

EAC Foods reinforces growth platform with acquisition of leading sausage and meat producer and new distribution centre

- The acquisition of the Venezuelan premium brand sausage and meat producer Montserratina paves the way for EAC Foods into new and complementary product segments.
- This adds important new production capacity and poses ample opportunity for growth and expansion by leveraging competencies and exploiting synergies.
- EAC Foods acquires all shares in Montserratina adding annual revenue of around USD 30m after historical accounting policies with an EBITDA-margin around 9 per cent.
- The opening of a new distribution centre increases the competitive advantage and provides a strong platform for further growth and development for EAC Foods.

Today, EAC Foods completed the acquisition of Montserratina, a leading producer in Venezuela of processed, cured meats and fresh sausages. The acquisition initially adds around USD 30m in revenue after historical accounting policies with an EBITDA-margin around 9 per cent.

In addition, in February EAC Foods has commenced operations at its new national distribution centre in Venezuela which constitutes an investment of USD 38m and is financed locally. The centre significantly increases EAC Foods' total capacity to store chilled and frozen products as well as its flexibility to handle more types of products. Both investments are in line with EAC's ambitious growth strategy for EAC Foods and will serve to further strengthen the EAC Foods' market position.

The acquisition of Montserratina

Montserratina is a successful, family-owned business with a well-known premium brand and an excellent product quality image based on typical Spanish artisan processed meat products. Today, the bulk of the product portfolio is focused within fresh sausages, BBQ and cured products, which is complementary to EAC Foods' portfolio.

Montserratina's production facilities are modern and have considerable excess capacity. The acquisition represents an opportunity for EAC Foods to expand its range of branded products and enter into new and attractive product segments

while leveraging EAC Foods excellence in business processes and administration as well as significant marketing, sales and distribution force.

Inauguration of a new national distribution centre

In February, EAC Foods opened its new national distribution centre in Cagua. With its capacity to store 11,600 pallets of 1,000 kilos at different cooling and freezing temperatures, this 12,000 square meters centre allows for a much more efficient management of products to better meet market demand.

In addition to the current refrigerated and non-refrigerated products, the new distribution centre strengthens EAC Foods' frozen operations, allowing for existing brands to enter into new market segments. Together with EAC Foods' refrigerated fleet of trucks, the centre enables a more efficient management of EAC Foods' nationwide inventories offering unique services to the market for frozen products that no other company in Venezuela can provide.

The design of the centre incorporates state-of-the-art safety, health and environmental installations, which helps ensure safe working conditions and a high degree of production stability.

Management comments

Niels Henrik Jensen, EAC President & CEO:

"The acquisition of Montserratina is in itself a relatively small transaction for EAC, but together with the opening of the new national distribution centre, it constitutes an important step for our business in Venezuela that will assist us in expanding capacity in addition to our existing plant."

"Furthermore, these investments are locally financed and in line with our strategy for EAC Foods, which is to continue to make active use of our cash flows as the best way to safeguard assets against inflation and continue value creation to the benefit of our shareholders."

Further information

Niels Henrik Jensen, President & CEO

+45 3525 4300

nhj@eac.dk