



FEBRUARY 2025

# Global Dairy UPDATE



- New Zealand and US monthly production increased. Australia and EU monthly production decreased

- Fonterra provides FY25 earnings and milk collection update



- New Zealand, Australia and EU monthly exports increased. US monthly exports decreased



- Latin America and China monthly imports increased. Asia and Middle East & Africa monthly imports decreased

- Fonterra announces new incentives for farmers to reduce emissions



- Fonterra's New Zealand milk collections for January were 165.7 million kgMS, 4.6% above January last season. Season-to-date collections are 1,048.2 million kgMS, 3.6% above last season
- Fonterra's Australia collections in January were 9.8 million kgMS, 1.7% above January last season. Season-to-date collections are 67.6 million kgMS, 1.7% above last season

## Key Dates



20 March 2025  
FY25 Interim Results Announcement

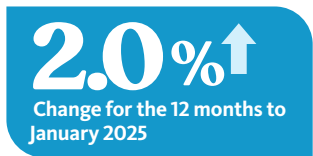
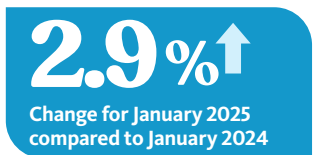
May 2025  
FY25 Q3 Business Update



## New Zealand and US monthly production increased. Australia and EU monthly production decreased

To view a chart that illustrates year-on-year changes in production –

### NEW ZEALAND



**New Zealand milk production** increased 2.9% in January compared to the same period the year prior.

The increase was due to favourable weather conditions in the North Island and the South Island.

New Zealand milk production for the 12 months to January were up 2.0% on the previous comparable period.

Fonterra New Zealand collections are reported for January, see page 5 for details.

### AUSTRALIA



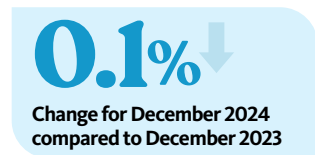
**Australia milk production** decreased 1.0% in December compared to the same period the year prior.

The decrease was mainly due to Western Victoria volumes still recovering after a dry start to the season. This was partially offset by favourable conditions in Northern Victoria.

Australia milk production for the 12 months to December were up 2.4% on the previous comparable period.

Fonterra collections in Australia are reported for January, see page 5 for details.

### EUROPEAN UNION

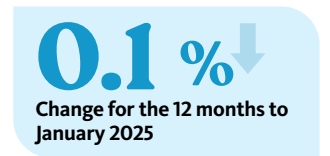
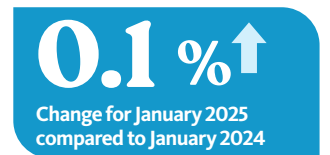


**EU milk production<sup>1</sup>** decreased 0.1% in December compared to the same period the year prior.

The decrease was mainly driven by lower production in France and Germany as they recover from the impact of Bluetongue Disease.

EU milk production for the 12 months to December were up 0.6% on the previous comparable period.

### USA



**US milk production** increased 0.1% in January compared to the same period the year prior.

The increase was mainly due to increasing herd sizes and higher yields in Idaho, Texas, and South Dakota, where new processing capacity is increasing production.

The increase was partially offset by California's challenges with avian flu, with the state's production falling 5.7% compared to the same period last season.

US milk production for the 12 months to January were down 0.1% on the previous comparable period.

<sup>1</sup> Excludes UK.



# New Zealand, Australia and EU monthly exports increased. US monthly exports decreased

To view a chart that illustrates year-on-year changes in exports –

## NEW ZEALAND

**8.6%↑**

Change for January 2025 compared to January 2024

**0.8%↑**

Change for the 12 months to January 2025

**New Zealand dairy exports** increased 8.6%, or 29,935 MT, in January compared to the same period the year prior.

The increase was mainly due to higher export volumes of WMP and butter to China, and cheese to the UK, Japan, and South Korea.

Exports for the 12 months to January were up 0.8%, or 27,811 MT, on the previous comparable period.

The increase was mainly due to higher export volumes of MPC and MPI, partially offset by lower export volumes of AMF.

## AUSTRALIA

**13.4%↑**

Change for December 2024 compared to December 2023

**10.0%↑**

Change for the 12 months to December 2024

**Australia dairy exports** increased 13.4%, or 8,178 MT, in December compared to the same period the year prior.

The increase was mainly due to lower domestic demand for dairy, which has resulted in higher volumes available for exports.

Exports for the 12 months to December were up 10.0%, or 64,760 MT, on the previous comparable period.

This was mainly due to higher export volumes of cheese and SMP as a result of higher global commodity prices and lower domestic consumption.

## EUROPEAN UNION

**18.1%↑**

Change for December 2024 compared to December 2023

**2.9%↑**

Change for the 12 months to December 2024

**EU dairy exports<sup>1</sup>** increased 18.1%, or 88,392 MT, in December compared to the same period the year prior.

The increase was mainly due to higher export volumes of fluid milk products by Ireland. Exporters continued to front load shipments to the US in response to port strike concerns.

Exports for the 12 months to December were up 2.9%, or 195,062 MT, on the previous comparable period.

The increase was mainly due to higher export volumes of fluid milk products from Ireland. This was partially offset by lower export volumes of SMP from Ireland.

## USA

**0.5%↓**

Change for December 2024 compared to December 2023

**1.3%↑**

Change for the 12 months to December 2024

**US dairy exports** decreased 0.5%, or 1,046 MT, in December compared to the same period the year prior.

The decrease was mainly due to lower export volumes of SMP from softened demand in Southeast Asia. This was partially offset by higher export volumes of cheese.

Exports for the 12 months to December were up 1.3%, or 37,059 MT, on the previous comparable period.

This was mainly due to volume growth for cheese exports over 10 consecutive months, partially offset by lower export volumes of SMP.

<sup>1</sup> Excludes UK.



## Latin America and China monthly imports increased. Asia and Middle East & Africa monthly imports decreased

To view a chart that illustrates year-on-year changes in imports –

### LATIN AMERICA

**5.1%↑**

Change for December 2024 compared to December 2023

**5.1%↑**

Change for the 12 months to December 2024

**Latin America dairy import volumes<sup>1</sup>** increased 5.1%, or 10,487 MT, in December compared to the same period the year prior.

The increase was mainly due to higher import volumes of SMP by the Dominican Republic. This was partially offset by lower import volumes of WMP by Brazil.

Imports for the 12 months to December were up 5.1%, or 127,940 MT, on the previous comparable period.

This was mainly due to higher import volumes of cheese and fluid milk products by Mexico.

### ASIA

**3.2%↓**

Change for December 2024 compared to December 2023

**4.8%↑**

Change for the 12 months to December 2024

**Asia (excluding China) dairy import volumes<sup>1</sup>** decreased 3.2%, or 13,986 MT, in December compared to the same period the year prior.

The decrease was mainly due to lower import volumes of WMP by Bangladesh. This was partially offset by higher import volumes of fluid milk products by the Philippines.

Imports for the 12 months to December were up 4.8%, or 241,252 MT, on the previous comparable period.

This was mainly due to higher import volumes of fluid milk products by the Philippines.

### MIDDLE EAST & AFRICA

**0.7%↓**

Change for December 2024 compared to December 2023

**1.3%↑**

Change for the 12 months to December 2024

**Middle East and Africa dairy import volumes<sup>1</sup>** decreased 0.7%, or 3,309 MT, in December compared to the same period the year prior.

The increase was driven by lower import volumes of fluid milk products by Libya. This was partially offset by higher import volumes of SMP by Egypt and Algeria.

Imports for the 12 months to December were up 1.3%, or 74,402 MT, on the previous comparable period.

This was mainly due to higher import volumes of SMP by Algeria, partially offset by lower import volumes of cultured products by the Democratic Republic of the Congo.

### CHINA

**18.6%↑**

Change for December 2024 compared to December 2023

**8.8%↓**

Change for the 12 months to December 2024

**China dairy import volumes** increased by 18.6%, or 44,445 MT, in December compared to the same period the year prior.

The increase was driven by higher import volumes of WMP as local supply growth slowed.

Imports for the 12 months to December were down 8.8%, or 272,025 MT, on the previous comparable period.

This was mainly due to lower import volumes of fluid milk products and SMP.

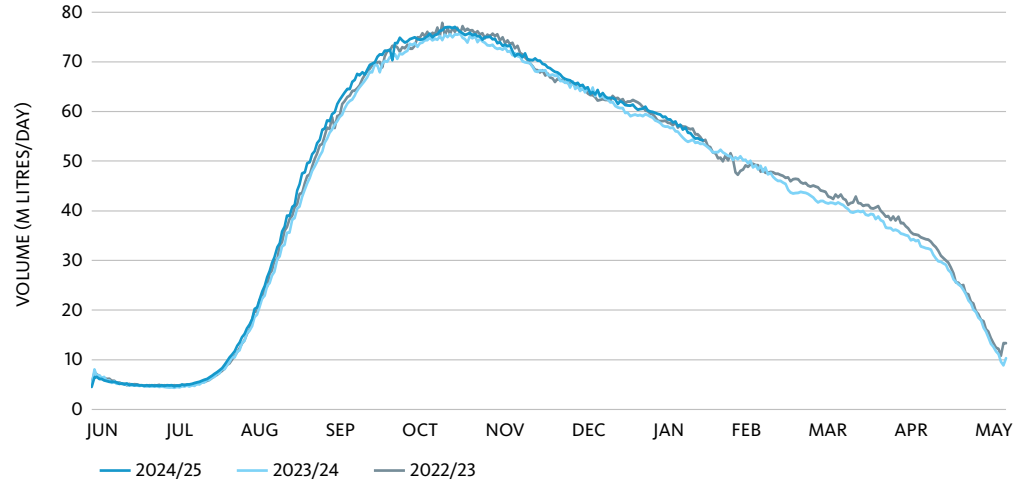
<sup>1</sup> Estimates are included for those countries that have not reported data.

# Fonterra Milk Collections



To view a table that shows detailed milk collections in New Zealand and Australia compared to the previous season –

## New Zealand Milk Collections



### NEW ZEALAND

**4.6%↑**

Increase for January 2025 compared to January 2024

**3.6%↑**

Increase for the 2024/25 Season compared to Previous Season

**Fonterra's New Zealand collections** for January were 165.7 million kgMS, 4.6% above January last season.

The increase was due to favourable weather conditions supporting higher milk collections in the North Island and the South Island.

Overall milk collections were above the prior season for the seventh month in a row.

Season-to-date collections are 1,048.2 million kgMS, 3.6% above last season.

### NORTH ISLAND

**5.4%↑**

Increase for January 2025 compared to January 2024

**5.0%↑**

Increase for the 2024/25 Season compared to Previous Season

**North Island** milk collections in January were 90.3 million kgMS, 5.4% higher than January last season.

The increase was mainly due to above average sunlight levels which supported pasture growth across the Waikato, despite North Island soil moisture remaining drier than average.

Season-to-date collections are 624.1 million kgMS, 5.0% above last season.

### SOUTH ISLAND

**3.7%↑**

Increase for January 2025 compared to January 2024

**1.6%↑**

Increase for the 2024/25 Season compared to Previous Season

**South Island** milk collections in January were 75.4 million kgMS, 3.7% higher than January last season.

The increase was mainly due to improved rainfall which saw easing pressure on irrigation by raising water tables.

Season-to-date collections are 424.1 million kgMS, 1.6% above last season.

### AUSTRALIA

**1.7%↑**

Increase for January 2025 compared to January 2024

**1.7%↑**

Increase for the 2024/25 Season compared to Previous Season

**Fonterra's Australia collections** in January were 9.8 million kgMS, 1.7% above January last season.

The increase was mainly due to continued strong production in Northern Victoria with feed availability and access to irrigation water relatively unconstrained.

Season-to-date collections are 67.6 million kgMS, 1.7% above last season.

## Outlook for Fonterra in New Zealand

**NZD per kgMS 9.50-10.50**

Forecast Farmgate Milk Price for the 2024/25 season

**1,510M kgMS**

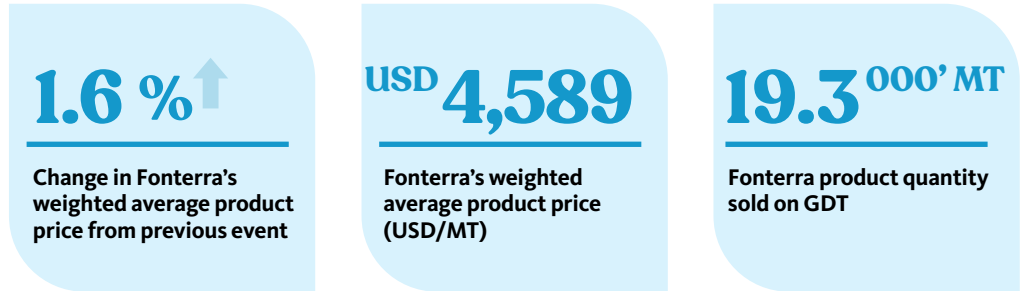
Forecast milk collections for the 2024/25 season

OUR MARKETS

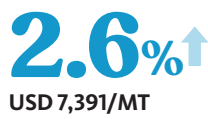
# Fonterra Global Dairy Trade Results



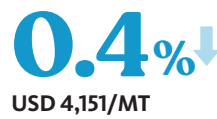
Fonterra GDT results at trading event 374  
18 February 2025:



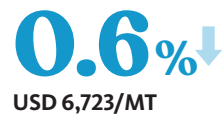
**BUTTER**



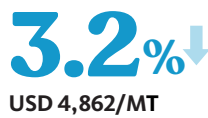
**WMP**



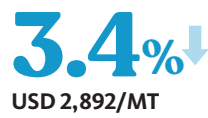
**AMF**



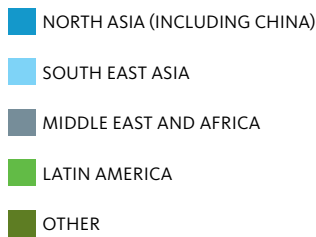
**CHEDDAR**



**SMP**

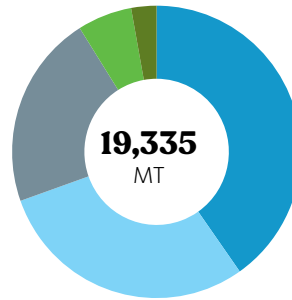


Fonterra GDT sales by destination:

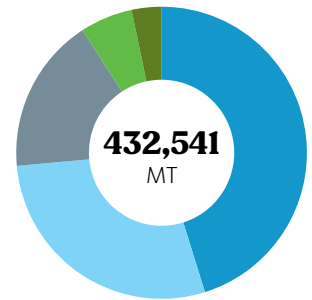


To view more information, including a snapshot of the rolling year-to-date results –

**LATEST AUCTION**



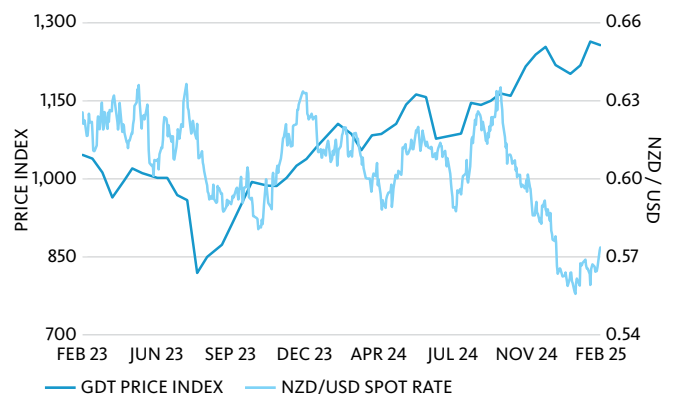
**FINANCIAL YEAR-TO-DATE**



▶ The next trading event will be held on 4 March 2025. Visit [www.globaldairytrade.info](http://www.globaldairytrade.info) for more information.

## Dairy commodity prices and New Zealand dollar trend

Investor sentiment and the direction of financial markets continues to be driven by the new US administration's developing trade, fiscal, and global security policies. This ever-changing landscape has produced a safe-haven demand for US dollars and pressured the NZD/USD exchange rate lower. Additionally, the widening interest rate differential to the USD has further supported the increasing size of speculative NZD selling in the FX market.



# Our Performance



## Fonterra provides FY25 earnings and milk collection update

Fonterra Co-operative Group Ltd provided an update on its forecast earnings for FY25, which it anticipates will be in the upper half of the previously announced forecast earnings range of 40-60 cents per share.

“As we prepare our FY25 interim results for release on 20 March, we can see we’ve maintained the momentum from Q1. Further to this, good pasture growth across most of New Zealand to

date has meant our forecast collections for the season are up,” says CEO Miles Hurrell.

“The Co-op’s earnings momentum is driven by strong demand across our sales channels. Subject to audit, our first half accounts indicate our full year forecast earnings for FY25 will be in the upper half of the 40-60 cents per share range.

“Fonterra’s earnings and the forecast Farmgate Milk Price have both benefitted from

solid demand for our high value Ingredients products, and our sales book is well contracted for the season.

“Considering these factors, we expect to be in a position to pay a strong interim dividend. Our revised dividend policy released in September 2024 is 60-80% of full year earnings, with up to 50% of full year dividend to be paid at interims,” says Mr Hurrell.



## Fonterra announces new incentives for farmers to reduce emissions

Fonterra has announced new funding designed to build a stronger Co-operative and continue to grow value for its shareholders through helping farmers reduce on-farm emissions.

For the 2025/26 season beginning on 1 June, Fonterra will introduce a payment for farms that achieve certain emissions-related criteria as part of updates to its Co-operative Difference framework.

Meanwhile, new incentives that benefit farmers will be funded through separate agreements with Mars and Nestlé, who have been working with Fonterra to make progress towards their individual sustainability goals by supporting farmers to reduce emissions.

Fonterra CEO Miles Hurrell says the new incentives demonstrate Fonterra's strategy in action.

"We're growing relationships with customers who value the hard work farmers put into producing sustainable, high-quality milk, along with the Co-op's quality of on-farm data and ongoing commitment to improvement. This helps us make progress towards achieving our on-farm emissions target and deliver the highest returns for our farmer shareholders' milk.

"Last year we confirmed six strategic choices that we believe will help grow further value in the years ahead and this is an example of how we're delivering on two of those choices, deliver the strongest farmer offering and build on our sustainability position," says Mr Hurrell.

The new funding includes:

### **New Co-operative Difference payment**

- **1-5 cent per kgMS payment:** To date, a total of up to 10 cents per kilogram of milk solids (kgMS) has been possible across all achievements within Fonterra's Co-operative Difference framework. A new Emissions Excellence achievement will offer a further payment of between 1-5 cents per kgMS for farms that meet certain criteria\*. Based on last season's data, it's estimated that approximately 5,000 farms will be eligible for this payment next season.

### **New customer incentives**

Funding from separate agreements with Mars and Nestlé, will be split between:

- **On-farm solutions:**

Farmers who achieve the Co-operative Difference will be eligible for access to on-farm tools or services designed to further improve emissions efficiency, for example herd efficiency services from LIC and CRV. Based on last season's achievements, 87% of farmers would've been eligible.

- **Extra 10-25 cents per kgMS Emissions Incentive payment:**

Farmers who achieve the Co-operative Difference and have one of the lowest emissions footprints in the Co-op\*\* will receive an Emissions Incentive payment of between 10-25 cents per kgMS. Based on last season's data it's estimated that between 300-350 farms will be eligible for this payment next season.

Mars Snacking Chief R&D, Procurement and Sustainability Officer,

Amanda Davies says between new equipment and technology, embracing more sustainable practices comes with a price tag for farmers.

"That's why we're working with partners like Fonterra to help remove this barrier – providing cash, tools, and technology to support farmers in making meaningful, long-term changes."

Nestlé New Zealand CEO, Jennifer Chappell, says Nestlé globally is a significant purchaser of New Zealand dairy ingredients, and dairy remains its largest source of greenhouse gas emissions.

"As we strive towards achieving net zero emissions by 2050, we are committed to reducing our Scope 3 emissions. We will continue to support farmers, in partnership with Fonterra, fostering new economic opportunities and helping them lower their greenhouse gas emissions."

Mars and Nestlé have independently supported Fonterra farmers with their sustainability actions through initiatives introduced over the past couple of seasons.

In 2024, Fonterra farmers were invited to take part in the Mars Tools and Services pilot, which provided access to tools and services, including animal efficiency services and digital tools. Additionally, Mars previously supported the Greener Choices programme, which made it easier for Fonterra farmers to identify and buy products at Farm Source stores that could help them make sustainability





improvements on-farm.

In 2022, Fonterra and Nestlé announced a partnership that included the Net Zero Pilot Dairy Farm in Taranaki, designed to help reduce on-farm emissions. In 2023, Fonterra announced that Nestlé would make an additional payment of between 1-2 cents per kgMS for farms that achieved any level of the Co-operative Difference. This payment has been replaced with the new Emissions Incentive payment from next season.

#### **Supplementary Information:**

##### **\*New Co-operative Difference payment**

To meet the new Emissions Excellence achievement, farmers need to achieve the Co-operative Difference and their emissions from farming activities (like feed, fertiliser and herd) minus any carbon removals (i.e. emissions reductions resulting from the carbon dioxide that is removed from trees and vegetation that is grown on-farm) need to be lower than the Co-op's 2017/18 baseline year.

##### **\*\*Extra 10-25 cents per kgMS Emissions Incentive payment**

To receive the customer-funded Emissions Incentive payment, farmers need to achieve the Co-operative Difference and have one of the lowest emissions footprints in the Co-op (around 30% lower than the average farm). This will take into account not only emissions from farming activities, but also those associated with land use change (e.g. the historical conversion of forests to pasture) and those

released from peat soils, before subtracting any carbon removals.

##### **Fonterra's Climate Roadmap**

Fonterra has a target of reducing on-farm emissions intensity by 30% by 2030 from a 2018 baseline. The target was announced in 2023 as part of its Climate Roadmap, which outlines the Co-op's 2030 targets and ambition to be net zero by 2050. This target is critical for a number of reasons. It helps the Co-op to remain competitive and build stronger partnerships with customers as well as be able to secure future funding, meet market access demands and comply with increased legal and reporting obligations, as the Co-op plays its part in taking action on climate change.

##### **Sustainability at Mars**

As part of Mars' Net Zero Roadmap, the company has built a plan to halve full value chain emissions by 2030\*, enroute to Net Zero by 2050. Mars is already delivering on its promises with 16% absolute reductions in GHG emissions in 2023 against a 2015 baseline, across its full value chain.

In 2024, Mars launched its Moo'ving Dairy Forward plan, a \$47M 3-year investment in new technologies and partnerships to slash greenhouse gas (GHG) emissions across its global dairy supply chain.

\*As measured against a 2015 baseline.

##### **Sustainability at Nestlé**

Nestlé is striving towards net zero emissions by 2050. In 2020, they published

the global Nestlé Net Zero Roadmap and have since transformed their business to start delivering reductions in greenhouse gas emissions across all three Scopes of their activities. By the end of 2025, Nestlé aims to reduce emissions by 20% and by the end of 2030, by 50%.

Progress toward net zero will be measured against Nestlé's 2018 GHG emissions. Targets were set by following the Science Based Targets initiative's (SBTi) criteria, providing a clear pathway for future-proof growth with reductions in GHG emissions. Nestlé's Scope 3 emissions make up 95% of their footprint, and they are addressing more than 80% of these. The SBTi approved Nestlé's targets in November 2020.

# Supplementary Information

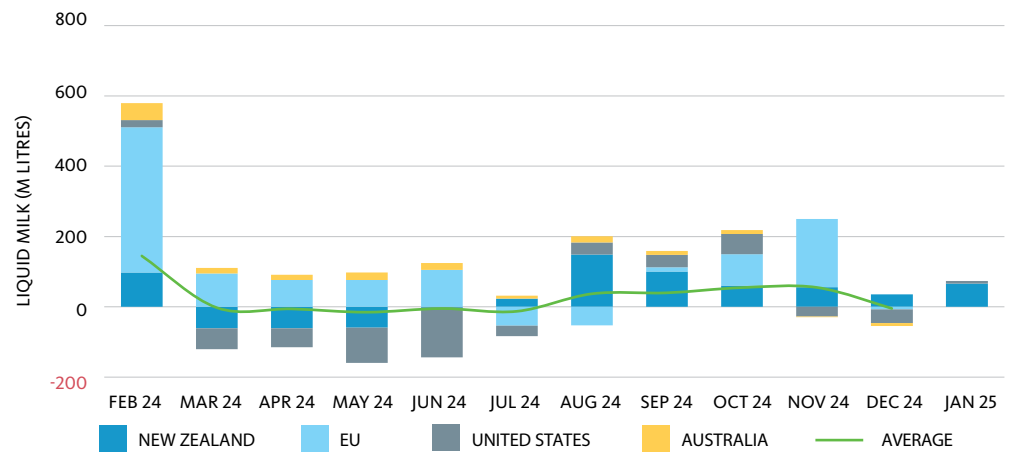
## Global Dairy Market

The charts on the right illustrate the year-on-year changes in imports, exports and production for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in imports, exports or production, relative to the same period the previous year.

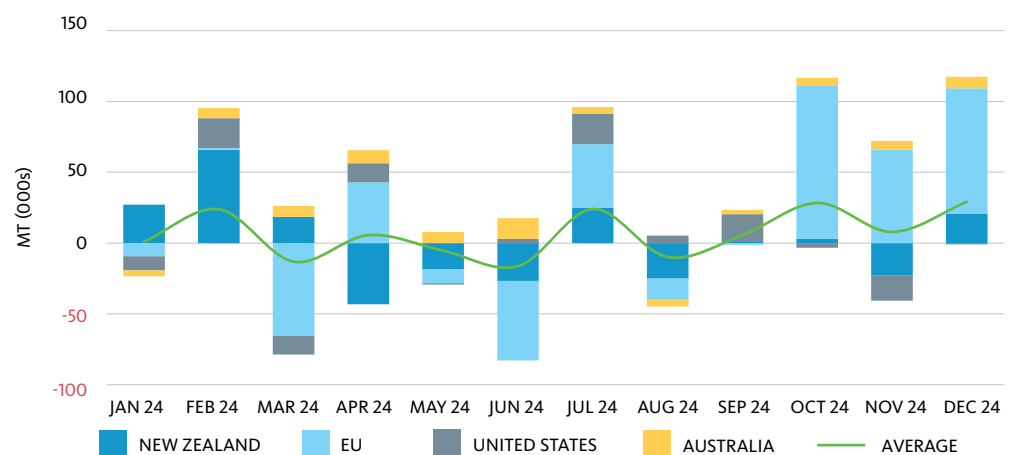
Averages are shown where data is complete for the regions presented.

### PRODUCTION



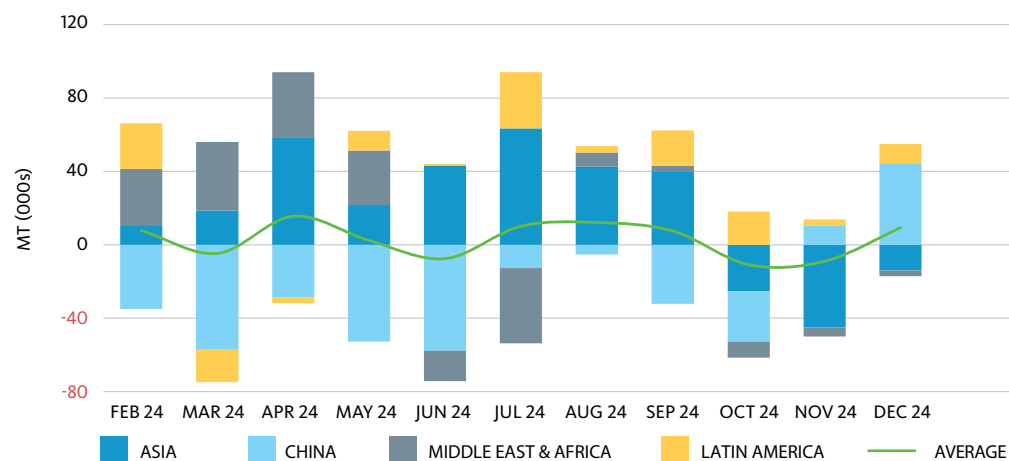
NOTE: Data for EU, US and Australia to December; New Zealand to January.

### EXPORTS



NOTE: Data for New Zealand, EU, US and Australia to December.

### IMPORTS



NOTE: Data for Asia, Middle East & Africa, Latin America and China to December.

SOURCES: Government milk production statistics (DCANZ, Dairy Australia, Eurostat, USDA)/GTA trade data/Fonterra analysis.

# Supplementary Information

## Fonterra milk production

The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

MILK COLLECTION (MILLION KGMS)	JANUARY 2025	JANUARY 2024	MONTHLY CHANGE	SEASON-TO-DATE 2024/25	SEASON-TO-DATE 2023/24	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	165.7	158.4	4.6%	1,048.2	1,012.1	3.6%
North Island	90.3	85.7	5.4%	624.1	594.5	5.0%
South Island	75.4	72.7	3.7%	424.1	417.6	1.6%
Australia	9.8	9.7	1.7%	67.6	66.5	1.7%

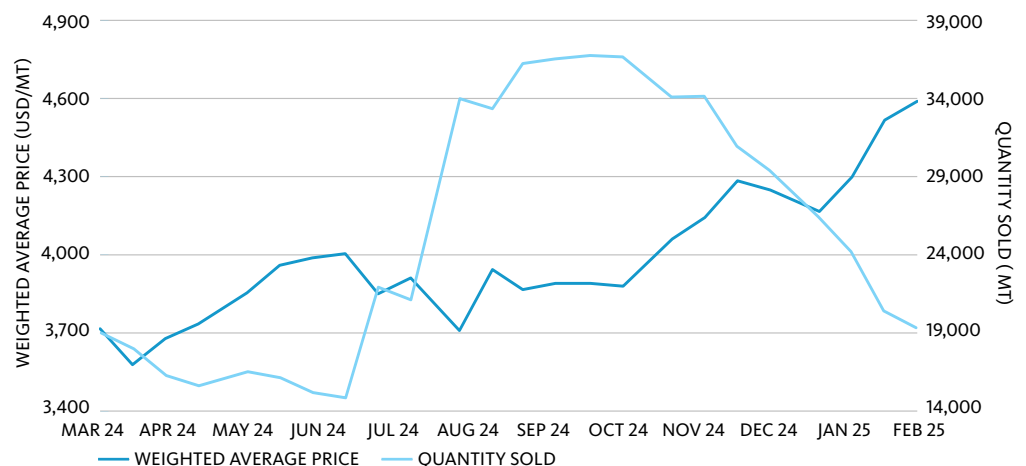
## Fonterra GDT results

This table provides more information on the latest results, including a snapshot of the rolling year-to-date results.

	LAST TRADING EVENT (18 FEBRUARY 2025)	YEAR-TO-DATE (FROM 1 AUGUST 2024)
Quantity Sold on GDT (Winning MT)	19,335	432,541
Change in Quantity Sold on GDT over same period last year	(13.0)%	4.6%
Weighted Average Product Price (USD/MT)	4,589	4,046
Change in Weighted Average Product Price over same period last year	23.3%	25.0%
Change in Weighted Average Product Price from previous event	1.6%	-

## Fonterra GDT results

This chart shows Fonterra GDT prices and volumes over the past 12 months.



# Supplementary Information

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2024/25 season forecast  
Farmgate Milk Price  
(FGMP) update

ANNOUNCEMENT DATE	FORECAST FGMP MID-POINT (NZD)	NZD/USD RATE AT ANNOUNCEMENT DATE	FORECAST AVERAGE CONVERSION RATE FOR F25 SEASON	PERCENTAGE OF FORECAST FOREIGN EXPOSURE FOR F25 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT
05 Dec 2024	\$10.00	0.5860	0.6018	86%	16%
11 Nov 2024	\$9.50	0.5967	0.6052	81%	18%

As at the most recent update to the 2024/25 season forecast Farmgate Milk Price on 5 December 2024:

- Fonterra had hedged approximately 86% of the full year forecast USD cash flows related to the 2024/25 season Farmgate Milk Price.
- Of that 86%, approximately 16% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 14% of the forecast USD cash flows were to be hedged at the 5 December 2024 spot rate of 0.5860, the average NZD/USD conversion rate for the 2025 season would be 0.6018.
- Also shown for information are the equivalent measures at the date of the previous forecast of the 2024/25 season Farmgate Milk Price on 11 November.

# Glossary

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## AMF

Anhydrous Milk Fat.

## BMP

Butter Milk Powder.

## Cultured Products

Fermented milks that are prepared by using starter cultures and controlled fermentation including yoghurt, yoghurt drinks, sour cream, and crème fraiche.

## DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

## Farmgate Milk Price

The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

## Fluid Products

The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

## GDT

Global Dairy Trade, the online provider of the twice monthly global auctions of dairy ingredients.

## kgMS

Kilogram of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.

## MPC

Milk Protein Concentrate.

## Non-Reference Products

All dairy products, except for Reference Products, produced by the New Zealand Ingredients business.

## Reference Products

The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

## Season

New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

## SMP

Skim Milk Powder.

## WMP

Whole Milk Powder.

## WPC

Whey Protein Concentrate.

## WPI

Whey Protein Isolate.