

Clover to end Danone SA service deals

Clover will not be renewing a number of the supply and service agreements currently in place between Clover and Danone Southern Africa under the current terms and conditions after the majority of the contracts ends in December 2014, the company announced Wednesday, 18 September 2013.



Clover currently provides a range of services for Danone SA relating to yoghurt and other fermented products, including raw milk and other raw material procurement, manufacturing and packaging of custard, sales and merchandising services as well as distribution and certain IT services.

The company is of the view that the decision not to extend the contracts in its current form is unlikely to have a materially negative impact on Clover's earnings potential in the medium to long-term as Clover will be freed from certain legacy restrictions which came about due to historical reasons which will enable Clover to pursue opportunities, including new products development, as well as further principal distribution prospects.

"The relatively long lead-time to the end of our contractual agreement with Danone SA will enable a smooth transition for both parties and allow Clover to make several strategic investment decisions," said Johann Vorster, Clover's chief executive.

"Going forward, Clover will be able to pursue certain attractive high-growth product categories, backed by our brand power and ability to achieve a strong market position."