

SERBIA: M&A AND CORPORATE

Acquisition cements FrieslandCampina's position in South-East Europe, a region with circa 75 million consumers

Royal FrieslandCampina to acquire dairy companies Imlek and Mlekara Subotica in South-East Europe

FrieslandCampina and Salford Capital Partners have signed a Memorandum of Understanding regarding the acquisition of Imlek and Mlekara Subotica. This acquisition will add the activities of both companies in the Western Balkans to the FrieslandCampina network. Salford Capital Partners currently holds majority stakes in the two dairy companies of approximately 79% and 82% respectively. The companies' shares are traded on the Belgrade Stock Exchange. FrieslandCampina intends to acquire the remaining shares. This is the first substantial acquisition since the merger between Friesland Foods and Campina in 2008.

FrieslandCampina's route 2020 strategy is designed to increase worldwide its position in dairy-based beverages, infant nutrition and branded cheese and to generate maximum value for the milk produced by the cooperative's member farmers.

According to Cees 't Hart, CEO of Royal FrieslandCampina N.V.: "FrieslandCampina wants to grow in various markets and product categories. This is the first major acquisition since the merger between Friesland Foods and Campina. This acquisition strengthens our brand portfolio and our position in South Eastern Europe, one of the spearheads of our route2020 strategy."

Access to circa 75 million consumers

Imlek has activities under various brand names in Serbia, Montenegro, Bosnia and Herzegovina, and the Former Yugoslav Republic of Macedonia, while Mlekara Subotica has activities in Serbia. This, together with FrieslandCampina's current activities in Hungary, Romania and Greece, will give the group access to a total of circa 75 million consumers in the region. The combination with FrieslandCampina's existing activities in the South-East Europe region creates a strong basis for further growth.

As Slobodan Petrovic, CEO of Imlek explains, "It is a great opportunity for the region, Imlek, Subotica and FrieslandCampina. Our product portfolios fit well with FrieslandCampina's current brand portfolio. I am confident that both companies will flourish under the FrieslandCampina flag and to the benefit of their consumers."

The process

Both parties expect the deal to be completed in the next few months. In case both parties come to a final agreement, the takeover bid will be in local currency and in accordance with local legislation will be open to minority shareholders. It has been agreed not to make any further comments before the end of the negotiations.

The closing of the transaction is subject to various conditions, including completion of due diligence by the buyer, agreement on the final transaction documentation and receipt required regulatory approvals, amongst others local competition authorities. The Central Works Council of FrieslandCampina is involved.

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FrieslandCampina has been advised by Lazard and Raiffeisen Investment AG. The legal advisors were Allen & Overy and Bojovic Dasic Kojovic. BDK's advice was led by partner, Vladimir Dasic, who continues to provide FrieslandCampina with ongoing advice related to this project.

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