

STANDARDIZED MILK PRICE CALCULATIONS for November 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	29.98	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	32.07	31.47	
DMK Deutsches Milchkontor eG	DE	4.08	4.08		0.20		0.33	0.59	31.93	32.02	
Hochwald Milch eG	DE	2.50	5.00	0.76			0.69	0.99	33.62	33.36	0.79
Arla Foods DK	DK	3.79	4.55	0.89			1.99		33.30	32.55	1.43
Valio	FI	3.90	6.50				1.94		35.88	35.88	1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.18					34.60	34.35	
Danone (Pas de Calais)	FR	2.96	5.39						34.70	34.86	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		33.99	34.52	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		0.82	0.10		34.82	34.76	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.89	5.77	-0.54	0.76	2.17			33.21	30.89	
Dairygold	IE	3.66	5.99	0.39			0.10		32.37	30.81	
Glanbia	IE	3.32	5.98						31.61	30.43	0.36
Kerry Agribusiness	IE	3.85	5.77				0.10		32.01	31.35	
Granarolo (North)	IT	2.13	4.79	0.75					37.87	38.57	
FrieslandCampina	NL	2.75	5.49					0.65	33.19	33.54	1.31
AVERAGE MILK PRICE⁵									33.37	33.08	
Capsa Food	ES	3.00	3.00						31.69	31.73	
Emmi	CH	1.85	6.49		3.44				52.53	52.77	
Fonterra 3)	NZ	4.09	4.09						30.86	30.76	0.22
United States Class III 4)	US	2.90	10.47	0.23					48.22	40.11	

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 November 2020 averaged to € 33.37 per 100 kg of standard milk. An increase of € 0.11 compared to the previous month. Compared to November 2019, the average milk price decreased with € 0.57 or -1.7 %.

The average milk price has increased for the 6th consecutive month. However, these were always relatively small increases. These small increases have not been able to offset the larger price decreases earlier this year, as evidenced by the development of advance milk prices in 2020.

With the exception of Danone and Sodiaal, all milk prices have remained the same or increased slightly. The milk price of Arla increased most with + € 1.0. The prices of the German Müller and the Irish dairy companies rose by about half of this.

The calculated price increase of Saputo is entirely due to the increase of the British pound against the euro in November. Expressed in national currency, the milk price – before seasonality - will remain unchanged until March 2021.

The average milk price is not expected to change much in December. As far as is known, most milk prices remain the same and an increase in the milk price of FrieslandCampina of € 0.9 is matched by a similar decrease in the milk price of Danone.

What 2021 will bring remains to be seen, but for Belgian dairy farmers who supply to Milcobel, the start is positive with an increase in milk price of € 1.4 in January. This is Milcobel's first price increase since December 2019. On the other hand, Arla and FrieslandCampina will lower milk prices in January 2021 by € 1.2 and € 0.9 per 100 kg respectively.

New Zealand's Fonterra seems a bit more optimistic about the near future, as it raised the milk price forecast for the current season. The milk price of the Swiss Emmi will also increase in January 2021.

Monthly milk prices 2020

Because looking back is easier than looking ahead, the table provides an overview of the development of the provisional monthly milk prices for 2020. Provisional, because the milk prices for December are not yet known for all dairy companies. It is assumed for these companies that the December milk price is equal to the November milk price.

The provisional milk prices in 2020 have decreased on average by € 0.70 per 100 kg or 2.1% compared to 2019. It should be noted that this table is based on the monthly paid out milk prices, so excluding supplementary payments ("13th month payments"). The definitive milk prices, including supplementary payments, will be known during 2021 and will be published in June.

In the EU, the monthly milk prices of Valio, the Irish dairy companies (with the exception of Dairygold), Arla and Capsa Food nevertheless increased in the disappointing year 2020. The milk prices of Milcobel, Saputo Dairy UK, FrieslandCampina and Müller fell relatively the most in 2020. The calculated milk price decrease of Saputo Dairy UK is almost entirely due to the fact that the value of the British pound has fallen against the euro. Expressed in pence per liter, the price decrease was less than 1%.

Table Provisional monthly milk prices 2020 (€/100 kg standard milk) and compared with 2019(%)

Dairy	2019 (€/100 kg)	2019/2018
Granarolo (North)	38.29	-2.4%
Valio	35.88	1.4%
Danone (Pas de Calais)	34.91	-0.4%
Sodiaal (Pas de Calais)	34.81	-1.4%
Lactalis (Pays de la Loire)	34.38	-1.5%
Savencia (Basse Normandy)	34.31	-2.5%
FrieslandCampina	33.40	-5.1%
Hochwald Milch eG	33.37	-0.9%
Arla Foods DK	32.61	0.1%
DMK Deutsches Milchkontor eG	31.93	-1.2%
Müller(Leppersdorf)	31.44	-4.6%
Kerry Agribusiness	31.35	1.0%
Dairygold	30.83	-0.2%
Saputo Dairy UK (Dairy Crest)	30.68	-6.8%
Glanbia	30.43	0.1%
Milcobel	29.56	-8.4%
Average	33.01	-2.1%
Capsa Food	31.71	1.8%
Emmi	52.69	2.1%
Fonterra	30.57	-0.2%
USA class III	39.23	2.8%

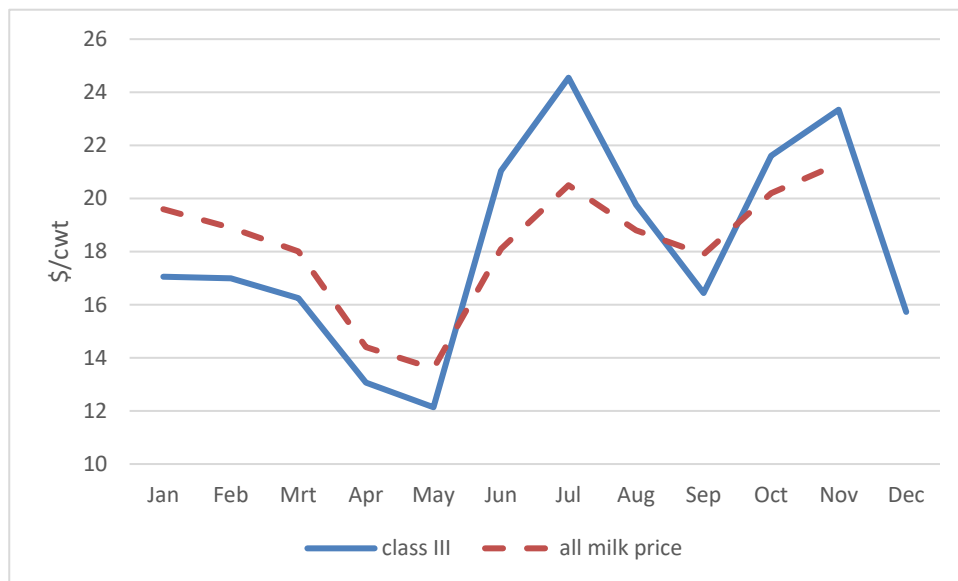
The milk prices of the Swiss Emmi and the class III milk price in the US have increased in 2020. Converted to the calendar year and expressed in euros the milk the advance milk price of Fonterra decreased slightly.

United States

The class III milk price in 2020 converted into euros increased by 2.8%. In national currency this was 7.1%. Despite this price increase, the 2020 milk price year will mainly be remembered because of the monthly price fluctuations. Never before have the cheese prices and with that the class III milk prices fluctuated so extremely. For example, the class III milk price doubled in just two months between May and July (see graph).

Normally, the class III milk price gives a good indication of the development of milk prices in the US. However, 2020 was anything but a normal year due to the COVID-19 virus and this was also reflected in the milk prices in the US. A better indicator of the average milk prices paid is the so-called all milk price. In addition to cheese prices, this price also reflects the selling prices of other dairy products and therefore fluctuated less. Despite the fluctuations, the all milk price for the whole of 2020 will ultimately be approximately at the same level as in 2019.

Graph Class III and all milk prices USA (dollar per cwt (=45.38 kg))



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

Milcobel: unchanged to December, January +1.4

Müller: +0.5

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: November and December unchanged

The milk price includes an (average) bonus of € 0.33 for participation in the Milkmaster sustainability program and an average bonus of € 0.59 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: unchanged

The milk price includes a bonus of € 0.69 for participating in the sustainability program MilchPlus and an average bonus of € 0.99 per 100 kg for the use of GMO-free feed. All milk collected is GMO free (VLOG certified).

Arla: +1.0 ,December unchanged and January 2021 – 1.2

The milk price includes a bonus of € 0.99 for participation in the quality and sustainability program Arlagarden Plus and a bonus of € 1.0 for the Climate Check programme, 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 coops.

Savencia: November and December unchanged

Danone: (A-price): -0.4 and December -0.9 (due to seasonality)

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: unchanged

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): (almost) -1.0 due to seasonality

La Route Du Lait (LRDL) is Sodiaal's sustainability programme. Dairy farmers receive a premium of € 0.10 per 100 kg for participation which is included in the milk price.

Saputo Dairy UK: +0.4 due to an increase of British pound against the euro. In pence per liter and before seasonality the milk prices remains unchanged till the end of March 2021.

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

Dairygold: +0.5

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: +0.4 due to an additional biodiversity payment

This additional payment is made on all November milk suppliers to mark Glanbia's Biodiversity initiative, which aims to drive increased planting of native trees and hedgerows in the Irish countryside.

The milk price includes a payment of € 0.40 as share of Glanbia Ireland profit and - from September onwards - a bonus of 0.4 cpl from the cooperative as extra support for its members.

Kerry: +0.3

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

Granarolo: November and December unchanged

FrieslandCampina: unchanged, December +0.9 and January 2021 -0.9

The milk price includes an (average) bonus of € 0.65 for outdoor grazing. Almost 84% of Dutch dairy farmers receive an outdoor grazing premium.

AVERAGE: +0.11

Capsa Food: (provisional) unchanged

Emmi: -3,2 (expiration of seasonal bonus) and December +0.1 (a small increase of the B-price) and January 2021 + 1.3 due to an increase of the A-price.

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: -0.1

The calculated milk price is based on the mid-point 7.00 of the most recent forecast farm gate milk price range of 6.70-7.30 NZD per kg milk solids (MS).

4 December 2020 Fonterra narrowed and lifted the bottom end of its 2020/21 forecast milk price range from 6.30-7.30 to NZD \$ 6.70-7.30 per kg MS.

USA:

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 \$ 21.61 in October to \$ 23.34 per cwt (hundredweight (45.36 kg)) in November 2020. In December the class III price is \$ 15.73.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	6/1/2021	25/11/2020	Average 2019
Butter	325	330	382
Whole milk powder	276	274	293
Skimmed milk powder	222	214	213
Whey powder	81	74	71

The Dutch milk supply in November is again slightly ahead of the same month last year (+ 0.4%). This means that the total milk supply for the period January-November 2020 was 1.4% more than in the same period in 2019.

The EU milk supply (including the UK) increased by 0.8% in October, leveling off the growth recovery after the dry summer period. The picture was diverse. While in most Member States there was (sometimes substantial) growth compared to October last year, the milk supply in the large Member States, Germany and France, was clearly behind. On balance, the EU milk supply ultimately increased by 1.1% in the period from January to October 2020 compared to 2019.

Milk production in the other globally important dairy exporting countries showed growth in October, with the exception of Australia, as in the previous months. The rise in the US was again well above 2%. The New Zealand milk supply continued to increase in October, but growth was halved compared to September (+ 0.8%). Argentina (+ 8%) and Uruguay (+ 6%) also managed to maintain growth. In Australia, after a period of recovery, the volume in October lagged slightly behind last year for the first time this calendar year (-0.3%). The aggregated volume of the major dairy exporters (including the EU) was again 1.8% higher in the period January to October 2020 than in 2019.

Market remains reasonably stable despite ongoing COVID-19 uncertainty

Since the beginning of July, the price level for butter (in 25 kg packaging) has remained virtually unchanged. Fluctuations were only short lived. Towards the end of December, however, there will be some pressure on prices. Buyers are mainly focusing on the first and second quarters of next year, where the great uncertainty about the consequences of the corona crisis has a major impact. The prices of skimmed milk powder have been rising cautiously since mid-November. This is striking because it is more difficult for Europe to sell product on the world market due to the unfavorable EUR / USD exchange rate ratio and the competitive supply of milk powder from the US. The quotation of whole milk powder has increased slowly since the second half of October. European product is too expensive for the world market, which means that sales are mainly limited to the internal market.