Fonterra Co-operative Group Limited

Annual Meeting 2022

Rotorua Energy Events Centre, Rotorua

10 November 2022

Agenda

Welcome

Chairman's Review

Chief Executive Officer's Address

Agenda

Resolution 1 — Approval of remuneration of Shareholder Elected Directors

Resolution 2 — Approval of remuneration of Co-operative Councillors

Resolution 3 — Approval of remuneration of Members of Directors' Remuneration Committee

Resolution 4 — Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

Resolution 5 — Ratification of appointment of Mr Scott St John

Agenda

Co-operative Council Report – James Barron

Resolution 6 **Approval of the Co-operative Council programme and budget**

Voting Paper Collection

General Business

Closing

Fonterra Co-operative Group Limited

Annual Meeting 2022

Chairman’s Review

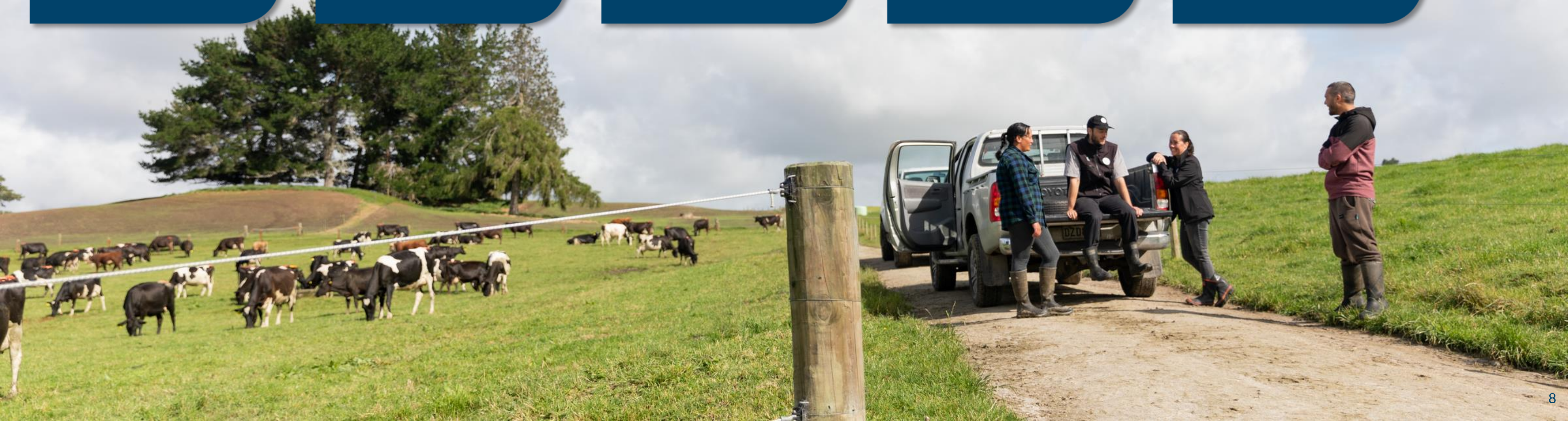
Peter McBride

We're on track for 2030

	FY20 Actual	FY21 Actual	FY22 Forecast	FY22 Actual	FY30 Year 9 Target
Improved performance					
Milk Price per kgMS ($)	$7.14	$7.54		$9.30	
Normalised EBIT ($m)	$879m	$952m	$875-$975m	$991m	$1,325-$1,425m
Earnings per share (CPS)	24c	34c	25-40c	35c	55-65c
Return on capital	6.6%	6.6%	6.5-7.0%	6.8%	9.0-10.0%
Financial position					
Capital investment ($m)	$525m	$608m	$650m	$617m	$980m
Debt to EBITDA ratio	3.3x	2.7x	2.4x[1]	3.2x	<2.5x
Gearing ratio	44%	39%	35%[1]	42%	<35%
Dividend to shareholders					
Dividends (CPS)	5c	20c	15-20c	20c	40-45c

Flexible Shareholding on track

Government is supportive → Expect legislation to progress through Select Committee this year → Implement as soon as possible → Market making arrangements and transitional buy back in place → Measurement statement issued confirming new minimum shareholding



Our strategy is built on a strong platform

Our strategic long term aspirations and targets to 2030

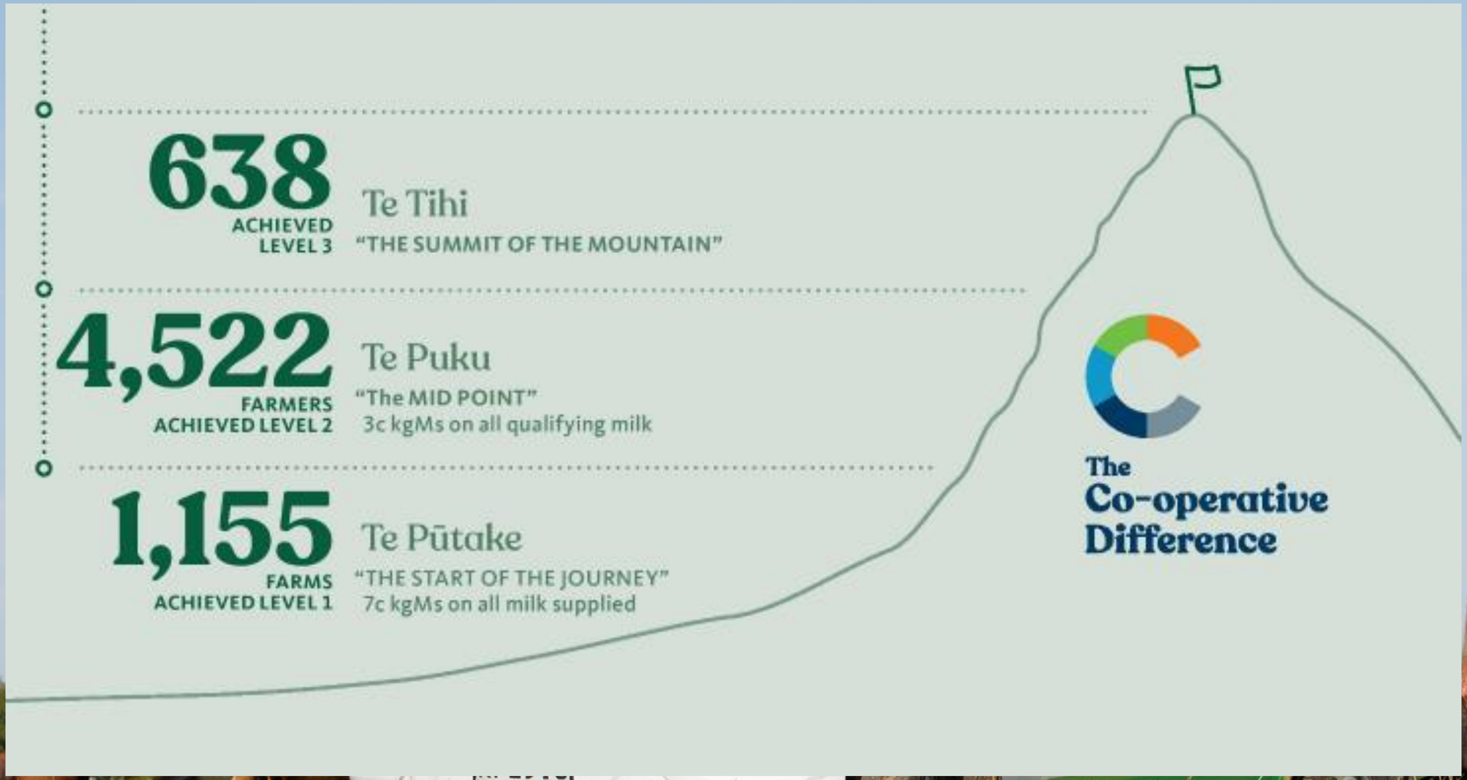
PERFORMANCE TARGETS	**40–50%** EBIT increase from FY21	**~9-10%** Return on capital	Increase dividends to **~40-45** cents per share	Aspiration to be **Net zero by 2050**
INVESTMENT	**~$1 billion** in sustainability	**~$1 billion** moving more milk to higher value products	**~$160m** per annum in R&D	**~$2 billion** for mix of investment in further growth and return to shareholders
DISTRIBUTION OF FUNDS	**~$1 billion** Intended to be distributed to shareholders after asset sales			

Kowbucha™ could inhibit the bugs that create methane in cows.

We’re making progress on farm

72%
Achieved Co-operative Difference

71%
FEPs



Chief Executive Officer’s Address

Miles Hurrell

We’ve had a good year

Farmgate Milk Price

$9.30 per kgMS

Dividend

20c per share

Reported profit after tax

$583 million

Normalised profit after tax

$591 million

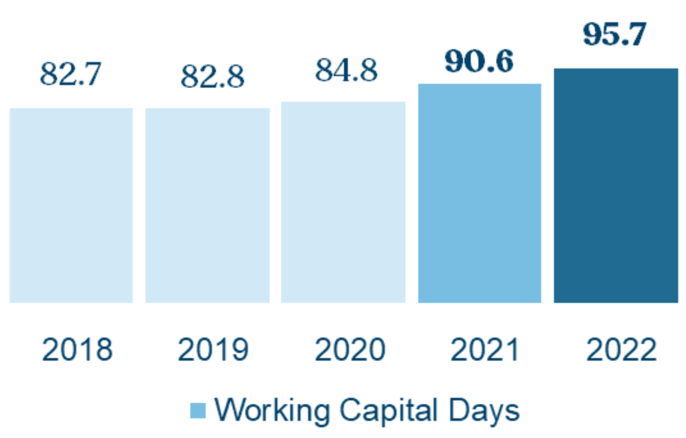
35c earnings per share

Delivering a solid Total Group business performance

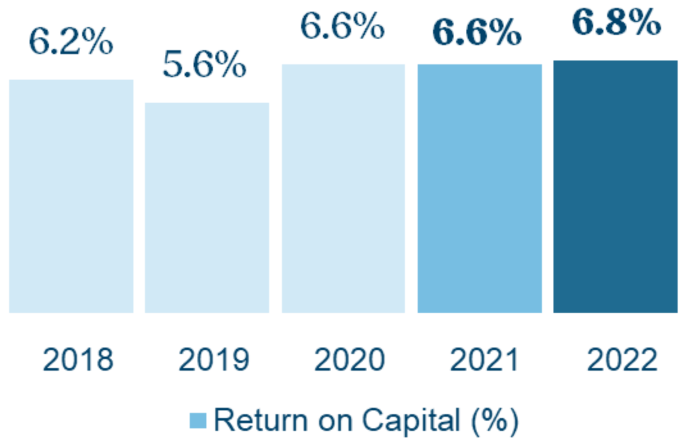
million	2021	2022	%Δ
Sales volume ('000 MT)	4,102	3,924	(4)%
Revenue ($)	21,124	23,425	11%
Cost of goods sold ($)	(18,010)	(20,085)	(12)%
Gross profit ($)	3,114	3,340	7%
Gross margin (%)	14.7%	14.3%	
Operating expenses ($)	(2,242)	(2,397)	(7)%
Other[3] ($)	80	48	(40)%
Normalised EBIT ($)	952	991	4%
Normalised profit after tax ($)	588	591	1%
Normalised EPS (cents)	34	35	3%

A strong balance sheet enabled us to manage inventory

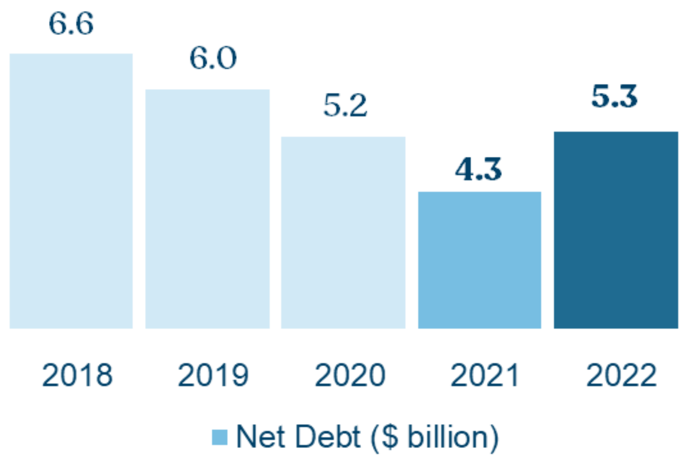
Working Capital



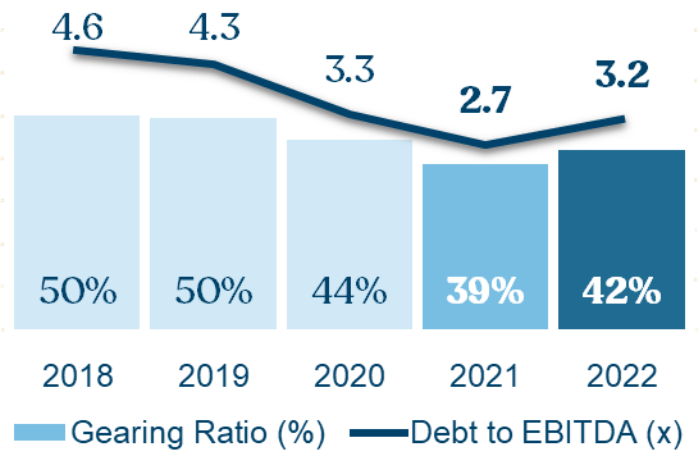
Return on Capital



Net Debt



Leverage



We optimised our business on the best performing products to capture higher returns

	Asia Pacific	AMENA	Greater China	Total
Volume ('000 MT)	1,370 ↓ 1%	1,355 n/c	1,029 ↓ 13%	3,754 ↓ 4%
EBIT contribution				
Ingredients	$192m ↑ $168m	$442m ↑ $231m	$282m ↑ $152m	$916m ↑ $551m
Foodservice	$(13)m ↓ $92m	$(4)m ↓ $19m	$155m ↓ $120m	$138m ↓ $231m
Consumer	$58m ↓ $144m	$89m ↓ $21m	$(5)m ↓ $3m	$142m ↓ $168m
Total	$237m ↓ $68m	$527m ↑ $191m	$432m ↑ $29m	

Our strategy is built on a strong platform

Our strategic long-term aspirations and targets to 2030

Focus on Aotearoa New Zealand Milk

Be a leader in dairy Innovation & science

Be a leader in Sustainability

PERFORMANCE TARGETS

- **40–50%** EBIT increase from FY21
- **~9-10%** Return on capital
- Increase dividends to **~40-45** cents per share
- Aspiration to be **Net zero by 2050**

INVESTMENT

- **~$1 billion** in sustainability
- **~$1 billion** moving more milk to higher value products
- **~$160m** per annum in R&D

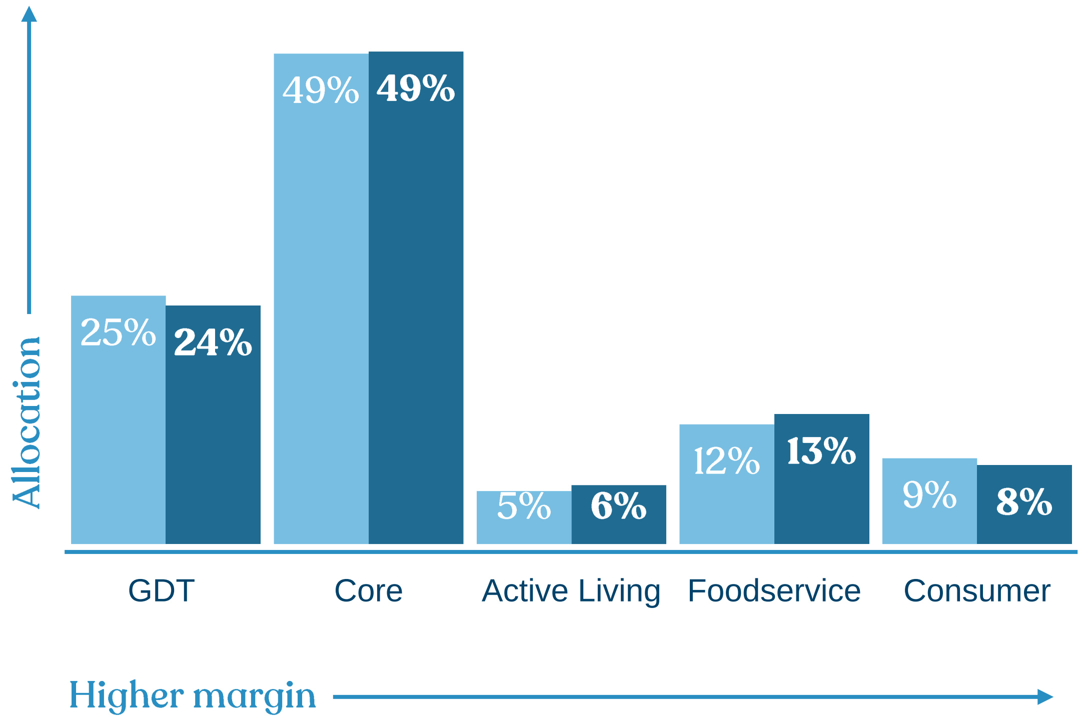
DISTRIBUTION OF FUNDS

- **~$1 billion** Intended to be distributed to shareholders after asset sales

~$2 billion for mix of investment in further growth and return to shareholders

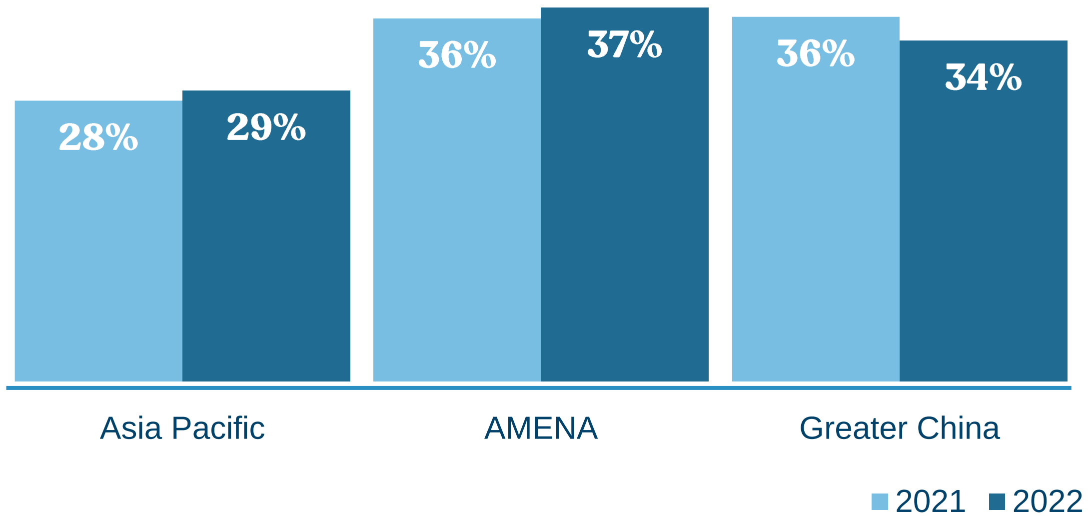
We're shifting milk into higher value products

New Zealand milk solids allocation by product channel



New Zealand milk solids allocation by region

% of milk solids



FY23 Outlook

2022/23 Forecast Farmgate Milk Price

$8.50– $10.00

per kgMS

Midpoint of **$9.25** per kgMS

Forecast Earnings

45-60c

per share

Fonterra Co-operative Group Limited

Annual Meeting 2022

Resolution 1

Approval of remuneration of Shareholder Elected Directors

Resolution 2

Approval of remuneration of Co-operative Councillors

Resolution 3

Approval of remuneration of members of the Directors' Remuneration Committee

Resolution 4

Appointment of KPMG as auditor and authorisation of the Directors to fix the auditor's remuneration

Resolution 5

Ratification of appointment of Mr Scott St John

FONTERRA
CO-OPERATIVE
COUNCIL

Chairman - Fonterra Co-operative Council

James Barron

Resolution 6

FONTERRA CO-OPERATIVE COUNCIL

Approval of the Co-operative Council programme and budget

Fonterra Co-operative Group Limited

Annual Meeting 2022

General Business

Fonterra Co-operative Group Limited

Annual Meeting 2022