

STANDARDIZED MILK PRICE CALCULATIONS for November 2016 deliveries

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 500,000 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	1,37		33,51	25,59	0,47
Müller(Leppersdorf)	DE	0,51	0,61		31,57	25,78	
DMK	DE		0,15		29,35	23,95	
Arla Foods DK	DK	0,87			29,69	26,77	1,37
Savencia (Basse Normandie)	FR	1,18			30,66	29,64	
Danone (Pas de Calais)	FR				32,50	31,42	
Lactalis (Pays de la Loire)	FR		0,24		31,33	29,23	
Sodiaal (Pas de Calais)	FR	0,58			30,40	30,40	
Dairy Crest (Davidstow)	UK	0,11	0,34	2,23	28,74	26,92	
Dairygold	IE	0,39			29,15	24,52	
Glanbia	IE				28,95	22,75	
Kerry Agribusiness	IE				29,19	24,75	
Granarolo (North)	IT	1,15	3,42		36,35	36,99	
DOC Cheese	NL	0,03	0,34		29,51	23,57	
FrieslandCampina	NL		0,75		32,02	26,87	3,49
AVERAGE MILK PRICE 2)					30,86	27,28	
Valio	FI				35,10	34,47	0,78
Emmi	CH		3,26		47,68	47,77	
Fonterra 3)	NZ				32,96	26,03	
United States Class III 4)	US	0,18			38,78	33,40	

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 advance milk price in November 2016 averaged € 30.86 per 100 kg standard milk. An increase of € 1.67 compared to the previous month. Compared to November 2015, this is an increase of € 1.56 or plus 5.3 %.

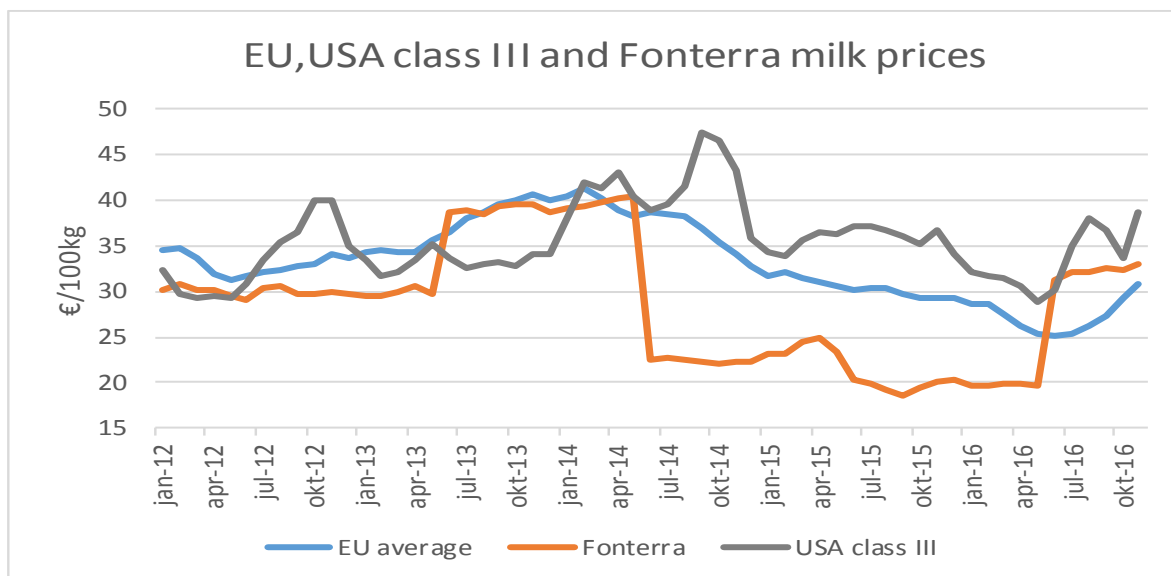
For the first time since July 2014, the average milk price is higher compared to the same month in the previous year. While milk prices in recent months have risen sharply, they are still much lower compared to the same month in the years 2010 until 2014. However, milk prices will rise further in the coming months.

Arla milk price increases in December and January each month € 2 per 100 kilograms. For DMK and DOC milk price increases in this period with € 1 per month. FrieslandCampina guaranteed price increases in December with € 4.5, while a reduction of € 3.0 has been announced for January. This December price surge is because in November the milk prices of the reference companies were underestimated by FrieslandCampina. The substantial increase in the guaranteed price in December was mainly a correction for this misjudgment.

British Dairy Crest is a leader regarding announced price increases, namely from December until February 2017 a total of almost 6 pence per liter or plus € 6.8 per 100 kg compared to the milk price in November 2016.

It is expected that the French milk prices in the first quarter of 2017 will increase with about € 1.5 to 2.0 per 100 kg.

When the milk price of Fonterra is taken as an indicator of the global milk price level, since the summer of 2016 the average European milk prices are below world market levels. The graph below shows the calculated milk prices of New Zealand (Fonterra), the United States - the largest exporters to the world market after the EU - and the European average.



Price changes in November 2016 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: + 3.5

Muller: + 3.0

DMK: + 2.0 and December +1.0 and January 2017 + 1.0. The calculated milk price of DMK is exclusive of the sustainability (Milkmaster) bonus.

Arla: + 2.0 and December + 2.0 and January 2017 + 2.0.

Savencia: +0.4. The calculated milk price from April 2016 onwards has been corrected (+ 0.33) due to a higher bonus for somatic cell count.

Danone (A-price): +0.7

Lactalis: + 0.5. The calculated milk price for October has been corrected from € 30.36 to € 30.85 per 100 kg.

Sodiaal (A-price): unchanged

Dairy Crest + 1.4. From December until February 2017 prices increase with 1.78, 2 and 2 pence per liter (ppl) or about € 6.8 in total.

Dairygold: + 1.2

Glanbia Ingredients Ireland (GILL): +2.0.

The calculated milk price is exclusive the coop bonus of 0.95 €/100 kg.

Kerry: + 1.0

Granarolo: unchanged.

DOC Cheese: + 4.0 and December +1.0 and January 2017 + 1.0.

FrieslandCampina: + 3.6 and December + 4.4 and January -3.0.

Average: + 1.67

Due to corrections of milk prices of Savencia and Lactalis the average October milk price is updated to € 29.19 per 100 kg (was € 29.13)

Valio: +0.7

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

Emmi: -3.0 due to no seasonal bonus in November.

Fonterra: - 0.7 due to the devaluation of the NZ\$ compared to the euro.

USA: + 2.0

The US Class III milk price increased from \$ 14.82 in October to \$ 16.76 per hundredweight (45.36 kg) in November.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

(Source: ZuivelNL)

	4/1/2017	30/11/2016	6/1/16	Average 2015
Butter	436	439	275	295
Whole milk powder	320	307	210	235
Skimmed milk powder	215	204	167	181
Whey powder	83	79	51	65

EU milk supply until October 2016 was 1.1% above the level of last year. In October, the volume decreased by over 3%. For the fifth consecutive month, there was a decline, reducing the cumulative growth compared to 2015. Largest decreases were recorded in France, Germany and United Kingdom.

Also in South America (Argentina, Brazil and Uruguay) and Australia there is for some time a sharp decline in milk production. Also New Zealand milk supply decreases. In the peak months of October and November, milk deliveries decreased by 5%, due to the adverse weather conditions. The US is the only significant exporting country with a significant increase. Both in September and October, a growth of more than 2%.

Currently, there is a stable market with a positive attitude. The shortage of fat (cream) on the butter market in recent months resulted in a considerable price jump. The official Dutch butter price quotations exceeded in November the record level of September 2007. Thanks to the strong increase in fat prices in Europe and the significant increase in world market prices, the price quotations of whole milk powder improved significant in November and December. The price quotations of skimmed milk powder are since September almost stable. The European Commission's decision to sell intervention stocks (through tendering) led to uncertainty in the market. Ultimately, this has had no disruptive effect because a relatively small amount was sold at a price above the current market level.