

# EFOODS | RFC

## 1. Why FrieslandCampina? Why 51% and why now?

Engro Foods is our most daring investment made to date, and one we are most proud of. It is Engro's first consumer facing company, it is the "Pakistani MNC", it is a company that has changed the lives of 30,000 farmers and elevated the delights of 11 million customers.

We love Engro foods not only for what it does but more so for what it represents - affordable nutrition made widely available in Pakistan. While Engro Foods has delivered commercial and financial success, we believe the war against adulteration and malnutrition is far from over. We also believe that this is a war we must win within the next 10 years in order to ensure a healthy Pakistan.

FrieslandCampina is a dairy cooperative owned by 19,000 farmers. It has a global presence and a state of the art Research and Development facility. FrieslandCampina has a track record of solving the nutrition challenge in frontier markets ([www.frieslandcampina.com](http://www.frieslandcampina.com)) and partnering with management teams across the world (<http://www.alaskamilk.com>). Engro and FrieslandCampina have discussed avenues of collaboration to varying degrees in the last few years. During this period we have grown to understand one another and more importantly trust one another.

At its core the Engro family is a meritocracy and believes in the best owner principle. We have debated at length with our friends at FrieslandCampina on which entity will be best positioned to solve the nutrition challenge in Pakistan and we concluded that it will surely be a team effort. However, there has to be one captain of the ship who is firmly in charge. We cannot think of a better organisation to steer the ship than FrieslandCampina, thus it is a matter of great privilege that the 5th largest dairy company in the world understands our culture and is willing to be our thought partner.

We believe the dairy industry in Pakistan is at a tipping point. We believe there will be a mass conversation from loose to packaged milk. During this critical period we the owners of Engro Foods want to be armed with the best capability to fight against adulteration and malnutrition.

We are hopeful that the due diligence process will result in a fruition. However, we do recognise that majority of transactions fail during the due diligence process. We believe our case is different because of our cultural compatibility.

Irrespective of the outcome of this due diligence, Engro Corporation and Engro Foods remain committed to win the war against adulteration and malnutrition in Pakistan and will do whatever it takes to get safe and nutritious products to the very last child.

## 2. What does Ecorp plan to do with this money?

Currently, the first priority is to work towards a successful culmination of an announced intent into a strategic partnership. If this concludes favorably, any capital allocation decision will be in line with Engro's strategy and aimed at creating sustainable long-term shareholder value.

## 3. What is the expected timeline for the deal?

The potential transaction is still in a nascent stage and if successful, the deal will take at about 6 months to complete. Currently, the due diligence process by RFC is underway for the next couple

of months, after which if the matters progress favorably, there will be a Mandatory Tender Offer (MTO) to the other shareholders for 50% of outstanding shares in the public.

**4. What is the expected price of the deal?**

The price will be disclosed to the Exchange at the appropriate time. Furthermore, the final price is subject to certain adjustments, so it would be premature to comment.

**5. Who is the advisor for Efoods for this transaction?**

Our co-advisors on the deal are Evercore and RJ Flemings, UK

**6. Will the Company continue to be listed on stock exchange?**

The matter of delisting has not been discussed with RFC, so yes, it will continue to be listed.

**7. Do we expect any change in top management / board?**

It is premature to comment on this. We need to wait for the deal to be finalized.

**8. What are the expected changes in Efoods current portfolio / long term strategy? Will the current business segments, ice cream and Farm continue?**

As of now, we understand that the current operations will continue as is. In addition, we see this as an opportunity to diversify our product portfolio enabling the Pakistani consumers to have access to a wider range of value added nutritious products.

**9. What will happen to the “Engro Foods” brand?**

No change is being envisaged at this point

**10. What’s in it for employees, customers, and other stakeholders?**

We believe that a potential partnership will be a win-win for all stakeholders. Our employees will gain access to RFC’s deep knowledge of value-added dairy products, while our customers will continue to enjoy our current products and will have more choices as we expand our product portfolio. The fact that RFC is a co-operative which is farmer held is a great source of comfort because it will allow us to work with our value chains to bring about improvements and efficiencies for the benefit of all our stakeholders.

**11. What is the product range of RFC?**

RFC produces and sells consumer dairy and juice products. Details are available on its website ([www.freislandcampina.com](http://www.freislandcampina.com))

**12. When can we expect innovative new products? Will the product portfolio expand and to what extent? What is the expected timeline for the launch of powders?**

Our plan is to develop a diversified product portfolio and expand our existing one; bringing in newer products in the Pakistani market. If a deal is consummated, both RFC and Engro teams will firm up a joint strategy for the Company, which is likely to leverage both parties’ competitive advantages and product portfolios.