Northington Partners

FONTERRA CO-OPERATIVE COUNCIL

Fonterra Dairy for life

Review of 1H25 Performance

Fonterra Co-operative Group

May 2025

Important Notice

Declarations

This report is dated 8 May 2025 and has been prepared by Northington Partners at the request of the Fonterra Co-operative Council ("**FCC**") on behalf of Fonterra Co-operative Group Limited ("**Fonterra**"). The report is intended to provide Fonterra shareholders and unitholders with an independent review of Fonterra's performance for 1H25, in line with the requirements of s109LA of the Dairy Industry Restructuring Act 2001.

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The individuals responsible for preparing this report are Greg Anderson B.Com, M.Com (Hons), Ph.D, Jonathan Burke B.Com (Hons) and Mathew Rooza B.Com, CPA. Each individual has a wealth of experience in providing independent corporate finance advice to a wide range of clients.

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1H25 Highlights

1	**Strong group earnings performance sustained**	Reported EBIT from continuing operations in 1H25 increased by $113m (+11%) to $1,099m compared to 1H24, despite the $52m of technology (ERP) upgrade costs and ~$47m of increased operating expenses (including costs related to the proposed Consumer business divestment). Earnings per share were also up 10% to 44 cents despite these higher costs and the changes to Fonterra's tax position which were introduced at the start of FY25. Excluding technology costs (noting ERP costs will persist for some time), divestment costs and increased tax expense attributable to the change in tax treatment, we estimate earnings per share were up approximately 25% on a like-for-like basis.
2	**Strong performance in Ingredients partially offset by reduced performance in Foodservice and Consumer**	Compared to 1H24, Ingredients EBIT was up $229m (+49%) to $696m, largely driven by favourable margin hedging in the Non-Reference portfolio, favourable New Zealand milk expense phasing (partially offset by narrower price relativities) and favourable Australian margins due to a lower milk price. For the same period, Foodservice EBIT was down $112m (-33%) to $230m and Consumer EBIT was down $4m (-2%) to $173m. Increased milk costs negatively impacted margins across both channels. Additionally, Foodservice margins were affected by ERP system upgrade expenses, while Consumer margins were impacted by costs related to the proposed Consumer divestment.
3	**Significant cash outflow and increased gearing largely reflects increased cost of milk and higher advance rates**	Compared to 1H24, net debt was up $1,226m (+29%) to $5,450m due to an increase in working capital employed during the year resulting from higher milk prices and accelerated advance rates. Gearing has increased from 34.6% to 39.4% as a consequence. However, free cash flow for the first six months of the year is typically negative (reflecting seasonality) and cash flows in the second half should support a significant reduction in debt/gearing over the remainder of FY25.
4	**Farmgate Milk Price Range narrowed**	While the range of the Forecast Farmgate Milk Price for the 2024/2025 season has narrowed to $9.70 - $10.30 per kgMS (from $9.50 - $10.50 per kgMS), the mid-point remains unchanged at $10.00 per kgMS (~28% up on final 2023/2024 FGMP). The higher FGMP is largely due to increased Reference product prices coupled with favourable currency movements. Although the opening Forecast FGMP for the 2025/2026 season is some way off, Fonterra has separately announced new sustainability payments will be introduced as customer incentives for farms which meet certain emissions-related criteria. These new incentives will be funded by Mars and Nestle.
5	**Profit guidance upgraded**	Prior to the interim results, Fonterra upgraded earnings guidance from 40 – 60 cents per share to 55 – 75 cents, reflecting an increase of 30% at the guidance mid-point. This increase is supported by the underlying strength in Ingredients and resilience across the Consumer business (despite higher milk costs). Given year-to-date EPS from continuing operations of 44 cents, the updated guidance suggests a lower contribution from 2H25 (11 – 31 cents) as a result of normal seasonal factors.
6	**Divestment update**	Ahead of the 1H25 results, Fonterra provided more detail on the Mainland Group (the name for the Consumer and related businesses proposed for divestment). This notably now excludes the China Consumer business and the Dammam plant in Saudi Arabia, with a reduction in pro forma FY24 EBIT to $200m (compared to $282m pro forma FY24 EBIT for the "In Scope" business previously). The lower pro forma EBIT also reflects standalone operating costs for Mainland and ongoing milk supply arrangements with Fonterra. Fonterra is currently marketing the Mainland Group business to prospective IPO and trade sale investors. Any decision to divest and the required shareholder consultation is likely to occur over the next few months.

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FONTERRA CO-OPERATIVE COUNCIL

Section 1:

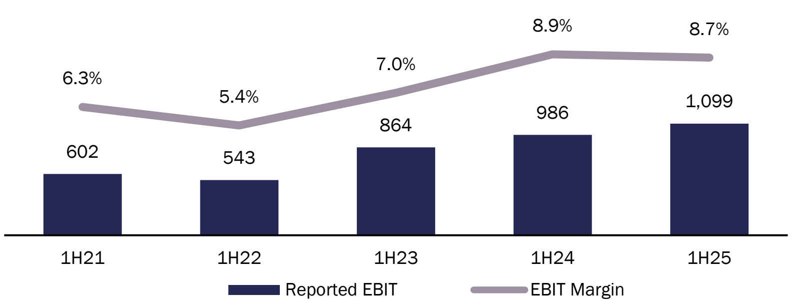
1H25 Results Review

Total Group Financial Performance

Fonterra reported earnings (EBIT) from continuing operations of $1,099m for the half, an increase of $113m on 1H24. This is despite the $52m of technology (ERP) upgrade costs and one-off costs related to the proposed Consumer business divestment.

NZ$ Million (Continuing Operations)	1H25	1H24	*% Change*
Sales Volume ('000 MT)	1,723	1,721	*0%*
Total Revenue	**12,592**	**11,085**	*14%*
Cost of Goods Sold	(10,364)	(9,049)	*15%*
Gross Profit	**2,228**	**2,036**	*9%*
Gross Margin	*17.7%*	*18.4%*	*n/a*
Operating Expenses	(1,208)	(1,109)	*9%*
Other Items	79	59	*34%*
Reported EBIT	**1,099**	**986**	*11%*
Reported EBIT Margin	*8.7%*	*8.9%*	*n/a*
Net Finance Costs & Tax	(378)	(272)	*39%*
Net Profit After Tax (Continuing Ops)	721	714	*1%*
Net Profit After Tax (Discontinued. Ops)	8	(40)	*n/a*
Total Group Net Profit After Tax	729	674	*8%*
Earnings Per Share (Continuing Ops)	$0.44	$0.43	*2%*
Dividend per Share	$0.22	$0.15	*47%*

Reported EBIT and Reported EBIT Margin (Continuing Operations)



Fonterra delivered a solid earnings result for 1H25, with reported earnings before interest and tax (EBIT) and reported net profit after tax (NPAT) above 1H24 performance and long-term historical averages. Reported EBIT from continuing operations increased by 11% to $1,099m, despite the $52m of technology (ERP) upgrade costs and ~$47m of other opex increases, including one-off costs related to the proposed Consumer business divestment.

Fonterra's 1H25 results represents the 4th consecutive improvement in half-year performance. Despite the higher cost of milk, Fonterra's focus on improving operational efficiencies and its strategy to "unleash our Ingredients engine" is demonstrating sustained earnings improvement.

- Despite flat sales volumes, a favourable product mix shift from reference products to higher value non-reference products contributed to a 14% increase in revenue ($12,592m in 1H25 vs $11,085m in 1H24).
- In line with the revenue increase, group gross profit for 1H25 increased on last year ($2,228m in 1H25 vs $2,036m in 1H24), albeit with a slight decrease in gross margins (17.7% vs 18.4%). This was largely driven by improved margins in the Ingredients channel and sales volume growth in the Consumer and Foodservice channels, more than compensating for lower margins in both the Consumer and Foodservice channels.
- Operating expenses from continuing operations increased by $99m (9%), largely reflecting $52m of technology (ERP) upgrade costs and ~$47m of other cost increases (including costs related to the proposed Consumer business divestment).
- Reported EBIT from continuing operations was up $113m (11%) to $1,099m.
- Net finance costs & tax from continuing operations increased by $106m (39%), largely reflecting a $103m increase in tax expense. Approximately $59m (4c per share) of that increase was attributable to the change in tax treatment for supply backed dividends and the remaining increase due to improved performance. Net finance costs increased by $3m when compared to 1H24, due to the higher net debt balance from an increase in working capital.
- The resulting reported NPAT for 1H25 was $729m (44c per share), compared to an equivalent $674m in 1H24 (40c per share).
- Based on the full year earnings guidance of 55c – 75c per share and the 44c per share reported for 1H25, expected EPS for 2H25 is significantly lower at 11c – 31c per share. This EPS differential between the first half and second half is consistent with historical seasonal variability.
- The Group declared an interim dividend of 22c per share, a 7c increase compared to 1H24. This aligns with Fonterra's full year dividend policy target payout range of 60% to 80%, and is consistent with Fonterra paying out up to 50% of its forecast full year dividend at interim.

Financial Performance by Channel & Segment

Favourable Non-Reference portfolio margin hedging and New Zealand milk expense phasing contributed to improved performance in the Ingredients channel, offset by lower margin & earnings in Fonterra's downstream businesses due to the higher cost of milk.

There was a material shift in the composition of operating earnings (EBIT) between channels in 1H25 vs 1H24:

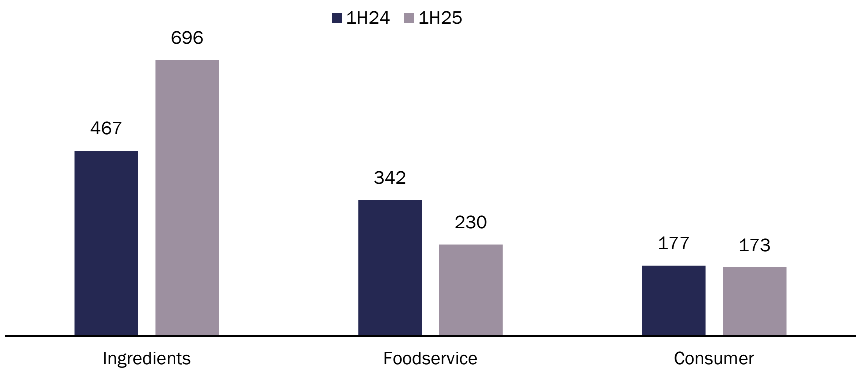
EBIT from the Ingredients channel was up by $229m in 1H25, reflecting the following key factors:

- Increased contribution from Core Operations due to favourable margin hedging in the Non-Reference portfolio and milk expense phasing in New Zealand which was partially offset by narrower price relativities; and
- Favourable in-market margins due to Australia having a stable milk price against higher global commodity prices and strong protein prices in Europe.

Conversely, EBIT for Foodservice and Consumer was down $112m and $4m respectively, both channels negatively impacted by:

- Lower contribution from Core Operations, reflecting higher input costs from the rising cost of milk. Foodservice was further impacted by costs associated with ERP system upgrade expenses;
- Lower in-market margins, reflecting pressure from higher milk costs. Consumer margins were further impacted by changes in product mix due to customers switching to value-focused options; and
- Increased operating expenses due to the costs associated with the Consumer divestment, with Foodservice further impacted due to increased staff costs, advertising and promotion.

Reported EBIT by Channel (NZ$ million)

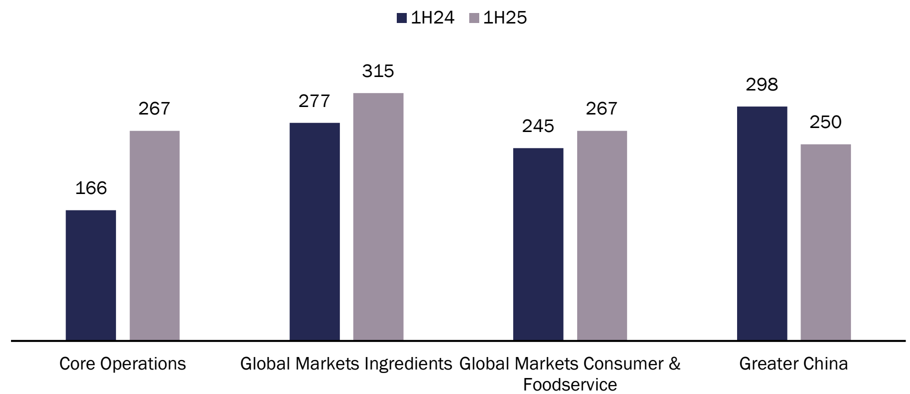


Note: Segment and Channel Information is available for continuing operations only

Similar market dynamics led to a shift in earnings contributions across Segments

- Core Operations reported a $101m improvement in EBIT, largely reflecting higher margins in New Zealand milk processing (Ingredients).
- Total Global Markets earnings were up $60m to $582m, largely driven by improvements in the Ingredients channel.
- We note that Fonterra has split Global Markets into two segments for reporting purposes, Global Markets Ingredients and Global Markets Consumer & Foodservice. We believe that this aligns with Fonterra's potential divestment of the Consumer and related businesses with René Dedoncker (the CEO-elect for Mainland) the new Managing Director of Global Markets Consumer & Foodservice.
- Greater China delivered a $48m reduction in EBIT, with a $21m improvement in Ingredients offset by the $69m reduction in Foodservice earnings from the region.

Reported EBIT by Segment (NZ$ million)



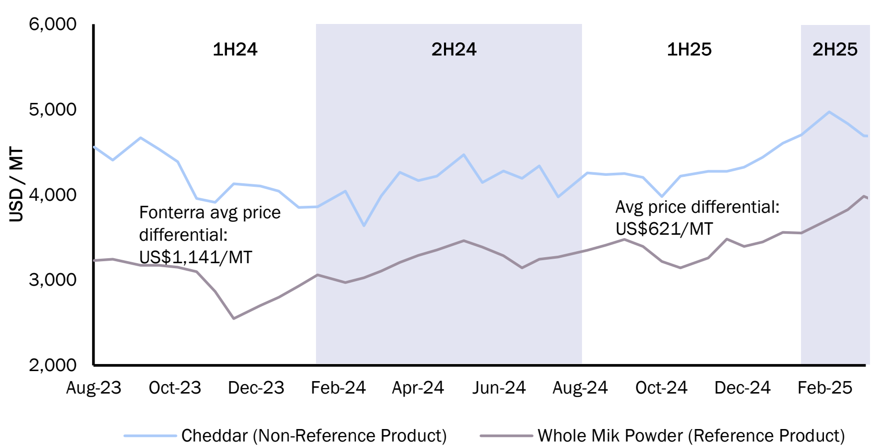
Price Relativities

Fonterra's Price Relativities for Reference and Non-Reference products narrowed by ~US$520/MT compared to 1H24, resulting in a lower earnings benefit (~4cps vs ~6cps in 1H24). Lower price relativities were offset by a favourable product mix shift into higher value Non-Reference products.

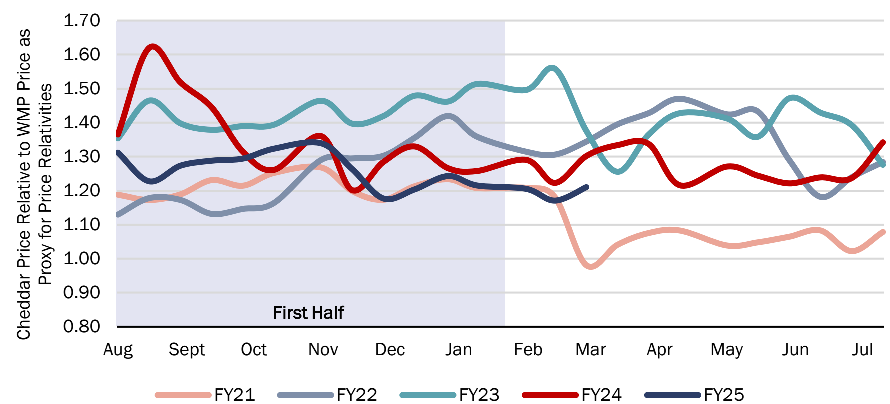
Price Relativities have narrowed during 1H25. This reflects that the average Reference portfolio prices increased ~23% in USD terms compared to a 5% increase for the Non-Reference portfolio (both vs 1H24). Using the price of cheddar vs WMP as a proxy for the portfolios, FY25 (1.2x) is tracking lower than FY24 (1.3x).

While better than expected, price relativities have continued to reduce at the start of 2H25 vs 2H24. This is consistent with Fonterra's view that the differential between Non-Reference and Reference products is set to return to more normalised levels, particularly relative to FY23 where favourable price relativities contributed ~40cents per share compared to FY24 where the benefit was ~12cents. Fonterra has previously indicated that it expects price relativities to contribute between 0-5cps benefit per year in the long run. This is also consistent with the expected weakening in second half earnings implied from Fonterra's FY25 earnings guidance – 2H25 implied earnings of 11 – 31cps vs 1H25 of 44cps.

Price Relativities (Cheddar vs WMP)



Historical Price Relativities (Non-Reference / Reference Product Prices)



Source: Global Dairy Trade, adjusted forward 3 months to reflect shipment delay.
WMP and Cheddar used as proxies for Reference & Non-Reference Products.

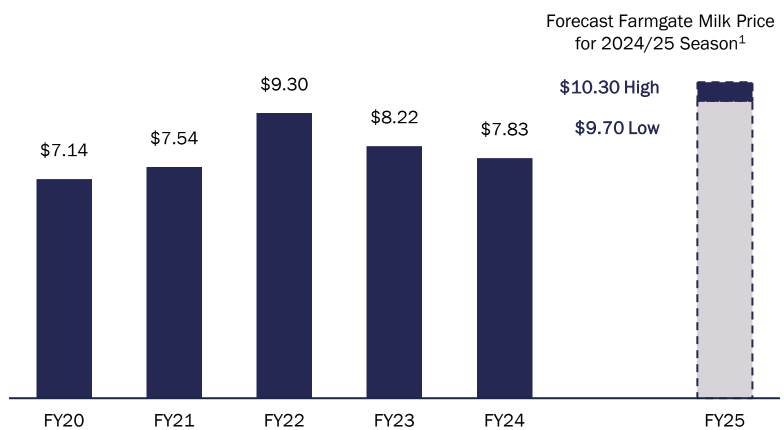
Milk Price Range of $9.70 - $10.30 per kgMS

While the forecast Farmgate Milk Price has narrowed to $9.70 - $10.30, the mid-point remains at $10.00 per kgMS.

The Farmgate Milk Price range has narrowed from $9.50 - $10.50 to $9.70 - $10.30 per kgMS. The lower range reflects a well contracted sales book with ~93% of USD cash flows being hedged for the remainder of the season.

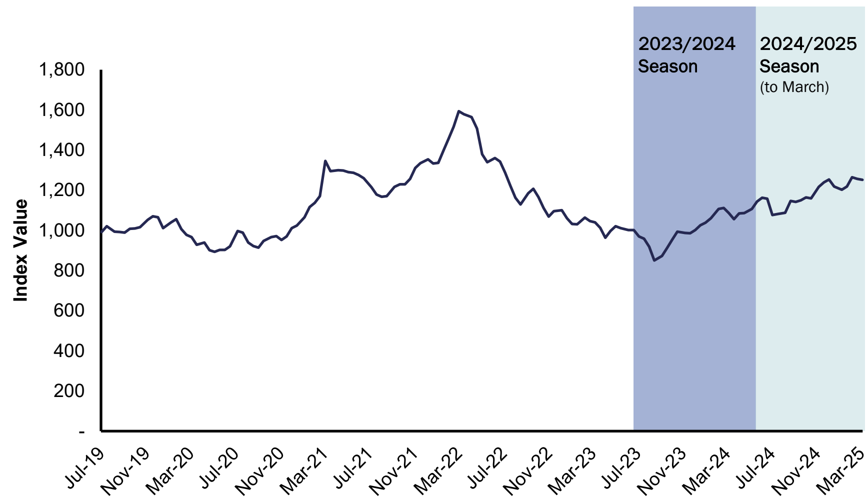
With only several weeks until the end of the 2024/2025 season, the mid-point Farmgate Milk Price of $10.00 per kgMS represents a significant improvement (~28%) on the final outcome for the previous season. This largely reflects improved GDT auction prices for key Reference products, with a 23% increase in 1H25 vs 1H24. This trend is summarised in the GDT Price Index chart below (representing the change in prices for both Reference and Non-Reference milk products). Currency has also assisted with the current average NZD/USD conversion rate for the 2024/2025 season expected at 0.5981 vs 0.6120 for the previous year.

Historical Farmgate Milk Price vs 2024/25 Season Forecast



[1]As per forecast update 20 March 2025

GDT Price Index



Source: GDT

Financial Position

Compared to 1H24, net debt was up $1,226m (+29%) to $5,450m due to an increase in working capital employed resulting from higher milk prices and accelerated advance rates. Gearing has increased from 34.6% to 39.4% as a consequence.

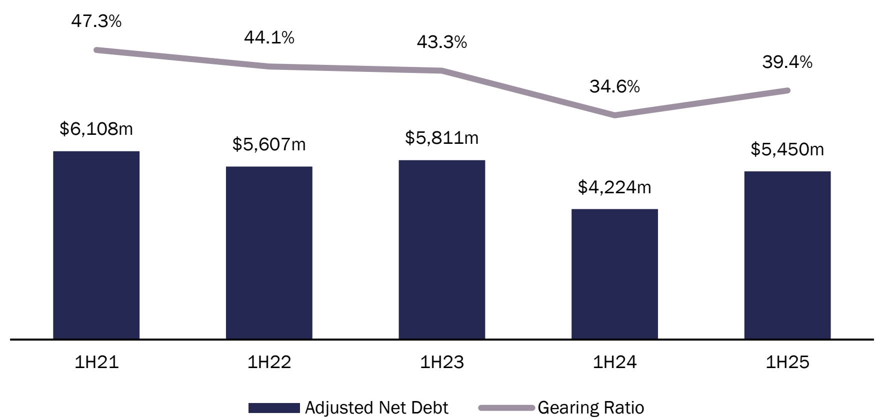
Fonterra's net debt has increased by $1,226m compared to 1H24 ($5,450m in 1H25 vs $4,224m in 1H24). The higher debt position largely reflects an increase in working capital during the year as a consequence of higher milk prices and the accelerated advance rate (85% to January 2025 vs 75% to January 2024). Inventories have increased by $1,550m (24%) when compared to 1H24 ($8,049m in 1H25 vs $6,499m in 1H24).

As a result of the higher net debt, gearing levels have also increased to 39.4% at 1H25 vs 34.6% at 1H24. With the first half typically representing a seasonal peak in debt levels, Fonterra should have sufficient financial flexibility and debt headroom at the end of FY25.

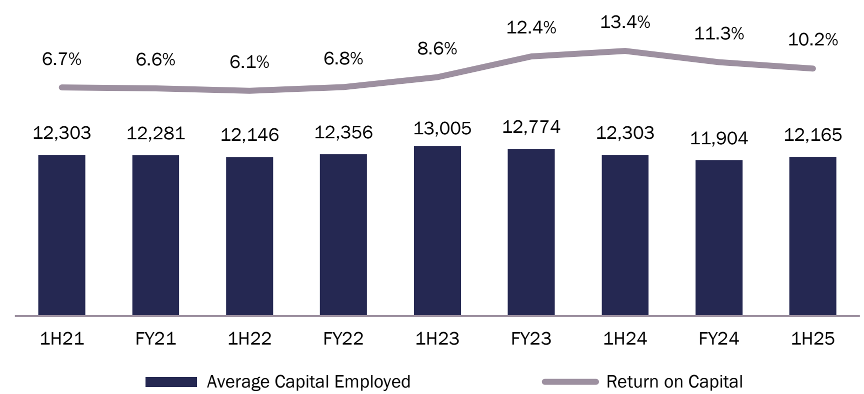
Return on capital ("**ROC**") has decreased to 10.2% in 1H25, significantly lower than the 13.4% achieved in 1H24. However, we note that the rolling 12-month ROC reported for 1H24 includes the higher 2H23 earnings contribution. In addition, the 1H25 result is negatively impacted by the change in notional tax rate from 16.1% to 27.0%, increasing the tax charge by $185m and reducing ROC by 1.5%.

NZ$ Million	1H25	1H24	*% Change*
Assets			
Cash and Cash Equivalents	218	239	(9%)
Receivables	2,499	2,122	18%
Inventories	8,049	6,499	24%
Other Current Assets	356	362	(2%)
PP&E	6,394	6,283	2%
Intangible Assets	1,779	1,813	(2%)
Other Non-Current Assets	1,053	913	15%
Total Assets	**20,348**	**18,231**	***12%***
Liabilities			
Payables	5,037	4,790	5%
Current Borrowings	1,793	1,270	41%
Other Current Liabilities	1,121	465	141%
Non-Current Borrowings	4,163	3,371	23%
Other Non-Current Liabilities	242	255	(5%)
Total Liabilities	**12,356**	**10,151**	***22%***
Net Assets	**7,992**	**8,080**	***(1%)***
Equity Attributable to Co-op	**7,910**	**8,014**	***(1%)***

Adjusted Net Debt (NZ$ million) and Gearing Ratio (%)



Historical Return on Capital (Based on Fonterra Estimates)[1]



[1] Rolling twelve months

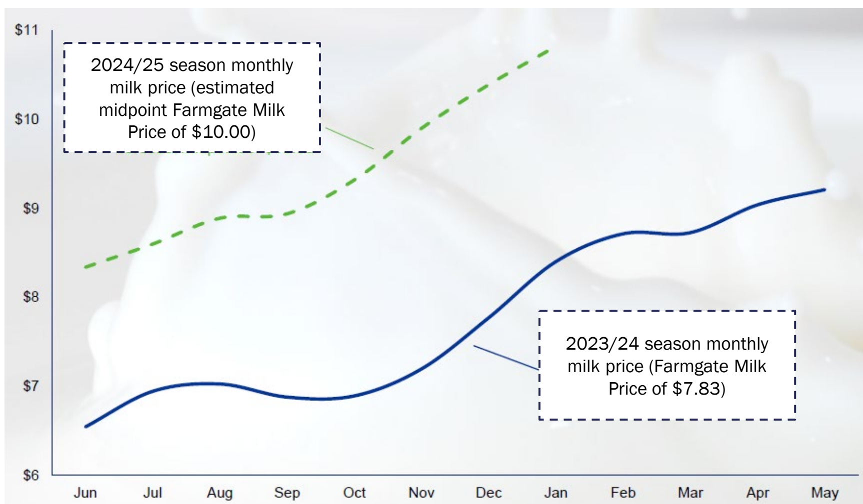
Full year FY25 Outlook

Prior to the interim results, Fonterra upgraded earnings guidance from 40 – 60 cents per share to 55 – 75 cents, reflecting an increase of 30% at the guidance mid-point and implying a lower 2H25 earnings contribution of 11 – 31 cents per share. This increase is supported by the underlying strength in Ingredients and resilience across Consumer (despite higher milk costs).

Prior to the interim results, Fonterra upgraded earnings guidance from 40c – 60c per share to 55c – 75c per share (mid-point 65c). Consensus broker estimates are currently at 67c, slightly above the mid-point of this range. The Fonterra guidance implies EPS for the second half of 11c – 31c, lower than the 1H25 outcome largely as a result of the following factors:

- The increasing cost of milk (bottom chart) will flow through to lower margins in the Foodservice and Consumer channels for 2H25;
- The benefits of price relativities between Reference and Non-Reference products in 1H25 remaining consistent during 2H25; and
- Normal seasonal factors with 2H earnings typically lower due to lower sales volumes and lower milk collections impacting cost recovery in Core Operations.

Monthly Milk Prices (NZ$ per kgMS)

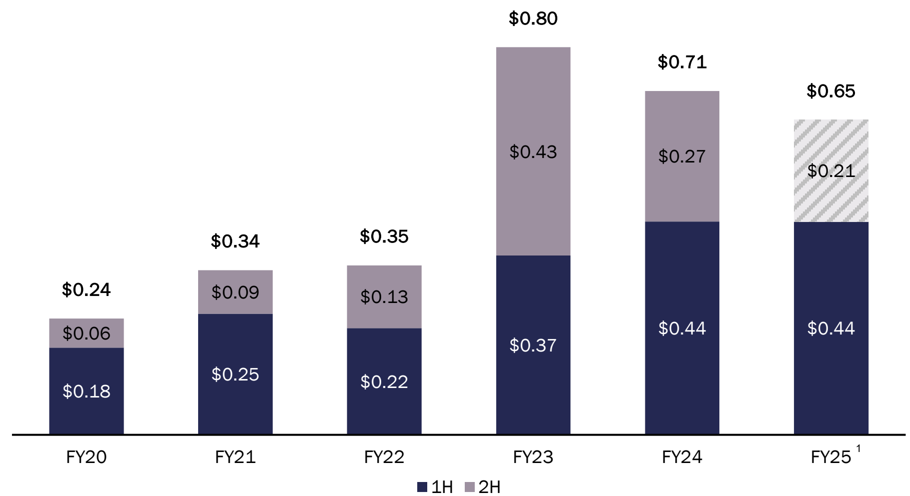


Source: Extract from Fonterra's 1HFY25 Presentation

Fonterra now has a stronger balance sheet which supported the increase in its dividend policy from a payout of 40% - 60% of earnings to 60% - 80% (excluding abnormal gains), as updated in September 2024. Consistent with Fonterra's FY25 earnings guidance and revised dividend payout policy, total dividends for FY25 should be in the vicinity of 47c (consistent with broker estimates). This suggests a 2H25 dividend consistent with the 2H24 dividend of 25c (excluding the 15c special dividend).

At Fonterra's current share price (farmer-only market), FY25 dividends of 47c per share would represent a cash dividend yield of >10%.

Normalised Earnings Per Share for 1H25 and Projection for 2H25[1]



[1] 2H25 based on midpoint forecast earnings range of 55c – 75c per share.

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Section 2:

Strategic Update

Mainland Divestment

Fonterra is well advanced with the potential divestment of its Consumer business, as well as its integrated businesses Fonterra Oceania and Sri Lanka. With "Mainland Group" chosen for the corporate brand, divestment is expected either through an IPO or trade sale following shareholder approval.

Divestment Update

Fonterra first announced a potential step-change in strategic direction in May 2024 (subsequently confirmed in November 2024) involving the potential divestment of the Consumer business, as well as its integrated Fonterra Oceania and Sri Lanka businesses via either an IPO or trade sale.

In February 2025, Fonterra announced that the new standalone entity would be named Mainland Group with René Dedoncker, Fonterra's current Managing Director Global Markets Consumer & Foodservice, as CEO-elect and Paul Victor as CFO-elect.

René and Paul led roadshow meetings with potential investor groups commencing in March 2025, while Fonterra also released the divestment roadshow presentation providing more details in relation to the Mainland business.

Fonterra will seek shareholder approval prior to any divestment whether it be by IPO or trade sale. Therefore, shareholders should expect to receive more information on any proposed divestment of Mainland and the impact on the residual Fonterra business in due course.

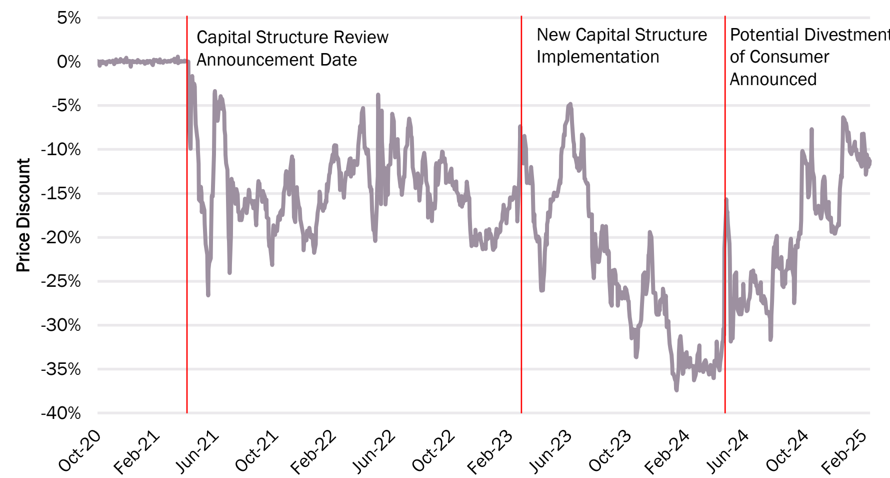
However, we note that the "In-Scope" businesses (the entities comprised within Mainland) generated overall EBIT improvement of $28m (~16%) relative to 1H24. This is likely to support Mainland delivering solid earnings growth for FY25 on the pro-forma standalone EBIT of ~$200m for FY24.

[1] *Calculated on a rolling 12-month basis*

Restricted Market Discount

Since the announcement of the potential divestment, the price discount for Fonterra shares (FCG) in the farmer-only market has narrowed relative to units in the Fonterra Shareholders' Fund (FSF). We believe that while some of this will be due to increased performance and confidence in Fonterra, it is also likely attributable to the expectation of a shareholder capital return following the potential sale of Mainland. We note that the current pricing discount for the FCG shares (~15%) is lower than the average discount of 22% that has prevailed since the new capital structure was implemented in March 2023, as well as the ~35% discount observed prior to Fonterra announcing the potential Consumer divestment.

Discount of FCG Share Price to FSF Unit Price[1]



[1] *Calculated as (FCG price per share / FSF price per share) - 1*

Return on Capital and Future Capital / Channel Mix

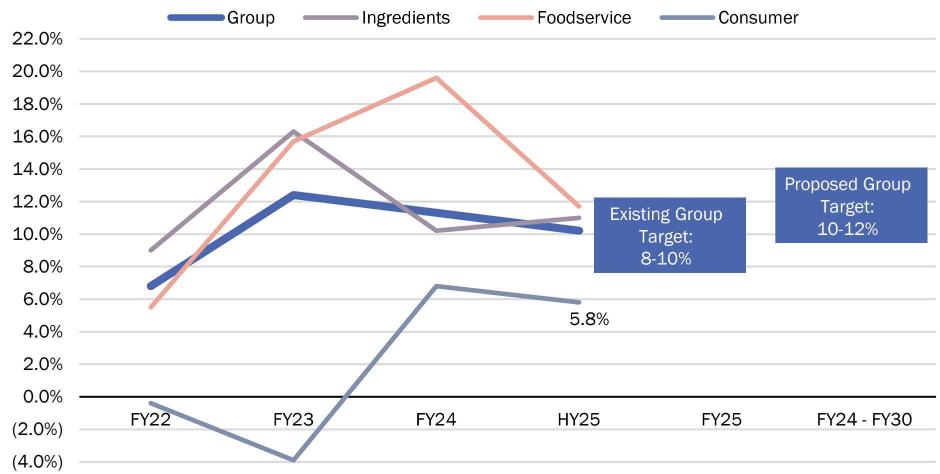
The proposed divestment of Mainland is unlikely to impact on Fonterra's milk volumes as the related milk will still flow through the Ingredients channel. However, the divestment is expected to result in a potentially significant capital return to shareholders and support a higher return on capital for the remaining Fonterra business.

Return on capital for 1H25 of 10.2% for the Group is above the 5-year average and tracking to be within the FY25 target range of 8%-10%. However, as noted on page 10, the change in tax treatment for supply backed dividends decreased reported return on capital by 1.5% (i.e. on a like-for-like basis, 1H25 group return on capital would have been 11.7%, more consistent with FY23 and FY24).

While performance in the Consumer channel has improved, the 5.8% return for 1H25 is still well below target levels and represents a key reason for Fonterra's proposed divestment.

As part of its strategic reprioritisation into Ingredients and Foodservice, Fonterra has released revised return on capital targets for the Group. The post divestment target range is 10%-12%, up from the existing target of 8%-12%. Divesting the Consumer business will clearly support the revised return target if Ingredients and Foodservice continue to perform near current levels.

Return on Capital by Channel[1]



[1] *Calculated on a rolling 12-month basis*

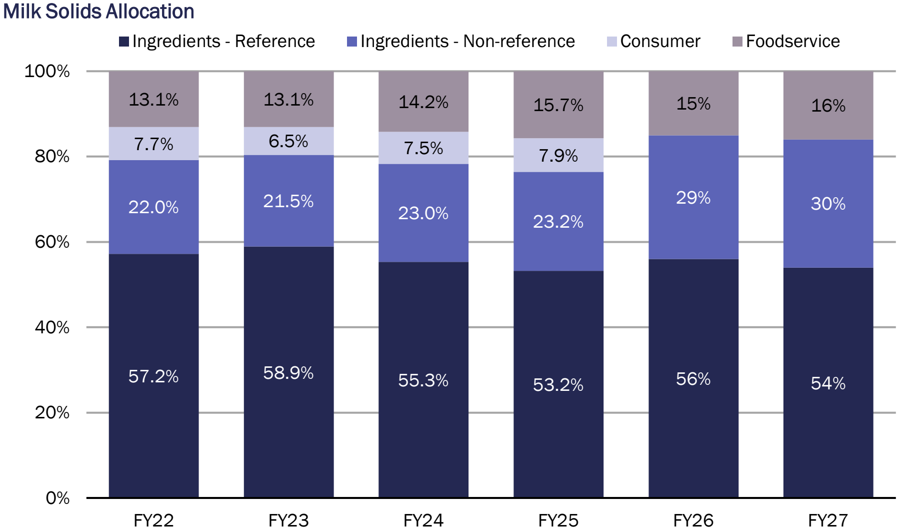
We note that the divestment of the Consumer business will not result in milk solids relating to that business diverting to other suppliers as Mainland will likely become a key Ingredients customer of Fonterra through an ongoing supply agreement.

The chart below demonstrates Fonterra's expectation of higher milk allocations to Ingredients in 2026 and 2027 because of the reclassification of current sales through the Consumer channel into Ingredients following the proposed divestment. Fonterra's target to allocate 76.4% of milk solids to Ingredients for FY25 increases to 85% in FY26 as a result of the proposed divestment.

Capital investment prioritisation into higher returning Ingredients and Foodservice businesses is also evident in recent announcements. These include the $75m investment in Studholme to support high-value functional proteins (supporting enhanced capability and returns within Ingredients) and $150m investment in a new UHT cream plant at Edendale (unlocking up to 20m kgMS additional processing capacity in the Foodservice portfolio in FY26).

We estimate that the Consumer channel (and Mainland) employs more than $2.5bn of capital (out of Fonterra's total capital employed of over $12bn). While any sale proceeds may be used by Fonterra to reduce debt or for reinvestment into the Ingredients and Foodservice channels, Fonterra has indicated that it anticipates a significant capital return to be made to shareholders.

Milk Solids Allocation



Operational Efficiency Metrics

Fonterra appears to be successfully offsetting inflation in its cost base through ongoing efficiency improvements. Excluding ERP and divestment costs, cash operating expenses are expected to be flat on FY24 with core operations manufacturing cash costs increasing only modestly.

1. **Cash operating expenses per kgMS collected**

   Cash operating expenses represent the global overheads of the Group and include head office, selling, marketing, storage and distribution costs. While FY25 total cash operating costs per kgMS are forecast to increase to $1.45/kgMS (vs $1.36/kgMS in FY24), this is largely due to an estimated cost of $130m (8c/kgMS) for the ERP system and approximately $30m (2c/kgMS) for year to date Mainland divestment related costs. The total ERP cost is projected to be $450 - $500m over 6 years with ~$250m expected over the FY25 and FY26 period.

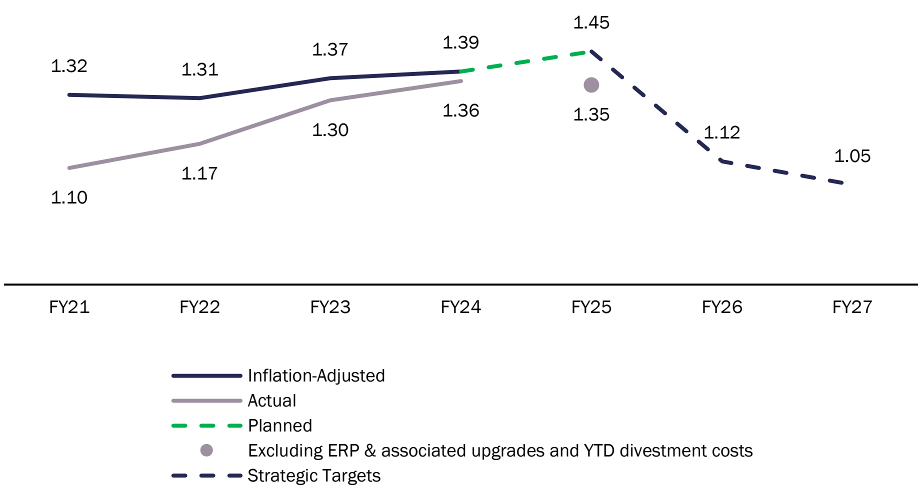
   Excluding ERP and Mainland related divestment costs, Fonterra's FY25 cash operating expenses are expected to be flat on FY24 at $1.35 per kgMS. This outcome is supported by higher expected milk production. However, it is difficult to draw many conclusions from Fonterra's expectation of a material decrease in cash operating expenses per kgMS for FY26 and FY27 as it largely represents the consequence of divesting Mainland.

2. **Core Operations manufacturing cash costs per kgMS NZ milk collections**

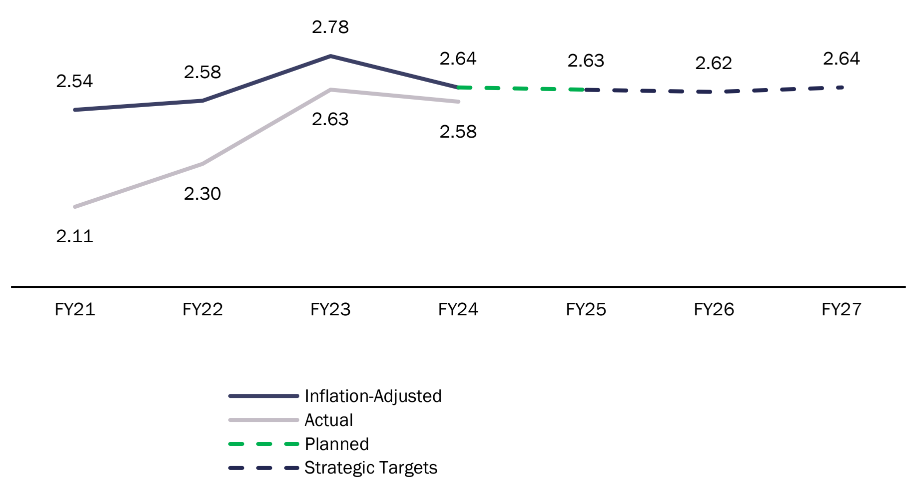
   This metric measures the manufacturing performance in Fonterra's core New Zealand processing and manufacturing cost base. Fonterra forecasts FY25 manufacturing cash costs per kgMS to increase 5c to $2.63, representing an underlying increase in the cost base of approximately 4.6% which is partly offset by a 2.7% increase in New Zealand milk collections. The overall 1.9% increase on FY24 is largely reflective of inflation and a more complex manufacturing product mix.

   Future manufacturing costs per kgMS of New Zealand milk collections are expected to be flat (inflation adjusted), suggesting that Fonterra expects ongoing efficiency gains.

Cash Operating Expenses per kgMS



Core Operations Manufacturing Cash Costs per kgMS



Appendix – Supporting Information

Continuing and Discontinuing Operations

NZ$ Million	6 Months to 31 January 2024			6 Months to 31 January 2025		
	Continuing Operations	Discontinued Operations	Total Group	Continuing Operations	Discontinued Operations	Total Group
Sales Volume (‘000 MT)	1,721	59	**1,780**	1,723	-	**1,723**
Total Revenue	11,085	172	**11,257**	12,592	-	**12,592**
Cost of Goods Sold	(9,049)	(106)	**(9,155)**	(10,364)	-	**(10,364)**
Gross Profit	2,036	66	**2,102**	2,228	-	**2,228**
Gross Margin (%)	18.4%	38.4%	**18.7%**	17.7%	-	**17.7%**
Operating Expenses	(1,109)	(99)	**(1,208)**	(1,208)	-	**(1,208)**
Other Items	59	-	**59**	79	8	**87**
Reported EBIT	986	(33)	**953**	1,099	8	**1,107**
Reported EBIT Margin (%)	8.9%	(19.2%)	**8.5%**	8.7%	-	**8.8%**
Normalisations	-	66	**66**	-	-	**-**
Normalised EBIT	986	33	**1,019**	1,099	8	**1,107**
Reported Net Profit After Tax	714	(40)	**674**	721	8	**729**
Normalised Net Profit After Tax	714	26	**740**	721	8	**729**

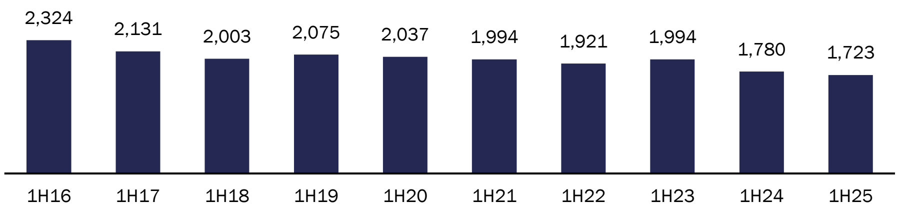
FY25 Integrated Scorecard

	Key Performance Indicator (KPI)	FY23 Actual	FY24 Actual	FY25 Scorecard	FY25 YTD
People	Serious harm[1]	18	16	12	1
	Percentage of Health, Safety and Wellbeing priority actions fully completed by due date	76%	77%	95%	98%
	Culture Measure	79	79	81	79
Nature	GHG emissions (Scope 1,2)[2]	(14.1%)	(18.5%)	(21.1%)	(21.2%)
	Absolute water reduction across manufacturing sites (15% by FY30)[2]	(6.7%)	(12.4%)	(13.1%)	(19.5%)
Relationships	Share of New Zealand milk collected for the season to 31 May	79.0%	78.1%	78%	78.2%
	Delivered in full, on time (DIFOT, ex-New Zealand)	53.2%	70.8%	80%	79.4%
Financial / Assets & Infrastructure	Cash operating expenses per kgMS (real)[3]	1.37	1.36	1.46	1.45
	Core Operations manufacturing cash costs per kgMS (real)[4]	2.78	2.64	2.65	2.63
	Return on capital (FY)	12.4%	11.3%	8% - 10%	On-track
	Farmgate Milk Price ($)	8.22	7.83	7.75 – 9.25	9.70 – 10.30[5]
Alignment Rights	Total shareholder return (12-month Volume Weighted Average Price of Fonterra Co-operative Unit plus dividend)[6]	$2.38 ($1.00)	$2.66 ($0.55)		3.36
	On-farm profitability ($ per hectare)[7]	3,017	Not Available	Not Available	

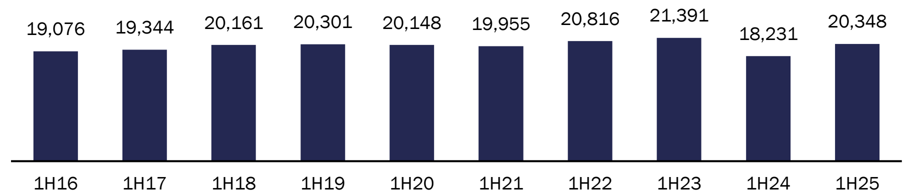
1. A broader definition, which also includes Contractors, has been adopted for FY25 resulting in an increased number of injuries captured under the revised definition
2. Relative to FY18 Baseline.
3. Based on New Zealand and Australia milk solids. FY25 excludes divestment related costs. Efficiency measures have been restated using FY25 as the base year.
4. Based on New Zealand milk solids collected. Excludes the cost of milk
5. Latest Forecast Farmgate Milk Price announced 20 March 2025 with midpoint of $10.00.
6. Volume Weighted Average Price (VWAP) for the period 1 October to 30 September. FY25 YTD is 12-month VWAP to 31 January 2025.
7. DairyNZ Economic Survey 2022-2023(Owner-Operator). Publication of 2024 survey expected in July 2025.

Historical Financial Information

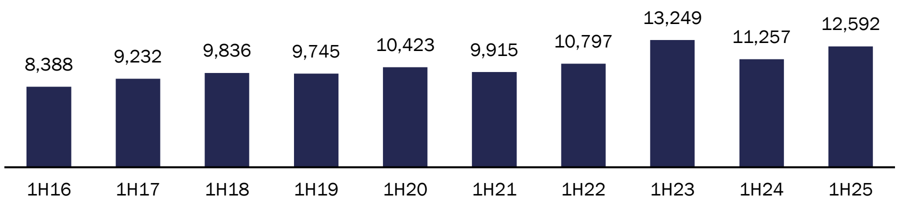
Sales Volume ('000 MT)



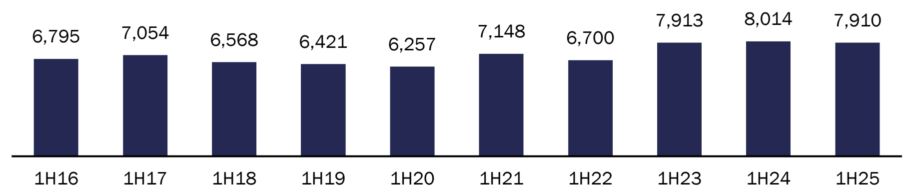
Total Assets (NZ$ million)



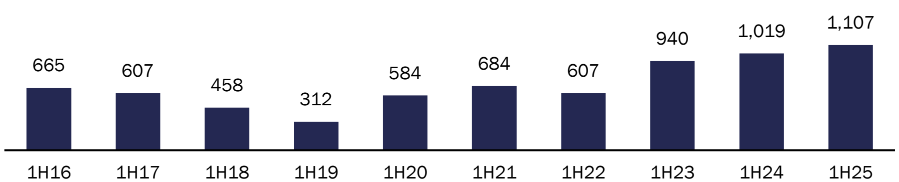
Revenue (NZ$ million)



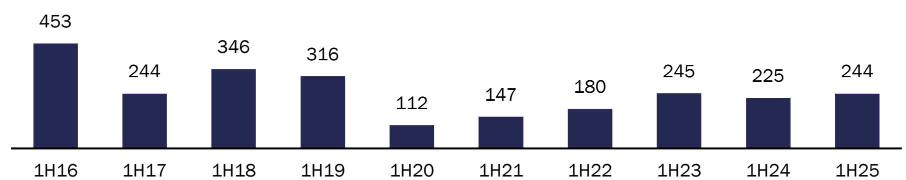
Total Equity (NZ$ million)[1]



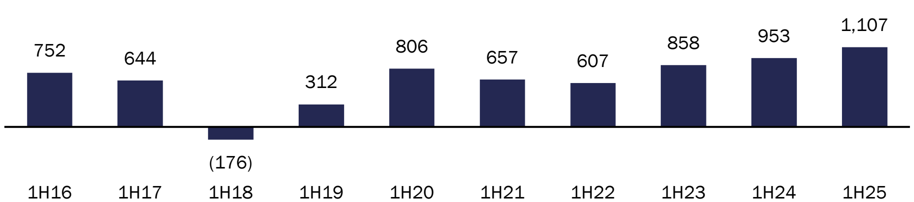
Normalised EBIT (NZ$ million)



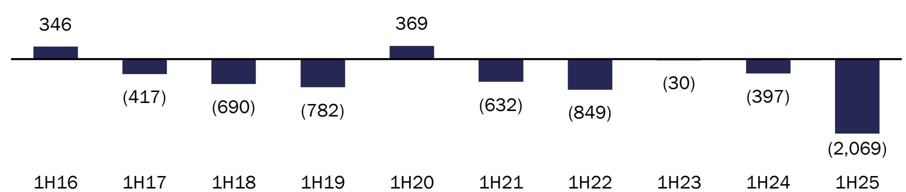
Capital Expenditure (NZ$ million)



Reported EBIT (NZ$ million)



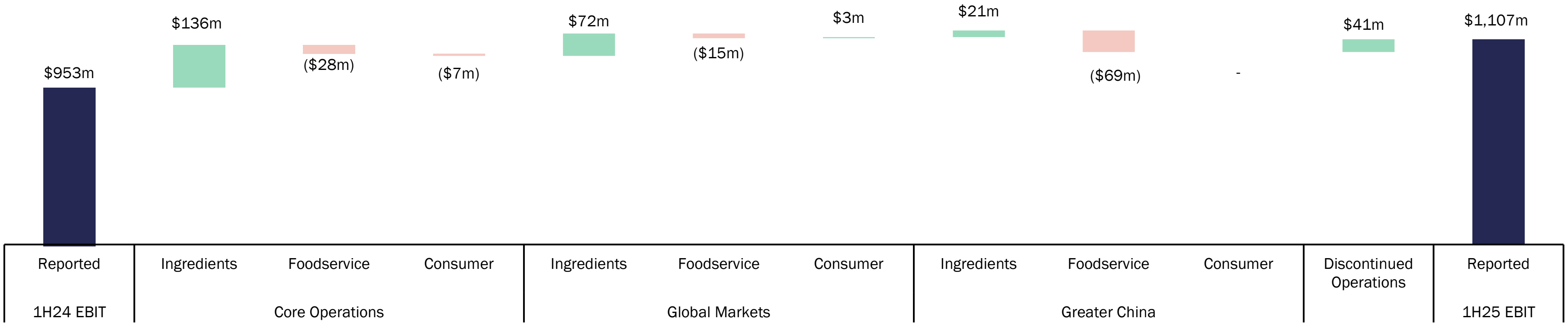
Free Cash Flow (NZ$ million)



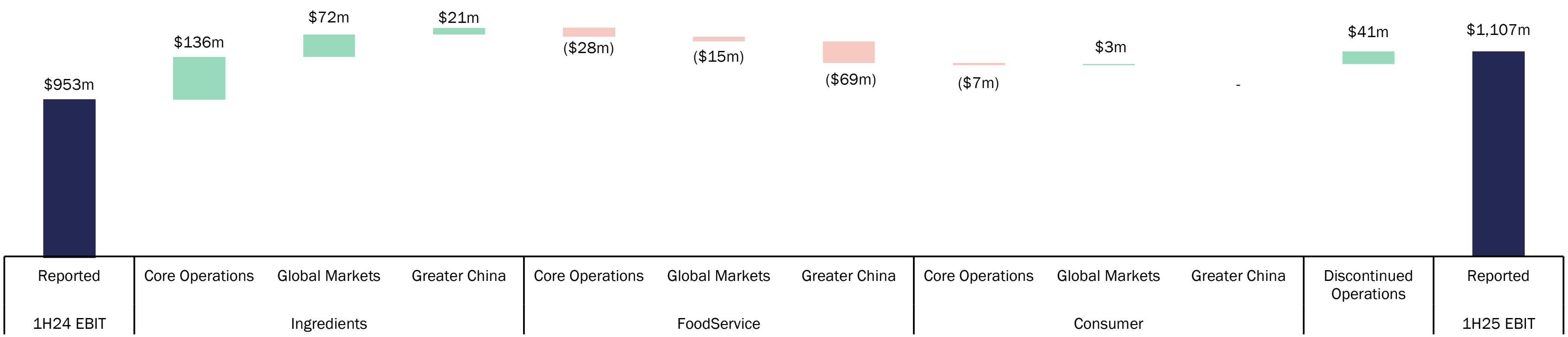
[1]*Excluding non-controlling interests*
Note: Includes continued & discontinued operations where known.

Reported EBIT Bridge by Segment and Channel

Reported EBIT Bridge by Channel



Reported EBIT Bridge by Segment



Abbreviations & Definitions

Term	Definition
CAGR	Compound average growth rate
Capex	Capital expenditure
Co-op, Group or the Company	Fonterra Co-operative Group Limited
CY	Calendar year ending 31 December
DIRA	Dairy Industry Restructuring Act
DPA Brazil	Dairy Partners Americas Brazil
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
ESG	Environmental, social and governance
FCG	Shares in Fonterra Co-operative Group Ltd (FCG.NZ)
FGMP	Farmgate Milk Price
FSF	Units in Fonterra Shareholders' Fund (FSF.NZ)
FY	Financial year ending 31 July
GDT	Global Dairy Trade
In Scope Businesses	Global Consumer business together with Fonterra Oceania and Fonterra Sri Lanka
kgMS	Kilograms of milk solids
LTAs	Long-Term Aspirations
MT	Metric tonnes
NPAT	Net profit after tax
Non-Reference Products	Products that are not included in the calculation of the Farmgate Milk Price
NTM	Next Twelve Months
NWC	Net working capital
NZD	New Zealand dollars
PP&E	Plant, property and equipment
Price Relativities	Refers to the difference in the weighted average price (in USD) between the Reference Product portfolio and Non Reference Product portfolio
Reference Products	Includes commodity products and groups that are included in the calculation of the Farmgate Milk Price
Share Standard	Means one share per one kgMS supplied
RHS	Right hand side (axis)
ROC or ROCE	Return on capital employed
SMP	Skim milk powder
TSR	Total shareholder return
USD	United States dollars
WACC	Weighted average cost of capital
WMP	Whole milk powder

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