



# Market Announcement

28 May 2026

## Sustained performance in Q3 as Fonterra executes on strategy; announces 2026/27 Farmgate Milk Price

- Total Group operating profit: NZ \$1.8 billion, up \$103 million relative to prior year
- Underlying earnings per share: 57 cents per share, up from 53 cents
- FY26 full year forecast earnings range lifted and narrowed to: 60-70 cents per share, up from 50-65 cents per share
- 2025/26 season forecast Farmgate Milk Price narrows: NZ \$9.60-\$9.80 per kgMS, from \$9.40-\$10.00, with the midpoint unchanged at \$9.70 per kgMS
- Announced opening 2026/27 season forecast Farmgate Milk Price of \$9.75 within a range of \$8.00 – \$11.00 per kgMS
- Season to date milk collections: 1,489m kgMS, up 4% on last season

Fonterra has today released its FY26 Q3 business update, demonstrating sustained performance and progress on the Co-op's strategy, with year to date Total Group operating profit of \$1.8 billion, up \$103 million on this time last year.

The Co-operative has lifted and narrowed its full year forecast earnings range to 60-70 cents per share, due to confidence in the Co-op's contracted sales position for FY26 and our ability to navigate ongoing supply chain disruption.

The forecast Farmgate Milk Price midpoint for the current season is unchanged at \$9.70 per kgMS, with the range narrowing to \$9.60-\$9.80 per kgMS.

The Co-operative has also announced an opening forecast Farmgate Milk Price for the 2026/27 season of \$9.75 with a range of \$8.00-\$11.00 per kgMS to reflect potential impacts across the season from ongoing geopolitical risks and inflationary pressures.

CEO Richard Allen says, "Today, we've delivered another strong result. Milk production is up considerably this season, and despite disruption in global supply chains, our sales book is well contracted and our shipping volumes are strong, with the highest third quarter shipment volumes in a decade.

"As we look ahead to next season, we expect milk collections to remain high, in line with this season. Our in-market sales teams are anticipating solid demand from across the regions despite potential volatility, and this is reflected in our opening forecast range."

## Business performance

A disciplined focus on strategy has driven a Total Group year to date operating profit of \$1.8 billion, up from \$1.7 billion the prior year, and profit after tax of \$1.1 billion, equivalent to 65 cents per share.

Adjusting for Mainland's result to reflect the Co-operative's underlying business, the Co-op delivered \$946 million profit after tax, equivalent to earnings per share of 57 cents, up from 53 cents this time last year.

The Ingredients business benefited from ongoing protein demand in the US and Europe, while Foodservice continued to achieve both volume and margin growth.

## Strategy execution

Mr Allen says the Co-op is committed to delivering on its strategy and growing value for farmer owners as a global B2B dairy provider.

"During the quarter, we completed the sale of Mainland Group and returned \$3.2 billion to shareholders and unit holders. This marked a significant step in the delivery of our strategy, with the Co-operative firmly focused on growing our high-value Ingredients and Foodservice businesses.

"We advanced work on our new \$35 million pastry butter sheet capacity at Edgecumbe, reached product validation stage on our \$75 million Studholme protein hub, and made good progress on our \$75 million butter expansion at Clandeboye and \$150 million UHT cream build at Edendale.

"I'm also pleased to announce that we'll be progressing with the planned expansion of our organic business into the South Island, following strong interest from farmers wanting to join our successful organic programme.

"Our forecast Organic Milk Price range for the current season is \$13.90 - \$14.10 per kgMS, with a record midpoint of \$14.00 per kgMS. Our opening forecast for the 2026/27 season is \$13.00 - \$15.00 per kgMS, also with a \$14.00 per kgMS midpoint, reflecting the value customers see in our organic farmers' milk.

"These initiatives all reflect real momentum in the Co-op's performance as we head into the final quarter of the financial year."

## Outlook

"Looking ahead, Fonterra has strong foundations and a clear strategy to deliver value through our global Ingredients and Foodservice businesses," says Mr Allen.

"Our full year earnings guidance reflects the strong shipment volumes expected in the final quarter of the year.

"However, we acknowledge the uncertainty caused by the ongoing conflict in the Middle East. Like our farmers, and others around the world, we are experiencing cost inflation and shipping disruptions.

"We are confident that our deep relationships with customers and logistics partners will continue to help us navigate these challenges."

ENDS

## Note

Underlying earnings: Adjusted for Mainland Group's result to reflect the Co-operative's underlying business.

**Non-GAAP financial information**

Fonterra uses several non-GAAP measures when discussing financial performance. Non-GAAP measures are not defined or specified by NZ IFRS.

Management believes that these measures provide useful information as they provide valuable insight on the underlying performance of the business. They may be used internally to evaluate the underlying performance of business units and to analyse trends. These measures are not uniformly defined or utilised by all companies. Accordingly, these measures may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation nor considered as a substitute for measures reported in accordance with NZ IFRS.

Non-GAAP measures are not subject to audit unless they are included in Fonterra's audited annual financial statements.

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