

STANDARDIZED MILK PRICE CALCULATIONS for December 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		33.72	32.25	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	31.97	
DMK Deutsches Milchkontor eG	DE		0.20		32.25	31.59	
Hochwald Milch eG	DE	0.76			32.53	32.69	0.02
Arla Foods DK	DK	0.89			32.47	32.59	2.30
Valio	FI				35.88	35.39	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.17	
Danone (Pas de Calais)	FR				33.18	35.04	
Lactalis (Pays de la Loire)	FR		0.39		35.61	34.89	
Sodiaal (Pas de Calais)	FR	0.58		-1.07	34.22	35.25	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.69	1.72	35.75	32.92	
Dairygold	IE	0.39			31.31	30.29	
Glanbia	IE				31.14	30.39	0.40
Kerry Agribusiness	IE				32.01	31.04	
Granarolo (North)	IT	0.75			41.27	39.26	
FrieslandCampina	NL				35.88	35.16	0.57
AVERAGE MILK PRICE 2)					33.99	33.49	
Emmi	CH		3.39		53.43	51.58	
Fonterra 3)	NZ				33.80	31.39	
United States Class III 4)	US	0.20			43.41	38.15	

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 December 2019 averaged to € 33.99 per 100 kg of standard milk. An increase of € 0.26 compared to the previous month. Compared to December 2018, the average milk price decreased with € 0.33 or 1.0 %.

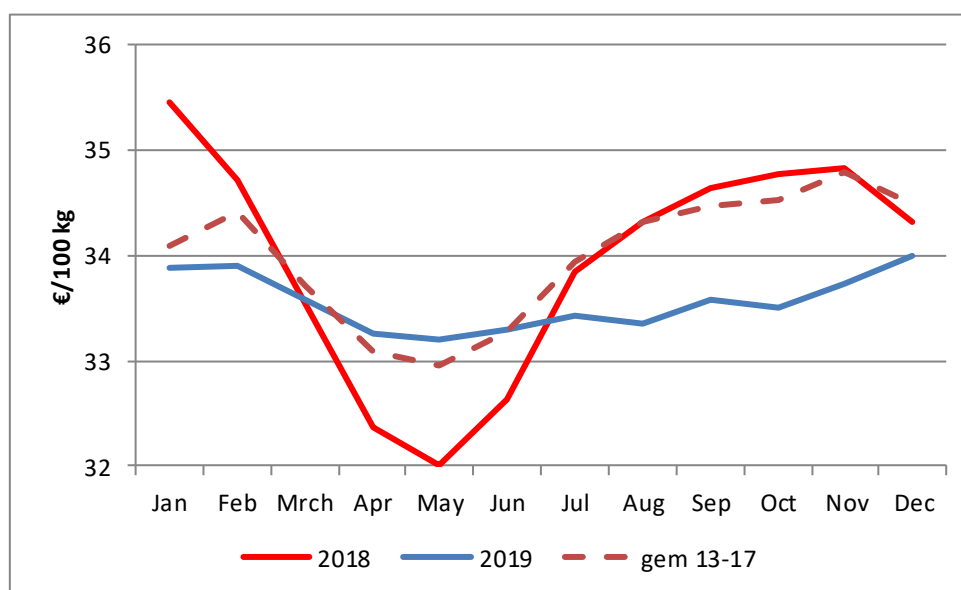
Milcobel' s milk price increased most in December, with € 1.5 per 100 kg. Just as in November, Irish milk prices increased with € 1.0 per 100 kg in December. Income effect for Irish dairy farmers of this higher price is limited due to the relatively low milk production in this month. DMK and FrieslandCampina have also increased milk prices by around € 1.0 per 100 kg. Most other dairy companies have not changed their milk prices.

As all monthly milk prices are known, a good estimate can be made of the milk price development in the past calendar year. Because the supplementary payments (13th month payments) for milk supplied in 2019 are not yet known, these are provisional milk prices.

Compared to 2018, the average monthly milk price of all EU dairy companies decreased in 2019 with € 0.33 or 1.0% to € 33.49 per 100 kg.

Most striking is that the monthly milk prices in 2019 were relatively very stable. This does not only apply compared to 2018 when there were relatively large differences, but also in comparison with the average for the years 2013 to 2017.

Graph 1 Average monthly milk price of EU dairies
In € per 100 kg standard milk

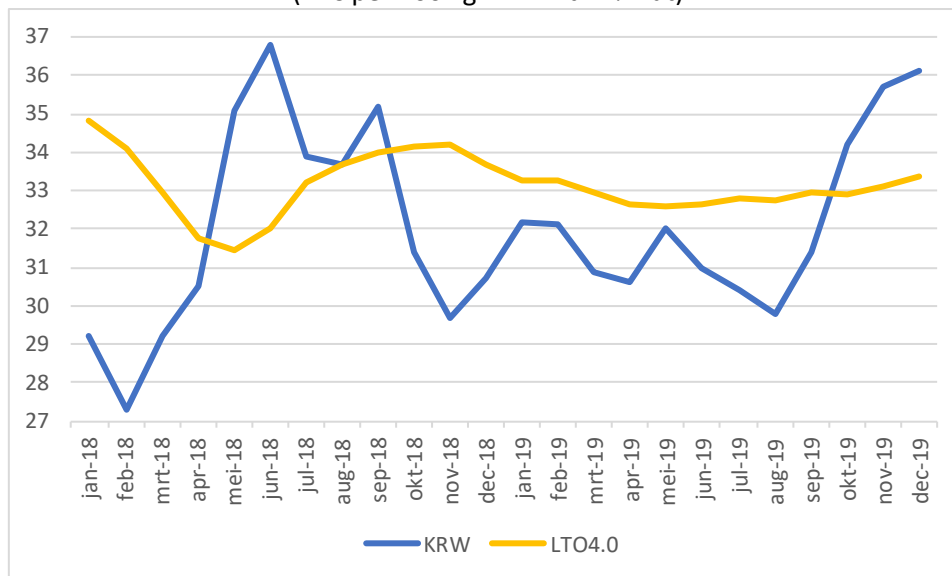


The flat pattern of milk prices gives the impression that market revenues of dairy products were also relatively stable in 2019. This may apply to the cheese market, but not to skimmed milk powder and butter. The market for skimmed milk powder has clearly recovered in 2019 after a few weak years with considerably higher market prices. The reverse was more or less true for butter. The market recovery mainly took place after this summer.

This is illustrated by the development of the so called commodity value of raw milk calculated by IFE in Kiel (Germany), see graph 2. Incidentally, this graph also shows that after the summer 2019 farm gate milk prices rose less than market prices of butter and skimmed milk powder. On the other

hand, since mid-2018 up to and including the summer of 2019, prices of butter and skimmed milk powder have fallen relatively more than farm gate prices.

Graph 2. Average monthly milk prices¹ EU dairies 2018 and 2019 compared with IFE commodity value of milk (KRW)² based on the prices of butter and skimmed milk powder (in € per 100 kg milk with 4% fat)



1. Adjusted to 4.0% fat

2. Kieler Rohstoff Wert Milch, ex farm gate, 4% fat, source: www.ife-ev.de

Although the average monthly milk prices fell by 1.0% in 2019, there are major differences between the dairy companies.

Table Provisional monthly milk prices 2019 (€/100 kg standard milk) and compared to 2018

Onderneming	2019	2019/2018
Savencia (Basse Normandië)	35,17	4,4%
Lactalis (Pays de la Loire)	34,89	2,7%
Granarolo (North)	39,26	2,3%
Sodiaal (Pas de Calais)	35,25	1,8%
Danone (Pas de Calais)	35,04	1,4%
Saputo Dairy UK (Dairy Crest)	32,92	0,8%
Milcobel	32,25	-0,7%
Valio	35,39	-0,9%
FrieslandCampina	35,16	-1,0%
Müller(Leppersdorf)	31,97	-1,2%
Arla Foods DK	32,59	-1,8%
Hochwald Milch eG	32,69	-3,1%
DMK Deutsches Milchkontor eG	31,59	-4,2%
Kerry Agribusiness	31,04	-4,5%
Glanbia	30,39	-5,6%
Dairygold	30,29	-7,5%
AVERAGE	33,49	-1,0%
Emmi	51,58	6,9%
Fonterra	31,39	8,0%
USA class III	38,15	21,2%

In addition to Italian Granarolo, also milk prices of the French dairy companies increased in 2019. The price increase of Saputo Dairy UK is mainly due to the rise in the pound sterling against the euro. Expressed in national currency, this milk price has remained virtually the same. Of the other companies, milk prices fell the most in Ireland, followed by the German dairies. In contrast to the EU, milk prices have clearly risen elsewhere. For example, after a number of bad years the milk price in the United States has risen to the highest level since the record milk price year 2014. Also the milk 2019 price of Fonterra has not been as high since 2013/14. The milk price of the Swiss Emmi has also risen, although this is partly due to the higher exchange rate of the Swiss franc compared to the euro.

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

Milcobel: +1.5

Muller: unchanged

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: + 1.0, January 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: December and January unchanged

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 and € 0.5 per 100 kg for welfare.

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: December and January unchanged

Danone: (A-price): -1.0

Lactalis: +0.6, January +0.2 and February +0.1

Sodiaal (A-price): +0.2

Saputo Dairy UK: -0.1 due to a slight decrease of the value of the British pound against the euro
In February the milk price will decrease with 0.7 ppl or € 0.8 per 100 kg. 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 national sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health (€ 0.05) are not taken into account.

Glanbia Ingredients Ireland: (provisional) -1.0

Although the milk price has been increased by 1.0, the calculated milk price has fallen by 1.0 due to the expiry of the seasonal bonus in November.

The milk price includes a € 0.95 support payment paid by the Glanbia cooperative.

Kerry: +1.0

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

Granarolo: unchanged

FrieslandCampina: +0.9, January -1.3 and February +0.7

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: +0.26

Emmi: +0.7 ,January +0.4 and February -3.6 due to a seasonal levy.

The milk price excluded a bonus of € 2.75 per 100 kg for the national sustainability program swissmilk green.

Fonterra: +1.1

5 December Fonterra lifted its forecast milk price range for the current 2019/20 season to 7.00-7.60 NZ\$ per kg milk solids. The calculated milk price is based on the mid-points of the milk price (7.30) and a forecast earnings of 0.20 (range 15-25 cents) or in total 7.30 NZ\$ per kg milk solids.

USA: +3.7

Expressed in dollars, the US class III milk price decreased from \$ 20.45 in November to \$ 19.37 per cwt (hundredweight (45.36 kg)) in December.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	29/1/2019	8/1/2020	Average 2019
Butter	357	355	382
Whole milk powder	304	310	293
Skimmed milk powder	264	260	213
Whey powder	83	72	71

Dutch milk supply has shown an increase since August. In December the volume increased by 3.7%. This growth is no more than a partial recovery from the sharp fall that occurred at the end of 2018 as a result of the phosphate regulation which at farm level limits annual manure production so indirectly also dairy cow numbers. Also milk production end 2018 was lower due to the lagged effects of the major drought during the summer period. Ultimately, the volume in the entire calendar year 2019 was 0.7% lower than in 2018.

EU milk supply increased by 0.7% in November, analogous to the growth in the previous two months. Cumulatively, the EU milk supply in the first eleven months of 2019 was 0.5% higher than in 2018. The increase in France and the Netherlands continued. Germany also recorded growth, although it was still below 1%. The Irish milk supply fell sharply in October and November, after growth had already stopped in September. This brought an end to an exponential rise.

Milk production in the other globally important dairy exporting countries showed, with the exception of Australia, a slight increase. In the USA, volume grew by less than 1%. New Zealand milk supply was a slightly higher than last year. Argentina and Uruguay recorded growth of 2% and almost 3% respectively. The aggregated volume of the major dairy exporters (including the EU) was almost at the same level in the period up to and including November as in 2018

Butter price quotations remained virtually unchanged since the beginning of November. The market is currently stable. The demand for butter is reasonable and comes mainly from the internal market. There is hardly any export from the EU. Since mid-January, after having remained stable for a month and a half, the price of skimmed milk powder has picked up again. There is good demand on the world market. The prices therefore increase step by step. The price quotation of whole milk powder (26% fat) slowly declined in January. Export was hardly possible, which caused slight pressure on prices. The decline seems to have come to an end at the end of January, reflecting slowly increasing outlets for European product on the world market.

STANDARDIZED MILK PRICE CALCULATIONS for December 2019 deliveries 500,000 kg/yr.

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Müller(Leppersdorf)	DE	0.51	0.61		31.38	31.87	
DMK Deutsches Milchkontor eG	DE		0.15		32.09	31.44	
Hochwald Milch eG	DE	0.76			32.51	32.67	0.02
Arla Foods DK	DK	0.89			32.41	32.53	2.30
Valio	FI				35.88	35.39	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.17	
Danone (Pas de Calais)	FR				33.18	35.04	
Lactalis (Pays de la Loire)	FR		0.24		35.46	34.74	
Sodiaal (Pas de Calais)	FR	0.58		-1.07	34.22	35.25	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.34	1.72	35.41	32.59	
Dairygold	IE	0.39			31.31	30.29	
Glanbia	IE				31.14	30.39	0.40
Kerry Agribusiness	IE				32.01	31.04	
Granarolo (North)	IT	0.75			41.27	39.26	
FrieslandCampina	NL				35.76	35.04	0.57
AVERAGE MILK PRICE 2)					33.89	33.40	
Emmi	CH		3.21		53.25	51.40	
Fonterra 3)	NZ				33.80	31.39	
United States Class III 4)	US	0.20			43.41	38.15	

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STANDARDIZED MILK PRICE CALCULATIONS for December 2019 deliveries 1,500,000 kg/yr.

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Company		adjustments			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
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Milcobel	BE	0.73	1.33		33.96	32.49	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	31.97	
DMK Deutsches Milchkontor eG	DE		0.30		32.38	31.73	
Hochwald Milch eG	DE	0.76			32.54	32.70	0.02
Arla Foods DK	DK	0.89			32.49	32.61	2.30
Valio	FI				35.88	35.39	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.17	
Danone (Pas de Calais)	FR				33.18	35.04	
Lactalis (Pays de la Loire)	FR		0.39		35.61	34.89	
Sodiaal (Pas de Calais)	FR	0.58		-1.07	34.22	35.25	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.92	1.72	35.98	33.14	
Dairygold	IE	0.39			31.31	30.29	
Glanbia	IE				31.14	30.39	0.40
Kerry Agribusiness	IE				32.01	31.04	
Granarolo (North)	IT	0.75			41.27	39.26	
FrieslandCampina	NL				35.92	35.20	0.57
AVERAGE MILK PRICE 2)					34.03	33.54	
Emmi	CH		3.57		53.61	51.76	
Fonterra 3)	NZ				33.80	31.39	
United States Class III 4)	US	0.20			43.41	38.15	

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