

# Fonterra Co-operative Group

2026 Interim 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

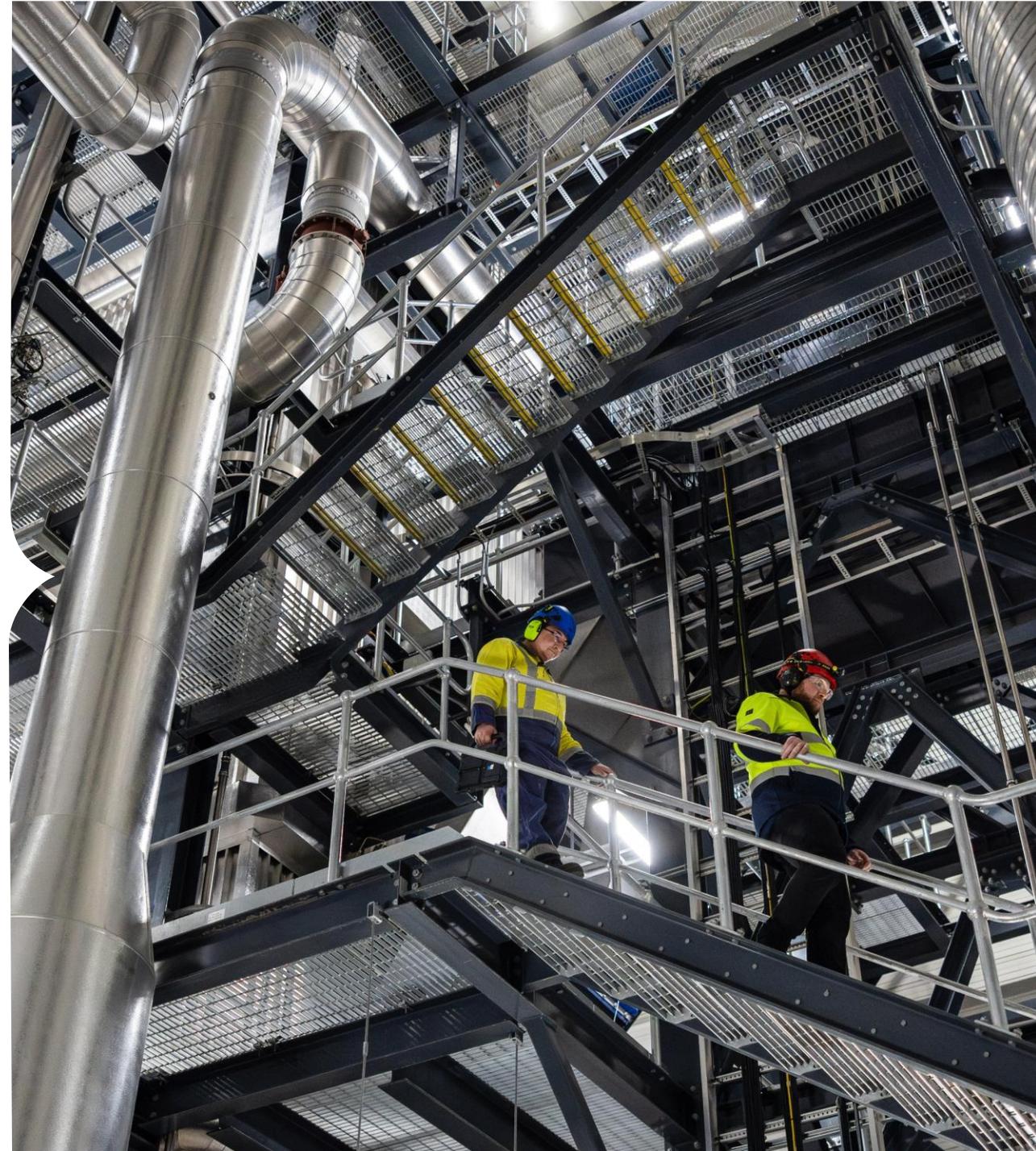
Strong Shareholder returns

Stable balance sheet

Enduring Co-op

# FY26 Interim Results Highlights

- Responding to strong milk flows and optimising product mix supports:
  - Milk Price range of \$9.40-\$10.00 per kgMS, midpoint \$9.70 per kgMS
  - Increased FY26 continuing operations earnings range from 45-65 cents to 50-65 cents
  - Fully imputed interim dividend of 40 cents
    - Interim dividend of 24 cents
    - Special Mainland dividend of 16 cents
- Mainland Group divestment completion by end of March
  - Expected record date 9 April to receive \$2.00 per share capital return on 14 April
- The combination of the dividends and the capital return will mean the Co-operative distributes \$3.9 billion in cash on 14 April 2026
- **Operating profit \$1.2b**, up \$124m due to improved pricing and product mix, partially offset by higher milk input costs
- **Profit after tax \$750m**, up \$21m due to stronger earnings offset by higher tax expense
  - Includes \$90m of cost related to the divestment and separation of Mainland Group, including \$54m of tax impacts
  - Excluding divestment costs, earnings per share is 51c, up 4c on prior year
- **Return on capital of 11.2%**, up from 10.4%.
- **Net debt down \$523m to \$4.9b** due to working capital movements and stronger earnings
  - Leverage metrics down on prior year supporting increased dividends



# Progress on FY26 Priorities



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## Operational Discipline



- Challenging season due to weather events and processing record volumes at some plants
- Maintaining our focus on optimal allocation of milk solids across our product mix to generate the greatest value for farmers

## Investing for Growth



- **Studholme | \$75M |**  
Advanced protein hub – Completed
- **Edendale | \$150M |**  
UHT cream expansion – on track for late 2026
- **Clandeboye | \$75M |**  
Butter line – build started January 2026
- **Edgecumbe | \$35M |**  
Pastry butter expansion – announced March 2026

## ERP Rollout



- Help future-proof the Co-op's critical processes and systems, leading to reduced cash costs
- On budget and on track for completion in late 2028
- Now live at three sites
- Spend is expected to peak across FY26–FY27, totalling approximately \$240m over the period

# Results at a glance



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## Interim Dividend

**24** cents

↑ from 22c

## Special Mainland Dividend

**16** cents

## Operating Profit

**\$1,231**<sub>m</sub>

↑ from 1,107m

## Profit after Tax

**\$750**<sub>m</sub>

↑ from 729m

## Return on Capital

**11.2%**

↑ from 10.4%

## Earnings per Share (EPS)

**45** cents

↑ from 44c

## Normalised EPS

**51** cents

↑ from 47c

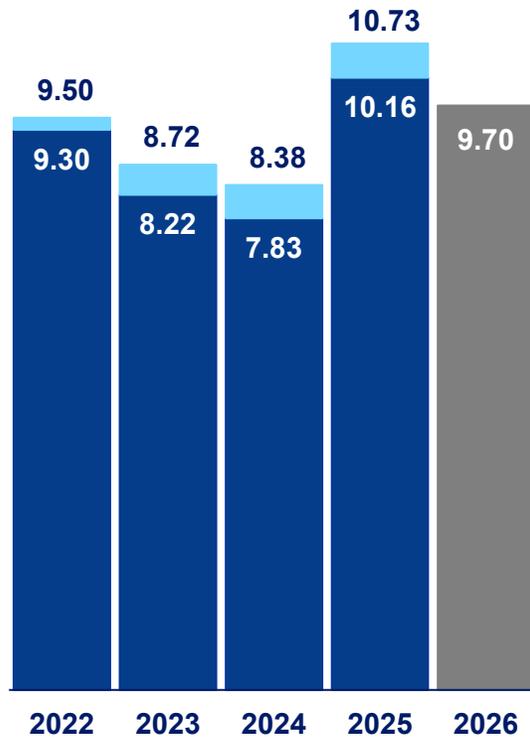
# Performing well while progressing significant change



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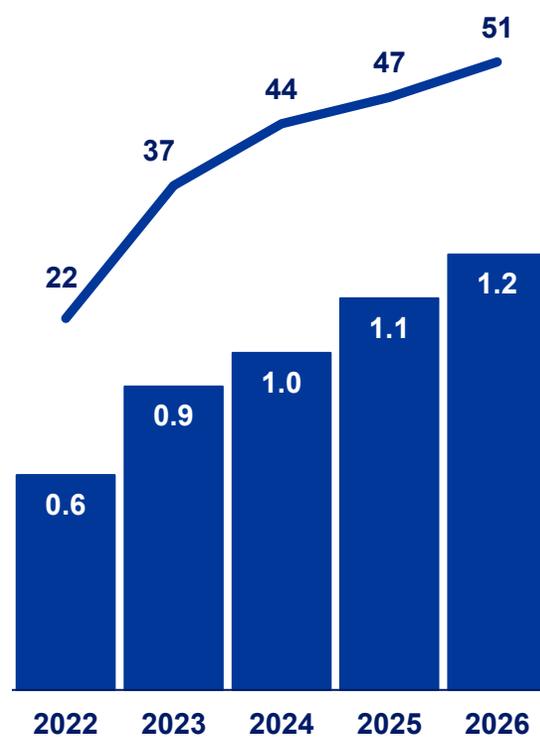
## Total Payout (\$)

- Milk Price
- Milk Price Forecast
- Dividend



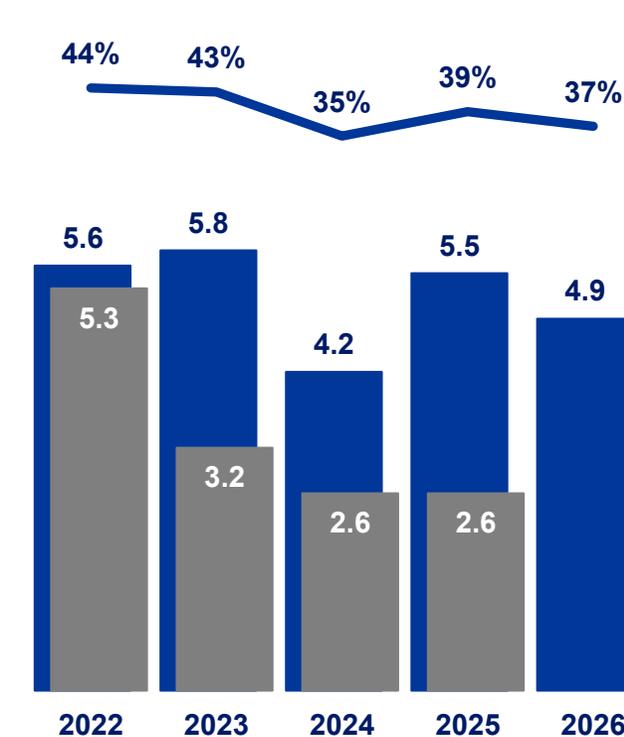
## Operating Profit and EPS

- Reported operating profit (\$b)
- Normalised EPS (cents)



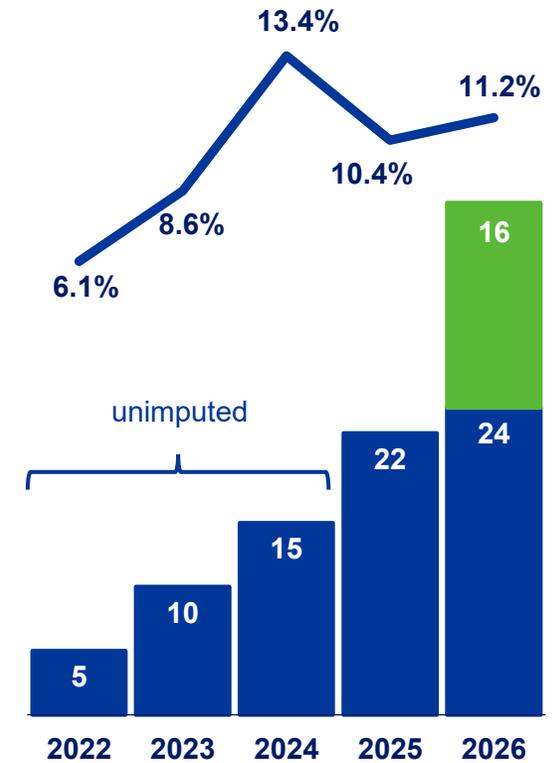
## Net debt and Gearing

- Interim Net debt (\$b)
- Full Year Net debt (\$b)
- Gearing Ratio



## Dividend and ROC

- Interim Dividend (cents)
- Special Mainland Dividend (cents)
- Return on capital

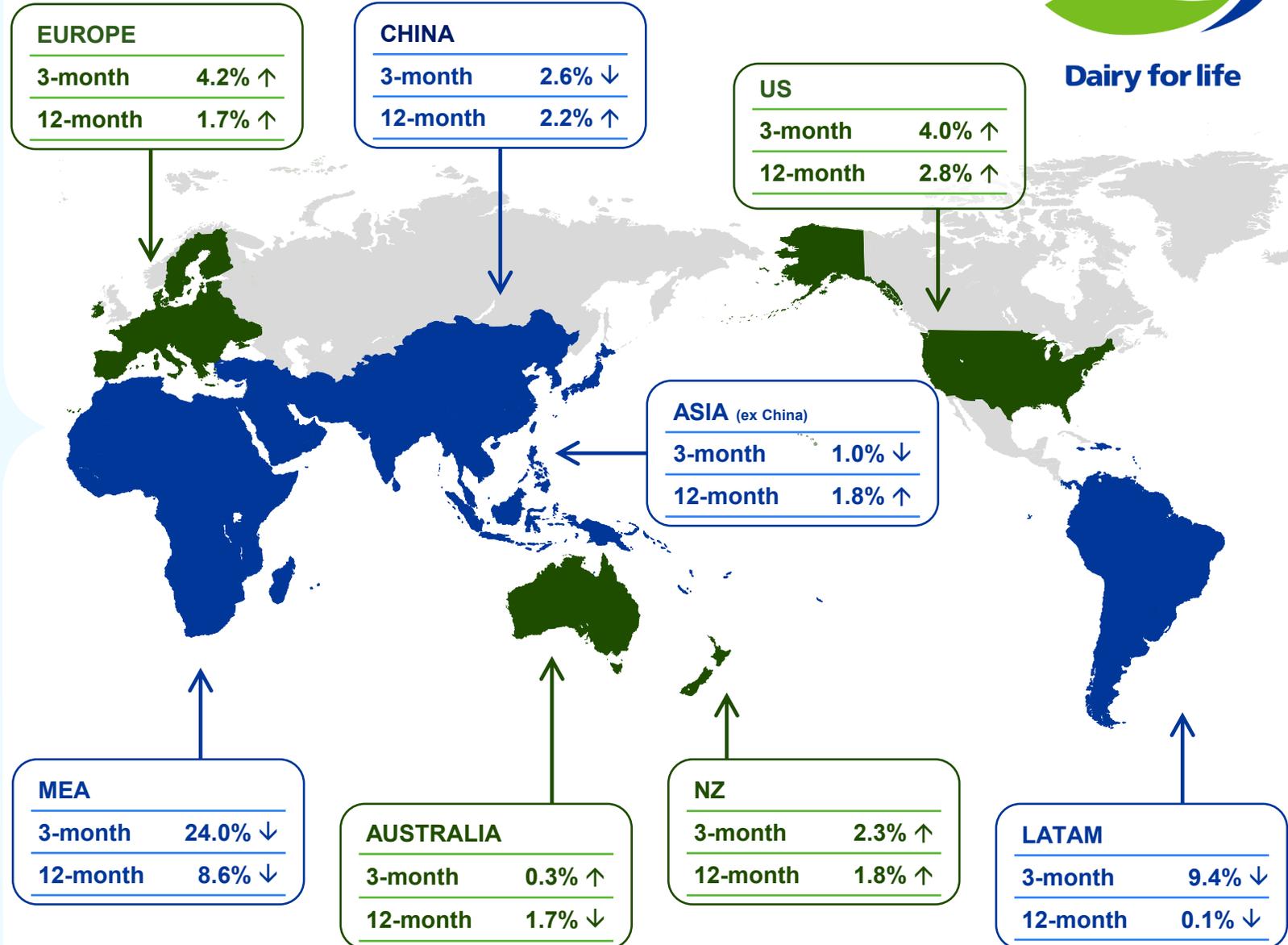


# Supply growth continues; prices supported by selective demand

- Southeast Asia demand remains resilient, with consistent buying reflecting underlying consumption support
- Middle East and Africa demand influenced by timing of large government tenders into Algeria. Robust demand observed across most countries, particularly through Ramadan
- China's import demand remains firm, supported by low inventories and product mix shifting domestically away from powders
- Strong production in the US and Europe has weighed on global powder markets, partly offset by New Zealand production easing seasonally, providing emerging price support
- Growing domestic milk production in Latin America is driving opportunistic demand for imported product



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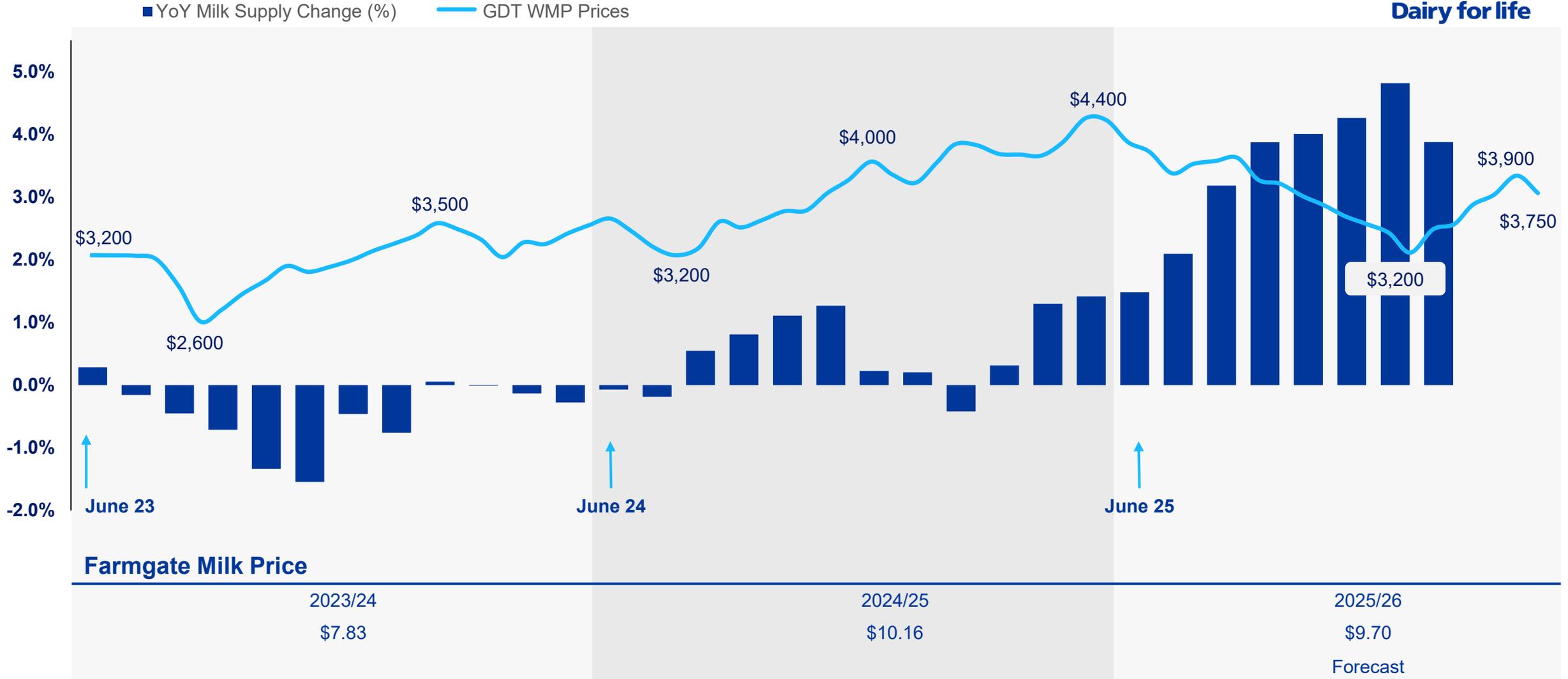


**Production**   **Imports**

# Recent milk price resilience in spite of strong supply



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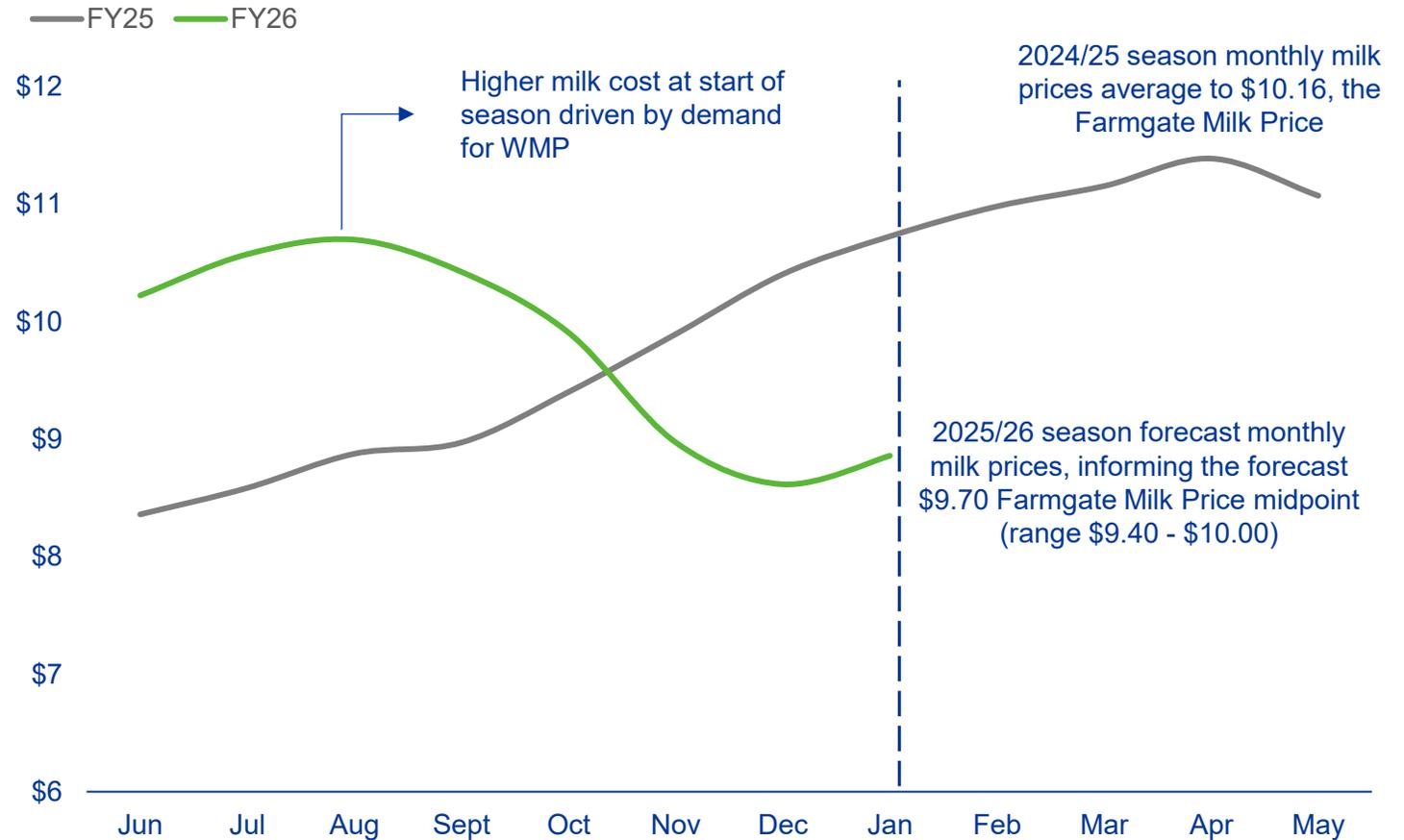
Note: February 2024 has been normalised to adjust for leap year

# FY26 H1 earnings ahead of prior year, despite higher value of milk in first half



- The average cost of milk was materially higher in the first half of FY26 relative to FY25
  - Primarily driven by an increase in protein-based Reference product prices
  - Therefore, a greater share of the milk cost uplift are in the protein component
- The value of protein and fat within milk is an important driver of the costs, and therefore earnings, attributed to the Ingredients and Foodservice channels
- In FY26, the fat-weighted Foodservice channel benefited from a lower allocation of the milk cost uplift, with a greater share allocated to the protein-weighted Ingredients channel
- The impact of the milk component costs informs the Core Operations performance, its attribution to the channels is presented on slide 12

**FY25 and FY26 monthly milk prices**  
(\$ per kgMS)

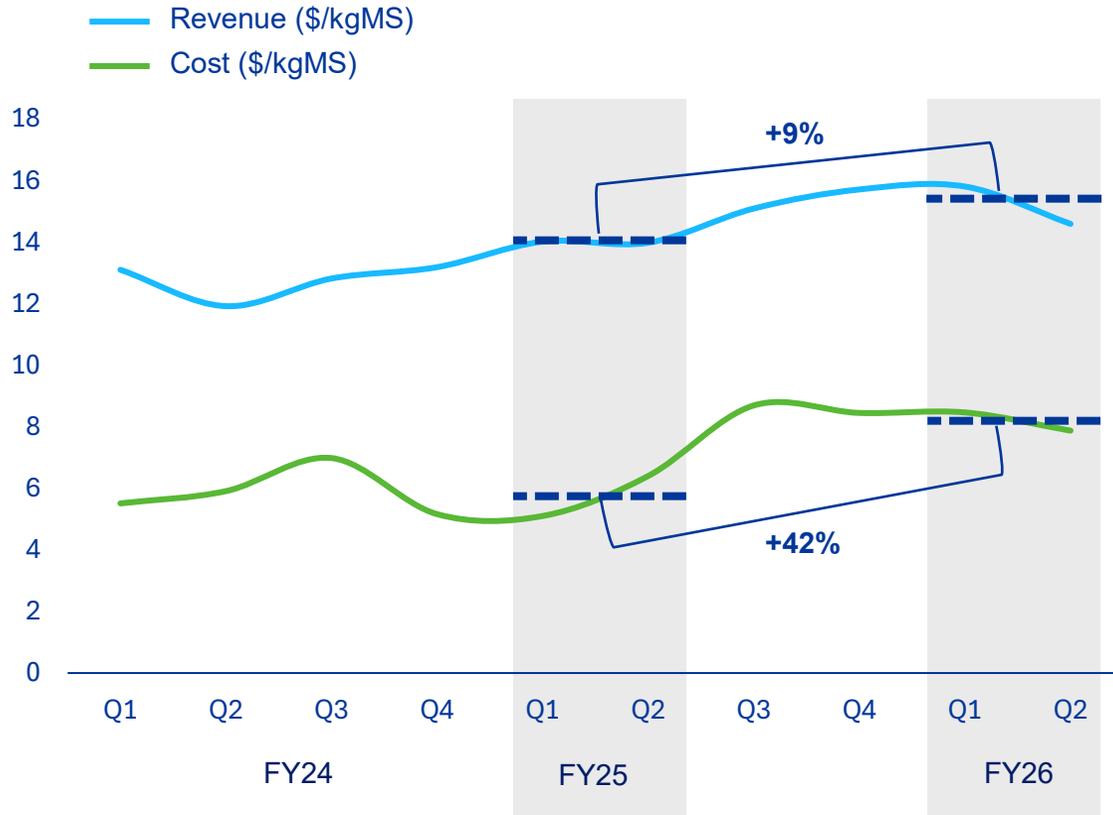


# Milk component costs impacting FY26 channel performance



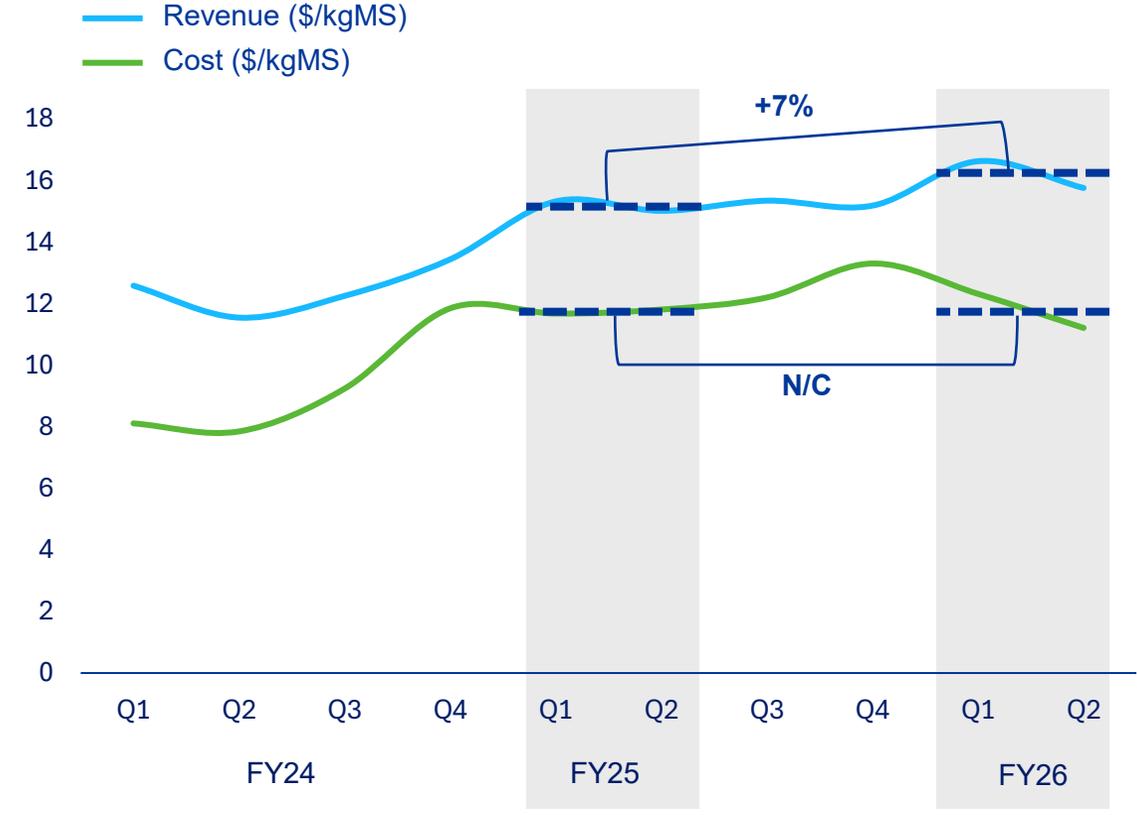
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## Protein based products



- Ingredients portfolio impacted by material lift in protein costs relative to revenue increase

## Fat based products



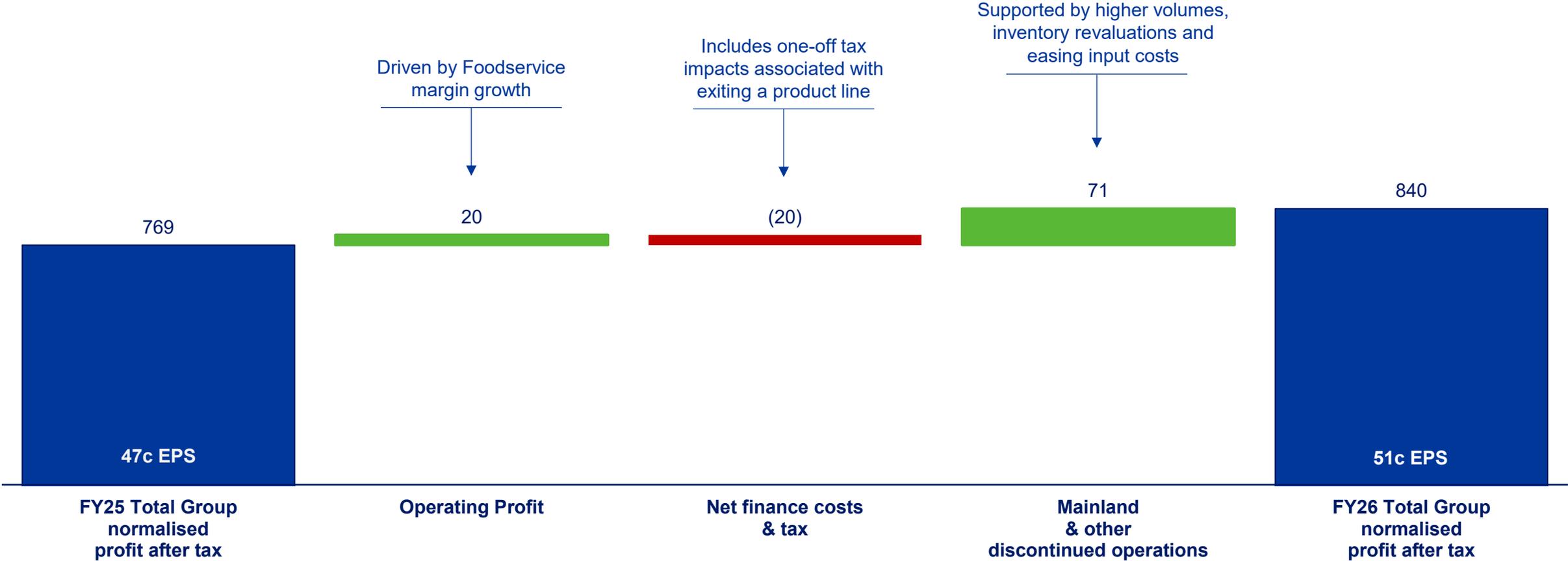
- Foodservice portfolio benefited from an increase in revenue and an easing fat costs over H1 FY26

# Strong underlying performance, supported by Mainland upside



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FY25 H1 to FY26 H1 normalised profit after tax  
(\$ million)



Note: Prepared on a pro forma basis. Pro forma historical information has been prepared as if the Mainland transaction has already occurred (see slide 21 for further details)

# Strong channel performance delivering sustainable return on capital



	Ingredients	Foodservice	Total
External sales volume (million kgMS)	625 1.2% ↓	141 3.7% ↑	766 0.4% ↓
Operating Profit contribution from remaining operations (excluding Mainland)			
Core Operations	\$47m \$245m ↓	\$174m \$199m ↑	\$221m \$46m ↓
In-market	\$513m \$65m ↑	\$198m \$1m ↑	\$711m \$66m ↑
Total	\$560m \$180m ↓	\$372m \$200m ↑	\$932m \$20m ↑
Return on Capital	11.0%	12.6%	11.4%

Note: Prepared on a pro forma basis. Pro forma historical information has been prepared as if the Mainland transaction has already occurred (see slide 21 for further details)

# Deliver strongest farmer offering

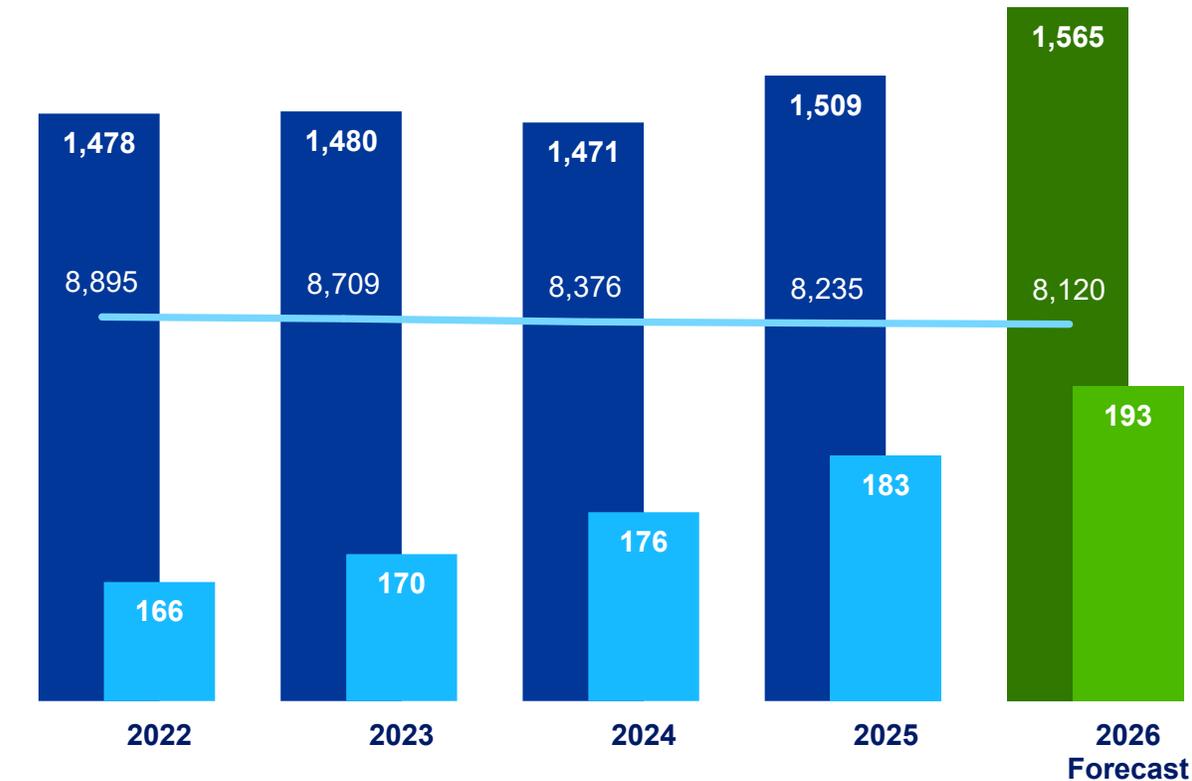


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## Strong increase in milk collections

### Fonterra supplier base and milk collections

Full season figures



- kgMS collected (million)
- Average collections per farm (000's kgMS)
- Average number of farms

## Strategy in action:

- **Net gains from competitors last season**
- **Targeted growth in South Island**
  - organic milk expansion
  - high engagement ahead of contract roll-offs and ongoing dairy conversions
- **New offerings to support early-career farmers**
  - more flexibility in reaching shareholding requirements
  - events at manufacturing sites to connect with senior leaders and learn about the Co-op
  - partnership with Growing Future Farmers, and the First Farm Award will again be offered in 2026

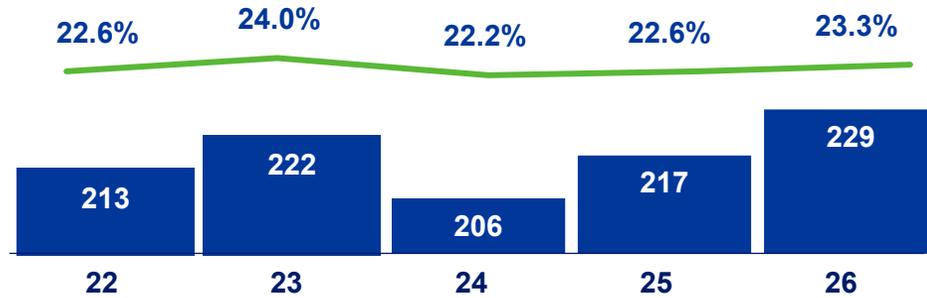
# Cheese underpinning Advanced & Specialty volume growth



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## Advanced & Specialty subset

Cheese | Casein | Other Proteins



■ NZ milk solids manufactured (kgMS millions)  
 — % of total milk solids manufactured

## STRATEGY IN ACTION:

### UK Cheese – FTA Driven Growth

- Cheese volume growth a stand-out during the first half
- UK-NZ FTA – gold standard agreement; removes all UK tariffs on NZ dairy over 5-year period (2023-2028)
- UK is the world’s second-largest dairy importing market
- Cheese contracted to the UK continues to grow, driven by NZ’s grassfed provenance story and product functionality
- NZ dairy exports to the UK have increased from NZ\$2m to NZ\$157m<sup>1</sup> following the FTA coming into force in May 2023, led by cheese and butter
- Fonterra is building long-term partnerships with supplies, including one of the UK’s largest cheddar customers

## Return on Capital

■ FY25  
 ■ FY26



1. From year-end June 2022 to year-end June 2025

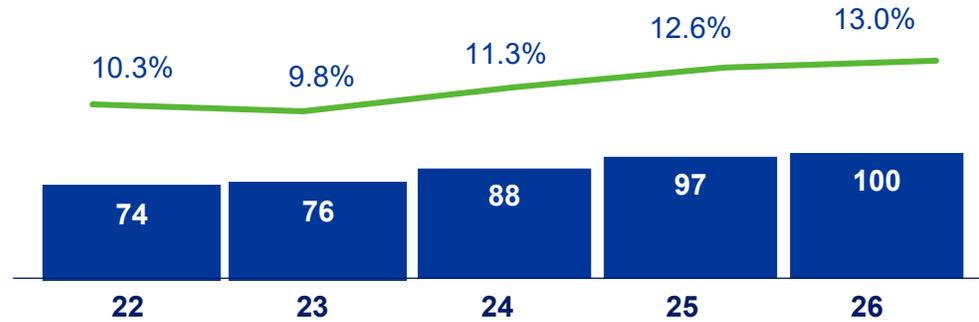
# Momentum in Foodservice



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## Foodservice

Greater China | Southeast Asia



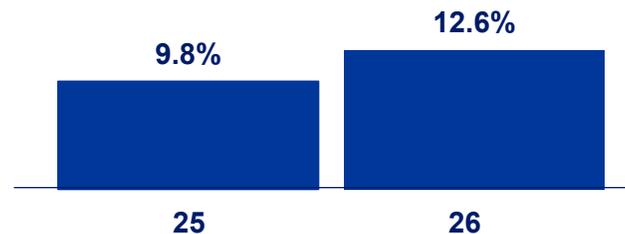
■ NZ milk solids shipped (kgMS millions)  
 — % of total milk solids shipped

## STRATEGY IN ACTION:

### Anchor Easy bakery cream – expands to Southeast Asia

- Anchor Easy Bakery cream is successful in China, overdelivering on forecasts
- Taking that success and learnings and scaling it into Southeast Asia
- Launched in both Indonesia and Thailand with plans to expand to further markets
- Diversifying cream product mix and building new customers is a key activity to ready us for the Edendale asset coming online early in 2027

## Foodservice Return on Capital



# New Zealand manufacturing performance

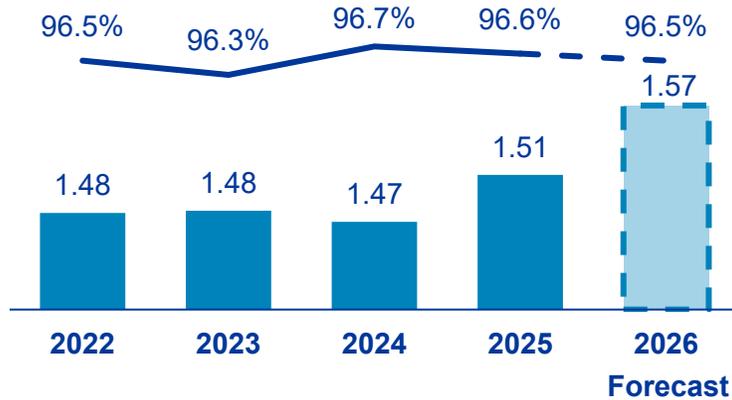
Operational resilience sustaining performance as higher milk volumes are converted into a higher-value product



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Full year figures

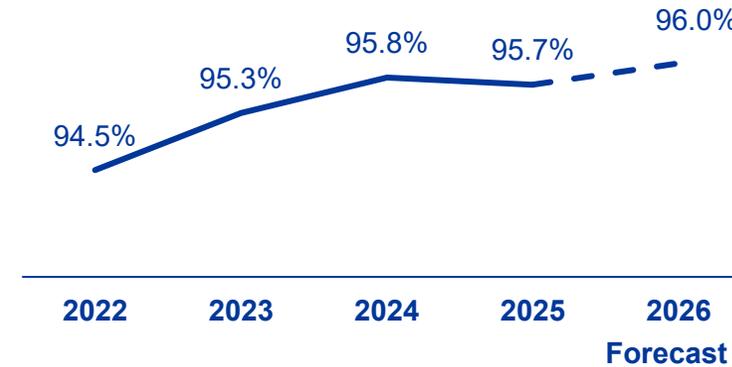
## Milk Utilisation



(kgMS billion) — Milk utilisation

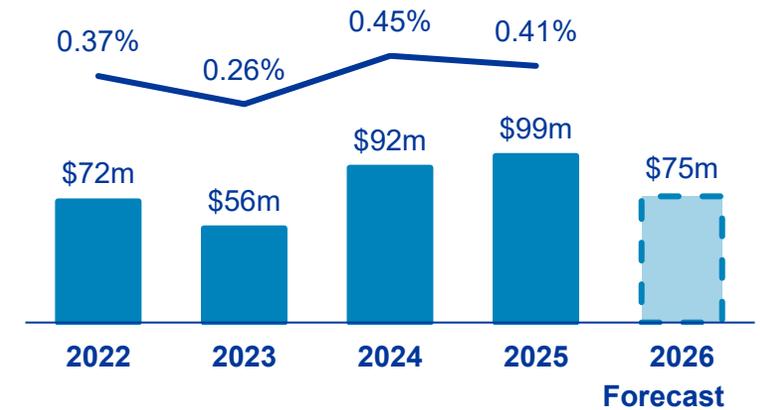
- Consistently high utilisation due to strong operational capability and effective management of seasonal variability
- More milk processed in the first half than last year and higher peak processing without efficiency loss

## Made Right First Time



- Sustained improvement in product made right first time, supporting consistent quality outcomes for customers
- Future improvements driven by ongoing focus to tighten process controls

## Cost of Quality



(\$ million) — % of NZ Milk Revenue

- Cost of Quality reflects the cost absorbed in operating an increasingly higher-value product mix over time
- Focused on a strong and stable core in manufacturing and Food Safety & Quality culture
- H2 focus remains on proactive risk management to protect trust in source and avoid disruption

# Full year forecast efficiency metrics

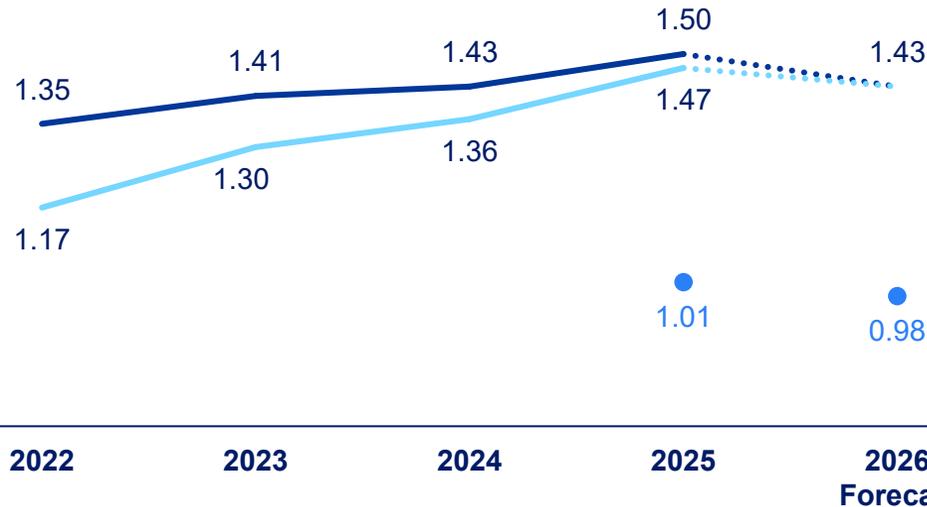
When the Co-operative released its strategy in September 2024, it published key business drivers with targets for FY26 and FY27, including efficiency metrics - cash operating expenses of \$1.12 per kgMS (post Mainland divestment level) and New Zealand manufacturing cash costs of \$2.62 per kgMS for FY26.



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## Cash operating expenses

(\$/kgMS)



— Inflation adjusted — Actual ● Actual excluding ERP build & Mainland Group

- Cash operating expenses per kgMS are currently forecast at \$0.98, meaning the Co-op is tracking ahead of the FY26 strategic target, reflecting continued cost discipline through the year

## Core Operations manufacturing cash costs

(\$/kgMS)



— Inflation adjusted — Actual

- Manufacturing cash costs per kgMS are forecast at \$2.73 compared to the FY26 strategic target of \$2.62, driven by higher input costs including lactose and additional secondary processing costs, partially offset by higher milk solids collections and ongoing efficiency gains
- The Co-operative is reviewing its approach to lifting manufacturing cost performance as it works back toward the strategic targets

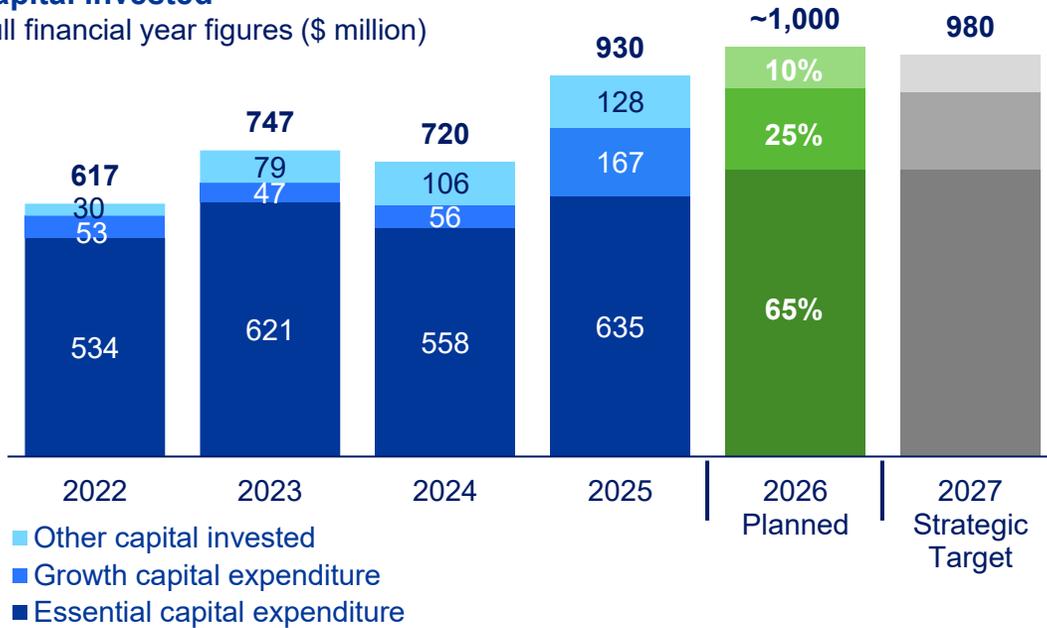
# Invest in operations for the future



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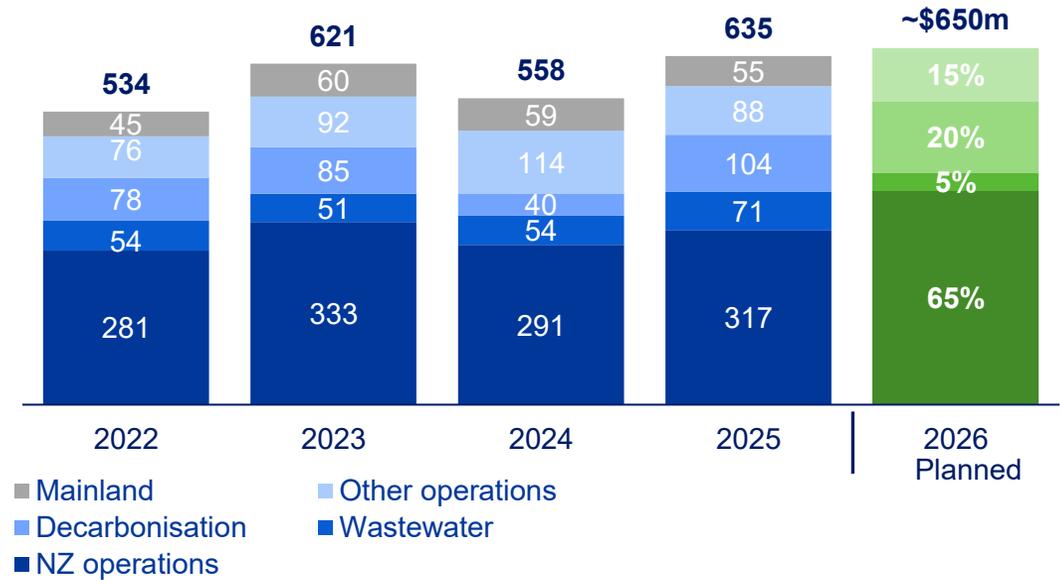
## Capital invested

Full financial year figures (\$ million)



## Breakdown of essential capital expenditure

Full financial year figures (\$ million)



- Forecasted FY26 total capital investment is \$1b, with year-to-date capital invested of \$383m (Essential \$191m, Growth \$133m and Other \$59m).
- Majority of capital expenditure is weighted to the second half of the year due to the shape of the New Zealand milk supply curve, with the bulk of work on the manufacturing and distribution assets undertaken during the winter period
- Essential capital expenditure is forecasted to be ~65% of total allocation. Of this, ~20% will be invested on decarbonisation and energy security projects as a part of our roadmap to meet our sustainability commitments, ~5% on our wastewater assets to improve our environmental footprint and ~75% on maintaining and improving our asset network in New Zealand and globally
- Increased growth capital expenditure forecast to be ~25% of total allocation. This is to support the growth of our Foodservice and Ingredients businesses, including capacity expansion for high value products such as advanced proteins and UHT cream
- Other capital investment forecasted at ~10% of total allocation, includes Ki Tua Equity Investment Fund, Right of Use asset additions and other investments

# FY26 Outlook



## 2025/26 Season Forecast Farmgate Milk Price

**\$9.40-\$10.00**

per kgMS

The forecast range reflects:

- well contracted sales book
- Continued firming of the reference portfolio prices on Global Dairy Trade during February and March
- finely balanced supply and demand for Reference Products
- global geopolitical uncertainty, volatility in commodities and the USD/NZD exchange rate, and the potential risk of elevated late season milk supply levels

## 2026 Full Year Forecast earnings range<sup>1</sup>

**50-65**

cents per share

The forecast range reflects:

- First half pro forma continuing operations earnings of 35c, and forecasting for a slightly lower H2
- higher sales volumes in H2 forecasted, with some compression of margins due to rising input costs
- uncertainty related to Middle East conflict, including risks around input cost inflation and shipping disruption

1. Earnings forecast is prepared on a pro forma basis. Pro forma historical information has been prepared as if the Mainland transaction has already occurred (see slide 21 for further details)



**Additional Financial  
Information**

# Explanation of historical pro forma financials



This section shows historical pro forma financial information for Fonterra and Mainland Group, as if the transaction had already happened. The purpose is to help understand the estimated financial impact of the transaction on Fonterra's past financial performance and position, as if the transaction had already happened. It is not intended to represent the actual or future financial performance or position of either Fonterra or Mainland Group.

The Fonterra reported historical financial information has been extracted from Fonterra Group's financial statements for the six months ended 31 January 2026 and 31 January 2025.

## Key assumptions supporting pro forma adjustments

1. Proceeds from the transaction
  - The proceeds from the transaction are not included in the historical pro forma financial information, and as a result not included in the pro forma historical financial ratios presented.
2. Raw Milk Supply Agreement, Global Supply Agreement and Distribution Agreement
3. Pro forma adjustments reflect the estimated impact of these agreements. Pro forma adjustments do not include changes to trading terms. Actual results may differ from these estimates
4. Transitional Services Agreement
  - A Transitional Services Agreement has been signed for a defined period. The costs of delivering these services have been included in Discontinued operations in Fonterra's financial statements
5. Standalone Corporate Costs
  - Standalone corporate cost pro forma adjustments have not been made in the Mainland Group's historical pro forma Statement of Profit or Loss, as Lactalis will set up its own corporate structure and cost base
6. Divestment costs
  - Normalisation adjustments for divestment transaction costs of \$36 million (six months to January 2026) and \$40 million (six months to January 2025) have been made to Fonterra reported results and the Mainland Group
7. Intercompany Borrowings
  - Intercompany borrowings between Fonterra and Mainland Group are fully eliminated in Fonterra's consolidated financial statements. As a result, repayment or restructuring is not reflected in the historical pro forma financial information. The transaction is assumed to settle on a debt-free basis
8. Dividend Policy
  - The transaction is not expected to change Fonterra's current dividend policy of distributing 60–80% of reported net profit after tax (excluding abnormal gains)

# Total Group historical pro forma Statement of P&L



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For the six months ended 31 January		2025			2026			
NZD million	Fonterra Total Group reported	Fonterra historical Pro Forma	Pro Forma Group Eliminations	Mainland Group historical Pro Forma	Fonterra Total Group reported	Fonterra historical Pro Forma	Pro Forma Group Eliminations	Mainland Group historical Pro Forma
Revenue from sale of goods	12,592	11,317	(1,648)	2,923	13,918	12,328	(1,693)	3,283
Cost of goods sold (excluding depreciation and amortisation)	(10,143)	(9,437)	1,648	(2,354)	(11,345)	(10,383)	1,693	(2,655)
<b>Gross profit</b>	<b>2,449</b>	<b>1,880</b>	-	<b>569</b>	<b>2,573</b>	<b>1,945</b>	-	<b>628</b>
Operating expenses (excluding depreciation and amortisation)	(1,112)	(778)	-	(334)	(1,150)	(803)	-	(347)
Other	87	72	-	15	67	46	-	21
<b>EBITDA</b>	<b>1,424</b>	<b>1,174</b>	-	<b>250</b>	<b>1,490</b>	<b>1,188</b>	-	<b>302</b>
Depreciation and amortisation <sup>1</sup>	(317)	(262)	-	(55)	(259)	(256)	-	(3)
<b>Operating profit (EBIT)</b>	<b>1,107</b>	<b>912</b>	-	<b>195</b>	<b>1,231</b>	<b>932</b>	-	<b>299</b>
Net finance costs	(85)	(84)	-	(1)	(88)	(87)	-	(1)
<b>Profit before tax</b>	<b>1,022</b>	<b>828</b>	-	<b>194</b>	<b>1,143</b>	<b>845</b>	-	<b>298</b>
Tax expense	(293)	(252)	-	(41)	(393)	(269)	-	(124)
<b>Profit after tax</b>	<b>729</b>	<b>576</b>	-	<b>153</b>	<b>750</b>	<b>576</b>	-	<b>174</b>
Normalisation adjustments (EBIT)	40	-	-	40	36	-	-	36
<b>Normalised operating profit (EBIT)</b>	<b>1,147</b>	<b>912</b>	-	<b>235</b>	<b>1,267</b>	<b>932</b>	-	<b>335</b>
Normalisation adjustments(NPAT)	40	-	-	40	90	-	-	90
<b>Normalised profit after tax (NPAT)</b>	<b>769</b>	<b>576</b>	-	<b>193</b>	<b>840</b>	<b>576</b>	-	<b>264</b>

1. Depreciation and amortisation presented above have been extracted from Cost of goods sold and Operating expenses line items within Fonterra Reported Statement of Profit or Loss

# Continuing operations historical pro forma Statement of P&L



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Compiled by extracting the results of Continuing operations. Pro forma adjustments have been made to:

- remove the effects of Fonterra's existing transfer pricing arrangements related to Mainland Group that will cease post divestment; and
- recognise the impact of the Raw Milk Supply, Global Supply, and Distribution Agreements

For the six months ended 31 January	2025			2026		
	Fonterra reported continuing operations	Pro Forma Adjustments	Fonterra historical Pro Forma	Fonterra reported continuing operations	Pro Forma Adjustments	Fonterra historical Pro Forma
NZD million						
Revenue from sale of goods	11,400	(83)	11,317	12,464	(136)	12,328
Cost of goods sold (excluding depreciation and amortisation)	(9,449)	12	(9,437)	(10,401)	18	(10,383)
<b>Gross profit</b>	<b>1,951</b>	<b>(71)</b>	<b>1,880</b>	<b>2,063</b>	<b>(118)</b>	<b>1,945</b>
Operating expenses (excluding depreciation and amortisation)	(778)	-	(778)	(803)	-	(803)
Other	72	-	72	46	-	46
<b>EBITDA</b>	<b>1,245</b>	<b>(71)</b>	<b>1,174</b>	<b>1,306</b>	<b>(118)</b>	<b>1,188</b>
Depreciation and amortisation <sup>1</sup>	(262)	-	(262)	(256)	-	(256)
<b>Operating profit (EBIT)</b>	<b>983</b>	<b>(71)</b>	<b>912</b>	<b>1,050</b>	<b>(118)</b>	<b>932</b>
Net finance costs	(84)	-	(84)	(87)	-	(87)
<b>Profit before tax</b>	<b>899</b>	<b>(71)</b>	<b>828</b>	<b>963</b>	<b>(118)</b>	<b>845</b>
Tax expense	(241)	(11)	(252)	(263)	(6)	(269)
<b>Profit after tax</b>	<b>658</b>	<b>(82)</b>	<b>576</b>	<b>700</b>	<b>(124)</b>	<b>576</b>

1. Depreciation and amortisation presented above have been extracted from Cost of goods sold and Operating expenses line items within Fonterra Reported Statement of Profit or Loss

# Total Group performance



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For the six months ended 31 January	Total Group			Continuing operations			Discontinued operations		
	2025	2026	Δ%	2025	2026	Δ%	2025	2026	Δ%
<b>NZD million</b>									
Sales volume ('000 MT)	1,723	1,727	0%	1,472	1,455	(1)%	251	272	8%
Sales volume (million kgMS)	789	799	1%	769	766	(0)%	20	33	65%
Revenue from sale of goods	12,592	13,918	11%	11,400	12,464	9%	1,192	1,454	22%
Cost of goods sold	(10,364)	(11,524)	(11)%	(9,631)	(10,580)	(10)%	(733)	(944)	(29)%
Gross profit	2,228	2,394	7%	1,769	1,884	7%	459	510	11%
Gross margin (%)	17.7%	17.2%		15.5%	15.1%		38.5%	35.1%	
Operating expenses	(1,208)	(1,230)	(2)%	(858)	(880)	(3)%	(350)	(350)	-
Other <sup>1</sup>	87	67	(23)%	72	46	(36)%	15	21	40%
Operating profit	1,107	1,231	11%	983	1,050	7%	124	181	46%
Net finance costs	(85)	(88)	(4)%	(84)	(87)	4%	(1)	(1)	-
Tax expense	(293)	(393)	(34)%	(241)	(263)	(9)%	(52)	(130)	(150)%
<b>Profit after tax<sup>2</sup></b>	<b>729</b>	<b>750</b>	<b>3%</b>	<b>658</b>	<b>700</b>	<b>6%</b>	<b>71</b>	<b>50</b>	<b>(30)%</b>
Earnings per share (cents)	44	45	2%	40	42	5%	4	3	(25)%
Normalisations <sup>3</sup>	40	90	125%	(82)	(124)	(51)%	122	214	75%
<b>Normalised profit after tax<sup>3</sup></b>	<b>769</b>	<b>840</b>	<b>9%</b>	<b>576</b>	<b>576</b>	<b>-</b>	<b>193</b>	<b>264</b>	<b>37%</b>
Normalised EPS (cents)	47	51	9%	35	35	-	12	16	33%

1. Comprises of other operating income, net foreign exchange gains and share of profit or loss of equity accounted investees

2. Includes amounts attributable to non-controlling interests

3. Total Group Normalisations of \$(90)m relating to the divestment of Mainland Group; consisting of divestment

costs \$(36)m and tax impacts \$(54)m (2025: \$(40)m). Inter-Group normalisations of \$138m (2025: \$109m) between Continuing and Discontinued operations reflecting trade terms for sales and purchases between the Group and Mainland Group that will change following the divestment. Refer to Note 1 in the 2026 Interim Financial Statements. The balance relates to the supply agreements between Fonterra and Mainland Group.

# End-to-end Channel performance



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For the six months ended 31 January	Total Pro Forma Continuing Operations			Ingredients		Foodservice	
	NZD million	2025	2026	Δ% <sup>1</sup>	2025	2026	2025
Sales volume ('000 MT)	1,472	1,455	(1)%	1,159	1,137	313	318
Sales volume (million kgMS)	769	766	(0)%	633	625	136	141
Revenue	11,317	12,328	9%	8,732	9,496	2,585	2,832
Cost of goods sold	(9,619)	(10,562)	(10)%	(7,469)	(8,388)	(2,150)	(2,174)
Gross profit	1,698	1,766	4%	1,263	1,108	435	658
Operating expenses	(858)	(880)	(3)%	(578)	(598)	(280)	(282)
Other <sup>2</sup>	72	46	(36)%	55	50	17	(4)
Operating profit <sup>3</sup>	912	932	2%	740	560	172	372
Gross margin	15.0%	14.3%		14.5%	11.7%	16.8%	23.2%
Operating profit margin	8.1%	7.6%		8.5%	5.9%	6.7%	13.1%

1. Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures

2. Consists of other operating income, net foreign exchange gains/(losses) and share of profit or loss of equity accounted investees

3. Includes corporate costs of \$299m in FY26 (FY25: \$277m). Allocation between Ingredients and Foodservice of \$217m and \$82m (FY25: \$198m and \$79m), respectively

# Breakdown of milk solids allocated to product groups

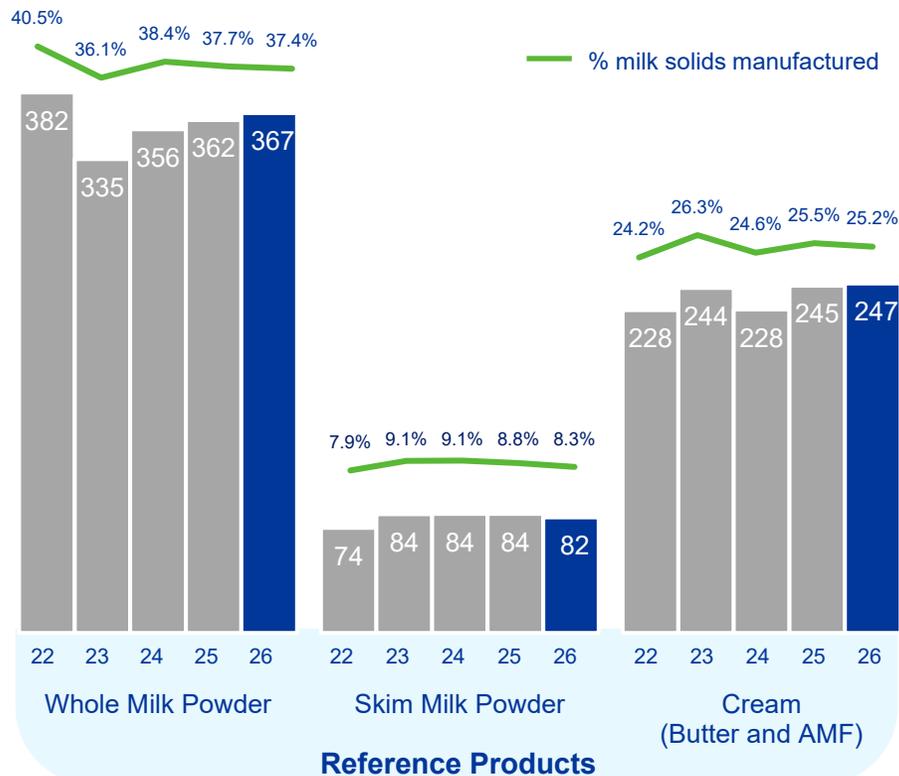


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## NZ milk solids manufactured (kgMS millions) For six months ended 31 January

### Change in kgMS millions<sup>1</sup>

Total	Reference	Non-Reference
↑ 20	↑ 4	↑ 16



### Whole Milk Powder:

- Robust long term demand growing organically at improved price levels across Middle East and Africa, Southeast Asia and China
- Higher milk solids allocation driven by increased milk supply in 2026, with proportion of total milk solids below the prior year, in line with strategic decisions to allocate milk solids into higher value products

### Cream:

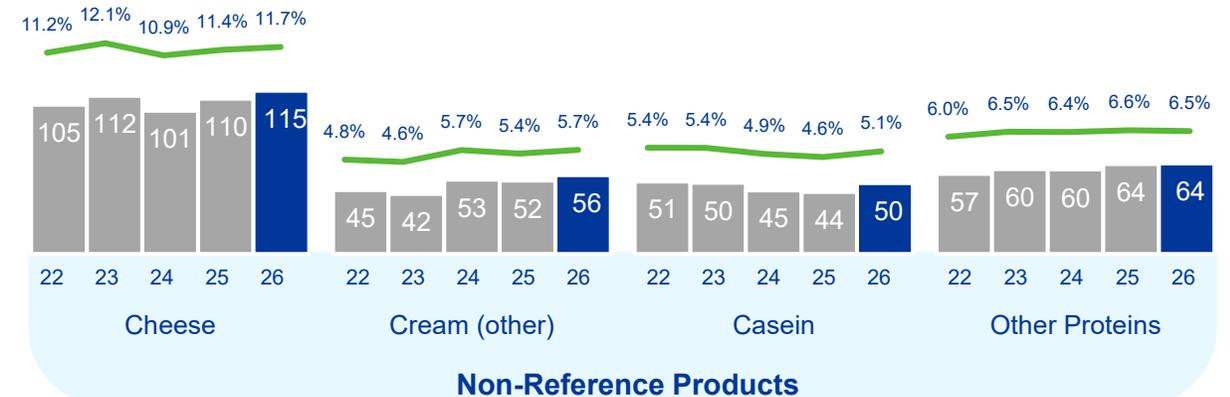
- Butter demand across Greater China, Europe and the United Kingdom remains strong supporting an increase in allocation of milk solids into the cream portfolio, both Reference and Non-Reference
- Higher relative returns from butter over AMF supported the prioritisation of milk solids into butter production

### Cheese:

- Cheese volumes are expected to remain strong, with FY26 forecast to exceed FY25
- Early contracting helped to secured demand ahead of increased US export availability from recent capacity investments

### Casein & other Proteins:

- Allocation of solids to proteins continues to be supported by strong and sustained demand, led by partnership customers, and driven by growth in Adult and Medical Nutrition applications



1. Changes in table present total NZ manufactured milk solids and does not align to charts which exclude Butter Milk Powder, and other smaller Non-Reference commodity groups

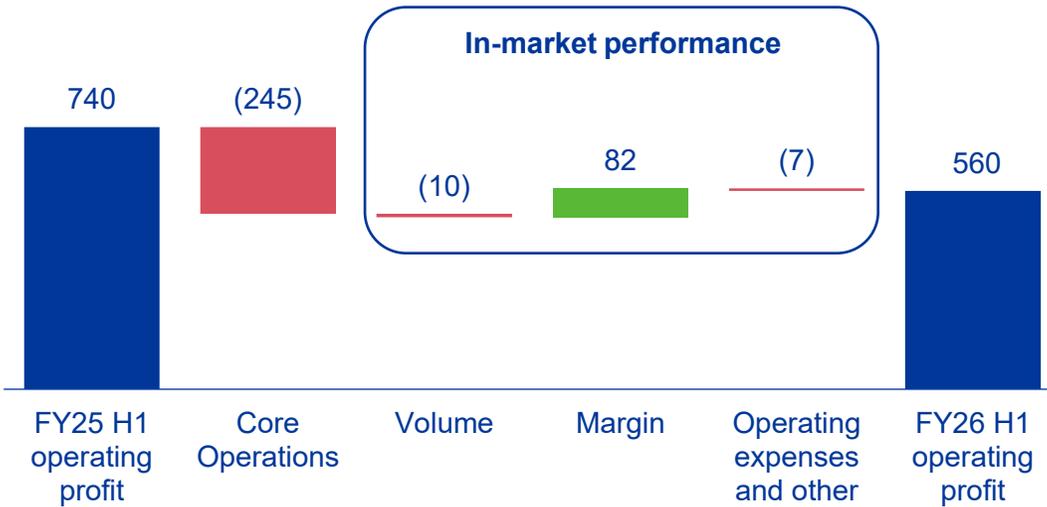
# Ingredients: Improved functional protein margins in-market



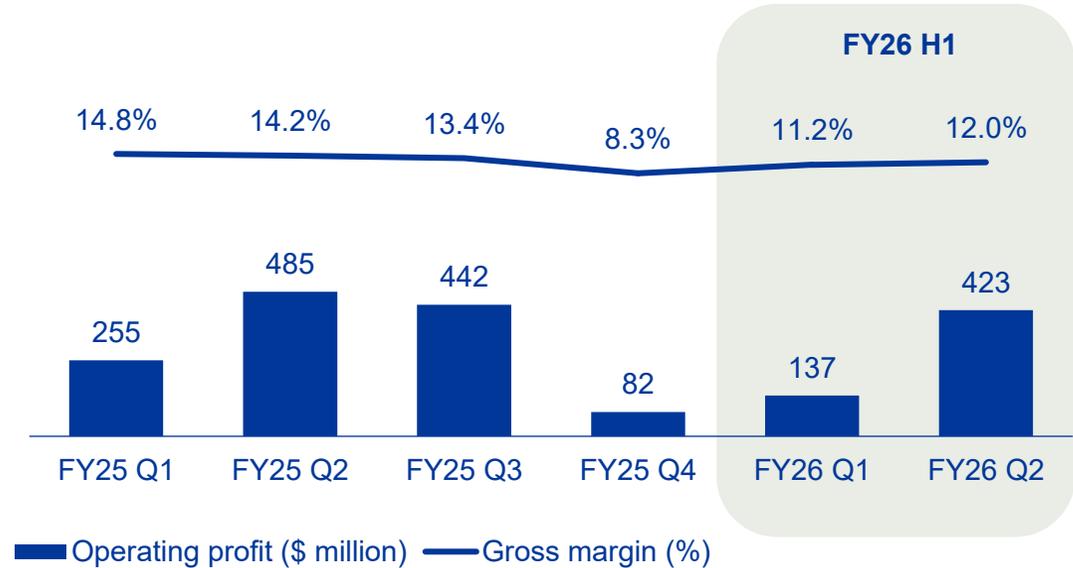
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## Key performance drivers

Operating profit (\$ million)



## Quarterly performance



- Ingredients operating profit is down \$180m, due to:
  - lower attribution from Core Operations reflecting higher cost of protein being expensed through FY26 relative to prior year
  - Sales volumes lower as milk shifted into higher-value products and management of inventory
  - favourable in-market margins due to strong protein prices in Europe and US
- The impact of costs associated with upgrading our ERP system are in Core Operations allocation

- FY26 Q3 shipment volumes expected to be higher reflecting increased milk collections during first half of milk season
- Second half gross margins are expected to be broadly in line with first half

# Impact of price relativities smoothed by financial trading portfolio

## Fonterra Revenue Reference and Non-Reference Price Relativities (USD/MT)



— Non-Reference Product shipment price  
 — Reference Product shipment price

- Revenue price relativities widened during FY26 H1. Compared to the same time last year, the average price for the Non-Reference portfolio increased USD 404 per MT or 9%, compared with the Reference portfolio, which increased USD 210 per MT or 5%
- Continue to reduce earnings volatility from the impact of price relativities as the Co-op's developing financial trading portfolio moderated the physical portfolio dynamics. The hedging impact last year was favourable relative to the narrowing of price relativities, compared to this year not capturing all upside in the widening between the Reference and Non-reference portfolio
- For the full year, the Co-op's current earnings guidance reflects the net price relativity position to be neutral year on year

Note: Reference shipment prices presented are 'Milk Price Informing' prices only, a subset of the Reference portfolio

# New Zealand-sourced Ingredients' product mix



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For the six months ended 31 January	2025	2026	Change
<b>Sales Volume ('000 MT)</b>			
Reference Products	844	823	(2)%
Non-Reference Products	439	481	10%
<b>Revenue (NZD)</b>			
Reference Products (\$ billion)	5.7	6.2	9%
Non-Reference products (\$ billion)	3.3	3.9	18%
Reference Products (\$ per MT)	6,783	7,558	11%
Non-Reference products (\$ per MT)	7,395	8,194	11%
<b>Cost of Milk (NZD)</b>			
Reference Products (\$ billion)	(4.5)	(4.8)	(7)%
Non-Reference Products (\$ billion)	(1.8)	(2.1)	(17)%
Reference Products (\$ per MT)	(5,352)	(5,814)	(9)%
Non-Reference Products (\$ per MT)	(3,989)	(4,454)	(12)%

- Revenue growth reflects a product mix shift into higher-value Non-Reference products, which drove a larger absolute increase in revenue less cost of milk, despite stronger milk cost allocation moderating the per metric tonne margin benefit within that portfolio

Note: Percentages as shown in table may not align to the calculation of percentages based on numbers in the table due to rounding of figures  
 Table includes Ingredients' products that are on-sold to the Foodservice channel and excludes bulk liquid milk. Bulk liquid milk for 2026 was 39,000 MT of kgMS equivalent (for the comparative period it was 36,000 MT of kgMS equivalent).  
 Milk solids used in the Reference Products sold were 465m kgMS and 232m kgMS in the Non-Reference Products (for the comparative period 470m kgMS in Reference Products and 215m kgMS in Non-Reference Products)

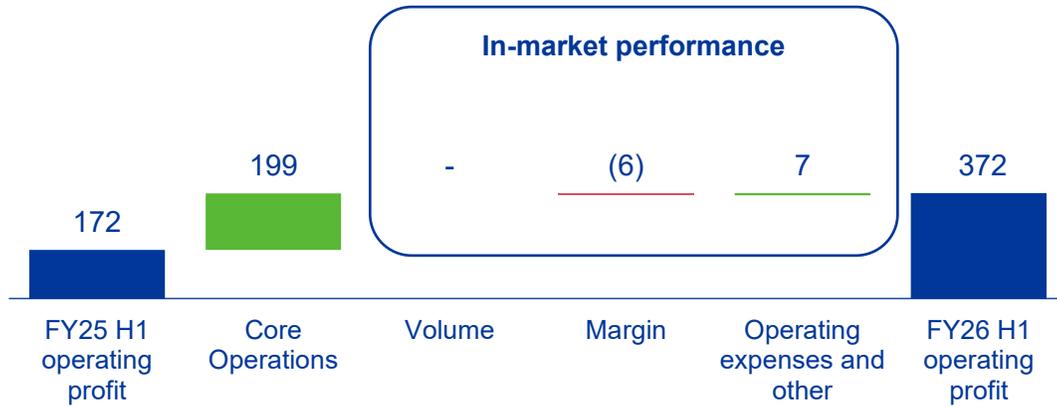
# Foodservice: End-to-end margin growth as input costs ease



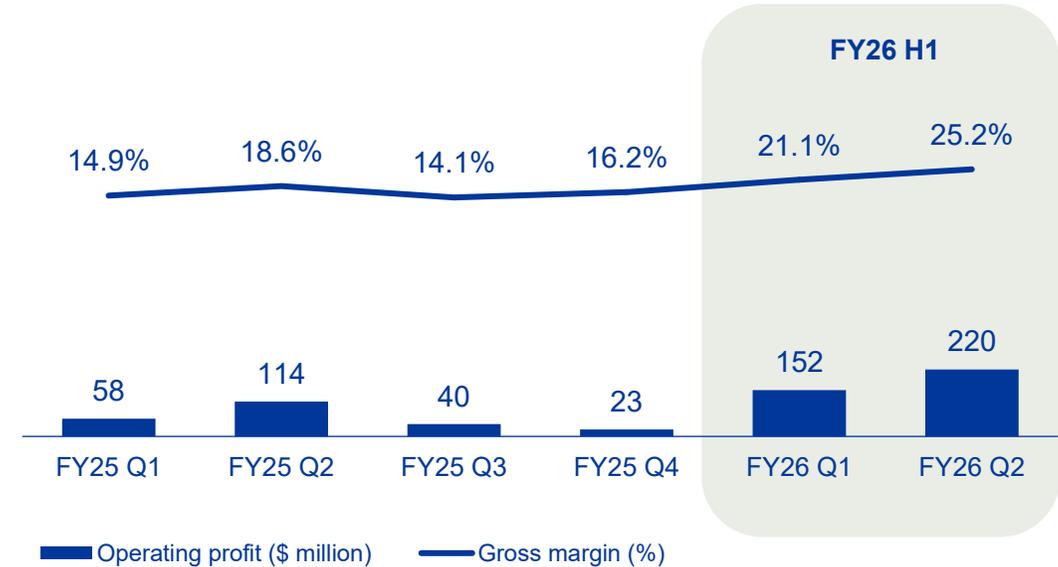
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## Key performance drivers

Operating profit (\$ million)



## Quarterly performance



- Foodservice operating profit is up \$200m, due to:
  - higher attribution from Core Operations reflects easing in milk costs expensed
  - in-market volumes flat, growth in Quick Service Restaurant sector offset by rationalising residual Consumer business
  - Pricing and product mix supported margins while input cost pressure eased over first half
  - Improved operating expenses reflect rationalising of the residual Consumer business in Greater China

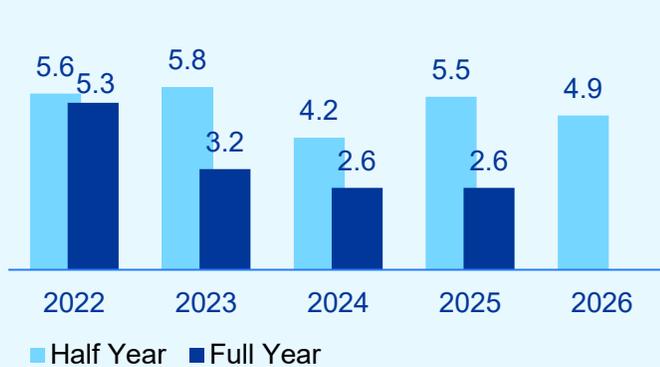
- Anticipate some margin compression in H2 as input costs expected to increase



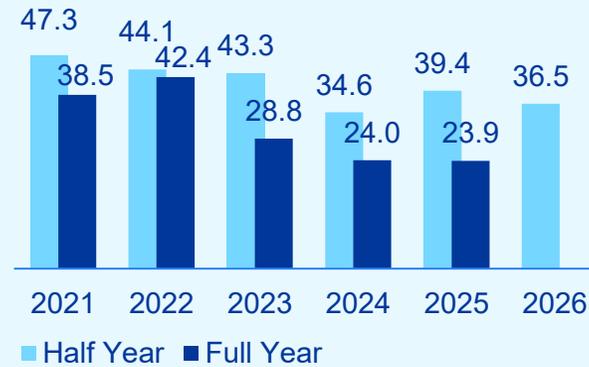
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# Resilience of the balance sheet reflected in key metrics and 'A band' credit rating

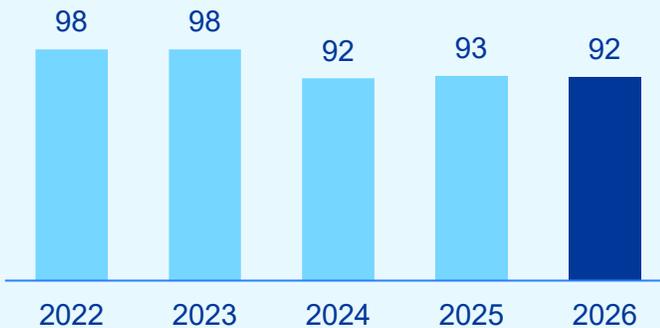
Net debt (\$ billion)



Gearing ratio (%)



Working capital days



Credit rating

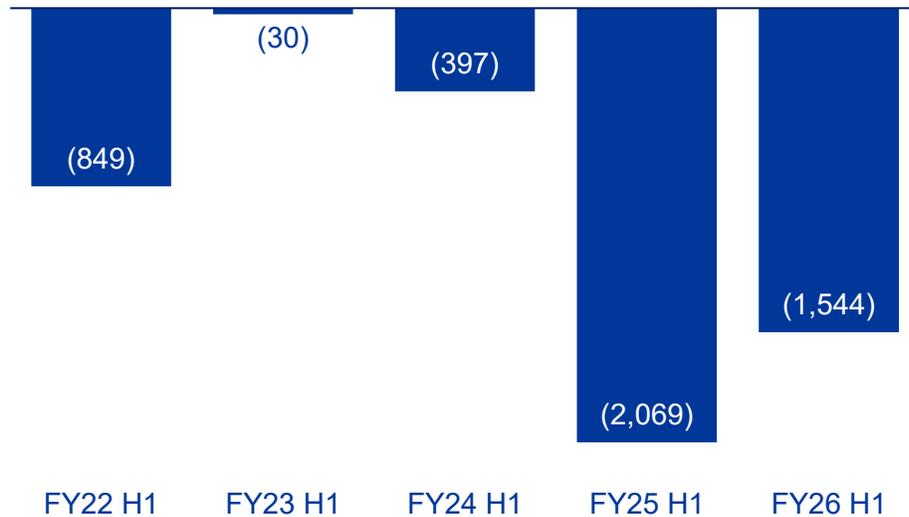
<b>S&amp;P Global Ratings</b>	A-	Stable outlook
<b>Fitch Ratings</b>	A	Stable outlook

- Net debt reduced \$0.5b from \$5.45b to \$4.93b, driven by:
  - Stronger earnings and a higher suppliers payable balance, which together have supported dividend payments and higher capital expenditure
- Gearing ratio decreased reflecting:
  - Lower net debt and an increase in retained earnings

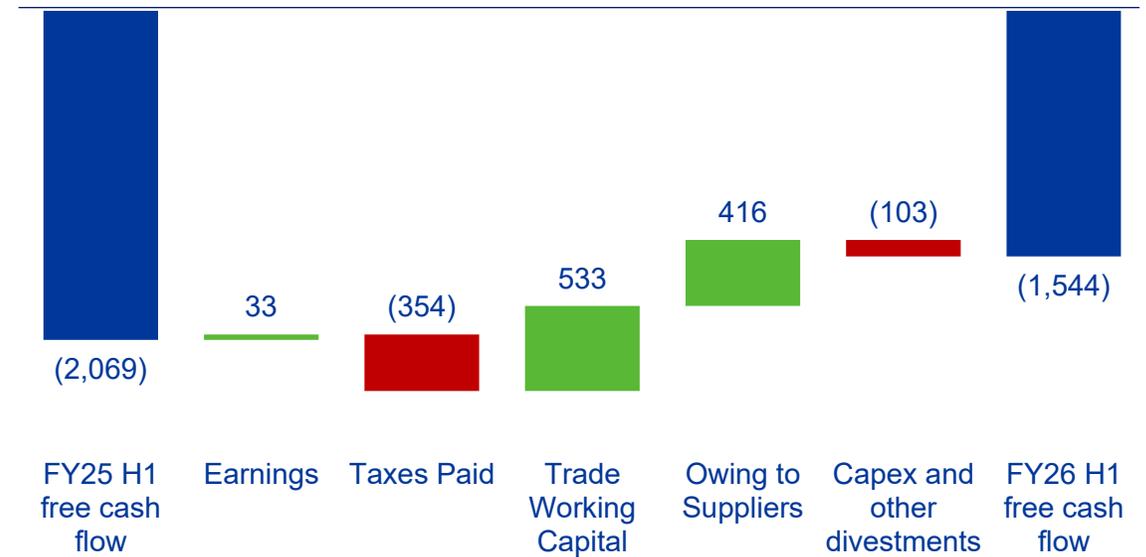
# Free cash flow remains a key focus



**Five-year trend**  
(\$ million)



**Movements in free cash flow**  
(\$ million)



- **Free cash flow for the first six months is typically an outflow, reflecting the seasonal nature of the business**
- Free cash flow for the first six months ending 31 January 2026 was a \$1,544m outflow, a smaller outflow from the prior period due to:
  - an improvement in trade working capital cash flows of \$0.5 billion. Reflecting a reduction in the price of inventory per MT on hand over the current six-month period compared to the comparative six-month period, partly offset by continued growth in volume due to higher milk collections
  - owing to suppliers of \$0.4 billion largely due to the accelerated advance rate in the prior season, which reduced the opening balance in the current period
  - lower cash flows from earnings reflect higher taxes paid of \$0.35 billion in 2026

# Return on capital



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For the 12 months ended 31 January NZD million	2025	2026
Total Group normalised operating profit	1,721	1,960
Finance income on long-term advances	14	8
Notional tax charge	(468)	(531)
Total Group net normalised operating profit after tax	1,267	1,437
Capital employed at 31 January	13,789	13,842
Impact of seasonal capital employed	(1,630)	(997)
Average capital employed	12,159	12,845
<b>Return on capital</b>	<b>10.4%<sup>1</sup></b>	<b>11.2%</b>

- Return on capital of 11.2%, above last year and tracking to be within FY26 target range of 10 – 12%
- The change relative to previous period reflects:
  - \$239m higher operating profit as previous period includes higher H2 FY25 earnings; and
  - \$686m increase in average capital employed is mainly due to higher average inventory

1. FY25 has been restated to reflect the normalisation of Mainland divestment costs

# Return on capital trend and channel performance



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## Total Group return on capital

For 12-month period to 31 January



- Return on capital of 11.2%, above the 5-year average and tracking to be within the FY26 target range of 10 – 12%
- Total Group return on capital includes Mainland return on capital of 9.2%, up from 7.1%

Note: Figures presented are on a 12-month basis to 31 January and include impairments

1. Prepared on a pro forma basis. Pro forma historical information has been prepared as if the Mainland transaction has already occurred (see slide 21 for further details)
2. Normalised basis

## Pro forma return on capital by channel<sup>1</sup>

### Ingredients

**11.0%**

↓ from 12.1%

(\$ million)	2025	2026
Average capital employed	6,811	7,254
Net operating profit after tax <sup>2</sup>	823	797
Return on capital (%)	12.1%	11.0%

### Foodservice

**12.6%**

↑ from 9.8%

Average capital employed	2,392	2,515
Net operating profit after tax <sup>2</sup>	234	318
Return on capital (%)	9.8%	12.6%

# Appendix



# FY26 Integrated Scorecard

as at 31 January 2026



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	Key Metrics	FY24 Actual	FY25 Actual	FY26 Scorecard	FY26 YTD
People	Serious harm <sup>1</sup>	16	6	5	1
	Quality of post-Health, Safety and Wellbeing incident actions	0.41	0.4	0.6	0.51
	Culture Measure	79	81	80	79
Nature	GHG emissions reduction (Scope 1,2) <sup>2</sup>	(18.5)%	(20.7)%	(26.7)%	(26.1)%
	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%	81.5%
Financial / Assets & Infrastructure	Cash operating expenses per kgMS (real) <sup>4</sup>	1.43	1.50	1.41	1.43
	Core Operations manufacturing cash costs per kgMS (real) <sup>5</sup>	2.71	2.72	2.65	2.73
	Return on capital (FY)	11.3%	10.9%	10%-12%	On track
	Farmgate Milk Price (\$)	\$7.83	\$10.16	\$9.00-\$11.00	\$9.40-\$10.00 <sup>6</sup>
Alignment Rights	Total shareholder return	\$2.66	\$4.70	Not Available	5.34
	(Volume weighted average share price plus distributions (dividend, capital returns)) <sup>7</sup>	\$0.55	\$0.57		TBC
	On-farm profitability (\$ per hectare) <sup>8</sup>	\$2,845	–	Not Available	Not Available

1. Includes Contractors.

2. Relative to FY18 Baseline. Scope 1&2 including farms under our operational control.

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

4. Based on New Zealand and Australia milk solids. Excludes divestment-related costs. Restated to FY26 base year.

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

6. Latest Forecast Farmgate Milk Price announced 23 March 2026 with midpoint of \$9.70 per kgMS.

7. For the period 1 October to 30 September. As an indication, FY26 YTD is the 12-month VWAP to 30 January 2026.

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

# Data sources



## Dairy Production and Imports

- 12-month production
  - Australia, New Zealand, US (Feb 2024 – Jan 2025 compared to Feb 2025 – Jan 2026) Dairy Australia, DCANZ, USDA
  - EU (Feb 2024 – Jan 2025 compared to Feb 2025 – Jan 2026), Eurostat
- 3-month production
  - Australia, New Zealand, US (Nov 2024 – Jan 2025 compared to Nov 2025 – Jan 2026) Dairy Australia, DCANZ, USDA
  - EU (Nov 2024 – Jan 2025 compared to Nov 2025 – Jan 2026) Eurostat
- 12-month imports
  - China, LATAM, Middle East & Africa (Jan 2024 – Dec 2024 compared to Jan 2025 – Dec 2025) S&P Global
  - Asia (excl. China) (Dec 2023 – Nov 2024 compared to Dec 2024 – Nov 2025) S&P Global
- 3-month imports
  - China, LATAM, Middle East & Africa (Oct 2024 – Dec 2024 compared to Oct 2025 – Dec 2025) S&P Global
  - Asia (ex. China) (Sep 2024 – Dec 2024 compared to Sep 2025 – Nov 2025) S&P Global

# 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 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

### **Global Markets Consumer & Foodservice**

represents the Ingredients, Foodservice and Consumer channels in the Middle East and Africa, Oceania, South and South-East Asia regions

### **Global Markets Ingredients**

represents the Ingredients, Foodservice and Consumer channels in the Middle East and Africa, Oceania, South and Southeast Asia regions

# Glossary



## Greater China

represents the Ingredients, Foodservice and Consumer channels in Greater China

## 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



## 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.

Forward looking statements generally may be identified by the use of forward looking words such as 'target', 'targeting', 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should', or other similar words.

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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