

**FONTERRA ANNUAL MEETING
14 NOVEMBER 2024
CEO'S ADDRESS**

Thank you, Peter.

And thank you to those who have travelled to be with us here in person and greetings to those joining us online.

Today I'll cover your Co-op's performance for FY24 and then our plans for the years ahead as we implement our revised strategy.

Looking first at our FY24 annual results.

We had a strong year and maintained the positive momentum we saw in FY23.

Our earnings of 1.6 billion dollars were driven by strong performance across all three of our sales channels.

We improved margins in our Foodservice business and allocated more milk to this high performing channel.

Our Consumer business also improved margins, while lowering operating expenses.

Our Ingredients earnings were down when compared to last year's historic highs, but this channel still delivered a substantial proportion of our earnings for the year.

As a result, our net earnings of 70 cents per share were at the top end of our guidance range.

We paid a total dividend for the year of 55 cents per share, which included a 15 cent interim dividend and 25 cent final dividend from our earnings performance.

Our ongoing balance sheet strength also enabled us to return an extra 15 cents through a special dividend.

We ended the 2023/24 season with a final Farmgate Milk Price of \$7.83 per kgMS.

When combined with the 55 cent dividend, this gave a total payout to fully shared-up farmers of \$8.38 for FY24.

Looking at the rest of the year ahead, we have a forecast Farmgate Milk Price midpoint of \$9.50 per kgMS and are forecasting an earnings range of 40-60 cents per share.

This outlook signals another year of steady performance from the Co-op.

With Fonterra delivering consistent and reliable results, we've seen a lift in farmer confidence and sentiment.

It's this foundation that allows us to think ahead and have conversations with you about our strategy.

Across the year we conducted a strategic review and released our revised strategy at the end of September.

It's a strategy grounded in our purpose, which is to create goodness for generations.

Our new strategic vision - to be the source of the world's most valued dairy – will see us focus on growing economic value for farmers from our Co-op's strengths.

This means taking a clear-eyed view of where we create the most value today and where there's further headroom for growth.

As Peter has mentioned, the Co-op exists to provide stability and manage risk on your behalf, while maximising the returns to you from your milk and capital.

Our innovative Ingredients and Foodservice businesses, supported by efficient and flexible operations, are the parts of the business that do this the best.

By streamlining the business to focus on these areas, we can grow greater value for you, even if we divest our Consumer businesses.

As an example of this strategy in action, I want to touch on a recent announcement relating to our Foodservice business.

Last week, I was in China for the annual China International Importers Expo.

It's an impressive event, where we showcased our Greater China business to customers and stakeholders, with lots of energy around the potential for dairy nutrition.

At the event, we launched a new Anchor UHT cream product, designed to grow our share of China's Foodservice market.

We've made a strategic choice to maintain momentum in Foodservice by expanding our business in China and beyond, investing in product innovation and manufacturing capacity.

We already have a strong Foodservice business in China, primarily targeted the premium end of the market.

This new cream product will target the mid-tier market, the fastest growing segment in the UHT cream category.

Often, to achieve the lower price point needed to access the mid-tier market, products are made using plant-based fats.

Using our innovation expertise, we've developed a 100% dairy product with the right functionality and at a competitive price point.

This move will help us attract new Foodservice customers and consolidate our leadership position in the UHT market.

Our investment in a new UHT plant at our Edendale site will support this ongoing growth, as we look to allocate more milk to this high-performing channel.

It's examples such as these that give us confidence in our revised strategy and our potential to create further value for shareholders.

That's why we have lifted our target average return on capital to 10-12%, up from 9-10%.

We've also committed to returning more of the Co-op's earnings to shareholders, with an enhanced dividend policy of 60-80% of earnings, up from 40-60%.

At all times, we're committed to maintaining the highest sustainable Farmgate Milk Price.

We are confident we can achieve these outcomes while continuing to invest in the Co-op and maintaining the strong balance sheet we've worked hard to build over recent years.

We have untapped potential in our Foodservice and Ingredients businesses and we can go further, faster by focusing our resources on these businesses.

It's in this context that we believe a divestment of our global Consumer businesses is in the best interests of the Co-op.

We announced earlier this week that we have commenced a sales process, pursuing both a trade sale and IPO as divestment options.

Farmer shareholder support remains critical to proceeding with a divestment and we remain committed to presenting an option to you for a vote.

Before we do this, we need to thoroughly test the merits and value of both a trade sale and IPO, so that we can be clear on what we're seeking you to approve.

I recognise there is significant interest in this process, and we will keep you updated as this work progresses.

This is a pivotal time for the Co-op.

While we are confident in our strategic direction, we don't make decisions lightly.

Every choice we make is grounded in what's in the best interests of our farmer shareholders. This is your Co-op.

We're in a strong position today and have a strong future.

This is thanks to the people who make up the Co-op – the 8,000 farmer shareholders and the 15,000 employees.

Together, we can be the source of the world's most valued dairy.

Thank you.