

New Zealand's Fonterra and Nestlé complete sale of DPA Brazil

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New Zealand-based Fonterra Co-operative Group Ltd confirmed that the sale of Fonterra and Nestlé's Dairy Partners Americas (DPA) Brazil joint venture (JV) to French dairy company Lactalis is complete.

Miles Hurrell, Fonterra CEO says when the Co-op announced the sale in December 2022, it noted the sale was subject to regulatory approvals. These approvals have now been received.

“With our decision to focus on our New Zealand milk pool, the sale of DPA Brazil means we can prioritise our resources to the businesses that are core to our strategy,” says Hurrell.

Fonterra and Nestlé sold the JV for BRL 700 million, which is approximately NZD 240 million at current exchange rates. These proceeds offset debt related to that business, which means there will be little cash impact on Fonterra's earnings.

There is a negative foreign currency translation reserve (FCTR) balance of approximately \$70 million related to Fonterra's ownership of the DPA Brazil asset, which will be reflected as a non-cash accounting reclassification in Fonterra's profit and loss statement.

Final transaction proceeds remain subject to customary post-completion adjustments.

As with previous one-off transactions, Fonterra's FY24 announced forecast earnings range of 45-60 cents per share will continue to reflect only the underlying performance of the business.