

FONTERRA'S FORECASTS FOR SEASON ENDING 31 MAY 2018
Clauses 24(1) to (3) Dairy Industry Restructuring (Raw Milk) Regulations 2012

As at 11 September 2017, Fonterra forecasts the following figures in respect of the 2017/2018 season ending 31 May 2018:

<i>Supply by Shareholding farmers:</i> (Cl. 24(1)(a))	The total quantity of raw milk to be supplied by shareholding farmers in the 2017/2018 season is forecast to be 17.4 billion litres
<i>Total Cost of Milk:</i> (Cl. 24(1)(b))	Fonterra's total cost of milk for the 2017/2018 season is forecast to be \$10,523 million
<i>Farmgate Milk Price:</i> (Cl. 24(1)(c))	Fonterra's farmgate Milk Price for the 2017/2018 season is forecast to be \$6.75/kgMS*
<i>Milksolids:</i> (Cl. 24(1)(d))	The milksolids supplied by shareholding farmers in the 2017/2018 season are forecast to be 1,559 million kgMS
<i>Winter Milk:</i> (Cl. 24(1)(e))	The additional cost of winter milk (being raw milk supplied in June and July 2017) is forecast to be: <i>North Island</i> \$1.52/kgMS <i>South Island</i> \$2.16/kgMS
<i>Organic Milk:</i> (Cl. 24(1)(f))	The additional cost of organic milk for the 2017/2018 season is forecast to be: \$0.75/kgMS
<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 2017/2018 season.

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

- 2018/2019 season – 250 million litres
- 2019/2020 season – 250 million litres
- 2020/2021 season – 250 million litres
- 2021/2022 season – 21 million litres**
- 2022/2023 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.

* As announced 27th July 2017

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