

Media Release
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Brownes accelerates growth with new owner

Brownes Dairy will move forward with plans to advance growth domestically and pursue greater export opportunities after today announcing its acquisition by Australia Zhiran Co. Pty Ltd from funds managed by Archer Capital Pty Ltd. Australia Zhiran Co. Pty Ltd is backed by a Consortium of Chinese investors including investment firm Changchun Lianxin Investment Consulting Company and experienced dairy operator Shanghai Ground Food Tech Co., Ltd.

The deal will see Brownes remain an integral part of the WA dairy industry for generations to come, while creating access to emerging overseas markets and the potential for new product development.

The Consortium was highly attracted to the Brownes Dairy business and operations, its heritage and long history, and the possibilities Brownes offers to grow the Western Australian dairy industry given its strong geographic location on the door step to Asia. The Consortium expects Brownes to remain the premier supplier of quality dairy to WA customers and looks forward to continuing to service the domestic WA market.

Changchun Lianxin Investment Consulting Company is a private investment vehicle incorporated in the PRC. Shanghai Ground Food Tech Co., Ltd is an established dairy company publicly listed on the Shanghai Stock Exchange. It conducts dairy operations in the PRC focusing on liquid milk and cheese products with four dairy processing factories, and is also one of the country's largest cheese manufacturers.

Under the terms of sale, Brownes will retain its current management, including Managing Director Tony Girgis whose decision to lead the business going forward was important to both parties.

Mr Girgis said today's announcement was a defining moment for the future of WA's oldest dairy as it looked to continue producing some of the highest quality dairy products anywhere in the world.

"As it has done for 130 years, Brownes will remain an important part of the WA community and continue to contribute to the sustainability of the local dairy industry," Mr Girgis said.

"This deal is a significant step in positioning Brownes for growth well into the future and we are excited at the opportunities offered to the business, our suppliers, employees and consumers."

Jeffrey Lim, Partner of Archer Capital, said a deal was able to be reached largely due to Brownes' strong market position in WA, its brand recognition, and reputation for producing the highest quality, locally-sourced dairy products.

"Integral to the final outcome was finding a buyer with proven industry experience and a record of operating and growing similar businesses," Mr Lim said.

"We believe we have found that buyer and look forward to Brownes taking full advantage of the opportunities ahead."

Mr Girgis said the deal would pave the way for Brownes to develop new product lines and access emerging export markets, particularly in Asia.

"Not only will we seek to expand into new products such as cheese, but we will also be better positioned to take advantage of export opportunities and promote the WA dairy industry to a much wider audience," he said.

"Day-to-day there will be no disruption to our employees and suppliers and we expect to be able to make more positive announcements in the near future. Furthermore, the decision to retain Brownes' management provides ongoing structural certainty and is a vote of confidence in the business's current position and its future direction."

Archer Capital was advised by Moelis Australia, Herbert Smith Freehills and PWC. The Chinese consortium was advised by Investec, Clifford Chance and Deloitte. The transaction is unconditional and is expected to complete in the coming weeks.

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