

PepsiCo Swaps China Bottling Ops For Tingyi

Manufacturing.net

SHANGHAI (AP) -- PepsiCo Inc. has agreed to swap its holdings in its mainland China bottling operations for a stake in the beverage business of Tingyi Holding Corp., aiming to beef up its distribution in the fast-growing Chinese market.

PepsiCo said Friday that it will transfer its interests in its bottling operations in China to Tingyi-Asahi Beverages Holding Co., acquiring in return a 5 percent indirect stake in Tingyi's drinks subsidiary. PepsiCo will have the option to increase that stake to 20 percent by 2015.

Taiwan-based Tingyi, with a market capitalization of \$16 billion, is one of China's leading noodle, baked goods and beverages makers.

Both companies said the deal would boost Tingyi's product offerings while allowing Purchase, New York-based PepsiCo to improve its distribution and bottling as it seeks an edge in its eternal rivalry with Coca-Cola Co.

Last year, Pepsi announced it would invest \$2.5 billion in its China business over the next few years, on top of a \$1 billion investment announced in 2008.

"Tingyi and PepsiCo will continue building up the capacity to seize market opportunities and satisfy consumers' diversified demands with world-class products," Tingyi's chairman and CEO, tycoon Wei Ing-Chou, said in a statement.

PepsiCo chairman and CEO Indra K. Nooyi cited Tingyi's local partnerships and distribution as key advantages of the companies' strategic alliance.

PepsiCo operates its China beverage business through 24 wholly-owned and joint venture bottling operations. Subject to necessary approvals, it will transfer its holdings to Tingyi-Asahi, which will work with PepsiCo's current bottlers to make, sell and distribute its soft drink and Gatorade brands, the companies said.

Tingyi-Asahi will also be able to sell its products using PepsiCo's Tropicana brand name under license and hold the sole right to distribute PepsiCo's products in China.

The Taiwanese company also will gain access to PepsiCo's product development plans.

The tie-up with Tingyi will not affect PepsiCo's separate food business in China, which includes brands such as Quaker and Frito-Lay, the companies said.

[SOURCE](#) [1]

PepsiCo Swaps China Bottling Ops For Tingyi

Published on Chem.Info (<http://www.chem.info>)

Source URL (retrieved on 12/06/2013 - 6:41pm):

<http://www.chem.info/news/2011/11/pepsico-swaps-china-bottling-ops-tingyi>

Links:

[1] <http://www.manufacturing.net/News/2011/11/Food-Beverage-PepsiCo-Swaps-China-Bottling-Ops-For-Tingyi/>