



# Market Announcement

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1 April 2021

## Fonterra completes sale of two China farms

Fonterra has today completed the sale of its two wholly owned China farming hubs in Ying and Yutian.

As announced in October 2020, the sale of the farms to Inner Mongolia Youran Dairy Co., Ltd (Youran), was subject to anti-trust clearance and other regulatory approvals in China. These approvals have now been received.

The transaction proceeds comprise the original sale price of NZD \$513 million plus NZD \$39 million in settlement adjustments, giving cash proceeds of NZD \$552 million\*.

CEO Miles Hurrell says the completion of the sale is an important milestone for Fonterra following its strategic refresh.

“Fonterra has contributed to the development of the Chinese dairy industry by establishing these farms and we’re pleased to now hand ownership over to Youran for the next phase of development.

“The China market is fast moving and inspires us to keep innovating. Our China team will now continue with their focus on creating value from our New Zealand farmers’ milk through new products, applications and close partnerships with our customers.

“As we’ve seen from our recent FY21 interim financial results, our China business is performing very well, underpinned by strong demand for New Zealand dairy driven by our team on the ground.

“With these foundations, we are well placed to continue to grow our Greater China Foodservice, Consumer and Ingredients businesses,” says Mr Hurrell.

The completion of the sale of Fonterra’s 85 per cent interest in its Hangu farm to minority shareholder Beijing Sanyuan Venture Capital Co., Ltd., as announced in October 2020, is progressing and is expected to be completed this financial year.

*\* Based on an RMB to NZX conversion rate of 4.58*

*Final transaction proceeds will be subject to customary post-completion adjustments.*

*As with previous one-off transactions, Fonterra’s FY21 announced forecast earnings range will continue to reflect only the underlying performance of the business*

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