FONTERRA ANNUAL MEETING
12 NOVEMBER 2026
CEO'S ADDRESS

Thank you, Peter. Welcome to everyone here in person, and to those joining us online. Today I'll cover three things: how your Co-op performed in FY26, investing in the future, and our FY27 outlook.

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.

Across the Co-op, we generated $27 billion in revenue and returned nearly $20 billion in cash to you, our farmer owners and unit holders.

We closed the 2025/26 season with a final Farmgate Milk Price of $9.69 per kgMS, while our organic farmers received a record $14.13 per kgMS.

Total dividends for the year were 73 cents per share, fully imputed, up from 57 cents. That included the 16-cent special Mainland dividend paid in April.

In our underlying business: operating profit was $1.8 billion, up 23.6%, while earnings were 71 cents per share and return on capital was 14.2%, above our 10–12% target range.

Both our B2B businesses performed strongly:

- Ingredients delivered $1.29 billion in operating profit, supported by strong global protein demand, favourable pricing and strategically market aligned product mix decisions and tactics.

- Foodservice delivered $547 million, with volume and pricing growth across all product categories and markets.

A year ago, you voted to sell Mainland Group to Lactalis for $4.22 billion. The case was simple: our Ingredients and Foodservice businesses earn a better return on your milk and your capital than the consumer business.

We completed the sale in March and returned the capital to you via a $2 distribution.

When we asked for your support, we made you a commitment. Selling Mainland meant giving up its earnings, so we set ourselves the goal of growing our earnings back to FY25 levels within three years.

We said three years. We did it in one. That's the B2B strategy you backed, working as intended: a more focused Co-op earning more from your milk and your capital.

Our overarching goal is to get the most value from your milk through our Ingredients and Foodservice businesses.

More and more we see high value consumers around the world wanting to understand the quality and nutritional value of the food they consume. The way we make our grass-fed dairy – sunshine and rain - is special and in demand. This combined with the nutritional superiority of dairy proteins and fats creates a unique and growing opportunity for future value creation. Our strategy is focused on capturing this value.

Along with the increasing demand for quality dairy, the way it is being consumed is also changing. Consumers are shifting from predominantly drinking their milk – to eating its component parts, via various end products. These shifting trends require our strategy to respond, creating a future portfolio of high value products from your milk.

Put simply, our strategy's ambition is to create the perfect bucket of milk.

What does this look like? We match the right milk components with the right product, market and customer combinations.

Bringing these sales back together creates a bucket of milk far more valuable than one simply of which whole milk powder would generate. The scale and flexibility of our asset base enables this.

This is why it is critical we continue to invest in the transformation of our asset base to where the highest value demand growth is going so that we aren't forced to sell where this demand once was.

In line with this, in September we announced an incremental $1 billion of investment over the next three years to:

- Accelerate and expand our protein manufacturing network, moving more of your milk from commodities into high-value products.

- Improve our environmental performance to ensure we maintain the premium competitive advantage that our NZMP and Anchor Food Professionals brands depend on.

- And enable delivery of operational efficiencies, which is critical given the impact of persisting inflationary pressures.

Across FY27, previously announced growth investments like Edendale UHT, will also start production and deliver more value to your milk.

But processing investment on its own is not enough, alongside this, innovation investment is critical. Much of the value we're generating today comes from past innovation investment. Through our global teams deeply connected to our markets and customers, combined with over 150 years of scientific and dairy processing expertise, we're creating an exciting pipeline of next generation products. This will accelerate our progress from simply being the world's largest dairy exporter to the world's largest exporter of the world's most valued dairy.

FY27 has started well. Our sales book is well-contracted for this stage of the year, and we have successfully processed record milk collections across the peak.

Last month we lifted the forecast midpoint Farmgate Milk Price by 25 cents to $9.75 per kgMS for the current season.

We also lifted our Organic Milk Price midpoint for the current season to $15.25 per kgMS.

Our FY27 earnings guidance is 65-85 cents per share - showing continued growth in high-value demand across our markets.

Whether it be geopolitics, the weather, or the many other factors that create uncertainty across the remainder of the season, you can be sure that our teams around the world will continue to adapt and deliver.

You've chosen to collectively use your capital to pick up, process, market and sell your milk domestically and internationally. In doing so you've created a strong Co-op – focused on maximising the value returned to you, strengthening regional communities and making a significant contribution to the New Zealand economy.

The team and I are proud to lead your Co-op. We are confident and committed to our ambition of creating the perfect bucket of milk. Thank you.

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