

AUGUST 2024

Global Dairy UPDATE



- New Zealand, Australia and EU monthly production increased. US monthly production decreased.



- New Zealand, Australia and US monthly exports increased. EU monthly exports decreased.



- Asia and Latin America monthly imports increased. Middle East & Africa and China monthly imports decreased.



- Fonterra New Zealand's collections for July were 20.6 million kgMS, 9.0% above July last season. Season-to-date collections are 35 million kgMS, 4.1% above last season.
- Fonterra's Australia collections in July were 5.5 million kgMS, 1.1% below July last season.



- Fonterra's climate targets get tick of approval by Science Based Target initiative.



- KickStart Breakfast celebrates 15-year milestone.

Key Dates

25 September 2024
FY24 Annual Results Announcement

14 November 2024
Fonterra Co-operative Group Annual Meeting





New Zealand, Australia and EU monthly production increased. US monthly production decreased

To view a chart that illustrates year-on-year changes in production –

NEW ZEALAND

8.4%↑

Change for July 2024 compared to July 2023

0.6%↓

Change for the 12 months to July 2024

New Zealand milk production increased 8.4% on a litres basis (up 9.2% on milk solids basis) for July compared to the same period the year prior.

The production increase was mainly due to favourable weather conditions which improved pasture quality and resulted in higher milk yields.

New Zealand milk production for the 12 months to July was down 0.6% on the previous comparable period.

Collections for July represent less than 2% of the full season forecast.

Fonterra New Zealand collections are reported for July, see page 5 for details.

AUSTRALIA

3.4%↑

Change for June 2024 compared to June 2023

3.1%↑

Change for the 12 months to June 2024

Australia milk production increased 3.4% in June compared to the same period the year prior.

The production increase was mainly due to favourable weather conditions in Northern and Eastern Victoria, partially offset by colder weather affecting production in Western Victoria and Tasmania.

Australia milk production for the 12 months to June was up 3.1% on the previous comparable period.

Fonterra collections in Australia are reported for July, see page 5 for details.

EUROPEAN UNION

1.0%↑

Change for June 2024 compared to June 2023

0.2%↑

Change for the 12 months to June 2024

EU milk production¹ increased 1.0% in June compared to the same period the year prior.

The production increase was driven by favourable weather conditions in France, Poland and Italy. Additionally, European raw milk prices continued to increase due to higher seasonal demand for dairy products and decreasing milk supply from other producing regions.

EU milk production for the 12 months to June was up 0.2% on the previous comparable period.

USA

0.4%↓

Change for July 2024 compared to July 2023

0.5%↓

Change for the 12 months to July 2024

US milk production decreased 0.4% in July compared to the same period the year prior.

The production decrease was mainly driven by smaller herd sizes and decreased milk yield per cow due to a bird flu outbreak and heat stress affecting the country. This was partially offset by higher milk yields in Texas and Kansas.

US milk production for the 12 months to July was down 0.5% on the previous comparable period.

¹ Excludes UK.



New Zealand, Australia and US monthly exports increased. EU monthly exports decreased

To view a chart that illustrates year-on-year changes in exports –

NEW ZEALAND

11.5%↑

Change for July 2024 compared to July 2023

1.9%↑

Change for the 12 months to July 2024

New Zealand dairy exports increased 11.5%, or 28,870 MT, in July compared to the same period last year.

The increase was mainly due to higher export volumes of cheese to the United Kingdom under the recently implemented NZ-UK Fair Trade Agreement, offsetting lower export volumes of WMP to China and Algeria for the month.

Exports for the 12 months to July were up 1.9%, or 65,808 MT, on the previous comparable period.

This was mainly due to high export volumes of WMP to Indonesia and the Middle East, alongside SMP and fluid milk products to China and Southeast Asia.

AUSTRALIA

33.8%↑

Change for June 2024 compared to June 2023

2.0%↑

Change for the 12 months to June 2024

Australia dairy exports increased 33.8%, or 16,096 MT, in June compared to the same period the year prior.

The increase was mainly due to the prior year's low export volumes of cheese and SMP, resulting from the mismatch between domestic milk prices and global commodity prices.

Exports for the 12 months to June were up 2.0%, or 13,311 MT, on the previous comparable period.

This was mainly due to higher levels of production resulting in more exportable surplus. Additionally, export volumes of infant formula have increased as major Australian producers win contracts to the US.

EUROPEAN UNION

8.3%↓

Change for June 2024 compared to June 2023

2.6%↓

Change for the 12 months to June 2024

EU dairy exports decreased 8.3%, or 52,739 MT, in June compared to the same period the year prior.

The decrease was mainly due to lower export volumes of SMP and WMP to China, driven by weak demand and a preference for New Zealand dairy products influenced by tariffs.

Exports for the 12 months to June were down 2.6%, or 177,454 MT, on the previous comparable period.

This was mainly due to ongoing lower export volumes of SMP, fluid milk products and butter to key markets including China, Algeria, Saudi Arabia and the United States.

USA

1.3%↑

Change for June 2024 compared to June 2023

3.4%↓

Change for the 12 months to June 2024

US dairy exports increased 1.3%, or 3,060 MT, in June compared to the same period the year prior.

The increase was mainly due to higher export volumes of cheese and whey to meet strong demand from Southeast Asia, Canada, and South Korea.

Exports for the 12 months to June were down 3.4%, or 97,733 MT, on the previous comparable period.

This was mainly due to lower export volumes of powders as demand from key markets, such as Mexico and China, continues to decrease.



To view a chart that illustrates year-on-year changes in imports –

Asia and Latin America monthly imports increased. Middle East & Africa and China monthly imports decreased

LATIN AMERICA

1.5%↑

Change for June 2024 compared to June 2023

6.2%↑

Change for the 12 months to June 2024

Latin America dairy import volumes¹ increased 1.5%, or 3,130 MT, in June compared to the same period the year prior.

The increase was mainly due to ongoing high import volumes of fluid milk products by the Dominican Republic and lactose by Uruguay.

Imports for the 12 months to June were up 6.2%, or 148,722 MT, on the previous comparable period.

This was mainly due to continuous high import volumes of cheese by Mexico and Brazil.

ASIA

13.2%↑

Change for June 2024 compared to June 2023

8.3%↑

Change for the 12 months to June 2024

Asia (excluding China) dairy import volumes¹ increased 13.2%, or 55,485 MT, in June compared to the same period the year prior.

The increase was mainly due to higher import volumes of fluid milk products and whey by Southeast Asia.

Imports for the 12 months to June were up 8.3%, or 406,111 MT, on the previous comparable period.

This was mainly due to higher import volumes of WMP by Malaysia and Bangladesh, and fluid milk products by Vietnam and the Philippines.

MIDDLE EAST & AFRICA

2.7%↓

Change for June 2024 compared to June 2023

5.3%↑

Change for the 12 months to June 2024

Middle East and Africa dairy import volumes¹ decreased 2.7%, or 13,509 MT, in June compared to the same period the year prior.

The decrease was driven by lower import volumes of WMP by Algeria and cultured products by Iraq and Congo.

Imports for the 12 months to June were up 5.3%, or 300,702 MT, on the previous comparable period.

This was mainly due to ongoing higher import volumes of SMP by Saudi Arabia, alongside increased fluid milk products and WMP shipments by UAE.

CHINA

4.9%↓

Change for July 2024 compared to July 2023

12.0%↓

Change for the 12 months to July 2024

China dairy import volumes decreased by 4.9%, or 12,722 MT, in July compared to the same period the year prior.

The decrease was driven by lower import volumes of fluid milk products, SMP and AMF. This was partially offset by slightly higher import volumes of infant formula.

Imports for the 12 months to July were down 12.0%, or 387,737 MT, on the previous comparable period.

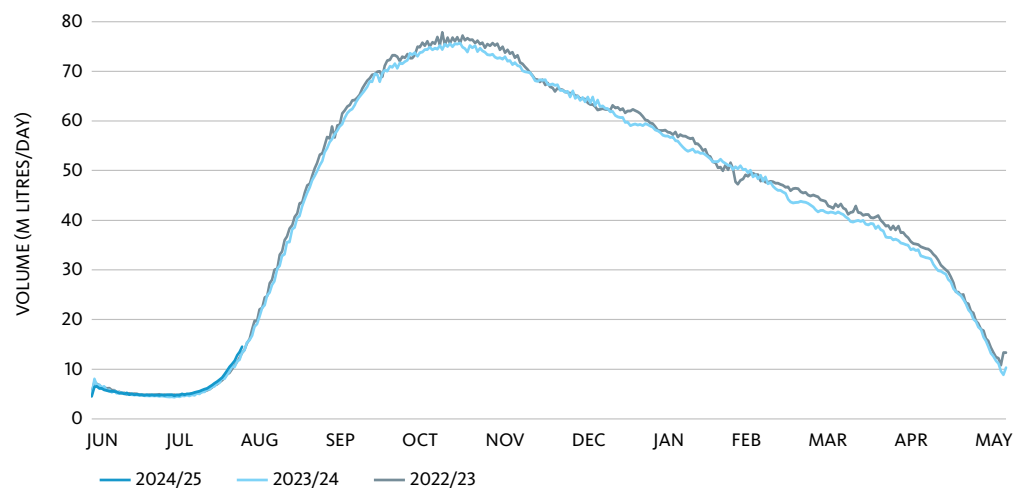
This was mainly due to an ongoing decline in import volumes of fluid milk products, cheese, and SMP, primarily from Germany, Poland, and Australia.

¹ Estimates are included for those countries that have not reported data.



To view a table that shows detailed milk collections in New Zealand and Australia compared to the previous season –

New Zealand Milk Collections



NEW ZEALAND

9.0%↑

Change for July 2024
compared to July 2023

4.1%↑

Season-to-date 1 June to 31 July
compared to prior season

Fonterra's New Zealand collections for July were 20.6 million kgMS, 9.0% above July last season.

The increase was mainly due to favourable weather and pasture conditions in the North Island, offsetting unfavourable weather conditions continuously impacting collections in the South Island.

As is normal for this time of the season, collections for July represent less than 2% of the full season forecast.

Season-to-date collections are 35 million kgMS, 4.1% above last season.

NORTH ISLAND

10.3%↑

Change for July 2024
compared to July 2023

8.9%↑

Season-to-date 1 June to 31 July
compared to prior season

North Island milk collections in July were 18.9 million kgMS, 10.3% above July last season.

The increase was mainly due to ongoing favourable pasture conditions across the region, in addition to some farmers calving earlier in the season resulting in an uplift in the milk curve.

Season-to-date collections are 30.8 million kgMS, 8.9% above last season.

SOUTH ISLAND

3.6%↓

Change for July 2024
compared to July 2023

20.8%↓

Season-to-date 1 June to 31 July
compared to prior season

South Island milk collections in July were 1.7 million kgMS, 3.6% below July last season.

The decrease was mainly due to unfavourable weather conditions and low sunlight hours impacting pasture growth. This was partially offset by recent rainfall in some regions relieving dry conditions.

Season-to-date collections are 4.3 million kgMS, 20.8% behind last season.

AUSTRALIA

1.1%↓

Change for July 2024
compared to July 2023

1.1%↓

Season-to-date 1 July to 31 July
compared to prior season

Fonterra's Australia collections in July were 5.5 million kgMS, 1.1% below July last season.

The decrease was mainly due to unfavourable weather conditions in Tasmania, impacting pasture and fodder availability. This was partially offset by favourable pasture growth in Western Victoria.

OUR MARKETS

Fonterra Global Dairy Trade Results



Fonterra GDT results at trading event 362
20 August 2024:

6.3%↑

Change in Fonterra's weighted average product price from previous event

USD 3,943

Fonterra's weighted average product price (USD/MT)

33.3⁰⁰⁰' MT

Fonterra product quantity sold on GDT

WMP

7.0%↑

USD 3,477/MT

AMF

4.8%↑

USD 7,244/MT

SMP

3.8%↑

USD 2,630/MT

BUTTER

3.5%↑

USD 6,608/MT

CHEDDAR

0.0%

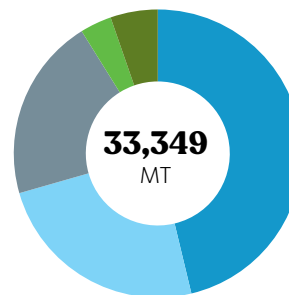
USD 4,274/MT

Fonterra GDT sales by destination:

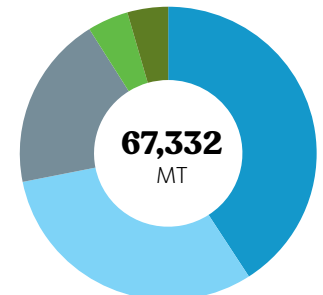
To view more information, including a snapshot of the rolling year-to-date results –



LATEST AUCTION



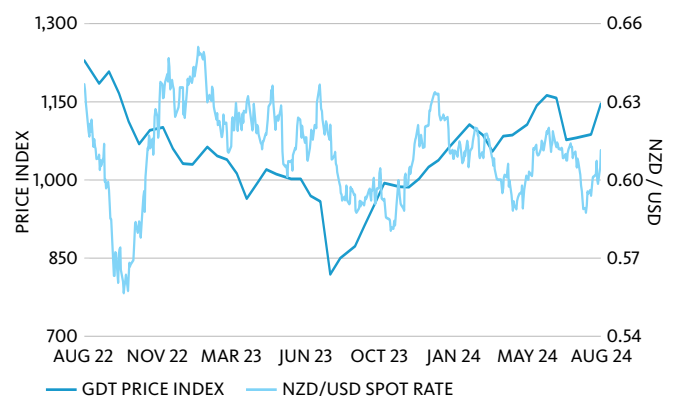
FINANCIAL YEAR-TO-DATE



► The next trading event will be held on 3 September 2024. Visit www.globaldairytrade.info for more information.

Dairy commodity prices and New Zealand dollar trend

Developing weakness in the US labour market helped to shift the focus away from inflation and saw increased calls for the Federal Reserve to cut interest rates in September. New Zealand has experienced disinflationary pressures at a quicker pace and this led the RBNZ to lower the Official Cash Rate in August. On balance, this combination of factors led to a rise in the NZD/USD exchange rate to above 61.5 US cents.





Fonterra's climate targets get tick of approval by Science Based Target initiative

Fonterra's Director of Sustainability Charlotte Rutherford says she's delighted the Co-op's emissions reduction targets have been validated by the Science Based Target initiative (SBTi).

SBTi is a globally recognised organisation that defines and promotes best practice in science-based target setting. Validation of targets mean they are aligned to the Paris Agreement to limit global warming to 1.5°C.

"There's a lot of rigour applied to the verification process by SBTi, which is essential, and I thank our teams that have worked on this," says Rutherford.

"Having credible science backed targets is really important to us and our customers. It's now up to all of us to keep making progress towards these targets to maintain our

position as one of the world's lowest emissions suppliers of dairy at scale."

Last year Fonterra set a new on farm emissions reduction target and increased its scope 1 and 2 targets as part of its work to be a long-term sustainable Co-op. Since then, the Co-op has been working on the validation of these targets by SBTi.

Scope 1 and 2

Fonterra commits to reduce absolute scope 1 and 2 GHG emissions by 50.4% by FY2030 from a FY2018 base year.¹

Forest Land and Agriculture Guidance (FLAG)

Fonterra commits to reduce scope 1 and 3 FLAG GHG emissions from dairy 30% per tonne of fat-and-protein-corrected milk by FY2030 from a FY2018 base year.² Fonterra also commits to

no deforestation across its primary deforestation-linked commodities, with a target date of 31 December 2025.

In seeking validation, the Co-op was required to set an additional scope 3 energy and industrial target. Whereas Fonterra's other targets cover emissions reduction, this target focuses on the climate ambitions of vendors and customers and their alignment to science-based targets.

Scope 3 Energy and Industrial Engagement

Fonterra also commits that 78.2% of its suppliers and customers by emissions, covering purchased goods and services, capital goods, upstream and downstream transportation and distribution, business travel, and processing of sold products, will have science-based targets by FY28.

¹ The target boundary includes land-related emissions and removals from bioenergy feedstocks.

² The target includes FLAG emissions and removals.



KickStart Breakfast celebrates 15-year milestone

A community partnership between Fonterra, Sanitarium and the Ministry of Social Development today celebrated its 15-year anniversary at an Auckland school that has been part of KickStart Breakfast since the programme began.

Representatives from government, Fonterra and Sanitarium attended the event at Birdwood School in West Auckland to celebrate the programme's achievements.

Social Development and Employment Minister Louise Upston joined the milestone celebration today and said KickStart Breakfast is a great example of business and community sectors working with government to deliver positive change to children and families.

"Making sure hungry children get a good breakfast is an investment in their learning. They are in a much better place to learn and achieve their potential."

KickStart Breakfast currently serves Anchor™ milk and Sanitarium Weet-Bix™ to more than 42,000 students every school day with 66% of those at primary school age. Any public school in the country can join the programme, which is found in over 1,400 of a total of 2,500 schools nationwide.

Speaking at the event, Fonterra's Director of



Michael Barton, Minister Upston, Simon Tucker

Global Sustainability, Stakeholder Affairs and Trade Simon Tucker said the Co-operative is committed to positively impacting and connecting communities throughout New Zealand.

"We're incredibly proud to deliver good quality dairy nutrition to help fuel tamariki and rangatahi across New Zealand so they can achieve their best every school day.

"We're grateful to play our part in supporting our communities, alongside our partners, teachers, student leaders, whānau and the 4,000 strong volunteers, who generously give their time and energy to supporting their local breakfast clubs," says Mr Tucker.

The programme helps students start the day happier and more settled, with a greater ability to focus on learning,

according to a report by the Ākina Foundation.

The report showed this led to societal benefits including better school attendance, improved behaviours, and greater educational outcomes for students, as well as less time and financial stress for whānau, with more spending available for other necessities.

Sanitarium General Manager Michael Barton said it was humbling to be able to give back to communities.

"This milestone celebration speaks of an incredible journey for Sanitarium as it is core to our purpose and commitment to promote healthy eating choices and giving communities access to wholesome food."

Schools around the country will be holding their own KickStart Breakfast celebrations throughout this month to celebrate the 15-year milestone.

Supplementary Information

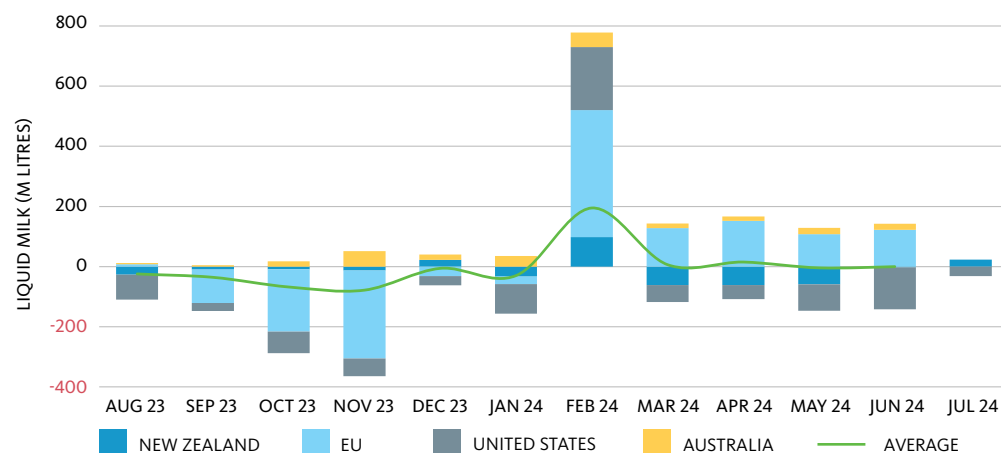
Global Dairy Market

The charts on the right illustrate the year-on-year changes in imports, exports and production for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in imports, exports or production, relative to the same period the previous year.

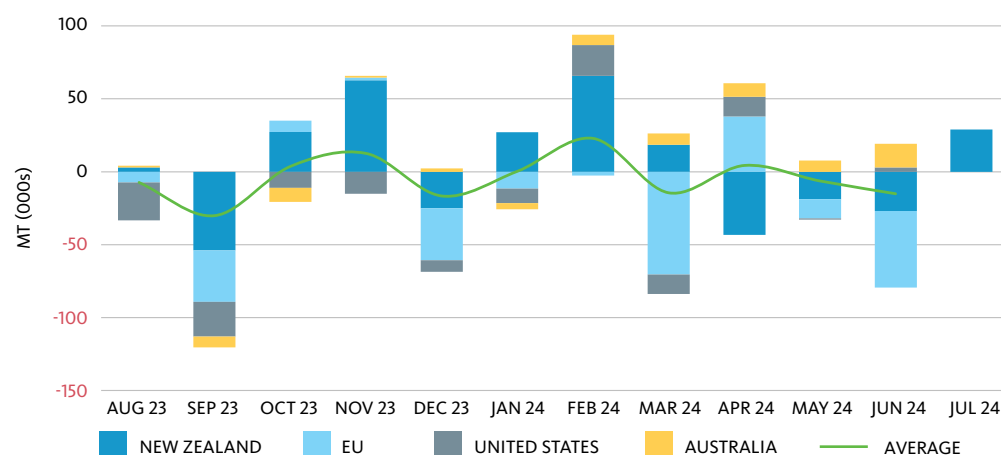
Averages are shown where data is complete for the regions presented.

PRODUCTION



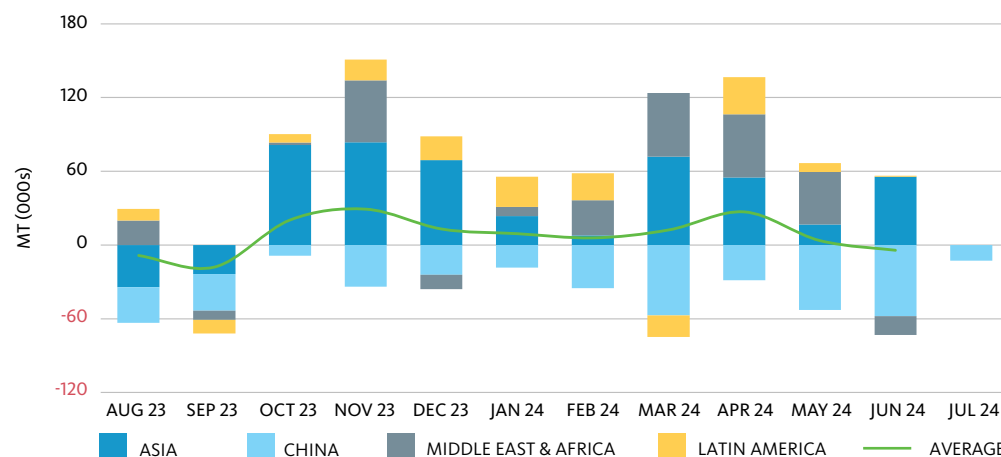
NOTE: Data for EU and Australia to June; New Zealand and US to July.

EXPORTS



NOTE: Data for EU, US and Australia to June; New Zealand to July.

IMPORTS



NOTE: Data for Asia, Middle East & Africa, Latin America to June; China to July.

SOURCES: Government milk production statistics (DCANZ, Dairy Australia, Eurostat, USDA)/GTA trade data/Fonterra analysis.

Supplementary Information

Fonterra milk production

The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

MILK COLLECTION (MILLION KGMS)	JULY 2024	JULY 2023	MONTHLY CHANGE	SEASON- TO-DATE 2024/25	SEASON- TO-DATE 2023/24	SEASON- TO-DATE CHANGE
Total Fonterra New Zealand	20.6	18.9	9.0%	35.0	33.6	4.1%
North Island	18.9	17.1	10.3%	30.8	28.2	8.9%
South Island	1.7	1.8	(3.6%)	4.3	5.4	(20.8%)
Australia	5.5	5.6	(1.1%)	5.5	5.6	(1.1%)

2023/24 season forecast Farmgate Milk Price (FGMP) update

ANNOUNCEMENT DATE	FORECAST NZD/USD RATE AT FGMP (NZD) ANNOUNCEMENT		FORECAST AVERAGE CONVERSION RATE FOR 2023/24 SEASON	PERCENTAGE OF FORECAST FOREIGN EXCHANGE EXPOSURE FOR 2023/24 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT	
	RANGE	MID- POINT				
29 May 2024	\$7.70- \$7.90	\$7.80	0.6144	0.6126	99%	12%
21 March 2024	\$7.50- \$8.10	\$7.80	0.6082	0.6125	92%	17%

2024/25 season forecast Farmgate Milk Price (FGMP) update

ANNOUNCEMENT DATE	FORECAST NZD/USD RATE AT FGMP (NZD) ANNOUNCEMENT		FORECAST AVERAGE CONVERSION RATE FOR 2024/25 SEASON	PERCENTAGE OF FORECAST FOREIGN EXCHANGE EXPOSURE FOR 2024/25 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT	
	RANGE	MID- POINT				
23 Aug 2024	\$7.75- \$9.25	\$8.50	0.6137	0.6110	67%	16%
29 May 2024	\$7.25- \$8.75	\$8.00	0.6144	0.6130	49%	11%

As at the most recent update to the 2024/25 season forecast Farmgate Milk Price on 23 August 2024:

- Fonterra had hedged approximately 67% of the full year forecast USD cash flows related to the 2024/25 season Farmgate Milk Price.
- Of that 67%, approximately 16% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 33% of the forecast USD cash flows were to be hedged at the 23 August 2024 spot rate of 0.6137, the average NZD/USD conversion rate for the 2024 season would be 0.6110.
- Also shown for information are the equivalent measures at the date of the opening forecast for the 2024/25 season Forecast Farmgate Milk Price on 29 May 2024.

Supplementary Information

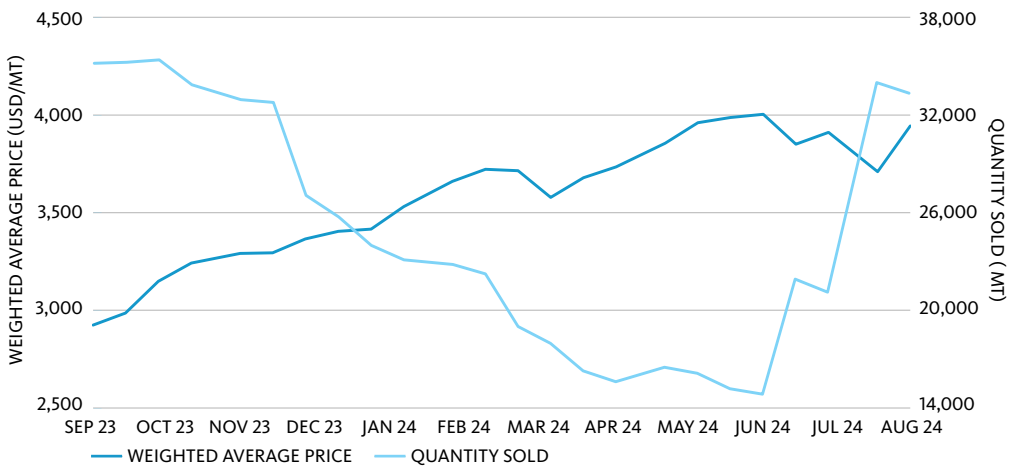
Fonterra GDT results

This table provides more information on the latest results, including a snapshot of the year-to-date results.

	LAST TRADING EVENT (20 AUGUST 2024)	YEAR-TO-DATE (FROM 1 AUGUST 2024)
Quantity Sold on GDT (Winning MT)	33,349	67,332
Change in Quantity Sold on GDT over same period last year	2.4%	6.4%
Weighted Average Product Price (USD/MT)	3,943	3,825
Change in Weighted Average Product Price over same period last year	36.5%	27.1%
Change in Weighted Average Product Price from previous event	6.3%	–

Fonterra GDT results

This chart shows Fonterra GDT prices and volumes over the past 12 months.



Glossary

AMF

Anhydrous Milk Fat.

BMP

Butter Milk Powder.

Cultured Products

Fermented milks that are prepared by using starter cultures and controlled fermentation including yoghurt, yoghurt drinks, sour cream, crème fraîche.

DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

Farmgate Milk Price

The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

Fluid Products

The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

GDT

Global Dairy Trade, the online provider of the twice monthly global auctions of dairy ingredients.

kgMS

Kilogram of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.

MPC

Milk Protein Concentrate.

Non-Reference Products

All dairy products, except for Reference Products, produced by the New Zealand Ingredients business.

Reference Products

The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

Season

New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

SMP

Skim Milk Powder.

WMP

Whole Milk Powder.

WPC

Whey Protein Concentrate.

WPI

Whey Protein Isolate.