

STANDARDIZED MILK PRICE CALCULATIONS for August 2019 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		31.72	32.86	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	32.77	
DMK Deutsches Milchkontor eG	DE		0.20		31.26	32.52	
Hochwald Milch eG	DE	0.76			32.53	33.22	0.02
Arla Foods DK	DK	0.90			32.58	33.31	2.30
Valio	FI				35.88	35.07	1.02
Savencia (Basse Normandie)	FR	1.04			35.91	34.74	
Danone (Pas de Calais)	FR				37.45	34.91	
Lactalis (Pays de la Loire)	FR		0.39		34.89	35.00	
Sodiaal (Pas de Calais)	FR	0.58		1.86	37.16	35.34	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.64		31.50	33.00	
Dairygold	IE	0.39			28.81	30.95	
Glanbia	IE				28.69	31.06	0.40
Kerry Agribusiness	IE				30.00	31.70	
Granarolo (North)	IT	0.75			39.33	38.32	
FrieslandCampina	NL				34.51	35.77	0.57
AVERAGE MILK PRICE 2)					33.36	33.78	
Emmi	CH		3.40	3.58	56.14	50.50	
Fonterra 3)	NZ				28.44	28.97	
United States Class III 4)	US	0.18			39.90	34.76	

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 August 2019 averaged to € 33.36 per 100 kg of standard milk. A decrease of € 0.07 compared to the previous month. Compared to August 2018, the average milk price decreased with € 0.96 or 2.8%.

The milk prices of most dairy companies have not changed. The lower average milk price is mainly due to the price reductions of the Irish companies Dairygold and Glanbia. Both milk prices have been reduced by € 1 per 100 kg. Müller (- € 0.4) and Danone (- € 0.1) have also lowered their prices. The calculated milk price of Saputo Dairy UK has been reduced by € 0.6 per 100 kg, but this is entirely because the value of the British pound has fallen against the euro. Expressed in pence per liter and excluding seasonal premiums/deductions, the milk price of Saputo Dairy UK (formerly Dairy Crest) has not changed since February this year. This milk price also remains unchanged in September and October.

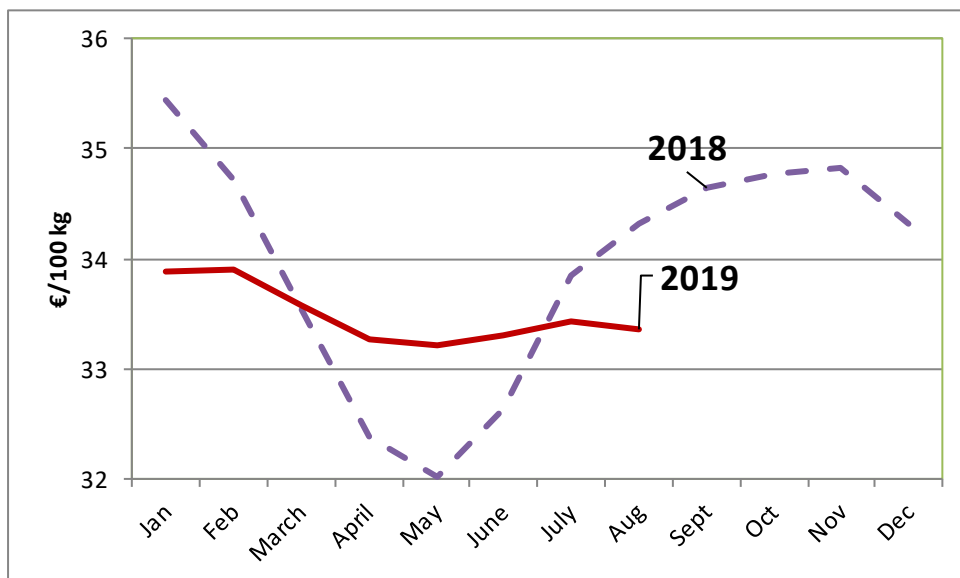
The price increase of Sodiaal is due to the higher seasonal premium in August.

The fall in Fonterra's calculated milk price is entirely due to the lower exchange rate of the New Zealand dollar against the euro. The Fonterra milk price is based on the most recent milk price forecast for the current 2019/2020 season. This forecast may be updated by Fonterra on 26 September, when the annual results (including the definitive milk price for the 2018/19 season) are also released.

It looks like milk prices will not change much in the coming months. Several companies, including Arla and FrieslandCampina, have announced that they will not change their milk prices in September. For October Arla lowers the price with € 0.1 per 100 kg.

The flat price trend in 2019 compared to 2018 is illustrated in the graph below. Moreover, this graph also shows that the average milk price for the whole of calendar year 2019 is unlikely to reach the level of 2018.

Graph Development average monthly milk prices in 2018 and 2019



Price changes in August 2019 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: unchanged for the 5th consecutive month

Muller: -0.4

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

DMK Deutsches Milchkontor eG: August and September 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.

Based on the annual report 2018, the average Milkmaster bonus has been increased from € 0.60 with retroactive effect from January 2018 to € 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.

Arla: August and September unchanged, October -0.1

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.

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: August and September unchanged

Danone: (A-price): -0.1

Lactalis: unchanged, September – 0.2

Sodiaal (A-price): +1.5, due to a higher seasonal premium

Saputo Dairy UK: -0.6 as the British pound has fallen against the euro

Expressed in pence per liter and before seasonality the milk price remains unchanged until October. The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: -1.0

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

Glanbia Ingredients Ireland: -1.0

The milk price includes a € 0.48 support payment paid by the Glanbia cooperative.

Kerry: unchanged

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

Granarolo: August and September unchanged

FrieslandCampina: August and September unchanged

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.

AVERAGE: -0.07

Emmi: +0.7 due to a higher value of Swiss franc against the euro, September and October (almost) unchanged.

Fonterra: -0.9 due to a lower value of New Zealand dollar against the euro.

The calculated milk price is based on a forecast milk price of 6.35 (range of \$6.30-\$6.40) plus forecast earnings of 0.125 (range 10-15 cents) or in total 6.475 NZ\$ per kg milk solids.

USA: +0.4

Expressed in dollars, the US class III milk price increased from \$ 17.55 in July to \$ 17.60 per cwt (hundredweight (45.36 kg)) in August.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	25/9/2019	28/8/2019	Average 2018
Butter	349	339	499
Whole milk powder	290	278	269
Skimmed milk powder	225	211	149
Whey powder	61	60	70

After almost zero growth in May and June, the EU milk supply showed a small increase in July (+ 0.4%). Cumulatively, the EU milk supply was 0.3% higher up to and including July 2019 than in the same period in 2018. Supply in Germany, France and the Netherlands has been declining for some time. This was also the case in July. Milk supply in Ireland, on the other hand, continues to increase sharply. An increase of more than 10% was realized in July, comparable with the growth (+ 10%) in the period January to July.

Milk production in the other globally important dairy exporting countries showed a mixed picture in July. In the US and Argentina the volume remained the same as last year. Australia and Uruguay once again experienced a sharp decline. New Zealand achieved almost 5% growth in the seasonally lower production month of July, further recovering after a period of contraction in the months of March to May. Due to the stagnation in the first seven months of 2019, the aggregate growth rate of the major dairy exporters (including the EU) remained negative during this period: -0.3%.

Butter prices showed a downward trend from mid-May to mid-August. Little demand and ample supply, among other things caused by high stocks, were the basis for this. Halfway through August, a bottom was reached in the butter market, supported by the upward movement in cream prices and a cautious increase in demand. Since then, the price level has slowly risen. The price quotation of skimmed milk powder has increased further since July, following the slight fall in June. In September, prices rose rapidly due to unchanged good demand and the somewhat limited supply. There is still little activity on the market for whole milk powder. As a result of the higher fat and protein prices, the price quotation of whole milk powder rose somewhat again in September.

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Müller(Leppersdorf)	DE	0.51	0.61		31.38	32.67	
DMK Deutsches Milchkontor eG	DE		0.15		31.10	32.37	
Hochwald Milch eG	DE	0.76			32.51	33.20	0.02
Arla Foods DK	DK	0.90			32.52	33.25	2.30
Valio	FI				35.88	35.07	1.02
Savencia (Basse Normandie)	FR	1.04			35.91	34.74	
Danone (Pas de Calais)	FR				37.45	34.91	
Lactalis (Pays de la Loire)	FR		0.24		34.75	34.86	
Sodiaal (Pas de Calais)	FR	0.58		1.86	37.16	35.34	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.32		31.18	32.67	
Dairygold	IE	0.39			28.81	30.95	
Glanbia	IE				28.69	31.06	0.40
Kerry Agribusiness	IE				30.00	31.70	
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Emmi	CH		3.22	3.58	55.96	50.32	
Fonterra 3)	NZ				28.44	28.97	
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STANDARDIZED MILK PRICE CALCULATIONS for August 2019 deliveries 1,500,000 kg/yr.

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Hochwald Milch eG	DE	0.76			32.54	33.23	0.02
Arla Foods DK	DK	0.90			32.60	33.33	2.30
Valio	FI				35.88	35.07	1.02
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Danone (Pas de Calais)	FR				37.45	34.91	
Lactalis (Pays de la Loire)	FR		0.39		34.89	35.00	
Sodiaal (Pas de Calais)	FR	0.58		1.86	37.16	35.34	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.85		31.71	33.22	
Dairygold	IE	0.39			28.81	30.95	
Glanbia	IE				28.69	31.06	0.40
Kerry Agribusiness	IE				30.00	31.70	
Granarolo (North)	IT	0.75			39.33	38.32	
FrieslandCampina	NL				34.55	35.81	0.57
AVERAGE MILK PRICE 2)					33.40	33.83	
Emmi	CH		3.58	3.58	56.32	50.67	
Fonterra 3)	NZ				28.44	28.97	
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