

### STANDARDIZED MILK PRICE CALCULATIONS for FEBRUARY 2016 deliveries

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 500,000 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			
<b>Milcobel</b>	BE	0,73	1,37		<b>25,26</b>	27,39	
<b>Müller(Leppersdorf)</b>	DE	0,51	0,61		<b>26,38</b>	27,85	
<b>DMK</b>	DE		0,15		<b>26,18</b>	27,05	
<b>Arla Foods DK</b>	DK	0,81			<b>27,68</b>	28,96	1,37
<b>Bongrain (Basse Normandie)</b>	FR	1,18			<b>30,05</b>	32,18	
<b>Danone (Pas de Calais)</b>	FR				<b>32,20</b>	32,89	
<b>Lactalis (Pays de la Loire)</b>	FR				<b>29,30</b>	31,46	
<b>Sodiaal (Pas de Calais)</b>	FR	0,58			<b>30,71</b>	32,59	
<b>Dairy Crest (Davidstow)</b>	UK	0,13	0,38		<b>29,82</b>	33,56	
<b>Dairygold</b>	IE	0,39		3,30	<b>27,84</b>	27,55	
<b>Glanbia</b>	IE			2,75	<b>26,74</b>	26,16	
<b>Kerry Agribusiness</b>	IE				<b>25,34</b>	27,48	
<b>Granarolo (North)</b>	IT	1,15	3,42		<b>38,29</b>	38,45	
<b>DOC Cheese</b>	NL	0,03	0,34		<b>25,16</b>	26,02	1,02
<b>FrieslandCampina</b>	NL	0,05	0,75		<b>28,42</b>	29,53	3,49
<b>AVERAGE MILK PRICE 2)</b>					<b>28,62</b>	<b>29,94</b>	
<b>Emmi</b>	CH		3,19	-2,65	<b>47,65</b>	51,51	
<b>Fonterra 3)</b>	NZ				<b>19,99</b>	20,74	
<b>United States Class III 4)</b>	US	0,15			<b>31,72</b>	35,48	

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 advance milk price in February 2016 averaged € 28.62 per 100 kg standard milk. A decrease of € 0.03 compared to the previous month. Compared to February 2015, this is a reduction of € 3.47 or 10.8%.

Like last month, also in February most milk prices decreased. Only the calculated milk prices of the Irish dairies Dairygold (new in this milk price comparison) and Glanbia increased, but this is due to seasonal bonuses for milk delivered in February which were € 3.30 respectively € 2.75 per 100 kg.

For the coming months, further price cuts are announced by DMK minus € 1.5 in March, Arla - € 1.0 in April, Dairy Crest - € 3 and FrieslandCampina - € 0.7 in March and € -1.0 in April.

Based on the annual results (provisional) supplementary payments for 2015 are calculated for Arla Foods and FrieslandCampina of respectively € 1.37 (2014: € 1.53) and € 3.49 (2014: € 2.92) per 100 kg standard milk. In June, the annual report will be released with final milk prices of 2015 including these supplementary payments.

New Zealand's Fonterra has revised downwards the forecast milk prices for the current season. Including dividend milk the milk price is 4.40 NZD per kg fat and protein or about € 20 per 100 kg standard milk. This is the lowest milk price in New Zealand since 2006/07 season.

From January 2015 onwards the prices of the Irish Dairygold are included in this comparison. As a result the average of all dairy companies from 2015 is slightly decreased compared to previous publications.

### Price changes in February 2016 (€ 100 per kg compared to the previous month) and additional information per company

**Milcobel:** -1.1, milk price exclusive of payments for crisis support> these payments were 2.45 cent per liter during 6 months.

**Muller:** -1.0

**DMK:** unchanged, March -1.5.

**Arla:** -1.0, March unchanged and April -1.0. For 2015 a supplementary payment of 10.34 DKK or € 1.37 per 100 kg (2014: € 1.53) is (provisional) calculated. This payment includes 3.1 DKK member certificates.

**Bongrain:** -0.1

**Danone (A-price):** (almost) unchanged

**Lactalis:** provisional unchanged

**Sodiaal (A-price):** - 1.0

**Dairy Crest:** -0.8 due to the devaluation of the British pound against the euro. March -1.6 ppl and April - 0.8 ppl or in total about minus € 3.0.

**Dairygold:** + 1.8 due to a seasonal bonus of € 3.3.

The February milk price of Dairygold is decreased with € 1.5, but this decline is offset by the seasonal bonus.

The milk prices of Dairygold are calculated and included in the comparison from January 2015 onwards. The milk price is based on the fat and protein value and a deduction of € 4 per 100 liters. Milk with a total bacteria count less than or equal to 50,000 per ml and a somatic cell count less than or equal to 300,000 per ml receives a quality bonus of € 0.4 per 100 liters. Furthermore, the calculated milk price includes a monthly bonus of € 0.1 to participate in the sustainability program and a winter milk supplement of € 3.40 per 100 liters (= € 3.30 per 100 kg) for the quantity of milk delivered in February.

**Glanbia:** +2.7 due to a seasonal bonus. The milk price is exclusive of coop support (1.0 cent per liter)  
**Kerry:** unchanged

The milk prices of Kerry from January 2015 onwards are slightly decreased, due to the expiry of the temperature bonus (was 0.33 c / l) and adding a bonus for participation in the sustainability program of 0.1 c / l.

**Granarolo:** unchanged

**DOC Cheese:** unchanged

**FrieslandCampina:** unchanged, March – 0.7 and April -1.0.

The provisional calculation of the supplementary payment for the calendar year 2015 of € 3.49 per 100 kg is based on a performance payment plus a member reservation.

**Emmi:** - 2.4 due to a seasonal levy.

**Fonterra:** March 8<sup>th</sup> Fonterra revised their milk price for the current season 2015/16. The forecast milk price decreased from 4.15 to 3.90 per kg milk solids. Including an estimated dividend of 0.5 the calculated milk price of Fonterra is from June 2015 onwards based on 4.40 per kg milk solids. The lowest milk price since 2006/07 season.

**USA:** - 0.4 due to the exchange rate. The US Class III milk price increased from to \$ 13.72 in January to \$ 13.80 per hundredweight (45.36 kg) in February.

## MARKET SITUATION

### Official Dutch dairy quotations (€ per 100 kg)

	31/3/16	3/3/16	7/1/2015
Butter	237	236	272
Whole milk powder	179	186	221
Skimmed milk powder	162	163	173
Whey powder	50	50	74

The increase in global milk surplus is primarily a European issue, especially in the northwestern part. Outside Europe, the milk production stagnates in several key countries. In New Zealand, since the start of the new season the milk production is at a lower level than last year, although the gap is less than was originally predicted. Australian milk production is declining because of unfavorable weather conditions since the last quarter of 2015. In the US there is a slowdown in growth. The fundamentals of the dairy market, a long time sluggish global demand and excess supply, remain unchanged. Because of this imbalance stocks increase and prices remain under pressure. The skimmed milk powder price moves around the intervention price level. Also EU stocks of skimmed milk powder are increasing, both public and private. The price of whole milk powder has not yet

reached the bottom and moves further down. The butter price in March seems to be somewhat stabilized by the effect of Easter. Thereafter, it is uncertain whether this price level will stand.