

STANDARDIZED MILK PRICE CALCULATIONS for November 2018 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		34.72	32.46	0.24
Müller(Leppersdorf)	DE	0.51	0.71		34.45	32.62	
DMK Deutsches Milchkontor eG	DE		0.20		34.59	33.42	
Hochwald Milch eG	DE	0.76			34.91	33.97	0.10
Arla Foods DK	DK	0.97			35.18	33.45	1.28
Valio	FI				34.90	35.85	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.73	
Danone (Pas de Calais)	FR				33.66	34.80	
Lactalis (Pays de la Loire)	FR		0.39		35.57	33.88	
Sodiaal (Pas de Calais)	FR	0.58			35.05	34.74	0.23
Dairy Crest (Davidstow)	UK	0.11	0.66	2.20	36.03	32.79	
Dairygold	IE	0.39			32.30	32.87	
Glanbia	IE				32.06	32.18	
Kerry Agribusiness	IE				33.43	33.20	
Granarolo (North)	IT	0.77			37.87	38.84	
Royal A-ware	NL	0.50	1.28		34.48	35.69	
FrieslandCampina	NL				36.67	35.84	1.27
AVERAGE MILK PRICE 2)					34.66	34.12	
Emmi	CH		3.26		49.37	48.26	
Fonterra 3)	NZ				29.22	29.43	
United States Class III 4)	US	0.14			32.22	31.68	

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 November 2018 averaged to € 34.66 per 100 kg of standard milk. A decrease of € 0.16 compared to the previous month. Compared to November 2017, the average milk price is € 2.99 or 7.9 % lower.

From June onwards the average milk price rose monthly, but in November this increase came to an end. Milk prices are expected to fall further in December. For example, DMK and Arla milk prices will drop by € 1.0 in December. The calculated milk price of Dairy Crest also drops by € 1.2, but this is mainly due to the decline of the British pound and no seasonal supplement. The start of 2019 seems to start with further price decreases. FrieslandCampina, Arla and Royal A-ware announced price reductions for January 2019. Dairy Crest lowers the milk price in February.

Although milk prices in December are not yet fully known, a good estimate can be made of the milk price development in the past calendar year 2018. Based on the monthly milk prices and an estimate of the still missing milk statements, the average advance milk price in 2018 will be rounded off € 34 per 100 kg. This is approximately the same as the average in the years 2013 through 2017. It should be emphasized that this is an advance payment based on monthly milk prices, in which no account has yet been taken of possible supplementary payments on the milk delivered in 2018. Only when these supplementary payments are known, the final milk prices can be calculated. These will be published in June 2019.

The table shows that the advance milk prices fell by an average of 3.6% in 2018 compared to 2017. Not all milk prices have fallen. French milk prices - with the exception of Savencia - have increased slightly in 2018. The calculated milk price of Dairy Crest also increased slightly, while that of Valio remained the same. Milk prices have decreased for all other companies.

Table. Provisional advance milk prices 2018 and compared to 2017

In € per 100 kg standard milk, annual delivery 1,000,000 kg

Onderneming	Country	2018	2018/2017
Milcobel	BE	32.57	-8.3%
Müller(Leppersdorf)	DE	32.34	-8.5%
DMK	DE	32.90	-7.6%
Hochwald Milch eG	DE	33.72	-1.0%
Arla Foods DK	DK	33.18	-5.7%
Valio	FI	35.73	0.0%
Savencia (Basse Normandie)	FR	33.69	-0.7%
Danone (Pas de Calais)	FR	34.63	0.5%
Lactalis (Pays de la Loire)	FR	33.97	1.3%
Sodiaal (Pas de Calais)	FR	34.71	1.7%
Dairy Crest (Davidstow)	UK	32.65	0.1%
Dairygold	IE	32.76	-4.3%
Glanbia	IE	32.07	-6.4%
Kerry Agribusiness	IE	33.12	-3.4%
Granarolo (North)	IT	38.60	-3.0%
Royal A-ware	NL	34.68	-8.9%
FrieslandCampina	NL	35.48	-5.0%
Average milk price		33.93	-3.6%
Emmi	CH	48.24	-2.0%
Fonterra	NZ	29.31	-7.4%
USA Class III	US	31.49	-13.1%

Price changes in November 2018 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: unchanged

Muller: +0.5

DMK Deutsches Milchkontor eG: unchanged and December -1.0

Hochwald eG: +1.0

Arla: unchanged ,December -1.0 and January -1.5

Valio: unchanged

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

Savencia: November and December unchanged

Danone: (A-price): -0.4

Lactalis: November and December unchanged.

Sodiaal (A-price): -1.5

Dairy Crest: +0.1, December 1.2 due to a lower seasonality bonus and a devaluation of British Pound against the euro. January -1.6 due to the expiration of the seasonal bonus and February -1.0 due to a price decrease (-0.5 ppl) and the withdrawal of the supplementary payment for extreme weather (-0.5 ppl).

Dairygold: unchanged

Glanbia Ingredients Ireland: -0.2

Glanbia decreased the base price by 2 cents/l in November, but at the same time introduced a coop bonus of 2 cents per liter. For standard milk this results in a price reduction of 0.2 on balance. The calculated milk price is exclusive of a seasonal bonus.

Kerry: unchanged

Granarolo: unchanged up to and including December.

Royal A-ware: -1.5 ,December unchanged and January -1.0

FrieslandCampina: -0.7 ,December unchanged and January -1.0

AVERAGE: -0.16

Emmi: -3.6 due to the expiration of the seasonal bonus, December +0.5 as a result of a slight B price increase combined with a slightly lower exchange rate for the Swiss Franc against the euro,.

Fonterra:

The calculated milk price is based on the most recent (6 December 2018) forecast for the current season of a milk price of 6.00-6.30 plus a forecast dividend of 0.25-0.35 or 6.45 NZD per kg of milk solids (MS).

USA: -2.0

Expressed in dollars, the US class III milk price has dropped from \$ 15.53 in October to \$ 14.44 per cwt (hundredweight (45.36 kg)) in November. In December this milk price will drop further to \$ 13.78 per cwt. For the calendar year 2018 the class III milk price is \$ 14.61 per cwt. This is a decrease of almost 10%, because in 2017 the class III milk price was \$ 16.17 per cwt.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	2/1/2019		5/12/2018	Average 2017
Butter	414		416	521
Whole milk powder	273		267	285
Skimmed milk powder	179		166	175
Whey powder	79		77	78

In the EU there has been a stagnation of milk delivery since August, which seems to be the result of the severe drought in the summer. In the months of September and October, the volume even decreased slightly. Milk supply in Germany, France and Italy declined in October. Striking is the strong recovery in Ireland since August. In October the volume even increased by 20%.

New Zealand and the South American countries Argentina and Uruguay recorded a growth in milk production in October. New Zealand in particular showed a clear increase in this month. In the US, growth has long been below the long-term growth rate (1.6%). This growth rate was not reached in October. Australia recorded a decrease for the fifth month in a row. It is currently very quiet on the

butter market. There is little activity from both the sales and the purchase side. The fall in butter prices seems to have halted for the time being. The price quotation of skimmed milk powder scraped up further in December. The price level is now € 173.00 and above the intervention price level. Despite the sale of large quantities of intervention powder since mid-October (nearly 150 thousand tons), a solid bottom remains in the market. The decline in the full milk powder quotation has stopped since the end of October. Prices were slightly up in December. However, European product is still too expensive for the world market, where New Zealand and South America are particularly competitive.

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		quality	volume	season			
Milcobel	BE	0.73	0.75		34.19	31.94	0.24
Müller(Leppersdorf)	DE	0.51	0.61		34.35	32.53	
DMK Deutsches Milchkontor eG	DE		0.15		34.43	33.27	
Hochwald Milch eG	DE	0.76			34.89	33.80	0.10
Arla Foods DK	DK	0.97			35.11	33.36	1.28
Valio	FI				34.90	35.85	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.73	
Danone (Pas de Calais)	FR				33.66	34.80	
Lactalis (Pays de la Loire)	FR		0.24		35.42	33.73	
Sodiaal (Pas de Calais)	FR	0.58			35.05	34.74	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33	2.20	35.70	32.46	
Dairygold	IE	0.39			32.30	32.87	
Glanbia	IE				32.06	32.18	
Kerry Agribusiness	IE				33.43	33.20	
Granarolo (North)	IT	0.77			37.87	38.83	
Royal A-ware	NL	0.50			33.20	34.41	
FrieslandCampina	NL				36.55	35.72	1.27
AVERAGE MILK PRICE 2)					34.50	33.95	
Emmi	CH		3.09		49.19	48.09	
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Hochwald Milch eG	DE	0.76			34.91	33.97	0.10
Arla Foods DK	DK	0.97			35.20	33.47	1.28
Valio	FI				34.90	35.85	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.73	
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Dairy Crest (Davidstow)	UK	0.11	0.88	2.20	36.25	33.01	
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Glanbia	IE				32.06	32.18	
Kerry Agribusiness	IE				33.43	33.20	
Granarolo (North)	IT	0.77			37.87	38.85	
Royal A-ware	NL	0.50	1.57		34.77	35.99	
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AVERAGE MILK PRICE 2)					34.72	34.18	
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