

Nestlé agrees to sell Yinlu peanut milk and canned rice porridge businesses to Food Wise Co., Ltd.



PUBLISHED NOV 25, 2020
BY NESTLÉ

Nestlé today announced that it has agreed to sell its Yinlu peanut milk and canned rice porridge businesses in China to Food Wise Co., Ltd. The deal covers all of Yinlu's operations, including its five factories in Fujian, Anhui, Hubei, Shandong and Sichuan. Yinlu brands had sales of CHF 700 million in 2019. Both parties have agreed not to disclose the financial terms of the transaction.

Food Wise Co., Ltd., a company controlled by the family of Yinlu founder Chen Qingshui, is well-positioned to enable a smooth transition and ensure the long-term success of that business.

The transaction allows Nestlé to focus on key categories in China: infant nutrition, confectionery, coffee, culinary, dairy and petcare, capitalizing on the company's strong brands, digital capabilities and innovation engine to drive growth.

As part of the transaction, Nestlé will retain its ready-to-drink (RTD) Nescafé coffee business and distribute the products across most of the Greater China Region. Nescafé is a strategic growth driver for Nestlé, and the company continues to invest to further strengthen the brand across all channels in the market. The entire Nescafé business in China will be managed by one team, using synergies and strengthening capabilities that will help drive further growth in the business.

Yinlu will continue to manufacture the Nescafé RTD products for Nestlé and will distribute the products in several provinces. Yinlu will continue to manufacture and sell Nestea products under license from Nestlé.

Nestlé is fully committed to the Greater China Region, which offers significant growth opportunities. The Greater China Region is the second largest Nestlé market globally with sales of nearly CHF 7

billion in 2019. Nestlé has invested about CHF 800 million there during the last five years.

The transaction is expected to close by the end of this year.

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Press release distributed by Wire Association on behalf of Nestlé, on Nov 25, 2020. For more information subscribe and [follow](#) us.

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