

Fonterra Co-operative Group Limited Annual Meeting 2024



10.30am on Thursday, 14 November 2024

The Devon Hotel, 390 Devon Street East, New Plymouth, Taranaki and online

Agenda

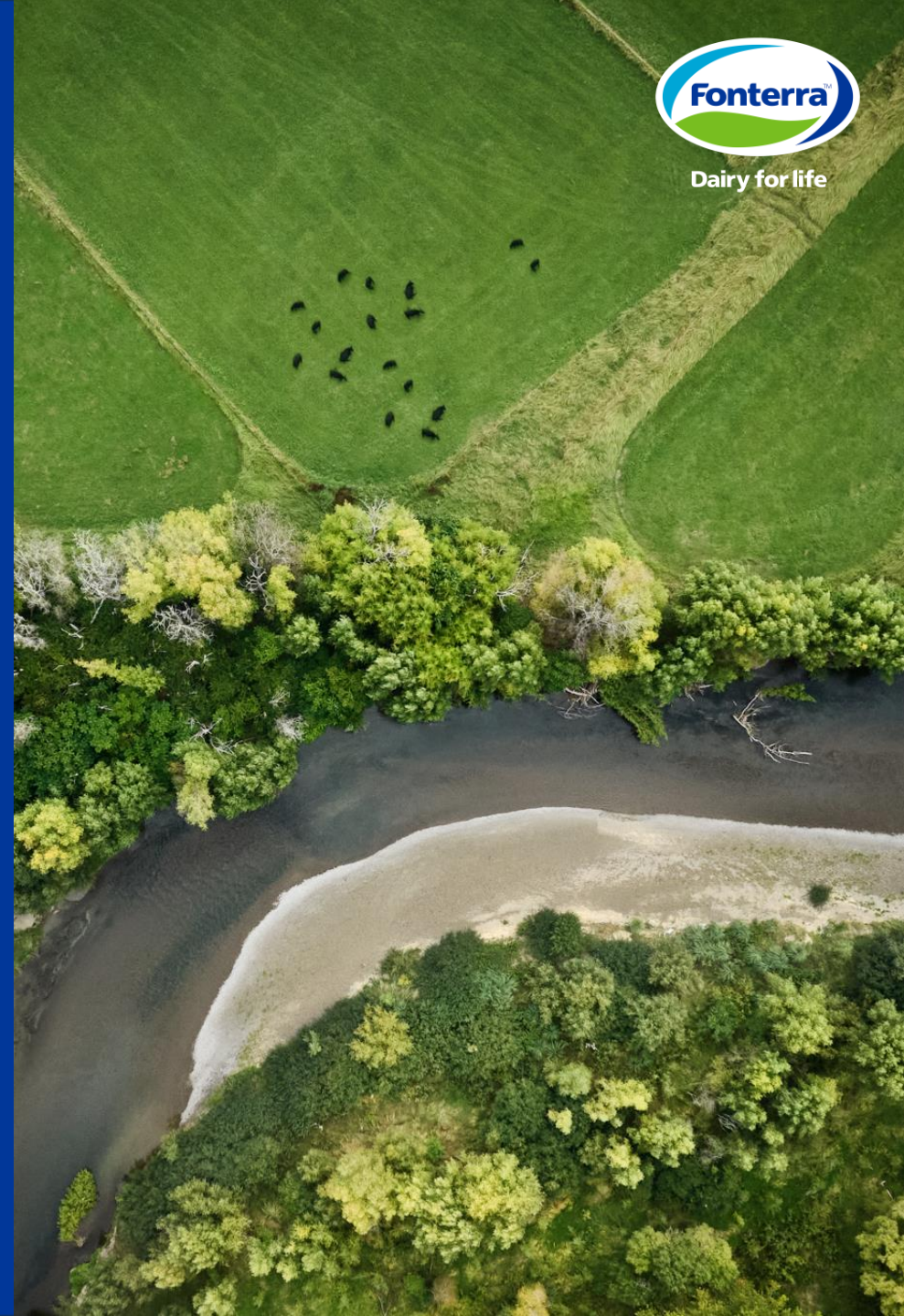
Welcome

Chair's Review

Chief Executive Officer's presentation



Dairy for life



Agenda

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- Resolution 1:** Approval of changes to the remuneration of Elected Directors
-
- Resolution 2:** Approval of changes to the remuneration of Co-operative Councillors
-
- Resolution 3:** Approval of changes to the 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 Alistair Field
-
- Resolution 6:** Approval of amendments to the Constitution relating to Permitted Transferees
-



Agenda

Co-operative Council Report – John Stevenson

Resolution 7: Approval of amendments to the By-laws of the Co-operative Council

Resolution 8: Approval of the Co-operative Council programme and budget

Voting paper collection

General business

Closing



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Peter McBride

Chair's review



Our context is changing so we're changing too

The world we've come from

Defining features of the past

- Global co-operation and trade
- Rise of Asia and China
- Energy abundance
- Cheap capital

Fonterra set up to benefit

- Co-op with scope and scale
- Trade agreements, Asia adjacent
- NZ dairy comparative advantage
- Consolidation and growth

Where we're heading

Defining features of the future

- Nationalism and protectionism
- Game-changing tech
- Asia and China at scale, aging populations
- Global climate commitments
- Capital costs high

Implications for NZ dairy

- Geopolitical instability, trade advantages
- Competition for milk higher
- Sustainability imperative
- Farming more expensive, capital costs high
- Opportunities from volatility

How we create end-to-end value for farmers



FY24 Return on Capital by channel



Ingredients

10.2%

↓ from 16.3%

Foodservice

19.6%

↑ from 15.7%

Consumer

6.8%

↑ from (3.9%)

FY24 key performance outcomes

Total Payout

\$8.38

↓ from \$8.72

Return on capital

11.3%

↓ from 12.4%

FCG Share Price*

\$4.93

↑ from \$2.18

Gearing ratio

24.0%

↓ from 28.8%

*Share price as at 12 November.

Miles Hurrell

CEO's address



FY24 results

Continuing operations' operating profit (EBIT)

\$1,560_m

↓ from 1,755m

Gearing ratio

24.0%

↓ from 28.8%

Continuing operations' earnings per share

70_c

↓ from 75c

Return on capital

11.3%

↓ from 12.4%



Total Payout

Dividend
↑ from \$0.50

Farmgate Milk Price
↓ from \$8.22

2024/25 forecast Farmgate Milk Price

\$9-\$10

per kgMS

FY25 forecast earnings

40-60

cents per share

OUR PURPOSE

Our Co-operative, empowering people, to create goodness for generations. You, me, us together. Tātou, tātou.

OUR VISION

The source of the world's most valued dairy

OUR CHOICES

Deliver strongest farmer offering

Unleash our Ingredients engine

Keep momentum in Foodservice

Invest in operations for the future

Build on our sustainability position

Innovate to drive our advantage

OUTCOMES

Strong Shareholder returns

Stable balance sheet

Enduring Co-op

Keep momentum in Foodservice

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



China growth

Rest of world growth

Customer partnership

Product innovation

Manufacturing capacity

A strong Co-op, creating value

OUTCOMES	TARGETS & POLICY SETTINGS	FY18-23 AVERAGE	
Strong Shareholder returns	Return on capital ¹	10-12%	8.6%
	Dividend policy	60-80%	50%
	Capital distributions	Guided by Resource Allocation Framework	
Stable balance sheet	Gearing ratio	30-40%	35%
	Debt to EBITDA	2-3X	2.5X
Enduring Co-op	Capital investment requirements	~\$1+ billion per annum in Essential, Sustainability, Growth	\$650m
	Emissions reduction by 2030 ²	Absolute Scope 1 & 2 emissions	50%
		On-farm emissions intensity Scope 3	30%

¹ Average Return on Capital FY24-30 ² From an FY18 base year

Targeting a significant capital return if Consumer business divested



*Illustrative subset of our Consumer brands



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Resolution 1

Approval of changes to the
remuneration of Elected Directors

Resolution 2

Approval of changes to the
remuneration of Co-operative
Councillors

Resolution 3

Approval of changes to the 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 Alistair Field

Resolution 6

Approval of amendments to the
Constitution relating to Permitted
Transferees

John Stevenson – Chair, Fonterra Co-operative Council



Resolution 7

Approval of amendments to the By-laws
of the Co-operative Council

Resolution 8

Approval of the Co-operative Council
programme and budget

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General business



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