

STANDARDIZED MILK PRICE CALCULATIONS for July 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		36,01	32,85	0,47
Müller(Leppersdorf)	DE	0,51	0,61		37,27	31,25	
DMK	DE		0,15		35,88	30,31	
Arla Foods DK	DK	1,01			34,55	31,35	1,25
Valio	FI				36,36	35,04	0,68
Savencia (Basse Normandie)	FR	1,04			34,94	32,09	
Danone (Pas de Calais)	FR				35,65	32,87	
Lactalis (Pays de la Loire)	FR		0,24		33,85	31,81	
Sodiaal (Pas de Calais)	FR	0,58			35,11	32,07	0,19
Dairy Crest (Davidstow)	UK	0,11	0,33		30,13	29,77	
Dairygold	IE	0,39			34,80	30,77	
Glanbia	IE				33,85	29,98	
Kerry Agribusiness	IE				34,42	30,41	
Granarolo (North)	IT	1,15	3,42		38,77	37,79	
FrieslandCampina	NL				36,24	32,63	3,30
AVERAGE MILK PRICE 2)					35,19	32,07	
Hochwald Milch eG		0,76	0,76		33,17	29,81	0,10
Emmi	CH		3,17	3,53	53,35	49,10	
Fonterra 3)	NZ				33,98	33,29	
United States Class III 4)	US	0,15			34,25	37,28	

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 on account milk prices in July 2017 averaged € 35.19 per 100 kg standard milk. An increase of € 1.42 compared to the previous month. Compared to July 2016, this is an increase of € 8.80 or plus 33.3%.

Due to the improved market situation and partly due to seasonal effects, milk prices increased again in July. In view of announcements, the average milk price will increase further this year. Although the 2013 and 2014 record years are likely to remain out of reach, 2017 will be a good milk price year. The volatility in milk prices is again confirmed by the big price difference with last year (plus € 8.80 per 100 kg or 33.3%).

Almost all calculated milk prices increased. Most striking - in the previous months, French milk prices increased less than average - is that French milk prices also increased significantly in July with an the highest increase of Sodiaal (+ € 2.9). The coming months French milk prices will increase further. For example, Lactalis announced price increases for August (+ € 1.0) and September (+ € 1.0). DMK's milk price will increase by € 1.0 in August, while Arla and FrieslandCampina announced price increases for August and September of a total of € 2.0 respectively € 3.2 per 100 kg.

The July milk price of Dairy Crest has risen as a result of the expiration of the seasonal levy. The relatively low milk price of Dairy Crest is partly due to the depreciation of the British pound against the euro, which makes the milk price lower when converted to euros. However, without this fall in value of the British pound, Dairy Crest's milk price is significantly lower than the average of EU companies. For September and October Dairy Crest announced price increases of 1 resp. 2 pence per liter or a total of about € 3.4 per 100 kg.

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

Milcobel: + 1.0

Muller: +2.5

DMK: + 2.0 and August + 2.0

Arla: + 1.7 August + 1.0 and September +1.0

Valio: + 1.3

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

Savencia: + 1.5

Danone: (A-price): + 1.5

Lactalis: + 1.9 (provisional) August + 1.0 and September + 1.0

The calculated milk prices from March to June 2017 are corrected due to a correction of the basic price.

Sodiaal (A-price): + 2.9

Dairy Crest: +1.1

A price reduction of 1 pence per liter (ppl) is more than compensated by the expiration of the seasonal levy. September + 1 ppl and October + 2 ppl or for both months in total € 3.4.

Dairygold: +1.0
Glanbia Ingredients Ireland (GILL): + 1.0
Kerry: + 1.4

Granarolo: (provisional) unchanged.

FrieslandCampina: +0.5 August + 1.2 and September + 2.0

Average: + 1.42

It should be noted the released average milk price of June has been corrected from € 33.69 to € 33.77 (see additional information of Lactalis).

Hochwald eG: unchanged

For 2016 deliveries Hochwald made a supplementary payment of € 0.6 per 100 kg. As € 0.5 of this amount was deducted the calculated supplementary payment is € 0.1 per 100 kg.

Emmi: +3.9 due to a seasonal bonus

The calculated milk prices are adjusted from July 2016 onwards due to a correction of the marketing levies resulting in an increase of about € 2 per 100 kg.

Fonterra: -0.3 due to a devaluation of the New Zealand dollar against the euro.

USA: -2.7

The US Class III milk price decreased from \$ 16.44 in June to \$ 15.45 per hundredweight (45.36 kg) in July .

MARKET SITUATION

(Source: ZuivelNL)

Official Dutch dairy quotations (€ per 100 kg)

	30/8/2017	26/7/2017	Average 2016
Butter	685	619	325
Whole milk powder	310	305	225
Skimmed milk powder	172	174	180
Whey powder	76	83	64

EU milk supply showed an increase of almost 2% in June, the first significant growth for a long time. Within the EU there was a changing picture. On the one hand, supply in Ireland and Poland increased strongly again. On the other hand, the volume in the major dairy countries Germany, France and the Netherlands dropped. However, in Germany, the decline has decreased in comparison with the previous months.

Elsewhere in the world there is an increase in milk supply. In New Zealand, this increased sharply in the seasonally low production month of June. In South America, the long period of shrinkage has ended. In Argentina and Uruguay, a strong recovery of volume has occurred in recent months. US milk production has been growing by an average of around 2% for some time.

The dairy market still has two faces. On the one hand, the prices of skimmed milk powder have been under pressure for a long time, as a result of decreased demand and increasing competition on the

world market from the US and Oceania. The price for skimmed milk powder is currently around the intervention price level. On the other hand, Dutch quotation of butter is at an unprecedented level, reached after months of continuous growth. The quotations of whole milk powder has been more or less hanging on the same level, mainly supported by high fat prices. With these high prices and the unfavorable EUR / USD exchange rate ratio Europe plays no significant role on the world market.