

## Bright Food highest bidder for Yoplait stake

By Louise Lucas in London

Published: March 1 2011 20:06 | Last updated: March 1 2011 20:06

Bright Food of China has emerged as the highest bidder for the 50 per cent stake in Yoplait, the global yoghurt brand that has been put up for sale by its private equity owner, according to people familiar with the deal.

General Mills, the US food group that owns the Yoplait licence in the US, is also in the running, as is Nestlé of Switzerland.

The Yoplait brand, the world's second-biggest yoghurt brand by sales, is jointly owned by PAI, which is selling its 50 per cent stake, and Sodiaal, the French farmers' co-operative.

However, they say that the complexities of the sale mean the winner will have to show more than just cash.

The structure of the company, along with the interest of the French government, which is keeping an eye on proceedings, means different interests are at play over the choice of buyer.

While PAI's aim is to maximise value for its shareholders, the farmers are more interested in a partner they can work with.

The French government, having once labelled yoghurt a strategic asset when there was speculation in the media that PepsiCo of the US was eyeing Danone, has said its state-backed fund could come in as a shareholder.

But Yoplait's owners are understood to prefer an international company that would be able to help the brand develop in emerging markets.

Late last year the joint owners of Yoplait rejected a €1.4bn (\$1.8bn) takeover bid for the whole of Yoplait from French private dairy company Lactalis, saying it was too low.

Bright Food's high bid might reflect the hurdles it is up against, bankers said. It is neither French nor international.

The Chinese dairy company has lost a degree of credibility by balking at deals at the last minute: it has abruptly walked away from United Biscuits, of the UK, and GNC, the US vitamin retail chain.

"Bright wants to move up the value added curve and thinks this is a legitimate brand to do it with," said one person familiar with the group.

"Dairy is the highest priority . . . It is more about what international assets make sense to leverage their prospects in the Chinese market."

General Mills is eager to protect its franchise, currently the subject of legal proceedings, which further muddies the waters.

The brand also has attractions for Nestlé. Analysts noted the Swiss foods group had over the years moved out of basic dairy products, selling fresh milk activities, divesting many powdered milk operations and putting its remaining fresh dairy business into a joint venture with France's Lactalis.

*James Amoroso, an independent industry analyst said: "But fresh dairy has always been a special category for Peter Brabeck [Nestlé's chairman]. It's still very strategic for him."*

Nestlé and General Mills declined to comment.

Additional reporting by Haig Simonian in Zurich

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