

FONTERRA
SHAREHOLDERS'
FUND.



Fonterra Shareholders' Fund 2021 Annual Meeting

13 December 2021



John Shewan

Chair

FSF Management Company

Online question process

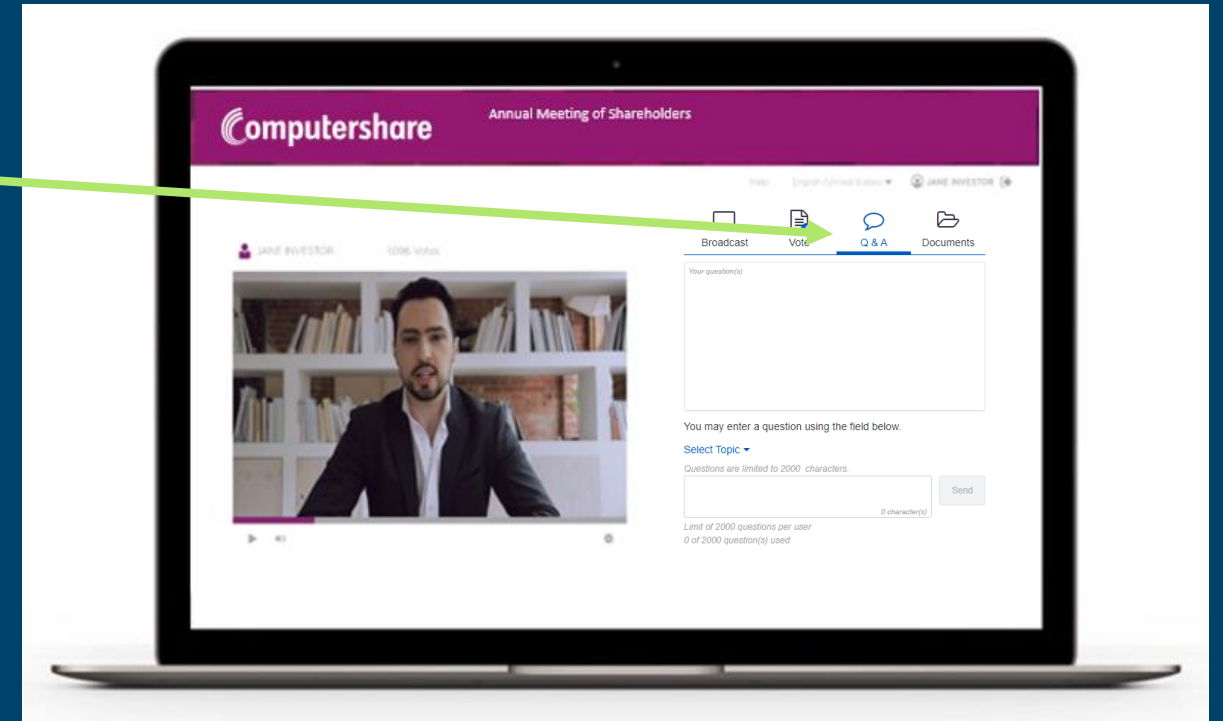
Shareholder & Proxyholder Q&A Participation

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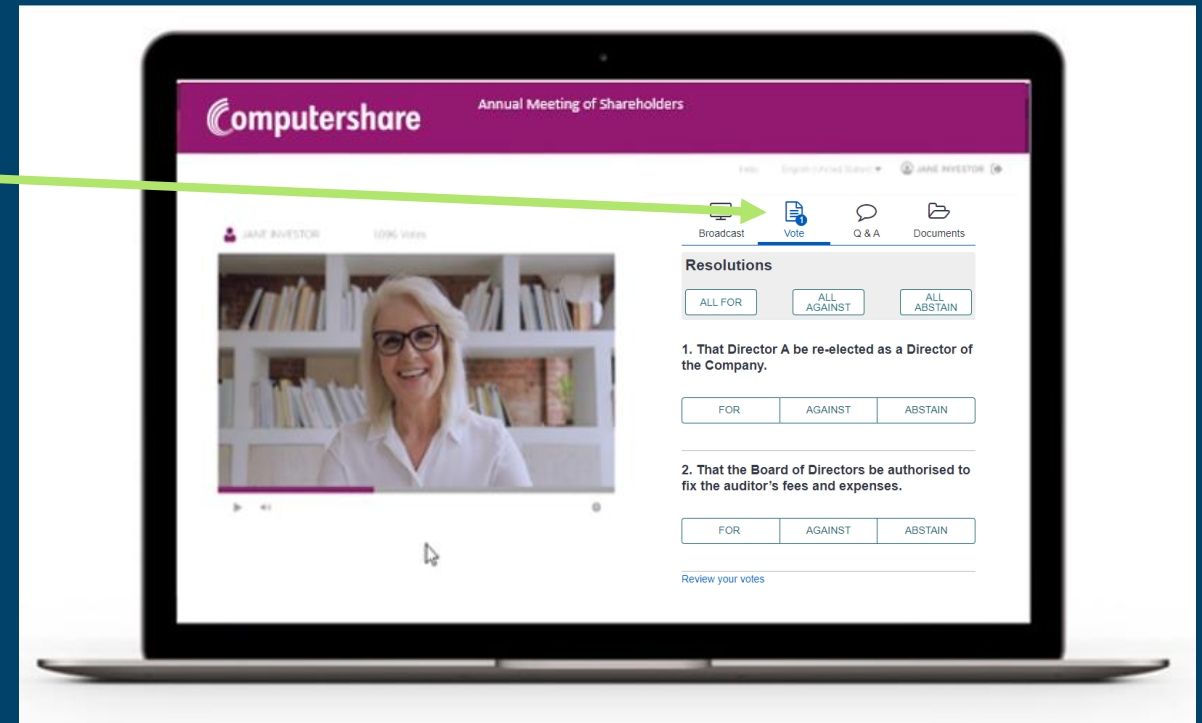
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Online voting process

Shareholder & Proxyholder Voting

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Agenda

Welcome and introductions

John Shewan

FSF Management Company Chair's address

John Shewan

Fonterra Chair's address

Peter McBride

Fonterra CEO's address

Miles Hurrell

Questions

Resolution to re-elect John Shewan

Mary-Jane Daly

Address by John Shewan

John Shewan

General business

John Shewan

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Fonterra Shareholders' Fund Board of Directors



John Shewan
Chair



Kim Ellis



Mary-Jane Daly



Donna Smit



Andy MacFarlane

Fonterra Team



Peter McBride



Miles Hurrell



Marc Rivers

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FSF Management Company Chair's address

Improved performance in 2021

- Fonterra continued to demonstrate resilience during COVID-19
- Fonterra delivered a strong financial result, driven by its diversified portfolio across channels and regions
- Fonterra continued to significantly reduce its debt
- Increased distributions to the Fonterra Shareholders' Fund

Reported profit after tax¹ **\$599** million

Normalised profit after tax¹ **\$588** million

Earnings per share² **34** cents

Net debt reduction **\$0.9** billion

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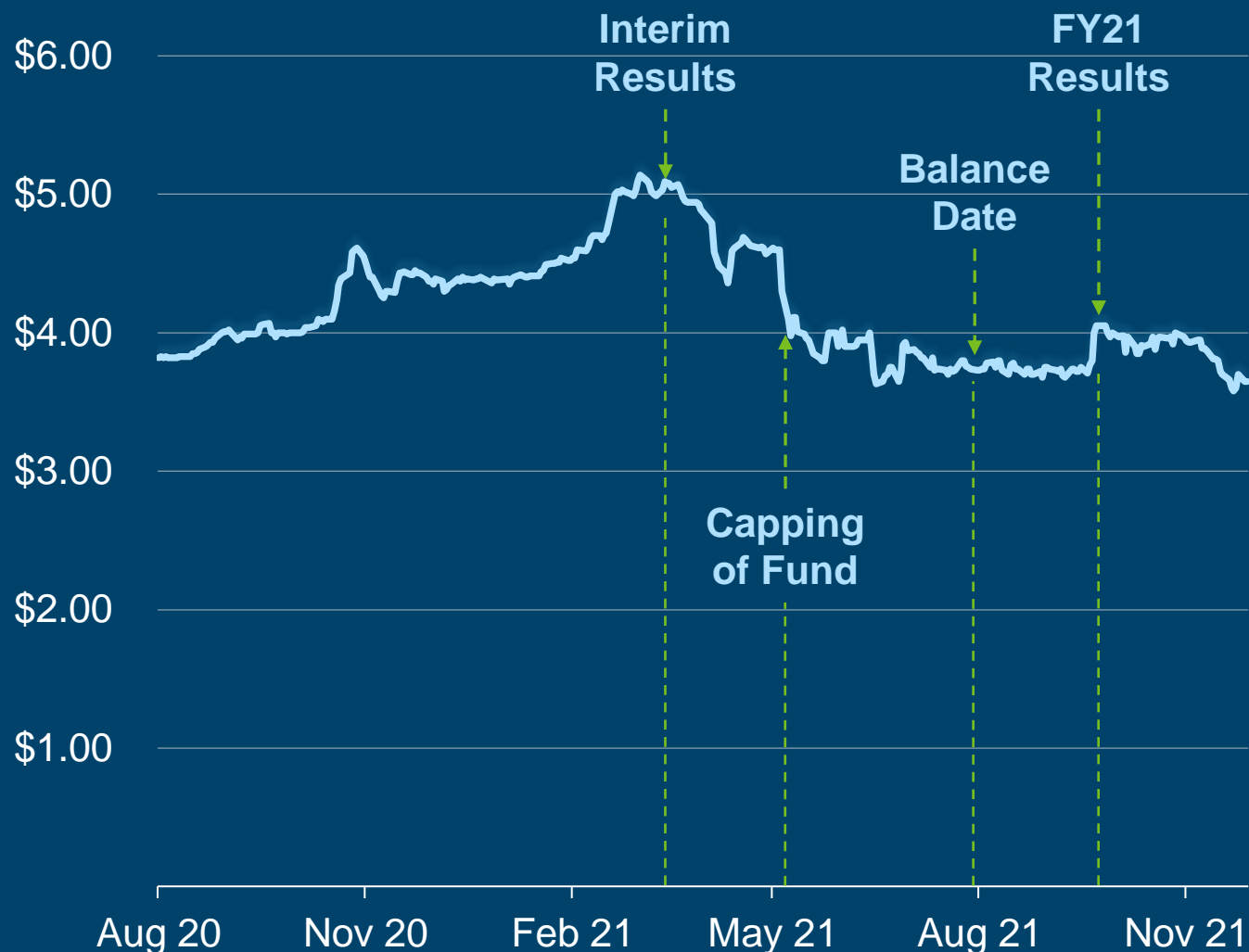


Note: For the year ended 31 July 2021.

1. Includes Continuing and Discontinued Operations. Includes amounts attributable to non-controlling interests.

2. On a normalised basis and excludes amounts attributable to non-controlling interests.

Unit price impacted by capping of the Fund



- **Release of FY21 interim results**
Up 33%, from \$3.82 to \$5.08
(1 August 2020 – 17 March 2021)
- **As at FY21 balance date**
Down 2%, from \$3.82 to \$3.74
(1 August 2020 – 31 July 2021)
- **Release of FY21 annual results**
Up 5.5%, from \$3.82 to \$4.00
(1 August 2020 – 23 September 2021)

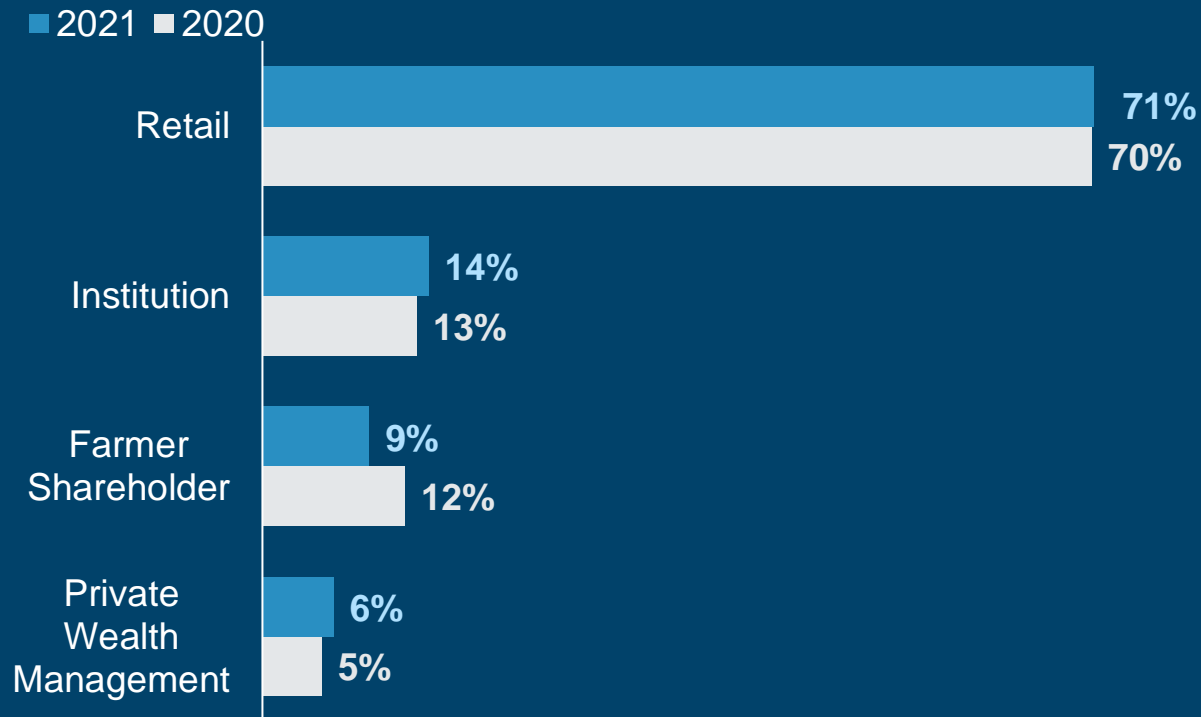
Unit register analysis

- Small increase in retail, institution and private wealth management holdings
- Majority of register held in New Zealand, with further reduction in offshore holdings

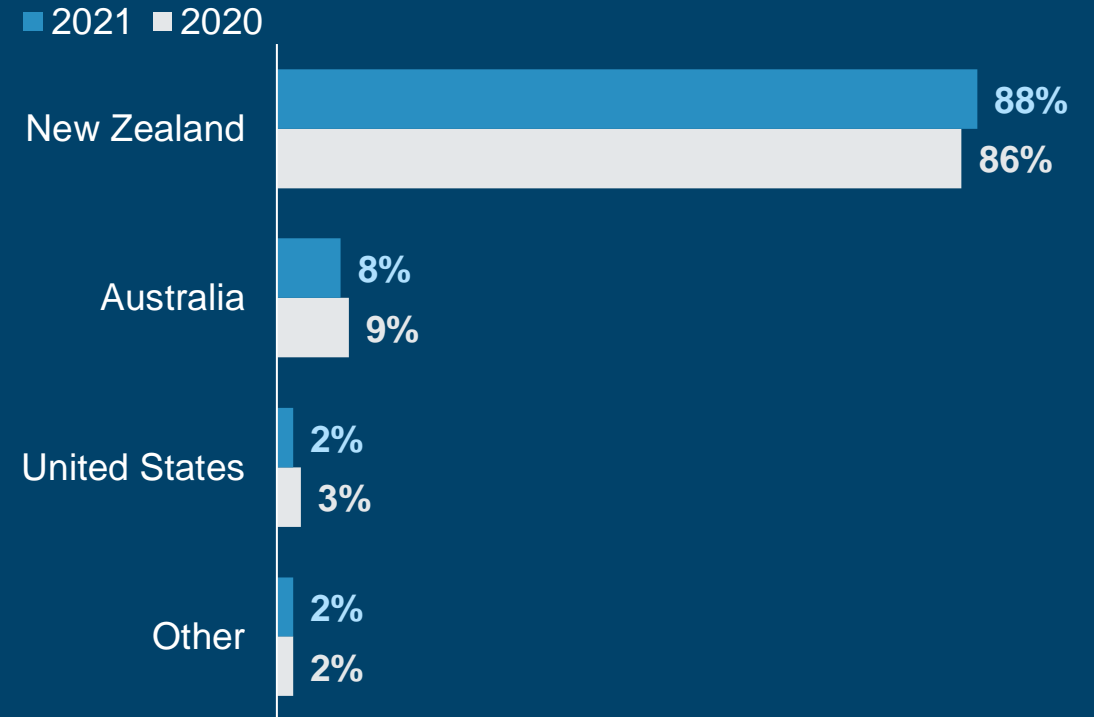
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Investor Type



Investor Location



Note: Register data for 2020 and 2021 is as at 30 November.

Key Fund statistics as at 30 November 2021

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Units on Issue¹: **107 million** ↑ 1m

Fund Market Capitalisation¹: **\$392 million** ↓ 75m

Fonterra Market Capitalisation¹: **\$5.0 billion** ↓ 2.1b

Fund Size^{1,2}: **6.7%** ↑ 0.1%

Unit Price 12-month High/Low³: **\$5.14** (5 Mar 21) / **\$3.57** (29 Nov 21)

1. At 30 November 2021, relative to 30 November 2020.

2. Fonterra Shareholders' Fund units on issue as a percentage of Fonterra Co-operative Group shares on issue.

3. 12 month period, 30 November 2020 – 30 November 2021.



Peter McBride

Chair

Fonterra Co-operative Group

A photograph of a person in a white lab coat walking through a large industrial facility. The facility is filled with massive stainless steel pipes and tanks, creating a complex and industrial environment. The person is walking towards the camera, and the lighting is warm and focused on the central area.

Miles Hurrell

Chief Executive Officer
Fonterra Co-operative Group

Delivered strong results across the Co-op in 2021

Stakeholder engagement up



Employee, farmer and customer engagement scores up

Progress on emissions

Reduced carbon emissions from coal use by more than 11%



Earnings and Dividend¹

34c

Normalised EPS



Dividend

20c

Farmgate Milk Price

\$7.54

per kgMS



Debt down, within target range

Net debt down

\$872m

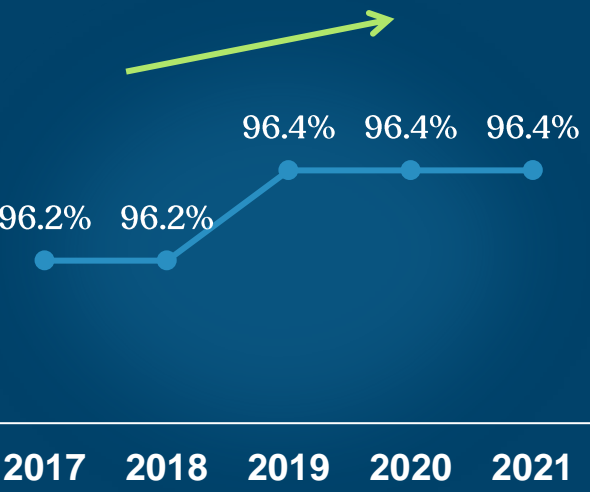


Gearing ratio² of 36%, down from 41%

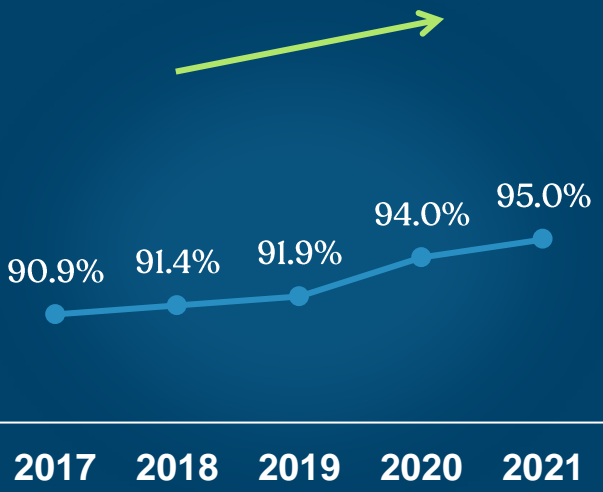
1. Attributable to equity holders of the Co-operative, excludes non-controlling interest
2. Economic net interest-bearing debt (ENIBD) gearing ratio, refer to Glossary for definition

Improved New Zealand manufacturing performance

Milk Utilisation



Made Right First Time






Cost of Quality



Note: Metrics are for the year ended 31 July

Diversified across markets and products

	Asia Pacific	AMENA	Greater China	Total
Volume ('000 MT)¹	1,386 ↓ 1%	1,352 ↓ 6%	1,176 ↑ 15%	3,914 ↑ 1%
EBIT contribution^{1,2}				
 Ingredients	\$44m ↓ 70%	\$21m ↓ 47%	\$130m ↓ 27%	\$385m ↓ 47%
 Foodservice	\$79m ↑ 193%	\$15m ↑ -	\$275m ↑ 23%	\$369m ↑ 51%
 Consumer	\$182m ↑ 184%	\$110m ↑ 57%	\$(2)m ↑ 94%	\$290m ↑ 196%
Total	\$305m ↑ 28%	\$336m ↓ 28%	\$403m ↑ 10%	

Note: Figures are for the year ended 31 July 2021. Comparative information has been restated for consistency with the current period

1. Prepared on a normalised Continuing Operations basis. Normalised EBIT contributions sum to \$1,044 million, and does not align to reported Continuing Operations due to excluding unallocated costs and eliminations

2. Inclusive of Group Operations' EBIT attribution

Our robust supply chain provides value to customers, farmers and New Zealand



The fundamentals of dairy are strong

The world's population is growing¹

NEXT 5 YEARS

400m



NEXT 10 YEARS

800m



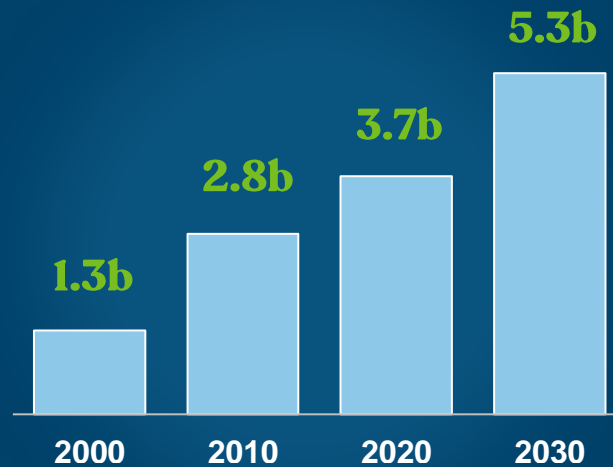
NEXT 15 YEARS

1100m



There will be more people needing nutrition.

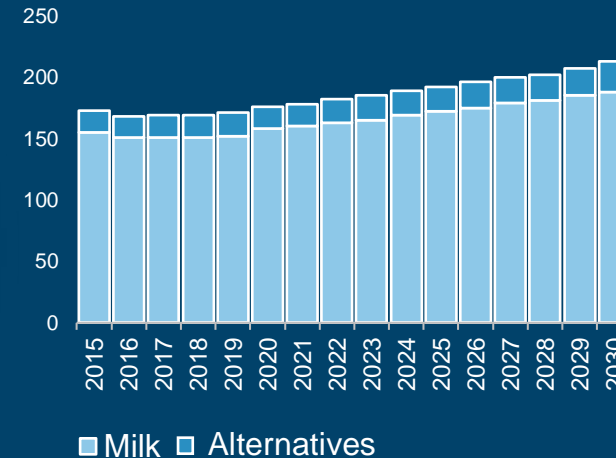
The world's middle class is growing – there will be more people able to afford dairy and wanting to consume it¹



The world wants sustainably produced, high-quality, nutritious milk.

Global market share of retail drinking milk products and alternatives²

By retail value RSP (US\$b)



Global demand for dairy is expected to continue to increase by about 2% per annum out to 2030³.

This comes at a time when we see milk supply in New Zealand as likely to decline, and flat at best.

1. Oxford Economics (www.oxfordeconomics.com) – Global Economics Databank, August 2021. Estimate based on earning 2X median household income.
2. Euromonitor International (www.euromonitor.com) – Euromonitor Passport, August 2021.
3. IFCN Dairy Research Network (www.ifcndairy.org) – IFCN Annual Dairy Sector Data with Long Term Outlook, September 2021.

To differentiate New Zealand milk, we have made three strategic choices



**Focus on
New Zealand milk**



**Be a leader in
sustainability**



**Be a leader in dairy
innovation and
science**

The value targets we are aiming to achieve by 2030

\$6.50–\$7.50

per kgMS

Average Farmgate
Milk Price range for the decade

40–50%

Increase in operating
profit from FY21

~9–10%

Group Return on Capital,
up from 6.6% in FY21

~\$1b

Invested in
sustainability

~\$1b

Invested in moving milk
to higher value products

~\$1b

Intended to be distributed
to shareholders by
FY24 after asset sales

~\$2b

Available for
investment in a mix of
further growth and
return to shareholders

Note: The figures on this slide are targets that we are aiming to achieve only. They should not be taken as forecasts or as a guarantee of returns to shareholders. They are subject to successfully completing a number of business initiatives, and assumptions, each of which could materially affect the actual outcomes. The key assumptions and risks relating to these targets are set out in the Appendix of the booklet titled *Our Path to 2030*. Please also refer to the important cautions and disclaimer at the beginning of this presentation.

2022 priorities

1



Make the shift from a reset to value growth.

2



Progress the work to divest our integrated Chilean business and prepare the process of deciding the most appropriate ownership model for Fonterra Australia.

3



Narrow down and prioritise the areas within Nutrition Science Solutions where we can build a competitive advantage.

4



Keep hitting our environment, people and business performance targets.

First quarter progress



Vitakey collaboration
to unlock the benefits of
probiotics



Kowbucha™
moves to on farm trials
after showing a
methane reduction of
up to 50% in the lab



Making good progress
with the divestment of
**Chilean business and
ownership review of the
Australian business**



EBIT of **\$190 million**
delivered in Q1,
despite a significantly
higher milk price



Forecast Farmgate
Milk Price range
\$8.40 – \$9.00
per kgMS



Full year earnings
guidance of
25-35 cents per share



Questions



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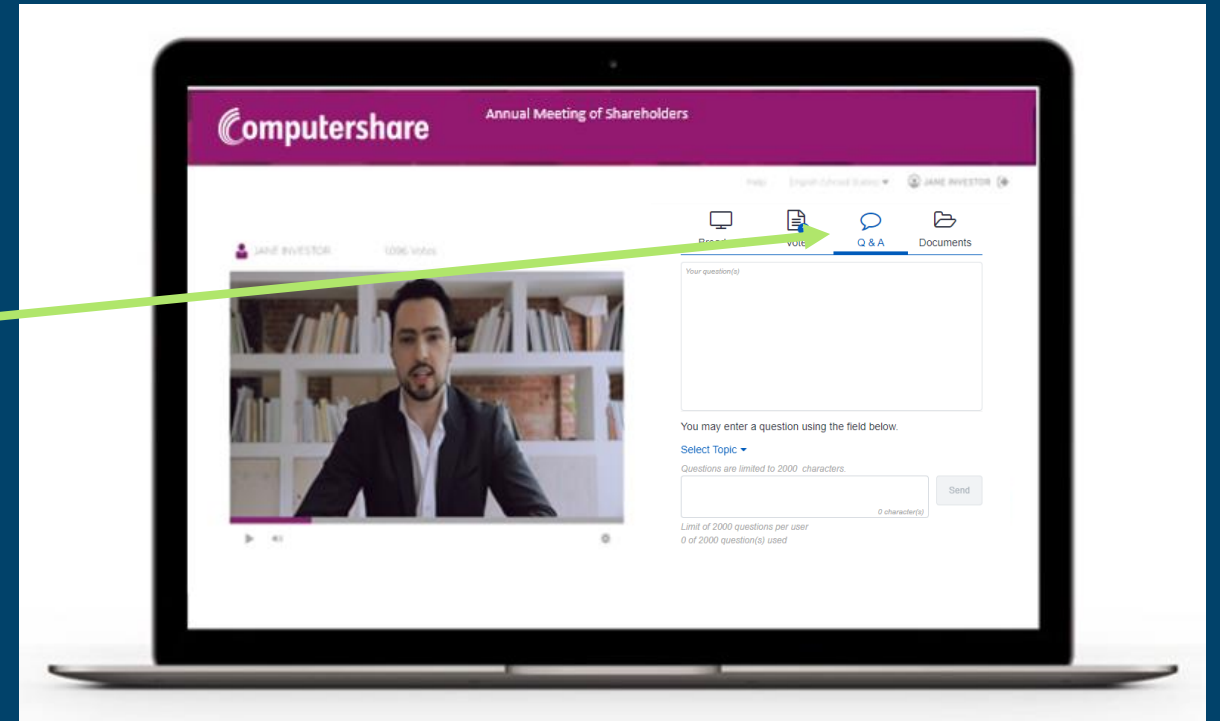
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Resolution 1

Re-election of John Shewan

Resolution 1

To re-elect John Shewan, who retires by rotation and stands for re-election, as a director of the Manager of the Fund





John Shewan

Director Nominee

FSF Management Company

Resolution 1

To re-elect John Shewan, who retires by rotation and stands for re-election, as a director of the Manager of the Fund



Proxy voting

To re-elect John Shewan



As at 10am Saturday 11 December 2021

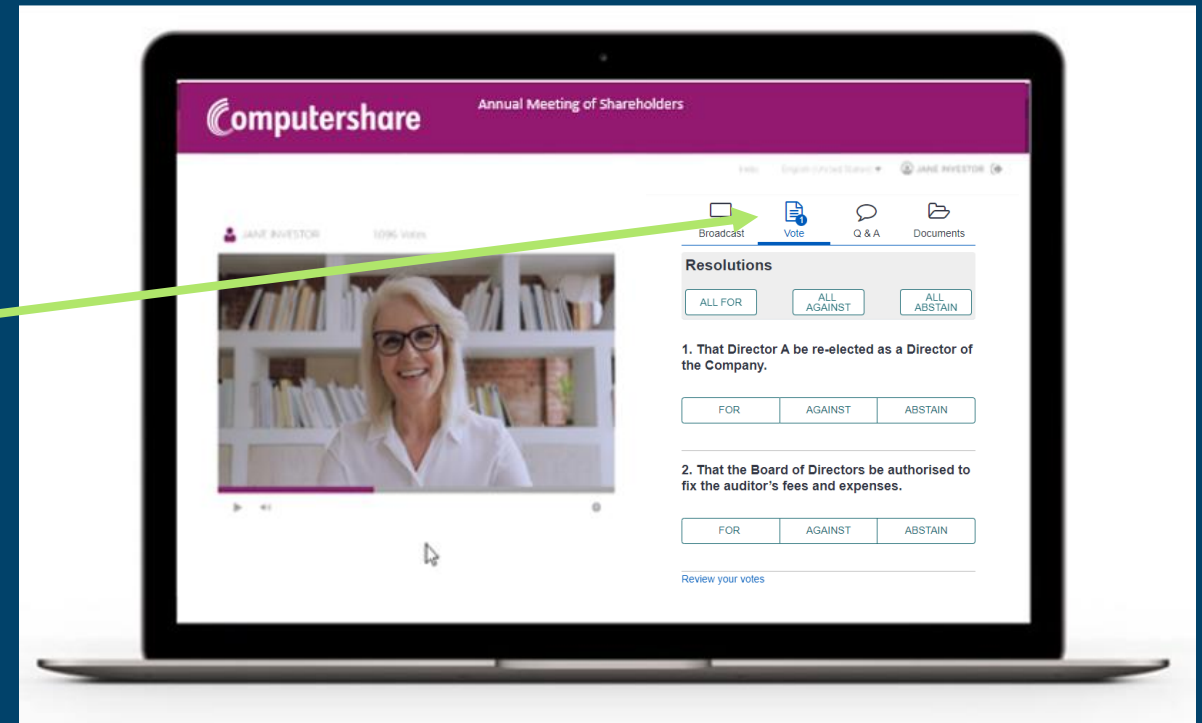
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General Business



Thank you,
meeting closed

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