

NEW TABLE

STANDARDIZED MILK PRICE CALCULATIONS for May 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 | 31.62 | |
| Müller(Leppersdorf) | DE | 2.52 | 4.54 | 0.51 | 0.71 | | | 0.99 | 30.39 | 32.28 | 0.42 |
| DMK Deutsches Milchkontor eG | DE | 4.08 | 4.08 | | 0.20 | | 0.33 | 0.59 | 31.93 | 32.47 | |
| Hochwald Milch eG | DE | 2.50 | 5.00 | 0.76 | | | 0.69 | 0.99 | 33.62 | 33.56 | 0.69 |
| Arla Foods DK | DK | 3.82 | 4.58 | 0.90 | | | 0.99 | | 32.53 | 32.68 | 1.43 |
| Valio | FI | 3.90 | 6.50 | | | | 1.94 | | 35.88 | 35.80 | 1.07 |
| Savencia (Basse Normandy) | FR | 2.95 | 5.43 | 1.04 | | | | | 33.49 | 34.92 | |
| Danone (Pas de Calais) | FR | 2.96 | 5.39 | | | | | | 34.25 | 34.96 | |
| Lactalis (Pays de la Loire) | FR | 2.60 | 6.60 | | 0.39 | | 0.07 | | 34.50 | 35.04 | |
| Sodiaal (Pas de Calais) | FR | 2.96 | 5.39 | 0.58 | | -1.94 | 0.10 | | 33.34 | 35.08 | 0.19 |
| Saputo Dairy UK (Dairy Crest) | UK | 2.87 | 5.73 | -0.55 | 0.77 | -2.74 | | | 28.08 | 32.34 | |
| Dairygold | IE | 3.35 | 5.48 | 0.39 | | | 0.10 | | 29.30 | 30.25 | |
| Glanbia | IE | 3.11 | 5.60 | | | | | | 28.80 | 29.87 | 0.36 |
| Kerry Agribusiness | IE | 3.68 | 5.52 | | | | 0.10 | | 30.46 | 30.75 | |
| Granarolo (North) | IT | 2.13 | 4.79 | 0.75 | | | | | 37.87 | 39.49 | |
| FrieslandCampina | NL | 2.65 | 5.29 | | | | | 0.65 | 32.00 | 34.58 | 1.31 |
| AVERAGE MILK PRICE⁵ | | | | | | | | | 32.20 | 33.48 | |
| Capsa Food | ES | 3.00 | 3.00 | | | | | | 31.27 | 31.34 | |
| Emmi | CH | 1.89 | 6.62 | | 3.50 | -3.69 | | | 49.10 | 52.99 | |
| Fonterra 3) | NZ | 4.14 | 4.14 | | | | | | 31.44 | 32.31 | |
| United States Class III 4) | US | 2.78 | 4.23 | 0.13 | | | | | 27.64 | 38.29 | |

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 May 2020 averaged to € 32.20 per 100 kg of standard milk. A decrease of € 0.42 compared to the previous month. Compared to May 2019, the average milk price decreased with € 1.19 or – 3.6 %.

It should be noted that with effect from 2019 the (average) premiums for GMO-free milk (or VLOG milk)¹ have been included in the calculated milk prices. Without these premiums, the average milk price would have been € 0.16 lower (€ 32.04) per 100 kg. Moreover, in addition to the average, this change only affects the milk prices of German dairies.

Irish Dairygold (+ € 0.5) and French Savencia(+ € 0.3) have slightly increased their milk prices compared to April. The milk price of all other companies has remained the same or decreased. FrieslandCampina has most reduced the milk price by € 1.9 per 100 kg.

From February to May, milk prices have decreased on average by € 2.13 per 100 kg. This is partly due to seasonality. If seasonal premiums and deductions are not taken into account, the milk prices of Milcobel (- € 4.0), Dairygold (- € 3.5), FrieslandCampina (- € 3.3) and Kerry (- € 2.6) decreased most during these months. It is striking that the milk prices of a number of dairy companies have not changed since February. This applies to Hochwald, Valio, Danone, Saputo Dairy UK and on balance also to Arla (March +1.0 and May -1.0).

NEW TABLE

To give more insight into the structure of the milk prices, the table has been expanded with a number of columns. The (marginal) fat and protein prices have been added to indicate to what extent the milk price changes above or below the standards of 4.2% fat and 3.4% protein. In addition, the premiums for sustainability and special milk flows incorporated in the milk prices are stated in the table.

Premiums for sustainability and special milk flows

An increasing number of milk price bonuses, especially for sustainability and special milk flows, make it more difficult to compare representative milk prices. At the same time, however, this also increases the need for transparency.

The sustainability premiums are aimed at ensuring that all milk is produced more sustainable. This is why the average bonuses paid are - to the extent known - factored into the calculated milk prices. All dairy companies have several milk flows, with the milk being collected and processed separately. For the milk price comparison - focused on the mainstream - the flows of milk which have become (almost) standard because of their size are the most relevant. In concrete terms, this currently concerns the GMO-free milk flow (or VLOG milk) in Germany and outdoor grazing² milk in the Netherlands. These average premiums are included in the calculated milk price.

USA milk prices roller coaster

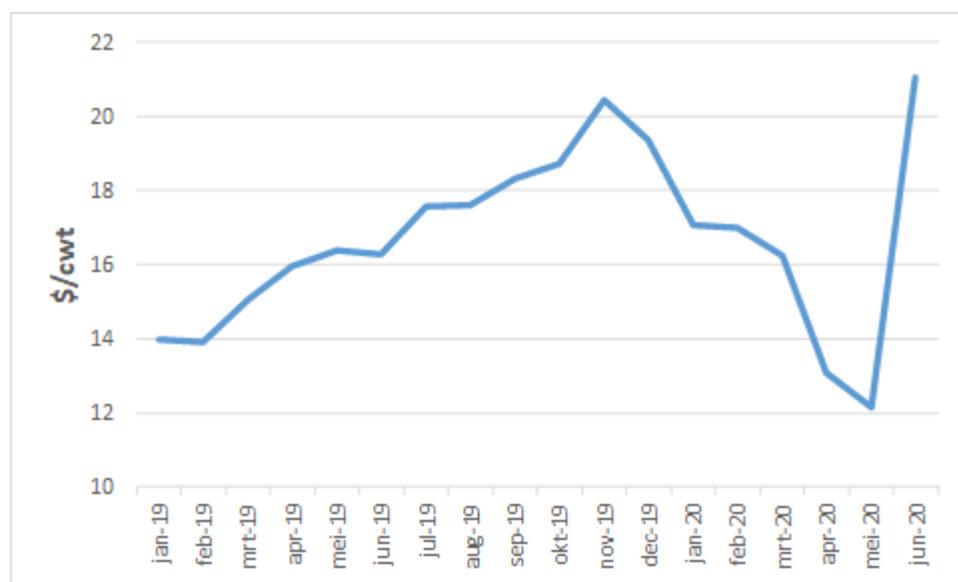
Fluctuations in milk prices in the United States reached a new record in June. Class III milk prices have never risen so sharply (+ 73%!) In one month, namely from \$ 12.14 to \$ 21.04 per cwt (45.36 kg)

¹ GMO-free milk comes from dairy farms where there are no genetically modified organisms in the feed. VLOG (Verband Lebensmittel Ohne Gentechnik) is a German association responsible for the certification and issue of the 'Ohne Gentechnik' label.

² Dairy farmers who graze their cows for at least 120 days and at least 6 hours a day receive an outdoor grazing premium.

or from € 27.46 to € 46 per 100 kg of standard milk. After a sharp increase in 2019 (see graph), Class III milk prices (mainly based on the selling prices of cheese) plummeted in early 2020. Due to the corona crisis and the closure of schools, universities, restaurants, food services, etc., the sales of dairy products fell sharply, while at the same time milk production increased during that period. This led to a low point in milk prices and the dumping of raw milk. In May, partly due to the relaxation of the rules surrounding corona, demand started to pick up again, while at the same time milk production had decreased. Although demand is far from back to its old level, this pick-up demand, combined with the build-up of (new) stocks, led to a shortage, resulting in a huge rise in cheese prices in June. Although the future development of US milk prices is unclear, it has in any case become clear what may happen when supply and demand do not match.

Graph Development US Class III prices from January 2019 to June 2020.



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

Milcobel: unchanged

Milcobel's milk prices have decreased retroactively by 0.08 as a result of a lower fixed monthly contribution for the milk analysis.

As no supplementary payments for milk delivered in 2019 was made the most recent supplementary payment is nihil. Was € 0.24 per 100 kg for 2018 deliveries.

Müller: -1.5

The milk price includes a bonus of € 0.99³ per 100 kg for the use of GMO free feed (VLOG certified). All collected milk is GMO free.

For milk delivered in 2019 a supplement of € 0.42 per 100 kg is paid.

³ In Denmark and Germany, 1 litre is equal to 1.02 kg of milk. As in the milk price comparison 1 litre is 1.03 kg, the Danish and German milk prices are multiplied by a factor of 1.02/1.03. As a result, a Danish or German supplement of, for example, 1.00 in this milk price comparison is 0.99.

DMK Deutsches Milchkontor eG: -1.5, June -0.5 and July unchanged

The milk price includes an (average) bonus of € 0.33 (was 0.66) for participation in the Milkmaster sustainability program and an average bonus of € 0.59³ 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 € 0.59 for participating in the sustainability program MilchPlus and an average bonus of € 0.99³ per 100 kg for the use of GMO-free feed. From April all milk collected is GMO free (VLOG certified).

Arla: -1.0 , June unchanged and July -0.8

A price reduction in June of € 1,0 is compensated by a new bonus for climate check of also € 1,0 per 100 kg. The milk price includes a bonus of € 0.99³ for participation in the quality and sustainability program Arlagarden Plus, 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 € 1,94⁴ for participation in the sustainability/animal health program NASEVA. Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: + 0.3 and June +0.5

Danone: (A-price): unchanged

Lactalis: unchanged, June -1.1

The milk price includes a premium of € 0.07 per 100 kg for participation in the national programme Carte des Bonnes Pratiques d'Elevage (CBPE).

Sodiaal (A-price): -0.5

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

Saputo Dairy UK: -0.6 due to a higher seasonal levy and a lower exchange rate of British pound against the euro.

The price before seasonality is a guaranteed floor for producers until the end of July, however the milk payment system is strongly simplified from April onwards. The calculated milk price has fallen since April because for a cell count above 200,000/ml a deduction of 0.5 pence per liter (ppl) is introduced.

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: unchanged

The milk statement of May included two unconditional bonuses of € 0.18 per 100 kg (0.2 cpl (including VAT)).The first one is a biodiversity payment based on the amount of milk supplied in April. This bonus is retroactively incorporated into the April milk price.

The other bonus is a payment on all May milk volumes to reflect weather-related issues on farms. Farmers are confronted with a significant decline in average grass growth rates.

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

Kerry: (almost) unchanged

⁴ Two cents per litre is 1,94 per 100 kg as 1 litre is 1,03 kg.

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

Granarolo: -1.0

FrieslandCampina: -1.9 , June – 0.5 and July + 0.5

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

AVERAGE: -0,42

The previously published average milk price for April has been adjusted to € 32.62 (from € 32.47), because of taking into account GMO free premiums.

Capsa Food (provisional) unchanged

Emmi: -1.4 due to a lower B-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 Guarantee 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: +0.4 due to a higher value of the New Zealand dollar against the euro.

The calculated milk price is based on the mid-points of the most recent forecast ranges for the milk price 7.20 and earnings 0.20 or in total 7.40 NZ\$ per kg milk solids.

For the new season 2020/21 Fonterra announced an opening forecast farm gate milk price range of 5.40-6.90 per kg MS. The wider range reflects the increased uncertainty in the market.

USA: -2.1

The calculated Class III prices are based on USDA announcements of class and component prices. Expressed in dollars, the US class III milk price decreased from \$ 13.07 in April to \$ 12.14 per cwt (hundredweight (45.36 kg)) in May 2020. The June Class III price increases to \$ 21.04 per cwt.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

| | 1/7/2020 | 27/5/2020 | Average 2019 |
|---------------------|-----------------|------------------|---------------------|
| Butter | 330 | 298 | 382 |
| Whole milk powder | 268 | 260 | 293 |
| Skimmed milk powder | 216 | 207 | 213 |
| Whey powder | 71 | 75 | 71 |

The Dutch milk supply increased in May (+ 0.6%) for the tenth month in a row. The volume in the first five months of 2020 was 2.7% more than in the same period in 2019. However, the additional production on the leap day in February and the lower reference level in 2019 further boosted growth.

The EU milk supply hardly increased in April. In the previous months, growth was still around 1%. Ireland and the Netherlands showed another increase. The milk supply in Germany and Poland remained at almost the same level. French volume declined. Milk production in the other globally important dairy exporting countries increased in April, excluding New Zealand (-1%). Volume in Australia (+ 6%), Argentina (+ 8%) and Uruguay (+ 5%) in particular grew strongly. The US recorded an increase of over 1%. The aggregated volume of the major dairy exporters (including the EU) was 2.2% higher in the period up to April 2020 than in the previous year.

After the sharp rise in prices in May and early June, the butter market has entered calmer waters. The price of butter rose slightly in the remainder of June. However, the month of July started with a sharp increase of € 15 per 100 kg. The demand is limited. However, due to a tighter supply, partly due to private storage and lower production, the market was able to maintain the level. As with butter, the quotation of skimmed milk powder increased sharply in May and early June. Since then, the price level has remained virtually the same. The market is currently very quiet. There is little interest in buying and sellers experience no sales pressure. Skimmed milk powder from the US is slightly cheaper than European product, but this causes little inconvenience. In line with developments in butter and skimmed milk powder, the listing of whole milk powder rose in May and June.