



Dairy for life

Consumer divestment information pack

August 2025

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Non-GAAP measures are not subject to audit unless they are included in Fonterra’s audited annual financial statements.

A recap on how Fonterra has created value to date

Ingredients



- Our Ingredients are sold through digital portal MyNZMP and GDT and as well as resellers and direct to customers. See an overview of our Ingredients business [here](#).

- **Examples of customers:** Nestlé, Mars, Premier Nutrition, Want Want.
- **Examples of products:** Whey proteins, caseins, lactoferrin, butter, cheese, WMP, SMP, AMF.

- In FY24, our Ingredients channel represented **78.3%** of our New Zealand milk solids sold and contributed **\$15.1b** in revenue, with a return on capital of **10.2%**

Foodservice



- Foodservice covers food that's consumed outside the home such as in restaurants and cafes or via takeaways. See an overview of our Foodservice business [here](#).

- **Examples of customers:** McDonald's, Yum!, bakeries, cafes and beverage houses.
- **Examples of products:** Whipping cream, IQF mozzarella, cream cheese, butter sheets, slice on slice cheese.

- In FY24, our Foodservice channel represented **14.2%** of our New Zealand milk solids sold and contributed **\$4.1b** in revenue, with a return on capital of **19.6%**

Consumer

- Consumer covers products that the Co-op makes, packages and distributes to supermarket chains and convenience chains plus general and modern trade stores.

- **Examples of customers:** Foodstuffs, Woolworths, Coles, Aldi, 7-Eleven, Fiji Dairy, Cargills.
- **Examples of products:** Fresh milk, cream, yoghurt, cheese, butter, milk powder products.

- In FY24, our Consumer channel represented **7.5%** of our New Zealand milk solids sold and contributed **\$3.7b** in revenue, with a return on capital of **6.8%**

Divestment proposal

Purchaser:	Lactalis
Purchase Price:	\$3.845 billion
Proposed Capital Return:	Tax free \$2.00 per share
Date of shareholder vote:	Late October or Early November

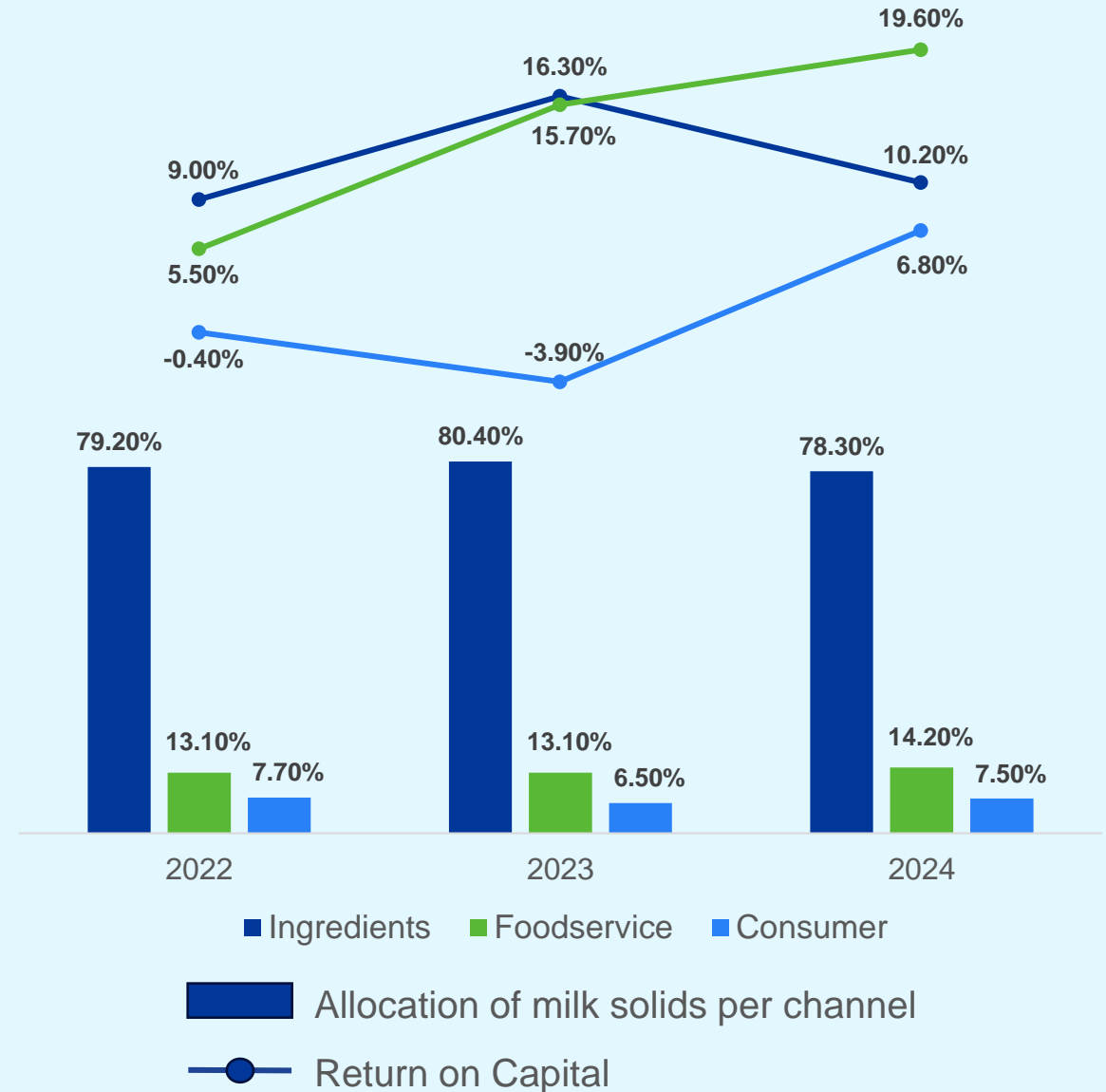
Key terms of sale agreement:

- Lactalis to purchase Fonterra's global Consumer business (excluding Greater China); integrated businesses in Oceania and Sri Lanka; and Middle East & Africa Foodservice business.
- Includes long term agreements for Fonterra to supply milk, ingredients and other products to the divested business
- Potential for purchase price to increase up to \$4.220 billion, if Bega licences held by Fonterra Australia are included.
- If Bega licences are not included in the transaction, Fonterra to receive a fair value payment from Bega determined at the time.
- Sale subject to approval from Fonterra shareholders by ordinary resolution, separation, and regulatory approvals including OIO in New Zealand and FIRB in Australia.

Why divest?

- Fonterra's Ingredients and Foodservice businesses generate the Farmgate Milk Price and the majority of the Co-op's earnings.
- These high performing businesses both have an average Return on Capital (ROC) above 10%.
- The Consumer business consistently delivers a ROC below 10%.
- A divestment would allow Fonterra to focus on what it does best – being a B2B provider of dairy to the world, from our home base in New Zealand.
- A trade sale of this business is the highest value option for the Co-op when compared with an IPO.
- Lactalis has the scale required to grow the Consumer brands.

Channel performance



About Lactalis



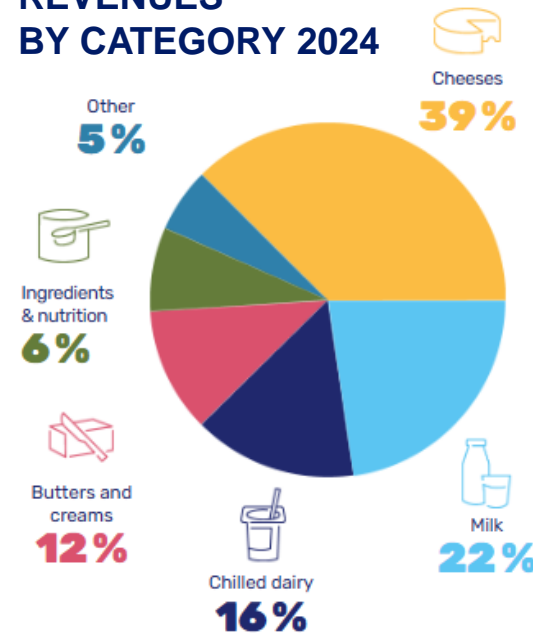
Lactalis is a French family-owned dairy company founded in 1933 in Laval, Western France.

- They are the world's largest dairy group with operations in over **50 countries** in the Americas, Europe, Africa and Asia Pacific.
- The company employs more than **85,500 people** with reported revenue of **€30.3 billion** in 2024, placing it among the top agri-food companies globally.
- The group operates nearly **270 production sites** worldwide, making a wide range of products including cheese, milk, yoghurt, butter and cream, dairy ingredients, and nutrition products.
- In Australia, with 2500 employees and more than 500 farmers, Lactalis offers products under brands such as President, Galbani, Pauls, Oak, Ice Break, Jalna, and Kraft.
- **Lactalis has the scale required to take these brands and businesses to the next level.**

3 FLAGSHIP BRANDS

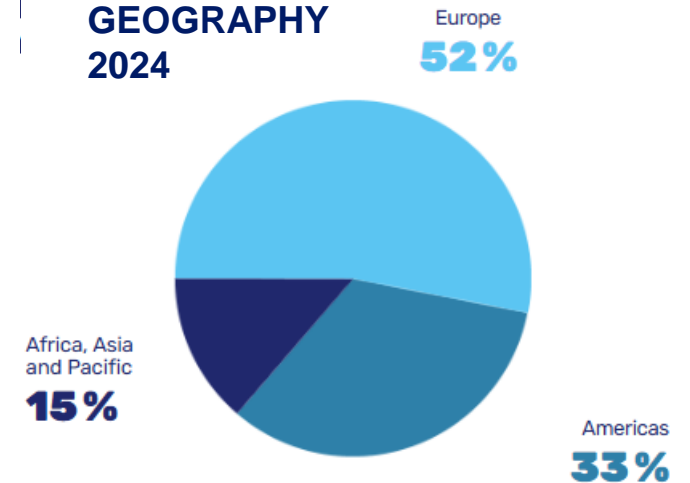


BREAKDOWN IN REVENUES BY CATEGORY 2024



22.8 BILLION
LITRES OF MILK COLLECTED
WORLDWIDE IN 2024

BREAKDOWN IN REVENUES BY GEOGRAPHY 2024



Fonterra a more focused Co-op, still with global B2B reach



Dairy for life

More than
8,000 farmer shareholders

~15,700 employees

28 offices globally

24 manufacturing sites in NZ

1 manufacturing sites offshore

1 R&D facility

6 application centres

~16 billion litres of milk

Exporting to
100+ countries

100+ NZMP products

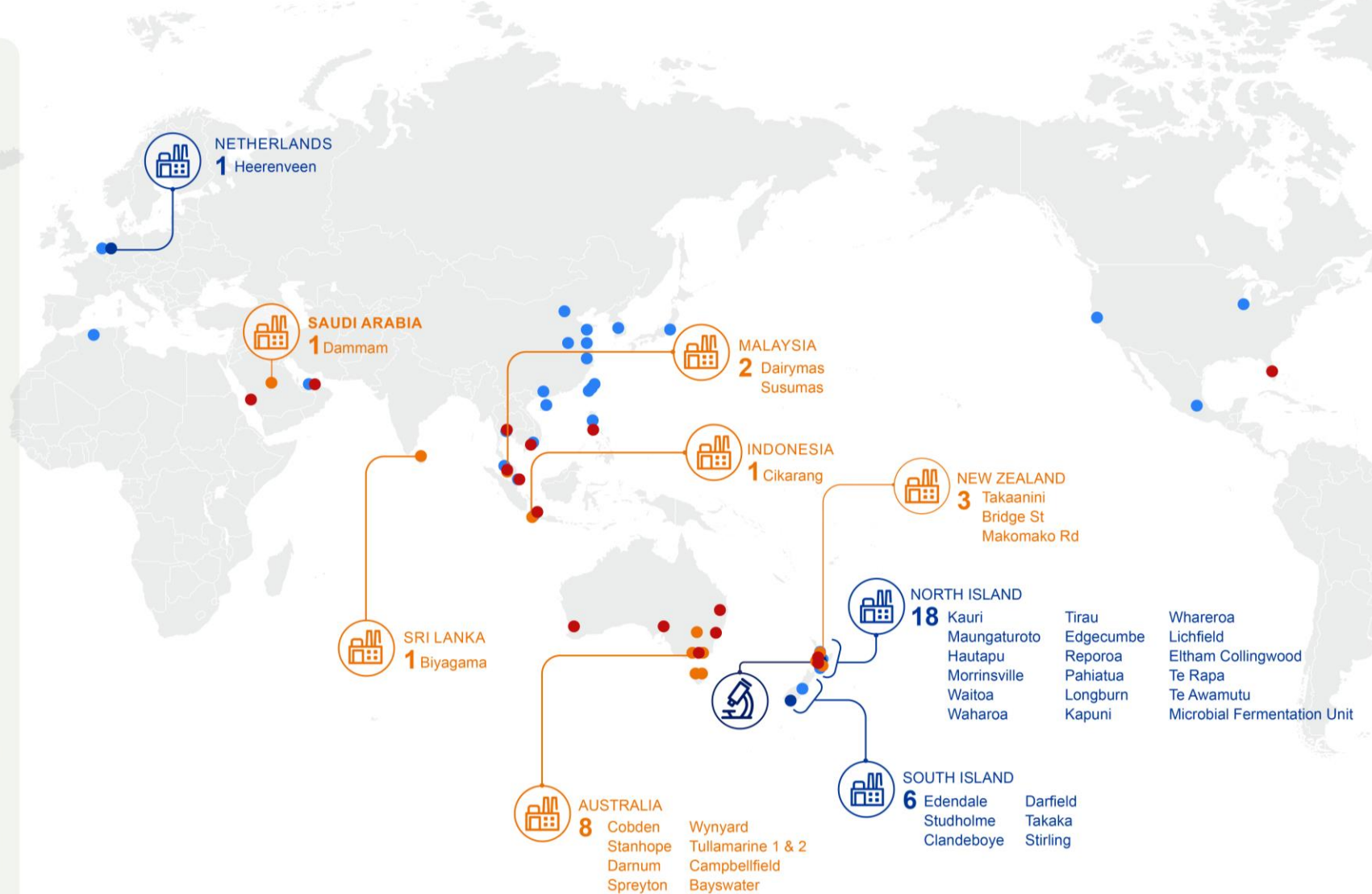
50+ Anchor Food Professionals products



● Offices

● Sites

● R&D facility



In scope for divestment

Australian and Sri Lankan milk collection

~4,300 employees

16 offices globally

3 manufacturing sites in NZ

13 manufacturing sites offshore

~1.4 billion litres of milk

20+ countries where product is sold

20+ consumer brands



● Offices

● Sites

Fonterra has a clear plan to deliver outcomes for shareholders



Deliver strongest farmer offering

Work alongside farmers to help drive on-farm productivity and profitability.



Unleash our Ingredients engine

Deepen our position as a world-leading provider of sophisticated dairy ingredients, to grow both the Farmgate Milk Price and earnings.



Keep momentum in Foodservice

Expand our successful Foodservice business in and beyond China to grow earnings.



Invest in operations for the future

An efficient manufacturing and supply chain network that allows us to flexibly allocate milk to the highest returning product and sales channel.



Build on our sustainability position

Further improve the Co-op's sustainability credentials, as we work towards our ambition to be net zero by 2050.



Innovate to drive our advantage

Use science and technology to solve the Co-op's challenges and build on our competitive advantages.

Strategic targets hold even if Consumer is divested

OUTCOMES	TARGETS & POLICY SETTINGS		FY19-24 AVERAGE
Strong Shareholder returns	Return on capital ¹	10-12%	8.2%
	Dividend policy	60-80%	62%
	Capital distributions	Guided by Resource Allocation Framework	
Stable balance sheet	Gearing ratio	30-40%	38%
	Debt to EBITDA	2-3X	2.7X
Enduring Co-op	Capital investment requirements	~\$1+ billion per annum in Essential, Sustainability, Growth	\$660m
	Emissions reduction by 2030 ²	Absolute Scope 1 & 2 GHG emissions	50.4%
		Scope 1 and Scope 3 FLAG GHG emissions from dairy ³	30.0%

¹ Average Return on Capital FY24-30

² From an FY18 base year

³ per tonne of fat-and-protein-corrected milk

Next steps

- Farmer shareholder vote on whether to proceed with sale to Lactalis is to occur at a Special Meeting in late October or early November
 - Notice of Meeting to be issued in October including detail on the financial shape of Fonterra post-divestment
 - Fonterra's Annual Meeting deferred from November 2025 to December 2025
 - Subject to receipt of approvals, sale expected to complete in first half of 2026.
 - Capital Return shareholder vote to occur at later date
 - Fonterra's FY25 earnings guidance unchanged at 65-75 cents per share
 - Fonterra's FY26 earnings guidance to be released with annual results on 25 September 2025
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Thank You