

GLOBAL DAIRY UPDATE



Dairy for life



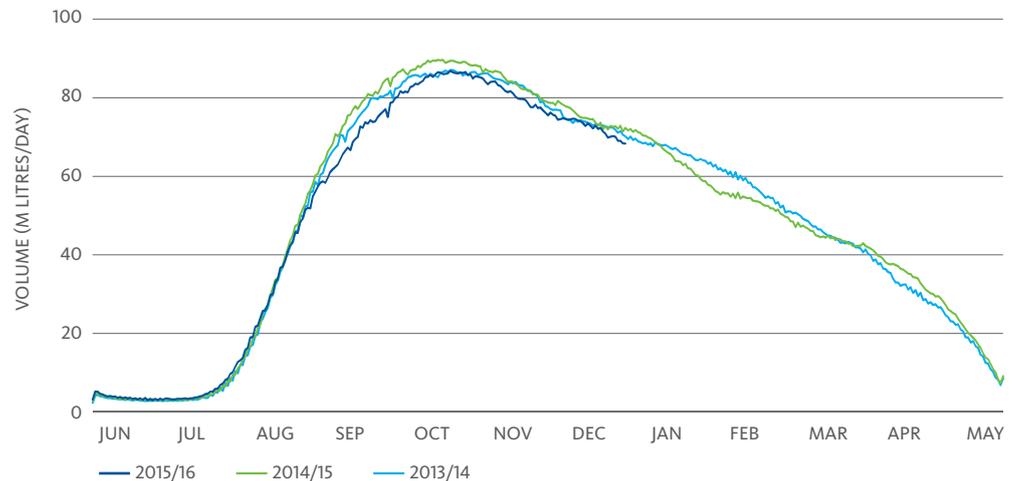
OUR MARKETS

FONTERRA MILK COLLECTION 2015/16 SEASON



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

NEW ZEALAND MILK COLLECTION



NEW ZEALAND

Fonterra's milk collection across New Zealand in December was 3% lower than the same month last year. For the season to 31 December (seven months) it reached 932 million kgMS, 4% behind the same period last season.

Lower milk collection for the 2015/16 season is largely a result of the low milk price environment, where farmers have reduced stocking rates and supplementary feeding in order to reduce costs.

NORTH ISLAND

6% ↓

Decrease for the season to date from 1 June to 31 December compared to same period last season

North Island milk collection in December reached 118 million kgMS, 6% lower than December last season.

SOUTH ISLAND

1% ↓

Decrease for the season to date from 1 June to 31 December compared to same period last season

South Island milk collection in December was 77 million kgMS, 2% higher than December last season.

AUSTRALIA

0%

Change for the season to date from 1 July to 31 December compared to same period last season

Australia milk collection in December reached 12 million kgMS, 5% lower than December last season. Milk collection has slowed due to low pasture availability in most dairy regions. Milk collection across Australia for the six months to 31 December reached 70 million kgMS, in line with the same period last season.

OUR MARKETS

DAIRY COMMODITY PRICES



Last trading event
5 January 2016:

The **Fonterra volume sold was 24,369 MT**, with Fonterra's weighted average prices decreasing 1% compared to the last event.



Compared to the **last trading event:**

BUTTER

6.7 % ↑

USD 3,314/MT

RENNET CASEIN

3.9 % ↑

USD 4,736/MT

CHEDDAR

3.5 % ↑

USD 2,964/MT

BMP

1.0 % ↑

USD 1,586/MT

SMP

0.8 % ↓

USD 1,890/MT

AMF

2.7 % ↓

USD 3,644/MT

WMP

4.4 % ↓

USD 2,210/MT

Dairy commodity prices and New Zealand dollar trend

To view a table that summarises the latest results and provides a snapshot of the rolling year-to-date results –

In December, the New Zealand dollar strengthened against the US dollar.



► The next trading event will be held on **19 January 2016**. Visit www.globaldairytrade.info for more information.

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)	DEC 2015	DEC 2014	MONTHLY CHANGE	SEASON-TO-DATE 2015/16	SEASON-TO-DATE 2014/15	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	195.6	201.2	(2.8%)	932.3	971.9	(4.1%)
North Island	118.2	125.4	(5.7%)	597.5	634.2	(5.8%)
South Island	77.4	75.8	2.0%	334.8	337.7	(0.9%)
Fonterra Australia	12.0	12.7	(5.0%)	70.5	70.7	(0.3%)

GDT results

This table summarises the latest GDT results and provides a snapshot of the rolling year-to-date results.

	LAST TRADING EVENT (5 JANUARY 2016)	YEAR-TO-DATE (FROM 1 AUGUST 2015)
Fonterra Quantity Sold on GDT (Winning MT)	24,369	355,436
GDT Average Winning Price (USD/MT, FAS)	2,458	2,400
Change in GDT Price Index over same period last year	(8.4%)	(11.0%)
Change in GDT Price Index from previous event	(1.6%)	-

GLOSSARY

AMF

Anhydrous Milk Fat.

BMP

Butter Milk Powder.

DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

Dry shares

Any shares held by a farmer shareholder in excess of the number of shares required to be held by that farmer shareholder in accordance with the minimum shareholding requirement for a season.

Farmgate Milk Price

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

Fluid and Fresh Dairy

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 Price Index

All GDT price indices are chain-linked Fisher indices using winning quantities and winning prices. For the period prior to April 2010, the GDT Price Index and the AMF, SMP and WMP price indices use GDT prices and quantities where available, and USDA Dairy Market News prices and GTIS export volumes elsewhere. USDA Western Europe average price for butter oil is used for AMF prior to December 2009, USDA Oceania average price for SMP is used prior to April 2010 and USDA Oceania average price for WMP is used prior to August 2008.

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.

Share Standard

The number of shares a farmer shareholder is required from time to time to hold as determined in accordance with the Constitution. The Fonterra Board may permit the Share Standard to be satisfied through the holding of both shares and vouchers.

SMP

Skim Milk Powder.

Voucher

A certificate that is provided to a farmer shareholder upon transfer of the Economic Rights of a wet share to the Fonterra Shareholders' Fund in accordance with the Trust Deed.

Wet shares

Any shares held by a farmer shareholder that are required to be held in accordance with the minimum shareholding requirement for a season.

WMP

Whole Milk Powder.