



Media release

24 September 2015

FONTERRA INCREASES 2015/16 FORECAST TOTAL AVAILABLE FOR PAYOUT BY 75 CENTS

Fonterra Co-operative Group is lifting its forecast total available for payout for the 2015/16 season to \$5.00 – \$5.10 kgMS due to an increase in the forecast Farmgate Milk Price of 75 cents.

The forecast total available for payout comprises:

- Forecast Farmgate Milk Price \$4.60 kgMS – up 75 cents
- Forecast earnings per share of 40 - 50 cents.

Farmer shareholders have also been able to apply to receive a loan of an additional 50 cents per share-backed kilogram of milk solids for production through to December, through Fonterra Co-operative Support. So far, over 7,000 applications have been received, around 70 per cent of farmer shareholders.

Mr Wilson said the improved forecast Farmgate Milk Price reflected the lift in global prices since July with Whole Milk Powder increasing 44 per cent and Skim Milk Powder increasing 21 per cent over the period.

“Current global prices are unsustainable. While there are signs that supply growth globally is easing, a lift in demand, which is needed for prices to continue to rise, is still to come,” said Mr Wilson.

Fonterra has also lowered its forecast milk production for the season.

“We are 5 per cent behind last season to date and are currently tracking 8 per cent down on last season on a weekly basis. Farmers are responding to the tough economic conditions and with cow numbers down, less supplements being fed and challenging weather conditions for much of the country, we now expect production to be down by more than 5 per cent for the season,” said Mr Wilson.

Note: currency is New Zealand dollars unless otherwise stated.

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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. It is also a market leader with its own [consumer dairy brands](#) in New Zealand and Australia, Asia, Africa, the Middle East and Latin America. Fonterra is a [farmer-owned](#) co-operative and the largest processor of milk in the world. It is one of the world's largest investors in dairy research and innovation drawing on [generations of dairy expertise](#) to produce more than two million tonnes of dairy ingredients, value added dairy

ingredients, specialty ingredients and consumer products for 140 markets.

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