

27 February 2013

FONTERRA CONFIRMS FARMGATE MILK PRICE

[Fonterra](#) Co-operative Group Limited has confirmed its payout forecast range for the 2012/13 season of \$5.90 - \$6.00 before retentions for a fully shared up farmer, unchanged from the previous forecast range.

Fonterra is required to consider its Farmgate Milk Price every quarter as a condition of the Dairy Industry Restructuring Act (DIRA).

The Co-operative confirmed today a forecast Farmgate Milk Price for the 2012/13 season of \$5.50 per kilogram of milksolids, unchanged from the previous forecast.

(Fonterra's forecast Earnings Per Share range remains at 40-50 cents)

Fonterra Chief Executive Theo Spierings said dry weather conditions, particularly in the North Island, in mid-December and January had resulted in a slowdown in milk supply growth.

"We had a strong start to the season and milk collection volumes were running 6% ahead of last season on a year-to-date basis," said Mr Spierings. "However, the dry conditions mean we are currently forecasting total milk collection volumes to finish approximately 1% ahead for the full season."

Global dairy prices remained relatively flat through December and January, with the GDT-TWI increasing by 2% over this period. The index has since gained 5% in February. Given current global conditions, our Farmgate Milk Price forecast anticipates global dairy prices are likely to move higher in the second half of the season.

The current Farmgate Milk Price forecast of \$5.50 kgMS is based on no substantial change to the current exchange rate for the rest of the season. If there was a further significant strengthening of the New Zealand dollar against the USD then this may adversely impact on the forecast Farmgate Milk Price.

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About Fonterra

[Fonterra](#) is a global leader in dairy nutrition – the preferred supplier of [dairy ingredients](#) to many of the world's leading food companies. Fonterra is also a market leader with our own [consumer dairy brands](#) in Australia/New Zealand, Asia/Africa, Middle East and Latin America.

The [farmer-owned](#) New Zealand co-operative is the largest processor of milk in the world, producing more than

two million tonnes of dairy ingredients, value added dairy ingredients, specialty ingredients and consumer products every year. Drawing on [generations of dairy expertise](#), Fonterra is one of the largest investors in dairy based [research and innovation](#) in the world. Our more than [16,000 staff](#) work across the dairy spectrum from advising farmers on sustainable farming and milk production, to ensuring we live up to exacting quality standards and delivering every day on our customer promise in more than 100 markets around the world.



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