



Investor announcement

Proposed merger between EGM Walhorn and Arla Foods amba

Dairy cooperatives Eupener Genossenschaftsmolkerei Walhorn (EGM Walhorn) and Arla Foods amba have today announced their intention to merge. The Boards of Directors have circulated a proposal to their members and the boards of representatives of both companies are expected to vote on the proposal in mid May.

Both dairy cooperatives are owned by farmers across different countries. Arla Foods amba has approximately 12,600 cooperative farmer members in Sweden, Denmark, Germany, Belgium, Luxembourg and the UK. The approximately 800 members of EGM Walhorn are located in Belgium, Germany, and the Netherlands. The dairy operations belonging to the EGM produce a total of around 550 million kilograms of milk per year.

Opportunity to grow milk pool

Arla is the world's sixth largest dairy company and has ambitious growth plans, both within the EU and in strategic growth markets outside of the EU. In 2013 Arla processed a total of 12.7 billion kilos of milk.

"This proposed merger will allow Arla to pursue its growth plans together with EGM Walhorn. We are confident that EGM Walhorn is the right business with which to deliver our plans. The Walhorn production site complements our production sites in Pronsfeld, in Germany, and Nijkerk, in the Netherlands. In addition, EGM Walhorn would provide us with an opportunity to grow our milk pool across Europe and strengthen our position. This merger is an important step towards achieving our strategic ambitions, which are focused on growth," explains Åke Hantoft, Chairman of Arla Foods.

Unlimited milk purchase guarantee for EGM Walhorn members

The merger with Arla would result in EGM Walhorn members being given an unlimited milk purchase guarantee at a price calculated on the same basis as all other Arla members.

"For our cooperative, the proposed merger offers clear prospects of secure growth and greater profitability," says Mathieu Dobbstein, Chairman of the Supervisory Board at EGM Walhorn. "In Arla, we would have a strong partner, strengthening our cooperative orientation and offering farmers a secure basis for future development."

The merger proposal would see EGM Walhorn retain its cooperative status while joining forces with Arla Foods amba, and would allow the business to continue its familiar cooperative traditions. The individual EGM Walhorn members remain members of the cooperative – and their democratic rights are unchanged. In addition, EGM Walhorn would also have its own representatives on the Board of Directors and on the Board of Representatives in Arla Foods amba.

Completion sought for July 2014, subject to approval

The Board of Representatives of EGM Walhorn and Arla Foods amba are scheduled to vote on the proposed merger in separate meetings on May 13th-14th. For the merger to complete, approval by at least 75 per cent of the representatives in each of the two cooperatives is required, and the articles of association will be amended accordingly. Subject to member approval and approval of the competition authorities, the merger is set to complete at the end of July 2014.



Aarhus, Denmark
March 31, 2014

About Arla Foods

Arla Foods is a global dairy cooperative, owned by over 12,600 farmers in Sweden, Denmark, Germany, the UK, Belgium and Luxembourg. Arla products are marketed in over 100 countries, under familiar brand names such as Arla[®], Lurpak[®] and Castello[®]. Arla operates production sites in eleven countries, and has sales branches in a total of 34 countries. Arla is also the world's biggest producer of organic dairy products. Germany ranks amongst the company's six core markets. Following the merger with Milch-Union Hocheifel eG at the end of 2012, Arla Foods is the third-biggest dairy company in Germany.

For more information, visit www.arla.com

About Eupener Genossenschaftsmolkerei Walhorn (EGM Walhorn)

EGM Walhorn was founded in 1933 and has its head office in Walhorn, near Eupen in Belgium, and is owned by around 800 farmers from Belgium, Germany and the Netherlands. The dairy operations belonging to the EGM produce a total of around 550 million kilograms of milk per year. In 2013 the company's revenue was 239 million Euro. The milk is processed and marketed by Walhorn AG, a joint venture with the French Lactalis Group. Walhorn AG includes the dairy located in the Belgian town of Walhorn.