

MEDIA RELEASE



11 December 2013

FONTERRA EXPANDS MILK PROCESSING IN LOWER NORTH ISLAND

Fonterra today announced Board approval for a \$235 million investment into a new high-efficiency milk powder plant at its Pahiatua site in the Manawatu. The new drier will enable the dairy Co-operative to process an additional 2.4 million litres each day.

Fonterra's Director of NZ Operations, Robert Spurway said the Co-operative's continued investment in milk powder driers was to meet the growing demand for dairy nutrition globally and demonstrated Fonterra's strategy of optimising its New Zealand milk business.

The announcement of the investment at Pahiatua comes less than a week after the Co-operative celebrated opening the world's largest milk powder drier at its newly completed site at Darfield in Canterbury.

"This new drier in Pahiatua will help drive greater efficiencies across our manufacturing footprint. Last season we set a new record for the most milk collected in one day and overall milk production has been increasing by roughly three per cent each year. This drier will help us process the extra milk in a way that delivers the most value to our farmers.

The demand for dairy nutrition around the world, especially for whole milk powder, is increasing. Our expansion at Pahiatua will ensure that Fonterra has the capacity to meet this demand and to process the continued growth of milk supply in New Zealand," said Mr Spurway.

Mr Spurway said Pahiatua's new drier will use the latest energy-efficient processing technology and be the first in the country to reuse its own condensate. The wastewater it creates will also be treated and used for irrigation.

Tararua Mayor Roly Ellis said Fonterra's announcement was exciting news for the community and would create new opportunities for local residents.

"This expansion will mean another 45 full-time jobs for the local community. That's on top of the hundreds of builders, labourers and others who will be working during the construction phase.

"Fonterra's investment and the possible construction of the Ruataniwha dam is good news for our local dairy industry and will provide a welcome economic boost for the region."

Preliminary earthworks have begun at the site and construction of the drier and associated infrastructure will start in mid-December.

The first milk powder from the new drier is expected to roll out of the site by September 2015.

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For further information contact:

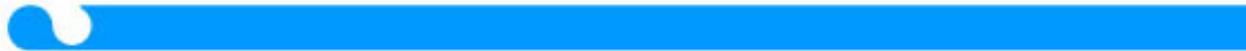
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About Fonterra

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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