

STANDARDIZED MILK PRICE CALCULATIONS for September 2019 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		32.22	32.66	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	32.65	
DMK Deutsches Milchkontor eG	DE		0.20		31.26	32.25	
Hochwald Milch eG	DE	0.76			32.53	33.19	0.02
Arla Foods DK	DK	0.90			32.57	33.17	2.30
Valio	FI				35.88	35.15	1.02
Savencia (Basse Normandie)	FR	1.04			35.91	34.92	
Danone (Pas de Calais)	FR				37.45	34.91	
Lactalis (Pays de la Loire)	FR		0.39		34.70	34.96	
Sodiaal (Pas de Calais)	FR	0.58		1.55	36.67	35.35	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.65	1.63	34.00	32.92	
Dairygold	IE	0.39			29.30	30.67	
Glanbia	IE				29.15	30.77	0.40
Kerry Agribusiness	IE				30.00	31.42	
Granarolo (North)	IT	0.75			39.33	38.44	
FrieslandCampina	NL				34.51	35.61	0.57
AVERAGE MILK PRICE 2)					33.56	33.69	
Emmi	CH		3.40	3.58	56.20	50.77	
Fonterra 3)	NZ				29.36	28.75	
United States Class III 4)	US	0.19			41.74	35.31	

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 September 2019 averaged to € 33.56 per 100 kg of standard milk. An increase of € 0.20 compared to the previous month. Compared to September 2018, the average milk price decreased with € 1.08 or 3.1%.

That the average milk price has risen is due to the price increase of Saputo Dairy UK (+ € 2.5 per 100 kg). This increase is a consequence of the seasonal bonus in September. From February of this year, Saputo Dairy UK (formerly Dairy Crest) has not changed the milk prices and that will in any case remain so until November. For the first time in many months, Milcobel and the Irish companies Dairygold and Glanbia have increased their milk prices, each by € 0.5 per 100 kg. Regarding Glanbia it should be noted that this is due to a higher top up of the milk price paid by the cooperative. Glanbia cooperative is co-owner of the listed company Glanbia plc and the joint venture Glanbia Ireland and pays this top up from the dividend revenues of these companies.

Milk prices are not expected to change much in the coming months. Arla has announced a small price reduction of - € 0.1 for October and no change for November. FrieslandCampina's milk price falls slightly in October (- € 0.2), but rises in November (+ € 0.7). The milk price of DMK remains the same in October. The milk price of Savencia will fall slightly in October (- € 0.2), while the milk price of Lactalis remains the same in the months of October and November.

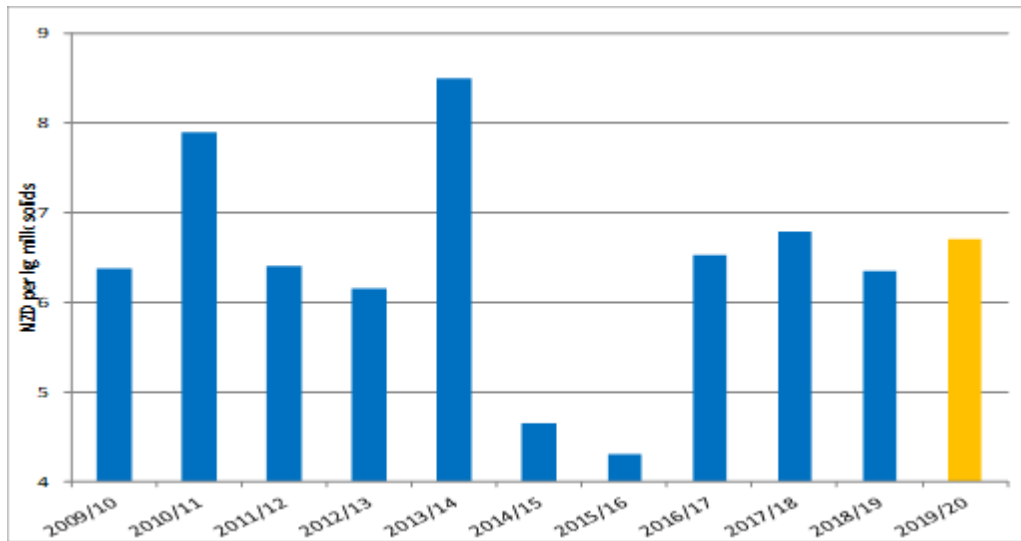
Now that the milk prices of Arla and FrieslandCampina are known up to and including November, a good estimate can be made of their average advance milk prices - thus excluding supplementary payments - in calendar year 2019. Both milk prices will fall compared to 2018. FrieslandCampina with around € 0, 40 to € 35.10 per 100 kg standard milk and Arla minus € 0.60 to € 32.60 per 100 kg standard milk.

Unlike in Europe, milk prices in the USA increased almost continuously and substantially in the course of 2019.

The Swiss branch organization "BO Milch" introduced the national sustainability program "swissmilk green" with effect from 1 September 2019. Dairy farmers can receive a bonus on the A-price of 3 Swiss Francs (€ 2.75) per 100 kg of milk. This premium is not included in the calculated milk price of Emmi.

Fonterra announced the financial results and the final milk price for 2018/19 on 26 September. Because no dividend was paid, the milk price was 6.35 NZD per kg of milk solids (fat and protein). Which is lower than in the previous two years. For the current season from June 2019 to May 2020, the milk price forecast is 6.5 + 0.2 dividend or a total of NZD 6.70 per kg of milk solids.

Graph Development Fonterra milk prices (NZD per kg milk solids)



Price changes in September 2019 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: +0,5, for the first time since April this year a change

Muller: unchanged

The milk price is exclusive of a bonus of € 1.0 per 100 kg for the use of GMO free feed.

DMK Deutsches Milchkontor eG: September and October unchanged

The milk price includes an (average) bonus of € 0.66 for participation in the Milkmaster sustainability program, but excludes a € 0.7 bonus for the use of GMO free feed.

Based on the annual report 2018, the average Milkmaster bonus has been increased from € 0.60 with retroactive effect from January 2018 to € 0.66 per 100 kg.

Hochwald eG: unchanged

The milk price does not include the bonus of € 1.00 per 100 kg for the use of GMO-free feed.

Arla: August and September unchanged, October -0.1

The milk price includes a bonus of € 1.0 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.

Valio: unchanged

The milk price includes a bonus of € 2.0 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: unchanged, October -0.2

Danone: (A-price): unchanged

Lactalis: – 0.2 , October and November unchanged

Sodiaal (A-price): -0.5 due to a lower seasonal premium

Saputo Dairy UK: +2,5 mainly due to a higher seasonal premium and an increase of the value of the British pound against the euro

Expressed in pence per liter and before seasonality the milk price remains unchanged until November.

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

Dairygold: +0.5

The milk price includes a bonus of € 0.1 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: +0,5 due to a higher coop support bonus

The milk price includes a € 0.95 support payment paid by the Glanbia cooperative.

Kerry: unchanged

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

Granarolo: unchanged

FrieslandCampina: unchanged, October -0.2 and November +0.7

The milk price includes an (average) bonus of € 0.63 for outdoor grazing, but excluding a bonus of € 1.0 per 100 kg for the use of GMO free feed.

AVERAGE: -0.07

Emmi: +0.1, October a slight increase due to a higher B-price. Though the B-price will increase further the calculated milk price for November will decrease due to a lower seasonal bonus. The milk price excluded a bonus of € 2.75 per 100 kg for the national sustainability program swissmilk green.

Fonterra: +0.9

Based on the 26 September updated the calculated milk price is based on a forecast milk price of 6.50 (range of \$6.25-\$6.75) plus forecast earnings of 0.20 (range 15-25 cents) or in total 6.70 (was 6.475) NZ\$ per kg milk solids.

USA: +1,9

Expressed in dollars, the US class III milk price increased from \$ 17.60 in August to \$ 18.31 per cwt (hundredweight (45.36 kg)) in September.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	30/10/2019	25/9/2019	Average 2018
Butter	352	349	499
Whole milk powder	304	290	269
Skimmed milk powder	243	225	149
Whey powder	65	61	70

The EU milk supply increased by 1% in August and gained in growth compared to the previous months. Cumulatively, the EU milk supply was 0.4% higher up to and including August 2019 compared to 2018. Germany, France and the Netherlands saw an increase for the first time in a long time. For the second month in a row the Dutch milk supply recorded a plus. In September the volume increased by almost 2% compared to a year earlier, when the Dutch milk supply was negatively influenced by major droughts. The Irish milk supply increased further, although the increase (+ 2%) was significantly lower than in the first seven months of 2019.

Milk production in the other globally important dairy exporting countries showed a mixed picture in August. Milk supply in Argentina (+ 2%) and New Zealand (+ 1%) grew. In the US, the volume in August remained the same as last year. Australia (-6%) and Uruguay (-4%) again recorded a decline. The aggregate growth rate of the major dairy exporters (including the EU) was still negative at -0.2% during this period, although the gap to the previous year is gradually narrowing.

Butter prices have been rising slowly since mid-August. The price level stabilized in the second half of October. Despite the fact that European products are favorably priced on the world market, this does not cause substantial additional demand from the export markets. The price quotations of skimmed milk powder has continued to rise in recent months due to a good demand and the somewhat limited supply. The market is positive and looks steady. Due to an increasing competition from North America, especially in Asia, the scope for further price increases in the short term appears to be rather limited. There is still little activity on the market for whole milk powder. The price quotations move with the developments in the market for butter/fat and skimmed milk powder and has increased since mid-August.

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Hochwald Milch eG	DE	0.76			32.51	33.17	0.02
Arla Foods DK	DK	0.90			32.50	33.11	2.30
Valio	FI				35.88	35.15	1.02
Savencia (Basse Normandie)	FR	1.04			35.91	34.92	
Danone (Pas de Calais)	FR				37.45	34.91	
Lactalis (Pays de la Loire)	FR		0.24		34.55	34.81	
Sodiaal (Pas de Calais)	FR	0.58		1.55	36.67	35.35	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.33	1.63	33.68	32.59	
Dairygold	IE	0.39			29.30	30.67	
Glanbia	IE				29.15	30.77	0.40
Kerry Agribusiness	IE				30.00	31.42	
Granarolo (North)	IT	0.75			39.33	38.44	
FrieslandCampina	NL				34.39	35.49	0.57
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Saputo Dairy UK (Dairy Crest)	UK	0.11	0.87	1.63	34.22	33.14	
Dairygold	IE	0.39			29.30	30.67	
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