Market Announcement

30 October 2025

Fonterra farmers approve consumer sale with strong support

Fonterra’s farmer shareholders have given the go ahead for the Co-operative to sell its global Consumer and associated businesses, Mainland Group, to Lactalis for $4.22 billion, with 88.47% of the total farmer votes cast in support of the divestment.

The final votes on the divestment were cast at a virtual Special Meeting held this morning.

Chairman Peter McBride says the Board and management team were encouraged by the level of engagement from farmer shareholders in the lead up to the vote.

“We’ve been pleased to see so many farmers joining in the discussions since the start of this process in May last year when we first announced the decision to explore divestment options, and especially over the past month or so when the full details have been available,” says Mr McBride.

“It helps to demonstrate one of the key things that sets us apart from most other processors – our farmers have a direct say in the future of their Co-operative, and they’ve made the most of that opportunity.

“We’re pleased to have received a strong mandate, with 88.47% of the total farmer votes cast in support of the recommendation and 80.59% participation based on milk solids voted. We want to thank all farmer shareholders who voted.”

Mr McBride says the decision to divest the Mainland Group businesses is significant and one the Board did not take lightly.

“We have examined the strategic context we operate in, our strengths and how as a Co-op we create value for our farmer owners.

“The divestment will usher in an exciting new phase for the Co-op. We will be able to focus Fonterra’s energy and efforts on where we do our best work. We will have a simplified and more focused business, the value of which cannot be overstated,” says Mr McBride.

The threshold required to approve the sale was for more than 50% of the votes from those entitled to vote (based on share-backed kgMS) and who actually voted to be in favour of the proposal. Completion of the divestment remains subject to securing certain regulatory approvals and the separation of Mainland Group business from Fonterra, both of which are well underway.

Subject to these steps being completed, Fonterra expects the transaction to complete in the first half of the 2026 calendar year.

Fonterra is targeting a tax-free capital return of $2 per share to shareholders and unit holders, equivalent to $3.2 billion, once the sale is complete.

Another shareholder vote will be required for the payment of the capital return. The process for that capital return is expected to be by way of a scheme of arrangement under Part 15 of the Companies Act 1993.

The Co-op plans to provide more detail on the timing and process for the capital return in early December.

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For further information contact:
Anya Wicks
Director Governance, Risk and Audit
+64 9 374 9341