Market Announcement

24 September 2026

Fonterra delivers strong FY26 performance

- Total cash returns to shareholders[1]: $19.6 billion
- FY26 total cash dividends, fully imputed: 73 cents per share, up from 57 cents
- 2025/26 final Farmgate Milk Price: $9.69 per kgMS
- 2025/26 final Organic Milk Price: $14.13 per kgMS
- Total Group:
    - Operating profit: $3.4 billion, up 97.6% on prior year, including a $1.2 billion Mainland divestment benefit
    - Profit after tax: $2.6 billion, up 142%
- Underlying business[2]:
    - Operating profit: $1.8 billion, up 23.6% on prior year
    - Earnings of 71 cents per share, up 17 cents
    - Return on capital: 14.2%, up from 11.7%
- FY27 forecast underlying earnings range: 65-85 cents per share
- 2026/27 forecast Farmgate Milk Price: $9.50 per kgMS, with a range of $8.50 - $10.50 per kgMS
- 2026/27 forecast Organic Milk Price: $14.30 per kgMS, with a range of $13.30 - $15.30 per kgMS

Fonterra Co-operative Group Ltd has today reported its FY26 annual results, delivering $27 billion in revenue and nearly $20 billion in cash returns to New Zealand farmer owners and unit holders.

The final Farmgate Milk Price for the 2025/26 season was $9.69 per kgMS. The Co-op also declared a final fully imputed dividend of 33 cents per share, bringing fully imputed total dividends for the year to 73 cents per share. This includes the 24 cent interim dividend and 16 cent special Mainland dividend paid in April.

Fonterra Chairman Peter McBride says the Co-operative has continued building momentum and delivered at the top end of its performance expectations.

"Consistency is important to farmers and our shareholders. We're proud of the collective effort that's delivered another strong result, at the top end of our earnings guidance. The team hasn't missed a beat despite the Mainland divestment process and the significant change that followed.

[1] Total cash payments to shareholders includes milk payments over the 2025/26 season for Fonterra farmers, ordinary and special cash dividends declared and the Mainland capital return during FY26.

[2] 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).

Richard's transition into the CEO role has been seamless and it's exciting to see the energy his team is putting into building off this strong position."

Fonterra CEO Richard Allen says the Co-operative's disciplined approach to strategic execution has once again generated strong results.

"FY26 was a year of delivery. Our teams collected, processed and shipped near record volumes of milk, allocated products for the highest possible returns, and reliably delivered them to our customers right around the world.

"Despite some challenging conditions, including weather events and geopolitical volatility, we leveraged our full supply chain network and logistics partnerships to keep milk moving, achieving record shipping volumes and materially improving our delivery performance," says Mr Allen.

Performance

Total Group reported operating profit was $3.4 billion, up from $1.7 billion last year, including the Mainland divestment benefit of $1.2 billion. Reported profit after tax was $2.6 billion.

"One year ago, we set a target for earnings to return to FY25 levels within three years if the Consumer and associated businesses were divested," says Mr Allen.

"I'm pleased to share that our team's focused execution of strategy in FY26 has got us to that target already, with underlying operating profit for our continuing business of $1.8 billion and profit after tax of $1.2 billion, equivalent to 71 cents per share."

The Co-operative's return on capital was 14.2%, above our target range of 10-12% and showing the value of our focused business-to-business (B2B) strategy.

"Our Ingredients business delivered $1,293 million in operating profit, supported by strong global protein demand, favourable pricing and product mix decisions. In Foodservice, we achieved $547 million in operating profit, which was driven largely by volume and pricing growth across all product categories and markets," says Mr Allen.

Strategy

Mr Allen says Fonterra's strategy to create value for farmers through disciplined capital choices, operational efficiencies, innovation and a customer focus is delivering results, and will continue to guide its new era as a B2B Co-op.

"Our foundations are in our New Zealand milk supply, and as we move forward as a B2B Co-op, we'll stay focused on making our farmer offering as competitive as possible. This includes helping farmers with practical tools and services to make compliance easier and targeted support for the next generation of Co-op farm owners.

"This year, we also confirmed the planned expansion of our organic milk business into the South Island and are continuing with our recruitment drive for more organic farmers across the country to meet growing demand, off the back of a record organic milk price of $14.13 per kgMS.

"Our New Zealand milk is complemented by our high value, off-shore whey protein sourcing, which in FY26 continued to deliver outstanding returns to the portfolio.

"Our priorities in FY26 were to complete the Mainland Group sale, unlock new manufacturing capacity, and continue with our Enterprise Resource Planning (ERP) software roll-out. I'm pleased to report that we have executed on all of these this year.

"Following approval from our farmer shareholders, we completed the sale of Mainland Group in March and have been working to ensure a smooth separation of the two businesses.

“We progressed our capital investment programme and invested $1 billion in essential sustainability and growth projects.

“And finally, our ERP system replacement is on track and on budget, with five sites now live and two more planned for later this year.

“These priorities will continue into 2027 as we maintain our focus on investing for growth, operational efficiency and digital transformation.

“This year, we also continued with our sustainability efforts and made progress on a programme of long-term energy resilience projects across multiple sites to improve energy security, reduce gas usage and support our emissions targets and future processing growth.

"Today, we are announcing the Co-op will invest an incremental $1 billion over the next three years in the South Island to accelerate and expand our protein manufacturing network and improve our environmental performance, including our impact on water and emissions.

"These projects position the Co-op to respond to changes in how people want to consume dairy, with a growing focus on sustainably produced, protein-rich and nutrient-dense foods. They are critical to our future value growth and improve our optionality, increase our capacity and, as a result, strengthen returns for farmers and shareholders over the long term.

"Using the capital retained from the Mainland Group divestment, alongside our strong cashflow, this additional investment will help us move more milk from whole milk powder and commodities into high-value products, strengthen partnerships with existing customers, and pursue new opportunities as demand for advanced proteins continues to grow.

"Once operational in 2029, the investment is expected to create around 50 - 60 permanent roles, as well as supporting local businesses involved across the construction projects."

Over the next three years, Fonterra expects total capital investment to be approximately $1.3-1.6 billion per annum.

Outlook

“Looking ahead, we’re planning for another season of strong milk supply. However, we are also well prepared for an El Niño weather pattern should this eventuate,” says Mr Allen.

The Co-operative is forecasting milk collections for the 2026/27 season to be just above 1.6 billion kgMS, and a Farmgate Milk Price of $9.50 per kgMS with a range of $8.50 - $10.50 per kgMS.

The 2026/27 Organic Milk Price forecast is $14.30 per kgMS within a range of $13.30 - $15.30 per kgMS.

Having reached the target for earnings to return to FY25 levels, Fonterra will no longer report on that target and will revert to its prior practice of forecasting earnings for the relevant financial year.

Accordingly, the Co-operative’s forecast earnings range for FY27 is 65-85 cents per share. This improving outlook reflects continued delivery from our B2B businesses, as they continue to grow high-value demand across our markets. Geopolitical volatility remains and with only two months complete, previous seasons tell us that things can always change.

“This year, we’ve delivered a strong set of results, executed on our priorities and positioned the Co-op for a new phase of value growth as a global B2B dairy ingredients provider,” says Mr Allen.

“The sale of Mainland Group was a significant step forward. Now, as we head into an increasingly changing world, our farmers’ quality, grass-fed milk, combined with our flexible assets, reliable supply chain and deep customer and market presence will help us deliver growth into the long-term.

"We're building on our strong foundations, focused on making Fonterra's products the world's most sought-after source of nutrition and fostering an enduring Co-op for generations."

ENDS

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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