

SE Article  
 HD Fonterra to buy 20% stake in China's Beingmate  
 BY BusinessDesk  
 WC 353 words  
 PD 27 August 2014  
 ET 11:41  
 SN Scoop.co.nz  
 SC SCCONZ  
 LA English  
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Fonterra to buy 20% stake in China's Beingmate, sell Darnum plant into JV

Aug. 27 (BusinessDesk) - Fonterra Cooperative Group plans to enter a joint venture with China's Beingmate that will own the dairy giant's Darnum plant in Australia and produce infant formula products for the Chinese market, for a total investment of \$615 million.

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The Australian joint venture will be 51 percent owned by Beingmate and 49 percent by Fonterra and will distribute Fonterra's Annum brand products into China, the Auckland-based company said in a statement. The two companies will also evaluate joint investments in dairy farms in China.

Fonterra will shortly start a process to issue a partial tender offer to gain up to a 20 percent stake in Beingmate it said. It didn't specify if this was a stake in Beingmate Baby & Food Co, a listed Chinese company with a market value of US\$2.39 billion. It did say the offer was at 18 renminbi a share.

The infant formula partnership would mark the first significant tie up in that market since the disastrous San Lu venture that failed amid a tainted milk scandal in 2008.

"Our partnership with Beingmate will show the benefits of an integrated and secure supply chain, starting in New Zealand - our number one milk pool - where we are fast-tracking investment in milk processing capacity to meet global demand," chief executive Theo Spierings said in a statement.

In a separate statement today, Fonterra said it will make investments of \$555 million to build a 4.4 million litres a day drier at Lichfield in South Waikato while adding three new plants at its Edendale site in Southland that will produce milk protein concentrate, a reverse osmosis plant that will increase capacity on an extra drier by 300,000 litres a day and an anhydrous milk fat plant with a 550,000 a day capacity.

The company also affirmed its forecast farmgate milk price payout for the 2014/2015 season at \$6 per kilogram of milk solids.

(BusinessDesk)

CO foncop : Fonterra Co-operative Group Limited  
 IN i010010502 : Dairy Cattle Farming | i0 : Agriculture | i01001 : Farming | i0100105 : Cattle Farming | ilsfarm : Livestock Farming | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products  
 NS c184 : Joint Ventures | c181 : Acquisitions/Mergers/Takeovers | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter  
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