EAC

Shareholders' Secretariat

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26.02.2014

EAC divests Plumrose and revises outlook for 2013 – Announcement no. 1/2014

- EAC divests Plumrose for a total consideration of approx. DKK 390m
- Due to the requirement under IFRS accounting standards to use the official VEF/USD exchange rate, the transaction entails a significant accounting loss. However, when measured at the parallel market VEF/USD exchange rate, the price represents a gain over book value.
- EAC's Board of Directors considers the price attractive and intends to distribute DKK 200m to EAC's shareholders as an interim dividend (DKK 16 per share) once the consideration has been received in full.
- As a consequence of the transaction, the investment in Plumrose will be written down to the net selling price and presented as discontinued operations in the consolidated financial statements for 2013. Accordingly, EAC revises its outlook for 2013 to Group revenue of DKK 2,355m and an EBITDA of DKK 68m from continuing operations.
- After a year with large strategic investments and transformation of its business model, the Santa Fe Group is ready for a new phase and is expected to generate significantly improved results in 2014.

Today EAC has entered into an agreement to divest its wholly-owned Venezuelan food business Plumrose Latinoamericana C.A. ("Plumrose"), including all assets and liabilities. The agreement with the buyer, the Danish company, Latam Foods Holding ApS is final, and the first instalment of the purchase price of approx. DKK 55 mio. has been received today, while the remainder is due at final closing ("closing") and no later than 11 April 2014.

The sales price of approx. DKK 390m results in proceeds to EAC Parent Company of approx. DKK 360m after costs related to the sales process. EAC's Board of Directors intends to distribute DKK 200m as an interim dividend corresponding to DKK 16 per share, which will be paid when the purchase price has been received in full. The remaining proceeds will strengthen EAC's working capital.

According to the agreement EAC provides customary seller guarantees, which are limited to approx. DKK 27m over 12 months.

EAC's Board of Directors initiate last year a process with the purpose of considering the possibility of divesting Plumrose. The process has now been concluded with a sale at the highest obtainable price. The Board of Directors' decision to divest Plumrose has predominantly been based on the following:

- With one exception, Plumrose has not been able to transfer dividends to EAC since 2007 and royalties since 2009. The Board of Directors sees no prospects for a change in this situation.
- The devaluations of the Bolivar (VEF) have significantly eroded EAC's values. The 46.5 per cent devaluation in February 2013 to VEF/USD 6.30 led to a DKK 640m write-down of Plumrose's book value and caused a one-off foreign exchange loss of DKK 155m. The most recent devaluation in February 2014 leading to a floating exchange rate of currently VEF/USD 11.36 would require a further significant write-down.
- According to the IFRS accounting standards, EAC is required to adjust for hyperinflation in Venezuela and subsequently present the values in Plumrose based on the official VEF/USD exchange rate. The EAC Group thus records an increase in revenue, assets, equity, etc., with no foundation in the real underlying economic development in Plumrose.

"Plumrose is a strong and well-managed business, but EAC has in reality been deadlocked due to the difficult circumstances in Venezuela. With the sale we are released from this deadlock and exchange an illiquid and risky asset with approx. DKK 400m. We therefore consider the divestment the best option for our shareholders," the Chairman of the Board of Directors Henning Kruse Petersen said.

The divestment entails a simplification of EAC's Group structure, reporting and workflows, which is expected to lead to significant cost savings from 2014.

Accounting effect of the divestment
Plumrose's sales price significantly exceeds the implicit valuation of the company in EAC's share price. However, according to the IFRS accounting standards used for EAC's activities in Venezuela, the divestment entails a net accounting loss of approx. DKK 900m calculated at closing at the official exchange rate. The loss has no cash-flow impact.

EAC is required to calculate Plumrose's book value based on the official VEF/USD exchange rate of 6.30. If calculated at the parallel market exchange rate in Venezuela the sales price will significantly exceed Plumrose's book value. Under the circumstances the Board of Directors considers the sales price attractive.

Following the write-down of Plumrose's book value as of 31 December 2013 to the agreed net selling price and presentation of Plumrose as discontinued operations, the EAC Group's latest outlook for 2013 is updated as follows: Revenue of DKK 2,355m and EBITDA of DKK 68m from continuing operations.

The Santa Fe Group

DKKm	2013*	2012
Revenue	2,355	2,542
EBITDA	103	138
EBITDA margin (%)	4.4	5.4
Impairment of goodwill	-200	0
Operating profit (EBIT)	-140	95
Operating margin (%)	-5.9	3.7
Total assets	1,904	2,209
Working capital employed	93	86
Invested capital	1,060	1,322
Net interest bearing debt, year-end	221	285
Return on invested capital in % p.a.	8.6	10.9
Cash flow from operating activities	25	47
Cash flow from investing activities	-54	-78

*Unaudited

Following significant investments in building an effective international sales and service infrastructure, the Santa Fe Group is now ready for the next phase towards attractive value creation to the benefit of EAC's shareholders. With 56 own offices on six continents, the Santa Fe Group has become one of the world's leading suppliers of services for relocating employees in international corporations and organisations. The Group provides a wide range of services covering the entire relocation process from the physical moving of the employee's home to a comprehensive range of value added services to secure a successful transition for both the employee and the employer.

The Santa Fe Group also provides Records Management Services across Asia and in two European countries specialising in managing and storing corporate customers' physical and electronic records.

In 2013, the Santa Fe Group recorded revenue of DKK 2,355m, while EBITDA came to DKK 103m. The financial results are unsatisfactory, but the underlying progress with strategic initiatives and investments has paved the way for significantly improved results in 2014. Highlights from 2013 were, among others:

- A number of multinational groups chose the Santa Fe Group to provide relocation services for their employees. The new major contracts won by the Santa Fe Group cover up to 100 countries and during 2013 the Santa Fe Group has prepared the necessary infrastructure and service organisation to operate these contracts, which are expected to deliver full financial effect from 2014.
- Sales of high-margin services increased significantly in Europe and continued to increase in Asia.
- A new Direct Consumer Business for people who move internationally without support from an employer recorded growth in Europe, the Middle East, Asia and America.
- The significant strategic investments in strengthening the Santa Fe Group's ability to take important new market shares in the global mobility market impeded earnings short-term, but will be key to future growth and value creation.

The 2013 financial results were offset by a severe drop in demand for long-distance removals in Australia, lower activity in moving services in Asia and Europe as well as fewer assignments from other suppliers of relocation services as they now consider the Santa Fe Group a competitor. Based on the marked deterioration of the domestic market in Australia, the book value of goodwill related to the Australian business Wridgways has been written down by DKK 200m in 2013. The acquisition of Wridgways was one of several steps in the strategic transformation of Santa Fe Group from an Asian sub-contractor to a global group with direct customer contact. Despite the unexpected end to the mining boom in Australia and consequent recession, the strategy has been a success and in 2013, 82 per cent of the Santa Fe Group's revenue derived from direct customers. In 2010, the corresponding share was only 15% while the remainder derived from predominantly US based relocation companies.

Outlook 2014

In 2014, the Santa Fe group is expected to improve its results significantly as the major new contracts will begin to generate more business. Revenue is expected to be in the range of DKK 2.355-2.550m, primarily driven by increased business from existing customers. EBITDA is expected to be in the range of DKK 135-155m driven by increased sales of high-margin services in Europe and the Middle East combined with lower cost ratio.

EAC will present a complete Group outlook for 2014 in the annual report for 2013 on 5 March 2014. It is emphasized that Plumrose will have no effect on EAC's continuing operations in 2014.

Additional information:

Chairman of the Board of Directors Henning Kruse Petersen and President & CEO Niels Henrik Jensen will be available for comments and answer questions today between 16:00 and 18:00 hours (CET) at tel. +45 3525 4300.

Yours sincerely,

The East Asiatic Company Ltd. A/S

For additional information:

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