

SE Business  
HD **Coles takes a bite of UK's Tyrells Crisps**  
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## EXCLUSIVE

ENGLAND'S biggest maker of up-market chips, Tyrells Crisps, is making its first foray into the Australian market through an exclusive supply deal with Coles that could **lead** to the group setting up a manufacturing base here.

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Tyrells, which is backed by Dubai-based luxury brands investor Investcorp — once the owner of Gucci, Tiffany and Helly Hansen — will sell its products in 700 Coles supermarkets Australia-wide as part of a global push to generate half its revenues from outside Britain. Tyrells still manufactures its chips on farms at Stretford Bridge in Herefordshire and exports them across the world, but chief executive David Milner believes Australia could become a new manufacturing location to use as a base to grow into New Zealand and Asia.

"If it goes as well as I hope, I would want to roll out nationally with all the retailers and I would make them here," he told The Australian during a visit to Sydney.

"The ultimate thing would be to make them in Australia.

Continued on Page 23 Continued from Page 19 "If we could get this business to £2 **million** (\$3.6m) annually, we could then think about manufacturing here. That would give me the confidence to do it.

"If we did that we could use this as a base for New Zealand and Asia. That would make it closer to the market. We could use locally sourced potatoes here. That might be an attractive thing to do.

"Australia is a great place to do business. It secure, it is safe, people do what they say they will do. If it wasn't so far away, it would be my first choice for investment." The move would be a massive boost for the Australian potato industry, which is battling a sharp rise in imports and a drop-off in local production.

The value of potato imports has more than tripled since 2004 from \$36m to \$132m while fresh potato production has fallen at least 15 per cent, according to Horticulture Australia.

At the same time the local potato chip production industry is battling rising raw material costs, increased competition and a general shift towards healthier eating patterns that has led to a decline in popularity for unhealthy snacks such as potato chips.

The two biggest players in the local market are the Pepsico-owned Frito-Lay Australia, the makers of Smiths Crisps, and Snack Foods Limited, which owns popular brands such as Kettle Chips, Thins, Cheezels and CC's.

What differentiates Tyrells' crisps from its competition is the manufacturing process: the potatoes are sliced, fried and spun with their skin on. Mr Milner said they had a lower fat and salt content than conventional chips.

But they are more expensive, for which the colourful chief executive makes no apologies.

"We are right at the top end. We are the most expensive anywhere in the world," he says, noting Australia has long been a target market.

"Australians are some of the world's most sophisticated people when it comes to food tastes, food styles, of anywhere I have ever been.

"We would hope that we would bring some people into crisps that haven't been big buyers before. But in a market this developed, we hope we can trade people up." Mr Milner, a brand and marketing specialist, rose through the ranks at Procter & Gamble, Mars and Kettle Foods before taking over the Tyrrells job in 2010.

He spent six years in Australia working for Kettle, the brand he is now confronting head-on.

"I have lived in this country, I understand what makes people tick here to a degree and have operated with the retailers. You know how it works," he says.

Tyrrells has never conducted any media advertising and relies simply on its innovative packaging to tempt buyers.

Mr Milner calls it "packvertising".

"We have black and white photos on the packets. Our style of packaging and our approach is very English. People get the humour on the packs and the funny black and white photographs go down well too," he says.

The **company** was founded in 2002 by English entrepreneur William Chase, who famously refused to sell Tyrrells Crisps in Tesco supermarkets.

After six years he sold the business to private **equity firm** Langholm Capital. Last year Langholm sold to Investcorp for a reported £100m.

Under Mr Milner the **company** has tripled in size to generate annual revenues of £50m and over the next four years he wants to grow that to £100m.

The group has diversified into selling popcorn and tortillas but crisps still account for 75 per cent of all sales. It now sells crisps in France, Switzerland, Holland, Germany, Russia, India the US and **China**. "I want to have 50 per cent of the business outside the UK in four years," Mr Milner says.

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