



The News Editor
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MEDIA RELEASE

Namibia Dairies' Price Increase

Following the subjective newspaper article published in 23rd June 2010 edition of *Die Republikein*, Namibia Dairies wishes to put the facts around our annual price increase into perspective.

The Managing Director of Namibia Dairies, Hubertus Hamm announced that the company will implement a weighted price increase of 5.3% effective from 1st July 2010, adding that the increase will be applicable across a wide range of dairy and beverage products of Namibia Dairies.

Namibia Dairies decided to exempt some of the products from the increase for the second consecutive year, "whilst the compounded national inflation rate over the same period was in excess of 16%. Considering the small price increases Namibia Dairies introduced over the last two years, there was significant inflationary pressure on most cost elements like electricity, water, packaging and labour, which have now resulted in this moderate price increase.

Namibia Dairies and the Dairy Producers Association of Namibia [DPA] have agreed not to adjust the price of raw milk this year after an increase in 2009. Hamm said: "At N\$4.43, the raw milk price in Namibia is way above the South African price of around N\$3.00 per liter and significantly above the global price level", but Namibia Dairies and the DPA are committed to a sustainable Dairy Industry that offers a fair price to the producer. "Namibia Dairies and the DPA remain committed to the dairy industry and its rapid growth and we, and the parties, have therefore agreed NOT to increase prices in 2010," he confirmed.

He mentioned that Namibia Dairies as a fully-fledged Namibian dairy and beverage producer will continue to improve its food safety standards which will in all likelihood also impact milk producers and the required standards of their milk parlors, herd management and hygiene. "We have agreed that any required changes

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for the dairy producer will be implemented gradually and over time to minimise financial impact,” Hamm indicated.

He refuted in the strongest possible terms allegations suggesting that Namibia Dairies apparently forced milk farmers to sell their dairy herds to Namibia Dairies once they discontinue their milk operations. “This is devoid of all truth,” the Managing Director said.

“We at Namibia Dairies are committed to support the local industry and our suppliers for all goods and services; however their goods and services must, fortunately or unfortunately, conform to our internal quality standard and commercial requirements”.

Hamm said some dairy fodder is currently sourced in South Africa due to the lack of local products that conform to the stringent quality standards of Namibia Dairies. “Any accusation regarding irregular procurement practices in this regard and nepotism in the awarding of supplier contracts, as insinuated in the article, lack substance. We apply rigorous and meticulous internal procedures that prevent such incidents from occurring within our procurement system,” Namibia Dairies’ Managing Director, Hubertus Hamm concluded.

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