

HD Freedom on lookout for Asian cereal partnership

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WC 345 words

PD 1 September 2014

SN Canberra Times

SC CANBTZ

PG B009

LA English

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Freedom Foods is looking for Asian partners to launch its allergy-free cereal **business** to bolster exports in the region. Managing director Rory Macleod said the **company** hoped its cereals arm could replicate its Pactum **Dairy** operation - which produces long-life **milk** for one of **China's** biggest **dairy** companies, Bright Foods. Freedom last week posted an 11.6 per cent slide in net profit to \$12.1 **million** in the year to June 30. Mr Macleod attributed the decline to booking a pre-tax profit of \$11.8million the year before from reducing its **stake** in a2 **Milk** from 25 to 17.9 per cent. Freedom grew its sales 5.97 per cent to \$104.6 **million** and investors lifted the **company's** shares in response. Mr Macleod expected more sales growth from increased exports to the US and Asia. "We want to be quite thoughtful about what we'll do," he said. "It's not a case of taking the whole range over there and see who will bite. You have to be very careful about what products you are going to take up there and sell." Mr Macleod said working with a **Chinese company** therefore was preferable to relying on distributors. "In **China** it's about partnerships, collaboration, which we prefer to do and we enjoy because it's about value-adding on the products and ideas side, and your partner taking it to market and dealing with consumers. "We have got a couple of groups that we have in mind, but it is a little way off." Mr Macleod said he expected Freedom Foods would be able to ramp up cereal exports to Asia later next year or in early 2016. The focus on cereals comes five months after Freedom and Bright Foods struck a UHT supply deal, which is worth about \$40 **million**. "We see that as an opportunity to leverage Freedom's uniqueness and capability," Mr Macleod said.

RF 59875784

RE canbrr : Canberra | apacz : Asia Pacific | auscap : Australian Capital Territory | ausnz : Australia/Oceania | austr : Australia

PUB Federal Capital Press of Australia Pty Ltd

AN Document CANBTZ0020140831ea910000o