

Bay of Plenty Times

HD Fonterra announces China formula deal
WC 288 words
PD 28 August 2014
SN Bay of Plenty Times
SC APNBPT
LA English
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Dairy giant invests in new plants

Fonterra 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 an investment of \$615 **million**.

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The Australian joint venture will be 51 per cent owned by Beingmate and 49 per cent by Fonterra and will distribute Fonterra's Annum **brand** products into **China**, the Auckland-based **company** said.

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 per cent **stake** in Beingmate. 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** (\$2.85 **billion**). 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 separate statement, Fonterra said it will invest \$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 that will produce **milk** protein concentrate, a reverse osmosis plant that will increase capacity by 300,000 litres a day and an anhydrous **milk** fat plant with a 550,000 a day capacity. 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
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