



Market Announcement

23 August 2024

Fonterra FY25 forecast Farmgate Milk Price strengthens, FY24 earnings guidance updated

Key points

- Fonterra lifts 2024/25 season forecast Farmgate Milk Price midpoint by 50c to \$8.50 per kgMS
- Uplift to 2024/25 season Advance Rate Schedule, with farmers to be paid more earlier in the season.
- FY24 earnings from continuing operations* expected to be at the top end of the forecast range of 60-70 cents per share.

Fonterra Co-operative Group Ltd has today announced a 50 cent increase in the forecast Farmgate Milk Price midpoint for the 2024/25 season, alongside an uplift to the FY25 Advance Rate Schedule, and advised its FY24 earnings are forecast to be at the top end of the announced range of 60-70 cents per share.

CEO Miles Hurrell says the announcements reflect the recent lift in GDT prices as well as the strength of the Co-op's balance sheet.

"Since announcing our opening FY25 season forecast Farmgate Milk Price in May, GDT prices have improved. We've reflected this in our revised forecast range, with our midpoint lifting 50 cents to \$8.50 per kgMS."

"It's still early in the season, with a relatively small proportion of our sales book contracted, so we are maintaining a wide forecast range. Our new forecast range is \$7.75-\$9.25 per kgMS, up from \$7.25-\$8.75 per kgMS," says Mr Hurrell.

"We're also pleased to be announcing an uplift in our Advance Rate payment schedule, which will see farmers paid more for their milk earlier in the season.

"Our balance sheet strength has allowed us to make several enhancements to the Advance Rate schedule over the last two seasons.

"The adjustments announced today will see farmers paid 10% more of the FY25 forecast Farmgate Milk Price from December paid January compared to other seasons, assisting farmers with on-farm cash flow," says Mr Hurrell.

FY24 forecast continuing earnings

The Co-op has also advised its FY24 earnings from continuing operations are forecast to be at the top end of the announced range of 60-70 cents per share.

“As we look to close out the books for the year, it’s become clear that we have maintained strong performance across FY24.

“We’re indicating we expect our earnings to be at the top end of our forecast range and this puts us on track for a strong full year dividend,” says Mr Hurrell.

Fonterra’s final FY24 earnings remain subject to the finalisation of financial statements and audit. The Co-op will confirm its final FY24 earnings and full year dividend when it reports its financial results in September.

ENDS

**Excludes earnings from discontinued operations. In FY24 discontinued operations were DPA Brazil and in FY23 discontinued operations were DPA Brazil, Soprole and China Farms.*

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