



APRIL 2023

Global Dairy UPDATE



- New Zealand, EU and US monthly production increase, Australia production continues to decline. New Zealand and Australia down on a 12 month basis.

- Methane joint venture "now open for business".



- Monthly exports decline across all regions.



- China, Latin America and Asia monthly imports increase. Middle East & Africa monthly imports decline.

- Celebrating success – Awards round up.



- Fonterra New Zealand milk collections for March were 137.8 million kgMS, 0.7% higher than March in the prior season. Season-to-date collections are 1.0% down on last season.
- Fonterra Australia milk collections for March were 8.5 million kgMS, 6.9% up on March in the prior season. Season-to-date collections are 0.9% down on last season.



Key Dates



25 May 2023
FY23 Q3 Business Update

1 June 2023
Start of the 2023/24 Season

31 July 2023
End of FY23 Financial Year



New Zealand, EU and US monthly production increase, Australia production continues to decline

To view a chart that illustrates year-on-year changes in production –

NEW ZEALAND

0.3%↑

Change for March 2023 compared to March 2022

1.9%↓

Change for the 12 months to March 2023

New Zealand¹ milk production was up 0.3% on a litres basis, (up 1.0% on milk solids basis) in March compared to March the year prior.

Favourable pasture growing conditions have contributed to increased production in the North Island while South Island collections are stabilising following dry conditions.

New Zealand milk production for the 12 months to March was down 1.9% on the previous comparable period.

Fonterra New Zealand collections are reported for March, see page 5 for details.

AUSTRALIA

5.3%↓

Change for February 2023 compared to February 2022

6.6%↓

Change for the 12 months to February 2023

Australia milk production decreased 5.3% in February compared to February the year prior.

While Autumn conditions look more favourable, record rainfall and flooding throughout spring continues to impact availability and quality of pasture. Combined with the increasing cost of feed, Australian milk production remains constrained.

Australia milk production for the 12 months to February was 6.6% lower compared to the previous comparable period.

Fonterra collections in Australia are reported for March, see page 5 for details.

EUROPEAN UNION

0.7%↑

Change for February 2023 compared to February 2022

0.1%↑

Change for the 12 months to February 2023

EU milk production² increased 0.7% in February compared to February the year prior.

The production increase was driven primarily by Germany, the Netherlands and Belgium, and partially offset by declines in France, Spain and Hungary.

EU milk production for the 12 months to February was up 0.1% on the previous comparable period.

Increases in Poland, the Netherlands and Germany were largely offset by declines in Italy, Spain and France.

USA

0.5%↑

Change for March 2023 compared to March 2022

0.6%↑

Change for the 12 months to March 2023

US milk production increased by 0.5% in March compared to March the year prior.

Production continued to increase year-on-year although at a slower pace compared to prior months. This was driven by growing herd sizes. However, on farm cost and margin pressures could lead to cow culling in the coming months.

Milk production for the 12 months to March increased 0.6% on the previous comparable period.

1 New Zealand production is measured in litres.

2 Excludes UK.



Monthly exports decline across all regions

To view a chart that illustrates year-on-year changes in exports –

NEW ZEALAND

6.2% ↓

Change for March 2023 compared March 2022

3.8% ↓

Change for the 12 months to March 2023

Total New Zealand dairy exports decreased 6.2%, or 21,038 MT, in March compared to March the year prior.

The decrease was driven by lower shipments of WMP to China and Indonesia. This was partially offset by an increase in exports of infant formula.

Exports for the 12 months to March were down by 3.8%, or 131,035 MT, on the previous comparable period. This was primarily driven by decreases in WMP and MPC, and partially offset by increases in SMP and AMF.

AUSTRALIA

32.3% ↓

Change for February 2023 compared to February 2022

16.9% ↓

Change for the 12 months to February 2023

Australia dairy exports decreased 32.3%, or 25,535 MT, in February compared to February the year prior, which benefited from very strong export volumes to China.

Lower volumes of fluid milk products to China as well as a decrease in cheese and SMP are driving this decrease.

Exports for the 12 months to February were down 16.9%, or 156,642 MT, on the previous comparable period.

This was predominantly driven by decreases in fluid milk products, WMP and cheese.

EUROPEAN UNION

1.4% ↓

Change for February 2023 compared to February 2022

9.4% ↓

Change for the 12 months to February 2023

EU dairy exports decreased 1.4%, or 6,911 MT, in February compared to February the year prior.

The decline in export volumes continues to be driven by lower fluid milk products shipments to China and cheese to China and Ukraine, partially offset by an increase in infant formula to China and SMP exports to Algeria and Yemen.

Exports for the 12 months to February were down 9.4%, or 667,202 MT, on the previous comparable period, driven by declines in fluid milk products, cheese and WMP and partially offset by increases in infant formula and cultured products.

USA

1.4% ↓

Change for February 2023 compared to February 2022

5.6% ↑

Change for the 12 months to February 2023

US dairy exports decreased 1.4%, or 2,957 MT, in February compared to February the year prior. It is the first year-on-year decrease since April 2022.

Lower demand for WPC, fluid milk products and infant formula was partially offset by an increase in lactose exports to China and New Zealand.

Exports for the 12 months to February were up 5.6%, or 154,814 MT, on the previous comparable period, driven by lactose, cheese, whey and WPC, and partially offset by declines in SMP.



China, Latin America and Asia monthly imports increase. Middle East & Africa monthly imports decline

To view a chart that illustrates year-on-year changes in imports –

LATIN AMERICA

17.9%↑

Change for February 2023 compared to February 2022

11.4%↑

Change for the 12 months to February 2023

Latin America dairy import volumes¹ increased 17.9%, or 27,875 MT, in February compared to February the year prior.

The increase was driven by higher demand for WMP by Brazil, SMP and cheese by Mexico, and partially offset by lower demand for fluid milk products by El Salvador.

Imports for the 12 months to February were up 11.4%, or 235,839 MT, on the previous comparable period, driven by higher volumes of WMP, SMP, cheese and infant formula.

ASIA

0.3%↑

Change for February 2023 compared to February 2022

3.2%↓

Change for the 12 months to February 2023

Asia (excluding China) dairy import volumes¹ increased 0.3%, or 1,040 MT, in February compared to February the year prior.

The increase was driven by stronger demand for lactose by India and cultured products by the Philippines, and partially offset by lower demand for WMP by Bangladesh and infant formula by Malaysia.

Imports for the 12 months to February were down 3.2%, or 166,620 MT, on the previous comparable period, driven by a decrease in demand for whey, fluid milk products, SMP and cheese.

MIDDLE EAST & AFRICA

4.1%↓

Change for February 2023 compared to February 2022

1.4%↑

Change for the 12 months to February 2023

Middle East and Africa dairy import volumes¹ decreased 4.1%, or 18,255 MT, in February compared to February the year prior.

The decrease was driven by lower volumes of WMP and cheese to Saudi Arabia and Iraq, and partially offset by higher demand of SMP by Morocco and Egypt.

Imports for the 12 months to February were up 1.4%, or 73,951 MT, on the previous comparable period, driven by increases in SMP, infant formula and cheese, and partially offset by a decline in fluid milk products.

CHINA

1.8%↑

Change for March 2023 compared to March 2022

19.6%↓

Change for the 12 months to March 2023

China dairy import volumes increased by 1.8%, or 5,520 MT, in March compared to March the year prior. It is the first year-on-year increase since February 2022.

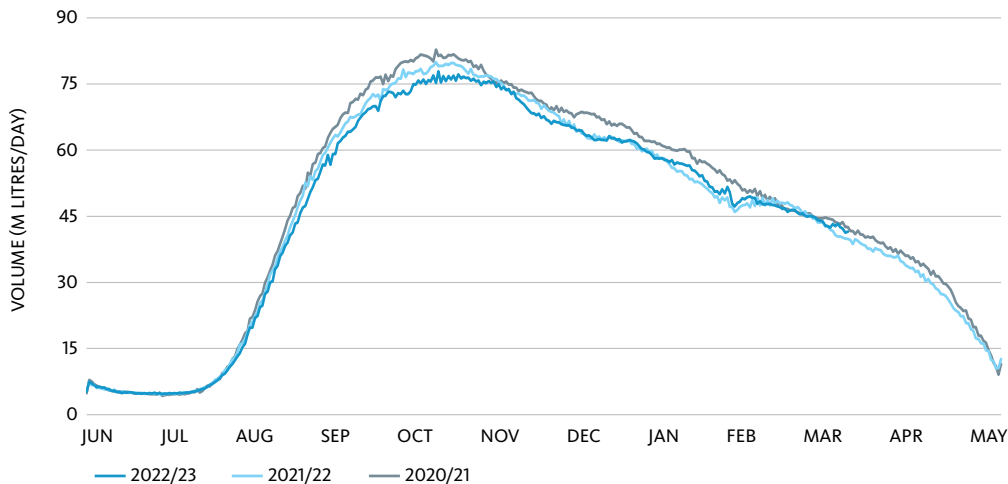
The increase was driven by stronger demand for whey from the US, SMP from New Zealand and infant formula from the Netherlands, and largely offset by lower demand for WMP and fluid milk products. Imports for the 12 months to March were down 19.6%, or 782,447 MT, on the previous comparable period driven by a decline in WMP, fluid milk products and SMP.

¹ Estimates are included for those countries that have not reported data.



To view a table that shows detailed milk collections in New Zealand and Australia compared to the previous season –

New Zealand Milk Collections



NEW ZEALAND

0.7%↑

Change for March 2023 compared to March 2022

1.0%↓

Season-to-date 1 June to 31 March

Fonterra's New Zealand collections for March were 137.8 million kgMS, 0.7% higher than last March.

Season-to-date collections were 1,284.0 million kgMS, 1.0% behind last season.

March weather was mixed with intermittent rain and warmer weather conducive to strong pasture growing conditions. Lower overnight temperatures caused lower milk production early in the month, with a recovery and flattening towards the end of the month.

NORTH ISLAND

1.5%↑

Change for March 2023 compared to March 2022

1.7%↓

Season-to-date 1 June to 31 March

North Island milk collections in March were 75.9 million kgMS, 1.5% ahead of March last season.

Season-to-date collections were 758.6 million kgMS, 1.7% behind last season.

The North Island continues to see a good mixture of weather supporting strong milk supply.

North Island farms are well set up for autumn with strong pasture covers and animal condition.

SOUTH ISLAND

0.3%↓

Change for March 2023 compared to March 2022

0.2%↑

Season-to-date 1 June to 31 March

South Island milk collections in March were 61.8 million kgMS, 0.3% behind last March.

Season-to-date collections were 525.3 million kgMS, 0.2% ahead of last season.

The South Island has seen some good rain and moderate temperatures with more settled conditions.

The South Island continues to benefit from the rainfall, aiding in pasture recovery, and good animal condition should allow for a natural wind down for the season.

AUSTRALIA

6.9%↑

Change for March 2023 compared to March 2022

0.9%↓

Season-to-date 1 July to 31 March

Fonterra's Australia collections for March were 8.5 million kgMS, a 6.9% increase from March last season.

Collections increased year-on-year as a result of recruiting and retaining more Australian dairy farmers across Victoria and Tasmania.

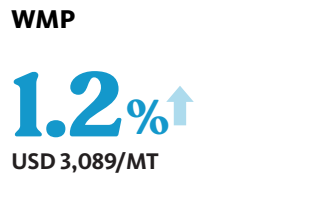
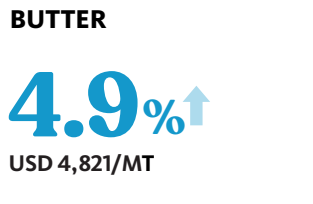
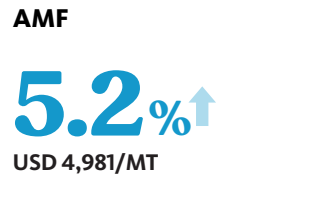
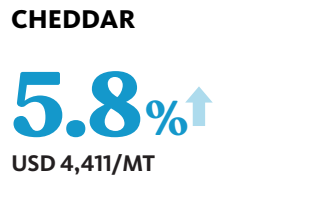
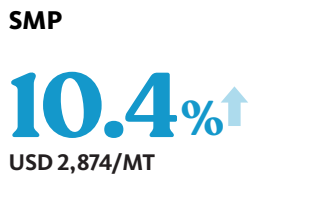
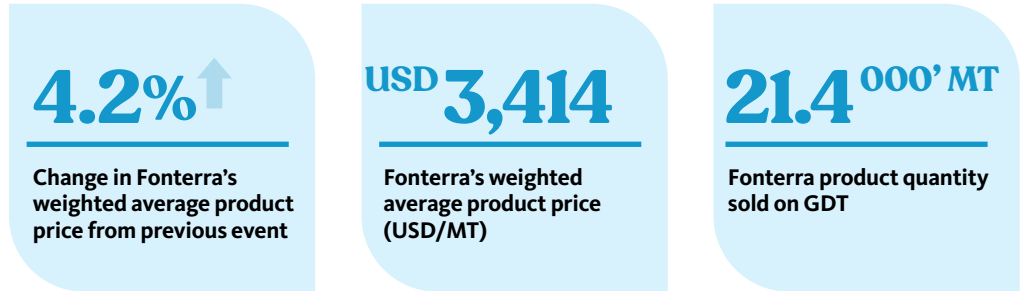
Season-to-date collections reached 82.4 million kgMS, 0.9% behind last season.

OUR MARKETS

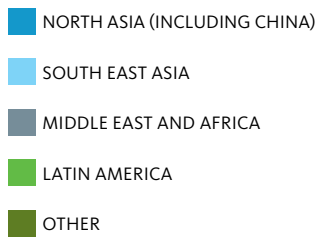
Fonterra Global Dairy Trade Results



Fonterra GDT results at last trading event
18 April 2023:

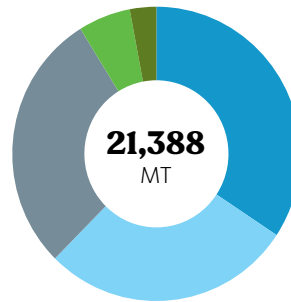


Fonterra GDT sales by destination:

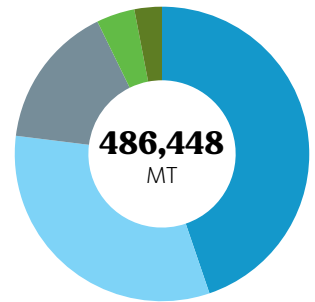


To view more information, including a snapshot of the rolling year-to-date results –

LATEST AUCTION



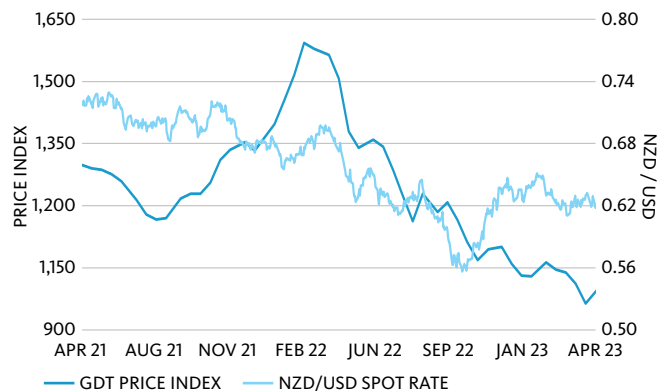
FINANCIAL YEAR-TO-DATE



▶ The next trading event will be held on 2 May 2023. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

The recent turmoil witnessed across financial markets, due to concerns over the health of the global banking sector, receded over the past month as authorities moved to restore confidence in the financial system. This ushered in a period of relative stability across most financial markets, including the NZD/USD exchange rate which did not deviate far from 62 to 63 US cents.





Methane JV "now open for business"

Established in February, the Centre for Climate Action Joint Venture is now open for business and has appointed an experienced Board of Directors, chaired by Sir Brian Roche.

The JV is a world-first investment fund established to help pasture-based farmers in Aotearoa New Zealand reduce their agricultural emissions by 30% by 2030. The JV's role is to help New Zealand farmers by making sure they have equitable access to affordable and effective tools and technology to cut their methane and nitrous oxide emissions, while maintaining efficiency, production and profitability.

The JV's shareholders are Fonterra, ANZCO Foods, Rabobank, Ravensdown, Silver Fern Farms, Synlait, and the Government through MPI. Fonterra will contribute up to \$50 million over the next four years in a public private partnership that's working to find a solution to biogenic methane.

Together the partners will contribute around \$35 million a year until 2025 with the Government matching this contribution, resulting in at least \$170 million invested over this time.

In early April, the JV made its first investment, contributing \$1.8 million to Ruminant BioTech,

a New Zealand-based start-up that is developing a slow-release, biodegradable, methane-inhibiting bolus.

Initial trials are promising, indicating the potential to reduce methane emissions from pasture-fed cows by up to 70% for up to six months.

The bolus is easily swallowed by the cow, and then biodegrades in the rumen. Bolus' are already in use on New Zealand farms.

Joining Sir Brian Roche on the Board are Jessie Chan, Sir Neville Jordan, Greg Murison and our Co-op's Chief Operating Officer, Fraser Whineray.

Executive Director Wayne McNee says the JV is focused on getting tools into farmers' hands.

"Our shareholders are committed to ensuring the JV is commercially led, informed by science, and investing in and developing practical tools to reduce agricultural emissions. We also recognise the importance of intergenerational stewardship (kaitiakitanga) of the land and the key role te ao Maori beliefs, values and aspirations will play in the success of the JV.

"The JV must be a problem solver and value creator. Our shareholders have invested in the JV because it is working to solve the emissions challenge for

our pasture-based farmers, and because it has the potential to be the world leader in commercialising emissions-reduction solutions for pasture-based farmers that can be sold in New Zealand and globally.

"The JV is unique because of the breadth of its sector expertise and commercial focus. New Zealand's pasture-based farming is also unique, so we are working to find tools that will work for our farmers – investing to help turbo-charge innovations through to commercialisation, taking an equity stake in promising new technologies to get these tools into farmers' hands faster, and helping to remove any barriers to farmers being able to use these tools."

Almost half of New Zealand's greenhouse gas emissions come from agriculture, which makes up 75% of New Zealand's goods exports. Since agriculture is the backbone of New Zealand's economy, the importance of reducing emissions in agriculture cannot be understated.

Wayne McNee says, "our global customers are setting ambitious greenhouse gas reduction targets, and if we can't meet these targets, export revenue will be under threat. We must confront this reality, and I believe we can meet the challenge."



Celebrating Success – Awards round up

Fonterra Dairy Woman of the Year

A fourth generation Taranaki farmer, the Executive Director of DCANZ, an Ashburton farmer and a former Northland Dairy Manager of the Year winner are the four finalists for the 2023 Fonterra Dairy Woman of the Year award.

The award recognises an outstanding woman who has contributed to the dairy sector with passion, drive,



innovation and leadership. The finalists are Donna Cram, Kimberly Crewther, Rebecca Miller and Sheena Penwarden.

The winner will be

announced at the Dairy Women's Network annual conference in Invercargill on 3 May.

New Zealand Dairy Industry Awards

Fonterra farmers have claimed more than three quarters of the 2023 regional New Zealand Dairy Industry Awards titles.

24 of the 30 main awards went to Fonterra farmers, including a clean sweep of the Share Farmer of the Year, Dairy Manager of the Year and Dairy Trainee of the Year prizes in five of the 11 regions (Waikato, Bay of Plenty, Canterbury/North Otago,



Manawatu and Taranaki). All 30 regional winners now progress to another judging round with the overall New Zealand winners announced at the National Awards Dinner on May 13 in Auckland. Also announced at

the National Awards Dinner will be the recipient of the 2023 Fonterra Responsible Dairying Award (the John Wilson Memorial Trophy).

Meet the little site in Taranaki behind New Zealand's favourite cheese

Recently, cheese makers from across the country eagerly awaited the results of the New Zealand Champions of Cheese Awards.

More than 250 cheeses were judged by a panel of expert judges, and our Kapiti and Mainland cheeses were some of the favourites – taking home an impressive 39 medals.

Our Fonterra Brands New Zealand site on Bridge Street has been in the Eltham community making cheese



for over a century – including beloved Kiwi brands like Kapiti and Mainland.

The cheese which comes from Bridge Street is special because it is made by hand. All except one of the gold winning Kapiti specialty cheeses are made at our site on Bridge Street.



This includes Kapiti Bridge Street Blue and Ash Brie, which are both from the new Kapiti Artisan range cheeses – recently created by our Master Cheese Maker Cathy Lang.

Supplementary Information

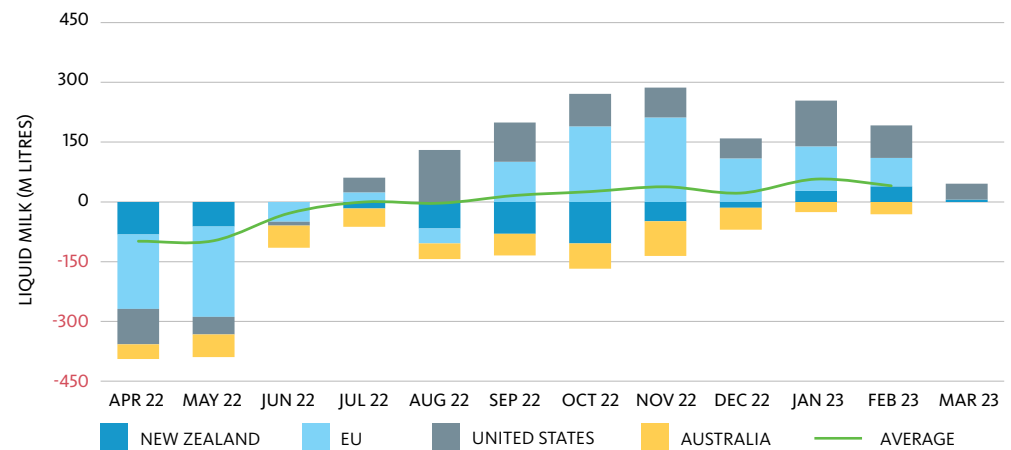
Global Dairy Market

The charts on the right illustrate the year-on-year changes in imports, exports and production for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in imports, exports or production, relative to the same period the previous year.

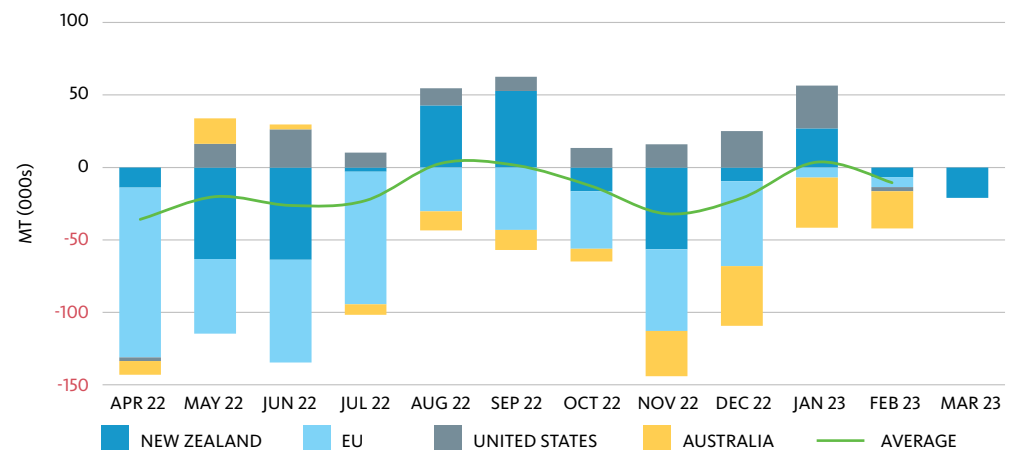
Averages are shown where data is complete for the regions presented.

PRODUCTION



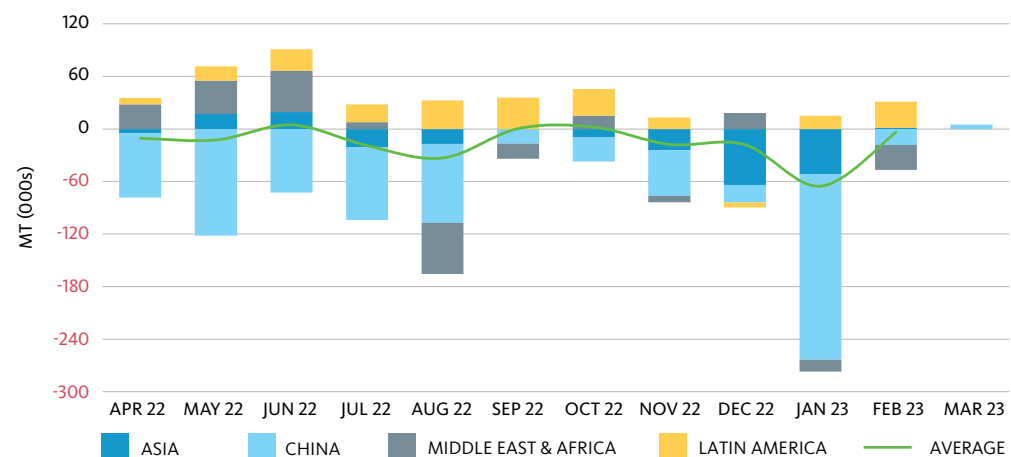
NOTE: Data for EU and Australia to February; New Zealand and US to March.

EXPORTS



NOTE: Data for EU, US and Australia to February; New Zealand to March.

IMPORTS



NOTE: Data for Asia, Middle East & Africa, Latin America to February; and China to March.

SOURCES: Government milk production statistics (DCANZ, Dairy Australia, Eurostat, USDA)/GTA trade data/Fonterra analysis.

Supplementary Information

Fonterra milk production

The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

MILK COLLECTION (MILLION KGMS)	MARCH 2023	MARCH 2022	MONTHLY CHANGE	SEASON-TO-DATE 2022/23	SEASON-TO-DATE 2021/22	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	137.8	136.8	0.7%	1,284.0	1,296.4	(1.0%)
North Island	75.9	74.8	1.5%	758.6	772.1	(1.7%)
South Island	61.8	62.0	(0.3%)	525.3	524.3	0.2%
Australia	8.5	7.9	6.9%	82.4	83.1	(0.9%)

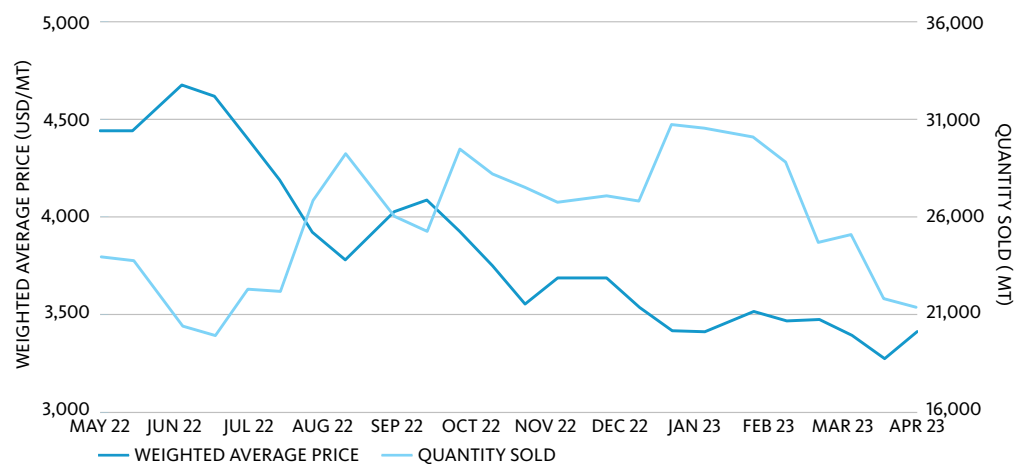
Fonterra GDT results

This table provides more information on the latest results, including a snapshot of the year-to-date results.

	LAST TRADING EVENT (18 APRIL 2023)	YEAR-TO-DATE (FROM 1 AUGUST 2022)
Quantity Sold on GDT (Winning MT)	21,388	486,448
Change in Quantity Sold on GDT over same period last year	2.4%	4.4%
Weighted Average Product Price (USD/MT)	3,414	3,633
Change in Weighted Average Product Price over same period last year	(30.5%)	(17.4%)
Change in Weighted Average Product Price from previous event	4.2%	-

Fonterra GDT results

This chart shows Fonterra GDT prices and volumes over the past 12 months.



Glossary

AMF

Anhydrous Milk Fat.

BMP

Butter Milk Powder.

Cultured Products

Fermented milks that are prepared by using starter cultures and controlled fermentation including yoghurt, yoghurt drinks, sour cream, crème fraîche.

DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

Farmgate Milk Price

The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

Fluid Products

The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

GDT

Global Dairy Trade, the online provider of the twice monthly global auctions of dairy ingredients.

kgMS

Kilogram of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.

MEA

Middle East Africa.

MPC

Milk Protein Concentrate.

Non-Reference Products

All dairy products, except for Reference Products, produced by the New Zealand Ingredients business.

NZMP

New Zealand Milk Products.

Reference Products

The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

Season

New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

SMP

Skim Milk Powder.

WMP

Whole Milk Powder.

WPC

Whey Protein Concentrate.

WPI

Whey Protein Isolate.