

HD Fonterra announces **China** formula deal

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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**.

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.

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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," CEO 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 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. 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 gcat : Political/General News

RE china : China | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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