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Fonterra invests $75 million to expand butter production

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Fonterra has announced a $75 million investment to expand butter production at its Clandeboye site in South Canterbury, as part of the next phase of strategic investments by the Co-operative signalled in its FY25 Annual Results.

CEO Miles Hurrell says the Co-operative plans to invest up to $1 billion over the next three to four years in projects that will generate further value for farmers and drive operational cost efficiencies.

â??Weâ??ve said that through focused execution of strategy, we are targeting our earnings to be back at FY25 levels by FY28 if the Mainland Group business is divested.

â??This investment supports that goal by increasing our production of a high-value product and improving our product mix by adding value to milkfat,â?• says Hurrell.

The investment will enable the construction of a new butter line at Clandeboye, expanding the siteâ??s current butter production capacity by up to 50,000 MT per annum.

The new butter line will expand the Co-operative's capacity to produce a range of butter formats, tailored for both global ingredients customers and professional kitchens.

The plant will be capable of producing products that meet diverse market requirements, including Halal and Kosher certifications, supporting our growth in key international markets.

Hurrell says global demand for butter continues to grow, and this investment positions Fonterra to better serve customers worldwide.

Fonterra Chief Operating Officer Anna Palairet says the expansion of the Clandeboye site strengthens Fonterraâ??s network in the South Island by improving flexibility and resilience.

â??This investment is part of Fonterraâ??s broader strategic asset roadmap supporting long-term growth in high-value dairy categories. The expansion will create 16 new jobs at the site, supporting the local economy,â? says Palairet.

Construction at the Clandeboye site starts in December 2025, with commissioning scheduled for early 2027 and the first product expected off the line in April 2027.