

JULY 2024

Global Dairy UPDATE



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



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



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



- Fonterra's New Zealand collections for the first month of the 2024/25 season were 14.5 million kgMS, less than 1% of the full season forecast.
- Fonterra's Australia collections for the season ended 30 June were 107.0 million kgMS, 1.1% ahead of last season.



- Fonterra confirms transactional advisors.



- Planting hundreds of natives with Trees for Survival.

Key Dates

31 July 2024
End of FY24 Financial Year

25 September 2024
FY24 Annual Results Announcement





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

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

NEW ZEALAND

1.1%↓

Change for June 2024 compared to June 2023

0.8%↓

Change for the 12 months to June 2024

New Zealand milk production decreased 1.1% on a litres basis (down 2.2% on milk solids basis) for June compared to the same period the year prior.

The production decrease was mainly due to farmers drying off calving herds, following unfavourable weather conditions in May and milk price forecast announcements.

New Zealand milk production for the 12 months to June was down 0.8% on the previous comparable period.

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

AUSTRALIA

3.5%↑

Change for May 2024 compared to May 2023

2.9%↑

Change for the 12 months to May 2024

Australia milk production increased 3.5% in May compared to the same period the year prior.

The production increase was mainly due to favourable weather conditions and availability of irrigation water, resulting in increased pasture quality.

Australia milk production for the 12 months to May was up 2.9% on the previous comparable period.

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

EUROPEAN UNION

0.7%↑

Change for May 2024 compared to May 2023

0.1%↑

Change for the 12 months to May 2024

EU milk production¹ increased 0.7% in May compared to the same period the year prior.

The production increase was driven by ongoing growth in France and Poland. Additionally, European raw milk prices have slightly increased to reflect tight supplies in Western Europe.

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

USA

1.0%↓

Change for June 2024 compared June 2023

0.5%↓

Change for the 12 months to June 2024

US milk production decreased 1.0% in June compared to the same period the year prior.

The production decrease was mainly driven by the ongoing outbreak of Highly Pathogenic Avian Influenza (HPAI), resulting in smaller herd sizes and decreased milk yield per cow. This was partially offset by lower feed costs, allowing farmers to feed their cattle increased rations.

US milk production for the 12 months to June was down 0.5% on the previous comparable period.

¹ Excludes UK.



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

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

NEW ZEALAND

6.0%↓

Change for June 2024 compared to June 2023

0.7%↑

Change for the 12 months to June 2024

New Zealand dairy exports decreased 6.0%, or 17,820 MT, in June compared to the same period the year prior.

The decrease was mainly due to reduced demand of whole milk powder and fluid milk products to key markets, such as China and Algeria.

Exports for the 12 months to June were up 0.7%, or 23,264 MT, on the previous comparable period.

This was mainly due to rising demand for SMP and cheese from key Southeast Asian markets such as Indonesia.

AUSTRALIA

17.7%↑

Change for May 2024 compared to May 2023

5.0%↓

Change for the 12 months to May 2024

Australia dairy exports increased 17.7%, or 9,163 MT, in May compared to the same period the year prior.

The increase in exports was mainly due to clearing additional inventory held this year compared to prior year.

Exports for the 12 months to May were down 5.0%, or 34,708 MT, on the previous comparable period.

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

EUROPEAN UNION

3.8%↓

Change for May 2024 compared to May 2023

2.3%↓

Change for the 12 months to May 2024

EU dairy exports decreased 3.8%, or 22,249 MT, in May compared to the same period the year prior.

The decrease was mainly due to lower export volumes of WMP, fluid milk products and cream to key Asian markets.

Exports for the 12 months to May were down 2.3%, or 146,608 MT, on the previous comparable period.

This was mainly due to reduced trade with China, Algeria, Japan, and Saudi Arabia. This was partially offset by higher export volumes of cheese to the US, alongside an increase in whey exports.

USA

0.8%↓

Change for May 2024 compared to May 2023

5.0%↓

Change for the 12 months to May 2024

US dairy exports decreased 0.8%, or 1,852 MT, in May compared to the same period the year prior.

The decrease was mainly due to lower export volumes of SMP, lactose and butter to Southeast Asia and Canada. This was partially offset by higher export volumes of cheese and whey.

Exports for the 12 months to May were down 5.0%, or 145,479 MT, on the previous comparable period.

This was mainly due to lower export volumes of American powder products as worldwide demand continues to decrease. This was partially offset by an increase of export volumes to Mexico.



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

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

LATIN AMERICA

2.1%↑

Change for May 2024 compared to May 2023

6.2%↑

Change for the 12 months to May 2024

Latin America dairy import volumes¹ increased 2.1%, or 4,651 MT, in May compared to the same period the year prior.

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

Imports for the 12 months to May were up 6.2%, or 146,771 MT, on the previous comparable period.

This was mainly due to ongoing higher import volumes of cheese and WMP by Mexico and Brazil.

ASIA

5.6%↑

Change for May 2024 compared to May 2023

5.5%↑

Change for the 12 months to May 2024

Asia (excluding China) dairy import volumes¹ increased 5.6%, or 24,576 MT, in May compared to the same period the year prior.

The increase was mainly due to higher import volumes of whey by Malaysia, the Philippines, and Thailand.

Imports for the 12 months to May were up 5.5%, or 268,038 MT, on the previous comparable period.

This was mainly due to higher import volumes of WMP by Vietnam and fluid milk products by the Philippines.

MIDDLE EAST & AFRICA

6.4%↑

Change for May 2024 compared to May 2023

5.8%↑

Change for the 12 months to May 2024

Middle East and Africa dairy import volumes¹ increased 6.4%, or 30,866 MT, in May compared to the same period the year prior.

The increase was driven by ongoing high import volumes of SMP to Saudi Arabia, fluid milk products to UAE, and whey to Nigeria.

Imports for the 12 months to May were up 5.8%, or 319,565 MT, on the previous comparable period.

This was mainly due to higher volumes of SMP by Saudi Arabia, WMP to the UAE, and cultured products by Iraq.

CHINA

20.5%↓

Change for June 2024 compared to June 2023

12.2%↓

Change for the 12 months to June 2024

China dairy import volumes decreased by 20.5%, or 58,864 MT, in June compared to the same period the year prior.

The decrease was driven by lower import volumes of fluid milk products, WMP and SMP.

Imports for the 12 months to June were down 12.2%, or 393,790 MT, on the previous comparable period.

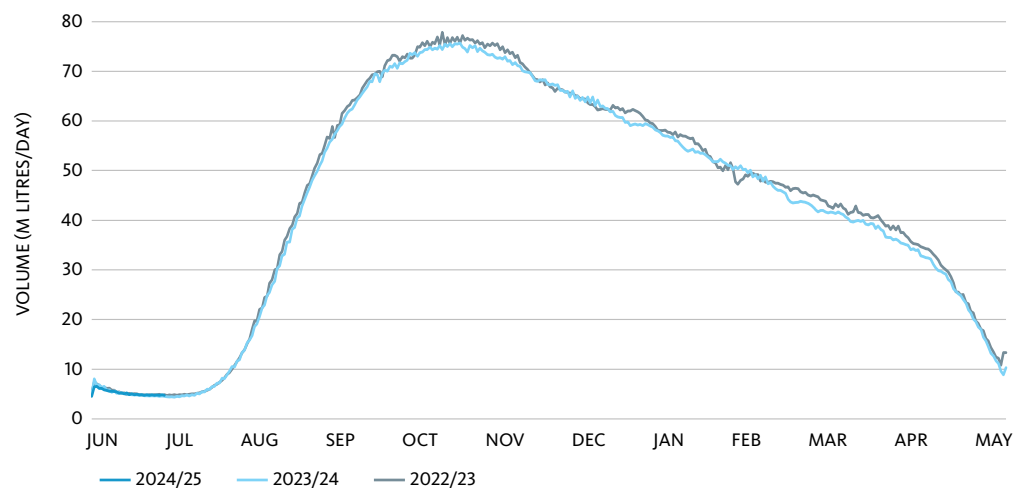
This was mainly due to ongoing decline in import demand of milk powder products as China prioritises local brands.

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

2.1%↓

Change for June 2024 compared to June 2023

2.1%↓

Season-to-date 1 June to 30 June compared to prior season

Fonterra's New Zealand collections for June were 14.5 million kgMS, 2.1% below June last season.

As is normal for this time of the season, collections for June represent less than 1% of the full season forecast.

The decrease was mainly due to unfavourable weather conditions impacting collections in the South Island. This was partially offset by favourable pasture conditions leading to a strong start for North Island collections.

NORTH ISLAND

6.7%↑

Change for June 2024 compared to June 2023

6.7%↑

Season-to-date 1 June to 30 June compared to prior season

North Island milk collections in June were 11.9 million kgMS, 6.7% above June last season.

The increase was mainly due to favourable pasture conditions across the region, continuing on from the strong finish from the end of last season.

SOUTH ISLAND

29.2%↓

Change for June 2024 compared to June 2023

29.2%↓

Season-to-date 1 June to 30 June compared to prior season

South Island milk collections in June were 2.6 million kgMS, 29.2% below June last season.

Although a large variance in percentage terms, June collections in the South Island typically represent less than 0.5% of full season collections.

The decrease was mainly due to unfavourable weather conditions, with dry, cold regions and low sunlight hours affecting pasture growth.

AUSTRALIA

4.2%↑

Change for June 2024 compared to June 2023

1.2%↑

For the 2023/24 Season compared to previous season

Fonterra's Australia collections in June were 6.8 million kgMS, 4.2% above June last season.

The increase was mainly due to strong production in Northern and Eastern Victoria supported by favourable weather conditions, despite lower production volumes in Western Victoria and Tasmania.

The 2023/24 season milk collections for Australia were finalised at 107.0 million kgMS, 1.2% above last season.

OUR MARKETS

Fonterra Global Dairy Trade Results



Fonterra GDT results at trading event 360
16 July 2024:

1.6%↑

Change in Fonterra's weighted average product price from previous event

USD 3,911

Fonterra's weighted average product price (USD/MT)

21.1⁰⁰⁰' MT

Fonterra product quantity sold on GDT

CHEDDAR

5.9%↑

USD 4,217/MT

AMF

3.8%↑

USD 6,764/MT

BUTTER

1.0%↑

USD 6,555/MT

SMP

0.6%↓

USD 2,590/MT

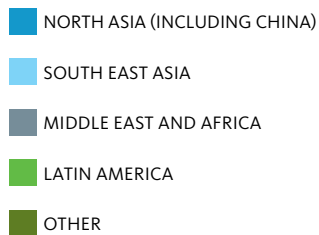
WMP

2.3%↓

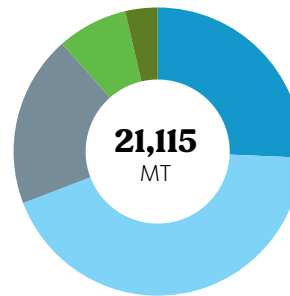
USD 3,134/MT

Fonterra GDT sales by destination:

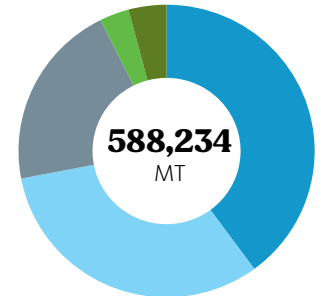
To view more information, including a snapshot of the rolling year-to-date results –



LATEST AUCTION



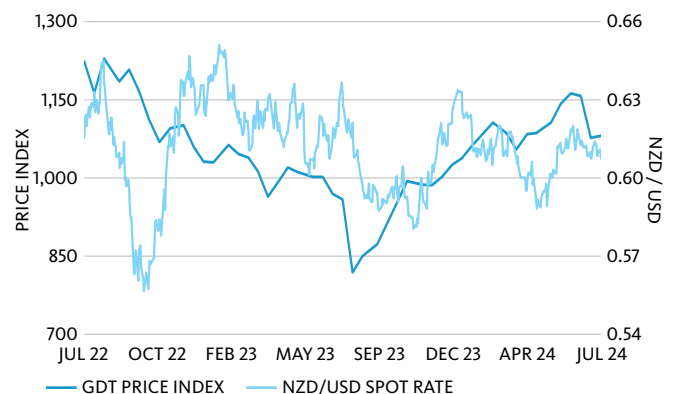
FINANCIAL YEAR-TO-DATE



► The next trading event will be held on 6 August 2024. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

A weaker outlook for growth paired with increased political uncertainty in the US and the spectre of a renewed era of protectionism led to increasingly loud calls for central banks, including the US Federal Reserve, to reduce borrowing costs. Investors began to pare back their exposure to risky assets, such as equities, while safe-haven assets like government bonds outperformed. Against this backdrop the NZD/USD exchange rate declined to near 59 US cents.



Our Performance



Fonterra confirms transactional advisors

On Thursday 25 July, Fonterra confirmed its transactional advisors to support the potential divestment process for the Consumer and integrated businesses in Australia and Sri Lanka.

Mike Cronin, Managing Director Co-operative Affairs who is leading the team working on the potential divestment process, said:

"I can confirm that we have this week appointed Jarden alongside JP Morgan and Craigs Investment Partners to jointly work with us as transactional advisors.

"They'll support us through



the ongoing preparation phase and act as the point of contact for potential buyers going forward.

"We've also recently appointed legal advisors and are close to appointing

additional advisors to provide expert advice in areas such as accounting, to help us make the best decisions for the Co-op through this process," said Mike.

Planting hundreds of natives with Trees for Survival

Students from Vardon Primary School in Hamilton contributed to environmental conservation by planting over 500 native trees on a dairy farm in Morrinsville, thanks to a collaboration between Fonterra and Trees for Survival.

In the previous spring, the Co-op extended its support to Vardon Primary and other North Island schools, aiding them in nurturing native plant seedlings. This initiative provided schools with essential resources, including a custom-built, irrigated shade house. Through Trees for Survival's environmental education programme, students have learned to cultivate and care for native plants.

With the seedlings now mature, the students participated in planting them along waterways and hillsides on the dairy farm. This effort aims to enhance water quality, prevent erosion, and create vital habitats for local wildlife. Despite the challenges posed by recent rainfall, the 30 students engaged eagerly, gaining insights into the ecological and biodiversity benefits of native plants.

Fonterra supplier Vanessa Markwell commented on the experience: "We had a fantastic day hosting the students and witnessing their enthusiasm. It was truly rewarding to see the plants they nurtured from seedlings being planted. Participating in the Trees for Survival programme has been a deeply fulfilling experience for us, and we extend our thanks to Trees for Survival,



Vardon Primary, and Fonterra for this opportunity."

Markwell added, "As Fonterra suppliers, it is gratifying to see the Co-operative supporting initiatives like Trees for Survival. We appreciate everyone involved for making this possible."

In a similar effort last month, 29 students from Ngutunui Enviro School in Pirongia planted 725 native trees on a farm owned by Fonterra farmers. This planting was strategically done near a newly established eel pond to provide shade and a healthier habitat for tuna and other wildlife.

Jane Shaw, a parent of one of the students, praised the initiative: "The support from Fonterra during Ngutunui Enviro School's inaugural year with Trees for Survival has been remarkable. The planting day highlighted the students' dedication and showcased the collaboration between various stakeholders committed to environmental change. The hands-on experience in plant growth, planting, and habitat restoration, combined with a positive attitude, made it a memorable day."

Since announcing its partnership with Trees for Survival in 2022, the Co-op has facilitated the planting



of thousands of trees across Aotearoa New Zealand.

Phil Lyons, National Manager at Trees for Survival, expressed gratitude for Fonterra's support: "We deeply appreciate Fonterra's commitment. Our shared goal is to make a meaningful impact through an innovative environmental restoration and education programme. Together, we are inspiring communities and children to create a lasting legacy while learning about conservation and enhancing local biodiversity."

Shaheen Junge, Fonterra's Community and Social Impact Manager underscored the importance of the partnership: "Our commitment is to effect positive change for future generations. Partnering with Trees for Survival empowers students to actively participate in community stewardship and environmental action."

Supplementary Information

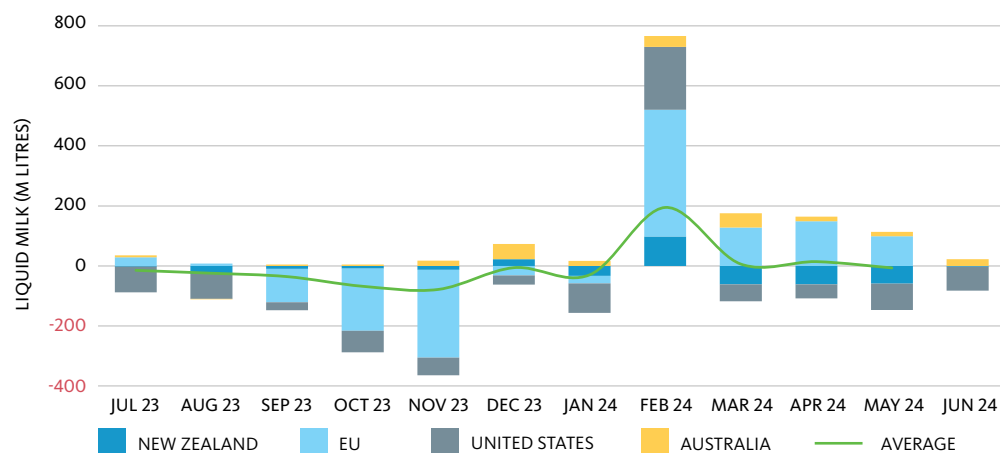
Global Dairy Market

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.

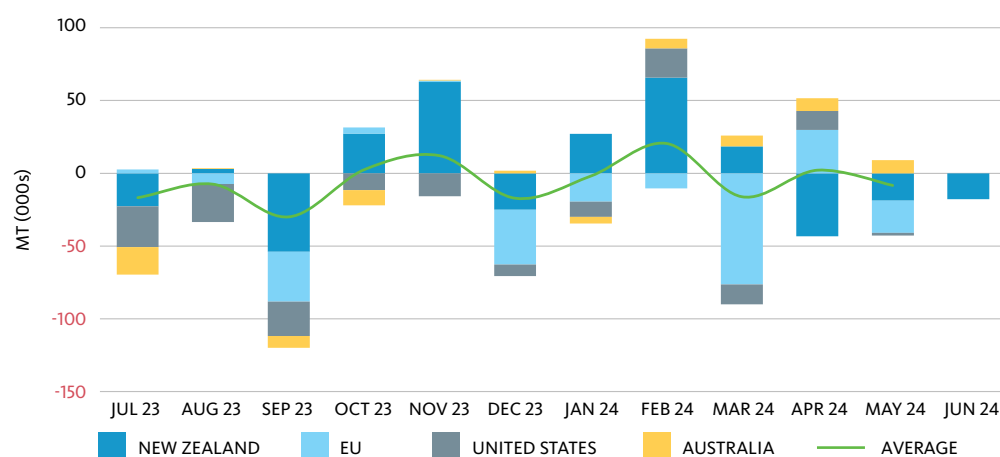
Averages are shown where data is complete for the regions presented.

PRODUCTION



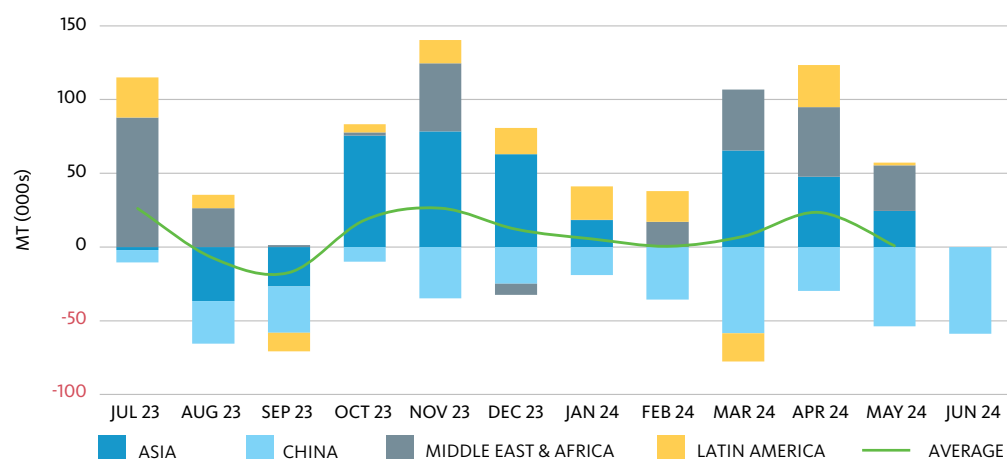
NOTE: Data for EU and Australia to May; New Zealand and US to June.

EXPORTS



NOTE: Data for EU, US and Australia to May; New Zealand to June.

IMPORTS



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

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)	JUNE 2024	JUNE 2023	MONTHLY CHANGE	SEASON-TO-DATE 2024/25	SEASON-TO-DATE 2023/24	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	14.5	14.8	(2.1%)	14.5	14.8	(2.1%)
North Island	11.9	11.1	6.7%	11.9	11.1	6.7%
South Island	2.6	3.6	(29.2%)	2.6	3.6	(29.2%)
MILK COLLECTION (MILLION KGMS)	JUNE 2024	JUNE 2023	MONTHLY CHANGE	SEASON-TO-DATE 2023/24	SEASON-TO-DATE 2022/23	SEASON-TO-DATE CHANGE
Australia	6.8	6.5	4.2%	107.0	105.8	1.2%

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

ANNOUNCEMENT DATE	FORECAST FGMP (NZD)		NZD/USD RATE AT ANNOUNCEMENT DATE	FORECAST AVERAGE CONVERSION RATE FOR 2023/24 SEASON	PERCENTAGE OF FORECAST FOREIGN EXCHANGE EXPOSURE FOR 2023/24 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT
	RANGE	MID-POINT				
29 May 2024	\$7.70-\$7.90	\$7.80	0.6144	0.6126	99%	12%
21 March 2024	\$7.50-\$8.10	\$7.80	0.6082	0.6125	92%	17%

As at the most recent update to the 2023/24 season forecast Farmgate Milk Price dated 29 May 2024:

- Fonterra had hedged approximately 99% of the full year forecast USD cash flows related to the 2023/24 season Farmgate Milk Price.
- Of that 99%, approximately 12% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 1% of the forecast USD cash flows were to be hedged at the 29 May 2024 spot rate of 0.6144, the average NZD/USD conversion rate for the 2024 season would be 0.6126.
- 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 21 March 2024.

2024/25 season forecast Farmgate Milk Price (FGMP) update

ANNOUNCEMENT DATE	FORECAST FGMP (NZD)		NZD/USD RATE AT ANNOUNCEMENT DATE	FORECAST AVERAGE CONVERSION RATE FOR 2024/25 SEASON	PERCENTAGE OF FORECAST FOREIGN EXCHANGE EXPOSURE FOR 2024/25 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT
	RANGE	MID-POINT				
29 May 2024	\$7.25-\$8.75	\$8.00	0.6144	0.6130	49%	11%

For the opening forecast Farmgate Milk Price for the 2024/25 season announced on 29 May 2024:

- Fonterra had hedged approximately 49% of the full year forecast USD cash flows related to the 2024/25 season Farmgate Milk Price.
- Of that 49%, approximately 11% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 51% of the forecast USD cash flows were to be hedged at the 29 May 2024 spot rate of 0.6144, the average NZD/USD conversion rate for the 2024 season would be 0.6130.

Supplementary Information

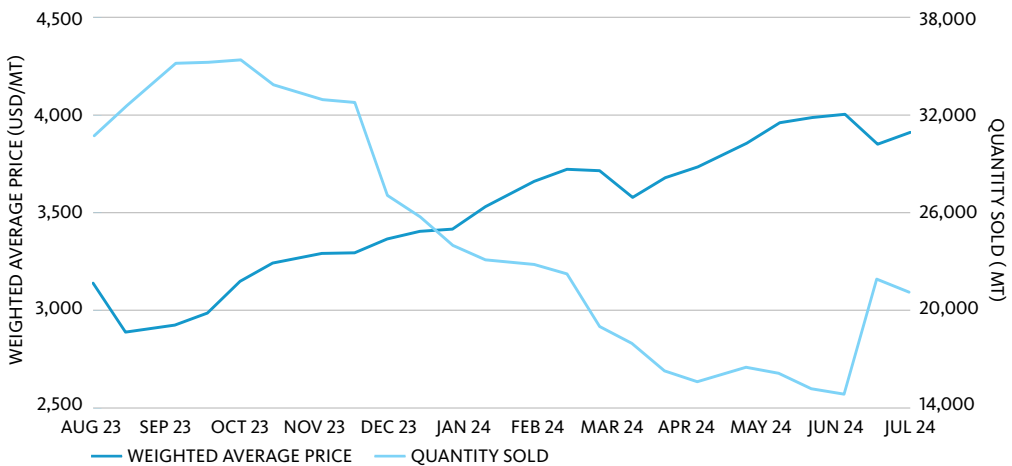
Fonterra GDT results

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

	LAST TRADING EVENT (16 JULY 2024)	YEAR-TO-DATE (FROM 1 AUGUST 2023)
Quantity Sold on GDT (Winning MT)	21,115	588,234
Change in Quantity Sold on GDT over same period last year	(11.5%)	(4.3%)
Weighted Average Product Price (USD/MT)	3,911	3,421
Change in Weighted Average Product Price over same period last year	17.2%	(4.9%)
Change in Weighted Average Product Price from previous event	1.6%	–

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.