



Market Announcement

25 September 2024

Fonterra announces lift in Farmgate Milk Price and FY25 earnings guidance

Fonterra Co-operative Group Ltd has today announced a 50 cent lift in its 2024/25 forecast Farmgate Milk Price midpoint to \$9.00 per kgMS and FY25 earnings guidance of 40-60 cents per share.

CEO Miles Hurrell says the lift in this season's forecast Farmgate Milk Price follows further recent strengthening in Global Dairy Trade prices and constrained milk supply in key producing regions.

"I'm pleased to be announcing an increase in this season's forecast Farmgate Milk Price, which I'm sure will be welcome news for farmers, particularly when combined with the 55 cent total dividend for FY24 also announced by the Co-op today," says Mr Hurrell.

Fonterra's new forecast Farmgate Milk Price range for the 2024/25 season is \$8.25-\$9.75 per kgMS, with the Co-op continuing to maintain the wide range due to the relatively early stage of the season.

"We've also announced today our forecast earnings for FY25 of 40-60 cents per share," says Mr Hurrell.

"The forecast earnings range reflects an expectation we will maintain strong margins in all three of our sales channels, while also investing in the Co-op's IT & digital transformation and incurring higher tax expenses," says Mr Hurrell.

Fonterra advises that, after several years of strong earnings performance, the Co-op exhausted its tax losses in FY24 and will now be paying tax.

Chief Financial Officer Andrew Murray says that "as a result of this change, when we declare a dividend from FY25 and beyond, imputation credits will now be available to be attached to our dividend.

"To enable all shareholders to receive the imputation credits, we are changing how we treat supply backed shares for tax purposes which means that more tax will be paid by Fonterra.

"While this does not impact the operating performance of Fonterra, it will reduce our reported earnings per share in future years, as Fonterra will have paid the tax on the cash to be distributed," says Mr Murray.

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About Fonterra

Fonterra is a co-operative owned and supplied by [thousands of farming families](#) across Aotearoa New Zealand. Through the spirit of co-operation and a can-do attitude, Fonterra's farmers and employees share the goodness of [our milk](#) through innovative [consumer](#), [foodservice](#) and [ingredients](#) brands. [Sustainability](#) is at the heart of everything we do, and we're committed to leaving things in a better way than we found them. We are passionate about supporting our communities by [Doing Good Together](#).

Non-GAAP financial information

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.
