

# Media release

21 September 2016

## FONTERRA INCREASES FORECAST FARMGATE MILK PRICE FOR 2016/17 SEASON

Fonterra Co-operative Group Limited today increased its 2016/17 forecast Farmgate Milk Price by 50 cents to \$5.25 per kgMS.

When combined with the forecast earnings per share range for the 2017 financial year of 50 to 60 cents, the total payout available to farmers in the current season is forecast to be \$5.75 to \$5.85 before retentions.

Chairman John Wilson said that since the Co-operative last reviewed its forecast Milk Price in August, global milk supply has continued to reduce and demand has remained stable.

“Milk production in key dairying regions globally is reducing in response to low milk prices. Milk production in the EU for 2016 is beginning to flatten out and our New Zealand milk collection is currently more than 3 per cent lower than last season.

“While we have seen some improvement in GDT auction prices recently, the high NZD/USD exchange rate is offsetting some of these gains.

“There is still volatility in global dairy markets and we will continue to keep our forecast updated for our farmers over the coming months,” said Mr Wilson.

ENDS

NB: 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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