



Market Announcement

7 August 2019

FONTERRA INTENDS TO REDUCE BEINGMATE SHAREHOLDING

Fonterra has announced its intention to sell a portion of its stake in Beingmate Baby & Child Food Company Ltd, which is currently a shareholding of 18.8%.

Chief Executive Miles Hurrell says this decision is part of Fonterra's three-point plan to turn around the business.

"One aspect of this plan was to take stock of our business. As part of this, we have re-evaluated every investment, major asset and partnership to ensure they still meet the co-operative's needs today.

"This started with a strategic review of our relationship with Beingmate, which has been disappointing.

"The first action in this review was bringing the distribution of Annum in China back in-house under our management.

"We then ended the Darnum joint venture with Beingmate, bought back Beingmate's share of our Darnum facility in Australia, and entered into a multi-year agreement for Beingmate to purchase ingredients from us.

"What remains is our shareholding in Beingmate Baby & Child Food Co., which we now view as a financial investment only.

"We have talked to a number of parties regarding the potential sale of our entire stake in Beingmate, but so far have been unsuccessful in finding a buyer.

"As a result of this, we are now considering selling part of our holding and, as required by local listing rules, need to pre-announce our intention."

Subject to demand for the shares, under the Shenzhen Stock Exchange market rules it is only possible to sell up to 1% every 90 days directly on the exchange, or sell up to 2% in a single block every 90 days. Trades greater than 5% can be made to an individual party in an off-market transaction.

"From here, it's about making pragmatic decisions to get the best outcome for the Co-op from our holding in Beingmate," says Mr Hurrell.

"China will always be one of our most important markets. We've got a strong business there and are still very much focused on the areas in China where we can succeed."

ENDS

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