Rapa butter boost its Te ines output

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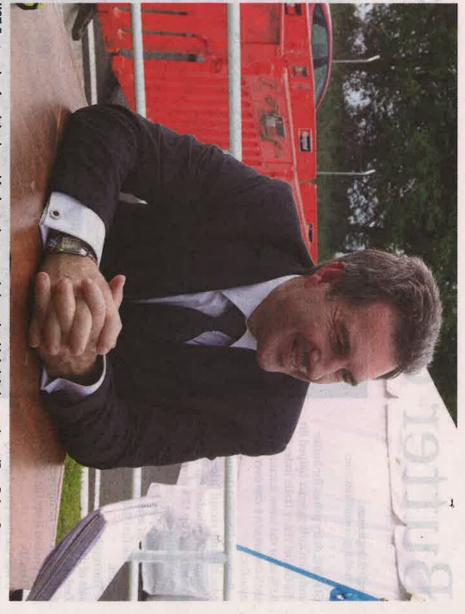
and capacity improvements on both sides of the Tasman Sea to capitalise on the rising demand for butter that has doubled its globally traded price in the past FONTERRA has made plant

At its flagship Te Rapa site in Waikato Fonterra would spend nearly \$20 million to expand its mini-dish butter packaging and cream cheese manufacture, to meet demand from China.

At Cobden in Victoria it had just completed a \$6m expansion to increase output of Western Star butter, the domestic brand

in 2016, representing an annual growth of about 20%.
"Recently we've seen the was evidenced by the increase of the country's imports from 17,000 tonnes in 2009 to 63,000 tonnes A taste trend towards butter

demand, particularly out of China, exceed supply," global operations chief officer Robert Spurway said.



HOT: Fonterra has found the demand for butter has exceeded supply, chief global operations officer Robert Spurway says

"Much of the demand for products like the mini-dish butter is from hotels, restaurants and commercial kitchens in China – all out-of-home eating experiences where consumers are

choosing dairy to complement their meal.

"Where, in the past, many of these markets have trended towards non-dairy creams and real desire for natural dairy in both food preparation and at the spreads we are now seeing a

"While the food service aspects are important, it is the latter that is really exciting – consumers making their own choices to incorporate more dairy into their daily discre

and delivering on our value-add strategy by converting more milk into higher-returning products," "So this expansion is all about responding to the market, investing in building capacity

possible output cream product lines to eight, incorporating state-of-the-art technology to achieve highest Te Rapa would go from six

from 250m to 650m mini-dishes The new butter line would more than double production

manufacturing
sites Te Rapa
employed about
500 staff and
produced 80,000 top five As one of Fonterra's

shifted away from margarines in favour of butter and spreads, preferring to eat more natural foods and use butter year old Western Star had grown to a \$150m brand as consumers products a year. In Australia the 90tonnes of cream

8

IN DEMAND: Fonterra is more than doubling production of mini-dishes of butter from 250 million to 650m a year at Te Rapa.

packs a year or more than one pack every second of Western Star Cobden site manager Bruce Manson said more than 38m

A bigger cool room was necessary at Cobden to ensure Fonterra could keep up with

"Owning high-tech manufacturing plants so we can make the products our customers want when they want them is commercial office spaces is part of our core business. Owning

Fonterra and its predecessor
New Zealand Dairy Group had
owned and occupied the London
St building since the late 1960s.

automatic guided vehicles to pick

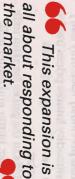
"The cool room features the

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Fonterra Robert Spurway

and pack the pallets away in the cool room, reducing handling, which increases efficiency and

creates a safer workplace."
Western Star was judged
champion butter for the second
consecutive year at the Dairy Industry Association of Australia

Meanwhile, Fonterra said it would sell its Hamilton office building and lease it back from

raised from the sale would be put to better use. Group procurement director Gordon Rettkowicz said capital disruption to staff.

New Ze Butter