Milk South Africa
Melk Suid-Afrika

QUARTERLY REVIEW OF THE PERFORMANCE OF THE DAIRY INDUSTRY[1]

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First Quarter 2025

[1] A publication of Milk SA authored by Bertus van Heerden, Chief Economist MPO

Synopsis of the performance of the dairy industry: Q1 2025.

International Market

The FAO Food Price Index (FFPI) was on an increasing trend for most of 2024 and increased from January 2024 to December 2024 by 7.9% from 117.7 index points to 127.0 index points. The dairy index is the main contributor to the increased levels. Over the same time the dairy index increased by 17.0% from 118.7 index points to 138.9 index points. The FFPI continued with the increasing trend in 2025 with March up by 6.81% YoY, the FAO Dairy Price Index increased by 19.92% and the FAO Meat Price Index by 2.61%. The March 2025 FAO Cereal Price Index decreased by 1.08% YoY and the FAO Sugar Price Index by 12.37%.

The ZAR strengthened by 2.82% in March 2025 YoY, softening the USD increases that occurred in dairy product prices in March 2025. The average butter price for the 12-month period April 2024 to March 2025 versus the 12-month period April 2023 to March 2024 was 29.37% higher, for SMP 1.77%, Cheddar 6.03% and FMP 13.07% higher. The ZAR appreciated by 2.60% over the same period.

The March 2025 USD price for butter, is up by 16.75%, SMP up by 12.20%, FMP by 24.30% and Cheddar by 16.29%. The average butter price for the 12-month period April 2024 to March 2025 versus the 12-month period April 2023 to March 2024 was 32.86% higher, for SMP 4.50%, Cheddar 8.88% and FMP 16.06% higher.

The New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP for the period May 2025 to January 2026. The FMP and butter prices decreased significantly over the period with FMP down by 17.11% and butter down by 13.10%. The price for SMP is on a steady downward slope moving from 2 980 USD/t in May 2025 to a low of 2 830 USD/t in September through November to recover to 2 930 USD/t in January 2026. The price for anhydrous milkfat exhibits a different behaviour to the price for butter with a slight upward trend from 6 860 USD/t in May 2025 to 6 975 USD/t in September whereafter the price follows a similar declining trend as butter, decreasing to 6 550 USD/t, a decrease of 6.1%.

South African Market

The information regarding imports and exports by South Africa of dairy products in 2024, showed that:

- South Africa was a net exporter of dairy products in 2024, for the second year in a row. The mass of imports in 2024, was 30.0% lower than in 2023 and the mass of exports in 2024, was 4.51% less than in 2023. The mass of net exports in 2023 was 7 606 tonnes and in 2024 it was 16 693 tonnes, a growth rate of 119.47%.

- The mass of imports and exports in 2024, showed that South Africa was a net exporter of milk and cream (04.01), buttermilk powder and yogurt (04.03), butter, butter spreads and butter oil (04.05) and cheese (04.06) but a net importer of concentrated milk (04.02) and whey and whey powder (04.04). In 2024 South Africa achieved net exporter status for butter (04.05) – for the first time since 2002.

- The mass of the total sales of dairy products by South Africa to the other members of the Southern African Customs Union (Botswana, Eswatini, Lesotho, and Namibia) in 2024, of five of the six categories was higher than the mass of South African exports of dairy products. (Exports are sales to destinations outside SACU). However, in 2023 a breakthrough occurred when the mass of

cheese exports outperformed cheese sales to the other SACU member countries and this performance was repeated in 2024. For many years before 2023 the mass of sales for all six tariff headings to the other SACU member countries was higher than the mass of South African dairy exports.

The average retail prices of five of the nine dairy products monitored by NielsenIQ increased with three of the products increasing at a slower rate than the headline inflation rate of 3% in December 2024. The other four product prices decreased with a range from 0.4% to 3.7%. The retail sales quantities of eight of the nine products were from 0.5% to 6.8% higher in 2024 compared to 2023. Only fresh milk sales quantities reduced over the same period with 2.0%.

The average retail prices of six of the eight specific food products monitored by NielsenIQ increased and all of the increases were at a faster rate than the headline inflation rate of 3% in December 2024. The other two product prices decreased with a range from 0.01% to 1.6%. It is important to observe that despite the highest price increase for maize meal among the different products, maize meal recorded the highest increase in sales quantities. The retail sales quantities of five of the eight products were from 0.7% to 2.9% higher in 2024 compared to 2023. Sales quantities for bread, tea and coffee decreased.

The PPI for unprocessed milk experienced negative growth in August 2024 of 1.9%. This was the first negative growth in unprocessed milk prices since May 2019. In September 2024 through February 2025 negative growth continued, resulting in a 4.90% decrease in the February 2025 price index YoY. During the same period the PPI for dairy products never experienced negative growth and the February 2025 price index increased by 3.3% YoY.

The rate of increase in the PPI for dairy products started to slow down earlier compared to the PPI for unprocessed milk. Closing at almost the same index point levels in February 2025, indicates that the differential between the rate of change for the two PPI' is now in balance. One needs to observe that being in balance does not incorporate the possibility of different cost pressures at the two industry points in the value chain.

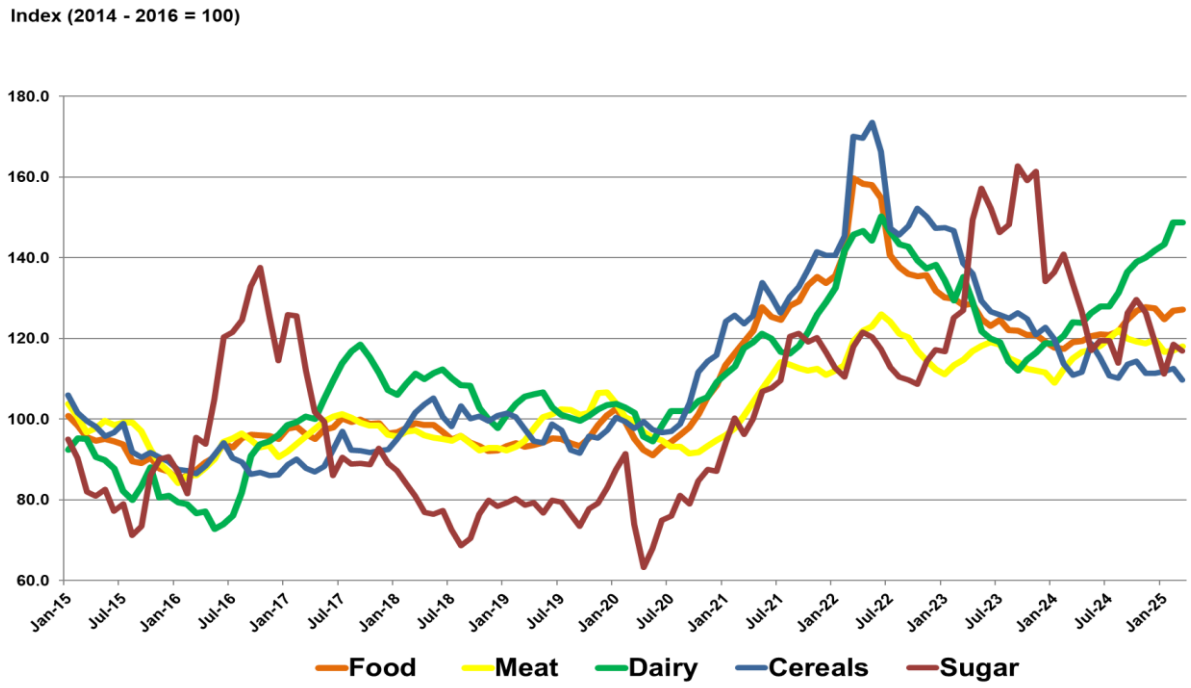
When comparing unprocessed milk purchases over the last five years, all three months available in 2025 recorded record levels of daily average unprocessed milk purchases.

The degree of variation between the different mass of unprocessed milk used in dairy products for the years 2023 and 2024 is the highest in the manufacturing of SMP and the second highest in the category of other dairy products. The lowest variation in the two years is long life and sterilized milk.

Figures 17 to 25 show the mass of unprocessed milk used in the different dairy products for the period 2022 to 2024. Figures 26 and 27 show the mass of whey powder and butter manufactured.

1. INTERNATIONAL MARKET

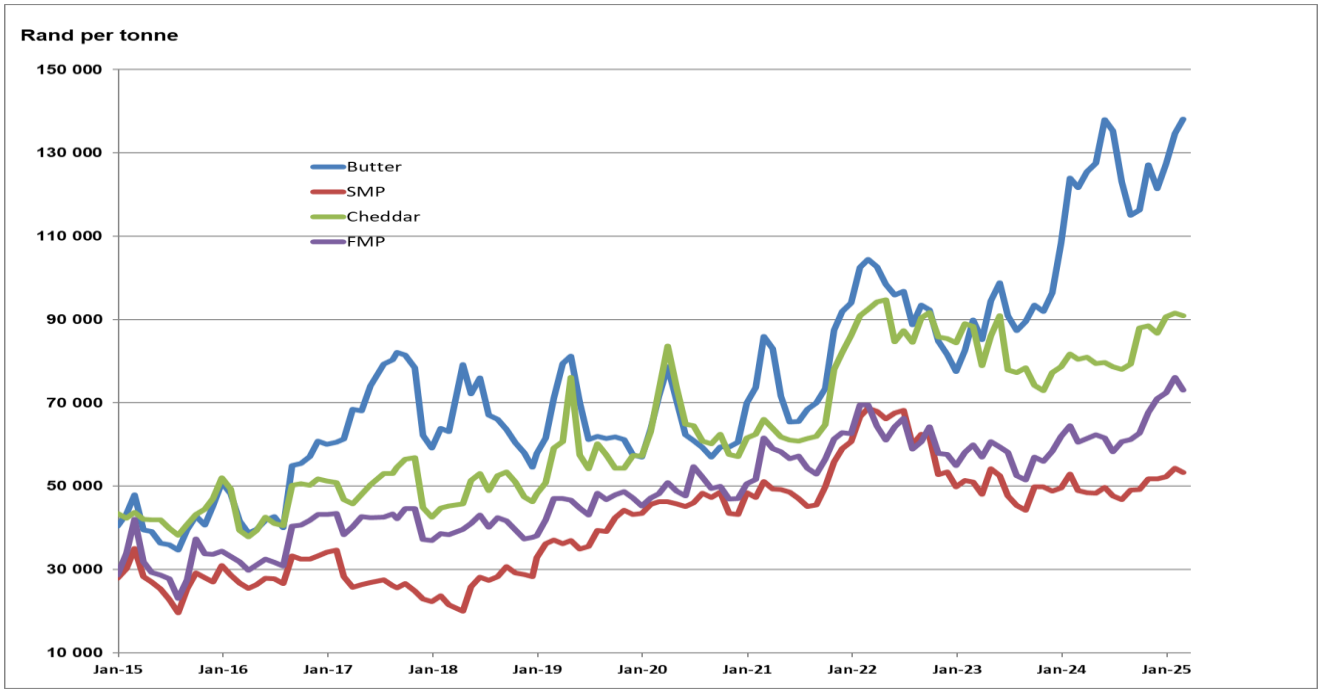
FIGURE 1A: FOOD AND AGRICULTURAL ORGANISATION (FAO) FOOD PRICE INDICES, JANUARY 2015 – MARCH 2025



Source: FAO Food Price Index, April 2025

The FAO Food Price Index (FFPI) in March 2025 increased by 6.81% YoY, the FAO Dairy Price Index with 19.92% and the FAO Meat Price Index by 2.61%. The March 2025 FAO Cereal Price Index decreased by 1.08% YoY and the FAO Sugar Price Index by 12.37%.

FIGURE 1B: INTERNATIONAL DAIRY PRODUCTS PRICES: FREE-ON-BOARD (FOB): JANUARY 2015 – MARCH 2025

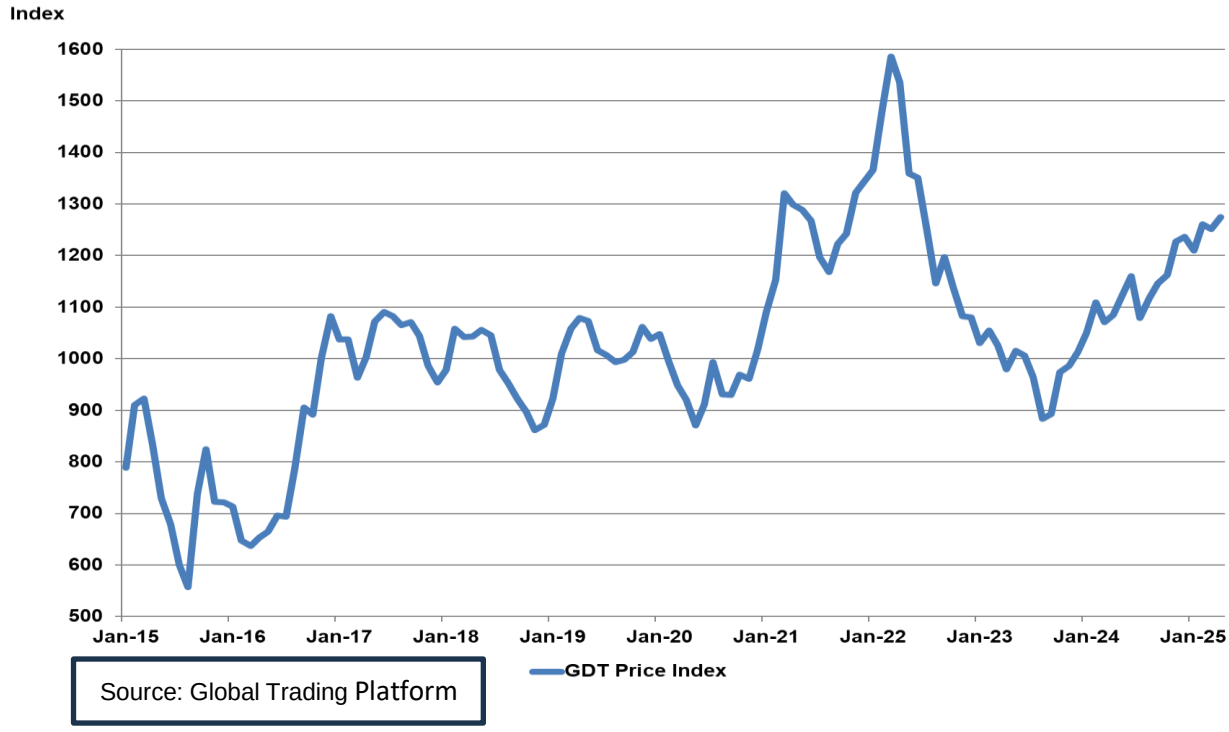


Source: United States Department of Agriculture (USDA), South African Reserve Bank (SARB) for exchange rates

The March 2025 **ZAR** prices compared to the same month of 2024 for butter is 13.46% higher and for SMP 9.04%, for FMP 20.80% and for Cheddar 13.02%. The ZAR appreciated with 2.82% over the same period. The average butter price for the 12-month period April 2024 to March 2025 versus the 12-month period April 2023 to March 2024 was 29.37% higher, for SMP 1.77%, Cheddar 6.03% and FMP 13.07% higher. The ZAR appreciated with 2.60% over the same period.

The March 2025 **USD** price for butter, is up by 16.75%, SMP up by 12.20%, FMP by 24.30% and Cheddar by 16.29%. The average butter price for the 12-month period April 2024 to March 2025 versus the 12-month period April 2023 to March 2024 was 32.86% higher, for SMP 4.50%, Cheddar 8.88% and FMP 16.06% higher.

FIGURE 2A: GLOBAL DAIRY TRADE-WEIGHTED PRICE INDEX. JANUARY 2015 – APRIL 2025.



The Global Dairy Trade platform is an online auction through which large volumes of dairy products can be sold or bought. There are two trading events per month where people across the globe can enter bids and/or offers.

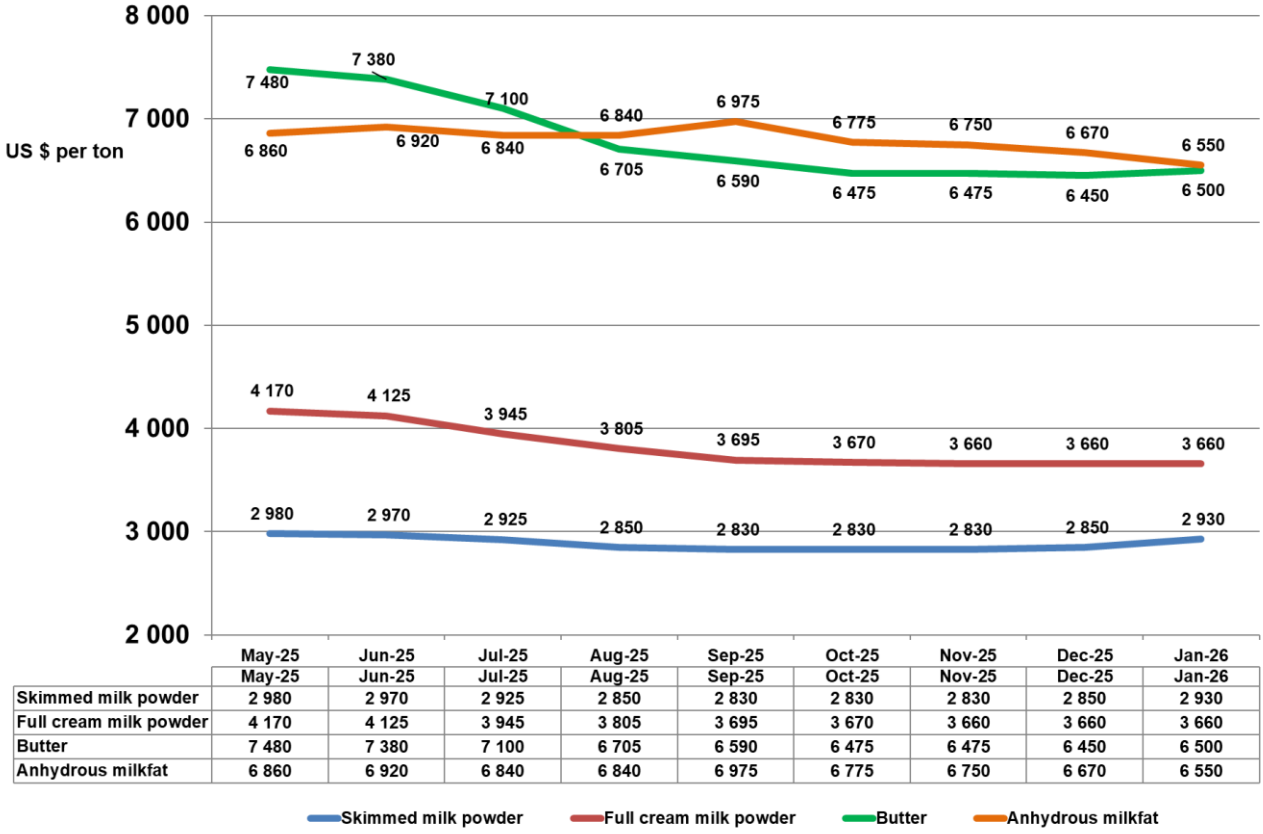
Figure 2A shows the movement of the Global Dairy Trade (GDT) price index inclusive of April 2025. Although April falls outside the first quarter of 2025, it is prudent to include the most recent statistics when available. The April 2025 index is 17.51% up YoY and 5.37% higher than the beginning of the year. The index has been steaming up since August 2023 and has increased with 44.23% inclusive of April 2025.

Figure 2B consists of the future prices on the New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP for the period May 2025 to January 2026. The FMP and butter prices decreased significantly over the period with FMP down by 17.11% and butter down by 13.10%.

The price for SMP is on a steady downward slope moving from 2 980 USD/t in May 2025 to a low of 2 830 USD/t in September through November to recover to 2 930 USD/t in January 2026.

The price for anhydrous milkfat exhibits a different behaviour to price for butter with a slight upward trend from 6 860 USD/t in May 2025 to 6 975 USD/t in September whereafter the price follows a similar declining trend as butter, decreasing to 6 550 USD/t, a decrease of 6.1%.

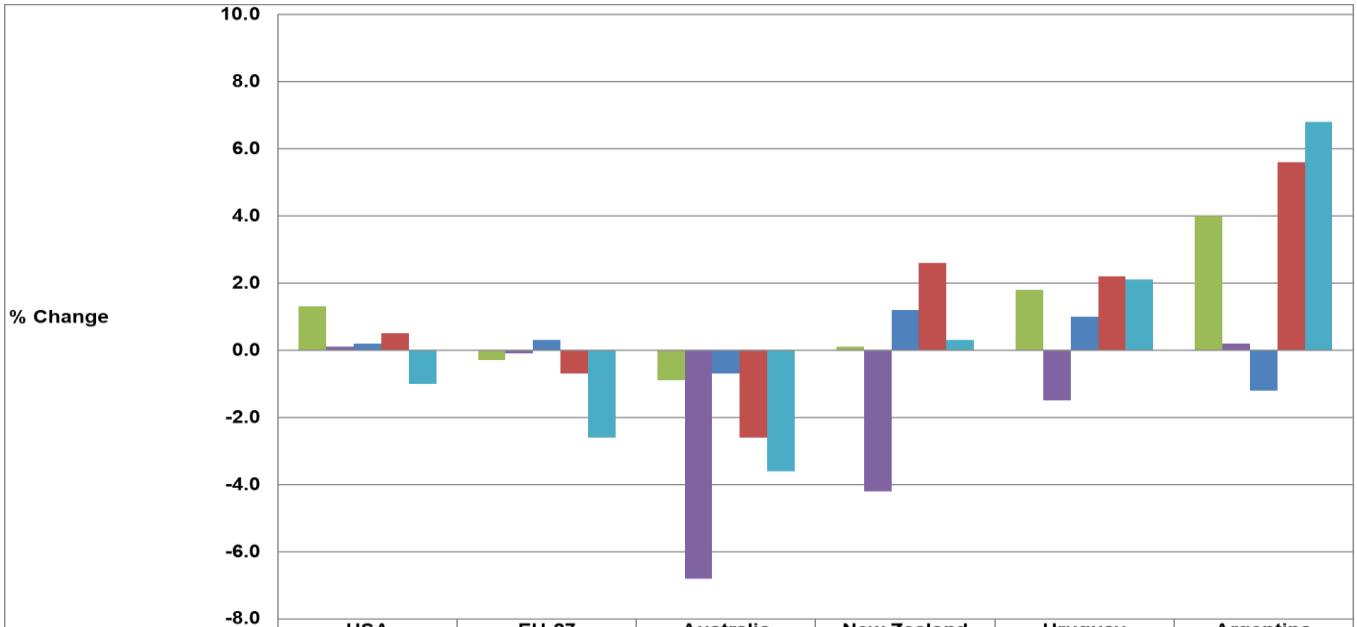
FIGURE 2B: FUTURE PRICES FOR DAIRY PRODUCTS ACHIEVED ON THE NEW ZEALAND FUTURES EXCHANGE (NZX): MAY 2025 – JANUARY 2026



	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Skimmed milk powder	2 980	2 970	2 925	2 850	2 830	2 830	2 830	2 850	2 930
Full cream milk powder	4 170	4 125	3 945	3 805	3 695	3 670	3 660	3 660	3 660
Butter	7 480	7 380	7 100	6 705	6 590	6 475	6 475	6 450	6 500
Anhydrous milkfat	6 860	6 920	6 840	6 840	6 975	6 775	6 750	6 670	6 550

Source: NZX Futures, 22 April 2025

FIGURE 3: YEAR-ON-YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2021 – 2025 (two months' data)

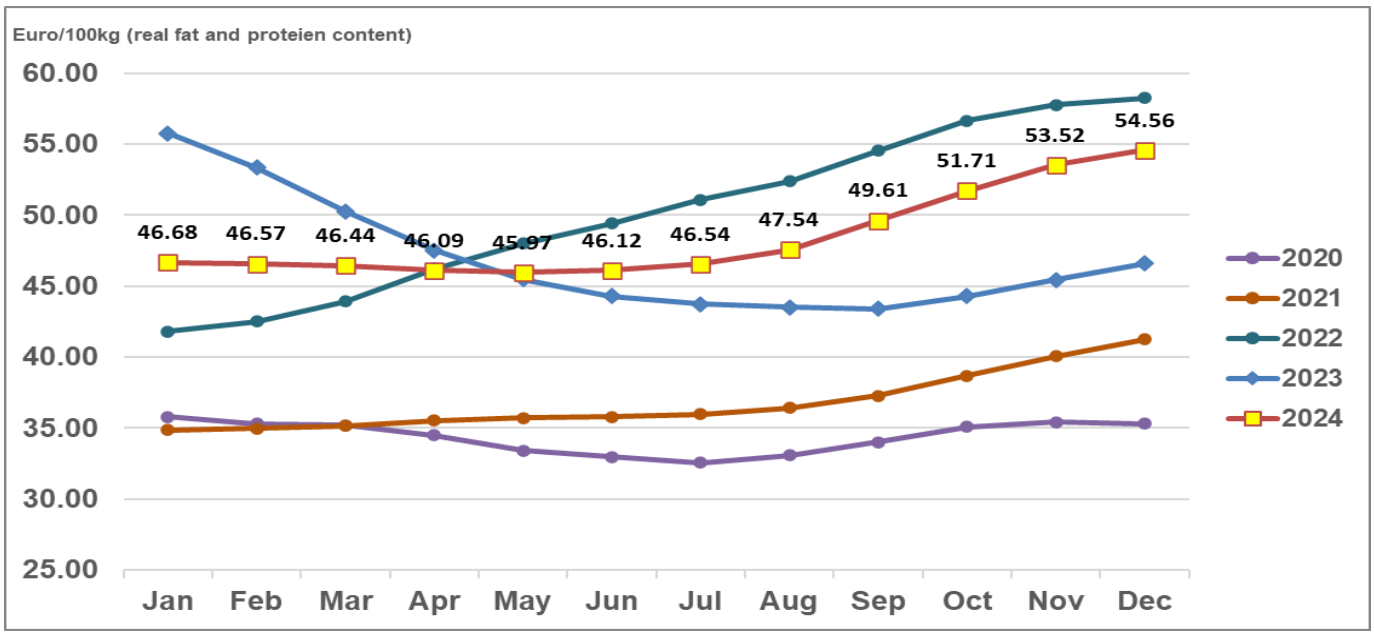


	USA	EU-27	Australia	New Zealand	Uruguay	Argentina
2021	1.3	-0.3	-0.9	0.1	1.8	4.0
2022	0.1	-0.1	-6.8	-4.2	-1.5	0.2
2023	0.2	0.3	-0.7	1.2	1.0	-1.2
2024	0.5	-0.7	-2.6	2.6	2.2	5.6
2025 first two months	-1.0	-2.6	-3.6	0.3	2.1	6.8

Source: CLAL, January 2025

Unprocessed milk production in the countries monitored in Figure 3, is once again a mixed bag with three countries/regions exhibiting negative growth and three showing positive growth.

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU27 (excluding the UK). JANUARY 2020 – DECEMBER 2024 (Last month's estimate)



Source: European Commission, April 2025

The first five observations for 2024 are moving mostly sideways with May 2024 and May 2023 smack bang on the same level, 45.50 Euro/100kg. In June 2024 the price started to lift with the December 2024 price sitting on 54.56 Euro/100kg, up by 19.91% from May 2024.

2. THE SOUTH AFRICAN DAIRY MARKET: Imports and Exports

The next 7 figures (Figure 5 to Figure 11) contain information regarding dairy imports and exports on a mass basis and FOB prices. The following tariff headings are analysed: Milk and cream, unsweetened (04.01), Milk, concentrated (04.02), Buttermilk powder, yogurt (04.03), Whey, whey powder, etc. (04.04), Butter, butter spreads and butter oil (04.05) and Cheese, and curd (04.06).

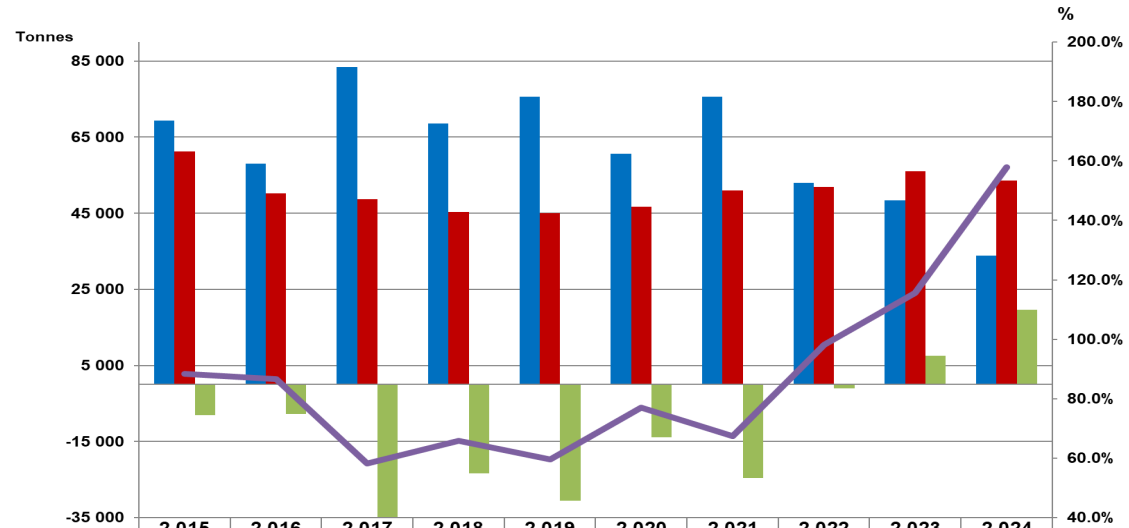
The information regarding imports and exports by South Africa of dairy products in 2024, showed that:

- South Africa was a net exporter of dairy products in 2024, for the second year in a row. The mass of imports in 2024, was 30.0% lower than in 2023 and the mass of exports in 2024, was 4.51% lower than in 2023. The mass of net exports in 2023 was 7 606 tonnes and in 2024 it was 16 693 tonnes, a growth rate of 119%.

- The mass of imports and exports in 2024, showed that South Africa was a net exporter of milk and cream (04.01), buttermilk powder and yogurt (04.03), butter, butter spreads and butter oil (04.05) and cheese (04.06) but a net importer of concentrated milk (04.02) and whey and whey powder (04.04). In 2024 South Africa achieved net exporter status for butter (04.05) – for the first time since 2002.

- The mass of the total sales of dairy products by South Africa to the other members of the Southern African Customs Union (Botswana, Eswatini, Lesotho, and Namibia) in 2024, of the five of the six categories was higher than the mass of South African exports of dairy products. (Exports are sales to destinations outside SACU). However, in 2023 a breakthrough occurred when the mass of cheese exports outperformed cheese sales to the other SACU member countries and this performance was repeated in 2024. For many years before 2023 the mass of sales for all six tariff headings to the other SACU member countries was higher than the mass of South African dairy exports. See Table1.

FIGURE 5: TOTAL SOUTH AFRICAN IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2015 – 2024



	2 015	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024
Imports	69 354	58 000	83 504	68 653	75 596	60 579	75 618	52 918	48 469	33 909
Exports	61 297	50 248	48 627	45 257	45 051	46 695	50 990	51 945	56 075	53 548
Net exports/imports	-8 057	-7 752	-34 877	-23 396	-30 545	-13 884	-24 628	-973	7606	19 639
Exports as % of imports	88.4%	86.6%	58.2%	65.9%	59.6%	77.1%	67.4%	98.2%	115.7%	157.9%

Source: SARS as supplied by SAMPRO

TABLE 1: MASS OF SALES TO THE BeLN COUNTRIES COMPARED TO EXPORTS OUTSIDE OF SACU IN THE PERIOD JANUARY 2024 TO DECEMBER 2024

Heading	Description	(A) Sales To BeLN	(B) Exports to Countries Outside SACU	(A+B)=(C) Sales to BeLN plus exports outside SACU	A as % of C
		Kilogram			%
04.01	Milk and cream, unsweetened	78 589 397	20 165 840	98 755 237	79.6
04.02	Milk, concentrated	21 967 874	11 736 477	33 704 351	65.2
04.03	Buttermilk powder, yogurt	21 267 991	9 725 651	30 993 642	68.6
04.04	Whey, whey powder, etc	4 141 294	1 752 036	5 893 330	70.3
04.05	Butter, butter spreads and butter oil	1 582 084	1 395 406	2 977 490	53.1
04.06	Cheese and curd	7 114 897	8 772 508	15 887 405	44.8
Total		**134 663 538**	**53 547 918**	**188 211 456**	71.5

Source: SARS as supplied by SAMPRO

FIGURE 6: SOUTH AFRICAN IMPORTS AND EXPORTS OF MILK AND CREAM (04.01), 2015 – 2024

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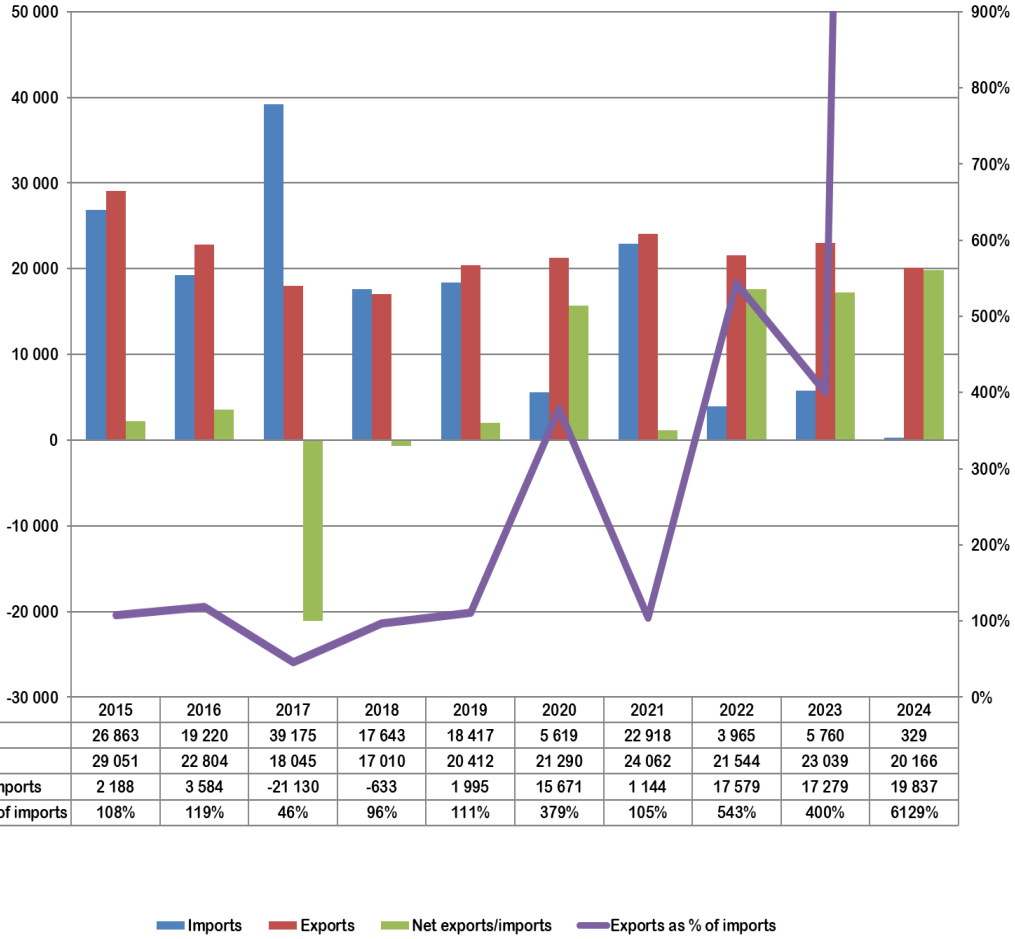
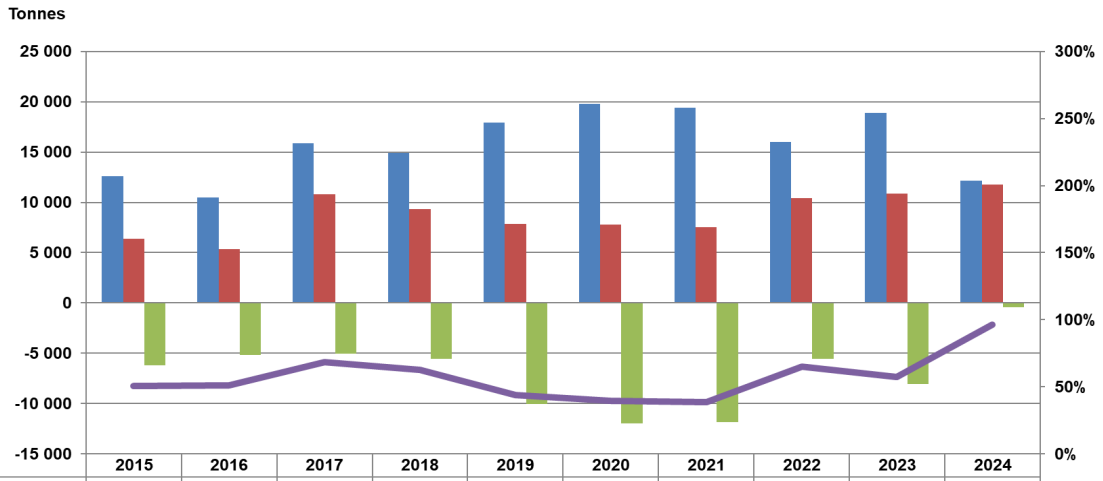


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Imports	26 863	19 220	39 175	17 643	18 417	5 619	22 918	3 965	5 760	329
Exports	29 051	22 804	18 045	17 010	20 412	21 290	24 062	21 544	23 039	20 166
Net exports/imports	2 188	3 584	-21 130	-633	1 995	15 671	1 144	17 579	17 279	19 837
Exports as % of imports	108%	119%	46%	96%	111%	379%	105%	543%	400%	6129%

Source: SARS as supplied by SAMPRO

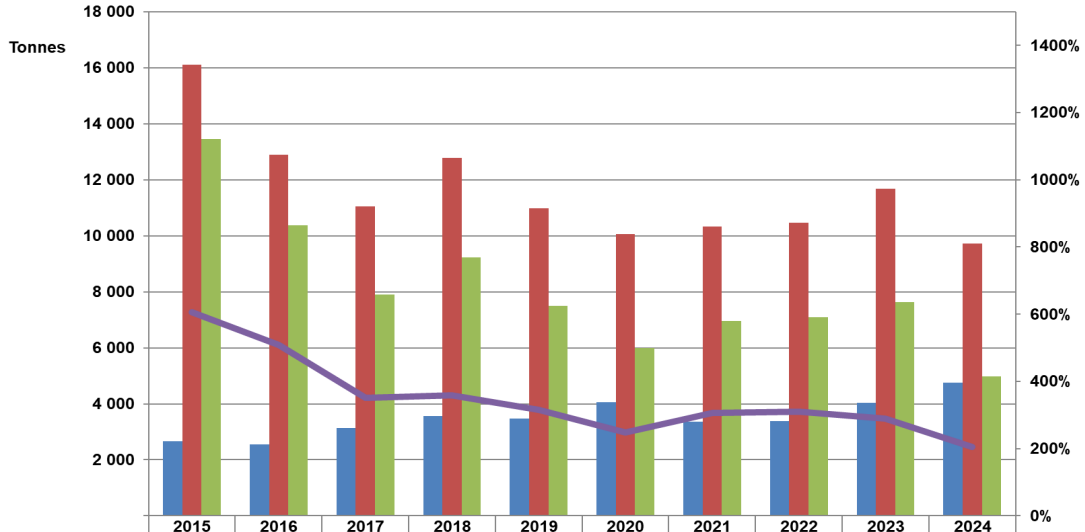
Figure 7: South African Imports and Exports of Concentrated Milk, (0402), 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Imports	12 575	10 503	15 842	14 890	17 929	19 758	19 393	15 988	18 881	12 174
Exports	6 362	5 351	10 823	9 337	7 869	7 816	7 528	10 422	10 844	11 736
Net exports/imports	-6 213	-5 152	-5 019	-5 553	-10 060	-11 942	-11 865	-5 566	-8 037	-438
Exports as % of imports	51%	51%	68%	63%	44%	40%	39%	65%	57%	96%

Source: SARS as supplied by SAMPRO

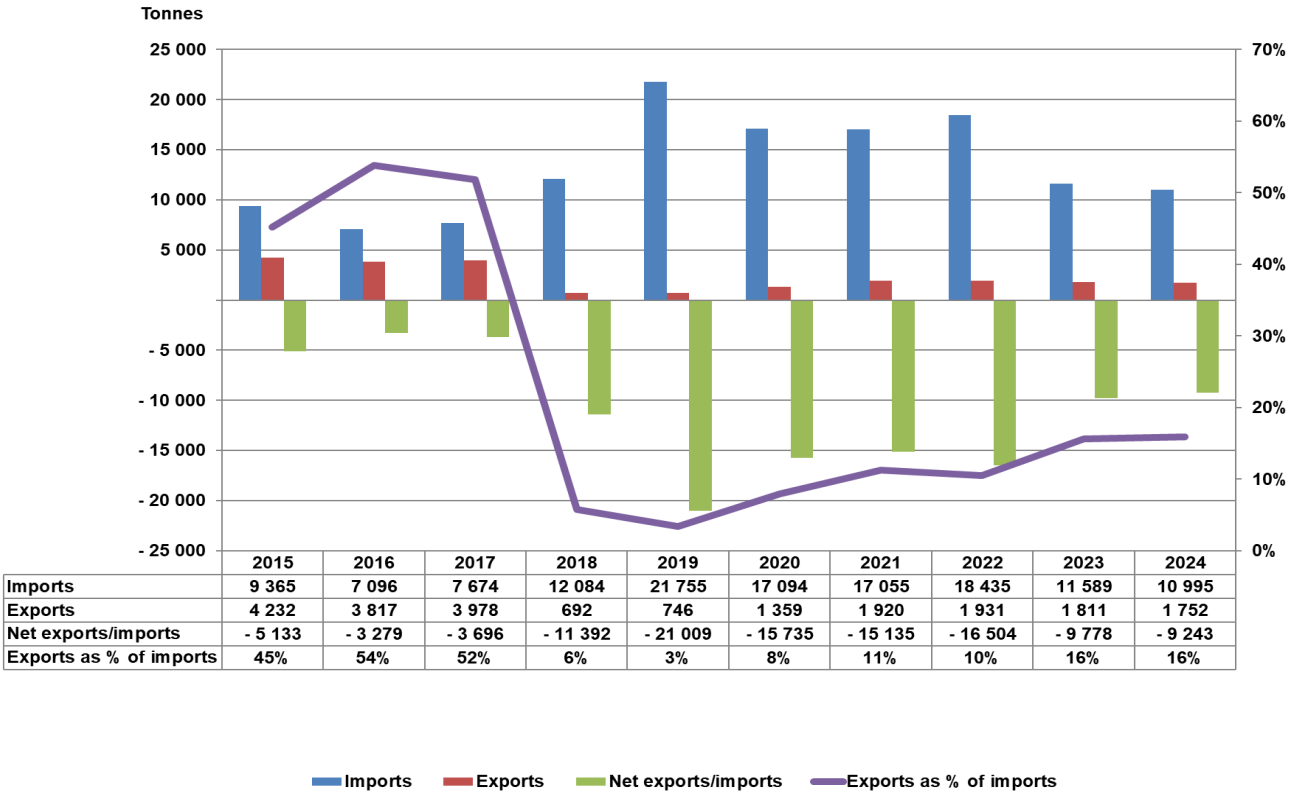
FIGURE 8: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTERMILK AND YOGHURT, (04.03), 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Imports	2 653	2 540	3 142	3 561	3 477	4 050	3 362	3 387	4 041	4 745
Exports	16 098	12 904	11 054	12 786	10 971	10 051	10 325	10 472	11 669	9 726
Net exports	13 445	10 364	7 912	9 225	7 494	6 001	6 963	7 085	7 628	4 981
Exports as % of imports	607%	508%	352%	359%	316%	248%	307%	309%	289%	205%

Source: SARS as supplied by SAMPRO

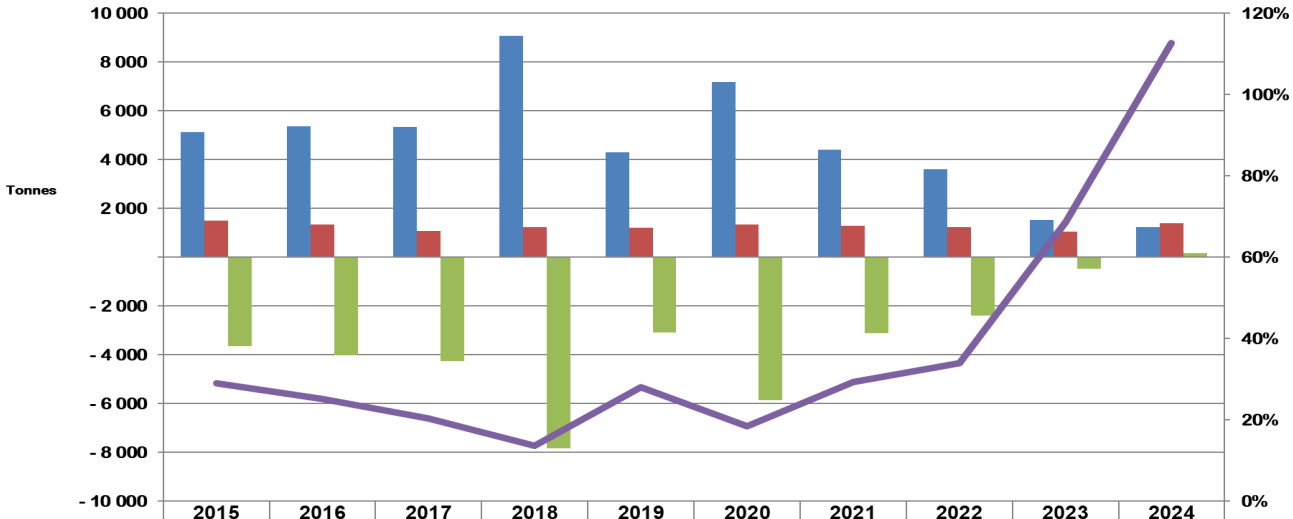
FIGURE 9: SOUTH AFRICAN IMPORTS AND EXPORTS OF WHEY AND WHEY POWDER, (04.04), 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Imports	9 365	7 096	7 674	12 084	21 755	17 094	17 055	18 435	11 589	10 995
Exports	4 232	3 817	3 978	692	746	1 359	1 920	1 931	1 811	1 752
Net exports/imports	- 5 133	- 3 279	- 3 696	- 11 392	- 21 009	- 15 735	- 15 135	- 16 504	- 9 778	- 9 243
Exports as % of imports	45%	54%	52%	6%	3%	8%	11%	10%	16%	16%

Source: As supplied by SAMPRO

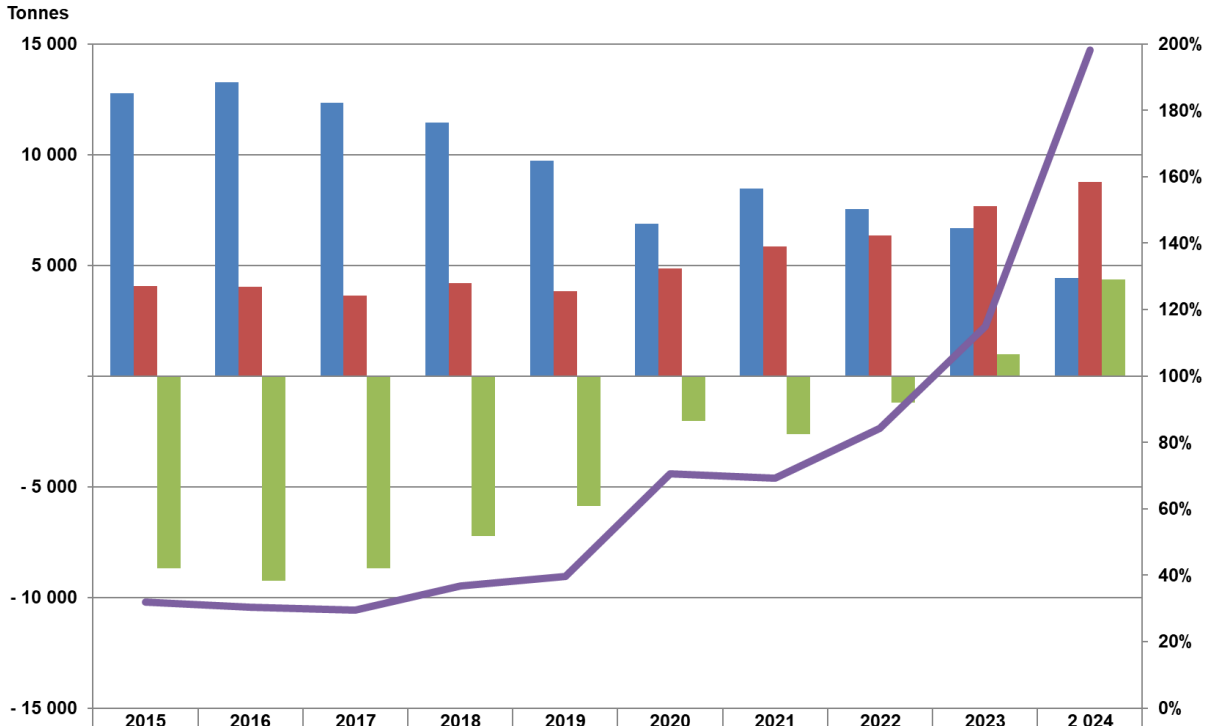
FIGURE 10: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTER AND MILKFATS, (04.05) 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Imports	5 132	5 357	5 343	9 064	4 302	7 187	4 419	3 602	1 527	1 237
Exports	1 491	1 350	1 088	1 233	1 210	1 330	1 298	1 223	1 049	1 395
Net exports/imports	- 3 641	- 4 007	- 4 255	- 7 831	- 3 092	- 5 857	- 3 121	- 2 379	- 478	158
Exports as % of imports	29%	25%	20%	14%	28%	19%	29%	34%	69%	113%

Source: As supplied by SAMPRO

FIGURE 11: SOUTH AFRICAN IMPORTS AND EXPORTS OF CHEESE AND CURD, (04.06), 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2 024
Imports	12 766	13 285	12 328	11 447	9 713	6 871	8 471	7 540	6 670	4 429
Exports	4 062	4 022	3 640	4 200	3 844	4 850	5 857	6 349	7 662	8 773
Net exports/imports	- 8 704	- 9 263	- 8 688	- 7 247	- 5 869	- 2 021	- 2 614	- 1 191	992	4 344
Exports as % of imports	32%	30%	30%	37%	40%	71%	69%	84%	115%	198%

Source: SARS as supplied by SAMPRO

TABLE 2: AVERAGE SOUTH AFRICAN IMPORT AND EXPORT FOB PRICES FOR DAIRY PRODUCTS, 2020– 2024

Tariff heading	Description	Import price (R/kg)					Export price (R/kg)				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
04.01	Milk & cream	10.32	9.04	13.78	14.71	48.22	12.23	13.14	15.49	18.51	18.42
04.02	Concentrated milk	46.22	46.68	63.22	61.45	55.25	46.98	49.56	63.53	68.95	66.69
04.03	Buttermilk & yoghurt	40.32	40.13	60.42	45.07	43.81	20.28	24.25	22.54	26.25	29.27
04.04	Whey	39.68	33.53	36.14	43.90	34.42	19.50	21.71	38.93	35.59	24.25
04.05	Butter	69.25	67.01	87.18	111.67	115.25	73.57	69.04	79.38	97.15	96.97
04.06	Cheese	79.19	70.06	88.67	111.07	129.17	58.17	62.69	70.75	77.68	78.31

Source: SARS as supplied to SAMPRO

The average free-on-board (F.O.B) export prices in 2024, for four of the six different categories of dairy products, were lower than in 2023, while for import F.O.B prices were split with three of the six categories higher and the other three lower in 2024 compared to 2023.

In Table 3, the mass of imports from January to December 2024, is compared to the mass of imports from January to December 2023. Imports were 30.0% less in 2024 compared to 2023. The mass of imports of buttermilk powder and yoghurt (04.03) was higher in 2024 than in 2023, while the mass of the other five products was lower.

Table 3: Imports from January to December 2024 and January to December 2023

Heading	Description	A 2024 Kg	B 2023 Kg	A as % of B
04.01	Milk and cream, unsweetened	329 033	5 760 336	5.7
04.02	Milk, concentrated	12 174 221	18 881 495	64.5
04.03	Buttermilk powder, yogurt	4 745 113	4 041 027	117.4
04.04	Whey, whey powder, etc	10 994 926	11 589 242	94.9
04.05	Butter, butter spreads and butter oil	1 237 188	1 527 046	81.0
04.06	Cheese and curd	4 428 851	6 669 729	66.4
Total		33 909 333	48 468 874	70.0

Source: SARS as supplied by SAMPRO

In Table 4, the mass of exports from January to December 2024, is compared with the mass of exports from January to December 2023. Exports were 4.5% less in 2024 compared to 2023. On the export front, concentrated milk (04.02), butter (04.05) and cheese and curd (04.06) were higher in 2024 compared to the same period in 2023 while the other three categories were lower.

Table 4: Exports from January to December 2024 and January to December 2023

Heading	Description	A 2024 Kg	B 2023 Kg	A as % van B
04.01	Milk and cream, unsweetened	20 165 840	23 039 401	87.5
04.02	Milk, concentrated	11 736 477	10 843 850	108.2
04.03	Buttermilk powder, yoghurt	9 725 651	11 669 321	83.3
04.04	Whey, whey powder. etc	1 752 036	1 810 720	96.8
04.05	Butter, butter spreads and butter oil	1 395 406	1 049 129	133.0
04.06	Cheese and curd	8 772 508	7 662 210	114.5
Total		53 547 918	56 074 632	95.5

Source: SARS as supplied by SAMPRO

In Table 5, the average retail prices of five of the nine products increased with three of the products increasing at a slower rate than the headline inflation rate of 3% in December 2024. The other four product prices decreased with a range from 0.4% to 3.7%. The retail sales quantities of eight of the nine products were from 0.5% to 6.8% higher in 2024 compared to 2023. Only fresh milk sales quantities reduced over the same period with 2.0%

The percentage changes in retail sales quantities and the percentage changes in the average retail prices indicated in Table 5, do not mean that the retail sales quantities and the prices changed continuously at the same rate, during the period concerned. This situation is illustrated in Tables 6 and 7.

TABLE 5: CHANGES IN THE RETAIL SALES QUANTITIES FOR JANUARY 2023 TO DECEMBER 2023, COMPARED TO JANUARY 2024 TO DECEMBER 2024 AND CHANGES IN THE RETAIL PRICES FROM DECEMBER 2023 TO DECEMBER 2024 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES PERCENT	CHANGE IN RETAIL PRICES PERCENT
FRESH MILK	-2.0	0.1
LONG LIFE MILK (UHT MILK)	5.8	-3.7
FLAVOURED MILK	0.5	6.0
YOGHURT	2.8	3.9
MAAS	6.8	-0.4
PRE-PACKAGED CHEESE	4.0	-3.1
CREAM CHEESE	4.1	2.2
BUTTER	5.1	-1.2
CREAM	2.6	0.8

Source: Nielsen figures supplied by SAMPRO

TABLE 6: CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC DAIRY PRODUCTS OVER DIFFERENT TIME FRAMES

PRODUCT	Sales in the month of September 2024 versus the sales in the month of September 2023	Sales in the 3 months from July 2024 to September 2024 versus the sales in the 3 months from July 2023 to September 2023	Sales in the 6 months from April 2024 to September 2024 versus the sales in the 6 months from April 2023 to September 2023	Sales in the 9 months from January 2024 to September 2024 versus the sales in the 9 months from January 2023 to September 2023	Sales in the 12 months from October 2023 to September 2024 versus the sales in the 12 months from October 2022 to September 2023
	percent	percent	percent	percent	percent
Fresh Milk	-0.3	-0.6	-0.9	-2.3	-3.2
UHT milk	7.2	5.4	7.0	5.2	3.2
Flavoured milk	-0.8	-0.1	3.7	1.0	-0.3
Yoghurt	-2.3	2.7	3.6	2.0	0.7
Maas	2.3	5.5	8.4	6.1	4.4
Pre-packaged cheese	6.7	6.5	4.9	3.2	2.4
Cream cheese	7.1	5.0	4.2	5.5	5.9
Butter	9.6	9.1	6.6	5.4	4.4
Cream	2.4	3.4	2.0	2.1	1.4

Source: Nielsen as supplied by SAMPRO

In all five cycle periods the sales quantities of fresh milk reduced. Only one other product, namely flavoured milk sales reduced but only in the three months and six months cycles. These percentages are however marginal. Overall, a positive picture regarding sales quantities of dairy products in 2024, despite a South African economy that again misfired in 2024.

TABLE 7: CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS OVER DIFFERENT TIME FRAMES

PRODUCT	December 2024 versus November 2024 (1 month ago)	December 2024 versus September 2024 (3 months ago)	December 2024 versus June 2024 (6 months ago)	December 2024 versus March 2024 (9 months ago)	December 2024 versus December 2023 (12 months ago)	December 2024 versus June 2023 (18 months ago)	December 2024 versus December 2022 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	0.8	0.1	-0.8	0.1	0.1	0.1	11.6
UHT MILK	-3.4	-2.7	-2.8	-0.9	-3.7	-3.4	7.4
FLAVOURED MILK	-2.0	-2.9	1.3	1.5	6.0	1.7	11.9
YOGHURT	-2.9	-2.3	-0.5	1.3	3.9	3.8	13.3
MAAS	-1.7	-1.5	-1.4	0.02	-0.4	1.4	13.2
PRE-PACKAGED CHEESE	-1.4	1.3	1.1	-0.4	-3.1	6.8	7.9
CREAM CHEESE	3.5	4.6	2.0	8.5	2.2	7.6	14.4
BUTTER	-1.7	-3.5	-2.7	0.1	-1.2	-2.0	0.03
CREAM	-0.3	0.1	0.3	1.6	0.8	3.1	10.4

Source: Nielsen as supplied by SAMPRO

In the one-month timeframe (December 2024 compared to November 2024) seven of the nine product prices decreased. In the six-month timeframe, five of the nine product prices decreased while in the 12-month timeframe four of the nine product prices decreased.

This is an indication that prices started to decrease at a time and rate that affected the nearer months more, in other words later in the year. If price level changes can be prolonged, the slowdown of prices will work through more months and be more visible at the 12-month timeframe.

TABLE 8: CHANGES IN THE RETAIL SALES QUANTITIES FOR JANUARY 2023 TO DECEMBER 2023, COMPARED TO JANUARY 2024 TO DECEMBER 2024 AND CHANGES IN THE RETAIL PRICES FROM DECEMBER 2023 TO DECEMBER 2024 OF SPECIFIC FOOD PRODUCTS.

FOOD PRODUCTS	CHANGE IN RETAIL SALES QUANTITY PERCENT	CHANGE IN RETAIL PRICES PERCENT
INSTANT CEREALS	2.4	-0.01
BREAD	-0.1	3.5
RICE	0.1	4.5
MAIZE MEAL	2.9	16.5
MARGARINE	0.7	-1.6
TEA	-3.5	8.4
COFFEE	-4.2	9.0
SHORT LIFE JUICE	0.8	6.7

Source: Nielsen as supplied by SAMPRO

In Table 8 the average retail prices of six of the eight products increased and all of the increases were at a faster rate than the headline inflation rate of 3% in December 2024. The other two product prices decreased with a range from 0.01% to 1.6%. It is important to observe that despite the highest price increase for maize meal among the different products, maize meal recorded the highest increase in sales quantities.

The retail sales quantities of five of the eight products were from 0.7% to 2.9% higher in 2024 compared to 2023. Sales quantities for bread, tea and coffee decreased.

TABLE 9: CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC FOOD PRODUCTS OVER DIFFERENT TIME FRAMES.

PRODUCT	Sales in the month of December 2024 versus the sales in the month of December 2023	Sales in the 3 months from October 2024 to December 2024 versus the sales in the 3 months from October 2023 to December 2023	Sales in the 6 months from July 2024 to December 2024 versus the sales in the 6 months from July 2023 to December 2023	Sales in the 9 months from April 2024 to December 2024 versus the sales in the 9 months from April 2023 to December 2023	Sales in the 12 months from January 2024 to December 2024 versus the sales in the 12 months from January 2023 to December 2023
	percent	percent	percent	percent	percent
INSTANT CEREALS	17.0	2.5	2.8	3.1	2.4
BREAD	3.5	1.6	1.2	1.4	-0.1
RICE	11.2	4.6	2.3	1.5	0.1
MAIZE MEAL	-1.5	-5.3	-3.8	0.5	2.9
MARGARINE	17.5	1.4	1.7	0.9	0.7
TEA	7.3	-3.6	-3.0	-3.0	-3.5
COFFEE	26.9	-1.8	-3.9	-5.3	-4.2
SHORT LIFE JUICE	2.4	-1.1	-1.5	-0.9	0.8

SOURCE: Nielsen as supplied by SAMPRO

In all five cycle periods the sales quantities of instant cereals, rice and margarine increased. The sales quantities of tea and coffee decreased in all the cycle periods except in the one-month cycle period. In the 12-month cycle period the sales quantities of five of the products increased with the range of 0.1% to 2.9%.

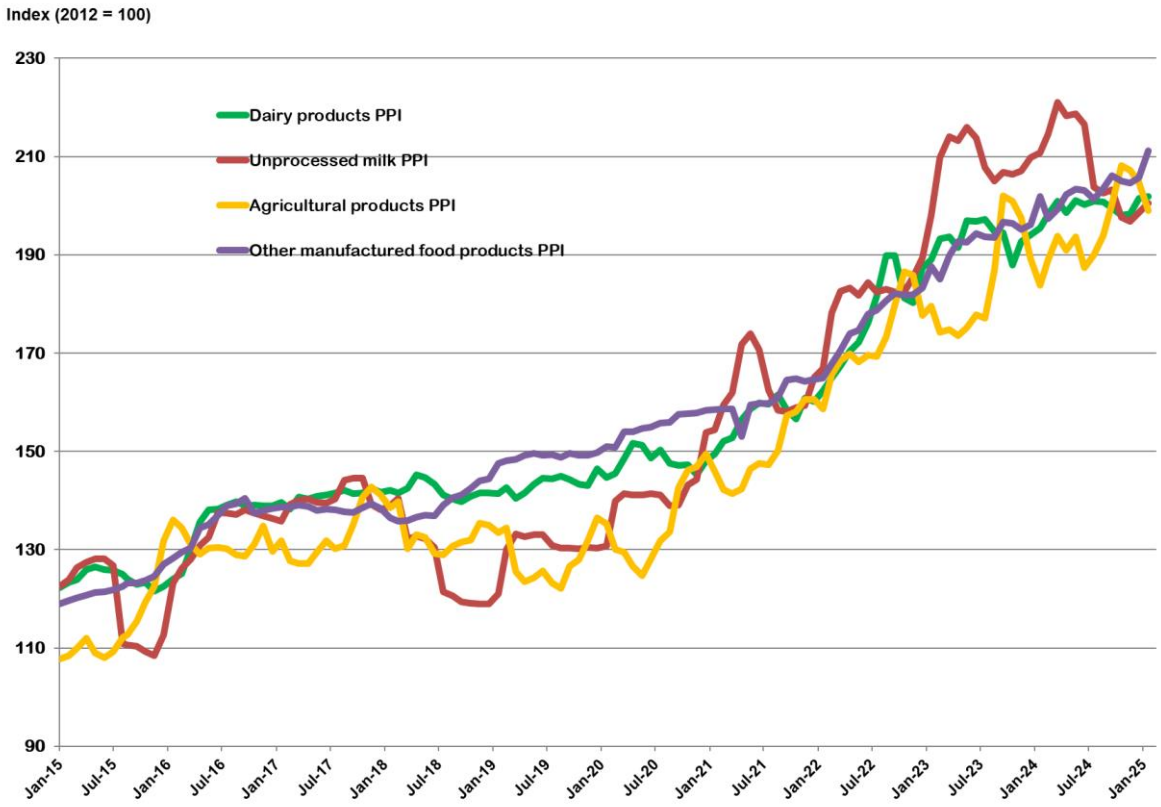
TABLE 10: CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC FOOD PRODUCTS OVER DIFFERENT TIMEFRAMES

PRODUCT	December 2024 versus November 2024 (1 month ago)	December 2024 versus September 2024 (3 months ago)	December 2024 versus June 2024 (6 months ago)	December 2024 versus March 2024 (9 months ago)	December 2024 versus December 2023 (12 months ago)	December 2024 versus June 2023 (18 months ago)	December 2024 versus December 2022 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
INSTANT CEREALS	-2.9	-0.6	2.3	0.2	-0.01	6.1	2.7
BREAD	0.4	1.0	3.8	5.3	3.5	5.2	8.9
RICE	-2.6	-2.6	-3.3	-1.6	4.5	25.2	33.6
MAIZE MEAL	1.4	3.5	9.0	17.1	16.5	11.5	10.4
MARGARINE	0.4	1.3	-0.3	-0.04	-1.6	3.9	-0.6
TEA	-5.1	-3.9	1.5	3.7	8.4	17.7	21.7
COFFEE	-5.6	-2.4	7.0	6.1	9.0	28.1	18.8
SHORT LIFE JUICE	-5.3	-5.9	-2.9	0.6	6.7	3.5	12.4

SOURCE: Nielsen as supplied by SAMPRO

In the one-month timeframe (December 2024 compared to November 2024) five of the eight product prices decreased. In the six-month timeframe, three of the eight product prices decreased while in the 12-month timeframe two of the nine product prices decreased.

FIGURE 12: PRODUCER PRICE INDICES OF SOUTH AFRICAN AGRICULTURAL AND FOOD PRODUCTS, JANUARY 2015 – FEBRUARY 2025



Source: Stats SA

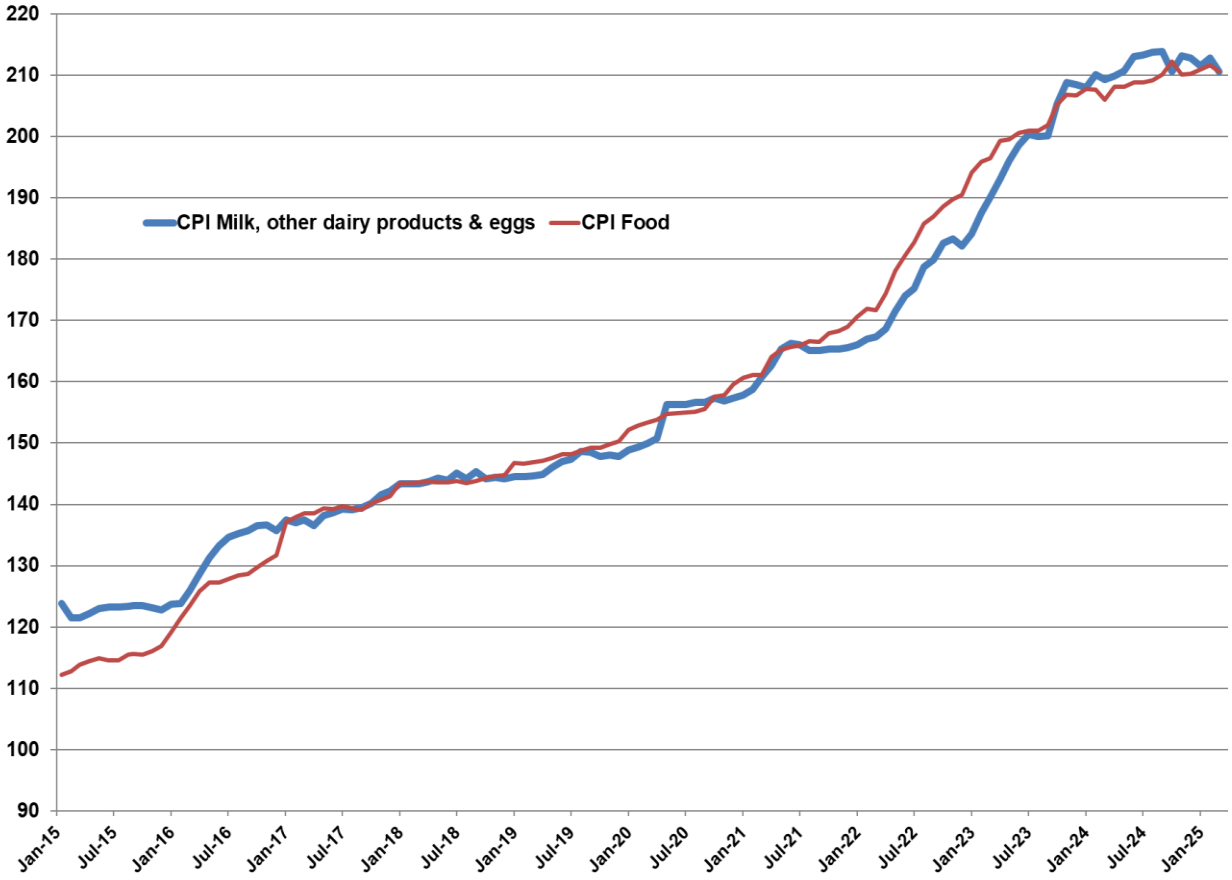
The PPI for unprocessed milk experienced negative growth in August 2024 of 1.9%. This was the first negative growth in unprocessed milk prices since May 2019. In September 2024 through February 20254 negative growth continued, resulting in a 4.90% decrease in the February 2025 price index YoY. During the same period, the PPI for dairy products never experienced negative growth and the February 2025 price index increased by 3.3% YoY.

The rate of increase in the PPI for dairy products started to slow down earlier compared to the PPI for unprocessed milk. Closing at almost the same index point levels, indicates that the differential between the rate of change for the two PPI' is now in balance. One needs to observe that being in balance does not incorporate the possibility of different cost pressures at the two industry points in the value chain.

The PPI for other manufactured food products increased by 4.6% in February 2025 YoY and the overall PPI for agriculture increased by 8.3% in February 2025 YoY.

Observing change in the four PPI's, only unprocessed milk (farmgate price) reflects negative growth over the above period.

FIGURE 13: CONSUMER PRICE INDICES OF SOUTH AFRICAN FOOD AND DAIRY PRODUCTS, JANUARY 2015 – FEBRUARY 2025

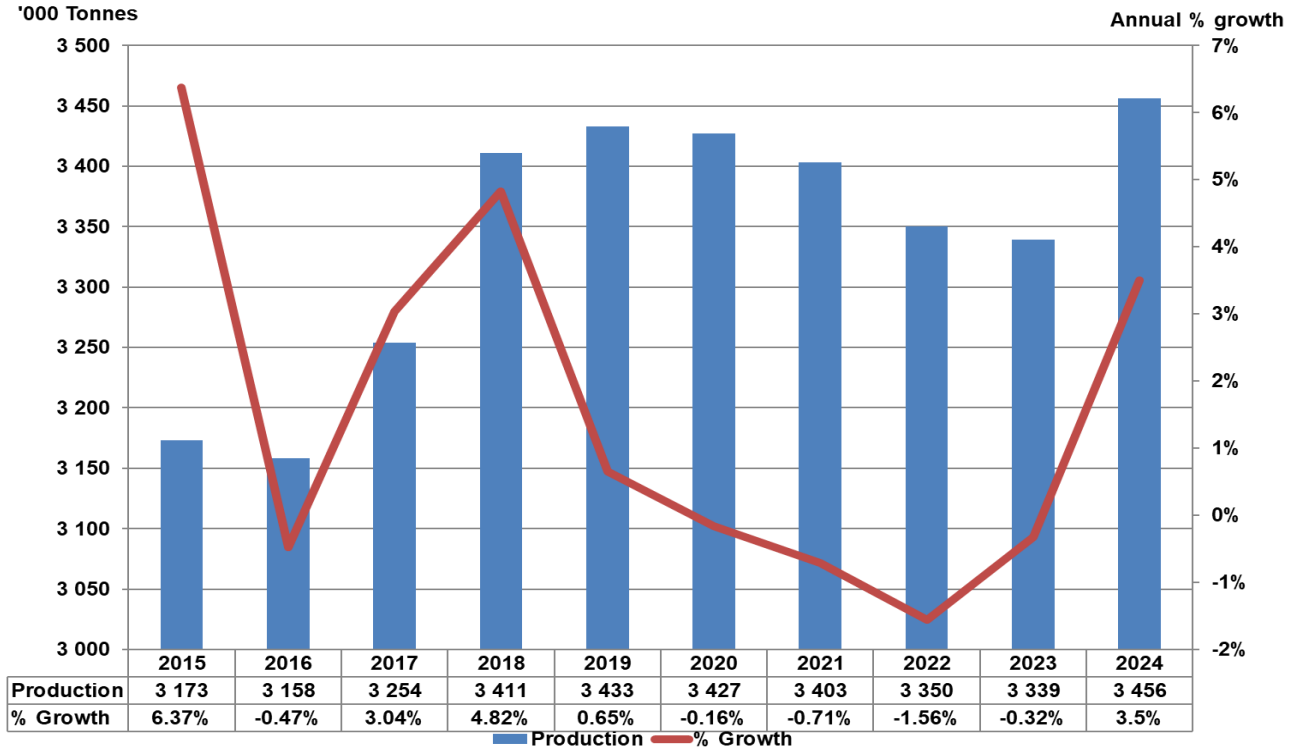


Source: Stats SA

In January 2022 the change to a steeper upward slope for the two indices is visible. Up until that time, increased costs that built up in the primary and secondary industries as a whole were largely absorbed by the value chain due to a high resistance level to higher prices in the retail market. The situation could not be sustained and therefore, the costs eventually had to spill over to consumer products which resulted in higher product prices. This situation was mainly created by the aftermath of the COVID-19 pandemic, the unstable situation in Europe and the eventual attack by Russia on Ukraine putting pressure on many basic raw materials and was exacerbated by domestic problems in South Africa such as erratic electricity supply, dilapidated infrastructure, poor service delivery and high energy costs.

Some of the basic raw material prices softened over time with the result that the cost pressure in the value chain decreased to enable the rate of change in the CPI for milk, cheese, and eggs to reduce. In March 2025 YoY the CPI for milk, other dairy products and eggs increased with 0.6% and the CPI for food increased by 2.2%.

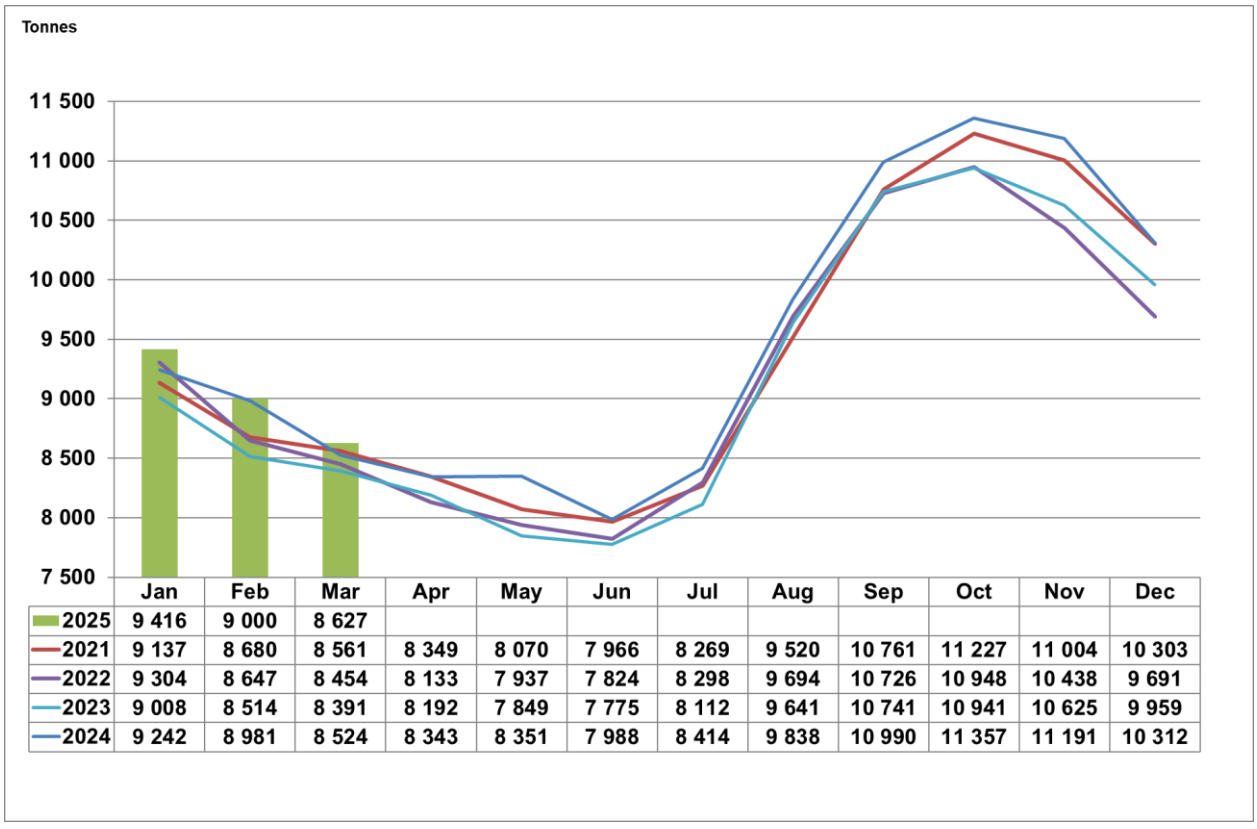
FIGURE 14: ANNUAL SOUTH AFRICAN UNPROCESSED MILK PURCHASES, 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production	3 173	3 158	3 254	3 411	3 433	3 427	3 403	3 350	3 339	3 456
% Growth	6.37%	-0.47%	3.04%	4.82%	0.65%	-0.16%	-0.71%	-1.56%	-0.32%	3.5%

Source: Milk SA.

FIGURE 15: SOUTH AFRICAN UNPROCESSED MILK PURCHASES DAILY AVERAGE PER MONTH, JANUARY 2021 – MARCH 2025



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2025	9 416	9 000	8 627									
2021	9 137	8 680	8 561	8 349	8 070	7 966	8 269	9 520	10 761	11 227	11 004	10 303
2022	9 304	8 647	8 454	8 133	7 937	7 824	8 298	9 694	10 726	10 948	10 438	9 691
2023	9 008	8 514	8 391	8 192	7 849	7 775	8 112	9 641	10 741	10 941	10 625	9 959
2024	9 242	8 981	8 524	8 343	8 351	7 988	8 414	9 838	10 990	11 357	11 191	10 312

Source: Milk SA. The last two months are preliminary.

In Figure 15, when comparing unprocessed milk purchases over the last five years, all three months available in 2025 recorded record levels of daily average unprocessed milk purchases.

TABLE 11: CUMULATIVE UNPROCESSED MILK PURCHASES (Tonnes), 2021 – 2025

Month	2021	2022	2023	2024	2025
January	283 260	288 433	279 249	286 500	291 901
February	526 286	530 550	517 630	537 963*	543 908
March	791 682	792 617	777 739	802 206	811 338
April	1 042 152	1 036 592	1 023 494	1 052 488	
May	1 292 311	1 282 647	1 266 826	1 311 354	
June	1 531 293	1 517 370	1 500 075	1 550 988	
July	1 787 625	1 774 605	1 751 534	1 811 831	
August	2 082 757	2 075 131	2 050 399	2 116 812	
September	2 405 584	2 396 918	2 372 636	2 446 498	
October	2 753 615	2 736 299	2 711 793	2 798 563	
November	3 083 722	3 049 429	3 030 555	3 135 400	
December	3 403 100	3 349 861	3 339 272	3 456 051	

Source: Milk SA. The last two months are preliminary. * February 2024 = 29 days (leap February)

During 2024, 3 456 051 tonnes of unprocessed milk were purchased, which is 3.50% more than in 2023. The cumulative growth of unprocessed milk purchases in the first quarter of 2025 is 1.31% compared to 2024 and 2.81% compared to 2023.

In Table 12, the degree of variation between the different mass of unprocessed milk used in dairy products for the years 2023 and 2024 is the highest in the manufacturing of SMP and the second highest in the category of other dairy products. The lowest variation in the two years is long life and sterilized milk.

Figures 17 to 25 show the mass of unprocessed milk used in the different dairy products for the period 2022 to 2024. Figures 26 and 27 show the mass of whey powder and butter manufactured.

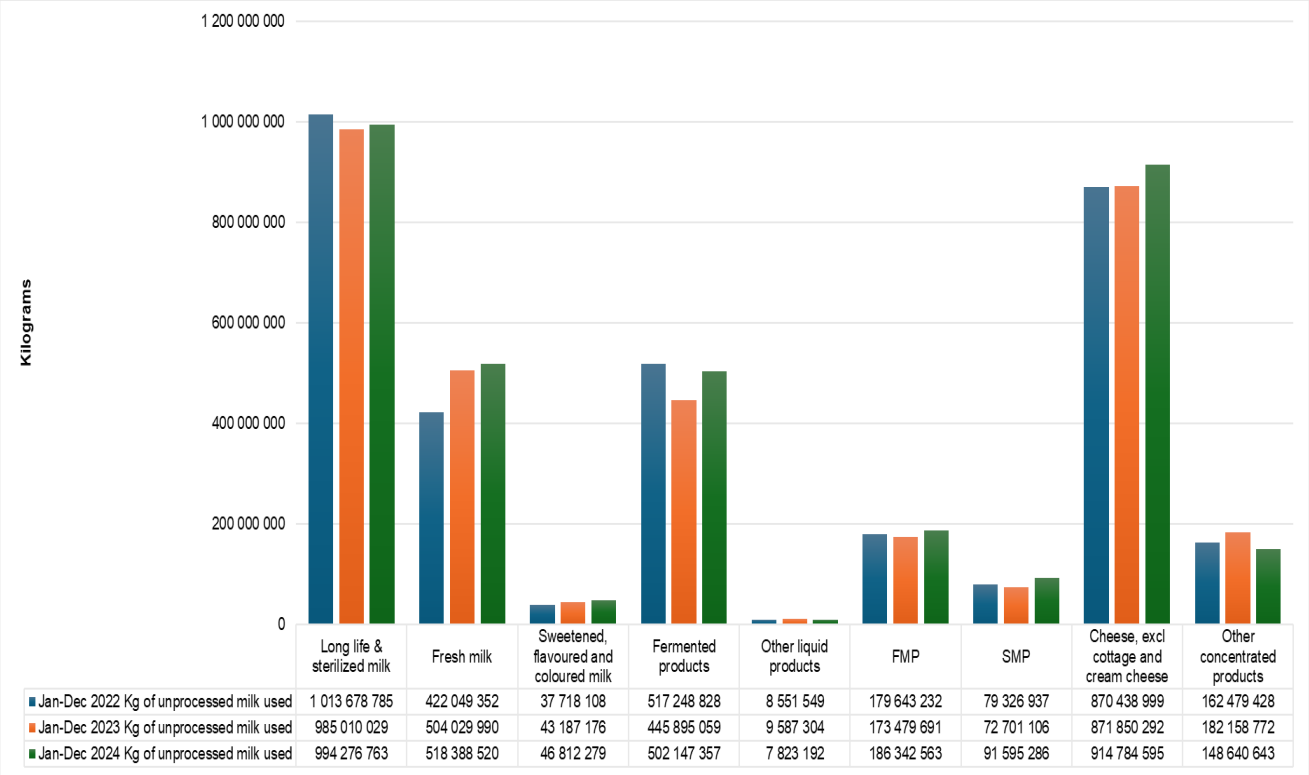
TABLE 12: Kilograms of unprocessed milk used in the manufacturing or processing of dairy products during the years 2022, 2023, and 2024.

Product/Period	Jan-Dec 2022 Kg of unprocessed milk used	Jan-Dec 2023 Kg of unprocessed milk used	Jan-Dec 2024 Kg of unprocessed milk used	% Change 2024 to 2023	Change in milk allocation in mass (kg). 2024 to 2023
Long life & sterilized milk	1 013 678 785	985 010 029	994 276 763	0.94%	9 266 734
Fresh milk	422 049 352	504 029 990	518 388 520	2.85%	14 358 530
Sweetened, flavoured and coloured milk	37 718 108	43 187 176	46 812 279	8.39%	3 625 103
Fermented products	517 248 828	445 895 059	502 147 357	12.62%	56 252 298
Other liquid products	8 551 549	9 587 304	7 823 192	-18.40%	-1 764 112
FMP	179 643 232	173 479 691	186 342 563	7.41%	12 862 873
SMP	79 326 937	72 701 106	91 595 286	25.99%	18 894 181
Cheese, excl cottage and cream cheese	870 438 999	871 850 292	914 784 595	4.92%	42 934 303
Other concentrated products	162 479 428	182 158 772	148 640 643	-18.40%	-33 518 129
Total kg unprocessed milk used in dairy products	3 291 135 217	3 287 899 418	3 410 811 199	3.74%	122 911 781
Whey powder	19 234 215	21 606 293	24 723 970	14.43%	
Butter	19 786 048	21 218 952	24 798 407	16.87%	

Source: Milk SA.

Figure 16: Total unprocessed milk used in dairy products for each year.

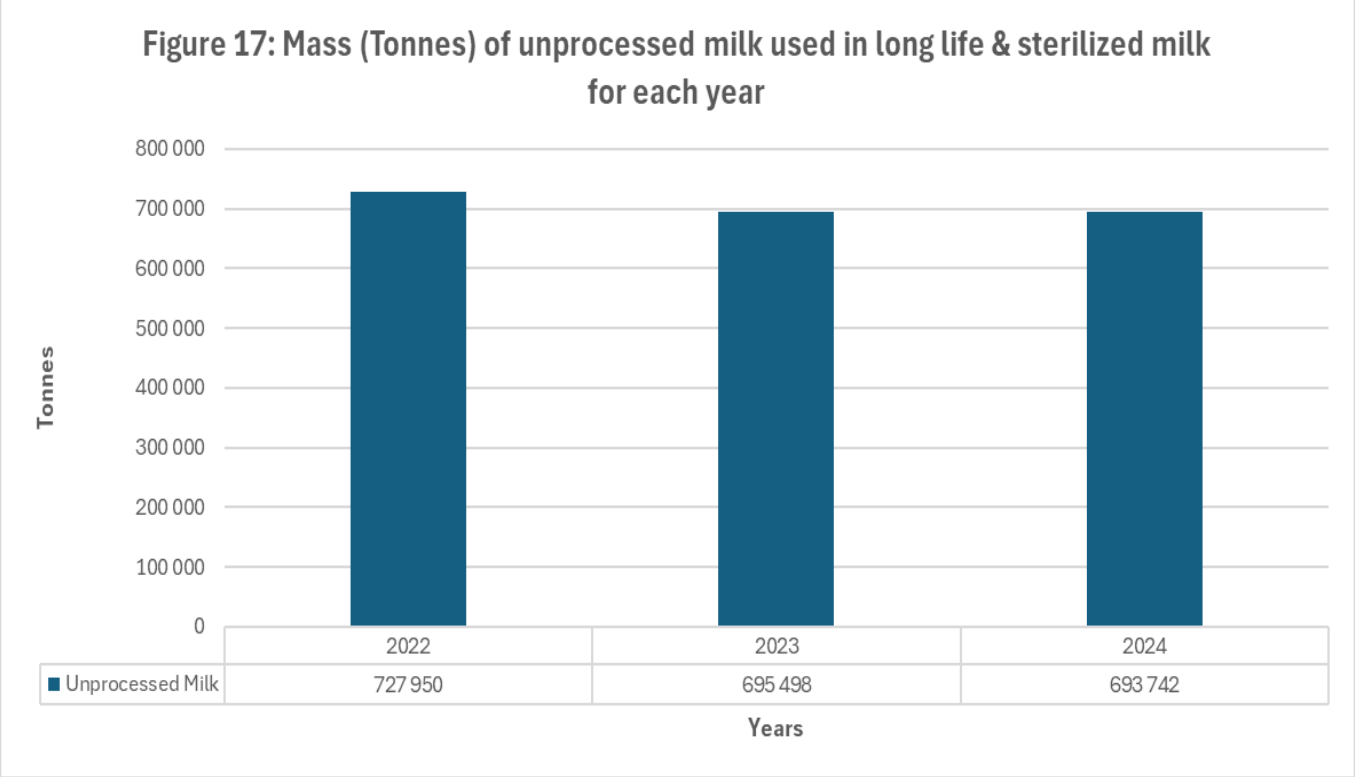
Figure 16 is a schematic representation of Table 9 regarding the mass of unprocessed milk used in dairy products for the years 2022 to 2024.



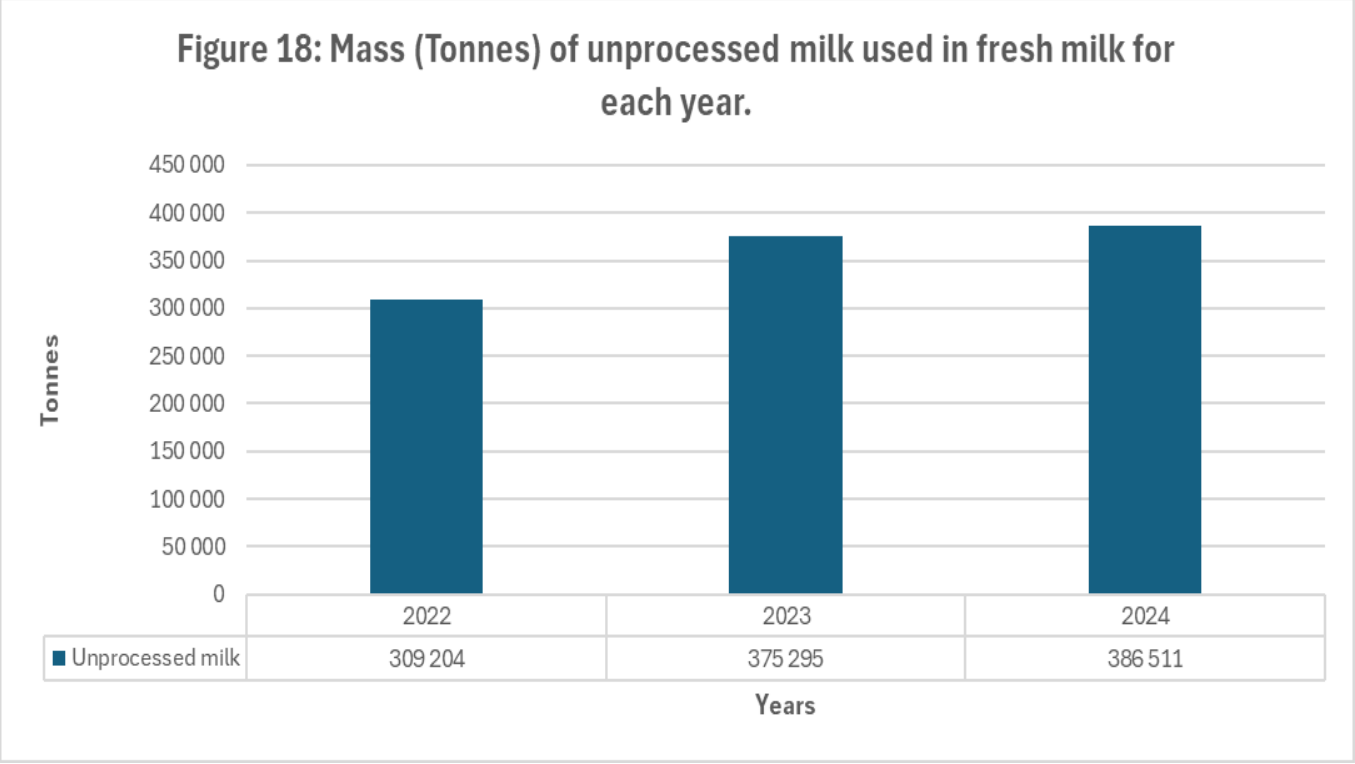
	Long life & sterilized milk	Fresh milk	Sweetened, flavoured and coloured milk	Fermented products	Other liquid products	FMP	SMP	Cheese, excl cottage and cream cheese	Other concentrated products
Jan-Dec 2022 Kg of unprocessed milk used	1 013 678 785	422 049 352	37 718 108	517 248 828	8 551 549	179 643 232	79 326 937	870 438 999	162 479 428
Jan-Dec 2023 Kg of unprocessed milk used	985 010 029	504 029 990	43 187 176	445 895 059	9 587 304	173 479 691	72 701 106	871 850 292	182 158 772
Jan-Dec 2024 Kg of unprocessed milk used	994 276 763	518 388 520	46 812 279	502 147 357	7 823 192	186 342 563	91 595 286	914 784 595	148 640 643

Source: Milk SA.

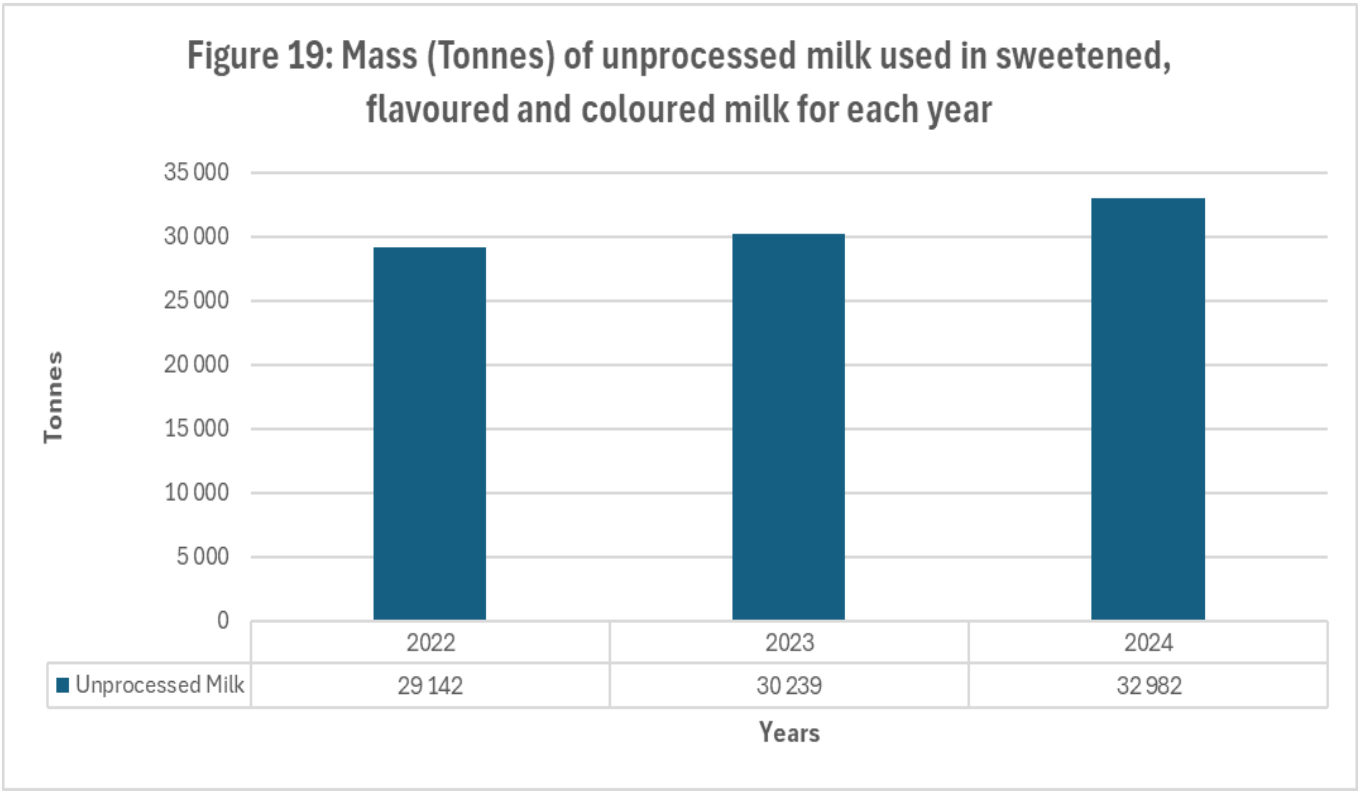
Figures 17 through 27, reflect the mass of unprocessed milk used in the different dairy products manufactured/processed for the three years: 2022, 2023 and 2024.



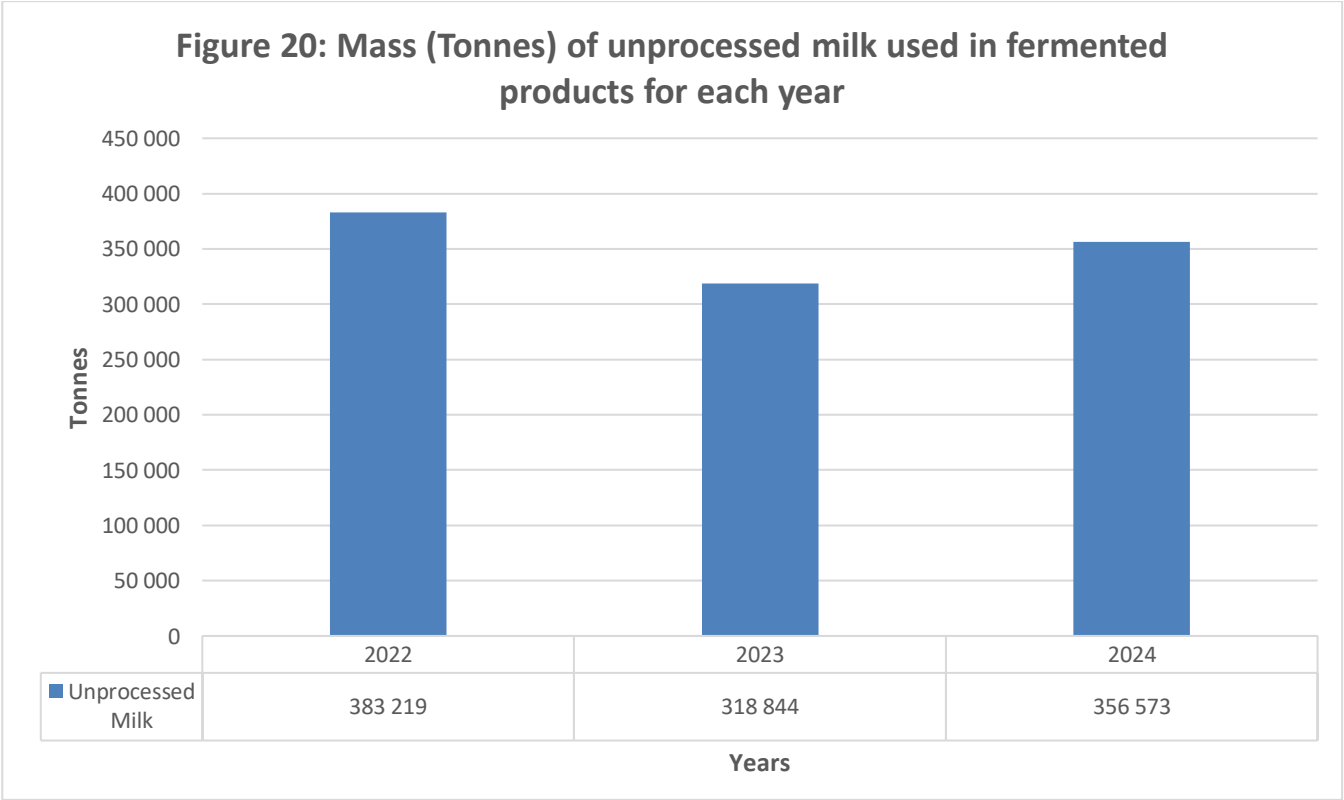
Source: Milk SA



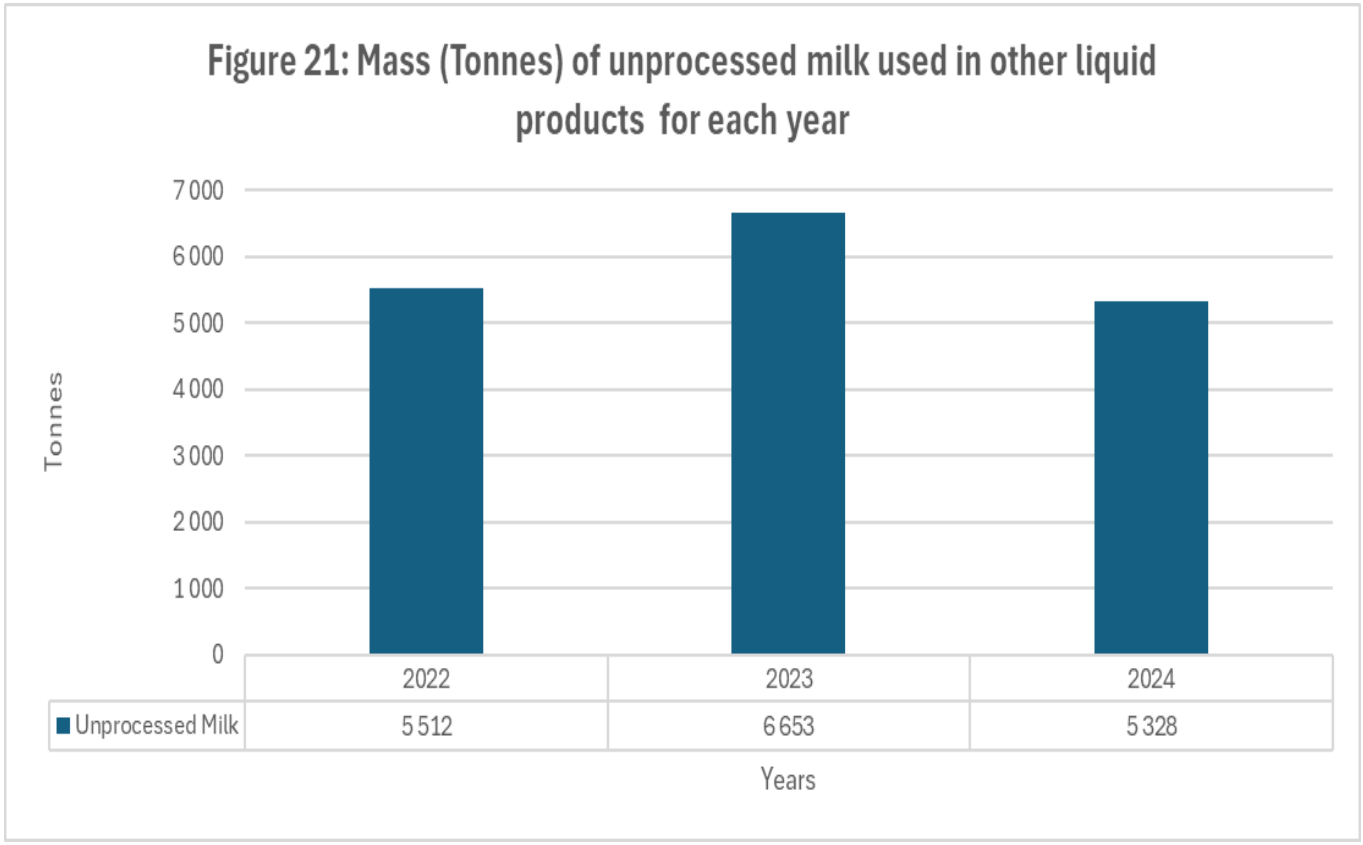
Source: Milk SA



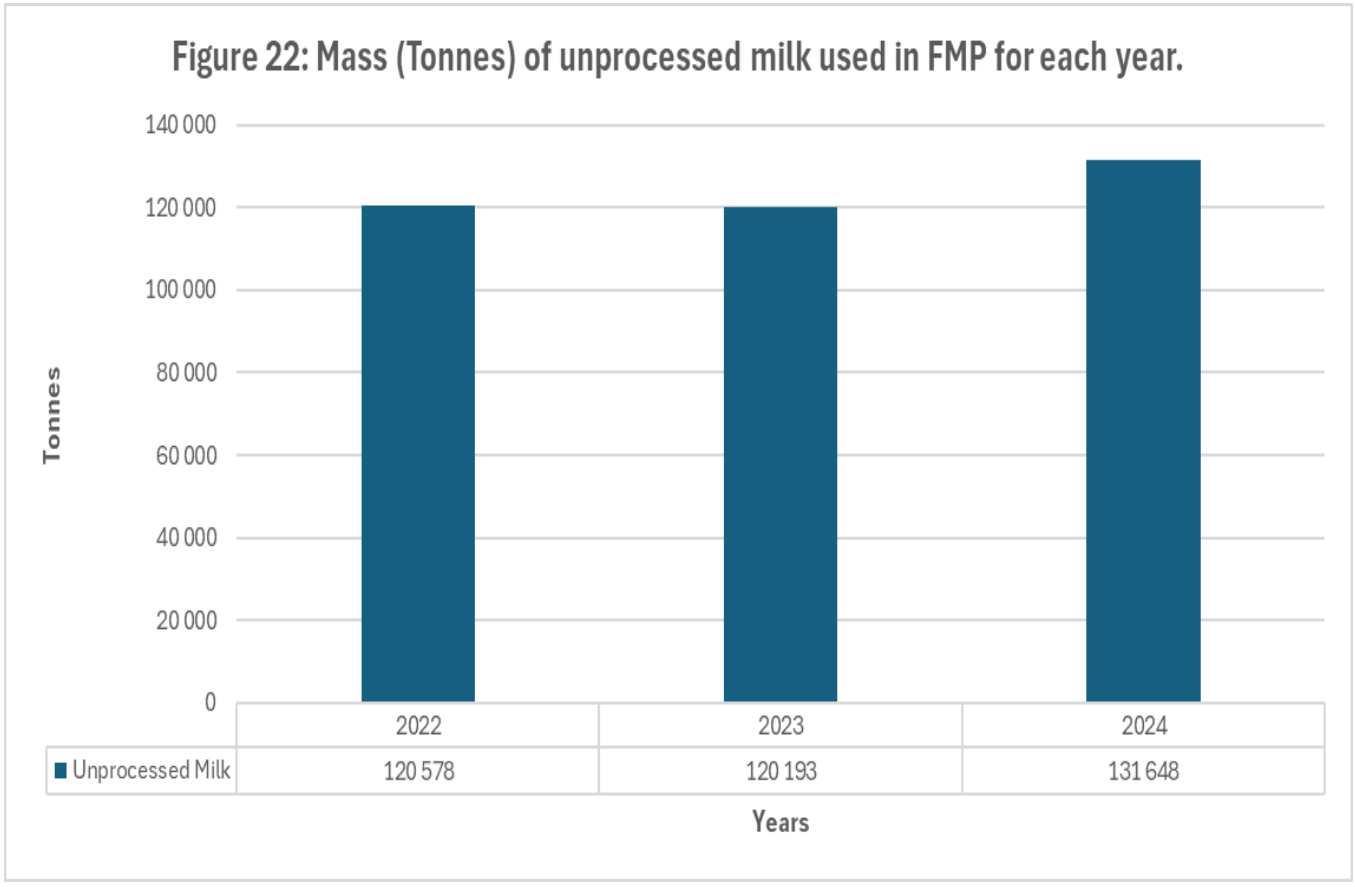
Source: Milk SA



Source: Milk SA



Source: Milk SA



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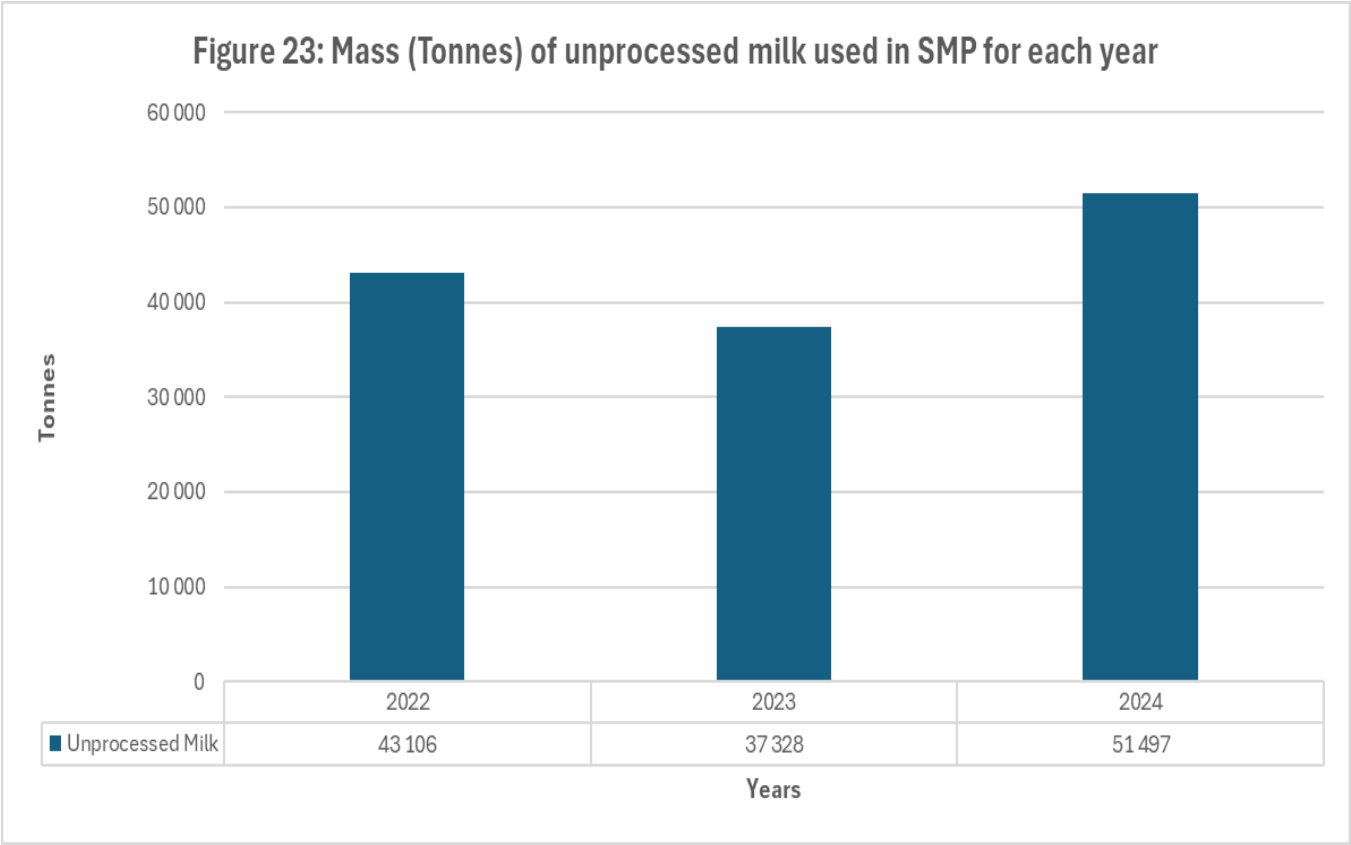

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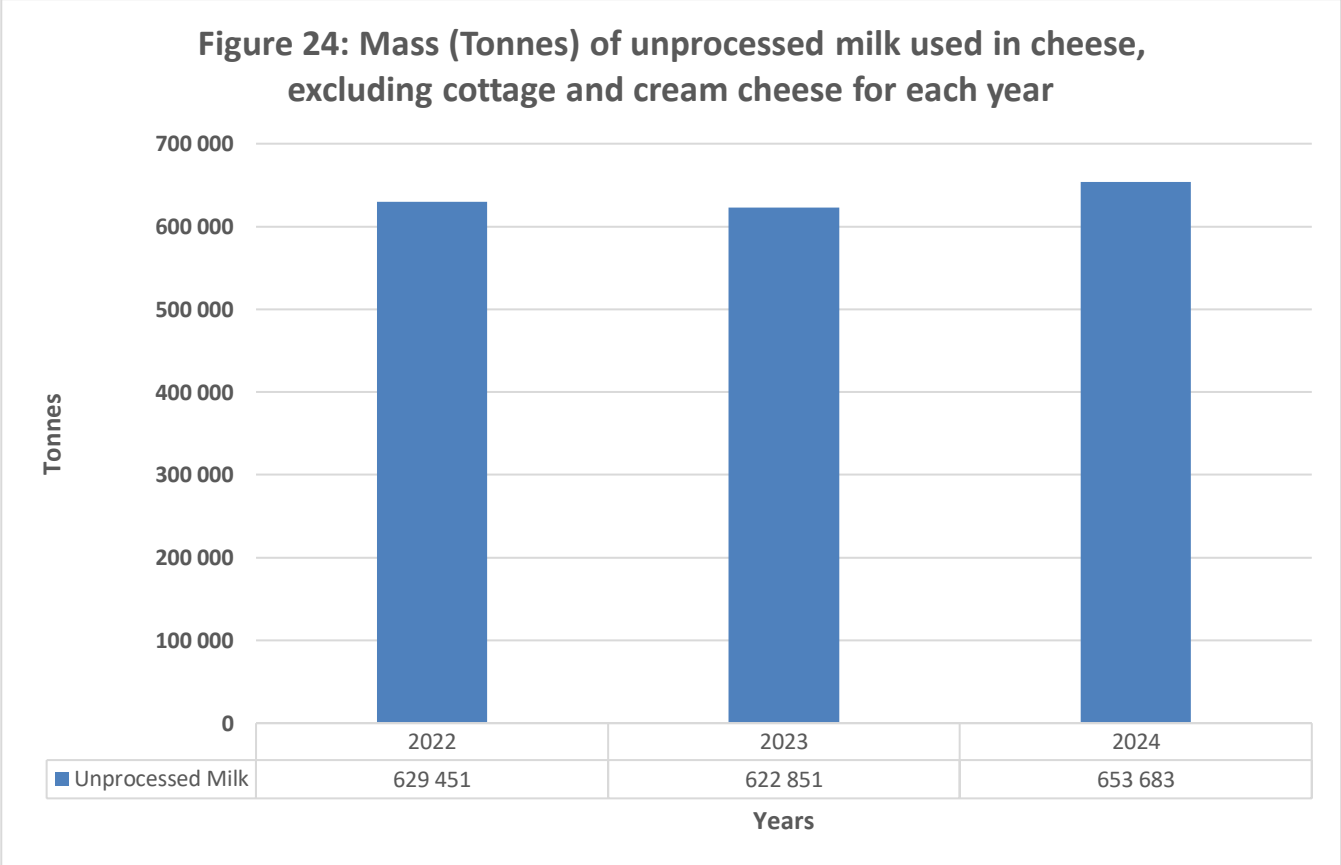

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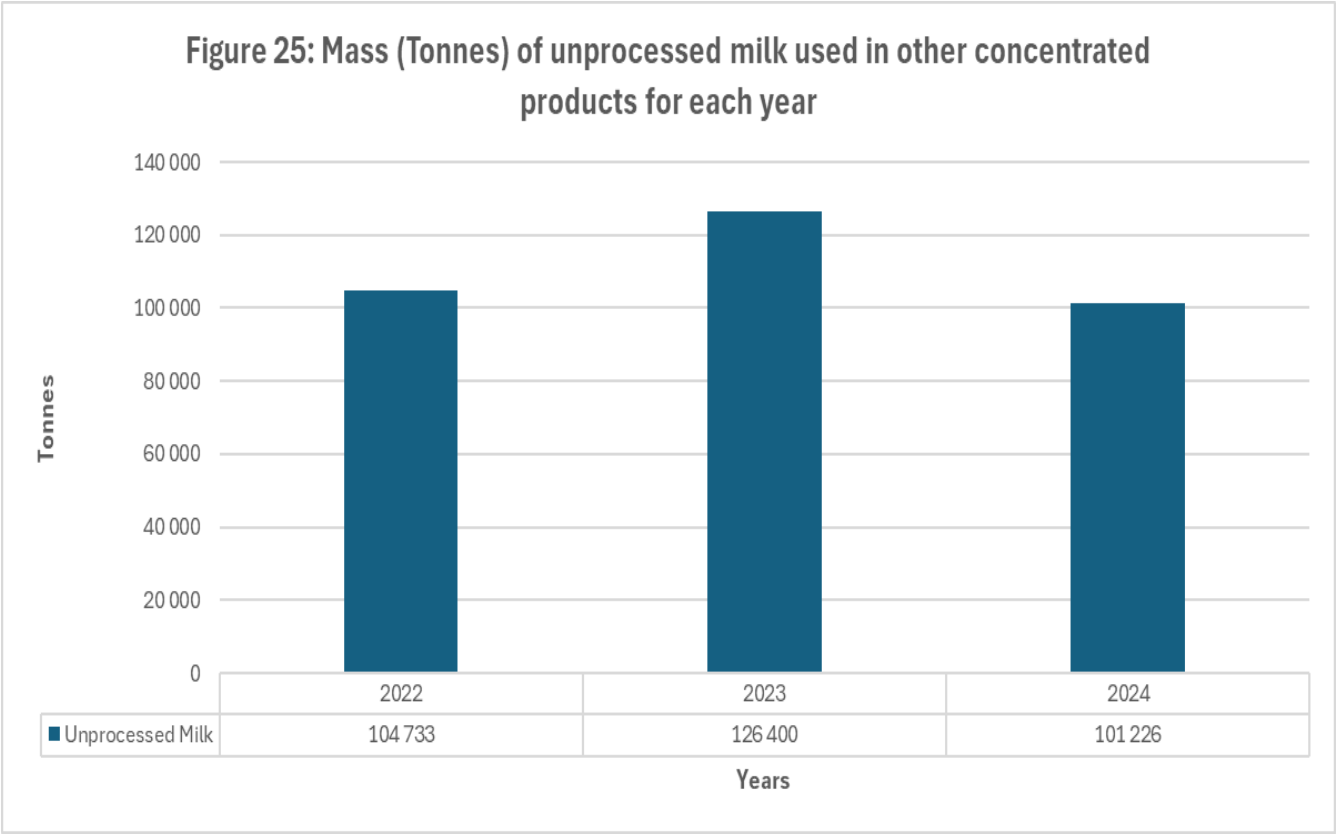

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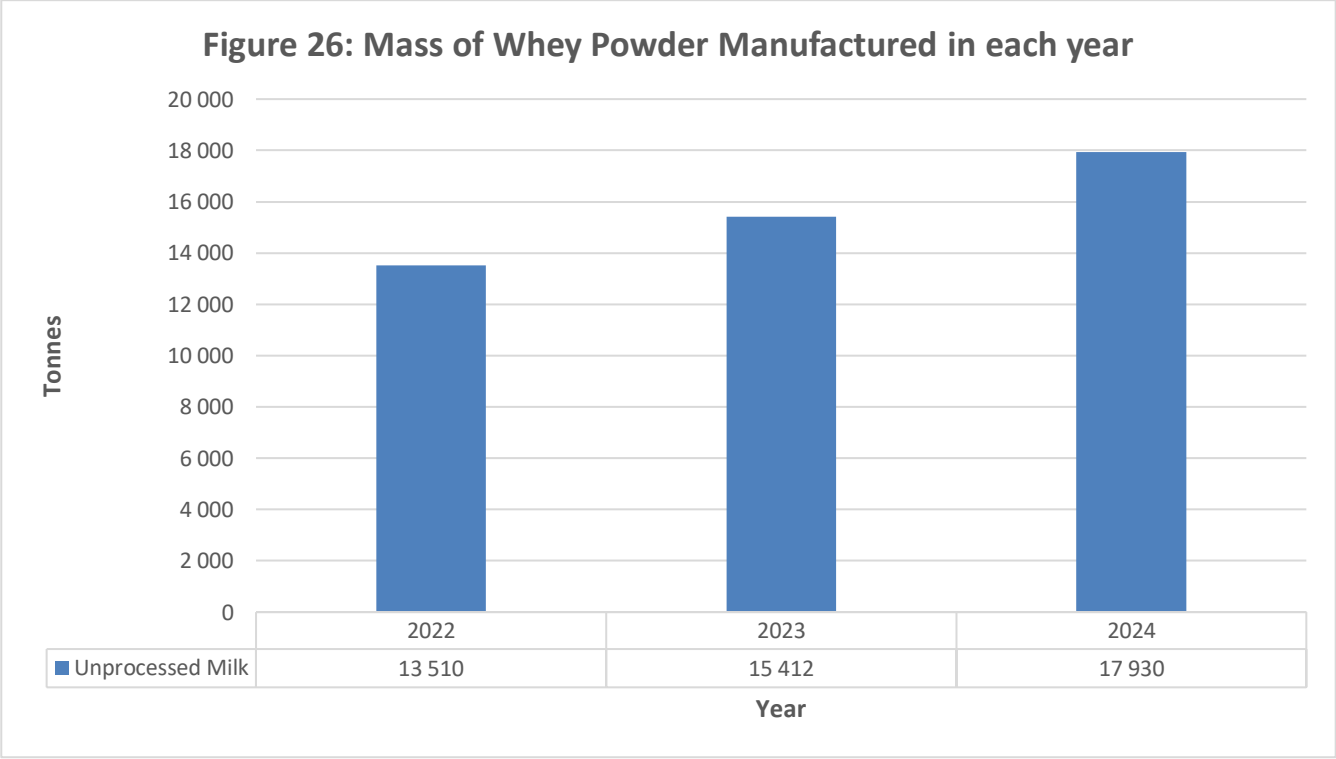

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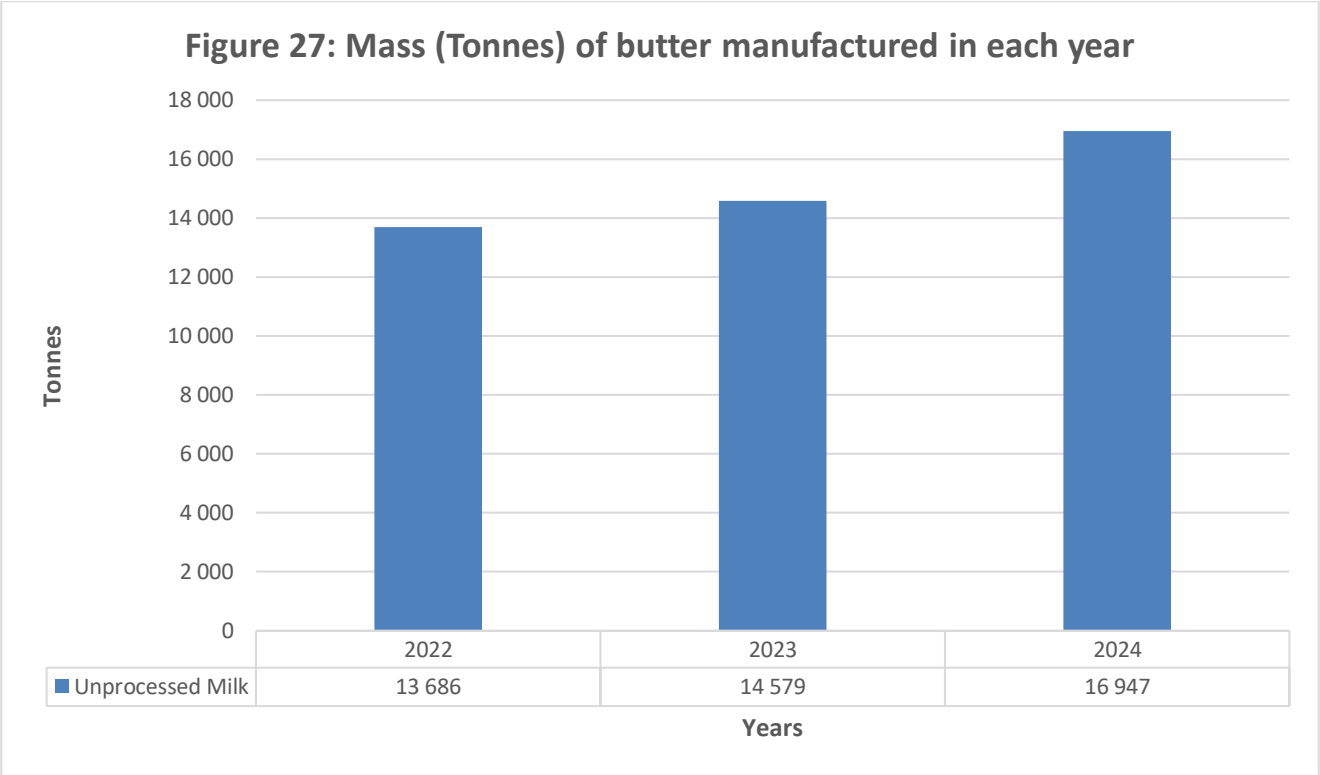

Source: Milk SA

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