



MARCH 2024

Global Dairy UPDATE



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



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



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



- Fonterra's New Zealand collections for February were 136.9 million kgMS, 5.4% higher than last February.
- Fonterra's Australia collections for February were 8.3 million kgMS, 7.7% ahead of February last season.



- On 21 March, Fonterra announced its 2024 Interim Results.

For further details,
visit our website –



- Fonterra eyes Japan's growing dairy ingredients market.

Key Dates



May 2024
FY24 Q3 Business Update

1 June 2024
Start of the 2024/25 Season

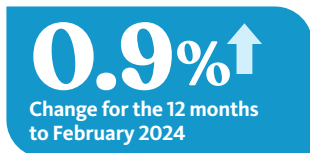
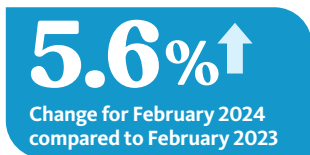
31 July 2024
End of FY24 Financial Year



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

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

NEW ZEALAND



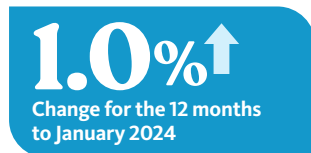
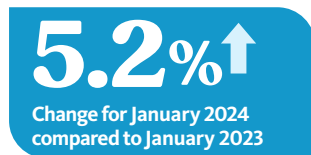
New Zealand milk production was up 5.6% on a litres basis (up 6.5% on a milk solids basis) in February compared to the same period the year prior.

The increase was due to the impacts of Cyclone Gabrielle the same period last year and the South Island's continued strong milk flows this season.

New Zealand milk production for the 12 months to February was up 0.9% on the previous comparable period.

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

AUSTRALIA



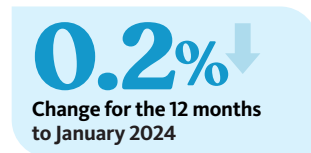
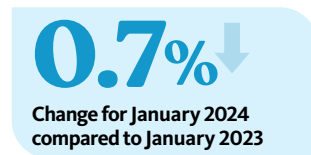
Australia milk production increased 5.2% in January compared to the same period the year prior.

The production increase was due to favourable weather conditions, with mild temperatures reducing heat stress impact.

Australia milk production for the 12 months to January was up 1.0% on the previous comparable period.

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

EUROPEAN UNION



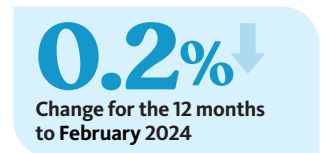
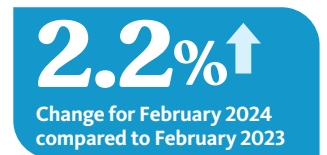
EU milk production¹ decreased 0.7% in January compared to the same period the year prior.

Production decreased in Germany, Ireland and the Netherlands, partially offset by an increase in Poland.

EU milk production for the 12 months to January was down 0.2% on the previous comparable period.

Production decreased in France, Ireland and Italy, partially offset by increases in Germany and Poland.

USA



US milk production increased 2.2% in February compared to the same period the year prior.

USDA states the production increase was due to 2024 being a leap year. Adjusting for the leap year, production is down 1.1% compared to the same period the year prior. This resulted in an eighth month of consecutive decline in production year-on-year due to smaller herd numbers and continued lower milk yield.

Milk production for the 12 months to February was down 0.2% on the previous comparable period.

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

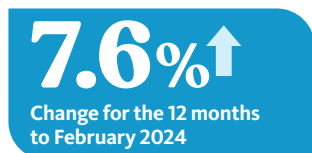
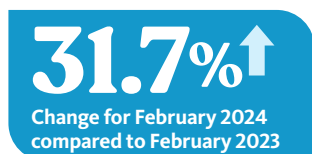
¹ Excludes UK.



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

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

NEW ZEALAND



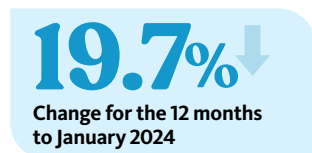
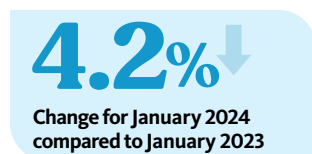
Total New Zealand dairy exports increased 31.7%, or 83,141 MT, in February compared to the same period the year prior.

The increase was mainly due to significant shipping disruptions from Cyclone Gabrielle last year.

Exports for the 12 months to February were up 7.6%, or 255,868 MT, on the previous comparable period.

This was mainly due to higher export volumes of WMP and SMP to China as demand from China recovered.

AUSTRALIA



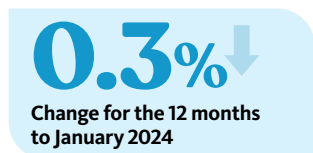
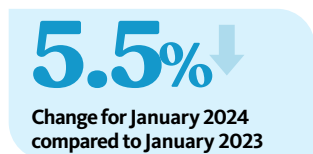
Australia dairy exports decreased 4.2%, or 2,112 MT, in January compared to the same period the year prior.

The decrease in exports was mainly due to lower export volumes of fluid milk products and SMP, partially offset by higher export volumes of cheese.

Exports for the 12 months to January were down 19.7%, or 156,071 MT, on the previous comparable period.

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

EUROPEAN UNION



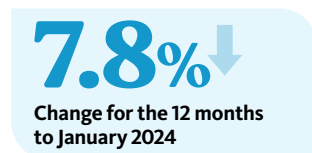
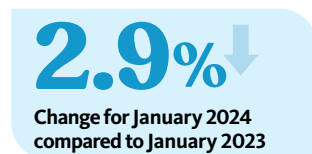
EU dairy exports decreased 5.5%, or 27,744 MT, in January compared to the same period the year prior.

The decrease was mainly due to lower export volumes of SMP to China. This was partially offset by higher export volumes of fluid milk and cream to China, South Korea and the Philippines, and cheese to the US and Saudi Arabia.

Exports for the 12 months to January were down 0.3%, or 20,151 MT, on the previous comparable period.

This was due to lower export volume to China, alongside shifts in processing decisions towards other dairy streams amidst changing market demands.

USA



US dairy exports decreased 2.9%, or 6,232 MT, in January compared to the same period the year prior.

The decrease was mainly due to lower export volumes of non-fat dry milk to Mexico.

Exports for the 12 months to January were down 7.8%, or 226,955 MT, on the previous comparable period.

This was mainly due to lower export volumes of cheese and WPC to Southeast Asia and China.



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

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

LATIN AMERICA

9.3%↑

Change for January 2024 compared to January 2023

9.3%↑

Change for the 12 months to January 2024

Latin America dairy import volumes¹ increased 9.3%, or 17,058 MT, in January compared to the same period the year prior.

The increase was mainly due to higher import volumes of cheese by Mexico and fluid milk products by the Dominican Republic.

Imports for the 12 months to January were up 9.3%, or 212,190 MT, on the previous comparable period.

This was mainly due to higher import volumes of WMP by Brazil, and cheese and SMP from the US by Mexico, mainly due to the current stronger buying power of the Peso.

ASIA

13.2%↑

Change for January 2024 compared to January 2023

0.8%↑

Change for the 12 months to January 2024

Asia (excluding China) dairy import volumes¹ increased 13.2%, or 50,270 MT, in January compared to the same period the year prior.

The increase was mainly due to higher import volumes of SMP from New Zealand by Indonesia, due to lower prices compared to last year, and fluid milk products by the Philippines and Taiwan.

Imports for the 12 months to January were up 0.8%, or 39,181 MT, on the previous comparable period.

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

MIDDLE EAST & AFRICA

0.2%↓

Change for January 2024 compared to January 2023

3.0%↑

Change for the 12 months to January 2024

Middle East and Africa dairy import volumes¹ decreased 0.2%, or 1,005 MT, in January compared to the same period the year prior.

The decrease was mainly due to lower volumes of fluid milk products by Libya and Kenya. This was partially offset by higher volumes of SMP by Egypt and Saudi Arabia.

Imports for the 12 months to December were up 3.0%, or 166,670 MT, on the previous comparable period.

This was mainly due to higher volumes of SMP by Algeria, Saudi Arabia and Iraq. This was partially offset by lower volumes of fluid milk products by Kuwait.

CHINA

14.1%↓

Change for February 2024 compared to February 2023

4.9%↓

Change for the 12 months to February 2024

China dairy import volumes decreased by 14.1%, or 35,740 MT, in February compared to the same period the year prior.

The decrease was driven by lower import volumes of SMP and whey as China demand fluctuates.

Imports for the 12 months to February were down 4.9%, or 156,005 MT, on the previous comparable period.

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

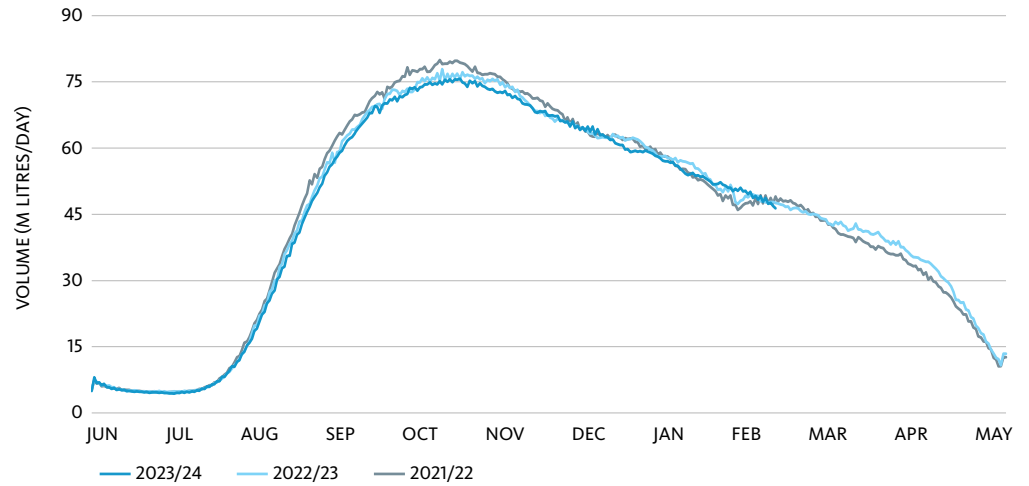
¹ Estimates are included for those countries that have not reported data.

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

5.4%↑
Change for February 2024 compared to February 2023

0.2%↑
Season-to-date 1 June to 29 February

Fonterra's New Zealand collections in February were 136.9 million kgMS, 5.4% ahead of February last season. The increase was due to the impacts of Cyclone Gabrielle in the same period last year, continued strong milk flows in the South Island and reduction in heat stress as temperatures return to historical averages across the country. Season-to-date collections were 1,149.0 million kgMS, 0.2% higher than last season.

NORTH ISLAND

0.9%↑
Change for February 2024 compared to February 2023

2.4%↓
Season-to-date 1 June to 29 February

North Island milk collections in February were 71.9 million kgMS, 0.9% ahead of February last season. The increase was due to the impacts of Cyclone Gabrielle in the same period last year. Farmers are using more supplementary feed as pasture conditions decline heading into colder weather. Season-to-date collections were 666.4 million kgMS, 2.4% behind last season.

SOUTH ISLAND

10.8%↑
Change for February 2024 compared to February 2023

4.1%↑
Season-to-date 1 June to 29 February

South Island milk collections in February were 65.0 million kgMS, 10.8% ahead of February last season. The increase was due to continued favourable weather conditions which saw all regions outperform February last season. Season-to-date collections were 482.6 million kgMS, 4.1% ahead of last season.

AUSTRALIA

7.7%↑
Change for February 2024 compared to February 2023

1.2%↑
Season-to-date 1 July to 29 February

Fonterra's Australia collections in February were 8.3 million kgMS, 7.7% ahead of February last season. Collections increased in February due to summer rainfall in eastern and northern Victoria, alongside access to lower-priced irrigation water in these regions. Season-to-date collections were 74.8 million kgMS, 1.2% ahead of last season.

Outlook for Fonterra in New Zealand

For the period 1 June 2023 to 31 January 2024, off-GDT sales have contributed approximately 4 cents per kgMS to the Farmgate Milk Price for the 2023/24 season.

NZD per kgMS **7.50-8.10**
Forecast Farmgate Milk Price for the 2023/24 season

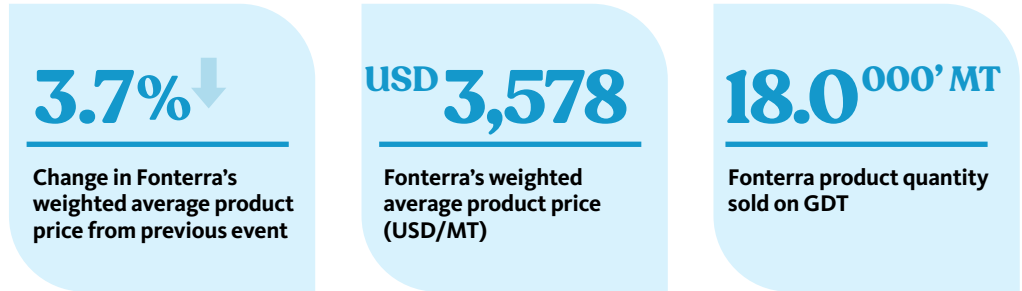
1,465M kgMS
Forecast milk collection for the 2023/24 season

OUR MARKETS

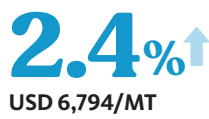
Fonterra Global Dairy Trade Results



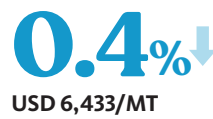
Fonterra GDT results at trading event 352
19 March 2024:



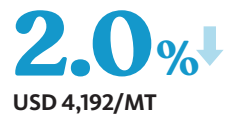
AMF



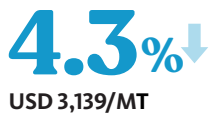
BUTTER



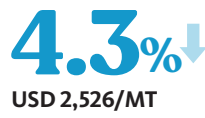
CHEDDAR



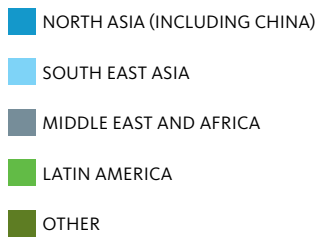
WMP



SMP

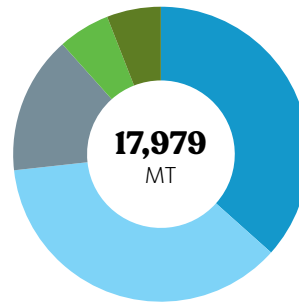


Fonterra GDT sales by destination:

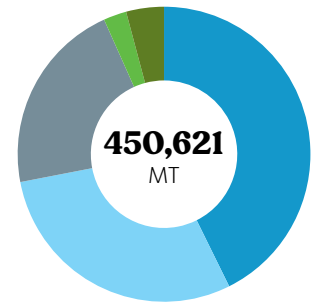


To view more information, including a snapshot of the rolling year-to-date results –

LATEST AUCTION



FINANCIAL YEAR-TO-DATE



▶ The next trading event will be held on 2 April 2024. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

Volatility across financial markets, including foreign exchange, continued to decline over the past month as investors entertained the idea of 'no-landing' for the US economy – where inflation returns to within the US Federal Reserve's target band, while growth continues to expand and labour markets remain relatively firm. The NZD/USD exchange rate traded within a narrow range of 60.5 to 62 US cents.





Fonterra eyes Japan's growing dairy ingredients market

Japanese consumers pay a premium for food that contain ingredients that support health. The Co-op says they can pay up to 50% more for foods with functional claims.

“Functional ingredients do well in Japan and Fonterra has a clear competitive advantage in the space. It’s our *sonzai-igi* – our reason for being,” says Kunimoto-san, Fonterra’s new President for its North Asia business, comprising Japan and Korea.

Demand for Fonterra dairy ingredients is underpinned by Japan’s demand for functional foods, or food that contain added nutrients that benefit health.

Kunimoto-san says Fonterra’s dairy ingredients have always been part of this trend and the Co-op’s whey protein isolate (WPI), whey protein concentrate (WPC) and milk protein concentrate (MPC) are in demand as a result.

“Fonterra’s dairy ingredients have been quietly at the forefront of the revolution, helping to deliver benefits from satiety to longevity for consumers to live happier, healthier lives,” he says.



There’s a reason the world looks to Japan for inspiration in functional foods – foods that offer health benefits beyond basic nutrition. Japan is home to some of the world’s longest living people with 90,500 centenarians (people over the age of 100). By 2030, 1 in 3 people here will be over the age of 65.

This drives dynamic innovation in active aging and a strong demand for products that support well-being, mobility and combat cognitive decline.

Foods with functional claims typically retail at 1.5 times the price of ordinary foods.

Products like yoghurt containing probiotics, vitamins and minerals can be found in any of the country’s convenience store.

Functional ingredients as innovative differentiator

Kunimoto-san says, “Topping the list is protein, and it would seem the more protein you can include into a product, the better,” he says.

But taste remains fundamental for Japanese consumers.

“No matter how good a product may be for you, if it doesn’t taste right, it’s probably not going to cut it”.

“Our ingredients are ideal because there’s little or no compromise on taste, appearance, or quality”.

To meet customer requirements, Fonterra actively works with technical experts in market and Fonterra Research and Development Centre (FRDC).

The collaboration extends to having a Fonterra resource at customers’ R&D centres and having customer presence at FRDC to jointly develop the next big idea.

Examples of product applications include Fonterra’s MPC, WPC, and WPI used high protein beverage and WPC in milk flavour protein powder.



Supplementary Information

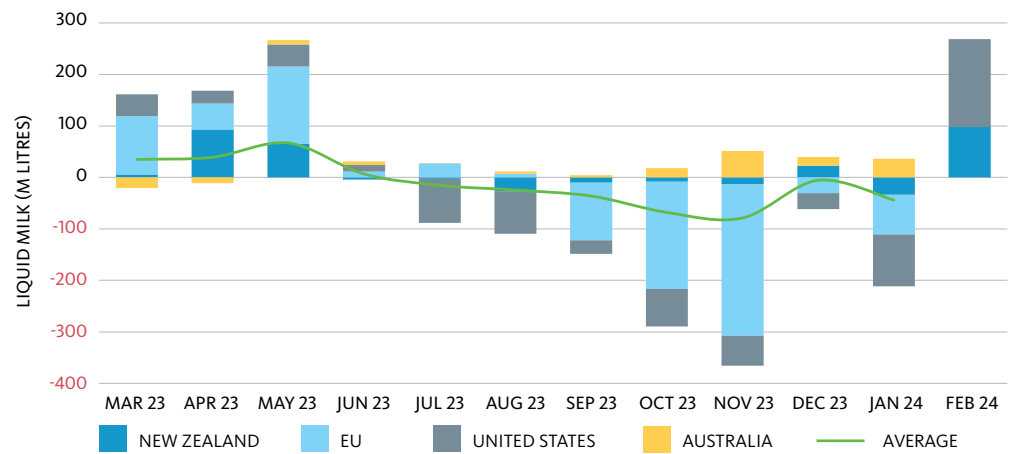
Global Dairy Market

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.

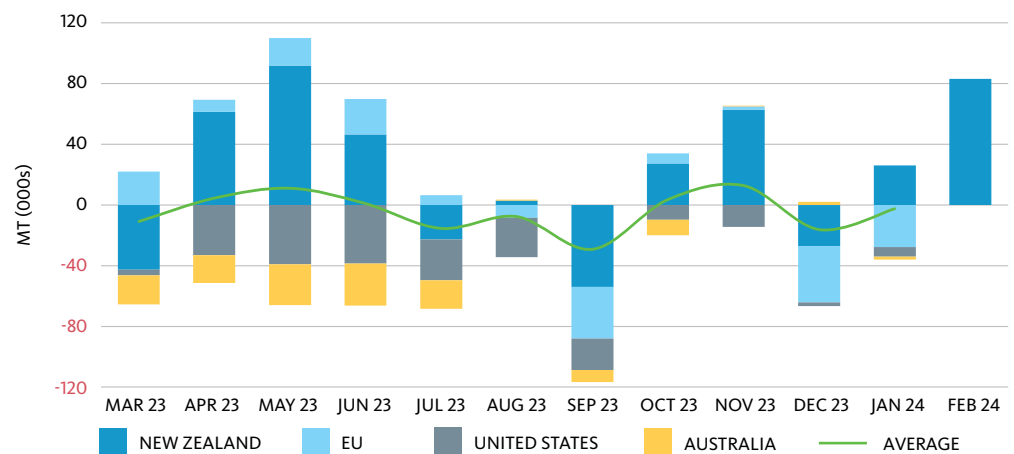
Averages are shown where data is complete for the regions presented.

PRODUCTION



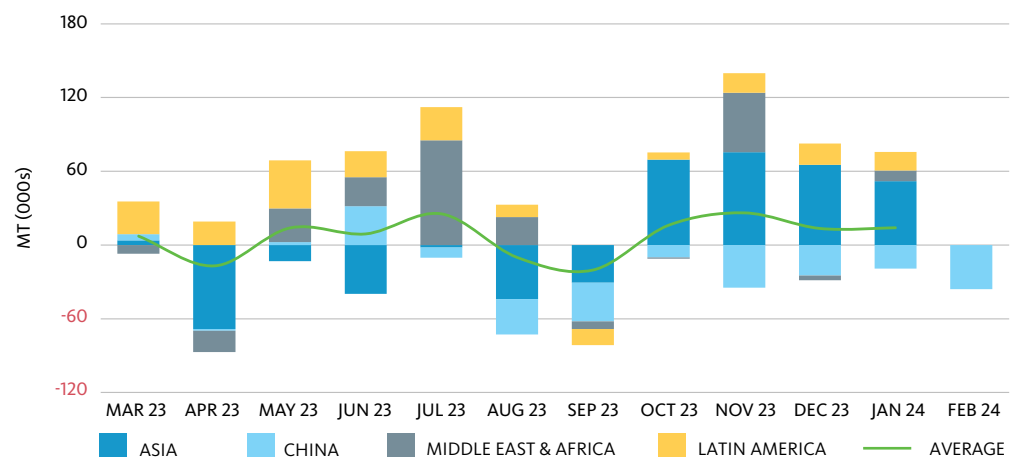
NOTE: Data for EU and Australia to January; New Zealand and US to February.

EXPORTS



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

IMPORTS



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

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)	FEBRUARY 2024	FEBRUARY 2023	MONTHLY CHANGE	SEASON-TO-DATE 2023/24	SEASON-TO-DATE 2022/23	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	136.9	130.0	5.4%	1,149.0	1,146.2	0.2%
North Island	71.9	71.3	0.9%	666.4	682.7	(2.4%)
South Island	65.0	58.7	10.8%	482.6	463.5	4.1%
Australia	8.3	7.7	7.7%	74.8	73.9	1.2%

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				
21 March 2024	\$7.50-\$8.10	\$7.80	0.6082	0.6125	92%	17%
12 February 2024	\$7.30-\$8.30	\$7.80	0.6150	0.6136	90%	19%

As at the most recent update to the 2023/24 season forecast Farmgate Milk Price dated 21 March 2024:

- Fonterra had hedged approximately 92% of the full year forecast USD cash flows related to the 2023/24 season forecast Farmgate Milk Price.
- Of that 92%, approximately 17% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 8% of the forecast USD cash flows were to be hedged at the 21 March 2024 spot rate of 0.6082, the average NZD/USD conversion rate for the 2024 season would be 0.6125.
- 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 12 February 2024.

Supplementary Information

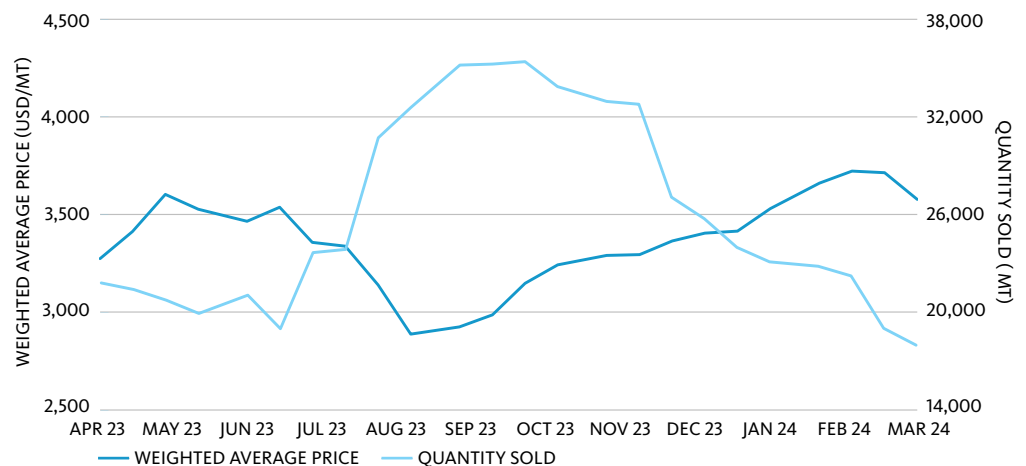
Fonterra GDT results

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

	LAST TRADING EVENT (19 MARCH 2024)	YEAR-TO-DATE (FROM 1 AUGUST 2023)
Quantity Sold on GDT (Winning MT)	17,979	450,621
Change in Quantity Sold on GDT over same period last year	(28.4%)	1.7%
Weighted Average Product Price (USD/MT)	3,578	3,284
Change in Weighted Average Product Price over same period last year	5.4%	(10.3%)
Change in Weighted Average Product Price from previous event	(3.7%)	-

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.