



## **Orkla Foods strengthens its presence in India with the acquisition of Eastern Condiments**

**4<sup>th</sup> September, 2020 Bangalore** Orkla has entered into an agreement to acquire 67.8 per cent of the shares in Eastern Condiments Private Limited (“Eastern”). With this move, Orkla will double its sales in India.

Orkla already holds a strong position in the Indian branded food market with the well-known MTR brand which has grown its sales five-fold since it was acquired by Orkla in 2007. For the last 12 months ending 30 June 2020, MTR had a turnover of INR 9.2 billion (approx. NOK 1.1 billion). With the transaction announced today, Orkla will grow its position as one of the leading branded food players in India and have a platform for further growth in the spice category and in adjacent categories

Today, Orkla, through its wholly owned subsidiary MTR Foods Private Limited (“MTR”), has signed agreements to purchase a 41.8 per cent ownership stake in Eastern from members of the Meeran family and to acquire the entire ownership stake held by McCormick Ingredients SE Asia PTE. Ltd (“McCormick”), which will give Orkla a 67.8 per cent ownership stake after completion of the transactions. Eastern is currently owned by the Meeran family (74 per cent) and McCormick (26 per cent).

Following completion of these transactions, a merger application will be filed with the intention of merging Eastern into Orkla’s wholly owned subsidiary MTR. The merged company will be jointly owned by Orkla and the two brothers Firoz and Navas Meeran, with an ownership stake of 90.01 per cent and 9.99 per cent respectively.

The merger will result in the union of two iconic Indian brands. The merged business will create a solid base for future growth in the Indian branded food market, driven by the positions of Eastern and MTR in spices and packaged food categories. With this transaction Orkla will establish a platform for further growth in India in several categories.

The parties have agreed on a purchase price that values Eastern (100 per cent) at INR 20 billion (approx. NOK 2.4 billion) on a debt and cash free basis. The acquirer is Orkla’s wholly owned subsidiary MTR Foods Private Limited.

*“This announcement marks a significant step for Orkla towards delivering on its strategy to strengthen our footprint in our core geographies. By joining forces, Eastern and MTR will create a solid platform in the fast-growing Indian market, based on strong local brands. MTR has been a great success story for Orkla. Now we look forward to continuing the journey with the Meeran brothers as partners”,* says Orkla President & CEO Jaan Ivar Semlitsch.

*“We are entering into this partnership at a special point in time for Orkla and for the rest of society. During the ongoing coronavirus crisis, our priorities have naturally revolved around taking care of our employees, preventing the spread of infection and supplying the food, cleaning products and hygiene articles that people need. At the same time, we have also been committed to positioning Orkla for the longer term. I have strong confidence in the long-term strength and resilience of the*



*Eastern and MTR brands. Spices are an essential part of any Indian household, and I even believe we will emerge strengthened from this crisis,” adds Jaan Ivar Semlitsch.*

*“Eastern and MTR have a strong combined portfolio of complementary products, an attractive geographical presence and good export potential. The Indian branded food and spice markets are growing by double digits, and we see positive long-term demand dynamics with increasing purchasing power and more urban lifestyles. We are looking forward to this new partnership. This will definitely strengthen Orkla’s position in India,” says Sanjay Sharma, CEO of MTR.*

*“Orkla is known for its strong, local brands and holds leadership positions across multiple FMCG categories in several markets. Orkla has a solid track record of building leading food brands based on a strong organisational culture and company values. Together with MTR, and as part of Orkla, we will have a stronger platform for our successful operations,” says Navas Meeran, Chairman of Eastern.*

Eastern offers a mix of non-vegetarian and vegetarian food products largely in the categories of blended and single spices. MTR has, and will continue to have, a purely vegetarian product range in spices and packaged foods. Together, the companies will have an even stronger offering to the Indian consumer.

Eastern has seven production facilities in four different states in India and employs around 2,955 people. Its headquarters are located in Edapally, Kochi.

Eastern was established in 1983 by Mr. M. E. Meeran. For the last 12 months ending 30 June 2020, the company had a turnover of INR 9.0 billion (approx. NOK 1.1 billion), and normalized EBITDA of INR 1.1 billion (approx. NOK 129 million). The company’s turnover has grown by close to 8 per cent annually in the period 2014-2020 (CAGR, financial years to end March). About half of the company’s turnover is generated in Kerala, with the remaining revenue stemming equally from across India and exports.

MTR was established in 1924 and has been a part of Orkla since 2007. Since being acquired by Orkla, MTR has been recognised for its excellence in brand management, capable and stable management, a solid financial position, and world class standards in food safety, EHS and productivity enhancements. In addition to having seen strong domestic growth, its presence has been expanded to 32 countries around the world, with North America, Australia and New Zealand being the major markets. MTR, which has a total workforce of 1,018 employees, has two production facilities which are located in Bangalore, Karnataka and Pune, Maharashtra. Its headquarters are located in Bangalore.

The agreement to acquire a majority stake in Eastern is subject to the approval of the Competition Commission of India. The subsequent merger process is expected to take approximately 15 months after completion of the acquisition.

The agreement with the Meeran brothers includes a long-term mechanism for Orkla to obtain full ownership of the joint entity.

*Orkla is a leading supplier of branded consumer goods and concept solutions to the consumer, out-of-home and bakery markets in the Nordics, Baltics and selected markets in Central Europe and India.*



Orkla is listed on the Oslo Stock Exchange and its headquarters is in Oslo. In 2019, the Group had a turnover of NOK 43.6 billion, and approximately 18,350 employees as of 31 December 2019.

### **About MTR Foods Private Ltd.:**

With a 90-year-old history of serving authentic Indian Food to Indians, MTR Foods stands tall as an Indian heritage brand. A popular household name today, MTR Foods is synonymous with delicious Indian food in an easy-to-use packaged format.

With a diverse portfolio including breakfast, lunch and dinner, snacks and desserts that cover every meal occasion, MTR Foods unifies India tastefully - making the homemaker the 'hero'. Blending authentic Indian flavours in modern formats, MTR Foods keeps abreast with the evolving tastes of India. Culinary secrets that have been protected and handed down over the generations are evolved into truly authentic recipes from their region of origin and packaged in innovative and convenient formats.

The journey to being India's premier, processed food company has been marked by a constant focus on innovation and the adoption of new technology. However, every MTR Foods product always embodies the tradition of unmatched taste and quality. The MTR Foods of today is your friend in the kitchen and promises to help you serve the authentic taste of India to your family.

MTR Foods adheres to the most stringent quality standards, from sourcing ingredients to processing and packing. We are ISO 22000 and HACCP certified.

MTR Foods Pvt. Ltd. is a subsidiary of Norwegian conglomerate Orkla ([www.orkla.com](http://www.orkla.com)). For more information please visit [www.MTRfoods.com](http://www.MTRfoods.com).

### **About Eastern Group:**

Eastern was set up over 40 years ago as a trading company. Over the years the group has grown leaps and bounds and today employs over 3500 people and has a turnover of over INR 1000 crores. The flagship company of the group, Eastern Condiments is primarily involved in the manufacture and marketing of ready-to-use spices, masala blends, rice powders, coffee, tea, pickles etc.,

Eastern is managed by a team of professionals led by its Chairman, Mr. Navas Meeran and Managing Director, Mr. Firoz Meeran. Through their leadership, the condiments business of Eastern has gained global presence, and its growth in the international market continues to soar. Eastern has carved a niche for itself in the GCC market, where it remains very popular with the Indian and local community. Other than the Middle East, the company also exports its products to US, UK, Canada, Europe, Singapore, Malaysia, Maldives, Yemen, Australia etc., Eastern Condiments has been awarded as India's largest spice exporter by the Spices Board of India for the last 20 years in a row.

Besides Eastern Condiments, the group has varied business interests in Tread Rubber, Garments, Rubberized Coir Mattress, Education, Construction, Hospitality, IT etc.

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