

STANDARDIZED MILK PRICE CALCULATIONS for January 2017 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			
Milcobel	BE	0.73	1.37		35.01	27.10	0.47
Müller(Leppersdorf)	DE	0.51	0.61		31.82	26.48	
DMK	DE		0.15		31.33	24.64	
Arla Foods DK	DK	1.30			33.83	27.46	1.37
Valio	FI				35.10	34.59	0.78
Savencia (Basse Normandie)	FR	1.18			33.64	30.11	
Danone (Pas de Calais)	FR				32.59	31.61	
Lactalis (Pays de la Loire)	FR		0.24		32.77	29.65	
Sodiaal (Pas de Calais)	FR	0.58			33.49	30.43	
Dairy Crest (Davidstow)	UK	0.11	0.34		31.01	26.70	
Dairygold	IE	0.39			31.58	24.75	
Glanbia	IE				30.88	23.14	
Kerry Agribusiness	IE				31.08	24.96	
Granarolo (North)	IT	1.15	3.42		36.35	36.67	
FrieslandCampina	NL				33.56	27.93	3.49
AVERAGE MILK PRICE 2)					32.94	28.41	
Emmi	CH		3.28		49.19	47.39	
Fonterra 3)	NZ				33.36	29.28	
United States Class III 4)	US	0.18			39.77	34.64	

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 advance milk price in January 2017 averaged € 32.94 per 100 kg standard milk. An increase of € 0.54 compared to the previous month. Compared to January 2016, this is an increase of € 3.70 or plus 12.6 %.

In January most dairy companies increased their milk prices further. Only the calculated milk prices of FrieslandCampina and Milcobel fell, while milk prices of Muller, Valio and Dairy Crest remained the same. The USA milk price also decreased. Recently Fonterra confirmed their forecast milk price for the 2016/17 season.

Arla has presented its annual results for 2016. The performance price - is prepaid milk price plus net profit per 100 kg of member milk - decreased by 8.3% from € 33.7 in 2015 to € 30.9 in 2016.

As of January 2017, the milk prices of DOC are no longer calculated and published as since the merger with DMK and DOC farmers receive the same milk price. A second change regards the milk price of Valio. With retroactive effect from January 2015 onwards the Valio milk price is included and the DOC milk price has been excluded in the average. As a result the average of January 2017 is not comparable with the average in previous publications.

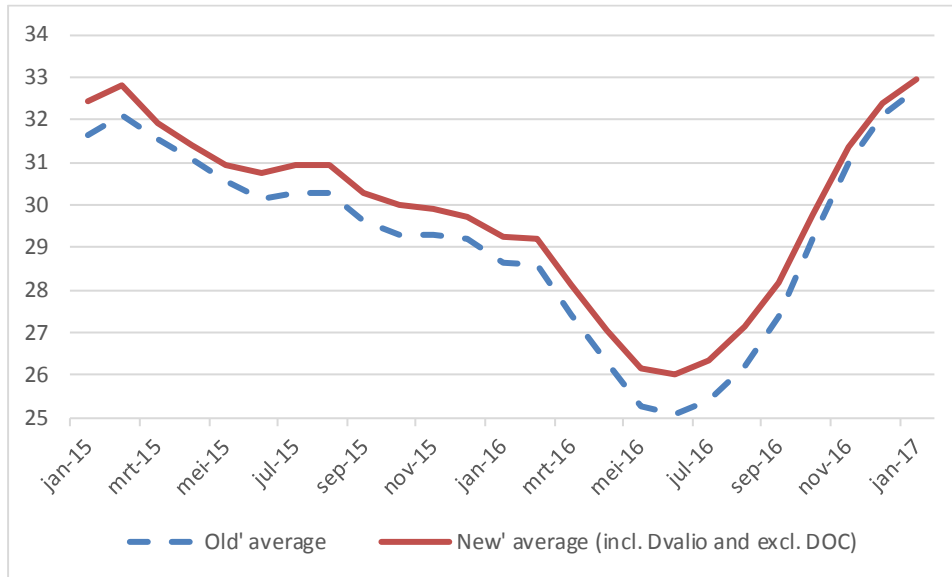
Excluding Valio and including DOC the average for EU companies in January 2017 would have been € 32.70 per 100 kg standard milk. An increase of € 0.61 compared to December and plus € 4.08 or 14.2% higher than in January 2016.

The following table shows the "new" average milk prices since January 2015, while in the figure these are compared with the "old" average milk prices in previous publications (so including DOC and exclusive Valio). Due to the higher milk price of Valio compared to DOC, the average milk price increased compared to previous publications.

**Table Average 'new' monthly advance milk prices in 2015 and 2016 (€ / 100 kg)
(including Valio and excluding DOC)**

	jan	feb	mrt	apr	mei	jun	jul	aug	sep	okt	nov	dec
2015	32.44	32.83	31.90	31.40	30.96	30.73	30.95	30.95	30.30	29.99	29.91	29.73
2016	29.24	29.21	28.12	27.04	26.15	26.04	26.35	27.15	28.17	29.78	31.38	32.40

Figure Average 'new' and 'old' monthly advance milk prices in 2015 and 2016 (€ / 100 kg)



Price changes in January 2017 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: -1,0

Muller: unchanged. Calculated milk price exclusive of GMO free bonus of € 1.00 per 100 kg.
DMK: +1.0 and February unchanged.

Arla: + 1.8, February + 1.0 and March + 0.5.

Arla made a little change in the milk quality payment resulting in a quality bonus of 3% (was 2%) of the raw value resulting in an increase of the calculated milk price with € 0,32 per 100 kg. Since this year Arla uses the Individual Bacteria Count (IBC) instead of the most common Coly Forming Units (CFU) to measure hygiene quality.

Valio: unchanged

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

Savencia: +1.5 February -0.5 and March -0.5.

Danone: (A-price): + 0.2

Lactalis: + 0.9

Sodiaal (A-price): + 2.2

Dairy Crest: (almost) unchanged.

Against a price increase 2 pence per liter (ppl) the seasonal bonus of 1.5 ppl in December has expired. Further the British pound devaluated against the euro. February + 2 ppl or 2.3 euro.

Dairygold: + 1.0

Glanbia Ingredients Ireland (GIIL): +1.0

With the milk statement of January 2017 a bonus for milk delivered in November 2016 is paid. This bonus of € 2.17 per 100 kg is retrospectively included in the calculated November 2016 milk price.

Kerry: + 2.0

Granarolo: (provisionally) unchanged.

FrieslandCampina: --2.8, February +0.5 and March + 1.0.

In the guaranteed milk price of December a correction of € 3.50 was included because of too low estimated milk prices of the reference companies in earlier months. For this reason January guaranteed milk price fell with 3.0. Due to changes in the payment system, like the quantity bonus has been abolished as also the deduction for cooperative regulations. Furthermore the fixed costs per month are increased. On balance the decrease of the calculated milk price was 2.8 instead of 3.0.

The milk price of FrieslandCampina is exclusive of the levy of € 0.18 per 100 kg for the Dutch phosphate reduction regulation.

Average: + 0.54

Emmi: + 1.4

Fonterra: + 0.1 due to the revaluation of the NZ\$ compared to the euro.

Recently Fonterra confirmed their forecast milk price for the current 2016/17 season.

USA: -1.6

The US Class III milk price decreased from \$ 17.40 in December to \$ 16.77 per hundredweight (45.36 kg) in January.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

(Source: ZuivelNL)

	1/3/2017	1/2/2017	Average 2016
Butter	410	407	325
Whole milk powder	287	304	225
Skimmed milk powder	188	202	180
Whey powder	88	84	64

The EU milk deliveries in December were almost 3% lower. Since June 2016 milk deliveries decreased. The largest decreases were recorded in France, Germany and the United Kingdom. Nevertheless, the EU milk supply over the whole calendar year 2016 remained slightly above the level of 2015, which was the result of the strong start at the beginning of the year.

Also in Oceania (Australia and New Zealand) and South America (Argentina, Brazil and Uruguay) for some time there has been a sharp decline in milk production, which is mainly due to the unfavorable weather conditions and low milk prices during most of 2016. The US is the only significant exporting country with a significant increase in milk production. A growth of between 2 and 3% was achieved in the last months of 2016.

Until the end of December last year there was a solid market with a positive undertone. In particular, the prices of related fat dairy products like butter and whole milk powder made a big price jump and reached a high level. Since the beginning of 2017, the dairy market has come under increasing pressure. This applies in particular for milk powder. Both the prices of full and skimmed milk powder showed a slow downward motion. This is mainly due to sluggish demand in both the European

market and the world market. The butter quotation moves unabated at a high level. After a brief period of decline since mid-February prices are above € 400.