

INTERNATIONAL COMPARISON OF PRODUCER PRICES FOR MILK 2020 AND 2021



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as follows: EDF-ZuivelNL International Milk Price Comparison

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PREFACE

Dear reader,

Last year, after a short absence, the international milk price was restarted by ZuivelNL together with EDF and continued under the name EDF-ZuivelNL international milk price comparison. For entrepreneurs in the sector, a milk price comparison is a tool of gaining insight into the level and development of the milk price. This is also the reason why the members of ZuivelNL wanted to see the international milk price comparison restarted. The milk price comparison is now published monthly again. Because no monthly publications were published in 2020 and 2021, the developments in milk prices over these years have been brought together in one report.

This guarantees the continuity of the international milk price comparison.

Hubert Andela, Director of ZuivelNL

Dear friends,

it is our pleasure to present in this report the calculated annual results of the EDF-ZuivelNL International Milk Price Comparison for the years 2020 and 2021. We are very pleased that we have succeeded in re-shaping the long-standing collaboration between the EDF and ZuivelNL and to publish again the monthly milk prices of large European dairy processors on a regular basis from autumn 2022.

With this report, we would like to thank all those who regularly contribute with their knowledge and expertise to the development of a unique comparison. A special thanks goes to the dairy farmers who, by providing monthly milk price information, make it possible to standardise and compare the monthly milk prices paid by European Dairy processors, thus creating a unique piece of information that not only provides transparency but also an important basis for the creation of knowledge and exchange.

We wish you an interesting reading and good insights!

Sincerely,

Judit Kühn, EDF Managing Director

1. INTRODUCTION

The EDF-ZuivelNL International Milk Price Comparison is calculated and published every month by EDF and ZuivelNL. This is a comparison of prices paid for milk by large European companies and is mainly based on copies of monthly milk statements. The method chosen for the calculations shows the price a dairy farmer would receive if milk of specific (standard) composition, quality and quantity were delivered to the different dairy companies.

In this report the following characteristics of the standard milk are taken as a basis:

- 4.2% fat
- 3.4% protein
- Total bacterial count 24,999 per ml
- Somatic cell count 249,999 per ml
- Annual delivery 1,000,000 kg

The prices are exclusive of VAT, ex-farm and inclusive of supplementary payments.

It must be emphasized that this is no comparison of the average milk prices paid. The average price paid by a dairy company for milk is dependent on the actual composition, quality, quantity et cetera of the milk delivered. Furthermore, no conclusions can be drawn about the performance of dairy companies on the basis of the milk prices paid. Many more factors play a role in assessing performance.

After each calendar year has ended, a report is presented with the calculated milk prices paid for that year. This annual report appears when the supplementary payments ("13th month payments") of the preceding calendar/ financial year are known and can, thus, be incorporated into the milk prices. The amount of supplementary payments are not corrected for the date of payment.

The monthly milk prices are weighted on the basis of national monthly milk deliveries (source: ZuivelNL). The weighting of the 2020 and 2021 monthly milk prices are based on the average of the monthly deliveries in 2020 and 2021.

The present publication comprises the milk prices calculated for the calendar years 2020 and 2021.

2. MILK PRICES IN 2020 AND 2021

2.1 MILK PRICE COMPARISON

Due to the Covid-19 pandemic and following lockdowns 2020 was a very unusual year with a big impact on the dairy market, both in terms of supply (maintain delivery and production), shifts in demand from out of home consumption to retail and export restrictions.

Milk prices paid to producers start falling in the second quarter of 2020, but partly recovered after the summer. On average the milk price of 15 EU dairy companies decreased by € 0.56 (or 1.7%) to € 33.03 per 100 kg of standard milk (table 1). Though 2021 is also impacted by the continued effects of the Covid-19 pandemic the global economy recovered as also the demand for dairy products resulting in a higher price paid to producers for raw milk. Table 1 shows 2021 milk prices on average increased with € 2.88 (or 8.7%) to € 35.91 per 100 kg standard milk. This first increase since 2017 makes the year 2021 an above milk price year (see graph 1).

Table 1: Milk prices in 2021, 2020 and 2019

		2021	Rank	2020	Rank	2019	Rank	2021 vs 2020	2020 vs 2019
Arla Foods DK	DK	38.04	1	34.62	4	34.02	8	9.9%	1.8%
Valio	FI	37.41	2	37.53	1	36.46	2	-0.3%	3.0%
FrieslandCampina	NL	36.95	3	33.66	8	36.49	1	9.8%	-7.8%
Hochwald Milch eG	DE	36.57	4	34.17	7	34.47	7	7.0%	-0.9%
Dairygold	IE	36.36	5	30.81	12	30.88	14	18.0%	-0.2%
DMK Deutsches Milchkontor eG	DE	36.26	6	32.22	9	32.33	10	12.5%	-0.3%
Glanbia	IE	36.17	7	30.62	14	30.70	15	18.1%	-0.2%
Milcobel	BE	36.16	8	29.55	15	32.26	11	22.4%	-8.4%
Sodiaal (Pas-de-Calais)	FR	36.15	9	34.99	2	35.50	3	3.3%	-1.4%
Savencia (Basse Normandie)	FR	35.96	10	34.31	6	35.17	4	4.8%	-2.5%
Danone (Pas-de-Calais)	FR	35.81	11	34.88	3	35.03	5	2.7%	-0.4%
Lactalis (Pays de la Loire)	FR	35.71	12	34.43	5	34.86	6	3.7%	-1.2%
Kerry Agribusiness	IE	34.81	13	31.34	11	31.56	12	11.1%	-0.7%
Capsa Food	ES	33.46	14	31.66	10	31.14	13	5.7%	1.7%
Saputo Dairy UK	UK	32.76	15	30.65	13	32.92	9	6.9%	-6.9%
AVERAGE MILK PRICE		35.91		33.03		33.59		8.7%	-1.7%
Emmi	CH	57.37		50.18		47.58		.	.
Fonterra	NZ	40.27		32.54		30.57		.	.
USA Class II	US	35.71		39.16		38.15		.	.
Müller (Leppersdorf)	DE	.		31.48		33.38		.	.
Granarolo (North)	IT	.		38.28		39.26		.	.

In € per 100 kg of standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 and scc 249,999 per ml (excluding VAT and including supplementary payments).

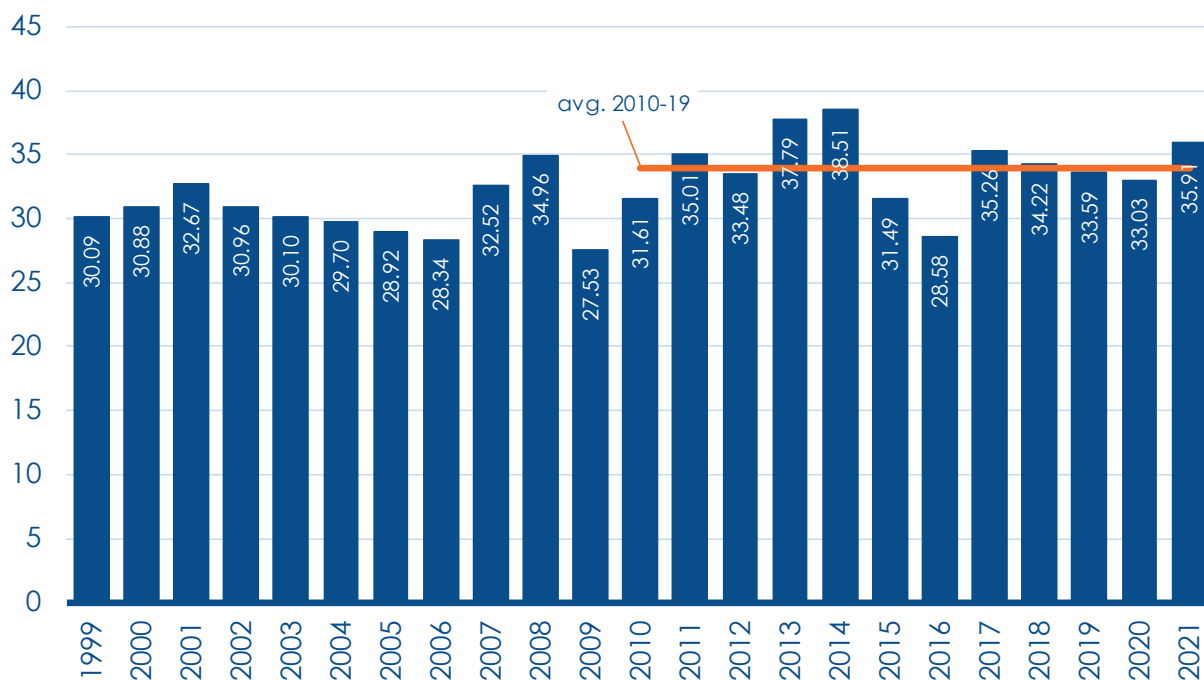
Compared with the previous publication the average milk prices does not include milk prices from Müller (Leppersdorf) and Granarolo. Due to the lack of data, the milk prices these two companies are from March 2021 onwards no longer calculated and published. Compared to the previous publication the milk price of Capsa Food is incorporated into the average. Without these changes the average milk price 2019 would have been € 34,08 per 100 kg.

Milk prices of 2019 are updated so some differ from the previous publication.

Apart from Finnish Valio, there are notable shifts in the top of the rankings. Arla has risen to the top of the ranking in 2021, followed by Valio and FrieslandCampina. Based on the rankings of milk prices it seems French dairy farmers benefited relatively less from the improved market situation in 2021.

As the prices are expressed in euros, the exchange rates also have an influence. As British pound fell 3.4% in value against de the euro in 2021 the calculated milk price of Saputo Dairy UK expressed in national currency would have increased with 10.3%.

Graph 1: Average milk prices from 1999 to 2021, in €/100kg



2.2 FURTHER INFORMATION OF THE CALCULATED MILK PRICES PER DAIRY

ARLA

The Arla milk price concerns the Danish members. The calculated milk price 2020 includes a bonus of € 0.99 for the quality and sustainability program Arla garden plus and from June onwards in addition € 0.99 per 100 kg for the Climate Check tool. The Arla garden plus bonus expired from April 2021 onwards. 2021 milk price includes a premium of € 1.00 per 100 kg for the use of GMO-free feed.

Supplementary payments of € 2.01 and € 1.89 per 100 kg have been calculated for 2020 respectively 2021 milk prices. Part of these supplementary payment have been credited to the individual member account.

VALIO

The Finnish member dairy coop milk price of top cooperative Valio is based on one of the Finnish member dairy cooperatives. Since 2021 the milk price is based on a weighted average of an A- and B price 1. In 2021 the A price applies to 95% of the milk delivered within the quota and the B price to 5%. Valio's milk price includes a € 1.94 bonus for participating in the NASEVA sustainability animal health program.

The supplementary payment for the milk delivered in 2020 and 2021 is € 1.65 respectively € 1.84 per 100 kg.

FRIESLANDCAMPINA

In 2020 and 2021, the calculated milk price includes an (average) supplement of € 0.24 respectively € 0.25 per 100 kg for the quality and sustainability program Foqus planet. The average bonus paid to dairy farmers applying pasture grazing (meadow milk) in 2020 and 2021 is € 0.66 per 100 kg.

2021 milk price includes a supplementary payment of € 0.14 per 100 kg standard milk. No supplementary payment has been made for 2020.

HOCHWALD EG

The calculated milk price includes an average premium for the quality and sustainability program Milchplus of € 0.70 (2020) and € 0.71 (2021) and a bonus of € 1.00 per 100 kg for the use of GMO-free feed. All milk is GMO free.

Included in the milk prices are the supplementary payments for milk delivered in 2020 and 2021 of respectively € 0.79 and € 1.50 per 100 kg.

DAIRYGOLD

The calculated milk price includes a bonus of € 0.10 for the national sustainability program SDAS.

DMK DEUTSCHES MILCHKONTOR EG

The milk price includes an average bonus of € 0.33 (2020) and € 0.40 (2021) per 100 kg for participation in the Milkmaster sustainability program and an average bonus of € 0.59 (2020) and € 0.79 (2021) per 100 kg for the use of GMO-free feed.

Monthly milk prices in 2020 and 2021 have been topped-up by DMK with € 0.10 (January-August 2020), € 0.70 (September-December 2020), € 1.00 (January – November 2021) and € 0.60 (December 2021) per 100 kg milk. These additional payments are included in the calculated milk prices.

GLANBIA INGREDIENTS IRELAND

Glanbia Ingredients Ireland Limited (GILL) is a joint venture of Glanbia plc and the coop Glanbia. The calculated milk price includes a monthly payment of € 0.39 per 100 kg by the coop as share of GILL profit. Also other extra payments by the coop – like in some months a premium to boost biodiversity – are taken into account.

Dairy farmers supplying Glanbia and trading with the coop received a trading bonus. These (average) supplementary payments of € 0.15 and € 0.18 per 100 kg are incorporated in the calculated milk prices of 2020 respectively 2021.

MILCOBEL

From May 2021 Milcobel introduced a sustainability premium. Depending on the score, the dairy farmer can receive a maximum premium of € 0.50 per 100 litres of milk. The calculated milk prices 2021 from May onwards include an average sustainability premium of € 0.31 per 100 kg. In addition to the monthly milk prices the coop paid a supplement of € 0.90 per 100 kg fat. The milk price 2021 includes a supplementary payment (added to member capital) of € 0.118 per kg fat and protein supplied in 2021 or € 0.90 per 100 kg standard milk. For milk delivered in 2020 there was no supplementary payment.

SODIAAL

Sodiaal's milk price is based on the so-called A-price. If monthly supply exceeds the quota a B-price – based on market prices of butter and skimmed milk- is paid for the extra milk. A premium of € 0.19 per 100 kg is incorporated in the calculated milk price for participation in the sustainability program La Route Du Lait (LRDL) and also a production forecast (ASAP) bonus of € 0,29 per 100 kg.

SAVENCIA

The calculated milk prices of Savencia concern the Agrial/Eurial cooperative, which collects milk in Lower Normandy and supplies to Savencia Fromage & Dairy.

DANONE

Danone's milk price is based on just the A-price and a contract whereby 50% of the A- milk price development is determined by market indicators and 50% by cost price development at dairy farms. If the monthly delivery exceeds the quota for that month a B- price is paid for the excess milk. The B-price is based on the price development of butter and skimmed milk.

LACTALIS

The calculated milk price includes a premium of € 0.07 per 100 kg for participation in the national program Carte des Bonnes Pratiques d'Elevage (CBPE), a quantity premium of € 0.39 and from October 2021 an extra bonus of € 0,05 per 100 kg due to a contract concluded by Lactalis with supermarket chain Leclerc regarding the supply of consumption milk under private label.

KERRY

The calculated milk price includes a bonus of € 0.10 for the SDAS sustainability program. Milk prices 2021 include an additional payment of € 0.77 per 100 kg standard milk based on € 0.083 and € 0.1245 per kg fat respectively protein.

CAPSA FOOD

The calculated milk price of Capsa is based on a weighted average of an A- (70%) and a B-price (30%).

SAPUTO DAIRY UK

The milk price is based on dairy farmers supplying the Davidstow cheese factory.

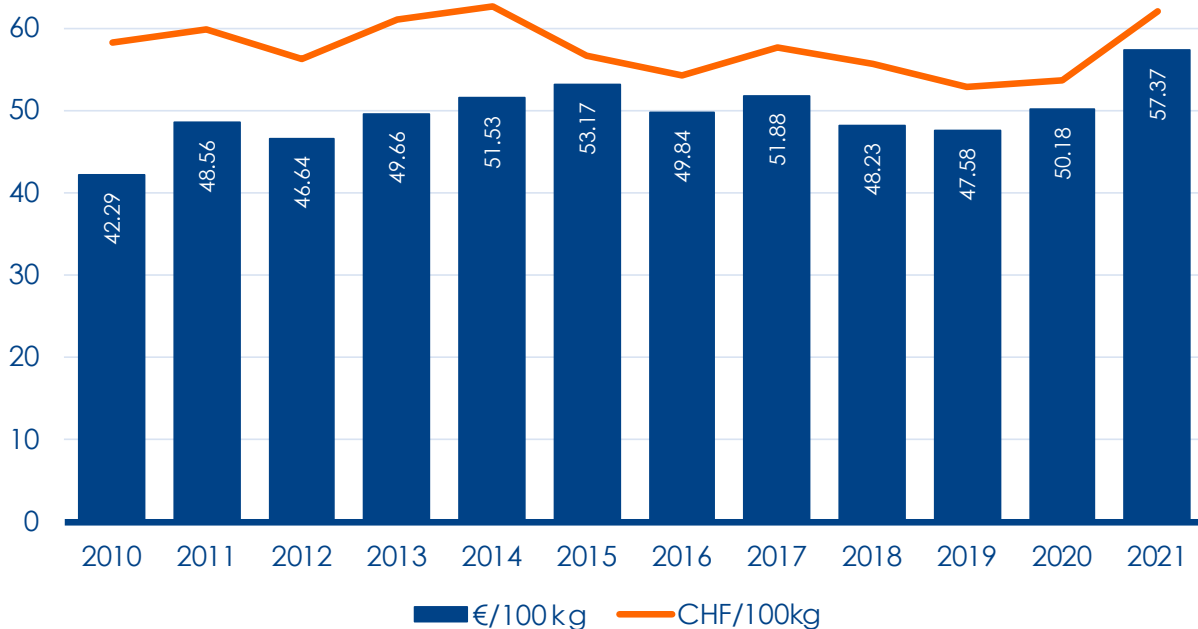
2.3 MILK PRICE DEVELOPMENT OUTSIDE THE EUROPEAN UNION

Contrary to the EU and expressed in euros, 2020 milk prices rose elsewhere as illustrated by producer prices of Emmi (Switzerland) and Fonterra (New-Zealand) and Class III prices in the USA. With the exception of USA these prices increased further in 2021.

EMMI SWITZERLAND

Calculated milk prices expressed in euros rose by 5.5% (2020) and 14.3% (2021). Expressed in national currency the increase was 2.8% respectively 1.0% higher.

Graph 2: Average milk prices from 2010 to 2021 for Emmi (CH)

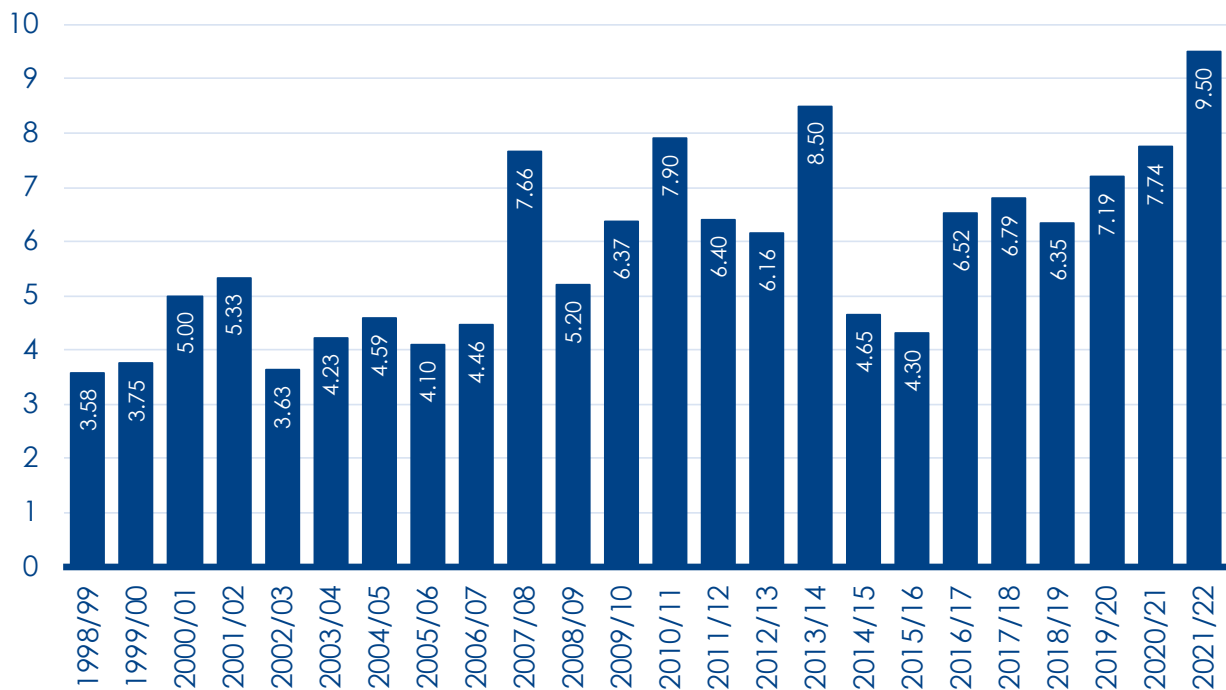


Milk prices of Emmi are based on milk statements of a producer organization that supplies milk to Emmi. The milk price is based on a weighted average of an A- (66%) and a B- (34%) price. Because from 2024 all milk must meet the industry standard for sustainable Swiss milk, the so called 'grüner Teppich' (green carpet) this premium is from 2021 included in the calculated milk price. This bonus of 3 SF per 100 kg only applies to A-milk or an average (66%) of € 2.10 per 100 kg for all milk. Different supplements and deductions related to marketing and contributions are incorporated in the calculated milk price.

FONTERRA NEW ZEALAND

Converted to the calendar year and expressed in euros per 100 kg standard milk the calculated milk prices of Fonterra increased in 2020 and very strongly in 2021. In national milk prices reached a record level in 2021/22 season (June 2021-May 2022).

Graph 3: Average milk prices, 1998/99 to 2021/22 for Fonterra, in NZD/kg milk solids



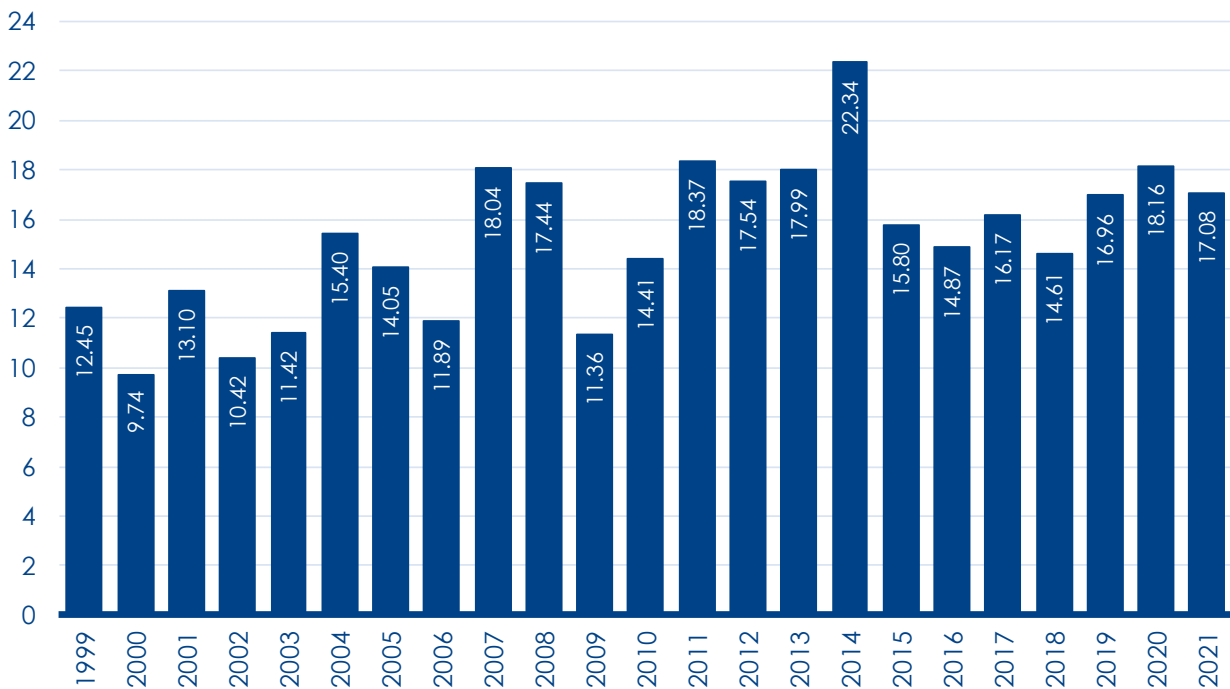
Milk prices of Fonterra are not based on (monthly) milk statements but on media releases of Fonterra regarding their (final) cash pay-out (=farm gate milk price plus dividend per share) for the 2019/20, 2020/21 and 2021/22 adjusted to calendar years 2020 and 2021 and standardized (4.2% fat + 3.4% protein= 7.6 kg milk solids).

The final cash pay-outs were 7.19 (2019/20), 7.74 (2020/21) and 9.50 (2021/22) NZD per kg milk solids.

USA CLASS III PRICES

USA Class III milk prices converted to euros and per 100 kg standard milk fell below the EU average in 2021 (see table 1). Graph 4 shows the development of Class III prices in US dollars and not converted to standard milk. The class III prices for 2020 and 2021 are respectively \$ 18.16 and \$ 17.08 per cwt (hundredweight (45.36 kg)).

Graph 4: Average milk prices from 1999 to 2021 for USA Class III (USA), in \$/cwt



To give an indication of the milk price development in the USA milk prices are calculated based on the so called Class III milk and component prices published by the United States Department of Agriculture (USDA). Though the actual prices USA dairy farmers receive – the so called mail box prices- differs per buyer and a variety of premiums and deductions, the Class and component prices set a minimum. The Class III price is for milk used for processing cheese and chosen as most representative.

Annex Average currency exchange rates euro

1 euro = units

1 euro=units	annual % change				
	2021	2020	2019	2021/20	2020/19
Danish crown	7,454	7,437	7,466	-0,2%	0,4%
New-Zealand dollar	1,763	1,673	1,699	-5,4%	1,6%
British pound	0,889	0,860	0,877	-3,4%	2,0%
US dollar	1,141	1,184	1,120	3,6%	-5,7%
Swiss franc	1,070	1,081	1,113	1,0%	2,8%

3. TEAM



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