

STANDARDIZED MILK PRICE CALCULATIONS for June 2017 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		35.01	31.64	0.47
Müller(Leppersdorf)	DE	0.51	0.61		34.79	30.07	
DMK	DE		0.15		33.90	29.00	
Arla Foods DK	DK	0.96			32.81	30.47	1.25
Valio	FI				35.10	34.87	0.68
Savencia (Basse Normandie)	FR	1.04			33.49	31.62	
Danone (Pas de Calais)	FR				34.16	32.54	
Lactalis (Pays de la Loire)	FR		0.24		30.84	31.03	
Sodiaal (Pas de Calais)	FR	0.58			32.10	31.55	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33	-2.49	29.05	29.29	
Dairygold	IE	0.39			33.80	29.46	
Glanbia	IE				32.86	28.42	
Kerry Agribusiness	IE				32.98	29.02	
Granarolo (North)	IT	1.15	3.42		38.77	37.59	
FrieslandCampina	NL				35.75	31.60	3.30
AVERAGE MILK PRICE 2)					33.69	31.21	
Hochwald Milch eG		0.76	0.76		33.17	28.90	0.59
Emmi	CH		3.23		47.44	47.12	
Fonterra 3)	NZ				34.23	33.28	
United States Class III 4)	US	0.16			36.97	37.35	

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 on account milk prices in June 2017 averaged € 33.69 per 100 kg standard milk. An increase of € 0.51 compared to the previous month. Compared to June 2016, this is an increase of € 7.62 or plus 29.2 %.

The fact that the milk price difference with last year is so high is not only due to the good milk prices this year, but also because milk prices reached a bottom level in June 2016. From April this year, the monthly milk prices are above the 5-year average (from 2012 to 2016).

This month, German Müller increased the milk price by € 2 per 100 kg. DMK, Savencia and all Irish companies have increased the milk price by € 1.0. Also the calculated milk prices of FrieslandCampina (+ € 0.7), Danone (+ € 0.5) and Lactalis (+ € 0.5) have risen. The milk price of Dairy Crest has only decreased by € 1.6. As in June, Dairy Crest's milk price will also be reduced by 1 pence per liter (ppl) in July. For September a price increase of 1 ppl was announced.

In the coming months, milk prices will rise further. For July and August, price increases are announced by DMK totaling + € 4.0, Arla + € 2.7, FrieslandCampina + € 1.7 and Lactalis (including September) + € 4.0 per 100 kg in total.

Outside Europe, milk prices also increase. Fonterra recently increased its milk price forecast for the current milk price season with 0.25 NZD per kg milk solids. Including an estimated dividend of 0.50 NZD a milk price of 7.25 NZD per kg fat and protein is calculated for 2017/18 or € 35.45 per 100 kg of milk. In 2016/17 the provisional milk price is 6.65 NZD per kg milk solids. The US Class III milk price has risen from \$ 15.57 to 16.64 per cwt. This was converted in June to € 36.97 per 100 kg of standard milk.

Price changes in June 2017 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: + 1.0

Muller: +2.0

DMK: + 1.0 July + 2.0 and August + 2.0

With effect from January 2016 onwards, the calculated milk price of DMK has retrospectively been increased by adjusting the sustainability bonus (Milkmasterbonus). According to the DMK Annual Report 2016, an average bonus of € 0.6 per 100 kg is paid. Therefore, in the milk price calculation, this premium is increased from 0.5 to € 0.6 per 100 kg.

Arla: unchanged, July + 1.7 and August + 1.0

Valio: unchanged

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

Savencia: +1.0 and July + 1.5

Danone: (A-price): +0.5

Lactalis: + 0.1 July + 2.0 August + 1.0 and September + 1.0

The calculated milk prices from March to May are reduced by an average of € 0.65 per 100 kg due to a correction of the basic price.

Sodiaal (A-price): unchanged, July + 2.9

The supplementary payment for 2016 deliveries is € 2 per 1,000 liters corresponding with € 0,19 per 100 kg.

Dairy Crest: -1.6 (- 1 pence per liter (ppl)), July -1 ppl and September + 1 ppl.

Dairygold: +1.0

Glanbia Ingredients Ireland (GIIL): + 1.0.

Kerry: + 1.0.

Granarolo: (provisional) unchanged.

FrieslandCampina: + 0.7 July +0.5 and August + 1.2

Average: + 0.51

It should be noted the released average milk price of May has been corrected from € 33.28 to € 33.18 (see additional information of DMK and Lactalis).

Hochwald eG: unchanged

Emmi: +3.8 due to the expiry of the seasonal levy.

Fonterra: + 3.7 due to a price increase and partly because of a higher value of New Zealand dollar against the euro.

Fonterra increased the forecast milk price for 2017/18 season –starting in June- from 6.25 to 6.75 NZD per kg milk solids. Including an estimated dividend of 0.50 NZD the calculated milk price of € 35,54 for June is based on 7.25 NZD per kg milk solids. The 2016/17 milk price is based on 6.65 NZD per kg milk solids.

USA: + 1.6

The US Class III milk price increased from \$ 15.57 in May to \$ 15.27 per hundredweight (45.36 kg) in June.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

(Source: ZuivelNL)

	26/7/2017	12/7/2017	Average 2016
Butter	619	614	325
Whole milk powder	305	295	225
Skimmed milk powder	174	179	180
Whey powder	83	85	64

The EU milk supply remained stable in May after a slight growth in March and April. The development within the EU varied between countries. While volume in Germany, France and also in the Netherlands declined, deliveries in particular in Ireland and Poland increased sharply. Elsewhere in the world there is an increase in milk supply. In New Zealand, supply increased in both March and April, although in May the volume decreased. In South America, the long period of decline seems to be ended. In Argentina and Uruguay volume has recovered in recent months. US milk production has been growing by an average of around 2% for some time.

Just like a few months ago, the dairy market has seen two faces again. On the one hand, the prices of skimmed milk powder are under pressure, as a result of decreased demand and increasing competition on the world market, especially from the USA. In June, the European Commission also sold a small volume of intervention stocks. On the other hand, Dutch quotations of butter are at an unprecedented level (well above 600 euros per 100 kg), reached after months of continuous increase. The quotation of non-skimmed milk powder has been more or less hanging on the same level, mainly supported by high fat prices.