

HD Perich empire to pour in \$100m

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THE **billionaire** Perich family is working on ploughing as much as \$100 **million** into its **dairy** empire.

Family patriarch Tony Perich, who is managing director of the Perich **Group**, said the spending would be across its suite of companies, including new **milk** manufacturing plants, new products and buying up farms.

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The Perich family's Leppington Pastoral **Company** milks more than 2000 cows at its state-of-the-art **dairy** near Bringelly in western Sydney.

It also has a 60 per cent **stake** in listed food **company** Freedom Foods, which makes allergen-free breakfast cereals, as well as fresh and long-life **milk** beverages and seafood.

Freedom in turn owns a **stake** in the New Zealand-listed A2 **Milk** Corporation, which makes high protein **milk** that is easier to digest.

The family's wealth in this year's BRW Rich List topped \$1 **billion** for the first time, putting it among the 40 **billionaires** in the nation.

"I can tell you we are looking to go bigger into **dairy** ... I believe in the industry," Mr Perich told The Australian.

"We will probably put about \$100m into it. That depends if we can get enough **milk**. But if we have to, we will."

In April, Freedom's Pactum **Dairy Group** announced an agreement to supply premium long-life **milk** to Bright **Dairy**, one of **China**'s largest **dairy** companies.

It also supplies to A2 Corporation, New Hope **Dairy** in Chengdu, Shenzhen JLL in Guangzhou and is in advanced negotiations to sell fresh Australian **milk** on the booming Alibaba online retail platform in **China**.

Earlier this year, A2 struck a deal to supply fresh **milk** direct to homes in Beijing, Shanghai and Guangzhou through **Chinese** online retailer Jingdong.

Pactum is now expanding its Sydney operations at a new site in Ingleburn that will open next year, as well as growing capacity at its Shepparton plant in Victoria. In August it bought a \$4m neighbouring property to its Shepparton plant to more than double its land size.

Morgans analyst Belinda Moore said last month that it expected to see "a large step change in Pactum's margins in FY17" from the Ingleburn investment.

"Now we are encouraging farmers to come back into the industry by exporting overseas. We do believe there is a big market for UHT and long-life **milk**. If you have a modern factory and keep your costs down, I believe you can certainly compete in the market overseas," Mr Perich said, adding that he was passionate about the future of the **dairy** industry.

"We have the best farmers in the world, but they don't get treated like that. There is too many people going bankrupt, committing suicide in the farming industry because they are not getting a fair return on their product. And that is not right," he said.

Freedom Foods is on the lookout for further **Chinese** partners for its **dairy business** and Mr Perich said he and his brother Ron as well as chief executive Rory Macleod had visited **China** to meet the **company's** current and potential new partners.

"Why did my brother and myself go over to **China**? Because they want to meet the owners. After talking with them, they were very happy with us. They saw we were genuine farmers. You have to go over and see these people," he said.

"If you can be honest with the **Chinese** and not try to put one over them, they will be very loyal to you. I think we trust them more than they trust us. That is a problem."

Freedom's share price has risen from about 75c in April last year to as high as \$3.25 at the start of last month. The shares closed on Friday at \$2.87.

Mr Perich said the family would never sell below the 50 per cent level.

"Our management knows that if we drop below 50 per cent, we are out of this **company**. Unless we can keep controlling the direction where we think it should go, we would not be involved," he said.

But he added that it was important the **company** had an independent **board**.

"We have an independent chairman and we like to have some independence — that is important."

Malcolm Riley, head of nutritional research at CSIRO's Animal, Food and Health Sciences division in Adelaide, claimed in April that some claims made about the health benefits of A2 **milk** were "staggering".

A2 contains a different type of protein from regular **milk**: beta-casein A2.

Asked about the comments, Mr Perich replied: "All **milk** is good, but A2 **milk** is better for some people and you can feel the difference. Try it," he said.

"We know there are benefits in it, but to get that proven, that takes years.

"What I am saying is, you don't have to believe it. But once you go on to A2 **milk** and you have drunk it for a month, you will feel different. A2 **milk** will never rubbish ordinary **milk**. All **milk** is good. It's just A2 is better."

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