



Supplementary Information

For the 2020 financial year relating to the new operating model

17 March 2021

In our FY21 interim results, we have reported our financial performance based on our new operating model and this includes the new reportable segments plus some other additional supplementary information.

Our new operating model is based around three regional business units (Asia Pacific, AMENA, and Greater China) supported by a shared infrastructure that includes New Zealand milk collection and processing operations and assets Group IT, Innovation functions and a Central Portfolio Management function. We refer to the shared infrastructure as Group Operations.

Fonterra's new reportable segments are each of the three regions: APAC, AMENA and Greater China.

In our FY21 interim results we also provide additional supplementary information, including:

- For each region, performance by product channel: Ingredients, Foodservice and Consumer;
- The amount of Group Operations' earnings before interest and tax (EBIT) that has been attributed to each region;
- Summary earnings performance for each of the Australian and Latin American businesses;
- Summary earnings performance split between New Zealand and non-New Zealand sourced milk; and
- Regional and product performance for New Zealand sourced milk.

This pack includes this additional supplementary unaudited information for FY20 to assist with comparison of performance over the periods.

Summary of Regional Performance¹

31 July 2020					
Normalised basis NZD million	Total	Asia Pacific	AMENA	Greater China	Unallocated Costs and Eliminations
Sales volume ('000 MT) ²	3,842	1,406	1,433	1,021	(18)
Revenue	20,282	7,139	7,819	5,364	(40)
Cost of goods sold	(17,236)	(5,939)	(6,750)	(4,591)	44
Gross profit	3,046	1,200	1,069	773	4
Gross margin	15.0%	16.8%	13.7%	14.4%	–
Operating expenses	(2,194)	(951)	(612)	(390)	(241)
Other ³	(5)	(1)	(6)	(12)	14
EBIT ⁴	847	248	451	371	(223)
Includes EBIT attribution from Group Operations ⁵	170	55	27	88	–
EBIT excludes discontinued operations	32	–	21	11	–

EBIT Contribution of Regions and Product Channels¹

31 July 2020				
Normalised basis EBIT (NZD million)	Total	Asia Pacific	AMENA	Greater China
Ingredients	714	143	395	176
Foodservice	221	7	(15)	229
Consumer	135	98	71	(34)
Unallocated costs & eliminations	(223)	–	–	–
Continuing operations ⁶	847	248	451	371
Discontinued operations	32	–	21	11
Total Group EBIT	879			

¹ Regions performance is shown on a continuing operations basis.

² Includes sales to other regions.

³ Consists of other operating income, net foreign exchange gains and losses, share of profit or loss on equity accounted investees.

⁴ EBIT includes Group Operations attribution.

⁵ The Group Operations attribution is the EBIT attribution from a shared infrastructure that includes New Zealand milk collection and processing operations and assets, Group IT and Innovation and a Central Portfolio Management function.

⁶ Include unallocated costs and eliminations to add across.

Asia Pacific¹

31 July 2020				
Normalised basis NZD million	Total	Ingredients	Foodservice	Consumer
Sales volume ('000 MT) ²	1,406	623	143	640
Revenue	7,139	3,693	918	2,528
Cost of goods sold	(5,939)	(3,285)	(778)	(1,876)
Gross profit	1,200	408	140	652
Operating expenses	(951)	(271)	(136)	(544)
Other ³	(1)	6	3	(10)
EBIT ⁴	248	143	7	98
Includes EBIT attribution from Group Operations ⁵	55			
Gross margin	16.8%	11.0%	15.3%	25.8%

Australia Performance⁶

Normalised basis NZD million	31 July 2020
Production volume ('000 MT)	365
Sales volume ('000 MT) ²	406
Revenue	2,036
Cost of goods sold	(1,821)
Gross profit	215
Operating expenses	(157)
Other ³	(3)
EBIT	55
Gross margin	10.6%

¹ Asia Pacific performance represents continuing operations.

² Includes sales to other regions.

³ Consists of other operating income, net foreign exchange gains and losses, share of profit or loss on equity accounted investees.

⁴ EBIT includes Group Operations attribution.

⁵ Included in Asia Pacific's EBIT is the Group Operations attribution of \$55 million.

⁶ Performance does not include Group Operations attribution.

AMENA Performance¹

31 July 2020				
Normalised basis NZD million	Total	Ingredients	Foodservice	Consumer
Sales volume ('000 MT) ²	1,433	1,041	14	378
Revenue	7,819	6,522	158	1,139
Cost of goods sold	(6,750)	(5,746)	(139)	(865)
Gross profit	1,069	776	19	274
Operating expenses	(612)	(378)	(37)	(197)
Other ³	(6)	(3)	3	(6)
EBIT ⁴	451	395	(15)	71
Includes EBIT attribution from Group Operations ⁵	27			
Gross margin	13.7%	11.9%	12.0%	24.1%

Latin America Performance^{6,7}

Normalised basis NZD million	31 July 2020
Sales volume ('000 MT) ¹⁴	346
Revenue	926
Cost of goods sold	(685)
Gross profit	241
Operating expenses	(192)
Other ³	(7)
EBIT	42
Gross margin	26.0%

¹ AMENA's performance represents continuing operations.

² Includes sales to other regions.

³ Consists of other operating income, net foreign exchange gains and losses, share of profit or loss on equity accounted investees.

⁴ EBIT includes Group Operations attribution.

⁵ Included in AMENA's EBIT is the Group Operations attribution of \$27 million.

⁶ Performance does not include Group Operations attribution.

⁷ Latin America includes Chile, Brazil and Venezuela

Greater China Performance¹

31 July 2020				
Normalised basis NZD million	Total	Ingredients	Foodservice	Consumer
Sales volume ('000 MT) ²	1,021	691	257	73
Revenue	5,364	3,471	1,555	338
Cost of goods sold	(4,591)	(3,136)	(1,222)	(233)
Gross profit	773	335	333	105
Operating expenses	(390)	(149)	(102)	(139)
Other ³	(12)	(10)	(2)	–
EBIT ⁴	371	176	229	(34)
Includes EBIT attribution from Group Operations ⁵	88			
Gross margin	14.4%	9.7%	21.4%	31.1%

Group Operations Attribution

31 July 2020				
Normalised basis NZD million	Total	Asia Pacific	AMENA	Greater China
EBIT Group Attribution	170	55	27	88

New Zealand and non-New Zealand Milk Performance⁶

31 July 2020			
NZD million	Total	New Zealand Milk	Non-New Zealand Milk
Sales volume ('000 MT)	3,842	3,003	839
Revenue	20,282	17,212	3,070
Cost of goods sold	(17,236)	(14,615)	(2,621)
Gross profit	3,046	2,597	449
Operating expenses	(2,194)	(1,813)	(381)
Other ³	(5)	(7)	2
EBIT	847	777	70
Discontinued Operations	32	–	32
Gross margin	15.0%	15.1%	14.6%

¹ Greater China performance represents Continuing Operations.

² Includes sales to other regions.

³ Consists of other operating income, net foreign exchange gains and losses, share of profit or loss on equity accounted investees.

⁴ EBIT includes Group Operations attribution.

⁵ Included in Greater China's EBIT is the Group Operations attribution of \$88 million.

⁶ Shown on a continuing operations basis.

New Zealand Milk by Product Channel – Sales Volume¹

31 July 2020					
('000 MT)	Total	Ingredients	Foodservice	Consumer	Unallocated Costs and Eliminations
Asia Pacific	1,079	518	116	445	–
AMENA	981	922	12	47	–
Greater China	961	676	220	65	–
Eliminations	(18)	–	–	–	(18)
Total	3,003	2,116	348	557	(18)

New Zealand Milk by Product Channel – Revenue²⁶

31 July 2020					
NZD million	Total	Ingredients	Foodservice	Consumer	Unallocated Costs and Eliminations
Asia Pacific	5,673	3,135	706	1,832	–
AMENA	6,359	5,959	79	321	–
Greater China	5,220	3,409	1,495	316	–
Eliminations	(40)	–	–	–	(40)
Total	17,212	12,503	2,280	2,469	(40)

New Zealand Milk by Product Channel – Gross Margin²⁶

31 July 2020					
NZD million	Total	Ingredients	Foodservice	Consumer	
Asia Pacific	17.8%	12.1%	14.9%	28.7%	
AMENA	12.8%	12.4%	26.6%	17.4%	
Greater China	14.8%	9.8%	22.2%	33.2%	
Total	15.1%	11.6%	20.1%	27.8%	

New Zealand Milk by Product Channel – EBIT²⁶

31 July 2020					
NZD million	Total	Ingredients	Foodservice	Consumer	Unallocated Costs and Eliminations
Asia Pacific	206	165	(7)	48	–
AMENA	405	374	7	24	–
Greater China	389	175	239	(25)	–
Eliminations	(223)	–	–	–	(223)
Total	777	714	239	47	(223)

¹ Shown on a continuing operations basis.