

# Fonterra Co-operative Group

2026 Q3 Results



Dairy for life



# Our Strategy

## OUR PURPOSE

Our Co-operative, empowering people, to create goodness for generations. You, me, us together. Tātou, tātou.

## OUR VISION

The source of the world's most valued dairy

## OUR CHOICES

Deliver strongest farmer offering

Unleash our Ingredients engine

Keep momentum in Foodservice

Invest in operations for the future

Build on our sustainability position

Innovate to drive our advantage

## OUTCOMES

Strong Shareholder returns

Stable balance sheet

Enduring Co-op

# 2026 Third Quarter Business Update

- **FY26 YTD Total Group operating profit is \$1.8b, up \$103m relative to prior year, due to:**
  - **Ingredients underlying operating profit<sup>1</sup> down \$208m, or (18)%, to \$965m**, strong protein demand driving higher in-market margins offset by lower attribution from Core Operations reflecting the higher cost of protein being expensed
  - **Foodservice underlying operating profit<sup>1</sup> up \$304m, or 143%, to \$516m**, pricing and product mix supporting in-market margins, in addition to a higher attribution from Core Operations reflecting the lower cost of fat being expensed
  - Discontinued operations of \$283m includes Mainland Group performance and costs associated with the divestment
- **FY26 YTD profit after tax is \$1,076m, down \$6m**, improved operating profit offset by higher costs associated with the Mainland divestment, relative to prior year
- **FY26 YTD underlying profit after tax<sup>1</sup> up \$70m to \$946m**, equivalent to 57 cents per share
- FY26 YTD Capital invested is \$612m and forecast to be \$1b for full year, reflecting completion of Studholme protein hub; and ongoing build of Edgecumbe pastry butter sheet capacity, Clandeboye butter expansion and Edendale UHT cream plant
- Balance sheet remains strong, full year debt metrics on track to be in line with FY25 underlying<sup>1</sup> metrics previously disclosed in the [Notice of Special Meeting 2025](#)
- Increased and narrowed FY26 underlying earnings range<sup>1</sup> to 60 – 70 cents per share from 50 – 65 cents, reflecting confidence from the high FY26 contract levels and Co-op's ability to navigate ongoing supply chain disruption
- Narrowed current 2025/26 season forecast Farmgate Milk Price range to \$9.60 – \$9.80 per kgMS from \$9.40 – \$10.00 per kgMS
- Announced opening 2026/27 season forecast Farmgate Milk Price of \$9.75 within a range of \$8.00 – \$11.00 per kgMS
- Confirmed expansion of organic business in South Island, and announced opening 2026/27 season forecast Organic Milk Price of \$14.00 per kgMS, within a range of \$13.00 – \$15.00 per kgMS

## Key metrics

Operating profit

**\$1,764m**

↑ from 1,661m

Profit after tax

**\$1,076m**

↓ from 1,082m

Earnings per share

**65c**

↓ from 66c

Underlying earnings per share<sup>1</sup>

**57c**

↑ from 53c

1. Underlying performance is Fonterra's continuing operations represented as if the Mainland transaction had occurred for the full period to provide a comparative of Fonterra's continuing operations and align with the Pro forma historical financial information disclosed in the [Notice of Special Meeting 2025](#) (29 September 2025).

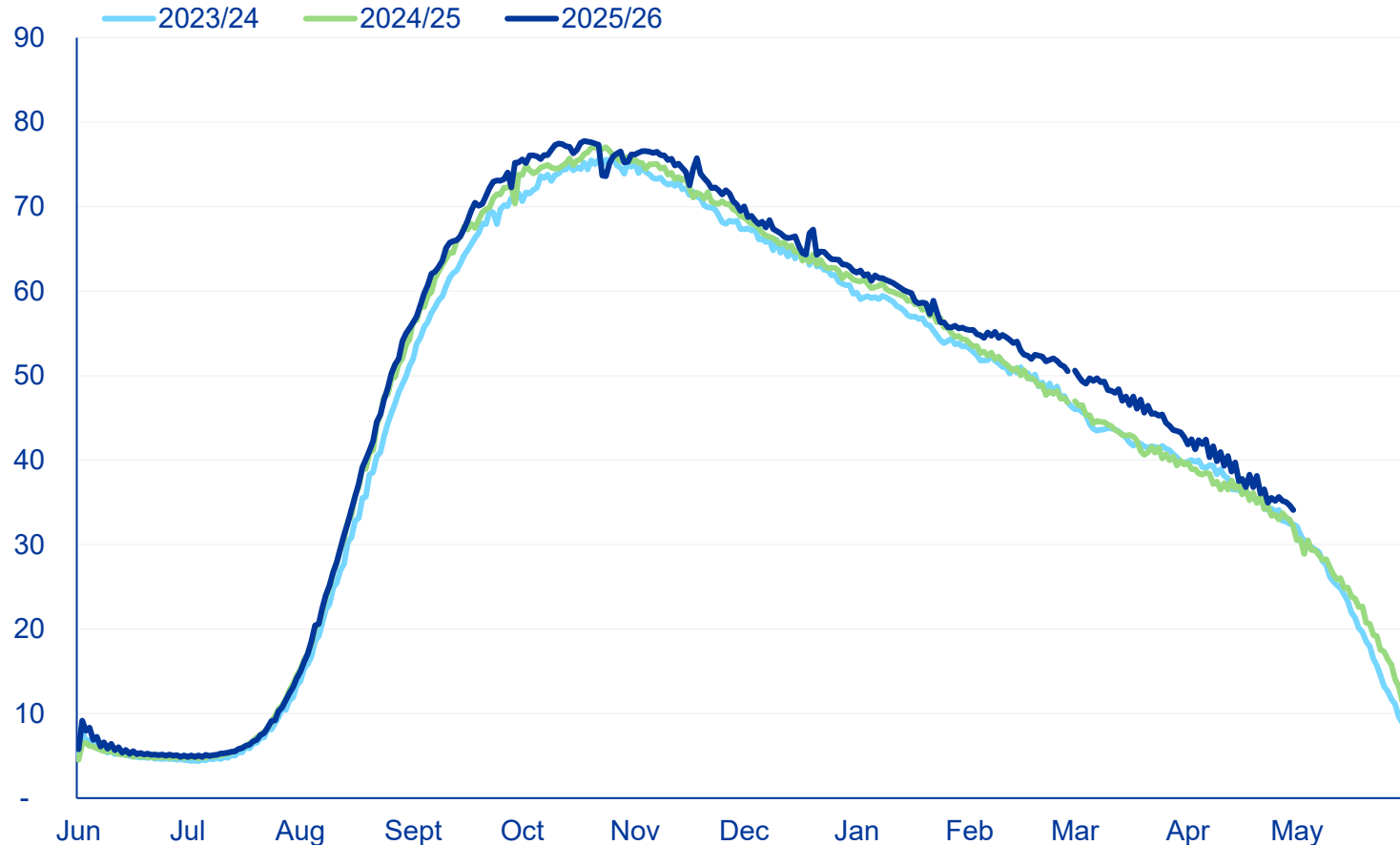
# Continued focus on milk processing performance to manage higher end of season milk collections



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## Fonterra New Zealand milk collections

Volume (million litres per day)



- Season to date collections as at 30 April are 1,489m kgMS, 4.0% above last season. Expect final season production to be 5-10m kgMS above forecasted 1,565m kgMS
- End of season production has been performing above expectations, driven by:
  - Favourable weather conditions in early 2026 supporting North Island milk production
  - Record South Island collections for March due to strong pasture growth extending later into the season
- Focused on milk processing network stability to manage higher end of season milk collections:
  - Manufacturing metrics of milk utilisation, product made right first time and cost of quality continue to track favourably
  - Prioritising the operation of manufacturing plants for higher value products later into the season to utilise late season milk

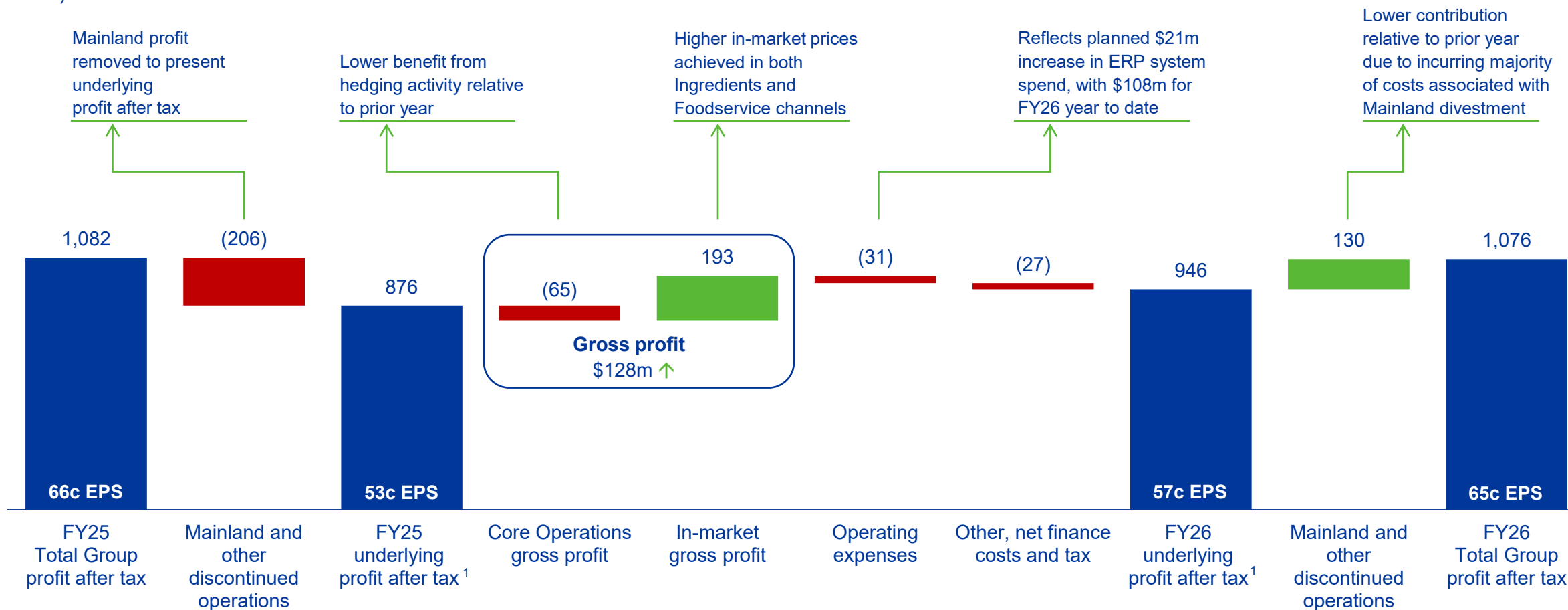
# Underlying profit increased, Total Group profit lower due to costs associated with Mainland divestment



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## FY25 YTD Q3 to FY26 YTD Q3 profit after tax<sup>1</sup>

(\$ million)



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# Strong in-market demand driving improved operating profit



	Ingredients	Foodservice	Total
External sales volume (million kgMS)	1,015 2.7% ↑	198 1.0% ↓	1,213 2.1% ↑
Operating Profit contribution from underlying operations (excluding Mainland) <sup>1</sup>			
<b>Core Operations</b>	\$137m \$342m ↓	\$186m \$192m ↑	\$323m \$150m ↓
<b>In-market</b>	\$828m \$134m ↑	\$330m \$112m ↑	\$1,158m \$246m ↑
<b>Total</b>	<b>\$965m</b> \$208m ↓	<b>\$516m</b> \$304m ↑	<b>\$1,481m</b> \$96m ↑

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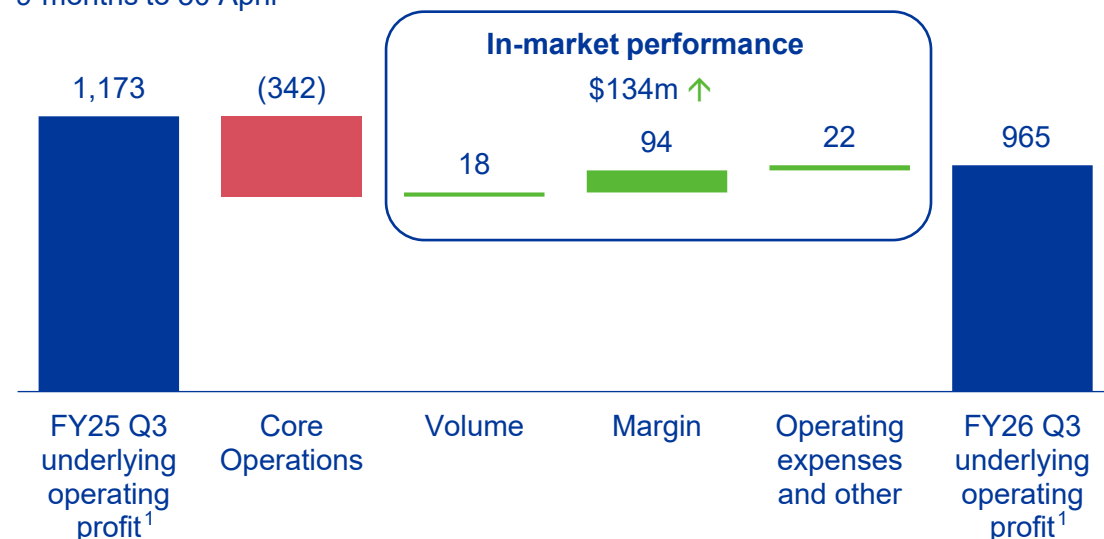
# Ingredients: Improved functional protein margins in-market



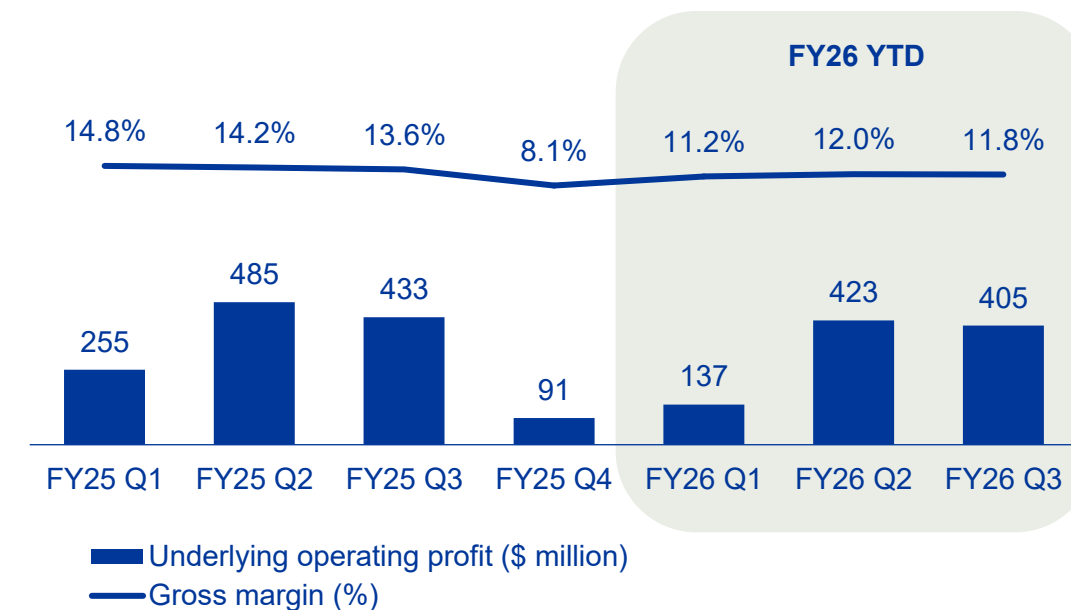
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## Key performance drivers

Underlying operating profit<sup>1</sup> (\$ million)  
9-months to 30 April



## Quarterly performance



- Ingredients operating profit is down \$208m, due to:
  - lower attribution from Core Operations reflecting higher cost of protein being expensed through FY26 relative to prior year
  - favourable in-market margins, with higher protein prices in Europe and US
- Allocated ERP upgrade costs included in Core Operations' attribution

- 390m kgMS shipped in FY26 Q3, 15m more than FY26 Q2 and 35m higher than FY25 Q3
- Elevated sales volumes are planned in FY26 Q4 and second half gross margins are expected to be broadly in line with first half

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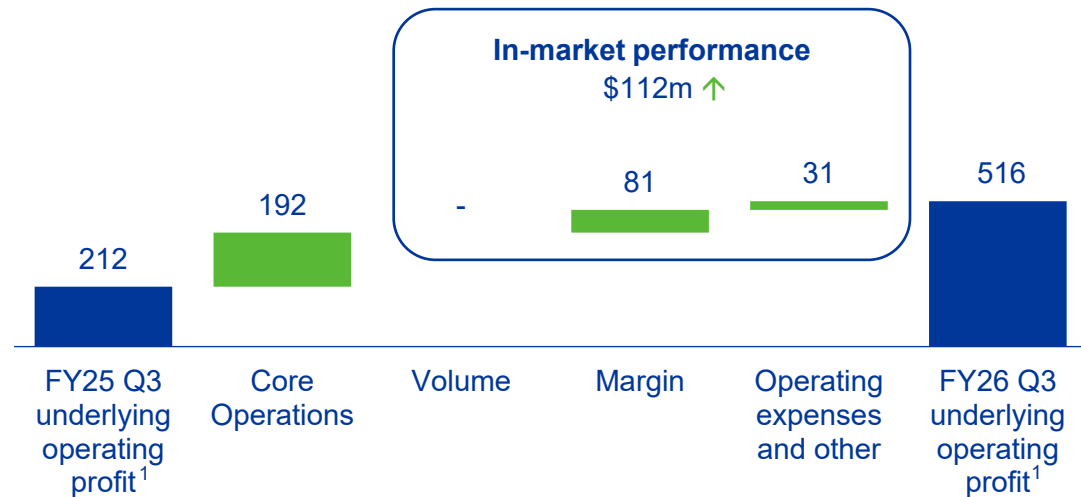
# Foodservice: End-to-end margin growth as input costs ease



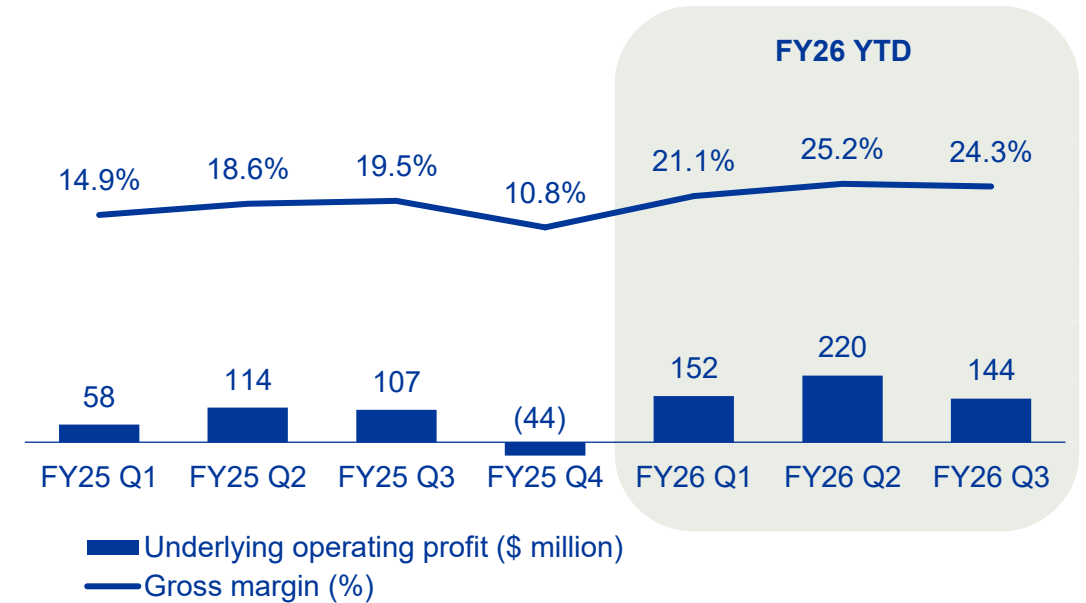
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## Key performance drivers

Underlying operating profit<sup>1</sup> (\$ million)  
9-months to 30 April



## Quarterly performance



- Foodservice operating profit is up \$304m, due to:
  - higher attribution from Core Operations reflecting easing in milkfat costs expensed
  - in-market volumes flat, with growth in Quick Service Restaurant sector offset by rationalising residual Consumer business
  - pricing and product mix supporting margins while input cost pressures have continued to ease over the year to date
  - improved operating expenses, reflecting rationalising of the residual Consumer business in Greater China

- Gross margin in Q4 is expected to remain strong with volumes and prices holding firm
- Prior year Q4 operating profit of (44)m impacted by impairments and one-offs, including realignment of the retained Greater China Consumer business

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# FY26 Outlook



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## 2025/26 Season

Forecast Farmgate Milk Price

**\$9.70** per kgMS

**Narrowed range to \$9.60 - \$9.80 per kgMS reflecting:**

- FY26 sales volumes well contracted and confidence in Co-op's ability to navigate ongoing supply chain disruption
- As nearing end of season, reduced exposure to the ongoing global geopolitical uncertainty and volatility in the USD/NZD exchange rate

## 2025/26 Season

Organic Milk Price Forecast

**\$13.90-\$14.10** per kgMS

## 2026 Full Year

Forecast underlying earnings range<sup>1</sup>

**60-70** cents per share

The increased and narrowed forecast range reflects:

- FY26 volumes are nearly fully contracted
- Co-op's ability to navigate ongoing supply chain disruption and limited exposure to this year's earnings, notwithstanding a significant escalation

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# Opening FY27 Forecast Farmgate Milk Price



## 2026/27 Season

Forecast Farmgate Milk Price

**\$9.75** per kgMS

Opening range of \$8.00 - \$11.00 per kgMS

## 2026/27 Season

Organic Milk Price Forecast

**\$13.00-\$15.00** per kgMS

The forecast range reflects:

- Co-op's milk collections are expected to be broadly in line with the 2025/26 season
- Limited new-season production contracted, consistent with this time of the year
- Demand remains steady across key markets, with ongoing geopolitical tension widening the range of possible outcomes
- Continued volatility in input costs, mitigation actions have helped contain near-term impacts, but risks increase if Middle East conflict persists into peak production season
  - Ongoing mitigating measures include hedging exposure to fuel and energy costs, and leveraging the Co-op's strong customer partnerships and resilient supply chain to maintain product delivery despite shipping disruption

# Appendix



# FY26 Integrated Scorecard

as at 30 April 2026



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	Key Metrics	FY24 Actual	FY25 Actual	FY26 Scorecard	FY26 YTD
People	Serious harm <sup>1</sup>	16	6	5	3
	Quality of post-Health, Safety and Wellbeing incident actions	0.41	0.40	0.60	0.72
	Culture Measure	79	81	80	78
Nature	GHG emissions reduction (Scope 1,2) <sup>2</sup>	(17.4)%	(20.3)%	(27.0)%	(27.2)%
	Additional percentage of New Zealand supplying Farms achieving Emissions Excellence	–	(2.2)%	6% <sup>3</sup>	–
Relationships	Share of New Zealand milk collected for the season to 31 May	78.1%	77.8%	78%	77.8%
	Delivered in full, on time (DIFOT, at time of arrival)	66.1%	73.7%	77%	80.8%
Financial / Assets & Infrastructure	Cash operating expenses per kgMS (real) <sup>4</sup>	1.11	1.12	1.08	1.06
	Core Operations manufacturing cash costs per kgMS (real) <sup>5</sup>	2.71	2.72	2.65	2.74
	Return on capital (FY)	11.3%	10.9%	10%-12%	On track
	Farmgate Milk Price (\$)	\$7.83	\$10.16	\$9.00-\$11.00	\$9.60-\$9.80 <sup>6</sup>
Alignment Rights	FCG Share Price (volume weighted average price) <sup>7</sup>	\$2.66	\$4.70	Not Available	\$5.54
	Dividends Paid	\$0.55	\$0.57		\$0.40
	On-farm profitability (\$ per hectare) <sup>8</sup>	\$2,845	–	Not Available	Not Available

1. Includes contractors.

2. Relative to the FY18 base year, restated to exclude Mainland Group. This follows internationally accepted reporting standards where performance is restated for acquisitions and divestments, to report on a like-for-like basis.

3. Additional 490 farms with minimum of 270 reducing footprint. FY26 performance available at completion of season.

4. Continuing operations, based on New Zealand milk solids, FY26 base year.

5. Based on New Zealand milk solids collected. Excludes the cost of milk. FY26 base year.

6. Latest Forecast Farmgate Milk Price announced 28 May 2026 with midpoint of \$9.70 per kgMS.

7. FY26 YTD is the 12-month VWAP to 13 May 2026 and is unadjusted for the Mainland Capital Return.

8. DairyNZ Economic Survey 2023-2024 (Owner-Operator). Publication of 2025 survey expected in July 2026.

# Non-GAAP Measures

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.

Please refer to the Glossary for definitions of non-GAAP measures referred to by Fonterra.



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## Glossary

### **Attributable to equity holders of the Co-operative**

is used to indicate that a measure or sub-total excludes amounts attributable to non-controlling interests

### **Average capital employed**

is a 13-month rolling average of capital employed

### **Bulk liquids**

means bulk raw milk that has not been processed and bulk separated cream

### **Capital employed**

is adjusted net debt less the cash adjustment (used in calculating adjusted net debt), plus cash and cash equivalents held by subsidiaries for working capital purposes, plus equity excluding hedge reserves and net deferred tax assets

### **Capital invested**

is capital expenditure plus right of use asset (e.g. leases) additions and business acquisitions, including equity contributions, long-term advances, and other investments

### **Cash operating expenses per kgMS**

is continuing operations operating expenses, less non-cash costs (depreciation, amortisation and impairments. Shown by kilogram of New Zealand and Australia milk solids collected

### **Consumer**

is the channel of branded consumer products, such as powders, yoghurts, milk, butter and cheese

### **Continuing operations**

means operations of the Group that are not discontinued operations

### **Core Operations**

represents core operating functions including New Zealand milk collection and processing operations and assets, supply chain, Fonterra Farm Source™ retail stores, and the physical and financial commodity portfolio management function

### **Core Operations' attribution**

when attributing the results of Core Operations to the Ingredients and Foodservice channels, the principle is for the end-to-end contribution to reflect the underlying transaction between Fonterra and the customer, where possible. If costs are not directly linked to transactions, such as overheads, attributions are activity based where appropriate e.g. Information Technology and Research and Development. If none of these principles applies, the attribution uses the share of product sold/manufactured in the region as the base of allocation

### **Core Operations manufacturing cash costs per kgMS**

is the logistics costs, variable and fixed costs of the COO business unit less non-cash costs (depreciation, amortisation and impairment) shown by kilogram of New Zealand milk solids collected. Excludes milk, ocean freight and farm costs.

### **Debt to EBITDA**

is adjusted net debt divided by Total Group normalised earnings before interest, tax, depreciation and amortisation (Total Group normalised EBITDA) excluding share of profit/loss of equity accounted investees, net foreign exchange gains/losses and any normalised EBITDA relating to entities divested during the year

### **Discontinued operations**

means a component of the Group that is classified as held for sale (or has been sold) and represents, or is part of a single coordinated plan to dispose of, a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale

### **Eliminations**

represents eliminations of inter-business unit sales

### **Gearing ratio (%)**

is adjusted net debt divided by total capital. Total capital is equity excluding hedge reserves, plus adjusted net debt

# Glossary



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## Ingredients

represents the channel comprising bulk and specialty dairy products such as milk powders, dairy fats, cheese and proteins manufactured in New Zealand, Australia and Europe, or sourced through our global network, and sold to food producers and distributors

## Net debt

is calculated as total borrowings, plus bank overdraft, less cash and cash equivalents, plus a cash adjustment for 25% of cash and cash equivalents held by the Group's subsidiaries, adjusted for derivatives used to manage changes in hedged risks on debt instruments. Amounts relating to disposal groups held for sale are included in the calculation

## Non-Reference Products

means all NZ milk solids processed by Core Operations, except for Reference Commodity Products

## Normalisation adjustments

means adjustments made for certain transactions that meet the requirements of the Group's Normalisation Policy. These transactions are typically unusual in size and nature. Normalisation adjustments are made to assist users in forming a view of the underlying performance of the business. Normalisation adjustments are set out in the Non-GAAP Measures section. Normalised is used to indicate that a measure or sub-total has been adjusted for the impacts of normalisation adjustments. E.g., 'Normalised EBIT'

## Price relativities

refers to the difference in the weighted average price (in USD) between the Reference Product portfolio and Non-Reference Product portfolio. The difference between these two weighted average prices is a key driver of the Ingredients' gross margin

## Reference Products

are the five commodity groups used to calculate the Farmgate Milk Price, being Whole Milk Powder (WMP) and Skim Milk Powder (SMP), and their by-products Butter, Anhydrous Milk Fat (AMF) and Buttermilk Powder (BMP)

## Total Group

is used to indicate that a measure or sub-total comprises continuing operations, discontinued operations and non-controlling interests. E.g., 'Total Group operating profit'

## Trade working capital

is total trade and associate receivables plus inventories, less trade and associate payables and accruals. It excludes amounts owing to suppliers and employee entitlements and includes trade working capital classified as held for sale

## Working capital days

is calculated as 13-month rolling average working capital divided by revenue from the sale of goods (excluding impact of derivative financial instruments) multiplied by the number of days in the period. The working capital days calculation excludes other receivables, prepayments, other payables and includes working capital classified as held for sale

## Foodservice

represents the channel selling to businesses that cater for out-of-home consumption; restaurants, hotels, cafés, airports, catering companies etc. The focus is on customers such as; bakeries, cafés, Italian restaurants, and global quick-service restaurant chains. High performance dairy ingredients including whipping creams, mozzarella, cream cheese and butter sheets, are sold in alongside our business solutions under the Anchor Food Professionals™ brand

# Important Cautions and Disclaimer



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## **Forward looking statements**

This presentation contains certain forward-looking statements. There are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, market conditions, results, performance or achievements of Fonterra to be materially different from the future conduct, market conditions, results, performance or achievements expressed or implied by the forward looking statements, or that could cause future conduct to be materially different from historical conduct. Deviations as to future conduct, market conditions, results, performance and achievements are both normal and to be expected.

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Any estimates or projections as to events that may occur in the future (including EBITDAF, revenue, profit, underlying profit, dividends, margin, expenses, earnings, assets, liabilities and performance) are based upon the best judgement of Fonterra from the information available as of the date of this presentation. A number of factors could cause actual results or performance to vary materially from the estimates or projections. No person (including Fonterra and its directors, officers, employees and advisers) gives or makes any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur or, except to the extent (if any) required by applicable law or any applicable Listing Rules, assumes any obligation to provide any additional information or update these forward looking statements for events or circumstances that occur subsequent to the date of this presentation. No reliance should be placed on any forward looking statements.

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