



# Market Announcement

---

9 September 2022

## Fonterra provides earnings guidance, milk collection update

Fonterra Co-operative Group Limited today announced it has revised its 2023 forecast earnings guidance to 45 to 60 cents per share, up from 30 to 45 cents per share. It has also revised its forecast milk collections for the 2022/23 season down from 1,510 million kgMS to 1,495 million kgMS.

Fonterra CEO Miles Hurrell says the lift in forecast earnings is a continuation of the ongoing strong demand for dairy that saw Fonterra confirm its FY22 earnings were at the top end of the guidance range.

“The demand signals we saw at the end of FY22 have continued driving improved prices and higher margins across our portfolio of non-reference products, particularly in cheese and our protein products such as casein.

“We see strong underlying demand and the latest lift in whole milk powder prices on GDT is also a positive signal reversing the recent easing in the prices that drive our Farmgate Milk Price. Strong offshore prices for protein, as reflected in the recent increase in EU and US milk prices, mean our protein portfolio has been performing very well.

“This sustained period of favourable pricing relativities between our protein and cheese portfolios and whole milk powder is the main driver for the increase in the FY23 earnings guidance range being announced today. If these unprecedented conditions were to continue for a further extended period this could have an additional positive impact on forecast earnings.

“We are committed to our 2030 targets and expect variable market conditions as we work towards them. The benefit of being part of the Co-op is having a diversified organisation with an extensive portfolio of products which allow us to capture value in a broad range of market conditions, benefiting both farmer owners and unit holders.”

Mr Hurrell said the Co-op is comfortable with its FY23 contracted rate, particularly for its protein portfolio, at this stage of the season but it's still early days.

“Our strategy is based on growing demand, constrained supply and shifting our farmers' milk into higher value products, all of which are currently being realised.

Commenting on the Co-op's milk collections, Mr Hurrell says “We have recently seen a reduction in milk collections with weather conditions experienced in some parts of New Zealand causing a slow start to the season, most recently the floods in the Far North and top part of the South Island.

“We'll continue to work with impacted farmers to ensure that if they need extra support that they are able to access it.”

-ENDS-

**For further information contact:**

---

Fonterra Communications  
24-hour media line  
Phone: +64 21 507 072

---