

## Danone partners with CDI to convert stake in Chinese partner Mengniu

01 March 2021 | News

As part of its ongoing portfolio review, Danone has announced that it has reached an agreement with COFCO Dairy Investments Limited (CDI), to convert Danone's stake in China Mengniu Dairy Company Limited (Mengniu), currently held indirectly, into a direct holding. Listed on the Hong Kong Stock Exchange with a current market capitalization of approximately €18 billion, Mengniu is a leading Chinese manufacturing and distribution company of dairy products, in which Danone first became a shareholder in 2013.



### Mengniu is a leading Chinese manufacturing and distribution company of dairy products

As part of its ongoing portfolio review, Danone has announced that it has reached an agreement with COFCO Dairy Investments Limited (CDI), to convert Danone's stake in China Mengniu Dairy Company Limited (Mengniu), currently held indirectly, into a direct holding. Listed on the Hong Kong Stock Exchange with a current market capitalization of approximately €18 billion, Mengniu is a leading Chinese manufacturing and distribution company of dairy products, in which Danone first became a shareholder in 2013.

This is the first step towards facilitating Danone's disposal of its stake in Mengniu. This conversion process remains subject to regulatory approval and once completed, will result in Danone owning a direct 9.8% stake in Mengniu.

A divestiture of Danone's stake in Mengniu could then follow in 2021 through one or several transactions, depending on market conditions. Danone's indirect stake in Mengniu's share capital currently represents a book value of approximately €850 million and had in 2019 a contribution to recurring income from associates of €57 million.

Subject to completion, and in line with Danone's disciplined capital allocation, the majority of the expected proceeds will be returned to shareholders through a share buyback program.

Beyond this transaction, China remains highly strategic for Danone. The company has a strong commitment to the country through its several categories, operations and employees.