

STANDARDIZED MILK PRICE CALCULATIONS for July 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		33.22	33.25	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.72	34.34	
DMK	DE		0.20		33.07	34.95	
Hochwald Milch eG	DE	0.76	1.01		32.95	34.72	0.10
Arla Foods DK	DK	0.92			33.36	34.10	1.28
Valio	FI				34.90	36.31	0.92
Savencia (Basse Normandie)	FR	1.04			34.94	33.99	
Danone (Pas de Calais)	FR				37.13	34.84	
Lactalis (Pays de la Loire)	FR		0.39		34.35	33.82	
Sodiaal (Pas de Calais)	FR	0.58			35.05	34.67	0.23
Dairy Crest (Davidstow)	UK	0.11	0.66		31.13	32.39	
Dairygold	IE	0.39			32.30	34.19	
Glanbia	IE				32.14	33.57	
Kerry Agribusiness	IE				33.43	34.24	
Granarolo (North)	IT	0.77			37.87	39.53	
Royal A-ware	NL	0.50	1.28		34.53	37.90	
FrieslandCampina	NL				35.21	36.99	1.27
AVERAGE MILK PRICE 2)					33.96	34.93	
Emmi	CH		3.19	3.36	51.79	48.06	
Fonterra 3)	NZ				31.34	30.79	
United States Class III 4)	US	0.14			30.74	32.38	

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 July 2018 averaged to € 33.96 per 100 kg of standard milk and a delivery of 1,000,000 kg per year. An increase of € 1.25 compared to the previous month. Compared to June 2017, the average milk price is € 1.68 or 4.7 % lower.

The average milk price has increased for the second consecutive month. Although the price increase in July (€ 1.25 compared to the previous month) is higher than in June (+ € 0.60) the price gap with the previous year also increased, but in a negative direction. In July 2018 the average milk price is € 1.68 per 100 kg lower than in July 2017, while the price difference in June was € 1.43. This is due to the fact that milk prices rose relatively sharply in the second half of 2017.

Most dairy companies increased milk prices in July, except Dairygold, Glanbia, Granarolo and Valio. They have not changed the milk prices.

The price increase is partly due to the seasonal pattern. For example, the French milk prices rose the most, ranging from € 1.0 (Sodiaal) to € 3.9 per 100 kg (Danone). In other years, French milk prices are also higher during the third quarter to stimulate milk production in these months.

Milk prices are expected to increase further in the coming months. This expectation is based on announced price increases of among others Arla (August +1.0 and September unchanged), FrieslandCampina (August unchanged and September + 1.2) and Dairy Crest (August and September total € 1.5 per 100 kg milk) .

In anticipation of the presentation of the annual results 2017/2018 in September, Fonterra has lowered its forecast for the milk price of the past season, which runs from June 2017 until May 2018. The calculated milk price including the dividend for 2017/18 was therefore reduced by € 0.6 to € 30.41 per 100 kg (based on 6.80 NZD per kg milk solids (was 6.925)). For the current season 2018/19 the calculated milk price of Fonterra is based on 7.10 NZD (milk price including an estimated (equal to last season) dividend of 0.10).

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

Milcobel: +1.5

Muller: +1.0

DMK: +1.0 and August + 1.0

The price ratio between protein and fat changed from 2:1 to 1.5:1.

Hochwald eG: +1.5

Arla: +1.8 , August + 1.0 and September unchanged

Valio: unchanged

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

Savencia: +2.4 and August unchanged

Danone: (A-price): +3.9

Lactalis: +1.3, August +0.5 and September +0.5

The milk price includes a seasonal quality premium of € 0.43 per 100 kg of milk, which in the months of July to September is paid out to dairy farmers who did not deliver more milk in 2017/18 than agreed in the contract. The total amount of levies deducted for excess milk is paid back to dairy farmers who have not produced too much.

Sodiaal (A-price): +1.0

Dairy Crest: +2.9 (mainly due to no seasonal levy in July), August +2.0 (+1.75 ppl) and September +0.6 (0.5 ppl supplementary payment due to extreme weather conditions).

Dairygold: unchanged

Glanbia Ingredients Ireland: unchanged

Kerry: +1.0

Granarolo: unchanged, August unchanged

Royal A-ware: +1.0 and August +0.1

FrieslandCampina: +1.5 , August unchanged and September +1.2

AVERAGE: +1.25

Emmi: +2.9 mainly due to the seasonal bonus. Due to a slightly lower B price, milk prices in August and September will decrease by around € 0.4 in total.

In July, Emmi withheld an amount of 1.0 CHF / 100 kg (approximately € 0.9) as a contribution to support butter export. Because there is less butter now, due to the drought, this levy has been reversed retroactively and has therefore not been included in the calculated milk price of July.

Fonterra: -0.7 due to a devaluation of NZ dollar against the euro.

USA: -3.5. The USA Class III milk price decreased from \$ 15.21 in June to \$ 14.10 per cwt (hundredweight (45.36 kg)) in July.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	29/8/18	1/8/2018	Average 2017
Butter	555	525	521
Whole milk powder	282	275	285
Skimmed milk powder	163	146	175
Whey powder	78	71	78

EU, milk supply increased by 1.5% in June, a slightly lower growth than in May. The largest growth occurred in Germany and Italy, although the growth rate seemed to level off. The recovery of milk supply continued in France and the United Kingdom.

There is still growth outside Europe. In June, milk supply in Argentina, New Zealand, Uruguay and the US increased. In the latter country the rate of growth has declined since April, with increases of around 1% and less. In July milk supply in the US remained virtually stable. Australia recorded a decrease in June, for the first time in over a year. The New Zealand milk supply recovered in the seasonally lower production months after a period of contraction.

The butter prices recovered in August after the decline in June and July. This price increase was partly due to the sentiment surrounding the drought and the possible influence on the supply. Now that the weather conditions have improved, the emotion is out of the market and the butter prices seem to come under some pressure again. Even with skimmed milk powder, the news about the drought caused an upward movement of the market in August. The price increase, however, seems to level off again, due to the lack of directional news. Under the influence of the increased fat and protein prices, the price of full milk powder showed a slight recovery in mid-August. There is still a quiet market. Europe is not competitive on the world market with the current prices

STANDARDIZED MILK PRICE CALCULATIONS for July 2018 deliveries 500,000 kg/yr.

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Company		adjustments			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
		quality	volume	season			
Milcobel	BE	0.73	0.75		32.69	32.76	0.24
Müller(Leppersdorf)	DE	0.51	0.61		31.62	34.24	
DMK	DE		0.15		32.92	34.80	
Hochwald Milch eG	DE	0.76	0.76		32.68	34.45	0.10
Arla Foods DK	DK	0.92			33.28	33.98	1.28
Valio	FI				34.90	36.31	0.92
Savencia (Basse Normandie)	FR	1.04			34.94	33.99	
Danone (Pas de Calais)	FR				37.13	34.84	
Lactalis (Pays de la Loire)	FR		0.24		34.20	33.67	
Sodiaal (Pas de Calais)	FR	0.58			35.05	34.67	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33		30.80	32.06	
Dairygold	IE	0.39			32.30	34.19	
Glanbia	IE				32.14	33.57	
Kerry Agribusiness	IE				33.43	34.24	
Granarolo (North)	IT	0.77			37.87	39.49	
Royal A-ware	NL	0.50			33.25	36.62	
FrieslandCampina	NL				35.09	36.87	1.27
AVERAGE MILK PRICE 2)					33.78	34.75	
Emmi	CH		3.02	3.36	51.62	47.89	
Fonterra 3)	NZ				31.34	30.79	
United States Class III 4)	US	0.14			30.74	32.38	

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STANDARDIZED MILK PRICE CALCULATIONS for July 2018 deliveries 1.500.000 kg/yr.

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Milcobel	BE	0.73	1.33		33.46	33.49	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.72	34.34	
DMK	DE		0.30		33.21	35.09	
Hochwald Milch eG	DE	0.76	1.01		32.95	34.73	0.10
Arla Foods DK	DK	0.92			33.38	34.14	1.28
Valio	FI				34.90	36.31	0.92
Savencia (Basse Normandie)	FR	1.04			34.94	33.99	
Danone (Pas de Calais)	FR				37.13	34.84	
Lactalis (Pays de la Loire)	FR		0.39		34.35	33.82	
Sodiaal (Pas de Calais)	FR	0.58			35.05	34.67	0.23
Dairy Crest (Davidstow)	UK	0.11	0.88		31.35	32.61	
Dairygold	IE	0.39			32.30	34.19	
Glanbia	IE				32.14	33.57	
Kerry Agribusiness	IE				33.43	34.24	
Granarolo (North)	IT	0.77			37.87	39.57	
Royal A-ware	NL	0.50	1.57		34.82	38.19	
FrieslandCampina	NL				35.25	37.03	1.27
AVERAGE MILK PRICE 2)					34.02	34.99	
Emmi	CH		3.36	3.36	51.96	48.23	
Fonterra 3)	NZ				31.34	30.79	
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