

**HD** (AEFSF) Fonterra and Nestle realign Latin American joint venture

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Sydney - Wednesday - May 28 (RWE) - Fonterra Shareholders' Fund (ASX: FSF) reports Fonterra and Nestle have realigned their 10-year old **Dairy** Partners Americas (DPA) 50/50 joint venture and signed binding agreements covering the revised scope of the partnership.

Under these agreements, signed today in Sao Paulo, Brazil: Fonterra will take a 51 per cent controlling **stake** in DPA Brazil, with Nestle holding the balance.

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Fonterra and its local partner will **acquire** Nestle's share of DPA Venezuela, and will continue to operate the **business** as a joint venture.

Fonterra will sell its share in DPA's **milk** powder manufacturing **business** to Nestle.

Nestle will **buy** Fonterra's share in Ecuador.

The DPA Brazil **business** will become focussed primarily on chilled **dairy** products, **sold** under Nestle brands.

Fonterra's CEO, Theo Spierings, says the DPA joint venture has performed well for ten years and the time is now right to realign the partnership to better reflect the respective strategies of Nestle and Fonterra in the region.

He says the revised alliance supports Fonterra's **group** strategic focus on everyday nutrition in key growth markets such as Latin America, **China** and Indonesia.

"We value our relationship with Nestle and this high-quality agreement will see our successful alliance continue.

"The deal also enables the Co-operative to drive more long- term value for its farmers and investors," he says.

Fonterra's Managing Director of Latin America, Alex Turnbull, says: "The region's economies have undergone considerable change during the past 10 years.

We've seen increased prosperity in markets like Brazil with rapid urban growth and a focus on healthy nutrition driving demand for **dairy** products.

"A bigger **stake** in DPA Brazil means we will be extremely well placed to drive our volume and value growth strategy focusing on everyday nutrition offerings".

Fonterra's Latin American footprint drives more than 900,000 metric tonnes of volume per year and \$3.5 **billion** (NZD) in revenue from consumer **dairy**, foodservice and high value ingredients.

"We are very proud with what we've achieved through the DPA alliance with Nestle and look forward to continuing to work together with renewed focus," says Mr Turnbull.

The changes to the joint venture are subject to regulatory approval, and other customary Fonterra Co-operative **Group** conditions.

The parties are anticipating completion of the transactions by the end of 2014.

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**CO** dpam : Dairy Partners Americas | foncop : Fonterra Co-operative Group Limited | nstlc : Nestle SA

**IN** i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | ifood : Food Products

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