

Tiger on R600m expansion trail

By [Sure Kamhunga](#)

7 Jan 2010

SA's largest food company, Tiger Brands, has budgeted R600m for capital expenditure locally and is planning to make further investments in the rest of Africa to add to operations in Cameroon and Kenya.

Chairman Lex van Vught earlier this week said the group was on the prowl for new investments in SA and the rest of Africa as part of a strategy to grow the business through organic and acquisitive expansion.

He said in the group's annual report the management team would continue to focus on growth opportunities in existing, new and adjacent market categories. Innovation would be integral to the success of its growth initiatives.

Last year, Tiger Brands bought a 51% stake in Haco Industries in Kenya and snapped up a confectionary firm in Cameroon, Chococam, of which it owns 74.7%. It also acquired Nestlé's Crosse & Blackwell business.

But attempts to tighten its stranglehold on the local foods sector through the acquisition of rival AVI failed, after its board dismissed its approach as speculative and not in shareholders' interest.

Unfazed about the rebuff, Van Vught said the local market still presented opportunities for Tiger Brands. "Expansion opportunities that add value, particularly in Africa, will continue to be aggressively pursued and carefully assessed," he said.

"The company continues to actively pursue other opportunities in Africa and it is hoped that the ensuing financial year will lead to further substantive investments."

Van Vught said the group's management, led by CEO Peter Matlare, had been tasked to continue investigating how to provide value to shareholders through expansion.

"The company is committed to a growth path through organic growth in its existing product categories and acquisitive growth by way of selected acquisitions, particularly in the rest of Africa.

"Expansionary capital expenditure of R600m is anticipated to be spent in the year ahead. This includes the commencement of work on the planned R561m investment in the replacement and upgrade of the Hennenman wheat mill in the Free State."

Van Vught said the group expected to deliver solid results in this financial year, continuing with last year's impressive 19.6% increase in headline earnings from operations of R2,17bn in the year to September.

Matlare said that among other initiatives, Tiger Brands had tightened its compliance policies, after lapses that included the embarrassing bread price-fixing charges nearly two years ago.

“A formal compliance function has been established,” he said.

Source: Business Day

Published courtesy of



For more, visit: <https://www.bizcommunity.com>