



22 June 2019

Dear DFMC Supplier,

FNQ REGION ANNOUNCED MILK PRICES 2019/20 AND CONTRACT OPTIONS

On behalf of Dairy Farmers Milk Cooperative (DFMC), I am pleased to present to you the base pricing for 2019/20.

- i) from 1 July 2019 to 30 June 2020 - \$6.23/kg for butterfat and \$9.35/Kg for protein plus incentives;

In addition to this price we are offering, DFMC will continue to pass on to all our Far North Queensland dairy suppliers, in full the additional payment from the 10cents per litre retail price increase on the 2l and 3L Coles and Woolworths Retail Own Brand volume made by Lion and sold in North Queensland. These payments equate to around 3.8cpl per month. This results in an average weighted price for the 2019/20 milk season of more than **62.1 cpl**. We will continue to pass on in full these payments for as long as Coles and Woolworths continue to run the program in North Queensland and Lion continues to manufacture their respective retailer own brand 2L and 3L fresh white milk volume in the region.

DFMC provides value and security by offering pricing certainty in the face of fluctuating market conditions. Our long-term supply agreement with Lion Dairy and Drinks gives you the opportunity to plan your future based on income surety and solid market information.

If you have any questions or concerns regarding the options available to you, please contact:

Tony Burnett	Regional Manager	0428 632 148	tony.burnett@dfmc.org.au
Mark Kebell	Executive Officer	0432 046 768	mark.kebell@dfmc.org.au
James Geraghty	FNQ Director	0427 972 355	besaja@bigpond.com.au

On a personal note I would like to thank you for your supply and wish you all, a successful and prosperous year ahead.

Yours Sincerely on behalf of the DFMC Board

A handwritten signature in black ink, appearing to read 'ABNB' followed by a stylized flourish.

Andrew Burnett
Chairman
DAIRY FARMERS MILK CO-OPERATIVE
Ph: 0419 773 907



PRICING NOTES

1. For all payment options, the announced base milk price for a month is the base price for all milk purchased from contracted suppliers during the Financial Year 2019/20;
2. In addition to the announced base milk prices detailed above, contracted DFMC suppliers will receive a payment above the base milk price for Contract Consideration; Productivity Incentive & Milk Quality Incentive/Deduction which will be paid on all milk supplied;
3. DFMC Contract Consideration, Milk Quality Incentive and Location Differential Payments applicable to your region will not change from that of 2019/20;
4. Payments to Members are made in terms of \$/kg Fat and \$/kg Protein. DFMC quotes prices based on a reference litre of 4% Fat and 3.2% Protein for comparative purposes in both cents per litre (Cpl) and dollars per kilogram of Milk Solids (\$/kg MS) and for 2019/20 is set at a payment ratio of 1 part Fat is to 1.5 parts Protein;
5. In addition to the Farmgate Milk Price, DFMC has also forecast a dividend to be paid to DFMC shareholders in relation to financial year 2019/20 of 5 cents per share, franked at a rate of 50%. Shareholders will have the option to re-invest that dividend payment back as share capital.
6. As previously announced DFMC has committed to "Hybrid" freight recovery model for the 2019/20 season.

CONTRACTS & ALLOCATIONS

Those farms who are due to renew contracts in the 2019/20 season will receive a new contract via the post in coming weeks. These contracts will be similar to those contracts offered to suppliers for the 2018/19 season. All suppliers will receive an updated copy of their individual farm AFD along with their income estimates in coming days.

SUPPLIER MEETING

A supplier meeting will be scheduled for late July in Malanda. Date and time to be confirmed.