

Tiger Brands extends operations at Ashton fruit factory for another season

South Africa's largest food producer Tiger Brands has announced that it will extend operations at its deciduous fruit business Langeberg & Ashton Foods (L&AF) for a further season, retaining jobs while it holds discussions with new potential buyers.



Source: ©Olga Yastremka - [123RF](#)

The decision was taken after a compact was agreed upon with organised labour, L&AF employees and members of the Canning Fruit Producers Association that allows the company to undertake the risk required to operate the business for the forthcoming season.

Avoiding a socio-economic disaster

The fruit canning facility – one of the largest of its kind in Africa – has been at risk of imminent closure as Tiger Brands has struggled to secure a buyer for the plant. Agri SA recently [voiced its concern](#) about the impact the closure would have on the community's producers and agro-processing in the Western Cape. Nearly 300 farmers supplying fruit to the factory would be gravely impacted by the closure, and the jobs of 250 permanent factory workers and up to 4,300 seasonal workers are at risk.

"The factory is the life support of the Ashton community and without it, the community faces socio-economic disaster. The Langeberg and Ashton factory is also the biggest single source of income for the Langeberg Municipality," Agri SA said.



Fruit canning factory closure spells disaster for industry - Agri SA

23 Jun 2022



The Langeberg & Ashton Foods Division produces canned fruit (peaches, pears, apricots, apples and guavas) and fruit purees largely for the export market. It also supplies Tiger Brands' Culinary division (canned fruit under the Koo brand, pulps for All Gold and Hugo's jam, and Koo Baked Beans) and the Baby category (purees for Purity). Eighty-five percent of the canned fruit and puree products are exported to markets that include Europe, China, Australia and Japan.

Tiger Brands said in a statement today that it will "continue to engage with interested parties towards executing a transaction that could provide for the continuation of a sustainable deciduous fruit processing operation beyond the 2022/3 season".

In May 2020, Tiger Brands announced its intent to exit the deciduous fruit business. This decision, it said, followed a strategic review and formed part of efforts to better align its portfolio to the group's future growth aspirations on the African continent and focus on manufacturing, marketing and distributing everyday branded food and beverages. Over the past two years, Tiger Brands has sought to find a buyer for the L&AF business with a view to ensuring a controlled exit through a disposal of the business.

In June 2022, Tiger Brands commenced consultations and engagements on the future of the business in the absence of any reasonable prospects of a viable transaction at the end of an exhaustive two-year process.

In recent weeks, a significant number of parties have expressed an interest in further discussions on the possible acquisition of L&AF. However, Tiger Brands said the conclusion of any transaction would not have taken place in time for any successful buyer to put the required preparations in place to process the upcoming 2022/3 season's crop. The company, therefore, engaged its key partners on an urgent basis.



Western Cape Government meets Tiger Brands about fruit canning factory closure

28 Jun 2022



Compact allows exploration of new proposals

"The flexibility, open-mindedness and good faith shown by all parties in reaching this compact will allow for the rigorous exploration of any new proposals in respect of the company's deciduous fruit processing operations while securing the jobs of 250 permanent employees and 4,300 seasonal workers directly employed by L&AF for a further season," said Noel Doyle, Tiger Brands chief executive officer.

"While the processing and marketing of deciduous fruit remain subject to the vagaries of weather, exchange rates and global pricing dynamics, the compact meaningfully contributes to mitigating the risk of significant operating losses in the forthcoming season."

Tiger Brands said it will explore all options while assessing the viability of current interest in the facility. It added that it will continue engagements with the relevant provincial and national government departments as well as talks with potential buyers who are able to meet the working capital requirements of the business and have a long-term commitment to ensure the sustainability of the South African deciduous fruit processing industry.

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