

SE EARLY GENERAL NEWS
HD Italian **dairy** giant buys Harvey Fresh
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PARMALAT Australia this week purchased WA **dairy** and fruit juice **business** Harvey Fresh.

And Harvey Fresh director Kevin Sorgiovanni believes there are endless opportunities for suppliers, following the announced acquisition of the WA-based **company** on Tuesday by the Italian multi-national **dairy** giant.

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Parmalat took over operations last week after acquiring 100 per cent of Harvey Food and Beverage Limited shares.

Parmalat's global headquarters paid about \$120 **million** for Harvey's WA and New South Wales processing assets.

"From a supply point of view the opportunities are endless," Mr Sorgiovanni said.

"That is because Parmalat is a global **dairy business** and the opportunities to sell more **dairy** product, particularly in South East Asia, are endless.

"We have been in Asia for 20 years but these guys have been in there for 70 years.

"They have the ability to open doors, whereas I have the ability to knock on doors, so we are quite excited about the **business** in terms of what it can do."

Four existing Harvey Fresh directors will remain in the **business** as consultants.

Mr Sorgiovanni said current export operations to Fiji, Papua New Guinea, the Philippines, Singapore, Malaysia, Vietnam, **Hong Kong**, **China** and Korea would continue.

Harvey Fresh is WA's largest **dairy** and juice **business** and exporter, shipping about one quarter of its products, including 130 **million** litres of **milk** and 100 **million** litres of fruit juice products.

Harvey Fresh was a family **company** established in 1986 as a fruit juice processing venture, now producing fresh and long-life lines.

It first exported cloudy apple juice to Asia in 1988 and now sends a variety of fruit and vegetables juices to export markets.

Harvey Fresh also specialises in producing fresh and ultra heat-treated (UHT) **milk dairy** products including flavoured and lactose-free **milk** lines, and packs private label **milk** and juice lines for Coles supermarkets.

In 1999 the **company** diversified into producing its own Harvey River Bridge Estate **wine** from grapes source within WA's cool climate Geographe region and it also packs house **brand wine** labels.

Harvey Fresh's significant juice beverage **business** was expanded with the purchase of the Nugan **Group** at Griffith in the NSW Riverina in 2012, picking up a big fruit and vegetable juice customer base and more than 12,000 square metres of production and cool room facilities.

The **company's** two production facilities at Harvey and Hanwood employ about 250 staff.

According to Mr Sorgiovanni, Parmalat would retain the Harvey Fresh **brand** due to the value of its market-leading position in WA and export markets.

He said Parmalat had expressed a strong desire to drive expansion, which would provide additional opportunities for Harvey Fresh suppliers.

"There are significant opportunities for Harvey Fresh suppliers, particularly in areas where Harvey Fresh does not have a strong **brand** presence, such as flavoured **milk** and yogurt, as well as in export markets," he said.

Farm Weekly asked Mr Sorgiovanni how Parmalat would fill an increased demand for **dairy** products in the domestic and international market in the context of falling WA production figures.

"We are very mindful of the shrinkage of the WA supply but at the same time we are also trying to stimulate the supply," Mr Sorgiovanni said.

"We think we are doing a reasonably good job.

"If you look at our **milk** intake compared to this time last year, our intake into our factory is actually up.

"Our market volume into our **dairy** for the month of March actually increased on last year."

Mr Sorgiovanni said the family had been looking to grow the **business** for about seven years, spending considerable money on expanding the **dairy** operations in WA.

He said there had been a variety of interest in the **business**, particularly from South East Asia, but it was initial discussions with Parmalat about "co-pack" arrangements that quickly moved to a corporate transaction and eventually a full acquisition.

Parmalat said the deal was part of its strategy to grow its Australian and export activities and gives the **company** a footprint in the west.

"With this transaction, the Parmalat **Group** strengthens its position in the Australian market, broadening its geographic footprint and becomes a fully national player," a **company** statement announced.

The acquisition would also further improve Parmalat's export capability taking advantage of Harvey's 20-plus years of export contacts.

Parmalat, one of the world's biggest **dairy** processing businesses, has had a foothold in the Australian market since buying the Haberfields **Dairy** processing operation at Albury Wodonga in 1996, followed soon after by Brisbane-based Pauls.

Parmalat outbid National Foods in 1998 to **buy** Pauls for \$436m, also giving it **dairy** plants in Victoria at Bendigo and Rowville.

WAFarmers **dairy** section president Phil Depiazzi said the sale would be a positive for the WA industry if Parmalat was serious about developing export markets.

"If they get serious in the export area, they are going to need more supply and there is one thing that pushes supply and that is an increase in price," Mr Depiazzi said.

"If they want extra **milk** they will have to pay farmers a bit extra to secure that supply."

Mr Depiazzi said the acquisition showed there was a positive outlook for **dairy** on the world stage.

"These big companies must see a very positive future for **dairy** and see the demand going forward," he said.

"So they are prepared to invest in processing plants to ensure they are part of that action.

"Ideally you'd love to keep it in Australian hands but at the end of the day you can't determine that.

"And if these guys are able to get out there and push markets and add value to local products and increase farm-gate price that gives benefit to local farmers."

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