

STANDARDIZED MILK PRICE CALCULATIONS for August 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		33.97	32.95	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.72	33.82	
DMK	DE		0.20		34.08	34.62	
Hochwald Milch eG	DE	0.76			32.93	34.59	0.10
Arla Foods DK	DK	0.95			34.33	33.98	1.28
Valio	FI				34.90	36.19	0.92
Savencia (Basse Normandie)	FR	1.04			34.94	33.99	
Danone (Pas de Calais)	FR				37.39	34.97	
Lactalis (Pays de la Loire)	FR		0.39		34.83	33.78	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.70	0.23
Dairy Crest (Davidstow)	UK	0.11	0.66		33.05	32.67	
Dairygold	IE	0.39			32.30	33.76	
Glanbia	IE				32.21	33.16	
Kerry Agribusiness	IE				33.43	33.91	
Granarolo (North)	IT	0.77			37.87	39.30	
Royal A-ware	NL	0.50	1.28		34.63	37.36	
FrieslandCampina	NL				35.21	36.76	1.27
AVERAGE MILK PRICE 2)					34.37	34.74	
Emmi	CH		3.19	3.36	51.54	48.04	
Fonterra 3)	NZ				30.94	30.67	
United States Class III 4)	US	0.15			32.91	32.15	

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.

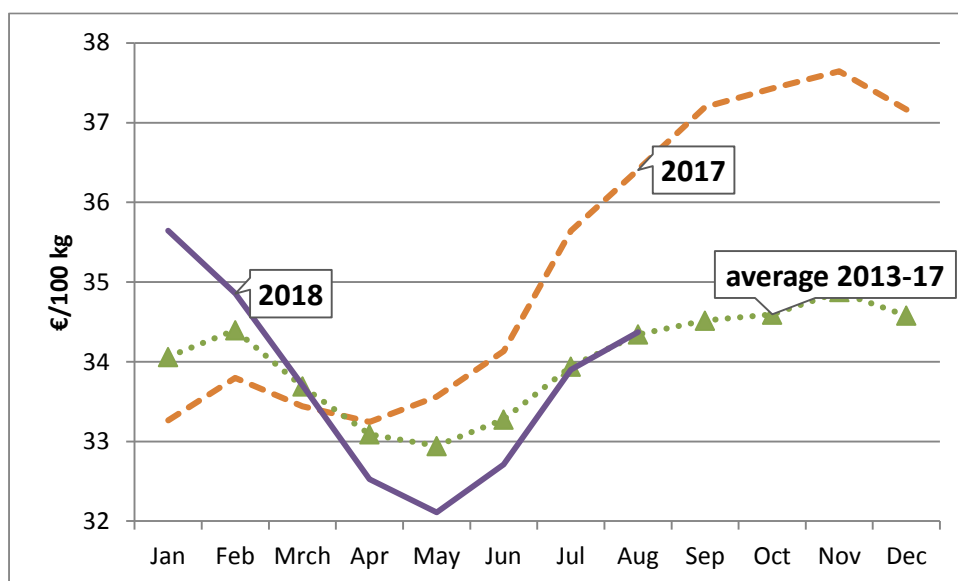
- 1) Exclusive of most recent supplementary payment
- 2) Arithmetic average
- 3) Based on most recent forecast
- 4) Based on USDA announcement

MILK PRICES

The calculated monthly milk prices in August 2018 averaged to € 34.37 per 100 kg of standard milk and a delivery of 1,000,000 kg per year. An increase of € 0.47 compared to the previous month. Compared to August 2017, the average milk price is € 2.04 or 5.6 % lower.

Despite the fact that the average milk price has risen again, it is becoming increasingly clear that milk prices will not reach the 2017 level in 2018. In August, the milk price difference with the same month in the previous year increased to € 2.04. Because milk prices have risen relatively sharply at the end of 2017, it is unlikely that the price difference with 2017 will be compensated in the final months of 2018. So probably 2018 will be an 'average' year.

Graph: Average monthly EU milk prices 2017,2018 (Jan-August) and the average of 2013 - 2017



Most milk prices rose in August with outliers Dairy Crest and Sodiaal with € 1.5 and + 1.9 per 100 kg of milk respectively. No milk price has been reduced.

In view of the various announcements, the average milk price is expected to rise further in September and October. Arla, FrieslandCampina and DMK have announced price increases for the next two months of € 0.9 (September unchanged, October + 0.9), € 2.2 (1.2 in September and 1.0 in October) and € 0.5 (September + 0.5, October unchanged) per 100 kg of milk. French Lactalis announced a milk price increases in September (+0.5), no change in October and November and an increase of € 0.7 for December.

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

Milcobel: +0.8

Muller: unchanged

DMK: + 1.0, September + 0.5 and October unchanged

Hochwald eG: +1.0

From July onwards Hochwald has abolished the volume bonus. As a result, the previously published July milk price of Hochwald has been corrected from € 32.95 to € 31.94.

Arla: + 1.0, September unchanged and October + 0.9.

At the presentation of the half-year results, Arla's Board of Directors proposed to pay out the entire 2018 net profit to their farmer owners. This is because of the tough financial situation farmers are facing due to the summer drought. Based on the current expectations, this can result in an additional payment of € 2.3-2.5 per 100 kg over the milk delivered in 2018. This means about a doubling compared to the supplementary payment for 2017.

Valio: unchanged

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

Savencia: unchanged, September -1.5

Danone: (A-price): +0.3.

The calculated milk prices is exclusive of the so called regularity premium of € 1.0 per 100 kg.

Lactalis: +0.5, September +0.5, October until November unchanged, December +0.7

Sodiaal (A-price): +1.5

Dairy Crest: +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

The unchanged milk price is the result of an increase in the milk price, but at the same time the abolishment of the premium for extreme weather conditions.

Kerry: unchanged

Granarolo: unchanged, September unchanged

Royal A-ware: +0.1 and September +0.6

FrieslandCampina: unchanged, September +1.2 and October +1.0

AVERAGE: +0.47

Note the earlier published milk price of July has been corrected from € 33.96 to € 33.90 (see remarks Hochwald).

Emmi: -0.3, September -0.1 and October + 0.6

The calculated milk price is exclusive of a bonus of € 3.2 per 100 kg for participating in the Coop-Milk Program. Coop is one of Switzerland's largest retail and wholesale companies and pays a bonus for farmers who meet extra sustainability criteria, like outdoor grazing and the use of certificated soy.

Fonterra: -0.2 due to a devaluation of NZ dollar against the euro.

Fonterra has set the definitive milk price for 2017/18 at 6.69 NZD per kg of milk solids (MS).

Including dividend, the milk price is 6.79 per kg MS or € 30.77 per 100 kg.

For the 2018/19 year - started in June 2018- the milk price and dividend forecast is 6.75 and 0.25-0.35 per kg MS. The calculated milk price of € 30.94 per 100 kg is based on NZD 7.05 per kg MS.

USA: +2.2. The USA Class III milk price increased from \$ 14.10 in July to \$ 14.95 per cwt (hundredweight (45.36 kg)) in August. Class III milk prices (futures) at the Chicago Mercantile Exchange (CME) increase to \$ 16.26 in December 2018.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	3/10/2018	29/8/18	Average 2017
Butter	500	555	521
Whole milk powder	270	282	285
Skimmed milk powder	153	163	175
Whey powder	73	78	78

Despite the extreme weather, milk supply in the EU increased by 1.3% in July, as in the previous month. Largest absolute increase occurred in Germany and Italy. The volume also increased in France, the United Kingdom, Belgium and Poland. In contrast, Ireland showed a sharp drop in milk supply. From January to July this year, a total of 1.7% more milk was delivered in the EU.

Milk production is still growing outside Europe. In July, volume increased in Argentina, New Zealand, Uruguay and the US. In the latter two countries, however, there was a slight increase in this month. Australia recorded a decrease in July for the second month in a row. The US showed a somewhat stronger increase in August, of more than 1%. New Zealand recorded a plus of almost 5% in August, which is a good start to the new season.

After the emotion linked to the effects of the drought had disappeared from the market at the end of August, the prices came under pressure. In particular, butter prices dropped quite quickly. At 3 October the quotation is € 500 per 100 kg. Also the skimmed milk powder quotation fell. Under the influence of the drop in fat and protein prices, the price of full milk powder in September came also under pressure. All price quotation are now below the average level of 2017.

The market seems to be saturated because of the large supply (including from intervention), which results in a price-depressing effect.. There is still a very quiet market. European product is too expensive for the world market, where New Zealand and South America offer very competitive.

STANDARDIZED MILK PRICE CALCULATIONS for August 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		33.44	32.46	0.24
Müller(Leppersdorf)	DE	0.51	0.61		31.62	33.72	
DMK	DE		0.15		33.93	34.46	
Hochwald Milch eG	DE	0.76			32.91	34.37	0.10
Arla Foods DK	DK	0.95			34.25	33.87	1.28
Valio	FI				34.90	36.19	0.92
Savencia (Basse Normandie)	FR	1.04			34.94	33.99	
Danone (Pas de Calais)	FR				37.39	34.97	
Lactalis (Pays de la Loire)	FR		0.24		34.69	33.64	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.70	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33		32.72	32.34	
Dairygold	IE	0.39			32.30	33.76	
Glanbia	IE				32.21	33.16	
Kerry Agribusiness	IE				33.43	33.91	
Granarolo (North)	IT	0.77			37.87	39.27	
Royal A-ware	NL	0.50			33.35	36.08	
FrieslandCampina	NL				35.09	36.64	1.27
AVERAGE MILK PRICE 2)					34.21	34.56	
Emmi	CH		3.02	3.36	51.37	47.87	
Fonterra 3)	NZ				30.94	30.67	
United States Class III 4)	US	0.15			32.91	32.15	

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Glanbia	IE				32.21	33.16	
Kerry Agribusiness	IE				33.43	33.91	
Granarolo (North)	IT	0.77			37.87	39.33	
Royal A-ware	NL	0.50	1.57		34.92	37.65	
FrieslandCampina	NL				35.25	36.80	1.27
AVERAGE MILK PRICE 2)					34.43	34.80	
Emmi	CH		3.36	3.36	51.71	48.21	
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