



Media release

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FONTERRA MAINTAINS FORECAST FARMGATE MILK PRICE FOR 2014/15 SEASON

Fonterra Co-operative Group Limited today maintained its forecast Farmgate Milk Price for the 2014/15 season at \$6.00 per kgMS.

Along with a previously announced estimated dividend range of 20-25 cents per share, the forecast Cash Payout for the season is \$6.20-\$6.25.

Chairman John Wilson said the decision to maintain the forecast Farmgate Milk Price reflected the longer term outlook for international prices for dairy.

“Current market views supported by our own forecasting indicate commodity prices improving later this year or in early 2015, with global demand for dairy continuing to grow year on year.

“While the long-term market fundamentals remain sound, we need to recognise that the current market conditions are difficult and there remains further downside risk.

“There is still volatility. This reflects challenges with supply and demand following a good dairy season globally. Given these factors, the forecast is our best judgement at this time.

“It is early in the season, and it is important that our farmers continue exercising caution with their farming business budgets. The reality is, we expect to see ongoing volatility, and we will keep our farmers informed as we move forward. If market conditions change our view, we will update them.

“We will be providing an update on business performance when we announce our Annual Result on 24 September 2014,” said Mr Wilson.

Fonterra is required to consider its Farmgate Milk Price every quarter as a condition of the Dairy Industry Restructuring Act (DIRA).

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About Fonterra

Fonterra is a global leader in dairy nutrition – the preferred supplier of [dairy ingredients](#) to many of the world's leading food companies. Fonterra is also a market leader with our own [consumer dairy brands](#) in Australia/New Zealand, Asia/Africa, Middle East and Latin America.

The [farmer-owned](#) New Zealand co-operative is the largest processor of milk in the world, producing more than two million tonnes of dairy ingredients, value added dairy ingredients, specialty ingredients and

consumer products every year. Drawing on [generations of dairy expertise](#), Fonterra is one of the largest investors in dairy based [research and innovation](#) in the world. Our more than [16,000 staff](#) work across the dairy spectrum from advising farmers on sustainable farming and milk production, to ensuring we live up to exacting quality standards and delivering every day on our customer promise in more than 100 markets around the world.

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