

SE **Business**

HD **Parmalat still thirsty after WA deal**

BY Tim Binsted

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Takeover

Parmalat Australia chief executive Craig Garvin said the French-owned **dairy company** would keep hunting for quality acquisitions, just hours after penning a \$120 **million** deal to **acquire** Western Australia's biggest **dairy** exporter, Harvey Fresh.

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Harvey Fresh processes 130 **million** litres of **milk** a year - roughly a third of WA's **milk** - and produces 100 **million** litres of fruit juice at its facilities in Harvey, WA, and Griffith, NSW. Mr Garvin said none of Harvey's 300-odd employees would lose their jobs.

"Our intention is to grow this **business**. This gives us a market we didn't have a strong presence in, a manufacturing footprint and access to **milk** supply in WA," Mr Garvin told Fairfax Media.

The deal comes amid a wave of consolidation and corporate manoeuvring in Australia's **dairy** sector and surging appetite for **dairy** products in Asia.

In February, Canadian **dairy** powerhouse Saputo won a fierce \$500 **million** takeover battle for Australia's oldest **dairy**, Warrnambool **Cheese & Butter**, and **Hong Kong** businessman William Hui snapped up Australia's biggest privately owned **dairy** processor, United **Dairy** Power, for \$70 **million**.

"The industry is consolidating. If the value is right, we will look at it [a takeover]. We are very happy with the acquisition," Mr Garvin said.

Soaring global demand for **milk** powders and infant formulas has pushed prices for some **dairy** products to near record highs and has put a rocket under farm-gate **milk** prices. But domestic-focused processors are under intense pressure as margins are sandwiched by the spiralling cost of **milk** and depressed prices on the retail shelf due to the supermarket wars between Coles and Woolworths.

Parmalat exports less than 10 per cent of the 850 **million** litres of **milk** it collects every year, and Mr Garvin said growing exports was a core part of his strategy. But he insisted he was not abandoning the domestic market because of the supermarkets' cut-price **milk** battle.

"We are keen to invest in Australian **dairy** with a strong export focus, but we are not walking away from the domestic market," he said. "We have to work as constructively with Woolies and Coles as we can."

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