



FEBRUARY 2024

Global Dairy UPDATE



• Australia monthly production increased. New Zealand, EU and US monthly production decreased.

• Cheese tops the menu for Lunar New Year.



• Australia and New Zealand monthly exports increased. EU and US monthly exports decreased.



• Latin America, Asia and Middle East & Africa monthly imports increased. China monthly imports decreased.

• Duck River clinches coveted Champion Butter title.



• Fonterra New Zealand milk collections in January were 158.4 million kgMS, 1.8% behind January last season.
• Fonterra Australia milk collections in January were 9.7 million kgMS, 2.1% ahead of January last season.

Key Dates



21 March 2024
FY24 Interim Results Announcement

May 2024
FY24 Q3 Business Update



Australia monthly production increased. New Zealand, EU and US monthly production decreased

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

NEW ZEALAND

1.5%↓

Change for January 2024 compared to January 2023

0.6%↑

Change for the 12 months to January 2024

New Zealand milk production was down 1.5% on a litres basis (down 0.6% on a milk solids basis) in January compared to the same period the year prior.

The decrease was due to hot and dry El Niño conditions in the North Island. This was partially offset by favourable weather conditions in the South Island.

New Zealand milk production for the 12 months to January was up 0.6% on the previous comparable period.

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

AUSTRALIA

2.2%↑

Change for December 2023 compared to December 2022

0.3%↑

Change for the 12 months to December 2023

Australia milk production increased 2.2% in December compared to the same period the year prior.

The production increase was due to favourable weather conditions, with average rainfall events.

Australia milk production for the 12 months to December was up 0.3% on the previous comparable period.

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

EUROPEAN UNION

0.3%↓

Change for December 2023 compared to December 2022

0.0%

Change for the 12 months to December 2023

EU milk production¹ decreased 0.3% in December compared to the same period the year prior.

The production decrease was driven by Ireland, as milk prices fell below cost of production coupled with adverse weather conditions leading to earlier housing of cows.

EU milk production for the 12 months to December was flat.

This is mainly due to decreased milk production in France, offset by increases in Germany and Poland.

USA

1.1%↓

Change for January 2024 compared to January 2023

0.3%↓

Change for the 12 months to January 2024

US milk production decreased 1.1% in January compared to the same period the year prior.

Smaller herd numbers and continued lower milk yield has resulted in a seventh month of consecutive decline in production year-on-year.

Milk production for the 12 months to January was down 0.3% on the previous comparable period.

This is mainly due to smaller herd numbers and continued lower milk yield.

¹ Excludes UK.



Australia and New Zealand monthly exports increased. EU and US monthly exports decreased

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

NEW ZEALAND



Total New Zealand dairy exports increased 12.3%, or 39,118 MT, in January compared to the same period the year prior.

Higher exported volumes of SMP to Southeast Asia and China pushed SMP exports to highest level since December 2014.

Exports for the 12 months to January were up 5.3%, or 179,241 MT, on the previous comparable period.

This was mainly due to increases in SMP, WMP, and AMF volumes to China.

AUSTRALIA



Australia dairy exports increased 8.9%, or 5,219 MT, in December compared to the same period the year prior.

The increase in exports was mainly due to higher export volumes of fluid milk products and whey to China, partially offset by lower export volumes of sweetened milk powder.

Exports for the 12 months to December were down 22.5%, or 185,982 MT, on the previous comparable period.

This was mainly due to the disconnect between Australia's domestic milk price and global commodity price, making exports less competitive.

EUROPEAN UNION



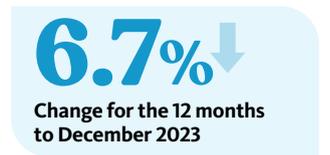
EU dairy exports decreased 6.9%, or 34,843 MT, in December compared to the same period the year prior.

Lower export volumes of SMP and WMP to China were partially offset by higher export volumes of SMP to North Africa, and WMP to Middle East.

Exports for the 12 months to December were up 0.1%, or 6,385 MT, on the previous comparable period.

This was mainly due to higher export volumes of SMP and cheese, partially offset by lower export volumes of infant formula.

USA



US dairy exports decreased 1.1%, or 2,558 MT, in December compared to the same period the year prior.

Butter export volumes fell, particularly to Canada, due to increased pricing impacting demand.

Exports for the 12 months to December were down 6.7%, or 193,403 MT, on the previous comparable period.

This was mainly due to lower export volumes of butter and whey, partially offset by higher volumes of lactose.



Latin America, Asia and Middle East & Africa monthly imports increased. China monthly imports decreased

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

LATIN AMERICA



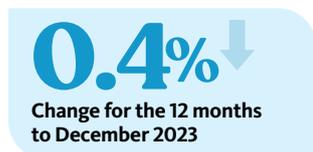
Latin America dairy import volumes¹ increased 7.3%, or 13,540 MT, in December compared to the same period the year prior.

The increase was mainly due to higher volumes of WMP and cheese by Brazil from Argentina.

Imports for the 12 months to December were up 8.3%, or 186,198 MT, on the previous comparable period.

This was mainly due to higher volumes of WMP by Brazil from Argentina, and cheese by Mexico from the US.

ASIA



Asia (excluding China) dairy import volumes¹ increased 21.4%, or 79,786 MT, in December compared to the same period the year prior.

The increase was mainly due to higher volumes of WMP by Bangladesh and Thailand from New Zealand, and fluid milk by the Philippines and Vietnam from the EU.

Imports for the 12 months to December were down 0.4%, or 19,900 MT, on the previous comparable period.

This was mainly due to lower volumes of SMP by Philippines, and partially offset by higher volumes of lactose by India and Vietnam.

MIDDLE EAST & AFRICA



Middle East and Africa dairy import volumes¹ increased 2.7%, or 13,300 MT, in December compared to the same period the year prior.

The increase was mainly due to higher volumes of SMP by Egypt from EU, and butter by Saudi Arabia from both the EU and New Zealand.

Imports for the 12 months to December were up 3.7%, or 201,032 MT, on the previous comparable period.

This was mainly due to higher volumes of SMP by Algeria from the EU and Saudi Arabia from New Zealand.

CHINA



China dairy import volumes decreased by 9.4%, or 24,863 MT, in December compared to the same period the year prior.

The decrease was driven by lower import volumes of WMP and SMP. This was partially offset by an increase in demand for lactose and cheese.

Imports for the 12 months to December were down 9.7%, or 331,586 MT, on the previous comparable period.

This was due to a decline in import demand of WMP and fluid milk products reflecting excess domestic supply.

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

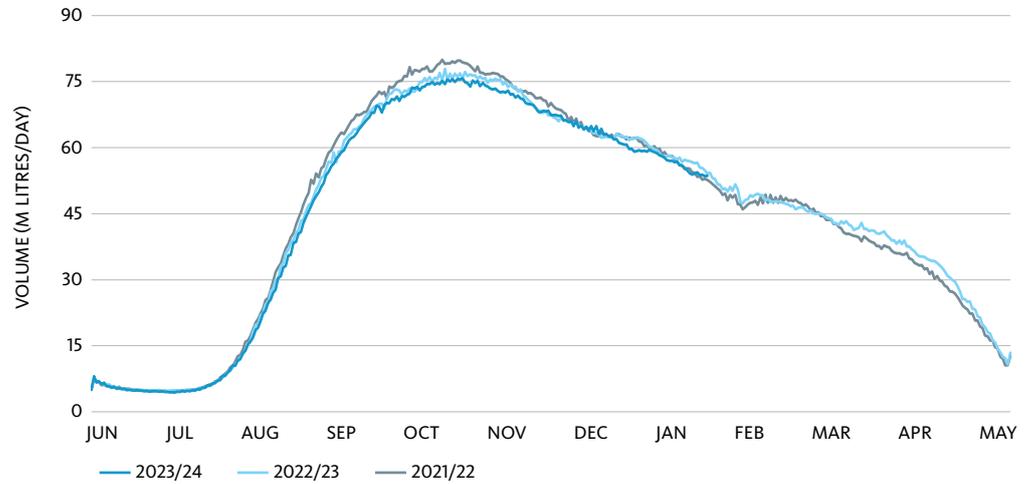
OUR MARKETS

Fonterra Milk Collections



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

1.8% ↓

Change for January 2024 compared to January 2023

0.4% ↓

Season-to-date 1 June to 31 January

Fonterra's New Zealand collections in January were 158.4 million kgMS, 1.8% behind January last season.

The decrease was due to lower collections in the North Island as unfavourable weather conditions impacted production. This was partially offset by favourable weather conditions in the South Island.

Season-to-date collections were 1,012.1 million kgMS, 0.4% lower than last season.

NORTH ISLAND

5.4% ↓

Change for January 2024 compared to January 2023

2.8% ↓

Season-to-date 1 June to 31 January

North Island milk collections in January was 85.7 million kgMS, 5.4% behind January last season.

The decrease was due to hot and dry conditions resulting in lower milk flows.

Season-to-date collections were 594.5 million kgMS, 2.8% behind last season.

SOUTH ISLAND

2.8% ↑

Change for January 2024 compared to January 2023

3.2% ↑

Season-to-date 1 June to 31 January

South Island milk collections in January was 72.7 million kgMS, 2.8% ahead of January last season.

The increase was due to continued favourable weather conditions which saw all regions outperform January last season.

Season-to-date collections were 417.6 million kgMS, 3.2% ahead of last season.

AUSTRALIA

2.1% ↑

Change for January 2024 compared to January 2023

0.5% ↑

Season-to-date 1 July to 31 January

Fonterra's Australia collections in January were 9.7 million kgMS, 2.1% ahead of January last season.

Collections increased in January due to mild temperatures, reducing the impact of heat stress on cows.

Season-to-date collections were 66.5 million kgMS, 0.5% ahead of last season.

Collections increased mainly due to improvement of weather patterns.

Outlook for Fonterra in New Zealand

NZD per kgMS 7.30-8.30

Forecast Farmgate Milk Price for the 2023/24 season

1,465M kgMS

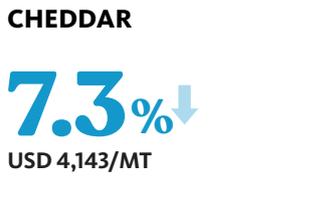
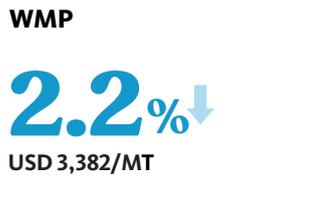
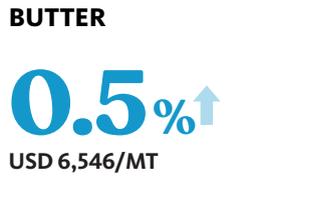
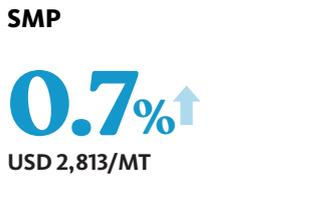
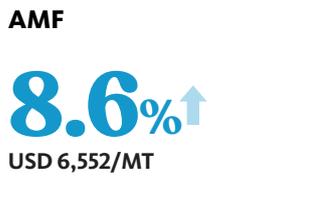
Forecast milk collection for the 2023/24 season

OUR MARKETS

Fonterra Global Dairy Trade Results



Fonterra GDT results at trading event 350
20 February 2024:

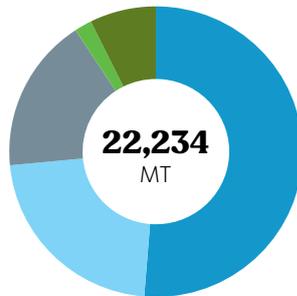


Fonterra GDT sales by destination:

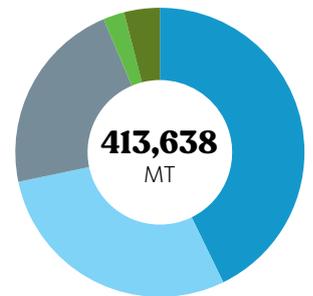
To view more information, including a snapshot of the rolling year-to-date results –



LATEST AUCTION



FINANCIAL YEAR-TO-DATE



► The next trading event will be held on 5 March 2024. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

Financial markets enjoyed a period of relative calm over February. Globally, economic data has evidenced ongoing resilience in labour markets and tentative signs of recovery in the manufacturing sector, while levels of inflation continued to decline – the ensuing positive risk sentiment saw equity markets advance. The NZD/USD exchange rate continued to trade near the 61 US cent level.





Cheese tops the menu for Lunar New Year

Lunar New Year celebrations run throughout mid-February as families gather across China and Southeast Asia to celebrate the Year of the Dragon.

And they're likely to be eating mozzarella and cream cheese produced here in New Zealand.

The fusion of traditional Chinese pastries and dairy ingredients is increasingly popular around Lunar New Year when families gather to celebrate.

Fonterra's Darfield site is forecast to export around 20,000 MT of cream cheese to China this season, and 1,500 MT to Southeast Asia.

Demand for Darfield's cream cheese is increasing, largely driven by an expanding middle class and the growing appetite for cream cheese in a wide range of applications from bakery to beverage.

In fact, the site has increased its production of cream cheese to meet demand in the lead up to Lunar New Year.

The team recently made significant efficiency, quality, and yield improvements – managing to increase annual throughput by an additional 2,100 MT per year – all executed with zero capital spend.

Talking about the improvements, Site Operations Manager Blake Aston says: "We're very connected with our customers in market, and this is a great example of



how the team has embraced process change to meet the increased demand."

Cream cheese from Darfield is commonly used in tea macchiatos in China, made using a base of Chinese tea, topped with a cap of cream and cream cheese that is whipped together until it forms a light and fluffy texture. Other popular items made using cream cheese include cheese lollipops and cheesecakes.

Meanwhile, Fonterra's Clandeboye site exported around 56,000 MT of IQF Mozzarella (Individually Quick-Frozen Mozzarella) in FY23, with China being the main export market at over 60% share.

That's about 1.2 MT of mozzarella for every person in Timaru district (pop: 46,296 at 2018 Census)!

It was part of the 360,000 MT of total product made by the Clandeboye team of 1,000 who live and work in South Canterbury and surrounding areas.

Around 895 farms in the Central South Island supply the milk to Clandeboye site, which ends up in dumplings and hot pots around Lunar New Year.

Demand for IQF Mozzarella into China is currently forecasted to grow 10% year on year as the popularity of pizza in China grows. This includes the expansion of pizza shops into lower tier cities outside of the big cities.

Clandeboye will continue to be an important site for China with it currently producing 90% of all IQF Mozzarella made by Fonterra.

Conrad Harle, Clandeboye Site Operations Manager, says: "It's a proud moment to see products made here at Clandeboye ending up on plates in big cities like Beijing, Shanghai, or Hanoi."

"With more than 1,000 employees, we're a big part of the local economy, providing jobs for the region and helping New Zealand succeed on the world stage."



Duck River clinches coveted Champion Butter title

Tasmanian-produced Duck River Premium Butter, crafted at Fonterra Australia's Spreyton site, clinched the coveted title of Champion Butter at this year's Australian Grand Dairy Awards.

This achievement marks the second consecutive win for Duck River, surpassing strong contenders – including another Fonterra Australia finalist, Western Star™ Butter – to secure first place at the forefront of dairy excellence.

Prior to this recognition, Duck River achieved acclaim at the 2023 Dairy Industry Association of Australia (DIAA) Australian Dairy Product Awards, with the Spreyton site securing four gold and two silver medals for butter and milk powder products, and the trophy for the best Consumer Pack Butter in Tasmania.

The Australian Grand Dairy Awards – now in its 25th year – honours the highest quality dairy products throughout Australia and is the premier dairy competition in the nation, celebrating agriculture and food. Duck River's eligibility for national recognition starts with state-based recognition and gold medal victories to ensure only the highest-quality products are up for judging.

Having achieved both state and now national acclaim, Duck River stands as a testament to the outstanding quality of milk produced by Tasmanian dairy farmers and the unwavering dedication of our expert butter makers at Spreyton. This winning combination ensures consumers are buying Australia's finest

crafted butter – only available in Tasmania.

In this year's competition, an expert panel of 17 judges meticulously evaluated close to 400 of Australia's top dairy products based on flavour, aroma, texture, body, and appearance, affirming Duck River's excellence in each category. Judges described Duck River Butter as “smooth, creamy and perfectly salted.”

Fonterra Australia Director of Supply Chain and Operations Rob Howell, shared excitement in Duck River's back-to-back recognition.

“We're exceptionally proud to have taken home the Champion Butter award for the second year running. It would not be possible without our hardworking Tasmanian farmers and the skilful craft of our team at Spreyton who have been making Duck River Butter for more than 26 years,” he said.

“Duck River dates back 120 years to 1904, and it's clear our butter makers are honouring the origins and history of this well-loved butter with back-to-back Champion Butters wins,” Rob added.

Fonterra Australia Senior Brand Manager, Marketing Spreads, Linsey Macintosh said Duck River Butter is found in more than half of Tasmanian households, making it the state's number one butter and spreads brand.

“Duck River Butter is a brand that Tasmanians know and love, and consistently choose to purchase. It doesn't just hold the number one spot in the butter and spreads



category, but it also claims the number one position for repeat rate of purchase,” Linsey said.

“It's impressive, 90 per cent of customers come back again to repurchase,” she added.

Congratulations to everyone contributing to the creation of this iconic butter.

Supplementary Information

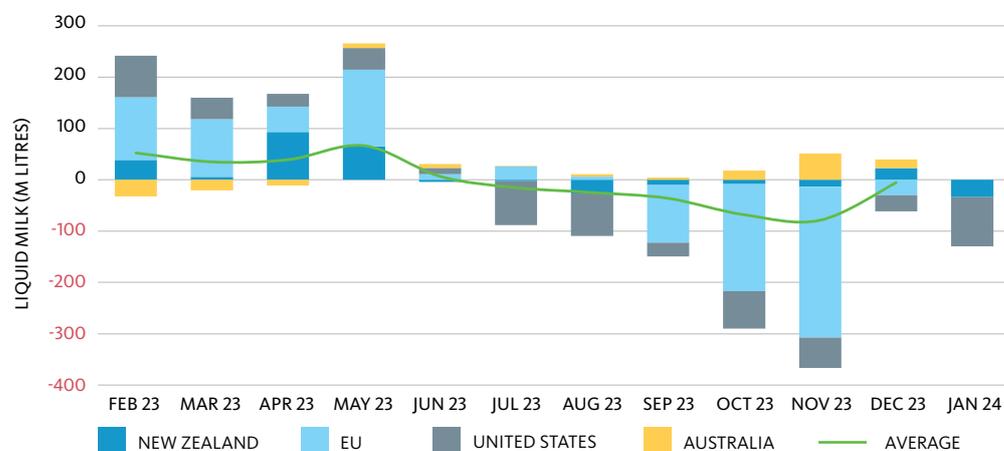
Global Dairy Market

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.

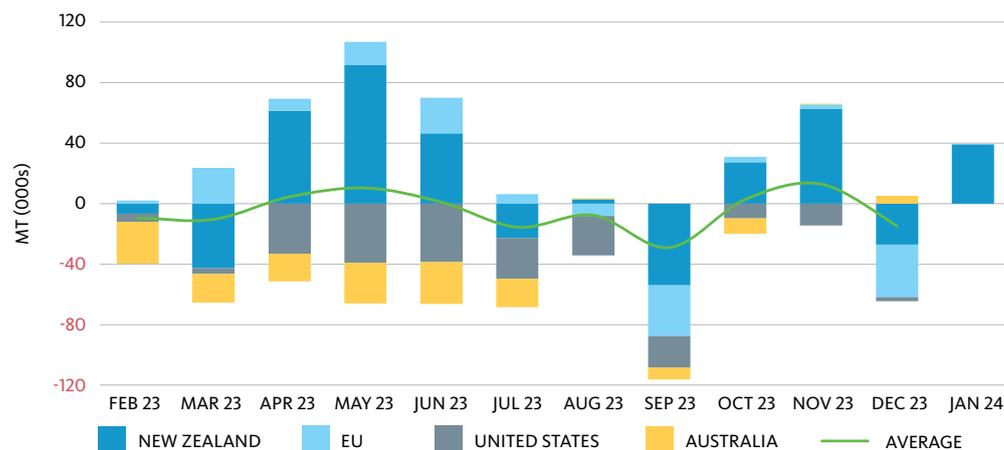
Averages are shown where data is complete for the regions presented.

PRODUCTION



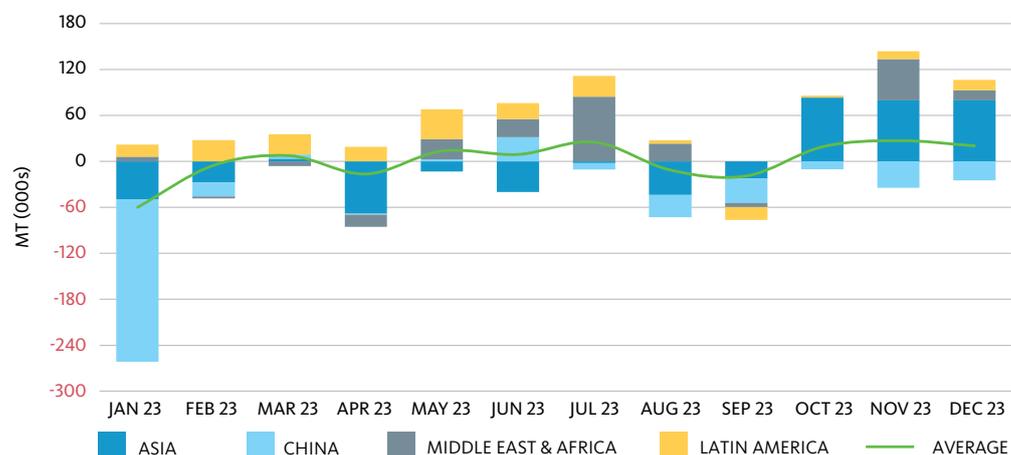
NOTE: Data for EU and Australia to December; New Zealand and US to January.

EXPORTS



NOTE: Data for EU, US and Australia to December; New Zealand to January.

IMPORTS



NOTE: Data for Asia, China, Middle East & Africa, Latin America to December.

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)	JANUARY 2024	JANUARY 2023	MONTHLY CHANGE	SEASON-TO-DATE 2023/24	SEASON-TO-DATE 2022/23	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	158.5	161.4	(1.8%)	1,012.1	1,016.2	(0.4%)
North Island	85.7	90.6	(5.4%)	594.5	611.4	(2.8%)
South Island	72.7	70.8	2.8%	417.6	404.8	3.2%
Australia	9.7	9.5	2.1%	66.5	66.2	0.5%

2023/24 season forecast Farmgate Milk Price (FGMP) update

ANNOUNCEMENT DATE	FORECAST FGMP (NZD)		FORECAST NZD/USD RATE AT ANNOUNCEMENT DATE	FORECAST AVERAGE CONVERSION RATE FOR 2023/24 SEASON	PERCENTAGE OF FOREIGN EXCHANGE EXPOSURE FOR 2023/24 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT
	RANGE	MID-POINT				
12 February 2024	\$7.30-\$8.30	\$7.80	0.6150	0.6136	90%	19%
7 December 2023	\$7.00-\$8.00	\$7.50	0.6144	0.6137	84%	18%

As at the most recent update to the 2023/24 season forecast Farmgate Milk Price dated 12 February 2024:

- Fonterra hedged approximately 90% of the full year forecast USD cash flows related to the 2023/4 season forecast Farmgate Milk Price.
- Of that 90%, approximately 19% was hedged with foreign exchange options which have not yet expired or been exercised.
- If the remaining 10% of the forecast USD cash flows were to be hedged at the 12 February 2024 spot rate of 0.6150, the average NZD/USD conversion rate for the 2024 season would be 0.6136.
- Also shown for information are the equivalent measures at the date of the previous update to the 2023/24 season Forecast Farmgate Milk Price on 7 December 2023.

Supplementary Information

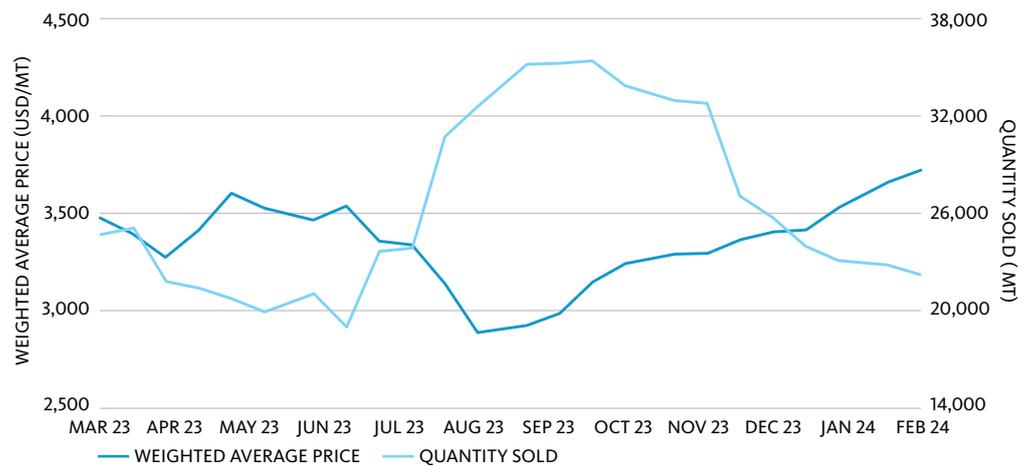
Fonterra GDT results

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

	LAST TRADING EVENT (20 FEBRUARY 2024)	YEAR-TO-DATE (FROM 1 AUGUST 2023)
Quantity Sold on GDT (Winning MT)	22,234	413,638
Change in Quantity Sold on GDT over same period last year	(22.9%)	5.1%
Weighted Average Product Price (USD/MT)	3,722	3,251
Change in Weighted Average Product Price over same period last year	7.3%	(11.9%)
Change in Weighted Average Product Price from previous event	1.7%	-

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.

MPC

Milk Protein Concentrate.

Non-Reference Products

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

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.