



Interim Results

2023

16 March 2023



Good Together
from one generation to the next



2023 Interim Results

- Profit after tax up \$182 million, or 50%, to \$546 million due to higher margins in protein and cheese products
- Interim dividend of 10 cents per share, up from 5 cents per share
- Full year forecast normalised earnings increased to 55-75 cents per share
- Intended capital return to shareholders and unit holders of 50 cents per share in October following completion of the sale of Soprole
- Revised 2022/23 season forecast Farmgate Milk Price of \$8.20 to \$8.80 per kgMS due to softer demand for whole milk powder
- Transitioning to Flexible Shareholding capital structure on 28 March 2023





2023 Interim Results

Profit after tax

\$546 million

↑ from \$364m

Free cash flow

\$(30) million

↑ from \$(849)m

Earnings per share

33c

↑ from 22c

Interim dividend
per share

10c

↑ from 5c

2022/23 forecast Farmgate Milk Price

\$8.20– \$8.80 per kgMS

NZ milk
collections (kgMS)

1,016m

↓ from 1,033m

Return
on capital¹

8.6%

↑ from 6.1%

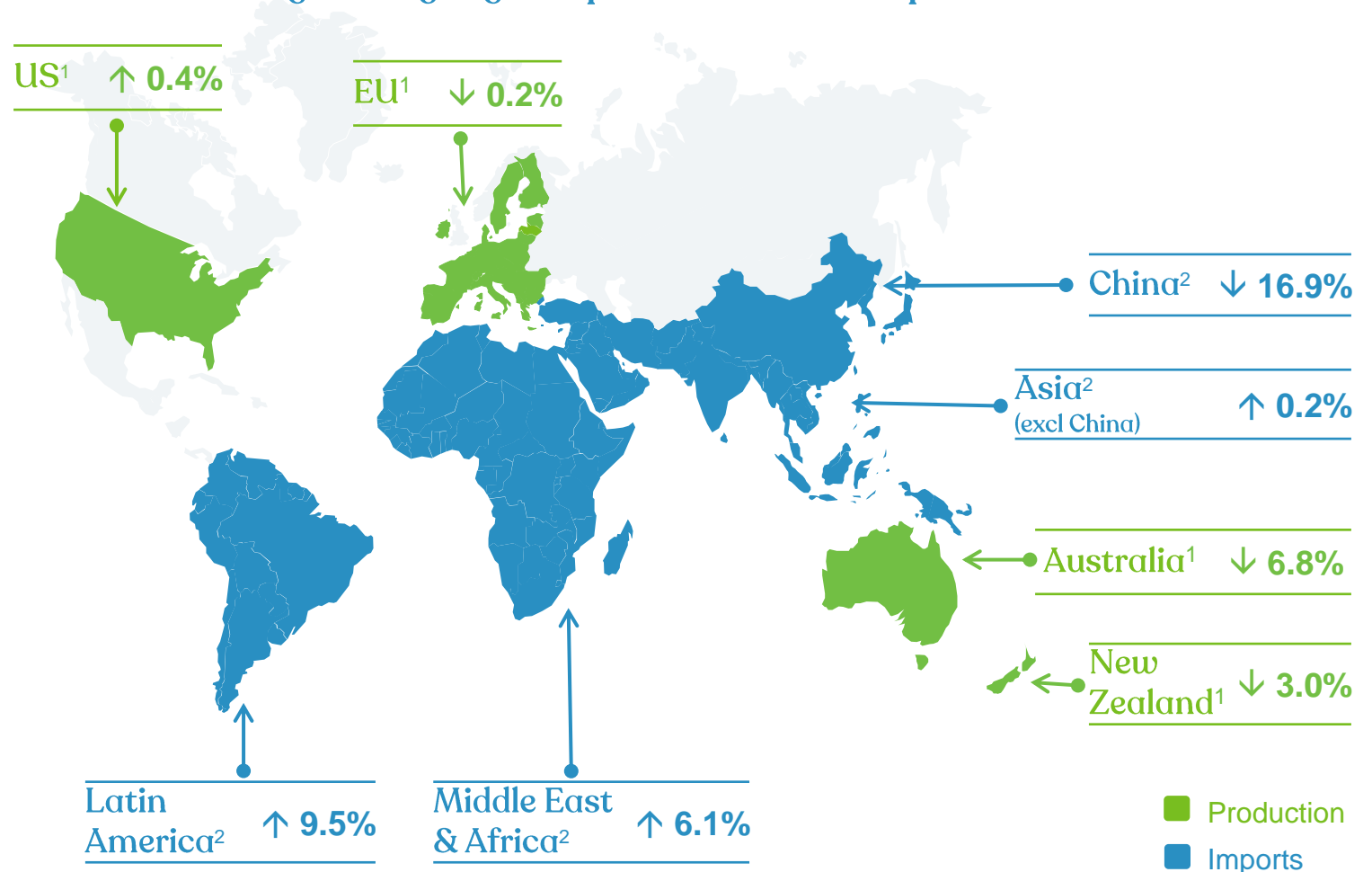
1. Return on capital is calculated for the 12-months ended 31 January. Refer to Glossary for the definition



Constrained milk supply and variable demand

12-month change in key regions production and imports

- Production from the four key regions is down 0.4% and imports from the other four regions are down 1.0%
- Lower milk production in New Zealand and Australia, primarily due to adverse weather
- Decrease in China imports driven mainly by lower imports of fluid milk products and whole milk powder
- Increase in Latin America, and Middle East and Africa imports primarily due to increased cheese and skim milk powder



Source: Fonterra Global Dairy Update

1. 12 month production. US, NZ (Feb 2022 to Jan 2023), EU (Dec 2021 to Nov 2022), AU (Jan 2022 to Dec 2022)
2. 12 month imports. LATAM, Asia, Middle East & Africa (Dec 2021 to Nov 2022), China (Jan 2022 to Dec 2022)

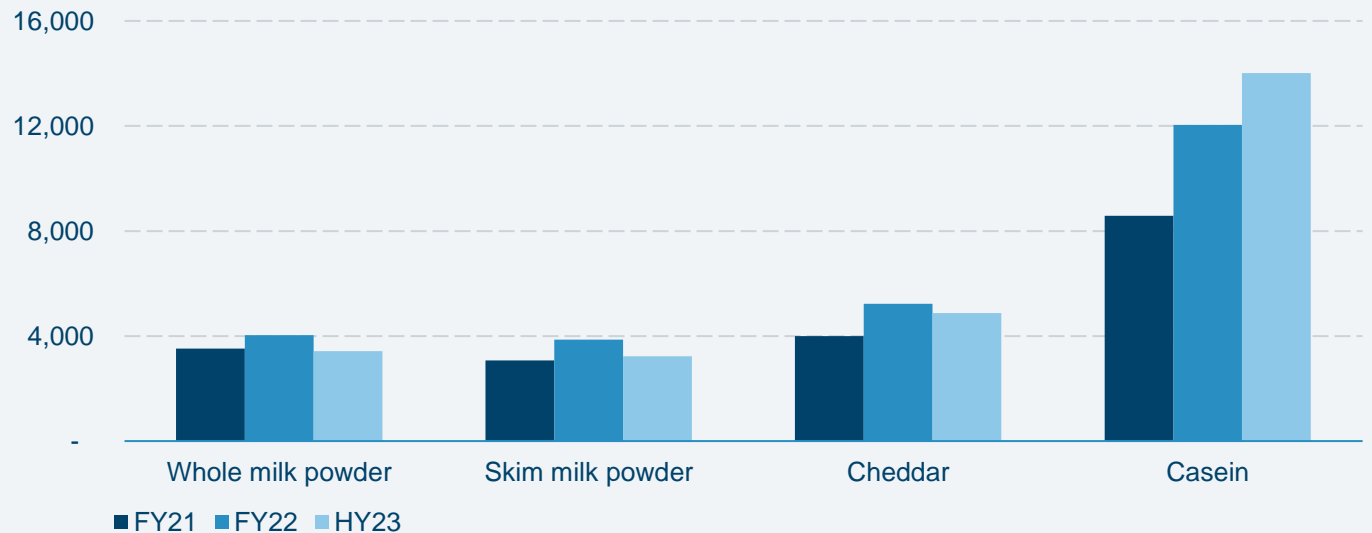


Continued strong demand for proteins

Higher prices for protein products, while milk powder prices have softened

- Softening of whole milk powder prices, mainly due to lower demand in China
- Higher prices for protein products, in particular casein and caseinate, driven by strong demand combined with constrained manufacturing capacity

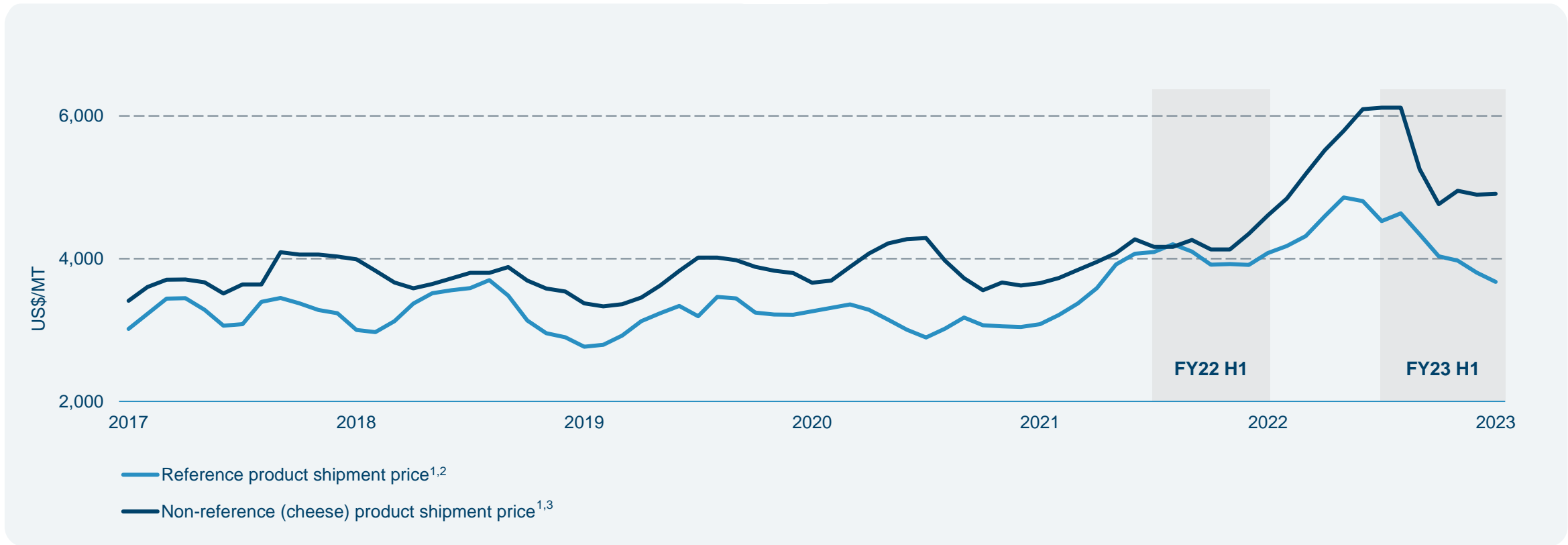
Average global product prices (US\$/MT)



Note: Whole milk powder, skim milk powder and cheddar prices are sourced from GlobalDairyTrade and casein prices are sourced from USDA



Favourable price relativities continue



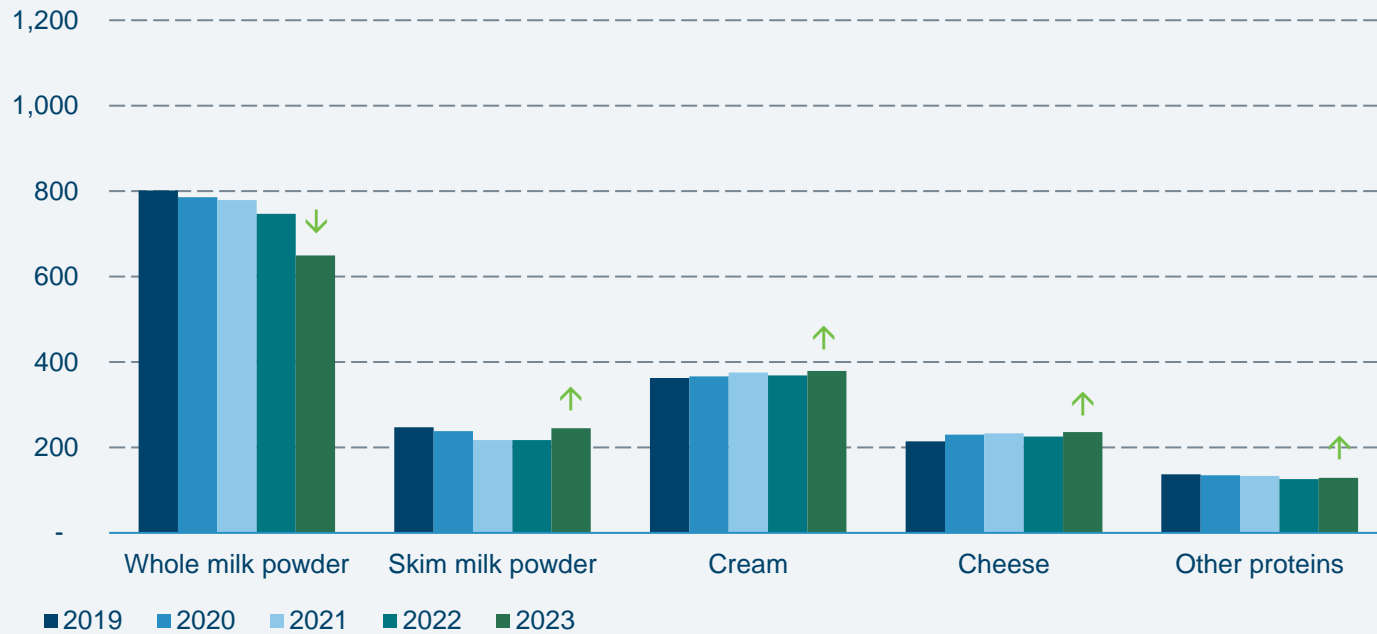
Source: GlobalDairyTrade

1. The shipment price is a weighted average price of GlobalDairyTrade contracts struck 1 to 5 months prior to the agreed shipment month. Shipment month is the month in which the sale would be deemed for financial reporting purposes to have been completed, and will normally be the month in which the sale is invoiced and the product is shipped
2. Reference product shipment price is represented by a weighted average of the whole milk powder, skim milk powder, anhydrous milk fat and butter prices achieved on GlobalDairyTrade
3. Non-reference product shipment price is represented by the cheddar prices achieved on GlobalDairyTrade. Non-reference includes other products such as casein and whey protein concentrate



Changes in product mix in response to the market

Fonterra New Zealand Production (000' MT)¹



- Lower milk collections for current season, down 1.6% as at 31 January
- Produced less whole milk powder and increased proportions in the higher returning product streams

1. Production for the first six months of the financial year

Resilient and sustainable New Zealand operations



Challenging supply chain environment

- Severe storms and flooding across the North Island in January and February exacerbated national supply chain constraints and delayed some product getting onto ships
- We are working with our strategic partners, Kotahi and Coda, to ship inventory and get product to our global customers



Crawford Street distribution centre automation

- Completed automation of our Crawford Street cool store distribution centre to improve site efficiency, reduce energy consumption, and enhance product integrity



Converting coal boiler at our Waitoa site

- The installation of this biomass boiler is expected to reduce carbon emissions by 48,000 tonnes of CO₂-e per year, equivalent to taking 20,000 cars off the roads

Strategy update



Sales of businesses in Chile and Brazil

- We are progressing the sales of our businesses in Chile and Brazil
 - in February, we received approval from the competition authority, Fiscalía Nacional Económica (FNE) for the sale of our Chile business
 - Brazil sale expected to be completed in mid-2023, subject to regulatory approval



Flexible Shareholding

- The transition to our new capital structure will occur on 28 March 2023
- We've allocated up to \$300 million for:
 - a transitional buyback of shares (operating from 28 March to 9 June)
 - market maker arrangements



Engaging with farmers on scope 3 emissions

- Last year we signalled to farmers that the Co-op will set a target for our on-farm (scope 3) emissions
- Over the coming months, we will be talking with our farmer owners about what a target will look like and how we'll get there

Proposed capital return on track



Intend to return around 50 cents per share, which is approximately \$800 million



Record date intended to be in late September, with cash received in October



Will apply equally to shareholders and unit holders



Tax-free return



Structured so there is no change in the number of shares or units held (or voting rights)



Improved gross margin, partially offset by higher costs

Revenue

\$13.2 billion

↑ from \$10.8b

Gross margin

17.3%

↑ from 14.9%

Operating expenditure

\$1.4 billion

↑ from \$1.1b

Normalised EBIT

\$940 million

↑ from \$607m

Favourable price relativities driving performance

Million	2022	2023	%Δ
Sales volume ('000 MT)	1,921	1,994	4%
Revenue (\$)	10,797	13,249	23%
Cost of goods sold (\$)	(9,190)	(10,951)	(19)%
Gross profit (\$)	1,607	2,298	43%
Gross margin (%)	14.9%	17.3%	
Operating expenses (\$)	(1,062)	(1,377)	(30)%
Other ¹ (\$)	62	19	(69)%
Normalised EBIT (\$)	607	940	55%
Net finance costs	(103)	(150)	(46)%
Tax expense	(140)	(179)	(28)%
Normalised profit after tax (\$)	364	611	68%
Normalisations ² (\$)	-	(65)	-
Reported profit after tax (\$)	364	546	50%
Reported EPS (cents)	22	33	50%

- Higher sales volumes reflect sell down of additional FY22 year-end inventory
- Increased sales volumes in Global Markets while sales volumes in Greater China are lower due to softer demand
- Gross margin and gross profit are up due to strong product prices in our Ingredients channel, partially offset by higher milk costs
- Operating expenses up, reflecting inflationary pressures, a \$92 million and \$70 million impairment of our New Zealand consumer business and our Asia brands, respectively and foreign exchange translation

Note: Total Group figures. This includes continuing and discontinued operations and are on a normalised basis unless otherwise stated

1. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss on equity accounted investees

2. Normalisations include \$61 million of fair value revaluations related to hedging sale proceeds from our Chile business, and \$4 million related to an impairment of our Hangu China farm

Diversified across markets and products

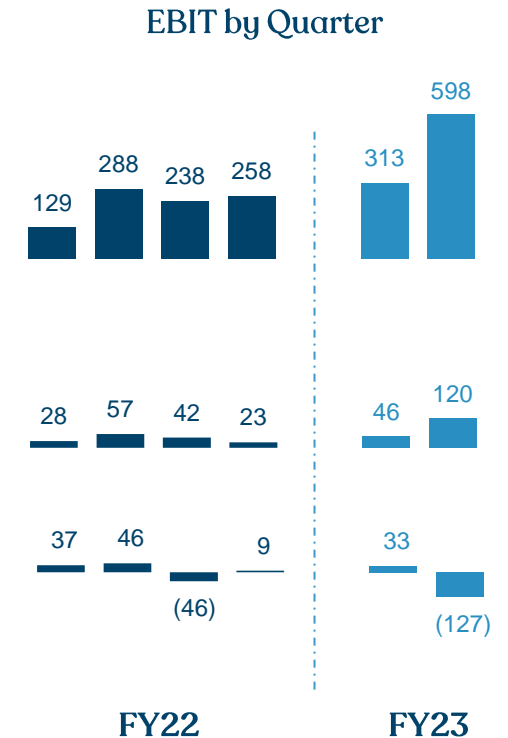
	Group Operations	Global Markets	Greater China	Total
External sales volume ('000 MT)		1,244 18% ↑	455 20% ↓	1,699 5% ↑
EBIT contribution (before unallocated costs & eliminations)				
Ingredients	\$493m \$346m ↑	\$332m \$145m ↑	\$86m \$3m ↑	\$911m \$494m ↑
Foodservice	\$(6)m \$40m ↑	\$21m \$16m ↑	\$151m \$25m ↑	\$166m \$81m ↑
Consumer	\$14m \$26m ↑	\$(86)m \$173m ↓	\$(22)m \$30m ↓	\$(94)m \$177m ↓
Total	\$501m \$412m ↑	\$267m \$12m ↓	\$215m \$2m ↓	

Note: Prepared on a normalised continuing operations basis. Normalised EBIT contributions in the above table sum to \$983 million, and do not align to reported continuing operations of \$864 million due to excluding \$119 million of unallocated costs and eliminations

End-to-end view by region

To provide a full end-to-end view of performance, Group Operations is attributed to the regions

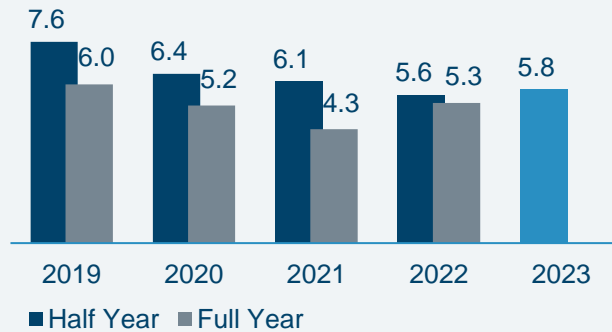
	Global Markets	Greater China	Totals
External sales volume ('000 MT)	1,244 18% ↑	455 20% ↓	1,699 5% ↑
EBIT contribution (before unallocated costs & eliminations)			
Ingredients	\$698m \$425m ↑	\$213m \$69m ↑	\$911m \$494m ↑
Foodservice	\$11m \$15m ↑	\$155m \$66m ↑	\$166m \$81m ↑
Consumer	\$(63)m \$144m ↓	\$(31)m \$33m ↓	\$(94)m \$177m ↓
Total	\$646m \$296m ↑	\$337m \$102m ↑	



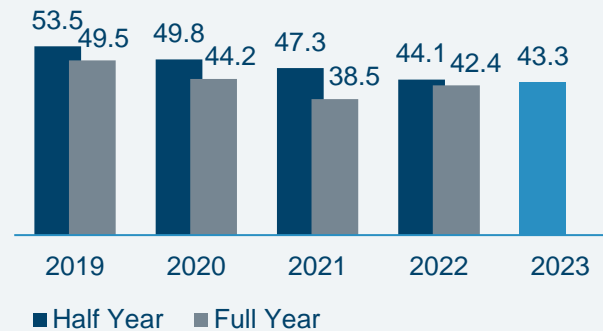
Note: Prepared on a normalised continuing operations basis. Normalised EBIT contributions in the above table sum to \$983 million, and do not align to reported continuing operations of \$864 million due to excluding \$119 million of unallocated costs and eliminations

Balance sheet strength remains a key priority

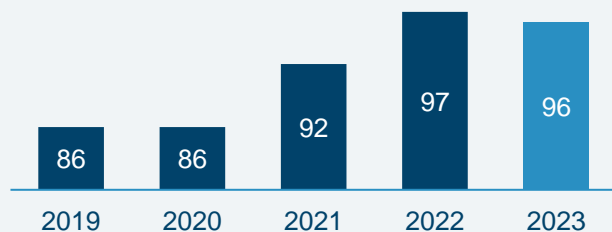
Net Debt (\$ billion)



Gearing Ratio (%)



Working Capital Days¹



Credit Rating

S&P Global Ratings	A-	Stable outlook
Fitch Ratings	A	Stable outlook

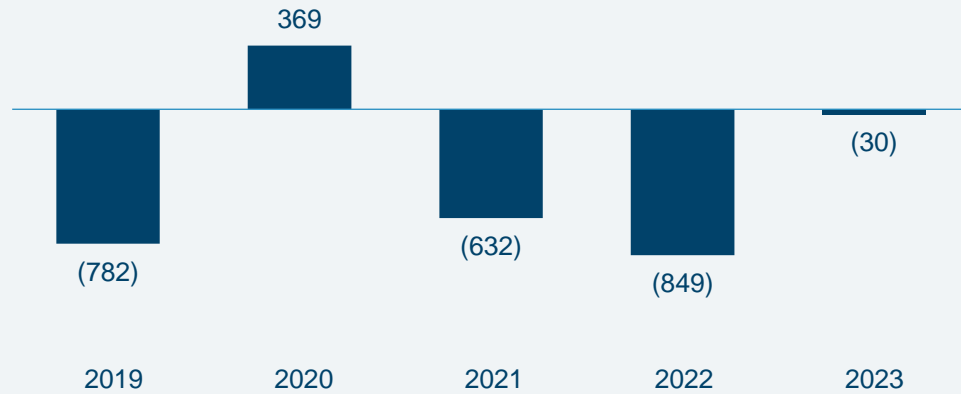
- Net debt and gearing are typically higher at half year due to the seasonal profile of working capital
- Net debt in-line with expectations with higher earnings and unwind of higher FY22 year-end inventory
- Gearing is favourable to the prior half year due to strong earnings increasing equity
- Working capital days includes the impact of higher inventory during FY22

1. Working capital days are presented on a 12-month rolling average basis. The prior periods have been re-presented for consistency with current period. Previously presented on a year-to-date basis

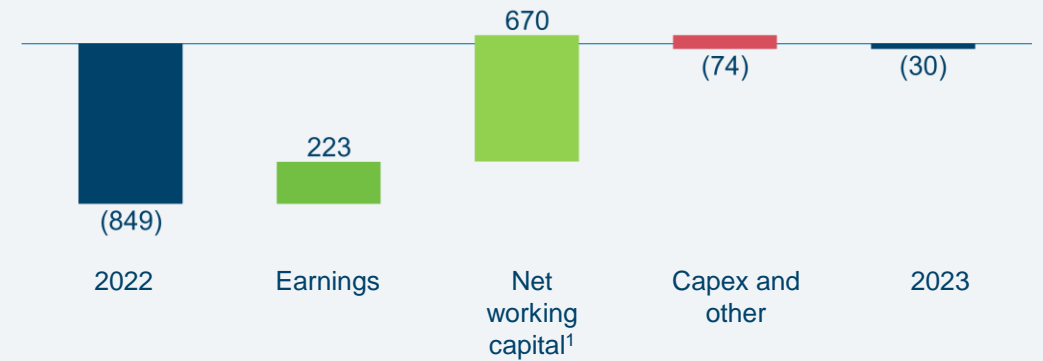


Free cash flow remains a focus

Five year trend
(\$ million)



Movements in free cash flow
(\$ million)



- Free cash flow for the first six months is typically an outflow reflecting the seasonal nature of the business

- Improved free cash flow reflects higher earnings and improved working capital due to the sell down of additional FY22 year-end inventory

1. Includes amounts owing to suppliers

Inflation & impairments impact operating expenses

NZD Million	2022	2023
Cost allocated to segments		
Selling & marketing	266	292
Distribution & storage	225	253
Administration	286	308
Research & development	40	45
Other	48	46
Impairments	-	162
Total allocated operating expenses	865	1,106
Unallocated costs	44	94
Operating expenses from continuing operations	909	1,200
Operating expenses from discontinued operations	153	177
Total Group operating expenses	1,062	1,377

- Total Group normalised operating expenses increased \$315 million due to:
 - impairment of our New Zealand consumer business and our Asia brands, for \$92 million and \$70 million, respectively
 - inflationary pressures and unfavourable foreign exchange translation felt across the business
 - increased distribution and storage costs mainly due to higher levels of opening inventory
- Unallocated costs increased due to the prior period including the release of a favourable provision held at Group level

Forecast 2022/23 Season Farmgate Milk Price

Forecast Farmgate Milk Price

\$8.20-\$8.80
per kgMS

The range reflects:

- softer demand for whole milk powder, particularly from Greater China
- balanced milk supply with recent production increases from US and EU, offset by lower production in New Zealand and Australia

Reference Product Prices



Source: GlobalDairyTrade. Data is up to GlobalDairyTrade event 324 on 17 January 2023

1. The shipment price is a weighted average price of GlobalDairyTrade contracts struck 1 to 5 months prior to the agreed shipment month. Shipment month is the month in which the sale would be deemed for financial reporting purposes to have been completed, and will normally be the month in which the sale is invoiced and the product is shipped
2. Reference product shipment price is represented by a weighted average of the whole milk powder, skim milk powder, anhydrous milk fat and butter prices



Strong protein margins underpin earnings outlook

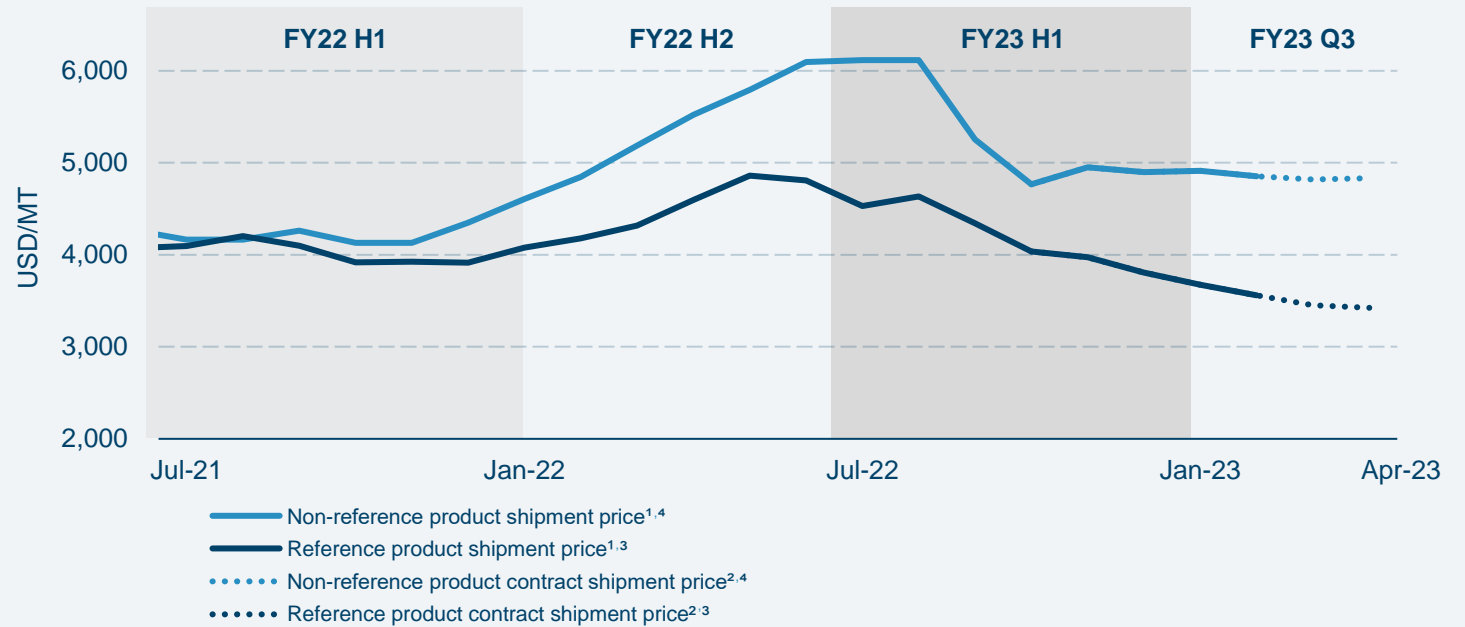
2023 forecast earnings

55-75c
per share

The increased earnings range reflects:

- strong margins in protein and cheese portfolio have continued longer than initially forecasted
- contract rate in line with expectations
- continued heightened market volatility

Reference and Non-reference Product Prices



Source: GlobalDairyTrade. Data is up to GlobalDairyTrade event 327 on 7 March 2023

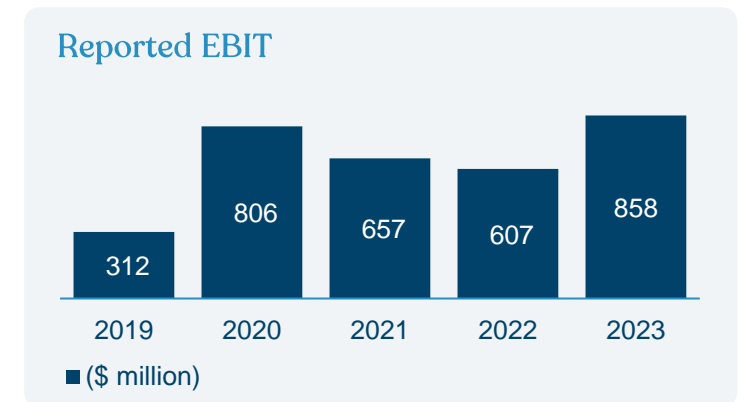
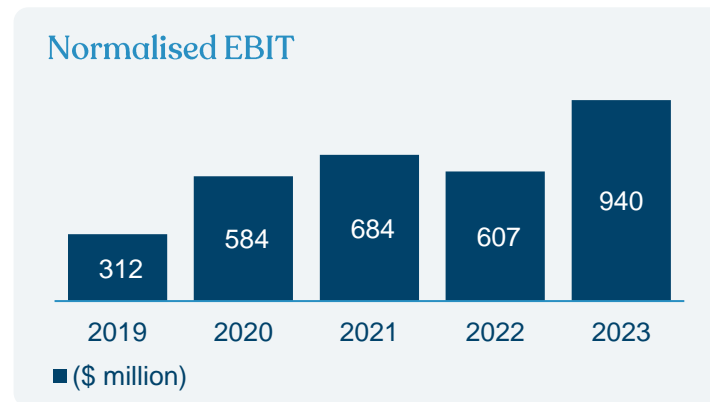
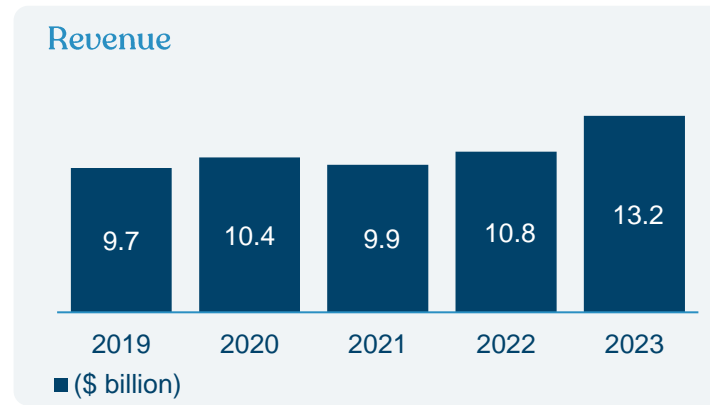
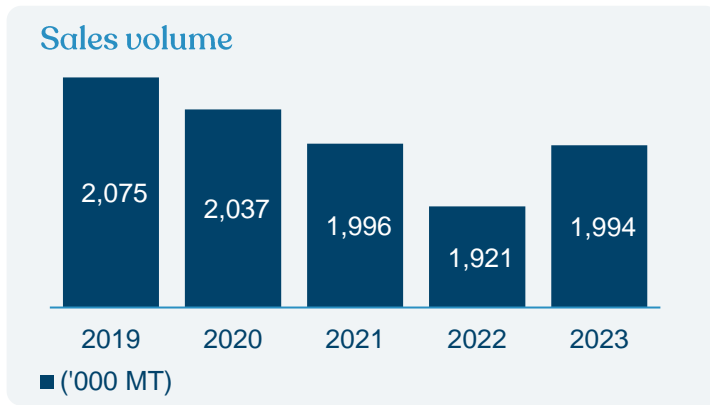
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2. The contracted shipment price is the weighted average shipment price of GlobalDairyTrade contracts won 1 to 5 months prior on the GlobalDairyTrade platform. These contracts are yet to be shipped or invoiced and the weighted average price will change closer to the actual shipment date as new contracts are written
3. Reference product shipment price is represented by a weighted average of the whole milk powder, skim milk powder, anhydrous milk fat and butter prices achieved on GlobalDairyTrade
4. Non-reference product shipment price is represented by the cheddar prices achieved on GlobalDairyTrade



Appendix



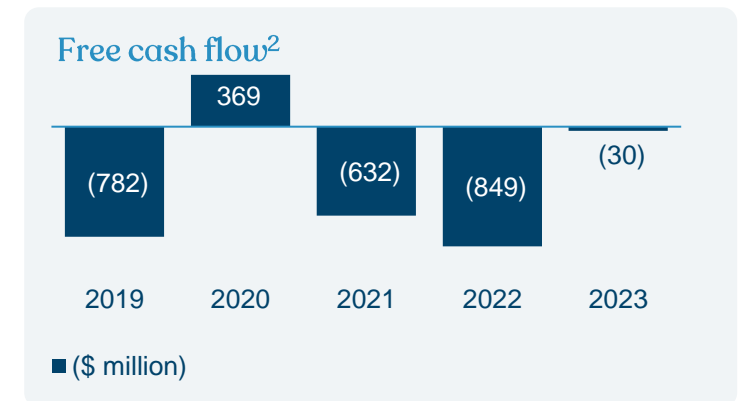
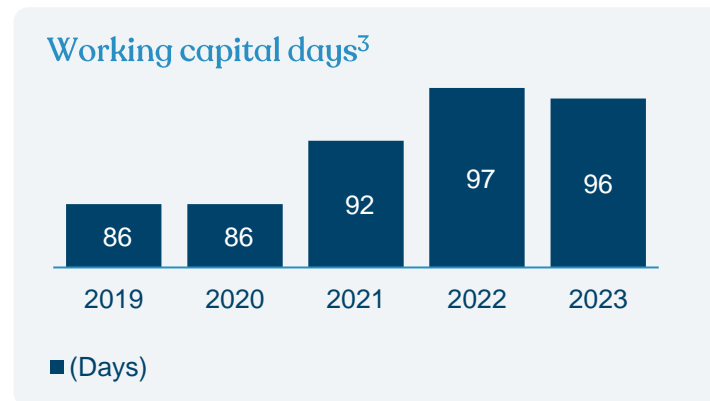
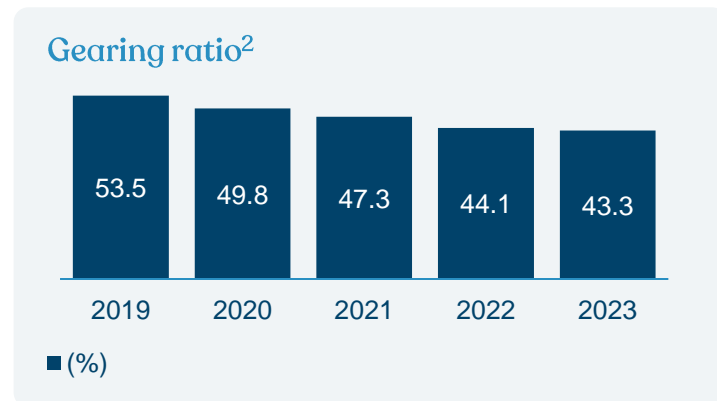
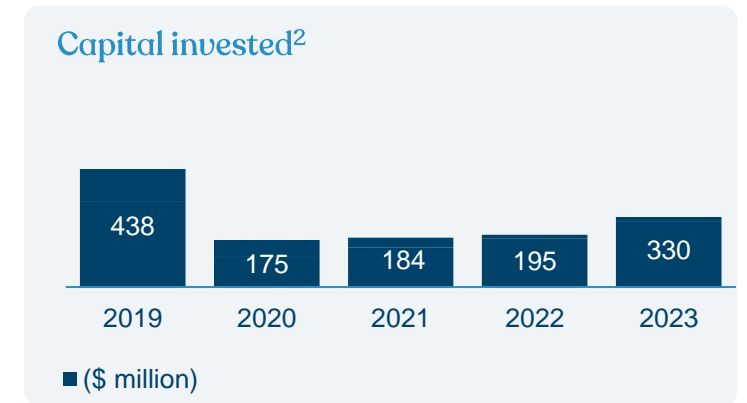
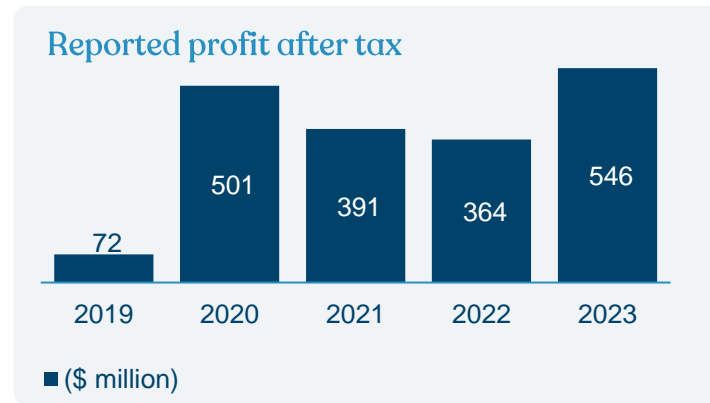
Key financial metrics for Total Group FY23 half year¹



1. Total Group figures for the six months ended 31 January. This includes continuing and discontinued operations, and are on a normalised basis unless otherwise stated



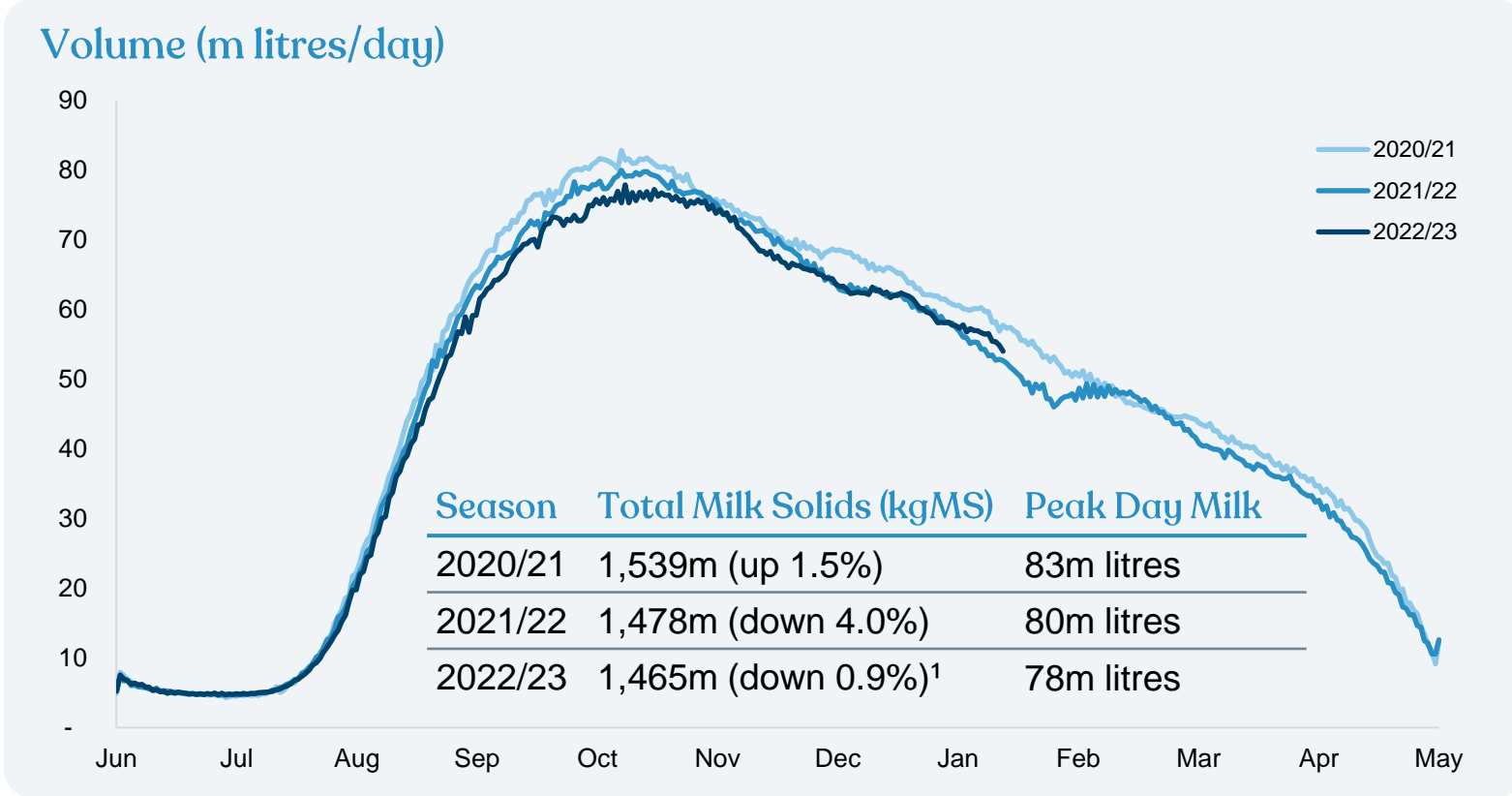
Key financial metrics for Total Group FY23 half year¹



1. Total Group figures for the six months ended 31 January. This includes continuing and discontinued operations, and is on a normalised basis unless otherwise stated
 2. Refer to the Glossary for definition
 3. Working capital days are presented on a 12-month rolling average basis. The prior periods have been re-presented for consistency with current period. Previously presented on a year-to-date basis



Fonterra's New Zealand milk collections

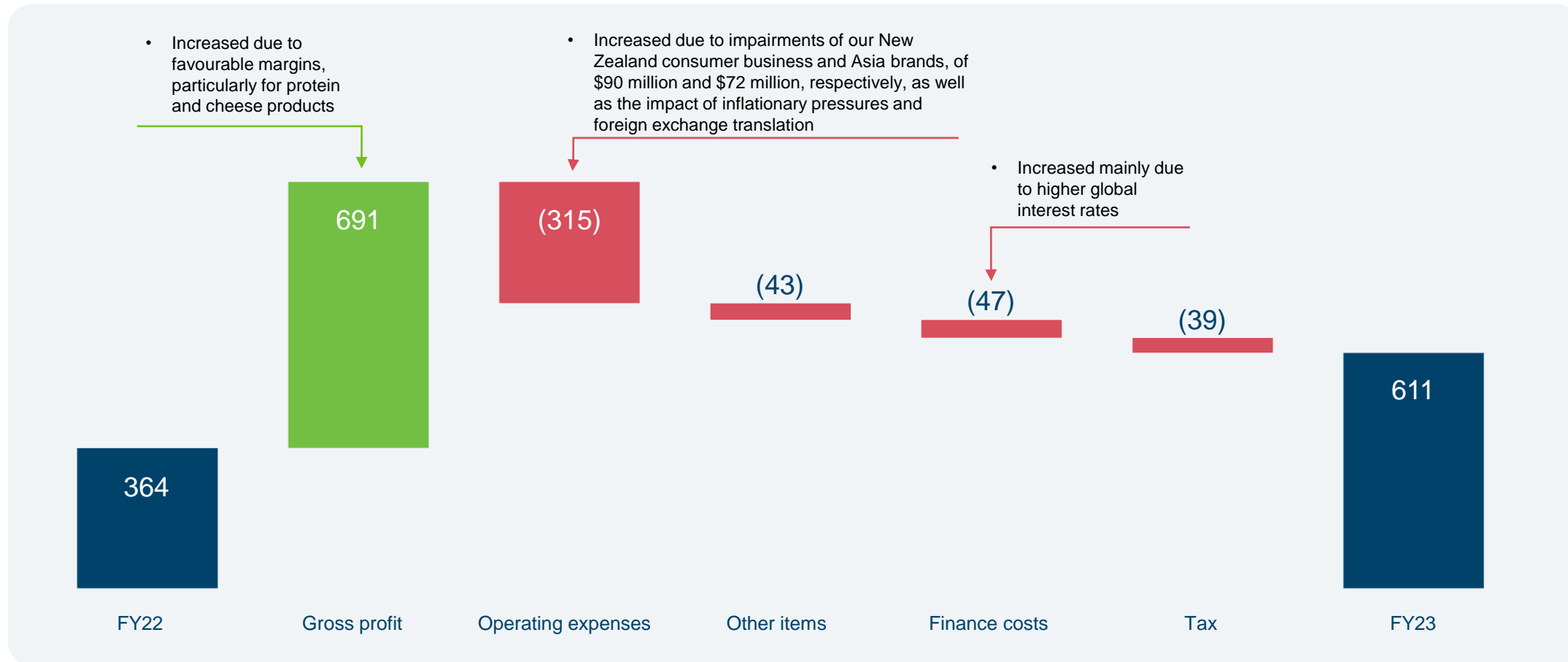


- Fonterra's New Zealand milk collections for the period 1 June to 31 January was 1,016 million kgMS, down 1.6% on last season
- Challenging wet weather conditions throughout the North Island combined with a reduction in the number of cows has reduced peak production
- Milk volume began tracking above last season in January
- The full season forecast was revised down to 1,465 million kgMS from 1,480 million kgMS due to the recent challenging conditions

1. Current full season forecast



Normalised profit after tax





Reconciliation to Total Group EBIT

NZD Million	31 January 2022			31 January 2023		
	Continuing Operations ¹	Discontinued Operations ¹	Total Group	Continuing Operations ¹	Discontinued Operations ¹	Total Group
Revenue	10,085	712	10,797	12,333	916	13,249
Cost of goods sold	(8,696)	(494)	(9,190)	(10,287)	(664)	(10,951)
Gross profit	1,389	218	1,607	2,406	252	2,298
Gross margin	13.8%	30.6%	14.9%	16.6%	27.5%	17.3%
Operating expenses	(909)	(153)	(1,062)	(1,200)	(177)	(1,377)
Other ²	63	(1)	62	18	1	19
Normalised EBIT	543	64	607	864	76	940
Normalisations	-	-	-	-	(82)	(82)
Reported EBIT	543	64	607	864	(6)	858

1. Refer to Note 1a and 2b of the FY23 Interim Financial Statements. Comparative information has been re-presented for consistency with the current period
2. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss on equity accounted investees



Normalised Items

NZD Million	Soprole	Hangu China farm	Total
Foreign exchange movements on derivatives	(78)	-	(78)
Impairment	-	(4)	(4)
EBIT	(78)	(4)	(82)
Net finance costs and tax	17	-	17
Profit after tax	(61)	(4)	(65)
Profit attributable to non-controlling interests	-	-	-
Profit after tax attributable to equity holders of the Co-operative	(61)	(4)	(65)



Unallocated costs¹

NZD Million ²	2022	2023
Farmer services	21	22
Sustainability & community	4	5
Fonterra Board & Co-operative Council	3	3
Governance support	16	19
Group finance, property & support	21	22
People & culture	8	11
Other	(29)	12
Total	44	94

- Unallocated costs have increased \$50 million mainly due to a \$41 million increase in 'Other' costs
- The increase in 'Other' costs was due to the prior period including the release of a \$44 million provision following a final judicial interpretation on the application of the Holidays Act 2003 in New Zealand relating to certain discretionary incentive payments

1. Refer to the Glossary for the definition
 2. Normalised basis. Comparative information has been restated and re-presented for consistency with the current period



Earnings per share reconciliation

NZD Million	2022	2023
Reported profit after tax	364	546
Less: Profit attributable to non-controlling interests	(16)	(16)
Reported profit after tax attributable to equity holders of the Co-operative	348	530
Reported earnings per share (cents)	22	33
Normalised profit after tax	364	611
Less: Profit attributable to non-controlling interests	(16)	(16)
Normalised profit after tax attributable to equity holders of the Co-operative	348	595
Normalised earnings per share (cents)	22	37
Weighted average number of Co-operative shares ('000)	1,613,358	1,612,291



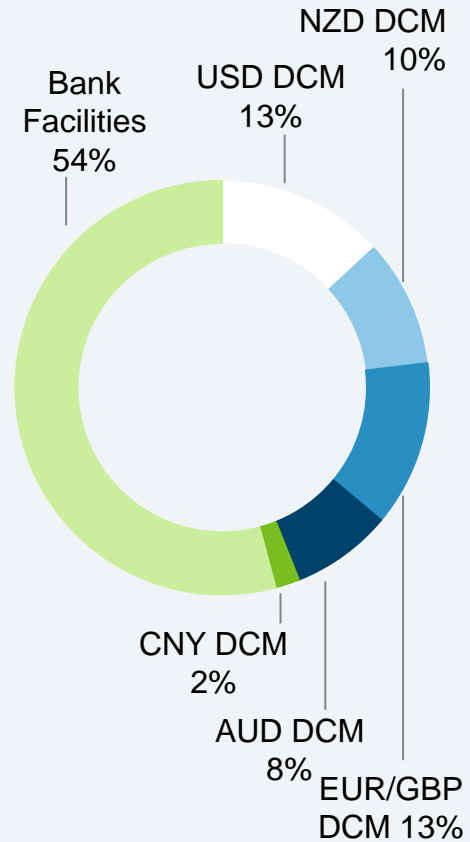
Return on capital

For the 12 months ended 31 January	2022	2023
NZD Million		
Total Group normalised EBIT	875	1,324
Finance income on long-term advances	7	13
Notional tax charge	(142)	(215)
Total Group normalised EBIT plus finance income on long-term advances less notional tax charge	740	1,122
Capital employed at 31 January	12,255	13,434
Impact of seasonal capital employed	(114)	(429)
Average capital employed	12,141	13,005
Return on capital (%)	6.1%	8.6%

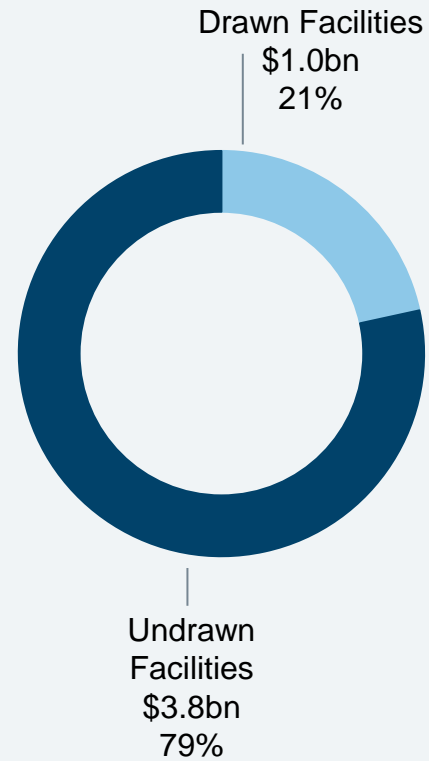


Diversified and prudent funding position¹

Diversified Profile²

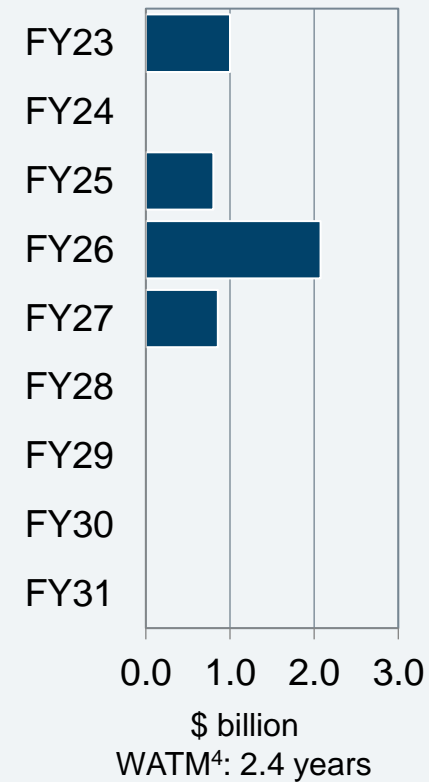


Prudent Liquidity



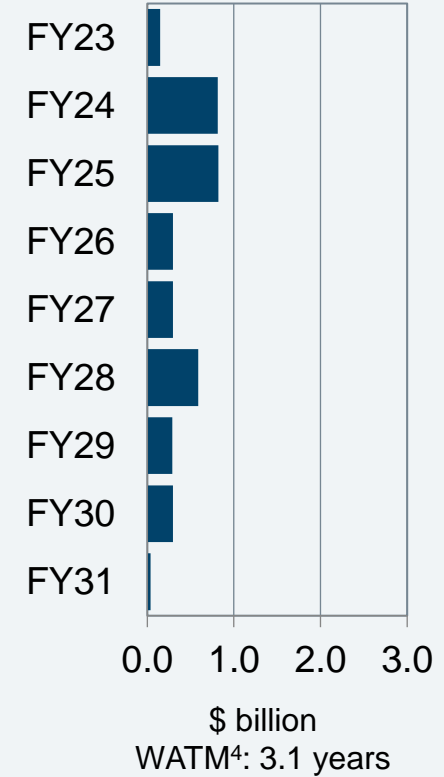
Bank Facilities

Maturity Profile



Debt Capital Markets³

Maturity Profile



1. As at 31 January 2023 and excludes amounts attributable to disposal groups held for sale
 2. Includes undrawn facilities and commercial paper. DCM is debt capital markets

3. Excludes commercial paper
 4. Weighted average term to maturity (WATM)



Product channel performance

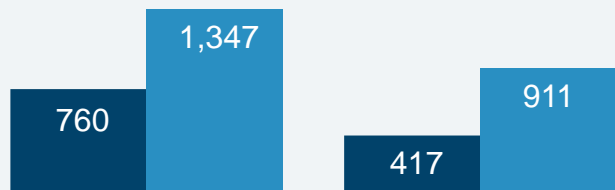
Ingredients

Volume ('000 MT)
1,106 from 1,013 ↑

Revenue (\$ million)
8,735 from 6,848 ↑

Gross margin
15.4% from 11.1% ↑

\$ million ■ 2022 ■ 2023

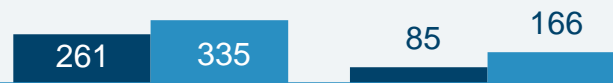


Foodservice

Volume ('000 MT)
274 from 276 ↓

Revenue (\$ million)
1,928 from 1,674 ↑

Gross margin
17.4% from 15.6% ↑

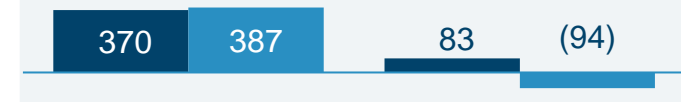


Consumer

Volume ('000 MT)
319 from 334 ↓

Revenue (\$ million)
1,670 from 1,563 ↑

Gross margin
23.2% from 23.7% ↓



Note: Figures are for the six months ended 31 January. Does not add to Total Group as shown on a normalised continuing operations basis and excludes unallocated costs and eliminations. Comparative information has been restated for consistency with the current period

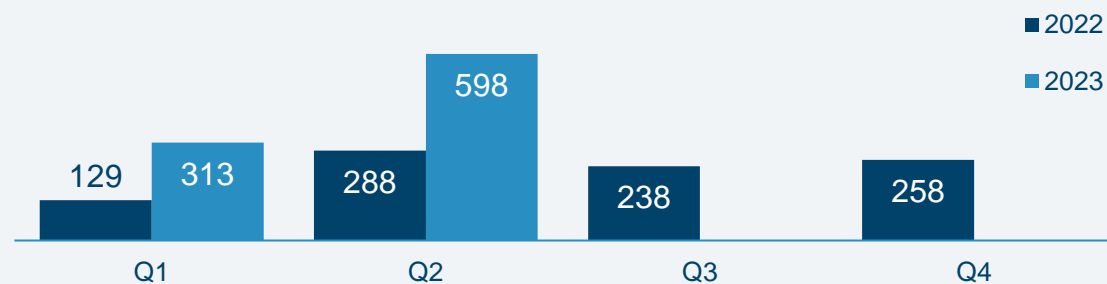


Ingredients

NZD Million	2022	2023	%Δ ¹
Sales volume ('000 MT)	1,013	1,106	9%
Revenue (\$)	6,848	8,735	28%
Cost of goods sold	(6,088)	(7,388)	(21)%
Gross profit (\$)	760	1,347	77%
Gross margin (%)	11.1%	15.4%	
Operating expenses (\$)	(388)	(452)	(16)%
Other ² (\$)	45	16	(64)%
Normalised EBIT (\$)	417	911	118%

- Higher sales volumes reflect the sell down of additional inventory held at 2022 financial year-end
- Gross profit improved 77% due to continued favourable margins in our protein and cheese portfolios, as well as higher sales volumes
- Operating expenses are up 16%, reflecting increased supply chain costs due to additional inventory and inflationary pressures

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
2. Consists of other operating income, net foreign exchange gains/(losses) and share profit or loss on of equity accounted investees

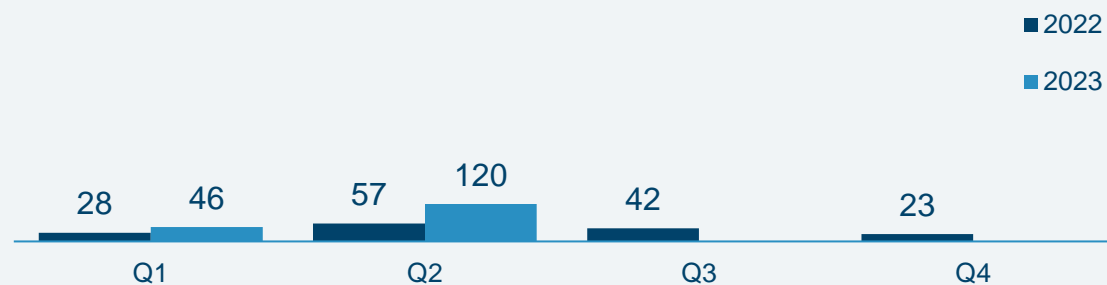


Foodservice

NZD Million	2022	2023	%Δ ¹
Sales volume ('000 MT)	276	274	(1)%
Revenue (\$)	1,674	1,928	15%
Cost of goods sold	(1,413)	(1,593)	(13)%
Gross profit (\$)	261	335	28%
Gross margin (%)	15.6 %	17.4%	
Operating expenses (\$)	(183)	(168)	8%
Other ² (\$)	7	(1)	-
Normalised EBIT (\$)	85	166	95%

- Gross profit increased 28% mainly due to Greater China product prices adjusting for the higher cost of milk and reduced tariffs from the changes to the New Zealand-China Free Trade Agreement
- Operating expenses improved, particularly in Group Operations

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
2. Consists of other operating income, net foreign exchange gains/(losses) and share profit or loss on of equity accounted investees

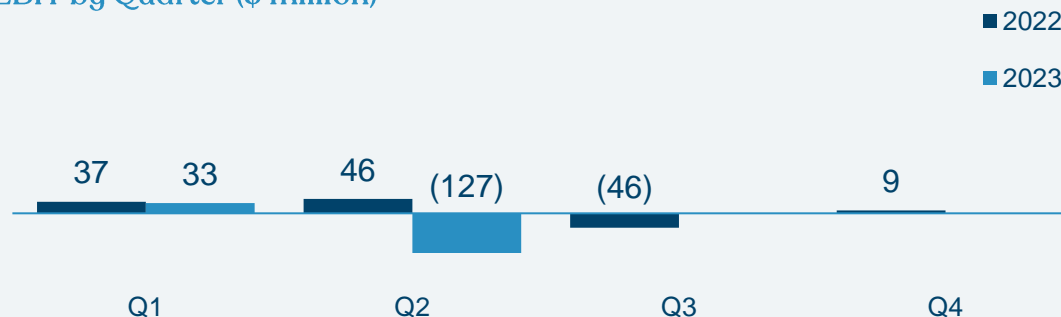


Consumer

NZD Million	2022	2023	%Δ ¹
Sales volume ('000 MT)	334	319	(4)%
Revenue (\$)	1,563	1,670	7%
Cost of goods sold	(1,193)	(1,283)	(8)%
Gross profit (\$)	370	387	5%
Gross margin (%)	23.7%	23.2%	
Operating expenses (\$)	(292)	(481)	(65)%
Other ² (\$)	5	-	(100)%
Normalised EBIT (\$)	83	(94)	-

- Gross profit improved 5% due to non-reference price products, particularly cheese, increasing relative to reference products that informs the cost of milk
- Operating expenses increased mainly due to an impairment to our New Zealand consumer business and our Asia brands (Annum, Anlene and Chesdale), of \$90 million and \$72 million, respectively

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

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2. Consists of other operating income, net foreign exchange gains/(losses) and share profit or loss on of equity accounted investees



New Zealand sourced ingredients product mix

	2022		2023	
Sales Volume ('000 MT)¹				
Reference products		793		857
Non-reference products		415		430
Revenue¹	\$ billion	\$ per MT	\$ billion	\$ per MT
Reference products	4.7	5,916	5.6	6,584
Non-reference products	2.6	6,221	3.5	8,146
Cost of Milk				
Reference products	3.7	4,702	4.3	5,042
Non-reference products	1.7	4,144	1.8	4,256

- The average product price per metric tonne increased:
 - 11% for reference products
 - 31% for non-reference products
- Cost of milk increased for reference products and non-reference products by 16% and 6%, respectively
 - the difference between the cost of milk for the reference and non-reference product portfolios is due to their different fat and protein compositions
- The price increases in protein products coupled with the lower increase in milk costs relative to reference products, has meant higher margins for our non-reference portfolio

Note: Table includes Ingredient's products that are on-sold to the Foodservice and Consumer channels and excludes bulk liquid milk. Bulk liquid milk for 2023 was 35,000 MT of kgMS equivalent (for the comparative period it was 34,000 MT of kgMS equivalent). Milk solids used in the reference products sold were 482 million kgMS and 220 million kgMS in the non-reference products (for the comparative period 441 million kgMS in reference products and 207 million kgMS in non-reference products)



Group performance by segment

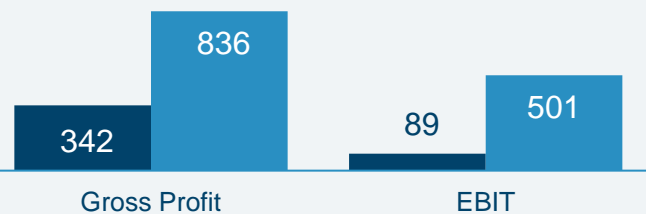
Group Operations

Volume ('000 MT)
1,345 from 1,264 ↑

Revenue (\$ million)
9,691 from 7,705 ↑

Gross margin
8.6% from 4.4% ↑

\$ million ■ 2022 ■ 2023

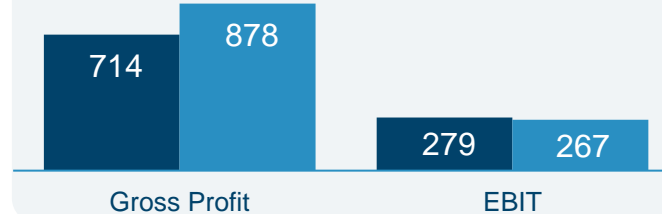


Global Markets

Volume ('000 MT)
1,272 from 1,075 ↑

Revenue (\$ million)
9,424 from 6,545 ↑

Gross margin
9.3% from 10.9% ↓

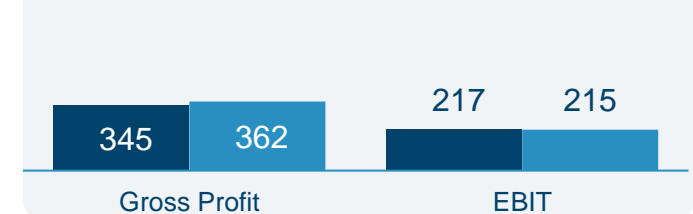


Greater China

Volume ('000 MT)
455 from 566 ↓

Revenue (\$ million)
3,496 from 3,499 ↓

Gross margin
10.4% from 9.9% ↑



1. Figures are for the six months ended 31 January. Does not add to total group as shown on a normalised continuing operations basis and excludes unallocated costs and eliminations. Comparative information has been restated and re-presented for consistency with the current period

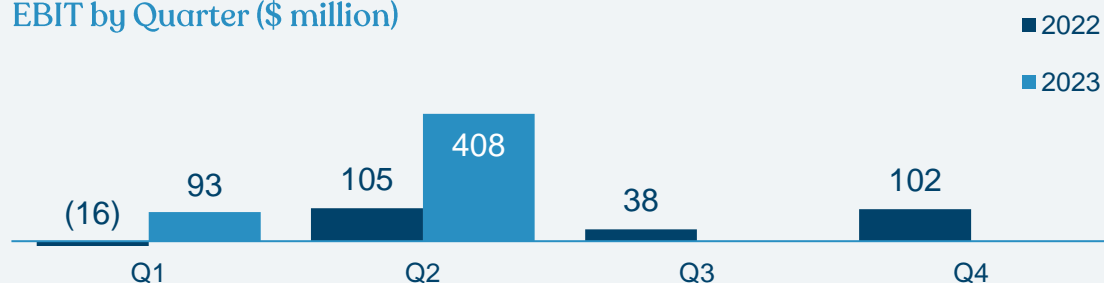


Group Operations

NZD Million	2022	2023	%Δ ¹
Sales volume ² ('000 MT)	1,264	1,345	6%
Revenue (\$)	7,705	9,691	26%
Cost of goods sold	(7,363)	(8,855)	(20)%
Gross profit (\$)	342	836	144%
Gross margin (%)	4.4%	8.6%	
Operating expenses (\$)	(286)	(336)	(17)%
Other ³ (\$)	33	1	(97)%
Normalised EBIT (\$)	89	501	463%

- Higher sales volumes reflect the sell down of additional inventory held at 2022 financial year-end
- Gross profit up \$494 million due to favourable price relativities between reference and non-reference products, particularly in our protein and cheese non-reference products
- Operating expenses up \$50 million reflecting inflationary pressures, supply chain disruption, and additional storage costs due to holding higher inventory at the start of the 2023 financial year
- 'Other' is down \$32 million, to \$1 million, reflecting unfavourable foreign exchange movements in our net receivables due to timing differences between the processing and hedging of invoices

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
2. Includes sales to other segments
3. Consists of other operating income, net foreign exchange gains/(losses) and share profit or loss on of equity accounted investees



Group Operations channel performance

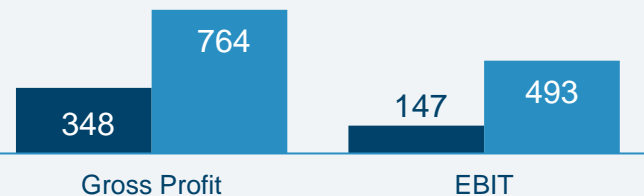
Ingredients

Volume ('000 MT)
1,049 from 963 ↑

Revenue (\$ million)
7,900 from 6,238 ↑

Gross margin
9.7% from 5.6% ↑

\$ million ■ 2022 ■ 2023

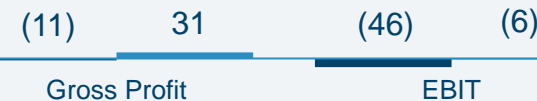


Foodservice

Volume ('000 MT)
171 from 199 ↓

Revenue (\$ million)
1,033 From 864 ↑

Gross margin
3.0% from (1.3)% ↑

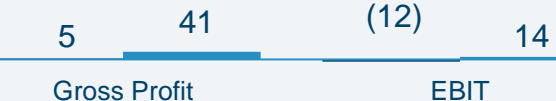


Consumer

Volume ('000 MT)
125 from 102 ↑

Revenue (\$ million)
758 from 603 ↑

Gross margin
5.4% from 0.8% ↑



Note: Figures are for the six months ended 31 January. Does not add to Total Group as shown on a normalised continuing operations basis and excludes unallocated costs and eliminations. Comparative information has been restated for consistency with the current period

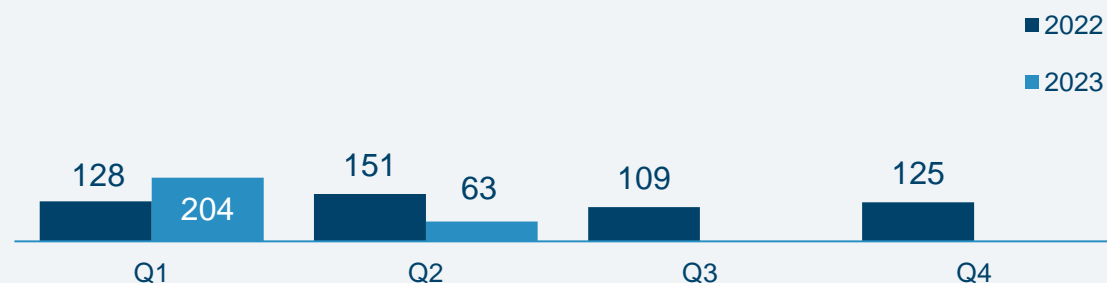


Global Markets

NZD Million	2022	2023	%Δ ¹
Sales volume ² ('000 MT)	1,075	1,272	18%
Revenue (\$)	6,545	9,424	44%
Cost of goods sold	(5,831)	(8,546)	(47)%
Gross profit (\$)	714	878	23%
Gross margin (%)	10.9%	9.3%	
Operating expenses (\$)	(450)	(624)	(39)%
Other ³ (\$)	15	13	(13)%
Normalised EBIT (\$)	279	267	(4)%

- Higher sales volumes reflect the sell down of additional inventory held at 2022 financial year-end
- Normalised EBIT down \$12 million, due to:
 - Consumer channel down \$173 million, impacted by lower gross margins and impairments of our New Zealand consumer business and our Asia brands (Anmum, Anlene and Chesdale), partially offset by;
 - improved Ingredients channel EBIT, up \$145 million, due to higher sales volumes and improved product pricing

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

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Global Markets channel performance

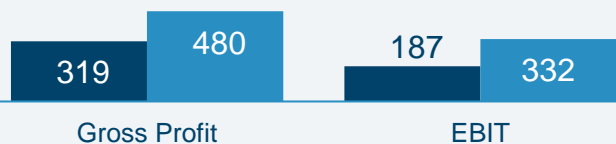
Ingredients

Volume ('000 MT)
848 from 651 ↑

Revenue (\$ million)
6,960 from 4,498 ↑

Gross margin
6.9% from 7.1% ↓

\$ million ■ 2022 ■ 2023

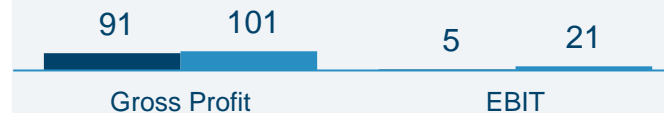


Foodservice

Volume ('000 MT)
141 from 132 ↑

Revenue (\$ million)
941 From 696 ↑

Gross margin
10.7% from 13.1% ↓

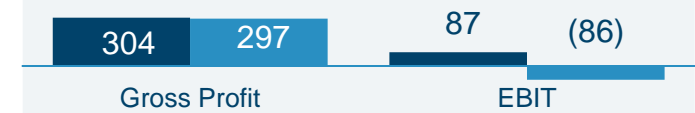


Consumer

Volume ('000 MT)
283 from 292 ↓

Revenue (\$ million)
1,523 from 1,351 ↑

Gross margin
19.5% from 22.5% ↓



Note: Figures are for the six months ended 31 January. Does not add to Total Group as shown on a normalised continuing operations basis and excludes unallocated costs and eliminations. Comparative information has been restated for consistency with the current period



Australia

NZD Million	2022	2023	%Δ ¹
Milk collections (kgMS)	68	66	(2)%
Sales volume ('000 MT)	172	181	5%
Revenue (\$)	916	1,253	37%
Cost of good sold (\$)	(779)	(1,082)	(39)%
Gross profit (\$)	137	171	25%
Gross margin (%)	15.0%	13.6%	
Operating expenses (\$)	(79)	(97)	(23)%
Other ² (\$)	1	-	-
Normalised EBIT (\$)	59	74	25%

- Lower milk collections due to unseasonably wet spring conditions impacting peak milk production
- Gross profit and EBIT increased due to:
 - Ingredients channel ability to capture favourable global pricing, particularly in cheese and proteins products, partially offset by;
 - lower margins in the Consumer channel due to in-market prices not adjusting at the same rate as the rising cost of milk

Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis.

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures
2. Consists of other operating income and net foreign exchange gains/(losses)

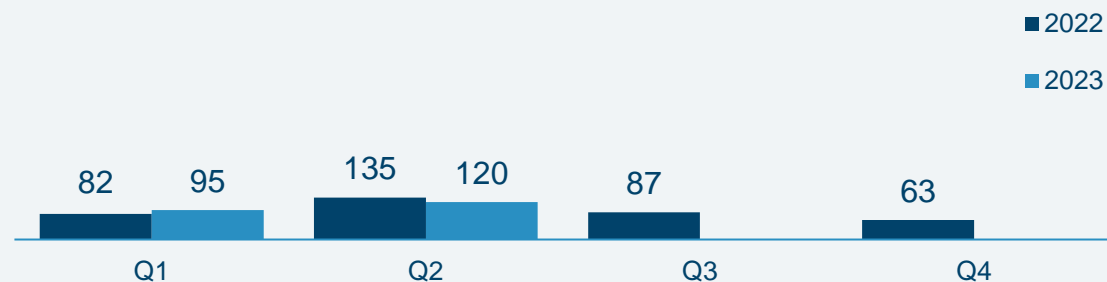


Greater China

NZD Million	2022	2023	%Δ ¹
Sales volume ('000 MT)	566	455	(20)%
Revenue (\$)	3,499	3,496	-
Cost of goods sold	(3,154)	(3,134)	1%
Gross profit (\$)	345	362	5%
Gross margin (%)	9.9%	10.4%	-
Operating expenses (\$)	(129)	(146)	(13)%
Other ² (\$)	1	(1)	-
Normalised EBIT (\$)	217	215	(1)%

- Lower sales volumes, particularly WMP, due to softer demand
- Gross profit increased \$17 million, mainly driven by improved performance in the Foodservice channel, reflecting:
 - in-market product prices adjusting for the higher cost of milk
 - reduced tariffs from changes to the New Zealand-China Free Trade Agreement, which took effect 1 January 2022
- Operating expenses increased due to an impairment in the Consumer channel to our Anlene brand

EBIT by Quarter (\$ million)



Note: Figures are for the six months ended 31 January and are on a normalised continuing operations basis. Comparative information has been restated and re-presented for consistency with the current period.

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Greater China channel performance

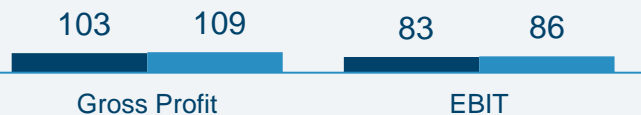
Ingredients

Volume ('000 MT)
279 from 377 ↓

Revenue (\$ million)
2,153 from 2,284 ↓

Gross margin
5.1% from 4.5% ↑

\$ million ■ 2022 ■ 2023

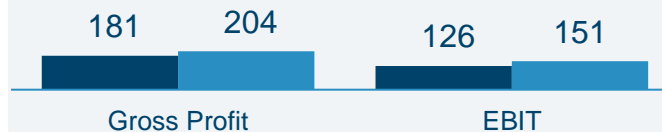


Foodservice

Volume ('000 MT)
137 from 146 ↓

Revenue (\$ million)
1,127 from 1,004 ↑

Gross margin
18.1% from 18.0% ↑

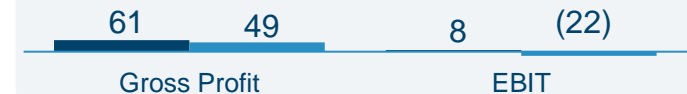


Consumer

Volume ('000 MT)
39 from 43 ↓

Revenue (\$ million)
216 from 211 ↑

Gross margin
22.7% from 28.9% ↓

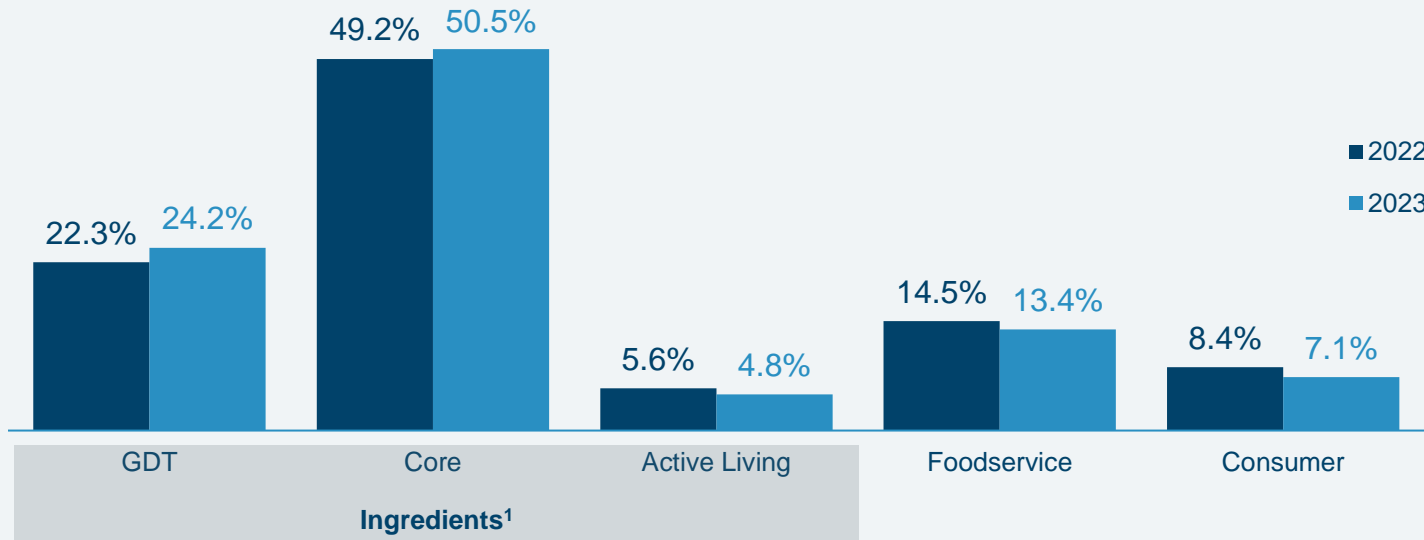


Note: Figures are for the six months ended 31 January. Does not add to Total Group as shown on a normalised continuing operations basis and excludes unallocated costs and eliminations. Comparative information has been restated for consistency with the current period



Allocation of New Zealand milk solids

Sales by product channel
(% of milk solids)



- The higher allocation to GDT and Core Ingredients mainly reflects the sell down of additional inventory held at 2022 year-end
- Less milk solids allocated to the:
 - Active Living portfolio was impacted by lower demand from USA due to customers' current manufacturing constraints and high in-market inventory
 - Foodservice channel due to softer demand from Greater China
 - Consumer channel mainly due to lower sales volume into Sri Lanka as the economic crisis limited repatriation of USD currency

1. Around 6% of the total milk solids for the first six months of FY23 relate to the additional inventory at FY22 year-end and mainly comprised of GDT and Core Ingredients products



New Zealand and non-New Zealand Milk

NZD Million ¹	31 January 2022			31 January 2023		
	New Zealand Milk	Non-New Zealand Milk	Total	New Zealand Milk	Non-New Zealand Milk	Total
Revenue	9,004	1,081	10,085	10,939	1,394	12,333
Cost of goods sold	(7,761)	(935)	(8,696)	(9,092)	(1,195)	(10,287)
Gross profit	1,243	146	1,389	1,847	199	2,046
Gross margin	13.8%	13.5%	13.8%	16.9%	14.3%	16.6%
Operating expenses	(832)	(77)	(909)	(1,114)	(86)	(1,200)
Other ²	61	2	63	14	4	18
Normalised EBIT	472	71	543	747	117	864
Normalised EBIT margin	5.2%	6.6%	5.4%	6.8%	8.4%	7.0%

1. Figures are for the six months ended 31 January and are prepared on a normalised continuing operations basis. Comparative information has been restated for consistency with the current period
2. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss on equity accounted investees



Discontinued operations

NZD Million ¹	31 January 2022			31 January 2023		
	Hangu China farm	DPA Brazil	Soprole	Hangu China farm	DPA Brazil	Soprole
Revenue	13	196	503	11	291	614
Cost of goods sold	(15)	(136)	(343)	(18)	(200)	(446)
Gross profit	(2)	60	160	(7)	91	168
Gross margin	(15.4)%	30.6%	31.8%	(63.6)%	31.3%	27.4%
Operating expenses	(6)	(45)	(102)	(1)	(62)	(114)
Other ²	-	(1)	-	(1)	-	2
Normalised EBIT	(8)	14	58	(9)	29	56

1. Normalised basis. Comparative information has been re-presented for consistency with the current period

2. Consists of other operating income and net foreign exchange gains/(losses).



FY23 Integrated Scorecard

As at 31 January 2023

People

Providing a safe, healthy and inclusive place to work.
Able to attract and retain the best talent in the world.
Continuously developing people's skills for meaningful careers within the ever-changing nature of work.

Nature

Leading the transition to net-zero GHG emissions for dairy nutrition.
Demonstrating that dairy can be a net-positive contributor to nature.

Relationships

(Farmers, customers, New Zealand, consumer, government etc.)
Strong relationships with customers and consumers through the provision of high-quality, innovative products and services and sustainability credentials.
Processor of choice for farmers through competitive returns on their investment and value-adding support and services.
Trusted relationships with stakeholders, playing our part for positive social, environmental and economic outcomes that are recognised by New Zealanders.

Intellectual Capital

(What we know)
Leveraging our IP to deliver extra value for the Co-op.

Assets & Infrastructure

(How we do dairy)
Operational assets are resilient and can efficiently deliver our most valuable portfolio of products and services, with an ever-decreasing environmental footprint.

Financial

(Our Performance)
Consistently attractive for farmers to be members of the Co-op, both as suppliers and shareholders.

	Key Metrics	FY21	FY22	FY23 Scorecard	FY23 H1 YTD
People	Serious harm	9	8	5	3
	Gender diversity (Band 12+)	36.3%	37.6%	38.8%	38.2%
Nature	GHG emissions (Scope 1,2) ¹	(6.6)%	(11.2)%	(10.6)%	(14.1)%
	FEP adoption (New Zealand)	53%	71%	84%	On track
	Water Improvement Plans in place	–	–	37.5% (18 sites)	37.5% (FYF)
Relationships	Share of New Zealand milk collected	79.0%	79.1%	79.0%	79.0% ²
Intellectual Capital	EBIT from New Zealand value-add businesses (\$ million) ³	616	307	388	On track
Assets & Infrastructure	Cost of quality (% of cost of goods sold)	0.45%	0.44%	0.35%	0.32%
Financial	Return on capital	6.6%	6.8%	7.0% to 7.5%	Ahead ⁴
	Farmgate Milk Price	\$7.54	\$9.30	\$9.50	\$8.20-\$8.80 ⁵

1. Relative to FY18 Baseline. Long-term will include Scope 3 but for now Scope 1&2 including farms under our operational control.
2. 12-month rolling share of collections.
3. Reflects EBIT from Consumer and Foodservice, contribution from Active Living. Excludes Brazil, Australia and Chile.

4. Reflects full year forecast position.
5. Latest announced Forecast Farmgate Milk Price range with a mid-point of \$8.50 per kgMS (24 February 2023).



Glossary

Active Living

Represents ingredients & solutions sold to businesses who cater to consumers' health and wellness needs. It addresses three dimensions of wellbeing (Physical, Mental, Inner), extending to meet the nutrition needs of medical patients through to everyday people pursuing active lifestyles. This portfolio includes proteins, specialty ingredients such as probiotics, lactoferrin & lipids, and patented formulations

Capital expenditure

Capital expenditure comprises purchases of property (less specific disposals where there is an obligation to repurchase), plant and equipment and intangible assets (excluding purchases of emissions units), net purchases of livestock, and includes amounts relating to disposal groups held for sale

Capital invested

For the relevant period comprises capital expenditure plus right-of-use asset additions and business acquisitions, including equity contributions, long-term advances, and investments

Consumer

Represents the channel of branded consumer products, such as powders, yoghurts, milk, butter, and cheese

Debt to EBITDA

Is adjusted net debt divided by Total Group normalised earnings before interest, tax, depreciation and amortisation (Total Group normalised EBITDA) excluding share of profit/loss of equity accounted investees and net foreign exchange gains/losses.

Earnings before interest and tax (EBIT)

Is profit before net finance costs and tax

Farmgate Milk Price

Means the average price paid by Fonterra for each kilogram of milk solids (kgMS) supplied by Fonterra's farmer shareholders under Fonterra's standard terms of supply. The season refers to the 12-month milk season of 1 June to 31 May. The Farmgate Milk Price is set by the Board, based on the recommendation of the Milk Price Panel. In making that recommendation, the Panel provides assurance to the Board that the Farmgate Milk Price has been calculated in accordance with the Farmgate Milk Price Manual

Foodservice

Represents the channel selling to businesses that cater for out-of-home consumption; restaurants, hotels, cafés, airports, catering companies etc. The focus is on customers such as; bakeries, cafés, Italian restaurants, and global quick-service restaurant chains. High performance dairy ingredients including whipping creams, mozzarella, cream cheese and butter sheets, are sold in alongside our business solutions under the Anchor Food Professionals brand

Free cash flow

Is the total of net cash flows from operating activities and net cash flows from investing activities



Glossary

Gearing ratio (adjusted net debt)

Is adjusted net debt divided by total capital. Total capital is equity excluding hedge reserves, plus adjusted net debt

Global Markets

Represents the Ingredients, Foodservice and Consumer channels outside of Greater China

Greater China

Represents the Ingredients, Foodservice and Consumer channels in Greater China

Group Operations

Comprises core operating functions including New Zealand milk collection and processing operations and assets, supply chain, Group IT and Sustainability; Fonterra Farm Source™ retail stores; and the Strategy and Optimisation function

Ingredients

Represents the channel comprising bulk and specialty dairy products such as milk powders, dairy fats, cheese and proteins manufactured in New Zealand, Australia, Europe and Latin America, or sourced through our global network, and sold to food producers and distributors

kgMS

Means kilograms of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra

Net debt (adjusted)

Is calculated as total borrowings, plus bank overdraft, less cash and cash equivalents, plus a cash adjustment for 25% of cash and cash equivalents held by the Group's subsidiaries, adjusted for derivatives used to manage changes in hedged risks on debt instruments. Amounts relating to disposal groups held for sale are included in the calculation

Normalised earnings per share (EPS)

Is calculated as normalised profit after tax attributed to equity holders of the Co-operative divided by the weighted average number of shares on issue for the period

Return on capital

Is Total Group normalised EBIT including finance income on long-term advances less a notional tax charge, divided by average capital employed.

Season

New Zealand: A period of 12 months from 1 June to 31 May

Australia: A period of 12 months from 1 July to 30 June

Chile: A period of 12 months from 1 August to 31 July

Unallocated costs and eliminations

Represents corporate costs including Co-operative Affairs and Group Functions; and any other costs that are not directly associated to the reporting segments; and eliminations of inter-segment transactions



Important information and disclaimer

This presentation may contain forward-looking statements, financial targets and ambitions (“Forward Statements”), each of which is based on a range of assumptions, including (in the case of our 2030 strategy) the assumptions noted in the Appendix of the booklet titled Our Path to 2030 which is available on our website. None of the Forward Statements is intended as a forecast, estimate or projection of the outcome that will, or is likely to, eventuate. They should not be taken as forecasts or a guarantee of returns to shareholders.

There can be no certainty of outcome in relation to the matters to which the Forward Statements relate. Our ability to achieve the outcomes described in the Forward Statements is subject to a number of assumptions, each of which could cause the actual outcomes to be materially different from the events or results expressed or implied by such Forward Statements.

The Forward Statements also involve known and unknown risks, uncertainties and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such Forward Statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Fonterra Co-operative Group Limited (“Fonterra”) and its subsidiaries (the “Fonterra Group”) and cannot be predicted by the Fonterra Group. The Forward Statements in this presentation reflect views held only at the date of this presentation.

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Non-GAAP Measures

Fonterra uses several non-GAAP measures when discussing financial performance. Non-GAAP measures are not defined or specified by NZ IFRS.

Management believes that these measures provide useful information as they provide valuable insight on the underlying performance of the business. They may be used internally to evaluate the underlying performance of business units and to analyse trends. These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited annual financial statements.

Please refer to the non-GAAP measures section in Fonterra's 2023 Interim Report for reconciliation of NZ IFRS to non-GAAP measures, and the Glossary for definitions of non-GAAP measures referred to by Fonterra.