

Market Announcement

29 OCTOBER 2015

Fonterra welcomes next step in partnership with Beingmate

Fonterra Co-operative Group Limited welcomes the formal approval by the Board of Beingmate Baby and Child Food Company Ltd to establish a joint venture to purchase the Co-operative's Darnum plant in Australia – another milestone in the companies' global partnership.

Chief Executive Theo Spierings said China is a key strategic market for Fonterra, and the global partnership with Beingmate provides significant growth potential for both companies.

"The partnership will create a fully integrated global supply chain from the farm gate direct to China's consumers, using Fonterra's milk pools and manufacturing sites in New Zealand, Australia, and Europe.

"By working with Beingmate, we are creating additional demand for ingredients and high-value paediatric and maternal nutrition products made from our New Zealand milk, complemented by milk drawn from other international milk pools.

"The Beingmate Board's approval is a further important step in our partnership. It is also another milestone in our strategy to increase the volume and value of products we export to China.

"The Australian joint venture will manufacture nutritional powders, including infant formula and other nutritional milk powders, at Darnum in Victoria, for Fonterra and Beingmate and other customers," said Mr Spierings.

Beingmate will own 51 per cent of the joint venture and Fonterra will retain a 49 per cent stake, and run the plant operation.

"Our partnership with Beingmate is already strengthening the presence of our Annum infant formula brand. Distribution through Beingmate is underway, with the first shipments landed in China in June.

"Beingmate has an extensive distribution and sales network with significant growth potential and the company continues to pursue a leading position in the China infant formula market," said Mr Spierings.

The Beingmate Board's approval of the joint venture will now be put to a vote of Beingmate shareholders at an EGM on November 16.

In August 2014, Fonterra and Beingmate announced that they intended to form a global partnership to help meet China's growing demand for infant formula. In March this year Fonterra acquired 18.8 per cent of Beingmate.

-ENDS-

For further information contact:

Simon Till

Director Capital Markets

Phone: +64 21 777807