis: -0.7, April -0.5 and May unchanged

Sodiaal (A-price): -0.2

Saputo Dairy UK: -2.6 mainly due to a devaluation of the British pound against the euro.

Saputo Dairy UK reduced the price with 0.5 pence per liter (ppl) from March but this new price before seasonality is a guaranteed floor for producers until the end of June '20. However due to seasonal levies the calculated milk price will decrease in the coming months.

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

Dairygold: -3.0 due to a price reduction of -2.0 and a lower seasonal (early calving) bonus

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: -4.8 due to a price drop of 2.0 and no longer an early calving bonus.

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

Kerry: -1.7

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

Granarolo: unchanged

FrieslandCampina: -0.2, April -1.2 and May -2.0

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.

The definitive supplementary payment is € 1.31 per 100 kg (2018: € 0.57), consisting of a performance premium and the issue of member bonds.

AVERAGE: -0.97

CAPSA FOOD -0.7

The milk price of CAPSA FOOD consists of an A and B price. The A price for 70% of the milk supplied is set quarterly, while the B price (for the other 30%) is based on market developments, such as butter and skimmed milk powder prices and therefore varies monthly.

The A and B basic prices apply to milk with 3.20% protein and 3.70% fat. For higher/lower constituents € 3.00 per % more/less is paid for both protein and fat.

For milk with a somatic cell count of less than 200,000/ml and a bacterial count of less than 50,000/ml, a quality premium is paid of € 0.60/100 liters. Because LTO standard milk has a higher standard somatic cell count, this premium is not included in the calculated milk price.

A supplement to the milk price of € 1.50 per 100 liters has been included in the calculated milk price.

Emmi: +0.3 mainly due to a devaluation of the euro against swiss franc, April -0.9 and May -1.2

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

Milk prices are based on milk statements of a producer organization that supplies milk to Emmi.

Fonterra: -0.7 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: -2.2 due to a price reduction and the exchange rate

Expressed in dollars, the US class III milk price decreased from \$ 17.00 in February to \$ 16.25 per cwt (hundredweight (45.36 kg)) in March 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	29/4/2020	25/3/2020	Average 2019
Butter	257	330	382
Whole milk powder	255	275	293
Skimmed milk powder	190	213	213
Whey powder	70	66	71

Dutch milk supply increased by 3% in March. This was the eighth consecutive month of growth. EU milk supply increased by over 4% in February. Adjusted for the leap year, growth in February was less than 1%, slightly lower than in January. In addition to the Netherlands, the volume increased again in Germany, France and Poland. Ireland recorded a significant increase for the first time since August.

Milk production in the other globally important dairy exporting countries increased in February. Only New Zealand remained at the same level, corrected for the extra production on the leap day, there was even a decrease (-3%). Taking into account the leap effect, the US posted an increase of almost 2% in February, Australia, Argentina and Uruguay showed even stronger growth.

The dairy market is still under the spell of the Corona crisis, although the panic has subsided and calm seems to have returned. This stabilized the price level in the second half of April. The price quotation of butter is also currently stable. In the first half of April there was still a very strong decline, which was largely due to the loss of sales in the food service channel. There is demand, but this mainly concerns short-term coverage demand. It is also positive that the European Commission will activate the private butter storage scheme in May. The price quotation of skimmed milk powder has not fallen further in recent weeks, prices even rose slightly. The market is quite calm and there

are no signs of weakening in the short term. The price quotation of whole milk powder is currently fairly stable, following the developments of butter and skimmed powder.

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Dairygold	IE	0.39		0.97	30.78	30.79	
Glanbia	IE				30.53	30.47	0.40
Kerry Agribusiness	IE				31.31	31.05	
Granarolo (North)	IT	0.75			39.33	39.62	
FrieslandCampina	NL				34.93	34.80	1.31
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