

# Media release

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## **FONTERRA INCREASES PROCESSING CAPACITY TO HELP MEET GLOBAL DEMAND**

Fonterra's Board has given the green light to build a new high efficiency milk powder drier in the North Island and further increase milk processing capacity in the South Island to help meet global demand for dairy products.

Fonterra's CEO Theo Spierings said this investment, totalling \$555 million, will not only grow the Co-operative's processing capability but allow for more flexibility to better optimise production.

"Our strategy is to increase earnings by driving more milk volume into higher value categories globally by turning the wheel from commodities to higher-margin products," he said.

"By creating more options for our New Zealand operations we are better placed to be able to make the product mix that delivers the greatest returns to our farmers and meet the needs of our consumers and customers worldwide."

Approval has been given to build a drier at the Lichfield site in South Waikato:

- Capable of processing up to 4.4 million litres per day
- Similar in size to the world's largest drier at Darfield which produces up to 30 metric tonnes of Whole Milk Powder per hour, and 700 metric tonnes per day
- Will use the latest energy-efficient processing and water reuse technology.

Three plants will also be installed at the Edendale site in Southland:

- Milk Protein Concentrate (MPC) plant which separates protein from skim milk and turns it into protein powder – capable of processing 1.1 million litres per day
- Reverse Osmosis (RO) plant which will increase capacity on an existing drier by 300,000 litres per day
- Anhydrous Milk Fat (AMF) plant capable of processing 550,000 litres of milk into cream per day.

Fonterra Managing Director of Global Operations Robert Spurway said the Co-operative has invested more than \$1.8 billion to grow processing capacity since 2011.

"We are investing ahead of the milk growth curve to give us the flexibility to take advantage of relative market prices, including during the peak season. It will also accommodate growth from existing farmers and new volume from joining farmers," he said.

"We have to ensure we have the right balance with having the capacity to cope with additional milk produced during the peak of the season, while making sure we avoid having millions of dollars' worth of infrastructure standing idle in our quieter months."

Mr Spurway said Waikato and Southland are important regions for Fonterra and both investments will mean more employment opportunities for the local communities.

"There will be 50 full-time jobs at Lichfield once the drier is complete and 25 more roles will be created once the plants are finished at Edendale. That's on top of the hundreds of builders, labourers and others who will be working during the construction phase."

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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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