

FONTERRA'S FORECASTS FOR SEASON ENDING 31 May 2020  
Clauses 24(1) to (3) Dairy Industry Restructuring (Raw Milk) Regulations 2012

As at 17 December 2019, Fonterra forecasts the following figures in respect of the 2019/20 season ending 31 May 2020:

<i>Supply by shareholding farmers:</i> (Cl. 24(1)(a))	The total quantity of raw milk to be supplied by shareholding farmers in the 2019/20 season is forecast to be 16.6 billion litres				
<i>Total cost of milk:</i> (Cl. 24(1)(b))	Fonterra's total cost of milk for the 2019/20 season is forecast to be \$10,774 million				
<i>Farm gate milk price:</i> (Cl. 24(1)(c))	Fonterra's farm gate milk price for the 2019/20 season is forecast to be \$7.29/kgMS*				
<i>Kilograms of milksolids:</i> (Cl. 24(1)(d))	The milksolids supplied by shareholding farmers in the 2019/20 season are forecast to be 1,479 million kgMS				
<i>Winter milk:</i> (Cl. 24(1)(e))	The additional cost of winter milk (being raw milk supplied in June and July 2019) is forecast to be: <table><tr><td><i>North Island</i></td><td><b>\$1.61/kgMS</b></td></tr><tr><td><i>South Island</i></td><td><b>\$2.07/kgMS</b></td></tr></table>	<i>North Island</i>	<b>\$1.61/kgMS</b>	<i>South Island</i>	<b>\$2.07/kgMS</b>
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<i>Organic milk:</i> (Cl. 24(1)(f))	The additional cost of organic milk for the 2019/20 season is forecast to be: <b>\$1.63/kgMS</b>				
<i>Raw milk:</i> (Cl. 24(2))	The aggregate of the volume limits of raw milk that Fonterra is contracted to supply to independent processors is 250 million litres and Fonterra estimates that it is actually likely to supply above this amount for the 2019/20 season.				

The total volume of raw milk that Fonterra is contracted to supply to independent processors for the following 5 seasons is:

- 2020/2021 season - 250 million litres
- 2021/2022 season - 21 million litres\*\*
- 2022/2023 season - no volume contracted
- 2023/2024 season - no volume contracted
- 2024/2025 season - no volume contracted

Fonterra will publish revised forecasts and actual information for this season in accordance with the Dairy Industry Restructuring (Raw Milk) Regulations 2012.

\* Due to the way the farm gate milk price is defined in the Dairy Industry Restructuring (Raw Milk) Regulations 2012 and the impact of the fixed milk price offer Fonterra launched for the 2019/20 season, the forecast above may differ to the forecast "Farmgate Milk Price" Fonterra announces to the market.

\*\* Estimated volume. Fonterra has contracted to supply 250m litres during the 12 months ending 30 June 2021