

STANDARDIZED MILK PRICE CALCULATIONS for October 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	30.27	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	31.57	31.50	
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	33.35	0.79
Arla Foods DK	DK	3.68	4.41	0.86			1.99		32.33	32.48	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	34.39	
Danone (Pas de Calais)	FR	2.96	5.39						35.09	34.81	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		33.99	34.59	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		1.67	0.10		35.79	34.71	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.85	5.70	-0.53	0.75	2.14			32.79	31.10	
Dairygold	IE	3.61	5.91	0.39			0.10		31.87	30.72	
Glanbia	IE	3.32	5.98						31.15	30.46	0.36
Kerry Agribusiness	IE	3.82	5.72				0.10		31.70	31.29	
Granarolo (North)	IT	2.13	4.79	0.75					37.87	38.83	
FrieslandCampina	NL	2.75	5.49					0.65	33.19	33.69	1.31
AVERAGE MILK PRICE⁵									33.26	33.13	
Capsa Food	ES	3.00	3.00						31.69	31.74	
Emmi	CH	1.86	6.52		3.45	3.63			55.77	52.79	
Fonterra 3)	NZ	3.83	3.83						29.14	30.56	4.50
United States Class III 4)	US	3.07	9.39	0.22					45.06	39.95	

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 October 2020 averaged to € 33.26 per 100 kg of standard milk. An increase of € 0.27 compared to the previous month. Compared to October 2019, the average milk price decreased with € 0.46 or -1.4 %.

Again the average milk price has increased slightly and the difference compared to last year is getting smaller. Milk prices appear to be stabilizing for the coming months. For example, the milk prices of DMK, Savencia, Lactalis and FrieslandCampina will remain the same in November, while this also applies to Milcobel and Saputo Dairy UK up to and including December. The milk price of Arla increases by 1.0 in November and remains the same in December.

Only Danone lowered the milk price in October. Despite this (substantial) reduction, the dairy farmers who supply Danone still receive a relatively high milk price. It should be noted that this concerns the milk price in the Pas de Calais region and for dairy farmers who have a so-called 50/50 delivery contract. This means that the milk price development (indexation) is based for 50% on market indicators linked to the Danone product mix and 50% on the basis of the cost price development on the dairy farms. Although it is legally established in France that production costs are also taken into account in milk prices, not all dairy companies seem to comply with this yet. However, the milk prices of all French dairy companies are in the upper echelons of the international milk price comparison.

Milk prices in the United States continue to go strongly up and down, with a very strong increase in the class III price in October. Because the class III milk price relates to milk processed into cheese - the price of which fluctuates enormously - and for many dairy farmers this is corrected with sales prices of other dairy products, the average milk price received (all milk price) is lower and fluctuates less.

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

Milcobel: unchanged to December

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: + 1.0 and November 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: +0.5 ,November +1.0 and December unchanged

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: +0.6 and November unchanged

Danone: (A-price): -1.6

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: + 0.1 and November 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) unchanged

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: +2.7 due to a seasonal bonus a seasonal bonus (2 ppl) and a price increase of 0.5 ppl, November and December unchanged.

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

Dairygold: unchanged

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: unchanged

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

Kerry: (almost) unchanged

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

Granarolo: unchanged

FrieslandCampina: +0.5 and November unchanged

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

AVERAGE: +0.27

Capsa Food unchanged

Emmi: +0.9, November -3,0 (expiration of seasonal bonus) and December -0.2

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 6.80 of the most recent forecast farm gate milk price range of 6.30-7.30 NZD per kg milk solids.

USA: +10.6

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 \$ 16.43 in September to \$ 21.61 per cwt (hundredweight (45.36 kg)) in October 2020. Normally, the class III price gives a good indication of the development of the average milk price received. However, the corona crisis has led to extreme fluctuations in the cheese prices on which the class III milk price is based. Because not all milk is processed into cheese, the average milk prices paid in recent months deviate much more from the class III milk prices than before. The average milk price paid, the so-called all milk price, was \$ 19.30 per cwt in September.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	25/11/2020	28/10/2020	Average 2019
Butter	330	335	382
Whole milk powder	274	271	293
Skimmed milk powder	214	217	213
Whey powder	74	72	71

The Dutch milk supply showed a stable picture in October (-0.1%), as in September, compared to the same month in the previous year. The volume in the first ten months of 2020 was 1.4% more than in the same period in 2019.

The EU milk supply (including the UK) increased by more than 1% in September, recovering from the drought in the summer period. The largest increase took place in Poland, France and Ireland. The German milk supply continued to decline, although less sharply than in August. On balance, the EU milk supply increased by 1.1% in the first three quarters of 2020.

Milk production in the other globally important dairy exporting countries showed growth in September, analogous to the previous months. The increase in the US continued and amounted to more than 2%. The New Zealand milk supply increased for the fifth month in a row in September (+ 2%). Argentina (+ 4%) and Uruguay (+ 5%) also managed to maintain growth. An exception was Australia. After a period of recovery, the volume in this month remained virtually unchanged from the year before. The aggregated volume of the major dairy exporters (including the EU) was 1.8% higher in the period January to September 2020 than the year before.

Since the beginning of July, the price level on the market for butter (in 25 kg packaging) has remained virtually unchanged. Fluctuations were only short lived. Even now, there is little movement in prices. The fundamentals in the market are still unchanged, namely high cream prices and limited demand. Prices of skimmed milk powder came under some pressure at the end of October. Prices fell slightly until mid-November. This was partly caused by the increasing competition from the US, which, among other things, thanks to the unfavorable EUR / USD exchange rate ratio, were able to offer competitively on the world market. The price level stabilized in the second half of November. Supply and demand are currently reasonably in balance. The quotation of whole milk powder has increased slowly since the second half of October. Europe is too expensive for the world market. Sales are limited to the internal market.