

STANDARDIZED MILK PRICE CALCULATIONS for June 2020 deliveries

Prices in euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded

Company		prices (€/kg) ¹		Bonuses/deductions (included) ²				MILK PRICE this month	av. last 12 months ³	recent ⁴ suppl. payment	
		fat	protein	quality	quantity	season	sustainability				Milk flows
Milcobel	BE	3.55	3.55	0.73	1.13				28.73	31.36	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	30.39	32.02	0.42
DMK Deutsches Milchkontor eG	DE	3.88	3.88		0.20		0.33	0.59	30.40	32.34	
Hochwald Milch eG	DE	2.50	5.00	0.76			0.69	0.99	32.63	33.49	0.79
Arla Foods DK	DK	3.70	4.44	0.87			1.99		32.56	32.68	1.43
Valio	FI	3.90	6.50				1.94		35.88	35.88	1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.04					33.97	34.84	
Danone (Pas de Calais)	FR	2.96	5.39						34.25	34.87	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		33.39	34.93	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		-0.49	0.10		34.20	35.02	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.83	5.65	-0.54	0.76	-2.16			28.25	32.20	
Dairygold	IE	3.45	5.65	0.39			0.10		30.30	30.13	
Glanbia	IE	3.28	5.89						30.29	29.82	0.36
Kerry Agribusiness	IE	3.77	5.65				0.10		31.27	30.67	
Granarolo (North)	IT	2.13	4.79	0.75					37.87	39.41	
FrieslandCampina	NL	2.61	5.45					0.65	31.52	34.26	1.31
AVERAGE MILK PRICE⁵									32.24	33.37	
Capsa Food	ES	3.00	3.00						31.27	31.35	
Emmi	CH	1.87	6.53		3.46				51.80	53.00	
Fonterra 3)	NZ	3.78	3.78						28.71	32.06	
United States Class III 4)	US	3.64	8.88	0.22					46.09	39.10	

1) Payment per % fat and % protein above or below 4.2% and 3.4% respectively. France and US true protein and not in crude protein as in most European countries.

2) These premiums and deductions are included in the milk price, but it is not a complete list. There may also be other premiums and deductions included.

3) Weighted average based on the basis of national monthly deliveries exclusive of most recent supplementary payment.

4) The most recent supplementary payment is stated to give an indication of a possible supplement to the monthly milk prices after the calendar year.

5) Arithmetic average

MILK PRICES

The calculated monthly milk prices in June 2020 averaged to € 32.24 per 100 kg of standard milk. An increase of € 0.04 compared to the previous month. Compared to June 2019, the average milk price decreased with € 1.26 or - 3.7 %.

It seems that the fall in milk prices from February has come to an end. It should be noted, however, that the increase is minimal and that it is not uncommon for milk prices to pick up after the spring when milk production decreases somewhat on a seasonal basis. In addition, the market situation has slightly improved, partly due to a cautious recovery in market demand in the out-of-home segment. Despite all the uncertainties in the market, the average milk price is expected to rise further in the coming months. For example, FrieslandCampina has announced price increases of € 0.5 and € 1.0, respectively for July and August. The milk prices of Lactalis and Savencia will also increase slightly, while the prices of DMK (in July) and Saputo Dairy UK (until August) will not change. Arla has announced a price cut (- € 0.8) for July and no change in August.

It was striking that in June the milk prices of the three Irish companies rose the most, varying from € 0.8 (Dairygold) to € 1.5 (Glanbia). Biggest fallers were DMK (- € 1.5), Lactalis(- € 1.1) and Hochwald (- € 1.0). The calculated milk price of Arla remained the same, because together with a price decrease of € 1.0 a bonus of € 1.0 was introduced for the Climate Check program with the aim of reducing greenhouse gas emissions. Almost all dairy farmers participate in this program carried out by filling in a digital reporting tool and thus receive this bonus.

As mentioned last month, the extreme rise in USA class III milk price in June was unprecedented. This price has never risen so strongly in one month (73%).

On July 17, Fonterra lowered the milk price forecast for the past 2019/20 season by approx. € 0.2 per 100 kg of standard milk. The final milk price 2019/20 will be known at the end of September when the annual results are published. For the new season 2020/21 - that started in June - the milk price forecast has been increased by € 1.1 per 100 kg.

Price changes in June 2020 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: unchanged

Müller: unchanged

The milk price includes a bonus of € 0.99 per 100 kg for the use of GMO free feed (VLOG certified). All collected milk is GMO free.

DMK Deutsches Milchkontor eG: -1.5, July unchanged

The milk price includes an (average) bonus of € 0.33 (was 0.66) for participation in the Milkmaster sustainability program and an average bonus of € 0.59³ for the use of GMO free feed. About 60% of the collected milk is GMO free (VLOG certified) and receives a bonus of € 1,00 per 100 kg.

Hochwald eG: -1.0

The milk price includes a bonus of € 0.59 for participating in the sustainability program MilchPlus and an average bonus of € 0.99³ per 100 kg for the use of GMO-free feed. From April all milk collected is GMO free (VLOG certified).

For milk delivered in 2019 Hochwald eG made a supplementary payment of € 0.79 per 100 kg (2018: € 0.69).

Arla: unchanged, July -0.8 and August unchanged

A price reduction in June of € 1,0 is compensated by a new bonus for Climate Check programme of also € 1,0 per 100 kg. The milk price includes a bonus of € 0.99 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 (participation about 25%).

Valio: unchanged

The milk price includes a bonus of € 1,94 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: +0.5, July +0.5

Danone: (A-price): unchanged

Danone's milk price is based on a contract whereby 50% of the A- milk price development is determined by market indicators and 50% by cost price development at dairy farms.

Lactalis: -1.1, July +0.1 and August +0.5

The milk price includes a premium of € 0.07 per 100 kg for participation in the national programme Carte des Bonnes Pratiques d'Élevage (CBPE).

Sodiaal (A-price): +0.9

The calculated price increased as a result of a lower price and a more reduced seasonal deduction. La Route Du Lait (LRDL) is Sodiaal's sustainability programme. Dairy farmers receive a premium of € 0.10 per 100 kg for participation.

Saputo Dairy UK: +0.2 due to a lower seasonal levy.

The price before seasonality is unchanged until the end of August.

The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: +1.0

The milk price includes a bonus of € 0.10 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: +1.5

The milk price includes a payment of € 0.40 as share of Glanbia Ireland profit.

Kerry: +0.8

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

Granarolo: unchanged

FrieslandCampina: -0.5, July + 0.5 and August +1.0

The milk price includes an (average) bonus of € 0.65 for outdoor grazing. 83% of Dutch dairy farmers receive an outdoor grazing premium.

AVERAGE: +0.04

Capsa Food (provisional) unchanged

Emmi: +2.7

Despite a small price decrease the calculated milk price increased due to the expiration of the seasonal levy.

The milk price does not include the supplement to the A price of approx. € 2.75 per 100 kg of milk for the national sustainability program “Swiss milk green”. The milk is produced under the Suisse Garantie label, which means, among other things, that no GMO feed is used.

Milk prices are based on milk statements of a producer organization that supplies milk to Emmi.

Fonterra: +1.1.

The calculated milk price is based on the mid-points of the most recent (July 17th) forecast ranges for the milk price 7.15 (was 7.20) and assumed earnings of 0.20 or in total 7.35 (was 7.40) NZ\$ per kg milk solids (MS).

For the new season 2020/21 Fonterra updated the forecast farm gate milk price to a range of 5.90 (was 5.40) -6.90 per kg MS. Including assumed earnings the Fonterra calculated milk price is based on 6.40 + 0.20 = 6.60 (was 6.35) NZ\$ per kg milk solids..

USA: +18.5

The calculated Class III prices are based on USDA announcements of class and component prices. Expressed in dollars, the US class III milk price increased from \$ 12.24 in May to \$ 21.04 per cwt (hundredweight (45.36 kg)) in June 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	29/7/2020	1/7/2020	Average 2019
Butter	333	330	382
Whole milk powder	272	268	293
Skimmed milk powder	215	216	213
Whey powder	70	71	71

The Dutch milk supply increased by almost 1% in June, so that there was growth for the eleventh consecutive month. However, the growth rate in May and June was slower than in the previous months.

The EU milk supply (including the United Kingdom) showed a slight decline in May. The stagnation in milk production was already visible in April, when the volume increased only modestly. On the one hand, the milk supply in Ireland, the Netherlands and Poland increased in May, on the other hand it decreased in France, Italy and the United Kingdom. The German milk supply remained virtually stable. Milk production in the other globally important dairy exporting countries increased in May, excluding the US. New Zealand recorded an increase (+ 4%) for the first time in over six months. The recovery in Australia continued strongly (+ 5%). The South American countries of Argentina (+ 11%) and Uruguay (+ 7%) showed a strong further recovery. In contrast, the US saw milk production decline by nearly 1% in May. The aggregated volume of the major dairy exporters (including the EU) was 1.9% higher in the period up to May 2020 compared to the previous year.

The butter market is currently quiet with stable prices. In early July, the Dutch butter price quotation rose considerably, after which it remained at the same level. Supply and demand are limited. Sales in

the food service channel have still not returned to pre-Corona crisis levels. Increased retail sales have only partially offset this. The price quotation of skimmed milk powder has remained virtually stable since the beginning of June. The market is calm. There is little buying interest and sellers experience little to no sales pressure. Skimmed milk powder from the US is still cheaper than European product, a price difference that is strengthened by the unfavorable EUR/US\$ exchange rate for Europe. Price quotation of whole milk powder rose in the past few months, in line with developments in butter and skimmed milk powder.