

FONTERRA SPECIAL MEETING
30 OCTOBER 2025
CEO'S ADDRESS

As Peter has set out, our decision to pursue this divestment is grounded in an understanding of how we best create value for farmers and New Zealand.

Our strengths lie in our global Ingredients business, NZMP, and our global Foodservice business, Anchor Food Professionals.

These are world leading brands, known for their New Zealand provenance and high-quality, innovative products.

By focusing on these businesses, we will be a B2B provider of high-quality dairy to the world, from our home base here in New Zealand.

To support continued value growth through Ingredients and Foodservice, we're investing in new manufacturing capacity to meet growing demand.

Construction is underway on an advanced protein plant at Studholme and new UHT cream capacity at Edendale, with products expected to come online in the 2026 calendar year.

Looking ahead, we have plans to invest up to 1 billion dollars over the next three to four years in projects to generate further value.

Last week, we announced a \$75 million expansion of our butter plant at Clandeboye, the first in this next phase of strategic investments.

We have a pipeline for further projects that we're assessing, and we'll share details on these as they are confirmed.

As Peter has shared, a divestment of Mainland Group unleashes the Co-op, allowing us to focus on what we do best.

Through focused execution of our strategy, we know that we can deliver greater value for farmers while also maintaining the financial discipline that has got us into the strong position we're in today.

Our business plans are designed to drive a performance lift in our Ingredients and Foodservice businesses and generate operational cost efficiencies.

We have set out the post-divestment financial shape of the Co-op and confirmed that the targets and policy settings we released alongside our strategy last year are unchanged.

Specifically, we are targeting:

- An average return on capital of 10-12%, above our 5-year average.

- Maintaining the highest sustainable Farmgate Milk Price.
- Earnings to be back at FY25 levels within three years, offsetting the earnings impact of divestment.
- And returning more of the Co-op's earnings to Shareholders, through a dividend policy of 60-80%.

Please keep in mind these numbers are targets, and they are subject to a number of risks and assumptions.

Ultimately, post-divestment we'll be a more focused business with a lower cost base delivering a better return to farmers.

We have a clear plan for the Co-op's future that will build end-to-end value for generations of farmers to come.

If today's vote is successful, the next steps are to secure the regulatory approvals required for the divestment and separate the Mainland Group business from Fonterra.

We're targeting a tax-free capital return of 2 dollars per share to shareholders and unit holders, equivalent to \$3.2 billion, once the sale is complete.

Another shareholder vote will be required for the payment of the capital return. The process for that capital return is expected to be by way of a scheme of arrangement under Part 15 of the Companies Act 1993.

We plan to provide more detail on the timing and process for the capital return in early December.