



Market Announcement

23 May 2018

FONTERRA ANNOUNCES STRONG FORECAST FARMGATE MILK PRICE FOR 2018/19 SEASON

Fonterra Co-operative Group Limited today announced an opening forecast Farmgate Milk Price of \$7.00 per kgMS for the 2018/19 season.

Chairman John Wilson said the strong opening milk price would be very welcome news for the Co-operative's farmers as they look ahead to the new season.

"What we are seeing is a continued positive global supply and demand picture which gives us the confidence to increase our current forecast Farmgate Milk Price into the new season.

"Demand is expected to remain strong – especially from China and for butter and AMF. We are expecting the global dairy market's current prices, especially for fats, to continue throughout the new season.

"We are also forecasting our New Zealand 2018/19 milk collections to be 1,525 million kgMS, a 1.5 per cent increase on our current forecast for this season, and we expect to see a lift in supply from the EU, US, Australia and Argentina.

"We will announce our forecast earnings per share for the 2019 financial year in July as normal. This, along with our forecast Farmgate Milk Price, comprises the total available for payout to our farmers."

Fonterra is required under the Dairy Industry Restructuring Act to announce its forecast Milk Price at the beginning of each season, which starts on 1 June.

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About Fonterra

We're a global dairy nutrition company owned by more than 10,000 farmers and their families. We've built our expertise on the legacy of the thousands of farmers who've made New Zealand a world leader in dairy. With a can-do attitude and a collaborative spirit, we're a world leading dairy exporter. Our 22,000 people share the goodness of dairy nutrition with the world through our innovative consumer, foodservice and ingredient solutions brands, and our farming and processing operations across four continents.