



Market Announcement

20 February 2026

Fonterra provides Farmgate Milk Price and earnings update

- Fonterra expecting to distribute Mainland Group earnings as special Mainland dividend
- Fonterra confirms FY26 forecast earnings guidance from continuing operations
- Fonterra lifts 2025/26 season forecast Farmgate Milk Price midpoint from \$9.00 per kgMS to \$9.50 per kgMS

Fonterra Co-operative Group Ltd has today lifted its forecast Farmgate Milk Price for the 2025/26 season and narrowed its forecast range.

The midpoint has increased from \$9.00 per kgMS to \$9.50 per kgMS, with the forecast range lifting and narrowing from \$8.50-\$9.50 per kgMS to \$9.20-\$9.80 per kgMS.

CEO Miles Hurrell says the Co-op has been able to make these changes based on recent improvements in global commodity prices combined with Fonterra's well contracted sales book.

"As we have seen, global dairy prices have been volatile across the season. Following the declines at the end of 2025, prices have lifted in the last four Global Dairy Trade events.

"Global milk production remains above seasonal norms, meaning the risk of further volatility in pricing remains. As such, we continue to take a balanced approach with our Farmgate Milk Price forecast.

"Our team is focused on enhancing returns for farmer shareholders through the Farmgate Milk Price and earnings, by delivering on our strategy," says Mr Hurrell.

Update on Mainland Group earnings

Fonterra is today advising that it intends to pay out 100% of underlying earnings generated by Mainland Group during FY26 while still under Fonterra ownership.

The earnings will be distributed through a special Mainland dividend payment to shareholders and unit holders following the completion of the sale to Lactalis.

"We are currently finalising our interim accounts and can indicate that we expect the special Mainland dividend to be in the range of 14-18 cents per share, which reflects the operating performance of the Mainland business during the first half of this year driven by ongoing cost management and favourable input commodity prices.

"This remains subject to the settlement date of the transaction and the finalisation of our financial statements and audit process.

“Fonterra’s FY26 forecast earnings guidance from continuing operations remains unchanged at 45-65 cents per share. It is intended that Fonterra’s dividend policy will be applied to these continuing earnings.

“Our interim dividend from continuing operations will be confirmed when we release our FY26 interim results and an update on the special Mainland dividend will be given at this time,” says Mr Hurrell.

As previously indicated, Fonterra expects the transaction to be complete in the first quarter of the 2026 calendar year, subject to separation of the businesses from Fonterra and remaining regulatory approvals being received.

ENDS

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