



# Taking Milk to the World

March 2011

# Fonterra is farmer owned cooperative and its roots are in heartland New Zealand



- We are a Co-operative owned by 10,500 supplier shareholders
- We make up approximately 25% of NZ's total exports by volume
- Our operating revenue for FY10 was approximately \$17 billion
- We have \$14 billion of assets

# Fonterra is the world's largest milk processor and the leading dairy exporter



- World's number one milk processor in 2009 (IFCN)
- Process more than 21 billion litres globally per year
- World's leading dairy exporter – a third of globally traded dairy
- We export 95% of production to more than 100 markets around the world
- We employ approximately 15,800 people worldwide



# Our Vision and Strategy



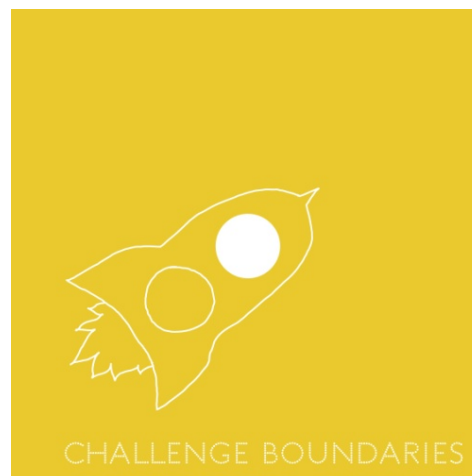
## Vision

The natural source of dairy nutrition for everybody, everywhere, every day

## Strategy

1. Deliver sustainable Co-operative performance
2. Grow lasting customer partnerships
3. Build trusted brands in chosen markets

## Values



# Fonterra is a fully integrated Cow-to-customer business



14 Billion Litres of Milk



432 Milk Tankers • 17 Depots •  
1300 Tanker Operators



86 Plants on 26 Manufacturing  
• Sites across New Zealand

## Quality Dairy Products to the world



87 New Zealand Stores • 5 Regional  
Hubs linked by Rail and Road



Customers in 140 Countries • Millions  
of Consumers



C. 95,800 Delivery Orders • 7 Languages •  
in House Documentation Centre

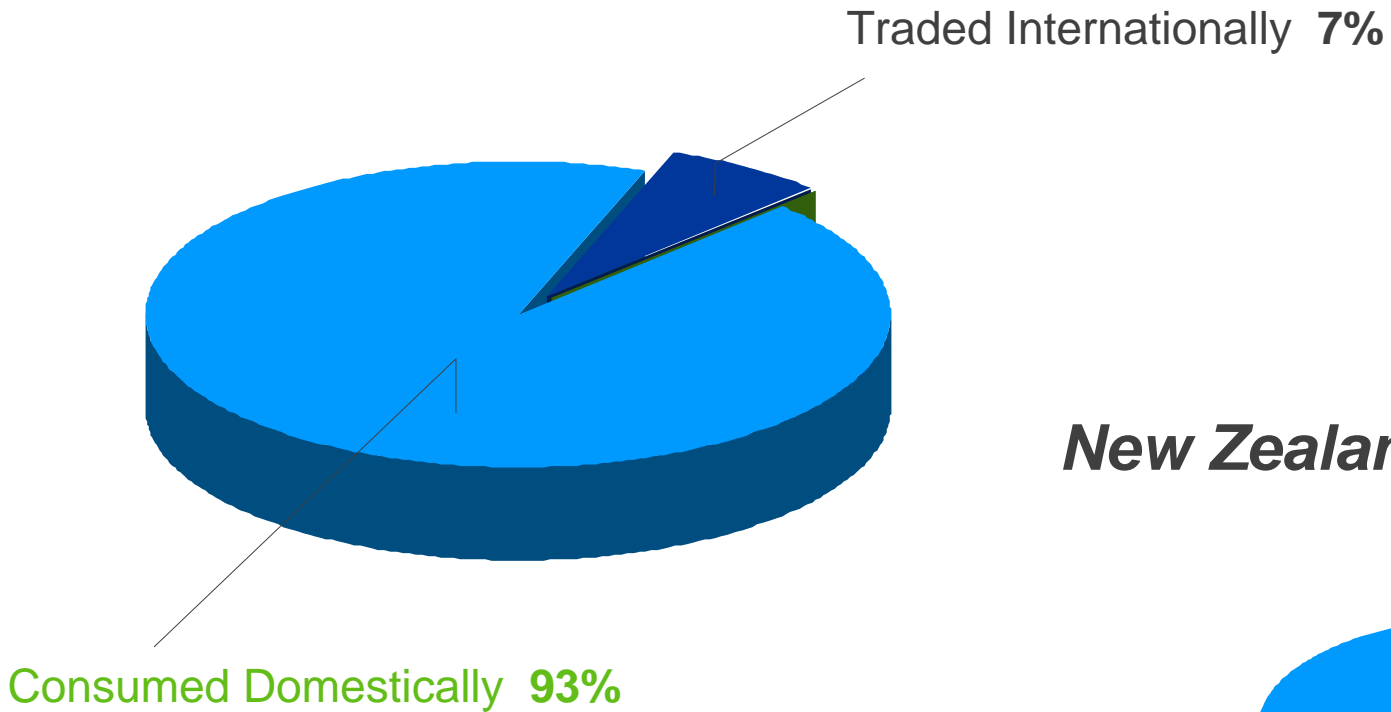


Network 11 NZ Ports • 1800 Voyages •  
140k TEU (Twenty Foot Equivalent Units) •  
2M tonnes.

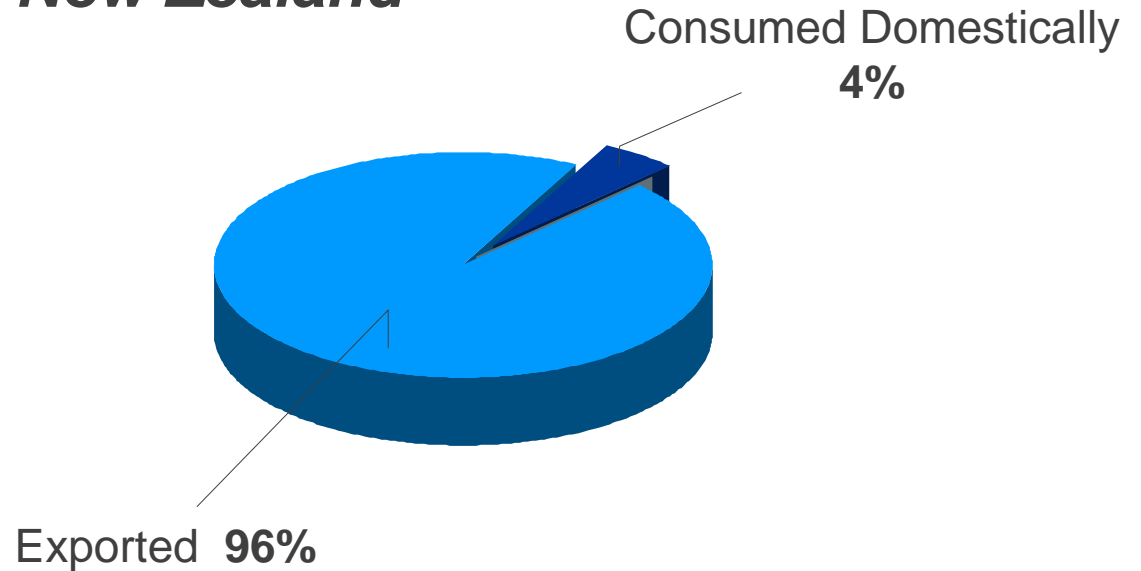
# Unlike the rest of the world, New Zealand's dairy sector is heavily export dependent



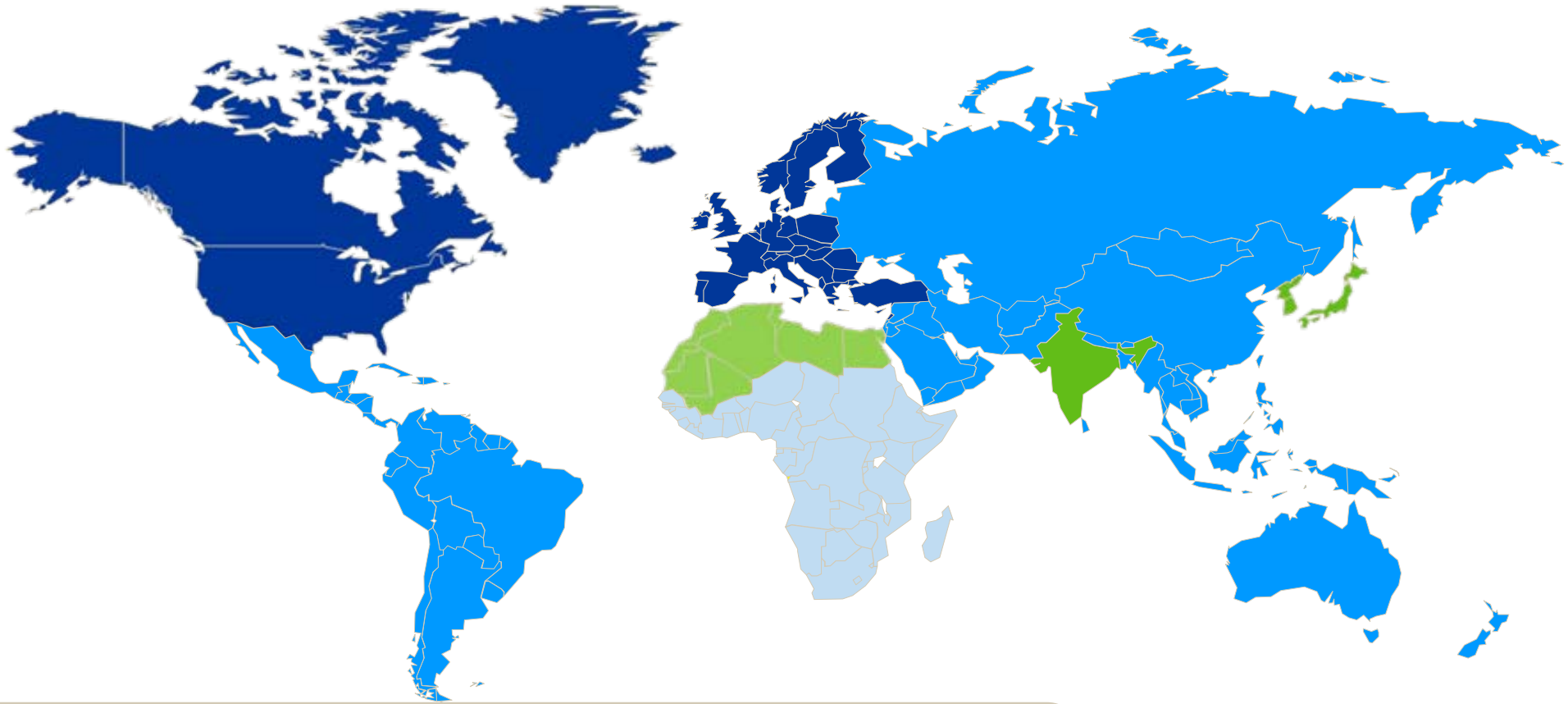
## World



## New Zealand

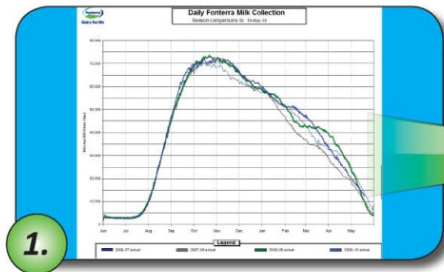


# World dairy access and tariffs; Dairy is one of most protected sectors of world trade



- Access All Products / Low Tariffs (0 - 30%)
- Product Specific Access / Medium Tariffs (30 - 70%)
- Product Specific Access / Medium-High Tariffs (70 - 220%)
- Only Butter / Cheese / Protein Quota Access / High Tariffs (> 220%)

# Our Global Supply Chain has unique characteristics that challenge the way we service our customers



1.

### Supply Seasonality (Milk Curve)

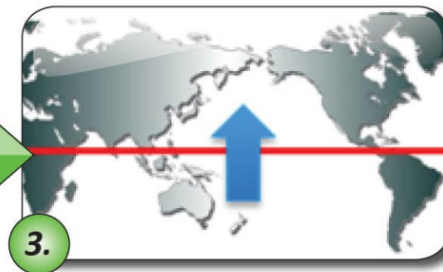
Daily milk receipt grows from 4m to 70m litres into two months. And 50% of annual production is manufactured in 4 months (Oct-Jan)



2.

### Product's Characteristics

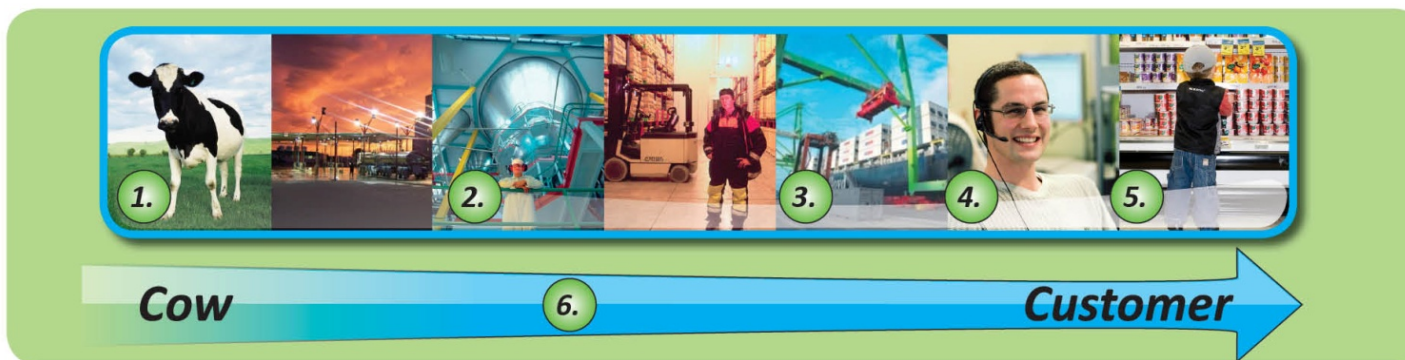
Commodities, Ingredients and Consumer Products.



3.

### Long Distance to Customers

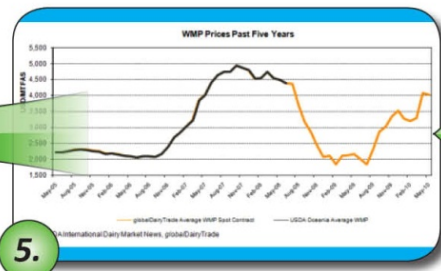
92% of our containers travel to the northern hemisphere.



6.

### Domestic Infrastructure

25% of NZ Containerised Exports • Major Infrastructure User (Road & Rail)



5.

### Demand (Commodity market volatility)

Volatile global commodity price cycles. In the last 2 years: 60% drop followed by 120% rise



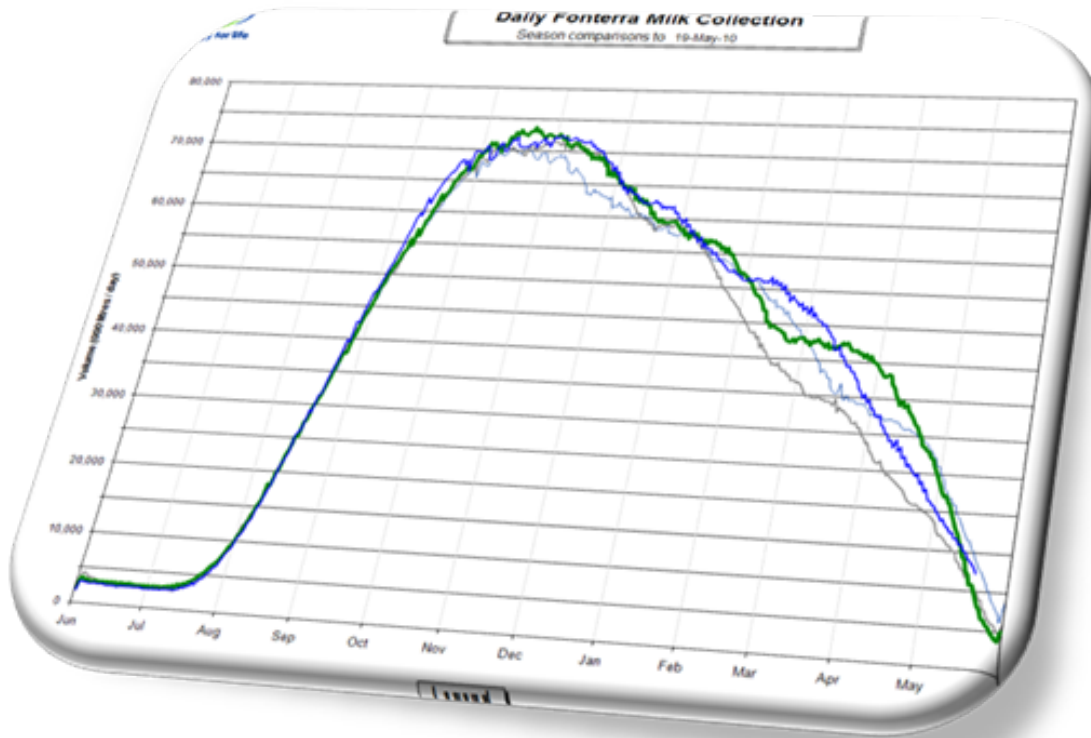
4.

### Global Customer Base

Diverse range of Customers in 140 countries.







## Milk Seasonality (Milk Curve)

Daily milk grows from 4m to 75m litres in two months.  
And 50% of annual production is manufactured in 4 months (October - January)



## Product Characteristics

Commodities, Ingredients and consumer products

- short shelf life
- customers seeking 'freshness'





## *Long Distance to Customers*

92% of our export containers travel to the northern hemisphere



Cow

Customer



## Global Customer Base

Diverse range of Customers in 140 countries.



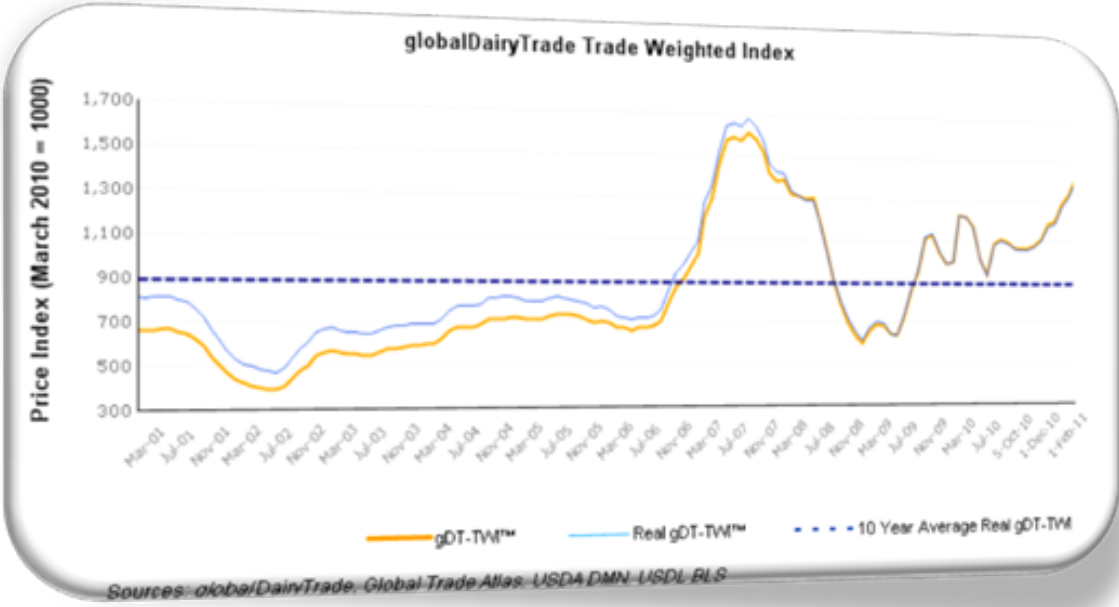
### *Domestic Infrastructure*

25% of NZ Containerised Exports and a major infrastructure user (road & rail)



Cow

Customer



## Demand (Commodity market volatility)

Volatile global commodity price cycles. In the last 2 years: 60% drop followed by a 120% rise



Thank you

