

Almarai announces restructuring of International Pediatric Nutrition Company, its joint venture with Mead Johnson Nutrition

Almarai first announced that it would be entering the Infant Nutrition category on March 23rd 2009 and, subsequent to that announcement, invested in the construction of a state of the art manufacturing facility.

On March 30th 2010, an announcement was made regarding the formation of a joint venture with Mead Johnson Nutrition (MJN) to commercialise infant formula products. Since that announcement, the manufacturing facility has been successfully commissioned and qualified to produce stage 1, 2 and 3 products to fulfil the needs of the targeted markets.

In accordance with the terms of the joint venture agreement with MJN, a full review was scheduled for the third anniversary of the formation of the joint venture company, International Pediatric Nutrition Company (IPNC).

Almarai announces, that following that review it has been agreed on December 5th 2013, that it is in the best interests of both parties to restructure the relationship. As a result of the restructuring, the partners will enter into agreements covering, among other things, the continued use of trademarks and on going technical support. It has also been agreed that Almarai will acquire the shares held by Mead Johnson in IPNC. The agreed value for this transaction is USD4 million (SAR 15 million). It will be financed from operational cash flows.

In accordance with financial reporting standards, this transaction will result in IPNC being fully consolidated in Almarai's financial statements, as opposed to being equity accounted, which has been followed to date. Once the requisite regulatory approvals have been received, the consolidation will be reflected in Almarai's financial statements and there will be no material effect on Almarai's financial situation.

Completion of the share purchase by Almarai will be subject to obtaining the requisite regulatory approvals.