



Fonterra Shareholders' Fund

2022 Annual Meeting

14 November 2022

A clear glass filled with white milk, with a white straw inserted. The glass sits on a white tablecloth. In the background, there is a bowl of fruit including oranges and lemons, and a plate with some food. The background is softly blurred.

John Shewan

Chair

FSF Management Company

Online question process

Shareholder & Proxyholder Q&A Participation

Written Questions:

- Questions may be submitted ahead of the meeting
- If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime
- Type your question into the field and press submit
- Your question will be immediately submitted

Help:

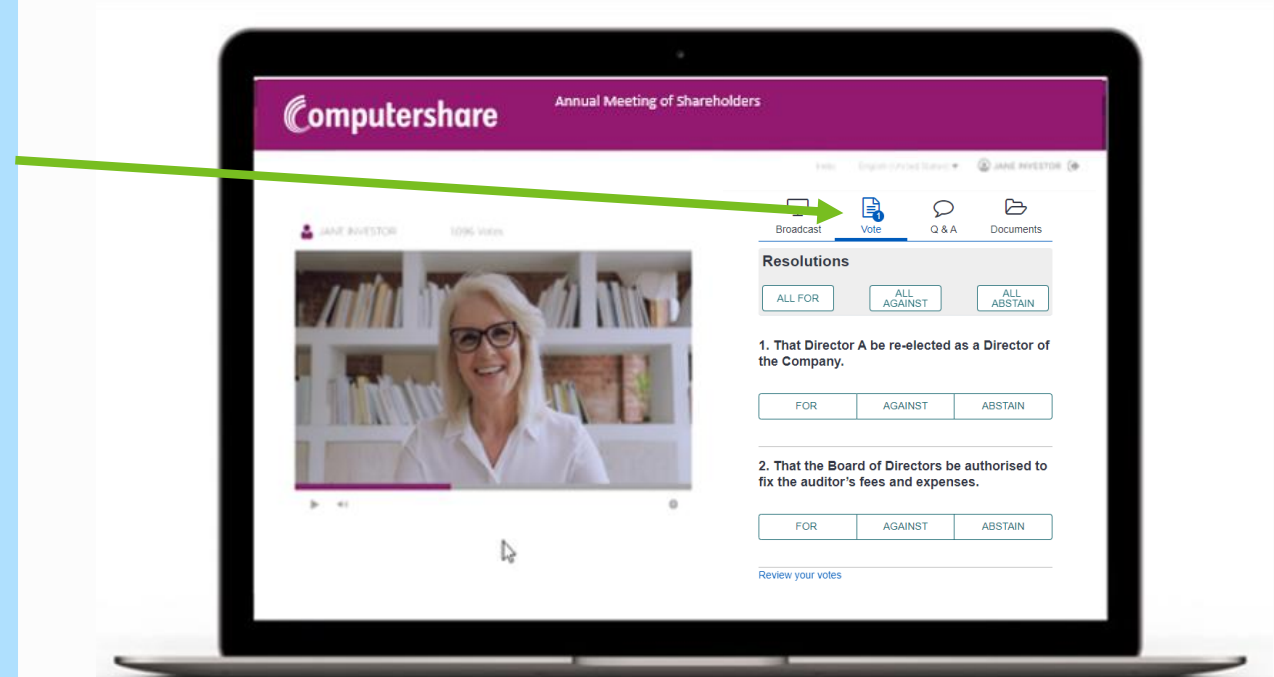
- The Q&A tab can also be used for immediate help
- If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly



Online voting process

Shareholder & Proxyholder Voting

- Once the voting has been opened, the resolutions and voting options will allow voting
- To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen
- You can vote for all resolutions at once or by each resolution
- Your vote has been cast when the tick appears
- To change your vote, select 'Change Your Vote'



Agenda

Welcome and introductions

John Shewan

FSF Management Company Chair's address

John Shewan

Fonterra Chair's address

Peter McBride

Fonterra Management's address

Chris Rowe

Questions

Resolutions to elect Carlie Eve and Alastair Hercus

John Shewan

Addresses by Carlie Eve and Alastair Hercus

Carlie Eve, Alastair Hercus

General Business

John Shewan

Address by retiring Chair

John Shewan

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Fonterra Shareholders' Fund

Board of Directors



John Shewan
Chair



Kim Ellis



Mary-Jane Daly



Donna Smit



Andy Macfarlane

Fonterra Team



Peter McBride



Miles Hurrell



Chris Rowe



Simon Till



Andrew Cordner



FSF Management Company Chair's address

Improved performance in 2022

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- Fonterra delivered a strong financial result, driven by its Ingredients portfolio
- Good progress on key drivers of Fonterra's strategy, focusing on New Zealand milk, sustainability, and dairy innovation and science
- Increased working capital has driven higher debt levels but will improve as working capital returns to normal levels in FY23

Reported profit after tax¹ **\$583 million**

Normalised profit after tax¹ **\$591 million**

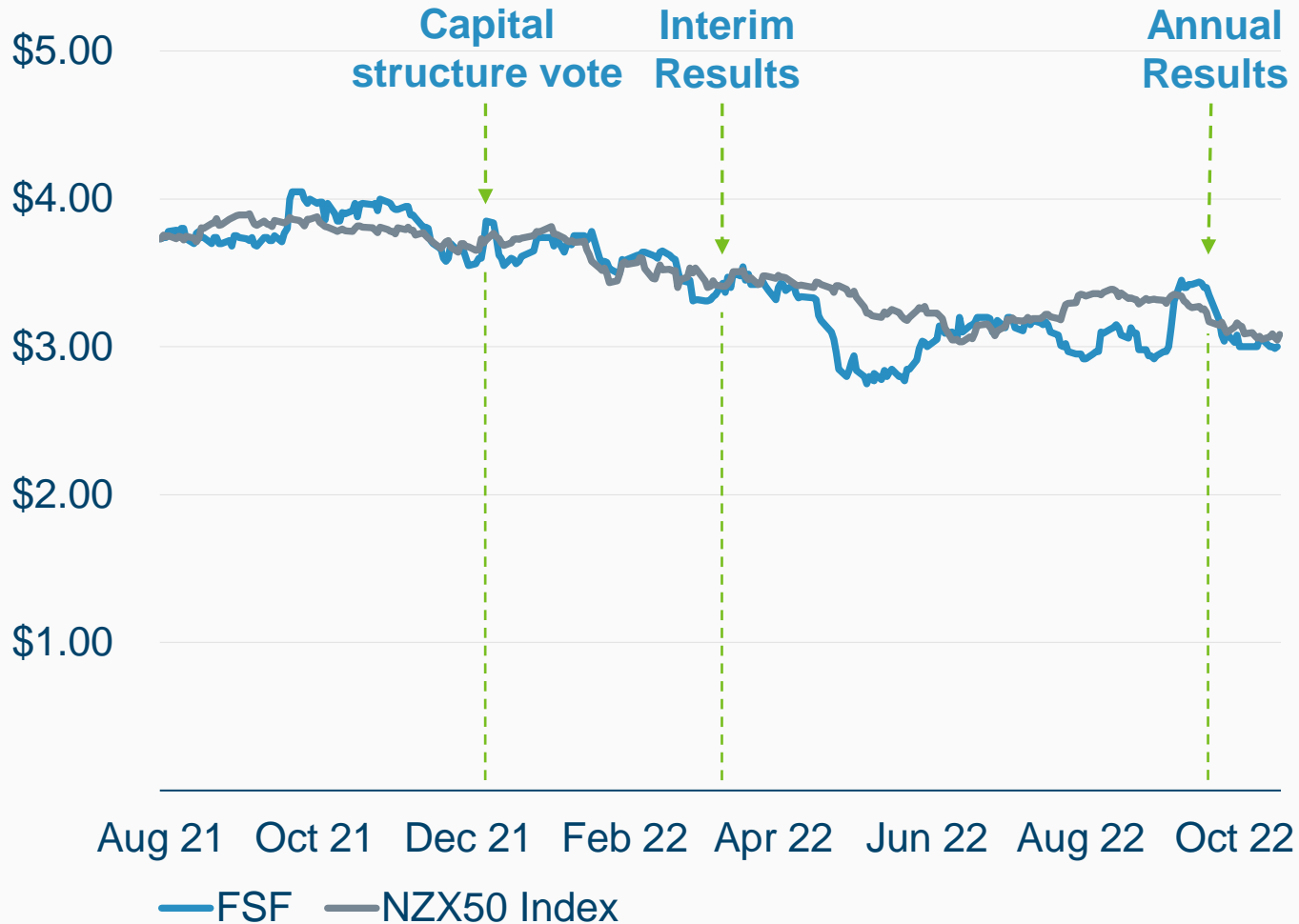
Earnings per share² **35 cents**

Note: For the year ended 31 July 2022.

1. Includes Continuing and Discontinued Operations. Includes amounts attributable to non-controlling interests.

2. On a normalised basis and excludes amounts attributable to non-controlling interests.

Unit price impacted by overhang of capital structure implementation

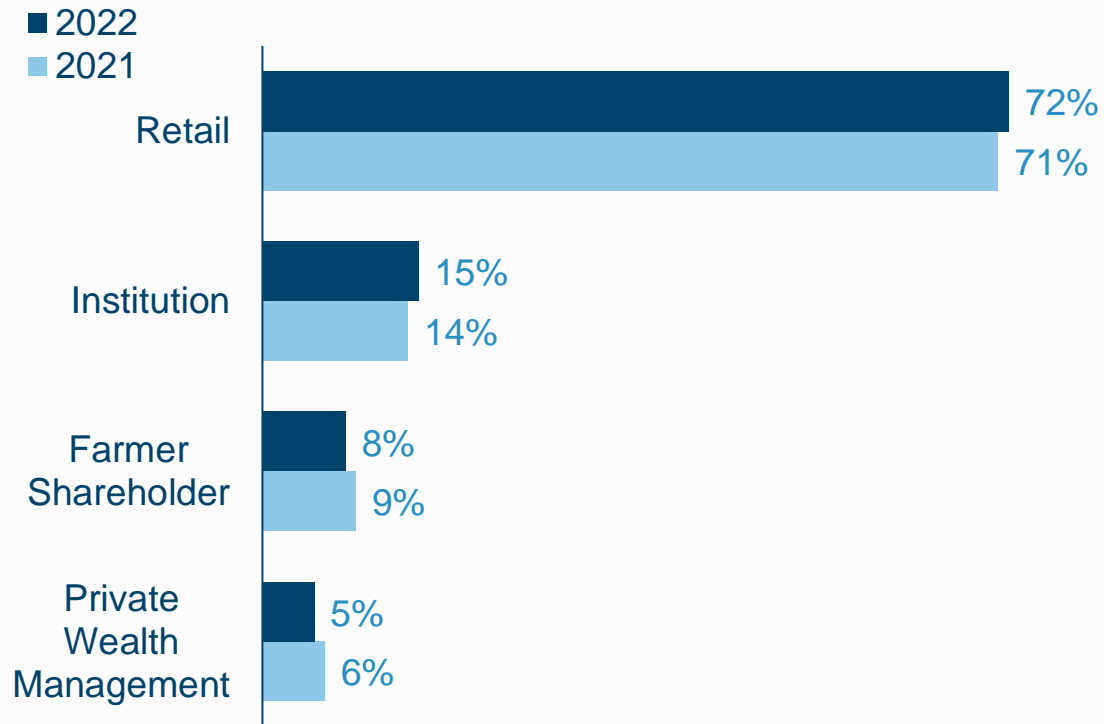


- **Release of FY22 interim results**
Down 8.4%, from \$3.71 to \$3.40
(1 August 2021 – 17 March 2022)
- **Release of FY22 annual results**
Down 8.4%, from \$3.71 to \$3.40
(1 August 2021 – 22 September 2022)

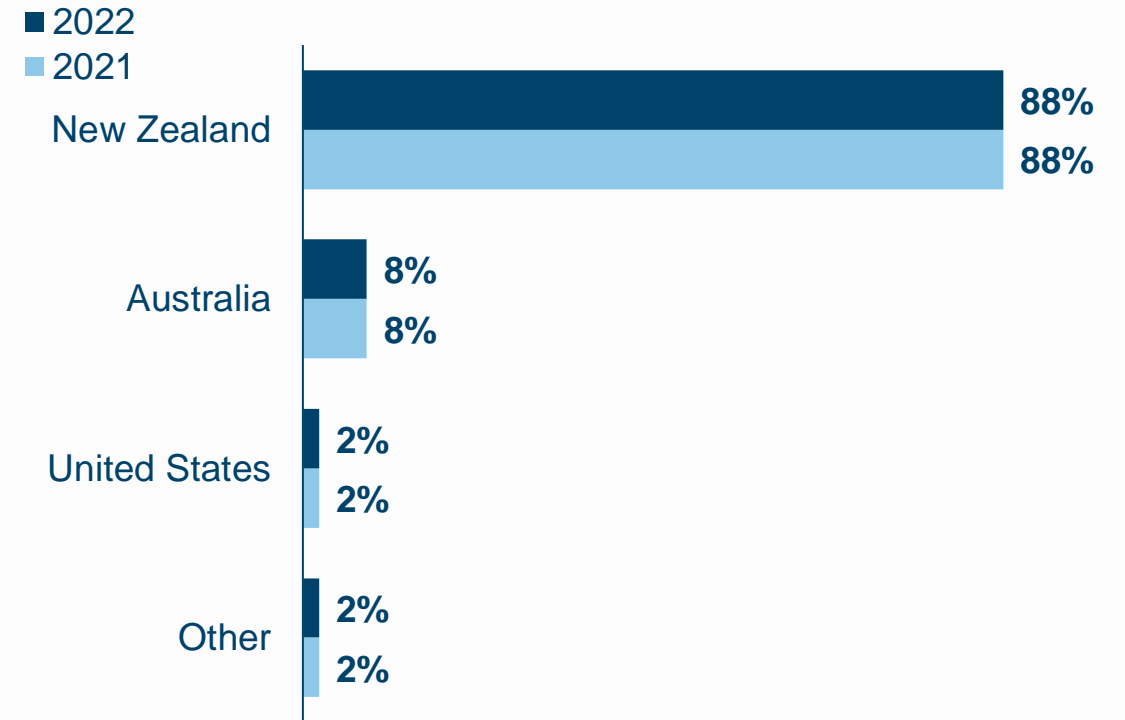
Unit register analysis

- Small increase in retail and institution holdings
- Majority of register held in New Zealand, with offshore holdings stable

Investor Type



Investor Location



Key Fund statistics as at 11 November 2022

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Units on Issue ¹ :	107 million	no change
Fund Market Capitalisation ¹ :	\$325 million	\$93m ↓
Fonterra Market Capitalisation ¹ :	\$4.2 billion	\$1.1b ↓
Fund Size ^{1,2} :	6.7%	no change
Unit Price 12-month High/Low ³ :	\$3.96 (11 Nov 21) / \$2.75 (10 May 22)	

1. At 11 November 2022, relative to 11 November 2021.

2. Fonterra Shareholders' Fund units on issue as a percentage of Fonterra Co-operative Group shares on issue.

3. 12 month period, 11 November 2021 – 11 November 2022.

A close-up photograph of a clear glass filled with milk. A thick, white cream swirl is being poured into the glass from a white tube. The background is softly blurred, showing a table with various items including a bowl of fruit (oranges and lemons), a plate, and a blue and white patterned cloth. The overall scene suggests a healthy breakfast or snack.

Peter McBride

Chair

Fonterra Co-operative Group

We're on track for 2030

	FY20 Actual	FY21 Actual	FY22 Forecast	FY22 Actual	FY30 Year 9 Target
<i>Improved performance</i>					
Milk Price per kgMS (\$)	\$7.14	\$7.54		\$9.30	
Normalised EBIT (\$m)	\$879m	\$952m	\$875-\$975m	\$991m	\$1,325-\$1,425m
Earnings per share (CPS)	24c	34c	25-40c	35c	55-65c
Return on capital	6.6%	6.6%	6.5-7.0%	6.8%	9.0-10.0%
<i>Financial position</i>					
Capital investment (\$m)	\$525m	\$608m	\$650m	\$617m	\$980m
Debt to EBITDA ratio	3.3x	2.7x	2.4x	3.2x	<2.5x
Gearing ratio	44%	39%	35%	42%	<35%
<i>Dividend to shareholders</i>					
Dividends (CPS)	5c	20c	15-20c	20c	40-45c

Flexible Shareholding on track

Government is
supportive

Expect legislation
to progress
through Select
Committee this
year

Implement as
soon as possible

Market making
arrangements and
transitional buy
back in place

Measurement
statement issued
confirming new
minimum
shareholding



Our strategy is built on a strong platform

Our strategic long term aspirations and targets to 2030



PERFORMANCE TARGETS

40–50%

EBIT increase
from FY21

~9–10%

Return on capital

Increase dividends to

~40–45

cents per share

Aspiration to be

**Net zero
by 2050**



INVESTMENT

~\$1 billion

in sustainability

~\$1 billion

moving more milk to
higher value products

~\$160m

per annum in
R&D

~\$2 billion

for mix of
investment in
further growth and
return to
shareholders



DISTRIBUTION OF FUNDS

~\$1 billion

Intended to be distributed to shareholders after asset sales

A close-up photograph of a clear glass filled with milk. A thick stream of milk is being poured from above into the glass, creating a white swirl on top. The background is softly blurred, showing a bowl of fresh fruit including oranges and lemons, and a person's hands in the distance. The overall scene is bright and clean, suggesting a healthy and fresh beverage.

Chris Rowe

Acting Chief Financial Officer
Fonterra Co-operative Group

We've had a good year



Farmgate Milk Price
\$9.30 per kgMS

Dividend
20c per share

Reported profit after tax
\$583 million

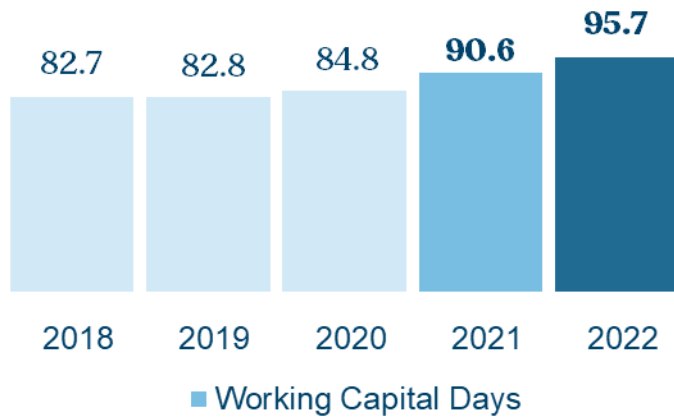
Normalised profit after tax
\$591 million

35c earnings per share

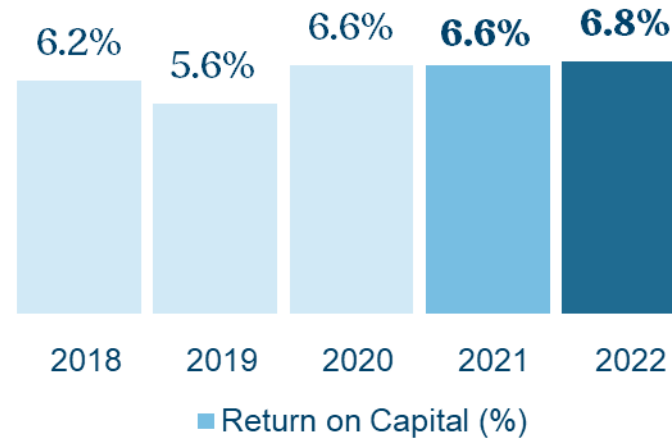
million	2021	2022	%Δ
Sales volume ('000 MT)	4,102	3,924	(4)%
Revenue (\$)	21,124	23,425	11%
Cost of goods sold (\$)	(18,010)	(20,085)	(12)%
Gross profit (\$)	3,114	3,340	7%
Gross margin (%)	14.7%	14.3%	
Operating expenses (\$)	(2,242)	(2,397)	(7)%
Other ³ (\$)	80	48	(40)%
Normalised EBIT (\$)	952	991	4%
Normalised profit after tax (\$)	588	591	1%
Normalised EPS (cents)	34	35	3%

Delivering a solid Total Group business performance

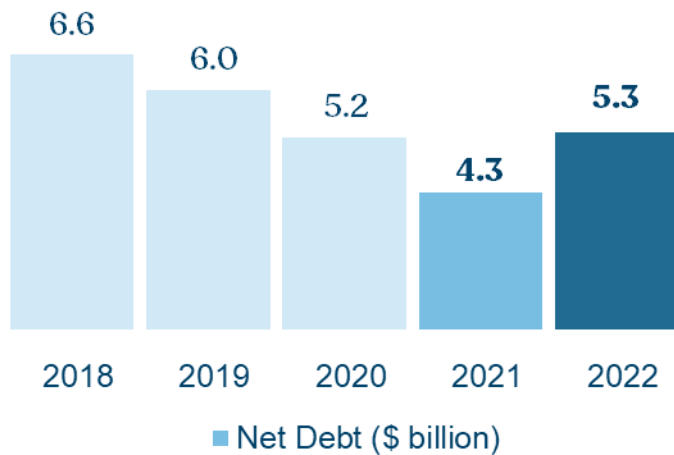
Working Capital



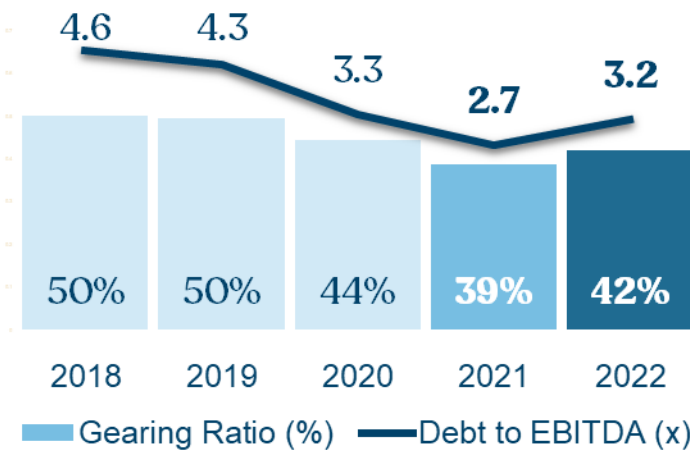
Return on Capital



Net Debt



Leverage



A strong balance sheet enabled us to manage inventory

**We optimised
our business
on the best
performing
products to
capture
higher
returns**

	Asia Pacific	AMENA	Greater China	Total
Volume ('000 MT)	1,370 ↓ 1%	1,355 n/c	1,029 ↓ 13%	3,754 ↓ 4%
EBIT contribution				
 Ingredients	\$192m ↑ \$168m	\$442m ↑ \$231m	\$282m ↑ \$152m	\$916m ↑ \$551m
 Foodservice	\$(13)m ↓ \$92m	\$(4)m ↓ \$19m	\$155m ↓ \$120m	\$138m ↓ \$231m
 Consumer	\$58m ↓ \$144m	\$89m ↓ \$21m	\$(5)m ↓ \$3m	\$142m ↓ \$168m
Total	\$237m ↓ \$68m	\$527m ↑ \$191m	\$432m ↑ \$29m	

Our strategy is built on a strong platform

Our strategic long-term aspirations and targets to 2030



Focus on Aotearoa
New Zealand Milk



PERFORMANCE
TARGETS

40-50%
EBIT increase
from FY21

~9-10%
Return on capital

Increase dividends to
~40-45
cents per share

Aspiration to be
Net zero
by 2050



Be a leader in dairy
Innovation & science



INVESTMENT

~\$1 billion
in sustainability

~\$1 billion
moving more milk to
higher value products

~\$160m
per annum in
R&D

~\$2 billion

for mix of
investment in
further growth and
return to
shareholders



Be a leader in
Sustainability



DISTRIBUTION
OF FUNDS

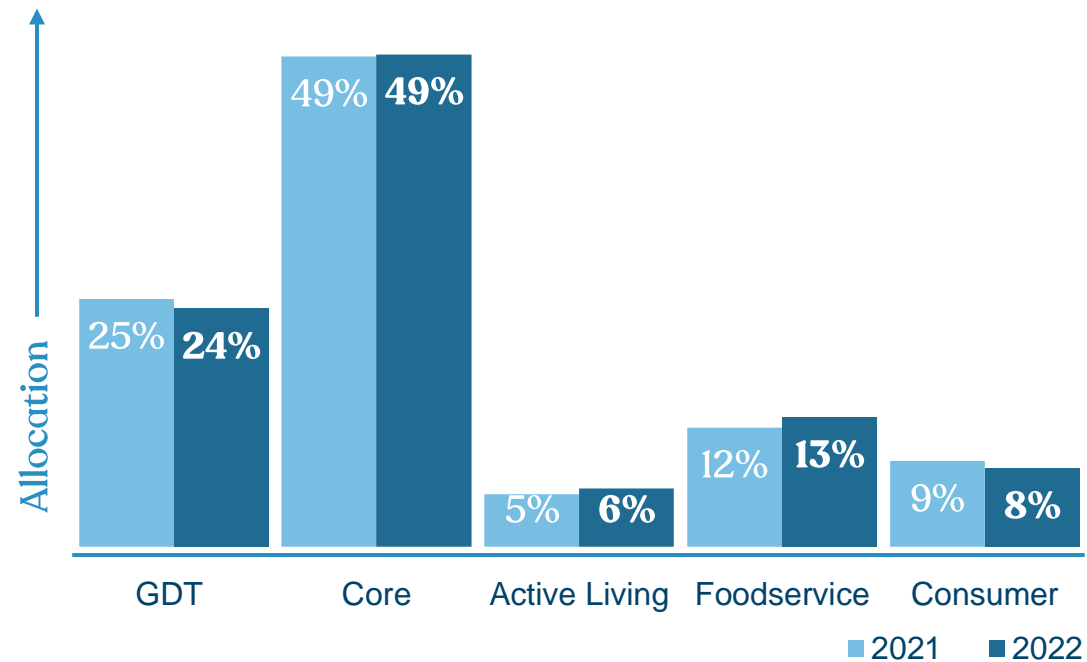
~\$1 billion

Intended to be distributed to shareholders after asset sales

We're shifting milk into higher value products

New Zealand milk solids allocation by product channel

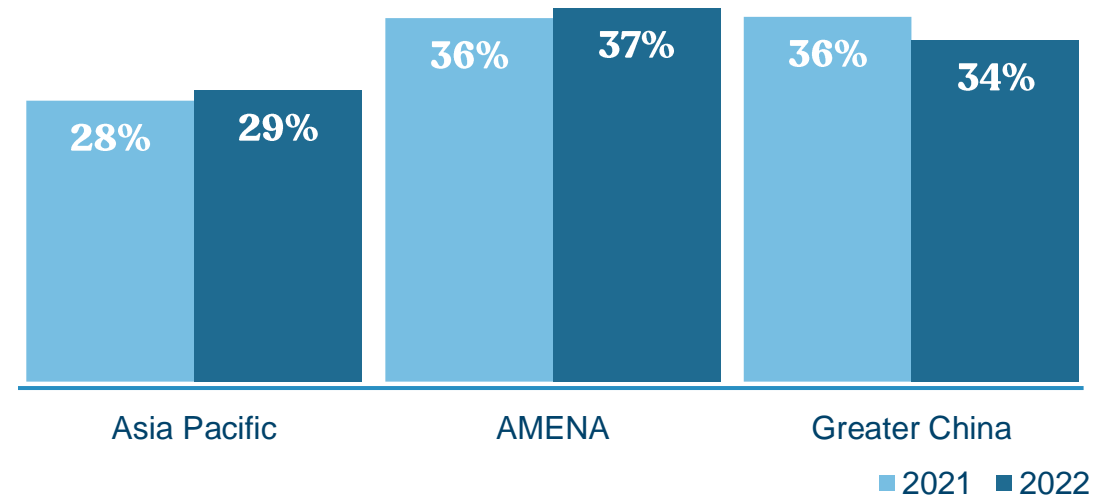
% of milk solids



Higher margin →

New Zealand milk solids allocation by region

% of milk solids



FY23 Outlook

2022/23 Forecast Farmgate Milk Price

\$8.50- \$10.00

per kgMS

Midpoint of **\$9.25** per kgMS

Forecast Earnings

45-60c

per share





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Questions



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Resolutions and Voting

A close-up photograph of a clear glass filled with milk, topped with a swirl of cream. A stream of milk is being poured into the glass from above. The glass sits on a white tablecloth. In the background, there is a bowl of fruit including oranges and lemons, and a plate with some food. The background is softly blurred.

Resolution 1

Election of Carlie Eve

Resolution 1

To elect Carlie Eve, who stands for election,
as a director of the Manager of the Fund



A close-up photograph of a clear glass filled with milk. A thick stream of milk is being poured from above into the glass, creating a white foam on top. The glass sits on a white tablecloth. In the background, there is a bowl of fruit including oranges and lemons, and a plate with some food. The background is softly blurred.

Resolution 2

Election of Alastair Hercus

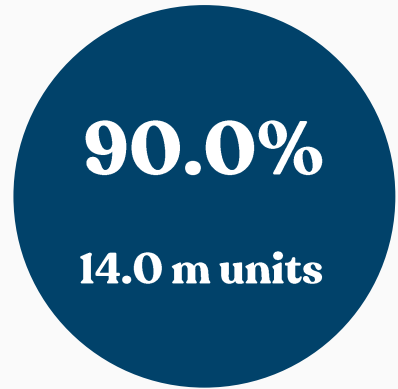
Resolution 2

To elect Alastair Hercus, who stands for election, as a director of the Manager of the Fund

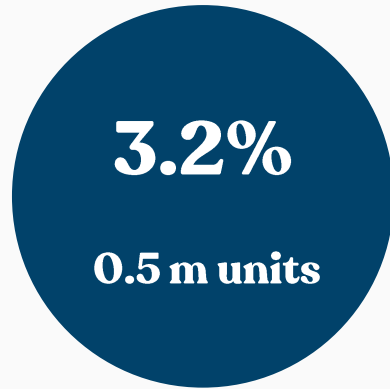


Proxy voting

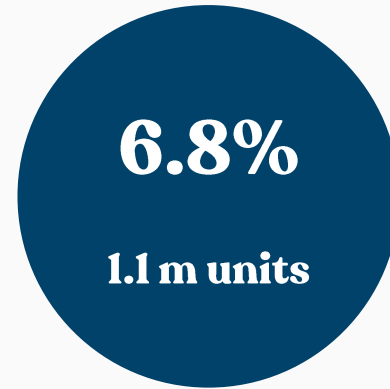
Carlie Eve



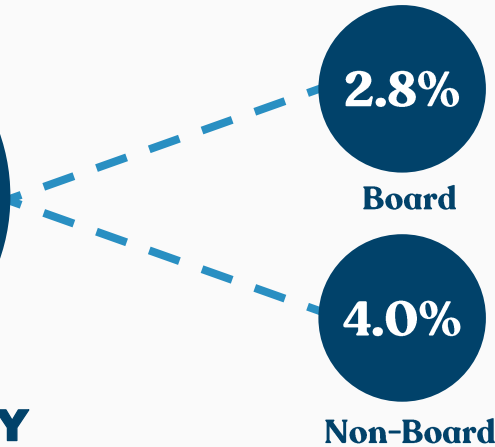
FOR



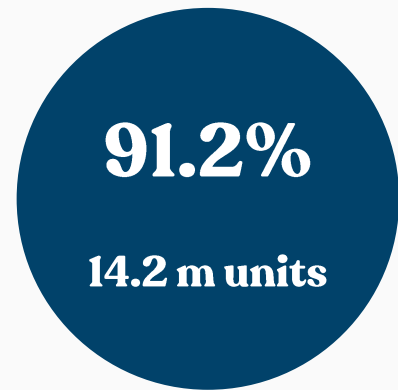
AGAINST



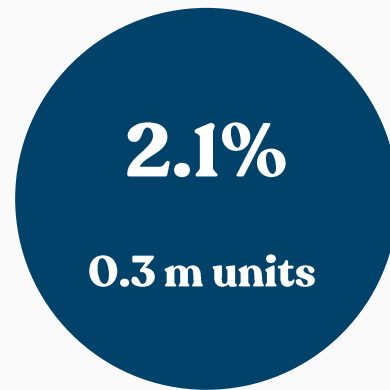
DISCRETIONARY



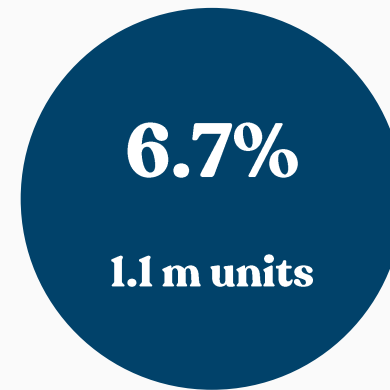
Alastair Hercus



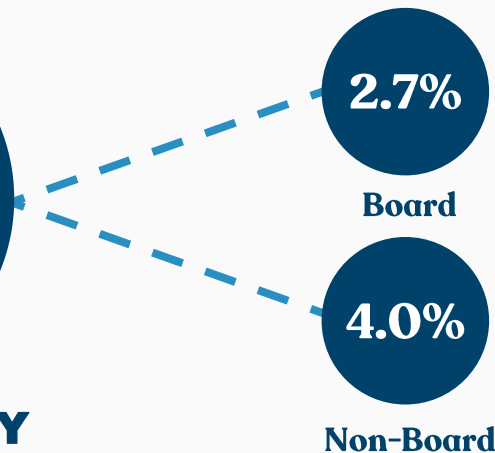
FOR



AGAINST



DISCRETIONARY



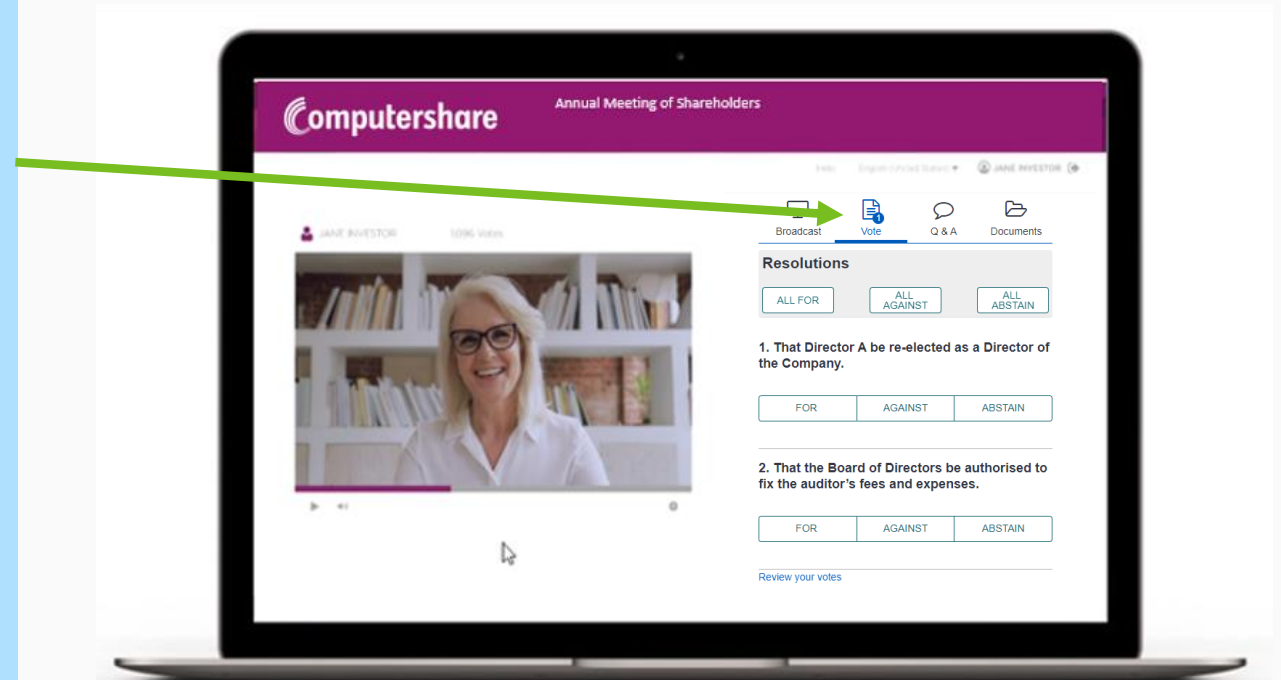
As at 10am Saturday 12 November 2022



Online voting process

Shareholder & Proxyholder Voting

- Once the voting has been opened, the resolutions and voting options will allow voting
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- You can vote for all resolutions at once or by each resolution
- Your vote has been cast when the tick appears
- To change your vote, select 'Change Your Vote'



Voting

- In respect of the resolutions, please tick the “for”, “against” or “abstain” box.
- Once you have completed your voting, please place your vote in a ballot box.
- Please raise your hand if you require a pen.
- Results will be announced to the NZX and ASX as soon as they are available.



Fonterra Shareholders' Fund

2022 Annual Meeting

14 November 2022



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General Business

A photograph of a glass of milk with a straw and a dollop of cream on a table with fruit in the background. The glass is in the foreground, and the background is blurred, showing a bowl of fruit and a person's hands.

Kim Ellis

Retiring Director

A photograph of a glass of milk with a straw, set on a table with a bowl of fruit and a plate of food in the background. The glass is filled with milk and has a straw inserted. The background is blurred, showing a bowl of fruit (oranges and lemons) and a plate of food. The overall scene is bright and clean.

John Shewan

Retiring Director

Thank you,
meeting closed

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Dairy for life

