



Market Announcement

4 December 2025

Fonterra provides FY26 Q1 business update

- Total Group profit after tax: \$278 million, up \$15 million
- Continuing operations profit after tax: \$158 million, down \$10 million
- FY26 forecast earnings for continuing operations: 45-65 cents per share
- 2025/26 forecast Farmgate Milk Price: \$9.00 - \$10.00 per kgMS, with midpoint of \$9.50 per kgMS.

Fonterra Co-operative Group Ltd has today provided its FY26 Q1 business update, which shows the year is off to a solid start and the Co-op remains firmly focused on strategic delivery.

CEO Miles Hurrell says Fonterra's Total Group earnings for Q1 are in line with this time last year, noting the higher global commodity prices in the period compared to last season.

"Our Total Group profit after tax for Q1 is \$278 million, up \$15 million, and is equivalent to 17 cents per share.

"When excluding the costs associated with the Consumer divestment, Fonterra's normalised earnings per share are 18 cents, up slightly on last year.

"Continuing operations delivered a profit after tax of \$158 million, equivalent to 9 cents per share, slightly down on the same period last year reflecting differences in sales phasing.

"We maintain our full year earnings range for continuing operations of 45-65 cents per share," says Mr Hurrell.

Fonterra continues to make good progress on implementing its strategy.

"In October, farmer shareholders voted to approve the divestment of Mainland Group to Lactalis for \$4.22 billion. This is a significant milestone and we've received a strong mandate from farmer shareholders on our strategy to grow value as a global B2B dairy provider," says Mr Hurrell.

"We are firmly focused on delivering the commitments we've made, not least our target to lift earnings back to FY25 levels by FY28, offsetting the impact of the divestment of Mainland Group.

"To support this goal, we are progressing with plans to invest up to \$1 billion over the next three to four years in projects to generate further value and drive operational efficiencies.

Progress includes:

- In September, announcing a \$75 million expansion of butter production at our Clandeboye site to help meet growing global demand and improve our product mix.

- In November, our new Enterprise Resource Planning system went live at the first location and is on track to go live at the next locations during Q2.
- Construction is nearing completion on the \$75 million investment in our Studholme protein hub, with the first products expected in early 2026.
- Construction continues on the \$150 million investment in a new UHT cream plant at Edendale, which is expected to be complete in the second half of 2026.

“We look forward to sharing further progress updates during the year,” says Mr Hurrell.

Forecast Farmgate Milk Price

Last week, Fonterra revised its forecast Farmgate Milk Price range for the season from \$9.00 - \$11.00 per kgMS to \$9.00 - \$10.00 per kgMS, with a new midpoint of \$9.50 per kgMS.

This is off the back of strong global milk collections putting downward pressure on commodity prices, with the Co-op revising its forecast collections for the season from 1,525 million kgMS to 1,545 million kgMS.

Update on divestment completion and capital return

With farmer shareholders approving the Mainland Group divestment, the next steps are securing the regulatory approvals required and separating the Mainland Group business from Fonterra.

Some of the regulatory approvals required have been obtained, including approval from the Overseas Investment Office in New Zealand which Lactalis confirmed they have received this week. Other regulatory approvals are still pending.

Subject to these steps being achieved, Fonterra continues to expect the transaction to complete in the first half of the 2026 calendar year.

As previously shared, Fonterra is targeting a tax-free capital return of \$2 per share to shareholders and unit holders, equivalent to around \$3.2 billion, once the sale is complete.

Another shareholder vote will be required for the payment of the capital return, which will be implemented by way of a Court approved scheme of arrangement under Part 15 of the Companies Act 1993.

Fonterra expects that the shareholder vote on the capital return will occur on 19 February 2026 and the notice of meeting to be issued by the end of January 2026.

Holding the shareholder vote early in 2026 will enable the Co-op to return capital to shareholders and unit holders as soon as possible after the transaction is complete.

If the capital return is approved by shareholders, Fonterra will then seek final Court approval to undertake the return of capital subject to the sale completing.

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