

Fonterra revises strategy to grow business

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Dairy for life

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Fonterra Co-operative Group Ltd has released its revised strategy, which will see the Co-op deepen its focus on its high-performing Ingredients and food service businesses to grow value for farmer shareholders and unit holders.

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Chairman Peter McBride says the revised strategy creates a pathway to greater value creation, allowing the Co-op to announce enhanced financial targets and policy settings.

“The Co-op exists to provide stability and manage risk on farmers’ behalf while maximising the returns to farmers from their milk and the capital they have invested in Fonterra.

“Through the implementation of our strategy, we can grow returns to our owners while continuing to invest in the Co-op, maintaining the financial discipline and strong balance sheet we’ve worked hard to build over recent years.

“We have increased our target average return on capital to 10-12 per cent, up from 9-10 per cent, and announced a new dividend policy of 60-80 per cent of earnings, up from 40-60 per cent. At all times, we remain committed to maintaining the maximum sustainable Farmgate Milk Price,” says McBride.