

STANDARDIZED MILK PRICE CALCULATIONS for August 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	30,85	
Müller(Leppersdorf)	DE	2,52	4,54	0,51	0,71			0,99	30,68	31,68	
DMK Deutsches Milchkontor eG	DE	3,95	3,95		0,20		0,33	0,59	30,91	32,11	
Hochwald Milch eG	DE	2,50	5,00	0,76			0,69	0,99	32,63	33,33	0,79
Arla Foods DK	DK	3,62	4,34	0,85			1,98		31,82	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	1,04					34,16	34,59	
Danone (Pas de Calais)	FR	2,96	5,39						36,50	34,84	
Lactalis (Pays de la Loire)	FR	2,60	6,60		0,39		0,07		34,04	34,75	
Sodiaal (Pas de Calais)	FR	2,96	5,39	0,58		1,12	0,10		35,79	34,82	0,19
Saputo Dairy UK (Dairy Crest)	UK	2,82	5,64	-0,54	0,75	-2,16			28,19	31,60	
Dairygold	IE	3,50	5,73	0,39			0,10		30,80	30,36	
Glanbia	IE	3,32	5,98						30,78	30,11	0,36
Kerry Agribusiness	IE	3,81	5,72				0,10		31,69	31,00	
Granarolo (North)	IT	2,13	4,79	0,75					37,87	39,21	
FrieslandCampina	NL	2,73	5,49					0,65	32,95	33,92	1,31
AVERAGE MILK PRICE⁵									32,71	33,23	
Capsa Food	ES	3,00	3,00						31,69	31,64	
Emmi	CH	1,86	6,50		3,44	3,62			55,11	52,91	
Fonterra 3)	NZ	3,57	3,57						27,13	31,02	0,21
United States Class III 4)	US	3,03	8,27	0,24					41,18	40,31	

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 August 2020 averaged to € 32.71 per 100 kg of standard milk. An increase of € 0.20 compared to the previous month. Compared to July 2019, the average milk price decreased with € 0.85 or – 2.5 %.

The increase in the average milk price is comparable to the previous month. Although the price difference compared to last year has diminished in recent months, milk prices - at least for most dairy companies - are clearly below the level of 2019. Even with further price increases in the coming months, it seems unlikely that the price difference with 2019 will be made up. It is therefore expected that 2020 milk prices will be lower on average than in 2019.

With the exception of Danone and Savencia, all milk prices remained unchanged or increased in August. The calculated milk prices of Sodiaal and FrieslandCampina rose the most in August, namely by 1.1 and 1.0 euro per 100 kg respectively. The Sodiaal price increase is entirely due to seasonality.

There seems to be relatively little movement in milk prices for September. It is known for some companies that the milk price remains the same. In addition, small price reductions are expected for Lactalis (-0.1), Savencia (-0.2) and FrieslandCampina (-0.2). Price increases have been announced for October by Arla, FrieslandCampina (both +0.5) and Saputo Dairy UK (+0.5 pence per litre or approx. € 0.6/100 kg).

Fonterra released its annual results and final milk price for the 2019/20 season on September 18, 2020. The final milk price (cash pay-out) of 7.19 NZD per kg of milk solids (fat and protein) includes a dividend payment of 0.05 NZD. Converted into euros¹ and per 100 kg standard milk the final milk price of Fonterra corresponds to € 31.38. The 2019/20 milk price was therefore the highest milk price since the record season 2013/14.

For the current season - from June 2020 onwards- the most recent forecast milk price range is 5.90 - 6.90 NZD per kg of milk solids. The mid-point of 6.40 NZD equates to € 27.13 per 100 kg of standard milk.

The USA Class III milk price fell by no less than € 11.44 per 100 kg standard milk in August, but is still at a relatively high level of € 41.18 per 100 kg standard milk.

¹ Based on average exchange rate NZD/euro for 2019/20 season.

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

Milcobel: unchanged for the fifth consecutive month

Müller: unchanged

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: +0.5, September 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 € 0.59 for participating in the sustainability program MilchPlus and an average bonus of € 0.99³ per 100 kg for the use of GMO-free feed. All milk collected is GMO free (VLOG certified).

Arla: August and September unchanged, October +0.5

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 cooperati

Savencia: -0.3 and September -0.2

Danone: (A-price): -0.6

The milk price of June has been corrected (+0.97) by including 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: +0.6, September -0.1

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): +1.1 due to seasonality, September 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: +0.1 due to a currency effect

The price before seasonality is unchanged until the end of September, but will increase in October (+0.5 pence per litre (ppl) or approximately € 0.6). It is the first price move since the 0.5 ppl price reduction from March 2020.

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: +0.5

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

Kerry: +0.4

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

Granarolo: unchanged in August and September

FrieslandCampina: +1.0, September -0.2 and October +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: +0.20

Capsa Food unchanged

Emmi: -0.3 due to a currency effect

Due to a lower B price, milk prices will fall slightly in September and October.

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: -0.8 due to a currency effect.

The calculated milk price is based on the mid-point 6.40 of the most recent forecast farm gate milk price range of 5.90-6.90. Contrary to previous publications, the calculated milk price does no longer include an expected dividend. Though Fonterra forecast 2020/21 earnings of 20-35 NZD cents per share or per kg milk solids (members have 1 share per kg milk solids) it is only known after the financial year how much of this will be paid out to the members as dividend. For this reason from June 2020 onwards a forecast dividend is no longer included in the monthly milk price, but 0,05 NZD per kg milk solids is added in the table as most recent supplementary payment.

USA: -11.4

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 \$ 24.54 in July to \$ 19.77 per cwt (hundredweight (45.36 kg)) in August 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	30/9/2020	26/8/2020	Average 2019
Butter	335	335	382
Whole milk powder	270	270	293
Skimmed milk powder	216	205	213
Whey powder	72	67	71

For the first time after 12 months, the Dutch milk supply was lower in August than in the same month in the previous year (-1.5%). This decline was mainly due to the prolonged heat period in August, which negatively affected production.

EU milk supply (including the UK) increased 1.6% in July, the highest monthly growth this year (excluding correction for the leap year). Ireland, France and Poland in particular showed an increase this month. Volume also increased in Germany, but the growth rate was below 1%. On balance, the EU milk supply increased by 1.3% in the period January to July 2020.

Milk production in the other globally important dairy exporting countries also showed growth in July. The US recorded a solid increase of 2% in this month. New Zealand achieved growth in the seasonally lower production month of July for the third consecutive month (+ 4%). The strong recovery in Argentina (+ 8%), Uruguay (+ 5%) and Australia (+ 3%) continued.

The butter market showed a stable to slightly increasing picture between the beginning of July and mid-September. In the course of September, the market turned slightly and there was some price pressure. Demand is still limited at the moment, but due to the still good price of cream (as a result of which producers prefer to sell the fresh cream) there is a tight balance in the market. The quotation of skimmed milk powder fell from the end of July to mid-August, after which it stabilized in the second half of August. In September there was again some room for a slight increase. Skimmed milk powder from the US is still cheaper than a European product due to the unfavorable EUR/USD exchange rate, although the price difference has narrowed. The price quotation of whole milk powder remained virtually unchanged in the third quarter. European full powder is not interesting for buyers on the world market at the current price level