



## Market Announcement

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13 December 2022

### Fonterra and Nestlé agree sale of DPA Brazil joint venture

Fonterra and Nestlé today agreed the sale of their Dairy Partners Americas (DPA) Brazil joint venture to French dairy company Lactalis for BRL 700m (approximately NZD \$210m subject to closing transaction adjustments). The deal is expected to be completed by mid-2023, subject to regulatory authority approvals.

Fonterra Chief Executive Miles Hurrell says the sale of DPA Brazil is aligned with the Co-op's strategy of prioritising its New Zealand milk pool. "DPA Brazil has reached maturity as an investment for us, and the sale allows us to prioritise our resources to the businesses that are core to our strategy." Mr Hurrell said that Fonterra was pleased to have secured the sale, which had been delayed due to market conditions related to COVID-19. DPA Brazil has been held for sale in Fonterra's financial statements since January 2020.

Fonterra and Nestlé created DPA in 2003 to manufacture and commercialise dairy products throughout Latin America. In 2014, the joint venture refocused its activities on Brazil and chilled dairy.

Fonterra holds a 51% stake and Nestlé 49%. DPA operates two plants and employs 1,300 people. Nestlé, Chamyto, Ninho, Chandelle, Chambinho, Neston and Molico are among the well-known brands marketed by DPA in Brazil.

The sale is subject to receipt of regulatory approvals from competition authorities. Fonterra's previously announced FY23 earnings guidance will continue to reflect the underlying performance of the DPA Brazil business during the pre-completion period. Fonterra will provide an update on the overall impact of its divestment programme as part of its FY23 financial reporting.

**ENDS**

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